

# Congressional Record

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CONTAINING  
THE PROCEEDINGS AND DEBATES  
OF THE  
FIRST SESSION  
OF THE  
SIXTY-FIFTH CONGRESS  
OF  
THE UNITED STATES. *65th Congress*  
OF AMERICA

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VOLUME LV



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THE PROCEEDINGS AND DEBATES

FIRST SESSION

SEVENTY-FIFTH CONGRESS

R328.73

THE UNITED STATES  
OF AMERICA

VOLUME IV



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SIXTY-FIFTH CONGRESS,  
FIRST SESSION.

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CONGRESSIONAL RECORD

SIXTY-FIFTH CONGRESS  
FIRST SESSION

VOLUME IV, PART I

ALBERT TO OCTOBER 1, 1917

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# Congressional Record.

## PROCEEDINGS AND DEBATES OF THE SIXTY-FIFTH CONGRESS, FIRST SESSION.

### SENATE.

THURSDAY, August 30, 1917.

(Legislative day of Wednesday, August 15, 1917.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

Mr. SMOOT. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Johnson, Cal.	Myers	Sheppard
Bankhead	Johnson, S. Dak.	Nelson	Sherman
Brady	Jones, N. Mex.	New	Simmons
Brandegee	Jones, Wash.	Norris	Smith, Md.
Culberson	Kendrick	Overman	Smith, S. C.
Fernald	Kenyon	Page	Smoot
Fletcher	Kirby	Penrose	Swanson
Frelinghuysen	La Follette	Ransdell	Trammell
Harding	McKellar	Robinson	Underwood
Hollis	McNary	Saulsbury	Vardaman

Mr. MYERS. Mr. President, I announce that my colleague [Mr. WALSH] is necessarily absent on account of death in his family. I take this occasion to make with deep regret the very painful announcement that Mrs. Walsh, the beloved wife of my esteemed colleague, died this morning.

The PRESIDENT pro tempore. Forty Senators have answered to their names. There is not a quorum present. The Secretary will call the roll of absentees.

The Secretary called the names of the absent Senators, and Mr. GERRY, Mr. HALE, Mr. HUSTING, Mr. KELLOGG, Mr. KNOX, Mr. McCUMBER, Mr. POINDEXTER, Mr. SHAFTO, Mr. STERLING, Mr. SUTHERLAND, Mr. THOMPSON, Mr. TOWNSEND, and Mr. WILLIAMS answered to their names when called.

Mr. SUTHERLAND. I wish to announce that my colleague, the senior Senator from West Virginia [Mr. GOFF] is absent by reason of illness. I ask that this announcement may stand for the day.

Mr. HUSTING. I desire to announce the absence of the Senator from Oregon [Mr. CHAMBERLAIN] on official business, and that the junior Senator from Kentucky [Mr. BECKHAM] is also detained on official business.

Mr. CURTIS entered the Chamber and answered to his name.

Mr. CURTIS. I desire to announce the unavoidable absence of the senior Senator from New Hampshire [Mr. GALLINGER]. I will let this announcement stand for the present.

I wish also to announce the absence of the senior Senator from New Mexico [Mr. FALL] on account of illness in his family. I will let this announcement stand for the day.

Mr. FRELINGHUYSEN. I desire to announce the absence of my colleague [Mr. HUGHES] on account of illness. I will let this announcement stand for the day.

Mr. SHIELDS, Mr. LODGE, Mr. JAMES, and Mr. GRONNA entered the Chamber and answered to their names.

The PRESIDENT pro tempore. Fifty-eight Senators have answered to their names. There is a quorum present.

#### TRADING WITH THE ENEMY.

Mr. FLETCHER. I ask unanimous consent to have recommitted to the Committee on Commerce the bill (H. R. 4960) to define, regulate, and punish trading with the enemy, and for other purposes. The committee have agreed to recommend certain changes in the bill, and I move that it be recommitted for the purpose of having those changes made.

The motion was agreed to.

#### BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. OVERMAN:

A bill (S. 2831) to prohibit any citizen of the United States of America from accepting, without the consent of the Con-

gress of the United States, any present, emolument, office, or title of any kind whatever from any king, prince, or foreign State or Government; to the Committee on Foreign Relations.

By Mr. FERNALD:

A bill (S. 2832) granting an increase of pension to John L. Rushton (with accompanying papers); to the Committee on Pensions.

#### WAR REVENUE.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 4280) to provide revenue to defray war expenses, and for other purposes.

Mr. SIMMONS. Mr. President, I desire to see if it is possible at this time to come to any agreement as to a final vote upon the bill. I have in mind not later than 4 o'clock on Monday next. Of course, I do not desire to take up time in calling the roll of the Senate if it is made manifest that there would be objection.

Mr. LA FOLLETTE. Mr. President, on yesterday, at a very late hour, the Senator from North Carolina, the chairman of the Committee on Finance, presented an amendment radically changing the whole plan of the war-profits tax as submitted to the Senate when this bill was reported. I thereupon preferred a request that the expert employed by the Finance Committee be directed to make computations as to certain corporations, the names of which I furnished him, such computations to show the difference in the war-profits tax which would be paid by each corporation under the provisions of the bill as reported by the committee and likewise the amount that each corporation would pay as a war-profits tax under the amendment submitted by the Senator late in the session yesterday. I am informed by the expert that it will be impossible for him to furnish such computations before the close of the present day, if it is possible for him to furnish them even by that time.

Now, Mr. President, after the majority of the Committee on Finance has presented to the Senate, and advocated in debate for upwards of a month, one plan of collecting war-profits taxes from corporations, individuals, and partnerships, and then late in the session of yesterday presents a radically different plan, a plan which is denounced in the report submitted to the Senate by the majority, radically criticized as unsound in the speech opening the discussion on the bill made by the chairman of the committee, it does seem to me that it is unfair to the minority of the committee and unjust to the Senate that either cloture should be threatened or that a request be made for unanimous consent to close debate upon the bill and pass it through the Senate within the next three legislative days.

We have come now, Mr. President, to perhaps the most important provision of the whole bill, and when the other portions of the measure have been debated since the 11th day of this month, when the Senator from North Carolina opened the debate, to ask the Senate to consent to cut down the debate with this important vital provision pending and undebated and amended so that it is an entirely new proposition, so that every computation that has been made upon that part of the bill must be made over again in order to give Senators an understanding of its application and what it will mean, I think it is preposterous that the Senate should be confronted with a request to close this debate or that a cloture upon debate should be suggested at this time.

Therefore, of course, Mr. President, I shall object to unanimous consent to close this debate next Monday. If it is to be closed at that time or within a few hours of that time, let it be done by the application of the gag of cloture, which has lately been written into the rules of the Senate upon a two-thirds vote of the Senate.

Mr. UNDERWOOD. Mr. President—

The PRESIDENT pro tempore. Objection is made. The Senator from Alabama.

Mr. UNDERWOOD. Before I proceed, I understand the Senator from Illinois [Mr. SHERMAN] desires to offer some amendments to the bill.

Mr. SHERMAN. Mr. President, I withdraw the other amendments that I have offered and offer in lieu thereof certain amendments, which I ask may be printed and lie on the table.

The PRESIDENT pro tempore. Without objection, they will be printed and lie on the table.

Mr. SIMMONS. Mr. President—

Mr. UNDERWOOD. I yield to the Senator from North Carolina.

Mr. SIMMONS. I do not wish to follow the argument of the Senator from Wisconsin, because I do not wish to take up the time of the Senator from Alabama who wishes to finish before the extraordinary ceremonies are going to begin. I wish to ask the Senator from Wisconsin if there is any day next week that he would agree for a final vote upon the bill?

Mr. LA FOLLETTE. When the income-tax provisions and the war-profits tax provisions of the bill are disposed of, under the same unlimited debate which we have had on the bill up to the present time, I would not interpose an objection to fixing a time to vote, but it is so difficult in anticipation of how the debate will develop, and in view of the necessity, if the Senate is to act intelligently upon these great important provisions, in advance of that debate to fix a time that I hope the Senator will not request it.

I shall be very glad, so far as I am concerned, to interpose no objection to closing debate after whatever time may be necessary to dispose of the sugar and any of the questions left over, and that should not take very much time, just as soon as we can get these important provisions thoroughly debated and thoroughly understood and disposed of by the Senate. That is all I ask.

Mr. SIMMONS. I understand the position of the Senator from Wisconsin is that he will not consent to fixing a day to vote upon the bill until after we have disposed of the excess-profits provisions of the bill.

Mr. LA FOLLETTE. That and the income-tax provisions.

Mr. SIMMONS. And the income-tax provisions?

Mr. LA FOLLETTE. Yes.

Mr. UNDERWOOD addressed the Senate. After having spoken for some time,

#### RECEPTION OF THE JAPANESE MISSION.

Mr. MARTIN. Mr. President, we all know that we have in the city as the guests of the Nation a number of distinguished statesmen representing the Government and people of Japan. I am sure it will be a pleasure to all the Members of the Senate to have an opportunity to be presented to the distinguished visitors, and for that purpose I move that the Senate now take a recess for 30 minutes.

The PRESIDENT pro tempore. In anticipation of the adoption of that motion the Chair will appoint the Senator from Virginia [Mr. MARTIN], the Senator from Massachusetts [Mr. LODGE], the Senator from North Carolina [Mr. OVERMAN], the Senator from Utah [Mr. SMOOT], and the Senator from Nebraska [Mr. HITCHCOCK] to meet the distinguished guests and escort them into the Chamber. The Chair will request that at 1 o'clock, when the Senate reconvenes, the Senator from Arkansas [Mr. ROBINSON] will take the chair. The question now is on the motion of the Senator from Virginia that the Senate take a recess for 30 minutes.

The motion was agreed to.

At 12 o'clock and 35 minutes the members of the Japanese mission, escorted by the committee appointed by the President pro tempore and headed by the Sergeant at Arms, appeared at the main door of the Chamber and were announced to the Senate by the Sergeant at Arms. The members of the mission were Viscount Ishii, ambassador extraordinary and plenipotentiary; Vice Admiral Takeshita, Imperial Japanese Navy; Maj. Gen. Sugano, Imperial Japanese Army; Mr. Masanao Hanihara, consul general at San Francisco; Mr. Matsuzo Nagai, secretary of the foreign office; Commander Ando, Imperial Japanese Navy; Lieut. Col. Tanikawa, Imperial Japanese Army; Mr. Tadanao Imai, vice consul; and Mr. Owaku.

Mr. Aimari Sato, ambassador from Japan to the Government of the United States; Mr. Tokichi Tanaka, counselor of the embassy; Capt. Nomura, naval attaché; and Lieut. Col. Mizumachi, military attaché, accompanied the mission into the Senate Chamber, together with Mr. Breckinridge Long, Assistant Secretary of State; Brig. Gen. James A. Irons, United States Army; Capt. C. C. March, United States Navy; Mr. Ransford S. Miller, American consul general; and Mr. A. B. Ruddock, of the State Department, personally attached to Viscount Ishii.

Viscount Ishii was seated on the right of the President pro tempore and Ambassador Sato upon his left.

#### ADDRESS BY THE PRESIDENT PRO TEMPORE.

The PRESIDENT pro tempore (Mr. SAULSBURY) said: Senators, we are highly honored to-day by the presence of these distinguished guests, who come to us representing the most

ancient and powerful Empire of the world. We have met here before and welcomed the distinguished missions from other great nations. Heroic Belgium, historic Italy, great Russia, beloved France, and democratic Britain have sent to us of their best, but to none have we extended a more cordial welcome than to-day we give to the representatives of great Nippon, that beautiful land of ancient tradition and passionate patriotism. [Applause.]

A mighty nation is the ancient Empire of Japan. Its youth renewed, it joins our great young Nation in pledging anew a continuance of our old friendship, which the trouble maker of the earth has tried so hard to interrupt. We now know how industriously insidious attempts have been made by the Prussian masters of the German people to bring about distrust and hatred in the world. We know what evil attempts they have made to breed hatred and distrust of us among our friends, and we welcome this opportunity to heartily congratulate our old friends who honor us to-day that by the capture of Tsing Tau and the German islands in the Pacific Japan has completely removed from the Far Eastern world the only threat, as we believe, to peace and prosperity, the only threat to lasting peace in eastern Asia. [Applause.]

Within the memory of living man Prussians have provoked four wars for conquest and in three succeeded. Their fourth attempt has roused the world to unified, concerted action.

The yellow peril was made in Germany, and Shangtung was seized; the Slav peril was made in Germany, and Serbia was overwhelmed and Russia was invaded; but the thick-witted, smug, self-centered supermen of Germany entering their last attempt at conquest have roused a real peril—a real peril to themselves—and the free nations that believe in international honor, in the binding force of treaties, and in the pledged word are grimly though so sorrowfully engaged in creating, perfecting, and bringing to successful issue an alliance for the benefit of all earth's people, which will protect the rights of nations, small and great, and enable them to lead their lives in peace, and lead them unafraid. This alliance we and the other free nations of the earth are creating to control the disturbers of the peace of the world, and it is now succeeding. The alliance we create is based on the brotherhood of man, the equal rights of men and nations. It is based on the universal kindly instincts of the human heart, no matter whether that heart beats in an eastern or a western breast, no matter where free men live, in America or Asia, in South Africa, in Europe, or in South America. The alliance we create is directed against and threatens only wrong, inhumanity, and injustice. It threatens only rapacity, greed, hypocrisy, and nationalized brutality. It threatens only military autocracy and the violators of treaties who disregard the pledged honor of nations. Our alliance is indeed a peril, but only to the new pirates of the seas, to the assassins of the air; to those who violate international decency and fair dealing, who misuse the forces of developed science and distort the teachings of philosophy, who would destroy civilization itself in the effort to accomplish world domination.

This peril our alliance has created is the peril to the central European powers but it bears no color label. It is and will be in the future the common glory of all true men of all free nations everywhere to have joined in its creation and success. It is an Anglo-French-Slav-Italian-Japanese-American peril to the misdeedant of the world. [Applause.] Allies in East and West are joined together to bring back lasting peace to a disordered and war-sick world. Let us renew our time-honored friendship with clasped hands and good wishes for the peaceful, friendly development of both our Nations and assure poor, stricken Europe that this western Republic and eastern Empire, together in friendly accord, will work for the good of all humanity. [Applause.]

This Congress has pledged all the resources of our great country to our common cause, the curbing of international rapacity and hate and barbarism.

Senators, I have never believed there was more than a jingling rhyme in the phrase that East is East and West is West and never the two shall meet, and we are happy to-day, while honoring our distinguished guests, to demonstrate to the world that there is no East and there is no West when strong men come together as friends, though they come from the ends of the earth, determined in friendly alliance to work out right and justice for themselves and all earth's peoples. [Applause.]

Let us never permit hereafter that evil tongues or wicked propaganda shall cause even the simplest minded among our people to forget the ancient friendship of our Nations or weaken the ties of mutual respect and regard in which we hold each other. This meeting to-day symbolizes complete international fraternity which common consciousness of international honor has brought about. Let it be eternal!



I have the honor of presenting to the Senators of the United States the most distinguished of our visitors, his excellency Viscount Ishii, chief of the mission from Imperial Japan. [Great applause.]

ADDRESS BY VISCOUNT ISHII.

Viscount ISHII said:

Mr. President and gentlemen of the Senate of the United States, no words at my command can give adequate expression to the profound appreciation I have of this honor you confer upon us. We know full well the exalted dignity and the proud traditions of this illustrious branch of the great Legislature of the United States; and in the name of my country, my mission, and myself, I thank you most sincerely. To accept your courteous invitation and to occupy even the smallest fraction of the time allowed for the momentous deliberations of this august body is a great responsibility—a responsibility I do not underestimate, but from which I may not shrink.

I shall not, however, abuse this rare privilege by attempting to address at length, in a language of which I have but little command, trained leaders of thought and masters of argument and oratory. But I grasp this occasion to say to you that the whole people of Japan heartily welcome and profoundly appreciate the entrance of this mighty Nation of yours into the struggle against the insane despoiler of our civilization. [Applause.] We all know that you did not undertake this solemn task on the impulse of the moment, but that you threw your mighty weight into the struggle only after exercising a most admirable patience, with a firm determination that this world shall be made free from the threat of aggression from the black shadow of a military despotism wielded by a nation taught with the mother's milk that human right must yield to brutal might. [Applause.] To us, the fact that you are now on the side of the allies in this titanic struggle constitutes already a great moral victory for our common cause, which we believe to be the cause of right and justice, for the strong as for the weak, for the great as for the small.

We of Japan believe we understand something of the American ideal of life, and we pay our most profound respects to it. Jefferson, your great democratic President, conceived the ideal of an American Commonwealth to be not a rule imposed on the people by force of arms, but as a free expression of the individual sentiments of that people. Jefferson saw Americans not as a set of people huddled together under the muzzles of machine guns, but he saw them as a myriad of independent and free men, as individuals only relying on a combined military force for protection against aggression from abroad or treachery from within. He saw a community of people guided by a community of good thought and pure patriotism, using their own special talents in their own special way under their own sacred roof-trees; not a machine-made Nation, but a living, growing organism, animated by one passion—the passion of liberty. [Applause.]

I assure you, gentlemen, that the Japanese ideal of national life is, in its final analysis, not so very far removed from yours. We conceive of our nation as a vast family, held together not by the arbitrary force of armed men, but by the force of a natural development. We shall call the common force that animates us a passion of loyalty to our Emperor and to our homes, as we shall call that of Americans a passion for liberty and of loyalty to their flag. [Applause.]

Blind loyalty without rational consciousness of the responsibility of self is but another name for slavery, while a right of liberty ill conceived, ignoring the mutual human affection and respect for the rights of every man, which form the essence of true loyalty, must be tantamount to anarchy. These two passions—passion of loyalty and passion for liberty—are they not really one? Is not the same control working in both cases—the intense desire to be true to our innermost selves and to the highest and best that has been revealed to us? You must be free to be Americans and we must be free to be Japanese. But our common enemy is not content with this freedom for the nation or for the individual; he must force all the world to be German, too! You had hoped against hope that this was not so; but that noble hope fled and your admirable patience was exhausted. You did not then hesitate to face the issue and the foe, as you are facing it, with that great American spirit which has loved and still loves liberty, which loves the right more than peace and honor more than life. [Applause.]

We of Japan took up arms against Germany because a solemn treaty was not to us "a scrap of paper." [Great applause.] We did not enter into this war because we had any selfish interest to promote or any ill-conceived ambition to gratify. We are in the war; we insist on being in it, and we shall stay in it, because earnestly, as a nation and as individuals, we believe in

the righteousness of the cause for which we stand; because we believe that only by a complete victory for that cause can there be made a righteous, honorable, and permanent peace, so that this world may be made safe for all men to live in and so that all nations may work out their destinies untrammelled by fear. [Applause.]

Mr. President and gentlemen, whatever the critic half informed or the hired slanderer may say against us, in forming your judgment of Japan we ask you only to use those splendid abilities that guide this great Nation. The criminal plotter against our good neighborhood takes advantage of the fact that at this time of the world's crisis many things must of necessity remain untold and unrecorded in the daily newspapers; but we are satisfied that we are doing our best. In this tremendous work, as we move together, shoulder to shoulder, to a certain victory, America and Japan must have many things in which the one can help the other. We have much in common and much to do in concert. That is the reason I have been sent and that is the reason you have received me here to-day.

I have an earnest and abiding faith that this association of ours, this proving of ourselves in the highest, most sacred, and most trying of human activities—the armed vindication of right and justice—must bring us to a still closer concord and a deeper confidence one in the other, sealing for all time the bonds of cordial friendship between our two nations.

Again I thank you. [Great applause.]

The PRESIDENT pro tempore. The special ambassador from Japan and the Japanese ambassador to Washington will be glad to receive the Senators and their guests upon the floor as they desire to be presented.

The members of the Japanese mission took their places at the left of the Vice President's desk, and the Members of the Senate were presented to them by the committee appointed by the President pro tempore.

The distinguished visitors were escorted from the Chamber, and (at 1 o'clock p. m.) the Senate reassembled upon the expiration of the recess.

Mr. SMOOT. I ask unanimous consent that the address delivered in the Senate Chamber to-day by the President pro tempore of the Senate [Mr. SAULSBURY] and by Viscount Ishii, special ambassador from Japan, be printed in the RECORD of to-day's proceedings.

The PRESIDING OFFICER (Mr. ROBINSON in the chair). Is there objection? The Chair hears none, and it is so ordered.

#### WAR REVENUE.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 4280) to provide revenue to defray

Mr. KING. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll. The PRESIDING OFFICER. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Gronna	Kirby	Robinson
Bankhead	Hale	Knox	Saulsbury
Beckham	Harding	La Follette	Sheppard
Borah	Hardwick	Lewis	Sherman
Brandegee	Hitchcock	Lodge	Simmons
Chamberlain	Hollis	McKellar	Smith, S. C.
Colt	Husting	McNary	Smoot
Cullerson	James	Martin	Sutherland
Curtis	Johnson, Cal.	Myers	Swanson
Dillingham	Johnson, S. Dak.	New	Thompson
Fernald	Jones, N. Mex.	Norris	Trammell
Fletcher	Jones, Wash.	Overman	Underwood
France	Kellogg	Owen	Vardaman
Frelinghuysen	Kendrick	Page	Weeks
Gerry	Kenyon	Panrose	Wolcott
Gore	King	Ransdell	

The PRESIDING OFFICER. Sixty-three Senators have answered to their names. A quorum is present.

Mr. LEWIS. The Senator from Alabama [Mr. UNDERWOOD] has the floor.

The PRESIDING OFFICER. The Senator from Alabama will proceed.

Mr. UNDERWOOD resumed his speech. After having spoken for some time,

Mr. BANKHEAD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Alabama suggests the absence of a quorum. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Bankhead	Chamberlain	Gronna	James
Borah	Curtis	Hale	Johnson, Cal.
Brady	Fernald	Harding	Johnson, S. Dak.
Brandegee	France	Hardwick	Jones, N. Mex.
Broussard	Frelinghuysen	Hollis	Jones, Wash.



Kellogg	McNary	Robinson	Swanson
Kendrick	Martin	Shafroth	Thompson
Kenyon	Nelson	Sheppard	Trammell
King	New	Simmons	Underwood
Knox	Norris	Smith, Md.	Vardaman
La Follette	Owen	Smoot	Weeks
Lewis	Page	Sterling	Williams
McKellar	Polindexter	Sutherland	Wolcott

Mr. SHAFROTH. I desire to announce the unavoidable absence of my colleague, the Senator from Colorado [Mr. THOMAS], on account of illness, and to state that he is paired with the senior Senator from North Dakota [Mr. McCUMBER]. I will let this announcement stand for the day.

Mr. LEWIS. I desire to announce the unavoidable absence of the senior Senator from South Carolina [Mr. TILLMAN] because of illness, and to say that he is paired with the senior Senator from West Virginia [Mr. GOFF]. I beg that this announcement shall remain for the day.

The PRESIDING OFFICER. Fifty-two Senators have answered to their names. A quorum is present. The Senator from Alabama.

Mr. UNDERWOOD. Mr. President, we are confronted by conditions in the country to-day the seriousness of which our Government and our people have never faced before. In order to bring the war to a successful termination it is necessary to send millions of men to the battle field, and it is equally necessary to levy and raise billions of dollars by taxation for the purpose of carrying on the war. It is hard to realize that a great war is even more dependent upon our industrial preparedness and our industrial resources than it is upon the men on the battle line. The cost of the Civil War was about \$3,000,000,000. The first appropriation bill passed by this Congress to carry on the war amounted to \$3,400,000,000, and we are now advised that we have appropriations in sight that will amount to more than \$20,000,000,000 in the near future. A part of that money must be raised by issuing bonds, but it is absolutely necessary to raise a large portion by taxation. As to the amount of taxation, I believe that it is the duty of every patriotic citizen of this Republic to respond to the draft on his purse with that same loyalty that our boys have responded when they have been called to the colors. Therefore, personally, I have no patience with the money slacker. The man who finds his country in the throes of this great undertaking who hesitates to respond with his dollars, the man who wants special privileges and special exemptions from Congress at this time, in order that the burden of carrying on this war and sustaining his Government shall fall on others, is entitled to no place in this Republic except one that should bring on his head the condemnation and the contempt of the American people. But in levying the taxes that are necessary to sustain the war we must levy them in a way that will be equitable and just to all classes of our citizens; we must levy them in a way that will obtain a ready response from the business interests of the country and from the money of the country, in order that we may readily obtain the money we desire with which to carry on the war.

The chairman of the Finance Committee on yesterday stated that the bill which is now before the Senate would raise approximately two and a half billion dollars. I assume that the Finance Committee has conferred with the executive branch of the Government and has reached a determination as to the amount of money that we must raise in this bill to meet present conditions. Therefore, I stand ready to hold up the hands of the chairman of the Finance Committee and of his committee in raising two and a half billion dollars at this time and so much more as the executive branch of the Government may deem necessary in the future; but I want that tax levied where it will fall so as to equitably and justly distribute the burden of the war.

Under our system of Government there are two primary methods by which we can levy taxation for the support of the Government: One is by a tax on consumption, which falls on numbers, not on wealth; the other is a tax on wealth, that falls on dollars, not primarily on men. We have but recently in the history of our country invaded the field, so far as the National Government is concerned, of levying taxes on dollars; but in our war periods in the past we have not hesitated to tax wealth, and to-day a tax on wealth has become a part of the fiscal system of this Government.

I do not mean to say that in the great exigency which confronts the country we can abandon the system of a tax on consumption; that we can set aside all taxes that fall on numbers and not on dollars, for I fully realize that the great financial strain this country must face in the near future may require us to use every power the Government has to raise the money to carry on the war; but I do believe that under present conditions it is both equitable and just that a large proportion of this war burden should fall on the wealth of the Nation.

There are many reasons why this should be done. In the first place, the great wealth of this country is prepared to-day to meet a reasonable strain on its finances, and to respond without injury to business. On the other hand, pyramiding war prices, increasing the cost of a man's daily bread every hour, and the fact that many of the food providers of families have been called to the flag and are going to a foreign country to fight our battles, make it more difficult every day and every hour for the plain citizen of the United States who must toil for his living to raise the money with which to support his family at home. So every dollar of taxation that is levied upon consumption must fall, as an additional burden, upon the family that is already in distress. I do not say this in opposition to the direct taxes that are contained in this bill, for I am not opposing them; but I think we should bear those questions in mind in proceeding with our scheme of taxation.

When it comes to the tax on wealth, in the main, the Finance Committee proposes to raise the additional revenue needed by two methods: One a tax on incomes, following the course of the law that now is on the statute books but increasing the rates to some extent; the other a tax on so-called war profits, profits that are supposed to have arisen and been accumulated by reason of war conditions.

I have no opposition to the committee's proposals in the main as to its levy on incomes. There are some exemptions the committee has written in the income portion of its bill that seek to exempt from the payment of taxes some great institutions in this country that are already paying taxes, and when the tiff comes I do not expect to vote for those exemptions; but so far as my discussion to-day is concerned, I shall not combat in any way the proposal of the committee in reference to the income taxes; I shall not discuss them or refer to them; but my references in discussing the question of taxation will be entirely to the provisions in the bill relative to the so-called excess profits tax or war profits tax.

Mr. President, the so-called war profits tax is comparatively of recent origin. Until the last few years, so far as I know, it was not carried in the scheme of taxation of any country in the world. It originated in a neutral country. When war conditions surrounding the kingdom of Norway were pressing their finances hard they evolved a scheme of taxation that rested solely on their shipping interests. Finding that much of their industrial business was flat on its back, while their shipping interests were making enormous profits by reason of war conditions in neighboring countries, they levied a war tax on the profits of that business. Shortly afterwards that tax was adopted by many of the neighboring nations that were at war, until to-day every nation that is involved in this war, so far as I am informed, has on its statute books a tax levied on war profits.

The finance committee, in reporting this bill to the Senate, have stated that they are sustained in this proposal by the enlightened views of the statesmen of the great nations involved in this war. Well, they are sustained in their proposal so far as the theory of levying a war profits tax is concerned, and I do not combat that theory. I am not here to cry out against levying a tax on war profits; I am in favor of it.

We might levy this taxation and get the two and a half billion dollars that the Finance Committee desire in this bill in a much simpler way, but not in a juster way. Senators know now how much money was raised last year from the income tax. They know that tax can be pyramided. In a paragraph of twelve lines I could pyramid that tax so that it would bring the two and a half billion dollars desired without any change of the system of taxation whatever, merely by multiplying the rates by a fixed decimal number and bringing the ultimate equation to the amount of revenue desired. That would be simple; it would be easy; it would be a tax on wealth, but I do not believe that to accomplish the result in that way would be as equitable and as just to the American people as it is to levy a large portion of this tax on the war profits of the Nation.

My objection to the committee's bill is not directed to its purpose but to its method.

The committee attempt to sustain their bill by saying that it is based on the system adopted by the European countries. It is not. It is true that most of the European countries have adopted a system of war profit taxes by which they take a prewar period and say that men subject to the tax should only be taxed on profits in excess of those they earned in that prewar period; but every nation in Europe in working out the problem under that prewar period provision has said that the men engaged in business should not receive less than a certain per cent on their capital, whether it was obtained in



the prewar period or not. Some nations have allowed seven per cent; some have allowed as high as nine per cent, and I believe on certain classes of business the British Government to-day has exempted profits up to 11 per cent, before beginning to levy their war-profits tax. But the bill as originally reported by the committee to the Senate left out entirely a percentage basis for the exemption, with the result that if one business was making no profits in the three years fixed by the committee as the prewar period on which to base the exemption, then that business would be taxed under the higher rates, it would have no exemption; but if another business was making 100 per cent during the prewar period it would have 100 per cent exemption before any taxation fell on it.

That was manifestly unjust, and the committee, recognizing the injustice of that proposition, have tried to eliminate it by providing that the business that was making no profit should have as an exemption the average profits of concerns engaged in like business—a very doubtful, a very hazy proposition the meaning of which no man with certainty can ascertain and as to which no man can successfully determine the equation.

My experience teaches me that when you are levying taxes, to be just to the people and fair to the Government you must have no twilight zone written within the walls of your tax bill. There must be a definite and well-defined line that can not be overlooked and can not be evaded; for if you do not do so you leave the door open to favoritism and often injustice in the administration of the law. If the provisions of this bill as presented by the committee are not filled with twilight zones and dark places that are not ascertainable and not understandable, then I have never seen a bill reported to the Congress of the United States that was in that category.

I defy any Senator here to take the provisions of the Senate bill as reported here and definitely determine what it means. It would take a Philadelphia lawyer to abstract from this bill its intricacies. Why should they be here? This is a proposition of exemption. They call it taxation. It is taxation in a way, but its primary purpose is to exempt certain wealth from taxation; for, as I said a moment ago, it would be a simple matter to reach all wealth along the lines of the income tax by merely multiplying the present rates by a decimal number.

I am not objecting to the proposal that certain wealth should be exempted, that the burden of this taxation should fall on war profits, but I do say that when you make that exemption you should make it so clear that all men may read it as they run. There must be no favoritism in the proposal.

The committee, in response to what I believe is the sentiment of the Senate, have attempted to amend their bill. As I said, they reported here a bill without any limitation as to amount, under which, if a great corporation in this country earned 100 per cent in the prewar period, it would have been exempted 100 per cent; and if some corporation was meeting with misfortunes in the prewar selected period, then the amount of its exemption would be very difficult of ascertainment. But on yesterday evening, after this bill had been before the Senate for weeks, the chairman of the Finance Committee yielded to what public opinion has a right to demand of the committee—that is, that this exemption shall be equitable, reasonable, and just—and they now propose that under the exemption no man shall be taxed until he has been exempted and no man shall receive more than 10 per cent as his exemption, and that the prewar basis shall start thereafter.

Why play favorites again? They yield to what I conceive to be the sentiment of the Senate to an extent; but if they yield, why not yield to the main point directly? Of course, the bill is very much better than it was when it was presented to the Senate; very much fairer and very much juster with the amendments now offered by the Finance Committee.

My colleague [Mr. BANKHEAD], in presenting his amendment to the Senate some days ago in an able address, pointed out to the Senate some of the inequalities that then existed in the bill. Some of the Members who are on the floor now may not have been here then; and I want to call to your attention a few sentences that were contained in his speech, showing the inequality of the bill as it was originally reported.

He stated this:

Compare Scoville Manufacturing Co. with American Sugar Refining Co. Scoville earned \$13,403,462 and will pay \$6,202,254 taxes, or 47 per cent of its profits. The sugar refinery earned \$13,703,444 and will pay \$690,410 taxes, or 5 per cent of its profits.

Why? Because one company was making greater earnings in the prewar period, and had an exemption to that amount; the other was not.

Again, he called your attention to this fact:

The Central Leather Co. had \$15,489,201 profit and will pay \$4,520,102 taxes, while the Delaware & Lackawanna Railroad earned \$16,200,148 and will pay only \$1,122,837 in taxes.

One-fourth as much as the other company.

The American Can Co. earned \$9,462,982 and will pay \$766,381 in taxes, or 8 per cent. The United States Industrial Alcohol Co. earned \$4,884,586. It will pay \$1,644,757 in taxes, or 33 per cent.

One corporation paying taxes equal to 8 per cent on the profits and the other paying taxes equal to 33 per cent on the profits.

Let me read one more paragraph to show this inequality:

As a final illustration, from the Morgan list, of the wonderful equality of the committee's plan I point out that the Scoville Manufacturing Co., with a capital of \$21,000,000, will be called on to pay \$6,202,254 in taxes, that being 47 per cent of its net income, 30 per cent on its capital, and 48 per cent of its excess profits, while the great and wealthy Pennsylvania Railroad, with a capital of \$930,400,000, is called on to pay 3 per cent of its net income, eighteen one-hundredths per cent on its capital, and 14½ per cent of its excess profits.

That is the bill which came before the Senate. Those are the inequalities of this exemption—one great corporation practically exempt from taxation and another corporation penalized to the extent of half its earnings. Does the Senate of the United States think a bill can be sustained before the American people with an injustice of that kind written upon its face?

But the committee proposes to amend the bill. They propose to concede the argument and meet the conditions suggested. The question is whether they have done so.

In the first place, this Senate bill is different from the war-tax bills of every nation of the earth except a small clause in the Italian taxing system that relates to commercial travelers. But with that one exception it varies from every tax bill that is written by the enlightened nations of the earth, and it varies in this way:

Those nations, where they allow 6 or 7 or 8 or 10 per cent earnings before they commence to apply their war taxation, apply it flatly on the capital. You know what you are doing. For some reason that is unknown to me the Finance Committee of the United States Senate have evolved a plan that is unknown in the finance of the world. They propose to pyramid this exemption on percentages; not to make the exemption on percentages, not to levy the tax on percentages, but to pyramid the exemption on percentages. They do not say that you shall have 8 per cent taxes exempt to you, and then above that you shall begin to pay 5 per cent on so much of your earnings and 10 per cent on so much more, and so on up—no; not at all. They propose that the exemption shall rest on the earnings of the prewar period, with certain limitations that they have now put in the bill, and some limitations they already had there, but the main basis was on the prewar period. Now, above that do they commence their taxation in a uniform way? No; not at all. They then make their tax relate to the percentage of the exemption to the present earnings. It seems to me it is manifest that the tax under this bill is levied on a basis to take away from the man that hath not even that which he hath.

Now, listen to this:

That in addition to the taxes under existing law and under this act there shall be levied, assessed, collected, and paid for each taxable year upon the income of every corporation, partnership, or individual a tax (hereinafter in this title referred to as the tax) equal to the following percentages of the excess profits (determined as hereinafter provided):

And then it says:

Twelve per centum of the amount of such excess profits not in excess of fifteen per centum of the deduction allowed by section two hundred and three, section two hundred and four, or section two hundred and five, as the case may be;

The deduction allowed by section 203, section 204, or section 205 being the difference between the net income and the war profits as determined.

Then the next bracket says:

Sixteen per centum of the amount by which such excess profits exceed fifteen per centum of such deductions and do not exceed twenty-five per centum thereof;

Now, I ask any Senator here who has not given hours of study to this exemption proposition, can he sit in his seat and say what that means? Why should we write on the statute books an exemption intended to exempt from taxation the wealth of this country in language that the American people can not understand?

Mr. HITCHCOCK. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Alabama yield to the Senator from Nebraska?

Mr. UNDERWOOD. I yield.

Mr. HITCHCOCK. I should like to ask the Senator whether this attempt of the committee to tax war profits in proportion to their size is not analogous to the tax which we levy on incomes, which is graduated up in very much the same way, so that the larger the rate of income, the larger the rate of tax? Is it not in exact analogy?

Mr. UNDERWOOD. I do not think so, but that may have been what the committee had in mind; but if it was what the

committee had in mind, it was a very unjust proposal to the American people.

Mr. HITCHCOCK. I am not referring to the original proposition of the committee, because I agree with the Senator that the exemption was defective. I am speaking now of the proposal as the committee has amended it, which I think cures substantially the criticism which has been made.

Mr. UNDERWOOD. Oh, not at all. The committee's proposal limits the amount of exemption to 10 per cent before they start to tax, but the balance of the provisions of this bill are still there. This proposal to fix the rate of exemption on the percentage of the prewar period as compared to present war profits is still in the bill. It is limited; I grant the Senator that it is not nearly so vicious as it was when the bill was reported, but it is within the body of the bill still.

I will say this to the Senator: He suggests the committee probably had in mind levying the tax on the basis we levy the income tax, that the man of small income should be taxed at a low rate, and that great returns should be taxed at a high rate. Why, I myself reported that bill originally to the House of Representatives. I stood for that basis. That is just as to the individual; but when you come to apply it to the corporation, it brings about absolute injustice.

The Senator should bear in mind that many of these great corporations are not owned by the men of great wealth who handle them, but there are thousands and hundreds of thousands of small stockholders to whom these dividends shall be distributed. Now, if you attempt to levy your system of taxation exactly and identically on the basis you levy your income tax, letting the corporations stand as a unit as the individual stands as a unit, what do you do to the stockholders? Suppose I have a corporation of \$100,000 and I make 10 per cent—\$10,000—and you have a corporation of a million dollars and make 10 per cent—\$100,000—when you come to distribute those assets to the holder of one share of stock in your corporation you distribute the like amount that I would distribute in mine, because each has made 10 per cent. But you have collected \$100,000, and I have collected \$10,000. Suppose we say that we will follow the income tax system and on the corporation we will tax the first \$10,000 2 per cent and pyramid the last \$10,000 10 per cent, what is the result? I have not worked it out in figures, but you would have probably five times as much taxation on the money that was going to your stockholders that I would have on mine.

Do you mean to say for a minute that it is just that because a man has invested his money in a corporation of a million dollars and only has a thousand dollars worth of stock he should be taxed five times as much as a man who invested his money in a corporation and only has one share of stock that has a capitalization of \$10,000? It will not work out. It is not just.

Mr. SMOOT. Mr. President—

Mr. UNDERWOOD. I yield.

Mr. SMOOT. In the case just cited by the Senator he does not mean to say that under the provision the committee has reported it would be five times as much in one case as in the other.

Mr. UNDERWOOD. Oh, no. If the Senator had listened to me—

Mr. SMOOT. I listened very attentively.

Mr. UNDERWOOD. Then the Senator did not catch what I said. I said to the Senator from Nebraska I had not made the calculation; that I only made a rough estimate in my mind as I went along for illustration, not referring to the committee's bill, but referring to the illustration.

Mr. SMOOT. I want to say to the Senator that in the case he just cited, under the provisions of the committee bill, if the stockholder in the corporation of \$100,000 made 10 per cent, and the stockholder in the corporation of a million dollars made 10 per cent, the rate of taxation would be exactly the same.

Mr. UNDERWOOD. I am sorry the Senator from Utah has not studied his own bill.

Mr. SMOOT. I have studied it. I know every word of it and every result that it will bring.

Mr. UNDERWOOD. It is so easy of demonstration to the Senator that he is not correct that I shall demonstrate it to him in a moment. I do not mean to say that there will be the wide difference I was speaking of in my illustration to the Senator from Nebraska, but I will illustrate to the Senator right now the difference in that proposition, how the inequity in your bill reaches that very point.

By the grace of public sentiment you have limited this exemption to 10 per cent, and you have given everybody an opportunity to be exempt 6 per cent. So I have taken your two extremes. As to your earning capacity, take a corporation of \$1,000,000—I am talking now about the inequali-

ties in the bill as you rest the exemption, not about the exact earning capacity. A corporation with \$1,000,000 that earned 10 per cent in the prewar period, or \$100,000, and \$500,000 in the war period would find itself in this condition: It would have \$100,000 exempt under the Senate committee bill, to start out with, from taxation. Then the second item under the Senate committee bill would pay a tax on the difference between 10 per cent and 15 per cent.

Mr. HITCHCOCK. The Senator says \$100,000 would be exempt. He means exempt from extraordinary taxes, not exempt from all taxation?

Mr. UNDERWOOD. I stated in the beginning so that I would not have to repeat it continually that I was not referring to income taxation at all. My remarks refer entirely to taxation under this clause of the bill.

Mr. SMITH of South Carolina. War profits.

Mr. UNDERWOOD. The war profits clause, of course. I am not referring to the income tax.

On the first bracket the taxation would be the difference between 10 and 15 per cent, not of its earnings but of the deduction, its exemption taken from its earnings. You would deduct \$100,000 from the \$500,000. Take 15 per cent of what is left, and that would give you \$60,000.

The second bracket would be between 15 and 25 per cent or \$40,000, and the fourth bracket, the fifth bracket, and the sixth bracket would be \$100,000 each.

Now, how do they work out? On the first \$100,000 you pay no tax. That is exempt under the prewar-period plan. On the second bracket, on \$60,000, you pay 12 per cent, or \$7,200.

On the third bracket, \$40,000, you pay 16 per cent, or \$6,400.

On the fourth bracket of \$100,000 you would pay 20 per cent, or \$20,000.

On the fifth bracket you would pay 25 per cent, or \$25,000, and on the sixth bracket, that is between 75 and 100 per cent on the \$100,000, you would pay 30 per cent, or \$30,000.

That is as far as I have pursued the Senate committee amendment. In other words, your tax on that \$500,000, if you were earning 10 per cent before the war, would be \$88,600 or an average of 17.72 per cent on your profits.

Now, let us see how it will work out for the corporation that was only earning 6 per cent or did not earn anything and is given 6 per cent under this bill. For a corporation of a million dollars with 6 per cent exemption for the prewar period and earning \$500,000 in the war period, its exemption would be \$60,000. Its first tax valuation from 6 to 15 per cent would be \$66,000. Its second would be \$44,000. Its fourth bracket would be \$110,000. Its fifth bracket would be \$110,000, and its sixth bracket would be \$110,000.

Now, on the \$66,000 the first item after the exemption would pay a tax of 12 per cent or \$7,960. Its second item, \$44,000, would pay a tax of 16 per cent or \$6,940. Its fourth item of \$110,000 would pay a tax of 20 per cent or \$22,000. Its fifth item of \$110,000, 25 per cent, \$27,500. Its sixth item, of \$110,000, 30 per cent, \$33,000, making a tax that would amount to \$97,400 or 19.48 per cent of its total profit.

Mr. HITCHCOCK. Is it not the fact that one corporation has been benefited by the war more than the other?

Mr. UNDERWOOD. Not at all.

Mr. HITCHCOCK. One of them has risen from a profit of 10 per cent to 50 per cent and the other has risen from 6 per cent to a much larger per cent. Certainly they are not both benefited in the same degree.

Mr. UNDERWOOD. I say to my friend from Nebraska he has probably absorbed the sentiment of the committee that to him that hath shall be given and to him that hath not shall be taken away even that which he hath, but it is a new basis of levying taxation that I never heard of in income taxes before.

Mr. HITCHCOCK. As I understand the Senator, both these corporations pay equal taxation normally. Now, a war comes and you are proposing to levy a tax upon the war profits. If one corporation makes a larger increase in profits than the other should you not tax it at a higher rate?

Mr. UNDERWOOD. I see no reason in the world why you should. What I say is that you should tax the business of this country on what it is making to-day. That is the basis of taxation. But when you come to an exemption there is a reason for giving the exemption in a different way from the plan proposed for individuals under the income-tax law. We are not here as the Senate of the United States to play favoritism with the business of this country. We are here to deal out even and exact justice between the citizens of this country, and if it was not that there is a reason for a basis of exemption there should be no exemption at all. What is that reason? It is a manifest one. It does not go to the individual. He has no right. It is a governmental question, and the question is the



life of the nation. There is no injury that could come to the American people that would be greater than a panic in this country to-day. There is no injury that could come to our people, not even an invading army on our shores, that would be more disastrous to us than to overthrow the present prosperity of the business interests of America. That is why we are proposing to exempt business interests from the great burdens of this taxation up to the amount of their prewar earnings. It is not because these men have any right, because one man who earns a dollar to-day stands on a different basis before the Government of the United States than another man who earns a dollar. There is no equity and justice in that; but we recognize the fact that we must not destroy business. Now, we propose to levy great sums of taxation out of business, but the purpose of this war tax is to say to business, "You may have your prewar earning capacity or a reasonable prewar earning capacity before we lay the hand of the Government on your profits."

We often go into wrong channels of legislation by fixing our premises at the wrong starting point. If we are going to start out with the assumption that there are in this country any special favorites that are entitled to be taken care of and see that they get their profits, and that they escape part of the war burden because they made great profits before the war or because they are favorites of the Government, then the just basis of your taxation must fall. But when we propose an exemption and say that the great business of this country shall survive, that it shall have an opportunity to breathe, that it shall have the chance to develop and go on and carry on its industries that are absolutely necessary for the present life of the Nation, then we put it on a plane on which we can stand; we are on firm ground in the principle. Therefore, I say there is no reason for favoritism when you come down to the amount of the earnings the man is making to-day.

Now, what is the distinction between the committee amendment and the proposal of my colleague? Every one of the warring countries, every one except our own, has fixed a basis of taxation by saying that a man shall be entitled to his prewar profits or so much per cent on his capital, and some of them have gone entirely to the percentage basis. Now, what you want to do to accomplish this result is to assure as an exemption to the business of this country what would have been a reasonable earning capacity before this war came on in the ordinary channels of business and then exempt that portion of their business from taxation. Then above that amount you must apply your drastic war taxes, not all on one item, not on the first amount, but ultimately.

Now, the amendment offered by my colleague proposes to allow to all business in the United States, big or little, 8 per cent on the value of its property. I know that proposal was criticized by the Finance Committee, in saying that we can not ascertain the value of property now; that it is too difficult. Of course it is always difficult to assess the value of property, but every one of the 48 States in the Union is doing it to-day, and every one of the counties and municipalities in the Union is doing it, and it is the only way you can levy just taxation. That is, to levy it on property's earning capacity—the value of property. But the committee has conceded that, after rejecting it because they said it was impossible of obtaining. I find in the amendment they offered yesterday they say that a domestic corporation or partnership or citizen or resident of the United States shall be exempt by deducting from the net income of the trade or business he receives during the taxable year the average amount of the annual net income of the trade or business during the prewar period. Now, listen to the amendment:

But such deduction shall not be an amount less than 6 or more than 10 per cent of the actual invested capital as of January 1 of the taxable year.

Now, after three weeks' debate, in saying that was an impracticable way to set aside this exemption, when they came in here yesterday they say that no man shall earn more than 6 nor less than 10 per cent of the actual invested capital of the taxable year. The committee itself bases it on exactly what the Members of the Senate have been contending for.

Mr. OVERMAN. Will the Senator from Alabama yield to me?

Mr. UNDERWOOD. Certainly.

Mr. OVERMAN. Who fixes the actual cash value?

Mr. UNDERWOOD. The Government; nobody else can fix it.

Mr. OVERMAN. Does not this amendment in section 202 limit the Government, where it is provided—

That for the purpose of this title, actual capital invested means: First, actual cash—

Mr. UNDERWOOD. The Senator from North Carolina is referring to the committee amendment, I suppose?

Mr. OVERMAN. No; I am referring to the Bankhead amendment—section 202, on page 3.

Mr. UNDERWOOD. The Senator from North Carolina may proceed, and I will find the amendment in a moment.

Mr. OVERMAN. Has the Senator from Alabama introduced a second amendment?

Mr. SMOOT. He has abandoned his first amendment entirely.

Mr. OVERMAN. I was reading the first amendment. I have not seen the second amendment; but there is a provision in the first amendment, and I want to know whether the provision is in the second amendment—

Mr. UNDERWOOD. Here is what the second Bankhead amendment, which is now before the Senate, provides:

Sec. 202. That for the purpose of this title, actual capital invested means: First, actual cash, and second, the actual value, of all assets other than cash, used or employed in the business; but does not include money or other property borrowed by the corporation or partnership.

Mr. OVERMAN. I find the same language is contained in the first amendment.

Mr. UNDERWOOD. No, it is not the same language; it is different language; but what difference does that make? I am not discussing some other amendment; I am discussing the amendment which is before the Senate.

Mr. OVERMAN. What I want to get at is who is to determine what actual cash value is? The amendment of the Senator's colleague which the Senator has just read states the "actual cash value," and in addition to that "the actual value of all assets other than cash." Take one of the great monopolies—it is as to those I desire to hear the Senator—in determining the actual cash value the Government is limited in placing a value on it by the words "First, actual cash," and second, "the actual value of all assets other than cash." Take the Harvester Trust, about which I have talked with the Senator. I should like to hear him in reference to that matter, since he has thought about it. In order to become a great monopoly that trust has bought up all of its competitors. For example, the Harvester Trust was competing with the Deering Co., the Aultman Co., and other great companies; but in order to destroy them and to become a monopoly, it bought them out, until now we have only one company in this country which is furnishing supplies of that character to the farmers. In ascertaining their capital the Government has got not only to take the cash value, but it has got to take the part of all its assets in the way of other property paid in.

Mr. UNDERWOOD. Surely.

Mr. OVERMAN. If that is so, would such a company pay any taxes at all?

Mr. UNDERWOOD. The Senator is right in his theory, but why discuss it? Does the Senator think that the Secretary of the Treasury of the United States is going to put value on wind such as he describes? Is he going to put value on water?

Mr. OVERMAN. What I am afraid of is we may limit the Secretary of the Treasury by providing that, besides cash, he shall ascertain the value of other assets paid into the corporation.

Mr. UNDERWOOD. Mr. President, there may have been proposals here that have sought to provide an exemption on watered stock, but there is nothing of that kind in the amendment of my colleague, and, so far as that is concerned, I do not see that there is in the Senate amendment. The Senate amendment fixes the valuation of the exemption on the actual invested capital as of January 1 of the taxable year. Actual invested capital does not mean wind nor watered stock. The Bankhead amendment says:

For the purpose of this title, actual capital invested means, first, actual cash.

Is there any watered stock or wind in actual cash that belongs to the company?

Mr. OVERMAN. Not in that.

Mr. UNDERWOOD. The amendment proceeds:

And, second, the actual value of all assets other than cash.

Can there be any wind in "actual value?" If it is "actual value," how can it include watered stock? Does not that tell the Secretary of the Treasury that he must consider only "actual value?" We can not go out and assess it. We can not go and say, "You shall discard this item or take that item;" but when we say to the Secretary of the Treasury that in ascertaining the amount of this exemption it shall be allowed on "actual value" that means assets that are of a market value that can be sold.

Mr. OVERMAN. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Alabama yield to the Senator from North Carolina?

Mr. UNDERWOOD. I do.

Mr. OVERMAN. I am inclined to agree with many things which the Senator has said, but I want to understand this correctly. Why not let the Secretary of the Treasury himself assess it? Then, when you do that, without putting this limitation on him, he can ascertain what the actual value is.

Mr. UNDERWOOD. Surely the Senator from North Carolina is right and that is exactly what we are doing. It is exactly what we have been doing all the time. Who else does the Senator from North Carolina suppose is going to assess this property except the Secretary of the Treasury?

Mr. OVERMAN. But he is going to assess it under the limitations which are placed upon him.

Mr. UNDERWOOD. There is no limitation in this amendment. If there were a limitation the Senator from North Carolina would be right; but is there any limitation contained in the words "actual value"?

Mr. OVERMAN. I am not sure whether there is or not.

Mr. UNDERWOOD. Evidently the Senator from North Carolina must want to put a limitation in the bill.

Mr. OVERMAN. No, I do not. I want him—the Secretary of the Treasury—to assess the value; I do not want him to be limited as to his assessment. Take the General Electric Co., which has bought up almost all other companies of similar character and owns them now. Are they to be considered as assets?

Mr. UNDERWOOD. I am not going to indict the Secretary of the Treasury for such a foolish proposition. When this says "actual value of all assets," how could you indict the intelligence and the integrity of the Secretary of the Treasury by saying that he would take into consideration and allow value for something that was watered stock?

Mr. OVERMAN. Would the Senator from Alabama accept an amendment to allow the Secretary of the Treasury to fix the actual value?

Mr. UNDERWOOD. Why, this says so, but I should have no objection.

Mr. OVERMAN. If there is any doubt about it, would the Senator be willing to accept such an amendment?

Mr. UNDERWOOD. Certainly I would; that is all I want; but when the language reads "actual value of all assets," I can not see what the Senator from North Carolina is talking about. If it can be stated any more clearly than "the actual value of all assets," I do not know how it can be done.

Mr. OVERMAN. I do not want the Secretary of the Treasury to be compelled to consider that kind of assets, because that is where the water comes in.

Mr. UNDERWOOD. Of course, if a corporation have assets of value, which they have bought from somebody else, the Senator certainly does not want to rob them of their property.

Mr. President, when I was interrupted I was discussing the difference between the Senate committee amendment and the amendment proposed by my colleague [Mr. BANKHEAD]. The clock admonishes me that it is about the hour of half past 12. We have ceremonies fixed for that hour, and I do not care to go into that discussion and to be stopped halfway in a few minutes. If the Senator in charge of the proceedings will let me know at what time he expects to take a recess of the Senate—

The PRESIDENT pro tempore. The Chair has not yet been notified of the arrival of the guests, but they are expected within a very few minutes.

Mr. BANKHEAD. Mr. President—

The PRESIDENT pro tempore. Does the junior Senator from Alabama yield to his colleague?

Mr. UNDERWOOD. I yield.

Mr. BANKHEAD. Mr. President, I must insist that better order be maintained in the Senate. We can not hear anything that is being said. It is evident that the disorder is in the galleries. If the occupants of the galleries can not properly conduct themselves, the galleries ought to be cleared.

The PRESIDENT pro tempore. The Chair has requested occupants of the galleries to refrain from conversation, and that must be done.

Mr. SMITH of South Carolina. As the matter which is being discussed by the Senator from Alabama [Mr. UNDERWOOD] is very important, and as the guests in the galleries have come to witness the exercises, I would suggest to the Senator who has this bill in charge that we take a recess until such time as the ceremonies begin.

Mr. MARTIN. Mr. President, I had contemplated making that motion, but I thought it wise to wait until the distinguished statesmen from Japan have reached the Capitol. We might take a recess now, but I do not know when they will arrive.

Mr. SMITH of South Carolina. But we can not have such order as we should have.

Mr. MARTIN. I think we have very good order in the Senate. I have been able to hear everything which has been said. I have seen no reason to complain of the order in the Senate. It has been much better than it would ordinarily be or than might reasonably be expected.

Mr. NEWLANDS. The disorder is in the galleries.

Mr. MARTIN. The occupants of the galleries have been orderly; there has been order on the floor of the Senate; there is nothing which has happened to interfere with the proper consideration of the matter before the Senate. I simply suggest that we had better wait until the distinguished statesmen from Japan arrive at the Capitol before we take a recess.

Mr. SIMMONS. I suggest to the Senator from Virginia that perhaps he had better consult the desires of the Senator from Alabama [Mr. UNDERWOOD] who, on account of the confusion, may wish to suspend.

Mr. UNDERWOOD. No, the galleries were not bothering me at all. I am perfectly willing to go on. I thought that the hour had come when the Senate desired to take a recess.

Mr. President, the amendment proposed by my colleague, as I have already stated, allows every corporation in this country a flat exemption of 8 per cent before the war tax is imposed. After the exemption of 8 per cent, on the next 5 per cent of profits, his amendment levies a tax of 5 per cent; on the next 5 per cent—not 5 per cent pyramided, not a deduction, but an actual 5 per cent—he levies a tax of 5 per cent.

Mr. SIMMONS. Mr. President, will the Senator please indicate what that 5 per cent is to be calculated upon?

Mr. UNDERWOOD. It is to be calculated upon the profits. The whole basis of my colleague's amendment is profits, except as to the exemptions.

Mr. SIMMONS. I may have misunderstood the amendment of the Senator from Alabama; I did not read it until this morning; but I understood that that would be based upon 5 per cent of the invested capital.

Mr. UNDERWOOD. No; my colleague's amendment seeks to allow an 8 per cent exemption, not on the invested capital but on the value of the assets, and then when that is taken out he levies a tax on the first 5 per cent above that—

Mr. SIMMONS. Above what?

Mr. UNDERWOOD. The first 5 per cent of profits above that.

Mr. SIMMONS. The first 5 per cent in excess of the assets?

Mr. UNDERWOOD. Well, I will make myself clearer, perhaps, by giving an illustration to the Senator. Suppose a corporation has \$100,000 of capital and earns \$20,000. Eight per cent on the value would be \$8,000. That would leave \$12,000 to be taxed.

Mr. MARTIN. Mr. President, I ask the Senator from Alabama if he will yield to me now?

Mr. UNDERWOOD. Certainly.

[At this point the mission from Japan was received by the Senate.]

Mr. UNDERWOOD. Mr. President, when I was interrupted I was discussing the effect of my colleague's amendment and how it levied the tax on war profits. As I stated in the beginning, there is no contention on my part or of anyone else that I know of, for the purposes of this war tax, not to allow a reasonable exemption for business. The real question is how that exemption can be allowed in the most equitable and just manner.

Just before I took my seat, in stating the basis of the tax proposed in my colleague's amendment I stated that the levy of a subsequent tax related to the earnings of the corporation. That is true, but on reflection I may have misled the Senate in my statement of the case.

Under my colleague's amendment there will be a flat exemption to everybody of 8 per cent provided the corporation earns 8 per cent. After that all profits will be taxed, but not equally taxed, taxed in an ascending scale, and the ascending scale is based upon the proportion of capital as it relates to the profits. For instance, the first 5 per cent that is earned above the 8 per cent will be ascertained in this way. An estimate will be made of 5 per cent of the capital. That will be deducted from the earnings and it will be taxed 5 per cent.

Then you come to another bracket, and you will take again 5 per cent of the capital and deduct that from the earnings, and you will tax that 10 per cent. Then the next bracket you come to will increase from 15 to 20 per cent. That is 15 or 20 per cent based on the capital will be deducted from that much of the net earnings, and that proportion of the earnings will be taxed 25 per cent. Then the next bracket will be taken based on the capital deducted from the earnings and taxed 75 per cent.

The reasons why I think the amendment of my colleague is more equitable, is more just, than the Senate committee bill is



this: The purpose of this exemption, and that is all that is involved in this controversy, is to allow the business of the country a fixed earning capacity before you attempt to levy war taxes on it. I think everybody will agree that a man in business is entitled without classing it as war profits to make 8 per cent on his actual invested capital. But that does not enter the domain of war profits, and you should not apply to it excessive taxation. Even above the 8 per cent you might go up another 10 per cent on the capital and carry your earning capacity on the capital up to 18 per cent and in many businesses not invade what would be actual war profits.

Therefore, in my colleague's amendment in the first two brackets, each of them advancing 5 per cent on the capital, the tax is comparatively low, the first one pays 5 per cent. On the next bracket of 5 per cent on the capital it is taxed 10 per cent. Above 18 per cent you can rest with a reasonable degree of certainty that you have invaded the domain of war profits, and there the percentage of increase ought to increase very rapidly.

Of necessity there is a twilight zone in determining what are prewar profits and what are war profits where there is an uncertainty. In that zone of uncertainty, that twilight zone of profits, I think it is fair and just to the country that the levy of additional taxes should be moderate, but when you pass outside of the twilight zone of uncertainty and invade the condition of absolute war profits why should you restrain your hand? Why should not the Government of the United States levy on absolute war profits high rates of taxation obtainable at this time for the purpose of carrying on this war?

We can not put all men on an equality so far as their ability to make money is concerned. The opportunities of business, the energy of the individual equation, all make a difference and should be recognized. Why should anybody recognize the right of a corporation in the United States to amass profits out of war conditions?

Mr. KING. Or an individual.

Mr. UNDERWOOD. Or an individual. I am speaking of corporations because, as a matter of fact, most of the conditions that we are addressing ourselves to in this amendment relate to corporate property. I say that before this war came on there were few corporations in the country that were making 18 per cent legitimately above the value of their property. You may say there were some mining plants that with a very small investment struck a gold mine, for instance, and that on account of its great production of gold the profits are enormous compared to the original investment. I ask you if the present value of to-day of that property has not increased in proportion to those earnings, and under this bill that is taken into consideration. But when your values and your profits relate entirely to war conditions then your value does not follow profits. It may to a slight extent, but it does not follow it, because the investor knows when war conditions are over those values will cease to exist and they are not the values of to-day. But when you get above 18 per cent, I say that you have undoubtedly invaded the domain of war profits.

Of course, you may say to me that there are some corporations that were making very large profits prior to our declaration of war. But they were making them based on the war conditions of Europe and not on normal profits, and they got their profits in that era before the Government of the United States needed their money and needed to levy these taxes, and because they had the opportunity for three years prior to our entering this war to make enormous profits out of our allies is no reason why that condition should be recognized in the legislation we are writing to-day.

Now, is there any better place where we can levy taxes, is there any better way for the American people to raise the money to run this Government than from profits that are created not by the brain and the brawn of the American people, not by successful investment, not by close attention to business, but by reason of the fact that a great world war has surrounded the business interests of this country and the particular lines of manufacture in which these men have been engaged have greatly enhanced in the value of their products by reason of the fact that men are fighting for their lives, that nations are fighting for existence, and the demand for the particular products of manufacture has so greatly increased that inordinate prices must be paid for them. That is not a stable business condition. That is not a basis on which our industries must rest in the future. That is not a basis on which the future growth of American industry will rest and go on. So I say that when we reach that point, that established point, where we are sure that we have invaded the domain of war profits we are entitled to levy very high taxation.

Now, that is the real distinction between the bill of the Senate committee and the amendment offered by my colleague. They

go on in bracket after bracket fixing the rate of taxation until they get up to over 300 per cent before they apply a tax of 60 per cent. Will you tell me what right any American citizen has by reason of war conditions, when the life of his Nation is at stake and our soldiers are on the firing line, to say that he shall have 75 per cent of his war profits? There is no reason why he should withhold 75 per cent of profits when he is making 200 per cent profits.

Mr. SMOOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Utah?

Mr. UNDERWOOD. I yield.

Mr. SMOOT. I think from what the Senator has just said that the Senators present who have not studied the bill carefully since the amendments have been presented would think that the committee amendment provides a profit upon the capital stock and surplus of 200 per cent. Such is not the case. The tax is imposed upon the percentage of increase over and above the percentage of the prewar period and not upon the capital stock.

Mr. UNDERWOOD. My friend corrects me right in a way, but he fails to state that the percentage relates to an exemption and not to the tax, and that reverses it. It is the exemption that you allow and not the tax. Here are the figures in the bill as I find them. I hope the Senator will correct me if I am mistaken. I will read them out, because I want them to go into the Record, and I want to be right. You are going to exempt some people 6 per cent, some people 10 per cent on their capital, and allow them to earn that much. Then you are going to tax 15 per cent of the relation that the exemption bears to the earnings. You are going to tax them 12 per cent. Is not that correct?

Mr. SMOOT. That is exactly why I want the Senator to understand what this tax is. The rate is 12 per cent on the amount of such excess profits, not in excess of 15 per cent of the deductions allowed by sections 203, 204, or 205, as the case may be.

Mr. UNDERWOOD. That is exactly what I said.

Mr. SMOOT. In other words, if a concern made \$5,000 over and above the exemptions as provided in these sections and whatever section that particular business may fall under, then if they had been making \$5,000 during the prewar period of course they would be taxed upon the percentages provided for in the bill of 100 per cent increase because of the fact they made \$5,000 more than they made under the prewar period. It is not a hundred per cent on the capital; that has nothing whatever to do with it. I will state the exact amount.

Mr. UNDERWOOD. I understand that. I have stated it several times. It is on the percentage which the exemption bears to earnings.

Mr. SMOOT. It would be 30 per cent on the amount of the increase, because the amount of increase was 100 per cent. I understood the Senator to say it was only upon the percentage of the amount of the deduction; but it is upon the amount of the increase after the deductions are allowed.

Mr. UNDERWOOD. I understand the Senator's position, and if I have not stated it clearly it is my misfortune in stating it. I have several times stated to-day that I understood that the tax as proposed by the committee is based upon the percentage which the exemption bears to earning capacity. Is not that correct?

Mr. SMOOT. It is based upon whatever the percentage of increase is over and above the prewar period profits.

Mr. UNDERWOOD. That is, the percentage which the exemption which the committee call prewar profits—I call it the exemption—bears to the profits or earning capacity. I think I have stated that several times.

The basis of the Senate committee amendment is on the percentage of the relation of the prewar earnings or exemption to the profits of to-day, and instead of increasing the amount subject to this tax, as I figure the proposition, it decreases it. It brings down the volume that is going to be subjected to taxation so that it does not reach the heavy class of profits at all until a much later period than it would under the amendment presented by my colleague. I will not go into all the details; but I want to call the attention of the Senate to the primary difference between the two proposals.

Here is the Senate committee proposal which is involved in endless complication as to how the tax is going to be imposed. There can be no doubt in the world, as you will find if you simply take a pen or pencil and make the estimate for yourself, that when you invade the domain of war profits for a long journey into that domain the taxing power of this Government is lightly laid on the early profits; those profits close to the exemption. The tax proposed by the Senate committee amendment is as much or possibly a little more than that proposed by the amendment



offered by my colleague; but what I say is that we are attempting to allow business to move under normal conditions before we lay the heavy hand of taxation upon the war profits; and in that twilight zone of doubt as to where real profits end and actual war profits begin, I think it but just and fair that the hand of taxation should be laid in a reasonable way and no extreme taxes levied; but when you have passed that domain, and have invaded the field of war profits and nothing else—money that men are making because other men have gone to war—I say that there is no justification in the Senate committee amendment withholding the power of taxation.

If that is done, what is the result? If you withhold the power of taxation when you have invaded the field of war profits—money that comes from the battle field—when you withhold the power of taxation at that point, what does it mean? It does not mean that you are relieving the American people of taxation. We have no power left to us to say that we shall only spend so much money and no more. War exigencies have driven us to a war budget. We must raise the money the executive branch of this Government says is necessary to conduct the war; we have no alternative. If we are patriotic, liberty-loving American citizens we must go on and carry our burden and place it on the American people to produce the result. So when the chairman of this great committee comes in here with a war budget and says that we must produce two and a half billion dollars by taxation upon the American people and then withholds his hand in levying on war profits, what does he do? What of necessity must he do? He has limited the amount of money that he is going to raise from that source and he must raise it from other sources of taxation.

When he comes to the other sources of taxation, he must either levy it under the income tax and go to small incomes to accomplish the result, or he must levy it by a consumption tax on the people who are furnishing the soldiers to carry on this war, the people whose cost of living is pyramiding every day. That is all there is in the equation left for the determination of Congress. It is not left for us to say how high the taxes shall be or how much taxes shall be levied but it is for us to say from what sources they shall be gathered—when you leave it to me to say as to whether a large portion of this revenue shall be gathered from the profits of the men who are reeking in money gathered from war profits or shall be levied on the backs of the struggling mass of the American people, there is no doubt in my mind which way I shall go and which way, in my judgment, the Senate of the United States should march.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Idaho?

Mr. UNDERWOOD. I yield to the Senator.

Mr. BORAH. I should like to ask the Senator from Alabama what amount of taxes would be raised under the amendment proposed by the Senator from Alabama [Mr. BANKHEAD] out of war profits as compared with the amount which it is said will be raised under the bill as reported by the committee?

Mr. UNDERWOOD. Under the original proposal of the Senate committee the estimated revenue would be \$562,000,000; that is, before they reported their last amendments. My colleague's amendment proposes to raise as much money and levy the tax in a more equitable way under the rates which he prepared. I have gone over those rates with an expert, and I have absolute confidence in his ability to work them out; and although I know that the committee has had the assistance of an expert from the Treasury Department, whom I regard in his line as one of the ablest men in the Government service, a man with whom I have had the pleasure of working in the past, yet I know, because it is no new question to me, that when revenue plans are being worked out the question of the revenue to be raised is always an estimate; some people may call it a guess; but the best that can be said of it is that it is an estimate, and it may vary to a great extent. I can say for the man who prepared these figures that under my direction he has prepared many estimates in connection with tariff schedules, and he has been a very close guesser of results.

Under the plan proposed by my colleague and according to the figures given to the Senate the total revenue that will be raised will amount to \$815,000,000; but there is already an excess profits tax law which this bill repeals and under which \$226,000,000 was collected, and deducting that from the \$815,000,000 leaves \$589,000,000 of revenue to be raised under this proposal, which is considerably in excess of the original proposal of the Senate committee.

The chairman of the committee has now revised his figures. He has very materially changed the bill by allowing every man to have 6 per cent exemption and allowing no man to have more

than 10 per cent. On yesterday evening the chairman of the committee stated to the Senate that the changes made in that respect and in raising the rates in one bracket, the highest bracket, so that it would levy a tax of 60 per cent instead of 50 per cent, would increase the taxes under this bill \$500,000,000. Of course that was not contemplated by my colleague or myself in the preparation of his amendment.

I have had no opportunity whatever to study the new proposal of assessments according to the amended bill of the Finance Committee submitted last night, and I am not in a position to say as it is presented to-day whether it can prove up to what the chairman of the Finance Committee claims for it; but I want to say to the Senator in reference to the estimates of revenue that the estimates made under my colleague's amendment, outside of the first two brackets, which approximate those of the Senate committee bill, are very much higher than under the committee bill, and, so far as the exemption is concerned—and the Senate committee exempts 6 per cent in some cases and 10 per cent in others, while my colleague's amendment grants a flat exemption of 8 per cent—I do not think that the 6 and 10 per cent will probably fall far away in the general average from the 8 per cent, which is the average of the two figures. Therefore the exemption offered by my colleague, being an average of the exemptions offered by the committee, the first two brackets approximating the others in the amount of the levy, and the higher brackets being undoubtedly very much higher, it seems to me it is sound to say that the amendment offered by my colleague must produce more revenue than the amendment proposed by the committee, especially when there is taken into consideration the fact that the increased taxes proposed by the Senator from North Carolina only apply to profits in excess of 300 per cent.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER (Mr. ROBINSON in the chair). Does the Senator from Alabama yield to the Senator from Idaho?

Mr. UNDERWOOD. I do.

Mr. BORAH. Mr. President, I understood the Senator to say that he has not had an opportunity to make any investigation which would enable him to state how much would be raised by the proposed amendment of the Senator from North Carolina.

Mr. UNDERWOOD. I mean since it has been amended.

Mr. BORAH. Exactly; this new amendment. If the Senator from Alabama is not able to pass judgment upon that question, I can not imagine who in the Senate would be in a position to vote on it at all. Here is an amendment brought in at this time with practically no information at all accompanying it. I talked with an expert last night at some length, and if he be correct—and he has had a vast amount of experience—this new amendment will not raise by any manner of means what the committee has reported it will raise.

Mr. UNDERWOOD. I am only guessing at it, and, from the information which I have obtained in making estimates on the former amendment, I think the Senator is correct in his statement. I will not say that it will not raise a billion dollars, because I have no estimate, but I do not believe for one moment that it will accomplish that result.

Mr. WEEKS and Mr. BANKHEAD addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Alabama yield; and, if so, to whom?

Mr. UNDERWOOD. I yield first to the Senator from Massachusetts.

Mr. WEEKS. I should like to have the opinion of the Senator from Alabama as to the estimate of revenue to be obtained from the original Finance Committee amendment, which I think was \$562,000,000.

Mr. UNDERWOOD. I do not think it will go quite that high, but I think it will approximate \$562,000,000.

Mr. WEEKS. Mr. President, I know prophecy is hazardous, but, based upon such figures as I can make, I am willing to hazard the opinion that it will go very much above that, and I should think from \$100,000,000 to \$200,000,000 above that.

Mr. UNDERWOOD. I will tell the Senator how my estimates were obtained. The expert who has worked them out took 100 selected corporations covering all classes of business, with their capital stock, their prewar earnings, and their present earnings, and with that as a basis he worked out a set of tables applied to that situation, and then applied those percentages to the well-known earnings before the war and after the war to all of the corporations noted in the fiscal reports. That is about as close as you can get to it. Then he applied the tax to that. Of course that is merely an estimate or guess, but it was actually worked out, and I think it is reasonable to say that the estimate is correct.



Mr. KELLOGG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Minnesota?

Mr. UNDERWOOD. I do.

Mr. KELLOGG. Were the hundred corporations, which the expert selected, large corporations or small ones?

Mr. UNDERWOOD. They were average corporations. I have not the paper with me now, but they embraced all classes and all conditions, such as are always taken under such circumstances.

Mr. KELLOGG. Which amendment is the Senator from Alabama now advocating—the last amendment offered by his colleague?

Mr. UNDERWOOD. I am advocating the amendment that is now before the Senate.

Mr. KELLOGG. That is the last amendment offered by the senior Senator from Alabama?

Mr. UNDERWOOD. It is printed in to-day's RECORD.

Mr. KELLOGG. Is it not a fact that the committee's last amendment, which limits the exemption some percentage between 6 and 10 per cent of prewar earnings is going to raise a large amount of money, and is that money not coming out of small business and not out of the big corporations?

Mr. UNDERWOOD. That is what the chairman of the committee indicated in his remarks yesterday afternoon. If that is not the result, then the Finance Committee exempted from taxation a very large sum of war profits, for this reason: The chairman of the Finance Committee stated yesterday afternoon that this change would increase the revenues under this bill \$500,000,000.

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from North Carolina?

Mr. UNDERWOOD. I do.

Mr. SIMMONS. Am I correct in understanding that the Senator represented me as saying that the largest part of the increase would come from the small corporations?

Mr. UNDERWOOD. I did not say the Senator stated that.

Mr. SIMMONS. I thought the Senator said that I so stated on yesterday.

Mr. UNDERWOOD. No, sir.

Mr. SIMMONS. What I did say on yesterday, Mr. President, was that the larger part of this increase would come from subjecting to the tax a class of corporations that would not be subject to tax under the original bill as presented by the committee, because they were making very large profits before the war.

Mr. UNDERWOOD. I think it is better not to have any question about that, and right here I should like to read into the RECORD what the Senator from North Carolina did say. Here is his statement:

Mr. SIMMONS. Mr. President, I desire to say again that it is expected, as a result of these changes in the bill, that the amount of revenue estimated to be derived from the bill will be increased in round numbers \$500,000,000. Of course a considerable part of that, though much the smaller part of it, is the result of the increase in the rates, raising the maximum graduated rate from 50 up to 60 per cent; but the larger part of that increase comes from the fact that corporations and individuals who during the prewar period were making a super-normal profit, a large profit, will be entitled to this reduced exemption on account of fixing the maximum at 10 per cent. Together the amendments swell the additional receipts of the Government from this bill from \$562,000,000 to \$1,060,000,000. That is the additional amount that will be raised by this bill—\$1,060,000,000—from excess war profits, which, added to the amount estimated to be raised under the existing law which we have repealed and incorporated in this, makes \$1,286,000,000 which will be raised by this bill from the taxes upon war profits.

What I say is this: Of course the Senator made the statement that only \$70,000,000 of that half a billion dollars is going to come out of that top bracket, and we can assume, for the sake of the argument, that that is correct. That leaves an increase of \$430,000,000, as he says, by reason of his amendment. Manifestly the place where it is increased is right above 6 or 10 per cent, and manifestly it must come out of the smaller incomes; but what I say is that if the result of this amendment is as stated by the Senator from North Carolina, it is an absolute indictment of his original bill.

Mr. KELLOGG. Mr. President—

Mr. UNDERWOOD. Just one minute. He brought in here in the beginning a bill that produced only \$562,000,000, according to his statement, with exemptions allowed from war profits of \$430,000,000. I say it indicts the whole scheme of legislation that has been brought before the Senate.

Mr. KELLOGG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Minnesota?

Mr. UNDERWOOD. I yield.

Mr. KELLOGG. If it is true that the committee amendment will raise a large amount of money from the small corporations

and partnerships by reason of limiting the exemption to an amount between 6 and 10 per cent, why does not the amendment of the Senator from Alabama do the same thing, as his exemption is 8 per cent, and most of the big corporations are not earning more than 8 per cent, and therefore the big percentages come upon the small businesses, where the capital bears no relation whatever to the earnings, but where the enterprise of the partners—many partners—earns the money? I do not see why the same indictment will not lie against the amendment here as against the committee amendment.

Mr. UNDERWOOD. Why, the Senator would be manifestly correct if we were agreeing on a general scheme of taxation; but the Senator has clearly overlooked the fact that this clause of the bill applies to war profits. If you were going to levy general taxation on general business and general earnings, you would not engage in levying a tax of 10 or 20 or 25 or 50 or 75 per cent of the earnings—manifestly not. Now, we tax those earnings. The Senator is right about that for a general scheme of taxation, and the committee have met his point to some extent. They may have to go higher, and probably will, before this war is over; but they have met it by increasing the normal rates and other rates in the income tax. That meets exactly what the Senator contends for. But what the committee is trying to do, and what I believe is the sentiment of the Senate on all sides, is this: We may differ about the method, as I said, whether we take the committee's method or somebody else's method; but I do not believe there is any real difference in the Senate with regard to the proposition of taxing war profits separately from all other classes of profits, and taxing them at a high, a very high, rate.

The naming of this 8 per cent is not for the purpose of taxation at all. It is for the purpose of exemption. There are classes of business in this country, as the Senator points out, that are not making any war profits to-day that probably under this bill will not be taxed as war profits, because they are not making them. That does not exempt them from taxation. The real question involved here is a question as to where you are going to draw the line as to where prewar profits end, where normal profits end, and where profits that are created by the blood of this war begin.

Mr. KELLOGG. Mr. President, the question to which I should like to attract the Senator's attention is this: Take the case of a small corporation having \$25,000 or \$50,000 capital, and three or four partners, who never earned less than 25 or 50 per cent, and where 50 per cent is not more than a fair earning to those partners. The amendment of the Senator from Alabama, the same as the amendment of the committee, will penalize that concern and impose a big tax on a normal, reasonable earning, while it will not penalize the big corporation whose earnings represent a fair income on its capital.

Mr. BORAH. Mr. President—

Mr. UNDERWOOD. Of course the Senator puts up a hard case, but I do not think it will work very hard. The basis of my colleague's amendment is on capital. Now, I recognize the fact that you may find a small corporation with small capital that by reason of the industry of the men engaged in the business is earning a large amount of money on that capital; but it is not the capital, it is the men that are really earning it. Now, for the convenience of that business those men may pay themselves very small salaries, inadequate salaries for the work they do, and therefore let the profits fall on the capital, to show how much profits they are making, when it is really the profit of their own industry and not their capital. That proposition is very easily adjusted by a mere adjustment of salaries.

Mr. NELSON. Mr. President, will the Senator allow me to ask him a question for information and not for controversy?

Mr. UNDERWOOD. Surely.

Mr. NELSON. As I understand, the radical difference between the committee plan and the amendment of the Senator from Alabama is this: In the case of the Senator from Alabama, you measure the profits by the capital. You take that as the basis of determining the profits. Under the committee plan, on the other hand—either the original plan or this modified plan—the basis of measurement is what they call prewar profits. Is not that the fundamental difference?

Mr. UNDERWOOD. It was the fundamental difference in the original bill, but not as it exists now. It was the fundamental difference as the bill existed before the amendment of last evening.

Mr. NELSON. Will the Senator allow me further?

Mr. UNDERWOOD. Yes.

Mr. NELSON. As I understand, there is only one modification of the original plan, and that is, making a basis of at least



from 6 to 10 per cent profit. Otherwise, the basis is exactly the same.

Mr. UNDERWOOD. Yes; that is true, but that changes the entire basis. The Senator was correct before this bill was amended yesterday evening. My colleague's bill was based on the relation of profits to capital. The Senate bill was based on the relation of prewar earnings to war earnings. But on yesterday evening the Finance Committee wrote into this bill this language:

But such deduction shall not be an amount less than 6 or more than 10 per cent of the actual invested capital as of January 1 of the taxable year.

Then they absolutely invaded the field that was occupied by my colleague's amendment, by going to capital as a basis for exemption, and leaving all the frills and foibles of the Senate bill still dragging along behind. That is the condition.

I have no purpose in this bill except one, and that is to secure the money to run this Government by what I consider the best method. I have no criticism to make of the committee in its efforts to tax war profits. I am in thorough accord with the belief that a large amount of the revenue that we raise should come from war profits. The only difference between my suggestion and that of the committee is as to the method which the committee has adopted.

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Utah?

Mr. UNDERWOOD. I do.

Mr. KING. I have been ill for several days and absent from the Senate much of the time and did not hear the opening part of the speech of the Senator from Alabama. I am interested in knowing whether he has discussed the reason why he preferred the present method of determining the tax rather than a flat rate? It seems to me that any attempt to graduate the tax upon the basis of the capital of corporations will meet with many difficulties.

As the Senator knows, if he will pardon me, most of the corporations have been in existence for some time—that is, those that are making profits. The elements that have gone into what he denominated capital are multitudinous. Good will, trade-marks, and various other things have gone into what has been denominated capital. In Great Britain, where the corporations are so closely under the supervision of the Government, and where there has not been the watering of stock and the many other scandals in corporations such as have existed in this country, it is less difficult to find out what the capital is, what its value is, and what is real capital upon which profits ought to be allowed. It seems to me that it is going to be an almost unsolvable problem in this country to determine what is the capital of corporations and to attempt to adjust the taxes upon capital. It seems to me the better way is to make a flat rate.

Mr. UNDERWOOD. A flat rate on what?

Mr. KING. On the profits, and ascertain what the profits are, measured by what the prewar profits were.

Mr. UNDERWOOD. Then the Senator involves himself in the intricacies of the bill that the Senate committee itself has abandoned. They could not stand the fire. The barrage fire was too much for them, and they ran from under and abandoned that principle themselves, and have had to come themselves to an exemption based on actual value.

Mr. KING. Mr. President, if the Senator will pardon me, I do not know what prompted the committee to abandon the position they formerly assumed; but it seems to me that we find in Great Britain an ample precedent and warrant for adhering to the view of determining the method of ascertaining what the profits are.

Mr. UNDERWOOD. I discussed that question for nearly an hour this morning, and I am sure my friend from Utah will pardon me for not rehearsing it.

Mr. KING. I am sorry that I did not hear the illuminating address of the Senator.

Mr. UNDERWOOD. If the Senator from Utah will read the speech that was delivered some days ago by my colleague in reference to the inequalities of the system that he opposes, where he finds that one corporation is taxed 3 per cent and another 45 per cent engaged in the same business, with the same earnings, growing out of the fact that the tax was based on a comparison of the prewar profits with the war earnings, I think that from the standpoint of equity and justice and an equal distribution of the burdens of taxation he can readily understand why the committee abandoned that proposal. But that is not in issue here now. There is no issue of that kind between the committee's amendment and my colleague's amendment, because both base their exemption on actual value of to-day.

Here is the language. I will read it again:

But such deduction shall not be an amount less than 6 or more than 10 per cent of the actual invested capital as of January 1 of the taxable year.

So that proposition has gone out of the window between these contending parties here.

Mr. SMITH of South Carolina. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from South Carolina?

Mr. UNDERWOOD. I yield.

Mr. SMITH of South Carolina. I do not propose to ask the Senator about any of the technicalities along the line of exemption; but I want to get clearly in my mind why we should take into consideration, in fixing a pure war profit, the valuation of the producing plant or the capital stock.

Mr. UNDERWOOD. We do not. I have not made myself clear.

Mr. SMITH of South Carolina. Well, I notice that even the committee here, in its exemption, has now abandoned what theoretically was to my mind the correct basis of arriving at the real war profits. They have no reference to what the plant was worth. What was its earning capacity before the war? What is its earning capacity now? The difference between its earning capacity before the war and its earning capacity during the war differentiates the legitimate or normal profits from the war profits. Then impose your tax, or take whatever percentage you see fit of that difference.

What has the value of the property to do with the production of the war profits? The Senator and I know that there are some little plants with very small capital that in these war times, under the peculiar circumstances, are making a war profit almost equal to the value of the plant itself.

Mr. UNDERWOOD. Some of them more.

Mr. SMITH of South Carolina. Yes; some of them more. Now, it seems to me that if we are going to take war profits, the simple plan would have been—the one that I thought had been invoked—to take as the basis of calculation what you made before the war and what you have made during the war, and then take a certain percentage of that surplus.

Mr. UNDERWOOD. I will answer the Senator's proposal. I think it is manifestly unjust to do so. In England, where industry is stabilized, where profits are about normal one year as compared to another, and there was nothing that upset those normal conditions except a war condition at home, you might ascertain with a reasonable degree of certainty a basis of war profits by deducting prewar profits from profits made during the war. But their conditions were very different from ours. If you want to take a prewar period to base it on, the question of the selection of that period may make or unmake hundreds of men.

When this proposition was first injected into this Congress—I do not mean by the committee, because I absolve the committee of any proposition of this kind—but when it first came here and was handed to us by its real proponents, who wanted legislation of this kind, what basis did they bring it on? They came down here advocating that the years 1914, 1915, and 1916 be taken as the basis of the prewar period. Of course, that was a prewar period so far as this country was concerned, but it was a war period as far as Europe was concerned. If that basis had been adopted—and I was told that it met with the approval of very large interests; undoubtedly it did—if that had been adopted, the men who had made their great fortunes out of the war with Europe in the last three years would have been entirely exempted from taxation under this part of the bill.

Now, the committee did not take those years. When that question came before them, they rejected those years; but that was the proposal of the hand that brought this proposal here. The committee took the next three years back behind 1914—1913, 1912, and 1911—as the basis. Well, probably if you are going to take a basis of that kind, 1911, 1912, and 1913 was about as good as any other basis. If they are going to take a basis of that kind, I am not criticizing them for taking those three years; but this country is so great, its industries have to meet such manifold different business conditions, that you can not take in this country any year or set of years and work justice either to individuals or to business enterprise.

Why, you might find during those three years, and you would if you applied it, great prosperity and great earning capacity in the automobile industry of this country.

Mr. THOMPSON. Mr. President—

Mr. UNDERWOOD. Just one minute; allow me to finish this particular statement.

Mr. THOMPSON. Certainly.

Mr. UNDERWOOD. At that same time you would probably find that the lumber industry of this country was making no



money; was flat on its back. Why, the Senator would find that that was true as to the cotton industry, largely, in his own State.

Mr. SMITH of South Carolina. Mr. President, right there, if the Senator will allow me—

Mr. UNDERWOOD. Let me finish my explanation.

Mr. SMITH of South Carolina. But what I want to remark is so pertinent right here. If the automobile industry was making such an enormous profit, you could not charge that to the war. It was a prewar profit, and therefore they were entitled to that, and you ought to find some other form of taxation to reach it. It had nothing to do with the war, any more than the depression in the lumber business had anything to do with the war.

Mr. UNDERWOOD. Well, wait a minute; I am coming to that. Under those conditions, if you wrote an exemption proposition on the basis of these three years, you would exempt the automobile business and you would penalize the lumber business. You might have gone back three years before those which the committee took or six years before those which the committee took. I am sure I could pick three years back there where you would find that the automobile business was practically making no profit. It was in its infancy; it was unsuccessful; and yet in those same three years you would find the lumber business making great profit. Now, if you should go back and pick those three years, would you say it was just to exempt the lumber business and tax the automobile business? Therefore your equation depends on what three years you are going to pick, as to who shall be taxed and who shall not.

What I say is that when it depends on an equation of that kind, in view of its uncertainty, its doubt, its injustice, you ought to abandon it entirely. You can see, though, on the basis of this amendment, that every legitimate business on this year's earnings, if it can do so, is entitled to make 8 per cent before you commence taxing the war profit, and above that you can levy the taxes, small in your first bracket, until you have undoubtedly entered the domain of war profits, and then you ought to levy your taxes accordingly.

Mr. SMITH of South Carolina. Mr. President, I have followed the argument of the Senator and have listened to the discussion here on the floor. These exceptions would come in even if there were no war and you proposed to tax incomes. You will find that even incomes fluctuate. The prewar condition of producing plants and individuals has nothing to do with the question that we are attempting to solve now. What we are attempting to do now is to find out how much excess profit is made on account of the war. If an automobile concern or any kind of factory made 100 per cent before the war, then the war is not responsible for that 100 per cent. If some corporation lost 50 per cent before the war, then the war was not responsible for the loss. We are not discussing what were the swollen profits of certain corporations before and up to the war. What we want to know is what has been their increase since the war began.

To illustrate, if an automobile concern made 100 per cent up to the war, and after the war began made 50 per cent additional, then we say that the 50 per cent additional to the 100 per cent was on account of the war and is subject to taxation under the principle invoked, which was that we were to tax war profits. If you tax the 100 per cent you are not taxing war profits; you are taxing normal conditions, which you tried to provide for in your income tax.

If the Senator will allow me, there is just one other matter that has been perfectly clear in my mind—that we are confusing abnormal profits before the war with war profits, and trying to put them in the same bag, and no committee can work it out without confusion.

There is one other point. If you are going to take the value of the property as of January 1 of the year in which the tax is to be collected, what business man is there in this body or elsewhere, if he were to go to sell his plant right now, but that would base its value upon its earning capacity now? A plant that is making to-day, by virtue of the war, 200 per cent on the investment, is worth 200 times as much as it was worth before the war began, if it was making no profit then, as long as the war lasts. You can arrive at no just conclusion in reference to what you ought to tax if you are going to take the value of the producing plant as of January 1 of the year in which the tax is laid, because its earning capacity is inflated; it is uncertain; it is certainly far above its earning capacity before the war, and you have injected another element of confusion.

I thank the Senator for giving me this much time. I had not intended to discuss the excess profits tax, because the committee charged with it has dealt with it. The Senator is an expert on these matters, as he was chairman of the Ways and

Means Committee of the House; but it is very clear in my mind that the excess war profit is a thing easily arrived at by any basis of calculation that is fair and just before the war, and then we can just simply tax the excess, without regard to the swollen profits in juxtaposition to the war.

Mr. UNDERWOOD. I will say to my friend from South Carolina that I am willing to levy a large portion of this tax on war profits. I want to do so. I may not have made myself clear in my statement of why I do not believe the prewar profits basis is just and equitable and equally distributed; but I do make myself clear in this, and I must come down to the cases, as the printers say. I am not going to cast my vote for a bill or a principle that will give to the United States Steel Corporation, the Bethlehem Steel plant, the Du Pont Powder Co., or concerns of that kind that have made enormous profits due to conditions that did not relate to their business, a complete exemption from war taxation, and put the burden of the taxation on the small businesses of this country; and that is what you will do if you carry out your plan.

Mr. SMITH of South Carolina. The point I am making is this: If the Du Pont people and the steel people have, since the war began, made enormous profits as compared with what they made before the war began, why not levy whatever tax in our judgment we see fit, if necessary going to the point of drafting all their war profits? I shall not be put in the category of favoring these people getting an exemption.

Mr. UNDERWOOD. That is what the Senator's proposition is.

Mr. SMITH of South Carolina. My proposition is this: "What did you make before the war? You have got that knowledge. What have you made since the war? You get that knowledge. Now, we will take, if necessary, all that you have gotten since the war." That is my proposition.

Mr. UNDERWOOD. To be sure. That is just what I say; and I know the Senator too well to believe that he stands on that proposition, because inevitably, if he stood on it, it would drive him to the position of exempting from taxation under this bill the class of corporations of which I was just speaking, because the facts show it. They are exempt to a large extent.

Mr. SMITH of South Carolina. Let me ask the Senator this question: You have said they are exempt. How could you exempt them? Let us say they earned 50 per cent up to the time the war began. Let us say the Steel Corporation and the Du Pont people made 75 per cent net profit at the time the war began. They now make 150 per cent. It does not take a man versed in integral and differential calculus to figure out that they have made 75 per cent due to the war. Now, how much are you going to take of that?

Mr. UNDERWOOD. If that was the condition, that result, as shown by the figures, a large number of these big corporations have made such prewar profits that under existing conditions they will be exempt from taxation under the terms of this bill.

Mr. SMITH of South Carolina. But, Mr. President—

Mr. UNDERWOOD. If the Senator will allow me, I have been very good about yielding and would like to conclude my remarks. It would allow those men to escape from this taxation entirely. I do not say the particular ones that I named, but a large number of them would escape from this taxation.

If we have got to write a bill to tax war profits, and the only basis that we can find on which to base it is a basis that is going to allow certain very large business enterprises in the country to escape from this particular taxation entirely, then I am prepared to abandon, before I would accept such a proposition, the idea of a war-profits tax at all. I would come back to income taxes and I would multiply the returns by decimal numbers and get the money where it could be equitably levied. But it is not necessary to do that. You can say that business should have 8 per cent on its capital. There is no trouble about finding out what 8 per cent is. They are assessing taxes on property values in every State of this Union. The Secretary of the Treasury can do it, and the Committee on Finance recommends it by their last amendment. Then, above 8 per cent you can levy a small tax in the beginning so that you do not penalize or destroy honest profits.

But if some great concern was making 200 per cent on its profits before the war and comes in here and says it is now entitled to an exemption of 200 per cent on its profits, when the life of this country is at stake and its soldiers are on the battle line, the logic of the Senator's position may drive him to take that stand, but I say the equities of the situation and the equities and justice of taxation entitle such a position to be repudiated.



Mr. SMITH of South Carolina. Now, if the Senator will allow me, it is not the logic of the Senator's position. It is keeping faith with what you are going to do. If you are going to tax war profits and you just come and take prewar profits and mix them up with war profits you will never know where you are. You will get some that made a big prewar profit and you will let your levy affect them, whereas the man who made no prewar profits is taxed according to his war profits.

Now, in order to be perfectly fair, to make my position clear, you have an income tax here. Why not graduate it? You have it as a separate section in the bill. It is not any use for us to try to confuse terms and thus confuse the public. We have a section here known as excess profits. Excess over what? Over prewar profits. We want to tax them. That is as clearly defined as the line of demarcation between these desks. Now, you have excess profits before the war began. That is an excess over what is justifiable. We need not confuse those terms. If some concern made 200 per cent before the war we certainly have ample legislation now under the income tax amendment to place such a tax upon those incomes as you see fit along the line that was worked out by the Senator from Wisconsin [Mr. LA FOLLETTE]. Start with your swollen incomes and graduate it and exhaust that up to the war time. Then when you have taxed the normal, running right underneath the excess war profits, keeping right along, if you made \$200,000 before the war and paid your income tax right up until now on the hypothesis that you are still earning \$200,000, whatever is earned above put your excess war profits tax on, and so you have it on both issues.

Mr. UNDERWOOD. Will the Senator allow me to conclude?

Mr. SMITH of South Carolina. Surely.

Mr. UNDERWOOD. I think the Senator has now abandoned the position he took a minute ago.

Mr. SMITH of South Carolina. Not at all.

Mr. UNDERWOOD. Because he wants to raise a part of this revenue by an income tax, which is in the bill, and about which I agree with him with all my heart, then when he gets up to the swollen profits he wants to slap the war-profits tax on without any exemption whatever. The purpose of putting this exemption in here is to let business move on and not penalize it. But the real basis must be, if you are going to levy taxes equitably and justly, on the present earning and present valuation. You never can invent a scheme of taxation that is going to be equitable and just when you reach back to make your assessment on values that may have happened 10 years ago and do not exist to-day. You can not make a just system of taxation when you levy your taxes based on earnings of 10 years ago or 3 years ago and not of earnings to-day. But you do that under the plan of the Finance Committee, because although your actual tax under the committee bill is not put on the earnings of the last three years, your exemption from taxation is put on that basis, and that reflects itself into the earnings of this year and allows the earnings of this year to be set apart.

The only fair basis, in my judgment, if you are going to allow this exemption, is to say what is a fair exemption, and then when you have established your exemption from war-profits taxation, tax all other men alike on the same basis in proportion to their earnings.

Mr. President, I do not desire to continue further, but I have in my hand a copy of an abstract of the various laws of the foreign countries in reference to war taxation. I ask that I may print it as an appendix to my remarks.

The PRESIDENT pro tempore. Without objection it is so ordered.

#### APPENDIX.

##### WHY THE 3 PER CENT ON CAPITAL INVESTED BASIS SHOULD BE ADOPTED.

The committee report says the fundamental difficulty arises from the difficulty of establishing a standard or measure of the amount of actual capital invested.

The committee further says that it "proposes the repeal of the existing war profits tax law and the substitution of a tax upon a basis similar to that followed by the European countries in which such taxation has been carried out with marked success."

The basis of the present law is to tax all profits in excess of (a) \$5,000 and (b) 8 per cent on the capital actually invested.

What is the basis of the European countries for "establishing a standard or measure of the amount of actual capital invested" which "has been carried out with marked success"?

A pamphlet has been printed for the use of the Finance Committee compiling the excess profits tax laws of Great Britain, Canada, New Zealand, France, Italy, Russia, German Empire, Austria, Denmark, Norway, Sweden, Netherlands, and Spain.

Naturally one would suppose, in view of the statements made in the committee's report and of its conclusions, that the excess profits laws of the European countries which have been "carried out with marked success" avoided the difficulty of having to "establish a standard or measure of the amount of actual capital invested."

##### An examination of the document printed for the committee discloses:

###### GREAT BRITAIN.

Prewar standard being the average of any two of the last three prewar trade years selected by the taxpayer, except that it is not to be counted as less than 6 per cent (in case of business not carried on by a company or corporation, 7 per cent) on the capital invested at the end of the last prewar trade year.

###### CANADA.

Basis of tax: Excess of profits over 7 per cent of the capital employed in the business in the case of businesses owned by incorporated companies and over 10 per cent in case of other businesses.

###### NEW ZEALAND.

Basis of tax: Excess of personal income for war-income years over (1) income for any one (or the average of any two or all) of the three income years or (2) 7½ per cent on the capital employed by the taxpayer at the election of the taxpayer.

###### FRANCE.

Basis of tax: Excess of profits during war-trade years over prewar standard of profits; prewar standing being the average of three years before the war, but not to be counted as less than 6 per cent on the capital invested.

###### ITALY.

Basis of tax: Excess profits during war-trade years over the average of the amounts ascertained for personal-property tax for the years 1913 and 1914, but this average is not to be counted as less than 8 per cent on the capital invested.

###### RUSSIA.

Basis of tax: Excess of profits during war-trade years over the average of profits during the two years prior to the war, but this average is not to be counted as less than 8 per cent on the capital invested.

###### GERMAN EMPIRE.

Proposed basis of tax: The prewar standard is the average trade profits of the last five prewar-trade years, excluding the two years showing the largest and the smallest profits, if the company has been in existence as long as five years.

The prewar standard is in no case to be counted at less than 5 per cent on the capital invested, and this figure is to be taken if one full trade year has not preceded the war-trade years.

###### AUSTRIA.

Basis of tax: Excess of profits during war-trade years over prewar standard of profits; prewar standard being practically the same as in Germany, but in no case is the prewar profits to be less than 6 per cent on the capital invested.

###### NEUTRAL COUNTRIES.

###### DENMARK.

Basis of tax: Excess of profits during war-trade years over prewar standard of profits; prewar standard being the average of the two largest annual profits during the three trade years before the war, except that it is not to be counted as less than 5 per cent on the capital invested.

###### SWEDEN.

Basis of tax: Increased income of individuals or companies during war years over average income for 1913 and 1914, but the income of companies less than 5 per cent of capital invested is exempted.

###### NETHERLANDS.

Basis of tax: Increased income of profits during war years over the average for the years 1911, 1912, and 1913; income of companies not to be counted as less than 5 per cent on the capital invested.

###### SPAIN.

Basis of tax: Excess of profits over 7 per cent on capital invested. The only other European country referred to is Norway. The basis of tax is stated as follows: "Income increase of individuals or companies engaged in shipping, fishing, or mining over the average income for the two years 1912 and 1913. In case there was no income assessment for either of these years the income for 1916 is taken instead. The tax is computed only for that part of the income increase due to the European war."

Notwithstanding the assertion of the committee's report that it proposed "a tax upon a basis similar to that followed by the European countries" it is conclusively established by the state extracts of the laws of the European countries that the failure to provide an exemption or alternative prewar profit based upon a fixed percentage of the capital invested is contrary to the experience of the European countries in which "such taxation has been carried out with marked success."

It is apparent that the "fundamental difficulty" in "establishing a standard or measure of the amount of actual capital invested" was not to any of the European countries such a difficulty. The committee while approving the workings of such exemptions or prewar profits in the European countries abandoned that principle when they came to apply it to our country.

To the list comprising practically all of the European countries should be added the United States because last March we approved the exemption plan based upon a percentage of actual capital invested.

So that it is a fact that the committee's report is against substantially the unanimous judgment of all the involved nations of the world.

The basis of exemption or plan for fixing the amount of pre-war profits as contained in Senator Bankhead's amendment has the approval of practically all the Governments of Europe, and in addition thereto Canada, New Zealand, and the United States.

The committee's bill has departed from the excess profits plan of the European countries in another highly important respect. The laws of the following countries specifically provide an allowance for increase or decrease in capital at a fixed per cent as follows:

Great Britain, 6 per cent for corporations, 7 per cent for individuals.

New Zealand, 7½ per cent.

German Empire, 5 per cent.

Austria, 6 per cent.

Denmark, 6 per cent.

Netherlands, 5 per cent.

The laws of all the other countries fixing the exemption at or not less than a fixed percentage on the capital invested thereby provide the basis for exemptions on increased or decreased capital as a fixed percentage on such increase or decrease.

Not a single European country establishes the method of fixing the exemption on increased or decreased capital which is proposed by the committee.

The committee's plan for such exemptions is found in section 203 and provides, in substance, that if the average capital is changed the exemption shall bear the same proportion to the prewar profits as the new capital bears to the old capital. In other words, if the prewar capital was \$100,000 and the prewar profit was \$20,000 and the present capital is \$200,000 the present exemption would be \$40,000. The practical operation of the law under this provision means that those who made more than the ordinary rate of interest during the prewar period and who have made large profits during 1913, 1914, and 1915, and who have added to their capital increase their exemptions, not at an interest rate on the new capital but in an amount which bears the proportion to the prewar profits which the old and new capital combined bears to the old capital. For illustration, if a company with \$2,000,000 capital made an average prewar profit of \$300,000, and during the European war has from profits or otherwise increased its capital to \$10,000,000, its exemption would be \$1,500,000.

If a new business was started since the prewar period with the profits from the above company, or with capital from other sources, its exemption would depend upon the profits earned by representative companies engaged in like or similar business as ascertained by the Treasury Department. If the same company distributing its profits in dividends and continued with its original capital, its exemption would be its average prewar profits unless it convinced the Treasury Department that its profits were low as compared with representative businesses in the same line, or that during the prewar period the ratio between the net and gross income was substantially less than the like ratio in case of "representative" businesses, in which event the proportionate exemption which such representative business was entitled would be accorded the taxpayer.

The most striking difference between the European laws and the committee's plan is the basis of applying the tax rate. In all the European laws the rate is applied to the amount of excess profits. In some of the countries a flat rate is used, while in a majority of them a graduated rate is used. In some countries the graduated percentage rate is applied to the amount of profit as the profits increase, while in others there is a graduated percentage rate applied to an increasing schedule of percentages or the capital invested, such as: On portion of excess profits over 10 per cent but not over 15 per cent on capital invested, 10 per cent; on portion of excess profits over 15 per cent but not over 20 per cent on capital invested, 15 per cent.

Careful search for a precedent for the committee's plan in applying the rate to proportion of the exemption instead of the amount of profit developed the interesting fact that in not a single one of the countries mentioned did the law contain any such basis, except that in Italy the committee's basis was applied for "commission agents" and none other.

It is rather remarkable that the plan adopted by the unanimous accord of all the other Governments should be rejected and a basis used alone by Italy and applying only to a negligible proportion of their taxpayers should be adopted for the use of this great American Nation.

The committee has not attempted to apply the rate of taxation "upon a basis similar to that followed by the European countries," and it has no substantial precedent for its remarkable plan of basing the tax upon the proportion which the taxable profits bear to the nontaxable property.

There is no similarity in any respect between the laws of the European countries and the committee's plan. In Europe the tax is called a tax on excess profits. The committee changes its name to war profits.

In Europe the rate is applied to the amount of excess profits. Under the committee's plan the tax rate is applied to fixed proportions of the exemption.

In Europe if there were no prewar profits, if the business was not in existence during the prewar period, the basis of exemption is a fixed percentage on capital invested.

Under the committee's plan under such circumstances the basis of exemption is the profits of representative business.

In Europe if the capital is changed, allowance is made at a fixed percentage.

In the committee's plan under such circumstances allowance is made in the proportion that the present capital bears to the old capital.

In Europe if the profits were subnormal during the prewar period exemption is based upon fixed per cent upon the capital invested. Under the committee's plan under such circumstances the exemption is decided by the prewar profits of "representative business."

In Europe the exemption is either the prewar profit or the fixed per cent upon capital invested, in no case to be less than the latter.

In the committee's plan various methods of fixing the exemption are provided:

- (1) The average prewar profits.
- (2) If the prewar profit was subnormal the proportionate profits of "representative" companies may be adopted.
- (3) If the business was not in existence during the prewar period the prewar profits of "representative" business of like or similar kind is to be used, provided that unless 6 per cent on the capital invested has been earned there are no war profits.
- (4) If there has been a change in the capital employed the amount of the exemption changes in the proportion that the average capital for the taxable year bears to the average capital for the prewar period.
- (5) If a business had no net income during the prewar period then the "representative business" basis is not to be used in fixing the exemption.

It is impossible to make a reliable estimate of receipts under the committee's plan because no one can approximate how many taxpayers will get out of the class of "prewar-period profits" and into the class of representative companies and individuals engaged in a like or similar trade or business.

The Treasury Department must not only determine the proportion which war profits of representative corporations, etc., bears to the total net income of the trade or business received by such corporations but it must also determine what are like or similar trade and businesses.

Under this plan it may be found that the war profits of a farmer are 50 per cent of his net income, while the war profits of a banker are 6 per cent and a railroad 10 per cent and a munition plant 20 per cent.

The exemption or deduction from taxation would vary according to the percentage of profit made by representative concerns in different lines of business. The amount of the exemption would not depend upon any fixed or uniform basis, but would depend upon what line of business was involved and upon the profits made by "representative businesses" in that or similar business during the prewar period. How far located from the site of the business involved the returns from other businesses

may be considered in determining the proportion which the prewar profits of representative companies bore to their net incomes is left wholly in the discretion of the Treasury Department.

In ascertaining whether a wholesale shoe business in St. Louis had a subnormal prewar profit, would the Treasury Department take into consideration the profits of similar businesses in Massachusetts, Illinois, or would it confine the consideration to companies in like business in Missouri? That would be left to the discretion of the Department upon its decision in all the cases submitted to it under section 205 would largely depend the amount of taxes to be collected as war or excess profits tax.

There would be no end of litigation if the courts have power to review the findings of the Treasury Department in its findings: (1) what business is of like or business kind; (2) what were the prewar profits of representative companies.

Notwithstanding the abhorrence of the committee of the "difficulty of establishing a standard or measure of the amount of actual capital invested" the bill provides for the ascertainment of the capital in two important contingencies:

(1) If the net income of a business for the taxable year which was not in existence for a whole calendar year during the prewar period is less than 6 per cent on the average capital actually employed, there shall be deemed to be no profits. (Sec. 204, page 17, line 23 et seq.)

(2) In every case where there has been a change in capital since the prewar period either by increasing or decreasing, there must be an ascertainment of the average capital employed not only during the prewar period, but also for the tax year.

It is submitted that very few businesses would fail to come under one or the other of the above classifications.

The amendment (Bankhead's) is a reenactment of the present law in all respects except that it fixes a graduated rate instead of a flat rate, thereby making large excess profits pay more in proportion than small excess profits.

The practical operation of the Senate plan is to secure a basis of exemption increasing with increased prosperity, while the amendment will work to secure taxes increasing in amount with increased prosperity.

The Senate's plan works in the interest of big business, while the amendment shifts some of the burdens of war taxation from the shoulders of little business to the shoulders of big business, where it properly belongs.

Mr. SIMMONS addressed the Senate. After he had spoken some time,

Mr. McCUMBER. Mr. President, I rise to a point of order. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Bankhead	Hitchcock	McCumber	Simmons
Brady	Hollis	McNary	Smith, Md.
Brandeggee	Husting	Martin	Smith, S. C.
Chamberlain	James	Myers	Smoot
Culbertson	Johnson, Cal.	Nelson	Swanson
Curtis	Johnson, S. Dak.	New	Thompson
Dillingham	Jones, Wash.	Norris	Townsend
Fernald	Kellogg	Overman	Trammell
Fletcher	Kendrick	Owen	Underwood
France	Kenyon	Page	Vardaman
Frelinghuysen	King	Penrose	Weeks
Gerry	Kirby	Polndexter	Wolcott
Hale	Knox	Saulsbury	
Harding	La Follette	Shafroth	
Hardwick	Lewis	Sheppard	

The PRESIDENT pro tempore. Fifty-seven Senators have answered to their names. There is a quorum present. The Senator from North Carolina will proceed.

Mr. SIMMONS. Mr. President, I regret exceedingly that the action of the Finance Committee with respect to the pending bill displeases the distinguished Senator from Alabama [Mr. UNDERWOOD], formerly chairman of the Committee on Ways and Means of the House, and for three years Leader of the House.

The Senator makes some caustic and very unjust criticisms of the Finance Committee. Indeed, some of his criticisms amount almost to an indictment of the motives of the committee. They are both unjust and ungrounded.

I regret that the present action of the committee should not have the approval of the able Senator as I have regretted that its action with respect to other revenue legislation reported by it since he has been a member of this body failed to receive his approval.

The Finance Committee has devoted weeks and months in painstaking and laborious efforts to master the facts of the present financial and revenue situation and to frame a bill which meets present revenue requirements equitably, distributing the burdens of taxation, at the same time permitting the business and industry of the country to prosper and meet quickly and adequately the pressing demands of the Government in this war emergency.

Mr. UNDERWOOD. I hope the Senator will not—

The PRESIDENT pro tempore. Does the Senator from North Carolina yield to the Senator from Alabama?

Mr. SIMMONS. I yield.

Mr. UNDERWOOD. I am sure the Senator from North Carolina would not make a statement in the Record that is not sustained by the facts. I have supported many provisions of the Finance Committee's bill since I came here. Many bills I voted for without an exception. I know of but two marked cases in



the past in which I have differed with the Finance Committee in its bills reported to the Senate, and I am sure that the Finance Committee to-day would not take the action that they took then if the light of subsequent events were before them. I told the Finance Committee when they brought the bill before the Senate some time ago creating a tariff commission that they were wasting \$300,000 and would accomplish no result. The commission itself says there is no work for it to do at this time. I told the committee when they brought in an enormous tax on dyestuffs that it would accomplish no good and would result in a monopoly, and since that time the organization has created the monopoly, and even the men who were favoring that provision of the bill have been complaining against it since that time.

That was the opposition that I voiced to previous bills brought in by the Finance Committee. Except those I do not recall any opposition on my part to any of the Finance Committee bills in the Senate and I would be glad if the Senator would call them to my recollection.

Mr. SIMMONS. The Senator refers to his opposition to certain features of legislation heretofore proposed by the Finance Committee and says that he warned the committee that its proposals would result in no good results. That is true. The Senator was open and frank in his position. But the fact remains that his attitude with respect to certain features of revenue and tariff legislation proposed by the Finance Committee in the past as now has been one of criticism and opposition.

Mr. UNDERWOOD. The Senator must pardon me. His memory lapses. At the time the Senator brought in the tariff bill, the only tariff bill that has been brought in, in years, I was in the other body representing another body, and of necessity I stood for the House bill and not for the Senate bill. But that did not occur in this Chamber.

Mr. SIMMONS. I did not refer to the tariff bill of 1913. I referred to the revenue bill of 1916, which contains certain important features and provisions relating to the tariff.

Mr. UNDERWOOD. I do not remember any tariff item, and I would be glad if the Senator would point it out. I challenge his statement. The provisions for the Tariff Commission and the tax on dyestuffs were the limit of my opposition.

Mr. SIMMONS. I am not going to enter into details. Every Senator here knows the attitude of the Senator from Alabama regarding the revenue and tariff bill of 1916.

Mr. UNDERWOOD. Will the Senator just pardon me a minute? I want to tell the Senator I have supported many of these bills, but if he brings in a bill here that in my judgment is manifestly wrong, does the Senator think that I, because of the mere fact that I happened to be chairman of the Ways and Means Committee of the House, should sit in silence and allow his bill to pass without criticism if I think they are not the bills that should pass the Senate?

Mr. SIMMONS. Mr. President, I have said nothing of the kind. I merely expressed regret that the Finance Committee is and has been unfortunate in not having the approval of the Senator from Alabama, a very distinguished authority upon tariff and financial questions, of some of its important proposals with respect to these matters.

The Senator from Alabama says that he desires that wealth pay these war taxes. I believe we will all agree that wealth ought to pay the bigger part of these war expenses. I feel that the bill which the Finance Committee has presented to the Senate will require wealth to pay not only a large part but the great bulk of these expenses. The Finance Committee agrees with me in this opinion as its action shows. In this bill out of a total of about \$2,600,000,000 more than \$2,000,000,000 is levied by the Finance Committee's amendment upon the incomes and the profits of the wealth of the country. I repeat I agree with the Senator that wealth should pay the bulk of this tax, but, Mr. President, before I shall have finished I think I shall be able to show that under the amendment which the Senator is now advocating large wealth will not pay a fair proportion of these taxes. I believe I shall be able to show that the plan the Senator now presents will not only inadequately reach the large aggregations of wealth in this country, but that it would largely permit the very rich to escape either altogether or with an inadequate burden.

Mr. President, it is true the committee has twice modified its original amendment. But on both occasions the modifications have been the result of changed conditions with respect to the revenue situation creating a demand for additional revenue and higher taxes. The bill as now reported to the Senate after striking out between four and five hundred millions of dollars in the House bill, largely in the way of retroactive income and tariff taxes, will, it is estimated, raise something over \$2,500,000,000. A half a billion of this amount is added as the re-

sult of two recent amendments reported to the Senate. One of these amendments increases the maximum graduated rate from 50 per cent to 60 per cent and imposes a limitation upon super-normal prewar profits of 10 per cent.

The Senator criticizes these latter amendments. He prefers a flat 8 per cent upon invested capital as a measure of normal profit for the purpose of fixing the taxpayer's exemption. He does not like the committee plan of fixing the taxpayer's normal profit upon the basis of his actual earnings during the prewar period, and he does not like the maximum limitation the committee proposes to impose upon the exemption so ascertained.

As between the Senator's proposition and that of the committee with respect to these matters, I do not see how anyone who thoroughly understands the facts and the situation can agree with him. But the Senator says that the committee in modifying its original proposition by imposing a maximum and minimum limitation upon prewar profits surrenders and recedes under fire. The Senator is mistaken about that. There has been no surrender on the part of the committee. It has not receded from the principle of the original bill. It has simply modified that principle and extended it so as to meet a demand of the Senate and the country which has grown up largely since the original report of the committee, and is due very largely to the enormously increased estimated expenditures for 1918, as well as to meet a manifest desire of Senators in raising this additional revenue that the bill should be made an excess profit as well as a war profits tax. The recently reported amendments are not inconsistent with the original plan of the committee.

In its original action the committee assumed the Congress and the country desired that a large part of the needed revenue should be raised from war profits—on profits due to the war. It sought, therefore, to make the tax distinctively a war profits tax. It sought to do that by permitting the taxpayer to have an exemption from the tax of whatever profit he was making before the war. That scheme of course provided a large exemption in cases where the prewar profits were large. Many Senators felt that in the face of the present demand of the Government for revenue there should be some limitation placed upon the exemptions where profits before the war were supernormal. In other words, they thought it should not be altogether a war profits tax, but to some extent an excess profits tax.

In placing upon prewar profits a limitation of 10 per cent on the invested capital your committee have in effect converted its original plan into a composite scheme, making it both a war profits tax and an excess profits tax.

The Senator from Alabama [Mr. UNDERWOOD] suggests a flat rate of 8 per cent—a rigid rate which will apply alike to every taxpayer without regard to what he was making before the war. It is inflexible. It gives the taxpayer who is engaged in a business in which ordinarily the risk is comparatively small and the profits certain the same rate as the taxpayer who is engaged in a hazardous business where the rate of profit must of necessity be larger if the business is to live and prosper. He makes no differentiation between these two cases. The committee amendment provides a differentiation by allowing as an exemption the actual profits of each taxpayer for the prewar period, but prescribing a minimum and maximum rate of 6 and 10 per cent. As a result of these changes in the committee plan, in many cases, the amount of exemption will depend upon the amount of capital invested, just as in the case of the proposition which the Senator from Alabama [Mr. UNDERWOOD] supports.

Capitalization therefore becomes important and vital in both schemes, and for that reason the definition to be applied in ascertaining the amount of invested capital for the purpose of determining the exemption becomes of prime importance. Especially is this so when we consider the basis upon which the great corporations are in many instances capitalized. Therefore the amendment which the Senator from Alabama advocates and the amendment proposed by the committee necessarily require that there should be a definition of invested capital. The definition proposed in the two cases are in their potential effect upon the exemption allowed the taxpayer radically different and will materially affect the possible revenue from the taxes it is proposed to levy.

Mr. UNDERWOOD. Mr. President, will the Senator yield.

Mr. SIMMONS. I yield to the Senator.

Mr. UNDERWOOD. I merely want to ask the Senator to read the two.

Mr. SIMMONS. I am going to do that in a minute.

Mr. UNDERWOOD. The clause in the bill on which the exemption is based—

Mr. SIMMONS. That is exactly what I am going to do.

Mr. UNDERWOOD. And the other clause defining actual value. He will find the language is very much the same.



Mr. SIMMONS. No, Mr. President, it is radically, fundamentally different.

When we passed the present excess profits law, that of the act of March, 1917, the House sent us a definition of capital which the Senate committee thought was inadequate and which would probably result in allowing many of the big corporations of the country that were making enormous profits to escape. In reporting that bill back to the Senate we proposed amendments which we thought would largely safeguard against that difficulty. Unfortunately, a situation was created in the Senate which forced us to abandon all of those amendments, and the bill was adopted without amendment and became law just as it had passed the House. But when the House came to deal with this question during the present session, in the pending bill they enlarged the definition of capital which they made in the act of 1917. The House definition of capital and the definition of capital which your committee proposes for the purpose of the exemption are, in substance, the same with a provision added by your committee to further safeguard the revenues against excessive and unfair exemption.

The House new definition seeks to squeeze the water out of overcapitalization before permitting the application of the 8 per cent exemption it allows. It recognizes the fact that the law now on the statute books did not do that, and they have tried in their amended definition to remedy the defect. Your committee did not think they had altogether succeeded, but your committee thought that they had in large measure succeeded. We adopted what they had done and then supplemented it with an amendment of our own, and we believe with this further emendation the object desired will be accomplished in the main, if not altogether. This is vital, Senators, and, I desire the attention of the Senate. This is the committee amendment.

Mr. OWEN. From what page and line is the Senator reading?

Mr. SIMMONS. From page 16, beginning at line 6, in the amendment offered yesterday evening by the committee:

SEC. 207. As used in section 203 and in subdivision (b) of section 204, the term "capital" does not include money or other property borrowed, and in case of a corporation or partnership means, subject to the above limitation, (1) actual cash paid in—

The Senator from Alabama has eliminated the words "paid in"—

(2) the actual cash value of property paid in other than cash for stocks or shares in such corporation or partnership, at the time of such payment.

The Senator from Alabama has eliminated the words: at the time of such payment.

Mr. UNDERWOOD. Mr. President, will the Senator allow me to explain in a word why it is necessary to eliminate those words?

Mr. SIMMONS. It was necessary, of course, to cut them out upon the basis of the definition provided in the amendment of the Senator from Alabama.

Mr. UNDERWOOD. There can be no value without it is in the corporation; it has got to be there. But if you leave in the words "at the time of such payment" you might include a lot of watered stock; you might include assets which at the time of organization were classed as assets but are not assets now. It is very clear that if you leave in the words "at the time of such payment" you might give opportunity to somebody to base value on water; but when you strike those words out and say "actual cash value," that clearly fixes the actual value of the property.

Mr. SIMMONS. We can discuss that after I have put before the Senate the two amendments. Mr. President, let me proceed with presenting the amendments. The committees' definition, I will say in passing, seeks to ascertain what property had come into the hands of the corporation, and to fix the valuation for the purposes of corporate capitalization at the price paid at the time of the acquisition. I shall show you before I get through that the amendment of the Senator from Alabama in ascertaining the capital for the purpose of exemption, fixes the value, appraises acquired property at its selling price of the taxable year, its market value to-day, without any reference to what it was worth and cost at the time the corporation acquired it.

Mr. UNDERWOOD. Let me see if I understand the Senator, because I do not want to differ with him. The Senator, in his statement, has just said that the Bankhead amendment seeks to fix the value of the assets as they are valued to-day. Was I correct in that?

Mr. SIMMONS. Yes; you seek to value the assets of the corporation—

Mr. UNDERWOOD. As they are fixed to-day?

Mr. SIMMONS. As they are fixed to-day, without any reference to what the corporation paid for them.

Mr. UNDERWOOD. I agree with the Senator on that, and I think that is the correct basis. That was the intent. If those assets are worth more to-day than they were when the corporation was organized, they ought to have that value. If they are worth less, if there is watered stock in the corporation, it ought to be eliminated. There is no confusion about my position on that point, because I agree with the Senator fully. The effort is, in the Bankhead amendment, to levy the exemption and the tax on the basis of actual value as it exists to-day.

Mr. SIMMONS. Mr. President, the Senate definition and that of the House take account of the cash that has been paid in, and of property taken in the place of cash, and also prescribe that the property shall be valued as it stood at the time it was purchased by the corporation. The Senator from Alabama does not follow that course, and I will show you what it will lead to if we adopt his amendment and his definition of capital.

Mr. President, I have been diverted. I was about to proceed with reading the amendment defining capitalization in the House bill and as amended by your committee. I think I had better start from the beginning and read anew that definition.

SEC. 207. As used in section 203 and in subdivision (b) of section 204, the term "capital" does not include money or other property borrowed, and in case of a corporation or partnership means, subject to the above limitation, (1) actual cash paid in, (2) the actual cash value of property paid in other than cash, for stocks or shares in such corporation or partnership, at the time of such payment, and (3) paid in or earned surplus and undivided profits used or employed in the business: *Provided*, That the good will, including trade-marks and trade brands, or the franchise of a corporation or partnership is not to be included unless the corporation or partnership made payment therefor specifically as such in cash or tangible property, the value of such good will, trade-marks, trade brands, or franchise not to exceed the actual cash or actual value of the tangible property paid therefor at the time of such payment.

Mr. President, the overcapitalization of corporations of to-day consists largely of arbitrarily and fictitiously valuing trade-marks, trade brands, good will, etc. The water that is in their capitalization consists largely of the fictitious valuation of these intangible things. No definition of capital which does not safeguard against abuses in connection with the valuation of these things can possibly furnish a basis of a just and fair and sound valuation of actual capital invested.

The proviso in the House bill seeks to control and regulate the valuation of these intangible things. The manifest purpose is to squeeze the water out of overcapitalization. In the definition of capitalization proposed in the amendment which the Senator now advocates (the Bankhead amendment) this saving proviso of the House bill is omitted also. There is no effort whatever in that amendment to place any limitation or restriction upon the valuation of these intangible things.

Mr. UNDERWOOD. Mr. President, since the Senator is quoting me, I shall be glad if he will allow me to interrupt him for a moment. We have a different point of view on what it means. According to the definition for which the Senator is standing, if you have a corporation existing to-day that has capitalized itself with water in it, of course the House definition excludes certain things, but in many other cases where it has capitalized itself with water in its stock you would base your values on that capitalization, which I think is unjust. Under the Bankhead amendment, on the other hand, it will be the duty of the Secretary of the Treasury to ascertain the actual value. Now, if he ascertains actual value, what difference does it make what the value is composed of, if it is actual value, and that is just and that is fair? But if you buckle yourself in, and carry yourself back to the date of capitalization, there is no telling what you have got tied in behind the fence.

All I want is for every man to stand on the same basis. The Bankhead amendment puts it on the basis of the actual value of to-day. No man can complain about that, if the Executive honestly and fairly carries out the law, and only allows actual value. That is the whole proposition; and therefore I say the Bankhead amendment is the juster one.

Mr. SIMMONS. Mr. President, the Finance Committee's definition of capital, being the same as the House definition, furnishes a rule for valuing these intangible assets—valuing them at what they were actually worth when acquired by the corporation—just as it furnishes a rule for valuing property taken in place of cash—at what the property was worth when acquired by the corporation. The definition of the Senator from Alabama, which I will presently place in the record, furnishes no rule or guide. It is simply a flat proposition and values the property of the corporation for the purposes of ascertaining the capital at what it would sell for now—at the high prices which now obtain, with all of the unearned increment since it was actually acquired added.

After I have read to the Senate the amendment proposed by your committee as an additional safeguard to the definition of capital contained in the House bill, I will read the definition of capital in the Bankhead amendment which the Senator from



Alabama [Mr. UNDERWOOD] is now advocating in full, and then I will attempt more fully to present to the Senate the radical differences between the two amendments and show the effect of these differences upon the capitalization and the revenues expected from the proposed taxes. Now let me read the amendment to the House definition proposed by your committee. It is as follows:

If the Secretary of the Treasury is unable satisfactorily to determine the average amount of the annual net income of the trade or business during the prewar period or the actual invested capital as of January 1 of the taxable year, the war profits shall be determined as provided in subdivision (a) of section 204—

Section 204 provides for ascertaining what the average profits were in similar lines of business.

Mr. President, under those amendments, if the Secretary of the Treasury has reason to believe that the capital of such corporations as are now making profits that run up into the hundreds and thousands per cent over what they were making during the prewar period is inflated, that the capitalization claimed by them does not represent actual value as defined, does not represent the capital of the concern honestly and fairly; and if further he finds difficulty in applying the rule laid down by the House and reaching a satisfactory valuation, he can say to that corporation: "Either squeeze out your water, and give us a just basis upon which we can value your property for the purposes of the exemption that you are asking from taxation, or I will ascertain what tax you should pay by subjecting you to the rule of exemption based upon the average profits in the business in which you are engaged."

Mr. NELSON. Mr. President—

The PRESIDING OFFICER (Mr. GERRY in the Chair). Does the Senator from North Carolina yield to the Senator from Minnesota?

Mr. SIMMONS. I do.

Mr. NELSON. Is not one effect of these excess profits or war profits to take stock that originally was nothing but water, of no value, and to give it, for the time being, a status and a value that it never had before?

Mr. SIMMONS. That depends on the definition you give in your law to invested capital. I wish a definition which prevents frauds on the revenues through fictitious valuations.

Mr. NELSON. Is not that one of the effects? For instance, take the United States Steel Corporation. It is conceded by everybody that its common stock was originally all water. I believe, before the war period, some of it managed to pay, for a short time, slight dividends; but the effect of these excessive profits during the war has been to bring up that stock, which was originally water, and to give it a market value that it never could have had without those excessive profits.

Mr. SIMMONS. That would, I think, be the effect under the definition of capital which the Senator from Alabama advocates. The definition is very brief, and I fear, as framed, will allow many of the greatest corporations of the country to escape the payment of anything like their adequate contribution to the expenses of the war. Let me now read to the Senate the exact language of the definition of invested capital contained in the amendment of the senior Senator from Alabama (Mr. BANKHEAD), which the junior Senator from that State (Mr. UNDERWOOD) is so ably advocating:

Mr. UNDERWOOD. Mr. President, will the Senator let me ask him a question? He has himself brought in here an amendment for a deduction based on capital, and he states in his amendment:

But such deduction shall not be an amount less than 6 or more than 10 per cent of the actual invested capital as of January 1 of the taxable year.

Now, I should like to see—

Mr. SIMMONS. I say that in the application of that everything depends upon your definition of invested capital.

Mr. UNDERWOOD. To be sure; but—

Mr. SIMMONS. I have given you the committee's definition of actual capital; and I say that under that definition the water which is in the capital of these great corporations will be largely squeezed out; further, under the Senator's definition you not only do not squeeze it out, but you inject a large amount of additional water.

Mr. UNDERWOOD. If the Senator will allow me, in the first place his amendment does not relate to his definition. His definition relates to a condition that was not capital, because he had no capital in this bill before he put this last amendment in here. His amendment was relating to an exemption proposition based on a prewar condition.

Mr. SIMMONS. Well.

Mr. UNDERWOOD. He comes in here now and defines a new exemption, which he says is either 6 or 10 per cent on the actual capital invested as of January 1 of that year. Now,

there is no difference between that and the Bankhead amendment. After saying the actual cash, it says "the actual value of all assets other than cash." Now, how could "actual value" be water?

The Senator from North Carolina erects a dummy man to explode. When you put the basis on actual value, no man can sustain the statement that the Senator from North Carolina has just made. "Actual value" can mean nothing but actual value, and could not mean a padded return, as the Senator from North Carolina intimates.

Mr. SIMMONS. Mr. President, if the Senator had been patient he would have found out exactly what I mean if he did not anticipate it, and he does not seem to have anticipated it.

The great corporations of this country to-day were not organized during this year or during this war. They were organized before the price of practically everything in this country had gone up to the sky. Most of them were organized when prices were normal, when the values of the properties which they purchased or which they took in the place of cash were moderate. When you allow them, for purposes of exemption, the values of their properties when acquired and upon which their capitalization was originally based and has continued to be based up to the present time, you have done all that they have a right to ask you to do in fixing this exemption.

What does the Senator's definition of capital do? Now let me read the exact language of the definition of capital in the Bankhead amendment. I have tried several times to read it, but each time when I have been about to read it I have been interrupted. It is very short, and I think very defective, so far as safeguarding the Government in the matter of the taxation proposed. It is as follows:

SEC. 202. That for the purpose of this title, actual capital invested means: First, actual cash, and second, the actual value, of all assets other than cash, used or employed in the business; but does not include money or other property borrowed by the corporation or partnership.

First, it specifies actual cash; second, the actual value of all assets other than cash, not when paid in as in the House bill, not when paid in as in the Senate amendment, but the actual value of assets other than cash, when? To-day. In this taxable year.

Take the United States Steel Corporation. In the beginning, when it was organized, enormous properties were bought, scattered from one end of the country to the other—coal mines, iron mines, iron and steel works, railroads, steamboats. They bought these properties at the prices then going. They bought or built steamboats to transport their ores and their coal across the Lakes and to their different plants. Under the House bill and under the Senate bill, when we estimate their capitalization we will consider the values that they actually paid then for these properties. But to-day the prices of iron ore and of steel and iron are very high—probably three, four, five, or six times higher than they then were. Their boats, built originally, purchased at moderate prices, now by war conditions enhanced five hundred or a thousand per cent.

Mr. UNDERWOOD. If the Senator will allow me—

Mr. SIMMONS. The railroads that they constructed then cost little compared to present prices of construction and have increased enormously in value. When you go to assess their value under the amendment of the Senator from Alabama, as I construe it—and I believe I construe it absolutely correctly—you would value their mines and their boats and their railroads at the prices of to-day. War prices—prices that reflect only abnormal and transient conditions.

Mr. UNDERWOOD. I do not want to have any difference with the Senator, but the Senator has made a mistake in writing his amendment. I should like to have him amend his amendment so that we will know what it means, because I do not want to vote on a proposition without knowing what it means. If the Senator really intends to go back, as he said a moment ago he did, and base the exemption on the values at the time of the organization, that is a different thing; but if he intends to stand by his amendment, I want to know how he can construe this language:

Not \* \* \* less than 6 or more than 10 per cent of the actual invested capital as of January 1 of the taxable year.

The actual capital invested as of January 1 of the taxable year.

Mr. SIMMONS. Yes.

Mr. UNDERWOOD. How can the Senator stand before the Senate, with that amendment here, and say that that definition carries it back to the capital invested when the corporation was organized, when you do not say "when it was organized," but you do say "the capital invested as of January 1 of the taxable year?" No definition can get you out of that proposition.



Mr. SIMMONS. That is exactly what I said. We based it upon the capital invested in the business on the first day of January of the taxable year; but in the other part of the definition, which the Senator very carefully fails to read, we declare that in ascertaining the value of the amount of that capital, if there is any property in it that represents cash, such property shall be valued as at the time of the transaction.

The Senator has said that it is impossible to administer a law containing a definition of capital such as that which we propose. The objection may be easily answered. Our definition of capital is in substance the definition employed by the English law, and this has been successfully administered for three years. The Senator says it will not work. The answer is that it has worked and is working in England.

Mr. UNDERWOOD. But then you violate your own definition. If you say that you are going to take it at the value of the assets on January 1 of the taxable year, that means value. If you are going to go back and say that you are going to take it on the proposition of what it was incorporated at—maybe it was trade-marks or enhanced values or a thousand other things, and we know the United States Steel Corporation was incorporated at probably three times its value—if you are going back there to put it on that basis, how can you say that your definition that was originally in the bill can relate to a proposition when you say here that it shall be the actual invested capital in the taxable year? One proposition is in direct contravention of the other; and as this is the governing proposition in the bill, and the other relates to other parts of the bill, of necessity this definition of the basis of capitalization, where you fix the rate of exemption, is the one that is going to prevail.

Mr. SIMMONS. Mr. President, to my mind the thing is too plain to permit of argument. I think it is necessary to consider the two amendments together, and I do not believe there is a lawyer in this body, or in the United States, who would say the amendments mean what the Senator has stated, or that will not interpret their meaning as I have.

If I correctly interpret the meaning of the Senator's amendment, it is that the Secretary of the Treasury would be required to make an original valuation of all the property of these corporations. He is to ascertain the value of their assets of whatever kind or character, wherever located, however employed in the business, estimated on the basis of 1917. Mr. President, if you do that, you will have a case like this: You will have the United States attempting to secure a part of the war profits of a big corporation by taxing them, with the big corporation offsetting the claims of the Government by the enormous war enhancement in its prices. "Oh, yes; I have made big profits, and you say you are entitled to a part of them, but you say I am entitled to an exemption upon my capital. My assets, you say, are my capital, representing the value of my assets to-day. The price and value of my assets have been growing proportionately to the amount of my profits. Against these big war profits upon which you seek to levy I offset the increase in the value of my assets as the result of the war which you are to make the basis of my exemption under your bill." That is the kind of case which would be presented under the amendment advocated by the Senator from Alabama [Mr. UNDERWOOD].

Mr. TOWNSEND. Mr. President, may I ask the Senator from Alabama if he denies that proposition?

Mr. UNDERWOOD. Why, of course, I deny that assets are advancing as well as profits.

Mr. TOWNSEND. But does the Senator deny that his proposition is to fix the 10 per cent, or whatever exemption is to be had, upon the actual value of the assets of the company of the date of the assessment?

Mr. UNDERWOOD. Why, certainly not. Do they not do that in every section of the United States? Does not the State in which you reside, the county in which you live, the municipality in which your home is located fix the basis of taxation on that very value? Of course, the proposition in this bill is to make the exemption which really relates to the tax on the actual value, not a padded value. Now, I have no doubt that values change. What the Senator has said in reference to increased profits making to some extent increased value I do not controvert; but to say for a moment that values in this country will follow the enormous profits that some corporations are making is absurd, because everybody knows that when this war is over those profits will go down. But if they are making the profit, and the money is in the Treasury, and the cash is there, they have got the value invested in their business.

Of course, I think the Senator's recent amendment—he may have done so inadvertently, and probably has, from what he states—carries him to exactly the proposition that is in the Bankhead amendment. The reason why I say that actual value as

ascertained by the Secretary of the Treasury is a fairer basis of computing your tax or your exemption, whichever way you put it, than going back and taking capitalization, which the committee want to do, is because you know and I know that a vast number of the corporations of this country have been overcapitalized. They are loaded down with watered stock; and the committee want to take as a basis of their exemption or their taxation the overcapitalization and the watered stock that you find in a certain class of the corporations of this country.

Mr. TOWNSEND. Mr. President, I beg the Senator's pardon, but I should like to confine my question to one feature, and not to interfere with the argument of the Senator from North Carolina. I am not arguing the Senate committee's proposition; I am arguing the proposition of the Senator from Alabama, without any comparison with anything else. As I understand it—and I can not get anything else from it—the Senator from Alabama proposes to base his exemption upon the inflated prices of the properties now in existence.

Mr. UNDERWOOD. Oh, not at all.

Mr. TOWNSEND. And, in my judgment, that would yield no revenue worth considering at all.

Mr. UNDERWOOD. Not at all. I do not propose to base it on inflated prices.

Mr. SIMMONS. Let me ask the Senator a question. This bill says "actual value." Inflated prices are a very different proposition from actual value.

Take one of the great steamship lines. They have boats which they bought many years ago, and which they are operating now. Would not the Senator, in his amendment in valuing their assets, include those boats at what they are worth to-day?

Mr. UNDERWOOD. Surely. Would you?

Mr. SIMMONS. I ask the Senator if they would sell at ten or twenty times as much to-day as they cost the corporation when acquired by it. Would he capitalize them upon the basis of this enhancement?

Mr. UNDERWOOD. Not necessarily so. I do not know that. They may be worth twenty times as much, and they may be worth more. But how are you going to get a just basis of taxation or any basis other than actual value? There is no other basis. You may point out any discrepancies there, you may point out a very great rise in value over what a man has, you may point to a man who has found a gold mine which, by reason of its product, has greatly increased in value, but if the world recognizes any other basis of just taxation than actual value I have never heard of it before to-day.

Mr. McCUMBER. Mr. President, will the Senator yield to me for a short statement.

Mr. SIMMONS. I yield.

Mr. McCUMBER. I want to bring before the Senate in almost a word the difference between the two amendments. I can recall to my mind a business that started 10 years ago with \$100,000 capital that because of the peculiar character of the business is to-day making \$1,000,000 annually or 1,000 per cent upon its capital invested. Its business could be sold to-day for \$10,000,000 because it is earning a million dollars a year, or 10 per cent net. Under the bill as reported by the committee you would tax, after deducting 10 per cent, 90 per cent of the earnings of that business. Under the proposition urged by the Senator from Alabama because of the value of the assets, say, to-day \$10,000,000, and it is earning \$1,000,000, you would give it an exemption or a reduction of 8 per cent and would tax 2 per cent. So the difference would be between taxing 90 per cent as the basis of your taxation and taxing 2 per cent of the profits.

Mr. UNDERWOOD. Will the Senator allow me to ask him a question? Is that corporation in your State?

Mr. McCUMBER. That corporation is not in my State. We do not have that kind in my State. It may be in Alabama. I will not say.

Mr. UNDERWOOD. It is not in Alabama; I know. If it was in your State would you favor that corporation being assessed for taxation under your local law at the original 100 per cent, or would you insist that it should be assessed for taxation and taxed at the rate of its present value?

Mr. McCUMBER. I would insist in a war emergency that if it only had an actual value of \$100,000 invested and it was making \$1,000,000 upon its investment it should pay 90 per cent of that enormous profit.

Mr. UNDERWOOD. I am asking the Senator if he would for the purpose of local taxation say that the corporation should only be taxed at \$100,000 instead of at what the property is now worth?

Mr. McCUMBER. We are seeking to-day to lay a war tax upon profits. I would have no tax at all upon the profits, prob-



ably if they were not excessive in my own State, because we have not as yet—

Mr. UNDERWOOD. The Senator does not answer the question.

Mr. McCUMBER. But the difference is this. Under the Senator's proposition because of the enormous increase in profits your base value has increased 5 and 10 and 100 per cent, and you would take that as a basis of exemption rather than the real basis of exemption which would be the profit upon the actual investment.

Mr. UNDERWOOD. The Senator has not answered my question and he could not do it, because if he did he would say he would tax property in his own State on real value and not on the original purchase.

Mr. McCUMBER. I answered it when I said that I would for war purposes.

Mr. UNDERWOOD. I think the Senator would for peace purposes. It would apply justly although there might be a hardship where you levy taxes on the real value. I could go through the books to-day and show you innumerable instances where, if you take capitalization instead of real value you are going to let a large number of men escape taxation. When you come to absolute justice although you may show a hard case on both sides no man can deny that actual honest value is a fair basis of taxation.

Mr. OWEN. Mr. President, as I understand this matter the objection made by the chairman of the committee to actual value, so-called, is because in these war times the enormous profits fix actual value, if you choose to term that at present market value, and for that reason the high earnings invested in capital in this time of war would make such an exemption excessive. Is that correct?

Mr. SIMMONS. Yes; I mean to say this. There would be the question of water in the stock in determining at the present time the capitalization of a concern which, for instance, purchased a number of vessels at a very low price when the market was low. You would allow them the price they paid for those ships when they bought them and not the enormous increment resulting from war conditions. Not base it upon this temporary war inflation.

Now, take the Steel Corporation for instance. Their earnings last year were \$271,000,000 upon their present capitalization of \$1,700,000,000. So they made less than 20 per cent of their capital. Now, the Steel Corporation is possessor of some of the most valuable mines in this country. I believe some of them are in the State of Michigan. Others are scattered throughout the States bordering the Lakes. During the panic of 1907 the corporation went into Tennessee and other Southern States and there, under the distressed conditions resulting from the panic, bought at nominal prices and now have many iron and coal mines. The cost was comparatively small.

Now, if under the Senator's amendment the United States Steel Corporation is to have its capital appraised on the basis of values of these properties assessed at the prices of this war period, is it not evident that instead of a capital of \$1,700,000,000 it might be found to have a capital of twice that amount based upon the same assets. And instead of exempting 8 per cent upon the present capitalization there would be an exemption of 16 per cent upon the present value of assets.

Mr. NELSON. Will the Senator yield to me for a moment?

Mr. SIMMONS. Yes, sir.

Mr. NELSON. It seems to me that aside from the mere question of valuation we ought not to overlook the fact that the substitute you offered yesterday only applies in cases where the corporation did not exist before the war while the amendment of the Senator from Alabama applies to every case. It would apply to the Steel Corporation, to a powder plant.

Mr. SIMMONS. One of them applies to new corporations. But another applies to corporations generally.

Mr. NELSON. It would apply to every corporation while this proposition, aside from the dispute as to what is meant by the word "value," would apply to any of these big corporations that have been making excessive war profits.

Mr. SIMMONS. Mr. President, I previously called attention to the fact that the Senator from Alabama did not put in his definition of capital either the proviso of the House bill with regard to valuation of good will, and so forth, or the proviso or any of the additional precautionary provisions that are contained in the supplemental amendment made by the committee to the House definition of corporate capital.

Mr. WOLCOTT. Do I understand the Senator from North Carolina to say that under his amendment watered stock is taken out of corporations before allowance is made for the deduction?

Mr. SIMMONS. If the Secretary of the Treasury will follow the directions he will get the information.

Mr. WOLCOTT. Let us suppose the stock of the United States Steel instead of having a capitalization of over a billion would be reduced to \$500,000,000 in round numbers on account of the watered stock. The whole issue of common stock is watered. I wish to know from the Senator if he thinks that is taken care of. I think it is a well recognized fact that the Steel Corporation—

Mr. SIMMONS. It is, I think.

Mr. KIRBY. I should like to suggest this illustration of the difference between two amendments to the Senator. Does the Senator yield?

Mr. SIMMONS. Yes; I yield.

Mr. KIRBY. It will take just a minute.

Say one man has undeveloped coal or timbered lands worth \$50,000; another, machinery and cash of like value. They organize a corporation with a paid-in capital stock of \$100,000 and proceed to the development of the mine or the manufacture of the timber. Their business thrives and increases, without any increase of capital stock, until the corporation's assets are worth \$500,000. The market value is that sum.

Another corporation, capitalized at \$500,000 and the actual value of its assets being that amount, operates alongside the first.

Now, under the provisions of this bill and amendment, is one corporation to be taxed or exempted from taxation on the basis of \$500,000 of value and the other upon \$100,000 of value, the amount of its capital stock, when both corporations occupy the same position and have assets of equal value? Both are worth the same.

Mr. SIMMONS. I do not understand the Senator's illustration. Does the Senator refer to the committee amendment or the amendment of the Senator from Alabama?

Mr. KIRBY. I was just trying to find out the basis in considering the value whether it would be allowed the same on the \$100,000 as on the \$500,000 corporation.

Mr. SIMMONS. You would be allowed what the property was worth at the time it was put in business, as representing so much money plus earned surplus and profits put in the business.

Mr. KIRBY. That is what I understood.

Mr. SIMMONS. That is what the House bill does, that is what the Senate committee bill does, but that is not what the amendment of the Senator from Alabama does.

Mr. KIRBY. That is what I understand. Then it would be figured the one on the basis of \$100,000 while the other would be allowed on the basis of \$500,000 when both have exactly the same value.

Mr. HITCHCOCK. I think the Senator from North Carolina can not possibly mean that. I understand the Senator from Arkansas to say from the earnings of the company they have put in from year to year additional capital.

Mr. SIMMONS. Of course that is different.

Mr. HITCHCOCK. Earnings have increased, and what has been put in from them becomes a part of the working capital.

Mr. SIMMONS. Of course the Senator understands that the accumulated earnings and the undivided profits would be included in estimating capital invested. That is specifically provided for in the definition in the Senate amendment.

Now, Mr. President, bad as I think the method of the Senator from Alabama for ascertaining the value of capital would be, his plan of imposing the tax upon the excess earnings is even more objectionable.

In the Senator's plan he assumes that 8 per cent of the capital invested is the measure of the taxpayers' prewar profits. Of course the assumption is an arbitrary one, but that is the way he proposes to determine the prewar profits of the taxpayer, and I am not now complaining or criticizing that. Having ascertained the prewar profit in this way, the Senator imposes taxes upon a graduated scale measured by the increase in earnings on the basis of capitalization. That is to say, he deducts 8 per cent from the capital invested as representing the normal profits exempt from taxation. Upon the next additional 5 per cent, 8 per cent, 10 per cent, etc., increase in earnings based upon capitalization he imposes a graduated tax. Under this scheme the rate applied in the amendment he advocates, when the additional increase amounts to 8 per cent of the capitalization he imposes a tax of 10 per cent; that is to say, when the taxpayer has doubled his prewar earnings the tax imposed upon this basis would only be 10 per cent. Under the graduated rate of the committee amendment when the taxpayer has increased his prewar earnings 100 per cent the tax imposed is 30 per cent. To illustrate: A corporation with \$1,000,000 would be entitled to an exemption under the amendment supported by the Senator from Alabama of \$80,000, that being 8 per cent upon the capital; if it shall make



an additional 8 per cent (another \$80,000) the Bankhead amendment would impose upon that \$80,000 a tax of 10 per cent. Under the amendment of the committee, if this corporation was earning 8 per cent, or \$80,000, during the prewar period and it earned during the taxable year an additional \$80,000 it would have to pay upon that amount a tax of 30 per cent. That is to say, if the taxpayer under the Bankhead amendment makes 100 per cent profit during the taxable year over that of the prewar period he pays 10 per cent, while under the committee amendment when he makes 100 per cent additional profit he would pay 30 per cent. The difference is that the committee applies its graduated rate to the per cent of increase in the profits in the taxable year over that of the prewar year and the Bankhead amendment applies its graduated rate to the per cent of increase based upon capitalization, and when the taxpayer is making 100 per cent more during the war period than he made during the peace period he is taxed under the Bankhead amendment at the rate of 10 per cent and under the committee amendment at the rate of 30 per cent.

For further illustration, let us take the United States Steel Corporation. It made during the year 1916 a net profit of \$271,000,000 upon an aggregate capital of \$1,700,000,000. Eight per cent upon this capitalization will amount to, in round numbers, \$140,000,000—that is the amount of exemption it would be entitled under the Bankhead amendment. It earned in addition to the amount exempted, in round numbers, \$140,000,000, or an additional 8 per cent upon its capital. Under the Bankhead amendment it would pay at the rate of 10 per cent upon the additional amount, while under the Senate committee amendment it would pay at the rate of 30 per cent upon that additional amount.

Mr. President, I do not wish to detain the Senate any longer. I wished to take only sufficient time to make it perfectly manifest that the amendment of the Senator from Alabama, judged either from the standpoint of the basis of exemption or that of the proposed method of imposing a graduated tax, does not put the burden of this horrible war upon the rich man, but it either lifts that burden off the rich man or paves the way by which corporate ingenuity and skill can easily so manipulate as to lift it.

I appeal to Senators who have not examined the bill to take the bill home with them and to study it in its details. They will find, in my judgment, Mr. President, that it is a scientific and well-adjusted scheme which takes care of the equities of the situation; that it properly distributes taxes. We tried to divest ourselves of those prejudices and impulses which lead to class legislation and often unjust discriminations, and levy these heavy taxes with even-handed justice. We have looked the situation squarely in the face. We have tried equitably to distribute this burden among the rich and the poor alike, requiring each to contribute only according to his ability.

I believe from the bottom of my heart that the rich man, the man who is making enormous profits out of the war, ought to pay the great bulk and volume of this enormous burden that is now bearing down so oppressively upon the shoulders of the American people; but I believe just as strongly, Mr. President, at this time, and in the conditions which confront our country, the common interest and the patriotic duty require that every man, rich or poor, should pay his part, according to ability, however much or little, to the cause for which we are waging this war. It is no time to say that because a man is not making a big income he shall not pay any tax. It is an indictment of his patriotism to say, "In this hour of stress, this hour of trial to your country, this or that man should for this or that reason be expected to contribute nothing toward the expenses incident to the great undertaking in which we are engaged." I want everybody to contribute in proportion to his ability and no more.

But, Mr. President, over and above this, I appeal to Senators here to recognize the situation. We must have men by the millions, and these men must have clothes; they must have arms and equipment; they must be fed; and they must be cared for when sick or wounded and buried if they shall die in defense of their country. We must incur enormous expenses in preparing and equipping for effective service the great army we are to raise. We must have an enormous quantity of money as well as men. We must have a large production from our factories, our mines, our fields, and our forests. More factories must be built—old ones must be enlarged—everything must be done to stimulate productivity. Money is required to do this.

Tax the industries of the country as heavily as they can stand and continue to prosper. Do not pass this maximum point, for when you go beyond it there will remain no inducement for investment. To overtax the industries is to pursue the foolish

course of drying up the stream at its source—of killing the goose that lays the golden egg—of destroying both the industry and the source of revenue for the Government.

Mr. HOLLIS. Mr. President, before the Senator from North Carolina takes his seat I desire to make a suggestion.

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from New Hampshire?

Mr. SIMMONS. Will not the Senator pardon me? I am so completely exhausted, I feel that I can not hold the floor longer.

Mr. HOLLIS. But it is absolutely essential, Mr. President, that we consider the cloture rule which we are going to vote on to-morrow.

Mr. SIMMONS. Very well.

Mr. HOLLIS. The cloture rule provides that—

Except by unanimous consent, no amendment shall be in order after the vote to bring the debate to a close, unless the same has been presented and read prior to that time.

There are many amendments—I have several myself—which I have presented, but which have not yet been read. In my judgment, unless something is done to handle this situation this evening we can not get a two-thirds vote to-morrow. I appeal to the chairman of the committee at this point to ask for unanimous consent to bring the debate to a close, and to have a vote next week. I have a hope that if he will tender that request unanimous consent may be granted.

Mr. SIMMONS. Let me ask a parliamentary question. Is it necessary under this rule that the vote shall be taken immediately upon the assembling of the Senate?

Mr. HOLLIS. One hour after the session opens; and that is not time in which to read all the amendments that are to be presented.

Mr. NORRIS. Mr. President, that hour may be cut short if the Presiding Officer desires to do it. If you will read the rule, you will find that he has an hour in which to lay it before the Senate. He can do it the first thing when the Senate convenes, if he wants to.

Mr. HOLLIS. And he can recognize some one who may talk the whole hour.

Mr. NORRIS. Yes.

Mr. SIMMONS. I will state to the Senator that to meet that situation, instead of asking for a recess until 11 o'clock to-morrow, I had it in mind to ask for an adjournment until 12 o'clock.

Mr. HOLLIS. That will not change it at all. It says "one hour after the meeting."

Mr. SIMMONS. Then the vote would not be taken until 1 o'clock. The Senator can prepare his amendments by that time.

Mr. HOLLIS. The amendments are prepared; but there are so many prepared now that have been printed that they would take more than an hour to read.

Mr. SIMMONS. It is not necessary that they should be read.

Mr. HOLLIS. Yes; it is. They must be presented and read. I will say to the Senator that although I signed the petition to have the rule invoked, unless some relief is given, I shall not vote for cloture to-morrow.

Mr. NORRIS. Mr. President, I offer an amendment that I ask to have read by the Secretary.

Mr. SIMMONS. Mr. President, would it be in order now to ask unanimous consent that any amendment offered to-morrow shall be in order, notwithstanding any action that may be taken with reference to this rule?

Mr. SMOOT. Mr. President, the rules provide how a rule shall be changed, and I do not think that rule can be changed by unanimous consent. The rule is very specific on that point, and says it shall be one hour after the Senate convenes on the second calendar day.

Mr. NORRIS. Mr. President, I ask the Secretary to read the amendment that I have sent to the desk, which I offer under the cloture rule.

The PRESIDING OFFICER. The amendment will be read.

The SECRETARY. On page 4, commencing with line 14, it is proposed to strike out all down to and including the word "provided," in line 23 on said page.

Mr. JOHNSON of California. Mr. President, some days ago I offered the amendment which I now send to the desk. In view of the imminence of the cloture rule, I ask that it may be read by the Secretary.

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. The Senator from California proposes the following amendment:

Strike out all of section 201 and insert the following:

"Sec. 201. That in addition to the taxes under existing law and under this act there shall be levied, assessed, collected, and paid for each taxable year upon the income of every corporation, partnership, or individual a tax (hereinafter in this title referred to as the tax) equal to 73 per cent of the war profits determined as herein after provided.



"For the purposes of this title all the trades and businesses in which a corporation or partnership is engaged shall be deemed to be a single trade or business, and all its income from whatever source derived shall be deemed to be received from such trade or business."

"This title shall apply to all trades or businesses of whatever description (whether continuously carried on or not), including the business of rendering any services for a commission or of acting as an agent of any description, except—

"(a) An office or employment, including that of a commercial traveler or agent whose remuneration consists wholly of a fixed and definite sum, irrespective of the amount of business done or any other contingency; and

"(b) A profession the profits of which depend mainly on the personal qualifications of the individuals by whom such profession is carried on and in which there is not required the investment of more than a nominal capital."

Mr. RANDELL. Mr. President, I offer three amendments, which I desire to have read by the Secretary and considered as pending, to be considered at the proper time.

Mr. SIMMONS. Mr. President, I desire to ask unanimous consent, under the so-called cloture rule, that amendments may be offered at any time during to-morrow, provided cloture is adopted.

Mr. SMOOT. Mr. President, in my statement before I stated that unanimous consent could not be had on such a request; but I have noticed since that the rule itself provides that by unanimous consent amendments may be offered. Therefore the request made by the Senator from North Carolina is in order.

The PRESIDING OFFICER. Is there any objection to the request of the Senator from North Carolina? The Chair hears none, and it is so ordered.

Mr. POMERENE. Mr. President—

Mr. BROUSSARD. I ask that the amendments I send to the desk may be read.

The PRESIDING OFFICER. The amendments will be stated.

The SECRETARY. The Senator from Louisiana offers the following amendments:

On page —, line —, insert the following:

"Any person, firm, or corporation that shall seek to evade the provisions of this section by deducting from the vendor of cane or beets or sugars sold for refining, by contract or otherwise, the amount of the taxes herein provided, for each offense shall be subject to the penalties provided in section 305."

Also insert the following at the end of Title XI:

"Sec. 1107. That section 5 of the act approved March 3, 1917, entitled 'An act making appropriations for the Post Office Department for the fiscal year ending June 30, 1918,' shall not be construed to apply to ethyl alcohol for governmental, scientific, medicinal, mechanical, manufacturing, and industrial purposes, and the Postmaster General shall prescribe suitable rules and regulations to carry into effect this provision in connection with the act of which it is amendatory."

Also, on page 86, line 10, after the word "importer," strike out all of paragraph (d) and insert in lieu thereof the following:

"(d) Upon (1) all hard refined sugars, commercially known as loaf, cut-loaf, cube, or powdered, seven-eighths of a cent per pound; (2) all granulated sugar which has undergone a process of bone-black refining, commercially known as standard granulated, five-eighths of a cent per pound; (3) all granulated sugar made from beet juice, commercially known as beet sugar; granulated sugar made from cane juice which has not undergone a process of bone-black refining, commercially known as plantation granulated; and all soft sugars the result of bone-black refining, four-eighths of a cent per pound; (4) all sugars made from cane juice, which has gone through a process of clarification, testing higher than 96° by the polariscope, commercially known as clarified sugar, three-eighths of a cent per pound; (5) sugars made from the juice of cane or beet, and not falling under the above classification, two-eighths of a cent a pound, all to be paid by the refiner, manufacturer, or importer.

"All sugars mentioned herein imported from foreign countries shall pay in addition to any import duties imposed thereon the tax provided by this law on like articles now manufactured in the United States and its possessions."

Mr. POMERENE. Mr. President, I send to the desk and offer certain amendments, which I ask may be read according to the rule and printed and lie on the table.

Mr. HOLLIS. Mr. President, a parliamentary inquiry. I should like to inquire, if by unanimous consent these amendments may be offered to-morrow, whether we may not by unanimous consent agree now that they may be offered, lie on the table, and be printed and considered as read, and not read? If that is so, I will ask the chairman to ask unanimous consent to that effect.

Mr. SIMMONS. Mr. President, I make that request for unanimous consent.

The PRESIDING OFFICER. Is there any objection?

Mr. LA FOLLETTE. I should like to hear it stated.

Mr. PENROSE. The request is that the amendments can be offered without being read.

Mr. BRADY. Let the request be stated, Mr. President.

Mr. LA FOLLETTE. It is possible that, with another Presiding Officer in the chair, a point of order might be raised that that is not a compliance with the rule, and some of these amendments shut out, and I do not want to take any chances upon that.

Mr. PENROSE. Mr. President, I will say, for the information of the Senator, that perhaps in a few minutes an amicable

adjustment of this matter can be arranged in the form of a unanimous-consent agreement; and if he will withhold his request for a few moments perhaps we can accomplish something.

Mr. McCUMBER. Mr. President, I have three amendments that I ask may be considered as pending and be read, if the rule requires them to be read now.

Mr. JONES of New Mexico. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from New Mexico will state it.

Mr. JONES of New Mexico. I understood the chairman of the committee to ask unanimous consent that any amendments may be offered and read to-morrow with the same force and effect as if read to-day, notwithstanding the fact that the cloture rule may be adopted to-morrow. Am I correct in that understanding?

The PRESIDING OFFICER. That is the way the Chair understands it. The Chair understands that the cloture rule provides that those amendments may be read under unanimous consent to-morrow.

Mr. JONES of New Mexico. As I understood the chairman of the committee, he asked unanimous consent that any amendments may be presented to-morrow and read to-morrow with the same force and effect as if presented and read to-day. I should like to inquire whether or not there was objection to that unanimous-consent request, and whether or not it was granted?

The PRESIDING OFFICER. The Chair will state that there was no objection, and that that request was granted by unanimous consent.

Mr. LA FOLLETTE. Mr. President—

Mr. JONES of New Mexico. Then any amendment may be presented and read to-morrow?

The PRESIDING OFFICER. That is the understanding of the Chair.

Mr. LA FOLLETTE. Mr. President, the rule specifically provides that no amendment shall be in order unless presented and read prior to the adoption of the cloture rule, excepting that they may thereafter—that is, after the cloture rule has been adopted—be presented, and, if not objected to, or if unanimous consent is given, they may be offered. That being the rule, I do not feel any certainty that you can change it, except by filing a motion 24 hours in advance of the time and making the change.

My attention was diverted. The leader upon the Democratic side [Mr. MARTIN] had engaged me in conversation, and I did not understand that any unanimous-consent proposition was being submitted to the Senate. He was talking with me about adjusting the matter of the time of closing debate, and my attention was diverted for the time being; and if there is any uncertainty about it, I should like to have it removed. I do not set myself up here, Mr. President, as an infallible judge of parliamentary law. I just do not want to be misled.

Mr. SIMMONS. Mr. President, if the Senator will pardon me—

Mr. LA FOLLETTE. I know there is no intention to mislead anyone. I do not mean to imply that.

Mr. SIMMONS. There can not be any doubt about it. I made the request. The Chair announced that there was no objection, and I said—I expect I said it loud enough to be heard—"The unanimous-consent agreement is made."

Mr. LA FOLLETTE. Well, Mr. President, again and again when the submission of a unanimous-consent agreement has not been heard by Senators who have been present the request has been again submitted. The Senator from Virginia [Mr. MARTIN] will verify my statement if any verification is needed. We were engaged in conversation there at the time that occurred, as I have since learned.

Mr. MARTIN. That is correct.

Mr. LA FOLLETTE. Therefore, Mr. President, unless I can be assured that there is not any doubt about the unanimous consent protecting everybody, I want that unanimous-consent proposition submitted again to the Senate.

Mr. LODGE. Mr. President, I was standing right where the Senator from Idaho is now standing and I heard the Chair say, after putting the request of the Senator from North Carolina, "Is there objection? The Chair hears none, and it is so ordered." I heard him make the formal statement.

Mr. LA FOLLETTE. Mr. President, I am not questioning the record. I am simply saying that the leader upon the Democratic side came to me to submit to me a proposition for unanimous consent to close the debate some days later, and when I was so occupied this unanimous-consent provision was placed before the Senate, and I did not hear it. Now, I venture to say that again and again on this floor, when any Senator has as-

serted immediately afterwards that he did not hear the unanimous-consent proposition submitted to the Senate, it has been submitted over again.

Mr. MARTIN. Mr. President, as I understand, all the Senator desires is to be assured that this unanimous-consent agreement will be effective for the purposes that are expressed in it. He is satisfied with it unless it can be invalidated.

Mr. LA FOLLETTE. For the purposes expressed in it by the Senator asking it. I think it was the Senator from North Carolina who asked it.

Mr. MARTIN. Exactly; and the Senator desires to be assured that as he asked it, it was granted.

Mr. LA FOLLETTE. Yes. I should like to hear from some of the recognized parliamentarians of this body as to whether that rule can be so changed.

Mr. MARTIN. I do not pretend to be one of the recognized parliamentarians of the body, but I can say that I have not the slightest doubt about the effectiveness of that unanimous-consent agreement. It will prevail, and no one can prevent it from prevailing, and all that was asked in it will be respected by the Senate, and will be of necessity respected. The Chair would so rule, and the Senate would so sustain. I have no doubt about the effectiveness of that unanimous consent for everything that it undertook to do.

Mr. LODGE. Mr. President, on the parliamentary point nothing is clearer than that a body can do anything by unanimous consent. We suspend the rules. We go contrary to the rules. We suspend and set aside the rules every time we introduce a bill here out of order. You can suspend any rule by unanimous consent. This rule, as it happens, contains an express provision for its suspension by unanimous consent. There can not be any doubt—

Mr. LA FOLLETTE. Yes; but, if the Senator will pardon me, this is not the time when that express provision can have application. It can only have application after the rule has been adopted, when unanimous consent can be given, under the rule, for the introduction of amendments.

Mr. LODGE. But, Mr. President, the rule can be suspended.

Mr. LA FOLLETTE. Well, Mr. President, I will withdraw the request to have it submitted over again, since there is any demur about it.

Mr. MARTIN. There will not be any doubt about it, Mr. President. It will be effective. No Senator would object to it.

Mr. McCUMBER. Mr. President, I think there are some amendments pending which perhaps have not been read.

The PRESIDING OFFICER. The Secretary will read them.

The SECRETARY. The first amendment is the amendment of the Senator from Ohio [Mr. POMERENE].

Mr. POMERENE. I understand that the unanimous-consent agreement provides that these amendments when offered will be treated as having been read. If that is so, I do not ask that these be read.

The PRESIDING OFFICER. Does the Senator from North Dakota insist upon having his amendments read?

Mr. McCUMBER. They would have to be read even though they were offered to-morrow. They have now been offered, and I ask that they be read.

The PRESIDING OFFICER. The Secretary will read the amendments.

Mr. KING. The Senator from New Hampshire submitted a request for unanimous consent that the reading of the tendered amendments might be dispensed with.

Mr. HOLLIS. In order that there may be no misunderstanding, I will ask unanimous consent that all amendments now pending may be considered as read and will be pending and subject to be voted upon if the cloture rule is adopted.

Mr. McCUMBER. I think the Senator means "now offered" instead of "now pending." If the Senator will change his wording to read that way, I think it will be all right.

Mr. HOLLIS. My attention was diverted. I did not hear the Senator.

Mr. McCUMBER. The Senator used the term "all amendments now pending." What the Senator means, I think, is all amendments now offered. They will not be pending until they are offered.

Mr. HOLLIS. I ask unanimous consent that all amendments offered to-day or to-morrow be considered as offered and pending and as having been read under the cloture rule.

Mr. McCUMBER. Without present reading?

Mr. HOLLIS. Without present reading.

Mr. BROUSSARD. Do I understand that amendments not yet introduced may be introduced to-morrow and offered to-morrow and they will be in the same category?

Mr. HOLLIS. My request covers all amendments offered to-day and to-morrow to the pending bill, that they will be con-

sidered as offered and pending and as having been read under the cloture rule.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New Hampshire? The Chair hears none, and it is so ordered.

Mr. KING. I tender an amendment and ask that it lie on the table under the rule stated by the Senator from New Hampshire.

The PRESIDING OFFICER. It will be so ordered.

Mr. LA FOLLETTE. I offer a number of amendments to the bill. They have been presented and printed. I offer them so as to avail myself of the unanimous-consent agreement which has just been entered into by the Senate in regard to amendments offered, should the cloture rule be adopted.

I also offer a substitute bill under the same provision of the unanimous-consent agreement.

Mr. TRAMMELL. I offer an amendment, to lie on the table.

Mr. KENYON. I offer the amendment which I send to the desk and ask that it lie on the table for the present.

Mr. BRADY. I offer the following amendment to be printed and lie on the table.

Mr. JONES of Washington. I offer two amendments to be proposed to the bill that they may be printed and considered as read and lie on the table.

Mr. HALE. I offer an amendment to the pending bill, which I ask may be printed and lie on the table.

Mr. NEW. I offer two amendments which have been previously printed, in order that they may be considered pending under the agreement.

Mr. SHAFROTH. I desire to offer an amendment under the unanimous-consent agreement just entered into. I ask that it may lie on the table.

Mr. HOLLIS. I send to the desk four amendments to the pending bill under the unanimous-consent agreement.

Mr. BROUSSARD. I offer the following amendment to be printed and lie on the table.

Mr. RANDELL. I submit an amendment, which I ask to have printed and lie on the table.

Mr. GORE. I offer two amendments to the pending bill, which I ask may be printed and lie on the table.

The PRESIDING OFFICER. The amendments which have been sent to the desk will lie on the table as requested, and those which have not heretofore been printed will be printed.

Mr. SMOOT. Mr. President, I ask the Senators who are present, now that the confusion that has been in the Chamber for some time has subsided, to give attention for just a few moments while I furnish information to the Senate showing what the proposed committee amendment will raise in revenue and the amount under each bracket of the last committee amendment. I have been requested so many times to-day to give that information to individual Senators that I feel, although it is time for adjournment, that I should present the figures to the Senate before adjournment so that they will be in to-morrow morning's RECORD.

I intended to speak upon the so-called Bankhead amendment, but it is too late to do so to-day; but if I get the time to-morrow I shall go into the details of that amendment and compare it with the committee amendment, and I think I will be able to show that the amount of revenue that is to be collected under it will not be anywhere near what the Senator offering the amendment expects, and will not bring the amount of revenue that the committee amendment will produce.

Now, beginning with the first bracket of the committee amendment, the amount of revenue to be collected will be \$100,080,000.

Mr. HOLLIS. Does the Senator mean under the 12 per cent bracket?

Mr. SMOOT. Under the 12 per cent bracket. If the Senator will take the bill, I will, as I did on the first committee amendment, state the amount that will be collected under each of the brackets and then Senators can compare the revenue that would have been raised under the first committee amendment with the one under consideration. Under the 12 per cent bracket there will be \$100,080,000.

Under the next bracket, 15 to 25 per cent, there will be collected \$46,080,000.

In the 25 to 50 per cent bracket there will be \$109,000,000; from 50 to 75 per cent, \$101,000,000; from 75 to 100 per cent, \$88,200,000.

Mr. HITCHCOCK. The Senator changed his form. He first started out with the 12 per cent bracket and then he changed, and it makes a good deal of confusion.

Mr. SMOOT. If the Senator can not follow it in that way, I will name the percentages instead of the amount of increase.

Mr. STERLING. Can not the Senator from Utah follow the amendment last offered by the committee, beginning on page 6?



Mr. SMOOT. I thought Senators had their copies of the bill marked and they would like to have the amounts I will name marked on the bill and not on an amendment, so they could compare them, and it would save time. The Senator from Nebraska said that it is hard to follow when I mention percentages of increases rather than the percentage of tax. So I will begin over again:

On the 12 per cent bracket there will be collected \$100,080,000.  
On the 16 per cent bracket there will be collected \$46,080,000.  
On the 20 per cent bracket there will be collected \$109,000,000.  
On the 25 per cent bracket there will be collected \$101,000,000.  
On the 30 per cent bracket there will be collected \$88,200,000.  
On the 35 per cent bracket there will be collected \$120,050,000.  
If I am going too fast, I will pause.

On the 40 per cent bracket there will be collected \$102,000,000.  
On the 45 per cent bracket there will be collected \$84,150,000.  
On the 50 per cent bracket there will be collected \$72,500,000.

Then the balance of the brackets, as the amendment now is proposed, will be what will be termed the 60 per cent bracket, the additional bracket as proposed by the committee, and under that bracket there will be collected \$462,940,000, making a total to be collected under the committee's proposed amendment of \$1,286,000,000.

Mr. KENYON. Will the Senator give the first three brackets again?

Mr. SMOOT. Yes. On the 12 per cent bracket there will be collected \$100,080,000.

Mr. TOWNSEND. I ask the Senator if that is the increase in the bill or the total tax?

Mr. SMOOT. That is the total tax that will be collected under the bill, and just as soon as I give the figures asked for by the Senator from Iowa I will state what reductions there are.

Under the 16 per cent bracket, I will say to the Senator from Iowa, the amount collected would be \$46,080,000, and under the 20 per cent bracket there would be collected \$109,000,000.

Mr. POMERENE. The exemption provided for in the amendment offered last night varies between a minimum of 6 per cent and 10 per cent. How is the committee able to determine just what amount will, in fact, be exempted between those two figures?

Mr. SMOOT. The only way that that can be arrived at is to take an estimate based upon the returns made to the Treasury Department for the years since the corporation tax has been imposed, and from those returns find the amount collected within each bracket named, and whether the percentage of gains were 6 per cent or below or 10 per cent or above, then average the percentage within each bracket named. Of course, in all these estimates, I will say to the Senator, it is not absolutely sure that the figures named will be the exact amount, but they are approximately correct.

Mr. POMERENE. We understand that, but you have a minimum and a maximum. What I am trying to get at is what rule has the committee adopted whereby it determined whether there would be an exemption of 6 per cent or 7 per cent or 8 per cent or 9 per cent or 10 per cent?

Mr. SMOOT. That is easily arrived at. On companies earning less than 6 per cent, they are to be allowed 6 per cent or the average of companies doing a like business, but not to exceed 10 per cent. On companies earning above 10 per cent not to exceed 10 per cent. The annual returns show the capital stock of all corporations as well as the profits made since the year 1909. The exemptions to be allowed between 6 per cent and 10 per cent, I will say to the Senator, has to be an estimate, and that estimate, of course, is arrived at on the basis of former returns.

Mr. POMERENE. That is what I wanted to know. If I may ask the Senator another question, Did the committee attempt to ascertain what the amount of revenue would be provided there was a straight exemption of 6 per cent or of 8 per cent or of any other specific amount?

Mr. SMOOT. I will say to the Senator that would be easily ascertained, but I will say I have not the figures because I did not know that any Senator would ask for the same.

Mr. POMERENE. Some days ago I asked the expert for an estimate on that subject, but I have not yet been able to ascertain it. I would be very much obliged to the Senator if he would have those figures for us in the morning.

Mr. SMOOT. I will say to the Senator it is not possible for me to do it to-night, together with the other matters I have to attend to.

Mr. POMERENE. I realize that the Senator has been very busy and I am not asking him to do it. I was in hopes that as a member of the committee he could get those figures from the expert.

Mr. SMOOT. I will see if I can do so.

The \$1,286,000,000 is the total to be raised under Title II of the bill, but from that amount is to be deducted \$226,000,000, in order to show the additional tax to be raised, as we repeal the present law, known as the munitions tax, from which there was collected from the munitions manufacturers for the year 1916 \$226,000,000. When I say there will be collected \$1,286,000,000, that is what will be collected under this title, but it is not in addition to what has already been collected on excess profits; or, in other words, we deduct the \$226,000,000 that was collected under the present law, leaving an additional amount to be collected under the title of \$1,060,000,000.

Mr. STERLING. In other words, under this bill there is no distinctive munitions war tax?

Mr. SMOOT. None whatever. All corporations, all partnerships, and all individuals doing business are upon the same basis.

Mr. NEW. That is simply the extra profit now under this section of the bill?

Mr. SMOOT. I designate it as excess profits instead of war profits, yet in the greater number of cases the excess profits have been made on account of the war.

Mr. KELLOGG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Minnesota?

Mr. SMOOT. I yield.

Mr. KELLOGG. Do I understand that this is an entire abandonment of the war-profits feature?

Mr. SMOOT. No; not necessarily so. It is not an abandonment of the war profits, but it is adding to war profits excess profits. The change in the committee amendment is such that we will collect taxes from any corporation or individual or partnership doing business in the United States that makes more than 10 per cent profit for the year 1917.

Mr. PENROSE. Will the Senator permit me?

Mr. SMOOT. Certainly.

Mr. PENROSE. I think the committee was induced to make the change on account of the criticism the Senator from Ohio [Mr. POMERENE] made when I closed my remarks on the bill, that a concern might be making an enormous income during the prewar period and a similar enormous income during the taxable year, and escape taxation under a strict interpretation of the war-profits tax. It seemed unfair to many Senators that that condition should exist, and as a concession to that sentiment, and on account of the fact that it was evident we were required to raise all the revenue that we possibly could, we took care not only of the subnormal situation but of the super-normal and put the limitation of 10 per cent on the maximum amount to be deducted. In that way many of the leading automobile concerns in the country and other large establishments which would have escaped taxation under a strict war-profits system logically worked out came in for their fair share of these burdens. That is the reason why the committee modified it. But the whole structure of the war-profits tax provision remains, with a protection to a concern having subnormal earnings and a restraint on the concern having supernormal earnings.

Mr. KELLOGG. But the result remains just the same, that few big corporations make more than 10 per cent, and the little corporations and the little partnerships with the partners earning the money, and not their capital earning it, are going to be penalized under this provision.

Mr. PENROSE. I think the Senator from Minnesota is mistaken as to that.

Mr. McCUMBER. Mr. President—

The PRESIDING OFFICER (Mr. KING in the chair). Does the Senator from Utah yield to the Senator from North Dakota?

Mr. SMOOT. I do.

Mr. McCUMBER. I think the Senator would more accurately state the matter if he should say that the tax is upon all profits above 6 per cent or 10 per cent, as the case may be, which includes, of course, war profits.

Mr. SMOOT. Of course, that is putting the answer in a different form, but I have no doubt that the amendment now offered by the committee will tax not only all of the war profits but will tax excess profits of all corporations whose profits for 1917 exceed 10 per cent no matter what rate of profits they made during the prewar period.

Mr. BORAH and Mr. KELLOGG addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Utah yield; and if so, to whom?

Mr. SMOOT. The Senator from Idaho [Mr. BORAH] was first on his feet, and I yield to him.

Mr. KELLOGG. I merely want to say one word.

Mr. SMOOT. Very well.

Mr. KELLOGG. I do not want to be misunderstood. I think the committee's plan is much better than that of the Senator from Alabama [Mr. BANKHEAD]. I do not see how the latter amendment can be defended in this respect; but the result is just as I have stated.

Mr. SMOOT. Mr. President, I will say to the Senator from Minnesota that to-night I do not want to go into the discussion of that question, because I expect to speak upon it to-morrow. What the Senator says, however, to a limited extent is true, that some of the small concerns of the country made a very low profit during the prewar period and will make a very large profit for the year 1917 on account of the war, and in such cases the percentage of increase might be greater upon such small concerns referred to than the percentage of increase upon some of the larger concerns of the country. Therefore, the tax being placed upon the percentage of increase, the small company referred to would pay a larger percentage tax in comparison to the amount made than would the larger concern, and why not?

Mr. BORAH. Mr. President—

Mr. SMOOT. I now yield to the Senator from Idaho.

Mr. BORAH. Do I understand that this amendment, which has only been introduced to-day—

Mr. NELSON. It was presented yesterday.

Mr. BORAH. Well, late yesterday, but I saw it for the first time to-day—fundamentally changes the entire principle upon which the war-profits tax features of the bill are constructed?

Mr. SMOOT. I would not say that it changes fundamentally all of the principles of the bill as first reported, but there is one change I will say to the Senator from Idaho that I—

Mr. BORAH. But that one change fundamentally changes the principle upon which the entire war-profits tax feature of the bill is constructed.

Mr. SMOOT. Let me state in a few words what it really does, and then I will say to the Senator that I will let him judge as to whether or not it does fundamentally change the whole principle of the bill.

Mr. BORAH. Just a moment. When the bill was introduced it was constructed upon the English theory, taking as a basis certain prewar years. The committee has abandoned that, have they not?

Mr. SMOOT. No.

Mr. BORAH. They have practically abandoned it.

Mr. SMOOT. No; we have added to the amendment which the committee offered to the House provision in the first place and have made it conform nearer to the English system.

Mr. BORAH. Exactly; but in the committee's original proposition they left out that portion of the English scheme which covered an exemption of 8 per cent upon the investment.

Mr. SMOOT. That is true.

Mr. BORAH. Now the committee have reconstructed it and inserted that principle, have they not?

Mr. SMOOT. That is true in a modified form.

Mr. BORAH. So, as between the bill as originally introduced and as it now stands with this amendment there is a fundamental change which makes it necessary to go into the question of capital.

Mr. SMOOT. In certain cases; yes.

Mr. BORAH. Then, if that is true, does it not do precisely what the Senator from Minnesota [Mr. KELLOGG] says, namely, bear more heavily upon small corporations than upon large corporations?

Mr. SMOOT. No; Mr. President, it does not, unless the small corporations as a whole make a greater percentage of increase in profits. I will, however, say to the Senator from Idaho that if the amendment of the Senator from Alabama [Mr. BANKHEAD] is adopted, his criticism will be absolutely just; but in the amendment offered by the committee the rate of taxation is not based upon the amount of profits made, but upon the percentage of increase which is made. So if the small company makes an increase in profits of 50 per cent and the large company makes an increase of 50 per cent, then they are absolutely on the same footing; they are taxed at the same rate.

Mr. PENROSE. Mr. President, will the Senator from Utah permit an interruption?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Pennsylvania?

Mr. SMOOT. Yes.

Mr. PENROSE. It seems to me it is a mistake to presume that only small companies had lean years during the prewar period. The use of the phrase "small company" is a misnomer. Some of the largest concerns in the country had equally lean years during the prewar period. If there is any inequality, it applies to the enormous concerns that had no business at all to amount to anything, as well as to the little ones. It is impossible to so frame a law as to meet all conditions with mathematical

accuracy; but to say that it is an apparent discrimination only against the small company is not taking in the full situation.

Mr. SMOOT. The Senator from Pennsylvania is correct.

Mr. LEWIS. Mr. President, will the Senator indulge me for a moment?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Illinois?

Mr. SMOOT. Yes; I yield.

Mr. LEWIS. I have given a great deal of attention to these bills, as it was my desire to try to protect the varied interests of my State; and I have done a good deal of work, which all had to be abandoned because I discovered that my premises were wrong and therefore my conclusions were incorrect because of the constant introduction of new amendments. Thus all my work has been rendered futile. I should like to ask the Senator from Utah, if it will not burden him at this moment and if he can answer without entering upon too long a discussion, to let me know what is the basis now upon which the word "excess" is predicated as distinguished from the words heretofore used, namely, "war profits." The Senator now speaks of excess profits.

Mr. SMOOT. The difference is that as the Senate committee first reported the bill the amount to be taxed was arrived at by ascertaining the average earnings of the corporation during the prewar period. Those years were 1911, 1912, and 1913. For the year 1917, the first year to which the bill will apply, financial returns are to be made and all profits over and above the average for the prewar period were to be taxed as war profits.

Mr. President, the committee found that there was a strong sentiment throughout the country that if we simply fix the prewar period as the basis of exemption of the amount of profits made by the corporation and do not provide a maximum exemption many of the very largest business institutions in the United States would entirely escape taxation. For instance, there is the Ford Automobile Co., whose average prewar earnings were just as large as were their earnings for 1916, and it is estimated that their prewar earnings were more than will be their earnings for 1917; and under the first amendment offered by the committee that company would not pay a dollar of excess or war profits for the year 1917.

Mr. SIMMONS. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from North Carolina?

Mr. SMOOT. I yield.

Mr. SIMMONS. Mr. President, I send to the Secretary's desk and ask to have read—

Mr. SMOOT. Mr. President, I understand that the Senator from North Carolina desires to submit to the Senate a proposed unanimous-consent agreement. In order to have action taken upon it the roll will have to be called. Therefore I shall ask the Senator to allow me to continue, as I want to say a few more words, and then I shall yield the floor, with the understanding that I may continue my remarks to-morrow.

In further answer to the Senator from Illinois I wish to say that the amendment of the Senator from Alabama makes a flat exemption of 8 per cent upon the capital and surplus employed in the business. The committee amendment as submitted yesterday makes a minimum exemption of 6 per cent, with a maximum exemption for any corporation in the United States of 10 per cent. If the Senate adopts the amendment offered by the Senator from Alabama, and grants an 8 per cent exemption, I doubt whether there will be more than three or four railroads in the United States that will pay one cent of taxes for the year 1917. There are other large concerns in the country that have not made upon their capital more than 8 per cent during the prewar period, and will not make more than 8 per cent for the year 1917, particularly is this true of the banks and mercantile companies, and yet their profits in many cases amount to millions of dollars. Under that condition, if the amendment offered by the Senator from Alabama were adopted, the Government would not receive a cent of taxes from such corporations.

Mr. POMERENE. Now, Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Ohio?

Mr. SMOOT. In just a moment I will yield to the Senator. The committee, in considering this question, thought that there ought to be a minimum 6 per cent exemption, and that there ought to be a maximum of 10 per cent. I will say to the Senator from Illinois that the reason for the maximum is that there are businesses in the United States that are rather hazardous; they often make 10 per cent or more—

Mr. PENROSE. Mr. President, I suggest the absence of a quorum.

Mr. SIMMONS. Before that suggestion is acted on I will ask that I may file a request for unanimous consent.



Mr. SMOOT. If the Senator from Pennsylvania will withhold that motion, I will be through in a moment.

Mr. PENROSE. I will suggest to the Senator from Utah that the Senator from North Carolina desires to submit a request to the Senate. I meant no discourtesy to the Senator.

Mr. SMOOT. I understand the desire of the Senator from North Carolina, and I was about to conclude.

Mr. SIMMONS. I am afraid we will lose a quorum.

Mr. SMOOT. Well, Mr. President, I will conclude by stating to the Senator from Illinois that to-morrow I will discuss the whole question in detail.

Mr. LEWIS. I will appreciate the Senator's courtesy.

Mr. SIMMONS. Mr. President, it is necessary to have a quorum in order to act upon the proposed unanimous-consent agreement which I desire to present, and I am told that Senators are leaving.

Mr. SMOOT. The Senator ought to present the proposed agreement and have the roll called afterwards—

Mr. SIMMONS. Certainly; but I was afraid we would lose a quorum.

Mr. SMOOT. And not call for a quorum before the proposed agreement is presented, as suggested by the Senator from Pennsylvania [Mr. PENROSE].

Mr. PENROSE. I withdraw my suggestion, Mr. President.

Mr. SIMMONS. Mr. President, I send to the Secretary's desk and ask to have read a proposed unanimous-consent agreement providing for a vote upon the pending bill.

The PRESIDING OFFICER. The Secretary will read.

The Secretary read as follows:

It is agreed by unanimous consent that the motion for cloture be withdrawn, and that at not later than 5 o'clock p. m. on the calendar day of Tuesday, September 4, 1917, the Senate will proceed to vote, without further debate, upon any amendment that may be pending and any amendment that may be offered and undisposed of to Title II, War-profits tax; that thereafter the Senate will proceed at once to the consideration of Title I, War-income tax; and that at not later than 2 o'clock p. m. on the calendar day of Friday, September 7, 1917, the Senate will proceed to vote, without further debate, upon any amendment that may be pending and any amendment that may be offered and undisposed of to the said title; and that at 4 o'clock p. m. on the calendar day of Saturday, September 8, 1917, the Senate will proceed to vote, without further debate, upon any amendment that may be pending, any amendment that may be offered, and upon the bill (H. R. 4280) to provide revenue to defray war expenses, and for other purposes, through the regular parliamentary stages to its final disposition.

Mr. LEWIS. Mr. President, may I ask the chairman of the committee a question for information? The Chair probably can not answer the question, not having knowledge of the transaction. While this bill was pending in the committee I tendered an amendment in which I sought to lay a tax on unoccupied and unimproved land, not embodying, as many thought, the full features of what is known as the "single-tax system," but upon the theory that unimproved and unoccupied land should be taxed at this time to help maintain the Government, either by way of affording an inducement to force the improvement of the land so that agricultural results might be obtained to support the soldiers or to penalize those who would hold their lands unoccupied, and obtain from them a tax for the Government. I want to ask the chairman of the committee if he can tell me now whether the amendment to which I have referred is upon the table and whether under the proposed unanimous-consent agreement I will have a right to have a vote on it? I have no desire to debate it.

Mr. SIMMONS. The Senator will have a right to offer that amendment at any time before the bill is voted upon.

Mr. LEWIS. The amendment has been tendered and sent to the committee.

Mr. SIMMONS. The committee did not accept that amendment, but the Senator can offer it at any time.

Mr. LEWIS. Assuming that the committee rejected it, as I assume they did, may I ask the chairman of the committee if I will have a right to have a vote on it in the full Senate?

Mr. SIMMONS. Certainly.

The PRESIDING OFFICER. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Hitchcock	Lewis	Shafroth
Bankhead	Hollis	Lodge	Sheppard
Beckham	Johnson, Cal.	Martin	Simmons
Borah	Johnson, S. D.	Myers	Smith, Md.
Broussard	Jones, N. Mex.	Nelson	Smoot
Fernald	Jones, Wash.	Norris	Sterling
Fletcher	Kellogg	Overman	Sutherland
Gerry	Kendrick	Penrose	Swanson
Hale	King	Polndexter	Townsend
Harding	Knox	Pomerene	Trammell
	La Follette	Ransdell	Weeks.

The PRESIDING OFFICER. Forty-four Senators have responded to their names—not a quorum. The Secretary will call the names of absentees.

The Secretary called the names of the absent Senators, and Mr. FRELINGHUYSEN, Mr. JAMES, Mr. KIRBY, Mr. SAULSBURY, Mr. SMITH of Georgia, Mr. UNDERWOOD, and Mr. VARDAMAN answered to their names when called.

Mr. HOLLIS. I desire to announce that the Senator from Montana [Mr. WALSH] and the Senator from Nevada [Mr. PITTMAN] are necessarily absent on account of death in the family of the Senator from Montana [Mr. WALSH].

Mr. POMERENE. I desire to announce the unavoidable absence of the junior Senator from Missouri [Mr. REED].

Mr. MCKELLAR, Mr. NEWLANDS, Mr. PHELAN, Mr. NEW, Mr. WOLCOTT, Mr. GRONNA, Mr. SHIELDS, Mr. WILLIAMS, and Mr. CURTIS entered the Chamber and answered to their names.

The PRESIDING OFFICER. Sixty Senators having answered to their names, there is a quorum present.

Mr. SIMMONS. Mr. President, there has been a slight change in the proposed unanimous-consent agreement, and I will ask that the Secretary state the changes.

The PRESIDING OFFICER. The Secretary will state the tendered amendments.

The SECRETARY. It is agreed by unanimous consent that the motion for cloture be withdrawn, and that at not later than 5 o'clock p. m. on the calendar day of Wednesday, September 5, 1917, the Senate will proceed to vote, without further debate, upon any amendment that may be pending and any amendment that may be offered and undisposed of to Title II, War-profits tax; that thereafter the Senate will proceed at once to the consideration of Title I, War-income tax, and that at not later than 2 o'clock p. m. on the calendar day of Friday, September 7, 1917, the Senate will proceed to vote, without further debate, upon any amendment that may be pending or that may be offered and undisposed of to the said title; and that at 4 o'clock p. m. on the calendar day of Monday, September 10, 1917, the Senate will proceed to vote, without further debate, upon any amendment that may be pending, any amendment that may be offered, and upon the bill (H. R. 4280) to provide revenue to defray war expenses, and for other purposes, through the regular parliamentary stages to its final disposition.

The PRESIDING OFFICER. Is there any objection to the proposed unanimous-consent agreement?

Mr. NORRIS. Mr. President, I want to suggest that the hour of 2 o'clock on Friday for voting on the income tax be changed to 4 o'clock. I suppose the Senate will want to take a recess when that is through, anyway.

Mr. SIMMONS. I consent to that.

The PRESIDING OFFICER. The Senator is at liberty to perfect the agreement.

Mr. UNDERWOOD. Mr. President, I desire to ask the Senator proposing this agreement—I could not gather this from the terms of the agreement as it was read—whether it would prevent the Senate, if debate runs out, from having an earlier vote than the time named in the agreement?

Mr. SIMMONS. It says, "Not later," Mr. President.

Mr. UNDERWOOD. The agreement says, "Not later"?

Mr. SIMMONS. Yes; except as to the final vote.

Mr. UNDERWOOD. Ought not that to be made "not later," too? Ten days is a good while.

Mr. SIMMONS. It was thought that a definite date ought to be fixed for voting on the final passage of the bill, so that Senators might know when it was to be. Of course, when debate is finished we can take up any other business of the Senate and go on with it; but the time between the finishing of the income tax and the final vote is only the time between Saturday and Monday.

Mr. UNDERWOOD. I would not object to the unanimous-consent agreement on that account; but it is 11 days off, and it seems to me that to fix a definite day for a vote that far ahead might delay the passage of the bill and the consideration of other legislation. I think that with a date that far off it would be better to say that "not later than" that date the Senate shall vote; but, of course, I would not object to the unanimous-consent agreement on that account.

Mr. VARDAMAN. Mr. President, I should like to ask a question of the Senator in charge of the bill. If debate upon the bill should be finished, there would be no objection to laying it aside and considering other matters, would there?

Mr. SIMMONS. Absolutely none.

Mr. VARDAMAN. If that course is pursued, the objection made by the Senator from Alabama [Mr. UNDERWOOD] would be obviated.

Mr. SHAFROTH. Mr. President, I should like to suggest to the Senator that if we have a definite time fixed for voting upon amendments, often amendments will be presented when there will be no debate whatever. It seems to me a much better way would be, without fixing the time to vote, to say that

after a certain time only 10 minutes' debate to each Senator will be allowed. We have had such a rule adopted in various instances, and a very lively discussion has occurred. It seems to me that that would be better, but I will state to the Senator from North Carolina that I will not make any objection on that account, as I have been very anxious to get a vote.

Mr. SIMMONS. I trust the Senator will not make an objection, because it is with very great difficulty that we have been able to frame the agreement in a form that is expected to meet with the approval of all the Senators.

Mr. SHAFROTH. No; I do not expect to make any objection.

Mr. KELLOGG. Mr. President, I could not hear what was said by the chairman of the committee. Do I understand that we can not vote on this bill until the 10th day of September?

Mr. SIMMONS. The 8th. I will state to the Senator, Mr. President, that we take from now until Wednesday of next week for discussion of the war excess profits tax section. If we get through with it before then, we can vote. Just as soon as we get through with the war-profits section, we proceed immediately to the consideration of the income-tax title of the bill; and if we can get through with that before Friday, we can take up the bill generally.

Mr. KELLOGG. But we can not vote on the bill generally until the following Monday?

Mr. SIMMONS. The following Monday we vote on the bill.

Mr. KELLOGG. Why not fix the date so that we can vote on the bill next week?

Mr. SIMMONS. We have fixed Saturday, but Senators objected to fixing a date before that time.

Mr. KELLOGG. I object to taking two weeks to consider a bill that has already been considered for three or four weeks.

Mr. HARDING and Mr. GORE addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota has the floor. Does he yield; and if so, to whom?

Mr. KELLOGG. I yield to the Senator from Ohio.

Mr. HARDING. Mr. President, I have been looking at the language of the agreement, and it is very manifest that under this agreement these votes can not be taken until the days specified.

Now, I assume that the Senate, having gone this far in the consideration of this measure, is willing to give attendance and move along to a final decision on this bill. If that be so, I can not see what objection there could be to modifying the language of the agreement so that if the debate is exhausted we can vote at a time prior to the limit fixed in the agreement.

Mr. SIMMONS. We can.

Mr. HARDING. Not under the language of the agreement.

Mr. SIMMONS. We can vote on the different sections, but not on the general bill.

Mr. HARDING. Let us have it all so. Why not have it so that when the debate is exhausted this body can come to a decision?

Mr. NORRIS. Why not put in "not later than Monday," the same as in the other case?

Mr. SIMMONS. Very well; I will consent to that change—not later than Monday, the 8th of September.

Mr. HARDING. Mr. President, I hope Senators who are anxious to make this agreement will note the language. It is a very simple thing to change, and it will not press anybody in this body beyond his wishes. Suppose you make the agreement read that not later than 5 o'clock p. m. on a day not later than the calendar day of Wednesday, September 5, you will proceed to do so-and-so, and again not later than 4 o'clock p. m. on a day not later than Friday, September 7, and follow that language to the end? Then the matter will be open to a settlement whenever the Senate has exhausted its debate and is ready to reach a vote.

Mr. LODGE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Massachusetts?

Mr. LODGE. I did not know the Senator from Minnesota had the floor. I will take it in my own time.

Mr. KELLOGG. I yield to the Senator from Massachusetts.

Mr. LODGE. Mr. President, I was only going to say that the objection to that is one that we have had a thousand times. If we put it in that way Senators will not be able to know when the vote is going to be taken, and I think on important votes of this kind Senators have a right to know when the vote is to be taken.

Mr. KELLOGG. Mr. President, that is very convenient for Senators who live down East here and want to go away and take their vacations. They will start off as soon as the day is fixed; but for Senators who have to stay right here every day, it will not be so convenient.

Mr. LODGE. Mr. President, if that is addressed to me, I will state that I have been in attendance on the Senate since last December, with the exception of one week, and I have been here the whole of this summer, with the exception of one week.

Mr. HARDING. Mr. President, I recognize the force of what the Senator from Massachusetts says about a Senator's right to know when the vote is going to be taken; but I have a pretty strong conviction that it is a Senator's duty to be here and be ready to vote at a time like this. I have not been away. I have been here all along.

Mr. NORRIS. Mr. President, I want to suggest that the Senator from North Carolina put in "not later than Monday," instead of fixing it definitely at Monday.

Mr. SIMMONS. I am perfectly willing to do that unless it produces some objection from some other source.

Mr. NORRIS. If somebody objects on that account I will not suggest it, of course.

Mr. LODGE. Not later than Monday at 5 o'clock?

Mr. SIMMONS. Yes. Unless there is some objection, I am willing to make that change.

Mr. LODGE. Five o'clock is fixed for the final vote?

Mr. NORRIS. Yes.

Mr. SIMMONS. But it would do no good to make the change if it is going to bring forth another objection.

Mr. LEWIS. Mr. President, there is a matter to which I have asked the chairman's attention.

Mr. SIMMONS. I hear no objection, Mr. President, and I will make that change.

The PRESIDING OFFICER. The Secretary will state the amendment suggested by the chairman of the committee.

The SECRETARY. Before the words "4 o'clock p. m. on the calendar day of Monday, September 10" it is proposed to insert the words "not later than," so that it will read "and that at not later than 4 o'clock p. m."

Mr. HITCHCOCK. That should be "not later than Monday."

The PRESIDING OFFICER. Is there objection?

Mr. THOMPSON. Mr. President, I should like to ask the Senator from North Carolina if there is any reason why this date should not be fixed on Saturday preceding the 10th? We usually fix it at the close of the week.

The PRESIDING OFFICER. Is there any objection?

Mr. HITCHCOCK. I should like to have that language restated.

Mr. HARDING. Mr. President, before the reading occurs in the completed form I should like to ask that this "not later than" the day prescribed shall be written into each clause of the agreement.

Mr. SIMMONS. There is no objection to that, Mr. President—none in the world. I think that just clarifies it and makes clear what to my mind is meant.

Mr. HARDING. Mr. President, as the language is written in the agreement it is very ambiguous.

Mr. SIMMONS. I ask that the Secretary make the changes the Senator from Ohio requests.

Mr. THOMPSON. I understand, after a conference with him, that the Senator from North Carolina will take a vote on Saturday if he can get it.

Mr. SIMMONS. Yes.

The PRESIDING OFFICER. The Secretary will make the changes suggested by the chairman of the committee. Do Senators desire the proposed agreement reread?

SEVERAL SENATORS. No.

The PRESIDING OFFICER. Is there any objection to the proposed agreement?

Mr. HITCHCOCK. Mr. President, I should like to have the language stated.

The SECRETARY. "And that at not later than Monday, the calendar day of September 10, 1917, at 4 o'clock p. m., the Senate will proceed to vote, without further debate," and so forth.

Mr. HARDING. Mr. President, if there is no objection, I want similar language put into the other clauses of the agreement.

Mr. NORRIS. It is in there now.

Mr. SIMMONS. I have no objection to that.

Mr. HARDING. I should like to have them read. Probably I am a little more dense than some of the Senators.

Mr. LEWIS. Mr. President, I should like, on behalf of the Senator from Kansas [Mr. CURTIS] on one side and myself on the other, merely to announce to the distinguished Senators that that does not mean that they have permission to be absent in the meantime. They may be called.

The PRESIDING OFFICER. Is there any objection to the proposed unanimous-consent agreement?



Mr. THOMPSON. Mr. President, can we have it read now? I should like to hear it as it has been perfected.

The PRESIDING OFFICER. The Senator from Kansas asks that the agreement be again read.

Mr. THOMPSON. However, I will withdraw the request.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The unanimous-consent agreement entered into is as follows:  
Unanimous-consent agreement.

It is agreed, by unanimous consent, that the motion for cloture be withdrawn, and that at not later than the calendar day of Wednesday, September 5, 1917, at 5 o'clock p. m., the Senate will proceed to vote, without further debate, upon any amendment that may be pending and any amendment that may be offered and undisposed of to Title II, War-profits tax; that immediately thereafter the Senate will proceed to the consideration of Title I, War-income tax, and that at not later than the calendar day of Friday, September 7, 1917, at 4 o'clock p. m., the Senate will proceed to vote, without further debate, upon any amendment that may be pending, and any amendment that may be offered and undisposed of to the said title; and that at not later than the calendar day of Monday, September 10, 1917, at 4 o'clock p. m., the Senate will proceed to vote, without further debate, upon any amendment that may be pending, any amendment that may be offered, and upon the bill (H. R. 4280) to provide revenue to defray war expenses, and for other purposes, through the regular parliamentary stages to its final disposition.

Mr. SIMMONS. Mr. President, I desire to say, in connection with this unanimous-consent agreement, that I shall each day ask for a recess instead of an adjournment, to save the morning hour; and if as many as three Senators on any day, in order to get more time to debate, desire it, I will ask for a night session.

The PRESIDING OFFICER. What is the pleasure of the Senate?

RECESS.

Mr. SIMMONS. I move that the Senate take a recess until 11 o'clock to-morrow morning.

The motion was agreed to; and (at 6 o'clock p. m., Thursday, August 30, 1917) the Senate took a recess until to-morrow, Friday, August 31, 1917, at 11 o'clock a. m.

## HOUSE OF REPRESENTATIVES.

THURSDAY, August 30, 1917.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

O Lord God Almighty, ever present in the hearts of men, swayed by Thy holy influence and upheld by the power of Thy majesty, help us to go forward to the issues of the hour with perfect faith and confidence that all will be well; for Thine is the kingdom and the power and the glory, forever. Amen.

The Journal of the proceedings of Tuesday, August 28, 1917, was read and approved.

### LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. AUSTIN, for one week, on account of illness.

To Mr. LEE of Georgia, for one week, on account of important business.

### SELECTIVE-SERVICE PARADE (H. DOC. NO. 353).

The SPEAKER. The Chair lays before the House an invitation, which the Clerk will read.

The Clerk read as follows:

[Citizens' committee, selective-service parade, in honor of Washington contingent National Army, Tuesday, Sept. 4, 1917, 4 p. m., committee office, fifth floor, Star Building.]

AUGUST 29, 1917.

Hon. CHAMP CLARK,  
Speaker of the House of Representatives,  
Washington, D. C.

DEAR MR. SPEAKER: The citizens' committee in charge of the honor parade for the Washington contingent of the National Army to be held Tuesday afternoon next at 4 o'clock begs to extend to you and through you to the Members of the House of Representatives an invitation to honor the paraders by participating therein, as President Wilson has notified the committee of his intention to march in and review the parade on that day.

The committee would highly appreciate an acceptance of this invitation and a notification of the number of Representatives who will be in line, so that appropriate arrangements can be made for their place in the parade.

As the Nation's representatives and as this parade is to take place in the National Capital it is the earnest hope of the committee that as many Members as possible of the House will take part in the parade in order that it may be a national demonstration of this most momentous event in the history of the country.

Awaiting your kind reply, I have the honor to remain,

Very respectfully, yours,

WM. F. GUDE, Chairman.

The SPEAKER. Ordered printed and referred to the Committee on Military Affairs.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent that the House accept the invitation.

The SPEAKER. The gentleman from North Carolina asks unanimous consent that the House accept the invitation. Is there objection? [After a pause.] The Chair hears none.

### CONTESTED-ELECTION CASE—BEAKES AGAINST BACON.

Mr. WATSON of Virginia. Mr. Speaker, on behalf of the Committee on Elections No. 3, having under consideration the contested-election case of Beakes against Bacon, from the second Michigan district, I ask unanimous consent that the stenographic report of the hearings before that committee be printed; 500 copies, 50 of those for the use of the committee and the rest for the use of the House of Representatives.

The SPEAKER. The gentleman from Virginia, chairman of the Committee on Elections No. 3, asks that the hearings before that committee in the Michigan case be printed; 500 copies, 50 for the committee and the rest for the House. Is there objection?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I wish to inquire of the gentleman from Virginia whether any provision is going to be made for the printing of the briefs of counsel, so that the Members of the House may have the briefs as well as the copies of the hearings?

Mr. WATSON of Virginia. They have all been printed, I understand.

Mr. STAFFORD. Are they at the disposal of the Members of the House?

Mr. WATSON of Virginia. I think so.

Mr. GARNER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GARNER. Have not the various committees on elections of the House the privilege to print?

The SPEAKER. The rule runs that they print and bind all such documents as seem to them necessary, but I do not think that would extend to the printing of a thousand or five hundred copies of a great document like that would be.

Mr. WATSON of Virginia. Mr. Speaker, I will amend my request and ask that a thousand copies be printed.

The SPEAKER. The gentleman from Virginia asks that 1,000 copies be printed of the hearings on the Michigan election case, and also the briefs.

Mr. WATSON of Virginia. I think the briefs have been printed, and I think a sufficient number are available for the use of the House. That leaves the hearings.

The SPEAKER. Is there objection?

Mr. STAFFORD. Reserving the right to object, Mr. Speaker, there ought to be assurance by the members of the committee that the briefs of the contestant and contestee would be available for the use of Members of the House who wish to use them.

Mr. WATSON of Virginia. I will say to the Member from Wisconsin that a large number of the briefs have been printed, and I have been enabled so far to supply the demand.

The SPEAKER. One hundred copies of the hearings for the committee and nine hundred for the House. Is there objection? There was no objection.

### BUREAU OF WAR-RISK INSURANCE.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent that after the reading of the Journal to-morrow and the disposition of matters on the Speaker's table it shall be in order to consider the bill H. R. 5723, known as the soldiers' insurance bill.

Mr. PARKER of New Jersey. To-day?

Mr. KITCHIN. No; to-morrow.

Mr. MADDEN. Reserving the right to object, Mr. Speaker, it seems to me that the importance of this bill is so great that Members of the House ought to have the opportunity to study everything in connection with it. No Member of the House has had an opportunity to see the bill except the members of the Committee on Interstate and Foreign Commerce.

Mr. KITCHIN. The bill is printed, I wish to say to the gentleman, and the report, and unanimous consent will be asked and granted, no doubt, to the gentleman from New Jersey [Mr. PARKER] to file a minority report.

Mr. PARKER of New Jersey. I desire to file a minority report, and I do not think it can be done by to-morrow morning. I wanted to have this week to do it. The gentleman from Georgia [Mr. ADAMSON] assured me the bill would not be brought up until next week.

Mr. ADAMSON. I intended to ask unanimous consent that any member of the minority may have until the conclusion of the general debate on the bill in which to file minority views.

Mr. MADDEN. What is the prospect as to the time for general debate?

Mr. ADAMSON. We ought to have at least one day for general debate, I think.

Mr. MADDEN. It seems to me that this may involve so much and that it leads to such important conclusions, and there are so many fundamental principles involved in it that may affect the future—the question of whether this will preclude the possibility of pensions in the future, and how much it will cost now, and all that—it seems to me we ought to be given an opportunity at least to read the bill before we take it up.

Mr. ADAMSON. Mr. Speaker, I will state to the gentleman from Illinois that immediately upon the introduction of this bill it was printed and made available to all Members. Then we began to have hearings, and each day's hearing was printed, and a copy supplied to every Member of the House.

Mr. MADDEN. I will say to the gentleman from Georgia, if the Speaker please, that the only copy of any hearing which I received was the first day's hearing, consisting of about 20 pages. I do not know anything at all about the bill, and I am going to object to unanimous consent being granted.

Mr. ADAMSON. Let me finish my statement. I was going to state that we had full hearings, and that every day, as the hearings were printed, we had placed in the box of each Member at the post office a copy of that day's hearing. If Members have not received them, it is not the fault of the committee, and we are trying still to supply copies of the hearings to all who desire them. In reporting the bill very few amendments have been made, and of course the bill is printed as amended. That has already been done.

Mr. MADDEN. If the gentleman will yield for a question, did the chairman of the committee send copies of the hearings to Members who made no application for them, or did he wait for Members to apply?

Mr. ADAMSON. They were put in the box of every Member of the House.

Mr. MADDEN. Only one copy of a hearing, that of the first day, ever came to me.

Mr. ADAMSON. I do not know what happened to the others. Somebody else must have gotten them.

Mr. KITCHIN. Mr. Speaker, I appreciate, and I am sure the chairman of the committee [Mr. ADAMSON] appreciates, the force of the objection made by the gentleman from Illinois [Mr. MADDEN], and I ask unanimous consent that it be in order to consider the bill on Saturday, after the reading of the Journal and the disposition of business on the Speaker's table.

Mr. LITTLE. Reserving the right to object, when will the bill be printed?

Mr. KITCHIN. It is printed now, so Members will have practically all day to-day and to-morrow to read the report and the hearings on the bill. Saturday will be consumed in general debate, so that we can not vote on the bill until next week.

Mr. MADDEN. Are we going to meet to-morrow?

Mr. KITCHIN. I will state to the gentleman—

Mr. GILLETT. Does the gentleman mean that to-day and to-morrow there will be no further business transacted by the House, so that we will have time to consider the report and hearings on the insurance bill?

Mr. KITCHIN. Unless by unanimous consent some other matters shall come up to-day. If I get unanimous consent to take up the bill on Saturday, I will ask to adjourn over until Saturday, so that we will have the full day to-morrow for Members to read the bill and the report and hearings.

Mr. GILLETT. May I ask the gentleman in the same connection—I think the House will be interested to know—what is the purpose with reference to the bond bill, so that we can plan our work accordingly?

Mr. KITCHIN. As I stated to the House the other day, I hoped to report the bond bill to-day and take it up to-morrow or Saturday; but we will not be able to report the bond bill until to-morrow or Saturday, and will be unable to take it up for consideration before Tuesday, anyway.

Mr. GILLETT. Do you expect to displace the insurance bill by the bond bill when the bond bill is ready?

Mr. KITCHIN. I think we should do that. I think the gentleman from Georgia [Mr. ADAMSON] would consent to that, because it is necessary to get the bond bill through at the earliest moment possible, in order to get out the advertisements and the plans for putting the bonds on the market, so that the public will know what they are. I understand that the other body will hold up other legislation for the purpose of passing the bond bill when it reaches them.

Mr. GILLETT. So that the gentleman's program would really be to take up the insurance bill on Saturday, have some general debate on Saturday, and then on Tuesday take up the bond bill and resume the consideration of the insurance bill later?

Mr. KITCHIN. Yes.

Mr. GILLETT. Personally I see no objection to that.

Mr. PARKER of New Jersey. I desire to represent to the gentleman that the insurance bill is so important that it would be a thing very much to be deprecated to take it up on Saturday, when everybody understood that they could be away, and nobody knew anything about it. I think it ought to be taken up after the bond bill is disposed of, in the latter part of the week, and then when we get it up stick to it until we put it through.

Mr. KITCHIN. I hope the gentleman will not make any objection, because we will consume Saturday in general debate.

Mr. PARKER of New Jersey. But Members will not be here.

Mr. MOORE of Pennsylvania. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman from Pennsylvania rise?

Mr. MOORE of Pennsylvania. To reserve the right to object. Is it the thought of the gentleman from North Carolina [Mr. KITCHIN] that there will be a vote on the insurance bill on Saturday?

Mr. KITCHIN. Oh, no. My thought is that there will be nothing done on Saturday with respect to that bill except general debate.

Mr. MOORE of Pennsylvania. I call the attention of the gentleman to this fact, that Saturday is usually an off day, that Monday will be a holiday, and that he himself has just asked that the House accept the invitation to see the parade on Tuesday.

Mr. KITCHIN. That does not take place until 4 o'clock, and I shall ask that the House adjourn in time for that.

Mr. MOORE of Pennsylvania. Very well. The bond bill, to which reference has been made, is the greatest bill in the history of the world. There has been nothing like it before in any legislative body in all history, and I want to know whether the gentleman expects to take up that bill on a holiday or in the midst of a parade, and have this House in the absence of printed information act upon it?

Mr. KITCHIN. I will say to the gentleman that I do not expect to take it up during a parade; but it is my thought, and I think that was the understanding of our committee, that we would take it up Tuesday and have three or four hours of general debate here that day, and that if we did not finish the general debate it would go over.

Mr. MOORE of Pennsylvania. May I remind the gentleman that no public hearings have been had by the Ways and Means Committee on this great bill?

Mr. KITCHIN. I will say that no public hearings have ever been given on a bond bill. I do not recollect of any. We did have the Secretary of the Treasury before us for two days and, as the gentleman knows, the reason that we are delaying now the consideration of the bond bill is because the Secretary of the Treasury will not have time to complete his statement in regard to the explanation of the bill until Friday night.

Mr. MOORE of Pennsylvania. The gentleman from North Carolina concedes that Members of this House, even if the public does not get the information, are entitled to have laid before them in printed form the statement of the Secretary of the Treasury?

Mr. KITCHIN. It will be printed Friday night and the Members of the House will have it on Saturday so that they will have Saturday, Sunday, and Monday to consider it.

Mr. MOORE of Pennsylvania. Then it is the intention of the gentleman not to call the bill up earlier than Tuesday?

Mr. KITCHIN. Not earlier than Tuesday.

Mr. MOORE of Pennsylvania. Will the gentleman press for a vote on the bond bill on Tuesday?

Mr. KITCHIN. No.

Mr. MOORE of Pennsylvania. Will it be safe to say that the discussion of the bill will occupy the whole of Tuesday?

Mr. KITCHIN. General debate; yes.

Mr. MOORE of Pennsylvania. But there will be no vote on Tuesday?

Mr. KITCHIN. No vote on Tuesday.

Mr. MADDEN. Will printed copies of the bill and hearings be available for Members of the House?

Mr. KITCHIN. Yes. That is what we are waiting for. Mr. Speaker, I yield to the gentleman from Tennessee [Mr. SIMS].

Mr. SIMS. Mr. Speaker, I want to make a short statement to the House about the necessity of getting early action on this bill for compensation to the soldiers and for family allowances. The new draft will order to camp on the 5th of September 687,000 soldiers, and the sooner this bill is passed the sooner the families of these boys can be compensated in part for the loss of earnings and family support. We will take by force of arms, as it were, men who are now drawing salaries of, in some instances, \$150 or \$250 a month.



The men are taken away from their families and put into these training camps, and without this law \$30 a month is all that they, as privates, can possibly get. The insurance feature of the bill is altogether voluntary and lies altogether with the soldier whether he takes it or not. That is by no means so important as is the rest of the bill, allowing compensation and family allowance.

Now, this bill was introduced and printed on the 10th day of August, and copies have been available ever since. I do hope that the gentleman from New Jersey [Mr. PARKER] will not object to taking the bill up, at least on Saturday, and having general debate, on the idea that there will not be a full attendance. I have never known when we had general debate in the House on any day in the week, after the first speech explaining the bill is completed, that a full attendance remained in the House. Usually during general debate the House is practically empty of Members.

Mr. GILLET. Will the gentleman yield?

Mr. SIMS. Yes.

Mr. GILLET. Has the committee reported any amendments to the bill?

Mr. SIMS. Yes; but the amendments are very simple and easily understood.

Mr. PARKER of New Jersey. Mr. Speaker, I shall object to the bill being considered on Saturday. I will consent that the bill may be considered after the bond bill is out of the way.

The SPEAKER. The matter is not debatable, and the gentleman from New Jersey objects.

Mr. FOSTER. Mr. Speaker, there is a Senate joint resolution (S. J. Res. 78), which has come over from the Senate, to suspend for this year the work to be done on mining claims. It is well recognized throughout the West that labor is scarce, and to make people do the \$100 worth of work this year will be a great hardship. I have had numerous inquiries throughout the West in regard to it and asking that the joint resolution be passed.

The SPEAKER. The gentleman from Illinois asks unanimous consent for the present consideration of Senate joint resolution 78.

Mr. STAFFORD. Reserving the right to object, this is the bill where the Secretary of the Interior reversed himself in the course of a few weeks whether it should be adopted or not?

Mr. FOSTER. Let me say to the gentleman from Wisconsin that the reason for that was that he was reporting on another Senate joint resolution and not upon the resolution we have amended.

Mr. STAFFORD. I have read the full report, and Secretary Lane reversed himself without giving any adequate reason. I am constrained to object.

The SPEAKER. The gentleman from Illinois asks unanimous consent for the present consideration of Senate joint resolution 78. Is there objection?

Mr. STAFFORD. I am constrained to object.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent that House bill 5723, known as the soldier's insurance bill, be in order for consideration immediately after the passage by the House of the bond bill.

Mr. ADAMSON. Mr. Speaker, I would like to couple with that the permission for minority views to be filed up to that time.

Mr. CANNON. We want the minority views filed before that time. There are not 20 Members in the House that understand the bill.

The SPEAKER. The gentleman from North Carolina asks unanimous consent that immediately after the passage of the bond bill by the House the soldiers' insurance bill shall be in order. Is there objection?

Mr. MOORE of Pennsylvania. Reserving the right to object, that means that there will be no business until Tuesday next.

Mr. KITCHIN. Except by unanimous consent.

Mr. MOORE of Pennsylvania. Why will not the gentleman consent to an adjournment until Wednesday?

Mr. KITCHIN. We could not do that under the law. It is necessary that we meet on Saturday.

Mr. FORDNEY. Mr. Speaker, let me say that I think it is pretty near time Congress got down to doing business so that we could get away home. [Applause.]

Mr. MOORE of Pennsylvania. Some gentlemen have been here paying strict attention to business all through the hot weather, while others—

Mr. FORDNEY. I have done that. I have been here whenever I was needed.

Mr. MOORE of Pennsylvania. The gentleman came back the other day, but some have been here on the job all through the

hot weather, and such Members ought to have a chance to look into these important matters further.

The SPEAKER. The gentleman from North Carolina asks unanimous consent that at the conclusion of the bond bill that this soldiers' insurance bill be taken up. Is there objection?

Mr. LONERGAN. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from North Carolina [Mr. KITCHIN] if embodied in his statement is the understanding that the bond bill will not come up until Tuesday next?

Mr. KITCHIN. We will not take it up until Tuesday.

The SPEAKER. Is there objection?

Mr. GREEN of Iowa. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman from Iowa arise?

Mr. GREEN of Iowa. To reserve the right to object and to ask the gentleman from North Carolina [Mr. KITCHIN] what is the necessity of putting this matter over until after the bond bill?

Mr. KITCHIN. Because we can not get it up without bringing in a rule, and I think there is something in the objections gentlemen make that on such an important bill Members ought to have an opportunity to read the hearings and report, the minority report not having been filed yet, because there are so many holidays intervening between now and Tuesday. There comes Sunday, of course, and then we shall adjourn over Labor Day, because Members will be away and they will not have the opportunity to read the hearings.

Mr. GREEN of Iowa. It could be gotten up without a rule by adjourning over until to-morrow.

Mr. KITCHIN. No; we have to get unanimous consent then.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none. Now, the gentleman from Georgia [Mr. ADAMSON] asks unanimous consent that the minority of his committee shall have the privilege of filing their minority views not later than Saturday night—

Mr. ADAMSON. For three days.

The SPEAKER. Three legislative days?

Mr. ADAMSON. Three calendar days.

The SPEAKER. For three calendar days. Is there objection? [After a pause.] The Chair hears none.

Mr. ADAMSON. Mr. Speaker, I ask unanimous consent for a minute to make a statement.

The SPEAKER. The gentleman from Georgia asks unanimous consent to proceed for two minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. KITCHIN. Mr. Speaker, first I desire to ask unanimous consent that when the House adjourns to-day it adjourn to meet on Saturday.

The SPEAKER. The gentleman from North Carolina asks unanimous consent that when the House adjourns to-day it adjourn to meet on next Saturday. Is there objection?

Mr. ADAMSON. If the gentleman from North Carolina will wait a minute until I get my request in he may decide to do what I want to do to-morrow.

Mr. KITCHIN. I will withhold the request.

The SPEAKER. But the gentleman from Georgia did not make any request.

Mr. ADAMSON. I have a unanimous-consent request and secured two minutes in which to state it.

Mr. KITCHIN. I withhold my request.

Mr. ADAMSON. I desire to say, Mr. Speaker, that the State health authorities have offered their services to the Government during the war in the shortage of surgeons in the Public Health Service. Senate joint resolution 63 has been here some time and was reported to-day and put in the basket and will be printed to-morrow. The purpose of it is simply to call into service the eminent physicians of the various State health authorities when they are needed and to pay them only when they are needed. From every State in the Union there comes a demand for the consideration of such legislation, and I ask unanimous consent that we consider it when the House meets again, immediately after the reading of the Journal, whether to-morrow or Saturday.

The SPEAKER. What is the title of it, or what is the substance of it?

Mr. ADAMSON. It is to create a reserve corps of the Public Health Service.

The SPEAKER. Is there objection?

Mr. STAFFORD. Mr. Speaker, there will be ample time for its consideration when it is at the disposition of Members, and I object.

The SPEAKER. The gentleman from Wisconsin objects. The gentleman from North Carolina [Mr. KITCHIN] asks unanimous consent that when the House adjourns to-day it adjourn

to meet on Saturday. Is there objection? [After a pause.] The Chair hears none.

#### ADJOURNMENT.

Mr. KITCHIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 27 minutes p. m.) the House, under its previous order, adjourned to meet on Saturday, September 1, 1917, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1. A letter from the Secretary of the Treasury, transmitting copy of a communication from the chairman of the United States Shipping Board submitting supplemental estimates of appropriations required by the Shipping Board for the service of the fiscal year 1918 (H. Doc. No. 351); to the Committee on Appropriations and ordered to be printed.

2. A letter from the Acting Secretary of the Treasury, transmitting copy of a communication from the Secretary of State submitting supplemental estimates of appropriations required by the Department of State for the service of the fiscal year 1918 (H. Doc. No. 352); to the Committee on Appropriations and ordered to be printed.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. RAYBURN, from the Committee on Interstate and Foreign Commerce, to which was referred the bill (H. R. 5723) to amend an act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, and for other purposes, reported the same with amendment, accompanied by a report (No. 130), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. COADY, from the Committee on Interstate and Foreign Commerce, to which was referred the resolution (S. J. Res. 63) to establish a reserve of the Public Health Service, reported the same with amendment, accompanied by a report (No. 131), which said resolution and report were referred to the Committee of the Whole House on the state of the Union.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. STEDMAN: A bill (H. R. 5863) to amend act of August 24, 1912, in reference to burial of Confederate veterans in Arlington Cemetery; to the Committee on Military Affairs.

By Mr. ROGERS: A bill (H. R. 5864) to amend section 4 of the act entitled "An act to authorize the President to increase temporarily the Military Establishment of the United States," approved May 18, 1917, so as to authorize the President to exclude or discharge from the selective draft certain medical students; to the Committee on Military Affairs.

By Mr. TOWNER: A bill (H. R. 5865) to amend an act to authorize the President to increase temporarily the Military Establishment of the United States, approved May 18, 1917; to the Committee on Military Affairs.

By Mr. EMERSON: A bill (H. R. 5866) to regulate the sale of dynamite; to the Committee on the Judiciary.

By Mr. KAHN: A bill (H. R. 5867) for the purchase of the launch *California* for the use of the Coast Guard Service at San Francisco, Cal.; to the Committee on Appropriations.

Also, a bill (H. R. 5868) to amend section 5 of the Panama Canal act by authorizing the President, by proclamation, to make and from time to time amend rules for the measurement of the gross and net tonnage of vessels as a basis for tolls which will correspond to and follow similar rules for measurement prevailing at the Suez Canal; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 5869) to amend section 1 of an act approved September 18, 1913, entitled "An act providing for the free importation of articles intended for foreign buildings and exhibits at the Panama-Pacific International Exposition, and for the protection of foreign exhibitors"; to the Committee on Ways and Means.

Also, a bill (H. R. 5870) to amend sections 4402, 4404, and 4414 of the Revised Statutes relating to the appointment and salaries of the Supervising Inspector General, supervising inspectors, inspectors of hulls, inspectors of boilers, assistant inspectors of hulls, assistant inspectors of boilers, and clerks, in

the Steamboat-Inspection Service; to the Committee on the Merchant Marine and Fisheries.

Also, a bill (H. R. 5871) for the relief of former occupants of the present military reservation at Point San Jose, in the city of San Francisco, and to repeal an act entitled "An act to refer the claim of Jessie Benton Fremont to certain lands and improvements thereon in San Francisco, Cal., to the Court of Claims," approved February 10, 1893; to the Committee on the Public Lands.

Also, a bill (H. R. 5872) to authorize the Secretary of the Treasury to cause to be erected a suitable building or buildings for marine-hospital purposes on the present marine hospital site at San Francisco, Cal., and to remove all or any of the present structures on said site; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 5873) for the reduction of postage on first-class mail matter; to the Committee on the Post Office and Post Roads.

Also, a bill (H. R. 5874) to amend section 3716 of the Revised Statutes of the United States; to the Committee on the Judiciary.

Also, a bill (H. R. 5875) for the erection and equipment of a general hospital on or near the shores of Bristol Bay, Alaska, and for other purposes; to the Committee on the Territories.

By Mr. ADAMSON: A bill (H. R. 5876) to confer jurisdiction on the district court of the Canal Zone for the naturalization of certain aliens, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. McLEMORE: Resolution (H. Res. 131) requesting the Secretary of War to return for criminal trial the soldiers participating in the recent riots at Houston, Tex., and protesting against the sending of negro soldiers to the South; to the Committee on Military Affairs.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DENISON: A bill (H. R. 5877) granting an increase of pension to George W. Coughanour; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5878) granting an increase of pension to John L. Baird; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5879) granting an increase of pension to William J. Beavers; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5880) granting an increase of pension to Louis Gaspel; to the Committee on Invalid Pensions.

By Mr. FULLER of Illinois: A bill (H. R. 5881) granting a pension to Mary E. Smith; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5882) granting an increase of pension to Lizzie M. Worster; to the Committee on Pensions.

By Mr. KAHN: A bill (H. R. 5883) granting a pension to Hattie G. Parnell; to the Committee on Pensions.

Also, a bill (H. R. 5884) granting a pension to David Mann; to the Committee on Pensions.

Also, a bill (H. R. 5885) for the relief of Luke Ratigan; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 5886) for the relief of Pearl S. O'Neill; to the Committee on Claims.

Also, a bill (H. R. 5887) for the relief of H. Liebes & Co.; to the Committee on Claims.

Also, a bill (H. R. 5888) for the relief of Jacob Meyers; to the Committee on Claims.

Also, a bill (H. R. 5889) for the relief of W. P. Fuller & Co.; to the Committee on Claims.

Also, a bill (H. R. 5890) for the relief of Albert Edgerton Buckman and others; to the Committee on Claims.

Also, a bill (H. R. 5891) for the relief of the American Bis-cuit Co.; to the Committee on Claims.

Also, a bill (H. R. 5892) for the relief of John Rothchild & Co.; to the Committee on Claims.

Also, a bill (H. R. 5893) for the relief of Mrs. Francesca G. Montell; to the Committee on Claims.

Also, a bill (H. R. 5894) for the relief of Annie Behlendorff; to the Committee on Claims.

Also, a bill (H. R. 5895) for the relief of Joseph A. McCarthy; to the Committee on Claims.

Also, a bill (H. R. 5896) for the relief of the legal representatives of Owen Thorne, deceased; to the Committee on Claims.

Also, a bill (H. R. 5897) for the relief of the Wilmerding-Loewe Co., of San Francisco, Cal.; to the Committee on Claims.

By Mr. LITTLEPAGE: A bill (H. R. 5898) granting an increase of pension to Greene B. Caywood; to the Committee on Pensions.

By Mr. McKEOWN: A bill (H. R. 5899) for the relief of Sophia Moran; to the Committee on Claims.



By Mr. SLAYDEN: A bill (H. R. 5900) granting an increase of pension to Harriet J. Tuttle; to the Committee on Invalid Pensions.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By the SPEAKER: Petition of Periodical Publishers' Association of America, against increase in second-class mail rates; to the Committee on Ways and Means.

Also, petition of National Woman's Party, favoring passage of free suffrage amendment; to the Committee on the Judiciary.

Also, memorial of the Seventh-day Adventist Conference of the State of Missouri, against passage of Sunday-observance bill; to the Committee on the District of Columbia.

Also (by request), memorial of St. Louis Chamber of Commerce, relative to placing farm implements in rank "A" with munitions; to the Committee on Military Affairs.

Also (by request), petition of the Fellowship of Reconciliation, relative to accepting the Pope's proposals for peace; to the Committee on Foreign Affairs.

Also, memorial of Wisconsin State Federation of Labor, favoring repeal of the Federal conscription act; to the Committee on Military Affairs.

Also, memorial of Wisconsin State Federation of Labor, favoring Government ownership and control of the necessities of life; to the Committee on the Judiciary.

Also (by request), petition of National Woman's Party, favoring suffrage for women; to the Committee on the Judiciary.

Also (by request), petition of 2,000 residents of Newark, N. J., urging measures to prevent the sending of American soldiers to European battle fields; to the Committee on Military Affairs.

By Mr. DALE of New York: Petition of the American Wringer Co., New York, in re excess profits and surplus taxes; to the Committee on Ways and Means.

Also, petition of the Smith & Hemenway Co. (Inc.), New York, in re the excess profits and surplus taxes; to the Committee on Ways and Means.

Also, petition of the American Exporter, New York City, urging an amendment to the war revenue bill excepting any publication whose circulation is 70 per cent or more to points outside of the continental United States; to the Committee on Ways and Means.

By Mr. FULLER of Illinois: Petition of William Ludwig and others, of Peru, Ill., favoring conservation of public lands; to the Committee on the Public Lands.

Also, petition of the Henry Heil Chemical Co., St. Louis, Mo., opposing the retroactive features of the pending revenue bill, and proposing a single uniform tax on all sales; to the Committee on Ways and Means.

Also, petition of the Illinois Pharmaceutical Association, favoring the Stephens bill, House bill 212; to the Committee on Interstate and Foreign Commerce.

Also, petition of the C. F. Baum Co., Chicago, Ill., protesting against the Jones amendment to the revenue bill and sliding scale for excess profits; to the Committee on Ways and Means.

Also, petition of the States Council of Defense, concerning the coal situation; to the Committee on Interstate and Foreign Commerce.

Also, petition of the White City Amusement Co., Chicago, Ill., opposing a tax on amusements; to the Committee on Ways and Means.

Also, petition of the Illinois Rural Carriers' Association, for increase in pay and allowances; to the Committee on the Post Office and Post Roads.

Also, petition of Thomas Williamson, Morris, Ill., opposing a proposed tax on tea, coffee, etc.; to the Committee on Ways and Means.

By Mr. RAKER: Memorial of directors, Chamber of Commerce, Los Angeles, Cal., relative to labor situation; to the Committee on Labor.

Also, petition of Stephen & Bean, of Fresno, Cal., favoring passage of House bill 5410, the purple-cross bill; to the Committee on Military Affairs.

Also, petition of A. W. Bayard, of Buffalo, N. Y., against tax on publishers; to the Committee on Ways and Means.

Also, petitions of Daily Midway Driller and Petroleum Reporter, of Taft, and Lost Hill Gusher, of Lost Hill, Cal., indorsing bill to assist newspapers in getting paid for Government advertising; to the Committee on the Post Office and Post Roads.

Also, petition of Joseph Byrne, of New York, against increase in tax on alcohol as it affects the barber-supply dealers; to the Committee on Ways and Means.

Also, petition of Dalziel-Moller Co., San Francisco, Cal., against unequal division of the cost of postage; to the Committee on Ways and Means.

Also, petition of F. R. Whitter, New York City, protesting against increase on second-class postage and putting special tax on profits of all publishers; to the Committee on Ways and Means.

Also, petition of the Long Beach Chapter, O. E. S., indorsing the purple-cross bill; to the Committee on Military Affairs.

Also, petition of W. A. Faris, Los Angeles, Cal., in re tax on mail matter; to the Committee on Ways and Means.

Also, petition of McKittrick News, McKittrick, Cal., indorsing any effort that may come before Congress to assist the newspapers in getting paid for Government advertising; to the Committee on the Post Office and Post Roads.

Also, petition of W. Bennett, of Long Beach, Cal., indorsing the purple-cross bill; to the Committee on Military Affairs.

Also, petition of J. Cotner, Sprague Publishing Co., Detroit, Mich., protesting against an increase in second-class mail matter; to the Committee on Ways and Means.

Also, petition of H. W. Force, president California Corrugated Culvert Co., West Berkeley, Cal., protesting against the proposed first-class mail rates; to the Committee on Ways and Means.

By Mr. SNYDER: Petition of the Political Equality Club, Holland Patent, N. Y., and Violet Rebekah Lodge 198, Ilion, N. Y., for the moral protection of the Army; to the Committee on Military Affairs.

Also, petition of the Sons and Daughters of Liberty, Herkimer, N. Y., for the enactment of Senate joint resolution 84, authorizing the drafting of aliens; to the Committee on Military Affairs.

By Mr. TIMBERLAKE: Petition of a protest meeting, Colorado Springs, Colo., against the arrest of the suffrage pickets and urging the immediate passage of the Federal suffrage amendment; to the Committee on the Judiciary.

By Mr. WATKINS (by request): Petition of the Amalgamated Association of Street and Electric Railways, for investigation of the Mooney case; to the Committee on Labor.

By Mr. WOODYARD: Petition of Alvy Council, No. 76, Junior Order United American Mechanics, of Alvy, W. Va., relative to immigration and selective-draft laws; to the Committee on Immigration and Naturalization.

#### SENATE.

FRIDAY, August 31, 1917.

(Legislative day of Wednesday, August 15, 1917.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

Mr. CURTIS. Mr. President, I make the point of no quorum.

Mr. HOLLIS. I rose to suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Hardwick	La Follette	Sheppard
Bankhead	Hitchcock	McCumber	Sherman
Brady	Hollis	McNary	Simmons
Brandeggee	Husting	Martin	Smoot
Chamberlain	Johnson, Cal.	New	Sutherland
Culberson	Johnson, S. Dak.	Norris	Swanson
Curtis	Jones, Wash.	Overman	Trammell
Fernald	Kenyon	Page	Underwood
Frelinghuysen	Kling	Penrose	Wadsworth
Hale	Kirby	Ransdell	Weeks
Harding	Knox	Saulsbury	Williams

Mr. FRELINGHUYSEN. My colleague [Mr. HUGHES] is absent owing to illness.

Mr. SUTHERLAND. My colleague, the senior Senator from West Virginia [Mr. GOFF], is absent on account of illness. I ask that this announcement may stand for the day.

The PRESIDENT pro tempore. Forty-four Senators have answered to their names. There is not a quorum present. The Secretary will call the roll of absentees.

The Secretary called the names of the absent Senators, and Mr. GERRY, Mr. GRONNA, Mr. KELLOGG, Mr. SHAFROTH, and Mr. SMITH of Michigan answered to their names when called.

Mr. COLE, Mr. CALDER, Mr. FRANCE, Mr. SMITH of South Carolina, Mr. McKELLAR, and Mr. SHIELDS entered the Chamber and answered to their names.

Mr. SHAFROTH. I desire to announce the unavoidable absence of my colleague [Mr. THOMAS] on account of illness. He is paired with the senior Senator from North Dakota [Mr. McCUMBER]. I will let this announcement stand for the day.

Mr. HUSTING. I announce the unavoidable absence of the junior Senator from Missouri [Mr. REED] on important public business.

Mr. HOLLIS. I desire to announce the unavoidable absence of the junior Senator from Montana [Mr. WALSH] and the junior Senator from Nevada [Mr. PITTMAN] because of death in the family of the junior Senator from Montana.

Mr. JAMES, Mr. VARDAMAN, Mr. WATSON, Mr. POINDEXTER, Mr. THOMPSON, Mr. LODGE, and Mr. NELSON entered the Chamber and answered to their names.

Mr. GERRY. I desire to announce that the Senator from Illinois [Mr. LEWIS], the Senator from Arkansas [Mr. ROBINSON], the Senator from California [Mr. PHELAN], the Senator from Ohio [Mr. POMERENE], and the Senator from Florida [Mr. FLETCHER] are detained on official business.

The PRESIDENT pro tempore. Sixty-two Senators have answered to their names. There is a quorum present.

#### SELECTIVE-SERVICE PARADE.

The PRESIDENT pro tempore. The Chair lays before the Senate a communication directed to the Vice President, which, without objection, he will ask the Secretary to read, as it is a matter which is to be brought before the Senate.

The Secretary read as follows:

[Citizens' committee. Selective-service parade in honor of Washington contingent, National Army, Tuesday, Sept. 4, 1917, 4 p. m. Committee office, fifth floor, Star Building.]

AUGUST 29, 1917.

HON. THOMAS R. MARSHALL, Vice President.

President of the United States Senate, Washington, D. C.

DEAR MR. VICE PRESIDENT: The citizens' committee in charge of the honor parade for the Washington contingent of the National Army to be held Tuesday afternoon next at 4 o'clock begs to extend to you, and through you to the Members of the Senate, an invitation to honor the paraders by participating therein, as President Wilson has notified the committee of his intention to march in and review the parade on that day.

The committee would highly appreciate an acceptance of this invitation and a notification of the number of Senators who will be in line, so that appropriate arrangements can be made for their place in the parade.

As the Nation's representatives, and as this parade is to take place in the National Capital, it is the earnest hope of the committee that as many Members as possible of the Senate will take part in the parade in order that it may be a national demonstration of this most momentous event in the history of the country.

Awaiting your kind reply, I have the honor to remain,

Very respectfully, yours,

WM. F. GUDE, *Chairman.*

CHAS. J. COLUMBUS, *Secretary.*

Mr. CHAMBERLAIN. I move that the invitation just read be accepted by the Senate and referred to the Committee on Military Affairs.

The PRESIDENT pro tempore. The Senator from Oregon moves that the invitation just read be accepted by the Senate. Is there objection? The Chair hears none, and the invitation is unanimously accepted and referred to the Committee on Military Affairs.

#### TRADING WITH THE ENEMY.

Mr. RANDELL. I am instructed by the Committee on Commerce, to which was recommitted the bill (H. R. 4960) to define, regulate, and punish trading with the enemy, and for other purposes, to report it with amendments, and I submit a report (No. 113) thereon. The bill was recommitted yesterday and the committee propose certain amendments to it.

The PRESIDENT pro tempore. The bill will be placed on the calendar.

Mr. JONES of Washington. Not objecting to this report, I wish to ask whether it is really in order under the unanimous-consent agreement to present reports from committees and matters of that kind.

The PRESIDENT pro tempore. The Chair would suppose that that might be done by unanimous consent as a part of the ordinary preliminary proceedings at the beginning of a session. Does the Senator desire to object?

Mr. JONES of Washington. I am not going to object to it, but I do think that hereafter possibly all routine matters ought to be kept out under the unanimous-consent agreement.

The PRESIDENT pro tempore. The Chair does not consider that the unanimous-consent agreement prevents anything else from being considered by unanimous consent. That is as he understands a hasty reading of the agreement.

Mr. McCUMBER. So that we may understand what the ruling of the Chair is, do I understand the ruling of the Chair to be that the unfinished business must be kept continuously before the Senate until a final vote?

The PRESIDENT pro tempore. No; the Chair did not so rule.

Mr. McCUMBER. Then naturally any other matter could come up by action of the Senate?

The PRESIDENT pro tempore. The Chair is unwilling to make a hasty ruling, but he will decide when the matter comes up, if it is disputed.

#### BILLS AND A JOINT RESOLUTION INTRODUCED.

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HALE:

A bill (S. 2833) granting a pension to Enoch E. Willard (with accompanying papers);

A bill (S. 2834) granting an increase of pension to Esli A. Bowen (with accompanying papers); and

A bill (S. 2835) granting an increase of pension to Clara A. Perry Estes (with accompanying papers); to the Committee on Pensions.

By Mr. PHELAN:

A bill (S. 2836) for the relief of Clara Elizabeth Huntington Hatzfeldt; to the Committee on Immigration.

By Mr. GORE:

A joint resolution (S. J. Res. 97) proposing an amendment to the Constitution of the United States requiring a popular vote before a declaration of war, except in certain instances, and for other purposes; to the Committee on the Judiciary.

#### WAR REVENUE.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 4280) to provide revenue to defray war expenses, and for other purposes.

Mr. BANKHEAD. I desire to offer an amendment to the pending bill. I do not care to have it read.

The PRESIDENT pro tempore. The amendment will be printed and lie on the table.

Mr. HARDING obtained the floor.

Mr. HOLLIS. Mr. President—

Mr. HARDING. I yield to the Senator from New Hampshire.

Mr. HOLLIS. Before the Senator from Ohio proceeds, I would like to make an inquiry as to the parliamentary situation. It is not altogether clear. The matter before the Senate now is Title II of the House bill. The committee has offered a substitute for Title II which is a motion to strike out and insert. The Senator from Alabama [Mr. BANKHEAD] has offered what is in form a substitute, but he did not clearly state whether it is a substitute for the committee amendment or for the House text.

I invite the attention of the Senator from Alabama. He offers a substitute for Title II which is in form a motion to strike out the House provision and insert. Does the Senator offer it as a substitute for the committee amendment?

Mr. BANKHEAD. Yes.

Mr. HOLLIS. Then if the Bankhead substitute is voted down the question will recur on the committee substitute, which will then be open to further amendment.

Mr. BANKHEAD. I have another amendment pending that I am going to call up when this one is disposed of.

Mr. HOLLIS. When the pending amendment is disposed of the Senator will offer a further amendment to the committee amendment, and then other amendments, of course, will be in order. I thank the Senator.

Mr. HARDING. Mr. President, the problem of raising revenues for war is to be solved neither in passion nor sympathy nor sentiment. It is a matter of cold, deliberate business. More, it is not a process for the solution of the world-old problem of wealth and poverty or the distribution of wealth, or the modern acute conflict between capital and labor.

The needless taxation of the fortunate has never once alleviated the condition of the unfortunate since the world began.

Capital and wealth, though not synonymous terms by any means, must bear the heavier taxation burdens of government and that government's defense, but it is neither possible nor desirable to have wealth and capital bear it all.

Mr. President, I do not question motives; I do not challenge any man's sincerity; but I do question the propriety of the preaching, in this critical time, that this is a war of wealth or that the pending measure is designed to relieve it from taxation and shoulder the burdens upon the so-called masses of the land.

This Nation is at war—drawn into the mightiest conflict of all the history of the world. We are to battle with the enemy on foreign soil, less distantly removed than most of us have realized, and we are beset by enemies at home. If this Nation ever needed concord of citizenship, we need it now. If we ever needed to harmonize the American spirit and move in that unison which befits the ideal Republic, we need it now. We need not only a reconsecration of patriotism to win the war, but we need it for the great aftermath, because we shall be as much tested then in making democracy safe for America as we are now in making the world safe for the compacts of civilization. We need the offering of men and means on the altars of devotion to-day, and we will need them even more in the restorations of peace on the morrow.

Mr. President, I rejoice that we have witnessed the heartening tender, the enspiriting offering of lives, which is the sublimest men can make, and the generous offer of means, for the main part wrought in worthy endeavor and treasured accordingly, but worthless, indeed, if our national cause fails.



To my mind the volunteer service in the hour of national anxiety has been the most inspiring manifestation of the American spirit, and the answer to the universal service call, in spite of claimed exemptions because of our absorptions in the pursuit of peace, is reassuring proof that popular government can defend itself. In this connection—I mean to say this because it ought to be said—capital has made the offer of its sacrifices befitting its acquirement under American opportunity, open to all men. It is not to be compared to the human sacrifices, because life offers all, but the tender of plants, resources, or output which came to the Government unheralded and without praise when this Congress cast the die of war is worth remembering as proof that the selfishness of a few can not and does not indict the productive heart of America. It is fair to challenge the charge that capital plays the rôle of slacker and it is a patriotic duty to resent the charge that this is a capitalistic war.

It is not necessary here and now to discuss the responsibility for the war into which we are drawn. But it will dispose of the charge of any American intent, capitalistic or otherwise, to say that we sought to hold aloof, and we did hold aloof, until innocent lives were sacrificed, lawful shipping destroyed, and national honor stung to unavoidable defense. We should be infinitely better off to-day if we had shown an earlier resentment. But it is useless to talk of that now. We should have had less staggering war burdens if we had correctly construed the signs of world ferment and began our preparation for defense in 1915; but it is useless to recall that lamentable failure now. We are involved and we must triumph. In the enormity of burden that comes of our measureless preparation lies the less duration of the war and the minimum cost of life, and it is this material burden which we can best afford to pay.

But I started to say, Mr. President, that American capital, including that of the farmer, was profiting far more out of the European war before our involvement than it can hope to do since our declaration, and every American citizen of discerning intelligence ought to so understand. Europe gave him his high-priced market then, while our own participation now has brought, in one way or another, modified prices to both ourselves and our allies, an embargo on the export to neutral markets, and a shortage of labor because of our resort to armed forces. Notwithstanding all this has added to cost of production, we are legislating to lower productive prices.

In passing at this point, Senators, I want to emphasize the fact, so much dilated upon by speakers on this floor, about the extraordinary cost of living and the misfortunes faced by the great American masses. Why, Senators, conditions in the United States of America are unspeakably more acceptable than they are in most of the nations of the earth to-day. I had a letter only yesterday from an authoritative source in Copenhagen saying that coal in neutral Denmark was almost impossible to secure at \$100 per ton. If any of you have been in Copenhagen you know that the winter climate there is much more threatening than in the city of Washington. Conditions comparable to that are the result of no capitalistic connivance in the United States of America.

Let us note some inconsistencies, unavoidable, perhaps, that have a bearing on the situation. The agricultural world was brought into the enjoyment of unusual profits on production and was most naturally and commendably partial to peace. It little thought and little cared, seemingly, what limitations Germany placed on our shipping. It was little reckoned that shipping was the open way to the higher compensation. But after Congress declared war to maintain our lawful rights on the seas, and ultimately the embargo was placed on foodstuffs, instantly there was a demand for a Government fiat on wheat because we had, by embargo, taken away the world market for our grain. As a matter of fact, we were only controlling the sale.

Labor would have come to a like outcry if we had surrendered to the German prohibition of shipping, because a humiliating submission to the German prohibition, proclaimed in the submarine order, would have subjected us to the worse than half paralysis that prevailed in the first half of 1914, and we should have dwelt in stagnation and distress.

I sometimes think these things might well be recalled and they ought to be understood.

I know full well, sirs, that this is not a popular war. There are a score of contributing reasons. We are sincerely devoted to peace. We had no military establishment. Peace had been the campaign cry of the year before our involvement, and was dwelt upon in studied oratory on every stump—not on one side alone, let it be said. The war is seemingly 3,000 miles away from our nearest shore, though it might be brought very close to our shores were it not for the vigilance of the navies of the entente powers. We are a polyglot people, without racial entity, with the sympathies, hatreds, and prejudices of the European born who

have found haven and opportunity here. The sympathies that were developed while Europe fought its frightful battles for two and a half years were not to be dissipated by our mere declaration of war. Our free Republic is full of aliens, uncommitted to the land of their nativity and undevoted to the land of their adoption. We have many among us who cloak themselves in American habiliments, but their souls and genius and cunning are loyal to the land from which they came. We have harbored, and harbor now, the trained propagandist whose business is to spread sedition, who would not be tolerated in any other land and ought not know any freedom here. We have plotters and bomb throwers and wholesale murderers who add to the problems of production and defense. We have the anarchist whose creed is destruction, and the irresponsible who mistake our liberty for license and condemn all law. We have the greedy to offend us, and those who profiteer in every walk of life. We have the agitator who agitates for compensation, not necessarily cash, and we have a natural development in the political life of popular government where some men had rather drift with a manifest sentiment than rise to the duty of creating helpful sentiment.

I will not enumerate further, lest I add to the gloomy portrayal; yes, I will add that we have not been clear about our reasons for making war. I have sometimes thought it would be well to say less about world-wide democracy and let it ring clear that we mean to hold America safe for Americans; that we rejoice in popular government and mean to prove its capacity to defend itself; that we believe American citizens have the right to go on peaceful missions and American cargoes must sail in safety anywhere under the shining sun of civilization; and that when Germany ruthlessly and murderously challenged our rights there was no answer but war, and it can not end until Germany is brought to submission. These things do not mean that we are fighting to fix the international boundaries of Europe or that we are a factor in the territorial or commercial jealousies of Europe, though against a war-mad nation we must make common cause.

Fortunately there is a great undercurrent of thinking, sacrificing, determined Americanism, and the surface gulf stream does not reveal the irresistible current of our national life. Into the undercurrent we shall cast the latent might of the great Republic, and when our rights are again secure and American life is again made safe we shall resume our problems which concern our domestic life and honestly try to solve them.

This is no time for envy or jealousy at home. This is the hour for common cause, concord of spirit, and unity of endeavor. It is no time excessively to magnify war burdens. Funds must be provided and will be provided. Shocking as the cost is, it is infinitely less costly to make the allied war than to fight alone.

Mr. President, I know the popular thing. I know the common people as well as anybody, because I belong among them. There are more common people in Ohio than in any State in the Union save three, because we have more population than any State in the Union excepting New York, Pennsylvania, and Illinois. I hold my commission from these common people. Mr. President, and expect to answer to them for every vote I cast in this body. In passing, I delight to say that I hold my commission in spite of the fact that throughout the campaign in which I was elected I told people of Ohio—these same common people so much talked about—that if they wanted a Member of the Senate who would everlastingly be baiting the great productive institutions of this country not to send me, because I would not consent to serve in that capacity. That conviction, Mr. President, has come from some 30 years of active experience in life promoting the very institutions that so many now would "swat" for one reason or another.

I make bold to say in this presence that what is good for Ohio is good for the Union. We are both agricultural and industrial. The fortunes of the two are inseparable in the long run, no matter what temporary divergences may arise. Our farmers delight in fitting compensation as much as those of Kansas or Minnesota or Texas. Our workingmen rejoice in ample wages as much as do those of Massachusetts or Connecticut or Montana. They are hit as hard by the high cost of living, which, by the way, is not chargeable to our entry into the war or to any connivance of capital, but to the abnormal destruction and consumption and the decreased production that attends this awful world conflict. But every workman in Ohio who ponders the problem—and I charge you that they think very clearly on these matters—knows that high prices stimulate production in every line of endeavor, and that unbearable burdens are sure to halt activities.

I assume, Mr. President, that between extremists and conservatives I am ranked with the latter. But I want to state how radical I can be. If it proves necessary in order to finance



this war to a triumphant ending, I would vote to conscript every dollar of income in this country in excess of \$5,000 to a family. I want that made clear. I say I would vote for such a thing if the national safety and the necessity of our triumph should call for such a course. If it is proven the pending bill is insufficient to meet national needs, I would unhesitatingly add more burdens to incomes, war profits, or otherwise.

If you strike at excess profits you reduce the incomes which are available for taxation. If you strike at excesses and supernormals you are likely to hinder our industrial productiveness.

The term "excess" seems to invite attack, but let us reflect a moment. Only a relative few are directly connected with the war. Nobody sees a bloodstain on food, yet it is in enormous demand. A few munition shops are directly connected with the conflict, but the great bulk of excess profits are only indirectly associated with war's grim expenditure, and many of them not at all except as war has added supernormally to our activities.

There is no cause for penalizing. Were it not for munition plants which responded promptly to entente needs, were it not for big and highly organized American industries in varied lines, first answering the call of our allies and now ourselves as well, Germany might to-day be dominating the world.

Some of them—many of them—have made enormous profits and poured them into the stream of our activities. It gave us new industrial and commercial life and added profits have spread themselves in a thousand directions.

The cost attending—that is, the cost to our people—has been the added expense of living, but that was the necessary corollary. It could not be otherwise. I do not assume to say that the very notable advance in wage has been proportioned to the increased cost, but I do know that destructive taxation will not correct the differences.

I want Senators to note how unfair some tendencies are. It is proposed to attack our great enterprises from two sides by those who ought to be allied with them in righteous activities. On the one hand, we are legislating and administering to reduce their profits, for which I cast my vote; now we have the proposed tax assault to discourage the activities which are as useful as trained armies. We not only curb prices to ourselves but we have undertaken to do so for our allies, who are our debtors now. And we are succeeding. If these larger concerns did not submit—they have submitted with good grace in most instances—we have given authority to seize their plants and operate them under Government direction. I want it clear that I have been in full accord with this grant of governmental power. Up to date I have heard none threaten to quit their productive operations, while it is fair to say in contrast, on the other hand, that thousands of representatives of the great common people in various ranks have said, "We are not patriotic enough to respond unless you grant us a certain compensation." It is not practicable to commandeer the farms, and the agricultural voting strength forbids a drastic course like that which is applied to the manufacturing industry. That is the truth about it, however unpopular it may be to say it, and so we legislate a minimum price on wheat, double the normal rates, while we are seeking to put the maximum price on the product of American industrial institutions, and hold it much below the normal conditions of a very live war market. It is not unreasonable, I choose to say, to guarantee a minimum of \$2 on wheat. I think it will prove a prudent stimulation to production which will be well worth the cost, but it does not reduce living cost. Men on this floor have said much, and said it appealingly—so appealingly that I myself should have been carried off my feet if I had not known to the contrary—about consumption taxes and burdens upon the masses. I charge them that the congressional guaranty of \$2 wheat has added ten times to the cost of conducting the simple American home because of that measure, and yet I do not pretend to question the propriety of such a course.

Why does not somebody emphasize the fact that this bill proposes to take twelve hundred and fifty millions from excess and supernormal profits, and nine hundred millions from incomes, and only eight-six millions are contemplated for the great mass, rich and poor alike, to pay? I am eliminating from these figures taxes on communication and transportation and the consumption of alcoholic liquors, and confining my comparison to the distinctly consumers' tax. Assuming that it is paid by all alike—which is never the case, because the man more able to buy is almost invariably the larger consumer—it will be less than \$1 per capita, and I do not hesitate to say that a land worth fighting for is worth paying that much tax for during the strain of war.

Mr. President, there is a very mistaken notion in the popular mind and in some senatorial minds about excess profits. It is regrettable that there are not more men in public life who are familiar with the problems of big activities. Because a concern has made a million in excess profits one must not conclude

that it has that million in quick assets. I know some really prosperous concerns whose excess profits are large, though not directly connected with the war, whose managers are staying up nights figuring how to pay the taxes this measure proposes to levy. That million of excess profits may be very real and have a proper place on the balance sheet, but it may be tied up in enlarged plant, added machinery, or increased stocks of raw materials or extended credits. I know one concern that took an advantageous munitions contract early in 1916, bought an idle plant to execute the order and, after filling that one contract its war business stopped. It had earned a profit, but it was wholly tied up in that plant. There was no grief, but it afforded a poor asset to turn into the Federal Treasury to meet a tax obligation.

One other incident will be revealing. It was my fortune quite accidentally to learn a bit of the inside problems of one great concern which I should have picked out as the most fortunate of war manufacturers. It was enormously engaged, running at flood tide. I would have guessed that the management needed a special force to count its cash gains. My wholly unpremeditated inquiry developed the startling fact that it had builded so enormously and had borrowed so widely that it was on the very verge of a receivership. I wish the proprieties admitted more details, because they would be illuminating. My point is that all activities are not golden, and all profits are not in available cash, which is the first essential to a tax receipt.

I am not arguing, therefore, to avoid more tax on excess and supernormal profits because a class is to be favored thereby, but because the burdens which the committee has proposed in most instances are all that the business can bear and continue healthful, and for the further reason that what is not adequately burdened in the tax on excess profits is reached on the dividends distributed in the income tax, even in the tax on surplus not actually employed in the business. I am not seeking to spare the excess profits from needed burdens. I am opposing the proposed assault. I am advocating the needed regard for productive activities and distributing agencies which will spare the country from paralysis now and from unfitness or unpreparedness for the vitally important period which will follow the war.

Let us look at the matter soberly for a moment from the Government viewpoint. No one disputes the need of enormous bond issues. We have no allies to borrow from. We are the creditor Nation. We can only borrow from our own people. Conscript incomes and excess and supernormal profits, or even approximate the conscription of them, and we shall have no one to buy our bonds.

I have already said I would go to the very limit on incomes, if need be, but let us first develop the need. It is very important to remember that the taxes imposed by this bill are not available until June, 1918. Meanwhile there will be pressing need for funds, and bonds must be absorbed. Notice of conscription in this bill will destroy our borrowing capacity, and we shall have witnessed the spectacle of a presumably intelligent people with supposed business sense having killed the fabled goose that laid the fabled golden egg.

Mr. President, it has been pointed out that we are raising a larger war fund by taxation in the first year of our entry than Great Britain is raising after three years of conflict. The war is likely to end, and I believe will end, before the burdens we are now levying are turned into the National Treasury. We may well cooperate to strike a staggering blow against the enemy, but we need not combine to strike ourselves at the same time.

If one generation pays it, the cost will not be inequitably distributed. Moreover, much of our outlay is for actual assets, not the wastage of war. Much cost of preparation will not be wholly a vain expenditure, because it will have value for years to come. The enormous outlay for merchant vessels will be a golden asset in the American merchant marine. It will be an acquisition incident to war which 30 years of peace would not even encourage. These assets are for the business of all the people to-morrow. Why exact all the cost from the activity of to-day?

Senators, if any taxation less than actual paralysis would more equitably distribute the profits of American production and tend to bridge the great gap in our social-economic life, I would greatly urge it. But unnecessary taxation only halts and hampers the needed activity of capital, and appeals to envy rather than encourages acquirement by industry and thrift. It would be better to equalize by creation than to seek to level by destruction.

I believe some measure looking to the fairer division of the profits of production in this country is absolutely necessary to continued progress and abiding tranquillity. I wish I knew the solution. I only know taxation will not effect it.



I know that thrift, genius, pluck, talent, and industry make capital, and I know that idleness, improvidence, and incapacity halt millions of men to whom the way is invitingly open. Perhaps we should accomplish more by legally regulated habits of living and expenditure; but no one would dare to propose that amid the boasted freedom of democracy.

Some years ago, Mr. President, when visiting Venice, I noted that the gondolas in which we made our way about her canals were all painted black, with little or no ornamentation. It provoked my curiosity, because even the unimaginative could see the possibility of gay coloring and ornate decoration of those dreamy craft. Upon inquiry I learned that centuries ago the rivalry and attending extravagances in gondola decoration led to an official order that all must be painted black and without ornamentation, in order to halt a real menace to the fortunes of the Venetians, through the processes of extravagant expenditure; and that simple style very sensibly remains in practice to this day.

I know life is a very bitter struggle to the unfortunate and to the underpaid. It is even more bitter to the envious and the improvident. We need more knowing economists in everyday life, and less theorists on the soap boxes, and fewer advocates of legislative remedies, because first aid is to be found in the home. This does not argue against the American standard of living. It is the highest in the world, and I rejoice to boast it, because it proves we have outstripped all other peoples in attainment, however far we may be from the highest ideal. And we must go on; but I think it is good sometimes to stop to measure our progress.

Only a day or two ago, reading in the press of the eagerness of the Austro-Hungarian people for peace, I noted the statement that Hungary was feeling deeply the failure to receive \$8,000,000 yearly which Hungarian workmen in the United States were in the habit of sending there out of their wage savings. There was no information as to how many Hungarians were on American pay rolls, and nothing as to their rate of wage. It is a fair guess that a goodly proportion is engaged in the less skilled employment, and therefore drawing the lower scale of wage. Born to a different standard, they toil and save, and have given to the needy in the land of their nativity a reflex of American opportunity, however little it may be valued here at home.

There is scarcely a Senator enrolled on this membership—I will not restrict it to my few hearers—who lives in an industrial center if he will step to the money-order department of his post office on a pay night in his community, who will not find scores and scores of the representatives of the lowly and the industrious from foreign lands turning their pay envelopes into money orders to send to the lands of their origin. I delight to think of it, because to me it is the most substantial proof in the world of the progress America has made in opening opportunity and extending encouraging compensation for activity and industry.

Mr. President, I have listened to the appealing speeches on this floor for the larger tax burden, and if my life had not put me in touch with business operations I should have been quite carried away. That is why I deplore the speeches, however sincere they may be, however lofty the motive which inspires them, because they create a wholly wrong impression. These advocates are eminent as lawyers and distinguished as statesmen. I wish they might sometimes get on the other side of the proposition and have a practical experience.

In passing, it will be interesting to make an allusion to a very particular friend of mine who had a number of very active and fruitful years on the Chautauqua platform. He was a great and forceful idealist. He preached a very sincere gospel of the uplift. He was ready to make war on all existing abuses and the great fortunes which oftentimes come of industrial endeavor, and through that process, sincere and earnest, he finally acquired sufficient capital to go into business for himself. That turn of his affairs, though he continued on the rostrum, put him on the other side of the counter in the counting room. I had had occasion to challenge some of his theories. After he had had two years of actual experience from the business man's point of view, from the standpoint of the employer, who has more to do with the weal or woe of a community than any professional man in it, he frankly confessed his change of mind.

Sometimes men arrogate to themselves very exceptional importance because of their professional acquirements. Even in the tax bill, not selfishly, I suspect, but out of deference to professional attainments, we exempt the supernormal profits of the professional man. I respect him very highly. I started to be one myself and found I was probably lacking in attainments, and returned to the dull and the sober problems of business. But with all deference to our professions, I want to say a great captain of industry who employs his armies of

men under our modern system has more to do with the weal or woe of the community than all the professional men in it. Let us do him credit once in a while when we are considering the elements which make for American activity.

But I started to say that this friend of mine got on the other side of the counter. After he had had a couple of years of experience he said to me one day, "My friend, I have cause to change my viewpoint of things. I said a good many things on the Chautauqua platform that were not based on experience and they are not correct. I am a living example of a converted man, though I do not say much about it publicly."

The trouble about this arrayal of interests, about this very popular appeal to the common people, in whom many men have just as much interest without saying much about it as have those who make much profession, is that it creates an entirely wrong impression. This is no time for it; we can not afford the division; we must be one people. It is all wrong to create a wholly mistaken impression. These advocates are eminent as lawyers and distinguished as statesmen, but they have never wrestled with the business pay roll and the financial problem from the producing or distributing viewpoint.

Even without this knowledge public men ought to differentiate between capital and wealth, and ought to know that the great body of our enriching activities is not greedy. The selfishness involved is that human selfishness that is born in all of us, and is more or less manifest in all walks of life. Many a capitalist offends and not a little of wealth is hateful. That does not taint the whole any more than the pitifully poor in many cities stamp poverty as an index to American life. We can not eliminate the offender, nor the subject of charity. They have existed from long before the dawn of Christian civilization. Both are as old as human history and both will continue to the end of the world, no matter what devices men may legislate. Congress can not fix its gaze on either or both and write a revenue bill to meet the needs of a Republic at war.

Mr. President, these remarks, sober as they are, may seem little pertinent to the measure before us, but I have deliberately given them this trend because of the issue raised in this body, and not very many men seem willing to speak along these lines. I would have little of envy and jealousy and suspicion and hatred in peace, and we ought to have none of them in a war for preserved Americanism. When our enemies within our borders are preaching it, and the seditious are inciting it, I feel the obligation of uttering such truths as I believe make for concord and united endeavor. Every domestic controversy, every home conflict, every inharmoniousness of our normal pursuits should be put aside until the common enemy is vanquished, else we shall have no Republic whose problems are to be solved.

Let me hurriedly summarize the purport of these remarks. We must levy such war taxes as are necessary to finance a stupendous outlay to hasten our triumph in the war. We are starting out to levy in one year more than one-fifth of the war cost, which is far in excess of the tax imposed by any other nation at war. Now, note this: Of this enormous levy, twenty-one twenty-sixths are assessed against the capital and incomes of the land; only one twenty-sixth is levied as a consumer's tax, which burdens no one element of citizenship, but all alike in proportion to consumption, and the balance goes to alcoholic products, tobacco, and luxuries, which make the burden either imperceptible to feel or unnecessary to assume.

This policy puts the enormous burden on those who can afford to pay. It does not conscript. It does more than conscript, if you apply the term as it is related to the Army, because I do not hesitate to make the statement that under the pending bill you are taking a larger percentage of the profits of the land than you are the men of the land, infinitely so. It takes and distributes the great bulk of war profits for our common cause and still permits the activities so essential to good fortune, to make effective warfare and prepare for after reconstruction. It leaves something of the harvest of our needful and helpful activity to absorb the bonds that necessity and sound policy requires us to issue, and it leaves something, too, on which to depend if the requirements of war and war construction should double the need for funds by taxation. No one who thinks, unless he be an enemy, can wish this great people to bankrupt its taxing capacity at the very outset of our war activities. Let us have something in reserve. We must have a reserve, because the world recognizes to-day that our material strength will be a deciding factor in ending the great conflict.

Tell it to the hundred millions of America that not only is Congress not trying to shield capital and wealth, but it is assigning to them the burdens of war cost on the one hand and has written the authority to restrict prices and reduce profits on the other. That ought to be understood by the American people. And tell it to all these United States that there are Representa-



tives in Congress who prefer to have our great productive activities go on, so that all the people may live and hold somewhere near the normal way, earning more and not less, to meet the war cost of existence in every home.

There are unavoidable burdens for all. No law can eliminate them. We would not be a popular Government, with boasted equality, if we could. And there are unavoidable sacrifices to be made, and I choose to say it and emphasize it, this Republic will be stronger for the making of these sacrifices. We have been taught to think only of the things the Government does or can do for us. The hour of test has come when we are to determine what we can do for our Government and the security of national life. We can not give alike in means, we can not give alike in personal service, but we can sacrifice alike, we can promote concord alike, we can put aside our differences of peace and stand for a people united in war and justify the faith that is in us and glorify the Republic in its example to the world.

Mr. GRONNA. Mr. President, the revenue bill which is now pending was, as I remember, reported to the Senate on the 6th day of this month, and on the 11th day of the month the debate was opened by the distinguished chairman of the committee, the Senator from North Carolina [Mr. SIMMONS].

The estimated revenue to be derived under this proposed bill as first reported was \$2,006,970,000; \$777,700,000 of this tax was to be collected from incomes and \$562,000,000 from war profits, and the balance, or \$667,270,000, from a tax on consumption and on business.

I can sympathize with the committee, because I realize how difficult it is to write a tax bill that will be approved by everybody, that will meet the approval of not only the Members of this body but which will stand the test of criticism of the public. But the committee seems to have been exceedingly unfortunate, and I think unnecessarily caused a lot of dissatisfaction by undertaking to pass the bill not upon its merits but by the specious argument that it would be a popular measure. It was evident, to me at least, that the intention was to pass the bill in the same manner that much legislation has recently been passed, by using the strong arm of the majority rule. It is manifest, however, that we have all heard from home, and instead of appealing to prejudice we are now to be allowed to discuss the measure upon its merits.

The committee has totally abandoned the arguments which were used when the bill was first brought into the Senate. In fact it has reversed itself and is now commending provisions proposed by the minority which it condemned at the outset.

The history of this bill is but a fair illustration of the importance of allowing ample time for the discussion of any measure which vitally affects the interest of the American people. If the sponsors of this bill had been successful in forcing it through without full discussion and debate a gross injustice would have been committed against the rank and file of our people. It would have been the cause of losing a great deal of revenue to the Government which is absolutely necessary at this time in order to most effectively prosecute the war. But I do not wish to unduly criticize any members of the committee for bringing in an imperfect measure which no Member of this body would even attempt to defend at this time.

I think it is now generally conceded that the rates first proposed were unskillfully adjusted and that the amounts proposed to be raised were inadequate and above all that the bill as originally proposed was inequitable in its terms and unjust to the people. I am glad to say that due to the debate upon this floor and to criticisms of the bill by a small minority the committee has seen fit to materially change the provisions and that the revenue to be derived from war profits has been doubly increased by the committee.

I believe that it is a fallacious argument to say that we can make this war popular by collecting the revenue from the poor people and allowing big business to escape heavy taxation. I think it is very generally understood that a very large majority of the people are opposed to any proposition which will make it possible for the money slackers to escape a just and heavy tax on the profits and incomes they are making out of this war.

Taxation is both complex and vexatious, but it has unnecessarily been made so, because it seems to be the weakness of mankind to first protect their own individual interests and to make their fellow men carry as much of the burden as possible. The strong man has never been willing to share the burden of taxation according to his ability to do so, but has always made an effort to be relieved from the responsibility as far as has been expedient and possible. For this reason it has become necessary to set up an expensive system to enforce the collection of taxes according to certain governmental rules.

In the economic development of our country there has developed a complex system and variations in the method of levy-

ing taxes. There are, however, only two sources from which revenue may be derived. In the final analysis it narrows itself down to two classes—direct and indirect taxes.

Direct taxes are levied against people's estates or incomes directly; while indirect taxes are levied upon articles used by the people, and are primarily paid by the individual who pays in the first instance, but who usually passes on the charge to some one else until it reaches the ultimate consumer.

Indirect taxes bear upon the individual consumer, regardless of his financial standing or his ability to pay, while direct taxes are assessments against the people's property or income, or against a person who holds property, although he may not own it.

But while it is true that taxation is an intricate problem, it has been made more so than is necessary by the enactment of legislation and adoption of rules which are not only in themselves confusing but unjust and inequitable, and while I believe that all persons should pay a tax for the protection our Government bestows upon us, it should be done on a scientific and equitable basis. The heavy burden of taxation should fall upon those who, under the protection of our Government and its free institutions, have made profits and amassed great fortunes and can therefore stand a heavy tax.

I have always believed in a graduated income tax, and I still believe that if a just rule is laid down no better or fairer rule can be adopted, if it is based upon a principle of taxing people's property and income in accordance with their ability to pay. And it ought not to be difficult to adopt a system of taxation which would accomplish that very thing.

I think I realize that there is an inherent desire among the human family to possess property and wealth, and this desire seems to increase in proportion to the property and wealth owned. I think it is safe to assert that rarely, if ever, has a disposition been shown by the wealthy class to pay their proportion of the burden of taxation in accordance with the rule I have suggested. But while it is true that the men who own great property and wealth have always looked with disfavor upon any method which would take from them a portion of their wealth in accordance with their ability to pay the tax for the necessary expenses to conduct the affairs of government, it seems to me that in a crisis like this, when as has been so forcefully and so persistently stated, that our Government is in danger of being invaded by a foreign foe, that in such a deplorable time every loyal citizen, poor or rich, ought to be glad and willing to do his bit, and no man is justified in shirking this responsibility. If he does, he is a slacker, and ought to be dealt with in the same manner as the individual citizen who is asked to give his services, but refuses to heed the call to the colors to defend the flag.

These are not normal times, but a period of war, and the man in possession of wealth has no more right to withhold his profits, or even his wealth, to be used for the protection of this Government, than the individual citizen under the selective-draft law has the right to refuse to serve. In my judgment the men of wealth can not afford to have it said that they are unwilling to pay the cost of the war; and I can not believe that a majority of the men possessing great wealth are so blind to justice, and so unpatriotic, as to refuse to give up at least a large portion, if not all of their profits and income during the war, for the protection of the country and the Government which has dealt so generously with them, and which has in the past, and will in the future, continue to protect them, their property, and their business.

I am going to take the time of the Senate for a few minutes to analyze a portion of the personal income-tax statements for the years 1915 and 1916, taken from the Statistical Abstract of the United States for the two years named.

I want to first call attention to the number of returns in excess of \$3,000 to \$4,000 for these two years. In 1915 there were 82,754 persons making returns of a net income of more than \$3,000 and not over \$4,000. In 1916 there were only 69,045 persons making returns of incomes over \$3,000 and not over \$4,000, showing a decrease of 13,709. Now it might be said that one reason for that decrease is that a number of persons who earned more than \$3,000 and not more than \$4,000 in 1915 were put into the next bracket, which covers incomes from \$4,000 to \$5,000; but such argument could not be substantiated, because I find that in 1915 66,525 persons made returns of a net income between \$4,000 and \$5,000, whereas in 1916 only 58,949 reported and paid an income tax on an amount from \$4,000 to \$5,000. I find that the number of persons who made report and paid a tax on incomes from \$5,000 to \$10,000 for the two years named were 127,448 in 1915, and 120,402 in 1916, showing a falling off of the number of cases reported of 7,046. We go now to the



next step—\$10,000 to \$15,000. I find that in 1915 34,141 persons reported, and in 1916 34,102, a decrease of 39 in the number of persons who reported and paid tax on an income of from \$10,000 to \$15,000.

I want to call attention to the fact that the number of people who have an income of less than \$10,000, even a sufficient minimum income to bring them within the provisions of the income-tax law have been reduced during the two years by more than 22,000. I am also going to show the increase in the number of people who have made larger incomes and who have increased their profits tremendously, and I shall give the exact percentage, figured out from the statistical reports.

Mr. PENROSE. Mr. President, will the Senator permit an inquiry?

Mr. GRONNA. I shall be very glad to do so.

Mr. PENROSE. How does the Senator explain the decrease in the smaller incomes? I would suppose that while the smaller incomes might swell into the higher grade there would be coming up from the ranks additional individuals with smaller incomes, keeping the number equal or even raising it higher.

Mr. GRONNA. The Senator from Pennsylvania has the same opinion about that as I had until I had carefully figured it out. I thought, of course, that the decrease in the number of the people who received small incomes would naturally be added to those receiving higher incomes, but I find instead of doing that that they have been eliminated. The Senator has asked me a very pertinent question and I am glad that he asked it. To me, sir, it is a conclusive proof, which no Senator on this floor will undertake to deny, that the burden of the war already has fallen most heavily upon the poor people or upon people in moderate circumstances. There is not a Senator on this floor who will undertake to deny that. As I listened to the Senator from Ohio [Mr. HARDING]—and I always listen to him with pleasure, for he is a man of very great ability—I could not help but take exception to some of the statements made by him when in his criticism he directed that criticism to only a certain class.

Mr. PENROSE. Mr. President, will the Senator from North Dakota permit another interruption?

The PRESIDING OFFICER (Mr. LODGE in the chair). Does the Senator from North Dakota yield to the Senator from Pennsylvania?

Mr. GRONNA. Yes.

Mr. PENROSE. I do not think the Senator has fully answered the question, from my point of view at least. Certainly wages and incomes have been universally going up.

Mr. GRONNA. Yes.

Mr. PENROSE. Then why should the class of modest incomes go down, as indicated by the number of individuals included in the category?

Mr. GRONNA. I can only give the Senator my own opinion as to that. My reason for it is that the cost of living has increased to the laboring man, and house rent has also increased.

Mr. PENROSE. But that does not diminish the income.

Mr. GRONNA. It certainly does diminish the income to a great many people who are not working on a fixed salary; it necessarily decreases it. I take it there are very few people in the United States who are working for wages and as day laborers who have ever paid any income tax. I take it it is only people who have a fixed salary, who are working either for the Government of the United States, or who are at the head of institutions of learning, and other professional men who have been able to pay such a tax. I will also include people of moderate means in small business institutions as being among the people who have made these reports and who have paid the income tax on small amounts. The net number, however, I repeat, of more than 22,000 have been impoverished so that they did not make reports in the year 1916 such as they made in 1915, because they did not receive incomes up to the amount of the minimum, and they were not compelled under the law to pay an income tax.

The next bracket shows that the number of persons reported as having paid taxes on incomes of \$15,000 to \$20,000—and I find that from now on the number paying on the higher incomes is steadily increasing, showing that the people possessing large wealth have been benefited by the increase in the profits since the war—in 1915 the number reported as having paid taxes on incomes from \$15,000 to \$20,000 was 15,790, while in 1916 the number had increased to 16,475.

The number of persons paying taxes on incomes from \$20,000 to \$25,000 was 8,672 in 1915, and in 1916 it had increased to 9,707.

The number of persons paying taxes on incomes from \$25,000 to \$30,000 in 1915 was only 5,483, while in 1916 the number was 6,196.

The number of persons paying taxes on incomes from \$30,000 to \$40,000 was 6,008 in 1915, but in 1916 the number had increased to 7,005.

The number of persons paying taxes on incomes from \$40,000 to \$50,000 in 1915 was only 3,185, but in 1916 it was 4,100.

The number of persons paying taxes on incomes from \$50,000 to \$75,000 in 1915 was 3,650 and in 1916 was 4,791.

The number of persons paying taxes on incomes from \$75,000 to \$100,000 in 1915 was 1,501 and 2,056 in 1916.

The number of persons paying taxes on incomes from \$100,000 to \$150,000 in 1915 was 1,189 and 1,793 in 1916.

The number of persons paying taxes on incomes from \$150,000 to \$200,000 was 406 in 1915 and 724 in 1916. It will be noted, Mr. President, that in this instance the number of persons reported as having paid the income tax on incomes of the amount stated increased almost 100 per cent.

The number of persons paying taxes on incomes from \$200,000 to \$250,000 in 1915 was 233 and 386 in 1916.

The number of persons paying taxes on incomes from \$250,000 to \$300,000 in 1915 was only 130 and 216 in 1916.

The number of persons paying taxes on incomes from \$300,000 to \$400,000 in 1915 was 147 and 254 in 1916.

The number of persons paying taxes on incomes from \$400,000 to \$500,000 in 1915 was only 69 and 122 in 1916.

The number of persons paying taxes on incomes of \$500,000 and over in 1915 was 174 and 209 in 1916. I find that in 1916 120 persons reported having made incomes of more than \$1,900,000.

Now, I wish to call attention to where these people reside. They do not seem to come from the agricultural sections of the country. I could not help but think of that as the distinguished Senator from Ohio referred to the profitable condition of the business of agriculture and how unjustly the prices on the products of those who are engaged in that industry had been increased; but I fail to find—and I have made all the investigation that it is possible for me to make—that any of the returns on the large incomes were made by men engaged in the farming industry.

Now, let us see where do the men reside who pay taxes on these tremendous incomes. I find that they are located in States where large manufacturing establishments are situated and in the cities where men possessing large fortunes have their domiciles. I find that 4 persons who received an income of \$1,900,000 in 1916 reported from Connecticut; 4 from Delaware; 1 from Georgia; 4 from Illinois; 1 from Maryland; 2 from Massachusetts; 2 from Michigan; 1 from Minnesota—that is as far west as we can go to reach those large incomes—1 from Missouri; 2 from New Jersey; 74 from New York; 6 from Ohio; 1 from Oklahoma; 10 from Pennsylvania; 1 from Rhode Island; and 1 from Vermont. It appears that the plutocratic farmers who are receiving these very large incomes have failed to make their returns; at any rate, the farmer seems not to be specially mentioned or included in the list of those making returns as millionaires.

Mr. CALDER. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from New York?

Mr. GRONNA. I will be very glad to yield to the Senator.

Mr. CALDER. I will say to the Senator that I am advised that most of the gentlemen to whom he refers, at least those coming from the city of New York, are large farmers and much of their profits, or some of them at any rate, are obtained from farming. I know many of them myself. They have farms, and they are making a profit from their farms. I doubt very much, I will say to the Senator from North Dakota, if they make \$2,000,000 a year from their farms, but farming contributes undoubtedly to their profits.

Mr. GRONNA. Mr. President, I am really sorry that the Senator has qualified his statement. I was going to ask him—and I will ask him now—if he can state from his own knowledge whether he knows of any farmer who has made a return showing an income of over a million dollars or five hundred thousand dollars or one hundred thousand dollars?

Mr. CALDER. I will say to the Senator that Mr. John D. Rockefeller is one of the largest farmers in our State, and, I understand, is engaged in successful farming all over the country.

Mr. GRONNA. I thank the Senator very much for that information. It is certainly very enlightening, and I know that the people of the country will appreciate the fact that the farmer John D. Rockefeller has been able even to make farming a profitable business.

Mr. KENYON. Mr. President, is there not a great difference between the agriculturist and the real farmer? The agriculturist



has been defined as one who makes his money in town and spends it on the farm. He does not know very much of real farming. I am glad to know, however, that Mr. Rockefeller is one of our largest and most successful farmers.

Mr. GRONNA. I think the Senator from Iowa has correctly pointed out the difference between the "agriculturist" and the "farmer." I think that the men who always make a profit in the industry of farming are the men who have other business or who have some profession that pays them well, so that whatever they lose on the farm they are able to apply to the farm loss and still make a handsome return. I think the Senator from Iowa is correct in assuming that that is the condition.

I am going to qualify the statement I intended to make, since the Senator from New York has informed me that there is at least one farmer in New York who is making returns upon an income tax, namely, John D. Rockefeller; so I will modify my statement and say that there is 1 farmer among the 74 in the State of New York who is reported as having an income of \$2,000,000 a year and more. They seem to be located in New York City, however. Whether these 74 men are among the laboring class of New York I have not been able to ascertain.

I have received so much information from the Senator from New York regarding the farmers that I will venture to ask him a question. Can the Senator from New York inform the Senate whether, in his opinion, any of the laboring men living in the city of New York have incomes amounting to a million dollars, or \$500,000, or \$50,000, or \$10,000?

Mr. CALDER. Mr. President, if the Senator desires me to answer his inquiry—

Mr. GRONNA. Yes; I should like to have the Senator do so.

Mr. CALDER. Of course the Senator knows as well as I do that no laboring men—if he means men who work with their hands all day and all the year—have incomes of \$50,000 a year. I will say to him, however, that many of the men returning incomes of the magnitude suggested by him were, in the beginning, laboring men. Many of them began their lives upon the farm. I will venture the statement, without knowing positively but fairly accurately, nevertheless, that 75 per cent of the men whose names are returned as earning incomes exceeding \$1,900,000 and residing in the city of New York came from the farm and made their beginning there, and then established themselves beyond the limits of their farms in the great metropolis.

Mr. PENROSE. Mr. President, will the Senator from North Dakota permit an interruption?

Mr. GRONNA. Yes.

Mr. PENROSE. In connection with the statement of the Senator from New York, I want to add a very striking illustration. I say, without any exaggeration, that the greater part of the executive heads of the iron and steel industries in Pennsylvania literally rose from the ranks, from positions where they only earned a dollar and a half or less a day, and rose to the heads of these great concerns, and acquired whatever capital they may possess on account of their remarkable ability as executives and their knowledge of metallurgical processes.

Mr. SMITH of Michigan. Mr. President, the Senator might go a step further and say that practically all the heads of the great transportation systems of the country started away down the line in humble positions.

Mr. PENROSE. I think that is true.

Mr. SMITH of Michigan. I know that the president of the New York Central Railroad was a very humble employee of the railroad company when he first began, as were each of his predecessors. His immediate predecessor, I think, Mr. Newman, began his life as a brakeman on the Chicago, Burlington & Quincy Railroad, where he took all the chances and the hazards of his occupation, and worked for a very small remuneration. I think the statement made by the Senator from Pennsylvania can be made with reference to the transportation companies without any question at all.

Mr. GRONNA. I thank the Senators for the statements they have made. I agree with them that many of these men who are now designated as so-called captains of industry have in early life, in their boyhood days, lived on the farm. We can at least say this for the farm—that while it is not in itself a profitable business, it is a healthy business. It is one where men of brawn and brain can be reared, and that is to the credit of the industry—more so than if the industry itself furnished an opportunity for the people engaged in it to lay up and hoard great fortunes.

To me this report tells a significant as well as a sad story. It must be evident to all who will study this report that during this war a comparatively few men have been the beneficiaries of an increased income, and if we take the report of corporations we find practically the same situation. Can anyone question the sincerity of the common people of this country when

they are praying for an honorable peace with this report and these figures staring us in the face? This report clearly indicates that as this war progressed 13,709 of our people who had an income and paid taxes on an amount between \$3,000 and \$4,000 had their incomes decreased or their living expenses increased so that in a single year their incomes were not subject to taxation at all, and a total number of 28,370 had had their incomes reduced from the year 1915 to 1916 so that they were paying no income taxes in 1916. But you will say that instead of paying taxes on a smaller income they are paying taxes on a larger income. That is true as to a much smaller number than the 28,000 which last year paid a smaller income tax, but the increase has affected only 6,315, so that 22,055 persons of our country have been impoverished or have had their incomes reduced below the minimum subject to taxation during the last year, and it has adversely affected persons of moderate or small incomes. In 1915, 174 persons received an income of over \$500,000 to \$1,000,000, but last year there were 329 whose income had been increased above one-half a million dollars, and there were 120 whose incomes were above \$1,900,000, or in other words there has been an increase of 89 per cent plus of those who receive an income of a million or more in a single year.

The pending bill is one providing for the appropriation of money to carry on the war. Only a few months ago a law went into effect providing that the Government can demand the services of our young men between the ages of 21 and 31 years. That law has been in effect only a few months, and yet hundreds of thousands of our boys have been requested by our Government to comply with this law. They have, of course, done so. They have submitted to law and order. There was nothing else for them to do. There may have been a few instances where people have refused to register for reasons which I do not care to discuss now, but such cases are very rare.

The American boys have shown their patriotism by rallying to the colors. The parents of these young men feel that they have sustained a severe loss. To the mothers of these boys the ordeal has been severe and the loss almost unbearable. Thousands of mothers who only a few months ago were rejoicing because they saw a brilliant future for their sons are to-day in deep sorrow because they are mindful of the fact that death on the field of battle may be their lot. And these same young boys who only a short time ago were the real joy, expectation, and hope of their parents, are to-day the cause of making their hearts heavy, and in many instances broken.

But these young men have been conscripted. They have been asked to sacrifice their blood upon the altar of their country, and the boys have signified their willingness to do so. They have given up their all; they have shown obedience to their Government and to law.

But now, when we raise the question of how the expense for carrying on this war, and the question of providing these boys with means to carry it on, we are not so ready to conscript the wealth, not even the wealth which has been made due to the war. We are not proposing to touch the normal profits of the rich and of corporations. We are merely proposing to take a portion of the profits they are making due to the war. Shall we place our wealth and the profits, which amounts run into the billions of dollars annually—I say, shall we place that wealth above the lives of our young men? It would be no hardship to the rich or to the corporations if we should take all of this war profit. They would still have their normal profit, and their capital would be absolutely intact or unimpaired.

To me it seems unthinkable that any man who calls himself a citizen and a patriot should object to most willingly give up his entire profit; yea, if need be, his entire fortune. But it is evident that that disposition does not exist among these men who have so loudly proclaimed their patriotism, and who so vigorously urged that this war should go on. I do not care to go into detail as to the cost, or the probable cost, of this war. I know that it has already cost us billions of dollars; that it is costing us on the average of \$25,000,000 a day now. I care not so much for that money, but my heart is touched when I think of the thousands of young men whose ambition and hope was for a bright and brilliant future, but who have been compelled by law to surrender everything; to forego the pleasure of a brilliant career such as was outlined by them. They have willingly gone to the front and are going to the front by the hundreds of thousands, expecting that their blood will be shed, that their lives will be sacrificed upon the field of battle, and yet we are quibbling about the rates of taxation upon the fortunes of those who are staying at home. I care not whether the war profits are small or large; we ought not to quibble about whether or not we should take these profits and use them to the best advantage for our soldiers, to make it possible for our Army to be as efficient as it can possibly be made.



I have listened to some of the arguments made upon this floor, and I believe that the disposition shown is not such as ought to exist in this body in a crisis of this kind. We should not let our criticism extend to the point of invidiousness and hatred. We are representing more than a hundred millions of people whose interests are involved; we are the representatives of the several States of this Union, and it is my belief that unless all the people, regardless of their station in life, and regardless of their financial standing, are equitably taken into consideration, we are not performing our full duty. We all realize that we have the rich and we have the poor among us. We all realize that some people have been more efficient, more ambitious than others. We all realize that in many instances some have been more fortunate than others, but now it becomes our solemn duty to do justice to all.

When any Senator on this floor rises in his seat and makes a deliberate charge against any Member of this body who believes he has the right to offer amendments providing for higher rates against wealth, with ulterior motives, he should be asked to substantiate and to prove such charges, and if unable to do so, the rules of the Senate should be invoked and a retraction should be asked. We have no right to misrepresent and to put in a false light any citizen, either inside or outside of the Chamber. I believe it is a good thing that we do not all have the same vision and see things alike. I have no objection to a just criticism, but I deplore the practice of attacking any citizen, in the Chamber or outside of the Chamber, unjustly. Misrepresentation is not criticism, but libel or slander, and no man has either a moral or a legal right to accuse his fellow man of ulterior motives unless he is in a position to prove the charges. Men are entitled to their opinions, and there does exist an honest difference of opinion, and we can not harmonize these differences unless we proceed with dignity and in a spirit of fairness.

Oh, this Senate can not afford to resolve itself into a mob and still maintain its respectability. The membership of this body represents a great constituency of a great country; it represents not only the richest and wealthiest Nation on the face of the globe but I believe the most intelligent and patriotic, and for that reason personally I have tried to bridle the greatest enemy which man has, and that is his own tongue.

I am reminded of the words of the Master in His Sermon on the Mount:

But I say unto you, whosoever is angry with his brother without a cause shall be in danger of the judgment: and whosoever shall say to his brother, Raca, shall be in danger of the council: but whosoever shall say, Thou fool, shall be in danger of hell fire.

And in the words of Solomon:

Put away from thee a froward mouth, and perverse lips put far from thee.

We have been told that if we increase the rates on incomes and on these war profits we may make this war unpopular. Does anyone believe that any war is pleasing to the people who have to wage it? Is it not safe to assume that those who go to war do so as a solemn and patriotic duty? It is my honest belief that the men who go to war for the sake of performing a patriotic duty are the ones who make the best soldiers upon the field of battle. Men who go there for popularity, for self-aggrandizement, are the ones disappointed and discouraged, and the least efficient in the performance of their duties during the war.

In my opinion, the people of a great nation like ours can never sufficiently reward the young men who have so willingly responded to their country's call, and are ready to sacrifice upon the altar of their country their fortunes, their sacred honor, and their lives—I say there is nothing that we can do which will reward them for the sacrifice they are willing to make. I am reminded of the words falling from the immaculate lips of our Savior when He said:

Greater love hath no man than this, that a man lay down his life for his friends.

Most of these men have volunteered to go to the front and fight our battles upon foreign soil. They are all aware, as we are, that in war, and especially in a world conflict such as is now being waged, the responsibilities are grave and the dangers great.

But while we are unable to recompensate these men for their services, patriotism, and devotion to their country, we ought to be willing to relieve the friends of a large majority of these patriotic men from the burden of taxation, both while this war lasts and in time to come.

I do not believe, sir, that these men who so willingly go to the front are doing so for popularity. No man who fully considers the question of war, and who has any realization of life and death, goes on the battle field for popularity or because it is

pleasing to him. The soldier enters upon the field of battle because his soul is filled with patriotism and devotion to his country. His heart is not filled with hatred but with love, and with a firm belief that it is his solemn duty to obey command to serve and protect his country, and the principles for which his country stands.

But while our gallant young men so willingly take up arms in defense of their country, determined to continue the fight until crowned with victory, victory for humanity, they know as we know that no war can be said to end in victory unless it is fought for the principles of justice and equality; for principles which in the future will benefit humanity. No victory is worth the name unless it is won in the interest of liberty and freedom; for the benefit of humanity; for the relief of oppression; and for the establishment of real democracy.

No war can end and be worthy of the name of victory unless it is based upon equality and justice, and everyone must be given the privilege of sharing in the responsibilities.

Now that our young men have been conscripted to fight this war, let us be charitable to the men of wealth. Let us give them an opportunity to show their patriotism; let us give them an opportunity to do what is in their power to do; let them show their patriotism by paying the cost of the war and by accepting the same salary that the private soldier receives. The captains of industry and the profiteers of big business who are given the privilege of carrying on their business and of saving their lives, should not object to be put on the same basis and receive the same pay as our soldiers who stand ready to shed their blood on the field of battle, and if they are imbued with true patriotism they will not object to doing so.

I am afraid that the chairman of the committee, in his criticism of "certain men" in making this war unpopular failed to show his usual keenness of vision. His mind has already changed and higher rates are now proposed. If we are really conscious of the sufferings of a brutal war, we can entertain little hope of making it popular by newspaper articles, speeches, or legislation which provides merely for the appropriation of money for the prosecution of the war.

To say that a soldier goes to war for the pay he receives is a challenge of his patriotism, but what about the man who stays at home and is allowed to enjoy freedom and liberty in safety and peace; is allowed to be with his family, to carry on his business or profession? Why do we not ask him to be content with the same pay and to place himself in the same position as the soldier who is in danger of losing his life every moment of his service? Why is it asking too much of the man who does not have to fight to be satisfied with the soldier's pay and the soldier's ration during the war?

Shall it be said that any of our citizens are guilty, consciously guilty, of the crime of coining the blood of our American boys into dollars? I can not believe, sir, that there is in this country any large number of citizens so brutal and devoid of conscience, either among the middle class or the rich class, who are knowingly willing to perpetrate the unpardonable sin against humanity of making profits at the sacrifice of our best blood. Shall it be said by the future historian that we have among us men so devoid of conscience that they are willing to withhold the profits made during the war, while our heroes are pouring out their life's blood upon the field of battle? I say, is there a man with a vision so obscure and a soul so dead that he knowingly and willfully refuses to do his share and to assume the responsibility which rests upon every citizen of our Republic to do his full duty? In the words of the poet:

If such a man there be, go mark him well,  
For him no minstrel raptures swell.

Is it wise for statesmen to quibble about the percentage of rates to be taxed against wealth and profits made during the war and at the same time ask millions of our young men to sacrifice their all upon the altar of our country? And I ask, shall it be for the benefit of democracy and humanity, or shall conditions be made such that the cost of the war will be an increased burden only upon those who are least able to bear it?

It can not be said that we are taxing wealth to its utmost when we take \$562,000,000, as first reported by the committee, or, as I understand, the new provision now offered will take one billion and some sixty million dollars. It can not be said that we are taxing wealth to its utmost when we know that every year eight to ten billion dollars are being received by a few men.

We are now at war, and every person who considers himself worthy of the name of a citizen of this country should be glad to do his full duty. Every man, woman, and child who loves this country and its free institutions and the privileges enjoyed must sympathize with those who so willingly have offered their services for our benefit in the interest of democracy and hu-



manity. The least we can do is to contribute from our wealth in proportion with our ability to do so, in order that these men shall be amply provided with food and clothing, with everything necessary to carry on the war.

The question of taxation against borrowing for financing the war is one which will not be settled by the mere passage of this bill, and unless the rates on both incomes and profits are materially increased it will furnish a subject for discussion and will be made an issue in the political campaigns in the future until the question is more equitably settled. The fight will be carried on until social justice shall have been established.

Every dollar of the cost of the war must be paid in cash, and every dollar must come from citizens of our own country. In other words, we borrow from ourselves and burden our people with an enormous interest-bearing debt at a time when the country is able, and I believe willing, to meet these expenses on a cash basis.

To argue that future generations should help pay for this war does not change the issue. The facts are that the practice of borrowing when we are able to pay cash is a practice fundamentally wrong both in principle and morals and is economically unsound; this rule is sound and would apply to financing the Government as well as individuals and corporations. Looking at this question from a purely financial standpoint, it can not be said to be a sound proposition if based upon the science of raising and expending the public revenue to raise more than 50 per cent of the money we expend from the sale of bonds. And we should not borrow for a longer time than 10 years.

If this war shall last two years it will cost us not less than \$40,000,000,000, and if we borrow twenty billions, drawing a rate of interest of 4 per cent, and subject to taxation, we shall have an annual interest charge of \$800,000,000. I do not believe that any disinterested person who is skilled in finance and understands sound economics would differ with me from the conclusion I have just stated.

We are advised that the Treasury estimates to Congress for the fiscal year of 1918 will be \$21,000,000,000, and according to a statement made by Mr. KIRCHIN, the majority leader of the House, nineteen billions will be needed for the expenses up to June 30, 1918, and the \$2,000,000,000 extra will be used as an emergency fund.

The twenty-one billions would be raised as follows: Bonds for the allied loans, seven billions; pending revenue bill, three billions; war certificates, four billions; bonds for domestic purposes already authorized, two billions; proposed new bonds, two billions; war-savings certificates, two billions; and regular revenue, one billion three hundred millions.

With this tremendous bond issue staring us in the face, we can not justify our position if we raise less than two-thirds of the amount provided for in the pending bill from war profits.

In fact, we ought to raise all of it in the pending bill and not make it a consumption tax, taxed upon those who can not afford to pay it.

It is evident, therefore, that the rates on the larger incomes and the rates on the war profits must be materially increased. It is a mistake, both from an economical and fundamental standpoint, for the Government to issue bonds exempt from taxation. It must be apparent to everyone that the men of wealth can take their incomes and profits, and especially the profits made during the war, and invest them in these noninterest-bearing bonds, and thereby forever escape taxation.

I do not think we want to do that. I do not think it is safe for a nation, any more than an individual or a corporation, when his resources are ample, when he is able to pay cash, to mortgage the future or to mortgage his resources and burden his business with enormous interest-bearing debts. That is exactly what will be done if we raise these large amounts by the sale of bonds.

I was very glad to hear the Senator from Utah [Mr. SMOOT] say the other day that the leaders of this body—he did not use that word, but I assume that he meant the leaders of this body—are now having in mind the importance of issuing these bonds as tax-bearing instruments. Shall it be said that we are willing to allow men who make these billions to invest them in nontaxable bonds, to be exempt forever from taxation? Yet the Senator from Ohio [Mr. HARDING] this morning was dwelling upon the fact that we are burdening the wealth too heavily in this bill. These men would not pay any taxes upon their swollen fortunes. Their profits would be invested in bonds and they will be exempt from all kinds of taxation. But where does the burden fall, I ask Senators? Upon men with modest means, and upon the poor men, and no business institution, no man who is known as a financier will dare tell you that it will be a sound proposition to finance this war upon the issue of bonds and then permit the men who are making their profits during the war to invest them

in securities which never could be taxed. I think it must be very easy to understand that. It is to me.

If you will pardon me for digressing just a moment, the Senator from Ohio alluded to the fact that we have in this country soap-box orators. That is true, but what does it illustrate? If the Senator from Ohio had taken a second sober thought he would have realized that there would be no soap-box oratory unless there were conditions unsatisfactory to some of the people of the country. I shall welcome the time when there will be no necessity for soap-box orators, when we may all be able to hold our meetings in gilded halls such as the Senator from Ohio and I would occupy. But such are not the conditions to-day, and the argument of the Senator from Ohio proves to be a fallacy. He sets up a man of straw when he criticizes men in poor circumstances because they are compelled to speak from soap boxes in the streets of our cities.

Those who have been my neighbors for years know that I believe in the competitive system. I have never been known as a radical or as a disorganizer, if you will pardon me for alluding to myself. I have always believed in law and order. But the man who can not see that this war is a tremendous burden which is being fastened upon the public and upon the masses and will bear most heavily upon them is a man whose vision is too dull to occupy a place in this body. Eight hundred million dollars in interest alone! We used to think that that was a pretty respectable appropriation for a whole year when I first entered the other body, some 14 years ago. If the Government of the United States appropriated \$800,000,000 a year, we were afraid to go back to our constituents and face them and say that we had appropriated \$800,000,000 for one fiscal year. We used to think a billion-dollar Congress was a monstrosity.

Where is this money to come from? Where are the \$40,000,000,000 we are going to expend in two years to come from? Are you going to go to the allies and borrow it? Have you any hope of getting anything from Germany? Will not the people of the United States be compelled to furnish this money? If the money is here, why burden the poor people not only during this generation but for generations to come? Why burden the poor people with an interest-bearing debt of a billion dollars a year? Yet you call that sound economics, sound financiering; and because, forsooth, some Member of this body shall see fit to criticize this provision of the bill and call attention to the fact that the rate of taxation on the swollen fortunes is too low those Members must be designated and characterized as disloyal. When you insert provisions which at least some of us believe will be saddled upon the backs of the toiling millions, we are performing a patriotic duty when we call attention to it, are we not?

I hope that I may not be understood as having any motive whatever in saying that we should take from the people of this country who can afford to pay these taxes and make them pay the cost of the war. I hope in the criticism which I expect to be made that at least it will not be characterized as disloyalty to my Government or as unpatriotic for calling the Senate's attention to this. I have said that I believe every citizen ought to pay a tax, but I believe that taxation should be based upon justice and equality. I believe that it should be in proportion to a man's ability to pay.

In my judgment, we can not go before the American people and justify our position on this question unless we change this bill, unless we increase the rates to be charged on incomes and profits, thereby raising a larger amount of cash and reducing the amount to be raised from the sale of bonds. I for one do not believe that the American people will approve our action. It can not be said that we are fighting a war for democracy and for humanity if we lay the burden of taxation upon future generations, upon the poor as well as the rich, so long as there is sufficient wealth in the land to pay that cost at this time.

It may be that I misunderstand the meaning of the word democracy, but I have always been taught to believe that it is government by the people; that it is a form of government in which the supreme power is retained and directly or indirectly exercised by the people, or that it is government by popular representation. But regardless of whether it is a government directly represented by the people or by representatives of the people or by delegated authority the sovereign power still rests with the people, and unless laws are made in accordance with the wishes of the people, which make it possible for all the people to share in the blessings as well as the burdens of government, it can not be said to be in the interest of true democracy.

Why should we burden future generations by the sale of bonds, leaving the debt for them to pay, and not pay it out of the war income or the war profits, because when this war is over this



surtax will no longer apply to war profits. I am sure that it will not be applied to those with large fortunes and wealth, and this is the only time to impose a heavy tax upon war profits, if we intend to do even-handed justice to all the people.

I find in a book written by Prof. King, of the University of Wisconsin, that 65 per cent of the poorest people of the population of Wisconsin, in the year 1900, owned 5.2 per cent of the wealth and of the lower middle class 65 per cent to 80 per cent of the people of Wisconsin owned 4.8 per cent of the wealth of that State. Of the upper middle class 80 to 98 per cent of the people of Wisconsin owned, in the year 1900, 33 per cent of the wealth of that State, and that the richest, or 2 per cent of the people of Wisconsin, owned 57 per cent of the wealth of that State. That is in the State of Wisconsin. I have read a statement issued by a number of college and university professors who claim that on an average, taking the whole country, 2 per cent of the people of the United States own 65 per cent of the wealth, and that 98 per cent of the people own only 35 per cent of the wealth.

I should like to hear from some genius who can defend the proposition of issuing long-time bonds to be paid back by future generations, not by you and me, but by our children and our children's children. If I wanted to take the time of the Senate, I could prove that bonds were bought in 1870 and 1871 by people of this country from the French Government and that never up to this hour have those bonds been paid. The people of France from year to year are being burdened by these perpetual bonds. The people of France have had all they could do to pay the interest. You are going to fasten the same burdens on the American people, and yet you are fighting a war for democracy and for humanity.

I ask that the table in Prof. King's book may be inserted as an appendix to my remarks. I do not care to go into details. The figures are very interesting, and I am sure they will be beneficial to all Senators here, if they will take the time to study them.

The PRESIDING OFFICER (Mr. FRELINGHUYSEN in the chair). Without objection, permission will be granted.

Mr. GRONNA. Mr. President, is it any wonder then, that we hear murmurings and protests coming from a large majority of the citizenship of this country, asking for information regarding this war; asking to know how it is possible to establish an honorable peace? They know, sir, that they are the ones who have to pay the cost of this war, unless we at this time make the few individual citizens who are making such huge profits pay heavily, those citizens who are now making tremendous fortunes in the industrial field, who are now making profits which in the future will be a menace to the rank and file, profits which will enable a very few people to control the industries and the industrial field of this entire country. I ask, is it treason for these people, knowing as they do that millions of heroic lives, the best blood of this Nation, will be sacrificed, to feel that they have a right to ask upon what terms it is possible to establish an honorable peace and at as early a time as possible?

But when a Senator utters a statement like this, I think I know what runs through the minds of some men if it does not penetrate their hearts. In defiance of that, however, and in disregard not of criticism—for I welcome criticism—but of utter disregard of the possibility of slanderous and libelous attacks, which may be directed against those who conscientiously believe that we have a right to discuss these questions. I hope no man will so forget himself in the future that he will characterize the men who want to see an honorable peace established—not a peace at any price; no, but an honorable peace—either as disloyal or pro-German.

No citizen of this country who has any realization of the fundamentals of government, and who knows what loyalty means, and what patriotism means, would ask that this Government shall lay down its arms upon any other condition than the establishment of an honorable peace in the interest of justice, of humanity, and for the benefit of future generations as well as our own.

I have but little patience with those who are always willing to offer lip service as their share of the burden incident to war, for the perpetuation of the liberty and freedom of the people of this Government. And when I hear the expression that there is the fear that we are making this war unpopular by imposing just and equitable taxes upon those who can well afford to pay them, I am more inclined to offer commiseration than criticism and condemnation.

Mr. KENYON. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Iowa?

Mr. GRONNA. Yes; I gladly yield.

Mr. KENYON. Does the Senator from North Dakota think it would tend to make the war popular to have a revenue bill levying taxes on coffee and tea and sugar and parcel-post packages and articles of that character, while permitting these tremendous war profits to go without bearing a very large portion of taxation?

Mr. GRONNA. I thank the Senator for calling my attention to that. I do not believe the course he suggests would be popular, and it is for that purpose that I have said these few words on the floor of the Senate. I know that the purpose of men who have been cooperating with me was to eliminate consumption taxes, the tax upon the energy and the efforts of the man of moderate means and especially the poor man. It is for that we are fighting. I believe I may say to the Senator from Iowa that I know it is his purpose to see that those things are eliminated.

Mr. KENYON. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Dakota yield further to the Senator from Iowa?

Mr. GRONNA. I yield.

Mr. KENYON. Does the Senator think that the men who are fighting to take the taxes off consumption in this bill can be justly charged with trying by so doing to make the war unpopular, as they have been charged on this floor?

Mr. GRONNA. No; I want to answer the Senator most emphatically no, and while I do not say there is any way of making the war popular, the elimination of those taxes would make the war what might be called at least bearable, for it is absolutely unbearable, I will say to the Senator from Iowa, to saddle these enormous additional taxes upon the necessities that everybody uses, the poor as well as the rich.

We need not deceive ourselves with the idea that the people are ignorant as to the facts. Because a man is not a member of this body is no reason he can not think. The people do think; they are going to keep on thinking until the next election; and then they will still continue to think and to act.

So that I may not be misunderstood, I would not if I could take away from anybody, from any person, firm, or corporation during this war the opportunity of making profits. I want them to continue to make profits; but I also believe that it is our duty to take these profits, or at least a large portion of them, and use them for the benefit of the Government to pay its expenses during the war.

I do not wish to set up a false standard denying the American business man, the professional man, or the producer the opportunity of making profits during the war. But in order to make that standard perfect we must also bear in mind that the scale of wages must be increased; that the man who depends on labor for his living should have his pay increased; and I know of no other method that can be based upon sound economic principles during the period of war than to let high prices prevail, let large profits be made, but keep in mind the tolling millions who have been unable to lay up anything for a rainy day. Their pay must be increased also; their families must be clothed and fed and their opportunities should not be lessened by the increased cost of living, and their day's labor should buy as much food and clothing to-day as it would in times of peace.

We are a great Nation, and for more than a century and a quarter we have enjoyed the blessings and liberty provided for in the Constitution. Every citizen of our land, whether a natural-born citizen or of foreign birth, has sworn allegiance to this sacred document, which is still recognized as the fundamental law of our land, as it was intended to be when established and consecrated by the fathers. It is for the protection of these cherished principles, for the perpetuation of liberty and freedom, for equality and justice, and for the rights of humanity that we stand ready to sacrifice so costly a treasure in blood and money.

Mr. President, I realize, of course, that anything I have said may not change the result when a vote is taken upon this important question, but I feel that I owe it to the people whom I in part represent that I should state my views and give my reasons for casting my votes as I shall upon the different provisions of this bill.

I think I realize as everybody now must realize that we are dealing with questions of great importance. I think we all realize that before this war shall end our sacrifices of men and money will be tremendously large. I hope that it will not be said that we are in this war because we love to fight. I trust that I may be justified in saying that we are in this war for no other purpose than the welfare of humanity, for liberty and freedom, and for the establishment of an honorable and lasting peace.

## APPENDIX.

The money value of property of different fractions of the population in various countries.

Class of population, country, and data.	Percentage of total wealth owned by class.	Average value of estate.	Money value of estate compared to Wisconsin, 1900, as a base.
Poorest, 65 per cent of the population:			
Prussia, 1908.....	4.9	\$153	240
France, 1909.....	4.3	186	49
United Kingdom, 1909.....	1.7	133	35
Wisconsin, 1900.....	5.2	381	100
Lower middle class, 65 to 80 per cent:			
Prussia, 1908.....	5.5	743	49
France, 1909.....	5.6	1,052	69
United Kingdom, 1909.....	2.9	979	64
Wisconsin, 1900.....	4.8	1,524	100
Upper middle class, 80 per cent to 98 per cent:			
Prussia, 1908.....	30.6	3,445	39
France, 1909.....	29.4	4,602	53
United Kingdom, 1909.....	23.7	6,670	76
Wisconsin, 1900.....	33.0	8,739	100
Richest, 2 per cent:			
Prussia, 1908.....	59.0	59,779	44
France, 1909.....	60.7	85,500	63
United Kingdom, 1909.....	71.7	181,640	134
Wisconsin, 1900.....	57.0	135,715	100
All classes:			
Prussia, 1908.....	100.0	2,025	42
France, 1909.....	100.0	2,817	59
United Kingdom, 1909.....	100.0	5,067	106
Wisconsin, 1900.....	100.0	4,762	100

The PRESIDING OFFICER. The question is on the amendment of the Senator from Alabama [Mr. BANKHEAD] to the amendment reported by the committee.

Mr. HOLLIS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Bankhead	Hale	McKellar	Shields
Borah	Harding	Martin	Simmons
Brady	Hitchcock	New	Smith, Md.
Calder	Hollis	Norris	Smith, S. C.
Chamberlain	Husting	Overman	Smoot
Curtis	James	Page	Sterling
Dillingham	Johnson, Cal.	Penrose	Stone
Fall	Johnson, S. Dak.	Phelan	Sutherland
Fernald	Jones, N. Mex.	Poinexter	Swanson
Fletcher	Jones, Wash.	Ransdell	Thompson
France	Kellogg	Saulsbury	Wadsworth
Frelinghuysen	Kenyon	Shafer	Weeks
Gronna	Knox	Sheppard	

Mr. THOMPSON. I desire to announce the necessary absence of the senior Senator from Arizona [Mr. ASHURST] on official business.

The PRESIDING OFFICER. Fifty-one Senators having answered to their names, there is a quorum present. The question is on the amendment of the Senator from Alabama to the amendment reported by the committee.

Mr. JOHNSON of California. Mr. President, I rise to a parliamentary inquiry. I understand that the question about to be put by the Chair is on the amendment of the Senator from Alabama to the amendment reported by the committee?

The PRESIDING OFFICER. That is correct.

Mr. JOHNSON of California. I offer as a substitute for the amendment of the Senator from Alabama and for the suggested committee amendment the amendment which I send to the desk.

The PRESIDING OFFICER. The Secretary will state the amendment to the amendment.

The SECRETARY. It is proposed to strike out all of section 201, down to and including line 22, on page 13 of the committee amendment to Title II, and to insert the following:

SEC. 201. That in addition to the taxes under existing law and other taxes under this act there shall be levied, assessed, collected, and paid for each taxable year upon the income of every corporation, partnership, or individual a tax, hereinafter in this title referred to as the tax, equal to 73 per cent of the war profits, determined as hereinafter provided.

Mr. JONES of Washington. Mr. President, I desire to suggest to the Senator from California that his amendment is not a substitute for the amendment of the Senator from Alabama, but is simply an amendment offered to a part of the committee amendment which the Senator from Alabama moves to strike out; in other words, it is an amendment to perfect a part of the proposition which the Senator from Alabama moves to strike out. As I understand, the Senator from California simply proposes to strike out that part of section 201 from the first of the section down to line 23, on page 13, and offers in place of that what has been read.

Mr. JOHNSON of California. Mr. President, the Senator from Washington is quite correct, and doubtless in suggesting this as a substitute I indulged in a misnomer. It is, indeed, an amendment to what has been proposed by the Senator from Alabama and an amendment to but a part of it relating to section 201. In that aspect I think that the amendment is in order.

Mr. HOLLIS. Mr. President, the amendment offered by the Senator from California is in terms and, I think, in fact an amendment to the amendment which has been offered by the majority of the committee. Now, there are pending before the Senate at the present time a committee amendment, which is a motion to substitute for Title II of the House bill, and also a substitute offered by the Senator from Alabama. We have those two sections pending before the Senate at the same time, and either the original committee amendment or the Bankhead substitute must be open to amendment. Therefore, clearly the amendment offered by the Senator from California is in order.

The PRESIDING OFFICER. The Chair rules that the amendment offered by the Senator from California is in order. The question is on the adoption of that amendment to the amendment.

Mr. SMOOT. Do I understand the Senator from California now desires to speak to his amendment to the committee amendment?

Mr. JOHNSON of California. Not at present. I desire to make some observations on it later.

Mr. SIMMONS. We are about to vote on it.

Mr. BORAH. Mr. President, before we vote upon this amendment, I send to the desk and ask the Secretary to read a dispatch from Paris with reference to the war-profits tax which has just been fixed in France.

The PRESIDING OFFICER. Without objection, the Secretary will read as requested.

The Secretary read as follows:

EIGHTY PER CENT TAX ON WAR PROFITS IN FRANCE—FINANCE MINISTER ANNOUNCES PLAN THAT IS TO BE ADOPTED.

PARIS, August 30.

France proposes to put the cost of the war on those best able to bear it by taxing war profits up to 80 per cent.

Minister of Finance Thierry made this announcement to-day in an interview with the United Press explaining France's scheme of financing the war. He added a special plea that Americans aid France by purchasing their luxuries from French factories—these industries yielding a large part of France's taxes:

"We in France are following very closely the financial debates in America," declared M. Thierry. "We appreciate the difficulties and the new problems before America, especially the problems of taxation for war purposes."

"Effective legislation regarding the latter has been difficult, particularly in France, where there was no income tax before the war. This lack has made it necessary for us to establish the fixed revenue in before-the-war periods in order to tax the excess."

## FRANCE'S WAR PROFIT.

"The war profits in France during the first year of the war have been estimated at \$550,000,000. The second year was about the same. But collections have been slow, owing to the difficulty in establishing the taxable sums."

"To date only about \$400,000,000 has been collected."

"Our law of July, 1916, taxed war profits under \$500,000 50 per cent."

"We are now introducing a law taxing those profit-makers' revenues of more than a million dollars a maximum of 80 per cent, according to a sliding scale."

"The French nation is well able to bear the larger share of war expenses. To date she has contributed \$13,000,000,000. But this is hardly a fifth of the total war cost. New taxes will add a billion of state revenues to this."

## SYSTEM FLEXIBLE.

"It is naturally difficult for France to subject large properties and industries to any general tax because many industries are now no longer in operation. The invasion by the Germans seized many of our plants. But the French fiscal system is most democratic and most flexible."

"We feel confident our new legislation will have the desired results, namely, in throwing the main burden of taxation on our richer classes."

"Of the various French war loans, the most successful has been our 5 per cent short-term national-defense bonds. They continue to be an increasing source of revenue and are now averaging a return of over a billion dollars in new money."

"This is the best proof of the public confidence in the financial strength of the country."

## TO CONSOLIDATE STRENGTH.

"Our aim now is to consolidate this strength and safeguard our financial prestige to enable France to fulfill all her obligations to the allies."

"If we accomplish this, it is essential that France continue her economic effort for a long period after the war."

Mr. SMOOT. Mr. President, in reply to the newspaper article just read at the request of the Senator from Idaho [Mr. BORAH] I want to call the attention of the Senate to the fact that France only imposes a 10 per cent maximum rate upon incomes. Under the pending bill the Senate has already agreed to a maximum tax rate upon incomes of 60 per cent, and, taking into consideration the income tax imposed by the pending bill and the rates that are proposed by the committee as excess profits, the taxation upon the great volume of business in the United States will be about 80 per cent.



Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Idaho?

Mr. SMOOT. Yes.

Mr. BORAH. I call the Senator's attention to the fact that this 80 per cent tax is laid upon the war profits of France after two years of exceedingly heavy taxation preceding this levy. The United States for the last three years has enjoyed the exceptional advantage of having a tremendous business without any outlay, comparatively speaking, for the war. In other words, the war profits which have been accumulated for the last two years have not been taxed at all. France, notwithstanding the heavy taxation which has gone on for the last three years, and notwithstanding the fact that her industries have been depleted in man power by calling her citizens to the battle line, is now placing an 80 per cent tax upon war profits, and is doing so after her experience and her observation as to the effect of the heavy taxation which has heretofore preceded it.

I call the Senator's attention to the further fact that there is now an 80 per cent tax upon war profits in England after a 40 per cent tax in 1915 and a 60 per cent tax in 1916; that there is now being placed upon the war profits in England a tax of 80 per cent; and if the London "Statist" be correct, the industries of England have never indicated a greater productive efficiency at any time in their history than they are indicating now.

Mr. SMOOT. Mr. President, in answer to what the Senator has said, I want to call attention to the fact that France, in taxing her so-called war profits or excess profits—they are really excess profits—imposed a graduated tax from 5 per cent as a minimum to 35 per cent as a maximum, and at no time did she ever impose more than 10 per cent on income tax. Last year France concluded to raise more revenue through taxation, as the amount she was raising in taxes from all sources was not much more than 14 per cent of her expenditures; so she decided to raise the tax upon excess profits to 50 per cent, and that is the law to-day in France—50 per cent on excess profits and a maximum of 10 per cent on incomes; and France has been at war for over three years.

What is proposed now? The amendment of the Senator from California [Mr. JOHNSON] proposes that we add a further burden upon business to the amount of 73 per cent of all profits over and above 10 per cent; and besides this 73 per cent the bill provides for a 6 per cent flat normal tax, making 79 per cent; and the present law imposes a tax of 50 cents upon every thousand dollars of capital stock of a concern, which means that we are to impose upon the business interests of this country a flat tax of 80 per cent on all profits over and above 10 per cent.

Mr. JOHNSON of California. Mr. President, may I make a suggestion to the Senator from Utah, with his consent?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from California?

Mr. SMOOT. Certainly.

Mr. JOHNSON of California. My design is to return ultimately to the very well-considered plan of the Finance Committee for the computation of war profits, the plan that the committee adopted after two months of serious and very earnest and industrious effort—not to the plan that it adopted overnight very recently.

Mr. SMOOT. Well, Mr. President, I am speaking to the Senator's amendment as it was offered.

Mr. JOHNSON of California. That is the first one.

Mr. SMOOT. No Senator knows whether the Senate will return to the original plan of exemption of the committee or not. In fact, I think I can say right now that there are not enough votes in the Senate to adopt that plan.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Idaho?

Mr. SMOOT. I do.

Mr. BORAH. May I suggest that if there are enough votes to adopt this amendment there will be enough votes to return to that plan.

Mr. SMOOT. I doubt it very much. I know that the sentiment of the country and the sentiment of the Senate as it exists to-day is not going to allow great fortunes that are being made, and were made before the war, to go untaxed. I do not believe the people of this country are going to approve of nearly all the railroads of the country being exempted from paying a cent of excess-profits tax. I do not believe the people of this country are ready to say to Mr. Henry Ford, "Notwithstanding the fact that you made \$54,000,000 in the year 1916 you shall be exempt from paying one cent of excess-profits or war taxes."

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah further yield to the Senator from Idaho?

Mr. SMOOT. I do.

Mr. BORAH. May I ask the Senator, in all sincerity, why it was that the committee did not discover that after eight weeks of investigation?

Mr. SMOOT. Mr. President, I can say, as far as I am personally concerned as a member of the committee, that I discovered it long before the bill was reported to the Senate.

Mr. BORAH. This is the most remarkable debate, I think, that I have ever known. When the committee report came out in the first instance any man who disagreed with it was supposed to be a friend of the Kaiser and attempting to make the war unpopular. They have since gone back into the committee room and have indorsed a principle which was at war with every principle which was contained in their original report.

Mr. SMOOT. Mr. President, the Senator unfortunately does not know the history of the actions taken by the committee, and I am constrained to tell him now what they were.

When the majority of the committee adopted the prewar period, and when they decided that they would tax war profits only, it was understood by all the country, based upon a public statement made by the Secretary of the Treasury, that it was necessary that \$3,600,000,000 be raised for the fiscal year 1918 over and above the revenues to be raised under existing law, and the Secretary of the Treasury recommended not only to the committee of the House but to the committee of the Senate that one-half of that amount be raised by bonds and one-half by taxation. So, after considering this recommendation by the Secretary of the Treasury, it was decided that if the amount named was all that was to be raised, and if that would pay the expenses of government for the fiscal year 1918, it would be the part of wisdom to raise the greater part of it from incomes and war profits. But after the bill had been reported to the Senate, Mr. President, and after it had been returned to the committee ostensibly because of an amendment that I offered that would have ultimately secured prohibition in the United States, there came to the Committee on Appropriations further estimates for appropriations of which I was well aware; and Senators will remember that I stood upon the floor of the Senate and called the attention of the country to the fact that there was no question in my mind but that the appropriations that would be requested for the fiscal year 1918 would amount to \$17,000,000,000. I received telegrams from all over the United States asking me if I was not mistaken in that estimate. I received letters from business men all over the country expressing surprise that I should make such a statement—a statement that was contrary to all of the estimates made by the department—and wanting to know upon what theory I made it, and what basis I had for making it.

Mr. President, as a member of the Committee on Appropriations, I knew what had already been appropriated, I knew of the estimates that had been sent to that committee for deficiency appropriations, I knew what the appropriations that had been made were to cover, and I felt sure that the appropriations would amount close to the seventeen billions I have stated.

Mr. PENROSE. Mr. President, will the Senator permit me to interrupt him at this point?

Mr. SMOOT. Certainly.

Mr. PENROSE. I desire to call the attention of the Senate to the fact that all the proceedings leading up to the framing of this revenue bill have been seriously embarrassed by the failure to get a definite and final estimate as to the prospective expenditures. On July 8, as I recall the date, the Secretary of the Treasury appeared before the Finance Committee and gave us what was said to be his final estimate; and hardly had we completed the consideration of the bill when he came in and wanted over \$5,000,000,000 more.

Mr. SMOOT. The Senator remembers that the chairman of the committee wrote a letter to the Secretary of the Treasury asking him to send to the committee his estimates as to what the receipts of the Government would be for the fiscal year 1918, and the expenditures for that same year; and the estimate was furnished the committee, as the Senator well knows, showing that the amount to be raised would be sufficient if the original estimate of the Secretary of the Treasury was provided for.

Mr. PENROSE. Mr. President, if the Senator will permit me further—because I think this is a very good opportunity to call attention to the matter—the Secretary came along afterwards, after the committee had been toiling arduously for over two months, and several weeks after this so-called final estimate, with a further requisition of some five billion five hundred million, more or less, more.

Now, it may be said that the Secretary of the Treasury is only the channel through which these estimates must be presented to the Congress. That may be true; but if he is not subject to grave criticism, certainly the administration is sub-



ject to the gravest kind of criticism for not letting the Finance Committee know earlier what the final amount of the estimate would be. In this last estimate of the Secretary of the Treasury, two billion five hundred million was for field artillery, and it is absurd to say that the War Department did not know until nearly August that battles must be fought in Europe with field artillery, and that \$2,500,000,000 would be needed for that purpose.

If the Senator will just permit me one more word, I think that what the business world in the United States demands—and the demand is getting more overwhelming and insistent every day—is that we should know what is the final estimate of the cost of this war, at least for the coming fiscal year.

Mr. BANKHEAD, Mr. JONES of New Mexico, and Mr. BORAH addressed the Chair.

The PRESIDING OFFICER (Mr. SHAFROTH in the chair). Does the Senator from Utah yield; and if so, to whom?

Mr. SMOOT. I yield to the Senator from Alabama.

Mr. BANKHEAD. I want to ask the Senator from Utah, before he proceeds with the figures he intends to present to the Senate, if he would not be willing to define what the committee called war profits, what amount they expect to raise from war profits, what the committee regard as normal or ordinary business profits, and how much they expect to raise from that source. I think that would be very interesting, and it would perhaps enable some of us to comprehend more fully the figures that the Senator intends to present.

Mr. JONES of New Mexico and Mr. BORAH addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from New Mexico?

Mr. SMOOT. I will ask the Senator from Idaho to wait just a moment until I answer the Senator from Alabama, because I think the question he asks is a very pertinent one.

Mr. BANKHEAD. I thought so.

Mr. JONES of New Mexico. If the Senator will yield to me before he answers the Senator from Alabama, I should like to say just a word or two in regard to the remarks which have just been made by the Senator from Pennsylvania.

We all agree that if we could have these estimates brought up to date it would be a good thing; but I am afraid the remarks just made by the Senator from Pennsylvania may be misconstrued. I feel quite confident that the War Department has been exerting itself in every reasonable way to get its estimates up to date, but the situation has changed from time to time. It has been necessary to ascertain in detail what our allies are doing toward the prosecution of the war and to formulate plans for this Government with reference to the plans which our allies have adopted. I do not believe the administration or the War Department or the Navy Department are really subject to the criticisms which the Senator from Pennsylvania has just made. I think if the work of those departments were understood the country would feel satisfied that they have been just as expeditious in these matters as reasonable and diligent effort could bring about. I do not believe they are subject to these criticisms; and while, of course, I am not going to suggest that the remarks of the Senator from Pennsylvania ought not to have been made, yet I do not believe they can serve any good purpose. I think the country understands that these departments are exerting themselves in every possible way to forward preparation along every line, and from the evidence which was presented to the committee I certainly was impressed with the fact that they had been doing this as expeditiously as could have been expected.

Mr. PENROSE. Mr. President, if the Senator from Utah will allow me just one word further I shall be through.

Mr. SMOOT. Certainly.

Mr. PENROSE. Does the Senator mean to say that the Finance Committee were not entitled to the information that \$2,500,000,000, more or less, would be required for field artillery until they had completed the consideration of this bill, and that the War Department did not wake up to the fact that battles must be fought with field artillery until close on to August?

Mr. JONES of New Mexico. The Senator, of course, would have appreciated, as other members of the committee would have done, information regarding those matters; but the evidence which was presented to the committee, as I recall it, disclosed the fact that investigations along different and extensive lines had to be made and were being made; that they had to ascertain just the share of the work and the burdens that were going to be placed upon this Government in the prosecution of the war in France.

While I agree with the Senator that it would have been a very satisfactory thing and a very convenient thing for us to have had these various estimates sooner, yet I do not believe there is any evidence here—certainly there was none before the committee of which I have any knowledge—that there has been any undue delay in any department. They had been careful in making their estimates. They were extensive. They comprised vast undertakings. We have only been in this war a comparatively short time, and when it comes to making out specific estimates such as were made out and as the facts were presented to the committee, instead of being astonished at the delay, I am astonished that they were able to furnish the detailed information which they did furnish within the time they did.

Mr. SMOOT. Mr. President, I am not going to get into any controversy with the Senator as to whether the Secretary of the Treasury was lax in his duties or not; but I will say to the Senator that, as a member of the committee, he knows that when the estimate of the Secretary was received by the committee, at the request of the chairman of the committee, showing the receipts and the disbursements for the fiscal year 1918, I made the statement then and there that the estimate was not correct; that I was positive that there would be at least \$3,500,000,000 additional asked for, and so told the committee at the time.

Mr. JONES of New Mexico. The Senator is quite correct, and the committee generally anticipated more than had been officially estimated for.

Mr. SMOOT. But the members of the committee did not believe that I was correct in my estimate. In answer to the question asked me by the senior Senator from Alabama [Mr. BANKHEAD] the war profits that could be considered such were provided for in the bill as it was reported from the committee on August 6, 1917; in other words, the committee has not changed the rate of taxation, nor has it changed its system of taxation, with the exception of adding a minimum and maximum rate of exemption. The war profits under the original committee amendment, and they were all war profits, so called, amounted to \$562,000,000; but under the substitute of the committee of Title II the additional tax to be collected will amount to \$1,060,000,000.

Mr. SMITH of South Carolina. That is from the war profits?

Mr. SMOOT. That is from the war profits and excess profits. The war profits, as I stated, would amount to \$562,000,000. Therefore, the taxes imposed upon excess profits by the committee substitute would be the difference between the \$1,060,000,000 and the \$562,000,000, or, in other words, \$498,000,000—in round numbers half a billion dollars.

That, I think, answers the Senator's question.

Mr. BANKHEAD. Mr. President, I am not quite satisfied that that does furnish me the information that I am sure the Senator will be able to give. What I should like to know is this: When we are talking about war profits or excess profits—and we do not seem to have anything else in mind—I ask the Senator to define and to explain to the Senate what the committee call war profits or on what basis they estimated the revenue to be collected from what they call war profits.

Mr. SMOOT. I will say to the Senator that the amount was \$562,000,000.

Mr. BANKHEAD. I know that is the amount; but what I want the Senator to tell is, what are war profits and who pays the war profit, and who pays the normal profit that you do not regard as war profit?

Mr. SMOOT. Mr. President, under the bill war profits are these: The average earnings of any company in the United States for the years 1911, 1912, and 1913, designated "pre-war period," are under the provisions of the bill the normal profits of that company. Now, whatever the profits may be of that same company for the year 1917, the amount exceeding the normal profits of the pre-war years are war profits. That is what the committee in the first place undertook to tax, and that is what they are taxing now; and, in connection with that, they are taxing what may be termed excess profits.

Mr. SMITH of South Carolina. Not war profits.

Mr. SMOOT. Not war profits at all.

Mr. SMITH of South Carolina. That is right.

Mr. SMOOT. The excess profits, or, in other words, all profits exceeding a maximum of 10 per cent. That is what the committee substitute now before the Senate really means; and from that source, under Title II, termed "war and excess profits," there will be collected, over and above what was collected from the munitions tax of last year, \$1,060,000,000.



Mr. BANKHEAD. One more question, Mr. President, and then I will not trouble the Senator further.

The PRESIDING OFFICER. Does the Senator from Utah further yield to the Senator from Alabama?

Mr. SMOOT. Certainly.

Mr. BANKHEAD. Then, from the statement the Senator has made, it is perfectly evident that these excess profits are the result of the war.

Mr. SMOOT. Oh, no, Mr. President; the excess profits may not be the result of the war. In fact, I will say to the Senator that there are many institutions in this country that have made less profits than they made during the prewar period; or, in other words, the war has adversely affected their business, and their profits are not as great, and will not be as great this year, as they were during the prewar period.

For instance, I call the Senator's attention to the fact that there are corporations like the American Tobacco Co., the Ford Co., many of the banking institutions of the country, and a large part of the mercantile institutions of the country that are not making a cent more profit now than they were during the prewar period, and many of them a great deal less.

What I want the Senator to understand is this: The excess profits that are intended to be taxed under the committee substitute are all profits over and above 10 per cent, no matter what higher per cent they made during the prewar period or what per cent they are, making to-day. Those are excess profits.

Mr. BANKHEAD. One more question: Under the original bill reported by the committee the institutions to which the Senator has referred—the American Tobacco Co. and the automobile company and a large number of other companies—would have escaped taxes entirely?

Mr. SMOOT. Just as I stated.

Mr. BANKHEAD. That is the reason why the committee brought in this amendment for 6 and 10 per cent exemption.

Mr. SMOOT. Mr. President, there is no intention on the part of the committee to have a misunderstanding about it, and—

Mr. BANKHEAD. There is no misunderstanding.

Mr. SMOOT. I do not think there should be.

Mr. BANKHEAD. What I want to get at is whether it is true that the committee investigated its original plan and found these great corporations were going to escape taxation under it, and if that was not the reason and the inducement to bring in their substitute providing for an excess tax.

Mr. SMOOT. I will say to the Senator frankly, as far as I am concerned, and I think as far as the committee is concerned, yes; but that is not the only reason, however. The other reason, and the predominating one, was that the estimates for the expenditures for the fiscal year 1918 are not \$3,600,000,000, as the Secretary first reported we would have to raise over and above the taxes raised under existing law, but the estimate had leaped from that amount until—I dare not say, because if we stay in session 10 days longer I think there will be nearly a billion dollars added to what the estimates are to-day. But it became evident to the committee that we must raise more money through direct taxation, and that being the case the committee thought that it was unwise, considering the further development and enlargement of the business of this country that is absolutely necessary under the present war conditions, to impose a greater tax upon war profits than we had done in the first instance, taking into consideration the heavy income taxes imposed, and therefore it had to look elsewhere for a further source of taxation. And what was that source?

Mr. SMITH of South Carolina. Mr. President—

Mr. SMOOT. Just let me finish the sentence. The source, Mr. President, and the easiest one and the most just one, was to reach the institutions that were making excessive profits before the war, and also during the war, and tax those excess profits. That is the reason why your committee made the change. That is the reason why we are here asking that that change be made, so as to take from such institutions a fair proportion of those excess profits for war purposes. Now, I yield to the Senator.

Mr. SMITH of South Carolina. The Senator from Alabama asked the Senator from Utah a question that has been more or less confused, not only in my mind but in the minds of a great many Senators with whom I have talked. Do I understand the Senator from Utah to say that in the original provision as introduced you did not put a tax on the excess profits? I am speaking now of excess profits in contradistinction from war profits. You did not add a tax on excess profits until after the bill had been recommitted.

Mr. SMOOT. That is true; but not recommitted, not until the committee reported a second substitute.

Mr. SMITH of South Carolina. Yes. Now, what I wanted to get clear in my mind was that the original draft of the provision as presented here contemplated a profits tax on war profits alone.

Mr. SMOOT. That is true.

Mr. SMITH of South Carolina. The contention that has been made by some here on the floor was that enormous profits, prewar profits, were extended into and were still more greatly swollen by war conditions, and that those prewar profits, no matter how excessive, were escaping taxation under the committee's bill.

Mr. SMOOT. That is true.

Mr. SMITH of South Carolina. But under the present form of it you have now divided the tax between war profits per se and excess profits.

Mr. SMOOT. That is true.

Mr. SMITH of South Carolina. I wanted to get that clearly in my mind, because in speaking about these profits we have confused excess profits with war profits, and the impression was going abroad that certain individuals as well as corporations, who had been enjoying enormous profits previous to the war by virtue of that, would escape all taxation entirely and only those who have been fortunate in having a little excess profits during the war would pay any tax at all.

Mr. SMOOT. I want to say to the Senator that my office is filled nearly every morning, since we reported the substitute, with men representing institutions that under the original committee amendment would not pay a dollar of excess-profits tax. One of them this morning came to me and tried to convince me that the change was an outrage upon the business of the country. After he had talked about 15 minutes I asked him what concern he represented. He told me what concern it was. I asked, "What profit were you making in 1911, 1912, and 1913?" He told me the amount that they made, but not the percentage. I happened to know exactly what the capital stock of the company was and I figured the profits made as named was about 890 per cent per annum. Then when I asked him if he thought that a company which was making 890 per cent during the prewar period, and was not making any more than that now, should escape taxation, he said, "Of course, we ought to escape taxation. We are entitled to the 890 per cent." I said, "As far as I am concerned, I do not want to spend any more time discussing the question with the representative of a company that claims any such percentage of gain as being just to the American people."

Mr. BANKHEAD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Alabama?

Mr. SMOOT. I yield to the Senator.

Mr. BANKHEAD. The explanation of the Senator from Utah is satisfactory to me. What I wanted to bring out, and what I have successfully brought out, is that the committee in framing its first bill after laboring for months brought in a proposition that exempted a great many of the very large, rich corporations of the country from taxation. That being true, the efforts that some of us have made to present that question to the country has had a very happy effect. It has brought to the attention of the committee the mistake that they made in the first draft of their bill. I want to say that the committee's amendment is a vast improvement on the original bill, and those of us who undertook to expose the enormities of the original provision are entitled to a great deal of credit for that result.

Mr. SMOOT. Mr. President, I do not want to rob any persons of any credit that they think they are entitled to, but I want to say right now that if \$562,000,000 would be a sufficient amount to collect for the present fiscal year, or if the second estimates from the Treasury Department as to the cost of this war had not been so greatly increased, as far as the committee is concerned, it would have collected the \$562,000,000 from war profits alone; but when the amount estimated for began to increase by the billions the committee decided it had to look for increased revenue from other sources, because if it had provided for the collection of twice the amount provided for in the original committee amendment from war profits alone, I will say to the Senator, there is no question in my mind but that many institutions making war profits only would have been bankrupted shortly after the close of the war. I want the Senator to do me the honor to listen to what I have to say when I come to that part of the committee's substitute.

Mr. BANKHEAD. I shall be very much pleased to do so; but just one more word and I promise not to say anything more. I understand the Senator admits that if there had been no increased estimate of cost that the committee and the Senator from Utah would have been satisfied to have permitted these large corporations to have escaped taxation altogether.



Mr. SMOOT. The Senator says "the Senator from Utah." I want to say that the Senator from Utah did not take that position at any time.

Mr. BANKHEAD. But the committee took it.

Mr. SMOOT. I will admit that a majority of the committee did, and I do not know but that they were right, considering the amount that was to be collected, as the amount would not have interfered with the productive activity of the companies so taxed. The Senator from Alabama—in fact, both Senators—think that it is almost a crime that the committee abandoned its original amendment—

Mr. BANKHEAD. Oh, no, Mr. President; I can not permit that.

Mr. SMOOT. And introduced a new substitute.

Mr. BANKHEAD. I will not permit the Senator to say that, because I have just said it was a very great improvement on their original plan, and I am very glad they have come to the conclusion that we reached some time ago.

Mr. SMOOT. Perhaps I had better limit my statement, then, to the junior Senator from Alabama [Mr. UNDERWOOD], because he laid great stress upon it yesterday, and we were taken to task because we had actually offered a substitute for the original amendment of the committee to the House provision. The senior Senator from Alabama himself offered a substitute for the original committee amendment; and made a most exhaustive argument, an argument the like of which I had never heard him make upon this floor upon any subject since I have been in the Senate of the United States. His argument was well presented, and, hampered as he was by a poor subject, nevertheless it was presented in a most masterly way. But that is past and gone; and the Senator has offered a substitute to take its place, with an entirely different system of taxation, that is now pending for the Senate committee substitute, and if that is defeated the Senator will offer another one in another form, so we are informed by the Senator himself. So it seems to me that the criticism offered yesterday on the committee is rather uncalled for.

Mr. President, I want the Senators of the United States to understand that this is a period in the history of our country when calmness of judgment should prevail. Now is not the time to appeal to the passions and prejudices of the people of this country. Senators, the industries of the country are at stake. The future prosperity of the country is involved in the amendment of the Senator from California [Mr. JOHNSON], and if the Senate adopts it there can be no further extension of the industries of this country as long as the unjust rate of taxation proposed remains upon our statute books.

If we had only one form of taxation in this bill and we were only considering the imposition of a tax upon excess profits or war profits, that would make a great deal of difference in what I will have to say about the Johnson amendment; but do Senators know, or have they stopped to think, that Title I of the bill, the income-tax provision, imposes rates of taxes on incomes of the country higher than any other country in the world—aye, Mr. President, as high as any other two countries in the world? And now we are asked to impose an 80 per cent rate upon all excess profits, leaving 20 per cent, and of that 20 per cent we are to take another 50 per cent by way of an income tax, leaving 10 per cent in round numbers, to the stockholders.

We have had upon the floor of the Senate our attention called to some of the corporations of the country that are making profits over 100 per cent per annum. Mr. President, I have taken time to examine into the condition of some of those corporations and I want to say now that if the flat rate of 80 per cent or 60 per cent is imposed upon the excess profits of the companies and the income-tax rates as now in the bill is collected there are very few of them that will ever be able at the close of this war to pay a dollar on the dollar they have invested.

Take the Bethlehem Steel Co., that has been referred to so often. The greater part of all the profits made by it from the time the war broke out in Europe up to the present day, as well as all the surplus accumulated for a number of years before, have been either declared as a stock dividend or expended in enlargement and improvements of the plant. The company has taken its excessive profits and built plant after plant. They have spent millions upon millions of dollars in purchasing and placing machinery in those plants. It is true after the close of the war it will have the brick and the mortar; it is true it will be the possessor of the machinery purchased to meet war conditions; it is true it will have paid cash for them; and it is true that in these improvements the production of the company has been increased immensely. But I wish to say now to the Senate that if the war should cease during this fiscal year it would find the company as heavy a borrower as it ever was in all its history, and its millions and tens of millions of dollars

that have been placed in the extension and improvement of its plants, in brick and mortar, machinery and equipments, will not be worth much more than 10 cents on a dollar.

I know what happens to idle and unused buildings. God has put the stamp of disapproval upon the idle and the nonuse of everything created by man. Far better for a building if it were occupied; far better for machinery to be running than to lie idle.

Mr. President, that is not all. The so-called swollen profits that are being heralded all over the country arise from other sources; among them let me name the following: Beginning with the year 1915, if a merchant bought a carload of sugar, if he bought a carload of canned goods, if he bought a case of anything, whether it be dry goods or whether it be groceries, his books would show at the end of 30 days, through an advance in the market price of his goods on hand, a handsome profit, and the larger his purchases the greater his profits, as the market price was advancing every day by leaps and bounds.

Mr. President, when the war is over, instead of the prices of merchandise advancing they will decrease in value more rapidly than they advanced, and then the supposed profits will turn to losses, and God help the business that does not provide for the inevitable result.

The Government of the United States is a partner, as it were, in the profits made by individuals and corporations. The individual and the stockholder of a corporation will have to consider the price paid for enlarged plants and idle machinery a part of their profit. The Government of the United States takes nothing but cash for its taxes, which is a share of the profits.

There is one part of this bill that I hope will be amended before it passes, and that is that it be made compulsory upon the part of the corporations of this country to make the payment of taxes imposed in four fixed periods and not left optional with the taxpayer, for, Senators, you know what it would mean to take \$2,500,000,000 out of the channels of trade overnight. It would not mean so much if it were taken out of the banks and paid to the Government and the Government placed the amount back into the banks in the communities from which the tax was paid. But that will not be the case. The banks of the Western States realize that when the tax is paid to the Government the money so paid finds its way into the eastern banks. It finds its way to the great money centers, and there is scarcely a dollar of it that is not taken out of business channels in the greater part of the United States.

Mr. KNOX. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Pennsylvania?

Mr. SMOOT. Yes; I yield.

Mr. KNOX. I should like to inquire if the Senator from Utah knows how much actual money there is in circulation in the United States?

Mr. SMOOT. I could figure it out in a few moments, I will say to the Senator.

Mr. KNOX. I was just wondering what the proportion is.

Mr. SMOOT. I know in round numbers. It is about \$5,000,000,000.

Mr. KNOX. It would take half the actual money.

Mr. SMOOT. Half the actual money to pay the taxes imposed, and there is not a Senator here who will stop to think who does not know if that thing happens what effect it will have on the business of the country.

\* Mr. President, when the liberty loan was decided upon and the amount that each State was to raise for the purchase of the same based upon population, I was more than pleased that there was not a State in all the Union but that took all the bonds ascribed to them upon that basis. I think it would be perhaps a good time for me to say now that if there are many liberty loans placed in the United States and requests made to purchase the same on the basis of population, there are some of the States in the Union that can not take their pro rata without seriously crippling the business of the State. I know States where nearly every dollar used in the purchase of liberty bonds is at the present time, as far as those States are concerned, out of circulation, and they are feeling the ill effects to-day. The rate of interest to the people of the State is affected adversely. I am fearful that if a State can not respond to the future calls as it did upon the first call its people might be branded as disloyal. I speak of this condition now, with the hope that such a charge will never be made.

Mr. President, it makes very little difference to the great money centers of this country, because as soon as the loan is placed and the bonds issued the money paid for the bonds comes right back into the banks of those money centers and goes into



circulation again; but it is quite different with a great many of the small States and particularly the Western States.

Sensors, we have reached the point of danger to the productive activity and efficiency of our country by the taxes imposed under the Senate committee substitute, and I am not certain but that we have passed it. I think it is my duty, not only as a Senator of the United States but as a business man, to call your attention to the fact now so that the mistake may be avoided. I know just as well as I live if the amendment offered by the Senator from California [Mr. JOHNSON] is adopted there will be no more industrial extensions in this country to speak of unless they are made by direct appropriations by Congress for that purpose. We have now an estimate for an appropriation of \$15,000,000 for the erection of buildings and the purchase of machinery for the purpose of making guns with which we intend to fight this war. We were told that it was impossible for the business concerns, which we expect to make the guns, to raise money for the purpose of erecting buildings and buy the machinery for the manufacturing of same, and that appropriation is going to be made.

Mr. McCUMBER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from North Dakota?

Mr. SMOOT. I do.

Mr. McCUMBER. I wish the Senator would elucidate a little more fully upon that point, why the Government is compelled to furnish the money in conjunction with great manufacturers to extend their own plants, the Government to take back the extensions and to own the extensions and the machinery at the end of the war. It lies along the same line of thought which the Senator is pursuing.

Mr. SMOOT. Mr. President, the officials of the War Department who appeared before the Finance Committee stated that it was impossible to find reliable companies who have a credit sufficient to secure the money for the purpose of erecting the necessary buildings and the purchase of the required machinery for the manufacture of the guns, particularly when it is known beforehand they will be of little value after the close of the war.

Mr. NEW. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Indiana?

Mr. SMOOT. I do.

Mr. NEW. I think the statements which are being made by the Senator from Utah—

Mr. SMOOT. I hope the Senator will not suggest the absence of a quorum, for I want to get through as soon as possible, and there are more Senators in the Chamber than usual. I will say to the Senator that if Senators do not want to listen to what the facts are in the case, so far as I am concerned I do not care to have them disturbed. I hope the Senator will not make the suggestion.

Mr. NEW. Mr. President, it was my intention to suggest the absence of a quorum. I shall not insist upon it against the objection of the Senator from Utah, but I think that the statements which he is making as facts—and I have no doubt whatever that they are facts—should be brought to the minds of Senators who are to vote upon these questions.

Mr. SMOOT. Mr. President, I thank the Senator from Indiana for what he has said. I can only express the hope not only that Senators who are absent will to-morrow morning read what I am saying, but I also hope my statements will reach the American people.

Mr. President, I do not believe the Senator from California [Mr. JOHNSON] if he understood what effect his amendment will have upon the industries of the country would insist upon its adoption, for I know, and have always felt in my heart, that of all the Senators he would be among the last to try to do an injustice either to a person or a corporation. A corporation is nothing more nor less than an aggregation of individuals. You can not affect a corporation unless you affect every stockholder in it. This is one of the reasons why I think the amendment of the Senator from Alabama is so unjust. Consider one of the Senator's amendments and take a corporation with a capital of a million dollars. Suppose the excess profits amounted to 10 per cent, the tax would be upon \$100,000. Under the amendment the tax imposed would be 17 per cent. Take five companies, each having \$200,000 capital, aggregating the same as one company with a capital of \$1,000,000, and each have 10 per cent excess profits upon which they will be taxed; and under the amendment, although the aggregate of profit is \$100,000, the companies will be taxed only 11 per cent.

Mr. President, the committee adopted a graduated tax, based upon the percentage of gain, because it wanted to be absolutely fair to what may be termed small, medium-sized, and large corporations, and to every stockholder of them. I have a list of

some of the largest corporations in the country, and I would, if I had the time, show to the Senate that under the amendment offered by the Senator from Alabama they would be taxed 10 per cent, while under the committee amendment these same corporations would be taxed 30 per cent. We provide in the committee substitute that the taxes shall be imposed on the basis of the increase of profits—not upon the amount, not upon a percentage of the capital stock, but upon the increased percentage of gain. Under the Senate committee substitute, if a small company makes an increase of profit of 10 per cent, and a large company makes the same percentage of profit, the rate of taxation for both should be and is the same.

Mr. JOHNSON of California. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from California?

Mr. SMOOT. I yield.

Mr. JOHNSON of California. I want to make the same request that was made by the Senator from Indiana [Mr. NEW] a brief period ago. The only desire, of course, that every Senator has is to arrive at a just conclusion. The Senator from Utah has arrived at a just conclusion from his standpoint; I think I have arrived at a just conclusion from my standpoint; but under the circumstances and because now the pivotal point in relation to the amendment before the Senate is the question of whether or not these rates shall be raised to 73 per cent, I beg the Senator to permit me to suggest the absence of a quorum, and to have the entire Senate listen to his discussion.

Mr. SMOOT. Mr. President, I do not want to repeat anything which I have said. What I have already said is the basis for what I intend to say. The mere fact of my repeating these figures I do not think would be interesting to the absent Senators. I am quite sure that if they desire to act upon what I have said they must read what I have already said to draw any conclusion as to whether my position is right or whether it is wrong.

Mr. JOHNSON of California. In opposition to the Senator's request, I would not indeed make the suggestion, but I should very much prefer that it be made, because I should be very glad to have a larger attendance present.

Mr. SMOOT. I hope the Senator will not make it at this time.

Mr. JOHNSON of California. I defer to the Senator's wishes.

Mr. SMITH of Michigan. Mr. President, before the Senator from Utah leaves the point he was just making with reference to the amendment of the Senator from Alabama, I desire to ask him a question. If I understood him correctly, he said that under the committee plan a percentage of the profits is proposed to be taken; that without any reference to the investment and the plant or anything else a percentage of the profits above the normal is to be taken. Am I right in that?

Mr. SMOOT. The Senator is right that far, but he must go further and say the rate is based upon the percentage of increase, not on the amount, of profits.

Mr. SMITH of Michigan. Exactly; it is based upon the percentage of increase; but under the amendment of the Senator from Alabama before we could reach the point where we could take any of these surplus profits we must credit the institution from which the money is taken with the actual value of the plant at the time the excess profits are levied upon.

Mr. SMOOT. Yes. The Senator from North Carolina [Mr. SIMMONS], however, covered that so completely yesterday that I thought I would not go into it to-day, although I will say this to the Senator: I had a case brought to my attention this morning, though I had heard of it before, which, perhaps, to emphasize what the Senator from North Carolina has already stated, I will relate. A certain ship plying between New York and England, owned by a company incorporated in the United States, cost the company \$300,000; it was upon the books of the company as costing \$300,000; the capital stock issued upon it was \$300,000. The ship was requisitioned, and what do you think the owners of the ship claimed it was worth? They claimed it was worth \$2,500,000, and they made that claim because the profits it was making from trips between New York and England paid a fair rate of interest on \$2,500,000. That ship was not taken until arbitrators had passed upon its value and agreed upon \$2,000,000. Under the amendment of the Senator from Alabama the owners would be entitled to 8 per cent upon \$2,000,000 as an exemption instead of 8 per cent on the \$300,000, which they had paid for the ship. Not only that, but they had used the ship for years and had benefited by the wear and tear of it, and if they kept their books in a business way there would have been each year written off at least 5 per cent for depreciation; but that, I will say to the Senator from Michigan, is one of the evils of the amendment of the Senator from Alabama.

Mr. SMITH of Michigan. Now, let me right there ask the Senator to state what, in his opinion, is the actual value of that ship as of the date when the levy is to be made for taxes?

Mr. SMOOT. Mr. President, I would have to take into consideration more than the mere fact of what the boat could be sold for to-day. I would have to consider how long the present war conditions will continue. I should have to take into consideration what the owners could sell the boat for after the war closed.

Mr. SMITH of Michigan. But suppose the Senator from Utah was levying the tax under the amendment proposed by the Senator from Alabama, what would be the actual value of that property?

Mr. SMOOT. Oh, whatever the owners could sell it for to-day; perhaps \$2,000,000.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Idaho?

Mr. SMOOT. I do.

Mr. BORAH. The Senator from Utah has stated the effect of the Bankhead amendment and its operation in regard to this boat. What would be the effect and what would be the result under the amendment now proposed by the committee?

Mr. SMOOT. The basis of the exemption would be the rate of interest on the amount of cash that the owners paid for the boat. The Senator from Alabama's definition of capital, among other enumerations, states: First, "actual cash"; and, second, "the actual value of all assets other than cash." Now, note the difference of the definition of the committee: First, "actual cash paid in"; second, "the actual cash value of property paid in other than cash for stocks or shares in such corporations or partnerships at the time of such payment."

Mr. BORAH. How much tax would the committee amendment get out of it?

Mr. SMOOT. Does the Senator mean out of the excess profits?

Mr. BORAH. Yes.

Mr. SMOOT. We would get a tax on whatever increased profit the company made out of the boat, first allowing an exemption of 6 per cent or 10 per cent, as the case might be, during the year 1917 as compared to the prewar period on a valuation of \$300,000; but under the Bankhead amendment there would be an exemption of 8 per cent on \$2,500,000. The exemption under the committee amendment in case of 6 per cent would be \$18,000, or if 10 per cent the maximum percentage allowed the amount would be \$30,000, while the exemption under the Bankhead amendment would be 8 per cent on \$2,500,000, or \$200,000, and the Government would lose the taxes upon the difference.

Now, let me call attention to the condition that will arise, not alone in the cases to which I propose to call the attention of the Senate but in thousands of cases throughout the United States. Take the New York Central Railroad. The New York Central Railroad has a capital stock of \$249,590,460; its bonded indebtedness is \$679,263,153; its surplus is \$49,844,023; the total of the capital stock, bonded indebtedness, and surplus of the New York Central Railroad is \$978,697,623.

Now, note the Pennsylvania Railroad. The capital stock of the Pennsylvania Railroad is \$506,519,948; its bonded indebtedness is only \$256,308,824; its surplus is \$29,541,831, or a total of capital stock, bonded indebtedness, and surplus of \$792,370,603.

The capital stock and surplus of the New York Central Railroad, on which they would be allowed the exemption percentage, is \$299,434,483, while the capital stock and surplus of the Pennsylvania Railroad Co. is \$536,061,779, or nearly twice as much, and yet the bonded indebtedness of the New York Central Railroad is \$423,000,000 more than the Pennsylvania Railroad. Now, when we come to consider the exemption to each of them, what do we find? Under the committee amendment will be imposed a tax on the percentage of increase in the profits, whereas the amendment of the Senator from Alabama imposes a tax based on the percentage of profits to the capital stock and surplus, and in the case of one company those two items amount to \$299,000,000, while in the case of the other company they amount to \$536,000,000. The policy of the Pennsylvania Co. is to secure its working capital largely by sale of stock, while the New York Central secures most of its money by the issuing of bonds.

Mr. GRONNA. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from North Dakota?

Mr. SMOOT. I do.

Mr. GRONNA. Will it disturb the Senator if I ask him a question?

Mr. SMOOT. Not at all.

Mr. GRONNA. I am very much interested in the Senator's statement, but I can not agree with him in the illustration he has given as to the ship. I think the Senator sets up a false standard and assumes that the Government would put the cost price upon the ship according to the profits made and not in accordance with the real value or the cost of the ship.

Mr. SMOOT. Mr. President, this very case went before arbitrators, and it was decided that the value of the ship, based upon earning capacity, was \$2,000,000. Under the Bankhead amendment why should the owners of the ship not claim that amount, and should they not have it as a basis for exemption? I say to the Senator that the Government of the United States—and I think the Senator voted for the provision I have in mind—has agreed to pay for all the English ships that are now being constructed in yards in the United States \$185 a ton, together with all the expense incident to hurrying up the work of construction on them; and the Senator knows that in the prewar period similar ships could have been built in the United States for \$50 a ton. The Government itself has said that they will pay that rate per ton based upon present value, and we have made an appropriation to pay at the rate of practically \$200 per ton for the 1,024 tons of English ships in the yards of the United States.

Mr. GRONNA. If the Senator will pardon me further, if those who administer the affairs of this Government see fit to do an injustice to the people of the country and allow a condition such as the Senator has illustrated, I think it is time that the country knew it. I do not think that a transaction like that can be justified. I do not believe that any Government official has either the moral or the legal right to allow as a payment for insurance—which, of course, this would be—an increase of around 300 or 400 per cent in the case the Senator has cited. There is a way of finding out real cost even in war times, I will say to the Senator, and because certain Government officials have seen fit to disregard the spirit of the law and to disregard the interests of the people and in a single case have allowed abnormal prices there is no reason why we can not in this bill say what the cost shall be. We have a perfect right, if the Senator will permit me, to prescribe rules that will say what the standards shall be in fixing the cost.

Mr. SMOOT. The trouble with the Senator's position is that he ought to criticize Congress and not the Secretary of the Treasury. I stood upon the floor of the Senate and I called attention to this very thing when the appropriation bill was being considered, and I asked Senators not to vote for that provision of the bill, and there were eight votes for it, as I remember.

Further answering the Senator, he says that there is a way to find the actual value of the capital stock and surplus of all corporations—

Mr. GRONNA. The actual cost.

Mr. SMOOT. The actual cost. Why, Mr. President, we have spent now about \$6,000,000 to find the actual cost of the railroads of the country. That is for one class of industry alone.

Mr. McCUMBER. And it has taken six years to do what has been done thus far.

Mr. SMOOT. Yes; and we are not half through. It will be another five or six years before the work is completed, and when it is completed it will not be worth 3 cents. It is a physical impossibility to secure such information of all the corporations of the country. There are not enough Democrats in all the United States out of office that can be employed to ascertain the present cost of the different industrial concerns of this country in time to impose a tax for the fiscal year 1918. They can not be found.

Mr. SMITH of Michigan. It might be possible to get a few Republicans to assist.

Mr. GRONNA. Does the Senator believe that there is anything in the law which he criticizes and which was passed by Congress which would warrant the fixing of an abnormal or false price?

Mr. SMOOT. No, I will say; nor is that the question. The amendment is offered for the very purpose of compelling the ascertainment of the actual value of to-day and to base the exemption upon that value, and not what was paid for the property at the time of its purchase.

Mr. SMITH of Michigan. But the Senator was complaining about the ships now under construction. Most of the contracts for those ships were let before the United States entered the war at all.

Mr. SMOOT. All of them were.

Mr. SMITH of Michigan. They were let by Norwegians; they were let by the British; and those contracts could not be set aside. We are powerless to pass any law that would nullify that right of contract. Therefore we are bound to pay what-



ever price was named in the instrument, and we have taken over these Norwegian and British ships at the price which they agreed to pay for them.

Mr. GRONNA. Yes; but the Senator called attention to a specific ship which cost \$300,000.

Mr. SMITH of Michigan. That was years ago.

Mr. GRONNA. And he is assuming that we would have a right to say that the actual value of that ship would be \$2,000,000 because it earned a dividend upon \$2,000,000.

Mr. SMITH of Michigan. Let me ask the Senator what is the value of that ship to-day if it pays 8 per cent on \$2,000,000?

Mr. GRONNA. I was referring to the cost of the ship, not to its value.

Mr. SMITH of Michigan. Nothing is said in the Bankhead amendment about the cost.

Mr. SMOOT. That is not what is wanted in that amendment; that is what I am complaining of.

Mr. SMITH of Michigan. That amendment says "actual value."

Mr. GRONNA. I am not defending the proposition; I am simply trying to find out whether a false value can be given.

Mr. POMERENE. Mr. President, if I may pursue this inquiry just a little further, I want to get the Senator's construction of this language. The language of the committee's amendment is this:

but such deduction shall not be an amount less than 6 or more than 10 per cent of the actual invested capital as of January 1 of the taxable year.

Trying to apply this language to the illustration which the Senator gave of the ship—

Mr. SMOOT. If the Senator will turn to section 207 he will find there a definition of "capital," and I will say to the Senator—

Mr. POMERENE. My question is not directed to that branch of the subject.

Mr. SMOOT. I beg the Senator's pardon; I thought it was.

Mr. POMERENE. It is this: The Senator's statement was that these shipowners had paid \$300,000 for this vessel. The Senator did not state what the actual value of the vessel was. For aught that appears the vessel may have been worth \$1,000,000, and they may have gotten it at a forced sale.

Mr. SMOOT. No, Mr. President; such was not the case.

Mr. POMERENE. Well, let us assume, for the sake of the argument, that such is the case. Suppose that the actual value of that vessel was \$1,000,000 and not \$300,000—they may have been fortunate in making the purchase. If the actual value of the ship was \$1,000,000—that is, if experts would agree that that vessel was fairly worth \$1,000,000 in the market, that the actual money invested in it was \$1,000,000, and that value was represented by its then condition—what exemption would the Senator make upon that valuation under this bill?

Mr. SMOOT. Under the Senate committee amendment, if the purchasers paid for it in cash or its equivalent a million dollars, then they would have the right of exemption based on that amount; but in this case the ship was built by the company; it cost them \$300,000; that is all they paid for it; that is all the stockholders put into the company for the stock which they received; and under the Senate committee amendment they would only be entitled to the actual cash paid in as a basis of exemption.

Mr. POMERENE. I think now I understand the Senator; but to make it a little clearer, if possible, suppose, as a matter of fact, that somebody had this vessel, that it cost him \$300,000, and that he donated it to the company?

Mr. SMOOT. If it was donated to the company, Mr. President, they would have no right whatever to claim an exemption on its present value. They would only have the right to claim exemption if they paid for it.

Mr. POMERENE. Mr. President, if that is the construction you place on the language, then the language ought to be changed, because they have got \$300,000 of actual property, actual invested capital; and it makes no difference, in my judgment, whether it was given to them as a present or what the circumstances may have been; they ought to be entitled to some exemption based upon their actual investment.

Mr. SMOOT. They had no invested capital in the ship.

Mr. POMERENE. Why, they certainly have.

Mr. SMOOT. Oh, no. If it was given to them they did not have any.

Mr. POMERENE. Then, if the Senator were to give to his son a farm, and a deed to it in fee simple, he would not have any actual investment?

Mr. SMOOT. Oh, yes; he would. Mr. President, of course there would not be a plan presented but some one can suppose a case and make it appear as though an injustice were being done.

There is nobody running around this country, giving ships to corporations. I do not think there ever would be such a case as suggested by the Senator.

Mr. POMERENE. Mr. President, may I ask the Senator another question?

Mr. SMOOT. Any question that the Senator desires.

Mr. POMERENE. This is a hypothetical question, but I ask it because I am interested in knowing the meaning which the Senator gives to this language.

I do not vouch for the facts, but I have in mind a statement which was made to me some time ago, that a very prominent publisher gave as a wedding present to a member of his family the right to all the proceeds derived from one page of advertising in the journal published by him, and I have been told that that advertising usually costs the advertiser \$5,000 or \$6,000 per issue. Now this beneficiary, of course, has the title to that page. It is worth a given amount of money. If that privilege were to be sold to the Senator from Utah, I should say he would have to pay a pretty substantial sum for it. Now, it has cost this beneficiary nothing at all, but the beneficiary gets from it an income averaging, we will say, \$5,000 per week. Would the Senator say that that beneficiary was not entitled to any exemption under this language?

Mr. SMOOT. Why, Mr. President, in the case submitted by the Senator the beneficiary would not be taxed upon the \$6,000 that the company received per week for the page of advertising. I think I know the company to which the Senator has reference, because I think there is only one company that can charge and get \$6,000 per week per page for advertisements, and that is the Curtis Publishing Co. The Curtis Publishing Co., in making their annual return to the Treasury Department, would have to include the amount received for advertising, including that one page, like all other receipts of the Curtis Publishing Co., and the excess-profits tax is collected from the company. If the company wants to give it to some particular individual, it then becomes the income of that individual; and when the individual receives the \$6,000 a week, she or he, as the case may be, has to report to the Treasury Department the amount as income and it is taxed under the income-tax provision of this bill. So the company does not escape the excess-profits tax and the individual does not escape the income tax; but the gift, Mr. President, is just the same as any other receipt of the company as far as the excess-profits tax is concerned.

Mr. President, I hope we can take a vote upon this amendment to-night, unless somebody else wants to speak upon it. There are a good many other things that I could say to-night on the amendment offered by the Senator from California, and also on the amendments of the Senator from Alabama; but I trust I have already said enough to convince the Senators that if either one of the amendments is adopted there will be a grave injustice done to the industries of this country; and I am not only convinced that there will be a grave injustice done, but I believe with all my heart that if the Johnson amendment is adopted it will be the means of ultimately causing bankruptcy to many, many industries of this country.

Mr. BANKHEAD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Alabama?

Mr. SMOOT. Yes; I yield.

Mr. BANKHEAD. The Senator has given us a great many figures and tables. I should like to ask the Senator if the expert of the Finance Committee made the figures and tables he has been giving the Senate?

Mr. SMOOT. Does the Senator mean the ones that I gave yesterday?

Mr. BANKHEAD. No; I mean the ones from which the Senator has been quoting to-day.

Mr. SMOOT. Oh, no. The figures that I have given to-day are mine. I have taken the figures of the railroad companies from Moody's Analysis of Railroad Investments.

Mr. BANKHEAD. I am talking about the estimates as a result of the figures.

Mr. SMOOT. I do not have to ask anyone for the results of the figures. I can figure those results just as well as any expert that ever lived. I am responsible for them.

Mr. BANKHEAD. That is what I want to know, Mr. President.

Mr. SMOOT. And I am ready to defend them.

Mr. BANKHEAD. Of course the Senator is.

Mr. THOMPSON. Mr. President, as I understand, the amendment proposed by the Senator from California [Mr. JOHNSON] is first in order for a vote.

The PRESIDING OFFICER. Yes; the question is upon the amendment of the Senator from California.

Mr. THOMPSON. I should like to ask the Senator from California whether his amendment simply involves a change of the 55 per cent proposed by the committee to 73 per cent? Is that the only change from the committee amendment?

Mr. JOHNSON of California. No, Mr. President. The amendment that has been offered by me makes a flat levy upon war profits of 73 per cent. It is the intention to follow this amendment, if it be successful, with such appropriate amendment as will compute the war profits under the system adopted by the Finance Committee after its two months of deliberation.

Mr. THOMPSON. The amendment of the Senator from California does not change the process recommended by the committee of arriving at the war profits?

Mr. JOHNSON of California. Not as originally presented. It does not accept the mode that is now presented by the amendment of the Finance Committee.

Mr. HOLLIS obtained the floor.

Mr. JOHNSON of California. Mr. President, I suggest the absence of a quorum.

Mr. HOLLIS. I hope the Senator will not do that. It will be useless, because the Senators who are busy would go back to the matters that interest them more; and I really ask him not to make the point. It would use up time and would not amount to anything.

Mr. JOHNSON of California. I withdraw the request, then.

Mr. HOLLIS. Mr. President, we have reached a point in the discussion of the bill where votes are going to mean hundreds of millions of dollars. It is more necessary that the minds of the Senators should meet, so that they will vote intelligently on the problem, than it is that some special Senator or group of Senators should have his or their own way about it.

In order that the Senate may have in mind certain definite facts, I will put in the Record at this time just what the bill as reported from the committee undertook to do.

In the first place, the bill as reported repeals the munitions tax under Title III of the act of September 8, 1916, and it also repeals the excess-profits tax under Title II of the act of March 3, 1917. The bill as reported, and as it now stands, also levies a tax of 4 per cent on the income of corporations, in addition to the 2 per cent levied on the income of corporations under section 10 of the act of September 8, 1916. The bill as reported also levies a graduated war-profits tax of from 12 per cent to 50 per cent on the war profits of corporations. The Senate, by a separate amendment lately reported, has increased the graduated scale to a maximum of 60 per cent on the largest war profits, and has also changed the method of computing the war profits. The original Jones amendment would tax the undivided profits of corporations 15 per cent. The committee bill as reported would tax these undivided profits 10 per cent under certain specified circumstances.

The only other Federal tax on corporations is a small tax on capital stock, 50 cents on each \$1,000 of capital. That tax is imposed under section 407 of the act of September 8, 1916.

On page 23 of the majority report it is stated that the new war-income tax, as the bill was originally reported, would produce \$777,700,000. This is on the basis of last year's income. Of this amount, \$417,000,000 is estimated to accrue from individual income taxes under the bill, and \$360,000,000 is estimated to accrue from the 4 per cent income tax levied against corporations. Since the bill was originally reported by the committee other amendments have been adopted, including the Gerry amendment, which adds about \$40,000,000 extra income tax, and the Lenroot amendments, which add about \$20,000,000. I figure the amount myself at \$17,000,000. The expert makes it somewhat larger.

On page 23 of the majority report the war-profits tax under the bill as originally reported is estimated to produce \$562,000,000. The amount is figured on war profits for this year the same as last year, substantially \$3,000,000,000, producing \$788,000,000, an average of about 26 per cent, under the war-profits tax as originally reported. From the \$788,000,000 produced by this war-profits tax there is deducted in the committee statement \$226,000,000, being the proceeds of the existing excess-profits tax. To that there ought to be added something for the existing munitions tax, but the existing munitions tax has produced so little that the committee has evidently disregarded it.

It is suggested that the war profits for the present year will be largely decreased, because corporations will be allowed to deduct from their war profits dividends from corporations whose stock they own when such corporations have already paid war profits or income taxes.

The bill as originally reported by the committee was a scientific bill, based on philosophical lines. It undertook, in the first place, to increase largely the income taxes on individuals. It did not undertake to increase largely the tax on the incomes

of corporations as income. As a concession to those who thought corporations should pay larger income taxes, it did increase the additional levy on the incomes of corporations by 2 per cent over the House bill.

The committee undertook to levy a war-profits tax, and I think it undertook to do that properly, because it is the theory that what an individual makes out of the misfortunes of the Nation he holds in his hands very much as a trust fund for the benefit of the Nation. It was not intended by the committee that a man who makes large profits out of the war itself should be allowed to retain a very large part of that war profit for his own benefit.

My own theory of the war-profits tax is that the person who makes a war profit out of the misfortunes of the Nation should be a trustee and should be treated as a mere collection agency for gathering into a pile those war profits, so that the Nation may take them for the public good. I myself would allow that person or corporation a good, fair percentage for collecting the money for the Nation. I should allow him 10 or 20 per cent. But that is the extreme view.

The committee proceeded in the first place to handle war profits on a scientific basis and on the easiest basis for computing war profits, because it needs no argument to the Senate to explain how extremely difficult it is to reckon the actual capital invested or what the actual assets of a corporation are worth to-day. We have had that matter discussed for several days. It is almost impossible to do it. It will take an enormous force of clerks, and the results will not be accurate or satisfactory. Therefore the committee proposed that it would say nothing about capital stock; it would ascertain from returns now on file with the Treasury Department how much the profits were that were made by the corporation in the three years preceding the war—that is, the three years preceding January 1, 1914—that an average should be taken for those years, and that that average should be considered the normal profits of a corporation not affected by war conditions.

That measure of reaching the prewar profits was nothing but a test, a method of ascertainment, a method of proof. We would all agree that if we could ascertain accurately in dollars and cents, without too much expense, just what the profits are that are due to the war we would take a very large percentage of them, and then we would disagree on just what the percentage should be; but it is absolutely impossible to find out just how much of a corporation's profits are due to war conditions, and the committee took the only satisfactory method that has been suggested of finding that out.

I myself was entirely satisfied with the committee's method of reaching the war profits, but another idea was forced upon the committee. The committee has been driven from its philosophical attitude on this bill by the clamor of the country and the clamor of a majority of the Senate. The Senator from Alabama and the Senator from Ohio early in the discussion drew attention to the fact that if you reckoned your war profits solely on the basis of the difference between what the corporation earned before the war and what the corporation earned during the year that is to be taxed you would levy a large tax on some prosperous corporations and levy no tax upon other prosperous corporations. That is an argument that appeals to most men; but it ought not to appeal to any man, and I think I can demonstrate why it ought not.

Take the case of a corporation with a capital of \$1,000,000, earning \$1,000,000, or 100 per cent, before the war, and assume that that corporation continues to earn \$1,000,000 each year, 100 per cent, since the war began. You can not ascribe any of those earnings to war profits. You have no reason to think they come from war profits. That is its normal income. You have no right to tax that corporation for making war profits, because you are not able to prove that it is making a dollar of war profits.

Take another corporation with a million dollars capital, making \$100,000 a year, or 10 per cent, before the war. Then assume that during the war that corporation is making 50 per cent, or half a million dollars a year. It is easy to see that \$400,000 of that profit may be fairly called war products. The evidence adduced indicates that that is war profits. Now, in my estimation, we would be justified in taking practically all of that \$400,000 because it is due to the war, whereas we would not be entitled to take any of the million-dollar profit of the other corporation because none of it is due to the war. That is the only philosophical way to handle this problem.

There is another principle involved that we ought to consider. The income tax is levied on individuals, and properly should be levied on individuals alone, because the theory of the income tax is that a man is taxed in accordance with his capacity for enjoying what he has. If he has \$1,000 a year, he can enjoy \$1,000. If he has \$100,000 a year, he can enjoy \$100,000. A



corporation can not enjoy anything. It has nothing to enjoy with. It has no senses. It not only has no soul, but it has no feeling, and it ought not to have. It is a pure money-making institution. Therefore the income of a corporation never ought to be taxed as income. The profits of a corporation should be driven into the hands of the stockholders, and there they should be taxed as income of individuals, and that is easily demonstrated.

Under our income tax as applied, we put a higher rate on large incomes than we do on small incomes. That is because the taxes when applied are imposed in proportion to the ability to pay—first, the ability to enjoy; second, the ability to pay. Now, a man may have only four or five thousand dollars, and he may have it all invested in the stock of one corporation, say the United States Steel Corporation. When he gets his income—call it 6 per cent on \$5,000, \$300 a year—he has not got any income that you want to tax in his hands. His income is not big enough so that it should be taxed. But if you put the tax on the corporation as an income tax, you take it out of the small stockholder just the same as you take it out of the very largest stockholder.

That is not a fair basis for taxing income. Therefore the only fair way to treat an income tax is to put it only on individuals, but to compel the corporation to declare its earnings in dividends, so that you can reach it in the hands of individuals. It is double taxation if you do it in any other way.

Under the terms of this bill as reported, it is provided that not only any corporation in business, but any individual in business, shall pay a war-profits tax. If it is a war-profits tax, I have no quarrel with it; but if it is an income tax, you tax that individual double. The man who invests his \$100,000 in business and makes a profit on it is doing some good to the community; but you penalize him by charging him an income tax on the money that he has invested. You tax him on the income he makes out of his business, and then you turn around and tax him on the same money as the income of the individual; whereas the man who has \$100,000 and buys Government bonds, tax exempt, does no good to the community and he is taxed only once on his income.

Mr. KNOX. Mr. President—

Mr. HOLLIS. I yield to the Senator from Pennsylvania.

Mr. KNOX. I should like to ask the Senator a question in order to get his theory clearly in my mind.

I understood the Senator to say that if a corporation made \$1,000,000 or any other given sum before the war, and made \$1,000,000 after the war, it should not be taxed at all.

Mr. HOLLIS. As war profits.

Mr. KNOX. As war profits?

Mr. HOLLIS. Yes.

Mr. KNOX. The question I want the Senator to answer me, if he will, is this: Is it the mere fact that the profits are made subsequent to the war that determines whether they are war profits or not?

For instance, suppose a corporation made \$1,000,000 before the war and made a million and a half after the war, but the additional \$500,000 could be clearly traced to a simplification of process, or something of that kind, with which the war had no relation—would that be taxed as war profits?

Mr. HOLLIS. I am very glad to answer the Senator. In my judgment it would. That is not because philosophically and equitably it ought to be, but it is because we have not, under our human institutions and with our human imperfections, any other way to get at it. There is no way in which anyone can tell, at the greatest amount of expense, just what, in every business of this country, might be ascribed to the war. It is an impossible task. We are obliged to invent and apply some rule that will work generally.

The Senator postulates that this \$500,000 of extra profits were made from an improvement in process. My reply to that is that the Senator can not tell whether it was made in that way or not. He might think so. The Senator from Utah might think otherwise.

Mr. KNOX. Mr. President, I can recall instances where a manufacturing establishment, for instance, is putting out a certain amount of tonnage per annum. A simple invention sometimes will reduce the cost of that product 50 cents or a dollar a ton, and it is just a plain mathematical proposition that the profits are increased that much.

Mr. HOLLIS. That is perfectly true, and that case would be so plain that a jury sitting on it would unanimously arrive at that result. That would shade into another case that would not be so clear, and then you would get into the dark places that were talked about by the Senator from Alabama. Now, we can not run this war on too scientific or too meticulous a basis. We can not refine it too much. We have got to make

broad, general lines. We can not be too easygoing. We can not be too delicate. It would seem to me that the original committee plan was the only sound one. It would not work exact justice in all cases. We do not have to work exact justice in every case. All we are obliged to do is to have our laws uniform. That was a uniform rule, and I believe it would work.

Mr. POMERENE. Mr. President—

Mr. HOLLIS. I yield.

Mr. POMERENE. I should like to follow the suggestion of the Senator from Pennsylvania a little further with another question.

Let us suppose that we have one company manufacturing household goods and supplies, with an investment of \$100,000 and that during the prewar period they made a net profit of 20 per cent on their stock.

Then let us suppose that during the current year that same company, through its purchasing agent, has been able to anticipate the market price of raw materials to such an extent that it was able to make 30 per cent on its capital stock during the current year. Now, let us take that as one example. Then let us take another corporation with identically the same capital stock, with identically the same earnings before the war, but their purchasing agent was not able to anticipate the market as well as the purchasing agent in the first instance, and by reason of that fact they made only 10 per cent. Would you say that the company which made 30 per cent would be obliged to attribute that excess of 10 per cent profit to war conditions?

Mr. HOLLIS. No; I should not. I would not undertake, as I said in reply to the Senator from Pennsylvania, to attribute it. I should not undertake to work justice down to the last percentage, because it would be impossible. I should say the only measure we have for war profits is how much more do you make than you did before the war. Now, opinions may differ as to what the increase may be ascribed to, and I would not go into that. I would not have the Treasury Department undertake to go into it. I would say this rule does not work exact justice, but it is the only possible rule to have, and we will apply it uniformly and as honestly as we can, and in that way we will find out where we are, we will get our taxes levied and we will have two or three billion dollars extra to pay our bills with.

Mr. POMERENE. May I ask the Senator another question?

Mr. HOLLIS. I yield.

Mr. POMERENE. I think the course of the debate has indicated to Senators, it certainly has to my mind, that the original proposition of the Senate committee was very unjust in that it would often exempt enormous earnings from any tax at all, and the Senate committee apparently perceived that position, because they come in now and say that the exemption shall be limited to a certain percentage of earnings of the capital stock, not less than 6 nor more than 10 per cent. Why would not a straight tax of 6 or 7 or 8 or 9 or 10 per cent work for greater justice than the present plan, with the latitude which is given to the Treasury Department between the two extremes of 6 and 10 per cent?

Mr. HOLLIS. Because what the Senator suggests is not a war-profits tax at all. It is a straight income tax on corporations, and that I want to discuss further. I do not believe in an income tax on corporations. I have suggested already why the same capital should not be taxed twice, why the same income should not be taxed twice.

Now, take the case of a corporation where all the stock is owned by one stockholder—there are many such—or where all the stock is owned by a single family. The stock is invested in a corporation. The corporation makes a profit. You impose an income tax on the corporation, and you reduce the profits just so much. Then when the dividends are declared and the income goes into the hands of the individuals you tax it again, and you have taxed that same capital on its income twice.

Now, if you want to pursue that plan, the amendment of the Senator from Alabama is the one that you want. I have not believed in that. I believe if you are going to impose an income tax you ought to impose it when it reaches the individual. Then you will get a fair measure of the amount of enjoyment that it will produce to the individual, because, as I have already explained, it will produce no enjoyment to the corporation and can not until it gets out of the corporation.

If the amendment of the Senator from Alabama is adopted, we are putting two income taxes, two straight income taxes, on corporations. We are putting a 6 per cent straight income tax on all corporations and then we are putting on their income, not on their capital, another graduated income tax with an exemption at the bottom on the same corporation. Now, those



ought to be put together. They ought to be unified and they ought to be put on some proper basis.

I am opposed to the suggestion from the Senator from Ohio and to the Bankhead amendment, because they assume to be war-profit taxes and they are not war-profit taxes. They are nothing but straight income taxes.

Mr. POMERENE. Mr. President, I want to take a little exception to a construction which might be placed upon the Senator's language. His statement is that we assume to be placing a tax on war profits. I recognize the fact that there has been a good deal of discussion on the subject of war profits and what they are, but I have not seen or heard any definition of war profits that satisfies my mind. Profits are profits to me; I am quite willing to call all profits war profits which are gained during the period of the war, if it is necessary to characterize them at all. I think that whether they are directly attributed to the war or not, they all ought to be taxed, and I am more convinced of that because of the fact that it is utterly impossible to say what are war profits and what are not war profits. My good friend the Senator from New Hampshire has admitted the extreme difficulty in some of the illustrations which were called to his attention.

Mr. HOLLIS. Mr. President, if we wait until we get an absolutely philosophical, symmetrical, unimpeachable war-revenue bill, we will wait a great many years and the war will be past many years. It can not be done. We must each apply his own intelligence to the problem and reach his own result. I think the majority will reach as fair a result as can be reached.

Now, then, the Senator from Ohio is in favor of imposing a large graduated income tax on corporations, and if an amendment is offered to that effect we can meet it when it comes; but I wish to draw the attention of the Senate to the fact that that is precisely what the Bankhead amendment is, a graduated income tax on corporations. It pays no attention whatever to war profits. The recent committee amendment does pay some attention to the war-profits end of it, but not as much as I think should be paid to it. It provides that no corporation shall be allowed an exemption of more than 10 per cent on its capital actually invested, and no corporation may be allowed an exemption of less than 6 per cent on its capital actually invested. That gives some flexibility. That will pay some attention to the amount of war profits that are made; that is, between 6 per cent and 10 per cent. For myself, I do not think there is enough flexibility there so that the war-profits condition is adequately recognized.

Now, what I have been coming to is this, that if the present plan of the Senate committee is adhered to and the exemption allowed is from 6 to 10 per cent, then the amendment offered by the Senator from California puts altogether too high a figure; that is, if there is only 10 per cent exemption, then he has got a flat income tax above that 73 per cent, and that is altogether too much when we consider how much we have on personal incomes. But I do not understand that that is the idea of the Senator from California. The Senator from California believes that the Senate will go back to the original method of computing war profits, and if that is done then I will gladly vote for the amendment offered by the Senator from California. I shall vote for it in the first instance because I believe it will be followed by amendments which will place us back on the committee war-profits exemption basis; and that is the reason why I shall vote for it, and the only reason.

Now I wish to state my own personal theory of the way this tax should be raised. I believe, in the first place, that we ought to raise \$3,000,000,000.

Mr. SMOOT. Before the Senator leaves the subject he has been discussing, do I understand him aright that he believes there ought to be a flat tax of 80 per cent imposed, notwithstanding the fact that we have an income tax that is higher than that of any two countries in the world?

Mr. HOLLIS. I am glad the Senator called my attention to that, and I want to amplify it. In my judgment, war profits have no connection at all with an income tax. The war profits, if we have a reasonable rule for ascertaining them, are what are made out of the misfortunes of the Nation and are a fund in the hands of those who make them, and the Nation should reach out without compunction and take them to itself; that is war profits.

Now, on an income tax you reach the income that comes into the individual's hands for his private enjoyment, and we have put a large income tax on those fortunes. I have entirely separated them. My criticism of the committee's present attitude is that they have mixed them up. They have conceded too much to the idea of those who believe in a graduated income tax on corporations. I believe that at the outset we ought to raise

\$3,000,000,000 under this bill because we are going to borrow an immense amount on bonds and our bonds will sell in proportion to the amount of our income. It is so with the private individual and it is so with a government. A nation with a very small tax income can not borrow much, and the larger the income from taxation to the nation the better terms it can borrow money from individuals, its own and from foreigners.

I believe the committee has practically conceded that, and I do not wish to criticize the committee. I believe this committee has done splendidly. I think the committee has recommended a philosophical bill; that it has acted honestly and with great intelligence; and knowing the committee as I have known it for four years, I want to compliment them on their wonderful advance along progressive lines. I do not know to what to ascribe it, but I hope it is partly to what they have heard on the floor of the Senate. They will probably deny that.

Under the income tax we ought to raise a billion dollars and we can do it. The committee estimates that corporation income taxes at 4 per cent will produce \$360,000,000. Under the amendment that I have offered we will raise \$557,000,000 from individual income taxes. The amendment that I have offered takes the beginning of the committee amendment and it takes the ending of the committee amendment as changed by the Gerry amendment. It thickens up the income tax on fortunes between \$25,000 and \$750,000. It is no use to argue to me about poor people who have an income of \$25,000. When you get to \$25,000 my amendment gradually increases until at \$100,000 the percentage is nearly twice as much as that of the committee. Then the difference gradually fades away until \$750,000 is reached, which is the same. It makes the committee amendment as amended much more systematic than it is at present.

The war profits as reckoned by the committee at the outset are \$3,000,000,000. I have not heard anyone estimate what the war profits will be this year if the present committee system of ascertaining war profits is adopted. Has the Senator from Utah figured it so as to give it in round numbers?

Mr. SMOOT. You mean based upon the amount—

Mr. HOLLIS. The present committee amendment provides that the war profits shall be ascertained by deducting not more than 10 per cent on the capital invested and not less than 6 per cent on the capital invested from the profits. Has anyone reckoned how much that will be?

Mr. SMOOT. It will be a little over \$4,000,000,000.

Mr. HOLLIS. That will be \$4,000,000,000, and if the tax is raised the amount raised is \$1,300,000,000. That would be somewhere about 30 per cent.

Mr. SMOOT. I will say to the Senator the exact percentage of the amount is thirty-one and a little over one-half, about five-eighths.

Mr. HOLLIS. Now, if you go back to the original estimate of the committee—\$3,000,000,000—the 73 per cent suggested by the Senator from California will produce \$2,200,000,000. Then if we add to that the \$207,000,000 from spirits, which cuts out the soda-fountain drinks altogether—for I do not believe the Senate will impose that tax—and the \$56,000,000 to be raised from tobacco, there will be raised under the bill \$3,380,000,000, and I believe as much as that should be raised. That takes no account of the consumption tax on tea, coffee, sugar, cocoa, and so on. I believe if we raise as much as is now proposed from incomes and from war profits and whisky and tobacco we ought not to raise anything under this bill in consumption taxes. So you would have \$3,380,000,000 if the amendment of the Senator from California is adopted, and if the amendment offered by the Senator from California is not adopted, and if we do go back to the original method of estimating war profits, I shall myself offer an amendment for a flat rate of 50 per cent. I believe in a flat rate for this reason. It is all right in an income tax to have a graduated scale. It is all right to tax a man with an income of \$5,000, 2 per cent, and a man with an income of \$50,000, 10 per cent, because that is in proportion to the ability of each to pay. But when you come to war profits you have nothing to do with the ability to pay. The corporation or the individual that has war profits has got something that does not belong to it or to him; it is something that belongs to the Nation; and there is no reason for imposing a graduated tax. We should take it all, allowing 10 or 20 or 30 per cent for collection. I can not see any reason for applying a graduated tax to war profits.

I thought that at this time I would put these figures in the Record and explain where we are coming out if the different amendments are adopted. I am willing to yield the floor now.

Mr. BANKHEAD. Before the Senator takes his seat I should like to ask him if he does not think a better system and an easier plan for raising this revenue would be to get out of mind the



question of war profits or excess profits and levy a tax upon profits, it makes no difference from what source they come, and graduate it, and when you reach a certain per cent you know in what war zone you are.

The amendment that I have proposed up to and including 5 per cent of the income is 5 per cent; 5 per cent to and including 10 per cent, 10 per cent; 10 per cent to and including 15 per cent, 25 per cent. Now, then, you have reached the war profits. Then the next bracket from 15 per cent up to and including 20 per cent, 50 per cent. There you are levying a tax of 50 per cent upon war profits, and, as you know, when a man is making 50 per cent you can charge him war profits. Above 20 per cent it is 75 per cent. Now, it is perfectly easy to understand when that rate is applied what your object is and that you succeed in taxing war profits. It seems to me that that is an easier plan than to simply take a flat rate upon profits that have been earned by corporations and individuals. Does not the Senator think so?

Mr. HOLLIS. I am very glad to express my views.

In the first place, when the Senator talks about a tax on the profits of corporations or the profits of business—

Mr. BANKHEAD. I am talking about every character and source of business, whether it is corporate or individual or a partnership. Whenever they have earned profits above a certain amount I assume that we may properly charge them to the war and call them war profits; and when they reach that point I favor taxing them highly.

Mr. HOLLIS. Precisely. The Senator is talking about the profits upon any business.

Mr. BANKHEAD. Yes.

Mr. HOLLIS. That means the income of those engaged in the business, whether they are corporations or partnerships or individuals. That is nothing but an income tax on business, and I have already explained that I am opposed to having an income tax on business, and then an income tax on the individuals engaged in the business, for when you take a large percentage out of the income of the business you are taking that large percentage out of the small stockholder, who does not get enough income out of the business so that he ought to be charged any income tax at all. That is not philosophical; it can not be made right. It may be necessary to do some such injustice as that in this emergency, but I do not believe it.

The Senator asks whether it is not easier and simpler to levy the tax on all above a certain percentage of the capital. Whether it is the capital now invested or the capital already paid in, I will not pause to inquire; but I say to the Senator that that is an extremely difficult way to do it. If you put it merely on the excess profits—that is, the profits above the prewar profits—then you avoid the necessity of finding out what the capital invested is in making your computation. By far the easiest way to do it is not to consider the capital invested at all. I believe that is what moved the committee in the first place, and I believe the committee was exactly right. I believe the committee has yielded on this point merely because there has been such a clamor over the country, and there was such a wave sweeping over the Senate that the committee believed the Senate wanted it that way. I believe, if so, the Senate is mistaken, and on reflection will go back to the original idea.

Mr. SMITH of Georgia. Mr. President—

Mr. HOLLIS. I yield to the Senator from Georgia.

Mr. SMITH of Georgia. I wish to suggest to the Senator that perhaps another thing also influenced the committee, and perhaps he would be glad to discuss it, namely, the great difficulty of really determining whether the differences in the business of companies and partnerships as shown three years before the war and as shown now were really due to the war.

Mr. HOLLIS. I have no doubt that also influenced the committee.

Mr. SMITH of Georgia. A study of the particular lines of business led us to the conclusion that we could not really claim that these profits were war profits, but that rather in many cases there were peculiar conditions three years before the war which affected profits then. It was extremely difficult to really reach the conclusion that we were dealing with war profits or to fix any plan by which we could be sure we were simply dealing with war profits. I wish to say to the Senator for myself that was the great trouble.

In studying the particular lines of business, I was forced to the conclusion that the difference in their profits was often not due in any way to war, and if we took them at the rate of 50 or 60 or 75 per cent we would not be taking from what they made by the war. For one, if I could just know we were dealing with just what the war added to business. I should like to see it used to pay the expenses of the war; but in studying special companies and in making a very extended examination I was

forced to the conclusion that it was almost impossible to be at all sure that that was true.

Mr. HOLLIS. I am afraid the distinguished Senator from Georgia—we all know his kind heart—was a little too tender toward people making large profits.

Mr. SMITH of Georgia. Mr. President, the Senator from New Hampshire is mistaken about that. I did not feel tender about using to conduct the war profits made from the war. My tenderness does not go in that direction.

Mr. HOLLIS. I did not mean at all that the Senator leaned toward the predatory wealth end of it; I know he did not not; but I think that he tried a little too hard to be perfectly just. We can not win this war if we are going to be squeamish; we have got to be tough-fibered; we have got to go through to the end. We have got to lay down general principles and stick to them. What the Senator says is a most excellent illustration of the adage known to every lawyer, that hard cases make poor law. You can not lay down a method of taxation without finding 10,000 cases where it impinges, as it seems, unjustly. If your rule is uniform you need not bother about the injustice of it.

Mr. POMERENE. Mr. President—

The PRESIDING OFFICER (Mr. FRELINGHUYSEN in the chair). Does the Senator from New Hampshire yield to the Senator from Ohio?

Mr. HOLLIS. I yield.

Mr. POMERENE. I dislike to refer to local conditions when it comes to discussing general legislative propositions, but the Senator from New Hampshire seems to be infatuated with the idea that war profits is a matter easily definable, and so forth. That is where I differ from him. Now, let me give the Senator this illustration from my own State. In order to determine what are normal profits to be exempted from taxation the committee has chosen the years 1911, 1912, and 1913. It so happens that the year 1913 was the year of the great flood in Ohio and Indiana. There was not a railroad company nor an interurban company nor a public utilities company within the State, and there were very few industrial companies, that did not have their profits, if not a part of their capital invested, largely wiped out that year; yet when it comes to determining what are the average profits of those three years we are to call them normal years, though one year was extremely subnormal. Then those three years are averaged. So under this so-called war-profits tax every business institution in the State of Ohio is penalized because we had a flood.

I refer to that not that I am expecting any relief because of that fact for any institution in Ohio but I refer to it as a circumstance to indicate the absolute injustice of attempting to base present exemptions upon what may have been industrial conditions during the years 1911, 1912, and 1913.

Mr. HOLLIS. Mr. President, the remarks of the distinguished Senator from Ohio illustrate what I have just stated about hard cases making poor law. Indiana and Ohio are part of a great country; they are part of a great country that is engaged in waging war. Ohio and Indiana are not going to ask any special laws made for their particular benefit, I am sure; but if they do ask for it, let us meet the matter man fashion and adjust it in a fair way that will apply to all the country. This suggestion occurs to me: If it is a fact that over a substantial part of the country in any one of these three prewar years unfortunate conditions prevailed, so that profits were very much lower than they were in other years, then allow the taxpayer to select two of those three years and let the average of those two years be the basis. I would vote for that, and I do not know but that would be an improvement.

Mr. NEW. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Hampshire yield to the Senator from Indiana?

Mr. HOLLIS. I do.

Mr. NEW. I should like to call the attention of the Senator from New Hampshire to the fact that I have introduced an amendment of that character, which will be presented at the proper time, providing that the business may select two of those three years.

Mr. HOLLIS. I am very glad that the Senator from Indiana has done so, because there is a great deal to be said for that plan. It would work greater justice, perhaps, if it were adopted; but the difficulties of imposing a good system ought not to frighten us. We should impose the kind of a system which we think is best. If it bears a little heavily on our part of the country, let us think of Belgium and Serbia and other parts of the earth where things are bearing much more heavily than they do on us. I believe that if the amendment of the Senator from California [Mr. JOHNSON] is adopted, and if we go back to the original method of ascertaining war profits, we shall reach a just and a sound result.

The PRESIDING OFFICER. The question is on the adoption of the amendment of the Senator from California to the amendment reported by the committee.

Mr. KENYON. Mr. President, if it is desired to have a vote on this amendment, I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Harding	McKellar	Simmons
Bankhead	Hitchcock	McNary	Smith, Ga.
Borah	Hollis	Martin	Smith, Mich.
Brandeggee	Husting	Nelson	Smoot
Broussard	James	New	Sterling
Chamberlain	Johnson, Cal.	Norris	Stone
Colt	Johnson, S. Dak.	Page	Sutherland
Dillingham	Kellogg	Penrose	Thompson
Fall	Kendrick	Polindexter	Townsend
Fernald	Kenyon	Pomerene	Underwood
France	Kirby	Ransdell	Vardaman
Frelinghuysen	Knox	Saulsbury	Wadsworth
Gerry	Lewis	Shafroth	
Hale	Lodge	Sheppard	

The PRESIDING OFFICER. Fifty-four Senators having answered to their names, there is a quorum present. The question is on the amendment of the Senator from California to the amendment reported by the committee.

Mr. BORAH. Mr. President, I have no desire to impose a speech upon the Senate, but a number of Senators who have left their offices want to vote upon this amendment. They are not here and did not expect that there would be a vote upon it before morning. I very much dislike to have it go to a vote at this time; I so much dislike it that if a vote is forced I shall have to make a speech.

Mr. LEWIS. Then we hope the vote will be forced.

Mr. BRANDEGEE. We should like to hear the Senator.

The PRESIDING OFFICER. The Senator from Idaho has the floor.

Mr. BORAH. I think that it would better conserve all purposes if we could have the matter go over until the morning, because, in my judgment, there will not be over 15 or 20 minutes debate upon it in the morning.

Mr. PENROSE. It is not necessary, Mr. President, for the Senator to confine himself to the bill in his remarks.

Mr. BORAH. I should prefer to confine myself to the bill.

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from North Carolina?

Mr. BORAH. Certainly. I yield to the Senator.

Mr. SIMMONS. I understand the Senator from Idaho does not wish to speak this afternoon?

Mr. BORAH. "The Senator from Idaho" is not going to speak upon this particular amendment at all except for the purpose of protecting certain Senators who have gone away. It is not my intention to occupy any time in the morning upon this amendment. So I am not asking for time for myself to make a speech, but there are Senators absent who desire to be present to vote upon this amendment, and I must protect them even to the extent of making a speech which I did not intend otherwise to make at this time.

Mr. LEWIS. The Senate does not quail before the threatened infliction.

Mr. BORAH. Do not thus boast until you hear it.

Mr. SIMMONS. Mr. President, there may be other Senators who desire to speak on this amendment this afternoon.

Mr. BORAH. If there are any, I have no desire to interfere in any way.

Mr. SIMMONS. I wish to inquire if there is any Senator in the Chamber who desires to speak upon this amendment this afternoon? [A pause.]

Mr. President, what the Senator from Idaho says about the absence of Senators this afternoon is true. I am advised that probably more than 25 Senators are absent from the Chamber. I presume that condition has grown out of the idea that, as we have fixed a time to vote, probably we would not begin to vote on amendments for some little while yet. I am disposed today to ask for a recess, and then let it be known to Senators who are absent that we have not been able to reach a vote this afternoon upon an amendment when the Senate was ready to vote because they were absent from the Chamber.

Senators upon this side of the Chamber and upon the other side of the Chamber have been for several days insisting that we should take this bill up and vote upon amendments. We have taken it up, and we are practically ready to vote upon an amendment, but we are not able to do so because some 20 or 25 Senators are absent from the Chamber. So, Mr. President, if we lose the remainder of this day, it is not the fault of the Senate, but it is the fault of the absent Senators. Under the circumstances I move that the Senate take a recess.

Mr. LODGE. Will the Senator withhold that motion for a moment?

The PRESIDING OFFICER. Does the Senator from North Carolina withhold his motion?

Mr. SIMMONS. I withhold the motion.

Mr. LODGE. I simply desire to say that I am afraid that possibly Senators have not taken notice, although I spoke about it yesterday when the agreement was being made, that under the language of the unanimous-consent agreement the Senate may vote on any amendment at any time and may vote on the bill finally at any time. We may vote on the bill finally at any time. It may not wait until a week from Monday. The vote may come at any time, and the importance of Senators being constantly here, where they can be reached for a vote, is very great indeed.

Mr. VARDAMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Mississippi?

Mr. SIMMONS. I do.

Mr. VARDAMAN. Another matter of very great importance to the American people just now is the trading-with-the-enemy bill. I suggest that the Senator from Louisiana [Mr. RANSDELL] is ready to proceed with that bill and it might be considered at this time.

Mr. SIMMONS. Under the unanimous-consent agreement that could not be done.

Mr. VARDAMAN. I thought it was understood that if a lull came in the proceedings other matters might be taken up.

The PRESIDING OFFICER. The Chair holds that the suggestion of the Senator from Mississippi is not in order, as it is not in order to consider other matters during the life of the unanimous-consent agreement.

RECESS.

Mr. SIMMONS. I renew my motion, Mr. President.

The PRESIDING OFFICER. The Senator from North Carolina moves that the Senate take a recess until 11 o'clock to-morrow.

The motion was agreed to; and (at 4 o'clock and 43 minutes p. m., Friday, August 31, 1917) the Senate took a recess until to-morrow, Saturday, September 1, 1917, at 11 o'clock a. m.

## SENATE.

SATURDAY, September 1, 1917.

(Legislative day of Wednesday, August 15, 1917.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

Mr. McCUMBER. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Hale	Lodge	Shafroth
Bankhead	Hardwick	McCumber	Sheppard
Beckham	Hitchcock	McKellar	Sherman
Brandeggee	Hollis	McNary	Simmons
Broussard	Husting	Martin	Smith, Mich.
Calder	James	Myers	Smith, S. C.
Chamberlain	Johnson, Cal.	Nelson	Smoot
Colt	Johnson, S. Dak.	New	Sterling
Culberson	Jones, N. Mex.	Norris	Stone
Curtis	Jones, Wash.	Owen	Thompson
Dillingham	Kellogg	Page	Trammell
Fall	Kenyon	Penrose	Vardaman
Fernald	King	Pittman	Wadsworth
Fletcher	Kirby	Polindexter	Watson
France	Knox	Pomerene	Williams
Gerry	La Follette	Robinson	
Gronna	Lewis	Saulsbury	

Mr. CURTIS. I desire to announce the absence of the Senator from West Virginia [Mr. SUTHERLAND] on account of illness in his family. I ask that this announcement may stand for the day.

Mr. MYERS. I announce the unavoidable absence of my colleague [Mr. WALSH]. He is paired with the Senator from New Jersey [Mr. FRELINGHUYSEN]. I will let this announcement stand for the day.

Mr. LEWIS. I desire to announce that the Senator from California [Mr. PHELAN] is detained on official business.

Mr. SIMMONS. I wish to announce that my colleague the Senator from North Carolina [Mr. OVERMAN] is detained on official business.

The PRESIDENT pro tempore. Sixty-six Senators have answered to their names. There is a quorum present.

THE I. W. W. MENACE.

The PRESIDENT pro tempore. The Chair hands to the Secretary a telegram in the nature of a petition, which, at the request of the Senator from Montana [Mr. MYERS], will be



printed in the RECORD, without objection. The Chair hears no objection.

The telegram is as follows:

DRUMMOND, MONT., August 29, 1917.

The honorable Senate and House of Representatives in Congress assembled, Washington, D. C.:

Whereas the Government of these United States is at war with the Governments of the central powers; and  
Whereas it is the duty of every American and American citizen to help, aid, and assist the Government of these United States in carrying this war with its enemies to a successful termination; and  
Whereas there is a certain element of disloyal and unpatriotic people in these United States, and more especially in the Northwestern States, who are doing everything possible to hamper and impede the Government in its present war with its enemies; and  
Whereas these disloyal and unpatriotic people, through their agitation and coercion, have caused the shutdown of the copper mines at Butte, Mont., and the manganese mines at Philipsburg, Mont., and the lumber industry in other parts of this State and other States and by so doing have stopped the output of copper and manganese ores and the lumber, all of which are much needed by the Government of these United States to carry to a successful termination this war with its enemies; and  
Whereas a great many of these people have been known to have made insulting and seditious remarks against the Government, the President, and our soldiers and sailors in uniform; and  
Whereas a great many of these people are aliens and allowed to remain at home while our own American boys and American citizens have been drafted to the colors, and thousands of them have gone voluntarily: Now, therefore, be it

Resolved, That we, the undersigned officers of the Patriotic Citizens' Association of Camps Nos. 1 and 2, of Granite County, Mont., with the unanimous consent and hearty approval of our 400 members, do respectfully request that the honorable Senators and Representatives in Congress assembled do help and assist in the speedy passage of the Myers bill, an act making it unlawful for any person to make any seditious remarks against these United States or its President or Congress or soldiers or sailors, etc., and also assist in the speedy passage of Representative EVANS' bill, an act compelling all aliens of military age to either serve under their own colors or the colors of these United States.

Respectfully submitted.

R. A. HAWLEY,  
President Camp No. 1.  
CHAS. E. ANDERSON,  
Secretary Camp No. 1.  
W. E. ALBRIGHT,  
President Camp No. 2.  
LYLE F. WILSON,  
Secretary Camp No. 2.

#### WOMAN SUFFRAGE.

The PRESIDENT pro tempore. The Chair lays before the Senate resolutions of the Delaware Branch of the National Woman's Party, which will be printed in the RECORD, if there be no objection.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

Whereas this our country is engaged in war; and  
Whereas the President of the United States has proclaimed that we are to fight "for the things we have always carried nearest our hearts—democracy—for the right of those who submit to authority to have a voice in their own government"; and  
Whereas 20,000,000 of women in these United States are not only denied a voice in their own government but those who peacefully and legally plead for it are arbitrarily and unjustly thrown into prison: Therefore be it

Resolved, That we protest against this continued injustice to women and demand their enfranchisement through the immediate passage of the Susan B. Anthony amendment; and be it further

Resolved, That copies of these resolutions be sent to President Wilson, Senators SAULSBURY and WOLCOTT and Representative POLK, asking Senator SAULSBURY and Representative POLK that they have them read into the CONGRESSIONAL RECORD.

FLORENCE BAYARD HILLES,  
State Chairman.

AUGUST 28, 1917.

#### PETITIONS.

Mr. PHELAN presented a petition of the Chamber of Commerce of Los Angeles, Cal., praying for a labor census and for a system of industrial conscription, etc., which was referred to the Committee on the Census.

He also presented a petition of the California State Rural Carriers' Association, pledging support to the Government in the prosecution of the war, etc., which was referred to the Committee on Military Affairs.

#### BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. ROBINSON:

A bill (S. 2837) for the relief of William E. Johnson; to the Committee on Claims.

By Mr. CHAMBERLAIN:

A bill (S. 2838) for the relief of Lee M. Clark; to the Committee on Military Affairs.

By Mr. PENROSE:

A bill (S. 2839) granting a pension to Ed. M. Deemer; to the Committee on Pensions.

#### WAR REVENUE.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 4280) to provide revenue to defray war expenses, and for other purposes.

The PRESIDENT pro tempore. The question is on the amendment of the Senator from California [Mr. JOHNSON] to the amendment.

Mr. OWEN. I should like to have the amendment read by the Secretary.

The PRESIDENT pro tempore. The Secretary will read the amendment to the amendment.

The SECRETARY. It is proposed to strike out all of section 201 down to and including line 22, on page 13, of the committee amendment to Title II and to insert:

SEC. 201. That in addition to the taxes under existing law and under this act there shall be levied, assessed, collected, and paid for each taxable year upon the income of every corporation, partnership, or individual a tax (hereinafter in this title referred to as the tax) equal to 73 per cent of the war profits determined as hereinafter provided.

Mr. OWEN. Mr. President, I think it is the consensus of opinion that war profits should be made to pay the cost of this war, as far as practicable; that there should be taken over for the purpose of carrying on the expenses of the war practically a very large part of these profits. I sympathize with that attitude. But, Mr. President, I also realize that it is of the highest importance in the conduct of the war that the capital employed in furnishing and expanding the production of the munitions of war should be active and vigorous and should still further expand their plants.

As I understand it, this proposed amendment would take something over 80 per cent of the war profits. I understand that the concerns engaged in the manufacture of war supplies and war munitions were encouraged prior to our entry into the war to expand their plants on a very great scale in anticipation of earning extraordinary profits during the operation of the war; that these very extensive and costly plants in greater or lesser degree at the termination of the war, which may come with more or less suddenness, might be unavailable for other purposes, might prove comparatively worthless; and that some of these concerns anticipating abnormal war profits have borrowed large amounts of money and invested them in buildings, machinery, and so forth, anticipating that they would repay such loans out of the profits. What will happen to these citizens and corporations if we do not leave them enough of the profits to meet these probable losses? What will be the effect on the activities of those supplying war supplies if he is certain of receiving only a fifth of his profits and no safeguard is put in the law to safeguard his actual capital from appropriation under the so-called excess war-profits tax?

It is impossible for one who has not attended the hearings of the committee to be thoroughly informed with regard to all these details, but I believe it to be the part of prudence not to impose the taxes to a point which would stop or greatly impair the development of the works looking to the expanding of the supplies of materials required for war or impair our future revenues from this source. I think it would be easier to enlarge the war-profits tax after we shall have determined how the committee amendment will affect these industries rather than go so far in the first imposition of these taxes that we may do a harm which would be not easily repaired. Leaving 20 per cent of the war profits in the hands of those who are engaged in these enterprises would not, I am quite sure, in some of the most important companies, leave a sufficient amount to meet the expenditure for new buildings and new machinery, which when the war ends might be unproductive and a liability instead of an asset, because taxable.

I feel very strongly disposed to take the war taxes as far as they may be taken without harm to the productive activities of the country, but I do not feel myself able to follow the proposed amendment so far. I wanted to make this brief explanation of the reason I do not find myself able to vote for this amendment to the amendment.

The proposed amendment proposes a tax on war profits "determined as hereinafter provided," and depends on a future amendment not disclosed in the pending amendment. This is an improvident and unwise method of parliamentary procedure.

Mr. JOHNSON of California. Mr. President, it is my design, as briefly as I can, to explain exactly what the amendment is that is now presented to the Senate, and in comparison with the amendment that has been presented by the majority of the committee to comment upon the two divergent views, that the Senate may be wholly informed, and being wholly informed may then choose the view that it desires to take in this particular crisis.

In the beginning of what, briefly, I shall say I desire to congratulate the Finance Committee not only upon its laborious and arduous task, now nearly completed, not alone upon its fidelity and its industry in the endeavor to solve the great question and the great problem presented to it, but I desire to congratulate the Finance Committee as well upon its conversion to the view that was expressed on this floor but a short week ago and upon the adoption of the principle that then was contended for by some of us and which now is embraced by the Finance Committee.

In speaking thus to you concerning the Finance Committee I speak with an admiration and a high respect for every member of that committee. I yield to the committee itself and to each individual member the highest meed of praise that can be accorded to men who conscientiously and industriously and with the most painstaking and careful research and investigation have performed a most difficult task and sought to solve a most difficult problem. But, nevertheless, within the legitimate limits of a forensic discussion, it is my right as well as the right of any Senator upon this floor to endeavor to point out mistakes where they occur, changes of policy, if any have transpired, and indeed to discuss the reversal, the metamorphosis as it were, of the whole scheme of dealing with the greatest problem that now confronts the American people.

That the sequence of events may be wholly understood, let me recall to the Senators here that after two months of the labor which we appreciate and for which we yield all honor to the Finance Committee, the committee presented to this body a bill which it defended vigorously, emphatically, and enthusiastically; aye, it defended it in a fashion that convinced me of the logic and the justice, at least, of a part of the bill, the mode of computation of war profits, and of the justice and justness of that rule and of the fact that the rule contemplated by the other House was a rule that could not be tolerated in any tax scheme under any circumstances and could not in this particular instance be tolerated in this scheme.

A bill was presented by the Finance Committee which increased the revenue of war profits by \$560,000,000, in round numbers. It was presented admirably and eloquently by the distinguished Senator from North Carolina [Mr. SIMMONS], and then he and every member of the Finance Committee stood here before the Senate and said to the United States of America—I quote, I think, exactly the language of one member of that committee—"We have taxed to the very limit of safety by the bill that we thus present to the Senate and to the American people."

It was asserted upon this floor and it was repeated and reiterated by every member of the Finance Committee that the limit had been gone in taxation and in the amount the bill raised of war profits in this crisis. If you desire the pages of the *Record* where each individual's remarks are given, I have them before me; but I take it that none will gainsay that those who presented this report when first they presented it said to us in language that could not be misunderstood, in words that could not be misinterpreted—in a fashion, indeed, so impressive as to make us for a moment halt and hesitate in the desire that might be ours—that \$562,000,000 additional war profits are the limit with safety that Congress can go in this crisis and in this war at this time. Then they presented to us a mode as well by which those excess war profits were computed, a mode which I most heartily indorse and which the distinguished Senator from North Carolina, with his persuasive eloquence, on the first day that he stood on this floor and explained his bill and elaborated its provisions convinced us was the only proper mode of computation. He convinced me, and doubtless he convinced all of you, that the method adopted by the House of Representatives for the computation of war profits was a method unascertainable; a mode that was indefinite; a mode that was uncertain; a mode that was vicious indeed in the endeavor to ascertain war profits; and he presented to us, in a bill then given us by the Finance Committee, a mode which seemed equitable and just, and at least a mode in which there were fewest inequalities and by which the fewest wrongs would be done.

This was the first action of the Finance Committee presented to the Senate; this was the mental attitude in which they and we approached this subject but two or three days ago. Then, over night, in the twinkling of an eye, there transpired so remarkable a change that, without disrespect at all I referred to it here, as indicating to you that the position we assumed in the beginning concerning amounts is, after all, a position in reality which by the acts of the Finance Committee they have, indeed, to-day, indorsed. They had told us day after day we had reached the limit of taxation in this land; they told us, Member after Member, "Oh, touch not the flux of industry;

turn not aside the tide of productivity; permit that ordinary business to flow in its ordinary course; increase not these rates and this taxation because of the wrong you will do, the ruin that will be the consequence, and the disaster and the cataclysm that will follow any increase of taxation of war profits in this land."

Oh, do you not recall, Senators, the perfervid remarks upon this subject? Then the next day after the struggle began here, substantially, the committee presents to us an increase of a half billion dollars' taxes on what they term the excess war profits of this land. We who stood here asking this increase in taxing the profits of those who made their profits out of the sorrows of others were accused of endeavoring to stop industry, to hinder enterprise, to interfere with the productivity of the land.

We were so accused because we wanted to increase the taxes. We were justified, Senators, by the Finance Committee of the United States Senate when that committee increased these rates by a half billion dollars here in response to a public sentiment of our land. The argument in the Senate, the opposition to the committee's pitiful sum taken from war profits, have borne their fruit; and if nothing more be done, we have won an astounding victory in the practical doubling of war-profits taxes.

I thank the Senator from North Carolina [Mr. SIMMONS] for his frankness in respect to this matter. I congratulate him upon the method in which he has presented this measure from the beginning to the end. My view is divergent from his; it may be because of the views that we have held in different environments for many years in the past; but I say to those with these divergent views that I respect them and their views, and I hope that if they have a modicum of esteem for those who hold the contrary view that that modicum of esteem may not be at all lessened by opposition upon a great governmental problem and the expression of our views upon that problem.

The bill brought to us was "the very limit of taxation"; yet a half billion more was then suddenly added. The bill brought to us gave to us a mode of computation for which we contend in this particular amendment—and other amendments will follow that deal with that subject—the bill brought to us a mode of computation of war profits that seemed simply direct and easily ascertainable; and the mode now adopted by the committee amendment is the mode that then the very progenitors of the old mode insisted was of exactly a contrary sort.

I submit to you, therefore, that we have at the outset an amazing situation. After months a bill comes to us that represents the best thought and the best labor of our committee; it was "the limit in taxation"; it eliminated an uncertain and unascertainable, an imperfect, and a vicious method of computation of war profits; it dealt properly with war profits. After the presentation of this bill to us, it is transmuted now to an increase of a half billion dollars without difficulty, although prior to that time it had "reached the very limit of safety in taxation." It is entirely changed in the method of computation and the "vicious method" is adopted. It is not now dealing with what those of us who stand here in favor of this amendment desire to deal with—swollen war profits; it is not dealing with that which is coined out of this crisis and out of this cataclysm in our Nation; it is dealing with profits generally instead of with war profits alone.

So we have this singular situation thus confronting us. Now, what we seek is to touch war profits; what our design is is to take the largest percentage that may be taken of profits that have been coined out of the war. We are not concerned with normal peace profits; we are not concerned with normal industry in its ordinary and its usual flux and flow. We would protect normal profits; we would protect normal business; we would protect normal productivity and normal industry; but we would take the largest percentage that we could of war profits, the very largest that is possible; and that percentage we believe is embraced within the amendment that is presented this morning for action by the Senate.

The fundamental difference between what is presented by the committee and what we endeavor to do by this amendment is that we reach the strong arm of the law, the strong arm of the Government, out to these war profits with the same vigor and the same strength and the same virility, indeed, with the same enthusiasm that all of you reached out the strong arm of the law and threw all the youth of this land into the melting pot of war. We seek by this amendment and by kindred amendments to touch these swollen profits; profits that have come from disaster; that come from our difficulties; that come, indeed, from this crisis in which we find ourselves.

Some Senators say to us, "Wait; wait; wait." They say to us, "Pause; pause; pause; hesitate; hesitate; hesitate." We



say to them when these great concerns ask us to wait, wait, wait and to pause, pause, pause what these great profit-making concerns mean is, "Wait until the war is over; wait until safely they have stored away all these war profits, and then you will not be able to touch them or to take any part of them."

That, in brief, is the situation presented by the amendment that is now offered in contradistinction to the position that is taken by some of the concerns and corporations of the nation who are deriving great war profits at the present time. How specious the plea that we are injuring business!

Do you understand—and pardon me for the repetition of what ought to be clear to every Senator—what we are striving to do? Under the plan that was indorsed and approved and advocated and of which the Finance Committee convinced us we take three prewar years—pardon, please, the repetition—1911, 1912, and 1913, and we say that if a corporation or a business institution had during those years first a profit of \$75,000 in 1911, a profit of \$100,000 in 1912, and a profit of \$125,000 in 1913 its average profits are \$100,000 for the three years prior to the war. We say—and I but repeat the language, I think, of the distinguished Senator from North Carolina and that of his associates on the Finance Committee—that that average represents a fact, not a speculation or a theory; that average of \$100,000 for three years is fixed, definite, certain; all men may understand it, and he who runs may read; that \$100,000 is the normal profit; it is the ordinary flux and flow of productivity and industry and of business, and we say, "We yield this ordinary flux and flow of industry and of business, we yield this normal profit to the man in business or the corporation in business at this time, and we deduct that sum from the amount of his profits during the war period, and upon the remainder—the amount in excess of the normal peace profits—we levy our tax." That is the system proposed.

Injure business! Every concern in business save where locally there may be some injustice easy to remedy, as was suggested by the Senator from Ohio [Mr. POMERENE] yesterday, every concern in business prior to the war has its prewar profit allowed it; it continues its business; it continues its industry with its prewar profit wholly untouched.

Mr. HARDING. Mr. President, will the Senator from California allow me to interrupt him?

The PRESIDENT pro tempore. Does the Senator from California yield to the Senator from Ohio?

Mr. JOHNSON of California. Yes.

Mr. HARDING. I dislike very much to interrupt the Senator's remarks, but I am exceedingly interested in the manner in which the Senator, by his amendment, determines war profits. In order to get his idea, let me state a specific case.

Mr. JOHNSON of California. If the distinguished Senator from Ohio is about to make an argument upon the proposition, I suggest that he wait until I conclude.

Mr. HARDING. I have no such desire. I merely want to ask the Senator a question in perfect deference. Suppose a concern in my home city, of which I happen to know, during the period 1912-13 had very subnormal profits, owing to the depression of business in its particular line, would the Senator, because of the restoration of better conditions in that business due to the activity of 1915 and 1916, count the profits of the latter years as war profits?

Mr. JOHNSON of California. I beg the Senator's pardon, but has he concluded his question?

Mr. HARDING. Yes; I only want to know if the excess or unusual earnings of 1915 and 1916 of a perfectly normal concern not in any way connected with war, as compared with its earnings under the subnormal conditions of 1912 and 1913, would be considered war profits?

Mr. JOHNSON of California. Yes; if they were in excess of the profits during the prewar period. I have repeated again and again, and repeat now so that there may be no further misapprehension about it, that an excess of profits over the prewar period prescribed by the Finance Committee would be considered as war profits. That is quite so. Now, I take it that the distinguished Senator, by reason of his query, favors, of course, the amendment that has been presented by the Finance Committee and its mode of determining war profits. While, of course, I recognize that that particular mode of computation has now been arrived at after a labor not as great, however, as that which resulted in the mode that was presented to us in the first instance, but nevertheless one that is justified very eloquently and emphatically by the members of the Finance Committee, yet permit me, if you please, inasmuch as the Senator from Ohio has asked me the question, doubtless with the idea in view that the mode provided first by the Finance Committee is the appropriate mode—permit me to read what the Senator from North Carolina [Mr. SIMMONS] said when he was discussing

this question originally before the Senate when this bill was first presented. I read from page 5967 of the RECORD:

The Senate draft of this title of the bill differs very materially from the House draft as to the method of ascertaining the normal income of the taxpayer and as to the method of imposing the tax. The House bill proceeds upon the assumption that everybody, in whatever occupation or business engaged, was making identically the same per cent of profit before the war. It is a standard based upon a manifest fallacy—upon an assumption that our experience tells us does not conform to the facts.

And yet the standard now adopted by the Finance Committee is substantially logically the same standard concerning which the Senator from North Carolina was then inveighing. He continued:

Everybody does not make, and everybody never did make, the same percentage of profits. If you are going to tax war profits you must ascertain in some just and equitable way the actual prewar profits of the individual taxpayer.

That is what we contend for now. We take the only mode that is known, the only mode by which the facts can be ascertained, and we believe, though we recognize that in any taxing scheme there will be inequalities, that this mode we thus take is the one that should prevail. The Senator from North Carolina said, further:

The standard must reflect the facts of the individual case, and it must be equitable. It must be founded upon fact and upon truth and not upon assumption and fiction.

And this was in relation, mind you, to the particular mode adopted by the House, which is to-day substantially the mode adopted by the Finance Committee of the Senate. How do you reconcile these two positions? I read again from the same page:

The bitter, intense opposition to the House measure, which was reflected in the hearings before the Finance Committee, which have been printed and are in the possession of Senators, shows that the objection was not to the amount of the tax—for that was so exceedingly low in view of the conditions that nobody could object to it—it was upon the ground that the base upon which the tax was made to rest was a fictitious base—one that did not reflect the facts.

Mr. FLETCHER. Mr. President—

The PRESIDENT pro tempore. Does the Senator from California yield to the Senator from Florida?

Mr. JOHNSON of California. Certainly.

Mr. FLETCHER. May I interrupt the Senator to inquire what he means by "war profits determined as hereinafter provided." Does the Senator propose to follow this with some other amendment?

Mr. JOHNSON of California. Yes, sir.

Mr. FLETCHER. Or does the Senator adopt the amendment of the Finance Committee?

Mr. JOHNSON of California. No, Mr. President. In response to the Senator—and I am very glad he asked the query, because I want to repeat and repeat, iterate and reiterate, what last night was several times said, that our design is to adopt the mode which was presented first by the Finance Committee, the mode about which I am now talking, and amendments have been prepared which, if this amendment be adopted, will be presented eliminating the House mode that has now at this late date been adopted by the Finance Committee.

Mr. FLETCHER. I take it, then, that the Senator refers in that language to section 203 as presented by the Finance Committee, section 203 being the mode in which this is to be determined?

Mr. JOHNSON of California. Yes. I will say to the Senator that this, being the first section in sequence, is first attacked. Immediately afterwards the subsequent section will be sought to be amended, to return to the mode of estimating prewar profits suggested by the Finance Committee in its original report.

I return now to reading the remarks of the Senator from North Carolina upon the particular mode that now has his sanction.

Mr. POMERENE and Mr. OWEN addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from California yield; and if so, to whom?

Mr. JOHNSON of California. I yield to both Senators—to either.

The PRESIDENT pro tempore. The Senator from Ohio, the Chair believes, first addressed the Chair.

Mr. POMERENE. As I understand the Senator from California, his statement was that he hoped to return to the original plan of the Finance Committee for the determination of prewar profits. Am I correct?

Mr. JOHNSON of California. The Senator is correct.

Mr. POMERENE. So that under the plan which the Senator would like to have the Senate adopt it would be possible for a given company to earn on an average 100 per cent on its capital stock during the years 1911, 1912, and 1913, and that same amount—namely, 100 per cent—if earned during the current year, would be exempt from this so-called war-profits tax?



Mr. JOHNSON of California. Unquestionably, if they were alike. There is no question on that score. The theory that we have in mind is that we will endeavor to protect these profits. If there were some peace profits that were excessive after the sum that might be considered normal, it is infinitely better that that normal business shall be protected rather than that we should protect swollen war profits. That is the attitude I assume in this matter.

Mr. OWEN and Mr. NORRIS addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from California yield to the Senator from Oklahoma?

Mr. JOHNSON of California. Yes, sir.

Mr. OWEN. The suggestion I desired to make was that in order that those not familiar with the proposed subsequent amendments might understand, it ought to be very clearly stated what are the subsequent amendments which are referred to by the pending amendment; otherwise, it would not be understood. I did not understand it in reading it.

Mr. JOHNSON of California. I shall be very glad to explain that to the Senator; but it has been the subject matter, really, of discussion these past few days, and I confess a diffidence in the repetition of matters that I have heard so often here. But I shall be delighted, indeed, to explain that the Senate committee now has presented an amendment to succeeding sections—an amendment which I do not wish to take the time to read but with which I assume the Senate is more or less familiar—that changes the base of computation, but it changes the base of computation by the addition of three lines.

If you will turn to the Senate amendment on page 2, in subsection 203, subdivision (a), you will observe that the first six lines of subdivision (a) are substantially the lines of the original bill presented by the Senate committee; but the addition is made by the Finance Committee that the deduction shall not be an amount less than 6 nor more than 10 per cent of the actual invested capital as of January 1 of the taxable year. It is these last three lines that we seek to eliminate, if we can, in order to preserve the system that the Senate Finance Committee first presented to us.

Mr. NORRIS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from California yield to the Senator from Nebraska?

Mr. JOHNSON of California. I do.

Mr. NORRIS. The Senator's amendment will be applicable whether the change that the Senator suggests is made or not, will it not?

Mr. JOHNSON of California. Yes, sir; but I would not wish it applicable except with the change. I say that very frankly.

Mr. SHAFROTH. Mr. President—

The PRESIDENT pro tempore. Does the Senator from California yield to the Senator from Colorado?

Mr. JOHNSON of California. I do.

Mr. SHAFROTH. I am trying to ascertain the reference which the Senator has made to the new committee amendment. Is it incorporated in this matter which I hold in my hand here, consisting of 18 pages, numbered the same as the original bill?

Mr. JOHNSON of California. Does the Senator mean the committee amendment?

Mr. SHAFROTH. Yes.

Mr. JOHNSON of California. No, sir. The committee amendment is embraced within six pages. I am very glad that we may be set right on that point. I find—and you will pardon me for thus stating—in talking to various Senators, that some of them have very little conception of what we are seeking to do, or how we are seeking to do it. Therefore, I recapitulate further for the moment. It is impossible to make a connected argument under the circumstances, but if I am able to emphasize a single point I shall have accomplished the result I desire.

I reiterate, what we seek to do is to take the swollen war profits of this land. I take it that an answering echo to that sentiment will be found within the bosoms of many of the Senators here; and when we agree upon that premise, if we agree, there should not be the slightest hesitancy or doubt as to how we should go forward to take those swollen war profits.

I repeat again—pardon this iteration, please—the Finance Committee told us how to do it, after two months of extraordinary labor. They told us to take the profits of 1911, of 1912, and of 1913, to average the profits for those years, and that that average would constitute the profits before the war. Then they ascertained, they said, the war profits. I am leaving out details and percentages now, for which you will pardon me. They ascertained the war profits, and from the ascertained amount of war profits they would deduct the prewar average profits—the peace profits, if I may term them such—and upon the amount thus left, after deducting from the war profits the peace profits, we figure our taxes. That was the scheme presented by the

Finance Committee after two months of arduous and difficult and conscientious labor.

The scheme that they now present, that was presented only two or three brief days ago, is that instead of taking this ascertained actual amount, as the Senator from North Carolina designated it, you take from 6 to 10 per cent on the capital, and this 6 to 10 per cent on the capital you deduct from the war profits to ascertain the amount upon which the tax shall be paid. Any Senator who has had experience in the past with ascertaining the capital of a corporation, I do not care how you safeguard it—any Senator who has, during any active career, governmental or otherwise, had to deal with great corporations in ascertaining their value or ascertaining their capital—knows that when you take the last method that is proposed by the Finance Committee of 6 to 10 per cent on the capital, you do just what the Senator from North Carolina told us you would do only a week or two ago: You put a premium upon that corporation's ability to hoodwink and deceive and exploit the Government.

I resume now, reading the remarks of the Senator from North Carolina in denunciation of the very scheme that now is presented under the amendment of the Finance Committee:

We struck this arbitrary standard out and substituted a standard based upon the actual results of each man's business operations.

Oh, Senators, if this was the mode of computing war profits but a few short days ago, and for the two months that the Finance Committee labored, may not we who are young, and who are inexperienced here, believe that it is the appropriate way now to compute war profits?

We allow a deduction of the average profits actually made during the three years immediately preceding the outbreak of the war. We make provisions for exceptional cases where, by reason of misfortune, or of circumstances, a man was not making a normal profit during that period but was making an abnormally low profit compared with the profit of like business. Under the bill now before you—

This was before the amendment, you know—

if the Secretary of the Treasury shall find that a man's profit was abnormally low during the three last years, he must permit him to have an exemption equal to the average profits made by representative concerns in like business during those three prewar years.

We selected the three years named in the bill because, after a very thorough investigation—

It occupied two months, in reality—

on the part of the experts, comparing all the years between 1909 and 1915—1909 being the year in which we first began to get reports from corporations under the income-tax law—we were advised, taking the business of the whole country into account, that the years selected were the most favorable group for the average taxpayer; but it is charged, Mr. President, that our base is wrong and that the base of the House is correct.

Oh, I compliment again the Senator from North Carolina upon his able and his convincing argument. Lay it not against me, please, if, accepting this argument enthusiastically, I indorse the mode now. I ascribe it to his persuasive eloquence, as the representative of the Finance Committee, in presenting so forcefully, and in presenting with a logic that could not be gainsaid or disputed, the mode for which we now contend, and to which, alas, he is now opposed.

He continues:

I have looked up this matter with a view to ascertaining what base is used by European countries which have imposed war-profits taxes.

Then follows his discussion of European countries, wherein he points out that of all the nations of the world that have laid war profits but Spain and Canada have adopted anything of the percentage method. Then he proceeds further:

Under the 8 per cent method of determining prewar profits of the House bill—

His mode now is 6 to 10 per cent, I grant—

undoubtedly many of the great corporations and trusts of the country who are now making enormous war profits would, by reason of overcapitalization and watered stock, largely, if not altogether, escape the proposed tax.

Why, Senators, do you realize that the chairman of the Finance Committee, with all the power and with all the prestige that that position gives to him, said to us on the 15th day of August last, in a speech that was a memorable effort in this great body, that if we adopted this percentage method the corporations of the country, by reason of chicanery and over capitalization, would escape these great war taxes? I repeat, and repeat to you his language, because what I want—aye, what you want; aye, what the American people want—is that we shall catch these great, swollen war profits, and that we shall turn them to the benefit of this war and of this Government. And when solemnly we are assured by the chairman of the Finance Committee that a rule he now invokes will possibly permit great corporations to escape, I ask you how is it possible for you to vote for that particular rule, no matter how specious may be the plea for the preservation of business or for keeping industry and productivity in its normal channels?



I read you one more paragraph, and then I cease, of this sort: This was made quite clear—

What was made quite clear? That—

Undoubtedly many of the great corporations and trusts of the country who are now making enormous war profits would, by reason of over-capitalization and watered stock, largely, if not altogether, escape the proposed tax. This was made quite clear to your committee not merely by information and statistics obtained through the departments and other sources but from the statements of representative men, thoroughly familiar with corporate practices and organization, who appeared before us in vigorous protest against this part of the House bill.

It was made quite clear to the Finance Committee and to the chairman of the Finance Committee that by the rule now sought to be put into effect the great corporations of the country that have waxed fat off our trial and our travail and our trouble and our blood would escape this war tax; and, being made clear, the Senate of the United States is now asked to adopt that particular rule.

I leave with you the mode of levying these war-profits taxes "Injury to business" is the only answer that he has made to that which we seek to do—"injury to business," mind you. What we do—and I beg you to keep it before you when we come to vote upon these amendments—is this: We first give the normal prewar profit, untouched so far as this tax is concerned. That of itself is something and protects, preserves, and conserves ordinary business and normal profits. Next, after we have given to these who make the swollen war profits the normal peace profits, we let them retain untouched all the war profits that they have made up to this particular time. When I say that England has now a war-profits tax of 80 per cent, I am answered by the statement that England first took 50, next took 60, and next took 80 per cent. But I call to your attention the fact that when England was taking 50 per cent we were giving 100 per cent of war profits to our own, when England was taking 60 per cent we were giving 100 per cent of war profits to our own, and when England is taking 80 per cent we are undertaking a liability in excess of what England, for the particular current period, is undertaking.

So when we ask that you take 80 per cent war profits, when we leave the normal profit to the corporation or the individual, when they have had three years untouched of swollen war profits in this Nation, and when we give them back of their war profits now coined out of us 20 or 25 per cent, how can it be said that we injure business or that we are doing an injustice or a wrong to any concern in this Nation?

Mr. OWEN. Mr. President—

The PRESIDENT pro tempore. Does the Senator from California yield to the Senator from Oklahoma?

Mr. JOHNSON of California. Certainly.

Mr. OWEN. It has been represented—I do not know with what measure of authority—that in some cases a very large part of the war profits to which the Senator just referred have been invested in the form of property which if the war should end would be valueless, and I would be glad if the Senator would explain what he thinks with regard to that.

Mr. JOHNSON of California. Let us assume that to be the fact; they have had three years of those war profits untouched. Do you think that they have invested in betterments during those three years all their war profits? If they have, well and good; they have their betterments without the taxation of war profits; and if they have not, they still have the profits. And so whether they have put back some of their profits in their investment, when without taxation they have had all those profits, is no argument against the present tax.

We are not without experience in this regard at all. We have not only the experience of other nations but we have the experience of England with an 80 per cent war-profits tax. And what do our English brethren say? They say to us that business there never has been better, and that the excess gives them a legitimate and reasonable and, indeed, a large profit upon their investment; and this, mind you, though England has been taking 60 per cent and 50 per cent in the years that have gone, while we have taken nothing in those particular years.

I ran across recently a statement by an Englishman that seems to me to be so refreshing in this day when we prate of England and England's example, when we draft and do the like because our British brethren tell us from their experience it is the thing to do, that I want to read the remarks made by a certain gentleman who was at the head of the steel industry of Scotland at the time the war-profits tax first went into existence in England. He did not seem palsied with fear by a large war-profits tax. I read from the Bankers' Magazine of London, from its issue of December, 1915. Here is what was said by the chairman of the Steel Co. of Scotland:

To my mind there is something absolutely revolting in the idea of anybody making profits out of the nation's agony, and especially so in

the case of a man or a company who have had no extra labor or anxiety, but whose opportunity has come solely because of an artificial scarcity created by the Government on account of the nation's need. This war, God knows, will bring untold suffering in more than one form to millions who have no war profits to collect and no war bonus to receive, and therefore I have felt in my own mind, long before this proposal was made, that in that direction the Government would be entirely justified in asking those who have made profits to assist those who are less fortunate. It may be, indeed, that before the war is ended—

This was the head of the Steel Co. of Scotland that was speaking when the first tax was levied upon war profits—

It may be, indeed, that before the war is ended the Government may find it necessary to take not 50 but 100 per cent of those extra profits, and if they do I hope that none of us will complain. As I have said before, sacrifice is demanded all round, and there are hundreds of thousands of others who are making infinitely greater sacrifice than is possible to us.

I commend the patriotic words of this captain of industry of England to the Senate of the United States. Is our position to be sacrifice demanded of all, sacrifice demanded of everybody and of everything but war profits? With war profits we must deal gingerly and timidly and tenderly.

I heard the distinguished Senator from Utah [Mr. SMOOT] last night say that we were taking, as I recall it, and I beg him to correct me if I am in error, 31 per cent of the estimated war profits for the next fiscal year. Am I correct in that?

Mr. SMOOT. I said that under the substitute amendment of the committee the average rate will be 31½ per cent.

Mr. JOHNSON of California. Yes, sir; thank you.

Mr. SMOOT. However, the graduated rate begins at 12 per cent and increases until it reaches 60 per cent.

Mr. JOHNSON of California. You will understand there is a graduated rate in this bill. I do not speak to you of the specific rate, because upon a prior occasion something has been said in that regard; but taking all the amount that is raised from war profits by this amendment of the committee, you get what? Fifty per cent that England took when she had no such liability as ours? Sixty per cent in the second year of the war? Eighty per cent in the third year of the war? Why, no; we are so halting and so hesitant, we are so tender and so timid that we take out of the swollen war profits 31 per cent, when we have undertaken a liability, or will have done so soon, of \$21,000,000,000.

Mr. SMOOT. I know the Senator from California desires to be perfectly fair, and if I did not believe that fully I would not interrupt him at this time; but I believe, in stating what tax was imposed on war profits by England, it would be fair on the part of the Senator to say that in this bill there is an income tax that exceeds the combined income-tax rates of England and any other one country.

Mr. JOHNSON of California. I will leave that to some of my colleagues to discuss. That is not what I am speaking of. I am speaking of war-profits taxes, and whence the timidity that should overcome us? Why is it that when we come to touch war profits we should take 31 per cent and 31 per cent only? Our friends upon the other side said to us we must not touch legitimate business and must leave a modicum ultimately for us to tax. Oh, no; oh, no; there will be no modicum to tax the instant that the war ceases. The nub and rub in this whole thing is hesitate, halt, retreat, bow our heads, of course do not touch more than 31 per cent of the war profits; wait, wait, and then when the war is over the other 70 per cent will be in the pockets of those who coined our blood in this war, and it will stay in the pockets of those who thus coin our blood. Wait, wait; for what? You have not waited with your men; you have not waited with your women; you have not hesitated to break hearts and to break bodies and to send men up against the gun and scatter them in the four corners of the earth. Wait now and take 30 per cent when the opportunity is with us to take without injury to a single occupation or a single business a real sum and to cause this wealth to make this sacrifice just as you cause human beings in this land to make their sacrifice.

Senators, you remember a few days ago in stentorian tones the members of the Finance Committee said that some people who were endeavoring to impose higher taxes were endeavoring to make this war unpopular. They did not mean that, of course, because they immediately imposed a half billion dollars more of taxes, and I would not insinuate that they did it to make this war unpopular. When they raised these taxes a half billion dollars, as they did, they justified and they vindicated every man upon this floor who has contended for a higher rate of war taxes. Popularity of this war! I do not intend to touch upon this, and I did not in what little I said the other day. Let me say to you gentlemen who stand here to-day taking 31 per cent of the war profits of this land, when England takes 80 per cent, and when you can take 60 or 70 or 80 per cent, if this war is made unpopular you are the ones who will make it so. I say to you, not in-



vidiously and not in harsh criticism at all, that your purpose, our purpose, the purpose of every man upon this floor ought to be to make the war popular, to do everything for its success, to have behind the line of trenches in France a line in America that is contented and happy, and a line in America that feels that no injustice has been done it. This is the like purpose, I take it, of all of us here, and in doing what we do to-day we will do much on the one hand or the other to determine the popularity of this war in the days to come.

Last night the Senator from Utah [Mr. Smoot], for whom I have very high respect, in speaking concerning this amendment and in opposition to it, said:

I do not believe the people of this country are going to say to all the railroads of the country, "You have not got to pay a cent of excess-profits tax." I do not believe that the people of this country will say to Mr. Henry Ford, "Notwithstanding you made \$54,000,000 in 1916, you shall be exempt from paying one cent of excess-profits or war tax."

Last night the distinguished Senator said that one of the reasons, in effect inferentially at least, why the amendment of the committee was presented was that the railroads of the country should not escape taxation, and that Mr. Henry Ford might be required to pay his due share. Last night the Senator from Utah said that. When he spoke the other day in respect to railroads—I quote him merely that we may have both statements before the Senate—he had this to say:

This is not a tax upon railroads. It falls upon the shippers and upon persons traveling upon the railroads. The committee sympathizes with the position just stated by my colleague. I think the committee will be criticized before the bill passes for making an exception in one or two cases for the railroads. I think we will hear a good deal from some Senators as to how we have yielded to that wonderful monopolistic power.

The first voice we have heard upon this subject of railroads was last night, when the change of the committee was justified by the Senator from Utah upon the ground that it would tax railroads. I have read from the Record so that his words might be quoted accurately.

Mr. SMOOT. Mr. President—

The PRESIDENT pro tempore. Does the Senator from California yield to the Senator from Utah?

Mr. JOHNSON of California. Certainly.

Mr. SMOOT. So that Senators may know the basis and what called forth those remarks, I wish to state that the question of the tax upon the parcel post and express companies was under consideration, and I called attention to the fact that such a tax was a tax upon transportation. Then I referred to the fact that if there was an exemption allowed of 8 per cent—I do not know that I stated the per cent at that time, but I have since, I will say to the Senator—if there was a flat exemption of 8 per cent there would be only a few railroads in the country that would pay a tax under the House provision or the amendment offered by the Senator from Alabama. The one is a tax upon transportation, the other a tax upon excess profits.

I say to the Senator now that if the average rate of profits made by railroad companies during the prewar period was 6 per cent and no more, then under the original amendment of the Senate committee they would not pay a single cent of excess profits and under the substitute they would not pay a single cent of excess profits. But if there is a railroad company that makes more than 10 per cent, I care not what the percentage is, then that railroad company will be compelled to pay an excess-profits tax under the substitute of the committee.

I stand upon the same ground, I will say to the Senator, that I did last night, and for the information of the Senator I wish to say that I stand upon the same ground that I did in the committee, as I could not defend a proposition that exempted the Ford company and other companies making the swollen fortunes referred to by the Senator from taxation.

I referred last night, the Senator will remember, to one corporation that was making during the prewar period 890 per cent on its actual capital invested, and it is making about the same to-day. Under the original plan there would have been no tax imposed on that company, but under the substitute there will be a tax upon 880 per cent of the profits.

If I am not intruding upon the Senator, there are a number of Senators here who were not present last night, and I wish to say that I gave the reasons why the committee made the change. I am not going to repeat them now, but I suppose that will be done by other members of the committee—reasons which I think absolutely justify the change.

Mr. JOHNSON of California. I am delighted with the interruption of the Senator from Utah. I would not for the world even inferentially misstate his position. You probably will observe the care I have taken to-day when I did endeavor to repeat what has been said on the floor of the Senate in each instance to read from the Record. Now, without further comment I read again to what I just referred. Last evening the

amendment was presented that is now before the Senate. The Senator from Utah most emphatically in opposition to the amendment arose and in the very beginning of what he had to say his opposition was voiced in these terms:

I do not believe the people of this country are going to say to all the railroads of the country, "You have not got to pay a cent of excess-profits tax."

And then followed his remark about Mr. Ford. I read what he said in his former speech of August 14:

The committee sympathizes with the position just stated by my colleague. I think the committee will be criticized before the bill passes for making an exception in one or two cases for the railroads. I think we will hear a good deal from some Senators as to how we have yielded to that wonderful monopolistic power. However, there is no question, Mr. President, but that the railroads are at the present time put to their wits' end to meet the present situation, and there is no question but that every encouragement should be given to them in order that they may provide transportation facilities to handle the business of the country. To-day it is impossible for them to do it, and, as far as I am concerned, I would not add an unnecessary burden to them.

And with these two excerpts thus read verbatim I leave the subject with the Senate. If any Senator is familiar with something of that which is printed across the water he will realize that in Germany the people are being told how we have lived in luxury, how inept we are; how soft and unwilling to sacrifice; how our great corporations that have made their war profits will never turn them over, and that we have not the courage to take those profits; and we can strike our strongest blow not alone in our preparation of men, not alone in getting ready the youth of this land to fight our battles abroad, but demonstrate that the wealth of the Nation we take as well; that not alone can we enlist the man power, but that we can take as well the money power of this land. If we desire first to popularize the war, we can do it by taking that which ought to be taken, by showing to the world that we have taken a sum never before taken in the history of any civilized nation; and that we are going forward not only with our men and with all of the humanity of our Nation, but that we are going forward in exactly the same fashion with the wealth of this Nation.

Mr. President, I have spoken longer upon this subject than was my intention. I feel so deeply upon it, however—I think that it means so much to this particular situation—that I have taxed the patience of the Senate, probably, and I have taxed my endurance as well. This is not alone, Senators, a war-profits tax bill; it is not alone a question of conscripting our wealth; but, after all, from the 2d day of April until the day the conflict shall be finally determined it is a struggle between the old individualistic democracy of the past, where every man was for himself, where he took who could and kept who would; it is the contest that will now be everlasting between that old philosophy of government and the philosophy of government that has come to us in this war; where every man is for the State and where, when the State is endangered, every man, every woman, every child, and all of its wealth must be taken for the defense of the State.

Mr. LODGE. Mr. President, I am going to ask the indulgence of the Senate for a few moments while I state as briefly as I can what the Committee on Finance has actually done and what it has not done. The committee was confronted with the House proposition of exempting 8 per cent of all profits and imposing 16 per cent on all profits in excess of that 8 per cent. That hard-and-fast basis of exemption seemed to the committee to present many objectionable features: One was that an arbitrary line, with no elasticity, could by no means be fair to different kinds of business; the other was that it at once raised the question as to what was the capital upon which the 8 per cent was to be calculated. It seemed to the committee well that these difficulties should, so far as possible, be avoided. The committee therefore adopted for its basis of exemption what is known as the prewar normal profits provision. They have not changed that basis in the amendment. Then we imposed certain graduated rates, based on the increase of profits over the prewar years.

We provided for the corporations which earned no profits or which were new corporations, and for what are known as the subnormal corporations and partnerships—those which had made very low profits—by putting in a clause which allowed an exemption equal to the average of like business in the prewar period. It was known that in some lines of business the profits of all engaged in that line were subnormal. We therefore added the 6 per cent limitation—that the basis of exemption in the case of subnormal profits should not go below 6 per cent. We left out, and we deliberately left out, in our original bill what were known as supernormal profits—that is, the profits of concerns which were making very large profits before the war as well as since 1914.



After the bill had been reported to the Senate on that basis, which confined the tax to war profits—I ask that the word “swollen” may be understood as prefixed whenever I refer to war profits—and it had been discussed here, the committee were convinced that they could not possibly successfully defend and support the proposition that the large profits made before the war should entirely escape taxation. We therefore met this objection by putting on a limitation similar to the limitation on the subnormal—that is, that the exemption in the case of supernormal prewar profits should not go beyond 10 per cent; but the basis of exemption was still to be, and is, calculated as it was in the original bill; it has not been changed. We calculate the profits for the purpose of obtaining the exemption on the three prewar years, and then we allow an exemption which shall not be higher than 10 per cent upon the capital stock, or, if the profits were subnormal, which shall not be lower than 6 per cent of the capital.

Of course, this change requires a more exacting and wider investigation of what constitutes capital than did the original plan of the committee; but we have adopted the House definition of capital and we have given the Secretary of the Treasury a large discretion in determining what the capital is in any given case. I think we are entirely protected on this point.

The only substantial change made by the committee in reporting this amendment as a substitute for the original amendment was to put the 10 per cent limitation on the supernormal prewar profits. Putting on that limitation added \$435,000,000 to the amount to be raised by the tax.

Mr. President, it is an entire mistake to suppose that this increase comes entirely out of corporations which made large profits before the war and are making large profits still but no additional profits. It bears much more heavily on those corporations which were making large profits before the war and which have been making still larger profits since the war began.

Mr. BORAH. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Massachusetts yield to the Senator from Idaho?

Mr. LODGE. I yield.

Mr. BORAH. May I ask the Senator if he can furnish any statement or any data, so that we may have it in the RECORD, as to the amount which will be raised from corporations under the amendment which is now proposed by the committee?

Mr. LODGE. By the 10 per cent limitation?

Mr. BORAH. By the 10 per cent limitation.

Mr. LODGE. The estimated amount in gross is \$435,000,000.

Mr. BORAH. Is there any statement as to the class of corporations, and so forth, from which that will come?

Mr. LODGE. I have no detailed statement here. I know of only one specific instance—the Ford Motor Car Co.—which would escape taxation under the House bill and under our previous bill; but under this amendment it will pay \$9,000,000.

Mr. BORAH. The information that I desired was with reference to how much this would increase the tax upon those corporations which were peculiarly and particularly engaged in the manufacture of munitions, and so forth.

Mr. LODGE. I have not examined those details. They can undoubtedly be examined; but, of course, the limitation of 10 per cent will in most cases increase the tax by lowering their exemption.

Mr. President, when I was interrupted I was saying that the 10 per cent limitation was the only change made by the committee, except adding a new bracket imposing 60 per cent taxation on profits above 300 per cent. We do not change our rates; we do not change our basis of calculation for exemptions. All we have done was to put a limitation on supernormal profits equivalent to the limitation placed on subnormal profits. That limitation of 10 per cent on supernormal profits, as I have said, will give us \$435,000,000 more revenue, and the additional bracket, imposing 60 per cent on profits above 300 per cent, will give us \$63,000,000 more. That will give us, all told, including what is raised by the present law, \$1,260,000,000 from profits, for this change of the limitation has extended the tax from war profits to profits generally.

I believe that the general feeling of the country and of the Senate is that it is better not to attempt to segregate war profits, but to tax all profits above a certain point.

My own personal preference was for the segregation of war profits, but when the bill came up for discussion it seemed to me that it was impossible to avoid injustice without putting a limitation upon concerns earning supernormal profits, and that has been done. The fact that I have changed my mind on that point, and yielded to the views of the majority of the committee and, as I believe, of the majority of the Senate I now freely ad-

mit, because I do not think the argument of inconsistency, which will probably be made, is of any consequence.

Mr. POMERENE. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Massachusetts yield to the Senator from Ohio?

Mr. LODGE. I yield.

Mr. POMERENE. In order that I may be able to understand the view of the committee I desire to ask a question. The exemption or deduction from the profits which are not to be taxed is limited to an amount not less than 6 nor more than 10 per cent of the actual invested capital. I am not quite sure that I understand just how this rule is to be applied. To illustrate the difficulty that is in my mind, assume, for the sake of argument, that a certain class of industrial institutions may have a normal profit of 6 per cent, some may have a normal profit of 8 per cent, and some may have a normal profit of 10 per cent. Now, is this exemption to be the same as applied to a given class of institutions, or will the discretion of the Treasury Department be so exercised that an exemption can be made as to one institution of 6 per cent, as to another 7 per cent, as to another 8 per cent, as to another 9 per cent, and as to another 10 per cent?

Mr. LODGE. Mr. President, as I understand it, when the prewar profits of corporations are shown they are entitled to the exemption upon those profits whatever they may be, not to exceed 10 per cent and not to be less than 6 per cent of the capital stock.

Mr. POMERENE. Do I understand that statement to mean, then, that in the administration of the law there could be a different exemption, between these two limitations, to each and every institution?

Mr. LODGE. Mr. President, they have, of course, the privilege of taking the average of like business if they see fit; and if it is higher than 6 per cent they can take the average of like business up to 10. If a concern is making less than 6 per cent, it can take the average of like business in the prewar period, or it can take 6 per cent.

Mr. POMERENE. The discretion lies with the taxpayer, then, and not with the taxgatherer?

Mr. LODGE. Absolutely. If the average of like business is 7 or 8 per cent, the subnormal business gets that. If it is less than 6 per cent in the whole line of business, he gets 6 per cent.

Mr. President, on the same rates, with the addition of the rate of 60 per cent, we are raising this enormous sum of money. It is a very large sum to take out of the profits of business. It is not a question of seizing on the profits of business or on incomes that we are concerned with. It is perfectly easy to say and quite true that we are giving our blood and the lives of those whom we love far better than our own lives. The question here is how we are going to use the resources of the country so as to make them most efficient in promoting success in the war. We are not here to punish business success. We are not here to conduct a crusade against wealth because it is wealth. We are here to use that wealth and to take that wealth in just such a way as will be most profitable to the country. If it is profitable to the country to take it all, take it all; if it is more profitable to the country to take a portion of it in order that we may go on taking it in future years, then take a portion. If it is better to leave some to the business so that we can have money to put into our bonds—for we must have bonds—to leave some so that it may be used to expand and keep business alive, then take such portion as will permit those things to come to pass.

There is nothing patriotic in closing down the sources of revenue and forcing this country to go to heavy consumption taxes. It is true the average of our rates is 31½ per cent, but we have adopted the graduated tax wisely. We go, in our 60 per cent bracket, 20 per cent above England in the first year of the war. We begin as low as 12 per cent. I think it is wise to tax the small businesses, with the small profits, on a moderate scale. I think it is wise to take as high as 60 per cent from the great corporations making the great profits.

There has been pointed out to us what England took during the first two years of the war, and that we did not take it. The reason is simple, we did not take it because we were not at war. Now we are at war, and we ought to husband and tax our resources in such a way as to get the most money possible out of them. We must look to them, we must look to profits and incomes—they all come from the same fund—for the great mass of the money we spend and the money we borrow and the money which keeps business in activity. It is the only source where we can borrow money, and you are going to pinch these resources of profits and incomes down with price fixing, which is going to reduce the total amount, and we ought to



consider this and leave them enough to go on with. That is all I desire.

Mr. LA FOLLETTE. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Massachusetts yield to the Senator from Wisconsin?

Mr. LODGE. Yes; I yield.

Mr. LA FOLLETTE. The Senator says that the 60 per cent rate, which is the highest rate fixed in the graduated scale of the new amendment proposed by the committee, is 20 per cent higher than the first rate fixed by Great Britain. I am certain that the Senator must have misspoken himself there, because the first rate fixed by Great Britain was 50 per cent and not 40 per cent, as so often stated in the course of this debate. In the first year of the war Great Britain fixed a war-profits tax of 50 per cent.

Mr. LODGE. The Senator is right.

Mr. LA FOLLETTE. That is the lowest tax she ever fixed.

Mr. LODGE. The Senator is right; it was 50 per cent.

Mr. LA FOLLETTE. And in less than six months she raised it to 60 per cent; and in November of this last year, 1916, she raised it to 80 per cent.

Mr. LODGE. That is perfectly true; but it also ought to be remembered that the English exemption is much larger, and that last May she raised her exemptions to 9 per cent for corporations and 11 per cent for individuals. Moreover, we are taking a very heavy income tax in addition. The corporations pay a 6 per cent normal tax under this bill. Every partnership and every individual in business also pays an income tax on what remains after he or the corporation in which he holds shares has paid the excess profits tax. I think the total of the income tax raised under this bill, in addition, is \$777,000,000. We get over \$900,000,000 altogether, as I recall—a total of \$2,100,000,000 out of those sources alone.

Mr. President, I wish to keep business active and productive, because if we do not we shall embarrass our national credit very seriously, and we shall lose our principal source of taxation. For that reason, I think we have gone far enough for the first bill. I do not wish to paralyze business and so find ourselves next year face to face with a billion dollars of consumption taxes. I desire to keep those consumption taxes off, except in a very small degree, as long as may be; and that is why I wish to proceed slowly and not take more than two billions or two billions and a quarter out of profits and incomes at this time.

Mr. President, the German comment on this country, alluded to by the Senator from California, leaves me very cold. I care not at all what people or newspapers, with such principles as the Prussians have, and such a record of blood and murder and dishonored treaties as they have, think of us. It is a matter to which I am totally indifferent. I have but a single desire, and that is to impose these taxes in such a way as to get the greatest possible amount of money and to keep on getting the greatest possible amount of money out of business and incomes, because that is the surest way to success in the war. I wish to keep these taxes at a safe point, so that we can maintain our national credit; for if we do not maintain the credit of the United States we endanger the success of the war.

There is no sound economy in endangering the sources of credit in the desire to punish somebody because he has money. Get his money, and get it for taxes; get it up to 80 or 90 per cent; but do it in such a way that you will not endanger the credit of the country or the normal and proper activity and expansion of business. That has been the purpose of the committee from the beginning. I think in their income taxes and in their profit taxes they have now gone to the very limit of safety—not business safety to the people who are making money, but safety for the Government of the United States, which is raising taxes and floating loans. That is the only safety which interests me. For that reason, Mr. President, I think these extreme rates which are proposed, and especially flat rates, which would fall with perfectly crushing effect on every little business in the country, are to be avoided at this time.

#### SELECTIVE-SERVICE PARADE.

During the delivery of Mr. LODGE's speech,

Mr. MARTIN. Mr. President, a number of inquiries have been made of me as to the participation of the Senate in the parade to be held at 4 o'clock p. m. on Tuesday next in honor of the drafted men of the city of Washington. In order that Senators may be advised of what will be done, I move that on Tuesday next, at 3.30 o'clock p. m., the Senate take a recess until 11 o'clock the next day. I do that in order that Senators can make their arrangements. They wish to know whether they will have an opportunity to participate in that parade. Therefore I make the motion indicated.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Virginia.

Mr. CURTIS. Mr. President, will the Chair please state the motion? Those of us in the rear of the Chamber could not hear it.

The PRESIDENT pro tempore. The Senator from Virginia moves that on Tuesday next, at 3.30 o'clock, the Senate shall stand in recess until 11 o'clock the next morning, in order that opportunity may be afforded to take part in the draft parade. Is there objection?

Mr. LA FOLLETTE. Mr. President, I suggest that I do not know just what the condition of the debate will then be with regard to the war-profits tax. Of course, taking a recess at the time indicated would take some two or three hours out of the time allotted for debate upon that subject, unless it is made up in some other way. It may be that the debate will be so far along at that time that the loss of that number of hours will not seriously handicap Senators who desire to speak upon this subject. I do not know as to that. If it does diminish the time allotted for debate upon this question to the exclusion of opportunity for debate which Senators anticipated under the unanimous-consent agreement, I do not think such an order ought to be made at this time, and it occurs to me that it would be better for the Senator from Virginia to withhold his motion until Tuesday, when we can see what the condition of the debate is.

Mr. MARTIN. Mr. President, it was because Senators desired to know in advance what opportunity would be afforded them to participate in the parade that I made the motion; but, since there is objection, I withdraw the motion.

The PRESIDENT pro tempore. The motion is withdrawn.

#### WAR REVENUE.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 4280) to provide revenue to defray war expenses, and for other purposes.

Mr. PENROSE. Mr. President, I only want to add one word to what the Senator from Massachusetts has said.

A persistent effort has been made here in the Senate to convey the idea that in some way the Finance Committee has yielded to pressure and has completely reversed the conclusions which the committee had reached after two months of exhaustive consideration of this measure. Mr. President, there is a lack of sincerity in that statement and an absolute lack of truth. The committee, I assume, would have a right to modify its views and suggest modifications to its report as the measure progressed in its consideration in the Senate. As a matter of fact, however, in this particular instance the committee has not in any way altered the basic principles on which it presented this particular part of the revenue bill relating to war profits.

An effort is made to convey the impression that, somehow or other, the committee has recommended increased rates. Mr. President, the rates are identical in the report made day before yesterday by the chairman of the Finance Committee and in the original report, with a single exception—a 10 per cent raise in the highest-bracket. The other rates are identical.

An effort is made to convey the impression that, somehow or other, the committee has been driven to raise \$400,000,000 by increased rates. Mr. President, every dollar of that increase, some \$400,000,000, which will be collected in taxes by the amendment suggested by the chairman of the Finance Committee day before yesterday, comes solely and exclusively, with the exception of the 10 per cent raise in the highest bracket, from the 10 per cent restriction on the supernormal profits.

The committee in the beginning viewed this tax strictly as a war-profits tax. It was a logical proposition. Here was a war-profit fund accounted for in the records of the Treasury Department and a tax that was computed on the difference between the earnings during the prewar period and the earnings during the taxable year. It was not the purpose of the committee to exhaust every source of taxation in the present bill. The committee is well aware that other sources remain that will have to be called upon as the burdens of the war increase with every month. But a modification was made in the original plan in view of the necessity of largely increased revenues, made evident by the later estimates of the Secretary of the Treasury, and in deference to the views of the senior Senator from Ohio [Mr. POMERENE], as voiced by him on this floor, and other Senators, that it did seem to them that concerns which made a supernormal profit during the prewar period and a profit during the taxable year which was about equivalent to that made during the prewar period, should not altogether escape this additional taxation even if there was, technically speaking, no increase in war profits. Such concerns as the Ford Automobile Co. were cited,



the earnings of which during the prewar period were about equivalent to its earnings during the taxable year, and the Utah Copper Co., and numerous other concerns with millions of dollars of income escaping these taxes as defined by the committee computed on a basis of war profits.

Therefore, to get more revenue and to gather it from these concerns, the committee brought in a recommendation that this 10 per cent maximum should apply to these so-called supernormal profits, and in that way these concerns are brought in; but it is no change of base, and there can be no sincerity in any Senator with any knowledge of this measure who charges that there is a change of base. It has been a sincere and a patriotic effort to meet the requirements of the Public Treasury, to meet the views of Senators here on this floor, honestly expressed, not in the vehement accents of the stump orator or of the campaign meeting, but in the calm and deliberate consideration which ought to be extended to a fiscal measure meaning so much to the American people as this does. Every penny of the increased amount, some \$400,000,000, which will be collected under the amendment offered by the chairman of the Finance Committee is collected under that 10 per cent maximum of supernormal earnings, with the single exception of the comparatively small amount of some \$60,000,000 collected under the 10 per cent increase on the highest surtax.

The committee has in no sense reversed itself. It has simply extended the comprehensive character of the measure and endeavored in every way to make it fair and equitable to the taxpayer and to collect the largest amount of revenue possible under the circumstances.

Mr. GRONNA. Mr. President, I do not wish to disturb the Senator, but I should like to ask him a question.

Mr. PENROSE. I am through.

Mr. GRONNA. I made the statement yesterday that the committee had in a way reversed its position. I do not wish to do the members of the committee an injustice, and I said so at that time. Is it not a fact, however, that the basic principle upon which this war tax is to be raised is upon excess profits, and that in the first instance the committee did not place a limitation upon the amount of profits made before the war, but that the amendment which the committee has now reported does place a limitation upon it? Does not that in itself reverse the position of the committee?

Mr. PENROSE. No, Mr. President; I do not consider it in any way a reversal. It is a modification and an extension of the views of the committee, but not a reversal. The war profits, or the proposition between the minimum of 6 per cent and the maximum of 10 per cent, has its ebb and flow in the computation of the tax.

Mr. GRONNA. If I may ask the Senator another question—

Mr. PENROSE. Yes.

Mr. GRONNA. Were not these matters discussed by the committee? I understand the committee knew there are corporations and perhaps individuals that made enormous profits before the war. Was not that question discussed in the committee before the first report was made as well as it had to be done when the second amendment was agreed upon?

Mr. PENROSE. I have endeavored already to explain that the committee in its discretion took strictly war profits as the fund to be taxed, and later on modified the proposition and extended the grasp of the law so as to include everything over 10 per cent of the supernormal profits. I have already explained that.

Mr. SIMMONS. Mr. President, there ought not to be any confusion about this matter. It seems to me it is very plain and simple.

The amendment now presented by the committee retains the original proposition that the taxpayer's normal profits, his peace profits, the profits which he was making before the war began, shall be determined for the purposes of his exemption from the profits tax imposed in this bill by ascertaining the actual amount of profits the taxpayer was making during the years 1911, 1912, and 1913, and getting the annual average of that amount. This amount, whatever it may be, constitutes, within the meaning of the amendment, the prewar earnings of the taxpayer, and he is entitled to that amount as an exemption from his earnings during the taxable year, and upon the excess the tax is imposed.

The committee's original proposition also contained a provision which amounted to a minimum exemption in favor of the men whose earnings during the prewar period were subnormal compared with the profits of representative concerns in like business.

Many cases were presented to the committee of corporations during those years that made very little money. In other instances it was shown that some corporations making a fairly

good profit in one or two of those years made very little, if anything, in the third year, and that necessarily cut down its average profits during those three years.

In other words, the committee's original proposition was a flat exemption to the extent of the average profits actually made in the operation of the business during the three years named, with a proviso in favor of the taxpayer whose profits were subnormal during these years.

Shortly after the committee's second report of the bill to the Senate there arose a demand that a maximum limitation be placed upon prewar profits, upon the ground that the individual or the corporation making a large profit during the prewar years—a profit, say, of 15, 25, or more per cent—might not be making more than that now, or, if making more than that, would be allowed an exemption to the full extent of the 25 or 30 per cent profits made before the war.

Senators on both sides of this Chamber favorable to the amendment objected to that and urged and demanded that we bring in an amendment fixing a maximum exemption upon supernormal as well as a minimum exemption upon subnormal prewar profits.

Your committee yielded to these importunities and demands and modified its original amendment, which provided that the average profits of the prewar years selected by the committee should constitute the amount of the taxpayers' exemption from the tax, by prescribing a maximum and a minimum limitation upon such exemption, the minimum being 6 per cent, or about the same as in the original bill, and the maximum being 10 per cent. The effect of the maximum is to limit the exemption based on prewar profits to 10 per cent on capital invested during the taxable year; that is, say, the exemption from the tax shall not in any case be more than 10 per cent of the capital invested, so that where the prewar profits exceed 10 per cent of the capital invested in any taxable year the total excess becomes subject to the tax.

Now, that is the change the amendments criticized in the bill, made by the Senator from California, make from the original draft.

The Senator from California [Mr. JOHNSON] reads very extensively from a speech which I made at the time of the presentation of the original report of the Finance Committee of the bill to the Senate, and graciously compliments me upon some of the utterances he quotes. The Senator says that in that speech I took the position that in levying a war-profits tax that the only true and just basis of exemption was the actual profits made during the prewar or peace period by the taxpayer. The Senator is correct. The speech correctly states my position then and now. Under the original amendment the tax imposed was intended to be and it was a war-profits tax. It was intended to be specifically a war-profits tax, and, Mr. President, if it was to be distinctively a tax upon war profits, then it was absolutely necessary that it should be predicated upon actual profits of the preceding peace period and not upon an arbitrarily assumed profit. Otherwise, it would be not only a tax upon war profits but it would be in the nature of a composite tax in part upon peace profits and in part upon war profits. Acting upon the assumption that the Senate and the country wanted us to impose a war-profits tax, we wrote the amendment so as to make the tax distinctively such, and carefully adjusted the rates so the tax would be heaviest where the war profits were the largest.

But, Mr. President, as I have before said, it was disclosed soon after we reported the bill that there was a strong demand in the Senate and to some extent in the country that this tax be made not only a war-profits tax but that it also be made an excess-profits tax, and we proceeded in response to that demand to change the character of the tax so that while it retains—and, Senators, I call your attention to that—while it retains the features of a war-profits tax for the purpose of getting revenue whether from those who are making swollen profits out of the war or others, it also indirectly but effectually levies a tax upon peace profits as well.

Let us see how that is, Mr. President, by a concrete example. Under the limitation that we have placed now, assuming that a concern was making before the war an amount equal to 30 per cent profit upon the capital for the taxable year, our original proposition would tax it no more than the excess of the profits during that year over that 30 per cent. That 30 per cent we have assumed as the peace profits. Under the new scheme a man who was making that same profit before the war instead of being entitled to the total exemption of 30 per cent upon his invested capital will only be entitled to 10 per cent upon his invested capital.

Is it not clear, therefore, that when we impose these rates upon him, having cut down his exemption, having reduced it



from the actual peace profits, which were 30 per cent, to 10 per cent, by taking away two-thirds of his exemption, we have imposed a tax upon that 20 per cent of his peace profits?

But, Mr. President, when we do that, when we impose this tax upon his excessive peace profits by reducing his exemption, as I said, to that extent, does not the tax cease to be a distinctive war-profits tax? It is, indeed, a war-profits tax still, qualified by the fact that there is also an additional tax in the nature of a peace tax, making it a composite war-profits and excess-profits tax. If the taxpayer was making 30 per cent before the war, he is not, under the amendment, permitted to have a reduction of more than 10 per cent, but it does not in any way interfere with taxing his swollen profits since the war; it does not make any difference how much those profits exceed his exemption. If it goes to 500 per cent, we catch it with the highest rate. If it goes to a thousand per cent, we catch it with the highest rate. So we have a combination scheme here in this amendment which imposes indirectly a tax upon the peace profits of a man who was making more than 10 per cent before the war and also retains in its full force and vigor all the provisions of the bill with reference to war profits.

Mr. LEWIS. Will the Senator from North Carolina allow me to interrogate him at this point for information?

Mr. SIMMONS. Certainly.

Mr. LEWIS. Mr. President, I wish to ask the chairman if this is an accurate statement of the present condition. In the previous bill presented by the committee, if I understand the chairman and the others, particularly the Senator from Massachusetts [Mr. Lodge], I have in my mind, the basis was a tax upon war profits as you then estimated it. Subsequently, for reasons satisfactory to the committee, you have now brought in a measure that levies a tax upon all profits without regard to whether they were war profits or profits prior. Therefore instead of the bill cutting off war profits it continues war profits and adds then all other profits.

Mr. SIMMONS. That is exactly what I mean to say, Mr. President, that by virtue of that change we continue all the provisions of the original amendment with reference to taxing war profits, however high they may reach. We tax the war profits and we tax also indirectly peace profits by not permitting the man to have an exemption to the extent of his peace profits if those profits exceeded 10 per cent upon his invested capital.

Mr. OWEN. Mr. President—

The PRESIDING OFFICER (Mr. KING in the chair). Does the Senator from North Carolina yield to the Senator from Oklahoma?

Mr. SIMMONS. Certainly.

Mr. OWEN. The Senator does not regard it as inconsistent to add additional taxes to the primary proposal? He thinks it is perfectly consistent to add additional taxes to the original proposal and he ought not to be charged with any inconsistency because of it?

Mr. SIMMONS. No; I do not think we ought.

Mr. LEWIS. The Senator from Oklahoma means that there is no inconsistency by merely adding to it.

Mr. OWEN. It is no inconsistency to add a tax to the tax previously imposed.

Mr. SIMMONS. Surely not. What I contended in the first speech the Senator from California read from this morning was if this was to be a war-profits tax the exemption should be the total amount earned before the war, however great or however small it might be, because otherwise it would not be a war-profits tax. But when the tax is so imposed as to exempt only a part of the prewar profits where they are supernormal the result is a composite system of war profits and excess profits. It may be and probably is a system which adjusts itself very well to the present situation.

But the Senator from California seems to be laboring under the impression that by reason of making this change we have relieved from tax the swollen war profits against which he loudly declaims. No, Mr. President; we have not abated the tax against them; we have kept the tax and put a new tax upon them in every case where they were making more than 10 per cent before the war. Now, if proof of that fact is needed the Senator gives it in convincing fullness. The Senator says by virtue of this amendment, of this limitation of 10 per cent upon the prewar profits of the big corporations, we have increased the amount of money that will be raised by the Government under the bill \$430,000,000. He is correct.

If by that process of placing a limitation upon the exemption based on prewar profits of 10 per cent we have raised this enormous additional amount of revenue—nearly doubled the original amount—in the name of high heaven where will it come from if not from the swollen fortunes of the big corporations that were making supernormal profits before the war and who

therefore by reason of large exemptions under the original bill would pay a comparatively small tax?

Mr. OWEN. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Oklahoma?

Mr. SIMMONS. I yield.

Mr. OWEN. Suppose a man invests \$100,000 in a factory, buildings, and machinery to manufacture war munitions. He makes a profit of \$100,000 and the Government takes 80 per cent of it the first year and the war ceases. Then the man has paid the Government \$80,000 out of the war tax and retains \$20,000 on an investment which is junk. Such a thing might happen. I am informed that such cases are actually in existence.

Mr. LEWIS. And would happen at the end of the war.

Mr. OWEN. For that reason I understand that the committee has felt justified in not going too far in imposing these taxes, because some allowance must be made for the loss of machinery and building, which will not be available for other purposes after the war.

Mr. LEWIS. But which are necessary now

Mr. SIMMONS. The statement the Senator from Oklahoma makes is correct. It is entirely conceivable that a corporation that is making big profits and now will have to pay these big taxes, especially corporations manufacturing munitions or special supplies for the Government, may, when the war closes, find a good part of their property utterly worthless or worth only a few cents on the dollar.

But, Mr. President, what the Senator from California is asking the Senate to do is not to place a graduated tax upon the individual taxpayers of the country, not to place a tax that will bear lightly upon the man who is making a small profit during the war period and heavily upon the man or the corporation making a big profit, but he proposes that everybody who is making any profits in excess of what they made before the war, without reference as to whether it is 10 per cent more or 500 per cent more, shall pay at identically the same rate, shall pay a flat rate. Your committee thought, and they still think, that these rates ought to be so graduated as to tax profits as they go up, so that the rate becomes higher as the profit goes higher. The rate upon a man who is making only 15 per cent more than he made before the war is 12 per cent under the committee amendment. The rate upon a man who is making 100 per cent more than he did before the war is 30 per cent, and when he makes 300 per cent profit more than before the war we make him pay at the rate of 60 per cent.

But the Senator from California says that is not the right principle. The Senator from California says that the small man, the little man, the man of small and moderate profits, the man whose profits may have not been increased sufficiently above the normal to make his profits more than a moderate earning upon the capital invested, shall pay at the rate of 80 per cent upon those profits, while the great Steel Corporation and munition corporations making three or four or five hundred, some say a thousand, per cent more upon their capital than before the war and because of the war, shall pay at no higher rate than the little fellow.

We have adopted in our amendment the principle upon which our income taxes are imposed. We do not impose a flat income tax upon people. Suppose we imposed the highest rate, which is 67 per cent, upon the man making only \$10,000 income, it would be burdensome and oppressive. We do not do that, Mr. President. We wait until the man's income goes beyond the two million mark, and then we say to him, on account of the enormity of the income, you can pay the maximum rate and still be enabled to live and not be pinched or subject to any discomfort by reason of the high levy upon you. That is the principle we have applied in our graduate rates in this bill.

The Senator wants to put 80 per cent on excess profits. That leaves only 20 per cent. Upon that balance of 20 per cent of the corporation he would impose an income ranging as high as 80 per cent.

Mr. PENROSE. Every little drug store and grocery store in the country would pay 80 per cent.

Mr. SIMMONS. Ah, but the Senator from California said that we were imposing an average rate of only 31 per cent. That is the average of the graduated scale that we have proposed, but the Senator says he is after the big corporations. He is after the great concerns with swollen profits, profits of 400 and 500 hundred per cent. The graduated tax we propose, I will say to the Senator from California, is so adjusted that the man he is after, or claims he is after, will have to pay the maximum rate, namely, 60 per cent, and not the average rate of 31 per cent. So the Senator need not distress himself about the average, if it be true, as he claims that he



is after the man with big profits—with swollen profits, to use his words.

Mr. President, the Senator said that I had condemned very vigorously the flat 8 per cent exemption of the House bill. I did, and I still do. Why? Not for the reason the Senator gives. The House rate would not let out of paying the tax anybody who was making 8 per cent before the war and is making since the war. The House bill is not so framed; does not let him escape. When I was talking about letting corporations escape I did not mean the corporation making more than 8 per cent. The Senator knows I did not mean it.

What I was talking about was letting the big corporations that made less than 8 per cent before the war and makes more now, escape. I instanced the railroads. I do not mean to say that every railroad in this country was making less than 8 per cent before the war. A few of them were making a little more than 8 per cent before the war and of course would be caught if making more than that amount now, to some extent by the House bill tax, but the average profit that the railroads were making in this country during the three years immediately preceding war conditions was around 5 per cent.

Under the House bill those making around the average would be let out, for the House bill allows them nearly twice as much exemption as the amount which they were actually making before the war; it doubles their exemption, and manifestly such a railroad would have to nearly double its profit—increase them 100 per cent before it would have to pay any tax.

Mr. President, in fixing our minimum we were particular to avoid that rock. We wanted to give every man the benefit of a reasonable deduction. What did we do? We provided if prewar profit was subnormal the exemption should be at least as much as 6 per cent on the capital employed. Such concerns as the railroads might be helped a little when they were making 5 per cent; but on the whole would have to pay a sharp tax. I am assured by representatives of some of the railroads that the House exemption of 8 per cent would practically let out of tax most railroads in this country. On the other hand it is certain the bill, as we originally reported it and as now amended, would tax these roads in a great many instances heavily. A 6 per cent exemption would not allow the railroads of this country to escape tax—an 8 per cent exemption would. That is the kind of corporation I said the House bill would let out, Mr. President.

Our bill is so framed as not to let that kind of corporation out; not to let the corporation that was making a very small profit before the war escape altogether, as the House rates would permit many of them to do. We want to tax that corporation. That is one end of it.

Having protected the Government against the escape of that class of corporations that were making a relatively small profit before the war, and who under the House bill exemption of 8 per cent might escape these profit taxes—having only protected the Government against the escape of this class of corporations, the corporations making a subnormal profit before the war, we then proceeded in fixing the maximum to prevent the corporations that were making 30 or 40 per cent before the war from escaping the tax to the prejudice of the Treasury of the United States by placing a limitation of 10 per cent and saying to them, "You shall not escape your just share of these expenses because you happened to be making a big profit before the war. We will allow you an exemption from tax as much as 10 per cent on your capital, and all your profits in excess of 10 per cent must pay the tax." So we have gotten the slacker; so we have gotten the corporation which would try to escape these taxes, whether its earnings before the war were subnormal or supernormal.

Mr. President, in conclusion let me say that while I advocate a war-profits tax, I have yielded to a manifest and overwhelming demand that it should be a composite war-profits and excess-profits tax.

Mr. JAMES. Let us vote, Mr. President.

Mr. PENROSE. Vote!

Mr. CURTIS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum being suggested, the Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Bankhead	Fall	James	Knox
Borah	Fernald	Johnson, Cal.	Lewis
Brady	Fletcher	Johnson, S. Dak.	Lodge
Brandeggee	France	Jones, N. Mex.	McKellar
Broussard	Frelinghuysen	Jones, Wash.	McNary
Calder	Gronna	Kellogg	Martin
Chamberlain	Hale	Kendrick	Myers
Colt	Harding	Kenyon	Nelson
Curtis	Hollis	King	New
Dillingham	Husting	Kirby	Norris

Overman	Saulsbury	Smith, Md.	Townsend
Page	Shafroth	Smith, S. C.	Underwood
Penrose	Sheppard	Smoot	Vardaman
Phelan	Sherman	Sterling	Wadsworth
Pomerene	Shields	Stone	Watson
Robinson	Simmons	Thompson	Williams

Mr. TOWNSEND. The senior Senator from Michigan [Mr. SMITH] has been called from the Chamber on official business. He is paired with the junior Senator from Missouri [Mr. REED].

The PRESIDING OFFICER. Sixty-four Senators having answered to their names, a quorum is present. The question is upon the amendment offered by the Senator from California [Mr. JOHNSON] to the amendment reported by the committee.

Mr. BORAH, Mr. JOHNSON of California, and Mr. SIMMONS called for the yeas and nays, and they were ordered.

The PRESIDING OFFICER. The Secretary will call the roll. The Secretary proceeded to call the roll.

Mr. FRELINGHUYSEN (when his name was called). I have a general pair with the junior Senator from Montana [Mr. WALSH]. By an arrangement with the Senator from North Carolina [Mr. OVERMAN] I transfer that pair to the Senator from Wyoming [Mr. WARREN] and vote "nay."

Mr. CURTIS (when Mr. GALLINGER's name was called). I desire to announce the unavoidable absence of the Senator from New Hampshire [Mr. GALLINGER]. Were he present, he would vote "nay."

Mr. MYERS (when his name was called). I transfer my pair with the Senator from Connecticut [Mr. McLEAN], who is necessarily absent on account of illness, to the Senator from Virginia [Mr. SWANSON] and vote "nay."

Mr. OVERMAN (when his name was called). I have a general pair with the senior Senator from Wyoming [Mr. WARREN]. The Senator from New Jersey [Mr. FRELINGHUYSEN] has a general pair with the Senator from Montana [Mr. WALSH]. By an arrangement between us, the Senator from Wyoming will stand paired with the Senator from Montana. I therefore vote. I vote "nay."

Mr. STONE (when Mr. REED's name was called). I desire to state that my colleague [Mr. REED] has been absent from the city for several days, and will be absent for several days more, on very important business which necessitates his absence. He is paired, as has been stated, with the Senator from Michigan [Mr. SMITH]. I will let this announcement stand for the day.

Mr. TOWNSEND (when the name of Mr. SMITH of Michigan was called). I again announce the temporary absence of my colleague [Mr. SMITH of Michigan]. He has been called from the Senate on official business. He is paired with the junior Senator from Missouri [Mr. REED].

Mr. MARTIN (when Mr. SWANSON's name was called). My colleague [Mr. SWANSON] is unavoidably absent from the city. If he were present, he would vote "nay."

Mr. SHAFROTH (when the name of Mr. THOMAS was called). I desire to announce the unavoidable absence of my colleague [Mr. THOMAS] on account of sickness, and to state that he is paired with the senior Senator from North Dakota [Mr. McCUMBER]. I will let this announcement stand for the day.

Mr. LEWIS (when Mr. TILLMAN's name was called). Permit me to announce the absence of the senior Senator from South Carolina [Mr. TILLMAN] because of illness. He is paired with the senior Senator from West Virginia [Mr. GOFF]. This announcement may stand for the day.

Mr. WATSON (when his name was called). I have a general pair with the junior Senator from Delaware [Mr. WOLCOTT]. He is absent, but I am reliably informed that if he were present he would vote as I shall vote. I therefore feel at liberty to vote, and vote "nay."

The roll call was concluded.

Mr. FLETCHER. I desire to announce that my colleague [Mr. TRAMMELL] is absent on account of official business. I have a general pair with the Senator from New Hampshire [Mr. GALLINGER], who, I understand, if present would vote the same way as I shall on this question. I therefore vote. I vote "nay."

Mr. BECKHAM. I transfer my pair with the junior Senator from West Virginia [Mr. SUTHERLAND] to the junior Senator from Georgia [Mr. HARDWICK] and vote "nay."

Mr. McCUMBER. I transfer my pair with the senior Senator from Colorado [Mr. THOMAS] to the senior Senator from New Hampshire [Mr. GALLINGER] and vote "nay."

Mr. LEWIS. I am requested to announce the absence of the senior Senator from Arizona [Mr. SMITH] on account of illness, and he instructs me to say that if he were present he would vote with the committee, and would therefore vote "nay."

Mr. CURTIS. I am requested to announce the absence of the junior Senator from West Virginia [Mr. SUTHERLAND] on

account of illness in his family. I will let this announcement stand for the day.

I also desire to announce that the senior Senator from West Virginia [Mr. Goff] is paired with the Senator from South Carolina [Mr. Tillman].

The result was announced—yeas 17, nays 62, as follows:

## YEAS—17.

Ashurst	Hollis	Kenyon	Thompson
Borah	Husting	Kirby	Vardaman
Brady	Johnson, Cal.	La Follette	
Gore	Johnson, S. Dak.	McNary	
Gronna	Jones, Wash.	Norris	

## NAYS—62.

Bankhead	Hale	New	Shields
Beckham	Harding	Newlands	Simmons
Brandagee	Hitchcock	Overman	Smith, Ga.
Broussard	James	Owen	Smith, Md.
Calder	Jones, N. Mex.	Page	Smith, S. C.
Chamberlain	Kellogg	Penrose	Smoot
Colt	Kendrick	Phelan	Sterling
Culberson	King	Pittman	Stone
Curtis	Knox	Polindexter	Townsend
Dillingham	Lewis	Pomerene	Underwood
Fall	Lodge	Ransdell	Wadsworth
Fernald	McCumber	Robinson	Watson
Fletcher	McKellar	Saulsbury	Weeks
France	Martin	Shafroth	Williams
Frelinghuysen	Myers	Sheppard	
Gerry	Nelson	Sherman	

## NOT VOTING—17.

Cummins	McLean	Swanson	Warren
Gallinger	Reed	Thomas	Wolcott
Goff	Smith, Ariz.	Tillman	
Hardwick	Smith, Mich.	Trammell	
Hughes	Sutherland	Walsh	

So the amendment of Mr. JOHNSON of California to the amendment reported by the committee was rejected.

Mr. LA FOLLETTE. Mr. President, I offer the amendment which I send to the Secretary's desk.

The PRESIDING OFFICER. The Secretary will state the amendment.

The SECRETARY. In the amendment reported by the committee it is proposed to strike out all of page 12 after the parenthesis in line 13, all of page 13 down to and including line 22, and insert after the parenthesis in line 13, page 12, the words "72 per cent upon war profits (determined as hereinafter provided)."

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Wisconsin to the amendment reported by the committee.

Mr. LA FOLLETTE. Mr. President, I propose to discuss first the war-profits tax generally; then I shall submit some observations as to the amendment which has been offered by the committee, and then say a word about the amendment which I have offered.

## WAR-PROFITS TAX.

Mr. President, the war-profits tax rests upon the fact that many lines of business are making unheard-of and inordinate profits out of the war. That these profits should be heavily taxed for the purpose of paying the expenses of the war is a proposition so obviously just that no sane person would undertake to dispute it. I am not discussing now the difficulties of ascertaining what are strictly war profits and what are not, but assume that this bill provides a way in which it can be determined with reasonable accuracy what profits are "war profits." I say that no man in his right mind would undertake to dispute the justice of the plan that those profits should be taxed heavily to pay the expenses of the war, out of which they are made.

It would be a reproach to our present civilization if we failed to prevent, so far as we have the power, one class of our citizens, comparatively small, from becoming enormously rich out of this war, while the other and much larger class was impoverished by the war. We can not prevent the injustice and the inequality of the burdens which every war causes to the people of a country engaged in it. It is bound to be true of this war, as it is of every war, that some will sacrifice everything—life, health, and property—in the support of the war, and that others will gain immeasurably through the war. When any man discovers a remedy for this result of war he will have discovered the secret of everlasting peace among nations. When any plan is discovered by which the sacrifices of the war must be borne equally by all, the rich and the poor, the strong and the weak, the rulers and those ruled over—when that plan is discovered, I say that there will be no more war.

We can not in this or any other revenue bill which we may devise even approximately equalize the financial burdens of this war, but we can, at least, refuse to set our approval upon a scheme which would deliberately recognize and legalize the grossest possible injustice in the distribution of those burdens.

It is a proposition which seems to me must be shocking to the moral sense of every man that some of our people shall be in receipt of incomes of thousands, hundreds of thousands, or millions of dollars purely as a result of this war, while millions of our people, as a result of it, are suffering privation and want. About these general principles there will be no dispute—there can be no dispute about them among humane and civilized men. It only remains to be seen what bearing the provisions of this bill have upon these principles.

Briefly and generally stated, Title II of this bill, which we are now considering, when it came before the Senate from the Finance Committee, and in the form in which it has been before the Senate for several weeks, proposed that the years 1911, 1912, and 1913 should be designated as the prewar period, and that the war profits of any trade or business for the taxable year shall be determined by deducting from the net income of the business for the taxable year the average amount of the annual net income of the trade or business during the prewar period. And to the war profits so determined a graduated tax was applied, beginning with a rate of 12 per cent on an amount not exceeding 15 per cent of the prewar profits, and advancing the rate of the tax as the war profits increased, according to the schedules provided in the bill. In other words, Title II of this bill provided originally simply for a tax on war profits.

That the application of such a law will be attended with some difficulty must be admitted, but the principle of it can, I believe, be applied and the purpose of the law to a large extent be accomplished.

Any system to reach war profits, excess incomes, or great wealth in any form and subject it to substantial taxation is attended with difficulty. The Government will have, however, in administering this law the income-tax returns of the various corporations of the country since 1909, and with this and other data which the Government has at its disposal I do not anticipate any extraordinary difficulty in determining with reasonable accuracy war profits, and subjecting them to taxation.

The practical question is what proportion of war profits shall be taken to help pay for this war. The chairman of the Finance Committee has estimated that the war profits for the fiscal year will amount to \$3,000,000,000. The majority report in Table C attached thereto estimates that the war-profits tax will yield \$562,000,000 additional revenue. The chairman of the Finance Committee also tells us that to that amount should be added \$226,000,000, the estimated amount which would be produced by the munition manufacturers' tax, provided for in Title III of the act of September 8, 1916, and by the 8 per cent excess-profits tax provided for in the act of March 3, 1917. If this amount is added, then it makes the estimated amount of the tax to be raised by this bill as it originally came before the Senate \$788,000,000, instead of \$562,000,000, as stated in the report accompanying the bill. The two last-mentioned acts, however, are to be repealed according to the provisions of this bill. There is no statement in the majority report indicating that it was estimated that \$788,000,000 would be produced under this bill and the acts it is proposed to repeal. I say this because the questions addressed me while I have been speaking upon this bill indicate that there has been a good deal of confusion in the minds of various Senators upon this point. I think that confusion was very natural under the circumstances.

A still greater element of confusion has now been injected into the situation by the amendment of August 29, brought in by the Finance Committee. It is claimed for that amendment that it will raise substantially more revenue. I shall not at this time stop to discuss it in detail, but I merely point out at this time that it changes fundamentally the principle of the bill and adopts in one particular at least the principle of the House bill, which was strongly condemned by the Finance Committee. Moreover by far the greater amount of the revenue which it is claimed this amendment will produce does not arise from a tax on war profits at all. This amendment, among other things, proposes to change the method of determining "war profits" for taxation purposes. It adds a provision to the method of determining "war profits" above described to the effect that the deduction allowed for prewar profits shall not be less than 6 nor more than 10 per cent of the actual capital invested on January 1 of the taxable year, so that under this amendment the first thing to do in order to determine the profits to which the war-tax rate is to be applied, is to ascertain the actual invested capital, as of January 1 of the taxable year.

It was the difficulty, and, as the Finance Committee regarded it, the apparently insurmountable difficulty of determining the actual invested capital that led to the rejection in this respect of the House plan. I had supposed until this amendment came in from the majority Members of the Finance



Committee that it was one of the principal merits of the Senate bill that it avoided the necessity of taking up this question of capitalization at all.

I may say, Mr. President, that for 8 or 10 weeks the Finance Committee came back again and again to the question of incorporating in this bill any provision that would require the capitalization of corporations to be computed by the Secretary of the Treasury; and again and again, and scores of times, the committee solemnly decided that under no circumstances would the bill as reported impose upon the Secretary of the Treasury the necessity of ascertaining the capitalization of corporations.

The reason for that is obvious. There can be no ascertainment of the true capitalization of a corporation without making an inventory of its physical properties, and ascertaining the true, fair value of the property of the corporation.

It was again and again stated in the committee that the Secretary of the Treasury would be driven in every case to accept the capitalization shown by the books of the corporation. Everyone knows—the merest novice, not to say any student of this great subject—that the book value of corporations does not represent the actual investment in the business, but it represents in many, and, perhaps, in all, cases a very large element of fictitious capitalization. That fictitious capitalization it is impossible to eliminate, unless, as I said a moment ago, there be conducted through the agency of trained experts a real test by making an inventory of the properties of the corporation. The majority of the committee, after having faced that question for 10 weeks or more and having rejected that idea again and again and again, decided that it would adopt a basis that would relieve the Secretary of the Treasury of undertaking an altogether impossible task.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Idaho?

Mr. LA FOLLETTE. Certainly.

Mr. BORAH. Is there any difference now between the House bill and the bill and amendment proposed by the Committee on Finance other than the fact that the House fixed an arbitrary 8 per cent and the amendment offered by the Senator from North Carolina allows it to swing between 6 and 10 per cent? In both instances must you not necessarily go back and fix the amount of the capital before you can begin to estimate the profits?

Mr. LA FOLLETTE. Yes; before you can apply your rate per cent at all. I am just stating that the Finance Committee of the Senate decided scores of times that that was an impossible task.

Why, Mr. President, they sought for a little time in their early deliberations to find some formula of words that would eliminate the fictitious element from the capitalization of corporations. They had before the committee Dr. Taussig, one of the most eminent economists in the world, not once, but scores of times, working early and late to frame some definition which could be adopted by the committee and incorporated in this bill which would, so to speak, squeeze the water out of the overcapitalization of these corporations. He submitted again and again the best form of amendment which his training and his genius could enable him to frame to meet that question. The committee, after considering again and again the many amendments suggested by Dr. Taussig, the head of the Tariff Commission—and always submitted with the statement that they were imperfect—decided that it was next to impossible to perform that task and rejected all the suggested amendments.

The committee decided that the invested capital could only be determined by an investigation by experts of the real value of the property of the corporation. The committee, as the result of many weeks' consideration of that subject, solemnly and with the utmost deliberation, framed this bill as reported by the committee upon this point for the express purpose of getting rid of that troublesome question. Then, all of a sudden, driven by the assaults made upon this bill during the course of the debate and the manifest determination of the Senate, supported by a growing public opinion that began to make itself felt even in the confines of this body, that committee called a hasty meeting and in one hour framed and adopted the amendment reported, entirely changing the result of their many weeks of deliberation and accepting as the basis of capitalization the showing made by the books of the corporation—for that is what it amounts to.

I am aware that there is a paragraph in this bill which refers the matter to the Secretary of the Treasury. I do not wish to speak in disparagement of the committee in any way, but it simply shifts the responsibility onto the Secretary of the Treasury. Everybody knows that the Secretary of the Treas-

ury can make no investigation into the capitalizations of the corporations of this country in order to enforce this tax.

Why, sir, the Interstate Commerce Commission, under the authority conferred upon it by an act of Congress, has spent five years already and many millions of dollars, with an army of experts, in making a careful survey of the railroads of this country and an inventory of all their physical properties for the purpose of determining the true value of same. After years of discussion Congress determined that the only way to ascertain the actual value of railroad property was to employ experts having a knowledge of the values of such property and appraise the same. Mr. President, the Interstate Commerce Commission, with a force of hundreds and hundreds of the trained experts, have spent five years upon that subject, and have only completed in a tentative way the valuation of two or three of the small railroads of the country. They have done a great deal of work upon the other railroads, but it is accepted as a fact that it will take several years to finish this great undertaking and arrive at a tentative result as to the capital actually invested and employed in the railroad business of this country. And, mark you, under the amendment which the committee has proposed the Secretary of the Treasury in less than one year must determine not only the invested capital of the railroads but the invested capital of all of the other corporations of the country as well.

In the face of these facts, which everyone knows to be true, it is a mockery to pretend that the Secretary of the Treasury could, with many times his present force, within the period of one year scratch even the surface of such a prodigious undertaking. Sir, the committee knows very well that the Secretary of the Treasury will be compelled to take the report of the corporation as to its invested capital—water and all.

Mr. KENYON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Iowa?

Mr. LA FOLLETTE. I do.

Mr. KENYON. In view of the important facts the Senator is now giving the Senate, it seems to me that there should be more Senators present; so I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Bankhead	Gronna	Myers	Sheppard
Borah	Hale	Nelson	Sherman
Brady	Husting	New	Shields
Brandegge	James	Newlands	Simmons
Calder	Johnson, S. Dak.	Norris	Smith, Ga.
Chamberlain	Jones, Wash.	Overman	Smith, Md.
Colt	Kellogg	Page	Smith, Mich.
Culberson	Kendrick	Penrose	Smoot
Curtis	Kenyon	Phelan	Stone
Fall	King	Poinlexter	Thompson
Fernald	Kirby	Pomerene	Vardaman
Fletcher	Knox	Ransdell	Wadsworth
France	La Follette	Robinson	Weeks
Frelinghuysen	Lewis	Saulsbury	Williams
Gerry	McKellar	Shafroth	

Mr. THOMPSON. I have been requested to announce that the Senator from South Carolina [Mr. SMITH] is detained by illness in his family.

The PRESIDING OFFICER. Fifty-nine Senators have answered to their names. A quorum is present.

Mr. LA FOLLETTE. Mr. President, in view of the labors of the Committee on Finance upon this proposition, I had supposed, until this amendment came in from the majority members of that committee, that it was one of the principal merits of the Senate bill that it avoided the necessity of taking up this question of capitalization at all. In the majority report accompanying the bill, after referring to the House plan of taxation, which involved the determination of the amount of the capital actually invested, it is said:

The fundamental difficulty in assessing a tax on these lines arises from the difficulty of establishing a standard or measure of the amount of actual capital invested. The House bill endeavors to overcome this difficulty by a proviso designed to prevent inflated valuation of good will and the like intangible assets. To be reckoned as actual capital, the House bill requires that their value must be established or accredited through their being paid for "in cash."

The words "in cash" are quoted, because the framers of the majority report knew that the entry upon the books "paid for in cash" is largely a fiction, resorted to for the purpose of covering up false and fraudulent overcapitalization.

The majority then proceeds to say:

But provisions of this kind, designed to prevent inflation of capitalization, are usually of little real effect. Indeed, it is doubtful whether they can in any way be framed so as to be effective. Payments for good will and other intangible assets can easily be made to appear on the books of a corporation to have been made in cash. Almost always they are made so to appear.



Still reading from the report submitted by the chairman of the Finance Committee—

*This familiar way of watering the stocks of corporations is impossible to detect and counteract without a specific examination of the precise facts in each case. Such an examination, if made for all concerns of every size and kind, as the House bill contemplates, must necessarily extend over a long period of time; it must be made in an enormous number of cases; it must lead to dispute and contest; and must be productive of unlimited litigation.*

In those unmeasured terms did the majority of the Committee on Finance of the Senate denounce the plan which they have now adopted, and adopted at one session of the committee that lasted for less than an hour.

Mr. KENYON. I should like to ask the Senator how much consideration was given by the committee to the first plan?

Mr. LA FOLLETTE. I will say in answer to the interrogatory of the Senator from Iowa that it was not less than 10 weeks, for the committee had this subject under consideration for that time, and this was continually coming up day by day and recurrence was had to it. Not once, not a dozen times, but scores of times the Finance Committee put the stamp of its disapproval upon the very plan that is now before the Senate reported from that committee with approval.

Mr. President, I will have a word to say about the effect of this amendment which has been reported in exempting certain of the great corporations of the country from the taxes which they ought to pay as war-profits taxes even by the terms of the amendment submitted.

I have concluded the quotation from the majority report.

These objections seemed to me unanswerable when they were made against the House bill by the chairman of the Finance Committee in the majority report, but I fail to see why they are not equally conclusive when made against this amendment. Does not the provision of this amendment, which makes it necessary to determine the actual invested capital as of January 1 of the taxable year, make this law as a practical matter unworkable? Such an examination must lead to long-drawn-out contests and withholding of taxes or else result in compromises whereby the Government will get much less than it ought receive.

I understand the chairman of the Finance Committee to admit the force of this argument, but to say that they have tried to meet this objection by the following provision found in the amendment as subdivision (d) of section 203:

If the Secretary of the Treasury is unable to determine the average amount of the annual net income of the trade or business during the prewar period or the actual invested capital as of January 1 of the taxable year, the war profits shall be determined as provided in subdivision (a) of section 204.

I wish Senators would take this amendment and follow me as I proceed with the analysis.

Now, subdivision (a) of section 204 merely provides for determining the amount of the war profits in those exceptional cases where the person or corporation in question had no net income from the trade or business during the prewar period or where the corporation was not in existence during that period, and in such case the experience of representative corporations and individuals engaged in a like or similar business is resorted to; but the war profits of these representative corporations or individuals are determined as provided in section 203. By this process you are simply led back to the starting point.

Section 204 (a) furnishes a rule merely to determine the war profits of those persons or concerns who were not engaged in business or had no profits during the prewar period, but it presupposes the ability to determine the war profits of the representative concerns whose experience is to be adopted as the means of determining the war profits of those persons and concerns who were not engaged in business or made no profits during the prewar period. Section 204 (a) does not involve the question of capitalization at all. The point against this amendment is the same as that against the House bill, namely, that where you are dealing with individuals and concerns that were in business during the prewar period and had profits during the prewar period it must lead to endless dispute and protracted litigation to determine the amount of capital invested as of January 1 of the taxable year.

Then, again, according to the statement of the chairman of the Finance Committee, most of the additional revenue which they claim will be raised under this amendment *will not be raised as a result of a tax upon war profits at all*. Out of the \$498,000,000 additional revenue which it is claimed will be raised by this amendment only about \$70,000,000, according to the statement of the chairman of the Finance Committee, will be derived from the new bracket levying 60 per cent upon the excess war profits. All the balance which it is claimed can be raised—an amount over \$400,000,000—will be raised not by a tax upon war profits but by a tax based upon the amount of average normal income during the prewar period less the allow-

ance provided in this amendment of 10 per cent upon the invested capital.

Now, it may well be that these concerns which were making huge profits before the war should be taxed on account of such profits which they continue to make during the taxable year of the war, but it should be understood that such tax is in no sense a *war-profits tax*, and the levying of such tax should not excuse such persons or concerns from paying a proper and just tax upon their *war profits*.

This amendment does not, therefore, represent at all the tax on war profits, except the \$70,000,000 before referred to, though it will, if it produces the result claimed for it, increase by something less than \$500,000,000 the amount of revenue to be produced by the bill. This additional revenue will be derived from the tax upon the net profits of those concerns which were making immense prewar profits, and is obtained because they are allowed to deduct only an amount equal to 10 per cent of their capital from the net income of the taxable year instead of deducting therefrom their total average net prewar profits. That over \$400,000,000 can be obtained in taxes by applying the low rates provided in this bill to the amount of prewar profits after taking out an amount equal to 10 per cent of capital invested is proof that these concerns were making tremendous prewar profits and furnishes the strongest possible argument for raising the rates of taxation on war profits. The business that was so thoroughly established and so completely successful before the war that its average prewar profits far exceeded annually 10 per cent of its invested capital can hardly be injured by any amount which the Government may take in taxation of those profits in excess of that amount, which constitutes the war profit. By this amendment and by the results which the committee claim for it it seems to me we are furnished with the strongest possible reason for advancing the rates of the war-profits tax.

It must be remembered also that the figure \$788,000,000 stated by the chairman of the Finance Committee as the amount it was expected to raise from the war-tax provision of this bill before the amendment just considered was brought in does not by any means represent war taxes. I submit that \$266,000,000 of that amount—being the amount which it is claimed will be produced in taxes by the law which this bill proposes to repeal—can not be fairly assumed to represent an amount of taxation levied for war purposes.

There can be no doubt that even if we had not gone into this war the income tax upon corporations would not have been suffered to remain at 2 per cent, nor would the munition manufacturers' tax and the excess profits tax on corporations, at 8 per cent, have been repealed. These taxes or certainly a very large part of them would have been required to help pay the running expenses of the Government even if there had been no war, so that the tax upon incomes of corporations and the war-profits tax provided for in this bill must be understood as containing some element of peace-time taxation, as well as taxation to meet war expenses. In other words, the tax to be levied under this title of the bill is not wholly a burden which is incident to the war, but a part of it represents a tax which those subject to it must have paid if we had remained at peace.

But passing all these questions for the time being, I invite your attention to the real and fundamental question to be considered.

#### WHAT PROPORTION OF WAR PROFITS SHALL BE TAKEN BY TAXATION?

That question is what proportion of war profits shall be taken by taxation during the present taxable year. The method by which the amount of war profits is ascertained, and the manner in which the tax is levied and collected are only important as means to an end. The means must be adapted to accomplish the end, not to defeat it, and for that reason there are many particulars in which this bill should be amended. I believe it should be amended so as to eliminate that provision recently injected into it by the majority of the Finance Committee, making it necessary to determine the amount of invested capital of corporations. That principle was repudiated by every member of the Finance Committee after it had been thoroughly discussed and considered for many weeks in the committee. I have heard nothing in explanation of the eleventh-hour change upon this subject by the majority members of the Finance Committee which changes the opinion I had previously formed upon that question—an opinion which was held also by every member of the Finance Committee. I believe that the bill should be amended so that the billions of dollars of surplus accumulated by the great corporations of the country should not be allowed to escape taxation nor be reckoned as a part of the capital for the purpose of increasing the amount of net income exempt from taxation. I believe the penalties in this bill should be greater. Since the returns which the corporations make must of neces-



sity be accepted in most cases as the basis of taxation, it is in the highest degree important that those returns should be correct, and whatever severe penalties can do to insure that correctness should be done. The penalties in this bill are simply ridiculous. I observe, for instance, that the penalty for refusing or neglecting to make a return or to supply information required under this bill is a fine of not less than \$20 nor more than \$1,000. *In the name of common decency let us make the penalties for evasion of the tax law as severe as we have the penalties for evasion of the draft law.*

It may be insisted that some of the penalties in the old law will be added to the penalties here. I say that by the terms of this bill the matter is left in utter confusion as to that, and no lawyer can tell how the courts would construe these penalties, or which should supersede the other or whether they should be combined.

Think of it! Is it a more serious offense for a father or mother to evade the draft law to save the life of their boy or to save him from the fate of taking the life of some other parents' boy than it is for the millionaire to evade the tax law in order to save the dollars he has wrung out of the cruel conditions of this war?

But, as I say, I purpose to subordinate all these questions for the present at least to the main inquiry. What proportion of war profits should the Government take for the present taxable year to help defray the expenses of this war? The majority of the Finance Committee has come forward with a proposition which, after all the increases they have been forced to make since this bill came into the Senate, still proposes to take by taxation this year only about one-quarter of war profits to pay war expenses. Is the Senate ready to stand for that proposition? Do you think the country is ready to stand for it? Do you think the people of the country will give even perfunctory support to this war if that unjust proposition is written into the law?

That this bill even as now amended by the Finance Committee to substantially increase the war-profits tax over the amount originally proposed will still leave untouched about three-fourths of those profits is shown upon the face of figures presented.

Mr. President, I pause for one moment to say this: As the bill was first reported to the Senate it so protected the profits derived from war that it shielded the surplus incomes of the rich, and, imputing no wrongful motive to any member of the majority of that committee, it does put the Senate upon its inquiry as to the terms of any proposition contained in this bill. From my point of view the bill as reported and as it would work out, I do not say as it was intended by the majority to work out in its administration but as it would have been administered, dealt so carefully with war profits and big incomes that the committee was humiliated by having the Senate, with a few days of deliberation upon the bill, practically take it out of the committee's hands, set aside the recommendation of the committee, and raise, on roll calls here, the income tax by \$70,000,000 additional. That was adding a pretty big per cent to the amount the committee had reported out after 10 weeks' deliberation. By your own act you, Senators, after looking for a few days at the work of this committee, set it aside as to income taxes, and without having yet concluded action upon the income tax you have already added about \$70,000,000 to the income taxes over what this bill proposed to raise. Nay, more than that, this body put its disapproval upon the bill by cutting out of it by a vote with a very considerable majority—I do not remember the exact figures—at one sweep \$50,000,000 that it was proposed by the committee to put on the people of this country in the shape of 3-cent postage stamps instead of 2-cent postage stamps, saving thereby \$50,000,000 that otherwise would have had to have been paid out of the incomes and war profits. When the Senate had given a few days' consideration to the subject—indeed, I do not think that the first-class postal rate was debated here more than a day, less than a day, in fact—by a decisive vote of 39 to 29 this committee provision was stricken from the bill by the Senate.

The Senator from Pennsylvania [Mr. PENROSE], responding to a question asked by the Senator from North Dakota [Mr. GRONNA], says that in view of the increased estimates and in view of the criticism of one feature of the bill with regard to corporations that had the high profits in the prewar period, the committee took the bill back and changed it in that regard. The Senator from Pennsylvania very well knows that the committee had all the information about increased estimates before they reported the bill out that they have now.

Mr. PENROSE. Mr. President—

Mr. LA FOLLETTE. Just a moment. When the Secretary of the Treasury appeared before the committee and informed the committee that there would have to be additional revenue pro-

vided to meet at least \$5,000,000,000 of additional estimates, the committee took up the careful consideration of the information thus submitted to it. It endeavored by calling before it the heads of every bureau and division of the War Department, from which most of those estimates came, and subjecting the heads of the departments to the most crucial examination, to see if there could not be eliminated from that \$5,000,000,000 a very considerable amount that would not be required to be expended in this fiscal year. As I sat as a member of that committee during that investigation I supposed, of course, it was conducted for the purpose of adding to the bill all of the \$5,000,000,000 estimated to meet expenditures which could not be deferred beyond the end of the fiscal year, or at least such a proportion of the \$5,000,000,000 as would very greatly increase the total amount of taxes to be provided in the bill. The most searching and thorough examination of those experts disclosed the fact that out of the total \$5,000,000,000 there could not be by any means and process of reasoning found an amount in excess of \$400,000,000 which might possibly not be required during the present fiscal year. But, nevertheless, the committee shifted its ground and brought in this bill in the face of all that testimony, with only the paltry addition of some \$300,000,000. As first reported, as I remember it, it was something over \$1,800,000,000, and as last reported it was \$2,000,000,000.

Mr. JONES of Washington. Mr. President, in this connection I suggest a matter to the Senator that is troubling me, or at least I have been unable to find a satisfactory reason for it to my mind. In the majority report accompanying the bill they give a financial statement on page 2 in which it is stated that the estimated expenditures for the fiscal year 1918 are \$5,693,958,000. It has been suggested in this discussion, and was referred to just a moment ago, that they did not have information in reference to the additional needs of the Treasury Department until after the bill was reported. I have wondered whether the minority had information that the majority did not have, because I find on page 95 of the minority report a letter from the Secretary of the Treasury in which he gives the estimated expenditures for the fiscal year 1918 as \$10,735,807,000, instead of \$5,693,958,000 as set out on page 2 of the majority report. And yet I see when I read that letter from the Secretary of the Treasury that it is addressed to the chairman of the committee.

Mr. LA FOLLETTE. Mr. President, it was presented by the chairman of the committee to the committee; it was before the committee. More than that, the Secretary of the Treasury appeared in person before the committee and stated that, in addition to the \$5,000,000,000 estimate that had previously been made when the bill was in the House, it would be necessary to have revenues from some source to meet an additional \$5,000,000,000 called for by one department, that of the Secretary of War. Then, Mr. President, the question naturally arose in committee, Will there be estimates in addition to this \$5,000,000,000 from other departments? The committee, therefore, adopted a resolution asking the Secretary of the Treasury to determine that question and to report to the committee.

So, Mr. President, when the committee subsequently met it had before it the estimates gathered by the Secretary of the Treasury, not only the estimates from the War Department but from other departments. The committee, as a whole, of course, has had precisely the same information that the minority members of the committee had.

The minority, in its report, did state to the Senate that the \$3,000,000,000 that had been authorized as a bond issue to provide money for the foreign governments that are receiving money from the Treasury of the United States, according to such information as the members of the minority committee could gather, would be entirely inadequate to meet the demands of those foreign governments during the present fiscal year; that the rate at which money was being advanced to the allied governments, which was as fast as their commissions could come here and ask for it, if continued throughout the fiscal year, would, in the aggregate, bring the amount to between six billion and seven billion dollars instead of three billion dollars and that an additional amount of something like four billion dollars would have to be provided for either by taxation or by bond issue within this fiscal year if the requirements of the allied nations were met.

Sir, the report submitted by the minority had scarcely been placed before the Senate when there came from the Treasury Department official announcement that there would be a call made upon Congress for a provision of \$4,000,000,000, added to the \$3,000,000,000 already authorized, in order to provide for the demands of the allies for the present fiscal year, confirming almost to the last figure the statement made in the minority report. Since that time more demands have been



coming; the demands have been growing; and we are pushing on rapidly toward passing, by a very considerable amount, the twenty billion dollar mark for the present fiscal year for all purposes.

I know, Mr. President, that both Houses of Congress are very largely constrained to accept the recommendations of committees in legislation. The subjects which both Houses of Congress must consider are now very numerous and are multiplying rapidly. The exactions made upon the members of all committees of Congress are very burdensome, and when one of the leading committees of Congress reports a great measure here it is natural, if not necessary, that in large degree Senators accept the views and recommendations of the committee; but, Mr. President, we are confronted with an extraordinary situation now. There is a struggle on that everybody must recognize between accumulated wealth and the great masses of the people of this country. Shall we close our eyes to the experience of all governments of all the earth in all great wars? We know that it is always the effort of wealth to pay as little of the expenses of war by taxes as possible, to throw as much of it into bond issues as possible. Wealth makes profit out of bond issues; wealth should bear in proportion to its vast accumulations the burdens of taxation. Hence it is always the determined effort of wealth in all wars to cut down the taxation to the lowest limit, to provide for as much of the war cost as possible by bond issues, to reap the profits that wealth always seeks in investments of that sort, and to escape the taxes that wealth would have to pay under the legitimate and proper rule of paying according to ability. We have here now before the Congress of the United States what has confronted every nation on earth since time began when it was at war. We have the wealth of this country struggling in a determined way to cut the taxation down, and where taxation can not be avoided to put as much of it as possible on to the mass of the people in the form of consumption taxes, and to put as much of the cost of the war as is possible into bond issues, thus to save the wealth of the country from taxation and allow it to make profits out of its loans to the Government. Are we to close our eyes to the facts of history? Are we to forget our own dire experience in other wars? Have we not an exemplification of that contest in this bill as reported by the majority of the committee and opposed by the minority?

With the utmost respect for the individual members of the majority of the committee, I say that the committee has been driven step by step by the Senate itself refusing—and that is unusual—to follow, as the Senate and the House are usually compelled to do with closed eyes, the lead of the committee in this particular. In this exceptional and stressful time that precedent has been broken, and the committee has been forced backward, step by step, from the position that it has taken; some of the taxes upon the necessities of the people have been cut out of the bill and rejected already, and some of those remaining are likely to be treated in the same way. Income taxes were increased over the protests of the committee; the committee fled to its committee room with the bill and in one hour brought in a report which proposes to double the amount of money it was proposed originally should be exacted from the corporations, not entirely as a war-profits tax but as a combination of a war-profits and excess-profits tax, and also abandons the principle of war-profits taxation originally laid down in the bill. So, I say, it behooves Members of the Senate with respect to this new proposition which is presented, in view of the history of this bill in the Senate, to scan it carefully and to form their own judgment as the public will form its judgment.

The public, Mr. President, when it considers the relation of the amount raised by taxes and by borrowings and the sources from which the taxes will be raised, will not be blindly led by the precedents that prevail in both branches of Congress to shut their eyes and follow a committee.

I am not here to suggest that anybody shall blindly follow the minority or any of its suggestions, but I am here to say, in the face of this record, that, on the issues raised between the majority and the minority, every Member of this body is constrained, or he ought to be, to sift out for himself the facts which should lead him to act in this matter for the interests of his State and country. I submit, Senators, that now you are called to act upon a subject of great moment to your States—one of the most momentous that has ever been dealt with by the Congress since the origin of the Government—and in determining your course you should not follow blindly any committee or any portion of any committee, but you should ascertain the facts and be guided solely by these facts, without partisan or other bias.

When this bill was first presented by the chairman of the Finance Committee it was accompanied by the estimate that the war profits for the taxable year would amount to \$3,000,000,000. When the amendment which I have briefly discussed was pre-

sented by the chairman of the Finance Committee, on August 29, it was accompanied by the estimate of the Treasury expert that the taxable profits for 1917 would amount to \$4,100,000,000. Some of this amount, as I have briefly shown, might be more properly called excess peace-time profits than war profits if the theory of the majority of the Finance Committee is correct. If we confine the estimates strictly to war profits, then the tax on war profits will yield, according to this bill, assuming that the majority of the committee are correct in their theories and calculations, \$562,000,000 plus \$70,000,000—derived from the new 6 per cent bracket on war profits—or \$632,000,000, which is \$118,000,000 less than one-fourth of the \$3,000,000,000 of estimated war profits.

Even if you add to this amount the entire \$226,000,000 which the majority of the committee estimate would be raised under the laws this bill proposes to repeal, and which does not really represent the proceeds of a war-profits tax, the total amount would be only \$108,000,000 in excess of 25 per cent of the estimated \$3,000,000,000 for war profits. If you take the latter estimate of \$4,100,000,000 of war profits which the committee has submitted and add the entire \$498,000,000 which the chairman of the Finance Committee claims will be added to the revenue by his last amendment, it does not substantially alter the proportions. The "additional revenue" is \$1,060,000,000, according to the figures submitted by the chairman of the committee when he offered the amendment of August 29, as the amount to be yielded by this bill, and is only a trifle more than one-fourth of the estimated \$4,100,000,000 of war profits, which is the last estimate submitted by the majority members of the committee.

Remember that the war profits are simply the abnormal profits due to the war. They are the profits made as a result of the war over and above the normal profits. If the net profits of a concern for the prewar period amounted to 7 per cent or 10 per cent or any other per cent, the corporation is entitled, under the provisions of this bill, to that same amount of profit untouched by the war-profits tax, except as provided by the committee amendment, the deduction for a war profit shall not be less than 6 nor more than 10 per cent of the invested capital. The stockholder will first draw his dividend upon the basis of normal profits, ranging from 6 to 10 per cent; salaries and expenses, overhead charges, depreciation, and all that will all be paid, and if nothing is left above that the Government gets nothing by taxation under this bill. It is only the profits in excess of all this—the abnormal profits, the super profits—that it is proposed to levy the war tax upon, and this bill seriously proposes to start that tax at only 12 per cent of these war profits, increasing it as the amount of war profits increases, until even, according to this last amendment of the majority of the committee, it is proposed to take merely 60 per cent of the amount by which such war profits exceed the normal profits by 300 per cent.

#### SOME PRELIMINARY CONSIDERATIONS.

Mr. President, it must always be remembered that the mass of people have to pay the prices which war profits entail. As always, the people pay. It makes no difference whether the demand for the products of a steel manufacturer, or for any other commodity, comes from our Government or from a foreign government, the people of this country have to bid against that demand for the product. The price immediately rises and is passed along for our ultimate consumer to pay. It may be in increased rent or in the increased price of food, fuel, or other necessities of subsistence; it may be in the increased price of farm machinery, but it must be paid; and the man who pays it must pay the excessive prices which this Government and foreign governments in competition for that product force constantly to the highest limit.

Then, again, labor never gets its fair share, or rather its peace-time share which is never fair, out of the production of war materials. The prices for the product jump long before there is an appreciable increase in wages. This is another reason why war profits should for purposes of taxation be treated entirely different from wealth in any other form. Again, precisely because the war profits which it is proposed to reach by taxation in this bill are abnormal profits, arising from abnormal causes, substantially all of them might be taken by the Government in taxation without disturbing normal business conditions, providing only that all kinds of business producing war profits are treated the same. Suppose a concern was engaged in a business before the war paying a net profit of 7 per cent on investment. Suppose as a result of the war this net profit is doubled. Suppose that 80 per cent of the war profits were taken by taxation, the business would still have the same net income that it would have had if war had not occurred, and 20 per cent added to it. Surely 7 per cent net profit, plus 20 per cent war profits, plus the spirit of patriotism and self-sacrifice which



distinguishes our corporations and business concerns, would be sufficient to keep that business going at its utmost capacity during the war. If the spirit of patriotism and self-sacrifice should wane a little, it is still pretty safe to say that the financial returns mentioned would be sufficient to keep the enterprise in operation, particularly if there was no war-profit enterprise to turn to which was not being taxed in the same way.

Now, there is another consideration which should have a persuasive and, indeed, almost controlling effect upon our action in fixing the rate at this time of the war-profits tax, and that is the uncertainty concerning the length of the war. Either the war will last through the year or it will not. If it does last through the year, then every dollar that we have failed to collect in war taxes for the year is *gone and lost to the Government forever*, so far as war profits are concerned. The result will be that we will have saddled the people of this country with a \$8,000,000,000 debt—and certain to be many billion dollars additional, according to the latest estimates—for them to pay, while the individuals and concerns engaged in the lines of business producing war profits will have made and pocketed hundreds of millions and probably billions of dollars in such profits.

If the war does not end within the year, then it is certain that we will be in dire need of every dollar that we could have raised from war profits to meet the appalling bill of expenses which will then confront us. In either event and from either point of view, whether the war ends suddenly or continues indefinitely, the logic is inexorable which commands us to take from war profits at the present time the largest amount possible.

Ah, but it is said if we levy a heavy tax on war profits we will interfere with business. We will prevent expansion and cripple production, and so decrease the war tax to be collected in the future—in short, to use a homely phrase, that we will kill the goose that lays the golden egg.

There is one very excellent test which we can apply to this argument, and that is the experience of England. England started out in the present war with a 50 per cent tax on war profits, very soon raised it to 60 per cent, and has now raised it to 80 per cent. Furthermore, she requires those engaged in commerce by sea to pay a war-profits tax of 88 per cent.

Mr. PENROSE. Mr. President, will the Senator permit an interruption?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Pennsylvania?

Mr. LA FOLLETTE. I do.

Mr. PENROSE. I presume the Senator wants to be strictly accurate, as usual, and he ought to make reference there to the fact that England permits a deduction of 10 per cent; in other words, her base line is very much higher than ours.

Mr. LA FOLLETTE. Yes; that is true; but her tax line, as compared with the committee's, is 80 per cent on all war profits.

Mr. PENROSE. After deducting 10 per cent.

Mr. LA FOLLETTE. After deducting 10 per cent; that is true; while the committee's is 31½ per cent. Furthermore, Mr. President, on top of this, the prime minister of England is already discussing an advance on their war-profits tax on all business to 95 per cent. Besides that, she taxes incomes after they reach \$12,500 an ordinary or normal tax of 25 per cent, and then adds upon that a supertax, so that when those incomes reach \$50,000 the two taxes combined amount to 42½ per cent. We have as compared to their normal income-tax rate of 25 per cent a normal tax rate of 2 per cent. At the very beginning, England's war-profits tax was practically double the rate now proposed in this bill.

That is, when you get your 31 per cent you get it by using a factor that is not exclusively a war-profits tax. If you limit it to war-profits tax, it is just a trifle over 25 per cent, or one-half of the amount England levied as a war-profits tax the first year of the war and kept only a few months, when she raised it to 60 per cent.

That this rate of tax upon war profits and the very heavy English income taxes have not discouraged but rather accelerated production in that country is manifest from an examination of the figures showing profits made by the corporations of the country for war and prewar years. In addition, it also appears that the tax is all too small even at the present time to satisfy the demand of the masses of the people as well as English economists.

From the New Statesman, a high-class, progressive English publication, of May 5, 1917, I quote the following:

Mr. Bonar Law's first budget was received with almost universal satisfaction among the one-tenth of the population whom we allow to own nine-tenths of the wealth of the nation—with the single exception of the shipowners, who can not escape the feeling that they are being hardly treated in not being allowed to reap for themselves their own special golden harvest from the war. It is true that all those drawing incomes in excess of £2,000 a year are to continue to pay income tax

at the rate of 5 shillings in the pound, whilst those among them who have over £3,000 a year will continue to pay the extraordinarily light additional supertax of a shilling or two in the pound. But we are still a long way from calling upon even the richest millionaires to contribute in the greatest national emergency that the country has ever known that "half your incomes," of which a former financial secretary of the treasury (Mr. Montagu) spoke, still less the "80 per cent" of their incomes which so moderate an economist as Lord Courtney a long time ago suggested.

These wealthy families are not being taxed in accordance with Adam Smith's celebrated canons of taxation, and they are not bearing as much as either the bankers' organ, the Economist, nowadays desires or as the professor of political economy at Cambridge suggests. Meanwhile, we deliberately increase, without necessity, the rise in the cost of living, which is oppressing every poor household. It is important that we should be reminded of these things, because they are not being overlooked by the organized wage earners, whilst they are either slurred over or completely unexpressed in most of the newspapers read by the propertied class. The widespread resentment at the conscription of labor remaining still unaccompanied by the conscription of wealth—a perfectly practical measure—will not conduce to the removal of "that hostility between capital and labor" on which Mr. Bonar Law bases so much of his hopes for the future.

These are not, Mr. President, the words of anybody whose loyalty to the Government of Great Britain can be questioned. This message comes to us with the authority of one who has given the most profound consideration to the subject of meeting the demands in a way to make Great Britain succeed in this great ordeal through which she is passing.

It is really astonishing that the wealthy class in this country should remain so blind to the way in which they have now been thrown over by the economists as well as by the workmen. Far from bearing more than their proper share of the national burden, as they fondly imagine, these 30,000 or so families (with incomes of £20,000) are bearing much less than their share—

And under an income tax the rates of which applied to the incomes of this country would produce hundreds of millions of revenue in excess of that which will be secured under the rates proposed here—rates proposed in any amendment offered—and a war-profits tax more than two and a half or three times the amount proposed by the committee to be levied as excess war-profits taxes—

less than the orthodox political economy of to-day can approve, and less than they will be allowed to bear when this country comes to be effectively controlled by a democracy sufficiently enlightened to insist on its finances being regulated on scientific principles.

It will be noted that the foregoing is the language used by a paper of commanding influence and at a time when a war-profit tax of 80 per cent is being levied on the industries of that country, except the shipping industry upon which the war-profit tax is 88 per cent.

The London Economist, an exceedingly conservative paper, and referred to above as the bankers' organ, on June 23, 1917, had this to say:

Financing the war by inflation, as we have repeatedly shown, increases the cost of the war, makes the Government borrow in depreciated currency sums that it will some day repay in money, which, we may hope, will have returned to a more normal level of buying power, throws the cost of the war on those least able to bear it by putting what amounts to an indirect tax of something like 100 per cent on many articles of common use, so produces a bad spirit in the country which is full of suspicions of profiteering, turns the exchanges against us, and so faces us with a serious problem on the day when the submarine no longer protects our gold store by raising the cost of shipping gold. The system is so foolish and so unjust that it could only be described as criminal if it were deliberate.

This is the language used in criticism of the English system of taxation as it exists at this time. Can you imagine what language would be used to describe a system of taxation on war profits and incomes such as is proposed in the bill we are now considering?

That the wealthy classes of England have as yet found no occasion to change their luxurious mode of living appears from the following from the Economist of March 3, 1917:

After the war it is all important that industry shall be as little as possible let and hindered by taxation. During the war industry's task is in many ways simpler; and, above all, taxation is now wanted to check the extravagance of unpatriotic and thoughtless people whom no other appeal will reach. A paragraph in last Sunday's Observer, which has aroused considerable comment, pointed out that "quite a crop of dances occurred during the week, the most important of which was given by the new Lady Curzon. It was beautifully done and extremely smart and in all respects well up to prewar-time conditions." This entertainment is surely entitled to live in history along with the Asquith wedding in 1915, which was so awkward a stumbling block in the way of preachers of economy for many months afterwards. The Times has been investigating the extent of social dissipation now prevalent and stated in a leading article on Wednesday last that "there are whole circles of society, both in London and elsewhere, in which the spirit of sacrifice is utterly unknown and prewar-time conditions still flourish without the smallest regard for the exhortations of the prime minister and the food controller." On the same day the Manchester Guardian had an article on the effect of the restriction of imports on women, the burden of which was that women need not be much afraid that the pleasure of dressing themselves prettily need seriously be interfered with.

From the Economist of March 31, 1917, I quote the following:

We can greatly lighten our after-war burden by paying by taxation a much larger part of the war cost than we have hitherto financed by this means. Money that the government can get at home by borrowing it can get by taxing, if it taxes aright.

I commend that statement to the Senator from Massachusetts [Mr. Lorge], who has so many times upon the floor in the course of the consideration of this question asked, if we increased the taxes very greatly in this bill, where would the money be found to finance the loans? Mr. President, every dollar that is taken by taxation is worth more than a dollar invested in Government loans, I remember that Secretary Chase in 1863, in urging that more should be raised by taxation, said something like this—I will not pretend to quote him exactly—that one dollar raised by taxation was worth two dollars in enhanced credit to the Government on loans that it might seek to make.

I repeat the sentence:

Money that the Government can get at home by borrowing it can get by taxation if it taxes aright. Thereby it cheapens the war by reducing inflation and lightens the after-war burden on industry, a point of which it is difficult to exaggerate the importance. \* \* \* Our view that taxation is the right financial weapon in war time is indorsed by an eminent neutral opinion, expressed in an article by Prof. O. M. W. Sprague in the March Economic Journal, entitled "Conscription of income," and based on a paper read before the American Economic Association.

Prof. Sprague is one of that great body of some 310 of the leading economists of America connected with the leading universities and colleges of the country, who, very early in the consideration of this financial question as connected with the present war, filed with the Ways and Means Committee of the House a petition urging, as I read and understand it, that the war should be wholly financed by taxation. That is, the argument in that petition was based upon the pay-as-you-go policy.

I continue this quotation:

After dwelling on the many inequities and economic drawbacks involved by the borrowing policy, the professor suggests, "tentatively and mainly for illustrative purposes," the following plan as the ideal to be aimed at by a belligerent State:

"All or at least 95 per cent of all income in excess of the average annual income received during the two years preceding a war should go to the State. This proposal simply involves an extension of the excess-profits tax which has been adopted very generally during the present war. In addition, ordinary income should be taxed to the bone, but not beyond the point which would still leave every class of taxpayers sufficient income to maintain the essentials of its customary standard of life. Let us assume as a starting point a special war tax of 5 per cent on incomes of £300, or perhaps £240, and of 10 per cent on incomes of £400, incomes between these limits being taxed at the higher rate. By successive stages the rates would be increased until 50 per cent of incomes of £8,000, and, let us say, all incomes in excess of £20,000 were taken by the State during the period of the war."

Although this is a quotation from Prof. Sprague, evidently the Economist has translated the American money terms into English money.

That is the end of the quotation from Prof. Sprague's article in this editorial of the Economist. I now quote the concluding sentence of the editorial:

A form of financial conscription that leaves anyone with £20,000 a year at such a crisis can not be said to err on the side of severity.

The New Statesman of June 2, 1917, making a comparison between the prewar profits of some corporations and their present profits, says:

The rise in Liptons \* \* \* is \* \* \* explained by the appearance of the report. This is another company which, like most concerns dealing in food, has been placed on its feet by the war. The net profit works out at £258,500, as compared with £160,300 in the last prewar year. A dividend of 7½ per cent is paid as against nothing for the last two years, and 6 per cent for the five preceding years.

For astonishing war profits, however, we must turn to the report for 1916 of the Oceanic Steam Navigation Co. (Ltd.), the well-known White Star Line. Against an issued share capital of £3,750,000 in shares of £1,000 each (of which four-fifths were issued in August last, fully paid, as a bonus on the existing shares—i. e., four new shares given in respect of each old share held), the company shows a profit of £2,402,758 after providing for excess-profits taxation. In 1913 the profit was £1,121,268 without, of course, first having to allow for any excess-profits duty, so that after making full allowance for this additional tax the war has resulted in this great company more than doubling its profits.

I quote from the Economist, London, of January 6, 1917, the following explanation, accompanied by tables, showing the profits and the remarkably prosperous condition of the leading business concerns of England, and which also shows an increase of from 3 to 13 per cent over the average earnings of a number of years, including the prewar period.

Mr. President, I have made these liberal quotations from these authorities because the one argument which I think must and ought to be weighed by the Senate and the most important argument advanced against the amendments to increase the war-profits tax is that we must not cripple business so that production will be interfered with or so that we shall have nothing to tax hereafter. I think everybody will agree that it is of the utmost importance that the business of the country shall continue to be prosperous and that all the opportunity shall be afforded for the expansion required to meet the exigencies of the times. But always, when I think of that, I am reminded of the fact that these concerns have had three years of exceedingly high profits that have gone untaxed; and then, when one makes a study of the profits of all the leading corporations and busi-

ness concerns of the country in the prewar period—and by that I mean the three years preceding the war—he can not fail to be impressed by the fact that those were exceedingly prosperous years for the business of this country. We are not touching capital. This war-profits tax takes nothing out of the normal profits. It is only levied upon the war profits, and leaves untouched all of the profits made prior to the war.

I quote here from the Economist of January 6, 1917:

For many years it has been our practice to present a quarterly review of profits earned by public companies, the statistics being compiled from figures published during the quarter in the Economist. Before proceeding to an examination of the result, we may explain, for the benefit of those of our readers who are not familiar with these articles, that there is published in the Economist a table called "Summary of company profit and loss accounts," which appears every week toward the end of the paper. As its name implies, this table summarizes the results disclosed in all company reports appearing during the week (mines, railways, and insurance companies excepted), grouping them under several different headings. By combining these figures and eliminating companies whose previous results are not available, statistics are obtained which enable the following comparisons to be made.

During the past quarter the reports of 196 companies have been analyzed, showing net profits, after payment of debenture interest, of £15,767,539, as compared with £12,951,376 disclosed by the same companies a year ago. Our first table shows the figures for each quarter of the past year.

Mr. President, of course I will not tax the patience of the Senate by reading into the Record the tables, but will ask to have them printed without reading.

The PRESIDING OFFICER (Mr. CURTIS in the chair). Without objection, it is so ordered.

The matter referred to is as follows:

Net profits (after payment of debenture interest, etc.).

Reports published in quarter ended—	Number of companies.	1915	1916	Increase.	Per cent.
March 31.....	286	£20,047,736	£23,536,746	£3,489,010	17.4
June 30.....	311	23,791,858	33,924,702	10,132,844	42.6
Sept. 30.....	139	10,439,072	13,358,836	2,919,764	27.9
Dec. 31.....	196	12,951,376	15,767,539	2,816,163	21.8
Total.....	932	67,230,042	86,587,823	19,357,781	28.6

Mr. LA FOLLETTE. There are a few words in explanation or interpretation of the figures of the first table, which I will quote:

Thus 932 companies whose reports appeared in 1916 earned a net profit of £86,587,823, showing an increase of £19,357,781, or 23.6 per cent, as compared with the previous year.

The average profit per company in 1916 works out at £93,000, a remarkable increase on £72,100, the average shown a year ago, and £76,000 two years ago, and a fact which augurs well for a big revenue from the excess-profits duty.

An analysis of the figures for the past quarter, according to the various groups, gives the following results.

I ask to incorporate at that point, without reading, the table that follows.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

Net profits (after payment of debenture interest, etc.).

	Number of companies.	Reports published in quarter ended December 31—		Increase.	Per cent.	Decrease.	Per cent.
		1915	1916				
Breweries.....	34	£915,097	£961,655	£46,558	5.1		
Iron, coal, and steel.	14	1,466,333	2,012,415	546,082	33.1		
Land mortgage, etc.	17	1,091,573	885,401			£206,172	18.9
Motor and cycle....	9	303,190	263,610			39,580	13.0
Nitrate.....	7	44,782	243,503	198,721	441.0		
Shipping.....	6	719,203	987,210	268,007	37.3		
Tea, rubber, etc....	43	840,394	1,382,974	533,580	63.0		
Tramways.....	5	133,455	81,018			52,437	39.4
Trust companies....	15	468,055	485,750	17,694	3.9		
Miscellaneous.....	46	6,960,233	8,464,003	1,503,770	20.6		
Total.....	196	12,951,376	15,767,539	2,816,163	21.8		

Table showing the proportion in which profits were distributed in each quarter.

1916	Net profits.	Ordinary dividend.	Per cent.	Preference dividend.	Per cent.	Reserve, etc.	Per cent.
First quarter.....	£23,536,746	£10,286,248	43.7	£5,305,102	22.5	£7,945,396	33.8
Second quarter....	33,924,702	17,374,222	51.2	4,035,482	11.9	12,514,998	36.9
Third quarter.....	13,358,836	5,777,470	33.2	2,212,244	16.6	5,369,122	40.2
Fourth quarter....	15,767,539	9,164,787	58.1	1,993,153	12.6	4,609,599	29.3
12 months.....	86,587,823	42,602,727	49.4	13,545,981	15.6	30,439,115	35.0



## Mr. LA FOLLETTE (reading)—

The last quarter of the year shows a striking change with regard to the proportions distributed, more going to ordinary shareholders and less being set aside to reserve. This seems to show that less uncertainty now exists as to the demands which the excess-profits duty is likely to make and that the amount is now set aside before arriving at the net profits instead of being held in suspense. It should be pointed out that the last column both in the above and in the following table includes the addition to the balance carried forward. The great diversity of method adopted by directors in presenting their accounts with regard to reserve and depreciation allowances makes close comparison difficult, but the figures have been treated as uniformly as is possible. Similar figures for the past quarter in each of the individual groups are as follows.

I ask to incorporate that table with my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table referred to is as follows:

	Net profits.	Ordinary dividend.	Per cent of profits.	Preferred dividend.	Per cent of profits.	Reserve, etc.	Per cent of profits.
Breweries.....	£961,655	£316,316	32.9	£317,327	33.0	£328,012	34.1
Iron, coal, and steel.....	2,012,415	1,008,973	50.1	243,662	12.1	759,780	34.1
Land mortgage.....	885,401	603,673	68.2	178,623	20.1	103,105	11.7
Motor and cycles.....	263,610	100,043	38.0	60,936	19.3	112,631	42.7
Nitrate.....	243,503	107,000	44.0	3,000	1.2	133,503	54.8
Shipping.....	987,210	585,980	59.3	202,674	20.7	198,556	20.0
Tea, rubber, etc.....	1,382,974	826,592	59.7	66,986	4.8	489,396	35.5
Tramways.....	81,018	42,777	52.8	78,000	96.0	139,359	148.8
Trust companies.....	485,750	256,243	52.7	115,410	23.6	114,097	23.7
Miscellaneous.....	8,464,003	5,317,190	63.0	736,535	8.7	2,410,278	28.3
Total.....	15,767,539	9,164,787	58.1	1,993,153	12.6	4,609,599	29.3

<sup>1</sup> Decrease.

## Mr. LA FOLLETTE (reading)—

Breweries and iron and steel companies have adopted a fairly conservative policy, but the land companies, which have had a bad year, have distributed 68 per cent of their profits to ordinary shareholders and reserved less than 12 per cent. The motor and cycle companies have been more careful, while nitrate companies have taken advantage of returning prosperity to safeguard the position. Shipping companies only show reserve allowances of 20 per cent, but in their case large sums are usually written off for depreciation before striking the profit figure. The rubber companies have reserved a larger proportion than usual, but the tramway concerns have drawn on their funds to the extent of nearly 50 per cent of their profits to pay their dividends. The figures of the British Columbia Electric Railway, which withdrew £70,000 from the reserve fund, are responsible for this result.

The next table shows the proportion borne by net profits to total ordinary and preference capital for each quarter of the year, together with the similar figures shown a year ago.

I ask leave to insert the table following:

The PRESIDING OFFICER. Without objection, it is so ordered.

The table referred to is as follows:

1916	Total capital.	Profits.	Percentage.	Percentage a year ago.
First quarter.....	£231,298,827	£23,536,746	10.2	8.9
Second quarter.....	193,272,763	33,924,702	17.6	11.6
Third quarter.....	115,746,453	13,356,836	11.6	9.1
Fourth quarter.....	114,572,947	15,767,539	13.7	11.6
12 months.....	654,890,990	86,587,823	13.2	10.2

## Mr. LA FOLLETTE (reading)—

There is thus an increase in the average return on capital of 3 per cent to over 13 per cent, which is slightly above the average of the last three or four years.

The rate of debenture interest naturally shows but little variation, but the preference rate is slightly higher for the year. An average distribution of 11 per cent on ordinary capital is quite satisfactory in these days of heavy taxation, and there is a welcome increase in the proportion set aside to reserve.

Mr. President, these statements as to the condition of business in Great Britain, where it carries the taxes before stated, it seems to me should quiet the fears and apprehensions of Senators as to any risks to the business interests of this country following the adoption of the amendment which I have offered. This ought to dispose of any claim that our industries will be injured by the application of a war-profits tax of 80 per cent.

It will be borne in mind also that our business concerns, or many of them, have already had the advantage of two years of war profits before we entered the war which have escaped taxation altogether.

I am aware that I have trespassed upon the time of the Senate at great length in giving the experience of England in levying and collecting the war-profits tax, but the experience of England is the best and practically the only available source of information so far as the experience of any other nation can aid us. Nor do we need to look elsewhere, for the experience

of England leaves no doubt as to the course we should pursue. The fact is that England started with a war-profits tax at double the rate that is proposed in this bill, and has rapidly increased it since. Her statesmen, economists, and her people all unite in declaring that she made a serious mistake in taking war profits too low at the beginning and in not raising the tax quickly enough to remedy the initial error. Without previous experience of her own, and without the experience of any other country to guide her, the legislators of England may be pardoned for their blunder, but for us to repeat the blunder, aye, for us to start the war-profits tax at only one-half of the English rate at the beginning, with all the information that we have and with the benefit of England's experience, would not be merely a blunder—it would be nothing less than an economic crime.

There came in my mail two or three days ago clippings from a New York paper, which I believe were from the New York Times, though the name of the paper does not appear. They set forth London interviews, one from Lord Chief Justice Reading, whom you will recall paid us a visit a couple of years ago as the representative of Great Britain at the time of the first Anglo-French loan. This interview was under date of August 25, 1917. That is less than a week ago. I only quote a part of the interview; it is quite at length and very interesting.

Now, this interview is addressed to us here in America. It is really addressed to us in contemplation of the legislation that is before us, for the fact is referred to in this interview, and we had been considering this financial bill for some three weeks at the time Baron Reading gave out this interview, in which he said:

Don't leave the burden of the war to posterity. \* \* \* Governmental figures show that revenues of the current year [for England] are estimated on a basis of \$2,000,000,000 from incomes and excess-profits taxes.

The time has arrived when little measures will not suffice. Sweeping action is necessary. It is not a question of raising five million here and ten million there; it is a question of raising billions.

The interviewer then asked the chief justice, in view of the debate now progressing in the American Senate over taxation, to outline for the American people how England is meeting the problem. In reply the chief justice is quoted as saying:

Sound finance requires that we pay for the war as far as possible out of war-time taxation. Britain, recognizing this, is now unprecedentedly conscripting wealth, and very soon she must greatly increase taxes on incomes.

England has proved the wisdom of this method I have outlined; she is able to face an extension of that principle as far as necessary and possible.

The history of the United States, like that of England, has shown the fallacy of attempting to leave the burden of the war for posterity to pay.

Germany, on the other hand, practically disregarded a fair and democratic method, is raising only an infinitesimal portion of her war expenses from incomes and war profits. In the future Germany will suffer the consequences of this policy.

Unfortunately, it is true France and Russia are also pursuing it, but there is reason to believe the United States plans to adopt the wiser and safer course.

Yesterday just before the introduction of the amendment offered by the Senator from California [Mr. JOHNSON] the Senator from Idaho [Mr. BORAH] had read from the Secretary's desk a statement that France had just proposed, or is about to levy, a war-profits tax of 80 per cent. The Senator from Utah [Mr. SMOOT], in order to diminish the importance of that fact in the consideration of the Senate, offered as a sort of an explanation and as an offset to that high tax that France only levied a light tax upon incomes. But according to the views of Lord Chief Justice Reading the taxation policy pursued by France throughout this war period is not a policy that should be followed by the people of this country. France has made the mistake of copying largely the policy of not only Germany but of Russia, and as a result for generations to come will be in a most embarrassing condition.

The other clipping received by me in the mail which I have mentioned refers to a valuable discussion of a recent editorial appearing in the London Statist, one of the leading journals of England, whose editor, Sir George Paish, is perhaps the leading financial writer of England. The article severely criticizes the Government for not taxing more and borrowing less. I quote from the Statist, as reported in this newspaper clipping:

Experience of office of chancellor of the exchequer has already brought Mr. Bonar Law to recognize that we have deplorably muddled our finances and that if we do not mend our ways we shall have an exceedingly difficult time before us when the war ends. That is to say, when borrowing has to be stopped and the problem of repayment has somehow or other to be solved. He is the first finance minister that has openly and adequately given warning to the public. Whether his two predecessors during the war were under the impression doing only what was right or whether the accumulation of experience has forced everybody to see what the well-informed recognized at the beginning, it has come to be fully appreciated, apparently at the treasury, that we have badly mismanaged our arrangements.



After referring to the attempt to imitate the German war machine, after hostilities started, the Statist continues:

And because Germany could call up its whole manhood, it was taken to be so true that one might as well contradict the Gospels, that safety was to be found only in man power.

Therefore, the system which enabled Marlborough to gain his great victories and which after nearly a quarter of a century of struggle ended successfully the revolutionary wars of Waterloo was discarded as something that might very well have done in antediluvian times, but which was quite inadequate in the era in which German kultur was instructing the world.

Senators may remember, as I pointed out a few days ago in discussing the income-tax features of this bill, in the wars referred to which ended with the battle of Waterloo, England paid 47 per cent of all costs of the war by taxation, and did not have war profits and excess incomes to draw upon.

The Statist proceeds:

Accordingly, we withdrew our manhood from productive employment and we actually set up to fight as a great military power and, at the same time, to finance all our allies who could not finance themselves.

How pregnant the meaning for us are these words of the great English financier. We have not only set out to fight for ourselves the most expensive war the world ever dreamed of, in the most expensive way conceivable, and not satisfied with attempting to finance the bankrupt allies of Great Britain, we are now undertaking to finance Great Britain herself, and to do it upon the most unsound and unscientific principle of borrowing, instead of taxing. Of this stupidity on the part of Great Britain the Statist says:

Is it possible to conceive a union of stupidity, of arrogance, and of ignorance more astounding than such a policy? And yet we are at the end of three years of war, and for the first time a chancellor of the exchequer warns Parliament, not in the honest, express language that would have been befitting, but in language that is clear enough for all that, that we have blundered in that, as in everything else, and that if we do not take exceedingly good care we shall find ourselves soon in an awkward position. When some of us tried two and a half or three years ago to open the eyes of our rulers to the folly they were committing we were treated as if we were little better than false to the country.

And so it has become the policy in this country, and I regret to say that that policy has to some extent been practiced in this body, of condemning as disloyal and unpatriotic any man who has dared stand for the principles of sound finance and just taxation as a means of meeting the expenses of this war and who has ventured to oppose the shifty and evasive methods being applied to this greatest of all problems of war finance.

There is one other point of view from which we may examine this question, and that involves the condition of our industries and their ability to pay without injury or even inconvenience the highest war-profits tax that has been suggested. In this connection I present a table showing for 95 of the leading industrial corporations of the country the bonded debt, the preferred and common stock outstanding, the preferred dividends and common dividends, and the per cent earned on the common stock for the years 1911, 1912, 1913, and 1916.

A comparison between the net income for the year 1916 with the prewar period gives some idea of the tremendous amount of war profits earned by these corporations. The war profits of some of these companies, together with a percentage of such war profits above normal profits, are: The American Agricultural Chemical Co., \$2,969,918, over 100 per cent; American Beet Sugar Co., \$4,880,027, over 250 per cent; American Hide & Leather Co., \$1,309,082, over 250 per cent; American Steel Foundries Co., \$2,900,618, nearly 600 per cent; American Zinc, Lead & Smelting Co., \$9,110,584, about 4,500 per cent; Anaconda Copper Co., \$47,151,795, over 400 per cent; Armour & Co., \$15,363,358, over 350 per cent; Barrett Co. (American Coal Products Co.), \$3,025,942, over 200 per cent; Bethlehem Steel Corporation, \$40,518,860, over 1,300 per cent; Central Leather Co., \$12,016,398, over 350 per cent; E. I. du Pont de Nemours Co. (du Pont Powder Co.), \$76,581,729, over 1,400 per cent; Standard Oil Co. of New York, \$20,425,510, over 100 per cent; United States Steel Corporation, \$207,945,933, over 300 per cent. Figures such as these require no comment.

This is a very extensive table, Mr. President, and I ask to have it incorporated as an appendix to my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LA FOLLETTE. In this connection also I present a table showing for a number of the leading railroads the bonded debt, preferred and common stock outstanding, the net income, the preferred dividends, and the amount available for dividends on the common stock for the years 1911, 1912, 1913, and 1916.

Mr. President, I ask that that table also be printed without reading.

The PRESIDING OFFICER. The Chair hears no objection, and it is so ordered.

Mr. LA FOLLETTE. I also present at this time a table showing the surplus carried to profit and loss account of a number of the leading railroads and of industrial corporations for the years 1895, 1900, 1905, 1910, 1911, 1912, 1913, 1914, 1915, and 1916.

Mr. LA FOLLETTE. That table shows the steady growth, the annual growth, of the amount carried to surplus and is very interesting. I believe it will be of value in connection with another portion of the bill not now under consideration.

Mr. JONES of New Mexico. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from New Mexico?

Mr. LA FOLLETTE. I yield.

Mr. JONES of New Mexico. I should like to ask the Senator whether in those figures the amount of the net earnings which were appropriated for betterments and extensions appear as surplus, or whether the surplus is the amount remaining after the appropriation of net income to these new investments for betterments?

Mr. LA FOLLETTE. The table shows the amount not of the total accumulated surplus but the amount carried as surplus after paying dividends, interest, all fixed charges, and I think after also paying for betterments, permanent improvements, and extensions.

Mr. JONES of New Mexico. To illustrate the question which I desire to propound for the purpose of getting information, I desire to say that I recall one corporation which had last year a net income of about \$19,000,000. It appropriated out of that amount \$7,000,000 for investment in new physical properties and appropriated other amounts for sinking-fund requirements and other similar purposes, and only carried to the technical surplus account what was left after making that appropriation of net income. What I wished to know was whether or not the Senator was able to ascertain in the cases covered in the table if such deductions had been included?

Mr. LA FOLLETTE. The table, I think, has been constructed in that way. I so directed. It shows simply the amount of surplus after making these deductions.

Mr. JONES of New Mexico. I have not been able to get any figures which are arrived at on any other basis.

Mr. LA FOLLETTE. It is very difficult to get the other figures at all.

Mr. LEWIS. Mr. President, I am exceedingly interested in what the Senator is saying.

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Illinois?

Mr. LA FOLLETTE. I do.

Mr. LEWIS. I desire to ask the Senator, if it will not disturb any obligation he owes to anyone, as to the source whence he gets the report of the profits and returns of these institutions? Do they make them public?

Mr. LA FOLLETTE. The table as I shall print it will state at the head exactly the source from which the figures are derived. They are derived from Moody's Analyses, Moody's Manual, and from like recognized and accepted authorities.

Mr. LEWIS. I will tell the Senator what is in my mind: It is whether these estimates are speculations, calculations of these commercial agencies, furnished according to the best information they have, or whether they are reliable as reports from the concerns themselves.

I have observed, I will say to the Senator, that in income-tax matters whenever we have attempted to levy an income tax—not in all cases, but in most instances—upon the published reports, invariably we have had these concerns come in and deny their accuracy. Then the Senator from Wisconsin had an experience which may probably refresh his mind. He stood on this floor presenting to the Senate a reliable and authenticated report of the Interstate Commerce Commission, prepared in the exercise of its duty, as to returns on certain railroads; and yet when those same railroads came to ask for increased rates they absolutely denied that those reports had any verity or were true at all, stating that they exaggerated their returns; and they disputed them as having any verity.

Mr. LA FOLLETTE. The tables will give the authority from which they are derived. Some of them depend upon the reports, as to railroads, made to the Interstate Commerce Commission; and they have been compared with the returns made by these corporations to such publications as those to which I have already referred; that is, Moody's Analyses and Poor's Manual.

Mr. President, I shall not detain the Senate after this lengthy discussion, already no doubt unnecessarily exhaustive, with a recapitulation of the figures shown in these several tables. I will take the time to say, however, that they show that the last year was the most prosperous since 1900, at least for the



leading railroads and industrial corporations of the country, and I believe was the most prosperous year for them in the entire history of the country. From these tables you will see the immense war profits already made and placed beyond the power of taxation by these corporations.

If they are never allowed to make another dollar out of this war, they have already made fortunes out of it that should satisfy the wildest dreams of avarice and greed.

The railroads of the country made last year \$200,000,000 net above all expenses, more than during any preceding year in the history of the country.

Two-thirds of all the traffic in the United States was handled last year by railroads earning more than 7½ per cent on all their capital stock outstanding in the hands of the public, and by stock I mean not only the stock legitimately issued but the watered stock as well.

Two-thirds of the traffic in the eastern district was handled by railroads making an average of over 15 per cent on their outstanding capital stock.

Two-thirds of the traffic in the western district was handled by railroads that made an average of over 12 per cent on all their capital stock.

Two-thirds of the traffic in the southern district is handled by railroads that last year made an average of more than 13 per cent on all their capital stock.

Twenty-seven railroad systems handled two-thirds of the traffic in the United States.

They have an accumulated unappropriated surplus of over one thousand million dollars.

In these tables I have presented you will find the immense sums carried as surplus from year to year by both railroad and industrial corporations.

But why pursue the subject further? The facts are incontrovertible; there is and can be no dispute concerning them. The figures I present are taken from official sources and their accuracy can not be questioned. Never, sir, in all the history of the world were the great corporations and business concerns of this country in as good position to pay a high war-profits tax as they are to-day. Never was the demand for any tax more thoroughly just or more thoroughly grounded in experience.

We claim to have profited by the military experience of other nations in this war. We conscripted men almost as soon as the war was declared, and in doing so overturned our traditions as a nation and, as I believe, violated our Constitution. We immediately invested the Executive upon his demand with the most searching and arbitrary power over the lives and property and welfare of the people of this country that has ever been exercised by potentate or ruler in any country since civilized government was established among men. We have done all this, sir, whether wisely or unwisely is not now the question; but we have done it because of the plea that the necessities of war demanded it.

It is only when we come to the proposition that some of the surplus wealth of the country shall be wrested from those who control it, though they do not need it, nor sometimes wisely use it, that a halt is called. Here it is, sir, that according to the plan of the majority of the Finance Committee the necessities of the war are not to override all other considerations. Here it is that experience is to be disregarded, that the just demands of the people to be relieved a little from the burdens of this war are to be ignored, and a financial policy adopted which can only bring disaster to our forces in the field and discontent to our people at home. All this, sir, is to be done because wealth is not loyal enough to assume the burden it ought to bear, and up to the present time at least has been potent enough to prevent the passage of a law to make it bear something like a fair share of the expenses of this war.

I submit, sir, that from every point of view, and for every consideration, this bill should be amended so as to carry the highest rate of war-profits taxation that has been proposed.

#### APPENDIX 1.

The tables appended are arranged so as to show the per cent earned on common stock by the representative industrial and railroad corporations listed. Figures are given for the prewar period 1911-1913, by years, and also the average per cent earned during this period. To afford a basis of comparison between these figures and later returns the per cent of earnings on common stock for the year 1916 is also shown. The large general increase in the per cent earned is best shown in this manner.

The column headed "Preferred dividends" is the actual amount paid in the case of noncumulative preferred stock, or, where the preferred stock is cumulative, the dividend is assumed to have been paid at the usual rate unless a higher rate is quoted. This preferred dividend is deducted from the total net income for the year and the balance is considered available for common dividends. The relation between this latter amount and the common stock outstanding is the per cent given in these tables.

Where it has not been possible to obtain the per cent earned on common for every one of the prewar years during which the corporation was engaged in business, the average has not been worked out. The average per cent based on less than all three figures would not be a fair representation.

The bonded debt, where such exists, generally includes the bonded debt of controlled and other affiliated companies. The American Telephone & Telegraph Co. and the United States Rubber Co. are exceptions to this rule. In these cases returns for capital stock, net income, and bonded debt are given exclusive of subsidiary companies.

The general practice of the railroads, until recently, has been to maintain a surplus from year to year of practically the same amount in proportion to capital. Dividends have been paid with more regularity than in the case of industrials, and capital stock increased more gradually.

#### INDUSTRIAL CORPORATIONS.

[Deficit shown in italic.]

1911.

Number of corporation.	Name of corporation.	Bonded debt.	Stock outstanding.		Net income.		Per cent earned on common.
			Preferred.	Common.	Preferred dividends.	Available for common.	
1	Ajax Rubber Co. (Inc.).....		\$200,000	\$200,000	\$14,000	\$199,666	99.83
2	Allis-Chalmers Manufacturing Co.....	(1)	(1)	(1)	(1)	(1)	(1)
3	American Agricultural Chemical Co.....	\$11,087,000	19,296,400	16,991,300	1,152,484	1,127,533	6.63
4	American Beet Sugar Co.....		5,000,000	15,000,000	300,000	990,295	6.60
5	American Canning Co.....		41,233,300	41,233,300	2,886,331	30,063	.07
6	American Car & Foundry Co.....		30,000,000	30,000,000	2,100,000	2,134,789	7.11
7	American Cotton Oil Co.....	10,000,000	10,198,600	20,237,100	611,916	251,905	.....
8	American Hide & Leather Co.....	6,126,000	13,000,000	11,500,000	910,000	805,745	.....
9	American Ice Co.....	6,438,770	14,920,200	7,161,330	895,212	298,781	.....
10	American Linseed Co.....	315,000	16,723,648	16,722,030	.....	436,611	2.61
11	American Locomotive Co.....		25,000,000	25,000,000	1,750,000	1,815,562	7.26
12	American Smelting & Refining Co.....	15,000,000	50,000,000	50,000,000	3,500,000	2,844,971	5.67
13	American Steel Foundries.....	6,338,200	17,184,000	17,184,000	.....	259,031	.....
14	American Sugar Refining Co.....		45,000,000	45,000,000	3,150,000	4,323,299	9.60
15	American Sumatra Tobacco Co.....		1,000,000	6,000,000	70,000	(2)	(2)
16	American Telephone & Telegraph Co.....	98,450,000	.....	320,949,710	.....	27,733,266	8.64
17	American Tobacco Co.....	104,238,750	78,689,100	40,242,400	4,721,346	25,911,963	64.38
18	American Woolen Co.....		40,000,000	20,000,000	2,800,000	425,915	2.12
19	American Writing Paper Co.....	17,000,000	12,500,000	9,500,000	875,000	611,777	.....
20	American Zinc, Lead & Smelting Co.....	1,130,000	.....	2,100,000	.....	398,891	18.99
21	Anaconda Copper Mining Co.....		.....	108,312,500	.....	8,043,719	7.42
22	Armour & Co.....	30,000,000	.....	20,000,000	.....	2,510,053	12.55
23	Associated Oil Co.....	15,033,000	.....	40,000,000	.....	1,766,246	4.41
24	Atlas Powder Co.....	(2)	(2)	(2)	(2)	(2)	(2)
25	Baldwin Locomotive Works.....	14,200,000	20,000,000	20,000,000	1,400,000	1,843,490	9.21
26	Barrett Co. (American Coal Products).....	3,023,000	.....	10,639,300	.....	1,062,331	9.91
27	Bethlehem Steel Corporation.....	20,291,533	15,000,000	15,000,000	.....	2,038,979	13.59
28	Brown Shoe Co. (Inc.).....	(2)	(2)	(2)	(2)	(2)	(2)

[For footnotes see p. 6516.]

INDUSTRIAL CORPORATIONS—continued.  
1911—Continued.

Number of corporation.	Name of corporation.	Bonded debt.	Stock outstanding.		Net income.		Per cent earned on common.
			Preferred.	Common.	Preferred dividends.	Available for common.	
29	Butte & Superior Mining Co.	(2)		(2)		(2)	(2)
30	Calumet & Arizona Mining Co.			\$5,965,560		(2)	(2)
31	Central Leather Co.	\$39,546,150	\$33,299,050	39,701,030	\$2,330,933	\$2,035,751	
32	Colorado Fuel & Iron Co.	42,521,123	2,000,000	34,235,500	160,000	1,099,672	3.21
33	Continental Can Co. (Inc.)	(5)	(5)	(5)	(5)	(5)	(5)
34	Corn Products Refining Co.	9,078,080	29,818,533	49,755,533	1,490,927	559,725	1.12
35	Cramp & Sons Co.	5,429,913		6,098,000		6,108	10
36	Crucible Steel Co.		25,000,000	24,578,400	1,730,277	827,241	3.36
37	Cuban American Sugar Co.	9,015,000	7,893,800	7,135,600	524,587	352,257	
38	Distillers Securities Corporation	16,000,000		30,784,140		957,623	3.11
39	Du Pont de Nemours Powder Co.	16,674,000	15,903,248	29,426,548	795,162	5,026,414	17.08
40	Federal Mining & Smelting Co.		12,000,000	6,000,000	840,000	401,115	6.67
41	General Chemical Co.		12,500,000	8,151,300	750,000	1,268,949	15.57
42	General Electric Co.	2,806,000		77,335,200		10,562,806	13.66
43	General Motors Corporation	14,002,000	14,393,500	15,822,330	842,074	1,474,177	9.32
44	Goldfield Consolidated Mining Co.			35,591,480		7,526,846	21.15
45	Goodrich, B. F.	(5)	(5)	(5)	(5)	(5)	(5)
46	Great Northern Iron Ore Properties						
47	Greene Cananea Copper Co.						
48	Hercules Powder Co.	(5)	(5)	(5)	(5)	(5)	(5)
49	International Agricultural Corporation		12,460,000	7,385,900	872,200	548,146	6.99
50	International Harvester Corporation	(5)	(5)	(5)	(5)	(5)	(5)
51	International Nickel Co.	8,475,154	8,912,626	11,582,626	534,758	3,240,842	27.98
52	International Merchant Marine Co.	77,749,160	51,730,971	49,931,735	772,477	2,331,381	
53	International Paper Co.	16,492,000	22,406,700	17,442,800	1,186,255	158,207	
54	Lackawanna Steel Co.	42,058,000	6,000	34,744,000	420	82,353	24
55	Maxwell Motor Co. (Inc.)	(7)	(7)	(7)	(7)	(7)	(7)
56	Mexican Petroleum Co. (Ltd.), of Delaware	2,913,200	12,000,000	31,994,200	960,000	1,485,705	4.64
57	Miami Copper Co.	1,415,000		3,324,965		489,604	14.73
58	National Enameling & Stamping Co.	3,528,000	8,546,600	15,591,800	598,262	151,157	.97
59	Nevada Consolidated Copper Co.	500		9,998,970		3,018,615	29.79
60	New York Air Brake Co.	3,000,000		10,000,000		47,798	.48
61	Nipissing Mines Co.			6,000,000		1,792,020	29.87
62	Morris & Co. (packers)	12,100,000		3,000,000		1,036,747	34.56
63	Phelps-Dodge Corporation			45,000,000		5,634,302	12.52
64	Pittsburgh Coal Co.	20,014,459	27,071,800	31,928,900	1,391,937	83,089	
65	Pittsburgh Steel Co.		7,000,000	6,484,270	490,000	591,507	9.12
66	Pressed Steel Car Co.		12,500,000	12,500,000	875,000	17,836	.14
67	Railway Steel Spring Co.	7,172,000	13,500,000	13,500,000	945,000	39,787	.29
68	Ray Consolidated Copper Co.	3,000,000		11,991,750		298,640	2.49
69	Republic Iron & Steel Co.	14,568,883	25,000,000	27,191,000	1,750,000	672,519	2.47
70	Sears, Roebuck & Co.		8,500,000	40,000,000	595,000	6,389,967	15.97
71	Shattuck Arizona Copper Co.			3,500,000		(2)	(2)
72	Sloss-Sheffield Iron & Steel Co.	4,000,000	6,700,000	10,000,000	404,649	54,551	
73	Standard Oil Co. of California			23,000,000		3,141,625	12.57
74	Standard Oil Co. of Indiana			1,000,000		(2)	(2)
75	Standard Oil Co. of Kansas			1,000,000		(2)	(2)
76	Standard Oil Co. of Kentucky			1,000,000		(2)	(2)
77	Standard Oil Co. of New York			15,000,000		(2)	(2)
78	Studebaker Corporation		13,268,479	27,931,600	928,794	1,021,267	3.66
79	Swift & Co.	5,000,000		75,000,000		6,137,500	8.18
80	Tennessee Copper Co.	1,350,000		5,000,000		367,049	7.34
81	Texas Co. (oil)	15,000,000		27,000,000		2,702,995	10.01
82	United Cigar Stores	(5)	(5)	(5)	(5)	(5)	(5)
83	United Fruit Co.	9,371,000		27,058,900		4,710,969	17.41
84	United States Cast Iron Pipe & Foundry Co.	1,500,000	12,500,000	12,500,000	484,369	390,631	
85	United States Industrial Alcohol Co.	1,500,000	6,000,000	12,000,000	420,000	482,745	4.02
86	United States Rubber Co.	19,000,000	50,000,000	25,000,000	3,800,000	1,500,989	6.00
87	United States Smelting, Refining & Mining Co.	4,000,000	24,313,725	17,553,788	1,702,120	1,117,753	6.37
88	United States Steel Corporation	620,501,377	360,281,100	508,302,500	25,219,677	30,080,620	6.06
89	Utah Copper Co.			15,750,000		6,237,928	39.61
90	Virginia-Carolina Chemical Co.	11,400,000	20,011,800	27,984,400	1,600,944	709,770	2.54
91	Virginia Iron, Coal & Coke Co.	5,305,000		10,000,000		262,786	
92	Westinghouse Air Brake Co.			14,000,000		2,872,563	20.52
93	Westinghouse Electric & Manufacturing Co.	30,710,650	3,998,700	36,694,587	279,909	4,677,814	12.72
94	Willys-Overland Co.	(5)	(5)	(5)	(5)	(5)	(5)
95	Wilson & Co. (packers)	5,145,000	10,000,000	20,000,000		(2)	(2)

## 1912.

Number of corporation.	Name of corporation.	Bonded debt.	Stock outstanding.		Net income.		Per cent earned on common.
			Preferred.	Common.	Preferred dividends.	Available for common.	
1	Ajax Rubber Co. (Inc.)		\$285,000	\$50,000	\$19,950	\$388,485	86.42
2	Allis-Chalmers Manufacturing Co.	(1)	(1)	(1)	(1)	(1)	(1)
3	American Agricultural Chemical Co.	\$10,578,000	27,087,700	18,330,900	1,625,262	928,922	5.07
4	American Beet Sugar Co.		5,000,000	15,000,000	300,000	1,268,601	8.45
5	American Canning Co.		41,233,300	41,233,300	2,888,331	4,136,601	10.03
6	American Car & Foundry Co.		30,000,000	30,000,000	2,100,000	739,232	2.46
7	American Cotton Oil Co.	10,000,000	10,198,600	20,237,100	611,916	1,314,582	6.49
8	American Hide & Leather Co.	5,825,000	13,000,000	11,500,000	910,000	487,180	
9	American Ice Co.	6,268,160	14,920,200	7,161,330	895,212	117,935	
10	American Linseed Co.	315,000	16,723,648	16,722,030		478,301	
11	American Locomotive Co.		25,000,000	25,000,000	1,750,000	117,554	8.47
12	American Smelting & Refining Co.	14,495,000	50,000,000	50,000,000	3,500,000	8,579,679	17.16
13	American Steel Foundries	5,850,800		17,184,000		777,756	4.52
14	American Sugar Refining Co.		45,000,000	45,000,000	3,150,000	3,527,995	7.84
15	American Sumatra Tobacco Co.		1,000,000	6,000,000	70,000	123,000	1.55
16	America Telephone & Telegraph Co.	105,002,000		334,006,375		32,032,946	9.88
17	American Tobacco Co.	104,931,900	52,937,200	40,242,400	3,176,232	12,296,397	30.55
18	American Woolen Co.		40,000,000	20,000,000	2,800,000	418,233	2.09
19	American Writing Paper Co.	17,000,000	12,500,000	9,500,000	875,000	629,743	
20	American Zinc, Lead & Smelting Co.	784,000		4,216,000		362,335	8.60
21	Anaconda Copper Mining Co.			108,312,500		15,856,335	14.64

[For footnotes see p. 6516.]



## INDUSTRIAL CORPORATIONS—continued.

1912—Continued.

Number of corporation.	Name of corporation.	Bonded debt.	Stock outstanding.		Net income.		Per cent earned on common.
			Preferred.	Common.	Preferred dividends.	Available for common.	
22	Armour & Co.	\$30,000,000		\$20,000,000		\$5,701,647	28.51
23	Associated Oil Co.	15,579,000		40,000,000		1,230,444	3.08
24	Atlas Powder Co.	( <sup>a</sup> )	( <sup>a</sup> )	( <sup>a</sup> )	( <sup>a</sup> )	( <sup>a</sup> )	( <sup>a</sup> )
25	Baldwin Locomotive Works	14,000,000	\$20,000,000	20,000,000	\$1,400,000	2,298,571	11.49
26	Barrett Co. (American coal producer)	2,823,000	2,500,000	10,639,000	175,000	1,104,629	10.38
27	Bethlehem Steel Corporation	32,441,533	15,000,000	15,000,000		2,063,641	13.76
28	Brown Shoe Co. (Inc.)	( <sup>b</sup> )	( <sup>b</sup> )	( <sup>b</sup> )	( <sup>b</sup> )	( <sup>b</sup> )	( <sup>b</sup> )
29	Butte & Superior Mining Co.	10,750		2,711,357		( <sup>c</sup> )	( <sup>c</sup> )
30	Calumet & Arizona Mining Co.			5,990,080		2,932,718	48.96
31	Central Leather Co.	39,133,150	33,299,050	39,701,030	2,330,933	3,405,955	8.58
32	Colorado Fuel & Iron Co.	41,188,823	2,000,000	34,235,590	160,000	1,641,229	4.79
33	Continental Can Co. (Inc.)	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )	( <sup>d</sup> )
34	Corn Products Refining Co.	8,873,200	29,828,867	49,777,333	2,087,881	373,048	
35	Cramp & Sons Co.	5,184,912		6,098,000		203,103	3.41
36	Crucible Steel Co.		25,000,000	24,578,400	1,750,000	1,674,995	6.81
37	Cuban-American Sugar Co.	9,583,000	7,893,800	7,135,600	552,596	178,180	2.50
38	Distillers Securities Corporation	16,000,000		30,899,181		527,182	1.71
39	Du Pont de Nemours Powder Co.	16,798,000	15,888,407	29,413,509	749,131	5,428,094	18.45
40	Federal Mining & Smelting Co.		12,000,000	6,000,000	840,000	55,429	.92
41	General Chemical Co.		13,750,000	10,341,000	825,000	1,150,785	11.13
42	General Electric Co.	12,293,000		101,202,000		12,578,737	12.43
43	General Motors Corporation	12,452,000	14,036,800	16,371,183	1,040,211	2,850,717	17.41
44	Goldfield Consolidated Mining Co.			35,591,480		4,886,399	13.73
45	Goodrich, B. F.		30,000,000	60,000,000	2,100,000	1,422,489	2.37
46	Great Northern Iron Ore Properties						
47	Greene Cananea Copper Co.	( <sup>e</sup> )	( <sup>e</sup> )	48,846,230		2,092,025	4.28
48	Hercules Powder Co.	( <sup>f</sup> )	( <sup>f</sup> )	( <sup>f</sup> )	( <sup>f</sup> )	( <sup>f</sup> )	( <sup>f</sup> )
49	International Agricultural Corporation	13,000,000	13,059,300	7,827,100	914,151	551,762	7.05
50	International Harvester Corporation	( <sup>g</sup> )	( <sup>g</sup> )	( <sup>g</sup> )	( <sup>g</sup> )	( <sup>g</sup> )	( <sup>g</sup> )
51	International Nickel Co.	8,162,154	8,912,626	11,582,626	534,758	3,047,203	26.31
52	International Merchant Marine Co.	77,318,100	51,730,971	49,931,735	132,333	2,971,535	
53	International Paper Co.	15,970,000	22,406,700	17,442,800	1,197,678	146,784	
54	Lackawanna Steel Co.	41,619,000	6,000	34,744,900	420	1,008,392	2.90
55	Maxwell Motor Co. (Inc.)	( <sup>h</sup> )	( <sup>h</sup> )	( <sup>h</sup> )	( <sup>h</sup> )	( <sup>h</sup> )	( <sup>h</sup> )
56	Mexican Petroleum Co. (Ltd.) of Delaware	5,299,200	12,000,000	32,000,000	960,000	1,889,771	5.90
57	Miami Copper Co.	58,000		3,724,085		2,094,805	56.25
58	National Enameling & Stamping Co.	3,150,000	8,546,600	15,591,800	598,292	57,903	.37
59	Nevada Consolidated Copper Co.	500		9,997,285		4,342,532	43.44
60	New York Air Brake Co.	3,000,000		10,000,000		572,380	5.72
61	Nipissing Mines Co.			6,000,000		1,807,502	30.13
62	Morris & Co. (packers)	11,900,000		3,000,000		1,812,653	60.42
63	Phelps-Dodge Corporation			45,000,000		8,785,185	19.52
64	Pittsburgh Coal Co.	22,300,498	27,071,800	31,928,900	1,495,026	530,457	1.66
65	Pittsburgh Steel Co.		10,500,000	7,000,000	735,000	565,388	8.08
66	Pressed Steel Car Co.		12,500,000	12,500,000	875,000	95,343	.79
67	Railway Steel Spring Co.	7,037,000	13,500,000	13,500,000	945,000	778,978	5.42
68	Ray Consolidated Copper Co.	3,000,000		14,473,520		1,929,202	13.33
69	Republic Iron & Steel Co.	17,932,287	25,000,000	27,191,000	1,273,202	476,738	
70	Sears, Roebuck & Co.		8,000,000	40,000,000	590,000	7,762,611	19.41
71	Shattuck Arizona Copper Co.			3,500,000		( <sup>i</sup> )	( <sup>i</sup> )
72	Sloss-Sheffield Iron & Steel Co.	4,000,000	6,700,000	10,000,000	469,000	84,255	.84
73	Standard Oil Co. of California			44,933,944		7,106,156	15.81
74	Standard Oil Co. of Indiana			11,300,000,000		( <sup>j</sup> )	( <sup>j</sup> )
75	Standard Oil Co. of Kansas			1,000,000		1,106,190	110.68
76	Standard Oil Co. of Kentucky			1,000,000		( <sup>k</sup> )	( <sup>k</sup> )
77	Standard Oil Co. of New York			15,000,000		( <sup>l</sup> )	( <sup>l</sup> )
78	Studebaker Corporation						
79	Swift & Co.	7,600,000	13,095,000	27,931,600	916,653	1,681,021	6.02
80	Tennessee Copper Co.	5,000,000		75,000,000		8,250,000	11.00
81	Texas Co. (oil)	1,200,000		5,000,000		1,045,875	20.92
82	United Cigar Stores	14,700,000		27,000,000		2,203,882	8.16
83	United Fruit Co.		4,527,000	27,162,000	316,890	849,812	3.13
84	United States Cast Iron Pipe & Foundry Co.	9,210,000		36,594,300		4,907,530	13.41
85	United States Industrial Alcohol Co.	1,679,000	12,500,000	12,500,000	527,978	347,082	
86	United States Rubber Co.	1,400,000	12,000,000	12,000,000	420,000	601,751	5.01
87	United States Smelting, Refining & Mining Co.	18,000,000	50,000,000	25,000,000	3,800,000	3,744,217	14.98
88	United States Steel Corporation	4,000,000	24,313,725	17,553,788	1,702,120	2,530,845	14.42
89	Utah Copper Co.	643,129,932	360,281,100	508,302,500	25,219,677	29,020,372	5.71
90	Virginia-Carolina Chemical Co.			15,796,400		8,449,273	53.49
91	Virginia Iron, Coal & Coke Co.	14,100,000	20,011,800	27,984,400	1,600,944	876,534	3.13
92	Westinghouse Air Brake Co.	5,275,000		10,000,000		373,039	
93	Westinghouse Electric & Manufacturing Co.			18,323,266		3,676,160	20.06
94	Willis-Overland Co.	30,437,650	3,998,700	36,700,288	279,909	2,254,185	6.14
95	Wilson & Co. (packers)	( <sup>m</sup> )	( <sup>m</sup> )	( <sup>m</sup> )	( <sup>m</sup> )	( <sup>m</sup> )	( <sup>m</sup> )
		9,844,000	10,000,000	20,000,000	700,000	625,608	3.13

1913.

Number of corporation.	Name of corporation.	Bonded debt.	Stock outstanding.		Net income.		Per cent earned on common.
			Preferred.	Common.	Preferred dividends.	Available for common.	
1	Ajax Rubber Co. (Inc.)		\$330,000	\$467,200	\$23,100	\$399,387	85.48
2	Allis-Chalmers Manufacturing Co.		16,500,000	26,000,000	825,000	69,875	5.27
3	American Agricultural Chemical Co.	\$10,163,000	27,112,700	18,330,900	1,626,762	965,964	5.27
4	American Beet Sugar Co.		5,000,000	15,000,000	300,000	581,055	3.87
5	American Can Co.	14,000,000	41,233,300	41,233,300	2,886,331	2,759,348	6.69
6	American Car & Foundry Co.	30,000,000	30,000,000	30,000,000	2,100,000	1,228,593	4.95
7	American Cotton Oil Co.	10,000,000	10,198,600	20,237,100	611,916	684,193	3.39
8	American Hide & Leather Co.	5,506,000	13,000,000	11,500,000	910,000	434,482	
9	American Ice Co.	6,230,870	14,920,200	7,161,330	895,212	764,108	10.67
10	American Linseed Co.	315,000	16,723,648	16,722,030		496,182	2.97
11	American Locomotive Co.		25,000,000	25,000,000	1,750,000	4,435,306	17.74
12	American Smelting & Refining Co.	13,534,500	50,000,000	50,000,000	3,500,000	6,256,540	12.51
13	American Steel Foundries	5,418,100		17,184,000		1,033,592	6.01

[For footnotes see p. 6516.]

## INDUSTRIAL CORPORATIONS—continued.

1913—Continued.

Number of Corporation	Name of corporation.	Bonded debt.	Stock outstanding.		Net income.		Per cent earned on common.
			Preferred.	Common.	Preferred dividends.	Available for common.	
14	American Sugar Refining Co.		\$45,000,000	\$45,000,000	\$3,150,000	\$46,230	
15	American Sumatra Tobacco Co.		1,000,000	60,000,000	70,000	184,618	3.07
16	American Telephone & Telegraph Co.	\$159,591,000		344,616,300		32,920,090	9.55
17	American Tobacco Co.	4,373,800	52,838,600	40,242,400	3,170,316	11,319,218	28.12
18	American Woolen Co.		40,000,000	20,000,000	2,800,000	3,979,791	
19	American Writing Paper Co.	17,000,000	12,500,000	9,500,000	875,000	1,104,190	
20	American Zinc, Lead & Smelting Co.	720,000		4,280,000		108,074	
21	Anaconda Copper Mining Co.			108,312,500		11,323,501	10.45
22	Armour & Co.	30,000,000		20,000,000		6,028,196	30.14
23	Associated Oil Co.	15,685,000		40,000,000		1,822,412	4.55
24	Atlas Powder Co.	3,000,000		30,000,000		322,537	10.76
25	Baldwin Locomotive Works.	13,800,000	20,000,000		1,400,000	2,617,800	13.08
26	Barrétt Co. (American coal producer)	4,685,000	2,500,000	10,639,000	175,000	1,148,786	10.79
27	Bethlehem Steel Corporation.	33,599,033	15,000,000	15,000,000	745,400	4,377,303	29.18
28	Brown Shoe Co. (Inc.)		3,900,000	6,000,000	273,000	430,463	7.17
29	Butte & Superior Mining Co.	10,100		2,712,007		942,988	34.77
30	Calumet & Arizona Mining Co.			6,167,580		3,001,151	48.66
31	Central Leather Co.	35,762,150	33,299,050	39,701,030	2,330,933	2,055,412	5.17
32	Colorado Fuel & Iron Co.	45,266,000	2,000,000	34,235,500	160,000	1,567,192	4.58
33	Continental Can Co. (Inc.)		5,500,000	8,000,000	385,000	403,016	5.09
34	Corn Products Refining Co.	8,126,320	29,826,827	49,777,333	2,087,881	196,974	.39
35	Cramp & Sons Co.	6,175,344		6,098,000		306,676	5.03
36	Crucible Steel Co.		25,000,000	24,578,400	1,750,000	3,155,886	12.84
37	Cuban-American Sugar Co.	9,444,000	7,893,800	7,135,600	552,566	196,678	
38	Distillers Securities Corporation.	15,564,711		30,815,281		359,567	1.17
39	Du Pont de Nemours Powder Co.	16,922,000	16,113,807	29,428,708	805,690	3,728,211	12.66
40	Federal Mining & Smelting Co.		12,000,000	6,000,000	840,000	149,985	
41	General Chemical Co.		13,750,000	10,858,000	825,000	1,382,930	12.74
42	General Electric Co.	12,151,500		101,381,200		13,057,879	12.88
43	General Motors Corporation.	10,935,000	14,985,200	16,476,783	1,048,164	6,411,307	38.91
44	Goldfield Consolidated Mining Co.			35,591,480		2,731,945	7.67
45	Goodrich, B. F.		30,000,000	60,000,000	2,100,000	499,747	.83
46	Great Northern Iron Ore Properties.			48,846,230		1,131,680	2.32
47	Greene Cananea Copper Co.			6,500,000		1,017,212	15.65
48	Hercules Powder Co.	6,500,000		6,500,000		899,494	
49	International Agricultural Corporation.	13,000,000	13,055,500	7,303,500	14,391	5,055,253	12.64
50	International Harvester Corporation.	5,000,000	30,000,000	40,000,000	2,100,000	4,485,549	11.79
51	International Nickel Co.		8,912,600	38,031,500	534,756	804,171	
52	International Merchant Marine Co.	76,428,055	51,730,971	49,931,735	2,299,687	410,657	
53	International Paper Co.	15,617,000	22,403,700	17,442,800	933,805	2,755,464	7.88
54	Lackawanna Steel Co.	41,501,000	6,000	34,978,000	420	(2)	(2)
55	Maxwell Motor Co. (Inc.)		22,508,272	12,807,682		3,163,205	8.40
56	Mexican Petroleum Co. (Ltd.) of Delaware.	5,694,855	12,000,000	37,369,000	960,000	1,805,398	34.96
57	Miami Copper Co.	25,000		3,733,795		163,011	1.05
58	National Enameling & Stamping Co.	3,034,000	8,546,600	15,591,800	598,262	2,896,651	28.97
59	Nevada Consolidated Copper Co.	500		9,997,285		654,512	6.55
60	New York Air Brake Co.	3,000,000		10,000,000		1,798,362	29.97
61	Nipissing Mines Co.			6,000,000		1,916,997	63.89
62	Morris & Co. (packers)	11,700,000		3,000,000		7,907,709	17.57
63	Phelps-Dodge Corporation.			45,000,000		1,331,242	4.17
64	Pittsburgh Coal Co.	31,154,255	27,071,800	31,928,900	1,495,026	458,670	6.55
65	Pittsburgh Steel Co.		10,500,000	7,000,000	735,000	1,498,816	12.00
66	Pressed Steel Car Co.		12,500,000	12,500,000	875,000	176,660	1.31
67	Railway Steel Spring Co.	6,901,000	13,500,000	13,500,000	945,000	2,675,193	18.44
68	Ray Consolidated Copper Co.	2,977,000		14,535,530		1,351,300	4.97
69	Republic Iron & Steel Co.	16,414,596	25,000,000	27,191,000	1,750,000	8,467,669	21.17
70	Sears, Roebuck & Co.		8,000,000	40,000,000	560,000	1,115,504	31.87
71	Shattuck Arizona Copper Co.			3,533,000		209,466	2.39
72	Sloss-Sheffield Iron & Steel Co.	4,000,000	6,700,000	10,000,000	469,000	19,386,110	42.90
73	Standard Oil Co. of California.			45,183,993		14,687,696	48.96
74	Standard Oil Co. of Indiana.			30,000,000		1,912,626	95.63
75	Standard Oil Co. of Kansas.			2,000,000		1,002,458	100.25
76	Standard Oil Co. of Kentucky.			1,000,000		16,212,985	21.62
77	Standard Oil Co. of New York.			12,500,000		1,029,913	3.69
78	Studebaker Corporation.		12,650,000	27,931,600	875,500	9,250,000	12.33
79	Swift & Co.	6,800,000		75,000,000		966,703	19.33
80	Tennessee Copper Co.	5,000,000		5,000,000		6,663,123	24.68
81	Texas Co. (oil)	16,000,000		27,000,000		1,854,627	6.81
82	United Cigar Stores.		4,527,000	27,162,000	316,890	5,315,631	14.53
83	United Fruit Co.	9,061,000		36,594,300		310,573	
84	United States Cast Iron Pipe & Foundry Co.	1,679,000	12,500,000	12,500,000	564,427	232,358	1.94
85	United States Industrial Alcohol Co.	1,300,000	6,000,000	12,000,000	420,000	2,498,749	6.94
86	United States Rubber Co.	18,000,000	58,252,500	33,000,000	4,641,376	1,883,462	10.73
87	United States Smelting, Refining & Mining Co.	4,000,000	24,313,725	17,553,788	1,702,120	55,997,309	11.02
88	United States Steel Corporation.	627,097,377	390,281,100	508,302,500	25,219,677	8,513,105	53.76
89	Utah Copper Co.			15,836,800		147,096	.53
90	Virginia-Carolina Chemical Co.	13,800,000	20,011,800	279,844,000	1,600,944	5,255,260	26.78
91	Virginia Iron, Coal & Coke Co.	5,233,000		10,000,000		2,974,123	8.10
92	Westinghouse Air Brake Co.		3,998,700	36,700,288	279,909	5,303,899	26.52
93	Westinghouse Electric & Manufacturing Co.	33,831,250	5,000,000	20,000,000		664,245	3.32
94	Wilys-Overland Co.			20,000,000			
95	Wilson & Co. (packers)	9,300,000	10,000,000	20,000,000	700,000		

[For footnotes see p. 6516.]



INDUSTRIAL CORPORATIONS—continued.  
1916.

Corporation number.	Name of corporation.	Average for prewar period, 1911-1913, per cent earned on common.	Bonded debt.	Stock outstanding.		Net income.		Per cent earned on common.
				Preferred.	Common.	Preferred dividends.	Available for common.	
1	Ajax Rubber Co. (Inc.)	88.39			\$7,100,000		\$1,268,311	17.86
2	Allis-Chalmers Mfg. Co.			\$15,849,500	25,770,750	\$1,109,465	2,055,555	7.97
3	American Agricultural Chemical Co.	5.65	\$17,569,000	27,556,200	18,439,909	1,653,492	3,792,035	20.57
4	American Beet Sugar Co.	6.31		5,000,000	15,000,000	300,000	5,826,677	13.84
5	American Can. Co.	5.60	12,386,000	41,233,300	41,233,300	2,886,331	5,076,650	12.31
6	American Car & Foundry Co.	4.84		30,000,000	30,000,000	2,100,000	716,018	2.33
7	American Cotton Oil Co.		10,000,000	10,198,600	23,237,100	611,916	1,416,543	6.99
8	American Hide & Leather Co.		8,818,000	13,000,000	11,509,000	910,000	783,280	6.37
9	American Ice Co.		6,400,841	14,858,300	7,008,065	742,915	7,740	.11
10	American Linseed Co.			16,723,648	16,722,039	501,709	975,108	5.83
11	American Locomotive Co.	8.49	1,932,000	25,000,000	25,000,000	1,750,000	9,019,429	36.07
12	American Smelting & Refining Co.	11.78	6,699,000	66,256,400	60,998,000	4,435,384	17,716,866	29.05
13	American Steel Foundries		3,647,300		955,669		3,418,057	19.89
14	American Sugar Refining Co.			45,000,000	45,000,000	3,150,000	5,160,882	11.43
15	American Sumatra Tobacco Co.		1,000,000	6,800,000	1,000,000	140,000	127,653	1.83
16	American Telephone & Telegraph Co.	9.27	185,002,100		395,603,600		38,013,277	9.61
17	American Tobacco Co.	41.02	2,126,100	52,699,700	43,242,400	3,161,982	9,136,075	22.70
18	American Woolen Co.			40,000,000	20,000,000	2,800,000	3,063,818	15.31
19	American Writing Paper Co.		17,000,000	12,500,000	9,500,000	875,000	1,649,378	1.73
20	American Zinc, Lead & Smelting Co.		2,000,000	2,414,000	4,828,000	579,360	8,723,608	180.79
21	Anaconda Copper Mining Co.	10.84			116,562,500		58,802,980	50.52
22	Armour & Co.	23.40	53,000,000		100,000,000		20,100,000	20.10
23	Associated Oil Co.	4.01	12,362,242		40,000,000		3,198,389	7.99
24	Atlas Powder Co.	10.76		7,198,000	5,002,400	431,880	2,507,909	50.13
25	Baldwin Locomotive Works.	11.26	10,000,000	20,000,000	20,000,000	1,400,000	1,219,466	6.01
26	Barrett Co. (American coal producer)	10.39	2,640,000	4,981,100	13,297,420	344,277	3,903,580	29.35
27	Bethlehem Steel Corporation	18.84	68,590,000	14,908,000	59,862,000	1,043,560	42,550,408	71.08
28	Brown Shoe Co. (Inc.)	7.17		3,700,000	6,000,000	239,000	1,208,756	20.14
29	Butte & Superior Mining Co.				2,901,872		8,873,446	305.78
30	Calumet & Arizona Mining Co.				6,421,620		11,155,001	173.62
31	Central Leather Co.		32,338,150	33,299,050	89,701,030	2,330,933	13,158,269	33.14
32	Colorado Fuel & Iron Co.	4.19	45,005,000	2,000,000	34,235,500	160,000	2,041,170	5.96
33	Continental Can Co. (Inc.)	5.09		5,005,000	8,000,000	350,350	1,793,204	22.41
34	Corn Products Refining Co.		7,269,680	29,825,867	49,777,333	2,087,881	3,995,865	8.03
35	Cramp & Sons Co.	2.85	4,030,444		6,098,000		1,087,704	17.84
36	Crucible Steel Co.	7.67		25,000,000	25,000,000	1,750,000	11,473,656	45.89
37	Cuban-American Sugar Co.		8,749,000	7,893,800	9,939,840	552,566	7,632,546	76.36
38	Distillers Securities Corporation	1.99	14,038,628		31,435,680		4,651,688	14.49
39	Du Pont de Nemours Powder Co.	16.07	60,813,950	14,611,030	61,793,217	3,673,292	78,434,401	126.60
40	Federal Mining & Smelting Co.			12,000,000	6,000,000	840,000	28,198	.47
41	General Chemical Co.	12.98		15,207,300	15,732,900	912,498	8,782,690	55.82
42	General Electric Co.	12.93	12,017,500		101,512,500		18,589,528	18.31
43	General Motors Corporation	22.05		19,983,030	82,599,000	1,198,802	27,590,758	33.40
44	Goldfield Consolidated Mining Co.	14.18			35,591,480		(2)	
45	Goodrich, B. F.	1.60		26,403,000	60,000,000	1,818,000	7,592,299	12.67
46	Great Northern Iron Ore Properties							
47	Greene Cananea Copper Co.				48,846,230		3,435,879	7.03
48	Hercules Powder Co.			5,350,000	7,150,000	374,500	16,284,373	227.75
49	International Agricultural Corporation			13,055,500	7,308,500		(2)	
50	International Harvester Corporation	12.64		30,000,000	40,000,000	2,100,000	3,037,098	7.59
51	International Nickel Co.	17.60		13,812,600	13,812,600	1,534,758	13,022,214	31.13
52	International Merchant Marine Co.		81,692,564	51,725,721	49,872,110	3,103,530	23,196,066	46.50
53	International Paper Co.		14,497,000	22,406,700	17,442,800	784,234	3,836,491	21.99
54	Lackawanna Steel Co.	3.68	32,114,500		35,096,500		12,218,234	34.81
55	Maxwell Motor Co. (Inc.)			24,042,610	12,778,057	2,750,013	2,676,623	20.95
56	Mexican Petroleum Co. (Ltd.) of Delaware	6.43	3,864,080	12,000,000	39,232,000	980,000	6,193,060	15.79
57	Miami Copper Co.	36.07			3,735,570		7,759,784	207.74
58	National Enameling & Stamping Co.	.80	2,623,000	8,546,600	15,591,800	598,262	1,319,541	8.46
59	Nevada Consolidated Copper Co.	34.07			9,997,285		15,002,051	150.06
60	New York Air Brake Co.	4.25	3,000,000		10,000,000		8,214,962	82.15
61	Nipissing Mines Co.	29.99			6,000,000		1,805,243	30.09
62	Morris & Co. (packers)	52.96	11,100,000		3,000,000		3,632,213	121.07
63	Phelps-Dodge Corporation	16.54			45,000,000		21,974,263	48.83
64	Pittsburgh Coal Co.		19,280,000	32,000,000	32,000,000	1,350,898	1,793,029	5.60
65	Pittsburgh Steel Co.	7.89		10,500,000	7,000,000	735,000	3,829,067	54.70
66	Pressed Steel Car Co.	4.31	1,250,000	12,500,000	12,500,000	875,000	1,876,152	15.01
67	Railway Steel Spring Co.	2.34	6,093,000	13,500,000	13,500,000	945,000	2,765,805	20.49
68	Ray Consolidated Copper Co.	11.97			15,771,700		11,716,428	74.29
69	Republic Iron & Steel Co.		16,795,500	25,000,000	27,191,000	4,500,000	10,389,162	38.21
70	Sears, Roebuck & Co.	18.85		8,000,000	60,000,000	560,000	15,928,622	26.55
71	Shattuck Arizona Copper Co.			3,500,000			3,039,077	86.83
72	Sloss-Sheffield Iron & Steel Co.		4,000,000	6,700,000	10,000,000	469,000	1,521,674	15.22
73	Standard Oil Co. of California	24.74			74,529,983		17,605,304	17.72
74	Standard Oil Co. of Indiana				30,000,000		30,043,614	100.14
75	Standard Oil Co. of Kansas				2,000,000		1,270,314	63.52
76	Standard Oil Co. of Kentucky				6,000,000		2,068,598	34.43
77	Standard Oil Co. of New York				75,000,000		36,638,495	48.85
78	Studebaker Corporation	4.68		10,965,000	30,000,000	1,767,550	7,843,095	26.11
79	Swift & Co.	10.50	31,311,000		75,000,000		20,465,000	27.29
80	Tennessee Copper Co.	15.86	1,894,486		5,000,000		887,658	7.75
81	Texas Co. (oil)	14.28	15,700,000		44,000,000		13,898,862	31.59
82	United Cigar Stores			4,527,000	27,162,000	311,890	2,575,182	9.48
83	United Fruit Co.	15.00	20,101,848		48,792,400		11,943,151	24.43
84	United States Cast Iron Pipe & Foundry Co.		821,000	12,000,000	12,000,000	480,000	821,641	6.85
85	United States Industrial Alcohol Co.	3.66		7,836,600	12,000,000	548,562	4,336,066	36.13
86	United States Rubber Co.	9.00	36,807,000	61,177,280	36,000,000	4,835,844	6,390,364	17.75
87	United States Smelting, Refining & Mining Co.	10.51	12,517,500	24,317,775	17,555,888	1,702,225	7,196,220	40.99
88	United States Steel Corporation	7.60	702,111,027	360,281,100	508,302,500	25,219,677	246,312,033	48.46
89	Utah Copper Co.	48.97			16,244,900		39,738,675	244.62
90	Virginia-Carolina Chemical Co.	2.07	17,761,320	20,011,800	27,984,400	1,600,472	2,907,077	10.39
91	Virginia Iron, Coal & Coke Co.		5,087,000		10,000,000		248,094	
92	Westinghouse Air Brake Co.	22.72			19,638,467		9,585,928	48.81
93	Westinghouse Electric & Manufacturing Co.	9.00	12,803,750	13,998,700	19,813,950	1,279,909	17,799,980	125.14
94	Willys-Overland Co.	26.52		15,000,000	39,272,390	1,050,000	9,834,353	25.04
95	Wilson & Co. (packers)	3.23	15,000,000	10,133,400	20,000,000	700,714	4,213,159	21.07

1 Incorporated March, 1913.

2 Figures not available.

3 Incorporated October, 1912.

4 Bonds of subsidiary companies.

5 Incorporated January, 1913.

6 Incorporated May, 1912.

7 Incorporated December, 1912.

8 Incorporated July, 1912.

9 Incorporated November, 1912.

10 \$39,304,850 acquired for cancellation and retirement.

11 Increased from \$1,000,000 in 1912 by stock dividend of 2,000 per cent.

12 Increased from \$15,000,000 in 1913 by stock dividend of 400 per cent.

13 Based on 1917 returns.

14 Includes 5 per cent preferred stock and 6 per cent debenture stock.

APPENDIX 2.  
RAILROADS.  
[Deficit shown in italics.]  
1911.

Number of corporation.	Name of corporation.	Bonded debt.	Stock outstanding.		Net income.		Per cent earned on common.
			Preferred.	Common.	Preferred dividends.	Available for common.	
1	Pennsylvania R. R. Co.	\$229,918,260		\$453,880,560		\$34,683,023	7.64
2	New York Central	282,414,845		222,729,300		14,315,058	6.43
3	Baltimore & Ohio	331,004,580	\$59,986,967	182,236,988	\$2,399,479	10,420,515	6.84
4	New York, New Haven & Hartford	212,554,200		178,798,500		11,187,312	6.26
5	Pennsylvania Co.	123,703,548		80,000,000		9,935,444	12.42
6	Erie R. R.	214,345,900	63,892,400	112,378,900		5,379,752	4.79
7	Philadelphia & Reading R. R.	49,131,752		42,481,700		7,663,005	18.03
8	Boston & Maine R. R.	43,849,000	3,149,800	38,529,791	188,988	161,000	.42
14	Wabash R. R.	120,600,087	39,200,213	53,200,213		218,051	.41
16	Delaware & Hudson Co.	48,677,000		52,505,000		5,289,386	10.07
23	Bessemer & Lake Erie R. R.			500,000		499,591	99.92
31	Southern Ry.	242,127,800	60,000,000	120,000,000	1,200,000	5,470,004	4.56
32	Illinois Central R. R.	187,351,000		109,292,200		11,573,921	10.59
33	Louisville & Nashville R. R.	154,722,757		60,000,000		8,555,333	14.26
34	Norfolk & Western	100,565,500	23,000,000	74,284,000	230,000	7,317,318	9.85
35	Chesapeake & Ohio	155,253,000	3,400	62,792,500		3,605,326	5.74
36	Atlantic Coast Line R. R.	141,725,870	198,500	57,964,400	9,925	7,497,070	12.93
37	Seaboard Air Line R. R.	127,758,000	25,000,000	37,516,000		1,529,328	4.08
41	Southern Pacific R. R.	143,592,500		160,000,000		23,131,707	14.46
42	Atchison, Topeka & Santa Fe	246,645,500	114,199,530	168,475,000	5,709,976	15,661,092	9.29
43	Chicago, Milwaukee & St. Paul	232,571,655	116,274,900	116,348,200	8,139,243	8,219,072	7.06
44	Chicago & North Western	154,854,485	22,398,954	132,455,531	1,567,926	10,955,188	8.27
45	Great Northern	275,556,408		209,953,755		17,519,754	8.34
46	Northern Pacific	297,839,000		247,998,300		20,441,647	8.24
47	Chicago, Rock Island & Pacific	198,486,000		74,877,200		5,094,537	6.80
48	Union Pacific	303,090,580	99,599,300	216,629,800	3,982,772	92,115,341	42.52
49	St. Louis & San Francisco	308,262,775	36,000,000	54,686,000	50,000	1,170,078	2.14
50	Chicago, St. Paul, Minneapolis & Omaha	30,098,046	12,643,722	21,400,473	885,060	1,888,660	8.82

## 1912.

Number of corporation.	Name of corporation.	Bonded debt.	Stock outstanding.		Net income.		Per cent earned on common.
			Preferred.	Common.	Preferred dividends.	Available for common.	
1	Pennsylvania Railroad Co.	\$231,990,120		\$453,877,900		\$37,828,904	8.31
2	New York Central	313,735,846		222,729,300		14,092,049	6.33
3	Baltimore & Ohio	331,893,289	\$59,989,246	182,246,988	\$2,399,570	13,558,101	8.97
4	New York, New Haven & Hartford	204,592,300		179,583,100		13,385,551	7.45
5	Pennsylvania Co.	132,038,548		80,000,000		9,221,760	11.53
6	Erie Railroad	216,560,400	63,892,400	112,378,900		3,228,174	2.88
7	Philadelphia & Reading Railroad	49,188,752		42,481,700		8,138,578	19.13
8	Boston & Maine Railroad	43,849,000	3,149,800	39,503,391	188,988	1,101,260	2.79
14	Wabash Railroad	120,889,207	39,200,213	53,200,214		1,954,099	3.67
16	Delaware & Hudson Co.	48,477,000		42,503,000		6,983,539	16.43
23	Bessemer & Lake Erie R. R.			500,000		1,937,284	387.45
31	Southern Ry.	248,384,400	60,000,000	120,000,000	2,700,000	4,063,117	3.38
32	Illinois Central R. R.	185,636,000		109,294,500		3,865,882	3.54
33	Louisville & Nashville R. R.	154,603,157		60,000,000		9,629,683	16.02
34	Norfolk & Western	89,199,500	23,000,000	85,653,000	1,440,000	8,941,674	10.44
35	Chesapeake & Ohio	189,001,508	3,200	67,925,300		4,273,656	6.29
36	Atlantic Coast Line R. R.	140,671,790	198,500	58,745,300	9,925	7,000,957	11.92
37	Seaboard Air Line R. R.	128,885,000	25,000,000	37,516,000		665,593	1.24
41	Southern Pacific R. R.	150,805,500		160,000,000		20,111,714	12.56
42	Atchison, Topeka & Santa Fe	260,423,195	114,119,530	170,174,000	5,709,970	13,950,266	8.19
43	Chicago, Milwaukee & St. Paul	268,366,155	116,274,900	116,348,200	8,139,243	1,774,595	1.53
44	Chicago & North Western	221,952,000	22,398,954	182,455,531	1,567,926	8,345,912	6.30
45	Great Northern	282,300,409		209,990,670		20,913,924	9.95
46	Northern Pacific	298,366,155		247,998,400		19,661,715	7.93
47	Chicago, Rock Island & Pacific	211,492,000		74,877,200		3,847,948	5.14
48	Union Pacific	303,061,505	99,599,300	216,646,300	3,982,772	27,280,937	12.59
49	St. Louis & San Francisco	280,537,462	36,000,000	54,686,000	50,000	1,159,845	2.12
50	Chicago, St. Paul, Minneapolis & Omaha	35,098,046	12,643,722	21,400,473	885,060	1,199,543	5.60

## 1913.

Number of corporation.	Name of corporation.	Bonded debt.	Stock outstanding.		Net income.		Per cent earned on common.
			Preferred.	Common.	Preferred dividends.	Available for common.	
1	Pennsylvania Railroad Co.	\$216,239,690		\$493,861,500		\$40,854,475	8.27
2	New York Central	346,113,400		225,581,066		15,761,509	6.99
3	Baltimore & Ohio	346,136,780	\$60,000,000	152,317,468	\$2,400,000	10,982,112	7.21
4	New York, New Haven & Hartford	202,844,450		180,017,000		8,922,238	4.95
5	Pennsylvania Co.	130,368,548		80,000,000		12,146,370	15.18
6	Erie Railroad	216,560,400	63,892,400	112,378,900		8,014,967	7.13
7	Philadelphia & Reading Railroad	49,239,752		42,481,700		12,090,170	28.46
8	Boston & Maine Railroad	43,338,000	3,149,800	39,505,391	188,988	45,878	
14	Wabash Railroad	115,880,108	39,200,213	53,200,213		183,000	.31
16	Delaware & Hudson Co.	48,277,000		42,503,000		6,983,539	16.43
23	Bessemer & Lake Erie Railroad			500,000		2,208,518	453.70
31	Southern Railway	249,572,800	60,000,000	120,000,000	3,000,000	4,121,169	3.43
32	Illinois Central Railroad	199,636,000		109,294,500		6,575,113	6.02
33	Louisville & Nashville Railroad	157,355,597		71,961,300		8,630,944	11.99
34	Norfolk & Western	88,019,200	23,000,000	100,133,300	1,380,000	9,726,411	9.71
35	Chesapeake & Ohio	210,150,508	3,200	68,542,600		3,298,503	4.81



## APPENDIX 2—Continued.

## RAILROADS—continued.

[Deficit shown in italics.]

1913—Continued.

Number of corporation	Name of corporation, etc.	Bonded debt.	Stock outstanding.		Net income.		Per cent earned on common.
			Preferred.	Common.	Preferred dividends.	Available for common.	
36	Atlantic Coast Line Railroad.....	\$146,059,349	\$198,500	\$38,557,200	\$9,925	\$7,880,720	11.49
37	Seaboard Air Line Railroad.....	143,770,000	25,000,000	37,515,000	250,000	1,217,933	3.25
41	Southern Pacific Railroad.....	150,792,500	160,000,000	190,881,000	5,709,976	26,225,263	16.40
42	Atchison, Topeka & Santa Fe.....	263,604,195	114,199,530	190,881,000	5,709,976	16,433,033	8.61
43	Chicago, Milwaukee & St. Paul.....	455,848,967	116,274,900	116,348,200	8,139,243	9,622,744	8.27
44	Chicago & North Western.....	226,570,000	22,398,954	132,455,531	1,567,928	13,307,087	10.05
45	Great Northern.....	293,444,409	209,990,670	247,998,400	3,937,779	24,354,815	11.60
46	Northern Pacific.....	299,966,000	74,877,200	216,647,500	3,982,772	21,809,464	8.79
47	Chicago, Rock Island & Pacific.....	214,952,000	99,569,300	54,686,000	50,000	3,937,779	5.23
48	Union Pacific.....	193,059,480	37,364,100	21,400,473	885,090	31,226,240	14.41
49	St. Louis & San Francisco.....	286,543,191	12,643,722			397,392	.73
50	Chicago, St. Paul, Minneapolis & Omaha.....	37,598,046				1,393,874	6.51

1916.

Number of corporation.	Name of corporation.	Average for prewar period 1911-1913, per cent earned on common.	Bonded debt.	Stock outstanding.		Net income.		Per cent earned on common.
				Preferred.	Common.	Preferred dividends.	Available for common.	
1	Pennsylvania R. R. Co.....	8.09	\$251,933,675		\$706,458,948		\$53,733,439	10.61
2	New York Central.....	6.58	679,251,152		249,590,460		40,373,694	16.18
3	Baltimore & Ohio.....	7.68	417,430,790	\$30,000,000	153,967,468	\$2,400,000	11,292,447	7.33
4	New York, New Haven & Hartford.....	6.22	215,006,313		176,400,787		4,315,757	2.45
5	Pennsylvania Co.....		120,249,082		80,000,000		14,269,905	17.84
6	Erie Railroad.....	4.73	214,058,061		176,271,800		10,349,313	5.87
7	Philadelphia & Reading R. R.....	21.87	47,763,733		42,481,700		13,711,841	32.28
8	Boston & Maine R. R.....		42,589,000	3,149,800	39,503,390		4,173,128	10.56
14	Wabash R. R.....	1.46	66,540,000		138,475,349		3,627,151	2.62
16	Delaware & Hudson Co.....	12.60	62,798,000		42,502,600		4,769,972	11.22
23	Bessemer & Lake Erie R. R.....	313.69	7,683,000		500,000		3,974,519	794.90
31	Southern Ry.....	3.79	239,285,500	60,000,000	120,097,000		9,620,939	8.02
32	Illinois Central R. R.....	6.71	154,268,700		109,285,532		11,807,595	10.80
33	Louisville & Nashville R. R.....	13.97	178,239,412		72,012,117		14,039,130	19.50
34	Norfolk & Western.....	9.63	95,560,500	23,000,000	118,209,000	920,000	19,708,059	16.67
35	Chesapeake & Ohio.....	5.61	181,360,170		62,786,000		6,882,336	10.96
37	Atlantic Coast Line R. R.....	12.08	138,777,635	196,700	68,558,000	9,835	7,745,701	11.30
37	Seaboard Air Line R. R.....	2.86	125,200,102		63,864,100		1,138,122	1.78
41	Southern Pacific R. R.....	14.47	283,817,340		272,677,908		21,791,216	7.93
42	Atchison, Topeka & Santa Fe.....	6.67	801,602,354	124,199,530	214,357,000	6,209,975	26,615,380	12.42
43	Chicago, Milwaukee & St. Paul.....	5.62	356,148,255	116,274,900	117,411,300	8,139,243	8,721,441	7.43
44	Chicago & North Western.....	8.21	211,247,000	22,398,954	132,420,530	1,791,936	15,493,574	11.09
45	Great Northern.....	9.56	251,231,186		249,556,418		27,625,160	11.07
46	Northern Pacific.....	8.32	313,535,500		248,000,000		25,729,874	10.33
47	Chicago, Rock Island & Pacific.....	5.73	236,689,036		74,482,523		2,706,059	3.75
48	Union Pacific.....	23.18	192,684,791	99,543,500	222,293,100	3,981,740	32,819,990	14.73
49	St. Louis & San Francisco.....	1.66	253,048,538	7,500,000	50,447,000		2,168,517	4.29
50	Chicago, St. Paul, Minneapolis & Omaha.....	6.98	41,387,000	12,646,833	21,403,293	885,278	2,117,749	9.89

## APPENDIX 3.

Surplus carried to profit and loss account at the end of the fiscal years indicated.

		1895	1900	1905	1910	1911	1912	1913	1914	1915	1916
INDUSTRIAL.											
3	American Agricultural Chemical Co.....	(1)	\$880,019	\$2,333,577	\$5,468,697	\$6,605,500	\$7,597,102	\$7,823,909	\$8,492,968	\$9,776,701	\$8,638,388
27	Bethlehem Steel Corporation.....		3,463,726	1,843,619	5,269,668	7,308,667	21,017,954	2,214,517	2,059,137	6,278,390	9,370,198
34	Corn Products Refining Co.....			(2)	6,065,018	6,615,670	7,080,506	7,865,361	8,677,303	10,354,326	13,306,248
39	DuPont de Nemours Powder Co.....		(3)	7,961,947	15,151,026	16,662,755	18,561,053	5,682,289	7,518,413	8,968,217	28,567,038
41	General Chemical Co.....		(1)	2,787,180	4,090,759	4,463,038	4,747,369	5,005,583	5,252,286	6,024,956	11,399,010
42	General Electric Co.....		6,629,181	12,027,295	23,022,706	29,019,893	12,031,145	16,939,819	20,084,879	23,692,871	34,160,754
52	International Paper Co.....		1,810,000	6,020,147	8,838,105	9,646,078	10,395,622	10,941,294	11,630,869	12,402,250	16,238,743
54	Lackawanna Steel Co.....		(12)	10,979	3,747,704	3,830,507	4,839,319	7,514,877	5,777,457	8,082,272	17,148,160
63	Phelps Dodge Corporation.....		(14)	(14)	3,894,073	4,128,375	6,163,560	6,646,270	7,011,110	8,337,864	15,687,126
64	Pittsburgh Coal Co.....		(1)	(13)	4,169,377	8,443,193	8,481,541	9,153,434	10,526,112	10,543,581	12,636,543
66	Pressed Steel Car Co.....		(1)	1,812,285	2,588,775	7,347,005	7,364,841	8,405,001	8,422,352	8,872,167	10,217,069
67	Railway Steel Spring Co.....		(13)	2,045,899	3,799,778	3,839,565	4,618,544	4,525,203	3,954,657	4,372,885	5,969,942
70	Sears, Roebuck & Co.....		(5)	13,644,691	13,644,691	7,243,760	12,059,286	17,727,638	23,449,989	10,141,429	21,455,773
80	United States Rubber Co.....		1,175,495	3,987,102	8,349,423	9,175,730	16,735,737	19,129,504	20,005,323	22,962,322	28,479,135
88	United States Steel Corporation.....	(21)	43,620,940	84,738,451	164,143,158	156,274,795	152,262,824	174,372,748	143,483,017	200,135,052	417,296,348

[For footnotes see p. 6519.]

## APPENDIX 3—Continued.

Surplus carried to profit and loss account at the end of the fiscal years indicated—Continued.

		1895	1900	1905	1910	1911	1912	1913	1914	1915	1916
	RAILROADS.										
1	Pennsylvania R. R. Co.	\$23,203,232	\$24,540,062	\$21,506,245	\$29,879,203	\$27,210,027	\$26,265,477	\$28,627,727	\$26,396,179	\$27,067,657	\$29,541,830
2	New York Central R. R.	11,837,688	11,754,889	14,315,419	15,737,804	14,112,226	13,755,619	14,049,189	12,027,814	25,369,696	49,844,023
32	Illinois Central	3,481,145	3,957,187	4,429,987	2,833,643	6,783,965	2,788,367	1,998,462	4,053,574	4,814,263	10,092,236
36	Atlantic Coast Line	1,288,927	2,344,637	7,184,237	17,503,920	22,164,524	25,228,064	27,886,987	30,075,202	29,843,289	33,583,626
46	Northern Pacific		2,504,805	14,381,219	71,166,411	78,074,262	80,260,438	83,699,771	84,772,460	83,176,241	90,898,737

<sup>1</sup> Incorporated 1899.<sup>2</sup> After deducting \$7,500,000 for additions to property and working capital, etc.<sup>3</sup> After deducting \$5,000,000 for additions to property and working capital, etc.<sup>4</sup> After deducting \$12,500,000 for additions to property and working capital, etc.<sup>5</sup> After deducting \$35,000,000 for additions to property and working capital, etc.<sup>6</sup> Incorporated 1906.<sup>7</sup> Partly invested in plants and stocks of merged companies, etc., and partly expended to reduce bonded debt and for working capital.<sup>8</sup> Incorporated 1903.<sup>9</sup> Year ended Jan. 31, 1901.<sup>10</sup> Year ended Jan. 31, 1906.<sup>11</sup> 1904-5.<sup>12</sup> 1910-11.<sup>13</sup> Incorporated 1902.<sup>14</sup> Incorporated 1908 as Phelps, Dodge & Co.<sup>15</sup> Surplus of \$2,167,381 appropriated for preferred stock dividends and for working capital.<sup>16</sup> After deducting \$10,000,000 stock dividend.<sup>17</sup> After deducting \$30,000,000 stock dividend.<sup>18</sup> After deducting \$412,216.<sup>19</sup> Year ended Mar. 31, 1901.<sup>20</sup> Year ended Mar. 31, 1906.<sup>21</sup> Year ended Mar. 31, 1911.<sup>22</sup> Year ended Mar. 31, 1912.<sup>23</sup> Year ended Mar. 31, 1913.<sup>24</sup> Incorporated 1901.<sup>25</sup> Atlantic Coast Line Association.

Mr. LA FOLLETTE. Mr. President, I had intended to discuss the committee amendment as perfected by the report made from the committee on the 29th of August, in which they proposed a modification of the provisions taxing war profits, but I am very weary myself, and I am sure I have wearied the Senate. I will say, however, that I requested at the time the committee's latest amendment was brought in that the Treasury expert furnish me a statement of the amount of war-profits taxes which would have been collected under the war-profits tax provision as reported originally by the committee and also side by side with that the war-profits tax which would be collected under the proposed amendment.

Mr. SMITH of Michigan. Mr. President, I thought the Senator asked for the names of the corporations.

Mr. LA FOLLETTE. No; I said I would furnish the names of the corporations which I wished to have a report upon as a sort of example or illustration of what this proposed amendment would accomplish.

Mr. President, I have waited up to the present time and that report has not been placed in my hands, except that last evening I did get a partial statement in rough pencil form. I asked for the figures to be worked out in regard to some 20 corporations so selected as to give a fair showing of how the proposal contained in the bill as originally reported was going to tax these corporations and how they would be affected as to war-profits taxes by this proposed amendment. As I have said, last evening I received a statement in the rough, not entirely completed as I understood, as to four great corporations. I expected to have laid that before the Senate this afternoon, and I had hoped that by the time I reached this point in my address there would be placed in my hands the completed report, if ready; but from what I was able to work out of as much of it as was presented to me I am constrained to say that I believe the Senate will seriously regret it if it adopts the amendment which was reported by the committee changing the plan as to the war-profits tax.

I am not prepared to go into that matter at this time. It is now approaching 5 o'clock, and if the Senate should take a recess until Monday I should be glad at that time, in connection with my argument upon this amendment, to present that matter. I feel warranted in saying that I am convinced that it would be worthy the consideration of the Senate. I believe that that amendment as worked out with respect to the United States Steel Corporation greatly decreases the war-profits tax that it will pay; and I believe that it greatly reduces the war-profits tax that will be paid by other great corporations who have made enormous amounts of money out of what is termed "war profits."

However, I do not wish to assert with certainty just what that amendment will do, when those figures are not entirely completed; but I can assuredly have them by Monday morning, and I am going to ask whoever is in charge of the bill for the committee—and I see present the ranking member of the committee, the Senator from Missouri [Mr. STONE]—if we can not now take a recess until Monday morning. It is Saturday afternoon, and very late.

Mr. HOLLIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from New Hampshire?

Mr. LA FOLLETTE. Yes.

Mr. HOLLIS. I submit an amendment to the pending bill and ask to have it printed and lie on the table.

The PRESIDING OFFICER. Without objection, the amendment will be received, printed, and lie on the table.

Mr. SIMMONS entered the Chamber.

Mr. LA FOLLETTE. I want to ask the Senator if he will not consent to take a recess now and let me go on for a brief time on Monday morning. I do not think I will be more than half an hour or so; but I have been delayed because Mr. McCoy has not been able to furnish me up to the present time with the tables I requested and which, as the Senator will recall, he was to give me. I think that is a reasonable request to make; it is Saturday afternoon, and already late.

Mr. SMITH of Michigan. Let me ask the Senator from Wisconsin whether the figures as to the individual corporations which he already had prepared show that less money will be raised by the amendment which the committee has recently reported than by the bill as originally reported from the committee?

Mr. LA FOLLETTE. Well, I want to say, as I said before, that the figures that I received from the expert last evening as to four of these companies were in pencil, in the rough, and were not complete. They require further computation to be made, and for that reason I do not wish to make that statement with certainty; but I do feel morally certain in my own mind that it works out in that way, and I believe it is a matter of very great importance and one that the Senate might well wish to have laid before it.

Mr. SIMMONS. Mr. President, I had hoped that we might go on until 6 o'clock this afternoon, but of course I recognize the appeal of the Senator from Wisconsin, who is a member of the committee, that he is tired—

Mr. LA FOLLETTE. I would not ask the Senate to take a recess on that account; but I have not been furnished with the statement I requested. I am not complaining about it, because I know it requires a good deal of labor upon the part of Mr. McCoy, the expert of the committee. He thought he could give me the figures complete last night, but he was not able to do so; and when I came to the floor they had not been received.

I had hoped that they might be brought to me here while I was speaking; but I do believe these computations to be exceedingly important and, from what I saw of them last night, very worthy of the serious consideration of the Senate.

Mr. SIMMONS. How long does the Senator think it will probably take him Monday?

Mr. LA FOLLETTE. I should think not much more than half an hour.

RECESS.

Mr. SIMMONS. I move the Senate take a recess until Monday at 11 o'clock.

The motion was agreed to; and (at 4 o'clock and 40 minutes p. m., Saturday, September 1, 1917) the Senate took a recess until Monday, September 3, 1917, at 11 o'clock a. m.



## HOUSE OF REPRESENTATIVES.

SATURDAY, September 1, 1917.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

With unbounded faith and confidence in Thee, our Father in Heaven, author of all the purer and finer instincts of our being, help us to follow their lead in every duty that pertains to life, that its issues may be the devout consummation which all true men long for, pray for, that brotherly love may obtain in all the peoples of all the world, and Thy kingdom indeed come, and Thy will be done in earth as in heaven, through Jesus Christ our Lord; for it is written:

"Fear thou not, for I am with Thee: be not dismayed; for I am Thy God: I will strengthen thee; yea, I will help thee; yea, I will uphold thee with the right hand of my righteousness."

Amen.

The Journal of the proceedings of Thursday, August 30, 1917, was read and approved.

## LEAVE OF ABSENCE.

By unanimous consent, Mr. HILL was granted leave of absence indefinitely, on account of important business.

## REPRESENTATIVE MANN.

The SPEAKER. The Speaker will take the privilege of making an announcement that he is certain the House will be glad to hear, which is that the Hon. JAMES R. MANN is being rapidly restored to his usual good health. [Applause.]

## CONTESTED-ELECTION CASE—STEELE AGAINST SCOTT.

The SPEAKER laid before the House the following communication from the Clerk of the House:

HOUSE OF REPRESENTATIVES,  
CLERK'S OFFICE,  
Washington, D. C., September 1, 1917.

The SPEAKER,  
House of Representatives, Washington, D. C.

Sir: I have the honor to lay before the House of Representatives the contest for a seat in the House of Representatives for the Sixty-fifth Congress of the United States for the eleventh district, State of Iowa, Thomas J. Steele against George C. Scott, notice of which has been filed in the office of the Clerk of the House, and also transmit herewith original testimony, papers, and documents relating thereto.

The Clerk has opened and printed the testimony in the above case. In compliance with the act approved March 2, 1897, entitled "An act relating to contested-election cases," such portions of the testimony in the above case as the parties in interest agreed upon or as seemed proper to the Clerk after giving the requisite notices have been printed and indexed, together with the notices of contest, and the answer thereto, and such portions of the testimony as were not printed with the original papers have been sealed up and are ready to be laid before the Committee on Elections.

Two copies of the printed testimony in the aforesaid case have been mailed the contestant and the same number to the contestee. The law in reference to the briefs of both the contestant and contestee has been complied with as far as possible upon receipt by the Clerk of said briefs.

So far as the briefs have been furnished to the Clerk, they are ready to be laid before the Committee on Elections upon the order of the House, together with a tabulated statement, which has been prepared by the Clerk, showing the number of pages of testimony and the present status of said contested-election case, and all papers in connection therewith.

Yours, respectfully,

SOUTH TRIMBLE,  
Clerk of the House of Representatives.

The SPEAKER. The contested-election case referred to therein is referred to the Committee on Elections No. 1.

## JAPANESE MISSION.

Mr. FLOOD. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman from Virginia rise?

Mr. FLOOD. I ask unanimous consent of the House that the Speaker be requested to invite the Japanese mission, now in this country, to visit the House at 12.30 p. m. next Wednesday, and that, if these gentlemen honor us with that visit, the House take a recess of 30 minutes at the time they come.

The SPEAKER. Is there objection to the request of the gentleman from Virginia? [After a pause.] The Chair hears none.

## EXTENSION OF REMARKS.

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent to print my remarks in the Record on the pink boll worm.

Mr. HARRISON of Mississippi. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by inserting a part of the speech of William J. Bryan before the University Club on yesterday at Chicago.

The SPEAKER. Is there objection to either one of these requests? [After a pause.] The Chair hears none.

Mr. GORDON. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by printing an opinion of the

Attorney General of the United States, dated February 17, 1912.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

## BOND LEGISLATION.

Mr. KITCHIN. Mr. Speaker, I present the report (No. 132) from the Committee on Ways and Means to accompany the bill H. R. 5901, known as the bond bill.

The SPEAKER. The gentleman reports the bond bill, H. R. 5901, which is referred to the Committee of the Whole House on the state of the Union and ordered printed.

Mr. MADDEN. Will the gentleman yield for a question?

Mr. KITCHIN. Yes.

Mr. MADDEN. I would like to know whether the hearings on the bond bill are ready for the Members of the House.

Mr. KITCHIN. I understand that they will be printed some time to-day. It took some time to correct them, and I understand they could not finish the work until some time this morning. We hope to have them printed to-day, so they will be ready to-morrow.

Mr. MADDEN. We will not be able to get them before Tuesday. Monday is a holiday.

Mr. KITCHIN. You will be able to get them late this afternoon.

Mr. MADDEN. And to-morrow will be Sunday.

Mr. KITCHIN. You can get them up here.

Mr. MADDEN. There is nobody here to give them to you.

Mr. KITCHIN. I will give the gentleman mine.

Mr. MADDEN. Monday is a holiday, and you can not get it then.

Mr. KITCHIN. You can. Just as soon as it is printed we will have a sufficient number at the Ways and Means Committee room. I believe we will get it late this afternoon, or if you send there to-morrow morning you can get it.

Mr. MADDEN. Will the Ways and Means office room be open to-morrow morning?

Mr. KITCHIN. Yes, sir.

Mr. MADDEN. Would it not be a good idea to have it mailed to the Members?

Mr. KITCHIN. I will try to do that. I will instruct my clerical force that it be mailed to each Member.

Mr. MADDEN. It is the most important matter we have had to consider up to this time. We ought to have the hearings.

Mr. KITCHIN. Yes. I will have it put in each man's box in the House Office Building immediately after it is printed.

## ADJOURNMENT UNTIL TUESDAY AT 11 O'CLOCK A. M.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock on Tuesday next.

The SPEAKER. The gentleman from North Carolina asks unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock a. m. next Tuesday. Is there objection?

Mr. GILLET. Does the gentleman intend to meet at 11 o'clock?

Mr. KITCHIN. We would like to finish general debate on this bond bill on Tuesday, and I think if we could meet at 11 o'clock we would be able to finish the general debate on that day.

Mr. FORDNEY. Let me say to the gentleman from North Carolina that I have had a large number of requests to speak in general debate. I wish the gentleman would not move to close general debate on Tuesday, but would let it run.

Mr. KITCHIN. There will not be any disposition on my part or on the part of any other gentleman to limit debate. If the gentleman wishes to debate further we will not close it except by general agreement.

Mr. FORDNEY. Let it run until we see how much time we will need.

Mr. KITCHIN. If we can close debate on Tuesday we will do it; otherwise not.

Mr. MOORE of Pennsylvania. Does the gentleman wish to make any announcement about the parade on Tuesday, for which an invitation was accepted by the House?

Mr. KITCHIN. We can tell better on Tuesday.

Mr. MOORE of Pennsylvania. I made the inquiry because that may enter into the question of the allotment of time for general debate.

Mr. KITCHIN. We will arrange that Tuesday morning.

Mr. MOORE of Pennsylvania. Then the gentleman does not intend to move that the general debate be closed as of Tuesday now?

Mr. KITCHIN. No. Every man will have sufficient opportunity.

Mr. GARRETT of Tennessee. Mr. Speaker, I wish to ask the gentleman from North Carolina about the parade. Are steps being taken for the House to go as a whole, or those who may choose to go? What is the program?

Mr. KITCHIN. I think the Doorkeeper, Mr. Sinnott, has made some arrangement, and we will adjourn in sufficient time for the Members to join in the parade.

Mr. FORDNEY. Let me ask the gentleman from North Carolina a question: Monday being a holiday, the gentlemen who wish to speak on this bill in general debate would have only until 11 o'clock on Tuesday morning in which to prepare their remarks. Would not the gentleman think it advisable to meet at 12 o'clock Tuesday?

Mr. KITCHIN. Oh, no. I will take up the time from 11 o'clock to 12, whether anybody is here or not.

Mr. FORDNEY. What is your object in beginning at 11 o'clock?

Mr. KITCHIN. So as to get through the general debate as early as possible. It may take us two days; and we will have to adjourn about 2 o'clock on Tuesday for the parade. You can save that hour.

Mr. FORDNEY. I will not object to that; but some gentlemen thought we ought not to meet until 12 o'clock.

Mr. KITCHIN. That will be all right.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina that the House meet at 11 o'clock Tuesday?

There was no objection.

#### ADJOURNMENT.

Mr. KITCHIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 15 minutes p. m.) the House, under its order, adjourned until Tuesday, September 4, 1917, at 11 o'clock a. m.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1. A letter from the Secretary of the Treasury, transmitting copy of a communication of the Secretary of War submitting estimates of appropriation required by the War Department for the service of the fiscal year 1918 (H. Doc. No. 355); to the Committee on Appropriations and ordered to be printed.

2. A letter from the Secretary of the Treasury, transmitting copy of a communication of the Secretary of War submitting estimates of appropriations required by the War Department during the fiscal year 1918 (H. Doc. No. 356); to the Committee on Appropriations and ordered to be printed.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. KITCHIN: A bill (H. R. 5901) to authorize an additional issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign governments, and for other purposes; to the Committee on Ways and Means.

By Mr. GRAHAM of Illinois: A bill (H. R. 5902) to provide for the registration and drafting into the military service of certain aliens resident or found in the United States, and for the deportation of a portion thereof; to the Committee on Military Affairs.

By Mr. PORTER: A bill (H. R. 5903) to extend to certain aliens the provisions of an act approved May 18, 1917, entitled "An act to authorize the President to increase temporarily the Military Establishment of the United States"; to the Committee on Military Affairs.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRODBECK: A bill (H. R. 5904) granting an increase of pension to Levi S. Flinchbaugh; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5905) granting an increase of pension to Esasis Loukluff; to the Committee on Invalid Pensions.

By Mr. DENTON: A bill (H. R. 5906) granting a pension to Martha J. Miller; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5907) granting an increase of pension to Millard I. Nettleton; to the Committee on Pensions.

By Mr. GRAY of New Jersey: A bill (H. R. 5908) granting a pension to Otto Henkel; to the Committee on Pensions.

By Mr. JOHNSON of Washington: A bill (H. R. 5909) granting a pension to Almeda Gillett; to the Committee on Invalid Pensions.

By Mr. MANN: A bill (H. R. 5910) for the relief of Lena R. McCauley; to the Committee on War Claims.

By Mr. MOON: A bill (H. R. 5911) granting a pension to Mary E. Martin; to the Committee on Invalid Pensions.

By Mr. RAKER: A bill (H. R. 5912) for the relief of Clara Elizabeth Huntington Hatzfeldt; to the Committee on Immigration and Naturalization.

Also, a bill (H. R. 5913) to authorize the Secretary of the Interior to issue a patent to the McCloud River Club for 40 acres of land in the Sacramento land district, California; to the Committee on Patents.

By Mr. WOOD of Indiana: A bill (H. R. 5914) granting a pension to Laura E. Cass; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5915) granting an increase of pension to Thomas Conley; to the Committee on Invalid Pensions.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By Mr. CARY: Petition of the Milwaukee Real Estate Association, Milwaukee, Wis., urging drastic measures to secure a more abundant transportation and supply of coal; to the Committee on Interstate and Foreign Commerce.

Also, petition of the American Protective Tariff League, New York, urging that all tax laws, beginning with the tariff act of 1913, be printed consecutively in one document and carefully indexed; to the Committee on Printing.

Also, petition of the Woman's Advisory Committee of the Milwaukee County Council of Defense, urging the passage of the bill providing for allowance, indemnity, and insurance for officers and enlisted men of the Army and Navy; to the Committee on Interstate and Foreign Commerce.

Also, petition of sundry citizens and corporations of Milwaukee, Wis., protesting against any increase in postal rates or special tax on publishers; to the Committee on Ways and Means.

Also, petition of the Milwaukee Real Estate Association, Milwaukee, Wis., protesting against any discrimination against the real estate business in the pending revenue bill; to the Committee on Ways and Means.

Also, petition of Edw. G. Jones, pharmacist, West Allis, Wis., favoring the elimination of tax on patent medicines from the revenue bill; to the Committee on Ways and Means.

Also, petition of the American Blacksmith Co., Buffalo, N. Y., protesting against special tax on publishers in the revenue bill; to the Committee on Ways and Means.

Also, petition of Henry Hell Chemical Co., of St. Louis, Mo., protesting against the retroactive feature of the war-revenue bill; to the Committee on Ways and Means.

By Mr. FULLER of Illinois: Petition of George Zacher, Peru, Ill., for conservation of public lands, etc.; to the Committee on the Public Lands.

Also, petition of the Litchfield Manufacturing Co., Waterloo, Iowa, concerning the proposed tax on excess profits; to the Committee on Ways and Means.

Also, petition of the J. N. Johnson Co., Mount Vernon, Ill., favoring the passage of House bill 5410; to the Committee on Military Affairs.

Also, petition of citizens of Newton County, Ind., favoring the passage of the Purple Cross bill, House bill 5410; to the Committee on Military Affairs.

By Mr. MOON: Papers to accompany bill granting pension to Mary E. Martin, House bill 5911; to the Committee on Invalid Pensions.

By Mr. STRONG: Resolutions of the Improved Order of Red Men, Punxsutawney, Summerville, Tidal, Brockwayville, Reynoldsville, Big Run, and Hellwood, Pa., favoring immediate action upon Senate joint resolution No. 84, authorizing the drafting of aliens, except alien enemies, into the military service of the United States; to the Committee on Military Affairs.

By Mr. WOOD of Indiana: Petition of citizens of White County, Ind., favoring the passage of the Purple Cross bill; to the Committee on Military Affairs.



## SENATE.

MONDAY, September 3, 1917.

(Legislative day of Wednesday, August 15, 1917.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

Mr. PENROSE. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Hale	Lodge	Robinson
Bankhead	Hollis	McCumber	Saulsbury
Brady	Husting	McKellar	Shafroth
Brandeggee	James	McNary	Sheppard
Chamberlain	Johnson, Cal.	Martin	Sherman
Colt	Johnson, S. Dak.	Myers	Simmmons
Culberson	Jones, N. Mex.	Nelson	Smith, Md.
Curtis	Kellogg	New	Smith, Mich.
Dillingham	Kendrick	Norris	Smoot
Fall	Kenyon	Overman	Steering
Fernald	Kling	Page	Stone
Fletcher	Kirby	Penrose	Thompson
France	Knox	Pittman	Trammell
Frelinghuysen	La Follette	Poindexter	Vardaman
Gerry	Lewis	Pomerene	Wadsworth
Gronna		Ransdell	Watson

Mr. STONE. I desire to state that my colleague [Mr. REED] is still unavoidably absent from the Senate. I have heard from him that he will return in the course of a few days.

Mr. SMITH of Michigan. My colleague [Mr. TOWNSEND] is unavoidably absent from the Senate because of illness in his family. I desire this announcement to stand for the day.

Mr. MYERS. My colleague [Mr. WALSH] is unavoidably absent. He is paired with the Senator from New Jersey [Mr. FRELINGHUYSEN]. I will let this announcement stand for the day.

Mr. HUSTING. I wish to announce the unavoidable absence of the senior Senator from Mississippi [Mr. WILLIAMS] on account of illness, and the unavoidable absence of the junior Senator from Kentucky [Mr. BECKHAM] on official business.

Mr. SHAFROTH. I desire to announce the unavoidable absence of my colleague [Mr. THOMAS] on account of illness. I will state that he is paired with the senior Senator from North Dakota [Mr. McCUMBER]. I will let this announcement stand for the day.

Mr. CURTIS. I desire to announce the unavoidable absence of the senior Senator from New Hampshire [Mr. GALLINGER]. I will let this announcement stand for the present.

I wish also to announce the absence of the Senator from West Virginia [Mr. SUTHERLAND] on account of illness in his family.

The PRESIDENT pro tempore. Sixty-four Senators have answered to their names. There is a quorum present.

## SELECTIVE-SERVICE PARADE.

Mr. MARTIN. Mr. President, on Tuesday at 4 o'clock, as all Senators know, a parade is to be had in this city in honor of the men about to go to the front. The Senate has been invited to participate in the parade. In order that it may have an opportunity to do so, I move that to-morrow at 3.30 p. m. the Senate take a recess until 11 o'clock the following morning, Wednesday.

Mr. SMITH of Michigan. What is the hour of the parade?

Mr. MARTIN. The parade commences at the Peace Monument at 4 o'clock p. m. on Tuesday. I have moved that the Senate take a recess at 3.30 p. m. to-morrow until 11 o'clock a. m. on Wednesday.

Mr. VARDAMAN. Mr. President, there may be grounds for legitimate and serious disputation as to the real facts and causes which led the United States to enter into this unfortunate world war.

We may differ as to the wisdom or prudence of our country, at this or any other time, forming entangling alliances with the Governments of Europe or the Governments of any foreign country; but there can be no difference of opinion regarding the duty of every patriotic American citizen, in public or private life, in the matter of paying the tribute of honor, love, and respect to the brave boys in khaki, whether they be volunteers or drafted men, who are to give their lives, if need be, in defense of the Nation's flag in a foreign land.

Such a tribute should come from the hearts of all Americans with that spontaneity with which the perfume is breathed from the "glowing breast" of the fragrant rose, or the pellucid stream gushes from the side of the rugged mountain. It

should in truth be as free and ample as the circumambient atmosphere which sustains the citizen's life.

In accepting this invitation to participate in this ceremony complimentary to those splendid young men we do not honor the soldier as much as we honor ourselves. Their cup of glory, God bless them, is full to overflowing. It is quite equal to the infinite sacrifice which they are called upon to make.

But by this simple tribute which we are permitted to pay to them we especially honor ourselves and serve posterity. We inculcate a lesson, establish a precedent, we erect a monument, as it were, in the minds of our children and their children's children which will stand, resisting the corroding hand of time, pointing to the higher and better way—an example that will be respected, followed, and emulated as long as heroism is a virtue and the love of home, fidelity to country, and reverence to God shall animate the human breast. The time that the Senate will consume from its arduous duties in taking part in this parade will be most profitably spent.

I trust, Mr. President, that the motion made by the Senator from Virginia [Mr. MARTIN] may be agreed to.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Virginia, that the Senate take a recess at 3.30 p. m. to-morrow until 11 o'clock the next morning.

The motion was unanimously agreed to.

## PETITIONS.

• Mr. WADSWORTH. I present a resolution adopted by the Senate of the State of New York, urging action by the Federal Government giving preferential treatment to the manufacturers of farming implements. I ask that the resolution be printed in the Record.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

Whereas the increased production of foodstuffs is vital and essential to the successful conduct of the war; and  
Whereas the prompt manufacture and timely distribution of farming implements is of utmost importance in facilitating and increasing production: Now, therefore, be it

Resolved (if the assembly concur), That the President of the United States, food administrator, Council of National Defense, the Federal Trade Commission, or other Federal authority having jurisdiction, be, and they are hereby, respectfully requested to make and promulgate such rules or take such measures as will—

First. Give preference to the manufacture and distribution of iron, steel, and other materials required for the manufacture of farming implements.

Second. Require the transportation companies to place farm implements and materials used in their construction in a preferred class so as to insure rapid transportation and speedy delivery.

Resolved, That the secretary of state be, and he hereby is, directed to transmit copies of this resolution to the President of the United States, Council of National Defense, Federal Trade Commission, and to the United States Senate and House of Representatives and to the several Members of such bodies representing this State therein.

Resolved, That the United States Senators and Representatives in Congress from this State be, and they are earnestly, requested to use their utmost efforts to accomplish the objects of this resolution.

By order of the senate:

ERNEST A. FAY, Clerk.

In assembly August 24, 1917, concurred in without amendment.

By order of the assembly:

FRED W. HAMMOND, Clerk.

Mr. WADSWORTH. I also present a resolution adopted by the Senate of the State of New York, urging action by the Federal Government for the mobilization of farm laborers, which I ask to have printed in the Record.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

Whereas the war has made it necessary to stimulate the production of foodstuffs in order to successfully feed our people and the nations now allied with us; and

Whereas the greatest necessity is felt for the increased supply of farm labor to help properly increase the output of foodstuffs; and

Whereas many of our immigrants and aliens have had valuable experience as tillers of the soil in their native countries; and

Whereas many of those declared exempt from the draft have had similar experience at home: Now therefore be it

Resolved (if the assembly concur), That the President of the United States, the Secretary of War, the Commissioner of Immigration, the Food Administrator, the Council of National Defense, the Federal Trade Commission, or other Federal authorities having jurisdiction, and they are hereby respectfully requested to make and promulgate such laws or take such measures as will—

First. Determine who among our immigrants and aliens and exempt conscripts are capable of performing farm labor.

Second. Mobilize such immigrants, aliens, and citizens or exempt conscripts and send them to the States and Territories where their services are required.

Third. That the proper provision be made for the salaries of such farm laborers.

Resolved, That the secretary of state be, and he hereby is, directed to transmit copies of this resolution to the President of the United States, Council of National Defense, Federal Trade Commission, the Commissioner of Immigration, and to the United States Senate and House of Representatives and to the several members of such bodies representing this State therein.



*Resolved*, That the United States Senators and Representatives in Congress from this State be and they are earnestly requested to use their utmost efforts to accomplish the objects of this resolution.

By order of the senate:

ERNEST A. FAY, Clerk.

In assembly, August 24, 1917, concurred in without amendment.

By order of the assembly:

[SEAL.]

FRED W. HAMMOND, Clerk.

Mr. KNOX presented petitions of sundry organizations, all in the State of Pennsylvania, praying for the enactment of legislation authorizing the drafting of aliens, except alien enemies, into the military service of the United States, which were ordered to lie on the table.

#### WAR REVENUE.

The Senate, as in Committee of the Whole, resumed consideration of the bill (H. R. 4280) to provide revenue to defray war expenses, and for other purposes.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE] to the amendment of the committee.

Mr. LA FOLLETTE. Mr. President, just before the Senate took a recess Saturday evening I referred to some figures which I had requested the Treasury expert, who has been advising the committee, to furnish showing the effect on the amount of war-profits tax which would be paid by a few corporations, I think 20 in number, selected at random hastily by me, under the bill as reported by the committee, and also under the new amendment reported from the committee. As I said, the corporations had been selected hastily and entirely without reference to any effect that might result from the computations made. I have now received the figures from the Treasury expert, but I have not had an opportunity to confer with him concerning them.

I have taken as correct a table presented by the chairman of the Finance Committee in his speech in support of the Senate committee bill, which table is found in the CONGRESSIONAL RECORD, page 5969. I was led to make reference to that table because on examining the figures handed to me by the expert I noticed a very marked discrepancy between the estimate of the expert as to the amount of taxes which the United States Steel Co. would pay under the bill as first reported, as compared with the amount of war-profits tax which that same corporation would pay under the table commended by the chairman of the Finance Committee and used by him in his speech printed in the RECORD August 15, and also exactly the same discrepancy between the figures of the expert as to the amount of money which would be collected as war-profits tax from the United States Steel Co. under the bill as reported by the committee as compared with the figures printed in the minority report showing the amount of money which that corporation would pay under the bill as reported.

The figures presented by the chairman of the committee in his speech of August 11 and printed in the RECORD are found in the table on page 5969 of the RECORD of that date and give the amount of money which the United States Steel Co. would pay as a war-profits tax at \$76,726,471. If Senators are interested in this matter and will turn to the CONGRESSIONAL RECORD, page 5969, and to the table printed on that page, and to the first item in that table, they will then have under their eyes the corporation to which I am calling attention and the amount of tax as a war-profits tax it will pay according to the table, which the chairman of the committee commended as a safe one for Senators to follow as to the amount of war-profits tax which the Senate committee bill would collect.

Mr. SIMMONS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield to the Senator from North Carolina?

Mr. LA FOLLETTE. I yield.

Mr. SIMMONS. I think if the Senator will examine my observation preliminary to presenting that table he will find I made the statement that the data was furnished by a certain great financial institution in the city of New York, with the request that the Treasury experts would look into it and, taking the data as correct, would fill in the amount that each of these companies would have to pay under the Senate committee bill and under the House bill.

Mr. LA FOLLETTE. Yes.

Mr. SIMMONS. If the Senator will pardon me a minute, the data upon which the Treasury experts made their estimate were the figures furnished by this great financial institution of New York.

Mr. LA FOLLETTE. Yes, Mr. President; I have that before me and intended to read the exact language of the Senator to the Senate, because it becomes pretty important for the Senators to determine before they adopt the committee amendment, which presumably is to greatly increase the tax upon war profits, to be assured that they are making no mistake.

I pause to quote exactly what the Senator said at that time. On page 5968, at the bottom of the second column, the Senator said in his speech delivered and printed on August 11, and very carefully revised to correct errors before it was printed, and I think I may say that as to the figures it passed under the eye of the very expert who has furnished me these figures—

Mr. BRADY. On what page of the RECORD?

Mr. LA FOLLETTE. On page 5968.

The table—

Says the chairman of the committee—

to which I call attention is one that does not come from an expert of the department—

That is true—

The data upon which it is based come from a source supposed to have knowledge of the affairs of the corporations with which it deals. The rates given in the table have been worked out or tested by official experts and they can be relied on.

Mr. President, the amount of taxes which corporations would be expected to pay under the original Senate bill is shown in the last column of the table on page 5969, to which the Senator from North Carolina referred and assured Senators that the rates in the table had been worked out or tested by official experts and could be relied upon. According to those rates, the amount of taxes which the United States Steel Corporation would pay under the bill as reported from the committee the last time was \$76,726,441.

Mr. President, as a minority member of the committee I have engaged a bureau which devotes itself to work of this kind and takes employment from the railroads, from individuals, from officials, from whomsoever desires to engage it, in working out data on correct bases for the use of those who employ that bureau. It has its offices in the Southern Building and employs some 30 or 40 accountants and experts to do this work. I think it is regularly employed by railroads and by shippers whenever they have matters to present to the Interstate Commerce Commission. I think there can be no discount or dispute as to the high character of this bureau, from the extensive business which it does, and from the men who are at the head of it. Mr. Lauck, who heads the bureau, was formerly connected with the Federal Government in some statistical or economic work. That bureau worked out the tables which are found as a part of the minority report which has been submitted to the Senate, and the figures worked out by that bureau are identical to a dollar with the figures printed in the table presented by the chairman of the Committee on Finance and supported by him when he used that table with the assurance that the rates in the table had been worked out or tested by official experts and could be relied upon.

The rates in the minority report as to what the United States Steel Co. would pay under the bill as reported are given at \$76,726,000, in round numbers, the same as in the table used and referred to, as I have stated, by the chairman in making his speech, although in the minority report the computation has been made by a different set of experts. The fact that they agree to, I think, within one dollar as to what the United States Steel Co. would have to pay under the bill as reported is pretty good evidence of the correctness of the computation by whomsoever made.

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER (Mr. KING in the chair). Does the Senator from Wisconsin yield to the Senator from North Carolina?

Mr. LA FOLLETTE. I do; certainly.

Mr. SIMMONS. Mr. President, in the table I presented I took the statement of net earnings of the Steel Corporation made by the financial institution which furnished the table, and made my calculations based upon that. The Senator from Wisconsin in his minority report did the same thing, and reached exactly the same result as to the amount that they would pay. Now, the Senator claims that there is a discrepancy between the amount that they would pay as stated there and the amount that the expert who has been making some figures for him shows they would pay now under the present bill. I wish to state to the Senator that the difference grows out of the fact that there is a provision in the bill which was not taken into account in making that calculation, which relates to the increase of capital. The Senator will remember that provision as to the increase or the decrease of capital.

Mr. LA FOLLETTE. I do remember it, and what have you to say about it?

Mr. SIMMONS. I have this to say about it: That the expert in making this statement has allowed for the increase in the capital.

Mr. LA FOLLETTE. I will say to the Senator from North Carolina that he makes a mistake about that. There has been



no increase of capital in the United States Steel Co. during those years.

Mr. SIMMONS. If the Senator will permit me to finish my statement—on the amount—

Mr. LA FOLLETTE. I will. I beg the Senator's pardon. I thought he had finished.

Mr. SIMMONS. I do not know whether there was an increase or not. I have not investigated it.

Mr. LA FOLLETTE. Well, I have.

Mr. SIMMONS. But the expert advises me that there was an increase, and that, allowing for that increase, they would be entitled to a larger deduction than was given in making the estimate.

Mr. LA FOLLETTE. The expert is mistaken. There was not any increase.

Mr. SIMMONS. Mr. President, the expert advises me that the increase was in the surplus.

Mr. LA FOLLETTE. Ah!

Mr. SIMMONS. He advises me there was an increase in the surplus; and if a surplus is put into the business, under this bill that would be an increase of capital for the purpose of making the calculation.

Mr. LA FOLLETTE. Yes, Mr. President; so it would. Under the bill as originally reported by the committee surplus was not to be taken as a part of the capital; but under the amendment which has been reported by the committee, distinctly and in terms, surplus is made a part of the capital, to the advantage of a great many corporations; to the advantage of all of them, in fact.

Mr. President, the United States Steel Co. did not change its capitalization in 1911, 1912, and 1913; even up to 1916, as you will find if you investigate the facts; the capital of the United States Steel Co., preferred stock and common stock, remained the same. I printed in the tables prepared by the bureau to which I have referred in the address which I made to the Senate on Saturday exactly the amount of the common stock and the preferred stock, which make up the capitalization under the bill as reported from the committee. Under the rules accepted everywhere that makes up capitalization. That did not vary during those years; and yet, Mr. President, it is disclosed by what the chairman of the Committee on Finance says that that is exactly what the expert did; that under this new provision sprung on the Senate, allowing surplus or by its terms compelling surplus, wrung out of the people by these great corporations having the power—the monopoly power, because they control a majority of production—to take what they please in prices, these great surpluses now are to be made a part of the capital by the terms of the amendment defining capital which was presented by the committee on the 29th day of August.

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from North Carolina?

Mr. LA FOLLETTE. Pardon me; but the bill as reported from the committee contains no provision authorizing surpluses to be counted as a part of the capital. It did contain a provision which required, if there were changes made in the capital of the corporations in the years 1911, 1912, and 1913 or 1916, that the changes be taken into account in determining the amount of war-profits tax which the corporations should be compelled to pay; but it did not contain the provision which you will find in the amendment defining capital, which makes the surplus under the amendment as presented a part of the capital of the corporation.

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from North Carolina?

Mr. LA FOLLETTE. I will yield in just a moment. That, Mr. President, entirely changes the basis of the computation, and entirely changes the result as to what a corporation will have to pay under the war-profits tax.

Mr. President, what I am trying to impress upon Senators is this: That in order to ascertain the amount that would be paid by a corporation as a war-profits tax under the bill as reported you are to take into account nothing excepting that which in the bill is specified as necessary to compute the amount that would be paid by a corporation under those circumstances; that is, you are to deduct from the war profits which the corporation makes during the taxable year—and we have all of us taken what the corporation makes in 1916 as a guide—you are to take from what the corporation makes in the taxable year as a net profit the average of what it made during the three prewar years designated in the bill, and the amount that is left constitutes the war profits upon which to compute, upon the graduated system in the bill, what the total amount of war-profits tax will be to be paid by the corporation.

Mr. SIMMONS. Mr. President—

Mr. LA FOLLETTE. I will yield to the Senator very soon, if he will allow me to conclude this thought, if he pleases.

If the capital was changed—and I am speaking now of the bill as reported—during the prewar period or in 1916, you have to take account of that in making your computation. Under the amendment reported there is a definition of capital prescribed which was not previously in the bill. Why? Because they propose to allow an exemption of from 6 to 10 per cent to corporations, and the moment that you attempt to figure out an exemption based upon a percentage of profits or earnings you have got to determine what the capital is as a base figure upon which to operate with your percentage, whatever it may be. Therefore it became necessary in the amendment reported by the majority to fix upon some definition of capital. I stated on Saturday—and very few of the Senators now present were then here—that the committee had striven for 8, 9, or 10 weeks to avoid doing that thing, because they realized that no living man outside of the corporations themselves knows what is the invested capital of any corporation. The corporations know; but no one else knows. There is a wide difference in every case between the invested capital of a corporation and the book value of the corporation, taking into account all of the stock that has been issued, whether it has been paid for in money, paid for in fictitious valuation upon good will, in fictitious valuation upon trade-marks, in fictitious valuation upon patents, or whether it has been issued, as has been the case in hundreds and thousands of corporations in this country, just as a naked gratuity. The great body of the railroads of this country were built out of money raised on bonds, and the stock issued was pure water. That is known to every student of that problem.

Now, Mr. President, the committee, seeking to do justice in this matter, endeavoring to report a bill here that would be productive of results that could be relied upon, said, "We must leave out this question of capitalization; that is one of the weaknesses of the House bill; it is a fundamental weakness; it is a weakness that we can not afford to permit to get into this bill, because the moment we say we will take a certain per cent of the profits, whether it be the gross profits or the net profits of the company's business, that moment we have to accept what the company says is its invested capital; there is no other way." It is true that when the committee reported this amendment, on that very day I questioned the Senator from North Carolina about it, and he said, "Well, in order to avoid the difficulty which confronted the House we have incorporated a provision here under which the Secretary of the Treasury may in any case where he is not satisfied with the amount reported as invested capital make an investigation, and then it is provided what he may do"; but, Mr. President, any man who has studied the question of ascertaining the value of the corporate property in any line of business knows perfectly well that it is an investigation upon which the Secretary of the Treasury can not enter within the year within which this tax must be collected. To put that responsibility on him was tantamount to saying, "We will accept whatever the corporations say their capitalization is as shown by their book value." Why, we have had thousands of men at work under the direction of the Interstate Commerce Commission to ascertain the value of the railroad property of the country as a correct basis, or one of the elements of a correct basis, for rate making. They have been engaged upon that work for five years, and have only ascertained in a tentative way the value of two railroads.

They have made progress in the investigation of the value of other railroads, but it is a great undertaking, a tremendous undertaking. We went through it in the State of Wisconsin, and I know by experience something of it in that State. The railroads came in and submitted all of the facts they had according to their books, and that shortened up the work considerably; they submitted their maps, their profiles, and everything connected with the business, and that aided materially in advancing the work of the valuation of the railroads; but that was only for one State, Mr. President. It is a tremendous undertaking. When you say that as a solution of this problem of ascertaining the invested capital of corporations you have left it to the Secretary of the Treasury, so that whenever he believes that they report too much capitalization, a capitalization that is fictitious and that would save them from paying some of their taxes, he can have recourse to an investigation to determine the matter, that is simply speaking the word of promise to the ear only to break it to the hope.

Mr. President, it is not possible for the Secretary of the Treasury to do any such thing as to determine the invested capital of these corporations. The merest novice knows that. I do not mean to reflect upon the good intentions of anybody; but I say that when that provision as put in here as a solution of the



method adopted by the House, and which was denounced in the report of the committee as being unworkable, which was denounced in the speech of the Senator from North Carolina, the chairman of the Finance Committee, as being an unworkable proposition to ascertain the true invested capital upon which to figure any per cent—I say, Mr. President, when that is presented here as a solution for the method presented in the House bill—to say that thereby any sort of relief has been offered, any sort of escape from all the difficulties which the House plan presented, is to offer husks, Dead Sea fruit, to the Senate.

Why, Mr. President, the Secretary of the Treasury has a very limited force for carrying out the income-tax law and the corporation-tax law. So small a force has he that the statistical department of that bureau is recognized by all statisticians throughout the country as being but a makeshift. It has not been the fault of the Secretary. It is not the fault of the Commissioner of Internal Revenue. He has begged of Congress additions to his force which would give him an efficient bureau of statistics, which would enable him to administer this law and to have collected in taxes on incomes and in fines many times more than such a bureau would have cost. All that has been laid before the appropriations committees of Congress and has been denied. Nobody can say why, excepting, if you speak charitably about it, that the committees were actuated by a spirit of false economy.

Mr. SIMMONS. Mr. President, I fear the Senator has forgotten that I desired to interrupt him.

Mr. LA FOLLETTE. No; I have not forgotten. I am coming back to that subject presently. I am making a bit of digression, if the Senator will pardon me; but I do want to get impressed upon the Senate before I return to this table, with reference to the amendment that has been offered here by the committee which it is estimated will produce a large amount of additional revenue, that if there is anything in the figuring of the expert, going through all of the corporations of the country in order to produce the total amount of revenue which can be derived under the proposed amendment, that is, like it is in the single instance of the United States Steel Corporation, then, Mr. President, the figures of \$498,000,000 additional revenue to be expected under this proposed amendment will prove, I fear, very misleading to the Senate and to the country.

I say, Mr. President, that everything that the chairman in his report said in denunciation of the plan of the House applies equally well to the method which he now proposes to apply as a basis for taxing war profits in the amendment which is proposed from the committee. He must resort to the same system of taking, as the invested capital, that which is reported by the corporations, which he criticized in the House plan; and his recourse to an investigation by the Secretary of the Treasury to determine when a given corporation is misstating its invested capital is the application of a rule that will be found impossible of being implied at all.

Mr. President, it may be remembered that there is in another portion of the bill a provision that the Secretary of the Treasury shall determine whether the money which is accumulated in the surplus of a corporation is more than is reasonably necessary for the business of the corporation, and then it is said that the Secretary of the Treasury shall determine that matter. Nobody could present to the Senate more clearly than did the Senator from New Mexico [Mr. JONES], in speaking on his amendment dealing with that part of the bill, the impossibility of the Secretary of the Treasury working out that problem. He would have to have as intricate and as expert a knowledge of every class of business in this country as the corporations themselves have in order to limit the amount of money which they would have in surplus to that which they reasonably might be required to have there; and if he were to undertake the investigation of the invested capital of corporations he would have upon his hands a problem tenfold more complicated than that with regard to the surplus, if possible.

So, Mr. President, I say, coming back to the particular matter that I was discussing—that is, the figures presented with regard to the United States Steel Corporation—there was no change in its capital stock, there was no change in any item of business conducted by that corporation which by the terms of the bill as reported to the Senate anybody had a right to take into account in figuring the amount of war-profits tax which it would pay. As to that corporation, at least, absolutely nothing can be suggested which would alter the figures presented by the chairman of the committee in his table at seventy-six million and some hundreds of thousands of dollars, and referred to by him a little bit later in his speech in the following language, which appears on page 6632 of the CONGRESSIONAL RECORD:

As shown in the above table, the profits of the United States Steel Corporation in 1911 were over \$55,000,000; in 1912, over \$54,000,000; in 1913, over \$81,000,000; in 1916, about \$272,000,000. The tax of

this corporation under the Senate bill would be \$76,726,471; under the House bill, \$21,885,000.

Mr. President, every figure in that speech, between the time it was delivered and the time it was published in the RECORD, passed under the eye of Mr. McCoy; and yet Mr. McCoy, the expert from whom I received these figures, instead of reporting the amount which would be realized under the Senate bill as presented to the Senate before this amendment was introduced as \$76,726,471, states that it would be \$59,904,009.

Mr. JOHNSON of California. Mr. President—

The PRESIDING OFFICER (Mr. WADSWORTH in the chair). Does the Senator from Wisconsin yield to the Senator from California?

Mr. LA FOLLETTE. I do.

Mr. JOHNSON of California. Do I follow the Senator in saying that that is what he states under the original bill presented by the committee.

Mr. LA FOLLETTE. He states, in the tables which he has presented to me under the request which I made a few days ago, that the amount that would be paid under the bill as reported would be \$59,904,009.

Mr. JOHNSON of California. That is, the \$59,000,000 represents the same sum, under the same computation, that the \$76,000,000 originally was reported to us to represent?

Mr. LA FOLLETTE. Exactly; because, Mr. President, as I contend, taking into account every provision in the bill as reported which should be taken into account in ascertaining the war profits that any corporation would pay, it would figure out for the United States Steel Corporation \$76,726,471; but when, after this amendment is introduced, I on the floor call for a statement with reference to the United States Steel Corporation as to what it would pay under the bill as reported and what it would pay under the amendment last reported, I get from the expert the statement that it would pay, under the bill as reported, \$59,904,009 instead of \$76,726,471, and I get a statement that it would pay under the amendment reported \$59,904,009—exactly the same amount that it would pay under the bill as reported. That is, the figures of the expert show that the amendment proposed by the committee does not change by one dollar the amount that the United States Steel Corporation would pay.

Mr. President, taking the amount that the United States Steel Corporation would pay, as stated in the table presented by the chairman of the committee when he made his opening address, as \$76,726,471, and as ascertained by the bureau to which I have referred exactly the same figures, and comparing that with what it would pay under this amendment, I find that it would save to the corporation \$16,822,362.

Mr. BRADY. For the Steel Corporation?

Mr. LA FOLLETTE. For the United States Steel Corporation.

Mr. JONES of Washington. Mr. President—

Mr. LA FOLLETTE. It is not for me to say, Mr. President, whether or not the figures in the table presented by the Senator from North Carolina when he opened the debate on this bill are correct. It is not for me to say whether the second reference to those figures as presented in his speech delivered in this body on the 11th day of August, and very carefully revised and finally printed on the 15th of August, giving exactly the same figures, is correct or incorrect; but it stands there, and it is for the Senate to take it into consideration.

You are face to face with a very important provision of the bill—What are you going to tax war profits? Are you going to tax war profits justly? Are you going to take out of these enormous gains, coined from the blood of the youth of this country by great corporations engaged in business, a sufficient amount of their war profits to relieve the people of the country from a tax upon freight rates, upon passenger rates, and various other forms of consumption taxes, such as \$82,000,000 of additional taxes on sugar, tea, and coffee? Are you going to raise a sufficient amount of total taxes from war profits and surplus incomes to properly balance bond issues? Why, sir, in these dire times we take the young boys, we take the heads of families, we take all that the people have, but you are unwilling to take the war profits of these great corporations. It is not proposed to take their enormous profits made in peace times, you leave their capital untouched, and if my amendment is adopted you would take out of their war profits only some 70 per cent, leaving them 30 per cent of blood profits to be added to the normal profits which they were getting before the war began.

Mr. SIMMONS. Mr. President—

Mr. LA FOLLETTE. I beg the Senator's pardon; I yield.

Mr. SIMMONS. I am not going, by way of interruption of the Senator's speech, of course, to undertake to answer his argument. That would not be proper.



Mr. LA FOLLETTE. I could hardly be expected to yield for that. The Senator will have the opportunity to follow me.

Mr. SIMMONS. No; I do not interrupt the Senator for that purpose, Mr. President, but simply for the purpose of correcting a statement of fact which lies at the bottom of his whole argument.

The Senator has alleged, and his speech is based upon that statement, that by reason of this definition of tax the changes which followed the definition made it necessary that we have now permitted a deduction which takes into consideration the surplus and the unearned profits, while the Senator claims that under the original bill we did not allow any deduction on account of surplus and on account of unearned profits, but that we only allowed a deduction on capital.

Mr. LA FOLLETTE. The Senator is mistaken in this as to his statement. Now it is proposed to add the surplus to the capital.

Mr. SIMMONS. Yes; that is the charge the Senator has made, that it is proposed to add the surplus to the capital, but in the original bill we did not add for the purpose of ascertaining the deduction surplus to capital. Now, if the Senator will permit me, I will read from the bill and show him conclusively that there never has been a time from the time the first report of the committee was made up to the present when there was not a provision in the bill that permitted the surplus and the unearned profits to constitute a part of the capital for the purpose of deduction. In that respect there is not a particle of change in the bill. Of course, it is now admitted that that is permitted. The Senator has lost sight of the fact that in our original proposition, in which we permitted an exemption to the extent of the earnings before the war, we added a provision that provided for a difference in the case of an increase or a decrease of capital since the prewar period.

Mr. LA FOLLETTE. That is true as to the increase or decrease of capital.

Mr. SIMMONS. Now, here is the language.

Mr. LA FOLLETTE. That is true. I have it in mind.

Mr. SIMMONS. Here is the language. Here is the original bill.

Mr. LA FOLLETTE. I understand.

Mr. SIMMONS. It has never been changed.

Mr. LA FOLLETTE. That is what I contend.

Mr. SIMMONS. As originally reported.

Mr. LA FOLLETTE. That is what I contend.

Mr. SIMMONS (reading)—

If the average capital employed in the trade or business during the taxable year is greater or less than the average capital or proportion thereof so employed during the prewar period.

Then a provision making allowance.

It is the capital employed in the business, but has nothing to do with capital stock. It does not make any difference what is the character of the capital, if it is capital employed in the business; and yet the Senator stands here and attempts to hoodwink the Senate by making them believe that—

Mr. LA FOLLETTE. Mr. President—

Mr. SIMMONS. That surplus and undivided profits were not used in that business, but the capital employed in the business during the prewar period.

Mr. LA FOLLETTE. Mr. President, when I address the Chair and have the floor I will say to the Senator from North Carolina that I will not yield to any man who will impugn my motives.

Mr. SIMMONS. I did not.

Mr. LA FOLLETTE. You did. You stated that I stand here and attempt to hoodwink the Senate. Mr. President, I say to the Senator that there was in the United States Steel Co. no change in its capitalization, and that when he employed the table which he employed, computed upon the bill as it was then drawn and as it was reported out of the committee by experts, he says connected with the business—

Mr. SIMMONS. Mr. President—

Mr. LA FOLLETTE. I decline to yield to you, sir.

Mr. SIMMONS. If the Senator declines to yield when he is making a misstatement—

Mr. LA FOLLETTE. I decline to yield to any man who stood on this floor imputing to me a desire to hoodwink the Senate.

The PRESIDING OFFICER (Mr. King in the chair). The Senator from Wisconsin declines to yield.

Mr. SIMMONS. I repeat what I said, whether the Senator was doing it or not he was attempting to do it and doing the best he could.

The PRESIDING OFFICER. The Senator from North Carolina is out of order and must resume his seat. The Senator from Wisconsin has the floor.

Mr. LA FOLLETTE. Mr. President, there is no protection for a man here against one who will violate the rules unless he will descend to the same level. I will not characterize it because that will be descending to his level. I say if he shall use abusive terms, one who is engaged in the business should be denied, as I think he ought to be, from the use of the floor. If we are going to keep the basis of discussion upon the floor of this great legislative body on a level of decency, then Senators who engage in it ought to employ terms that are at least decently courteous. As I understand it our rules require that, and it is a distinct violation of our rules to impute any improper motive to any Senator upon this floor. I have been careful in anything that I have said to acquit the majority members of the committee from any desire to mislead or hoodwink or befool the Senate, and, Mr. President, I claim for myself no more than I accord to others upon this floor.

Now, sir, let me say that whoever figured out the table that the chairman of the Committee on Finance so highly commended to this body on the 11th day of August was evidently a pretty good business man. The Senator does not disclose who it was. He used the table here and commended it highly, but he does not say in his speech by whom that work was done. Let us see just what it was:

The table to which I call attention is one that does not come from an expert of the department. The data upon which it is based comes from a source supposed to have knowledge of the affairs of the corporations with which it deals. The rates given in the table have been worked out or tested by official experts, and they can be relied on.

Mark you, Mr. President, they had that bill before them just as it was reported to the Senate, just as I had, just as the bureau that I employed had the bill before it, and they worked it out and figured out that the United States Steel Co. would pay out \$76,000,000 and over. The bureau I employed worked it out at \$76,000,000 and over. We had the provision that the Senator just read here. He has not shed any new light upon this point. Everybody knew that those provisions were in the bill. The business men who worked out that table knew those provisions were in the bill and they took account of them just as the expert bureau I employed took account of them. They were weighed duly, and when taken into account they gave the amount the United States Steel Co. would pay under the bill as reported at seventy-six million and some hundred thousand dollars, and the figures in this table agree exactly with the figures of the bureau that I employed.

Then comes this amendment proposed by the committee, and the Senate is led to believe that by making this change and going back to the system employed by the House, which was condemned by the Senator from North Carolina and the committee, that it will get more money out of these corporations; that it will get \$428,000,000 more money out of them; and that just by adding another bracket, raising the war-profits tax on the last amount 60 per cent, you will get \$70,000,000 more, making in all \$498,000,000. That is what you were led to believe the proposed changes in the bill as reported would make.

The Senator would have you believe that the bill as reported allowed surplus to be included as capital. If that be so, why did the business men omit it in the computation they made of what the United States Steel Co. would pay? Why did the bureau which I employed omit it in the computation of what the United States Steel Co. would pay under the bill as reported? If surplus was to be included just as now, why should not the figures have been \$59,000,000, as now found by the Treasury expert by including surplus, instead of \$76,000,000 that the United States Steel Corporation would have to pay under the bill as reported?

Mr. President, it is not the same. It is changed, and the fact that it is changed is going to change the amount which is collected from corporations on war profits. Now, if when the expert was called upon to state how much 20 corporations would pay under the bill as reported and how much they would pay under the proposed amendment, it would have been very poor recommendation for the amendment if it had turned out from the computation that these corporations would pay very much less under the amendment reported than they would have paid under the bill as originally proposed. So, Mr. President, his figures do not show that fact; but in order to make a showing of a greater amount collected under the amendment proposed than under the bill as reported, as to these identical corporations he finds a very different sum that would have been paid under the bill as reported, in every instance, than the amount in the table presented by the chairman and highly commended by him in his speech to the Senate, and in the amount which those employed by me to figure out this thing also found, for the amounts which they found are in substantial agreement.



Of course they vary somewhat, because these corporations make reports at different times in the year, and you may find a slight variation in all the computations involving a large number of figures, a dollar or so or something like that, sometimes probably more than that; but there is substantial agreement in the table as worked out in the minority report and in the table as worked out in the majority report—I mean as presented by the Senator from North Carolina. Out of the 48 cases which he presented 32 of them are in substantial agreement. There is a variation as to the remaining number.

Mr. JONES of Washington. Before the Senator goes into those figures generally, I should like to understand exactly the result with reference to the Steel Corporation, because that would help me understand the whole proposition. I was somewhat confused by the answer given to the question of the Senator from California. It was different from the impression I had gotten before he asked that question. Under the table submitted by the chairman of the committee the war profits of the United States Steel Corporation in 1916 were something over \$270,000,000, and in that table it is stated that under the terms of the Senate committee bill as reported and pending when the statement was submitted there would be taken out of that \$207,000,000 a little over \$76,000,000. I understand that, according to the expert whom the Senator employed, that would be the amount taken out.

Mr. LA FOLLETTE. Exactly. I think there was only \$1 difference.

Mr. JONES of Washington. Substantially that amount would be taken out as the tax under the bill. I understood the Senator to say a moment ago that, according to the expert Mr. McCoy, under the bill as originally reported and as pending when this statement was made, there would only be a little over \$59,000,000 taken.

Mr. LA FOLLETTE. That is true; \$59,904,000 under the bill as reported.

Mr. JONES of Washington. And he also stated that under the bill as amended finally by the committee and the amendment which is now pending there would also be taken just the same amount, \$59,000,000.

Mr. LA FOLLETTE. Exactly the same. I think I will show it.

Mr. JONES of Washington. Under the circumstances, in the bill as reported and pending when this table was submitted the highest bracket called for 50 per cent, I understand.

Mr. LA FOLLETTE. Yes.

Mr. JONES of Washington. It has been stated here that we will take more from the Steel Corporation. I do not know whether it has been stated publicly, but it has been stated in the cloakrooms, and so on, that we have raised it to 60 per cent; we are not going to let the Steel Co. escape; that the Senate committee raised the rate to 60 per cent so as to get that company. Yet, as I understand it now, under that bracket of 60 per cent, according to the expert, Mr. McCoy, they will only pay a little over \$59,000,000.

Mr. LA FOLLETTE. Exactly the same amount as when the highest bracket was 50 per cent.

Mr. JONES of Washington. That is what I wanted to bring out.

Mr. JOHNSON of California. Will the Senator pardon a question? Seventeen million dollars less is taken under the amendment and under the last bracket of the bill than you took under the original bill from the Steel Corporation according to the figures that have been given us.

Mr. LA FOLLETTE. That is absolutely true, I will say to the Senator from California, according to the figures that were given in the table presented by the chairman of the committee and repeated in his speech when he said that the amount which the United States Steel Corporation would pay under the Senate committee bill—that is, the tax of this corporation—would be \$76,726,471. Under the proposed amendment the expert employed by the Senator from North Carolina, and who has been sitting by his side while I have been speaking, reports that the amount with the increased bracket of 60 per cent will only give \$59,904,000 under the new proposed amendment.

Mr. JOHNSON of California. If the Senator will pardon me, I asked the question because I have had no access to any figures at all and I have the utmost desire to get the record straight. I have no experts and no figures available. I should like to ask the Senator from Wisconsin when he obtained the figures of the expert he has just now referred to?

Mr. LA FOLLETTE. I obtained them Saturday night—the night before last.

Mr. SIMMONS. May I interrupt the Senator from California?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to permit the Senator from North Carolina to ask the Senator from California a question?

Mr. LA FOLLETTE. I will yield to a question addressed to the Senator from California by the Senator from North Carolina.

Mr. SIMMONS. It is true that taking the returns of the Steel Corporation for 1916, \$271,000,000, the increase we made from 50 to 60 per cent for that year would make no difference, and for the very plain reason that in 1916 the profits of the Steel Corporation did not exceed the 50 per cent rate in the original bill. Now we have increased it to 60 per cent. It is estimated, based upon the returns of the two quarters of this year, that the Steel Co. this year will make a net profit after deductions of about \$490,000,000. That will be subject to this tax instead of \$271,000,000. Having raised its percentage of profit up to the 60 per cent rate, it will be caught by the 60 per cent rate this year, when it would not have been caught last year because the profit did not exceed the 50 per cent rate of the bill.

Mr. JOHNSON of California. That is, on the estimate for this year, but on the actual figures of last year, the amount that would be received, is the statement unchallenged that it would be \$59,000,000 under the amendment?

Mr. SIMMONS. No; based upon the rate of last year, upon the average earnings of the year.

Mr. JOHNSON of California. I say, based upon 1916 earnings that are now definitely and definitely ascertained, would the amount of tax under the amendment of the committee be \$59,000,000? Is that statement unchallenged?

Mr. SIMMONS. I think \$59,000,000 or about \$60,000,000 is approximately correct. I wish to state to the Senator that I have stated to the Senate that the estimates contained in that table were based upon the figures as given, as I said, by a financial house. I gave the name of that house when I was speaking; but a Senator asked me to withdraw it, and I did so in deference to his views. I took their figures; the expert took their figures. He was not making a calculation, except as he was requested to make it, which was to show how much that corporation would pay upon the date given.

Mr. JOHNSON of California. I beg the Senator not to think that I am questioning the accuracy of his statement.

Mr. SIMMONS. I hope the Senator will pardon me just one word, if the Senator from Wisconsin will allow me. If the expert had applied to those figures the bill as it was written at that time, it would have amounted to \$60,000,000, just as it amounts to \$60,000,000 if applied to the bill as it is written now.

Mr. JOHNSON of California. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from California?

Mr. LA FOLLETTE. I yield.

Mr. JOHNSON of California. As I understand, so that it may be clear, the statement is unchallenged that under the amendment, based upon the definitive figures of 1916, the Steel Corporation will pay \$59,000,000 of taxes, in round numbers, and that under the original bill presented the computation that has been stated here is erroneous and that the Steel Corporation upon the definitive sum determined in 1916 of its income would pay just the like tax.

Mr. SIMMONS. The statement is that the estimates were made, based upon the statement of this financial house, that it had net profits subject to this tax—

Mr. JOHNSON of California. I am not questioning the estimates or the fact that they were made in the best of faith. I want the facts; that is all.

Mr. SIMMONS. Let me state to the Senator that if the provision of the bill allowing for an increase or decrease of capital, which was in the bill from the beginning and has been kept in the bill, had been applied to these figures which came from the financial house to which I have referred, it would have reduced their taxes, in round numbers, to sixty millions instead of seventy-five million dollars.

Mr. JOHNSON of California. Very well.

Mr. SIMMONS. Now, if you apply the rates in the bill to-day to those figures it will produce exactly \$60,000,000—the same—because the returns of the amount of profits in 1916 were not caught by the increase from 50 to 60 per cent, but the profits this year, nearly double what they were that year, will be caught by the 10 per cent increase.

Mr. JOHNSON of California. If the Senator from Wisconsin will pardon me, I desire to say that I wanted to be perfectly certain of the fact that the \$76,000,000 reported to us should be \$59,000,000 or \$60,000,000, as the case may be—I speak in round numbers—and that that sum thus reported at \$76,000,000 is an error, and the same sum as under the 60 per cent bracket, based upon the 1916 earnings, would be the tax of the Steel Corporation.

Mr. SIMMONS. No, Mr. President, if the Senator will pardon me, under the 50 per cent bracket.



Mr. LA FOLLETTE. Mr. President, I do not think the Senator from California should understand any such thing. I believe that the amount of \$76,000,000 that would be collected from the United States Steel Corporation, provided the bill passed as reported, is accurate as stated in the table, or is substantially so; and that if the bill passes in the form in which it is now proposed to be amended by the committee, the United States Steel Corporation will save \$16,822,362.

Mr. JOHNSON of California. I am not questioning the accuracy of the statement of the Senator from Wisconsin any more than I was questioning the accuracy of the statement of the Senator from North Carolina; but I was trying to accentuate the position taken, as I understood it, by the Senator from North Carolina in respect to these figures.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Nebraska?

Mr. LA FOLLETTE. I do.

Mr. NORRIS. I want to ask the Senator whether the same discrepancy or anything similar to it is claimed now by the majority of the committee with regard to these other 48 several corporations that are mentioned in the table which the Senator from North Carolina put into the Record?

Mr. LA FOLLETTE. I was going to take up another one immediately following the one I have been discussing.

Mr. NORRIS. Very well.

Mr. LA FOLLETTE. In the table presented by the Senator from North Carolina, in his speech on August 11, which was printed in the Record of that date, at page 5969, the Bethlehem Steel Co., it was stated, would pay a tax on war profits of \$25,045,090. I will find the exact language of the Senator from North Carolina on that subject and read it to the Senate. On page 6632 of the Record the Senator from North Carolina said:

The Bethlehem Steel Co., under the House bill, would be taxed \$7,125,000; under the Senate bill, \$25,045,000.

Mr. President, the expert in computing what the Bethlehem Steel Co. would pay under the bill as reported gives me instead of \$25,045,000 the sum of \$21,825,994, and under the bill as proposed to be amended by the committee he finds that that company would pay \$19,729,060, or \$5,316,030 less than the amount given in the table presented by the Senator from North Carolina under the bill as reported.

Mr. HOLLIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from New Hampshire?

Mr. LA FOLLETTE. I do.

Mr. HOLLIS. I am following the Senator's speech with great interest. I think it might help some if we could get a general principle; or is the Senator going to deduce his general principle when he gets through and would rather not have it referred to now? It seems to me that a corporation is helped or hurt by the latest amendment in accordance with the amount of its capitalization. If they have a very large capitalization, of course the 10 per cent would give them a large deduction, while if they have a small capitalization the 10 per cent would give them a small deduction. Is not that the fact?

Mr. LA FOLLETTE. That is true, and it leads me to say, Mr. President—

Mr. SIMMONS. Will the Senator permit me to say—

Mr. LA FOLLETTE. I do not yield.

The PRESIDING OFFICER. The Senator from Wisconsin declines to yield.

Mr. LA FOLLETTE. And it leads me to say that the form of the amendment presented by the committee is a great temptation to all corporations to swell their capitalization. It invites an overcapitalization; it enables them to reduce their war-profits taxes by increasing their capitalization.

Mr. HOLLIS. Now, will the Senator permit another suggestion?

Mr. LA FOLLETTE. Just a word in that connection. I want constantly to remind Senators that the Government is powerless to ascertain what is behind the capitalization as shown by the books of a corporation, because there is no time within which to make such investigations as are necessary to determine that fact.

Mr. HOLLIS. If the Senator will permit another interruption, I desire to say to the Senator that the Senator is presenting now a certain estimate furnished by an expert. The expert, of course, has to take the capitalization or the records made public from Moody's Manual, or from somewhere else; he has to take the capitalization that the company furnishes.

Of course, if this amendment is adopted, we do not know how much of that will be found by the Government to be actual capital, actually paid in, or how much of it is water. There-

fore we will be powerless under the law to state how much the deduction will be; that may only be ascertained by the Government after it has squeezed the water out. Is that correct?

Mr. LA FOLLETTE. If the Senator from New Hampshire has been following me, and if he agrees with me, he would have to say that the Government is practically helpless and is compelled to take the capitalization of these corporations, or, rather, the statement of their invested capital, just as they give it. To undertake to sift out—

Mr. HOLLIS. Mr. President—

Mr. LA FOLLETTE. I yield to the Senator.

Mr. HOLLIS. I agree with the Senator exactly as to that; I believe it is an impossible task, and that is why I am opposed to the latest amendment of the committee.

Mr. SIMMONS. Mr. President, may I interrupt the Senator from New Hampshire?

Mr. HOLLIS. The Senator from Wisconsin has the floor.

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from North Carolina?

Mr. LA FOLLETTE. Mr. President, I want to be reasonably decent to the Senator from North Carolina after his very discourteous reference to my purposes upon this floor—

Mr. SIMMONS. The Senator need not yield to me unless he wants to; I am not asking him to yield.

Mr. LA FOLLETTE. As I have the floor, it is necessary for the Senator from North Carolina to ask me if he wishes to obtain the floor to address the Senator from New Hampshire.

Mr. SIMMONS. If the Senator does not desire me to interrupt him, the Senator can cut off my interruption.

Mr. LA FOLLETTE. Unless the Senator desires to have me yield to him, of course, I do not yield, as I have the floor.

Mr. SIMMONS. I was not asking the Senator from Wisconsin to yield to me, because he said he would not yield to me.

The PRESIDING OFFICER. The Senator from Wisconsin has the floor.

Mr. LA FOLLETTE. When the Senator has accused me of a disposition to try to hoodwink the Senate I submit to Senators in all fairness that he has forfeited his right to ask me to yield the floor to him.

Mr. SIMMONS. Mr. President, I have nothing to say about that, except to state—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from North Carolina?

Mr. LA FOLLETTE. It is not necessary for the Senator to interrupt me to say that he has nothing to say. He ought to have nothing to say; no Senator who imputes that sort of a motive to another Senator ought to have anything more to say on this floor in the debate in regard to that subject.

Mr. SIMMONS. I only wanted the Senator to yield to me for the purpose of withdrawing that statement, and I was proceeding to do so when the Senator declined to yield to me.

The PRESIDING OFFICER. The Senator from North Carolina is out of order and the Senator from Wisconsin a moment ago was out of order. The Senator from Wisconsin will proceed in order.

Mr. LA FOLLETTE. I want to ask the Chair to point out to me in what respect I was out of order.

The PRESIDING OFFICER. The Chair thinks the Senator from Wisconsin was out of order in lecturing the Senator from North Carolina—

Mr. LA FOLLETTE. Mr. President, I desire to say—

The PRESIDING OFFICER. If the Senator from Wisconsin will pardon the Chair, in the opinion of the Chair the Senator from Wisconsin was out of order in lecturing the Senator from North Carolina, and the Senator from North Carolina was out of order in speaking without obtaining recognition. The Senator from Wisconsin will proceed.

Mr. LA FOLLETTE. I protest that I was not out of order in calling attention to the fact the Senator from North Carolina had violated the rules.

Mr. SIMMONS. Mr. President—

Mr. LA FOLLETTE. I could have claimed my privilege—

Mr. VARDAMAN. Mr. President, will the Senator from Wisconsin yield to me for a moment?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Mississippi?

Mr. VARDAMAN. If the Senator will yield to me for a moment, Mr. President, I rise in the interest of harmony. I want to say to the Senator from Wisconsin that the Senator from North Carolina rose for the purpose of withdrawing the offensive remarks. The question before the Senate is too serious a matter for Senators in the discussion of it to lose their heads or in-



dulge in personalities; and I am going to suggest to my friend the Senator from Wisconsin that it would be proper to permit the Senator from North Carolina to withdraw his offensive remarks, and to express the hope that no further offensive personal references may be indulged in during the discussion of this question.

Mr. SIMMONS. Mr. President, I have not now risen for that purpose. I am not going to withdraw the remark, because the Senator from Wisconsin would not permit me to do so when I was trying to do so, immediately after he announced that it was offensive.

The PRESIDING OFFICER. The Senators hereafter must rise and address the Chair and receive recognition before proceeding to any discussion. The Senator from Wisconsin has the floor.

Mr. LA FOLLETTE. Mr. President, I have endeavored in conducting my part of this debate to keep within the rules, and I think I have done so. I now desire to call the attention of Senators present to the very point suggested by the Senator from New Hampshire, that a corporation that increased its capitalization secures some advantage under this proposed amendment. I think that is true.

Mr. President, the Senator from North Dakota [Mr. GRONNA] suggests that I read the language of the bill as originally reported and the language of the proposed amendment. I read first section 203 of the original bill, as follows:

SEC. 203. That for the purposes of this title the amount of war profits shall be determined, except as otherwise in this title provided—

(a) In the case of a domestic corporation or partnership or of a citizen or resident of the United States by deducting from the net income of the trade or business received during the taxable year the average amount of the annual net income of the trade or business during the prewar period; and—

There is also a provision at the bottom of page 15, which needs to be taken into account and which reads as follows:

If the average capital—

I omit the reference to foreign corporations—

employed in the trade or business during the taxable year is greater or less than the average capital or proportion thereof so employed during the prewar period, the war profits shall be determined by deducting from the total net income for the taxable year an amount which bears the same proportion to the average annual net income for the prewar period which the average capital or proportion thereof employed during the taxable year bears to the average capital or proportion thereof employed during the prewar period.

That is the bill as originally reported, and the phraseology is somewhat obscure and complicated. It was to that, I think, the Senator from Alabama [Mr. UNDERWOOD] referred in his very able address when he spoke of there being obscure passages in this bill which would perplex any Senator in reading it or any official in administering it, to determine exactly what is meant; but I think it can be worked out.

The provision of the amendment upon this subject is as follows:

SEC. 203. That for the purposes of this title the amount of war profits shall be determined, except as otherwise in this title provided—

(a) In the case of a domestic corporation or partnership, or of a citizen or resident of the United States, by deducting from the net income of the trade or business received during the taxable year the average amount of the annual net income of the trade or business during the prewar period; but such deduction shall not be an amount less than 6 or more than 10 per cent of the actual invested capital as of January 1 of the taxable year.

Therefore, the invested capital will be computed on the 1st of January of each year, and any corporation has the opportunity to increase its capitalization if it would be of advantage to it to do so by the methods commonly employed by corporations in such cases.

There is another provision that is important to bring to mind in this connection, and that is the definition of capital. I invite the attention of Senators to this provision. You do not find it in the bill as reported; it is here now, as a very important part of the committee's proposed amendment, and it is here for some purpose other than was in the mind of a majority of the committee when they reported the bill originally. I quote from the committee amendment as follows:

SEC. 207. As used in section 203 and in subdivision (b) of section 204, the term "capital" does not include money or other property borrowed, and in case of a corporation or partnership means, subject to the above limitation, (1) actual cash paid in, (2) the actual cash value of property paid in other than cash, for stocks or shares in such corporation or partnership, at the time of such payment, and (3) paid in or earned surplus and undivided profits used or employed in the business.

Mr. President, in the first place it would be utterly impossible for the Secretary of the Treasury or any body of experts employed by him to determine what has been paid in in cash, excepting as the books show it. If he undertook to examine as to the invested capital all the corporations in this country upon

that subject, he would not complete the work in 5 years or 10 years.

Now, sir, in the second place, that part of the definition which makes "paid in or earned surplus and undivided profits used or employed in the business" a part of the capital, introduces an entirely new element.

You do not find any provision of that sort in the bill as originally reported. That includes all of the surplus that has been accumulated by these corporations with their monopoly power by exacting from the public unlimited amounts of money, which they could carry to surplus. The tables which I presented here show that they have accumulated enormous surpluses while prices have more than doubled in the last 17 years to the American people, although the cost of production, as everybody knows, has been immensely reduced by the improvements in methods of production, by the correlation and organization of business, by the organization of selling and of manufacturing. The cost of production has been reduced and cut down immensely by the wonderful inventions that have been made, and yet the prices of all the necessities of life have steadily advanced, giving the lie to all that is embodied in the term "civilization." Civilization means progress; it means advancement; it means better living conditions to all the people; and as we develop in our methods of production, as we make new inventions and cut down the cost of producing things, it should mean a steadily reduced cost of maintaining a family. The great mass of the people should have the benefit of at least a portion of that reduction in steadily declining prices, and would have were it not for the fact that the monopoly organizations of these great corporations have enabled them to do what? To carry out the rule laid down by Morgan when the United States Steel Corporation was organized—that is, to capitalize not according to the investment, but according to the "earning power of a corporation."

In plain terms, what does that mean? It means that if a corporation has a monopoly it can capitalize, regardless of the amount of money put into the business, to the limit which it can be made to earn; that is, it can raise the price of the thing it turns out to the limit of the capacity of the people to pay. That is what monopoly means; and, sir, in no other way can you account for the extraordinary, for the criminal, increase in the cost of living that has been going on in this country for the last 18 years. From the very beginning of the foundation of this Government down to that period the cost of things produced by the mechanical genius of man steadily declined in price. Why? Because we had competition among those producing them. That competition stimulated production, and that competition stimulated invention. Under the stress of that competition, invention cut down the cost of production, and we had a steadily falling scale of prices of everything produced in America. Then, in 1898, came the period of reorganization. An abnormally high tariff made it easy to reorganize behind the tariff wall, and business was reorganized with a view of destroying competition, controlling production, and controlling prices. And so, if you study the scale of prices in the United States from the beginning down, you find in the main a trend of downward prices of all the things produced by manufacture to the period of 1897. Then they reached the lowest point that they ever have reached in the history of the Government. Then came the period of the reorganization of business, the creation of monopolies, combinations, and trusts, and prices began to ascend. This was not because we stopped inventing. It was not because we stopped cheapening the cost of production. Never before in the history of the world have such wonderful inventions been made as in the last 18 or 20 years. We have absolutely revolutionized the cost of production. We are producing things cheaper to-day, by the improved processes of machinery, than ever before in the history of the country, barring, of course, these abnormal war conditions.

Just as soon as reorganization was complete in the different lines, these great combinations, these great organizations that covered so much of the field of production that they had the power of monopoly inherent in them, although they had the best processes, the cheapest ever known in the history of production, were able, because they commanded the market, to advance the prices and to increase their profits at will. So prices began to ascend, and at every stage of every year, from that time down to the present, prices have ascended. The reason why they have ascended is not because the cost of production increased. On the contrary, the cost of production decreased. Whatever share labor has gotten in the way of advanced wages is but a drop in the bucket as compared with the doubling of prices of the necessities of life caused by the or-



ganized power of monopoly over our markets and their production down to the beginning of this war.

Mr. President, it was under that power that they began to create these mighty surpluses which are now, by the terms of this amendment, to be created into new capital. In God's name, Senators, stop a moment and consider. What was the capital invested in business originally, before this power was given to monopoly? It was that capital which was furnished by those who organized the business. It is fair that there should be returned to that capital enough in profits to maintain the business—that is, to keep the plant in working order, to replace old machinery with new; to keep the capital unimpaired, in other words. That is fair. That is just. That is called "maintenance" in technical terms, and it should keep the plant up to its high efficiency. The public must pay for that. Otherwise, the capital invested in the business would waste away in the course of operations, and you never could induce capital to go into business on those terms. Therefore, profits should be high enough to pay for the maintenance of the property, keeping it in perfect condition, I care not whether it is a railroad, a factory, a street car company, or what form of private enterprise it may be.

The profits must also be high enough to pay all the cost of operation; that is, running the business, the wages of the men, the coal that is consumed in producing power, and all other expenses connected with operation. More than that, the public must pay enough for the products to furnish a good, round profit for the capital actually invested.

Mr. President, what right has any corporation to charge the public high enough rates or prices to build up a surplus, and what are the just limitations to such a surplus?

A corporation has the right to charge enough to provide for maintenance, operating expenses, and a fair return on the capital which it has actually invested in the business. Then, Mr. President, it came to be established as a just principle that they should put by a reasonable sum in addition, so that when the business in lean years, in unfortunate years, suffered a shrinkage, that it could pay the maintenance charges and the operating expenses and a fair return on the capital. This was the genesis of the surplus—a limited sum held in reserve—a sum sufficient in amount to draw on, so that the business could be kept at a normal level even in a bad year. That was particularly held to be, has been since the beginning, and is still held to be the rule that must be applied to those corporations which come under governmental supervision, as the public-utility corporations.

Mr. FRELINGHUYSEN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from New Jersey?

Mr. LA FOLLETTE. If it is just for a question. I want to go on.

Mr. FRELINGHUYSEN. I should like to ask the Senator a question to point an illustration. I should like to have his theory of the rule regarding the application of this tax.

Mr. LA FOLLETTE. I will come back to that a little later, if the Senator please.

Mr. FRELINGHUYSEN. Very well.

Mr. LA FOLLETTE. I am pursuing something that is quite apart from that just now, and I do not want to be diverted until I finish it.

Mr. President, with the railroads, the rule has always been held to be that they should not be allowed to accumulate any more surplus than would reasonably provide for carrying them along in lean years, when production was light and transportation revenues depleted.

Mr. President, I should like Senators to follow me on this. I undertake to say that the Supreme Court of the United States and the Interstate Commerce Commission have never yet sanctioned the accumulation of a surplus by a public-service corporation for any other purpose than to insure to them in poor years, when transportation fell off, such rates as would simply pay for maintenance, operation, and a fair return upon the capital actually invested in the business. In the Advance Rate cases in 1910 that was practically the decision of the Interstate Commerce Commission.

The railroads were contending then for what it is sought to put into this bill now—that is, the right to build up a surplus and make it a part of new capital that they were wringing out of the public by increased and excessive charges and use it the same as capital which had been supplied by the sale of stock for cash. In other words, they were contending that the public should furnish the capital on which to run their business, on which to build new lines of road; they wanted to wring from the people by excessive charges enough to pay maintenance, enough to pay operating expenses, enough to pay good, round

returns on the capital invested in the business, and then on top of that enough more to pile up a great surplus such as the railroads of the country have accumulated in violation of every decision that has been made by the Interstate Commerce Commission. They have gone on doing it; and then they have used that accumulated surplus, furnished by the public through excessive freight charges, as if it were new capital furnished by themselves, and have issued stock against it, and have built out of that surplus permanent improvements, extensions, new lines; and then, Mr. President, they have capitalized those new lines of railroad, built out of the money taken from the people, and made the public pay a profit on the business over those lines built by the public out of excessive charges!

But, Mr. President, in 18 years we have built up in this country corporations in combination, and single corporations with complete monopoly power like the United States Steel Co., that absolutely dominate as to production and prices in the lines of business covered by their operations.

Now, sirs, since 1898 all this has happened. You can count on the fingers of one hand the combinations that existed in this country at that time. At the present time there are more than 12,000 of them. They cover practically all the fields of production, and they have a monopoly power, if unrestrained, that enables them to exact from the public profits out of which to build up a surplus limited only by the ability of the public to pay monopoly prices.

Are you going to put into this bill a legislative recognition of this great wrong? Are you going to give congressional sanction to this practice, which the Interstate Commerce Commission and the courts have denied to railroad and other corporations?

That is exactly what you will do—not only for railroads but for all other corporations—if you write into the law the committee amendment making surpluses a part of capital for the purposes of this bill. When you take into account the fact as to those corporations that have in an extreme degree this monopolistic power, you are going to reduce the amount of tax that they pay upon their war profits.

Oh, Mr. President, it seems to me that the Senate can well pause long enough to investigate this matter with the thoroughness that its great importance and its far-reaching effect in the future call upon us to do at this time.

Mr. President, if one were to follow the expert employed by the majority and apply his method of ascertaining what would be paid under the bill as it was reported as to the 20 corporations submitted to him and what would be paid under the bill as proposed to be amended he would find that as to those corporations there would be an increase in the amount they pay under the proposed amendment of \$13,868,464; but, sir, if instead of that you take the computation which is made in the tables so highly commended by the Senator from North Carolina, verified by the tables in the minority report, you will get this result: You will find that the United States Steel Corporation, instead of paying under the bill as reported \$59,000,000, will pay \$76,000,000, and therefore under the committee amendment that there would be a loss to the Government or a gain to the United States Steel Co. If the computation made in the table presented by the Senator from North Carolina in his speech is correct and if the computation made in the table presented by me in the minority report is correct, and I am absolutely certain that it is, on the United States Steel Co. where with the aid of experts I have gone over it with very great care, there would be a loss to the Government under the proposed amendment in the case of the United States Steel Corporation of \$16,822,362.

Upon the Bethlehem Steel Co. taking the same basis there would be a loss of \$5,316,030.

Upon the Du Pont Powder Co. there would be, taking the same basis, a loss under the proposed amendment of \$3,747,687.

Upon the Baldwin Locomotive Co. a loss of \$203,148, as compared with the table presented by the Senator from North Carolina in his original speech.

The American Woolen Co., if this amendment were adopted, would, according to this comparison, make a saving of \$1,889,857 in its taxes.

The Anaconda Copper Co. would pay \$1,871,523 more under the last amendment, according to the computation of Mr. McCoy, than it would pay under the bill as it was originally reported by the committee, according to the table presented by the Senator from North Carolina in his address to the Senate in opening the debate.

Also the Utah Copper Co. would pay \$4,642,962 more on the same basis.

The General Electric Co. would save \$597,892.

The Delaware & Lackawanna Railroad Co. would pay \$78,927 more upon that basis.



The New York Air Brake Co. would pay \$197,029 less upon that basis.

The General Chemical Co. would pay \$1,370,558 less upon that basis.

In other words, comparing the amount which the Senator from North Carolina said in his speech they would have to pay under the Senate committee's amendment as a war-profits tax, with the amount which the experts compute they would have to pay under this last amendment, there would be a net loss to the Government on these corporations of \$23,551,161.

How much that would figure out if carried through all the corporations of this country it is impossible for me to say. Let me just say, however, that these corporations were selected in five minutes in my office to be submitted to Mr. McCoy, without any regard whatever as to what the result might be.

Mr. BRADY. Will the Senator state how much the Steel Corporation will gain?

Mr. LA FOLLETTE. Sixteen million eight hundred and twenty-two thousand three hundred and sixty-two dollars. The Government will lose on these corporations, I have estimated, \$23,551,161.

Now, Mr. President, I wish to call attention to something else very material to be submitted in this connection.

Mr. HUSTING. Mr. President—

The PRESIDING OFFICER (Mr. Lewis in the chair). Does the Senator from Wisconsin yield to his colleague?

Mr. LA FOLLETTE. I yield.

Mr. HUSTING. Before the Senator leaves that part of his argument, I have been listening, I want to say, with a great deal of interest. I think I understand the point the Senator makes, but I should like to know from the Senator how much the total revenues would be increased under the new proposal of the committee over and above that proposed by the first report of the committee.

I just want to add this to my question, in order to advise the Senator what I am trying to get at. Under the original proposition of determining war profits my understanding is that if a corporation made 100 per cent on their investment prior to the war and still made 100 per cent since the war they would have no exemption. This 100 per cent therefore would be exempt from taxation. Contrarywise, any corporation that made no money before the war, and in fact lost money and now makes 100 per cent, would be taxed the full extent of 100 per cent. Now, does the Senator think that this exemption should be made on the one hand and not on the other?

Furthermore, does the Senator think that if the definition as originally proposed by the committee were left in the bill, so as not to permit the surplus to be added to the capital, that the things feared by the Senator would be eliminated, that the profits would be substantially increased not only in respect to the corporations enumerated by the Senator, but those which would make great profits would be entirely exempt from taxation? I do not know whether I have made myself clear or not.

Mr. LA FOLLETTE. The Senator has asked me five or six questions in one interruption. I do not know whether I will be able to follow him right through in trying to make answer. His first question, as I remember, was how much would be raised by the proposed amendment or by the bill as originally reported? Which do I understand him to mean?

Mr. HUSTING. I will state to the Senator the reason why I asked four or five questions was that I did not want to interrupt the Senator continuously, and I thought I would put the whole proposition before him; but my question is how much will the bill, as now proposed by the committee, increase the total amount of tax over and above what was proposed by the first report of the committee?

Mr. LA FOLLETTE. Of course, my colleague knows the claim of the majority of the committee with respect to that. He understands that they claim it will produce \$498,000,000 more than the bill as first reported would produce, and all the argument that I have been making here, and all the citations that I have been making, is to show what would be collected from different corporations, applying all of the information that the Senate has before it, and it leads me to very seriously question whether more or less will be collected under that amendment. Of course, it is not possible for me to say just what the result would be; I have no experts at my command excepting as I have been able personally to employ them; but if there was any thorough-going computation made by the committee when it called its meeting and in one hour changed its whole plan of taxation, if there was any thorough-going computation made upon each one of these corporations to determine how much there will be collected from each, so that they were able to say that \$498,000,000 more revenue would be received by the Government by this change than under the bill as first

reported, then I am wholly at a loss to know why it took three days for the expert of the committee to make a report on 20 corporations here, and I know he labored very hard upon it. I am forced, therefore, to the conclusion that the estimate made as to \$498,000,000 additional war taxes to be received is a very loose generalization, and that if the Senate and the other House follow the committee in adopting this amendment the Congress and the country will stand a very excellent chance of meeting with most serious disappointment as to the result which will be achieved under this proposed amendment.

Mr. HUSTING. I understand the Senator's point was that under the new proposition the tax of these large corporations would be decreased because the new amendment proposes to let them add surplus to capital. That is my understanding of the Senator's point.

Mr. LA FOLLETTE. That is one of the points that I made.

Mr. HUSTING. Now, my question is, leaving the basis of capitalization the same as it was under the first proposition—that is to say, whether taking money actually invested and all profits and surplus to be added but at the same time taxing those who are still making over 10 per cent more than their prewar profits, and conceding a 6 per cent profit to those who made less than 6 per cent before the war—will the Senator say that under that proposition his figure as to an increase of four or five hundred million dollars might not be correct?

Mr. LA FOLLETTE. It would be impossible to say anything about that without making a computation upon that basis, and it would take some time to work out that computation.

Mr. HUSTING. Does not the Senator think it is unfair to leave those corporations exempt who were making an enormous percentage before the war, and does he not think that the limitation of 10 per cent is in the interest of justice and fairness?

Mr. LA FOLLETTE. That has been discussed by the day here. It is possible to cite cases of great hardship under any rule that may be adopted with respect to taxation. It is not to meet those exceptional cases that laws are framed. They are framed to adjust themselves to the general situation.

Mr. President, granting that many corporations that were making large profits prior to the war would escape by reason of the rule adopted by the committee after 8 or 10 weeks of deliberation, you are putting into this proposed amendment here a nest of evils, in my opinion, with respect to the capitalization of corporations that will bear upon the people of the United States with tenfold more burden than any little injustice that may be worked, or any large injustice in particular instances, if you follow the rule that was first proposed.

Mr. President, this proposed amendment, in my opinion, is a dangerous amendment. No more dangerous proposition, I believe, has been presented to the United States Senate since I have been a Member of it. It is fraught with unlimited evil to the future dealings between the great corporations of the country and the public.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Nebraska?

Mr. LA FOLLETTE. I yield.

Mr. NORRIS. I should like to get the Senator's idea on the point he has referred to. While it may to some extent be a repetition of the question of his colleague, the danger that the Senator suggests, as I understand his argument, comes from this definition of taxable capital.

Mr. LA FOLLETTE. That is a very large element of danger, indeed a chief element of danger.

Mr. NORRIS. That is where the chief element of danger comes.

Mr. LA FOLLETTE. Yes.

Mr. NORRIS. That is what the Senator to a large extent has been devoting his argument to. There is another proposition in the committee amendment. I do not know but that probably, parliamentarily speaking, it will be a separate amendment. It was alluded to by the Senator's colleague. It is the one that changes the profits that can be deducted in the prewar period and says they shall not be less than 6 per cent nor more than 10 per cent. I wish to ask the Senator this question: Are not those two propositions entirely separate and distinct, and would not the one that I mentioned first, the capitalization feature, if remedied, and the other permitted like the committee has proposed it, both tend to increase the amount of tax that would be raised under the bill?

Mr. LA FOLLETTE. I have no doubt that these propositions are separable, but let me say to the Senator that the percentage proposition can not be incorporated in the bill without figuring upon some amount of invested capital, and the great difficulty with that is the same difficulty which the committee realized



for 10 weeks it was confronted with whenever this plan was brought up for consideration. Every time it came up in the committee during that long period of time until the last meeting of the committee, and I think it was looked at from every possible angle, the committee considered seriously as to whether it would be possible to get some rule to determine what should be allowed as invested capital to a corporation, because the committee knew they could not take the book value. They knew that any recognition of book value would give value to the cats and dogs and water as invested capital. The committee called and had before them day after day the chairman of the Tariff Commission, Dr. Taussig, one of the eminent economists of the world. He labored and brought forth many different forms of an amendment as a rule or formula which would safeguard the term "invested capital," so that there could be some safe way of taking that as the base. Everybody recognized if you could ascertain definitely the invested capital and would apply this per cent of exemption such method would be in the interest of justice to all corporations. But he could not prescribe any form of amendment that would determine the amount of invested capital without including space and moonshine as invested capital. So the committee decided again and again that it must keep away from the invested capital bases and to adopt it would simply involve the Treasury Department in a sea of difficulties from which it could never make a safe landing.

Mr. HUSTING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to his colleague?

Mr. LA FOLLETTE. I yield.

Mr. HUSTING. I will say to the Senator that I have heard that argument made, and there is a great deal of force in it; only I can not comprehend or understand or appreciate why it is not necessary to go into the question of capital in order to determine what the profits are either before the war or after the war. The basis has got to be fixed as to what the profits are. Now, I want to say to the Senator—

Mr. LA FOLLETTE. Now, just wait a moment. I prefer, if the Senator is going to put several different propositions, to answer each as it is stated.

Mr. HUSTING. This was just an explanation of what I wanted to say.

Mr. LA FOLLETTE. Just a moment; let me answer this first question. To ascertain the war profits all you have to do is to ascertain the net income available for distribution to stockholders in the prewar period and in the taxable year, and it does not make any difference as to what is the capitalization. You do not take the percentage in that case.

Mr. HUSTING. But in order to determine what net profits are I fall to see why you do not have to take the book value in the prewar period as well as after the war period, because there enters into the net profits the question of what is capital stock, how much you are to allow for depreciation, how much for surplus, and things of that kind, and the percentage of profits to be determined has got to be taken into consideration. All these elements must be considered.

Mr. LA FOLLETTE. I think if my colleague will go over that matter at his leisure he will conclude that there is not any difficulty in ascertaining what the net profits are in any two periods of a corporation without such determination involving the question of invested capital.

Mr. HUSTING. That may be. Then I want to go further. I am only asking this question of the Senator to satisfy myself on the point, and I thought it might be of interest to the Senate. Are the so-called brackets based upon the amount of profits? I understood that they were based upon the percentage of profits as computed from the capital stock; that is, if 10 or 12 per cent is net capital stock, then it pays so much per cent tax, and if the percentage of profit is greater so much tax, and it is not necessary to determine what the amount of capital stock is in order to determine the per cent of profit.

Mr. LA FOLLETTE. Not at all. If the Senator, with his clear understanding of such matters, will go over the terms of the bill, he will see that under the system as first presented by the chairman of the committee he is not obliged to have recourse at all as to the capitalization; and if he will excuse me from yielding further, I am a bit wearied, I would commend to him a study of the speech of the chairman of the committee upon that subject, giving his reasons for not taking up this question of capitalization. The report of the majority goes pretty fully into this subject, and I think meets all the suggestions that are made by my colleague.

Mr. HUSTING. If the Senator will just pardon me once more, a flat percentage upon the amount of net profits, as the Senator says, can be readily ascertained. It certainly can not be subject to doubt. I just wish to say in conclusion that I agree with the

Senator in his proposition that the surplus ought not to be added to the capital stock in computing the earnings. My purpose a while ago in asking the question was because it seemed to me that in fairness, if it is fair, the proposition of limiting the minimum to 6 per cent earnings and the maximum to 10 per cent might stand and the original proposition of the Senator as to what should be included in capital stock might stand, and thus increase the revenue without doing any injustice to anybody and let these particular concerns escape tax.

Mr. LA FOLLETTE. My colleague's suggestion is similar to that made by the Senator from Nebraska [Mr. NORRIS] and my comment upon it would be the same.

Now, Mr. President, as bearing upon the amendment which I have offered to increase the war tax, I call attention to the report under date of September 1 which Senators will find upon their desks this morning. It is the report of the chairman of the Ways and Means Committee of the House showing the latest estimate of the amount of revenue we are to raise for the present fiscal year.

It furnishes some information that would be quite startling. I think, to the Senate were it not that since this bill came before this body you have been occasionally reminded of the differences between the majority and the minority of the committee as to the amount of money required for this fiscal year. The majority accepted the earlier estimates, and as to the amounts of proposed taxation always has adhered to the earlier estimates of the Treasury Department rather than frame the bill to accord with the later estimates. We now have as a final word up to the present time the report of the chairman of the Ways and Means Committee of the House. From that report, Mr. President, I am going to read a few lines into the Record.

Mr. HOLLIS. Will the Senator give the date of the report?

Mr. LA FOLLETTE. This report is dated September 1, 1917. It is entitled:

"Second Emergency Bond Issue." September 1, 1917.—Committed to the Committee of the Whole House on the state of the Union and ordered to be printed. Mr. KITCHIN, from the Committee on Ways and Means, submitted the following report (to accompany H. R. 5901).

After a preliminary paragraph the report says:

At the present time the appropriations for the fiscal year 1918, made during the Sixty-fourth Congress, second session, and the Sixty-fifth Congress, first session, amount to \$9,114,433,107.11—

That is the amount already appropriated; there can not be any speculation about that. The report continues:

and the appropriations now contemplated for the fiscal year 1918, in addition to those already made, are likely to amount to \$9,891,150,000, making a total of \$19,005,583,107.11 for the fiscal year.

Mr. STONE and Mr. BORAH addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Wisconsin yield; and if so, to whom?

Mr. LA FOLLETTE. I yield to the Senator from Missouri [Mr. STONE].

Mr. STONE. Does that report refer to appropriations?

Mr. LA FOLLETTE. I have read it just as it is written here, Mr. President. Perhaps I did not enunciate clearly.

Mr. STONE. I was under the impression—and I desire to know if that be true—that the great part of this vast amount of nine billion and odd dollars was to be provided for by a bond issue. I am merely drawing the distinction as to whether it shall be appropriated for or be provided for in some other way.

Mr. LA FOLLETTE. Well, in any event, the appropriations would have to be made. After the appropriations are made, it would then be necessary to provide the revenue, either by taxation or by bond issue. So I think the wording of the report is strictly accurate. Therefore, we have this sum total of \$19,005,583,107.11 to be provided for the fiscal year. That is followed by this statement by the chairman of the Ways and Means Committee:

It must be borne in mind, however, that \$3,000,000,000 of the appropriations for the fiscal year 1918 already made was for the purpose of extending credits to foreign governments and that \$4,000,000,000 of the contemplated appropriations for the fiscal year 1918 is for the same purpose and is provided for in section 2 of this bill, thus making a contemplated extension of credits of \$7,000,000,000 to foreign governments to be financed by the sale of bonds. Deducting from the total estimated appropriations for the fiscal year 1918 now made or contemplated, the \$7,000,000,000 proposed extension of credits to foreign governments, \$325,000,000 estimated receipts of the Post Office Department, and the \$60,000,000 sinking-fund permanent annual appropriations which is never set aside, we find that the disbursements of the Government for the fiscal year 1918 to meet our ordinary and our war expenditures will be over \$11,620,000,000.

That, of course, does not include as war expenses the loans to foreign governments. I read further:

The Secretary of the Treasury in his statement before your committee stated that the best estimate he was able to give of the probable necessary disbursements now authorized or contemplated, for the fiscal year 1918, exclusive of the \$7,000,000,000 extension of credit to foreign governments, postal receipts and the sinking-fund requirements, was \$11,782,371,000. Assuming that the disbursements will be



as great as the Secretary of the Treasury estimates, we find that after deducting the estimated receipts under existing law estimated at \$1,333,500,000, that the estimated ordinary and war expenditures will exceed the estimated receipts for the fiscal year 1918 by \$10,448,871,000.

The PRESIDING OFFICER. Will the distinguished Senator from Wisconsin allow the Chair to ask, for his own information, if the Senator has noted from observations of the Secretary of the Treasury which were reported as having been made to the House committee respecting the new loan, that the figures which the Senator is just now reading have been increased, and if so, what was the increase in that case? The Chair desires to inquire if the Senator from Wisconsin has had that brought to his mind?

Mr. LA FOLLETTE. I have not read that statement, Mr. President. I am basing what I have to say upon this official statement which has been issued by the chairman of the Committee on Ways and Means. The highest estimate of revenue which the bill under consideration will produce, if it realizes the expectations of a majority of the Finance Committee, under the proposed amendment is \$2,500,000,000, or but 24 per cent of the estimated deficiency; that is, if the deficiency be placed at \$10,448,871,000, without taking into account the \$7,000,000,000 for loans to foreign governments. While it may satisfy the minds of some Senators in voting appropriations to finance these loans that it amounts to no more on the part of our Government than going surety for the loans, yet I think any critical study of the financial condition of the countries that have been given these credits must raise grave doubt as to whether this Government will ever receive the moneys loaned to certain of these governments. Applying the rules that are accepted generally by the highest financial authorities, Mr. President, they have long passed that line of demarcation set by all students of government finance when loans are considered safe.

Without considering these loans and making the calculation solely with reference to the expenditures which must be made for our own Government, Mr. President, this bill will raise by taxation but 24 per cent of the money which we must provide in this fiscal year.

Mr. JONES of Washington. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Washington?

Mr. LA FOLLETTE. I will yield in just a moment. If the amount to be furnished to these other Governments is to be included, then this bill will raise at the outside only 14 per cent of the amount of the total deficiency. The balance must be provided by bond issues or another tax bill must be brought in late in the fiscal year, after the corporations and the business of the country have adjusted themselves to this plan of taxation.

Mr. JONES of Washington. Mr. President—

Mr. LA FOLLETTE. That is, leaving out the foreign loans, you will be driven to raise 76 per cent of the amount to be expended this fiscal year by bond issues; or, taking these loans into the calculation, to raise 86 per cent of the expenditures by bond issues; or you will be compelled to pass another tax bill this year, late in the year. If the Congress adjourns, we shall not meet again until December; and such a bill, in all probability, can not come before this body until we have passed over into the new year. Those corporations that close their business with the calendar year will have set aside the amount of money to meet taxation under the provisions we are now passing. They will have made their distributions of earnings before a new bill to tax those earnings will be enacted.

It was said by the chairman of the committee in the opening of the debate that the United States Steel Co. had set apart already the amount of money they expect to pay under the bill as framed, and that because of the increase in their taxation under the provisions of the Senate bill and based upon the earnings of the first and second quarter would necessitate the making of a new allowance, because their war profits were going to be so much greater than they had calculated upon. So it is fair to say that these corporations, having adjusted themselves to the plan of taxation that is to be passed into law, we would be in a very poor position to come before the country in the second half of the fiscal year with a new tax bill. We, then, will be in a position where business men over the country will say with reason, "You are menacing us with a new tax after we have adjusted our business to your tax bill; you will cripple our production; we shall not be able to meet the expectations of the country." That is what you will be confronted with, and it will be a more powerful argument than the one which has been used in the course of the deliberations upon this bill, that a proposition to increase taxation now would be a serious handicap to business.

Mr. KING. And they will demand that we put the taxes on consumption?

Mr. LA FOLLETTE. Yes; that is what will happen. I will say to the junior Senator from Utah. They will say, "There is one source where you will not disturb business by looking for your increased tax"; and we will have a new set of consumption taxes brought in for consideration.

The rates upon sugar, tea, and coffee will be greatly increased; freight rates will be subjected to another scheme of taxation; and so on down the line of the consumption taxes in this bill. Many new sources of consumption taxes will be sought out and put into the law so that the Government may at that time get the needed revenue without hampering business. We can levy these taxes on war profits now without doing injustice. If we fix the tax now, business will adjust itself to that tax, and in January or February next, when a new bill is here, will vigorously and effectively protest against a new levy on profits which will have been distributed.

Oh, Mr. President, let us beware now; let us take warning now. If we want to divide the burden between the great wealth of the country and the people of the country, now is the time to make the division. We know how much we must raise; we know what we can raise by increasing war-profits taxes—not as much as Great Britain has done, not putting taxes as high as she has done, although our needs in this fiscal year would warrant putting these taxes that high, and the three years of untaxed war profits which these corporations have had places them in position to bear this high rate without working any injury to business. Now I say is the time for us to write into the law the correct principle upon which to finance this war. I beg pardon of the Senator from Washington for detaining him so long. I now yield.

Mr. JONES of Washington. As I understand the figures which the Senator has read, it is shown by the House report on a bill which the report accompanies that this Government must raise for actual expenses before June 30, 1918, in addition to the amounts that will be raised by this bill and in addition to the \$7,000,000,000 that we propose to loan to the allies, practically \$8,000,000,000, if I caught the figures correctly. I understand that we must raise \$10,500,000,000 aside from the \$7,000,000,000 to be loaned to the allies, and that the amount raised by this bill will be about two billion and a half. If that is true, there will be left a balance of \$8,000,000,000 to be cared for by the 30th of next June, which must be raised by a bond issue or by another tax bill, either by a profits tax or taxes on consumption.

Mr. LA FOLLETTE. Mr. President, in round numbers, the Senator is right in his statement, as I follow it.

Now, I do not want to repeat anything I have said; I have detained the Senate too long already, but in the face of this new demand that comes upon us this morning, according to this report to the House, and the small percentage of that total amount, provided for by taxation in this bill, I can not fail again to warn the Senate and the country that we are adopting a plan of financing this war that is fraught with the gravest danger to the soundness of our finances as a Government and with the gravest injustice to the great mass of the citizens of this country.

I remind you again that, leaving out of consideration the amount of money to be loaned to foreign governments, this bill provides by taxation for but 24 per cent of the total amount to be raised this year by a bond issue and by taxes.

If we take into consideration the amount of money to be loaned to these other Governments, this bill raises but 14 per cent of the total amount by taxation.

Mr. HOLLIS. Mr. President, why should we not take into account the loans to the allies?

Mr. LA FOLLETTE. I think we should.

Mr. HOLLIS. We have got to borrow the money.

Mr. LA FOLLETTE. We have got to borrow the money, and we do not know whether or not it is going to be collected from them; we are taking that hazard.

Keeping these percentages in mind, remember that in the War of 1812, out of a total of \$70,000,000 extraordinary expenditures, 10 per cent was financed by taxation; that the Government's liabilities increased with no corresponding increase in revenue to meet them; that the currency was inflated; that the cost of everything was advanced; and that nothing but increased taxes during the latter part of the war saved the Government's finances from a complete breakdown.

In the Mexican War 22 per cent of the total war expenditures were financed by taxation, and nothing but the short duration of the war and its small aggregate cost prevented financial disaster following as a result of the policy then pursued.

In the Civil War the average percentage of expenditures provided by taxation for the whole period of the war was 20 per cent, that our Government finances nearly collapsed, and that



we did not recover from the effect of that blunder for more than a generation of time.

Yet at the beginning of this war, the proportions of which run beyond anything which the human imagination has ever contemplated, considering the amount of money advanced to other governments, we are starting out with a lower percentage of taxation by far than during the Civil War, despite the fact that the policy then pursued nearly resulted in financial ruin to this Government; that we are raising by taxation a lower percentage than in the Mexican War, which every economist and every student of Government finances says, except for the short duration and the light expenses of the war, would have resulted in financial ruin to the Government. I say, Mr. President, that under the pressure here of keeping down the tax upon corporations, keeping down the tax upon the big surplus incomes of the rich, we are being pressed across the danger line, where there is great peril—I say nothing now of the injustice to the people, but where, if this policy is pursued, there is great peril to the future finances and to the credit of this country.

I know our enormous wealth; I know our overconfidence. There is no government on the face of the earth that can long sustain the awful drain that this world-wide war makes upon governmental finances. We were wont to believe Great Britain was a rock of Gibraltar so far as finances were concerned. Yet she has been driven to abandon her old-time policy of taxing in proportion to the amount raised by loans, because she reached that limit; she has reached the limit on everything. She started out assuming that, with her great wealth and power and financial strength, with her flag everywhere in the world, and production coming to her over-seas from every quarter of the globe to swell her profits, she could not only finance her part of the war but could take care of the other governments allied with her; but early in April, Mr. President, she found herself with her resources depleted and her power to carry the burdens of the war breaking under the strain, and even she, with her towering financial strength, was forced to throw herself onto this Government for financial protection and support.

Oh, Mr. President, let us not make the mistake of being overconfident. Sound and rich as we are, war such as never was conceived before in its unlimited expenditures sweeps away with every tick of the clock millions and millions of accumulated capital.

But, Mr. President, there is another side to this question. As the lines are laid now in our financial policy they are likely to continue throughout this war. We may vary here and there, but when we get these big bond issues once sanctioned, when they go out and pass to the point where contractual obligations are incurred, there is then no recall.

Mr. President, I am pleading for justice—plain justice for the great mass of the people, even here in the United States Senate. And, sir, for justice—"All places a temple and all seasons summer."

Let the taxes fall, let them be meted out in as large a measure as is fair and just to the wealth of the country, but let them be gathered now, and let us relieve the people of this country from the payment of the consumption taxes embraced in this bill. Let it be remembered, Mr. President, before we were ever involved in this war, the war over in Europe had imposed upon the people of this country consumption taxes, increasing the cost of their living by enormous amounts. When these very manufacturing concerns that are making these immense profits were making excessive profits in 1914, 1915, and 1916 by charging the allies prices unheard of, inordinate, and unconscionable, Mr. President, do you know what that did? It forced prices up in this country.

Every manufacturer who bought from the United States Steel Corporation billets, structural shapes, or whatever they produced had to pay the enhanced profits which the war had given them the opportunity to charge Great Britain and the other allies. So long as they could sell abroad at enormous profits they made the manufacturing concerns of this country pay exorbitantly for everything they had to purchase from them. Then what happened? Then the manufacturers added to their prices, and so the increases were carried along and along and along to the consumers of the country, to the plain, humble folk of the country, Mr. President, and they paid every dollar of it. Consumption paid the enhanced price. Not only did these companies about which there seems to be such a great concern in the Senate lest they be taxed too much—not only did they make their great profits during those three years out of the allies, but the increased prices which they were able to charge them enabled them to raise the prices on all consumers in this country, and these profiteers were then taxing the people of this country besides making their profits out of the war abroad.

So our people were paying war taxes in 1914, 1915, and 1916 levied upon them by these same corporations that were getting the great profits out of the allies. So that now, in the year 1917, when it is proposed for the first time to take a part of these war profits, I say good conscience requires us to remember that the people of this country have been paying war taxes in excessive prices, the result of the very profiteering of these gentlemen for three years. In God's name, are you going to tax them again, and then halt and shrink back from taking over 31½ per cent, not of normal profits, not of the war profits made in 1914, 1915, and 1916, but of the enormous war profits that they are piling up in this year? Although Great Britain takes 80 per cent of the war profits, you voted down the amendment of the Senator from California [Mr. JOHNSON] for 73 per cent. I have offered one here at 72 per cent. Before the vote is taken upon that amendment, inasmuch as in a body that has rejected by a vote of 17 to 62 a tax of 73 per cent on war profits, one can have little hope of successful appeal to adopt an amendment 1 per cent lower, I may conclude to cut the rate to 70 per cent. Then, Mr. President, I shall offer at least two other amendments, say, one at 65 and one at 60 per cent. I do not make that statement now to foreclose anybody else from offering such amendments if they intend to do so, but if amendments at lower rates are to be offered I would ask to be permitted to have a vote upon amendments at, say, 65 per cent and 60 per cent after this amendment is disposed of before votes are taken upon lower percentages. I believe it to be our bounden duty to call the roll here upon these amendments, in the hope that the Senate will respond finally and impose a tax at least double the tax proposed by the committee.

Unless we do that, how can we ever go to the people, to our constituents who are giving all they have, and who in the end must pay every dollar of the money raised by bond issues, every dollar that does not come now as a tax on war profits and income taxes?

What will this great burden mean to the people of this country? Think of it! There are substantially 20,000,000 families in this country. There are 20,000,000 heads of families who are charged with the duty of supporting and maintaining their respective families. Every billion dollars which we must raise, whether by taxes or by bond sales or in any other way, means in round numbers, except for what you take out of war profits and incomes, \$50 for every family. It means \$10 for every man, woman, and child. The estimate of between nineteen and twenty billion dollars contained in this report means almost \$1,000 per family is to be raised.

Mr. President, whatever amount is raised by bond issues, whatever comes through consumption taxes, whatever amount is raised from any source excepting war profits and income taxes, will be paid by the mass of the people through consumption taxes on the things that they eat, wear, and use; and it will be equivalent to something like an \$800 involuntary mortgage voted upon every home in the United States.

Mr. President, I ask the Senate to vote a 70 per cent tax on war profits, and I change the amendment, as presented by me at 72 per cent, to 70 per cent.

Mr. HOLLIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from New Hampshire?

Mr. LA FOLLETTE. I do.

Mr. HOLLIS. Before the Senator takes his seat I will ask him to follow his thought about the burden of what is borrowed through bond issues in this direction: That the proceeds of bond issues will be spent at inflated prices and the people will have to pay it back at peace prices; so they will have to pay back two or three dollars for every one they get.

Mr. LA FOLLETTE. Oh, that is so, Mr. President. In rushing on with an argument such as I have been trying to make here to-day one can not do more than just touch upon the multiplied wrongs and evils that are wrapped up in this proposition to let off the wealth of this country upon a tax basis as low as this bill proposes. One can not do more than suggest—and I have done it, I know, all too imperfectly—the wrongs that are to be suffered, not only by the people of to-day but by our children, if this thing is to be permitted to be done. I do hope that other Senators—the Senator from New Hampshire [Mr. HOLLIS], the junior Senator from Utah [Mr. KING], and other Senators here—will lend their support to a better presentation of this case than I have been able to make.

Mr. THOMPSON. Mr. President, will the Senator from Wisconsin yield for a question?

Mr. LA FOLLETTE. I yield the floor.

Mr. THOMPSON. Will the Senator yield for a question before yielding the floor?

Mr. LA FOLLETTE. Certainly.



Mr. THOMPSON. I wanted simply to ask a question as to the difference between his amendment and the amendment offered by the Senator from California. Is it simply in the change from 73 to 70 per cent? Is that the main difference in the effect of the amendment?

Mr. LA FOLLETTE. That is the difference in the percentage.

Mr. HUSTING. Mr. President, I just want to put something in the Record in connection with certain questions that I have asked my colleague from Wisconsin, in order to make clear what my questions were based upon. My questions were to this effect—whether the bill as originally reported from the Senate Committee on Finance did not involve a question of capital stock, and involve also thereby the question of surplus to be deemed a part of the capital stock.

I just want to say that my understanding of this bill is that the percentages that are based upon net profits—that is, deductions, which means net profits—necessarily involve the question as to whether or not a surplus is a part of the net profits. If it is not going to be treated as a part of the capital stock, as appears to be the case now under the present amendment, the question might well come up as to whether or not this surplus is a part of the capital stock, the question whether or not it is a part of the net profits, and the question whether or not it is going to be taxed. Moreover, on page 15 there is this provision, which I think makes necessary an inquiry into the question of capital stock. I read from page 15, after subdivision (b):

If the average capital (or in the case of a foreign corporation or partnership or a nonresident alien individual that proportion thereof which the net income of the trade or business from sources within the United States bears to the entire net income) employed in the trade or business during the taxable year is greater or less than the average capital or proportion thereof so employed during the prewar period, the war profits shall be determined by deducting from the total net income for the taxable year an amount which bears the same proportion to the average annual net income for the prewar period which the average capital or proportion thereof employed during the taxable year bears to the average capital or proportion thereof employed during the prewar period.

My understanding of this provision is that for the purposes of comparison an inquiry into the amount of capital stock is necessary, because you can not make a comparison between the capital stock in the prewar period and the capital stock in the postwar period without getting the basis of capital stock at least in one or the other of the instances. The amount of tax to be levied will depend upon this comparison and the proportion which the capital stock of the prewar period bears to the amount of capital stock of the postwar period. So that I feel that my question at least was proper, and that, as I understand the bill, the question of the capital stock is not eliminated even from the first proposal of the committee.

I want to say further that it seems to me that some of the objections of my colleague to the bill as proposed by the committee could be met by an amendment which would prohibit the surplus being considered as a part of the capital stock. If that were done, from the argument of my colleague I understand that these larger corporations would be in nowise affected to their benefit, but might, under the increased percentages, be obliged to pay even a greater amount; and we would at the same time be able to tax those corporations that had the good fortune to enjoy a very large profit before the war and that now enjoy a very large profit after the war, entirely tax exempt, and on the other hand avoid doing some little injustice, perhaps great injustice, to those that had the misfortune to make no profits whatever before the war, and that under the original bill, as I understand, would not only not have 6 per cent exempt, but would have no part of their prewar profits exempt, because there were not any; and if such a thing is conceivable, where before the war a concern was making no profits at all and now it is making 100 per cent profit, it would be taxed on the entire 100 per cent, while a concern which before the war had the good fortune to be making 100 per cent and still made 100 per cent after the war would be entirely tax exempt and would pay no revenue whatever on its entire 100 per cent profit.

I am frank to say that no matter which basic theory is going to be adopted upon which the tax shall be computed, I do not believe that the surplus, on the grounds made in the very able argument of my colleague, ought to be added to the capital stock, because it is quite clear to my mind, as was so clearly expressed by the Senator—and I entirely agree with him—that we should not permit the surplus of a corporation, which it is allowed to accumulate upon certain grounds of good financial policy, including public policy, to be entirely wiped out by adding it to the capital stock and then, on the ground of public policy as well as good financial policy, again permit it to pile up another surplus and absorb that and then to pile up another surplus. That is simply defeating the very object that is sought to be gained, the insurance of a sound financial condition, by

piling up one surplus. In other words, there ought not to be cumulative surpluses.

Mr. SHAFROTH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Colorado?

Mr. HUSTING. I do.

Mr. SHAFROTH. I have been somewhat in a quandary as to the effect of the two different systems which the Senator has just been discussing. I must say that it seems to me that under the second system, although the tax of 31 per cent may not be high enough, they will catch more of these excess profits than under the first system that the committee reported. Is that the understanding of the Senator?

Mr. HUSTING. My colleague, the senior Senator from Wisconsin, made the point that under the original scheme reported by the Finance Committee the question of the amount of capital stock did not enter into consideration at all. He contends, as I understand it, it was merely a matter of taking the amount of net profits as reported by the corporations themselves and computing upon a certain ascertained amount of profits as compared with the net profits now earned by the corporation, and computing the tax upon the difference between the prewar profits and the present war profits, a certain percentage over and above the deduction allowed by the statute. However, under the present scheme as reported by the Senate committee in computing the amount of income it now rests upon a percentage basis, and the scheme contemplates adding the surplus to the capital stock, so that in the case of the United States Steel Corporation and the Bethlehem Steel Co. and others that the Senator named, they would thereby increase their capital stock to such an extent that, notwithstanding the increased percentage to be levied upon the profit, they would be taxed less than they are in the first scheme.

The Senator instanced the case of the United States Steel Corporation. The chairman of the committee stated, and it is in the report of the committee, that under the first proposal the United States Steel Corporation would pay, I believe, a tax of \$78,000,000, and the chairman of the committee said that under the present scheme they would pay only fifty-nine or sixty million dollars. It is claimed that the present payment reduced it from seventy-seven million to fifty-nine million, although the senior Senator from Wisconsin stated that he was unable to state positively what the total net result of the change would be, whether it would result in increased revenues or in decreased revenues, because of the uncertainty surrounding the meaning of the words "capital stock."

Mr. SHAFROTH. Do I understand that the question of the capital stock enters into the computation at all, except as an exemption? Does not this amendment provide that it shall not be less than 6 per cent nor more than 10 per cent?

Mr. HUSTING. Ten per cent of what? Ten per cent of the capital stock?

Mr. SHAFROTH. Well, yes; 10 per cent of the capital stock.

Mr. HUSTING. So the Senator contends, and I see force in it—I believe it is correct and sound—that the question, then, arises as to what is the capital stock.

Mr. SHAFROTH. Yes; that is true, but it is all an exemption. It is only in cases where there have been large profits in the years preceding the war, leaving perhaps no war profits at all, that that provision is invoked. Is not that the fact?

Mr. HUSTING. Only in those instances where the amount is over 6 per cent. There it is a question of what the capital stock is, in order to determine what the exemption is. If the capital stock were \$100,000,000 the exemption of 10 per cent would be \$10,000,000, whereas if the capital stock were \$80,000,000 the exemption would be only \$8,000,000.

Mr. SHAFROTH. No; as I understand, it shall not exceed 10 per cent.

Mr. HUSTING. The exemption shall not exceed that.

Mr. SHAFROTH. The exemption. Consequently, if they were to show that there had been a larger amount than that, they would catch the surplus, it seems to me, over and above that 10 per cent. Unless that is the meaning of the bill, I do not understand it.

Mr. HUSTING. I think I understand it. I do not know whether I can clearly express it or not.

They are to have an exemption of 10 per cent. Let us assume that a corporation, under one theory of ascertaining capital stock, has \$50,000,000 of capital stock. The 10 per cent exemption would be \$5,000,000. If, on the other hand, by adding surplus to the other elements of capital it were increased to \$100,000,000, the exemption would be twice that under the former plan, and they would not pay any excess war tax on the difference between \$5,000,000 and \$10,000,000, so that they would



be that much to the good; that is to say, \$5,000,000 would be tax exempt. That is the theory as I understand it.

Mr. SIMMONS. Mr. President, I do not desire to detain the Senate for more than a few minutes.

I regret very much that the senior Senator from Wisconsin [Mr. LA FOLLETTE], who is not now in his seat, should have lost his temper this morning. I do not know to what to attribute his violence, whether it was on account of something that has recently happened in this Chamber or whether he felt that it was expedient to find a cause to quarrel with me this morning and make that the excuse for refusing to permit me to interrupt him when he might make statements I felt were not borne out by the record or not justified by the facts.

Mr. President, the Senator seeks to make a great deal out of the fact that I presented a table of statistics here, and that the amounts of money that the United States Steel Corporation and other corporations probably would pay as profits tax, as estimated in that table, have been found by a later calculation to be somewhat incorrect. I made a statement with reference to that matter which I thought would be satisfactory to every Senator and enable every Senator to see how that discrepancy might occur.

The Senator says I vouched for the table. I did not vouch for the table further than to state that it was furnished by a great financial institution in New York. I gave the name of that institution at the time I presented the table. I did not put the name in the RECORD, because a Senator to whom the table had been sent requested me not to use the name; so I referred to it as coming from a well-advised financial institution in New York. I stated that the calculations which the expert had made were based upon the data contained in that table as to prewar earnings for the years 1911, 1912, and 1913, earnings for the year 1916, as well as to the amount of the capital of the concerns covered by the table. I stated that making the computations on the figures as furnished by this financial institution, assuming that the figures represented the actual facts with reference to the fundamental and necessary elements in making the calculation, the expert had estimated the amount of this tax each one of the establishments would pay under the House bill and under the Senate bill.

Mr. President, the difference, and the only difference, grows out of the fact that you must take into consideration, necessarily, under the provisions of the original bill and under the provisions of the amended bill the increase and the decrease in capital invested of the taxable year as compared with the prewar period. It would be ridiculous to base a concern's exemptions upon a million dollars of capital invested before the war, when after the war its capital invested was \$2,000,000. In other words, if you find that since the prewar period the institution upon which you propose to levy a tax has doubled its capital, that its profits for the prewar period were made upon one-half of the capital invested in the taxable year, not to allow for this increase in capital would be the rankest sort of an injustice. Your committee recognized that fact, and when we framed this title of the bill one of the very first things that we decided in connection with this excess war-profits tax was that there must be a provision that allowed for an increase or a decrease in capital as between the prewar period and the taxable year; that otherwise it would be a rankly unjust scheme. So we wrote it into the bill. The expert simply applied that provision in his final calculation. It was not applied in the calculations based on the data of the New York table.

The Senator would have the Senate believe that the provision with reference to increase or decrease of capital was not in the bill when this calculation was made because no allowance was made for change in capital in computing this table. It was in the bill when this calculation was made, and it was not applied because we were making a calculation based upon the facts given to us by this financial institution; nothing was added and nothing was taken from the data contained in the table as thus furnished. In this last calculation the change in capital has been taken into account. The expert was not making a calculation based upon somebody else's tables, but was making a calculation based upon the provisions of the bill, and ascertained the facts with reference to capital during the prewar period and the taxable year from other sources, not from that table.

Mr. President, the Senator was attempting not only to lead the Senate to believe that there was no provision in the original bill for an increase of capital between the prewar period and the taxable year but that there was no provision in the original bill for surplus and unearned profits to be considered as a part of the capital employed in the business. He was attempting to make the Senate believe that the amendment which we have recently reported defining capital and which provides that surplus and undistributed profits shall be included in the capitali-

zation introduced a new principle into the bill; that we were now permitting surplus and undistributed profits to be considered as a part of the capital while in the original bill we had not permitted this to be done, and that we were by this change swelling capital.

Mr. President, I called the Senator's attention to the language of the provision in the Senate bill as it was first reported and as it was reported the second time and as it now remains in the bill, providing that in estimating the increase or decrease of capital for the purpose of allowing the taxpayer the benefit of any enlargement between these two periods, and made it perfectly plain that the Senator was wrong. The provision is in language that no lawyer could interpret otherwise than as I interpreted it in my statement when I interrupted the Senator, language that is as clear as it can be made in English. Let me read the provision:

The average capital—

This is the provision allowing for increase and decrease of capital for the purpose of calculating the deduction—

The average capital employed in the trade or business during the taxable year—

Making no difference as to whether that capital was covered by an issuance of stock or represented by undistributed profits or surplus accumulated. This provision was to the effect that if the money was actually invested in the business, employed in the business, it should be considered as capital employed in the business in determining whether there had been an increase or decrease in capital. Under no possible construction of that language could it mean anything but exactly the same as the provision in the definition of capital about which the Senator was complaining. He said this would disturb the whole scheme and introduce an element of uncertainty and confusion. It means that capital, for the purposes of this bill, should consist of cash, or property taken in the place of cash, and of surplus and undistributed profits actually used and employed in the business.

That is an ordinary and a common definition of capital. Any definition of capital invested in business which leaves out surplus and undistributed profits would be a false and misleading definition. That is the definition which the House put in its bill when it attempted to apply the 8 per cent flat exemption rule. That is the definition which we adopted when we decided upon the maximum and minimum. That is in substance the definition that we adopted when we were making allowances for the increase and decrease in capital between the prewar and the taxable year. In different language, but in legal intent and meaning, it was identically the same in each case. But the Senator seems to think it is a device injected in this bill to allow somebody to escape taxation and cheat the Government of its revenues.

The Senate will remember how he inveighed against that definition. The Senate will remember he claimed that it would disturb the equilibrium and produce disastrous results with respect to the revenue to be realized from this bill.

Mr. President, I want to call the attention of the Senate to the fact that identically the same language is contained in the present excess-profits tax law passed by the Senate in March, 1917. The purpose of the bill was identically the same as this bill. It was a levy upon war profits as this bill is. Yet, Mr. President, if the Senator from Wisconsin opened his lips in protest against that provision when the committee reported the bill I did not hear him. The Senator from Wisconsin is a member of the Finance Committee. That measure came into this Chamber and was duly considered. Senators will remember that we had a very long drawn out fight upon it during the short session. So long drawn out was the debate that the session was about to close by constitutional limitation, and the passage of the bill was so jeopardized that we had to throw overboard all Senate amendments to the bill at the last minute in order to save the bill. And yet during all those long weeks of discussion the Senator from Wisconsin did not open his lips upon the floor of the Senate in denunciation of this provision now pronounced by him as mischievous and vitiating in its effects upon the revenues.

Mr. HUSTING. May I ask the Senator a question?

The PRESIDING OFFICER (Mr. KNOX in the chair). Does the Senator from North Carolina yield to the Senator from Wisconsin?

Mr. SIMMONS. Yes; if the Senator insists upon it.

Mr. HUSTING. Is it a fact that under the present plan proposed the surplus will be counted as capital?

Mr. SIMMONS. Surely.

Mr. HUSTING. And under the committee plan?



Mr. SIMMONS. Surplus and undivided profits actually employed in the operations of the business for the taxable year or the prewar year, the same in both cases.

Mr. HUSTING. The other question is, Can the Senator tell how much property would be tax exempt without the 10 per cent limitation or without the 6 per cent limitation?

Mr. SIMMONS. I have not the figures to give the Senator, but I will say to the Senator that so far as those limitations upon the amendment are concerned, it does not require any demonstration or any elaboration, for it must be perfectly apparent to every intelligent mind that by the application of this maximum and minimum, while the minimum may possibly help the man who was making less than 6 per cent upon his capital during the prewar period, on the other hand the maximum will work against the man who was making more than 10 per cent during the prewar period.

Mr. HUSTING. Mr. President—

Mr. SIMMONS. Just let me finish this statement. Mr. President, your committee had no doubt from the very beginning that it was necessary to take reasonable care of the man who was making less than a normal profit before the war. In the case of the man whose earnings before the war were subnormal we felt it was necessary to do it, and in the original bill we provided that if any taxpayer was making substantially less than the average of the business in which he was engaged upon, that being made to appear to the Secretary of the Treasury, he would be authorized to permit him to have an exemption the average profits of representative concerns in the line of business in which he was engaged. The Senator will see under the application of that provision in most instances the man or concern making subnormal profit in the prewar period would be entitled to an exemption of probably more than 6 per cent upon his invested capital. So by the minimum provision of the new amendment practically little revenue can be lost in the case of the concern making before the war less than 6 per cent upon its capital. I say this because I think our provision as originally written, applying the provision to which I have just referred, namely, the average profits of like business, would have raised the exemption of nearly everybody above 6 per cent upon the capital.

Again, Mr. President, it was necessary to take care of the man making subnormal profits before the war when we applied the rigid rule of actual profits during that period. There were many cases—the Senator from Wisconsin [Mr. HUSTING] possibly in his own experience will know of some—where the earnings of corporations during some of those years were nominal, where in some of those three years there was an actual loss. I found a great many cases like that in connection with the cotton mills of my State where during one of the three years we had selected there was no money made, but instead a loss was sustained. Manifestly one bad year would cut the average down, the average for the whole, while bad years out of the three would still further reduce it.

So, Mr. President, every consideration of fair play led your committee to provide for the case of a man who was making very little profit, a subnormal profit, during the three test years. To summarize, I do not think by reason of the minimum provision of 6 per cent we will lose much revenue. We may lose a little, but not much.

Mr. HUSTING. I agree with the Senator there is an element of fairness in this bill.

Mr. SIMMONS. Will the Senator pardon me long enough to let me present the other side?

Mr. HUSTING. I just want to ask the Senator this question for the purpose of getting it in the Record for the information of Senators—at least I should like to get the information. Will the Senator show how much more capital will be subject to taxation and the consequent amount of net excess revenue?

Mr. SIMMONS. I can state that in general terms. My information is, from the rough calculation of the experts, that by virtue of this amendment we will subject about one billion and a quarter of profits to taxation which under the original bill would have escaped taxation.

Mr. HUSTING. How much will we lose under the 6 per cent?

Mr. SIMMONS. I have not that segregated.

The point I was making was that we are not going to lose much, if any, from the minimum, taking into consideration the provision which we had in the original bill to take care of a man who was making abnormal profits. Now, where are we going to get this enormous additional sum of money that the Government experts estimate we will get by reason of these new amendments, especially and chiefly the maximum and minimum amendment? Necessarily we are going to get it from that class of taxpayers who before the war were making large profits, ranging far above 10 per cent, some 25 and 30 and 40

per cent. In my own State, as the result of some investigations that I have had recently made, I have found numbers of corporations that before the war were making from 10 to 20 per cent or more upon their capital. The main part of this revenue will be obtained by imposing this limitation, which in effect provides that if a concern was making a large profit before the war, ranging up to the high rates I have spoken about, by reason of that fact it would be entitled to a large exemption, cutting it down, whittling it down, and allowing as an exemption a profit of only 10 per cent. There is where we are going to get it. We get it from the larger corporations.

It is true, Mr. President, you can pick out some large corporations that were not making 6 per cent before the war. You can pick out the railroads. They were not making an average of 6 per cent before the war. They will not be caught by this maximum provision and they will not be let out by this minimum provision. I could name possibly other classes of corporations that would not be caught under this provision, but I venture to say, taking all the representative corporations of this country, you will find that more than half of them will have their tax increased, many of them tremendously increased, as the result of this 10 per cent limitation.

Mr. President, since this limitation was placed in the bill I have been receiving, as I have no doubt every other member of the committee has, scores of letters from concerns that were making more than 10 per cent before the war complaining that we have so changed the bill as to impose upon them and others alike situated an excessive and burdensome tax.

The Senator picks out some companies which he says will not pay any more under this new provision than under the original committee plan. He picks out first the Steel Corporation. The United States Steel Corporation was not making relatively a very great profit in 1916 upon its inflated capitalization. Under our amendment this inflation, this water, will be squeezed out. The Secretary of the Treasury in the administration of this law can either cut its capital down to just and righteous figures or he can say to it, "You have got to take a fair estimate of your capital or take the exemption of the provision of the law for like corporations."

The Senator from Wisconsin says the Steel Corporation will not have to pay any more under our 60 per cent rate than it would have had to pay under our 50 per cent rate. That is true with reference to their earnings for 1916. The calculations he has been speaking about are all predicated upon its earnings for 1916. In 1916 these were \$270,000,000. Its exemption was about \$70,000,000. Thus, upon the basis of its earnings in 1916, the basis the Senator from Wisconsin has referred to, they had not made sufficient profit in excess of their prewar profits to take them up to 50 per cent, or the highest rates of the original bill. Their profits for that year took them up to only the rate of tax imposed upon corporations which would pay at the 45 per cent rate.

But, Mr. President, that is a mere calculation based upon a past year. The question is, What will this bill produce this year? What will be the effect of the 60 per cent rate upon the Steel Corporation upon its earnings in this year? We can estimate the earnings of the Steel Corporation for this year only from the first two quarters of this year. Based upon the earnings of these quarters the Steel Corporation itself has given out through that great mouthpiece of the big corporations, the Wall Street Journal, a statement of its net earnings for 1917 as being not \$271,000,000, as in 1916, but \$490,000,000. After the deductions are subtracted, their taxable profits will be many hundred per cent over and above the profits of the prewar period, or the 10 per cent exemption, and enable the 60 per cent rate to reach them.

Mr. President, the Senator had the earnings and taxable profits of a number of corporations calculated by the committee expert upon the basis of the bill as it is proposed to amend it—upon the basis of the change which the amendment of the Senate committee makes. There are, I believe, 20 of these corporations. He picked out and read from the estimates as to the Steel Corporation, based on earnings of 1916—not 1917—and tried to have the Senate believe there would be no substantial increase as a result of these new amendments, and yet the third corporation in the table that he had—if he had had sufficient time, I could have shown that the third corporation named in the table, namely, the Du Pont corporation—will have to pay by virtue of this 10 per cent maximum limitation \$10,000,000 more than it would under the original provision of the bill.

Now, I am not going through them all. Here is another of the corporations in the table, the General Motor Corporation, which will pay one million and a half dollars more than it would have paid under the original bill.



Mr. JONES of Washington. Mr. President—

The PRESIDENT pro tempore. Does the Senator from North Carolina yield to the Senator from Washington?

Mr. JONES of Washington. I thought possibly the Senator had the figures there and could tell us what the tax of the Steel Corporation would be on the basis of \$490,000,000.

Mr. SIMMONS. If the Senator wants it, I will put it in the Record. It is a lengthy table.

Mr. JONES of Washington. I just want that one item. What would the Steel Corporation pay on its estimated revenues of \$490,000,000?

Mr. SIMMONS. I asked the expert a little while ago to make a calculation, and he has just this minute handed me his calculation. He says it will be \$183,734,000 upon their estimated profits for the year 1917.

Mr. SMITH of Michigan. After deducting the 10 per cent?

Mr. SIMMONS. After deducting its prewar profits.

Mr. JONES of Washington. Can the Senator state what the Steel Company would pay under the former method provided in the bill?

Mr. SIMMONS. I have not calculated that, but the expert says to me that it would be the same, because they would be caught, as the Senator will see, by the 60 per cent upon any basis of calculation.

The Senator had here in his hand tables covering 20 different corporations, showing how this change would affect them. The Senator picked out some of those corporations and stated the effect, as he claimed, of the amendments, of the tax they would pay; but the Senator did not give, as I recall, the total result of the application of this new principle in the bill to those 20 corporations. I will do so now for him. The total result of the application of the minimum and the maximum amendments, against which he declaims, will be an increase in the revenue of the Government on part of them of \$25,711,000 and to reduce them \$4,575,000 on another part. From the application of this amendment, and the other amendment which we reported raising the rate to 60 per cent, upon these 20 corporations the net result will be that from the 20 corporations selected by the Senator—and they are largely corporations that lend themselves to his theory and his contention—by virtue of these amendments which he condemns, while claiming that he wants increased taxes upon this class of corporations, the Treasury of the United States will get \$21,136,000 more money than it would under the original bill.

Mr. WILLIAMS. Out of those 20 corporations?

Mr. SIMMONS. Yes.

Mr. BORAH. Mr. President—

The PRESIDENT pro tempore. Does the Senator from North Carolina yield to the Senator from Idaho?

Mr. SIMMONS. Yes.

Mr. BORAH. I am not at all interested in the intellectual combat going on between the Senator from Wisconsin and the Senator from North Carolina, nor as to who shall win in the particular contest, but the thing that is perfectly bewildering to an onlooker in Vienna is why the committee did not discover these facts during the eight weeks it was investigating the subject. If this matter is brought out now in good faith and can stand the test, there ought to be something in the way of an explanation as to why the former proposition was brought here and had the same earnest, faithful support of the same Senators who are now supporting the pending committee amendment.

Mr. SIMMONS. Mr. President, I have on two occasions—first, in my reply on Saturday to the Senator from California [Mr. JOHNSON] and, I think, in my reply the other day to the Senator from Alabama—gone fully into this matter. I then stated frankly that, in the first instance, the committee decided and thought in that decision it interpreted correctly the sentiment of the country, that this should be made distinctively a war tax; and the committee felt that if it were to be distinctively a war tax, based on war profits, then whatever profits, little or much, made before the war should be deducted before the tax should apply.

I then explained that at the time the bill came into the Senate our greater needs for money became more evident in this Chamber and throughout the country. It was called to the attention of the committee that Senators on both sides of the Chamber, and many prominent and influential people throughout the country, thought that, in view of the enormous requirements of the Treasury of the United States, the tax should be levied not only as a war-profits tax but be made as well an excess-profits tax; that we should not only tax that which was in excess of what a man made before the war but if a man before the war made more than the amount thought to be a reasonable profit, measured by the experience of the business of the country, he should not be permitted more than that amount as a

deduction. That figure was variously placed at 8, 10, and 12 per cent. Mr. President, as I then stated, yielding to that sentiment and demand, we changed the tax from a war-profits tax to a combined excess-profits tax and a war-profits tax; so that now it is a composite system catching indirectly but effectually a part of the peace profits of the taxpayer and taxing them and catching all of his war profits and taxing them.

I do not think anybody can have any doubt about why the committee did it nor what has been accomplished as the result of doing it.

Without any reference to what my opinion is as to what was the correct and scientific and logical way to frame this tax, Mr. President, I have always made it a rule of my life to be governed by the circumstances of a situation in matters of policy and expediency; and when it was brought home to me that more money was needed, that the country did not desire that any man, however great his profits before the war, should have an exemption of more than 10 per cent, I yielded to that, and the committee yielded to it; and in yielding, Mr. President, we have increased the estimated yield of this bill by about \$470,000,000 as the result of the maximum and minimum amendment and \$70,000,000 by raising the graduated rate from 50 to 60 per cent.

Mr. BORAH. Mr. President, was there any possible doubt about what the desire of the country was in the first instance as to meeting these expenses as nearly as we could out of large profits?

Mr. SIMMONS. Mr. President, neither the country nor the Senate had given any expression about that when we made the first provision. When we made the first provision the Government was asking for only \$5,000,000,000. The demand went up then to \$10,000,000,000. While we were considering the bill, just before we had adopted these amendments in controversy, the Secretary of the Treasury sent in another estimate, which increased the amount asked for by a billion and a half dollars for aviation, ship construction, and so forth.

Mr. President, it is astounding to me that the Senator from Wisconsin, who says he wants to raise more money by taxation and wants to get it from swollen profits of the rich and the great corporations, wants to get it from great war profits, should when we bring in a bill that will get \$500,000,000 more, and get it from profits exceeding 10 per cent upon invested capital, get it from the war profits of these great corporations, should rise in his seat in this body, inveigh against the bill, and not only strive to defeat this provision of it but throw out all sorts of insinuations with reference to the committee and the motives of individual members of it. His conduct in this regard is incomprehensible.

The PRESIDENT pro tempore. The question is on the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE] to the amendment of the committee.

Mr. BORAH. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The absence of a quorum being suggested, the Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Harding	McNary	Simmons
Bankhead	Hollis	Martin	Smith, Ga.
Borah	Husting	Myers	Smith, Md.
Brady	James	New	Smith, Mich.
Brandegee	Johnson, Cal.	Norris	Smoot
Broussard	Johnson, S. Dak.	Overman	Sterling
Chamberlain	Jones, Wash.	Page	Stone
Colt	Kellogg	Penrose	Thompson
Culberson	Kendrick	Pittman	Trammell
Curtis	Kenyon	Polindexer	Vardaman
Dillingham	King	Pamereau	Wadsworth
Fall	Kirby	Ransdell	Warren
Fernald	Knox	Robinson	Watson
Fletcher	La Follette	Saulsbury	Weeks
France	Lewis	Shafroth	Williams
Frelinghuysen	Lodge	Sheppard	Wolcott
Gerry	McCumber	Sherman	
Hale	McKellar	Shields	

Mr. LEWIS. I wish to announce that the senior Senator from South Carolina [Mr. TILLMAN] is absent on account of illness and that he is paired with the Senator from West Virginia [Mr. GOFF]. I ask that this announcement may stand for the day.

The PRESIDENT pro tempore. Seventy Senators have answered to their names. A quorum is present.

Mr. FRELINGHUYSEN. Mr. President, I feel that the amendment proposed by the Senator from Wisconsin [Mr. LA FOLLETTE] will seriously affect the business and commercial interests of my State. As a taxing proposition, I believe it is unwise and unjust. I have the honor to represent in part an industrial State, and I believe that the effect and result of the proposed amendment of the Senator from Wisconsin will not only be reflected against the commerce and industrial life of my State, but that they will be reflected likewise against the industries and commerce of every State in the Union. Particularly



am I opposed to it because I do not believe that it fairly treats the smaller corporations. New Jersey has many of these, as well as have the adjoining States of New York and Pennsylvania. The interests of those three States industrially are intertwined one with the other.

The proposition to tax 72 per cent, Mr. President, on profits in excess of 10 per cent is almost vicious. In my opinion, it will result in the closing down of practically all of the smaller corporations in the State, and I believe even the percentages of taxation imposed by the committee will seriously affect our industries.

I feel, Mr. President, that at this time it is unnecessary to impose that basis of taxation. There is a danger point, Mr. President, in the range of the percentage of taxation, and if we go beyond that point there will ensue an industrial panic in this country. Surely that danger point is below 72 per cent of the net profits in excess of 10 per cent. I feel that at this time, when the Government needs the full capacity of every industry in the country, when the industries of the State of New Jersey are running night and day to furnish military equipment to the Government, to impede or impair those industries by a dangerous percentage of taxation will not only impede our cause but will practically make certain the victory of Germany at this time.

Mr. President, the years 1911, 1912, and 1913 and, to some extent, the year 1914 in New Jersey were years of depression; the manufacturers of the State were making very little money. I have in mind a shoe factory in the city of Newark, the manager of which told me during the campaign last fall that during the years mentioned he practically made no money; that he had few men employed, and that in 1913 when the 10 per cent tariff was taken off shoes, foreign manufacturers came to this country and bought the intricate shoe-making machine, the product of the United Shoe Manufacturing Co., took back American leather and American lasts and flooded the American market with foreign-made shoes, thereby creating a competition which closed that factory. But when the war started, and the European competition was removed, orders immediately began to flow into that establishment to supply the demand to the home trade, and to-day that plant is running night and day, not making munitions, not making ammunition, but taking care of the home trade in this country, which, by reason of the removal of foreign competition, by reason of the barrier created by the war, has again been opened to American manufacturers. It is proposed to tax that factory 72 per cent to-day, it having had no prewar profits. That percentage of taxation is unjust; for their success most certainly is not based upon any "swollen war profits."

We have in New Jersey many large glass factories. The same condition existed in connection with that industry as in connection with the shoe trade to which I have referred. Prior to the war those factories were practically closed down; but when the war came and competition of German and Belgium glassware plants was removed, when the demand in the American market was created for American goods, those establishments began to supply the American market.

I have in mind one factory in New Jersey that makes laboratory supplies, test tubes, and various articles of glassware used in hospitals and laboratories. When the demand was created in this country that plant started to work night and day and it is working on that basis now. They have taken the profits derived from the business and have enlarged their plants; they have increased the number of their employees, and it is now one of the most prosperous industries in South Jersey. Last fall a man employed in that factory handed me a little glass stopper saying "Previous to the war I was making from \$10 to \$12 a week piecework, cutting this glass stopper; but by reason of the war, and the protection created, whereby Germany can not now compete with our American labor, I am earning \$30 a week making that glass stopper." Then he asked, "Are you willing to protect me in my labor and the wages that I am making because of this changed condition?"

Mr. President, that factory had no prewar profits, and yet it is proposed by the amendment of the Senator from Wisconsin to take 72 per cent of the profits of that manufacturing concern. There are hundreds of such manufactories throughout the State in the same condition, and I tell you that they can not stand that percentage of taxation. I do not believe that they have the cash on hand to pay as high a percentage as that.

There is another infant industry which has been created in that State by reason of the fact that the German market for various acids and coal-tar products, of which the German producer had practically had a monopoly prior to this war, has been closed. Through the efforts of American genius the factories of this country are now extracting from coal tar or the coke of the steel mills various coal-tar products, of which there

are hundreds. We are making picric acid in this country, a product which we never made before; we are making various ingredients for high explosives; and we are learning to make the dyestuffs which Germany practically controlled previous to the war. There are some 40 dye concerns in this country, one of which is the Du Pont Co., of which we have heard so much during the past few days in the debate. The Du Pont Co. to-day are experimenting in their various laboratories making dyestuffs in order that their plants, which before the war practically employed a minimum number of hands and now employ a maximum number, may continue in operation after the war and in order that the enlargements and extensions which have been made by reason of the demands of the war may be used and utilized for the dyestuff industry. A part of the profits of this concern are being utilized to make those experiments. In my State the Du Pont Co. has four plants, employing approximately, prior to July, 1914, 3,000 hands. When the war broke out a great demand for powder was created, and the allies came here and relied upon American genius and American enterprise to supply their demands. So these plants were expanded until in my State the four plants to which I have referred to-day employ 25,000 men; villages and cities have sprung up around these plants; they are running at full capacity. I am willing, Mr. President, to tax these establishments heavily, but let us not deal them such a blow as will prevent their proper expansion for future requirements of the industrial world and of the Nation at large.

Mr. President, it is not my fortune to belong to the distinguished profession, the law, of which my father, grandfather, and great-grandfather were honored members. Such being the case, I can not, in analyzing this monumental measure, take the viewpoint of the trained legal mind, as have 75 per cent of my colleagues in this Chamber.

Instead it is my fortune to occupy the position of the plain business man, destiny having marked out for me a commercial career. Therefore, in considering this bill, in passing judgment upon it, in reaching a conclusion concerning its merits, I can only do so from the point of view of a business man, one who from time to time has been in close touch with the currents of trade, with fingers upon the pulse of commercial and industrial energy.

It is, Mr. President, a singular world, a singular age, in which we live. Is prosperity a crime? Should success be penalized? Is that man who has, by his strenuous labors, acquired a competency, or even more, to be considered a pariah among his neighbors? Is the finger of scorn to be pointed at him as he passes along life's highway?

One might think so, after sitting upon this floor a few weeks and listening to the anathemas pronounced upon those Americans who have succeeded in life, who have a balance in bank, who have attained prominence and power in the world of commerce.

This is an amazing proposition, it seems to me, Mr. President.

Here comes a man who, beginning at the lowest rung of the ladder, has advanced to the top; has built up a successful business as merchant, manufacturer, or financier; has acquired wealth for himself, and, to a greater or less extent, for his associates and employees in business; is a substantial factor in commercial life, a pillar in the social fabric of his country.

Yet, as he passes along, some of those in high places and low cry out, "Stop thief!" "Away with him; release unto us Barabas!" "Crucify him!"

And who are the men who raise this hue and cry? Not the industrious mechanic, whose heart is sound and whose brain is cool, who entertains no jealousy of wealth, realizing, as he does, that capital and labor are industrial Siamese twins, and that he who severs the ligament which binds them together deals a mortal blow, not to one but to both. Furthermore, the far-sighted bread winner, familiar with the antecedents of his chief, knows that not many years previously the latter was himself only a wage earner, whose advancement can not but serve to stimulate the ambition of all other toilers to strive after a kindred degree of success.

I can not consent to this proposition, Mr. President. I agree with the senior Senator from Massachusetts, who the other day said:

I do not think honest business success is a crime.

No man in this Chamber will be readier than I to antagonize and legislate against trusts or combinations in restraint of trade, or any insidious influence backed by great wealth, whose purposes are hurtful to public policy or the welfare of the Nation as a whole.

But as a business man myself I realize the stupendous influences which have made this the greatest Nation on the face of the earth, which have made it prosperous beyond precedent and beyond comparison, and I have no patience with that element in



our population which looks askance upon the man who has won in the struggle for existence, and seeks to array against him those who have been less successful.

No matter how eminent America's statesmen have been, her captains of industry have been even larger factors in the building of the Nation.

And even to-day, Mr. President, I can not agree or sympathize with those who have assailed and are still assailing the manufacturers of munitions and implements of warfare as though they were the enemies of civilization and objects of universal contumely. Except for these men, the ruthless despot of Central Europe would now have the world supplant at his feet, and America's shores would be threatened with invasion.

Moreover, thanks to the business foresight and capacity of these men, this Nation is about to equip itself for its sublime rôle, of putting an end to autocracy and restoring peace and democracy to the world. Except for them, we should to-day be the laughingstock of all nations.

It is the fashion among certain censorious public men, chiefly from the West and South, to rail against the munition makers of the East as coiners of "blood money," because, forsooth, they have supplied weapons to the forces in the Old World who are striving to rid the earth of autocracy and militarism.

How about the planters of the South who during the past three years have shipped tens of thousands of bales of cotton to Germany, through Scandinavia and Holland, for the making of high explosives? How about the owners of copper, iron, and lead mines in the West, who have furnished many thousands of tons of ore to all the belligerents for warlike purposes? How about the farmers of the prairie States, who have supplied millions of bushels of wheat to the central European nations, thus enabling them to prolong the war?

If the revenues of eastern manufacturers may properly be denominated "blood money," then shall I insist that the cotton planters, the mine owners, and the wheat producers of the South and West be placed in the same category.

If America is right to-day in its defense of democracy, if we are fighting a just cause, then the captains of industry who built and expanded these great plants, the stockholders who furnished the capital, the artisans who kept the wheels in motion, these men constitute the advance guard of the Nation's Army, recruited to deal the finishing stroke to Germany, who for three years has sought to enslave the world.

I am not a defender of or apologist for these men. Their acts speak for themselves. Their contemporaries, or certain of them, may treat them ungenerously. It is my belief that history will be more kindly.

The question we are dealing with in this bill is one of economic necessity. It should not be approached with passion, prejudice, or partisan feeling. The question before the Senate is not so much how we should tax or where we should tax, but how heavily at this time we may impose these burdens on the people without checking the normal ebb and flow in the channels of commerce and industry.

The question is not how little we can tax the people, but how much with safety and without weakening the capital needed to equip America at this time for the stupendous task which confronts her. A country's life is her productive capacity. Cur-tail, hamper, demoralize this and commercial chaos follows.

During the 30 years that I have been identified with the business life of America I have seen many periods of depression as well as expansion, due to the great upheavals that periodically occur in the commercial and industrial life of a nation. I have watched the effects of changing tariff policies, of new and experimental legislation, of fire, flood, earthquakes, war, and labor difficulties.

I am not referring to the effects of these shocks upon Wall Street or the stock market generally, but to the rise and fall of the barometer of finance, industry, and commerce.

Naturally, Mr. President, it is such men—the business men and manufacturers—such interests, who must pay by far the major portion of the war debt. The country expects it and they expect it.

But in this connection I wish to utter a note of warning, a word of caution.

"Conscript wealth," but do not confiscate it. Tax the rich, but do not tax to death. Tax, but not to the degree that the business of the Nation is crippled, lest industrial and financial disaster may ensue and there be nothing left to tax.

Let us not shackle trade; let us not stifle industry; let us not destroy confidence, which is the very essence and spirit and life of business.

In much of our war legislation we have placed the manacles of Government regulation upon business. To a very great extent this is necessary. Nevertheless, it is to be hoped that in all

cases these regulations may be in the hands of practical men and not doctrinaires fresh from our universities, whose feet are on the earth, but whose heads are in the clouds.

There is one subject, Mr. President, upon which the Nation at large desires information. If it is supplied, and quickly, it will materially aid in tranquillizing and stabilizing the business world, in subduing the restless pulse of trade, and in preventing an irreparable outbreak in our commercial system.

We have a right to inquire at this time, it seems to me, whether the extraordinary policy of business control, of confiscating the proceeds of industry, in the United States is to go on after peace is restored. We see hints in certain editorials which suggest that the burdens now being laid upon business, and which are willingly accepted by business because of the great emergency, are but the beginning of a permanent socialistic propaganda.

What I would like to know, Mr. President, is this: Are we legislating for the war period or for posterity? I am willing, Mr. President, to help "make the world safe for democracy," but I am not willing to help make it safe for socialism. Socialism is no more the twin brother of true democracy than is autocracy.

The laws of trade are centuries old, and can not be manipulated or changed at will by the tyro, no matter how ambitious or patriotic his intentions may be. The arteries of commerce and finance are delicate in texture, and can be easily disarranged, resulting in unspeakable disaster.

In view of the passage of these regulatory laws, in view of the enactment of this measure, placing unprecedented burdens upon the business men of the Nation, I feel constrained, Mr. President, to urge upon this Senate the necessity of going slow hereafter, to the end that no radical upheaval in trade may be precipitated, with a possibility of financial chaos as a sequence.

I trust, Mr. President, that Senators may not be disposed to denominate this merely a potential, an imaginary, peril. It is a real one, and any keen business man of the Nation, either East or West, will so declare. It is only such a man, familiar with the mobile and fluctuating currents of finance and commerce who can be depended upon to formulate accurate judgments upon such matters.

This Congress may, by ill-considered legislation, based upon an inadequate knowledge of conditions in the business world, bring about commercial depression and commercial anarchy. Congress, by a stroke of the pen, in the twinkling of an eye, may bring to pass a state of affairs which years alone can adjust and correct.

Imperatively necessary is it during this war that the currents of industrial activity shall not become stagnant; that the machinery of commercial energy shall not become rusted or corroded by reason either of slackness or a complete collapse. A superlative degree of productiveness must prevail, or the country's necessities will not be provided for, to the great demoralization of the Nation's war program, and the embarrassment of our citizens generally.

In indicating, Mr. President, my solicitude lest business depression may ensue as a result of our deliberations upon this bill or any other legislation we may enact, I do not wish to be misunderstood. I have not alone in mind the merchant or the manufacturer. These will suffer infinitely less than will the immense army of wage earners, dependent upon them for their livelihood.

The shutdown of a mine, the closing of a factory, the locking of the doors of an industrial plant of any kind affects not merely the heads of such establishments, but the tens of thousands of their employees, and the scores of thousands of wives and sons and daughters of the latter.

In considering the merits of this bill, Mr. President, I would particularly urge that a deaf ear be turned toward those who would suggest class legislation during this war. Genuine patriotism, full-blooded Americanism, knows no such thing as class.

I cordially indorse and emphasize this sentiment of a fellow Senator:

I believe under a democracy that just as every man is bound to offer his services for the defense of the country in time of war, every man is bound to make his contribution to the expenses of the Government, if it is not more than 10 cents.

At a very early stage of this war, when the conscription bill was being debated, those of us who advocated the passage of that measure took the ground that dependence upon volunteer service was antagonistic to pure democracy, which only prevailed where universal service was resorted to.

That is the spirit upon which this war is being conducted by the Executive and by Congress. As we know no class, either rich or poor, in the military arm of the Government, so, likewise, in the imperatively necessary concomitant of military duty, the raising of the "sinews of war," the same rule must apply—



all must spend or be spent, if need be, to carry on the struggle in behalf of civilization.

Yet I have been amazed, Mr. President, at the proposition which I have heard advanced on this floor, that only a handful of our citizens, comparatively speaking, should finance this war, which would assuredly be the case if taxation were limited to two sources, the income tax and the war-profits tax.

I have heard such un-American, such undemocratic, sentiments uttered in this Chamber by Senators who object, among other items, to the pitifully inconsequential tax on coffee, tea, cocoa, and sugar, amounting to only \$70,000,000, less than one-half the amount a single corporation will pay under this bill into the Government Treasury.

If that were done then hundreds of thousands of Americans—who will pay tax in no other form—will make no financial contribution whatever toward carrying on the war.

I am not willing to believe that the type of Americanism of these hundreds of thousands is at so low an ebb that they are disposed to play the rôle of slackers in that regard and willing to withhold their mite from the Public Treasury upon which such stupendous demands have been made, and still will be made, in order to prosecute the war to a successful issue.

We shall send to the trenches in France 1,000,000 of our young men, 2,000,000 probably, not to fight the battles of France or of Great Britain, but our own, to the end that we shall not find it necessary later on to raise an army of 5,000,000 men to fight on American soil against a German army victorious abroad.

If we send 2,000,000 young men to France we will still have in America 8,000,000 of the same age, between 21 and 31, and still other millions younger than the minimum age and older than the maximum, who would not contribute a penny of taxes in any form, except for these so-called "consumption taxes."

We hear much about "conscripting the young blood of the Nation," yet those who are so solicitous concerning the lads in France, and those who are yet to sail, would exempt their brothers at home from all participation in the war and make them literally slackers, shirkers, and laggards in this great struggle for the preservation of the Nation.

It is altogether proper that the wealth of the Nation should bear the greater part of the war burdens, that it should be "conscripted," so to speak, in a manner and to a degree that is fair and equitable.

I am quite sure that the men of substance, of property, are keenly alive to the dangers which threaten the Nation in the event that Germany should establish dominance over the world. They are willing to make the sacrifices necessary to bring success to our arms.

I denounce the sentiment that these men are not patriotic, for the highest type of patriotism to-day is found in the persons of these vigorous Americans and of their sons, many of whom now wear the uniform of their country.

"Lest we forget"—and forgetfulness seems inherent in the human organism—I beg, in this connection, to call attention to the fact that when the liberty loan was floated, when the \$100,000,000 Red Cross fund was raised, the capitalists of the country, the commanding figures in the domain of finance, were prompt and generous in their responses and those vast enterprises were unqualified successes.

Furthermore, look about you in Washington to-day and you will see a remarkable army of expert organizers, some of the most virile, most dominating, factors in our financial and commercial life, not a few of them members of the maligned coterie of millionaires, who have given up control of their own business affairs at home, have abandoned family, ease, and peace of mind to aid without remuneration of any sort the President in his stupendous task of mobilizing the resources of the country to win the war for humanity.

So far as I am individually concerned, Mr. President, I am in favor of high income taxes and high war-profits taxes—just as high as may be compatible with the necessities of business. The business men of America are asking no special favors. But, as one who has been closely identified with the commercial life of the Nation for nearly a third of a century, I beg this Senate not to destroy the industrial expansion of the country; not to block the wheels of industrial progress.

Courage and confidence at this time go hand in hand. The one without the other is impotent. If you destroy the delicate fabric of business confidence, if you hamstring the Nation's credit, or the credit of her merchants and manufacturers, you paralyze the courage of the country.

The most ominous element in the situation in America to-day is found in the fact that there are certain disturbing factors in our political, social, and economic life which are inspiring discord, dissension, and open hostility against the Government and against its policies. If these are not checked promptly and vig-

orously the Nation will suffer in the development of her military program and in the effectiveness of her participation in the pending war.

In view of the Nation's peril at the present time, in view of the tremendous, almost superhuman, struggle which must ensue before the world is "made safe for democracy," it is with apprehension that we look out across our broad domain and discover so many ulterior and unscrupulous forces at work to undermine public opinion, public confidence, and public credit.

Let us turn from this picture and give ear to this clarion call from one who shares with former Congressman Gardner, of Massachusetts, the honor of being the father of the "preparedness" propaganda in America. I refer, it is needless to say, to Theodore Roosevelt, who said:

Stout of heart and pledged to the valor of righteousness let us stand foursquare to the winds of destiny, from whatever corner of the world they blow. Let us keep untarnished, unstained, the honor of the flag our fathers bore aloft in the teeth of the wildest storm, the flag that shall float above the solid files of a united people, a people sworn to the great cause of liberty and of justice for themselves and for all the sons and daughters of men.

In this spirit, Mr. President, every true American, in office and out, should abandon his individual preferences and jealousies, should cast aside all thought of sectionalism or of party, and throw his whole personality into the scale, that he may the more fully consecrate himself to his country and to humanity. He should mobilize and coordinate all his energies, to the end that he may render the fullest measure of service in this awe-inspiring national crisis.

To employ scriptural language, "Forgetting the things which are behind, and reaching forth unto those things which are before," let us press toward "the mark for the prize of the high calling" set before us—a complete victory over the forces of autocracy which would reduce the world to chains.

If "whom the gods would destroy, they first make mad," then the doom of the crowned paranoiac of central Europe is rapidly approaching. The Kaiser's hymn of hate has become the swansong of an expiring dynasty. The end may be a year distant, and probably is, but the result is inevitable. Civilization will be triumphant; democracy will prevail.

There is but a single course open to the genuine lover of his country. Disassociating himself from every entanglement or obligation, from every ambition or prejudice, which might interfere with his supreme duty in this national crisis, let him serve his country in the trenches or out, with a rifle on his shoulder or his purse in his hand, fighting or paying, thus aiding in the winning of the war.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE] to the amendment reported by the committee.

Mr. SMOOT. On that I call for the yeas and nays.

The yeas and nays were ordered.

The PRESIDENT pro tempore. The Secretary will call the roll.

Mr. NORRIS. Mr. President—

The Secretary called the name of Mr. ASHURST, and he voted in the affirmative.

Mr. NORRIS. Mr. President, I tried to get recognition from the Chair before the Chair submitted the question. I want to suggest the absence of a quorum. There are some Senators absent who want to be here.

The PRESIDENT pro tempore. The roll call has begun.

Mr. NORRIS. But, Mr. President, I rise to a point of order. I was addressing the Chair for that purpose before the Chair made the statement.

The PRESIDENT pro tempore. The Chair, of course, did not see the Senator.

Mr. NORRIS. Well, I was right in front—

The PRESIDENT pro tempore. The point of order is overruled. The Secretary will proceed with the calling of the roll.

Mr. NORRIS. Mr. President, I appeal from that decision.

The PRESIDENT pro tempore. The Senator from Nebraska appeals from the decision of the Chair.

Mr. PENROSE. That can not be done during the roll call.

The PRESIDENT pro tempore. The Chair decides that the appeal is not in order during the roll call. The Secretary will proceed.

The Secretary resumed the calling of the roll.

Mr. CURTIS (when his name was called). I transfer my pair with the junior Senator from Georgia [Mr. HARDWICK] to the junior Senator from New York [Mr. CALDER] and vote "nay."

Mr. MYERS (when his name was called). I have a pair with the Senator from Connecticut [Mr. MCLEAN], who is unavoidably absent on account of illness. I transfer that pair to the Senator from Virginia [Mr. SWANSON] and vote "nay."



Mr. ROBINSON (when his name was called). I have a pair with the Senator from Michigan [Mr. TOWNSEND]. I transfer that pair to the Senator from Missouri [Mr. REED] and vote "nay."

Mr. SMITH of Michigan (when his name was called). In view of the announcement just made by the Senator from Arkansas [Mr. ROBINSON] I feel at liberty to vote. I therefore vote "nay."

Mr. STERLING (when his name was called). I have a pair with the Senator from South Carolina [Mr. SMITH], and therefore withhold my vote. If at liberty to vote, I would vote "nay."

Mr. SMITH of Michigan (when Mr. TOWNSEND's name was called). I desire the RECORD to show that my colleague [Mr. TOWNSEND] is unavoidably absent from the Senate on account of illness in his family. The pair announced by the Senator from Arkansas [Mr. ROBINSON] will stand.

The roll call was concluded.

Mr. GERRY. I have a general pair with the Senator from New York [Mr. CALDER]. I understand that if present he would vote as I do, and I therefore vote. I vote "nay."

Mr. FLETCHER. I have a general pair with the Senator from New Hampshire [Mr. GALLINGER]. I am informed that he would vote as I would on this proposition. Therefore, being at liberty to vote, I vote "nay."

Mr. FRELINGHUYSEN (after having voted in the negative). I have a general pair with the Senator from Montana [Mr. WALSH]. I understand that if present he would vote as I have voted. Therefore I allow my vote to stand.

Mr. STERLING. I transfer my pair with the Senator from South Carolina [Mr. SMITH] to the Senator from Minnesota [Mr. NELSON] and vote. I vote "nay."

Mr. McCUMBER. I transfer my general pair with the senior Senator from Colorado [Mr. THOMAS] to the senior Senator from New Hampshire [Mr. GALLINGER] and vote "nay."

Mr. CURTIS. I desire to announce the unavoidable absence of the senior Senator from New Hampshire [Mr. GALLINGER]. Were he present he would vote "nay."

Mr. KENYON. I wish to announce the necessary absence of my colleague [Mr. CUMMINS], who, if present, would vote "yea."

Mr. LEWIS. I desire to announce the absence of the Senator from Arizona [Mr. SMITH] because of illness. I am informed that if present he would vote "nay."

Mr. CURTIS. I was requested to announce the following pairs:

The Senator from West Virginia [Mr. GOFF] with the Senator from South Carolina [Mr. TILMAN]; and

The Senator from West Virginia [Mr. SUTHERLAND] with the Senator from Kentucky [Mr. BECKHAM].

Mr. KING subsequently said: I have a general pair with the junior Senator from Minnesota [Mr. KELLOGG]. I supposed he was in the Chamber when the last vote was taken, and, laboring under that impression, I voted. Under that pair I ought not to have voted; and, announcing that fact, if it is permissible, I will ask leave to withdraw my vote.

Mr. KELLOGG. Mr. President, I have no objection to the Senator voting. I was in my office, but for some reason or other my clerk did not hear the bell ring. There is no objection.

Mr. KING. Then I am very glad to allow my vote to stand. The result was announced—yeas 20, nays 55, as follows:

#### YEAS—20.

Ashurst	Hollis	Kenyon	McNary
Borah	Husting	King	Norris
Brady	Johnson, Cal.	Kirby	Thompson
Gore	Johnson, S. Dak.	La Follette	Trammell
Gronna	Jones, Wash.	McKellar	Vardaman

#### NAYS—55.

Bankhead	Hale	Owen	Smith, Ga.
Brandegee	Harding	Page	Smith, Md.
Broussard	James	Penrose	Smith, Mich.
Chamberlain	Jones, N. Mex.	Pittman	Smoot
Colt	Kendrick	Polindexter	Sterling
Culberson	Knox	Pomerene	Stone
Curtis	Lewis	Ransdell	Underwood
Dillingham	Lodge	Robinson	Wadsworth
Fall	McCumber	Saulsbury	Warren
Fernald	Martin	Shafroth	Watson
Fletcher	Myers	Sheppard	Weeks
France	New	Sherman	Williams
Frelinghuysen	Newlands	Shields	Wolcott
Gerry	Overman	Simmons	

#### NOT VOTING—21.

Beckham	Hitchcock	Reed	Tillman
Calder	Hughes	Smith, Ariz.	Townsend
Cummins	Kellogg	Smith, S. C.	Walsh
Gallinger	McLean	Sutherland	
Goff	Nelson	Swanson	
Hardwick	Phelan	Thomas	

So Mr. LA FOLLETTE's amendment to the amendment was rejected.

Mr. LA FOLLETTE. Mr. President, I offer the following amendment. I propose to change the amendment submitted by the committee by striking out of that amendment all of page 12 after the parenthesis in line 13, all of page 13 down to and including line 22, and inserting after the parenthesis in line 13, page 12, the words:

Sixty-five per cent upon war profits, determined as hereinafter provided.

It is in the same form as the amendment that has just been voted upon by the Senate, with only the difference that where the rate proposed in that amendment was 70 per cent the rate which I now propose is 65 per cent.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Wisconsin to the amendment of the committee.

Mr. BORAH. Mr. President, I have no doubt the debate is in effect closed so far as results are concerned, but I desire to submit a few observations before this amendment is voted upon. I have spoken heretofore upon this subject, and I would not trespass upon the patience of the Senate longer were it not for the fact that I feel there are some things which have particular application to the amendment which is now offered, it being, as I understand, a 65 per cent rate.

I called attention the other day to the fact that the expenditures this year would likely amount to \$19,000,000,000. A few days have elapsed, and according to the statement now published as coming from the Secretary of the Treasury it will amount in all probability to \$21,000,000,000. The first estimate made by the Secretary of the Treasury after the declaration of war for this year's expenditures was \$6,400,000,000. An estimate made by a distinguished writer upon finance was \$5,000,000,000.

In the course of a few weeks an estimate was made raising that to \$11,000,000,000. I am speaking in round numbers. Finally a third estimate was made placing the figures at about \$17,000,000,000. Now, according to the report to-day from the chairman of the Committee on Ways and Means of the House, it is around \$19,000,000,000, with a news item to the effect that for safety, to guard against a shortage, the Secretary of the Treasury has suggested an additional \$2,000,000,000. Thus while we discuss the means of raising millions the estimates come in in billions. We do not deal with millions any more, except in tax or revenue bills; in all other matters we deal in billions.

I venture to say, Mr. President, not in criticism but as a statement of what I believe to be the fact, that the whole expenditure this year will be from twenty-two to twenty-three billion dollars, possibly \$25,000,000,000, including, of course, the \$7,000,000,000 which we are proposing to loan to the allies.

This bill in all probability by the time it receives the signature of the President will provide for about two and a half billion dollars, speaking in general terms and not undertaking, of course, to get down to details; certainly not more.

So, Mr. President, we are proposing to incur an expenditure of from twenty-one to twenty-five billion dollars, and we propose to raise by way of taxes in this particular measure two and one-half or two and one-fourth billion dollars.

I wish to say to the Members of the Senate that there is not in the record of history such a shrinking from duty on the part of a great legislative body as that which will thus be recorded against this body. There is not a single instance, from the wars of Napoleon until this hour, when men who had charge of the affairs of their country did not more adequately and substantially meet the situation than we are doing in this instance. I say this knowing full well how frail and inadequate have been some of the precedents. The Senate and the Congress of the United States in this war up until the present hour have met the situation apparently with courage and purpose and in amplitude of means, but when we reach the great question of taxation, which deals with that subject matter concerning which it is said that the American people are most sensitive, money and property, we shrink from the performance of what is our manifest duty in this instance.

I listened but a few moments ago to a somewhat pathetic plea upon the part of the Senator from New Jersey [Mr. FRELINGHUYSEN] for the wealth of the country and men of wealth. If I supposed for a moment, Mr. President, that two and one-half billion dollars was the full amount which the men of wealth were willing to contribute to this war in the way of taxes as against the possible expenditure of twenty-one to twenty-five billion dollars—if I should assume that that was the standard and measure of patriotism among the men of wealth and power



financially in this country, I should conclude that wealth had eaten away the first and noblest of the virtues of citizenship.

I do not believe that it is any measure of their patriotism. I do not believe, sir, that we are meeting the situation as those men themselves would meet it if they were here. I can not conceive that men who have gathered their millions, who are more interested than anyone else in a strong and firm Government, who are more interested than anyone else, if we measure by material things, in the success of this Government should close down after two years of marvelous profit and say that two and one-half billions dollars is the sum total of their capacity to meet this great exigency of our Republic. If such an indictment is to be brought, it will be brought by those who defend this bill, not by those who oppose it.

When the President read his declaration of war address he referred to this matter. I think it is extremely unfortunate that we have been so anxious to follow the President in other matters, but have manifested an unwillingness to follow him in this instance. The President said:

It will involve also, of course, the granting of adequate credits to the Government, sustained, I hope, so far as they can equitably be sustained by the present generation, by well-conceived taxation.

I say sustained so far as may be equitably by taxation because it seems to me that it would be most unwise to base the credits which will now be necessary entirely on money borrowed. It is our duty, I most respectfully urge, to protect our people so far as we may against the very serious hardships and evils which would be likely to arise out of the inflation which would be produced by vast loans.

Obviously it is our duty to protect our people against the very great hardship which inflation would bring to them, and which inflation, as we know, is accentuated and aggravated by these great war loans. The President, familiar with the experience of our Nation in the years gone by and the experience of other nations in regard to such matters, had in mind this idea of issuing a vast amount of bonds and collecting a small amount of taxes. So he early called attention to it. He has warned us early and unmistakably. I only regret that he has not seen fit during the pendency of this measure to reiterate his views; yet we should not have need of such reiteration.

I can not concede that the President was stating merely a naked and solitary economic abstraction. I take it that drawing from his experience and his observations and his reading he was stating that which is written upon every page of war's finance, that the most serious thing which confronts a people in such an instance is providing against the inflation which is superinduced by great war loans. Why is it that we refused in this instance to accept this wise suggestion? Why do we refuse in this instance to accept the views of the President, especially when he is supported by experience, by sound finance, and by conscience? Let me read a line from Mr. Lloyd-George in his first budget speech in 1914 along the same line:

War is the time for sacrifice in nations; they are in the spirit of sacrifice. It is a time when men know that they are expected to give up comforts, possessions, health, limb, life—all that the State requires in order to carry it through the hour of its trial. It is a time of danger, when men part willingly with anything in order to avert evils impending on the country they love, and I am perfectly certain that when there are millions of our countrymen volunteering to risk their lives men who can not volunteer are not going to grudge a fair share of their possessions. It is not merely a time of sacrifice, it is a time for the temper of self-denial, it is a time to ask the nation to make sacrifices. People who can not go and give their lives are anxious to do something else to assist, and I am perfectly certain I should be committing an unpardonable blunder against the highest interests of this country if, as chancellor of the exchequer, however disagreeable the task may be, I did not take this, the earliest possible opportunity, for submitting proposals that would enable people to contribute something toward carrying on the war in which the honor and life of their country are so deeply involved.

And so Mr. Lloyd-George laid upon the people of England an excess-profits tax in the very beginning of the war of 50 per cent. Without any previous years of fattening upon war, without any previous advantages growing out of war between other nations, with his industries as unexpectedly entering into war as did the nation, the then chancellor of the exchequer laid upon the industries of that country a 50 per cent tax. We, after two years of incalculable benefit from a financial standpoint derived from this great war, after we have gathered some \$4,000,000,000 of war profits—that is, profits in excess of the profits which our people were enjoying before the war—with those untouched, we lay a tax which averages 31 per cent.

Do you think in all candor that that is meeting the situation? Do you think that that is responding to the call of our country? And I ask, above all, do you think it represents the standard of sacrifice which the business men of this country are willing to make?

But there came a time after two years of war—of grinding, decimating, destructive war—after their industries had been depleted of man power, after the industries had been filled up by children and women and old men, when they must lay on another tax. So they put on a tax of 80 per cent. Are we

not better fitted to meet a tax of 80 per cent after having two years of unexampled prosperity than was England after having two years of war—of sudden, fearful war? Is there any comparison between our ability to meet such a tax and that which must have characterized England at the beginning of the third year of the war?

Now, notice what Mr. Bonar Law says in regard to the 80 per cent tax, a tax which has been criticized here as radical, as revolutionary, and as destructive of business and as calculated to make unpopular the war. Mr. Bonar Law, in his remarks upon this subject, said:

I propose to make the excess profits 80 per cent instead of 60 per cent, as it was before. \* \* \* From the point of view of fairness there is nothing to be said.

Mr. Bonar Law is the chancellor of the exchequer, and after two years of sifting in the English Government, after testing and trying out the other able men of England, Mr. Law was called to the chancellorship. He is a business man, a man entirely familiar with business principles and business necessities, quite familiar with the industries of England. After a year of taxation of 50 per cent and a year at 60 per cent, and after two years of war, he lays on an 80 per cent tax, and then he says:

From the point of view of fairness there is nothing to be said.

Behold this Republic, with \$225,000,000,000 of wealth, with \$4,000,000,000 of war profits, with a people untouched as yet and unscathed by war, we lay on a tax averaging 31 per cent, and when men advocate a higher per cent they are charged with being unfair, radicals. The country needs a baptism of just such radicalism.

No one, I think, can consider for a moment that it is unfair to take so large a share of the profits which accrue in consequence of the war, profits which arise out of the war. Of course there are many cases, though not by any means a large proportion on the whole, in my opinion, where the profits are not due to war—

Of course that would be true in our instance—

but even there, from the point of view of fairness, when we consider what privations, from the point of view of income as well as in other directions, the great bulk of population is undergoing, I can not consider it unfair, or consider that anyone is badly used if he gets a larger income during the war than he got before.

Upon what possible theory can the able Senator from New Jersey [Mr. FREELINGHUYSEN] consider that the business men of New Jersey have reached a point of sacrifice when they are getting 20 per cent more in war than they were in peace? Upon what possible theory can he say that these men will break down in their business affairs and be discouraged and that it will render the war unpopular if they are making 20 per cent out of the war?

Mr. President, these are the views of men upon whom rest the great responsibilities of conducting this war, who are the heads of their several Governments. The President of the United States undoubtedly advocates a principle quite different from the one which we are following here.

We enter the contest after the tremendous advantage of two years of war profits and propose to lay a tax on an average of something above 31 per cent. Who are the slackers? We conscript our young men to fight and pass the burden of taxes on to the next generation! What marvelous manifestations of unrestrained patriotism! What sublime willingness to sacrifice shall characterize this generation on the pages of history!

What a pity that profits are not flesh and blood that we might without hesitancy lay the conscripting grip upon them and bring them to the support of the war! We would not approach the subject bowing and apologizing, but sternly and uncompromisingly.

Mr. President, I read some observations here from Prof. Sprague upon the great injustice to the masses of the people in issuing so large an amount of bonds in comparison with the amount of the taxes to be raised:

Borrowing as the principal means of financing the war, it will thus be seen, has some of the defects of paper money. Though not so directly nor to so great an extent, the borrowing policy is practically certain to involve a general advance in prices, which in turn increase the cost of a war and also cause much undesirable variation in incomes. Against war finance based on borrowing there are, however, other and far more serious objections. It is manifestly unjust and inequitable because it gives not only to property acquired before a war but also to income received during its progress a far higher degree of consideration relative to life than is accorded to them in times of peace. In adopting the borrowing policy a government accepts in the field of finance the voluntary principle without qualification. Interest as a reward is offered at whatever rate is required in order to secure the necessary funds. An analogous situation would present itself if governments relying entirely upon voluntary enlistment offered successive increases in the pay of soldiers whenever the supply of volunteers was inadequate.

The injustice of treating those who provide the funds for war purposes more generously than those who risk life itself will not be questioned. Consider for a moment the contrast under the borrowing



method of war finance between a soldier in receipt of an income of \$2,500 before a war and his neighbor who remains at home in continued receipt of a similar amount. The civilian reduces his expenditures in every possible way and subscribes a total of \$4,000 to war loans. He is rewarded with a high rate of interest, to which his soldier neighbor must contribute his quota in higher taxes if he is fortunate enough to return to the front. The contrast becomes still greater if, as often happens, the income of the stay at home increases during the war and if he is able to secure a superior position. On the other hand, the soldier often finds it difficult to secure a position as good as that from which he was taken at the beginning of the war.

During a great war it would also seem that the chance of making large profits is not needed to secure persistent effort and readiness to assume business risks. Patriotic motives in the financial and business world even now in some degree take the place of ordinary economic motives, even though no strong appeal has been made to them. But it is also to be noted that business risks are far less than in times of peace, even under conditions as they develop when a war is financed by borrowing, and these risks would be still further reduced if the taxation policy were adopted.

Now, Mr. President, let us consider some figures. I wish those who feel nervous about business would just think of the condition which these figures disclose. I agree with what has been said here so often, that we ought not to destroy business; that we ought not to hamper business; that we ought not to render it inefficient.

It is essential that we do not do so; it is essential for the interest of the people, for labor, and for the country at large that we do not do so; all are agreed as to that general proposition; but I do not agree that the business men of the country and the wealth of the country must not make their sacrifice. I maintain, sir, that when business efficiency and productivity are taken care of, from that time on they must make the same sacrifice as the man in the front line of battle as nearly as it is possible for them to do it.

I am not concerned with anything in this discussion other than the protection of business efficiency. The insidious appeal for a chance to make profits out of this war is worse than treason. To disloyalty of country it adds a low groveling greed. The only appeal that comes to me with force is, What will protect the business efficiency of our people? After that is answered, after business efficiency is protected, I do not hesitate to say upon the floor of the Senate, I would take every dollar of income above \$100,000 of every man in the United States until the sacrifices of war were over. In doing so I would count myself the servant of the Republic, the friend and protector of the only kind of citizenship which can sustain a Republic.

Until this great war shall have closed and the sacrifice is at an end—I would not hesitate to lay the taxing hand of the Government upon any man who claimed to enjoy more than that while the war is going on. If we leave his business so that it may run and produce and give us what we want in the way of production, then from that time on I would ask of him to make sacrifice as nearly as possible approximating that of the man who is at the front.

Let us see what amount of profits could be made under this amendment. I have had some figures made based upon the estimated earnings of 1916. The figures would be much larger if they were based upon the estimated earnings of 1917. For instance, the Du Pont Powder Co., to which the Senator from New Jersey referred, would have, after it had paid this tax under the 65 per cent provision, \$35,692,312.20. Is that the sacrifice that business is going to be called upon to make during this war? While men are fighting and dying shall there be left in our country a large class of people who shall not only go through the war unscathed but shall gather from the terrible ordeal \$35,000,000 annually to store away, with which to create vast estates for the future? Does the Senate of the United States want to stop at that kind of a standard of sacrifice?

Armour & Co., dealers in the necessities of life, will have, after they pay this tax, \$11,656,916; quite sufficient to justify a man, if he was moved by love of gain, to wish this war would continue indefinitely; quite sufficient to cause those who care most for wealth to bear any grief that they might feel because somebody is fighting and dying at the front in order that their property may be protected in all future time by their Government. Are we radical? Are we revolutionary when we have such profits?

The Bethlehem Steel Co. after paying this tax would have \$20,611,209; the Hercules Powder Co. would have \$7,273,876; the United States Steel Corporation—and these figures, as I have said, are upon the profits of 1916—after paying this tax would have \$157,342,883. Could there be any better investment for these people than an investment in war? Have they ever realized any such profit as that in time of peace?

Swift & Co., packers, would have left \$13,736,000. Now, let me call attention to the further fact that both Armour & Co. and Swift & Co. issued in 1916, the year upon which these estimates are based, stock dividends, one to the amount of \$50,

000,000 and the other to the amount of about \$75,000,000. We leave Swift & Co. \$13,000,000 in round numbers in cash and \$75,000,000 stock dividend issued upon accumulated profits, and we leave Armour & Co. \$11,000,000 and \$80,000,000 of stock dividends.

The United Fruit Co. will have \$7,966,639 left after paying the tax.

Mr. President, I might go on indefinitely and encumber the Record with these figures, which disclose the amount of profit which these companies would be realizing and enjoying after they have paid the tax covered by the present amendment.

Mr. KENYON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Iowa?

Mr. BORAH. I do.

Mr. KENYON. I should like to ask the Senator if his figures show the amount earned on the stock by the Du Pont Powder Co. last year?

Mr. BORAH. No.

Mr. KENYON. I think it was about 120 per cent, was it not?

Mr. BORAH. I have not the details as to that.

Mr. KENYON. So that, even according to the Senator's figures, there would be some 60 per cent earnings on the common stock left to them.

Mr. BORAH. I made an estimate here, Mr. President, as to the United States Steel Corporation, upon the estimated profits for 1917 which it is supposed it will enjoy, in view of the returns from the corporation this far in the year. Taking out the tax covered by this amendment, its profits would be \$188,730,191.

Mr. JONES of Washington. Mr. President, what does the Senator estimate their profits are this year?

Mr. BORAH. The quarterly report showed earnings of \$146,000,000 for the quarter.

Mr. JONES of Washington. I do not know whether the Senator heard the chairman of the committee say that he estimated, from the figures furnished the committee, that the profits of that corporation would be \$490,000,000 this year.

Mr. BORAH. My figures are under the estimates of the Senator from North Carolina.

Mr. NEWLANDS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Nevada?

Mr. BORAH. Yes.

Mr. NEWLANDS. I should like to ask the Senator from Idaho whether he has any detailed statement of the items making up the \$21,000,000,000 or \$23,000,000,000 of expenditures which he contemplates during the next year. I will state in that connection that I quite agree with him that if so large an expenditure is contemplated within the year a contribution of only two billion dollars and a half in the way of taxation by the wealth of the country would be inadequate, provided an increased contribution would not, as the Senator suggests, diminish the business efficiency of the country and to that extent its ability to prosecute the war. I am quite prepared to go to any extent, just as the Senator is, in conscripting incomes and wealth in order to carry on this war, but I am at a loss to know how \$23,000,000,000 can be expended.

The Senator stated that seven billions of that twenty-three billions is for loans to foreign countries. That would leave sixteen billions. I have been making a rough estimate, while the Senator was speaking, as to what the extraordinary cost of this war will be for the maintenance of our Military Establishment above normal times, and if the Senator will permit me just a moment I will give this rough summary.

I have assumed that the Germans may make way, according to their boast, with a million tons of shipping a month. They have not as yet done it, but I have assumed they are going to do it during the next 10 months, and that we will have to supply the ships that will take the place of that tonnage. That would mean that we would have to expend at the cost of \$100 per ton \$1,000,000,000 for shipping.

Mr. BORAH. Mr. President, may I suggest to the Senator that I have not myself undertaken to itemize this expenditure. I have accepted the figures as given to us by Mr. KITCHIN, the chairman of the Ways and Means Committee of the House.

Mr. NEWLANDS. Are they given in any detail?

Mr. BORAH. They are given in the report which is on file—filed September 1.

Mr. NEWLANDS. I shall be through in just a few minutes. Will the Senator just let me make this summary here?

Mr. BORAH. Yes.

Mr. NEWLANDS. I have assumed here that we would have to spend a billion dollars in supplying additional tonnage. We are told that \$600,000,000 should be spent for aviation. I have



allowed a billion dollars for that. The expenses of our Army in normal times have been about \$110,000,000 annually. Our Army is to be nearly ten times as great as it has been—a million men. I have multiplied, therefore, our annual expenditures by fifteen or sixteen, and made the administration of the Army cost two billions as against a prewar cost of one hundred and ten or one hundred and twenty millions. Then I have taken the Navy, which has not been very greatly increased, with its annual expenditure of \$130,000,000, and I have multiplied that seven or eight times, and I find that it amounts to \$1,000,000,000. Then I have assumed that we will have to spend for guns perhaps \$2,000,000,000 more. That makes a total expenditure of \$7,000,000,000. Now, what else is there to expend, except for ammunition, assuming that that is not included in the very large allotment of \$2,000,000,000, which I have made for the general administration of the Army? And is the ammunition to cost the difference between seven billion and sixteen billion dollars?

It seems to me, Mr. President, that we ought to have some more definite statement than has thus far been made of the probable expenditures of this war. It seems to me utterly beyond reason that this country, in the first year of the war, should expend an amount so largely disproportionate to the amount expended by the other great powers during any period of the war.

Mr. BORAH. Mr. President, I might agree with the criticism of the Senator from Nevada upon the expenditures which are being made; but that does not change the fact.

Mr. NEWLANDS. I do not know whether they are being made or not. This is an estimate, and it seems to me a large estimate, of what can be spent. Here we have, outside of the amount of money that is to be furnished as loans to foreign countries, according to the Senator's statement, \$16,000,000,000, and all I can sum up by these extraordinary allowances, outside of ammunition, is about \$7,000,000,000.

Mr. JOHNSON of California. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from California?

Mr. BORAH. I do.

Mr. JOHNSON of California. May I interrupt the Senator from Idaho while he is speaking of specific figures, so that the RECORD may show and the country may know that on the floor of the Senate this morning it was stated by the chairman of the Finance Committee that the profits of the United States Steel Corporation for this year would probably be \$490,000,000, that the tax levied under the committee amendment would bring in \$183,000,000, and in our charity we give back to the United States Steel Corporation \$307,000,000 this year.

Mr. JONES of Washington. Mr. President—

Mr. BORAH. Just a moment, and then I will yield.

In answer to the suggestion of the Senator from Nevada [Mr. NEWLANDS], I desire to have inserted in the RECORD a portion of the report filed by the chairman of the Committee on Ways and Means on September 1, 1917; and then I call the Senator's attention to the fact that since that time there has been what seems to be an authoritative statement from the Secretary of the Treasury adding \$2,000,000,000 to that.

The PRESIDING OFFICER. Without objection, the matter referred to will be printed in the RECORD.

The matter referred to is as follows:

At the present time the appropriations for the fiscal year 1918, made during the Sixty-fourth Congress, second session, and the Sixty-fifth Congress, first session, amount to \$9,114,433,107.11, and the appropriations now contemplated for the fiscal year 1918, in addition to those already made, are likely to amount to \$9,891,150,000, making a total of \$19,005,583,107.11 for the fiscal year. It must be borne in mind, however, that \$3,000,000,000 of the appropriations for the fiscal year 1918 already made was for the purpose of extending credits to foreign Governments and that \$4,000,000,000 of the contemplated appropriations for the fiscal year 1918 is for the same purpose and is provided for in section 2 of this bill, thus making a contemplated extension of credits of \$7,000,000,000 to foreign Governments to be financed by the sale of bonds. Deducting from the total estimated appropriations for the fiscal year 1918 now made or contemplated the \$7,000,000,000 proposed extension of credits to foreign Governments, \$325,000,000 estimated receipts of the Post Office Department, and the \$60,000,000 sinking-fund permanent annual appropriations which is never set aside, we find that the disbursements of the Government for the fiscal year 1918 to meet our ordinary and our war expenditures will be over \$11,620,000,000. The Secretary of the Treasury in his statement before your committee stated that the best estimate he was able to give of the probable necessary disbursements now authorized or contemplated for the fiscal year 1918, exclusive of the \$7,000,000,000 extension of credit to foreign Governments, postal receipts, and the sinking-fund requirements, was \$11,782,371,000. Assuming that the disbursements will be as great as the Secretary of the Treasury estimates, we find that after deducting the estimated receipts under existing law, estimated at \$1,333,500,000, that the estimated ordinary and war expenditures will exceed the estimated receipts for the fiscal year 1918 by \$10,448,871,000.

Of the bonds authorized by the act of April 24, 1917, there are available for the expenditure of our own Government only \$2,000,000,000. Deduct this amount and the deficit will be \$8,448,871,000. The expenditures in 1917 and the estimated expenditures in 1918, which are reimbursable by bond issues heretofore authorized, to cover the expenditures incident to the Mexican situation, the Alaskan Railway, the armor-plate plant, the nitrate plant, the Shipping Board, the Danish West Indies, and the naval emergency amount to \$393,500,000. If the special authorization of bonds for those particular amounts is deducted, we will still have a deficiency of \$8,055,371,000.

After careful consideration of the entire financial situation, and in view of the fact that the amount to be raised by taxes in the pending revenue bill is yet to be determined, your committee recommend that the legislation to be provided in this bill provide sufficient funds to cover the loans to foreign Governments and to amply safeguard the Treasury in case of emergency, and that the remaining legislation necessary to meet the expenditures for the fiscal year 1918 be postponed until the regular session, and until the pending revenue bill shall have been enacted into law.

The proposed bill authorizes a bond issue of \$7,538,945,460. Of this amount \$3,538,945,460 has already been authorized to be issued under the provisions of the act of April 24, 1917, but it is deemed advisable to provide that no further bonds in addition to the \$2,000,000,000 heretofore issued or offered for subscription shall be issued under the provisions of the act of April 24, 1917, but to make the remaining bonds authorized issuable under the provisions of the proposed bill. The two chief reasons for this change are (1) to permit the issue of the remaining bonds at a higher rate of interest, not to exceed 4 per cent, and (2) to make the interest therefrom subject to the income additional taxes commonly called surtaxes and the excess profits or the war-profits taxes.

Of the \$3,538,945,460 worth of bonds already authorized above referred to, \$1,000,000,000 is authorized to be used to extend credit to foreign Governments, \$2,000,000,000 is authorized to be used to meet our own Government expenditures, and \$538,945,460 is authorized to reimburse the Treasury for Panama Canal disbursements, disbursements for the Danish West Indies, Alaskan Railway, naval construction, refunding the 3 per cent bonds maturing in 1918, and disbursements incident to the Mexican situation.

The remaining \$4,000,000,000 is a new authorization, the proceeds from which are to be used in extending credits to foreign Governments.

The bill also authorizes the Secretary of the Treasury to issue \$4,000,000,000 worth of certificates of indebtedness, payable within one year from the date of issue.

The bill also authorizes the Secretary of the Treasury to issue \$2,000,000,000 worth of war savings certificates maturing within five years from the date of issue.

Mr. JONES of Washington. Mr. President, if the Senator will permit me, I will suggest to the Senator from Nevada that in the minority report on page 95 there is a letter from the Secretary of the Treasury sending in an estimate, and on page 97 there is a detailed statement showing that the appropriations for the Army for 1918 are \$3,353,475,182.06, and that the estimates that are pending, that have been sent down to Congress by the Secretary of the Treasury, amount not to \$1,000,000,000, as the Senator's estimate is, but to \$5,319,893,441.29; and the Senator from Utah [Mr. SMOOT] says they have been increased since then.

Mr. BORAH. I think there is no considerable difference of opinion as to the fact that while we can not see where this money is needed, those running the business do see where it is needed, and they are expending it because they know what they are spending, and what they will probably have to expend, and they report to us, and upon that we act; and we are not permitted to know anything more about it than that.

Mr. President, I regret to have imposed again upon the time of the Senate. I should not have done so had I not regarded this the most vital and far-reaching question since we conscripted the manhood of the Nation to fight for the honor and security of our country. I wish those men could feel as they march away, and as they fight, and as they shall return, those who shall return, that behind them and over and about them is a Government which demands equality in all its burdens in so far as human ingenuity can equalize those burdens. I regret more than I can express that we have not the foresight and the courage to demand of property and wealth a sacrifice equal to the demand we have made of men. I regret that in the great war of civilization, in the war for the preservation of free institutions, property and wealth seem more sacred to the Congress than flesh and blood. But it is plain that we are not going at this time to meet the situation as we should. I venture to believe, however, that before many months we will correct this serious blunder. We refuse now to listen to the eloquent tones of the younger Pitt warning us in his own words against the mistake we are making. We refuse now to heed the remorseless logic of Gladstone revealing the subtle evils of great bond issues. We refuse now to consider the example—the unfortunate example—of our Civil War admonishing us against timidity, weakness, and procrastination in the laying on of taxes in great emergencies, and finally we refuse now to listen to the voice of social justice appealing to us as men, as Senators, and as the representatives of the Republic of Washington and Lincoln, to withhold the burden the demoralizing miseries which unwise and unjust taxation, unnecessary bond issues, inflation, and



high prices are to inflict upon the average citizen, not only of our generation but of generations yet unborn. We refuse now, I say, to listen to these things. We halt and hesitate, we apologize and procrastinate, but I venture to prophecy that in time we will see things differently, and that in time, and at no distant date, we will correct this blunder—the kind of blunder of which Napoleon in a supreme hour spoke.

Mr. SMITH of Michigan. Before the Senator from Idaho takes his seat I should like to ask him a question.

We have loaned the allies about \$3,000,000,000 and we have taken the bonds of those countries for security. Under the act of April 24 the President was authorized to do that. Now, if we continue to loan to the allies and continue to take their national bonds as security, is there any reason in the world why that indebtedness should not carry itself, especially if the United States guarantees the interest on those bonds? Do I make myself clear to the Senator?

Mr. BORAH. The Senator makes himself plain; but I do not see why the Senator takes issue with me.

Mr. SMITH of Michigan. I have followed the Senator's argument with great interest. We have in the Treasury now \$3,000,000,000 if the act of April 24 is carried out. Two billion dollars the Senator from Pennsylvania [Mr. Knox] says. I think it is more than that. A loan of \$3,000,000,000 was authorized. However, if we have \$2,000,000,000 of the bonds of France and England and Italy in our Treasury, they are an asset, are they not? Those countries are not bankrupt and those countries will pay their national debt sometime, I hope. Suppose this Government guarantees the interest on that part of their debt owing to us, is our credit impaired? Is there any harm in passing that amount of our obligation on to the future? Is that wise financiering? If we are even obliged to float an American bond issue in order that we may extend their credit, taking security therefor, our posterity will not have to pay it. That debt will ultimately be paid by these great nations, and to that extent at least we ought not to be so seriously perplexed that confiscation is necessary.

If these foreign loans go to \$7,000,000,000, and they may, well and good. Under the act by which these loans are made, securities are taken; the equivalent for every dollar we advance is in our hands and can be pledged if necessary. The interest and the principal are due from supposedly responsible governmental entities, and to that extent we have not burdened our people and should not be driven in desperation to violent extremes, although the burden is going to be heavy.

Now, this thought has been running through my mind in connection with the statement so often made in the Senate that a bond issue was undesirable. I think it is in the main undesirable. I think a large bond issue is going to go slowly; that it will not be readily absorbed by the people, especially if it is very large; and that the rate of interest must be higher than we have paid in many years in order that the bond issue may float; but so far as that part of our liability which arises out of loans to our allies is concerned, we have security now in the Treasury that should cut some figure in our calculation.

Mr. BORAH. It cuts just this figure, that I excepted from the amount of expenditures, some \$25,000,000,000, \$7,000,000,000 which would be loaned to the allies. That leaves about \$18,000,000,000. If it is \$21,000,000,000, it leaves \$14,000,000,000 aside from the amount loaned to the allies. We are raising something over \$2,000,000,000 by this bill, which is about one-seventh of the amount which we will expend outside of the amount which we will loan to the allies.

Mr. SMITH of Michigan. Very well.

Mr. BORAH. I did not include the \$7,000,000,000.

Mr. SMITH of Michigan. But let me ask the Senator a straight, square question: Is it asking too much for the American Congress to pass on to future generations the amount of money loaned to our allies, for which we have received a substantial security?

Mr. BORAH. I have not assumed that it was unfair to pass on that particular portion. That was not a part of the basis of my argument.

Mr. SMITH of Michigan. Does the Senator say it would be wise?

Mr. BORAH. If it were my own particular posterity, I should feel a little nervous in leaving certain expenditures which are being made in foreign Governments to be recouped to him. I think that as to a vast amount of this money, of course, certain nations will undoubtedly pay back. There are other Governments to which we loaned that we may not be able to find 30 days from now.

Mr. SMITH of Michigan. Oh, Mr. President, that is probably an extreme statement.

Mr. BORAH. No; it is not an extreme statement, because nobody has been able to locate it yet, and there is no one in the Senate who knows to whom the money was loaned or who got it or how it was spent.

Mr. SMITH of Michigan. Mr. President, the Senator, of course, does not mean to say that he can not locate the Government of Great Britain. He does not mean to say that he can not locate the Government of France and the Government of Italy. They are not wholly lost. This situation does not require a microscope, but a field glass and a commanding height will clearly reveal that those Governments are still intact, with their credit practically unimpaired.

Now, Mr. President, if their securities are in the Treasury of the United States in accordance with the requirements of law they are worth something. There is no one in this Chamber who would say they were not worth practically par. The bonds of Great Britain are not at a very low discount upon the market. The bonds of France and Italy are not being hawked about on our market at low prices. To be sure, since the war began—since 1913—about \$60,000,000,000 have been added to the debt of the 40 leading countries of the earth, and that will continue to go on while this stress is upon them; but I say that those securities in our Treasury to-day are tangible assets, and if you, Mr. President, or the Senator from Idaho, were the Secretary of the Treasury, I believe you would undertake to get those securities out, rather than to issue the bonds of our own country at a high rate of interest.

If you could float that vast quantity of securities which we now hold in the Treasury the necessity of bonding the country would not now exist.

Personally, I have been won over to the idea that outside of the bonds now held in the Treasury as collateral and marketable, most of the money now needed should be raised through income tax. I would rather take these vast accumulations after they have been divided by a fair income-tax law than to do violence to the economical and industrial supremacy of our country.

I have never been an income-tax man. I voted against the income-tax amendment. I think it breeds discord, and it will array one class of people against another, and that the demagogue will make it a weapon for his own supremacy; inasmuch, however, as it has been embedded in the fundamental law of our country, if I had my way about it I would make it apply alike to every citizen of our country, rich and poor. I do not know what one-tenth of 1 per cent on all incomes might bring in, but I assume it would bring in a tremendous fund.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER (Mr. SHAFROTH in the chair). Does the Senator from Michigan yield to the Senator from Idaho, or has the Senator from Idaho the floor?

Mr. SMITH of Michigan. I thought the Senator had finished. I beg his pardon.

Mr. BORAH. I do not know who has the floor, but I wanted to say a word in order that I may not be misunderstood. The Senator, I think, knows I had no reference to the Government of Great Britain or France or Italy when I made that statement. I have no doubt those Governments will take care of the situation, and I sincerely trust that all the Governments will be as capable of taking care of the situation when the war is over as those Governments.

Mr. KING. Will the Senator yield?

Mr. SMITH of Michigan. I did not misunderstand the Senator from Idaho, and, of course, would not misrepresent him. I yield. I had no idea of taking the floor, but now that I have it through the courtesy of the Chair, I yield.

Mr. KING. The Senator just stated that he did not know what amount of income would be derived from a tax of one-tenth of 1 per cent. In 1910 in a very elaborate computation made by Prof. King it was demonstrated that the gross revenue of the country is about \$35,000,000,000. It is estimated now by bankers and by economists that for the year 1917 the probable net revenues of our country—by that I mean the earnings of all classes, agriculturists as well as the workmen and the product of capital—will aggregate about \$45,000,000,000. I do not mean by that that those are profits. That is the aggregate revenue.

Mr. SMITH of Michigan. Mr. President, I know that a large sum could be collected in that way, but I am more concerned in having every citizen of the Republic feel his responsibility to the State than I am in just the amount that might be raised under such a law. I tell you that the ordinary citizen who has very little income would be perfectly willing to contribute his part. If he contributed one-tenth of 1 per cent upon his income of \$500 a year, he would contribute just as much, in proportion to his means, as the man whose income was



\$50,000,000 a year, and it binds him just a little closer to his Government. He will be a little more scrupulous in studying its intricacies and understanding its purposes and its principles than though he were treated as of that class who were not able and were therefore not expected to contribute to the expenses of his Government.

Mr. President, I had no thought of taking the floor; but the thought has frequently occurred to me, as I said in the beginning, that, as we take bonds for our foreign loans, we will get back the principal and interest, presumably, upon that part of our expenditures, and they should be utilized to lessen the necessity for a larger American bond issue if it is possible to do it.

Mr. SMOOT addressed the Senate. After having spoken for some time,

Mr. BORAH. Mr. President, may I ask the Senator if it is his expectation to have a vote to-night?

Mr. SMOOT. If the Senator pleases, I shall be through in just a moment.

Mr. BORAH. I do not desire to have the Senator quit. There are Senators here who do not want to remain if there is not to be a vote.

Mr. PENROSE. Why not let us vote now?

Mr. SMOOT. I am perfectly willing to let the Senate vote right now.

Mr. PENROSE. I think the Senator has made a very interesting contribution to the record in this discussion.

Mr. SMOOT. What I want to do, and would do to-night if I had the time—I know that I have not the time—is to go into history, and I wanted to go into Germany and the rest of the countries and show the Senate exactly what those countries are doing. They are in war, and they are conscripting their men, and they are conscripting their wealth the same as I am willing to conscript the wealth of this country. But I want to say to the Senate that no business in the world has ever grown steadily unless it has used its borrowing power for improvements and expansion; and when extraordinary expenses fall upon the Government of the United States there is no reason why she should follow a course different from that followed by all the business interests of all the world.

Mr. BORAH. Mr. President, I do not desire to take the Senator off the floor, because this is a very interesting discussion, and particularly if he takes up the comparison of wealth between this country and other countries; but I do not propose to have a vote upon this amendment after everybody is gone to-night. The Senate may be assured of that.

Mr. SMOOT. Mr. President, evidently, from what the Senator from Idaho has just stated, there is no desire on the part of some of the Senators to vote upon this amendment to-night. I think what the Senator says is perhaps correct, that a good many Senators are absent.

Mr. BORAH. No; I did not say that, but I say I do not want the consideration of this matter continued until half the Senate is away, and then have a vote. I am perfectly willing that the Senator shall finish his speech; but if he will go ahead and finish his speech and say he is going to finish it, we will know what we are going to do.

Mr. SMOOT. I do not want to finish the speech and then have nobody here to vote upon the amendment. I would very much prefer to have the Senate take a recess now, and I will conclude my remarks to-morrow.

*Tuesday, September 4.*

Mr. SMOOT. Mr. President, from the statements that have been made to-day I can not help but believe that Senators will have the wrong impression as to just the proportion of the taxes that we are to raise by bonded indebtedness and by direct taxation. In order to bring the facts before the Senate I am going to take a little time in naming them in detail, so that no one can be mistaken if he but desires to understand the conditions as they really are.

Mr. President, I wish to call attention first to the amount of money that has already been appropriated for the fiscal year 1918, both in the second session of the Sixty-fourth Congress and the first session of the Sixty-fifth Congress. The amount appropriated is \$9,124,433,107.11, and included in that amount there is an appropriation of \$3,000,000,000 to loan to our allies.

The total appropriations asked for by the estimates that have been given by the Treasury Department up to date amount to \$9,891,150,000, and the total already appropriated and more than likely to be appropriated will aggregate the sum of \$19,015,583,107.11. In the amount yet to be appropriated is included \$4,000,000,000 to be loaned to our allies, making a total loan for the fiscal year to our allies of \$7,000,000,000.

Now deduct the \$7,000,000,000 that we intend to advance to our allies and it will leave a balance of \$12,015,583,107.11.

Mr. WEEKS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Massachusetts?

Mr. SMOOT. I yield to the Senator.

Mr. WEEKS. I should like at this moment to inject this comment, that if we have to raise \$12,000,000,000 for our own expenditures and we will get \$2,500,000,000 from this bill, the total amount we will raise from taxation this year will be something over \$4,000,000,000, including post-office receipts.

Mr. SMOOT. I will come to that.

Mr. WEEKS. That would be 33 per cent of the total amount of money which we shall spend this year on account of the war, and that is 8 per cent more than any other country in the history of the world ever raised by taxation in one year.

Mr. SMOOT. I thank the Senator for that statement. I have the figures here and was going to take them up in detail and call the attention of the Senate to just what they are.

Mr. WEEKS. I beg pardon of the Senator.

Mr. SMOOT. When the statement is made here that we are not going to raise over one-seventh of the amount of war expenditures by taxation, that is not the fact; and I shall call the Senate's attention to the figures that disprove it.

Mr. LEWIS. May I be pardoned by the Senator if I take advantage of this interruption to announce, by the request of the chairman of the committee, that he desires that a vote be had this evening on the pending amendment, at such time as may be convenient? I will say that in response to inquiries in the subject by Senators who desire to leave the Chamber.

Mr. POINDEXTER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Washington?

Mr. SMOOT. Yes; I yield to the Senator.

Mr. POINDEXTER. I should like to ask the Senator from Utah if he has given any attention to or made any examination of the question as to what portion of the expenditures of the Government provided for in these appropriations are in the nature of plant and equipment which will be used and of value for a number of years to come? In other words, it is not exactly accurate, it seems to me, in discussing the question of financing the war or of the development of the various activities provided for by these appropriations to regard all of the appropriations as normal annual war expenditures.

Mr. SMOOT. The Senator from Washington is perfectly right. I will say now that the regular appropriations made for the fiscal year 1918—and by "regular" I mean appropriations that would have been made if the war had not occurred—amount to \$1,962,210,000. All over and above that can truthfully be said to be war expenditures. For instance, Mr. President, for the deficiency in the Military and Naval Establishments of the country alone we have already appropriated \$3,281,094,541.60. The general deficiency bill, that is now before the other House, no doubt will carry \$4,500,000,000, and nearly every dollar of it is for the Army or for the Navy. Most of that money will be expended for guns, for fortifications, ammunition, ships, and for cantonments, as the Senator from Minnesota [Mr. NELSON] also suggests; but I take the latter to be virtually a loss, because they will be subsequently destroyed. All of the ships, however, if they are not destroyed in battle, the Government will still own; and they are not, as the Senator from Washington suggests, items which will require an annual appropriation.

Mr. POINDEXTER. Mr. President, there are a great number of those expenditures that constitute quite a list of investments that are far more permanent than those the Senator from Utah has mentioned. For instance, there is an appropriation of several million dollars contemplated for the establishment of Government shipyards, which will be a permanent investment.

Mr. SMOOT. Mr. President, from the amount I have given—that is, \$12,015,583,107.11—there is to be deducted \$325,000,000 that the Post Office Department will collect for the fiscal year 1918. Then, in addition to that, there is about \$60,000,000 that is estimated by the department and always appropriated for—what is known as the sinking fund. That law as to that fund, however, has been violated from the day it was passed up to the present time. The money is never put into a sinking fund; it has never been taken out of appropriations, and it never will be, notwithstanding the laws upon the statute book to-day. So, Mr. President, in round numbers, what we have already appropriated and what the estimates have asked for, less the loans to our allies and other items that will not be paid from the appropriations made, will amount to about \$11,782,371,000. That, of course, does not include the \$7,000,000,000 which we are expected to advance to our allies by the end of the fiscal year 1918.

Our receipts from the pending revenue bill, if passed as the committee has reported it, will amount of \$2,500,000,000, at least;



in fact, I think they will amount to a great deal more than that, taking the industrial earnings of 1917 into consideration.

Mr. WEEKS. Mr. President, may I suggest that that is as much as England is raising from all sources this year, the third year of the war?

Mr. BORAH. Mr. President, may I suggest that England has about one-fourth the wealth which the United States has?

Mr. SMOOT. I think what the Senator from Massachusetts had in view was the expense which England has had to bear in carrying on the war compared with the expense which the United States will be under. What the Senator has said is absolutely correct as to the amount that England is raising. I want to go into that briefly if Senators will permit me, and to show, without a question of doubt, that, based upon the prewar period of England's earnings and America's earnings during those three years, a flat rate in England of 80 per cent is equaled by a flat rate of 46½ per cent in the United States.

Mr. President, I have before me Babson's chart. I suppose all Senators know that Mr. Babson is furnishing and has for years furnished charts showing the comparative gains or losses of the business of every country in the world. He takes a normal line and when business is increased over normal it rises above the line; when it is less than normal it falls below the line.

Now, I want to call the attention of the Senate to what really happened during the years 1911, 1912, and 1913—our prewar years and England's prewar years and France's prewar years and Germany's prewar years, with two other years added—and to show the Senate that if we adopt the amendment now offered by the Senate committee the United States will be taxed higher than any other country in the world on her excess or war profits. For instance, England for the years 1911, 1912, and 1913, beginning with the month of January, 1913, had a steady increase of business. In only one month of the three years did business fall below normal; in fact, Mr. President, those years were the most prosperous years that England has ever known in her history. On the other hand, in the United States, beginning with November, 1910, business commenced to decline; it fell below the line by March, 1911, and steadily continued to fall until the middle of the year 1912. There was only a period of one month, and that was in the year 1911, when the profits in business exceeded normal, and then they were just above the line by about one-half of 1 per cent.

Then, Mr. President, we find that in January of 1913 the business of this country ran above the normal slightly and in March, 1913, it fell below, and was below the normal up to and including the month of October, 1915, when the war profits began to swell and rise rapidly above normal. The increased activity in industrial lines was then at its height; profits mounted very rapidly, and have been high ever since. We provide a prewar period consisting of the years 1911, 1912, and 1913, and England also provides a prewar embraced within the years 1911, 1912, and 1913, but during the years of the prewar period so fixed in the United States business was below normal, while in England it was above normal.

Mr. BORAH. Mr. President, of course the Senator understands, but some of us do not understand, how much below and how much above the line business fell. What was the margin between the two?

Mr. SMOOT. I will tell the Senator in just a moment. I have the figures. Taking the three years, in England the difference would be 7.5 per cent; but the English law gives the corporation the right to take any two years of the three, and under that system the difference would be 8½ per cent; that is, I mean upon the whole business of England. The Senator knows that England only this year has increased the exemption from 7 per cent to 9 per cent, notwithstanding her exceedingly large profits in the prewar years and immediately advanced the rate up to 80 per cent. What was that done for, Mr. President? It was because she gave a larger exemption to business of a normal class, and she wanted to reach the abnormal profits. So she increased the tax to 80 per cent, and taking the earnings of the two countries during the prewar period into consideration the 80 per cent tax imposed by England is equal to a tax of 46½ per cent on business of this country.

Mr. President, what are we doing in this bill? We impose a tax of from 12 to 60 per cent. It is true that the average of all brackets is 31½ per cent, but the larger percentages of increase will fall for the year 1917 within the 60 per cent bracket.

We are imposing this tax upon the business of the country, and yet we have never heard one Senator who has spoken for a high flat rate upon profits mention the fact that we are imposing upon the people of this country, in this bill, an income tax greater than any country in the world imposes on its citizens.

It is too late for me to go into the figures with respect to taxes imposed by Canada, France, Italy, Russia, and Germany, as I

have with respect to England, but I will say that in 1910, and during the years 1911 and 1912 and a part of 1913, there was a steady increase in the volume of business in Canada and then it fell off and fell off rapidly in the latter part of 1913, until just before the beginning of the war. It rapidly increased from that time on. Does Canada impose one cent of income tax? No; not one cent. She is in the war; she is fighting for her existence. What tax does Canada impose upon war profits? To-day Canada imposes 25 per cent upon war profits, and not one per cent on incomes. We are imposing taxes upon excess profits from 12 per cent to 60 per cent, and upon incomes from 3 per cent to 67 per cent.

As to France, Mr. President, I find that during those three years, while the percentage of increase in profits and business was not as large as in England, yet there was not one single month during the three years when business and profits did not go above normal. What tax is France imposing upon excess profits? For the first two years of the war she imposed a graduated tax, the maximum of which was 35 per cent. What is her income tax? It begins with less than 1 per cent, and the maximum is 10 per cent, while we are imposing in this bill a maximum of over 67 per cent on incomes.

Mr. WILLIAMS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Mississippi?

Mr. SMOOT. I yield.

Mr. WILLIAMS. I hope before the Senator leaves that branch of his subject he will not forget to mention another fact, which also differentiates us from all these countries except Canada, and that is that the American people pay very high State and county taxes, in addition to National taxes, and that in most of the States, in addition to taxes upon property, real and personal, and intangible assets of various sorts, there are income taxes and legacy taxes.

Mr. SMOOT. The Senator is perfectly correct. In some of the States they have both income taxes and inheritance taxes; in most of the States they have an income tax, and in some they only have an inheritance tax but no income tax.

But what would the rural communities of England think if she were taxed the same as some of our Western States are taxed, where 80 per cent of the area of our whole State is tied up by withdrawals, and we have to impose taxes upon the remaining 20 per cent to run all the institutions of the State?

Mr. President, what percentage of our appropriations for the fiscal year 1918 are we going to collect by direct taxation? I know it has been stated to the Senate that it is not over one-seventh of the amount, but, Mr. President, it amounts to 33.4 per cent—8 per cent more than any other country in the world collects to-day.

Mr. KELLOGG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Minnesota?

Mr. SMOOT. Yes; I yield.

Mr. KELLOGG. That assumes that the taxes secured by this bill for 1917 will be no greater than those secured for 1916, does it not?

Mr. SMOOT. No; that assumes that we will have \$4,000,000,000 of what may be termed "war profits."

Mr. KELLOGG. But that is based upon the earnings of 1916?

Mr. SMOOT. I will say to the Senator the profits for 1917 will be an increase over the earnings of 1916.

Mr. PENROSE. Let us vote now.

Mr. SMOOT. I am ready to vote now.

Mr. HOLLIS. Mr. President, before a motion for a recess is made, I desire to state that in the morning I shall ask the Senator from Wisconsin to withdraw his amendment temporarily while I offer an amendment which will provide that the Senate shall go on to the old basis of computing the war-profits tax. I think that ought to be decided before we vote on these percentages, because we do not know on what basis we will apply our percentages until the basis is fixed. So in the morning, as I say, I shall ask the Senator if he will be willing to withdraw his amendment temporarily while I offer mine.

The PRESIDING OFFICER. What is the pleasure of the Senate?

Mr. PENROSE and other Senators. Let us vote.

Mr. BORAH. As I understand, the Senator from New Hampshire has asked the Senator from Wisconsin to withdraw his amendment.

Mr. BRANDEGEE. No; he said he would do so to-morrow.

Mr. PENROSE. Let us vote on it now.

Mr. BORAH. Mr. President, if we are going to vote, I want a quorum here. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Borah	Hollis	Martin	Shields
Brandagee	James	Nelson	Simmons
Broussard	Johnson, Cal.	New	Smith, Ga.
Chamberlain	Johnson, S. Dak.	Overman	Smith, Md.
Colt	Jones, Wash.	Owen	Smith, Mich.
Curtis	Kellogg	Page	Smoot
Dillingham	Kendrick	Penrose	Sterling
Fall	Kenyon	Pittman	Stone
Fernald	King	Poindexter	Trammell
Fletcher	Kirby	Pomerene	Vardaman
France	Knox	Ransdell	Wadsworth
Frelinghuysen	La Follette	Robinson	Warren
Gerry	Lewis	Saulsbury	Watson
Gronna	Lodge	Shafer	Weeks
Hale	McKellar	Sheppard	Williams
Harding	McNary	Sherman	Wolcott

The PRESIDING OFFICER. Sixty-four Senators have responded to their names. There is a quorum present.

Mr. LA FOLLETTE. Mr. President, I shall not detain the Senate to-night to add anything to the reasons which I have given why this increase should be made in the war-profits tax, but I will ask for the yeas and nays upon this amendment.

The yeas and nays were ordered.

Mr. HOLLIS. Mr. President, I have already announced that in the morning I should ask the Senator to withdraw his amendment temporarily to enable me to offer an amendment that would dispose of the basis on which these war-profits taxes are to be imposed. If it is agreeable to the Senator, we might vote on this amendment, and then possibly I can get recognition in the morning to offer my amendment. I will ask the Senator if that is agreeable to him?

Mr. LA FOLLETTE. Mr. President, I am entirely willing to withhold the next amendment which I propose to offer until the Senator from New Hampshire offers the amendment to which he has referred.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE] to the amendment of the committee. The yeas and nays have been ordered. The Secretary will call the roll.

The Secretary proceeded to call the roll.

Mr. CURTIS (when his name was called). Making the same announcement and transfer of pairs as on the previous roll call, I vote "nay."

Mr. FLETCHER (when his name was called). I make the same announcement as on the previous roll call and vote "nay."

Mr. FRELINGHUYSEN (when his name was called). I have a pair with the junior Senator from Montana [Mr. WALSH]. I understand that his position is the same as mine on this matter, and I therefore vote "nay."

Mr. GERRY (when his name was called). I have a general pair with the junior Senator from New York [Mr. CALDER]. I understand that if present he would vote as I do. I therefore vote "nay."

Mr. McCUMBER (when his name was called). I transfer my general pair with the senior Senator from Colorado [Mr. THOMAS] to the senior Senator from New Hampshire [Mr. GALLINGER] and vote "nay."

Mr. ROBINSON (when his name was called). I have a pair with the junior Senator from Michigan [Mr. TOWNSEND]. I transfer that pair to the junior Senator from Missouri [Mr. REED] and vote "nay."

Mr. STERLING (when his name was called). I have a pair with the junior Senator from South Carolina [Mr. SMITH]; but I understand, on inquiry, that if he were present he would vote as I shall vote. I therefore am at liberty to vote. I vote "nay."

The roll call was concluded.

Mr. MARTIN. I desire to announce that my colleague [Mr. SWANSON] is unavoidably absent from the city. If he were present, he would vote "nay."

Mr. KENYON. I announce the unavoidable absence of my colleague [Mr. CUMMINS]. If he were present, he would vote "yea."

Mr. WADSWORTH. On this question I have a pair with the Senator from Oklahoma [Mr. GORE]. In his absence I withhold my vote. Were I at liberty to vote, I should vote "nay."

Mr. MYERS. I announce the same transfer of my pair as on the last roll call and vote "nay."

The result was announced—yeas 17, nays 54, as follows:

#### YEAS—17.

Borah	Johnson, S. Dak.	La Follette	Trammell
Gronna	Jones, Wash.	McKellar	Vardaman
Hollis	Kenyon	McNary	
Husting	King	Norris	
Johnson, Cal.	Kirby	Thompson	

#### NAYS—54.

Bankhead	Harding	Owen	Smith, Ga.
Brandagee	James	Page	Smith, Md.
Broussard	Kellogg	Penrose	Smith, Mich.
Chamberlain	Kendrick	Pittman	Smoot
Colt	Knox	Poindexter	Sterling
Curtis	Lewis	Pomerene	Stone
Dillingham	Lodge	Ransdell	Underwood
Fall	McCumber	Robinson	Warren
Fernald	Martin	Saulsbury	Watson
Fletcher	Myers	Shafer	Weeks
France	Nelson	Sheppard	Williams
Frelinghuysen	New	Sherman	Wolcott
Gerry	Newlands	Shields	
Hale	Overman	Simmons	

#### NOT VOTING—25.

Ashurst	Goff	Phelan	Tillman
Beckham	Gore	Reed	Townsend
Brady	Hardwick	Smith, Ariz.	Wadsworth
Calder	Hitchcock	Smith, S. C.	Walsh
Culberson	Hughes	Sutherland	
Cummins	Jones, N. Mex.	Swanson	
Gallinger	McLean	Thomas	

So Mr. LA FOLLETTE's amendment to the amendment of the committee was rejected.

#### RECESS.

Mr. SIMMONS. I move that the Senate take a recess until 11 o'clock to-morrow morning.

The motion was agreed to; and (at 5 o'clock and 58 minutes p. m., Monday, September 3, 1917) the Senate took a recess until to-morrow, Tuesday, September 4, 1917, at 11 o'clock a. m.

#### SENATE.

TUESDAY, September 4, 1917.

(Legislative day of Wednesday, August 15, 1917.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

#### FOREIGN DECORATIONS.

Mr. LODGE. I ask unanimous consent to have corrected the reference of the bill (S. 2796) to permit American citizens to wear medals or decorations received from certain foreign countries on entering the military or naval service of the United States. I introduced the bill and I intended to have it go to the Committee on Foreign Relations. By an error it was sent to the Committee on Military Affairs. I ask that the Committee on Military Affairs be discharged from the further consideration of the bill and that it be referred to the Committee on Foreign Relations.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Massachusetts? The Chair hears none, and it is so ordered.

#### PINK BOLLWORM MENACE.

Mr. SHEPPARD. I present resolutions of the Texas Farmers' Congress in annual meeting at College Station, Tex., which I ask to have printed in the RECORD.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

#### RESOLUTIONS OF THE TEXAS FARMERS' CONGRESS.

COLLEGE STATION, TEX., August 2, 1917.

Whereas the pink bollworm has already created great damage to the cotton crop in the Laguna district of Mexico; and  
Whereas this insect has proven itself, wherever it has appeared, to be one of the most damaging insects to cotton that is known; and  
Whereas the Federal Government very properly proposes to use every precaution necessary to keep the insect out of Texas, even to the extent of establishing a cotton-free zone on this side of the Rio Grande when that shall become necessary; and  
Whereas the establishment of such a zone would deprive a large class of farmers in the lower Rio Grande Valley, who are now growing cotton under dry-land conditions, of their principal money crop and render practically valueless their farms and bring devastation to their homes: Be it therefore

*Resolved*, It is the sense of the farmers of Texas, assembled in congress at their annual meeting at College Station this the 2d day of August, 1917, that it is incumbent upon our Federal Government to begin now to make some preparation for the possible relief of farmers in the lower Rio Grande Valley by supplying the means for growing other crops as a substitute for cotton. This can only be done by helping the farmers in the district to supply themselves with water from the Rio Grande; be it therefore further

*Resolved*, That we urge upon our delegation in the United States Congress, and upon our Department of Agriculture at Washington, to lend their interest and influence to the promulgation of a treaty with Mexico at as early a date as possible, in order that our Government may authorize a survey for a dam across the Rio Grande which will supply water by gravity to the delta of the river; be it further

*Resolved*, That we urge upon our representatives in the State legislature at Austin to take timely cognizance of the menace of the pink bollworm to the Texas cotton industry and through Texas to the cotton industry of the entire South. We therefore ask that the Texas Legislature pass resolutions urging upon our National Congress the importance of consummating a treaty with Mexico at as early a date



as possible that will permit of the construction of a dam across the Rio Grande and for the construction of a gravity canal on this side of the river for the supply of the delta.  
Adopted.

H. E. SINGLETON,  
J. D. LOVEFACE,  
FRITZ ENGLEHARD,  
Committee.

#### CONSERVATION OF FOOD AND OTHER PRODUCTS.

Mr. SHEPPARD. I also present resolutions unanimously adopted at the annual meeting of the Farmers' Educational Co-operative Union held in Dallas, Tex., which I ask may be printed in the RECORD.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

RESOLUTIONS UNANIMOUSLY ADOPTED AT FARMERS' EDUCATIONAL CO-OPERATIVE UNION, ANNUAL MEETING HELD IN DALLAS, TEX., AUGUST 14-17, 1917.

It shall be our purpose to cooperate with the Federal and State Governments in mobilizing our national resources, organizing our economic forces, and in adjusting industrial affairs of the Nation to a war basis.

To apply in time of peace the economic lessons taught us by the war. To aid in securing reasonable and equitable compensation for services rendered by those engaged in production, manufacturing, and distribution of products.

To bring food, clothing, shelter, fuel, light, and all elementary necessities of life within easy reach of the people by eliminating waste and unnecessary service.

We stand for constructive regulation by Federal Government that will increase efficiency and economy in handling products from producer to consumer. We recommend that Congress bring into action such dormant powers in government as are necessary to put this policy into effect and call upon the business genius of the Nation to administer those powers.

We indorse the food act in its entirety, and pledge our support in the administration of this law. We especially commend guaranteeing profitable prices, regulating articles of trade, and conservation of food and feed products.

We petition Congress to authorize the President to fix a guaranteed minimum price of not less than 30 cents per pound on lint cotton for a period of three years.

We petition Congress to authorize the President to include all articles entering into food, clothing, shelter, fuel, and light within the provisions of the food-control act.

#### WAR REVENUE.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 4280) to provide revenue to defray war expenses, and for other purposes.

Mr. HOLLIS. I offer an amendment, and ask that it be read.

The PRESIDENT pro tempore. The amendment will be read.

The SECRETARY. It is proposed to strike out section 203 of the committee amendment and to insert:

Sec. 203. That for the purposes of this title the amount of war profits shall be determined, except as otherwise in this title provided—

(a) In the case of a domestic corporation or partnership or of a citizen or resident of the United States by deducting from the net income of the trade or business received during the taxable year the average amount of the annual net income of the trade or business during the prewar period; and

(b) In the case of a foreign corporation or partnership or of a nonresident alien individual by deducting from the net income of the trade or business received from sources within the United States during the taxable year the average amount of the annual net income of the trade or business from sources within the United States during the prewar period.

If the average capital (or in the case of a foreign corporation or partnership or a nonresident alien individual that proportion thereof which the net income of the trade or business from sources within the United States bears to the entire net income) employed in the trade or business during the taxable year is greater or less than the average capital or proportion thereof so employed during the prewar period, the war profits shall be determined by deducting from the total net income for the taxable year an amount which bears the same proportion to the average annual net income for the prewar period which the average capital or proportion thereof employed during the taxable year bears to the average capital or proportion thereof employed during the prewar period.

If a taxpayer fails to present satisfactory evidence as to the average amount of the annual net income of the trade or business during the prewar period, the war profits shall be determined as provided in section 204.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from New Hampshire [Mr. HOLLIS] to the amendment of the committee.

Mr. SMOOT. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Gerry	Kellogg	Myers
Bankhead	Grover	Kendrick	Nelson
Brady	Hale	Kenyon	New
Brandegee	Harding	King	Norris
Broussard	Hollis	Kirby	Overman
Colt	Husting	Knox	Page
Culberson	James	La Follette	Penrose
Curtis	Johnson, Cal.	Lodge	Pittman
Dillingham	Johnson, S. Dak.	McCumber	Ransdell
Fernald	Jones, N. Mex.	McKellar	Saulsbury
Frelinghuysen	Jones, Wash.	Martin	Shafroth

Sheppard  
Sherman  
Simmons  
Smith, Ga.

Smith, Mich.  
Smoot  
Sterling  
Thompson

Underwood  
Vardaman  
Wadsworth  
Watson

Weeks  
Wolcott

Mr. SHAFROTH. I desire to announce the unavoidable absence of my colleague [Mr. THOMAS] on account of illness. I will state that he is paired with the senior Senator from North Dakota [Mr. McCUMBER]. I will let this announcement stand for the day.

Mr. MYERS. My colleague [Mr. WALSH] is unavoidably absent. He is paired with the Senator from New Jersey [Mr. FRELINGHUYSEN]. This announcement may stand for the day.

Mr. NEW. I wish to announce the temporary absence from the Chamber of the junior Senator from Oregon [Mr. McNARY] on official business.

Mr. FRELINGHUYSEN. My colleague [Mr. HUGHES] is necessarily absent, owing to illness.

Mr. JAMES. I desire to announce that my colleague, the junior Senator from Kentucky [Mr. BECKHAM], is detained by illness in his family.

Mr. HUSTING. I wish to announce that the Senator from Oregon [Mr. CHAMBERLAIN], the Senator from California [Mr. PHELAN], and the Senator from Illinois [Mr. LEWIS] are detained on official business.

The PRESIDENT pro tempore. Fifty-eight Senators have answered to their names. There is a quorum present. The question is on agreeing to the amendment of the Senator from New Hampshire to the amendment.

Mr. HOLLIS obtained the floor.

Mr. SMOOT. Mr. President—

Mr. HOLLIS. I yield to the Senator from Utah.

Mr. SMOOT. Last evening I gave notice that I would proceed at this time to finish the remarks that I began upon the bill, but the Senator from New Hampshire has just offered an amendment that I believe ought to be passed upon by the Senate before any other votes are taken. Therefore I gladly at this time yield the notice I gave. I hope the Senator from New Hampshire will now proceed with whatever he has to say on this amendment and let us dispose of it, and then I shall conclude what I have to say upon the rates of income and the rates of excess profits imposed under the Senate committee substitute and compare those rates with the rates imposed by the other countries of the world.

Mr. HOLLIS. Mr. President, I thank the Senator from Utah for being willing to yield the floor to me at this time. It is very obvious that the Senate ought first to fix the basis on which it will impose the percentage that it finally adopts. For example, we are told that the war profits under the original form of computation will amount to \$3,000,000,000, and that under the new method of computation it will amount to \$4,000,000,000. Therefore, if we should impose a flat rate of 50 per cent on the original basis, we get a billion and a half in war revenue; if we should impose it on the second basis, we would get two billion. Obviously, those who believe in raising two billion would have to vote for a 50 per cent flat rate on one basis, while if they wanted two billion on the other basis they must vote for a rate of 60 per cent or a little more.

The amendment that I have offered is to the last committee amendment. It merely restores section 203 as it was in the bill as originally reported by the committee. The Senate will find that section on page 15 of the large bill. The one for which it is offered as a substitute is found on page 8 of the last committee amendment, Title II. There is no need to read it. There is no need to discuss its terms. It merely provides that the war profits shall be ascertained by deducting from the current profits the average of the profits of the same company for the three years prior to January 1, 1914.

It makes a difference to me whether we are going to impose a percentage of taxation on a real war-profits basis or on an excess-profits basis. The committee no longer considers this section of the bill a war-profits tax. It frankly calls it an excess war-profits tax. Instead of reckoning a percentage of war profits it reckons its percentage on excess profits.

There is no trouble at all in fixing the percentage and the application of the percentage to the revenue. If we adopt the committee's original plan after we have decided that they are war profits, we will all agree that we ought to take a very large percentage of them. We have merely to compare the return of a corporation for this year with the return of the corporation for the three years preceding the war to get exactly what the war profit is, and then we merely figure the percentage. That is very easy.

Now, if you take it the new way of the committee, you must find out what the capital of the corporation is, because it is a



pure exemption allowance based on a percentage of the capital of the corporation.

I need not enlarge before the Senate on the impossibility of finding out just what the capital of any corporation is. That has been argued by all the members of the Finance Committee. It is agreed by every Member of the Senate that it is a hopeless task to undertake to ascertain what the capital stock of a corporation is. It just can not be done satisfactorily.

We started a few years ago, I think five or six years ago, to place a physical valuation on the property of all the railroads in this country. We have been at it for years at an enormous expense, and we have fixed the valuation on three little railroads that none of you ever heard of. They have scarcely made a beginning on the big railroads. Now, if the Interstate Commerce Commission with the money which we placed at their disposal can not fix the valuation of one class of corporations in five or six years, how does the Senate suppose that the Secretary of the Treasury is going to fix the physical valuation of all the corporations in the United States before next July? It is absurdly impossible for any man or any set of men to undertake it. The committee saw that. It was the contribution of this great committee to this great subject to see that these taxes could not be imposed on the basis adopted by the House of Representatives, and I never felt prouder of any committee than I did when this committee reversed the policy of the House of Representatives and brought out a war-profits-tax plan on a sound basis.

Now, just think for a moment. Under the new plan you have simply imposed a graduated income tax on corporations, something never heard of before. Just run your mind back over what we have been doing toward income taxes. The first income tax put on corporations was not an income tax at all, because we had no income-tax amendment to the Constitution. We wanted the corporations to contribute toward running the Government what they fairly ought to contribute, and we levied a 1 per cent or a 2 per cent excise tax, not an income tax at all. Then last spring, when we wanted the corporations to pay still more, we imposed an excess-profits tax, but a flat rate of 8 per cent, with no graduated scheme about it. When this bill came over from the House it imposed 4 per cent on corporations not graduated and an excess-profits tax not graduated. There is the best reason in the world why we should not graduate an income tax on a corporation. It is not only unscientific but it is absolutely unjust and inexpedient. It is easy to demonstrate that.

I am not talking as a friend of corporations. I have an established reputation in my part of the country as an anti-corporation man. I have fought them and they have fought me, and they will fight me just as heartily after this as they did before. But I am looking to the small stockholder in the big corporation. The bigger a corporation is the larger the number of stockholders it has, the more widely diffused are its shares.

Take a corporation that is closely held and is owned by a few men. It is usually immensely profitable but it is not very large; its capital stock is usually very small. Now, see what the effect is. Here is a fairly small corporation, say, with a million dollars capital that is earning a million dollars of profit. Under the computation of the Senate committee, the latest plan, they get a small graduated tax on that corporation, and when the dividends are turned over to the stockholders those wealthy men who own all the stock of this fairly small corporation would have been let off with the lightest percentage in the scale. But take a great corporation like the United States Steel Corporation, whose stock is held all over the country in the hands of a few people, and you impose a great tax on them. You take half their profits and you are taking half the income right out of their smallest stockholders. There is no escape from that. No one will answer, no one will pretend to answer this argument.

Now, why did they do it? This is the reason why they did it. It is perfectly plain. It is because any rate above 50 per cent is considered confiscatory by a great many people in the United States. If you take more than 50 per cent of a man's income you say you are robbing him, but if you can contrive a plan by which you will take 50 per cent out of a corporation's income and then 50 per cent out of the men, you are getting not a hundred per cent, you are getting 75 per cent of the total earnings. You have got 75 per cent out, and then you trust he will not know it and he will not criticize you for taking so much from him. We do it because it is the easiest way, but it is not the right way.

Now, I do not know how this will affect the corporations in my State. I have not figured it. I do not care how it will affect them. We have the biggest textile mills in the country, probably the biggest in the world, the Ameskeag Manufacturing Co.

They cordially despise me and will do everything they can to defeat me again as they did the last time. Take the McElwain Shoe Co., probably the biggest shoe manufactory in the United States and in the world. They have the same attitude. Take the Sullivan Machinery Co., that sends mining machinery all over the world, and so on. These are manufacturing corporations that have been built up under the protectionist theory of this country, and I believe they have been built as they ought on that basis. They are no friends of mine; I am no friend to them. I do not know how this will affect them, but I do want to feel that they have been fairly treated by the Senate, and that we impose this tax on an equitable basis.

I am going to repeat a little what I told the Senate before. If a corporation has war profits, it has something that belongs to the Nation. If they are actually profits made out of our misfortune, we will be justified in going on and taking them all, just allowing them a 10 per cent fee for collecting them. They accumulate them and, as we can get them readily, we ought to go and take them. There is no sense in imposing a graduated tax on profits that belong to us anyway. A man who robs money from your safe might just as well say, "I have only gotten \$10,000; do not take it all back; take only 50 per cent." Here is this other fellow who has a million. Take 90 per cent of his. We might just as well say that to a trust fund or of something that has been found on the street: "I found only \$10 and you ought to take but 10 per cent of that." Here is another fellow who found \$100,000 and we take 90 per cent of his.

If they are war profits, they belong to the people at war, and we ought not to be very tender as to how much we take. That was the committee's old method; that is the sound method. If they were to sit down and face this question to-day afresh and heed their own argument for the past two months, the committee would go back to that plan. This committee know that they can not impose these taxes on the basis they now propose, and they ought not to do it. War profits will amount, they tell us, to \$3,000,000,000 this year on the old basis. If we go back to that old basis, and they are really war profits, we ought to take at least 60 per cent of them.

The Senator from Utah [Mr. Smoot] made a very informing address yesterday. He called our attention to many facts that have been overlooked; but I wish to state while the Senator is here that from the very best information I can get Great Britain is imposing a tax this year of \$65 per capita. I have seen that stated many times and not disputed. If we impose a \$65 per capita tax in this country this year, we shall raise six and a half billion dollars in taxes. The bill as now reported, it is claimed, will produce two and a half billion dollars. Add to that the \$1,333,000,000 we raise under existing taxes and we only get about four billion. We ought to get six and a half billion if we proceed according to the British method. Now, so much for the English method.

Mr. SMITH of Georgia. The bill will raise two and a half billion dollars from the war-profits tax and income tax alone, and in addition there are various other taxes.

Mr. HOLLIS. The war-profits tax and the income tax are estimated to raise two and a half billion dollars, and the consumption and other taxes three or four hundred million dollars more, as I recall.

So that would make little difference. We are not anywhere near the same basis as Great Britain, if we pass this bill, and we ought to be on a higher basis. That is easy to demonstrate.

For three years we have been making great profit out of the war in Europe; our corporations have been prosperous as never before; everyone has been prosperous. There has been employment and higher wages—though not as high as they should be—and our corporations have been brought up to a position where they are ready to be taxed; they expect to be taxed; and they ought to be taxed, whereas England has gone through three years of grinding war; proud England, that supposed she could finance the world in any undertaking, has had to come to this country and ask for financial help. With a country in that condition paying \$65 a head we ought to be ashamed to pass a revenue law that will only call on the people of this country to pay \$40 a head. It is not a fair basis.

Mr. SMOOT. Mr. President—

Mr. HOLLIS. I yield to the Senator from Utah.

Mr. SMOOT. If the Senator from New Hampshire does not want to be interrupted, I would just as lief not disturb him—

Mr. HOLLIS. I am perfectly willing to be interrupted.

Mr. SMOOT. I can answer the Senator in my own time, but I know the Senator wants to be perfectly fair.

Mr. HOLLIS. I will be glad to have the Senator from Utah correct me, if I am wrong.



Mr. SMOOT. I want to call attention to the amount of taxes which have been raised by England every year since the war. Then I will show just exactly what per capita tax they have collected. That is on a basis that there were 50,000,000 in England. I am not taking her colonies into consideration at all.

Mr. HOLLIS. But can the Senator tell me whether it is correct that this year England has imposed taxes amounting to \$65 per capita?

Mr. SMOOT. No; that is not correct, and I want to correct the statement right now.

Mr. HOLLIS. Can the Senator tell me how much the amount is?

Mr. SMOOT. If the Senator does not want to yield I shall give the figures when I speak.

Mr. HOLLIS. I am glad to yield to the Senator.

Mr. SMOOT. The amount of taxes collected this year by England will be two billion five hundred and one million and some odd thousand dollars; that is according to the report which they furnish. The estimate is, on the basis of a population of 50,000,000, that there would be, in round numbers, \$50 per capita collected in taxation this year.

Mr. HOLLIS. I am glad the Senator made that statement, for it proves my point. They are raising two and a half billion dollars. The population of England is not 50,000,000; it is 42,000,000 and a fraction, which makes the tax practically \$65 per head. Those are the figures that I submitted, and I think the proposition is sound.

Mr. HARDING. Mr. President—

The PRESIDENT pro tempore. Does the Senator from New Hampshire yield to the Senator from Ohio?

Mr. HOLLIS. I yield.

Mr. HARDING. I wanted to ask the Senator from Utah while he is on his feet if the two and a half billion dollars collected by England included the taxation for the ordinary peace expenses of the Government as well as those of war?

Mr. SMOOT. All the expenses of the Government, I will say to the Senator, are included. I hold in my hand, handed to me by the Senator from North Dakota, a book entitled "The Effect of Wars and Revolutions on Government Securities," by E. Kerr, librarian, and it purports to give the estimated population of Great Britain, her wealth, and so forth, for the dates 1912-1914. According to this book the population of England at the time indicated was 45,663,000. Of course, I can not say exactly the population England has to-day, but I will say to the Senator that the amount which I have given of taxation collected is by Great Britain, not taking into consideration the taxes collected by any of her colonies.

Mr. SHAFROTH. Mr. President—

The PRESIDENT pro tempore. Does the Senator from New Hampshire yield to the Senator from Colorado?

Mr. HOLLIS. I yield.

Mr. SHAFROTH. If the Senator will yield, I desire to say that I have here the World Almanac for 1917, which gives the population of Great Britain, without Ireland, as 41,689,184. The population with Ireland is 46,064,738.

Mr. HOLLIS. I ask the Senator—

Mr. SHAFROTH. I do not know whether or not England draws any revenue from Ireland.

Mr. SMOOT. The taxes are imposed upon Ireland the same as they are imposed upon England.

Mr. SHAFROTH. Then, the population would be 46,064,738.

Mr. HOLLIS. Mr. President, I thank the Senators, but I shall be sorry to have this matter drift into a discussion of the population of England. There is no doubt England is paying a higher per capita rate this year than we shall pay if this bill is passed in its present shape. The point is that we ought to pay just as much as we can pay, because we have the ability and the wealth to do so. We have not been impoverished; we are right at the apex, at the top of the load. We have more money than has any other nation. In the form of war profits it is gathered in large piles where we can take it easily, and we ought to go and take it and not be too thin-skinned about it.

Now, I want to explain in detail, though not at great length, the difference between the two propositions. I ask to go back to the old plan and ascertain what are war profits as well as we can ascertain them. I know we can not ascertain them exactly; there is no rule that will preserve all the saints and punish all the sinners; but I think the old rule that was imposed by the Senate committee, in the first place, was the best one. That provides for the taking of the profits of a corporation as shown by its return this year; from that is deducted the average of the profits of the same corporation for the three years before the war. In that way we get a rough measure, but a very exact measure, of the war profits. Having ascertained them, we do not take them as income. We have no right to take any income

out of a corporation. Some of my friends in New Hampshire will be surprised to hear me say that; but an income tax is not imposed on property; it is not imposed on corporations; an income tax is imposed on individuals in proportion as they enjoy incomes. That is the basis of the income tax. The corporation can not enjoy an income; it can not spend any of it, except to give it to its stockholders; but when you have driven it into the hands of the stockholders, then it is in the hands of people who can enjoy it, and they should be compelled to pay an income tax on the basis of the income they enjoy. The tax may be graduated so that those who get large incomes shall pay a higher percentage than those who get smaller incomes.

The new proposition from the committee is nothing but a graduated income tax on business, exactly the same as the income tax imposed on individuals. It gives an exemption—rather a small exemption—and then it puts a surtax on, just exactly as is done in the case of individual incomes.

Now, assume the case I put to the Senate the other day of a man who has \$100,000 capital and goes into business with it. He does not even form a corporation, but does business under the name of John Smith. You tax the income of his business; assume you take 20 per cent of it, and then, as quickly as he gets the earnings in his hands, you tax them again as his private income, so you have taxed the return from that man's business twice. I am talking for the man in business and the partnership in business just as well as I am for the corporation in business.

Some other man with \$100,000, instead of putting it into business where it can be taxed as a business and then taxed when it gets into his hands as income, will put it into nontaxable investments. You only tax him once; you do not tax him at all under the surtax, because his money is in tax-exempt securities. The man who goes into business, who employs labor and increases the prosperity of the country gets taxed twice, while the indolent chap, who will not take any risk and help other people to earn a living, gets taxed not at all. That is not right; it is absolutely unscientific, and the committee would not propose it if they did not want to get a large tax without imposing a very large rate on anyone.

Mr. President, I do not think I could put this matter more plainly to the Senate if I occupied the floor for two hours. I am asking the Senate to adopt the language of the Finance Committee in its original bill; I am asking them to go back to the original plan. The Senate ought to decide that and decide it at once. If the Senate decides it will go back to the old plan and tax war profits, I am going to ask the Senate to adopt a high flat rate, because a graduated income tax has no application whatever to war profits. If the Senate insists on clinging to the new plan, the graduated income-tax plan on business—not only as to corporations, but as to partnerships and individuals as well—if the Senate insists on taxing the same invested money twice, then I am going to ask it to impose a flat rate, and if it refuses I am going to offer a graduated tax, so that we will get as much money under this bill as we ought to get. I believe this bill ought to produce altogether \$4,000,000,000; I think it can easily be made to do so without doing injustice to anyone. I offer my amendment, and hope it will be adopted.

Mr. JOHNSON of South Dakota. Mr. President, before the Senator takes his seat I should like to ask him a question. I came into the Chamber while the Senator was speaking, and did not have an opportunity to hear all of his address. I should like to ask the Senator for my own information if the plan contemplated in his amendment is that of taking the three pre-war years and averaging them and then taking this year's profits and deducting one from the other? Is that the basis?

Mr. HOLLIS. Yes; the original committee plan of deducting the prewar income from the current income and thus getting the war profits.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from New Hampshire.

Mr. SMOOT. Mr. President, I agree with the Senator from New Hampshire that his amendment ought to be acted upon at this time, so that the Senate may finally decide as to what plan they are going to adopt in imposing taxes under the pending bill.

The committee first reported, as the Senator has said, a plan which would reach only war profits, but I do not think that I am prohibited from giving the Senate information as to what happened in the committee in respect to this question. I will, therefore, say that the action of the committee was not unanimous. After the bill was brought before the Senate and discussed for days—I was going to say weeks—it developed that the plan originally proposed would do an injustice to a great portion of the business of the country. That plan, Mr. President, would allow some of the greatest percentages of profits



made by business in this country to escape any excess or war profits tax whatever. If the plan proposed by the Senator from New Hampshire is adopted by the Senate, we might as well understand that there are companies in this country making all the way from 300 to 400 per cent per annum which will not pay one cent of excess-profits taxes. We might as well understand that most of the banks of the country will escape excess-profits taxes; that most of the grocery stores, wholesale and retail, will escape any excess-profits tax; that the dry goods institutions, taken as a whole, will escape excess-profits tax; and we must understand also that the automobile companies of the country will not pay excess-profits tax under the pending amendment.

Mr. POMERENE. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Ohio?

Mr. SMOOT. I yield to the Senator.

Mr. POMERENE. I agree with the Senator's statement. I know that he is a very careful student of the statistics connected with war measures, and I should like to ask him if he is able to tell the Senate what amount of prewar profits would escape this tax? To state it in another way, and perhaps a little more clearly, what amount of profits based upon this prewar rule would escape taxation?

Mr. SMOOT. At least half a billion dollars of taxes would be lost; that is, the Government of the United States would collect by way of taxation under this plan, if adopted, at least a half a billion dollars less than under the substitute now proposed by the committee.

Mr. POMERENE. That is, the loss in taxes would amount to that?

Mr. SMOOT. The loss in taxes would amount to that.

Mr. POMERENE. I am quite sure that that is a low estimate.

Mr. SMOOT. I know that it is a low estimate; but I am positive that it would be that much.

Mr. LEWIS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Illinois?

Mr. SMOOT. I yield.

Mr. LEWIS. Will the Senator follow his argument along a little further and give us an explanation or illustration of the manner in which he feels this loss will occur to the Government, if we may have his views upon that subject?

Mr. SMOOT. I will do so now, Mr. President. Take the Ford Automobile Co. The Ford Automobile Co. made in the year 1916 \$54,000,000 profit; in the prewar years 1911, 1912, and 1913, its percentage of gain was just as great as it was in 1916, and just as much as the profits of that company will be for the year 1917; but under the plan now advocated by the Senator from New Hampshire, and originally presented to the Senate by the committee, the Ford Automobile Co. would not pay one cent.

Mr. BANKHEAD. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Alabama?

Mr. SMOOT. Certainly.

Mr. BANKHEAD. Mr. President, since the Senator is discussing this question, I think it would be well enough to explain to the Senate why it was and how it was that the committee originally brought in a plan that would permit all of this vast wealth to escape taxation.

Mr. SMOOT. Mr. President, I went into detail on that subject in my speech of the 20th of August, and the action of the committee is just, reasonable, and logical after it learned the condition of the Treasury and of appropriations to be asked for to meet war conditions.

Mr. BANKHEAD and Mr. LA FOLLETTE addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Utah yield; and if so, to whom?

Mr. SMOOT. To either one.

Mr. BANKHEAD. I do not think the Senator from Utah—

The PRESIDENT pro tempore. The Senator can not yield to anyone.

Mr. SMOOT. I will yield to the Senator from Alabama or to the Senator from Wisconsin; I do not care which.

Mr. LA FOLLETTE. Mr. President, I just wanted to ask the Senator if he pretends to say that the committee did not understand when the bill was reported that every company and every class that he has referred to as escaping taxation would escape taxation?

Mr. SMOOT. Yes, Mr. President.

Mr. LA FOLLETTE. Why, I say that it was understood and discussed thoroughly in the committee.

Mr. SMOOT. Mr. President, I want to say to the Senator from Wisconsin that there was not a single, solitary meeting of that committee at which I was not present; there was not five minutes' time that that committee was in session that I was not there; and I say now, upon my honor as a Senator, that there never was a word spoken in relation to what effect the plan would have on the banks of the country or the dry goods or grocery establishments, both retail and wholesale, of the country, and no member of the committee or expert knew how the change in plans would affect the revenues. Nobody had it figured out, and the Senator knows that when the question arose I was asked my opinion as to what the difference would amount to, and the expert was also asked, and he said plainly that he did not know; and I expressed an opinion—and it was only a guess—that the amount would be an increase of \$300,000,000. Is not that so?

Mr. LA FOLLETTE. I think the Senator stated in committee that he thought it would be \$300,000,000. It turns out now, according to a computation the certainty of which no man can tell, that it is about \$428,000,000.

Mr. SMOOT. Even more than that.

Mr. LA FOLLETTE. But it is true that the committee well understood that under the bill as reported all classes of business that had as large a profit in the taxable year as they had in the prewar period would pay no tax. That was well understood by everyone.

Mr. SHAFROTH and Mr. SIMMONS addressed the Chair.

Mr. SMOOT. There is no need of having any misunderstanding in relation to this question as far as the committee is concerned. As I said the other day—

Mr. SIMMONS. Mr. President, will not the Senator permit me to interrupt him?

Mr. SMOOT. Just as soon as I finish my statement, I will. As I stated the other day, on the estimates made to the committee of the amount of money necessary to be collected for the fiscal year 1918, the committee decided that it was not necessary, under Title II of this bill—the title that is under consideration now—to raise more than \$560,000,000; and that being the case, it thought it could well be collected all from war profits, and war profits alone, because the percentage of such profits to collect that amount would not be so great as to interfere or cripple the companies making that class of profits in their productivity and expansion required by the war. But when the new estimates came in, it became evident that there would have to be more money raised, and from additional sources, and it would have been absolutely impossible, if we had raised \$1,286,000,000 from war profits alone, for the concerns that have made the war profits to extend their business as required by the demands made upon them on account of the war.

I now yield to the Senator from North Carolina.

Mr. SIMMONS. Mr. President, I just want to suggest to the Senator that of course the committee knew, as everybody would know—it is a self-evident proposition—that under the original plan of the committee, if a man or a business was making more before the war than it was making after the war, of course it would not have to pay any tax under this title.

Mr. SHAFROTH. Mr. President, I should like to ask the Senator a question for information with reference to the Ford profits.

Mr. SMOOT. I yield to the Senator.

Mr. SHAFROTH. Would the owners of the stock of the Ford company be compelled to pay a tax on those profits?

Mr. SMOOT. Not upon the profits of the company; but when they are distributed as dividends, then they have to pay a tax upon their incomes.

Mr. SHAFROTH. Then, according to this bill, under either system, if there is a tax imposed upon the corporation, and it is deducted, of course, from the income that goes to the stockholder, the stockholder then has to pay in addition to that a tax on the amount of profits which he has received on his stock?

Mr. SMOOT. Why, certainly, Mr. President; he has to pay an income tax. That is what I have been trying to get the Senate to understand, that in this bill we are imposing two exceedingly high tax rates; and before I get through, Mr. President—not at this time, but when I conclude the remarks that I began yesterday—I want to show the Senate what the combined taxation of incomes and war profits or excess profits will amount to.

Mr. BORAH. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Idaho?

Mr. SMOOT. I do.

Mr. BORAH. The Senator says he has been trying to get the Senate to understand that there are two taxes imposed, the



income and the war-profits tax. I apprehend that that has been a matter within the knowledge of all of us from the very beginning. I do not see how there can be any doubt about it. Nobody has ever supposed that you are going to release incomes because you tax war profits, or release war profits because you tax incomes.

Mr. SMOOT. No; and therefore we have to take the two, as I say, to find out what tax we are going to impose upon the business of the United States; but that I am not going to discuss on this amendment offered by the Senator from New Hampshire.

Mr. SMITH of Michigan. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Michigan?

Mr. SMOOT. I do.

Mr. SMITH of Michigan. Then, if I understand the Senator from Utah correctly, the committee, upon the new estimates, decided to invade the so-called normal profits. Am I right?

Mr. SMOOT. That is, normal profit if it is over 10 per cent.

Mr. SMITH of Michigan. Exactly, but the normal profit. Take a concern, for instance, that was making 25 per cent upon its capital; you propose to give it first a deduction of 10 per cent, and then levy your assessment against the excess?

Mr. SMOOT. That is correct, with the exception, of course, that we allow each corporation \$5,000 exemption.

Mr. SMITH of Michigan. Yes; but the Senator has been asked over and over again why that was not done in the first instance. If I understand the Senator, and I think I do, the reason why it was not done in the first instance was because you were operating upon the plan of getting your money from excess war profits. Am I right?

Mr. SMOOT. The Senator is right, and that is what I have said a number of times here.

Mr. NORRIS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Nebraska?

Mr. SMOOT. Yes.

Mr. NORRIS. I want to ask the Senator a question. If it would interfere with his argument, and he will answer it later, it will be perfectly satisfactory to me; but I should like to suggest it now.

There are two propositions in the pending amendment, as I understand it. One is the one that the Senator is talking about, and the other is the definition, or there is included in that proposition the definition of the taxable capital.

Mr. SMOOT. If the amendment offered by the Senator from New Hampshire is adopted, then there would be no necessity for a definition of capital.

Mr. NORRIS. I came in after the amendment was read; but, as I understand it, it includes that. It strikes that out. I should like to have the Senator before he finishes this discussion, either now or later—if it would interfere with his argument, later—answer the argument made yesterday on the floor of the Senate, and again to-day, that the method of the committee now, the present plan as far as figuring these percentages is concerned, requires of the Secretary of the Treasury practically an impossibility.

Mr. SMOOT. Mr. President, I do not believe it will be impossible, because the Secretary of the Treasury has already imposed a tax upon the munition plants of this country based upon their capital and surplus.

Mr. LA FOLLETTE. As reported by them.

Mr. SMOOT. As reported by them; but under this bill we authorize the Secretary of the Treasury, if upon the face of that return he has doubts as to whether the capital and surplus of the company as reported are inflated, to make an examination into it, and that examination is to be based upon the definition of capital as provided in the bill.

Mr. NORRIS. That is the point upon which I should like light. I felt rather friendly toward the committee's change, but I was wonderfully impressed with the logic of the argument on the point that I have asked about, made yesterday by the Senator from Wisconsin, and to-day by the Senator from New Hampshire. It seems to me, the way I look at it, that that is the part of the committee's amendment that it is going to be most difficult to meet, if it does, as the Senator said, require an absolute impossibility to find this value within the time when the tax must be levied.

Mr. SMOOT. I can say to the Senator that I have no apprehension whatever on that score, under the definition that has been given, and under the returns that have already been made and taxes collected.

Mr. KNOX. Mr. President, may I ask the Senator a question?

Mr. SMOOT. Yes.

Mr. KNOX. I was troubled a little with the same difficulties as the Senator from Nebraska, but this seemed to be a solution of it, to my mind: The greater the capital, of course, the less the tax; and, of course, the temptation will be for the corporations to swell the capital in order to reduce the tax, but they can not say that the capital is any less than they represent it to be; and, as I understand, these calculations that would give \$500,000,000 more tax are based upon what the corporations represent the capital to be. Now, the Government will be just so much of a gainer as it can be shown that the capital is more than they represent. In other words, they would be estopped from getting any benefits predicated upon the theory that the capital was greater than represented in their returns.

Mr. SMOOT. The Senator is correct, and I want to say now that he is correct for this reason: It is impossible for the corporations of the country to inflate their capital and the Secretary of the Treasury not know it. The companies in the United States have already reported as to what their capital stock and surplus is.

Mr. NORRIS. If that be true, why is it that we have provided by law for a physical valuation of the railroads of the country, and expended millions of dollars for that purpose, if we are going to take their reports? Does it come down to this—that if the committee's present plan is agreed to, we must accept the report of the corporation itself?

Mr. SMOOT. No; not necessarily, Mr. President; but I will say to the Senator that the estimates that have been made by the committee are estimates based upon the capital stock as the companies report it, and if it proves less we will collect more revenue.

Mr. SMITH of Georgia. Mr. President, we have not undertaken to find the present value of their property. We are limiting it to the money paid in.

Mr. SMOOT. Now, Mr. President, I should like to proceed for a few moments.

The Senator from New Hampshire [Mr. HOLLIS] thought that there was a difference in the taxation of individuals and of corporations. Such is not the case under the bill either as first reported by the committee or as reported now in the way of a substitute. In the present law there is a difference between the corporation and the individual—there is a difference between the corporation and the partnership—but it has amounted to so little, because there is only a normal tax of 2 per cent imposed at present on corporations and not on individuals, and that is not enough difference to cause criticism in the past. But as we place the surtaxes higher and higher, the difference becomes greater, and there must be an equalization made; and this is how it was done.

Under the pending bill there is imposed surtaxes upon all individuals, all partnerships, and all corporations doing business in the country; and we add by this bill a normal tax of 4 per cent on all corporations over and above the 2 per cent normal tax under existing law; and when the dividends are declared by the corporation, the income tax then applies upon whatever amount the individual may receive by way of dividends; and when the individual makes his return the income tax applies to his gains and so as to the partnership. A partnership is no different than an individual, other than that some of them have thousands of individual stockholders. Not only is the individual taxed twice, but every stockholder indirectly through the corporation is taxed twice, and the difference of the normal tax imposed upon the corporation and not on the individual or partnership more than equalizes the tax that the individual or partnership will have to pay. It ought to be equalized, and that is what the committee has undertaken to do.

Now, the Senator thinks there ought to be \$4,000,000,000 raised under this bill. Mr. President, there is no one who believes that the appropriations for the fiscal year 1918 exempting the \$7,000,000,000 which we expect to advance to our allies will amount to more than \$12,000,000,000.

Mr. HOLLIS. I hope that by a fair and reasonable discussion we may get some light, and the questions I ask the Senator are for the purpose of giving light. He refers to the \$7,000,000,000 we are to borrow and loan to our allies. Why should that be treated any differently from any other \$7,000,000,000 except that we are going to get it back sometime? It is going to be just as hard to borrow it or raise it by taxation as any other \$7,000,000,000.

Mr. SMOOT. It is the same as an expenditure on the part of the Government as far as raising the money is concerned. Our Government would not be advancing this money to the allies unless it were for the fact that our allies can not borrow the money at less than 5½ to 8 per cent interest, and not only that, the Senator knows, and we all know, that if the Government of

the United States did not advance money to some of our allies at this time it would be absolutely impossible for them to proceed with the war as it should be and as it must be if we intend to defeat Germany.

Mr. HOLLIS. Mr. President, there is nothing benevolent about our loaning that money to the allies. We loan them as much as they spend in this country. It is spent right here. We get the profit and the benefit out of it and we expect to get it back sometime; but I say it is just as hard to raise that \$7,000,000,000 as any other \$7,000,000,000, no matter what we are going to do with it after we get it.

Mr. SMOOT. No; I say to the Senator—

Mr. HOLLIS. I hope the Senator will explain why it is not.

Mr. SMOOT. I will tell why it is not. I want to say to the Senator that for the \$7,000,000,000 that is to be raised for our allies our Government will receive bonds from our allied Governments in place of the money advanced them.

Mr. HOLLIS. Right there, is the Senator going to tell us how it is going to be easier to raise the \$7,000,000,000? I do not want to get away from that. I am very anxious to know. I want to tell the Secretary of the Treasury.

Mr. SMOOT. In one case the Government makes an investment through the purchase of bonds; in the other case the Government imposes a tax for expenses incurred, with no hope of getting a dollar in return. Our bonds can be sold easier for the first case than the second and at a better rate of interest. English bonds in our Treasury are a basis of credit, but the cost of war will never be returned to the Treasury. It would be easier for the Senator to borrow \$1,000 to make an investment in gilt-edge bonds than it would be if the person making him the loan knew that he was to use it to purchase something that would be a complete loss when purchased.

Mr. HOLLIS. Will the Senator pardon me? His proposition is this: Our Government borrows \$7,000,000,000 in the money market, nearly all of it from our own people. It then borrows \$7,000,000,000 in cash here for our allies and takes back from the allies \$7,000,000,000 in security. Now, how can the Government borrow money on that \$7,000,000,000 of security any better than it can by issuing its own bonds? How is it any better off when it has to go to the same source—the American people—for the money in any event?

Mr. SMOOT. It could not borrow it any easier, but the credit of the United States is good enough to borrow both amounts.

Mr. HOLLIS. Then what good will it do? How will it aid in raising the money?

Mr. SMOOT. I have not finished my answer. I say now that of the \$7,000,000,000 we expect every cent to be paid back.

Mr. HOLLIS. After the war?

Mr. SMOOT. Certainly; after the war.

Mr. VARDAMAN. Will the Senator from Utah permit me to ask the Senator from New Hampshire a question?

Mr. SMOOT. I yield.

Mr. VARDAMAN. The Senator from New Hampshire states that every penny that we have loaned the allies has been expended here. Is that true?

Mr. HOLLIS. Yes; I understand we have loaned them as much as to pay for what they have been purchasing in this country. There is no secret about that.

Mr. VARDAMAN. Is the amount the same that the allies owe to the American citizen or to American business men?

Mr. HOLLIS. That is my understanding. It has been the policy to loan them enough to cover their expenditures.

Mr. VARDAMAN. To pay what they owe in America?

Mr. HOLLIS. To pay the expenditures they make in this country. That is my understanding.

Mr. VARDAMAN. I did not know that.

Mr. SMOOT. I think what the Senator from New Hampshire states is practically correct. If the loans were not made, I will say to the Senator from Mississippi that credits must be provided for balance of trade in our favor with our allies or gold would have to be shipped to this country, and we have so much gold now in the country that I am afraid before the war is over there will be an inflation of our currency based upon it that will increase the price of all products of the country.

Mr. VARDAMAN. Will the Senator permit me?

Mr. SMOOT. And they can not increase the volume of money unless the products of the country increase in price. I yield to the Senator from Mississippi.

Mr. VARDAMAN. I am glad the Senator from Utah has announced what I have believed since 1896. But the point I wish to inquire from him is this: The Senator says we have got to lend them this money in order to prevent the gold from being shipped here.

Mr. SMOOT. I did not say we had to do it. I say if we did not do it.

Mr. VARDAMAN. Then it would be prudent for the United States to let the people of Europe pay that gold which they have in settlement of the debts they owe to Americans instead of taxing the American people to furnish the money.

Mr. SMOOT. If the United States was not interested in the outcome of this war, there never would have been a proposition to purchase bonds of foreign countries considered by Congress. We are loaning this money because it is assisting in defeating Germany.

Mr. VARDAMAN. I understand that; but we are lending this money because we believe our allies have not the money with which to pay the debts they owe and the debts they must contract if they would carry on the war.

Mr. SMOOT. They have to raise it in some way.

Mr. VARDAMAN. Yes; I understand that; and the United States is loaning it because the allies have not got it.

Mr. SMOOT. Some of the allies are to the limit of their resources, and can not furnish the money required by them to prosecute the war, and the Government of the United States must assist them.

Mr. VARDAMAN. Being allies of the United States, I think it is perfectly proper for the United States to furnish them the sinews of war; but I do not think it is fair to tax the American people to furnish them money when they have money themselves. It is not unfair or out of place for the Senate to give some little thought to the interest of the American taxpayer.

Mr. SMOOT. They pay the rate of interest, of course, that we pay upon our bonds. We are not taxing the people to pay the interest upon the bonds that they sell to us. The law provides that it shall be the same rate of interest that the United States is paying on bonds which it may issue during this war.

The Senator from New Hampshire says there is no benevolence in loaning money to our allies. Yes, there is, Mr. President. I say now that if the United States had not advanced the money to France, if she had not advanced the money she has to Italy, if she had not advanced the money she has already advanced to England, it would have cost those countries at least \$200,000,000 more per year for interest upon the amount of money they would have had to borrow upon their own credit.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER (Mr. New in the chair). Does the Senator from Utah yield to the Senator from Idaho?

Mr. SMOOT. I yield.

Mr. BORAH. The Senator means to say that if they were compelled to go into the money market they would have to pay an additional rate of interest?

Mr. SMOOT. They would.

Mr. BORAH. And that money market is the United States?

Mr. SMOOT. Yes; the main one at present; that has been acknowledged by everybody. It is true that Japan could advance money and has advanced some money to the allies, and it is true that England could have carried on the war and raised sufficient money from her resources to do so; but we must remember that England has already advanced over \$5,000,000,000 to her allies, and of late the United States has been purchasing English bonds to assist her.

Mr. WADSWORTH. May I interrupt the Senator to this extent? I hope he will not take the observation of the Senator from Idaho [Mr. BORAH] as being entirely accurate. The United States is not the only money market in the world.

Mr. BORAH. It is a fact, nevertheless, that those people were getting their money in the money market of the United States at the time, and it is a further fact that the first millions of dollars which the Secretary of the Treasury paid over went to paying off certain indebtedness in the money market of the United States.

Mr. SMOOT. Mr. President, I want to say to the Senator from Idaho that Germany has not borrowed a solitary dollar from the United States, and Germany has advanced money to her allies; but she is almost on a paper basis to-day. England borrowed very little money in the United States before we began to advance to our allies.

Mr. BORAH. England had borrowed large sums of money here and France had borrowed large sums of money here. This was the great money market in which they were compelled to do business at that time. What other money market would they have?

Mr. SMOOT. Their own money markets.

Mr. BORAH. Certainly; they had their own money market; but evidently it was in such condition that they felt under the necessity of coming here.



Mr. SMOOT. There is no question of doubt but if America had not loaned money to England she would have made arrangements to get money to carry on the war, but at a higher rate of interest.

Mr. WADSWORTH. At a higher rate of interest.

Mr. SMOOT. From her own people and her own resources, but would have had to pay a higher rate of interest.

Mr. BORAH. Does the Senator think that England and France could have gotten from their own people sufficient means to carry on this war without the aid of the United States?

Mr. SMOOT. Certainly. England could have taken all the resources of that country, and the Government of France could have taken all the resources of France to carry on the war; but there is a limit of safety in imposing taxes, and France was near that limit.

Mr. BORAH. Why were those countries paying an exorbitant rate of interest if they still had resources at home upon which they could draw?

Mr. SMOOT. Of course, the money market, like every other commodity, increases and decreases according to the demand for it.

Mr. KELLOGG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Minnesota?

Mr. SMOOT. I yield.

Mr. KELLOGG. I suggest that they were paying the same rate of interest at home that they were paying in this country.

Mr. SMOOT. Every bond that was issued by England carried a definite interest rate, and the bonds sold in England sold at the same price as if sold in the United States.

Mr. WADSWORTH. Will the Senator permit another interruption? Was it not true when the so-called allied bond issue was floated in this country, 18 months or 2 years ago, not only was it floated at the same average rate of interest as the loan in England was floated, but it was done largely as a matter of convenience in order that the proceeds of the bonds, English and French, sold in this country should be placed on deposit here to be used in the payment of supplies purchased in America? That was the reason for that allied loan. It was not due to scarcity of resources in Europe.

Mr. BORAH. Can the Senator from New York advise the Senator from Idaho as to the amount of gain certain banking firms in New York made out of that transaction?

Mr. WADSWORTH. I have no figures on that subject.

Mr. BORAH. I have seen the figures several times, and they seemed interesting.

Mr. SMOOT. I can not say as to that, but I say now the Government of the United States has said to our allies, "You shall have money to carry on this war at the same rate of interest we have to pay," and there is not one making any profit on a difference in rate of interest to-day.

Mr. GRONNA. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from North Dakota?

Mr. SMOOT. I yield.

Mr. GRONNA. The Senator has been interrupted a great deal, but I wish to make the observation that every man who has been a student of finance knows that the bonds of the allies were not selling at par in this country. I think that is well known.

Mr. SMOOT. It is very well known. In fact every newspaper in the United States carried the advertisement stating the bond issue, the rate of interest, and what they were selling for. The Senator is perfectly correct.

Mr. GRONNA. It was not a question of rate of interest. It was a question as to the par value. I know some sold as low as 90 cents.

Mr. SMOOT. Mr. President, the very fact that they were below par demonstrated that the rate of interest named in the bond was not sufficient to enable the bond to be sold at par, and, therefore, whatever discount was made upon the bonds was made to bring the rate named in the bond to what the money value was at the time the bonds were sold, just the same as railroad bonds are sold to-day, just the same as other bonds that are sold below par. They are sold below par because of the fact that the risk in the bond that may be taken in purchasing them was not sufficient to make the rate attractive to the purchaser.

Mr. GRONNA. May I ask the Senator another question? Am I right in assuming that these bonds were owned by individuals or by corporations? They were not owned by our Government?

Mr. SMOOT. Not a dollar of them.

Mr. GRONNA. Did we permit an exchange of those bonds bought at a discount for bonds issued?

Mr. SMOOT. No. I will say to the Senator we did not, because the only bonds owned by the Government of the United

States are bonds that have been issued under the law of April 24, 1917, and carrying the same rate of interest that we ourselves paid for bonds at that time.

Mr. GRONNA. I am not questioning that, but the information I am trying to get is this: We know that some of the financiers of the country bought these bonds very much below par. We know that Morgan & Co. had nearly \$3,000,000,000; but this is the question I am asking, because I believe the Senator from Utah knows: It has been charged that the people who bought these bonds at a very large discount made the difference between that discount and par, and that it was a loss to our Government.

Mr. SMOOT. No; such a charge can not be sustained. The only bonds of our allies that the Government of the United States owns are the bonds that the Secretary of the Treasury purchased directly from them, and in the bond itself there is a provision that if at any time the rate of interest upon the Government bonds sold in this country increases from the rate of interest named in the English bonds or the French bonds, the interest of our allies' bonds shall be increased at the same rate and the same amount. So the Senator can see that would not apply to any bond that was sold to any individual or corporation before the passage of the law.

Mr. President, I wish to return to the statement made by the Senator from New Hampshire that he thought this bill ought to raise \$4,000,000,000. No one, as I said, estimates that there will be more than \$12,000,000,000 appropriated for the fiscal year 1918. The Senator would have us impose a tax amounting to 33½ per cent on the total appropriations, all of which is for war purposes, with the exception of \$1,900,000,000. Besides the amount to be raised by this bill we are raising under existing law over \$1,600,000,000.

And, Senators, let me call attention to the highest proportion of revenue to expenditures during the present war of the principal countries involved in the war. The percentage of money raised by taxes to money raised by bonds in England is 25½ per cent.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Idaho?

Mr. SMOOT. Yes.

Mr. BORAH. Mr. Bonar Law says in his address, which I have before me, that it is twenty-six and a fraction per cent.

Mr. SMOOT. All that I can say is that I take the statement made by the British Government itself as to the estimated amount of appropriations and the amount of estimated receipts from taxes imposed. The figures show the percentage as being 25½; but I will take the figure given by Mr. Bonar Law and say that it is 26 per cent. Granting that it is 26 per cent, we are seeking in this bill to impose 33½ per cent, beside an additional tax of one billion six hundred and odd million dollars—nearly as much as England raised during the second year of the war, and more than she raised during the first year of the war.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Idaho?

Mr. SMOOT. Certainly.

Mr. BORAH. The Senator from Utah made that statement yesterday afternoon in effect. The Senator does not accentuate the fact, however, that England now, after two years of war and experience in war and its effect upon her industries, is raising 26 per cent of her expenditures by taxation. We are only some 7 or 8 per cent above that after enjoying two years of the profits of war, without any of the expenditures of war.

In addition to that, Mr. President, England has a national wealth of only about \$85,000,000,000, while we have a national wealth of \$250,000,000,000. Now, is it especially enlightening, under such circumstances, to compare 26 per cent and 33 per cent, when England has already taken 50 per cent in a previous year and 60 per cent in a previous year of those same profits?

Mr. SMOOT. Mr. President, the Senator from Idaho can not defend the position which he has just taken. To-day, with 80 per cent taxes imposed upon war profits—and I wish the Senators would do me the honor to listen when I speak upon this question and endeavor to show the difference between the taxes under the prewar period rule in England and those under the prewar period rule on the business of the United States—with all that, her proportion of revenue raised by taxes to expenditures amounts to only 26 per cent, while ours is over 33 per cent. The Senator from New Hampshire [Mr. HOLLIS] has just made the statement that this bill ought to carry \$4,000,000,000, which would be more than 33½ per cent, not taking into consideration the revenue to be collected under existing law.

Mr. BORAH. Mr. President—

Mr. SMOOT. Just a moment. The Senator refers to the amount of wealth of the United States as compared to the wealth of England. There is no reason why that should be taken into consideration. It is the amount of the expenditures and the cost of the war which is to be taken into consideration. Everything that we buy costs us more; we pay our soldiers more; we are appropriating more money than England or any other country in the world. We were totally unprepared for war, and these large appropriations being made are for preparation for war, a large part of which should have been made years ago.

Mr. President, the Senator from Idaho last night referred to the proportion of revenue to expenditures in this country during the Civil War. The highest percentage of taxes to expenditures during the Civil War was 20.42 per cent, and that at a time when our bonds were being hawked at a discount from one end of the country to the other and in all parts of the world. If we were selling our bonds to-day at 80 cents on the dollar, there might be some excuse for Senators saying we should not issue bonds; but when we pass this bill, even if it passes in the form of the substitute amendment offered by the committee, the rate per cent of taxes to the expenditures of the Government will be higher than that of any other country in the world.

Mr. BORAH. Does the Senator mean in the world at the present time?

Mr. SMOOT. I mean in the world at the present time; and I think that the proportion of our taxes to our expenditures in this war—although I have not looked closely into the question—is as great as, if not greater than, in any other war that has ever taken place.

Mr. BORAH. Mr. President, I want to ask the Senator from Utah a question with reference to the amount which we are proposing to raise by income taxes—taxes on individual incomes—according to this bill, if it is passed as the Senator indorses it, and the amount that will be raised by reason of the war-profits tax. What will the two combined amount to?

Mr. SMOOT. Does the Senator mean the average?

Mr. BORAH. No; I mean the sum total which we shall raise from the income tax and from the war-profits tax.

Mr. SMOOT. From the income tax the amount will be \$834,000,000 as the bill is now reported.

Mr. BORAH. England, after being two years in war, is raising a billion dollars this year by income taxes.

Mr. SMOOT. Yes; but she is raising from all taxes only \$2,501,000,000.

Mr. BORAH. She is raising from the war-profits tax a billion dollars.

Mr. SMOOT. And that is upon the basis of the prewar years of 1911, 1912, and 1913—

Mr. BORAH. Exactly.

Mr. SMOOT. The most prosperous years of her history.

Mr. BORAH. That has absolutely nothing in the world to do with the proposition that a country of about 46,000,000 population after two years of war is raising a billion dollars tax on incomes and a billion dollars on war profits.

Mr. SMOOT. Mr. President, I want to proceed. The percentage of money raised by taxation to the money raised by bonds in France is 14½ per cent. In France the income tax imposed begins at 1 per cent and gradually increases to 10 per cent—not over an average of 5 per cent, while we are imposing an income tax in this bill from 6 to 62½ per cent, or an average of 48 per cent, as against 5 per cent in France.

In Germany the ratio of revenues derived by taxes to those from bonds is 14½ per cent; in Canada 8 per cent—not one-quarter of what the Senator from New Hampshire wants to raise by this bill alone.

Mr. HOLLIS. When I said \$4,000,000,000 I meant all taxation. I think this bill should raise \$3,000,000,000, and that there should be raised \$4,000,000,000 altogether by taxation.

Mr. SMOOT. Then, if this bill raises \$3,000,000,000, we shall raise altogether \$4,630,000,000.

Mr. HOLLIS. That is it exactly, and if I said that we should raise \$4,000,000,000 under this bill—

Mr. SMOOT. That is what the Senator from New Hampshire said.

Mr. HOLLIS. That is not what I meant.

Mr. SMOOT. Then I will say that that is what the Senator did say.

Mr. HOLLIS. I am willing to admit that I said any foolish thing in the world but I want to set it right.

Mr. SMOOT. I am perfectly willing to admit that the Senator meant only \$3,000,000,000, Mr. President. Then I will have to go to work and make my figures over again and while they will not be so striking, yet a wide difference will be disclosed.

Mr. SIMMONS. Mr. President, will the Senator from Utah allow me to interrupt him?

Mr. SMOOT. Yes.

Mr. SIMMONS. I should like to put into the Record at this point in the speech of the Senator from Utah, while he is discussing the various income taxes of different countries, the income-tax provision for 1917 that is now pending in the parliament of Canada. It is as follows:

4. (1) There shall be assessed, levied, and paid, upon the income during the preceding year of every individual residing or ordinarily resident in Canada or carrying on any business in Canada, the following taxes:

(a) Four per cent upon all income exceeding \$2,000 in the case of unmarried men and widowers without dependent children, and exceeding \$3,000 in the case of all other persons, 30 and in addition thereto.

(b) Two per cent upon the amount by which the income exceeds \$6,000 and does not exceed \$10,000; and

(c) Five per cent upon the amount by which the income exceeds \$10,000 and does not exceed \$20,000; and

(d) Eight per cent of the amount by which the income exceeds \$20,000 and does not exceed \$30,000; and

(e) Ten per cent of the amount by which the income exceeds \$30,000 and does not exceed \$50,000; and

(f) Fifteen per cent of the amount by which the income exceeds \$50,000 and does not exceed \$100,000; and

(g) Twenty-five per cent of the amount by which the income exceeds \$100,000.

And there it stops.

Mr. KING. Mr. President, will my colleague yield to me?

Mr. SMOOT. Yes.

Mr. KING. I have understood the senior Senator from Utah to state upon a number of occasions that the revenue derived from present tax laws is about \$1,067,000,000. I notice that the report of the Finance Committee accompanying the bill which is now before the Senate states that existing tax laws yield approximately \$1,354,000,000.

Mr. SMOOT. One billion three hundred and thirty-three million dollars, without taking into consideration the \$325,000,000 which we collect through postal charges.

Mr. KING. I was about to ask the Senator whether the discrepancy arose from the failure to include the amount of postal revenues collected?

Mr. SMOOT. That accounts for the difference, I will say to the Senator. The plan followed ever since I have been in Congress is to include in what are called the general appropriation bills the appropriations for the Post Office Department. The appropriations for the Post Office Department generally amount to about the revenue received by the department. Then, under the existing law, we estimate the amount to be collected from all sources, with the exception of the Post Office, which is always reported separately. That is the reason for the seeming discrepancy, I will say to my colleague.

I will say further that under the present law it is required that 1 per cent of all the receipts at all of the customhouses of the United States shall be set apart as a sinking fund; but, as I stated last night, that law has never been adhered to by any administration from the day of its passage to the present time. However, the amount of \$62,000,000 is estimated for that purpose.

Now, Mr. President, going back, I desire to repeat that the percentage of revenue derived by taxation and that raised by bonds in England is 26; in France, 14½; in Germany, 14½; in Canada, 8; and in the United States, under the substitute offered by the Senate committee, 33½ per cent.

Take the percentage of income tax in England, France, and Germany as compared with the income tax of the United States, and what do we find? In England the percentage is from 11½ to 42½ per cent, on a graduated scale; in France it is from 1 to 10 per cent, on a graduated scale; as to Germany it is impossible for me to tell what the average is, for under the German law there are at least two or three hundred brackets; but Germany starts with 0.57 per cent.

I am not going to take the time of the Senate now to call attention to the exemptions of all these countries. We think we have exemptions in this country, but we do not know the first principles of them as compared with the manner in which the exemptions are worked out in France, Germany, and even in England.

Mr. SMITH of Michigan. Mr. President, will the Senator permit me to ask him a question?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Michigan?

Mr. SMOOT. I yield.

Mr. SMITH of Michigan. It is a well-recognized fact also that in Germany everyone pays an income tax. The burden falls upon all German citizens, as it ought to fall on all American citizens.



Mr. SMOOT. The income tax in Germany falls on all incomes over and above \$214.

Mr. SMITH of Michigan. That embraces practically the entire country.

Mr. SMOOT. In Canada the percentage of tax on incomes is nothing; in the United States under this bill it is 48 per cent.

Mr. BORAH. Mr. President, after the Senator gets through with the percentages, we still do not raise as much taxes in this country from incomes and profits as they do in England.

Mr. SMOOT. Well, Mr. President, I fear that I can not explain myself in a way that the Senator can understand. I have stated the reason, however, time and time again.

The question before the Senate is this: Shall we go back and adopt the plan originally reported to the Senate, or, in other words, impose this tax upon war profits alone and allow billions of dollars in excess profits running from 10 per cent up to 1,000 per cent per annum escape taxation? I do not believe the Senate is going to do that, but if that is what the Senate wants then they should vote for the amendment offered by the Senator from New Hampshire. If they think that these swollen profits made in the past, profits that are not counted by tens of per cent but are counted by hundreds of per cent, should bear a portion of war expenses, they will vote against the amendment offered by the Senator from New Hampshire.

Mr. WARREN, Mr. JOHNSON of California, and Mr. SMITH of Georgia addressed the Chair.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. WARREN. Mr. President, I desire to ask the Senator from Utah a question regarding another phase of the subject in connection with this amendment. It seems to be a weakness, and the same weakness was contained in the original bill. I refer to corporations which were unfortunate enough to make nothing, or nothing of consequence, during the three prewar years. Under the amendment offered later on by the committee there is a minimum established of 6 per cent, and surely that is low enough. There are corporations that have suffered by fires and explosions and by the elements—

Mr. SMITH of Michigan. And by floods.

Mr. WARREN. Yes; and by floods—that made nothing, or even lost money, during the three prewar years. Are we going so to provide that such corporations as that shall be seized by the neck and their entire profits taken from them because, perchance, during the three prewar years they made nothing? That that would happen under the original bill to me is perfectly plain, and I think it is equally true that it would happen under the amendment. It is true that in the original bill it was provided that there might be an exemption in such cases of the average profits of concerns engaged in like business; but imagine a corporation which has met with misfortunes and made no money during those particular years when making up their returns going to their competitors and asking how much they made in a given time, and then ascertaining an average.

Mr. SMOOT. They do not go to competitors, I will say to the Senator; they go to the Treasury Department. They will find the desired information there from the reports that have been submitted in the past.

Mr. WARREN. On the other hand, how much worse is that? They are to make up their reports from their own books. Shall the taxpayers from all the remote precincts of this country go down to the Treasury Department and ask them how they shall make their annual returns? It seems to me that it is a very valuable change, one that ought to recommend itself to every Senator—the one offered in the committee amendment where the taxpayer may claim an exemption of 6 per cent as the minimum. In this way some protection, plain and open, is afforded to those who were unfortunate enough not to make a profit amounting to 6 per cent. This minimum can obtain without the confusion and uncertainties of the other plan.

Mr. SMOOT. I think the bill takes care of all such cases. It was amended for that purpose, and I think there is no question but that any unfortunate concern, no matter what the cause of the misfortune during the prewar period made no profit, or made a profit less than 6 per cent, has a perfect right to take the average profit of like businesses. I will say to the Senator from Wyoming that that is very easily arrived at, because all those businesses have been required to make annual reports ever since the year 1909, and they are on file, and we can find what the average is by writing a letter at any time to the Treasury Department. They will tell you. If the average profit of like businesses were 20 per cent, then the man conducting the business would be allowed 10 per cent. If the average of like businesses were 9 per cent, he would be allowed 9 per cent exemption; but in no case would it be less than 6 per cent if all of the like businesses in the United States averaged but 6 per cent.

Mr. WARREN. That is true under the amendment of the committee; but I say that under the original bill, which now is sought to be reintroduced by the Senator from New Hampshire [Mr. HOLLIS], that matter is left open.

Mr. SMOOT. Oh, the Senator is right about that.

Mr. WARREN. The amendment offered by the Senator from New Hampshire should not prevail because of that particular alone.

Mr. SMOOT. I understood the Senator to say that it was in the original committee amendment and also in the substitute.

Mr. WARREN. Oh, no.

Mr. SMOOT. The Senator meant that the amendment offered by the Senator from New Hampshire—

Mr. WARREN. The amendment offered by the Senator from New Hampshire undertakes what the first bill did.

Mr. SMOOT. Yes; that is right.

Mr. WARREN. And it ought not to prevail.

Mr. SMOOT. That is right.

Mr. POMERENE. Mr. President, if I may be permitted to put it in another way, if a corporation has been very successful during the three prewar years and very successful during the current year it shall escape; but if it was unsuccessful during the three prewar years and successful this year it shall be penalized by the Government because it was unsuccessful during those three years.

Mr. WARREN. That is it exactly.

Mr. SMITH of Michigan. Mr. President, I should like to ask the Senator from Utah a question. A great deal has been said about the payment of the so-called excess-profits tax. This will require a very large sum of ready money. Is the Senator quite sure that this money is available?

Mr. SMOOT. Mr. President, if the Senator will remember, I referred to that very thing in my speech last Friday, and I am going now to say to the Senator that I am going to try to have this amendment adopted: Strike out section 1009 and insert:

SEC. 1009. That all internal-revenue taxpayers who are required by law to render returns shall pay, without prior levy, assessment, or notice, and at the same time as the return is required to be made, one-quarter of the tax, and shall pay the balance in three monthly installments of equal amount, and provision of law fixing any other time as the time when such tax is due to the contrary notwithstanding. All penalties provided by existing law for failure to render return and pay tax when due are hereby made applicable to any failure to pay the tax at the times required in this section.

Mr. SMITH of Michigan. Mr. President, I want to commend the purpose of the Senator from Utah, who is always practical and far-seeing. I think it is a fallacy to imagine that the excess profits are now in the hands of the corporations that have earned them. I know a case where a corporation which earned large excess war profits is going out of business because it can not find the money with which to pay these proposed Government assessments.

Mr. SMOOT. There are four of them in Minnesota that I know of.

Mr. SMITH of Michigan. I see that the Senator from Ohio [Mr. POMERENE] smiles at that suggestion. I suppose he has some good reason for doing so, but I have heard of a case exactly in point.

Mr. POMERENE. Mr. President, I was smiling because the thought of the Senator from Michigan suggested to me the predicament in which a farmer in Ohio found himself some time ago. Though he had one of the largest and most productive farms in the country, he complained that he had nothing to eat; and he had nothing to eat because prices were so high that he sold everything and did not leave anything for his family.

Mr. SMITH of Michigan. In the case of the corporation to which I have referred, their earnings were passed out into betterments and improvements and have not yet brought a return, and yet these earnings will constitute a direct lien by the Government of the United States. I think some provision ought to be made—and I am glad the Senator from Utah has anticipated it—which would give them time to find the money to pay this tremendous tax which the Government levies.

Mr. SMOOT. Mr. President, just one more word and I shall be through.

Mr. HOLLIS. Mr. President, I think the Senator from Utah ought to permit me to answer the criticism of the Senator from Wyoming. It was addressed to the Senator from Utah, but it was directed at me. There is a perfect answer, and I should like to give it, so that it may follow what the Senator said.

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from New Hampshire?

Mr. SMOOT. I yield to the Senator.

Mr. HOLLIS. The Senator from Wyoming is a perfectly fair, perfectly honest, perfectly well-intentioned Senator; but



he has not been here, so it is not strange that he does not know what is in the bill.

My amendment does not cut out that portion of the bill which provides that if a man is unfortunate, and makes less than other people engaged in the same business, he may be allowed an exemption. As the Senator from Utah says, he may claim the exemption, and the Treasury Department have all the returns, and they can figure it for him easily. That is in section 205 of the committee amendment, which I do not ask to have stricken out.

Mr. WARREN. I have read the bill and I have read the debate; and I will say to the Senator that he does not cover the point that has been covered by the committee itself in its later amendment to the original bill, in which there are established stated minimums, which said minimums the Senator from New Hampshire now seeks to reject.

Mr. HOLLIS. That is the whole point of the bill, that you can not get an established minimum, and that is why I offer my amendment; but it does not overlook the point to which the Senator has called attention.

Mr. WARREN. It overlooks it in the sense that it leaves him, as I say, to go to his neighbors or to go to the department to find out what exemption he will be allowed rather than to go to the law itself, which provides that it shall not be below 6 per cent.

Mr. HOLLIS. There again the Senator shows that he does not understand the bill, because in order to get 6 per cent he has got to apply to the Treasury Department to find out what his capital is and—

Mr. WARREN. Nothing of the kind, with all respect to the Senator.

Mr. HOLLIS. He certainly has. He can not get it at any other place.

Mr. WARREN. The corporation makes out its returns in its own office. It makes them out from its books, and if nothing has been made in those three years under the committee amendment it simply can state that it claims the minimum of 6 per cent. The corporation can not do that under the Senator's amendment or under the original bill, except through going out and finding what other corporations have made and taking their average.

Mr. HOLLIS. I hope the Senator does not think that if a corporation makes a return of that kind to the Secretary of the Treasury, and says it did not make 6 per cent, the Secretary of the Treasury is going to believe it. The Secretary has got to investigate that matter and find out whether it is so or not, and that involves finding out what the capital of the corporation is. It is the Treasury Department that is going to find out what the capital is and fix the 6 per cent; not the corporation that makes the return.

Mr. WARREN. The corporation is going to find out afterwards from the Treasury Department if its return is questioned, but not before. Let me say to the Senator, with all respect to his observations, that I have been away and may not, in his estimation, understand the bill; but I have made out a good many reports; I know how the Treasury Department treats them; I know how corporations act under the law; and I do not need the instruction of the Senator from New Hampshire concerning that.

Mr. BANKHEAD. Mr. President, I should like to ask the Senator from Utah a question. Before he resumes his seat will he be kind enough to explain to the Senate upon what theory the committee proceeded to determine that one man or one class of business should be entitled to an exemption of 6 per cent, and that another class, perhaps engaged in the same business, should be entitled to 10 per cent? In other words, I hope the Senator can explain—doubtless he can—whether the committee regarded that as a fair, equitable distribution of taxation and the burdens that are laid upon the taxpayer.

Mr. SMOOT. Why, certainly I can explain it. The committee took the position that there are businesses in the United States that are perfectly safe whose profits hardly ever amount to more than between 6 and 8 per cent, and such companies should not be entitled to an exemption of more than the amount of their usual, normal profits. Now, if that class of businesses as a whole make 6 per cent, they ought to be entitled to 6 per cent and no more. If they make as a whole 7 per cent, they ought to be entitled to 7 per cent; but for exemption purposes we say that there is not a class of business in the United States but that ought to have 6 per cent exemption. That is the minimum exemption.

Mr. President, there are other businesses in the United States that are risky in their nature, that will not be undertaken by individuals forming corporations unless there is a higher profit possible. For instance, take the mining business of the country:

When a mine pays a dividend, if it is 10 per cent, it is not because the working of the mine has developed a profit. That mine is not paying profits; it is paying out of its capital, because just as soon as the ore is taken out the mine is worthless. It is a self-consuming corporation, and every dollar that is taken out never can be replaced by any power in this world. The Senator from Alabama knows that mines hardly ever live, particularly metal mines, and produce profitably for more than 10 years. The committee thought that companies of that kind should be at least allowed an exemption that during the 10 years would more than likely take all of the product from the mine and put it into circulation if it were money or into commerce if it were other metals.

Mr. President, I will admit that, as far as I was concerned, I thought it ought to be 6 to 12 per cent, but a majority of the committee decided upon 10 per cent. I think no one can find fault with the difference between 6 and 10 per cent allowed as exemptions, taking into consideration the different risks run in different classes of business with which we are all familiar in the United States.

Mr. JOHNSON of California. Mr. President, the amendment that has been presented by the Senator from New Hampshire [Mr. HOLLIS] is one, of course, as has been repeatedly stated, that is brought to us by the committee itself. I do not desire to discuss the matter; but in view of the very eloquent and the very forceful argument that has been made by the Senator from Utah against this amendment and in favor of the particular mode now advocated by the committee, I desire to read into the RECORD, so that it may be in juxtaposition with this eloquent and forceful argument, what the Senator from Utah and his colleagues said concerning the very mode that now he advocates when they presented to this body the report of the Finance Committee; and so I read:

The fundamental difficulty in assessing a tax on these lines—

These were the House lines, and the lines now adopted by the Senator from Utah—

arises from the difficulty of establishing a standard or measure of the amount of actual capital invested. The House bill endeavors to overcome this difficulty by a proviso designed to prevent inflated valuation of good will and the like intangible assets. To be reckoned as actual capital, the House bill requires that their value must be established or accredited through their being paid for "in cash." But provisions of this kind, designed to prevent inflation of capitalization are usually of little real effect. Indeed, it is doubtful whether they can in any way be framed so as to be effective. Payments for good will and other intangible assets can easily be made to appear on the books of a corporation to have been made in cash. Almost always they are made so to appear. This familiar way of watering the stocks of corporations is impossible to detect and counteract without a specific examination of the precise facts in each case. Such an examination, if made for all concerns of every size and kind, as the House bill contemplates, must necessarily extend over a long period of time; it must be made in an enormous number of cases; it must lead to dispute and contest, and must be productive of unlimited litigation.

Lest we forget, I present the report of the majority of the Finance Committee, one of whom was the distinguished Senator from Utah, upon the particular mode that now he advocates.

The PRESIDING OFFICER. The question is on the adoption of the amendment of the Senator from New Hampshire [Mr. HOLLIS] to the amendment of the committee.

Mr. SMOOT. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. GRONNA. I wish to ask the Senator from Utah a question before I vote upon the amendment.

Mr. SMOOT. Certainly.

Mr. GRONNA. In the original bill I find, on page 14, deduction is made based upon the prewar capital, but in the amendment as reported from the committee this language is used:

(a) In the case of a domestic corporation or partnership of a citizen or resident of the United States by deducting from the net income of the trade or business received during the taxable year the average amount of the annual net income of the trade or business during the prewar period; but such deduction shall not be an amount less than 6 or more than 10 per cent of the actual invested capital as of January 1 of the taxable year.

So that the Senator may understand the question I asked, suppose I was in business three years ago and had a capital and a surplus of \$150,000, we will say, and I have made \$25,000 more, which I passed to the surplus during the three years, under the amendment I would be allowed to add to my capital stock the surplus which I had not distributed.

Mr. SMOOT. No; that would be held as undivided profits.

Mr. GRONNA. As profits?

Mr. SMOOT. Yes.

Mr. GRONNA. Would not that materially reduce the amount of taxes that we would collect in the whole country?

Mr. SMOOT. No; because we know just what increase has been made in the surplus and undivided profits of all the com-



panies of the United States as a whole, and it is based upon the increases that have been made since the prewar period.

Mr. GRONNA. For illustration, suppose I employ the same amount of capital this year, but I decide not to distribute any dividends at all, although I made huge profits, would it not be possible for me to escape taxation entirely under the language of the amendment?

Mr. SMOOT. No; it would not.

Mr. GRONNA. Why would it not?

Mr. SMOOT. First, under the bill, there would be a 6 per cent tax imposed upon whatever profits you made. That is called the normal tax. Then again there is a provision in the bill that if the profits are not distributed there shall be imposed upon that undistributed portion of the profits a tax of 10 per cent.

Mr. GRONNA. I understand, but suppose I make \$150,000 profit and pass it to the surplus?

Mr. SMOOT. It would be taxed just the same under the bill.

Mr. GRONNA. It could not go above 10 per cent?

Mr. SMOOT. In all cases, if the Secretary of the Treasury has reason to believe that it was withheld for the purpose of escaping taxation, it would be taxed 15 per cent over and above the 6 per cent normal.

Mr. WILLIAMS. And taxed as if it had been distributed?

Mr. SMOOT. And taxed as if it had been distributed, as the Senator from Mississippi suggests. Not only would it be taxed 15 per cent, but it would be taxed as if it had been distributed to the stockholders or to the individuals or partnerships, as the case may be.

Mr. GRONNA. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Hampshire to the amendment of the committee, on which the yeas and nays have been ordered.

Mr. CURTIS. I make the point of no quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Bankhead	Harding	McKellar	Shields
Borah	Hollis	McNary	Simmons
Brady	Husting	Martin	Smith, Md.
Brandeggee	James	Myers	Smith, Mich.
Chamberlain	Johnson, Cal.	New	Smoot
Colt	Johnson, S. Dak.	Norris	Sterling
Culberson	Jones, N. Mex.	Overman	Stone
Curtis	Jones, Wash.	Page	Trammell
Dillingham	Kellogg	Penrose	Vardaman
Fall	Kendrick	Phelan	Wadsworth
Fernald	Kenyon	Polindexter	Warren
Fletcher	King	Pomerene	Watson
France	Kirby	Ransdell	Weeks
Frelinghuysen	Knox	Saulsbury	Williams
Gerry	Lewis	Shafroth	Wolcott
Gronna	Lodge	Sheppard	
Hale	McCumber	Sherman	

Mr. STONE. I wish to state that my colleague [Mr. REED] is temporarily absent from the city on very important business. His absence is unavoidable. He is paired with the Senator from Michigan [Mr. SMITH].

Mr. LEWIS. I wish to announce the absence of the senior Senator from South Carolina [Mr. TILLMAN], and to state that he is paired with the Senator from West Virginia [Mr. GOFF]. Both Senators are absent on account of illness. I ask that this may stand for the day.

Mr. SMITH of Michigan. I desire to announce the unavoidable absence of my colleague [Mr. TOWNSEND] on account of illness in his family. He is paired with the Senator from Missouri [Mr. REED]. I desire this announcement to stand for the day.

Mr. JAMES. I wish to announce that my colleague [Mr. BECKHAM] is absent on account of illness in his family.

Mr. HUSTING. I desire to state that the senior Senator from Arkansas [Mr. ROBINSON] is unavoidably absent and that he is paired with the Senator from Michigan [Mr. TOWNSEND]. I will let this stand for the day.

The PRESIDING OFFICER. Sixty-six Senators have answered to their names. There is a quorum present. The yeas and nays have been ordered on the adoption of the amendment of the Senator from New Hampshire [Mr. HOLLIS] to the amendment, and the Secretary will call the roll.

The Secretary proceeded to call the roll.

Mr. JAMES (when Mr. BECKHAM's name was called). I wish again to announce that my colleague [Mr. BECKHAM] is absent on account of illness. He is paired with the junior Senator from West Virginia [Mr. SUTHERLAND]. I will allow this announcement to stand for the day.

Mr. CURTIS (when his name was called). I transfer my pair with the junior Senator from Georgia [Mr. HARDWICK] to the junior Senator from New York [Mr. CALDER] and vote "nay."

Mr. FLETCHER (when his name was called). I have a general pair with the Senator from New Hampshire [Mr. GALLINGER]. I understand that he would vote as I shall on this question, and therefore being at liberty to vote I vote "nay."

Mr. FRELINGHUYSEN (when his name was called). I am paired with the junior Senator from Montana [Mr. WALSH] and withhold my vote.

Mr. GERRY (when his name was called). I have a general pair with the junior Senator from New York [Mr. CALDER]. I understand that if he were present he would vote as I do and I shall therefore vote. I vote "nay."

Mr. McCUMBER (when his name was called). I transfer my pair with the senior Senator from Colorado [Mr. THOMAS] to the senior Senator from New Hampshire [Mr. GALLINGER] and vote "nay."

Mr. MYERS (when his name was called). My pair, the Senator from Connecticut [Mr. McLEAN], is unavoidably absent on account of illness. I transfer that pair to the Senator from Virginia [Mr. SWANSON] and vote "yea."

Mr. STERLING (when his name was called). I transfer my pair with the Senator from South Carolina [Mr. SMITH] to the Senator from West Virginia [Mr. SUTHERLAND] and vote. I vote "nay."

Mr. WADSWORTH (when his name was called). On this question I have a pair with the Senator from Oklahoma [Mr. GORE]. I am informed, however, that the junior Senator from Kentucky [Mr. BECKHAM] would vote as I vote. I therefore transfer my pair to the junior Senator from Kentucky and vote "nay."

The roll call was concluded.

Mr. FRELINGHUYSEN. I transfer my pair with the Senator from Montana [Mr. WALSH] to the senior Senator from Arizona [Mr. SMITH], who, I am informed, would vote as I do on this question. Therefore I vote. I vote "nay."

The result was announced—yeas 12, nays 57, as follows:

#### YEAS—12.

Borah	Gronna	Jones, Wash.	La Follette
Brady	Hollis	Kenyon	Myers
Chamberlain	Johnson, Cal.	Kirby	Phelan

#### NAYS—57.

Bankhead	James	Page	Smoot
Brandeggee	Jones, N. Mex.	Penrose	Sterling
Broussard	Kellogg	Pittman	Stone
Colt	Kendrick	Polindexter	Thompson
Curtis	King	Pomerene	Trammell
Dillingham	Knox	Ransdell	Underwood
Fall	Lewis	Saulsbury	Wadsworth
Fernald	Lodge	Shafroth	Warren
Fletcher	McCumber	Sheppard	Watson
France	McKellar	Sherman	Weeks
Frelinghuysen	McNary	Shields	Williams
Gerry	Martin	Simmons	Wolcott
Hale	Nelson	Smith, Ga.	
Harding	New	Smith, Md.	
Husting	Overman	Smith, Mich.	

#### NOT VOTING—27.

Ashurst	Gore	Norris	Swanson
Beckham	Hardwick	Owen	Thomas
Calder	Hitchcock	Reed	Tillman
Culberson	Hughes	Robinson	Townsend
Cummins	Johnson, S. Dak.	Smith, Ariz.	Vardaman
Gallinger	McLean	Smith, S. C.	Walsh
Goff	Newlands	Sutherland	

So Mr. HOLLIS's amendment to the amendment was rejected.

The PRESIDING OFFICER. The question now is on the amendment of the Senator from Alabama [Mr. BANKHEAD] to the amendment of the committee.

Mr. HOLLIS. Mr. President, I understand the Senate has now adopted the second plan proposed by the committee, which is a graduated income tax on business with a minimum exemption of 6 per cent on the capital invested. If no Senator cares to offer an amendment for a flat rate, I intend to offer an amendment for a 50 per cent flat rate on this income tax on business.

Mr. KENYON. I wish to get the idea of the Senator from New Hampshire. I had intended to offer an amendment for 62 per cent based upon the war-profits plan of the committee as first proposed. Now that that plan has been rejected by the Senate I am not inclined, of course, to offer that amendment. I think the Senator from Wisconsin [Mr. LA FOLLETTE] had an amendment to offer on the basis of 60 per cent, but I do not know what his plan may now be.

Mr. HOLLIS. The Senator from Wisconsin was in the Chamber when I stated my proposition, I think. He is in the Chamber now. If he desires to offer an amendment at a higher rate, I will withhold mine.

Mr. LA FOLLETTE. Mr. President, I offer an amendment to the amendment reported by the committee striking out all of page 12 after the parenthesis in line 13, all of page 13 down to and including line 22, and inserting after the parenthesis, in line 13, page 12, the words "60 per cent upon war profits (determined as hereinafter provided)."

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Wisconsin to the amendment of the committee.

Mr. LA FOLLETTE. Upon that amendment I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MYERS. I should like to ask the Senator from Wisconsin what per cent of taxation this amendment provides?

Mr. LA FOLLETTE. Sixty per cent.

Mr. SIMMONS. It is a flat rate of 60 per cent.

Mr. McKELLAR. I ask to have the amendment read by the Secretary.

The PRESIDING OFFICER. The amendment to the amendment will be read.

The SECRETARY. Amend by striking out all of page 12 after the parenthesis in line 13, all of page 13 down to and including line 22, and insert after the parenthesis, in line 13, page 12, the words "60 per cent upon war profits (determined as hereinafter provided)."

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE] to the amendment of the committee. The yeas and nays having been ordered, the Secretary will call the roll.

The Secretary proceeded to call the roll.

Mr. CURTIS (when his name was called). Making the same transfer as on the preceding vote, I vote "nay."

Mr. FLETCHER (when his name was called). I make the same announcement as before and vote "nay."

Mr. FRELINGHUYSEN (when his name was called). I have a general pair with the junior Senator from Montana [Mr. WALSH], which I transfer to the senior Senator from Arizona [Mr. SMITH] and vote "nay."

Mr. GERRY (when his name was called). Making the same transfer of my pair as on the last vote, I vote "nay."

Mr. LA FOLLETTE (when Mr. HARDWICK's name was called). The junior Senator from Georgia [Mr. HARDWICK] is absent, attending the meeting of the National Bar Association. He requested me to state that he would support this amendment if present. He also requested me to state that he would have voted, had he been present, for the amendments which I have previously offered. I neglected to do so at that time and make the statement now.

Mr. McCUMBER (when his name was called). I transfer my general pair as before and vote "nay."

Mr. MYERS (when his name was called). I announce the same transfer of my pair as on the last vote and vote "yea."

Mr. STERLING (when his name was called). Making the same announcement of the transfer of my pair as on the previous vote, I vote "nay."

Mr. WADSWORTH (when his name was called). Making the same announcement as before, I vote "nay."

The roll call was concluded.

Mr. KENYON. I rise to announce the unavoidable absence of my colleague [Mr. CUMMINS]. Were he present, he would vote "yea."

Mr. HARDING. I have a general pair with the junior Senator from Alabama [Mr. UNDERWOOD], who has not voted. I understand that if he were present he would vote as I would, and I am therefore at liberty to vote. I vote "nay."

Mr. LEWIS. I desire to announce the absence of the Senator from Arkansas [Mr. ROBINSON] upon official business. He is paired with the Senator from Michigan [Mr. TOWNSEND].

The Senator from South Carolina [Mr. SMITH] is absent because of illness in his family. He is paired with the Senator from South Dakota [Mr. STERLING].

Mr. CURTIS. I desire to announce that the Senator from West Virginia [Mr. GOFF] is paired with the Senator from South Carolina [Mr. TILLMAN].

The result was announced—yeas 18, nays 50, as follows:

## YEAS—18.

Borah	Johnson, Cal.	La Follette	Thompson
Brady	Jones, Wash.	McKellar	Trammell
Gronna	Kenyon	McNary	Vardaman
Hollis	King	Myers	
Husting	Kirby	Norris	

## NAYS—50.

Bankhead	Hale	Overman	Smith, Ga.
Brandegee	Harding	Page	Smith, Md.
Broussard	James	Penrose	Smith, Mich.
Chamberlain	Jones, N. Mex.	Pittman	Smoot
Cott	Kellogg	Polindexter	Sterling
Curtis	Kendrick	Pomerene	Wadsworth
Dillingham	Knox	Ransdell	Warren
Fall	Lewis	Saulsbury	Watson
Fernald	Lodge	Shafroth	Weeks
Fletcher	McCumber	Sheppard	Williams
France	Martin	Sherman	Wolcott
Frelinghuysen	Nelson	Shields	
Gerry	New	Simmons	

## NOT VOTING—28.

Ashurst	Gore	Owen	Sutherland
Beckham	Hardwick	Phelan	Swanson
Calder	Hitchcock	Reed	Thomas
Culberson	Hughes	Robinson	Tillman
Cummins	Johnson, S. Dak.	Smith, Ariz.	Townsend
Gallinger	McLean	Smith, S. C.	Underwood
Goff	Newlands	Stone	Walsh

So Mr. LA FOLLETTE's amendment to the amendment was rejected.

Mr. HOLLIS. I offer the following amendment.

The PRESIDING OFFICER. It will be read.

The SECRETARY. Strike out all of section 201 and insert:

SEC. 201. That in addition to the taxes under existing law and under this act there shall be levied, assessed, collected, and paid for each taxable year upon the income of every corporation, partnership, or individual a tax (hereinafter in this title referred to as the tax) equal to 50 per cent of the war profits determined as hereinafter provided.

For the purposes of this title all the trades and businesses in which a corporation or partnership is engaged shall be deemed to be a single trade or business, and all its income from whatever source derived shall be deemed to be received from such trade or business.

This title shall apply to all trades or businesses of whatever description (whether continuously carried on or not), including the business of rendering any services for a commission or of acting as an agent of any description, except—

(a) An office or employment, including that of a commercial traveler or agent whose remuneration consists wholly of a fixed and definite sum, irrespective of the amount of business done or any other contingency; and

(b) A profession the profits of which depend mainly on the personal qualifications of the individuals by whom such profession is carried on and in which there is not required the investment of more than a nominal capital.

Mr. HOLLIS. Mr. President, the effect of this amendment is to impose a flat rate of 50 per cent on war profits as ascertained under the second committee plan. The Senate has now voted to adopt the second committee plan. This is the only source of taxation that we are intending to impose that may be called war profits. This is the only place where we distinguish between an ordinary income and an income that may be ascribed in part, at least, to the war.

The English rate in the first year of the war was 50 per cent on war profits. It would seem after three years of war profits, when we have not suffered at all and have not spent anything for the war, we might at least start where England started when the war broke out. For that reason I offer this flat rate of 50 per cent.

Mr. SHAFROTH. Mr. President, I am opposed to the amendment offered by the Senator from New Hampshire [Mr. HOLLIS] because I believe it would prevent any development by reason of the flat rate which it seeks to impose. Suppose it is desired to enter upon a new enterprise. Is it possible that men are going to risk their money when they know they will have to pay one-half of the profits over the exemption to the Government? Will they not realize the fact that they had better not enter upon an undertaking when, if successful, they will be required to pay to the Government one-half of their profits, but in the event of failure and loss they will get nothing whatever from the Government? In other words, it seems to me that the imposition of the flat rate proposed will have a tendency to prevent the creation of new enterprises in the United States. Some new undertakings are absolutely essential in order to properly prosecute the war. Copper, zinc, lead, phosphate, potassium, sodium, coal, and oil are some of the greatly needed products, and increasing quantities must be found and mined.

In the mining industry, for instance, where enterprises are undertaken at first in a limited way, it can readily be seen that people are not going to enter upon them if they will have to pay to the Government one-half their profits, and in the event they should fail the money invested will be a total loss to them. It is hard enough to get them to mine, even when they have no tax to pay.

I believe, Mr. President, that the system which is presented by the Committee on Finance is the better system. Where the enterprise is small, as all new businesses are, the amount which is proposed to be levied as a tax is small, and as the corporation becomes more powerful, as it becomes greater, it is made to bear a heavier burden, and it can then afford to bear a heavier burden. That is the system adopted as to individual incomes. Why should it not be adopted as to the incomes of corporations?

We can not conduct a war of any great duration and magnitude unless new development is going on, and we are not going to have any development in the way of new enterprises in the event that we make a flat levy of 50 per cent upon all the profits that shall be made.

Particularly is that true as to the development of many enterprises upon the public domain of the United States. Who would think of entering into a mining company, expecting and knowing that it must pay to the Government one-half its profits,



if it makes a profit, and yet at the same time if it loses that it must lose all? There is a chance of three to one against a man under those circumstances. The man who ventures the investment of money in mining even when there is no tax takes a great hazard of making anything. More than half fail. Consequently, when men desiring to form a corporation realize that it will be taxed 50 per cent on its profits, you can readily see that they are not going to proceed with the enterprise. Such a policy is going to prevent development; it is going to produce a condition of affairs which will result in stagnation, particularly in the West.

For that reason, it seems to me, Mr. President, we ought to consider very carefully whether we should proceed by the imposition of a flat rate in taxation or whether we should adopt the policy which has been reported by the committee of starting at a low rate for the companies which are making a small profit and which have small capital, and graduating the tax until it gets to 60 per cent, which is the highest amount recommended in the report of the Committee on Finance. It would be far better, in my judgment, to tax to the extent of 70 per cent on the established corporations making enormous profits than to impose a flat rate of much less percentage on the small enterprises and those which might be undertaken. It seems to me, Mr. President, that if we want to develop new enterprises we ought not to impose this large tax on all profits, whether small or great; but that if we want enterprises to continue during this war, if we want enterprises to be undertaken by men of limited means, we shall of necessity have to provide a graduated tax to be imposed upon such companies.

For the reasons given, Mr. President, I hope the amendment of the Senator from New Hampshire will be voted down.

Mr. KENYON. Mr. President, I have heretofore taken no time in this debate, and now desire for a few minutes to express my views in a general way.

We have had so much discussion about the various amendments that I think there is considerable confusion in the minds of most Senators concerning just what this bill will do. I do not profess to be able to clear that up. I have voted for the higher rates of taxation on large profits—I will not say "swollen" profits, because that term is quite offensive to some Senators, but large profits—and shall continue so to do.

Mr. President, before the convention in Baltimore in 1912 were the names of some of the strongest men and ablest men in the Democratic Party, some of whom received a large number of votes and others a lesser number for the nomination for the great office of President of the United States. Among that number was a leader of the Democratic Party in the other House—a great, brainy, clear-headed American citizen, a specialist along financial lines and with great experience in the formation of revenue measures. Since that time he has been elected to this body from the State of Alabama. In that convention at Baltimore, as I remember, he commanded over 100 votes on all of the ballots until the break, and at one time had 180 votes. He is one of the most honored Members of this body and one of the most honored citizens of the Republic. No conversation, no article concerning the possibilities of future nominations to the Presidency is complete without the mention of the name of Senator UNDERWOOD. That Senator said on the floor concerning this bill things that must challenge the attention of the Senate. If not, they certainly will challenge the attention of the country. I quote him, because I will not say the things that he said about this bill. In his speech of August 30 he said:

If the provisions of this bill as presented by the committee are not filled with twilight zones and dark places that are not ascertainable and not understandable, then I have never seen a bill reported to the Congress of the United States that was in that category.

And he further remarked that the financial philosophy of this bill would work out the situation that "to him that hath shall be given and from him that hath not shall be taken even that which he hath." That is the statement that goes to the country from one of the greatest leaders in the Democratic Party to-day, and one of the ablest and clearest-headed men in this body. Such a statement may not challenge the attention of the Senate very markedly; the Senate gets the notion that it is a pretty supreme body; but statements like that ought to challenge our attention, and they will challenge the attention of the great masses of the people of this country. It is a most remarkable statement coming from such high authority.

Mr. President, I say very frankly that I am not an expert on these financial questions, and I am not going to criticize the Committee on Finance at all. I have the greatest respect for the honored chairman of that committee. I believe him to be one of the squarest men in public life. The Senator from Utah [Mr. SMOOT], who is a perfect compendium of all knowledge upon financial questions, in his opinions on these questions is entitled to the greatest respect. I know the hard work that

the committee has done, thankless in a way, of course; but I think they can hardly blame Senators, when they change their minds about the plan they present, if we reserve the right to our own individual judgment as to that plan. It is to their honor that if they believed the plan that they originally presented here was not in accordance with the general sentiment of the country or the Senate that they change their mind, even though it be overnight, and present another plan. Consistency has been declared to be the virtue of small minds, in any event. We are not, however, bound by it.

We legislate usually through committees; but there is an appeal from the judgment of the committee to the judgment of the Senate, and I am glad there is an appeal from the judgment of the Senate to the judgment of the greater court of the people of this country. That greater court, that greater jury, will have their day to pass judgment upon certain provisions of this tax bill. I am not going to discuss its details. There is very much to be said in favor of the plan that the Senate committee have finally proposed, so that great fortunes outside of war profits shall not escape taxation; but I can not quite understand how in 8 or 10 weeks of discussion in the committee and close analysis and testimony they did not discover, as the Senator from Utah has to-day suggested, that the plan they presented would lose a half billion dollars of taxation.

Mr. PENROSE. Mr. President, will the Senator permit a correction at that point?

Mr. KENYON. Certainly.

Mr. PENROSE. When the committee started out, the general sentiment of the committee was that we ought not to raise much more than a billion dollars or a billion five hundred million dollars. It was also fully realized by the committee that it would not be wise, in this bill, to exhaust all the sources of taxation. The committee did not by any means start out on a program of exhausting every possible source of taxation. We wanted to leave something to the future. Later on it became very evident that more money would be needed, and the committee without altering its view at all or changing its base put the 10 per cent maximum in in order to get \$400,000,000 more. The committee always knew that source of taxation was there, but they started out to raise a much less sum than was finally thought to be necessary. It was the changed estimates of the Treasury Department which prompted the committee to get this increased amount.

Mr. KENYON. Was the committee willing that the great profits that we hear spoken of here, such as the Ford profits, should under any plan escape taxation?

Mr. PENROSE. Yes; on the logical and technical interpretation of a war-profits tax, which was what the committee originally contemplated, where there were no war profits the committee could logically conclude that no tax should be imposed.

Mr. KENYON. I became convinced—

Mr. PENROSE. It is very easy to use garbled expressions and to misinterpret or to put a misconstruction upon the action of the committee, but the committee was logical and consistent throughout the whole transaction.

Mr. KENYON. I am not using any garbled expressions.

Mr. PENROSE. The Senator comes pretty nearly doing it.

Mr. KENYON. I am not using any garbled expressions about that at all. I realize full well that the committee did not exhaust the sources of taxation when they took some \$560,000,000 in taxes out of a supposed aggregate of about three billion of war profits. The statement of the Senator from Pennsylvania does not add to our knowledge as to that. Everyone knows that there is a distinct cleavage in this body and in the country on this war-tax question.

Mr. PENROSE. Mr. President, if the Senator will permit me, the line of cleavage seems to be between a very large majority and a very small remnant.

Mr. KENYON. Yes; it does in the Senate. The line of cleavage in the country, however, is between about 100,000,000 people and a minority of the Senate on the one side, and three or four million people perhaps, and a majority of the Senate on the other side. The line of cleavage is between those who hold the view that we can not impose larger taxation on war profits without injuring business and in that way injuring the prosecution of the war—and strong arguments, of course, have been made and can be made on that question. On the other side those, few in number in the Senate I grant, who believe that the question of social unrest in this country is just as fundamental a proposition to consider in connection with the success of the war as the question of disturbing business. These men do not want to injure business, of course; do not want to diminish the high efficiency of business; but do maintain that we ought to take more of the war profits, more of the great incomes of this country, than this bill takes. They are honest in their judgment, and the men who believe that we have gone



to the extreme limit of what we can take and still safeguard business are honest in their judgment. That is the line of cleavage; that is the issue.

Mr. President, we were practically told in the early stages of the discussion by Senators upon this floor that those who were endeavoring to have imposed under the terms of this bill higher taxes upon swollen fortunes—I withdraw the word "swollen," because it is offensive, and will say the large fortunes—and tremendous war profits are trying to weaken their country in this hour of peril, and that the fight was instigated by those who oppose the war, and that the purpose thereof was to make the war unpopular. We have been told that also by certain newspapers in this country.

I do not believe, Mr. President, that any set of men in this country or in this body have any monopoly of patriotism. It has been customary here, I know, when certain Senators favored certain measures and other Senators opposed them to claim that the Senators in opposition were trying to injure the prosecution of the war. That is a pretty old and threadbare argument. It is very much like the advice of the old counselor who said, "When in court, and you have no case, abuse the attorney on the other side."

Approximately 377,000 people in this country paid an income tax in 1915. They represent, I presume, 1,500,000 people in round numbers. Will putting additional taxation upon them—not an unreasonable taxation—tend to make the war unpopular or will it tend to make the war unpopular to put upon the 18,000,000 representing seventy or eighty million more taxes on coffee, tea, and sugar?

According to the philosophy of the argument that has been presented, to refuse to place this additional tax upon the great profits and to place irritating little taxes upon consumption will be a popular move. This bill is based upon a peculiar theory. It is proposed to popularize this war by placing taxes on parcel-post packages—a provision to that effect is in the bill now, but I think it will not be in the bill after it is voted on in the Senate—on telegrams, on telephones, on fishing rods, on checkerboards, on coffee, on postum, on tea, on cocoa, on sugar. Where is the free sugar bowl we have heard so much about in the Democratic platforms and the Democratic campaign books? Does anybody really believe when he makes that kind of a statement on this floor that this kind of taxes would tend to make the war popular?

I remember that after the passage of the Dingley law whenever a housewife went into a store to buy anything and the price had gone up the enterprising and polite merchant always said, "It is due to the Dingley tariff law." So they made that law in that way mighty unpopular. Now, when the head of a family takes a day off to go fishing and discovers that he has to pay a tax on fishing rods, trivial as the amount may be, or when the enthusiastic inhabitants of Squash Center gather around the checkerboard for an exhilarating game of checkers and discover that the checkerboard is taxed, are those things going to produce popularity? When the breakfast table and the lunch table of the people of this country are taxed, is that going to help to make the war popular?

The poor people of this country—and I know that when they are referred to in this way here we are met with sneers; but it is the truth, and everybody knows it that the poor people of this country can not stand any more taxation. We have been told by Senators that the poor people wanted to bring their mite and place it in the Treasury of the Government. Yes, they do; and they have brought their mite. We are practically commandeering the purchasing power of the dollars they earn. The man with a thousand-dollar salary in this country endeavoring to raise a family—and some men around this Capitol are trying to raise families on \$65 a month—can not stand a \$10 or \$20 tax as well as the man with an income of \$2,000,000 can stand a tax of \$1,990,000. One means self-sacrifice, the other no sacrifice.

I said some time ago on the floor, and I was denounced as an anarchist by certain papers for saying it, that during this war no man ought to have an income of over \$100,000. But the Senator from Idaho [Mr. BORAH] on yesterday went me 90 per cent better and took the position that no man ought to have an income of over \$10,000 during these trying times. I agree with him.

The cost of living has gone up in this country nearly 100 per cent; wages have not gone up over 23 per cent; and the everyday family in this country is having a hard enough time without any more taxation.

I desire to place in the RECORD at this point a brief extract from the report of the food committee appointed by the Commissioners of the District of Columbia, which made an investigation in the District of Columbia in 1913. The committee says:

Interesting figures were obtained from the proprietors of some of the smaller stores, whose business is with the poorer people. They show clearly that the poor have been compelled to resort to the strictest economy in order to provide food on account of the high prices. Their purchases are of the cheapest possible articles and in smaller quantities than heretofore. The sale of the ordinary cuts of meats in this class of stores seems to have been discontinued and the meat now purchased consists of hog livers, hog kidneys, neck bones, hog faces—

And so forth.

Do you think that the people of this country who are living on small salaries and small wages, who are compelled to resort to such products for their meat, and then are required to pay a tax, however small, on sugar, tea, and coffee are going to enthuse very much when they discover that under the plan of taxation here proposed for this year the United States Steel Co., after the payment of the taxes, will have about \$300,000,000 left—nearly a million dollars for every working day in the year?

I know that anybody who refers to these things is called by some a demagogue, currying favor with the common people; by others accused of insulting the common people; but men can stand on the floor and burn their incense to the great captains of industry in this country for purposes perhaps of future political capitalization and there is no charge of any demagogism in that. Oh, no; that is patriotism. Go ahead and tax the sugar bowl of the country, the breakfast table of the country; go ahead and tax the telephone messages and the telegraph messages; crush out your little papers by taxes on advertising. When the people of this country come to a close analysis of the situation, and reason out that Congress has conscripted life, and then conscripted wealth at the ratio of about 31 per cent, I wonder if this will be such a popular bill as has been suggested. When the people around the firesides of this country come to inquire soberly and seriously whether the money of plutocracy is more sacred than the lives of democracy, you will find out how popular your method of taxation is. It would be a good thing if Congress could adjourn and go home for 10 days and talk it over with the folks and find out what they think about it.

Mr. President, we must raise this money, of course. We must raise the money to win this war if it takes every dollar in this country, just as we will win this war if it takes every drop of blood in this country. Men can honestly differ as to how it should be raised. There is no use of impugning anybody's motives because they may differ with us as to the proper way to do. We are all patriotic. We are all willing to give up what we have, whether it be money or whether it be life. The school of thought that would raise it all by bonds—I think it is not large—certainly is not practical. The other, which would raise it entirely by taxation, has few followers. We can not raise it all by taxation. It is nonsense to talk about it. The sensible way, of course, and that advocated by the great majority, is by a combination of bonds and taxes. The proper relationship thereof is the serious question. The amount to be raised, as shown by the figures of the Senator from Utah, is appalling, but we do not shrink from it.

Phillips Brooks used to pray, not to lessen our burdens, but to give us strength to carry them. That is what we are going to do in this Nation. We are not going to shirk burdens and flee from them. We will develop strength to carry them. We will raise, outside of what is embraced in loans to allies, according to the Senator from Utah, some twelve billions of dollars. We pass the seven billions on, in a spirit of kindness, to posterity. This bill raises a little over two and a half billions.

Whatever plan we follow our Nation is financially safe. I am not disturbed about the financial condition of our country. We have unbounded confidence in the financial ability of our Nation. A recent issue of the North America Review has a most interesting article on this question. In five wars before the present one we only had two serious difficulties in the financial line. Hamilton made possible our successful national finance. As Webster said of him:

He smote the rock of the national resources, and abundant streams of revenue gushed forth. He touched the dead corpse of political credit, and it sprang to its feet.

The result of Hamilton's financial policy placed us in a situation where, at the beginning of the War of 1812, the national debt had been cut down to \$45,000,000. While we had difficulties after the War of 1812 our recovery thereafter was rapid. The Mexican War was inexpensive. We had to provide for about one hundred millions of extraordinary revenue. There was no difficulty in floating the loans. At the end of that war our debt was only about sixty-three millions, which was continually reduced until, at the beginning of Buchanan's administration, it was about twenty-nine millions.

We entered upon the Civil War under unfavorable financial conditions. The Buchanan administration ended with a debt of some eighty-eight millions. We were making short-term loans for current expenses. Twenty-year bonds were selling at a dis-



count. Notwithstanding all this, we came through the Civil War in good financial condition. The total of the war loans was in the neighborhood of \$4,000,000,000. In September, 1865, the war debt was \$2,846,000,000. Against this there was \$88,000,000 in the Treasury.

How is it with the present situation? We entered this war with a net debt of a little over \$1,000,000,000 and a half billion dollars in bonds authorized, but not issued. On April 24 we authorized a new loan of \$7,000,000,000, so that the authorized national indebtedness is now about \$8,500,000,000. That is more than any nation in the world ever had before the present war, and it seems to us an enormous indebtedness. But when we take into consideration the conditions of the country at the time of former loans and the condition of the country now as to wealth, it is comparatively not so large a loan. To get at the true situation we must take the ratio between debt and the wealth of the debtor. A man who is worth \$1,000 and is \$500 in debt is in vastly worse condition than a man who is worth \$2,000 and \$500 in debt.

At this time our indebtedness of eight and one-half billion amounts to practically \$83 per capita. The debt of 1865, \$2,846,000,000, with a population of about 35,000,000, is a per capita indebtedness of \$83, or the same as now. Further, in 1865 the average per capita wealth of the Nation was about \$600 and the per capita indebtedness \$83, or about 14 per cent. Now our per capita wealth is over \$2,000, but let us call it even \$2,000. We have against this an indebtedness of \$83, or a little above 4 per cent. To be, then, in the condition we were at the time of the Civil War would involve us in an indebtedness three and a half times the eight and one-half billion, or \$29,750,000,000.

Great Britain's indebtedness is now approximately \$382 per capita, or 21 per cent of the national wealth, and no one questions Great Britain's financial stability. In order to equal Great Britain's financial condition we would have to multiply eight and one-half billion by 5, or \$42,500,000,000.

France's debt when she went into the war was \$6,607,000,000. That was \$160 per capita. Now the debt has risen to \$18,000,000,000, or \$455 per capita. This is seven times ours, which would allow us \$59,500,000,000 of indebtedness to equal the condition of France.

Germany had before the war a debt of \$73.62 per capita. To-day her debt is approximately \$17,000,000,000, which means \$255 per capita, or 22 per cent of the national wealth. So, to be in Germany's position we would have to extend our bonded indebtedness to at least \$47,000,000,000.

So we will have no trouble in this country, even on the issuance of bonded indebtedness, for it will be a long time before we reach the point of danger.

This bill raises a little over two and a half billion dollars of the twelve billion. Other sources of revenue will raise up to some four billion; but if all the bonds now provided for were issued we would still have to raise a very large amount by another bond issue. Are we justified in passing this all on to posterity? We could certainly raise on war profits, incomes, liquors, and luxuries approximately three and one-half billions of dollars and cut down the bond issues.

Great Britain, as has been suggested here so often, without her business ruined—indeed, with her business prosperous, after three years of a tremendous war—has an 80 per cent tax on war profits. If we had levied that, according to the amendment of the Senator from California [Mr. JOHNSON], we would have raised approximately \$3,200,000,000 on this tax alone. Conscription these large incomes, with liquor taxes and taxes on luxuries, would raise around four and a half billion dollars.

Mr. President, with all this money to raise, with these tremendous war profits, running to approximately the figures that have been given here so many times, is Congress justified and is Congress doing its duty when it takes only the sums that are provided by this bill? Have we reached the limit of where it will affect business? When the committee on their original proposition took some \$562,000,000 we were told that we had reached the limit, where further taxation would affect business. If we have reached the point where it would decrease the efficiency of business we ought to go no further; but it will be pretty hard to convince the American people that concerns that were making 10 or 12 per cent in times of peace, that built up tremendous fortunes under those percentages, are being injured when percentages of over 50 per cent are left after taking a 60 per cent tax.

Mr. President, business will have to do its part in this struggle. Business will do its part, but it is no time for unreasonable profits. If the profits are cut down on those things that are sold to the Government, there will be less of taxes to raise.

Now, just one illustration—the Du Pont Powder Co. that we heard about yesterday in the speech of the Senator from New Jersey [Mr. FRELINGHUYSEN] had net earnings in 1913 of

\$4,582,075. In 1916 its net earnings were \$82,107,693, in round numbers. The prewar average, I think it fair to say, for the years taken under the original plan of the committee, would be about \$6,000,000. I am not giving the figures exactly accurately, but that would be the limit, I am sure. Deducting that from the \$82,000,000 would leave \$76,000,000. An 80 per cent tax on that would be approximately \$60,000,000. Eighty per cent, then, taken from the war profits would still leave a balance of \$22,000,000. Eighty-two millions, the earnings in 1916, according to the tables placed in the Record by the Senator from Wisconsin [Mr. LA FOLLETTE], are equal to an earning of 126 per cent on the common stock. Twenty-two million dollars left after deducting an 80 per cent war-profits tax would leave earnings of at least 31 per cent on the common stock. Now, if we should take 62 per cent tax, as I had intended to propose the amendment, but considered it was of no use to do so and useless to take the time of the Senate with it, under the view the Senate took of this prewar proposition—a 62 per cent prewar-profits tax would be approximately \$47,000,000, leaving about \$35,000,000 after the payment of that war-profits tax.

The earning of \$82,000,000 giving 126 per cent, the deduction of the 60 per cent war-profits tax, would leave \$35,000,000, or over 50 per cent on the common stock after taking a 62 per cent war-profits tax. Do you think you are going to make the American people believe that you are going to ruin the Du Pont Powder Co. by leaving them 50 per cent on their common stock?

The owners of the Du Pont Powder Co. made their great fortunes out of peace-time profits and now they are making 126 per cent on common stock. The 62 per cent tax would leave them 50 per cent dividends on common stock. Oh, how enthusiastic that will make the people in the country paying their taxes upon coffee and tea and sugar! Why should these great concerns like the Du Pont Powder Co. make and keep these enormous profits that, in their case at least, are made entirely out of the things that go to kill men?

The President has taken hold not of that particular matter but of other matters where excessive profits are involved. The President, with great courage and skill, has endeavored to take "the profit out of profiteering." He has had to come out and indict with his pen some of these great interests in this country and has announced the doctrine that profit and patriotism can not go together in this war. If concerns like the Du Pont Powder Co., with these enormous profits, say to the people of this country, "If you are going to stop us from making these profits, we are going to quit business," they will find that we have a man in the White House who is courageous enough to take hold of them and say, "We will run this business ourselves," and the Government will take it over and run it.

I am not alarmed about these great concerns being unpatriotic. It is an indictment of their patriotism to say that they want to keep all these great war profits. I do not believe it. They are willing to do their part. Some of their advocates here ask more for them than they themselves ask.

Mr. VARDAMAN. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER (Mr. CURTIS in the chair). Does the Senator from Iowa yield to the Senator from Mississippi?

Mr. KENYON. I do.

Mr. VARDAMAN. Has the Senator ever heard of one of those plutocratic gentlemen coming to Congress and asking that a tax be levied upon him?

Mr. KENYON. No; I have not; but I know Senators in this body who have telegrams or letters from some of those men in their States who are not asking for all the defense that is being made of them here.

Mr. VARDAMAN. I think that is entirely true, Mr. President. I think there are just as patriotic men possessed of large wealth as men who are possessed of none; but, evidently, somebody is asking that special exemption or special favor be extended in congressional enactment to the great financial interests.

Mr. KENYON. Oh, well, of course, as the Senator from Washington [Mr. JONES] suggests, there are not many here protesting against the fight that is being made for them, or, in fact, anybody. I am contending that profits may become so excessive that they are practically treasonable profits, and that no one desires to disturb reasonable profits unless it becomes necessary. Reasonable profits, not treasonable profits, should be the rule during this war.

We have been told that future generations would enjoy paying for this war, or a large part of it, and that posterity will be proud to assume the burden. Of course the fight that is now going on is for the benefit of posterity, and to some extent posterity will be glad to assume a portion of the burden. Pros-



perity as well as posterity ought to carry a large part of this burden. The fight that we are now making to make this country safe for the American people to live in is of benefit to posterity. They will have to pay the larger portion of it in any event.

We have been told that they will revere their ancestors for what they have done. That is true. We have been told that they will shed no blood in this contest, and hence ought to carry a heavier burden. In a measure that is true, and that is one reason why the proposition we have been fighting for here is also true. The heavy part of this burden proposed now is not going to be borne by those who will shed the blood.

Succeeding generations will have to maintain high rates of taxation to pay pensions—will be busy with the new industrial questions that are coming on. Posterity will be amply busy.

It has been suggested that they will regard their ancestors as great geniuses. So they will; they ought to—financial geniuses, who can pass on to them in one year some eight or ten billions of bonds and themselves pay three or four billions in taxation. They undoubtedly will erect monuments to their ancestors—they ought to—and garland them with forget-me-nots; but in order to be entirely appropriate the monuments ought to be erected of brass, with a large part of the head space devoted to cheek.

Mr. President, there is no use of thinking men in this country playing the ostrich and burying their heads in the sand. There is not a bit of use of our in any way deceiving ourselves. There is no use of failing to observe what is going on in this country. I do not believe the greatest danger to our country is in armies from without. I believe the greatest danger to our country is from unrest within. This Nation is strong enough to meet any force from without; it is strong enough to meet any sedition or traitorism within its borders, and to put it down. That is not the trouble. There is trouble in this country, and it is among people, many of them, who are devoted to this country and who will give their lives gladly for this country, but who have a feeling growing in their hearts that great wealth in this country is not only arrogant and powerful but that it has too much to say about legislation. They do not ask charity; they simply ask for justice. Justice means just taxation; and if the rich people of this country with the tremendous fortunes will not meet the public a little more than halfway, if they are not willing that just taxation shall be meted out to them now, I am afraid nothing can stop injustice being done to them in the future.

Let us think well and deliberate carefully before we increase social unrest in this country. Unjust taxation will produce socialism and socialists in this country faster than we can produce fighters, I fear. People feel, though the argument is sneered at, especially in the cloakrooms, that since Congress has voted conscription of men, it can not justify itself if it does not vote conscription of great incomes and great war profits. There is a feeling among the people—and if you will get out among them, you will find it out; if you will go home and study it, you will soon ascertain it—that if the conscription of men is right, the conscription of wealth is right.

If the boys who go to the front come back with all their bodies and with faculties unimpaired, those boys will be satisfied and delighted. None of the \$30 a month will be left and they will not care anything about it. If men with great wealth have their business intact at the end of the war and if the Government should use this wealth during the war, they could not complain even if the Government used it without any interest.

We are up to the question of the taxation of this great wealth and taxing it heavily or taxing the necessities of the people. If war profits are not taxed now to a large extent and the war comes to an end, of course they never can be taxed, and the great taxes will have to be raised on consumption. We can take our choice.

Mr. President, this is not a warfare upon the rich people of this country. The people only ask justice as to them.

They must realize that, like everyone else, their patriotism is on trial and there must be no money slackers in the Nation. They are just as contemptible as military slackers. I am not questioning the patriotism of the rich. The sons of wealthy men have gone out and are going out and have offered their services and their lives to the country. When young Fish went to Cuba in the Spanish War, a rich man's son, and was killed it did more to dissolve the clouds of socialism that were gathering over this country than anything which had happened in the previous 20 years. We simply have to tax the wealthy, and tax them because they have the wealth. It is a condition and not a theory.

The poor people of this country can not give up much more in money. They have a hard time now to pay car fare, buy shoes, coal, and any meat at all, and if they see the holders of great

fortunes merely putting extra flags on automobiles and trying to avoid taxation that hurts, it will not tend to domestic tranquillity or to popularize the war.

God's tolling poor have no yachts upon the seas, no summer palaces, no ocean-swept bungalows, but just hot kitchens, crowded tenements, hungry children; no blue sky, no green grass, no future but toil and work. We can not add to their burdens without crushing out their lives.

When the Senator from Idaho in his eloquent speech yesterday referred to the conscription of men and the shirking of dollars, there ran through my mind the poem of Hood, "The Song of the Shirt." May I paraphrase a line of that?—

Oh God, that wealth should be so dear  
And flesh and blood so cheap!

The argument is made that if we take this large tax there will be nothing left for charity. I do not like that argument, Mr. President, and I think it is an argument that is resented a good deal in this country. The people of this country are not asking charity, but justice. If we had more of justice, there would be less need for charity. We are not a nation of Lazaruses seeking crumbs that fall from the rich man's table. Gain and greed will probably always go on while human hearts are the same, but it ought not to be so in war times.

I place in the RECORD at this point a table of profits of large concerns. I ask permission to have it inserted in the RECORD.

The PRESIDING OFFICER. Without objection, it will be so ordered.

The table referred to is as follows:

*Net profits of American industrial corporations.*

[Figures shown are the net profits earned for the stockholders, after deducting cost of materials, labor, depreciation, overhead, interest, and all other charges. All figures are official, having been taken from the companies' annual reports.]

	1916	1915	1914	1913
American Canning Co.	\$7,962,982	\$5,029,273	\$2,916,337	\$4,376,173
American Smelting & Refining	23,252,248	14,402,732	9,271,565	9,756,540
American Hide & Leather	1,643,295	959,974	107,205	475,513
American Beet Sugar Co.	2,445,151	1,424,654	452,074	881,055
American Locomotive Co.	10,769,429	1,491,980	2,076,127	6,185,306
American Steel Foundries	3,418,057	1,219,574	1,231,481	1,033,592
American Woolen Co.	5,863,819	4,080,865	2,788,602	1,179,791
American Writing Paper Co.	2,524,373	1,125,955	1,088,310	1,229,190
Armour & Co.	20,100,000	11,000,000	7,509,908	6,028,197
Atlas Powder Co.	2,939,790	1,671,762	294,150	322,838
Baldwin Locomotive	5,982,517	2,827,816	350,239	4,017,800
Bethlehem Steel Corporation	43,593,993	17,762,813	5,690,020	5,122,703
Barrett Co. (American Coal Products Co.)	4,247,853	2,482,236	1,280,476	1,835,811
Brown Shoe Co.	1,467,757	240,322	495,890	710,464
Central Leather Co.	15,489,201	5,626,897	4,876,924	4,386,345
Colorado Fuel & Iron	2,201,171	1,334,611	1,905,068	1,727,192
Crucible Steel Co.	13,223,655	3,073,750	1,015,039	4,905,836
Cuban-American Sugar Co.	8,235,113	5,564,048	2,705,723	356,887
E. I. du Pont de Nemours Powder Co.	82,107,693	67,257,308	4,831,793	4,582,075
General Chemical Co.	12,286,828	5,953,746	2,857,898	2,809,442
Hercules Powder Co.	16,658,573	4,886,102	1,247,255	1,017,212
International Agricultural Corporation	1,279,832	160,022	84,908	161,493
International Nickel	11,748,279	5,598,072	4,792,665	5,009,123
Lackawanna Steel Co.	12,215,234	2,409,108	1,632,444	2,755,883
Morris & Co. (packers)	3,832,213	2,321,415	2,205,072	1,916,997
National Enameling & Stamping Co.	2,417,803	913,742	548,756	761,274
New York Air Brake Co.	8,214,962	1,343,286	641,046	654,512
Phelps Dodge Corporation	21,974,263	9,729,475	6,664,339	7,907,710
Pittsburgh Steel Co.	4,564,068	858,160	415,551	1,193,069
Railway Steel Spring Co.	3,710,805	1,363,229	374,454	1,121,660
Republic Iron & Steel Co.	14,789,161	3,515,811	1,028,748	3,161,309
Sloss-Sheffield Iron & Steel Co.	4,912,621	522,384	497,132	67,461
Swift & Co.	20,465,000	14,087,500	9,450,000	9,250,000
Texas (Oil) Co.	13,898,861	6,393,327	6,185,974	6,663,124
United States Steel Corporation	271,531,730	75,833,833	23,498,768	81,216,985
United States Cast Iron Pipe	1,308,641	1,381,387	49,963	564,427
United Fruit Co.	11,943,151	5,900,522	2,264,011	5,315,631
United States Industrial Alcohol	4,884,587	2,172,013	633,264	632,353
United States Smelting, Refining & Mining Co.	8,898,464	6,592,324	2,265,641	2,585,583
Westinghouse Air-Brake Co.	9,396,101	1,575,839	3,482,994	5,255,259
Westinghouse Electric & Manufacturing Co.	9,686,789	2,009,744	4,055,809	3,164,032
Wilson & Co. (packers)	4,913,373	2,463,732	1,511,623	1,364,245

\* 19 months.

\* Deficit.

\* 16 months.

Mr. KENYON. Mr. President, I am not going to detain the Senate. In fact, I did not intend to talk so long. I have talked because I feel a deep conviction on this question of social unrest as bearing on the success of the war. You can not have enthusiastic people behind the guns, behind the boys in the trenches, if the people get the idea that they are being unjustly dealt with in taxation. The views that have been expressed by many on this floor, going out to the country, to some extent give them that idea. It is in the minds of many of them, Senators must know from their correspondence, that this bill does



not put a heavy enough tax upon these great fortunes. The taxation of articles of consumption should go out of this bill.

Mr. President, we have divergent views as to what is best for our country and as to just what taxation is proper. It is the glory of our Government that we have freedom and diversity of opinion. Why talk on the one side about those seeking higher taxes attempting to make the war unpopular or opposing the war? Such talk is nonsense. We need more cooperation in our Government, cooperation between the President and Congress, cooperation between both bodies of Congress, cooperation here on this floor, not any self-opinionated ideas that cast discredit on those who differ with us.

It has been a glorious thing that we have gotten away from politics in this country for the time. There is no politics here. We are not Republicans or Democrats in this crisis, we are just Americans, each doing that which he thinks is best for his country.

There may be a few people in this Nation who do not want the American arms to win. They are few. I do not believe there are any in Congress. For myself, much as I deplore war, I believe that this world contest must go on until the Kaiser shall be forced to take his bloody hands off of Belgium and France; that it must go on until we can have a peace that will mean the disarmament of the great military forces of the world; that it must go on until Prussian militarism has been removed as a menace to the world; that it must go on until it is certain that in this country our people shall have the right to live and develop and enjoy life without any menace from the murderous house of Hohenzollern.

Everyone wants peace, of course, if it can be peace with honor, peace with safety, peace that is permanent, peace that makes it impossible in the future for ambitious sovereigns to plunge the world into war. It is because I am so anxious to see a unity of purpose among our people, a more cohesive citizenship, a spirit of self-sacrifice, and an awakening of the whole soul of our Nation, more of concord and less of discord, that I am pleading with this body not to permit a bill to be passed in such form that it will create irritation, suspicion, dissension, and unrest among 100,000,000 of our people. Not to let a bill be passed in such form that the people may come to believe the words of a distinguished Democratic leader in this body, whom I quoted in commencing, that it will work out a philosophy of taxation "giving to him that hath and taking from him that hath not even that which he hath."

Mr. LEWIS. Mr. President, I do not rise to speak, I probably will address the Senate to-morrow previous to a vote on this amendment, but I do rise to suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. WADSWORTH in the chair). The Senator from Illinois suggests the absence of a quorum. The Secretary will call the roll.

The Secretary called the roll and the following Senators answered to their names:

Ashurst	Hale	Lodge	Sherman
Bankhead	Harding	McCumber	Shields
Borah	Hollis	McKellar	Simmons
Brady	Husting	McNary	Smith, Md.
Brandeggee	James	Nelson	Smith, Mich.
Broussard	Johnson, Cal.	New	Smoot
Chamberlain	Johnson, S. Dak.	Norris	Sterling
Colt	Jones, N. Mex.	Overman	Thompson
Culberson	Jones, Wash.	Page	Trammell
Curtis	Kellogg	Penrose	Underwood
Dillingham	Kendrick	Polindexter	Vardaman
Fernald	Kenyon	Pomerene	Wadsworth
Fletcher	King	Ransdell	Warren
France	Kirby	Robinson	Watson
Frelinghuysen	Knox	Saulsbury	Weeks
Gerry	La Follette	Shafroth	Williams
Gronna	Lewis	Sheppard	Wolcott

The PRESIDING OFFICER. Sixty-eight Senators having answered to their names, a quorum is present.

Mr. SMOOT. Mr. President, just a word in explanation of this amendment. All day yesterday we were told that the Bethlehem Steel Co., the United States Steel Co., and the Du Pont Powder Co. should be forced to pay a greater percentage of excess war profits than the committee substitute provided for.

Mr. President, this amendment means that all three of those companies will pay but 50 per cent of their excess war profits instead of a graduated tax from 12 per cent to 60 per cent, as the committee substitute provides. All that these companies and companies like them are relieved of by the decrease from the average rate of the committee substitute to 50 per cent will fall upon the small corporations, who make from 15 per cent increase profits up; or, in other words, on corporations who make only a 15 per cent increase over the prewar period under the committee amendment the rate of taxation will be 12 per cent and under the pending amendment would be 50 per cent.

This amendment means that such a corporation is to be taxed not 12 per cent but 50 per cent, and so it will be in decreased proportion in each one of the brackets provided for in the committee substitute. I do not believe the Senate is ready to do it.

Mr. JONES of Washington. I should like to ask the Senator from Utah a question. I understand the Senator contends that 50 per cent proposed by the Senator from New Hampshire would make the companies that pay 50 per cent under the Senate committee bill pay less than the Senate committee amendment. That is the Senator's contention?

Mr. SMOOT. Yes; I think the average is a little less.

Mr. JONES of Washington. I wish to ask the Senator, then, would it make the United States Steel Corporation pay less than under the Senate committee proposal?

Mr. SMOOT. I think it would be somewhat less.

Mr. JONES of Washington. I wish to state to the Senator that under the Senate committee amendment the United States Steel—

Mr. SMOOT. I am not talking of the year 1916.

Mr. JONES of Washington. No; we are talking of this year.

Mr. SMOOT. The profits that they will make this year.

Mr. JONES of Washington. I wish to suggest to the Senator that every statement made yesterday on the subject was that the United States Steel will pay under this 60 per cent bracket not 60 per cent but only about 37 per cent.

Mr. SMOOT. The Senator is mistaken.

Mr. JONES of Washington. It seems there is not anybody here who knows what will be done under this bill. The Senator from North Carolina in charge of the bill said yesterday that under that 60 per cent bracket, upon a supposed income of \$490,000,000 profit, it would pay \$183,000,000. Now, that is just a little over 37 per cent.

Mr. SIMMONS. If the Senator will pardon me, 15 per cent pays a certain rate, 25 per cent pays a certain rate, until it reaches 300 per cent.

Mr. JONES of Washington. That is exactly what I wanted brought out. The statement the Senator from Utah made just a moment ago, in my judgment, is not correct, and if we make them pay 50 per cent they will pay more than under this 60 per cent bracket of the committee, which, as a matter of fact, makes them pay only about 37 per cent.

Mr. SMOOT. That is not the case. The average rate under the first amendment of the committee, ranging from 12 per cent up to 50 per cent, was 44½ per cent. We have added another bracket carrying a 10 per cent increase. The United States Steel Co. would fall under that bracket for a portion of its earnings, and it would be a proportion of the 10 per cent over and above the 44½ per cent on the whole of the earnings of the company.

Mr. JONES of Washington. Then the Senator from North Carolina had better revise his figures, because he stated that with \$490,000,000 profit they would pay a tax of \$183,000,000, and that is 37 per cent.

Mr. SMOOT. The rate of percentage would be after deducting all the exemptions allowed in the bill.

Mr. JONES of Washington. I am not talking about exemptions. I am talking about the amendment and the bracket as it is framed.

Mr. SMOOT. I am talking about the amendment—and the average rate of the committee substitute is greater than named by the Senator. Under the Hollis amendment, with a flat rate of 50 per cent, the revenue would be \$2,000,000,000. Under the committee substitute it would be \$1,286,000,000. Let us consider where the increased amount will come from. Who is to pay it? It is to be paid by corporations that under the committee substitute fall in the lower brackets. That is where the additional amount is to come from, and it can not come from any other source. The proposal is for a flat rate of 50 per cent of all profits, whether the increase was 15 per cent over the prewar period or 1,000 per cent. You can not get away from that fact. That is exactly what it means, and nothing else.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Idaho?

Mr. SMOOT. Yes; I yield.

Mr. BORAH. There is really a great deal of bewilderment here as we listen one day to one member of the committee and another day to another member of the committee. The Senator says that the United States Steel Corporation would escape under this 50 per cent flat rate a portion of the tax which it would have to pay under the committee amendment. Upon yesterday it was stated the United States Steel Corporation would pay more under the 50 per cent rate.

Mr. SMOOT. I do not know who made the statement. I know that the average rate under the first amendment was 44.1 per cent, and I know we have added one bracket with an increase of 10 per cent, making a 60 per cent bracket.

Mr. BORAH. But before you get to that bracket you must have 300 per cent.

Mr. SMOOT. Just the same as we did in the first place. We had the identical brackets and same percentages as we have now, with the exception of the 6 per cent bracket affecting increases of profits over 300 per cent.

Mr. BORAH. I understand the Senator's objection to the 50 per cent is that it will let off such corporations as the United States Steel, the Bethlehem, the Du Pont Powder Co., from the tax which would be imposed under the committee amendment.

Mr. SMOOT. I mention that as a minor one. My great objection to the amendment is that it imposes an extra burden upon the company that is only making an increased profit of 15 per cent. Under the Senate substitute there is imposed a tax of 12 per cent, and under the amendment now offered by the Senator from New Hampshire there will be imposed upon that same company a rate of 50 per cent. That is what I am complaining of. I do not believe we can justify it.

Mr. JOHNSON of California. Mr. President, I have listened for some weeks now to various Members here telling us that they have gone to the limit of 60 per cent in taxing these great corporations. I just listened to the distinguished Senator from Utah voicing his objection to the amendment of the Senator from New Hampshire in the language that the Senator from New Hampshire would tax but 50 per cent, while under the amendment of the committee the committee would tax 60 per cent. What he said was that great corporations like the United States Steel Corporation would thereby be benefited by the amendment of the Senator from New Hampshire.

I say to you, Mr. President, in no invidious sense at all, that the 60 per cent bracket that is levied here is a delusion and a snare, and there is not, in fact, any 60 per cent that is levied upon the United States Steel Corporation by the amendment presented by the committee.

I repeat to you and I ask you to follow the figures, because this part of this discussion is just of a piece with the discussion that we have had upon this bill for the last 10 days. The figures given by the chairman of the Finance Committee yesterday, iterated and reiterated in the RECORD again and again, are as follows: That the profits for 1917 of the United States Steel Corporation will be \$490,000,000; that the tax that will be paid under the bracket which was so generously accorded to the Senate by the Finance Committee, the bracket of 60 per cent, would be \$183,000,000. From the records that are before us in the majority and the minority reports that have been submitted, the prewar profits of the Steel Corporation were \$63,000,000. Its war profits, therefore, are the difference between \$490,000,000 and \$63,000,000 prewar profits, a remainder of \$427,000,000. The percentage that would be paid under the 60 per cent bracket by the United States Steel Corporation, if computed upon the total profit, would be 37 plus, and the percentage under the boasted 60 per cent bracket of the committee that would be paid by the United States Steel Corporation, if based upon war profits alone, would be 42.85 per cent.

So your 60 per cent does not mean 60 per cent, at least so far as this corporation is concerned whose figures have been given to us, and it is the only one to which I have access. Sixty per cent presented to us by the committee means 42.85 per cent upon war profits; 37 per cent plus upon the total amount of profits. So I submit that the amendment of the Senator from New Hampshire would do just what it is designed to do; it would make these corporations pay a larger sum.

Mr. SMOOT. Mr. President, there is no delusion and snare in the tax imposed by the committee substitute. The tax imposed under the committee substitute is drawn in the same form as every other graduated tax is drawn. It is computed in the same way and upon the same basis and the Senator from California can not draw one otherwise. No member of the committee has undertaken to convey the impression suggested by the Senator. If the Senator from California will follow me, I will inform him of the percentage of every bracket there is in the amendment, and he will see that the statement he made as to the rate of taxation on the Steel Corporation is not correct. I am informed, however, by the Senator from North Carolina that he made the estimate of the revenue of \$183,000,000 from the United States Steel Corporation after deducting the exemptions from the gross profit rather than the profit of \$490,000,000. The estimated profits being more than \$490,000,000 for the year of 1917.

Mr. JOHNSON of California. Mr. President—

Mr. SMOOT. As I stated, that is not changed. I figured that \$490,000,000 was the amount to be taxed after the exemptions were made.

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from California?

Mr. SMOOT. I want to complete my statement.

Mr. JOHNSON of California. Will you yield to one question?

Mr. SMOOT. I will then yield to any question the Senator wants to ask.

Mr. JOHNSON of California. Is the statement made to us yesterday, repeated again and again, correct, that the amount of tax which would be derived from the Steel Corporation is \$183,000,000?

Mr. SMOOT. On the basis the Senator states now I have not figured it; but that is an entirely different proposition from what I stated.

Mr. JOHNSON of California. This is what I have presented.

Mr. SMOOT. The basis of the statement yesterday was that they made a profit of \$490,000,000, which would be taxed under this bracket after the exemptions were made; but the estimated earnings will be over \$530,000,000, and the exemptions are from that amount and not \$490,000,000; and this fact will make quite a difference, to prove which I want to call the Senator's attention to the percentage of every bracket in the title.

Mr. JOHNSON of California. Will not the Senator do me the kindness to take the figures I have just repeated to the Senate and demonstrate their inaccuracy?

Mr. SMOOT. I will demonstrate it.

Mr. JOHNSON of California. If they are inaccurate, I shall be glad to concede it. If they are accurate, I am sure the Senator from Utah will be glad to concede it.

Mr. SMOOT. I will be glad to show that the statement was wrong, taking the actual conditions into consideration.

Mr. President, I will now refer to each of the brackets in the title, naming the rates of taxes to be collected. Under the first bracket of 12 per cent, of course, there will be collected 12 per cent. Then, in the following bracket—16 per cent—there will be collected 13.6 per cent. If the Senator from California doubts these figures, let him compare them with the committee reports.

Mr. JOHNSON of California. Will the Senator answer a question?

The PRESIDING OFFICER. One at a time. Does the Senator from Utah yield to the Senator from California?

Mr. SMOOT. Certainly; I yield.

Mr. JOHNSON of California. Mr. President, I wish to suggest that I have questioned no such figures. I have given the figures furnished by the Finance Committee concerning the United States Steel Corporation; those are the only figures that I have given; they are the only ones recited and the only percentages which are computed.

Mr. SMOOT. I am giving the figures that I have given before. Under the 20 per cent bracket there will be a tax collected of 16½ per cent; under the 25 per cent bracket 19½ per cent; under the 30 per cent bracket of 22½ per cent; under the 35 per cent bracket 26½ per cent; under the 40 per cent bracket 29½ per cent; under the 45 per cent bracket 32½ per cent; under the 50 per cent bracket—and that was the limit in the bill before the substitute was offered—the rate will be 44½ per cent, and the committee has added one bracket to the 44½ per cent, or an additional 10 per cent bracket.

The Du Pont Powder Co., the Bethlehem Steel Co., and also the United States Steel Co. will fall under the 60 per cent bracket, if the gains are as estimated for the year 1917 prove correct.

Mr. NELSON. What per cent was added?

Mr. SMOOT. A 10 per cent bracket on all over and above the 44½ per cent bracket as I have said. Mr. President, there is no question about this. The Senator says that under the amendment with the 10 per cent added there will only be collected 37 per cent when under the original amendment under the highest bracket there would be 44½ per cent collected.

Mr. JOHNSON of California. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from California?

Mr. SMOOT. Yes; I yield.

Mr. JOHNSON of California. Are not those the computations which the Senator gave us a couple of weeks ago?

Mr. SMOOT. They are.

Mr. JOHNSON of California. Were not those computations made upon a different basis?



Mr. SMOOT. They were not made upon any different basis. Mr. JOHNSON of California. Is there not a different basis to-day for the Senator's computation?

Mr. SMOOT. That will make no difference at all with the general imposition of a tax under the bracket system.

Mr. JOHNSON of California. But it will make a difference in the percentages.

Mr. SMOOT. I am saying to the Senator now that the profits of the three institutions to which I have called his attention will amount to more than an increase of 300 per cent, and therefore they fall within the higher bracket.

Mr. JOHNSON of California. I do not wish to be insistent with the Senator, and if he prefers that I shall not further interrupt him—

Mr. SMOOT. All I want to get at is the truth.

Mr. JOHNSON of California. Then I want to ask the Senator, are the figures that I quoted correct—\$490,000,000 of profits for the United States Steel Corporation for the year 1917?

Mr. SMOOT. On the basis of the two quarters that have already been reported there will be more than \$500,000,000 of profits.

Mr. JOHNSON of California. Very well.

Mr. SMOOT. And that is the only estimate we can make, based upon the reports so far made this year by the company.

Mr. JOHNSON of California. Then my estimate of \$490,000,000 is below the real figure, and nobody, I presume, will quarrel with it. Am I correct in the statement that it was repeatedly asserted here yesterday that the total tax of the United States Steel Corporation under the new bracket would be \$183,000,000?

Mr. SMOOT. I think, Mr. President, that the Senator from North Carolina so stated.

Mr. JOHNSON of California. Yes, sir.

Mr. SMOOT. But he allowed on the \$490,000,000 reported as gain all the exemptions on that basis.

Mr. JOHNSON of California. That was necessary in figuring the tax.

Mr. SMOOT. Not at all. If the gain should be more than that, it would make quite a difference.

Mr. JOHNSON of California. Does the Senator question, if I may be permitted to ask him—and only with his consent do I ask him—

Mr. SMOOT. The Senator may ask me any question he desires.

Mr. JOHNSON of California. Does the Senator question that \$183,000,000 is a 37+ percentage of \$490,000,000?

Mr. SMOOT. I take the Senator's word for it, though I can figure it in a few minutes.

Mr. JOHNSON of California. I think it is fairly accurate. Now, next, does the Senator question that the prewar profits were \$63,000,000?

Mr. SMOOT. The average, I think, was \$63,000,000.

Mr. JOHNSON of California. The total war profits, therefore, will the Senator concede, were \$427,000,000?

I have taken the difference between \$490,000,000 and \$63,000,000, and the Senator says I am below the amount.

Mr. SMOOT. Every question that the Senator is asking he is asking upon a different basis entirely from the statement I made. If the corporation should make, as it has been stated they would make, based upon the first two-quarters of this year, over \$500,000,000, the computation would be entirely different.

Mr. JOHNSON of California. Then the tax on four hundred and twenty-seven millions of war profits would be 42.85 per cent?

Mr. SMOOT. Yes; but there will be a great deal more than \$427,000,000 of war profits.

Mr. JOHNSON of California. Then they would pay even a less per cent. I have given the Senator the benefit of some percentage, because on a tax of \$183,000,000 on \$427,000,000 of war profits gives 42.85 per cent which the corporation would pay under the 60 per cent bracket. The Senate may determine who is justified in the statement of the particular computation.

Mr. SMOOT. I want again to say to the Senate of the United States that nobody can deny—and Senators may if they desire take the figures for each bracket as furnished by the expert of the department—that under that bracket as the committee first reported it the highest tax imposed was 44.1 per cent. There is not a change in any of the brackets, with the single exception of the addition of 10 per cent bracket for all profits over 300 per cent.

Mr. McCUMBER. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from North Dakota?

Mr. SMOOT. Yes; I yield to the Senator.

Mr. McCUMBER. In order that we may understand just exactly what is meant, I should like to ask the Senator from Utah what purpose is there now in any suggestion of prewar earnings of \$63,000,000, and deducting that from the \$490,000,000, inasmuch as now the committee is making its basis on everything above 6 per cent and 10 per cent, without reference to whether the prewar earnings were \$63,000,000 or \$6,000,000?

Mr. SMOOT. Mr. President, I take it for granted that the Senator from California [Mr. JOHNSON] was basing his figures upon the first amendment of the committee.

Mr. WEEKS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Massachusetts?

Mr. SMOOT. Yes; I yield.

Mr. WEEKS. In order that I may have this matter entirely clear in my mind, I wish to ask a question: I understand the Senator from Utah to state that the amount of taxes which a corporation earning 300 per cent of what it earned during the prewar period would pay under the present proposition would be 54½ per cent. Is that correct?

Mr. SMOOT. It would pay 44½ per cent plus the proportions of 10 per cent the profits would be over 300 per cent.

Mr. WEEKS. Fifty-four and one-tenth per cent of what—of the net profits over those of the prewar period?

Mr. SMOOT. Yes; the profits that are to be taxed, with the exemptions allowed.

Mr. WEEKS. Then, 54½ per cent on \$490,000,000 would be something like \$275,000,000.

Mr. SMOOT. I have not the exact amount.

Mr. WEEKS. That would be the tax that the United States Steel Co. would pay under this bill. The tax would be something like \$275,000,000.

Mr. SMOOT. That is, if the amount of profits be \$490,000,000, after allowing the exemptions.

Mr. POINDEXTER. Mr. President, may I ask a question? The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Washington?

Mr. SMOOT. Yes.

Mr. POINDEXTER. Is not the Senator from Utah assuming in the answer that he just made that the increase of 10 per cent would be applicable to the entire excess profits of the Steel Corporation?

Mr. SMOOT. I said in my statement previously that it would apply to whatever percentage of profits there was over and above the 300 per cent; whatever there was above that would take the increased per cent. I could not say what that 10 per cent would yield until I knew what proportion of the whole profits were over 300 per cent. The Senator from Washington is right.

Mr. POINDEXTER. I wanted myself to understand the answer of the Senator from Utah. I understood his answer to the Senator from Massachusetts to clearly state the increased 10 per cent under the 60 per cent bracket applied to the entire excess profits, whereas, as a matter of fact, it only applies to those profits which are 300 per cent over the exemption.

Mr. SMOOT. Over the exemption.

Mr. President, I think the Senate thoroughly understands the matter. It is a question as to whether we are going to adopt a flat rate imposing on the small company a tax of 50 per cent, on the medium-sized company 50 per cent, and upon the giant companies making great war profits 50 per cent; that is all there is to this question; and I do not care to take any more time of the Senate.

Mr. HOLLIS. Mr. President, I want to say but a word. We are told by the Finance Committee that war profits reckoned on the present basis will be substantially \$4,000,000,000. We are also told that the average graduated tax it is proposed to impose is 31 per cent, so that it will produce about \$1,200,000,000. My proposition is to take 50 per cent of the \$4,000,000,000, so as to have \$2,000,000,000 excess-profits tax.

It is hard to make the computations under the complicated system of graduated taxes proposed, and anyone who attempts to do it will find that to be so. I do not know but that there may be a corporation that would pay a little less under the 60 per cent rate; but it seems to me that there would be very few, and nothing has been pointed out to me that satisfies me that it is so. The tax would be on the profits over 300 per cent beyond the exemption. When you get up there you can not expect to do equal and exact justice. We would raise about \$700,000,000 more on this 50 per cent flat rate than we would under the committee's recommendation.

Mr. McCUMBER. Mr. President, before we vote on this question I think we ought to understand another effect of the flat rate. This is something, I think, which has not been considered so far as I have heard in any of the arguments delivered.



There has been a great deal of complaint because the committee saw fit to follow the advice of the Senate and the advice that has been given us so vociferously by the press and adopted in the first instance what those who have argued in the Senate and in the press have declared we should do, namely, levy heavy taxes upon war profits. We levied heavy taxes upon war profits in conformity with the expression throughout the entire country. None of us believed for a single moment that we could levy a tax on war profits that could by any means be tortured into anything that was equal and just, but that was the demand—not that we should levy a tax upon the profits of the corporations, because the idea was to levy the profits tax on the individuals—that we should levy a war-profits tax. We levied that war-profits tax; we knew that it was not equal and could not be made equal; but there were many good reasons why we should hold fast to the war-profits plan and not make an assessment generally upon all of the profits of a corporation.

Now, let me take an illustration and I will show in just a moment that we are jumping from the frying pan into the fire, so far as inequalities are concerned. The moment that we abandoned the war-profits scheme and entered upon the scheme of a tax upon all profits that moment we entered into the field of double taxation. Whenever a corporation makes any sum as profit that profit belongs to the holders of the stock in the corporation, just exactly as it would belong to the members of a partnership.

Now, what is the result? Let me take one of the illustrations which we have had before us day after day. Here is a corporation that earns \$20,000,000. Who owns that \$20,000,000? Probably the first \$10,000,000 would be owned by the 10 heavy stockholders. They would get \$1,000,000 each. We could levy a tax against the individual on that million dollars of income.

Who will own the next quarter? It will probably be owned by a thousand individuals who will own \$5,000 each. Now we can levy a fair tax upon that amount. Who will own the other quarter? Ten thousand people; and those ten thousand people will own only \$500 apiece. That \$500 is not taxable under the bill; that \$500 would not be taxable at all. Here is a widow with five children who gets \$500 from this corporation. Under the bill we say, "If your earnings are only \$500, you are not to pay a cent to the support of the Government; let those who are earning a thousand dollars or more do that." But under this amendment we immediately step in and by taxing the corporation's earnings take \$250 out of this widow's earnings, out of that which belongs to her. We make her, receiving an income of only \$500, pay 50 per cent. You take another individual who earns \$1,000, and you make him pay but 1 per cent—50 per cent in one case and 1 per cent in the other.

Mr. President, while in these great institutions the bulk of the stock may be owned by a very few persons, and their earnings could well be taxed, it is equally true that a vast number of people own small holdings of stock, people whose earnings would not pay a penny of income tax; and yet by this scheme of taxation we succeed in levying against the corporations and thereby indirectly against the owner of the small amount of stock a tax of 50 per cent on their earnings. That is the result of our abandoning the war-profits scheme and adopting a scheme that taxes heavily the corporate earnings and then again taxes the same sum when it goes into the hands of the individual. Both schemes are unequal; neither of them can be made just; but, I insist, a better method would have been, first, to levy a heavy tax upon immense incomes, a moderate tax upon moderate incomes, a smaller tax upon small incomes, and no tax upon very meager incomes; and then to reach the corporations and tax them, if you saw fit, a reasonable amount upon their profits. Of course, that would come out of all. When I say "a reasonable amount," I mean 2 or 3 or 5 per cent. Then, if the earnings of a corporation were not distributed, it would be perfectly fair to levy a tax upon the undistributed profits; but I insist that by the method that we have now adopted, we are likely to commit a gross wrong against small holders of stock of corporations and business concerns throughout the country.

I hope that the amendment, for that reason, will not be adopted.

Mr. HARDING. Mr. President, the time is very limited, and therefore I shall not address myself even for a moment to the dramatic side of the pending question. I assume that the impelling purpose back of all taxation is a Government need, and I venture to add in that connection that the nation that taxes beyond its need destroys itself.

To me many of the figures given to the Senate are more or less confusing, and I am about ready to agree with the statement that some one made to the effect that almost anything can be proved by figures.

Immediately pertinent to the question, I assume that the Senator from New Hampshire [Mr. HOLLIS] has urged his amendment because he believes we are not raising a sufficient sum by war taxation. I think it was the Senator from Idaho [Mr. BORAH] this morning who called attention to the fact that we were raising very much less than England. I venture to offer, therefore, Mr. President, some figures from the London Statist on the question of England's financial program and taxation for the war. I think Senators will find them interesting and will find them correct.

England's total expenditures from the 1st of August, 1914, to the 21st day of July, 1915, for all purposes, both war and peace, amounted to \$25,440,378,915. If you deduct from that total sum the first three years' expenses of the regular peace establishment, you will have to take out \$2,970,000,000. Then deduct further England's loans to her allies and dependencies, amounting up to that time to \$5,855,000,000, and then her interest on her war debt of \$990,875,865, and you will have a total deduction to take from the total expenditure of three years of \$9,815,875,865, leaving the expenditures of England for three years actually devoted to the prosecution of the war \$15,624,503,050.

I grant, Mr. President, that the interest charge may be connected with the war. England had a larger interest charge twice over than the United States before the war began; but, mark you, the distinctly war expenditures of England have been in three years something more than fifteen and a half billion dollars.

Now, note the other side. England's total tax revenues for the same period of time have amounted to \$6,168,204,905. If you will deduct from that \$6,168,204,905 the regular expenses of the peace establishment for the same period, amounting to \$2,970,000,000, and deduct the interest on the war debt of \$990,875,865, you will find that England has raised for the actual prosecution of the war \$2,207,329,040 in three years, while the United States of America, under the provisions of the present bill, will raise for war purposes alone something like two and one-half billion dollars for the year 1918. Therefore, it seems, Mr. President, that the Senate is certainly going the limit of necessary taxation when we put a burden upon the United States of America of more money in one year than England has assessed in three years of actual conflict.

Mr. JONES of Washington. Mr. President, I merely wish to call attention to the fact that we are obligating our people for almost as much the first year of the war as England obligated her people for during three years, as shown by the figures which the Senator from Ohio himself has presented.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from New Hampshire [Mr. HOLLIS] to the amendment reported by the committee.

Mr. SMOOT. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CURTIS (when his name was called). Making the same announcement of my pair and its transfer as on former votes, I vote "nay."

Mr. FLETCHER (when his name was called). Making the same announcement as to my pair and its transfer as on former votes, I vote "nay."

Mr. FRELINGHUYSEN (when his name was called). I make the same announcement of my pair and its transfer as on former votes and vote "nay."

Mr. GERRY (when his name was called). I make the same announcement as to my pair and its transfer as on former votes and vote "nay."

Mr. McCUMBER (when his name was called). I transfer my pair as previously announced and vote "nay."

Mr. MYERS (when his name was called). Announcing the same transfer of my pair as on the last vote, I vote "yea."

Mr. ROBINSON (when his name was called). I have a pair with the Senator from Michigan [Mr. TOWNSEND]. I transfer that pair to the Senator from Missouri [Mr. REED] and vote "nay."

Mr. STERLING (when his name was called). Making the same announcement as to my pair and its transfer as on the former vote, I vote "nay."

Mr. WADSWORTH (when his name was called). Making the same announcement as to my pair and its transfer as on the prior roll call, I vote "nay."

The roll call was concluded.

Mr. VARDAMAN (after having voted in the affirmative). I inquire if the junior Senator from Idaho [Mr. BRADY] has voted?

The PRESIDENT pro tempore. He has not.

Mr. VARDAMAN. I withdraw my vote, as I have a pair with that Senator.



Mr. HARDING (after having voted in the negative). I have a general pair with the senior Senator from Alabama [Mr. UNDERWOOD], who I see is not present. I understand, however, that if present the Senator from Alabama would vote as I have voted. Therefore I will allow my vote to stand.

The result was announced—yeas 18, nays 52, as follows:

## YEAS—18.

Ashurst	Johnson, Cal.	King	Myers
Chamberlain	Johnson, S. Dak.	Kirby	Norris
Gronna	Jones, Wash.	La Follette	Thompson
Hollis	Kendrick	McKellar	
Husting	Kenyon	McNary	

## NAYS—52.

Bankhead	Harding	Page	Smith, Ga.
Borah	James	Penrose	Smith, Md.
Brandeggee	Jones, N. Mex.	Pittman	Smith, Mich.
Broussard	Knox	Poinexter	Smoot
Colt	Lewis	Pomerene	Sterling
Curtis	Lodge	Ransdell	Stone
Dillingham	McCumber	Robinson	Tammell
Fernald	Martin	Saulsbury	Wadsworth
Fletcher	Nelson	Shafroth	Warren
France	New	Sheppard	Watson
Frelinghuysen	Newlands	Sherman	Weeks
Gerry	Overman	Shields	Williams
Hale	Owen	Simmons	Wolcott

## NOT VOTING—26.

Beckham	Goff	Phelan	Tillman
Brady	Gore	Reed	Townsend
Calder	Hardwick	Smith, Ariz.	Underwood
Culberson	Hitchcock	Smith, S. C.	Vardaman
Cummins	Hughes	Sutherland	Walsh
Fall	Kellogg	Swanson	
Gallinger	McLean	Thomas	

So the amendment of Mr. HOLLIS to the amendment reported by the committee was rejected.

## RECESS.

The PRESIDENT pro tempore. Under its previous order the Senate will now stand in recess until 11 o'clock to-morrow morning.

Thereupon (at 3 o'clock and 30 minutes p. m., Tuesday, September 4, 1917) the Senate took a recess until to-morrow, Wednesday, September 5, 1917, at 11 o'clock a. m.

## HOUSE OF REPRESENTATIVES.

TUESDAY, September 4, 1917.

The House met at 11 o'clock a. m.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

O Thou who art infinite in all Thine attributes, and ever ready to bestow gifts upon Thy children, incline our hearts to Thee, open Thou our understanding, that we may perceive readily, and faithfully and efficiently fulfill all the duties Thou hast laid upon us. Hear us when we commend the President of the United States and all others in authority throughout our land, especially when we commend our soldiers and sailors who have been called to the colors in this hour of distress. Grant success to their arms in conjunction with our allies, that peace and prosperity may once more smile upon us; and Thine be the praise through Jesus Christ our Lord. Amen.

The Journal of the proceedings of Saturday, September 1, 1917, was read and approved.

## DEFECTIVE AMMUNITION.

Mr. McLEMORE. Mr. Speaker, I ask unanimous consent for the present consideration of a short resolution, which I send to the Clerk's desk.

The SPEAKER. The gentleman asks unanimous consent for the present consideration of a resolution, which the Clerk will report.

The Clerk read as follows:

## House resolution 132.

*Resolved*, That the Secretary of War be requested to place before this House, within the shortest possible time, all evidence and information he may possess regarding the defective ammunition that has been sent by this Government to the United States expeditionary forces now in Europe.

The SPEAKER. Is there objection?

There was no objection.

The resolution was agreed to.

## LEAVE TO EXTEND REMARKS.

Mr. JOHNSON of Kentucky. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record.

The SPEAKER. The gentleman from Kentucky asks unanimous consent to extend his remarks in the Record. Is there objection?

Mr. WALSH. Mr. Speaker, reserving the right to object, will the gentleman state upon what topic?

Mr. JOHNSON of Kentucky. Yes. There seems to have arisen in some quarters a question as to what is the Capital of the United States. Upon that subject I desire to extend my remarks.

The SPEAKER. Is there objection?

There was no objection.

## ADDITIONAL BONDS.

Mr. KITCHIN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 5901.

The motion was agreed to.

The SPEAKER. The gentleman from Kentucky [Mr. JOHNSON] will take the chair.

Mr. JOHNSON of Kentucky. Mr. Speaker, I am not very well, and I would like to be excused.

The SPEAKER. Then the Chair will appoint the gentleman from Georgia [Mr. CARSP].

Mr. STAFFORD. He is a member of the committee, Mr. Speaker.

Mr. CRISP. Mr. Speaker, I am a member of the committee which presents this bill.

The SPEAKER. Then we had better excuse you, because somebody might criticize the appointment. The gentleman from Kentucky [Mr. JOHNSON] will take the chair.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 5901) to authorize an additional issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign Governments, and for other purposes, with Mr. JOHNSON of Kentucky in the chair.

The CHAIRMAN. The gentleman from North Carolina [Mr. KITCHIN] is recognized.

Mr. KITCHIN. I ask unanimous consent to dispense with the first reading of the bill.

The CHAIRMAN. Without objection, the first reading of the bill will be dispensed with, and the gentleman from North Carolina is recognized for one hour.

Mr. CAMPBELL of Kansas. Mr. Chairman, before the gentleman from North Carolina begins I should like to ask him a question for my own information and for the information of other Members of the House. At what time does the gentleman from North Carolina expect to move that the committee rise this afternoon?

Mr. KITCHIN. I understand that the parade is at 4 o'clock, and I will certainly move that the committee rise before half past 3.

Mr. CAMPBELL of Kansas. The committee will rise then before half past 3?

Mr. KITCHIN. Yes. Before I proceed I will suggest that we run along with the general debate, and that the gentleman from Michigan [Mr. FORDNEY] control half the time and I will control the other half.

Mr. FORDNEY. Would it not be better to have an agreement that the time be equally divided?

Mr. KITCHIN. We will just have that understood.

Mr. STAFFORD. Mr. Chairman, if the gentleman will permit, he is only entitled to one hour in his own right and can only obtain additional time by unanimous consent.

Mr. KITCHIN. I understand that, but we will just have a gentleman's agreement. We might have made the agreement before we entered the committee, but I knew we could get along without it.

Mr. FORDNEY. It is to be understood that the gentleman is to control half the time on one side and myself half the time on the other side, so that we can apportion the time?

Mr. KITCHIN. We will have that as a gentleman's agreement; yes. We should have made the agreement before we entered the committee, but we will have that understood. We will arrange it.

The CHAIRMAN. The gentleman from North Carolina.

Mr. KITCHIN. Mr. Chairman, I trust the committee will bear with me without interruption for about 15 minutes, so that I can explain generally the features of this bill.

The Ways and Means Committee present this morning another bill authorizing a tremendous issue of bonds. It provides for an authorization of a bond issue amounting to \$7,538,945,460.

Five hundred and thirty-eight million nine hundred and forty-five thousand four hundred and sixty dollars, included in this, has already been authorized in the act of April 24, 1917, and several preceding acts for reimbursing the Treasury for the expenditure incident to the Mexican situation, the Alaskan railway, the appropriations for the Shipping Board, the nitrate plant, purchase of Danish West Indies, expedition of naval con-

struction, refunding the 3 per cent bonds maturing August, 1918, and the Panama Canal bonds.

By the act of April 24, 1917, we authorized \$5,000,000,000, the proceeds of which to the amount of \$3,000,000,000 were to be loaned to the allies and \$2,000,000,000 were to be expended to help defray the expenses of our Government. Under that authorization the Secretary of the Treasury has offered for subscription and there have been subscribed \$2,000,000,000, leaving \$3,000,000,000 authorized under the act of April 24, 1917. We have merged that authorization of \$3,000,000,000 into this bill; that is, no further bonds will be sold under that act, but the \$3,000,000,000 authorized by it and unsold will be issued and sold under this bill. So that the total new or increased authorization in this bill, instead of being \$7,538,945,460, is really \$4,000,000,000, because of this amount the sum of \$3,538,945,460 has already been authorized, but merged into this bill, as I have explained.

This extra authorization of \$4,000,000,000 is to enable the United States to make loans to the allies within this current fiscal year. The Secretary of the Treasury estimates that it will take at least \$500,000,000 a month for the remainder of this fiscal year to supply the absolute necessities of the allies with respect to loans from this Government. The \$3,000,000,000 appropriated by the act of April 24, 1917, for such loans will be exhausted by November 1, this year, leaving eight months of the current fiscal year. So, therefore, we authorize by this bill a new or increased bond issue of \$4,000,000,000 to meet this monthly demand. This will make a total of \$7,000,000,000 which, up to the end of this fiscal year, our Government proposes to loan the allies.

The Secretary of the Treasury, under the pending bill, is authorized to buy at par the obligations of the respective countries to which we make the loan, such obligations or bonds to bear the same rate of interest and to have a maturity not later than the bonds of the United States which we issue to get the proceeds to purchase such foreign obligations. This is principally the way the loans will be made.

We also provide that the Secretary shall put it into the bonds that if hereafter during this war the United States Government shall issue bonds bearing a higher rate of interest than the bonds which we buy of the foreign Governments, that the foreign Governments must convert those bonds into bonds bearing a rate of interest not less than that which the United States bonds bear and shall have a maturity not later than the bonds of the United States.

So, therefore, while we incur a liability or make a public indebtedness of \$7,000,000,000 on account of the allies, that \$7,000,000,000 is offset by \$7,000,000,000 of bonds which we get from the allies bearing a rate of interest not less than and maturing not later than the United States bonds, the interest to be payable at the same time.

In addition to this authorization of bonds, the bill authorizes the Secretary of the Treasury to issue certificates of indebtedness to the amount of \$4,000,000,000, payable within one year, but not more than \$4,000,000,000 shall be outstanding at any one time. Under the present act of April 24, 1917, the Secretary of the Treasury is empowered to issue \$2,000,000,000 of these certificates of indebtedness. We make it \$4,000,000,000 instead of \$2,000,000,000. Gentlemen will realize the necessity of this because before we can possibly sell our bonds and before we can get the taxes which are to be raised under the new revenue bill we must have ready money to meet the expenditures of our own Government. Therefore, it was the unanimous opinion of the committee that we should increase this authorization to \$4,000,000,000.

We further provide for \$2,000,000,000 of war-savings certificates. This is a new feature or project in this country. In my judgment there is no feature of the bill that will be more practical and no plan suggested by which we could more easily get a billion and a half or two billion dollars from the people of small means and income. The plan is for the Secretary of the Treasury to issue a book, say, of \$4 in stamps, which a person can buy, the stamps to be canceled as paid for. When he pays for as many as \$4 a certificate for \$5 will be issued, payable without interest, five years after date.

It is estimated—and we believe the estimate is correct—that we will get from one to two billion dollars in this way that otherwise would not be invested in bonds; and, too, this will, we believe, inculcate a greater spirit among the people for savings and economy. The certificates are not to run exceeding five years, and the interest is to be discounted in advance. Instead of \$4, as I illustrated, it will be about \$4.12 that one will pay for the \$5 certificate. The amount of such certificates sold to any one person at any one time is not to exceed \$100, and no

one person will be permitted to own more than \$1,000 of them at any one time.

To pay the expenses of selling and issuing the bonds and war-savings certificates an amount not to exceed one-seventh of 1 per cent of the amount of such bonds and certificates, and for the certificates of indebtedness an amount not to exceed one-tenth of 1 per cent of the amount of same is appropriated.

Another feature of the bill is a provision permitting the Auditor and Comptroller of the Treasury, through assistants, to audit the accounts of the Military Establishment and perform other duties of their offices with respect to such Military Establishment in places other than at the seat of government; in other words, to permit the performance of such duties in foreign lands. Since we are going to send armies to Europe, the necessity for this is apparent to all.

We have already granted credits to our allies as follows:

Great Britain, \$1,005,000,000; France, \$530,000,000; Italy, \$200,000,000; Russia, \$275,000,000; Belgium, \$53,400,000; Serbia, \$3,000,000; a total of \$2,066,400,000.

On these credits the actual loans made are as follows:

Great Britain, \$970,000,000, leaving \$35,000,000 more to loan her in accordance with the credit established; France, \$490,000,000, leaving \$40,000,000; Italy, \$150,000,000, leaving \$50,000,000; Russia, \$87,500,000, leaving \$187,500,000; Belgium, \$32,000,000, leaving \$21,400,000; Serbia, \$1,000,000, leaving \$2,000,000.

Gentlemen, the real proposition before the House is, Shall we make an additional loan of \$4,000,000,000 to the allies?

If we do, or if we ought to do it—and I think we ought, and it was the unanimous opinion of the committee that it should be done, and the administration is of the same opinion—the issuance of bonds provided for in the bill is the only way it can be done. Even if the country's resources justified such a high amount of taxes in addition to the amount necessary for our own expenditures—and they do not—we could not possibly raise this amount of taxes in time to extend the loan. We are thus confronted with the situation. We are in this war. The allies are fighting the same battles we are fighting, and we have made their cause our cause. Every dollar they expend now is expended for the benefit of us, and every dollar we expend or shall expend will be for the benefit of them. They are not able to finance completely the further prosecution of the war. So far we are able to offer financial help. The administration says this loan is absolutely necessary for the proper and vigorous prosecution of the war by the allies. We are right up against it. Shall we make the loan and help them, or shall we refuse to make the loan and not help them? There can be no question in the mind of any man either in the House or elsewhere but that the United States is fixedly determined to fight this war out side by side with the allies to a triumphant finish. This loan should be made. The bonds provided for in the bill should be issued and sold at the earliest moment. I trust—I ask that not a vote be cast against this bill.

I want to call the attention of the committee to the expenditures of this Government and the appropriations that we have already made and the appropriations contemplated being made for this fiscal year.

It may alarm you. The figures are big and staggering, and yet they are necessary. The appropriations already made amount to \$9,114,433,000. The contemplated appropriations for this fiscal year are \$9,891,150,000, making a total of \$19,005,583,000. In this, understand, is included the \$7,000,000,000 loaned and authorized to be loaned to the allies; \$325,000,000 for post-office expenses, which will be reimbursed by post-office receipts; and \$60,000,000 sinking fund, which is simply a matter, well known to the House, of bookkeeping account. According to our figures, \$11,620,000,000 will be required for our expenditures. The Secretary of the Treasury said to the committee that after deducting the amounts I have just mentioned, he estimated that it would require \$11,782,000,000, in round numbers, instead of \$11,620,000,000 as we calculated. Now, to show what we must provide for in the future, we must deduct from \$11,782,000,000 the proceeds of \$2,000,000,000 of bonds already issued or subscribed for under the act of April 24, 1917. We should also deduct \$1,333,500,000, being the estimate of revenues we will receive this fiscal year under existing taxation laws.

This will leave \$8,448,500,000. The pending revenue bill will possibly levy as much as \$2,500,000,000 when it becomes a law. I believe it ought to carry at least that much to help meet the new demands and new expenditures made and contemplated since the bill passed the House. Deducting that will leave \$5,948,500,000. Suppose we get \$1,000,000,000 from the war-saving certificates during this fiscal year, and I believe we may get that much. Deduct this from the \$5,948,500,000, and it will



leave \$4,948,500,000, or in round numbers \$5,000,000,000, which we must hereafter raise to defray our expenditures for this fiscal year. This can be done only by new taxation and new bonds. It is therefore evident that additional revenue legislation will be necessary at the regular session to meet the total expenditures for the fiscal year ending June 30, 1918. To give you some idea of how rapidly the situation and conditions are changing and of how rapid and enormous the new demands not heretofore contemplated are, I remind you that when we presented the revenue bill in May the total contemplated extra expenditures on account of the war were \$3,800,000,000. We provided for that amount first by the \$2,000,000,000 authorization of bonds in the act of April 24, 1917, and, second, by the revenue bill now pending in the Senate, which passed the House, raising the balance of \$1,800,000,000. Now, in addition to that, and within less time than three months, so great and so many have the new demands been that we will have to raise at least \$5,000,000,000 more, nearly twice as much as was provided in the bond bill and in the revenue bill, to meet our own expenditures.

Gentlemen, I have given you a bird's-eye view of the principal features of this bill, and if any gentleman desires to ask any question as to any particular feature of it I will be very glad to answer.

Mr. SIMS. What rate of interest will the \$4,000,000,000 war certificates of indebtedness bear?

Mr. KITCHIN. In the act of April 24 we provided that the rate should not exceed  $3\frac{1}{2}$  per cent. In this bill we provide no limit as to the rate of interest to be paid on the certificates of indebtedness. The more bonds we put on the market and the more taxes we raise the greater is the demand for money. During the crop-moving season more money is required by the public than at other times. The Secretary of the Treasury in some months can borrow money for  $2\frac{1}{2}$  or 3 per cent, sometimes at 2 per cent, but at certain times of the year—and it may be at a time when the Government is in most need of funds—the money market may become tight, money may be worth more than  $3\frac{1}{2}$  per cent. We did not wish to tie the hands of the Government by limiting the interest rate so it could not get the money on these short-time certificates—none to exceed a year—when its needs were urgent. Possibly sometimes the rate may go to 4 per cent. The last money borrowed on the certificates of indebtedness the Secretary had to pay  $3\frac{1}{2}$  per cent; the first only 2 per cent. Since the crops are being moved, perhaps in September, October, and November short-time certificates for 60 or 90 days may probably have to bear over  $3\frac{1}{2}$  per cent. We can easily conceive of circumstances under which such short-time certificates may have to bear even more than 4 per cent.

Mr. CHANDLER of New York. Will the gentleman yield?

Mr. KITCHIN. I will.

Mr. CHANDLER of New York. Do I understand the gentleman to say that the European allies felt themselves incapable of prosecuting the war financially further?

Mr. KITCHIN. No. What I meant was that it would be very difficult for them to do it, and they could not as vigorously prosecute the war as they should and as they desire without great embarrassment and hardship unless we extended to them the loan or credit provided in the bill.

Mr. CHANDLER of New York. Is it a fact that the combined wealth of the European allies—Great Britain, France, Russia, and Italy—is considerably larger than that of the central powers?

Mr. KITCHIN. Yes.

Mr. CHANDLER of New York. Why is it, then, that they can not continue, while Germany and Austria can?

Mr. KITCHIN. I can not answer that. I expect every man, woman, and child in the allied countries and in this country has asked that question. I will say to the gentleman that it is estimated that Germany has a bonded indebtedness in the neighborhood of \$20,000,000,000 owing to the war; Austria about \$8,000,000,000. On March 31, 1917, Great Britain's bonded indebtedness was about \$18,000,000,000, less \$3,000,000,000 they had before the war, or about \$15,000,000,000 on account of the war.

Mr. GREEN of Iowa. I think they stated it was \$15,000,000,000, about, last March.

Mr. KITCHIN. I said March 31. France, on account of war expenditures, has an indebtedness of about \$12,000,000,000; Russia about \$9,000,000,000; Italy about \$4,000,000,000.

Mr. CHANDLER of New York. If the allies could not, on account of lack of resources, continue this, how could Germany do it when Germany is in a worse fix financially than the allies?

Mr. KITCHIN. I do not know. While the public indebtedness of the allies on account of this war is about \$40,000,000,000, Germany's indebtedness, including the various States of the Empire, is about \$20,000,000,000.

That same kind of a question was asked during the Civil War. Why is it, asked men, like the gentleman from New York, with the North having so many more resources, having all the necessary facilities to carry on the war, having so much larger population and wealth, the South continues the struggle? That question has been asked with respect to every country in every war the world has ever had. We know they are doing it, and by this very bill we are trying to assist the allies to prevent Germany holding out longer.

Mr. WALSH. Will the gentleman yield?

Mr. KITCHIN. I will.

Mr. WALSH. To what tax is it proposed to make the interest on these bonds subject? You say "commonly called surtaxes and excess-profits or war-profits taxes;" will they not be subject simply to the income taxes of the war-revenue bill now pending?

Mr. KITCHIN. No. The interest on the proposed bonds will not be subject to the normal tax of existing law or of any act hereafter passed by Congress, but it will be subject to the State and Federal estate or inheritance tax, as are the bonds authorized by act of April 24, 1917, and also to the Federal graduated "additional tax" on incomes, so called by the present act, and by the pending revenue bill commonly known as surtaxes and the excess-profits or war-profits tax. As to all other taxes—Federal, State, county, and municipal—the interest on the bonds is exempt.

This bill does not impose any tax upon such interest. It simply makes the interest subject to such taxes as I have mentioned, if Congress hereafter sees fit to impose them on it.

Mr. GORDON. The gentleman has referred to the fact that the maximum of interest fixed in the former bill had been reached by the Secretary of the Treasury on these short-time certificates?

Mr. KITCHIN. I said the last certificates of indebtedness carried three and a half.

Mr. GORDON. You started at two. Is it not a fact that the tendency to go to the maximum is very strong?

Mr. KITCHIN. The tighter the money becomes—

Mr. GORDON. The higher the maximum the tighter the money will become.

Mr. KITCHIN. I imagine the tightness of money would precede—

Mr. GORDON. The gentleman has said that Congress ought to authorize the sale of these certificates at a reasonable rate of interest, and there is no restriction in the bill that it shall be a reasonable rate. It is whatever the Secretary of the Treasury may—

Mr. KITCHIN. The certificates of indebtedness, as the gentleman understands, are for short-time loans, not to run more than one year.

Mr. GORDON. Does not the gentleman think it is an extraordinary power to confer on a Cabinet officer?

Mr. KITCHIN. Yes.

Mr. GORDON. And does the gentleman think it ought to be conferred?

Mr. KITCHIN. Yes; under the circumstances. I explained a moment ago why we gave it to him in this bill. We can not possibly in any one year avoid borrowing considerable money on short-time certificates, because about \$2,000,000,000 of our taxes will be paid—

Mr. GORDON. I understand the reason for the certificates; but about the rate?

Mr. KITCHIN. Suppose money should be tight, say, in October, November, and December—

Mr. GORDON. It will be if you leave the lid off.

Mr. KITCHIN. And the market value of money for short-time loans is over  $3\frac{1}{2}$  per cent, or even over 4 per cent, and the Government at the time is in urgent need of funds to meet for the time being its necessary expenditures on account of the war, what could the Secretary do—what could the Government do—if the statute fixed a limit to the interest rate within which he could not borrow?

Suppose the limit was  $3\frac{1}{2}$  and he could not borrow the needed money for less than 4 per cent. Then what must he do?

Mr. GORDON. He must go to Congress.

Mr. KITCHIN. Call an extra session to give him that power?

Mr. GORDON. Yes.

Mr. KITCHIN. We believed that we had better give him that power now.

Mr. GORDON. Suppose money gets so tight that he would have to pay even 10 per cent. What would happen to you if he did that?

Mr. KITCHIN. Oh, I do not think one should consider what would happen to him individually in legislating in this great crisis.

Mr. GORDON. I mean what would happen to the reputation of this House if that situation should result?

Mr. KITCHIN. If while engaged in this war it became impossible to get money without paying 10 per cent, we would have to pay it or surrender.

Mr. GORDON. Do you not think Congress ought to be called in extra session in such an exigency as that?

Mr. KITCHIN. Certainly an extra session would have to be called if you made by this bill the limit to the interest rate so low that the Secretary could borrow no money. I think it is an extraordinary power that should be considered very carefully, and we did so consider it.

Mr. SIMS. Mr. Chairman, will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. SIMS. Will these United States bonds, principal and interest, and these certificates issued by this bill, be subject to State, county, and municipal taxes?

Mr. KITCHIN. No; only to the estate and inheritance taxes. Of course, they would be subject to the inheritance taxes of the States, and so are the bonds authorized by the act of April 24, 1917. As to all other taxes—Federal, State, county, and municipal—the bonds, principal and interest, are exempt, except the interest is subject to the graduated additional tax on incomes or, as they are called, the surtaxes and to the excess-profits or war-profits tax.

Mr. SIMS. But that would apply only to Federal taxes?

Mr. KITCHIN. Yes; only to the Federal surtax and the excess-profits or war-profits taxes.

Mr. GREGG. Mr. Chairman, will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. GREGG. What is the surtax?

Mr. KITCHIN. The additional tax, so called by the statute. Under the present law the normal tax, so called by the act, is 2 per cent. In the pending revenue bill we have increased that to 4 per cent. Under the present law, on a married man's income in excess of \$20,000, and not in excess of \$40,000, there is the additional 1 per cent tax.

On the income in excess of \$40,000 and not in excess of \$60,000, there is a 2 per cent tax, and so forth. In the pending revenue bill, when the income is over \$4,000 the normal tax is 4 per cent, and we begin the surtaxes or additional tax at \$5,000. All of the income in excess of \$5,000 and not in excess of \$7,500 pays an additional tax of 1 per cent. All in excess of \$7,500 and not exceeding \$10,000 pays 2 per cent additional, and so forth. The graduated taxes, in excess of the straight flat normal taxes, are commonly known as surtaxes or surtaxes. They are called "surtaxes" in Great Britain. Our statute calls them "additional" taxes.

Mr. KITCHIN. When these bonds are issued they will be subject, first, to the estate or inheritance tax, and, second, the interest on them subject to the surtax or additional tax, as I explained; and the excess-profits or war-profits taxes. Congress can do that in the future. That is the reason we increased the rate from  $3\frac{1}{2}$  per cent, as provided in the act of April 24, 1917, to 4 per cent. We were convinced, and the Secretary of the Treasury and the experts of the Treasury and others outside of the Treasury Department that helped sell the \$2,000,000,000 bonds a few months ago, are convinced that we could more easily sell the bonds and they would be taken more generally by the people with this 4 per cent rate, but subject to the surtaxes and excess-profits or war-profits taxes, than would a  $3\frac{1}{2}$  per cent bond exempt from such taxes.

While we recognize that the wealthy people who must pay heavy surtaxes will not take as many of these bonds, subject to the surtax, as they would  $3\frac{1}{2}$  per cent bonds exempt from such tax, what we will lose from this source we will more than make up from the thousands and millions of people whose incomes are not large enough to incur a heavy surtax or any surtax. In the last issue of bonds over 50 per cent—largely over 50 per cent—of the subscriptions was made by parties who paid no surtaxes, and, in fact, the average amount of bonds taken by subscribers was a little less than \$500 each. It was the people of small or moderate incomes that largely subscribed and oversubscribed to those bonds.

Mr. BATHRICK. Mr. Chairman, will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. BATHRICK. The gentleman speaks of the surtax applying to these bonds.

Mr. KITCHIN. Applying to the interest only, if Congress shall see fit hereafter to impose such tax on the interest.

Mr. BATHRICK. Do you mean by surtax all tax above the old limit of \$3,000 and \$4,000?

Mr. KITCHIN. All income taxes other than the normal. You will understand that under the income tax now and the provisions of the income tax in the pending revenue bill a distinc-

tion is made between the "normal tax" and "the additional tax." One is called a normal tax, as I explained to the gentleman from Texas [Mr. GREGG] a while ago. Under the present law a person receiving an income over \$4,000, if married, and if single a person receiving \$3,000, and all the way through, big and little, pay the normal tax of 2 per cent. We have increased that tax to 4 per cent in the pending revenue bill. The Senate has put on an amendment increasing the rate for corporations to 6 per cent instead of 4 per cent, as the House had it. The interest on the bonds will be exempt from this or any other normal tax Congress may impose, but will be subject to the graduated additional tax or surtax if Congress should impose such on the interest.

Mr. BATHRICK. One question more.

Mr. KITCHIN. Yes.

Mr. BATHRICK. This surtax as now proposed is an emergency measure, is it not?

Mr. KITCHIN. The pending bill is a war measure; yes.

Mr. BATHRICK. And after the war the surtax will be abandoned, will it not?

Mr. KITCHIN. We had the surtax before the war, in the revenue acts of 1913 and of 1916, but not near so high as that in the pending revenue bill. We presented that bill with the idea that it was to be a strictly war measure, and it would be repealed upon the termination of the war or within a short time thereafter. It is strictly a war measure—to raise revenue to defray our war expenses. When we first introduced that bill and passed it in this House, it was presumed that when the war ended there would be no longer any necessity for these taxes. But we are now undeceived—I suppose everybody is—and we know that long, long after the war there will be high taxes on incomes, and large surtaxes on large incomes, and taxes on excess profits, much in excess of the existing revenue acts but not as high as in the pending revenue bill.

Mr. BATHRICK. What I was trying to ask the gentleman was, if after the war, the emergency having passed, the surtax being decreased, that possible conditions might not have an important bearing on the rate of interest on these bonds?

Mr. KITCHIN. Then the bonds may not be subject to high surtaxes.

Mr. BATHRICK. Therefore, in view of such possibility, it is not necessary to make the rate of interest on these bonds so high now, is it?

Mr. KITCHIN. I think it is. For instance, take a man with an income of \$1,000,000. With the surtaxes proposed in the pending revenue bill as it passed the House a bond bearing  $3\frac{1}{2}$  per cent interest, subject to no surtaxes, is equal to an investment bearing 8.75 per cent to that man. You can figure that out. So to a man with an income of \$500,000 it would be equivalent to an investment of 7.82 per cent. Of course, a 4 per cent bond subject to a surtax is nothing like as good an investment for him as a  $3\frac{1}{2}$  per cent bond exempt from such tax, and the Government will get nothing like as much money from him if he should buy such a  $3\frac{1}{2}$  per cent bond. It would lose the surtax on his income. It is our belief that it is better for all the people to take these bonds than to have them taken by just a group of wealthy men, who in years past have taken most of the bonds. When you balance accounts up and take both sides I believe the gentleman will agree with us that it is better for the people generally, of more modest incomes, incomes of from \$1,000 up to \$100,000, to take these bonds at 4 per cent subject to the surtax rather than to have men with incomes amounting to hundreds of thousands of dollars or millions of dollars take or afterwards get practically all at  $3\frac{1}{2}$  per cent exempt from the surtax.

Mr. BATHRICK. I agree with the gentleman on that.

Mr. TOWNER. How much longer does the gentleman think this side of the House ought to wait before having the opportunity to have questions answered?

Mr. KITCHIN. I will answer any questions that anybody on either side may ask me. I will say to the gentleman from Iowa that he should take it as a great compliment to his side of the House that it has not asked many or any questions, because it shows that it understood the subject anyway without asking questions. [Laughter.]

Mr. TOWNER. I might suggest something that you may have omitted.

Mr. KITCHIN. I will be glad to yield to the gentleman from Iowa.

Mr. TOWNER. As I understand from the report of the committee, there is about \$1,000,000,000 unexpended of the amount already authorized.

Mr. KITCHIN. The gentleman means \$1,000,000,000 of the \$3,000,000,000 appropriated for loan to the allies by act of April 24, 1917.



Mr. TOWNER. Yes.

Mr. KITCHIN. Yes.

Mr. TOWNER. Of that which has been promised to them, or as is stated here, loans and credits agreed upon, there is approximately \$335,900,000 unexpended.

Mr. KITCHIN. But already agreed to be loaned.

Mr. TOWNER. Yes; but certainly there is an amount of \$187,500,000 authorized to be loaned to Russia. Is it expected that that will now be paid to Russia under existing circumstances?

Mr. KITCHIN. Really that is rather a delicate question for us to discuss here, but I will say to the gentleman that under all the circumstances we can afford to take the chance, and I think we had better leave that to the administration.

Mr. TOWNER. At least in any event there is \$1,300,000,000 that is now available?

Mr. KITCHIN. That amount has already been appropriated.

Mr. TOWNER. Yes.

Mr. KITCHIN. But we have not the money now for the full amount of appropriation.

Mr. TOWNER. Certainly, but we do not need to issue bonds for that amount, at least at the present time.

Mr. KITCHIN. Yes; we do.

Mr. TOWNER. We have already issued the bonds for that.

Mr. KITCHIN. No; we have already offered and had subscribed for and are now issuing \$2,000,000,000 of bonds—

Mr. TOWNER. Authorized.

Mr. KITCHIN. Let me get that "authorized" clear in the gentleman's mind. On April 24, 1917, we authorized \$5,000,000,000 of bonds, the proceeds from \$3,000,000,000 to be loaned to the allies, and in that act we appropriated that amount for the loan. Of that \$5,000,000,000 the proceeds of \$2,000,000,000 bonds were to go to meet our expenditures. Now we have sold and are now issuing \$2,000,000,000, leaving \$3,000,000,000 of bonds which we have merged into this authorization. It makes no difference whether we say that \$2,000,000,000 were sold to meet our expenditures or to meet that much of the \$3,000,000,000 appropriated for loan to the allies.

Mr. TOWNER. Certainly we do not need, however, to authorize the issuance now to the extent of that \$1,300,000,000.

Mr. KITCHIN. The gentleman has the amount of the appropriation mixed up with the amount of money we have to pay that appropriation. We have not the money to pay the total appropriation. We present this bill to get the money.

Mr. TOWNER. No—

Mr. KITCHIN. Wait a minute. We appropriated \$3,000,000,000 to loan to the allies. Now we have loaned them how much?

Mr. TOWNER. Approximately \$2,000,000,000.

Mr. KITCHIN. Now, that is the appropriation; but we have not the money for that \$3,000,000,000.

Mr. TOWNER. You are authorizing an additional issue of bonds in this bill.

Mr. KITCHIN. Of \$4,000,000,000 to be loaned to the allies, in addition to the \$3,000,000,000 appropriated by the act of April 24, 1917, making a total of \$7,000,000,000 loaned and to be loaned during this fiscal year to the allies. We also authorized by that act, in addition to this \$3,000,000,000, \$2,000,000,000 to help meet our own expenditures. We have sold only \$2,000,000,000, leaving \$3,000,000,000 under that act to be sold, which \$3,000,000,000 we have merged into the pending bill, and instead of selling under the April 24, 1917, act we propose to sell under this bill. Adding this to the \$4,000,000,000 additional loan we propose to make makes \$7,000,000,000 in all. To meet this \$7,000,000,000 and the \$2,000,000,000 provided for in the act of April 24, 1917, to help meet our expenditures, totaling \$9,000,000,000, we have only \$2,000,000,000 in money, proceeds of sale of last bonds. To meet the balance of \$7,000,000,000 required we propose this bill.

Mr. TOWNER. Why is it necessary at this time, when we have available bonds already authorized?

Mr. KITCHIN. I thought the gentleman was here when I began my remarks. Those bonds authorized, as I have explained, are merged into this bill. The gentleman will find it in section 11, which says that no other bonds shall be issued under the act of April 24, 1917, but the bonds therein authorized and not yet offered for sale, amounting to \$3,000,000,000, will be sold and issued under this bill.

Mr. TOWNER. Let me ask the gentleman this question: Does not he think that we might fairly wait until December before we authorize the issuance of any more bonds to the allies?

Mr. KITCHIN. The Secretary of the Treasury told us—I think it is in his printed testimony—that they will require at least \$500,000,000 a month for the remainder of this fiscal year.

The \$3,000,000,000 appropriated for the loan to the allies under the act of April 24 will be expended by November 1. It will take during the balance of the fiscal year after November 1 \$500,000,000 a month, making \$4,000,000,000. We must authorize the issuance of bonds in advance, because it will take a considerable time to sell these bonds or to sell any amount of bonds as large as this. So that we have to authorize the issuance of the bonds many months ahead.

Mr. TOWNER. Is it the idea of the Secretary of the Treasury that it would be better done at this time than later?

Mr. KITCHIN. Yes; and the reason of that is this: The allies must know several months in advance what they can depend upon, in order to prepare months ahead for future military campaigns.

Mr. LITTLE. Will the gentleman yield?

Mr. KITCHIN. Certainly.

Mr. LITTLE. The gentleman is making only the interest on the bonds subject to certain taxes, and not the bonds?

Mr. KITCHIN. Yes; the interest on the bonds will be subject to certain taxes which I mentioned a few moments ago.

Mr. SIMS. I desire to ask the gentleman in regard to these small certificates of indebtedness running for five years which I think will be very popular—

Mr. KITCHIN. War-savings certificates.

Mr. SIMS. What I want to ask is this: When these certificates mature at the end of the five years, are they to be redeemed in cash or are they convertible into bonds?

Mr. KITCHIN. They could, according to the statement of the Secretary of the Treasury, be converted into bonds or be redeemed before or at that time.

Mr. SIMS. The gentleman said something about converting them into \$100 bonds in his opening statement.

Mr. KITCHIN. That is the plan. We do not provide the plan in the bill, but simply give the Secretary power to issue these war certificates and make arrangements to redeem them before or discount—

Mr. SIMS. After maturity what rate of interest will they bear if not paid off or exchanged for bonds?

Mr. KITCHIN. They will have to be paid off at maturity or exchanged for bonds. If exchanged for bonds, the interest provided in this bill would be not to exceed 4 per cent.

Mr. SIMS. Four per cent.

Mr. OSBORNE. Will the gentleman yield for a question?

Mr. KITCHIN. Yes.

Mr. OSBORNE. Speaking of the greater cost in men and money to the allies in the present war compared with Germany and of the greater cost to the Union during the Civil War compared with the Confederacy, is it not apparent that powers in war fighting on interior lines and largely defensive always do so at a less cost than those who fight on exterior lines and in an offensive warfare?

Mr. KITCHIN. The gentleman is correct.

Mr. OSBORNE. A further question: Is it not a fact that Germany has expended \$20,000,000 since the beginning of the war, while the allies have expended a much larger sum, due largely to the fact that Germany has been preparing for this war for more than 40 years and that its expenditures for armament and preparation, which have during that time been covered by current taxation, have been very great and are not given in the comparison?

Mr. KITCHIN. I presume the gentleman is right, certainly in the main.

Mr. GILLETT. Will the gentleman yield?

Mr. KITCHIN. I will.

Mr. GILLETT. Can the gentleman tell us, if it is proper to divulge it, about how much of the money that has already been loaned to the allies has been expended in this country?

Mr. KITCHIN. I am informed that by far a larger part—75 or 80 per cent. I am glad the gentleman called my attention to this. Of this \$4,000,000,000 extra we are going to loan them in addition to the \$3,000,000,000 authorized, I would say not less than 75 per cent would be expended in this country.

Mr. KEATING. Will the gentleman yield?

Mr. KITCHIN. I will.

Mr. KEATING. As I understood the gentleman, the object in increasing the interest rate on the bonds from 3½ to 4 per cent was because the committee had in mind the taxation of the bonds. Why did not the committee make the bonds subject to this surtax and excise tax?

Mr. KITCHIN. Because this is a bond bill and not a tax bill. It will be suggested to the Senate that a provision should be put into the revenue bill now pending before it subjecting these bonds to the surtaxes, excess-profits, and war-profits tax.

Mr. KEATING. But the gentleman here is defining the terms of the bond.

Mr. KITCHIN. The interest on these bonds will be subject to whatever surtax, excess-profits, or war-profits tax the Congress may now or hereafter impose on it. I will say to the gentleman, should I be on the conference committee, we are going to try to arrange it in conference.

Mr. KEATING. I hope the gentleman will succeed in getting that provision in the bill.

Mr. KITCHIN. I will say that I will try to do my best.

Mr. JUUL. Will the gentleman yield?

Mr. KITCHIN. I yield.

Mr. JUUL. I want to ask the gentleman—he has spoken of the advances made to the allied Governments—do I understand when this country places to the credit of one of the allied nations, for instance, the sum of \$1,000,000, that that nation deposits interest-bearing bonds of that particular country with the United States at the time?

Mr. KITCHIN. It deposits with the Secretary of the Treasury its short-time interest-bearing obligation—I believe a demand obligation. That will be converted into long-time bonds later.

Mr. JUUL. Practically the amount which this Nation will pay in interest on these bonds will be covered by a similar interest on the part of the allied nations?

Mr. KITCHIN. The gentleman is correct. The interest on one will offset the other.

Mr. JUUL. That part of the interest will be paid by nations that will be able to pay?

Mr. KITCHIN. Yes; those nations able to pay.

Mr. JUUL. What part of the proceeds will be deposited in the Treasury?

Mr. KITCHIN. If the Secretary of the Treasury, with the President's approval, loaned Great Britain \$100,000,000 to-day, the ambassador is fully authorized, according to the statement of the Secretary of State, to bind his Government and give the United States its short-time obligations, drawing interest for the time, the same rate of interest we pay at the particular time. These will be later converted into long-time bonds, maturing not later than the United States bonds, and bearing a rate of interest as high as the bonds issued under this act.

Mr. JUUL. May I be permitted to ask the gentleman if it has ever been estimated what percentage of the total bonds issued by this country for the benefit of the allies would be equal to ours in standard value?

Mr. KITCHIN. At present? You mean whether the bonds of the allies taken by the United States at par are worth less than par?

Mr. JUUL. Yes.

Mr. KITCHIN. I would say they would be somewhat below par. They would be less than the face value. Unless they become bankrupt, if we keep the bonds until maturity we will get every dollar back and the interest. The interest will be payable at the same time interest on our bonds are payable.

Mr. WOOD of Indiana. Will the gentleman yield?

Mr. KITCHIN. I will.

Mr. WOOD of Indiana. Did the committee ascertain how much of the original loan that we made the allies was paid to the bonding houses of the United States for advance credits before this loan was made?

Mr. KITCHIN. I have no information on that subject.

Mr. WOOD of Indiana. It has been stated that more than \$400,000,000 of this first loan was paid directly by the Treasury of the United States to certain bonding houses of the United States for credits they had advanced to the allies before these loans were made.

Mr. KITCHIN. I do not know the facts about that; but suppose it had been so, that would be helping the allies just as effectually.

Mr. WOOD of Indiana. I wanted to know whether or not that was a fact.

Mr. KITCHIN. I really do not know.

Mr. SLAYDEN. Will the gentleman yield?

Mr. KITCHIN. I will.

Mr. SLAYDEN. The gentleman's question prompts me to make this inquiry. The question was raised as to the market value of the securities of these countries. My understanding has been—and I am asking the gentleman from North Carolina if it is correct—that we are proceeding to this transaction upon the theory that their bonds will be worth their face value, are we not?

Mr. KITCHIN. I do not think we could proceed upon the theory that they are now worth their face value—

Mr. SLAYDEN. So far as the effect of this transaction is concerned?

Mr. KITCHIN. Yes. We take them at par. Unless they become bankrupt, as I said, which I do not think they will, and we hold the bonds until maturity, we will get every dollar of the bonds.

Mr. SLAYDEN. It is a financial transaction, and the thing will be for us to get money from our own people and pay the securities.

Mr. WALSH. What is the reason for increasing the appropriation for expenses from one-tenth of 1 per cent to one-seventh of 1 per cent for these bonds?

Mr. KITCHIN. We sold \$2,000,000,000 at a cost of two and one-half million dollars, but, as the gentleman understands, the more bonds we sell the harder it will be to sell the next issue, and the next issue, and it will be a larger and a more expensive campaign to sell each new issue than the preceding issue. We have sold \$2,000,000,000 worth. I think the Secretary said it cost about two and one-half millions. Five billion dollars may be put in the next issue for sale. The gentleman will understand that it will cost a great deal more; that there will be larger operating expenses under a campaign to sell \$5,000,000,000 than under the \$2,000,000,000 campaign. Perhaps two or three campaigns to sell the \$7,000,000,000 of bonds will have to be made.

Mr. MADDEN. I see that the bill provides granting authority to the Secretary of the Treasury to sell the bonds of the allied nations if he thinks proper at any time before maturity at such prices as he may be able to obtain for them?

Mr. KITCHIN. At such prices as we paid for them.

Mr. MADDEN. Oh, no. He recommends in his testimony—

Mr. KITCHIN. He did recommend that, but the committee thought best to put a limit on it, and so the bill provides they must receive for the bonds, when he sells them, a price not less than we paid for them, with all accrued interest.

Mr. MADDEN. But the Secretary of the Treasury, however, did suggest that he be permitted to sell the bonds at any price he chose if he thought it was wise to do it?

Mr. KITCHIN. He gave good reasons to the committee why that would be wise, but the committee, after weighing the reasons for and against such a provision, decided to put the provision in the bill as it is. If it should become necessary to sell the bonds at less than par, Congress could authorize it.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MADDEN. Mr. Chairman, I ask unanimous consent that the gentleman may be allowed to continue until he completes his statement.

Mr. KITCHIN. Say five minutes.

The CHAIRMAN. The gentleman from Illinois [Mr. MADDEN] asks unanimous consent that the gentleman from North Carolina may proceed indefinitely. Is there objection?

Mr. STAFFORD. I should object to that, but I have no objection to his taking an hour if he needs it.

Mr. KITCHIN. Put it 20 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MADDEN. I see that the Secretary of the Treasury recommends, and I think the committee also, that the Secretary be allowed to pay any interest rate he chooses on the certificates of indebtedness he may issue. I suppose the gentleman has answered that question, but there should be a limit on that, it seems to me, not to exceed 4 per cent.

Mr. KITCHIN. We felt that sometimes at certain periods in the year, when the Government was in urgent need of funds, money could not be borrowed at that rate, and that we ought not to tie the hands of the Secretary nor of the Government with respect to the short-time—not exceeding a year—certificates of indebtedness. While money may be very hard to get for two or three months in a year and the Government may possibly have to pay 4 per cent or more, I am confident, and I believe the gentleman will agree with me, that during the whole year it will not average more than 3½ per cent, and probably not that much.

Mr. MADDEN. Did the Secretary of the Treasury estimate the value of the bonds that are to be issued under this bill, calculating the surtaxes? That is, did he estimate it after deducting the surtaxes that are proposed to be charged under this bill?

Mr. KITCHIN. No; not that. But we did have estimates—some of the committee made estimates and the Treasury Department also made estimates—showing the value of these 3½ per cent bonds as an investment to persons who paid large income surtaxes.

Mr. MADDEN. I know about that; but what I want to find out is if anybody knows what the interest rate will be on the 4 per cent bonds when you pay surtax on it?



Mr. KITCHIN. It depends upon the amount of the surtax. It will be on the same basis of calculation as the 3½ per cent; that is, if the surtaxes are what they now are or will be what is proposed in the pending revenue bill, it is a mere matter of calculation.

Mr. MADDEN. Does not the gentleman from North Carolina, the chairman of the Committee on Ways and Means, think it is only fair to the public who are going to buy the bonds to tell the public what the value of the interest rate is?

Mr. KITCHIN. We do not know what the surtax rate will be. It depends, as the gentleman ought to know, upon the amount of the surtax.

Mr. MADDEN. The question is, Are the bonds to be offered before the surtax is fixed, or afterwards?

Mr. KITCHIN. A part of them will be offered between now and November 1, and a part after that. A man will take the bonds just as the other bonds, subject to the estate and inheritance tax, as Congress may fix it in the future. It will be the same way with respect to the surtaxes. He will take this bond subject to the will of Congress hereafter to impose surtaxes, big or little.

Mr. MADDEN. I should think we were putting out bonds under false pretenses.

Mr. KITCHIN. Oh, no. The bill declares that the interest on them shall not be exempt from surtaxes and excess-profits or war-profits taxes now or hereafter imposed by Congress.

Mr. MADDEN. But on the face of the bonds and in the bill it says they are going to pay 4 per cent interest.

Mr. KITCHIN. Four per cent subject to the estate and inheritance taxes imposed by the United States and by the States, and also subject to such surtaxes or excess-profits taxes or war-profit taxes as Congress now imposes or may hereafter impose.

Mr. MADDEN. Will the gentleman answer this question: Would that be more or less than 3½ per cent?

Mr. KITCHIN. We can not tell until we know what the amount of the surtaxes will be.

Mr. MADDEN. Is not that false pretense?

Mr. KITCHIN. Oh, no. Was it false pretense to sell as the Secretary of the Treasury did sell a few months ago the \$2,000,000 bonds, all subject under the act to estate or inheritance taxes now or hereafter imposed by the United States and the States?

Mr. GOODWIN of Arkansas. Mr. Chairman, will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. GOODWIN of Arkansas. The gentleman said a few moments ago, in response to the query propounded by the gentleman from Illinois [Mr. JUEL], that the foreign bonds we would receive in exchange for our bonds would be taken at par value?

Mr. KITCHIN. At par value.

Mr. GOODWIN of Arkansas. At face value?

Mr. KITCHIN. Yes. In other words, if they give us a \$100,000,000 of bonds we give them \$100,000,000, although their bonds at the time may not be worth over \$95,000,000. They will bear the same rate of interest as our bonds and mature not later than our bonds.

Mr. GOODWIN of Arkansas. If these bonds are sold at a discount and are worth 95 per cent on the dollar, the foreign Government will not issue us bonds to the amount of 105 cents on the dollar?

Mr. KITCHIN. No. They will issue them at par. We hold them until maturity, and can not sell them without an act of Congress, according to the provisions of the bill, below the price we paid for them.

Mr. GOODWIN of Arkansas. The par value and the face value are the same?

Mr. KITCHIN. Yes.

Mr. PARKER of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. PARKER of New Jersey. I see in the bill that the bonds are to be payable either at a long time or at such time as the Secretary of the Treasury may prescribe, at the option of the Government.

Mr. KITCHIN. Which bonds do you refer to?

Mr. PARKER of New Jersey. The bonds which we issue are to be payable at a long time compulsorily, with the option of the Government to pay at a short time, at such time as the Secretary of the Treasury may prescribe. That is very much like our 5-20 bonds or our 10-30 bonds. I remember very well what advantage it was to the United States to be able to redeem the bonds before maturity and redeem them at a low rate of interest instead of at a high rate, and I ask the gentleman the question whether it ought not to be considered and

put into this bill, so that all the bonds may be redeemed, say, after five years, so that the Government could exercise that privilege of borrowing money at a lower rate?

Mr. KITCHIN. No. I do not think it could be done here. Ordinarily it would be advisable, but under present circumstances I imagine it would affect the salability of the bonds now.

Mr. PARKER of New Jersey. May I ask another question?

Mr. KITCHIN. Yes.

Mr. PARKER of New Jersey. It is provided that the rate may rise very considerably. We may have to borrow, as the gentleman said a little while ago, at 6 per cent or 7 per cent or 8 per cent or even at 10 per cent, and if we have to borrow at a higher rate we ought to have the privilege of paying them off at a short term.

Mr. KITCHIN. I referred to the short-time certificates of indebtedness in assuming a rate of interest over 3½ or 4 per cent. I did not say we would have to borrow at 6, 7, 8, or 10 per cent. I think 4 per cent is as high as we will ever pay, on the average, for a year loan. The maturity for the bonds is put in the discretion of the Secretary of the Treasury.

Mr. PARKER of New Jersey. The gentleman, of course, remembers that the short-term bond—the 5 years in the one case, in the 5-20, and the 10 years in the other case, the 10-30—the gentleman remembers that provision was very useful?

Mr. KITCHIN. Yes. I understand that the present plan of the Secretary is to make them redeemable after a certain number of years, optional with the Government; that the \$2,000,000,000 bonds recently sold will run from 15 to 30 years, redeemable at the option of the Government after a certain number of years.

Mr. PARKER of New Jersey. I would like to have it limited to five years.

Mr. STAFFORD. Can the gentleman inform the committee as to the amount of bonds floated by the allied Governments since the passage of the act of April 24, 1917, when we undertook to carry some of their bonded loans?

Mr. KITCHIN. Does the gentleman mean floated here or floated elsewhere?

Mr. STAFFORD. Bond authorizations by the allies to carry on their war, other than their dependence upon us by reason of the \$3,000,000,000 authorization carried in the last bond act; and I should like to inquire whether the allied Governments are looking almost exclusively to our Government to carry their bonded indebtedness, or whether they are looking to their own sources for that character of revenue.

Mr. KITCHIN. I am glad the gentleman called my attention to that feature. Mr. Bonar Law, minister of finance of Great Britain, made a speech in Parliament, I think in May, in which he said that the expenditures of the British Government would be much more this fiscal year than theretofore, and he estimated that they would be in the neighborhood of \$11,150,000,000.

Mr. STAFFORD. But of that amount how much will be raised by taxation and how much will we furnish in the way of this bonded loan, and how much will they furnish in the way of bonded loan? In other words, are we carrying their entire bond issue?

Mr. KITCHIN. No; of course we are not.

Mr. STAFFORD. Other than that which they issue as security for the loan which we make to them.

Mr. KITCHIN. I have Mr. Law's speech here. He says that England's expenditures for this year—that is, her fiscal year ending March, 1918—is estimated at £2,290,381,000, or in our money about \$11,150,000,000 in round numbers, and she will raise in taxes £638,600,000, or about \$3,000,000,000, leaving a balance to be provided by loan or bonds of £1,651,781,000, or about \$8,000,000,000.

Mr. STAFFORD. But we have already advanced to them \$1,000,000,000, and will furnish them more in addition, so that we are furnishing them with a considerable amount of the money which they are obtaining by their bond issues.

Mr. KITCHIN. The gentleman's question was whether we are carrying the whole load or whether Great Britain is—

Mr. STAFFORD. Or what proportion.

Mr. KITCHIN. Instead of our carrying the whole load, Great Britain will raise in taxes, as I said, over \$3,000,000,000 and will issue bonds to the amount of about \$8,000,000,000. Her total bonded indebtedness on account of the war was, on July 21, 1917, \$18,453,867,000.

Mr. STAFFORD. Some of this \$8,000,000,000 will be turned over to our Government as security for the loans we make to them.

Mr. KITCHIN. And if Great Britain borrows of this future loan fund in proportion to the loan fund authorized by the act of April 24, 1917, she will borrow about \$2,000,000,000 of that.



Mr. STAFFORD. Can the gentleman furnish like figures so far as France and Italy are concerned?

Mr. KITCHIN. I see the gentleman has the report of the committee in his hand. Will he turn to the last page?

Mr. STAFFORD. That does not give the information as to how much these respective countries are carrying of their own loans.

Mr. KITCHIN. I was under the impression that it did, but am mistaken.

Mr. STAFFORD. The question was whether the gentleman could give similar figures as to the Governments of France and Italy.

Mr. KITCHIN. The bonded indebtedness of France on account of the war was, on April 30, 1917, \$11,379,473,000; that of Italy on January 1, 1917, \$3,275,494,000, but now, I understand, about \$5,000,000,000.

Mr. STAFFORD. Then, as I understand the operations so far as loans and credits to the foreign allied Governments are concerned, we have virtually granted all of their requests so far as they have been made.

Mr. KITCHIN. I would say that the President and the Secretary of the Treasury investigated fully into reasons and necessities for each loan before it was made. And then the question of the necessity of this loan and the necessity of their wants and demands must largely be determined by them and not by us.

Mr. STAFFORD. We read in the papers how the Canadian Pacific Railway Co. canceled a very large issue of debentures because the United States Government, under its former bond act was going to carry some of the loans of the British Government, and naturally the British Government is leaning on us to a considerable extent, which they would not otherwise do if we had not passed the prior bond bill.

Mr. KITCHIN. The gentleman will, of course, not undertake to vouch for the truth of the newspaper stories. Is the gentleman suggesting that we ought not to make loans to Great Britain and the other allies?

Mr. STAFFORD. No; my suggestion is that there should be some board or commission to pass upon the advisability of loaning them these large amounts, rather than to grant everything that they ask.

Mr. KITCHIN. Are not the President, the Secretary of the Treasury, the Secretary of War, and the Secretary of the Navy a pretty good commission to look into that, compared with parties who have no responsibility in the matter?

Mr. STAFFORD. The testimony shows that the Secretary of the Treasury is the only person who passes on this—vised by the President—and those two officials are so burdened with other cares that they are not in any position to investigate the great questions that are involved as to the extent to which these big loans of billions of dollars should be made to these allied Governments, and whether we are going to get the money back at the end of the war or at some time in the future.

Now I will ask the gentleman another question. Can the gentleman furnish the committee with the expense occasioned by the flotation of the certificates of indebtedness?

Mr. KITCHIN. One-tenth of 1 per cent of the amount of such certificates was appropriated by the act of April 24, 1917, for expenses in issuing and selling them.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. STAFFORD. I ask unanimous consent that the time of the gentleman be extended half an hour.

Mr. KITCHIN. I will ask, Mr. Chairman, for an extension of five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. KITCHIN. The gentleman from Wisconsin wants to know what the expense was for the flotation of the certificates of indebtedness. The Treasury Department estimated that it would cost one-tenth of 1 per cent, and Congress appropriated that amount for such purpose.

Mr. STAFFORD. The general information is that in the flotation of the certificates of indebtedness they were taken without much expense, as far as advertising is concerned, the banks having immediately subscribed for the loan. It did not require that much to float the bond loan, and certainly to float the certificates of indebtedness the amount ought not to be as great.

I will repeat the question that I originally put, whether the gentleman has any figures of the actual expense of the flotation of the certificates of indebtedness?

Mr. KITCHIN. No; I have not, except, as I say, the Treasury Department estimated that it would cost one-tenth of 1 per cent,

and we so provided in the act of April 24, 1917, and the House, including the gentleman, thought it was a reasonable amount, and voted for it without a dissenting vote.

Mr. STAFFORD. But the gentleman has no information as to what it actually cost.

Mr. KITCHIN. No; I have not the figures of the actual expenses incurred in issuing and selling the certificates of indebtedness.

Mr. STAFFORD. One further question and I am done. The committee has raised the amount in this bill that may be authorized for floating the bonds and the war-saving certificates. Now, it did not require one-tenth of 1 per cent to float the bond issue. I can understand how it will require more than one-tenth of 1 per cent if the Secretary is going to advertise for years and years in floating the war-saving certificates. Ought not the allowances to be segregated, say, one amount for the bonds and a larger amount for the war-saving certificates?

Mr. KITCHIN. The committee thought that one-seventh of 1 per cent was sufficient. The department asked for one-fifth of 1 per cent. The gentleman is mistaken in saying that it did not require one-tenth of 1 per cent to float the bond issue. The Secretary of the Treasury testified before the committee that it cost about \$2,500,000 to issue and sell the \$2,000,000,000 bonds; that is one-eighth of 1 per cent. It cost over \$1,000,000 for paper and engraving alone.

Mr. DENISON. But that expense was incurred in getting a subscription for over three billion.

Mr. KITCHIN. Yes; but as I said to the gentleman from Massachusetts, it will be harder to get subscriptions for the next issue and harder for the next. There will be more work, more agents, more advertising, and, of course, in the conversion of the bonds already prepared there will be extra cost of engraving and for paper.

Mr. HOWARD. Will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. HOWARD. Is it not a matter of fact that this issue is to be of a much smaller denomination, and that will increase the cost?

Mr. KITCHIN. It is probable that they will be of smaller denominations; and, of course, issuing in smaller denominations increases the expense. The war-saving certificates will be of very small denominations, and I doubt whether they can get a billion dollars at a cost of one-seventh of 1 per cent.

Mr. HOWARD. Now, I want to ask the gentleman if he has any other information besides what he has given in his able statement here as to what is the minimum denomination of the war-savings certificates proposed to be issued. Before the gentleman answers that I want to say what my judgment is about it. The success of a bond issue depends upon reaching the people of this country in the way of a popular loan, and the issue of certificates must be in small multiples of a dollar. That is to say, I would issue them from a dollar up. I want to ask what opinion the gentleman has about reaching the people on this bond issue, so that a man who has \$2 or \$5 can invest it in a Government security.

Mr. KITCHIN. I think the plan will be to issue a book of stamps, so that a man can get a book of stamps, say for \$4, and then he can, when he gets 25 cents or 50 cents, have that amount of stamps canceled, and then come back afterwards when he gets another 50 cents and have them canceled, and so when he gets \$4 he will be entitled to a certificate of \$5, payable without interest in five years. The five years' interest will be added in the certificate.

Mr. HOWARD. And obviate the collection of interest.

Mr. KITCHIN. Yes; and that will carry out the gentleman's idea.

Mr. CANNON. Will the gentleman yield?

Mr. KITCHIN. Yes.

The CHAIRMAN. The time of the gentleman from North Carolina has again expired.

Mr. KITCHIN. I ask for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CANNON. I will preface my question by stating that I want this loan to be a popular loan and to be subscribed for in full just as much as any gentleman on the floor of the House or any citizen. Now, it seems to me that when you take the exemption from taxation you leave the possibility of all these securities being liable to inheritance taxes and surtaxes, not under the present law but under future laws if we have to make additional loans.

This is to be a popular loan according to the Secretary, and I trust it may be a successful one. No man is going to subscribe for this loan if the surtaxes or other taxes are to take all of



the interest. The people who are to subscribe for this loan must subscribe subject to future legislation. The future exemption may be two hundred or four hundred or six hundred dollars. It is proposed to be \$1,000 in one case and \$2,000 in another case. It is now three and four thousand.

Now, if they go to the people who will subscribe for \$100 or \$500 or a thousand dollars they must go to the vast class of the millions. Now, does not my friend think it would be better, when we reach section 7, to fix the amount below which we can not go; otherwise that one hundred millions of people, all of them, do not expect to be able to carry it? They may want to pay, to deposit it. This large amount, if it is a success, going to one hundred millions of people, will be effected by legislation that is possible or may be enacted if after all it is subjected to a surtax or has been subjected to a surtax that will make it an undesirable bond after it was issued. I merely call the gentleman's attention, if he has not thought of it, that he may think of it when we reach section 7 under the five-minute rule.

Mr. KITCHIN. I have given considerable thought to it. In my judgment a 4 per cent bond subject to the estate and inheritance tax as the bonds under the act of April 24, 1917, were, and subject to the surtaxes, will have more subscribers in number and more in amount than the 3½ per cent bond not subject to surtaxes. The two billion bonds recently sold, which were very largely oversubscribed, were subject to such estate and inheritance tax as Congress has already or may hereafter at any time impose, big or little, and subject to all the estate or inheritance taxes which any one or all of the 48 States now or may hereafter impose, and yet the people took those bonds without hesitation; they practically gobbled them up. Now, the gentleman will note that every State bond, every county or municipal bond is sold subject to payment of all State, county, and municipal taxes, providing the purchaser resides in a State other than the State of issue, and heretofore no difficulty has been incurred on that account in the sale. Bonds of railroads and of big industrial corporations are offered for sale, and the purchaser knows they are subject to all taxes of State, county, city, and Federal, income, or other taxes that are now or may hereafter be imposed, and yet they are sold every day without difficulty.

Mr. MADDEN. But the company issuing the bond pays the Government tax and all industrial taxes.

Mr. KITCHIN. They do not. They pay no State, county, or municipal tax for the holder of the bond, and only in certain cases do they pay the Federal income tax on the interest of their bonds. Some bonds issued by certain railroads and by the American Telephone & Telegraph Co., and some other industrial corporations have what is called a tax-free covenant in them; that is, the corporation issuing the bond agrees that if the Government should by act require the retention by the corporation of a tax on the interest of the bond for the Government, it will pay the interest on the bond to the owner without deducting the tax. The present income-tax act has what is called "collection at the source," which requires the corporations to retain for and pay to the Government the normal income tax on the interest of its bond assessed against the owner. About six or eight million dollars taxes are now paid by the industrial corporations and railroads by virtue of the collection-at-the-source provision of the income-tax act, and by virtue of the tax-free covenant in their bonds the owner of the bond gets the full interest without deduction of the tax. I will remind the gentleman from Illinois in this connection that the Senate proposes to amend the pending revenue bill by striking out the collection-at-the-source provision and substituting therefor information at the source, which would relieve these industrial institutions and railroads of the payment of the tax and throw its payment on the owners of their bonds.

Mr. MADDEN. I hope the gentleman, as the head of the committee on conference of the House, will not yield to that sort of stuff.

Mr. KITCHIN. The gentleman knows that I always stand by the will of the House in conference, and the House has twice passed on the question of retaining the collection at the source provided.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. CANNON. Just at that point, and I hope the gentleman may have a little more time—

Mr. KITCHIN. Give me five minutes more, and then I will stop.

The CHAIRMAN. Is there objection to the gentleman from North Carolina continuing for five minutes? [After a pause.] The Chair hears none.

Mr. CANNON. Just at that point I take it that if these bonds and certificates go at par bearing 4 per cent interest in the main they must go to the millions of people?

Mr. KITCHIN. They will.

Mr. CANNON. Very well. Now, then, does not the gentleman—and I repeat my question—consider that this provision ought to be changed so that it would be out of the power of Congress to levy a surtax upon a man who holds one thousand or two thousand or three thousand dollars of them?

Mr. KITCHIN. It would not be so bad to have an exemption from the tax of that amount of bonds, but it would be unwise and bad policy to exempt the bonds in all amounts from the surtaxes.

It is the judgment of the committee and the judgment of the Secretary and of the experts of the Treasury who have had experience in selling Government bonds that these 4 per cent bonds subject to the supertax will have more subscribers in number and in amount than the 3½ per cent bonds free from such taxes. I believe that these bonds when offered for sale will be sufficiently subscribed by men who will never pay large, if any, surtax, by men whose incomes are under \$20,000, and they will have millions of subscribers whose incomes are less than \$5,000 annually.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. MADDEN. Will the gentleman ask for one minute in order that I may ask him for an explanation?

Mr. KITCHIN. Mr. Chairman, I ask unanimous consent for two minutes more.

The CHAIRMAN. The gentleman from North Carolina asks unanimous consent for two minutes more. Is there objection? [After a pause.] The Chair hears none.

Mr. MADDEN. On page 10, section 7, of the bill, line 10, we read this:

(a) Estate or inheritance taxes, and (b) graduated additional income taxes, commonly known as surtaxes, and excess-profits or war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations.

Now, I would like to know how we are going to get excess-profits taxes on surtaxes or war-profits taxes on top of the excess-profits taxes charged against the bonds that the people of the United States buy at 4 per cent interest rate.

Mr. KITCHIN. I think I have explained it, but I will explain it to you.

Mr. MADDEN. That will be a combination of other incomes.

Mr. KITCHIN. Of course there will never be an excess profit under existing law if a man is going to put his whole investment in it. Suppose a corporation having \$500,000 capital and surplus is making a net profit of \$100,000. It has \$100,000 of its capital in 4 per cent bonds, and the interest on the bonds is a part of the \$100,000 net profit. It helps to make up the general whole. All the \$100,000 net profit, including the \$4,000 interest from the bonds, after deducting the 8 per cent exemption, would be the excess subject to the excess-profits tax.

Mr. MADDEN. So the interest received from bonds and added to other income is on a totally different basis from that which is received entirely from interest and bonds?

Mr. KITCHIN. It goes to make the general excess. If this corporation had \$100,000 in a savings bank at 4 per cent, the interest received from the bank would go to make up the total profit of \$100,000, and the total profits being in excess of 8 per cent upon the capital invested, the excess-profits tax would attach to the excess.

Mr. REAVIS. In the original issue of 3½ per cent bonds the privilege was granted to convert any subsequent bonds at a higher interest rate. If that conversion is made, will the original bond that is converted be subjected to the supertax provided for in this bill?

Mr. KITCHIN. Yes, sir.

Mr. REAVIS. So they would have the privilege of either retaining the 3½ per cent bonds of the recent issue—

Mr. KITCHIN. Or converting them into the 4 per cent provided for in the bill. A man that pays a heavy supertax is going to keep his 3½ per cent.

Mr. REAVIS. And this bill is one way of persuading him to do that?

Mr. KITCHIN. Yes. He is going to do that.

Mr. COOPER of Wisconsin. Section 7 provides, by way of exception, that these bonds shall be subject to tax (a) of a State or inheritance tax, (b) a graduated income tax, and (c) excess-profits or war-profits taxes. Is that use of the word "or" in there intended to convey the idea that excess profits and war profits are synonymous and mean the same thing?

Mr. KITCHIN. No. I will tell you why that was put in. The gentleman will doubtless see the wisdom of it. The House

in the revenue bill now pending in the Senate provided for what is known as the "excess-profits tax," to cover not only the profits caused by the war but profits made in any way in excess of \$5,000 and 8 per cent on the capital invested. The Senate Finance Committee reported amendments striking that out and putting in a so-called war-profits tax, assuming that all the profits made over and above those of 1913, 1912, and 1911 were made out of and on account of the war. It is called in the amendment "war-profits" tax. We were not certain whether Congress would provide for an "excess-profits" tax or a "war-profits" tax, so we used both terms to catch either.

Mr. COOPER of Wisconsin. The gentleman recognizes that there is a very clear distinction to be made between the words "excess profits" and "war profits"?

Mr. KITCHIN. I do.

Mr. COOPER of Wisconsin. Well, the language in this bill, in order to carry out that distinction, so that it would allow no possibility of mistake, ought to read this way: "Except (a) estate and inheritance taxes, (b) graduated income taxes, (c) excess-profits taxes, and (d) war-profits taxes."

Mr. KITCHIN. I think the gentleman's first suggestion to substitute "and" for "or" would be sufficient to make the distinction.

Mr. COOPER of Wisconsin. By leaving out those letters and substituting "and" for "or" you would do away with the impression that they are the same?

Mr. KITCHIN. I think the gentleman is correct and the change of "or" into "and" should be made.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. KITCHIN. I have used a great deal more time than I intended. I thank the gentlemen for their patience. [Applause.]

The CHAIRMAN. The gentleman from Michigan is recognized for two hours.

Mr. FORDNEY. Mr. Chairman and gentlemen, I will be as brief as possible. The gentleman from North Carolina [Mr. KITCHIN] has explained every feature of this measure.

I first want to say that if this bill is enacted into law as it is now before this House it will carry a larger authorization of the expenditure of money than has ever been carried in any bill in any legislative body in the world. Therefore it is a matter of serious thought for the men who are called upon to act in this matter.

There are two things that we undoubtedly can all agree upon. One is that we are at war with several great nations of the world; second, that we hope to win, and we are in the war to win if it is within our power to do so.

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman allow me to interrupt him?

Mr. FORDNEY. I will.

Mr. COOPER of Wisconsin. The gentleman says we are at war with several great nations.

Mr. FORDNEY. Yes.

Mr. COOPER of Wisconsin. We have declared war against only one, have we not, and none has declared war against us?

Mr. FORDNEY. It is true we have declared war against Germany only, but Germany's allies are Austria-Hungary, Bulgaria, and Turkey, and consequently we are at war with all those nations, although we have not declared war against all those nations. The gentleman from Milwaukee [Mr. STAFFORD] shakes his head. I wonder if an army from Turkey assaulted American soldiers whether or not you would fight whether we had declared war or not?

Mr. STAFFORD. Certainly I would fight.

Mr. FORDNEY. You shook your head.

Mr. STAFFORD. Certainly I shook my head, because we are not at war with Austria-Hungary, Turkey, or Bulgaria; and Austrians, Hungarians, Turks, and Bulgarians are not in this country considered enemy subjects.

Mr. FORDNEY. I know that as well as you do, and I ask you to answer that question.

Mr. STAFFORD. I have already answered it.

Mr. FORDNEY. You would fight if you were attacked by those nations without a formal declaration of war, would you not?

Mr. STAFFORD. They have not attacked us as yet.

Mr. FORDNEY. They are the allies of Germany, and consequently our enemies, and if you would not fight them you are not a loyal American citizen. [Applause.]

Mr. Chairman, we are sending our Army to a foreign land to fight. We are sending the best of our men. Now comes the time, my friends, when we are called upon to tax our people large sums of money to properly support our Army in a foreign land. Let me say nobody likes taxes. Nobody wants to be

taxed. Taxes are objectionable, especially when you feel that they are excessive.

In 1861, during the Civil War, which has passed and gone—and God knows that we are all glad that it is over with and nearly forgotten—there were 31,000,000 people in the United States. Twenty-one millions of those people were in the Northern States, and the cost of that Civil War per capita, based on the population of the States in the North, was in round numbers \$342 per capita, or 39 per cent of the total wealth of all the United States, according to the census of 1860. If this war is carried on until the per capita tax on our population of to-day reaches \$342, as was the case in the Civil War, our public debt will be \$35,000,000,000, or about 13 per cent of the wealth of the country as estimated at this time. We are not afraid of going "broke" during this war. The people of this country will pay this debt. The people of the United States never did and never will repudiate their debts. We claim to be an honest and patriotic people. I am ready to pay my share to carry on this war successfully, and so are you, and so is every other loyal American citizen. [Applause.] And the man who will not pay his fair share, based upon his ability to pay, I say is not a true, loyal American citizen.

Mr. BUTLER. Not much of a friend of the Republic.

Mr. FORDNEY. That is correct. The public debt of the Civil War, in round numbers, including interest, of course, up to the time when the figures were given, was \$6,190,000,000 in the North. I remember that war very well. I had two brothers in that war; one never came back, and his remains lie at Nashville, Tenn. My father paid \$30 a barrel for flour in the State of Indiana at one time during the Civil War. Prices are high now because of the abnormal conditions all over the world. Practically the whole world is at war. Men are engaged in destroying life and property instead of producing. And while those conditions last, my friends, we must expect the cost of living to be high in this and all other countries.

In this bill there are some things that I would like to have changed—two in particular. I will not offer amendments to that effect. I will be loyal to the committee. I felt it my duty to be bound by the majority of the members of that committee. I will bow to the will of the majority here. I will vote for the bill just as it is if it is not amended and made better, because we must have this money soon to carry on the war. The two things which I would like to see improved are these: First of all, I think it is a serious mistake for the Government to impose a tax upon these bonds, and I will tell you briefly why. The other day I asked the Secretary of the Treasury what was the average subscription for the liberty bonds recently sold, and he replied less than \$800, and was corrected by one of his assistants, who said the average subscription was about \$500. Therefore this last liberty-bond issue of \$2,000,000,000 went to small investors, as the greater portion of the money derived from the sale of bonds in the future may go. It is true that by and by, perhaps, when the small investor has no further funds to invest, we must go to men of larger means. The language of this bill guards against giving any advantage to men of great wealth.

But when this war is over, do you think for a minute that a man with \$500 invested in a liberty bond running for a term of from 15 to 30 years will hold that bond until it is paid by the Government? No; not at all. He will want the money for a first payment on a little home, or something of that kind. He is advised to-day, when he is requested to invest his money, that he can at any time go to the bank and sell that bond and realize on it. When the war is over, my friends, these small investors will want to realize on their bonds, or a great number of them will. Do you believe that after this war is over the man with money to loan will purchase a taxable bond which will not yield him as great an income on his money as he could otherwise obtain? If you think so, I do not agree with you. I would not do it to-day if I were a money lender. My patriotism induces me to loan money to this Government to help carry on this war, but not because the return upon the investment is greater than I could obtain elsewhere. And do you think that I would surrender a bond bearing interest at 3½ per cent free from taxes and accept a bond bearing 4 per cent and subject to taxes? No; the average investor will not do that. That is a great and serious mistake, in my opinion, to make these bonds subject to taxes when all outstanding Government bonds are exempt from taxes. We need not be alarmed about a very large amount of money being invested in those bonds to escape taxation. In this as in the last liberty-bond sales the small investor will take the major portion of the bonds.

Again, in the war certificates authorized by this bill it is provided that the Secretary of the Treasury may fix the rate of



interest which in his judgment will be for the best interests of the Government. I believe that the rate of interest should be limited. The Secretary of the Treasury should not be permitted to dispose of those bonds bearing a rate of interest in excess of 4 per cent. There is a limit somewhere for the Congress of the United States to go in fixing the rate of interest for this Government to pay upon its bonds.

Let me call your attention to this fact: Only a few years ago the Congress of the United States blushed when called upon to appropriate annually \$800,000,000 or \$900,000,000 a year to carry on the running expenses of this Government. Four per cent interest upon \$20,000,000,000 of indebtedness, which is equivalent to the amount authorized now if this bill is enacted into law, makes the annual interest alone upon our public debt \$800,000,000. I repeat, my friends, that the interest upon the public debt, if it reaches \$25,000,000,000 or \$30,000,000,000, is going to be equal to the sums heretofore appropriated for the ordinary running expenses of this Government annually, and it is a great and serious matter of consideration for you.

During the Civil War the Secretary of the Treasury, Mr. Salmon P. Chase, authorized agents to sell Government bonds, and Jay Cook, of Philadelphia, a banker, was the first man called upon and given the agency for the sale of Government bonds. And let me say in passing that a very large amount of money borrowed during the Civil War by the Government was borrowed upon short-time certificates of indebtedness, and Jay Cook established 2,500 agencies all over the Northern States under the first authorization for the sale of bonds. One-fifth of 1 per cent was paid as a commission for the first \$100,000 of loans, and thereafter one-eighth of 1 per cent was paid. That was paid in commissions. That did not include all the cost of selling those bonds. The expense of printing and the work done in the departments here at Washington, which was very great, was added to that expense. So when we are fixing in this bill one-seventh of 1 per cent as the limit of cost for the Secretary of the Treasury to spend in disposing of our long-time bonds and one-tenth of 1 per cent on the certificates of indebtedness I believe we are fixing a minimum amount for the Secretary of the Treasury to expend.

During the Civil War, as contrasted with now, the first \$150,000,000 of bonds sold by the Government bore a rate of interest of 7.3 per cent. The next issue of Government bonds carried an interest rate of 7 per cent. The next authorization carried an interest rate of 6 per cent, and the fourth and last issue carried 5 per cent. As the war went on you will see that the Government reduced the rate of interest which the bonds carried, whereas we are increasing now the rate of interest which our bonds shall carry.

Practically all the bonds issued during the Civil War were short-time bonds, none of which ran beyond five years from the date of issue. All these bonds came due directly after the war and were refunded and issued in long-time bonds.

Mr. CLARK of Missouri. Mr. Chairman, I would like to ask the gentleman a question or two.

Mr. FORDNEY. I will yield to the gentleman.

Mr. CLARK of Missouri. Is not the reason that the rate of interest decreased toward the last end of the Civil War because on the 4th of July, 1862, they put into operation the great internal-revenue scheme whereby after they got it to running full blast it brought in \$311,000,000 a year, and that gave the people more confidence in the bonds?

Mr. FORDNEY. Yes; that is right.

Mr. CLARK of Missouri. One more question. The gentleman says that his father paid \$30 a barrel for flour.

Mr. FORDNEY. In the State of Indiana.

Mr. CLARK of Missouri. That was in depreciated currency, bonds selling then as low as 39 cents on the dollar, and during the next 12 months they stood between 40 and 50.

Mr. FORDNEY. Let me say to the gentleman that flour is selling now for \$15 and \$16 a barrel in the State of Michigan.

Mr. CLARK of Missouri. I thought the price had been brought down.

Mr. FORDNEY. No; it has been brought up. [Laughter.] And let me say to the gentleman that the fixing of the price of wheat at \$2.20 a bushel is not going to bring down the price of flour.

Mr. CLARK of Missouri. What is the minimum price of \$2.20 a bushel for North Dakota No. 1 wheat going to make wheat sell for in other parts of the country?

Mr. FORDNEY. That is hard for me to answer; I can only prophesy. Let me say this to the gentleman. I was at one time engaged in the manufacture of flour. I was a miller. I was in the business long enough to lose all the money I put in, but I learned something. It requires, from the most economical method employed and the most modern mills of the country, 4

bushels and 40 pounds of good wheat to make 196 pounds of flour. You estimate the value of wheat at \$2.20 a bushel; and taking 4 bushels and 40 pounds—and the average mill will use 5 bushels—you will have \$11 worth of wheat for a barrel of flour.

Mr. CLARK of Missouri. Not one-twentieth of the wheat raised in the United States is hard No. 1, and by the time you grade it down to red 2 and 3, and then pay for the transportation and the commission, it cuts the price of wheat in Illinois, Missouri, and the rest of the country where they raise wheat down to about \$1.60 a bushel.

Mr. FORDNEY. I will say to the gentleman in reply to his question that at the time when flour was \$30 a barrel in the State of Indiana during the Civil War our currency had not depreciated to about one-third, or 33 cents on the dollar. It was along the latter part of the war that prices were high. We had no gold to send abroad to buy wheat. The country was drained of gold and there was a shortage of wheat production in the whole country. We had, as we may have in this war, a large part of our people on the battlefield, and crops at home were neglected. There was a greater demand than the supply provided for; consequently up went the prices. Sugar was 75 cents a pound, kerosene 80 cents a gallon, and so on. But that has nothing to do with this argument. Prices are high and will be high until the war is over. Some men within the sound of my voice will not agree with me that we should raise a very large proportion of the money spent in this war by borrowing money to be paid at some future day. That is my opinion. Instead of taxing the people now such large sums of money that the taxes are burdensome, we should borrow a large part of it.

For instance, I want to call your attention to the taxes of the Civil War in proportion to the amount of money borrowed. In 1862, for every dollar collected by taxes from the people we borrowed that year \$8.52. For the year 1863, for every dollar of taxes directly upon the people we borrowed \$5.51. In 1864, for every dollar of taxes we put upon the people we borrowed \$3.38. For the last year, 1864 to 1865, for every dollar of taxes we put upon the people we borrowed \$2.95. In other words, the borrowed money raised by the sale of bonds and the disposal of Treasury notes during these four years was \$1 based on an average of \$5.09 borrowed. The people benefited by that great Civil War later on willingly and readily and easily paid the debts of the Civil War.

All the people of the North and the South came in, and, notwithstanding the great burden of the debt put upon the people of the South from their side of the war, they contributed their share to the payment of that great war debt, and it was not a burden upon anybody. Therefore, I say that we should raise a large part of the money to carry on this war from borrowed money, because if there is any merit in this war, future generations will enjoy the benefits. We should not be called upon to furnish the fine manhood of this country to be slaughtered on the battle field and at the same time be called upon to pay the war debt as we go along.

Mr. MEEKER. Will the gentleman yield?

Mr. FORDNEY. Yes.

Mr. MEEKER. Does the gentleman think there is any hope, from the present status of affairs, for us to increase the custom duties and tariff rates in the bill now in the Senate for a bill which will be here next session?

Mr. FORDNEY. I am glad the gentleman has asked the question. I want to serve notice on the country right now that I have gone to the limit in taxing the people for money to carry on this war unless the Congress of the United States adds something to our import taxes from now on. [Applause on the Republican side.] That money can be raised without any great burden upon the people by indirect taxation.

Mr. CLARK of Missouri. Will the gentleman yield?

Mr. FORDNEY. Yes.

Mr. CLARK of Missouri. If we do not levy taxes as much as we ought to, a fair proportion, say 50-50, is it not inevitable that these bonds will go below par just as they did during the Civil War, except not so much so?

Mr. FORDNEY. I think the gentleman misunderstood me. I want to raise a great portion of the money from import taxes instead of direct taxes.

Mr. CLARK of Missouri. I know, but that is a horse of a different color.

Mr. FORDNEY. That is what I meant to say in my statement and the way I meant to be understood.

Mr. CLARK of Missouri. I understood the gentleman to say we ought to carry on this war principally by the issue of these bonds—

Mr. FORDNEY. Yes.

Mr. CLARK of Missouri (continuing). Instead of levying taxes.

Mr. FORDNEY. So much.

Mr. CLARK of Missouri. Well, now, that ends this way, that the men who do the fighting will have to come back here after the war is over—those who survive—and help to pay this very war debt. (Applause on the Democratic side.)

Mr. FORDNEY. That is true.

Mr. CLARK of Missouri. Whereas, if we pay this thing 50-50, or somewhere in that neighborhood, these bonds are not going to depreciate, although there are gamblers who have tried to force the 3½ per cent bonds down and did force them down almost to 99 on two different days on the Stock Exchange in New York.

Mr. FORDNEY. My friend, no matter what portion of the money to carry on this war we raise by borrowing money, it must be paid by future generations, by future people, at a future date, not right now. That was true in the Civil War, was it not?

Mr. CLARK of Missouri. Why, it was true in the Civil War bonds ran down on one day to 39 cents on the dollar and stood for a whole year between 40 and 50, and very few of them ever did sell at par. Then when the day of payment came they had to pay for those bonds at face value.

Mr. FORDNEY. All during Secretary Chase's administration he insisted every minute that no bonds should be sold at less than par, and they were not sold at less than par in our money then in use.

Mr. CLARK of Missouri. Why, the tables show they stood at between 40 and 50 per cent for over 12 months.

Mr. FORDNEY. That was after they had been disposed of by the Government, as I get it from history. I refer the gentleman to the financial history published by Dewey for my authority.

Mr. CLARK of Missouri. I have got a history of every dollar that was ever issued and how much the Government got for it.

Mr. FORDNEY. I may be mistaken in some particular instance, but on the whole my statement is about accurate, I believe.

Mr. CLARK of Missouri. Now, they were paid for at their face value finally, were they not?

Mr. FORDNEY. By the Government; yes.

Mr. CLARK of Missouri. Now, we go to work and we do not levy taxes enough to make those bonds absolutely good and they commence to go down below par, and then when the war is over we have to pay for them at their face value?

Mr. FORDNEY. Yes; but as the gentleman from North Carolina [Mr. KIRCHIN] stated, whether we raise the interest to 3 per cent, 4 per cent, 5 per cent, 10 per cent, or 15 per cent matters not, for whatever rate of interest is necessary to raise money to support our men in the field that is what the people of the United States will do.

They will pay any rate of interest that is made necessary, and as an individual I have been a money borrower all of my life and expect to be all of my life. When the time comes when I must have money to meet my obligations I borrow it and pay such rate of interest as the money lender exacts from me because I must have it or I must fail, and we are in this war to win and not to fail and we will pay whatever is necessary. Now, let me call attention—

Mr. MEEKER. Will the gentleman yield?

Mr. FORDNEY. Yes.

Mr. MEEKER. Do we have an understanding here now that when the next revenue bill comes up the Republican side of the House is going to stand pat on a new tariff schedule?

Mr. FORDNEY. I speak for myself only.

Mr. MEEKER. That is enough.

Mr. FORDNEY. I say I will not vote for any other bill for the raising of money to carry on this war that does not carry some proportion of an increase of import duty upon imported goods. [Applause on the Republican side.] We have not touched that question in the House bill. In the revenue bill now pending in the Senate there was a tax provision placing additional duty upon imports, very unscientifically arranged, but the additional import duties proposed would yield, if enacted into law as provided for in that bill as it passed the House, more additional money than will this year be collected under the existing law known as the Underwood tariff law.

The rate provided for in the bill was an additional 10 per cent ad valorem and the rate collected under the Underwood law runs on an average of about 9 per cent. Therefore, it would little more than double our income from customs dues if the bill had gone into effect as it left us. During the Civil War, in 1862, 1863, 1864, and 1865, there was collected from customs dues on imported goods \$305,600,000. During that same time

there was collected from internal revenue and income taxes \$336,000,000. I will not give the odd figures. From miscellaneous sale of lands and otherwise \$4,956,000, and from the sale of bonds during that time and Treasury notes disposed of \$2,622,000,000, or a total of \$3,289,000,000. The largest amount of bonded indebtedness at any one time existing in the Civil War was, in round numbers, \$2,846,000. During the Revolutionary War the expenses by the colonies were so very great that when the Nation was organized it was said by many men in public life at that time that our public debts never would be paid, but they were paid, and only a very brief time after the war we were out of debt, something that seldom happens to any great nation. When this war is over our debts will be very great, but we have the ability to pay them.

Mr. CLARK of Missouri. I would like to ask the gentleman another question.

Mr. FORDNEY. Yes; I yield.

Mr. CLARK of Missouri. As you know, there never were but two years since this Government was organized when it was out of debt, and that was during John Tyler's administration, and they paid it all off except \$7,000 of bonds, and they never could find who owned those bonds. Consequently they counted it out. Two years during John Tyler's administration was the only time this country was ever out of debt.

Mr. FORDNEY. Possibly the gentleman is right. It is my recollection that I am correct.

Mr. CANNON. During the administration of Gen. Jackson we were out of debt and distributed the surplus among the States.

Mr. CLARK of Missouri. They got the country out of debt as far as they could get hold of anything to pay. The surplus increased during Gen. Jackson's administration, and they went on paying these bonds off. Finally they paid them all off except \$7,000, and they passed the law the gentleman is talking about. Col. Benton, of Missouri, fought tooth and nail the idiotic proposition of the United States Government parceling out this surplus among the States, and they never got a nickel of it back. Then the panic came after they had distributed two of these portions annually, and they got in the hole again, and did not have money enough with which to run the Government, so they had to create a new debt. Then the war came on, and they bonded the country. Then the Civil War came on, and we owe \$1,100,000,000 of that debt yet.

Mr. FORDNEY. If the men I owe should happen to die and leave no relatives, I do not know to whom I would pay that debt, and I would not pay it until I found somebody that held the obligation and to whom it justly belonged. So if we could not find the holder of the \$7,000, we were out of debt. The short-time bonds or certificates of indebtedness has been a thing that has been resorted to since the beginning of the Civil War. I do not know if they were issued before. But I believe, and I am going to insist, that it is a great mistake to leave it in the power of the Secretary of the Treasury to fix the rate of interest paid upon those bonds at will on his part. The Secretary of the Treasury under the law is the chairman of the Federal Board. The certificates of indebtedness disposed of up to this time have been largely taken by the Federal banks at from 2 to 3½ per cent interest per annum. The Secretary of the Treasury had the power under the existing law to commandeer the money in the Federal bank, and, God knows, if he can not sell a short-time bond at a rate of interest not exceeding 4 per cent, how can he hope to sell a long-time bond for a rate of interest at less than 4 per cent? And I say that we are not tying the hands of the Secretary of the Treasury when we limit the rate of interest that he can pay on a short-time bond to a sum equal to that which he is authorized to fix in a long-time bond. Therefore, I say it is a great mistake, because this long-time bond can be disposed of, issued, and reissued, and reissued, and there is no limit to the time or the number of times that the Secretary of the Treasury can reissue those certificates of indebtedness. When one comes due he can renew it by selling another and getting the money to retire the first one sold, and always, at least, keep one-half of those certificates of indebtedness outstanding by having another to renew it with.

Now, in my opinion, there are two objects in loaning money to the allies. First, let me say that the Secretary of the Treasury has stated that the loans to the allies so far have averaged \$500,000,000 a month to all of them. Judging the future by the past, the amount of loans will be about \$500,000,000 a month, or \$6,000,000,000 annually. Some gentleman asked the question—I think it was my good friend from Chicago, Mr. MADDEN—a few minutes ago as to what portion of the cost of this war the foreign nations are raising at home outside of the money we are loaning them. It was stated by the Secretary of the Treasury that during the last four months England raised



at home \$1,800,000,000, while we loaned them their portion of this \$2,000,000,000 already loaned to England and her allies. In other words, the money they are spending to carry on this war, borrowed from us, amounts to but a very small portion of their total expenditures. Further, the Secretary of the Treasury called attention to this, that the loan of \$275,000,000 had been agreed upon to the Russian Government. The Russian Government had called for, up to the 24th of August, but \$87,500,000. Two months ago, he stated, the Government of Russia had placed orders in this country for 10,000 railroad cars and, as I now remember it, 500 locomotives. The party contracting with the Russian Government demanded, and the Russian Government conceded to their demands, that \$45,000,000 of the money to go to the Russian Government should be left in the hands of our Government, to be turned over to our people making those cars and locomotives when that order was filled.

Mr. MADDEN. Will the gentleman yield for a question, Mr. Chairman?

Mr. FORDNEY. I will yield; yes, sir.

Mr. MADDEN. What would the gentleman from Michigan think of the advisability of the Congress of the United States stipulating in this law that any moneys loaned to the allies should be loaned upon the condition that it should be expended in the United States?

Mr. FORDNEY. I do not believe that we should tie the hands of our allies in this war in that way. I do not think it would be wise. Let me say to my good friend, it is my opinion that the more money we loan to the allies to permit them to efficiently equip their armies and send them to the front the less number of men from this side of the line will be called upon.

I made one statement here before, but let me repeat it: I had rather give up every dollar of the wealth I have than to give up the life of my son.

Mr. MADDEN. That is true, of course. Everybody feels exactly like the gentleman from Michigan; but I suppose it will be conceded on every hand that we are raising all the money we can provide now, and it is proper that we should, and that we will not raise any less number of men because of the fact that we give more money; but the question arises whether, when we are obligating the people of the United States to such large expenditures for the purpose of aiding our friendly allies in the movement in which we have engaged, we should not protect ourselves to some extent by saying that, to the extent that it is possible to do it, this money should be expended among our own people?

Mr. FORDNEY. That might be wise; but, my good friend, during the Revolutionary War, when France sent her armies here well equipped, paid them, provisioned them, and furnished them with arms and ammunition to help us fight our battles, she had at the same time loaned us large sums of money, and she did not limit the place where we must expend that money. [Applause.] And we are now sending to France, to aid her in this awful struggle, our men, and we are loaning her large sums of money, and I do not believe it would be wise for us to limit the place and the purpose for which she must expend that money. But I do believe, as the Secretary of the Treasury has stated to us, that from 80 to 90 per cent, or possibly a larger proportion, of that money we are loaning to the allies abroad is now being spent in the United States.

Mr. MADDEN. Well, to the extent of 80 or 90 per cent the suggestion I have just made is being carried out. It is not being carried out to the extent of the other 10 per cent; but the question is, Could it not be?

Mr. FORDNEY. I believe they will expend it here; I believe it from all the information I can obtain.

Mr. MADDEN. Does the gentleman believe that, in the authorization of the issuance of such a large amount of bonds for the purpose of loaning money to the allies, the Congress, representing the people, ought to have any limitation placed on the power of the Executive which would restrict the right of the Executive to loan indiscriminately without consultation with anybody except the allies?

Mr. FORDNEY. That leads to another question that I did not intend to mention.

Mr. MADDEN. I think it is well to mention it.

Mr. FORDNEY. I am glad the gentleman mentioned it. I am prepared to and will a little later, if the House will bear with me—not to-day, not on this bill—make a statement about the committee appointed during the Civil War to look into the conduct of the war, or rather the appointment of a committee on the conduct of the war. The President of the United States stated some time ago that that committee during the Civil War was objectionable to President Lincoln. I want to show by the record that he was in error when he made that statement, and that the committee of seven was of the most wonderful benefit to the administration in the conduct of the war, by

their advice and the information they obtained to present to the President and to the Secretary of War and to the Secretary of the Navy. The chairman of that committee was Benjamin Wade, a most distinguished character and a distinguished Member of the Senate. Senator Chandler, from the State of Michigan, was a member of the committee. I want, my friends, at the first opportunity—which I hope will not be long distant—to vote for a committee to be appointed by the Congress of the United States to examine into the expenditures of this war. I want that committee to be of benefit to the administration. Nothing that I have done or will do in the future will tie the hands of the administration or deprive it of the greatest freedom in the conduct of this war. I want to aid the administration by my every effort, and I would be the last man that would do anything to the contrary.

Mr. MEEKER. Mr. Chairman, will the gentleman yield?

Mr. FORDNEY. Pardon me; let me finish that sentence first. No partisanship down to date has been brought into this House on any bill affecting this war, and I hope none will be. It is the farthest from my mind. Now I yield to the gentleman.

Mr. MEEKER. Is not the work that has just been mentioned by the gentleman from Michigan understood to be the function at the present time of the board of advisers, the Council of National Defense and Mr. Hoover? Is not that what they are there for?

Mr. FORDNEY. Oh, yes.

Mr. FERRIS. Mr. Chairman, will the gentleman yield at that point?

Mr. FORDNEY. In a moment. Mr. Hoover is supposed to have been appointed at the head of a body of men to look into the cost of supplies in this country, and if possible to hold down the cost of living and the cost of supplies of every kind. I hope some good may come from that commission, but they have a wonderful task on their hands.

I yield now to the gentleman from Oklahoma.

Mr. FERRIS. Would the gentleman think it would be in aid of the conduct of the war to have such a committee, who would force or could force and doubtless would force all the detailed information about the number of aeroplanes, about the number of submarines, and about the equipment that we are building and supplying? Does the gentleman really think that would be an aid or a hindrance to the conduct of the war?

Mr. FORDNEY. I believe it would aid. I can give you two instances.

Mr. FERRIS. I wish the gentleman would elaborate that. In my opinion it would cause positive harm.

Mr. FORDNEY. It has come to light in the last few days that some of the ammunition sent abroad has been found to be defective. Perhaps the assistance of a body which has no other duty except to look into these affairs might avoid that very thing. For instance, down at Quantico the other day some hand bombs were being used by the boys in practicing. A trench about 2 feet or 2½ feet wide was dug, representing the enemy, and the men were being trained in the art of throwing those hand grenades over to the trench. Some of them did not explode, unknown to the officers and men, and a few minutes later the boys set to work filling in that trench or throwing out the debris that had gone into it, and some of those bombs exploded and killed one boy and injured several others. Those bombs were defective. Some more critical examination ought to be made than has been made in the past.

Mr. FERRIS. Does the gentleman think a Member of this House would have the technical qualifications and knowledge that would be necessary even to find out about these defective caps of which the gentleman has spoken?

Mr. FORDNEY. If you could not find that technical knowledge here I do not know where you could find it.

Mr. FERRIS. Does not the gentleman think that the students in the War College and the men who have had years of training in the War College and in the department and on the staff would be apt to have more technical information than any of us here, who have only general knowledge?

Mr. FORDNEY. Let me give you another illustration. A short time ago orders were given to the committee handling lumber, so I was informed by a member of that committee, to purchase doors and window sash and glass for the buildings that we are putting up to house our men all over the country. In one particular instance about 44,000 window sash were ordered, all of which carried a particular size of window glass, as provided for in the specifications; and when inquiry was made by the board it was found that there are no glass manufacturers in the country making that size of window glass. Some window-glass manufacturers in the State of Pennsylvania were asked when they could furnish glass of that size, and they said it would take them months to change their machinery and

make glass of that size, and they did not want to engage in its manufacture; that that size of glass had not been made for years. A member of the board went to a certain representative of the War Department and asked, "Why did you specify that size of glass? We can not find it in the market." When he looked the matter up he found that those specifications had been ordered in 1883 and that they never had been changed. [Laughter.] It does not need a very great expert to know more than the fellow knows who ordered those specifications, does it? [Applause.] When the matter was called to the attention of the proper bureau of the War Department they were requested to order such sizes of window glass as were commonly upon the market, and immediately they received notification from various glass manufacturers, "We have several carloads on hand and can ship it at once." [Applause.]

Mr. BURNETT. Does not the gentleman think that the very fact that these things were liable to be reviewed by a committee would probably make the department a great deal more particular and not so reckless in the contracts that they make and the things that they call for?

Mr. FORDNEY. Yes; I think so. Again, I do not know whether my information is correct, but in a statement furnished by the Secretary of War it is estimated that for this year's expenditures there are needed \$640,000,000 already authorized by Congress for the purchase of aeroplanes. I have been informed recently that the Government has been paying twice as much for those aeroplanes as they could have been purchased for. I believe a committee of intelligent men, to examine these questions, will see to it that fabulous prices are not paid. [Applause.] I am not criticizing anybody. I do not want to do so. I would not under any circumstances unless I knew some one was to blame. But during war time it always has been and always will be true that the demand for supplies of every description is so great, and purchases are in the hands of so many men, that money will be extravagantly spent unless scrutinized with the greatest care possible.

Mr. MOORE of Pennsylvania. Does the gentleman think it would in any way hamper the President if a committee of this kind were appointed, and if information which would not ordinarily go to the President and perhaps could not go to him should be laid before him by that committee?

Mr. FORDNEY. If I were a member of that committee, or if you were a member of that committee, and there came up a question as to the purchase of certain kinds of supplies with which we were very familiar, as to their cost and production, we would express ourselves to the full committee and give them reliable information as to the cost of production, and the value of those things and the necessity for them. For instance, when we have a hearing before any committee of the House, if you and I want to know what it costs to make the works of a Waltham watch, we do not send for a blacksmith over in Georgetown, but we send for the manager of the Waltham Watch Co., and we very readily can tell whether he is a truthful man or not.

So we get valuable information. Pardon me for suggesting that I am a lumberman and have been in the lumber business all my life. A few days ago the New Orleans Picayune said I might know something about rolling logs, but that I did not know anything up here. I do know something about the manufacture of lumber, for I have had long experience in that line, and if any man not thoroughly familiar with that industry should ask me about the cost of production of lumber and the value of different kinds of lumber in the manufacture and value of a particular grade I could tell him, whereas a man not skilled in that industry would not know the value of one grade of lumber as compared with another. I would give him the benefit of my experience, and so would you if you were skilled in some other industry. We want a great many different articles in this war, clothing of every description, provisions of every kind. If a question came up about a certain article, and you were a member of such a committee and were skilled in that industry you would give them the benefit of your good judgment, and if some other member was skilled in some other industry, you would go to him for his information, and in that way get valuable information. Therefore I believe a commission appointed to investigate and have some control over the expenditures of this great volume of money we are appropriating to carry on this war would be of inestimable value to our Government instead of a detriment.

Mr. FERRIS. Will the gentleman yield?

Mr. FORDNEY. Certainly.

Mr. FERRIS. I understood the gentleman a moment ago to say that he had an instance where they were paying a double price for aeroplanes.

Mr. FORDNEY. I was told by several that such was the fact, and I saw it also in the newspapers that the prices already

paid for aeroplanes were double what should have been paid, but that is all hearsay, so far as my information goes.

Mr. MOORE of Pennsylvania. That charge was made in the New York World, that they paid more for parts than the whole machine could be bought for.

Mr. FERRIS. Would the gentleman be willing to give the House the facts as to who paid it, when it was paid, and where they paid double? I share with the gentleman in his solicitude for economy.

Mr. FORDNEY. I stated, in the first place, that I did not know whether the statement was correct, and I was criticizing no man.

Mr. FERRIS. Does anybody know whether the charge is true? If it is, they ought to be stopped.

Mr. FORDNEY. I saw in the papers that the Government had discovered that it was paying more than double price for aeroplanes.

Mr. JOHNSON of Washington. Did it not mean that the investigation showed that it came largely from the stock that is used for aeroplanes in this country?

Mr. FERRIS. I have the same solicitation as to keeping down expenses that the speaker has, and all I was trying to do was to find if anything was wrong and let it be headed off.

Mr. JOHNSON of Washington. Aeroplane lumber went up in price from \$30 to \$120 a thousand. Now they are still calling for spruce stock, hand-dressed fir timber. I wonder why it is to be hand dressed?

Mr. FORDNEY. I do not know, except that I do know this: All aeroplane stock being purchased on the Pacific coast is high-priced at present, and while we are not manufacturing lumber of that kind, we are selling spruce logs to mills that produce that stock. The difference between lumber sawed across the grain and with the grain is very great in value. Lumber sawed across the grain, called vertical grain, is more valuable than what is called slashed grain. Therefore the vertical grain sawed spruce is selling at \$140 a thousand where slashed grain is one-half that price. The vertical grain is stronger, and freer from splits when a nail or a bolt is put into it. It is more valuable in every respect—in its durability—and when hand dressed I presume that the defects in the boards are less affected, because when the boards are put through a planing machine which travels at a high rate of speed the cross and curly grain sometimes weakens the wood and strength of the board. Where it is dressed by hand the man dressing it can avoid that and leave all the strength in the boards. That is the difference between the machine and the hand dressed, possibly; it is a new phrase to me.

Mr. McKENZIE. Will the gentleman yield?

Mr. FORDNEY. Yes.

Mr. McKENZIE. In reference to the cost of aeroplanes, is it not true that the Government has aeroplanes manufactured at cost of production plus 10 per cent?

Mr. FORDNEY. There are such contracts, and there are many such contracts for wooden ships whereby the contractor is given the cost of production plus 10 per cent.

Mr. McKENZIE. I understand. With reference to the \$640,000,000 appropriated to be used by the War Department in the manufacture of aeroplanes, I saw the statement in a paper yesterday where a gentleman by the name of Baker had explained that the cost of production plus 10 per cent was not deemed sufficient, but he would not admit to a reporter that 20 per cent was too much. He said that so many machines were rejected that 10 per cent was not sufficient.

Mr. REAVIS. Will the gentleman yield?

Mr. FORDNEY. Yes.

Mr. REAVIS. The gentleman stated that he did not know of his own knowledge where we were purchasing aeroplanes at a price double what they could be bought for.

Mr. FORDNEY. No; I stated that I did not know if that was correct—that I saw it in some paper. The matter has also been mentioned in my presence several times.

Mr. REAVIS. If we had a committee on expenditures we could find those things out.

Mr. FORDNEY. Yes; and could investigate these questions.

Mr. CANNON. Will the gentleman yield to me at that point?

Mr. FORDNEY. Yes.

Mr. CANNON. We have 12 committees on expenditures in the House, have we not?

Mr. REAVIS. Will the gentleman yield?

Mr. FORDNEY. Yes.

Mr. REAVIS. Has there been any recent evidence of these committees on expenditures in the House?

Mr. FORDNEY. Well, the Committee on Appropriations investigates these questions presented to them very carefully and very thoroughly.



Mr. REAVIS. Has there been any activity on the part of any expenditure committee that the gentleman knows of?

Mr. FORDNEY. No; not beyond the ordinary, but there may be things that I am not aware of.

Mr. MADDEN. There was a movement a short time ago to get a clerk to one of these committees.

Mr. FORDNEY. Now, I will take a few moments in giving the necessary sums of money to be appropriated for this fiscal year, as stated by the Treasury Department, for the expenses of the Government to the amount of \$1,962,000,000. I will not take the time of the House to state all of the items: Agriculture, \$25,920,000; the Army, \$273,000,000; the Diplomatic and Consular Service, \$5,000,000; the District of Columbia, \$14,000,000; fortifications, \$51,000,000; Indian, \$11,000,000; legislative, \$39,000,000; Military Academy, \$1,344,000; Navy, \$517,000,000; pensions, \$160,000,000; Post Office, \$331,000,000; rivers and harbors, \$27,000,000; sundry civil, \$147,000,000.

There are other expenditures, making a total, together with the bond issue, of \$9,134,000,000.

I will here present statistics received from the Treasury Department which are very interesting:

TREASURY DEPARTMENT,  
Washington, August 25, 1917.

MY DEAR MR. KITCHIN: By direction of the Secretary, and in reply to the verbal inquiry of Mr. Walker, clerk of the Committee on Ways and Means, for information as to the amount of loans made to the allies to date and the countries to which the same were made, I have to advise you as follows:

Loans to foreign governments to August 24, 1917, inclusive.  
[Act of Apr. 24, 1917.]

Country.	Loans and credits agreed upon.	Loans made.	Balances under established credits.
Great Britain.....	\$1,005,000,000	\$970,000,000	\$35,000,000
France.....	530,000,000	490,000,000	40,000,000
Italy.....	200,000,000	150,000,000	50,000,000
Russia.....	275,000,000	87,500,000	187,500,000
Belgium.....	53,400,000	32,000,000	21,400,000
Serbia.....	3,000,000	1,000,000	2,000,000
Total.....	2,066,400,000	1,730,500,000	335,900,000

Very truly, yours,

(Signed)

OSCAR T. CROSBY,  
Assistant Secretary.

HON. CLAUDE KITCHIN,  
Chairman Committee on Ways and Means,  
House of Representatives.

Certificates of indebtedness.

[Treasury revised statement, Aug. 21, 1917.]

Total certificates issued to June 30, 1917.....	\$918,205,000
Total certificates redeemed to August 21, 1917.....	903,186,100
Total certificates outstanding issued prior to June 30, 1917.....	15,018,900
Total certificates issued August 9, 1917.....	300,000,000
Total certificates outstanding August 21, 1917.....	315,018,900

LIBERTY LOAN BONDS.

The Treasury revised figures show that liberty loan bonds receipts including accrued interest to August 21, 1917, amounted to \$1,725,965,981.71.

Statement showing the appropriations for the fiscal year 1918, made during the Sixty-fourth Congress, second session (including appropriations made by the Army, Military Academy, sundry civil, and general deficiency acts passed during the Sixty-fifth Congress, first session).

Agriculture.....	\$25,920,113.00
Army.....	273,046,322.50
Diplomatic and Consular.....	5,082,746.68
District of Columbia.....	14,172,997.85
Fortification.....	51,396,593.00
Indian.....	11,589,736.67
Legislative, etc.....	39,894,592.42
Military Academy.....	1,344,896.18
Navy.....	517,273,802.08
Pension.....	160,060,000.00
Post Office.....	331,851,170.00
River and harbor.....	27,826,150.00
Sundry civil.....	147,363,928.77
Total.....	1,606,832,049.13
General deficiency.....	163,841,400.52
Urgent deficiency.....	4,578,250.00
Miscellaneous.....	41,093,670.08
Permanent annuals.....	145,864,830.82
Total.....	\$1,962,210,200.05
Increased compensation of 5 and 10 per cent to certain employees (estimated).....	25,000,000.00

<sup>1</sup> Of this amount \$13,193,900 has actually been redeemed, but the banks have not reported the transaction to the Treasury.

<sup>2</sup> This sum includes an appropriation of \$10,000,000 for the War-Risk Insurance Bureau which has been repealed by subsequent legislation.

Appropriations for the fiscal year 1918, made during the Sixty-fifth Congress, first session (exclusive of Army, Military Academy, sundry civil, and general deficiency acts):

Expenses incident to the Sixty-fifth Congress, first session.....	\$68,020.00
By act to issue bonds and to extend credit to foreign Governments.....	3,007,063,945.46
War-Risk Insurance Bureau.....	45,150,000.00
Deficiencies for the Military and Naval Establishments.....	3,281,094,541.60
Aviation act.....	640,000,000.00
Act to stimulate agriculture and facilitate the distribution of agricultural products.....	162,500,000.00
Act to encourage the production, conserve the supply, and control distribution of food products.....	11,346,400.00
Total.....	\$7,147,222,907.06
Grand total.....	9,134,433,107.11

Possible additional appropriations not included in statement showing appropriations already made.

General deficiency bill, which will probably carry.....	\$4,500,000,000
Additional loan to allies.....	4,000,000,000
Shipping board.....	1,000,000,000
Insurance bill.....	176,150,000
Interest on public debt.....	300,000,000
Total.....	9,976,150,000

Estimated interest charge on the bonds and certificates of indebtedness for the fiscal year ending June 30, 1918.

\$2,000,000,000 bonds already issued, at 4 per cent for one year.....	\$80,000,000
\$3,500,000,000 bonds already authorized, at 4 per cent for nine months.....	105,000,000
\$2,000,000,000 bonds for loan to allies, at 4 per cent for six months.....	40,000,000
\$2,000,000,000 bonds for loan to allies, at 4 per cent for three months.....	20,000,000
\$6,000,000,000 certificates of indebtedness and war-security certificates, at 4 per cent for three months.....	60,000,000
Total.....	305,000,000

AUGUST 14, 1917.

Memorandum in connection with the proposed war-loan bill.

Bonds authorized under section 1 of the act approved Apr. 24, 1917.....	\$5,000,000,000
Bonds authorized under section 4 of said act:	
Act Aug. 5, 1909 (Panama Canal).....	\$225,000,000
Including act of June 3, 1916 (nitrate plant, \$20,000,000), and act of Sept. 7, 1916 (Shipping Board, \$50,000,000).	
Act Mar. 3, 1917 (purchase Danish West Indies, Alaskan Railway, Mexican border patrol).....	100,000,000
Joint resolution Mar. 4, 1917 (expedite naval construction).....	150,000,000
Refunding 3's 1908-1918.....	63,945,460
	538,945,460
Bonds already issued under authority of said act approved Apr. 24, 1917.....	2,000,000,000
Balance unissued.....	3,538,945,460
Additional bonds now proposed.....	4,000,000,000
Total additional authorization.....	7,538,945,460

Panama Canal bond statement.

JULY 25, 1917.

Total authorized expenditures on account of the Panama Canal, reimbursable through proceeds of sales of bonds.....	\$375,200,980.00
Total expenditures to date.....	375,183,734.82
Panama Canal bonds issued to date:	
Two per cents—	
Series 1906, dated Aug. 1, 1906—	
Under circular July 2, 1906.....	30,000,000.00
Under circular Nov. 18, 1907.....	24,631,980.00
	54,631,980.00
Series 1908, dated Nov. 1, 1908, under circular Nov. 18, 1908.....	30,000,000.00
Three per cents—	
Series 1911, dated June 1, 1911.....	50,000,000.00
Total.....	134,631,980.00
Premiums received on same.....	3,968,889.02
Proceeds of sales of Panama Canal bonds.....	138,600,869.02
Proceeds of sales of postal savings bonds (in lieu of Panama Canal bonds).....	10,758,560.00
Total proceeds of sales of bonds.....	149,359,429.02

Balance expenditures from general fund subject to reimbursement through sales of bonds.....	\$225,824,305.80
Possible reservations:	
For nitrate plant (act June 3, 1916).....	20,000,000.00
For Shipping Board (act Sept. 7, 1916).....	50,000,000.00
Balance accordingly available.....	155,824,305.80
Additional Panama Canal expenditures authorized.....	17,245.18

## Public debts of the European belligerents.

[Compiled by the Research Division of the Bureau of Foreign and Domestic Commerce, Department of Commerce.]

## UNITED KINGDOM—PUBLIC DEBT.

	Pounds sterling.	Dollars.
Mar. 31, 1914.....	707,654,110	3,443,799,000
Mar. 31, 1915.....	1,165,801,702	5,673,374,000
Mar. 31, 1916.....	2,197,439,245	10,693,838,000
Dec. 31, 1916.....	3,461,852,000	16,847,108,000
Mar. 31, 1917.....	3,822,985,223	18,604,558,000
July 21, 1917.....	4,499,674,445	21,897,666,000

NOTE.—Data for the three years ending March 31, 1914–1916, are official. Later figures are approximate only. They have been estimated by adding the amounts of net borrowings during a given period to the amount of debt as officially stated for March 31, 1916. Net borrowings during the fiscal year 1916–17 were £1,625,545,981; from April 1 to July 21, 1917, the amount borrowed was £676,689,219. Total net borrowings since the beginning of the war, August 1, 1914, to July 21, 1917, have been £3,871,742,607. The figures include £1,171,000,000 advanced to the allies and British Dominions.

## FRANCE—PUBLIC DEBT.

	Francs.	Dollars.
Jan. 1, 1914.....	32,888,809,509	6,347,540,000
Jan. 31, 1917.....	84,649,810,000	16,337,413,000
Apr. 30, 1917.....	91,849,810,000	17,727,013,000

NOTE.—The first item includes 31,456,396,709 francs of the funded debt as per date December 31, 1913, and 1,432,412,800 francs of the floating debt as per date September 30, 1914. Later figures have been estimated by adding amounts borrowed since August 1, 1914. The borrowings during the first 30 months of the war, August 1, 1914, to January 31, 1917, totaled 51,761,000,000 francs, distributed as follows: Consolidated debt, two 5 per cent loans, 1915 and 1916, aggregating 21,754,000,000 francs; bonds of national defense (floating debt), 13,674,000,000 francs; short-term loans, placed abroad 7,836,000,000 francs; advances by the Bank of France and the Bank of Algeria, 8,497,000,000 francs. Between January 31 and April 30, 1917, the debt increased by 7,200,000,000 francs.

Advances to the allied countries to the amount of 3,875,000,000 francs have been authorized by the laws of December 29, 1915, and February 18, 1917.

## RUSSIA—PUBLIC DEBT.

	Rubles.	Dollars.
Jan. 1, 1914.....	8,824,524,000	4,544,630,000
Jan. 1, 1915.....	10,473,572,000	5,393,889,000
Jan. 1, 1916.....	18,876,731,000	9,721,516,000
Jan. 1, 1917.....	25,220,937,000	12,988,782,000

NOTE.—The figures of debt for January 1, 1916, and 1917, are from the official Vvestnik of the Ministry of Finance for October 1, 1916. The amount stated for January 1, 1917, is the amount of debt as then "expected." The real debt was probably much higher in rubles, although its equivalent in dollars may have been lower. In this table the ruble have been converted at the rate of 51.5 cents, its par value, but its exchange value in New York averaged only about 30 cents during 1916. The New York quotation of the ruble during the first business day of the years 1914–1917 have been as follows: 51½–51¾, 43, 29½–29¾, 30.05–30.15. On August 15, 1917, the ruble was quoted at 20.70–20.90 cents. In Petrograd the quotation on June 1, 1917, was 3.40 rubles for \$1. Minister Terestcherko estimated that the debt would increase to about 55,000,000,000 rubles by January 1, 1918.

## ITALY—PUBLIC DEBT.

	Lire.	Dollars.
June 30, 1914.....	14,466,870,000	2,792,106,000
June 30, 1915.....	18,927,385,000	3,652,985,000
January 1, 1917.....	31,438,339,000	6,067,600,000

NOTE.—The figure of debt for June 30, 1914, represents the net debt on that date (gross debt less securities held by the treasury). The amount for January 1, 1917, as reported by the Gazzetta di Lausanne, includes the following items: Consolidated debt, 10,051,088,797 lire; amortizable debt, 14,392,332,835 lire; treasury bonds, 3,258,027,000 lire; treasury bills (paper money) 1,308,300,000 lire; bank notes issued for the account of the Government, 2,428,590,400 lire; total, 31,438,339,032 lire.

The lira has been converted at the rate of 19.3 cents, its par value. The present exchange value of the lira is somewhat less, however.

## GERMANY—PUBLIC DEBT.

	Marks.	Dollars.
Sept. 30, 1913.....	5,177,225,300	1,232,179,600
Sept. 30, 1914.....	5,260,394,300	1,251,973,800
Sept. 30, 1915.....	26,014,890,100	6,191,544,000
Sept. 30, 1916.....	51,086,000,000	12,158,000,000

NOTE.—The figures relate to the Empire only, the debt of the various States not being included. As some of the war charges are borne by the States, the figures do not include the total war debt. According to a declaration made in the Reichstag by the undersecretary of the treasury, the war expenditure of Germany amounts to about 100,000,000 marks a day. Prof. Jaffe has calculated that by the end of July, 1917, the debts of the Empire may reach 120,000,000,000 marks.

The mark has been converted at the rate of 23.8 cents. In the international exchange the mark is now quoted at a discount of about 40 per cent.

## AUSTRIA—PUBLIC DEBT.

	Kronen.	Dollars.
Jan. 1, 1914.....	12,608,202,000	2,559,546,000
June 30, 1916.....	35,027,834,685	7,313,650,000
Jan. 1, 1917.....	44,226,919,541	8,978,065,000

NOTE.—The official figure of debt for January 1, 1917, includes 12,837,890,228 kronen of ordinary debt and 31,389,029,316 kronen of war debt. The krone has been converted at the rate of 20.3 cents. It is now at a discount of about 50 per cent in international exchange. During 1916 the daily expenditure of Austria was 41.6 million kronen, and a parliamentary committee estimated that the debt would reach 55,000,000,000 kronen by the end of June, 1917. The debt statement is exclusive of paper money.

## HUNGARY—PUBLIC DEBT.

	Kronen.	Dollars.
Jan. 1, 1913.....	6,592,846,000	1,338,348,000
Jan. 1, 1917.....	24,557,636,000	4,995,200,000

NOTE.—The figure of debt for January 1, 1917, is approximate only. It has been calculated by adding an amount equal to somewhat less than three-fifths of the Austrian war debt to the amount shown for January 1, 1913. Austria and Hungary contribute to the common military expenditures in the proportion of 63.6 to 36.4, and the estimate of the Hungarian war debt is based on that proportion.

Mr. CANNON. Well, the gentleman speaks of the regular annual appropriations—

Mr. FORDNEY. Yes, sir.

Mr. CANNON. When the gentleman speaks of appropriations.

Mr. FORDNEY. Yes, sir.

Mr. CANNON. Six billions estimates in round numbers are to be considered by the House with a billion and a half in round numbers within the last two weeks, war expenditures of course.

Mr. FORDNEY. Now, in conclusion, unless some other gentlemen want to ask questions—and I want to be courteous, but I wish to close as quickly as possible—

Mr. MORGAN. Will the gentleman yield?

Mr. FORDNEY. I will.

Mr. MORGAN. I am much interested in the question of whether the interest on this new bond issue should be raised from 3½ to 4 per cent. Does the gentleman think it is wise to increase the interest rate from 3½ to 4 per cent?

Mr. FORDNEY. No, I do not think so; yet under the terms of this bill it must be so or the bonds can not be sold. I stated—perhaps I had better explain that matter. For instance, the bonds already authorized and sold carry a rate of interest of 3½ per cent per annum and are exempt from taxation. These bonds authorized by this bill are to carry an interest rate of 4 per cent per annum and are subject to all supertaxes—not subject to normal taxes—but subject to all supertaxes.

Mr. MORGAN. Now, then, it is a fact that the bond proposition submitted by the Secretary of the Treasury of \$2,000,000,000 was oversubscribed by a billion dollars, and that was a 3½ per cent bond?

Mr. FORDNEY. Yes.

Mr. MORGAN. Now what evidence has the Secretary or the committee that the Government could not sell bonds at 3½ per cent interest rate? Is that a matter of mere conjecture, or what is the evidence on that point?

Mr. FORDNEY. In short, to be blunt, gentlemen, it is the opinion of the representatives of this Government that the Government will get a greater amount of taxes out of the people who have their money invested in bonds if you make them taxable and carry the additional one-half of 1 per cent per annum—that the Government will get more money back in



taxes in proportion to the additional interest charged on the bond of one-half of 1 per cent.

Mr. MORGAN. Is it not a fact, if the Government issues bonds at 4 per cent, that will to some extent destroy the value of railroad, industrial, city, State, and municipal bonds?

Mr. FORDNEY. I think so; and I explained that, probably, before the gentleman came in. Let me give an illustration: Suppose you take a very wealthy man—a Standard Oil man whose income is very great, one of the greatest in the country—and he should invest a very large amount of money in these bonds at the interest rate of 4 per cent—he, if anybody in the country, is subject to supertax, and therefore he purchases a Government bond bearing a rate of interest of 4 per cent and comes within the limit of the payment of supertax on very great incomes—his investment is worth but 1½ per cent per annum on the Government bond, which will not be attractive to that class of money lender.

Mr. MORGAN. Is it not a fact that the object of making these bonds subject to the supertax is to prevent or prohibit men of large means from buying those bonds? In other words, does not the Secretary of the Treasury think that those bonds should be sold to the mass of the people and not to the rich people or to the banks?

Mr. FORDNEY. Whether it is his intention or not, that is exactly the effect it will have, without any doubt whatever in my mind.

Mr. MORGAN. The gentleman spoke about the great interest charge which has come to us. If we increase the rate now to 4 per cent, is it not possible the next issue will have 4½ per cent, and is it not a fact that the moneyed interests generally are always saying that we have got to increase the rate on these bonds, and will it not have that tendency?

Mr. FORDNEY. The gentleman was not on the floor when I stated that during the Civil War the rate of interest on the various loans ran from 7½ on the first loans down to 5 per cent before the close of the Civil War. Now, this question came up before the Committee on Ways and Means, and I believe it was understood by all that we are not going to hereafter agree to increase the rate of interest on future bond issues above 4 per cent.

Mr. MORGAN. Now let me inquire of the gentleman with reference to his statement that during the Civil War we paid in excess of 7 per cent as the rate of interest, and from there it ran down. I think the gentleman's explanation of that is not correct. My idea is that when the Civil War began this Nation was without credit, and it was a question of whether we could continue the war; but as the war went on the Federal Government became better organized and established a better credit, and that was the reason why we got credit. But a different rule will follow in this war. Here we started out when our best credit was when the war began, and as these debts increase and expenses go on you will find the interest rate will increase and the credit will decrease instead of increasing, on account of the great volume of bonds we are bound to issue.

Mr. FORDNEY. It was for the cause I have stated, and I will state it for the gentleman's benefit again. The first issue of bonds during the Civil War carried a rate of interest of 7.3 per cent. The second rate of interest was 7 per cent, 6 per cent, and finally 5 per cent. All of those bonds were short-time bonds, and right after the Civil War they were converted into long-time bonds carrying an interest rate of 6 per cent per annum.

Now, gentlemen, let me close. Let me say with all seriousness that we have without scarcely a blush authorized the President to summon 10,000,000 of the flower of American youth for our Army and our Navy, to be sacrificed, if need be, and although taxes are to our people unpleasant and in some instances a hardship, the time is at hand for the Congress of the United States to summon large sums of the Nation's wealth to promote, equip, and sustain our Army and our Navy in the field of battle.

Never while an American patriot survives or a dollar of this Nation's great wealth remains unexpended to maintain the dearly bought heritage of our fathers should we cease to defend that heritage with our wealth and with our lives. [Applause.] I have three sons, and I have contributed two already. Let us hope and pray God may speedily bring to an early conclusion, without bloodshed, this dreadful war. Let us give freely of our wealth unhesitatingly to strengthen our allies in a foreign land that they may bear the brunt of this war, not brought on by us but by them, and bring it to a hasty conclusion.

I thank you. [Applause.]

I yield 30 minutes to the gentleman from Pennsylvania [Mr. Moore].

The CHAIRMAN. The Chair is not advised that the gentleman from Michigan can yield time.

Mr. FORDNEY. I will say that it was agreed upon by the gentleman from North Carolina [Mr. KITCHIN] and myself at the beginning that, although the request was not made as to controlling the time by either him or myself, it was generally understood it would be controlled either by the gentleman from North Carolina or myself, and the time for anyone who was present to object was then and not now.

Mr. STAFFORD. The gentleman is not acquainted with the rules of the House or else he would not make that statement.

Mr. FORDNEY. I made the statement exactly as it occurred on this floor to-day.

Mr. STAFFORD. There was not any such understanding entered into.

The CHAIRMAN. As the Chair understands the situation, it is possible that the minds of the gentleman from Michigan [Mr. FORDNEY] and the gentleman from North Carolina [Mr. KITCHIN] met upon the proposition, but no action was taken by the House.

Mr. FORDNEY. Let me ask the Chair this question. Did I not ask the gentleman from North Carolina [Mr. KITCHIN] when he took the floor to that effect, that he should control one half of the time and that I should control the other half of the time, and he said to let that be understood without any action being taken on the part of the House?

Mr. FOSTER. That is what he said.

Mr. STAFFORD. The fact is the request was never submitted, and the fact is that it could not be in the Committee of the Whole.

Mr. FORDNEY. What does the gentleman wish?

Mr. STAFFORD. I am willing to have the gentleman control the time, but let it be done in a parliamentary way, as it ordinarily is done. There has been no agreement made.

Mr. FORDNEY. Can not the gentleman give unanimous consent now without rising to go back into the House?

Mr. STAFFORD. We can not in the Committee of the Whole.

Mr. FORDNEY. Mr. Chairman, I move that the committee do now rise.

Mr. RAINEY. Mr. Chairman, I move that the committee do now rise.

Mr. MOORE of Pennsylvania. Will not the gentleman withhold that request for a moment?

Mr. RAINEY. Yes.

The CHAIRMAN. The gentleman withholds the request for a moment.

Mr. RAINEY. I withdraw the request.

Mr. MOORE of Pennsylvania. Mr. Chairman, if this great bond bill passes it will not lie in the mouth of any one at home or abroad to say that the Congress of the United States has failed to give ample financial support to the President for the prosecution of the war against the Imperial German Government. Although no gun has been fired since the President proclaimed the existence of a state of war with Germany, large powers and appropriations have already been voted to him, in behalf of this and foreign nations. This bill, which will put the President in position to lend to our allies in Europe and elsewhere a total of \$7,000,000,000 and raise additional sums by bond issue for domestic war purposes, will bring the total war expense of the United States, including certain departmental appropriations, up to a grand total for the fiscal year ending June 30 next, of more than \$19,000,000,000. This is a per capita charge of \$190 upon the population of this country for a war in which we have been legislatively engaged for the short period of five months. It represents a financial responsibility for this period equal to about four times the actual amount of money in circulation in the whole country.

If there has been any delay on the part of Congress in giving the President this exceptional authority to use the blood and treasure of the United States to fight a war with Germany and to cooperate with the allies, it might be edifying and satisfactory to the masses of the American people if some of our foreign critics who were insistent for American participation in the war, or some of the metropolitan editors who have echoed their sentiments, would point out wherein any other country has been more prompt or more generous under conditions so suddenly and unexpectedly thrust upon it. The way is open for a public comparison of data and figures if any critic of the American Congress cares to avail himself of it.

It will be remembered that Congress was called into extraordinary session in April last, after the country had been led to believe the United States would be kept out of war. During the fateful five months intervening from that time to this, the President's war message has been followed up by appropriations approximating \$9,000,000,000. The country has been whipped



into shape for war by the conscription of hundreds of thousands of industrious young Americans who have been and are now being called from their usual avocations to take their places in the training camps of the Army and Navy preparatory to foreign service. All American business has endured unusual financial tests; and the American home, already suffering from excessive prices for food supplies, has been more or less disorganized by the departure of single and married men for service in the field. In addition to this, the peace-loving and peace-deserving Americans, through their Congress, have added enormously to their Military and Naval Establishments; they have provided loans to foreign Governments at war with Germany; have established war-risk insurance to protect foreign commerce, as well as our own; have set up an extensive aviation service to operate principally on foreign soil; and have mobilized American men and industries to a degree unheard of in the history of the country.

The cost of all this to the individual American citizen has been higher and more oppressive than ever in our history. In the brief period since the President's war message the country has also invoked the practical and volunteer services of its women, who have made unusual sacrifices and engaged in unusual occupations in order that the Commander in Chief of the Army and Navy of the United States might not be impeded in the great work he has undertaken to do.

These are some of the instrumentalities which Congress and the country have already employed to uphold American honor and to give aid to the allies.

Now comes the second bond bill, the greatest in financial import ever presented to this or any other legislative body. It is such a bill as once thoroughly analyzed by the average American citizen will bring home to him impressively the weight of his own responsibility in this war. When he does come to analyze it and realizes that it is but the beginning of what Lord Northcliffe, the British commissioner to the United States declared last week would be "a long and costly war," he will better understand why the Representatives of the people of the United States should not only aid the President to start the war effectively, but should also undertake to see that while American rights are being maintained abroad they shall also be preserved at home. And such domestic rights may be taken to include a fair and just taxation to support the actual and reasonable demands of war.

The speed with which a government can plunge its people into obligations that endure long after war is familiar to those who have studied history. Already in this war rumors of waste and extravagance, due to the haste of preparation for an early and effective war, persist in finding their way into print. The American taxpayers have a right to be protected against excessive burdens which such unpatriotic practices impose. With the passage of this bill, bringing the total expenditures up to the enormous figure of more than \$19,000,000,000, with almost unlimited discretion conferred upon subordinates through the delegation of power by the President, it is not extraordinary that mistakes will occur, for which the people will have to pay, or that the profiteer will get in his deadly work. It is certainly not giving "comfort to the enemy" at this particular stage of the discussion to observe that those who sometimes most vociferously criticize the Representatives who feel their responsibility to the taxpayers in this regard are conspicuous amongst those who make mistakes affecting the life and property of the citizen, or who find it profitable to keep the country at war. The passage of this bill, whether it is so accepted by the habitual critics of Congress or not, will be the most effective response that Congress can give as to its readiness to support the Commander in Chief. It will answer those amongst our allies who have shown a spirit of restiveness toward the Congress of the United States, and it will put Germany upon notice that the resolution of Congress was no idle declaration of war, but means business, no matter what the immediate or ultimate sacrifice. But it should avail nothing to the grafter, nor should it be used to excuse the incompetent or the wasteful.

To me, Mr. Speaker, it seems fair that we should tell the American people, so far as our voices will carry, that even this \$19,000,000,000 entry into the European war is only a beginning. The President's recent reply to the Pope's peace memorial helped to arouse the American people on that point. It convinced those who read it that the task which the President has set, to practically overthrow the Imperial Government of Germany, will call for new and continued sacrifices which those who had hoped for an early peace must now endure to the end.

Mr. SLOAN. Will the gentleman yield?

Mr. MOORE of Pennsylvania. I will.

Mr. SLOAN. I see the gentleman from Pennsylvania places a construction upon the President's demand for overturning the German Government. Is the gentleman able to say what the attitude of the other powers, such as Great Britain and France, is upon that specific proposition?

Mr. MOORE of Pennsylvania. Their replies to the Pope's peace proposition have not yet been published. The President has given utterance to his thoughts on the subject, and we are informed through the newspapers that his may be the last word, so far as the allied powers are concerned.

Mr. SLOAN. I call the attention of the gentleman to the recent speech of Lloyd George, disclaiming the intention of overthrowing the present German Government.

Mr. MOORE of Pennsylvania. I take it that the President's message meant that there could be no peace with Germany until the present German Government was changed by the people themselves. In other words, there would have to be a change in the imperialistic system which now prevails in that country, and the answer to that proposition must come from the German people. That is as I understood it.

Mr. SLOAN. I was interested in the gentleman's construction of the message of the President as it measured against the statement of Lloyd George and Balfour.

Mr. MADDEN. Does the gentleman from Pennsylvania consider the answer that came from the Reichstag as an answer coming from the German people?

Mr. MOORE of Pennsylvania. I do not so understand the President's letter in response to the Pope's proposition; but I do understand the President to mean—and I hesitate to interpret his language—that there must be a change in the present form of government in Germany before the American Nation can enter into peace negotiations.

A remarkable interview interpreting the President's utterances, and given to the press by the English commissioner, Lord Northcliffe, confirms this view. Of Lord Northcliffe, whose prestige as a publisher is not confined to Great Britain, a writer in Everybody's Magazine in April last, said:

When the real story of how the British cause was brought home to the American public is told, it will be found that Northcliffe's service to our writing men and women has aided more than nearly all the official agencies combined.

The same Lord Northcliffe, now cooperating with the United States Government in the matter of loans, food distribution, shipping, and so forth, seated in his New York office last week, gave warning to the American people that they were now "in for a long and costly war." In the course of his interview, reported by Mr. Richard J. Beamish, Lord Northcliffe, speaking of President Wilson's ultimatum to the Pope, said:

"If the ultimatum can be brought home to Germany, a great change will be worked in the thought, temper, and the future of the German race. Do you know that only one leading paper in Germany has printed that portion of the President's address to Congress at the beginning of the war in which he set the German people apart from the Kaiser?"

"The note to the Pope closes the door in the face of peace negotiations at this time. Americans who will study that note must realize they are in for a long and costly war."

"And what do you think about a long war?" I asked.

"I have a theory," he replied after a pause for meditation, "that a long war after all may be best for the world, best for civilization."

"That is a surprising statement," I interjected. "What are your reasons?"

"The elements that go to make this war have been brewing a long time. There has been in Germany so much preparation outside of the matter of armies and navies, so many factors that require decision, so many problems that need solution, that a period of ferment, such as war is, will perhaps be to the greatest advantage. There are so many complexes in Germany requiring disintegration that it is just as well to make haste efficiently and slowly."

"What do you think of our handling of the war?"

"To me and to many other British subjects the amount of work that you have already accomplished is, without exception, remarkable. Often I hear it said of the President by Englishmen, 'How on earth did he get these people into the war?' We Britishers look along Broadway and see scarcely a British name. We go down into the east side of New York and hear Greek and other languages spoken rather than English. We see the same phenomenon in Central Park and other parts of the city. These people are in the war, and they are being daily awakened to the realities of warfare. There is a driving force back of the people, and that force comes from the instinct of self-defense. America is in the war to stay, and that is what the note to the Pope means, and that is what the American people will learn with increasing force day by day."

Parenthetically, I may remark that Lord Northcliffe visited the Secretary of the Treasury recently to confer about another loan to Great Britain; and I may also say, parenthetically, that the Secretary of the Treasury, before the Committee on Ways and Means, said in answer to questions on this subject of loans that he was not sure that the four billions that we are to lend to our allies would be sufficient to carry them up to the 30th of June next. It is possible they may need more, although it is also possible they may not need so much. The Secretary



was noncommittal as to whether we would have to raise more money to carry them beyond June 30 next.

Mr. MADDEN. Mr. Chairman, will the gentleman yield there?

Mr. MOORE of Pennsylvania. Yes.

Mr. MADDEN. The gentleman says the Secretary was noncommittal as to whether we would not have to raise more money to carry them to before that time?

Mr. MOORE of Pennsylvania. He was noncommittal as to that. The Secretary said he did not know what new demands might be made. He could not, of course, say when the war would end.

Mr. Chairman, since the position of Lord Northcliffe as commissioner to the United States is official, and his influence at Washington and in the newspaper world in the United States and Europe is unique, the effect of his conclusions may not be minimized or mistaken. From the British viewpoint Lord Northcliffe "speaks by the card." If he accurately estimated the President's ultimatum on the peace proposal—and no official suggestion has come to Congress that we should cease to make loans and appropriations to perpetuate America's part in the European war—it may be accepted as a foregone conclusion that the regular session of Congress beginning in December next will be called upon to extend our present \$19,000,000,000 cost to higher amounts not yet estimated.

I assume, Mr. Chairman, the people of the United States will patriotically comply with every obligation which the President and Congress impose upon them to win this war; but if it is true that we are "in for a long and costly war," and we begin our part of it with \$19,000,000,000 of American obligations, is it not fair to our own people, and to our allies as well, that we take an early account of their war stock and of ours? If we begin with Great Britain, the greatest of the foreign nations with whom we are now cooperating, the contrast will be interesting. Data compiled by the Department of Commerce and submitted to the Ways and Means Committee shows that the public debt of Great Britain March 31, 1914, was \$3,443,799,000; that one year later, March 31, 1915, after the war had started, it had advanced to \$5,673,374,000, a matter of only \$2,200,000,000 in one whole year; and that more than three years later, July 21, 1917, the interim being war years, it had increased to \$21,897,666,000, or only about \$2,900,000,000 more than the United States war cost, including loans, provided for in five months. The department data submitted to the committee shows that Great Britain's debt included advances to her allies and to British dominions of an equivalent of \$5,800,000,000. If paid, these advances would reduce the total British debt for a war of more than three years to an amount below the indebtedness now being incurred by the United States for its five months' participation in the war.

Mr. CRISP. Mr. Chairman, will my colleague yield there?

Mr. MOORE of Pennsylvania. Yes; I yield to the gentleman from Georgia.

Mr. CRISP. Is that true, according to your figures, deducting the \$7,000,000,000, that we are proposing to loan out of our expenditures to our allies? The gentleman's argument I did not think was fair, in that it did not bring out that thought.

Mr. MOORE of Pennsylvania. I left the figures stand partly because it was represented to the committee that we should leave it discretionary about the payment of the obligations we are taking from foreign nations, but I am happy to state that the committee in this bill has indicated that it expects these loans made to our allies to be repaid. [Applause.] With that explanation the analysis stands.

Mr. CRISP. But if their obligations are paid it does not stand, and the presumption is that they will be paid, and they will be paid unless Congress by a subsequent act relieves them from payment.

Mr. MOORE of Pennsylvania. When the first bond bill was under consideration gentlemen on the floor of the House said that they would be willing to have these obligations canceled, and the department's attitude to a certain extent has left that question open. But it has been written differently in the bill now before the House. I concede if the foreign bonds are paid it reduces our total indebtedness that much, but nevertheless we incur the indebtedness.

Mr. HUSTED. Mr. Chairman, will the gentleman yield there?

Mr. MOORE of Pennsylvania. Yes.

Mr. HUSTED. Does the gentleman know how much money Great Britain has raised by taxation during this period as compared with her bonded indebtedness?

Mr. MOORE of Pennsylvania. I have not those figures. It may be that Great Britain's debt is higher than I am now stating it. It probably is.

Mr. MADDEN. They raised about \$5,000,000,000 in taxes, including those for war purposes.

Mr. MOORE of Pennsylvania. These figures I am using may not be the latest figures, but they come from the Department of Commerce and serve to show that the United States up to date is certainly "doing its bit."

Mr. MADDEN. Great Britain has raised \$5,000,000,000, or a little more, I understand, including taxation for all purposes.

Mr. HUSTED. And if that is true, she has raised by bonded indebtedness about four times more than she has raised by taxation.

Mr. MOORE of Pennsylvania. That may be. I intend to speak about bonds and taxation.

Mr. GARNER. Mr. Chairman, will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. GARNER. The figures that the gentleman from Illinois [Mr. MADDEN] gives are up to April of the present fiscal year.

Mr. MOORE of Pennsylvania. Each gentleman may have his own figures, but those I quote come from the Department of Commerce of the United States.

Now, as to France. The public debt of France, as reported to the committee by the same department, was \$6,347,540,000 January 1, 1914, before the war started, but jumped rapidly until April 30, 1917, when the total was \$17,727,013,000. This huge indebtedness of France, where most of the hard fighting has been done, is less for the three years than the five months' cost to the United States, and it included loans of nearly 4,000,000,000 francs to allied countries.

The Russian debt as reported to the committee began at \$4,544,000,000 January 1, 1914, and hovered round about \$13,000,000,000 January 1, 1917.

The Russian debt is undoubtedly greater to-day, but to a certain extent the situation has been relieved by loans authorized by the American Congress.

The debt of Italy, which has been putting up such a spirited fight against Austria in recent weeks, was quoted at \$2,792,106,000 as of June 30, 1914, and had risen to \$6,067,600,000 January 1, 1917. It has doubtless increased considerably since that date.

Taken separately these figures for the dates stated, with the possible exception of Great Britain, show the expenditures of each foreign nation to be less than those thus far authorized by the United States. The aggregated foreign cost for the allies for the period referred to in round figures was about \$58,000,000,000.

The German and Austrian figures present a startling contrast. Up to September 30, 1916, according to the Department of Commerce, the public debt of Germany, which has been sustaining the brunt of war against all the allied nations, was only \$12,158,000,000. Prof. Jaffe, it was reported, has calculated that by the end of July, 1917, the debts of the empire would reach about 120,000,000,000 marks, or double the 1916 figures. But the German total of \$12,158,000,000 to sustain a war against an approximate \$58,000,000,000 of contending nations is what surprises us. It furnishes food for thought to Americans who are now expected to supply the sinews of war for themselves and the allies. If it is true that Germany has been using large sums of money to corrupt public sentiment and maintain an expensive spy system in America, in China, and in other countries, that of itself would seem to materially reduce the comparatively small war bill just quoted. As to Austria's debt, on January 1, 1914, it was quoted at \$2,559,546,000, which had risen to \$8,978,065,000 January 1, 1917. This of course should be added to Germany's total, as against the \$58,000,000,000 total of the allies.

War-debt figures for Japan, another of the allies at war with Germany, were not submitted to the committee, but incidentally the Secretary of the Treasury stated that our commercial transactions with Japan were now leading much American gold out of the United States to that country. Japan, it may be observed, has not been overlooking her interest in commerce during the war, and has been steadily developing her ship lines on the Pacific Ocean and elsewhere.

And this reference to Japan, Mr. Chairman, is not invidious at all. In the matter of commerce after the war, each of the allied nations to which we are now making loans is equally concerned. It is quite natural that all of them should be anxious about their future participation in the world's trade. We of the United States also have an interest in this question and should not be sidetracked through commercial or financial impulses so generous in war times as to leave us hindmost in competition when peace is restored.

Mr. HUSTED. Mr. Chairman, will the gentleman yield again?

Mr. MOORE of Pennsylvania. Yes.

Mr. HUSTED. Is not the very high disproportion of cost on the part of the United States in conducting this war as compared with the expenses borne by other nations very largely the price that we are compelled to pay for our lack of military preparedness in this country?

Mr. MOORE of Pennsylvania. There is something in that, and I will concede that perhaps the low cost in Germany is due to previous preparation. That may be true; but that does not alter the fact that a condition now prevails which should put the United States people on guard as to their ability to compete in the great commercial warfare which they may be forced to face when peace has been restored.

Mr. TEMPLE. Mr. Chairman, will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes; I yield to my colleague from Pennsylvania.

Mr. TEMPLE. I thought I noticed that in comparing the expenditures of the United States so far with those of other powers the gentleman stated that \$19,000,000,000 had been expended in five months?

Mr. MOORE of Pennsylvania. No; I did not say that. I said that we had already appropriated or prepared to appropriate in our five months' war period \$19,000,000,000.

Mr. TEMPLE. And does not include the total expense up to the 30th of June?

Mr. MOORE of Pennsylvania. The loans to the allies are to be carried forward to the 30th of June, 1918, the end of the fiscal year; but as we have been chided sometimes, and sometimes from the other side of the water, about our lack of haste to precipitate ourselves into the war, I wanted to show that in five months we have appropriated and made provision for substantially as large an indebtedness as England incurred during the whole three years of the war and more than France or Russia throughout the war.

Mr. TEMPLE. The gentleman, however, would distinguish between appropriating money and providing for the sale of bonds?

Mr. MOORE of Pennsylvania. Yes. I will speak of that later.

Mr. TEMPLE. We have not appropriated all of this \$19,000,000,000.

Mr. MOORE of Pennsylvania. No; not yet. But if the loans which we have made to foreign Governments are not paid the people of the United States will have to pay these and other obligations up to the total of the \$19,000,000,000. I assume the loans will be paid, most of them.

Mr. TEMPLE. Is not the gentleman including in his \$19,000,000,000 the amount now proposed to be raised by the pending bill?

Mr. MOORE of Pennsylvania. I am including in the \$19,000,000,000 the appropriations already made and the amounts reported by the Ways and Means Committee herein.

Mr. TEMPLE. And besides that—

Mr. MOORE of Pennsylvania. It includes what is to be expended for loans to our allies and for our own necessities up to the end of the fiscal year June 30 next. We are assuming the total debt now.

Mr. TEMPLE. But the gentleman would not say the money is appropriated, because we have not appropriated it; and he would not say it is for five months, because it is intended to carry us to the end of the fiscal year, which is 15 months.

Mr. MOORE of Pennsylvania. The gentleman would not say we have been in this war 15 months?

Mr. TEMPLE. We have not, but if it is fair to say that the money has been spent—

Mr. MOORE of Pennsylvania. There may have been a public impression that we were in this war. That perhaps is a part of the trouble; but the President's declaration of a state of war was not ratified by Congress until the first week of April of the present year—about five months ago.

Mr. TEMPLE. But the \$19,000,000,000 are not for expenditures within five months, but for loans to our allies and for expenditures for 15 months.

Mr. MOORE of Pennsylvania. As I said at the outstart, they include certain departmental appropriations, and they include the total of the loans, and they are the aggregate that this Congress has provided to meet war conditions up to the 30th of June, 1918. But we have been at war only five months.

Mr. LOBECK. But whenever Congress appropriates money, that money is credited to the department that is to use the money.

Mr. MOORE of Pennsylvania. Exactly, and a great deal of this money is being very rapidly expended now.

Mr. GARNER. The gentleman is not making these comparisons for the purpose of showing that this Government is mak-

ing appropriations that it ought not to make for this war, is he?

Mr. MOORE of Pennsylvania. No; I am showing that this Congress, which has been accused of sloth, is almost unduly hasty in its desire to help the allies and to impose taxes upon the people of the United States.

Mr. GARNER. But the gentleman has no criticism to make up to date of the appropriations that have been made by Congress?

Mr. MOORE of Pennsylvania. I am asserting what seems to be the fact, that we are liberal and quite generous, and I am calling to the attention of the American people, so far as I can, the fact that the burden is upon them, and that it will have to be paid, if not by this generation, then by future generations; and that this is only the beginning of what Lord Northcliffe says is to be "a long and costly war."

Mr. Chairman, the obligations we are incurring if indulged to an unreasonable degree and without proper oversight and supervision by the Representatives of the people in Congress, may seriously handicap our future generations in the world's work they will have to do. It is no secret that Japan is rapidly increasing her world's commerce. It is to be assumed that sooner or later the industries of Great Britain and of Germany and of France will be shoving their output into foreign markets. Canada, our sister ally to the north, is certainly not letting any of her opportunities slip on account of the war. She is actually offering inducements to business men and capitalists to locate over there. If we repeal our coastwise shipping laws Canada will be in fine feather. Canada did not even pass a conscription law to help the European allies until after the United States had done so. These are some of the matters we should consider along with the bond and taxation burdens we are called upon to discuss. Remember that neither Germany nor Great Britain have sustained such great losses in merchant vessels as to make this suggestion unworthy.

As to Great Britain, she unquestionably continues to maintain her claim of "Mistress of the Seas." It may be a necessary expedient of war, but it is somewhat humiliating nevertheless, that the British control of shipping has largely regulated and restricted American imports and exports throughout the war period. The British Textile Alliance is still doing business in this country and through it American importers and exporters are expected to make their shipments and incidentally to pay their charges. Consider these matters in connection with the recent statement of Mr. Bonar Law, chancellor of the exchequer, as to the enormous and seemingly unwarranted profits accruing to the stockholders of certain British shipping companies, and it seems fair to inquire why the submarine menace has so long been tolerated. Is it due to the more important commercial interests, or is the great British Navy waiting for the Navy of the United States to undertake the job?

During the discussion of the finance bill in the British Parliament late in July, Mr. Law, relating his personal experience as a minor shipowner, is reported to have said that "he had invested \$40,550 in 15 different shipping companies managed by 7 distinct owners. He would have been satisfied with 5 per cent interest, or slightly over \$2,000. His actual profits were: 1915, \$18,120; 1916, \$19,235. This was after paying excess-profits tax. In addition, one of the steamers was either sold or sunk. His investment in the ship was about \$1,000. The check he received in liquidation of claim against the ship was \$5,000."

Another statement showing that British merchant vessels have been paying well during the war is shown by the Furness-Withy report, which I quote herewith:

"Report for the year ending April 30 last, a profit of £1,183,000 after paying two years' unstated excess-profits tax. The dividend declared is 20 per cent, the same as the previous year. A sum of £350,000 is placed to depreciation and £700,000 to a trades contingency fund, making the total reserve £1,500,000. Other small allocations leave a balance of £136,000."

When foreign nations supposed to be in desperate straits because of the German submarine are able to show such fine commercial returns as these reports indicate, it is no wonder that some American newspapers have begun to inquire why the British Admiralty has not given more attention to the submarine menace. And, by the same token, it may be fair for American taxpayers, who are now bonding themselves and the future generations, to inquire why American money is to be put into wooden ships, or even steel ships for that matter, to run the gantlet of the submarine, or why there is not a closer cooperation as between the American Navy and foreign admiralities with respect to the suppression of the submarine.

In connection with these suggestions of the interest of some of our allies in the preservation of their own domestic affairs it may not be amiss to remind ourselves that we have estab-



lished; amongst other things, largely for the benefit of our allies, a food and fuel control establishment in the United States which proposes to check monopoly, but which also promises to keep consumers' prices in this country as high, if not higher, than those which now exist in foreign countries. I cite these facts merely to show that up to date the United States has been fairly generous to her allies and has assumed responsibilities and granted concessions which ought not to be made too heavy and too enduring a burden upon our own people.

Mr. Chairman, we have now reached a point with our American expenditures where we should temper some of the discretion which we have been reposing in our administrative officers to the cooperation and the supervision of Congress. If Lord Northcliffe is right when he says the United States is "in for a long and costly war," the burdens are going to pile up enormously notwithstanding the temporary war prosperity which now prevails in the United States. Taxes or loans, it makes no difference, the people must pay in the end. If taxes are imposed, as they will be when the revenue bill passes, the burden will be felt immediately. If we resort to loans, as this bill proposes to do, future generations will assist in carrying the burden. The loan situation is anomalous in this—and the distinguished Speaker of the House made the same comment a while ago in his interrogation of the gentleman from Michigan [Mr. FORDNEY]—that the debts we now create by loans for future generations to pay will be borne in part by the very young men whom we are now sending forth to battle. It will be theirs not only "to do and die," but to pay the bills, those of them who do not die, when they come home.

If the revenue bill, which is now undergoing the scrutiny of the Senate, carries in excess of \$2,000,000,000, which is likely, it would take nine more such tax bills to pay the United States war bill for the current year. The revenue bill is a tax bill. It touches the pocketbooks and profits of the present generation. That is why it is so hard to pass. The present bill is a loan bill. It carries five times the amount of the single revenue bill, which is making so much ado in the Senate; but the burden is passed along to future generations. The difference is that a tax bill is a sort of C. O. D. arrangement and a loan bill is a promise to pay. The ease with which loan bills are passed does not lessen the force of the suggestion that the American people should be more fully informed about these large financial operations.

I expect to vote for the present bond bill because it was represented to the Ways and Means Committee to be absolutely necessary to keep the faith of the Nation thus far made with our allies and to adequately support the President acting in the capacity of Commander in Chief of the Army and Navy. The administration, of course, is responsible for the conduct of the war and makes these demands upon Congress for reasons satisfactory to itself. While it would be unwise at this time to throw any obstacles in the way of the President or to make more onerous the great task he has assumed, I am still of opinion that he would be neither hampered nor hobbled by the appointment of a joint committee of Congress to cooperate with him and with his heads of departments, to promote efficiency and to prevent waste and extravagance in the matter of war expenditures.

Unless Congress does appoint some such committee, which may be accepted in good faith by the President, there will ultimately be little or no limit upon the discretion of administrative officers with respect to the expenditure of public funds.

This bill proposes to authorize the loan of \$4,000,000,000 to our allies. Does Congress receive any information as to how these loans are made, to whom, or upon what grounds, except through the newspapers? Granted that the Secretary of the Treasury did appear before the Ways and Means Committee and did discuss these matters within such bounds as he thought proper, but still much of this information is denied to Congress itself through a careful pruning of the stenographers' notes, due doubtless to a desire to conserve the public interest.

The rate of interest which makes this new bond issue more attractive to investors whose money is thus withdrawn from the industries to a certain extent is raised by this bill from 3½ to 4 per cent. That fixes a heavier burden upon the future generations and is estimated to create a new charge on interest account alone of \$300,000,000 per annum. This sum must be raised by taxation. Another feature of this bill, apart from the generous bestowal of authority upon the present Secretary of the Treasury and his successors, who may be less informed than he, is the allowance of approximately \$17,000,000—originally \$23,000,000 was asked for—to pay for advertising and promoting the loan. With that enormous sum of money at his disposal for promotion purposes some future Secretary, less scrupulous than the distinguished incumbent of that office, could establish such an organization for partisan or other selfish purposes as might induce the lamented Andrew Jackson to rise from his

grave and call Nicholas Biddle, of the United States Bank, a mere tyro or "piker" in finance.

It is to be presumed, of course, that the President will perform his full duty to the people of the United States in these troublous times and that the heads of departments acting under his direction will honestly and efficiently expend the public money. But if "we are in for a long and costly war," and there is to be no compromise until the Imperial Government of Germany is wiped out, and Congress is to remain in continuous session to raise money by loans and taxation, it does not seem unreasonable nor lacking the proper American spirit to ask that the Representatives of the people, upon whom this taxing function is fixed, be permitted for their own satisfaction and for that of their constituents to know how the people's money is being spent. To bring this matter before the House for consideration I have introduced a bill providing for the appointment of a joint committee on war expenditures, which I shall offer as an amendment at the proper time.

Mr. Chairman, before taking my seat I desire to add a few words to what was said by the gentleman from Michigan [Mr. FORDNEY] about the advisability of creating a joint congressional committee on war expenditures.

Mr. JOHNSON of Washington. Will the gentleman yield for a question?

Mr. MOORE of Pennsylvania. I will.

Mr. JOHNSON of Washington. Before the gentleman goes into that I wish to ask, Has anything been fixed with regard to the payment for newspaper advertising for the promotion of the next loan?

Mr. MOORE of Pennsylvania. The Secretary of the Treasury was asked about that, and there was submitted to him a newspaper statement which indicated that a press association had proposed to do this work for from \$1,000,000 to \$2,000,000. Another press association has been advertising in Washington during the last few days that it was necessary to advertise this loan in order to place it; but the Secretary was somewhat discreet in his answers to the question put to him on this subject. He indicated that advertising would be helpful.

Mr. JOHNSON of Washington. I notice in the report that the Secretary says that a commission will have to be paid. He says that the banks and authorities who handled the last loan advertised and used the clerks free of charge, and it would not be fair to ask the banks to do that again.

Mr. MOORE of Pennsylvania. The Secretary was pressed for information on that subject.

Mr. JOHNSON of Washington. He admits that the newspapers gave their columns free, and says that the same argument would apply to them.

Mr. MOORE of Pennsylvania. The Secretary stated that many newspapers gave free notices urging the people to support the loan. He stated that many banks and financial agents gave voluntary and free service, and had held their clerks over-hours, paid for extra meals in order that the extra work imposed upon them might be properly performed, and that the loans were circulated among the patrons of the institutions.

Mr. JOHNSON of Washington. If the bill is passed, it is left in the hands of the Treasurer as to how it shall be paid.

Mr. MOORE of Pennsylvania. The original bill carried a provision that no commission should be paid for selling the bonds. This bill leaves out that provision, and the Secretary explained why. In brief, the point was this: The Secretary had called upon bankers and brokerage concerns and other agents for selling bonds to help him in the great work of placing the liberty loan. He called upon the newspapers in the same way. The Secretary now feels, according to the statement to the committee, that it would be fair to compensate, not to pay a commission, because "commission" is an undesirable word, but to compensate those whose services he invoked in all quarters of the country to help place the new loan.

Mr. JOHNSON of Washington. And, instead of a commission, he is allowed a sum for selling the bonds.

Mr. MOORE of Pennsylvania. As it reads now, the bill will permit the Secretary to use a total of \$17,000,000. Originally a percentage rate was asked for which would equal \$23,000,000, but that was cut down on a motion made by the gentleman from Nebraska, so that the total now allowed by the bill would be \$17,000,000, which I myself think is too much, to be very frank with the gentleman from Washington.

Mr. SLOAN. Will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. SLOAN. I understand that when the gentleman was younger he was a newspaper man. Can not he testify to the value of newspaper advertising in a campaign of this kind?

Mr. MOORE of Pennsylvania. A campaign of newspaper advertising, while expensive, would be very effective; but the



Secretary would have this difficulty in an advertising campaign: There are hundreds of thousands of newspapers in the United States—large and small, daily and weekly and semi-weekly—and every person in the newspaper business would expect to be considered in the matter of advertising if the Secretary had at his disposal so large a fund as \$17,000,000. And yet it would be one of the ways by which the loan could be floated.

Now, as to the point made by the gentleman from Michigan about the advisability of having a congressional joint committee of the Senate and House, not to interfere with the President of the United States, not to manage the war, not to take any war business out of his hands but to cooperate with him to prevent waste and extravagance and to promote efficiency. The gentleman from Michigan thought that this would be a good thing, and I think it would be a good thing and an essential thing. The gentleman from Michigan was asked for a specific instance for his belief in the usefulness of such a commission, and made some reference to the purchase of flying machines. I tried to help the gentleman from Michigan from my recollection of what I had seen in the newspapers. I sent to the office and obtained a copy of the New York World of the date of August 27. The New York World is not a newspaper speaking for the party of which I am a member; it is presumably friendly to the present administration; it has been for this war from start to finish, and is for the President from start to finish. So it can not be said that the New York World seeks to impede or hamper the President in his work when it brings forward these specific facts which the gentleman from Michigan did not have at hand and which I did not have at hand at this time.

It is said in this article that a great deal of money is being wasted in the purchase of aeroplanes. Now, it will be recalled that when the \$640,000,000 bill was brought into the House the Members were told by members of the House Committee on Military Affairs that they should not ask questions, that it might be giving aid and comfort to the enemy to tell how this great sum was to be spent. My judgment is, that the enemy who grafts upon the Government of the United States in war time is almost as dangerous as the enemy across the water, whom we must meet bayonet to bayonet and gun to gun. [Applause.] But coming to the New York World, the friend of the administration, what does it say about the aeroplane business? It quotes in particular Maj. George H. Brett, now in charge of the purchasing end of the Chief Signal Officer's division of the War Department, and what is Maj. Brett quoted as saying?—

We found that the identical parts we found necessary to buy separately costing \$15,000, we could buy assembled in a machine for \$6,000, but those were their prices and we had to pay. Then the prices kept increasing until finally the Aircraft Production Board threatened the companies with Government confiscation.

Mr. BORLAND. Will the gentleman yield?

Mr. MOORE of Pennsylvania. I am going to quit in a minute.

Mr. BORLAND. Does not the gentleman's statement indicate that the Aircraft Production Board corrected the very thing he points out?

Mr. MOORE of Pennsylvania. I will put the whole statement in the Record and let it speak for itself.

Mr. BORLAND. The Aircraft Production Board corrected it.

Mr. MOORE of Pennsylvania. I will put the whole article in the Record so that the House may understand what the gentleman from Michigan was referring to. If another illustration were wanted, we have that of the defective shells sent to our soldiers in France. The serious consequences resulting from such contracts might not be brought to the attention of the President with that celerity with which injured parties would complain to their Congressmen. In some cases it is clear that soldiers might not care to report as to those who were in authority over them. Contractors involved in such practices would certainly not carry the tale to the President or to the department heads. For these and many other reasons it seems advisable that a joint committee of Congress should be created to cooperate with the President. It may be helpful to him and to the country, and it surely can do no harm. [Applause.]

The flying-craft article from the New York World is as follows:

[From the New York World.]

AIRPLANE MAKERS USE WAR NEED TO "HOLD UP" NATION—"EXTORTIONATE" PROFITS BY CONCERN GIVEN CONTRACTS ON AIR-FLEET PROGRAM ARE EXPOSED BY CLEVELAND LEADER CORRESPONDENT AT WASHINGTON, SOME RUNNING HIGH AS 300 PER CENT—COFFIN, OF DEFENSE COUNCIL, THREATENS PLANTS' SEIZURE—\$15,000 PAID FOR AIRPLANE PARTS WHICH IN COMPLETED MACHINES COST BUT \$6,000—EVIDENCE ABOUNDS OF BRIBE OFFERS, AND CONGRESS IS EXPECTED TO DEMAND FULL INQUIRY.

CLEVELAND, OHIO, August 27.—1 a. m.

The Cleveland Leader this morning prints the following article by Carl D. Ruth, its staff correspondent at the Capital:

WASHINGTON, August 26.

How huge profits have been reaped by aeroplane manufacturers, companies upon which the United States is dependent for the realization of plans for its \$640,000,000 air fleet and the successful prosecution of the war is revealed in figures obtained from Government records in Washington.

So flagrant have been the price-boosting activities of these concerns that the aircraft-production board of the Council of National Defense, of which Howard E. Coffin is chairman, has found it necessary to threaten seizure of the plants.

Although this threat has been effective in substantially lowering prices of airplanes, airplane motors, and parts, this drastic step is still being considered as a protection to the people, whom the war is now costing \$24,000,000 a day. Members of Congress who know something of the extent to which the Government has been made the victim of profiteering, not only in aircraft production but on contracts for meats, food supplies, uniforms, band instruments, surgical instruments, tentage, and other equipment for the Army and Navy, are ready for a rigid inquiry. Special attention probably will be given aeroplane contracts if such an investigation is ordered.

#### "EXTORTIONATE" PRICES.

Here are some of the figures and facts concerning which an explanation will be demanded:

Between September 14, 1916, and May 4, 1917, contracts were let by the Chief Signal Officer of the Army, Brig. Gen. George O. Squier, on recommendation of the Aircraft Production Board of the Council of National Defense, totaling \$4,363,756, of which \$3,418,921 was for assembled airplanes of various types and sizes and \$944,835 went for extra motors, propellers, and other parts.

According to Maj. George H. Brett, now in charge of the purchasing end of the Chief Signal Officer's Division of the War Department, the prices charged on many of these contracts were so excessive as to amount practically to extortion, particularly the prices on extra parts. "We found," he said, "that the identical parts we found necessary to buy separately, costing \$15,000, we could buy assembled in a machine for \$6,000, but those were their prices and we had to pay. Then the prices kept increasing until finally the Aircraft Production Board threatened the companies with Government confiscation."

That profits on airplane contracts were so alluring that the representatives of certain companies were willing to use corruption and bribery in order to land them was indicated, Maj. Brett said, by offers made him.

#### GRAFT CHANCES ABOUND.

"There have been plenty of opportunities for dishonest officers to share in the profits of these contracts," he said. "However, I am certain that no Army officer or Government official has done so."

"I have made it a rule to accept not so much as a cigar from representatives of companies we are dealing with."

The following 19 companies, manufacturers of airplanes, airplane parts, and accessories, were awarded during the eight-month period indicated above:

The Curtiss Aeroplane & Manufacturing Co., Buffalo, N. Y.  
The Burgess Aeroplane Co., Marblehead, Mass.  
The Sturtevant Aeroplane Co., Boston, Mass.  
The B. F. Sturtevant Co., Hyde Park, Mass.  
The Pacific Aeroplane Products Co., Seattle, Wash.  
The L. W. F. Engineering Co., College Point, Long Island, N. Y.  
The Wright-Martin Aircraft Corporation, No. 60 Broadway, New York.  
The Standard Aeroplane Co., New York and Plainfield, N. J.  
The Thomas Bros. Aeroplane Co., Ithaca, N. Y.  
The Aero Marine Sales Co., New York (now the Aero Marine & Engineering Co.).  
The New York Aeroplane Construction Co., New York.  
The Wittman Aircraft Co., New York.  
The Eastern Aeroplane Co., New York.  
The Heinrich Aeroplane Co., New York.  
The French-American Balloon Co., whose contract was transferred to the Connecticut Aircraft Co.  
The Glenn-Martin Co., Los Angeles, Cal.  
The Murray & Tugurtha Co., South Boston, Mass.  
Gallaudet Aircraft Corporation, New York.

Some of these companies, it is said, were unable to participate heavily in the profits because they were mainly "paper" concerns and lacked the facilities to handle large contracts. Other of the smaller companies were satisfied with fair profits.

It was the Curtiss Co., of which Glenn L. Curtiss is head, and the Standard, another of the larger companies, which realized the biggest profits.

#### CURTIS GETS BIG ORDER.

In the four months between October 18 and February 17, the records show, the Curtiss Co. was awarded nine contracts for airplanes at a total price of \$1,509,850 and eight contracts for extra motors and parts totaling \$390,715, making a grand total of \$1,900,565.

The Standard Co. was awarded five contracts for airplanes and parts totaling \$1,062,910, of which \$893,100 was for airplanes and \$169,810 was for parts.

As indicated by Maj. Brett, who verified all of the contracts, the biggest profits, ranging from 100 to 300 per cent, were made on contracts for extra parts.

The largest single contract awarded the Curtiss Co. was one dated February 17, 1917, order No. 5846, approved by Maj. Charles S. Wallace, since promoted to colonel, calling for 36 airplanes, at \$14,000 each, totaling \$504,000; 24 extra motors at \$6,000 each, and 30 self-starters at \$750 each, a grand total of \$670,500.

The total cost of the extra motors and self-starters by this contract is thus \$166,500, or about a fourth of the total contract price.

Other big Curtiss contracts were awarded at the following figures:

October 18, 1916—Order No. 5620, 36 advance military training biplanes at \$8,000, \$288,000.  
October 30—Order No. 5712, 16 airplanes at \$14,000, with 200-horsepower motors, and 14 extra motors at \$6,000, \$308,000.  
October 31—Order No. 5740, 36 advance airplanes at \$8,000, \$288,000.  
November 9—Order No. 5851, 25 extra OX-2 motors at \$8,000, \$81,000, and parts, \$100,337.

The biggest contract awarded the Standard Aeroplane Corporation was approved January 17, 1917, by Maj. Wallace and called for 32 twin-screw military hydroairplanes equipped with Hall-Scott motors, at \$21,000, totaling \$672,000. These machines actually cost the Government, however, \$23,100 each, or a total of \$739,000.



Filed with the contract is a letter written December 9 by Harry B. Mingle, president of the company, but listed as of January 22 as a modification of order No. 6093, saying that a change in the type of motors would make necessary an increase of \$2,100 in the price of each machine.

#### BURGESS CONCERN ACCUSED.

Another incident showing how an unsuccessful attempt was made by the Burgess Co., said to be controlled by the Curtiss Co., to hold up the Government for "installation charges" of \$250 to \$300 each for equipping eight seaplanes with Sperry automatic controlling devices and "remote controls" is shown by official correspondence filed with the contract.

The Sperry Co. had quoted a price of \$3,425 per set, including installation. When the Burgess Co. attempted to collect the additional installation charges for themselves the chief signal officer, Maj. Wallace, wrote the company a letter dated February 17, stating the Sperry Co.'s price included installation. "We feel that your charges for installation were based on a misunderstanding," he concluded. The Burgess Co. finally agreed to accept \$1 an hour for its installation work.

Another contract, indicating the prices paid for machines, is that awarded the Gallaudet Aircraft Corporation on March 15, 1917, under order No. 6391. It called for four military hydroaeroplanes equipped with Hall-Scott engines, at \$31,760, and four wheel-landing gears at \$1,750, a total of \$134,040.

#### PRICE ON ORDER FOR MICA DOUBLED BY "AMENDMENT."

Among the contracts for aeroplane accessories concerning which explanations are likely to be asked is one dated May 3, 1917, order No. 7123, by which 500 pounds of 3 by 5 inch mica sheets, all edges clean, was purchased at \$12 a pound, or \$6,000. The price originally proposed by the American Mica Co. in its bid was \$6 a pound, or a total of \$3,000.

The only official comment on the price is in a letter from the office of the Chief Signal Officer to the company, which is listed as "Amendment to order 7123." The second paragraph of this letter says:

"The price on 500 pounds of mica covered by this order has been amended to read \$12 per pound, making the consideration \$6,000 instead of \$3,000." The letter is signed by Alvin C. Voris, captain of Signal Corps.

Another contract, dated May 14, 1917, order No. 7648, with the Electrore Manufacturing Co., No. 70 Washington Street, Brooklyn, N. Y., called for 35,000 pigtail insulators at 40 cents and 10,000 clamp insulators at 40 cents, a total of \$18,000.

The H. W. Johns-Manville Co., of New York, one of the largest concerns of its kind, bid on the same contract, making a price on 35,000 insulators of 25.65 cents and on 10,000 a price of 27.5 cents. The Johns-Manville Co. said in their bid that if the amount ordered was doubled it would furnish the pigtail insulators at 25 cents and the clamp insulators at 26.9 cents.

On May 4, 1917, the B. F. Sturtevant Co. was awarded by T. F. Hicks, supply officer at the Norfolk Navy Yard, the contract for four turbines at \$1,696, eight at \$1,591, and four at \$1,546, a total of \$25,696. In a letter dated April 30 the company said:

"The prices in letter of April 6 were f. o. b. Readville. It dawned on us that this quotation must include delivery to Norfolk, so we ask you to kindly consider the ink figures on one copy of the proposal and that the figures in this letter should apply."

In the requisition filed with the contracts there is no indication of any other figures, ink or otherwise.

On October 23, 1916, under contract No. 27799, Paymaster General McGowan, of the Navy, awarded the Sturtevant Co. a contract for six airplanes to cost \$4,800 each, and six airpower planes to cost \$3,950 each, a total of \$52,500. On November 13, however, a supplementary contract was awarded the same company calling for \$3,000 additional on the same machines.

In an affidavit filed with this supplementary contract Paymaster McGowan said it was awarded "for equipping the six aeroplanes covered in the original contract with model 5-A aluminum cylinder motors in lieu of the motors specified in the original contract. The additional cost of each motor is \$500."

Wrist watches and field glasses for American aviators were also provided for in contracts awarded by the Chief Signal Officer through Maj. Wallace.

In February, 1917, order No. 6490, Henry Freund & Co., No. 65 Nassau Street, New York, was awarded a contract for 1,000 wrist watches at \$6.75—a total of \$6,750.

The Knickerbocker Watch Co., Woolworth Building, New York, bid on several grades of these watches at prices ranging from \$3.15 to \$4.25 each, and the Ingersoll Watch Co., New York, bid \$2.75 each on its "radio-light" watches, with a trade discount of 15 per cent, besides 1 per cent for payment within 10 days. The contract, however, went to Freund & Co.

For 13,000 field glasses two contracts approved by Maj. Wallace called for the expenditure of \$432,250 to one concern—the Bausch & Lomb Optical Co. One dated January 26 called for 5,000 field glasses at \$33.25, totaling \$166,250; while the other, dated March 2, called for 8,000 at the same price, totaling \$266,000.

Contracts were also awarded for cameras, which are necessary for military observation aviators. On February 19, 1917, under order No. 6602, Maj. Wallace awarded to Arthur Brock, of Philadelphia, a contract for 50 cameras and supplies totaling \$26,846. Forty-two of the cameras were of a type patented by Brock. Bids on some of the cameras and much of the equipment were filed by the Eastman Kodak Co., of Rochester, N. Y., at lower prices. According to Maj. Brett they were not of the type desired.

Mr. KITCHIN. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. JOHNSON of Kentucky, chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill H. R. 5901, had come to no resolution thereon.

#### CALENDAR WEDNESDAY.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent that the business in order for Calendar Wednesday, to-morrow, may be dispensed with and that this bill (H. R. 5901) be in order.

The SPEAKER. The gentleman from North Carolina asks unanimous consent that the business on Calendar Wednesday for to-morrow be dispensed with and that the House proceed with the bill under consideration (H. R. 5901). Is there objection? [After a pause.] The Chair hears none.

#### HOUSE OF MEETING.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet at 11 a. m. to-morrow.

Mr. MADDEN. Mr. Speaker, I object to that.

Mr. KITCHIN. Mr. Speaker, I hope the gentleman will withhold that objection. We will have to lose a half hour or an hour to-morrow on account of the appearance before the House of the Japanese mission.

Mr. MADDEN. We will have from 12 o'clock until 5 or 6, and I think that is long enough.

The SPEAKER. The gentleman from Illinois objects.

#### ADJOURNMENT.

Mr. KITCHIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 17 minutes p. m.) the House adjourned to meet to-morrow, Wednesday, September 5, 1917, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, a letter from the Assistant Secretary of the Treasury, transmitting a letter from the Acting Commissioner of Internal Revenue relative to an appropriation for remodeling the interior of the New York customhouse to meet the requirements of the internal-revenue force (H. Doc. No. 357), was taken from the Speaker's table, referred to the Committee on Appropriations, and ordered to be printed.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. DOOLITTLE: A bill (H. R. 5916) to exempt certain persons from military service, and for other purposes; to the Committee on Military Affairs.

By Mr. KEHOE: A bill (H. R. 5917) to authorize the Gulf Ports Terminal Railway Co., a corporation existing under the laws of the State of Florida, to construct a bridge over and across the headwaters of Mobile Bay and such navigable channels as are between the east side of the bay and Blakely Island, in Baldwin and Mobile Counties, Ala.; to the Committee on Interstate and Foreign Commerce.

By Mr. DENT: A bill (H. R. 5918) to authorize the President to organize provisionally as Field Artillery or Infantry, and to use as Field Artillery or Infantry during the existing emergency, such regiments of Cavalry as he may designate; to the Committee on Military Affairs.

By Mr. BLAND: A bill (H. R. 5919) authorizing the President to acquire or construct freight cars for the transportation of coal and other products and commodities and making an appropriation therefor; to the Committee on Interstate and Foreign Commerce.

By Mr. DENT: Resolution (H. Res. 133) providing for an investigation of the Ordnance Department of the War Department; to the Committee on Military Affairs.

By Mr. MOORE of Pennsylvania: Joint resolution (H. J. Res. 147) authorizing the appointment of a joint committee to co-operate with the President in promoting efficiency and preventing waste and extravagance in the conduct of the war with the Imperial Government of Germany; to the Committee on Rules.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CURRIE of Michigan: A bill (H. R. 5920) granting a pension to Mary Edna Pierce; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5921) granting a pension to Martin Guthrie; to the Committee on Invalid Pensions.

By Mr. GANDY: A bill (H. R. 5922) granting an increase of pension to George S. Emery; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5923) granting an increase of pension to George C. Hornby; to the Committee on Invalid Pensions.

By Mr. KEATING: A bill (H. R. 5924) granting an increase of pension to William H. Sweeney, jr.; to the Committee on Pensions.



By Mr. KEHOE: A bill (H. R. 5925) for the relief of H. W. Reddick; to the Committee on War Claims.

By Mr. MCKINLEY: A bill (H. R. 5926) granting an increase of pension to Thomas C. Hadley; to the Committee on Invalid Pensions.

By Mr. OSBORNE: A bill (H. R. 5927) granting a pension to Eugene F. Boyer; to the Committee on Pensions.

By Mr. REAVIS: A bill (H. R. 5928) for the relief of Chester D. Barnes; to the Committee on War Claims.

By Mr. STRONG: A bill (H. R. 5929) granting a pension to Bessie Kerr; to the Committee on Pensions.

By Mr. THOMPSON: A bill (H. R. 5930) granting an increase of pension to William Stoker; to the Committee on Invalid Pensions.

By Mr. WELTY: A bill (H. R. 5931) granting a pension to Harry Fisher; to the Committee on Pensions.

Also, a bill (H. R. 5932) granting an increase of pension to William Briney; to the Committee on Pensions.

## SENATE.

WEDNESDAY, September 5, 1917.

(Legislative day of Wednesday, August 15, 1917.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

### PETITIONS.

Mr. PHELAN presented a petition of Local Union No. 64, National Federation of Post Office Clerks, of Los Angeles, Cal., praying for the substitution at the same salary in the employ of the Post Office Department of any one dependent of a drafted man to take the place of the drafted man, which was referred to the Committee on Post Offices and Post Roads.

He also presented a petition of the Christadelphian Ecclesia of Los Angeles, Cal., praying for the enactment of legislation providing for the exemption of its members from war service along military lines, which was referred to the Committee on Military Affairs.

### FOREIGN DECORATIONS.

Mr. LODGE. From the Committee on Foreign Relations I report back favorably with an amendment the bill (S. 2796) to permit American citizens to wear medals or decorations received from certain foreign countries on entering the military or naval service of the United States, and I submit a report (No. 114) thereon.

The President pro tempore. The bill will be placed on the calendar.

### BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. STONE:

A bill (S. 2840) granting a pension to William D. Woodworth; to the Committee on Pensions.

By Mr. KNOX:

A bill (S. 2841) granting a pension to George White (with accompanying papers); to the Committee on Pensions.

By Mr. SMOOT:

A bill (S. 2842) granting a pension to Charles W. Wormell (with accompanying papers); to the Committee on Pensions.

### WAR REVENUE.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 4280) to provide revenue to defray war expenses, and for other purposes.

Mr. LEWIS obtained the floor.

Mr. SMOOT. I rose to suggest the absence of a quorum.

Mr. LEWIS. Having been recognized, I yield to the Senator from Utah to make the suggestion of the absence of a quorum, holding my place through the courtesy of the Chair.

The PRESIDENT pro tempore. The Senator from Utah suggests the absence of a quorum. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Bankhead	Hale	Lewis	Penrose
Brady	Hollis	Lodge	Polindexter
Calder	Husting	McCumber	Pomerene
Chamberlain	James	McKellar	Ransdell
Colt	Johnson, Cal.	McNary	Robinson
Culberson	Johnson, S. Dak.	Martin	Saulsbury
Curtis	Jones, N. Mex.	Myers	Shafroth
Dillingham	Jones, Wash.	Nelson	Sheppard
Fernald	Kellogg	New	Sherman
Fletcher	King	Norris	Shields
Frelinghuysen	Knox	Overman	Simmons
Gronna	La Follette	Page	Smith, Ga.

Smith, Md.  
Smith, Mich.  
Smith, S. C.  
Smoot

Sterling  
Sutherland  
Swanson  
Thompson

Trammell  
Vardaman  
Warren  
Weeks

Williams

Mr. FRELINGHUYSEN. I wish to announce the unavoidable absence of my colleague [Mr. HUGHES] on account of illness. I will let this announcement stand for the day.

Mr. MYERS. My colleague [Mr. WALSH] is unavoidably absent. He is paired with the Senator from New Jersey [Mr. FRELINGHUYSEN]. I will let this announcement stand for the day.

Mr. POMERENE. I desire to announce the unavoidable absence of the junior Senator from Missouri [Mr. REED].

Mr. LEWIS. I wish to announce the absence of the Senator from South Carolina [Mr. TILLMAN], detained by illness. He is paired with the Senator from West Virginia [Mr. GOFF].

Mr. SHAFROTH. I desire to announce the unavoidable absence of my colleague [Mr. THOMAS] on account of illness. He is paired with the senior Senator from North Dakota [Mr. McCUMBER]. I will let this announcement stand for the day.

Mr. SUTHERLAND. I wish to announce the absence of my colleague, the senior Senator from West Virginia [Mr. GOFF], on account of illness. He is paired with the senior Senator from South Carolina [Mr. TILLMAN]. I will let this announcement stand for the day.

Mr. SMITH of Michigan. I desire to announce the absence of my colleague [Mr. TOWNSEND] because of illness in his family. He is paired for the day with the junior Senator from Missouri [Mr. REED] under an arrangement which has been made between myself and the Senator from Arkansas [Mr. ROBINSON]. I desire this announcement to stand for the day.

Mr. KING. I desire to announce that the Senator from California [Mr. PHELAN] is detained on official business.

Mr. JAMES. I wish to announce that my colleague, the junior Senator from Kentucky [Mr. BECKHAM], is detained by illness in his family.

The PRESIDENT pro tempore. Sixty-one Senators have answered to their names. There is a quorum present. The Senator from Illinois [Mr. LEWIS] is entitled to the floor.

Mr. SMOOT. Will the Senator from Illinois yield to me for just a second?

Mr. LEWIS. I yield to the Senator from Utah.

Mr. SMOOT. Mr. President, I wish to correct a statement that I made yesterday in reply to a question asked me by the Senator from California [Mr. JOHNSON]. On page 6567 of the RECORD, after yielding to the Senator from California, the RECORD shows:

Mr. JOHNSON of California. Are not those the computations which the Senator gave us a couple of weeks ago?

Mr. SMOOT. They are.

Mr. JOHNSON of California. Were not those computations made upon a different basis?

Mr. SMOOT. They were not made upon any different basis.

Mr. JOHNSON of California. Is there not a different basis to-day for the Senator's computation?

Mr. SMOOT. That will make no difference at all with the general imposition of a tax under the bracket system.

I want to say that there is a different basis of exemption as the Senator suggested, and that basis, of course, is a minimum of 6 per cent and a maximum of 10 per cent, and it happens in the case of the United States Steel Corporation. It affects that corporation because the rate of interest in the prewar period on \$63,000,000 was a little less than 4 per cent on their capital stock. Therefore, there was that difference, and the statement I made yesterday in relation to the United States Steel Corporation as far as the basis of exemption is concerned was not the fact.

Mr. LEWIS. The Senator from New Hampshire [Mr. HOLLIS] has made a request that he wishes me to yield to him, and I gladly do so.

Mr. HOLLIS. Mr. President, unless some one else offers a higher-graduated tax on corporations I shall offer an amendment increasing the schedule recommended by the committee 10 per cent, beginning with 22 per cent and going to 70 per cent. If anyone desires to offer a higher one first I will withhold this motion.

Mr. SIMMONS. Let me understand the Senator. The Senator said something about beginning with 22 per cent. I ask the Senator does he mean that he will add 10 per cent to each rate?

Mr. HOLLIS. Yes.

Mr. SIMMONS. Or 10 per cent on the amount of the rate?

Mr. HOLLIS. I will add 10 per cent to each rate, beginning with 22 per cent and ending with 70 per cent.

Mr. SIMMONS. It begins at 12 and the Senator proposes to begin with 22; and it ends at 60 and the Senator proposes to end at 70.



Mr. HOLLIS. Yes.

Mr. SIMMONS. I simply wanted to fix in my mind what the Senator proposes.

Mr. JONES of Washington. I wish to ask the Senator from North Carolina a question.

Mr. LEWIS. I yield to the Senator from Washington for that purpose.

Mr. JONES of Washington. I wish to ask the chairman of the committee if he will not have the expert of the committee ascertain what, for instance, the United States Steel Co. will pay under the proposed amendment of the committee as it now stands.

Mr. SIMMONS. Yes; I will have him do that.

Mr. JONES of Washington. I would be very glad if the Senator would.

Mr. SIMMONS. Upon the basis of a profit of \$490,000,000?

Mr. JONES of Washington. Upon the basis of a profit of \$490,000,000.

Mr. SIMMONS. That was stated by myself as the profit. I was not certain whether I was correct as to the amount, but I will find out exactly what the Wall Street Journal says it will be.

Mr. JONES of Washington. I should like to have computed also what it would be under the amendment as originally reported by the committee showing the difference between the two propositions.

Mr. SIMMONS. I will send for the expert and let the Senator from Washington ask him to make the computation he desires. I wish to state now for the expert that he is working as hard as he can. He is one of the most industrious men I have ever known in my life, but having scores of Senators who are constantly calling upon him to make calculations he can not comply with everybody's request.

Mr. SHAFROTH. I should like to ask the Senator from North Carolina a question.

The PRESIDENT pro tempore. The Senator from Illinois has the floor. Does he yield?

Mr. LEWIS. I will yield.

Mr. SHAFROTH. I ask the Senator whether he would not have the expert calculate the additional revenue that would come in by changing 45 per cent to 50 per cent, and changing 50 per cent to 60 per cent and changing 60 per cent to 70 per cent.

Mr. SIMMONS. I will ask the expert to make the calculation if he has time to do it.

Mr. SHAFROTH. Very well.

Mr. THOMPSON. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Illinois yield to the Senator from Kansas?

Mr. LEWIS. I yield.

Mr. THOMPSON. I understand the amendment is to the plan as recommended by the Finance Committee and simply increases the amount of 10 per cent on each bracket.

Mr. HOLLIS. My amendment will be to the latest committee recommendation adopting a graduated tax plan on the incomes of corporations.

Mr. THOMPSON. About how much more money will be secured by the Senator's amendment?

Mr. HOLLIS. Roughly speaking, it will increase the average percentage of 10 per cent to a total of \$4,000,000,000, and it will raise about \$400,000,000 more in revenue.

Mr. LEWIS. Mr. President, I have felt that I desired to submit some views this morning, not that the Senate needed them for its guidance, but which express some reasons I have for not being able to agree in spirit with either contentions presented before the Senate; that is, I am not able to accept altogether the full contentions and the reasons advanced either of the committee or of those proposing the amendments to the feature now under consideration referred to as excess-profits tax and at other times referred to merely as profits tax.

Mr. President, I have had occasion to refer in this body to the peculiar complex constituency I have the honor with my colleague to represent. In a matter of business such as this legislation, I represent, together with my colleague, two states—one the State of Illinois and the other the city of Chicago—and I never knew any one state of conditions which fitted the one that was not at variance with the other, or what the other felt was its necessary state.

This present tax question is not an exception. The viewpoint of the large business interests of my city does not run in harmony with many suggestions which come to me from the smaller localities of the agricultural parts of Illinois. Yet in the larger fields of Illinois, large agricultural institutions seem to be in harmony with the viewpoint of the large business interests of the city in so far as I can gather from telegrams and letters

which come in like the swirling autumn leaves under the wind upon us all upon every occasion where anything is a subject of contest in this body. I have felt that for myself I could be content that I should express my differences with the eminent Senators, and give my reasons for them here. I trust I may not occupy the Senate at unnecessary length. It is given to me to close this discussion, as this is the last speech on this phase.

Mr. President, most of us have had occasion to examine into the general treaties on taxation that are printed; also speeches on taxation that have come from the parliamentary discussions of the world, and I think it is only fair to say that probably no discussion was ever ornamented with more elucidation and more learning than that which the Senators have displayed on this bill, and this without regard to the positions for or against that they occupy. This country can congratulate itself upon this spectacle, which no man can justly dispute, that an amount of erudition and learning indicative of industry and sincerity has been shown by their representatives in this body certainly equal to that that is disclosed in the recorded debates and discussions of other parliamentary bodies of the world.

The Senator from Utah [Mr. SMITH], leading in matters of statistical sustenance of this bill on one side, the Senator from North Carolina [Mr. SIMMONS], the chairman of the committee, on this side leading in the matter of policy, without regard to whether any Senator agrees with them or not, have shown an industry that has been prodigious. The Senators who have led the contest in behalf of these amendments opposing the majority have likewise exposed to the Senate a sincerity and a soul zeal coupled with infinite ability, that can assure the people of this country that no question has passed without most serious investigation. All can say, "Of these—my stewards—only blessing; for that they have been unto me, as to their Lord, faithful gleaners."

But, Mr. President, this is a tax question. When did ever a tax question receive the unanimity of any number of men? The very payment of taxes has irritated, the very suggestion of it has aroused hostility. I see scholars all around me. The very word "taxation," you remember, the Latins took from "taxare," to appraise, and the French went further and took theirs from the old word "tangere," to touch; and it is the "touch" that everybody opposes in the matter of taxation.

And to my own party, speaking now in the presence or in the hearing of our honorable opponents, I must commend you for serious consideration to the observation that Shakespeare puts in the mouth of one of his heroes in *As You Like It*, which concludes:

And yet you will be whipped for taxation one of these days.

For myself, Mr. President, I never was able to reconcile myself to adopt any view wholly coming from any other source. Possibly these sources are right and I am wrong. I think I have had prejudices against the whole system of taxation. I recall that Dryden, in his essay on *Satire*, quotes Casaubon as saying of Horace:

He is the son of a taxgatherer. Consequently he smells of his invidious and objectionable occupation.

In an early part of my life I was thrown through the necessities of a young lawyer's struggle to every form of occupation. It fell to me very early to be assistant to a county attorney. I noted then that every farmer contested any tax to open a road. From that time, through all the mutations of my life, however limited its zone, I have confronted those oppositions until I think I am imbued with something of a spirit that questions all form of taxation as to whether it be just.

Mr. President, I have heard eminent Senators on this floor discussing Government tax systems of the past. I heard the eminent Senator from Wisconsin [Mr. LA FOLLETTE] spend a great deal of time, that he showed by industry had been applied to the investigation of the tax system of other governments, particularly as to England.

Mr. President, here I pause to invite the attention of the Senate to how little can this past have application here. I illustrate: There was the income tax. France began it, and England did not adopt it until 1789 to meet the demands of the war with Napoleon; but, strange to say, in 1815, so anxious was England that her people should understand that she never could approve a tax that was so inquisitorial, that she had a resolution passed in Parliament wiping out all records and destroying all documents relating to the question of the income tax. It was not until Robert Peel came into power in 1842 that he revised the former practice in order to make up the deficiency occasioned by what was called his free-trade policy. Then, Mr. President, England began a course of varying forms of taxes to meet the expenses of her wars. When I heard the Senator from Wisconsin read an extract from Baron Reading, now Lord Chief Justice of



England, in which he called attention to the fact that England was levying taxes as she went along and maintained her wars by taxes. I could not help but wonder how a scholar such as Baron Reading must be so apart from history. He had been himself a broker; he was a lawyer after being a successful broker, and he could not have been ignorant of the whole theory of bonds; and yet it is famous to-day that, far from England's financing her wars by taxation, she did it by bonds and to such an extent that many of her bonds to carry on the War of the Revolution in the United States of America are still outstanding and unpaid.

Mr. LA FOLLETTE. Mr. President—

Mr. LEWIS. I yield to the Senator from Wisconsin, if he desires.

Mr. LA FOLLETTE. Only to correct the impression that my distinguished friend seems to have derived from the newspaper interview with Chief Justice Reading, from which I quoted. Chief Justice Reading was not commending the course that England had pursued in this war, nor did he refer to any other, but was criticizing it for the reason that England had issued so large a percentage of bonds in proportion to the percentage of taxation with which she was meeting her war expenses.

Mr. LEWIS. Mr. President, I had had occasion to read that interview before the eminent Senator from Wisconsin read it. I had occasion to read it in the New York Evening Mail, and I was struck with the observations of Baron Reading when he sought to make a comparison between France, which he said was opposed to the theory concerning which he was speaking, and Germany. The able Senator from Wisconsin may be right, that Baron Reading's remarks were addressed solely as a protest; but I had derived a different view.

Nevertheless, I call attention that England, from 1853 to 1900, adopted always the complex system of part taxes and part bonds. She put the Boer War wholly on loans. However, let us not forget, Senators, that during these wars of England she was able to requite the losses to those who paid large taxes by turning over to them the results of her conquests in different parts of the country, and her territorial acquisitions, through which they created commercial companies after the order of the East India Co. of India and the South African Co. of Africa; so the tax laid upon them fell most largely by the system upon her large commercial enterprises, which were immediately requited by these forms of Government favors, which this Government under no condition could engage in. So, Mr. President, far from taxation alone supporting England or being able to support her, she levied the form of taxation in lieu of bonds only when she granted land and large concessions in return for taxation.

On the other hand, France, under Napoleon and up to 1868, maintained her wars by paying as she went, the policy of Cæsar—who was ever, of course, the patron saint of Napoleon—of seizing and foraging from any point wherever they went. In that manner they paid for their wars by adding a levy of gold upon each community as they advanced toward it.

In the Punic wars, in the wars that Rome made against Greece, in those she made against Carthage, this system had been adopted; but, nevertheless, we have ancient classic history reminding us of the claim of unfairness of how Cæsar would levy as against one district a certain area of corn when they complained he should have put it upon barley.

That, Mr. President, was but a repetition of incidents recorded from the Holy Scriptures, where the complaint was made that the ephahs of barley had been too many, levied by Gideon, that the levy should have been upon the dates and the palm trees, indicative of how little there is new in the protests against taxation; that upon whatever we lay it there are always reasons why it should be laid in some other way.

But I am particularly attracted, sir, by a certain limited class of citizens in my country who, if I recall accurately, spread placards all over this country previous to the election demanding war and the sustaining of national honor; marched in processions by the thousands, yelling, screaming, making the day hideous and the night questionable, clamoring for war. Many of these did not know or understand any principle of Government that was at stake; they did not understand the principle of liberty that now is imperiled; but they had been given to understand that the call for war was popular; it was financially and socially aristocratic—and yet, sir, I am now particularly attracted by how many of the gentlemen who led those undertakings are now leading in the protest against any form of taxation whatever to pay for that war. These things impress me as I view them, and I can not say that the impression is at all kindly. I behold that limited class of gentlemen as disclosing to our country an exhibition of the absence of patriotism and a display of selfishness that will taint their generation,

if it shall be remembered by those who shall come in after days.

But, Mr. President, the question with us, therefore, is not shall we follow the English system, which we have seen can vary in all forms, and if it be continued in further taxation would be the destruction of England, for the Senator from Wisconsin accurately called attention to the condition of England—that she is already in such a state by the process of her fiscal policy that there is a question in the minds of many men whether her bonds could be regarded the equal of the bonds of other countries engaged in this war, and whether they can be wholly esteemed at this time a perfectly safe investment. Surely we do not wish to emulate entirely the system of a country whose conditions of revenue as the result of the system adopted, or that which is proposed, could have brought her down to a verge where eminent men in all countries freely confess that there is a serious question about the flotation or the immediate capitalization of the securities issued for that war.

Mr. LA FOLLETTE. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Illinois yield to the Senator from Wisconsin?

Mr. LEWIS. I yield to the Senator.

Mr. LA FOLLETTE. If the Senator will pardon me, anything that may be said with regard to England's financial condition would certainly not be chargeable to the methods which she has employed in financing the war, but to the enormous burdens which the war has put upon her. As rich as this country is, if the Senator will permit me to say so, if we continue in this war as long in proportion to our great wealth and resources as England has continued in it, we will be brought to the same deplorable financial state that England finds herself in to-day, though not as a result of the system of apportioning her war debt as between bonds and taxation, because perhaps she has done as well as she could, and she may have taxed pretty well up to the limit. However, it is the overwhelming testimony upon all sides that, so far as the business is concerned, whatever may be said of the Government finances and the resources of the country as a whole, the business of England was never in so prosperous a condition as it is now.

Mr. LEWIS. Mr. President, I can not accept the suggestion of the eminent Senator that if we continue in war the same length of time as England has continued in it we would be in the same condition, because I fear that overlooks the fact that we are a larger country and have greater resources.

Mr. LA FOLLETTE. Mr. President, if the Senator will pardon me, he is not quoting me correctly. I said the same length of time in proportion to our wealth and resources.

Mr. LEWIS. Perchance the qualification may correct the apprehension I had. But, Mr. President, I am merely inviting attention to the fact that none of these countries could we wholly emulate or copy or pattern from. We can not in our present condition fit ourselves either to Germany or to France or to England. What this country must pause to consider is that we must meet the conditions as they have arisen in America; and, sir, I make bold to assert that this is the time we should prescribe an American system to meet our own needs, a system which, while it meets the wants of to-day, will not deprive us of the needs of to-morrow.

Mr. President, I have listened to the discussion upon these amendments, and I can not say that I have not great sympathy with many of the positions taken by the Senator from California [Mr. JOHNSON] and with much of the reasoning of the Senator from Wisconsin [Mr. LA FOLLETTE]; but I have watched the controversy, and unless I do violence to the situation these eminent leaders have impressed me that in their zeal and their soul sincerity this contest has been led away from the mere abstract question of what is the best method of taxation to where there is an agreeable rivalry as to who shall be the king of the radicals in this discussion—the fiery Rlenzi of the Pacific, the distinguished Senator from California [Mr. JOHNSON], or the avenging Gracchus of the West, the courageous Senator from Wisconsin [Mr. LA FOLLETTE]. They have well sustained their views with impressive arguments, reinforced, as I have seen, by my friend the Mirabeau of the mountains, the Senator from Idaho [Mr. BORAH]. I have too much respect for the intelligence of these gentlemen not to realize that they present these questions because they have investigated them and because they have the sincerity of their convictions; but, Mr. President, I do not feel that this is an hour when we can wholly address ourselves to the mere gratification of a theory which under ordinary circumstances would be acceptable, but which under the present ones would, in my opinion, be most inappropriate. This can not be a contest for triumph of conservatism or of radicalism. It must be an effort of rationalism, for justice to man, rights



to property, and preservation of country, and, sir, these by any system that can properly be applied. It can not matter what title we apply to it. I may be wrong; these other Senators may be right; but the question is, What is our situation?

Mr. President, we have been in this war practically six months. It is the first war of its kind ever undertaken by this country. It is an experiment; it is an experiment as to methods by which it is to be conducted; it is an experiment as to the results which will come from it; and it is peculiarly an experiment as to the methods that we shall devise for carrying it on.

I am strongly impressed with the feeling that if we were to adopt a plan that would in any way frighten the new undertakings we would put upon this country a paralysis of industry that would so chill the ardor of our countrymen that they would impute that result to the war and not to the methods of taxation for the war, and thus, far from inviting enthusiasm and support to the war, would deaden the sensation and cause our countrymen to feel that our entering into the war meant the bankruptcy of their business, the slaying of their prosperity, the shutting off of opportunity, and then there would arise in America revolt against the enterprise. It might not express itself in any form of open insurrection, yet in the hearts of mothers it would be breathed; upon the lips of business men it would be whispered; by every action of men of finance we would feel its influence. The result would be, sir, that our country would, I fear, fall into paralysis.

Senators, I do not refer to the munition makers; I have not much interest in them other than that so long as they are in an honorable occupation they shall be protected by this Government. I refer to that other thought which the advocates of the high-tariff policy, those gentlemen who represent a school which it seems to me is rapidly being vindicated by the events in certain portions of the world, have upheld. They have ever presented the thought that new enterprises must take the place of old and that new undertakings must be begun, and that those engaged in them must receive some form of encouragement.

Mr. President, I am of the opinion that if the United States should undertake to plant here in our country industries and manufactories in the undertakings of science, of mechanism, of chemistry, and along other lines that I need not detail at length, to take the place of similar enterprises which for years have served us from Europe, they, sir, could not long be encouraged if a form of taxation was inaugurated having for its object munition makers only, but which in its operation extended itself to every one of these new and necessary undertakings.

These new enterprises, which now we must begin anew, which heretofore we never have undertaken, to take the place of those that are burned away in Europe from which heretofore we have obtained the supplies and instrumentalities, could never continue if a policy of taxation were adopted here which, while merely being addressed to munitions establishments or war profits from "war material," yet in its operations made it impossible for any other enterprise to continue.

The Senator from Colorado [Mr. SHAFROTH] invited our attention to a thought that previously had not engaged me. It was that in the West, in the new States where enterprises of mining and the cognate undertakings that flow from mining are being now undertaken, the system of taxation proposed, however appropriate it might seem to those who wish to levy a heavy burden upon munitions makers in Pennsylvania, would, nevertheless, in its application lay its effect and result upon the small undertakings in those mining States and they would be wiped out and new enterprises which have been given a new life would die and all their hopes of to-morrow be blasted.

Now, sir, in the State of Illinois, for which I speak, in many of the small cities of my State there are those who have undertaken new manufactures, new enterprises, and I can understand from the representations they make to me, particularly in agricultural sections, where they have begun now to turn all forms of grain into all forms of result that heretofore have obtained only in Germany, that if we adopted a system of taxation that bore heavily upon them the result would be to close up their small cities, to shut off these undertakings, and to leave them, Mr. President, where they would have to rely upon nothing but the farms. I can see the force of that argument, and while I recognize that in protecting these and giving them exemption we may to some extent grant incidentally a favor in the result of the system to some institutions which we feel are obtaining too much, we can not go to the extreme of destroying those who should be protected and properly guarded because of some one that we feel is bloated in the largeness of its prosperity.

However, Mr. President, I have another question to submit to Senators who have assembled to do me the courtesy to hear

me. What do you think, Senators, is our present situation as to the duration of this war? Let us look at the situation as we have it in history.

This war will either continue for two years, or it will end in two months. To my vision, I see the prospect of peace. My judgment is that the Prussian military dynasty will avail itself as quickly as it can of the offer contained in the communication of the President of the United States to his holiness, the Pope of Rome. Mr. President, my judgment is that Germany can not fail to view how the cordon of all the aspiring nations of the world, practically, is tightening around her, and how, soon or late, she will be compelled to yield; and, sir, that when she yields under such pressure, she will then have terms dictated to her which she will be forced to take from the avenging allies. I hold, as I see it, that Prussia would prefer to take any terms presented by the United States than be forced to take all the terms that may be presented shortly by her enemies, the European rivals; and why?

The President of the United States made it clear that this Government was not in this war for territorial acquisition, nor for trade reprisals, nor for commercial conquests, nor for blood money. He made it clear that the charge that is being made in different parts of the United States, for the purpose of inciting revolt against enlistment and awakening unpopularity against the war, that we were in this fight to fight Britain's battles, to fight the battles of European lands whose issue was conquest of territory—the President, speaking for this, our country, specifically refutes that charge. Sir, no man of justice in any part of this country can again make that accusation without making it with the deliberate purpose that all mankind must see is to mislead his countrymen.

Therefore, since these European opponents must realize among themselves the exact limit to which the United States will go in this conflict, they must realize, and Germany, as I see it, does realize, that she can throw herself upon the mercy of the United States; that she can tender herself to the Republic of this Government and allow this Government to be the arbiter of the peace terms, conscious, as she must be, that the spirit of our institutions and the motive which took us into this war make it impossible that she need fear that we would enter into the dismembering of her central empire or shut her off from the marts of trade of the world or deny her the free chance of a free man for freedom in a free world. With us she knows ever lives the maxim of our policy, "Justice for all, persecution to none."

Therefore, sir, I am impelled to the thought that in a short while Germany will find her way to accept the proposition of the President of the United States, that she will not decline it, because this is her moment. And, Mr. President, there is in my mind this thought: That Germany will see that if it be not now, her future must be one that the President has laid down to her choice—a fight to the finish and to the death of the imperial power of Germany or, sir, the surrender of mere official authority at Berlin and the acceptance of a governmental authority suggested by her people in some mode agreeable to the mass of the voters, and through that, Mr. President, deal with the United States and in that manner comply with the very clear suggestion of our Government, disclosing how impossible it is to deal directly with the Hohenzollerns.

Senators, there flashes to my mind a matter that will interest us upon reviving it to our minds. When France had war with Germany in 1871-72, and the time came for peace, am I not right when I say that Germany declined to deal with the Emperor Napoleon III, giving as her reason, through Von Moltke, that the French Emperor was a deceiver and a usurper, if I recall the free translation, and could not be relied upon, for he had deceived them in a dispatch, which is now famous in history? Germany refused to treat with the French Emperor, and then it was, recognizing that fact, that the French people called a convention, which we speak of as a congress, and there proposed the resolution, satisfactory to Germany, which was then made the basis of the terms of peace, and it was with that that Germany dealt and closed terms that closed the Franco-German war.

It is my judgment, Mr. President, that Germany will repeat her own precedent, and, through her people, will bring about some form of convention or congress as a result of her own plebiscite, and tender through these suggestions as to the acceptance of the policy enunciated by the President, conscious that if it is not done the sure fate awaits her—that is clearly inevitable to the understanding and to the view of all mankind.

Then, Mr. President, are we not remitted to this question, I ask the Senator: Of what amount of money do we need now? How much do we feel it is essential to raise at this particular



time, in view of these surroundings which suggest to us the possibility of an early end of the war?

Our troops are moving out. Ammunition must be had; munitions of war must be provided, and everything that goes to the necessity of war; and yet, Mr. President, would we not be most unwise if we failed to recognize that we might levy upon our people at this time a burden which would be so much heavier than the necessities require as to bring upon them a spirit almost of insurrection against us, and one of such bitterness that we had laid such a burden upon them that they would look upon us as having made war on America instead of war upon Germany?

It is because I am moved by that consideration that I am compelled to ask the Senators, Must we not provide for the demands of these enterprises that are all about us, apart from these that are engaged in the manufacture of munitions? Must we not take some step that shall encourage them? Must we keep general prosperity from the poor farmer who sells his bale of hay, the man who sells his stock—cattle, hogs, and horses—the man who sells his milk, butter, and cheese; the man who sells wheat, corn, and rye; the man who sells chickens and eggs? May not all of these be the victims of any unfair policy of taxation of profits? And then in the cities, the small stores, the small undertakings, the little factories, and the tollers—these, sir, if we levy an unnecessary burden upon them, will be the first to fall and their owners and supporters the first to retaliate on us.

Mr. President, I am not divorced from my obligation to my party because we are dealing here in a nonpartisan way. I will not blind myself to the fact that if we blunder in this proceeding at this time, the honorable gentlemen on the other side, when the time comes for political issues, will have a right to go out to the country and charge the responsibility on us. We can not retort by replying, "Behold their votes!" Their reply would be, "Yes; we supported anything presented by you gentlemen since you were in power, that it might be said we were harmonizing with you and cooperating with you in every way, and that it could not be said we were opposing the administration in war times"; and they will be justified. Why, if they took any other course they would be open in many instances to the charge in their own party that they did not support the administration. If, therefore, we bring to them a policy the support of which means ultimately the destruction of us politically we will have ourselves only to blame.

Mr. President, I will not, so far as I am concerned, blind myself to the fact that it is the mass of humble people to whom we the democracy are to go for vindication and from whom we may hope to receive it, and will recall that it was from these that we have been put in power, and through them that we are now commissioned; and I will not permit a system to be adopted here if I can protest against it with success, that eventually will call into action the retaliation of all those who look to us as friends. Sir, I recognize that all others who never have been our friends or the friends of the spirit of democracy will be found where they have always been found—against us.

Therefore, Mr. President, I want the system prevailing in this country not to duplicate what has transpired in England. The Senator from Wisconsin [Mr. LA FOLLETTE] says business never was so good in England. The able Senator is addressing himself to certain phases of business. I must remind the Senator that he has not read accurately the history of England. Permit me to call it to his attention.

England's policy in this war, caused, let us say, partly by the labor situation, partly by the situation as to what they call death rates, partly by the situation as to the land, drove her enterprises out of England. Mr. President, it was England's money that built Japan. Let us be frank. We are dealing with history. Japan started upon the system in which she is now engaging, by which she is able to make supplies for the allies and supply them to the extent of enrichment to herself; but in the beginning, sir, the policy of England, known as her fiscal policy, drove much of her money from her. The owners found it more profitable to lend it in Japan, from which Japan was enabled to benefit in great wealth because of the fiscal policy she adopted. Shall we duplicate that? If we duplicate it, how will it go?

Senators, if we adopt here a policy that in its operation shall shut out the smaller instrumentalities or enterprises from arising and growing, the result will be clear. You will build South America. South America will borrow from the United States. South America has cheap labor. We will build in South America manufactories; we will create establishments in Central America, Cuba, Porto Rico; and from South America and those neighboring countries, friendly to different of the combatants, will come, sir, the supplies which heretofore have come from us.

Let us view one other situation, sir. The attitude of Canada at the beginning was one of an unusual fiscal policy, and by its

effect she built up Australia, and she gave such life and vitality to the enterprises of two of the Australias that promptly she realized her error and has changed her policy in order that she might rejuvenate Canada. Yet, sir, eminent Senators look at these early policies on the part of England on parts of Britain and fail to draw the lesson that we should draw from them. They ask us to duplicate these that have now been lately rejected. I am unable to behold these discarded policies as profitable; I see them as destructive; I can not deliberately pattern after them.

Mr. President, my position, therefore, is this: As I feel that this war can not last long, I accept the position of the Senator from California [Mr. JOHNSON] as meritorious in its abstract. I accept the position of the Senator from Wisconsin [Mr. LA FOLLETTE] as meritorious in its abstract. I take the position of the Senator from New Hampshire [Mr. HOLLIS], or that of the Senator from Iowa [Mr. KENYON], or that of the Senator from Idaho [Mr. BORAH], and I will concede them all to be correct; but I ask the able Senators, merely because the policy is correct, for some time that may yet arise, is it right to enforce it suddenly? Is it wise to apply it at once? Mr. President, is it not wiser, in view of the fact that this war is likely to terminate shortly, in view of the conditions surrounding us, that we levy year by year the taxes necessary to meet our expenses year by year, that we may not paralyze the undertakings throughout our country, nor incite the toilers and the workmen to the fear that they are to be discharged because of the burdens laid upon those who employ them? By this form, sir, of a levy year by year we keep business going, and we reach the result which the eminent Senators would have us attain, but we reach it slowly. We levy each year, Mr. President, the amount of taxes necessary for the following year's needs; and by this policy, sir, as fast as the taxes are laid they are collected. In this form, as I said, we levy these taxes. They are collected each year. Then, as the demands of the war continue, we pay out the taxes back to the people in buying supplies. In this you have an endless chain, as I see it, collecting from year to year and paying back to the people the taxes collected from them, or paying them the returns from the bonds, as the case may be. Money is drawn from one pocket which is restored to the other. There is no such great drain at the beginning as would intimidate and terrorize any undertaking of business or class of people.

Now, Mr. President, the eminent Senator from California uses an illustration which may well calculate to invite the attention of the country when he says we are summoning our men; we are conscripting them; they are not waiting. I answer the learned Senator, and say I fear he does not really measure the effect of that. That is just what we are doing. Instead of levying upon the men for the full sum of all that may be demanded, we are doing now the very thing that I respectfully urge should be done respecting the tax. We are levying first upon a certain sum of men and they go to the front, and then upon another sum of men, and then they go to the front, and then upon another quota of men; and we are taking, sir, by this system of installment policy the men in exactly the same way that I feel the committee has adopted respecting the levying of the tax upon business. The relation is the same. The method is the same, and the physical and the final result will be the same.

Let me propose to you this thought: Suppose to-morrow morning the cry should go forth in this country that immediately 10,000,000, the assumed full amount America contributes—can contribute—shall be at once brought to the front under the colors, what a panic you would strike in the heart of every mother; what misery in the bosom of every father; what paralysis upon every business house, or what deadening stupor upon every city; what pall of blight and gloom upon the Republic. Yet my eminent friend by presenting his figure of speech, anxious, I dare say, that it could be considered unanswerable in its illustration and that it might appeal to the sentiment of the land, yet unhappily failed to calculate that the method of calling out our men was the exact parallel of that which is being done by the committee in the method of calling out the money from the pockets. We are levying a tribute upon the lives and money in the exact system one with the other.

Now, Mr. President, if the war continues we issue bonds, and Senators have said that issuing these bonds creates a double liability. I have heard Senators read articles upon the floor, the most copious. To my thinking the clearest article upon the distinction of issuing bonds and levying taxes is by the vice president of the Chamber of Deputies of Italy. It will be found, if Senators are interested in it, in the last Review of Reviews. That is, the translation will there be found. This distinguished foreign statesman brings attention to the matter to which I wish to invite the attention of the Senate as applicable to our own country.



The eminent Senator from New Hampshire, whose zeal we all admire and whose industry and sincerity in behalf of the common plain people of this country have been signally observed on the floor ever since he has given his service to this body, in his inquiry the other day called the attention of the Senator from Wisconsin that as to bonds, the bonds we issue upon one rate while the war is on, and that when peace comes prices may fall and the bonds are paid at such a rate. That is ordinarily true, sir. Mr. President, such has been the experience of countries such as England, but, sir, pardon me for inviting Senators to a distinction which should not be overlooked. When we had other wars we have been compelled to import from other countries steel and iron and munitions. Our condition in this country is such that we are supplying ourselves and also all the others, and the money that we draw from our own people we are spending in our own home. We are returning every dollar we get to our own people. It is not as it has been in the days past when such things were by us purchased from abroad and we sent out our money to pay, or sent it, if you please, in exchanges to pay. The conditions are so different that we now levy the tax or collect for the bonds and turn the money back to the people in the purchasing of all that goes to running the Government, giving employment to every line of art, every species of undertaking, every avenue of toil, every form of business, every kind of adventure, and in that way far from being the loser we keep constantly in circulation in our own country all that we collect from our people.

In the meantime let there be that other thought, that we still leave avenues here open where there are opportunities of taxation for the cities upon that same business, for the county upon that same business, for the State upon that same business, by which the city may maintain its municipal institutions, the county its county interests, the State its welfare. Do my eminent friends, the Senators who oppose this committee report, pause to reflect that if the system suggested by them were carried fully into effect to what extent the State would be depleted of the wherewith from which taxes could be gotten to maintain its local institutions? Do they contemplate what will be the effect of the municipality and upon it? Sir, did it occur to them that in France, in Germany, but particularly in England, no such system of taxation prevails in its dual form as is adopted here, and if this Government could levy a tax suddenly and that in its effect should be so great and absorb so much that it would leave these respective States without anything that could respond to the local levy for the maintenance of local institutions, not only, sir, would we have revolt of the individual business man, to whom I have heretofore referred, but the farmer and toiler, because we would stifle their business, and the locality itself, the State, would feel we had impoverished it. It would have to issue local, State, or county bonds. From such consequence we would have an enemy in our own home and in our own home country.

Senators speak of the Civil War, that certain taxing produced ill results and certain bonding produced ill results, and then they call attention to the futility of the policy then of issuing bonds. Senators, do not my eminent friend from Wisconsin and the distinguished Senator from California recognize that at the time to which they allude the United States had but half a country. It was levying its revenue on but half the country, on a divided land, a house divided against itself?

Of course, there were two things to contend against. One was divided resources, the other was divided spirit. There can be no parallel of then to now. Senators need not fear any deduction that could be drawn from those experiences. To-day ours is a united country. We draw from every State and from all citizens, and we return the tax to all.

Therefore, Mr. President, I ask, what can become of the money that is to be in this country? It is with us if it is left with the people. It can do no injury to owner or country. If attempted to be taken to Europe, the European countries would promptly commandeer it and appropriate it. No citizen of America will try to take his money out of the United States. It will be still with us in all forms of taxation and all forms of uses.

Now, if the war shall end, as the Senator from Wisconsin and the Senator from California say, without the money be levied on as war taxes we will lose the money we would have gotten. I answer them they are in error. They are grievously in error and an error that fails to comprehend the real situation. If war shall end promptly, then to rehabilitate the land all this available money will be seized by the Government in the same process of alternate taxation and the installment system, first by an income tax constantly increased. I alluded to that here on the floor the other day in my advocacy of the

increase of the income tax. This income tax will be levied upon the citizen. He will pay it.

The eminent Senator from New Hampshire, for whose legal ability I have great respect, remarked that the corporation could have no income tax. I say perchance in its legal relation it does not, but it should have. If it is called upon to pay a county tax, if it is called on as a corporation to pay a State tax there is no sense why it should not pay an income tax if the income is levied for the purposes of the war in order to maintain the institutions out of which that corporation reaps its benefits and its profits. After the war this income tax will be laid. It will be laid to rehabilitate our country. It will be laid, among other things, to pay off our obligations. We will increase the income taxes just as rapidly as the necessities of our country require.

In addition to that will be the national inheritance tax. Those who will pass away and seek to transmit wealth in its great volume will be met with the strong hand of an inheritance form of tax that this country can well increase, because those who inherit from the dead have no natural inherent right to the property. They have but a privilege to enjoy it only by virtue of the consent of the Government in laws passed by Government ordaining such. The Government therefore shall have the right to say to them the proportion that it will be equitable to pay for expenses of the Government and what shall be laid upon it even if it is heavy. Therefore the fear expressed by the Senator from California and the Senator from Wisconsin that at the close of the war this property would not be accessible to taxation is, as I see it, wholly without such foundation to give us the fear they summon up.

Mr. President, it is because of that that I have become the advocate here of that increase of the income tax, whether now or hereafter, as a proper move in order that we might reach riches by installments and not as Senators insist by that other system that reaches out with one sudden grasp and takes all, root and branches, leaf and flower.

Mr. President, I have pointed out my reasons why I sustain the method of the committee. Now, sir, may I for a moment anticipate a contrary course? Suppose we take the other course suggested by zealous, earnest Senators and levy a tax to the extent that Senators say, and we put the burden upon these institutions in the manner that it is claimed. Mr. President, let us be just when we reckon with human nature.

Mr. President, I am about to make an observation most disagreeable to me to make, disagreeable because it applies a truth that is regrettable. I heard the eminent Senator from Idaho [Mr. BORAH], who I have termed the Mirabeau of the mountains, in his excellent discussion yesterday doubt whether the limit of the patriotism on the part of certain large institutions was the amount of cash which the Senator from New Jersey [Mr. FRELINGHUYSEN] intimated he thought was only available from them as voluntary contribution.

Mr. President, I state, what I regret, that this now published in certain financial publications, that if we laid a form of taxation, such as distinguished citizens and Senators insist upon, men engaged in enterprises throughout the country, beyond justice to themselves as they see it, these men would cease their undertakings because the margin left to those gentlemen would not be sufficient to justify them in continuing the works or enterprises. They would cease and they would take their money out of manufacturing and lend it where it could bring them interest at this time, just as England did when she was driven to make her loans to Japan, from which Japan moved to her great industries by which she survives now in such riches. We will concede that these men referred to are patriotic, but we are brought here against one of two propositions. It is that these undertakings must be given some opportunity or, by the result I refer to, we must wipe them out of existence by the taxation we would lay, according to the plan of certain Senators. If we do this, we must be prepared to convert the Government at once into a munition factory, then into a business house, and then a manufacturing establishment, and turn it into a general agency of business in order to get supplies for the Government. We must not be foolish and indulge in dreams that any fellow citizen who has his millions will put them into an undertaking to supply the Government at expense to himself, all because we levy it upon him, as we have the power to do, in the name of patriotism and government. That, sir, we must reckon with. Sir, I now prophesy that there will very soon come a time in this Government when the Government will have to take possession of all the public utilities and the public agencies necessary to the just government and welfare of the citizen. The question will then be upon us whether we operate them ourselves or by agencies to which we may lease them. But rapidly, sir, we are coming to the point where this Government, in order to properly protect itself



against the monopolistic tendencies in certain areas in this land that have been so exorbitant, shall stop their instrumentality and by the power of eminent domain or through operation of the Government take them over promptly and put them into operation.

We, sir, who are in this body, if we shall be allowed to live the divine stage of life, will see after the war has ceased that this Government will enter straight through into the business of transportation, of munition and ammunitions, of shipbuilding, and of every enterprise that is necessary for the welfare of government as an organization. But until that time does come we have got to reckon with conditions just as we have them—private ownership and private operation.

Mr. President, I am opposed as much as any man can be to extreme profits enjoyed by that class of men who are in the business of making munitions or making supplies for the Government and wringing unjust profits from the Nation. From such I would take the exorbitant profit that is beyond reason and beyond justice and give it to the Government for governmental uses. But, Mr. President, because some of these makers do this wrongful extortion does not justify my mind that we should take everything from all others through the power of confiscation called taxes as a punishment for one wrongful and wronging institution.

Mr. SHAFROTH. Mr. President—

The PRESIDING OFFICER (Mr. HALE in the chair). Does the Senator from Illinois yield to the Senator from Colorado?

Mr. LEWIS. Gladly.

Mr. SHAFROTH. I should like to call the attention of the Senator to the fact that the exorbitant flat rates that were proposed to be imposed without regard to the amount of profit that a business made would absolutely prevent new enterprises from undertaking anything. Not only, as the Senator suggests, would it have a tendency to make some fail, but it would prevent absolutely people from undertaking enterprises when they have got to pay to the Government 80 per cent of profits or 60 per cent of their profits or 50 per cent of their profits. It seems to me that we are bound to have a condition of development if we are going to have a long war.

Mr. LEWIS. The interruption of the Senator is not only pertinent but, of course, contributes a great deal. The Senator has been an eminent executive of one of the great productive States of the Union and has had occasion to observe enterprises rise and fall, and he can speak from that experience. I readily accept and appreciate his suggestion as being accurate, as I behold it.

Mr. KING. Mr. President—

Mr. LEWIS. I yield to the Senator from Utah.

Mr. KING. In the interest of accuracy I think the Senator from Colorado ought not to state that the proposition of the Senator from New Hampshire or the Senator from California contemplated taking a flat rate of all the profits.

Mr. SHAFROTH. There are certain exemptions of course. Everybody understands that.

Mr. KING. It is contemplated that the prewar profits should be retained except by the imposition of a small tax, a normal tax, but they did propose the imposition of a flat rate upon profits which are the result of the war which postulate the interposition into the business arena of individual forces that are entirely extraneous to individual effort. It seems to me, if the Senator will pardon me, that no one can object to a proposition that says to a man, "We leave to you all the profits that you have made before the war. We do not touch your property. We give you all the profits you have made before except the small tax which is imposed, and we lay our hands upon those profits that are the result of the war, and ask that you in this crisis shall make a large contribution from those profits toward the maintenance of the war."

Mr. SHAFROTH. Mr. President—

Mr. LEWIS. I yield to the Senator.

Mr. SHAFROTH. I desire to say that I have no doubt that there are many instances in which high rates ought to be imposed—there is not any question about that—and I think this bill would be improved if the 45 per cent rate were made 50 per cent, if the 50 per cent rate were made 60 per cent, and if the 60 per cent rate were made 70 per cent. I believe thereby probably the tax would reach those people who have been making money directly out of munitions and business of that kind; but, Mr. President, when the Government attempts to apply to persons who are making but a small profit an enormous exaction it thereby deters them from going into new enterprises. Under such circumstances they will not open up new fields of activity.

There may be the question as to whether the profits made have been made as a result of the war. Suppose a new enter-

prise is started now, from what date is the reckoning to be made? All of the profits will have to be taxed unless some form of exemption is devised. Such a policy as that proposed will deter people from going into new enterprises, and it is absolutely necessary that we shall have new enterprises in order that the business of the country may be kept in successful operation, for this war may be a long one.

It seems to me, Mr. President, for that reason that a graduated tax would be much better than a flat tax, because it will reach people who are able to pay a high rate, but it will touch new enterprises lightly and will enable such enterprises to be undertaken. I thank the Senator from Illinois.

Mr. SMOOT. Will the Senator from Illinois yield to me?

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Utah?

Mr. LEWIS. I yield to the Senator from Utah.

Mr. SMOOT. I think the Senator from Colorado [Mr. SHAFROTH] has just made a statement the effect of which he does not appreciate. In the main I agree with what the Senator has said; but when he states that a rate of 70 per cent could be imposed and active productivity in this country still be maintained, I contend that would be out of the question.

Mr. KING. Mr. President—

Mr. SMOOT. I will ask my colleague to wait until I finish this statement.

Mr. KING. Very well.

Mr. SMOOT. The proposition of the Senator from Colorado is out of the question, because after the imposition of the tax of 70 per cent, on the 30 per cent which would be left, immediately after it is declared as a dividend, an income tax would be levied, and there would be nothing left. The company, therefore, could not make any improvements and extensions.

Take, for instance, the Bethlehem Steel Co., which has been referred to here so often. Their average prewar earnings were \$6,651,488; their earnings for 1916 were \$57,944,754, or a difference of \$53,715,041. Mr. President, if 70 per cent of that amount had been taken as a war tax it would have been impossible for the Bethlehem Steel Co. to have made the improvements which it has made, for the reason that the Bethlehem Steel Co. has not only used those profits, but it has borrowed all it could possibly borrow, to erect additional plants, to place machinery in those plants, and to extend its credit. If the proposition which is now presented here had been in force last year it would have bankrupted that company, and if it is put in force this year, without a question of doubt it will have the same effect.

I speak only of that company, but what would be the effect of the proposition on other companies of small capital, which on account of the business conditions brought about by the war have extended their business and have borrowed every dollar of money possible for its extension? Mr. President, anyone who will give the matter any attention must admit that if the profits for 1917 are now to be taken away, such companies can not repay the money which they have borrowed; and when the war ceases all of the improvements which they have made, as I have said many times, will not be worth what they paid for them; they will not be worth 50 per cent of what they paid for them; and in many cases—and particularly in cases of plant and machinery, and items of that sort—they will not be worth more than 10 cents on the dollar.

Mr. BORAH. Mr. President, will the Senator from Illinois permit me merely to make a single observation?

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Idaho?

Mr. LEWIS. I yield to the Senator from Idaho.

Mr. BORAH. The argument which has just been presented by the Senator from Utah is the argument which was presented, as shown by Mr. Lloyd-George's speech and by Mr. Bonar Law's speech, by the business men of England over and over again in 1915 and 1916. That has been answered, Mr. President, by the result. Those business institutions did not go bankrupt, but, on the other hand, they have prospered immensely, notwithstanding the heavy tax that has been levied during those three years.

Mr. SMOOT. Mr. President, if the Senator from Illinois will excuse me—and I beg the Senator's pardon—

Mr. LEWIS. I yield to the Senator.

Mr. SMOOT. The tax that is proposed to be imposed under the substitute amendment as reported to the Senate, calculated upon the exemptions that are allowed by England and those which are to be allowed in this country, is a greater percentage than that which is imposed in England.

Mr. BORAH. I do not dispute that at all; I am simply saying, irrespective of the change that has been made in the bill and the fact stated by the Senator from Utah, that the argument which the Senator is making is the argument which was



made by the business men of England at the time these taxes were laid on; but, notwithstanding that fact, they have prospered. They put something into the business that they had not anticipated they would, and that was an extraordinary exertion and manifestation of patriotism, which took the place, to some extent, of what theretofore had been profit.

Mr. SMOOT. Mr. President, I want to say to the Senator from Idaho now that if there is a business institution in England that has put all of its war profits into improvements and enlargement of its plant, and has not provided against the close of the war, it is going to be bankrupt when the war ceases.

Mr. BORAH. Mr. President, I have no power of prophecy, and I shall not enter that field.

Mr. SMOOT. It does not require any power of prophecy, Mr. President, to see that. That is too great a question for me to discuss in the time of the Senator from Illinois, but I want to emphasize my statement, Mr. President, because it can not successfully be denied.

Not only that, but we are imposing by the committee's substitute a greater per cent, upon the same basis, upon excess profits and war profits than is being imposed in England to-day; and, over and above that, we are imposing the highest income-tax rates of any country in all the world.

Mr. BANKHEAD. Mr. President—

The PRESIDING OFFICER (Mr. KING in the chair). Does the Senator from Illinois yield to the Senator from Alabama?

Mr. LEWIS. I yield to the Senator from Alabama.

Mr. BANKHEAD. I understood the Senator from Utah [Mr. SMOOT] to say that many large corporations had been forced to borrow a great deal of money to put into their business. Is that correct?

Mr. SMOOT. Certainly; their monthly reports show it.

Mr. BANKHEAD. The question I want to ask is, If they have borrowed that money and added it to their capital, and they have the capital, are they not entitled under the bill to an exemption on all of the increased capital which they have put in?

Mr. SMOOT. Mr. President, borrowed money is not capital, and it is not allowed as an exemption under the definition of capital in the committee substitute.

Mr. BANKHEAD. But they may use it and put it in as capital.

Mr. SMOOT. Mr. President, they can use it, but they have got to pay every dollar of it to the banks from which they borrow it, and as soon as the war is over, if not before, the banks will see that they do pay it. If they had the money and they put it into capital, or if they sold the bank capital stock, then the bank could not demand the money back; but that is not what they are doing. They are borrowing the money and they have got to pay every dollar of it back.

Mr. LEWIS. Mr. President, unless some other Senator desires to contribute to my speech that which he assumes would be a great improvement, I will proceed. [Laughter.]

I have, sir, referred to the distinctions that I felt had been lost sight of between the situation which prevails where money raised by bonds is spent in the country where the bonds are issued and sold and the situation which prevails as to money raised by bonds where the money is spent in countries other than where the bonds are issued.

The eminent Senator from California, whose investigation of this subject is a credit to the Senate and whose presentation was an honor to his seat, called attention, as did the Senator from Wisconsin, to what he felt were the difficulties forced upon the country by bond issues and by money raised by bonds and the evils flowing from that course. The senior Senator from Michigan [Mr. SMITH] interpolated at that time an observation seeking to demonstrate that our present bond situation was not a liability, but had produced a form of asset for business uses; for that we had the bonds of solvent European countries as security for the bonds we issue in our name. I heard the Senator from Idaho [Mr. BORAH] read from a couple of essays or contributions of professors of economics to sustain his view expressed. Now I should like to read a paragraph from the article to which I have alluded.

Mr. JOHNSON of California. Mr. President—

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from California?

Mr. LEWIS. I do.

Mr. JOHNSON of California. I dislike to interrupt the Senator—

Mr. LEWIS. The Senator need have no hesitancy in interrupting me.

Mr. JOHNSON of California. But the remarks that were made by the Senator from California have evidently been confounded by the Senator from Illinois with remarks made by

some other Senator. I had nothing to say about any bond issues, and I take it the Senator has confounded the remarks of some other Senator with the remarks that were made by me in that regard.

Mr. LEWIS. That may be, but I thought I understood the Senator to suggest that high taxation should be imposed, because in the absence of it we levied tribute in the form of bonds or got money from other sources which sooner or later worked a great injustice to the people, from the fact that they had to be repaid from their incomes and also from their capital. I may have been wrong in imputing that suggestion to the Senator from California; probably it was the Senator from Wisconsin. At any rate, I have been trying to get to, and I should like to read, a paragraph from the *La Nuova Rassegna* (New Era) of Rome, contributed by Giulio Alessio, vice president of the Italian Chamber of Deputies. He calls attention to the changes that have been caused by the present war, and says:

The question as to whether war expenses should or could be covered by increased taxation alone has been much debated of late—

I should like to have my friend, the junior Senator from Utah [Mr. KING] listen to this.

Mr. SHAFROTH. The junior Senator from Utah is now in the chair.

Mr. LEWIS. I am honored to have him preside. I could not see him through my glasses—not that I do not wish to see him through every opportunity afforded—

It has been urged that higher taxes are really more equitable and less oppressive than large loans, the theory being that the latter drain the savings of the nation and tend to raise the rate of interest, this in time causing higher prices for commodities. Moreover, the sums expended by the State out of the proceeds of the loans are not evenly distributed among the different classes of citizens, but go to those interested in certain special industries. Therefore, while the larger part of the population suffers from the enhanced prices for necessities, a minority enjoy wages or profits high enough to offset all added expenses.

Within this sphere, however, the conditions are stable enough. If the money for the loans is derived from the savings of those who earn high wages, as well as from the bank credits of industrial enterprises whose profits have been greatly increased, and, as must normally result, the amounts realized by the State are soon expended and find their way back to the favored class of wage earners and industrial enterprises, then the process could go on almost indefinitely.

It is easy enough to insist on the apparent inequity of a financial policy based on loans, but this is the only one capable of attaining a definite and satisfactory result. In the present state of public opinion, however much greater may appear to be the sacrifice made by the combatant at the front, when compared with the highly recompensed aid given by the lender of funds to the National Treasury, it is nevertheless impossible to secure the large sums of money imperatively needed for war expenses by having recourse solely to intensive taxation.

Investors must be attracted by the prospect of eventual restitution and by the reward of a rate of interest higher than the current one.

In pursuing a different policy, one founded in the idea of forcing unwilling contributions, the desired effects would not be attained, either in the industrial or in the financial field. If, for example, a very large share of industrial profits was taken by taxation—

And this is pertinent to the observation of the Senator from Colorado—

the development of the industries would be checked and the efforts of the workers, threatened with a curtailment of wages, would be relaxed.

The writer then proceeds to say that larger countries, countries of larger riches, it is true, can bear taxes better than the smaller countries, and he proceeds in the article, which I will not burden the Senate further by reading, to point out that which I have tried to elucidate, that where the bonds are issued in a country and the money expended in the same country a different relation exists between bond issues and taxation than would otherwise exist. This is confirmed by our experience in the Civil War, where we were compelled to send the money from great loans out of the country.

Mr. President, it is because in my home I have been met with varying, and, I may say, opposing views and much opposition in certain quarters to my support of the policy presented by the committee, that I have given my reasons for sustaining this bill and advocating it. We can not avoid, sir, some form of taxation that will bear hard on some, but we can not put a taxation that is hard on all and expect the people to respond to the best uses of the Government. Men are making munitions and men are making other commodities of use to the Government, necessary for the conflict, and it may be said that they are making profits. I can not, however, enter that field, for I do not understand what profits they make; but I have this observation to make to you, that somebody must make these things; somewhere they must be made; somebody must serve the uses of the Republic; somebody must serve the important demands of the hour; from some place they must come; the Government has not devised the method; we have not established the plants yet; we have not created them; and they are not in operation, if ever it is our intention to create them. To some source we must look. These are the only sources in existence, and when we drive them out we leave the Government, its soldiers, and all its power without any force to carry on the war in any field, either at home or



abroad. While it may be regretted, and is regrettable, that any man on this floor is compelled to admit that such a condition could ever surround the Republic, we must reckon things as they are, not as we should like to have them.

Mr. President, in levying these taxes we are levying them with the conditions as we see them. We want to rob no man and wrong no man. Democracy we hope to install in all countries; but, sir, as we are carrying democracy into other lands, let us preserve democracy for our own. Democracy is not synonymous with confiscation; nor does democracy mean the destruction of honestly earned property. I am what is called a Democrat; I represent a school whose principles on the question I feel I can state in almost a single sentence: That a true democracy never makes illegal war upon legal wealth; it only makes a legal war on illegal wealth. Sir, if this taxation is to be laid, as laid it must be, let it be laid with equity and with justice, with precision, with deliberation, and with courage to do right even against condemnation from the misinformed and misguided.

Mr. President, the war is upon us. If we lay our hands suddenly upon every available source of taxation and apply it today we shall have nothing for the to-morrows by which we may subsist; and on the third day, fulfilling the scriptural terror, we die a commercial death, to be buried in the grave of national bankruptcy. Sir, if the attacks upon our country from Prussia, if from her the assault upon our honor has driven us to the evil of war, I dare apply the Scripture again, sir, and it shall be my text that "Sufficient unto the day is the evil thereof."

For the reasons that I have offered, sir, satisfactory to myself, I support the course of the committee, conscious that in the future days there may arise necessities of carrying this taxation to further limits, and still further limits, and still further beyond, to greater bounds; but until it does arise I can not justify it in the present, as my office must be to preserve, not destroy, the present; to increase, not diminish, the prospects of the future. To me, sir, duty is to "give unto all men at all times all things as time shall call unto men and the gods so to do."

Mr. SIMMONS. Mr. President, there are some necessary changes in the amendment of the committee as I proposed to amend it a few days ago. They are almost entirely matters of form. I think it is well to have the amendment reprinted with these things in it, just as it will appear when we vote upon it. I now ask permission to reform the amendment which I offered a few days ago, and have a reprint made, so that we may have it before we vote this afternoon.

The PRESIDENT pro tempore. Without objection, the request will be granted. The Chair hears none.

Mr. HOLLIS obtained the floor.

Mr. BORAH. Mr. President—

Mr. HOLLIS. I yield to the Senator from Idaho.

Mr. BORAH. I want to call attention to a statement in the RECORD of yesterday to which I direct the particular attention of the senior Senator from Utah [Mr. SMOOT] and the junior Senator from Massachusetts [Mr. WEEKS]. It appears on page 6568. I think there must be an error in the figures:

Mr. SMOOT. Mr. President, I take it for granted that the Senator from California [Mr. JOHNSON] was basing his figures upon the first amendment of the committee.

Mr. WEEKS. Mr. President—  
The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Massachusetts?

Mr. SMOOT. Yes; I yield.

Mr. WEEKS. In order that I may have this matter entirely clear in my mind, I wish to ask a question: I understand the Senator from Utah to state that the amount of taxes which a corporation earning 300 per cent of what it earned during the prewar period would pay under the present proposition would be 54½ per cent. Is that correct?

Mr. SMOOT. It would pay 44½ per cent plus the proportions of 10 per cent the profits would be over 300 per cent.

Mr. WEEKS. Fifty-four and one-tenth per cent of what—of the net profits over those of the prewar period?

Mr. SMOOT. Yes; the profits that are to be taxed, with the exemptions allowed.

Mr. WEEKS. Then 54½ per cent on \$490,000,000 would be something like \$275,000,000.

Mr. SMOOT. I have not the exact amount.

Mr. WEEKS. That would be the tax that the United States Steel Co. would pay under this bill. The tax would be something like \$275,000,000.

Mr. SMOOT. That is, if the amount of profits be \$490,000,000, after allowing the exemptions.

Now, I ask if the learned Senators, after reflecting on those figures, consider that that is the amount which the United States Steel Corporation would pay under the present amendment?

Mr. SMOOT. Mr. President, the Senator was not in the Chamber when I called the attention of the Senate this morning to the fact that the statement was not borne out because of the fact that the exemptions were not based upon the committee's substitute; and I stated to the Senator from California [Mr. JOHN-

SON] that the answer that I gave him in relation to the difference in the exemptions under the first amendment and the substitute I had not taken into consideration, nor had the Senator from Massachusetts.

Mr. BORAH. I was not calling attention to it for the purpose of entering into a controversy; but the vote which I cast last evening upon the 50 per cent plan was controlled in some measure by that statement in the RECORD. I think, upon reflection, that there is no 54 per cent provided for in this amendment at all.

Mr. SMOOT. Mr. President, there is no 54 per cent provided, as I stated last night; it was a proportion of the 10 per cent of the increase over and above the 300 per cent. I will say to the Senator that the question came up suddenly, and I could not say exactly what the proportion would be. I will say to the Senator now that not only was the Senator from California mistaken in the statement he made, based upon what the Senator from North Carolina had stated, but there was a misstatement by the Senator from North Carolina as to the amount, and also a misstatement as to what I said the exemption would be. The exact percentage will be figured out, and the Senator will know the exact amount.

Mr. JOHNSON of California. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Hampshire yield to the Senator from California?

Mr. HOLLIS. I yield.

Mr. JOHNSON of California. I want to make perfectly plain what I made plain yesterday. I quoted the figures that were given by the chairman of the Finance Committee and the Finance Committee. I quoted in those figures—and the RECORD day before yesterday shows them four times repeated—first, that the profits this year of the United States Steel Corporation, as estimated by the chairman of the Finance Committee, were \$490,000,000; that the tax—I quote the chairman of the Finance Committee and the Finance Committee, now—the tax that would be paid upon \$490,000,000, is \$183,000,000. I quote again from the reports that I have before me upon the desk of the majority and the minority of the Finance Committee, that the prewar profits of the United States Steel Corporation were \$63,000,000. Deducting the prewar profits of \$63,000,000 from the total war profits of \$490,000,000 leaves \$427,000,000, and upon the war profits of \$427,000,000 the United States Steel Corporation will pay \$183,000,000 of taxes under the committee amendment, the figures being given by the chairman of the Finance Committee. Now, \$183,000,000 paid by the United States Steel Corporation will constitute not 54 per cent, not 60 per cent, but forty-two and a fraction per cent of the war profits earned by the United States Steel Corporation upon the figures that have been submitted to the United States Senate; and the figures that are given by the junior Senator from Massachusetts [Mr. WEEKS] that they will pay \$275,000,000 are utterly at variance with the figures that have been given by the chairman of the Finance Committee and reported in the RECORD.

Mr. WEEKS. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Hampshire yield to the Senator from Massachusetts?

Mr. HOLLIS. I yield.

Mr. WEEKS. Such part as I took in the colloquy to which reference has been made was in the form of an inquiry, not in the form of an assertion. What I did say was that if the United States Steel Corporation would pay 54½ per cent, then its tax would be, in effect, \$275,000,000. I had not figured it out, and I was making the inquiry of the Senator from Utah, who, I supposed, had the figures.

Mr. SMOOT. Mr. President, that would have been the case if the earnings were \$490,000,000 after the exemptions had been made and the rate had been 54½ per cent; but the Senator from North Carolina, in naming \$490,000,000, did not state it as the amount that the profits of the United States Steel Corporation will be, based upon the first two quarters of the year 1917. If the earnings of the last two quarters of this year amount to the same as the first two quarters, upon which we base the estimate, the earnings of the United States Steel Corporation will be over \$570,000,000; and then if the exemption were allowed, it would have been another proposition entirely from that discussed. As I stated yesterday to the Senator from California, I could not say whether the Senator from North Carolina named the \$490,000,000 after the exemptions were deducted or whether that amount was the net earnings of the company; and, of course, the Senator knows that that would make a great deal of difference as to the percentage that they would have to pay.

Mr. OVERMAN. Mr. President, I should like to ask the Senator from Utah a question.

The PRESIDING OFFICER. Does the Senator from New Hampshire yield to the Senator from North Carolina?



Mr. HOLLIS. Yes.

Mr. OVERMAN. I want to know, why all this haze? Why can not the Finance Committee tell the Senate what is the percentage?

Mr. SMOOT. Mr. President, there is no haze about or around the question.

Mr. OVERMAN. Is it 54 per cent or is it 42 per cent, or does the Senator say it is 54 per cent?

Mr. SMOOT. No, Mr. President; it is not 54 per cent.

Mr. OVERMAN. What is it?

Mr. SMOOT. When a bracket is changed, I will say to the Senator, the result in percentages can not be stated in a moment; we have to take into consideration the effect upon every concern in the United States making the rate of percentage named in the increased bracket rate over the prewar period.

Mr. OVERMAN. Here we have one concrete example given by the Senator from California. He tells us what the receipts are. Is there not some way to work it out so that the Senate may know what the percentage is? Are we working here in the dark?

Mr. SMOOT. No; we are not working in the dark.

Mr. OVERMAN. Well, what is the percentage?

Mr. SMOOT. The Senator from Washington [Mr. JONES] has asked that the expert figure out exactly what the United States Steel Corporation will pay, based upon an earning of \$490,000,000. That will be prepared, and I suppose the Senator from North Carolina will be furnished with those figures, and they will be furnished to the Senate; but the trouble came about in this way: The estimated amount of earnings of the United States Steel Corporation, based upon the first two quarters—that is, provided the next two quarters' profits are the same as the first two quarters—will amount to over \$570,000,000, and I understood the Senator from North Carolina based his figures upon a profit of \$490,000,000. Now, the exemptions are entirely different in amount upon one than they would be upon the other. But now there is a definite, concrete request made, and we will tell the Senate just as soon as it is figured out.

Mr. OVERMAN. All right. I hope to get that information.

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Hampshire yield to the Senator from North Carolina?

Mr. HOLLIS. I yield.

Mr. SIMMONS. I should like to have the attention of the Senator from Washington [Mr. JONES].

The Senator from Washington asked me this morning if it was not possible for the expert to figure out exactly what the Steel Corporation would pay under this bill, and I told him that I would send for the expert and have him do it. I stated then to the Senator from Washington, as I state now, that in using the figures \$490,000,000 as the profits of the United States Steel Corporation I inadvertently overlooked the fact that that is the amount after the deduction. I stated, I think, that I was quoting from the Wall Street Journal based upon the earnings of the first two quarters of the year. I did not have the Wall Street Journal before me at the time I was talking. The Senator from Utah [Mr. SMOOT] suggested that the figures of the Wall Street Journal were \$490,000,000, and I adopted those, not having in mind at that time exactly what the Wall Street Journal's figures were. I had used the Wall Street Journal's figures in my original speech. I knew that \$490,000,000 was in that statement, but exactly whether that meant \$490,000,000 after the deduction or before the deduction I was not absolutely certain.

I have sent for that speech, and now I have the quotation from the Wall Street Journal used by me in my original speech. I told the Senator from Washington that I would have the expert make the calculation upon the figures as given by the Wall Street Journal. Now let me read those to the Senate. Here is what I said then:

I wish now to supplement that statement by reading to the Senate a part of an article from the Wall Street Journal of August 2 on the operation of the United States Steel Corporation for the first and second quarters of this year. I do this for the purpose of showing that while the war profits of 1916 were startlingly great, they were nothing like what we may expect during future war years. Let me read to the Senate.

I am quoting from the Wall Street Journal of August 2, 1917: "The allowance of \$53,918,872 for war income and excess-profits taxes made by United States Steel in the second quarter is much larger than recent Wall Street estimates, but this is due largely to the fact that earnings, not deducting taxes, in the second quarter were at the rate of nearly \$578,000,000 annually, and earnings to which the tax is applicable were at the rate of over \$490,000,000 annually."

So that it is apparent that the \$490,000,000 is after making the deductions. The Senator from Utah was wrong in assuming that the \$490,000,000 was without the deductions, and I was wrong in making the same assumption.

I have asked the expert, at the request of the Senator from Washington, to make the calculation based upon the actual statement of the Wall Street Journal. I can not be responsible for the Wall Street Journal's statement. If I had had it before me when I was making my speech the other day I would not have fallen into that error. I fell into it very largely because the Senator from Utah, while I was talking about it, used the figures \$490,000,000, and I assumed that they were correct. They are correct as to the amount that is liable to the tax, but they are not correct as to the amount of profits made. The \$490,000,000 is after the deductions and not before the deductions.

I explained this matter early this morning, but it seems to have been necessary to explain it to the Senate every few minutes.

Mr. HOLLIS. Mr. President, in deference to the suggestions of certain Senators who desire to vote for a larger graduated income tax on corporations, I have somewhat changed the schedules of the amendment I now intend to offer.

The committee amendment starts with 12 per cent on the first 15 per cent of deductions and ends with 60 per cent. My amendment as originally drawn started with 22 per cent and ended with 70 per cent. I have now changed it so as to begin with 20 per cent; the next bracket is 23, the next 27, the next 31, the next 35, the next 40, the next 45, the next 50, the next 60, and the next is 70. I ask the Secretary to read it.

The SECRETARY. Strike out, beginning with line 23, page 12, all down to and including line 22, page 13, and including the "bracket" of 60 per cent inserted by the committee at that point, and in lieu insert the following:

Twenty per cent of the amount of such excess profits not in excess of 15 per cent of the deduction allowed by section 203, section 204, or section 205, as the case may be:

Twenty-three per cent of the amount by which such excess profits exceed 15 per cent of such deductions and do not exceed 25 per cent thereof;

Twenty-seven per cent of the amount by which such excess profits exceed 25 per cent of such deductions and do not exceed 50 per cent thereof;

Thirty-one per cent of the amount by which such war profits exceed 50 per cent of such deduction and do not exceed 75 per cent thereof;

Thirty-five per cent of the amount by which such war profits exceed 75 per cent of such deduction and do not exceed 100 per cent thereof;

Forty per cent of the amount by which such war profits exceed 100 per cent of such deductions and do not exceed 150 per cent thereof;

Forty-five per cent of the amount by which such war profits exceed 150 per cent of such deduction and do not exceed 200 per cent thereof;

Fifty per cent of the amount by which such war profits exceed 200 per cent of such deduction and do not exceed 250 per cent thereof;

Sixty per cent of the amount by which such war profits exceed 250 per cent of such deduction and do not exceed 300 per cent thereof; and

Seventy per cent of the amount by which such war profits exceed 300 per cent of such deduction.

Mr. HOLLIS. Mr. President, there seems to be an impression in the Senate that we have by the amendment already adopted—

Mr. JONES of Washington. Before the Senator starts in it might be well to present to the Senate now the figures prepared by the expert.

Mr. HOLLIS. I should be very glad to have them submitted. Mr. JONES of Washington. According to the request made a few moments ago the expert has handed me the figures. I have not had time to examine them very carefully, but I present them to the Senate as the expert presents them.

Estimated war profits on basis of returns for first two quarters of year 1917:

Wall Street Journal, August 2, 1917, returns the earnings of the second quarter at the rate of \$578,000,000, net income, or \$490,000,000 taxable income.

Then the expert determines the amount of tax based upon the \$578,000,000 income, and here are the figures he gives:

Net income, \$578,000,000.

Deduction (because of increase in capital), \$88,000,000.

Excess war profits, \$490,000,000.

The amount at 12 per cent is \$13,200,000; the tax is \$1,584,000. The total tax is \$229,892,000 on the \$490,000,000.

Mr. POMERENE. Will not the Senator incorporate the table in the Record?

Mr. JONES of Washington. I will incorporate the table in the Record. On \$490,000,000, at 46.9 per cent, the tax would be \$229,892,000. Assuming a net income of \$490,000,000 the deduction for 1910 is \$82,660,000, leaving a war excess profit of \$407,340,000.

Then the expert gives the rate. On that amount the tax would be \$184,186,190 at 45.2 per cent under the rate as reported by the committee. The expert says:

The only change in the above computation under the committee bill, as originally reported, is the increase in the last bracket of the rate to 60 per cent from 50 per cent.

The total tax under the bill as reported on the basis of an income of \$578,000,000 is \$207,292,000. The increase by reason of the

60 per cent bracket would be \$22,600,000. Assuming the net income at \$490,000,000, the tax under the bill as reported would be \$168,250,190, and the increase by reason of the 60 per cent bracket would be \$15,936,000.

I ask that these figures in full may be inserted in the RECORD. The PRESIDING OFFICER. Without objection, it will be so ordered.

The table referred to is as follows:

UNITED STATES STEEL CORPORATION—ESTIMATED WAR PROFITS ON BASIS OF RETURNS FOR FIRST TWO QUARTERS OF YEAR 1917.

[Wall Street Journal, Aug. 2, 1917, returns the earnings of the second quarter at the rate of \$578,000,000 net income, or \$490,000,000 taxable income.]

Net income.		Net income.
Net income	-----	\$578,000,000
Deduction because of increase in capital	-----	88,000,000
Excess war profits	-----	490,000,000
AMOUNT, RATE, AND TAX.		
\$13,200,000 at 12 per cent	-----	1,584,000
8,800,000 at 16 per cent	-----	1,408,000
22,000,000 at 20 per cent	-----	4,400,000
44,000,000 at 25 per cent	-----	5,500,000
44,000,000 at 30 per cent	-----	6,600,000
44,000,000 at 35 per cent	-----	15,400,000
44,000,000 at 40 per cent	-----	17,600,000
44,000,000 at 45 per cent	-----	19,800,000
44,000,000 at 50 per cent	-----	22,000,000
226,000,000 at 60 per cent	-----	135,600,000
490,000,000 at 46.9 per cent	-----	229,892,000
Assumed net income.		
Assumed net income	-----	\$490,000,000
Deduction as for 1910	-----	82,600,000
War excess profits	-----	407,340,000
AMOUNT, RATE, AND TAX.		
\$12,399,000 at 12 per cent	-----	1,487,880
8,266,000 at 16 per cent	-----	1,322,560
20,665,000 at 20 per cent	-----	4,133,000
20,665,000 at 25 per cent	-----	5,166,250
20,665,000 at 30 per cent	-----	6,199,500
41,330,000 at 35 per cent	-----	14,465,500
41,330,000 at 40 per cent	-----	16,532,000
41,330,000 at 45 per cent	-----	18,598,500
41,330,000 at 50 per cent	-----	20,665,000
159,360,000 at 60 per cent	-----	95,616,000
407,340,000 at 45.2 per cent	-----	184,186,190

The only change in the above computation under the committee bill as originally reported is the increase in the last bracket of 60 per cent from 50 per cent.

Total tax	-----	\$207,292,000
Increase	-----	22,600,000
Total tax under bill as reported	-----	168,250,190
Increase	-----	15,936,000

Mr. HOLLIS. Mr. President, I was about to observe that the Senate is mistaken if it thinks it has very largely increased the revenue to be raised under this bill. I wish to remind the Senate just what it has done so far. It has increased the individual income-tax schedule practically \$60,000,000. It has increased the war-profits tax, it is claimed, about \$500,000,000. So that is left at \$600,000,000.

I feel very confident that the majority of the Senate intend to cut out of the bill as reported by the committee a very large part if not the whole of the consumption taxes. That would include the increase in postal rates, including parcels post and the express, the railroad passenger and freight increases, and the tax on tea, coffee, sugar, and cocoa, and the other similar taxes. If that is done the Senate will cut out about \$400,000,000 on the consumption tax, and that is an offset for the increases we have already made. So we shall end this long controversy by leaving the amount of revenue to be produced under the bill substantially \$2,000,000,000—where we started.

Senators who are going to vote to cut out consumption taxes ought to have that in mind, so that they may provide some other larger tax for that deduction. The amendment I have offered will, roughly speaking, add the same amount to the bill that we will cut out if we cut out the consumption tax; that is, \$400,000,000.

There has been no explanation to the Senate yet how this graduated tax on corporations will work. In the first place, Senators should remember that business that produces only a net income of \$5,000 is entirely exempt from this tax on corporations. It does not apply at all unless the earnings are above \$5,000.

I now take the case of a corporation of a million dollars capital making profits this year of \$200,000. That will be 20 per cent on the capital. Now, 10 per cent of that is allowed as a deduction, so that the \$100,000 of profit will be absolutely untouched under the war-profits tax and the tax that we impose will be levied on the \$100,000 above that.

Mr. SMITH of Georgia. If they earned that sum in the prewar period.

Mr. HOLLIS. It has nothing to do with the prewar period. They are not allowed to exceed 10 per cent of the amount of their capital. Possibly the Senator did not mean that it would be based on the prewar period. Perhaps I did not understand him.

Mr. SMITH of Georgia. If they only earned 6 per cent in the prewar period the tax would begin above the 6 per cent. That would be the result.

Mr. HOLLIS. But the additional corporations we have been trying to bring in under this form of tax are those corporations that made great profits. I assume one that is above a million dollars. A million-dollar corporation making a net profit of \$200,000 would have \$100,000 exempt, provided it made \$100,000 in the prewar period. Then, we are to apply a graduated tax on the \$100,000 in excess of the deduction. On the first \$15,000 of that excess, under my amendment, the tax will be 20 per cent, or \$3,000.

So that if this million-dollar corporation does not make more than \$15,000 above the deduction it will only pay \$3,000 under what is called this enormous tax. On the next \$10,000 it will pay 23 per cent, which would make \$2,300. On the next \$25,000 it will pay 27 per cent or \$6,750; on the next \$25,000, 30 per cent or \$7,500; on the next \$25,000, 35 per cent or \$8,750. That will make a total tax of \$28,300, or an average of 28.3 per cent on its profits and only 2.8 per cent on its capital. If it makes more than \$200,000, then it will pay a somewhat increased rate. If it makes as much as \$7,500, roughly speaking, on its capital of a million it would have to pay about half of its profits.

So I estimate under this amendment that the average rate to be paid would be 41 per cent, and that certainly is not too large on what we are setting apart as war profits to be taxed. It is 9 per cent less than England imposed the first year under its war-profits tax, and I remind the Senate once more that it is now imposing 80 per cent.

I appeal to Senators, particularly to those who are going to vote for cutting out consumption taxes and the increased rates on the Postal Service, to vote for this comparatively small increase on corporation war profits in order that we may allow for the deduction we intend to vote for later.

Mr. JONES of New Mexico. I should like to ask the Senator why he changed the first bracket from 12 to 20 per cent?

Mr. HOLLIS. Because I was appealed to by some who did not want to make the increase on the first as large as on the other brackets. I explained at some length the rate in war profits. I could not see the difference, but the Senate did not take that view of it.

Mr. JONES of New Mexico. What was the purpose of making the increase at all? What was the real object sought to be obtained?

Mr. HOLLIS. In order to get more revenue.

Mr. JONES of New Mexico. And what was there in the Senator's mind which suggested the gradations which appear in his amendment?

Mr. HOLLIS. The amendment the committee suggested imposes an average rate of 31 per cent. The English rate in the first year was 50 per cent. I offered that yesterday and it was rejected. My hope is that the Senate will be willing to go halfway between the average rate proposed by the committee and the first rate imposed by England. So I aim to make it substantially 40 per cent. In order to do that, I added 10 per cent to the committee's estimated 31 per cent and reached this basis.

Mr. JONES of New Mexico. The Senator now, I think, has stated the proposition on which his amendment is founded, that he is seeking to derive a certain percentage of the whole, regardless of the rate on excess profits.

Mr. HOLLIS. The Senator is wrong about that, because this graduated scale is based upon the idea of imposing a larger tax on the larger excess profits, and I have adopted that general plan.

Mr. JONES of New Mexico. That is quite true with the graduated tax, but yet somehow or other it seems to me that the Senator has in mind that the thing which ought to be done is to derive a certain percentage of the whole of the excess profits of all industry, regardless of the real purpose of the gradation. In other words, he is making the standard a certain percentage of the whole, and he is making the gradation for the sole purpose of finally reaching this 1 per cent of the whole of the excess profits.

Mr. HOLLIS. Certainly. I do not see how else anyone could do. That is exactly what the committee must have done. You must begin somewhere and end somewhere and have a certain average.

Mr. JONES of New Mexico. The committee, as I recall, did not try to do that. What the committee sought to do, if I



understood the reasoning of the members in the committee room, was to put a graduated tax in such a manner as would not seriously cripple the business interests of the country. It was assumed that the business which was earning only a small percentage in excess of what it did prior to the war ought not to pay the same percentage of an excess-profits tax as the concern which was earning a much larger percentage over its prewar earnings; and the principle which was sought to be injected into the bill was to grade that in proportion to the limited earnings on the one hand and the large increased earnings upon the other. We did not start in to say that we thought that all incomes ought to contribute a certain amount and then grade it for the purpose of raising that percentage. So I would still like to know what underlying principle there is involved here which causes the Senator to increase his first bracket from 12 per cent to 20 per cent?

Mr. HOLLIS. Exactly the same as the Senator has explained the committee undertook to do. I wanted to raise so much revenue. I looked the field over and saw where the wealth is to be taxed. I have adopted the committee's scheme in toto, except that I have imposed a somewhat higher rate on each bracket. The committee can not give me any reason for adopting 12 per cent instead of 10 or 15 or 20. That is their guess, and, judging from the guesses that have been made on this floor by the committee, they do not agree very well on anything.

Mr. JONES of New Mexico. Then, may I ask the Senator why he increases the bracket for 8 per cent—the first bracket—by only 7 per cent, and still the next one by 7 per cent, and the next one by only 6 per cent, and the next two by 5 per cent, and the next three or four by 5 per cent? What was in the Senator's mind in suggesting the difference in changing the rate there?

Mr. HOLLIS. I will tell the Senator when he tells me what the committee had in mind when they increased the first by 4, and the next by 4, and the next by 5, and the next by 5, and the next by 5, and so on up to 10. It is just a guess. My judgment is my own. It may not be as good as the committee's; it may be worse or it may be better. I have merely taken the general plan and have added it up so as to produce \$400,000,000 more revenue.

I merely want a reason. I can ask any member of the committee. You can not justify it; you can not prove it. All you can do is to use your best judgment. The committee used its best judgment. I think it is a pretty good judgment, considering it is the Finance Committee; but I think the Senate will have a better judgment upon it, because the Senate has been laboring with this thing for months and has not gotten befogged by the maze. At best it is a guess and it is a judgment. We treat the little fellow considerably better than we do the big fellow. I did have a plan. I will tell the Senator. I thought 20 per cent was a small amount to take from the excess over 10 per cent of the capital from the smallest one we taxed, and that is only 8 per cent above what the committee thought was a good small one. Then I increased what the committee thought was a very large one by 10 per cent and got 7 per cent. Then, in approaching those I jumped once 3 per cent, I jumped three times 4 per cent, I jumped three times 5 per cent, and the last time 10 per cent twice. I do not know that the Senator can tell what their scheme was. The Senate can decide which is the best.

Mr. SMOOT. Mr. President, I have not seen the Senator's amendment, but I wish to ask him if I understand it correctly, because I want it correct before I undertake to make certain computations that I intend to make and call the attention of the Senate to them. The first is the increase from 12 to 20.

Mr. HOLLIS. I beg the Senator's pardon. I will give them just as I did, and he can compare them with the committee rate.

Mr. SMOOT. I want to get the increases.

Mr. HOLLIS. Twenty, twenty-three, twenty-seven, thirty-one, thirty-five, forty, forty-five, fifty, sixty, seventy.

Mr. SMOOT. That is as I understood it when the amendment was read, but it was read so fast that I did not know but that there was some error. I wanted, before I made the computation, to be sure that it would be correct.

Mr. HUSTING. Mr. President, I wish to state a few of the reasons for supporting the amendment offered by the Senator from New Hampshire [Mr. HOLLIS]. I have voted for the higher rates proposed here before the Senate but the Senate has seen fit to defeat all attempts to impose these higher taxes. I think this defeat is only temporary. I think if the war continues for another year the amendments that have been offered will be exceeded in amount and that the Senate will go on record in favor of higher taxes than any which have been proposed.

If we bond ourselves much higher than it is proposed we bond ourselves for the fiscal year ending July 1, we may have

to go still higher, because the time may come when we can not float bonds any more. The reason why I think we ought to raise the greatest amount of taxes that we can at this time is that we ought to raise taxes while we have conditions that make tax paying easy. We ought to reserve our credit for such time as we may need to call upon it.

There have been various estimates here as to the amount of money that we must obtain for the fiscal year ending July 1, 1918. They range all the way from \$23,000,000,000 down to \$17,000,000,000. If we raise under the existing law and the bill as now proposed by the Senate committee, that is to say, \$3,300,000,000, and we are obliged to obtain a total of \$23,000,000,000, it is quite evident that the remaining \$18,000,000,000 will have to come from bonds or notes. That will mean that the ratio of taxes to the amount to be raised by bonds will be about one to five.

With the world in the condition that it is in, with the limited market for the sale of our bonds, which means virtually that all our bonds must be sold here at home, it does seem to me that we are doing a very imprudent thing if we adopt a policy of selling bonds to the amount that is proposed and straining our credit to the utmost. You can not sell any more bonds than our own people can take. How many billions of bonds can our people digest? The time may come when business will not be so good as it is now, when not so much money will be made, when profits will be less and incomes lower, and if then we find ourselves in a position where the bond-buying capacity of our people has reached a limit, how are we then going to raise the necessary money?

Mr. GERRY. Mr. President—

Mr. HUSTING. I yield to the Senator from Rhode Island.

Mr. GERRY. Does not the Senator think that we will have a greater market for our bonds if we allow the corporations to go on and prosper and expand so that they will increase in their industry, and we can raise greater taxes later and also have a greater market for our bonds?

Mr. HUSTING. Of course we want to go on and have our corporations prosper and expand their business and increase their industry, but if we raise the money we need on bonds and little taxes, I do not think we can raise more taxes later nor sell as many bonds. I think just the contrary. I think if we bond ourselves down, or mortgage ourselves down, to thirty or forty billion dollars, we will have a hard time selling the bonds to those who have the money, because they will not think it is a very good investment.

It has been said here that we must have bonds. It is true that we must have bonds for every dollar that we do not raise by taxes; but the contrary is true, that every dollar that we do raise by taxes means a reduction of one dollar in bonds, and every billion dollars we raise by taxes means a billion dollars less in bonds. Not only does it mean that, but it means the interest on a billion dollars' worth of bonds. If we bond ourselves with \$30,000,000,000 and have to raise the interest to 5 per cent, it means not only that we have got a bonded indebtedness of \$30,000,000,000 but an annual interest bill of one billion and a half dollars; that is to say, one billion and a half a year, which is more than one Congress usually votes for the whole running expenses of the Government.

I think this is a truism. I do not see how there can be any question about the provision that the less bonds we sell now and the more money we raise by taxes the better our credit will be and the easier it will be to sell bonds when we have got to call upon our credit for the money necessary to conduct the war.

I do not think it is good financiering to levy small taxes and issue immense bonds until and unless we have to. I do not claim to be an expert in financiering. I am a mere layman on that proposition; but it seems to me as plain as day that we ought to raise as much by taxes as we can consistently with the prosperity of business and the prosperity of the people. We ought to go to the very limit, and we ought to reserve our credit until such a time as the conditions may make it necessary for us to call upon that credit. We ought to conserve our credit now as much as possible for future use.

If a farmer, instead of making a collection or getting money some other way, mortgages his farm, when the crisis comes he has not got any credit left to take care of his financial situation.

I can not understand the logic of those who say we must not tax the people because we have got to have bonds. That means to say that we must not take the money for taxes in order that we may borrow it and put ourselves into debt. Those who make that argument seem to think that going into debt is a privilege and a blessing which we should seek and welcome. It is not good logic; it is not good financiering. So I say, to



start off, it seems to me that we ought to have as large a tax imposed as possible under the circumstances.

Now, no one claims that this is taxing anyone to the limit. No claim is made that the bill will do anything except that some say that it will discourage a man from continuing to manufacture. I listened with a great deal of interest and admiration, as I always do, to the distinguished Senator from Illinois [Mr. Lewis], but he said something this morning that I should dislike to believe. The Senator's argument was something to this effect: That the large manufacturing institutions in Chicago and in other portions of the United States if taxed too high would quit manufacturing and go out of business. Now, what does that mean? That is a pretty heavy indictment to make against the manufacturers of Chicago and the United States. It means that unless they get the price and unless they dictate the conditions under which they will do work, unless they can dictate the taxes of this country, they will not go along; that they will quit. Now, let us apply that sort of logic to the drafted man. We could not impute such a thing to a man who was drafted. Here is a man drafted. He has got to go to the war. Suppose he said, "Well, how much are you going to pay me for going to war?" "We are going to pay you \$360 a year." "Well, then, I will not fight; I will quit. Unless you give me the amount of pay that I want, the same amount of pay that I always got, plus 200 per cent, I will not fight." We call that man a slacker. We disgrace him; we put him in jail. Now, is not his life just as precious to him as the money is to the manufacturer? Does not the man who has got to fight in the Army think as much of his life as these manufacturers do of their dollars? Is he not entitled to as much consideration as the manufacturer or the taxpayer? Let me put it in another way. The man who is drafted is not asked how much he will take to fight for his country. He is told that he will get \$360 a year. He is drafted. So the manufacturer or business man must be told the conditions upon which we expect him to fight in the industrial or manufacturing world to back the country in this war.

The amendment offered by the Senator from New Hampshire [Mr. Hollis] leaves to the taxpayer the income which he enjoyed before the war and all the income that he is deriving by reason of the profits he is making which are due to the war; leaving to him still over 54 per cent plus his normal profits; yet we are told that that tax is excessive, that it is too high.

Now, let us apply that to the man who is drafted—who has got to go and fight in the trenches. We will take the case of a man in business having an income, we will say, of \$2,000 a year. Let us assume that he has a profession; that he is a lawyer, a dentist, or a doctor; or, let us assume, he has a store or a farm or anything else from which he makes \$2,000 a year. When you draft that man you pay him but \$360 a year; he does not get what he earns in normal peace times. No man who enters the Army gets from the United States Government what he earns in normal years. He is reduced from the sum which he earns in normal years down to \$360 a year, to \$30 a month.

Not only that, but he has got to turn his key in his door; he has got to lock up his business; his business stops; his practice ceases; and he goes to war. He leaves the comforts of home; he breaks up his family ties, and when he gets back, if he gets back alive, he finds his practice gone, his business gone; he has lost the income that he was enjoying in times of peace, and he has got to start all over again. That is what we have said and done to the drafted man; that is what he is cheerfully suffering to be done with him without any threat on his part that he is going to quit. But if he took the attitude that certain men take in regard to their money, or if we accept the arguments that are made upon the floor of the Senate in regard to taxes and apply it to the draft, we could not get a man to fight in the Army. Who, if he had his choice and was not mindful of his duty to his country or whose heart was not fired with patriotism of the highest order, would voluntarily leave his home life, his comfort and ease, his business life, or would leave his associations and go and lay down his life on a battle field across the sea? Yet, I say, the soldier must do all those things.

We are told here, however, that when it comes to a question of taxation, when it comes to a question of permitting these taxpayers to remain at home enjoying their profit, not breaking up their family ties, not breaking up their business, not only continuing to earn all they ever would have earned if there had been no war, but then giving them 50 per cent of the excess, we are told that these men will refuse; that they will say, "We will not play at all; we will lock up our factories and let you fight the war yourselves." If we must assume that to be true, we must assume further that when it comes to money, when it comes to business, men are so selfish, are so unpatri-

otic, that they will let the country go to destruction before they will let the Government take only a portion of their money to defray the expenses of the war; we must assume men are willing to have their sons go and be killed in the Army cheerfully, if they are called, but object to making a sacrifice which touches their pocketbooks; we must assume that men are more prodigal of their own flesh and blood than they are of the golden offspring of their business. I refuse to believe such a thing as that. I do not believe that we have a right to assume that our taxpayers are that kind of Dr. Jekylls and Mr. Hydes. I do not believe that the men of wealth, the men who are able to pay taxes here in this country, are so lost to all sense of fairness that they are not willing to pay whatever in all reason and justice they are called upon to pay for the conduct of this war and to make sacrifices in a measure commensurate with those of the man who carries a gun and lays down his life in the trenches without a murmur.

I can not believe that Americans will not cheerfully pay all of their excess profits, and, if necessary, even some of their non-excess profits, even a part of the profits that they earned in peace times, to help win this war.

Is there any good reason why they should not do so as a matter of fairness and justice? We have entered this war upon the theory and on the practice, I hope, of universal service. Men have got to serve according to their ability to serve. Not all men can serve in the same way. We recognize that in the draft. We take only such men as are physically fit to be in the Army to fight for their country. Other men will have to "do their bit" in a little different way; some by military service; some by civic service; some along the lines of their profession; some in the Halls of Congress; some in this and some in that line of business. The great burden must necessarily fall hardest upon the men who have to go to war. They are called upon to make the supreme sacrifice. They may sacrifice their lives; they are called upon to sacrifice their happiness and the happiness of their families; and they are called upon to sacrifice their business; to sacrifice their revenues; to sacrifice everything that makes life worth living. Many of these men are going to sacrifice their lives and their business, not only in part, but in whole. Those who are called upon for only money contributions are only asked to give up a part of their unusual and excess profits. Their lives, their comforts, their happiness, their business is not interfered with.

We must call upon those for financial assistance who are best able to give it. Those are the men who will have to carry the financial burdens of the war. When we say, "You are the strong men; you are the men who have got to furnish the sinews of war, because you are so fortunately situated that you can give this service," do you think that we are going to find a lot of quitters and a lot of slackers? I should dislike to have so poor an opinion of the men of wealth of this country that when they are called upon to make a sacrifice infinitely less than we exact from certain numbers of our citizens they will not cheerfully respond to the call.

We talk of sacrifices. The men who are drafted are the ones who are called upon to make the supreme sacrifice. I say again it is not sacrifice in that sense of the word when we tax men in such a way that they still enjoy more returns during the war than they did before the war. It would only be a sacrifice if they gave something which they enjoyed in times of peace. So I agree with other Senators on the floor here who have said that, as a matter of principle if not of expediency, it would not be asking too much for every concern in the country to be willing to give the country every dollar of excess or war profits it earns. I also agree in the thought that no man ought to want to emerge from this war—a war in which the vital interests of this country are at stake, a war in which we felt it necessary to make the sacrifices that we are going to make—financially benefited from it, if his country needs that which he profits. No one proposes to take all even of the excess profits—that is to say, the profits he makes because of and which he would not make but for the war—because we want to leave him something to expand with if necessary; but I repeat that if necessary he ought to be willing to give all, just as all is given by the man in the trench or on the sea.

We are talking here of war profits. We all know that this war has given a great impetus to business; there is not any question that money is being made by the great corporations and by the people generally far in excess of what they would have made if we had had no war. Consequently, in a sense, if they are permitted to enjoy this favor, they will merely be reaping the fruits and the grain that are going to grow on the graves of our own soldiers that we are sending across the sea—the fruit and grain grown in the national cemeteries in which our men are going to be buried; and I say that I have sufficient



confidence in the Americanism of those men, even though they own millions upon millions of dollars, to believe that they will never put themselves in any position where they will claim a right to keep and will feel right in keeping the money that was made by reason of the distress and the stress of their country in a time of war. I do not say that it is wrong for men to make money during the war, but I do say it is wrong for them to want to keep it all if their country needs it for its defense. It is only fair and just that they should contribute their share.

It may be that we have not gotten over the old superstition that life is cheap and money is sacred. We who voted for the declaration of war and believed it was necessary, and who now know better than ever that it was necessary; we who voted for the draft law knew what it meant. And when arguments were made upon the floor that we had no right to take our men and compel them to sacrifice their lives, what did we say about it? We said it was necessary to do it, and being necessary, that that ended the argument. We said that if we did not have the power to draft men, the Nation then would not have the power to defend itself; that we were justified in passing the draft law because we must have men to fight the battles for the Union. There was not any suggestion made then that these men would not respond; that they would not go out for their country and fight in Europe even for \$360 a year. It was not said that these men would not give up a life of ease, perhaps, even lives of luxury and incomes far in excess of \$360 a year to go and fight in Europe, and yet we were dealing with human lives and happiness when we did that. Now it comes to raising money, which also is necessary for the purpose of fighting this war. Without it we can not send our soldiers and sailors across the seas; without it we can not provision them; we can not munition them; we can not arm them; we can not take care of them. But when we say that we must back up and support and arm these men whom we have drafted, by money taken from those who are making money out of the war, and those who have money to spare, then we adopt a different rule, and say that we must have consideration for such men; we must assume that they are unpatriotic; we must assume that they are selfish; we must assume that they are slackers; we must assume that they are not good, true Americans for they will close down their factories and shut them up if we try to make them pay the tax. I do not believe it; I do not believe that there is a single concern in this country—and I make no exceptions; if I made an exception I would be impugning the honor and the patriotism of the men whom I would so except—I say there is not an exception, that no matter what taxes are imposed upon them they will pay it; they will continue to run their factories; they will continue to help the country; they will continue to help win this war.

I have not as yet heard any man say that he did not want to pay. All I have heard men say is that they did not want to be taxed in a way to ruin them. Nobody wants to ruin any business; nobody wants to dry up the spring at its source. It would be the height of folly to do any such thing as that; we could not do a more foolish thing than that; but why assume that we are going to dry up the spring when we only want to dip up and drink the overflow from the spring? That is not drying up the spring at its source. I can not be made to believe, or, which is more important, the American people can not be made to believe, that business is going to be crippled when it is proposed only to take the surplus which it never enjoyed in the heyday of profit making before the war, when we give business good measure for what it has usually made, and then, heaped up on top of that, another 50 per cent. The people can not be made to believe, and the manufacturer himself can not be made to believe, that it will put him out of business. We are only cutting down half of an exorbitant profit that business never would have made if we had not declared war and if we had not drafted men to go across the sea to fight the war.

Mr. JOHNSON of South Dakota. Mr. President—

The PRESIDING OFFICER (Mr. McKELLAR in the chair). Does the Senator from Wisconsin yield to the Senator from South Dakota?

Mr. HUSTING. I yield.

Mr. JOHNSON of South Dakota. Mr. President, I agree very fully with what the Senator from Wisconsin says. When the so-called draft law providing for conscription of men was before the Senate I argued then—and I repeat now—that all should have been conscripted. Then all could have been used in any capacity which this Government requires, and it would have entirely done away with the right of any set of men to say, as has been suggested by the Senator from Wisconsin, "If you do not allow us to fix the taxes, if you take too much from us, we will quit."

Mr. President, if every man in the United States had been conscripted and been made subject to the call of the Government we would not have heard any such talk as that to which the Senator from Wisconsin has referred. A conscription of all men would have been truly democratic, and I am unable to see how any good citizen could have objected to it. If a man should have been needed to serve his country in any capacity that the Government might require of him, and it became necessary to call on some of our large corporations to turn out commodities necessary for the welfare of the country, such could have been easily brought about under this plan. It would have been their patriotic duty, and I am sure they would have complied willingly with such a request. If not, they would have been compelled to comply and would have been placed in the same class in that respect as drafted men, sent to the front.

Mr. HUSTING. Mr. President, I thank the Senator for his interpolation. I agree with him, at least to the extent that every man ought to feel himself conscripted if he is not, in fact, conscripted. In theory, I think every man should have been conscripted. It may be that it would have been impracticable to have conscripted every man and every industry, because we have not the organization ready to use such a force wisely, but in so far as we could use such a force wisely every man should be conscripted in the Nation's service. We have men here in Washington now, who have come here, leaving their homes and business, and are giving their services gratis to the Government. I am receiving letters every day from men from my State, men of wealth and standing as well as from men of humble means, all ready to work for the Government without pay.

There is no equity in the idea that some men are made to fight and die, that other men are made to pay and die, while still others are made to pay only; and then that there shall be millions and millions of people not doing service of any kind. We all ought to be in a position where we ought at least to try to do some service. This country ought to be welded now spontaneously into one compact force, the whole working in harmony and in the same direction, with every ounce of energy and power, so that we could use every energy and every resource and every power, material or otherwise, in the promotion of the prosecution of the war and in bringing about the defeat of our enemies; but we have not done that.

I repeat that in a sense we are all conscripted in this war. One man fundamentally owes as high a duty to the Government as every other man to do his part, in his way, to assist in bringing the war to a successful conclusion. There ought to be no sacrifice demanded of a man that he would not be willing himself to make. I do not believe there is a man in this Chamber who is not willing now to make any sacrifice he may be called upon to make in this war.

The war has just begun; no man knows just what sacrifice he will be called upon to make. The opportunity for sacrifice will be great between now and the time of the close of the war. I believe there is no man in this Chamber who is not willing to make any sacrifice if called upon; and I want to go further and say that there is not a true American citizen, whether he is engaged in manufacturing, in trade, in agriculture, or in any other enterprise, who right down deep in his heart is not willing to make the supreme sacrifice if he is called upon to make it. Of course, it is human nature to hope that he will not be called upon to make too great a sacrifice; but here is the forum where these things will have to be determined, and why should we assume that men who have the means and ability to help finance the war are less patriotic and less willing than are those who are called upon and are ready to sacrifice their blood or their life in the country's defense?

There is another thing about this: There is a sense of equity and justice in all men. Men are willing to do their part if others are willing to do theirs. This country has seen a division—a small one, I hope and believe—on the part of some people who have been against this war. They are taking every opportunity they can to block this war. We have newspapers, we have societies and leagues and councils and things of that kind, that are looking for every opportunity to come in and stop or hamper or hamstring the activities of this Government in the prosecution of this war. I know there are some of them talking busily amongst the laboring men, amongst the wage-earners or the men who we might say are in the less affluent walks of life, who say that this is a millionaires' war, this is a munition makers' war; that in this war all this Government cares about is to get the men in the field to fight; and they are going to put the expense of this thing all in the shape of bonds, so that those who toll will, by the sweat of their brow, mingled with the blood of their veins, have to stand the awful cost of



this war. That is what they say; and they are working upon people, trying to prejudice them into a belief that this is a war, like most former wars have been, where the wage earner and the man in the humble walks of life has got to shed his blood and give his sweat in the prosecution of the war.

Now, that is not true; but the best way to prove that it is not true is not to expect the men who are going to war to have the money furnished to them by the people in the way of consumption taxes and other taxes levied upon the necessities of life. You are burning the candle at both ends when you do that. You are making the man's living higher and you are piling up the costs upon his back. When somebody says that this means only putting this burden on the backs of posterity, I say that that is a fallacy. When we bond ourselves we are putting it upon the backs of the men who are working to-day. They have got to pay the interest, and in less than one generation at 5 per cent you have paid the whole debt; whereas if we get it in taxes, or at least a substantial amount of it in taxes, we are paying it now, and we are paying it as we go, and the brawn of the Nation and the wealth of the Nation is doing each its part. So, if you do levy substantial taxes and light bonds, the burden will be distributed between those who can fight and those who can pay.

I say it is not fair, it is not just, it is not right, it is not wise, and it is not prudent to do otherwise. Let those fight who can fight and let those pay who can pay. Let each man do his bit in his own way. That is good statesmanship, as I take it. That is good sense, fairness, and justice.

I say again that we ought to impose and levy all the taxes that we can, as long as it does not injure business, so long as it does not destroy our efficiency or our prosperity. That is what I mean by not injuring business. There is no argument as to the fairness of it, as to the justice of it, as to the wisdom of it. It is a question of expediency as to how far you can go. I say you are not going too far when you let the spring more than run over, more than bubble over, when you are just dipping from below, where it does not affect the source and does not diminish the supply, and when you leave 50 per cent or 20 per cent of excess and war profits plus the profits that these enterprises have always earned and against which our people complained before the war because excessive prices were being charged and excessive profits made.

Remember that you are still giving them those high profits before the war plus 50 per cent or 54 per cent under the amendment of the Senator from New Hampshire; you are not crippling anybody, and you are laying away for a rainy day the credit that you may need very badly before this war is over.

If you cut one billion off of the top of the bond issue and put it on below, between them it reduces the discrepancy by \$2,000,000,000; but if, before the year is over, you are going to put on a bond issue of sixteen or seventeen billion dollars against a three-billion-dollar-tax bill, to the extent that you have failed to take the taxes that you should have taken and to the extent that you have heaped it on top of the pile of bonds, just so far you have cut down your own credit. If this war lasts a couple of years, the Lord knows that we shall need it.

Some people say that they must have money to buy bonds that we are going to issue at some time, and that we should not take their money away so that we may sell them the bonds later. Remember, however, that we can not force them to buy bonds. If they are not willing to pay taxes now, and only pay them because they have to pay them, then, when the Government is in its last extremity, if it should come that far, as far as getting money is concerned, how will we get the money unless we yield to the dictates of their terms as to interest rates and pay their price, as the Government has had to pay the price in former wars? Not only that. Perhaps they will not buy our bonds at all; and what then? Every dictate of wisdom, prudence, justice, fairness, and righteousness demands that we get an adequate tax; that the men who can afford to pay shall pay an adequate amount of tax and contribute an adequate amount to the prosecution of this war.

The taxes that I think were just and fair have been voted down; but the amendment of the Senator from New Hampshire [Mr. HOLLIS] certainly ought to appeal, it seems to me, to every Senator, because it is just and fair.

It was said here that England started with taking 50 per cent of the war profits by way of tax. I think the response made by the Senator from California [Mr. JOHNSON] was unanswerable, that they have had three years of war profits, not a cent of which has been taken. They have got that nest egg. Besides the assurance of the excess profits, three years of war profits have not been touched, and yet we talk about crippling them. We talk about discouraging these moneyed patriots, and insult them by saying that if we do less than is fair from our own standpoint, give them the benefit of every doubt, resolve

every doubt against ourselves, they will quit and lie down, and say, "Manufacture your own ammunition, make your own guns; we are through with you. We refuse to fight with our money. We refuse to support our boys across the sea with our money. We are strong for the war, but not with our money."

I do not think that is good Americanism. I want to reassert my confidence in these men that they will not do anything of the kind. Some of them are trying to make the best bargain they can; but if I understand their sentiment, their idea in this war is that they are going to be good, game sportsmen, as it were. They are going to come across with what the country asks of them. They can not do any less than that and remain good Americans. They can do more by volunteering and making it less difficult to get a good bill through.

I sincerely hope that this amendment, at least, will be adopted, and that we can go before the people and defend the bill. Let no one here think that the people are going to be offended, that the bill is going to be unpopular, because it makes men pay what they justly ought to pay. There may be some unreasonable men that think it is unfair, but there is a sense of fairness in the American people which has evidenced itself in many ways and at many times. They know about what is right and what is fair; and I want to say that I think that this idea of higher taxes, instead of being unpopular among the people, is only unpopular in restricted circles. I want to say that its seeming unpopularity with the Senate is not reflected in the people at large, because while they are willing to pay the blood price, they want those able to stand it to pay the money price.

I hope this amendment may be adopted, so that we can go before the people and point to this as a bill which conclusively establishes that Congress is setting out on the right track, that Congress is going to see that justice is done. It is going to encourage the people, it is going to encourage our armies and our navies, to know that their fellow citizens are willing to carry their part of the burden during their absence. We are just setting out now, just taking the first steps in this war. We ought to put our best foot forward when we start this march, the length and the difficulties of which we do not know. We should be sure that we take the right step, and keep in step, until we reach the victory at the other end of the road.

Mr. POINDEXTER. Mr. President, I assume that a great majority of the Senate is in favor of selecting, as a primary subject of taxation for the purposes of the war, those elements of property in the country which are best able to support the burden. I agree to that proposition myself. I think that is the general object, as I gather from the remarks of the Senator who has just taken his seat, that he has in view; but, as I have listened to the debates on this feature of the pending bill for a number of days, I have doubted exceedingly whether the means that some Senators propose to accomplish this object really and in fact tend to the result which they desire.

I am somewhat surprised to hear the statement made on the floor of the Senate that a Senator whom I know to be in sympathy with the purposes of the war, and imbued with patriotism for his country, would take by the hand of taxation every dollar of the so-called war profits of the country. I am impressed with the idea that that statement is made without due reflection.

Mr. HUSTING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Wisconsin?

Mr. POINDEXTER. I do.

Mr. HUSTING. Does the Senator refer to me?

Mr. POINDEXTER. I refer to the Senator from Wisconsin.

Mr. HUSTING. The Senator misunderstood me. I said that as a matter of principle I think we would be justified in doing it. I said, however, that as a matter of expediency no more ought to be taken than we could safely take and at the same time maintain the prosperity of the people.

Mr. POINDEXTER. I will take the statement as the Senator now makes it, "that as a matter of principle we would be justified in taking every dollar of the war profits of the country," as a statement of his position. Well, what would be the result of the application of such a policy as that? The result, of course, would be that there would be no industries which might be denominated as war industries; and the inevitable ultimate conclusion would be that the arms of the Government would fall helpless to the ground in this great struggle upon which we are entering.

I have gotten the general impression from the course of the debate on this phase of the bill that it is in the minds of some Senators that war industries, or industries which earn those profits which we call war profits, ought to be condemned; that such an industry is something which instead of having the



support and the good will and the encouragement of the Nation ought to have its execration and its control, limitation, and suppression by the levying of heavy taxes upon it. My view of that matter is, Mr. President, that the war industries of the country, every legitimate one of them, being essential to the conduct of the war, instead of being regarded as an abuse, instead of those who are engaged in them being denounced as coining money out of the blood of our young men—and there never was anything more erroneous than any such statement—ought to have the encouragement of the Government in every legitimate way and to the greatest possible extent consistent with the necessities of a just taxation.

What are the war industries of the country? They are not all octopuses. A good many of them are instituted and carried on by individuals and small business concerns starting into some particular enterprise for the purpose of manufacturing some war supply, to carry on businesses which must come to an end when the war is over, but which in the aggregate make up that enormous volume of supplies of every kind, whether they be food or fuel or munitions of war, upon which the liberties and independence of the Nation must be sustained. Now, are we going to set those people who are engaged in that sort of an industry, in a crisis of this kind, off by themselves, into a class upon which we heap obloquy and execration, as men who are profiting out of the distress of the country?

What are your soldiers in the field going to do if there is not somebody back at home working to supply them? I say, Mr. President, that a citizen of this country, whether he is a man of large or small means, a mechanic or a man with pick and shovel, who puts those means to work to supply the Army, to supply the needs of the Nation, is performing just as essential a service as the man who volunteers for personal service on the field of battle.

That brings to my mind another suggestion in that connection—that there seems to be an assumption in the debate in certain quarters upon this part of the bill that there are two separate and distinct classes in the conduct of this war—one those who fight, and the other those who possess the wealth and pay the taxes of the country—as though they did not merge into each other, as though it were not true that, as a matter of fact, all pay taxes and all are equally liable for military service.

Does the Senator from Wisconsin or any other Senator suppose that a man whose patriotism has induced him, as it has induced thousands and tens of thousands of the best of our youth, to give his personal services wherever his Government may send him in this war is exempt from taxation upon his possessions or his inheritances, whatever they may be? The man who engages in industry, unless he be a laboring man performing some mechanical or industrial work which is regarded as essential to the maintenance of the war, does not thereby escape the obligation of personal service as a soldier. If he is merely a man who owns property, that is no ground of exemption. If he is merely a man who has an interest in the way of an investment in some war industry, that does not exempt him from shedding his blood as well as paying his share of the taxes for the support of the war; and yet one would suppose so from listening to a portion of the debate upon this bill.

There has been, Mr. President, a disposition to place before the country a picture of mere bloated wealth—property interests fattening and battenning upon the distress and the necessities of the country—a picture which might have disastrous results if it were believed by the great masses of the people of this country who, after all, constitute its strength, not only for fighting its battles but, in the last resort, after you have exhausted superfluous wealth, for its finances as well. If they are to follow the lead of their supposed leaders to get their ideas from this apparent attempt to array class against class, do Senators imagine that it would promote the unity of action of a great and patriotic people, to bring about a successful conclusion of this war in which, now that we have undertaken it, all that we have or ever hope to have is involved?

Why, Mr. President, I say that for a man who claims to have a following in the public opinion of this country to go before those people who wait upon his word for advice, for information, for the policies which ought to control the conduct of the war, and, by arguments of that kind, to stir up prejudices which are unfounded in fact, which are contrary to the fact, which do an injustice to the character and the disposition, as a whole, of the people who own the property of the country, great and small, is an attack upon the efficiency of the country, and in its effect, at least, is very far from the result which a patriotic citizen, such as I know some of the Senators who argue along that line to be, would desire.

Mr. President, taking the proposition that I stated a moment ago—and I think it is a reasonable one—that the first subject of taxation which we seize upon for heavy and special taxes on account of the war ought to be those possessions which the people can best afford to part with—are we going to accomplish that result by increasing to what might be denominated an exorbitant amount the rates of the war-profits tax? Let us consider it just for a moment. It seems to have been assumed, strange to say, that the result would be only to tax the rich; and I understand that when we hear it argued that we must conscript, as the term is, the wealth of the country, Senators do not mean all the holdings of the masses of the people, great in the aggregate but small in individual possession—but that they mean the great fortunes of the land—the possessions of the rich. You want to take all of the war profits, you say. Do you want to take a part of the wages of the carpenter whose wages are increased by reason of the war, and yet who still receives no more than enough to support himself and his family in decency, if even in comfort?

Do you want to take all from some individual who may possess a share of stock in a corporation which is engaged in the manufacture of munitions of war, or the production of clothing or equipment for our soldiers, because it earns a profit which it has not heretofore earned, and yet after all is but a pittance to the holder of a small amount of that stock, and say that that is in pursuance of the policy of "conscripting wealth"? Yet that would be the result of the piling up of rate upon rate upon the earnings of every share of stock of every industry which may be engaged in producing food, fuel, or other war supplies. You propose to take some inventor, for instance, who is spurred to mental activity by the stress in which the country is engaged, actuated by patriotic motives to do something to solve perhaps some mechanical problem which this war has raised, who may get a little support to engage with small capital in some small industry, all of whose profits are "war profits," is it in pursuance of a wise policy to take 75 per cent of his earnings which in the aggregate may be but a small income to the individual, solely because he has committed the offense of engaging in a "war industry"?

I voted here the other day for the highest rate proposed for a system of graduated income taxes. That policy and object would be to lay the heaviest burden of taxation upon the richest individuals—and, after all, natural persons are the ones upon whom the ultimate burden of taxation rests. It rests upon them and their families, their wives and their children, natural persons of flesh and blood, who need food, who need fuel, who need clothing, who need houses to shelter them from winter's winds—and it should be the aim of the law to preserve these necessities to each family without unnecessary burdens. You can not hurt the artificial corporation physically, because it has no physical being, and if you take a tax from it without discrimination between little and big stockholders it falls at last upon those of small incomes with equal weight as upon the great.

These profits go into the pockets of some natural persons who ultimately must suffer whatever is to be suffered from the financial burdens of the war, and in a scientific scheme of taxation we should look into the most remote recesses of the disposition of this money which is earned from the industries of the land, and consider the ultimate effect of the taxes which are to be levied, so that those individuals who receive portions of these earnings, whether from war industry or from something else, who have no more than is necessary for the decent support of themselves and families, shall not be taxed at the same rate as his wealthy associate.

I say this, and think it can be defended before the people of the country, because I believe in the intelligence of the popular judgment upon this or upon any other proposition, when they are fully informed. I would postpone laying the burden upon the poor until other resources have been exhausted, even though his income is from a "war industry." But looking into the ultimate disposition of the profits of "war industry," if you find them in the possession of those who have more than they need; who have a superfluity, which does not benefit them because it is more than their ingenuity, or even their extravagance or disposition could find means to expend, I say—and that also can be justified before the country—that should be selected as the first subject of taxation for raising the extraordinary revenue which the Government must have in this extraordinary time.

It seems to me, Mr. President, we should not start out with a bludgeon here in this matter of framing a tax system, running out and merely trying to find a big corporation somewhere, without regard to consequences. Nobody has denounced the abuses of big corporations more emphatically, at least, than



I have myself. I am fully aware of their abuses and I am ready and expect to continue to denounce them and to curb them whenever the people's will may find means to do so. But to say, when we are starting out to erect machinery of a well-considered tax which should do justice to all our people, that merely because there is in front of you a giant concern, though in the aggregate it is composed of the resources of many individuals, that the first thing we must do is to hit it on the head with our bludgeon, will not contribute to the success of the war nor to a just distribution of the tax. I think the people of the country understand this.

I do believe that it is legitimate and proper to levy a heavy tax upon war profits even in the hands of the original producer, corporation or otherwise, partnership or individual, or any one of the myriad forms which war industry may take. But still I think there must be a line drawn somewhere. Some Senators apparently think that there ought not to be any line at all, that we ought to take it all. If you take it all, as I said before, that would put a blight upon the conduct of the war, and the quicker the better we could make terms of peace to save our face and get out of it. But I do not understand that is our purpose.

Other Senators seems to think that there ought to be possibly a line drawn somewhere, but apparently they only want to draw it so as to leave a margin of these so-called war profits in the hands of those who by their industry and patriotic endeavor produce them, as a sop to public opinion, just enough to say you are not taking it all. They propose something like 80 or 90 per cent. I do not think that the line ought to be drawn there, at least not now.

I believe in raising a large proportion of the revenue, which the Government must have for the war by taxation, but I do not believe in raising it all this year. I know that a great many of the expenditures for which these vast sums are being appropriated are not current expenditures, nor annual expenditures. Some of them are biennial and some triennial and some perennial. Some of them are permanent investments which will be more valuable at the end of this generation than they are now. There is no occasion why we should undertake in a superexcess of zeal, in pursuance of a policy of taxation in preference to bonds, to pay for them all this year. We can pay a part of it next year, and a part of it the year after next. This is not a tax bill for a generation. Presumably it is a tax bill for 1918, and for the emergencies of the hour. But all of the equipments and investments that are provided for in those expenditures are not merely for the hour or the day. Some of them of course will recur from year to year, but others will not.

So, Mr. President, drawing a line as to where we should stop in taxation of war profits in the hands of the producer, whether individual, partnership, or corporation, I think that instead of taking all, or nearly all, regardless of its distribution to its various owners, a more discriminating course should be pursued. The true policy of an adequate taxation of wealth is to seek its real possession, in the hands of its real owners.

Those who receive large shares of war profits in the final distribution should pay a heavier tax than those who receive but a small income therefrom. So that in the cutting off indiscriminately of war profits without regard to large or small shareholders and considering the necessity and service of "war industry," the line should be drawn at the first point where we can desist and at the same time raise sufficient revenues to meet the needs of the Government. The remaining share of those deemed proper to take should be reached by a properly graduated income tax, which should exempt the small share and impose a surtax upon the great.

I do not know that I have anything else to say. I felt like saying this much in explanation of my vote against 72 or 73 or 80 per cent of taxes upon war profits. I shall vote for the committee amendment, because, in my judgment, it will raise a sufficient portion of the revenues needed to meet the obligations of the Government for this year that should be raised this year from that source. If it should become necessary later—and it may become necessary later—to increase those rates we will increase them, but I would much prefer, as I said before, not to increase the rates upon the small incomes but upon the large incomes from war profits rather than to levy them indiscriminately upon the vital industries of the land. I would rather tax wealth as wealth than industry as industry.

Some people have talked about these profits which they say are being earned out of the necessities of the country as though it was a sordid thing. It is not wealth merely as wealth, but it comes from the industry and the genius of inventive minds, the study of the scientist, the skill of the engineer, the business ability of operators, the labor of thousands, the investment of

the rich, and the toil of the poor, all exerted together in the most vital service of the Nation in its greatest need.

You say conscript the wealth of the country. Do you mean by that the savings of the poor in the savings banks and in the insurance companies?

That is the real wealth of the land, but you do not propose to take it from the pitiful hands of the toilers whose accumulations it represents—not even though it may be invested in a "war industry." What you mean by "conscripting the wealth of the country" is the taxation of that surplus share of the wealth accumulated by individuals. So while taxing it as war profits, it is well to avoid such extremes as would impose an undue burden upon him who has but a small income, even though it be from war profits, and to guard against the cutting off of ample war supplies. "War industry" in itself is not deserving of condemnation. The lives of our soldiers and the salvation of the country depend upon it. So far from earning profits "out of the cruel necessities of war," it is in relief of those necessities and so far from being the "price of blood," as has been charged, it is for the protection and comfort of our beloved soldiers at the front and is essential to the victory of our cause.

Mr. BANKHEAD. Mr. President, I rise to make a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BANKHEAD. What is the question before the Senate?

The PRESIDING OFFICER. The amendment of the Senator from New Hampshire [Mr. HOLLIS] to the amendment of the committee.

Mr. BANKHEAD. Mr. President, while I am on my feet I desire to say to the Senate that I have had for days a very important amendment pending to the bill. We must vote at 5 o'clock, and I express the hope that Senators will use all possible dispatch, that they will speak as briefly as possible, and that we may vote promptly in their order on the amendments that have been discussed, and that in all fairness I may have an opportunity to put my amendment before the Senate and explain it.

Mr. SMITH of Georgia. Mr. President, some criticism has been placed upon the committee because it has changed from time to time the status of this bill. At the outset in the committee I believe we were all most desirous of raising the principal portion of the taxes from what is called war profits. It seemed but fair that the profits made as a result of the war should bear the expenses of the war, and every member of the committee started out with the earnest hope that a large part of the war burden might be carried by war profits. But more and more, when we studied the question, we became convinced that as a practicable proposition it would not work out for the public welfare.

I am sure that no member of the committee modified his first view by any desire to spare the swollen profits of any industry, but the views were modified exclusively with the effort to be fair and to act for the public welfare.

First we found that it was very difficult to conclude what were war profits and what were not. We found there were many industries which in the three years before the war were not making normal profits—and there were many lines of industries that were not making normal profits in those three years. There were many lines of business that, without reference to war, did business profitably, but in cycles of time, and we could not trace to the war the increased profits made during the present year.

We also found, as we continued our work, that there were industries the continued activity of which was essential to the Government, the products of which were needed by the Government as an incident to the war, and that large investments would be required and were being required and even had been made to extend the size of these to meet our war demands. Those investments were extra hazardous; extra hazardous because their profits would be limited to the duration of the war, and the investments themselves, in many instances, at the end of the war would be worth but little more than scrap. We felt that we could not, in the interest of the general welfare, carry the principle to the limit where we at first hoped we could carry it.

Further, we found that there were great enterprises which were making very large profits—almost swollen profits, we might consider them—which during the three years before the war were making practically the same that they are now making. If we proceeded upon the theory of taxing war profits alone, we would leave great enterprises in this country making profits of 20, 30, and 40 per cent upon their capital invested contributing nothing in the line of excess profits. As a result of continued thought and continued study and continued investigation, we



came to the conclusion that the desire of the committee to accept the public view that the money made as an incident to war should bear the burden of the war could not practically be worked out, for that as we sought to work it out we would reach profits not made as a result of the war, and we would deter investment and check enterprise necessary for the conduct of the war. Therefore, Mr. President and Senators, it was that we sought to merge the two lines of thought—one the war-profits idea, the other the excess-profits idea; and we took 6 per cent as a minimum and 10 per cent as a maximum.

Mr. PENROSE. Mr. President, will the Senator permit an interjection at that point?

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Pennsylvania?

Mr. SMITH of Georgia. Yes.

Mr. PENROSE. The Senator from Georgia has stated very accurately the attitude of the committee, but I think he ought to add that in the beginning the committee contemplated raising only a billion or a billion five hundred million dollars.

Mr. SMITH of Georgia. I was coming to that also a little later on.

Mr. PENROSE. The committee was well aware of these other sources of revenue, but purposely argued that they should leave some sources to another revenue bill.

Mr. SMITH of Georgia. As the Senator from Pennsylvania has suggested, pending the work of this committee, and after the bill was practically finished as the committee would have reported it, we learned that the call for additional appropriations would be much greater than we had been before advised.

What will this bill do, blending the idea of war profits and excess profits? It will produce an increased revenue from this portion of the bill of \$1,060,000,000; but that is not all of the increased tax this bill carries upon corporations. We increase the tax upon corporations from 2 to 6 per cent as to all profits, without regard to excess profits or war profits. From that source it is believed the bill will raise \$360,000,000, making a total of increased taxes upon corporations of \$1,420,000,000. I said "corporations," but it is upon corporations and industries, for the excess war-profits tax is not limited to corporations; it applies to business generally.

Mr. President, it is said that we should reach swollen profits. That is what is sought to be done by the graded tax. The small increase is taxed only 12 per cent, while the swollen increase is taxed 60 per cent. Take the illustration that has been given upon the floor, of the Bethlehem Steel Co. making, as I recall the figures, something over \$5,000,000 during the three years before the war and making something like \$56,000,000 now. Under the terms of the bill the last 70 per cent of this \$50,000,000 increase will be taxed 60 per cent; the two and a half millions just back of that will be taxed 50 per cent; the two millions and a half back of that 40 per cent; and the average tax upon this swollen increase will be practically 50 per cent. That is the manner in which the bill works. The call by Senators for a heavy tax upon swollen increased profits is met by the bill, which reaches sixty one-hundredths on such profits; and the tax of 12 per cent, gradually rising, is upon increased profits of smaller size.

The committee has used facts coming to it from time to time. It has abandoned its own desire, which I believe is perhaps the first thought of many throughout the country. The natural impulse of everyone is to say, "Let the war profits carry the war burden." The committee did desire to follow that course and have followed it as far as they have found they could, for the public welfare, be logically followed. We have through this bill increased the total revenue \$2,500,000,000. From the income-tax increase and from the war and excess profits tax increase we propose to collect between \$1,900,000,000 and \$2,000,000,000 of this sum. We propose by this bill to increase the individual income tax \$490,000,000.

With reference to the expenditures, it would be a great mistake to think all of the estimated appropriations are to be paid during the present fiscal year. Those appropriations are for military construction and naval construction to a considerable extent. The appropriations are essential to justify the contracts, but the contracts themselves can not be completed during the fiscal year, and a considerable part of the liability will reach on into the next fiscal year.

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Utah?

Mr. SMITH of Georgia. Yes.

Mr. KING. The Senator does not mean to convey the impression, Mr. President, does he, that the aggregate expenditures of the Government, for the ordinary expenses, as well as for the

war expenses, will not exceed by the end of the fiscal year of 1918 more than \$12,000,000,000?

Mr. SMITH of Georgia. I do not believe our expenditures will reach that sum. I have no idea they will reach that sum.

Mr. SMOOT. Mr. President—

Mr. SMITH of Georgia. One moment. I will go on myself, I thank the Senator from Utah.

Seven billion dollars are to be deducted from the estimates of something over \$20,000,000,000 for foreign loans. The total of the estimates for actual expenditures, outside the foreign loan and the Post Office Department, is about \$11,750,000,000. The foreign loan is to be returned and the Post Office appropriation comes back from post-office receipts. We secure one billion three hundred and some odd million dollars from our ordinary revenue laws. The balance includes war contracts that will not all be completed and the money will not be paid and can not be paid during the present fiscal year. I do not believe that the expenditures for war purposes during the present fiscal year, even under the estimates made for war purposes, can much exceed \$7,500,000,000.

I think we may very much more intelligently view these as the figures of actual expenditures than those much larger figures which have been referred to in the Senate. Besides, part of the expenditure will be for ships and military equipment of a permanent value.

If we wish to raise more money than this bill proposes to raise, I personally would not object to that being done; but we are raising by this bill \$1,420,000,000 from corporate incomes, and from the war-profits and the excess-profits tax on active industries, and I doubt the wisdom of going further without a possible jeopardy at least of many active industries. Some could stand it, but it is difficult to classify them in taxation so as to protect against the jeopardy of many. There is, however, a source of revenue where I see no chance of jeopardizing industry. If the Senate is bent upon raising a larger sum, if the Senate thinks that two and a half billion dollars toward the seven and a half billion dollars of increased expenditures are not sufficient to be raised by taxation, then the place to raise it is where active industry will not be jeopardized. After the industry distributes its money to its individual stockholder he takes it for reinvestment somewhere or to spend in his living. We have only taxed the individual incomes by an increase of \$490,000,000.

So far as I am individually concerned my income is not large, but I would be willing to contribute 25 per cent of it toward the expenses of the war. I would gladly do so, if the same rule of increase were carried out through this bill and applied to all individual incomes above \$10,000 or \$20,000. I believe it is the time for individual sacrifice; I believe the individual can afford, if he does not go to the front, to say, "I will lessen my ordinary expenses; I will curtail my own pleasures; and I will put up my full part toward carrying the expenses of my country in its war."

I think it would be splendid to have a call of that kind to the individuals of the country, and we should have a joyous response to it. I would like to let the Prussians understand that the American people, whether upon the battle field or at home, are all in this war, determined to maintain and protect the rights of this country; and, whether they like everything about the way in which it is being conducted or not, whether they like every reason given for it or not, each of them know reasons enough for it—practical reasons. Our ships and our people shall sail the ocean free from the danger of German submarines, and, no matter what nations Germany may call to her aid, when they undertake, or threaten even, an invasion of American soil, to the last man and the last dollar we will meet them upon the battle field until all danger to our country has permanently ceased. I would not object to adding a billion dollars more to the income tax from individuals. I would pay my increased income tax with pleasure. If the Senate thinks there should be an increase, that is the place where it should be made.

Mr. STERLING. Mr. President, I shall not attempt at this hour to go into details concerning the merits of this bill or any of the amendments thereto. I feel, however, that I can hardly let the occasion go by without giving expression to a few views concerning the general plan of the committee as contrasted with the principles involved in some of the amendments.

First, Mr. President, I join with other Senators who have spoken before me in an appreciation of the faithful, conscientious, and, I may say, patriotic work of the Committee on Finance. We have been engaged in other wars for which financial provision had to be made, but nothing approaching this in magnitude or in the study, patience, and skill required for its financial management. By this one tax bill we propose



to raise an amount almost equal to the debt arising from the Civil War when that debt reached its highest point, in September, 1865. Not only is the committee to be congratulated for their devotion to their great task up to the time the bill was finally reported to the Senate for discussion, but for the attentive and receptive part they have acted during the discussion.

Pride of opinion has apparently not blinded them to the merits of criticism or to the reasonableness of opposing views, and they have consented to or have come before the Senate with very material amendments, which on consideration seemed to them just and wise and which the Senate is now likely to adopt.

I desire to express my hearty approval of changes made here on the floor to the income-tax provisions, whereby the House percentages on various incomes from \$60,000 up to \$500,000 were restored and adopted, instead of the lower percentages proposed by the Committee on Finance; and also the Gerry amendment, approved unanimously, providing for the higher rate on incomes in excess of \$500,000. By these two, the adoption of the House percentages and the Gerry amendment, the revenue from incomes is increased, as I estimate it, about \$57,000,000 over the amount estimated and recommended by the Senate committee.

The committee have, in my judgment, heroically met and solved—in principle at least—the one great problem in the war-profits tax scheme, and that is the limitation on deductions to be made on account of prewar profits from the profits of the taxable year. In this respect the distinguished Senator from Alabama [Mr. BANKHEAD] has performed a valuable service by calling attention through his proposed amendment and through the discussions thereon to the inequitableness of the original committee plan. Although it was estimated that \$562,000,000, or more than one-fourth the entire amount carried by the bill, would be raised under the bill as first reported, yet it was intolerable to think that a great corporation whose prewar profits were, say, \$100,000,000 would have no excess-profits tax to pay because its profits for the taxable year did not exceed \$100,000,000. To cure this mistake we have before us now the further amendment, proposed by the committee, which limits the deduction to be made from the profits of the taxable year to not less than 6 nor more than 10 per cent of the capital actually invested. This one change will give, it is said, an increase of \$435,000,000. The additional tax of 60 per cent on profits in excess of 300 per cent over prewar profits will give \$63,000,000 more. These two additions bring the total war profits or excess-profits tax up to \$1,060,000,000, or more than one-half the entire amount proposed to be raised by the Senate Finance Committee under the original bill as amended by that committee, or nearly 57 per cent of the entire amount which could have been raised from all sources under the House bill. Mr. Otto Kahn, who is regarded as one of the far-sighted leaders of big business, advocated a 40 per cent tax on war-stimulated profits estimated at the time of his statement at \$2,000,000,000. This would have produced \$800,000,000 of revenue, but the amendments proposed will, as we have seen, bring it beyond that amount by over \$200,000,000.

The increases in the income tax already adopted, together with the increases proposed by the committee to the war-profits tax, aggregate about \$555,000,000—this aside from the increase in second-class postal rates, should the McKellar amendment receive the final approval of the Senate. Should the McKellar amendment fail in the Senate, or if there be no increase at all in second-class mail rates, it will mean a reduction in the estimates of the committee of \$3,000,000 only.

Mr. President, one object I have in speaking of these just and equitable increases, as I view them, is to show that thereby considerable progress has been made in meeting the views of those who claim the war should be financed on the "pay-as-you-go" principle; that we should not by bond issues mortgage the future, and that war obligations, or the greater part of them, should be paid as they are made, and from revenues raised by taxation. It is said that a war debt should not be saddled upon posterity—a claim with which I am unable to agree. It resolves itself into this: Business enterprises, great or small, whether engaged in the building and operation of a transcontinental railroad line or a steamboat ferry, may build and operate on borrowed capital. And so with the great flouring mills of Minneapolis or the mill in a country town in South Dakota. And so with perhaps nearly every great and important industry in the United States. They could not be financed, and hence could not exist, but for the exercise of their power and right to borrow, and to borrow vast sums in proportion to capital invested. They have resources developed or undeveloped, and these are the basis of their credit. So great industrial enterprises all over the land employ their credit for the purposes of establishment to begin with or for the purpose of

maintenance or extension afterwards. Business credit is the great business characteristic of the times. And we are here confronted with a stupendous business proposition. It is that of financing our own part in the greatest war of all times, coupled with the task of supplying our allies with a large part of the cash or the credit to enable them to do their part. Are we not in such an exigency justified in following approved business methods? Taxes in any event, and as provided by this very bill for this one fiscal year, are bound to be greater than ever in our history, or until a few weeks ago, greater than ever dreamed of. It is said, "Let us not mortgage the future." I would say, "For the sake of the future let us not materially add to the increases in taxation now practically agreed upon." Here are the inexhaustible resources which constitute the credit of the Nation. Why not make reasonable use of that credit?

We do not say to the country-school district, "Pay as you go," but, rather, "Build your schoolhouse and issue your 10 or 20 year bonds"; to the municipality, "Build your waterworks or your sewerage system and pay the contractor with money raised by the issuance of city bonds"; to the county, "Build your courthouse, construct your bridges, and take time in which to create by taxation a sinking fund sufficient to pay for the same." And so as to many an enterprise in which the State or any of its political subdivisions may lawfully engage.

But it is said these inure to the benefit of posterity, and posterity should pay its due proportion of the cost. As though war could not be for the benefit of posterity; as though the Revolution was not for the benefit of posterity; as though the success of the Union cause in the great Civil War was not for the benefit of posterity; as though the Spanish-American War was not a good thing for posterity; as though the war we now wage in defense of American rights and the freedom of the world against the most savage and remorseless enemy to which the world ever gave birth is not a war for the sake of posterity! When we consider the spirit in which this war was conceived by the Imperial German Government and the manner in which it has conducted the war, we know that, judged by all the standards of morals, of civilization, of humanity, and by every high ideal which philanthropy, education, and religion have cherished through the long ages, the German cause is eternally wrong. I have that faith in the virtue, the valor, the patriotism of posterity, to believe that such will be its deliberate judgment. Posterity will be the beneficiary of this war, and that part of posterity which bears any burden of debt due to the war will do it gladly. It will know what greater evil it has escaped.

But, Mr. President, it is not expected that the expense incurred on account of this war and for which we have to borrow will be transmitted to a very remote posterity, nor handed down for any such time as that of Great Britain, incurred in the Napoleonic wars. It will be paid within a generation, probably within 20 years. The future will not on account of this war be mortgaged for nearly so long a time as the farmer may now mortgage his farm under the Federal farm-loan act. We shall with our resources, and if we make proper adjustment of the burden, succeed in liquidating the whole without great hardship to ourselves or to those that immediately follow.

Mr. BRADY. Mr. President—

The PRESIDING OFFICER (Mr. ROBINSON in the chair). Does the Senator from South Dakota yield to the Senator from Idaho?

Mr. STERLING. If the Senator will excuse me, I should like to yield, but I know the time is getting short, and the Senator from Alabama spoke a while ago a little impatiently about all the time being consumed. He feared it would prevent consideration of his amendment. So I hope the Senator will excuse me if I prefer to proceed.

Mr. BRADY. There were some questions that I wished to ask, but I will forego asking them.

Mr. STERLING. I thank the Senator.

Mr. President, it is not intended that we shall simply raise enough by taxation to maintain the credit of the Government. That is quite evident from the present bill. We could maintain the national credit by making provision for the payment of the interest only. But our resources do not require nor does our sense of obligation permit us to stop there. We must as we go along contribute a large share to the payment of the principal. We must pay a fair share, probably an increasing share, as we go. For such reason let us so adjust our revenue-raising scheme as to avoid unnecessary strain and hardship now in this the first year of the war. With such adjustment we shall live and prosper; the streams of revenue will not be dried up at their source, the incentive to business activity will not be destroyed, and business, big business, while it shall pay the biggest part of the war debt, will feel that in its adjustment and imposition some regard has been had for business principles, and it will go



in with a glad heart ready to acknowledge and bear its share toward the successful prosecution of the war. With such adjustment another great end will be served. The thousand institutions devoted to charity, to reform, to education, to the welfare of the unfortunate but dependent upon the philanthropy of the wealthy and well-to-do, will not be imperiled. Who can say to what extent the national well-being is dependent on the maintenance of these institutions, educational and charitable?

And by a present reasonable adjustment we shall have something in reserve, if the war continues, and time and a chance will be given for other necessary adjustments in the future.

But, Mr. President, they say we must conscript wealth. I have little patience with that dictum as it has been applied. Have we not conscripted wealth and do we not by the terms of this bill conscript it at about every turn in the road? According to some standards, wealth is conscripted when it pays the normal income tax; according to the standards of many more, wealth is conscripted when it pays the supertax; it depends on the individual or community estimate of wealth; but it certainly is conscripted at several places along the long line of individual liabilities for income tax. When the income reaches \$500,000, the taxpayer must part with nearly one-half to meet the requirement of the Government, while for the income of a million or more he must give one-half. Wealth is conscripted in the corporation tax, and wealth may be said to be the only resource selected for draft under the excess-profits tax.

It bears its share of conscription, too, Mr. President, for service in the field and in the trenches. While in a given industry the employee between 21 and 31 may be exempted because his services are needed in that industry which itself supplies a national need; while a married man of moderate means but with a family dependent upon him, whether farmer or business man or mechanic may be exempted, no such exemption from actual military service comes to the man of wealth.

Conscription of wealth! Why, Mr. President, by my present circumstances, by all my life-long associations, by education and environment, my interests and sympathies have been and are with people who could not be called wealthy, even in days when it took less to make a wealthy man than it does now. It would be the farthest thing from my thought to attempt to shield wealth from its just share of the Government burden. On the contrary, I believe the possession of wealth and the opportunities it gives imposes on wealth peculiar obligations to society and to the Government. It is fine to note now so little complaint on the part of wealth and such general recognition on the part of the leaders in big business of their obligation to the Government in these trying times. I deplore these "blood money" appeals to prejudice; they create wrong impressions and do injury; they are not founded on facts.

Mr. President, I found, yesterday, among some clippings left on my desk by my secretary, the following. I think there is a wholesome lesson in it, and I desire to read it in this connection because of some of the assertions, and some of which I think are undue appeals to prejudice, made here on the floor of the Senate during this discussion. The important statements in it come from a man from whom we would at one time have least expected them. The item is entitled "A Sane Radical's View." It is from the Minneapolis Journal and is as follows:

Mr. Darrow—

We all know of him, Clarence Darrow—

Mr. Darrow is labor's most distinguished legal counselor. No voice, save that of Mr. Gompers, is so hearkened to by labor as his. And he was a pacifist of the pacifists until convinced that a permanent peace could not be attained without fighting for it.

Mr. Darrow gave a sane, simple, and lucid statement of the war question in its various phases, but his most signal service was the puncturing of the silly but widely circulated assertion that "Wall Street," for its own profit, brought about American entrance into the war. Here is Mr. Darrow's answer to this appeal to prejudice:

"Did the capitalists declare war on Serbia? Were the capitalists responsible for the overrunning of Belgium by the German Army? Did Wall Street overrun France with hordes of German soldiers? Did Wall Street explode a bomb under the Lusitania? Did Wall Street cause Germany to violate every particle of international law relating to warfare and every promise that nation made to the United States? Shame on you!

"Why did Wall Street want this war? The rich were getting richer selling munitions and supplies to warring Europe at exorbitant prices. They knew that if this Nation got into the war they must cut their prices and their incomes would be subjected to high taxes.

And the pending bill and the war-profits tax and the income tax and what the Government is requiring of these same great industries now, is the proof of this last assertion made by Mr. Darrow. He further says:

"They have given their sons as you have given yours to fight. In this war the rich men of England have gone to the front and fought for the poor. The rich men of America have sent their sons to fight for the liberty of the world. There isn't a college in the East that isn't

almost closed for the lack of young men from rich homes who have left school to fight for liberty.

"I don't believe the rich would deliberately start a war that would cost millions of lives just to sell their wares. It isn't true.

"This war has been brought about by the persistent violation of laws of nations and humanity by the German Empire. We're into this fight and I'm glad that labor is with the Government.

"That disposes pretty effectively of the 'Wall Street' calumny, so industriously circulated by pro-Germans, anti-American socialists, and other propagandists."

Mr. President, it has been urged here upon the floor of the Senate, in so many words, that war profits are trust funds, and that the individual who has war profits has something that does not belong to him; that the Government has the right to take them. Why, Mr. President, the farmer, when he is getting \$20 per hundred for his hogs, \$18 a hundred for his cattle, from \$2 to \$3 per bushel for his wheat, is getting war profits. Appeal to the prejudices of the farmer, if you will, in regard to the position of those who defend this bill as it will be amended, and you will find that the farmers of this country have too much common sense and too high a sense of justice to deny to others the right they assert themselves to reasonable profits.

Well, yes; you may say that war profit does not belong to the individual who earns it or to the institution which earns it, but that it does belong to, and can be taken by, the Government. But in taking that position you compel the man who engages in a business yielding profits directly or indirectly as a result of the war to work for the Government. Adopt that principle and mark and admire, if you can, the stagnation, the collapse of industry, which would follow it. The men who make war profits, it is needless to say, or it ought to be needless to say now, are not responsible for the war and can not be compelled to serve the Government in any industry, munitions or otherwise, unless they at least have the inducement of ordinary business profit. I grant that the industries engaged in making munitions of war are making huge profits. But under the amendments proposed by the committee, and which we will adopt, United States Steel will pay a profits tax of \$229,000,000, others will pay in proportion, and every dollar of profits besides which goes into the hands of the stockholders of these great concerns as dividends will have to be accounted for under the income-tax law and be subject to the income tax. What industry would make the necessary investment in machinery and equipment for the prompt and rapid manufacture of vast supplies of munitions of war without a prospect of more than ordinary profits, profits that will in a measure compensate them for having to put much of the outfit into the scrap heap when the war is over?

State socialism is involved, of course, in the proposition that what a man makes as war profits belongs to the Government; but we have builded upon and flourished under a different social order.

Mr. President, to show some of the aims of those who believe in socialism let me read an extract here from a Sioux City paper giving an account of conditions in a section in my own State. It is a revelation as to what socialism is doing now. I may say here as pertinent to the question of taxation that every Socialist in the land, every pro-German, every anti-American, every Industrial Worker of the World is demanding that in this war we shall pay as we go and issue no bonds. This excerpt is from a petition which sets forth the claims of certain citizens who were unfortunate enough to be charged with violation of the laws of the United States when they sought to interfere with the operations of the selective draft. The item contains a part of their demands. The complaint or petition is addressed to the governor of the State:

We furthermore demand that you call for a referendum of the people on this draft law, that you stand against the appropriation of further funds raised by bonds, that you stand for this war being paid for as we go, and if the poor man can not pay the war mongers must, and if they are out of funds we will quit.

We absolutely demand that you stand for repudiation of all war debts, and there being no greater enemy to the public welfare than appointed officers, we demand that you restrict their rights. We, the undersigned, are organized under the Socialist Party and demand immediate action and answer, and if we fail to get it we demand your resignation and will spell sure defeat for you, your party, and your little nation, J. P. Morgan, as we have the people with us.

That is from one of the largest and one of the most populous counties in my State, settled for the most part by Germans. The men who were arrested in connection with this petition and in connection with other statements and declarations of theirs, meant to interfere with the draft, are farmers with reputations for honesty and thrift, and for attending to their own business. They are not the originators of this, but men higher up, who keep in the background, I am satisfied from the information I have, are the responsible ones, and the men arrested are but their dupes.



Mr. President, this war abroad—in a certain theater of it at least—as well as here in the United States, discloses as never before, I think, the weakness and the governmental impotency of socialism. My judgment is that when the war is over we will come back to recognize more fully than ever the truth of Whitelaw Reid's utterance to the effect that in individual initiative and respect for authority, rather than in any different social order, lies the true strength of the Republic. It is the strength of all true republics, and it is bound to be the strength on which the growth and development of free institutions everywhere in the world will depend.

Mr. President, some things have been said in this debate which I deplore. I discover a note of pessimism which I do not think is warranted. First, it groans not under the burden of taxation, but under the burden of loans—of bonds. What should the relation of taxation to bonds be? Let me quote, just briefly, from a distinguished author and authority on taxation, Prof. Seligman, of Columbia University. He says:

In war time, however, the argument is still stronger. It is, indeed, true that the burdens of the war should be borne by the present rather than the future generations; but this does not mean that they should be borne by this year's taxation. Meeting all war expenses by taxation makes the taxpayers in one or two years bear the burden of benefits that ought to be distributed at least over a decade within the same generation.

Further:

Excessive taxes on consumption will cause popular resentment. Excessive taxes on industry will disarrange business, dampen enthusiasm, and restrict the spirit of enterprise at the very time when the opposite is needed.

Excessive taxes on incomes will deplete the surplus available for investments and interfere with the placing of the enormous loans which will be necessary in any event.

Excessive taxation at the outset of the war will reduce the elasticity available for the increasing demands that are soon to come.

Prof. Seligman condemns the 50-50 per cent policy, which he assumes was originally contemplated by Secretary McAdoo when it was estimated that the additional war expenses for the year would be only \$6,400,000,000, and says that such a policy has never been even remotely approached by any country in the world. He proceeds then to show by tables that Great Britain during the third year of the war levied by additional taxes over and above the prewar level only slightly more than 17 per cent of her war expenses. But England here in the fourth year of the war levies taxes amounting to 26 per cent of her expenditures, while we, with the \$2,500,000,000 provided for in this bill and with the one and one-third billions to be raised by taxation under existing law will be providing by taxation for at least 33½ per cent of our expenditures, exclusive of loans made and to be made to the allies. And that is enough; this for us is the first year of the war.

Again says Prof. Seligman:

The relative proportion of loans to taxes is, after all, a purely business proposition. Not to rely to a large extent on loans at the outset of the war is a mistake. Modern business is based upon credit. To abandon the use of credit is to revert to primitive economic conditions and to lessen social productivity. When a railway desires to make an extraordinary expenditure for equipment, it does not pay for all of this at once—for that would bankrupt the railway. It issues short-time equipment notes payable annually, thus spreading the payment over perhaps a decade. So the merchant who desires a great extension in business resorts to borrowed money. Of course, the railway, like the merchant, can borrow on easy terms only in case some of the current surplus earnings are also available. In the same way the Government, which is nothing but a great business enterprise, can not afford to refrain from utilizing credit in an emergency. To attempt to go on without substantial reliance on loans would be to abandon all the advantages of modern business economy. But, as in the case of the merchant and the railway, the loans incurred by the Government must be proportioned to its earning capacity; that is, its taxes. If too low taxes are levied, its credit will suffer; if too high taxes are levied, the social productivity will suffer. High taxes should, indeed, be levied; that is the part of prudence. But taxes ought to be imposed only up to this margin of danger line which marks the impairment of social productivity. In the first year of a great war, where the maintenance of stable conditions is of the utmost importance, a large part of the war expenditures should come from loans. To do otherwise would be to fly in the face of business practice.

As bearing upon the question of the burden of a bonded indebtedness let me call attention to conditions at another time in the history of our Government.

In the North American Review for August, under the title, "War debt and national credit," I find the following very pertinent discussion:

For a debt is to be estimated not by its actual size but by the ratio between it and the wealth or the resources of the debtor. A debt of a thousand dollars will bankrupt a man who is not worth a thousand dollars, while to a man who is worth a million it will be negligible. Now, a debt of eight and a half billions at the present time means indebtedness of about \$83 per capita of our population.

When the writer speaks about the debt of eight and a half billions, he meant the one and a half billions of debt to begin with and the seven billions of bonds provided for in the bond-supply bill.

In 1865 the debt was \$2,846,000,000 and our population was between 34,000,000 and 35,000,000. Therefore the per capita indebtedness at that time was about \$83, or just what it is now. On that basis we are plunged no more deeply into debt by the seven billion loan than we are by the loans of the Civil War. That, however, is not the true basis of comparison, or is only a minor part of it. The real comparison should be on the basis of national wealth. In 1865 the average per capita wealth of the Nation was only about \$600, against which, as we have seen, we owed \$83, or about 14 per cent. With liabilities of only 14 per cent of our assets we were certainly solvent. But at the present time our per capita wealth is at least \$2,000, and probably much more, against which we have only the same indebtedness of \$83, or only a fraction above 4 per cent, as against 14 per cent in 1865. In other words, our present debt, in proportion to our resources, is less than one-third what it was in 1865. With all this seven billion loan our liabilities will be only about 4 per cent of our assets. No danger of insolvency there!

And so, Mr. President, without reading further from this, we may have a bonded indebtedness of twenty-one billions of dollars and yet, relatively speaking, not have the same indebtedness that we had at the close of the Civil War, when the national debt was at its highest.

Mr. President, I have heard the statement made on the floor that the war is not popular, but where is the evidence of that? Day after day, as I go to and from the Capitol, I meet young men of the Engineer Corps stationed at the American University grounds west of the city. I talk with boys from various States. They know why we are in this war, and not one but that longs to be off for France. In this connection I ask leave to put in the Record a few statements from letters received from newly commissioned officers in my own State to whom I wrote letters of congratulation, omitting address and signatures.

The PRESIDING OFFICER (Mr. OVERMAN in the chair). Without objection, permission will be granted to insert the matter in the Record.

Mr. STERLING. One says, among other things:

Thank you for yours of the 17th. I assure you that we will do our best to fill whatever job is given to us.

Another says:

I am sure that messages of that nature will stimulate spirit, and the right kind of spirit will be more than half of the game, and, further, it serves to unify us in one big team. I shall never think my work too hard to help build up and maintain our Army to that high standard of efficiency and discipline known only to a successful army.

And another says:

I appreciate most sincerely your kind wishes, and I trust that our South Dakota boys may always deserve praise and the best wishes from the people of our State. We are proud indeed to be a part of this big new Army and to be identified with this big job which our Government has undertaken.

I believe these statements, oral and written, reflect the fine spirit of the new National Army, and I believe, too, that the patriotic folks at home will help maintain that spirit.

What, then, as it seems to me, is our obvious course and duty? Is there anywhere, East, West, North, or South, in this broad land a State or section where men far removed from harm, engaged in the money-making arts of peace, care little for national ideals, are insensible to wrongs which do not come home to them, and who are opposed to this war or indifferent as to the final issue? Are there those of any vocation or nationality more than another who have shared in all the blessed opportunities of American life and citizenship but who are yet unfamiliar with and uninspired by American traditions and ideals and wonder why it is that men should think the honor of a country a thing worth fighting for? If there are, shall we yield to this inertness, to sentiment and an attitude like this, or shall we point the way? It was said of old, "Where there is no vision the people perish," and all history illustrates its truth.

Mr. President, this revenue bill is not perfect, of course. No system of taxation ever was; and the slightest imperfection and the slightest inequality will be taken as a peg on which to hang a whole bundle of prejudices. But I believe, after some study of it and after hearing the discussion day after day, that, considering the vast sum to be raised, it is as fair and equitable to all present interests and to all classes, and to the future, too, as any bill that can be devised.

When Congress has passed it, as I believe it will essentially in its present form, let us then invite the concurrence and co-operation of all the people in carrying the great measure into effect.

Mr. McKELLAR. Mr. President, on day before yesterday I voted to place a large tax—first 70 per cent, and in the next place 65 per cent—on those making very large excess profits during this war. Of course there is an exemption of from 6 to 10 per cent to be taken out first. In addition to this exemption there is a general exemption of \$5,000 to all those small concerns who do not make more than \$5,000 net. Yesterday I voted for the amendment fixing 60 per cent upon this same class of excess profits. I merely wish to give very briefly my



reasons for so voting and for the votes which I intend to cast to-day.

In the first place, I believe that we should raise more money by taxation than the original action of the committee fixed. Two billions of dollars is not enough to raise by this additional taxation, in view of the large amount of bonds that have been and must necessarily be issued. If it is going to take \$21,000,000,000 to run us through this first year of the war, as has been estimated, then we will be raising only about 15 per cent by taxation. What the effect of this will be on our financial situation, I can not say, and I do not think anyone can predict; but my understanding is that some financial experts believe that there should be a much larger proportion of this money raised by taxation. The President of the United States is one of those who thus believe. I quote from him in his wonderful address of April 2, as follows:

It will involve also, of course, the granting of adequate credits to the Government, sustained, I hope, so far as they can equitably be sustained by the present generation, by well-conceived taxation.

I say sustained so far as may be equitable by taxation because it seems to me that it would be most unwise to base the credits which will now be necessary entirely on money borrowed. It is our duty, I most respectfully urge, to protect our people, so far as we may, against the very serious hardships and evils which would be likely to arise out of the inflation which would be produced by vast loans.

Mr. President, I wish to commend with all the power of which I am capable this statement of the President of the United States. We must raise more than \$2,000,000,000 by taxation, in view of the tremendous amount of bonds that must necessarily be issued this year. We must raise enough to make our obligations gilt-edged at all times and to prevent an inflation which may be possible because of large loans. Unless we raise more money out of excess profits, we will have to place the tax on coffee, tea, and the like, and I am opposed to the imposition of these consumption taxes at this time.

Again, Mr. President, I believe that the burdens of taxation for this present year should be laid primarily upon those who have been making the largest profits out of this war. I believe this is the right course to pursue. They have had three years of these profits and can afford to pay out of them. It is the fairest course to pursue, and I have made up my mind that it is the course which I should take.

We can place a consumption tax on the people at any time. We should not place these consumption taxes on any necessities at the very beginning of the war. There is no better way to make this war unpopular than to impose consumption taxes on necessities or quasi necessities. We need not worry ourselves about the unpopularity that may come from placing taxes on wealth. In the first place, the patriotic wealthy people are not complaining and will not complain, and the unpatriotic wealthy should not be heard to complain at this time. This war is to protect and to make permanent our democratic institutions. It is to protect property as well as to protect life.

We can impose stamp taxes at any time, but we can only put on an excess-profits tax when the country is making excess profits. American corporations and individuals were never in such a condition before to pay an excess-profits tax, and, in my judgment, this year, at all events, they should be required to bear the principal part of the tax burden.

Mr. President, I have no antagonism to wealth. I have the greatest respect for these great business men who make wonderful fortunes. I do not doubt their honesty or their patriotism. I believe they are just as patriotic and just as honest as a man in the humble walks of life. But taxes must be paid by those who are best able to pay, and at this time, beyond the shadow of a doubt, those who are best able to pay these enormous taxes that it is necessary for us to impose are the men who are making the profits out of the war. I would not tax them out of business. We would not do that if we imposed the highest rates that have been proposed.

If we exempt them the first 8 per cent and then give them 30 per cent, 35 per cent, or 40 per cent of the remainder of what they make by reason of the war, their earnings, under this kind of a tax, will be enormous, and I do not believe that business conditions will be disturbed in the least. On the contrary, I think that the imposition of such a tax will just create greater energy, greater activity, and greater efforts to aid the country. If they are patriotic, and I believe they are, this would be necessarily the result. There is nothing in the assertion, in my judgment, that we will "kill the goose that lays the golden egg" or that we will disturb business conditions by imposing such a tax. Any tax that would lessen production should not be imposed. But, in my judgment, none of these taxes proposed would lessen production.

The President of the United States has told us the true doctrine. He has stated the pitfalls. We should carefully heed his advice. Here it is proposed to put taxation and bonds on

a 15-85 per cent basis. The Secretary of the Treasury also thinks that we ought to levy a tax of \$2,500,000,000 to \$3,000,000,000. Surely we should uphold the President and the Secretary of the Treasury in this matter. Many of us are prone to say how strongly we uphold them in this war, and we are sincere in the statement. However, I notice that some people who are loudest in their expressions of patriotism are the first to complain of a tax by which that patriotism can be made effective. The great body of our citizens who are making these profits are perfectly willing to pay these taxes. Let us do our duty and draft those few who are unwilling.

Mr. President, we must bring this war to a successful conclusion. We must do it as quickly as possible. We must have money to do it. We can only obtain the money by taxation and bonds, and the disproportion between the two must not be too great. Our President is making a gallant and masterly leader in this war. We have not hampered him by withholding men from him. We must not hamper him by failing to raise all necessary moneys for his use in making those men effective. We can not perform a higher patriotic duty than to furnish ample means to the President at this time. A higher form of patriotism can not be found than that of willingly paying these taxes by those who are able to pay these taxes. Taxes are always unpopular, and I dislike to vote for them, but at this time we can only do our full duty.

The poorer classes of our people—the salaried classes, the laboring men, the men of small means—have had their burdens multiplied by the high prices brought about by the war. They ought to be excused as far as possible in this first draft upon our resources. If it is necessary to tax them to win the war, I shall vote to do so; but the first draft and the largest draft should be made upon those who are reaping vast profits out of the war. This is but simple justice.

Mr. THOMPSON. Mr. President, I shall detain the Senate for only a few moments. I hope that the amendment now before the Senate, offered by the Senator from New Hampshire [Mr. HOLLIS] will prevail, for I feel that it is highly important when it comes to raising the necessary revenue from the proper sources.

Mr. President, I do not believe that anybody should make any unreasonable profits out of the war. To capitalize the misfortunes of the Nation when it is in war simply to make money is about as bad as refusing to defend the country.

Something has been said in this discussion to the effect that the present war is unpopular. It is not the war that is unpopular, for I think the people generally believe that the war was inevitable, necessary, and the causes clearly justified it, and all loyal American citizens will be behind it to the end; but it is some of the things growing out of the prosecution of the war that are unpopular, and the greatest of these is the feeling among the people that the great wealth and the large business interests of the country are not going to be required to bear their just share of the war burden. If we can assure the country by our legislation here in bills of this character that this will not be the case, there will be no more complaint among the people and no more murmurings of unpopularity anywhere. The rank and file of the people are willing to do their part, to sacrifice their lives, their homes, and all their earnings and property if necessary, and they simply want to know that the more fortunate man in business or in inheritance will do his part. As some proof of this sentiment, which I know prevails among the people of my State, and I feel exists in the entire country, I have here a letter from one of the able educators of my State, Prof. W. S. Robb, principal of the Dickinson County High School, at Chapman, Kans., which, Mr. President, in the interest of time, I ask may be made a part of my remarks without reading.

The PRESIDING OFFICER (Mr. McKELLAR in the Chair). Without objection, the request will be granted.

The letter is as follows:

CHAPMAN, KANS., August 7, 1917.

Senator W. H. THOMPSON,  
Washington, D. C.

DEAR SENATOR THOMPSON: My work as principal of the Dickinson County High School obliges me to visit nearly every part of the county during July and August. During the past three or four weeks I have visited the greater part of Dickinson County. I find there is little opposition to the war and a general tendency to support the Government in its vigorous prosecution. But I do hear a great many expressions of fear that Congress will fail to compel great wealth to pay its just share of the burdens of the war. Nearly everyone with whom I have conversed seems willing to pay his share, but he feels that great wealth should pay the most, because it receives the greatest benefits and can stand the burdens of taxation without privation or suffering. All who discuss the subject intelligently are in favor of immense taxes on war profits and equally heavy burdens on incomes. There is a fear that is quite generally expressed that the wealthy class will favor bond issues rather than taxation, as this would be a source of profit and not a measure of sacrifice.



I am beginning to feel that the greatest expressions of patriotism in this country come from great wealth and that patriotic ardor diminishes as you reach the laboring class. If you get close to the laboring man, you will find that he feels that he is not getting his just share of the product produced by his labor. If great wealth can be compelled to make sacrifices in proportion to its ability, it will do very much to unify the sentiment of the American people and make them feel that there is really a government of equal opportunity and justice.

No tax should be laid that would in any way injure industry or discourage it. Taxes on profits and incomes are levied at the end of the industrial process and not the beginning, and they are favored by almost every class of men, especially among the middle class and the laboring class.

Trusting that you will accept the above statements for what they are worth and coming from one who has been in close contact with the farming class of one of the greatest agricultural counties in Kansas, I am,

Yours, very truly,

W. S. ROBB.

Mr. THOMPSON. Mr. President, I have believed in the Government taking as much of the actual war profits, or profits made directly out of the misfortunes and necessities of war, as is practicable, and to apply such profits to the prosecution of the war in the interests of all the people of the country. Of course we all know that it is impossible to arrive at the exact amount of war profits. It is like attempting to determine the amount of speculative damages in the trial of a damage suit, which is never permissible in a court of justice. If the amount could be accurately ascertained, we would have but little difficulty, as it would then be only a question of getting together on the necessary per cent, which I feel sure would be much higher than we have agreed upon because of the uncertainty of the amount. By reason of being unable to get at the exact amount of the war profits, we must necessarily leave good margins so as not to do injustice to anyone.

For these reasons I have voted for as high a war-profits tax as has been presented for our consideration. First, I voted for the 73 per cent flat-rate amendment offered by the Senator from California [Mr. JOHNSON]; second, for the 70 per cent, 65 per cent, and 60 per cent flat-rate amendments offered by the Senator from Wisconsin [Mr. LA FOLLETTE]; and third, for the 50 per cent flat-rate amendment offered by the Senator from New Hampshire [Mr. HOLLIS]. These amendments, however, have all been voted down, as the Senate seemed determined to stand by the committee in its recommendation, which results in an average tax of only about 31 per cent; but I have no doubt before the war is over this percentage will have to be increased.

As has been ably explained by the Senator from New Hampshire, his present amendment will enable the country to raise an additional revenue of about \$400,000,000 and save us the necessity of taxing tea, coffee, cocoa, and sugar, the ordinary breakfast drinks and food of the common people. This amendment will enable us to get the necessary revenue from those who are best able to pay and who derive a direct pecuniary benefit from the war without resorting to the breakfast table to pay the deficiency, and I trust it will prevail.

Mr. BANKHEAD obtained the floor.

Mr. LA FOLLETTE. If the Senator from Alabama will yield to me, I wish to offer an amendment that I may have it pending to be voted upon when the time expires for debate.

Mr. BANKHEAD. I yield for that purpose.

Mr. LA FOLLETTE. I send the amendment to the desk.

The PRESIDING OFFICER. Does the Senator desire to have the amendment read?

Mr. LA FOLLETTE. There will be an opportunity for it to be read, of course, before it is voted upon, and I will not ask to take the time to have it read in the time of the Senator from Alabama.

Mr. SHAFROTH. I should like to have the privilege of submitting an amendment changing the rate to 45 per cent of the committee amendment to 50 per cent.

The PRESIDING OFFICER. The Chair will state to the Senator that under the unanimous-consent agreement he can offer the amendment at any time.

Mr. SHAFROTH. Even after 5 o'clock?

The PRESIDING OFFICER. After 5 o'clock.

Mr. SHAFROTH. Very well, then, I will not offer the amendment.

Mr. LA FOLLETTE. If the Senator from Alabama will yield for just one minute I will ask when the amendment which I have offered is to be voted upon that there may be printed in the RECORD certain tables without reading, which I have had prepared, showing the amount of revenue which would be raised under it if adopted, and also the amount of revenue which would be collected from the United States Steel Co. under my amendment as compared with what would be collected under the pending bill.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment will lie on the table for the present.

Mr. BROUSSARD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Louisiana suggests the absence of a quorum. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Bankhead	Hale	McNary	Simmons
Beckham	Harding	Martin	Smith, Md.
Brady	Hitchcock	Myers	Smith, Mich.
Brandeggee	Hollis	Nelson	Smoot
Broussard	Husting	New	Sterling
Calder	James	Norris	Sutherland
Chamberlain	Johnson, Cal.	Overman	Swanson
Colt	Johnson, S. Dak.	Page	Thompson
Culberson	Jones, N. Mex.	Penrose	Trammell
Curtis	Jones, Wash.	Pittman	Underwood
Dillingham	Kellogg	Polindexter	Vardaman
Fall	King	Pomerene	Wadsworth
Fernald	Kirby	Ransdell	Warren
Fletcher	La Follette	Robinson	Watson
France	Lewis	Saulsbury	Weeks
Frelinghuysen	Lodge	Shafroth	Williams
Gerry	McCumber	Sheppard	Wolcott
Gronna	McKellar	Shields	

The PRESIDENT pro tempore. Seventy-one Senators have answered to their names. A quorum is present. The Senator from Alabama will proceed.

Mr. BANKHEAD. Mr. President, at this late hour it will be impossible for me to explain in detail or as fully as I should like to do the amendment that I have had pending for several days. When the Finance Committee presented to the Senate a so-called substitute for their excess or war profits provision of the bill, at the first glance and without a careful and critical examination I almost concluded that my objection to the original bill had been in a great measure met, but on further examination and further estimates I am now satisfied that the pending substitute of the committee is no better than the original text, nor do I believe that the substitute of the committee will raise as much money as the amendment I have proposed.

I will say now, Mr. President, that before my amendment is voted upon I desire to perfect it by offering an amendment to section 202 of the amendment which will practically put the amendment which I have offered on all fours with the provisions of the committee so far as their definition of capital is concerned.

Mr. President, I have endeavored in the amendment I have offered to simplify this question. I have endeavored to present a measure that can be easily understood. I have taken no account whatever of percentages and deductions. I have taken no account whatever of the prewar period, and the profits that were made during that time. I am submitting a proposition to the Senate that the ordinary citizen, the ordinary business man in this country can understand.

Perhaps the chief difference between the amendment I have offered and the proposition of the Finance Committee may be said to consist, first, in the exemption. In my amendment I propose a flat 8 per cent exemption to all interests, individuals, corporations, and copartnerships. The Senate Committee amendment proposes an exemption of 6 per cent minimum and then provides for a 10 per cent maximum upon the idea that a man who earned 6 per cent during the prewar period may have 6 per cent exemption and if he did not earn that amount he may be allowed 6 per cent as an exemption.

Mr. President, to save my life, I can not understand upon what principle of fairness and justice the committee can say that one man engaged in business shall have an exemption of 6 per cent and in the same paragraph say that another man in some other business shall be entitled to 10 per cent. The only excuse that I have heard offered for that is that the man who does not earn more than 6 per cent is not entitled to any consideration. That is practically what they mean; they can mean nothing else, than to say to the farmer and to the merchant and the business man and the lawyer and the doctor, a class which composes 80 per cent of the population of the country, "You have been indolent; you have not exercised profitably your talent." To the farmer they say, in effect, "Your land is poorer than the man who gets 10 per cent exemption"; and to the business man a similar answer is made.

I should like to know, Mr. President, how any Senator on this floor can go home to his constituents—and do not forget that there is where we all must go in the end—and tell them that he voted for a proposition to discriminate against those who have been unfortunate and that he voted for another proposition in the same bill which gives their competitors an advantage of 4 per cent over them. So much for that phase of the subject.

Mr. President, as I have said, my amendment eliminates the prewar profits provision of this bill and takes no account of it. What difference can it make whether the profits are chargeable to prewar conditions or to other conditions? If a man has made



profits, whether they are large or small, tax him in proportion to the profits he has made. That is my proposition, in a few words.

We have heard much said here about getting revenues for the Government from war profits. I should like to have some Senator on the floor tell me where the dividing line is between war profits and other profits—ordinary profits, if you please. How are you to tell? There is but one way, Mr. President, that you can decide that question, and that is by the rate of tax you impose upon profits. That is the only way you can determine it.

Now, I want to submit to the Senate briefly the provisions of my amendment as it relates to rates on profits. I want to send to the desk, before I proceed further, and to have read the amendment which I propose to offer in order to perfect this bill—the amendment to which I referred in the beginning, which puts my amendment on all fours with the committee's amendment as to their definition of capital.

The PRESIDENT pro tempore. The Secretary will read the proposed amendment to the committee amendment.

The SECRETARY. The proposed amendment changes section 202 as originally proposed by Mr. BANKHEAD to read as follows:

SEC. 202. As used in this title, the term "capital" does not include money or other property borrowed, and in case of a corporation or partnership means, subject to the above limitation, (1) actual cash paid in, (2) the actual cash value of property paid in other than cash, for stocks or shares in such corporation or partnership, at the time of such payment, and (3) paid in or earned surplus and undivided profits used or employed in the business: *Provided*, That the good will, including trade-marks and trade brands, or the franchise of a corporation or partnership is not to be included unless the corporation or partnership made payment therefor specifically as such in cash or tangible property, the value of such good will, trade-marks, trade brands, or franchise not to exceed the actual cash or actual value of the tangible property paid therefor at the time of such payment.

Mr. BANKHEAD. Mr. President, when the distinguished chairman of the Finance Committee [Mr. SIMMONS] a few days ago was discussing that provision of the amendment which I had offered he emphasized to the greatest possible extent that my definition of capital would permit too great an amount of exemption. Therefore I have concluded to take the exact language of the bill which the Senator from North Carolina reported by order of his committee. So that part of the controversy is disposed of.

Mr. JONES of Washington. Mr. President, may I ask the Senator from Alabama a question?

The PRESIDENT pro tempore. Does the Senator from Alabama yield to the Senator from Washington?

Mr. BANKHEAD. I do.

Mr. JONES of Washington. I want to ask the Senator from Alabama whether or not he has made any estimate in regard to particular companies as shown in the reports as to what the tax would be compared with the tax of the bill as it is reported by the committee, so as to give us some idea as to whether his amendment will raise more or less revenue?

Mr. BANKHEAD. Mr. President, I am very glad to answer that question. We did make estimates and computations, but we were fair about it, and we estimated upon the returns of 1916—something that we knew about. When we made the estimate upon the earnings in 1916 we knew that we would get as much as the estimate. We have made no guess whatever. For that reason I am satisfied that the amendment I have offered, with the rates which I have proposed, will raise more money than will the committee's proposal.

I want to call attention to the fact that the committee made their estimate upon the earnings for 1917—this year—and they have been compelled to estimate what the profits will be for the remainder of this year or for the unreported portions of the year. There can therefore be no accuracy in the estimate.

Mr. JONES of Washington. Mr. President, if the Senator will permit me, did the Senator make any computation upon the basis of the earnings of 1916 under the committee bill and then under his amendment, so that he can tell us how they differ?

Mr. BANKHEAD. We took the committee's bill, taking their own estimate, and supposing, perhaps, that it would be true, and under my amendment made a computation and estimate. My colleague [Mr. UNDERWOOD], perhaps, remembers the figures better than I do; but we are agreed—and there can be no question about it in our minds—that my amendment will raise more money under the rates I propose than will the committee's amendment.

Now, Mr. President, I will read my amendment, beginning at the point where the rates are provided:

A tax on the amount by which such income exceeds the sum of (a) \$5,000, and (b) 8 per cent of the actual capital invested, as follows—

That is an exemption. The \$5,000, of course, applies to everybody. Now, listen, Senators—I may have these rates too high; that is for the Senate to determine—

up to and including 5 per cent additional on such capital, 5 per cent.

Beginning at the bottom, low, so as to deal as gently as possible with the very large class in this country whose incomes are necessarily small.

From 5 per cent up to and including 10 per cent additional on such capital, 10 per cent.

From 10 per cent up to and including 15 per cent additional on such capital, 25 per cent.

My belief is, Mr. President, when that bracket is reached, when individuals, corporations, partnerships, or any institution has earned that amount of profit the war-profits zone is rapidly being approached, and, as I have already said, the only possible way to tell when you have reached war profits is by the amount that you tax war profits.

From 15 per cent up to and including 20 per cent additional on such capital, 50 per cent.

We know, Mr. President, when capital earns that amount that the excess war profits, or whatever you may care to call them, have been reached. It is a profit above and beyond what the average business in this country is entitled to make and keep under the conditions that now confront the Nation.

Above 20 per cent additional on such capital, 75 per cent.

Mr. HITCHCOCK. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Alabama yield to the Senator from Nebraska?

Mr. BANKHEAD. I do.

Mr. HITCHCOCK. I notice that the Senator denominates as war profits anything that is at least 15 per cent greater than the profits of the prewar period. Am I correct?

Mr. BANKHEAD. Well, Mr. President, I have stated that I take no account of war profits or excess profits; I am building up on profits, and I do not care whether they are called "war profits" or "excess profits" or any other kind of profits. I am saying that when they reach that amount they are in the war-profits' zone and have reached that point where Senators may contend that a higher rate should be imposed.

Mr. VARDAMAN. They are abnormal profits.

Mr. BANKHEAD. That is it.

Mr. HITCHCOCK. Let me give the Senator an instance—a supposititious case of a corporation with a hundred thousand dollars capital. That is a small corporation. Before the war it made 8 per cent, or \$8,000. In the natural course of events, as it has happened in hundreds of cases, it may be making now \$10,000. That is an increase of \$2,000, or 25 per cent. Would the Senator think that was the sort of war profits which should be subjected to a heavy and really punitive tax?

Mr. BANKHEAD. No, I do not; neither do I think the tax is punitive.

Mr. HITCHCOCK. Well, what per cent would the Senator levy on such profits?

Mr. BANKHEAD. My contention is that when profits reach a certain amount they should be taxed, and taxed heavily.

Mr. HITCHCOCK. What rate of taxation would the Senator levy on the corporation to which I have referred whose earnings have increased \$2,000, or 25 per cent?

Mr. BANKHEAD. I have not framed my amendment to meet special cases; I have taken no account of special cases; I do not care for special cases. It is impossible to frame a bill, perhaps, without working hardship on somebody or on some corporation. What I am after is revenue to defray the expenses of this war.

Mr. HITCHCOCK. The Senator has stated that he does not think it is right to levy large taxes upon legitimate concerns that are doing a normal business. I say there are thousands of corporations of the size I have mentioned whose business has increased from 8 to 10 per cent, and I ask the Senator what rate of taxes he would levy on that additional 2 per cent?

Mr. BANKHEAD. I just read the rate I would impose on such a corporation.

Mr. HITCHCOCK. Well, what was the increased rate? Here is a corporation whose earnings have increased 25 per cent; they were really abnormally small before the war and now they are normal. What rate would the Senator levy on that 25 per cent increase?

Mr. JONES of New Mexico. Mr. President, if the Senator will permit me—

Mr. HITCHCOCK. Let the Senator from Alabama answer, please.

Mr. JONES of New Mexico. I think I can correct a wrong impression which perhaps the Senator from Nebraska has, or suggest to the Senator who is discussing the measure that he has in mind one thing and the Senator from Nebraska another. I wish to have it emphasized that the amendment of the Senator from Alabama is upon increased earnings on the percentage of capital.



Mr. HITCHCOCK. I understand that exactly, and I have stated the case of a corporation.

Mr. BANKHEAD. My colleague has figured it out since the Senator from Nebraska has been on the floor, and the tax would be \$100 under my amendment.

Mr. HITCHCOCK. I think not. It is an increase of 25 per cent.

Mr. BANKHEAD. Well, Mr. President, I have not the time now to stop and argue the matter further.

The PRESIDENT pro tempore. The Senator from Alabama declines to yield further.

Mr. BANKHEAD. I wish to say in conclusion that here is a proposition that is simple, plain, and easily understood. Any ordinary man in this country can calculate under the provisions of my amendment what the tax on his profits will be, whatever his business may be. There is no suggestion here of a percentage on deductions, and all that sort of thing, that causes one to travel all around and about and everywhere before he gets down to what he wants to do.

This method, Mr. President, of calculating the profits as proposed in the Senate bill reminds me of an incident that occurred when I was a schoolboy. The schoolhouse was 3 miles from my home. I walked to school every morning and carried my lunch and my books. One morning I met an old farmer on the road, who was a neighbor, and he said to me, "Son, are you going to school?" I said, "Yes." He inquired, "What do you study?" I said, "Arithmetic, geography, grammar, writing, and spelling"—those old subjects that used to be taught in the good old times. And he said, "I want to submit an example for you to work out." I said, "Very well." He said, "If a third of 6 is 3, what is a fourth of 20?" That was the proposition. "Why," I said, "3 into 6 is 2." He said, "I know that, but suppose it was 3, what would the fourth of 20 be?" That is the process being pursued in making these calculations and investigations. We are supposing that the third of 6 is 3 and trying to work out what one-fourth of 20 would be under that plan of calculation.

Mr. President, the Finance Committee, as I have said, has submitted to the Senate a proposal as to what capital is, and I have absolutely taken that provision from the bill and incorporated it in my amendment, thereby eliminating any contention over that. Further, as I have stated, my amendment provides a flat exemption of 8 per cent, and then begins to build the tax on profits. I think we would get a great deal more money by starting at 8 per cent instead of 10, and it would be just as fair. If the rates in the amendment that I have offered are too high, they can be reduced. The Government will get the money under them, and will get it where all desire to get it, namely, from what have been called by some war profits or excess profits. I do not care what they are called; they are profits, and they are subject to be taxed; and when individuals or a corporation or other business concerns earn the amount of money that puts them into what I believe to be the war-profits or excess-profits zone, then I think they can stand about all the tax that could be put upon them much better than can the small concerns that the committee amendment only exempts to the extent of 6 per cent.

Mr. VARDAMAN. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Alabama yield to the Senator from Mississippi?

Mr. BANKHEAD. I do.

Mr. VARDAMAN. May I ask the Senator from Alabama whether or not he has made the calculation so as to be able to tell the difference in the amount of revenue raised under this amendment and that for which his amendment is proposed as a substitute?

Mr. BANKHEAD. I have not as to the amended amendment, because that is a guess. I can not make any estimate that would be worth having when I have to guess at what the profits are. I have made estimates based upon the figures of 1916, where we know what we are going to get. Under those estimates we got considerably more money than the committee got under their original plan; and we believe, from all the estimates that we have been able to make and from the rates that we have suggested, that we will get more money under the amendment I offer than the committee will get under their amended plan. That is our contention, and I believe it is so.

Mr. UNDERWOOD. Mr. President, if my colleague will yield to me—

Mr. BANKHEAD. I yield.

Mr. UNDERWOOD. The Senator from Nebraska [Mr. HITCHCOCK] asked a question with reference to the earning capacity of this amendment. I should be very glad to have an opportunity, if I have time, to say what my view of it is.

Mr. BANKHEAD. I yield to the Senator for that purpose.

Mr. UNDERWOOD. The Bankhead amendment is primarily based on capitalization. Of course, there are many ways of figuring capitalization. My own personal view of the question is that value is the real basis upon which capitalization ought to be figured. My colleague has seen fit to adopt the committee's proposal of value, and therefore it comes down to the same proposition, but a different way of figuring.

Accepting the value in whatever way you choose to figure it, the basis of this amendment is on that value. The first \$5,000 that a corporation makes is exempt to everybody, little and big, great and small. The next 8 per cent of earnings of capital is exempt without taxation. Then the next bracket provides that on the next 5 per cent that is earned on the capital, there shall be a 5 per cent tax.

Now, the Senator from Nebraska propounded this question. He asked, if there was a corporation that earned \$8,000 before the war period and earned \$10,000 now, and the capital was \$100,000, what would be the tax? Well, as a matter of fact, under this bill that particular corporation would not be taxed at all, because it would have \$5,000 exempt, which would be 5 per cent on its capital. Then it would have 8 per cent on its capital exempt, which would be \$13,000; and as that would exceed \$10,000, there would be no tax. But I assume that the Senator from Nebraska asked the question without intending to bring into the consideration of the equation the \$5,000 that is exempt to everybody.

Taking it from that standpoint, with \$10,000 of earnings on \$100,000 of capital, the first 8 per cent on the capital would be exempt to the corporation. Eight per cent on the capital would be \$8,000, leaving \$2,000 subject to tax. The first bracket in this bill provides that the first 5 per cent above the 8 per cent that is exempt shall be taxed 5 per cent. As the \$2,000 above the 8 per cent would fall in the first bracket, it would be taxed 5 per cent, or \$100. So that the war-profits tax on that particular corporation, having a capital stock of \$100,000 and earning \$10,000, would amount to \$100, which does not seem to me to be excessive.

Mr. HITCHCOCK. I think that does remove that objection; but I will ask the Senator, then, this question: Where is the Government going to derive any taxes at all from such corporations as were earning not over 8 per cent prior to the war?

Mr. UNDERWOOD. It is not proposed to tax them in this section of the bill.

Mr. HITCHCOCK. Would that exempt practically all the railroads?

Mr. UNDERWOOD. It would exempt from the provisions of this title all corporations that were not earning over 8 per cent.

Mr. HITCHCOCK. Is it not the contention on the part of the United States Steel Corporation, for instance, that it was not earning 8 per cent on its invested capital, and would not that exempt the United States Steel Corporation from war taxes?

Mr. UNDERWOOD. I think it is earning considerably more than 8 per cent.

Mr. HITCHCOCK. Now; but I mean before the war.

Mr. UNDERWOOD. But the Senator must remember that this does not relate back. The Senator has in mind the provisions of the Senate bill. The provisions of my colleague's amendment have nothing whatever to do with prewar earnings. He taxes the earnings of to-day, not relating in any way whatever to the earnings before the war. The prewar period is fixed by the Senate bill. This amendment has nothing to do with it.

Of course these great corporations will be taxed under the income-tax law. They are going to pay taxes; but the purpose of the committee was to exempt to a certain extent the earnings of the corporations and individuals of this country before they started to apply their drastic war-tax plan.

If that is the objection of the Senator from Nebraska, that some of these great corporations will be exempt because they do not earn 8 per cent, there is a much greater objection to the committee bill as it is now presented, because under the committee bill as now presented if they had earned more than 10 per cent or as much as 10 per cent in the prewar period they are exempt 10 per cent now, which is 2 per cent higher than the proposal in the amendment offered by my colleague.

In other words, if the United States Steel Corporation was earning 10 per cent in the prewar period and only earning 10 per cent on its capital now, under the committee proposal it would not be taxed at all. Because it earned up to 10 per cent it therefore would have that exempt. But under the proposal of my colleague's amendment it could only have exemption to the extent of 8 per cent, and the other 2 per cent of earnings would be taxed. So certainly there can be no objection on that



score when you come to consider the proposal of the Senator from Alabama as compared to the committee proposal.

The whole difference in the proposition is this: The Finance Committee reach back into the past to establish a basis of exemption. They take three years to ascertain what a man's prewar profits were and then, up to 10 per cent, are willing to exempt him. My objection to the plan of the Finance Committee is this: I objected in the beginning, before they amended their bill, because they were taking a basis of exemption that was not uniform and exempted one man and heavily taxed another man.

Mr. SMOOT. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Alabama yield to the Senator from Utah?

Mr. UNDERWOOD. I do.

Mr. SMOOT. Did I understand the senior Senator from Alabama to yield to his colleague?

Mr. BANKHEAD. I did, for a question. It seems to be a good long question.

Mr. SMOOT. Yes; I notice it. I will say to the junior Senator from Alabama that I thought it was right and proper that the senior Senator from Alabama should have a right to explain his amendment, and unless he could do so before 5 o'clock it would be impossible for him to do so. Therefore, although my name was on the list ahead of the Senator, I was perfectly willing that he should proceed. Now, all I ask is a few moments to speak on the pending amendment offered by the Senator from New Hampshire, and I hope the Senator will allow me to do so.

Mr. BANKHEAD. Mr. President, just one moment.

Mr. UNDERWOOD. As that remark is addressed to me, I hope my colleague will permit me to reply to it.

The PRESIDENT pro tempore. The junior Senator from Alabama has the floor.

Mr. UNDERWOOD. Mr. President, I rose for the purpose of explaining my colleague's amendment as I understand it. If I had spoken one-tenth of the time in debate that the Senator from Utah has spoken, I would not interrupt another Senator for the purpose of asking him for the floor. I rarely speak in this Chamber, and I do not subscribe to the proposition that the Senator from Utah should indicate that I have not the right to continue my remarks; but—

Mr. SMOOT. Well, Mr. President—

Mr. UNDERWOOD. But, if the Senator will allow me to finish, I am going to close and yield the floor to him. I think the Senate understands this proposition, and I do not care to weary it with talk. I have never attempted to trespass on any other man's time or on the time of the Senate, and if the Senator from Utah desires the floor I yield it to him.

Mr. SWANSON. Mr. President, before the Senator takes his seat I should like to ask him a question. Do I understand that the amendment of the senior Senator from Alabama is exactly the same as the provision offered by the Finance Committee, except that he substitutes a flat 8 per cent for the sliding scale, or maximum and minimum, of 6 and 10 per cent?

Mr. UNDERWOOD. No; that is not correct. The property valuation is identical as changed by my colleague. The way of ascertaining value on which to base exemption is fixed identically with the committee's amendment as he has recently changed it.

Mr. SWANSON. That is, the method of ascertaining the percentage of profits is the same—the capitalization?

Mr. UNDERWOOD. Yes; the value. But the Senate committee based its plan originally on a prewar earning as compared with the present earning.

Mr. SWANSON. I understand that.

Mr. UNDERWOOD. That has not been eliminated entirely from the Senate bill. It has been limited.

Mr. SWANSON. I understand that; but when you come to fix your 8 per cent you take that as a basis from which you start for taxation purposes. So the amendment of the Senator from Alabama is precisely the Senate amendment—

Mr. BANKHEAD. I cut it out of their bill.

Mr. SWANSON. The Senator cut it out of their bill—except that he establishes a flat 8 per cent in place of their maximum and minimum of 6 and 10.

Mr. BANKHEAD. That is correct.

Mr. LA FOLLETTE. Mr. President, before the Senator from Alabama sits down I should like to ask him a question.

The PRESIDENT pro tempore. Does the Senator from Alabama yield to the Senator from Wisconsin?

Mr. UNDERWOOD. The Senator from Utah [Mr. SMOOT] desires the floor, and I do not want to keep him off of it; so I will ask the Senator not to interrupt.

Mr. LA FOLLETTE. I will not interrupt; but I should like to have an answer, which the Senator can give in four seconds.

Mr. UNDERWOOD. Well, I will yield.

Mr. LA FOLLETTE. What amount of money is it estimated that the amendment offered by the Senator from Alabama will yield as a war-profits tax?

Mr. UNDERWOOD. It will yield, in addition to what is already raised by the law that is now on the statute books, about \$600,000,000, in my judgment.

Mr. LA FOLLETTE. That is, in addition to the \$226,000,000?

Mr. UNDERWOOD. In addition to the law that is now on the statute books.

Mr. JONES of New Mexico. Mr. President, I should like to ask the Senator from Alabama if he did not leave a wrong impression in the mind of the Senator from Virginia [Mr. SWANSON] as well as in the minds of other Senators present? The impression which was left upon the mind of the Senator from Virginia was that after fixing the basic exemption, then the graduated tax was the same in the Bankhead amendment as in the committee bill.

Mr. UNDERWOOD. Oh, no; the Senator is mistaken. The Senator from Virginia, I am sure, did not understand that, and I did not intend to convey that idea.

Mr. JONES of New Mexico. I am of the impression that he did, because it is a matter which he has discussed with me before.

Mr. UNDERWOOD. Of course I do not know about that, but I certainly did not intend to convey that idea, and I do not think he so understood me.

Mr. JONES of New Mexico. I know the Senator did not intend to convey that idea, but I fear he did.

Mr. SMOOT. Mr. President—

The PRESIDENT pro tempore. The Senator from Utah.

Mr. SMOOT. Mr. President, in the few minutes that I have at my disposal I want to say that the definition of capital as provided by the amendment just offered by the Senator from Alabama is not the same as in the committee amendment as amended. The words "nor stock, bonds, or other assets the income from which is not subject to the tax imposed by this title" are not in that amendment. That means that if a company buys liberty bonds, the amount of the purchase can be used as capital stock. If it buys stock in other companies, it can be used in the same way; and every Senator knows that a great many of the great corporations in this country have invested in the stock of other companies. I wanted to call attention to that difference between the amendments.

Now, I want to say simply a word on the pending amendment, offered by the Senator from New Hampshire [Mr. HOLLIS].

The amendment provides that the first bracket shall be increased from 12 per cent to 20 per cent, the second bracket from 16 per cent to 23 per cent, the next from 20 per cent to 27 per cent, the next from 25 per cent to 31 per cent, the next from 30 per cent to 35 per cent, the next from 35 per cent to 40 per cent, the next from 40 per cent to 45 per cent, the next from 45 per cent to 50 per cent, the next from 50 per cent to 60 per cent, and the next from 60 per cent to 70 per cent.

Mr. President, what does that really mean when applied to the brackets of the committee's substitute? It means that in the case of the small company or any company making an increased profit not exceeding 15 per cent the tax shall be raised from 12 to 20 per cent, or an increase of 66 2/3 per cent.

Mr. OVERMAN. Is that the Hollis amendment?

Mr. SMOOT. That is the Hollis amendment.

The next bracket, exceeding 15 per cent and not exceeding 25 per cent, is increased from 16 to 23 per cent, or an increase of 43 1/2 per cent.

The next, from 20 to 27 per cent, is an increase of 35 per cent.

The increase from 25 to 31 per cent is an increase of 24 per cent.

The increase from 30 to 35 per cent is an increase of 16 2/3 per cent.

The increase from 35 to 40 per cent is an increase of 14 2/5 per cent.

The increase from 40 to 45 per cent is an increase of 12 1/2 per cent.

The increase from 45 to 50 per cent is an increase of 11 1/3 per cent.

The increase from 50 to 60 per cent is an increase of 20 per cent.

The increase from 60 to 70 per cent is an increase of 16 2/3 per cent.

In other words, Mr. President, on incomes—

The PRESIDENT pro tempore (at 5 o'clock p. m.). Under the terms of the unanimous-consent rule, further debate is not in order. The question is on the amendment offered by the Senator from New Hampshire [Mr. HOLLIS] to the amendment of the committee.

Mr. HOLLIS. I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CURTIS (when his name was called). By an arrangement with the Senator from Montana [Mr. MYERS], I transfer my pair with the junior Senator from Georgia [Mr. HARDWICK] to the junior Senator from Connecticut [Mr. McLEAN] and vote "nay."

Mr. FLETCHER (when his name was called). I have a pair with the Senator from New Hampshire [Mr. GALLINGER]. As I understand he would vote as I do on this question, I vote "nay."

Mr. McCUMBER (when his name was called). I transfer my general pair with the Senator from Colorado [Mr. THOMAS] to the senior Senator from New Hampshire [Mr. GALLINGER] and vote "nay."

Mr. MYERS (when his name was called). I am paired with the Senator from Connecticut [Mr. McLEAN], who is unavoidably absent on account of illness. I transfer that pair to the Senator from Georgia [Mr. HARDWICK] and vote "yea."

Mr. STONE (when Mr. REED's name was called). I announce the unavoidable absence of my colleague [Mr. REED], whom I am daily expecting to return to the Senate. He was called away on imperative business, and is still absent. He is paired with the Senator from Michigan [Mr. SMITH].

Mr. ROBINSON (when his name was called). I have a pair with the Senator from Michigan [Mr. TOWNSEND]. I transfer that pair to the Senator from Missouri [Mr. REED] and vote "nay."

Mr. SMITH of Michigan (when his name was called). I have a pair with the junior Senator from Missouri [Mr. REED], but in view of the announcement made by the Senator from Arkansas [Mr. ROBINSON] I feel at liberty to vote. I vote "nay."

Mr. WADSWORTH (when his name was called). I transfer my pair with the senior Senator from Oklahoma [Mr. GORE] to the senior Senator from New Jersey [Mr. HUGHES] and vote "nay."

The roll call was concluded.

Mr. FRELINGHUYSEN. I transfer my general pair with the junior Senator from Montana [Mr. WALSH] to the senior Senator from Texas [Mr. CULBERSON] and vote "nay."

Mr. FALL (after having voted in the affirmative). I observe that my pair, the Senator from Wyoming [Mr. KENDRICK], is not present, and I withdraw my vote.

Mr. KENYON. I wish to announce the unavoidable absence of my colleague [Mr. CUMMINS], who, if present, would vote "yea."

Mr. CURTIS. I wish to announce the absence of the senior Senator from New Hampshire [Mr. GALLINGER]. If present, he would vote "nay."

Mr. SUTHERLAND. I desire to announce the absence of my colleague, the senior Senator from West Virginia [Mr. GOFF], on account of illness. He is paired with the senior Senator from South Carolina [Mr. TILLMAN].

Mr. FALL. I transfer my pair with the junior Senator from Wyoming [Mr. KENDRICK] to the Senator from Oklahoma [Mr. OWEN] and vote "nay."

The result was announced—yeas 24, nays 55, as follows:

#### YEAS—24.

Ashurst	Hollis	King	Norris
Beckham	Husting	Kirby	Phelan
Borah	Johnson, Cal.	La Follette	Sheppard
Brady	Johnson, S. Dak.	McKellar	Thompson
Broussard	Jones, Wash.	McNary	Trammell
Gronna	Kenyon	Myers	Vardaman

#### NAYS—55.

Brandeggee	Hitchcock	Penrose	Smith, S. C.
Calder	James	Pittman	Smoot
Chamberlain	Jones, N. Mex.	Polindexter	Sterling
Colt	Kellogg	Pomerene	Stone
Curtis	Knox	Ransdell	Sutherland
Dillingham	Lewis	Robinson	Swanson
Fall	Lodge	Saulsbury	Underwood
Fernald	McCumber	Shafroth	Wadsworth
Fletcher	Martin	Sherman	Warren
France	Nelson	Shields	Watson
Frelinghuysen	New	Simmons	Weeks
Gerry	Newlands	Smith, Ga.	Williams
Hale	Overman	Smith, Md.	Wolcott
Harding	Page	Smith, Mich.	

#### NOT VOTING—17.

Bankhead	Gore	Owen	Townsend
Culbertson	Hardwick	Reed	Walsh
Cummins	Hughes	Smith, Ariz.	
Gallinger	Kendrick	Thomas	
Goff	McLean	Tillman	

So Mr. HOLLIS's amendment to the amendment was rejected.

Mr. LA FOLLETTE. I offer the following amendment to the committee amendment, beginning at line 23, allowing the com-

mittee amendment as to 12 per cent to stand. Beginning at line 23, I make changes in the subsequent percentages as noted in the amendment which I send to the desk to be read.

The PRESIDENT pro tempore. The amendment to the amendment will be read.

The SECRETARY. It is proposed to amend by striking out lines 23, 24, and 25, page 12, and all of page 13, down to and inclusive of line 22, and insert in lieu thereof the following:

Twenty per cent of the amount by which such war profits exceed 15 per cent of such deduction and do not exceed 25 per cent thereof;  
 Twenty-five per cent of the amount by which such war profits exceed 25 per cent of such deduction and do not exceed 50 per cent thereof;  
 Thirty per cent of the amount by which such war profits exceed 50 per cent of such deduction and do not exceed 75 per cent thereof;  
 Thirty-five per cent of the amount by which such war profits exceed 75 per cent of such deduction and do not exceed 100 per cent thereof;  
 Forty per cent of the amount by which such war profits exceed 100 per cent of such deduction and do not exceed 150 per cent thereof;  
 Forty-five per cent of the amount by which such war profits exceed 150 per cent of such deduction and do not exceed 200 per cent thereof;  
 Fifty per cent of the amount by which such war profits exceed 200 per cent of such deduction and do not exceed 250 per cent thereof;  
 Fifty-five per cent of the amount by which such war profits exceed 250 per cent of such deduction and do not exceed 300 per cent thereof;  
 and  
 Seventy-five per cent of the amount by which such war profits exceed 300 per cent of such deduction.

Mr. LA FOLLETTE. Mr. President, earlier in the day I presented this amendment, together with tables showing the amount of revenue which would be collected under its provisions as compared with the amount which would be collected under the committee amendment. I ask unanimous consent that the tables be printed in the RECORD at this point, immediately following the amendment.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Wisconsin? The Chair hears none, and it is so ordered.

The table referred to is as follows:

#### Changes proposed by amendment.

Committee rates.	Rates of amendment.	Committee rates.	Rates of amendment.
12	12	35	40
16	20	40	45
20	25	45	55
25	30	50	65
30	35	60	75

Amount of tax which would be collected from war profits of all corporations, etc., based upon the earnings of 1916, under my proposed amendment compared with the amount which would be collected as estimated by the committee under its amendment.

Estimate of taxable profits.	Rate.	Revenue.
15 per cent.....	Pr. ct. 12	\$10,080,000
15 to 25 per cent.....	16	67,600,000
25 to 50 per cent.....	20	136,250,000
50 to 75 per cent.....	25	121,200,000
75 to 100 per cent.....	30	102,900,000
100 to 150 per cent.....	35	137,200,000
150 to 200 per cent.....	40	114,750,000
200 to 250 per cent.....	45	102,850,000
250 to 300 per cent.....	50	94,250,000
300 to 400 per cent.....	55	167,500,000
400 to 500 per cent.....	60	127,500,000
Over 500 per cent.....	65	333,750,000
Total estimated to be collected under my amendment.....		1,505,831,000
Estimated amount which would be collected under committee rates.....		1,288,031,000
Increase under my amendment.....		217,800,000

Percentage under committee amendment..... 31.56  
 Percentage under my amendment..... 36.72

Comparison of amounts which would be collected from the United States Steel Corporation under my amendment and under committee amendment based upon the earnings of that corporation in 1916.

Taxable income.	Rate.	War-profits tax.
\$12,399,180.....	Pr. ct. 12	\$1,487,902
\$8,266,130.....	20	1,653,226
\$20,665,320.....	25	5,163,331
\$20,665,320.....	30	6,193,596
\$20,665,320.....	35	7,732,862
\$41,330,640.....	40	10,352,259
\$41,330,640.....	45	17,565,522
\$23,547,903.....	55	12,951,943
On basis of McCoy computation my amendment would raise.....		69,283,040
Rates of committee amendment.....		59,901,009
Increase.....		9,381,931



The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Wisconsin to the amendment of the committee.

Mr. LA FOLLETTE. I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CURTIS (when his name was called). I make the same announcement as on the former vote and vote "nay."

Mr. FALL (when his name was called). Making the same announcement as before, I vote "nay."

Mr. FLETCHER (when his name was called). Making the same announcement as before, I vote "nay."

Mr. FRELINGHUYSEN (when his name was called). Making the same announcement as on the former vote, I vote "nay."

Mr. LA FOLLETTE (when Mr. HARDWICK's name was called). I am authorized by the junior Senator from Georgia [Mr. HARDWICK] to say that if he were present he would vote for this amendment. He is absent in attendance upon the meeting of the National Bar Association.

Mr. McCUMBER (when his name was called). I transfer my pair as on the previous vote, and I vote "nay."

Mr. MYERS (when his name was called). I make the same transfer of my pair as on the last vote and vote "yea."

Mr. ROBINSON (when his name was called). Announcing the same pair and transfer as on the last vote, I vote "nay."

Mr. WADSWORTH (when his name was called). Making the same announcement as on the former roll call, I vote "nay."

The roll call was concluded.

Mr. STONE. Several days ago I was handed a dispatch from my colleague [Mr. REED], which I think I ought to put in the RECORD:

I want my pair to be employed in the manner most favorable to high taxation of war profits and to low burdens upon small incomes. At the same time I do not want to vote for any proposition that is so extreme as to be ridiculous.

Mr. PENROSE. Mr. President, I do not wish to object, but this is entirely irregular and out of order.

Mr. STONE. I am explaining my colleague's position.

Mr. PENROSE. I am not going to object, but I hope there will not be a repetition of it.

Mr. STONE. There will be no repetition of this particular statement.

The result was announced—yeas 23, nays 56, as follows:

#### YEAS—23.

Ashurst	Husting	Kirby	Phelan
Beckham	Johnson, Cal.	La Follette	Sheppard
Borah	Johnson, S. Dak.	McKellar	Thompson
Brady	Jones, Wash.	McNary	Trammell
Gronna	Kenyon	Myers	Vardaman
Hollis	King	Norris	

#### NAYS—56.

Bankhead	Hale	Overman	Smith, Mich.
Brandagee	Harding	Page	Smith, S. C.
Broussard	Hitchcock	Penrose	Smoot
Calder	James	Poinexter	Sterling
Chamberlain	Jones, N. Mex.	Pomerene	Stone
Colt	Kellogg	Ransdell	Sutherland
Curtis	Knox	Robinson	Swanson
Dillingham	Lewis	Saulsbury	Underwood
Fall	Lodge	Shafroth	Wadsworth
Fernald	McCumber	Sherman	Warren
Fletcher	Martin	Shields	Watson
France	Nelson	Simmons	Weeks
Frelinghuysen	New	Smith, Ga.	Williams
Gerry	Newlands	Smith, Md.	Wolcott

#### NOT VOTING—17.

Culberson	Hardwick	Pittman	Townsend
Cummins	Hughes	Reed	Walsh
Gallinger	Kendrick	Smith, Ariz.	
Goff	McLean	Thompson	
Gore	Owen	Tillman	

So Mr. LA FOLLETTE's amendment to the amendment was rejected.

Mr. SHAFROTH. I desire to offer an amendment, by striking out the word "forty-five," in line 4, on page 7, and inserting in lieu thereof "fifty"; by striking out the word "fifty," in line 8, page 7, and inserting in lieu thereof "sixty"; and striking out the words "60 per cent," in line 12, page 7, and inserting in lieu thereof "70 per cent."

The PRESIDENT pro tempore. The question is on the amendment of the Senator from Colorado [Mr. SHAFROTH] to the amendment of the committee.

Mr. BORAH. On that I ask for the yeas and nays.

Mr. HOLLIS. I ask that the amendment be read, Mr. President.

The PRESIDENT pro tempore. The Secretary will state the amendment.

The SECRETARY. The amendment proposes to change the rates in the last three brackets of the committee amendment on page 13. The rate of 45 per cent, in line 16, is changed to 50 per cent; the rate of 50 per cent, in line 20, is changed to 60 per

cent; and in the committee amendment added at that point the rate of 60 per cent is changed to 70 per cent.

Mr. BORAH. On that amendment to the amendment I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CURTIS (when his name was called). Making the same announcement as to my pair and its transfer as on previous votes, I vote "nay."

Mr. FLETCHER (when his name was called). I transfer my general pair with the senior Senator from New Hampshire [Mr. GALLINGER] to the Senator from Arizona [Mr. SMITH] and vote "yea."

Mr. FRELINGHUYSEN (when his name was called). Making the same announcement as to my pair and its transfer as on former votes, I vote "nay."

Mr. ROBINSON (when his name was called). Again announcing my pair with the Senator from Michigan [Mr. TOWNSEND] and the transfer of that pair to the Senator from Missouri [Mr. REED], I vote "nay."

Mr. WADSWORTH (when his name was called). Making the same announcement as to my pair and its transfer as before, I vote "nay."

The roll call was concluded.

Mr. MYERS. I announce the same transfer of my pair as on the last ballot and vote "yea."

Mr. McCUMBER. I transfer my general pair with the senior Senator from Colorado [Mr. THOMAS] to the junior Senator from Wyoming [Mr. KENDRICK] and vote "nay."

The result was announced—yeas 25, nays 55, as follows:

#### YEAS—25.

Ashurst	Husting	La Follette	Sheppard
Beckham	Johnson, Cal.	McKellar	Thompson
Borah	Johnson, S. Dak.	McNary	Trammell
Brady	Jones, Wash.	Myers	Vardaman
Fletcher	Kenyon	Norris	
Gronna	King	Phelan	
Hollis	Kirby	Shafroth	

#### NAYS—55.

Bankhead	Harding	Page	Smith, S. C.
Brandagee	Hitchcock	Penrose	Smoot
Broussard	James	Pittman	Sterling
Calder	Jones, N. Mex.	Poinexter	Stone
Chamberlain	Kellogg	Pomerene	Sutherland
Colt	Knox	Ransdell	Swanson
Curtis	Lewis	Robinson	Underwood
Dillingham	Lodge	Saulsbury	Wadsworth
Fall	McCumber	Sherman	Warren
Fernald	Martin	Shields	Watson
France	Nelson	Simmons	Weeks
Frelinghuysen	New	Smith, Ga.	Williams
Gerry	Newlands	Smith, Md.	Wolcott
Hale	Overman	Smith, Mich.	

#### NOT VOTING—16.

Culberson	Gore	McLean	Thomas
Cummins	Hardwick	Owen	Tillman
Gallinger	Hughes	Reed	Townsend
Goff	Kendrick	Smith, Ariz.	Walsh

So Mr. SHAFROTH's amendment to the committee amendment was rejected.

Mr. WEEKS. I offer the amendment to the amendment which I send to the Secretary's desk.

The PRESIDENT pro tempore. The amendment offered by the Senator from Massachusetts to the amendment reported by the committee will be stated.

The SECRETARY. On page 14, line 11, after the word "profession," it is proposed to insert the words "or occupation," and in line 13, after the word "profession," to insert the words "or occupation," so as to read:

(b) A profession or occupation the profits of which depend mainly on the personal qualifications of the individuals by whom such profession or occupation is carried on—

And so forth.

Mr. SIMMONS. Mr. President, on the part of the committee I have no objection to that amendment to the amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Massachusetts [Mr. WEEKS] to the committee amendment.

The amendment to the amendment was agreed to.

Mr. JOHNSON of California. Mr. President, I offer an amendment to add to the last two brackets on page 13, 10 points each, so that the one will read "60 per cent" instead of "50 per cent," and the last one will read "70 per cent" instead of "60 per cent."

The PRESIDENT pro tempore. The amendment to the amendment proposed by the Senator from California will be stated.

The SECRETARY. It is proposed to change the rate in the last two brackets by striking out "50" before the words "per cent" and inserting "60," and in the last bracket added to the committee amendment, before the words "per cent," by striking out "60" and inserting "70."

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from California to the committee amendment.

Mr. JOHNSON of California. I ask for the yeas and nays on the amendment to the amendment.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CURTIS (when his name was called). Making the same announcement as on the previous votes, I vote "nay."

Mr. FLETCHER (when his name was called). I make the same announcement as on the last vote and vote "yea."

Mr. FRELINGHUYSEN (when his name was called). Making the same announcement as on the previous votes, I vote "nay."

Mr. McCUMBER (when his name was called). Transferring my pair as on the last ballot, I vote "nay."

Mr. MYERS (when his name was called). I announce the same transfer of my pair as on the last vote and vote "yea."

Mr. ROBINSON (when his name was called). Announcing my pair and its transfer as on the previous vote, I vote "nay."

Mr. WADSWORTH (when his name was called). Making the same announcement as to my pair and its transfer as on the previous votes, I vote "nay."

The roll call having been concluded, the result was announced—yeas 28, nays 52, as follows:

## YEAS—28.

Ashurst	Gronna	King	Overman
Beckham	Hollis	Kirby	Phelan
Borah	Husting	La Follette	Shafroth
Brady	Johnson, Cal.	McKellar	Sheppard
Broussard	Johnson, S. Dak.	McNary	Thompson
Chamberlain	Jones, Wash.	Myers	Trammell
Fletcher	Kenyon	Norris	Vardaman

## NAYS—52.

Bankhead	Hitchcock	Penrose	Smith, S. C.
Brandagee	James	Pittman	Smoot
Calder	Jones, N. Mex.	Polindexter	Sterling
Colt	Kellogg	Pomerene	Stone
Curtis	Knox	Ransdell	Sutherland
Dillingham	Lewis	Robinson	Swanson
Fall	Lodge	Saulsbury	Underwood
Fernald	McCumber	Sherman	Wadsworth
France	Martin	Shields	Warren
Frelinghuysen	Nelson	Simmons	Watson
Gerry	New	Smith, Ga.	Weeks
Hale	Newlands	Smith, Md.	Williams
Harding	Page	Smith, Mich.	Wolcott

## NOT VOTING—16.

Culberson	Gore	McLean	Thomas
Cummins	Hardwick	Owen	Tillman
Gallinger	Hughes	Reed	Townsend
Goff	Kendrick	Smith, Ariz.	Walsh

So the amendment of Mr. JOHNSON of California to the committee amendment was rejected.

Mr. JOHNSON of California. I offer the following amendment: Strike out "60" in the last bracket and insert "70;" so that it will be nearer 60 per cent than it is at present.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from California to the amendment reported by the committee.

Mr. JOHNSON of California. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CURTIS (when his name was called). Making the same announcement as to my pair and its transfer as on previous votes, I vote "nay."

Mr. FLETCHER (when his name was called). Making the same transfer of my pair as on previous votes, I vote "yea."

Mr. FRELINGHUYSEN (when his name was called). Making the same announcement as to my pair and its transfer as on former votes, I vote "nay."

Mr. McCUMBER (when his name was called). Transferring my pair as on former votes, I vote "nay."

Mr. MYERS (when his name was called). I announce the same transfer of my pair as heretofore, and vote "yea."

Mr. ROBINSON (when his name was called). Again announcing my pair and its transfer, I vote "nay."

Mr. WADSWORTH (when his name was called). Making the same announcement as to my pair and its transfer as heretofore, I vote "nay."

The roll call having been concluded, the result was announced—yeas 29, nays 51, as follows:

## YEAS—29.

Ashurst	Hollis	La Follette	Sheppard
Beckham	Husting	McKellar	Sutherland
Borah	Johnson, Cal.	McNary	Thompson
Brady	Johnson, S. Dak.	Myers	Trammell
Broussard	Jones, Wash.	Norris	Vardaman
Chamberlain	Kenyon	Overman	
Fletcher	King	Phelan	
Gronna	Kirby	Shafroth	

## NAYS—51.

Bankhead	Hitchcock	Penrose	Smith, S. C.
Brandagee	James	Pittman	Smoot
Calder	Jones, N. Mex.	Polindexter	Sterling
Colt	Kellogg	Pomerene	Stone
Curtis	Knox	Ransdell	Swanson
Dillingham	Lewis	Robinson	Underwood
Fall	Lodge	Saulsbury	Wadsworth
Fernald	McCumber	Sherman	Warren
France	Martin	Shields	Watson
Frelinghuysen	Nelson	Simmons	Weeks
Gerry	New	Smith, Ga.	Williams
Hale	Newlands	Smith, Md.	Wolcott
Harding	Page	Smith, Mich.	

## NOT VOTING—16.

Culberson	Gore	McLean	Thomas
Cummins	Hardwick	Owen	Tillman
Gallinger	Hughes	Reed	Townsend
Goff	Kendrick	Smith, Ariz.	Walsh

So the amendment of Mr. JOHNSON of California to the committee amendment was rejected.

Mr. POMERENE. Mr. President, I send to the desk an amendment and ask the attention of the chairman of the Finance Committee to it. I offer it as a separate paragraph, to come in at the end of section 209.

The PRESIDENT pro tempore. The Chair desires to inform the Senator that the amendment of the Senator from Alabama [Mr. BANKHEAD] is the one which is now before the Senate as an amendment to the committee amendment, and it only goes to section 206.

Mr. POMERENE. I will offer the amendment a little later on.

The PRESIDENT pro tempore. The question is on the amendment proposed by the Senator from Alabama [Mr. BANKHEAD] to the amendment of the committee.

Mr. HOLLIS. Mr. President, at the request of the Senator from Oklahoma [Mr. GORE] I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The Secretary will state the amendment to the amendment.

The SECRETARY. It is proposed to strike out the last paragraph of section 200 and in lieu thereof to insert:

The term "prewar period" means the three of the calendar years 1909, 1910, 1911, 1912, and 1913, remaining after discarding the year showing the greatest and the year showing the least net income, or if a corporation or partnership was in existence or an individual was engaged in a trade or business for less than five but not less than three of such entire years, then the one or two years remaining after discarding as above. If a corporation or partnership was in existence or an individual was engaged in a trade or business for less than three of such entire years, then the number of such entire years shall be the prewar period.

The PRESIDENT pro tempore. The question is on agreeing to the amendment to the amendment.

Mr. HOLLIS. On that I call for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. FLETCHER (when his name was called). I have a general pair with the senior Senator from New Hampshire [Mr. GALLINGER]. I understand, however, that he would vote as I shall vote on this proposition. I therefore vote "nay."

Mr. FRELINGHUYSEN (when his name was called). Making the same announcement as before, I vote "nay."

Mr. McCUMBER (when his name was called). I have a general pair with the senior Senator from Colorado [Mr. THOMAS], which, on this question, I transfer to the senior Senator from New Hampshire [Mr. GALLINGER] and vote "nay."

Mr. MYERS (when his name was called). I transfer my pair with the junior Senator from Connecticut [Mr. McLEAN] to the junior Senator from Arizona [Mr. SMITH] and vote "nay."

Mr. ROBINSON (when his name was called). I transfer my pair with the junior Senator from Michigan [Mr. TOWNSEND] to the junior Senator from Missouri [Mr. REED] and vote "nay."

Mr. WADSWORTH (when his name was called). Making the same announcement as before, I vote "nay."

The roll call was concluded.

Mr. CURTIS. I transfer my pair with the junior Senator from Georgia [Mr. HARDWICK] to the junior Senator from Oklahoma [Mr. OWEN] and vote "nay."

The result was announced—yeas 5, nays 74, as follows:

## YEAS—5.

Gronna	Johnson, Cal.	La Follette	Norris
Hollis			

## NAYS—74.

Ashurst	Chamberlain	France	James
Beckham	Colt	Frelinghuysen	Johnson, S. Dak.
Borah	Curtis	Gerry	Jones, N. Mex.
Brady	Dillingham	Hale	Jones, Wash.
Brandagee	Fall	Harding	Kellogg
Broussard	Fernald	Hitchcock	Kenyon
Calder	Fletcher	Husting	King



Kirby  
Knox  
Lewis  
Lodge  
McCumber  
McKellar  
McNary  
Martin  
Myers  
Nelson  
New  
Newlands

Overman  
Page  
Penrose  
Phelan  
Pittman  
Polindexter  
Pomerene  
Ransdell  
Robinson  
Saulsbury  
Shafroth  
Sheppard

Sherman  
Shields  
Simmons  
Smith, Ga.  
Smith, Md.  
Smith, Mich.  
Smith, S. C.  
Smoot  
Sterling  
Stone  
Sutherland  
Swanson

Thompson  
Trammell  
Underwood  
Vardaman  
Wadsworth  
Warren  
Weeks  
Williams  
Wolcott

## NOT VOTING—17.

Bankhead  
Culberson  
Cummings  
Gallinger  
Goft

Gore  
Hardwick  
Hughes  
Kendrick  
McLean

Owen  
Reed  
Smith, Ariz.  
Thomas  
Tillman

Townsend  
Walsh

So Mr. GORE's amendment to the amendment was rejected.

Mr. SHIELDS. Mr. President, I offer the amendment which I send to the desk. The amendment is the present law, and I think will be accepted by the committee.

The PRESIDENT pro tempore. The amendment to the amendment will be stated.

The SECRETARY. At the end of section 201, it is proposed to insert the following:

(c) Incomes derived from the business of life, health, and accident insurance combined in one policy issued on the weekly-premium payment plan.

Mr. SIMMONS. Mr. President, on behalf of the committee I accept that amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Tennessee to the amendment.

The amendment to the amendment was agreed to.

Mr. PENROSE. Mr. President, I want to reserve the right to have a separate vote on that amendment when the bill comes into the Senate.

Mr. NEW. Mr. President, I offer an amendment to the amendment, which I send to the desk.

The PRESIDENT pro tempore. The amendment to the amendment will be stated.

The SECRETARY. It is proposed to strike out all of that part of section 200 beginning with line 1 on page 12 and ending with the word "business," in line 8, and in lieu thereof to insert the following:

The term "prewar period" shall be taken to be any two of the three years 1911, 1912, and 1913, said two years to be selected by the taxpayer.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Indiana to the amendment.

The amendment to the amendment was rejected.

Mr. FRELINGHUYSEN. Mr. President, I offer the amendment to the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment to the amendment will be stated.

The SECRETARY. On page 18, at the end of section 204, it is proposed to insert a fifth paragraph, as follows:

When a citizen, partnership, or corporation shall so elect, he or it shall have, and is hereby given, the privilege of eliminating any one of the three prewar years in fixing the basis upon which his or its war profits shall be determined, in such event taking the average of the two remaining years as the basis of such calculation.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from New Jersey to the amendment.

The amendment to the amendment was rejected.

The PRESIDENT pro tempore. The question now is on the adoption of the amendment offered by the Senator from Alabama [Mr. BANKHEAD] as amended to the amendment of the committee.

Mr. BANKHEAD. Let it be stated, Mr. President.

The PRESIDENT pro tempore. The Secretary will state the amendment to the amendment.

The SECRETARY. It is proposed to strike out all of the last paragraph of section 200, from lines 1 to 8, inclusive, on page 12; also to strike out sections 201, 202, 203, 204, 205, and 206, or down to and including line 21 on page 21, and in lieu thereof to insert the following:

Sec. 201. That in addition to the taxes under existing laws there shall be levied, assessed, collected, and paid for each taxable year upon the net income of every corporation and partnership organized, authorized, or existing under the laws of the United States, or any State, Territory, or District thereof, no matter how created or organized, excepting income derived from the business of life, health, and accident insurance combined in one policy issued on the weekly premium payment plan, a tax on the amount by which such net income exceeds the sum of (a) \$5,000, and (b) 8 per cent of the actual capital invested, as follows:

Up to and including 5 per cent additional on such capital, 5 per cent. From 5 per cent up to and including 10 per cent additional on such capital, 10 per cent.

From 10 per cent up to and including 15 per cent additional on such capital, 25 per cent.

From 15 per cent up to and including 20 per cent additional on such capital, 50 per cent.

Above 20 per cent additional on such capital, 75 per cent.

Every foreign corporation and partnership, including corporations and partnerships of the Philippine Islands and Porto Rico, shall pay for each taxable year a like tax upon the amount by which its net income received from all sources within the United States exceeds the sum of (a) 8 per cent of the actual capital invested and used or employed in the business in the United States, and (b) that proportion of \$5,000 which the entire actual capital invested and used or employed in the business in the United States bears to the entire actual capital invested; and in case no such capital is used or employed in the business in the United States the tax shall be imposed upon that portion of such net income which is in excess of the sum of (a) 8 per cent of that proportion of the entire actual capital invested and used or employed in the business which the net income from sources within the United States bears to the entire net income and (b) that proportion of \$5,000 which the net income from sources within the United States bears to the entire net income.

Sec. 202. As used in this title, the term "capital" does not include money or other property borrowed, and in case of a corporation or partnership means, subject to the above limitation, (1) actual cash paid in, (2) the actual cash value of property paid in other than cash, for stocks or shares in such corporation or partnership, at the time of such payment, and (3) paid-in or earned surplus and undivided profits used or employed in the business: *Provided*, That the good will, including trade-marks and trade brands, or the franchise of a corporation or partnership is not to be included unless the corporation or partnership made payment therefor specifically as such in cash or tangible property, the value of such good will, trade-marks, trade brands, or franchise not to exceed the actual cash or actual value of the tangible property paid therefor at the time of such payment.

Sec. 203. That the tax herein imposed upon corporations and partnerships shall be computed upon the basis of the net income shown by their income-tax returns under Title I of the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916, or under this title, and shall be assessed and collected at the same time and in the same manner as the income tax due under Title I of such act of September 8, 1916: *Provided*, That for the purpose of this title a partnership shall have the same privilege with reference to fixing its fiscal year as is accorded corporations under section 13 (a) of Title I of such act of September 8, 1916: *Provided further*, That where a corporation or partnership makes return prior to March 1, 1918, covering its own fiscal year and includes therein any income received during the calendar year ending December 31, 1916, the tax herein imposed shall be that proportion of the tax based upon such full fiscal year which the time from January 1, 1917, to the end of such fiscal year bears to the full fiscal year.

Sec. 204. That corporations exempt from tax under the provisions of section 11 of Title I of the act approved September 8, 1916, and partnerships carrying on or doing the same business shall be exempt from the provisions of this title, and the tax imposed by this title shall not attach to incomes of partnerships derived from agriculture or from personal services.

Sec. 205. That every corporation having a net income of \$5,000 or more for the taxable year making a return under Title I of such act of September 8, 1916, shall for the purposes of this title include in such return a detailed statement of the actual capital invested.

Every partnership having a net income of \$5,000 or more for the taxable year shall render a correct return of the income of the partnership for the taxable year, setting forth specifically the actual capital invested and the gross income for such year and the deductions herein-after allowed. Such returns shall be rendered at the same time and in the same manner and form as is prescribed for income-tax returns under Title I of such act of September 8, 1916. In computing net income of a partnership for the purposes of this title there shall be allowed like deductions as are allowed to individuals in sections 5 (a) and 6 (a) of such act of September 8, 1916.

Sec. 206. That all administrative, special, and general provisions of law, including the laws in relation to the assessment, remission, collection, and refund of internal-revenue taxes not heretofore specifically repealed and not inconsistent with the provisions of this title are hereby extended and made applicable to all the provisions of this title and to the tax herein imposed, and all provisions of Title I of such act of September 8, 1916, relating to returns and payment of the tax therein imposed, including penalties, are hereby made applicable to the tax required by this title.

Sec. 207. That the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall make all necessary regulations for carrying out the provisions of this title, and may require any corporation or partnership subject to the provisions of this title to furnish him with such facts, data, and information as, in his judgment, are necessary to collect the tax provided for in this title.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Alabama [Mr. BANKHEAD] to the amendment of the committee.

Mr. BANKHEAD. I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CURTIS (when his name was called). By arrangement I transfer my pair with the junior Senator from Georgia [Mr. HARDWICK] to the senior Senator from New Hampshire [Mr. GALLINGER] and vote "nay."

Mr. FLETCHER (when his name was called). I have a general pair with the Senator from New Hampshire [Mr. GALLINGER]. I understand that he would vote as I would on this question. I therefore feel at liberty to vote. I vote "nay."

Mr. FRELINGHUYSEN (when his name was called). Making the same announcement as on the previous vote, I vote "nay."

Mr. McCUMBER (when his name was called). I transfer my general pair on this vote to the junior Senator from Oklahoma [Mr. OWEN] and vote "nay."

Mr. MYERS (when his name was called). I transfer my pair with the Senator from Connecticut [Mr. McLEAN] to the Senator from Arizona [Mr. SMITH] and vote "yea."

Mr. ROBINSON (when his name was called). Announcing my pair with the Senator from Michigan [Mr. TOWNSEND] and transferring it to the Senator from Missouri [Mr. REED], I vote "nay."

Mr. WADSWORTH (when his name was called). Making the same announcement as before, I vote "nay."

Mr. WARREN (when his name was called). I have a general pair with the junior Senator from North Carolina [Mr. OVERMAN]. Noticing that he has not voted, I withhold my vote. The roll call having been concluded, the result was announced—yeas 9, nays 67, as follows:

## YEAS—9.

Ashurst	Johnson, S. Dak.	Myers	Underwood
Bankhead	McKellar	Shields	Vardaman
Broussard			

## NAYS—67.

Beckham	Harding	Martin	Smith, Ga.
Borah	Hitchcock	Nelson	Smith, Md.
Brady	Hollis	New	Smith, Mich.
Brandeggee	Husting	Newlands	Smith, S. C.
Calder	James	Norris	Smoot
Chamberlain	Johnson, Cal.	Page	Sterling
Colt	Jones, N. Mex.	Penrose	Stone
Curtis	Jones, Wash.	Phelan	Sutherland
Dillingham	Kellogg	Poindexter	Swanson
Fall	Kenyon	Pomerene	Thompson
Fernald	King	Ransdell	Trammell
Fletcher	Kirby	Robinson	Wadsworth
France	Knox	Saulsbury	Watson
Frelinghuysen	La Follette	Shafer	Weeks
Gerry	Lewis	Sheppard	Williams
Gronna	Lodge	Sherman	Wolcott
Hale	McCumber	Simmons	

## NOT VOTING—20.

Culberson	Hardwick	Overman	Thomas
Cummins	Hughes	Owen	Tillman
Gallinger	Kendrick	Pittman	Townsend
Goff	McLean	Reed	Walsh
Gore	McNary	Smith, Ariz.	Warren

So Mr. BANKHEAD's amendment to the amendment of the committee was rejected.

Mr. BANKHEAD. I offer an amendment, on page 9, line 6, to strike out the word "six" and insert in lieu thereof the word "eight," as the minimum rate.

The PRESIDENT pro tempore. The amendment to the amendment will be stated.

The SECRETARY. In section 203, subsection (a), where it reads "but such deduction shall not be an amount less than 6 nor more than 10 per cent of the actual invested capital as of January 1 of the taxable year," it is proposed to strike out "six" and insert "eight," so as to read:

Such deduction shall not be an amount less than 8 or more than 10 per cent.

The PRESIDENT pro tempore. The question is on agreeing to the amendment to the amendment.

Mr. BANKHEAD. On that I ask for the yeas and nays.

The yeas and nays were not ordered.

The amendment to the amendment was rejected.

Mr. POMERENE. I now offer the following amendment, to be a separate paragraph at the end of section 210. I call the attention of the chairman of the committee to it.

The PRESIDENT pro tempore. The amendment to the amendment will be read.

The SECRETARY. It is proposed to add at the end of section 210 the following:

Premiums paid on life insurance policies covering the lives of officers, employees, or those financially interested in the company or copartnership for the benefit of said company or copartnership shall not be deducted in computing the net income or profits in determining the amount of taxes to be paid under this act or under the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916.

Mr. SIMMONS. On behalf of the committee I accept the amendment to the amendment.

The amendment to the amendment was agreed to.

Mr. NEW. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. NEW. I should like to know if I may reserve the right to ask for a vote in the Senate on the amendment which I submitted a short time ago.

The PRESIDENT pro tempore. The Chair thinks not, under the unanimous-consent agreement. That matter has been disposed of.

Mr. LODGE. Oh, Mr. President, I do not think so. This consent agreement is different from the one on the prohibition amendment. I do not think it cuts off any right in the Senate.

The PRESIDENT pro tempore. The Chair will take the matter under consideration. He can not rule on it now, because it would be a moot question at present.

Mr. NEW. With the Chair holding the question under consideration, I should like to have it understood that I have asked that the right be reserved.

The PRESIDENT pro tempore. It will be so noted.

Mr. SIMMONS. On behalf of the committee I offer the following amendment to the amendment.

The PRESIDENT pro tempore. The amendment to the amendment will be stated.

The SECRETARY. Add at the end of section 207, as amended by the Finance Committee, a new paragraph as follows:

The limitation in sections 203 and 204 as to the percentage of capital allowed as a deduction shall not apply in the case of a trade or business which is chiefly carried on by means of personal services and in which the capital is only nominal as compared with the gross income.

The PRESIDENT pro tempore. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The PRESIDENT pro tempore. The question is on agreeing to the amendment reported by the committee as Title II, War profits, as modified and amended.

Mr. SIMMONS. I ask for the yeas and nays on agreeing to the amendment of the committee.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CURTIS (when his name was called). I transfer my pair with the junior Senator from Georgia [Mr. HARDWICK] to the senior Senator from Oklahoma [Mr. GORE] and vote "yea."

Mr. FLETCHER (when his name was called). Making the same announcement as before, I vote "yea."

Mr. FRELINGHUYSEN (when his name was called). Making the same announcement that I did before, I vote "yea."

Mr. McCUMBER (when his name was called). Again transferring my general pair to the senior Senator from New Hampshire [Mr. GALLINGER], I vote "yea."

Mr. MYERS (when his name was called). I transfer my pair with the Senator from Connecticut [Mr. McLEAN] to the Senator from Arizona [Mr. SMITH] and vote "yea."

Mr. ROBINSON (when his name was called). Announcing my pair and transfer as on the previous vote, I vote "yea."

Mr. SMITH of Michigan (when Mr. TOWNSEND's name was called). On this vote I desire the RECORD to show that my colleague [Mr. TOWNSEND] is absent because of illness in his family.

Mr. WADSWORTH (when his name was called). Making the same announcement as before, I vote "yea."

The roll call was concluded.

Mr. SMITH of Michigan (after having voted in the affirmative). Upon this vote I want the RECORD to show that while I am paired with the junior Senator from Missouri [Mr. REED] that pair has been transferred to my colleague [Mr. TOWNSEND] through the courtesy of the Senator from Arkansas [Mr. ROBINSON]. Therefore I am at liberty to vote.

Mr. LEWIS. May I be permitted to announce the absence of the senior Senator from South Carolina [Mr. TILLMAN], who is detained by illness, and to state that I am informed that if he were present he would vote "yea"?

Mr. MYERS. I desire to announce that if my colleague [Mr. WALSH] were present he would vote "yea." He is paired with the Senator from New Jersey [Mr. FRELINGHUYSEN].

Mr. SUTHERLAND. I desire to announce that my colleague [Mr. GOFF], if present, would vote "yea." He is paired with the senior Senator from South Carolina [Mr. TILLMAN].

Mr. LEWIS. Again may I state that I am also instructed to announce that the Senator from Arizona [Mr. SMITH] is absent on account of illness, and that if present he would vote "yea."

The result was announced—yeas 71, nays 7, as follows:

## YEAS—71.

Ashurst	Hitchcock	Nelson	Simmons
Beckham	Hollis	New	Smith, Ga.
Brady	Husting	Newlands	Smith, Md.
Brandeggee	James	Norris	Smith, Mich.
Broussard	Johnson, S. Dak.	Overman	Smith, S. C.
Calder	Jones, N. Mex.	Page	Smoot
Chamberlain	Jones, Wash.	Penrose	Sterling
Colt	Kellogg	Phelan	Stone
Curtis	Kenyon	Pittman	Sutherland
Dillingham	King	Poindexter	Swanson
Fall	Kirby	Pomerene	Thompson
Fernald	Knox	Ransdell	Trammell
Fletcher	Lewis	Robinson	Wadsworth
France	Lodge	Saulsbury	Watson
Frelinghuysen	McCumber	Shafer	Williams
Gerry	McKellar	Sheppard	Wolcott
Hale	Martin	Sherman	
Harding	Myers	Shields	

## NAYS—7.

Bankhead	Gronna	La Follette	Vardaman
Borah	Johnson, Cal.	Underwood	



## NOT VOTING—18.

Culberson  
Cummins  
Gallinger  
Goff  
Gore

Hardwick  
Hughes  
Kendrick  
McLean  
McNary

Owen  
Reed  
Smith, Ariz.  
Thomas  
Tillman

Townsend  
Walsh  
Weeks

So the amendment of the committee was agreed to.

Mr. LA FOLLETTE. Mr. President, I rise to offer an amendment to the next title, which, under the unanimous consent, is in order.

The PRESIDENT pro tempore. Under the unanimous-consent agreement the Senate immediately proceeded, upon the disposition of the last motion, to consider Title I, the income-tax title.

Mr. LA FOLLETTE. To which I offer the amendment I send to the Secretary's desk.

Mr. SIMMONS. Mr. President—

Mr. LA FOLLETTE. Mr. President, I simply offer it in order that it may be pending. I do not care to take the time of the Senate to have it read now. I ask, however, that it be printed in the RECORD.

The PRESIDENT pro tempore. The amendment will be printed in the RECORD.

The amendment is as follows:

Strike out section 2 of the bill and insert:

"SEC. 2. That in addition to the additional tax imposed by subdivision (b) of section 1 of such act of September 8, 1916, there shall be levied, assessed, collected, and paid a like additional tax upon the income of every individual received in the calendar year 1917 and every calendar year thereafter, as follows:

"One-half of 1 per cent per annum upon the amount by which the total net income exceeds \$5,000 and does not exceed \$6,000.

"One per cent per annum upon the amount by which the total net income exceeds \$6,000 and does not exceed \$7,000.

"One and one-half per cent per annum upon the amount by which the total net income exceeds \$7,000 and does not exceed \$8,000.

"Two per cent per annum upon the amount by which the total net income exceeds \$8,000 and does not exceed \$9,000.

"Two and one-half per cent per annum upon the amount by which the total net income exceeds \$9,000 and does not exceed \$10,000.

"Three per cent per annum upon the amount by which the total net income exceeds \$10,000 and does not exceed \$11,000.

"Three and one-half per cent per annum upon the amount by which the total net income exceeds \$11,000 and does not exceed \$12,000.

"Four per cent per annum upon the amount by which the total net income exceeds \$12,000 and does not exceed \$13,000.

"Four and one-half per cent per annum upon the amount by which the total net income exceeds \$13,000 and does not exceed \$14,000.

"Five per cent per annum upon the amount by which the total net income exceeds \$14,000 and does not exceed \$15,000.

"Five and one-half per cent per annum upon the amount by which the total net income exceeds \$15,000 and does not exceed \$16,000.

"Six per cent per annum upon the amount by which the total net income exceeds \$16,000 and does not exceed \$17,000.

"Six and one-half per cent per annum upon the amount by which the total net income exceeds \$17,000 and does not exceed \$18,000.

"Seven per cent per annum upon the amount by which the total net income exceeds \$18,000 and does not exceed \$19,000.

"Seven and one-half per cent per annum upon the amount by which the total net income exceeds \$19,000 and does not exceed \$20,000.

"Eight and one-quarter per cent per annum upon the amount by which the total net income exceeds \$20,000 and does not exceed \$21,000.

"Nine per cent per annum upon the amount by which the total net income exceeds \$21,000 and does not exceed \$22,000.

"Nine and three-quarters per cent per annum upon the amount by which the total net income exceeds \$22,000 and does not exceed \$23,000.

"Ten and one-half per cent per annum upon the amount by which the total net income exceeds \$23,000 and does not exceed \$24,000.

"Eleven and one-quarter per cent per annum upon the amount by which the total net income exceeds \$24,000 and does not exceed \$25,000.

"Twelve per cent per annum upon the amount by which the total net income exceeds \$25,000 and does not exceed \$26,000.

"Twelve and three-quarters per cent per annum upon the amount by which the total net income exceeds \$26,000 and does not exceed \$27,000.

"Thirteen and one-half per cent per annum upon the amount by which the total net income exceeds \$27,000 and does not exceed \$28,000.

"Fourteen and one-quarter per cent per annum upon the amount by which the total net income exceeds \$28,000 and does not exceed \$29,000.

"Fifteen per cent per annum upon the amount by which the total net income exceeds \$29,000 and does not exceed \$30,000.

"Sixteen per cent per annum upon the amount by which the total net income exceeds \$30,000 and does not exceed \$31,000.

"Seventeen per cent per annum upon the amount by which the total net income exceeds \$31,000 and does not exceed \$32,000.

"Eighteen per cent per annum upon the amount by which the total net income exceeds \$32,000 and does not exceed \$33,000.

"Nineteen per cent per annum upon the amount by which the total net income exceeds \$33,000 and does not exceed \$34,000.

"Twenty per cent per annum upon the amount by which the total net income exceeds \$34,000 and does not exceed \$35,000.

"Twenty-one per cent per annum upon the amount by which the total net income exceeds \$35,000 and does not exceed \$36,000.

"Twenty-two per cent per annum upon the amount by which the total net income exceeds \$36,000 and does not exceed \$37,000.

"Twenty-three per cent per annum upon the amount by which the total net income exceeds \$37,000 and does not exceed \$38,000.

"Twenty-four per cent per annum upon the amount by which the total net income exceeds \$38,000 and does not exceed \$39,000.

"Twenty-five per cent per annum upon the amount by which the total net income exceeds \$39,000 and does not exceed \$40,000.

"Twenty-six per cent per annum upon the amount by which the total net income exceeds \$40,000 and does not exceed \$41,000.

"Twenty-seven per cent per annum upon the amount by which the total net income exceeds \$41,000 and does not exceed \$42,000.

"Twenty-eight per cent per annum upon the amount by which the total net income exceeds \$42,000 and does not exceed \$43,000.

"Twenty-nine per cent per annum upon the amount by which the total net income exceeds \$43,000 and does not exceed \$44,000.

"Thirty per cent per annum upon the amount by which the total net income exceeds \$44,000 and does not exceed \$45,000.

"Thirty-one per cent per annum upon the amount by which the total net income exceeds \$45,000 and does not exceed \$46,000.

"Thirty-two per cent per annum upon the amount by which the total net income exceeds \$46,000 and does not exceed \$47,000.

"Thirty-three per cent per annum upon the amount by which the total net income exceeds \$47,000 and does not exceed \$48,000.

"Thirty-four per cent per annum upon the amount by which the total net income exceeds \$48,000 and does not exceed \$49,000.

"Thirty-five per cent per annum upon the amount by which the total net income exceeds \$49,000 and does not exceed \$50,000.

"Thirty-six per cent per annum upon the amount by which the total net income exceeds \$50,000 and does not exceed \$51,000.

"Thirty-seven per cent per annum upon the amount by which the total net income exceeds \$51,000 and does not exceed \$52,000.

"Thirty-eight per cent per annum upon the amount by which the total net income exceeds \$52,000 and does not exceed \$53,000.

"Thirty-nine per cent per annum upon the amount by which the total net income exceeds \$53,000 and does not exceed \$54,000.

"Forty per cent per annum upon the amount by which the total net income exceeds \$54,000 and does not exceed \$55,000.

"Forty-one per cent per annum upon the amount by which the total net income exceeds \$55,000 and does not exceed \$56,000.

"Forty-two per cent per annum upon the amount by which the total net income exceeds \$56,000 and does not exceed \$57,000.

"Forty-three per cent per annum upon the amount by which the total net income exceeds \$57,000 and does not exceed \$58,000.

"Forty-four per cent per annum upon the amount by which the total net income exceeds \$58,000 and does not exceed \$59,000.

"Forty-five per cent per annum upon the amount by which the total net income exceeds \$59,000 and does not exceed \$60,000."

Mr. SIMMONS. I merely desired to move a recess.

## DECISION OF JUDGE EMORY SPEER.

Mr. BANKHEAD. Mr. President—

Mr. SIMMONS. I yield to the Senator from Alabama.

Mr. BANKHEAD. I present a communication from the Solicitor of the Post Office Department, transmitting a copy of the decision of Federal Judge Emory Speer in the case of *The Jeffersonian Publishing Co.* against the Postmaster at Thomson, Ga. I ask that the letter and decision be printed in the RECORD.

The PRESIDENT pro tempore. Without objection, that order will be made.

The matter referred to is as follows:

POST OFFICE DEPARTMENT,  
Washington, September 1, 1917.

HON. JOHN H. BANKHEAD,  
Chairman Senate Committee on Post Offices and  
Post Roads, United States Senate.

MY DEAR SENATOR: In the absence of the Postmaster General I am inclosing you a very important decision rendered by Judge Emory Speer, of the United States Court for the Southern District of Georgia, in the case of *The Jeffersonian Publishing Co.* against the postmaster at Thomson, Ga.

I think it would be well to have this put in the RECORD to supplement the other decisions which you had printed in the RECORD a few days ago at the instance of the Postmaster General in reference to the administration of the espionage act by the Post Office Department.

Very truly, yours,

W. H. LAMAR, Solicitor.

[United States District Court, Southern District of Georgia. *Jeffersonian Publishing Co.*, complainant, v. J. Q. West, postmaster, defendant. Petition in equity. S. G. McClendon, J. Gordon Jones, Samuel L. Olive, and B. J. Stephens, attorney for plaintiff. W. H. Lamar, solicitor for the Post Office Department, and Erle Barnes, special assistant to the Attorney General, for defendant. Decided August 29, at Lake Fairfield, N. C.]

SPEER, District Judge:

"The bill before the court was brought originally to enjoin the postmaster at Thomson, Ga., from withdrawing the second-class mailing privilege of the *Jeffersonian*. The action complained of had been taken by the postmaster in obedience to an order of the Hon. A. S. Burleson, as Postmaster General.

"Appreciating the weighty effect of determination by the Postmaster General of any material and relevant questions of fact arising in the administration of the statutes of Congress relating to his department, a preliminary injunction was withheld. A rule was, however, granted, calling upon the respondent to show cause why the injunction sought should not be granted. At the hearing, it became apparent that the Postmaster General had forbidden the *Jeffersonian* of the 28th of June all admittance to the mails. This upon the ground that it was distinctly unavailable. By suitable amendment, the legality of this conclusion was challenged. The court being of opinion that the plaintiff was entitled to specific information not only of those features of the *Jeffersonian* issued on the 16th instant, held unavailable, but also those in past issues deemed so unavailable as to induce the conclusion by the Postmaster General that the publication was not a newspaper in the meaning of the law conferring the second-class privilege, directed that the respondent should file specifications of all such matter. This has been accordingly done, and thus the question is presented,



Do the facts and the determination of the Postmaster General demand or justify a court of the United States in the interference hence sought with an administrative branch of the Government?

"In the affidavit of the Postmaster General, after the specification required by the court of the passages in the *Jeffersonian* held by him to be unmailable, there appears the following statement:

"Deponent further says that in his judgment in their entirety the issues [of the *Jeffersonian*] evince a purpose and intent on the part of the publisher to willfully make or convey false reports or false statements with intent to interfere with the operation and success of the military or naval forces of the United States, to willfully obstruct the recruiting or enlistment service of the United States to the injury of the service, \* \* \* and that the circulation of such matter is causing antagonism and resistance among the people to the conduct of the war with respect to enlistments, execution of the draft, and the sale of bonds to raise revenue to carry on the war.

"The Postmaster General further states under the sanction of his oath that he is advised and believes that there is an organized propaganda which has inflamed a large body of people to such an extent that it constitutes in effect the advocacy of treason, insurrection, and forcible resistance to the laws of the United States. Upon such information, he states that this has been actually threatened, and that prominent among the publications thus engaged is the *Jeffersonian*; that the matter it produces to this end in contemplation of the espionage act is nonmailable. After due and thorough consideration deponent so decided, but prior to his ruling that the issue of June 28, 1917, was nonmailable the paper was submitted to the Attorney General of the United States, and deponent was advised by the Attorney General that the paper was in violation of section 3 of Title I of the espionage act.

"For the same reason and because it contained matter of the same nonmailable description the Postmaster General, after examination, caused the postmaster at Thomson to be advised that the issue of August 16 was also unmailable. Thus it will be seen that the court is advised of the concurrent opinion of two members of the Cabinet—the chief of the Post Office Department and the chief of the law department of the Government—in justification of the action of which plaintiff complains.

"A supreme measure of legislation enacted by Congress for the successful prosecution of the great war in which the country is engaged, termed the 'espionage act,' in Title I, section 3, declares that 'Whoever, when the United States is at war, shall willfully make or convey false reports or false statements with intent to interfere with the operation or success of the military or naval forces of the United States or to promote the success of its enemies; and whoever, when the United States is at war, shall willfully cause, or attempt to cause, insubordination, disloyalty, mutiny, or refusal of duty in the military or naval forces of the United States, or shall willfully obstruct the recruiting or enlistment service of the United States to the injury of the service of the United States, shall be punished by a fine,' etc.

"In connection with this section 1 of Title XII of the same act must be considered. This declares that 'every letter, newspaper, etc., in violation of any of the provisions of this act is hereby declared to be nonmailable, and shall not be offered in the mails or delivered from any post office nor by any carrier.' The light afforded by these sections of a valid and vital law shone upon the pages of the *Jeffersonian* when they were under the scrutiny of the members of the President's Cabinet. Congress had declared war. Thousands of the élite of the American Army were on the soil of France. At any moment the crash of their rifle fire and the thunders of their artillery in the vindication and defense of human liberty might be heard. American men-of-war manned by Americans were swiftly clearing the waters forbidden by the enemy to our commerce, questing every billow for his lurking and deadly craft. By the thousands the gallant youth of every American State were rallying to the flag. In the vast oversubscription of the liberty bonds our people had proven that in the common cause they will be as lavish of their treasure as of their blood. With the utmost nobility of soul, with the self-sacrificial spirit of woman, in the humane Red Cross and similar organizations, our country's daughters were no whit behind her sons.

"At this juncture of the Nation's life the Postmaster General and the Attorney General have discovered in the plaintiff's publication, which the Government through its mail was distributing to its people, such passages as this, taken from the issue of June 28:

"Men conscripted to go to Europe are virtually condemned to death and everybody knows it.  
 "President Wilson admitted as much in his Flag Day address.  
 \* \* \* Why is your boy condemned to die in Europe?"

"Again, in the issue of July 19, is a statement aimed at the Chief Magistrate of the United States. That it is false, that it was intended to interfere with the operation or success of our forces, that it was an attempt to cause insubordination, disloyalty, mutiny, or refusal of duty by them the Postmaster General might well conclude.

"Does he, the President, not know that the conscription act, forcing citizens out of the Union to die in Belgium and France, is every bit as lawless as the action of the Phelps-Dodge Copper Co. in forcing these 1,100 miners out of Arizona? What are 1,100 miners to 685,000 conscripts whom our Caesar has condemned to death in 'foreign fields of blood'?"

"Nor is such reference as the following, to the Commander in Chief of the Army and Navy of the United States made in time of war deterrent to insubordination, disloyalty, mutiny, or refusal of duty:

"Are we, like the sow returning to her wallow and the dog to his vomit, to go back to the medievalism of personal rule—a Pope's word ruling the church and a King's word ruling the state?"

"Why not call Woodrow Wilson by the name of King or Kaiser or Czar if the Constitution is to be treated as the Kaiser treated the Belgian treaty?"

"The Kaiser did not swear to support the Belgian treaty. Woodrow Wilson did swear to support the Constitution.

"And now, within six months after taking that solemn and public oath, the Congressmen and President who did so, are treating the Constitution exactly as the Kaiser treated the Belgian treaty.

"Nor does Congress escape. On page 4 of the issue of July 19 is printed the vote of the House on the question to create a National Army. This under the title, 'These are the Representatives in Congress, lower House, who confiscated the liberty and lives of your sons.'

"A more direct but not more effective effort to obstruct the recruiting or enlistment service of the United States appears on page 7 of the issue of July 26, 1917:

"I advise (prints the editor of the *Jeffersonian*) the conscripts to await the decision of the United States Supreme Court and not to be clubbed by the fact of conscription into enlistment. Once you volunteer and sign up you can be sent anywhere, and the law can't help you.

"Equally but not more unmailable in contemplation of the act of Congress above quoted is the issue of August 16. In the affidavit before the court the Postmaster General, as we have seen, after charging the existence of an organized propaganda to discredit and handicap the Government in the prosecution of the war, declared that such matter is in violation of section 3 of Title I, and sections 1 and 2 of Title XII of the espionage act and is nonmailable. That for these reasons the publication is not a newspaper or other periodical publication within the meaning of the laws of the United States governing mailable matter of the second class, and the deponent so decided after due and thorough consideration of the matters and things stated herein." In this conclusion I find that he was fully justified.

"In such crises in Lacedæmon the Spartan mother, when her son went forth to battle, was accustomed to exclaim, 'Return on your shield or with it!' How dissimilar, how sordid is the cowardice 'The *Jeffersonian*' would encourage—

"What about a carload of German soap made out of our boys?"

"What about manuring German fields with our bravest youth and fattening German hogs on the choicest selection from American manhood?"

"I raised my boy to be a soldier," says the song, but did mother raise him to be pig feed?"

"Had the Postmaster General longer permitted the use of the great postal system, which he controls, for the dissemination of such poison it would have been to forego the opportunity to serve his country afforded by his lofty station.

"There is, moreover, an additional consideration of the weightiest character, which obliges the denial of such an injunction as is here sought. An appeal is made to an American court of equity to oblige the postal authorities of our country to contribute its mailing facilities for the furtherance and success of a propaganda against the Nation as distinct as it is truculent and dangerous. Under the familiar rule in equity, such an appeal is addressed largely to the discretion of the court. It is to be determined by the conscience of the chancellor, and always with proper regard to the public welfare. This imports the country's welfare. And a party seeking this extraordinary remedy under a rule equally familiar must come into court with clean hands. Can one be said to come with clean hands when the policy, methods, and efforts he would maintain may cause his hands to be imbrued in the blood of the demoralized and defeated armies of his countrymen? If by such propaganda American soldiers may be convinced that they are the victims of lawless and unconstitutional oppression, vain indeed will be the efforts to make their deeds rival the glowing traditions of their hero strain. On the contrary, the world will behold America's degradation and shame, the disintegration under fire of our line of battle, the inglorious flight of our defenders, like the recent debacle of the Russian Army, brought about by methods much the same, the ultimate conquest of our country,



the destruction of its institutions, and the perishing of popular government on earth.

"The preliminary injunction is denied."

RECESS.

Mr. SIMMONS. I move that the Senate take a recess until 11 o'clock to-morrow morning.

The motion was agreed to; and (at 6 o'clock and 20 minutes p. m., Wednesday, September 5, 1917) the Senate took a recess until to-morrow, Thursday, September 6, 1917, at 11 o'clock a. m.

## HOUSE OF REPRESENTATIVES.

WEDNESDAY, September 5, 1917.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

Almighty God, our heavenly Father, through whose constant care we live and breathe and dwell, aspiring high, "even to the throne of Thy Divinity," quicken our devotion to society, our homes, our country, and to Thee, that we may be ever on the side of right as it is given us to see the right.

We thank Thee for the splendid demonstration displayed in this great Capital City in behalf of the men who are going forth to battle against an insidious foe; may it be an inspiration to them in the great sacrifices, trials, and dangers through which they shall be called upon to pass.

Grant that we as a people may be united in our devotion to their needs. Direct them by Thy wisdom, protect them by Thy might, comfort them by Thy Fatherly love, and grant to them all the blessings which wait upon the faithful, through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

### ADDITIONAL BONDS.

Mr. KITCHIN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5901, and, pending that, I would like to ask unanimous consent that general debate be closed in an hour and a half, the gentleman from Michigan [Mr. FORDNEY] taking one hour and I to take one-half an hour.

Mr. FORDNEY. Mr. Speaker, I do not know just how many on this side wish to take part in general debate—

Mr. MADDEN. Mr. Speaker, reserving the right to object, if there is any disposition on the part of the committee to allow liberal debate under the five-minute rule at the point where amendments may be offered and discussed, I will not object to closing of the general debate, because I do not believe general debate does much good on a bill of this sort.

Mr. KITCHIN. I will say to the gentleman that while the debate is sincere and for the purpose of perfecting the bill or amendments we have no disposition in the world to cut it off. We think the debate on the amendments ought to be full.

Mr. MADDEN. Of course there is not any disposition on anyone's part, so far as I know—

Mr. KITCHIN. And I do not think there will be.

Mr. MADDEN (continuing). To be insincere in any debate that might take place in this bill, but I do believe if amendments are offered there should be liberal opportunity to debate them.

Mr. KITCHIN. I think so, too. There will be no disposition on our part to shut off debate.

Mr. FORDNEY. I will say to the gentleman from North Carolina that I have no requests beyond an hour's time.

Mr. MEEKER. Will the gentleman from North Carolina permit a question?

Mr. KITCHIN. Certainly.

Mr. MEEKER. Is it the hope of the chairman to vote on this bill to-morrow?

Mr. KITCHIN. If we can get through to-day, we will vote to-day; but if we can not, we will vote to-morrow.

Mr. MEEKER. Will the insurance bill be taken up afterwards?

Mr. KITCHIN. Yes, sir.

Mr. MEEKER. And we will vote on it this week?

Mr. KITCHIN. I hope we can vote on it this week, but I am very doubtful whether we can do it.

Mr. JOHNSON of Washington. Mr. Speaker, reserving the right to object, I would like to get a little time in which to discuss the matter of paying the newspapers for advertising the next bond issue.

Mr. FORDNEY. How much time does the gentleman desire?

Mr. JOHNSON of Washington. I think I can put forth the plan in five minutes. And I would like additional time when the amendment is presented.

Mr. FORDNEY. I think the gentleman will have no difficulty in getting the time.

The SPEAKER. The gentleman from North Carolina [Mr. KITCHIN] moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5901, and pending that he asks unanimous consent that debate on the bill be limited to an hour and a half, the gentleman from Michigan [Mr. FORDNEY] to have an hour of that time and himself 30 minutes. Is there objection? [After a pause.] The Chair hears none. The question is on the House resolving itself into the Committee of the Whole House on the state of the Union.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5901, with Mr. JOHNSON of Kentucky in the chair.

The CHAIRMAN. The Clerk will report the bill by title.

The Clerk read as follows:

A bill to authorize an additional issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign Governments, and for other purposes.

Mr. FORDNEY. Mr. Chairman, I yield 20 minutes to the gentleman from Nebraska [Mr. SLOAN].

The CHAIRMAN. The gentleman from Nebraska is recognized for 20 minutes.

Mr. SLOAN. Mr. Chairman, at the expiration of 10 minutes I would like to have the Chair call my attention to that fact, as I understand recess is to be called at that time for the reception to the Japanese commission. After that reception I expect to further proceed.

Gentlemen of the committee, the magnitude of this bill, together with the brevity of its consideration by the Committee on Ways and Means, will constitute my apology, if any be required or appropriate, for taking your time in general debate. There should be more than a brief explanation of the details of this bill. There are those who now would be satisfied with brief explanations. A people less patient hereafter may demand longer ones before payment of the debt we to-day impose. The House and the country should be given opportunity to consider the importance and far-reaching effect of this most important piece of legislation. This measure provides for loans aggregating \$11,538,945,460, of which \$4,000,000,000 in bonds is for loans to the allies; \$3,538,945,460 in bonds and \$4,000,000,000 in short-time Treasury certificates are for our own national war purposes.

I do not desire to oppose this bill. I expect to vote for it. I expect to support it for reasons that I shall give. These reasons are important to the country and to the world. We are dealing with billions. That is up among the numerically sublime. We remember how large the coppers of our savings bank appeared. We remember when the silver coins loomed larger, and afterwards the crisp bills of higher denominations seemed to grow with us. We finally began to deal in hundreds and later thousands. Millions were strange characters in the land of financial romance. We had not thought of billions, and few men, not permitted to be Members of this or another body, are given opportunities to deal with that far-off wide stretch of financial territory covered now by billions. Perhaps in the years to come men may talk of trillions. Some men estimate our national wealth as a one-fourth trillion now. Toward that goal this bill will hardly be called a boost.

We know how the Arab students of the stars wrote their distances in terms of numerical notation which we adapted. We know that the Arab contemplating the distance knew his fleetest courser could not carry him there. If he measured the miles in grains of sand, it became a vast desert upon which he was lost.

I remember, as will those who have studied astronomy, that we could measure and think of the distance between our seat of study and the horizon. We could think later, with our mathematical education, of the distance to some of the nearer planets, but when we began to think about the distance to the sun and to the stars we were lost; the distances were too great for us to comprehend. We were speaking in millions and billions. It was hard to train our minds and fix our thoughts upon those stupendous figures, and we could only understand them, not from thinking about them, but by in some way connecting them with some kindred effects.

We were taught that there were burning bodies sending light to this earth from beyond far-off Arcturus, trillions of miles, but we could not comprehend it. We obtained some little conception, however, when our professor told us that the light traveling from that distant sun had been running at the rate of 186,000 miles a second, and each beam had been on its way for years. Then we were told that perhaps the beams of light that we were receiving were coming from suns whose fires had long since burned out. It was a concrete glimpse of the finite mind into a phenomenon of the infinite.

So we as financiers, thinking about billions, can only understand something about them by measuring their effects. It is my purpose this afternoon to submit a few propositions and comparisons calculated to impress the minds of the members of the committee with the magnitude of this bill, and therefore the stupendous responsibility which this bill places upon one member of the Cabinet. Whatever I shall say of that member of the Cabinet shall be entirely impersonal. It would relate as well to any of his predecessors or any of his successors.

This bill provides for an indebtedness of \$11,500,000,000; \$7,500,000,000 in bonds, of which \$4,000,000,000 is to be loaned to the allies, the balance for our own requirements. The remaining \$4,000,000,000 is for short-time loans on Treasury certificates of indebtedness. That amounts to about 5 per cent of all the property, real, personal, and mixed, belonging to the citizens of this great Republic. But I will speak more particularly of the issuance of bonds—four billions of bonds to be loaned the allies.

Now, the issuance of bonds used to be a menace and a dread to the American people. But recent years of their recurring oft have softened our fear of them. We have been issuing them in recent years in times of peace as well as of war, so that we have become familiar with the issuance of bonds, and bond issues have had that familiarity which ordinarily breeds contempt. But now the sentiment is pity which precedes the embrace. You know in case of a disturbance in a neighborhood the offender is placed under bonds to keep the peace. We are placing our people under bonds to obtain the peace.

This bill provides in effect for taking of all American property \$5 from every \$100 from all of its citizens. That is the ordinary total net increase of wealth in recent years of the Republic, so we seize now for our use or conversion into foreign loans amounts equal to the total ordinary annual increase of our country's property. The total wealth of the United States at the beginning of its last great war is ordinarily estimated at \$16,000,000,000. Approximately \$11,000,000,000 of that belonged to the great commercial and industrial North, while \$5,000,000,000 belonged to the chivalrous South; and yet to-day we are appropriating as much property or contracting indebtedness to a value or extent equal to all the property of all the Northern States at the outbreak of the Civil War. [Applause.]

The CHAIRMAN. In compliance with the gentleman's request, the Chair announces that 10 minutes have been consumed.

Mr. KITCHIN. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. JOHNSON of Kentucky, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 5901) to authorize an additional issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign Governments, and for other purposes, and had come to no resolution thereon.

Mr. KITCHIN. Mr. Speaker, I make the point of no quorum.

The SPEAKER. The gentleman from North Carolina makes the point of no quorum. The Chair will count.

Mr. KITCHIN. Mr. Speaker, I withdraw the point.

The SPEAKER. The gentleman from North Carolina withdraws the point.

#### RECEPTION OF JAPANESE MISSION.

The SPEAKER. The Chair announces the following committee to wait on the Japanese commissioners and conduct them into the Hall: Mr. FLOOD, Mr. LINTHICUM, Mr. GOODWIN of Arkansas, Mr. STEDMAN, Mr. COOPER of Wisconsin, Mr. TEMPLE, and Mr. FOSS. Under the order of the House, the House will stand in recess 30 minutes.

Thereupon (at 12 o'clock and 25 minutes p. m.) the House stood in recess.

At 12 o'clock and 35 minutes p. m. the members of the Japanese mission, escorted by the committee appointed by the Speaker, entered the Chamber and were announced to the House by the Doorkeeper. The members of the mission were: Viscount Ishii, ambassador extraordinary and plenipotentiary; Vice Admiral Takeshita, Imperial Japanese Navy; Maj. Gen.

Sugano, Imperial Japanese Army; Mr. Masanao Hanihara, consul general at San Francisco; Mr. Matsuzo Nagai, secretary of the foreign office; Commander Ando, Imperial Japanese Navy; Lieut. Col. Tanikawa, Imperial Japanese Army; Mr. Tadanao Imai, vice consul; and Mr. Owaku.

Mr. Aimari Sato, ambassador from Japan to the Government of the United States; Mr. Tokichi Tanaka, counselor of the embassy; Capt. Nomura, naval attaché; and Lieut. Col. Mizumachi, military attaché, accompanied the mission into the House, together with Mr. Breckinridge Long, Third Assistant Secretary of State; Brig. Gen. James A. Irons, United States Army; Capt. C. C. March, United States Navy; and Mr. A. B. Ruddock, of the State Department, personally attached to Viscount Ishii.

Viscount Ishii was seated on the right of the Speaker and Ambassador Sato upon his left.

The SPEAKER. Gentlemen of the House of Representatives, Japan is one of the oldest countries in the world, and yet it is the very newest of the great powers of the world. [Applause.] The history of Japan extends back into the twilight of fable. In ancient times there were seven things selected that were denominated the wonders of the world. Nearly all of them have gone. The historian of the times in which we live will rank the remarkable and astounding progress of the Empire of Japan as one of the seven wonders of these times. [Applause.]

The Empire of Japan is our nearest western neighbor. She holds one side of the Pacific and we hold the other, and every right-thinking man in the Empire of Japan and in the Republic of the United States hopes that peace, amity, and friendly relations will always prevail between these two great powers. [Applause.]

Within the last few months we have had visiting commissions from France, Great Britain, Belgium, Russia, and Italy, and now we have the Japanese mission. I present to this magnificent audience Viscount Ishii, the head of the mission from Japan. [Applause.]

Viscount ISHII. Mr. Speaker and Members of the House of Representatives, I thank you most sincerely for this gracious reception. The rare opportunity thus afforded to me is deeply appreciated throughout the nation I have the honor to represent. [Applause.] I bring a message, borne by us across an ocean and a continent, from the Emperor and the people of our beloved island, set in the far eastern Pacific, to the President of the United States and to you, the representatives of the greatest Republic on earth to-day, a potent factor in the most stupendous and, we must believe, the final struggle for liberty throughout the world. [Applause.]

Our message reiterates an assurance of unchanged sincerity of friendship well understood by the people of the United States, but it is a message which has never found opportunity such as this for delivery. [Applause.] Your courteous permission for us to occupy a place on this historic rostrum and to speak within the hearing, in fact, of the hundred millions of people of the United States of America carries with it a forceful manifestation of the sentiment which we believe the United States entertain toward my country. [Applause.]

We would not have traveled 10,000 miles merely to repeat what must have sufficiently impressed itself upon you, but that within the last few months a new day has dawned [applause]—a day welcomed indeed by us. It follows upon another when you, with magnificent forbearance, endured great wrongs and outrages in the hope that recourse to the sword might be avoided. It was a day in which you bore the pitiless cruelty of the willful aggressor of all human rights—bore it bravely and with fortitude until the star of hope vanished and toleration ceased to be a virtue. Then, in the dawning of this day, you arose and threw your mighty forces into the balance against the wrong in favor of the right. [Applause.] In this dawning the Stars and Stripes flung across the skies were entwined with the emblem of the Rising Sun, and so commenced the brighter day. [Applause.] That is why we are here. We come to bring to you the message of our Emperor, which gives you assurance of the comradeship and the cooperation of Japan throughout this day. We are here to say that, with the other allies, we heartily welcome the advent of the United States in the fields of France and elsewhere. We recognize the great uplift given to humanity and the promise of a physical victory doubly insured by the most momentous decision you have taken. [Applause.]

We bring to you assurance of support, unselfish, without a motive other than the common force that drives us all to-day. [Applause.] We of Japan face the task seriously and with determination. We recognize the grim and unrelenting order we all must obey. We know that the desperate foe of civilization must be met by self-sacrifice, counsel, and unsleeping watchful-



ness. We are here to say that Japan has done and will do what may be demanded of her to the utmost of her resources and to the best of her ability. [Applause.]

Yours are vast resources; ours may be small, but we can say to you that the spirit of Japan burns as ardently and will last as long as may be demanded in this war. [Applause.] We are eager for counsel with you. We come to find out how these two nations can best coordinate their energies and their resources; how best they can cooperate in the conduct and the winning of this war. [Applause.] We come to say to you that we are proud on this day to stand shoulder to shoulder with the soldiers of America. In the field and in the household; in the mine and in the shop, the men and the women of Japan are working and will work with a greater confidence and a higher sense of moral obligation.

Japan has exerted herself with the spirit of loyalty to her allies, her Emperor, and to her homes, following the ideals of our national life, to which I alluded when I had the honor of addressing your Senate a few days ago. Japan will continue to add her quota to the sacrifice which alone can insure a victory. [Applause.] Like the people of America, those of Japan have remained permanently independent because of a real patriotism which, when the occasion demands, never fails. We, like you, protect ourselves against aggression from without and treachery from within. We, like you, know nothing of tyranny and despotism; and we, like you, stand determined that malignance and oppression from the conqueror, imposed upon the conquered, shall not become the lot of our people. [Applause.] Neither shall our families and our homes be violated and desecrated by the licentious and brutal forces of evil now trampling upon the helpless women and children of the countries they have overrun. [Applause.]

Treachery from within, indeed, at this hour, calls for our attention. While your soldiers leave their families and their homes to fight on the blood-stained fields of France, we must guard our landmarks, as you will guard yours, against treachery that has found hiding places in our midst and which for the last 10 years has sown the seeds of discord between us. Let it be a part of our cooperation and coordination to protect each other from these forces of evil which lack even the poorest courage of an open enemy. [Applause.]

Mr. Speaker and gentlemen of the House of Representatives, we have been climbing a mountain toward the stars by different and sometimes devious pathways, but near the summit our roads shall join, and together we shall win into the full sunlight above the clouds. [Applause.] We shall pass safely through the dangerous places. Our blood shall not have been shed and our sacrifice shall not have been made in vain, for we shall be among the nations of a world living in a brotherhood of peace. [Applause.] Will it not then be a source of intense national pride to each of us to remember this day which must insure a permanent maintenance of these renewed pledges of comradeship and of cooperation?

I again wish to express my sincere appreciation of the honor you have done us. [Applause.]

The members of the mission then took their places on the right of the Speaker's rostrum, and the Members of the House of Representatives were presented to them.

The distinguished visitors were then escorted from the Hall of the House.

The recess having expired, the House (at 1 o'clock and 3 minutes p. m.) resumed its session.

#### CHANGE OF REFERENCE.

Mr. FERRIS. Mr. Speaker, I ask unanimous consent for a change of reference of the bill (H. R. 5913) to authorize the Secretary of the Interior to issue a patent to the McCloud River Club for 40 acres of land in the Sacramento land district, Cal., from the Committee on Patents to the Committee on the Public Lands. It really belongs to the Committee on the Public Lands.

The SPEAKER. What is the nature of the bill?

Mr. FERRIS. The bill is for the sale of 40 acres of public land.

The SPEAKER. Without objection, the change of reference will be made.

There was no objection.

#### ADDITIONAL BONDS.

Mr. KITCHIN. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5901.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. JOHNSON of Kentucky in the chair.

The CHAIRMAN. The gentleman from Nebraska is recognized for 10 minutes.

Mr. SLOAN. Mr. Chairman and gentlemen of the committee, my brief speech before recess, followed by the Japanese commissioner's address and that followed by my remaining remarks, will give you a sort of parliamentary Japanese sandwich. When the recess was taken I was discussing the amounts found in this bill as compared with the value of the national property, with the North as one factor and the South as the other, at the beginning of the Civil War. At that time the total wealth of the 11 seceding States amounted to no more than \$5,000,000,000; that covers the real estate, mixed property, and chattels, which last included the bondmen of that day. Yet that is only part of the amount which we propose to and have already loaned to the allies. The rights of property at that time were jealously guarded by the leading statesmen of the time and the giants of a decade before.

Webster, Clay, Calhoun, Hayne, and other contemporaries were reluctant to let even the Congress of the United States or the Supreme Court of the Nation, after due time for deliberation, determine the smallest part of these great subjects of controversy. Yet it all in dollars and cents amounted to less than that which we propose to place in the hands of an individual for his say as to where it shall go and who shall determine distribution of that vast sum.

We propose to loan \$4,000,000,000 upon the judgment of one man with the approval, it is true, of the President. But the President has nothing to do with the preliminary stages of determining whether all of this sum may be withheld from all or any of the nations who may demand it. The President is only consulted before final disposition. That amount is nine times the total indebtedness of the 48 States of this Union. The total indebtedness of the 48 States of the Union is only \$424,000,000. We propose in this bill to loan \$500,000,000 more than all the debts of all the States and all the cities, counties, and minor municipalities of the Union combined, which amounted to \$3,475,954,353.

Mr. LITTLE. Will the gentleman please repeat that statement. I did not catch it.

Mr. SLOAN. These \$4,000,000,000 are \$500,000,000 more than all the debts of all the States, of all the cities, of all the counties and all the municipalities of the United States. In 1913, just before the war, the combined United States national debt and those I have given before amounted to only \$4,850,460,713. In other words, the total public indebtedness from the Pacific to the Atlantic and from the Gulf to the Lakes amounted to only \$850,460,713, or 20 per cent, more than what we propose by our vote to hand over into the almost unrestricted charge of a single man. The following, taken from the hearings before the Ways and Means Committee, may be of interest:

Mr. SLOAN. Mr. Secretary, I want to know whether I am correct in my understanding of this bill, that it is regarded as necessary for the successful prosecution of the war that there be \$4,000,000,000 of new bonds issued for loan to the other nations?

Secretary McADOO. Available for that purpose; yes.

Mr. SLOAN. There is \$1,000,000,000 already provided for, which would make a total of \$5,000,000,000. Now, then, as I understand it, whether one dollar of this be loaned or not depends absolutely on the initiative of the Secretary of the Treasury?

Secretary McADOO. No, sir; whether a dollar of this is loaned is dependent upon the application of the foreign powers for assistance.

Mr. SLOAN. Assuming it was all applied for, it is within the power, is it not, under the law—and I am not criticizing the Secretary, because we are making the law—that not a dollar could be loaned unless the Secretary of the Treasury said so. The President, as I understand, simply has the veto power or the approval power.

Secretary McADOO. I could not lend it without the President's express approval in each case.

Mr. SLOAN. But the initiative, so far as the law is concerned, is with you or with the Secretary, whoever he may be?

Secretary McADOO. Yes.

Mr. SLOAN. Then, although it might be regarded by the Congress as absolutely necessary to make these loans, yet the Secretary could refuse to lend a single dollar—I am now simply talking about your jurisdiction, and not what you would or would not do.

Secretary McADOO. He has the power, with the approval of the President to determine whether a loan within the limit imposed by Congress shall or shall not be made or whether it shall be made in part or in full.

Mr. SLOAN. I am now talking about the jurisdiction of the Secretary, and the point I want to emphasize is that although this Congress should authorize the \$5,000,000,000—\$4,000,000,000 now and \$1,000,000,000 already authorized—and although it was deemed by the Congress as an absolutely necessary war measure, yet it depends upon the discretion of the Secretary, no matter how many applications are made, whether one dollar of the money shall enter into the processes of the war or not?

Secretary McADOO. Yes; as to whether it shall be lent or not and how it shall be apportioned among the powers is left with the Secretary of the Treasury.

Mr. LITTLE. Will the gentleman yield?

Mr. SLOAN. Yes.

Mr. LITTLE. Has the gentleman any information as to whether this will be the last necessity for a request of this kind for the fiscal year?

Mr. FORDNEY. Oh, we have just begun.

Mr. SLOAN. The indication, as far as that point is concerned, was given by the Secretary of the Treasury that it would be sufficient to run to the end of the fiscal year. It was made \$4,000,000,000 on that account.

Mr. LITTLE. But I notice that the gentleman from Michigan said that this was just the beginning.

Mr. SLOAN. The gentleman from Michigan meant that this was the beginning of the expenditures for the great war. I think the gentleman from Michigan will agree that the information we had was that it would cover the loans to the allies up to July 1, 1918. The following is a statement of loans heretofore agreed upon and made:

*Loans to foreign governments to Aug. 24, 1917, inclusive.*

ACT OF APR. 24, 1917.

Country.	Loans and credits agreed upon.	Loans made.	Balances under established credits.
Great Britain.....	\$1,005,000,000	\$970,000,000	\$35,000,000
France.....	530,000,000	490,000,000	40,000,000
Italy.....	200,000,000	150,000,000	50,000,000
Russia.....	275,000,000	87,500,000	187,500,000
Belgium.....	53,400,000	32,000,000	21,400,000
Serbia.....	3,000,000	1,000,000	2,000,000
Total.....	2,066,400,000	1,730,500,000	335,900,000

Mr. FORDNEY. That is correct.

Mr. DENISON. Will the gentleman yield?

Mr. SLOAN. Yes.

Mr. DENISON. Did the gentleman make his statement quite accurate when he spoke about the total indebtedness; he stated the total indebtedness at that time, but he meant the municipal and Government indebtedness?

Mr. SLOAN. I meant Government, State, city, county, and all the small districts of the United States.

*Public debt of the States, cities, counties, and minor civil divisions in the United States.*

(From latest statement by the Bureau of the Census.)

Geographic division. State or Territory.	Indebtedness less sinking fund assets.						
	Total, 1913.				State.	June 30, 1915.	
	Aggregate debts*	Debts of counties.	Debts of cities and minor civil divisions.	Per capita, 1913.		Amount.	Per capita.
Total.....	\$3,475,954,353	\$371,528,268	\$2,985,555,484	\$35.81	Total.....	\$424,154,647	\$4.31
New England.....	295,390,706	6,055,070	288,261,198	43.03	Alabama.....	13,352,055	5.90
Maine.....	21,542,712	1,462,952	20,079,760	28.42	Arizona.....	910,972	3.75
New Hampshire.....	9,344,558	488,234	8,856,324	21.40	Arkansas.....	1,202,641	.71
Vermont.....	6,410,736	25,931	5,791,112	17.81	California.....	25,696,382	9.16
Massachusetts.....	187,578,094	3,113,436	184,464,658	52.86	Colorado.....	3,631,837	4.02
Rhode Island.....	25,589,314		25,589,314	44.15			
Connecticut.....	44,925,382	964,517	43,960,865	38.01			
Middle Atlantic.....	1,461,733,152	87,916,084	1,350,288,440	71.06	Connecticut.....	11,064,100	9.24
New York.....	1,046,226,813	23,310,172	1,017,846,323	107.71	Delaware.....	746,815	3.56
New Jersey.....	169,527,120	33,809,447	126,735,949	61.66	District of Columbia.....		
Pennsylvania.....	245,979,219	30,796,465	205,706,168	30.34	Florida.....	601,567	.71
East North Central.....	528,510,310	65,374,456	443,275,918	27.84	Georgia.....	6,534,202	2.35
Ohio.....	234,525,134	34,845,120	195,578,407	47.23	Idaho.....	1,451,193	3.71
Indiana.....	66,053,653	9,721,434	50,653,058	23.93	Illinois.....	2,066,350	.35
Illinois.....	137,207,747	11,555,014	121,342,112	23.24	Indiana.....	1,051,106	.38
Michigan.....	52,907,733	5,152,318	44,589,335	18.02	Iowa.....		
Wisconsin.....	37,816,043	4,100,570	31,113,006	15.63	Kansas.....	80,361	.04
West North Central.....	274,789,959	49,459,318	197,811,341	22.94			
Minnesota.....	69,018,441	14,012,782	47,948,136	31.64	Kentucky.....	2,431,845	1.03
Iowa.....	35,039,386	9,580,266	22,142,931	15.78	Louisiana.....	19,497,722	10.99
Missouri.....	56,951,123	6,580,450	46,999,383	16.98	Maine.....	2,135,467	2.80
North Dakota.....	12,440,699	2,212,102	5,798,415	18.83	Maryland.....	13,719,576	10.25
South Dakota.....	12,314,512	3,500,560	6,330,121	19.15	Massachusetts.....	84,700,601	23.52
Nebraska.....	36,371,067	3,706,128	29,049,052	29.50			
Kansas.....	52,624,731	9,777,030	39,543,363	31.22			
South Atlantic.....	203,252,470	31,943,957	167,000,541	15.94	Michigan.....	6,905,655	2.30
Delaware.....	6,097,324	1,389,283	4,665,436	29.31	Minnesota.....	2,603,000	1.18
Maryland.....	52,211,884	2,859,285	49,352,599	39.25	Mississippi.....	5,126,292	2.70
District of Columbia.....	9,060,823		9,060,823	26.03	Missouri.....	7,308,339	2.17
Virginia.....	39,886,753	5,543,733	33,049,264	18.73	Montana.....	1,271,899	2.95
West Virginia.....	11,195,094	2,443,173	7,273,221	8.57			
North Carolina.....	26,285,249	7,049,219	19,236,030	11.39	Nebraska.....		
South Carolina.....	15,066,533	2,763,807	11,281,673	9.60	Nevada.....	680,000	6.89
Georgia.....	25,613,855	2,724,561	22,675,208	9.36	New Hampshire.....	1,961,117	4.48
Florida.....	17,804,955	7,170,896	10,406,287	21.96	New Jersey.....	116,000	.04

Mr. DENISON. But the gentleman did not mean private indebtedness.

Mr. SLOAN. Oh, no; public indebtedness, of course. I am comparing the indebtedness of this country, the public debt, with that we are now creating. The total public indebtedness at that time was less than two-thirds of the total amount which we have loaned and which we have agreed to loan to the allies. The aggregate indebtedness of Nebraska (and I shall place the statement in the Record if I have permission, so that it may be used by all the Members)—State, county, city, and all minor municipal subdivisions, is \$36,000,000. In other words, the public debt of the State of Nebraska and all its subdivisions is only nine-tenths of 1 per cent of the amount which this bill proposes to loan to the allies. The total debt of the State of Texas is \$83,000,000, about 2 per cent of the amount which we propose in this bill to loan.

Mr. HARDY. Will the gentleman yield?

Mr. SLOAN. Yes.

Mr. HARDY. I think a large portion of that debt is owing by the State to its school fund, which makes it owing to itself.

Mr. SLOAN. It is a State indebtedness—State, county, municipal, and all.

Mr. HARDY. Yes; but I only wanted to suggest that the school fund is invested in State bonds.

Mr. SLOAN. That is true; that is something we did in Nebraska a long time ago. The State of Texas is a forward and progressive State. It is taking good care of the children and is educating them. Permit me to predict one result of that education will be that within a generation the political complexion of the Texas delegation of this House will be radically changed. [Laughter.]

Mr. HARDY. The gentleman will permit me to suggest that he is very hopeful.

Mr. SLOAN. Yes; I am hopeful, because good did come even out of Nazareth, and great good may come out of Texas.

The total public indebtedness of the Empire State, including all municipal subdivisions, was \$1,046,000,000, only 26 per cent of the amount which we in this bill propose to loan.



Public debt of the States, cities, counties, and minor civil divisions in the United States—Continued.  
(From latest statement by the Bureau of the Census.)

Geographic division. State or Territory.	Indebtedness less sinking fund assets.						
	Total, 1913.				State.	June 30, 1915.	
	Aggregate debts.	Debts of counties.	Debts of cities and minor civil divisions.	Per capita, 1913.		Amount.	Per capita.
East South Central.....	\$126,973,325	\$39,652,452	\$87,320,873	\$14.61	New Mexico.....	\$1,028,252	\$2.69
Kentucky.....	25,588,562	4,568,780	21,019,782	10.95	New York.....	125,461,557	12.73
Tennessee.....	47,286,778	16,520,434	30,766,344	21.13	North Carolina.....	8,878,600	3.80
Alabama.....	29,930,124	7,938,919	21,991,205	13.37	North Dakota.....	548,366	0.78
Mississippi.....	24,167,861	10,624,319	13,543,542	12.88	Ohio.....	5,202,264	1.04
West South Central.....	211,066,133	41,636,298	154,901,972	22.18	Oklahoma.....	6,519,810	3.15
Arkansas.....	12,577,033	2,877,142	8,990,203	7.58	Oregon.....		
Louisiana.....	61,460,681	3,153,848	58,306,833	35.21	Pennsylvania.....	312,016	0.04
Oklahoma.....	53,790,889	7,937,004	38,982,074	27.74	Rhode Island.....	6,072,046	10.27
Texas.....	83,237,530	27,668,304	48,622,862	19.95	South Carolina.....	5,399,793	3.40
Mountain.....	99,497,443	24,132,302	64,232,807	33.78	South Dakota.....		
Montana.....	16,633,154	6,492,127	8,984,270	39.68	Tennessee.....	14,878,534	6.60
Idaho.....	11,987,079	3,321,426	6,339,298	31.64	Texas.....	4,077,500	.96
Wyoming.....	4,202,012	972,940	2,972,485	25.73	Utah.....	1,790,000	4.33
Colorado.....	36,473,364	5,583,801	27,544,353	41.29	Vermont.....	370,893	1.02
New Mexico.....	6,444,012	3,054,640	2,358,369	17.41	Virginia.....	24,142,898	11.26
Arizona.....	7,323,794	2,478,410	4,114,427	31.73			
Utah.....	13,858,621	936,730	10,988,423	34.24			
Nevada.....	2,575,407	1,292,228	831,184	27.19			
Pacific.....	274,740,855	25,358,331	232,462,394	57.61	Washington.....	293,024	.21
Washington.....	94,415,072	10,300,505	77,173,977	70.21	West Virginia.....		
Oregon.....	43,796,959	2,614,312	38,788,140	57.86	Wisconsin.....	2,251,000	.91
California.....	136,528,824	12,443,514	116,500,277	51.18	Wyoming.....	111,000	.66

Minor civil divisions included in the second column above embrace villages, towns, townships, precincts, fire districts, irrigation districts, poor districts, school districts, etc.

SINKING FUND ASSETS OF STATES, 1915.—Arizona, \$2,098,303; Arkansas, \$47,859; California, \$809,118; Colorado, \$10,763; Delaware, \$87,470; Georgia, \$100,000; Idaho, \$939,057; Indiana, \$207; Kansas, \$78,639; Kentucky, \$55,176; Maryland, \$5,966,305; Massachusetts, \$38,263,061; Montana, \$150,601; New Hampshire, \$90,000; New Mexico, \$1,577,248; New York, \$34,487,679; North Dakota, \$30,334; Ohio, \$111,510; Oklahoma, \$190; Pennsylvania, \$811,733; Rhode Island, \$844,954; South Carolina, \$469,704; Utah, \$370,000; Virginia, \$637,588.

This \$4,000,000,000 is nearly equal to one-half the gold in the whole world. The total gold in the world is \$8,258,000,000. The loan authorized by this bill, and already authorized and made by other legislation, will be equal to 84 per cent of all the gold in the world. The amount of the proposed loan in this measure reduced to gold would load 312 freight cars, each with 40,000 pounds. It would make 12 trains of 26 cars in each train and all stretched on a track would extend 2½ miles.

The total money of all forms in the United States on November 1, 1916, was \$4,241,000,000, just 6 per cent more than the amount of this loan which we propose to make, and that includes, of course, the new reserve money and all other forms of money current in this country. In the fiscal year of 1916 the United States had the greatest foreign commerce, both export and import, in all its history. Its exports amounted to \$2,187,883,510. Its imports amounted to \$4,333,658,865. Collectively they amounted to \$6,531,542,375, or \$468,457,625 less than what we have already and propose to loan the allies.

The total assets in all the 12 reserve banks of the United States, according to the last statement, was \$2,058,000,000, just a little more than one-half of this loan we propose to make. Think of the various safeguards in the way of boards, governors, directors, cashiers, and other means of supervision with which those \$2,000,000,000 are hedged about. They are not left to the control of any one individual or any one set of individuals. When these foreign bonds are placed in the Treasury of the United States, compared with the gold that is free there or any other form of United States property, it will make all of that property appear as the merest chicken feed. All the wealth of Spain is only \$5,400,000,000. The wealth of the Netherlands is only \$5,000,000,000. Switzerland, that little neutral, buffeted by the belligerents on all sides, but which has withstood the blandishments and the threats of all, has a total wealth of only \$4,000,000,000, the precise sum which we are now offering to loan in this bill.

With this as an American principle, at least for the time, and this our first effective contribution to the great war, we are certainly doing our part with full and rounded measure. I might say, if I did not dislike the term, we are doing our "bit." It is perhaps one of the most mouth-puckering lackadaisical terms ever given currency in the grim time of war. The man who said we are doing our "best" improved upon it; and he who said we are doing our "damnedest," gave us a better war word.

The CHAIRMAN. The time of the gentleman from Nebraska has expired.

Mr. FORDNEY. Mr. Chairman, I yield 10 minutes more to the gentleman.

Mr. DENISON. Mr. Chairman, will the gentleman yield?

Mr. SLOAN. Yes.

Mr. DENISON. I am wondering if the gentleman happens to have learned in his capacity as a member of the committee or in his investigations how the British Government has made the loans to her allies in this war—through what agencies—whether she intrusts the matter to one man or whether she has other arrangements through which she makes the loan?

Mr. SLOAN. There has been little information upon that subject in the hearings. However, I understand that it is controlled by a war board of five members, all of whom are members of Parliament, namely, Prime Minister Lloyd-George, leader of House of Lords; Lord Curzon, chancellor of exchequer and leader of the Commons; Bonar Law, Viscount Milner, and Arthur Henderson.

Mr. DILLON. Mr. Chairman, will the gentleman yield?

Mr. SLOAN. Yes.

Mr. DILLON. Has the gentleman any information as to whether the British Government has made any loans to her allies since we made the first loan to her?

Mr. SLOAN. I do not know. The understanding was that we became the great loan broker of the world when we entered the war. We had the means, as they did not. We have been making the loans. I can not tell to what extent England has made loans since that time. I understand that she set aside two billions to loan her allies this year. The fact is that these questions indicate most strongly to me that we should have had more time, more deliberation, and more information upon this measure—not in an antagonistic way, not in the way of opposition, but that we might know what is going on, that we might know now and put ourselves in the way of knowing hereafter whether there is being shifted or may be shifted upon us any undue burden of this war.

Mr. DILLON. Will the gentleman yield further?

Mr. SLOAN. Certainly.

Mr. DILLON. The gentleman recognizes the fact that England loaned to her allies at a higher rate of interest than we are charging her. That is true, is it not?

Mr. SLOAN. Yes; I presume England did what we are doing. England loaned at about what she had to borrow for. I would

not charge her with doing less, but, of course, we have a credit, I will say to the gentleman, in this country unmatched by any country in the world in all time, and that rich factor, with all its force in field, on the sea, in the markets, and on the world's exchanges, is America's first great contribution to this great war.

Mr. DILLON. If she should reloan portions of the money that we are loaning her, she would be making vast profits upon her loan.

Mr. SLOAN. That, of course, would be a matter of mathematics.

Mr. FORDNEY. Mr. Chairman, will the gentleman yield?

Mr. SLOAN. Yes.

Mr. FORDNEY. I shall yield sufficient time. I desire to say, for the benefit of the gentleman's question, that my understanding is—and I think the information is about correct—that the loans we are making to the various countries are loans for the payment of their debts or for supplies purchased in this country. Somewhere around 80 to 90 per cent of the money that we are loaning to the allies is being spent in this country. I have understood that England is doing likewise to many of her allies for supplies purchased in England.

Mr. SLOAN. Our information is that it is not paying the debts previously contracted and for which the borrowers had issued their obligations, but paying on the contracts for supplies needed by the borrowers to keep their armies in the field and their navies afloat.

Mr. FORDNEY. The purchase of supplies in this country and in England.

Mr. SLOAN. Yes; to carry out the contracts for the purchase of supplies here in America which we have and they have not. I am not making these statements for the purpose of indicating that the American public is being in any way imposed upon in loaning this money; although a vigilant oversight by an able nonpartisan committee might do the American Government a great service in checking or preventing impositions for which these great loans furnish great opportunity. The one great excuse which can be given the American people for the financial burdens we are placing upon ourselves and posterity is that it may enable other armies to fight and save a deluge of our own sons' blood. A large amount of this money—10 or 20 per cent—was drawn to furnish credit or to pay indebtedness elsewhere, but the vast bulk of it—from 80 to 90 per cent—has gone into the purchase of supplies in America that we have and which American labor is producing.

Mr. ROSE. Will the gentleman yield?

Mr. SLOAN. Yes.

Mr. ROSE. When the gentleman was making his comparisons, a question arose amongst some of us here in respect to them. Are not these comparisons based upon the eleven billions and a half as provided for in this bill and not upon the nineteen billions as a total sum?

Mr. SLOAN. Of course, they are based upon this bill. I am trying to address myself to the bill itself and the problems arising under the bill, so that the eleven billions or the eleven and a half billions—to be more accurate—total amount carried in this bill. I have not attempted to take up the various expenditures outside of this that have been made or that may be made between this time and the 1st of July, 1918.

I expect during the progress of the debate under the five-minute rule to propose at least two amendments governing the discretion of the Secretary in the issuance of these bonds:

First. These bonds should not in any event be issued for more than 30 years. That is the span of a generation. This generation should not burden the next generation, which was not consulted to pay the expenses of this war.

Second. The convertibility feature of the bonds should be stricken out. For the bonds which have been issued convertibility must be allowed, as that was the contract under the law of April 24, 1917. If the new bonds are issued at 4 per cent, that will mean in the course of 30 years to taxpayers an additional sum of \$300,000,000. If the war goes on and we sell a new issue of bonds at 4½ per cent next year, it will mean an additional interest charge of \$1,050,000,000. You can rest assured that the holders of low-rate bonds, with an opportunity to convert their holdings into higher-rate bonds, will see to it just as they are now depressing the market of the liberty bonds, so that the new issue must apparently be issued at a higher rate. This convertible feature was copied by the Congress from the British system last April, after it had been adopted and abandoned by Britain. I have examined the history of the Treasury Department. It has been in existence 128 years, and during that time there have been 46 different Secretaries of the Treasury. The average term of a Secretary of the Treasury is 2½ years. Further, the bonds that have been issued heretofore under the act

of April 24, 1917, were issued at a maximum 30-year period. If the average incumbency of that office is 2½ years it would leave during the life of those bonds 11 different individuals to administer the subject matter of this bill. So you will observe that what I am saying about the various amendments which I shall present is directed not against the individuals who occupied, occupy, or who may hereafter occupy this office, but toward whoever it may be.

Good men, they say, do not need much restraint, but we do not know who may occupy the position. The true legislative theory in the granting of power to administrative officers is to safeguard the public against the mistakes, follies, and misdoings of the weakest and worst incumbent who may have opportunity, rather than to merely direct the course of the most patriotic, virtuous, and wise.

Moreover, in the grant of power by Congress to an administrative officer, limitation of discretion on important features is a wholesome means of defense provided for the official against the importunities, blandishments, or coercion of those whose self-interest might prompt them to so influence a too-wide discretion. Now, if we were to endow the incumbent of the Treasury Department with all the foresight of Joseph, with all the fidelity of the faithful steward of whom the New Testament speaks, and with all the financial genius of Alexander Hamilton, yet that would be one man in a century. We could not expect the next eleven to be equally endowed. If there were any other reasons demanded to enforce the suggestion I have made, I know of no better than to call attention to the revenue bill introduced early in this session, hurried through the House committee, and given but fair consideration. Under the circumstances it was a pretty good bill. That bill went to the other body, and there the elder statesmen have been wrestling with it for four months. Yet we can not predict what amount it will carry. I believe it will be something near \$2,500,000,000. Two billion five hundred million is only five-eighths of the amount we propose in this bill to loan and place in the control of one man. That revenue bill has received the careful consideration of the Committee on Ways and Means, the Committee of the Whole, and of this House. Further, the Finance Committee of the Senate and its Committee of the Whole has considered deeply and debated it vigorously. The papers of the United States and orators on the platforms, all have been busy commending, criticizing, threatening, and promising in order to see that no undue responsibility or burden is placed on anyone growing out of that tax measure.

It illustrates how careful we are in the matter of payment and with what facility and readiness we contract a debt. The comparatively small tax or payment bill has been debated at length by Congress. That bill and the debates will be forgotten soon, but the vigorous American debate on this bond bill will run for 50 years.

I have brought these matters before the committee to urge that in some manner responsibility be divided. Let us have some of the benefits of counsel. While we are the only country in any wise representative in character involved in this war, where strict partisans are in administrative control, and while no complaint at this time is being made by me as to that fact, yet the people of the country would be better assured if a committee representing the country at large were in a position to scrutinize and criticize, if need be, the transactions where billions of the people's money are being dispensed, and especially when the manner of dispensing may mean peace or war.

We are peculiarly obligated to vote large sums of money. In the first place, it is our first method of warfare and means of making ourselves felt. I take it as significant that every member of the Committee on Ways and Means will vote for this measure. Few Members of this House, if any, will vote against this bill. It will be a concrete method of expressing the unified will and purpose of the American people to attain in this great war a great victory or an honorable peace. This act will be a wholesome example to all our people, an inspiration to our armies and to those who fight with us, while to our enemies it will mean an irresistible force against which their cruelty and wrath can not prevail.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. SLOAN. May I have a few minutes more?

Mr. FORDNEY. How much more time does the gentleman desire?

Mr. SLOAN. How much time will the gentleman's generosity permit him to yield?

Mr. FORDNEY. I do not believe I have any other requests, and I will yield the gentleman 5 minutes or 10 minutes if necessary.



The CHAIRMAN. The gentleman is recognized for 10 minutes.

Mr. SLOAN. But aside from this we are under a special obligation to vote large sums, as we have already voted large armies. For the first time perhaps in the history of the world a declaration of war such as we made was voted by a legislative body. This is the fourth declaration of war made by America, but none of them contained anything like the pledge in this declaration. Moreover, I have read the declarations of war made by the members of the entente and the central powers. I find we stand alone in this great war and in all modern times. So far as my reading is concerned this is the first time that a Congress or a body capable of pledging all the resources of a nation pledged them all for the successful issue of a great war. That having been done, we must live up to it or stand in the position of repudiating the pledge made by a large majority of Congress. I call your attention to the declaration of war made on the 5th of April, 1917. I omit the first and purely formal parts:

*Resolved*, That the state of war between the United States and the Imperial German Government which has thus been thrust upon the United States is hereby formally declared, and that the President be, and he is hereby, authorized and directed to employ the entire naval and military forces of the United States and the resources of the Government to carry on war against the Imperial German Government, and to bring the conflict to a successful termination all of the resources of the country are hereby pledged by the Congress of the United States.

As I said, three times the American people before this declared war. In the declaration of 1812, that portion relating to the pledge, says:

And that the President of the United States is hereby authorized to use the whole land and naval forces of the United States to carry the same into effect and issue to private armed vessels of the United States commissions or letters of marque and general reprisal in such form as he shall think proper and under the seal of the United States against the vessels, goods, and effects of the Government of the said United Kingdom of Great Britain and Ireland and subjects thereof.

In the war with Mexico the pledge was:

The President be, and he is hereby, authorized to employ the militia, naval and military forces of the United States, and to call for and accept the services of any number of volunteers, not exceeding 50,000, who may offer their services, either as cavalry, artillery, infantry, or riflemen, serve 12 months after they shall arrive at the place of rendezvous, or to the end of the war, unless sooner discharged, according to the time for which they shall have been mustered into the service; and that the sum of \$10,000,000, out of any money in the Treasury or to come into the Treasury, not otherwise appropriated, to be and the same is hereby appropriated for the purpose of carrying the provisions of this act into effect.

The declaration of war with Spain had this provision:

That the President of the United States be, and he hereby is, directed and empowered to use the entire land and naval forces of the United States and to call into actual service of the United States the militia of the several States to such extent as may be necessary to carry this act into effect.

It will be noted the limited pledge made in each of these declarations, but in the declaration against Germany it involved interest and principal, profits and capital, property—real, personal, and mixed—of men, corporations, and institutions.

That business should struggle to delay its peculiar sacrifice is but natural. So will drafted men plead for their temporary exemption, each knowing that all are pledged, and it is simply a question of when to be called and used. Credit and property, money and men, all are pledged by the Congress in the declaration. We now are simply carrying out for use a portion. In other wars we jeopardized all, life and property, but did not pledge it.

Further, these were all to be used as outlined in the presidential speech in financing nations great and small, solvent and insolvent, stable and unstable, furnishing arms for the battle fields of Europe and the rebuilding and recasting its industries. In other words, Congress placed this country under the burdens of a world war with the apparent enthusiastic consent of most nations involved that we shall bear these burdens.

With that broad appropriation of practically every dollar's worth of property in the United States, with the command gone out to every man who can bear arms, if need be, with the appropriations that we are making and these authorizations of indebtedness and loan that we have made, and with this expanding spiral-like legislation which we have, and the placing of this power in the hands of an individual, it seems to me these should address to every legislator on either side of this Chamber the solemnity and awfulness of the responsibility so placed.

And without any partisanship suggested or any factious criticism I submit that first after we meet the reasonable demands—yes, the large demands—necessary for the prosecution of this war Congress should safeguard every expenditure of men and money, so that criticism hereafter may be averted as far as possible, and so that all of us may to such extent as we can say, when the war is closed, "We protected the lives of the men; we safeguarded the money of the taxpayers." For that reason, it seems to me, that the majority, in view of these large

responsibilities, should take the initiative to divide and distribute these large responsibilities. I shall await a brief time longer the organization of such committee before urging more specific reasons.

I know it has been said that the Executive of this Government is opposed to such committee. Whether he is or not I do not know. I shall not believe that, having recommended to Congress the pledging of every man of the Republic and every dollar of its property for the carrying on of this war, he would oppose a fair distribution of the responsibility among the citizens of the Republic, that no waste of money, no extra hazard of men, should be made. And I refuse to believe it.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FORDNEY. I yield five minutes more to the gentleman.

Mr. SLOAN. I shall refuse to believe it until the President of the United States in the constitutional way, by a message to this Congress, and through it to the American people, says that he is opposed to a fair distribution of these responsibilities. Personally I voted against the declaration of war, which was carried. From entering Congress I had supported every reasonable measure of preparedness presented. I had stood for strengthening our Army and Navy when many of our now most vociferously militant citizens were insisting upon all steel going into plowshares and pruning hooks. Having always stood for protection of American life and property when under the American flag, having a profound confidence in American ability to protect and enforce those rights, and thinking of America first, I submitted an amendment to the war declaration. It was voted upon in the Committee of the Whole. It provided for placing our Nation in a thorough state of defense, and use of our Army and Navy to enforce our rights on land and sea, and especially in the submarine zone. This, to my mind, would have been an American war, with American troops, to be outlined by American statesmanship, and fought within the scope that America determined to be settled between America and her adversary, without the suggestion or consent of any other nation. But by a large majority of House and Senate the American people spoke in favor of this great world war movement, of which we became the substantial basis.

As a good citizen and consistent legislator, having expressed myself upon that subject, when overruled by an overwhelming majority of the membership of this House I submit to it as a settled fact. Americans should think of battle as the focal fact of this great war and not dwell on the academic question of its causes. We are in the struggle with victory to achieve and an honorable peace to obtain. To me there is no hesitation of purpose or halting of action.

My own position in that regard, finding my country under the declaration of war and beginning to bear its largest burdens, makes me feel like the young man in the story. It is somewhat old, perhaps, in political history, but I will tell it.

John was attending the university. He was expected to come to his uncle's home during the haying season in order to help on the farm. He did come home, but the bed was so comfortable and the viands so good and the society so enjoyable that he said he would not pitch hay. But John changed his mind a few days after that. The neighbors, having heard talk about his insubordination, were surprised, in coming along past a siding place in the highway, to find wagon and hayrack overturned, a load of hay lying on its side, and John, with a pitchfork, pitching to beat the band. They said to him, "We thought you weren't going to pitch any hay." He replied, "I did not expect to do so, but I have got to. Uncle is under this load, and I have got to pitch him out."

And so Uncle Sam is under the load of this great war, and whether we were for it or were against it, we must pitch him out. [Applause.]

Mr. KITCHIN. Mr. Chairman, I yield to the gentleman from Texas [Mr. SLAYDEN] such time as he may desire.

Mr. SLAYDEN. Mr. Chairman, six years ago, or even six months ago, if we had been told that the representatives of the people would vote eleven thousand million dollars out of their pockets almost without debate and with the minimum of consideration all of us would have said that the suggestion was preposterous. But we are doing that very thing to-day and all of us will support the measure. It is commanded by an exigency that all here understand, and that I believe the country also understands.

The world is going bankrupt under the influence of an almost universal madness. While madmen are slaughtering each other and imperiling civilization unparalleled, and to some degree unavoidable, burdens are being put on the man who labors, not merely on those of the present generation but on those yet unborn, who will be called on to pay the debts we are making



to-day. In no period of the world's history has the future ever been so heavily mortgaged and the end is not in sight. Personally I believe that men now living, the men who are responsible for the war, ought to pay for it. It would make them realize what it means and might have a deterrent influence in the future. It would, sir, be a wholesome thing if each generation could be made to understand that it must pay for its own wars, for then there would be fewer wars to be paid for.

The necessity for doing this thing is just one of the evil consequences of war. The horrors that have so shocked the sensitive soul of Pope Benedict and driven him to make an appeal for peace are wonderfully appealing. They are dramatic and easily understood, but the money burdens, no matter how hard to bear, are not so clearly seen. For a hundred years the unfortunate people of Europe will feel the pressure of taxation that hinders the development of projects for their social betterment.

But the personal peril and the tax burdens are not the only and by no means the most important of the evil consequences of war. Hysteria is never conducive to reasoning, and when to it is added the roll of the drum and the rattle of musketry the most valued rights and privileges of the people are in danger. It is then that the liberties of the people are in real peril. It is in precisely such circumstances that prudent and farseeing men are most concerned for the constitutional rights of the people, but, unfortunately, it is also precisely the time in which they have the least support from the mass of the people whose liberties they are trying to protect.

We are all sworn to uphold and defend the Constitution of the United States, every article and every paragraph in it, and great lawyers and real patriots are discussing it and its applicability to the present situation, to the war legislation already enacted as well as to that under consideration. It is our duty, being solemnly sworn to uphold and defend it, to heed these discussions and to inform ourselves as much as possible about the Constitution.

The monthly magazines and the weekly and daily newspapers have published many essays about the constitutionality of the act of May 18, 1917, commonly known as the conscription or draft act. Some of these have shown evidence of great research and thought and are valuable contributions to our polemical literature. One of these is a letter to the *Mobile Register* written by Hannis Taylor, a distinguished international and constitutional lawyer and former minister to Spain under President Cleveland. Under the leave granted me I shall print it as a part of my speech.

The letter is as follows:

NATIONAL MILITIA CAN NOT BE SENT ABROAD—CORRESPONDENCE BETWEEN MR. HANNIS TAYLOR AND THE *MOBILE REGISTER* AS TO JUDGE SPEER'S RECENT DECISION IN FAVOR OF THE VALIDITY OF THE CONSCRIPTION ACT OF MAY 18, 1917.

TO THE EDITOR OF THE *MOBILE REGISTER*:

It was kind and public-spirited of you to send me over your own signature your recent editorial entitled "Speer's Clear Decision," in order that I may remove from the minds of many good people some grave misapprehensions as to this all-important subject. Judge Speer's conclusion that the act in question is constitutional is perfectly sound; I so stated in a formal opinion published some weeks ahead of Judge Speer's. That was the only question before him. Whether the conscripted members of the national militia are entitled under section 8, Article I, of the Constitution, to exemption from service abroad is a question that can not arise until an actual attempt is made to send them out of the country. If such an attempt is ever made—which I gravely doubt—every intelligent and upright Federal judge will, when applied to, sustain such exemption; first, because the question was settled once and forever in favor of the exemption by a decision of the Supreme Court of the United States rendered 90 years ago; second, because the whole subject was reviewed exhaustively and the exemption sustained in a formal official opinion given by Attorney General Wickersham to President Taft on February 17, 1912; third, because, with that opinion before him, the exemption was restated and reaffirmed by President Wilson, regretfully, in four speeches delivered in January and February, 1916, at New York, Cleveland, Milwaukee, and Topeka. In his Topeka speech he said that "the National authority has no right to call upon them (the National Guard) for any service outside of their States unless the territory of the Nation is actually invaded." In his New York speech he said, "Only upon occasion of actual invasion has the President of the United States the right to ask those men to leave their respective States."

When the midsummer madness under which we are now suffering has been cooled by the snows of winter, the Supreme Court of the United States will first affirm itself; then it will affirm Attorney General Wickersham; then it will affirm President Wilson in the common assertion that our entire militia, State and Federal, is exempt from service outside of the territorial limits of the United States. It will affirm the concise and graphic conclusion of Attorney General Wickersham that the militia can never "be employed for purposes of offensive warfare outside the limits of the United States." There can be no possible confusion as to the composition of the militia, because it is thus defined in the national defense act of June 3, 1916:

"Composition of the militia: The militia of the United States shall consist of all able-bodied male citizens of the United States and all other able-bodied males who have or shall have declared their intention to become citizens of the United States, who shall be more than 18 years of age and, except as hereinafter provided, not more than 45 years of age, and said militia shall be divided into three classes—the National Guard, the Naval Militia, and the Unorganized Militia."

The conscription act of May 18, 1917, is simply a supplement of the act of June 3, 1916, passed with the avowed purpose of organizing the unorganized militia of the United States. The conscripts about to be put into camps for the purpose of transportation abroad are now simply a part of the "unorganized militia" of the United States.

The Congress has enacted but two conscription laws in our entire history. The first was the act of March 3, 1863, which declares in its preamble that it was passed under section 8, Article I of the Constitution, which provides that "the Congress shall have power . . . to provide for calling forth the militia to execute the laws of the Union, suppress insurrections, and repel invasions." The Supreme Court has held in *Martin v. Mott* (12 Wheat., 19, 27) that the militia can be used for no other purposes. For that reason it can not be taken abroad, because invasions can only be repelled within the territorial limits of the United States. The second conscription act, of May 18, 1917, is a substantial reproduction in every material particular of the first act of March 3, 1863, and was passed, of course, under the same clause of the Constitution, for the conclusive reason that it could not have been passed under any other, as section 8 of Article I is the only part of the Constitution under which Congress can "call forth" the militia at all.

Some foolish people, who know nothing of the Constitution or of the history of the convention of 1787 that made it, are silly enough to contend that the conscription act of May 18, 1917—passed to organize the "unorganized militia"—was enacted under that clause of the Constitution which provides that "The Congress shall have power . . . to raise and support armies, but no appropriation of money to that use shall be for a longer term than two years." Every school-boy should know that that clause relates exclusively to the power of Congress to provide a Regular Army by the volunteer system—it has nothing whatever to do with the militia system. Every act of Congress passed since the foundation of the Government for the raising of the Regular Army of volunteers has been based on that clause. Every professional soldier who has written on our military system recognizes that fact as basic and elementary. In the words of Gen. Upton, *Military Policy of the United States*, page 81, "The 'levies' known later as 'volunteers' were authorized under the plenary power of Congress to 'raise and support armies,' and the power of appointing their officers was given the President, to whom it obviously belonged, as the 'levies' were wholly distinct from the militia or State troops." See, to the same effect, Huidekoper, *The Military Unpreparedness of the United States*; Gen. Leonard Wood, *Our Military History*.

My dear Mr. Editor, as you naturally object to the "legal mesh" in which you say lawyers are entangling this subject, why not abandon them entirely for the military experts quoted above, who will remove all your difficulties. The last word comes from Gen. Leonard Wood, who says, in *Our Military History*, published last year, that "Our policy is not one of aggression, but one which looks only to a secure defense." He, in common with all professional soldiers, laments the fact that the makers of our matchless Constitution so hobbled our military system that only the Regular Army, composed of volunteers, can ever be sent abroad. He says with great emphasis that we have been compelled to fight our foreign wars with volunteers "because the militia was not available for service outside of the United States." He then adds that we had so to conduct the Mexican War, "where the militia could not be used because of the constitutional limitation upon its employment outside of the United States." As a reasonable man, do you think that if the National Militia could not be sent to Mexico with Gen. Scott that it can now be sent to France with Gen. Pershing? If you think the Federal convention of 1787 made a mistake in protecting us in this way then you must gibbet Washington, Madison, Mason, Franklin, Pierce, Butler, Ellsworth, and the rest, because, as the records show, they did this thing deliberately and with malice aforethought to keep us forever out of the broils of Europe. As this grave matter is all so plain, please explain it through your columns to the thousands of anxious hearts now suffering from cruel and unnecessary anxiety.

HANNIS TAYLOR.

WASHINGTON, D. C., August 29, 1917.

Mr. FORDNEY. Mr. Chairman, I yield five minutes to the gentleman from Washington [Mr. JOHNSON].

The CHAIRMAN. The gentleman from Washington is recognized for five minutes.

Mr. JOHNSON of Washington. Mr. Chairman and gentlemen, in five minutes all that I can hope to do is to call the attention of the membership of the House to the fact that through some mishap or other it has been published all over the United States that the newspapers, especially the small newspapers, are to be paid a little money as partial recompense for the great work that they will do in promoting this next bond sale. I presume that many of the Members have received letters on the subject, especially Members having country editors in their districts.

Now, if the Members will run over the hearings and read the statements of the Secretary of the Treasury, Mr. McAdoo, which should be read by every Member, they will find that he tries to be very fair in the matter, but that he explains that it will be very difficult to pay for advertising, or to agree to pay for advertising, because if he starts to pay one he will have to go clear down the line. It is apparent that the United States can not go into one county and say that one newspaper is a good advertising medium and that another is a bad one. The Government can not pay one and then with good grace ask that paper's rival to do advertising and bond-sale boosting for nothing.

Mr. Chairman, in the hearings considerable time was given to a discussion of the fact that bankers, investment brokers, and others spent very largely of their own money in negotiating the last loan, and that they should be reimbursed for certain cash expenditures, or at least they should not be asked to go through the whole thing again without being paid the second time for actual outlay. The total statement in regard to the cost of negotiating the last loan is not yet quite made up. The distin-



guished Secretary says he will send the figures to Congress in a short time.

I am not quite clear about it, from running through this testimony hastily, but I think it is still being debated in the Treasury Department as to whether certain men who are out of money, out of pocket, shall be reimbursed or not. I presume they will not be reimbursed. We all know that thousands of citizens did their part in promoting that loan. Department stores advertised it, banks advertised it, and newspapers advertised it, and I think none of them is claiming the right to be reimbursed. But the newspapers should not be asked to do free of charge the second time what it is not desired to ask brokers to do without paying them.

Mr. WALSH. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from Washington yield to the gentleman from Massachusetts?

Mr. JOHNSON of Washington. Yes; I yield.

Mr. WALSH. Could the gentleman state why the Government should not pick out a paper in each county having good advertising facilities, and explain why that should not be done? Would it interfere with the loan?

Mr. JOHNSON of Washington. No; it will help the loan. But imagine the Government attempting to go into a county and saying that the leading Democratic paper is a good advertising medium and that its Republican rival is not, or let the Government favor a newspaper of the other politics, or overlook a Socialist paper in some outlying district. One can see what an unfortunate result might follow.

To my mind the Government should not attempt to pay in full for what the newspaper advertising would cost. Any sum that can be paid will be but an earnest on the part of the Government that it does not want the newspapers—especially the little papers, where typesetting is hard and the struggle heavy—to do all the boosting for nothing. Congress should put a proviso into this bill stipulating that a certain sum should be spent for newspaper and magazine advertising, and I do not believe it would be a bad idea at all to particularize that the sum shall be divided among the States in proportion to the population. You understand that this bill contemplates that the Treasury shall go into every hamlet, placing stamp books on sale in the smallest post offices, so that a man can invest as low as 50 cents. All of that you will find fully explained in the Secretary's testimony before the committee. People will contribute to this loan through what are called war-savings certificates in sums as low as 50 cents and even smaller. To be successful that idea must be followed up.

Not every community has good public speakers, not every family in every community can be reached by the great daily papers, and if we are going clear down to the last household to ask for a patriotic contribution of 50 cents and of other small sums again and again, until they can climb up into a \$5 interest in a Government war bond, we certainly ought, right alongside of that, to guarantee a little \$2 bill to a small struggling weekly newspaper, whose columns will promote the plan from start to finish, whether you pay him little or much. The editor of the small paper will do it anyway, of course; but can you blame him for feeling a little sore when people all around are getting war profits and he gets not even a crumb?

Mr. HARDY. Was it ever suggested that the very stamps themselves might be made an advertising medium by printing a new style of stamp?

Mr. JOHNSON of Washington. That would be a good idea, and might be done.

Now, Mr. Chairman, in the last war-bond sale great sums had to be spent to print illuminated posters and put them up. The magazines and newspapers gave their space, but the posters were paid for, on the ground that labor costs money and ink costs money. But it costs the editor money to pay for printers and paper. His space is all he has to sell. He can not give it all away.

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. JOHNSON of Washington. I would like a little more time.

Mr. FORDNEY. How much more time have I to my credit?

Mr. KITCHIN. I will yield five minutes of my time to the gentleman from Washington.

Mr. JOHNSON of Washington. I thank the gentleman from North Carolina.

Mr. STAFFORD. Will the gentleman from Washington yield?

Mr. JOHNSON of Washington. I will be glad to yield.

Mr. STAFFORD. I merely wish to say in connection with the suggestion made by the gentleman from Texas [Mr. HARDY], as to advertising this loan on the postage stamps, that Canada

resorted to that method so far as the canceling stamps are concerned, and I believe with very good results.

Mr. ROSE. I should like to know if the newspapers have been complaining as to not receiving pay?

Mr. JOHNSON of Washington. Oh, no; not at all; and I take it that no citizen of the United States complains as to not being reimbursed for his efforts in promoting the last bond sale. In fact, I hesitated a little about asking time to put forward the suggestion that publishers should be paid in part.

But, Mr. Chairman, we are voting a great bond issue without restrictions. The true statement of this tremendous issue was made in the hearings by the gentleman from Texas [Mr. GARNER] in about seven lines, and I hope no Member of Congress will deceive himself into thinking that he is not playing a part in making this great bond issue and in authorizing further loans to the allies. The gentleman from Texas [Mr. GARNER], replying to a suggestion made by a Member on the Republican side in the hearings, said:

I should like to say that you [the Secretary of the Treasury] are here asking 435 Members of the House of Representatives and ninety-odd Members of the Senate whether it is advisable for this Government to lend foreign Governments \$4,000,000,000 more money. They are the gentlemen who are to pass on the advisability of loaning that amount. You never pass on that. Congress passes on that—a pretty good body of men.

Gentlemen, when Mr. GARNER said "You never pass on that," he was addressing the Secretary of the Treasury, and the Secretary does not. He recommends it, in keeping with the policy already adopted; but, as a matter of fact, we are the ones who pass on this whole loan and give the authority to loan money abroad. And if we put a statement in the bill that the newspapers shall be paid, say, \$1,500,000, that is a small part of nine billions.

As to the amount which can be used for expenses, the entire amount on a complete turnover of this bond issue will be \$23,000,000, according to the hearings. I believe the last public-building bill that passed this House called for less than that, yet we discussed it here for a solid week. It is proposed to authorize the expenditure of \$23,000,000 for the expenses in connection with this war loan, and when we reach that item I presume that some one will rise and move that that amount be cut down and will point out that it is too large. If we are going to appropriate that sum, or any considerable part of it, as a percentage for the turnover of these bonds, we will make a mistake if we do not specify outright that at least a million and a half of dollars of it shall be paid for advertising in daily and weekly newspapers.

Mr. FORDNEY. Will the gentleman yield?

Mr. JOHNSON of Washington. Gladly.

Mr. FORDNEY. Twenty-three million dollars was the amount asked for by the Secretary of the Treasury, which was one-fifth of 1 per cent on the long-time bonds and one-tenth of 1 per cent on the short-time bonds, but that amount has been reduced by the committee and is specified as one-seventh of 1 per cent for the long-time bonds.

Mr. JOHNSON of Washington. I misread that. I read only the Secretary's statement. That would cut the total for expenditures down to what amount?

Mr. KITCHIN. Seventeen million six hundred and twenty-seven thousand dollars.

Mr. JOHNSON of Washington. Well, even that is a very considerable amount of money, and in my short experience in Congress I have seen Members debate for days at a time propositions which carried a less expenditure. The point I am making is that we should not let this bill go through without guaranteeing by the provisions of section 10 that a million and a half of dollars, at least, shall be expended for advertising in daily and weekly newspapers. Surely we have the right to partially designate the expenditure of that much out of so large a sum. I am insistent upon it, for I am told that from the office of the Secretary of the Treasury the statement was made, after this bill had been reported, that no money would be available for advertising.

Mr. KITCHIN. I do not think there is any other gentleman on this side who desires to speak in general debate. I will ask if there is anyone else on that side?

Mr. FORDNEY. I have no one on this side who desires to speak.

Mr. KITCHIN. Then I ask that the bill be read under the five-minute rule.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury, with the approval of the President, is hereby authorized to borrow, from time to time, on the credit of the United States for the purposes of this act, and to meet expenditures authorized for the national security and



defense and other public purposes authorized by law, not exceeding in the aggregate \$7,538,945,460, and to issue therefor bonds of the United States, in addition to the \$2,000,000,000 bonds already issued or offered for subscription under authority of the act approved April 24, 1917, entitled "An act to authorize an issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend credit to foreign Governments, and for other purposes."

Mr. GILLETT. Mr. Chairman, I have an amendment.

Mr. MOORE of Pennsylvania. Mr. Chairman, I suggest that the reading of the section has not yet been completed, and I would like to inquire whether it is in order to offer amendments at this time, or at the conclusion of the reading of the section?

The CHAIRMAN. The Chair is of the opinion that the whole section should first be read.

Mr. STAFFORD. Under the rules of the House revenue and appropriation bills are considered by paragraphs.

The CHAIRMAN. The Chair thinks it is immaterial, so long as we arrive at an understanding as to which shall be done.

Mr. GILLETT. I do not care particularly.

Mr. KITCHIN. I think we can get along a little faster if we have unanimous consent to read a section, and then offer amendments at the end of each section as read.

The CHAIRMAN. It has been the understanding of the Chair that all bills except appropriation bills are read by sections.

Mr. KITCHIN. All except revenue and appropriation bills.

Mr. STAFFORD. This is a revenue bill.

Mr. KITCHIN. Very well; let it be read by paragraphs.

The CHAIRMAN. Then the understanding is that amendments will be offered at the conclusion of the paragraphs. The gentleman from Massachusetts [Mr. GILLETT] offers an amendment, which the Clerk will report.

The Clerk read as follows:

On page 2, after the word "States," in line 2, strike out the remainder of the paragraph and insert in lieu thereof the following: "Provided, That of this sum \$3,063,945,460 shall be in lieu of that amount of the bonds authorized by sections 1 and 4 of the act approved April 24, 1917, \$225,000,000 shall be in lieu of that amount of the bonds authorized by section 39 of the act approved August 5, 1909, \$150,000,000 shall be in lieu of the bonds authorized by the joint resolution approved March 4, 1917, and \$100,000,000 shall be in lieu of the bonds authorized by section 400 of the act approved March 3, 1917."

Mr. GILLETT. Mr. Chairman, this does not introduce anything new nor make any change in the bill; it simply makes clear and specific a fact that appears elsewhere in the bill, that these appropriations here are made in the place of appropriations which were made in previous laws. It is provided in section 11 of the bill that these are substitutes, but for anyone not familiar with the subject to discover that fact they would have to look up with some difficulty the sections referred to. Therefore I think this amendment would clarify and improve the bill.

Mr. STAFFORD. Will the gentleman yield?

Mr. GILLETT. Yes.

Mr. STAFFORD. I notice from the reading of the amendment that it strikes out all of the paragraph after the word "States," in line 2.

Mr. GILLETT. Yes.

Mr. STAFFORD. I wish to ask the gentleman whether it makes any provision in the amendment so as to make clear that the authorization of the seven billion five hundred and thirty-eight million is in addition to the \$2,000,000,000 already issued?

Mr. GILLETT. That appears perfectly clear. This is offered in place of the other, and that would still appear.

Mr. STAFFORD. It does not appear in the amendment that it is in addition to the \$2,000,000,000 of the bonds already issued.

Mr. GILLETT. It does not explicitly so state; but that is the fact, and the statement would be superfluous.

Mr. STAFFORD. I should think that there ought to be no doubt in the phraseology of the bill that this is in addition to the \$2,000,000,000 heretofore authorized and heretofore subscribed for. You are striking out the language which makes clear this authorization.

Mr. KITCHIN. Mr. Chairman, I think the amendment of the gentleman from Massachusetts makes that perfectly clear when read in connection with section 11.

Mr. STAFFORD. I was not considering it in connection with section 11, but only as to the matter stricken out.

Mr. GILLETT. I want to say that I submitted this amendment to the committee.

Mr. KITCHIN. I have examined the amendment, and so have other members of the Ways and Means Committee, very carefully, and compared it with the act and the amounts stated in the amendment, and I find that they are correct. I think it is a wise suggestion and the committee has no objection to accepting the amendment.

The CHAIRMAN. The question is on the amendment.

The question was taken, and the amendment was agreed to.

Mr. GILLETT. Mr. Chairman, I have another amendment, which I offer.

The Clerk read as follows:

Amendment offered by Mr. GILLETT: Page 1, line 4, after the word "President," insert "and a committee of the Congress, consisting of two Members of the Senate and three Members of the House of Representatives, to be elected by the respective bodies to which they belong."

Mr. KITCHIN. Mr. Chairman, I make a point of order against that amendment.

Mr. GILLETT. Mr. Chairman, it seems to me that this is clearly germane. Congress has all power as to the issuing of bonds and can determine to whom and by whom the bonds shall be issued. We can do it ourselves; we need not allow the Secretary any power at all. The committee has in this bill left it to the Secretary of the Treasury, but Congress can certainly say we leave it to the Secretary of the Treasury subject to the approval of Congress, and that would clearly be germane because, as we have the whole power, we certainly can give him the whole power which we now have or we can give him part of the power. My proposition is that instead of giving the Secretary the whole power, as the bill now does, that it shall give him the power subject to the approval of a small committee of Congress. In other words, Congress yields a part of its power. I am sorry that the chairman of the committee has felt bound to make the point of order, because it seems to me very desirable that Congress should not give away all of its power in the issuing of such a stupendous sum as this. Congress could reserve a part of the power for itself; it should reserve at least approval for a committee of Congress. Therefore I can not see why it is not germane. It simply limits and diminishes the power which the bill as it now stands already gives, and instead of giving absolute power to the Secretary of the Treasury it gives him a part of the power.

Mr. GREEN of Iowa. Mr. Chairman, as the Chair is doubtless aware, when the first bond bill was introduced I proposed a somewhat similar amendment, which would probably be more vulnerable to a point of order than the amendment offered by the gentleman from Massachusetts. At that time, as the Chair is also aware, the ruling of the gentleman from Tennessee [Mr. GARRETT], who was then in the chair, was that the amendment was in order. I also recollect that he had no doubt about my amendment being in order. I think there are also some other holdings to the same effect. The amendment offered by the gentleman from Massachusetts simply limits the provisions of the bill to a slight degree and it ought to be held in order.

The CHAIRMAN. The Chair is ready to rule. The Chair is of opinion that the amendment is clearly subject to the point of order, and therefore so rules.

Mr. MOORE of Pennsylvania. Mr. Chairman, I offer the following amendment, which I send to the Clerk's desk and ask to have read.

The Clerk read as follows:

Amendment by Mr. MOORE of Pennsylvania: Page 2, line 9, after the word "purposes" insert the following:

"Provided, That to cooperate with the President and the Secretary of the Treasury in promoting efficiency and preventing waste and extravagance in the loan and expenditure of money authorized for the national security and defense a joint committee shall be appointed, composed of six Members of the Senate, including three Democrats and three Republicans, and seven Members of the House of Representatives, including four Democrats and three Republicans, to be known as the Joint Committee on War Expenditures. The membership of such committee for the Senate shall be designated by the President of the Senate and for the House of Representatives by the Speaker thereof. Such committee shall sit during the sessions or the recesses of Congress, shall confer and advise with the President of the United States and the Secretary of the Treasury on any or all matters relating to such expenditures, and shall make report to Congress from time to time in its own discretion or when requested to do so by either branch of Congress. Such committee shall have power to act by subcommittee or otherwise and to send for persons and papers, administer oaths, to summon and compel the attendance of witnesses, and to employ such clerical expert and stenographic assistance as shall be necessary."

Mr. KITCHIN. Mr. Chairman, I make the point of order that the amendment is not germane.

Mr. MOORE of Pennsylvania. Mr. Chairman, I should like to be heard briefly upon the point of order.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. MOORE of Pennsylvania. Mr. Chairman, with all due respect to the Chair and the ruling just made upon the amendment offered by the gentleman from Massachusetts [Mr. GILLETT], I submit this is a different proposition and that it is germane to the bill, as it was held to be germane upon a substantially similar amendment presented to the original bond bill. It will be recalled that the gentleman from Iowa [Mr. GREEN] proposed the amendment to the first bond bill, which, in general terms, provided for the appointment of a joint committee upon the conduct of the war. The language of this amendment is



slightly different from the language of the amendment offered by the gentleman from Iowa, and it is more specific in its application to the bill. The Chairman of the Committee of the Whole when the first bond bill was under consideration [Mr. GARRETT of Tennessee], ruled that the point of order made by the gentleman from North Carolina [Mr. KITCHIN] was not well taken. In that ruling he held unhesitatingly that the amendment of the gentleman from Iowa [Mr. GREEN] was in order and germane. The amendment I have offered proposes not to interfere with the President in the conduct of the war, nor even to consult him on that point. It provides for a congressional cooperation with the President and with the Secretary of the Treasury on the question of expenditures within the limits of this bill and this particular section and in accordance with their terms. It proposes to cooperate both in the matter of the expenditures and loans authorized in this bill.

Apart from the ruling of the gentleman from Tennessee [Mr. GARRETT] when Chairman of the Committee of the Whole during the consideration of the first bond bill is the case which is entirely familiar to the present occupant of the chair, that of the discussion over the half-and-half plan with respect to the District of Columbia appropriation bill. Mr. Speaker CLARK was in the chair at the time, when the gentleman from Alabama, Mr. UNDERWOOD, then the floor leader of the House, offered as an amendment to the District of Columbia appropriation bill an amendment having in view substantially the purpose that my amendment has in view, namely, the creation of a joint committee of the Senate and House to deal with the expenditures made under the appropriation bill. There was much argument upon that question. The gentleman from Georgia [Mr. CRISP] who is well known and highly appreciated by all as a parliamentarian in this body, argued against the amendment of the gentleman from Alabama upon the ground that it was not germane, but the occupant of the chair, Mr. Speaker CLARK, in a ruling which the present Chairman will readily recall, held the amendment offered by the gentleman from Alabama to be germane and to be in order. The ruling of Mr. Speaker CLARK upon that occasion, boiled down to its finest point, was as follows:

The question of whether or not it is new legislation would have applied originally, but it does not apply in this situation, and the Holman rule has nothing to do with the amendment. In the opinion of the Chair the motion of the gentleman from Alabama [Mr. UNDERWOOD] contains a proposition which is germane—

The same kind of a proposition that is before the committee now—

and, therefore, the point of order raised by the gentleman from Kentucky [Mr. JOHNSON] is overruled.

I submit, Mr. Chairman, that these precedents would justify the present occupant of the Chair in holding in order the amendment which has been presented to the House. It is in harmony with the language of the section just read. It has to do with the expenditures, both loans and appropriations, therein referred to and provided for. It goes no further than to put a limitation upon the action of the administrative officials such as Congress is warranted in making.

Mr. MADDEN. Mr. Chairman, I would like to discuss the point of order for a few moments. If the amendment offered by the gentleman from Pennsylvania [Mr. MOORE] sought to take over any of the executive power of the President or of the administrative branches of the Government, I think I would be willing to concede that the point of order is well taken, but the amendment of the gentleman from Pennsylvania seeks to do no such thing. It simply seeks to appoint a joint committee of the House and the Senate, which committee shall have the power to investigate the expenditure of the money which the Congress appropriates, and to that extent I do not believe it is beyond the power of Congress to adopt the amendment, and I do not believe the rules of the House are contravened by the amendment offered by the gentleman from Pennsylvania. If the Congress sought to direct the conduct of the war by the enactment of legislation, I believe that we would be taking away the power that is conferred upon the President by the Constitution, but we seek no such power. We are seeking by the introduction of this amendment only an opportunity to ascertain whether or not the moneys appropriated by the Congress are being expended as they should be expended, seeking an opportunity to investigate whether there is extravagance or corruption or any misconduct in any way in the expenditure of money paid by the people upon whose backs to-day we are levying a tax for the conduct of the war. I apprehend that every Member of the House is anxious to cooperate with the President in every way he can, and certainly no Member of the House wishes to embarrass the President in the successful conduct of the war; but, on the other hand, we want in every way to uphold the hands of the President, and to help, if possible, by the ascertainment in various

cases that may arise of such information as will aid the President in the discharge of the responsible duties reposed in him by virtue of the high office which he holds. The amendment offered on a previous occasion by the gentleman from Iowa [Mr. GREEN] reads as follows:

\* \* \* and insert "and a joint committee of the House and Senate on the conduct of the war, to be selected by the Congress in such manner as it shall hereafter by joint resolution direct."

In connection with the consideration of this amendment, against which the point of order was raised, the distinguished gentleman from Tennessee [Mr. GARRETT], than whom there is no better presiding officer in the House and there is no man in the House whose knowledge of parliamentary law is greater than his, made the following ruling:

The Chair is prepared to rule. Unless the gentleman from North Carolina or the gentleman from Illinois can convince the Chair to the contrary, it seems to the Chair that this is germane. It provides that the Secretary of the Treasury shall do certain things with the approval of the President and a joint committee of the House and Senate on the conduct of the war, etc. The Chair thinks it is germane, and the Chair overrules the point of order.

Now, it seems to me that the amendment offered by the gentleman from Pennsylvania [Mr. MOORE] is not nearly as broad as the amendment offered by the gentleman from Iowa. It is limited in its scope in that it does not cover the field intended to be covered by the amendment offered by the gentleman from Iowa, and if that amendment, which sought to appoint a committee to control the conduct of the war, was in order, there can be no question in my mind that this is in order. I concede myself that the House and the Senate ought not to have a committee on controlling the conduct of the war. It was argued that a similar committee appointed during the Civil War was a source of embarrassment to the President of the United States at that time, but that committee was not appointed for the purpose intended by this committee. That committee was appointed to conduct the war, to take out of the hands of the President the conduct of the war, to appoint generals, to organize an army, and this committee is not intended for any other purpose except to scrutinize the expenditures and the moneys appropriated by the Congress of the United States. Now, it seems to me that if there is any function which the Congress of the United States is entitled to perform that function is included within the scope of the amendment offered by the gentleman from Pennsylvania. We all want to aid the President; we want to be in a position to furnish him with information which he may not be able to obtain himself, for everybody will realize that men in the service of the Government expending the vast sums that we are appropriating, without any official responsibility, I may say, and who are not officially related to the Government, are in places to-day expending the money of the people. They have no responsibility to anybody, not even to the President, for they are under no official obligations. They are not compelled to report to the people, and we who are elected as the spokesmen of the American people, obligated by our oath of office, charged with the responsibility of levying the taxes upon the people, and with the further responsibility of appropriating the money of the people, ought by every sense of right and justice, on behalf of the people, to insist upon the right to scrutinize expenditures; and I submit, Mr. Chairman, that under all the circumstances the amendment offered by the gentleman from Pennsylvania should be held in order.

Mr. TOWNER. Mr. Chairman, I hope the Chair will not feel that he is bound by his ruling just made regarding the amendment offered by the gentleman from Massachusetts [Mr. GILLET] in this case. There is a clear line of distinction between the two propositions. I am well aware, Mr. Chairman, that the question raised is not altogether clear. The Chair well knows that precedents may be found upon both sides of the case. However, I think that the Chair will be perfectly justified in holding that the amendment offered by the gentleman from Pennsylvania is in order, and I suggest for the Chair's consideration a few observations upon that proposition. Three general rules, as the Chair is well aware, are given, and have been restated often in this class of cases. The first one is to the effect that one individual proposition may not be amended by another individual proposition, even though the two belong to the same class. I want to call the attention of the Chair to the fact that it is not proposed by this amendment to add a committee to the executive officers already named in the first section of this bill. It is not proposed to add a committee to the President and to the Secretary of the Treasury. The object and purpose of this amendment is entirely subsidiary to the provisions of the bill. It is not, therefore, a proposition of the same class. It is not to add another thing of the same class to those already stated.

I now call the Chair's attention to the second proposition: The second proposition is that a specific subject may not be



amended by a provision general in nature, even when of the class of the specific subject. It does not need any argument to show that this amendment is not of that character.

Now we come, Mr. Chairman, to the third; and I think that I am justified in claiming that this amendment does clearly fall under the third class. The third class stated generally is as follows: The subject matter may be amended by specific propositions of the same class. Let us see now what we have here. The bill contains provisions authorizing the Government to issue bonds. We have a proposition to authorize loans. This power is given to the President, or to the Secretary of the Treasury upon the approval of the President. Now, we have a proposition added by this amendment that there shall be created an auxiliary power, an auxiliary method assisting in the carrying out and in the exercise of the power that we provide by the terms of this bill. It is suggested by this amendment that this committee of the two Houses, a coordinate branch of the Government, shall aid and assist and cooperate with the President and Secretary of the Treasury, exercising solely the executive power of the Government. It is an auxiliary power that is created and is to be given to the executive branch of the Government. It is merely that the amendment provides that we add something that may be of assistance in the performance of the duties that will devolve upon the President and the Secretary of the Treasury. It seems to me, Mr. Chairman, that if such be the correct interpretation of the amendment it must be held to be germane. The very object and purpose of the bill is to authorize the issuance of bonds upon the ascertainment of certain conditions by those given power to issue the bonds. This amendment is intended to aid in the ascertainment of those conditions and thus render the duty assigned more easy of performance. That certainly is germane. I do not care to take up any further time of the Chair in arguing the proposition. If there is any force in what I have stated, then, of course, the Chair will ascertain the fact regarding it; but it seems to me that the Chair is justified, in the first place, in finding the line of distinction between this amendment and the amendment offered by the gentleman from Massachusetts, and I think that he will be clearly justified in finding that this is germane and is not cut out by the prohibited provisions excluded by decisions heretofore rendered. I think the Chairman, therefore, will be justified in finding that this amendment is germane.

Mr. CRISP. Mr. Chairman, if the Chair is ready to rule I do not care to be heard at all.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. CRISP. Then I will submit a few observations to the Chair in favor of the point of order.

Now, what is the bill before the House? The bill before the House is a bill to authorize an additional issue of bonds to meet expenditures for the national security and defense, for the purpose of assisting in the prosecution of the war, and to extend additional credit to foreign Governments. Now, what is the amendment proposed by the gentleman from Pennsylvania [Mr. MOORE]? I know of no way to more succinctly and better call the attention of the Chair to the amendment than the title placed over the amendment by its author, the gentleman from Pennsylvania, when he introduced it as a bill. He has made some changes in the verbiage or body of the bill, but not in any wise to change the effect of it or to change the title that he himself placed over it, which title should indicate what the amendment proposes.

Now, let me read the title. It says:

Authorizing the appointment of a joint committee to cooperate with the President in promoting efficiency and preventing waste and extravagance in the conduct of the war with the Imperial German Government.

Mr. MOORE of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. CRISP. I will.

Mr. MOORE of Pennsylvania. That has nothing whatever to do with the amendment. That was a bill introduced by me yesterday. So far as that bill is concerned, it is entirely foreign to the amendment now before the committee.

Mr. CRISP. I have just read the gentleman's amendment, and it starts out with the same language as the bill, namely, "to promote efficiency and aid the President in cooperating," and so forth.

Mr. MOORE of Pennsylvania. The gentleman certainly can not hold me or any other Member of the House to a bill introduced yesterday and apply it to an amendment offered anew at this time?

Mr. CRISP. Certainly, I would not attempt to hold the gentleman, and I disclaimed it by stating before I even read the title that the gentleman had made some changes and had changed some of the body of the bill, but not enough in anywise to affect or change what the amendment really was, and it is,

in my opinion, the same as the bill the title of which I just read.

Mr. MOORE of Pennsylvania. Since the gentleman has raised the point, would he have any objection to having the amendment read as it is at the Clerk's desk?

Mr. CRISP. I have no objection. The Chair is familiar with it.

Mr. MOORE of Pennsylvania. The gentleman from Illinois states that he would like to have it read. I would like to have it read in view of the interpretation placed upon it by the gentleman.

Mr. CRISP. I have no objection.

Mr. MOORE of Pennsylvania. I ask, Mr. Chairman, that the amendment be read in the time of the gentleman from Georgia.

The CHAIRMAN. Without objection, the amendment will be again read.

The amendment was again reported.

Mr. MOORE of Pennsylvania. Mr. Chairman, will the gentleman submit to a question?

Mr. CRISP. Of course I am perfectly willing to submit, but I let the gentleman from Pennsylvania make his arguments on the point of order without interruption.

Mr. MOORE of Pennsylvania. I will not interrupt the gentleman again.

Mr. CRISP. I apprehend that any member of this committee who has listened to the reading of the amendment of the gentleman from Pennsylvania will agree with my statement a moment ago that the amendment is in effect exactly what the gentleman proposed in the bill when he introduced it. Now, what does the amendment propose to do? It proposes to create legislation by providing for a joint congressional committee. It gives the committee power not only to supervise the expenditures in this bill but it gives it the power to supervise all expenditures of the Government, whether in this bill or otherwise provided, for the conduct of the war. It gives that committee power to sit during the recess of Congress. It gives that committee power to send for persons, summon witnesses, and it creates a new, distinct legislative body to cooperate with the President in the conduct of this war. Its authority and powers are not confined or limited to the bill before the House, which is a bill to raise revenue by the sale of bonds, and to loan to our allies a certain part of the money, but under the amendment the war committee would have general supervisory powers over all war expenditures.

I am not going to discuss the decision of the Speaker on the District of Columbia appropriation bill, for I know the present occupant of the Chair is very familiar with that decision, for he made the point of order at the time that decision was made. I submit, Mr. Chairman, citing the decision of the Chair just made a few moments ago, that if the amendment proposed by the gentleman from Massachusetts [Mr. GILLET] was out of order, and I contend it was, certainly this amendment is obliged to be out of order, because it goes further. It provides for the creation of a war committee and confers upon it the power to sit when Congress is not in session. It does not confine them to passing upon the expenditures in this bill, but authorizes them to look after expenditures made in any other acts of Congress for the conduct of the war.

The bill before the House is a revenue bill. Under clause 3, Rule XXI, an amendment to be in order on a revenue bill must be germane to the subject matter in the bill. The proposed amendment creates a war committee, which is not germane to the bill, and therefore the amendment is clearly out of order.

Mr. GARRETT of Tennessee. Mr. Chairman, in view of the fact that reference has been made to a ruling by myself when the former bond bill was before the House, I think I should say just a few words.

The amendment offered a few moments ago by the gentleman from Massachusetts [Mr. GILLET], and which was held not to be in order by the present occupant of the chair, was certainly more closely in line with the amendment that was offered by the gentleman from Iowa upon the occasion that has been referred to, when I made the ruling, than is the amendment that is now before the body. My recollection is that there was substantially no discussion of the point of order at the time it was made and at the time I made that ruling. I ruled without argument, and I wish to say in absolute candor to the Chair and to the body, that upon a reexamination of that question a few days later I came to the conclusion that I was wrong in that ruling. I will say this, Mr. Chairman, that of course it is very well known that so far as the policy that was proposed in the ruling was concerned I was intensely opposed to it. I regard the creation of a committee as useless, if not absurd, and I gave to the gentlemen who were then offering it the benefit of whatever doubt there was in my mind at the time. As I



say, it was decided without argument, and hurriedly, as I remember the House was pressing for action upon the bill. It was submitted to the House, and there was not even a division on it. There were not a dozen men in the whole House who then voted for the committee proposition. I have reexamined the question, some one having suggested to me that I probably reached an erroneous conclusion, and I think it was an erroneous ruling.

But, however that may be, certainly on the proposition that is before the Chair there is nothing to connect it with this bill in such a way as to render it germane. I am well aware of the fact, from the experience I have had in the chair, that the question of germaneness is always the most difficult point of order upon which the Chairmen or the Speakers have to pass.

But as to this proposition that is now before the Chair, Mr. Chairman, there is absolutely nothing to connect it with any single fundamental feature of the particular bill that is under consideration before the committee; not one thing.

The ruling to which the Chairman has made reference by the Speaker of the House upon the District bill was a ruling upon an appropriation bill, and it was confined to that appropriation bill to which the amendment was offered. Every power that it was thought to give to that committee had to be exercised under that bill itself. This bill is exclusively a bill providing for the issuance of bonds, and on this bill it is proposed to authorize a committee, not to do anything on earth connected with the bill itself. There was in the proposition offered by the gentleman from Iowa [Mr. GREEN] on the prior day and upon the proposition offered by the gentleman from Massachusetts [Mr. GILLETT] to-day, at least a shadow of connection between the purpose of the bill and of the committee that it was proposed to create. But there is not a shadow of connection between the fundamental thought of this bill and the amendment that is now offered by the gentleman from Pennsylvania [Mr. MOORE], now pending before the Chair, and I submit that it is clearly subject to a point of order. [Applause and cries of "Vote!"]

The CHAIRMAN. The Chair was advised yesterday that this question would come up to-day, and since that time he has been examining precedents bearing on the subject. The gentleman from Pennsylvania [Mr. MOORE] has cited one of the precedents considered. Just as the gentleman from Pennsylvania said, the ruling of Mr. Speaker CLARK upon the occasion of the amendment offered by the gentleman from Alabama [Mr. UNDERWOOD] providing for a special joint committee relative to the fiscal affairs and relations between the United States and the District of Columbia, is very much like the one that is under discussion now; and if that were the only case which the Chair thought was directly applicable to this the ruling of Mr. Speaker CLARK would be adhered to and the amendment ruled in order.

But the Chair finds that Mr. Speaker CLARK upon another occasion rendered an opinion upon a similar question. The Chair is of the opinion that the two rulings are, at least, somewhat at variance with each other. The ruling in the District of Columbia case just referred to was made by the Speaker without having looked up the subject in advance, just as the one made by the gentleman from Tennessee [Mr. GARRETT], to which he himself has referred, was made. But the ruling made by Mr. Speaker CLARK on May 8, 1913, in the first session of the Sixty-first Congress, was relative to a tariff commission; and the language creating that tariff commission in the proposed amendment, on close analysis, is not unlike that of the amendment that is now offered by the gentleman from Pennsylvania. As just said, the ruling made by Mr. Speaker CLARK on the point of order raised to the amendment offered by Mr. UNDERWOOD in the District appropriation bill was rendered without the consideration that he gave to the one that was made on May 8, 1913. In rendering that ruling the Speaker starts out by saying:

I have given to this question thorough consideration. By the courtesy of the gentleman from New York [Mr. PAYNE] and of the gentleman from Illinois [Mr. MANN] I was, at my own request, furnished last Monday with a copy of this motion to recommit. I have put in the larger part of the time since then in investigating all the rules, parliamentary practices, statements, precedents, arguments, and decisions on the subject.

That shows the great care that the Speaker gave to his ruling on that occasion. The ruling is rather lengthy; and, in order to support himself in the correctness of it, he has quoted from the ablest Speakers that the House of Representatives ever had.

So, while I said in the beginning that the two rulings are much upon the same questions, and that they are, at least, to some extent at variance, the Chair is going to give the pre-

ference in considering the two rulings to the one to which Mr. Speaker CLARK gave the most attention and study, and therefore sustains the point of order.

Mr. GILLETT. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Massachusetts moves to strike out the last word.

Mr. GILLETT. Mr. Chairman, the amendment which I offered was quite different from that offered by the gentleman from Pennsylvania [Mr. MOORE]. It stood on a different footing in parliamentary law, I think, entirely, as well as in its purpose, and was much less subject to a point of order. I heartily believe in the amendment offered by the gentleman from Pennsylvania, and I gave my reasons for it on the floor bill. But this bill now before us leaves to the Secretary of the Treasury, with the approval of the President, absolute power as to what nations he shall benefit with this \$4,000,000,000, and I think that Congress, which has the right to say that these \$4,000,000,000 of bonds shall be issued and given to some other nation—I think that Congress ought by itself, or, as I suggested, by a committee of five, maintain some voice in distributing the proceeds among the nations, and whether there is sufficient reason for giving away all or part of this \$4,000,000,000 as the exigencies arise.

Why, Mr. Chairman, there never was a time in the world when such an enormous amount of money was placed in the hands of one man. The Secretary of the Treasury is the biggest almoner that ever existed, and there will come to him nations from all over the world beseeching him for some of this vast sum of money which we have intrusted to him. The Count of Monte Cristo and Aladdin never had under their control such vast sums as we have intrusted to a single man. I have not the slightest purpose of embarrassing or thwarting this administration. I have endeavored and shall endeavor to give it my hearty support and to do what I can for the successful prosecution of the war. I have suppressed and I expect to suppress many criticisms which I feel, because I do not wish to give comfort to the enemy, and I do not wish to detract from the popularity and power of this administration. But, on the other hand, I do not see why it is not a proper exercise of the power of Congress that when Russia or England or Belgium or Italy come forward and ask for \$100,000,000 or \$500,000,000, or a billion, Congress, which has control of the purse, which is supposed to supervise expenditures, should not through a small committee obtain information and express its voice as to whether that money should be loaned at that time or not. That was all my amendment suggested. It was not suggested in any partisan spirit, because the committee would be Democratic in its majority. There was no partisanship about it, and I regret that the majority will not allow it to be considered. It was not any criticism of the administration; but I will frankly say, for one, that I do not like to give Mr. McAdoo this absolute power over these stupendous sums; and, without any criticism upon him, I think it is but right that Congress, by a small committee, should in each case say whether these sums should be loaned or not.

I am for the earnest prosecution of the war. I will give to the administration my constant support for that purpose, but I do not think we should lose sight of the proper functions of the different departments of government, or that Congress should abdicate and convey unrestricted power over the allotment of four billions of dollars to Mr. McAdoo.

Mr. BATHRICK. Will the gentleman yield?

Mr. GILLETT. Certainly.

Mr. BATHRICK. If the gentleman had been on such a committee, would he have consented to the loan of \$100,000,000 to Russia?

Mr. GILLETT. I do not know whether I would or not. It would depend on the facts that were set before me. That is exactly what I would like to know. We have not got those facts, and some representative committee of Congress ought to have those facts and ought to know.

Mr. BATHRICK. How long does the gentleman suppose it would have taken to have brought those facts before that committee?

Mr. GILLETT. No longer than to bring them before the Secretary of the Treasury.

Mr. BATHRICK. Does the gentleman propose that the committee should sit all the time?

Mr. GILLETT. I should think they would sit whenever a foreign Government had facts to present to show that they should be given some money. I do not suppose the Secretary of the Treasury gives all his time to the issuing of these bonds, does he?



Mr. BATHRICK. Does not the gentleman remember that many Members of this House have complained within a short time that there was too much power in the hands of five people?

Mr. GILLET. It is better that this House should have some power in the hands of its own committee than that it should all be in the hands of Mr. McAdoo. I think there is some complaint in Congress and out of Congress that there is so much power in the hands of one man. That is just my argument, that a committee of five of this House would help and strengthen any one executive officer. We can not expect that every time one of these foreign Governments comes forward and asks for \$500,000,000 Congress as a whole will pass upon it, although that would not be impossible, and we do not vote such sums for other purposes without investigating ourselves instead of leaving it all to the Secretary of the Treasury.

Mr. COX. I think there is a lot in the gentleman's position. I want to ask if the gentleman can tell me—he is a member of the Committee on Appropriations and possibly he can tell me—whether or not the English Government, for illustration, which has been loaning a lot of money to its allies, has some committee of the kind proposed in the gentleman's amendment?

Mr. GILLET. I understand they do.

Mr. COX. Who make up the personnel of that committee in England, if the gentleman knows?

Mr. TOWNER. If the gentleman from Massachusetts will allow me—

Mr. GILLET. Certainly.

Mr. TOWNER. The loans made by Great Britain are exclusively in the hands of what is called the war committee.

Mr. COX. Who compose the war committee?

Mr. TOWNER. That consists of five members of the English cabinet, who are also members of the British Parliament.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GREEN of Iowa. Mr. Chairman, much has been said with reference to the enormous amount appropriated by this bill, and I quite agree with what has been said to the effect that we ought to know more about what is going to be done with the money which is provided for, and I also agree with the purpose of the amendment offered by the gentleman from Pennsylvania [Mr. MOORE]. In the Committee on Ways and Means we have not had the information we desired, and we found no way to get it, and as I understand the situation now we are not likely to get it later. Notwithstanding that I expect to vote for the bill for this reason: In a general way it is easy to show that it is absolutely necessary that this bill be passed and the money provided. Some statesman of a bygone age—I have forgotten his name and it is immaterial now—once said that there were three things absolutely necessary for war—that the first was money, the second was more money, and the third was to have the most money. Those words were true 100 years ago, and they apply with redoubled force at this time. The road to success in modern war must be paved with money. The demands of modern war are insatiable, since so many nations have provided for a levy en masse and since such an enormous amount of matériel is required for the great armies that are mobilized.

The computations and comparisons that have been made with reference to the expenditures made by Great Britain and some of the other nations at war are hardly fair comparisons with the situation of our own Nation. According to a statement in the New York Times Annalist, the war expenditures of Great Britain up to the 1st of August were \$25,000,000,000, and it is further understood that the expenditures of Great Britain as the war proceeds from this time on will be about \$1,000,000,000 a month for that country alone. Under the terms of this bill we are expecting to loan to all of the allies \$500,000,000 a month. I think that is somewhere near the monthly expenditure of France, although it is a little difficult to separate the war expenditures from the other expenditures of those Governments. Now, it is said that under the various appropriations that are made and the bond issues provided for we are to expend nearly \$19,000,000,000, approaching the total expenditures of Great Britain in this war up to this time.

A comparison has also been made with a smaller amount which has been expended by Germany up to this date. Such comparisons are misleading. When this war opened Germany was prepared, as far as equipment was concerned, to the last button of every soldier. It did not have to provide a single uniform. Every uniform was prepared and marked with the number of the individual soldier to whom it belonged. The war office, as far as supplies were concerned, was provided for down to the last pin.

We had almost nothing, comparatively speaking. We were entirely without heavy artillery for use in the field, and for the ordinary field artillery we had almost nothing. We had but a few machine guns, notwithstanding Congress had been trying

to get the department to purchase guns for a long time, and the money had been turned back into the Treasury. The only reason we had any in addition to those obsolete and out of date was because of a specific demand made in Congress in which I participated.

And so it went. We did not have sufficient small arms, because the arsenal at Rock Island had been shut down entirely in that respect, and production had been limited to other arsenals.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. GREEN of Iowa. Mr. Chairman, I would like three minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GREEN of Iowa. We are now asked to provide for all of these matters and a thousand others that have become necessary; cantonments, uniforms, enormous supplies of ammunition which are made necessary by the conduct of modern war, which in a few hours uses up as much ammunition as was used in a year heretofore. The result is that our expenses have been mounting and will continue to mount every day as we proceed. They will undoubtedly grow greater, although there will be a time when the limit of supplies to be provided is reached.

The allies are straining every nerve possible to provide the sinews of war on their own behalf. They have come to us for the loans because it was discovered that they could not obtain them in their own markets or our market at any reasonable rate. Gentlemen will remember that when the last loan was made on the part of the allies it was a joint loan of both England and France, and one other loan was made which had to provide, in order to obtain the money, that it should be secured by the credit of the United States—that is, of railroads and other institutions which were regarded as ample security here for that purpose. Only in that way were they able to borrow on any reasonable terms whatever, and their resources are practically exhausted. We must furnish this money if we expect the war to go on with vigor, with the onward sweep that is necessary to its final success and speedy conclusion. [Applause.]

The Clerk, proceeding with the reading of the bill, read as follows:

The bonds herein authorized shall be in such form or forms and denomination or denominations and subject to such terms and conditions of issue, conversion, redemption, maturities, payment, and rate or rates of interest, not exceeding 4 per cent per annum, and time or times of payment of interest as the Secretary of the Treasury from time to time at or before the issue thereof may prescribe. The principal and interest thereof shall be payable in United States gold coin of the present standard of value.

Mr. SLOAN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 2, line 16, after the word "prescribe," insert a colon and add "Provided, That no bonds issued hereunder shall be for a period of more than 30 years."

Mr. SLOAN. Mr. Chairman, I call attention of the committee to the fact that these \$4,000,000,000 in bonds are to be issued by the Secretary of the Treasury, to whom is given power to say whether they shall be for 1, 10, 20, 30, 50, 100, or a thousand years for that matter. It seems to me that, under the circumstances, in the larger feature of these loans Congress should, in delegating its authority to the Secretary, delegate only those matters which are not of the highest importance. We should exercise our own authority in fixing the important features of the bond issue.

Now, it is true that bonds issued under the last loan, that of the act of April 24, 1917, were for a period of 30 years. The Secretary exercised sound discretion and good judgment in fixing that period, but, as I said in discussing this matter some time ago, this is a direction not to an individual who occupies the secretaryship but to whoever may occupy that position. Beyond question, as to the bonds issued for the prosecution of the war, this Congress should have a definite policy. It seems to me that the men of this House, the members of this committee, each one coming from the various parts of the Republic, should have opportunity and ability to form an opinion as to about what period bonds should be permitted to run; that is, not beyond a certain period. Thirty years is the period usually described as the span of a generation. It seems to me that if we issue these bonds at this time the present generation should pay these bonds, or the major portion of them, provided, of course, that no new calamity or new great war should occur. We should place the burden on ourselves, not having consulted the next generation in the declaration or conduct of this war. The present generation should assume the debt and responsibility of liquidating the indebtedness which we now authorize. It



seems to me that 30 years should be the limit. As far as I am concerned, I think it ought to be 10 years or 20 years, so that those of us who are here now and who will not have been called to participate in the great struggle, but in the midst of our activities and in the years of our perhaps greatest gainful production, would feel it incumbent on ourselves to pay all the indebtedness which we create. [Applause on the Republican side.]

Mr. HULL of Tennessee. Mr. Chairman, as I listened to the reading of the amendment offered by the gentleman from Nebraska it would provide in the statute that the life of the bonds authorized should not extend beyond 30 years. The proposition of the gentleman, I think, would come with more force if it applied to the bond authorization for domestic purposes instead of a bond issue for the purpose of foreign loans. The principal portion of the bonds authorized by this bill is to raise money to loan to foreign Governments in return for bonds which those Governments will give to the United States Government containing the same provisions as to maturity, rates of interest, and so forth. Those Governments are naturally expected to pay this money back.

Mr. LONGWORTH. Mr. Chairman, will the gentleman yield?

Mr. HULL of Tennessee. Yes.

Mr. LONGWORTH. I think the gentleman is under a misapprehension as to the section to which the amendment is proposed. This amendment is offered to section 1, which does not deal with the foreign loan.

Mr. GREEN of Iowa. As section 1 is now amended, I think it does.

Mr. HULL of Tennessee. I do not think I misunderstood the amendment. The point I was undertaking to make is this: We do not expect, as taxpayers in this country, to pay off the amount of money loaned to these Governments. We expect the interest that they pay to meet the interest which will accrue against this Government, and the principal which they will ultimately pay will wipe out the bonds which we propose to issue here, the proceeds of which we shall loan to the allied Governments. Suppose they are not able at the end of 30 years to liquidate this entire amount? They will be overloaded with their own domestic indebtedness apart from these foreign credits which they are securing, and I think a different rule at least should apply to our domestic loans made for domestic purposes from that which should be applied to the loan made to the allies. We are obliged to consider to some extent their condition and their wishes in regard to the terms of maturity. As I heard the gentleman's amendment, it would by statute provide that no bonds issued under authority of this act and no bonds into which these bonds might be converted could have their life extended beyond 30 years. That might tie the hands of our debtors, for it might be impossible for all these bonds to be met within 30 years.

Mr. SLOAN. Mr. Chairman, will the gentleman yield?

Mr. HULL of Tennessee. Yes.

Mr. SLOAN. Does the gentleman think that it would be advisable for us under any circumstances to assume a bonded relationship with any of these countries covering a period of more than 30 years? Does not the gentleman think that rather than have long periods of bonded relationship with these other countries the period should be shortened?

Mr. HULL of Tennessee. I have this view, as I was undertaking to say, that we do not consider this loan a debt of our own. We expect our debtors to wipe it out. If in view of their local indebtedness, with this foreign debt added to it, they should be unable to extinguish our portion within 30 years, I would rather be in a position to extend the loan beyond 30 years than to lose the debt.

Mr. SLOAN. By loaning money to these foreign nations we profess to be saving them, and instead of paying their private obligations or their domestic matters first, I think they should first pay off the debt by means of which their national existence is guaranteed; and are we asking any too much when we insist that within 30 years these obligations be paid? Thirty years is a long time for one nation to be the creditor of another, taking into consideration the various complications that may arise in the course of human and national events between nations.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. HULL of Tennessee. Mr. Chairman, I ask unanimous consent to proceed for two minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HULL of Tennessee. Mr. Chairman, I entirely agree with the gentleman's views as to the limited time within which the Government would like to have payment of these foreign loans made and also the time within which they, our debtors,

will doubtless expect and earnestly hope to make the payment, but if by any unforeseen circumstances it should become impossible for them to meet these payments I doubt the advisability of fixing an ironclad statute which would not permit one of these bonds or a bond into which one of them might be converted to be extended beyond 30 years.

Mr. SLOAN. Is it not entirely probable that in the event of the conditions transpiring which the gentleman has recited, the bonds would be refunded, and refunded under conditions then existing better than they could be extended now, for a much longer period?

Mr. HULL of Tennessee. I undertook to refer to that by saying that if the statute expressly provides that any bond authorized by this act shall not live longer than 30 years, it is not at all certain that a bond into which one of such bonds might be converted, could be extended beyond the same period.

Mr. CAMPBELL of Kansas. Mr. Chairman, the exact length of time these bonds shall run, in my judgment, should not be rigidly fixed at this time by Congress. A maximum limit, however, should be fixed by the Congress; and if I were fixing the limit, I would fix it at a shorter period than 30 years. There will come a time within the next few years when these bonds could all be refunded at a much lower rate of interest than it will be necessary for them to bear at this time. Therefore, I think anything that can be done here to-day or during the consideration of this bill that will make it necessary to refund them will probably relieve the country from paying a heavy rate of interest and enable the bonds to be refunded at a much lower rate than they will necessarily carry if the life of the bonds is fixed rigidly now for a long period.

Mr. SLOAN. Suppose the Secretary of the Treasury should, in the exercise of his discretion, fix the maximum at 40 or 50 years? How would it be possible for them to be refunded then?

Mr. CAMPBELL of Kansas. I say that I do not think we should rigidly fix the life of the bonds, but I do think that we should fix a time beyond which they should not run; and rather than make it 30 years I would make it 15 years if I were directing the trend that this legislation shall take, and I would fix a maximum of 15 years, with a view of refunding the bonds at a much lower rate of interest than it will be necessary for them to carry at this time.

Mr. KITCHIN. Mr. Chairman, the committee discussed at length, by themselves and with the Secretary of the Treasury, the maturity feature of these bonds. Some of the committee thought it ought to be limited to 30 years—some of them possibly to 50 years—but after considering the whole question and all the circumstances, most of the committee members were of the opinion that we had better not restrict it to any number of years. The Secretary seems to think that they would not run longer than 30 years—from 15 to 30 years, he said—but there are some circumstances which may hereafter arise in which it would be necessary to extend them beyond 30 years, and I trust the committee will not agree to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska.

The question was taken, and the Chairman announced the yeas seemed to have it.

Upon a division (demanded by Mr. SLOAN) there were—ayes 28, noes 73.

So the amendment was rejected.

Mr. MORGAN. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 2, line 13, after the word "exceeding" strike out the word "four" and insert in lieu thereof the words "three and a half."

Mr. MORGAN. Mr. Chairman, I present this motion simply in one way to express my individual views about what rate of interest these bonds should bear. In my opinion, which probably is not worth much as against the opinion of the members of the Committee on Ways and Means or the Secretary of the Treasury, the rate of interest on our new issue of bonds should not bear 4 per cent interest. The first offer of our bonds was made at 3½ per cent interest. The offer was made to the Nation: 4,000,000 of people responded and subscribed about \$3,000,000,000 for bonds at 3½ per cent. It was very gratifying not only to the Secretary of the Treasury but to all the people of the United States. Now, I do not know of any condition of things, financial or otherwise, that has made it necessary to increase the rate of interest upon our bonds from 3½ to 4 per cent. I have read pretty carefully the testimony of the Secretary of the Treasury and I find there is largely an absence of any facts to justify his recommendation that these bonds should be issued at 4 per cent. There is another proposition. I think the Secretary of the Treasury



stated that there would probably be a large amount of these bonds at 3½ per cent that never would be converted from 3½ per cent to 4 per cent bonds. I heard a very distinguished gentleman, sitting on my right, make the remark that the 3½ per cent bonds untaxed were better than the 4 per cent bonds, subject to the supertax and surtax, and that he would not exchange his. Now, then, if that be true, what are we to gain, what has the Nation to gain? We started at 3½ per cent. You now propose a 4 per cent bond. If the war continues there will probably be other issues of bonds and the next time it will be 4½ per cent, and so on, going up and up.

Mr. HULL of Tennessee. Will the gentleman yield?

Mr. MORGAN. I will be glad to do so.

Mr. HULL of Tennessee. Does the gentleman's proposal also cover the exemption from income taxes?

Mr. MORGAN. No, sir; I think not. I believe it is a better principle for this Nation to put its bonds out absolutely free of taxes. I believe this idea of putting on these supertaxes and surtaxes will make confusion, confusion in the minds of the public and in the minds of the investors and absolutely injure the sale of the bonds. The Secretary of the Treasury in his testimony all along stated that the bond proposition must be made plain to the people and that complications would confuse investors. This would injure the sale of bonds. But a 4 per cent bond only partially exempt from taxes will make it very difficult for the people to understand. Now, I want to read just a few words from Secretary McAdoo's statement in regard to this matter. He says:

It is not just my opinion I am expressing here—

That is, in regard to the recommendation for 4 per cent bonds—I have had the opportunity of hearing from bankers all over the country who have written me about this matter. Some of them do not think the basis should be changed. There are some localities where they feel very strongly that the 3 per cent bond, with all the present exemptions, should be retained.

Now he proposes it as a matter of mere conjecture, a matter of doubt, a matter of uncertainty, a matter of opinion, after we have made a record in selling the 3½ per cent bonds that has not been equaled in the history of any other nation in the world. Why should we go at once under mere conjecture to a 4 per cent bond?

Another thing, in my judgment, is that to increase the Government-bond interest rate to some extent reduces the value of industrial bonds of all kinds and of all State, county, and municipal bonds. The interest which the Government pays sets the standard of interest. If we pay 3½ per cent there is a certain rate above that at which the others can borrow. If we pay 4 per cent, others will go above that, and when we raise the standard of the Government a half per cent we raise the rate of interest for State, county, municipal, and corporation bonds. This will affect the value of the vast quantities of securities of the Nation. So, in my honest judgment, we are making a great mistake, and I believe we had better let it stay at 3½ per cent. Our people responded patriotically before and I believe they will buy these bonds, not so much because of the income as they will because they will feel it a patriotic duty to buy them. If we can not float them at 3½ per cent, in my judgment we can not float them at 4 per cent. I think it is better to offer them at 3½ per cent. If we then fail, there will then be time to go to 4 per cent or 4½ per cent.

Mr. GREEN of Iowa. Mr. Chairman, there are many reasons why the motion of the gentleman from Oklahoma should not prevail, in my opinion.

In fact, I would go even further and make these bonds subject entirely to Federal taxation. It will be noticed that of this total issue, \$4,000,000,000, or more than half of it, is to go to the allies. We are partially exempting these bonds from taxes for the benefit of the allies. So far as I am concerned, in my individual opinion, there is no reason why these bonds, issued for the benefit of the allies, should not be subject to Federal taxation, and I favored such a proposition in the committee. But, at all events, we ought not to entirely exempt them from taxation under any theory that is given with reference to exempting United States bonds from taxes. But if we are to continue with this process, Mr. Chairman, we are going to have an incalculable amount of property in this country which is not subject to taxation, either State or Federal, provided we continue on the plan suggested by the gentleman from Oklahoma [Mr. MORGAN]. There is now some \$8,000,000,000 in bonds issued by local authorities; that is, by States and cities, which are not subject to taxation. There is an enormous amount of property belonging to churches and colleges that is not subject to taxation. There are the bonds that have been issued before the prospect of this war, which are not subject to taxation; there

are the 3½ per cents which we have just issued. Before the war is over there will probably be more, until there will be, if we continue on this plan, such a great portion of the property of the United States not subject to taxation that an undue and onerous burden will be laid upon those who do not own such bonds.

I think we have not gone really far enough in this bill. We ought to make the rate such that these bonds could be subject to taxation in all forms provided by the Federal Government. Of course, they would be exempt from State and local taxation. But, at any rate, the amendment of the gentleman from Oklahoma [Mr. MORGAN] ought not to prevail.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma [Mr. MORGAN].

The question was taken, and the amendment was rejected.

Mr. SLOAN. Mr. Chairman, I desire to offer an amendment.

The CHAIRMAN. The gentleman from Nebraska offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. SLOAN: Page 2, line 12, after the word "issue," strike out the word "conversion."

Mr. SLOAN. Mr. Chairman, I desire to see this amended, and this is the first place in the bill, I think, providing for the conversion of other bonds.

Mr. KITCHIN. Mr. Chairman, if the gentleman will permit me, I suggest that by unanimous consent we pass it over, and when it comes to the convertible section he can offer his amendment.

Mr. SLOAN. My purpose was to strike out "convertible" wherever I found it.

The CHAIRMAN. Without objection, the amendment of the gentleman from Nebraska will be considered as pending, for further consideration.

There was no objection.

The Clerk read as follows:

SEC. 2. That for the purpose of more effectually providing for the national security and defense and prosecuting the war, the Secretary of the Treasury, with the approval of the President, is hereby authorized, on behalf of the United States, to establish credits with the United States for any foreign governments then engaged in war with the enemies of the United States; and, to the extent of the credits so established from time to time, the Secretary of the Treasury is hereby authorized to purchase, at par, from such foreign governments, respectively, their several obligations hereafter issued, bearing such rate or rates of interest, maturing at such date or dates, not later than the bonds of the United States then last issued under the authority of this act, and containing such terms and conditions as the Secretary of the Treasury may from time to time determine, or to make advances to or for the account of any such foreign governments and to receive such obligations at par for the amount of any such advances; but the rate or rates of interest borne by any such obligations shall not be less than the highest rate borne by any bonds of the United States which, at the time of the acquisition thereof, shall have been issued under authority of said act approved April 24, 1917, or of this act, and any such obligations shall contain such provisions as the Secretary of the Treasury may from time to time determine for the conversion of any such obligations into obligations bearing a higher rate of interest if bonds of the United States issued under authority of said act approved April 24, 1917, or of this act, shall be converted into other bonds of the United States bearing a higher rate of interest, but the rate of interest in such foreign obligations shall not be less than the highest rate of interest borne by such bonds of the United States; and the Secretary of the Treasury, with the approval of the President, is hereby authorized to enter into such arrangements from time to time with any such foreign governments as may be necessary or desirable for establishing such credits and for the payment of such obligations of foreign governments before maturity. For the purposes of this section there is appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$4,000,000,000, and in addition thereto the unexpended balance of the appropriations made by section 2 of said act approved April 24, 1917, or so much thereof as may be necessary: *Provided*, That the authority granted by this section to the Secretary of the Treasury to establish credits for foreign governments, as aforesaid, shall cease upon the termination of the war between the United States and the Imperial German Government.

Mr. MOORE of Pennsylvania. Mr. Chairman, I move to strike out the last word.

At this point it has been suggested an amendment might be offered looking to the appointment of a joint congressional committee; that would be in order. But the Chair has already ruled on this question twice, and perhaps it might be just as well to permit it to go over until a motion to recommit can be made. However, at this point I wish to comment briefly upon the system of making these foreign loans. The public has very little information as to the manner in which these tremendous, these colossal, amounts of money are disposed of. Up to date we have already made, or authorized to be made, loans amounting to \$3,000,000,000. This particular section of the bill now under consideration proposes additional loans to the amount of \$4,000,000,000, which will make available for the purpose of loans to foreign nations an aggregate of \$7,000,000,000. Now, that is an enormous charge upon the people of the United States. It equals \$70 per man, woman, and child. It is nearly \$2,000,000,000 more



than the actual money in circulation in the United States. That is what we have done, and what we are doing by this bill, for our allies. And this enormous sum of money, aggregating \$7,000,000,000, is by the terms of this bill at the exclusive disposal of the Secretary of the Treasury, with the approval of the President.

The relations between the Secretary of the Treasury and the President who appoints the Secretary of the Treasury, are necessarily very close. And it might be, in a free country, where autocracy and despotism do not prevail, that in a matter so vital to every individual of this free land of ours there should be some consultation in the matter of enormous loans to nations that may be strong or to nations that may be tottering, with the representatives of the people who have to pay the bill. It is mighty easy to create loans.

It is mighty hard to pay the interest upon those loans and to pay the principal when called, and the people of the country, through their representatives, ought to have something to say about it. It is not for me to predict that within the short period of six months the newspapers of this country, whose voice is unanimous now in support of the President of the United States, may be taking an entirely different tack if a great ground swell of public sentiment arises from every home in this land with respect to the boys dead in the trenches and with respect to the taxes and the mortgages that will have to be levied in order that this great war bill must be paid. From this side of the House have come two amendments this morning proposing that the representatives of the people shall have some voice in the disposition of these colossal sums of money. But the majority has decided, and in this case technically decided, that the one voice that shall determine the disposition of these funds shall be that of the Secretary of the Treasury, with the approval of the President, who appointed him to the office he occupies.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MOORE of Pennsylvania. Mr. Chairman, I ask unanimous consent for five minutes more.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent for five minutes more. Is there objection? [After a pause.] The Chair hears none.

Mr. MOORE of Pennsylvania. The testimony that appears in the printed hearings, that come somewhat belated to the main body of the Members of the House, does not go fully into details as to all these bond transactions, because, in the judgment of the Secretary of the Treasury, a most estimable man, it might be contrary to the public interests.

From my point of view, as I listened to the Secretary of the Treasury in his very able statement and explanation of the method of creating the loans and protecting this Nation with regard to their repayment, it seemed to me that nothing that he said would be dangerous to this country or inimical to the allies whom we are doing so much to assist and with whom we are cooperating in the field.

Mr. CAMPBELL of Kansas. Mr. Chairman, will the gentleman from Pennsylvania yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. CAMPBELL of Kansas. Does the gentleman intimate that the testimony as published differs in principle or in any particular matter from the testimony given before the committee?

Mr. MOORE of Pennsylvania. I would not intimate; I would state that the printed hearings which are now before the Members of the House do not contain the full statements made by the Secretary of the Treasury to the Committee on Ways and Means.

Mr. CAMPBELL of Kansas. Were the hearings public?

Mr. MOORE of Pennsylvania. The hearings were private. They were in executive session, for what we might call "reasons of State."

Mr. CAMPBELL of Kansas. Was the Secretary permitted to change his remarks and cut out portions that had been given to the committee and afterwards to be denied to the Members of the House?

Mr. MOORE of Pennsylvania. I do not wish the gentleman to draw me into a position of revealing the secrets of the committee, but I think the chairman and the members will pardon me when I say that the Secretary made certain reservations, and it was agreed by the committee that it would be fair for him to make those reservations if he thought that what he might reveal would be prejudicial to the interests of our allies or to ourselves.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. SABATH. I do not know whether I understood the gentleman correctly or not, but I did understand the gentleman to say that he is satisfied that this country is amply protected as to all of the loans that we are making to the allies.

Mr. MOORE of Pennsylvania. I did not say that. The Secretary made some reference to that matter, following up questions that were put to him; and I would like to say this—

Mr. SABATH. Is the gentleman from Pennsylvania satisfied now that every precaution is being taken on the part of the Secretary of the Treasury to protect the interests of our Nation as to these loans that we are going to make?

Mr. MOORE of Pennsylvania. I am not thoroughly satisfied that every dollar we lend may come back to the Treasury of the United States. I hope, as I believe the Secretary of the Treasury believes, that it will come back; but I am inclined to think that some of the money which goes out of the Treasury of the United States under the sole discretion conferred upon the Secretary of the Treasury may never return to the Secretary of the Treasury.

Mr. SABATH. But you give him the power to protect the Nation so that the money will be repaid to the country?

Mr. MOORE of Pennsylvania. It is a matter of judgment altogether. I said a little while ago that it was fairly easy to borrow money on bonds but it is extremely difficult to collect it in taxes, and I say now, with regard to these greater matters of financial concern—the lending of a total of \$7,000,000,000—it is far easier for the Secretary of the Treasury—this one or some successor of his—whose heart may be big and generous, to lend the money which this Congress appropriates to his sole disposal than it is for him to collect that money when the time of payment comes.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. STAFFORD. Mr. Chairman, I have an amendment which I wish to offer.

The CHAIRMAN. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 3, line 17, after the words "United States," where they first occur, insert "after an investigation and a report is first made by a board composed of the Secretary of the Treasury, the Secretary of State, the Secretary of the Interior, the Secretary of Commerce and the chairman of the Federal Reserve Board, to determine the advisability of extending and the amount of the credits herein provided for to foreign governments."

Mr. KITCHIN. Mr. Chairman, I make a point of order on that.

Mr. STAFFORD. I wish to have that appear after the words "United States" where they first appear in the line—page 3, line 17. I hope the gentleman from North Carolina will not make the point of order. It will oblige me to argue it if he insists.

Mr. KITCHIN. Yes. I make the point of order. It has already been ruled on twice to-day—the same principle.

Mr. STAFFORD. Mr. Chairman, if the Chair will hear me on the point of order. If the Chair is going to hold that this amendment is subject to a point of order, then we might just as well pass by the consideration of all the amendments to this bill and vote the bill without the crossing of a "t" or dotting of an "i," as reported by the committee.

It is true that this is a revenue bill, and that the special rule adopted by the Democratic caucus when they came into power, which limited the authority of the House of Representatives on revenue bills to consider amendments as are germane to the items of the bill applies. But that rule by which it was sought to throttle the activities and the action of the Republican side of the House of Representatives in amending revenue bills does not go to the extent of depriving it of the consideration of germane amendments to any items in the bill.

I am surprised that the gentleman from North Carolina, in charge of the bill, should assert his privilege of making the point of order in an effort to in some wise scatter the absolute authority that every one on both sides of the aisle concedes is vested in the Secretary of the Treasury in the disposition of this enormous and unheard of amount of \$7,000,000,000 to the allied governments in the war.

What does this amendment propose to do? The bill as introduced provides that upon the ipse dixit of the Secretary of the Treasury alone, subject, of course, to the approval of the President—but that is merely a rubber-stamp approval; the President can not go into the merits of the question of loans of such gigantic amounts to these foreign powers—he should have the authority to loan five additional billion dollars to the allied governments; \$4,000,000,000 provided in this bill and \$1,000,000,000, which was provided in the act of April 24 last, which has not been utilized.

I am surprised that the leader of the majority should attempt to assert a technical rule in order to prevent the centering of this authority not in any legislative committee of the House but in members of the Cabinet, of the President's own choosing, and one other man, namely, the chairman of the Federal Re-



serve Board, all of these men chosen as selected advisers of the President. Why do I designate the Secretary of State? Because it is his duty to inquire into the diplomatic affairs of the respective allied foreign Governments. Why do I designate the Secretary of the Treasury? Naturally, because he is the finance minister of the Government. Why do I select the Secretary of Commerce? Because he is acquainted with the commercial activities and conditions of the allied Governments. I designate the Secretary of the Interior because he can be an arbiter to pass upon these great questions, and I name the chairman of the Federal Reserve Board because he is the representative of the Government so far as banking affairs are concerned.

The amendment purposes having a preliminary investigation by this board as to the advisability, purposes, and need of these loans by the foreign Governments. As I understand the procedure followed by Great Britain in making loans to allied Governments, their war committee determines first all these preliminary questions before making the loan. Such great power should not be vested in any one official.

Now, coming directly to the point of order, I am quite well aware, and the Chair is well aware, that the general rule as to germaneness is embodied in paragraph 7 of Rule XIII. That is further limited by the rule I referred to a moment ago, namely, that found in paragraph 3 of Rule XXI, which reads as follows:

No amendment shall be in order to any bill affecting revenue which is not germane to the subject matter in the bill; nor shall any amendment to any item of such bill be in order which does not directly relate to the item to which the amendment is proposed.

I wish to address myself to the consideration of that rule, and to present to the Chair the fact that this amendment is within the inclusion of those two requirements of that later ruling which was incorporated for the first time in the rules in the Sixty-second Congress. Certainly it is germane to the subject matter of the bill. It relates directly to the issuance of these bonds, and this bill provides a certain method in which this loan may be made to foreign Governments. It provides that it shall be made by the Secretary of the Treasury, with the approval of the President. I merely add a further condition, that it shall be made by the Secretary of the Treasury, with the approval of the President upon an investigation and report by a board.

The Chairman will not deny, and no one will deny, that if I had offered an amendment saying that these loans shall be made to these foreign governments by the Secretary of the Treasury and the Secretary of State, or adding other Cabinet members, subject to the approval of the President, it would be in order; nor will the Chairman hold, if he follows the logic of his mind, that when this bill provides one method in which these loans may be made to these foreign governments—that is, by the Secretary of the Treasury with the approval of the President—that the House of Representatives can not add a further condition and say not only with the approval of the President but with the approval of a board. Great as is the power of the President—and we are investing him with autocratic powers of the highest kind, because we realize them to be necessary by reason of the exigencies of war—nevertheless, in view of the fact that the House in the bill that has been reported by the Committee on Ways and Means states that these bonds shall be issued by the Secretary of the Treasury, with the approval of the President, the House has the right to add another body if it sees fit to do so, and to provide that this action shall also be subject to the approval of a board, or upon investigation made by a board. This is no extraneous matter. It is certainly right in line with the very provisions of the bill as reported by the committee. They set forth that it shall be subject to the approval of one person. I provide that it shall be subject to the approval also, before action is taken, of a board consisting of five members, who, so far as four of them are concerned, are members of the official family of the President.

Is this amendment germane to any item in such bill? Why, can the Chair hold, with the bill reported by the committee, in the phraseology it is, that these bonds shall be issued by the Secretary of the Treasury with the approval of the President, that the House of Representatives, in its supreme judgment, has not the right to vote upon the question that it shall be subject to the approval not only of the President but of some one else? That is it in a nutshell.

Mr. MADDEN. You do not even ask that. You simply ask that they investigate.

Mr. STAFFORD. The prior rulings and decisions were on matters that did not affect revenue bills, save the decision made by the gentleman from Tennessee [Mr. GARRETT], to which he adverted here a little while ago. That decision is on all fours with the rule that I contend should be upheld in this in-

stance, that in the amendment of this bill we have the right to offer any germane amendment that is directly related to the item under consideration. It is akin, directly related, to the provisions as reported by the committee. This amendment merely amplifies the conditions as laid down by the committee itself in the way these bonds should be loaned to the foreign governments. For that reason I respectfully submit that the amendment is in order.

The CHAIRMAN. The Chair before ruling wishes to call attention to the language used in the amendment which is offered by the gentleman from Wisconsin. It will be noted that the language of the amendment, if adopted, will be inserted after the first use of the words "United States," in line 17 of page 3. Up to that point the Secretary of the Treasury can do certain things with the approval of the President. Then follows the language of the amendment, which says that—

A board composed of the Secretary of the Treasury, the Secretary of State, the Secretary of the Interior, the Secretary of Commerce, and the chairman of the Federal Reserve Board, shall determine the advisability of extending, and the amount of the credits, herein provided for to foreign governments.

That evidently provides for an advisory board, just as the amendment did in the ruling to which the Chair has heretofore referred, made by Mr. Speaker CLARK on May 8, 1913.

The Chair is very decidedly of the opinion that the ruling of Mr. Speaker CLARK upon that amendment is applicable to this one also, and therefore sustains the point of order.

Mr. MADDEN. I move to strike out the last word. It seems to me, Mr. Chairman, that if there is any disposition whatever on the part of the Government of the United States to obtain all the information that is accessible before making disposition of the vast sums of money that are being appropriated by the Congress, the opportunity is offered by the amendment presented by the gentleman from Wisconsin [Mr. STAFFORD]. There is no provision in the amendment proposed by the gentleman from Wisconsin to take any power away from the Secretary of the Treasury or to take away the power of the President of the United States to approve the action of the Secretary of the Treasury. The provisions of the amendment simply are that before action is taken by the Secretary of the Treasury he should be advised by a board selected and authorized to investigate the facts in the case. The board proposed by the amendment of the gentleman from Wisconsin is given no power whatever to approve or disapprove of the disposition of these funds. It is proposed that this board should be empowered to investigate, to ascertain the facts, and to disclose these facts to the men who are authorized in the bill to make disposition of the money. No power is taken away from the Secretary of the Treasury; there is no embarrassment to the President, but only an opportunity afforded to the Secretary of the Treasury to act with greater intelligence because of the greater information that might be placed at his disposal.

The record of the hearings before the Ways and Means Committee with respect to the loans made to the allies discloses the fact that the Secretary of the Treasury has no information upon which to base the loans made to the allies except such information as the allies choose to give. The Secretary says so himself. I but repeat what he said to the Committee on Ways and Means when I make this assertion. He says that the only information that we can have is the information which they give. Now, is it too much to ask on behalf of the American people that a board consisting of the members of the President's Cabinet shall be given the power to investigate, and if possible to ascertain the facts surrounding the statements made by the allied representatives?

It is said by the Secretary of the Treasury in his own testimony before the Committee on Ways and Means that the ambassador representing the country seeking the loan comes before him and gives him such facts as he may, and upon the facts disclosed by that statement of the ambassador the loans of this money are made.

What harm can there be in adopting a more comprehensive system of investigation on our own account. What is there that ought to prevent us from having an agency of our own to investigate? What objection can there be to it? Is there any good reason any man on earth can give why we should not obtain all the information that it is possible to obtain through some independent board before finally acting on the loan to be made to anybody? What is there sacred about the allies that we must loan them money regardless of the facts? Why do we hamstring ourselves, our Government, and our people by preventing the investigation that can be made by men of eminent standing and ability, men who have the confidence of the President of the United States, men appointed by the President of the United States to conduct the affairs of the Nation? Can there be any objection on the part of the Secre-



tary of the Treasury to his colleagues in the Cabinet being selected as advisers on so important a question as this? I apprehend not. [Applause on the Republican side.]

Mr. TOWNER. Mr. Chairman, I move to strike out the last word. I believe that the membership of this House must ultimately come to the conclusion that it is the duty of the House and of the Senate of the United States to see that a committee shall be appointed on the conduct of the war. More especially, Mr. Chairman, is it needed in regard to these foreign loans.

I realize that the majority take their position because of the attitude of the administration in opposition to the appointment of this committee. But, gentlemen, it is to your interest as much as it is to ours that we should have knowledge regarding these important things. You should understand as members of the majority that it is a tremendous responsibility which you take and which we ask you to share with us regarding the conduct of this war. It is not for partisan advantage. If we were seeking that we would say, "Take this responsibility and we will hold you to strict accountability to the people and the country for it."

Take this matter of loans: We are now giving to the Secretary of the Treasury alone the power to determine whether the billions of money shall be loaned to foreign Governments, a thing never before proposed in any other government of the world. It is the practice in Great Britain when foreign loans have been made that they shall be considered by the committee on the conduct of the war. That committee consists of five members of the cabinet who are also members of the House of Parliament. These members consider in each particular instance whether a loan shall be made to a particular foreign Government, and upon their report to Parliament each particular loan is approved and made.

And yet here we give the Secretary of the Treasury \$4,000,000,000 and say you may loan it to whom you please, to which of these nations you choose among those who are our allies, and upon such terms as you choose. It seems to me, gentlemen, that this ought not to be done. It is not because we distrust a Democratic Secretary of the Treasury; it is because we say that such power ought not to be left to the judgment of any one man on earth. We ought at least to have it considered by more than one man. We ought to have it at least considered by the representatives of the people who are to pay this immense sum of money.

Gentlemen should understand that we are here abdicating our power when we say that we give this immense sum of money to the Secretary of the Treasury to dispose of as he pleases. We are not determining whether a foreign loan should or should not be made; we are not determining whether this amount should or should not be given to a particular foreign government. We are leaving that to the determination of one man. We are giving away the power of the people by denying it to ourselves, and it is a tremendous responsibility to do that. But, Mr. Chairman, we are not required to do so in this instance and we should not do it in the interest of the people, in the interest of our allies, and in the interest of the cause that we hope to carry to a triumphant conclusion in this war. I hope the members of the majority will consider this and agree with us that it is necessary for the safety of the country. [Applause on the Republican side.]

Mr. CANNON. Mr. Chairman, I ask unanimous consent to proceed for five minutes.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent to proceed for five minutes beyond the five minutes allowed him under the rule. Is there objection?

There was no objection.

Mr. CANNON. Mr. Chairman, I believe there is no amendment pending, and therefore I ask leave to speak for a few minutes.

The CHAIRMAN. The gentleman from Illinois is recognized for 10 minutes.

Mr. CANNON. I hardly think, Mr. Chairman, I shall need all that time. Mr. Chairman and gentlemen of the committee, we have a government consisting of three branches—the legislative, the executive, and the judicial. Under our Constitution the President is Commander in Chief of the Army and the Navy. We are in a state of war. The expenditures this year, I apprehend, with our advances, getting ready for war under stress, will, conservatively, be not greatly within \$20,000,000,000. As a part of this campaign Congress has already authorized by former legislation the financing of our allies. They are our allies; their interests in this contest are our interests, and ours theirs. The President, as the Executive and Commander in Chief of the Army and Navy, outside of the advances to the allies, after we have appropriated the money, will expend or obligate, substantially expend, in raising an army and creating

a navy, securing proper arms and munitions of war, proper transportation, and so forth, fourteen or fifteen billions of dollars. The advances, I believe, are to amount to \$6,000,000,000. Where we have three coordinate branches of the Government, as we have, I am a believer in letting each branch of the Government exercise its functions. I believe in responsibility. Suppose some one is dishonest. Under that same Constitution there is the power of impeachment. A Cabinet officer may be impeached, any official may be impeached, but that is a remedy that we are not liable to resort to, so far as I can see or forecast. I am more anxious about the proper expenditure of the money which Congress has authorized and will authorize, so far as the fourteen or fifteen billions of dollars are concerned, than I am about the advances to our allies. If advances are made to the allies after authorization, there ought not to be any undue delay, and there ought not to be any undue delay in making any of these expenditures.

The President is the Executive. The Secretary of the Treasury and other members of the Cabinet are his assistants and are liable to removal at any hour or day. He is the responsible party, the coordinate branch of the Government, and as to these advances the Secretary of the Treasury is to make the advance upon the approval of the President. If I were discussing the amendment which is not before the House, I should be inclined to believe that the addition of the other members of the Cabinet might lead to undue delay, especially as they are subject to removal at any time. You may say, "Will nothing be wasted, will no mistake be made?" Ah, there will be much waste. Fourteen billions of dollars, plus six billions of advances—

Mr. MADDEN. Seven billions.

Mr. CANNON. Seven billions, the gentleman says—I am speaking in round terms—can not be expended under stress without waste. I do not want waste. You gentlemen on the other side ought to be quite as anxious about the expenditure being properly made as we upon this side, and we upon this side as anxious as you upon that side. I am a strong partisan Republican so far as the policies of that great party are concerned, but I know no partisanship in the making of appropriations in the preparation for this great contest. [Applause.] I shall not speak of a committee to supervise the Executive; it is not before us. Unless something so serious develops in this period of stress, in this contest, as to indicate that some official of the Government ought to be removed or impeached, I am inclined to think—and I am giving now my opinion, my feeling—that the best way is to let all the effort of the legislative branch of the Government go toward upholding the hand of the executive branch of the Government. Too many cooks, so far as the command of the armies is concerned and the expenditure of money, sometimes may spoil the broth. I feel that I ought to say what I have said in justice to myself. I have high respect for the gentlemen who do not agree with me upon this side of the House and upon the other side of the House. I am merely giving expression to my feelings as a Member of Congress, a Republican, and a citizen of the United States. [Applause.]

Mr. KITCHIN. Mr. Chairman, the gentleman from Illinois [Mr. CANNON], who has just taken his seat, has given such strong, such forceful, such clear reasons why the Executive should not be handicapped with a board or committee as has been suggested here this afternoon, that I shall say nothing with respect to that. I leave his argument as mine, for he has made it so much better than I possibly could.

I do want to say in further answering the question of the gentleman from Illinois [Mr. SABATH], propounded to the gentleman from Pennsylvania [Mr. MOORE], that with respect to the loans which this Government has already made to the allies, the Secretary of the Treasury in his testimony or statement before our committee impressed every single man upon the committee—Republican, Democratic, and Progressive—with the fact that every dollar of loan made to each of the allies was a most wise thing to do under the circumstances, and I venture the assertion that after they heard his statement, not a man upon the committee but would have made the loan exactly as the President and Secretary of the Treasury made it. I make this assertion. There is not a man in this House now who, if he had heard the testimony of the Secretary of the Treasury, would not, if he had the power, have made the exact loans to each of the allies that this Government has already done. Of course, all will appreciate that many things the Secretary of the Treasury said to us in executive session can not be repeated here. The gentleman from Pennsylvania [Mr. MOORE], I am sure, if his time had not expired, would have made practically the statement that I have made, and I am sure the Secretary of the Treasury impressed him with the fact that the loans that have been made were most wise under the circumstances.



Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. COOPER of Wisconsin. Is the gentleman free to state or does he feel that he is justified in stating publicly to the House how many million dollars were loaned to the provisional government under Kerensky through Ambassador Bakhmétéff?

Mr. KITCHIN. A credit was established with this Government for the Russian Government up to \$275,000,000.

Mr. COOPER of Wisconsin. Established how?

Mr. KITCHIN. They had a tentative agreement that they might allot that much to the Russian Government. The tentative agreement was such that if the circumstances warranted it we would loan the Russian Government up to \$275,000,000; but under the actual circumstances we afterwards issued them only \$87,500,000—

Mr. COOPER of Wisconsin. What did we take—bonds?

Mr. KITCHIN. We took a certificate, practically a demand note from the representatives of the Russian Government here as we did from the representatives of the British and French Governments when we made loans to them.

Mr. COOPER of Wisconsin. Then the security which was taken for this \$87,500,000 loaned to the Kerensky government consists of what is in legal effect a promissory note?

Mr. KITCHIN. Practically that.

Mr. COOPER of Wisconsin. Signed by whom?

Mr. KITCHIN. Signed by the representative of the Russian Government here.

Mr. COOPER of Wisconsin. The ambassador?

Mr. KITCHIN. The duly accredited representative of that Government, of course.

Mr. COOPER of Wisconsin. Was it signed by anybody except Ambassador Bakhmétéff?

Mr. KITCHIN. No. I think that is about all we ought to go into that matter.

Mr. MOORE of Pennsylvania. Has the gentleman concluded?

Mr. KITCHIN. I will conclude.

Mr. CLARK of Missouri. Mr. Chairman, before the gentleman from Pennsylvania proceeds I would like to ask the chairman a question or two simply for information. Now, in issuing these bonds part of them are to go to foreign countries and part are to be used here; is there any difference on the face of those bonds as to when those two classes of bonds are to become due?

Mr. KITCHIN. There is no difference in the bonds we issue. We appropriated in the act of April 24, \$3,000,000,000 to be loaned to the allies. We appropriate \$4,000,000,000 more by this bill for the same purpose.

Mr. CLARK of Missouri. How long do those bonds run?

Mr. KITCHIN. We just decided not to have any definite maturity, but the Secretary of the Treasury thought the bonds would be made to mature within 30 years—from 15 to 30 years.

Mr. CLARK of Missouri. What I would like to ask the chairman or anybody else who wants to answer it is this: Would it not be better to have this new issue of bonds made serial bonds and become due year by year?

Mr. KITCHIN. That is provided; yes, sir.

Mr. CLARK of Missouri. What about these foreign bonds?

Mr. KITCHIN. Those bonds will bear a rate of interest not less than the rate on the bonds of the United States and will have a maturity not longer than the maturity of the United States bonds.

Mr. CLARK of Missouri. Does the chairman think that we can pay off the foreign debt—if you want to call it that—the foreign bonds, as quickly as we can bonds used for domestic purposes?

Mr. KITCHIN. There will be no difference in bonds used for domestic purposes. Suppose we issue \$7,000,000,000 of bonds and we want the proceeds of \$3,000,000,000 for domestic purposes and \$4,000,000,000 for foreign purposes. The bonds will be the same for domestic as well as foreign purposes. When we take the bonds of one of the allied Governments to whom we make a loan, then that bond must correspond with the rate of interest and have a maturity not later than the maturity of those bonds that are issued by the United States Government. They can make the bond mature in a shorter time but not in a longer time.

Mr. CLARK of Missouri. When is the first time that these bonds can be paid off?

Mr. KITCHIN. That is left to the discretion of the Secretary of the Treasury and the President. He proposes, as I understand it, as he did with these \$2,000,000,000 bonds, to make them serial bonds running from 15 to 30 years. Possibly he may extend some to 40 years.

Mr. CLARK of Missouri. This thing happened about Civil War bonds in our public debt. After we got on our feet again

and began taking in more revenue than we needed, the bonds were not due fast enough, and the Secretary of the Treasury made the proposition that they would practically refund them with the issue of new bonds at a lower rate of interest. You took a bond in there and they would stamp it on the back, a 4 per cent bond bearing 2½ per cent interest. Now, it is just as certain as two and two make four that after this war is over—I do not mean the day after it is over, but within a comparatively short time—the United States can refund every dollar of its debt at 3 per cent and 2 per cent and 2½ per cent, and before this war began my judgment was that the entire debt of the United States Government could have been refunded at 1 per cent or 1½ per cent if you make the bonds run long enough.

Mr. GARNER. May I interrupt the gentleman now?

Mr. CLARK of Missouri. Certainly.

Mr. GARNER. If the Speaker will look over the hearings before the Ways and Means Committee, he will see where the Secretary of the Treasury stated that he intended to make those bonds in series where they would take up each year a certain amount and later on will have to have another bond issue, and we may have to have emergency certificates coming due at any time, some may be placed in emergency certificates, and in that way you will be able to refund a large part of this bonded indebtedness immediately after the war.

Now, may I make another suggestion with reference to the foreign Governments? In this certificate they give for this money, in the form of a promissory note, they agree to make the conditions of the bonds such as the Secretary of the Treasury may demand, which he can make a short or long period of time, as he may desire?

Mr. KITCHIN. The life of the foreign obligation can not be for a longer period than the period provided in the United States bond.

Mr. CLARK of Missouri. All of these questions I ask, or what I say, are simply to expedite the paying off of this war debt and the refunding of it at a lower rate of interest, because I know that Secretary Shaw took in a vast volume of them when he was Secretary of the Treasury and cut the interest down and made a great saving; and some of the other Secretaries did that, too.

Mr. MOORE of Pennsylvania. Mr. Chairman, I ask unanimous consent for five minutes.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent for five minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. MOORE of Pennsylvania. Mr. Chairman, I can not go quite so far as the gentleman from North Carolina did in the statement just made, in that every gentleman of the committee would have loaned the money as the Secretary of the Treasury did. I think there are some of the members of the committee who, while they sympathized with the Secretary in making the loans, would like to have had more information, or, perhaps, would have been glad to consult a little more before making the loans. The Secretary, however, wanted more discretion to loan money and to dispose of the securities which would come into his possession. I read from a portion of the testimony, on page 10 of the hearings, where we had this very question under discussion. The Secretary said:

Our experience thus far has convinced us that we ought not to be tied in that way.

This was with respect to the maturity of the bonds.

We ought to have a freer hand in determining not only the maturities of the loans that we make to them, but also in determining the substance and general character of the obligation that we shall take from them.

And that meant, I will say to the members of the committee, that it was intended the Secretary should have power and discretion not only to fix the maturity of the bonds given by these foreign Governments, but that he should also have the power and the discretion to sell them below par or at any price that he might see fit. He had his reasons for it.

I pause for a moment to have any member of the committee correct me if I made a misstatement as to that desire on the part of the Treasury Department. As no one responds, I repeat that it was the intent of the department to have this bill so framed that the Secretary could take over these obligations of the foreign countries, could hold them as long as he saw fit, and could dispose of them at any price he saw fit, which was a proposition that some of us certainly did not subscribe to.

Mr. HULL of Tennessee. Will the gentleman yield?

Mr. MOORE of Pennsylvania. I yield to the gentleman from Tennessee.

Mr. HULL of Tennessee. Since the gentleman has mentioned that matter, is it not but fair to the Secretary that he should give the reasons which the Secretary assigned for requesting



the authority and extent to which he would go in selling any of these bonds below par if given the authority?

Mr. MOORE of Pennsylvania. I would be very glad to have those reasons stated if any other gentleman cares to state them, but I still want to keep faith with the committee and not repeat here those things that were practically expunged from the record of the Ways and Means Committee. This much is printed:

Mr. MOORE. Are those foreign securities brought here by the foreign commissioners?

Secretary McADOO. These loans are made always with the representative of the country; that is, the representative authorized to act for the foreign Government, generally the ambassador or minister.

Mr. MOORE. Would you care to suggest the method by which the United States is protected in the actual control of these obligations?

Secretary McADOO. We take the obligations of those Governments in due form in each instance. They are the obligations of the Government concerned to pay back to us the amount of money advanced to it.

Mr. MOORE. They are preparatory to the delivery of their bonds?

Secretary McADOO. They are short-time or demand obligations, which will be converted into bonds.

Mr. MOORE. And they remain in the Treasury Department here at Washington?

Secretary McADOO. Yes, sir.

Now, there was more testimony, which does not appear here, bearing upon the manner in which these loans are arranged and as to the protection that the United States has with respect to the loans.

Mr. COOPER of Wisconsin. Will the gentleman permit an interruption?

Mr. MOORE of Pennsylvania. I will.

Mr. COOPER of Wisconsin. Does the gentleman think it proper to inform the Committee of the Whole as to the facts about the loan with Serbia? In the report of the committee there is a letter from Mr. Crosby, Assistant Secretary of the Treasury, in which it is shown that the loan made to Serbia was only \$1,000,000. Only \$1,000,000 would not do much at this time for war preparations. For what purpose was that used?

Mr. MOORE of Pennsylvania. The loan made was only \$1,000,000, but a credit of \$3,000,000 was given. That amount is pledged to Serbia, but up to date it has received but \$1,000,000.

Mr. COOPER of Wisconsin. That is a very small credit. Three million dollars in this time of vast expenditure would not do anything for war purposes.

Mr. MOORE of Pennsylvania. I would not, for reasons which I have stated, discuss Serbia any more than I would discuss any other nation coming to us for assistance, but I say that the case of Serbia illustrates the ease with which foreign nations walk into the Treasury Department through accredited representatives, certified by the State Department, and secure money out of the Treasury of the United States.

Mr. COOPER of Wisconsin. I will say to the gentleman that I do not ask, of course, and no Member of the House would want to ask, for any information which a member of the Committee on Ways and Means elicited at the hearings and considered ought to be kept inviolate, but \$3,000,000 of war credit, even if the money had been advanced, would not amount to very much for war purposes; and I think that any money loaned by this Government to those belligerent countries, or any one of them, must be for urgent war purposes.

Mr. MOORE of Pennsylvania. The statement of the Secretary of the Treasury, as to all these loans, is in substance that an accredited commissioner or ambassador walks into his office and states that his Government needs the money, and that upon those representations the loan is made. All that the Secretary of the Treasury has to justify the loan is—first, the loan law; second, the certificate of the Secretary of State that the commissioner or ambassador is duly accredited and empowered to make this request; and then the approval of the President to the making of the loan.

Mr. COOPER of Wisconsin. Mr. Chairman, does the gentleman mean to say all that is implied in that statement, that all that is necessary to secure all these millions from the Public Treasury was for the accredited representative of one of those Governments to go into the Treasury of the United States and say that his country needed the money, and he would get it?

Mr. MOORE of Pennsylvania. That is substantially the fact, as developed before the Committee on Ways and Means.

Mr. COOPER of Wisconsin. Permit me one other question right there. Was there not any evidence submitted to the Committee on Ways and Means more than is implied in the statement of the gentleman from Pennsylvania that these accredited representatives came in, for instance, the representative of Serbia, stating that Serbia needed \$3,000,000, got a balance, and received a million dollars in money?

Mr. MOORE of Pennsylvania. The formality gone through with is just as I stated it. The commissioner or the ambassador

is accredited, as it were, using diplomatic language, by the Secretary of State, and comes to the Secretary of the Treasury; the credentials being correct the Secretary of the Treasury, having the power and the sole power, except as to the approval of the President, makes the loan. He gives, first, the credit for the amount that the foreign Government desires and then they loan as much actual cash upon the credit as may be immediately available or as may be desired. And it might be added that it is expected that much of the money shall be spent in the United States.

Mr. COOPER of Wisconsin. What did the representative put up by way of security?

Mr. MOORE of Pennsylvania. There is no security except the obligation to give bonds of Serbia or any other like country—bonds of equal denomination with those of the United States upon which this money is raised.

Mr. COOPER of Wisconsin. Serbia procured the money without bonds?

Mr. FORDNEY. She gave a demand note for such time as might remain, or for a longer time.

Mr. MOORE of Pennsylvania. Amplifying the answer of the gentleman from Michigan [Mr. FORDNEY], I observe that we asked the Secretary of the Treasury to produce one of the demand notes for the inspection of the committee, and there was something in it referring to the law, so that the Secretary is throwing himself back of the law, properly, as I assume. But with further reference to the making of these loans and with regard to the sole discretion of the Secretary of the Treasury, I wish to say this, there was very little evidence before the committee as to the actual needs of the foreign nations borrowing this money. We do not know much about the particulars. The Secretary of the Treasury frankly stated that when these accredited representatives came along in due form he could not very well question their good faith, and that there was little he could do under the law except to make the loan.

Mr. COOPER of Wisconsin. May I ask the gentleman if in his judgment the law does not require that the bonds should be on hand before the money was paid over?

Mr. MOORE of Pennsylvania. I am not so sure about that. But the Secretary protects himself by these preliminary certificates, and the conditions are written therein. It is to be an exchange of bonds eventually, and we are to be on equal terms—what might, in plain American parlance, be called "fifty-fifty." They are to give us bonds for our bonds of like denominations. And there is another question affecting the Secretary of the Treasury, if I may be permitted to proceed another minute—

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. COOPER of Wisconsin. Mr. Chairman, I ask unanimous consent that the gentleman from Pennsylvania may have five minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. COOPER of Wisconsin. I want to ask just one more question.

Mr. MOORE of Pennsylvania. Very well.

Mr. COOPER of Wisconsin. Did not the law require, not the handing over of a demand note by the accredited representative but the transfer of bonds at the time the cash was paid out of the Treasury of the United States?

Mr. MOORE of Pennsylvania. I will repeat what I read a moment ago from the testimony of the Secretary of the Treasury as to these obligations taken at the time the credit is given. I read:

Mr. MOORE. They are preparatory to the delivery of their bonds?

Secretary McADOO. They are short-time or demand obligations, which will be converted into bonds.

Mr. MOORE. And they remain in the Treasury here at Washington?

Secretary McADOO. Yes, sir.

So that when the time comes for the exchange of these bonds these preliminary certificates or short-time demand obligations will be given back.

Now, I will not discuss Serbia, or England, or France, or Belgium, or Italy, or any other of these countries that have been receiving loans in this way, except to say that when a government changes its form, perhaps to the extent of a revolutionary change, the value of its securities may be affected; and in the case of a great country, one of the greatest on earth, if its government should be changed from a monarchical to a democratic form of government, it is just possible that there may be some danger in leaving to the sole discretion of the Secretary of the Treasury, whether he be a Republican or a Democrat, now or a hundred years hence, the right to say whether, by a conversion or a juggling of bonds on a fifty-fifty basis, bonds of an overthrown monarchical government which may be worthless,



or of a temporary revolutionary government, shall enter into the exchange.

Mr. GARNER. Mr. Chairman, will the gentleman yield?

Mr. MOORE of Pennsylvania. And it may be, in the case of one of these governments, or any of them, that the bonds that we take to-day, or the bonds that private citizens of the United States took and which may have depreciated, could be practically redeemed under a system conferring too much discretion as to loans and purchases, conversions and sales, upon any one authority.

Mr. ALEXANDER. I do not think the gentleman answered the question propounded to him by the gentleman from Wisconsin [Mr. COOPER]. If I understood his statement, it was to the effect that if a foreign ambassador should walk into the office of the Secretary of the Treasury and say, "My Government needs \$100,000,000," the Secretary of the Treasury would loan him that money upon his statement, without any evidence that the ambassador on behalf of his Government was authorized to negotiate the loan. Is that what the gentleman wants the House to understand?

Mr. MOORE of Pennsylvania. I want the House to understand—

Mr. ALEXANDER. Now, is that correct?

Mr. MOORE of Pennsylvania. Let me state it in my own way.

Mr. ALEXANDER. Well, I wish the gentleman would answer my question.

Mr. MOORE of Pennsylvania. I am not criticizing the Secretary of the Treasury for the manner in which these loans are made. I am speaking of the system as it was explained to the committee and of the discretion lodged with the Secretary.

Mr. ALEXANDER. Does the Secretary of the Treasury make these loans without any evidence that the ambassador has authority from his Government to ask the loan?

Mr. MOORE of Pennsylvania. I made no suggestion that the Secretary of the Treasury made loans without proper authority.

Mr. ALEXANDER. From the Government to whom the loan is made.

Mr. MOORE of Pennsylvania. I think I made it clear.

Mr. ALEXANDER. I wanted it made clear. I do not think you have made it clear so far.

Mr. MOORE of Pennsylvania. I have stated it three or four times. I have endeavored to make it clear that if the foreign commissioner, say Lord Northcliffe, for the British Government, or the ambassador, Mr. Bakhmétéff, for the Russian Government, should come to the Secretary of the Treasury properly accredited by his Government, then the Secretary of the Treasury would extend him the credit; and I will say this to the credit of the Secretary—

Mr. ALEXANDER. That is the first time the gentleman has said that.

Mr. MOORE of Pennsylvania. Oh, no; the gentleman from Missouri does me an injustice. I have said it several times.

Mr. GARNER. Will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MOORE of Pennsylvania. I am sorry. I would be glad to answer the gentleman's question.

Mr. GARNER. I know that the gentleman always appears to be willing to do so.

Mr. MOORE of Pennsylvania. If the gentleman will get me the time I will try to answer his question. I ask unanimous consent for one minute to answer the question of the gentleman from Texas.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent to proceed for one minute. Is there objection?

There was no objection.

Mr. GARNER. I am not particularly anxious to ask the gentleman this question, except he says he has no desire to criticize the method by which the Secretary of the Treasury has made these loans; and yet he does say, or convey the idea, that the Secretary of the Treasury has not made as extensive an investigation as to the necessities of these Governments as he ought to have made. Let me ask this question now: Did not the gentleman from Pennsylvania cross-examine the Secretary of the Treasury when he was before our committee?

Mr. MOORE of Pennsylvania. I did; and I wish all his answers were here.

Mr. GARNER. Did not the Secretary of the Treasury convince the gentleman from Pennsylvania that he had exhausted every resource at his command to ascertain the necessities of these foreign Governments?

Mr. MOORE of Pennsylvania. In answer to that, I will say that the Secretary of the Treasury made a very favorable im-

pression upon me as to his ability, as to his keenness, and as to his desire to do what was right.

Mr. GARNER. The question I ask the gentleman from Pennsylvania is this, If the Secretary of the Treasury did not say, and if he did not convince the gentleman from Pennsylvania, that he had used every effort possible to secure all the information possible as to the necessities of these various Governments?

Mr. MOORE of Pennsylvania. I will answer that by asking the gentleman this: Has the Secretary of the Treasury in any individual case stated the reasons given by any ambassador or commissioner as to why his Government desired a particular loan?

Mr. GARNER. I will say to the gentleman that the Secretary of the Treasury did convince me that he had made every effort possible to get all the information possible concerning the necessities of these Governments before he made these loans.

Mr. MOORE of Pennsylvania. But the gentleman knows that the Secretary of the Treasury did not tell in detail the reasons given by the ambassadors who applied for the loans.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

Mr. KITCHIN. Mr. Chairman, the gentleman from Pennsylvania no doubt intended and tried to be exactly accurate in his reply to the gentleman from Missouri [Mr. ALEXANDER]. He says that the Secretary of the Treasury stated before the committee that if the representative of a foreign Government, duly accredited, came to the Secretary of the Treasury and said that he needed so much money, the Secretary of the Treasury said he had nothing else to do than to make the loan if he was able to loan the money, because he had to take the word of the representative of the foreign Government as to the necessity for the loan. I want to read into the Record exactly what the Secretary of the Treasury did state before the committee, on page 13 of his testimony, concerning the making of these loans to the foreign Governments:

My judgment in making these loans to the different powers is determined very largely by what they represent as their actual necessities for the purchase of supplies and materials and other requirements in carrying on the war. If a foreign country says, "We should like to borrow, and we actually need, \$185,000,000 for the month of September," I get all the light I can upon the reasons for her necessities, and if I determine that I can make the loan I then submit it to the President, discuss it with him, and, if he approves, I notify them that I shall lend them \$185,000,000 for the month of September.

Why, he does everything any committee appointed by the Speaker or the Senate or anybody else could do. He ascertains all the facts with reference to the necessities of the Government. He gets all the light he can, by all the means he can, from the representatives of the Government. If we had a committee we would not send it to Europe or Great Britain to find out how they expended their money and what kind of supplies they were getting. We would have to get all the testimony upon which to base the action of the House from the representatives of that Government. We might cross-examine them all we pleased.

Mr. GILLETT. Will the gentleman yield?

Mr. KITCHIN. Certainly.

Mr. GILLETT. Did the Secretary of the Treasury impart to the Ways and Means Committee any of this light so that the committee could pass its judgment on the wisdom of the decision of the Secretary of the Treasury?

Mr. KITCHIN. No; we did not ask him that under the circumstances, because there were others present.

Mr. FORDNEY. Mr. Chairman and gentleman, the gentleman from North Carolina has stated practically what I set out to say. I want to do the Secretary of the Treasury justice. From his statement to the committee I say that he did everything that an honorable man was expected to do in making these loans to the allies. He stated that when our Secretary of State notified him that foreign representatives were properly commissioned to negotiate these loans with our Government, he took it for granted that their authority was correct and supreme. He, together with the President, talked the matter over with the representatives of the foreign Government as to the amount of money to be loaned to each one of the Governments out of the proceeds of the last sale of the liberty bonds, and he gave to the committee the sums loaned. I have not the figures present, but he gave to each member of the committee the amount of money he, with the President, had decided to loan to each one of the foreign Governments—England, France, Italy, and Russia.

Mr. MOORE of Pennsylvania. Members will find that on page 10 of the hearings.

Mr. FORDNEY. Certain amounts have been placed by our Government at the disposal of these various foreign Governments, to be paid over to them on demand. And until such time as he can determine with the representatives of these for-



eign Governments as to the length of time that bonds shall be given to our Government for these loans, he has taken from each one of the foreign Governments demand notes, the same to be surrendered on delivery by their Government to our Government of the bonds finally decided upon.

I remember that \$275,000,000 has been decided upon to be loaned to Russia. Russia had called for \$87,500,000 of that money, \$45,000,000 of which the Russian Government has agreed shall remain in the hands of our Government to meet the payment of an order for 10,000 railway cars and, I think, 500 locomotives placed with people of this country, to be manufactured and delivered in the future, and on the delivery of those cars, or upon the shipment of them to Russia, our Government is to pay over the amount of that contract to our manufacturers.

As to each and every one of the foreign Governments, the Secretary of the Treasury thoroughly convinced me he is proceeding in a proper manner.

Mr. COOPER of Wisconsin. Will the gentleman permit a question?

Mr. FORDNEY. I will.

Mr. COOPER of Wisconsin. I do not want to be very technical in this matter or indulge in anything in the way of harsh criticism of this administration, but if the gentleman will permit me, under the law of April 24, 1917, under which bonds were issued, it is provided in section 2:

The Secretary of the Treasury, with the approval of the President, is hereby authorized on behalf of the United States to purchase at par from such foreign Governments then engaged in war with the enemies of the United States their obligation hereafter issued, bearing the same rate of interest and containing in their essentials the same terms and conditions as those of the United States under the authority of this act.

Now then, that law is express in conferring upon the Secretary of the Treasury the power and the power only, is it not, to purchase at par obligations already issued of the belligerent Governments in their terms corresponding with the terms of the obligations of the Government of the United States. Is there any doubt about that?

Does the gentleman think that is a fair compliance with that mandatory statute providing for the purchase of obligations like our own obligations? Does he think it is right to take a demand note from an accredited agent?

Mr. FORDNEY. I do, for this reason: The Secretary of the Treasury as yet has not been able to determine the length of time and the exact date of payment for which he wishes those foreign bonds to be issued.

Mr. COOPER of Wisconsin. Had he any right to advance money until he did know?

Mr. FORDNEY. I ask the gentleman to wait for a minute. When that time is determined that those bonds shall run—and he stated he wanted those bonds to fall due just a little before our bonds fall due which we issue in this country to secure the money to loan to the allies—then he will call for their long-time bonds. It is utterly impossible for him to get those foreign bonds immediately upon making this loan, and to secure this Government until he does get the final bonds he takes a demand note which is good if anything given by these Governments is good. Therefore I think he has fully complied with the provisions of the law. I would think so if I were in his place.

Mr. COOPER of Wisconsin. Does the gentleman think that a promissory note signed by a representative of the Government meets the plain provisions of that law which requires the Secretary of the Treasury to take an obligation of the Government in terms practically identical with the terms of the bonds of the United States?

Mr. FORDNEY. If your promissory note or your short-time due bill is not good, your long-time bond is not good. [Applause.]

Mr. COOPER of Wisconsin. That is not the question.

Mr. FORDNEY. That is the question, and he is taking those short-time notes until he can determine the due date he wants fixed in the long-time bonds. They are convertible, to be sure.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. COOPER of Wisconsin. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended for 10 minutes.

Mr. FORDNEY. I only ask for two minutes.

Mr. COOPER of Wisconsin. Then make it five.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent that the time of the gentleman from Michigan be extended for five minutes. Is there objection?

There was no objection.

Mr. COOPER of Wisconsin. I think the gentleman's answer would have been apropos if he had said they gave this promissory note to us and that we were to deliver the money when they turned the bonds in and the promissory note was condition upon

that, but where the statute says that he can purchase only obligations of these belligerent countries bearing the same rate of interest and containing in their essentials the same terms and conditions as those of the United States issued under the authority of this act, it strikes me that in taking the promissory note he has not complied with the plain letter of the law.

Mr. FORDNEY. I think it a compliance with the law as far as it is possible for our Government to comply with the law.

Mr. COOPER of Wisconsin. It is not a question as to whether it is just as good; it is a question of whether he has complied with the law.

Mr. FORDNEY. I think it is just as good; and I would not want to be put into jail for it if I were the Secretary of the Treasury, and I would not want the gentleman to criticize me for it, either. Let me tell the gentleman one thing: We are in the war, as I stated yesterday, to win or we are going to lose—one of the two—and the more money we loan to England and France and their allies to properly equip their men and send them to the field to do the fighting necessary to win this war the less men we shall send from the United States, and I would rather give all the money in the United States Treasury or all of the money in the world than to see your boy go over there and die upon the battle fields of France. Of what value is money when measured that way?

Mr. COOPER of Wisconsin. Will the gentleman yield further?

Mr. FORDNEY. Yes; certainly.

Mr. COOPER of Wisconsin. We have paid \$1,000,000 to Serbia and have a promissory note of an agent of that country. We have not an obligation of the Government which corresponds with the mandates of the law.

Mr. FORDNEY. I think we have; and the gentleman and I differ.

Mr. KITCHIN. Mr. Chairman, if the gentleman from Michigan will permit, what is the difference between a promise to pay and a bond or obligation of the Government? The act does not say bonds and it does not say promissory notes.

Mr. COOPER of Wisconsin. It says they shall be obligations of like character and under the same terms and conditions as bonds of the United States.

Mr. KITCHIN. The act says, "bearing the same rate of interest and containing in their essentials the same terms and conditions" as the obligations of the United States. These so-called promissory notes to which the gentleman refers are obligations bearing the same rate of interest and convertible into bonds under this act, and the act also contains a provision that if the United States Government issues bonds hereafter at a higher rate of interest than the foreign obligations shall likewise be converted. Every essential condition is already in these so-called promissory notes. At page 11 of the testimony of the Secretary of the Treasury before the Ways and Means Committee you will find the following statements with reference to these obligations:

Mr. MOORE. Would you care to suggest the method by which the United States is protected by the actual control of these obligations?

Secretary McADOO. We take the obligations of those Governments in due form in each instance. They are the obligations of the Government concerned to pay back to us the amount of money advanced to it.

Mr. MOORE. They are preparatory to the delivery of their bonds? Secretary McADOO. They are short-time or demand obligations, which will be converted into bonds.

Mr. MOORE. And they remain in the Treasury Department here at Washington?

Secretary McADOO. Yes, sir. Mr. MOORE. It is not done through the Federal reserve banks?

Secretary McADOO. No, sir. In other words, for every dollar of loans that we have made to those Governments we have in the Treasury of the United States their obligations, duly executed by their representatives. In the case of each Government, the Secretary of the Treasury first receives assurances from our own State Department as to the authority of the foreign representative to execute the obligations on behalf of his Government.

Mr. MOORE. It is really a condition precedent to the final delivery. Secretary McADOO. While it is a demand loan at the moment, it will be converted into a long-time bond in due course.

Mr. FORDNEY. Let me say there is as much security back of these demand notes now in the possession of our Government as there ever will be for long-time bonds given by the same Government.

Mr. COOPER of Wisconsin. Did the law authorize you to accept a demand note or bonds?

Mr. FORDNEY. The gentleman says "No"; I say "Yes." The money has been given, and we have this promissory note, and what are you going to do about it? [Laughter.] I think the Secretary of the Treasury has done what any honorable man would have done. [Applause.]

The Clerk read as follows:

SEC. 4. That in connection with the issue of any series of bonds under the authority of section 1 of this act the Secretary of the Treasury may determine that the bonds of such series shall be convertible as provided in or pursuant to this section, and, in any such case, he may make



appropriate provision to that end in the bonds of such series (hereinafter called convertible bonds). In any case of the issue of a series of convertible bonds, if a subsequent series of bonds (not including United States certificates of indebtedness, war savings certificates, and other obligations maturing not more than five years from the issue of such obligations, respectively), bearing interest at a higher rate shall, under the authority of this or any other act, be issued by the United States before the termination of the war between the United States and the Imperial German Government (the date of such termination to be fixed by proclamation of the President of the United States), then the holders of such convertible bonds shall have the privilege, at the option of the several holders, at any time within such period, after the public offering of bonds of such subsequent series, and under such rules and regulations as the Secretary of the Treasury shall have prescribed, of converting their bonds, at par, into bonds bearing such higher rate of interest at such price not less than par as the Secretary of the Treasury shall have prescribed. The bonds to be issued upon such conversion shall be in such form or forms, and subject to such terms and conditions of redemption, conversion, and maturity of principal, and of interest, and otherwise, as the Secretary of the Treasury shall prescribe in or pursuant to the convertible bonds, and such bonds shall be issued from time to time if and when and to the extent that the privilege of conversion so conferred shall arise and shall be exercised.

Mr. SLOAN. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 6, line 23, strike out section 4.

Mr. SLOAN. Mr. Chairman, throughout this bill in various sections there are references to the conversion or the convertibility of the low-rate interest bonds into higher rate of interest bonds. Section 4 being entirely related to that subject, I move to strike it out, and I desire to give the reasons. This provision following the law of April 24 is that in the issuing of bonds for war purposes that those issued at a low rate of interest when it came time to issue another series of bonds and that series should bear a higher rate of interest, then automatically the bonds issued at the lower rate would become convertible into the later bonds issued at the higher rate. Now that was an entirely new proposition in American finance; it was an entirely new proposition in world finance. The first we heard about it was when it was sought to issue a set of bonds amounting to about \$150,000,000 in the latter part of the last session of the last Congress. The reason given by the Secretary of the Treasury at that time and by those favoring the proposition was that it was the system which Great Britain and Canada had found absolutely necessary in order to float their bonds and finance their war. That was defeated by the Committee on Ways and Means and that defeat was concurred in by the House, it having been passed with the convertibility feature in the Senate. Now, as I stated, the reason given for it was that it was found necessary by Great Britain and Canada to adopt it. The facts were at that time and the history of the transaction now is that at that time Great Britain had itself rejected the conversion system. For the first period of the war this system was not adopted by Great Britain but it was later adopted by that country, and issues of bonds at a lower rate were made convertible into those bearing a higher rate of interest.

But whatever may have been their experience, the last issue of bonds by Great Britain—which were issued, I think, in February, 1917; in fact, a little before this first discussion came up—the bond-issuing authorities abandoned the conversion system and the last issue of bonds were not sold with the convertible feature therein. I am informed that Canada has done the same thing. I am not certain about that, but inquiring from those better informed than myself I am convinced of that fact.

Now, the importance of this will be readily understood, especially when Members of this House recall that but an hour or two ago an amendment was voted down which sought reasonably to limit the time for which any bond should run. I submitted it for 30 years when as a matter of fact under the bill they may be issued for 50 years or 100 years, but in any event the longer the limit possible left in the hands of the Secretary of the Treasury, whoever he may be, the greater may be the loss.

Now, while I move to strike out this section, I in no wise would interfere with the convertible feature of the \$2,000,000,000 of bonds that have been issued and sold, because the law of April 24 takes care of those bonds and they are convertible. Assuming that this bill should pass with section 4 stricken out, there would be still in force a provision of the act of April 24, which provides the two billion of bonds already sold to the American people could be converted at the option of the holders into these 4 per cent bonds.

Now, then, we will just see what the effect of that convertibility has been. Assuming that 30 years will be the period, and that is the lowest probably thought about, it makes a difference on those \$2,000,000,000 of one-half per cent a year. For the 30 years which the bonds were to run it would make a difference of 15 per cent of the principal. Fifteen per cent of \$2,000,000,000 is \$300,000,000. That convertibility, which added perhaps nothing,

or not very much, to induce the sales, has saddled upon the American people for the next 30 years on the first issue of bonds an additional tax burden of \$300,000,000.

Mr. MADDEN. Will the gentleman yield for a question?

Mr. SLOAN. I will.

Mr. MADDEN. Does not the gentleman in making that statement forget that the bonds which we propose to issue under the authority of this bill are to carry surtaxes and excess-profits taxes and war taxes, while the other bonds will not carry any taxes except the estate taxes?

Mr. SLOAN. I will say to the gentleman I did not forget that, and I am pleased to have him suggest it, in order that I may explain it. It is not within reason that this war will last more than a year or two years, or say, three. It is within reason to presume that when this war closes these surtaxes, excess-profits taxes, and war taxes will all be repealed, so that there will not be even one-tenth of the bond period within which the exception to which the gentleman refers to may obtain. Now, let us see what effect it would have on the \$7,000,000,000. We are talking about issuing these bonds at 4 per cent instead of 3½ per cent. Why are we doing so? The Secretary could not give us any tangible reason, only his judgment, which was based on general observation. I suppose his judgment is good, but the only tangible proof before the American people is the sale of these 3½ per cent bonds. Where were they sold?

Just a few of them have been sold in the last few weeks in New York. And sold by whom to whom? Nobody knows here, at least. But they were depressed below the 100 per cent. Why? We have been expecting a new bond issue in this country. Bondholder A of this country could very easily sell a little block of bonds to B, and B sell a little block of bonds at 99½ per cent, and that being the only market established, the Secretary of the Treasury would be compelled to say, "I can not issue a new or other set of bonds at 3½ per cent. I must increase it to 4 per cent." Which is precisely what he proposes to do. More than that, every bondholder in the United States would be interested at this time. We are all patriotic, it is true, but we are all somewhat given to gain and desirous of increasing our stores wherever we can and would desire to obtain a higher rate of interest on our holdings. How could they get it? By allowing the quotations to go out to the country of under 100 per cent. And here and now before their bonds are issued to them or come into their hands, they can come up and say, and have a right to say, and all the purchasers of the bonds, and perhaps every man on this floor will, as he has a right to, go up and say, "I want new 4 per cent bonds."

The CHAIRMAN. The time of the gentleman has expired.

Mr. SLOAN. Mr. Chairman, I ask unanimous consent for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. COOPER of Wisconsin. Will the gentleman permit one question?

Mr. SLOAN. I shall be pleased to do so.

Mr. COOPER of Wisconsin. Speaking of that depreciation of 3½ per cent bonds on the New York Stock Exchange, was there anything in the financial condition of this Republic, anything in the outlook anywhere, which would account for that depreciation of those bonds of a country so financially strong as this, except deliberate bond manipulation for bond purposes?

Mr. SLOAN. I should not like to say that that was the only reason, but it is sufficient reason for me to urge that we do not allow the American people to become its victims. [Applause.]

Now, what effect would it have on the \$7,000,000,000? If the \$7,000,000,000 should be issued at 4 per cent and we include the \$2,000,000,000 being converted, 10 months from now, at the end of the fiscal year for which we are providing in this bill—and it is not pretended we are providing for any later period—another bond issue will be necessary. The same power, the same conditions, the same manipulation, followed by the same necessary judgment of the Secretary of the Treasury, would say that the new bonds probably would have to bear 4½ per cent before they would sell. What would be the effect? The new bonds would bear 4½ per cent, and under this the old bonds, \$7,000,000,000 of them, would be entitled to bear 4½ per cent. What would that amount to? Assuming that they would be given a period of life of 30 years, it would amount to, for \$7,000,000,000, one-half per cent per annum for 30 years on \$7,000,000,000. That one-half per cent for 30 years on \$7,000,000,000 of bonds would amount to an additional burden on the American people of \$1,050,000,000 in interest.

Now, then, we adopted this system—new and strange—for the sole reason that we were profiting by the mistakes of Great Britain and Canada. When this bond issue was up that finally ripened in the act of April 24 there was a statement made that



it was necessary for this to be done. The statement was made by several eminent financial authorities among the Members of this body. I then challenged the correctness of the statement that it was Great Britain's policy and Canada's policy. After a fine lifting of the superior eyebrows, it was indicated that I was almost in contempt of court and guilty of *lèse majesté* for questioning it. Just recently, in the Committee on Ways and Means, one of the eminent members of that committee, Judge HULL, who, perhaps, makes as close if not a closer investigation of these particular facts than any other Member of the House, called it to the attention of the committee, citing the authority upon which I based in part my remarks.

Now, it seems to me, Mr. Chairman, that if we follow Great Britain and Canada off in their error it would be perfectly safe for us to correct our course. It seems to me that, by starting out and saying that this Secretary of the Treasury or his successor shall have the right to issue bonds at 10, 20, 30, 50, or 100 years with this convertibility feature in it during the life of the probable bonds we will have to issue, we will be placing an unnecessary burden of from one to two billion dollars in interest charges upon the American people. I think we ought to strike out this section. It will not deprive those purchasers of the first \$2,000,000,000 of bonds of the right of conversion which it secured them.

We do not repeal the act of April 24, 1917. We have made a contract, so far as the \$2,000,000,000 of bonds are concerned. We ought to, and would be, compelled to live up to it. But, under the circumstances, now I think we should abandon the convertibility theory of these bonds.

The CHAIRMAN. The time of the gentleman from Nebraska has expired.

Mr. KITCHIN. Mr. Chairman, I trust the gentleman's amendment will not prevail. I am confident, and I believe the business men of this House—I am not a business man myself, however—will agree with me and with the Secretary of the Treasury and many of the experts of the Treasury Department and others outside of the Treasury Department who assisted in the sale of the last bonds in the opinion that if we do not put the convertibility feature into the bonds we shall never be able to sell the \$7,000,000,000, or even \$3,000,000,000, of the bonds. The conversion theory is that the man who now comes forward willingly and readily at the first demand of the Government and puts his money into these bonds, to help the Government out, ought to get the same rate of interest that is paid by the Government to the financial slacker who will hold back until the Government in its distress is forced to issue bonds bearing a higher rate of interest and then buys at such higher rate. Now, the proposition in the bill is to give the man who puts his money in at first at the lower rate the right to convert his bond into a bond bearing as high a rate as the bond issued to the man who comes in last. The gentleman's amendment denies him that right.

Mr. SLOAN. Mr. Chairman, will the gentleman permit a question?

Mr. KITCHIN. Yes.

Mr. SLOAN. Is it not a fact that Great Britain in its last issue of \$5,000,000,000 bonds successfully sold that issue without the convertibility feature in it?

Mr. KITCHIN. But she raised the rate of interest to 5½ or 5 per cent. We could sell these bonds at 5½ or 5 per cent easily without the convertibility feature. But the Government should not give such a high rate. We can not sell this 4 per cent bond, subject to the estate and inheritance tax and subject to the supertaxes and excess-profits or war-profits taxes without this conversion privilege.

I believe it is right to pay me the higher rate if I now put my money into bonds at 4 per cent in order to help the Government out in its war struggle if the Government hereafter issues bonds at 5 per cent to Tom, Dick, and Harry, who are unwilling now to put up their money to help it but hold back waiting for the Government to be forced to issue bonds at 5 per cent. It seems only just that I should have my 4 per cent bond converted into the 5 per cent bond which the financial slackers get. If we do not put this conversion privilege into the act, thousands who are able to take these bonds would hold back in the hope that the Government would get into more stringent financial circumstances and would be forced to pay a higher rate of interest on bonds hereafter issued. With the conversion privilege in it, everyone would know that whatever may be the rate in the bond purchased he would have the right of converting it into a bond of the higher rate if the Government should thereafter issue bonds of a higher rate, and there would be no incentive to hold back.

I realize that there is much force in the argument of the gentleman and much reason to sustain his position, but he is basing his argument and his position upon the theory that the Secre-

tary of the Treasury has the right hereafter to make the rate of interest higher than that carried in this bill. The Secretary is given no such authority.

There can be no rate higher than 4 per cent, the rate carried in this bill, unless Congress hereafter, when it authorizes other issues of bonds, shall authorize a higher rate. The right and opportunity will be given then to defeat any effort to make a higher rate. It is not in the discretion or power of the Secretary of the Treasury, or of the President, or anyone to allow on any bond authorized in this bill a higher rate than 4 per cent. It is in the discretion only of Congress; and before any of these bonds can be converted into bonds bearing a higher rate than 4 per cent, as carried by this bill, Congress must pass an act making the rate higher than 4 per cent. I myself can not conceive how this great Government, with its untold billions of wealth and resources, can ever be compelled to pay a higher rate than 4 per cent. I can not conceive how a patriotic people like the American people will ever force its Government to sell its bonds at a higher rate than 4 per cent; and I believe that if this war lasts two years or three years or five years or more it will never be necessary for the United States to issue bonds at a rate higher than 4 per cent. Why? The millions of people of small, modest incomes, not large enough to pay supertaxes, will consider 4 per cent, free of all State, county, and municipal taxes, and free of all other taxes except estate taxes, and supertaxes and excess profits, which they will not have to pay because their incomes are not large enough, a splendid investment. They will get a larger net return for such investment than they do in loaning out their money on other security, but subject to all taxes of all kinds—Federal, State, county, and city. Take my State, for instance, where the 6 per cent interest rate prevails. A person living in any city or town in my State who loans out his money at 6 per cent only gets a net return of 3½ or 3¼ per cent. He can put his money in a Government bond, now or hereafter at 4 per cent, and receive larger net return than he can by loaning it out at 6 per cent.

They say the wealthy man will not take these 4 per cent bonds if they be made subject to the estate tax, supertax, or excess-profits tax. If I were Secretary of the Treasury, I would know how to make him take his share of bonds.

I would go to the big, rich man who refuses to put his money into 4 per cent bonds when the Government needs the money to defend its life in this war, and I would say to him, "We can raise the money to finance this war, to continue this struggle to ultimate triumph, in only two ways, one by taxation and the other by the issuance of bonds. If you invest your money in these bonds, we will give you an opportunity to get back all you put in with interest at 4 per cent; but if you refuse to help your Government out in this way and force it to raise the money by taxation, we will see to it that it forces you to pay these taxes out of your incomes and profits, and you will get nothing in return." [Applause.] If we take that position, no bond will ever be issued at more than 4 per cent, and the rates which the gentleman anticipates will never be authorized. I do not believe the Secretary of the Treasury or Congress will ever be forced to that position, because I am confident that there are patriotic men among the wealthy who will readily respond to the needs of the Government.

But remember, if the rate on the bonds issued under this bill is made more than 4 per cent, Congress will have to do it. If such an attempt shall ever be made here, we and you will have an opportunity to oppose it then. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska.

The question was taken; and on a division (demanded by Mr. SLOAN) there were—ayes 11 and noes 70.

So the amendment was rejected.

The Clerk, proceeding with the reading of the bill, read as follows:

SEC. 6. That in addition to the bonds authorized by section 1 of this act and the certificates of indebtedness authorized by section 5 of this act, the Secretary of the Treasury is authorized to borrow from time to time, on the credit of the United States, for the purposes of this act and to meet public expenditures authorized by law, such sum or sums as in his judgment may be necessary, and to issue therefor, at such price or prices and upon such terms and conditions as he may determine, war-savings certificates of the United States on which interest to maturity may be discounted in advance at such rate or rates and computed in such manner as he may prescribe. Such war-savings certificates shall be in such form or forms and subject to such terms and conditions, and may have such provisions for payment thereof before maturity, as the Secretary of the Treasury may prescribe. Each war-saving certificate so issued shall be payable at such time, not exceeding five years from the date of its issue, and may be redeemable before maturity, upon such terms and conditions as the Secretary of the Treasury may prescribe. The sum of such war-savings certificates outstanding shall not at any one time exceed in the aggregate \$2,000,000,000. The amount of war-savings certificates sold to any one person at any one time shall not exceed \$100, and it shall not be lawful for any one person at any one time to hold war-savings certifi-

cates to an aggregate amount exceeding \$1,000. The Secretary of the Treasury may, under such regulations and upon such terms and conditions as he may prescribe, issue, or cause to be issued, stamps to evidence payments for or on account of such certificates.

Mr. MOORE of Pennsylvania. Mr. Chairman, I would like to ask the gentleman from North Carolina if he will permit me to discuss this paragraph to-morrow. There is some information which I expect to have that I have not now. I may not want to discuss it.

Mr. KITCHIN. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. GARRETT of Tennessee, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 5901, for an additional issue of bonds, and had directed him to report that it had come to no resolution thereon.

#### LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. TILSON, for two weeks, on account of official business.

To Mr. SEARS, indefinitely, on account of the serious illness of his mother.

#### MONMOUTH COURTHOUSE BATTLE FIELD.

Mr. RUSSELL. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by printing a speech made by the Speaker of this House at the Monmouth Courthouse battle field last Monday.

The SPEAKER. The gentleman from Missouri asks unanimous consent to extend his remarks in the Record by printing a speech delivered by the Speaker at the Monmouth Courthouse battle field last Monday. Is there objection?

There was no objection.

#### CHANGE OF REFERENCE.

Mr. MARTIN of Louisiana. Mr. Speaker, I ask unanimous consent to change the reference of House concurrent resolution 16 from the Committee on Insular Affairs to the Committee on Public Lands. It provides for the opening of certain lands in the Territory of Hawaii to homestead entry.

Mr. GARRETT of Tennessee. Reserving the right to object, to what lands does it refer?

Mr. MARTIN of Louisiana. To public lands in the Territory of Hawaii.

Mr. JOHNSON of Washington. Reserving the right to object, is not this the bill upon which hearings have been held in the Committee on Territories?

Mr. MARTIN of Louisiana. I am not aware of that fact.

The SPEAKER. Has the Committee on the Territories taken any action on it?

Mr. JOHNSON of Washington. It has heard testimony on the bill in regard to amending the homestead laws of Hawaii.

The SPEAKER. If that is true, it is too late. The gentleman had better investigate the matter and let it lie over.

#### SOLDIERS' INSURANCE.

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to file a supplementary report (No. 130, pt. 3) on House bill 5723, the soldiers' insurance bill.

The SPEAKER. The gentleman from Texas asks unanimous consent to file a supplementary report on the soldiers' life insurance bill. Is there objection?

Mr. PARKER of New Jersey. At the same time ought there not to be extra copies of the report and minority views printed? They seem to have run out. They are very much in demand.

Mr. FOSTER. I will say to the gentleman from New Jersey that they have the right in the document room to print an additional number of copies.

Mr. PARKER of New Jersey. They have printed one additional lot and they have been exhausted.

Mr. STAFFORD. After the exhaustion of one lot they have the right to reprint another.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

#### ADJOURNMENT.

Mr. KITCHIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 39 minutes p. m.) the House adjourned until to-morrow, Thursday, September 6, 1917, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, a letter from the Acting Secretary of Commerce, transmitting part 2 of the report of the Commissioner of Lighthouses and recommending that it be referred without printing, was taken from the Speaker's table and referred to the Committee on Interstate and Foreign Commerce.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. DENT, from the Committee on Military Affairs, to which was referred the resolution (H. Res. 133) providing for an investigation of the Ordnance Department of the War Department, reported the same with amendment, accompanied by a report (No. 133), which said resolution and report were referred to the Committee of the Whole House on the state of the Union.

Mr. KAHN, from the Committee on Military Affairs, to which was referred the bill (H. R. 5271) authorizing appointment of chaplains at large for the United States Army, reported the same without amendment, accompanied by a report (No. 134), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. CURRY of California: A bill (H. R. 5933) to divide the northern district of the State of California into two judicial districts; to the Committee on the Judiciary.

By Mr. OSBORNE: A bill (H. R. 5934), to permit members of the National Soldiers' Home to purchase food supplies from the commissary department of such home for wives and other members of their families dependent on them for support at prices not to exceed 10 per cent above actual cost of such food supplies; to the Committee on Military Affairs.

By Mr. FRENCH: A bill (H. R. 5935) to prevent the teaching or advocacy of crime, sabotage, violence, or other unlawful methods of terrorism under certain conditions, and providing penalty therefor; to the Committee on the Judiciary.

By Mr. KAHN: Concurrent resolution (H. Con. Res. 20) authorizing the printing and binding of 50,000 copies of the tariff and revenue laws, including the tariff act of 1913 and all such laws passed during the first session of the Sixty-fifth Congress; to the Committee on Printing.

By Mr. DALE of New York: Memorial of the General Assembly of the State of New York, requesting that preference be given to the manufacture of such iron and steel as enter into the manufacture of farm implements; to the Committee on Interstate and Foreign Commerce.

Also, memorial of the General Assembly of the State of New York, requesting the Federal Government to mobilize unemployed exempt conscripts and aliens and transport them to such States and Territories as need their services on the farms; to the Committee on Agriculture.

By Mr. SIEGEL: Memorial of the General Assembly of the State of New York, requesting the Federal Government to make rules governing the manufacture and distribution of iron, steel, and other materials so as to give preference to the manufacture of farming implements; to the Committee on Interstate and Foreign Commerce.

Also, memorial of the General Assembly of the State of New York, favoring the mobilization of immigrant aliens and the transportation of them to States and Territories where farm service may be needed; to the Committee on Agriculture.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALEXANDER: A bill (H. R. 5936) granting an increase of pension to James D. Reed; to the Committee on Invalid Pensions.

By Mr. CARTER of Massachusetts: A bill (H. R. 5937) granting an increase of pension to William E. Openshaw; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5938) granting a pension to Mary Elizabeth Graham; to the Committee on Pensions.



By Mr. COADY: A bill (H. R. 5939) granting an increase of pension to Agnes C. Cissel; to the Committee on Invalid Pensions.

My Mr. FRENCH: A bill (H. R. 5940) granting a pension to Matilda J. Haines; to the Committee on Invalid Pensions.

By Mr. HAMLIN: A bill (H. R. 5941) granting a pension to Benjamin Brown; to the Committee on Invalid Pensions.

By Mr. IGOE: A bill (H. R. 5942) granting a pension to Nellie Collier; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5943) granting a pension to Catherine B. McDonnell; to the Committee on Pensions.

Also, a bill (H. R. 5944) restoring to the pension roll the name of Catherine B. Casey, now Catherine B. McDonnell; to the Committee on Pensions.

By Mr. ROBBINS: A bill (H. R. 5945) granting a pension to George W. Beck; to the Committee on Pensions.

By Mr. SHOUSE: A bill (H. R. 5946) granting an increase of pension to David Compton; to the Committee on Invalid Pensions.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By the SPEAKER (by request): Petition of the Tunnel and Subway Constructors' International Union of North America, headquarters New York, urging legislation to insure to the people a reasonable supply of food at fair prices; to the Committee on Agriculture.

By Mr. BACON: Petition of Ottman Eberbach, of Ann Arbor, Mich., against certain inconsistencies in the proposed tax on proprietary medicines in the revenue bill; to the Committee on Ways and Means.

Also, petition of the Van Blerck Motor Co., Monroe, Mich., against that part of the proposed excess-profits tax in the revenue bill that would put them out of business; to the Committee on Ways and Means.

By Mr. BROWNING: Memorial of New Jersey State Federation of Labor, opposing a constitutional amendment for the submission to the States of the question of prohibition of the manufacture and sale of alcoholic beverages; to the Committee on the Judiciary.

By Mr. CARY: Petition of the twenty-fifth annual convention of the Wisconsin State Federation of Labor at Ashland, Wis., relative to the coal situation; to the Committee on Interstate and Foreign Commerce.

Also, petition of the Wisconsin Life Insurance Co., Madison, Wis., protesting against article 4 of House bill 5723; to the Committee on Interstate and Foreign Commerce.

By Mr. COOPER of Wisconsin: Petition of the Wisconsin State Federation of Labor, at its thirty-fifth annual meeting, held at Ashland, urging that the Government assume ownership and control of all the coal mines in the United States; to the Committee on Interstate and Foreign Commerce.

By Mr. DALE of New York: Petition of the Motor Vehicle Publishing Co., protesting against any increase in second-class postage rates; to the Committee on Ways and Means.

By Mr. ESCH: Memorial of Wisconsin State Federation of Labor, favoring Government ownership of all coal mines; to the Committee on Ways and Means.

By Mr. FESS: Petition of Ohio Religious Liberty Association, against the passage of House bill 128; to the Committee on the Judiciary.

By Mr. McKEOWN: Papers to accompany House bill 5899, for the relief of Sophia Moran; to the Committee on Claims.

By Mr. MOON: Papers to accompany House bill 3043, to remove the charge of desertion from the name of John W. Bates; to the Committee on Military Affairs.

By Mr. OSBORNE: Petition of the board of directors of the Los Angeles (Cal.) Chamber of Commerce in regard to the labor situation; to the Committee on Labor.

Also, petition of the board of directors of the Venice (Cal.) Chamber of Commerce in regard to using ships on their return trip from Europe to transport military prisoners to America; to the Committee on Interstate and Foreign Commerce.

By Mr. ROBBINS: Memorials of sundry societies of Junior Order of United American Mechanics, of Pennsylvania, asking enforcement of the new immigration law; to the Committee on Immigration and Naturalization.

By Mr. WELTY: Petition of residents of St. Marys, Ohio, urging the passage of the Moore purple cross bill; to the Committee on Military Affairs.

#### SENATE.

THURSDAY, September 6, 1917.

(Legislative day of Wednesday, August 15, 1917.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

#### PETITIONS.

Mr. LODGE presented petitions of sundry citizens of Boston, Somerville, Stoneham, Lynn, Dedham, Fall River, Everett, Wellesley, Quincy, Revere, Cambridge, Medford, Wakefield, and Ayer, all in the State of Massachusetts, praying for the enactment of legislation subjecting friendly aliens to the provisions of the draft law, which were referred to the Committee on Military Affairs.

#### BILLS AND JOINT RESOLUTION INTRODUCED.

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. COLT:

A bill (S. 2843) granting a pension to Mary Maloney (with accompanying papers); and

A bill (S. 2844) granting an increase of pension to Charles A. Mathewson (with accompanying papers); to the Committee on Pensions.

By Mr. LEWIS:

A joint resolution (S. J. Res. 98) providing a special canceling die to be used in advertising the one hundredth anniversary of the admission of the State of Illinois into the Union; to the Committee on Post Offices and Post Roads.

#### WAR REVENUE.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 4289) to provide revenue to defray war expenses, and for other purposes.

Mr. JONES of Washington. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Johnson, Cal.	Nelson	Simmons
Culberson	Johnson, S. Dak.	New	Smith, Ga.
Curtis	Jones, Wash.	Norris	Smith Mich.
Dillingham	Kellogg	Overman	Smoot
Fernald	Kenyon	Page	Stone
Fletcher	Knox	Penrose	Sutherland
Gronna	Lodge	Poinsett	Tamm
Hale	McCumber	Ransdell	Varian
Harding	McNary	Saulsbury	Williams
Husting	Martin	Shafer	Wolcott
James	Myers	Sheppard	

Mr. MYERS. My colleague [Mr. WALSH] is unavoidably absent. He is paired with the Senator from New Jersey [Mr. FRELINGHUYSEN]. I will let this announcement stand for the day.

Mr. SHAFROTH. I desire to announce the unavoidable absence of my colleague [Mr. THOMAS] on account of illness. I will state that he is paired with the senior Senator from North Dakota [Mr. McCUMBER]. I will let this announcement stand for the day.

Mr. HUSTING. I desire to announce that the Senator from Illinois [Mr. LEWIS] and the Senator from Oregon [Mr. CHAMBERLAIN] are necessarily absent on official business.

Mr. SUTHERLAND. I wish to announce that my colleague the senior Senator from West Virginia [Mr. GORF] is absent on account of illness. I will let this announcement stand for the day.

Mr. SMITH of Michigan. I wish to announce the unavoidable absence of my colleague [Mr. TOWNSEND] on account of illness in his family. I desire this announcement to stand for the day.

The PRESIDENT pro tempore. Forty-three Senators have answered to their names. The Secretary will call the roll of absentees.

The Secretary called the names of the absent Senators, and Mr. FRELINGHUYSEN, Mr. HOLLIS, Mr. JONES of New Mexico, Mr. KIRBY, Mr. SHERMAN, Mr. STERLING, and Mr. WATSON answered to their names when called.

Mr. FRELINGHUYSEN. I wish to announce that my colleague [Mr. HUGHES] is unavoidably absent owing to illness. I ask that this announcement may stand for the day.

Mr. BRADY, Mr. WARREN, Mr. COLT, and Mr. THOMPSON entered the Chamber and answered to their names.

Mr. STONE. I desire to announce the unavoidable absence of my colleague [Mr. REED], who is detained by important business.

I think possibly he will return to-day. I will let this announcement stand for the present.

Mr. THOMPSON. I desire to announce that the Senator from Arkansas [Mr. ROBINSON] is detained on official business.

Mr. LA FOLLETTE, Mr. PITTMAN, Mr. FRANCE, Mr. KENDRICK, Mr. GERRY, and Mr. POMERENE entered the Chamber and answered to their names.

The PRESIDENT pro tempore. Sixty Senators have answered to their names. There is a quorum present.

Mr. SIMMONS. Mr. President, Senators will recall the fact that when we were several days ago, probably more than a week ago, considering the first title of the bill, income taxes, the Senate adopted what are known as the Lenroot amendments in the House bill. It also at the same time adopted what is known as the Gerry amendment, which dealt with the last three brackets in section 2 of the income-tax title. The Lenroot amendments are in fractions. Beginning on page 3, line 7, the first Lenroot amendment was 13.75 per cent. Each of the brackets was raised in the same way, nearly all carrying a fraction, up to the point where the Gerry amendment would take effect. The Gerry amendment began on page 4, line 5, and provided for a rate of 35 per cent. It will be observed that the Lenroot amendment, in the bracket immediately preceding the Gerry amendment, raised it to 37.5 per cent, thereby making the Gerry amendment, which was adopted before we adopted the Lenroot amendment, less on the next higher bracket than upon the last bracket of the Lenroot amendment.

Mr. President, I desire to ask for a reconsideration of the action of the Senate in adopting both the Lenroot amendment and the Gerry amendment for the purpose of adjusting them. The committee amendment offered now proposes to adjust them in this way: We propose, in place of the Lenroot amendment, to strike out the fractions from the rates of that amendment and raise such rates to the next number; that is, where the rate is 13.75 per cent, to strike out this fractional rate and make it 14 per cent, and next, where it is 17.5 per cent, we propose to strike that out and make it 18 per cent. The next rate is 21.25 per cent. We propose to strike that out and to make it 22 per cent. The next is 25 per cent. We leave that as it is. That is a round number. The next is 30 per cent. We leave that as it is. The next is 33.75. We raise that to 34. The next is 37.5. We reduce that to 37. We do that in order to conform the Lenroot bracket with the next bracket, which is in the Gerry amendment.

Mr. HOLLIS. The Senator dropped his voice at an important part. How much did he say he made the last bracket?

Mr. SIMMONS. The last bracket was 37.5, and we made that even 37 per cent, that being the first time where we reduced the Lenroot rates. We raised them in every other instance.

Mr. SMOOT. That equalizes the steps.

Mr. SIMMONS. We are doing that to equalize the steps. The next step starts with the Gerry substitute for 41.25 per cent in the Lenroot amendment. In the next bracket it is 35. We propose to change that 35 to 40, thereby increasing it 5 per cent over the Gerry amendment. The next brackets we propose to allow to remain as they were in the Gerry amendment as adopted.

Now, Mr. President, I move to reconsider the amendment on page 3, line 7.

The PRESIDENT pro tempore. The Senator from North Carolina moves to reconsider the vote by which the amendment he has indicated was agreed to.

The motion to reconsider was agreed to.

Mr. SIMMONS. In line 7, page 3, I move to insert "14" for "13.75."

Mr. VARDAMAN. If the Senator from North Carolina has the data, will he explain to the Senate just the amount we increase the revenue in that way?

Mr. SIMMONS. I am not able to tell the Senator how much it will be increased. I do not think the increase will be very great. This is not done for the purpose of making increases so much as for the purpose of adjusting these rates. There will be an increase, but I have just made these figures this morning. I move to strike out "13.75" and insert "14."

The PRESIDENT pro tempore. The question is on the amendment to the amendment.

The amendment to the amendment was agreed to.

Mr. SIMMONS. I move to reconsider the vote by which the amendment on page 3, line 10, was adopted.

The motion to reconsider was agreed to.

Mr. SIMMONS. I move, in line 10, page 3, to strike out "17.5" and insert "18."

The amendment to the amendment was agreed to.

Mr. SIMMONS. In line 13, page 3, I move to strike out "21.25" and insert "22."

The PRESIDENT pro tempore. Without objection, the vote by which the amendment was agreed to is reconsidered and the amendment to the amendment will be agreed to.

Mr. SIMMONS. In line 22, page 3, I move to strike out "33.75" and insert "34."

The PRESIDENT pro tempore. Without objection, the vote by which the amendment was agreed to is reconsidered and the amendment to the amendment will be agreed to.

Mr. SIMMONS. On line 1, page 4, I move to strike out "37.5" and insert "37."

The PRESIDENT pro tempore. Without objection, the vote by which the amendment was agreed to is reconsidered and the amendment to the amendment will be agreed to.

Mr. SIMMONS. On line 4, in place of the first bracket in the Gerry amendment, which, I think, was "35," I move to insert "40."

The PRESIDENT pro tempore. Did the Senator's first motion cover a reconsideration of the Gerry amendment?

Mr. SIMMONS. I do not think it did. I move to reconsider the vote by which the so-called Gerry amendment was adopted. The motion to reconsider was agreed to.

Mr. SIMMONS. I now move to strike out, on line 4, "41.25" and insert "40."

The PRESIDENT pro tempore. Without objection, the amendment to the amendment will be agreed to.

Mr. KIRBY. Mr. President—

The PRESIDENT pro tempore. Does the Senator from North Carolina yield to the Senator from Arkansas?

Mr. SIMMONS. In just one minute, if the Senator will pardon me. I think that covers the amendment.

Mr. BRADY. What was the amount to be inserted on page 7?

Mr. STONE. I think the amendment had better be stated at the desk.

Mr. KIRBY. That is what I wanted to ask the Senator to do.

Mr. STONE. I suggest to the Senator from North Carolina, when he is through, to have the Secretary state just what the amendments are.

Mr. SIMMONS. Where in the Gerry amendment the percentage is 35, I move to strike out "35" and to insert "40."

The PRESIDENT pro tempore. The Senator from North Carolina moves to amend the amendment offered by the Senator from Rhode Island [Mr. GERRY], the vote by which it was adopted having been reconsidered, by striking out "35" and substituting "40." The question is on the motion of the Senator from North Carolina.

The amendment to the amendment was agreed to.

Mr. SIMMONS. I now move the adoption of the Gerry amendment as amended.

The PRESIDENT pro tempore. The question is on the adoption of the amendment of the Senator from Rhode Island as amended.

The amendment as amended was agreed to.

Mr. STERLING. I should like now to ask the Senator from North Carolina a question.

Mr. SIMMONS. Is it not necessary, Mr. President, for the Chair also to put the motion for the adoption of these various amendments which have been made to the Lenroot amendment, so called?

The PRESIDENT pro tempore. The Senate has already agreed to the changes proposed. The Chair calls the attention of the Senator to the fact that an amendment was proposed and adopted by the Senate to line 4, on page 4—the so-called Lenroot amendment—changing the percentage of 41.25 to 40. The Chair suggests that the vote by which that amendment was adopted should be reconsidered.

Mr. SIMMONS. I move to reconsider the vote by which that amendment was agreed to. The amendment was made inadvertently.

The PRESIDENT pro tempore. Without objection, the vote by which the percentage of 41.25 was changed to 40 per cent will be reconsidered. The Chair hears no objection, and it is reconsidered.

Mr. STERLING. Mr. President, I should like to ask what was the amendment of the Senator from North Carolina to the Gerry amendment?

Mr. SIMMONS. The amendment was simply to raise the 35 per cent rate to 40 per cent.

The PRESIDENT pro tempore. The Chair so understands.

Mr. STERLING. I want to ask the Senator from North Carolina to what amount will the 40 per cent apply under the Gerry amendment?

Mr. SIMMONS. That percentage will apply where an income exceeds \$500,000 and does not exceed \$750,000.

Mr. HOLLIS. Mr. President—



The PRESIDENT pro tempore. Does the Senator from North Carolina yield to the Senator from New Hampshire?

Mr. SIMMONS. I yield the floor, Mr. President.

Mr. HOLLIS. Mr. President, the original Gerry amendment carried 35 per cent on amounts of income exceeding \$500,000 and not exceeding \$750,000; 45 per cent on amounts exceeding \$750,000 and not exceeding \$1,000,000; and 50 per cent on the excess over \$1,000,000. It is now proposed to change the first rate so that the three Gerry rates will be 40, 45, and 50 per cent.

Mr. SIMMONS. That is correct.

Mr. McCUMBER obtained the floor.

Mr. NELSON. Mr. President, I want to ask the Senator from North Carolina a question.

Mr. McCUMBER. I yield to the Senator from Minnesota for that purpose.

Mr. NELSON. What becomes of the last bracket in the print of the bill from which I read?—

Forty-five per cent upon the amount by which the total net income exceeds \$1,000,000.

Mr. SIMMONS. On incomes of over \$1,000,000 the tax will be 50 per cent. The 45 per cent bracket will provide for a tax of "45 per cent if the amount exceeds \$750,000 and does not exceed \$1,000,000, and the tax will be 50 per cent where the income is over \$1,000,000."

Mr. NELSON. Then that requires an amendment in the bill as reported.

Mr. SIMMONS. I understand such an amendment has been made.

Mr. NELSON. Has it been made?

Mr. SIMMONS. That is my understanding.

The PRESIDENT pro tempore. That amendment has been adopted. It was the amendment to the amendment of the Senator from Rhode Island.

Mr. LA FOLLETTE. Mr. President—

The PRESIDENT pro tempore. Does the Senator from North Dakota yield to the Senator from Wisconsin?

Mr. McCUMBER. I yield.

Mr. LA FOLLETTE. I wish to make an inquiry of the Senator from North Carolina.

The PRESIDENT pro tempore. The Senator from North Dakota has yielded to the Senator from Wisconsin.

Mr. LA FOLLETTE. I wish to inquire how soon will the Senator from North Carolina be able to furnish the Senate with the table or the computation showing exactly what these changes amount to?

Mr. SIMMONS. Mr. President, I will ask the expert of the committee to make the calculation immediately. I think it can be done in a very short time.

Mr. LA FOLLETTE. I supposed it could be made in a short time, so that the Senate could be placed in possession of the facts.

Mr. SIMMONS. Certainly, I shall be very glad to do that.

Mr. McCUMBER. Mr. President, I think very few Senators realize the full effect of their action yesterday upon this bill. I think if I should ask any Senator on this floor to attempt to make a guess of what the tax would be out of the pockets of a stockholder who would receive \$10,000 from a corporation earning 100 per cent upon its investment not one of them could give any idea of about how much it would be.

I think also, Mr. President, that few Senators realize that by our action of yesterday we have compelled people who under the individual income-tax provision pay not one penny of taxes to in reality pay as high as 50 per cent. It can be easily demonstrated that many persons who would receive an income from a corporation, say, of \$900, which would not be subject to even the normal tax, would, nevertheless, have to pay out of that earning, which otherwise would come to them, the sum of \$450.

Few Senators realize that under the present method which we have now adopted of levying this tax one person receiving \$10,000 from one corporation would pay a certain tax, and that another person receiving \$10,000 from another corporation might pay twice as much in taxes, or pay a very small tax.

We have accomplished one thing that is certain: We have succeeded in raising a greater amount of revenue; but at whose expense? That is a matter to which few of us have given a great deal of consideration. As the greater proportion of all these taxes must be paid out of incomes that come from business, and as 80 per cent of the business of the country is conducted through corporations, Senators can begin to realize how much the individual must go down into his pocket or the equivalent of it in the diminution of the income he would receive from the great corporations.

I thought it worth while, Mr. President, to have the Treasury expert prepare me a table showing the amount of tax which

would be paid by an individual deriving his income from a corporation earning 100 per cent on the capital invested on a basis of \$100,000 capital, 30 per cent of which is owned by the individual. Of course, with no taxes imposed, that individual would receive from the corporation, if none of its earnings were reserved, \$30,000. It is quite interesting to note what the effect of the bill as at present framed will be upon incomes ranging from, say, \$5,000 to \$30,000 and as there are so many whose incomes range between those figures upon whom the pinch of taxation will be excessively high the effect of the proposed law upon them.

Now, I ask the Secretary to read in detail the table which I send to the desk, in order that we may ascertain how each item is arrived at and where a person who otherwise would receive \$30,000 will be left when he has paid the Government tax. I will simply mention now the sum total. Out of the \$30,000 he would have left \$11,890 after the Government tax has been paid. From that, of course, he would still have to pay his State and municipal taxes, and I have assumed that a person whose ordinary income would be about \$30,000 would pay upon an average of about \$1,200 in State and municipal taxes. At least that would probably be as little as he would pay. On that basis, after he has paid all taxes, he will have left out of his \$30,000, \$10,690. I will ask the Secretary to read the table.

The PRESIDENT pro tempore. Without objection, the Secretary will read as requested.

The Secretary read as follows:

Table showing amount of tax paid by an individual deriving his income from a corporation earning 100 per cent on capital invested, on a basis of \$100,000 capital, 30 per cent of which is owned by the individual.

Capital invested	\$100,000
Net income for taxable year	100,000
Excess profits (above 10 per cent)	90,000
Corporation excess-profits tax:	
\$1,500 at 12 per cent	180
1,000 at 16 per cent	160
2,500 at 20 per cent	500
2,500 at 25 per cent	625
2,500 at 30 per cent	750
5,000 at 35 per cent	1,750
5,000 at 40 per cent	2,000
5,000 at 45 per cent	2,250
5,000 at 50 per cent	2,500
60,000 at 60 per cent	36,000
90,000	46,715
Net income subject to corporation tax	53,285
Corporation tax at 6 per cent	3,197
Net income left for distribution	50,088
10 per cent of capital allowed for reserve	10,000
Balance for distribution	40,088
Share of said individual stockholder, 30 per cent	12,026
Income tax of stockholder (income is exempt from normal tax because all dividends received from corporation):	
\$2,500 at 1 per cent	\$25
\$2,500 at 2 per cent	50
\$2,026 at 3 per cent	61
	136
Net income, after deducting all Federal taxes	11,890
Amount which said individual would have received after allowing reserve	27,000
Amount paid in taxes	\$15,110
Estimated State and municipal taxes	1,200
Total tax paid by individual	16,310
\$11,890 less State and municipal tax of \$1,200	10,690

Mr. McCUMBER. So, Mr. President, it will be observed that out of the \$30,000 earned from such a corporation after having paid his tax the individual will have for the support of his family about \$10,000. He will have paid to the Government more than \$15,000 in taxes and will have paid in municipal and State taxes, according to my estimate, about \$1,200.

Mr. STONE. Mr. President, will the Senator permit me to interrupt him?

The PRESIDING OFFICER (Mr. BANKHEAD in the chair). Does the Senator from North Dakota yield to the Senator from Missouri?

Mr. McCUMBER. I yield to the Senator from Missouri.

Mr. STONE. If the individual investor or stockholder referred to by the Senator has \$30,000 invested and from it at the end he receives something over \$10,000 net, after paying out Federal, State, and municipal taxes, his net earnings would represent something over 33 per cent on the investment?

Mr. McCUMBER. Oh, yes, Mr. President; the great hardship, of course, would be on those persons owning only a little stock who would not receive any great amount of income; but

the figures given are enough, Mr. President, to indicate the pinch of this method of taxation and its inequalities, and it is upon that particular branch of the subject that I wish to address my remarks this morning.

I am opposed to any further raise in the rates of taxation on incomes; I am opposed to it, Mr. President, because of my fear of its influence upon the American people in affecting their war spirit and their purpose to carry this war to a successful end and because an increase beyond that already reported by the committee would be both excessive and unnecessary.

Mr. JONES of New Mexico. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from New Mexico?

Mr. McCUMBER. I do.

Mr. JONES of New Mexico. I should like to ask the Senator if I am right in interpreting the figures which he has just had read from the desk. He takes a case where the capital invested is \$100,000, and the net income for the taxable year is \$100,000.

Mr. McCUMBER. As I have stated, I took a case where there was an excess profit of \$90,000, or where there was 100 per cent profit, and, of course, I had to base my figures on a 100 per cent profit.

Mr. JONES of New Mexico. But the excess profits above 10 per cent are \$90,000; in other words, the Senator has taken a case where before the war there was an investment of \$100,000 and that \$100,000 earned \$10,000, and now after the war the same \$100,000 is earning \$100,000, which is 900 per cent increase over the earnings before the war. He has taken the most extreme case possible under this bill.

Mr. McCUMBER. I have taken a case in which the profits are 100 per cent upon the investment.

Mr. JONES of New Mexico. But the Senator—

Mr. McCUMBER. Just a moment, Mr. President. I do not care about arguing that matter any further, because it is clear just what the result will be. The Senator has assumed that the corporation referred to, which is a supposititious corporation only, made 10 per cent before the war. It may have made 100 per cent or it may have made 200 per cent, but there is only 10 per cent deduction, no matter what the amount of profit was before the war. What I am trying to ascertain is what the result would be upon the income. You can take a case where a corporation made 50 per cent, and the tax would be less; you can take a case where they made 20 per cent, and the tax would be still less; but the instance given is sufficient to give an idea of the operation of this tax upon corporation profits, upon the individuals entitled to these earnings.

Mr. JONES of New Mexico. Mr. President, the Senator's figures are so startling to some of us that it seemed to me that it ought to be made clear that this is a most extreme case which he has presented to the Senate—a case where only \$10,000 was earned before the war and after the war \$100,000.

Mr. McCUMBER. Mr. President, it is nowhere near so extreme as many of the cases here, because we have been discussing cases where the profits were 300 per cent, 500 per cent, and 600 per cent upon the capital, and we have fixed our rates accordingly.

Mr. JONES of New Mexico. But this is a thousand per cent.

Mr. McCUMBER. I did not take the highest rate, of course, which would be far more excessive; but among these excessive rates—and, of course, this is excessive—I took one of them which would be 100 per cent. That is one-fifth as much as the excessive rates for which we have provided.

Mr. President, I hate to see a bill the purpose of which is to carry this Government through the bewildering difficulties which naturally and inevitably beset a wholly unprepared nation when suddenly thrown into a great world-wide conflict used as a vehicle to cripple or paralyze its efforts. When the Nation is athirst I hate to see the fountain from which alone that thirst can be slaked poisoned at the source.

Mr. President, it is due to those boys who have gone to the front in defense of national rights and honor that they shall have back of them at all times an enthusiastic war spirit and sentiment. That spirit and sentiment are just as essential to the successful termination of this war as are guns and ammunition. I want, therefore, a revenue bill that, while it supplies every war need of the country, will at the same time create and maintain a sentiment for aggressive warfare, a popularity to insure vigorous prosecution of the war, and a courage to meet its exactions.

I know human nature well enough, and I am sufficiently acquainted with the history of the world to understand that no matter how patriotic a people may be, you can impose on them such onerous burdens as will dampen their ardor and destroy their war spirit. I also know the extreme caution of business

well enough to understand that it can be so intimidated as to threaten the stability and very life of a country which in times of war is so dependent upon it. I recall the late Senator Hoar, an acknowledged statesman, philosopher, and historian, making the declaration in this Chamber, that the principal factor in terminating the War of the Revolution and in securing the recognition of the independence of this country was the excessive rates of maritime insurance on British shipping. British sailors were brave; British soldiers were not slackers. But when insurance rates pinched British trade too hard, every British industry dependent upon foreign trade became an advocate of peace and finally forced its Government into a yielding attitude which culminated in surrender.

Now that we are in this war, Mr. President, I want to make it a success. I want this country to achieve a victory that will enable it to conclude a peace so fair, so just, and above all, so assuredly permanent, that allies and enemies alike will rise and call us blessed. I do not want to force the country to back out of this war, either through a lack of popular sentiment or by arraigning the business interests and sentiment of the country against it. I know there are a great many people of this land who want to force the country to quit this war, to back out of it, no matter how such action affects the country, or what questions it may leave unsolved. I do not say that all those who desire to tax this generation to the limit of desperation want to create a sentiment that will compel the Government to take a backward step, but I do say, Mr. President, that if I wanted to accomplish that end I should attempt to do just what they propose, not only in this bill but in relation to other legislation before the Congress.

If I had felt that we, as a Nation, ought to have submitted to the assumption of a belligerent in declaring that more than 2,000,000 square miles of the ocean, covering all of the important lanes and avenues of sea commerce, should be a death zone, and that any American ship, no matter what its destination might be, or the innocent character of its cargo, should be sunk without notice, and our citizens and seamen murdered as pirates without even the protection accorded prisoners of war by the laws of humanity; if I had felt that we should have submitted, without striking a blow in self-defense, to the blockade of our Atlantic ports as they were blockaded, by threats of the destruction of our ships and seamen from February 1 until April 6, 1917, when Congress declared that it would not submit to these threats; if I had felt that we should have humbled our pride, and brought the blush of shame to the cheek of every patriotic American citizen by an abject surrender to these demands, proving ourselves to be unworthy the respect of the world or of our people; and if, after the country had declared that the acts of this great belligerent were acts of war which we were compelled to recognize, I still desired to get the country out of that war, without any regard to what the results would be upon our own future welfare or the welfare of future generations; if I felt that this war should immediately cease without any agreement whatever that would assure the world against the recurrence of such a damnable crime against that unoffending portion of humanity, the common soldier and the common citizen, who were in no sense responsible for it but who have had to suffer and die by the millions because of the ambition of a military autocracy; if I felt that all this talk about making the world safe for democracy and for the small nations of the world to work out their own commercial and industrial destinies, free from the ever-impending danger of annihilation and enslavement by some greater power, was mere political slush and of no concern to ourselves—in a word, Mr. President, if I were against my own country in this present war I would do just what I think is being done in this Senate to create dissatisfaction among the people—to lessen their ardor for the conflict which is before them and to thereby cripple and hinder our war efforts.

If I purposed to thus force my country to abandon this war, I should reason and act about as follows: I should first recognize that as the pinch of hunger weakens the physical prowess and lessens the mental courage of the soldier, so the undue and aggravated pinch of taxation lessens the war spirit and weakens the war ardor of those who, through the thousands of channels of business, must furnish the necessary means to carry that war to a final end. I would therefore make the tax just as heavy as I could upon this generation. I would discourage business and tax to the limit of desperation. I would reason that as it is this generation and not the coming generation which must shed its blood and part with its treasure in maintaining the war, so the pain and the pressure should be brought to bear against this generation to dishearten it and induce it to back out of the conflict without accomplishing the objects for which we entered it.



This, Mr. President, would be my principal antiwar weapon. What would be my next?

It would be the weapon of prejudice. Recognizing that in a republic no war can be carried to a successful termination unless it has back of it the sympathy and sentiment of a united people, I would proceed to work upon the prejudices of the people by declaring that this war was not a people's war, but a war instigated by munition manufacturers, that they might fatten upon the blood of our young manhood; that this war was instigated by wealth and fought for its profits. If I thought more of accomplishing a purpose than I thought of truth, I would circulate this lie throughout the land. I would carefully refrain from saying what truth and good faith would demand of me, that in this war the son of the rich man and of the poor man, of the banker and of the carpenter, of the lawyer and of the laborer, of the merchant and the farmer, responded to the call for volunteers with equal alacrity and enthusiasm and to-day stand shoulder to shoulder, comrades in arms, comrades in sentiment, comrades in patriotic fellowship, guardians of the honor and the life of the Republic. The whole bent of my argument, not only in what I should say but in what I should adroitly fail to say, would be to create and intensify class prejudice.

Knowing the eagerness of the press to publish the startling and sensational rather than the actual and commonplace; knowing that in the race for publicity cold realities and plodding truths have little hope of success against sensational, startling, and inflaming headlines, I would take advantage of that avenue to command the attention and reach the ear of the public and to plant the seed of this prejudice—a prejudice which I could not fail to understand would tend to clog the wheels of the vehicle of war and bring it to a stop before it had reached the goal of a victorious destination.

Nor would I stop here in my efforts to discourage the American people in this contest. If I felt that the people did not fully recognize just what this war means to our future and to the world's future; if I felt there was any lack of support of the Government in its purposes in this war, I would know just how to use that lack of understanding, that lack of war enthusiasm to block our war purpose.

Every man who recalls his schoolboy days, the occasional disagreements with his comrades, the battles which often followed, will remember that when his antagonist stopped between blows to suggest a parley he knew he had him beaten; and if he himself suggested a respite for any purpose, he realized that thereafter his own blows were less vigorous, that he was unable to rally from the blighting effect of his own suggestion. And, Mr. President, you know that that is true of a nation engaged in war.

When men are fighting a battle the ultimate purpose of which they do not comprehend as they should, they will listen more readily to a suggestion of peace. I would therefore fully understand the psychological effect of such a suggestion; I would know that if I could induce them to pause in their contest they would lose much of their courage and determined purpose, and it would thereafter be far easier for me to prevent a return to the same determination and vigorous purpose. If several nations, with divers interests, were allied in the contest, I would fully understand that the cessation of hostilities for the purposes of considering an independent or selfish peace by one of the great powers, even for a day, would destroy their cohesion and assure victory to their enemies.

And so I would introduce in Congress peace resolutions, knowing that they would have this clogging influence, that they would create this tendency to yield or surrender.

No man who by resolution or otherwise suggests a peace at this time, when the enemy has never once indicated that he would surrender the position which he took and which caused the war with us, can fail to understand that such a suggestion weakens his own Government; that no matter what the motive the act in its effect does lend aid and comfort to the enemies of his country.

Why, Mr. President, do those who purpose to break down the scheme of taxation recommended by the committee labor so assiduously to keep the attention riveted on a few corporations which have made extreme profits out of European nations through the sale of war supplies, while they purposely hide what the effects of their own scheme of raising revenue would be on the small business concerns of the country or the people of moderate incomes? Because, Mr. President, it is so easy to work the prejudice racket through the use of the term "corporation." And so they segregate and personify the corporation, painting it as a monster, black, grim, and large, absorbing countless millions and never responding to the requirements of the Nation in its hour of peril.

What a false caricature! What a demagogic play! What is a corporation? Is it a real being, or is it a name only? Wherein does it differ from a partnership or any character of business society in which men unite their energies or their capital in a common undertaking? There is no difference, as we all know. But we also know that if we use the term "partnership" or "society" instead of "corporation" the word would lose its charm. It would be impossible to evoke the same degree of hostility.

Mr. President, a corporation is not a material thing. It is but the name under which human beings carry on the great industries of the country, a name which enables the society to sue or be sued in or under its adopted name. But, after all, it is but a society of men and for men. Of itself, it eats nothing; it wears nothing; it consumes nothing. It is not even conscious of its own existence. It is as senseless of its being or its use as the steel girders spanning the streams and valleys over which the commerce of the world is carried. It is but the mechanism, the instrumentality used by people in every line of human endeavor. Why, then, create or perpetuate the false assumption that dollars can be taken from the corporation? You know that every dollar you levy, every dollar you exact is a dollar that belongs in whole or in part to some person; that it is a dollar taken out of the pocket of some person. Whether it is taken in the first instance from the corporate mechanism before it is distributed, or in the second instance from the individual after it is distributed, in either case the dollar taken belongs to some person, some person possessed of the same emotion, the same hopes, and having the needs that we have.

Of course the Government can take that dollar wherever it finds it, at whatever point in the transmission from one man to another it finds it. The only question is which is the best way, which way will be the most just to the person it is actually taken from. One class of tax advocates in the Senate say, "Conscript everything a corporation earns above a certain per cent." Another class, who recognize the fact that whatever you take must come from the individual citizen, ask you to pause a moment and ascertain the injustice of this scheme of conscription against the individual citizen or the several classes of citizens from whom it is taken. The moment you pause to consider the consequences of the application of this rule you will see that a conscription of the earnings of a corporation operates as a conscription not of a part only but of practically all the income of thousands upon thousands of people whose principal incomes are derived from corporate stock. Let us exemplify this by taking even one of those great corporations so often alluded to in this debate. Let us take one whose estimated net earnings will be \$20,000,000. Now, who in reality will own that \$20,000,000? I called attention to this the other day. I shall exemplify it a little further. Probably 10 men will own one-half, or about \$10,000,000 of it. The income of those 10 men will, therefore, be \$1,000,000 each. The next five million will probably be owned by a thousand people. Their income, therefore, will be \$5,000 each, or what you might call a moderate income. The other five million will probably be owned by 10,000 people. Their income would, therefore, average about \$500 each, which would be a very meager income. Now, apply this conscription tax which you would apply to this corporation, and what would be the result? Your first 10 people could pay the tax and still have sufficient left to live on very extravagantly. Your next 1,000 would pay a percentage on their income that would be most exorbitant and extortionate, because in many instances it would amount to from 50 to 60 per cent. The next 5,000, the poorest people, those who ought not to be taxed one penny and who under the individual income tax provisions of the bill are not taxed one cent, would be robbed of practically all of their income.

And yet, Mr. President, those of the committee who have opposed such a method of taxation, easy on the few, inexorably harsh on many more, and actually confiscatory on the much larger number, have been pillorized by those whose weapon is always the weapon of prejudice.

What is the only true method of levying a tax on incomes? It is, first, that those whose income only assures a living under rigid economy shall pay no part of their income to the Government; second, that those of moderate income shall pay a moderate tax; and, third, that those earning an excessive income shall pay a very large tax. Your corporation conscription system reverses this just law, and your committee therefore based its principal tax on the individual income which could be easily varied by an ascending scale to operate equitably on each class of incomes, while levying only a nominal tax on the corporation as such and on such undistributed corporation earnings only as would assure reasonable taxes upon those undistributed profits which might otherwise escape taxation altogether.



Your committee, therefore, in adopting this scheme of taxation were actuated by a sense of equity. The only complaint that can, in my opinion, be urged against the tax on individual income presented by the bill is that it is too heavy on those of moderate incomes. It is too heavy on incomes ranging from \$5,000 to \$30,000. People who have been living on a scale commensurate with these incomes in the large cities, who have purchased and furnished homes that could be maintained on such incomes, will find it exceedingly difficult to pare their expenses down to the necessities of their earnings as they will remain after the Government has taken the heavy toll provided in the bill. They can not sell their homes and go into apartments or boarding houses, because there will be no demand for such homes. They must continue to pay the heavy taxes levied upon dwellings heretofore occupied by them. They must still pay the higher prices for coal to heat them, for water and electric current to supply and light them.

But as the vast proportion of the people who will pay the income tax are those whose earnings range from \$5,000 to \$30,000, this rate could not be greatly reduced without creating a deficit in the amount which the committee had determined to raise from this source, and so this too heavy burden was not, to my mind, sufficiently lightened. I think we are levying too heavy a tax on the people of the country for the first year. I think we should levy a smaller tax on these moderate incomes, leaving the heavy tax proposed on the very large incomes and raising the balance required by bond issues.

And so, Mr. President, the majority of the committee thought, but were influenced to bring in a higher levy that they might compose, if possible, their views with those which advocated an extremely high rate of taxation and with the views of those who want this generation to pay all the expenses of this war.

Now, Mr. President, the moment the committee, swerved by the clamor of the press for a higher excess-profits tax, abandoned the only logical rule of taxation—namely, a tax on the income of the individual, which could always be graduated to work approximate justice, and entered upon a scheme of levying an additional tax on corporations or on the business from which the income was derived, thereby imposing a double tax on the same income, and which, of course, could not be graduated equitably, because the amount held by the owner of stock representing a million dollars paid no greater rate than that portion represented by stock of \$100—we naturally found ourselves confronted by enormous difficulties.

The press of the country and the people of the country demanded a heavy tax on war profits. They had not figured out any method or any basis for computing such war-profits tax, but they wanted to tax these war profits as distinguished from any other kind of profits. They wanted to do just what the opponents of this bill in all of the debates have insisted upon—that we should get at the enormous profits that had been made in the production of war munitions and other things demanded by this war. Every utterance of the opponents of this bill increased the clamor for a war-profits tax. The committee responded to that demand. There was no possible way to determine what particular businesses had made money because of the war and what businesses had made money irrespective of or despite the war. It was impossible to determine with any reasonable degree of accuracy the capital invested by each corporation or business as a basis for the levy.

But, Mr. President, while we could not tell what percentage of increase there had been in any business because of the war, we could by a very simple process determine how much more the several businesses of the country were earning after the war than they were earning before the war started. All we had to do was to subtract their prewar earnings in any year from their war earnings in any year. But as no two years' earnings prior to the war were exactly the same, we adopted the average of three years as the basis and subtracted that average from the earnings of the year upon which the tax was to be levied. No one could complain of the fairness or of the comparative accuracy of this method.

But, as suggested, the moment we attempted to apply a rule we found that some businesses were making great profits before the war and continued making those great profits after the war began; that institutions making 100 per cent before the war and which were only making 100 per cent after the war would pay no taxes because the war had not increased their earnings; while those which had made 10 per cent before the war and 100 per cent after the war would be paying a tax of 90 per cent of their earnings. Of course, that did not work equitably. It did not work equitably because the comparative earnings were not equitable, and it was impossible to levy a

tax that would work with any degree of equality, based upon war profits alone. But the country demanded, the press demanded, and the opponents of this bill for the most part demanded such a tax, and the committee reported it.

The moment, however, the bill got before the Senate and those who had advocated so earnestly a tax on war profits began to investigate the subject, the moment they stopped preaching long enough to begin to practice upon any set of figures, they saw the inequalities of a war-profits tax and immediately began to berate the committee for doing just what they had vociferously declared the committee should do.

And so, to again meet their demands, to meet the very suggestions which they had made as soon as the bill was before the committee, that committee met and brought in an amendment to conform to what these opponents declared should be the rule of taxation of profits.

This rule, Mr. President, abandoned the war-profits idea entirely and substituted a tax on corporate incomes. But we are led by this insistence into an inequality and injustice just as glaring as that complained of when the committee reported a substitute for the title which levied a tax on war profits. We now proceed to, first, levy a tax on the money earned by the corporation or partnership, and which is owned by the individual stockholders or the copartners, and then we tax the same sum, the same earnings again to the individual who owns it. And, as I have shown before, we thereby compel the individual stockholder who, under the individual income-tax provision, would not be compelled to pay anything, to surrender a large percentage of his earnings to the Government. What we should have done is just what we have done in Title I, determine just what each individual should pay who receives a specified income, and graduating that tax as we have graduated it. We should then have levied a nominal tax on corporations or upon the business of the country which should not be at all excessive. There should be but one excessive tax on excessive profits. The excessive profits should be charged to the individual and the graduated tax levied upon it as an individual income, a moderate tax on the moderate income and a very large tax on the very great income.

It should be a small, flat tax; and then a further tax on undistributed incomes of corporations above what was necessary, and proper for them to withhold, to the end that all incomes, whether distributed or not, should pay a reasonable tax to the Government.

This levy, together with the levies under the other titles of the bill, should have been the limit of our taxation for this year. The balance of the money required should have been obtained through the issuance of bonds.

Mr. President, the avarice, the gross extortions of a few great American concerns in taking unconscionable advantage of the necessities of and bleeding the warring nations of Europe to the limit have created a feeling of antipathy against them that endangers not them alone but the great bulk of the American industries which have conducted their affairs in accordance with the principle of "live and let live." In order to get even with those who made immense profits in 1915 and 1916, there is a disposition to punish all the others who earned no greater profits because of the war and whose profits have been moderate.

Great Britain and France found themselves suddenly plunged into the vortex of a war for which they were wholly unprepared. They needed munitions and equipment far beyond the capacity of their own mills and factories to produce. Every other great manufacturing country in the world but one was engaged in that struggle and was equally unprepared. The United States alone could supply their demands. They were therefore compelled to pay whatever those concerns demanded, and, Mr. President, they demanded the last ounce of blood. They made enormous profits. If we can now reach these concerns, if we can extort by the strong arm of the taxgatherer a goodly portion of that which they extorted from foreign countries two and three years ago without injuring the thousands of innocent concerns, well and good; but if we are to do this by the application of a rule which might injure every other business, we should hesitate a moment to consider the consequences of our proposed action.

So pausing, what will we find? Will we find these profits, these funds, drawn from European belligerents now deposited and held as bank credits?

Will we find them anywhere in the vaults of the concerns themselves? Mr. President, we know we will not so find them. Why? Because these earned millions could not remain idle. They were scarcely earned when the very demand which created them required increased facilities and equipment to supply a greater and growing demand. For the most part, therefore,



they went back into extensions and into increases in plant structure and equipment. They became capital. Profits earned one year became employed and invested capital for the succeeding years. We can not, therefore, reach the 1915 and 1916 profits of these concerns by any scheme of excessive tax levies without confiscating the capital now invested in the very lines which this Government in its extremity requires shall be operated to the very limits of their capacity. We need the products which that added capital will yield us next year a hundred times more than we need the dollars which it represents.

But, Mr. President, we did not get into this war until April, 1917. The laws which we enacted to protect the Government against excessive charges, and which will also protect our allies against excessive charges, will not be in full force and operation before the end of the year. So during this year there will probably be a greater profit earned by these concerns than before. All of these profits, above a reasonable return upon the investment, should be reached by taxation. But in determining a reasonable return upon investment we must make due allowance for the depreciation in value of those extensions and equipment which will become practically useless when the close of this war compels a return to a normal demand. We must either allow these concerns to make such a profit as will take care of all the money invested in extensions, or we must do just what the Government is now doing in many instances, advance out of the National Treasury every dollar required in extensions and machinery.

If, in order to supply the war demand, any great manufacturing plant must expend \$50,000,000, and if the war were to close in two years, at the end of which time that \$50,000,000 of investment would be worthless, then the company must not only make an interest on this \$50,000,000 invested but also must make a profit equal to the \$50,000,000 invested during that period in order to preserve its capital. There are those who insist that the Government should take all of the profits made this year, even though it would be compelled to advance the sum necessary to make the extensions required by the Government demands. But I am confident that the private enterprise can conduct its business far more economically than it would be possible for the Government to do it.

If those Senators who are as eager to bleed the business enterprises of this country to the limit as some of those enterprises have been to bleed the warring nations of Europe to the limit would just investigate the causes which compelled this Government to make certain contracts for supplies, they would begin to realize the dangerous tendency of their extreme proposals. A short time ago the administration, through the Secretary of the Treasury, made an estimate of about what war munitions the Government would need in the first year of this campaign. They presented this estimate to the munitions makers. The reply received was, "We can not produce the required quantity." "Why can not you produce the required quantity?" "Because we have not got the capacity." "Why not, then, enlarge your plants?" "We can not do that." "Why can not you do it?" "We have not got the money to do it." "Why can not you borrow the money?" "Because we have not got the credit." "Why have not you got the credit?" "Because we are threatened with such a heavy tax upon what we may make if we are successful, while we must suffer the entire loss of our capital if we are not successful, and in any event the capital invested in extensions would be practically worthless at the end of the war that the banks will not lend us the money on such an uncertainty." That was the answer which was given.

What then happened? The Government was compelled to enter into a contract with these manufacturers whereby the Government advances every dollar in the erection of additions to these plants, every dollar for the machinery that is to be used therein, and is to take the property back—that is, these additions and this machinery—at the close of the war, because, there being then no demand for the product, those extensions will be practically worthless.

Now, I think, as a whole, it would have been far better policy to have said to these manufacturers, "Take the money out of your earnings—at least a sufficient amount—to pay for these extensions and we will allow you a reasonable return upon the investment, such a return as will enable you to care for the necessary depreciation which the cessation of war will unquestionably produce and maintain a healthy business credit. The country, Mr. President, would be far ahead under such a scheme at the end of the war.

Mr. President, there is a wrong impression, a mistaken impression, an impression that has been created more by the debates in the Senate than by any other instrumentality, unless it be the press, that these great concerns which have made such

exorbitant profits out of the fighting nations of Europe before we entered into this war, will continue to make the same profits out of this Government and out of our allies. Under recent legislation this is not possible. Before we engaged in this war we had no direct interest in the contracts that were made by private individuals to supply the war needs of foreign nations. We could not interfere with those contracts. All the people of the country shared in these big profits. They raised the price of labor. Labor purchased more freely in every market, and that required additional production and better prices; and so the whole country prospered. But when we ourselves entered this war and such exorbitant charges for war supplies affected not only ourselves, but those engaged in the common cause, we immediately passed legislation which would enable the administration to prevent any further excessive or unjust profits. I assume that the administration will perform its duty and that these laws will be enforced. If it does, there will be no excessive profits on which we can justify an excessive levy for the next fiscal year. Every business should be assured a reasonable profit, and in war times a reasonable profit means a higher than normal profit, because it must be a profit that will anticipate the reaction that is sure to follow.

Appropos of this argument, Mr. President, I wish to read into the Record here an excerpt from an editorial in the Washington Post of September 3, referring to some observations made by President Wilson in his letter to American manufacturers, in which he said:

It is just as much our duty to sustain the industrials of the country, all the industries that contribute to its life, as to sustain our forces in the field or high sea.

The editorial proceeds:

This is a hint that the Government, if given the power to fix prices, will fix the price of raw materials needed by industry in order to sustain industry and keep it active in war service. That is the proper thing to do; that is what must be done, in fact, if industry is to become as effective in supplying the forces as the forces themselves are expected to be in battle.

Therefore the Senate should not cut to the quick in taxing industry. No disabling tax should be imposed. Let extravagant war profits be eliminated by forcing prices down all along the line. It is not common sense to permit industry to collect huge profits from the public, after boosting prices out of reason, and then try to square the account by taking away the profits in taxes. It does not square the account. The public is still out of pocket. Prices are still excessively high. The consumer is the loser.

A moderate policy in taxation and a moderate policy in price fixing will accomplish what is sought. One will make industry bear its load of war expenses and the other will relieve the people without stopping the wheels of production. Let Congress boldly and confidently provide for price fixing of basic materials, all of them. The manufacturer will then be assured a square deal in acquiring raw materials and the price of the finished product will be forced down. Full publicity as to costs and profits will prevent extortion. Then there can be one price for all—Government, allies, and public.

So, Mr. President, it is my ardent hope, my patriotic desire, that this war measure will in its final form represent the calm yet determined purpose of the Government to wage the most energetic warfare, a measure that will maintain the business prosperity of the country, upon which alone we must rely to meet the demands of an ever-increasing expenditure. This is no time to gratify animosities, no time to seek instrumentalities of punishment, no time to make threats which will intimidate the innocent more than the guilty. My hope is that on its face this measure shall express no animosities, that in its folds there shall be found no dagger of destruction, in its words no threat of confiscation. Just, as just as an income-tax measure, dealing with irreconcilable inequalities can be made, it should be made, but hope and encouragement should be read in its every line.

Certain as I am that this war can not be fought to a successful termination short of several years, we had better a thousand times be too lenient than too severe or exacting. Back of the courage of the soldier must be the courage of the great business world, which in modern warfare is the soldier's only reliance. Our American armies must be fed and clothed and munitioned to the highest degree of efficiency. All that requires money, and all money comes from business profits. It must be made before the taxgatherer can lay his hand upon it.

It is last analysis what we back our armies with is the surplus energy of a people expressed through the thousands of prosperous industrial activities. That energy can be maintained only through the buoyancy of assurance and faith, and the whole should be backed by a patriotic conviction of the justice of our cause.

Mr. NORRIS. Mr. President—

Mr. ASHURST. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum being suggested, the Secretary will call the roll.



The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Hale	McCumber	Sheppard
Bankhead	Harding	McKellar	Simmons
Beckham	Hitchcock	McNary	Smith, Md.
Borah	Hollis	Martin	Smith, Mich.
Brandeggee	Husting	Myers	Smith, S. C.
Broussard	James	Nelson	Smoot
Calder	Johnson, Cal.	New	Sterling
Chamberlain	Johnson, S. Dak.	Norris	Sutherland
Colt	Jones, N. Mex.	Overman	Swanson
Culberson	Jones, Wash.	Page	Thompson
Curtis	Kellogg	Penrose	Trammell
Dillingham	Kendrick	Phelan	Vardaman
Fernald	Kenyon	Pittman	Wadsworth
France	King	Poinexter	Warren
Frelinghuysen	Kirby	Pomerene	Weeks
Gerry	Knox	Ransdell	Williams
Gronna	La Follette	Shafer	Woolcott

Mr. CURTIS. I desire to announce the unavoidable absence of the senior Senator from New Hampshire [Mr. GALLINGER]. I will let this announcement stand for the day.

The PRESIDING OFFICER (Mr. GERRY in the chair). Sixty-eight Senators have answered to their names. There is a quorum present.

Mr. HOLLIS. Mr. President, I rise to a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from New Hampshire will state it.

Mr. HOLLIS. I inquire what amendment is before the Senate?

The PRESIDING OFFICER. The amendment of the Senator from Wisconsin [Mr. LA FOLLETTE], to strike out section 2 and insert a substitute.

Mr. NORRIS. Mr. President, the question of raising revenue for governmental purposes is always a troublesome one. From the beginning of civilization it has perplexed the minds of scientists and statesmen. Its proper solution is one of the difficult tasks of government. Taxation is always burdensome, and if it were in my power I would gladly relieve all our citizens from its exactions. Burdensome as it is, however, it is absolutely necessary. In time of war it becomes more necessary and more troublesome. Modern warfare has increased the burdens of taxation, and we are confronted to-day with a necessity for raising more money than was ever before demanded of any people on earth. The numerous expenditures necessary for carrying on the war stagger the human imagination. The tremendous amount that we must raise from our people is almost beyond the ability of the human mind to realize.

There are only two ways in which this money can be raised. It must be raised by the issuance of bonds or it must be raised by increased taxation. There is no doubt in my judgment but that both of these methods must be utilized by this Government in the present war. It is bad financial policy, however, to resort to the issuing of bonds at least until all reasonable limits of taxation have been exhausted. It is not a sound economic or financial policy to issue bonds for the purpose of carrying on war or, for that matter, for any other enterprise until we have raised all the money by taxation that can be raised without interfering with the living expenses and with the proper conduct of the business operations of all our citizens.

There are those who believe that practically all the necessary funds should be raised by the sale of bonds and that no perceptible increase of taxation should take place at the present. This method would saddle the entire expense upon future generations. In all the wars of the past a very large amount of the funds necessary have been raised by the sale of bonds. At the present time we have no people to sell bonds to, excepting our own people. We are almost the only Nation in the world that is not, partially at least, bankrupt. If we issue bonds, they must be sold to the same people who must pay the taxes if we raise the necessary funds by taxation. If we issue bonds, we dispose of them only to the people who volunteer to buy them. If we raise the expenses of the war by taxation, we conscript money from the same people and take it for governmental purposes. If, therefore, we apply the doctrine of conscription to the financing of the war, as we have to the raising of an army, it would follow that the men raised by conscription will be paid by conscription. If we sell bonds, it means not only that those who follow us must pay the face of the bonds, but they must pay interest on them, which will amount to much more than the face of the bonds. It follows, therefore, that whatever amount we raise by the sale of bonds must be paid at least twice, so that the raising of money by bonds will be in the end much more expensive and the burden much greater than if we raise the same money by taxation.

It is conceded by all, I believe, that we should not, in our plan of taxation, interfere any more than we absolutely must,

with the transaction of all legitimate business. We ought also to avoid as long as we possibly can, taxation upon consumption. That kind of a tax will have a tendency to increase the already high cost of living. We ought to leave if we can, exempt from taxation, a living for all of our citizens. It is impossible to secure money where none exists. Any scheme of taxation must fail if it makes its levy where there is no money. There is no plan by which we can obtain money from people who do not possess it. From such a source we can not get money, either by the issuing of bonds or the levying of taxes, neither from volunteers nor by conscription.

It follows, I think, as a legitimate conclusion, that if you do not want to interfere with business, and if you do not want to create hardship and dissatisfaction among our people, you must take the taxes from such sources as will not tend to increase the cost of living or create a hardship upon those who have to pay them. It is not only the amount of taxes we levy on an income that we should consider, but it is exceedingly important likewise to take into consideration what the taxpayer will have left after he has paid his taxes. To avoid hardship, he should always have a sufficient amount of money left from his income to support himself and his family in a proper and comfortable way. Assuming that the tax levied in necessary, then an income tax levied according to this rule, would never bring suffering or hardship, and ought not be objected to by any patriotic citizen.

The pending amendment seeks to increase the tax on incomes. It does this by a sliding scale. It levies no tax upon any income of \$5,000 or less. It is true that incomes of less than \$5,000 are taxed under existing law, but the pending amendment levies no tax upon any income of less than \$5,000. Upon that part of an income between \$5,000 and \$6,000 it levies a tax of only one-half of 1 per cent. It levies a tax on the next thousand—that is, on that part of an income from \$6,000 to \$7,000—of 1 per cent, and so it continues to increase one-half of 1 per cent upon each additional thousand dollars of income, until the income reaches \$20,000. Then it increases three-quarters of 1 per cent upon each thousand dollars' additional income, until the income reaches \$30,000, and then it increases 1 per cent for each \$1,000 additional income, until the rate reaches 32 per cent upon the amount by which the total net income exceeds \$46,000 and does not exceed \$47,000. It continues to increase at different rates until it reaches a rate of 50 per cent upon the net income in excess of \$1,000,000.

I can not see how this amendment, if enacted into law, would bring hardship to any living person. Take, for instance, the man with an income of \$10,000 per year. If this amendment were adopted, such an income would have to pay a total tax under existing law and the amendment of \$355. This would leave the holder of such an income a net income, free from all Federal taxes of every kind and description, of \$9,645. Can it be said that such a tax is a burden to a man who is in possession of such an income?

Take, for instance, the man with an income of \$15,000. His total tax under the existing law and this amendment, would be \$755. This would leave him a balance of \$14,245. His tax as a matter of fact would be just 5.03 per cent on his total income. It might be well to note that if this man lived in England and had the same income, he would have to pay an income tax of 30½ per cent, or \$4,625.

Let us take an income of \$30,000. The tax, if this amendment were enacted into law, not only of the increased tax provided for under this law but the tax under existing law also, would amount to \$2,947.50. This would leave a man with an income of \$30,000 per year a balance of \$27,052.50. Would there be any danger of such a man suffering for the necessities and comforts or even the luxuries of life? Is it unpatriotic to ask him, out of an income of \$30,000, to pay this comparatively small sum to help support his country and pay the expenses of the war that in many instances was instrumental in enabling him to make this enormous amount of money? The tax that he pays would amount, on his total income, to a rate of 9.38 per cent. If he lived in England he would have to pay 35½ per cent on the same income.

Let us now take the man who gets an income of \$50,000. Under the proposed amendment the tax, together with the tax under existing law, would amount to \$9,117.50. This would leave him a balance to care for himself and family and to keep the wolf from the door of \$40,882.50. This same income in England under existing law would have to pay a tax of \$21,250.

A man who has an income of \$100,000 would have to pay a tax of \$30,617.50, leaving him a balance to meet the increased cost of living for the year of \$69,382.50.

A man who has an income of \$500,000 would have to pay a tax of \$240,617.50, leaving him the paltry sum of \$259,382.50



with which to pay for coal to keep himself and his family warm during the winter.

The man with an income of \$1,000,000 would pay a tax of \$530,617.50, leaving him, in round numbers, a balance to defray his household expenses for a year of \$500,000. By following Hoover's advice, he would be able to squeeze through.

It must be remembered in every case that these balances are net. They are not subject under any Federal law to any kind of taxation. Can people who have these enormous incomes justly complain? Is there any injustice in levying these taxes upon those who are so fortunate as to enjoy under the laws of our country these enormous incomes? The man with an income of \$10,000,000, if it were given to him in dollar bills, would not be able to count it, working eight hours a day every working day of the entire year. The truth is that many of the holders of these immense incomes, if they were compelled to count their incomes, would not have time enough left to spend them. The facts are that large as some of these amounts appear to be, they come from incomes where the holder of the income would never realize that the tax was levied and collected from him if publicity were not given to the law.

Under no possible luxurious system of living can anyone expend in a year, in any legitimate way, these huge balances. There are limits to the power even of money. The man who has an income of a million dollars can do everything and anything, so far as any legitimate expenses of himself or his family are concerned, that could be done if his income were doubled. It is an impossibility for the amounts to be legitimately expended for living expenses.

It must be remembered also that these taxes do not interfere with the capital. The capital is left undiminished, untouched, and uninjured. The business is left undisturbed. It must be remembered also that if we raise money by issuing bonds, a large number of these incomes will not be called upon to contribute anything. Many of the enormously large incomes have been brought about either partially or entirely, on account of war conditions. To a great extent they will disappear when the war is ended, and if we do not tax them now they will escape taxation forever. If the war has given a man an income of a million dollars where he would otherwise have had an income of only \$100,000, can it be said that there is any injustice even if we took all of the surplus for the payment of the very war that made his income possible?

And yet there is bitter opposition to this amendment on the part of those who favor the committee bill. Instead of sufficiently taxing war profits and swollen incomes it is proposed to tax coffee, tea, cocoa, sugar, molasses, and medicines—to levy a tax on every parcel-post package, on every freight receipt, on every express receipt, on every ticket on the railroad; and as the bill was originally brought in by the committee it levied a tax on every letter sent through the United States mails. These taxes are small, it is true. They are levied in pennies, but the burden, small though it is, is sustained by countless thousands who are already bowed down in poverty, already struggling in every possible way to feed and clothe themselves and their families. It is a less hardship for the holder of a \$2,000,000 income to pay \$1,000,000 of it in taxes than it is for the poor widow, struggling to feed and clothe her children, to buy a pound of sugar or a pound of coffee.

The only objection I have to the proposed amendment is that on the large incomes it does not take enough. It may be necessary before the war is over to levy a consumption tax, and to tax every letter that is sent through the mails. It may be necessary to tax every express receipt, every freight receipt, every railroad ticket, every ounce of medicine, and all the other necessities of life. It may become necessary to tax the medicine of the sick, the blind, the crippled, and the insane who have been returned to our shores from the blood-drenched trenches of Europe, but that time will never come with my consent until the last swollen dollar of war profits and excessive incomes has been conscripted, the same as we have conscripted the human flesh and blood of American citizens.

The cost of living has already increased to such an extent that many of our people, many of our families, who have heretofore lived in comfort, and some in luxury, have found it necessary to sacrifice and economize in every possible way to make both ends meet, while there are enormous incomes which we scarcely touch and which go practically scot-free.

It might be interesting to note that in the fiscal year 1915, ending June 30, 1916, there were 120 people in the United States who had incomes exceeding \$1,000,000. There were 329 who had incomes exceeding \$500,000. There were 3,824 people who had incomes exceeding \$100,000, and there were 54,154 people who had net incomes exceeding \$15,000. These figures are for the fiscal year 1915. I have been unable to get from the de-

partment any similar statistics for 1916, but it is safe to say that the number of large incomes for 1916 were increased very materially over 1915, and it is likewise safe to assume that statistics from 1917 will show that the figures for 1915, starting as they are, will be much smaller than 1917.

While we are calling upon the young men of our country to sacrifice their lives, while we are conscripting the youth of the Nation to make up the necessary 100 per cent of human lives, would it be out of place to say that all the excess of all incomes over \$15,000 should be conscripted and paid into the Treasury of the United States, leaving still the net untaxed balance of \$15,000 in every case? Would it be a hardship upon anybody? Would it bring any suffering to anyone? Would it be as great a sacrifice to take all in excess of \$15,000 as it is for a man to give his life, a father to give his son, a widow to give her first born? And yet, Mr. President, this amendment does not propose to take anywhere near all of this excess. An examination of the table that I shall append to my remarks will show that in every case more money is left net and untaxed than can be used in any possible legitimate expenditure in the support of the taxpayer and his family.

What is the objection even to the mild increase provided for by this amendment? It is insisted, in the first place, that it would interfere with business. Can this be true when nothing is taken but a portion of the income, leaving to the holder enough for himself and his family to live in luxury, while his fellow men, with their lives conscripted, are dying in the trenches of a foreign country? Would it interfere with business even if we took it all, providing only that the men whose incomes were taken are as patriotic as the man who offers his life? This amendment does not seek to take near all. It does not seek to take anything that by any possible construction could be held to be necessary for the support of the taxpayer and his family. It leaves them to live the same as they have always lived, while other citizens are compelled to not only give their incomes but to give up business, and if necessary life itself.

I have in mind an illustration, called recently to my attention, of a young man 27 years of age, who was the owner and publisher of a country newspaper. Through his own efforts and unceasing economy he had succeeded in placing it on a sound business basis. He owned a home, and had a wife and one small child. With the exception of a mortgage of \$400 on his home, he was out of debt. He was making a comfortable living and saving a little money. He was a member of the National Guard, and when the order came to go he was unable to dispose of his business or to make any satisfactory arrangement for continuing the publication of his newspaper. He gave up his business, the result of years of toil, stored his printing outfit in the cellar of his home, and answered his country's call. To-day his wife is clerking in a store to support herself and child, while he is on his way to a foreign country to fight our common foe. In the ranks of our soldier boys there are hundreds of thousands of similar sacrifices made in behalf of our flag. When men have offered their lives, and given all their capital and all their income, is it unreasonable to say that those who are the possessors of enormous incomes shall not have at least a portion of it conscripted in support of our Government?

I know that there are many cases of patriotism exhibited by men of immense wealth. I am not complaining of the men because they are wealthy. I am glad that there are large incomes so that a portion of them can be taxed, and I am only asking common, ordinary justice in behalf of the men and women who have given up all they possess for the sake of our flag. I have had called to my attention some wonderful exhibitions of patriotism by men who are in possession of great incomes, and who are willing to donate their entire incomes to Red Cross and hospital work. If I could by any law exempt the incomes of such men I would do it. I have had letters by the hundreds from people who have said, "I am perfectly willing that my entire income, everything that I shall make during the war, shall be conscripted by the Government and used in the prosecution of the war. All I ask is that my business shall be left intact." This amendment would do that in every instance. I am satisfied that the increasing of the tax on incomes to a very much greater extent than is proposed in this amendment would meet with the most hearty and patriotic approval of the thousands of people whom it would affect. There are many patriotic business men all over our land who realize the terrible sacrifices that have been made, and must continue to be made, by their fellow citizens. They realize that the terrible expense of the war ought to be borne by those who can bear it with the least hardship. They do not expect to make a profit out of the war. They do not ask to do so. They are willing that incomes above a comfortable living should be con-



scripted, and they feel that even should this be done, they would not be doing their full share when compared with those who offer not only business but life itself.

When the question of conscription was before the Senate it was argued by those who favored the measure that although nearly all of our citizenship was patriotic, and that hundreds of thousands of loyal men were ready to volunteer to fight in foreign lands, yet they were in favor of conscription in order that we might, as they said, equalize the burden; that even though the men were willing to volunteer we should have a law that would conscript all of our citizens, so that no favorites could be played, and so that those who were willing to sacrifice should not be compelled to bear the burdens of those who were slackers. Why does not the same argument apply to the raising of revenue for the prosecution of the war, and why does it not apply now? There are many men of immense wealth who are willing to sacrifice all their profits for our country's cause, but if we permit the holders of such incomes to volunteer their money are we not permitting the holders of other incomes to become money slackers? If it was logical to conscript the manhood of our country so that all should bear the burdens equally, why is it not equally logical that we should conscript the incomes of the country?

It is claimed also that if we increase the amount of the tax as proposed by this amendment it will prevent many men from contributing to charity from their incomes—men who are now the chief supporters of some worthy religious, educational, and charitable institutions. It might have been said also of the conscription law that if we conscripted the young men of the country it would prevent other citizens from volunteering their services and going into the war without conscription. If we add to the taxes of the already overburdened poor, as this bill proposes, we increase the need and the necessity for charitable contributions. If we relieve this class of our citizens from taxation and increase the taxes on large incomes, we lessen the necessity for charity. If the proposed increase on incomes took all of the excess above a comfortable living, there would be some reason for this objection; but even then it would not be conclusive. Even then the same argument that was made against volunteering and in favor of conscription would apply. It may be that before this terrible crisis is past many of our private schools and even our public schools may be temporarily closed, because at whatever sacrifice and at whatever cost we must eventually bring honorable victory to our cause. The time may come when all the incomes above a living will be conscripted and men will not be allowed to volunteer their money even though they desire to do so, but will be compelled to submit to its conscription in order that it may be placed where the Government, under all of the conditions and circumstances, deems it to be most needed. When we examine this amendment and analyze the amount of the increased tax it proposes it seems to me almost ridiculous that the objection should be made to it that these men whose large incomes it affects will have their charitable inclinations perverted by its enactment. Those who urge this objection to the adoption of this amendment are, in my judgment, questioning the patriotism of the very men whose incomes they are trying to protect.

But let us look at some of these incomes and see whether the holders are going to be so poverty-stricken, if this amendment becomes a law, as to deprive them of any contribution to charity that otherwise they might be disposed to make. Would the man who has an income of \$20,000, and who, if this amendment becomes a law, would have to pay a little over \$1,000 thereof as a tax, be so poor that he would justly and honestly feel unable to make any charitable contribution? Would the man who has an income of \$50,000, who would have more than \$40,000 remaining after he had paid his tax, feel so poverty-stricken that it would be a hardship on him to contribute something to charity? Would the man with a million-dollar income, who under this proposed increase would be required to pay practically half of it as taxes, and would have, in round numbers, \$500,000 left, feel so poor that he could not contribute to the support of the preacher?

It has been argued on the floor of the Senate that wealth has been patriotic. This I freely admit. In my judgment it would be just as erroneous to say that all wealthy men are slackers as it would be to say that all the citizens called by the draft law for service in the Army were slackers. If the drafting of men casts no suspicion upon their loyalty, then why should the drafting of money be claimed an attempt to charge the disloyalty of rich men? If the conscription of human beings is necessary to bring equality of service in our country's need, then why is not the conscription of incomes necessary to bring about equality in the distribution of the financial burden? If we will not wait for men to enlist, then why should we wait for

wealth to donate? If we demand by law that there shall be equality of service where human lives are at stake, then why should we not demand by law equality of contribution when funds for the prosecution of the war are necessary?

There is not a single penny provided for by this amendment that can possibly work a hardship upon any person. There is no injustice in any of its requirements. It would be a tax less troublesome than any other we could devise, even if it were increased threefold, and until it or some similar provision is enacted into law and this equality of the burdens of taxation brought about, it is not fair nor just that we should levy, even in pennies, taxes upon the very necessities of life. Not only is the increase provided by this amendment equitable and will be practically unnoticed and unfelt by those who have to contribute their share from their incomes, but it must be remembered that this additional tax will be collected without a single extra penny of expense on the part of the Government. We already have the machinery in operation for the collection of the existing income tax, and this increase will be collected without a penny of additional cost. It will cost no more to collect \$10 from an income than it now costs to collect \$5. So all of the increase will be net to the Government.

The pending bill levies a tax upon the food that the mother must have to give nourishment to her unborn babe; it taxes the medicine that she administers during the weary hours of the night while she watches the struggle between life and death in the cradle at her side; it taxes the food necessary for the child to grow to manhood's strength, and if perchance the child is now grown and has answered his country's call to defend the flag this bill as it came into the Senate taxed every message of love that the mother sends to her fighting son. It levies a tax upon every Christmas present sent by loving friends to our soldiers on foreign soil.

We should not issue bonds until these surplus incomes are taxed not only to the extent provided in this amendment but to a much greater extent. We should not burden those who shall live after us with the payment of bonds so long as we have such immense incomes untaxed and unconscribed. When we issue bonds without first exhausting all reasonable means of taxation we are doing an injustice to posterity. Unborn generations will bend their backs in toil to pay for the mistakes that we make here. The bonds that we issue now will be a burden a hundred years after we have passed away and are forgotten. For every dollar that we get by the issuing of bonds posterity must pay at least two. We owe it to those who shall live after us not to shoulder upon them any debt that could have been paid with ease and without discomfort by the holders of the immense incomes of to-day. We will not do our duty to our country or to future generations if we mortgage the future by issuing bonds before we tax all the immense fortunes of the present day, to the extent at least of taking that part of the income which is not necessary to the comfort or pleasure or even the luxury of its owner.

Objection has been urged against increasing the taxes on incomes because it is claimed that such a course would make the war unpopular. It has been argued on this floor that those who favor increasing the tax on large incomes are in reality interfering with and injuring the prosecution of the war. Mr. President, exactly the opposite is true. In the face of the record I do not see how any patriotic citizen can argue and make even himself believe that these large incomes should not be taxed at least as high as is provided in this amendment. If we want to make the war unpopular, we should pass this bill as it was introduced, and thus provide that increased burdens should be laid upon the backs of millions of our citizens who are already striving to the utmost to make a living. If we want to make the war unpopular, then we should, as the unamended bill provides, tax coffee, tea, sugar, cocoa, parcel-post shipments, letters, freight receipts, and all the other necessities of life, and then pay the balance by issuing bonds. Nothing will make the people dissatisfied quicker. Nothing will bring disorganization and dissatisfaction sooner than to add even a penny of tax to those already overburdened, and relieve those whose incomes permit them to live in luxury, without the ability, in any legitimate way, even to spend the money that annually comes to them, in many cases without any effort on their part. To fight this war to a successful termination we ought to have a satisfied and happy people. We ought to arrange our taxation so that its burdens will not fall upon the poor but the cost of the war be paid for to as great an extent as is possible by those from whom it can be taken without leaving any tinge of cold or hunger or suffering in its trail. We should eliminate from this bill every tax upon the necessities of life and confine it to incomes, war profits, and luxuries. Unless we do, we will bring dissatisfaction and discontent to millions of our citizens. It has been the history of



the world that war has been one of the principal instrumentalities for building up immense fortunes. So true has this been that the owners of great wealth who are unscrupulous have often used their great influence to bring on war. There has never yet been a war where the bulk of the burden has not fallen on the poor and those of ordinary circumstances, while others have built up immense fortunes. Millions of people all over the civilized world, even before this war began, were toiling to pay bonds that had been issued for the carrying on of prior wars. If we set before the world a new example for the future—that of paying the expenses of war by taxing war profits and huge incomes—we will take the greatest step toward international peace that has ever been taken in the history of the world. Let it be known that war profits and large incomes must pay the bulk of the expense of the war and peace will come much sooner than it otherwise would, and if it be known that this precedent, thus established, is going to be followed as to all future wars, and that henceforth there will be no war profits, then war will become almost extinct, and the nations of the world will live together in perpetual peace. When once the great and powerful influences of wealth have been lined up in opposition to war the peace of the world will be practically assured, and the influences of wealth will be so lined up when there is no longer any financial profit in war. When once it becomes known all over the civilized world that the conscription of men means conscription of money as well, there will be no more conscription, and when armies must be recruited entirely from volunteers, there will be no more wars of conquest, and it will not be possible for ambitious monarchs to obtain either money or men to destroy the lives and liberty of the innocent people of other nations.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. NORRIS. Mr. President, I ask unanimous consent that I may print as an appendix to my remarks a copy of the amendment and also a table showing the amount of revenue that would be raised from the various incomes up to a million dollars if this amendment were adopted, and also showing what amount of tax would be paid on the same income in England. In this connection I wish to call attention to the fact that in England up to \$13,000 it is impossible to compute what the income would be unless you know what kind of an income it is, because they have unearned and earned incomes, and up to and including \$12,000 the rates for unearned and earned dividends are different. From that on they are the same. My table will show the amount of the English incomes from \$13,000 up to a million. I wish to add, however, Mr. President, that from the incomes that are omitted from the table for the reason that I have stated, as far as Great Britain is concerned, there would in every case be a much larger amount paid than under our law if this amendment were adopted, regardless of whether the incomes were derived from unearned sources or earned sources, or from both.

The PRESIDING OFFICER. Without objection, leave will be granted.

The matter referred to is as follows:

Amendment intended to be proposed by Mr. LA FOLLETTE to the bill (H. R. 4280) to provide revenue to defray war expenses, and for other purposes, viz: Strike out section 2 of the bill and insert:

Sec. 2. That in addition to the additional tax imposed by subdivision (b) of section 1 of such act of September 8, 1916, there shall be levied, assessed, collected, and paid a like additional tax upon the income of every individual received in the calendar year 1917 and every calendar year thereafter, as follows:

One-half of 1 per cent per annum upon the amount by which the total net income exceeds \$5,000 and does not exceed \$6,000.

One per cent per annum upon the amount by which the total net income exceeds \$6,000 and does not exceed \$7,000.

One and one-half per cent per annum upon the amount by which the total net income exceeds \$7,000 and does not exceed \$8,000.

Two per cent per annum upon the amount by which the total net income exceeds \$8,000 and does not exceed \$9,000.

Two and one-half per cent per annum upon the amount by which the total net income exceeds \$9,000 and does not exceed \$10,000.

Three per cent per annum upon the amount by which the total net income exceeds \$10,000 and does not exceed \$11,000.

Three and one-half per cent per annum upon the amount by which the total net income exceeds \$11,000 and does not exceed \$12,000.

Four per cent per annum upon the amount by which the total net income exceeds \$12,000 and does not exceed \$13,000.

Four and one-half per cent per annum upon the amount by which the total net income exceeds \$13,000 and does not exceed \$14,000.

Five per cent per annum upon the amount by which the total net income exceeds \$14,000 and does not exceed \$15,000.

Five and one-half per cent per annum upon the amount by which the total net income exceeds \$15,000 and does not exceed \$16,000.

Six per cent per annum upon the amount by which the total net income exceeds \$16,000 and does not exceed \$17,000.

Six and one-half per cent per annum upon the amount by which the total net income exceeds \$17,000 and does not exceed \$18,000.

Seven per cent per annum upon the amount by which the total net income exceeds \$18,000 and does not exceed \$19,000.

Seven and one-half per cent per annum upon the amount by which the total net income exceeds \$19,000 and does not exceed \$20,000.

Eight and one-quarter per cent per annum upon the amount by which the total net income exceeds \$20,000 and does not exceed \$21,000.

Nine per cent per annum upon the amount by which the total net income exceeds \$21,000 and does not exceed \$22,000.

Nine and three-quarter per cent per annum upon the amount by which the total net income exceeds \$22,000 and does not exceed \$23,000.

Ten and one-half per cent per annum upon the amount by which the total net income exceeds \$23,000 and does not exceed \$24,000.

Eleven and one-quarter per cent per annum upon the amount by which the total net income exceeds \$24,000 and does not exceed \$25,000.

Twelve per cent per annum upon the amount by which the total net income exceeds \$25,000 and does not exceed \$26,000.

Twelve and three-quarter per cent per annum upon the amount by which the total net income exceeds \$26,000 and does not exceed \$27,000.

Thirteen and one-half per cent per annum upon the amount by which the total net income exceeds \$27,000 and does not exceed \$28,000.

Fourteen and one-quarter per cent per annum upon the amount by which the total net income exceeds \$28,000 and does not exceed \$29,000.

Fifteen per cent per annum upon the amount by which the total net income exceeds \$29,000 and does not exceed \$30,000.

Sixteen per cent per annum upon the amount by which the total net income exceeds \$30,000 and does not exceed \$31,000.

Seventeen per cent per annum upon the amount by which the total net income exceeds \$31,000 and does not exceed \$32,000.

Eighteen per cent per annum upon the amount by which the total net income exceeds \$32,000 and does not exceed \$33,000.

Nineteen per cent per annum upon the amount by which the total net income exceeds \$33,000 and does not exceed \$34,000.

Twenty per cent per annum upon the amount by which the total net income exceeds \$34,000 and does not exceed \$35,000.

Twenty-one per cent per annum upon the amount by which the total net income exceeds \$35,000 and does not exceed \$36,000.

Twenty-two per cent per annum upon the amount by which the total net income exceeds \$36,000 and does not exceed \$37,000.

Twenty-three per cent per annum upon the amount by which the total net income exceeds \$37,000 and does not exceed \$38,000.

Twenty-four per cent per annum upon the amount by which the total net income exceeds \$38,000 and does not exceed \$39,000.

Twenty-five per cent per annum upon the amount by which the total net income exceeds \$39,000 and does not exceed \$40,000.

Twenty-six per cent per annum upon the amount by which the total net income exceeds \$40,000 and does not exceed \$41,000.

Twenty-seven per cent per annum upon the amount by which the total net income exceeds \$41,000 and does not exceed \$42,000.

Twenty-eight per cent per annum upon the amount by which the total net income exceeds \$42,000 and does not exceed \$43,000.

Twenty-nine per cent per annum upon the amount by which the total net income exceeds \$43,000 and does not exceed \$44,000.

Thirty per cent per annum upon the amount by which the total net income exceeds \$44,000 and does not exceed \$45,000.

Thirty-one per cent per annum upon the amount by which the total net income exceeds \$45,000 and does not exceed \$46,000.

Thirty-two per cent per annum upon the amount by which the total net income exceeds \$46,000 and does not exceed \$47,000.

Thirty-three per cent per annum upon the amount by which the total net income exceeds \$47,000 and does not exceed \$48,000.

Thirty-four per cent per annum upon the amount by which the total net income exceeds \$48,000 and does not exceed \$49,000.

Thirty-five per cent per annum upon the amount by which the total net income exceeds \$49,000 and does not exceed \$50,000.

Thirty-six per cent per annum upon the amount by which the total net income exceeds \$50,000 and does not exceed \$51,000.

Thirty-seven per cent per annum upon the amount by which the total net income exceeds \$51,000 and does not exceed \$52,000.

Thirty-eight per cent per annum upon the amount by which the total net income exceeds \$52,000 and does not exceed \$53,000.

Thirty-nine per cent per annum upon the amount by which the total net income exceeds \$53,000 and does not exceed \$54,000.

Forty per cent per annum upon the amount by which the total net income exceeds \$54,000 and does not exceed \$55,000.

Forty-one per cent per annum upon the amount by which the total net income exceeds \$55,000 and does not exceed \$56,000.

Forty-two per cent per annum upon the amount by which the total net income exceeds \$56,000 and does not exceed \$57,000.

Forty-three per cent per annum upon the amount by which the total net income exceeds \$57,000 and does not exceed \$58,000.

Forty-four per cent per annum upon the amount by which the total net income exceeds \$58,000 and does not exceed \$59,000.

Forty-five per cent per annum upon the amount by which the total net income exceeds \$59,000 and does not exceed \$60,000.

Forty-six per cent per annum upon the amount by which the total net income exceeds \$60,000 and does not exceed \$61,000.

Forty-seven per cent per annum upon the amount by which the total net income exceeds \$61,000 and does not exceed \$62,000.

Forty-eight per cent per annum upon the amount by which the total net income exceeds \$62,000 and does not exceed \$63,000.

Forty-nine per cent per annum upon the amount by which the total net income exceeds \$63,000 and does not exceed \$64,000.

Fifty per cent per annum upon the amount by which the total net income exceeds \$64,000 and does not exceed \$65,000.

Fifty-one per cent per annum upon the amount by which the total net income exceeds \$65,000 and does not exceed \$66,000.

Fifty-two per cent per annum upon the amount by which the total net income exceeds \$66,000 and does not exceed \$67,000.

Fifty-three per cent per annum upon the amount by which the total net income exceeds \$67,000 and does not exceed \$68,000.

Fifty-four per cent per annum upon the amount by which the total net income exceeds \$68,000 and does not exceed \$69,000.

Fifty-five per cent per annum upon the amount by which the total net income exceeds \$69,000 and does not exceed \$70,000.

Fifty-six per cent per annum upon the amount by which the total net income exceeds \$70,000 and does not exceed \$71,000.

Fifty-seven per cent per annum upon the amount by which the total net income exceeds \$71,000 and does not exceed \$72,000.

Fifty-eight per cent per annum upon the amount by which the total net income exceeds \$72,000 and does not exceed \$73,000.

Fifty-nine per cent per annum upon the amount by which the total net income exceeds \$73,000 and does not exceed \$74,000.

Sixty per cent per annum upon the amount by which the total net income exceeds \$74,000 and does not exceed \$75,000.

Sixty-one per cent per annum upon the amount by which the total net income exceeds \$75,000 and does not exceed \$76,000.

Sixty-two per cent per annum upon the amount by which the total net income exceeds \$76,000 and does not exceed \$77,000.

Sixty-three per cent per annum upon the amount by which the total net income exceeds \$77,000 and does not exceed \$78,000.

Sixty-four per cent per annum upon the amount by which the total net income exceeds \$78,000 and does not exceed \$79,000.

Sixty-five per cent per annum upon the amount by which the total net income exceeds \$79,000 and does not exceed \$80,000.

Sixty-six per cent per annum upon the amount by which the total net income exceeds \$80,000 and does not exceed \$81,000.

Sixty-seven per cent per annum upon the amount by which the total net income exceeds \$81,000 and does not exceed \$82,000.

Sixty-eight per cent per annum upon the amount by which the total net income exceeds \$82,000 and does not exceed \$83,000.

Sixty-nine per cent per annum upon the amount by which the total net income exceeds \$83,000 and does not exceed \$84,000.

Seventy per cent per annum upon the amount by which the total net income exceeds \$84,000 and does not exceed \$85,000.

Seventy-one per cent per annum upon the amount by which the total net income exceeds \$85,000 and does not exceed \$86,000.

Seventy-two per cent per annum upon the amount by which the total net income exceeds \$86,000 and does not exceed \$87,000.

Seventy-three per cent per annum upon the amount by which the total net income exceeds \$87,000 and does not exceed \$88,000.

Seventy-four per cent per annum upon the amount by which the total net income exceeds \$88,000 and does not exceed \$89,000.

Seventy-five per cent per annum upon the amount by which the total net income exceeds \$89,000 and does not exceed \$90,000.

Seventy-six per cent per annum upon the amount by which the total net income exceeds \$90,000 and does not exceed \$91,000.

Seventy-seven per cent per annum upon the amount by which the total net income exceeds \$91,000 and does not exceed \$92,000.

Seventy-eight per cent per annum upon the amount by which the total net income exceeds \$92,000 and does not exceed \$93,000.

Seventy-nine per cent per annum upon the amount by which the total net income exceeds \$93,000 and does not exceed \$94,000.

Eighty per cent per annum upon the amount by which the total net income exceeds \$94,000 and does not exceed \$95,000.

Eighty-one per cent per annum upon the amount by which the total net income exceeds \$95,000 and does not exceed \$96,000.

Eighty-two per cent per annum upon the amount by which the total net income exceeds \$96,000 and does not exceed \$97,000.

Eighty-three per cent per annum upon the amount by which the total net income exceeds \$97,000 and does not exceed \$98,000.

Eighty-four per cent per annum upon the amount by which the total net income exceeds \$98,000 and does not exceed \$99,000.

Eighty-five per cent per annum upon the amount by which the total net income exceeds \$99,000 and does not exceed \$100,000.

Eighty-six per cent per annum upon the amount by which the total net income exceeds \$100,000 and does not exceed \$101,000.

Eighty-seven per cent per annum upon the amount by which the total net income exceeds \$101,000 and does not exceed \$102,000.

Eighty-eight per cent per annum upon the amount by which the total net income exceeds \$102,000 and does not exceed \$103,000.

Eighty-nine per cent per annum upon the amount by which the total net income exceeds \$103,000 and does not exceed \$104,000.

Ninety per cent per annum upon the amount by which the total net income exceeds \$104,000 and does not exceed \$105,000.

Ninety-one per cent per annum upon the amount by which the total net income exceeds \$105,000 and does not exceed \$106,000.

Ninety-two per cent per annum upon the amount by which the total net income exceeds \$106,000 and does not exceed \$107,000.

Ninety-three per cent per annum upon the amount by which the total net income exceeds \$107,000 and does not exceed \$108,000.

Ninety-four per cent per annum upon the amount by which the total net income exceeds \$108,000 and does not exceed \$109,000.

Ninety-five per cent per annum upon the amount by which the total net income exceeds \$109,000 and does not exceed \$110,000.

Ninety-six per cent per annum upon the amount by which the total net income exceeds \$110,000 and does not exceed \$111,000.

Ninety-seven per cent per annum upon the amount by which the total net income exceeds \$111,000 and does not exceed \$112,000.

Ninety-eight per cent per annum upon the amount by which the total net income exceeds \$112,000 and does not exceed \$113,000.

Ninety-nine per cent per annum upon the amount by which the total net income exceeds \$113,000 and does not exceed \$114,000.

One hundred per cent per annum upon the amount by which the total net income exceeds \$114,000 and does not exceed \$115,000.

One hundred and one per cent per annum upon the amount by which the total net income exceeds \$115,000 and does not exceed \$116,000.

One hundred and two per cent per annum upon the amount by which the total net income exceeds \$116,000 and does not exceed \$117,000.

One hundred and three per cent per annum upon the amount by which the total net income exceeds \$117,000 and does not exceed \$118,000.

One hundred and four per cent per annum upon the amount by which the total net income exceeds \$118,000 and does not exceed \$119,000.

One hundred and five per cent per annum upon the amount by which the total net income exceeds \$119,000 and does not exceed \$120,000.

One hundred and six per cent per annum upon the amount by which the total net income exceeds \$120,000 and does not exceed \$121,000.

One hundred and seven per cent per annum upon the amount by which the total net income exceeds \$121,000 and does not exceed \$122,000.

One hundred and eight per cent per annum upon the amount by which the total net income exceeds \$122,000 and does not exceed \$123,000.

One hundred and nine per cent per annum upon the amount by which the total net income exceeds \$123,000 and does not exceed \$124,000.

One hundred and ten per cent per annum upon the amount by which the total net income exceeds \$124,000 and does not exceed \$125,000.

One hundred and eleven per cent per annum upon the amount by which the total net income exceeds \$125,000 and does not exceed \$126,000.

One hundred and twelve per cent per annum upon the amount by which the total net income exceeds \$126,000 and does not exceed \$127,000.

One hundred and thirteen per cent per annum upon the amount by which the total net income exceeds \$127,000 and does not exceed \$128,000.

One hundred and fourteen per cent per annum upon the amount by which the total net income exceeds \$128,000 and does not exceed \$129,000.

One hundred and fifteen per cent per annum upon the amount by which the total net income exceeds \$129,000 and does not exceed \$130,000.

One hundred and sixteen per cent per annum upon the amount by which the total net income exceeds \$130,000 and does not exceed \$131,000.

One hundred and seventeen per cent per annum upon the amount by which the total net income exceeds \$131,000 and does not exceed \$132,000.

One hundred and eighteen per cent per annum upon the amount by which the total net income exceeds \$132,000 and does not exceed \$133,000.

One hundred and nineteen per cent per annum upon the amount by which the total net income exceeds \$133,000 and does not exceed \$134,000.

One hundred and twenty per cent per annum upon the amount by which the total net income exceeds \$134,000 and does not exceed \$135,000.

One hundred and twenty-one per cent per annum upon the amount by which the total net income exceeds \$135,000 and does not exceed \$136,000.

One hundred and twenty-two per cent per annum upon the amount by which the total net income exceeds \$136,000 and does not exceed \$137,000.

One hundred and twenty-three per cent per annum upon the amount by which the total net income exceeds \$137,000 and does not exceed \$138,000.

One hundred and twenty-four per cent per annum upon the amount by which the total net income exceeds \$138,000 and does not exceed \$139,000.

One hundred and twenty-five per cent per annum upon the amount by which the total net income exceeds \$139,000 and does not exceed \$140,000.

One hundred and twenty-six per cent per annum upon the amount by which the total net income exceeds \$140,000 and does not exceed \$141,000.

One hundred and twenty-seven per cent per annum upon the amount by which the total net income exceeds \$141,000 and does not exceed \$142,000.

One hundred and twenty-eight per cent per annum upon the amount by which the total net income exceeds \$142,000 and does not exceed \$143,000.

One hundred and twenty-nine per cent per annum upon the amount by which the total net income exceeds \$143,000 and does not exceed \$144,000.

One hundred and thirty per cent per annum upon the amount by which the total net income exceeds \$144,000 and does not exceed \$145,000.

One hundred and thirty-one per cent per annum upon the amount by which the total net income exceeds \$145,000 and does not exceed \$146,000.

One hundred and thirty-two per cent per annum upon the amount by which the total net income exceeds \$146,000 and does not exceed \$147,000.

One hundred and thirty-three per cent per annum upon the amount by which the total net income exceeds \$147,000 and does not exceed \$148,000.

One hundred and thirty-four per cent per annum upon the amount by which the total net income exceeds \$148,000 and does not exceed \$149,000.

One hundred and thirty-five per cent per annum upon the amount by which the total net income exceeds \$149,000 and does not exceed \$150,000.

One hundred and thirty-six per cent per annum upon the amount by which the total net income exceeds \$150,000 and does not exceed \$151,000.

One hundred and thirty-seven per cent per annum upon the amount by which the total net income exceeds \$151,000 and does not exceed \$152,000.

One hundred and thirty-eight per cent per annum upon the amount by which the total net income exceeds \$152,000 and does not exceed \$153,000.

One hundred and thirty-nine per cent per annum upon the amount by which the total net income exceeds \$153,000 and does not exceed \$154,000.

One hundred and forty per cent per annum upon the amount by which the total net income exceeds \$154,000 and does not exceed \$155,000.

One hundred and forty-one per cent per annum upon the amount by which the total net income exceeds \$155,000 and does not exceed \$156,000.

One hundred and forty-two per cent per annum upon the amount by which the total net income exceeds \$156,000 and does not exceed \$157,000.

Table showing the amount of tax a married person would pay.—Contd.

Income.	Total tax under existing law and proposed amendment.	Amount under British tax law.
\$31,000.....	\$3,157.50	\$11,108.30
\$32,000.....	3,377.50	11,451.65
\$33,000.....	3,607.50	11,825.00
\$34,000.....	3,847.50	12,183.30
\$35,000.....	4,097.50	13,125.00
\$36,000.....	4,357.50	13,500.00
\$37,000.....	4,627.50	13,875.00
\$38,000.....	4,907.50	14,250.00
\$39,000.....	5,197.50	14,625.00
\$40,000.....	5,497.50	15,000.00
\$41,000.....	5,817.50	16,058.33
\$42,000.....	6,147.50	16,450.00
\$43,000.....	6,487.50	16,841.66
\$44,000.....	6,837.50	17,233.33
\$45,000.....	7,197.50	18,375.00
\$46,000.....	7,557.50	18,783.30
\$47,000.....	7,947.50	19,191.65
\$50,000.....	9,117.50	21,250.00
\$60,000.....	13,217.50	25,500.00
\$80,000.....	21,817.50	34,000.00
\$100,000.....	30,617.50	42,500.00
\$150,000.....	54,117.50	63,750.00
\$200,000.....	78,617.50	85,000.00
\$250,000.....	104,117.50	106,250.00
\$300,000.....	130,617.50	127,500.00
\$500,000.....	240,617.50	212,500.00
\$750,000.....	380,617.50	318,750.00
\$1,000,000.....	530,617.50	425,000.00
\$1,500,000.....	860,617.50	637,500.00
\$2,000,000.....	1,195,617.50	850,000.00

Mr CURTIS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum being suggested, the Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Bankhead	Harding	Lodge	Shields
Beckham	Hitchcock	McCumber	Simmons
Borah	Hollis	McKellar	Smith, Md.
Brandegee	Husting	McNary	Smith, S. C.
Broussard	James	Martin	Sterling
Chamberlain	Johnson, Cal.	Myers	Stone
Colt	Johnson, S. Dak.	New	Sutherland
Culberson	Jones, N. Mex.	Norris	Swanson
Curtis	Jones, Wash.	Overman	Trammell
Dillingham	Kellogg	Page	Vardaman
France	Kendrick	Penrose	Wadsworth
Frelinghuysen	Kenyon	Pomerene	Watson
Gerry	King	Ransdell	Weeks
Gronna	Knox	Shafer	Williams
Hale	La Follette	Sheppard	Wolcott

The PRESIDING OFFICER. Sixty Senators have answered to their names. There is a quorum present.

Mr. SMITH of South Carolina. Mr. President, there is so much confusion and uncertainty about all statistics relative to conditions which now obtain as compared with conditions before the war that in some cases, and particularly the one to which I am going to address myself now, they are disastrous and absolutely unjust. Certain individuals and certain interests, it seems, are creating the impression that Germany is receiving aid from neutral sources in the form of certain productions of America. I took occasion the other day, when certain matter was introduced in the Record tending to show that southern cotton was reaching Germany, to demonstrate that it was untrue and physically impossible, if the neutrals and our allies were consuming anything like their normal prewar amount of cotton. The agitation of that question and the subsequent placing of an embargo upon cotton have resulted in a loss of \$30 a bale on cotton within three weeks, while the production of American cotton is 30 per cent below the normal and the price is but 40 per cent above the normal.

I sent to the Bureau of the Census and asked them to give me the exact figures of cotton production from 1913 to 1916, inclusive—one prewar year and three war years—and also to give me the consumption of cotton during the four years named. The cotton-consumption year differs from the producing year in that the consumption year begins on August 1 and extends to August 1 next, while the producing year is the calendar year. I ask the privilege of putting into the Record the letter of Mr. Rogers and the statistics furnished, and I want to give the Senate the benefit of what those figures show.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter referred to is as follows:

DEPARTMENT OF COMMERCE,  
BUREAU OF THE CENSUS,  
Washington, September 5, 1917.

Hon. E. D. SMITH,  
United States Senate, Washington, D. C.

MY DEAR SENATOR: In compliance with your request, I take pleasure in furnishing you the inclosed statement relative to the production

and consumption of cotton in the United States and throughout the world. The figures for the United States are as collected and compiled by this bureau, those for the world have been compiled from a number of sources and contain some estimates, as definite information is not available for all countries.

Trusting that this statement may be of service to you, I am,  
Very truly, yours,

SAM. L. ROGERS, Director.

#### Production of American cotton (running bales).

Growth year.	Total.	Lint.	Linters.
1913.....	14,613,964	13,982,811	631,153
1914.....	16,738,241	15,905,840	832,401
1915.....	12,012,813	11,068,173	944,640
1916.....	12,692,407	11,363,915	1,328,492

<sup>1</sup> Equivalent 500-pound bales gross weight.

#### Consumption of domestic cotton in the United States (running bales).

Year ending July 31—	Total.	Lint.	Linters.
1914.....	5,680,424	5,383,099	307,325
1915.....	5,787,150	5,375,305	411,845
1916.....	6,961,534	6,080,618	880,916
1917.....	7,350,281	6,482,972	867,309

#### World's production of cotton (500-pound bales; net weight).

Growth year.	Total.	United States, including linters.	All other countries.
1913.....	22,229,000	14,155,000	8,073,000
1914.....	24,656,000	16,258,000	8,398,000
1915.....	18,685,000	11,599,000	7,086,000
1916.....	19,635,000	12,225,000	7,409,000
Total.....	85,205,000	54,239,000	30,966,000

#### World's consumption of cotton (500-pound bales; net weight).

Year ending July 31—	Total.	American cotton and linters.	All other kinds.
1914.....	22,020,000	14,080,000	7,940,000
1915.....	20,660,000	13,390,000	7,270,000
1916.....	22,350,000	14,340,000	8,010,000
1917.....	21,720,000	13,590,000	8,130,000
Total.....	86,750,000	55,400,000	31,350,000

Mr. SMITH of South Carolina. Mr. President, a few weeks ago certain communications from New England manufacturers were introduced and read into the Record in reference to cotton finding its way to Germany.

I gathered statistics from the departments at that time to show that this was a mistake. Presumably upon the fear that the suggestion that cotton was going to Germany was true, cotton was included in the embargo. Beginning with the agitation of this question, and since the placing of cotton upon the embargo list, the price has declined \$30 per bale. The impression is abroad that the present price of cotton is above all reason and is affected like other commodities by war conditions; this is absolutely untrue. According to the law of supply and demand, under normal conditions, freed from manipulation, cotton to-day, without the war, would be worth upon its merits, according to the law of supply and demand, a much higher price than it is now bringing.

I called upon the Census Department to furnish me with the figures first showing the growth or production of cotton for the years 1913 to 1916, inclusive. The total production of American cotton for the four years was 54,239,000 bales, including linters. The consumption of American cotton for the same period was 55,400,000 bales, showing a consumption exceeding production of 1,161,000 bales.

The world's production of cotton for the same period, according to the figures of the Census Bureau, was 85,205,000 bales. The world's consumption of all cotton produced was 86,750,000 bales, showing an excess of consumption over production of 1,545,000 bales.

Mr. STONE. Where did that come from?

Mr. SMITH of South Carolina. It was carried over from previous years. I shall show later on just what the condition now is.

The average consumption of American cotton per year for the four years named is 13,800,000 bales, whilst the average production is 13,500,000 bales, making the excess of consumption over production for each year 300,000 bales.



The consumption of the world's production averages 21,680,000 bales; the world's production averages 21,301,000 bales, showing an excess of consumption over production of practically the same amount—300,000 bales.

Taking the production and consumption year by year for each of the four years, taking one prewar year, 1913, and three war years, 1914, 1915, and 1916, the following table shows that there was produced of American cotton in 1913, including linters, 14,156,000 bales, consumed 14,080,000 bales; in 1914 produced 16,258,000 bales, consumed 13,390,000 bales; in 1915 produced 11,569,000 bales, consumed 14,340,000 bales; in 1916 produced 12,226,000 bales, consumed 13,590,000 bales.

The production of American cotton for the five years previous to the war, including 1914, averaged 14,000,000 bales per year, whilst the average for 1915 and 1916—the two last years of the war—was only 11,200,000, or a falling off from the average of 3,000,000 bales per year for the two years.

To put it more graphically, in 1915 we produced 11,068,000 bales and the world consumed 14,340,000 bales; in 1916 we produced 11,363,000 bales and the world consumed 13,590,000 bales, consuming in the two years all the surplus stock carried over from all the previous years; and, according to the figures furnished by the Census Department, we are to-day absolutely bare of all old cotton and are dependent upon the present incoming crop to supply the needs of the world.

Never before did such a condition as that confront the textile world in the history of cotton. We have wiped out the surplus, not on account of the increased consumption but on account of the disasters to production, which has dropped from 16,000,000 bales to 11,000,000 bales.

On September 1 the Agricultural Department gave out its condition report; and its estimate of the yield for this incoming year is 12,500,000 bales of American cotton. The average world's consumption, including America, of American cotton from 1914 to 1917, inclusive, is 13,800,000 bales, according to the figures furnished by the Census Department. If the estimate of the Agricultural Department is approximately correct, and the same demand for consumption continues, we will before the 1st day of next August be one and a half million bales short of the necessary supply to meet the demand.

Mr. VARDAMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Mississippi?

Mr. SMITH of South Carolina. I do.

Mr. VARDAMAN. Will it inconvenience the Senator from South Carolina for me to inquire of him the number of bales of cotton that are usually consumed by the countries that are now prohibited from receiving cotton from the United States?

Mr. SMITH of South Carolina. I will state, in round numbers, that formerly Germany received about 3,000,000 bales.

Mr. VARDAMAN. I mean the neutral countries. I understand, under the embargo which has been laid, cotton can not go to Germany; but my inquiry is with reference to the neutral countries of Europe against whom the embargo also operates.

Mr. SMITH of South Carolina. Those countries consume about 4,000,000 bales.

Mr. VARDAMAN. But no cotton is being shipped to those countries now at all?

Mr. SMITH of South Carolina. Oh, yes; cotton will be shipped, but only in proportion to their normal supply; none in excess of their prewar shipments.

The Senator will understand how the confusion arose in reference to that. When the great port of Bremen and other great German ports that formerly received American cotton, not alone for Germany but for other countries, and whose receipts of cotton appear in our tables, were closed, cotton found its way to lesser neutral ports, and immediately some said it was going to Germany. It was not hard to trace the source of this report, because the difference between the price of the raw material and the finished product is the margin of profit for those who convert the raw material into the finished product. I shall take occasion on the floor of the Senate to show that brown domestic bleached cloth, sheeting, and prints are selling to-day on a basis of 50 cents a pound for the raw cotton and the manufacturers are making a bigger profit than they made when they bought cotton at 10 cents a pound. I have asked the Department of Commerce and the Federal Trade Commission to furnish me a table, and if they can not furnish it I am going to get it myself from the merchants, showing the difference between what these goods were bringing in 1913 and what they are bringing now; yet there is no embargo threatened on manufactured cloth.

In 1910, which was, of course, a prewar year, the average price of cotton was 14 cents per pound. In 1913 we made 14,156,000 bales of cotton, and the average price was 12.5 cents

per pound, a difference of 40 per cent between the price then and the price now, it being 40 per cent higher now than it was then.

In 1916 the production of cotton was 11,068,000 bales, exclusive of linters; compared with the production of 1913, it is a decrease of 30 per cent, showing that the decrease in production is just 10 per cent less than the increase in price. In 1910 cotton went to 20 cents per pound in New York. In 1913 it went above 15 cents per pound. On the basis of supply and demand comparing the production and the price of 1915-16 with the production and price of 1912-13, cotton is cheaper to-day than it was then.

Mr. VARDAMAN. Mr. President, may I ask the Senator if he has any remedy for the unfortunate economic or business ill which he is discussing? The embargo will not be taken from cotton. Does the Senator think there are malign influences here at home that are working on the market and causing the depression? It is a pretty serious question to your constituents and mine.

Mr. SMITH of South Carolina. My opinion is that there are selfish influences at work here—

Mr. VARDAMAN. I have no doubt about that myself.

Mr. SMITH of South Carolina. And I suspect that there are some foreign influences collaborating with home influences, operating to create an impression against the cotton producer. I will discuss that a little later on.

The prewar consumption of American cotton of our allies was, in round numbers, 6,000,000 bales. The American consumption now is 7,000,000 bales, making a total of 13,000,000 bales. If the estimate of the Agricultural Department is too little by one-half million bales of cotton, and we should make this year 13,000,000 bales of cotton, then there will be just enough to supply the prewar requisites of America and her allies without leaving a single bale on the 1st day of next August, to say nothing of the normal demand of other countries of the world.

The situation justifies a much higher price for cotton than now obtains. According to figures obtained from the department, the cost of production has advanced between 75 and 100 per cent; the cost of farm implements, labor, live-stock food, and fertilizers have increased 100 per cent, or in the neighborhood thereof, while the price of cotton has increased 40 per cent over the prewar price and the production has decreased 30 per cent below the prewar production.

The situation is entirely in the hands of the farmers of the South. It is only a question of whether or not they will sell their cotton for lower prices or be stampeded by the gerrymandered figures that are put around and about or by appeals to their patriotism on spurious grounds, because the most favorable condition that ever confronted the cotton farmer is before him to-day; he is master of the situation. I do not believe that he wants to extort any more than a just return on the intrinsic value of the commodity he produces. If cloth sells upon the basis of 50 cents a pound for cotton, and he has got to buy his cotton back in the form of a shirt, if mules have advanced 100 per cent, if food has advanced 100 per cent, surely he is entitled to a reasonable advance, especially in view of the fact that disasters have cut his production down from 30 to 40 per cent.

Mr. President, I shall at another time show that prices obtained now for cotton goods justify the mills in paying a much higher price than they are now paying for raw cotton. Taking the supply and consumption now as compared with normal, cotton is the cheapest article of all the necessities on the market to-day and is not bringing its intrinsic worth.

Mr. President, I wanted to put these facts in the RECORD, because day before yesterday cotton broke \$6 a bale upon the presumption that some of it was finding its way to Germany and that the Government would have to license exports. What England alone will take and what America alone will consume will not leave out of this year's production the normal carry-over stock that justifies the trade in selling goods ahead. If necessity requires, if this assault on the cotton market on these spurious grounds does not stop, I think there is a way of finding out just where the influence is and exposing it on the floor of the Senate.

If the production of cotton was normal and the price was double the normal and I believed that cotton for munition purposes was filtering through to our enemy, I would stand before the Senate and fight that condition as every other patriotic American would do; but when certain influences, right at the debt-paying time of the poor producer, rig the market on gerrymandered figures, manipulated figures, which the reports of the department here prove incorrect, it is the patriotic duty of every man, to say nothing of those from the South, to stand up here and give this great world necessity a fair show. Because cotton happens to be selling for from 20 to 25 cents a pound men look



upon it as being an abnormal price. As I have said before, it went to 20 cents a pound in 1910. Why? Because in 1910 we made exactly the crop, lacking a few thousand bales, that we made in 1915, and it went to 20 cents a pound with a carry-over stock from previous years of something like 3,000,000 bales. In 1915 we made 11,000,000 bales; in 1916, 11,363,000 bales; while the world's consumption was 14,000,000 bales. When it is considered that 900,000,000 people consume American cotton in the way of wearing apparel and necessary textile articles and that America has a monopoly of the world's production, there is just basis for a higher price for cotton than prevails to-day. On no other spot on the globe except the United States is the peculiar American middling upland duplicated. Under the microscope test all the tropical and semitropical and foreign cottons are shown to be radically different in their mechanical and physical make-up.

I have in my office a report from the British Cotton Growers' Association, from Mr. Arthur Capper, in which he said before that association that India, which is practically a dependency of England, produced 4,000,000 bales of cotton, and out of the 4,000,000 bales of cotton produced in India the great mills of Manchester, Lancashire, Oldham, Lyons, and Leeds only used 200,000 bales, because the fiber was so short and coarse that it was only fit for cordage; and he said further that the only hope of England to maintain her supremacy in the great cloth markets of the world was American cotton, because of its superior quality, lending itself to the loom. And now, when disaster, insects, and seasons have added burdens on the producers of cotton, when advance in wages, advance in food, fertilizer, and farming implements have increased the cost of production 100 per cent, these pirates and selfish foreign interests combine for the purpose of creating a scare in America and urge that the strong hand of the embargo ought to be laid on it in order to restrict cotton from going to Germany! I suspect that the real purpose is not so much to prohibit it, because they know that it is not going, as to force it to go to certain countries abroad for their benefit and for the benefit of certain home manufacturers.

The PRESIDING OFFICER (Mr. Lewis in the chair). Will the Senator from South Carolina allow the Chair to ask him a question for information, which the Chair is sure will be interesting?

Mr. SMITH of South Carolina. Certainly.

The PRESIDING OFFICER. Will the Senator from South Carolina give the Chair his judgment as to what effect, if any, the proposed production of cotton in the fields of China, Africa, and Egypt is likely to have upon the southern cotton production?

Mr. SMITH of South Carolina. In 1867 a citizen of my city was employed by the Russian Government to go over to exploit cotton in Russia. At that time cotton was bringing \$1.89 a pound in gold. He tried with all of his southern training to grow cotton in the seemingly favorable lands of Russian territory, and failed egregiously, because even from American seed it would not reproduce American fiber under the climatic conditions of that country. As everybody knows, in the case of the Egyptian cotton every foot of ground that will produce the long, silken fiber has been exploited. Egypt can grow no more cotton, according to the report of Mr. Arthur Capper, the president of the British Cotton Growers' Association. India can only grow a little short, half-inch fiber, fit only for coarse cordage and bags. Argentina produces a form of cotton that approximates the low grades of American cotton. The world has been tested, and nowhere else do the climatic conditions from the dewpoint and humidity and peculiar soil conditions produce what is known as American upland middling.

Why, Mr. President, it might be instructive here—and I will say this in closing—to reflect that we of America do not appreciate what we have in the way of a world monopoly of a world's necessity. Under the loose weave and the use of aniline dyes, cotton has entered the domain of wool, and practically is a substitute for it. When we used vegetable dyes it would fade under the influence of the weather; but with the use of aniline dyes the colors are fast, so that it will take an expert to tell the difference between "all cotton and a yard wide" and "all wool and a yard wide." Under the tight weave in the modern laundry it has practically driven flax out of the domain of clothing. Under the mercerized process it has taken the place of silk. They are the only three competitors it has in the world—flax, wool, and silk.

Wool is only wool, and you can not make anything else out of it. Flax is only flax—coarse, brilliant, flexible fiber—but you can only make flax out of it. Silk is the product of the worm, and it is so fine and attenuated that it can only be made into silk. But cotton can be made into flax, wool, and silk. If every silk-worm were destroyed, and the sheep failed to bear wool, and

flaxseed were unknown to mankind, you could still have flax, wool, and silk.

Not only is this true, but we can furnish you with butter, lard, fertilizer, shoe soles, rubber, leather, paint, bread, and meat out of the seed. And yet it is not properly appreciated because it happens to be produced in that despised section of the United States—I use the word "despised" in its etymological sense—that section that was stripped of its credit and its capital and left to work out its own destiny under the most adverse circumstances that ever fell with crushing weight upon a civilized people. Had it been any other section, where capital was easy to obtain and where the ability of the producer had been such that he could have distributed it as the world needed it, a dollar a pound would look dirt cheap to-day. And yet, during all these years, cotton has held the balance of trade in favor of America. Eight hundred million dollars last year came into America in the form of European gold or gold exchange in exchange for raw cotton sent abroad, to say nothing of the seed products and the by-products.

Our friends on the other side have built a great breastwork of protection around this country in order that home production might bring its fullest return and engage labor, while God himself built a wall around the most priceless gift ever vouchsafed to mankind, and put the clothing of the world in the hands of America; and yet we stand here and aid and abet our commercial enemies in fleecing us of our birthright.

I have advocated keeping the exchanges open because I believed that a great concentrated market place, where buyer and seller might meet, was a commercial necessity. But if the market places of this country are to be turned into dens of gamblers and those who reck of nothing except the profits that go into their own pockets, then perhaps we had better let buyer and seller come together, the actual producer and the actual consumer, without this convenient intermediary, because unless the transaction is conducted honestly and fairly it should not be conducted at all.

Pick up the morning newspaper. I read yesterday where a shower in Texas, the 1st of September, had caused a break in the market of about 70 points, when any man who knows enough about cotton to even call the name knows that all the rain that could fall from now until next planting season would not add a bale to the crop. The period of incubation is from the time the little shape forms to the open bloom, 20 days; from the bloom to the grown boll, 20 days; from the grown boll to the maturity of the seed and fiber, 20 days; so that if your Texas crop were to fill itself with shapes to-day frost would blight your bolls before they were mature; and yet in those dens in New York and New Orleans if a rain falls in December it is an excuse to break the market.

The Senator from Mississippi [Mr. VARDAMAN] asked me what remedy I would use. I was instrumental in writing into the new banking and currency law the amendment to section 13 that gave farm products the same standing in regard to the issuance of Federal reserve notes that prime commercial paper and foreign acceptances had, so that, with the proper reserve of gold in our banks, I could take my cotton and put it in a warehouse and have Federal reserve notes issued for six months to me, the owner of the real wealth, capitalize it to a certain per cent of its value, and enable me to meet my obligations. I hope the farmers will take advantage of that situation now and if there is such a plethora of cotton as these gentlemen seem to think justifies a drop of \$30 a bale, hold it from the market, and let us see if they can spin cloth out of tissue paper or future contracts.

I know there are Senators on this floor, honest and patriotic men, not one of whom will sit idly by and see an injustice worked upon the South and the producers of cotton, to say nothing of depleting the income from abroad that its value justifies.

No, friends! Holding the balance of trade in our favor for 43 years, making us a creditor nation in place of a debtor nation, sending two bales out of every three abroad! Sixty-odd per cent of all the liquid capital of England is invested in cotton manufactories. Her prosperity and welfare depend upon the seasons in America, and yet the price of our monopoly, the price of American cotton, is fixed in Liverpool, instead of being fixed in the South, at the seat of production!

It is that for which I am fighting—that the section that produces this marvelous product shall receive such a price, based on its intrinsic value, as will in the near future enable them to price the product of their own sweat and toil, and not leave it to an Englishman who would not know a cotton stalk from a Jimson weed.



I have been at this fight since I have been in the Senate, not because it is cotton but because of what, under the transformation of energy, cotton spells to America, and because it is right. The potentialities that rest in it have never even been approached.

Take steel, produced the world over, and under the manipulation of proper capital combined, and the genius of organization, the price doubles and quadruples. Take wheat, produced the world around, and under the manipulation of capital and organization the price doubles. In the case of those articles they have competitors in every country within the temperate zone. On the other hand, cotton, without a competitor on God's earth, with 900,000,000 people dependent upon it for clothing and textile products, is absolutely left at the mercy of him who purchases and converts it and makes the profit out of it. It is a reflection on America, on her men, and on the spirit which, thank God, is rapidly passing—the division between the sections.

Mr. President, at another time in the near future, as soon as I can get the facts together, I am going to stand here and show that the manufacturers of this country are making bigger profits out of 27-cent cotton than they ever made out of 10-cent cotton. The man that produces it is entitled to his fair and square deal under the law of supply and demand.

Mr. VARDAMAN. Mr. President, when the able Senator from South Carolina [Mr. SMITH] called attention to this question some days ago, I then expressed the fear that what has happened would happen. The disastrous consequence of this event cast its gloomy shadow before. The tragedy of the situation is in the fact that the man who has devoted 12 long, weary, arduous months of work to produce this cotton—who has suffered the most heartrending abnegation, self-denial, and poverty, who with his wife and children have toiled and sacrificed with the hope that their efforts would be rewarded with a price that would enable him to provide his family with the necessities of life—is now confronted with the soul-crushing disappointment of having the price of his cotton reduced something like \$30 per bale, with a fair prospect of falling lower still.

You who are blessed with plenty, who have never been confronted with the specter of want, may be able to imagine the feelings that well up in the breast of a fond father and devoted mother—the small farmer with 3 bales, 5 bales, or 10 bales of cotton, the product of a year's work, just at this time when he must dispose of his cotton in order to raise money with which to meet his maturing notes in the bank or liquidate his account "at the store," credits which have been extended to him in making his crop—imagine if you can how he feels when compelled to part with his cotton at this disappointingly low price—a price which the Senator from South Carolina has demonstrated is far below the value of the product. Do you not think it is enough to "repress the noble rage" and "freeze the genial current of the soul" in the most patriotic and loyal citizen of this Republic?

Oh, the rarity of that charity so scarce and yet so much needed in this world to-day. Think of the blighted lives, the frustrated ambitions, and the blasted hopes which this fall in the price of cotton will produce on the women and children in the cotton-growing sections of this great country. Do not forget that \$30 a bale is the difference between independence and want—the difference between plenty and poverty.

I have no doubt but that cotton will go back again to a fair price, but I predict that it will be after it passes out of the hands of the patient man who toiled to produce it. The embargo on cotton in 1915, placed by the English Government in violation of international law, worked the same ravages and robberies upon the cotton farmers of the South that will result from the embargo on cotton in the year 1917. It may be that it is necessary to place this embargo on cotton in order to keep it from the enemy's country. I do not believe it is. I believe the sentiment that has provoked this talk about cotton "going to the enemy's country" originated with certain individuals who desire to buy cotton cheap for the cotton mills of this country, and of England, France, and Italy. I am afraid there is more personal pecuniary profits than patriotic considerations in this matter.

Mr. President, if the Senator from South Carolina has made a statement that is not absolutely correct and sustained by the facts in the case, I hope some Senator will call attention to such mistakes. For God's sake let us have the truth about this matter. Let justice be done though the heavens fall. This question affects the life—the physical, mental, moral, and financial well being of nine-tenths of the people in my State. In it is involved a tragedy almost as deep, dark, and potential of evil as war itself. The able Senator from Idaho [Mr. BORAH] a few days ago called attention to the fact that during the English-Boer War it was discovered that among the laboring classes of England the manhood had been dwarfed and weakened because of a

lack of nourishment due to bad economic conditions. The strength of this Republic consists in the physical strength, moral character, and intellectual development of the individual man.

There is no doubt of the truth in those lines from Oliver Goldsmith:

A bold peasantry, their country's pride,  
When once destroy'd can never be supplied.

America can not be strong and great unless the men who toil and produce the wealth of the country are given an opportunity for the development of the latent powers of the mind and strength of the body. They must be given a chance in the race of life. Upon these more than any other class of our population depend the peace and permanency of American institutions.

I shall not go as far as the Senator from South Carolina has gone in offering advice to the farmers to hold their cotton. I am rather of the opinion that his judgment is correct—it may be better to hold the cotton. God knows I wish I could tell them what they ought to do, but I do not know whether cotton is going to become cheaper or that it may go back to the price of two weeks ago. Conscious of my own limitations, I hesitate to assume the responsibility of advising them. But I do know that a majority of the cotton farmers in my State have suffered sorely and disastrously from the effects of this war. I know they have obligations which they are compelled to meet. These obligations are maturing now and their only means of raising money to meet them is by selling their cotton. I would not ask for them any special advantage. They desire only a square deal.

But I am apprehensive that the same power that forced the price down \$30 per bale may drive it down still further. The solution of the problem is beyond my mental ken. I only hope and pray for the best.

Yes; it is a tragedy, and calls for serious executive and congressional consideration. Something ought to be done. I hope the President may order somebody with authority and a will to make a careful investigation of all the facts in the case, and I am sure he will when he is brought to a realization of what it means.

I have stated heretofore that if cotton is going to the enemy's country let it be stopped, cut it off regardless of the consequences to my constituents; but if it is discovered that it is only a scheme or subterfuge on the part of the mill owners to rob the farmers of the South, then in the name of justice let the truth be published and the calamity averted.

Mr. JONES of Washington. Mr. President, we are confronted by abnormal conditions. These abnormal conditions require abnormal legislative acts. We are in the world war, the greatest conflict that has ever been participated in by humanity since the world began. I hoped that we could keep out of it. I did everything that I felt I patriotically could to keep us out of it, but we got in. We are in it now. It has ceased to be, so far as we are concerned, a European war. It is the war of the United States. It is a war by the American people, in which the American people are engaged, and it must be fought out by us until a peace satisfactory to us can be had.

I am not concerned now with the differences before it began. I want to do everything possible to bring it to a successful and speedy close. I want every power, every resource of men and money of the United States to be mobilized, concentrated, and used most effectively to bring victory to our cause, and a lasting and honorable peace.

In a Fourth of July address I said that there are just two classes of people in this country—patriots and traitors. Those were my sentiments then. They are my sentiments now. A man must be for this country or against it. I believe that the great, overwhelming mass of our people are with the country. They are standing by the Government. They propose to stand by the Government, and they want the Government to use whatever means and whatever measures are necessary to carry on this war with the utmost vigor. And they are willing to make every sacrifice to that end.

Mr. President, on yesterday the able and brilliant Senator from Illinois [Mr. LEWIS] expressed the view that this war would be over within two months or that it would last two years. My recollection is that he said we would have peace within two months or the war would last two years; and, as I understood his position, it was that we should take our measures of preparation for the prosecution of this war upon the idea that we would have peace within two months. God grant that we may have peace within two months.

But, Mr. President, with all due respect to my very good friend from Illinois, with all due respect to his ability and his judgment, I think that to follow a course like that would be the height of folly. I believe that we ought to make our preparations upon the basis that this is going to be a war of months, if



not of years; that to make our preparations upon the basis that this war is going to close within two months, or in the hope that it is going to close within two months, is akin to "watchful waiting," that is fraught with the most dire consequences to our people and to our country.

Mr. President, I may be wrong, but in my judgment this war will not close in two months. I have no hope of its closing in two months. I do not believe there is any basis of hope for its closing in two months. We ought not to deceive ourselves with reference to this war and with reference to what confronts us. We ought not to deceive the American people with reference to what confronts them in the conduct of this war.

Mr. President, in my judgment, Russia is out of this war. If she does not make a separate peace by next spring, she will at any rate not be an aggressive, potential force in it; and, in my judgment, we shall see the armies of Germany and Austria that are now along the eastern front or going into Russia facing our armies and our allies on the western front, and it will be necessary for us to break through not only the armies that are there now but the armies that are now confronting and destroying the power of Russia.

Again, Mr. President, let us not deceive ourselves as to with whom we are at war. We are not at war with the Kaiser. We are at war with Germany. Let us not depend upon the German people to overthrow their Government represented in or by the Kaiser. In my judgment, Mr. President, we must conquer the German people and the German Government before we will have a peace along the lines laid down now. We must face that fact, Mr. President. We must face the fact that the German people have stood by their Government, as represented by the Kaiser, as no people have stood by any government or its representatives before in the history of the world. They feel that they are fighting for their very existence. That is the problem that we must meet—a united people behind their government and behind their representatives, who, as a matter of fact, are really resentful that we should attempt to control and dictate to them in their internal affairs. We must fight this war on battle fields of their choosing, not of ours. Our armies must be sent 3,000 miles away; they must be kept supplied with arms, munitions, clothing, food, and reinforcements. It is a huge task. It should not be minimized. If our people know what is before them they will bravely face it.

That is the way that I look at this conflict. Those are the conditions we face. We can not win the war by concealing the facts and dangers; we can not win it by boasting that we will win it. To win it will require every ounce of man power, every ounce of money power, and every ounce of resource that our people and this Nation can get together.

Mr. President, during the discussion of this bill there have been suggestions that I resent. There have been intimations and suggestions, if not assertions, that those who urge the taking of more of the incomes and profits of our people are unpatriotic; that they want to make this war unpopular; that they want to make this legislation unpopular.

Mr. President, an argument like that indicates a lack of merit, to say the least of it and speak mildly, in the cause of those who suggest it. Simply because I may not agree with some one else as to the best method of carrying on this war is certainly no basis upon which I can be charged with being disloyal.

A statement of this character was made by the honored chairman of the committee, for whom I have the highest regard and the highest respect, in which I do not believe that he really meant what he suggested. I do not believe that in his heart he meant what his language has been construed by the press to mean, and yet they were warranted from the language used in drawing the conclusion they did. In the Washington Post on the morning after this address was delivered there was a column with great headlines like this:

Charges disloyalty—SIMMONS says high-tax men seek to make war unpopular.

Mr. President, I resent any such suggestion as that. I think it is very improper upon the floor of the Senate or anywhere else.

Mr. VARDAMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Mississippi?

Mr. JONES of Washington. I yield.

Mr. VARDAMAN. I think the Senator from North Carolina did not exactly mean that, because a few days afterwards he brought into the Senate a proposition imposing a higher tax. He evidently saw the error of his way and in part corrected the mistake he had made.

Mr. JONES of Washington. Yes, Mr. President; but I see nothing in the papers suggesting anything about that. These

broad headlines went out to the country, and these headlines are about all that a great many people of the country would remember. They would simply jump to the conclusion that the Senator from North Carolina had charged many of his colleagues on this floor with disloyalty, and many seeing that would go on and state that they were disloyal. Many would accept the statement made here as a statement of fact, without considering the circumstances under which the words were uttered or what was really said, and the result is hatred, intolerance and abuse, and absolute injustice.

Mr. JOHNSON of California. Will the Senator yield?

Mr. JONES of Washington. I yield.

Mr. JOHNSON of California. That speech, as the Senator will recall, was made when the chairman of the Finance Committee and his colleagues were insisting that upon the original bill presented they had gone the very limit of taxation, and that anything beyond what they then went was disloyal. Then the next day they went half a billion dollars beyond it, and so they reached the same category that they were then criticizing.

Mr. JONES of Washington. That is true; but the papers have said nothing about that. The papers have not called attention to the fact that the majority of the committee have become disloyal and have been seeking to make their own tax bill unpopular to the people of this country, and they have not been, unless those of us who have been trying to increase it are disloyal.

Mr. GERRY. Mr. President—

The PRESIDING OFFICER (Mr. BECKHAM in the chair). Does the Senator from Washington yield to the Senator from Rhode Island?

Mr. JONES of Washington. I yield.

Mr. GERRY. The Senator from California has just remarked that the committee increased in their amendment the amount of revenue half a billion dollars. I know the Senator does not mean to be unfair. Does he realize that \$435,000,000 of that revenue will be raised by taxing other corporations than were intended in the bill?

Mr. JOHNSON of California. Is the statement denied that they increased substantially the tax bill by half a billion dollars?

Mr. GERRY. No.

Mr. JOHNSON of California. Then that is the statement that I made, and it is not gainsaid. I do not understand what the Senator means when he makes the suggestion that he knows I do not wish to be unfair. Of course I do not, and of course the Senator does not.

Mr. GERRY. Probably I misunderstood the Senator.

Mr. JOHNSON of California. I said they had increased the revenues by half a billion dollars, substantially, after they had said to the Senate that in the original bill, without the half billion dollars, they had gone the limit of taxation.

Mr. GERRY. If I misunderstood the Senator, I am very glad to be corrected. As I understood the Senator, I understood him to say that that amount had been raised by increasing the amount of the levy.

Mr. JOHNSON of California. It has been raised by increased taxation.

Mr. GERRY. Then I misunderstood the Senator. But what I wanted to make clear was that the \$435,000,000 of that half billion has been raised by the amendment in regard to the 10 per cent allowance. In other words, it came from persons, copartnerships, and corporations that were not taxed under the original proposal of the committee.

Mr. VARDAMAN. May I ask the Senator why they were not taxed? The chairman of the committee said that the committee had gone as far as they could afford to go, and that to go any further would make the war unpopular. Then the chairman came in with the proposition to increase the tax. Was it the purpose of the committee by this last amendment to make the war unpopular, or have they found something to tax about which they knew nothing before? Regardless of the purpose of the committee I am glad of the change of front. The country will approve it, as the Senate has already approved it.

Mr. GERRY. If the Senator from Washington will allow me, I will be glad to answer that question. The original theory on which the committee brought in the bill was to tax war profits, and then, with an additional demand for revenue by the different departments, it was decided advisable to raise more money, and they did that by making the bill an excess-profits bill instead of a war-profits bill. That is really the distinction. I thank the Senator from Washington.

Mr. JONES of Washington. Mr. President, I want the majority of the committee to understand that I am not charging them with disloyalty. I want them to understand that I am not



charging them with attempting to make their bill unpopular. Not at all. I know they are not disloyal. I do not think they have been trying to make their bill unpopular. But I do say that if they are justified in their charge against those of us who have been seeking to increase the taxes to be raised under the bill as being disloyal or seeking to make the war unpopular, then they have actually done that very thing and are convicted out of their own mouths. But I know they are not disloyal; I know they are not unpatriotic, and I join in the encomiums which have been passed on the committee for their painstaking and earnest work in connection with the preparation of this bill. I know it is a hard bill to prepare. I know they had serious problems to meet. All I am objecting to is that because somebody on this floor dares to have a different opinion from them as to what ought to be done they are to be held up before the country as disloyal and unpatriotic.

While it is a little out of the line of what I rose to say, I want to refer to a suggestion that has been made time and time again on this floor, that they have increased or permitted an increase in this bill because of the belated estimates coming down from the department.

Mr. President, you can hardly use parliamentary language in view of the facts with reference to a suggestion of that sort. This bill was reported on the 6th day of August. What are the facts? On page 95 of the minority report there is a letter from the Secretary of the Treasury addressed to the chairman of the committee, dated July 27, nearly two weeks before this report was submitted, in which the Secretary of the Treasury sends down an estimate of over \$5,000,000,000, and while the majority report says that the estimated expenditures for the fiscal year 1918 were \$5,693,958,000 on the 6th day of August, in this letter of the 27th of July the Secretary of the Treasury says that the estimated expenditures for the fiscal year 1918 are \$10,735,807,000.

Oh, no, Mr. President, they can not lay this proposition on the department. These estimates were here, they were before the committee, and if there is any criticism to make of the committee it is that they did not take these increased estimates into account in framing their bill before they reported it to us.

Mr. LODGE. Mr. President—

Mr. JONES of Washington. I yield to the Senator.

Mr. LODGE. On the 2d of July, if the Senator will permit me just a moment, we received the estimate of the department of \$5,653,000,000 and on that basis the bill as originally reported was framed. Then in 20 days, a little sooner than the Senator states, we were informed of the additional five billion and a half. We took up that question and we decided that it was impossible to take care of those new estimates until we knew what was to be appropriated. We had some idea of what the appropriations would be, but all we could do then, we decided, was to cover what had been appropriated. That raised the bill to \$2,000,000,000. Then came out later the statement of the House which the Senator undoubtedly saw, by which it appeared that they intended to introduce the bond bill, which they now have, and not bring in any additional revenue bill at this session. Therefore the only opportunity to increase the tax at all was the opportunity which we have taken to raise in round numbers \$500,000,000. The Senator is quite right about our having all that knowledge, of course.

Mr. JONES of Washington. The appropriations to which the Senator refers have not been made.

Mr. LODGE. We know what they are, or will know.

Mr. JONES of Washington. We knew that just as well before the bill came in.

Mr. LODGE. Certainly; but we did not know as early as the 27th of July.

Mr. JONES of Washington. As a matter of course, the letter of the Secretary of the Treasury is dated the 27th of July, and my recollection is, as the Senator suggests, that until probably a month before that we knew that we were going to have to meet these tremendous sums.

Mr. LODGE. We had the information from the Secretary of the Treasury on the 23d of July that five and a half billion more would be required.

Mr. JONES of Washington. That was four days before the 27th?

Mr. LODGE. Yes.

Mr. LA FOLLETTE. Mr. President, it may also be stated, for additional information that the committee had, that the committee seriously considered taking these estimates into account, and went to the extent of summoning before the committee the heads of the different bureaus of the War Department and taking their testimony as to how much of the \$5,000,000,000 would be absolutely required to be expended within the fiscal year, and, under the most rigid sifting and

cross-examination, it was not possible to reduce by any appreciable amount the more than \$5,000,000,000 of additional estimates as the sum which would be absolutely expended during the present fiscal year. After having gone into all that trouble to ascertain that fact, the committee backed away from that proposition and returned to the estimates that had been earlier made, and framed the bill upon that basis for its final report on the 6th of August.

Mr. JONES of Washington. Mr. President, the record on the back of this bill shows that it was reported to the Senate on July 3 with amendments. That is one day after these estimates upon which the committee claims to have based the bill came down, July 2. Then the bill was recommitted to the Committee on Finance July 7, or four days afterwards, and the Record shows clearly why that was done. Then these estimates came down July 27. The Senator from Massachusetts says they knew about this on July 23. Then the bill, after being kept in committee for two weeks, was reported August 6 with amendments. All the knowledge that we now have the committee had before this bill was reported. Everyone knows and no one better than the Senator from Massachusetts that Congress will provide for any estimate submitted for carrying on this war.

Oh, Mr. President, there is no one in the Senate who does not understand the situation. We all know why this amendment was brought in increasing the excess-war-profits taxes, as they claim, \$400,000,000 and enlarging the scope of the provision to take in other than war profits. We do it without question and without investigation. If anyone dares to question the wisdom of an estimate he is hailed before the public as disloyal. That amendment and that system was brought in to prevent the Senate from adopting higher war excess-profits rates. That is why it was brought in. I am glad of this increase, though it is not as much as I would like. I am glad that those of us who have been trying to get higher rates in this bill were able to influence the Finance Committee to bring in a provision that would raise more money. I am willing to say that we had nothing to do with it so far as that is concerned. I am willing to say that they brought it in because they thought it ought to be brought in. I am willing to say that they brought it in because they thought after more careful deliberation over these excess estimates that they ought to raise at least \$500,000,000 of the \$5,000,000,000 additional by taxation, although as a matter of fact I know that they brought it in under the pressure of the sentiment in the Senate, and that through this plan alone has the Senate been led to defeat a larger appropriation of the war excess profits.

Mr. President, I did not intend to say anything about these matters, but it is well enough to have these facts brought in. While we are on this question about the accuracy of all these things I wish to refer to a matter that I intended to refer to yesterday, but I was not able to get recognition to do it. It illustrates to some extent the way this bill has been discussed. Day before yesterday afternoon the Senator from New Hampshire [Mr. HOLLIS] offered an amendment levying a flat 50 per cent rate. The learned and able Senator from Utah [Mr. SMOOT], who knows all about these things and about the statistics, and so forth, at once arose and declared emphatically that the 50 per cent flat rate proposed by the Senator from New Hampshire would not raise as much from the large corporations as the 60 per cent bracket proposed by the committee. Now, this is what he said. It attracted my attention. He said:

Mr. SMOOT. Mr. President, just a word in explanation of this amendment. All day yesterday we were told that the Bethlehem Steel Co., the United States Steel Co., and the Du Pont Powder Co. should be forced to pay a greater percentage of excess war profits than the committee substitute provided for.

Mr. President, this amendment means that all three of these companies will pay but 50 per cent of their excess war profits instead of a graduated tax from 12 per cent to 60 per cent, as the committee substitute provides. All that these companies and companies like them are relieved of by the decrease from the average rate of the committee substitute to 50 per cent will fall upon the small corporations, who make from 15 per cent increase profits up.

He went further than saying that these companies would be relieved of their burden, and he charged that the effect of this amendment would be to place what they are relieved from upon the smaller companies. I have not any doubt that that had great weight with Senators who were here. Many of us accept the statement of the Senator from Utah upon matters of that kind without question. We regard his statements as absolute verity. I think they generally are correct, too. There is no man on this floor that has the general or detailed information that the Senator from Utah has. Yet it struck me as strange when I heard that, and I said:

I should like to ask the Senator from Utah a question. I understand the Senator contends that 50 per cent proposed by the Senator from



New Hampshire would make the companies that pay 50 per cent under the Senate committee bill pay less than the Senate committee amendment. That is the Senator's contention?

Mr. SMOOT. Yes; I think the average is a little less.

Then I expressed some doubt with reference to that, but my expression of a doubt, of course, as against the infallibility of the Senator from Utah with reference to figures and statistics would not go very far with the Senate. So when we met yesterday I thought that we would probably get some information that might have weight with the Senate, and I requested that the expert be asked to determine just what the percentage would be under this 60 per cent bracket, and the chairman of the committee kindly asked the expert to do it. He furnished it and it is printed in the RECORD. It shows that the average rate under the committee plan with the 60 per cent bracket would be 46.9 per cent instead of over 50 per cent. In other words, the amendment of the Senator from New Hampshire did take more from these companies than the amendment of the committee, and it did not relieve these companies and put additional burdens upon the smaller companies.

Mr. WADSWORTH. Will the Senator yield?

Mr. JONES of Washington. I yield.

Mr. WADSWORTH. Does the Senator contend that the amendment suggested by the Senator from New Hampshire did not place additional burdens upon the smaller companies?

Mr. JONES of Washington. Certainly not.

Mr. WADSWORTH. Will the Senator yield for another question?

Mr. JONES of Washington. Certainly.

Mr. WADSWORTH. As I remember it, some of the lower brackets of the bill as now printed assessed a profits tax of 12 per cent and 20 per cent and 25 per cent. Perhaps I have the gradations wrong and inaccurate. But the amendment of the Senator from New Hampshire would take 50 per cent from every concern, great or small. So would not that increase the burden on the small concerns?

Mr. JONES of Washington. I have not contended anything to the contrary.

Mr. WADSWORTH. If the Senator will pardon me, he has just said that the amendment suggested by the Senator from New Hampshire did not increase the burden upon the small concerns.

Mr. JONES of Washington. No, Mr. President; the Senator misunderstood me if he understood me to say anything of that kind. I said that the amendment of the Senator from New Hampshire did not relieve the large companies and place what they were relieved from upon the small companies. That is what I said, at least that is what I meant to say, because that was all I was talking about, and that is what I was refuting with reference to the statement of the Senator from Utah. I was not discussing the merits of the amendment of the Senator from New Hampshire, but I was simply showing where the Senator from Utah was wrong, and that it did not impose a less burden upon these large companies and transfer some of their burden to smaller companies. I think the context will show clearly what I meant.

Mr. WADSWORTH. The Senator showed a little too much, if he will pardon me.

Mr. JONES of Washington. No; I did not. I simply showed that the Senator from Utah was wrong and that what he said would not happen. The amendment of the Senator from New Hampshire did impose greater burdens on small companies, but it did not place less upon these larger companies or transfer any of their burdens to the small companies, as charged by the Senator from Utah. I know the Senator from Utah made the statement in the utmost good faith. I know that statements made in discussing this bill are made in the utmost good faith, a great deal like the statement of the Senator from Utah with reference to the amendment of the Senator from New Hampshire. I am not criticizing anybody. I am simply calling attention to some facts here that I think it will be very interesting to know hereafter, when we come to consider the record with reference to this legislation and the arguments that have been made and the positions taken to sustain it.

Mr. President, I expected to be through before this time, but I will resume. There is another suggestion of the Senator from North Carolina. It is immaterial, it does not amount to much, but I want to refer to it. I thought I had the RECORD right here marked, but I have not. However, the Senator from North Carolina said that the majority of this committee were Senators of long membership in this body, Senators who have frequently been returned here by their constituents, and therefore great weight should be given to their conclusions.

I know that we ought to give great weight to the conclusions of Senators who have been in this body for many years. I know that experience and training that comes with long serv-

ice are invaluable and should be given great weight and are entitled to much consideration. I wish to say that the Senator from North Carolina has paid a very high compliment to the minority members of the Finance Committee. I simply want to put into the RECORD the facts with reference to the service of the able Senators of the majority of the committee, and when I do that it is not in any disparaging sense at all.

The Senator from North Carolina seems to think the fact that Senators have been long Members of this body and often elected here should give their opinions much weight. True enough. These are the facts as to the majority Members: The Senator from North Carolina has been a Member of this body for 16 years. The honorable Senator from Missouri [Mr. STONE] has been a Member of this body for 14 years. The able Senator from Mississippi [Mr. WILLIAMS] has been a Member of this body for six years. The Senator from Georgia [Mr. SMITH] has been an able Member of this body for six years. The Senator from Kentucky [Mr. JAMES], a leader of his party and a very learned Senator, has been here for four years. The Senator from New Jersey [Mr. HUGHES], and there is no abler Senator on the floor, no more industrious Senator on the floor, has been here for four years. The Senator from New Mexico [Mr. JONES], a most able man, a man who served with great distinction as Assistant Secretary of the Interior, a man who has commanded the respect of every Member on this floor since his entrance into this body, a member of the Finance Committee, has been a Member of this body for six months. The Senator from Rhode Island [Mr. GERRY], now presiding over this body, a gentleman whom we all respect and love, of splendid ability, of great business capacity, has been a Member of this body for six months. The Senator from Colorado [Mr. THOMAS], a gentleman whom we all respect, and honor and admire, a man of great ability, has been a Member of this body for six years, and he disagrees with his majority. The Senator from Oklahoma [Mr. GORE], brilliant, able, powerful in debate, has been a Member of the Senate for 10 years, and he disagrees with his colleagues of the majority.

Mr. President, I put that in the RECORD for what it is worth in connection with the statement of the Senator from North Carolina in support of his bill that length of service ought to command the confidence of the Senate, as it does.

Now, Mr. President, there is another suggestion I want to make. It has been stated by some of the Senators time and again that they "want to win the war." One great Senator weekly, if not daily, gets upon this floor and apparently lectures us when we do not happen to agree with him or support some measure that he is supporting, and he says, "I want to win the war." "I want to win the war." "I want to win the war." And so do I; and if the Senator repeats it once I repeat it a dozen times, if that is necessary.

Ah, Mr. President, we all want to win the war, and the suggestion or intimation upon the floor or anywhere else that there is any Senator here who does not want to win the war is more unpatriotic than any other suggestions made. In my judgment there is more harm being done to-day in this country by suggestions of that character upon this floor and by baseless, untruthful statements in the public press charging men with being unpatriotic simply because they do not happen to agree with the opinion or judgment of somebody else as to what is wise and what is best to do in this great crisis than by anything else.

Oh, Mr. President, instead of trying to make it appear that there are some of our citizens who are acting unpatriotically, we ought to show to the world that, although we may have our differences of opinion, there is no difference in our loyalty; no difference in our patriotism; no difference in our devotion to our country and to our country's cause. I do not believe that any Senator makes such suggestions as that on the floor really intending them as he makes them; but we ought to be very careful not to make such suggestions; not to give any cause or any ground for anyone outside to conclude that this representative or that representative is disloyal because he happens to favor a proposition a little bit different from that advocated by the majority. We ought to let the world know that whatever our differences of opinion may be, whatever our differences of judgment may be, we are all striving for the same end—a glorious termination of this war, with a lasting, permanent peace, with American rights and American privileges recognized everywhere and by every nation beneath the shining sun.

Mr. President, the majority of the committee say we must have credit. So we must. Every one of us believes in upholding and making strong the credit of the United States. How do they propose to maintain the credit of this country? By issuing bonds instead of paying cash; by allowing vast profits to be turned into bonds instead of into the Treasury of the United States to pay the obligations of our country, to supply



our Armies and our Navy with arms and munitions and those things that are necessary to win battles; by making debts instead of paying cash; by making the people feel that we hold wealth more sacred than we do life. We do not intend to make them feel that way, but, Mr. President, we are doing it. We are making the people feel that way, whether we intend to do so or not. We ought to strive in every way possible to eradicate an opinion or belief of that kind. The majority would maintain our credit by dividing our people instead of unifying them; they would sustain our credit by permitting those who coin profits from war out of the blood and suffering of the boys at the front and the heart throbs of the loved ones at home to escape bearing the great burden of taxation; and they plan to fasten upon the boys who fight at the front the financial burdens of this Government when they come home. Mr. President, it is probable that we can not pay cash fully as we go, but, in my judgment, we ought to do it as nearly as we can without destroying our industries and destroying our business.

Mr. President, I marched in the parade on Tuesday, and then I stood by the side of the street and watched the marchers go by. I saw the boys upon whom the strong arm of the Government has been laid; I saw the boys that have been taken from their homes, taken from their business, taken from the opportunities of life, and compelled, if you please, to go into camp and to train to fight the battles of their country. As I saw them march by, in the vigor and the strength of their manhood, I asked myself, "Am I going back to the United States Senate and vote to place upon these boys, or such of them as may come home from the battle fields of Europe, the financial burdens of this Government in view of the sacrifices they will have already borne?" And I said, in my heart of hearts, "So far as I am concerned, I shall go as far as it is possible for me to go to make them feel that while they are fighting at the front I am not placing a burden financially upon them to bear when they come home." I am going to do it. If that is unpatriotic, make the most of it. I do not question the loyalty of those who disagree with me. We simply differ as to the wise and just course to follow.

Mr. President, it has been stated time and again in this debate that we want to permit individuals and corporations to save their profits; for what purpose? To buy bonds. Time and again has that been stated. Is it possible that that is the purpose of permitting these companies to keep the millions and the millions that they are securing from what the committee in its final report termed "war profits"? Surely not. It is said if we take this money for taxes we shall prevent expansion. Well, Mr. President, it has occurred to me that if we take the money to buy bonds we shall also prevent expansion. When you take the money for taxes it goes into the Treasury. When you take it in purchase of a Government bond it goes into the Treasury and not to expanding plants. Oh, but our friends meet that how? They say that when a man buys a bond he can take the bond and get cash for it and go on with his business. I presume that is true; but, Mr. President, what sort of a sacrifice does a man make in buying the bonds of the Government if he can do that? There is no sacrifice in that; not a bit.

Mr. President, I am going to make a personal allusion, not because I am better than anybody else but I think I express the sentiment not only of Senators but I believe I express the sentiment of the people of this country. I had rather take the money that I have paid for liberty bonds and put it into the Treasury of the United States, to be used by it in the discharge of its obligations; I had rather that you would say by law, just as the Senator from Georgia [Mr. SMITH] stated yesterday afternoon—and he expressed the patriotic sentiments not only of a Senator but of the people of this country—"take by an income tax a greater percentage of my income; take all that I feel that I could pay for bonds and put it as a tax into the Treasury of the United States." I do not feel, Mr. President, that I have made any sacrifice in the purchase of the liberty bonds which I have bought. As has been suggested, I can probably take those bonds to bank any day that I want to do so and get every dollar that I paid for them, and use that money for 40 long years for my profit and for my advantage. What sacrifice have I made for my country? None at all.

It has seemed to me that there has been uttered time and again during the discussion of this bill an impeachment of the patriotism of the well-to-do people of this country that has no justification in fact. We have been quibbling and quibbling for days over possible inequalities to men of wealth, to men of means. We have been splitting hairs and dividing tenths and multiplying by one-thousandths in order, if possible, to prevent some injury from coming to somebody who has a big income or who has been making a great profit. Mr. President, I think that is unjust, it is unjust and unfair to them. The capitalists

of this country and the well-to-do of this country are patriotic. They are willing to do their part; they are willing to make real, genuine sacrifices in behalf of the country; and, in my judgment, they resent the intimation and the suggestion and the statement, in effect, on this floor that they are not patriotic; that they are not willing to deprive themselves of real comforts; that they are not willing to save and economize in order to give more financial aid to the Government.

Mr. President, one of the leading manufacturers of Seattle came down here a short time ago and expressed to me his views regarding this matter, and, in my judgment, he expressed the views of the great mass of our people. He said to me, "Senator, all that I ask of you is this: Let me have my capital; leave it so that I can use it; let me have of the profits from that capital enough to pay labor good, steady wages and to pay the expenses of my business and keep it going. Then ascertain what my net profits are and take every dollar of them that you want or that you think the country needs. I shall not starve; I shall not suffer. I make a hundred thousand dollars, and if you take \$75,000, if you take \$90,000 of it, I shall not suffer from cold; I shall not suffer from hunger; I shall not be making any real sacrifice." And he said, "Take it; take all you need of it. I will get along."

Another gentleman from Seattle called me into the Marble Room day before yesterday and showed me, with considerable pride, a receipt for \$30,000 income tax paid. He said, "Senator, make it bigger. I am proud of that receipt. I shall be proud if the Government takes more. Take all of my income that you feel you need. It was no sacrifice to me to pay \$30,000 in taxes; it will be no sacrifice to pay many thousands more. I want to do something for my country; I want to feel that I am doing something; I want to feel that I am making some real sacrifice; I want to feel that I am getting down on the plane of the boys at the front who are losing all opportunity, wealth, position, and, possibly, life itself. That is what I want to do; that is the position I hope you will put me in, along with the other wealthy men of the country; I can't serve in the trenches, but I want to serve with my means." Ah, Mr. President, that is the spirit of the people of this country, regardless of their position, regardless of their wealth, regardless of their influence or station in life.

But our friends say, "Oh, let posterity bear some of the burden of this war." Mr. President, we must bear the burden of this war; the men of the present will fight its battles and the money of the present must pay its debts and obligations. It is impossible to get around that. We may double the burden in order that posterity may have something to bear; but I want to say to you, Mr. President, that every cannon bought and every gun manufactured must be paid for now; every flying machine must be paid for now; every submarine must be paid for now by our money, the money of the people of the present day and not of the people of the years hereafter.

Why, Mr. President, the money that is raised by bonds is the money of the present and not of posterity. While it is, perhaps, as I have said, not possible to raise all the money necessary without selling bonds, let us not forget that the money that is necessary to prosecute the war must be raised now. As expressing my views, let me insert right here a couple of extracts from a late and well-considered article by Prof. Durand, of the University of Minnesota:

The most basic fact which must be borne in mind in discussing this problem is that, for the people considered as a whole, domestic borrowing postpones no burden to the future. This really follows at once from the fact that only goods produced before or during the war, or men living during the war, can be used in conducting the conflict. We can not shoot a shell to be made in 1930. The future is not here to bear burdens. Of course, borrowing abroad does make it possible to postpone the burden of the home country.

Borrowing at home, so far as a nation as a whole is concerned, is precisely similar to borrowing by an individual from himself. The reason the individual may gain by borrowing is because he borrows from another person. Would John Smith gain anything by writing a note to this effect: "Fifty years from date I and my heirs promise to pay to myself and my heirs \$1,000 with interest at 6 per cent"? So far as the Nation as a Nation is concerned, a Government bond issued at home is precisely similar to such a note in its effect.

This idea that the burden of war expenditures can be deferred to future generations is the supreme fallacy of finance. Many a business man, whom we have every reason to consider sincere, insists that he is willing to bear his full and just share of the war burdens, but adds that he can see no fairness in making the present generation bear the entire cost of the war when the future generations are equally to profit by it. The future generations will, to be sure, have their burden from this war. They will have, in all probability, a somewhat depleted heritage of capital. They will presumably have to pay billions in pensions. But the future generations can not repay to the present generation its outlay in the conduct of the war.

Conceive, for example, that the present generation should wholly pass away in 40 years. If war bonds still remained unpaid the next generation would have to bear taxes to pay interest and principal. But it would be paying to itself; it would have inherited the bonds as well as the taxes. What it paid would not be a burden on the people of that generation as such. It would not be repaying the present generation.



The fact that generations gradually merge into one another does not change in the slightest the logic of the matter.

The same argument which applies to the future generations applies as well to the future years of the present generation. Prof. Sellman, among others, is not disposed to favor long-term bonds, but urges short-time bonds in preference to taxes for a large part of the war expenditures. He says it would be easier for the people to pay for the war in 10 years than in 3, assuming that it is over in 3 years. As a matter of fact, for the people considered as a whole it would not be one whit easier. What the people as a whole receive as interest and principal repayment, that they must also pay. They defer no burden by the short-time bonds.

While domestic bond issues postpone no burdens to the future as such, they do make possible a readjustment of the war outlay as between individuals and classes in the community. The really fundamental questions involved in the issue of taxation versus borrowing as a means of war finance are questions of social justice in the distribution of burdens. The war must be paid for now, but there may be a reassessment of expenses among us afterwards. For instance, those who have paid more in the first place may be recouped by those who have paid less. We shall all have bought our chips, but we may still play to see who gets and who loses them.

If we could assure ourselves that the distribution of taxes after the war would be as just as the distribution of taxes during the war, there would be little choice between taxation and borrowing were it not for the fact that, by inflating prices bond issues cause injustice as between individuals and classes, a point which will be discussed later.

In substance, then, war financing by bond issues is likely, even apart from its effect on incomes through the inflation of prices, to result in an increased inequality in the distribution of wealth and income. This is not a necessary result, for the taxes for debt service might be so levied as to prevent it, as virtually to make each class pay interest on and repay the principal of its own loans to the Government. There would be little likelihood, however, that the taxes after the war would be made sufficiently progressive to bring this about. The great political power of the well-to-do classes would almost certainly enable them, if they sought to do so, to shift part of the burden on the poorer classes, and they would probably seek to do so. The patriotism which during the war itself might induce the rich willingly to pay taxes according to the full measure of their ability is bound to wane considerably when the war is over. There is little enthusiasm about paying for a dead horse.

The tax policy, then, is more likely than the bond policy to mean the ultimate payment of war burdens in the manner which is socially equitable.

We can even afford to risk injury to our industries when so much is at stake. Prof. Durand says:

It has been estimated by the National City Bank that approximately \$5,000,000,000 of the annual income of the country is in normal times devoted to new investments. It is a familiar fact that many persons of large income invest annually from half to nine-tenths of their income. Much as we should prefer not to check our industrial progress, we must remember that the very fate of all our past investments—indeed, the fate of the Nation itself—is at stake in the war, and that, purely from the material standpoint, it is good economy to spend what is necessary to save them, even if we temporarily forego industrial expansion. It is probable, in fact, that the largest one source of funds for the conduct of the war will have to be found in the diversion of that surplus income which ordinarily goes into investment.

I am not going to discuss the philosophy or the effect of issuing bonds, and how the debt is passed on to posterity, or anything of that sort; I merely want to say that I have voted to take 80 per cent of the war profits; I have voted to take 70 per cent of the war profits; I have voted to take 60 per cent of the war profits, not to retard industry, not to punish wealth or capital, not out of enmity to capital, not to paralyze the Government or industry; but I so voted, Mr. President, to make the Nation strong, to unify our people, to work no injustice; I so voted to mobilize all of our industrial strength as well as our manhood.

Mr. President, as I have said, we are in war; men must be taken to fight our battles; money must be taken to pay our obligations and support the men at the front. I voted to conscript our manhood. Why? Because we needed men; because we wanted to make it sure and certain that we would have an army at the earliest possible moment. When I voted to conscript the manhood of the country I resolved at the same time to go as far as I could go in every way that I should deem wise to take the wealth of the country in order to maintain and support the war. I am not going to take money because I voted to take men—not at all—I voted to take men because we needed them, and I shall vote to take money because we need money. We must have men to fight battles, and so we took them. We must have money to support the Government, and so I am in favor of taking it. We can not expect men to come up and voluntarily deposit money in the Treasury of the United States. We did expect that men would come up and volunteer to go to the trenches; and some Senators on this floor very vigorously opposed the conscription of our men, because they thought they ought to be permitted to volunteer. I was strongly inclined to that view, but for many reasons, which I stated at the time, I voted to take our boys.

Mr. LA FOLLETTE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Wisconsin?

Mr. JONES of Washington. I do.

Mr. LA FOLLETTE. I wish to ask the Senator if it is not rather a sore disappointment to him that Senators on this floor who were very eager to conscript the boys to go to the front and who joined with him in that conscription bill are now on the other side when it comes to conscripting wealth?

Mr. JONES of Washington. It is, Mr. President; but I do not question their loyalty or their patriotism because of the position they take.

Mr. LA FOLLETTE. No.

Mr. JONES of Washington. I think that they were honest and patriotic in their views at that time, and I think they are honest and patriotic now. They simply differ from me as to what is the wise course to take. I hope, however, that they will not point the finger of disloyalty at me because now, when it comes to taking money because we need it, I am willing to take it and am voting to take it and believe that wealth is not objecting to that course, but that it will be glad to contribute its fair share, just as the Senator from Georgia yesterday stated he would be glad to pay 25 per cent or more out of his income into the Treasury of the United States.

Mr. HITCHCOCK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Nebraska?

Mr. JONES of Washington. I yield to the Senator.

Mr. HITCHCOCK. The speakers on the minority side of this question whom I have heard all talk as though the majority did not favor conscripting wealth. Does the Senator take the position that the majority does not favor conscripting wealth?

Mr. JONES of Washington. I do not; and I think I have tried to make it plain that I do not.

Mr. HITCHCOCK. I thought the Senator was emphasizing the fact that now the majority which was in favor of conscripting men was not in favor of conscripting money.

Mr. JONES of Washington. No, Mr. President; I am emphasizing my position; that is what I am doing.

Mr. HITCHCOCK. The Senator, then, has come to the majority position that when something is needed it should be conscripted.

Mr. JONES of Washington. Yes, sir; that is exactly my position. There is a little difference of course; some of our friends do not seem to think we need so much as I do.

Mr. LA FOLLETTE. They do not think so when it comes to money as strongly as they did when it was a question of taking men.

Mr. JONES of Washington. Some think that we ought to pass our needs on to posterity and not take care of them ourselves. They may be right and I may be wrong, but we need money, and I say we ought to take it as fully and as nearly as possible in accordance with our needs.

Mr. HITCHCOCK. Mr. President, has the Senator reflected that the title which was adopted yesterday by the Senate conscripts \$4,000,000 a day upon the industries of the United States? Is not that considerable of a conscription of wealth?

Mr. JONES of Washington. I have referred to that. I might just as well say right here—I had intended to speak of it a little further on, but I might just as well say in that connection—that according to the majority report the war profits—not excess profits, not profits of business generally, but what they term pure "war profits"—were over \$3,000,000,000 last year, and the majority say that these war profits, these profits over normal profits, these profits that they think they trace back to the war will amount this year to over \$3,000,000,000.

Mr. LA FOLLETTE. To over \$4,000,000,000.

Mr. JONES of Washington. And it has been stated on this floor by majority Members that they will amount to over \$4,000,000,000 for the year 1917. The Senator from Nebraska thinks, with demands upon this Government for \$19,000,000,000 for this fiscal year, that it is enough to take \$400,000,000 out of over \$4,000,000,000 to pay our expenses and to meet our needs. Mr. President, the Senator from Nebraska may be right; and I do not say that he is not in favor of conscripting wealth and profits—he is; he is in favor of taking \$400,000,000 out of over \$4,000,000,000, while I am in favor of taking \$3,000,000,000 out of \$4,000,000,000. That is the only difference; I go a little further than he goes.

Mr. HITCHCOCK. Mr. President—

The PRESIDING OFFICER (Mr. GERRY in the chair). Does the Senator from Washington yield further to the Senator from Nebraska?

Mr. JONES of Washington. I yield.

Mr. HITCHCOCK. I think the Senator has not got his figures correct. According to the schedule which the Senate adopted yesterday on the recommendation of the committee the



additional burden placed upon the industries of the country amounts to \$1,400,000,000 a year, which is about \$4,000,000 a day—a tax never before levied upon the industries of any country in the world, a tax not levied upon the industries of any country now at war in Europe, an unheard of tax, a conscription of wealth; and yet the Senator and his associates talk as though we were not conscripting wealth in this bill.

Mr. JONES of Washington. No, Mr. President, I am not talking as though we were not conscripting wealth; we are conscripting wealth; but we are not conscripting it enough. I am not talking about the general profits of the country and I am not mistaken in my figures. The committee says that we have produced in this country, not in the general industries, not out of general profits, but over \$4,000,000,000 of pure war profits. How much profit throughout the country derived from general industry is covered by the plan now I do not know; no doubt it is billions more, but of the pure war profits of over \$4,000,000,000 the committee proposed as the bill was originally reported, to take \$562,000,000.

Then the committee, under pressure and in response to the sentiment here, have devised a plan by which they cover not only war profits, but what may be termed "excess" profits, and through that means they have raised \$400,000,000 more; but no man can tell how little of that comes out of the \$4,000,000,000 war profits and no man can tell how much of it comes out of that amount.

Oh, Mr. President, to use just one illustration—and I do not take this company because I want to bring out any invidious comparison or anything of that sort, but simply because it illustrates what we are doing—it is said that the United States Steel Corporation will make this year \$490,000,000 of war profits. I have no enmity against the steel company; I am glad they are making that enormous profit, if they have not unduly oppressed anybody in order to make it. I am conceding that they have used perfectly legitimate, just, and honorable means in making \$490,000,000 of war profits; but how much do you propose to take under this bill? After leaving them their capital, after leaving them their plant, after leaving them what is necessary to run it, after leaving what is necessary to pay good wages and all their expenses, depreciation, and so on, we would then leave them 20 per cent additional to the normal profits. Under our proposal we would have taken how much? Eighty per cent of \$490,000,000, which would be in the neighborhood of \$350,000,000—perhaps a little more or a little less; I have not figured it out. That would leave them a profit of over \$100,000,000 above the normal profit, above what is necessary to run their business as they are running it now. They would have next year all the facilities for making a profit that they have had this year to make \$490,000,000. We would leave them \$100,000,000 more to add to that, in addition to their normal profits.

What do they take under this bill? One hundred and eighty million, or \$184,000,000, leaving to the company over \$300,000,000 of war profits, in addition to the normal profits. Now, that may be right. I do not say that it is not, but I believe we ought to take more than that. I believe that the Steel Co. would welcome having us take more of it. I believe that they are patriotic men, just as the men from Seattle are patriotic, and they would not complain, they would not object, if we should take \$350,000,000; no, they would not object if we should take \$400,000,000 and leave them \$90,000,000 in addition to their normal profits.

Mr. WADSWORTH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from New York?

Mr. JONES of Washington. I do.

Mr. WADSWORTH. Does the Senator happen to know what percentage of income on the invested capital \$350,000,000 would represent to the Steel Corporation?

Mr. JONES of Washington. Oh, Mr. President, I do not, and I do not care.

Mr. WADSWORTH. Is not that rather important to the 100,000 stockholders?

Mr. JONES of Washington. No, it is not; when they get the normal profits and the normal dividends returned to them. They ought to make some sacrifices, and they are willing to make some sacrifices. Mr. President, a man or a woman who owns corporate stock in war times, who gets in dividends a greater percentage than he or she ever got in peace times, ought to be satisfied and willing to allow to go to his or her country, under which his or her holdings are protected, the remainder of whatever profit has come from war in order that their country, their flag, may be upheld and maintained.

Mr. WADSWORTH. Mr. President, I agree with the general theory of the utterance just made by the Senator from

Washington. In view of the fact that he was pointing to a specific corporation, and naming the amount which would be left to that corporation for distribution among its stockholders, I was merely endeavoring to find out if he could give us specific information as to what would be the actual effect of the proposed tax upon the stockholders.

Mr. JONES of Washington. Mr. President, I am not worrying about that. What I am worrying about is carrying this war to a successful conclusion, bringing our people all together, making every person in it feel that he is a part of his Government; that he is a part of his country; that he is interested in the prosecution of the war, in the victory that we must have if we would preserve our rights and our civilization.

Mr. President, we have been told time and again, through the press and through official sources, that if Germany wins it is an end to our liberty; it is an end to our Government. Mr. President, is it possible that we will, here on the floor of the Senate, measure such possibilities by percentages? I do not think we ought to do it. I may be wrong, but I am patriotically of the opinion that I express.

Mr. President, I have been diverted again, but I just want to call attention to a table. I am not going to have it reinserted; but I want to call attention to it in the hope that it may get to the country even more than it has already. It is the table introduced by the chairman of this committee on page 5069 of the CONGRESSIONAL RECORD. What does it show? This table, Mr. President, was prepared upon the basis of the bill as originally reported, not to meet the situation covered by the amendment now. It was prepared to show the war profits in the country, and it was prepared to show what it was proposed to take of those war profits. It gives 48 companies. What does it say? It says that the war profit of these 48 companies was \$659,858,490. It says that these 48 companies have excess profits of over \$659,000,000. How much does the committee propose to take of the war profits of these 48 companies? Two hundred and forty million fifty thousand four hundred and sixty-one dollars.

Mr. President, that may be wise. I know that the committee is patriotic. I know that its members are honest and sincere. I know that they believe that that is all they ought to take. I do not think it is. I may be wrong. They may be right. But I want to say, Mr. President, that we should look a little bit further than this Senate Chamber. We should look a little bit further than dollars and cents. We should look a little bit further than percentages. The people of this country, when they see that we only propose to take \$240,000,000 out of over \$600,000,000 of the purely war profits of 48 companies, will not understand why we do not take more.

I do not threaten anybody; I do not believe in doing that; but these are the facts. We know what the people are thinking. We know what the people are saying. The people are watching us. They are anxious to know what we are going to do in these matters. They know about these great war profits.

Why, Mr. President, I have here a statement from the Pennsylvania Grange News of July, 1917. They give a table corresponding to the table presented by the Senator from North Carolina [Mr. SIMMONS]. They know what these war profits are, and they are going to know what we are going to take out of them. What do they say here? As patriotic citizens—because that is what they are; that is the kind of people this paper represents—they say, as we are taking the men that we need, we should take the money that we need.

My good friend from Illinois [Mr. LEWIS] yesterday made a suggestion that just comes to me. He suggested that we are following the same plan in this bill in conscripting money that we followed in conscripting men. "Why," he said, "we are taking it by gradations." He said: "We conscripted a million men instead of 10,000,000. Why," he said, "if we should come out to-morrow with the statement that we were going to take 10,000,000 of our men, it would create a panic." Well, it would. Then he said: "We are following the same plan in taking money."

Ah, Mr. President, when you conscripted a million men you did not conscript a million parts of a million men. You took all of every man you took. And so, if we were to follow the real plan that we followed in conscripting men, we would conscript every dollar of profits that every corporation makes, if not the corporation itself, and leave others with everything they have.

No, Mr. President, this is a different plan of conscription from the way we conscripted men. We said to every man we conscripted: "All of you, come." Now we propose to say to all of the companies of the country: "Give us a part of your profits." The only difference is as to how great a part; that is all.



Oh, I do not say the country has a wrong idea. If it has a wrong idea, it has pretty good authority for its belief. I have here a statement clipped from the Washington Post of the other day, and there have been a great many like this coming from official sources. Listen:

Vrooman attacks "profiteers."

Who is Vrooman? Why, he is Assistant Secretary of Agriculture. He is a man of authority. He is a man of responsibility. He is a man with knowledge. What does he say to the people of this country?

Charges that certain business men of the United States are robbing and practically undernourishing the people of the Nation and that they should be ashamed to call themselves American citizens were made by Carl Vrooman, Assistant Secretary of Agriculture, in an address at the Emory School last night. Mr. Vrooman advocated cooperative buying to avoid high prices, and declared that the country is being bled white from coast to coast by the food grafters and "profiteers."

I do not vouch for that. The Senator from New York asks if I believe it. I know this, and the Senator from New York knows this—that Washington City is filled, and its hotels are crowded with men—representatives of companies—seeking contracts for Government supplies and Government needs, and it is in the air that they are getting bargains that are unconscionable. What I do believe is this, however: That the great mass of the business men of the country, the great mass of those who are called the capitalists of the country, are not doing what Mr. Vrooman says; that they are anxious and willing to help their Government; they are anxious and willing for us to put them all upon the same plane; and they will be willing to contribute of their means and even of their capital, if necessary, to furnish whatever is needed to defray the expenses of this Government.

Mr. President, we have had a whole lot of straw men put up in this Senate Chamber during this discussion. The chaff and straw of these men that have been knocked down and torn up has been scattered all over the Chamber, and one of those that has been put up is that we want to destroy business. We do not want to destroy business any more than the majority. We do not believe a business will be destroyed where all its capital is left unimpaired, where its normal profit is left to it, and where it is left, in addition, 20 per cent of its war profits. The men who run business will redouble their efforts; they will economize as never before; they will improve their methods, make their plants more efficient, and increase their business and profits and be far better prepared to enter the contest of wits and commercial rivalry when the war is over. They will not sulk; they will not close their plants; they will not forsake their Government; but they will make the most of necessity and show the enemy that this is not a people whose God is the dollar, and that they are not in this war for profit.

Another straw man is that we want to array class against class. We do not. I want to avoid that very thing. I do not believe in trying to stir up class against class. I do not believe that anyone on this floor wants to do it. We are not trying to take these profits because they belong to rich men. We are simply trying to take them because we need them, and we are going to get them where they are, just as we are taking our men because we need them, and we are going to get them where they are. That is all. That is the basis of it. In my judgment, our failure to take more of the profits of the war to defray its expenses will do more to create class feeling than anything we can say or do. I hope I am wrong.

Mr. President, I just want to call attention now to a few facts showing how the people are looking at our actions. I have here a statement from a very important paper of the city of New York. This is the Evening Mail of August 22, and it has an editorial in it headed "One million dollars per day." I ask leave to put that editorial in the Record without reading it.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

\$1,000,000 PER DAY.

The Senate Finance Committee reports that the war profits of the Steel Corporation for 1916 were \$207,945,953. This sum represents not the total net income available for stockholders but merely the excess profits above those of the three years preceding the war earned by the corporation.

If the earnings of the Steel Corporation during 1917 were to be the same as during 1916, and if the Senate committee's proposed excess-profits tax were applied to these earnings, the result would be that the Government would take \$77,000,000 of these excess profits and leave \$131,000,000 of them for the Steel Corporation's stockholders. Remember this whole \$208,000,000 was made by the war. It never existed before. If it is not taxed now, it can never be taxed, because there will be no war profits when the war is over.

Of course during this coming year the Steel Corporation will earn a far larger net than \$208,000,000. The prospects are that it will earn in the neighborhood of \$475,000,000 excess profits. Of this, under the proposed tax schedule, approximately \$175,000,000 would go to the

Government and approximately \$300,000,000 would be left to the United States Steel Corporation.

It is a goodly sum, \$300,000,000. It is \$1,000,000 for every workday in the year. The United States Steel Corporation is to be allowed to earn and distribute \$1,000,000 per day more than it was earning before the war. Its stockholders are to sit back and grow rich at the time when the manhood of the country is to offer the last full measure of sacrifice for America. At least, that is what the Senate Finance Committee proposes. The Congress which accepts such a proposal and enacts it into law will go down in history as a set of traitors to the people of the land.

This is the Congress which voted for 100 per cent conscription. Every man who qualified was to be taken, up to the limits of men desired. It was not 20 per cent or 60 per cent or 80 per cent of the man that was required; the whole man was taken; all of him was called upon. The evidence of corporate fitness for the Government's finance service is the possession of an excess income, the possession of war profits. In the name of justice shall we stop before we conscript these profits up to the limit of our financial need?

It is estimated that the excess profits for the year 1916 were approximately \$3,000,000,000. Suppose—which is impossible—that excess profits for 1917 are only \$3,000,000,000, how much does the Senate Finance Committee propose to conscript of these vast sums? It proposes to take \$562,000,000, less than 20 per cent of the total. In what sort of a land do we live when our highest legislative body proposes to conscript 100 per cent of life and 20 per cent of war profits? Whom is the Senate representing when it brings in a tax bill with only \$562,000,000 levied upon war profits and then turns to the poor man and taxes his tea, coffee, sugar, cocoa, postage stamps, passenger fares, and medicines?

Why, if we levied on excess profits the 80 per cent rate which is levied in Great Britain, we should take from the Steel Corporation alone \$400,000,000 and leave it \$100,000,000. Its stockholders would still receive for the year 1916 \$100,000,000 more than they received in the three years previous to the war. One hundred million dollars is 20 per cent on the Steel Corporation's outstanding common stock. Is that not still a rich revenue to earn from war?

The Evening Mail believes in the corporation. It wants the corporation fostered, aided, purified of the corporate grossness and selfishness which now are the ailments of socialism. But the Evening Mail is also for the individual, the common man. You can not take all he has in the world, all the hopes of those that are dear to him; you can not take these things and throw them 100 per cent into the red line of battle, and then take only 20 per cent of the purely war wealth which the corporations are amassing. You can not ask the people to fight this war and then bear its financial burdens in the future, by assuming the payment of interest and principal on loans held by the rich slackers who had to be bribed to finance their country's need.

Watch your Senator and see whether he votes for the iniquitous bill which the majority of the Senate Finance Committee has brought in. See if he votes for letting the Steel Corporation retain \$1,000,000 extra war profits for every working day of the year. See if he believes that you and I should be drafted for the coming service, but that the rich man should be bribed to do his share.

Better still, write your Senator before he registers his vote. If you are a New Yorker, your Senators are WADSWORTH and CALDER; if you live in New Jersey, your Senators are FRELINGHUYSEN and HUGHES; if you are in Connecticut, your Senators are BRANDEGER and MCLEAN. Those Senators are now going to stand up and be counted. Let them know that you are personally making up the count.

Mr. JONES of Washington. I want to call attention to one statement now, however, so that if anybody wants to cut it out he can do it. I do not believe it is true myself, but it simply shows how the suggestions and intimations on this floor lead to extravagant statements outside. After discussing the amount that we raise and that we ought to raise, it says:

At least that is what the Senate Finance Committee proposes. The Congress which accepts such a proposal and enacts it into law will go down in history as a set of traitors to the people of the land.

I do not think that is true; but, Mr. President, that is a mild statement compared with many of the statements made by other papers in the city of New York. They do not hesitate day after day to say that this Senator or that Senator is unpatriotic, that he is a traitor to his country. They have not as much ground for making those statements as this paper has for making that statement, and it has none.

Mr. KENYON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Iowa?

Mr. JONES of Washington. I yield to the Senator.

Mr. KENYON. I should like to ask the Senator if this editorial was published before the committee amendment was proposed or afterwards?

Mr. JONES of Washington. It is dated August 22. I can not say offhand.

Mr. NORRIS. It was before.

Mr. JONES of Washington. It was before, I think; and it was in view of the debate that was being had on the floor here in favor of taking 60, 70, or 80 per cent of these war profits.

Mr. President, I have here an editorial from a paper in the Northwest that shows somewhat what the sentiment is among the people of the country. Whether it is justified or not, it is the sentiment of many, and in my judgment this Senate can do no more for its country in any way than by using all reasonable means to refute these statements by action that will show that they have no basis. This editorial says:

WHY DO WORKINGMEN JOIN THE I. W. W.?

The Pacific Northwest is to-day up in arms against the I. W. W. It has been repeatedly pointed out by this paper that there is a wide divergence of opinion as to the ideas and principles of the I. W. W.



While they are regarded as criminals and anarchists by certain people, others maintain that they are an extremely radical but perfectly legitimate labor organization. This paper holds no brief for radicalism; however it must be said in all fairness that it is not surprising to see radicalism thrive under present conditions; it would be surprising, indeed, if it did not thrive.

A careful and dispassionate survey of the facts, cold, cruel, undeniable, and generally known facts will plainly show why radicalism is sweeping the country, why we have I. W. W., and why trouble is brewing everywhere. Following is a list of the war profits that have been pocketed by a number of corporations in recent years: American Zinc, Lead & Smelting Co., 1,500 per cent; Du Pont Powder Co., 1,400 per cent; Bethlehem Steel Co., 1,300 per cent; Anaconda Copper Co., 400 per cent; Armour & Co., 350 per cent; United States Steel Corporation, 350 per cent; American Beet Sugar Co., 250 per cent; American Hide & Leather Co., 250 per cent.

Mr. President, my recollection, from the figures given in the minority and the majority reports, is that these figures are about right. The people have the facts. Take them altogether and they are as familiar with them as any Senator on this floor.

This list is, of course, incomplete and could be continued ad libitum. A profit of 100 per cent is regarded as enormous in normal times, but the reports of a good many corporations show that their profits have been many times larger.

Mr. BRADY. Mr. President, from what paper is the Senator reading?

Mr. JONES of Washington. I do not know. In clipping it the name was clipped off of it; but I know it is a paper from my State. It came from out there. I do not know what the paper is. The profits of Armour & Co. are given here as 350 per cent. That may be wrong; I do not know; but I know that many of these figures are just about right, according to the facts.

Mr. BRADY. Regardless of the paper, they are good facts.

Mr. JONES of Washington. Yes. The name of the paper would not add to or take from them.

Now, let us look at the reverse side of the picture. Wages have gone up considerably, but the average raise in wages since the outbreak of the war is only 18 per cent, while the prices of necessities of life have gone up 85 per cent. It may be said that those profits are abnormal and will be reduced considerably as soon as the war is over. It may also be said that the present prices are abnormal and will not last. But these considerations afford scant comfort to the people with small incomes, and they constitute just about 90 per cent of our population.

The workmen are well informed about the condition; they know that a number of corporations have been permitted to make profits that are out of all proportion; they read it in their papers and they naturally believe that they do not receive their proper share out of this golden blessing. Moreover, owing to the greatly reduced buying power of money the remuneration for their work is considerably smaller than in normal times. All this is perfectly clear, and it is bound to make malcontents and revolutionaries out of people who are otherwise conservative and not in the least radically inclined. So far the Government has failed to investigate the I. W. W. movement, but if it ever does it will probably find that the overwhelming majority of the members are not ardent supporters of the cause and perhaps do not even approve of the principles and methods of the organization. They have simply joined the I. W. W. to voice their protest against existing conditions, and in order to do so they joined the most radical organization they could find. No, indeed; it is not surprising that we have I. W. W., and they surely have come to stay unless economic conditions in this country are radically changed.

Mr. President, I am not vouching for the facts set out here. I am simply presenting this to show to the Senate, to emphasize what no doubt Senators know, how the people of the country are looking at this situation. They are not splitting hairs over percentages. They are not interested in the minute figures presented by the Senator from Utah [Mr. SMOOT]. They are interested in life, in happiness, in prosperity, in comfort, in fair treatment by their Government, in the success of their Nation in this war, and in an early peace.

I will insert here another article, without reading—an editorial from one of the influential papers of Seattle, which reflects the views of many of our plain people. Its language, I grant you, is extravagant, but many of our people are thinking these things. It is worth much to show them in this hour of trial that there is no basis for their belief.

[From the Seattle Star.]

SOAKING THE PLAIN PEOPLE.

Soak the plain people! It's the good old game of Congress, and it's in full swing right now.

While the plain people are at the height of patriotic fervor, registering for their country's service, registering to give their lives, if need and chance so will, Congress whangs them over the head with an unequal, unjust tax bludgeon.

The war-revenue bill as it stands, almost ready for passage, puts the burden on the poor.

There is little sign of conscription of wealth in this bill.

Such things as enormous incomes seem to have escaped the notice of the merry gentlemen.

No increase in inheritance taxes is provided.

Jewelry is overlooked.

But they got right after the little incomes—taxing them down as low as \$2,000 for married men and \$1,000 for single men. Millions are to be raised by stamp taxes on things that we must have to live, but the rich users of those things will pay no more than the poor users of the same things.

This must not be. There must be no such abuses as this while America's people stand ready for the supreme sacrifice in the interest of democracy.

If the plain people are to give their lives, the rich must give their cash, whether they are willing or not.

Congress has got to understand that.

Stiff inheritance taxes; good, strong taxes on incomes under \$100,000 and 100 per cent taxation on incomes over that; and a proper percentage of all war profits—that is asking less than enough.

Compared to the tax that the poor must pay, even under the lightest levy, that would be letting the rich down easy.

Congress knows this, yet Congress goes blindly ahead, winking at great wealth and digging into the wages of the poor for all in sight.

This is not the way to fight a great war. All the people must pay their share. The poor are doomed to pay theirs. The rich must pay theirs also if this country is to be successful.

There's not a dollar of all the wealth in the country that has not been made by labor expended. It can all be replaced by more labor. And there's not a life that when once destroyed is not gone forever.

Because this is so we will not have wealth sneaking to protection behind the backs of bonehead Congressmen; we will not have wealth finding safety in the cloak rooms of Congressmen who have got so far away from the real people that they can no longer hear the wants of the people.

It is time that the dodo birds in Washington quit hatching conspiracies against the plain people.

Wealth must come out and fight as well as the poor. Democracy must rule in all things.

Mr. President, I have here a statement from a very responsible source, from a man for whom I have a great deal of admiration, although I do not agree with him in all things. I differ with him very radically sometimes; but he is a man of very great power, very great influence, and a man who, in my judgment, has as much individual power and control over men in this country as almost any other man in it. I have here a statement from Samuel Gompers, published in the Washington Post of the other morning.

Gompers urges peace-time profits and tax upon war's necessities—Labor head declares such a step would unify Nation behind Government's efforts—Opposes mortgaging future to pay for conflict.

Those are the headlines. Now, this is the article:

[By Samuel Gompers, president of the American Federation of Labor.]

There never was a war that afforded less justification for war profits than that in which our country is now engaged. The fundamental purpose of this war is to establish inviolability of human rights. In my opinion the rate of taxation upon war profits should be brought down to nearly peace profits.

For this war our Republic has felt justified in enforcing compulsory military service at the constant hazard of health, body, and life; to require the full man power in production and transportation.

That corporations, companies, and even individuals should have the opportunity to coin the flesh and blood of their countrymen into war profits is abhorrent to justice and humanity and in conflict with the very ideals for which our people and their allies are contending.

I want you to listen to this, Senators. It expresses my view, whether it does yours or not. It expresses my opinion as to what would result from the action that I think we ought to take, and it states the dangers of the action, in my judgment, that I am afraid the Senate will take:

WOULD WIPE OUT PROFITS.

No single determination would do more to unify the Nation behind the Government's efforts in this war and to establish a feeling of equity and security than to tax war profits that would virtually wipe out of existence profits resulting from the war.

It has long been charged that there are industries and financial interests which have even endeavored to provoke war, that they might profit thereby.

Mr. President, I do not believe that charge. I do not think there are financial interests in this country that desired to provoke this war; but I know that there are many people in this country who honestly think so, and, so far as I am concerned, I do not want, and I know that no other Senator on this floor wants, to lend color or basis to that contention.

Even now, despite the fact that America has joined in this world struggle for most exalted, fundamental principles and ideals, the false charge has been leveled against us that this is a war for profits.

By preventing profits from our present war's necessities, nothing would tend so much to enroll the spirit, conscience, and activity of our people in one great homogeneous task to win the war for justice, freedom, and democracy the world over.

ADVISES PEACE-PROFIT LEVEL.

In recognition of the unusual conditions attending war production, in my opinion the rate of taxation upon war profits should be brought down to nearly normal peace profits, and surely the history of industry of the United States demonstrates the fact that those profits are not niggardly to enterprise and wealth.

It is my judgment that it would be extremely unwise for our Government to raise all the revenue of this war for democracy and humanity through borrowing and mortgaging the future. Under the borrowing principle safe loans are made to the Government, for which full compensation is guaranteed.

Interest on loans, and often loans themselves, must be repaid by taxation levied upon the people and which, of course, fall more heavily upon the poor than upon the wealthy.

By taxation on war profits, incomes, and inheritance, our country can in a large part meet the expenses of the war as we proceed with that great enterprise.

Mr. President, as I have already said, it has been intimated that some of us who have been in favor of raising higher taxes than some think we ought to raise are disloyal and unpatriotic.

The papers of this morning all quote the speech of a man whom no one will charge with being unpatriotic or disloyal in the slightest degree. This man has a greater political following in



this country than any other single man. He represents strong, earnest, virile Americanism to the American people as no other American. He is the very embodiment of the soul of patriotism. Theodore Roosevelt is quoted as saying that Congress should take excess war profits now up "to the limit of England." Will anyone charge him with disloyalty or with endeavoring to make the war unpopular? The Senator from Utah said we are above England. He has said that many times. From that percentage proposition of yesterday I am afraid the Senator may be mistaken. I know he is not intentionally mistaken. He thinks that he is right. There are too many different elements in the situation for any man to try to determine the action of the two countries in percentages, but as I have said time and again, Mr. President, I am not measuring this by percentages. We are a greater country than England ever was or ever will be. We can and ought to do what England never has done and never can do in the way of raising money and financing war. We may learn something from England's experience, but because she has done or not done this or that is no conclusive determination for our action. When we were conscripting men we did not follow her course. We did not delay because she had delayed. Nor should we delay in taking war profits because she delayed. My friend from Utah cites Canada as not taking much of wealth. Neither did she conscript men, but we did not follow her example in that. Neither should her fiscal action determine ours.

Mr. President, it has been suggested on this floor time and again that we are raising more money by this bill than any nation on earth has ever raised by a taxation bill before. That does not appeal to me. There has never been a nation from the dawn of time that has been confronted by such an annual budget as this Nation is confronted with now. Twenty-five billions spent and obligated by England in three years! According to the Senator from Utah, this Nation will be obligated to from nineteen to twenty-one billion the first year of the war, and his figures are likely too low.

Mr. President, the very necessities of the time, the very conditions that confront us, make this a period unlike anything in the world's history, and make it necessary for us to do and take differently from what any nation has ever been called to do and take in the past.

Two billion five hundred million dollars by this bill! Yet the needs of the Nation are \$19,000,000,000! Mr. President, if we were to raise \$4,000,000,000 of taxes by this bill there would be billions upon billions for the men who may want to buy bonds, for the men who may want to invest their money without making any sacrifice, to pass on to posterity in a double burden, to overturn our fiscal policies and bring panic and disaster to our industries and people when peace comes and brings a further concentration of wealth in the hands and under the control of the few.

I say, Mr. President, that in my judgment it is our duty to take of these profits while they are here. Nobody is trying to fool the people here; but do not think that the people will accept the argument that we should leave these profits now for a future tax bill. That tax bill may come when the profits of 1917 have gone the way of the profits of 1916. It will doubtless do so unless we take them by this bill.

Why is it that the committee have stricken out some of the provisions of the House bill relating to collecting from the profits and income of 1916? Why is it that they have refused to accede to the proposition that would reach back into 1916? They have not accepted that because they did not think that was fair and right and just. The men who have made those profits have distributed and have used them in their business. I agree with the wisdom of the committee in that, but I do not want to be confronted by a proposition of that kind with reference to the 1917 profits when the next tax bill comes here, as it will come next winter. I do not want to have it said then we can not tax this \$3,000,000,000 of profits because they have been distributed, and it would be retroactive, unjust, and unfair.

Mr. President, the people know that if those profits are not taken to defray the expenses of the Government now they never will be taken. We will have another tax bill; it will come in before long; it will be here at the next session, and we shall have to raise a lot of money. The profits will have gone. We will have to take a greater percentage then of the profits of 1918 than we would have to take if we would take more out of the profits that we know we have.

The Senator from Illinois [Mr. Lewis] said we are likely to have peace in two months. If that is so, then the war profits would not come next year, and these profits will be gone, and the burden upon business will be greater and more oppressive in time of peace than it ought to be.

The majority say, "We will have another bill next winter; wait for that. We will have to tax then." We know we will

have to do it. We know about what we will have to raise. Why not do it now? Why keep business unsettled? Let it know as soon as possible what it has to meet. It can then get active and do its work. You can not "manana" successfully in war.

Senators talk about England. I have a statement here from the chief justice of England. His advice ought to be good to our friends of the majority. This is in the Washington Post of August 26. I like to take articles out of that paper, because the majority seem to put a great deal of reliance in it:

England sets example for America in drastic conscription of wealth—sound finance requires cost of war be met and burden not left for posterity, says Lord Chief Justice Reading.

Without reading this article, I ask that it may be put in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

The article referred to is as follows:

LONDON, August 25, 1917.

"Don't leave the burden of the war to posterity," was the advice to America to-day of Lord Chief Justice Reading in an interview.

England is now conscripting wealth to a degree not approached by any other nation, and still further increased taxes on incomes must soon be made.

Government figures to-day showed that revenues of the current year are estimated on a basis of \$2,000,000,000 from incomes and excess-profits tax, against less than \$700,000,000 from customs, excise, estate, stamp, and all other miscellaneous taxes combined.

"The point has arrived when little measures will not suffice," the chief justice said. "Sweeping action is necessary. It is not a question of raising \$5,000,000 here and \$10,000,000 there, it is a question of raising billions."

In view of the debate now in progress in the American Senate over conscription of wealth and taxation for the war, Lord Reading was asked to outline for the American people how England is meeting the problem.

"Sound finance," he declared, "required that we pay for the war as far as possible out of war-time taxation. Britain, recognizing this, is now unprecedentedly conscripting wealth. And very soon she must greatly increase taxes on incomes."

"While the income tax has been increased from a shilling and three pence on a pound (approximately 31 cents out of \$4.87) and in many cases of the largest incomes through a supertax to 8s. 6d. (\$2.12), the limit has by no means been reached. (The rate specified here is slightly less than 50 per cent.)

#### WISDOM OF METHOD PROVED.

"England has proved the wisdom of this method I have outlined. She is able to face an extension of that principle as far as necessary and possible."

"The history of the United States, like that of England, has shown the fallacy of attempting to leave the burden of the war for posterity to pay. Germany on the other hand, practically disregarding a fair and democratic method, is raising only an infinitesimal part of her war expenses from incomes and war profits. In the future Germany will also suffer the consequences of this policy. Unfortunately, it is true, France and Russia are also pursuing it, but there is reason to believe that the United States plans to adopt the wiser and safer course."

Mr. JONES of Washington. Mr. President, I have taken much more time than I intended. I have referred to many more matters than I intended to refer to. These were brought out by interruptions.

I want to say, Mr. President, and when I say it I do not reflect upon the motives of anyone else, my sole purpose is to prosecute this war with the utmost vigor and power and energy, to prosecute it with all the resources of men and money that are necessary to bring it to a successful conclusion. I think we ought to act upon the theory that this is going to be a long war, and we ought to prepare for it on that basis. By doing so we are more apt to bring it to a successful conclusion within the time indicated by the Senator from Illinois.

Mr. President, we need men. We have taken them. We need money. Let us take it. We need to show to the people of this country that the Senate of the United States recognizes the sentiment throughout the country; that it proposes in levying taxes not only to encourage business but to encourage the efficiency of business; that it proposes to show to the people of the country that the Nation is theirs, that the fight is theirs, that they are going to be treated fairly and justly; and that every man and woman is expected to bear his or her burden and make his or her sacrifices in behalf of liberty and the preservation of our country, its rights, its institutions, and its proper place among the nations of the earth.

Mr. NORRIS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Nebraska suggests the absence of a quorum. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Fletcher	Hollis	Kenyon
Brandegee	France	James	King
Calt	Frelinghuysen	Johnson, Cal.	Kirby
Calhoun	Gerry	Johnson, S. Dak.	Knox
Curtis	Hale	Jones, N. Mex.	La Follette
Fall	Harding	Jones, Wash.	Lewis
Fernald	Hitchcock	Kellogg	Lodge



McCumber  
McKellar  
McNary  
Martin  
Myers  
Nelson  
New  
Newlands  
Norris

Overman  
Page  
Penrose  
Phelan  
Pittman  
Poindexter  
Ransdell  
Reed  
Shafroth

Sheppard  
Simmons  
Smith, Md.  
Smith, Mich.  
Smith, S. C.  
Smoot  
Sterling  
Sutherland  
Swanson

Thompson  
Trammell  
Vardaman  
Wadsworth  
Warren  
Watson  
Weeks  
Williams  
Wolcott

The PRESIDING OFFICER. Sixty-four Senators have answered to their names. There is a quorum present. The question is on the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. WADSWORTH. I understand it is not the purpose of the Senator from Wisconsin or perhaps of the Senator from North Carolina to press this amendment to a vote this evening, so that I can defer any remarks I wish to make.

Mr. SIMMONS. If the Senator is ready to speak this afternoon, I think this will be a very good time to make his speech.

Mr. WADSWORTH. It is quite immaterial to me when I speak.

Mr. LA FOLLETTE. It is a good time. We shall be glad to hear the Senator.

Mr. WADSWORTH. I fear I shall seem to those Senators who have listened to this debate to be somewhat unorthodox in that I shall not refer in any extended manner to some of the claims for credit that have been made upon the floor. It strikes me that we should endeavor to direct our attention to what the Senate is doing rather than to determine which Senator is doing it.

I have the greatest respect for the Committee on Finance, and I take this occasion to express my admiration for the work which it has done. At the same time I do not believe there is any member of that committee who would claim infallibility, nor will any member of the committee contend that there is much importance attached to the question as to where the credit shall lie for raising some of the rates in the bill since the committee made its report. The country, sir, is not concerned with the distribution of credit on the floor of the Senate as between the majority and the minority of the committee nearly as much as it is concerned as to what the outcome shall be. So with the permission of my colleagues I will not endeavor to throw any light upon that moot question which has been so often referred to.

Mr. President, I have listened to many of the addresses with very deep interest. The Senator from Washington [Mr. JONES] has made an exceedingly interesting address to-day, and I was particularly impressed with that portion of it in which he declared, at the beginning, his belief that this war was to be a long war, that it might not end within a year, and might go even further. I agree with him in the analysis of the military situation. It must be apparent to every person who endeavors to measure the forces that are at play in Europe and, in fact, over the world, that the contest is not drawing to an early close. The comparative disorganization of Russia, without any question, unless some other unlooked-for event takes place, may be said, I think, safely, to have added one year's time to the duration of the war. It is for the very reason, sir, that I am convinced we are in for a struggle which will last through a considerable period of time—and no man may prophesy accurately just what its duration will be—that I think it incumbent upon the Congress of the United States to build in its taxation measures a fiscal system which will withstand any strain which may be imposed upon it as the months and perhaps the years go by. If I could believe that the war would end within one year and that this, as a result, would be the only extraordinary tax bill to be presented to Congress, I would the more willingly follow the suggestions of the Senator from Washington [Mr. JONES] and the suggestions of those who have contended, as he has contended to-day, that we should greatly increase the rates of taxation.

Mr. President, it would be difficult to fix a limit to the amount of money which can be raised by taxation in the United States during one year; and if it would suffice to raise all we could in the year 1918—to actually conscript wealth in order to win the war within that period—and if it were possible to do it, I would not contend against the utter and entire conscription of wealth. But, Mr. President, we must exercise some caution, some prudence; we must direct our examination toward the future and attempt, if we can, to calculate the weight of the burdens which may come to us in the year 1919, in the year 1920, perhaps, and even, sir, the burdens which may come to this country after the war is over; for, to put it mildly, we shall be confronted with some exceedingly interesting problems at the conclusion of this great war. So I say that, while I would be willing to assess the most drastic and well-nigh confiscatory tax if I felt absolutely certain that this burden would have to be car-

ried for only one year, by the same course of reasoning, Mr. President, I am opposed to assessing at this time overdraft or nearly confiscatory taxes, because I am confident that we will have to carry these burdens for more than one year.

A good many efforts have been made during this debate to compare our condition with the condition of some of our allies, and to draw conclusions therefrom. That is a rather dangerous process, and some of the conclusions reached by that process can be very much in error. It has been said that we should do what England has done—not what England did at the beginning of the war, but what England is doing now. I shall not stop to compare the rates fixed in this tax bill as now written with the rates of taxation fixed in England at the beginning of the war, or the second year of her participation, or during this present year, but I shall endeavor to point out to the Senate that the industries and the commercial structures of England are on a very different basis than are the industries and the commercial structures of the United States.

England, sir, is an old country; her industries and her commerce have been long established. English bankers and merchants and manufacturers have been extending their operations all over the world since the close of the Napoleonic wars, at which time, if I remember history correctly, the great industrial and commercial expansion of England, coincident with the establishment of the modern factory system, commenced. It can truthfully be said that England's commerce and industries and banking have reached a degree of standardization that has not been reached in the United States; and I think the explanation is comparatively simple and must be conceded by any person who would compare the conditions of the two countries.

We are still expanding internally. Industrially speaking and commercially speaking we are still a new country; and I venture to say that it will be two or three or perhaps four generations before we shall reach that stage of standardization in our industries and business which is now occupied by the industries and business of England. It is, therefore, much easier, Mr. President, for an English statesman to measure the effect of taxation upon English industry. The cost of production within the borders of England of any article is practically uniform; the wage scales within the borders of England in a given industry are practically uniform; the charges for freight transportation in England are much less important in their relation to the cost of the finished product than are the transportation charges in the United States. England being a small, compact country, it is not nearly so difficult for the British Government to measure the effect of, we will say, a war-profits tax upon the industries of England, because their degree of standardization is so far advanced that it is reasonably known in advance just what burdens they can bear.

When the war broke out industry in England was not in a process of marked expansion; it was moving along settled lines, well-established channels; and a statistician or economist could calculate exactly what burdens the industries of England could withstand from year to year. So it may seem upon first thought that they moved more boldly than we have with respect to the rates recited in the respective tax laws. They appear to have taxed their industries at a little higher rate; but, Mr. President, our industries have been going through a remarkable evolution during the last three years, all the more remarkable because when compared to their condition during the three prewar years, which were subnormal, their prosperity appears comparatively large. Our three prewar years were abnormal years, just as our three years of the war have been abnormal years; and it is very difficult to take those two periods and compare them with the two like periods in Great Britain or even in France and say to the industries of America, "We will do you exactly what England and France did to their industries."

It is perfectly true that some of the manufacturing industries of the United States have been tremendously prosperous during the last three years; it is perfectly true that some very large fortunes have been accumulated, although there are not nearly as many of them as some sections of the press would have the public believe. I think no one will contend that those fortunes and those industries should escape their just burden of taxation; but while we are attempting to measure the burden which they can carry—and they are the conspicuous few—we must take into consideration the burden which the average business institution can carry. When we come to the average business institution we do not find any such remarkable condition of affairs.

Much has been said upon the floor about the effect of this proposed tax law upon the United States Steel Corporation, upon the Bethlehem Steel Corporation, and upon the Du Pont Powder Co. I have been tempted to believe that there are



some Senators here who think that our tax laws should be so framed as to suit and meet the conditions of those three companies without much regard to the great number of other organizations in the United States. So often have they been cited as examples, horrible or otherwise, that I have been tempted on more than one occasion to suggest that a separate tax bill be drawn applicable to them alone, and then we might get down to a discussion of a tax bill applicable to the ordinary industries of the United States.

There have been some rather remarkable comments made upon finance and economy in the discussion of the affairs of some of these great corporations. The Senator from Washington to-day stated very plainly on two or three occasions that he had no concern for percentages; that the people of the United States, the patriotic people of the United States, had no concern for percentages; but I think one is entitled to inquire how we are to measure any burden of taxation except by the percentage system? When a question is asked a Senator who is explaining his theory of taxation and that question includes an inquiry as to what percentage the net profits of a corporation bear to its invested capital and the reply is made that that is of no importance and of no concern to a Senator or to the public, I wonder how the industries of the United States would thrive under that kind of financial management, for before we do anything else in managing a business or writing a tax bill we must resort to percentages to find out where we are.

I fear also, Mr. President, that the impression has been created, or has been sought to be created, that the two or three great corporations that have been so often named and about which I know very, very little, are owned by one, two, three, or four men, respectively. One of the purposes of my question addressed to the Senator from Washington with respect to the United States Steel Corporation was to ascertain, if possible, what effect his theory of taxation would have upon the stockholders of the United States Steel Co., of whom, I believe there are 100,000, the great majority of whom, I understand, are comparatively poor people, many of them being mechanics working in the steel mills. But that apparently, according to the Senator from Washington, is not an important question; it is of no concern to the Senate or to the public.

Mr. President, it has been suggested that it would be a judicious and proper exercise of the taxing power so to fix the taxes upon war profits or excess profits, whichever we shall call them, as to leave no dividends to the stockholders. That was the clear intimation made in the argument this afternoon. May I suggest that we can do that for just one year, but after one year's attempt at any such taxation as that the United States would be prostrate and we would be defeated in this war? I think it well, sir, to straighten out a few of these ideas, if I may presume to do so or to attempt to do so, because, having been inserted in the Record, it goes out to the country that it is wise and proper to disregard the stockholders of corporations, who are American citizens and dependent by the thousands upon some dividends, at least, to maintain themselves.

We can not eat our cake and have it. As I said at the beginning, we can raise almost any amount of money the first year, but if we make it impossible for people to continue in business upon an expanding scale by taking away from them too much of their surplus or all of their surplus, at the end of one year the business of the United States will be stagnant.

There are only two directions in which business can move—forward or backward. When I used the term "stagnant," sir, I used an inaccurate expression, for a business that is stagnant is in effect going backward. No business stands still. It is either going forward or it is going backward, and the thing which should concern us more than anything else in writing a tax law, particularly in the first year of a war when to a large extent our tax measures must be experimental, is that we shall guarantee the continued expansion and forward movement of our industries. Mr. President, we can not have a forward movement, we can not have expansion of industry if the Government takes all the surplus profit. Instead, we are bound to have industrial collapse; and there is no more effective method of bringing our Nation to ultimate military defeat than by causing an industrial collapse through the imposition of taxes which will drain the country of its surplus of financial resources.

What are the functions of large profits? What are the functions of large incomes? I have heard it stated here that the large profits that have been heaped up by corporations during the last three years—and without any doubt there have been some very large profits—have been heaped up, and, to quote the language of the Senator from Idaho [Mr. BORAH] "have been stored away"; painting the picture to the public that these millions or billions, as the case may be—I do not count myself

accurate in statistics—earned by our business concerns during the last three years have gone into the pockets of a few people and have been spent, if spent at all, solely upon luxuries; stored away, presumably, if the picture is carried out with due regard to the artistic necessities, to purchase automobiles, to build palaces, to maintain yachts. But, Mr. President, I venture to say that the vast majority of the so-called war profits have been reinvested in expanded plants; and thank Heaven, sir, that has been done, for had it not been done it would have proved impossible for us to equip our Army and our Navy for the war that we embarked upon last April.

Mr. HARDING. Mr. President—

Mr. WADSWORTH. I yield to the Senator from Ohio.

Mr. HARDING. Is the Senator from New York aware that one great concern in this country, whose name he has given in his very interesting remarks, received an order from a department of the Government requiring it to make practically a twenty-million-dollar extension, under the admonition from the governmental head that if these extensions were not made the Government itself would be impelled to take charge of the plant and operate it?

Mr. WADSWORTH. Mr. President, I have heard of that case. I have no personal or direct knowledge of it; but I believe the statement of the Senator from Ohio to be true that the particular corporation to which he refers invested \$20,000,000 to expand its plant in order to meet governmental needs. Rather than calling it something reprehensible to have accumulated profits during this war, and rather than to try to arouse the prejudices and the passions of the people of the United States against concerns that have made these profits, I am glad that they have made them, in order that that corporation could marshal \$20,000,000 to invest to meet the needs of the Government.

Mr. HARDING. Mr. President, will the Senator yield further?

Mr. WADSWORTH. I yield again.

Mr. HARDING. I should like the Senator to put in the record of his very interesting speech the fact that the expansions were made to furnish the Government its needs at prices fixed by the Government.

Mr. WADSWORTH. My recollection of the incident is that the price is to be fixed by the Government at a later time.

Mr. WEEKS. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Massachusetts?

Mr. WADSWORTH. I yield to the Senator from Massachusetts.

Mr. WEEKS. May I suggest to the Senator from New York that in all probability, if this company did invest \$20,000,000 in additions to its plant at this time, when business conditions return to normal it will have to charge off about \$10,000,000 in order to get back to the normal standard and to the costs which would have resulted in normal times?

Mr. WADSWORTH. Mr. President, the Senator from Massachusetts is entirely right, and I am inclined to believe that he has understated the matter. Upon the invitation of the Government, literally dozens and scores of these much-abused business concerns have used these so-called war profits, which the Senator from Idaho has depicted as being stored away in the pockets of the few, and are using them to-day in the service of the country to meet the needs of the Government by expanding their plants to construct field artillery, heavy artillery, shrapnel shells, and supplies of every kind and description for the Army and the Navy. We are fortunate, Mr. President, that that is the state of affairs under which we commenced this war.

Now, sir, we do not know how long this war is going to go on. This tax bill, if I remember correctly—and if not the Senator from North Carolina can correct me—is to take \$1,200,000,000 of war profits in 1918 from this class of concerns; and it is not a confined class. It is a very large and widely extended class of concerns. It would be surprising, I believe—and I wish I had the figures here—it would be surprising, I believe, if the Senate could know how widely scattered are the industries which are called upon to support this Government in the operations of the war. We are to take \$1,200,000,000 from them, which in all frankness I say is a pretty round sum. Of course it is possible to take more. We could take \$3,000,000,000 from them if we waited until the end of 1918 and sprung it on them quickly. We could take three and a half billions from them; but where would we be in 1919? There would be no more expansion. You can not expect any man or any company, great or small, to build an addition to his plant on air. He can not do it by borrowing money if the tax rates are so high as to frighten away the banker. He can only do it by using his surplus, accumulated out of a prosperous year's business.

It strikes me, Mr. President—and it is with some hesitation that I again refer to this war-profits tax, because we have set-



tled it; but the Senator from Washington [Mr. JONES] has constantly referred to it in his speech this afternoon—it strikes me that the committee has done the prudent thing, has done the wise thing. As the Senator from Washington says, this may not be our last tax bill. I am inclined to think it will not. It may be that we shall have to raise rates; it may be that we shall have to develop new forms of taxation if the burdens of the war become heavier and if it goes on for two or three or four years. But I venture to say that if some of the theories proposed upon this floor in the matter of taxation were written into this bill, and we did have in effect actual conscription of all the surplus profits, it would be our last tax bill.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. WADSWORTH. I yield to the Senator from Utah.

Mr. SMOOT. Right in that connection I desire to say to the Senator there has been a persistent effort among certain Senators to create the impression throughout the country that we were not taking the percentage of profits that we ought to. I want to call the Senator's attention to the fact that many Senators in this debate have said that 50 per cent is the highest rate in any one bracket that will be collected from incomes. That is not so.

Mr. WADSWORTH. Sixty-three per cent.

Mr. SMOOT. Sixty-seven per cent. The present law imposes a tax of 17 per cent upon incomes over and above \$2,000,000. Now, take the case of an individual whose percentage of the profits of a corporation earning 10 per cent per annum would be \$1,000,000. Under the existing law and the pending bill we impose an excess-profits tax of 52½ per cent. On the \$1,000,000 there would be collected \$529,000. Deducted from the million dollars leaves \$471,000. Then deduct the income tax on that amount, being 38½ per cent, amounts to \$179,168.40, leaving for the individual, out of the \$1,000,000, \$291,831.60, providing he had no other income from any source. If his income was larger, the percentage of tax would be greater.

Mr. WADSWORTH. Mr. President, let me say, by way of comment on the figures presented by the Senator from Utah, that that would certainly seem to be at least an approach to the conscription of wealth.

Mr. HARDING. Mr. President, before the Senator from New York gets away from this very interesting phase of finance and industrial operations I should like to have him refer to the fact that the stocks and bonds of industrial institutions and financial institutions in the United States have very naturally been given their valuation from the activities and profits incident to the last three years. Naturally, therefore, these bonds are in bank as collateral to loans on values adjusted for three years of activity during the European war. Has the Senator contemplated the effect on financial problems of greatly reducing the value of these collaterals by excessive demands upon these concerns?

Mr. WADSWORTH. Mr. President, if you impair the collateral, the bank of course will ask for more collateral or call the loan, and then you have severe financial disturbance.

I think the same observations may be made with respect to personal incomes that may be made with respect to the profits of business concerns, partnerships, or corporations. It is perfectly true, sir, that any man can live, as the Senator from Nebraska [Mr. NORRIS] said this afternoon, on \$15,000 a year. It is perfectly true, he might just as well have said, that he could live on \$10,000 or \$5,000 a year. I have never felt any anguish over the sufferings of the rich during a war or at any other time. There is no means, whether by taxing or otherwise, by which we could starve the rich if we wanted to. They can always manage to survive by living on their capital. But there is a very important element other than the fixing of a standard at which any man may live and support his family and send his children to school, and that is the function to be performed by the surplus of that man's income.

The picture painted by the Senator from Nebraska would lead people to believe that the 121 persons—I think that is the number—who enjoy incomes in the United States of over \$1,000,000 spend all that money for their personal luxuries, and that every man who happens to enjoy an income in excess of his actual living necessities spends it on idle luxuries. Mr. President, I venture to say that those who are fortunate enough to have these tremendous incomes spend a comparatively small proportion of them upon their living expenses. I venture to say, further, that the great proportion of the income goes back into productive activity in the form of new investments which build new concerns, employ more men, and develop resources all over the country. That is what has been going on in the United States ever since the Civil War—expansion, development. All of it comes, or nearly all of it comes, from making use of the surplus or the savings, whichever you choose to call it, out of the incomes of the people.

I think the best definition of capital that I have ever heard is that it is the organized savings of the people. Now, you are not helping the country, you are not helping the industries, you are not helping the war when you prevent people from saving; and I even apply that principle to the very rich. Do not think for a moment that I believe that the rates fixed in this bill are too high. I think the very rich man should pay 50 per cent on the top bracket; but the money even of the multimillionaire which he does not need and which he does not use for his own living expenses when reinvested and set to work in the form of organized capital and joined in with all the savings of all the other people in the country who save anything, is of more use to the United States for a two-year war or a three-year war or a four-year war than if it were all taken away from them and put in the Treasury in the year 1918.

Mr. LODGE. Mr. President—

Mr. WADSWORTH. I yield to the Senator from Massachusetts.

Mr. LODGE. Is it not also true that for the surplus or the savings of which the Senator is speaking we must look principally for taking the loans?

Mr. WADSWORTH. Absolutely.

Mr. LODGE. The Senator can state better than I the effect on our credit.

Mr. WADSWORTH. Mr. President, the existence of a generous surplus, unendangered, unthreatened by any law, is the one essential for the carrying on of a great modern war, where industrial organizations and industrial activities are so important. We can not be sure that we shall come to a successful conclusion in this tremendous effort by so arranging things that we shall make just enough money to live on, because if we make any miscalculation in that we shall fall down into utter destruction. We have got to make a generous calculation of the surplus that we shall leave in the hands of industry, that it may be reinvested; that it may expand and take up any slack that may occur in our commercial or industrial activities from time to time. There must be a generous margin of safety. And when the Senator from Washington [Mr. JONES] says that if he had his way he would take, out of the \$490,000,000 of estimated profits of the United States Steel Corporation for 1918, all but \$90,000,000 and leave only that \$90,000,000 of net profits for that corporation, he would wreck the Steel Corporation.

Our whole shipbuilding program would be destroyed. The company could not live beyond the year 1918. Ninety million dollars would not enable it to pay even a dividend worthy of the name to their stockholders, let alone having any surplus to meet the strain of the years to come. If we adhere to any such principle, if we adopt any such theory of taxation, we shall lose this war instead of winning it.

Mr. President, the Senator from Massachusetts has said something about our credit. Of course it is dependent upon the industrial and agricultural and commercial prosperity of the country. I would not presume to attempt to address the Senate on that tremendously difficult and important topic, except most briefly.

Mr. President, it may be said that credit depends upon two things. When a man goes to a bank to borrow money the cashier wants to know two things about him: First, his character, and one of our greatest financiers said he placed more importance upon the character of his prospective borrower than upon his assets; and, second, the comparative prosperity of the business in which he desires to put the proceeds of his loan.

We will assume, Mr. President, that American industry enjoys a good character. The next thing the lender wants to know is about the prosperity of the industry in which he is going to invest the money, not this year alone, but what will be its condition next year when he will have to pay interest, and the year after that when he will have to pay interest, and the year after that when, perhaps, according to the terms of the loan, the lender may want all his principal back.

The credit of the Nation is on the same basis as the credit of an individual, and if we shall so fix our tax laws as to lead the lenders of the country into the belief that our industries will not be prosperous a year from now or two years from now, and will not be permitted to accumulate and use a generous surplus the credit of the country will be hurt. We will not be able to float bonds with that readiness and facility that would otherwise be the case.

Now, it is apparent to every man who stops to think that we can not pay for this war as we go, at least we could not do it except we confined it to one year which is, I imagine, conceded to be impossible. We must borrow money. The Government must borrow money on the credit and faith of the United States, and the thing that underlies a Government bond is the potential prosperity of the industries and the agriculture of the country. The Government can not cramp and stagnate industries with one



hand through the taxing power and expect to borrow all the money it wants with the other hand. You can not extract blood from a stone.

For one, sir, I believe that the committee, in spite of the criticisms that have been fanned into a flame against it, in spite of the idea that is sought to be spread abroad that the so-called swollen fortunes and swollen corporation profits are not taxed enough—I believe that the Committee on Finance has been endowed with a true vision in this matter and has looked beyond the year 1918 and endeavored to estimate and analyze what will be our condition in 1919 and has refused to take any chance which if ill taken would bring disaster to us in this war.

We can tell better when 1919 comes whether this bill taxes industries and profits and fortunes sufficiently. My humble judgment is that it goes just about far enough, just about what those industries and fortunes will bear in the first year of a war. At the very best, with due respect to the members of the Committee on Finance, it is largely experimental. Neither they nor I nor any other Senator can tell exactly what the effect is going to be, but I do believe most sincerely, Mr. President, that it is wiser for us to proceed a little slowly, so that we shall not make it impossible for us to proceed with lightning and irresistible speed in that day and year when America shall strike the decisive blow.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. LA FOLLETTE. I offer an amendment to the pending bill, which I ask may lie on the table and be printed.

The PRESIDING OFFICER. The amendment will lie on the table and be printed.

RECESS.

Mr. SIMMONS. Mr. President, many Senators have left the Chamber with the understanding that it would hardly be possible to secure a vote this afternoon. I move that the Senate take a recess until 11 o'clock to-morrow morning.

The motion was agreed to; and (at 5 o'clock and 5 minutes p. m., Thursday, September 6, 1917) the Senate took a recess until to-morrow, Friday, September 7, 1917, at 11 o'clock a. m.

## HOUSE OF REPRESENTATIVES.

THURSDAY, September 6, 1917.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

We bless Thee, O God our heavenly Father, for the ever abiding faith which in spite of the doubts, uncertainties, sorrows, and disappointments, binds us to Thee, which is ever moving us onward, upward to the better life, and promises the final consummation of all our longings, hopes, and aspirations.

Increase our faith and hold us close to Thee until we all come unto the measure of the stature of the fullness of Christ. Amen.

The Journal of the proceedings of yesterday was read and approved.

### WITHDRAWAL OF PAPERS.

By unanimous consent, leave was granted to Mr. Wood of Indiana to withdraw from the files of the House, without leaving copies, papers in the case of John Toliver (H. R. 19997, Sixty-fourth Congress), no adverse report having been made thereon.

### ADDITIONAL BONDS.

Mr. KITCHIN. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 5901) to authorize an additional issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign Governments, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5901, with Mr. JOHNSON of Kentucky in the chair.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word of section 6. I wish to inquire of the chairman of the committee whether the Secretary of the Treasury gave information to the committee as to what interest these war-saving certificates would bear. I believe he stated 4 per cent?

Mr. KITCHIN. Four per cent.

Mr. STAFFORD. Mr. Chairman, I question very much, no matter how large a force nor how long that force may be em-

ployed, whether we will be able to raise by this method any amount approaching \$2,000,000,000, as is estimated by the Secretary of the Treasury. It is a commendable idea to enlist the support and try to get the savings of the poorer classes, those employed at small wages, invested in war-saving certificates; but the history of the savings-fund stamp certificates issued by the postal savings banks does not warrant us in believing that there will be anywhere near \$2,000,000,000 raised by this method in aid of the war.

Mr. KITCHIN. The gentleman understands that the postal savings fund draws only 2 per cent.

Mr. STAFFORD. I am aware of that, but I am further aware of the fact that the postal savings bank generally has been patronized largely only by certain of the foreign, the alien classes, in this country, who have been acquainted with that system of banking in their home countries. At the end of July, 1917, there was on deposit \$136,000,000 in the postal savings banks of the country. Of that total \$28,000,000 was deposited in the city of New York, \$9,000,000 in the city of Brooklyn, and \$6,500,000 in the city of Chicago. Those funds came largely from the foreign element in those cities. They were acquainted with the postal savings bank system in their home countries abroad. It is true that the depositors have to a limited extent used the postal saving stamp certificates in their deposits. When the postal savings bank bill was passed it was expected that in the course of a few years the total deposits would far exceed the amount they have now reached of \$136,000,000.

In my investigation I was curious to ascertain whether during the period of our floating the liberty loan the deposits in postal savings banks had been lessened, and the head of the bureau informs me that during the month of June there was a material reduction in the average amount of postal savings bank deposits, aggregating only in that month \$500,000, and that in July the postal savings bank deposits returned to the normal of about \$4,000,000.

Mr. BORLAND. Was there any substantial withdrawal of deposits on hand?

Mr. STAFFORD. I did not make the direct inquiry, but I believe from the general information furnished me that there were no considerable withdrawals. In fact, as the gentleman knows and as the committee knows, the postal savings bank depositors under the law have two periods in the year at which to withdraw their funds to obtain postal savings bonds drawing 2½ per cent, namely, January 1 and July 1. They are privileged to deposit during the year at interest \$1,000 and an additional \$1,000 without interest, but they can take out bonds for the amount of their deposits on July 1 and January 1. Although they had the privilege of withdrawing their funds from the postal savings banks and investing them in liberty bonds, nevertheless on July 1 these postal-savings depositors withdrew \$700,000 of their deposits and invested them not in the liberty bonds paying 3½ per cent interest, but in the postal-savings bonds paying 2½ per cent, showing clearly that these foreigners who were domiciled in this country are not sufficiently acquainted with the existing current of affairs to invest in the higher-priced securities, but that they follow the trend of their native countries and invest in the lower-priced securities of the postal savings bank, bonds drawing 2½ per cent. With only \$136,000,000 as the total deposits in the postal savings banks, I question very much, especially in these times of high prices when the cost of living is so high, when flour costs so much and prices for food are maintained at a high level, that the laboring and artisan classes generally will be able to the extent of \$2,000,000,000 in the course of any number of years to invest in these war-saving certificates bearing a rate of interest even of 4 per cent.

I do not wish to stand here in the attitude of a prophet, but I think the Government would be very fortunate, indeed, if it can secure as high as \$500,000,000 instead of \$2,000,000,000, no matter how energetic the postal officials and the Treasury officials may be in trying to have these certificates invested in by the laboring and working classes of the country.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HOWARD. Mr. Chairman, I wish to offer an amendment to page 9, line 5, which I will hand to the clerk.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. HOWARD: Page 9, line 5, after the word "prices," insert the words "not less than four." In line 6, after the word "war-savings," insert the word "coupon." In lines 7 and 8 strike out the following: "On which interest to maturity may be discounted in advance at such rate or rates and computed in such manner as he may prescribe," and insert in lieu thereof the following: "bearing interest at the rate of 4 per cent per annum and issued for any desired amount from \$1 to \$1,000 in even dollars," so that the line will read, beginning line 5, "at such price or prices not less than four and upon such terms and conditions as he may determine war-



saving coupon certificates of the United States bearing interest at the rate of 4 per cent per annum and issued for any desired amount from \$1 to \$1,000 in even dollars." In line 19 strike out after "\$2,000,000,000" all the language in the section.

Mr. HOWARD. Mr. Chairman, as an amendment to the pending bill I have asked that section 6 be changed so as to read as follows:

SEC. 6. That in addition to the bonds authorized by section 1 of this act and the certificates of indebtedness authorized by section 5 of this act the Secretary of the Treasury is authorized to borrow from time to time, on the credit of the United States, for the purposes of this act and to meet public expenditures authorized by law, such sum or sums as in his judgment may be necessary and to issue therefor, at such price or prices, not less than par, and upon such terms and conditions as he may determine, war-savings coupon certificates of the United States bearing interest at the rate of 4 per cent per annum and issued for any desired amount from \$1 to \$1,000 in even dollars. Such war-savings certificates shall be in such form or forms and subject to such terms and conditions, and may have such provisions for payment thereof before maturity, as the Secretary of the Treasury may prescribe. Each war-saving certificate so issued shall be payable at such time, not exceeding five years from the date of its issue, and may be redeemable before maturity, upon such terms and conditions as the Secretary of the Treasury may prescribe. The sum of such war-savings certificates outstanding shall not at any one time exceed in the aggregate \$2,000,000,000.

The plan of the Treasury Department as to these war-savings certificates was outlined before the Committee on Ways and Means by the Secretary of the Treasury as follows:

This plan contemplates the issue of a war-savings-certificate book, each page of which will represent \$5, and any man who wants to invest—I will use round figures to illustrate—\$4 and have it bear interest, can take it to his post office and buy a \$4 stamp, which would be put in the book and canceled, and then he would have an investment with the Government which would accumulate interest at the rate of 4 per cent per annum for five years, and at the end of five years he would cash his certificate in at \$5. He can then continue that accumulation until he gets \$100, and then he can convert that, if he wants to, into a \$100 bond. This method of war savings has been tried in Great Britain with very great success. They found that by bringing to the man of the smallest means the opportunity of making a saving in a simple manner they could not only add very much to the list of investors, but that they also had a very large resource upon which they could draw for the purposes of the war, and, in addition to that, they could encourage thrift and saving to a degree not heretofore thought of. The plan is to enable the smallest investor here to become interested in the bonds of his Government. Now, you may ask why we do not issue \$5 certificates and pay interest on them every six months. That would mean that if we had millions of investors, as we probably should have and would have on this basis, the Treasury would be required each six months to pay 10 cents in interest on a \$5 bond, which would manifestly be an impossible thing from an administrative standpoint.

It is better, therefore, to sell these certificates with the interest accumulated, so that it accumulates each year and is worth \$5 at the end of the five years. Provision is also made in the bill that none of these certificates shall be held by any single investor beyond \$1,000 in amount, so that they may be confined to men of small means; and it also provides that the Government will cash in the certificates at a lower rate of interest at any time upon demand of the holder, so that the man of small means, who buys a \$5 certificate and finds himself under such pressure that he has to realize on it, can always go to the Government and get his money. In that event he would get a smaller rate of interest than 4 per cent; probably 2 per cent. It is necessary to give the man of small means this opportunity to cash in his certificate, because otherwise he might hesitate to come in. The British Government found that only one-tenth of 1 per cent of the amount of war-savings certificates they sold were offered for redemption, and I think we would have a like experience in this country if we should issue these certificates.

I am most strongly convinced, Mr. Chairman, that the idea of offering to sell Government obligations at a discount is a mistake, and will seriously impair the Government credit. Whatever may be the reason for selling a \$5 five-year obligation of the Government at, say, \$4.10—or at a price which, with 4 per cent per annum thereon, would amount to \$5 at the maturity of the obligation—yet the effect of so doing in my judgment will be disastrous and will offer no compensating advantages. The class of people who will buy these war-savings certificates, and whose aid in financing the war is to be thereby secured, are not familiar with bonds or with the principles of finance. They do not know the distinction between discount and interest. They will doubtless question the ultimate value of an obligation which is offered to them at a discount. If it is explained to them that the 4 per cent interest is included in the face of the obligation, they will figure that 4 per cent on \$5 is 20 cents, and that five times 20 cents is \$1. Consequently they will argue that the \$5 certificate should be sold to them for \$4 instead of at, say, \$4.10, which would really make the certificates bear more than 4 per cent.

I understand that the Treasury Department hopes to educate the people to an understanding of these nice distinctions; but the task is hopeless, so far as I can judge. The proposition is to sell \$2,000,000,000 of these war-savings certificates, practically on a \$5 basis. This means the sale of 400,000,000 of these \$5 certificates, or an average of four such certificates to each man, woman, and child in the United States. It means educating the entire population in this matter within a few months. It can not be done.

Moreover, in practice my understanding is that the Treasury Department proposes to sell not \$5 certificates but to sell stamps of varying denominations. These stamps are to be pur-

chased and pasted in a book. When the amount of \$4.10—or thereabouts—is so secured, the holder becomes entitled to receive for such \$4.10 the sum of \$5 at the end of five years from that date. He receives no interest during the period of accumulation.

Nor does he receive a certificate when he has accumulated the \$4.10. In order to receive the actual certificate he must keep up this accumulating process until he has purchased stamps enough to entitle him to a certificate for \$100. When this needed amount (about \$82) is so accumulated in stamps he surrenders his book of stamps and receives a \$100 certificate, payable in five years; and the interest on the various sums of \$4.10 that he has accumulated from the time each \$4.10 is purchased until the \$100 certificate is delivered, is, I presume, to be adjusted in some way that I do not understand.

To complicate the matter still further, it is provided that not more than \$100 of such certificates can be sold to any one person at one time, and that no person can hold more than \$1,000 of them at one time. This means that an individual account must be kept with each person, in order to see that he does not violate the law. If every purchaser bought the maximum amount of \$1,000 it would require 2,000,000 people to absorb two billions of certificates, and 2,000,000 individual accounts would have to be kept. The cost would be prohibitive, and there is no object in it. The Government needs the money, and I can see no reason for limiting the amount which its citizens are willing to lend it.

I could bring out many other reasons against the proposed plan were my time not limited. To me it seems impracticable, costly, unnecessary, and undesirable. I believe the reasons stated are sufficient to maintain this view, and consequently I will devote the remainder of my time to suggesting and advocating an alternative method, which can be used under the section as I have amended it.

From letters, discussions, and arguments which have been brought to my attention, I have been most strongly impressed with the necessity of creating a nation-wide market for Government securities, and I shall quote liberally from these in the argument I shall present in this connection.

It is submitted that the following statements can not be successfully controverted:

First. The people of the United States are to-day in better financial condition than ever before in their history. They are abundantly able to purchase any amount of Government bonds that may be offered—up to thirty or forty billions, if needed.

Second. They are unreservedly behind the administration in its efforts to speedily prosecute this war to a successful conclusion, and are willing to make any sacrifices necessary to that end.

Third. They absolutely believe in the principles of this Government, and are convinced that it has entered this war only to preserve the liberties of mankind, and to make possible the continuance of democratic institutions.

Fourth. They recognize that the Government of the United States is financially the strongest in the world, and that its obligations or bonds are the best investment that can be secured.

Fifth. They are willing and anxious to help the Government in any way that they can, and are constantly seeking guidance as to the most effective method of doing this.

Sixth. Taken as a whole, the 100,000,000 of American people constitute to-day the greatest potential market for Government securities that the world has ever seen. That potential market must be made actual to be effective.

Seventh. The wide distribution of Government securities among the masses of the people insures stability in the market value of Government bonds. It encourages and increases patriotism by giving to every citizen a financial stake in the Government; and by emphasizing to each citizen the fact that it is his Government, looking to and dependent on him; and needing his financial assistance, whether that assistance be measured in dollars or in millions.

Eighth. The creation of a country-wide market for Government bonds will be greatly fostered by a patriotic sentiment that each citizen should own a bond, and that the person who fails to help his Government financially is a "slacker."

But, on the other hand, the following statements are equally true:

First. The American people have never been educated in the direct purchase from the Government of its securities. Probably not one man in a thousand has ever seen a Government bond. Probably not even that percentage has ever owned one. Every citizen has been and is ambitious to own them. But Government bonds have heretofore been taken by the banks and by wealthy corporations and individuals. To the ordinary citizen they have been surrounded with mystery and have



seemed unattainable. If he has ever thought of buying one, he has not known how to go about purchasing it.

Second. While the liberty-loan bonds have been offered in denominations as low as \$50, yet there are many millions of our citizens who have not as much as \$50 to invest. While many banks have arranged to allow purchasers to pay for their bonds in small weekly or monthly installments, there are many millions of our people who do not in these troublous times care to make promises for future payments.

Third. The man of small means; the wage earner, who has a small weekly surplus; the women and children, are accustomed to paying cash for their purchases. They want to see the goods before they pay the money. When they pay, they want the goods delivered. If satisfied with the goods, they will buy more of them next week, or whenever they have surplus funds.

Fourth. It is difficult to make the citizen of small means appreciate that his financial support may be vital to the Government. He can not understand that his few dollars may mean the success or failure of a transaction involving billions. He has never appreciated that these loans must be absorbed by the repeated investments of the small amounts available to the wage earners out of their weekly earnings.

Fifth. No effective public sentiment against the citizen who fails to help his country financially can ever be created while the minimum contribution which he can make is \$50. The glory of our country is that it is no disgrace to be poor. No man can or should feel humiliation because he can not provide a minimum of \$50. Such a sentiment can and should be created only when bonds are available at accessible points in any desired denomination from \$1 up. Then not only every man, but every member of every family, can fairly be expected to help according to their means.

Mr. Chairman, the financing of a war for the preservation of democracy should be upon all the people and should be conducted in the most democratic manner. With universal service, rich and poor alike must render military aid. Likewise, rich and poor alike should render financial service, according to their abilities. To each should be offered for sale an exactly similar bond, differing only in amount. These bonds should be offered in any desired denominations at convenient and accessible points, namely, post offices, banks, express offices, and so forth. The man with \$1 or \$3 or \$10,000 should alike be able to see the goods which he is expected to purchase, and to receive them immediately when paid for. The same facilities should be offered to all, as is now the case at the post offices, where the purchaser of a 1-cent post card receives the same treatment as the purchaser of \$10,000 worth of stamps. The \$1 loaned by the poor newsboy should be received in the same spirit as the five million loaned by the great corporation. To each should be given a coupon or registered bond, as desired, similar in appearance and differing fundamentally only in amount.

We can not have a really popular loan until bonds are offered at convenient points in any desired denominations to all the people, and until thereby it can be impressed on every man, woman, and child in the country that the Government needs their continued help and has provided for securing it by furnishing equal facilities to all alike by offering its bonds in any desired denominations from \$1 up.

While it may be claimed that the sale of a \$50 bond by the banks on a \$1 weekly installment payment encourages thrift, yet this argument fails in the last analysis. If a \$50 bond sold on the installment plan encourages thrift, a \$100 bond sold on the same plan will encourage it more, and a \$1,000 bond still more. Then why sell bonds smaller than \$1,000? But the trouble is to get your customer to buy at all. The sale of war bonds can not wait until the American people are educated in thrift; it can not be made contingent on the idea of having our citizenry convinced of the wisdom of pledging their future earnings to the purchase of unfamiliar goods or securities. First let them buy the goods in small quantities and become familiar with their quality. This in itself will educate them as to their value and encourage them to further investment.

When a new and meritorious article is put on the market, frequently the manufacturer offers sample packages to the public, costing a nominal sum, or even gives away these packages, so that they may test the value of his wares, recognizing that a knowledge of this value and familiarity with its merits will create and build up a large retail trade. His problem is to familiarize the people with his goods and their merits, to start them buying. In this way he creates the demand that ultimately builds up the large and successful business.

The same principles must apply to the retailing of Government bonds. They must be sold not only to the thrifty but to the improvident; not only to people familiar with savings-bank methods but to people who never heard of a savings bank.

Their sale can not wait on the education of the people in habits of thrift. They must be used as a means of so educating them. There is no valid reason why the man with \$1 should be asked to deal with the Government indirectly. Under the \$1-per-week installment plan he must deal through a bank, which he may mistrust. Until he completes his installment he has only the receipt of the bank as evidence of his payments. Why should not the Government directly give him its receipt for the amount paid in the shape of its \$1 or \$3 or \$7 bond and be educating him in and familiarizing him with Government securities during the installment period?

Three things are essential to successful retail salesmanship: The goods offered must be of satisfactory quality; they must be offered at convenient and accessible points, where the prospective purchaser can see and examine them; and they must be offered in form and size of package to meet the wishes and the financial ability of the customer. These requirements are as essential in selling bonds as in selling groceries or dry goods.

And it must be remembered that in offering its bonds directly to the general public the Government has become a retailer; it has eliminated the middleman or wholesaler, and it must observe the principles which apply to all retail selling.

The dry-goods house which offered ladies' suits costing \$50 but nothing cheaper would have a very limited trade, even though it offered to sell these suits on installments. In order to do a volume of business they must offer suits at varying prices to meet the requirements of all the community which they serve.

This is the day of small things. One of the greatest businesses in this country is the moving-picture business, where 5 and 10 cents is charged for admission and where the returns are based on the volume of business done.

The street car business, with its hundreds of millions of invested capital, is based on a 5-cent fare.

The Post Office, with its hundreds of millions of income, is largely based on the 2-cent stamp.

The same principle, I should judge, must apply to Government financing. In order that the full financial power of the Nation may be developed, Government bonds must be in denominations to suit the requirements of all the people, and must be offered for sale at points where all the people can buy them.

I understand that the Boy Scouts are required to earn and deposit in bank \$1 as a condition of becoming a second-class Scout. The organization could readily require these boys, in place of this, to own a Government bond for \$1. This would emphasize the patriotic purposes of the organization and help the boys to appreciate that they were aiding their country. Likewise, with men and women of small means.

Mr. Chairman, the new tax bill will fall very heavily on men of large means who ordinarily buy securities of this class. The investment funds held by people of large means consist in the income from money already invested. They do not keep on hand enormous amounts of uninvested capital. The Government is taxing this income very heavily. The demands for additional capital by railroads and industrial corporations to furnish facilities needed for war requirements will result in large inducements in the way of interest and dividend returns, which will tend very largely to absorb the investment capital held by people of large means. They will say, and with some show of justice, that they have already invested largely in the liberty bonds, and that they are contributing largely to the cost of the war through the enormous tax on their income. They will maintain that, under these circumstances, there can be no criticism of their investing the remainder of their surplus income in industrial enterprises. And such investment by them in industrial enterprises will be absolutely essential to enable these industrial enterprises to expand and enlarge their activities so as to meet the war requirements of the Government. As a result, I do not believe that the men with large incomes can be counted on to absorb the great future bond issues which the Government must put out.

On the other hand, the wage earner will be in a better position than he ever has been. The expenditure of these enormous sums borrowed by the Government will necessarily increase wages and give every man a job. These wage earners, taken as a whole, can contribute millions upon millions weekly to the help of the Government, provided the Government offers its securities in amounts suited to their purse and provided these securities are sold at convenient places. To do this, of course, the Government must impress on the wage earner and small investor that their cooperation is essential, that the Government is dependent and must be dependent upon their assistance, and that it is their patriotic duty to invest, and to continue to invest, from week to week their surplus earnings in Government bonds.

In my humble opinion the wisest thing that the Treasury Department could do would be to establish a bureau to handle



the flotation of Government securities during this war. That bureau should immediately adopt some method by which coupon bonds could be sold at post offices, banks, express offices, and other local points, including large manufacturing plants and railroads, in any denomination from \$1 up, to the masses of the people. That bureau should, through the newspapers and through all means of legitimate publicity, impress upon the people that each one of them must help, and that no contribution is too small to be received. It should impress upon the people the need of the country for financial backing and the fact that this is a Government of the people, by the people, and for the people, and unless all the people support it according to their means it can not succeed. The quicker the Government realizes the necessity of putting itself in touch with this inexhaustible market composed of all the people, and of dealing directly with the people, and of impressing upon the people that they must all support the Government, the better off it will be. Unless they do this there is going to be great difficulty in floating Government loans, with a consequent unfortunate effect upon the war. I am very firmly of the opinion that unless they do this and do it quickly Government bonds will go to a discount and sell below par, or else a much higher rate of interest will have to be paid, because the man receiving a large income and paying a large part of that income in taxes to the Government is not going to invest the balance of his surplus income in Government bonds as a matter of sentiment or patriotism. If the Government depends on him for additional help after he has already subscribed to large blocks of bonds and after he has paid about half of his surplus income in taxes, then the Government must offer him a security, paying a rate as high as the interest or dividend returns upon the railroad and industrial bonds and stocks that will unquestionably be offered to meet the enormous war requirements of the situation.

I am convinced that the wisest thing that could be done would be the establishment of such a bureau as suggested in the Treasury Department, and the adoption of some method for the sale of bonds in any denomination from \$1 up at convenient points, and for a campaign of publicity as indicated. The people have got to be convinced of the seriousness of the situation and of the necessity of universal help. Moreover, such a plan would enormously increase patriotic feeling and help the Government indirectly about as much as it would directly.

I understand that in England one person in every six owns a Government bond. If the ratio of ownership were the same in this country, there would be about 17,000,000 holders of Government bonds. With a denomination as low as \$1, I can not help but think that probably forty or fifty million people in this country would ultimately purchase and trade in Government securities, creating the broadest market and the most stable market that has ever been built up in human history.

It is very possible that a bond of small denomination would be used to some extent as a currency. It would not be a legal tender or debt, because the legal-tender qualification would not be given to it. The bonds (even for \$1) with coupons attached could be made payable, both as to principal and interest, to the purchaser, if desired, thereby restricting their negotiability and making necessary the indorsement by the purchaser of the bond and each coupon in order to accomplish a transfer. Or the bonds could be made payable to the purchaser and the coupons made payable to bearer, or both bonds and coupons could be made payable to bearer.

While it might be true that the bonds of small denominations might become a circulating medium and be used as currency to a certain extent, is not this rather an advantage than a disadvantage, and what is the objection to it? The bonds and coupons are obligations of the Government, payable at fixed times and not before. It is immaterial to the Government whether they are held by Smith, Jones, or Brown, so far as their payment is concerned. On the other hand, if Smith, who purchased a bond, knows that he can at any time dispose of his bond either for cash or for groceries or clothing or for any other necessities, and that he will not have to get a broker to sell it for him, will not Smith be more disposed to put his surplus earnings into a security which is cashable at any time, and which he can dispose of at the corner grocery or cigar store whenever desired?

Regarding the details involved in paying a large number of small coupons, I do not think that this is a fair objection. In the first place, the simplest method ever devised for paying interest is through the coupon bond, where there is a separate slip of paper or coupon for each interest payment. These coupons would be Government checks for a specific amount, payable on a specific date at the United States Treasury. In actual practice the coupons would be cashed by local stores, turned into the local banks, tabulated and arranged by them, forwarded

by them to the Federal reserve banks with machine-made lists of the same, and credited by the Federal reserve banks as cash, being then forwarded by the Federal reserve banks to the Treasury for payment. In other words, under this arrangement the work of cashing these coupons would be carried on almost entirely by the banks, who would gladly do the work in order to get the money on deposit, and the direct burden of labor on the Treasury would probably be smaller than is necessary where the Treasury issues bonds in large denominations only and issues its checks direct for the payment of interest.

I appreciate, however, that at first glance there would appear to be an enormous cost and an enormous amount of detail work involved in the engraving of separate forms of coupon bonds for each denomination from \$1 up. I happen to know, however, that this apparent difficulty has been met and overcome. A party whom I have met has worked out a form of coupon bond by which with only one form a bond can be issued in any amount from \$1 up with coupons attached. The value and due date of these coupons are mechanically indicated at the time of issue of the bonds so as to correctly accord with the face of the bonds. This device has been fully explained to the Treasury Department, and, while it has been patented, the owner has offered its use to the Government free of cost for the sale of these war-savings certificates.

Believing that the plan outlined in the bill is impracticable and that a better plan is available, I have offered the amendment in the belief that it will simplify and aid this financing of Government requirements and will hasten the time when all Government issues of bonds will be offered to the people directly in any desired denominations and at accessible points—the time when the Government will deal directly with its citizens in all its financial matters.

Mr. HULL of Tennessee. Mr. Chairman, the section of the bill which my friend from Georgia attacks is not a new method of financing by any means. This provision was taken evidently from the English and Canadian provisions, the advantage of which has been thoroughly tested and tried out in a highly successful manner during the present war.

The theory on which it seems to have been based is the policy of utilizing, not this one method of short-term financing, but several similar methods, in connection with long-term loans. The English policy, which has worked so admirably, has embraced, along with this war-saving certificate plan, three or four other short-term plans. They have the war-expenditure certificates; they also have the exchequer bonds and the treasury notes or the treasury bill in addition. They have, in other words, about five different kinds of issues of a short-term character, the purpose of which is to drain into the treasury every day in the year the accumulations and savings and profits of the public.

That policy enables the treasury to supply itself with funds at every stage of the war. If we should rely upon long-term bonds alone we would have to issue them constantly. Under the present method of financing in England they have had only three long-term loans. They have had them at distant intervals. They have resulted in not only securing new money, but in absorbing excessive and other portions of this short-term paper that has been issued for the purpose of accumulating in the treasury the profits and earnings of the people as they accrue. As I remember, they have been able to derive some \$500,000,000 so far under the war-saving certificate plan, and I think that in view of the fact that England has financed more little wars and more big wars than any other country on the planet, and inasmuch as she has tried out this and these other short-term methods for three years with entire success, we would do well to adopt her example.

Mr. HOWARD. Mr. Chairman, will the gentleman yield?

Mr. HULL of Tennessee. Yes.

Mr. HOWARD. Why did the committee see proper to limit the investment in this particular character of bond to any one individual to a thousand dollars and to limit the investment at any particular time to \$100, when these bonds bear identically the same rate of interest as the bonds issued in \$10,000 blocks? Why not allow an individual to spend \$5,000 if he has it?

Mr. HULL of Tennessee. Mr. Chairman, that brings up a somewhat general discussion to cover the entire question. It has been found that there are different types of people. Some prefer to put their savings in the postal savings banks. Others prefer to deposit them in the private savings banks. Still others prefer to put them in the long-term bonds. It depends upon their condition and the use to which they expect to place their earnings. It depends whether they want to utilize them to-morrow, or next week, or perhaps not until the expiration of some years. It depends entirely upon their conditions and surroundings.



Now, to illustrate: When the last English loan was made the friends of the English postal savings banks were very much alarmed. They thought that a 5½ per cent loan of a long-term character would result in withdrawing all deposits from the postal savings banks, which received only 2½ per cent interest under the law. But quite the contrary was the case, although there were considerable withdrawals. When the \$5,000,000,000 loan was floated, paying 5½ per cent interest, only \$90,000,000 was withdrawn from the English postal savings banks, and on the occasion of the previous 4½ per cent loan only \$120,000,000 was withdrawn from the savings banks. This only illustrates the fact that there are different classes of people in this country whose purposes would incline them to adopt one or another or still a different kind of these temporary certificates or temporary loan agencies that are proposed in this measure.

Mr. GREEN of Iowa. Mr. Chairman, as the gentleman from Tennessee [Mr. HULL] has well said, the system that has been proposed in section 6 has already been tried out and tested. My friend, the gentleman from Georgia [Mr. HOWARD], is always interesting, invariably entertaining, and often instructive; but I think he can hardly have studied this paragraph with sufficient care, or even his own proposition.

Let us understand, in the first place, the object of this section 6. It is to encourage and stimulate thrift amongst the classes that have not heretofore practiced it. These countries that have been in war, notably England and Canada, have found as the war progressed that there were certain industries highly stimulated by the war, in which high wages were paid, far above anything that had ever been paid before, and that the working classes who received these wages were inclined in many instances not to use their money for useful purposes. For instance, the sales of jewelry, especially cheap jewelry, largely rose in England; the sales of cheap silks greatly increased, and it became evident that if possible the waste in this form ought to be stopped. So this system was established for the purpose in England and Canada of encouraging this sort of thrift and stimulating the investment of savings among the people. Committees were organized, something on the line of committees organized to stimulate the sales of liberty bonds. Working people were encouraged to invest. They were getting higher wages than they had been receiving before, and there was a possibility of their saving, and by personal appeal they were asked to put their money in this class of bonds. These efforts were highly successful.

But I think, as the gentleman from Wisconsin [Mr. STAFFORD] said—and I agree with the gentleman from Georgia [Mr. HOWARD] there also—that unless some effort is made to stimulate the interest of our working people and to market this class of bonds there never will be any \$2,000,000,000 of them sold, and I do not know that the Secretary of the Treasury ever contemplated that there would be that amount. But it was desired that a limit should be placed upon this class of bonds. To me the reason why a limit is placed in the latter part of this section upon the amount that may be purchased at any one time, and on the amount that any person may hold, is because special privileges are, or at least may be, given to the holders of these certificates. The House will notice, of course, that there is no specific rate prescribed upon these bonds.

It is expected that they will be marketed at about 4 per cent, but the privilege of discount is given, which would slightly raise the rate of interest. In fact, it is intended that some slight inducements should be given, in order to make it an object to the working people to invest their money in these bonds, and if possible largely increase their savings. No account will be required to be kept. That is one thing that is fully provided for. The discretion of the Secretary of the Treasury is such that he can prescribe this stamp system of noting and keeping track of the amounts that have been paid in on these bonds, so that it will not be necessary to keep any account. These bonds can be marketed through the postmasters in that way. Stamps can be affixed to a card. No record whatever is necessary.

My friend fears that some people might violate the provision with reference to the total amount which they could possess, and he says it will be necessary to keep some record to avoid that. Possibly that is true, but I have no fear that anybody, for the sake of the slight advantage that there would be in these bonds over other bonds—it is very slight indeed—would ever violate this provision forbidding him to hold over \$1,000 in amount.

So that on the whole this provision has been very carefully worked out, as it seemed to the committee, and it met with the unanimous approval of all of its members. I think that the amendment offered by the gentleman from Georgia [Mr. HOWARD] should be rejected.

Mr. MOORE of Pennsylvania. Will my colleague yield before he takes his seat?

The CHAIRMAN. The time of the gentleman has expired. The gentleman from Pennsylvania [Mr. MOORE] is recognized.

Mr. MOORE of Pennsylvania. Mr. Chairman, I desire to say that of all the matters brought to the attention of the Ways and Means Committee by the Secretary of the Treasury, none received his more cordial indorsement than this war savings proposition.

There are two questions about this paragraph to which I had expected to call attention, but I will leave them for discussion by the chairman of the committee, if he cares to enter into the discussion. One is that this is a new departure, in that the interest is practically paid in advance. The certificates are discounted, and not paid in full until maturity. Hence what would appear to be an available \$2,000,000,000 for expenditures for war purposes will necessarily be cut down to the principal minus the interest virtually paid in advance. In this particular case, if the certificates should be taken out in full, and should run to maturity for the full period of five years, there would be available for expenditure not \$2,000,000,000, but \$1,600,000,000.

The other point to which I desire to call attention, and which I think the chairman of the committee ought to explain, affects deposits in savings funds throughout the country and in other institutions that are intended to encourage thrift. This second proposition is that while the matter of the fixing of the rate of interest is left to the discretion of the Secretary of the Treasury, in this instance it appears, as his plans work out, that he would probably pay in the end more than 4 per cent interest. I think he conceded that he would be obliged to pay a fraction more than 4 per cent. That may have its effect upon savings funds elsewhere, and it may also affect the sale of the other bonds; because if these war-savings bonds are to be sold at more than 4 per cent, it may be that some persons who would otherwise invest in the regular bonds would seek these bonds to the prejudice of the others.

Mr. CLARK of Missouri. Mr. Chairman, I ask unanimous consent to proceed for not more than 30 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri [Mr. CLARK]?

There was no objection.

Mr. KITCHIN. Will the gentleman allow me just a minute before he begins?

Mr. CLARK of Missouri. Certainly.

Mr. KITCHIN. Mr. Chairman, I want to say with respect to this provision, in reply to the suggestion of the gentleman from Wisconsin [Mr. STAFFORD], that it is not expected that we will get \$2,000,000,000 or \$1,500,000,000 in one year from the war-saving certificates plan. If we get \$1,500,000,000 or \$2,000,000,000 during the existence of the war it will be money well and easily procured. I think we will get at least \$500,000,000 within the next 10 or 12 months. We can issue the certificates any time during the war—the last year of the war, the last months of the war, but their maturity is not to extend over five years from the date of issue and there shall never be outstanding at any one time more than \$2,000,000,000.

The reason and wisdom of this provision has been so well stated by the gentleman from Iowa [Mr. GREEN] and the gentleman from Tennessee [Mr. HULL] and by the suggestions in the remarks of the gentleman from Illinois [Mr. MADDEN] that I will not further discuss them.

I wish, however, to refer briefly to the plan suggested by the gentleman from Georgia [Mr. HOWARD], since he is pretty confident that if he had an hour he would convince 99 out of every 100 Members of this House, and I think he was sincere in that belief.

Mr. HOWARD. That is, provided everybody was listening.

Mr. KITCHIN. In his 10 minutes talk he may have convinced, perhaps, a proportionate percentage of the Members here that his plan is plausible, feasible, and sound. The best thing about his plan is the foundation for the picture that he drew of the farmer coming to town and going to the post office and putting up his hard-earned dollar and getting a dollar bond of the United States Government, carrying it back home and showing it to his wife and children and saying, "Old lady and children, I am a bondholder, I am the owner of a bond of the United States of America." He says that millions of the American people are unable to buy more than a dollar's worth of bonds.

Well, suppose we should reduce the denomination of the bonds down to \$1 and make them coupon bonds, as his amendment provides, and put on each \$1 bond running for five years 10 coupons of 2 cents each, the interest payable semiannually. Just imagine this old man going to the post office and buying his \$1 bond, carrying it back home and showing it to his wife



and children. Then, when six months have rolled around and coupon-clipping time has arrived, he calls them all around the fireside and they get out the scissors and he clips off of that \$1 bond a 2-cent interest coupon, puts it in an envelope, puts a 2-cent stamp on it, and sends it to the Treasury, and then anxiously waiting for the United States to send him back a Treasury warrant or check for 2 cents interest. [Laughter.] Then, at the end of another six months the family gather around, his wife gets out the scissors and he clips another coupon for 2 cents interest, puts it in an envelope and places a 2-cent stamp on it, and sends it to the United States Treasury and gets back another 2-cent check. What emotions of pride, what a bond-holding, coupon-clipping sensation would fill his heart! [Laughter.] I want to say to my friend from Georgia, on behalf of these millions of poor folks who, he says, will take his dollar-coupon bonds, that the only thing they would get out of their investment would be the pride, emotion, and sensation. [Laughter.]

Mr. HOWARD. The gentleman from North Carolina has a most vivid imagination and sometimes draws upon it at great length. The gentleman from Georgia made no such preposterous proposition.

Mr. KITCHIN. It is in the gentleman's own amendment. Did he not strenuously contend for a dollar bond and did he not picture the old fellow going home with his dollar bond and exhibiting it to his family?

Mr. HOWARD. I said these bonds ought to be sold in multiples of a dollar and exchanged for a larger bond when they had accumulated a certain amount.

Mr. KITCHIN. Is it possible that I misunderstood the gentleman? The gentleman was in favor of providing bonds of one dollar up to a thousand. Here is his amendment. It provides for coupon bonds of denominations of \$1 up to \$1,000. Under his provision you would have to have a hundred thousand clerks, and how many million pages of bookkeeping would you have to have to keep track of these little bonds to the number of millions? How many million warrants and checks would have to be drawn for each 2 cents semiannual interest, and so forth?

Mr. HOWARD. How many million stamps will they have to have under this provision of the bill?

Mr. KITCHIN. It would take 1,000,000,000 American people each buying one of these dollar bonds in order to raise a billion dollars revenue for the Government. I really do not believe that the plan of the gentleman is feasible. [Laughter.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia.

The question was taken, and the amendment was rejected.

Mr. CLARK of Missouri. Mr. Chairman, I am not going to make a speech, but I am going to make some remarks. I begin with two or three which I hope the gentlemen in the Press Gallery will see to it are printed in every newspaper in the United States. A great many people, newspapers and others, have been jumping on Congress from time to time with more or less vigor for not expediting the business of this colossal war in which we are now engaged. I have a right to speak for the House of Representatives. [Applause.]

I undertake to say that no House of Representatives in the same length of time has transacted as much business as this House has transacted and of the most vital importance. [Applause.] It has done it with great expedition, and I am not certain but that it has acted sometimes with too much expedition.

They criticize the House for taking two whole days to pass a \$7,000,000,000 bond bill, the vastest sum ever raised that way by any legislative body in the entire history of the human race. They pounded us because we did not do it in one day! I am not going to say a word about the other branch of Congress, but I do say that this House has done its duty and its whole duty, and has done it with great rapidity. [Applause.] The truth is that there has been no trace of politics in it. [Applause.] I am glad to say that the Republicans have acted just as faithfully and promptly as we have. [Applause.] A man sitting up in the gallery during this session of Congress, who did not know the Members, could not have told to save his soul whether this is a Democratic House or a Republican House, except that I preside over it. [Applause.] And I am not certain that he could have told then because it took three of the five independents to make me Speaker. [Applause.] As a matter of fact I got four of them, in addition to all the Democrats. I think I owe it to the House to say these things I have said. Surely others should be just enough to repeat them by telling the truth. If they want to pound anybody, let them pound the people that ought to be pounded and let us alone. [Applause.]

This has been a very illuminating debate on this bill. There has been no rhetoric or skyscraping oratory, but I sat here all day yesterday and listened to the debate, and it was exceedingly illuminating.

I am going to clear up two or three misapprehensions that some gentlemen entertain. The gentleman from Pennsylvania [Mr. MOORE], who is a very active, energetic, and able man, expressed the fear yesterday that these foreign nations would repudiate these loans we are making when some new government came in. There is not a particle of danger of that, not a bit in the world. No great nation in the history of mankind ever repudiated its public debt so far as outsiders are concerned.

I will give you a sample. From 1789 until 1871 the French Government underwent these various changes. In 1789 they had a Bourbon king; they chopped his head off and established a committee of public safety. They got tired of that and drove them out, or put the snuffers on them, and established a directory.

It was so feeble that Napoleon came in and established a consulate first and then the Empire. Then the Bourbons came back and held on until 1830, after Napoleon was sent to St. Helena. In 1830 Louis Philippe was made King of the French—not of France, but of the French. He held on for 18 years until they ran him out in 1848 and established a second Republic that lasted three years. Then Louis Napoleon became Emperor and was Emperor for 18 years. Then for a very short time they had a government by the Commune, and in a short time they established the third French Republic, which seems to be founded on a rock. [Applause.]

France went through all these changes, and yet they never repudiated a single dollar of the public debt of France created by any of these varieties of government. [Applause.] I ought to state frankly that during the French Revolution they issued so many assignats that they went down almost to zero. They were held by the French people and not at large by the world. They took them up and issued new assignats and cut down the volume by two-thirds, basing the new ones on land securities, land which they took away from the Catholic Church during the Revolution. There is no doubt in the world that even if the Czar should be restored to-morrow, out of respect for the opinion of mankind—for that is what does it—he would recognize these debts made by Kerensky and the rest of the revolutionists.

I desire to clear up these outside matters first. The other day I said in interrogating my friend from Michigan [Mr. FOMMER] that since this Government was founded there have been but two years when we did not have a national debt. As a matter of fact, during those two years we did have a national debt of \$7,000, because they never could find the people who held the bonds. We started in with a national debt, which was created by the Revolutionary War. It was increased by Hamilton's assumption act, which assumed the revolutionary debts of the various States. Mr. Speaker CANNON intervened to make it appear I was mistaken about what I was talking about, which I was not. These two years were in John Tyler's administration. Mr. Speaker CANNON said truly that a surplus was accumulated in Andrew Jackson's administration. That is the truth, but at the same time a national debt was running. Certain bonds had not matured and were outstanding, and you can not send out for a man who has a national bond that is due five years from now and say to him that he has to take the money for the bond at this time. You can not do that. While they had a surplus, they also had a national debt.

Mr. CANNON. How much?

Mr. CLARK of Missouri. The lowest that I could ever find it got to was \$7,000, in Tyler's day. The surplus was accumulated in Jackson's day. Here is what they undertook to do, and it is one of the most ridiculous things that was ever done since the world began, bar none. They passed a law to deposit with the States the surplus that the United States Government had above what was necessary for the running expenses of the Government and what was necessary to pay the interest upon the bonds that were not due. That law provided for a deposit of the surplus in four payments. Col. Benton fought the thing tooth and nail, and he said he was awfully sorry that they ever persuaded Gen. Jackson to sign the bill. A panic came along in 1837. This deposit bill was passed in Jackson's day. Col. Benton says:

The deposit with the States had only reached its second installment—

They just parceled it out per capita—

when the deposit banks, unable to stand a continued quarterly drain of near ten millions to the quarter, gave up the effort and closed their doors. The first installment had been delivered the 1st of January, in specie or its equivalent; the second in April, also in valid money; the third one, demandable on the 1st of June, was accepted by the



States in depreciated paper; and they were very willing to receive the fourth installment in the same way. It had cost the States nothing, was not likely to be called back by the Federal Government, and was all clear gains to those who took it as a deposit and held it as a donation. But the Federal Treasury needed it also; and likewise needed ten millions more of that amount which had already been "deposited" with the States; and which "deposit" was made and accepted under a statute which required it to be paid back whenever the wants of the Treasury required it. That want had now come, and the event showed the delusion and the cheat of the bill under which a distribution had been made in the name of a deposit. The idea of restitution entered no one's head; neither of the Government to demand it, nor of the States to render back. What had been delivered was gone. That was a clear case, and that reclamation or rendition even of the smallest part or at the most remote period was not dreamed of.

I desire to be absolutely fair about this debt business. In the statistical abstract the statement is made that from 1840 to 1850 the interest upon the public debt amounted to \$174,598. The reason for that was that by the time they got through paying off the old debt we got into a war with Mexico and created another debt, and that is where most of the \$174,598 went. During one year in Tyler's administration the per capita tax for the national debt went down to 1 cent, and that is how near they came to wiping it out.

Yesterday I interrogated my friend from Michigan [Mr. FORDNEY], who is a hard-working, industrious, intelligent, capable statesman. By way of a question, I asserted that if we issued too many bonds and did not pay enough of this war debt as it goes along the United States bonds would go below par, and I am certain of that as I am of the fact that I am standing here. Surely no right-thinking man wants to see our national obligations hawked around below par. Our credit is higher to-day than that of any other nation on earth, and we desire to keep it so. And let it never be forgotten that no matter how much our bonds go below par we must finally pay them at their face value. I am in favor of a sort of fifty-fifty arrangement. I would not absolutely say fifty-fifty, but somewhere in that neighborhood—50 per cent of taxes and 50 per cent of bonds. I am opposed to loading this war debt onto succeeding generations. [Applause.] This generation entered into this war and this generation ought to pay its war debts. [Applause.] I do not want my children and my grandchildren and my great grandchildren, and yours and everyone's else, to be loaded up with paying a debt that we created by this war with Germany. They will have their own wars to fight and their own war debts to pay.

Mr. MADDEN. Mr. Chairman, will the gentleman yield?

Mr. CLARK of Missouri. Certainly.

Mr. MADDEN. Does the gentleman think that with the vast expense incurred in the conduct of the war, vaster than has ever been incurred in any activity in all the history of the world, it would be possible to maintain the commercial equilibrium of the United States if 50 per cent of the expenses that we are incurring were collected in direct taxation?

Mr. CLARK of Missouri. I have no sort of doubt about it.

Mr. MADDEN. There would not be any business left inside of 30 days.

Mr. CLARK of Missouri. Why?

Mr. MADDEN. Because you would take away all of the accumulations of every business activity.

Mr. CLARK of Missouri. Let us see about that. The wealth of this country is estimated at \$200,000,000,000.

Mr. MADDEN. That is in railroad ties and other nonliquid property, which you can not quickly convert into money.

Mr. CLARK of Missouri. It does not make any difference what it is in. The wealth of this country is estimated conservatively at \$200,000,000,000, and the highest tax that has been proposed by anyone would not be outrageous. I do not want to burden the people of this generation with an amount of tax that would be cruel or unreasonable or that would stop the business of the country. I want to be absolutely just and fair to everybody. Nobody with brains in his head desires to injure, cripple, or destroy any legitimate business in this country; but surely it is not cruel or outrageous to conscript great wealth at the same time we are conscripting our young men.

Mr. GARNER. Mr. Chairman, will the gentleman yield?

Mr. CLARK of Missouri. Yes.

Mr. GARNER. The gentleman would not propose, however, to take 50 per cent taxes for the purpose of taking care of the bonds issued for the money that we are to loan to foreign countries?

Mr. CLARK of Missouri. I would count that out, and that is the reason I asked the gentleman from North Carolina [Mr. KITCHIN] for information yesterday—and I believe the gentleman from Texas [Mr. GARNER] answered the question—as to whether in issuing these bonds there is a difference made between the bonds we are issuing for money that we are to spend ourselves for ourselves and the bonds issued for money that we are to loan these foreign countries. The foreign countries to whom we issue bonds are to pay the interest on the bonds loaned to them.

Mr. MADDEN. Will the Speaker allow me to ask another question?

Mr. CLARK of Missouri. Yes.

Mr. MADDEN. I suppose the Speaker will admit that it would not be possible to collect a very great proportion of the \$200,000,000,000 this country is worth in cash at any collection day, and I presume the Speaker would also be willing to admit that the wealth of the country is the genius of the country and the labor of the country, and the liquid assets of the country are the result of the toil of the people of the country and not the wealth of the country?

Mr. CLARK of Missouri. Of course all wealth is created by labor; that is axiomatic. Nobody proposes to take all the \$200,000,000 on any collection day, but it is proposed to take enough to prevent bonds going below par, for at last we must pay them at par.

Mr. GARNER. May I call the Speaker's attention to the fact that the revenue bill we passed here was based upon that idea of 50-50, and at that time it was estimated to cost \$3,800,000,000? Since that time it has gone up to something over \$9,000,000,000 for necessary expenses of this Government alone.

Mr. CLARK of Missouri. Two billion dollars a year on a valuation of \$200,000,000,000 is not excessive, surely. Three billion dollars a year would not be, but the men of this generation who are not going into the Army ought to be willing to pay their full part of the expenses. [Applause.] If the young men of this country are willing to risk their lives on the battle field, then our people who would stay at home, like us and everybody else, ought to be willing to contribute their dollars. [Applause.]

I am in favor of paying as much of this as we can possibly do without what appears to be extortion and cruelty; but when these young men come back from the war—those of them who do come back—they should not be compelled to pay the war debt themselves. [Applause.] I do not believe it is fair. I think men ought to be willing to risk a dollar as easily as another man his life. [Applause.]

Mr. MADDEN. The Speaker must admit that a great many of the men who go to the front to fight the battles are paying taxes also. It is not merely the poor men, but every man is going to the front who is called, rich or poor.

Mr. CLARK of Missouri. I have heard that a great many are trying to get out or keep out of the war.

Mr. KNUTSON. When the war resolution was up, if I remember rightly, the gentleman from Illinois stated upon the floor of this House that he would probably be called upon to pay as much taxes as any man, and that he would do it without a whimper.

Mr. MADDEN. So I will.

Mr. CLARK of Missouri. I have no doubt the gentleman will contribute his part.

Mr. FORDNEY. I want to say to the Speaker, he knows as well as I do that under existing laws and the proposed new revenue bill now before the Senate, if it is enacted into law as it is now prepared, it will tax the people within the next 12 months \$4,000,000,000 of direct taxes. Does the Speaker know of any great country in the world, of any important people in the world, in a long and expensive war, that ever paid 50 per cent in direct taxes and borrowed only one-half from loans?

Mr. CLARK of Missouri. I do not know; I have not investigated that.

Mr. FORDNEY. If so, I would like to know it.

Mr. CLARK of Missouri. I will tell the gentleman what I do know—that the British Government is taking 80 per cent excess profits during this war; and if that is a good thing for them, and we seem to be copying them a good deal, why can not we do it here?

Mr. LONGWORTH. May I suggest to the Speaker that England financed more than four-fifths of her war expenses by bond issues?

Mr. CLARK of Missouri. That is all right. I would not object to financing four-fifths of this war by direct taxation, if we can get it.

Mr. LONGWORTH. No; it is just the reverse. England is financing more than four-fifths of all her war expenses by bonds and less than one-fifth by taxes.

Mr. CLARK of Missouri. I will tell you what I am willing to do. I am willing to bet the best hat Stetson can make that not a single one of those English bonds will ever sell for par while the world lasts.

Mr. LONGWORTH. Nevertheless England is financing the war in that way.

Mr. CLARK of Missouri. They financed the Napoleonic war, too—



Mr. FORDNEY. But the English bonds are now being sold to us at par.

Mr. CLARK of Missouri. I know, sold to us at par. [Applause.] They are not being sold to anybody else at par. [Applause.] Now, I want to state a curious fact and it is of exceeding interest. Gentlemen of this House will all agree that one of the greatest men who ever lived in the world was Napoleon. He carried on all of his wars with all of Europe and never left the French nation any considerable war debt. He paid as he went, and of course some of it he stole from other nations [laughter], but that was a very inconsiderable portion of it. Well, now, nobody, of course, supposes that Congress is going to pull back for an instant on voting all the money and all the men that are necessary to carry this war to a successful and I hope a speedy conclusion. [Applause.] That can not be stated too often. Here is my suggestion. If we issue more bonds than we ought to issue in proportion to the taxes levied, the speculators and the money gamblers are just as certain to put them below par as the sun is to rise to-morrow morning. [Applause.] No good, patriotic American wants to see that come to pass, for it can not be stated too often that at last we must pay all these bonds at par.

The other day my friend from Michigan [Mr. FORDNEY] said that the Government had never sold a bond below par. I want to read him a few figures.

Some of the great banks in New York send out literature, and some of it is very valuable, too. The National Bank of Commerce issued this pamphlet which I hold in my hand, and if I was going to make a speech sure enough I would take these sentences from the Secretary of the Treasury as a text. He says:

The greatest immediate service the American people can render in this war for universal liberty throughout the world is to furnish the means for its vigorous prosecution. This bond issue—

That is, the first one—

is the first step. I earnestly bespeak the cooperation of every citizen throughout the length and breadth of our land in this service of patriotism.

That is signed by the Secretary of the Treasury at Washington, D. C., May 2, 1917.

There was never a truer statement made. The response that the American people made to that appeal was magnificent. They not only took all those bonds but oversubscribed them very largely.

Here is what happened during the Civil War, and substantially the same thing happened in the War of 1812 and to a certain extent in the War of the Revolution and to a small extent in the Mexican War. Secretary Chase undertook, with great misgivings, as he himself said, to finance the Civil War by the issue of bonds. The first thing he did was to raise the customs duties, the tariff, sufficient to get money enough to pay the ordinary expenses of the Government—the internal-revenue system had not been put into effect then—the interest on the bond issue, and to set aside \$5,000,000 a year for the sinking fund. Of course, that sinking fund was insignificant and ridiculous. The bonds commenced going down. Here is the history of it. It is rather dry, but I do not know anything of more intense interest.

For the quarter ending March 31, 1862, the gross amount of bonds issued was \$60,947,202.67. That was the amount of bonds issued. Here is what they got out of them, namely \$59,527,132.84. The percentage of money which the Government got for that issue of bonds was 97.67 of the face value of the bonds.

For the quarter ending June 30, 1862, they issued \$209,049,203.81 and received for it in gold—all these are in gold here—\$200,230,763.59. That is, they sold \$9,000,000 below par. The rate that the Government received on that issue was 95.78.

For the quarter ending September 30, 1862, they issued \$68,934,420.36, and realized \$59,000,000, a loss of about \$9,000,000, namely, \$59,648,953.94; the percentage that the Government got was 86.54.

Mr. HASTINGS. At what rate was the interest on those bonds?

Mr. CLARK of Missouri. Some of them bore 7 per cent, and I think one bore  $7\frac{1}{2}$  per cent, and then some of them bore 6. None of them ever got below 5 per cent during the war, and I am not certain that they got down to that. If I had time, I could give all the figures about it.

For the quarter ending December 31, 1862, the Government sold \$131,631,479.40 and realized \$101,250,933.95, a loss of \$30,000,000 on that issue, and the per cent that the Government realized was 76.92.

For the batch of bonds issued March 31, 1863, \$178,569,759.25, they realized only \$115,195,351.69, the rate being 64.51 per cent. I take it that the Union armies had gained some victories about that time or they would not have gone up 3 per cent. It was according to who was winning and who was losing. If they

had sold bonds when Jubal Early was out here at Silver Spring, they would not have brought 25 cents on the dollar.

Mr. QUIN. Will the gentleman yield right there?

Mr. CLARK of Missouri. Yes.

Mr. QUIN. Is it not true that they could not sell these bonds at all until Robert J. Walker went to London about the second year of the war?

Mr. CLARK of Missouri. They used every kind of means in the world. They sent Walker to Europe, and the gentleman from Michigan [Mr. FORDNEY] said Jay Cooke took hold of it. He seemed to be a great financial genius. I repeat, that if they had undertaken to negotiate bonds when Jubal Early was out here at Silver Spring, the gamblers in New York would have bought those bonds down at as low as 25 cents on the dollar, when anybody who had any sense knew that Early's invasion of the Capital was not very dangerous. Nevertheless, it would have served the purposes of the speculators and gamblers.

The bonds issued for the quarter ending June 30, 1863, amounted to \$216,460,067.49. For those bonds they received only \$145,829,147.47, and the rate was 67.37.

The bond issue for the quarter ending September 30, 1863, was \$118,267,491.75, and for them they realized \$89,000,000 as against \$118,000,000. The amount was \$89,800,506.48, the rate being 75.93.

Now, you will observe the difference. The other rate was 67.37, and then they went up to 75.93 because of the Battle of Gettysburg and because Grant at that time captured Vicksburg. The batch of bonds issued December 31, 1863, amounted to \$150,450,843.85.

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. CLARK of Missouri. Let me finish this one sentence. They sold for \$100,862,245.72 and dropped back to the percentage of 67.40.

Mr. COOPER of Wisconsin. Mr. Chairman, I would like to ask the Speaker a question. I notice that in reading those figures it appears the Speaker has said that the amount of bonds offered or sold ran up to so many millions and so many odd dollars and cents. Now the bonds are in dollars. The bonds did not on the face contain any cents.

Mr. CLARK of Missouri. I know, but they bid on them any way they pleased.

Mr. COOPER of Wisconsin. That would be the amount that the Government would receive, not the amount of the bonds offered in cents. The aggregate would be in even dollars.

Mr. CLARK of Missouri. That is not the way these Treasury officials keep the books.

Mr. COOPER of Wisconsin. It may have been the bonds and accumulated interest.

Mr. CLARK of Missouri. Probably it was. These figures that I am reading are Treasury figures, taken from the books of the Treasury. I am going to make a whole job of it if they do not call time on me. The thing that evidently caused the drop back from 67 to 65 was that they did not use up Lee as completely as they thought they had, and he went on fighting, and that made these people uneasy again.

Now, the batch of bonds that was issued in the quarter ending March 31, 1864—\$191,922,104.42—realized \$120,220,006.20, and dropped to 62.64. There were more Confederate victories somewhere.

On the batch of bonds issued for the quarter ending June 30, 1864—\$235,371,791.92—the Treasury realized only \$122,581,629.23, the rate realized being 52.08 per cent. The reason for that was the way that Lee's army was fighting in the Wilderness, and people commenced coming to the conclusion that they never could put down the Confederacy.

On the batch of bonds issued in the quarter ending September 30, 1864—one hundred and forty-seven billion—no, millions; I am so much in the habit of thinking in billions that I made the slip—on this batch of \$147,735,822.22 they realized \$61,295,592.72, the rate of percentage realized being 41.49.

On the batch of bonds issued December 31, 1864—\$179,908,674.29—they realized \$80,365,204.80, and the rate of 44.67. That is the percentage.

On March 31, 1865, when the war was practically over, they issued \$175,313,376.72, and out of that one hundred and seventy-five million and odd dollars they realized \$88,094,971.80, at the percentage of 50.25. Of course everybody that had any sense knew that the war was about over. The cause of the Union was going up.

In the batch issued June 30, 1865, they issued \$361,905,625.74, and realized out of the three hundred and sixty-one million and odd dollars \$253,406,319.14, and the percentage was 70.2. That was because the war was over.



On the batch issued September 30, 1865—\$138,765,727.22—they realized \$97,038,873.04, the percentage of realization being 89.93.

Now here is a summary of all that.

Mr. GILLETT. Mr. Chairman, may I ask the Speaker a question?

Mr. CLARK of Missouri. Yes.

Mr. GILLETT. Were all these bonds payable in gold? That is, did they all get the gold?

Mr. CLARK of Missouri. Yes. That is what they got. As a matter of fact, I was not able to find it since the bill came up, but I have read it somewhere in a reliable authority that one day during the Civil War bonds went down to 40 cents on the dollar.

Mr. HUSTED. Mr. Chairman, will the gentleman yield for a question?

Mr. CLARK of Missouri. Yes.

Mr. HUSTED. Does not the Speaker think that the financial situation during the Civil War period was so entirely different from the present financial situation that these figures are not strictly applicable to and significant of our condition? At that time the country was split in two, and the bonds were payable in gold. We were on a paper-money basis and did not have the gold to pay the men. The situation was different.

Mr. CLARK of Missouri. I think the gentleman's remarks are entirely pertinent.

Mr. McKENZIE. Mr. Chairman, will the gentleman yield?

Mr. CLARK of Missouri. Yes.

Mr. McKENZIE. The purchasers of those bonds could pay for them in greenbacks, a depreciated currency?

Mr. CLARK of Missouri. That is exactly what they did do.

Mr. McKENZIE. And when the war was over they got 100 per cent on the bonds?

Mr. CLARK of Missouri. Yes. They got 100 per cent on the bonds that brought 40 or anything else. Now, to answer the gentleman from New York [Mr. HUSTED] first, I have not the slightest idea that, no difference how many bonds we issue in this war, they will ever depreciate like those Civil War bonds; but that they will depreciate, if you issue too many of them, is as certain as the day of judgment is to come. In 1861 the taxable wealth of the United States was only \$16,000,000,000. That was all. Think of that! Now the taxable wealth of the United States, as I said before, is over \$200,000,000,000. During the Civil War 11 of the States were out, and it was not dead certain we would ever get them back, and of course nobody who had any sense believed that the Republic of the United States was going to be destroyed. What men feared was that it would be split in two—that there would be two republics instead of one.

Now, here is the summary: It is easy to remember. It takes it up by years. For the year ending December 31, 1862, the bonds issued amounted to \$460,562,806.28. Out of that year they realized \$420,657,784.32, and the percentage was 89.

I will put the whole table in the Record.

Table showing Treasury receipts from public obligations of all sorts for each quarter during the war, and the gold value of such receipts, estimated on the average price of gold for each quarter.

Summary.	Gross receipts from debt created.	Gold value of gross receipts.	Percentage realized.
For the quarters ending—			
Mar. 31, 1862.....	\$90,947,202.67	\$59,527,132.84	97.67
June 30, 1862.....	209,049,203.81	200,230,763.59	95.78
Sept. 30, 1862.....	68,934,420.36	59,648,953.94	86.54
Dec. 31, 1862.....	121,631,479.40	101,250,933.95	76.92
Mar. 31, 1863.....	178,569,739.25	115,195,351.69	64.51
June 30, 1863.....	216,460,067.49	145,829,147.47	67.37
Sept. 30, 1863.....	118,267,491.75	89,800,506.48	75.93
Dec. 31, 1863.....	150,450,843.85	100,862,245.72	67.40
Mar. 31, 1864.....	191,922,104.42	120,220,006.20	62.64
June 30, 1864.....	235,371,791.92	122,581,629.23	52.08
Sept. 30, 1864.....	147,735,822.42	61,295,592.72	41.49
Dec. 31, 1864.....	179,908,674.29	80,355,204.80	44.67
Mar. 31, 1865.....	175,313,376.72	88,094,971.90	50.25
June 30, 1865.....	361,905,625.74	253,405,319.14	70.02
Sept. 30, 1865.....	138,765,727.22	97,038,873.04	69.93
For the years ending—			
Dec. 31, 1862.....	470,562,806.28	420,657,784.32	89.39
Dec. 31, 1863.....	663,748,162.34	451,687,251.36	68.05
Dec. 31, 1864.....	754,938,393.05	384,462,432.95	50.93
Sept. 30, 1865.....	675,984,729.68	438,540,163.98	64.87
For the 45 months of the war.....	2,565,233,591.31	1,695,347,632.61	66.09

Secretary Chase was compelled to change his method of procedure. He found that the bonds would depreciate. First he issued a great quantity of Treasury notes, or greenbacks. It does not make any difference what you call them; they are all the same. We have \$346,000,000 outstanding now of that old

greenback debt, except what has been destroyed in one way or another.

He came to the conclusion that he could not raise the tariff any higher for the purpose of increasing the revenue—that he had got it as high as it would stand—so he devised this internal-revenue scheme. They had not had any internal-revenue tax for a long time. They had a civil war away back in John Adams's day about laying an internal-revenue tax, and Gen. Alexander Hamilton went away with his army down into western Pennsylvania to the seat of the trouble. That was then the great whisky district. It has been transferred now to Kentucky and Illinois, and is about to go out altogether. Anyhow, they resisted the internal-revenue tax so much in Pennsylvania that Gen. Hamilton went down there with his troops to put down the rebellion, and, of course, when he got there he found nobody in rebellion, for they had all gone into their holes.

On the 4th of July, 1862, Secretary Chase got this internal-revenue system started that we now have. The chief feature of it was a \$2-a-gallon tax on whisky. The only mistake they made was in not putting a tax on the whisky already in existence as well as that which they were going to make thereafter. That was the mistake, too, in the bill that we passed here not long ago. The first year after they got that thing into full operation the Government took in \$311,000,000 from the internal-revenue system. That commenced to put our financial affairs on a stable basis.

Now, to sum up everything that I have said here, I am in favor of something in the neighborhood of 50-50—

Mr. GARNER. Will the gentleman yield there?

Mr. CLARK of Missouri. Yes.

Mr. GARNER. I agree with the Speaker that all the taxes possible should be levied at this time to raise revenue to run this war. What I mean by "all the taxes possible" is all that we are able to raise without destroying the tax-producing power of the Government.

Mr. CLARK of Missouri. I think the gentleman is entirely correct. Nobody wants to destroy the tax-producing power of the Government.

Mr. GARNER. Now, in that connection, during the Civil War evidently unlimited power was given to the Secretary of the Treasury with respect to the method which he should employ and the price that he should obtain for the bonds. In this bill and the bill that we passed the last time there are three essential features in which Congress limits the Secretary of the Treasury. First, in the rate of interest. That probably was done in the Civil War; second, you can not sell these bonds for less than par; and third, in this bill, that the bonds are subject to certain taxes. Now, as long as we hold these features in our bill, certainly we will never be put in the position that they were in the Civil War, and we will never have to sacrifice our bonds as they did then.

Mr. CLARK of Missouri. I will answer the gentleman's question first. The provision that the bonds shall not be sold below par is beautiful in theory, but just the very minute that these moneyed men conclude that par is not an exactly safe price, they will refuse to buy the bonds.

Mr. GARNER. Mr. Speaker, this bill provides in the taxing feature so that rich men can not buy these bonds. These bonds must be sold to the masses of the people of this country.

Mr. CLARK of Missouri. Suppose the masses of the people will not buy a 4 per cent bond?

Mr. GARNER. You will have to make such an inducement that they will buy it; but the taxing feature of this bond prohibits a man with an income of over \$30,000 a year buying it if he has the nontaxable bonds at 3½ per cent. I would rather have a million dollars' worth of 3½ per cent nontaxable bonds than to have a million dollars' worth of these bonds at 4 per cent, taxable.

Mr. CLARK of Missouri. That may be, but here is the difficulty: The gentleman has stated the law correctly, but if people conclude that this war debt is going to be piled up so high that it is not going to be paid within any reasonable time they will not buy the bonds.

Mr. GARNER. Then we have got to confiscate wealth.

Mr. CLARK of Missouri. You have not got any power on the face of the earth to go into a man's pocket and take a thousand dollars out of it, or any other sum out of it, and make him invest it in bonds. You can levy taxes *ad libitum*, if you choose, but you can not force a man to invest his money in bonds or in any other way.

Mr. STEPHENS of Nebraska. In support of your contention for a half-and-half levy—

Mr. CLARK of Missouri. Somewhere in that neighborhood. Mr. STEPHENS of Nebraska. Do you believe that if the receipts of the Treasury in 1861 had been what they were in 1864, our money ever would have gone below par?



Mr. CLARK of Missouri. I believe it would not.

Mr. STEPHENS of Nebraska. Gold would never have gone out of circulation, and our bonds would never have been sold below par.

Mr. CLARK of Missouri. That is exactly true. If they had had that \$311,000,000 of internal revenue in 1861 the bonds of the Government would never have gone much below par. They might have gone down a little, according to the victories on one side or the other, and the greenbacks would have stayed with the bonds, because they always did.

Mr. FORDNEY. Will the Speaker permit me there?

Mr. CLARK of Missouri. Yes.

Mr. FORDNEY. If we had had then what we have now, adopted by the Republican Party, a gold standard, that has made all money worth 100 cents on the dollar, there would have been less depreciation of our money then.

Mr. CLARK of Missouri. They had a gold standard then.

Mr. FORDNEY. No; they did not.

Mr. CLARK of Missouri. These very estimates were made in gold.

Mr. FORDNEY. I beg to differ. Our greenbacks were not redeemable in gold then.

Mr. CLARK of Missouri. These estimates I have been reading here are gold estimates.

Mr. FORDNEY. They were redeemable in some kind of money but not in gold as they are to-day.

Mr. CLARK of Missouri. They were redeemable in coin.

Mr. FORDNEY. But not in gold coin.

Mr. CLARK of Missouri. I know; but these estimates that I have given here are gold estimates.

Mr. FORDNEY. That is what I am talking about.

Mr. SHERLEY. If the gentleman will permit, greenbacks came into existence as a result of the Civil War finance.

Mr. CLARK of Missouri. The gentleman from Kentucky states it exactly right. Greenbacks came into existence as a necessity of the Civil War finance. I have not the time to talk about it; but Secretary Chase issued the greenbacks, made them legal tender, and then when he got on the Supreme Court bench he said they were not legal tender and very frankly stated that he made a mistake during the Civil War.

Mr. STEPHENS of Nebraska. Will the gentleman yield?

Mr. CLARK of Missouri. Yes.

Mr. STEPHENS of Nebraska. As a matter of fact, silver went out of circulation as well as gold. It was not a question of gold or silver but it was a question of any kind of money.

Mr. LONGWORTH. Will the gentleman yield?

Mr. CLARK of Missouri. Yes.

Mr. LONGWORTH. I desire to ask the gentleman a question, for I have great confidence in his knowledge and information, with regard to the proposition that the war should be financed on a fifty-fifty basis. I think it is evident and I say it subject to correction, that our expenses for this year will be in the neighborhood of \$14,000,000,000, exclusive of the \$7,000,000,000 to be loaned to the allies. Under these circumstances we would have to raise this year \$7,000,000,000 by taxation. In other words, we would have to add more than \$5,000,000,000 to the revenue bill that recently passed this House.

Now, I want to premise my question by this assertion, which I think is correct. Even if we did conscript the income above \$100,000, and even though we did put a tax of 80 per cent as the Speaker suggested on the war profits, we would still have several million dollars to raise by taxation this year. Now, I want to ask the Speaker how he would suggest that we could get these additional taxes, and whether he would suggest it be done by the imposition of customs duties or consumption taxes, or both.

Mr. CLARK of Missouri. As a rule I am against consumption taxes, and as a rule I am opposed to raising the tariff. [Laughter and applause.] That has been stated often enough so that everybody knows it. But rather than issue an unduly large proportion of bonds and pile them up on my children and my children's children, I would agree to vote with the gentleman from Michigan [Mr. FORDNEY] to increase the tariff if necessary [applause], praying all the time that God would forgive me. [Laughter and applause.]

Mr. KEATING. Will the gentleman submit to a suggestion?

Mr. CLARK of Missouri. Yes.

Mr. KEATING. On this question of the amount of revenue which may be raised, I would like to call the Speaker's attention to the fact that it is estimated that war profits for this year alone will equal at least \$4,000,000,000, and an 80 per cent tax on that would net at least \$3,200,000,000. That that estimate is not exaggerated is evidenced by the fact that the war profits for the Steel Trust alone this year will amount to \$490,000,000, as against an average prior to the war of \$63,000,000. So if the Speaker will even take the proposition submitted by

the gentleman from Ohio and tax incomes and excess profits we can raise the \$7,000,000,000 without oppressing anyone. The income of this country is estimated by the best authorities to be something like \$45,000,000,000 a year.

Mr. LONGWORTH. The gentleman's figures do not agree with those submitted by the Finance Committee of the Senate; very far from it.

Mr. KEATING. They do; my figures as to the Steel Trust are taken from the speech of Senator SIMMONS, chairman of the Committee on Finance in the Senate, made the other day.

Mr. LONGWORTH. The proposition which was voted down of putting a tax of 80 per cent on excess profits was not estimated to raise more than \$2,000,000,000.

Mr. KEATING. How can that be when the war profits amount to \$4,000,000,000?

Mr. CLARK of Missouri. Mr. Chairman, I want to put in a saving clause about raising the tariff. I want to say to the gentleman from Michigan that it would be a temporary raise like Gov. Dingley raised it in the Spanish War.

Mr. FORDNEY. I want to say to the gentleman from Missouri, and was about to say when I was interrupted, that if I were the Good Lord, and the gentleman from Missouri would vote with me on the tariff, I would give him a clear slate. [Laughter and applause.]

Mr. CLARK of Missouri. I have no doubt of it. [Laughter.]

Mr. PARKER of New Jersey. Will the gentleman yield?

Mr. CLARK of Missouri. Yes.

Mr. PARKER of New Jersey. I want to ask the Speaker if it ought not to be stated here that the reason that the greenbacks went down so much below par was that Secretary Chase's first plan was that anyone who had a greenback could buy a 6 per cent gold bond, known as a 5-20 bond, at par, and the people were afraid they were paying too much interest and repealed that provision, and thereupon the greenbacks fell?

Mr. CLARK of Missouri. I suppose that is about correct.

Mr. COOPER of Wisconsin. Mr. Chairman, as to the profits of the Steel Trust during this year, actual and prospective, basing earnings of the last two quarters on the earnings of the first two quarters, I find it stated by a Republican of prominence, and also by a Democrat of great prominence in another body, to which I do not dare refer, in a debate yesterday that the profits of the Steel Trust instead of being \$490,000,000—that being the amount upon which the estimate of the Finance Committee of the other distinguished body to which I do not refer was made—will be \$570,000,000. The \$490,000,000 represents the net profits after making the deduction.

Mr. REAVIS. Mr. Chairman, will the gentleman yield?

Mr. CLARK of Missouri. Yes.

Mr. REAVIS. The gentleman from Missouri stated that the provision of the bill stating that the bonds should not be sold below par was good in theory, but not in practice.

Mr. CLARK of Missouri. Yes.

Mr. REAVIS. I wanted to ask the gentleman this question: If the alternative is given to the wealth of America to either finance this war by buying the bonds at par or submitting to direct taxation, are they not likely to buy the bonds at par?

Mr. CLARK of Missouri. I am rather inclined to think they would buy the bonds at par, but here is what happened up in New York City the other day. It has happened twice since we issued these 3½ per cent bonds. A lot of fellows undertook to pound them down. How many were engaged in the unpatriotic operation I do not know, but one day they got the bonds, the three and a half, down to 99.20, and the other day, I think, they got them down to 99.32. There is no question in the world but that it was an effort to discount the 3½ per cent bonds in order to get 4 per cent bonds.

Mr. POUL. Mr. Chairman, will the gentleman yield?

Mr. CLARK of Missouri. Yes.

Mr. POUL. I desire to ask the gentleman his opinion upon this question. With respect to the issue of bonds provided by this bill there are these conditions. They must not be sold under par, they carry a rate of 4 per cent interest and are subject to a surtax, and according to the gentleman from Texas [Mr. GARNER] the purchasers must be limited to people whose incomes are under \$30,000 a year.

Mr. GARNER. Based upon the present surtax proposed in the present revenue bill, a man who has an income of more than \$30,000 would prefer a 3½ per cent tax-free bond to the 4 per cent provided in this bill.

Mr. POUL. As a practical proposition does the gentleman think the country would absorb such a large issue of bonds at par?

Mr. CLARK of Missouri. I doubt whether it would with all those conditions attached.



Mr. HULL of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. CLARK of Missouri. Yes.

Mr. HULL of Tennessee. The gentleman has called attention to one of the evils that always arises where there are successive issues of bonds during a war. He refers to the hammering down of the price with a view of getting higher rates of interest and getting conversion privileges into higher rates of interest. I have noticed one country adopted an expedient about seven months ago which absolutely prevented all artificial fluctuation through the efforts of individuals or groups of individuals.

Mr. CLARK of Missouri. And I think the chances are that we will do it, if this war goes on long enough.

Mr. HULL of Tennessee. I was about to say that it had not cost them anything, either. They simply provide that a small percentage of the bond issue shall constitute a sinking fund, and that whenever any bondholder becomes dissatisfied with his bond he can have it redeemed at the issue price. There have been very few redemptions and no artificial fluctuations.

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman there permit one statement, so that it can be made clear in respect to these profits?

Mr. CLARK of Missouri. Yes.

Mr. COOPER of Wisconsin. The Wall Street Journal of August 2, 1917, in commenting upon the earnings of the Steel Trust this year, deducts from \$490,000,000 the amount of taxes, etc. This is the language of the Wall Street Journal of August 2:

The allowance of \$53,918,872 for war income and excess-profits taxes made by United States Steel in the second quarter is much larger than recent Wall Street estimates, but this is due largely to the fact that earnings, not deducting taxes, in the second quarter were at the rate of nearly \$578,000,000 annually, and earnings to which the tax is applicable were at the rate of \$490,000,000 annually.

It now appears that, after making the deduction, \$490,000,000 is the amount of net profits.

Mr. CLARK of Missouri. To sum up these remarks, I desire to state that I am in favor of paying this war debt on a fifty-fifty basis, in bonds and taxes, or something approximating that, as we go. If we issue more bonds, proportionately, than we levy taxes, the bonds are going to depreciate. If the bonds depreciate, the rate of interest in new issues will have to be increased, and if these young men are willing to go and do the fighting the rest of the American people who stay at home ought to be willing to pay this war debt. [Applause.] If I had my way about it, I would make all of these bonds serial. I am in favor of the surtax on the 4 per cents. Whether it would be wise to commence paying them earlier than 10 years from issue I do not undertake to say, but they ought to be made serial bonds, so that the debt will gradually disappear; and I want to repeat it, so that everyone in the country who reads this speech will know it, that Congress is willing to vote every dollar and every man necessary to carry this war to a successful conclusion, as speedily as possible, and that there are no lines of political demarcation in that conclusion. Americans, having put their hands to the plow, will not look back. [Applause.]

Mr. SHERLEY rose.

Mr. KITCHIN. I hope gentlemen who desire to speak will wait until we get through with the consideration of this bill. How many gentlemen will likely desire to make speeches respecting the remarks and suggestions of the Speaker?

Mr. FORDNEY. I do not know of any speeches except under the five-minute rule. I understood in the beginning that the debate on this bill was to be confined to the bill.

Mr. KITCHIN. Yes.

Mr. FORDNEY. Then I do not know of any speeches on this side.

Mr. KITCHIN. I meant confined to the bill.

Mr. SHERLEY. Mr. Chairman, I am in thorough accord with the main proposals just laid down by the Speaker of the House of Representatives. [Applause.] On April 13, 11 days after this Congress had met and 7 after war was declared, I took occasion in connection with the then bond-issue bill to call attention to the history of the financing of the Civil War and the fatal mistake that was made in failing to tax until that war had progressed nearly three years the people of America a sufficient amount, and I warned the Congress and the country that no more fatal mistake could be made than too lightly to tax the people of America, and that that mistake would result not only in lessening the credit of the country in the flotation of bonds, but it would create an equal evil. Nothing so serves to inflate prices, nothing so serves to increase the cost to the Government of getting things done than the issue of large credits by the Government and not accompanying them by heavy taxes. [Applause.] The result is always inflation; the result

is always to engender increased individual activities. In a time like this there is no more vicious cry than that of "Business as usual." Business as usual can not be if the Government's business is to be done, because the Government's business is a demand upon the material resources of the country so tremendous that it can only be supplied by curtailing the activities of private business along lines that are not essential to the country. One of the surest ways of curtailing such unnecessary activities is by heavy taxation.

Now, I am not prepared to announce any flat proposals of percentages, but there is no danger of the Congress erring by taxing too heavily. The danger is going to be the other way and one of the things that we must do is to see to it that we do tax, as heavily as they can bear, the profits that grow out of the war [applause] and then the men who applaud that, and I believe in their sincerity, must also have the courage to tax the great mass of the people also [applause], not as heavily, of course, but when you come to income taxes you are going to see the day, and it is not far distant, when the rate of taxation on incomes of \$7,500 up to \$15,000 or \$20,000, is going to be much higher than the rate that is now proposed as to such incomes in either the revenue bill as it passed the House or as now pending in the Senate. You can get a certain amount of money and ought to get it from certain great reservoirs of wealth, the great trusts of America, but in addition to that you have got to tax the average man of this country and you have got to tax him heavily before he is going to realize that we are engaged in a war of anything like the magnitude of the struggle we are engaged in. Now, I do not agree with a good many statements that have been made here as to the cost of the war. I hope when the deficiency appropriation bill comes forward to be able somewhat in detail to state to the House what I think will be the necessary expenditures of the Government, exclusive of its loans to foreign Governments, for a year of the war. I think it is likely to approximate something like \$12,000,000,000. I do not think it ought to go to \$14,000,000,000, as suggested by the gentleman from Ohio [Mr. LONGWORTH]. We now propose under existing law and the proposed taxation in the pending revenue bill to get something like, I think, \$3,000,000,000 in round numbers, in addition to revenues of about one billion for ordinary expenditures. On the assumption of \$11,000,000,000 of war expenditures that would represent something like 27 per cent. That ought to be certainly the minimum of the proportion that the taxation bears to bond issue and I believe that it is desirable to increase the percentage considerably above 27 per cent. I am glad that the Speaker should have made his speech to-day. I do not desire to destroy the business of America. I realize that you can not cripple it and at the same time get continued revenues from it—

The CHAIRMAN. The time of the gentleman has expired.

Mr. SHERLEY. Mr. Chairman, I would ask for two minutes more.

Mr. CLARK of Missouri. Mr. Chairman, I ask unanimous consent that the gentleman from Kentucky have 10 minutes in which to finish.

Mr. SHERLEY. I shall not use all of that time. I am very much obliged to the Speaker.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri? [After a pause.] The Chair hears none.

Mr. SHERLEY. I believe that the sound judgment of the best financial thought of America is in favor of sufficient taxation to put a restraining hand upon expansion and inflation in America, and I have no doubt of the patriotism of the people of America and their willingness to bear the burden. There is no more cowardly place on earth than the Congress of the United States, and that is not because of the personnel of the men who make up the Congress, but it is because that here of necessity we hear the protests of many individuals, and hearing individual protests we are apt to consider that those individuals constitute the great mass of the people. I never go back to my constituency or mingle with the body of the people generally without gaining new courage touching their patriotism and their willingness to sacrifice [applause], and if this Congress will simply follow what is not theory, for if anything on earth has been demonstrated over and over again it is the basic principles of finance, both of nations and of individuals, if it simply follows those basic principles, realizing that no nation, no matter what its credit is, can continue to promise to pay without taking the steps necessary to pay and maintain its credit, we will not have any trouble in financing this war. We are dealing in gigantic figures, but the wealth of America is gigantic. The creative power of men to-day measured in dollars is superior to



what it was in former periods, particularly during the time of the Civil War. All the bonded indebtedness that has been proposed will not begin to put the strain upon the real resources of America that was placed upon the resources of America at the time of the Civil War. But we must see to it that as we go forward we take those steps that give an earnest of our willingness to pay a large proportion of the expenses out of taxation now and to provide for protection of the interest and early redemption of the principal of the bonds that we issue. It would amount to a monstrous crime, and it would not be really in the interest of the people of to-day if we undertook to shoulder this cost onto succeeding generations. We can not do it successfully, and to attempt to do it would simply mean financial ruin and destruction of the credit of the greatest financial Nation on earth. [Applause.]

Mr. CLARK of Missouri. Mr. Chairman, I ask unanimous consent to extend and revise my remarks.

The CHAIRMAN. Without objection, the leave will be granted.

There was no objection.

The Clerk read as follows:

Sec. 7. That none of the bonds authorized by section 1, nor of the certificates authorized by section 5, or by section 6, of this act, shall bear the circulation privilege. All such bonds and certificates shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (a) estate or inheritance taxes, and (b) graduated additional income taxes, commonly known as surtaxes, and excess-profits or war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations.

Mr. CANNON. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The gentleman from Illinois offers an amendment which the Clerk will report.

The Clerk read as follows:

Page 10, after the word "corporation," line 14, add the words "owning more than \$10,000 of the securities mentioned in this section."

Mr. CANNON. Mr. Chairman, I called attention to section 7 when the gentleman from North Carolina [Mr. KITCHIN] was making his remarks a day or two ago, and I gave notice that I would offer an amendment to it.

Now, I want the committee to understand what the proposition is and what the amendment does. In order to do that intelligently, however, I want to state that the \$2,000,000,000 of bonds that have been placed upon the market are subject only to taxation known as inheritance tax. They are not subject to any excess-profits taxes, or any war taxes, or any other taxes, either State or National. They went upon the market at 3½ per cent interest. This bill proposes, if it is enacted as it stands, to repeal that law so far as future issues are concerned, under the law of April last, and in lieu thereof to issue bonds provided for in the bill, and additional bonds.

Now, judging from the hearings before the Ways and Means Committee, judging from the speeches that have been made, and from the statements of the Secretary of the Treasury, and what is in the air besides, we are going a long way to prevent any plutocrat, anybody that has a large income, from getting any of these bonds. We want to make it a popular loan. We want people that have a dollar or a half a dollar, or any other sum, from a patriotic standpoint, and at the rate of interest, which we say is 4 per cent, to take these bonds. We want to make it a popular loan, and we want to bar out people who are making large incomes from business or otherwise from having any of these bonds. Well, can we do it? I have no objection if it is possible to do it. Lord bless my soul, if every man at the head of every family, every adult male or female, grown individuals, would come in and take \$5, or \$10, or \$15, or \$20, I would be delighted. The only question is whether they will do it under the provisions of this bill. In my judgment they will not, and if you will bear with me a very few minutes I will try to say why.

The latter part of this section of the bill, after exempting from inheritance taxes, has the following:

(b) Graduated additional income taxes, commonly known as surtaxes, and excess-profits or war-profits taxes, now or hereafter imposed by the United States upon the incomes or profits of individuals, partnerships, associations, or corporations.

That means all of them. If this works out we are going to include all the people, patriotic and selfish as well, because the two go together after all is said and done in matters of taxation, and we are going to have them take these bonds. Is it possible under this bill? I do not believe it is. Can you prove it? I have in my hand here a statement from a loan official that there were 4,500,000 subscriptions. Now, then, by those subscribers that took those bonds, the 4,500,000, there were a great many \$10 subscriptions. And all over the country there are those \$10 certificates. And then, again, people of small

means took them. A number of clerks here that can barely live on \$900 or \$1,000 or \$1,200 took a \$100 bond.

They have got time on it; they are to pay so much a month. They went to the bank, savings bank or otherwise, and borrowed the money to do it. It will take some time to pay it out. I am glad that they did. And now throughout the length and breadth of the country you have these 4,500,000 people subscribing to this loan.

But they did not subscribe enough. Bonds in amount \$10,000 and under yielded \$1,291,500,000, and that left unsubscribed \$703,500,000. That latter amount was subscribed by people who took more than \$10,000 each.

Now, those who took \$10,000 and less got those bids accepted in full. Those that subscribed more, however, few in number as compared with those that I have just referred to, got 60 per cent of their subscriptions, and there you are.

Now, what does this do? It subjects these bonds that are issued under this bill—and I call your attention again to it—to future legislation. This legislation renders them subject not only to excess-profits taxes and inheritance taxes, as provided by present law, but you can take every cent of it away from them. Now, 4 per cent is paid by savings banks in the main; the great bulk of them pay that much, and that money is nontaxable. How many of these people, when they come to understand it, are going to draw out the from \$800,000,000 to \$1,000,000,000 now held by them in savings banks under these conditions, where the savings are nontaxable for any purpose whatever, even from State taxation and all taxation?

How many are going to draw out their money from the savings banks and take the risk of the future in surtaxes? "Oh, well, they will not think about that," it may be said. Look here: If this legislation goes through as proposed, we have got to play fair with the people that take \$5 and \$10 or \$100 or \$1,000. You may say that the amount of exemption which I propose here—\$10,000—from future legislation by the Federal Government is too high. Maybe it is. I do not know. Let us say it is too high; put it at \$5,000. But I do not think \$10,000 is too high. Ten times 4 is 40, and you make an annual income of \$400. If you reduce it to \$5,000, it will be an annual income of \$200.

After all, will the bonds show any depreciation if the bill passes as it is now proposed? In my judgment, yes.

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman yield for a question?

Mr. CANNON. Yes.

Mr. COOPER of Wisconsin. What does the gentleman, from his long experience, think of the advisability of Congress putting into the law a provision which authorizes States, in their discretion, to levy income taxes against national securities, national bonds—taxation by States?

Mr. CANNON. I understand this does not do that, even as it stands.

Mr. KITCHIN. You are right. States under this can not tax incomes.

Mr. CANNON. Yes; it is free from taxation.

Mr. COOPER of Wisconsin. But it says it shall be imposed by the United States or any State, a graduated additional income tax.

Mr. KITCHIN. Graduated additional income tax, commonly called surtax and excess-profits tax and war-profits tax, imposed by the United States.

Mr. CANNON. It is by the United States. There is no doubt about that, I will say to the gentleman from Wisconsin.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. BURNETT. Mr. Chairman, I ask unanimous consent that the gentleman from Illinois may have 5 or 10 minutes more.

Mr. CANNON. I do not want much more time. If, however, the House will grant me 10 minutes, I will try to make my meaning clear.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. CANNON. I am going to vote for this bill, whether this amendment is adopted or not. It has got to pass the Senate. I want to be sure, if the bill passes the way it is, that this loan is going to succeed. I want to be fair with the people that we enlist in the cause from a patriotic standpoint—100,000,000 people, the wage earner, the farmer, the savings-bank depositor, and all. I want to be fair with them, and when they get these securities I want them to keep them, because that is a constant reminder that the United States must exist and prosper if, from the selfish standpoint as well as the patriotic standpoint, they receive their interest. It is in the utmost good faith that I



offer this amendment. Sometimes gentlemen offer amendments to confuse and try to discredit the bill, and all that kind of thing. I have no such intention here.

Mr. MOORE of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. CANNON. Yes.

Mr. MOORE of Pennsylvania. I want to be clear as to the practical effect of the amendment offered by the gentleman.

Mr. CANNON. Yes.

Mr. MOORE of Pennsylvania. As I understand it, it would mean that the holder of \$10,000 worth of these bonds would be exempt from taxation?

Mr. CANNON. Yes; the owner of \$10,000 or below of these bonds, if this amendment is adopted, will be exempt from all taxation except inheritance taxes. They are already exempt from all State taxation, but I want them to be exempt in the future from all United States taxation except the inheritance tax, and the States may attach an inheritance tax.

Mr. MOORE of Pennsylvania. But freedom from taxation is not to apply to any holder of bonds in excess of \$10,000?

Mr. CANNON. Oh, no; only to those below \$10,000.

Mr. MOORE of Pennsylvania. I say the exemption is not to apply to any holder in excess of \$10,000?

Mr. CANNON. Yes; it is not to apply to any holder in excess of \$10,000.

Mr. MOORE of Pennsylvania. Anyone who holds above that has to pay?

Mr. CANNON. Yes; evidently it is intended to make this a popular loan. It is intended by the bill; it is intended by the policy of the administration. I do not object to it, so far as that is concerned. From the hearings of the Secretary of the Treasury and from the speech of the gentleman from North Carolina [Mr. KITCHIN] we are all agreed that we want to make it a popular loan. I want it to go as a popular loan.

Mr. RUSSELL. Mr. Chairman, will the gentleman yield for a question?

Mr. CANNON. Yes.

Mr. RUSSELL. Do I understand that the amendment would not include an exemption of \$10,000 for the man who bought \$15,000 of the bonds? He would be taxed on the \$15,000?

Mr. CANNON. I think the owner of \$10,000—

Mr. RUSSELL. Would it not be objectionable on the ground that this would be class legislation if it exempted a man who had \$10,000, but did not exempt a man who had more than \$10,000?

Mr. CANNON. I am inclined to think that would be the effect of it. I am inclined to think it would be wise.

Mr. RUSSELL. To exempt \$10,000 in any man's hands?

Mr. CANNON. Yes.

Mr. RUSSELL. I should think it ought to be.

Mr. CANNON. The fear is that the men who are wealthy by millions and hundreds of millions will put their money in these bonds for the purpose of avoiding taxation, except inheritance taxes, and therefore we want it to be a popular loan.

Mr. RUSSELL. If it was made to apply to a holder of \$10,000 alone, and to no one else, would it not discourage the man who might want to buy \$15,000 of bonds, who might confine his purchase to \$10,000 when he otherwise would take more?

Mr. CANNON. He would be discouraged right now; and the very effect of the bill is to discourage him—to make this a popular loan. Now, I want to change this bill so that a hundred millions of people may subscribe for it, from \$10 or \$5 up to \$10,000, and so that when they do it will be out of the power of the United States, by future legislation, to tax the aggregate of that holding. I will very frankly say, Is there a man here who would withdraw from a savings bank, where his deposit is not subject to taxation and draws 4 per cent or  $4\frac{1}{2}$  per cent interest and invest in these bonds? Oh, you may say they would not depreciate. I think many people who subscribe for these bonds would want to pay them out, perhaps, under stress of sickness or emergency—to use them as money—and I apprehend they would depreciate. It is suggested to me that the 7-30 bonds were used as money. Now, that is all I want to say. If the committee thinks we had better make the limit \$5,000 instead of \$10,000 free from taxation, well and good. I want to help, not to scotch or prohibit, if I can.

We have had much talk, as you know, about general taxation. As I am 80 years old, I could a tale unfold about the Civil War financing, and why it was that our currency, redeemable in dollars, was not redeemed. That was one thing; and, then, the doubt as to whether the Union would be preserved, and so on. I do not care to go into that. It is behind us. Thank God, we are together and will remain together, I trust, for

thousands of years. [Applause.] And we are with the world that agrees with us, that we have got to win this war.

Now, the gentleman from Kentucky [Mr. SHERLEY], for whose opinion I have great respect, said that business must be taxed. Well, I agree that it must be taxed; but what is business? The farmer in the field, the laborer in the shop. It is all of us that make business. I do not want business to decrease. I think the gentleman from Kentucky did not mean what he said. He said he wanted business to be less profitable. I want it to be more profitable, because the more profitable it is in the grand aggregate for 100,000,000 people the more easily we can carry the burden. [Applause.]

Mr. MADDEN. Mr. Chairman, I am not quite sure that I understand the proper meaning of the language in section 7, but I shall try to interpret my understanding of it.

Under the language of section 7 of the bill it is proposed that State or inheritance taxes shall apply against the bonds that we are authorizing to be issued. It is proposed that a graduated additional income tax shall be imposed against these bonds; that is, the taxes commonly known as surtaxes and excess-profits or war taxes. Now, I assume that if any individual in the United States should have his whole income derived from the interest on these bonds, and that income was not sufficient to come within the scope of the income against which surtaxes are levied, he would not be compelled to pay any such tax; and I would like to ask the chairman of the Committee on Ways and Means [Mr. KITCHIN] if I am right—if any individual in the United States had an income wholly derived from interest on these bonds proposed to be issued under this law, and that income was not sufficient to come within the scope of the imposition of the surtax, he would not have to pay any taxes, would he?

Mr. KITCHIN. He would not have to pay at all.

Mr. CANNON. He would have to pay if a surtax was levied by subsequent legislation.

Mr. KITCHIN. That is true.

Mr. MADDEN. He would not have to pay it under this bill.

Mr. CANNON. No; he would not have to pay under this bill; but this is not the only revenue bill.

Mr. MOORE of Pennsylvania. Will the gentleman yield?

Mr. MADDEN. Let me carry my thought a little further, and then I will yield to the gentleman from Pennsylvania.

Mr. MOORE of Pennsylvania. It is right on this subject. The surtax begins at \$5,000, and if that was the amount of interest derived by a holder of bonds he might be the owner of bonds that would be tax free up to the amount of \$125,000, if the rate of interest is 4 per cent.

Mr. MADDEN. Yes; certainly, according to my own reasoning.

Mr. MOORE of Pennsylvania. In other words, a man worth \$125,000 can go free of taxes if, keeping within the normal tax, the interest he received would realize him as high as \$5,000.

Mr. CANNON. Yes; but the amount subject to normal tax may be reduced by future legislation. It may be reduced to \$500.

Mr. MADDEN. The thought I want to convey to the House is that under the provisions of this bill a man may be tax free, so far as the surtax is concerned, if all his income is derived from interest on these bonds; but the same man, for example, may have \$10,000 income from a coal mine; he may have a \$10,000 annual income from a shoe factory; he may have \$10,000 from a steel mill; and his aggregate income may reach \$50,000. In that case, if his income reaches the point where he is subject to the surtax on his income from other sources the interest received on the bonds he owns will be added to his income and will take on the rate of taxation under this bill that his total income takes. Now, his total income may be such that it will bear a 50 per cent surtax. If it does, then the interest which he receives on these bonds under such circumstances will be only 2 per cent. So while on the face of his investments he has a 4 per cent bond, as a matter of fact he has only a 2 per cent bond. Now, it is not fair to make one man hold a 4 per cent bond which yields him only 2 per cent and to allow another man to hold a bond of the same issue that yields him 4 per cent.

Mr. LONGWORTH. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. LONGWORTH. The gentleman from Texas [Mr. GARNER], who has carefully gone into the facts and figures on this subject, says that no man with an income of \$30,000 a year could afford to buy these 4 per cent bonds, and that it is intended he should not.

Mr. KITCHIN. If you will permit me, I think the gentleman from Texas [Mr. GARNER] is mistaken about the \$30,000.

Mr. MADDEN. What does the gentleman from North Carolina say?



Mr. KITCHIN. A man with an income of even \$50,000 could afford to invest his money in these bonds, which would yield him about 3.65 per cent. Mr. GARNER overlooked the fact that the normal tax to be deducted would make it that.

Mr. HULL of Tennessee. Will the gentleman allow me?

Mr. KITCHIN. Surely.

Mr. HULL of Tennessee. A 4 per cent bond could bear an income tax as high as 12 per cent and still be better than a 3½ per cent tax-free bond. I think that was what the gentleman from Texas [Mr. GARNER] had in mind.

Mr. MADDEN. Well, my thought was that supposing a man's income in the aggregate, including the interest on his bonds, was such as to take the 15 per cent rate of surtax, then he would only be getting \$3.20 on his bond, whereas the man whose income was not sufficiently large to pay the surtax would not be charged with any surtax at all; or, if he had a greater amount, if it was all from bonds, he would not pay it.

Mr. LONGWORTH. The practical proposition is that any man with more than \$5,000 income would get less than 4 per cent net on the bond.

Mr. MADDEN. Suppose all the income was from bonds. If he only had \$5,000 income, that would not be subject to tax. Let us assume that and then assume that he had \$45,000 from other sources.

Mr. LONGWORTH. That would not make any difference.

Mr. MADDEN. Yes; he would be compelled to add the interest on the bonds to the other \$45,000, and that \$5,000 would be classed in the category of income and would take the \$5,000 income-tax rate.

Mr. LONGWORTH. What I meant is that no matter how large the income may be, provided he has an income greater than \$5,000, he will not get as much as 4 per cent on the bond.

Mr. MADDEN. I understand, if he only had \$3,000 from the bonds—

Mr. LONGWORTH. I am speaking of the total income from all sources. If he has more than \$5,000 income he would not get as much as 4 per cent on his bonds.

Mr. MADDEN. Does the gentleman think that because a man has an income from other sources he ought to be compelled to take a less rate of interest on his Government bonds than the man who has no other income?

Mr. LONGWORTH. I am not speaking about the wisdom of the policy.

Mr. MEEKER. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. MEEKER. Can the gentleman make clear how a 4 per cent Government bond, say to a man who has an income of \$25,000 or \$50,000, can be classified as being a part of the excess-profits tax?

Mr. MADDEN. It becomes a part of the total income, and if his total income is large enough he may be taxed 50 per cent on the interest that he receives from the Government.

Mr. MEEKER. I see that; but can you classify the 4 per cent on a Government bond as excess profits?

Mr. MADDEN. It would go into the total profits and would be subject to the excess profits, and it might reduce the interest received from the Government from 4 per cent to 2 per cent. The thing that I want to get clearly before the House and the country is that we are not dealing with every purchaser of bonds alike in this bill.

Mr. McKENZIE. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. McKENZIE. Would my colleague be in favor of segregating that part of a man's income that came from interest on these bonds?

Mr. MADDEN. Yes; I would, on the bonds. I think the interest ought to be segregated, so that all the purchasers of the bonds would be placed on an equality. Otherwise you are not going to sell these bonds.

Mr. MEEKER. Will the gentleman yield again?

Mr. MADDEN. Yes.

Mr. MEEKER. Can not that be worked out by the amendment offered by the gentleman from Illinois [Mr. CANNON] by exempting all bonds up to \$10,000, and taxing them above?

Mr. MADDEN. I do not know whether it could or not. I am stating my analysis of the bill so that the Ways and Means Committee may so modify the bill as to treat every bondholder on the basis of exact equality. There is no reason why one American should receive 2 per cent on his investment in Government bonds and another receive 4 per cent on his investment in Government bonds.

Mr. ROSE. Will the gentleman yield?

Mr. MADDEN. Certainly.

Mr. ROSE. I want to make this suggestion: In preparing the account showing the income of an individual, is there any-

thing in the present law to prevent him from setting aside up to \$5,000 the amount received as income from these bonds?

Mr. MADDEN. I do not know whether there is or not.

Mr. STERLING of Illinois. Will the gentleman yield?

Mr. MADDEN. Certainly.

Mr. STERLING of Illinois. Would the gentleman distinguish in Government bonds? A man holding a promissory note, if he has a big income, must pay the larger tax; and why should there be any distinction between the income from the promissory note and the Government bond?

Mr. MADDEN. You compel the owner of the bond when he puts it in with the rest of his income to pay the normal tax; it takes the normal tax, it takes the surtax, and it takes the war tax. It is not the income on bonds that you distinguish in that regard.

Mr. KITCHIN. Mr. Chairman, I want to say, if gentlemen will permit me, that I believe that there is a great deal in what the gentleman from Illinois [Mr. CANNON] has said. What we want to do is to make this a popular loan; that is, a loan that will be taken by millions of people with small incomes. By putting a proposition such as he offers in the bill, I believe it will popularize the loan and make everybody, rich or poor or of modest means, buy at least the amount of bonds excepted in his amendment. I will ask him if he will not agree to accept an amendment to his amendment making it \$5,000 instead of \$10,000?

Mr. CANNON. If that is the judgment of the gentleman, the chairman of the Ways and Means Committee, I am willing to accept it.

Mr. STERLING of Illinois. Let me suggest that it is exempt now up to \$5,000.

Mr. KITCHIN. No; if a person has an income of over \$5,000, and a part was from \$10,000 of these bonds, he would be subject to the supertax on that \$400 interest.

Mr. STERLING of Illinois. If a person has an income of \$5,000, he does not have to pay any tax under this bill. Any person with an income of \$5,000 or less would not pay any tax under this bill except an inheritance tax.

Mr. KITCHIN. That is true with an income of \$5,000 or less. Suppose a man has an income of \$50,000 and a part of that income of \$50,000 is interest upon \$10,000 worth of bonds or \$5,000 worth of bonds or \$50,000 worth of bonds.

Mr. LONGWORTH. In other words, it will make no difference how much income a man has so far as this \$5,000 worth of bonds is concerned.

Mr. KITCHIN. Yes. In the language of Mr. CANNON's amendment it will notify everyone, rich and poor, and men of moderate means alike, that they can buy \$5,000 worth of these bonds and be scot-free from excess profits or supertax or any tax Congress now or hereafter may levy, except the estate and inheritance tax.

Mr. MADDEN. I think that would cover my objection to it.

Mr. JOHNSON of Washington. Would a man be permitted to buy one for himself, one for his wife, and one for each of his children?

Mr. KITCHIN. He could do that now under the present law.

Mr. JOHNSON of Washington. And be exempt?

Mr. KITCHIN. Yes; if he would give his wife the bond—do not say buy, but suppose I would give my wife \$5,000—oh, but that is impossible, a preposterous supposition so far as I am concerned—but suppose the gentleman should give his wife \$5,000 in money, he would give it to her.

Mr. JOHNSON of Washington. As a gift.

Mr. KITCHIN. Yes; or suppose the gentleman gives his son \$5,000 and he goes and buys bonds. The \$5,000 of bonds would still be exempt, but would belong to the gentleman's wife and son. That could be done under the present law, provided the wife and son did not have incomes to exceed \$5,000.

Mr. MEEKER. Do I understand the language of the amendment of the gentleman from Illinois is that he shall be the owner of the bond instead of the holder?

Mr. KITCHIN. The owner of the bond.

Mr. LONGWORTH. May I ask the gentleman one question? Would the effect be the same whether a man bought originally \$5,000 of bonds or converted his 3½ per cent bonds which he owns now into \$5,000 of these bonds?

Mr. KITCHIN. He could do that.

Mr. LONGWORTH. He would be exempt whichever way he did it.

Mr. KITCHIN. Yes; because he would be the owner of the bonds.

Mr. CANNON. Mr. Chairman, I will ask unanimous consent to modify my amendment in accordance with the suggestion of the gentleman from North Carolina.



The CHAIRMAN. Without objection, the "\$10,000" in the amendment offered by the gentleman from Illinois will be stricken out and "\$5,000" inserted in lieu thereof.

There was no objection.

The CHAIRMAN. The question now is on the amendment offered by the gentleman from Illinois.

Mr. HULL of Tennessee. Mr. Chairman, this seems to be a proposition which it is most difficult and almost impossible to settle in an accurate, uniform, and equitable way. Our Federal bonds are in a category by themselves in one or two respects. For example, our State and municipal bonds are supposed to be entirely exempt from taxation, and yet those bonds issued in one State are subject to taxation in the other 47 States of the Union, and the great bulk of them, as a rule, are not held in States where issued. The standard investment—I mean the investment in standard securities, of course—is subject to all kinds of taxation, Federal and local, whereas a Federal bond is not subject to taxation in any State of the Union, but it is only subject to such tax as the Congress might see fit to impose upon it. The difficulty, of course, in reaching an equitable solution of this matter is due to two causes. One relates to the interest rate and the other, of course, to the method of imposing the tax. Of course, if the Federal bonds should bear an interest rate on a level with standard securities, there would be no difficulty about imposing income tax, both normal and super, because the effect would be uniform; but that is not the case. The Federal bond is not subject to State or local taxation, nor to any Federal stamp tax. It is subject to no burden except such as Congress may impose upon it in the way of a tax or in the way of reduced rates of interest or interest advantages to the purchasers. The problem is to reach a basis that will place the large purchaser on or nearer an equality with the small purchaser so far as interest advantages are concerned.

A bond could be issued at 4½ per cent subject to super and normal income tax combined and the little fellow would not be materially interfered with, and a considerable percentage of the larger purchasers could handle that bond as a satisfactory business investment, although those who pay an income tax of 40 or 50 or 60 per cent could not do so when compared with the advantages of standard investment. But that would result in the Government giving away a tremendous interest advantage to the middle class and smaller investors. I notice that during the war some of the other governments undertook to carry the entire income tax on their bond issues. The first issue in England, I believe, was at 3½ per cent, which was equivalent to 3.80 per cent, it having been issued at 95, subject to the entire income tax. That bond soon went to a discount. The next year they issued a large amount at 4½ per cent, subject to the entire income tax. That bond soon went to a discount. In February of this year they were still undertaking to retain in the Government the right to impose the entire income tax on these bonds in the future. The Government did not feel justified in unconditionally surrendering that right at least ultimately to tax them. The Government took something near the interest level in the country at that time. They figured it at 5.33 per cent. Their normal income tax was 25 per cent, or 5 shillings, and they said, "We will compound this normal tax and see what the interest rate would be." Twenty-five per cent normal tax deducted from the 5.33 per cent interest rate left an interest rate of 4 per cent, subject only to the super tax.

They put that bond on the market and they also placed an alternative proposition on the market. They said, "We will put this 5.33 per cent bond at 95 on the market subject to the entire income tax rate, which was 25 per cent normal and 42½ top super." The result was the purchasers practically all took the 5½ per cent bond subject to the entire income tax in preference to the flat 4 per cent bond subject only to the super tax. Now, it is apparent that any purchaser of bonds would take those 4 per cent bonds in preference to the 3½ per cent free bonds until his aggregate income entailed upon him a tax rate in the aggregate as high as 12 per cent. When it passed 12 per cent the bonds would be worth less to him than a 3½ per cent tax-free bond. Now, of course, the \$2,000,000,000 which was floated will gravitate into the hands of the big holders for the reason that the interest advantages to them will increase according to the increased super-income tax rate imposed on them. A man subject to an income tax of 50 per cent would find a 3½ per cent tax-free bond to be worth just double the rate, or 7 per cent, when compared with the returns from a standard investment subject to taxation.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FORDNEY. Mr. Chairman, I move to strike out the last word of the amendment. Mr. Chairman and gentlemen, I must insist we are making a serious mistake to put any tax feature

in this bill. By making them subject to taxation we are destroying the value of the bond on the market in the hands of the Government. There is no question about that in my mind. This amendment is a step in the right direction, and I want it added to the bill, at least, with the hope that when the bill goes to the Senate that body will strike out the whole tax feature, for this reason: Make these bonds subject to tax and it is going to force them into the hands of small purchasers only. No man of large income can afford to buy the taxable bonds. He will not do it.

Mr. COOPER of Wisconsin. Will the gentleman permit one question?

Mr. FORDNEY. Yes, sir.

Mr. COOPER of Wisconsin. I noticed in the papers some time ago that a man put \$50,000,000 into the 3½ per cent bonds. It has been said here repeatedly during the debate that they would not change from the 3½ per cent to the 4 per cent bond if the 4 per cent bonds are taxed, but if you take the taxes off the 4 per cent bond they will take the 4 per cent bond.

Mr. FORDNEY. I suppose that is true. I have said that myself. I do not believe anybody holding these 3½ per cent bonds, free from taxation, will surrender them and be a big enough fool to take the 4 per cent bonds subject to taxation, where, if his income is great, you are going to take 65 per cent of that 4 cents and leave him only 1.4 per cent.

Mr. COOPER of Wisconsin. But suppose he can get a bond that is not taxed at 4 per cent, he will do it.

Mr. FORDNEY. Surely.

Mr. COOPER of Wisconsin. He can do it unless this provision is left in the bill.

Mr. FORDNEY. He certainly will. It makes the bond more attractive if it is exempted from taxes.

Mr. COOPER of Wisconsin. That is not the question. As I understand it, people who have got the 3½ per cent bonds have them with the option reserved to them in the act to have the rate of interest on the 3½ per cent bonds increased to the rate which any subsequent bond might bear. It has been said, however, that they would not make that change if we taxed the 4 per cent bonds, but if you take off the tax we will be paying 4 per cent on the 3½ per cent bonds. That will be a large increase.

Mr. STERLING of Illinois. Will the gentleman yield?

Mr. FORDNEY. Let me answer the gentleman and then I will yield to the gentleman from Illinois. When the 3½ per cent bonds were authorized, in April last, there was a provision put in that law that if any Government bond is sold prior to January 1, 1918, carrying a higher rate of interest than 3½ per cent those bonds could be surrendered which had been authorized by the act of April 1 last and a bond at the higher rate of interest taken for it. There is no provision in the law that the bonds issued in the future would have some taxing feature to them, and I have said, and let me repeat, that before this war is over the Government of the United States must go to the men with large incomes and to the trust companies of this country to dispose of the Government bonds at par, and unless you leave them free from taxation the money will not go into the investment of Government bonds but seek other investments of greater value.

Mr. SHERLEY. Will the gentleman yield?

Mr. FORDNEY. There is no question about that. Let me yield to the gentleman from Illinois and then I will yield to the gentleman from Kentucky.

Mr. STERLING of Illinois. Will not the thing work out this way: The man who has a small income will convert his 3½ per cent bonds into 4 per cent bonds?

Mr. FORDNEY. Yes.

Mr. STERLING of Illinois. He will do that because, having a small income, even though he holds 4 per cent bonds, he will not pay any taxes, and the man of large income will not convert them into the 4 per cent bonds because he will have to pay taxes.

Mr. FORDNEY. Yes; but immediately upon the cessation of hostilities in Europe the small holder of bonds will immediately exchange the bonds for money. He will not carry those bonds for 20 or 30 years, and he must go to the moneyed men to exchange them for money, and the man of large means might collect a large amount of those bonds without subjecting himself to the payment of 65 per cent taxes on large incomes, which will take away from him, as I have said, all but 1.4 per cent on the 4 per cent bonds if he is a man of large means.

Let me go a little further and I will then yield to the gentleman from Kentucky [Mr. SHERLEY]. There is no question but that directly after this war is over the Government of the United States will, at the earliest opportunity authorized by law, redeem all their 4 per cent bonds by the issuance of a 2 or a 2½ per cent bond, which will readily sell after this war is over, and retire those bonds carrying a higher rate of interest. But



to dispose of them now and get 100 cents on the dollar with the taxing feature in it, you are not going to do it, except to the small money lender.

Mr. SHERLEY. Now, if the gentleman will permit, is it not true that England offered bonds under three conditions—one tax free, one subject to certain taxes, and one subject to all taxes, and with varying rates of interest—and that the investors took the bonds subject to all the taxes in preference to the others?

Mr. FORDNEY. I am not able to answer the question. I do not deny the correctness of the gentleman's statement, but he must not forget that the system of taxation in Great Britain has no comparison with ours. The Government of Great Britain imposes all the taxes. There are no State, county, and municipal taxes. The taxes imposed by the Government of Great Britain are all the taxes that are paid in Great Britain, whereas we have endless taxes in this country in addition to the taxes paid to the Government of the United States.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GARLAND. Mr. Chairman, I would like to ask the gentleman from North Carolina if under this amendment one has purchased 3½ per cent bonds that are convertible into 4 per cent bonds they would be subject to taxation?

Mr. KITCHIN. I think they would be subject to taxation.

Mr. GARLAND. If the bonds that he purchased, the 3½ per cent and the 4 per cent, amount to over \$5,000, then they would be subject?

Mr. KITCHIN. Not at all. There is a \$5,000 exemption there. Five thousand dollars of bonds will be exempted from this surtax.

Mr. GARLAND. I do not think you understand me. What I mean is this: Suppose that he had already purchased \$3,000 at 3½ per cent, and he buys under this \$3,000 more of the 4 per cent bonds. Is the whole of that subject to tax because the two together amount to over \$5,000?

Mr. KITCHIN. No; \$5,000 of it would be exempted from taxation. Only the interest on \$1,000 would be taxed.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MORGAN. Mr. Chairman, I rather sympathize with the amendment offered by the gentleman from Illinois [Mr. CANNON]. As I said yesterday, I think it doubtful whether we ought to issue these bonds bearing 4 per cent interest. Under this section 7 these 4 per cent bonds are to be subject to the graduated additional income tax, or surtax.

Now, as I understand it, there are two objects in that. One is to enable, or, rather, to enforce upon the public generally the purchase of these bonds, and the second is to prevent large sums of money of the very rich people from escaping taxation.

Under the act approved September 8, 1916, which was an act entitled "An act to increase the revenue, and for other purposes," there is a provision which authorizes a normal tax of 2 per cent upon incomes, and another provision which authorizes an additional income tax known as a surtax, or super-tax, of 1 per cent upon all incomes exceeding \$20,000 per annum. The tax is graduated. It begins with 1 per cent on incomes which exceed \$20,000 and do not exceed \$40,000 and ranges on up to 13 per cent upon incomes exceeding \$2,000,000 annually. Section 4 of the bill provides that certain securities and incomes shall be exempt both from the normal and excess taxes. Among other securities exempted is the "interest upon the obligations of a State or any political subdivision thereof." Now, I am not objecting to exempting the bonds of States, counties, cities, and other municipalities from the income and surtaxes. The point I wish to make is that it is not wise policy for the United States to tax its own bonds and exempt from taxation the bonds of States and political subdivisions thereof. If this is done, it places State, county, and city bonds in a more favorable position than the bonds of the Federal Government. Inevitably it will drive us to the point where a State, county, city, or small town can borrow money cheaper than the United States. My idea is that in the future, as in the past, the bonds of the Federal Government should be sold bearing a lower rate of interest than the bond of any State, municipality, or corporation.

Now, I would like to have the attention of the chairman of the Ways and Means Committee. I have just quoted the provisions of the act of September 8, 1916, and especially of section 4, that exempts from taxation the obligation of a State or any political subdivision thereof. According to official statistics, there are in existence over \$4,000,000,000 worth of the bonds of States, counties, cities, and smaller municipalities. These are exempt from both the normal taxes and surtaxes. The men of great wealth in this country can invest in these bonds to the amount of \$4,000,000,000 without even paying the normal income tax under existing law. I would like to know what the

chairman of the Committee on Ways and Means thinks about the exemption of such bonds from taxation.

Mr. KITCHIN. They are exempt.

Mr. MORGAN. Now, does the gentleman think it a wise policy for the United States to put out its bonds and tax them, and then exempt the \$4,000,000,000 of State and municipal bonds entirely from this taxation?

Mr. KITCHIN. But you must remember that these State bonds and other securities you mention are subject to State, county, and municipal taxes, which are largely in excess of the Federal tax.

Mr. MORGAN. They are not subject to tax in their own States.

Mr. KITCHIN. They are subject to tax when they are purchased outside of the State. I want to say to you that in your State and my State, four-fifths of them, and more than that, are purchased outside of the State. Another thing, I doubt if we have a constitutional right to tax the income of State, county, or municipal bonds. I doubt if we can tax a State bond for Federal purposes.

Mr. MORGAN. I do not concede that, although I have not examined the law. It may be the distinguished chairman of the Ways and Means Committee is correct that the Federal Government has no constitutional power to tax State, county, city, or other municipal bonds. But if that be true it only emphasizes my contention that it is unwise for the Federal Government to tax its own bonds, and thus in a manner prohibit men of large wealth from investing therein. Especially is this true when there are \$4,000,000,000 of State and municipal bonds which under existing law are exempt from Federal taxes. What can we gain by driving great wealth from investment in Federal bonds when there is in existence another class of bonds—aggregating about \$4,000,000,000—in which this great wealth can be invested and hide from taxation? I desire to repeat that even if it were constitutional I am not advocating Federal taxation of State bonds or those of municipalities organized under State laws, but I do wish again to call in question the wisdom of increasing the rate of interest on Government bonds from 3½ per cent, free from taxation, to a Government bond bearing 4 per cent interest subject to taxation.

The CHAIRMAN. The question is on agreeing to the amendment.

Mr. GREEN of Iowa. Mr. Chairman, before we vote on this amendment I want to call the attention of the committee very particularly to the wording of it, because I am satisfied it is not so worded as to carry out the intention of the gentleman from Illinois [Mr. CANNON], who proposed the amendment.

Mr. LONGWORTH. Let it be reported again.

Mr. GREEN of Iowa. If there is no objection, Mr. Chairman, let it be again reported.

The CHAIRMAN. Without objection, the Clerk will report the amendment.

The amendment was again read.

Mr. GREEN of Iowa. Now, Mr. Chairman, the intention of the gentleman from Illinois doubtless was that it was to be subject only to the taxes specified, so far as the excess over \$5,000 is concerned; but from the way the amendment is drawn, as soon as a corporation or a copartnership holds over \$5,000 it would be subject to the tax, not simply on the excess but on the whole amount, which would not be as is intended. It is rather difficult to draw an amendment that will exactly fit the case.

Mr. CANNON. If the man has \$5,000 he is exempt; that is, if he owns it.

Mr. GREEN of Iowa. It provides "subject to the taxes specified." I will read the language of the bill as it will be:

Upon the income or profits of individuals, partnerships, associations, or corporations owning more than \$5,000 of the securities,

And so forth.

Now, the class that is subject to the tax are those that own more than \$5,000.

Mr. KITCHIN. That is it.

Mr. CANNON. That is what we intended.

Mr. GREEN of Iowa. Oh, no; that is not what is intended. Mr. TEMPLE. Would the gentleman object if we should leave this stand and then add: "Provided, That any individual, copartnership, association, or corporation may hold \$5,000 of these bonds free from tax?"

Mr. CANNON. That would do.

Mr. KITCHIN. I suggest that you put it this way: "Provided, That the amount of interest on the amount of such bonds mentioned in this section in excess of \$5,000 shall not be exempted."

Mr. HULL of Tennessee. Mr. Chairman, I want to interrupt the gentleman from Iowa just a moment right there in regard to



the effect of this amendment. To exempt \$10,000 in the hands of each supertaxpayer would amount to \$2,500,000 of bonds. A little over 250,000 supertaxpayers, I believe, are shown by the recent returns of the income tax.

Mr. GREEN of Iowa. I will call the attention of the gentleman from Tennessee to the fact that by agreement the amount of exemption has been reduced to \$5,000.

Mr. HULL of Tennessee. At \$5,000 it would be, at 4 per cent, \$1,250,000,000, or \$50,000,000 annual interest, which it would not exempt from the income tax, but if the bonds are to be paid off in 15 years it would be \$750,000,000 interest exemption.

Mr. GREEN of Iowa. What the gentleman from Tennessee says applies to the merits of the proposition.

Mr. HULL of Tennessee. I was just interjecting a statement of the amount involved.

Mr. GREEN of Iowa. I was suggesting the form of the amendment rather than speaking of the merits of it.

Mr. HULL of Tennessee. I understood that.

Mr. GREEN of Iowa. I am not entirely sure, but I think that we should simply add the words "upon such excess"—the tax imposed by the United States upon the income or profits of corporations owning more than \$5,000 of the securities specified above, and upon such excess; but I am not entirely clear about that. I think it would take a little time to get the amendment in proper form. I think it might be well to pass over the matter temporarily.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, the request of the gentleman from Oklahoma will be granted.

There was no objection.

Mr. GREEN of Iowa. I think it could be corrected by adding after the words "income or profits" the amount desired. [Cries of "Vote!"] We ought not to vote until the amendment is correctly worded.

Mr. HULL of Tennessee. Mr. Chairman, I suggest to the chairman of the committee that we pass this amendment over informally until it is perfected.

Mr. KITCHIN. I suggest that, too. I ask unanimous consent, Mr. Chairman, that we pass over this amendment and return to it later.

The CHAIRMAN. The gentleman from North Carolina asks unanimous consent that this section be passed over temporarily. Is there objection?

There was no objection.

Mr. COOPER of Wisconsin. Mr. Chairman, I call up the amendment which I offered.

The CHAIRMAN. If section 7 goes over for future consideration, the amendment of the gentleman from Wisconsin will go over also.

Mr. COOPER of Wisconsin. I did not understand that the section goes over; only the amendment offered by the gentleman from Illinois [Mr. CANNON].

The CHAIRMAN. When the Chair was interrupted by the gentleman from Wisconsin he was about to announce that section 7 would go over for future consideration. The Clerk will report the amendment offered by the gentleman from Wisconsin [Mr. COOPER].

The Clerk read as follows:

Amendment offered by Mr. COOPER of Wisconsin: Page 10, line 12, strike out the word "or" at the beginning of the line and in lieu thereof insert the word "and."

Mr. KITCHIN. Mr. Chairman, we accept that as a proper amendment.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The CHAIRMAN. The further consideration of the amendment offered by the gentleman from Illinois [Mr. CANNON] is deferred and may be returned to later on, before the passage of the bill and the motion that the committee finally arise. The Clerk will read.

The Clerk read as follows:

SEC. 10. That in order to pay all necessary expenses, including rent, connected with any operations under this act, a sum not exceeding one-seventh of 1 per cent of the amount of bonds and war-saving certificates and one-tenth of 1 per cent of the amount of certificates of indebtedness herein authorized is hereby appropriated, or as much thereof as may be necessary, out of any money in the Treasury not otherwise appropriated, to be expended as the Secretary of the Treasury may direct: *Provided*, That in addition to the reports now required by law, the Secretary of the Treasury shall, on the first Monday in December, 1918, and annually thereafter, transmit to the Congress a detailed statement of all expenditures under this act.

Mr. JOHNSON of Washington. Mr. Chairman, I have an amendment that I desire to offer.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Washington.

The Clerk read as follows:

Amendment offered by Mr. JOHNSON of Washington: Page 12, line 2, after the word "rent," insert "and \$2,500,000 for the payment of advertising."

Mr. JOHNSON of Washington. Mr. Chairman, the amendment is proposed to be inserted in the second line of the paragraph, so that it will read, "That in order to pay all necessary expenses, including rent, and \$2,500,000 for advertising connected with any operations under this act," and so on—

Mr. MADDEN. Would it be in addition?

Mr. JOHNSON of Washington. It would be taken out of this one-seventh of 1 per cent which the paragraph authorizes.

Mr. MOORE of Pennsylvania. Would not that mean an appropriation in addition?

Mr. JOHNSON of Washington. No; I think not.

Mr. MOORE of Pennsylvania. That is the way it reads.

Mr. JOHNSON of Washington. If the gentleman thinks so, I will undertake to perfect the amendment before a vote is taken.

Mr. MOORE of Pennsylvania. I will say to the gentleman very frankly that an attempt was made in committee to cut down this sum total, and it was cut down a little, to its present aggregate.

Mr. JOHNSON of Washington. Yes.

Mr. MOORE of Pennsylvania. Now, if the gentleman proposes to add \$2,500,000 to the sum, it seems to me he will encounter opposition.

Mr. JOHNSON of Washington. I have no desire to add to the sum. At the suggestion just made to me by the gentleman from Illinois [Mr. MADDEN] I will in a moment amend the amendment by making its form so that it can not be misunderstood.

As to the cutting down by the committee of the sum to be paid for the turning over of this bond issue, I understand that the Secretary of the Treasury did not in the hearings express himself as absolutely opposed to the plan for national advertising. He doubted that a general plan could be perfected and feared it might not reach all of the newspapers and advertising mediums, and that the expense would be too heavy. He intimated, however, that he would not agree to an advertising plan out of the sum allotted for the turning over of these bonds when the percentage for expense was placed at a higher figure than now appears in the bill. However, after this bill was reported to the House, with the amount for handling the bonds less than had been named originally, the statement was made that no fixed sum would be spent for advertising.

I want to say very frankly that I believe that to have it understood that nothing would be spent by the Government for advertising in handling this enormous issue of bonds would be a tremendous mistake; and I want to say further that the authorization of \$2,500,000 as a portion of this one-seventh would be a trifling sum, while it would add 50 per cent to the efficiency and the business effort to turn over this bond issue quickly and correctly and with the minimum of lost motion. Now, of course, the newspapers will boost, and boost hard, even if they receive not a single penny, but they will do it spasmodically, without system and in a disorganized way. Why not have the advertising done according to system, each advertisement in order, each one in sequence, so that the pulling power of all is of full value? This is the one detail that should not be overlooked. Do not think that the newspapers are not patriotic and that they will not promote this bond sale to the limit; but do not, I beg of you, be parties to the riding of a gift horse to death.

Mr. MOORE of Pennsylvania. Will my colleague yield?

Mr. JOHNSON of Washington. I will be glad to yield.

Mr. MOORE of Pennsylvania. Can the gentleman say how many newspapers there are in the United States?

Mr. JOHNSON of Washington. I can. I have here a sheet of most interesting statistics, but I am using most of my extremely limited time in a general statement. I shall need a little more time than five minutes.

Mr. MOORE of Pennsylvania. I shall ask that the gentleman's time be extended, because this is a very important matter.

Mr. JOHNSON of Washington. I thank the gentleman. I think the question is of the utmost importance to the successful disposition of these bonds.

Mr. MOORE of Pennsylvania. How many newspapers are there in the United States which might seek this advertising?

Mr. JOHNSON of Washington. There are 20,000 newspapers and available publications.

Mr. MOORE of Pennsylvania. Surely there are more than 20,000.

Mr. JOHNSON of Washington. There are, of course, a few that will not expect this advertising. For instance, certain popular monthly magazines go to press fully 60 days ahead of their dated line. It would be hardly practicable to advertise in the



monthly magazines for the first campaign. Then, further, there are some strictly technical and class publications which would not expect to seek advertising of this kind. And there are a few college dailies which are not in the general advertising field. But the dailies, the weeklies, the farm papers, and all of the others would come in on a general advertising campaign of great power and force, each to receive its exact share according to its accepted rate card.

Mr. SLOAN. Will the gentleman yield?

Mr. JOHNSON of Washington. Yes.

Mr. SLOAN. Does the gentleman's list of available advertising papers include agricultural papers and trade papers?

Mr. JOHNSON of Washington. Yes; all of them.

Mr. SLOAN. And it is not contemplated that there shall be any distinction as to partisanship?

Mr. JOHNSON of Washington. Absolutely none. That is just what is to be avoided. Gentlemen, everyone knows that, next to money itself, advertising is the thing that makes the wheels go round, and the brightest minds that are known to the advertising business have organized to aid this Government just the same as the automobile manufacturers and others organized, and they have prepared and presented a plan, with which I regret to say I am only partially familiar, but enough so to give you a fair outline.

By this plan, for \$2,500,000 they will place real advertising to the amount of from two to four pages of newspaper size in the 1,773 daily papers of the United States with a circulation of more than 24,000,000 copies daily; and in 14,000 country weeklies with a weekly circulation of 14,541,000 copies; and in several hundred foreign-language papers and in—

Mr. SLOAN. I should like to ask the gentleman right there if it is not understood that in the presentation of this plan, if the advertising is fairly distributed to the best advertising mediums—that is, the newspapers—there will be large additional notice given, editorial and otherwise?

Mr. JOHNSON of Washington. Certainly. Now, for \$2,500,000 you can not only advertise in all of the weeklies, all of the dailies, nearly all of the foreign-language papers and all of the farm papers and even the religious papers, but also in all of the street cars and with all of the billboard organizations, which cover every city. If all that is not worth considering, nothing is. I do not think the House should overlook this. The plan has been carefully prepared. Further, this is not a staggering sum or even a large sum.

Mr. MOORE of Pennsylvania. Has the gentleman examined the situation sufficiently to be able to say how much might be apportioned amongst these 20,000 newspapers?

Mr. JOHNSON of Washington. Yes; \$1,500,000 of this sum will go to the daily and weekly newspapers, including the cost of matrices.

Mr. MOORE of Pennsylvania. How would the gentleman apportion the appropriation—in accordance with the circulation of the newspapers?

Mr. JOHNSON of Washington. Yes; in part. It is proposed to utilize the advertising machinery of the great agencies, which machinery is already set up and is just as necessary to the newspaper business generally and the periodical business as railroads are necessary to business operations.

Mr. MOORE of Pennsylvania. I concede all that.

Mr. JOHNSON of Washington. We will use that machinery.

Mr. MOORE of Pennsylvania. I concede all that, but how would the selection be made in order to be fair to the entire newspaper fraternity?

Mr. JOHNSON of Washington. It will be made by placing from two to four pages in every publication at its actual advertising rates.

Mr. MOORE of Pennsylvania. At their ordinary advertising rates?

Mr. JOHNSON of Washington. At their ordinary advertising rates.

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. MOORE of Pennsylvania. I ask unanimous consent that the gentleman's time be extended five minutes.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent that the time of the gentleman from Washington be extended five minutes. Is there objection.

There was no objection.

Mr. JOHNSON of Washington. Now, then, Mr. Chairman, the railroads of the United States advertised in all the newspapers of the country last year at an expense of \$249,000. That is not a great sum when you consider the number of railroads and the amount of advertising for a year and the business that resulted.

Mr. KEATING. Did I understand the gentleman to say that the expenses were \$249,000,000?

Mr. JOHNSON of Washington. If I said millions, I meant thousands—\$249,000.

Mr. GORDON. Does the gentleman think that the railroads increased their business enough to warrant the spending of that amount?

Mr. JOHNSON of Washington. I know they did.

Mr. GORDON. How does the gentleman know it?

Mr. JOHNSON of Washington. They carried advertising for passenger trade and they thought it profitable, and it was profitable.

Mr. GORDON. The railroad carries everybody that comes, and if a man does not want to go he does not go.

Mr. JOHNSON of Washington. If the gentleman from Ohio is sitting in Cleveland on a hot July day and reads an alluring advertisement of an excursion rate on an electrified railroad across the Rockies and the Cascades to the Pacific Northwest, where it is cool and comfortable, he may become possessed of an idea to take the trip.

Mr. CANNON. Will the gentleman allow me?

Mr. JOHNSON of Washington. Yes.

Mr. CANNON. The railroads do not even publish the time tables in most of the counties in the United States.

Mr. JOHNSON of Washington. If they do not, they go on the theory that the time table carries an element of news which the newspaper might carry on its own account.

Mr. CANNON. But they do not publish them.

Mr. JOHNSON of Washington. The papers of this town publish the time tables, do they not?

Mr. CANNON. I do not think so. They do not publish them in Danville or in any place in my district.

Mr. JOHNSON of Washington. Well, that is neither here nor there. I desire to discuss the reaching of the little newspapers with a systematic series of bond-selling advertisements.

Mr. CANNON. If the gentleman will allow me, I do not know about these advertisements; are you going to reach all the country papers?

Mr. JOHNSON of Washington. Every last one of them.

Mr. CANNON. I think there are more than 20,000.

Mr. JOHNSON of Washington. Oh, no. The number now existing has been carefully computed.

Mr. CANNON. The gentleman says two to four pages—some papers do not have four pages.

Mr. JOHNSON of Washington. If a paper is only a half sheet, it must have two pages.

Mr. FORDNEY. How many insertions would the money the gentleman speaks of give in the great daily papers?

Mr. JOHNSON of Washington. That would carry on a systematic campaign of advertising for one month in the country papers; that would not mean an insertion every day in a great daily like the Chicago Tribune, but it would mean two pages in the Saturday Evening Post at a cost of \$2,500 a page.

Mr. STAFFORD. Will the gentleman yield?

Mr. JOHNSON of Washington. Certainly.

Mr. STAFFORD. I understand the gentleman's amendment provides that the Secretary of the Treasury shall expend two and a half million dollars of the sum available for advertising—

Mr. JOHNSON of Washington. Yes.

Mr. STAFFORD. How much will be left for the Secretary for other purposes?

Mr. JOHNSON of Washington. About \$15,000,000.

Mr. STAFFORD. I beg the gentleman's pardon.

Mr. JOHNSON of Washington. Fourteen million five hundred thousand dollars.

Mr. STAFFORD. How does the gentleman arrive at that figure?

Mr. JOHNSON of Washington. I was informed in debate yesterday by the chairman [Mr. KITCHIN] that the total overturn under the one-seventh of 1 per cent would be about \$17,600,000.

Mr. STAFFORD. One-seventh of 1 per cent of the total amount. I would like to know just what that is.

Mr. JOHNSON of Washington. The total comes from one-seventh of the amount of the bonds and the war-saving certificates and one-tenth of the amount of the certificates of indebtedness.

Mr. STAFFORD. I would like to know whether the Secretary of the Treasury under this phraseology is limited in the expenditure of these amounts by the percentages stated in the bill, or whether he has the privilege to spend the total amount for any purpose?

Mr. KITCHIN. He is limited only by the amount stated in the bill, one-seventh of 1 per cent of the bonds and war-saving



certificates and one-tenth of 1 per cent on the amount of certificates of indebtedness.

Mr. DICKINSON. Will the gentleman yield?

Mr. JOHNSON of Washington. Certainly.

Mr. DICKINSON. Does the gentleman contemplate publishing an advertisement in the weekly papers as well as the dailies, including all weekly papers?

Mr. JOHNSON of Washington. Including the smallest weekly newspaper that has the second-class privilege of postage rate.

Mr. BORLAND. Will the gentleman yield?

Mr. JOHNSON of Washington. I would be glad to yield.

Mr. BORLAND. Do I understand the purpose of the amendment is to set aside two and a half million dollars of the funds devoted to placing the bonds to be used for newspaper advertising?

Mr. JOHNSON of Washington. For all advertising—newspapers, periodicals, street cars, and billboards—largely at the discretion of the Secretary of the Treasury.

Mr. BORLAND. Does it require him to spend that amount for advertising?

Mr. JOHNSON of Washington. It names advertising as part of the necessary expenses and gives \$2,500,000 as the top figure for the advertising campaign.

Mr. BORLAND. Did I understand the gentleman to say that there are 20,000 daily papers in the United States?

Mr. JOHNSON of Washington. Oh, no; I thought there were about 25,000 publications of all kinds, but I am told now that the number is a few more than 20,000 periodicals, daily and weekly, and the like.

Mr. BORLAND. Assuming that there are 20,000, that would give about \$125 to each paper.

Mr. JOHNSON of Washington. Yes; but it is not designed to prorate it that way.

Mr. BORLAND. How far would that go toward advertising in a great paper that has a real circulation?

Mr. JOHNSON of Washington. Each paper would not get \$125. Some would receive much more. Say there is a paper in Joplin, Mo., and its rate by the page once a week for a month is 18 cents an inch. The advertising would be placed at that rate, whereas in the Chicago Tribune it might be \$1.25 an inch, and the Tribune would get four insertions at its rate.

Mr. BORLAND. Does the gentleman think that an average of \$125 would produce the results that are expected?

Mr. JOHNSON of Washington. The sum is not divided by the number of papers. If a paper had 2,000 subscribers in a community of 10,000 people, and those 10,000 people read the local advertisement carrying an explanation of the short-time issue of these war-emergency certificates, written by some of the brainiest men in the United States who know how to write advertisements, I know it would double the sale of these bonds in one-half the time that will be necessary otherwise.

Mr. BORLAND. I will say to the gentleman that \$125 would get just about one-quarter of a page one Sunday morning in a Kansas City newspaper.

Mr. JOHNSON of Washington. I think the Kansas City daily papers would get much more than that.

Mr. BORLAND. About one-quarter of a page on Sunday morning.

Mr. JOHNSON of Washington. The Kansas City newspaper has an advertising agent in New York City, and his rate card is there, and this estimate is made up upon that basis. The Kansas City paper will get its rate. That applies not only to the Kansas City Star, but to the St. Louis Globe Democrat, the New Orleans Picayune, the Chicago Tribune, and all of the big dailies, and then on down to the small dailies and on down to the weeklies.

I want to assure the membership that this is a practical plan. It is all left to the Secretary of the Treasury, who is not averse to it at all, and it simply gives an indication on the part of Congress that it is desired that in selling these great bond issues, out of this \$17,600,000 authorized for the overturn of the bonds, there shall be placed with all of the newspapers and advertising agencies of the country the sum of \$2,500,000. It is not too much at all.

Mr. RAINEY. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Washington. Yes.

Mr. RAINEY. What organization figured out those estimates?

Mr. JOHNSON of Washington. A series of associations representing all the leading advertising men who were recently called upon to come before the Secretary of the Treasury with the plan.

Mr. RAINEY. When did that occur?

Mr. JOHNSON of Washington. Within the last few days. The notice from the Secretary gave very short time. They had

only 24 hours in which to appear. I think the entire plan written out is on his desk, and I have not any doubt at all that as this bond sale goes on that he will endeavor to carry it out, but I think the least Congress can do is to make sure that we have proper publicity for the sale down into the last hamlet of the United States. One thing more: Both France and England have systematically advertised their bond sales from the start and at great saving.

Mr. Chairman, I ask unanimous consent to withdraw my amendment and offer in lieu thereof two others, which I now send to the Clerk's desk and ask to have read.

The CHAIRMAN. The gentleman from Washington asks unanimous consent to withdraw his amendment and offer in lieu of it two others. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will report the amendments.

The Clerk read as follows:

Mr. JOHNSON of Washington offers the following: Page 12, line 2, after the word "rent," insert the words "and advertising;" and on page 12, line 9, after the word "direct," insert: "Provided that a sum not in excess of \$2,500,000 of said sum shall be used for advertising in the daily and weekly papers and such other mediums of publication as the Secretary of the Treasury may direct."

Mr. RAINEY. Mr. Chairman, from the remarks of the gentleman from Washington [Mr. JOHNSON] I understand that this is not a proposition submitted by the newspapers and magazines and the billboard organizations of the country, but it is a proposition promoted and advocated by those advertising agencies in this country which place advertisements in the newspapers and magazines of the country, and perhaps also in the street cars and on billboards throughout the land. I deny that the patriotic newspapers and magazines of the country are demanding pay for the services they render their country in publishing the interesting reading notices which have reference to the placing of war bonds, and the necessity for it. Large, full-page advertisements have recently appeared in the newspapers of Washington advocating payment to newspapers and magazines for their services to the country. These particular advertisements are inserted not at the expense of any newspaper or magazine, but they are paid for and inserted by a great agency which supplies to 8,000 newspapers in the land boiler-plate advertisements for their inside or outside sheets. I do not believe that for \$2,500,000 four pages of reading matter can be inserted in every newspaper in the land, as has been stated on this floor, and also that a corresponding amount of billboard and street car advertising can be accomplished.

There are 20,000 newspapers and magazines—more than that in the country. Many of them do not have more than four pages in their regular issues. These small papers, when the advertising agencies dole out to them the small amount they will be willing to pay, will find if they carry these advertisements that the extra paper occasioned by inserting them will cost about as much as they can get out of the agencies. The smaller newspapers of this country are familiar with the methods of these advertising agencies. If they insert the stuff they send out in their papers, they insert it for a small compensation indeed.

The statement of the gentleman from Washington [Mr. JOHNSON] is that if his amendment goes in \$2,500,000 will be distributed through these advertising agencies—through these boiler-plate companies—to the newspapers of the land. How much will the agencies keep of this amount? Ten per cent would be an exceedingly moderate estimate. If they keep 10 per cent of this amount we are then paying, not to the newspapers of the land but to the organized agencies the gentleman discusses, one-quarter of a million dollars, at the very least, for five or six weeks' work. No wonder their representatives are here in conference with the Secretary of the Treasury. No wonder their representatives are inserting in the newspapers of Washington at large expense these full-page advertisements advocating the appropriation of this sum for this purpose. No such proposition as the gentleman has discussed was ever presented for consideration to the Committee on Ways and Means, which drew this bill. This committee has until now heard no such suggestion as this. The section of the bill sought to be amended makes a definite allowance to the Secretary of the Treasury of not to exceed \$17,000,000 for the purpose of paying the necessary expenses connected with the printing and placing of this enormous bond issue. He can expend of that sum as much as is required for that purpose. This is the largest transaction in the history of nations. We must place these bonds.

This section in this bill makes this allowance to the Secretary of the Treasury, and if it appears necessary in order to obtain subscriptions for these bonds to advertise in the newspapers of the country, the Secretary has the right to do it without this amendment. Throughout the land during the campaign for the



sale of liberty bonds newspapers rendered most excellent service. Without compensation they continually called attention to the fact that these bonds were being offered for sale. So far as I know they did not ask any compensation. So far as I know the small newspapers of the country and the large newspapers of the country are still anxious without compensation to discharge this patriotic duty. All over this land, from ocean to ocean, men and women, banks, trust companies, and newspapers will still be found discharging their patriotic duty urging upon those who have money to invest—a small amount or a large amount—the necessity of subscribing for these bonds.

Mr. HASTINGS. Then why should we make any provision or appropriation at all for any expenses in connection with the sale of the bonds if everyone is patriotic and if everyone is willing to lend their time and assistance to the sale of them?

Mr. RAINEY. Because we are engaged now in the greatest war in history and we can not afford to take any chances, and this bond issue must be properly presented to the country in such manner as the exigencies of the campaign may demand. If every man and every woman and every agency rendering service in placing these bonds demands and receives compensation there will not be much left with which to aid the young men of the country who will soon be fighting on land and sea for our institutions and our flag.

Mr. JOHNSON of Washington. Mr. Chairman, will the gentleman yield?

Mr. RAINEY. Yes.

Mr. JOHNSON of Washington. If the gentleman will permit me, there was paid in excess of \$500,000 to two metropolitan newspapers to promote the last bond issue by other advertising agencies—not the Government. The advertising by the billboard advertisers given to the Government was in excess of \$500,000, and they will do it again. So with the newspapers. But now the Secretary himself says that these bond houses and others who spent money out of their own pockets should not be asked to do it again, and so long as there is a necessity for this expense I contend that the newspapers should be paid something.

Mr. RAINEY. Newspapers and individuals who desire to tender their services ought to have that opportunity. I understand that these newspaper advertising associations and this association which inserts these large advertisements in our city papers advocating this method of procedure expect to make a large amount of money out of it. This organization so inserting these large advertisements asking pay for newspapers for this patriotic service sells the boiler-plate advertisements that will be used throughout the land in 8,000 papers or possibly more than that. These advertising agencies who are here are not here at the request of the patriotic newspapers of this land and their owners. They are here because they expect themselves to pull down commissions out of this transaction. That is the reason they are here. They have simply joined the vultures that hover over this Capitol. If it is necessary to pay any man or any newspaper for services of value in connection with the negotiation of these bonds, we will have to do it, of course. But I object to a proposition that makes it obligatory upon the Secretary of the Treasury to donate, to give, to the advertising agencies of this land \$2,500,000 in cash, a part of the same to be distributed by them among the newspapers, magazines, and billboard organizations of the country—such part of the same to be so distributed as they may in their generosity determine.

The CHAIRMAN. The time of the gentleman has expired.

Mr. RAINEY. Mr. Chairman, I ask for five minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois? [After a pause.] The Chair hears none.

Mr. RAINEY. It may be necessary to do so. These papers have varying advertising value. Some of them have a circulation of only a few hundred, some a circulation of many thousands. If in the congressional district of any Member this money is unequally distributed among the newspapers, you are going to hear from it. You are insulting the publishers of the country when you propose to dole out to them through cut-throat advertising agencies such part of \$2,500,000 as these agencies may be willing to divide with them.

Leave these matters in the hands of the Secretary of the Treasury; he will keep down the expense of negotiating these bonds to the minimum, and if we are compelled to select advertising mediums, whether billboards, which now tender their services for nothing, or the newspapers, which now tender their services for nothing, and pay for it, he is capable of doing it and paying them according to their recognized advertising rates, if that is what they charge. I think we ought to give them the opportunity of rendering this service for nothing if they want to

do it for nothing. If the small newspapers demand pay, and it is necessary to pay them in order to float these bonds, why, we will have to pay, of course; but we ought not to pay them through these advertising agencies. The money paid newspapers ought to be paid to them direct from the Treasury of the United States; it should not reach them through agencies which expect to retain a large part of the amount allotted as commissions. Referring now to the great national newspapers and magazines, I want to say that if they will give up the \$90,000,000 mail subsidy they now pull down out of the Treasury of the United States, and which they cling to with such tenacity, we could afford to pay them a much larger sum than is contemplated in this proposed amendment. [Applause.]

Mr. ALMON. Mr. Chairman, the section of the bill under consideration authorizes the Secretary of the Treasury to spend about \$11,000,000 in floating the issue of bonds provided by this bill. That amount, it seems, has been estimated to be necessary both by the Secretary of the Treasury and by the Ways and Means Committee who reported this bill to the House. While that seems to be a very large amount it may be necessary.

The amendment now under consideration provides that \$2,500,000 of that amount be expended by the Secretary of the Treasury in advertising, being less than 25 per cent of the amount of the expenditures contemplated. If this amount is to be expended in floating this bond issue, I am in favor of the amendment proposed by the gentleman from Washington [Mr. JOHNSON], and which is now under consideration, for the reason that I believe it is right and will be a practical and efficient way for advertising this bond issue. When State, county, and municipal bonds are to be floated, they are advertised in newspapers and periodicals read by people who would likely be interested in the purchase of such bonds. It is desired that this issue of bonds be a popular one.

Provision is made for the issuance of bonds of small denomination in order that they may be purchased by men and women of small means and income. The best way to bring such bonds to their attention is to advertise them in the country newspaper, oftentimes the only paper they have an opportunity to read.

Mr. GORDON. Will the gentleman yield?

Mr. ALMON. Yes.

Mr. GORDON. How much did they have to pay the newspapers for the last bond issue for advertising?

Mr. ALMON. I do not suppose the Government had to pay them anything. It may be that some of the large daily newspapers were paid, but the country newspapers were not paid anything. It is true that the country newspapers out of a spirit of patriotism donated to the Government their space and substance in advertising the last bond issue and the regulations of the draft law, and they deserve the praise and thanks of the people of the Nation for their valuable and gratuitous service. But some at least of the newspapers now claim that on account of the high cost of print-paper and everything else that goes to make up the expense of publishing a newspaper has advanced so much that they should be paid a reasonable rate for advertising the second bond issue as every other class of men who contribute their means and labor for the Government are paid. Many of the small country newspapers are struggling for existence and are making less profits than any other class of business for the amount of capital and labor invested. Patriotism will not pay the expenses of the publication of a newspaper. I believe that we ought to be fair with all classes of our people who render service to the Government, and I do not think that it is fair for the Government, even in times of war, to expect advertisement of its business to be donated when everyone else is paid for his service.

It is said that the Secretary of the Treasury is not willing to call on the bankers of the country again for assistance in negotiating this bond issue for the reason that they rendered assistance in the last bond issue without compensation. For the same reason he should not expect the newspapers to again contribute their space without compensation, and I dare say that this bond issue could not be floated without the assistance of the daily and weekly papers of this country.

The gentleman from Illinois [Mr. RAINEY] has referred to the proposed amendment as a donation to the newspapers. It is not a donation in any sense of the word. He also intimates that it could not be fairly and equitably apportioned among the newspapers of the country. There is no reason why this amount can not be fairly and equitably apportioned among the newspapers and periodicals, as has been fully explained by the author of this amendment. The gentleman also intimates that some advertising agency would get a percentage. I do not know that it would be necessary that such an agency be employed; but, if it was, the Secretary of the Treasury could fix



its compensation, which no doubt would be a very small percentage. He also refers to the low rate of postage on second-class mail matter. That is no argument against the amendment under consideration. He seems to overlook the fact that one purpose of Congress in fixing a low rate of postage on newspapers and periodicals inures to the benefit of the subscribers as much, if not more, than to the publishers. The millions of people who are able to read valuable weekly farm papers and other weeklies for \$1 per year would not enjoy that privilege if it were not for the low rate of postage on second-class mail matter. It may be that there should be some change as to such rates, but that question is not now before the House and should not have been injected into this discussion.

The gentleman from Illinois [Mr. RAINEY] also says there is no newspaper lobby here asking for the adoption of this amendment. That is true, and it is to their credit. If there was such a lobby here, he would probably assign that as one of the objections to the amendment; but we do know that many of the newspaper men of the country have said that they should not be asked to donate their advertising space, which is all they have to sell, for the second bond issue when no one else is giving anything.

The publishers of 6,000 country newspapers in the United States are as patriotic and good a class of citizens as we have in this country. They donated millions of dollars' worth of their space to aid in floating the first bond issue, and many of them purchased these bonds as far as they were able. So let the Government now be fair to them, and if a large amount is to be expended in floating this bond issue, as it seems will be from the opinion of those in a position to know, then let the part provided for by this amendment be expended in advertising. I believe it will be the best and most economical way of disposing of these bonds to the best advantage.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SLOAN. Mr. Chairman, I am in favor of this proposition. In the floating of this \$7,500,000,000 of bonds the proposition as it now stands contemplates an expenditure of about \$11,000,000.

Four million dollars is for floating the certificates of indebtedness. Now, then, the amount appropriated by this amendment would be less than 25 per cent of the total amount provided for the expenditures for floating the bonds. I believe that in the disposition of the money of the country, if there are to be large expenditures, while a large discretion be given to the administration officers, it should not entirely be taken from this House. I think that the best advertising medium in this country is the weekly paper in every county throughout this Union. I think the next is the daily paper, and following these are the agricultural and trade papers. And those papers are the ones that are read at the fireside and believed in by the readers. They are not the sporadic presentation of a project brought about by speeches of men and by brass bands. They are the usual medium of communication of good and patriotic business doctrine. They are the best advertising medium on earth.

Mr. COX. Will the gentleman yield?

Mr. SLOAN. Yes.

Mr. COX. There is nothing in the bill as it now stands that will prevent any paper in the United States from voluntarily publishing any advertisement the Secretary of the Treasury might offer?

Mr. SLOAN. Not at all. And there should not be; and I doubt not that if this fair business proposition is carried out, this advertising medium—I speak of the papers themselves—with the patriotic impulses of those papers, in addition to carrying out the business contract they make with the Government, will show upon their editorial pages and elsewhere a large amount of free, effective advertising.

Now, I quite agree with the gentleman from Illinois [Mr. RAINEY] that the newspapers of this country ought to pay their carriage. Most of the newspapers are doing that now. There is no difference between us on that proposition. It is a business matter, and the sooner we come to a business basis with the newspapers and other publications of this country the better it will be for the newspapers and the country. For that reason I am in favor not only of exacting from the newspapers what they should pay for their carriage between points in this country, but I believe, where this Government has a large amount of business to do, and this Congress has the power to direct it, it should not neglect its opportunities to see that fair treatment is accorded them. This matter is not new. It was brought up before the Committee on Ways and Means. It was discussed there with the Secretary of the Treasury. The proposition presented was discussed at that time. The question was asked of the Secretary how the distribution would be made under the

plan. He said it would not be confined to any party, faction, sect, or trade, but every recognized public medium for advertising would be recognized, one the same as the other and without discrimination. And it seems to me that this Congress, in setting apart \$11,000,000 for the floating of this \$7,500,000,000 of bonds, could well exercise its proper function in saying that while we are delegating a large amount of discretion to the Secretary of the Treasury our business judgment dictates that we shall recognize the best advertising mediums in the Republic—the weekly and daily papers, the agricultural and the trade papers.

It is not enough to say the excellent patriotic support given the former loan by the press is an earnest that their space—their large stock in trade—shall be thrown open to the Secretary that he may have it free, and then pay out the millions provided in this bill to spend in doubtful experiments with ineffective means. Printer's ink will bring better results than the organized hysteria of brass bands and platform appeals.

Mr. FORDNEY. Mr. Chairman, I have no objection to the Secretary using his judgment as to where this money shall go or that he may pay to the newspapers a fair share or portion of this money in advertising for the sale of these bonds. But so far I have contended, and I am going to continue to contend, that the hands of the Secretary of the Treasury should not be tied. He should be permitted to handle that money to the best of his judgment in advertising for the sale of those bonds. He did state that the banks of the country and the newspapers of the country had assisted in the last sale of liberty bonds.

Mr. RAINEY. Will the gentleman yield?

Mr. FORDNEY. I yield to the gentleman from Illinois.

Mr. RAINEY. Under the provisions of this bill, is it not true that if necessary the Secretary could expend a much larger sum than \$2,500,000 with the newspapers?

Mr. FORDNEY. He could expend any portion of that money allowed him that he thought in his best judgment would be proper.

Mr. STERLING of Illinois. Did he not also state to the committee that he thought the newspapers ought to be paid for space for this purpose, showing that it is his intention to exercise his discretion to pay whatever he chose?

Mr. FORDNEY. He did, and he stated further than that that the banks of the country had very largely made the last sale of these bonds and had paid out large sums of their money. And I know that to be true. The various banks of the country were apportioned a certain amount of bonds to be sold and those banks advertised them very extensively. Not only that, but they sent men throughout the country—I know they did in the State and county in which I live—and the banks paid the expense of sending them around through the farming country to visit the various farmers who had money on deposit in the banks. The banks of the country know where the money is.

They know the owners of the money that is deposited in the banks, and therefore they sent agents about the country and the various townships, made a complete canvass of everybody who had money to loan, and induced them to subscribe for a certain amount of this last loan. And the banks and the newspapers will perform a very important part in the future in the sale of those bonds. But I do not believe that the Congress of the United States ought to say to the Secretary of the Treasury, "You shall pay so much here and so much there," in the sale of bonds.

Mr. JOHNSON of Washington. In reference to the inquiry of the gentleman from Illinois [Mr. STERLING], and that the inference in the hearing is that the Secretary believed in advertising and that he would advertise, what would the gentleman say if after the bill had been put in the basket with the percentage reduced, the Secretary's office then said to the newspaper men there would be no advertising?

Mr. FORDNEY. My good friend, it is going to cost a large amount of money to sell those bonds. It is going to be spent somewhere. Somebody must do some advertising, and the men who do the work ought to receive the pay.

Now, it is said that the Secretary of the Treasury, if it is left to his discretion, may give this money to friendly newspapers of his party—Democratic newspapers. Let him try it if he dare, and you will see the biggest row in the next campaign that you ever heard of. There will be a perfect hornet's nest turned loose on him. It would destroy him politically. He would not dare to do a thing of that kind. An honest man would not do it. We must contend that the Secretary of the Treasury is an honest man until we find out differently.

Mr. JOHNSON of Washington. No one charges him with being otherwise.

Mr. FORDNEY. No. No one has attempted to convey any such idea. The idea, gentlemen, is that the hands of the Secre-



tary of the Treasury ought to be left free to expend this money where he knows it ought to be expended.

Mr. GORDON. Mr. Chairman, the gentleman from Washington [Mr. JOHNSON] proposes an amendment here requiring the Secretary of the Treasury to spend at least \$2,500,000 for newspaper advertising. Now, as has been stated by members of the committee, the Secretary of the Treasury is authorized to expend this entire sum appropriated in this bill for newspaper advertising if, in his judgment, that is how it ought to be expended. I think the bill confers too large powers entirely on the Secretary. I think it gives him entirely too much money to spend in the sale of these bonds.

Now, the great success of the last bond issue, as has been stated, was due largely to the bankers of the country, who took hold of it with their organizations and made a success of it—a tremendous success. They have never asked any compensation, and I do not understand that the newspapers are asking for any. Nobody authorized to speak for them has said that they were asking for any. The contention of the gentleman from Washington seems to be that we ought to make a donation to the newspapers. They did not charge anything before, and we do not know that they are going to charge anything this time.

Mr. JOHNSON of Washington. Mr. Chairman, will the gentleman yield?

Mr. GORDON. Yes.

Mr. JOHNSON of Washington. The Secretary says in the hearings that he is not ready to call upon the bankers and the mechanical institutions who floated the last loan. Is it not fair to give to the newspapers, who gave their space ad libitum to the making popular of that loan, some assistance this time?

Mr. GORDON. The gentleman will find, if he will read the statement of the Secretary with care, that the Secretary does not propose to pay anybody for advertising these bonds. What he said was that he wanted to reimburse these banking institutions for money they actually pay out to their own employees for the extra meals they purchase in doing the extra work that they may be required to perform. That is the only thing he mentions. If you are going out to buy newspaper space to hawk these bonds around among the people, where are you going to stop? So far as the newspapers and magazines are concerned, they are at present, under the existing postal laws, enjoying a subsidy of about \$90,000,000 a year out of the 1 cent a pound second-class postage rates. I hope that this Congress will abolish at least a part of that subsidy before it adjourns. I think we are in a fair way to do it. That particular "graft" has cost the people of the United States \$1,200,000,000 in the last 32 years. I think that now, during this war, when we are reaching down into everybody's pocket, it is a good time to reduce that. I shall have something to say about that later on.

As to this proposition of the gentleman from Washington [Mr. JOHNSON], I can not understand why it should be brought here. The Government is not going to give people money for nothing, I hope. The newspapers had a good deal to do with that first bond issue, and talked about it a great deal, and they undoubtedly helped the flotation of it among the people. They have not asked anything. Why should we propose to volunteer to donate to them \$2,500,000 out of the Public Treasury? I think this amount in the aggregate ought to be cut down. It is out of all due proportion. The last statement of figures that I saw concerning it was that it was \$23,000,000. It is out of all proportion to the amount of expense involved in the last bond issue.

Mr. JOHNSON of Washington. It is not that much.

Mr. STAFFORD. It is \$15,000,000.

Mr. GORDON. Yes; it may be \$15,000,000. Then the committee reduced it.

Mr. CAMPBELL of Kansas. Mr. Chairman, will the gentleman yield?

Mr. GORDON. Yes.

Mr. CAMPBELL of Kansas. Then the Secretary of the Treasury, as I understand, can use a very large amount of this \$15,000,000 with the newspapers?

Mr. GORDON. Yes; he can use it in any way he pleases.

Mr. CAMPBELL of Kansas. Does not the gentleman think it would be well enough to direct the manner in which this sum should be expended?

Mr. GORDON. No; I do not.

Mr. CAMPBELL of Kansas. The organization that has been referred to here as an advertising agency could do the work more cheaply than the Secretary of the Treasury.

Mr. GORDON. Oh, all that the advertising agency does is to collect a commission on the money we appropriate and divide it up among members of the agency. [Laughter.]

Mr. CAMPBELL of Kansas. I am not as much afraid of being eaten up as I have been heretofore. Would it not also se-

cure the work being done for less money by this agency than the Secretary of the Treasury could do it for?

Mr. GORDON. I do not see how. If they got this service performed before for nothing I can not see how you will get it now for less. [Laughter.]

Mr. CAMPBELL of Kansas. On the theory that the Secretary of the Treasury will expend \$2,500,000 or \$5,000,000 on newspapers—

Mr. GORDON. If he did not spend anything before on the newspapers, why must we assume in advance that we must go out and buy them up now?

Mr. CAMPBELL of Kansas. We are going to pay a higher rate of interest on these bonds than we paid before.

Mr. GORDON. Is that a good reason why they should come forward and ask the Government for pay for advising the people to buy them? [Laughter.]

Mr. CAMPBELL of Kansas. Is that any reason why we should increase the rate of interest from 3½ per cent to 4 per cent?

Mr. GORDON. We legislate here to permit the Government to put the surtax on the income from these bonds, whereas the other bonds were tax free. I think we act wisely on that.

Mr. CAMPBELL of Kansas. The probabilities are that future legislation will throw all the income that comes from the interest on the bonds heretofore sold in along with the interest on this bond issue.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. KITCHIN. Mr. Chairman, I ask unanimous consent that all debate on this section close in 10 minutes.

Mr. KETTNER. I want five minutes.

Mr. MOORE of Pennsylvania. Did the gentleman say "this section" or "this amendment"?

Mr. KITCHIN. I will say to the House that I think it is important that we should pass this bill to-day. It is mighty important that we should pass the bill at the earliest possible moment, because it is going to take a long time to get ready the campaign for floating this issue. I think it will take at least a month to make ready for the campaign to sell \$5,000,000,000 of bonds.

Mr. MOORE of Pennsylvania. I suggest that the gentleman make the limit of time apply to the next amendment. There is another amendment to come.

Mr. KITCHIN. I will make it 15 minutes.

Mr. GORDON. I would like to have three minutes.

Mr. KITCHIN. The gentleman from Washington has already had 15 minutes. I will make it 15 minutes, Mr. Chairman.

The CHAIRMAN. The gentleman from North Carolina asks unanimous consent that all debate on this amendment close in 15 minutes. Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from Oklahoma [Mr. MORGAN] is recognized for three minutes.

Mr. MORGAN. Mr. Chairman, I want to read what Mr. McAdoo did say in regard to newspaper advertising. On page 35 of the hearing he says:

I have felt all along, I am perfectly frank to say, that if the Government entered upon a campaign of advertising in the newspaper, it ought to pay for it at reasonable rates, because the only commodity the newspapers have is their advertising, and we ought not to ask them to give it for nothing any more than to ask the steel mills to give their product for nothing or the farmers to give their produce to the Government for the purposes of the war.

So the Secretary indorses this proposition.

Mr. LONGWORTH. Will the gentleman yield at this point? The gentleman failed to read what the Secretary said on page 38.

Mr. MOORE of Pennsylvania. That would be explanatory.

Mr. MORGAN. I take it that on the whole the Secretary is favorable to newspaper advertising; and if I thought he was not, I would be much more in favor of this amendment. He says that we must undertake a great campaign of selling bonds, such as has never been witnessed certainly in this country or in any other country. There is only one way that the great masses of the people can be reached, and that is through the newspapers of this country, great and small. He said he wanted to compensate the bankers for their outlay. Do not the newspapers have an outlay as well as the bankers? The little amount which the newspapers of this country would get would be but a small portion of the money that they will actually expend. In this age of the world there is no great business that undertakes anything of importance without utilizing the power of the press. So in this campaign, in undertaking to sell these vast quantities of bonds, mounting up into the billions of dollars, in my judgment, it would be the height of folly, indeed almost a public calamity, if the Secretary of the Treasury did not advertise the sale of these bonds in the newspapers of the country.



The Secretary of the Treasury should advertise these bonds in the newspapers, not merely as a favor to the newspapers; he should do it as a business proposition. Public sentiment must be molded. Our citizenship must be educated. This can not be done without the aid of the press. The small amount paid to the publishers will in no sense compensate them for the space they will use in making the sale of these bonds successful. The space paid for will be but a small percentage of the amount freely given to the Government by our newspapers, magazines, and other periodicals before the bond-selling campaign will have closed. Since the inception of this war, with few exceptions, our editors have done their full duty. They have been loyal and patriotic. Throughout every section of this country the same spirit has been manifested. The calls of the Government upon them have been great. They have stood by the Government. They have upheld the President, the Commander in Chief of our Army and Navy. They have rendered unselfish service which can not be and will not be compensated by any paid advertisements authorized by the pending amendment. The great dailies have done their part. They have not, however, done more according to their ability than county weekly newspapers have done. After all, it is the home paper, the small dailies, and county weekly papers, which wield the greatest influence. But all classes of papers should be recognized and all should be compensated, in part at least, for the expenditure necessary on their part to make the sale of these bonds successful. As I have read the testimony of the Secretary of the Treasury I do not think he is opposed to the proposition. In my judgment he will be glad to have Congress vote favorably on this proposition, and I hope it will be adopted.

Mr. WOOD of Indiana. Mr. Chairman, if the gentleman from Oklahoma had read a little further in the testimony of the Secretary of the Treasury he would have found that it was the intention of the Secretary of the Treasury not to pay out any of this money for advertising in newspapers. The gentleman from Illinois [Mr. RAINEY] says that there is no demand by the newspapers of this country that this amendment be passed. Some week or 10 days ago I received a letter from a publication in my district, and a few days afterwards I received another communication upon this very proposition, both of which letters I sent to the publicity committee of the Council of National Defense. They were pointing out the fact how loyally the newspapers had supported the last liberty loan, how generously they gave their space in advertising the Red Cross fund and in popularizing the conscription act, and that for all these activities of the Government they had been giving their space without stint. They point out that they have to pay more for their paper, ink, and everything that goes into the make-up of a newspaper than ever before, and they say they can not hope to exist if they continue to give their space as they have been giving it. I think the Congress should bear in mind that this is but the beginning of the sale of bonds. There will be many other bond issues to be sold hereafter, and if we wish to keep the continued good will of the people of this country, whose money we are expecting will pay for these bonds, we should keep on the good side of the medium that reaches the people of this country and brings these advertisements home to them.

Mr. RAINEY. Does the gentleman say that in these patriotic matters in order to keep on the good side of the newspapers we have got to pay them money?

Mr. WOOD of Indiana. The newspapers of the country can not live on patriotism alone. They have got to have something of substance. The people who sell them their print paper are not patriotic enough to give it to them. The men who furnish the ink and the type and the men who work the presses are not patriotic enough to give their material and time and services for nothing. So I say that this great Government of ours, that is spending money by billions, should not expect these papers to give their services entirely without compensation. It is not enough for the gentleman from Illinois [Mr. RAINEY] and others to say that these newspapers are dragging down millions each year by reason of the postal privilege which they now have. Most of these newspapers get nothing out of the cheap postage rates. The newspapers in my section of the country are getting nothing from that source. The newspapers that circulate mostly in the district of every Congressman here are getting nothing from that source.

Mr. BLACK. Is it not true that they circulate absolutely free in the county of publication?

Mr. WOOD of Indiana. Yes; and that is the end of it. But I want to say that there is a demand that this amendment pass. It is the demand of common justice.

Mr. KETTNER. Mr. Chairman, the statement has been made several times that the newspapers have not asked for the passage of this amendment. I hold in my hand several letters from

the newspapers of my district, which I will ask the Clerk to read in my time.

The Clerk read as follows:

THE EVENING INDEX,  
San Bernardino, Cal., August 14, 1917.

HON. WILLIAM KETTNER, M. C.,  
Washington, D. C.

MY DEAR MR. KETTNER: I want to ask you, when the question of the next liberty-loan bond comes up, to do all you can to secure an appropriation for selling them by paid newspaper advertising.

There are no more generous fellows in this country than the newspaper publishers. They gave freely of their space for the first liberty loan, for the Red Cross fund, for the draft, and all the other projects that the Government has wanted put over. They have done this freely and loyally, but there is such a thing as riding a free horse to death. There are many people and many officials with the Government who think, without considering the justice of the matter at all, that newspapers should print all the stuff which is for the general good that is asked for without compensation. These people will willingly pay for printed matter, letters, circulars, postage, etc., and billboards sometimes, yet expect the newspapers to donate their publicity, into which the element of costs enters just the same.

I believe it is only right and fair that this second issue should be sold by the same means that was largely responsible for success of the first issue—newspaper publicity—but that the Government should pay for the service which is of value to, costs the publisher money.

Very truly, yours,

W. S. CONGER.

LOST HILLS GUSHER,  
Lost Hills, Cal., August 15, 1917.

HON. WILLIAM KETTNER,  
Washington, D. C.

DEAR SIR: The amount of advertising we receive from Government departments would, if published, fill our whole issue day by day.

We believe that the Government should pay for the advertising it needs the same as other business organizations do.

The only way a country newspaper can exist is by selling its advertising space.

We are, of course, patriotic to publish news and matters of assistance to the Government, but as the farmer, the steel maker, the clothier are paid for their products, so should we be; and we believe you will admit that the newspaper publisher should be paid for his product.

We hope you will indorse and help in any effort that may come before Congress to assist the newspapers to get paid for the Government advertising.

Yours, very truly,

THE LOST HILLS GUSHER,  
By ORA K. HART.

The CHAIRMAN. The time of the gentleman has expired.

Mr. KETTNER. Mr. Chairman, I ask unanimous consent that the other letters be printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

Mr. WALSH. Reserving the right to object, how many of them are there?

Mr. KETTNER. There are about 10, I believe.

Mr. WALSH. I object.

Mr. O'SHAUNESSY. Mr. Chairman, I ask unanimous consent that the time of the gentleman from California may be extended, so that he may have these letters read. The gentleman occupies very little of our time.

The CHAIRMAN. Is there objection to the request made by the gentleman from Rhode Island?

Mr. KETTNER. Mr. Chairman, just a moment. As my good friend from Rhode Island states, I occupy very little of the time of the House in speaking, but this is a question of vital importance to the country newspapers of this country. Some of these letters express the action of our newspaper associations on this subject.

Mr. KITCHIN. Will not the gentleman from Massachusetts, in the interest of saving time, withdraw his objection?

Mr. WALSH. Mr. Chairman, I withdraw the objection.

The other letters are as follows:

THE FALLBROOK ENTERPRISE,  
Fallbrook, Cal., August 10, 1917.

HON. WILLIAM KETTNER,  
Washington, D. C.

MY DEAR MR. KETTNER: You have said to me several times, "If there is anything I can do for you, call on me." Now, Mr. Kettner, there is something you can do, not only for me, but for every publisher of a country newspaper in the United States. The country newspaper has been looked upon as a free horse which the public was privileged to ride until the burden has become so great that the business has become the poorest paid of any of the professions. If the town is to be boomed, a new industry wanted, funds needed for a new church, and dozens of other things which will help all alike, the newspaper is expected to write the stuff, pay for setting the type, buy the paper, and print it, and mail it, and pay the bills.

There's no more loyal and patriotic set of American citizens to-day than the publishers of the 6,000 country newspapers in the United States. During the floating of the last liberty loan, without a murmur and without a groan, they gave millions of dollars worth of their advertising space, and many of the publishers and their families bought bonds, and they did not ask and did not receive one cent for their work, while the big city papers printed page after page for which they were paid, and the city bill posters did a thriving business.

The only thing which these 6,000 country publishers have to sell from which they derive a profit is their advertising space. With the high cost of paper and the other things which enter into the making of the ordinary country newspaper, no matter how small, with a subscription price of, say, \$1.50 per year, he does not more than break



even; hence it follows that the profit to run the business must come from advertising.

Now, my dear Mr. Kettner, in the floating of the next sale of liberty bonds why should we be asked to give our advertising space, which is all that we have to sell, while nobody else gives anything?

Without the aid of these 6,000 country newspapers the floating of the next issue of liberty bonds would be far short of the success that it should be. You have said to me, "If there is anything I can do for you, call on me." Now, Mr. Kettner, you are close to the administration. You have had some experience in the newspaper business, and I ask you not only on behalf of the country newspaper men of your district, but on behalf of 6,000 country newspaper men in the United States, to bring this matter before the President and the Secretary of the Treasury and ask that the country newspapers be paid for their space, the same as all other people are paid for all honest service in behalf of the Government.

Very truly, yours,

H. V. ALEXANDER.

SOUTHERN CALIFORNIA ASSOCIATED DAILIES,  
ONTARIO, CAL., August 17, 1917.

HON. WM. KETTNER, M. C.,  
Washington, D. C.

DEAR SIR: Herewith copy of letter sent to Mr. Theodore Hardee, of the Federal reserve bank of San Francisco, in response to his request for a continuance of free publicity for Government bonds. May I ask you to read it carefully and see if you do not find the claims therein sufficient to cause you to assist the newspapers in securing the same consideration from the Government that the Government gives to others with whom it has dealings?

I shall be glad to hear from you at your convenience.

Very truly, yours,

SOUTHERN CALIFORNIA ASSOCIATED DAILIES,  
CROMBIE ALLEN, President.

AUGUST 13, 1917.

CHAIRMAN FEDERAL RESERVE BANK,  
San Francisco, Cal.  
(Attention Mr. Theodore Hardee.)

DEAR SIR: Your letters of July 30, 1917, in regard to liberty-loan publicity, addressed to the Daily Report and to the Ontario Record, received. As editor of these papers and also as president of the Southern California Associated Dailies, an organization of more than 50 daily newspapers of southern California, I am replying. What I say will refer particularly to our own papers, but I am quite confident it is equally true of all the papers in our organization.

The papers of southern California responded to the call to assist in the sale of liberty bonds as generously and as patriotically as any in the country. Take our own particular case: Our papers gave freely, day in and day out, of display space. In addition to this, we ran columns of news about the issue, carried a streamer across the top of the first page every day, ran feature stories to stimulate public interest, and also supported the issue editorially. My brother and I individually took 7 per cent money and invested it in 3½ per cent liberty bonds for ourselves and our families.

In addition, I personally toured the town, asking people to buy the bonds. I also presented the matter to the chamber of commerce, and the chamber not only indorsed the project, but each director individually subscribed. The local banks here gave splendid support to the sale.

Ontario's allotment was \$60,000, but the campaign resulted in an oversubscription of more than 50 per cent, our total running close to \$100,000.

After the conclusion of the campaign you wrote asking for a statement of amount of advertising, value, etc., which we have donated. I replied that we had kept no accurate account of it, but had given everything we had. Authorities on selling campaigns figure 2 to 5 per cent for advertising expenses. On a basis of \$90,000 bonds sold the minimum of 2 per cent would be \$1,800, the maximum of 5 per cent \$4,500. So the minimum value would be \$1,800, as our papers are the only ones published here.

Now, we didn't even put in a claim for \$1,800 or for any amount, but if any one agency needs fair pay for services rendered in selling the bonds it is the newspaper press. I feel sure in saying the newspapers of the Nation will not allow themselves to be outdone by any agency in doing their bit to help win the war. This is a just war, and the newspapers of the Nation can be counted on to do everything in their power to help win it. And in future they will equal the generosity of any, but until the Government begins to ask munition manufacturers, railroads, and all others furnishing supplies, selling commodities, or rendering services to the Government to do so without pay, the newspapers can not be considered unpatriotic in refusing further to give away the only commodity they have for sale—space—their only source of bread and butter revenue. We have not yet heard of the Government asking the farmer or the manufacturer or anybody else but the newspaper to give his commodity free to the Government. This is not a criticism of others for getting pay for what they furnish to the Government. They are entitled to pay. All the newspaper asks is to be put on the same sound business basis.

Many imagine war a fine thing for newspapers. The war hits the newspapers harder than any other industry. It takes toll at both ends. Commercial advertising is reduced, while producing expense is increased. Everything that enters into the production of a newspaper is vastly more expensive to pay for with lessened revenue due to decreased advertising. Every extra paper sold is at a loss. It is reported that the Paper Trust, after declaring big dividends, has a surplus of over sixteen million dollars. Many newspapers are being forced to the wall, unable to pay the almost prohibitive price of paper, jumped up entirely out of proportion to the slight increase in cost of production.

In connection with the liberty bond sale I tried in vain to send either a telephone or telegraph message about it without paying. I assumed that inasmuch as the newspapers were doing everything for nothing the telephone and telegraph companies were doing likewise. Nothing doing. Likewise, even the postmaster refused to send a letter about it without being paid in advance.

The newspapers simply ask that forthcoming bond issues be advertised just as other selling campaigns are advertised; that the Government do business on a business basis, dealing with newspapers selling their only commodity—space—on the same basis they do with manufacturers, farmers and others having commodities for sale. Manufacturers simply sell their commodities to the Government for certain prices. That is all. The Government gets their commodities, the manufacturers get the Government's money. And it is all eminently

right and proper it should be even so. The newspapers simply ask the Government to pay for their advertising, for the newspaper's commodity.

But with the exchange of the manufacturer's commodity for the Government's money the incident is closed, but even with paid advertising the newspaper does not cease to labor to win the war. The newspaperman does his individual bit like all other good citizens, but his paper also helps in the news and editorial columns.

I am taking the liberty of inclosing copy of resolution adopted by our association over a year ago against the free-space evil.

I shall be glad to hear from you at your convenience on this matter. Yours, to win the war,

SOUTHERN CALIFORNIA ASSOCIATED DAILIES,  
CROMBIE ALLEN, President.

Mr. JOHNSON of Washington. Mr. Chairman, I regret that there has been any criticism of the machinery that must be used if the Government is to place an advertisement in every publication in the United States. These great advertising agencies have, in my opinion, offered their services at the cost of operation and distribution. When the gentleman from Ohio intimates that there is no cost in the work he is very much mistaken. The advertisements will be sent in the form of matrices, so that the type metal can be poured into them at the minimum of cost when they reach the town where they are to be published. The postage and express bill will be large and will be paid by the agencies. They have built up a great national advertising system, which you see used every day by the greatest business concerns of the country. If these agencies are asked to handle the publicity of the bond issue, they will make it go—make it go regularly, systematically, and successfully—cutting down other expenses, doing away with friction, and seeing that all newspapers and all advertising mediums are justly and properly treated.

Mr. Chairman, it is true that the editor of every little newspaper, as was said in the last letter read, receives every day from the Federal Government in franked envelopes more bureaucratic boosting stuff than he can open or can possibly print. There is one of the great Government extravaganzas, my friends.

Mr. RAINEY. Will the gentleman state what the newspaper advertising agency will get out of it?

Mr. JOHNSON of Washington. Not one agency alone but all of the national agencies. They will receive 5 to 7 per cent, for which they will render a great service. If the Secretary of the Treasury thinks that is too much, he can call in some man like John Wanamaker who knows what systematic advertising accomplishes, and authorize him to fix the agency rate at 2 per cent or 3 per cent, or whatever is absolutely fair for the cost and value of the work to be performed.

Newspapers generally, Mr. Chairman, will resent the charge made on this floor that the proposal to pay them a mere fraction of what they will earn is in the nature of a gift or gratuity. There is no robbery in the plan, there is no gift, and there is no graft. It is simply an attempt to do justice to the newspapers. [Applause.]

Mr. KITCHIN. Mr. Chairman, I must express surprise that this proposition of the gentleman from Washington is taken seriously by any considerable portion of the membership of this House. I want to ask every man here, to answer to himself, this question: If you vote for the amendment of the gentleman from Washington, are you really, in your opinion, voting for the interests of the Government and in the interest of the sale of these bonds, or are you voting in your own interest to please the newspapers in your section or in your district?

Mr. KETTNER. Will the gentleman permit me to answer?

Mr. KITCHIN. No; I said you could answer it to yourself and not aloud. Now, gentlemen, I want to ask another question: Why not put in an amount here for the telegraph companies? Why not include \$500,000 for sending telegrams about these bonds?

Mr. JOHNSON of Washington. Because they receive a Government rate.

Mr. KITCHIN. Why does not some friend of the railroads put in a provision including passenger fares made necessary by the sale of the bonds? Why does not some man that is a friend to the ink manufacturers and the paper manufacturers ask us to put in a separate sum for paper and ink?

Why, gentlemen, the Treasury Department must sell these bonds. It has had experience in selling bonds. The responsibility is on Mr. McAdoo and his assistants to sell these bonds and not upon us. Why do you want to specify how he shall proceed to sell the bonds?

Mr. LONGWORTH. Will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. LONGWORTH. It has been suggested by a number of gentlemen, and by the gentleman from Oklahoma a moment ago, that the Secretary advocated this proposition before the committee,



Mr. KITCHIN. Oh, no.

Mr. LONGWORTH. May I be permitted to read one sentence from the statement of the Secretary of the Treasury?

Mr. KITCHIN. Yes; to show that he did not advocate it.

Mr. LONGWORTH. I am reading from page 38. The Secretary of the Treasury says:

Some of the advertising clubs of the United States, which rendered very patriotic and effective service in the last campaign for liberty bonds, have been urging upon my attention a scheme for paid advertising. I have made no commitment about it. On the contrary, my general feeling has been that it was too expensive an operation for the Government to engage in, and I have said so to them frankly.

And yet a gentleman sitting on the floor not far from me has told me that within the last two or three days a representative of this organization came into his office and said that he came there with the acquiescence of the Secretary.

Mr. MOORE of Pennsylvania. Will the gentleman yield?

Mr. KITCHIN. If I had the time, I would yield.

Mr. MOORE of Pennsylvania. I ask unanimous consent that the gentleman's time be extended three minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. MOORE of Pennsylvania. I want to suggest that the Secretary further said:

If we should engage in advertising, we should have to advertise in every paper in the United States. You can not discriminate against the newspapers. It would have to have universal application.

Mr. KITCHIN. Yes; you will see that he could not do it.

The Secretary further says:

The Government can not say that it thinks one newspaper is a good advertising medium and another one is a bad one, or that another one is so poor that it is not worth using. Therefore, if we engage upon an advertising campaign at all, it has got to be a very extensive one, and it would be a very expensive one at the same time.

Certainly, it would take millions and millions of dollars to engage in such an extensive campaign of advertising in all of the newspapers throughout the United States. If he advertised in one and not in another he would discriminate, and one man would object because he would say that his paper was as good as the other. The Secretary of the Treasury knows, as every business man here knows, and every man inside and outside of the House knows, that he can utilize the money that you want to expend on the newspapers to a better advantage in putting before the people the advantages of these bonds and certificates.

Gentlemen, we have sold bonds in this country for the last 50 or 60 years, and never before was it ever hinted at by any man in this House or in this Capitol that you should put in an authority to pay newspapers for advertising or pay anybody for advertising. It has always been left to the discretion of the Secretary of the Treasury at all times to use the methods he deemed best.

The Secretary of the Treasury has had experience in selling bonds. He knows the best methods to use, to promote the interest of the Government in the sale of these bonds.

Now, let me say one thing about the little country newspaper. Why, there is not one little country newspaper with its county circulation, and the most of them are limited to county circulation, that would have the audacity to ask this Government to pay it for advertising a liberty loan through the newspapers when it knows that the Government is giving free transportation and delivery of their papers in the county to all the subscribers at the cost of millions of dollars to the Government. [Applause.]

I have in my district about as many country newspapers as most any other man has in his district, and there is not one that has ever intimated to me by letter or otherwise that the Government ought to pay for advertisements in it.

Mr. MEEKER. Mr. Chairman, will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. MEEKER. If that were granted and advertisements sold, the editor would have to put "Adv." after it, would he not?

Mr. KITCHIN. Surely.

Mr. MORGAN. Mr. Chairman, I think gentlemen ought not to misrepresent the Secretary. Two gentlemen have left out a part of what he said. Let me read what the Secretary said:

On the other hand, I have said I should be glad if they would give me full estimates, with specifications in each instance, as to what it would cost to make the minimum advertising campaign they have in their minds, and what it would cost for a moderate-sized campaign, and what it would cost for a maximum campaign.

Mr. KITCHIN. Oh, the Secretary is smart enough to know that when they made their estimates for an extensive campaign it will take practically all of the money that we would allow him to sell these bonds, and he wanted to find out from them what they thought would be the cost of a moderate campaign. He is against it, and he so told them.

Mr. MORGAN. Will the gentleman yield?

Mr. KITCHIN. Oh, my time is up.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington.

The question was taken; and on a division (demanded by Mr. JOHNSON of Washington) there were—ayes 27, noes 105. So the amendment was rejected.

Mr. GILLETT. Mr. Chairman, I move to strike out in line 3, page 12, the word "one-seventh," and insert in lieu thereof the word "one-tenth."

The CHAIRMAN. The gentleman from Massachusetts offers an amendment, which the Clerk will report.

The Clerk read as follows:

Page 12, line 3, after the word "exceeding," strike out "one-seventh" and insert in lieu thereof "one-tenth."

Mr. GILLETT. Mr. Chairman, this proposition, of course, is familiar to the House. You will remember that when the last liberty loan bond bill came before us it was reported by the committee with the proposition that the Secretary should have one-fifth of 1 per cent for expenses, and the House after debate—and I do not think the committee was very enthusiastic for the proposition itself—decided that one-tenth of 1 per cent was sufficient. It seems that in selling the liberty bonds they were able to sell not two billions, but three billions of them at an expense of less than one-tenth of 1 per cent. What was sufficient then will be sufficient now or in the future, I think. In fact, the larger the amount of bonds, the less ought to be the percentage of expense, and particularly as the chairman of the committee says when this is not to be expended for advertising in the newspapers. It seems to me if we give one-tenth of 1 per cent we are giving ample for the sale. The committee naturally desires to follow the Secretary, who this time again asked for one-fifth of 1 per cent, and the committee apparently compromised between one-fifth and one-tenth and gave him one-seventh of 1 per cent. Personally, it seems to me that this whole system of expenses is wrong. I do not think we ought to give any percentage, because one-seventh of 1 per cent would give about \$15,000,000 to the Secretary to expend for selling the bonds. One-tenth of 1 per cent would give him \$11,000,000. It seems to me the proper way would be to simply authorize the sale of the bonds and then have the Secretary come before the committee and make estimates just as he does for every other expense, and let the Committee on Ways and Means consider it, and then appropriate what he needs instead of giving him a percentage. But the custom has been the other way, I know. The custom has been to give one-tenth of 1 per cent. The House by an emphatic vote of two to one, when the liberty bonds were before us, voted one-tenth of 1 per cent, and that proved to be sufficient, and it seems to me that we ought to follow the same practice now.

Mr. KITCHIN. Mr. Chairman, I hope the gentleman's amendment will not prevail. I do not know what it will cost to sell these bonds and I doubt whether any man in the House knows what it will cost. The Secretary of the Treasury came before us and said that he felt confident that it would cost at least one-fifth of 1 per cent to sell the bonds and war certificates. We discussed it with him; we discussed it fully among ourselves. Several members of the committee thought that one-fifth of 1 per cent was small enough.

Mr. COOPER of Wisconsin. Will the gentleman permit a question?

Mr. KITCHIN. I will.

Mr. COOPER of Wisconsin. Did the gentleman state the Secretary estimated one-seventh of 1 per cent?

Mr. KITCHIN. One-fifth of 1 per cent.

Mr. COOPER of Wisconsin. Did the Secretary make mention of the items?

Mr. KITCHIN. No.

Mr. COOPER of Wisconsin. How did he arrive at that?

Mr. KITCHIN. He said that the last \$2,000,000,000 bond issue cost about \$2,500,000.

Mr. COOPER of Wisconsin. What were the items that went into that expenditure?

Mr. KITCHIN. He only gave a general explanation of the entire expenses of selling the \$2,000,000,000 worth of bonds.

Mr. COOPER of Wisconsin. What was it that caused the outlay?

Mr. KITCHIN. I believe he said the engraving of the bonds cost about \$1,000,000.

Mr. COOPER of Wisconsin. What went with the other \$1,500,000?

Mr. KITCHIN. For general expenses, telegrams, clerk hire, and the like.

A MEMBER. Speaking tours?

Mr. COOPER of Wisconsin. Was that account itemized?



Mr. KITCHIN. He did not itemize it for us, but I know it is itemized in the department, of course.

Mr. COOPER of Wisconsin. I think the House ought to have an itemized statement of what went to make up that expenditure, so as to know exactly what it was.

Mr. KITCHIN. The Secretary of the Treasury stated he would prepare such a statement and that it would be some time before he could furnish the statement.

Mr. DYER. Will the gentleman yield?

Mr. KITCHIN. I will.

Mr. DYER. Is it not a fact that a large part of the money went to pay men to go around and lecture, making speeches to theater groups and things like that.

Mr. KITCHIN. I do not know. We can not know until we get the itemized statement.

Mr. DYER. Was not that per cent enough for the sake of advertising—

Mr. KITCHIN. I am going to get to that. Of course, we all know that with a very large issue of bonds every succeeding issue of bonds will cost more to sell than the preceding issue, because they will be harder to sell. People who had money put it in the preceding issue. In the future money will be harder to get and there will not be so much demand for the bonds. Therefore, there will have to be more effort put forth, and besides, there will be two, three, or four campaigns now to sell \$7,000,000 of bonds.

Mr. GILLET. Does not the gentleman think the educational work which was done in the first issue will help all the others?

Mr. KITCHIN. I do not know.

Mr. MOORE of Pennsylvania. Will the gentleman yield?

Mr. KITCHIN. I will.

Mr. MOORE of Pennsylvania. I do not desire to speak on this amendment, but I wish to get some information for the RECORD.

Mr. KITCHIN. Go ahead.

Mr. MOORE of Pennsylvania. The first bond bill asked for \$12,000,000 in round figures to promote that loan.

Mr. KITCHIN. It asked for one-fifth of 1 per cent to sell the bonds and one-tenth of 1 per cent to sell the certificates of indebtedness, which amounted to—

Mr. MOORE of Pennsylvania. About \$12,000,000.

Mr. KITCHIN. About \$12,000,000.

Mr. MOORE of Pennsylvania. And when the bill came into the House and was finally enacted into law it was cut down to \$7,000,000.

Mr. KITCHIN. Well, it was cut down to one-tenth of 1 per cent on the bonds and one-tenth of 1 per cent on the certificates of indebtedness.

Mr. MOORE of Pennsylvania. In placing \$2,000,000,000 of liberty loan bonds, which the Secretary has done, he spent of the \$7,000,000 allotted to him in that bond bill a total of \$2,568,167.27.

Mr. KITCHIN. That is, he expended \$500,000 more than the one-tenth of 1 per cent.

Mr. MOORE of Pennsylvania. In order to sell \$2,000,000,000 of bonds with an authorized allowance of \$7,000,000 he spent \$2,568,167.27. I think these facts ought to be known to the Members and go into the RECORD.

The Secretary, in his statement to the committee, said:

The total of the actual expenditures thus far returned on the liberty loan is \$2,568,167.27.

Now, the present bill as presented to the House proposed by the one-tenth and the one-fifth per cent rates to allow the Secretary \$23,000,000 to carry the new or second loan. That was cut down in the committee.

Mr. KITCHIN. In round numbers, \$17,000,000.

Mr. MOORE of Pennsylvania. So that the bill now actually carries an allowance to the Secretary of about \$17,500,000 for the new loan?

Mr. KITCHIN. That is correct.

Mr. MOORE of Pennsylvania. And that covers in the balance of the \$7,000,000, as I understand it, allowed under the first loan act?

Mr. KITCHIN. I did not catch the last inquiry.

Mr. MOORE of Pennsylvania. The \$17,500,000 which this bill now proposes to allow includes the balance over \$2,500,000 already spent? Am I right about that?

Mr. KITCHIN. No. It is just one-seventh of 1 per cent of the amount of bonds and war-saving certificates he should sell.

Mr. MOORE of Pennsylvania. He still has available under the old act \$4,500,000?

Mr. KITCHIN. But \$3,000,000 of that has been merged into this act.

Mr. MOORE of Pennsylvania. Then the gentleman misunderstood my question. That \$4,500,000 he still has in hand to place the balance of the liberty loan will be included in the allowance now made to him, which totals about \$17,500,000?

Mr. KITCHIN. I do not know whether it will be included or not, but he can not have over that \$17,500,000.

Mr. MOORE of Pennsylvania. If that is so—

Mr. KITCHIN. He would turn it over into the Treasury. He can not expend both funds. He can not expend that \$4,500,000.

Mr. MOORE of Pennsylvania. All he will have to spend for placing whatever is left of the old loan, and for promoting the new loan, will be this total of \$17,500,000?

Mr. KITCHIN. Yes.

Mr. MOORE of Pennsylvania. The amendment offered by the gentleman from Massachusetts [Mr. GILLET] would cut the total of \$17,500,000 down to about \$11,000,000?

Mr. KITCHIN. Eleven or twelve million.

Mr. MOORE of Pennsylvania. So that the effect of the passage of the amendment of the gentleman from Massachusetts would be to reduce the amount allowed to the Secretary for floating the loan from \$17,500,000 to \$11,500,000, which would be a saving of \$6,000,000?

Mr. KITCHIN. Yes.

Mr. MOORE of Pennsylvania. I thank the gentleman.

Mr. COOPER of Wisconsin. Has the gentleman from Pennsylvania ever seen or heard of a statement as to whether or for what purposes, in detail, the \$2,500,000 was expended?

Mr. MOORE of Pennsylvania. If the gentleman from North Carolina will permit me in his time, I will read from the testimony:

Secretary McAdoo. Let me say this with reference to the estimate of the actual cost of floating the first liberty loan. I have felt I would rather make this statement when we get the full and complete figures, and, by the way, let me say that all these figures are subject to audit and open to Congress at any time. There is no concealment about it. The Senate put on an amendment which provided that I should make special report of the expenditures to each session of the Congress. I make that anyway. There is no concealment about it. The whole thing is wide open, and even if it were not, the Congress has the power at any time to send down a committee and investigate the whole thing.

The total of the actual expenditures thus far returned on the liberty loan is \$2,568,167.27. I state that, subject to proper correction when the full returns are in. I am satisfied that the first liberty loan cost actually much more than one-fifth of 1 per cent to be placed. If it had not been for the patriotic people of this country who put up their own money and time we never could have done it for one-fifth of 1 per cent.

Mr. COOPER of Wisconsin. Did the gentleman from Pennsylvania or any member of the committee that heard that statement ask for a statement in order to find out what the items were?

Mr. MOORE of Pennsylvania. Yes; we asked and were told of the volunteer services of banks, bankers' and brokers' offices, newspapers, and so forth.

Mr. COOPER of Wisconsin. Volunteer services are not an expenditure out of the Treasury.

Mr. MOORE of Pennsylvania. We were told of other agencies which the Secretary employed and which volunteered their services to him to place the first liberty loan. And he said he thought the time had come when, instead of having them do this work free and at their own expense, they should be compensated.

Mr. COOPER of Wisconsin. I will say to the gentleman from Pennsylvania that anyone who volunteered his services did not get any of the \$2,500,000 of money out of the Treasury, and that does not answer the question at all.

The CHAIRMAN (Mr. SIMS). The time of the gentleman has expired.

Mr. KITCHIN. Mr. Chairman, I ask unanimous consent for five minutes.

The CHAIRMAN. The gentleman from North Carolina asks unanimous consent to proceed for five minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. KITCHIN. Mr. Chairman, I ask for five minutes. They have taken up all the time. I ask unanimous consent for five minutes.

The CHAIRMAN. The gentleman from North Carolina asks unanimous consent to proceed for five minutes. Is there objection?

There was no objection.

Mr. KITCHIN. Now, gentlemen, here is the situation: I want every man in the House to hear it. Then he can vote according to his own judgment.

We do not know whether or not it is going to cost a great deal more to make the campaign for the flotation of this new issue of bonds. In all probability the percentage of expense



connected with this campaign to sell \$7,000,000,000 of bonds will be a great deal more than in the case of the first bond issue. In my judgment it will require at least three campaigns to make the new issue instead of but one. I do not believe there is a man in this House who is not convinced that the last issue of \$2,000,000,000 of bonds sold was floated at the very lowest expense possible. I have heard no complaint from anybody of extravagance concerning those \$2,000,000,000 of bonds.

My judgment, and I think the judgment of every common-sense man in the House, is that it will cost more in proportion to the amount of bonds sold to make the campaign for this new issue than it cost to make the last campaign.

Now, what did it cost in the last campaign? It cost more than one-eighth of 1 per cent. Now, do you want to further reduce the appropriation for the sale of bonds when we know it is going to cost more in the future? The Secretary of the Treasury thinks he can not possibly get along with less than one-fifth of 1 per cent.

Mr. GILLETT. Mr. Chairman, will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. GILLETT. If it cost more than one-tenth to float the first issue, where did he get his money?

Mr. KITCHIN. I will tell you about that. There was \$5,000,000 appropriated for the sale of the bonds provided for in section 1 of the act of April 24, 1917. Besides that there was the appropriation for the sale of the certificates of indebtedness. I do not believe that there is a man here who thinks that the Secretary of the Treasury can get along and defray the cost of the next issue and the campaign that will be necessary to float it, and the next campaign after that, and the next after that, to sell the \$7,000,000,000 of bonds at a less cost than was required to sell the \$2,000,000,000 issue, and we are making him a less allowance to sell this \$7,000,000,000 issue than it cost to sell the \$2,000,000,000 issue. It ought not to be less. The committee cut it down from one-fifth to one-seventh. I ask for a vote.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Massachusetts [Mr. GILLETT].

The question was taken, and the Chairman announced that the noes seemed to have it.

Mr. GILLETT. A division, Mr. Chairman.

The CHAIRMAN. A division is demanded.

The committee divided; and there were—ayes 68, noes 77.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

Mr. RAINEY. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent to revise and extend his remarks. Is there objection?

There was no objection.

Mr. STAFFORD. Mr. Chairman, I wish to offer an amendment, which I send to the Clerk's desk.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Wisconsin.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 12, line 9, after the word "direct," insert:

"Provided, That the amount that may be expended for expenses for each of said class of obligations shall not exceed the per cent herein stated for each total issue of said bonds, war-saving certificates, and certificates of indebtedness herein authorized."

Mr. KITCHIN. Mr. Chairman, I have no objection to that.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Wisconsin.

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

Mr. GILLETT. Mr. Chairman, I offer an amendment to come in on page 12, line 2, after the word "act," to insert the words "except under section 12."

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Massachusetts.

The Clerk read as follows:

Amendment offered by Mr. GILLETT: On page 12, line 2, after the word "act," insert the following: "except under section 12."

Mr. GILLETT. I think the chairman of the Committee on Ways and Means will accept that.

Mr. KITCHIN. That ought to go in. We will accept that.

The amendment was agreed to.

The Clerk read as follows:

SEC. 11. That bonds shall not be issued under authority of sections 1 and 4 of said act approved April 24, 1917, in addition to the \$2,000,000,000 thereof heretofore issued or offered for subscription, but bonds shall be issued from time to time upon the interchange of such bonds of different denominations and of coupon and registered bonds and upon

the transfer of registered bonds, under such rules and regulations as the Secretary of the Treasury shall prescribe, and, if and to the extent that the privilege of conversion provided for in such bonds shall arise and shall be exercised, in accordance with such provision for such conversion. No bonds shall be issued under authority of the several sections of acts and of the resolution mentioned in said section 4 of the act approved April 24, 1917; but bonds herein authorized may be used for purposes mentioned in said section 4 of the act of April 24, 1917, and as set forth in the acts therein enumerated.

Mr. LONGWORTH. Does not the gentleman think the word "said" in line 16 should be "the"? There is no act referred to in this section.

Mr. KITCHIN. But it has been referred to in several preceding sections.

The Clerk read as follows:

SEC. 12. That the Secretary of the Treasury is authorized during the war, whenever it shall appear that the public interests require that any of the accounts of the Military Establishment be audited at any place other than the seat of Government, to direct the Comptroller of the Treasury and the Auditor for the War Department to exercise, either in person or through assistants, the powers and perform the duties of their offices at any place or places away from the seat of Government in the manner that is or may be required by law at the seat of Government and in accordance with the provisions of this section.

(a) That when the Secretary of the Treasury shall exercise the authority herein referred to, the powers and duties of the said comptroller and auditor, under and pursuant to the provisions of the act of July 31, 1894, and all other laws conferring jurisdiction upon those officers, shall be exercised and performed in the same manner as nearly as practicable and with the same effect away from the seat of Government as they are now exercised and performed and have effect at the seat of Government, and decisions authorized by law to be rendered by the comptroller at the request of disbursing officers may be rendered with the same effect by such assistants as may be authorized by him to perform that duty.

(b) That when pursuant to this section the said comptroller and auditor shall perform their duties at a place in a foreign country, the balances arising upon the settlement of accounts and claims of the Military Establishment shall be certified by the auditor to the Division of Bookkeeping and Warrants of the Treasury Department as now provided for the certification of balances by said auditor in Washington, and the balances so found due shall be final and conclusive upon all branches of the Government, except that any person whose account has been settled or the commanding officer of the Army abroad, or the comptroller may obtain a revision of such settlement by the comptroller upon application therefor within three months, the decision to be likewise final and conclusive and the differences arising upon such revision to be certified to and stated by the auditor as now provided by law: *Provided*, That certificates of balances due may be transmitted to and paid by the proper disbursing officer abroad instead of by warrant: *Provided further*, That any person whose account has been settled, or the Secretary of War, may obtain a reopening and review of any settlement made pursuant to this section upon application to the Comptroller of the Treasury in Washington within one year after the close of the war, and the action of the comptroller thereon shall be final and conclusive in the same manner as herein provided in the case of a balance found due by the auditor.

(c) That the comptroller and auditor shall preserve the accounts, and the vouchers and papers connected therewith, and the files of their offices in the foreign country and transmit them to Washington within six months after the close of the war and at such earlier time as may be directed by the Secretary of the Treasury as to any or all accounts, vouchers, papers, and files.

(d) That the Secretary of the Treasury is authorized to appoint upon the nomination of the comptroller and auditor an assistant to each and fix their compensation, and to designate from among the persons to be employed hereunder one or more to act in the absence or disability of such assistant comptroller and assistant auditor. He shall also prescribe the number and maximum compensation to be paid to agents, accountants, clerks, translators, interpreters, and other persons who may be employed in the work under this section by the comptroller and auditor. The assistant comptroller and assistant auditor shall have full power to perform in a foreign country all the duties with reference to the settlement there of the accounts of the Military Establishment that the comptroller and auditor now have at the seat of government and in foreign countries under the provisions of this section, and shall perform such duties in accordance with the instructions received from and rules and regulations made by the comptroller and auditor. Such persons as are residing in a foreign country when first employed hereunder shall not be required to take an oath of office or be required to be employed pursuant to the laws, rules, and regulations relating to the classified civil service, nor shall they be reimbursed for subsistence expenses at their post of duty or for expenses in traveling to or from the United States.

(e) That it shall be the duty of all contracting, purchasing, and disbursing officers to allow any representative of the comptroller or auditor to examine all books, records, and papers in any way connected with the receipt, disbursement, or disposal of public money, and to render such accounts and at such times as may be required by the comptroller. All contracts connected with accounts to be settled by the auditor abroad shall be filed in his office there.

(f) That any person appointed or employed under the provisions of this section who at the time is in the service of the United States shall, upon termination of his services hereunder, be restored to the position held by him at the time of such employment. No provision of existing law shall be construed to prevent the payment of money appropriated for the salary of any Government officer or employee at the seat of government who may be detailed to perform duty under this section outside the District of Columbia, and such details are hereby authorized.

(g) That for the payment of the expenses in carrying into effect this section, including traveling expenses, per diem of \$4 in lieu of subsistence for officers and employees absent from Washington, rent, cablegrams and telegrams, printing, law books, books of reference, periodicals, stationery, office equipment and exchange thereof, supplies, and all other necessary expenses, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$300,000, of which not exceeding \$25,000 may be expended at Wash-



ington for the purposes of this section, but no officer or employee shall receive for duty in Washington any compensation other than his regular salary.

(b) That the Secretary of the Treasury may designate not more than two persons employed hereunder to act as special disbursing agents of the appropriation herein, to serve under the direction of the comptroller, and their accounts shall be rendered to and settled by the accounting officers of the Treasury in Washington. All persons employed under this section shall perform such additional duties as the Secretary of the Treasury may direct.

(i) That the comptroller and the auditor, and such persons as may be authorized in writing by either of them, may administer oaths to American citizens in respect to any matter within the jurisdiction of either of said officers and certify the official character, when known, of any foreign officer whose jurat or certificate may be necessary on any paper to be filed with them.

(j) That persons engaged in work abroad under the provisions of this section may purchase from Army stores for cash and at cost price for their own use such articles or stores as may be sold to officers and enlisted men.

(k) That the authority granted under this section shall terminate six months after the close of the war or at such earlier date as the Secretary of the Treasury may direct, and it shall be the duty of the comptroller and auditor to make such reports as the Secretary of the Treasury may require of the expenditures made and work done pursuant to this section, and such reports shall be transmitted to the Congress at such time as he may decide to be compatible with the public interest.

(l) No officers, employees, or agents appointed or employed under this section shall receive more salary or compensation than like officers, employees, or agents of the Government now receive.

Mr. MOORE of Pennsylvania. Mr. Chairman, I move to strike out the last word, for the purpose of asking the gentleman from North Carolina whether establishing agencies abroad as herein proposed is not an entirely new departure in this country?

Mr. KITCHIN. It is an entirely new departure, and it is also a new departure for this Government to send troops to the old country.

Mr. MOORE of Pennsylvania. This section provides for offices, headquarters, depositories, and things of that kind, abroad. Is the gentleman satisfied that there is no constitutional objection to it?

Mr. KITCHIN. I do not think there is any constitutional objection to it.

Mr. MOORE of Pennsylvania. The matter has been inquired into, has it?

Mr. KITCHIN. Yes.

Mr. GRAHAM of Illinois. Mr. Chairman, in line 17, on page 13, in the copy of the bill which I have, there is a typographical error, the first "e" being omitted from the word "required."

Mr. KITCHIN. It is correct in the original print, but if the error appears in the copy which the clerk has, I ask unanimous consent that the clerk be allowed to correct the typographical error.

The CHAIRMAN. Without objection, the correction will be made.

There was no objection.

Mr. GILLET. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Massachusetts offers an amendment, which the Clerk will report.

The Clerk read as follows:

Page 17, line 15, after the word "appropriated" insert "for the fiscal year ending June 30, 1918."

Mr. GILLET. I wish to suggest to the chairman of the committee that unless those words are inserted this appropriation will be a continuing one.

Mr. KITCHIN. There is no objection to that amendment. We accept it. It might be construed as a continuing appropriation.

The amendment was agreed to.

Mr. KITCHIN. Now, Mr. Chairman, we ask to return to section 7, so that the gentleman from Illinois [Mr. CANNON] may offer his amendment.

Mr. CANNON. Mr. Chairman, I offer the following amendment with the statement that it has been agreed to by various gentlemen who criticized the amendment that I offered. I think this renders it more certain, if there was any doubt about the amendment that I offered before.

The CHAIRMAN. Is this an amendment to the amendment?

Mr. GREEN of Iowa. A substitute for the amendment.

Mr. CANNON. I withdraw the former amendment and accept this one and now offer it.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Illinois.

The Clerk read as follows:

Amendment offered by Mr. CANNON: Page 10, line 14, after the word "corporations" and the period, insert the following:

"For the purposes of this act the interest on an amount of such bonds and certificates, the principal of which does not exceed in the aggregate \$5,000, owned by any individual, partnership, association, or corporation, shall be exempt from the taxes provided for in subdivision (b) of this section."

Mr. HULL of Tennessee. Mr. Chairman, I desire to offer an amendment in the nature of a substitute.

The CHAIRMAN. The gentleman offers a substitute for the amendment of the gentleman from Illinois, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HULL of Tennessee: Page 10, line 14, strike out the period and insert a comma after the word "corporations" and insert the following: "but in computing incomes for the purpose of such additional income tax, each individual, partnership, association, or corporation shall be allowed a deduction of such interest to the amount of \$200."

Mr. CANNON. I think that amounts to the same thing. I will ask the gentleman from Tennessee if it does not?

Mr. HULL of Tennessee. The substitute allows the exemption of income instead of the exemption of principal.

Mr. KITCHIN. We want to make this a popular loan. It is just a matter of computation as to the difference between the two amendments.

Mr. HULL of Tennessee. Does the gentleman desire the floor now?

Mr. CANNON. No. I shall be glad to hear the gentleman explain his amendment.

Mr. HULL of Tennessee. The exemptions to taxpayers are exemptions of the income and not exemptions of principal. Each individual is allowed an exemption of three or four thousand dollars of income according to whether single or married. It is a different proposition from allowing a farmer \$3,000 exemption on the value of his farm or a manufacturer \$3,000 exemption on the value of his plant. In other words, these bonds and certificates may bear different rates of interest. The present certificates bear 3½ per cent, whereas the bonds authorized in this bill are to bear 4 per cent. That would allow the holders of these different pieces of paper in one case a \$400 exemption and in another case a \$350 exemption. I merely make the suggestion contained in the amendment as being in line with all exemptions of income-tax laws, and that is that the exemption ought to apply to income instead of to the principal, because incomes from different kinds of principal are very different, and exemptions that would result would not be equitable. That is my only purpose in offering the amendment.

Mr. KITCHIN. Mr. Chairman, I think the gentleman from Tennessee misconstrues this bill and the act of April 24, 1917. If he is correct about it, it should be as he says. In other words, if as he says there would be a 3½ per cent bond subject to the supertax, and other bonds authorized in this act of 4 per cent, and if you have an amendment offered by the gentleman from Illinois that one bondholder holding 3½ per cent bonds will have an exemption of an income of \$350 on \$10,000, and a man with a 4 per cent bond will have an exemption of \$400 on a \$10,000 bond, I say that is incorrect. There could not be but one bond by this act, and that is a bond of 4 per cent. The 3½ per cent bonds could never be subject to the supertax because they were issued under the act of April 24, 1917, in which it is said that they shall be exempt from all taxes except State and inheritance taxes. Two billion dollars of that issue can never be subjected to a surtax because there is a covenant with the holder that those bonds unless converted shall be exempt from all taxes except State and inheritance taxes.

Mr. HULL of Tennessee. At the conclusion of the war we will have a debt of twenty-five or thirty billion dollars in the form of bonds. Those bonds can not be refunded into lower rates all at one time. That would be impossible.

Mr. KITCHIN. They could not be refunded unless the holders of the bonds agreed to it. The holder of the bond can agree to anything. You do not need anything to protect him if he has the option to agree to it or not as he sees fit.

Mr. HULL of Tennessee. I am offering the matter in the way of suggestion. We would have large classes of bondholders getting war rates of interest from unrefunded bonds, and those that had been refunded into lower rates would be entitled to smaller exemptions under this provision. Not only that, but during the course of the war we may have different kinds of paper, short-term paper subject to supertax, and it would bring about different exemptions for each holder.

Mr. KITCHIN. If there should be after this act a bond act of 4½ per cent, it is still for the holder of the bond issued under this act to say whether he wants them converted. It is at the option of the holder. I do not imagine that anyone would ever consent to convert a 4 per cent bond subject to a supertax into a 3½ per cent bond subject to a supertax; but Congress might pass an act afterwards saying that you could convert the 4 per cent bond subject to supertax into a 3 per cent bond exempt from supertax. The whole amendment is a kind of policy designed to make the loan popular with the people. There is not a bond that can be issued that will be subject to supertax.

and excess-profits tax under this act except the 4 per cent bond. It says so in the act. It says:

That none of the bonds authorized by section 1, nor of the certificates authorized by section 1, or by section 6, of this act, shall bear the circulation privilege. All such bonds and certificates shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (a) estate or inheritance taxes and (b) graduated additional income taxes.

I think that, to make this a popular loan, we should have it plainly expressed right in the act that \$5,000 of these bonds issued under this act shall be exempt.

"I can buy \$5,000 of these bonds and they will never be subject to supertaxes." They will not understand that under Judge HULL's amendment. They will have to figure it out, because he says the interest shall be computed upon such and such a basis.

Mr. HULL of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. HULL of Tennessee. Does not every income-tax payer in the country understand that he has a \$3,000 exemption or a \$4,000 exemption?

Mr. KITCHIN. No; he does not understand that. He understands that Congress may make the normal tax hereafter 2 per cent or 3 per cent or 5 per cent or 10 per cent, and it can make the exemptions hereafter \$4,000 or \$5,000 or \$100 or \$500 or \$1,000.

Mr. HULL of Tennessee. I am speaking of the present law.

Mr. KITCHIN. The present law is going to be changed by the pending revenue bill. I think the gentleman has misconstrued the amendment by considering the  $3\frac{1}{2}$  per cent bonds issued under the act of April 24, 1917, in connection with this act.

Mr. HULL of Tennessee. Does not every exemption provision in the income-tax law up to this minute relate to exemptions of income and not principal?

Mr. KITCHIN. That is correct.

Mr. HULL of Tennessee. That is all I am asking this amendment to do.

Mr. KITCHIN. It will amount to the identical thing. There is not any difference. Under the gentleman's amendment he says that not more than \$200 interest shall be computed, and so forth, and you get exactly the same results; but what the gentleman from Illinois [Mr. CANNON] and what gentlemen who desire to accept this amendment want, and the purpose of the amendment, is to put in black and white in the act a provision to the effect that there is an exemption of \$5,000, so that everybody can understand what it is—that \$5,000 worth of these bonds are always to be exempted.

Mr. CANNON. And that the exemption can not be changed by future legislation.

Mr. KITCHIN. That is correct.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that the substitute amendment offered by the gentleman from Tennessee be again reported.

The CHAIRMAN. Without objection, the Clerk will report the substitute.

There was no objection, and the Clerk again reported the substitute offered by Mr. HULL of Tennessee.

The CHAIRMAN. The question is on agreeing to the substitute offered by the gentleman from Tennessee.

The question was taken, and the substitute was rejected.

The CHAIRMAN. The question now is on the amendment offered by the gentleman from Illinois [Mr. CANNON].

The question was taken, and the amendment was agreed to.

Mr. KITCHIN. Mr. Chairman, I move that the committee do now rise and report the bill with amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and Mr. FITZGERALD having assumed the chair as Speaker pro tempore, Mr. SIMS, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 5901 and had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. KITCHIN. Mr. Speaker, I move the previous question on the bill and amendments to final passage.

The previous question was ordered.

The SPEAKER pro tempore (Mr. FITZGERALD). Is a separate vote demanded on any amendment? If not, the Chair will put them in gross. The question is on agreeing to the amendments.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the third reading of the bill.

The bill was ordered to be read a third time, and was read the third time.

Mr. MOORE of Pennsylvania. Mr. Speaker, I offer the following motion to recommit, which I send to the desk and ask to have read.

The Clerk read as follows:

Mr. MOORE of Pennsylvania moves to recommit the bill to the Committee on Ways and Means with instructions to that committee to report it forthwith to the House with the following amendment: Add, at the end of the bill, the following new section:

"Sec. 13. That a joint select committee shall be appointed, consisting of six Senators, to be named by the Presiding Officer of the Senate, and seven Members of the House, to be named by the Speaker of the House of Representatives, whose duty it shall be to cooperate with the President and the Secretary of the Treasury in promoting efficiency and preventing waste and extravagance in the loan and expenditure of money authorized for the national security and defense. Such committee shall sit during the sessions or the recesses of Congress, shall confer and advise with the President of the United States and the Secretary of the Treasury on any or all matters relating to such expenditures, and shall make report to Congress from time to time in its own discretion or when requested to do so by either branch of Congress. Such committee shall have power to act by subcommittee or otherwise and to send for persons and papers, administer oaths, to summon and compel the attendance of witnesses, and to employ such clerical expert and stenographic assistance as shall be necessary.

Mr. KITCHIN. Mr. Speaker, I make the point of order that the motion is not germane.

The SPEAKER pro tempore. The gentleman from North Carolina makes the point of order that the proposed motion is not germane to the bill.

Mr. MOORE of Pennsylvania. Mr. Speaker, I do not desire to argue the point of order further than to say that this amendment conforms in form and substance to an amendment offered by the gentleman from Alabama [Mr. UNDERWOOD] to the District of Columbia appropriation bill when the half-and-half question was before the House, and that the Speaker of the House, the gentleman from Missouri [Mr. CLARK] held that amendment to be germane.

Mr. KITCHIN. I would say, Mr. Speaker, we thrashed this same question out in the Committee of the Whole House on the state of the Union, and the Chair held that very amendment out of order.

The SPEAKER pro tempore. So that there may be no misunderstanding in the future as to the ruling of the Chair, the Chair desires to state that the gentleman from Pennsylvania is strictly accurate in his assertion that in form the amendment corresponds to the amendment offered by the gentleman from Alabama [Mr. UNDERWOOD] to the District appropriation bill some years ago. The amendment proposed by the gentleman from Alabama, however, was an amendment to a Senate amendment which was pending to a bill which originated in the House, and the same rule is not applicable in determining the question of germaneness under such circumstances as is applicable under existing circumstances.

Under the rules of the House motions to recommit with instructions must be germane and the proposed instructions must be of such a character that if proposed as an amendment to the bill would be in order as an amendment. The Chair is not taken entirely unawares in making the statement about this motion. He was informed that he would be requested to take the Speaker's place because of his unavoidable absence, and the proposed amendment and authorities were submitted to him for an opportunity to give them careful examination. The rule of germaneness is very well established. It is so well established that it is only necessary for the Chair to read the title of the bill. It is:

A bill to authorize an additional issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign governments, and for other purposes.

The present occupant of the chair, under date of September 22, 1914, made an elaborate ruling on the question of germaneness. Repeating a part of that—

That an amendment be germane means that it must be akin to or relevant to the subject matter of the bill. It must be an amendment that would appropriately be considered in connection with the bill. The object of the rule requiring amendments to be germane—and such a rule has been adopted in practically every legislative body in the United States—is in the interest of orderly legislation. Its purpose is to prevent hasty and ill-considered legislation, to prevent propositions being presented for the consideration of the body which might not reasonably be anticipated and for which the body might not be properly prepared.

It seems to the Chair that, applying these tests—and these words seem to fit peculiarly into the pending circumstances—to determine if an amendment is germane, the question to be answered is whether the amendment is relevant, appropriate, and in a natural and logical sequence to the subject matter of the



bill. The Chair is quite clear that the proposed motion does not conform to any one of the tests that the present occupant indicated were required to be applied to such motion. The Chair sustains the point of order.

The question is on the passage of the bill.

The question was taken, and the bill was unanimously passed.

On motion of Mr. KIRCHIN, a motion to reconsider the vote by which the bill was passed was laid on the table.

#### URGENT DEFICIENCY BILL (H. REPT. NO. 137).

Mr. FITZGERALD. Mr. Speaker, by direction of the Committee on Appropriations I report a bill making appropriations to supply urgent deficiencies, and so forth.

The SPEAKER pro tempore. The Clerk will report the bill by title.

The Clerk read as follows:

A bill (H. R. 5949) making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1918, and prior fiscal years, on account of war expenses, and for other purposes.

Mr. GILLET. Mr. Speaker, I reserve all points of order.

The SPEAKER pro tempore. The gentleman from Massachusetts reserves all points of order, and the bill is referred to the Committee of the Whole House on the state of the Union and ordered to be printed.

#### ARMY AND NAVY INSURANCE.

Mr. ALEXANDER. Mr. Speaker—

The SPEAKER pro tempore. For what purpose does the gentleman from Missouri rise?

Mr. ALEXANDER. To ask unanimous consent to print in the RECORD a supplemental report and the minority views on the Army and Navy compensation and insurance bill (H. R. 5723).

The SPEAKER pro tempore. The gentleman from Missouri asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

The following are the report and minority views referred to:

[H. Rept. No. 130, 65th Cong., 1st sess.]

Mr. RAYBURN, from the Committee on Interstate and Foreign Commerce, submitted the following report:

The Committee on Interstate and Foreign Commerce, to whom was referred the bill (H. R. 5723) to amend an act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, and for other purposes, having considered the same report thereon with amendments and as so amended recommend that it pass.

The bill as amended has the approval of the Treasury Department, as will appear by the letter attached and which is made a part of this report.

Amend the bill as follows:

Page 7, lines 15, 16, 17, 18, 19, 20, 21, 22, 23, and 24, strike out the following: "That for the purpose of this act marriage shall be conclusively presumed, in the absence of proof, that there is a legal spouse living, if the man and woman have lived together in the openly acknowledged relation of husband and wife during the two years immediately preceding the date of the declaration of war, or the date of enlistment or of entrance into or employment in active service in the military or naval forces of the United States if subsequent to such declaration or during the two years immediately preceding the man's death or the beginning of the disability."

Page 8, line 18, after the word "or," insert the words "of any age."

Page 8, line 20, strike out the words "of any age."

Page 11, line 8, after the word "divorced," insert the words "and who has not remarried."

Page 17, line 5, after the word "service," insert the words "in the line of duty."

Page 17, line 11, after the word "if," insert the words "from a marriage contracted before injury."

Page 18, lines 20 and 21, strike out the words "two years after her remarriage or until" and add after the word "death" the words "or remarriage."

Page 27, lines 23 and 24, strike out the words "the opportunity to secure upon equitable terms."

Page 27, line 24, strike out the words "or broader."

Page 28, line 4, strike out the figures "\$10,000" and insert in lieu thereof the figures "\$5,000."

Page 29, lines 20, 21, and 22, strike out the words "rights and privileges not provided for may be granted from time to time as may be prescribed by regulations."

The bill has the approval of the Treasury Department, as will appear by the letter from the Secretary attached hereto and made a part of this report.

The first part of the bill limits the existing law in all its aspects to marine insurance only. The balance of the bill by way of amendment to existing law adds four provisions:

First. All soldiers are required under regulations to be prescribed to allot to their families a definite part of their salaries, to be fixed in each case according to circumstances, but not to be less in any case than \$15 per month.

Second. The bill provides that the United States shall pay to dependent families of soldiers amounts equal to allotments made by the soldiers.

Third. The bill provides a full table and schedule of compensation for injuries after the manner of other compensation laws for similar cases. The bill provides specifically the compensation in each case, whether for death or complete or partial disability or loss of a particular member of the body. All of this is fixed and compulsory.

But the fourth provision is made at the option of the soldier who takes insurance from the Bureau of Insurance in the Treasury Department in multiples of \$500, but not to exceed \$10,000 for each soldier.

This insurance is to be sold to the soldiers at normal rates of actual cost which he would pay if he were not a soldier. In this way he can not only secure insurance from the Government but can secure it at a proper rate. Existing insurance companies charge prohibitive rates for war risks. While they recognize \$8 a thousand as a normal rate for a man 21 years old, they add an additional \$50 a thousand for a war risk, making the lowest rate for a soldier by private insurance \$58 a thousand. In the next place it is term insurance, which ends with the period unless renewed, but may be renewed at the option of the soldier until the end of the war, when it may be converted into some other form of insurance. This is provided for because the soldier may be considerably older at the end of the war, his health may be impaired, and if so it would be difficult and expensive for him to secure insurance from a private company. We feel that it is right for the Government to make restitution, as far as possible, by giving him the same benefits as to insurance which he would have enjoyed if he had never served his country in the war. An advantage to the soldiers and their families carried by this bill is that the benefits to be paid are not to be paid in a lump sum to be squandered or lost in unfortunate investment, but will be paid in installments so as to afford the greatest benefits.

Another valuable feature of the bill is that if during the first 120 days after enlistment the soldier should fail to take insurance, and die, he will be considered as insured and the benefits of such insurance will go to his family.

Your committee thinks this bill wise and beneficent in all its features, and though a radical departure in some respects, thinks it will prove a great blessing to our soldiers and their families and be very satisfactory to the country.

The first, second, and third features provide for the maintenance of the families of the soldiers during service and for compensation in case of death, and it is believed this is effected much more satisfactorily in this bill than in the existing pension system and will not be so expensive in the long run. The elements of certainty and security afford an incentive to the soldier to go forward confident of protection by the Government to themselves and their families and go far to mitigate the anguish of the families themselves during the unhappy separation from the soldiers.

THE SECRETARY OF THE TREASURY,  
Washington, August 24, 1917.

HON. W. C. ADAMSON,  
Chairman Committee on Interstate and Foreign Commerce.

MY DEAR JUDGE ADAMSON: Complying with your request for the views of this department on H. R. 5723, entitled "A bill to amend an act entitled 'An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department,' approved September 2, 1914, and for other purposes," the bill has my unqualified approval, and I attach hereto a letter I addressed to the President on July 31, 1917, outlining the general features of the bill you have under consideration, and also a copy of a letter from the President, dated August 7, 1917, in which he expresses his entire approval of the measure.

May I not again express my sincere and earnest conviction that no more important measure than this one is now pending in the Congress? We ought not to leave the officers and enlisted men of the Army and Navy, who must fight in this great war, to the uncertain chance of future legislation upon the old and discredited pension plan. By providing now a comprehensive measure like the present one, based upon the best compensation laws and practices of the different States and of the Nation, providing definite allowances in case of death and total or partial permanent disability, and for the support of the dependent families of the men who go to the front, so that they shall not become objects of charity while the men are away fighting for their country, and by giving the men the right to buy a reasonable amount of insurance from the Government on a peace basis so that all who desire can supplement the provisions made by the Government with the additional benefits which flow from this life insurance feature, we shall have told every man who enters the service of his country in advance what he may expect in every contingency, not only for his family but for himself.

This scientific, well-balanced, equitable, and comprehensive insurance and compensation measure will be a substitute, or should be a substitute, for the pension system as applied to the present war, and ought to make impossible, as it certainly will make unnecessary, future pension legislation, with all of its inequalities and favoritism.

Those who are enjoying pensions under the present system are left undisturbed; this measure does not affect them. We do not want to deprive any old soldier of any part of the recognition which his country has already given him for valorous services rendered in the past, but we do want to make certain for the future that a more equitable and just system than the old pension system shall be provided for all those who enter the military and naval service of the country in this war.

I am most grateful to you and to the members of your committee for the opportunity you have given me to express my earnest approval of this measure.

Very sincerely, yours,

W. G. McADOO.

[H. Rept. No. 130, pt. 3, 65th Cong., 1st sess.]

Mr. RAYBURN, from the Committee on Interstate and Foreign Commerce, submitted the following supplemental report:

A fuller analysis of this bill and of the principles underlying it than has been given in the original report is now presented in this supplementary report.

The object of the bill is to provide the military and naval forces of the country a reasonable measure of indemnity against the risks incurred and the losses sustained by reason of their service.

The family, not the man, is taken as the unit, because, especially under the draft law, the loss to the man is in fact a loss to his family. Proceeding in logical order, the first loss is that incurred by reason of the service itself—the loss of the ordinary income due to taking the man from his civil occupation and compelling him to engage in military service. The pay provided for the soldier and sailor is, of course, some compensation for this, but it is inadequate to enable men with families properly to maintain them. He himself receives board, lodging, and clothing in addition to the money, but he must continue to maintain his family.

The bill recognizes this primary obligation of the men and enforces it by compelling him to allot not less than \$15 and not more than one-half of his pay to the support of wife and child. Recognizing, however, that this is inadequate and believing it to be the duty of the Government to see that the families of our heroes do not become objects of charity, but receive at least a decent support, the bill provides that



the Government shall supplement the compulsory allotment to be made by the man himself. This Government allowance is based upon the size of the family.

Allotments for grandchildren, parents, brothers, and sisters are not compulsory, but if these relatives are actually dependent upon the man, he can secure a Government allowance for them if he himself will make an allotment of pay to them. If he is already allotting to wife or child, the additional allotment will be not less than \$5, or more than one-seventh of his pay. If, however, he is not allotting to wife or child, then the allotment to these relatives must equal that required for wife or child in order to secure the Government allowance. The Government allowance to these relatives added to the allotment to be made by the man will not exceed the amount habitually contributed by him for their support for a year past.

The total allowance to be made by the Government, whether to wife, child, or other dependents, can not exceed \$50 per month.

Subject to regulations by the Secretary of War or of the Navy, respectively, a man may allot any part of his pay for other purposes, but so much of one-half of the pay as is not allotted, either for dependents or for other purposes, may be required to be deposited with the Government at 4 per cent compound interest if the Secretary of War or of the Navy, respectively, shall so order.

The purpose of this compulsory deposit provision is to enable the heads of the War and Navy Departments, respectively, to secure a better morale in the service, if they should find it advisable so to do. The full pay now received by the private in foreign service, \$33 per month, is deemed by military authorities as entirely too much for spending purposes under the present conditions in Europe. The difference in spending money between those who are compelled to make allotments and the others, as well as between the American forces and the armies of other nations, may affect the morale of the armies. The power to compel these deposits is deemed essential by the commanding officers.

These provisions for allotment and allowances form the subject matter of article 2 of the bill, and are confined to the enlisted man.

The second risk indemnified against is that of loss of life or limb. This forms the subject matter of the present pension legislation and legislation giving gratuities of a half year's or a year's pay in case of death in the service.

The bill proceeds upon a new basis. It follows the analogy of the workmen's compensation acts. It deals with the soldier and the sailor as a military employee of the Government. It offers not a gratuity in the shape of a pension, but a compensation if in the course of the service he suffer injury or contract disease.

Pensions, especially since the day of service-pension legislation, have come to be looked upon as Government charity, and the present pension legislation is both inadequate and unjust. It is of the utmost importance both for the practical results and for the psychological effect upon the men, their families, and the people of the country, that a new point of view be established. This is accomplished by following the analogy of the workmen's compensation acts, by designating the payments to them as compensation and not as pensions, and by separating the administration of this law absolutely and completely from the administration of the pension laws. The pension legislation is not repealed; the old soldiers and their families are not affected by the bill; it applies only to those now in or hereafter entering the service. For them this bill is a substitute for the pensions and gratuities.

Here again, however, the family and not the individual is the unit, and a step forward, even in advance of the workmen's compensation acts, is taken. Compensation is based upon rank and pay, but with a fixed minimum for total disability of from \$40 to \$75 per month, dependent upon the size of the family, with an addition up to \$20 per month if the constant services of a nurse or attendant is required, and a further \$10 if the man has a widowed mother dependent upon him. The maximum for the highest officer is \$200 a month.

So, too, for the widow and child the compensation is based on rank and pay of the deceased, but with a maximum of \$200 and a minimum ranging from \$15 for a single child, \$30 for a widow, up to \$60 for a wife and four children, and with provision for a maximum of \$25 to a widowed mother if the \$60 be not required for wife and children.

Under the pension laws \$100 per month is paid for certain total disabilities, regardless of whether a man is a bachelor or has a family. On the other hand, the widow receives but \$12 a month, with \$2 added for each child. These provisions are entirely unjust and inconsistent. One hundred dollars per month for a bachelor is too much.

The compensation for partial disabilities is based upon the reduction in earning capacity caused by similar injuries in civil occupations. This is to be determined by experience, and is to be fixed by general regulations from time to time.

The Government, however, owes a higher duty, both to the injured man and to the people, than merely to compensate him for his injuries. Its primary obligation is to develop all of his potentialities, to fit him for the best in life of which he is capable. Every European country is now making provision for the reeducation and rehabilitation of its soldiers and sailors, and some of them have long since made provision for those injured in civil occupations. At present Government officials are studying the experience of these nations with a view to future legislation on this most important subject. The present bill lays down, however, two fundamental fiscal propositions: First, that if the man be found capable of reeducation, he shall be compelled to take a proper course when offered to him, under penalty of suspension of his compensation; second, if, however, through this reeducation he shall gain a better economic position, he shall not thereby be deprived of his compensation. If a man has lost his legs, they can not be restored; payment is made for the loss; but it is in the common interest that these fighting men, crippled though they be, should not rest content to live on the minimum compensation which the Government gives. They of all men should be encouraged to lift themselves above the common level and to develop all of their latent powers.

The next loss to be indemnified against is that of present insurability, and this is compensated for in the bill by selling Government insurance to those who but for the war could buy similar insurance from private companies.

Any young man physically fit to enter the Army can protect himself and his family, present or future, by insurance against death or total disability, but if he enters the Army by this very patriotic service he is deprived for all practical purposes of this right, inasmuch as the additional rates ranging from \$37.50 to \$100 per thousand, that private companies charge, are absolutely prohibitive. Purely as a matter of

justice the Government should make this loss good by compensation in kind; that is, by issuing its own insurance. This, however, is but one of many justifications for article 4 of the bill.

Articles 3 and 4 are to be dealt with together. While the Government can fairly give only a minimum of compensation based upon general conditions throughout the land, it must recognize that men ought not to be content with this minimum; that they ought, with true American foresight and self-reliance, to procure additional protection for themselves and their families in case they become disabled or die through injuries received in the service.

Furthermore, article 3 gives compensation, in case of death, only to the wife, child, or widowed mother. A man may have others dependent upon him, both during his disability and after his death. Their claims may be absolutely just, but to open the door to them, as is done in many workmen's compensation acts, would greatly increase the administrative machinery as well as the possibilities of fraud. If protection for them can be otherwise secured, it would be much better. This protection can be obtained through the insurance. A man is thereby enabled both to secure for wife and child something more than the Government minimum compensation and also to obtain something for his other dependents.

Those who have opposed article 4 concede that it is practically impossible for these men to obtain insurance in private companies. They urge, however, first, that most of them would not think of taking insurance unless unduly stimulated thereto; second, if they took insurance the amount taken may be measured by the fact that the average American policy is about \$1,800; third, that if the compensation provided for in article 3 is inadequate, it should be increased, and if some specific compensation should be paid for death, the lump sum of \$1,000 or \$2,000, or even more, should be given to everyone who dies within five years after the war.

That many who ought to protect themselves fail to do so is, however, no reason why the Government, when it deprives those who would insure themselves of the opportunity to get this insurance, should refuse to make good that loss. Moreover, if such insurance is, as we believe it to be, in the interest of the man, his family, and the country, it is the duty of the country, especially to this particular class, to urge them to obtain this protection.

As to the amount, while the bill itself provides for a maximum of \$10,000, the committee has reported an amendment reducing this to \$5,000. The bill in its original form had the full approval both of Secretary McAdoo and of the President, and since the original report was submitted the President has reiterated his views in favor of \$10,000 insurance.

This insurance will be payable only in installments: Five thousand dollars would yield between \$25 and \$30 a month over a period of 20 years; \$10,000 double that amount. The average American policy of \$1,800 when spread out in such monthly installments is totally inadequate for any real protection; it should be no measure of the Government insurance to be offered to the soldiers and sailors.

This insurance will enable many a man who, had he remained in civil life, would have prospered and who by reason of his military career has been reduced to the Government compensation, to secure some additional comforts and to give his children the care, maintenance, and education that they would have received had he not entered the military service.

But to confine the insurance to death within five years after the war would be to frustrate one of the principal objects of this article. That object is to enable the men in military service, by their own efforts and self-denial, to protect themselves against the consequences of old age or of disability or death not caused by their military service. In other words, it is a substitute for the service pension.

While no Congress can tie the hands of its successor, while no measure that we now take can prevent future service-pension legislation, we can, nevertheless, erect a certain moral barrier. If we now fail to help these men help themselves, we shall have no answer to the clamorous demands that are sure to come for service pensions similar to those granted to the Civil War veterans. They are pure gratuities. As such, in the minds of many, they have completely changed the character of a pension. But the failure of our predecessors to take proper action at the proper time made service-pension legislation a certainty.

We shall preserve American ideals and sustain the self-respect of our fighting youth if we offer them in place of either present or future gratuities a real opportunity to purchase for themselves the protection that they may deem essential for their families. But this protection must be real; it must cover death or disability at any time, not merely within five years after the war. The insurance must mature, if the insured so desires, when he reaches a certain age, as well as by death or total disability. Speculation in the insurance must not be permitted; it must be unassignable and free from the claims of creditors, both of the insured and of the beneficiary. It must not be payable to any and every one, but only to a limited class of relatives. The bill contains all of these provisions.

Clearly the Government should bear the cost due to the increased mortality that the war will produce. Furthermore, the Government should administer this insurance for its soldiers and sailors as a governmental function, without charge to the insured for the mere administration. The Government will have no expenses for commissions, medical examinations, taxation, advertising, and investment. The premium rates, therefore, to be charged for the insurance should be the net rates without any addition or loading such as is made by private insurance companies to cover expenses. They should be based upon the ordinary mortality experience in peace times. These are the provisions of the bill.

It has been urged by some that while the Government must of course keep up the insurance after the war for those who are then uninsurable, it should not keep it up for those who at the time can pass a medical examination in a reputable company. The bill, however, very properly contemplates that if the insurance is taken within the limited period of 120 days, during which a man must make up his mind whether or not he desires to obtain this protection, it may be kept up after the war even though the insured be healthy and return to civil life. This is but just, for many reasons: First, Private insurance companies will not take him now, the Government, therefore, must give the insurance. The only real insurance, however, is that which can be continued for life, not that which may be terminated by the insurance companies at a given period. Second, The Government owes a special duty to those whom it has led to take insurance. If it discontinues the insurance after the war for those who have come through unscathed, it subjects them to the heavier charges that the private companies must impose. Many of them will refuse to take this; some will fall into the hands of poor companies, whether old line or assessment. This



treatment would seem to be unfair to those who have rendered the greatest of all service. Third. As many who have taken insurance will refuse to go into private companies, the demand for service pensions in their behalf, should they subsequently meet with misfortune, would be well-nigh irresistible. Fourth. Inasmuch as the bureau must be maintained for the benefit of the many who come out either disabled or at least uninsurable, there will be but little if any additional cost in maintaining it for all of the men who have rendered military service. Those who will be insurable after the war will be a most desirable class to insure. Even the net premiums without loading will more than cover the cost, because their mortality will surely fall far below the expected rate. The Government will thus be enabled in some measure to recoup itself for its losses.

The strenuous objection to Article IV seems clearly to be based upon objection to any real governmental insurance as harmful to the private companies. This fear, in our judgment, is without justification; but even if it were fully justified, no private interest should be permitted to stand in the way of the Government doing justice to its fighting forces. To them alone this insurance is confined. The bill does not contemplate any extension beyond this limited class.

We have deferred a consideration of Article I, the administrative provisions, to the last. As heretofore stated, the bill strikes a new keynote as against the former pension legislation. For that reason alone, its administration should be separated from that of the present pensions. But the bill does not create a new bureau; it contemplates merely an extension of the War-Risk Bureau. Obviously, this bureau, which has so successfully dealt with Government insurance both of ships and of the seamen on merchant vessels since the beginning of the war, is the proper place for the administration of the insurance provisions. They, however, are but a part of and an addition to the compensation provisions. The bill is a unit; as such, its administration should be unified. The War-Risk Bureau, properly increased and extended, can adequately administer all of the sentence.

Again, this compensation for death would in many cases follow directly upon the family allowances to be given during the service. The bureau that administers the one should, therefore, administer the other. While allotments are to come out of the pay and are subject to regulation by the Secretary of War or of the Secretary of the Navy, respectively, the fact that the amount of the family allowance is to be determined by the bureau will have no tendency to create any confusion. Such a bureau will deal, not with a man but with his family. The Army and the Navy will thus be able to confine themselves to their own employee—the man.

The appropriations provided for in the bill have been based upon actuarial calculations. The factors taken into consideration are in the nature of things extremely uncertain; they can be at the best merely estimates, the correctness of which will depend upon the length of the war and the extent of our participation therein and the casualties that will occur. These can be but estimated and not determined at this time.

The drafted men are now leaving their homes. The families of many of them will be thrown upon the charity of the community; only prompt enactment of the bill will save them from this distressing calamity.

The Government that drafts its youth should not fail to deal with them justly and promptly. We urge the promptest consideration and passage of the bill.

"THE WHITE HOUSE,  
"U. S. S. MAYFLOWER,  
"1 September, 1917.

"MY DEAR JUDGE: May I not express to you and through you to the Committee on Interstate and Foreign Commerce of the House my sincere gratification at the favorable report the committee has just made on the bill granting family allowances, indemnities, and life insurance for the officers and enlisted men of the Army and Navy; and the hope that the proposed measure may receive the prompt approval of the Congress?

"There are so many arguments for the bill that I do not know which to put forward as the most imperative. No doubt you have assembled them in your own mind in their most effective order. But what principally appeals to me about the bill is that it takes into consideration the whole obligation of the soldier not only, but the whole obligation of the Government—the obligations of justice and humanity, both to the soldier and to his family. It is one of the most admirable pieces of legislation that has been proposed in connection with the war, and I can not too earnestly urge its adoption.

"I observe with regret that the limit of life insurance available to the officers and men in the service has been reduced from \$10,000 to \$5,000. I earnestly hope that the \$10,000 limit may be restored.

"Cordially and sincerely, yours,

"WOODROW WILSON.

"Hon. W. C. ADAMSON,  
"House of Representatives."

ANALYSIS OF H. R. 5723.

Title: Amends act of September 2, 1914, as amended, establishing Bureau of War-Risk Insurance.

ARTICLE I. ADMINISTRATION.

Section 1: A director; salary, \$6,000. Two divisions: Division of Marine and Seamen's Insurance, as at present; Division of Military and Naval Insurance, new; each headed by a commissioner; salary, \$5,000.

Section 2: Amends former act as follows:

Section 12: Sections 2 to 9 of former act shall refer only to the Division of Marine and Seamen's Insurance.

Section 13: Director, subject to Secretary of Treasury, executes the act and makes all necessary rules, regulations, and decisions, except as otherwise provided.

Section 14: Such help as may be authorized by Congress. Use Army and Navy surgeons. Advisory board of three skilled insurance men, compensation not exceeding \$20 a day.

Section 15: Power to issue subpoenas, take testimony, and invoke aid of court.

Section 16: Secretary to submit annual estimates.

Section 17: Appropriates \$100,000 for expenses. All employees, except director, commissioners, and special experts, to be appointed from civil-service list.

Section 18: Appropriates \$141,000,000 for family allowances under Article II.

Section 19: Appropriates \$12,150,000 for compensation under Article III.

Section 20: Appropriates \$23,000,000, together with all premiums received, for insurance losses, under Article IV.

Section 21: Creates a fund to pay interest on deposits.

Section 22: The committee's amendment strikes out the first provision, which makes living together in the open acknowledged relation of husband and wife for two years immediately preceding enlistment or draft conclusive evidence of marriage in the absence of proof that there is a legal spouse living.

The section further defines a number of terms as used in the act. (see sec. 22.)

Section 23: Payment may be made to suitable person if beneficiary is mentally incompetent or a minor.

Section 24: The bureau may act in an advisory capacity in respect to both the Government and other insurance carried by the men.

Section 25: Fine of \$5,000 or not more than two years' imprisonment, or both, for certain perjury.

Section 26: Fine of \$2,000 or not more than one year's imprisonment, or both, for certain frauds.

ARTICLE II. ALLOTMENTS AND FAMILY ALLOWANCES.

Section 200: Article confined to enlisted men.

Section 201: Allotment for wife, child, or former wife divorced and not remarried compulsory, except that on written consent and evidence of ability to support herself wife or former wife may waive it, and on man's application, or otherwise for good cause, exemption may be granted on conditions provided in regulations.

Compulsory allotment is to equal the Government allowance, but with \$15 monthly minimum and half pay maximum; but for wife living separate or former wife divorced, maximum is the agreed or decreed amount, and former wife divorced is subordinated to wife and child.

Section 202: Voluntary allotment permitted subject only to regulation by Secretary of War or of the Navy, respectively.

Section 203: Secretary of War and of the Navy, respectively, authorized to compel so much of one-half of the man's pay as is not either compulsorily or voluntarily allotted to be deposited with the Government at 4 per cent interest, compounded semiannually. In case of death before repayment, it is payable to any designated beneficiary or next of kin.

Section 204: Maximum governmental family allowance, \$50. Allowances granted only on written application by man or by or on behalf of beneficiary. Begins with enactment of amendment or subsequent enlistment and ends with discharge from service, but not more than one month after termination of present war emergency. Allowances for families in cases of desertion, imprisonment, and missing men subject to regulations.

Amount per month, class A, to a man's wife, former wife divorced, or child:

- (a) Wife alone, \$15.
- (b) Wife and one child, \$25.
- (c) Wife and two children, \$32.50.

For each additional child, \$5 additional.

- (d) One child, \$5.
- (e) Two children, \$12.50.
- (f) Three children, \$20.
- (g) Four children, \$30.

For each additional child, \$5 additional.

Class B: Grandchild, parent, brother, or sister of man or woman:

- (a) One parent, \$10.
- (b) Two parents, \$20.
- (c) Each grandchild, brother, sister or additional parent, as defined in section 22, \$5.

In the case of a woman:

- (d) One child, \$5.
- (e) Two children, \$12.50.
- (f) Three children, \$20.
- (g) Four children, \$30.

For each additional child, \$5.

SEC. 205: Family allowances to class A only while the compulsory allotment is made, and in the case of a separated wife or former wife divorced only the difference, if any, between the allotment and the amount provided in agreement or decree.

SEC. 206: Allowances to class B only while dependent on the man, and then only if and while he makes an equal monthly allotment, except:

- (a) Maximum monthly allotment of half pay.
- (b) If no allotment to class A, then minimum monthly allotment, \$15.
- (c) If compulsory allotment to class A, then monthly minimum allotment to be one-seventh of pay, with \$5 minimum.
- (d) Exemption from allotment as a condition to allowance may be granted for good cause.

SEC. 207: Allowance to class B, subject to each of following limitations:

- (a) Can not exceed difference, if any, between allowance to class A and \$50.
- (b) Can not exceed difference, if any, between allotment and amount habitually contributed for past year by the man to their support.

SEC. 208: As between wife, former wife divorced, and children not in her custody, and as between children, amount of allotment apportioned by regulations.

SEC. 209: Payment of allotment and allowances to or for beneficiaries, as may be provided by Secretary of War and of the Navy, respectively.

SEC. 210: Commissioner awards allowances, certifying award to War or Navy Department. Commissioner may reinvestigate and modify award. Amount determined by conditions existing monthly.

ARTICLE III. COMPENSATION FOR DEATH OR DISABILITY.

Section 300: Applies to commissioned officers, enlisted men, and nurse corps when employed in active service. Limited to death or disability resulting from personal injury suffered or contracted in the course of the service and, as amended by committee, in line of duty.

Section 301: The bill provides for payment to any widow or child if death results from the injury; by the committee's amendment it is limited to a widow or children from a marriage contracted before injury. Compensation is monthly, based on percentage of the man's pay, as follows:

- (a) Widow, 25 per cent, but not less than \$30.
- (b) Widow and one child, 35 per cent, but not less than \$40.
- (c) Widow and two children, 40 per cent, but not less than \$50.
- Five per cent additional, but not less than \$5, for each additional child up to two.
- (d) One child, 20 per cent, but not less than \$15.
- (e) Two children, 30 per cent, but not less than \$25.
- (f) Three children, 40 per cent, but not less than \$35.
- Five per cent additional, but not less than \$10 for each additional child up to two.



(g) Widowed mother, 20 per cent, but not less than \$25: *Provided, however*, That she shall not receive more than the difference, if any, between the amount payable to widow and children and 50 per cent of pay, or \$60, and limited to death of one child: *And provided further*, She receives no compensation for death of husband.

Maximum monthly compensation, \$200. Burial expenses not exceeding \$100. As amended by committee, compensation ceases at death or remarriage instead of two years after remarriage. Compensation to child continues until 18 years, or marriage, or, if incapable, from mental or physical infirmity, of pursuing gainful occupation, then until marriage, death, or cessation of incapacity. If compensation to one ceases, then for the other beneficiaries the amount shall be as if they had been sole original beneficiaries. Apportionment as between widow and children not in her custody and as between children according to regulations.

Section 302: Compensation for disability. (1) Total disability. Monthly: percentage of pay:

- (a) Man alone, 40 per cent, but not less than \$40.
- (b) If he has wife, 50 per cent, but not less than \$55.
- (c) Wife and one child, 55 per cent, but not less than \$65.
- (d) Wife and two or more children, 60 per cent, but not less than \$75.
- (e) No wife, but one child, 50 per cent, but not less than \$50.

Five per cent additional, but not less than \$10 for each additional child up to two.

(f) Widowed mother substantially dependent on him, 10 per cent, but not less than \$10 in addition.

If so helpless as to be in constant need of nurse or attendant, reasonable additional sum, not exceeding \$20 per month. Maximum monthly, \$200.

(2) Partial disability, percentage of compensation for total disability equal to degree of reduction in earning capacity if 10 per cent or more.

Schedule of ratings for permanent injuries to be adopted which may equal total disabilities shall be based on average impairments resulting from similar injuries in civil occupations and not upon impairment in each individual case. No reduction for individual success in overcoming handicap. Schedule readjustable in accordance with actual experience.

(3) Reasonable medical, surgical, and hospital services and supplies and appliances to be granted.

(4) Each monthly payment according to then existing conditions in family.

Section 303: Required to submit to examinations. May have own physician present. Payment of reasonable traveling and other expenses and loss of wages incurred for examination. Suspension of compensation during refusal to submit. Consequences of unreasonable refusal to submit to treatment not deemed to result from the injury.

Section 304: Commutation of future compensation payments for disability permitted if injured person deemed competent and not likely to become public charge, and, on evidence satisfactory to director that it will be for his best interest and for the best interests of his dependents. *Provided, however*, in case of total disability, or partial disabilities rated at 30 per cent or more, only half of payment that he would receive if a single man shall be commutable.

Section 305: Must follow such course of rehabilitation, reeducation, and vocational training as United States may provide or procure to be provided. If course prevents following occupations, he may be re-enlisted and receive pay and family allowances during the period in lieu of compensation. Suspension of compensation during willful failure to follow course or to re-enlist therefor.

Section 306: Awards may be reviewed.

Section 307: Definition of pay.

Section 308: No compensation for death or disability which does not occur within one year after discharge, unless a certificate has been obtained within a reasonable time, fixed by regulations and not exceeding one year after discharge, that at time of discharge he was suffering from injury likely to result in death or disability.

Section 309: Compensation for death not payable until death officially recorded. No compensation for period during which reported missing and family allowance made.

Section 310: No compensation for death inflicted unless by the enemy, as lawful punishment for crime or military offense. Dismissal of dishonorable, or had conduct discharge bars and terminates compensation.

Section 311: No compensation unless claim filed within one year after discharge or official recording of death. Time may be extended another year by director for good cause. If a minor or of unsound mind or physically unable to make claim the one or two-year period begins only at cessation of disability or appointment of guardian.

Section 312: No compensation payable for more than two years prior to date of claim. No back increase more than one year.

Section 313: Compensation not assignable, taxable, or subject to debts.

Section 314: Compensation not payable to those in receipt of service or retirement pay. Existing pension and gratuity laws not applicable to persons now in or hereafter entering the service, except so far as rights thereunder have accrued.

Compensation to nurses is in lieu of any claim under civil employees' compensation act.

Section 315: Assignment to United States of any right of action against other persons for causing injury or death, condition to compensation.

#### ARTICLE IV. INSURANCE.

Section 400: Applies to commissioned officers, enlisted men, and nurse corps. United States shall grant them insurance against death or total disability in multiples of \$500, from \$1,000 to a maximum fixed by the committee's amendment at \$5,000 instead of \$10,000, as in the bill.

Section 401: Must be applied for within 120 days after promulgation of terms or subsequent entry into service. Any person in active service on or after April 6, 1917, who is totally disabled or dies before expiration of the 120 days is deemed insured for life in monthly installments of \$25, and if he dies before receiving 240 such installments, balance payable monthly to, but only if and while there survive him, widow, child, or widowed mother.

Section 402: Prompt publication full terms of contract of insurance. Insurance unassignable, free from claims of creditors of insured or beneficiary, payable only to spouse, child, grandchild, parent, brother, or sister, and during total disability to injured person, and to such other persons as may be provided from time to time by regulations. Insurance payable only in installments. Provisions for maturity at certain ages, continuous installments, cash loan, paid up, and extended values, and other provisions for protection and alternative benefits as may be found reasonable, may be provided in the contract.

The committee has stricken out a further clause providing that "rights and privileges not provided for may be granted from time to time as may be prescribed by regulations."

Subject to regulations, insured may change beneficiary without his consent, but only within the permissible class.

Section 403: United States bears expenses of administration and excess mortality and disability cost due to war. Premium rates net; rates based upon American Experience Table of Mortality, 3½ per cent interest.

Section 404: During the war, insurance shall be term insurance for successive terms of one year each. After war it is convertible without medical examination into such forms and with such provisions for premium payments as may be prescribed by regulations, but payment of premiums in advance shall not be required for period of more than one month each. Premiums may be deducted from pay or deposits of insured or otherwise, at his election.

Section 405: In case of disagreement, action on insurance claim may be brought in district court of residence of any beneficiary. Reasonable attorney's fees, not exceeding 10 per cent of recovery, may be allowed by court. Unlawful for attorney or claim agent to receive any other compensation.

[H. Rept. No. 130, pt. 2, 65th Cong., 1st sess.]

Mr. PARKER of New Jersey, from the Committee on Interstate and Foreign Commerce, submitted the following minority views:

This bill provides—

(1) For the establishment of a new bureau in the Treasury Department.

(2) Voluntary allotment of soldiers' and sailors' pay, and during the war compulsory allotment up to half of such pay, to be held by the United States at 4 per cent interest in the case of a man without dependents, or given to his dependents; to this, during the war, a family allowance made by the Government is added.

(3) Compensation for death or disability replacing all pension laws for present or future armies during peace or war.

(4) The right to every soldier and sailor to insure himself with the United States against death or total disability for \$1,000 to \$5,000. This applies to peace and war, but during the war the United States takes all war risks. The insured only pays peace rates.

It is perhaps not yet necessary that men with families should be forced into the battle lines. But in so far as they are not exempted some provision like Article II for compulsory allotment of pay and a family allowance is necessary to take care of those families and should be had by simple amendment of the law now authorizing the voluntary allotment of pay in the Army and Navy, under regulations of those departments.

Compensation for death and disability is purely pension. The increases provided in this bill should be carefully considered, preferably first by the Pension Bureau and the Pension Committees. A new bureau as to these matters may only embarrass their administration, while it will be an expense, and the proposition that any man may ask the United States to insure him up to \$5,000 and to assume all the hazards of war may either go to the special benefit of a few, or cause claims against the United States that will be in the billions.

This bill came before the committee in recess as a war measure. In order to avoid delay, hearings were had before a very small number of the committee, and consideration was had by a bare quorum.

The committee has made no question as to its jurisdiction, although some of them believed that the question of pensions or compensation for service in past wars belongs to the Committee on Pensions or the Committee on Invalid Pensions, and that questions of compensation to present or future soldiers or sailors, whether by pay, pension, or insurance, belong to the Committees on Military or Naval Affairs.

We are none of us experts as to Army and Navy pensions or insurance; none of us pretends thoroughly to understand this bill or its effects; nearly all reserved full liberty as to action upon the floor.

It is due to the House that the bill should be more carefully and fully explained than has been done in the report of the majority. It involves many complicated subjects and is not easy to understand.

#### ARTICLE I.

##### THE PROPOSED NEW BUREAU OF MILITARY AND NAVAL INSURANCE.

The act to which this bill is a supplement, provided for the war insurance of vessels, cargoes, and crews engaged in foreign commerce. That act had to do with commerce, and it was rightly referred to and reported by this committee. This established a bureau under a commissioner at \$6,000 per annum.

By section 1 of this bill, page 2, the commissioner will be made a director and the bureau divided into two divisions, one of "marine and seamen's insurance," under the original act, and the other of "military and naval insurance," under the new provisions of this bill. Each division will be in charge of a commissioner at \$5,000 per annum. The director, under the control of the Secretary of the Treasury, may make regulations, decide all disputed questions, make rules and regulations as to the compensation of attorneys, as to proofs and evidence, as to allowances, allotments, compensation or insurance, the method of investigations and examinations and the form of adjudications and awards; (sec. 14) the bureaus may have deputies, assistants, actuaries, clerks, and employees, use Army and Navy surgeons, have an advisory board on insurance in fixing premium rates and adjusting claims; (sec. 15) witnesses and papers may be subpoenaed and proved on oath, with power to enforce the subpoenas; (sec. 16) and annual estimates are to be submitted.

By the bill (sec. 17) \$100,000 is appropriated for present expenses; (sec. 18) \$141,000,000 is appropriated for family allowances, to be paid upon awards of the commissioner; (sec. 19) \$12,150,000 is appropriated for compensation, funeral expenses, etc.; and (sec. 20) \$23,000,000 is appropriated for insurance.

SEC. 21. Sums withheld from pay are to be put in the Treasury in a separate fund. Then follow definitions of various relationships, family and military, with penalties for perjury or receiving payments fraudulently.

The first question as to Article I is whether any such bureau is necessary or advisable. While the men are in the Army or Navy their pay and its allotment, including family allowances, should be in the control of the War or Navy Departments. By this law, as drafted, the man and his family would take the pay from the military or naval authorities while they would go for the family allowance to this bureau of the Treasury.

Even the first year's appropriations are worth consideration:

For family allowances	\$141,000,000
For death, disability, etc.	12,150,000
For insurance	23,000,000

Total	176,150,000
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In the hearings, on pages 53 to 55, are found the estimates on which these appropriations are based, which seem to be as follows:

	First year.	Second year.
Family allowance.....	\$141,000,000	\$190,000,000
Compensation for death.....	3,700,000	22,000,000
Compensation for total disability.....	5,250,000	35,000,000
Compensation for partial disability.....	3,200,000	21,000,000
Insurance, death, and disability.....	46,000,000	225,000,000
Total.....	199,150,000	493,000,000

At the bottom of page 52 is the statement:

"If the war lasts beyond September 1, 1919, the amounts payable will increase enormously as compared with those of the second year."

These estimates (p. 51) assume an army of a million men in the first year, family allowances to 40 per cent, averaging \$300 per man; that only 250,000 will be in active service; that those men will have deaths of 75 per 1,000 a year, while the reserve will lose 4 per 1,000; and they estimate that in the second year there will be a million men at the front, and assume that only a quarter of the men will take out insurance at an average of \$2,500 each.

If we get 2,000,000 men at the front, with disabilities continuing from previous years, the amount will be much greater. Payments for disability increased for 27 years after the Civil War and only increased largely after 15 years.

The figures should be considered under the various divisions of the bill, but to take insurance as an example (see pp. 51 and 52 of the hearings):

"To the 350,000 men referred to above as exposed to the war hazard, a death rate of 75 per thousand was applied. In arriving at this rate the experience of several life insurance companies was considered, and also such information as was available regarding the casualties in the various armies of Europe."

"These estimates are based on the assumption that 50 out of each 1,000 men exposed to the hazard of war will be totally disabled under the provisions of the bill, the assumption being predicated on such information as was obtainable from the British, Canadian, and German war records, although these are fragmentary."

The possibilities are somewhat as follows:

2,000,000 men in the battle line, deaths at 75 per 1,000.....	150,000
Disabilities, 50 per 1,000 (total).....	100,000
1,000,000 men in reserve, deaths 4 per 1,000.....	4,000

Total deaths and total disabilities..... 254,000

If these men are insured at \$5,000 apiece, it will be \$1,270,000,000. The 3,000,000 men would pay in \$40 apiece, or \$120,000,000.

No payments are too great to take care of our soldiers, if they be necessary and wise. These annual figures show the possibilities covered by this bill and the care with which it should be considered in every item.

These possibilities are staggering.

It must be assumed that intelligent Americans would all insure. If not, the single men would be most likely to do so, paying premiums out of their reserved pay.

No such scheme has ever been suggested for any army.

#### ARTICLE II.

##### ALLOTMENT AND FAMILY ALLOWANCE.

[Secs. 200-210, pp. 11-16.]

(Sec. 200) The article applies to all enlisted men.

(Sec. 202) Allotment of pay is compulsory as to wife and child, voluntary as to others. The wife may waive it. The compulsory allotment is equal to the family allowance made by the Government except that it shall not be more than half pay or less than \$15, nor more than the alimony of a divorced wife.

(Sec. 202) The enlisted man may allot any or all of his pay, subject to regulation, to anyone.

(Sec. 203) What is not allotted up to half his pay may be put on a deposit to his credit at 4 per cent per annum.

(Sec. 204) A family allowance by the Government will be made monthly of not over \$50 and terminates by death, discharge, or the end of the war. Note that the allotment or deposit of pay is applicable to peace as well as war. In the case of a private at \$30 a month the payments in war would be as follows:

	Allotment.	Family allowance.	Total.
CLASS A.			
Wife.....	\$15.00	\$15.00	\$30.00
Wife, 1 child.....	15.00	25.00	40.00
Wife, 2 children.....	15.00	32.50	47.50
1 child, no wife.....	15.00	5.00	20.00
2 children, no wife.....	15.00	12.50	27.50
3 children, no wife.....	15.00	20.00	35.00
4 children, no wife.....	15.00	30.00	45.00
CLASS B.			
[See p. 14.]			
1 parent.....	15.00	10.00	25.00
2 parents.....	15.00	20.00	35.00

In all these cases only \$15 remains to the man, while \$30 to \$47.50 is paid to his family. If the soldier or sailor receives enough pay, as in the case of a noncommissioned officer or officer, the allotment would be equal to the family allowance, and would double it.

As to parents, grandchildren, brothers, or sisters, allotment and allowance can be compulsory (p. 15, line 8, etc.) only if they are dependent. (Sec. 207, p. 15, line 19.) The family allowances A and B together shall not exceed \$50, and the total received by any parent, etc., shall not be more than the son has paid them in the previous year.

(Sec. 209, p. 16, line 12) The allotments are paid to and for the beneficiaries as provided by regulations made by the Secretaries of War

and Navy, respectively, but (sec. 210) the commissioner, on receipt of any application for family allowance, makes the award, which he certifies to the War or Navy Department, and he may reinvestigate and modify his award.

There will be confusion about this. If the man is away at the front, he can not very well be represented before the commissioner to oppose a compulsory allotment. The Navy and Army already are used to dealing directly with the families of their men and will know all the conditions when the man joins, how he behaves, and when he goes out to service, while the commissioner of the Treasury will have to receive word from them. It will make endless complications.

This system of control by two departments will be at least difficult in operation. After all, it is only a matter of pay for the Army and Navy and ought to be administered by them according to the circumstances, and not by an outside bureau.

The power to enforce a compulsory allotment of pay to the family ought to be in some statute. Such an allotment has been encouraged in the Army and Navy for years. It is permitted in the Navy under the act of June 10, 1896, and in the Army, by Military Laws (secs. 871-875, p. 339) under regulations prescribed by the Secretary of War.

It is now thought highly desirable to give power to the Secretary of War and the Secretary of the Navy to withhold up to half the pay of the enlisted man by payment to his family or by deposit to his credit at interest, and that in this time of war the Government should add a reasonable family allowance to be provided by regulations and to go to the family. The men do not need all their pay on active service in the war, and it is believed that the possession of more than half their pay will diminish their efficiency, and that it is for their benefit that this compulsion should be exerted.

A short act in the form above stated would deal with the whole matter practically without interference with the control which the War and Navy authorities ought to have over the pay of the men, whether it goes to the man or his family; and if Article II of this bill, for the compulsory allotment of pay and family allowances, is for the welfare of our Army and Navy, it can be secured by a simple provision in supplement to the above-cited acts, or Article II can be passed as a separate act properly amended to get rid of this new bureau.

#### ARTICLE III.

##### COMPENSATION FOR DEATH OR DISABILITY.

This article will take the place of the existing pension laws. Section 314, page 26, provides that compensation shall not be paid while the person is in receipt of service or retirement pay, and that existing pension laws and laws providing for gratuities or payment in the event of death in the service shall not be applicable to the present or future Army or Navy, except as rights have already accrued.

It is suggested that compensation is not the same as pension. It is simply another name so far as pensions for death and disabilities are concerned. See the acts, sections 4692 to 4695 of the Revised Statutes, providing for pensions for disabilities.

By section 4695 pensions for total disability ran from \$8 to \$30 a month, according to rank, but by various statutes the rate for everybody have been raised above those provided for an officer in this section, running as high as \$50 for loss of both eyes, hands, or feet (June 18, 1874); \$72 by the act of June 18, 1880; \$100 for total blindness (Apr. 8, 1904). If the man died of his injury, the widow received the pension for total disability provided by the original act, but the \$8 has been changed to \$12.

This bill will change the whole theory of the pension acts of compensation for death or disability.

The compensation will be based upon the man's pay: For a widow alone, 25 per cent, but not less than \$30; widow and one child, 35 per cent, but not less than \$40; widow and two children, 40 per cent, but not less than \$50, with 5 per cent additional, but not less than \$5, for each additional child up to two, etc. (p. 17, line 17, etc.). But (p. 18, line 16) the maximum monthly compensation for death shall be \$200.

The great majority of widows at present get \$12 a month each. This act gives always as much or more than the private's pay.

As a major general receives \$8,000 a year, a brigadier general \$6,000, a colonel \$4,000, which with longevity pay may be \$5,600; a lieutenant colonel \$3,500, which with longevity pay may be \$4,900; a major \$3,000, which with longevity pay may be \$4,200; a captain \$2,400, which with longevity pay may be \$3,360; a first lieutenant \$2,000, which with longevity pay may be \$2,800; a second lieutenant \$1,700, which with longevity pay may be \$2,380, this 25 per cent to 50 per cent may be quite a sum. In the case of field and general officers it may be not less than the \$200 a month.

It is unquestionable that our pension laws have been very unfair to the officers' families. They started as fair laws in times of low prices, but increases have not been made as they should be, and the highest rate obtained by an officer's widow under the general law is \$30 a month, which in the case of a high officer in the Navy or in the Army may be utterly insufficient to take care of his family. By this bill a private's widow will receive for her life the same amount that he received in the service—\$30 a month (p. 17, lines 17-18).

A letter from the chairman of the Committee on Pensions (hearings, pp. 181-186) complains of the injustice of paying Civil War widows \$12 a month, and \$30 a month to all future widows. He likewise submits (p. 182) that the limitation of time to apply for partial disability compensation is wrong; that the Pension Bureau is thoroughly trained in all this matter and should keep control. It is due to Mr. KEY to refer to his letter.

It is a matter of real concern that the families of our officers and men should sometimes be in poverty. It ought not to be expected that the widow should be supported for life merely by reason of the husband's service, unless she was his wife at the time of the service. It is a question also how high the amount of pension can be placed and what dangers there will be that friends will insist that the enlisted man died of his injury some 40 years afterwards. The House must consider whether any changes in this compensation or pension law, for it is the same, should be made by amendment to the present laws and administered in the Pension Bureau, or should be made by a new law like this and administered elsewhere.

It may be strongly urged that if the new law is necessary, the administration should be left to the present Pension Bureau.

By section 302 the amount of compensation or pension where disability results from the injury, and not death, may vary from 40 per cent to 70 per cent of the injured man's pay with like minimums, but not exceed \$200 a month, and partial disabilities should be at ratings subordinate thereto, besides (p. 21, line 8) medical, surgical, hospital services and supplies, and (line 14) subject to family conditions then existing. Examinations must be submitted to. (Sec. 304) Payments may be commuted into a lump sum but not over 50 per cent in certain

cases. (Sec. 305) Vocational training is provided for. (Sec. 306) Review of the award. (Sec. 307) The pay is that of the time of the injury. (Sec. 308) The injury must be certified to within a year after discharge. (Sec. 309) Death must be proved by the records. (Sec. 310) Death by court-martial or dishonorable discharge bars all right to compensation. (Sec. 311) Claim must be made within a year and the time may be extended for a year. (Sec. 312) Compensation is limited to two years before the claim. (Sec. 313) Compensation is not assignable and free from creditors. (Sec. 314) The pension laws do not apply. (Sec. 315) The United States shall have the benefit of any action belonging to the injured party.

All these details are mentioned only because such matters are all old and well recognized in the Pension Bureau, where experienced men are employed who can deal with them.

Codification is dangerous. The Commissioner of Pensions has not been consulted as to this bill. This article needs careful consideration by those who know.

The estimates for the second year of the war show \$77,000,000 for compensation alone and every year will increase it.

#### ARTICLE IV.

##### INSURANCE.

The bill provides that the United States shall sell insurance to any soldier or sailor against death or total disability for not less than \$1,000 nor more than \$5,000. (Sec. 401.) This must be applied for within 120 days after enlistment or after notice of the terms of insurance under this bill, and every man previously enlisted who is totally disabled or who dies before this time will get \$25 a month in 240 installments, or \$6,000 altogether, to be paid to him or to his wife, child, or widowed mother. By section 402 the director is to publish a form of insurance not assignable or subject to creditors, and payable to the wife, issue, parent, brother, or sister, or to the person injured, and only by installments, with insurance provisions for maturity at certain ages, life or term policies, cash, loan, paid up, and extended values, with the right to change the beneficiaries.

These sections are applicable to peace as well as war. The United States bears the expense of administration.

(Sec. 403.) The premium rates must be the net rates based upon the American Experience Table of Mortality, with interest at 3½ per cent per annum. (Sec. 404.) Payments must be monthly and may be deducted from the pay or deposit of the insurer, or otherwise made at his election; and (sec. 405) the United States may be sued and attorneys' fees allowed as part of the judgment up to 10 per cent.

So far this is simply Government insurance up to \$5,000 of any soldier or sailor who applies, with all the complications of the insurance business, and at a flat rate without any loading.

All these provisions are applicable to peace as well as war, but by sections 403 and 404 the United States bears the expense of the excess mortality and disability cost resulting from the hazards of war, and during the period of war the insurance shall be term insurance for successive terms of one year each, convertible after the war, without medical examination, into such form or forms of insurance and such provisions for premium payments as may be prescribed by regulations. (See bill, p. 30, lines 3-4, 9-14.)

Term insurance for one year means that when payment is made the party is insured against death for one year; no more and no less. In peace times a young man can obtain \$1,000 of this insurance for about \$10, a flat rate without expense being about \$8. This means that only eight men out of a thousand usually die during the year, so that 1,000 policies paying \$8 each would pay the losses by the death of eight men at \$1,000 each. If more die, of course more has to be collected in order to pay the losses. If 75 die, each of the 1,000 men would have to pay \$75 in order to pay the losses of \$75,000. If the insurance likewise covers death and total disability and there are 50 disabled, each man would have to pay \$125 in order to cover the policies of \$1,000 each. If each of them held a policy of \$5,000, the Government has to raise annually \$625 on each policy to pay losses. It is proposed that the Government should receive only \$40 a year on a \$5,000 policy when it has to pay out \$625 in each year on an average on these policies. Of course, some men will be at home in the reserve and the total amount received for the war risk will be somewhere near \$60; but the Government is paying nine-tenths of the insurance and the sums to be paid will be quite large.

It is assumed that only a few will take out insurance; if so, these few will get advantage over their fellows, who will certainly insist that the discrimination shall be remedied and that they shall be assumed to have taken out policies, as this bill itself does as to men who die before the insurance plan is promulgated (p. 28, line 19). It is not the business of the Government to go into speculation of this sort, and there is no precedent for it.

In Canada there is no draft law and volunteers were wanted. The cities wished volunteers and issued policies free in the nature of a bounty. The city of Toronto established an insurance bureau and has issued or secured policies for \$42,297,000. Up to the date of investigation by Mr. Wolfe (Care of Dependents of Enlisted Men in Canada, Misc. Series No. 10, Bureau of Publications No. 25, p. 8) American insurance companies had paid out \$808,000 on the \$10,000,000 of insurance which they had underwritten, and the city of Toronto had paid \$930,000 under its more recent insurance. The granting of this insurance was practically a bounty for enlistment. They have no draft law yet in Canada. If the Government of the United States should grant every man such a policy, payable in installments, without cost to him, it would be substantially an increase of the compensation branch of the bill. This insurance plan has been submitted to experts who were opposed to the whole principle. (Hearings, pp. 23-20.) They suggest (pp. 24-25) that the Government should pay \$1,000 in case of death during service or within five years from discharge to the man's beneficiary or his estate, so that the benefits should be uniform and not dependent upon individual selection or ability to purchase, so as not to give a disproportionate advantage to those who buy insurance, thus avoiding administrative expenses and the danger of speculation, of the pressure upon the enlisted man by self-appointed agents for the promotion of this specific business, and other conditions to be deprecated. The particular insurance plan proposed was formulated and advocated by Judge Mack. Mr. Ekern, of the Wisconsin Insurance Department, explains on pages 147 and 148 that the Government would have to continue in the insurance business. It is assumed, therefore, that the insured will continue his insurance out of his pay or pension compensation. (See p. 150.) Mr. Ekern does not like the system of term insurance (p. 151) and thinks it ought to be put on a life or 20-payment plan (p. 152, near bottom) at a higher premium.

The above views have restated the material part of the bill and the hearings with some care, so that they may be understood, and perhaps at too much length. In brief, it might be suggested:

(1) The establishment of a new bureau is unnecessary and unwise.

(2) The War and Navy Departments should respectively be authorized by statute to allot up to half of the pay of enlisted men to their dependents, or to a savings fund under proper regulations, and also to make family allowances under like regulations, not exceeding a reasonable sum. No new bureau should interfere.

(3) The pension or "compensation" based upon a per cent of the pay may be a fair principle. Some limitation should be placed upon claims that death or disability has resulted many years after the injury, and a maximum limit of the compensation might be provided in each case.

(4) There should be no insurance except what is provided by the Government, in which case, if it be payable in installments, it will come under the title of "compensation." The United States is not yet ready to enter into the business of state insurance, which must infallibly follow if this scheme be adopted. The insurance scheme is unwise, unnecessary, and uncertain.

I have thought it only right to try to explain this bill more fully to the House. Whatever we can justly and possibly do for our gallant soldiers and sailors and their families we will do. But we ought to understand what we do and give it careful consideration.

RICHARD WAYNE PARKER.

#### EXTENSION AND REVISION OF REMARKS.

Mr. SHERLEY. Mr. Speaker, I ask unanimous consent to revise my remarks in the RECORD.

The SPEAKER pro tempore. The gentleman from Kentucky asks unanimous consent to revise his remarks in the RECORD. Is there objection?

There was no objection.

Mr. KEATING. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the bill just passed.

The SPEAKER pro tempore. Is there objection? [After a pause.] The Chair hears none.

Mr. POU. Mr. Speaker, I ask unanimous consent to insert in the RECORD, at the request of the North Carolina State Council of National Defense, a speech delivered by ex-Senator Pritchard upon the question of patriotism and the duty of the American citizen in this hour.

The SPEAKER pro tempore. The gentleman from North Carolina asks unanimous consent to extend his remarks in the RECORD by inserting the address to which he has referred. Is there objection?

There was no objection.

#### ADDITIONAL CHAPLAINS AT LARGE.

Mr. SIEGEL. Mr. Speaker, I ask unanimous consent for the present consideration of the bill H. R. 5271.

The SPEAKER pro tempore. The Chair can not recognize the gentleman from New York for that purpose.

Mr. SIEGEL. I ask unanimous consent for the present consideration of H. R. 5271.

Mr. MOORE of Pennsylvania. What is it?

Mr. SIEGEL. It is a bill providing for the appointment of 20 chaplains at large.

The SPEAKER pro tempore. The Chair suggests the gentleman take the matter up when the Speaker is present, the present occupant of the chair having no information concerning it.

#### LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. THOMAS, indefinitely, on account of important business.

To Mr. SULZER, on account of serious illness in his family.

#### WITHDRAWAL OF PAPERS.

Mr. Cox, by unanimous consent, was granted leave to withdraw from the files of the House (Sixty-fourth Congress, second session) without leaving copies, the papers in the following cases, no adverse report having been made thereon:

H. R. 18388. A bill granting a pension to Benjamin Griffith;

H. R. 18390. A bill granting a pension to William Andry; and

H. R. 19744. A bill granting a pension to George Devol.

#### ORDER OF BUSINESS.

Mr. KITCHIN. Mr. Speaker, I desire to say before making a motion to adjourn, that to-morrow the Army and Navy compensation and insurance bill (H. R. 5723) will be taken up for consideration.

The SPEAKER pro tempore. And the Chair wishes to state that upon the completion of that bill the House will be requested to consider the emergency deficiency bill.

#### ADJOURNMENT.

Mr. KITCHIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 30 minutes p. m.) the House adjourned until Friday, September 7, 1917, at 12 o'clock noon.



## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, a letter from the Secretary of the Treasury, transmitting copy of a communication from the Secretary of the Navy submitting an estimate of appropriation required by the Navy Department for the purpose of acquiring and providing facilities for the expeditious construction of additional torpedo-boat destroyers for the fiscal year 1918 (H. Doc. No. 358), was taken from the Speaker's table, referred to the Committee on Appropriations, and ordered to be printed.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. RAYBURN, from the Committee on Interstate and Foreign Commerce, to which was referred the bill (S. 2785) to authorize and empower the Southwest Louisiana Waterways Association, of the State of Louisiana, to construct a lock and dam in Mermentau River, in the State of Louisiana, reported the same with amendment, accompanied by a report (No. 135), which said bill and report were referred to the House Calendar.

Mr. GORDON, from the Committee on Military Affairs, to which was referred the bill (H. R. 5918) to authorize the President to organize provisionally as Field Artillery or Infantry, and to use as Field Artillery or Infantry during the existing emergency, such regiments of Cavalry as he may designate, reported the same without amendment, accompanied by a report (No. 136), which said bill and report were referred to the House Calendar.

## PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. LARSEN: A bill (H. R. 5947) to prevent discrimination by the Secretary of War or other military authority of the United States against the organization, establishment, and existence of church, fraternal, or secret-order organizations, at and on the grounds of forts, garrisons, and military camps of the United States, and for other purposes; to the Committee on Military Affairs.

By Mr. DYER: A bill (H. R. 5948) to provide for the erection of an armory in the District of Columbia; to the Committee on the District of Columbia.

By Mr. FITZGERALD: A bill (H. R. 5949) making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1918, and prior fiscal years, on account of war expenses, and for other purposes; to the Committee of the Whole House on the state of the Union and ordered to be printed.

By Mr. GOULD: Memorial of the General Assembly of the State of New York, requesting the Federal Government to make rules governing the manufacture and distribution of iron, steel, and other materials, so as to give preference to the manufacture of farming implements; to the Committee on Interstate and Foreign Commerce.

Also, memorial of the General Assembly of the State of New York, favoring the mobilization of immigrant aliens and the transportation of them to States and Territories where farm service may be needed; to the Committee on Agriculture.

## PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ASHBROOK: A bill (H. R. 5950) granting an increase of pension to Willis Elben; to the Committee on Invalid Pensions.

By Mr. BOWERS: A bill (H. R. 5951) granting an increase of pension to John W. Combs; to the Committee on Invalid Pensions.

By Mr. DYER: A bill (H. R. 5952) granting a pension to Anna M. Edwards; to the Committee on Pensions.

Also, a bill (H. R. 5953) granting an increase of pension to Carrie A. Purnell; to the Committee on Invalid Pensions.

By Mr. GILLET: A bill (H. R. 5954) granting an increase of pension to Mary Foster; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Washington: A bill (H. R. 5955) granting an increase of pension to Henry Luch; to the Committee on Pensions.

By Mr. KAHN: A bill (H. R. 5956) to permit the reenlistment of O. G. Paquet and D. F. Reed in the United States Army; to the Committee on Military Affairs.

By Mr. KALANIANAOLE: A bill (H. R. 5957) granting a pension to Julius A. Fuhrman; to the Committee on Pensions.

By Mr. KRAUS: A bill (H. R. 5958) granting an increase of pension to William T. Stott; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5959) granting an increase of pension to Daniel O. C. Marine; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5960) granting an increase of pension to Robert A. Love; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5961) granting an increase of pension to Mansfield Felton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5962) granting an increase of pension to Henry Endsley; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5963) granting an increase of pension to Jesse O'Banion; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5964) granting an increase of pension to Lewis C. Lillard; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5965) granting an increase of pension to Joshua Priest; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5966) granting an increase of pension to Oliver N. Mowrer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5967) granting an increase of pension to Lemuel U. Powell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5968) granting an increase of pension to Peter F. O'Brien; to the Committee on Pensions.

Also, a bill (H. R. 5969) granting an increase of pension to John Murphy; to the Committee on Pensions.

By Mr. LITTLE: A bill (H. R. 5970) granting an increase of pension to Peter Tiffany; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5971) granting an increase of pension to John W. Ballard; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5972) to correct the military record of Daniel R. Ritchie; to the Committee on Military Affairs.

By Mr. STEPHENS of Mississippi: A bill (H. R. 5973) for the relief of former Collector of Internal Revenue John Z. Lowe, jr.; to the Committee on Claims.

By Mr. WALDOW: A bill (H. R. 5974) granting a pension to Margaret E. Messing; to the Committee on Invalid Pensions.

## PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By Mr. ASHBROOK: Petition of the First Baptist Church of Loudonville, Ohio, in favor of national prohibition; to the Committee on the Judiciary.

By Mr. BRODBECK: Petition of the Woman's Christian Temperance Union of York, Pa., urging a Christian amendment to the Federal Constitution acknowledging Almighty God as the source of all authority in civil government; to the Committee on the Judiciary.

Also, petition of citizens of York, Pa., urging a Christian amendment to the Constitution of the United States acknowledging Almighty God as the source of all civil government; to the Committee on the Judiciary.

By Mr. DALE of New York: Petition of William C. Anderson, chairman legislative committee Kings County Pharmaceutical Society, Brooklyn, N. Y., protesting against the proposed tax on proprietary medicines; to the Committee on Ways and Means.

By Mr. HUDDLESTON: Petition of S. C. Kelley and other citizens of Bibb County, Ala., for the repeal of the conscription law; to the Committee on Military Affairs.

Also, petition of Mrs. P. M. Young and other residents of Birmingham, Ala., in behalf of the constitutional amendment for woman suffrage; to the Committee on the Judiciary.

By Mr. MORGAN: Petition of sundry citizens of Beaver County, Okla., praying for an honorable and early peace, etc.; to the Committee on Foreign Affairs.

## SENATE.

FRIDAY, September 7, 1917.

(Legislative day of Wednesday, August 15, 1917.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Brady	Curtis	Gerry	Hollis
Brandegee	Fernald	Gronna	Husting
Calder	Fletcher	Hale	James
Chamberlain	France	Hardwick	Johnson, Cal.
Culberson	Frelinghuysen	Hitchcock	Johnson, S. Dak.

Jones, N. Mex.	McKellar	Pittman	Smith, Mich.
Jones, Wash.	McNary	Pomerene	Smith, S. C.
Kellogg	Myers	Reed	Smoot
Kenyon	Nelson	Saulsbury	Stone
King	New	Shafroth	Sutherland
Kirby	Norris	Sheppard	Thompson
Knox	Overman	Sherman	Trammell
La Follette	Owen	Shields	Vardaman
Lodge	Page	Simmons	Walcott
McCumber	Penrose	Smith, Ga.	

Mr. CURTIS. I desire to announce the unavoidable absence of the Senator from New Hampshire [Mr. GALLINGER]. I will let this announcement stand for the present.

Mr. SHAFROTH. I wish to announce the unavoidable absence of my colleague [Mr. THOMAS] on account of illness. I will state that he is paired with the senior Senator from North Dakota [Mr. McCUMBER]. I will let this announcement stand for the day.

Mr. SUTHERLAND. My colleague, the senior Senator from West Virginia [Mr. GOFF], is unavoidably absent on account of illness.

Mr. SMITH of Michigan. I desire to announce the unavoidable absence of my colleague [Mr. TOWNSEND] on account of illness in his family. He is paired with the senior Senator from Arkansas [Mr. ROBINSON]. I should like this announcement to stand for the day.

Mr. MYERS. My colleague [Mr. WALSH] is unavoidably absent. He is paired with the Senator from New Jersey [Mr. FRELINGHUYSEN]. This announcement will stand for the day.

Mr. FRELINGHUYSEN. My colleague [Mr. HUGHES] is absent owing to illness.

Mr. HUSTING. I desire to announce that the Senator from Virginia [Mr. SWANSON], the Senator from California [Mr. PHELAN], the Senator from Kentucky [Mr. BECKHAM], and the Senator from Illinois [Mr. LEWIS] are detained on official business.

Mr. KIRBY. I wish to announce that the Senator from Arkansas [Mr. ROBINSON] is necessarily detained on official business.

The PRESIDENT pro tempore. Fifty-nine Senators have answered to their names. There is a quorum present.

#### EMBARGO ON COTTON.

Mr. SMITH of South Carolina. Mr. President, yesterday I called attention to certain influences that I believed were advocating the embargo on cotton to serve their selfish ends and not patriotic ends. I wish to read an article which appears in the Washington Post this morning under the head of "Views of travelers met in Capital hotel lobbies." Under the caption "Expect cotton to reach 20 cents" there appears what I will read. I wish to say for the information of the Senate that cotton is above 20 cents now, but this is the attitude of the manufacturers, not only from the New England States but from Southern States as well:

#### EXPECTS COTTON TO REACH 20 CENTS.

"Twenty-cent cotton will be the ruling market figure this winter, in my judgment," declared Gen. Julian S. Carr, of Durham, owner of the largest cotton mills in the South, at the Willard. "I do not believe that the price of cotton will go below that figure, nor, as a manufacturer of cotton goods, do I desire it. Those persons who are declaring that the cotton spinners want an embargo on cotton that they may profit by a decreased price of the raw material and sell their manufactured goods at a price based on high-priced cotton are imputing unpatriotic motives to the manufacturers. I favor an embargo on foodstuffs, and perhaps on cotton, and I so telegraphed the President; but it is because I believe that we have supplied the European nations long enough and that it is time we should be looking after our own needs. The outlook for a good cotton crop this year is excellent. I believe we shall make more than an average crop, and I reiterate that, in my judgment, the price will not go below 20 cents a pound, and I do not want it to go below that figure."

Gen. Carr has joined the staff of Mr. Hoover, and will remain in Washington for several months.

In other words, the cotton crop is short, and in order that it may not go too high because of the lack of supply he is willing to help invoke an embargo to restrict its exportations to neutral countries under legitimate conditions in order that American manufacturers may get it cheaper, that the manufacturers may get their raw material cheaper, when we are not manufacturing to-day more than half of the American production. They propose to cut off the foreign demand for our cotton because there is going to be another short crop this year. He frankly states it is because he wants American manufacturers served first, the American manufacturer at the expense of growers, and leave manufactured goods without any limit to the price that may be obtained. So the insinuation I made yesterday is verified to-day out of the mouth of a manufacturer himself. The question needs investigation by us, who represent the people, to know whether or not the embargo on cotton is justifiable under the circumstances, breaking the market \$30 a bale and reducing our importation of European gold to the amount of

four to five hundred million dollars, and impoverishing those who produce this necessary article.

Mr. SHEPPARD. In connection with the cotton situation I ask to have read a telegram which I have just received.

The PRESIDENT pro tempore. Without objection, the telegram will be read.

The Secretary read the telegram, as follows:

HOUSTON, TEX., September 5, 1917.

Hon. MORRIS SHEPPARD,

Senate, Washington, D. C.:

The cotton gamblers have recently made a raid of \$40 per bale on cotton, and we are convinced that the speculators will not permit the cotton farmers to receive for their crop a price the cotton is worth. We appeal to Congress to immediately place cotton under the food-control act, so that both producer and consumer can be protected from price manipulation of cotton gamblers.

H. N. POPE, President,

I. N. MCCOLLISTER, Secretary,  
Association State Farmers' Union Presidents.

#### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. G. F. Turner, one of its clerks, announced that the House had passed a bill (H. R. 5901) to authorize an additional issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign Governments, and for other purposes, in which it requested the concurrence of the Senate.

#### ZONE SYSTEM.

Mr. McKELLAR. I ask unanimous consent to put in the RECORD certain statements from certain magazines about the zone system and replies. I do not care to have them read. I merely wish to have them printed in the RECORD.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

NEW YORK, August 30.

Hon. KENNETH McKELLAR,

Washington, D. C.:

Give us anything but the zone system; tax us unmercifully; confiscate our property; endanger our existence, but don't choke us to death.

McCLURE'S MAGAZINE.

THE LADIES' WORLD.

SEPTEMBER 6, 1917.

McCLURE'S MAGAZINE,  
New York City.

DEAR SIR: Your telegram of the 30th ultimo with reference to the zone system received and noted.

There are two reasons why you are selling McClure's Magazine at the same price everywhere:

(1) The amount of income that you receive from advertising is largely increased by the number of your circulation. You can afford to sell your magazine at the same price all over the country because of the increased amount that you receive from advertising, when your circulation is increased.

(2) You are enabled to do this because of the immense bounty or gratuity that the Government is annually paying you by way of rebates in hauling periodicals.

Publishers are the only class of people to which our Government pays these bounties or gratuities. When the system was inaugurated, it was for the purpose of distributing learning throughout the country, and, of course, amounted to a very small total sum annually; but the magazines have gone far afield from what their original purpose was, and now the larger part of these magazines are devoted to advertising—purely a commercial enterprise—and the Government is still extending these bounties at a present loss of \$89,000,000 a year.

If the Government hauls your periodicals over the country at one-eighth of the cost of such haul, why shouldn't it haul the school books of the country on the same basis? Why shouldn't it haul the religious books on the same basis? Why shouldn't it haul school-teachers and professors on the same basis? Why shouldn't it haul meat on the same basis or bread on the same basis?

Grapefruit in Florida is very cheap. We have to pay a great deal more for it when it is hauled to Washington or New York or Chicago for consumption. Why? Because it requires money to pay the freight. On the theory of your letter, the Government ought to give to the grapefruit dealers a rebate on freight rates on grapefruit, so that the people of New York can eat grapefruit at the same price that the people of Florida get it.

Now, the amendment proposed by me takes away only one-seventh of the present bounty that you are receiving from the Government by reason of the hauling of your periodicals. Surely in this time of war the periodicals should not object to this very small division of the bounties they are receiving. Do you think it is quite patriotic for you to object? We are conscripting the bodies and perhaps the lives of our young men in this war. We are also conscripting the wealth of the country. Is it possible that we can be wrong in conscripting one-seventh of the bounties that we are paying a favored class of our citizens? Remember that we are not taxing you at all. We are taxing other individuals and corporations to a very great extent, but we are not taxing you specially. In this amendment all we are doing is conscripting one-seventh of your bounty.

At such a time as this those who have been receiving such tremendous bounties as the periodicals have been receiving for many years ought not to hesitate for one moment when called upon not to be taxed but only to give up one-seventh of the immense bounty that they are receiving.

Do you think it is quite patriotic to contend against giving up one-seventh that the Government is paying you when other men and other corporations are being taxed as they are in this revenue bill?

I quote your telegram:

"Give us anything but the zone system; tax us unmercifully; confiscate our property; endanger our existence, but don't choke us to death."



If you are familiar with the amendment I don't see how you could have sent this telegram. We are not taxing you at all but are simply taking you one minute in every seven from the very fat and juicy Government feast that you have been sucking for quite a while. This feast is in the nature of a bounty or gratuity as above set out, and we are just breaking your hold from it one-seventh of the time and allowing you to continue to suck the other six-sevenths of the time. You ought to be satisfied at this generous treatment.

Very truly, yours,

KENNETH MCKELLAR.

NEW YORK, N. Y., August 31, 1917.

Senator KENNETH D. MCKELLAR,  
United States Senate, Washington, D. C.:

When you voted in favor of zone system you were probably unaware of the injustice it would mean to a hundred thousand boys and girls throughout the country who are studying current events and history in the Literary Digest; to 62 high schools in Tennessee we are sending thousands of copies weekly of the Literary Digest at half price, exactly the same price as pupils in New Jersey pay. Under the zone system the price will be 6½ cents in Tennessee and 5 cents in New Jersey; it does not seem to us a wise policy to adopt a system which compels a citizen of Tennessee or California to pay more for his reading matter than the citizen of New York. As citizens we realize the tremendous strain under which every Senator has been working in trying to equitably adjust the many sides of the war-revenue measure during the recent months and do not wish in any way to be understood as criticizing any man's judgment, but we respectfully urge you to carefully reconsider the zone system for we feel sure it has in it the seed which may easily develop a sectional spirit and at a time when unity of purpose and action are essential to our country's safety.

THE LITERARY DIGEST.

SEPTEMBER 5, 1917.

The LITERARY DIGEST,  
New York City.

DEAR SIRS: Your telegram of the 1st, with reference to the zone system, received and noted.

Notwithstanding your telegram, I hope I am aware of the questions involved in this matter.

If a schoolboy in Tennessee buys his schoolbooks in New York and has them shipped to him, he has to pay more freight than the schoolboy in New Jersey would pay if he had the same number and weight of books sent to him in New Jersey, because the distance is greater.

The two reasons why you are selling the Literary Digest anywhere at half price are as follows:

(1) The amount of income that you receive from advertising is largely increased by the number of your circulation. You can afford to sell your papers at a smaller price because of the increased amount that you receive from advertising when your circulation is increased.

(2) You are enabled to do this because of the immense bounty or gratuity that the Government is annually paying you by way of rebates in hauling periodicals.

Publishers are the only class of people to which our Government pays these bounties or gratuities. When the system was inaugurated it was for the purpose of distributing learning throughout the country, and, of course, amounted to a very small total sum annually; but the magazines have gone far afield from what their original purpose was, and now the larger part of these magazines are devoted to advertising—purely a commercial enterprise—and the Government is still extending these bounties at a present loss of \$89,000,000 a year.

If the Government hauls your periodicals over the country at one-eighth of the cost of such haul, why shouldn't it haul the schoolbooks of the country on the same basis? Why shouldn't it haul the religious books on the same basis? Why shouldn't it haul schoolteachers and professors on the same basis? Why shouldn't it haul meat on the same basis, or bread on the same basis? Grapefruit in Florida is very cheap. We have to pay a great deal more for it when it is hauled to Washington or New York or Chicago for consumption. Why? Because it requires money to pay the freight. On the theory of your telegram, the Government ought to give to the grapefruit dealers a rebate on freight rates on grapefruit so that the people of New York can eat grapefruit at the same price that the people of Florida get it.

Now, the amendment proposed by me takes away only one-seventh of the present bounty that you are receiving from the Government by reason of the hauling of your periodicals. Surely, in this time of war the periodicals should not object to this very small division of the bounties they are receiving. Do you think it is quite patriotic for you to object? We are conscripting the bodies and perhaps the lives of our young men in this war. We are conscripting the wealth of the country. Is it possible that we can be wrong in conscripting one-seventh of the bounties that we are paying a favored class of our citizens? Remember that we are not taxing you at all. We are taxing other individuals and corporations to a very great extent, but we are not taxing you specially. In this amendment all we are doing is conscripting one-seventh of your bounty.

You speak of developing a sectional spirit. There is no danger of developing a sectional spirit in this war unless we undertake to distribute the burdens of taxation unequally. You are right in saying that unity of purpose and action are essential to our country's safety. At such a time those who have been receiving such tremendous bounties as the periodicals have been receiving for many years ought not to hesitate for one moment when called upon not to be taxed, but only to give up one-seventh of the immense bounty that they are receiving.

Do you think it is quite patriotic to contend against giving up one-seventh that the Government is paying you when other men and other corporations are being taxed to the extent that they are in this revenue bill?

I hope, after reading this letter, which is given in the best spirit in the world, that you will take your own advice and reconsider your petition not to give up this fractional part of the bounty that the Government is now paying you.

Very sincerely, yours,

KENNETH MCKELLAR.

NEW YORK, August 31, 1917.

Hon. KENNETH D. MCKELLAR,  
Army and Navy Club, Washington, D. C.:

If you feel increase in postage rates necessary, make a flat rate, which is fair to everybody. Why discriminate between magazines and newspapers? Figures show newspaper earnings are considerably greater than earnings of magazines, and why discriminate between different classes of magazines? We protest against McKellar amendment as be-

ing discriminatory, and with many will be confiscatory. Our postage bill for 1916 was \$197,000. With McKellar amendment this would amount to \$690,000. Our profit for 1916 was \$233,000. With McKellar amendment our loss would have been \$260,000. We have already been compelled to make adjustments to cover increased cost of paper under these conditions. It is quite evident the Government will not be able to collect the extra revenue called for in the budget and will unnecessarily force to the wall a great number of publications working hard to make ends meet. Levy a special war tax, but do not confiscate. Investigation will show magazines are willing to stand for taxation, but newspapers, who are being let off practically scot free, are against anything and everything.

COLLIER'S WEEKLY,  
A. G. G. HAMMESFAHR,  
Vice President and General Manager.

SEPTEMBER 1, 1917.

Mr. A. G. G. HAMMESFAHR.

Collier's Weekly, New York City, N. Y.

MY DEAR SIR: Your telegram of August 31 about increase in postage rates received and noted.

Inasmuch as my amendment takes away only one-seventh of the bounty that you are now receiving, by a simple calculation that bounty is \$3,451,000 a year. You say your present postage is \$197,000 and that your postage, if my amendment is adopted, is \$690,000. Take one from the other and it leaves \$493,000. As my amendment takes only one-seventh of the bounty away from you, by multiplying by seven the bounty that the Government now pays you in the way of rebates is, by this simple calculation, \$3,451,000.

In this time of our great trouble, when our country is in the most momentous war of its history, it does not seem to me that you are in a position to complain when Congress takes away only one-seventh of the bounty that you are now receiving in the way of rebates on the carriage of your publications through the mail.

Remember, we are not taxing you a cent. We are only taking away a very small portion of your rebates. There is no discrimination against or in favor of any publication in the adopting of the zone system. Newspapers and magazines pay exactly the same rate in the same zones.

Very sincerely, yours,

KENNETH MCKELLAR.

NEW YORK, August 31, 1917.

Hon. KENNETH D. MCKELLAR,

United States Senate, Washington, D. C.:

The McKellar zone postal measure, with zones arranged to penalize only national periodicals, will drive many out of existence. In the case of the Review of Reviews Magazine, the total actual net profits for eight months of the present fiscal year are \$27,800, while increase in postage under the McKellar amendment is \$35,400. This is an attempt to levy a tax of 130 per cent on the net profits of an institution over and above all the regular war taxes other corporations pay, which is impossible. A few of the largest periodicals, with the strongest advertising patronage, could stand the new tax, and the measure would tend to give them a monopoly. Some periodicals could pass the tax to the consumer. Some of the best will have to stop publication entirely, and others stop circulating in the distant zones. We ask you to reconsider this measure and to see that it is destructive and largely futile for revenue purposes.

THE REVIEW OF REVIEWS CO.,  
ALBERT SHAW, President.  
CHARLES D. LANIER, Treasurer.

SEPTEMBER 1, 1917.

Mr. ALBERT SHAW, President,

The Review of Reviews, New York City, N. Y.

MY DEAR SIR: Your telegram of the 31st received and noted.

You say the increase in postage under the McKellar amendment is \$35,000. If your figures are correct, then the amount of bounty that the Government is paying you is seven times that amount, or \$245,000 per year. This is shown by the fact that the McKellar amendment takes only one-seventh of the bounty that the Government is now paying you in the way of rebates on your publications. It is not taxing you at all. All the taxes have been eliminated. It is just requiring you to give up one-seventh of your present bounty.

Surely at a time like this every patriotic citizen should be willing to give up something, and it seems to me it will be easier for those who are receiving great bounties at the hands of the Government to give up a small portion—one-seventh of such bounty—than it will for the ordinary citizen to be taxed.

Very sincerely, yours,

KENNETH MCKELLAR.

NEW YORK, August 31, 1917.

Hon. KENNETH D. MCKELLAR,

United States Senate, Washington, D. C.:

Our little business would be strangled by zone system of second-class postal rates. Your resolution would increase our mailing cost about \$15,000 annually. This would wipe out all taxable income and make us face deficit of about \$7,000. Most urgently beg you reconsider your resolution.

AUTOMOBILE TOPICS.

SEPTEMBER 1, 1917.

AUTOMOBILE TOPICS,

New York, N. Y.

MY DEAR SIRS: Your telegram of the 31st received and noted.

You say that my amendment will cost you in additional postage \$15,000 per year. Inasmuch as my amendment takes away only one-seventh of the bounty that the Government now gives you, that means that your paper gets \$105,000 a year as a bounty or gratuity now.

Do you not think in this time of our great stress, when we are in the greatest war the world has ever known, that it would be patriotic for you to give up just one-seventh of what the Government has annually given you without objecting to it? Most any of our citizens would be willing to give one-seventh of any gratuity that the Government might be willing to give them, and I believe without objection. Remember we are not taxing you. We are just taking away one-seventh of your present Government bounty.

Very sincerely, yours,

KENNETH MCKELLAR.

NASHVILLE, TENN., August 30, 1917.  
 Hon. K. D. McKellar,  
 United States Senate, Washington, D. C.:

Zone bill, of which you are author, means the death of religious papers, which are already running by the closest margin. Will you not use your influence to exempt religious papers, Baptist and Reflector?  
 ALBERT R. BOND, Editor.

AUGUST 31, 1917.

ALBERT R. BOND,  
 Editor Baptist and Reflector, Nashville, Tenn.:

Under my amendment, of which you complain, all religious publications are exempted from the zone system and pay the same tax as before.

KENNETH MCKELLAR.

WASHINGTON, D. C., August 30, 1917.  
 Hon. KENNETH MCKELLAR,  
 United States Senate, Washington, D. C.:

Proposed zone system will cost us \$120,000 annually over present rate, an increase of 200 per cent, or ten times our entire profit. We protest against this unjust, unpatriotic discrimination. Leslie's and Judge are earnestly striving to support the Government.

JOHN A. SLEICHER, Editor.

AUGUST 31, 1917.

Mr. JOHN A. SLEICHER,  
 Editor, Washington, D. C.

MY DEAR SIR: Your telegram of August 30, saying that the proposed zone system would cost you \$120,000 annually over the present rate, received and noted.

Inasmuch as my amendment takes only one-seventh of the loss that the Government sustains by hauling your publications, then, according to your figures, the Government is now paying you a bounty of \$840,000 annually.

In this time, when we need to carry on the war effectively, do you not think that giving up one-seventh of the bounty that the Government contributes to your publications each year will be only what you ought to do? I imagine most any citizen who received a gratuity from the Government would be willing to give up one-seventh of it when the country was at war.

Very sincerely, yours,

KENNETH MCKELLAR.  
 NEW YORK, August 30, 1917.

KENNETH MCKELLAR,  
 The United States Senate, Washington, D. C.:

If the McKellar amendment to tax bill increasing the rate of second-class mail becomes a law our printing and binding plant, which produces 300,000 copies of magazines daily and employing 1,200 employees, will be forced to shut down. The zone system will disrupt and destroy the entire printing industry. Magazine publishers would establish small printing plants in different sections of the country, so that the Post Office Department would not receive any additional revenue. The Lord knows our load under present conditions is very strenuous, and hope you will not help put this bill through, which would bring about the above crisis.

CHARLES SCHWEINLER,  
 President the Charles Schweinler Press.

AUGUST 31, 1917.

Mr. CHARLES SCHWEINLER,  
 421 Hudson Street, New York City, N. Y.

MY DEAR SIR: Your telegram of August 30 received and noted. Will you kindly advise me how much you pay in postage now; that is to say, in the year 1916, and then figure out what you would pay under my amendment?

The amendment only requires you to restore to the Government one-seventh of what the Government is paying you in the way of rebates on hauling your publications.

Do you not think that in this time of war you could well afford to pay over to the Government one-seventh of the bounty that is being paid you?

Very sincerely, yours,

KENNETH MCKELLAR.

THE YOUTH'S COMPANION,  
 Boston, Mass., August 31, 1917.

DEAR SIR: The Youth's Companion, in the 90 years of its existence, has never before objected to or protested any action of Congress. It has been the policy of the paper to cooperate in every way with the Government, but the zone-system amendment to the war-revenue bill, if it becomes a law, would be so disastrous to us and to all publications of national circulation using the mails exclusively that we can not do otherwise than appeal to you for protection.

We have no means of distribution other than the mails. Our circulation has been extended to all parts of the country, following methods approved and encouraged by the Government. We have every reason to believe that the paper, being nonsectarian and nonpolitical, reaching all classes, has exercised a wide national influence and done its part to lessen sectionalism and extol an all-American spirit for patriotism and fellowship, and that with other national publications of like character wholly dependent upon the mails it should not be crippled and imperiled by legislation that would impose a tax so impossible to be borne as the zone system provides.

The advance in cost of paper was a heavy and unusual tax upon our resources, an advance of over 50 per cent.

The amount of second-class postage paid by us in 1916 was \$38,918.01. This amount under the zone system provided in the amendment would be increased to \$136,213.04, and presents a situation that would work hardship and loss that we are sure it can not be the wish of Senators to impose.

Senator WEEKS's resolution in the present exigency would save and help while the zone system would destroy, and we hope may receive your approval. We are perfectly willing to do everything in our power and to have any profit in the business taxed to the limit, but the zone system entirely wipes out profit and creates loss.

We ask, because the situation is so critical, your most favorable attention to our appeal for saving action.

Yours, truly,

PERRY MASON CO.

THE YOUTH'S COMPANION,  
 Boston, Mass., August 31, 1917.

Hon. KENNETH D. MCKELLAR,  
 Washington, D. C.

DEAR SIR: We realize something of the tax upon you and your great responsibilities at this critical time, and so shall the more appreciate your consideration of the inclosed statement, copy of which we have sent to your associates in the Senate.

Yours, truly,

PERRY MASON CO.

SEPTEMBER 6, 1917.

THE YOUTH'S COMPANION,  
 Boston, Mass.

DEAR SIR: Your letter of the 31st, with reference to the zone system, received and noted.

There are two reasons why you are selling the Youth's Companion at the same price everywhere:

(1) The amount of income that you receive from advertising is largely increased by the number of your circulation. You can afford to sell your papers at the same price all over the country because of the increased amount that you receive from advertising when your circulation is increased.

(2) You are enabled to do this because of the immense bounty or gratuity that the Government is annually paying you by way of rebates in hauling periodicals.

Publishers are the only class of people to which our Government pays these bounties or gratuities. When the system was inaugurated it was for the purpose of distributing learning throughout the country, and, of course, amounted to a very small total sum annually; but the magazines have gone far afield from what their original purpose was, and now the larger part of these magazines are devoted to advertising—purely a commercial enterprise—and the Government is still extending these bounties at a present loss of \$39,000,000 a year.

If the Government hauls your periodicals over the country at one-eighth of the cost of such haul, why shouldn't it haul the schoolbooks of the country on the same basis? Why shouldn't it haul the religious books on the same basis? Why shouldn't it haul school-teachers and professors on the same basis? Why shouldn't it haul meat on the same basis, or bread on the same basis? Grapefruit in Florida is very cheap. We have to pay a great deal more for it when it is hauled to Washington or New York or Chicago for consumption. Why? Because it requires money to pay the freight. On the theory of your telegram, the Government ought to give to the grapefruit dealers a rebate on freight rates on grapefruit, so that the people of Boston can eat grapefruit at the same price that the people of Florida get it.

Now, the amendment proposed by me takes away only one-seventh of the present bounty that you are receiving from the Government by reason of the hauling of your periodicals. Surely in this time of war the periodicals should not object to this very small division of the bounties they are receiving. Do you think it is quite patriotic for you to object? We are conscripting the bodies and perhaps the lives of our young men in this war. We are also conscripting the wealth of the country. Is it possible that we can be wrong in conscripting one-seventh of the bounties that we are paying a favored class of our citizens? Remember that we are not taxing you at all. We are taxing other individuals and corporations to a very great extent, but we are not taxing you specially. In this amendment all we are doing is conscripting one-seventh of your bounty.

At such a time as this those who have been receiving such tremendous bounties as the periodicals have been receiving for many years ought not to hesitate for one moment when called upon not to be taxed but only to give up one-seventh of the immense bounty that they are receiving.

Do you think it is quite patriotic to contend against giving up one-seventh that the Government is paying you when other men and other corporations are being taxed as they are in this revenue bill?

You state that the amount of postage paid by you in 1916 was \$38,918.01 and that under the amendment you would have to pay \$136,213.04. This is a difference in round numbers of \$93,000. Inasmuch as the amendment offered by me takes only one-seventh of the bounty that is now being paid you, by a single calculation the whole amount of the bounty you are now receiving is \$686,000. When we conscript only one-seventh of this large bounty it seems to me that we are treating you very fairly.

Sincerely, yours,

KENNETH MCKELLAR.

PETITION.

Mr. PHELAN presented a petition of the Commercial Club of Fresno, Cal., praying that a labor census be taken and a system of industrial conscription be enforced for the period of the war, etc., which was referred to the Committee on the Census.

LANDS FOR GRAZING PURPOSES.

Mr. JONES of New Mexico, from the Committee on Public Lands, to which was referred the bill (S. 2776) providing for the classification of lands under the stock-grazing homestead act in certain States, and for other purposes, reported it with amendments, and submitted a report (No. 115) thereon.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MYERS (for Mr. WALSH):

A bill (S. 2845) authorizing the Secretary of the Interior to permit the leasing of certain coal lands in Wyoming; to the Committee on Public Lands.

By Mr. OWEN:

A bill (S. 2846) to amend section 11 of the act approved December 23, 1913, known as the Federal reserve act, as amended by the act of September 7, 1916; to the Committee on Banking and Currency.



By Mr. HOLLIS:

A bill (S. 2847) granting an increase of pension to Sylvanus Smith (with accompanying papers); to the Committee on Pensions.

By Mr. PHELAN:

A bill (S. 2848) granting a pension to Linda H. Lount (with accompanying papers); to the Committee on Pensions.

By Mr. PENROSE:

A bill (S. 2849) granting a pension to Annie V. Stockton; and

A bill (S. 2850) granting an increase of pension to Jonathan Dellinger; to the Committee on Pensions.

By Mr. CALDER:

A bill (S. 2851) to restore to certain Civil War officers on the retired list rank of which deprived by inequalities in past system of promotions; to the Committee on Military Affairs.

#### HOUSE BILL REFERRED.

H. R. 5901. An act to authorize an additional issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign Governments, and for other purposes, was read twice by its title and referred to the Committee on Finance.

#### WAR REVENUE.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 4280) to provide revenue to defray war expenses, and for other purposes.

Mr. TRAMMELL. Mr. President, a condition has arisen in the life of the Nation calling for the patriotism of this country, calling for those who represent the sovereign people of America in Congress assembled to defend the Nation's honor and to attempt to right the wrong which we feel has been inflicted upon our country. In defending this Nation against this wrong we have, under the exigency of the occasion, felt it necessary and deemed it proper to call upon the young manhood of our country to take up arms and go to the battle front to defend our flag. This, of course, is very essential. It is necessary to have our Republic represented upon the firing line if we are to successfully win in this conflict, if we are to successfully establish and inaugurate throughout the great world the principles of democracy which have ever been held so dear to the American people.

Another great exigency arises, Mr. President, incident to this conflict and that is that of raising the sinews of war. It is necessary that we not only impose upon our young stalwart manhood the burden of fighting our battle, the sacrifice of life, the sacrifice of opportunity during these strenuous days, but we must also impose upon the American people a taxation burden. The problem confronting the Senate at the present time is to what source we will turn as we impose this burden, whether or not we shall impose it upon those who are most able to bear the burden or whether we shall place it upon the people of this country who can ill afford to take upon themselves additional responsibilities and additional hardships.

As we have during these weeks considered this problem of such momentous extent, I have been firmly impressed that we should turn to the wealth of this country, that we should turn to those who are most able to bear the burden and there raise the greater part of the revenue which is necessary. Therefore I have been among those who have advocated increasing the rate of taxation upon war profits. I have been one of those who have advocated, and I am now advocating, an increase in the rate of taxation upon the large incomes throughout the Nation.

Mr. President, if to defend a policy of this kind smacks of a lack of patriotism, if it smacks of disloyalty to our country, then I will have to stand and plead guilty to the indictment.

I do not question, Mr. President, the motive or the purpose of any Senator who may disagree with me upon this subject. I have been somewhat astonished, however, that some upon this floor have impugned to those who were seeking to have these rates increased improper motive and disloyalty to their country.

Mr. President, is it disloyal to advocate a policy which seeks to make those who are able bear the burden of the Nation instead of inflicting undue hardships upon the great rank and file of the country? Is it disloyal to say to those who are receiving an enormous income, those who have been making and are making fabulous profits known as war profits, that we shall impose upon them the greater burden instead of shifting it to the masses of the people of this Nation, who already have hardships and trials which hamper them to a great extent in winning their way even to comfortable circumstances in the race of life?

Mr. President, if this is disloyalty, then I am willing to plead guilty to the indictment.

Some here may question the good faith, as they have, of those who favor raising the rate of taxation on the large incomes and war profits, but they are in a hopeless minority. I have an abiding faith as to what the verdict of the people of my own State and America will be regarding those who favor these increases on large incomes and war profits, and I will gladly abide that verdict.

Unfortunately, Mr. President, when there has come a question throughout this country as to whether or not the wealth and capital of the Nation should bear a greater part or a large proportionate part of the burdens under the circumstances, one of the cloaks of refuge of those who have disagreed to imposing that burden has been to cast aspersion upon those who contended that they should bear burdens they were able to bear, and that they should give maintenance in support of the Government. I have been contending against such an imputation ever since I entered public life. We can go back and deal with the policies in our States, respectively. You seek reform legislation; you seek legislation that is to require the wealth of the country or the corporate interests of the country to do its full duty, and invariably you are met with such imputations and insinuations from those who believe that the whole prosperity of the country, that the very destiny of the Nation, depends only upon the prosperity of our wealthy citizenship—the big business of the country.

Mr. President, I have not during my public career entertained that view. I realize that the great wealth of the Nation, I realize that capital, I realize that those who are operating and carrying on great industries are potent factors in the prosperity of the country. I realize that they, too, deserve commendation for their enterprise and for their industry, and I would not rob nor take from them their meed of praise for whatever they are doing or for whatever they have done for the development and for the prosperity of this great Nation of ours. But, Mr. President, regardless of my appreciation of their efforts, regardless of the fact that I realize that they have been instrumental in building up here a prosperous nation and a wonderful country, I can not, on account of that realization, forget that the great producing classes of this country—the man who takes wealth from the unfriendly soil, the man who with his brain and his brawn, by his labor, brings into existence the wealth of the Nation—should also be taken into consideration when we are dealing with Government problems that do not merely affect the wealth of the Nation but affect the great wage-earning class, the great masses of moderate means, the small producer of the Nation. I say, Mr. President, that he, too, has been a factor in the development of our country. He, too, has had to do with developing this land of ours, once but a waste, once an unbroken forest, into the wealthy, the prosperous land that it is at the present time.

I believe that we should increase the rates imposed upon the large incomes. If we do not do that, it is unquestionably going to be necessary then to impose taxes upon articles of consumption. If we impose taxes upon commodities, then we must impose a direct tax upon the consumer. When we impose a direct tax upon the consumer, we then reach out and add to the burdens of the people of this country who are already heavily burdened on account of the increased cost of living brought about during the strenuous times of the past few years.

I want to speak more particularly, Mr. President, in regard to an amendment which I offered to raise the exemption from the income tax from \$1,000 for single persons to \$2,000, and from \$2,000 for married persons to \$3,000. The bill, as recommended by the committee, exempts from the income tax only \$1,000 to a single person. It exempts only \$2,000 to a married person.

I submit, Mr. President, that if we are so solicitous that those who are enjoying enormous fortunes, running into the millions of dollars, should be so tenderly considered that they should be allowed to retain a sufficient part of their income that they may enlarge and extend their business operations, that they may extend their plants, then, surely, Mr. President, the poor people of this country who are making but a scant living, the poor people of this country who under the salaries that they are receiving are not given an opportunity to provide more than the ordinary necessities of life for their families, should have a little latitude in which they may provide a little comfort for the family and give a little more educational opportunity to their children. If it is necessary to the prosperity of this country that you should allow those receiving large incomes to retain a sufficient part of their incomes to extend and to enlarge their businesses, and we may say, Mr. President, to increase and to continue to build up their for-



tunes, then surely it is necessary for the prosperity and the happiness of the American people that we give the man of small income some margin before we tell him that he has to contribute to the Government in the nature of a war tax.

Take a married man with several children living on an income of \$2,220 a year. He is subject to the tax as soon as his income reaches \$2,000 a year. I say, Mr. President, that that income is not sufficient for him to enjoy, for his family to enjoy, what to-day, under the present increased cost of living, is necessary for ordinary comfort and to give reasonable opportunities to his children. I think that the exemption should be raised, and that he should be allowed as much as \$3,000 a year.

Are we going to say to the people at the bottom of the ladder, "We think that those who are receiving fabulous incomes in this country should be allowed latitude in which they can keep on building and continue to pyramid their fortunes, but so far as you are concerned we propose to begin to tax you before you have more than sufficient earnings to enjoy merely the necessities of life"? Two thousand dollars a year is no more than \$1,200 a year was 10 years ago, considering the increased cost of living to-day. While the increased cost of living may be disagreeable to the man with an income of \$10,000, or \$20,000, or \$50,000, or \$100,000 per year, it does not impose any burden upon him; it does not impose any deprivation upon him; but as to the poorer class of people of the country, the single man even, with his income of \$1,000 a year, and the married man with his income of \$2,000 a year, we know, and know too well, that under existing prices the burden and the hardship brought about on account of the increased prices fall upon that class of our citizens most heavily. Mr. President, with his hardships increased, with his opportunity of making a little accumulation lessened, with his opportunity for giving better educational advantages to his children decreased, with the opportunity of the married man to make brighter and more happy the home diminished, it seems to me that the Senate committee should not say to that man, unfortunate as he is on account of the circumstances in which we now find ourselves, "We do not propose to allow you an exemption of over \$1,000 a year, if you are a single man, or, if you are a married man, an exemption of more than \$2,000 a year before we begin to make you contribute to the tax burdens of your country."

Mr. President, my observation has been that the great rank and file of the people of this country who enjoy only small incomes are as patriotic, that they are as loyal, that they are as good citizens as we have within our Republic. They are always ready to respond to their country's call; they are always ready to do their duty as American citizens. They have contributed and will continue to contribute to the maintenance of our great system of government. They have been the very backbone of the country; they have in times of peace, in times of war, in periods of success, and eras of peril been true to their country and our institutions and American freedom. They will willingly, they will uncomplainingly at any and all times rally to the flag and bear any necessary burden which may be inflicted upon them by their Government. There is now, however, talk about making this war unpopular; some have intimated that those who are solicitous for the man of small means in this country may be disloyal to their country, that they want to make the war unpopular; but I tell you, Mr. President, that in considering the American people, in considering whether this war shall be popular or unpopular, we must consider the manhood of this country as well as the wealth, as well as the dollars that may be stored up in the Nation.

We must evidence a proper consideration for the great masses of our country, and I am firmly convinced that it is unnecessary, that the policy is not a correct one to seek to impose income taxes upon small incomes.

I have no ill will toward wealth and capital. They have been potent factors, as I have before stated, in the development of the country. It will be necessary, of course, for enterprises to be enlarged, for plants to be extended; but we can increase these rates of taxation and still at the same time allow the wealthy class of this country sufficient income to enjoy their usual comforts, to enjoy their ease and their luxuries, if they wish, and at the same time extend and enlarge their business operations. If, however, you put a tax burden upon the humble citizens of this country with an income of only \$1,000 in the case of single men and only \$2,000 in the case of married men, you will necessarily add to their hardship; you will necessarily take away from them the opportunity to do something that will bring about a greater degree of happiness and comfort in their own homes. For that reason, Mr. President, deeming that it is not necessary to make the exemptions so small, I have offered this amendment to increase from one to two thousand dollars the

exemption in the case of single men and from two to three thousand dollars exemption in the case of married men or married persons.

It was stated by the distinguished Senator from New York [Mr. WADSWORTH] yesterday in his very able address upon this subject that the wealth of this country represented, quoting identically his language, "the organized savings of the people." I think, Mr. President, that he was possibly correct in that definition; but if he was correct in that definition, and if wealth represents the organized savings of the people of this country, then to what other source could we more equitably and more justly turn to place the taxation to supply the revenue needed by the Government? I admit that wealth represents the organized savings of the people; it does not merely represent income upon investments; it does not merely represent the fruits of the ingenuity and business sagacity of the men who may be at the head of business institutions, of the men who may to-day enjoy the big possessions and the enormous incomes, but within that accumulation of wealth we find the organized savings of the people of this country.

The wealth of the land represents the efforts of the great masses of the people; it represents the fruits of labor; it represents the proportionate part that has been contributed by the producers and laborers of the Nation in building up our immense wealth. I have never yet, in dealing with governmental problems, been able to work myself into a frame of mind or to cherish a sentiment which would permit me to forget the man who has always been instrumental in building up the wealth of the land.

I believe that the burden can be more equitably and more reasonably imposed by increasing taxes on incomes. I thought that the same thing was true in regard to war profits. I believe at the present time that by increasing these rates we can eliminate from the bill the taxes imposed upon coffee, tea, sugar, and other commodities consumed by the great masses of the people, which taxes if not eliminated will reach into every home throughout the American Republic. Considering, as we necessarily must, the fact which we know to be true, that a very large majority of the people of America are people of very ordinary means, consumption taxes will necessarily impose a burden upon people who can ill afford to bear it, and impose it, Mr. President, when it is unnecessary. I believe that the system which will reach those who are most capable and able to bear the burden, instead of those who can ill afford to bear it, is the proper one, and for that reason I have consistently been voting to increase the rates upon war profits and upon individual incomes, and propose to-day to support amendments providing for an increase in the tax upon incomes. I shall also vote to eliminate the tax on coffee, tea, sugar, sirup, and also to eliminate the tax on parcel-post packages, freight and express receipts. I was one of the Senators who voted against the efforts to raise letter postage from 2 to 3 cents.

Mr. JOHNSON of South Dakota. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Florida yield to the Senator from South Dakota?

Mr. TRAMMELL. I do.

Mr. JOHNSON of South Dakota. Mr. President, I do not wish to interrupt the Senator, but before voting on his amendment I desire to see if I understand it thoroughly. The old law provides for an exemption of \$3,000 in the case of single men, and \$4,000 in the case of married men. The exemptions under the bill now before the Senate are \$1,000 in the case of single men and \$2,000 in the case of married men. As I understand, the amendment of the Senator from Florida proposes to increase the exemption to \$2,000 in the case of single men and \$3,000 in the case of married men. Is that correct?

Mr. TRAMMELL. That is correct.

Mr. JOHNSON of South Dakota. Now, as I understand, the committee bill not only reduces the exemption to \$1,000 and \$2,000, respectively, but it adds an additional 2 per cent tax to that imposed by the old law. That is correct, is it not?

Mr. TRAMMELL. That is correct.

Mr. JOHNSON of South Dakota. I thank the Senator for the information.

Mr. JONES of New Mexico. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Florida yield to the Senator from New Mexico?

Mr. TRAMMELL. I do.

Mr. JONES of New Mexico. I rather think the Senator from South Dakota labors under some misapprehension as to the bill. The bill as proposed reduces the exemption for the purposes of the additional 2 per cent tax only; in other words, a single man would pay 2 per cent on his income in excess of \$1,000 up to \$3,000, and a married man would pay a 2 per cent tax on his



income in excess of \$2,000 and not exceeding \$4,000. Then the old law would step in and apply the 2 per cent which it imposes, with the same exemption which the old law carries; in other words, a 2 per cent tax is imposed on the income of an unmarried man between \$1,000 and \$3,000, and above the \$3,000 the additional 2 per cent normal tax applies, and in the case of the married man the bill imposes a tax of 2 per cent on his income between \$2,000 and \$4,000 only, and on his income above \$4,000 the 2 per cent tax provided by the existing law attaches.

Mr. TRAMMELL. Mr. President, I think the explanation made by the Senator from New Mexico is correct. My amendment does not seek to raise the exemption to the amount provided by existing law, but it seeks to raise it from \$1,000 to \$2,000 in the case of single men and from \$2,000 to \$3,000 in the case of married men, which will be, of course, a reduction of \$1,000 in each instance from the exemption allowed under the existing income-tax law.

Mr. President, I yield to no man in my loyalty to our country, I yield to no man in my anxiety and my desire to see this Nation successful in the present conflict, and it is now and has been my object ever since we became involved in the war to contribute my influence, to contribute my vote toward bringing it to a successful termination. Of course, however, I have endeavored to stand for those policies and those measures which I conscientiously believed were proper.

We necessarily, Mr. President, regardless of our patriotism, regardless of our love of country, differ upon the details of the measures which may be necessary in the prosecution of the war. I do not impugn the motives of any Senator who may differ from me; but it is my conviction, it is my conscientious belief, that as we deal with the different subjects and different policies which are necessary we should be as mindful of the interests of the great rank and file of the people of this country as we are of the wealth of the country. If we are to maintain prosperity, if our country is to continue to go forward in its marvelous march of development, then we must bring contentment, we must bring happiness, not merely to one class of our citizenship, we must not be mindful merely of the interests of those who may perchance be so fortunate as to control and dominate the wealth of the country, but we must remember the great rank and file of the people who are making but a meager living at the best.

I say, Mr. President, that the prosperity of the country does not depend upon the more fortunate wealthy class, even though they are potent factors in its development and in its prosperity; but we will have a more prosperous country, we will have a happier people if we consider justly and equitably the interests of all classes. If the farmer, the laboring man, the artisan, the man in the office, the merchant, and the people of great wealth, all march shoulder to shoulder and are justly treated by the American Congress, that will bring about a greater degree of prosperity; that will make this war far more popular than to allow the great fortunes, the fabulous war profits, of the country to be exempt from a considerable part of the burden, and in consequence of such exemption necessitate imposing it upon those who can ill afford to bear that burden.

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from Wisconsin.

Mr. LA FOLLETTE. Mr. President, I wish briefly to call the attention of the Senate to the effect of the pending amendment. I do this because a number of Senators have requested that I should speak briefly upon the amendment, calling attention particularly to the rates and to indicate the effect of the rates.

Some days ago, before the amendment was introduced for the purpose of having it considered in connection with the bill, I presented it and asked to have the amendment printed in the RECORD, together with tables showing the tax which an income at each bracket would pay, the actual rate per cent, and the total amount of revenue which would be raised under the amendment. Senators will find these tables in the RECORD of August 27, on pages 6378 and 6379. If Senators who are interested will examine these tables I believe they will find there answers to any of the queries they may desire to make regarding this amendment, and more in detail than at this time I should feel warranted in doing upon the floor.

I do not care to add anything to what I have already said upon the principle of raising a larger amount of war revenue by taxation. To go into that matter again, in my judgment, would not contribute anything to this debate, and I have no disposition to take the time of the Senate away from other Senators who desire to speak upon other amendments. But I will say, regarding the pending amendment, that it will raise upon individual incomes \$162,000,000 more revenue than will the provisions of the committee bill affecting individual incomes, as

amended by the changes made yesterday and the changes of the so-called Lenroot and Gerry amendments. In other words, taking the committee provisions as to individual incomes as now before the Senate and comparing them with the amendment which I have offered, there is this difference:

The total amount of revenue that would be collected under the amendment as I have offered it in round numbers is \$162,000,000 more than would be collected under the provisions as they have been changed by the committee up to the present time. The earlier brackets of my amendments make very small assessments upon the smaller incomes and the amendment proceeds by a fraction of one-half of 1 per cent until the tax touches incomes in excess of \$20,000 when the increase is made by three-fourths of 1 per cent for each increase of \$1,000 in income until incomes in excess of \$30,000 are reached. Then the advance is made at the rate of 1 per cent per bracket. In the table I have had computed the exact rate per cent which would be collected from a given income, and the total tax that a given income would pay, starting with the \$3,000 income of a married person.

A \$3,000 income would pay \$20, or a rate of 0.66 per cent.

A \$5,000 income would pay \$80, or a rate of 1.6 per cent.

A \$6,000 income would pay \$125, or a rate of 2.08 per cent.

A \$7,000 income would pay \$175, or a rate of 2.5 per cent.

An \$8,000 income would pay \$230, or a rate of 2.87 per cent.

A \$9,000 income would pay \$290, or a rate of 3.22 per cent.

A \$10,000 income would pay \$355, or a rate of 3.55 per cent.

An \$11,000 income would pay \$425, or a rate of 3.86 per cent.

A \$12,000 income would pay \$500, or a rate of 4.16 per cent.

A \$13,000 income would pay \$580, or a rate of 4.46 per cent.

A \$14,000 income would pay \$665, or a rate of 4.75 per cent.

It may be interesting for Senators to know what the British rate would be on an income of that precise amount. It would be 29½ per cent, instead of 4.75 per cent.

Upon an income of \$15,000 the total tax would be \$755; the tax rate would be 5.03 per cent; the British rate would be 30 per cent and a fraction. I leave off the fraction.

Upon a \$16,000 income the total tax would be \$850, the rate 5.31 per cent; the British rate 30 per cent.

Upon a \$17,000 income there would be paid a tax of \$950, the tax rate being 5.59 per cent. The British tax rate, if applied to that income, would be 30 per cent.

An \$18,000 income would pay \$1,055 as a total tax; the rate per cent would be 5.86; the British rate would be 30 per cent.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. KELLOGG in the chair). Does the Senator from Wisconsin yield to the Senator from Utah?

Mr. LA FOLLETTE. I do.

Mr. KING. Are not the percentages just suggested by the Senator as being within his amendment and relating to incomes from, say, six or seven thousand dollars up to twenty thousand dollars, considerably less than those fixed in the committee's bill?

Mr. LA FOLLETTE. If the Senator has made that comparison—

Mr. KING. I will state to the Senator, if he will pardon me, that I read them, not having the two before me, however, at the same time, and my recollection is that the figures or percentages of the Senator from Wisconsin are very much less within the brackets just given by him. I was going to suggest whether if that were true, he did not think his percentages were too low upon the incomes ranging, say, from \$10,000 to \$20,000 or \$25,000?

Mr. LA FOLLETTE. I will hand to the Senator from Utah the minority report. Upon page 237 he will find a table giving the actual rate and the amounts which would be collected on certain incomes. It does not cover completely, as the Senator will see, all of the incomes embraced within the provisions of the proposed bill, but it is figured out for incomes of given amounts. If the Senator will give the rate, for instance, upon a \$10,000 income, as that is figured out in that table, I can then make the comparison which he wished to have instituted.

Mr. KING. The total tax under the present law would be \$120.

Mr. LA FOLLETTE. I do not care for the present law. Will the Senator just omit that and go to the last two columns of figures?

Mr. KING. Three hundred and fifty-five dollars, or a percentage of 3.55.

Mr. LA FOLLETTE. At that point the rates in my amendment and the rates in the committee amendment agree. What is the rate figured out upon an income of more than \$10,000 in the table which the Senator has before him?



Mr. KING. On an income of \$7,000 the total tax is \$180 on the percentage of 2.57.

Mr. LA FOLLETTE. The \$7,000 income, as shown by this table, would pay under my amendment a total tax of \$175 and at a rate of 2.5.

Mr. KING. There would be \$5 difference in the tax.

Mr. LA FOLLETTE. So up to the \$10,000 income the rates in the amendment proposed by me are not higher and some of them, I think, are lower than the rates proposed by the committee.

The senior Senator from Utah [Mr. Smoot] calls my attention to the bill as giving the rate of 2 per cent up to incomes of \$10,000. If that be so, then the rates in the table furnished by the majority of the committee are not correct. I am taking it from the table of the majority of the committee furnished to the junior Senator from Utah. Will the junior Senator from Utah take an income higher than that? What is the next income above \$10,000 given there?

Mr. KING. The next income as shown by the report which the Senator from Wisconsin tendered me is \$12,000.

Mr. LA FOLLETTE. That is the majority report?

Mr. KING. Yes.

Mr. LA FOLLETTE. What is the total tax paid?

Mr. KING. Four hundred and ninety-five dollars, and the percentage is 4.12.

Mr. LA FOLLETTE. Under the amendment which I have proposed the tax on a \$12,000 income would be \$500 and the tax rate 4.16 per cent.

Mr. SMOOT. So that there will be no misunderstanding, I will suggest to the Senator from Wisconsin the figures the junior Senator from Utah is reading not only take into consideration the percentage in the pending bill, but the present law, and both added together, of course, will amount to what the junior Senator from Utah states.

Mr. KING. Yes; the figures I gave would be the total tax—the tax under the proposed bill and the tax under the existing law.

Mr. LA FOLLETTE. The table from which I am reading shows the total tax that would be paid on the income, and that includes existing law as well as the added rates proposed in my amendment.

Mr. KING. So I understood the Senator from Wisconsin.

Mr. LA FOLLETTE. Now, if the Senator cares to pursue the subject further, will he give me the next?

Mr. KING. I should like if the Senator will pardon me, to make an inquiry as to an income of \$20,000.

Mr. LA FOLLETTE. Upon \$20,000 under the amendment as proposed by me the total tax paid would be \$1,290 and the tax rate 6.45 per cent.

Mr. KING. That would be somewhat higher than the present tax plus the tax that would be imposed by the bill submitted by the committee.

Mr. LA FOLLETTE. If the Senator will give me that, I should like to have it.

Mr. KING. One thousand two hundred and thirty dollars, and the percentage 6.15.

Mr. LA FOLLETTE. A difference of only \$70 in the total amount of tax paid.

Mr. KING. I thank the Senator. That covers the points I had in my mind.

Mr. LA FOLLETTE. Mr. President, I will not take the time of the Senate, unless some Senator should request me to do so, to read all of the different brackets shown in this table, but I will give the amount of the total tax which will be paid on an income of \$25,000. It would be \$2,027.50, and the actual rate per cent of taxation upon an income of that amount would be 8.11. Upon a \$30,000 income the total tax would be \$2,917.50 and the rate per cent 9.83. That would leave to an individual with an income of \$30,000, after paying his income tax, in round numbers, \$27,000 untaxed, upon which he, I should think, might worry along for the year.

Mr. VARDAMAN. By practicing economy.

Mr. LA FOLLETTE. By practicing, as the Senator from Mississippi suggests, rigid and strict economy in the management of his household. Senators will see how moderate are the increases which I propose. They do not in any degree meet the amount which I believe should be exacted from these incomes, but I am endeavoring to present rates which will commend themselves to the Senate and will increase the revenue to an amount which the Senate will be willing to vote into this bill.

Upon a \$40,000 income there would be paid, under the amendment I have proposed, a total tax of \$5,497.50, and the tax rate would be only 13.74 per cent.

Upon an income of \$50,000 there would be paid \$9,117.50. The tax rate would be 18.24 per cent, leaving to the recipient of the \$50,000 income \$40,000 untaxed.

Upon a \$100,000 income a tax of \$30,617.50 would be taken by the Government at a tax rate of 30.62 per cent.

Upon an income of \$1,000,000 the actual tax paid would be \$530,000. The tax rate would be 53.06 per cent.

Upon an income of \$2,000,000 the actual tax paid would be \$1,195,617.50, and the rate would be 59.78 per cent.

Mr. President, the total tax collected from individuals under the committee amendment now before the Senate is estimated to be but \$481,000,000. The total tax that would be collected under the amendment which I have proposed would be \$643,000,000, in round numbers.

I am very anxious, Mr. President, to see the taxes upon incomes raised sufficiently, so that, with the increase which has been made in the tax upon corporations, the war-profits tax, and the excise tax, and with increases which I hope will be made when the bill reaches the Senate adding still more, an amount will be realized from these sources sufficient to enable us when it comes to the final issue to strike out of the pending bill every consumption tax in it and still leave an amount which will be more fair and just as the amount which should be paid in taxes in comparison with the amount of money that must be raised by the sale of bonds than the bill was when reported by the committee or than it is now as changed by the Senate.

Mr. President, I believe it is worth while for Senators who desire that this measure shall receive the approval of the country to consider carefully, when the bill gets into the Senate, the question of increasing somewhat more the war-profits tax and of increasing now the tax upon incomes.

Mr. President, the Senate does not have the final decision upon the fiscal policy which this Government is to pursue. The Congress is not the final arbiter upon this question. After all, the people of this country must approve what we do if we successfully finance this war. If we should pursue a policy here that permits the wealth of the country to escape bearing its full proportion of the burdens that war brings to us, and should lay upon the people not only consumption taxes approaching a half a billion dollars, but upon top of that, by the small amount of taxes which the bill provides, drive straight toward an inevitably large bond issue that will mortgage the mass of the people to the wealth of the country for the next century to come, when the Treasury goes out to sell bonds it may be found that the people of this country are not willing to bend their backs to the burden of future taxation to meet an enormous bond issue that would not be necessary if there were levied in this bill taxes that would put a just share of this burden upon war profits and surplus incomes. The people will have this matter very well worked out in their minds. They will understand that of the vast sum that is carried in the bond issue with the interest added it is likely to be double in amount before the bonds are finally paid. They understand that when the Government mortgages itself by an enormous bond issue to the wealth of the country it is placing upon the mass of the people an involuntary mortgage that they must work out and sweat out to pay. The total amount of money that will be paid in the end will be double or more than double the amount that will be paid if the taxes to carry as large as possible amount of the war expenditure as can be were laid now upon the wealth of the country. This could be done without in any degree working injury to the industrial efficiency of the country or injustice to business or to the individuals who enjoy the surplus incomes that would be reached by the pending amendment.

Mr. JONES of Washington. Mr. President, I wish to ask the Senator from Wisconsin whether the amendment which he has now pending corresponds with the provision in his substitute for the entire bill relating to the income tax?

Mr. LA FOLLETTE. It corresponds with the income-tax provisions which I have incorporated in the substitute bill, upon which I hope to get a vote later in the consideration of this measure.

Mr. JONES of Washington. That is what I thought.

Now, Mr. President, I am going to take just a short time to call attention to some facts. I do not know whether they have been adverted to in the discussion or not. I have not heard them.

I hastily looked over the speech of the Senator from North Dakota [Mr. Gronna], and I think he gave the figures showing the persons who would be affected by the different gradations in the bill probably as reported by the committee. I have endeavored to segregate these figures and show how many would be affected by the provisions in the amendment of the Senator from Wisconsin as compared with the bill reported by the com-



mittee. I think it would be interesting to have in the Record a statement with reference to the number of persons affected, especially in view of the suggestions that have been made here that we are going to make this bill very unpopular by increasing the income and other taxes. That charge was made when we were voting upon the Lenroot amendment in this income-tax section and after we had rejected the committee amendment striking out the Lenroot provision.

Mr. President, according to the Statistical Abstract, there were 336,652 persons who returned incomes subject to the income tax for the year ending December 31, 1916.

Mr. LA FOLLETTE. Will the Senator pardon an interruption?

Mr. JONES of Washington. Yes.

Mr. LA FOLLETTE. I think that the descriptive matter at the head of the table in the volume which the Senator has is incorrect in this, that instead of the calendar year it should be the fiscal year.

Mr. SMOOT. No; the Senator from Washington is right.

Mr. JONES of Washington. I do not know, of course, as to that. I merely took the statement at the head of this column. It reads: "Personal Income Tax."

Mr. LA FOLLETTE. It is put in calendar years; but the matter was brought to the attention of the Secretary of the Treasury or the collector of internal revenue by the Senator from Nebraska [Mr. NORRIS], who is not now on the floor, who directed a letter to the department making particular inquiry about this table and the caption matter which the Senator from Washington has just read. The Senator from Nebraska told me that he expected to put that letter into the Record upon yesterday in the course of his remarks. I may not be correct in my recollection of his statement of the error in that caption, but there is an error in it.

Mr. JONES of Washington. But I take it that the table, anyway, is right as to the last returns.

Mr. LA FOLLETTE. The figures are correct; but whether they relate to the calendar year 1915 or to the fiscal year 1916 I am not certain.

Mr. JONES of Washington. Then we will take the figures, anyway, the last returns from the Treasury Department, showing the number of people who were affected by the income tax. Those figures show that the number was 336,652. Mr. President, so far as we know those are all of the people who were affected by the income tax. This bill begins at incomes of \$5,000 and over. According to this report, included in those 336,652 persons were 69,045 with incomes from \$3,000 to \$4,000 and there were 58,949 persons with incomes from \$4,000 to \$5,000. None of those persons are affected by the bill reported by the committee under the first bracket in this income-tax section, as I understand.

Mr. SMOOT. Mr. President, I know the Senator from Washington does not want to be wrong.

Mr. JONES of Washington. No; I do not. I want to be right.

Mr. SMOOT. The additional tax begins on incomes of \$5,000.

Mr. JONES of Washington. That is what I am talking about.

Mr. SMOOT. But the normal tax affects all those persons named by the Senators and a great many more, because the exemption as to incomes proposed in the bill is \$1,000 for a single man and \$2,000 for a married man, as against \$3,000 for a single man and \$4,000 for a married man under existing law.

Mr. JONES of Washington. But, of course, we have not finally passed on that suggestion.

Mr. SMOOT. No; but I think the Senate will.

Mr. JONES of Washington. I am speaking of the bill as it now stands.

Mr. SMOOT. The lowering of the exemption will bring in over a million people.

Mr. JONES of Washington. Oh, yes; I know that; but I am not talking about that; I am merely talking about those who have heretofore paid taxes on their incomes, and who will be affected by the increased taxes which in this bill it is proposed to raise from incomes. Of course if we extend the tax to those who have only an income of \$1,000 or \$2,000, we shall bring in a great many more; but that is not done according to the law now. I merely want to analyze the figures, so far as applied to this proposed law, as nearly as I can as compared with the amendment proposed by the Senator from Wisconsin.

Mr. SMITH of Michigan. What would the Senator think of extending it?

Mr. JONES of Washington. I will express myself on that a little bit later. When it comes to a vote, that proposition will come up; but I hope I shall not be diverted to any of those other matters in this connection. So right at the start 127,994 persons are not affected by some of the proposed income-tax increases by the bill of the committee or by the proposal of

the Senator from Wisconsin. That leaves 208,658 with incomes of \$5,000 and above. That is not a very large number of persons—208,658—and even if they should be dissatisfied, as they will not be, that will not cause any very widespread revolt; but now, beginning there and comparing this bill with the amendment proposed by the Senator from Wisconsin, he begins by imposing one-half of 1 per cent on incomes of \$5,000 and up to \$6,000, while the committee makes it 1 per cent. So his amendment is not quite so high as the committee amendment in that respect, and on incomes up to \$10,000 the rate in the amendment proposed by the Senator from Wisconsin is substantially the same as that of the committee. The committee rate on incomes above \$7,500 and up to \$10,000 is 2 per cent; the rate of the Senator from Wisconsin is 2 per cent up to \$9,000, and then it is 2½ per cent from \$9,000 to \$10,000, so that there is no substantial difference. These provisions and brackets cover 120,402 individuals, according to this report, leaving 54,154 people to be affected by the rates further on. That is not a very large number, and there will be no dissatisfaction from those 120,402 persons by reason of the amendment of the Senator from Wisconsin, because it makes no substantial increase over the proposal by the committee. Taking incomes of from \$10,000, where the rate is 3 per cent under the amendment of the Senator from Wisconsin, up to incomes of \$15,000, the Senator from Wisconsin proposes a tax of 5 per cent on incomes of \$14,000, while the committee proposes a rate of 4 per cent, an increase of only 1 per cent under the amendment of the Senator from Wisconsin. Some of the other rates on incomes within those limits are less under the committee amendment than under the amendment of the Senator from Wisconsin. By the tax on incomes up to \$15,000 the number of persons affected is 282,498, and there is no substantial increase by reason of the amendment of the Senator from Wisconsin on any of them. So we may not expect any especial disapproval from those 282,498 people.

Mr. GRONNA. Mr. President, will the Senator from Washington yield to me?

Mr. JONES of Washington. Yes; I yield.

Mr. GRONNA. It was stated by the chairman of the Committee on Finance [Mr. SIMMONS] that the amendment proposed by the Senator from Wisconsin [Mr. LA FOLLETTE] would bear most heavily upon the people with small incomes. I have hurriedly run over the columns of the figures given by the Senator from Wisconsin, and I want to state, if the Senator from Washington will permit me, that from incomes below \$25,000 there would be \$198,013,872 collected, and from incomes between \$25,000 and \$30,000 there would be collected \$36,542,730 more, or, in all, \$234,556,602 out of a total of \$850,043,772. So if these figures are correct it is not true that it would bear more heavily upon the people with the small incomes.

Mr. SMITH of Michigan. How about the last bracket?

Mr. JONES of Washington. In the last bracket the two amendments pretty nearly come together.

Mr. LA FOLLETTE. The last bracket of my amendment is identical with the committee provision, because I adopted the Gerry amendment as a part of this amendment after the Senate had voted unanimously for it. I think it might well be higher, but having the unanimous approval of the Senate, I attached those brackets to my amendment.

Mr. JONES of Washington. Mr. President, what I am trying to do is to bring out the facts with reference to the number of people who will be affected by these proposals by the committee and the Senator from Wisconsin. This shows that out of 336,652 there are 282,498 included up to the income class of \$15,000. Upon some of them the amendment proposed by the Senator from Wisconsin is a little lower than the committee amendment, and finally it is just 1 per cent higher upon the incomes from \$14,000 to \$15,000. Beginning at \$15,000—

Mr. GRONNA. Mr. President, will it disturb the Senator if I interrupt him?

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from North Dakota?

Mr. JONES of Washington. I yield.

Mr. GRONNA. The Senator has correctly stated the number of people who are affected by the income tax. I think he said the number was 336,652.

Mr. JONES of Washington. Yes.

Mr. GRONNA. Now, if we add to that the number of people affected by the corporation tax, which, according to the last Statistical Report, was 190,911, the total number who could be affected both by the war-profits tax and also by the income tax would be 527,363.

Mr. JONES of Washington. I want to dissociate the war-profits tax from the income tax for the purpose I have now. I am having nothing to do with the war-profits tax. I am merely considering the income-tax proposition, although I am



glad to have the facts to which the Senator calls attention put in here.

Mr. GRONNA. It has been stated that we are making this war unpopular because we are endeavoring to increase the rate of taxation on incomes of those who are paying the tax, but the total number who would be affected by any rate of taxation is a little more than half a million.

Mr. JONES of Washington. Yes; but I merely wanted to call attention to the facts with reference to the income-tax proposition, because I think that will really emphasize it sufficiently.

Beginning now at incomes of \$15,000, the committee rate is 6 per cent, while the rate under the amendment of the Senator from Wisconsin is only 5½ per cent. So the rate under the amendment of the Senator from Wisconsin is a little less than under the committee amendment; but the committee rate of 6 per cent continues on incomes from \$15,000 to \$20,000, while on incomes from \$19,000 to \$20,000 the amendment of the Senator from Wisconsin imposes a tax of 7½ per cent, or just 1½ per cent more than the committee amendment.

The number affected within those limits—incomes between \$15,000 and \$20,000—is 16,475; so that of those reporting incomes up to \$20,000, as affected by the amendment of the Senator from Wisconsin and by the provisions of the committee amendment, there would be 298,973. They would be affected in substantially the same way under both proposals, leaving 37,679 people to be aroused to anger by reason of increased rates under the amendment of the Senator from Wisconsin if adopted and to make this bill unpopular throughout the country. I do not think we need have very much to fear from them even if they should be angered, as I am sure they would not be.

Now, how are they affected? Beginning with incomes of \$20,000, the rate of the committee is 8 per cent, while the rate of the amendment of the Senator from Wisconsin is 8½ per cent; that is all; a slight increase. The committee rate of 8 per cent continues right along on incomes from \$20,000 to incomes of \$40,000. Senators talk about inequalities. Of course it is impossible to work out any system under which there will not be some inequalities; but I venture to assert, Mr. President, that under the plan of the committee there will be many, many times the inequalities that will come from the amendment of the Senator from Wisconsin.

Under the committee proposition a man whose income is \$20,000 a year pays the same proportionate rate as the man whose income is \$30,000; he pays at the same proportionate rate as the man whose income is \$35,000 a year, and he pays at the same proportionate rate as the man whose income is \$40,000 a year. So if you are going to try to arrange these matters so that they will be exactly equitable, you fail to do it by the committee proposition, while under the amendment of the Senator from Wisconsin as a man's income increases \$1,000 the rate is increased a little bit. Therefore the amendment of the Senator from Wisconsin is much more equitable among the class of people having incomes of \$20,000 up to \$40,000 than the committee provision.

How many people are affected in the class of those receiving incomes of from \$20,000 to \$40,000? I have not figured that exactly, but the number receiving incomes of from \$20,000 to \$25,000 was 9,707; the number of those receiving incomes of from \$25,000 to \$30,000 was 6,196; the number of those receiving incomes from \$30,000 to \$40,000 was 7,005, which makes, in round numbers, 23,000 people affected from the \$20,000 income limit to the \$40,000 limit.

While the rate provided by the committee of 8 per cent continues up to the \$40,000 income, the rate of the Senator from Wisconsin for the \$40,000 income reaches 26 per cent.

Mr. President, it will be seen that the amendment of the Senator from Wisconsin makes a substantial increase in the tax on incomes from \$20,000 to \$40,000; but, as has been often stated on this floor, the man who is receiving an income of \$20,000 a year or \$40,000 will not be worried by the slight increase that is made here. He is not going to suffer either for lack of food or lack of clothing or lack of the comforts of life; he will not make any sacrifice whatever in paying this increased tax. I desire to repeat what I said yesterday, that these men will make no objection to it; they will make no complaint at increasing this tax; they will be glad to pay it. A man receiving an income of \$40,000 a year is not going to object to this 26 per cent tax proposed by the Senator from Wisconsin.

Then, beginning at \$40,000, the tax under the committee provision is 10 per cent, merely an increase of 2 per cent over the rate on incomes of \$20,000, and that 10 per cent tax continues on incomes between \$40,000 and \$60,000, while under the amendment of the Senator from Wisconsin the rate is increased from 26 per cent to 34 per cent. The increased rate on incomes from \$40,000 to \$60,000 a year will affect 4,100 people—that is all.

There is not very much ground there for fear that this bill will be made unpopular throughout the country by raising those rates. I do not advocate raising any of these rates because there are few people to be affected; not at all. I favor putting it on for the same reason that the committee proposes to put that rate on. I am simply showing how little ground there is for the belief of the committee as expressed by its chairman, that increasing these rates would make this bill unpopular.

Then, beginning at incomes of \$60,000, the committee amendment provides a rate of taxation of 14 per cent, which has been increased by our accession to the House provision and the increase the Senator from North Carolina made yesterday. The rate proposed by the Senator from Wisconsin is 35 per cent. That is a very substantial increase over the committee amendment, but that affects incomes of \$60,000 up to \$80,000 and is not going to cause very much trouble.

Mr. KING. Mr. President—

The PRESIDING OFFICER (Mr. New in the chair). Does the Senator from Washington yield to the Senator from Utah?

Mr. JONES of Washington. In just a moment. I can not find from this book how many people paid taxes upon incomes between \$60,000 and \$80,000, because that particular class is not covered, the figures given applicable to the terms of these proposals being for those receiving incomes between \$50,000 and \$100,000. So I took those brackets, and I find that there are 6,847 people in that class. Now I yield to the Senator from Utah.

Mr. KING. I do not quite understand the statement of the Senator from Washington with respect to the per cent under the existing law and the bill tendered by the committee upon incomes of \$60,000.

Mr. JONES of Washington. I am not talking about the existing law at all; I am merely saying that the committee on incomes from \$50,000 to \$60,000 imposes a tax of 10 per cent, while the rate proposed under the amendment of the Senator from Wisconsin reaches 34 per cent. I am not talking about the existing law at all; I am merely comparing the committee proposal with the proposal of the Senator from Wisconsin; that is all that I am comparing.

Mr. KING. Then, the increase would be over 20 per cent on that class of incomes?

Mr. JONES of Washington. Yes; there would be quite a substantial increase there.

Then on the incomes of \$80,000 and not exceeding \$100,000 the committee now proposes a tax of 18 per cent, while the Senator from Wisconsin proposes a tax of 36 per cent; and the number of people affected between \$50,000 and \$100,000 would be 6,847.

The next bracket is those having incomes from \$100,000 to \$150,000. There the committee proposes a tax of 22 per cent, and the Senator from Wisconsin a tax of 37 per cent. How many people would that affect? What widespread dissatisfaction would that bring to the different sections of the country, assuming that every one affected would be dissatisfied? Why, that would affect just 1,793 people—that is all. Scatter them all around over this great country of ours and you are not going to get very much of a revolutionary sentiment out of those people; and you are not going to get very much of a revolutionary sentiment out of people who are getting \$100,000 to \$150,000, either, if you take up to 37 per cent of their incomes. You won't find any.

Then in the bracket from \$150,000 to \$200,000 the committee fix a tax of 25 per cent, while the Senator from Wisconsin fixes the rate at 38 per cent. They are coming together. How many people are affected by that? Just 724, according to this report.

Then the next bracket is incomes from \$200,000 to \$250,000. There the committee rate is 30 per cent, and that of the Senator from Wisconsin 39 per cent. They are coming still nearer together. But how many are affected in that bracket? What source of dissatisfaction will we have from that? Three hundred and eighty-six—that is all. Spread those 386 people around among the different States of the Union, and you will not have very much of a riot anywhere.

Then the next bracket is incomes from \$250,000 to \$300,000. The committee rate is 34 per cent, and the rate proposed by the Senator from Wisconsin is 40 per cent. But how many people does that affect? What tremendous revolutionary sentiment will be developed by this slight increase? It affects 216 persons. Just 216 persons will rise up in their wrath against the Congress for imposing a 6 per cent increase upon their incomes of \$250,000 to \$300,000 a year upon the theory of the Senator from North Carolina.

The next bracket is incomes from \$300,000 to \$500,000. The committee amendment provides for a tax of 37 per cent, and that of the Senator from Wisconsin 41 per cent. How many persons does that affect? Three hundred and seventy-six; that



is all. Why, if the whole 376 were in the State of Michigan they would not cause very much of an eruption there.

Mr. SMITH of Michigan. Suppose they were all in the State of Washington?

Mr. JONES of Washington. If they were there they would not cause any trouble. I wish they were there—they would welcome this increase and a greater one.

Mr. SMITH of Michigan. Perhaps some of them are.

Mr. JONES of Washington. Well, I do not know. Let me see; I will tell about that in a minute. No; we have not any of them.

Mr. SMITH of Michigan. Indeed! I supposed the Senator had a number of them in Washington.

Mr. JONES of Washington. No; we have not any. We have not any persons with incomes between \$400,000 and \$500,000.

Mr. SMITH of Michigan. Then the patriots the Senator is praising do not live there.

Mr. JONES of Washington. No. I wish they did live there. There would not be any dissatisfaction on account of this rate if they did—not a bit of it—any more than there would be in the State of Michigan. There would be none there. They would cheerfully pay it, and pay a higher rate, if necessary.

Mr. SMITH of Michigan. They would squirm a little, but they would pay it.

Mr. JONES of Washington. They would not squirm very much in this crisis of the Nation's history.

Then take the next bracket, those having incomes of \$500,000 to \$750,000. There the committee fix a rate of 40 per cent, under compulsion—or, if they do not admit that it was done under compulsion, I will admit that it was done voluntarily and cheerfully and gladly—while the Senator from Wisconsin raises it to 42 per cent, an increase of only 2 per cent. There is no report here upon incomes between \$500,000 and \$750,000, so I do not know how many would be affected there; but the next bracket is from \$750,000 to \$1,000,000. There the committee amendment fixes a rate of 45 per cent, and the amendment of the Senator from Wisconsin fixes a rate of 45 per cent; so that unless the action of the committee works a revolution throughout the country the amendment of the Senator from Wisconsin will have nothing to do with causing such a disturbance. Now, how many persons were affected by these two brackets, from \$500,000 to \$1,000,000? Just 209 persons, and, Mr. President, I venture the assertion that these 209 men are just as patriotic as any other 209 men you can find throughout the country, no matter how small their incomes may be. Patriotism is not measured by wealth or poverty and I have no sympathy with the suggestion that the rich are less patriotic than the poor. The trouble is that many here seem to act on the theory that wealth must be given more consideration than poverty. This is wrong; we should not do it.

The next bracket covers incomes above \$1,000,000. Of those incomes the committee takes 50 per cent, and the Senator from Wisconsin takes 50 per cent. How many persons are affected by this? Just 120 persons; and if they are dissatisfied with the amendment offered by the Senator from Wisconsin they will be dissatisfied with the amendment of the committee, because it makes no difference which is enacted into law.

So, Mr. President, I fear nothing in the way of dissatisfaction throughout the country by reason of the changes made by the amendment of the Senator from Wisconsin. I think it is much fairer, much more equitable, than the proposal of the committee, because it comes nearer imposing the tax in proportion to the ability of the man to pay it, and in proportion to the income that he receives, than the amendment of the committee. I can see no substantial objection to it. It will raise \$160,000,000 more from those able to pay it. It will go that far toward withholding burdens from the future. So far as I am concerned, I should like to see a higher rate upon incomes, as I suggested yesterday; but possibly this is as much as we can hope to get, and therefore I am glad to get it in preference to the other.

I will say, Mr. President, that I think the committee proposal is much better than the bill as it came from the House, and I am glad that we have fixed rates that we feel reasonably sure that we are going to get; that are above the House rates. I am not opposed to what we have; but I want to see them raised, if possible, and I have no fear of a national uprising if we do make some increase.

Mr. SMOOT. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Utah?

Mr. JONES of Washington. I do.

Mr. SMOOT. I take it for granted, of course, that the Senator's remarks have reference to the people affected by the income tax, not by the bill itself.

Mr. JONES of Washington. Why, certainly. I thought I made that plain. I am just talking about the first title in the bill, the first section. That is all I am talking about.

Mr. SMOOT. Of course, as far as any statement is concerned about causing dissatisfaction in the country, I never made such a statement—

Mr. JONES of Washington. I know that.

Mr. SMOOT. And I have no sort of sympathy with it; but I suppose the Senator who made that statement had reference to the bill as a whole. I want to say to the Senator, allowing present exemptions, that there will not be as many persons affected by the income tax under this bill as there have been in the past, because when you take into consideration the fact that a corporation with 120,000 stockholders, instead of having its profits distributed as a whole, with the exception of the 2 per cent normal tax, is now burdened with a tax of 46.9 per cent on an average, of course the Senator can see that that will affect the income of every stockholder in that concern. They will not get the dividends that they have been receiving in the past, and therefore their income tax will not be so great as it has been in the past.

Mr. LA FOLLETTE. Mr. President—

Mr. JONES of Washington. Just a moment. I simply want to say that I am not going into that discussion. I merely wanted to make a comparison between the proposal of the committee and the proposal of the Senator from Wisconsin. What the Senator says just now will apply to the committee proposal just the same as it will to the proposal of the Senator from Wisconsin, if the bill is enacted as we have framed it.

Mr. SMOOT. Certainly.

Mr. JONES of Washington. I now yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. Mr. President, all I wanted to say in reference to that is that the Senator from Utah is in error as to the provision that was pending when the remark was made by the Senator from North Carolina [Mr. SIMMONS] to which the Senator from Washington has been directing his observations throughout his discussion of this matter. The statement was made by the Senator from North Carolina in his speech, which was delivered on this floor, in opposition to the first amendment which I offered to the income-tax provision. It was an amendment that collected a smaller rate on incomes throughout than the amendment which is presented now; and the remark was directed to that, and not to the bill generally. The bill generally was not under consideration. That was the only thing that was under consideration. It was a comment and a criticism upon the attempt to increase the income tax as being directed with a purpose of rendering this bill unpopular, and creating dissatisfaction in the country against the war.

Mr. SMOOT. Mr. President, I can not say whether that statement was made upon any particular amendment or not—

Mr. LA FOLLETTE. Well, I can.

Mr. SMOOT. I think, however, that the Senator had in mind the taxes that were imposed in the bill and not in any one title.

I am not going to discuss that matter, because it is neither here nor there, nor did I rise for that purpose. I only wanted to call attention to the fact that the number of persons affected by the income tax if the exemptions were \$3,000 and \$4,000, as they are to-day, would not be as great as has been stated here by the Senator from Washington; but, of course, if the bill contains an exemption of \$1,000 and \$2,000 instead of \$3,000 and \$4,000 there will be affected not only the number that has been named by the Senator from Washington, but there will be over a million more persons affected.

Mr. JONES of Washington. The Senator does not understand that I dispute that statement. I was not discussing that phase of the matter at all. Of course, everybody knows that if we lower the exemption we will have more to pay on income tax.

Mr. OWEN. Mr. President, I wish to offer a proposed amendment to the pending bill, and ask that it be printed and lie on the table. I desire to give notice that to-morrow at 12 o'clock I shall ask to be permitted to submit some observations in regard to the amendment. It relates to a proposed progressive inheritance tax.

The PRESIDING OFFICER. Without objection, it will be so ordered. The question is on the adoption of the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. JONES of New Mexico. Mr. President, I have been very much gratified with the course which the debate has taken this morning. There seems to be no disposition on the part of anyone to talk for the mere sake of talking. I think the effort has been to understand the differences between this bill as reported by the committee and the changes suggested by the amendments. I think it is timely that a short statement should be made from the point of view of the committee.

We all realize the enormous task which confronts the Senate and, of course, which confronted the committee in framing such



a bill. This bill as reported will tax the people of this country to the extent of about two and a half billion dollars. Taken in connection with the existing revenue law, we propose to gather from the people of this country between three and a half and four billion dollars. It has not been long since there was a great protest going up over the country concerning the expenditure of a billion dollars for the purpose of carrying on the affairs of the Government, but here we are seeking to raise nearly \$4,000,000,000. We realize the importance of the task which is before the country not only to pay these taxes but to carry on the business of the country, the activities of the country, and to do the things which are necessary to be done in order to carry on the war. In this view the committee have undertaken to consider the various lines of industry so that they shall not be interfered with any more than absolutely necessary in order to raise the amount of revenue which it was felt necessary to raise at this time.

Mr. President, there is a common phrase known to the people of the country regarding revenue bills, and, while it is a homely phrase, it expresses the sentiment which has actuated the members of this committee. It has been the effort of the committee to "pluck the most feathers and produce the least squawking." We have sought to raise as much revenue as could be raised without serious interference with business in this country.

As to the rates which shall be imposed, there is no way by which you can with mathematical certainty demonstrate the amount which should be fixed. The little colloquy which I entered into a day or two ago with the Senator from New Hampshire [Mr. Hollis] was for the purpose of emphasizing that point. No man can say with mathematical certainty that the rate upon a given income should be a definite amount. You can not say whether it should be 15 per cent or 16 per cent. You can not say whether it should be 15 per cent or 20 per cent. The most that can be done is to exercise sound judgment in view of the information which we have regarding the conditions of business in this country. It was precisely that thing which the committee did. It considered the business interests of the country, the interests of different lines of business, and the bill which is reported here after consideration and after reconsideration has presented these schedules as the sound judgment of the majority of the members of that committee.

The changes which are sought to be made here by the amendment of the Senator from Wisconsin, as stated by the chairman of the committee in a previous discussion of this bill, bear more heavily upon the smaller incomes. I do not mean by that the smallest incomes, but those of modest proportions. We find on an examination of the amendment, as compared with the bill as reported, that up to \$20,000 there is very little difference between the percentage of tax imposed under the amendment of the Senator from Wisconsin and the committee bill, but when we come to incomes between \$20,000 and \$40,000 we find that he has increased the percentage from 8 per cent by 17 per cent in that bracket. It varies. There is an increase beginning with \$20,000, extending up to \$40,000, which amounts finally to an increase of 17 per cent. I mean 17 per cent of the total income, not a proportionate increase. But the committee fixes the percentage up to \$40,000 at only 8 per cent, whereas the amendment of the Senator from Wisconsin raises that in his last bracket over 17 per cent, making it 35 per cent on the man with an income of \$39,000. On the bracket between \$40,000 and \$60,000 the committee puts a tax of 10 per cent. The Senator's amendment increases that upon those incomes from 10 per cent up to 34 per cent, an increase of 24 per cent, or much more than double the amount of tax imposed by the committee bill.

After that is done, after you get up to incomes of \$60,000, then the increases proposed by the Senator from Wisconsin do not increase in the same proportion. They run in this way: Between \$20,000 and \$40,000 the increase is 17 per cent; between \$40,000 and \$60,000 the increase is 24 per cent; between \$60,000 and \$80,000 the increase is 18 per cent; between \$80,000 and \$100,000 it is 15 per cent; between \$100,000 and \$150,000 it is 13 per cent; between \$150,000 and \$200,000 it is 9 per cent; between \$200,000 and \$250,000 it is 6 per cent; between \$250,000 and \$300,000 it is 4 per cent; between \$300,000 and \$500,000 it is 2 per cent; and above \$2,000,000 there is no increase at all. So it is literally true that the increases made by the amendment of the Senator from Wisconsin do bear most heavily upon the modest incomes.

Now, argument has been presented, statements have been made, that a man with \$20,000 income can not be hurt by the amount of tax levied upon him by the amendment of the Senator from Wisconsin. An effort is made to have us believe that \$20,000 is an enormous income; that \$40,000 is still more of an

income; that people with such incomes could revel in luxury and pay 25 or 30 or 40 per cent without realizing it; that you could get that many feathers without any squawking.

But, Mr. President, I am fearful the Senators fail to realize the source from which such modest incomes come. These incomes do not drop from the trees. At least more than one-half of them are the profits of industry, and the income itself in practically all such cases is not represented by dollars in the bank; it is represented by increased activity, increase in plant, increase in the machinery, increase in the resources which tend to increase production. It is not dividends, it is a mere increase in business. When you speak of a man with a modest income of \$30,000 or \$40,000 it represents an addition to his industry. He hopes to increase his production. He wants to be encouraged just as much as the corporation wants to be encouraged which keeps money in its business. So when you levy these taxes you do bear down hard upon these men when you require that they shall take actual cash out of their business and turn it over to the Government.

Mr. President, I listened to the argument of the Senator from Washington [Mr. Jones], in which he tried to minimize the amount of hardship which would come from the levy of these taxes. He undertook to tell us the small number of people who would be actually affected. I want to say in the beginning that such an argument as that does not appeal to me in the slightest degree. If there should be only one citizen to be affected in this country by this tax, I should not want to do him an injustice. The fact that they do not count many votes at November elections should not make the slightest difference in the imposition of this tax.

Mr. NORRIS. Mr. President—

Mr. JONES of New Mexico. I yield to the Senator.

Mr. NORRIS. I agree with the statement the Senator just made most heartily, but I wish to call his attention to the fact that the Senator from Washington, who is not now in the Chamber, made that argument, as I understand it, in rebuttal of the argument against the proposed amendment that it would make the law and the war unpopular.

Mr. JONES of New Mexico. Mr. President, I, of course, understand the way in which the Senator from Washington sought to meet the statement, but would it not make it unpopular if the people of this country realized that we are imposing an unjust thing upon one man or any small number of men? I submit that it would arouse resentment in the breasts of the people of this country the same as it evidently has in the breast of the Senator from Nebraska. The people of this country want justice done, and it matters not the small number of people to be affected by it.

Moreover, Mr. President, the amounts which these few people pay are not insignificant. The Senator from Washington stated that those paying incomes between \$20,000 and \$40,000 were only 23,000 in number. He said that would not hurt much; you would catch only 23,000 people. But, Mr. President, those 23,000 people would pay in taxes under this bill \$34,352,600; and that is not all. Most of these men are engaged in business. They are producing the things which are necessary to carry on this country of ours, supporting the people, and supporting this war. Not only are they engaged in business, but that same business is met with another phase of this bill. Doubtless the same people who pay that \$34,000,000 will pay other large sums under the excess-profits tax. Your excess-profits tax—the war-profits tax, as it is sometimes called—bears upon the business of the individual precisely the same as upon a corporation. So with a partnership. These are not all the taxes, then, that these 23,000 people will pay under this bill.

Mr. President, it is impossible, as I say, for anyone to demonstrate that this percentage should be one amount or any other amount; but in consideration of the different business interests of the country, what the people are doing who make these modest incomes, the committee has tried to do its best. I imagine that if the individual Senators felt themselves free to prepare a schedule or a scale of these income taxes there would be as many different schedules as there are Senators in this body. I imagine that no two minds would exactly agree upon all these schedules. I do not believe it is possible for such a thing to happen. So what can you do upon a question of this kind, which is a mere matter of percentage, a mere matter of judgment? Shall you leave it to the individual judgment of each individual Senator when you know that that does not bring about a meeting of the minds, that it would not ascertain the majority judgment of the Senate? Then what can you do? Shall you take the judgment of the Senator from Wisconsin or the judgment of some other Senator and consider that as against the judgment of several Senators who have considered these figures and given to us their honest and best consideration?



It is upon that ground that I appeal to Senators to support the recommendations of your committee. These matters, to my mind, must be left to a committee to consider. They are mere exercises of judgment; and while I do not mean to say that any member of the committee is entitled to more consideration than any other Member of the Senate, yet it does seem to me that after several Members of the Senate have gotten together and after weeks of consideration—and not only consideration, but reconsideration—have reached a conclusion, it bears evidence of more exact justice than the estimate of any one Senator.

Mr. President, while I have the floor I think it is advisable to refer to a very small extent to the amendment offered by the Senator from Florida [Mr. TRAMMELL]. He proposes to raise the exemption of married men from \$2,000 to \$3,000 and of single men from \$1,000 to \$2,000. Of course that involves merely a matter of judgment, but let us see how this affects the people coming within that class. Under the bill as reported by the committee an unmarried man is entitled to an income of \$1,000 without any tax. If he earns more than \$1,000—if he earns as much as \$2,000—then the amount of the tax is only \$20.

If he earns as much as \$3,000, the amount of the tax is only \$40. With the married man, if he earns \$2,000, he pays no tax; if he earns as much as \$3,000, he pays \$20; if he earns as much as \$4,000, he pays only \$40. Does it look as if that would be a great hardship upon those individuals?

In the same connection it is argued that we should eliminate the consumption taxes from this bill. I do not propose to discuss that matter at this time. I do not know whether the consumption taxes would find themselves resting as a burden upon the consumers of the country or not. It seems to me the sugar and the coffee situation is such that those who handle those commodities will get all that the traffic will bear anyhow. But if it should to some limited extent increase the price of sugar and coffee and tea, Mr. President, I go upon this principle, that in a time like this not only every citizen of this country should be called upon to do something for the country but every citizen should deem it a privilege to do at least something for the country in this great crisis, and so with these people. Why should not the unmarried man with an income of \$2,000 feel proud that he is called upon to pay \$20 of that to the maintenance of the war, and so the married man with \$3,000 that he should pay \$20? Mr. President, to the masses of the people of this country who consume the tea and the coffee and the sugar, the amount of it, even if the consumer does pay it, is so infinitesimally small that it should have no serious bearing upon the living expenses of any of them. Under those circumstances do not those people of modest means who do not come within the income-tax law of the country want to feel that they have at least a small interest in carrying on the war? So, in the cup of coffee or the cup of tea, if the widow could feel that in that there was at least a mite contributed to the support of the country in time of war, I should think she would feel proud of the opportunity.

So, Mr. President, the committee presents this bill. We have tried to do right, to raise the revenue in such manner as to cause the least injury to the taxpayers of the country, and we submit it to the consideration of the Senate. I do not believe that the amendment offered by the Senator from Wisconsin should be adopted. I think the proposed increases upon the modest incomes of the country are too high, and I trust, Mr. President, that the Senate will come to the conclusion that we should not tax these modest incomes in such way as to bear heavily upon the business interests of the country.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. HOLLIS. I call for the yeas and nays.

The yeas and nays were ordered.

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Wisconsin suggests the absence of a quorum, and the Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Bankhead	Gronna	New	Smoot
Borah	Hale	Norris	Sterling
Brady	Hollis	Page	Sutherland
Brandeggee	Husting	Penrose	Swanson
Calder	James	Poindexter	Trammell
Chamberlain	Johnson, Cal.	Ransdell	Vardaman
Colt	Jones, N. Mex.	Reed	Wadsworth
Culberson	Jones, Wash.	Saulsbury	Warren
Curtis	Kellogg	Shafroth	Watson
Dillingham	Kendrick	Sheppard	Williams
Fernald	Kenyon	Shields	Wolcott
France	La Follette	Simmons	
Frelinghuysen	McNary	Smith, Md.	
Gerry	Martin	Smith, S. C.	

The PRESIDING OFFICER. Fifty-three Senators having answered to their names, there is a quorum present.

Mr. NORRIS. Mr. President, I desire to call the attention of the Senate to a table that has been used a great deal in this discussion, found in the Statistical Abstract of 1916, and to what, in my mind, is no doubt a typographical error. The table is No. 366 and is found on page 648. It purports to give the incomes of persons having a net income in excess of \$3,000 for the year ending December 31, 1916. That ought to be 1915.

Mr. JONES of New Mexico. Mr. President—

Mr. NORRIS. I yield to the Senator.

Mr. JONES of New Mexico. Perhaps the Senator is not aware that on the 20th or 21st of August, in remarks that I made to the Senate at that time, I filed the figures in a brief form for the use of the Senate and they were published in the RECORD at that time.

Mr. NORRIS. That does not do away with the fact that this table has been very often used. I undertook to get similar information for 1916 from the Commissioner of Internal Revenue some time ago and was unable to get it, because he said they had not been able to compile it yet from the records.

If Senators will notice the Statistical Abstract for 1916, the volume to which I have just made reference, the date of the letter of transmittal, January 1, 1917, states the income tax is not paid by persons in the United States until the 1st of January, 1917, for the calendar year of 1916, and the taxpayer has until the 1st of March, 1917, to pay the tax of 1916. So it would have been impossible, as is shown on its face, for this table to have been compiled at the time of the transmittal of this report, because the returns were not yet in. But to be sure about it, I took the matter up with the Commissioner of Internal Revenue by telephone after I had had an answer to my letter that he was unable to supply similar information for 1916, and he said that in this table one of the brackets was wrong. The last column states the amount as being \$1,900,000 and over, but it ought, instead, to be one million. With that correction, all of the figures in the table are correct for the calendar year of 1915 instead of the calendar year 1916, as the table shows.

Mr. JONES of New Mexico. I call for the yeas and nays.

Mr. LA FOLLETTE. I ask for the yeas and nays upon the amendment.

The PRESIDING OFFICER. The yeas and nays have been ordered on the adoption of the amendment of the Senator from Wisconsin. The Secretary will call the roll.

The Secretary proceeded to call the roll.

Mr. LODGE (when the name of Mr. WEEKS was called). My colleague [Mr. WEEKS] is absent from the Senate in order to say good-bye to his son, who is sailing for France. He has a pair with the Senator from Washington [Mr. JONES]. If present, my colleague would vote "nay."

The roll call was concluded.

Mr. WADSWORTH (after having voted in the negative). I voted without explaining that I transferred my pair with the Senator from Oklahoma [Mr. GORE] to the Senator from Connecticut [Mr. MCLEAN]. I will allow my vote to stand.

Mr. FLETCHER. I have a general pair with the Senator from New Hampshire [Mr. GALLINGER], who, if present, would vote as I shall on this question. I therefore feel at liberty to vote. I vote "nay."

Mr. CURTIS. I desire to announce that the Senator from West Virginia [Mr. GOFF] is paired with the Senator from South Carolina [Mr. TILLMAN].

Mr. LEWIS. I wish to announce that the Senator from Tennessee [Mr. MCKELLAR] is paired with the Senator from California [Mr. PHELAN] on this amendment. If present, the Senator from Tennessee would vote for the amendment and the Senator from California would vote against the amendment.

Mr. ROBINSON. I have a pair with the Senator from Michigan [Mr. TOWNSEND]. I transfer that pair to the Senator from Arizona [Mr. SMITH] and vote "nay."

Mr. MYERS. I transfer my pair with the Senator from Connecticut [Mr. MCLEAN], who is unavoidably absent on account of sickness, to the Senator from Oklahoma [Mr. GORE] and vote "nay."

Mr. BANKHEAD. My colleague [Mr. UNDERWOOD] is unavoidably absent from the Senate. If present, he would vote "nay."

Mr. JONES of Washington (after having voted in the affirmative). As announced by the senior Senator from Massachusetts [Mr. LODGE], I am paired for the day with the junior Senator from Massachusetts [Mr. WEEKS], but with the understanding that if I could arrange a transfer of pairs it might be done. Therefore I transfer my pair with the Senator from

Massachusetts to the Senator from Iowa [Mr. CUMMINS] and will allow my vote to stand.

Mr. McCUMBER. I have a general pair with the senior Senator from Colorado [Mr. THOMAS], which I transfer to the senior Senator from New Hampshire [Mr. GALLINGER] and vote "nay."

Mr. FRELINGHUYSEN. I have a general pair with the junior Senator from Montana [Mr. WALSH]. I transfer that pair to the junior Senator from Alabama [Mr. UNDERWOOD], and vote "nay."

Mr. HARDING. As it has been announced that the junior Senator from Alabama [Mr. UNDERWOOD], with whom I have a general pair, if present would on this question vote as I shall vote, I felt at liberty to vote. I vote "nay."

The result was announced—yeas 19, nays 55—as follows:

## YEAS—19.

Borah	Husting	McNary	Sutherland
Brady	Johnson, Cal.	Norris	Thompson
Gronna	Jones, Wash.	Poindexter	Trammell
Hardwick	Kenyon	Reed	Vardaman
Hollis	La Follette	Sheppard	

## NAYS—55.

Bankhead	Gerry	Nelson	Simmons
Beckham	Hale	New	Smith, Ga.
Brandeggee	Harding	Overman	Smith, Md.
Broussard	Hitchcock	Owen	Smith, S. C.
Calder	James	Page	Smoot
Chamberlain	Jones, N. Mex.	Penrose	Sterling
Colt	Kellogg	Pittman	Stone
Curtis	Kendrick	Pomerene	Swanson
Dillingham	Knox	Ransdell	Wadsworth
Fall	Lewis	Robinson	Warren
Fernald	Lodge	Saulsbury	Watson
Fletcher	McCumber	Shafroth	Williams
France	Martin	Sherman	Wolcott
Frelinghuysen	Myers	Shields	

## NOT VOTING—22.

Ashurst	Hughes	Newlands	Townsend
Culberson	Johnson S. Dak.	Phelan	Underwood
Cummins	King	Smith, Ariz.	Walsh
Gallinger	Kirby	Smith, Mich.	Weeks
Goff	McKellar	Thomas	
Gore	McLean	Tillman	

So Mr. LA FOLLETTE'S amendment was rejected.

Mr. HOLLIS. Mr. President, I am about to offer an amendment to this title which will raise about \$80,000,000 more than will the committee amendment, and not so much as the amendment which has just been rejected. I will say briefly that my amendment begins to increase the committee's schedule with incomes of \$25,000 and meets the committee's schedule on incomes of \$500,000 and over. I have changed one paragraph in order to meet the committee's schedule on incomes between \$250,000 and \$500,000; that is, I have changed my 35 per cent schedule to 37 per cent. I send the amendment to the desk, and ask to have it read.

The PRESIDING OFFICER. The amendment proposed by the Senator from New Hampshire will be stated.

The SECRETARY. It is proposed to strike out section 2, and in lieu thereof to insert:

SEC. 2. That in addition to the additional tax imposed by subdivision (b) of section 1 of such act of September 8, 1916, there shall be levied, assessed, collected, and paid a like additional tax upon the income of every individual received in the calendar year 1917 and every calendar year thereafter, as follows:

One per cent per annum upon the amount by which the total net income exceeds \$5,000 and does not exceed \$7,500.

Two per cent per annum upon the amount by which the total net income exceeds \$7,500 and does not exceed \$10,000.

Three per cent per annum upon the amount by which the total net income exceeds \$10,000 and does not exceed \$12,500.

Four per cent per annum upon the amount by which the total net income exceeds \$12,500 and does not exceed \$15,000.

Five per cent per annum upon the amount by which the total net income exceeds \$15,000 and does not exceed \$17,500.

Six per cent per annum upon the amount by which the total net income exceeds \$17,500 and does not exceed \$20,000.

Seven per cent per annum upon the amount by which the total net income exceeds \$20,000 and does not exceed \$22,500.

Eight per cent per annum upon the amount by which the total net income exceeds \$22,500 and does not exceed \$25,000.

Nine per cent per annum upon the amount by which the total net income exceeds \$25,000 and does not exceed \$27,500.

Ten per cent per annum upon the amount by which the total net income exceeds \$27,500 and does not exceed \$30,000.

Eleven per cent per annum upon the amount by which the total net income exceeds \$30,000 and does not exceed \$32,500.

Twelve per cent per annum upon the amount by which the total net income exceeds \$32,500 and does not exceed \$35,000.

Thirteen per cent per annum upon the amount by which the total net income exceeds \$35,000 and does not exceed \$37,500.

Fourteen per cent per annum upon the amount by which the total net income exceeds \$37,500 and does not exceed \$40,000.

Fifteen per cent per annum upon the amount by which the total net income exceeds \$40,000 and does not exceed \$42,500.

Sixteen per cent per annum upon the amount by which the total net income exceeds \$42,500 and does not exceed \$45,000.

Seventeen per cent per annum upon the amount by which the total net income exceeds \$45,000 and does not exceed \$47,500.

Eighteen per cent per annum upon the amount by which the total net income exceeds \$47,500 and does not exceed \$50,000.

Nineteen per cent per annum upon the amount by which the total net income exceeds \$50,000 and does not exceed \$52,500.

Twenty per cent per annum upon the amount by which the total net income exceeds \$52,500 and does not exceed \$55,000.

Twenty-one per cent per annum upon the amount by which the total net income exceeds \$55,000 and does not exceed \$57,500.

Twenty-two per cent per annum upon the amount by which the total net income exceeds \$57,500 and does not exceed \$60,000.

Twenty-three per cent per annum upon the amount by which the total net income exceeds \$60,000 and does not exceed \$62,500.

Twenty-four per cent per annum upon the amount by which the total net income exceeds \$62,500 and does not exceed \$65,000.

Twenty-five per cent per annum upon the amount by which the total net income exceeds \$65,000 and does not exceed \$67,500.

Twenty-six per cent per annum upon the amount by which the total net income exceeds \$67,500 and does not exceed \$70,000.

Twenty-seven per cent per annum upon the amount by which the total net income exceeds \$70,000 and does not exceed \$72,500.

Twenty-eight per cent per annum upon the amount by which the total net income exceeds \$72,500 and does not exceed \$75,000.

Twenty-nine per cent per annum upon the amount by which the total net income exceeds \$75,000 and does not exceed \$80,000.

Thirty per cent per annum upon the amount by which the total net income exceeds \$80,000 and does not exceed \$85,000.

Thirty-one per cent per annum upon the amount by which the total net income exceeds \$85,000 and does not exceed \$90,000.

Thirty-two per cent per annum upon the amount by which the total net income exceeds \$90,000 and does not exceed \$95,000.

Thirty-three per cent per annum upon the amount by which the total net income exceeds \$95,000 and does not exceed \$100,000.

Thirty-four per cent per annum upon the amount by which the total net income exceeds \$100,000 and does not exceed \$250,000.

Thirty-seven per cent per annum upon the amount by which the total net income exceeds \$250,000 and does not exceed \$500,000.

Forty per cent upon the amount by which the total net income exceeds \$500,000 and does not exceed \$750,000.

Forty-five per cent upon the amount by which the total net income exceeds \$750,000 and does not exceed \$1,000,000.

Fifty per cent per annum upon the amount by which the total net income exceeds \$1,000,000.

Mr. HOLLIS. Mr. President, the amendment which I have submitted represents an endeavor to accommodate the two ends of the income-tax schedules that have now been adopted by the Senate. The Senate voted unanimously to place an income-tax on incomes from \$500,000 to \$750,000 at 40 per cent, and an income tax of 37 per cent on incomes of from \$250,000 to \$500,000. In my amendment I adopt those schedules, or, to put it more accurately, the committee has adopted two of my schedules—the 40 per cent and the 45 per cent schedules.

I then begin with the committee's schedule of 1 per cent per annum upon the amount by which the total net income exceeds \$5,000 and does not exceed \$7,500. I then follow the committee amendment until I reach incomes of \$25,000. I then begin to add, with the same process that the committee has followed, until I reach incomes of \$75,000. On incomes above \$75,000 I increase by jumps of \$5,000 until I get to where the committee amendment imposes a tax of 37 per cent.

The effect of this amendment substantially is to increase the committee schedules on incomes between \$25,000 and \$250,000 a year. For example, take an income of \$50,000. Under the committee amendment the percentage is 10.8 per cent; under my amendment it would be 13.1 per cent; under the amendment just rejected it would be 18.2 per cent.

On an income of \$100,000, under the committee amendment, the rate would be 16.4 per cent; under my amendment it would be 23.8 per cent, and under the amendment just rejected it would be 30.6 per cent; that is, as between incomes of from \$50,000 a year to \$100,000 per year the committee amendment increases the rate 52 per cent; my amendment increases the rate 82 per cent, and the La Follette amendment increases the rate 66 per cent. My amendment is practically midway between the committee rate and the La Follette amendment as to incomes between \$25,000 and \$250,000.

This is the last chance the Senate is going to have to increase the percentage of tax on the higher incomes. The Senate has insisted on imposing a graduated income tax on corporations, but in so doing they did not tax men of large incomes any more than they taxed men of small incomes, because the rate was imposed on corporations; and the larger the corporation, as a rule, the greater the number of stockholders and the smaller the holdings of each stockholder; whereas the stock of very profitable corporations is closely held, the investments are large, the incomes are large, and the rate is low. The Senator from North Dakota [Mr. McCUMBER] pointed that out very plainly yesterday. So far in the income tax on individuals we have taxed the very small property holder just as high as we have the very large property holder, and we are going to be met hereafter in the consideration of this bill with the statement, "Oh, you have put an enormous income tax on corporations and now you have got to let up on them all down the line," and if we do not put a large income tax on individuals it is going to be said, "Why, you can not cut out the consumption taxes, and you can not adopt the amendment proposed by the Senator from Florida [Mr. TRAMMELL] to increase the exemption from \$1,000 in the case of



the single man and \$2,000 in the case of the married man, as proposed by the committee, to \$2,000 and \$3,000, respectively."

Mr. HOLLIS. Mr. President, in this connection I desire to call attention to an amendment which I shall offer before we vote this afternoon to this effect:

SEC. — That section 5 of such act of September 8, 1916, is hereby amended by adding at the end of subdivision (a) a further paragraph No. 9, to read as follows:

"Ninth. Contributions or gifts actually made within the year to corporations or associations organized and operated exclusively for religious, charitable, scientific, or educational purposes, or to societies for the prevention of cruelty to children or animals, no part of the net income of which inures to the benefit of any private stockholder or individual, to an amount not in excess of 20 per cent of the taxpayer's taxable net income as computed without the benefit of this paragraph. Such contributions or gifts shall be allowable as deductions only if verified under rules and regulations prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury."

The effect of that amendment will be to permit a wealthy man to contribute to charitable, educational, and scientific institutions, and then when he comes to make up his income-tax returns to make a deduction from his gross income of the amount that he has contributed for those purposes, not to exceed 20 per cent of his entire net income. I believe that the Senate will see the necessity for voting that exemption in war times.

I have myself been on the other side of this proposition that colleges, hospitals, and charitable institutions should be supported by private contributions. I myself had the privilege of going to a large school. Before I went there I supported myself entirely for two years. I went there and received a tremendous amount of benefit; I enjoyed my experience there; but what I contributed in tuition did not begin to pay my share of the expense, and I never felt comfortable that I had been there because of private bounty. I have tried since I graduated to make it up by contributions to class funds and teachers' funds, and so on, so that I feel that I am square with the college; but I should have felt much better if I had gone to an institution which was supported by public taxes. So I am on the other end of this proposition ordinarily; but what have we done? We have permitted these institutions to grow up and become firmly established on the plan of depending upon private contributions. Now, however, the war affects those institutions more seriously than it does any other character of institution. The soldiers we draw come very largely from our colleges. I have seen no estimate, but I should imagine that fully one-half of the students will be taken out of the large institutions because of the war, and it is going to be a very serious problem whether they can be kept open at all. I understand ex-President Taft has written to the committee stating that, in his judgment, institutions like Hampton Institute will be seriously handicapped unless this amendment is adopted.

It will work in this way: Usually people contribute to charities and educational objects out of their surplus. After they have done everything else they want to do, after they have educated their children and traveled and spent their money on everything they really want or think they want, then, if they have something left over, they will contribute it to a college or to the Red Cross or for some scientific purposes. Now, when war comes and we impose these very heavy taxes on incomes, that will be the first place where the wealthy men will be tempted to economize, namely, in donations to charity. They will say, "Charity begins at home."

I should not favor allowing any man to deduct all of his contributions to these objects from his income-tax return, but if we limit it to 20 per cent of his income we can not be doing much harm to the Public Treasury.

Look at it in this way: For every dollar that a man contributes for these public charities, educational, scientific, or otherwise, the public gets 100 per cent; it is all devoted to that purpose. If it were undertaken to support such institutions through the Federal Government or local governments and the taxes were imposed for the amount they would only get the percentage, 5 per cent, 10 per cent, 20 per cent, or 40 per cent, as the case might be. Instead of getting the full amount they would get a third or a quarter or a fifth.

Mr. VARDAMAN. Mr. President—

The PRESIDING OFFICER (Mr. HITCHCOCK in the chair). Does the Senator from New Hampshire yield to the Senator from Mississippi?

Mr. HOLLIS. I yield.

Mr. VARDAMAN. I do not wish to interrupt the Senator, if he is going to continue with the discussion of his second amendment. I desire to ask him something about his first amendment, which I will do after he gets through discussing the amendment to which he is now referring.

Mr. HOLLIS. I will be through that branch of my discussion in a moment.

Mr. President, I have many letters from men who have been prominent in charitable work, from men in the Red Cross Association, from all of the larger colleges, and from many charities in all sections of the country. I ask that I be permitted to insert in the Record without reading, instead of these letters, editorials in favor of this amendment from the Washington Post, the New York Times, The Survey, and the Boston Transcript.

Mr. SMOOT. Mr. President, do I understand the Senator to say that these letters refer to the amendment in relation to the donations which may be made for charitable purposes?

Mr. HOLLIS. Yes; they refer to that.

Mr. SMOOT. And they have no reference to the Senator's pending income-tax amendment?

Mr. HOLLIS. They do not relate to the income-tax amendment. I will say frankly the reason I am speaking about the second amendment now is that I do not know that I shall get an opportunity to speak upon it before the vote is taken, and I desire to explain it. I ask that the editorials to which I have referred may be printed in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

The editorials referred to are as follows:

[From the Washington Post, Aug. 25, 1917.]

#### EXEMPTING CHARITY.

The Senate was expected to reduce somewhat the high income-tax rates which the House approved in adopting the Lenroot amendment. It has, however, voted to retain the Lenroot rates in the war-revenue act, and may even increase them. This gives added importance to the amendment to exempt from the tax, by means of allowable deductions, gifts for charitable, educational, and religious purposes, which the Senate must soon vote upon and which it will do well to adopt. Such deductions are limited to one-fifth of the individual's otherwise taxable income.

The proposal means that, while the individual is asked to give up a large part of his income to the Government, which will determine what is to be done with it or how it is to be spent, and presumably in this emergency will devote it chiefly to effective measures for winning the war, he will still have the privilege of giving up one-fifth of his total income to war purposes, the Red Cross relief, or to humanitarian, educational, or public objects which he may elect and in which he may exercise a choice as to how the money shall be spent.

If the Government takes all, or nearly all, of one's disposable or surplus income, it must undertake the responsibility for spending it, and it must then support all those works of charity and mercy and all the educational and religious works which in this country have heretofore been supported by private benevolence.

It would be a mistake to change abruptly the traditional policy under the stress of war conditions. This country can not abandon or impoverish the great structure of private charity and education that has been one of the most notable achievements of American civilization. Therefore with every additional dollar the Government finds it necessary to take in taxation it becomes increasingly necessary to accept the principle of the pending amendment and leave untaxed that part of every citizen's income which he may give voluntarily to the public good.

[From the New York Times, Aug. 24, 1917.]

#### THE CONSCRIPTION OF WEALTH.

The emotionalists at Washington and elsewhere, especially those who are opposed to the war, have had a great deal to say about "taxing wealth" and "the conscription of wealth." Every tax is a tax on wealth or income. Every tax is a conscription of wealth or income. Taxation is not a subject for rhetoric, fine frenzies, or phrases. The expenses of the Government being greatly increased by the war, taxation must be greatly increased. During the Civil War, after 1862, and for some three years after its close, the internal-revenue receipts were greater than the customs receipts. These are the two main sources of Government revenue. The case was the same in the Spanish War. Normally the customs receipts have exceeded the internal-revenue receipts, though in the last few years the conditions have been reversed on account of the inheritance tax and the income tax. The latter, urged by many of its advocates as an "emergency tax," was imposed before the emergency arose. Now, when there is supreme emergency, it is right that the tax should be increased. It is right that the taxes on large incomes should be increased.

It is the prevailing theory of taxation that every person's payment to the Government should correspond with his resources. Increased income taxes are sound economically to the extent that they will furnish a great revenue. If they are increased to such an extent that trade and industry, the productive sources of income, are injured, they are unsound and pernicious.

These are sober truisms to be kept in mind in judging the Senate's action on Wednesday in overturning the Senate Finance Committee's income-tax schedule except as to incomes under \$60,000 and providing an ascending graduated scale from 13.75 per cent on incomes between \$60,000 and \$80,000 to 50 per cent on \$1,000,000 or over. Since the amendment of Senator GERRY providing a supertax of 35 per cent on incomes from \$500,000 to \$750,000, or 45 per cent on those from \$750,000 to \$1,000,000, of 50 per cent on those above that sum, was passed by a vote of 74 to 0, it is to be concluded that the Senate has no compunctions as to the amount of "conscription" to which great incomes should be subject. In one day the Senate voted to add \$75,000,000 to the income taxes, which, as laid in the Senate scheme at present, are expected to reach the enormous sum of \$850,000,000. The Senate gave up the other day the \$12,000,000 it was proposed to raise on stamp and parcel-post taxes, easily borne and widely distributed. A small "conscription" but a just one, the congressional objection to which is unfathomable.

On large incomes the tax seems to be laid on the principle "of all the traffic will bear." Senator LODGE's caution against too swift imposition of rigorous income taxes was eminently wise. We are but just beginning what may be a long struggle. We should be careful



not to exhaust the sources of revenue. We must not rely on taxation too largely for war expenses or make taxes so high that they can not be made higher at need later.

There is a necessary social effect to this taxation of great incomes. It diminishes or dries up the springs of philanthropic eleemosynary and educational life. The foreign calls on charity and benevolence since the war began have reduced contributions to American educational and humane works. The presidents of the colleges, whose incomes from tuition and dormitory fees will be notably lessened by the war service of so many collegians, so many "rich men's sons," and sons of the well to do, are in grave perplexity. A rich man can spend only so much on himself and his family. Out of his surplus come his regular gifts for public purposes. This is a consideration to be regarded in income-tax legislation. Not that in the common defense much or all property and life may not be required of a citizen. Only in laying income or any other kind of taxation let prejudice and passion be put aside. As a matter of economics and finance is a particular amount of tax desirable and necessary?

Rich men are doing and willing to do their part in this war. They are ready to pay, some of them have already paid, their children's lives to the defense of democracy; and they should be taxed, and are willing to be taxed, high. They ought not to be maligned in addition. The few men at Washington who habitually insult wealth and "the rich" are trying to divide a country in which all patriots should be united. It will not escape attention that the bitterest plutophobes are usually opponents of the war or seekers of a dishonest and fatal peace.

[From "Social forces in war time," by Edward T. Devine, *The Survey*, July 7, 1917.]

#### EXEMPTION OF CONTRIBUTIONS.

The Hollis amendment to the war-revenue bill, authorizing the deduction of gifts to educational and charitable corporations from gross income along with certain other deductions, such as taxes and bad debts, does not create a new form of special privilege or a new subsidy. It does not enable a wealthy man to secure a lower income-tax rate, nor does it violate any established principle of taxation. There is no presumption that any lessening of revenues attributable to this amendment would increase the burdens of those who have small incomes. The difference may quite as well be made up by increasing the tax on war profits.

What the Hollis amendment does is to save the revenue bill from penalizing gifts to colleges, churches, and charitable agencies. By means of this exemption contributions to recognized religious, charitable, and educational institutions are put on the same basis as the loss of money in business, or the payment of money in taxes. Since the taxpayer, or the bad investor, or the donor does not have the use of the money, he is not asked to pay the income tax on it. In the first case it is taken from him by the State; in the second, he loses it involuntarily; in the third, he parts with it voluntarily for a public or social purpose. In no one of the three does he in fact have the money from which to deduct the amount of the income tax. If required to pay it in the third case, as he is not in the other two, he must take it from some other source. Every gift to philanthropy, in other words, costs the donor not only the amount of his gift but a substantial sum in addition.

Of course the added expense can be deducted, if the donor chooses, from the amount which he had intended to give; but in that case it ceases to be an income tax and is instead a tax on the philanthropic institutions. The time may come when the Government will have to choose between national defense, on the one hand, and the continuance of educational and philanthropic institutions. We may have to turn our schools and hospitals and playgrounds into battleships and ammunition. That time has not yet come even in France. To begin the war tax with burdens on universities, settlements, and other voluntary social agencies is analogous to the wonderful scheme for making industries more efficient by removing the legislative protection of women and children and thereby reducing the productive power of labor.

[From the Boston Transcript, June 29, 1917.]

#### DO NOT PENALIZE GENEROSITY.

In simple justice and for the national welfare the United States Senate should promptly write the Hollis amendment into the taxation bill. This would remove the absurdity of exacting a tax even on that share of a man's income which he devotes not at all to himself, but to the pressing needs of educational and charitable institutions which operate without private profit. The exaction of such a tax is, at this time, worse than an absurdity. Under the conditions obtaining to-day it would be a form of calamity. It passes beyond individuals and strikes at America's whole organization for social progress and education, the relief of distress, and the remedy of evils.

In America, as perhaps nowhere else in the world, educational and philanthropic institutions have been built up and maintained by private subscription. This has been due in part to the rapid growth of the country, but still more to the splendid tradition of individual and volunteer service which has been established here. In many countries of slower development the Government has assumed most of the burdens of work for the people's welfare, one by one as the need appeared. Upon the occurrence of war the Governments so charged remain responsible. They have incurred the obligation and must still find ways to meet it as best they are able. Even so, the responsibility continues in America, if anything enhanced and not decreased by the war, but it continues at the charge of the many private agencies which have assumed the work. Unlike the Government, moreover, these agencies can not raise their necessary funds by fiat or taxation. They must continue to depend in large part upon private gifts. Meanwhile the Government's special needs for the conduct of war will be cutting sharply into this very source of supply on which so much of our welfare depends.

In this predicament the very least which the United States Government can do is to leave these sources of supply as wide open as still may be possible. It should not continue to tax men and women upon that part of their income which they freely give to the Nation's social and educational work. It should not put a penalty upon generosity. In all the privately endowed colleges boards of trustees have not only to face a probable decrease in the total of gifts received but they will also have less from tuition fees—thanks to the loyal help they have given in urging students to enter the Government's services for war. At Harvard next year's deficit is roughly figured at \$200,000. The urgency of the situation is plain. Not a day should be lost in accepting and passing the Hollis amendment.

[From the Washington Post, Aug. 1, 1917.]

#### POPULARIZING TAX BURDENS.

The Senate Finance Committee must add several hundred million dollars—perhaps a billion—to the revenue bill which it is expected to

report this week. That means increasing the rates of the war-income tax, the war excess-profits tax, finding new objects of taxation, or issuing more bonds. The needs of the Government outlined by Secretary McAdoo must be met. There are billions to be had for the war, but not a dollar for waste or extravagance. The people will pay cheerfully any sum, no matter how large, which the Government can spend wisely and economically in the vigorous and successful prosecution of the war. There is patriotism enough to assure that, but the ensuing taxes will be popular or unpopular in proportion as the people feel that Congress is scrupulously careful to safeguard economy and efficiency in public expenditures and is just and fair in distributing the burden of the tax as between individuals upon whom it must ultimately fall.

A case in point is presented in support of the two amendments which, respectively, allow deductions from taxable income of gifts to education, charity, and religion, and exempts from the Federal estate tax bequests and legacies for the same purposes. The increased demand for revenue is an added reason for and not against granting these deductions and exemptions, which may mean a loss of from \$5,000,000 to \$100,000,000 of revenue annually to the Government.

It is good social psychology, Dr. Lindsay argues, to assume that five or ten times the loss, whatever it may be, can be levied in increased taxes upon the taxable portion of the same incomes or estates and will be more cheerfully paid by reason of the simple act of justice and consideration implied in the granting of the deductions and exemptions.

The primary purpose of the amendments is, of course, to safeguard the continuance of the valuable public work of educational, charitable, and religious institutions in this hour of need and to enable them to meet the new demands the war will make on them. Only secondarily do they consider the incidental effect of the deductions and exemptions upon the donors or contributors whose generosity and public service they so justly recognize. This ought not to be overlooked when burdens of such magnitude are piling up. Generosity and fairness on the part of Congress will beget liberality and cheerfulness on the part of the taxpayers.

The Senate Finance Committee in its eagerness to get added revenue will show farsighted statesmanship and not be lacking in an appreciation of sound social psychology if it gives up the revenue it would lose by adopting the proposed amendments. It can easily capitalize in this bill or in others soon to follow the good will such action will create in the minds of taxpayers. It will thereby make a good investment.

[From the Washington Post, July 12, 1917.]

#### CONSCRIPTION OF INCOME.

The Hollis amendment to the revenue bill, which would exempt charitable, scientific, educational, and religious bequests from the income tax, wisely follows the terms of the similar exemption contained in the existing taxes on corporations. In order that an individual may not avoid taxation completely by giving his whole income to a charitable institution, the Hollis amendment provides that the exemption shall apply only to 20 per cent of the income.

If a man with a \$2,000,000 income wished to give 20 per cent of it to charity, the Government under the proposed exemption might lose a little revenue, but it would be infinitesimal compared with the amount that would be given to the public.

Back of the present taxation program lies the theory that wealth as well as man power must be conscripted for the war. This is a sound theory. But just as the selective feature is the very essence of conscription of man power, so it should be regarded as the important feature of conscription of income.

In conscripting men the Government takes careful account of the work they are now doing. The Government does not call out men who are needed in the war industries. It will not call men on whom families are absolutely dependent for support. The basic idea is to avoid unnecessary burdens. If men with dependent families were taken by the Army, the burden of supporting those families would fall on the State.

The same rule should apply to the income tax. Where necessary public institutions are supported by private subscription, the State is saved much money. Voluntary contributions to the Red Cross, for instance, have saved the Government \$100,000,000, and eventually will save the Government much more. Where money is already performing useful service for the Government, it ought to be exempted. It would be disastrous if any educational and charitable institution aiding the Nation in peace and war should fail because of a nearsighted policy of Congress.

Shall the Government frame its tax measures so far as possible to put the tax upon the luxuries of the rich rather than upon the benefactions of the rich? The argument is not that benefactions should be encouraged by legislation, but that they should not be discouraged by penalties. To say to the man who gives \$10,000 to the Red Cross that he must pay a penalty on the gift is to discourage private generosity and throw the burden upon the shoulders of the Government itself.

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Hampshire yield to the Senator from North Carolina?

Mr. HOLLIS. I yield.

Mr. SIMMONS. I should like to ask the Senator if he would have any objection to reducing the limitation in his second amendment to 15 per cent instead of 20 per cent? I refer to the amendment which he has just been discussing, with reference to donations to charitable and educational institutions. The Senator provides in that amendment a limitation of 20 per cent. I ask the Senator if he would be willing to reduce the limitation to 15 per cent?

Mr. HOLLIS. If the committee will accept it, I will; otherwise I prefer not to do so.

Mr. SIMMONS. I am inclined to accept it for the committee, if the Senator will reduce the limitation to 15 per cent.

Mr. SMOOT. I suggest to the Senator from North Carolina that he accept it right now.

Mr. SIMMONS. I will accept it now if the Senator will consent to reduce the limit to 15 per cent.

Mr. HOLLIS. Very well; I will do that.

Mr. SIMMONS. Then, on behalf of the committee, I accept that amendment.



The PRESIDING OFFICER. That amendment is not now before the Senate. The pending amendment is the amendment of the Senator from New Hampshire relating to the income tax.

Mr. SIMMONS. The amendment in regard to donations to charities, and so forth, is not now before the Senate, but I was simply in advance suggesting that I would accept it at the proper time.

Mr. HOLLIS. I will offer it with the 15 per cent limit.

Mr. SIMMONS. As I understand, the pending amendment is the amendment of the Senator from New Hampshire with reference to the income tax.

Mr. HOLLIS. The Senator is correct.

Mr. VARDAMAN. Mr. President—

Mr. HOLLIS. I now yield to the Senator from Mississippi.

Mr. VARDAMAN. I want to know if I correctly understood the Senator to say that his amendment will raise about \$80,000,000 additional to the amount estimated to be raised by the committee amendment?

Mr. HOLLIS. That much more than the committee schedule. I will give the Senator the figures. The committee originally estimated that their income-tax provision would yield \$417,000,000. Then they accepted the Gerry amendment, which added substantially \$40,000,000 more, and the so-called Lenroot amendment, which added substantially \$20,000,000 more, so that the committee proposal will now produce about \$470,000,000. Mine will produce about \$557,000,000.

Mr. SIMMONS. Mr. President—

Mr. HOLLIS. I yield.

Mr. SIMMONS. The Senator overlooks the fact that we also, by an amendment, raise the revenues from the income tax \$180,000,000 by increasing the corporation tax from 4 to 6 per cent.

Mr. HOLLIS. Oh, no; I did not overlook that. We have disregarded that right through. The corporation tax is entirely different from the individual income tax.

Mr. SIMMONS. If the Senator will pardon me, Mr. President, the bill as now framed will yield to the Treasury, according to the estimates, an additional sum on account of corporate incomes and individual incomes of \$840,000,000.

Mr. HOLLIS. Very true. We are now talking about the income tax on individuals, however; and the point I wish to emphasize is this: By agreement of the committee we are now going to exempt from taxation gifts to charitable, educational, and scientific institutions not to exceed 15 per cent of the donor's income. Now, that is going to cost something. I expect that the committee will adopt the amendment of the Senator from Florida [Mr. TRAMMELL] increasing the exemptions to \$2,000 and \$3,000. That is going to cut out about \$16,000,000; and I offer my amendment in order to take care of that, because just as certainly as we do not increase these individual income taxes to take care of those two items there will be claims made later on on other items that we have cut as much as this out of the bill, and Senators who intend to vote against these consumption taxes on mother's tea and father's coffee and baby's cocoa ought to bear that in mind. This is the only chance you have to impose a larger tax on the man of large income. You do not do it on the graduated income tax; you have declined to do it; and this is the only chance you will get to lay a larger share of taxation on larger incomes.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from New Hampshire [Mr. HOLLIS].

Mr. VARDAMAN. On that I call for the yeas and nays.

Mr. SMOOT. Mr. President, it is true that this is the last chance while the bill is in the Committee of the Whole to increase the rates of taxation on incomes. Taking into consideration the heavy tax imposed upon excess or war profits, the taxes that are now proposed by the Senate substitute are such that the tax upon the business of the country, or the profits, whether of corporations or individuals, is so high that it would seem to me that any Senator who had regard for the future prosperity of the country would hesitate and positively refuse to increase them.

We have heard a great deal about conscription of property, about coining flesh and blood into profits, and Senators have undertaken to impress the country with the idea that every Senator who has not voted for the extreme rates embodied in these amendments is not willing to conscript the wealth of the country, but is willing that the business concerns of the country shall coin into profits the flesh and blood of those who are called into war. Such an insinuation is not worthy a Senator, and we all know the reasons for making them.

Mr. President, we are raising by this bill a higher percentage of the expenses of the war by direct taxation than any other country in the world has ever raised or is at present raising. I voted for the draft law, Mr. President; and before the night

of the following day closed I felt it my duty to offer my services to my country in any position that would be to my country's advantage. I spoke to Senators upon this side of the Chamber and Senators upon the other side of the Chamber; I telegraphed to my friends at home, and said that I felt, as long as I had voted for the draft, that it was my duty to offer my services to my country in the capacity which would be of the greatest service to her. In every case, Mr. President, I was advised that I could do more for my country in the position I now occupy than in any other position I was capable of filling.

Mr. President, I have two sons. I expect to see both of them in the war. I have not asked for them anything different than I would ask for the son of the humblest parents in this country. You will not find either one of my sons claiming exemption because they are married and have two children, as both of them have. If they are drafted—and I expect both of them will be—they will enter the Army as soldiers; and if it becomes necessary for them to give their lives in order to maintain the honor and liberty of their country, they will be satisfied, and so will I. Like every other father, I pray to God that such a thing may not happen; but if necessary, and such a thing happens, I will not utter a word of complaint. So, every vote I have cast upon this bill has been a vote that in my judgment will assist my country in caring for all her defenders in the present war; and not only that, but to care for the industries of the country, so that we may have a prosperous and a united people. I know of no greater service that could be rendered to the Kaiser than for us, through legislation, to cripple the industries of the country.

Mr. President, I want to call the attention of the Senate to the facts as they exist in relation to this legislation, what the appropriations already made are, what they are likely to be, based upon the estimates of the Secretary of the Treasury, what revenue we shall receive, and then how we should meet it, in my judgment.

The appropriations already made are \$9,124,433,107.11; the estimated appropriations to be made, \$9,891,150,000, or a total of appropriations of \$19,015,583,107.11. Mr. President, included in the appropriations are the following items which either will not be paid out of the appropriations made, for reasons that I will give, or for advances to foreign countries, upon which they will pay the interest and the principal to our Government.

The repeal of the first War-Risk Insurance Bureau law, \$10,000,000. That law was repealed, and there was an appropriation made later of a greater amount, and both of them are included in the amount of the appropriations that I named.

The interest to be paid by foreign Governments, \$170,000,000, upon moneys that we intend to loan to them.

The sinking fund of \$60,000,000.

The loan to the allies of \$7,000,000,000.

Or a total deduction of \$7,240,000,000. Taking that from the \$19,015,583,107.11, it leaves as the amount of appropriation to take care of the war and running expenses of the Government for the fiscal year ending June 30, 1918, \$11,775,583,107.11.

How is this to be met? First by the revenue to be raised. Under existing law we will raise \$1,333,500,000. From the pending bill we will raise \$2,500,000,000. In passing I want to say that there is no question in my mind but that the actual amount will be more than that. From the post-office receipts, \$325,000,000. The appropriations made for the running expenses of the Post Office Department are included in the appropriations that I have already named. So we will collect at least \$4,158,500,000, which would leave \$7,617,083,107.11 to be met by a bond issue if the revenues are not more than I have stated.

Mr. President, I am not going to call the Senate's attention to the fact that a great deal of this \$11,000,000,000 appropriation can not be expended by June 30, 1918, but simply state that it is a physical impossibility to do so.

Mr. WADSWORTH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from New York?

Mr. SMOOT. I do.

Mr. WADSWORTH. Is the Senator aware that, as I understand, a large portion of the \$3,500,000,000 that we appropriated earlier in this session has not yet been expended?

Mr. SMOOT. Yes; a great portion of it, Mr. President; and out of the amount yet to be appropriated, if the policy now adopted is carried out, the Government of the United States will have to buy machinery, it will have to erect buildings, and after that will have to begin the manufacture of the guns that will be used in the present war. I say it is a physical impossibility to spend all of the money that is being asked for by the estimates, and I think the heads of the departments will frankly admit it. I believe, however, that the appropriations ought to



be made, in order to cover all necessary contracts, and the money must be appropriated before the department can enter into such contracts.

Mr. CALDER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the junior Senator from New York?

Mr. SMOOT. I do.

Mr. CALDER. Can the Senator from Utah enumerate some of the items that we will not be called upon to expend money for during this fiscal year?

Mr. SMOOT. Mr. President, we can not spend the money appropriated for the Navy by the end of this year; or, in other words, the contracts that have already been entered into from the appropriations made can not be completed within that time. Again, I feel positive that it is a physical impossibility to have made by June 30, 1918, the number of 9-inch guns, and in this connection will state that we will require of all sizes 16,000 guns. The appropriations should cover every contract. I think that is the proper policy to follow; that is the policy the department has followed and recommended, and that is the policy your committee recommends; and the items I have named cover every dollar of contracts that will be made by all departments of our Government, based upon the estimates made.

Mr. CALDER. Mr. President, will the Senator yield again?

Mr. SMOOT. Yes; I yield.

Mr. CALDER. So that the money raised by this bill and those already enacted may equal one-half of all the money expended this year, exclusive of our foreign loans?

Mr. SMOOT. It may probably do so, Mr. President. Now let me proceed.

The total to be raised by direct taxation under the pending bill and existing law is \$4,158,500,000. The balance of the appropriations that will be made, if we cover every estimate made by the department, will amount to \$7,617,083,107.11. Now, what are the percentages even on that basis? The percentage to be raised by direct taxation is 35.3 per cent. The percentage to be raised by bonds is 64.7 per cent.

Now let me call the attention of the Senate to the percentages raised by direct taxation by other countries involved in the present great war. They have been in this war for three years, and we are just entering it:

England, 26 per cent.

France, 14½ per cent.

Germany, 14½ per cent.

Canada, 8 per cent.

The United States, 35.3 per cent.

In the speech that was delivered this morning by the Senator from Florida [Mr. TRAMMELL] he commented upon the taxation that would be imposed upon incomes of \$2,000 and above. There will be no income taxes on incomes of \$2,000 or less in case of a married man. He mentioned \$2,200. Why, Mr. President, under this bill, if the man in question were a married man and if he had an income of \$2,200, how much tax would he pay? Four dollars a year. Is there a man in the United States drawing \$2,200 a year that would refuse to pay \$4 toward the expenses of the war? On an income of \$2,500 the tax will be \$10 a year—83½ cents a month—toward defraying the expenses of the war. Why, Mr. President, if a man has an income of \$4,500, under this bill as it is now presented he would only pay a tax of \$50 a year.

Then take the case I cited last night, of an individual whose percentage of profits of a corporation earning 10 per cent per annum would be \$1,000,000. Under the existing law and the pending bill we impose an excess-profits tax of 52.9 per cent on the profits of the company in which he is interested as a stockholder, and before they can distribute a cent of their profits or a cent of the pro rata of the profits due this individual there is taken from the corporation, of the amount which otherwise would be his, \$529,000. That would leave a balance of \$471,000, and just as soon as that is distributed he must pay an income tax of 38.4 per cent, or an amount of \$179,168.40. In other words, Mr. President, out of the \$1,000,000 to which he was entitled he would receive \$291,831.60, provided he had no further income to increase the rate of taxation on the income as provided in the different brackets.

I want to take by taxation every dollar that is necessary, not only from corporations but from individuals, and not interfere with the productivity of the industries of our country or with the expansion of business made necessary by the war.

Mr. President, when we take into consideration the prosperity of England and France and all the other foreign countries during the prewar period, and the fact that during that time our business was subnormal, and when we consider the tax upon excess profits provided in this bill, and also the rates of income tax provided for, I think Senators must admit that it is the highest taxation of any country in the world to-day.

We are now considering an income tax. Is there any country in all the world imposing the rate of taxation on incomes that we propose in this measure? Not one. The highest rate of income tax imposed in England is 42½ per cent, and the English law provides rates from 11½ up to 42½ per cent. Besides that, Mr. President, when we take into consideration the exemption allowed by England, the English income-tax law does not approach the rates of taxation imposed under the pending bill.

Canada has no income-tax law; she does not impose one cent of tax on incomes; and her tax upon excess profits, with a greater exemption than provided for in this bill, is far less than ours.

Take France. What are her taxes? Fifty per cent on excess profits and an income tax graduated from 1 per cent to 10 per cent. Under existing law and the rate of taxation imposed by this bill the highest bracket in this bill is 67 per cent. The highest bracket in France is 10 per cent. And yet Senators, for future political use, undertake to say that we are not imposing upon the industries of this country taxes that compare with those imposed by others!

Mr. President, I know there are a large number of amendments yet to be offered to this title before 4 o'clock, and perhaps some Senators would like to discuss them when offered. I am not going to take any more time of the Senate in the discussion of the particular amendment that is now before the Senate. I know that the taxation that we are imposing in this bill is all that we ought to impose on the industries of this country if we expect them to expand as they have done in the past, and if we expect them to meet the demands of our Government and our allies in the war.

Mr. President, England has learned that it is impossible to fix a maximum price upon her products. She has given that up. France and Germany have given it up, and we are thinking of making the mistake they made.

I think, Mr. President, all Senators understand that if we limit the profits of industries it will be impossible to collect the necessary revenue under any reasonable rate of taxation. There is no question about that. I still hope that Congress will take no action that will interfere with the productive activity of the industries of the country. I am fearful that we have reached the point already.

Therefore, Mr. President, I hope the Senate will not agree to the amendment offered by the Senator from New Hampshire.

The PRESIDING OFFICER (Mr. ROBINSON in the chair). The question is on agreeing to the amendment submitted by the Senator from New Hampshire [Mr. HOLLIS].

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Kansas suggests the absence of a quorum. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Bankhead	Hollis	McKellar	Sherman
Beckham	Husting	McNary	Shields
Brady	James	Myers	Simmons
Calder	Johnson, Cal.	Nelson	Smith, Md.
Chamberlain	Johnson, S. Dak.	New	Smoot
Cuberson	Jones, N. Mex.	Norris	Sterling
Curtis	Jones, Wash.	Overman	Sutherland
Dillingham	Kellogg	Page	Swanson
Fernald	Kenyon	Penrose	Trammell
Fletcher	King	Phelan	Vardaman
France	Kirby	Pomerene	Wadsworth
Frellinghuysen	Knox	Reed	Warren
Gerry	La Follette	Robinson	Watson
Gronna	Lewis	Saulsbury	Williams
Hale	Lodge	Shafroth	Wolcott
Hitchcock	McCumber	Sheppard	

The PRESIDING OFFICER. Sixty-three Senators have answered to their names. There is a quorum present. The question is on agreeing to the amendment offered by the Senator from New Hampshire [Mr. HOLLIS].

Mr. SIMMONS. I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. FALL (when his name was called). I have a general pair with the junior Senator from Wyoming [Mr. KENDRICK]. He is detained from the Chamber on official business. He informed me that he would vote as I would. Therefore I vote. I vote "nay."

Mr. FLETCHER (when his name was called). I make the same announcement as on the last vote, and I vote "nay."

Mr. FRELINGHUYSEN (when his name was called). I make the same announcement as on the previous vote and vote "nay."

Mr. JONES of Washington (when his name was called). I will make the same transfer I made on the previous vote, transferring my pair for the day with the Senator from Massa-



chusetts [Mr. WEEKS] to the Senator from Iowa [Mr. CUMMINS]. I vote "yea."

Mr. McCUMBER (when his name was called). I again transfer my pair as on the previous vote, and I vote "nay."

The PRESIDING OFFICER (when Mr. ROBINSON's name was called). I have a pair with the Senator from Michigan [Mr. TOWNSEND], which I transfer to the Senator from Arizona [Mr. SMITH] and vote "nay."

Mr. HOLLIS (when Mr. THOMPSON's name was called). I was requested to state that the Senator from Kansas [Mr. THOMPSON] is absent on official business. If he were present he would vote "yea."

Mr. WADSWORTH (when his name was called). Making the same announcement as on the last roll call, I vote "nay."

The roll call was concluded.

Mr. SMITH of Michigan. I desire the RECORD to show that my colleague [Mr. TOWNSEND] is unavoidably absent on account of illness in his family. He is paired with the senior Senator from Arkansas [Mr. ROBINSON]. I desire this announcement to stand for the day.

Mr. LODGE. I desire to announce that my colleague [Mr. WEEKS] is unavoidably absent and if present would vote "nay."

Mr. KENYON. I announce the unavoidable absence of my colleague [Mr. CUMMINS]. If he were present he would vote "yea."

Mr. HARDING. I have a general pair with the Senator from Alabama [Mr. UNDERWOOD], but I am informed that if present he would vote as I would. Therefore I am at liberty to vote. I vote "nay."

Mr. MYERS. I announce the same transfer of my pair as on the last vote and vote "yea."

The result was announced—yeas 26, nays 51—as follows:

#### YEAS—26.

Beckham	Johnson, Cal.	McKellar	Shafroth
Borah	Johnson, S. Dak.	McNary	Sheppard
Brady	Jones, Wash.	Myers	Sutherland
Gronna	Kenyon	Norris	Trammell
Hardwick	King	Phelan	Vardaman
Hollis	Kirby	Polindexter	
Husting	La Follette	Reed	

#### NAYS—51.

Bankhead	Gerry	New	Smith, Md.
Brandeggee	Hale	Overman	Smith, Mich.
Calder	Harding	Page	Smith, S. C.
Chamberlain	Hitchcock	Penrose	Smoot
Colt	James	Pittman	Sterling
Culberson	Jones, N. Mex.	Pomerene	Stone
Curtis	Kellogg	Ransdell	Swanson
Dillingham	Knox	Robinson	Wadsworth
Fall	Lewis	Saulsbury	Warren
Fernald	Lodge	Sherman	Watson
Fletcher	McCumber	Shields	Williams
France	Martin	Simmons	Wolcott
Frelinghuysen	Nelson	Smith, Ga.	

#### NOT VOTING—19.

Ashurst	Gore	Owen	Townsend
Broussard	Hughes	Smith, Ariz.	Underwood
Cummins	Kendrick	Thomas	Walsh
Gallinger	McLean	Thompson	Weeks
Goff	Newlands	Tillman	

So Mr. HOLLIS's amendment was rejected.

Mr. HARDWICK. I offer the following amendment, to come in after line 8, on page 4.

The PRESIDING OFFICER. The Secretary will read the amendment.

The SECRETARY. On page 4, after the amendment heretofore agreed to, insert:

That in addition to the tax imposed by subdivisions (a) and (b) of section 1 of the act of September 8, 1916, "An act to increase the revenue, and for other purposes," and by other provisions of this act there shall be levied, assessed, and collected upon that portion of the net income of every individual in excess of \$25,000 a tax of 10 per cent upon such income received in the calendar year 1917, and every calendar year thereafter: *Provided*, That commencing November 1, 1917, and continuing until the termination of the war with the Imperial German Government and the return to the United States of the Army employed in Europe in the prosecution of said war, every enlisted or drafted man and every commissioned officer whose service during said war is in a foreign country, in addition to the pay allowance of existing law, shall receive an additional pay allowance at the rate of \$50 per month so long as he shall be in such service in any foreign country: *Provided, however*, That this shall not apply to service in the Philippines, Guam, or any possessions of the United States.

Mr. HARDWICK. Mr. President, let me say of the proposed amendment that it was drafted by the Senator from Wisconsin [Mr. LA FOLLETTE] and presented tentatively yesterday to the Senate at my request and during my absence. Having returned to the Senate, I think it my duty to offer the amendment as a proposal of my own and address the Senate briefly in support of it.

This proposed amendment would add to the estimated revenue to be collected under the bill the sum of \$194,000,000. This is based upon figures as to the amount of taxable income in excess of \$25,000. These were furnished in the computation of the

estimates of the amounts to be raised under the several income-tax amendments which have been offered. The taxable income in excess of \$25,000 amounts to \$1,940,000,000, and 10 per cent of that amount would be \$194,000,000.

Besides this additional income, the amendment provides additional compensation for the enlisted and drafted men and the commissioned officers of the United States Army while in service in the prosecution of the war in a foreign country. This additional compensation would only apply so long as they are in the service in a foreign country, and would cease automatically when they return to the United States.

Upon the basis of the expectations with respect to the equipment and movement of such troops, I have made a computation as to the amount of money that would be required to pay this additional compensation to the men we are sending across the sea to fight in a foreign country. For the purpose of these computations I have assumed that we may have an army of 600,000 men in France by the end of the present fiscal year. If we do, then this amendment will provide for them a little better compensation than is provided under the present law; if we do not have this number of soldiers abroad, then so much the better, for we will have then additional revenue to meet other pressing demands arising out of the war.

This additional compensation would not begin until November 1. All of the army of 600,000 men and 18,000 officers would not receive this additional compensation for the full eight months from November 1 to the end of the fiscal year. It would begin to run on November 1 as to each man then in France and as to those who go later upon their landing in a foreign country, and would continue as to each only so long as he was employed in this war in a foreign country. In making the computation, allowance is made for the time when this new addition will take effect, but there is no allowance for deductions because of officers or men who may be detached for one cause or another and ordered home. So that the estimate is liberal. In addition to the margin afforded by the excess of revenue provided under the proposed amendment over the estimated amount necessary to make this additional allowance there would be a further substantial deduction because of detachments from service in this war in a foreign country to service at home.

With this explanation of the method of making the computation, the estimate is as follows:

Total taxable income in excess of \$25,000	\$1,940,000,000
Ten per cent of same will produce a revenue to the amount of	194,000,000
Total amount necessary to pay \$50 additional to each enlisted and drafted man and each commissioned officer on the basis of an army of 600,000 soldiers of the line in France by end of fiscal year	155,093,750
Excess	38,906,250

Mr. KENYON. I should like to ask the Senator from Georgia if, under existing law, the troops abroad are paid more than they are while in this country?

Mr. HARDWICK. My understanding is that they are paid 20 per cent additional. If that is not true, I hope some Senator will correct me.

Mr. LA FOLLETTE. If the Senator will permit me—

Mr. HARDWICK. I yield to the Senator.

Mr. LA FOLLETTE. I will state, in answer to the inquiry of the Senator from Iowa, that the base pay of a private in the Army is \$15 per month. By the act of May 18, 1917, a soldier was given an additional pay of \$15 per month. Then, in addition, there is a bonus of 20 per cent of the base pay of \$15 per month for foreign service.

Mr. HARDWICK. That is what I had in mind.

Mr. LA FOLLETTE. This bonus amounts to \$3 a month. The total pay of a private in France during the period of his first enlistment is \$33.

Mr. HARDWICK. Mr. President, I do not care to debate this question at length before the Senate, because the amendment speaks for itself. It is perfectly patent; every man can understand exactly what it means.

As the Senate knows, I have never favored the drafting of men for service outside of this country, beyond the realm. The majority has decreed otherwise; the President has approved the legislation to that effect; so that it is, as far as we can tell, unless the courts should declare to the contrary, the established policy of this country for the conduct of this war, however much some of us may dissent from it or may regret it.

Now, that being true, we must face conditions as they are. That being true, we must ask ourselves, each one of us, this question: Are we willing to conscript the flesh and blood of this country and send it across the seas outside of the Republic and its farthest possessions to face death and danger

in a foreign land against a foreign foe, and do we hesitate, having done that, to conscript a little of the wealth of this country to pay them a decent wage, as near as we can afford to pay them a decent wage for the great service that they are expected to render and for the great danger that they must undergo?

A private is getting \$33 a month, or will get it in France, the Senator from Wisconsin [Mr. LA FOLLETTE] informs the Senate, and I am sure his information is accurate. If we added \$50 more to that pay it would be \$83 a month. Does any Senator of the United States think that that is an extravagant compensation for men who, without their consent, are carried outside of the realm to fight the battles of this Republic on a foreign soil?

Ah, Mr. President, they talk to me about an insurance provision. I am willing to make it as liberal as any Senator in this body can suggest; but the wisest, the best, and the most self-respecting of all insurance is to give these men a decent pay, as far as we can possibly afford it; one that will enable them to take care of their families and dependents and obtain some comfort to themselves while they are undergoing these dangers and privations.

Mr. LA FOLLETTE. Mr. President—

Mr. HARDWICK. I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. As I understand the provisions of the proposed insurance measure—I have not had the opportunity to study it in detail—it is proposed that whatever fund is created out of which insurance shall be paid shall be taken out of the pay of the soldiers.

Mr. HARDWICK. Undoubtedly, from the little that we already allow them under existing law. Under that scheme, as it now stands, deduction is to be made for the insurance provision that is made for the benefit of their families by the Government. I hope that, regardless of the fate of this amendment, the Senate will change that provision and alter that part of the program when that measure reaches this body.

But after we have drafted our sons and the sons of our neighbors to send them into this service, what Senator can afford to hesitate in giving them this small additional compensation? Can the men in possession of incomes of \$25,000 per year or more, who have with almost solid front favored this war, supported it and urged it, be heard to say that out of their munificence, out of their plenty, and out of their wealth they are unwilling to make this small contribution to pay somewhat more liberally the conscripted soldiers for this war that they have favored?

Mr. KENYON. Mr. President—

Mr. HARDWICK. I yield to the Senator from Iowa.

Mr. KENYON. The Senator has in his amendment, has he not, two distinct propositions? Is the 10 per cent increase the Senator provides in any way connected with the additional amount to be paid to the soldiers?

Mr. HARDWICK. No, not necessarily; although, frankly, in putting on the 10 per cent on these incomes above \$25,000 the primary purpose is to pay this extra amount.

Mr. KENYON. Will it do it?

Mr. HARDWICK. I gave the figures. It would require for an army of 600,000 drafted men and the officers who go with it, and the staff and different auxiliary services, \$155,093,750 to make this addition to their pay. The amendment would raise \$194,000,000. So the amendment would raise nearly \$39,000,000 more than would be required to give this additional pay.

Mr. NORRIS. Mr. President—

Mr. HARDWICK. I yield to the Senator.

Mr. NORRIS. I wish to ask the Senator from Georgia if he will not modify his amendment. He says that 10 per cent was put in for the purpose of paying this expense. Will he not provide in the amendment itself that that shall be its purpose and have it specifically set aside for that purpose?

Mr. HARDWICK. I think that would be a very good suggestion. I have no objection to it, although we can not calculate it that way. If that is done the provision will have to be made that the excess, if any, shall go into the general fund of the Treasury.

Mr. NORRIS. I have no objection to that.

Mr. HARDWICK. If the Senator will prepare an amendment embodying his suggestion I am perfectly willing to accept it, because that is what I meant, and I am willing to do that.

Mr. SMOOT. Do I understand the Senator to say that the cost would be only \$150,000,000?

Mr. HARDWICK. One hundred and fifty-five million dollars.

Mr. SMOOT. That is figured on the basis of the balance of the year.

Mr. HARDWICK. Yes; from November 1.

Mr. LA FOLLETTE. To the end of the fiscal year?

Mr. HARDWICK. To the end of the fiscal year.

Mr. SMOOT. Until June 30 next?

Mr. HARDWICK. Until June 30 next.

Mr. SMOOT. Of course, the Senator knows it is the intention of the Government to send more than 600,000 troops abroad.

Mr. HARDWICK. Then we ought to pay them, also.

Mr. SMOOT. I am not discussing that question. I am saying what the intention is.

Mr. HARDWICK. Of course we can only provide up to the end of the fiscal year for the forces that we can reasonably anticipate.

Mr. LA FOLLETTE. Mr. President—

Mr. HARDWICK. I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. I do not know that it is exactly proper to state in the open Senate, but I will say that generally, in the absence of the Senator from Georgia, I had at his request the responsibility of making some computations upon this matter placed upon me.

I will say that the amendment as drawn will provide for the troops that will be on foreign soil at the end of the fiscal year. I state that with a certainty.

Mr. HARDWICK. The amendment has been carefully prepared, as I understand the Senator, and, as he has stated, with those things in view and is measured to fit the situation.

Mr. LA FOLLETTE. I know it is based upon 600,000 troops, and I feel warranted in saying that those are all the troops which it is expected—if the Senator from Utah [Mr. SMOOT] insists upon a more definite answer—will be in France at that time or on foreign soil at that time.

Mr. VARDAMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Mississippi?

Mr. HARDWICK. I do.

Mr. VARDAMAN. If this amendment is adopted, and it is discovered during the winter that sufficient funds have not been provided, it would be very easy for the Congress to supply the deficiency.

Mr. HARDWICK. It would be very easy, indeed. If the spirit animating the Senate is such that this amendment can prevail—as I hope it may—we shall have no trouble in requiring the wealth and the resources of this country to furnish to these men what we regard as the most reasonable compensation we can possibly allow them. I think it ought to be done. These men are to go far away from home—thousands of miles away from home—to face conditions and expenses and situations that they know little of and as to which we are not well advised. I would rather see them liberally paid under all the circumstances than to do any other one thing I can think of connected with the troops in this war. I hope that the Senate, which has not hesitated to pass a law requiring the service of these young men, will not hesitate to give them this somewhat meager salary, which is, however, considerably larger than what they get under existing law.

Mr. NELSON. Mr. President, so far in the debate on this bill I have not taken up any of the time of the Senate, but this amendment is of such a character that I can not sit silent in my seat. The American soldier is not of such a mercenary disposition as this amendment would seem to imply. The war is being carried on in Europe, and we hope to keep the enemy from our borders. Our soldiers, by the act which we passed last Congress, receive \$30 a month, and are better paid than are any other soldiers in the world except the soldiers of Canada. It is belittling, it is humiliating, to the American soldier to intimate to him that he will not go across the water to fight for his country unless he is paid \$50 a month extra.

Mr. HARDWICK. Will the Senator from Minnesota yield to me?

Mr. NELSON. When the Civil War broke out the soldiers of the Union never thought of such a thing as inquiring what their pay was to be. The first two months of my service I received only \$11 a month, which was the pay of the private in the old Regular Army. It was afterwards increased to \$13 a month, and finally to \$16 a month. At that time, however, gold was at a premium of \$2.40. The question of dollars and cents never cut any figure except among bounty jumpers.

Mr. HARDWICK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Georgia?

Mr. NELSON. What does the Senator from Georgia want?

Mr. HARDWICK. I want to ask the Senator a question.

Mr. NELSON. Well, "Ask and you shall receive." [Laughter.]



Mr. HARDWICK. I thank the Senator. If the Senator from Minnesota entertains those views, why does he not propose to repeal the provision of law granting 20 per cent bounty to soldiers on foreign service in the present war? Why does he not propose to reduce the pay of the American soldier to this other standard of which he speaks?

Mr. NELSON. In the first place, the law giving extra pay to our soldiers in foreign service has been long on the statute books.

Mr. HARDWICK. But it is belittling to them, according to the Senator.

Mr. NELSON. Now, hold on; wait for the answer. That law was enacted because we sent troops over to the Philippine Islands, to another hemisphere, to a far distant part of the world, where the climatic conditions were different, and to reach which a journey of almost three months was required. So we increased their pay by 20 per cent. Then we applied the increase to soldiers serving in distant Alaska, in Mexico, and in Panama. Now it is necessary for our soldiers to go to Europe; we do not want to fight the enemy here. Is the Senator from Georgia anxious to have the enemy invade our country so that our soldiers can fight down in Georgia—

Mr. HARDWICK. Will the Senator let me answer?

Mr. NELSON. If it were not because I wished my country better than that, I should like to have some of the German soldiers invade the State of Georgia, and then I should like to see the Senator from Georgia meet them at the head of a battalion of colored troops. [Laughter.]

Mr. HARDWICK. Mr. President—

The PRESIDING OFFICER. No manifestation of approval or disapproval is permitted under the rules of the Senate.

Mr. HARDWICK. Will the Senator yield to me?

Mr. NELSON. I yield, of course.

Mr. HARDWICK. If the Senator is not willing to yield, I shall not ask him to do so.

Mr. NELSON. I yield.

Mr. HARDWICK. I should like to suggest to the Senator that the Senator from Georgia has not the slightest fear that he will ever see German troops either in Minnesota or in Georgia, or anywhere else in this country.

Mr. NELSON. The Senator from Georgia need not mix Minnesota up in it.

Mr. HARDWICK. And the Senator from Minnesota need not mix Georgia, or any colored troops, or any such other meanness as that in it, either.

Mr. NELSON. Minnesota is imbued with no such spirit as seems to animate some other sections of the country. I feel that I am speaking on behalf of the American soldier who goes to meet the enemy abroad when I say I do not want this discriminatory legislation—this humiliating, belittling legislation—to be passed. I do not want it to be said to our brave boys—and they are brave boys, whether they volunteer or are drafted or belong to the Regular Army—"If you boys will advance to the red line of battle on the fields of France we will give you \$50 a month extra."

To make this pilgarlic look plausible on the stump, it is proposed to cover it with an extra tax, to tax a certain class of capitalists, in order that our soldiers may be given \$50 a month extra. If I were a young man and were in the Army of the United States, either as a volunteer or as a drafted man, I would spurn such legislation; I would look upon it with contempt.

There is such a thing in this world—and it is nowhere more in evidence than amongst the young men of the United States—as patriotism and love of country. They are not inspired by any such mercenary motive as is implied in this amendment. They are not continually instigating legislation to make this war unpopular or to hamstring the Government. They are not as chicken-hearted as are some statesmen of whom I know. Our boys have entered all branches of the service; some are in the Regular Army, some in the National Guard, some in the National Army, and some in the Marine Corps. The State University of Minnesota from among its students has sent over a hundred young men as volunteers in the United States Marine Corps. They are down at Quantico. Those brave boys marched in review the other day. They were not clamoring for \$50 a month extra, though they are going over to Europe.

Oh, this demand comes from another source and arises because of an inspiration that does not flow from the men in the ranks. Nobody is fooled by any such thing. Neither the American people nor the American soldier can be fooled by any such legislation as this. Our soldiers, whether they are drafted or whether they enter the service as volunteers, are patriotic American citizens, ready to do their duty and to do it faithfully,

bravely, and well. You need not give them a bonus in order to make them fully do their duty. They are content to serve without any special bonus or any special inducement; but the very fact that this amendment granting a bonus of \$50 a month to our soldiers is coupled with a proposal to conscript, as it is called, the wealth of certain capitalists, shows the inspiration and the motive at the bottom of the amendment so clearly that no man who can read need make any mistake about it. The amendment is begotten of the desire to show the people what enemies you are of capital and how anxious you are to get after the rich.

Senators talk about conscripting our men. Is not our draft law a fair law? Does it not reach the rich as well as the poor; the high as well as the low? Is there any exemption in the draft law which says that poor men, men of moderate circumstances only, shall serve and that none of the rich shall serve? The law is general; it affects all alike within the age limit, the rich and the poor, the high and the low.

What is most galling in this amendment is that it implies that the American soldier who goes abroad to fight the battles of his country is a mercenary being, and that he will not carry the banner and flag of the United States against the enemy unless he receives an extra bonus of \$50 a month, which is to be squeezed out of some capitalists.

Mr. CHAMBERLAIN. Mr. President, I assume, of course, that the purpose of the amendment is to pay the enlisted and noncommissioned personnel of the Army a sum which would adequately compensate them for the services rendered.

Mr. HARDWICK. If the Senator will permit me, I desire to say that it applies also to officers.

Mr. CHAMBERLAIN. It applies also to officers, so the Senator from Georgia says. Therefore the assumption is fairly made that neither the officers nor the men of the Army receive a compensation adequate for the service which they perform.

Mr. President, the Senate will remember the long discussion which was had here when the proposition was first made to increase the pay of the noncommissioned and enlisted personnel of the Army. An increase was finally agreed upon by the House and Senate, and I call the attention of the Senate to the act of May 18, 1917, section 10 of which provides:

SEC. 10. That all officers and enlisted men of the forces herein provided for other than the Regular Army shall be in all respects on the same footing as to pay, allowances, and pensions as officers and enlisted men of corresponding grades and length of service in the Regular Army; and commencing June 1, 1917, and continuing until the termination of the emergency, all enlisted men of the Army of the United States in active service whose base pay does not exceed \$21 per month shall receive an increase of \$15 per month; those whose base pay is \$24, an increase of \$12 per month; those whose base pay is \$30, \$36, or \$40, an increase of \$8 per month; and those whose base pay is \$45 or more, an increase of \$6 per month: *Provided*, That the increases of pay herein authorized shall not enter into the computation of the continuous-service pay.

Mr. President, the statement of the Senator from Georgia is based upon a round base pay of \$30 per month, whereas, as a matter of fact—

Mr. WARREN. Fifty dollars a month under the proposed amendment.

Mr. CHAMBERLAIN. The proposed increase adds \$50 a month to the base pay which the soldiers are now getting; but his statement of the pay now received by them is based upon the assumption that they all get around \$30 per month.

Mr. LA FOLLETTE. The Senator is mistaken about that.

Mr. CHAMBERLAIN. What is it?

The PRESIDING OFFICER (Mr. ROBINSON in the chair). The Chair calls the attention of Senators to the rule which requires the Senators to rise and address the Chair before interrupting.

Mr. PENROSE. I suggest that Senators address the Chair, so that other Senators may hear them.

The PRESIDING OFFICER. Senators will please observe the rule.

Mr. CHAMBERLAIN. Mr. President, I have no objection to any interruption. As I was saying, all soldiers do not get \$30 as their base pay. The average pay of the enlisted personnel, which includes the noncommissioned grades of the Army, is very much larger. If the amount that is now provided by this amendment is allowed to the soldier, and we add \$50 to the pay which he now gets, in some instances enlisted men and noncommissioned officers will get far in excess of what any of them could receive in private employment in this country, not taking into consideration the clothing and the upkeep of the men themselves.

Mr. President, in order to show what the men in the Army get, I am going to call the attention of the Senate to the pay which they do receive. In the noncommissioned officer grades

of the Army the pay of a quartermaster sergeant, senior grade, of the Quartermaster Corps, on first enlistment is \$75 per month; on second enlistment, \$79 per month; third enlistment, \$83 per month; fourth enlistment, \$87 per month; fifth enlistment, \$91 a month; sixth enlistment, \$95 a month; and on his seventh enlistment, \$99 per month. That was the amount he received prior to the act of May 18, 1917. When that act was passed the class of noncommissioned officers to which I now call attention had their base pay on first enlistment increased by \$6 per month. That does not include the upkeep and maintenance of the soldier that is furnished to him in addition to his pay. So that, if you include his upkeep and include clothing furnished him, he receives very much more than \$81 per month for the first enlistment—very much greater compensation than most men are receiving in civil life.

The pay to which I have called attention applies to the band leader of the Infantry, Cavalry, Artillery, and Corps of Engineers; to master electricians of the Signal Corps; to master electricians of the Coast Artillery; to master engineers, senior grade, Corps of Engineers, and to master hospital sergeants, medical department. So that their salaries, by repeated enlistments, run up to \$100 per month.

In the next grade, Mr. President, the hospital sergeant in the medical department receives \$65 per month on his first enlistment, and repeated enlistments bring that up to \$89 per month. The pay of that grade was increased \$6 by the act of May 18, 1917. The master engineer, junior grade, Corps of Engineers, gets \$65 per month, which may be increased in the same proportion, and \$6 is added to that by the act of May 18, 1917. An engineer of the Coast Artillery Corps gets \$50 per month and an increase of \$6 by the act referred to. Mr. President, I am not going to read all of these figures, but I ask to have them inserted in the RECORD, so that the Senate and the country may understand just what pay the enlisted personnel of the Army get. The amounts paid them are in excess of the amounts paid any army in the world, and exceed those paid to the highest commissioned officers in many of the most efficient armies.

Mr. WARREN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Wyoming?

Mr. CHAMBERLAIN. Certainly.

Mr. WARREN. Is the Senator including the 20 per cent extra for foreign service?

Mr. CHAMBERLAIN. No; I am only speaking now of the base pay prior to the passage of the act of May 18, 1917, and the increases made by that act.

Mr. WARREN. I think it would be well for the Senator to state as well the fact that the soldier need buy practically nothing except his tobacco, for everything else, including medical attention, is furnished him. I think it would be well also for the Senator to state that he gets 20 per cent additional while on foreign service.

Mr. CHAMBERLAIN. Mr. President, I repeat, I am only giving now the pay of these men prior to the passage of the act of May 18, 1917; but there should be added to it the amount of increase provided in the act of May 18, 1917. That does not include the extra pay of 20 per cent of the base pay for foreign service.

Mr. GRONNA. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from North Dakota?

Mr. CHAMBERLAIN. I do.

Mr. GRONNA. May I ask the Senator a question for information?

Mr. CHAMBERLAIN. Yes.

Mr. GRONNA. I understood the Senator—perhaps I was mistaken—to say that the increase which was made later applies to the soldier wherever he may be, but that the 20 per cent only applies in case he serves in a foreign country. Am I correct?

Mr. CHAMBERLAIN. That is correct; he only gets the 20 per cent increase on the base pay when he goes into foreign service, whether in Europe, Alaska, or the Philippine Islands. The amounts which I have given apply to service in the United States, but if he goes into foreign service 20 per cent is added to his base pay; in other words, a man who gets \$75 per month now receives an addition of 20 per cent to his pay, which makes \$90 a month; and adding \$6, which is provided in the act of May 18, 1917, he would get \$96 per month. So it is with the pay of all these men. I ask to have the table to which I have referred inserted in the RECORD.

The PRESIDING OFFICER. Without objection, permission is granted.

The matter referred to is as follows:

Rates of monthly pay of enlisted men—acts May 11, 1908, and June 3, 1916.

Grade and arm of service.	First enlistment period.	Second enlistment period.	Third enlistment period.	Fourth enlistment period.	Fifth enlistment period.	Sixth enlistment period.	Seventh enlistment period.
Quartermaster sergeant, senior grade—Quartermaster Corps.....							
Band leader—Infantry, Cavalry, Artillery, Corps of Engineers....							
Master signal electrician—Signal Corps....	1 75	79	83	87	91	95	99
Master electrician—Coast Artillery Corps....							
Master engineer, senior grade—Corps of Engineers.....							
Master hospital sergeant—Medical Department.....							
Hospital sergeant—Medical Department.....							
Master engineer, junior grade—Corps of Engineers.....	1 65	69	73	77	81	85	89
Engineer, Coast Artillery Corps.....							
Sergeant, first class—Medical Department.....	1 50	54	58	62	66	70	74
Regimental sergeant major—Field Artillery, Cavalry, Infantry, Corps of Engineers.....							
Regimental supply sergeant—Infantry, Cavalry, Field Artillery, Corps of Engineers....							
Sergeant major, senior grade—Coast Artillery Corps.....							
Quartermaster sergeant, Quartermaster Corps.....							
Ordnance sergeant—Ordnance Department.....							
First sergeant—Artillery, Cavalry, Infantry, Corps of Engineers.....	1 45	49	53	57	61	65	69
Battalion sergeant major—Corps of Engineers.....							
Battalion supply sergeant—Corps of Engineers.....							
Electrician sergeant, first class—Coast Artillery Corps.....							
Sergeant, first class—Corps of Engineers, Signal Corps, Quartermaster Corps.....							
Assistant engineer—Coast Artillery Corps.....							
Battalion sergeant major—Field Artillery, Infantry.....							
Squadron sergeant major—Cavalry.....							
Sergeant major, junior grade—Coast Artillery Corps.....							
Master gunner—Coast Artillery Corps.....	1 40	44	48	52	56	60	64
Sergeant bugler—Infantry, Cavalry, Artillery, Corps of Engineers.....							
Assistant band leader—Infantry, Cavalry, Artillery, Corps of Engineers.....							
Sergeant—Corps of Engineers, Ordnance Department, Signal Corps, Quartermaster Corps, Medical Department.....							
Stable sergeant—Corps of Engineers.....							
Supply sergeant—Corps of Engineers.....							
Mess sergeant—Corps of Engineers.....							
Color sergeant—Field Artillery, Infantry, Cavalry, Corps of Engineers.....	1 36	40	44	48	52	56	60
Electrician sergeant, second class—Coast Artillery Corps.....							
Band sergeant—Artillery, Cavalry, Infantry, Corps of Engineers.....							
Musician, first class—Infantry, Cavalry, Artillery, Corps of Engineers.....							

<sup>1</sup> Increased by \$6 by act of May 18, 1917.

<sup>2</sup> Increased by \$8 by act of May 18, 1917.



Rates of monthly pay of enlisted men, etc.—Continued.

Grade and arm of service.	First enlistment period.	Second enlistment period.	Third enlistment period.	Fourth enlistment period.	Fifth enlistment period.	Sixth enlistment period.	Seventh enlistment period.
Sergeant—Artillery, Cavalry, Infantry.							
Stable sergeant—Field Artillery, Infantry, Cavalry.							
Supply sergeant—Infantry, Cavalry, Artillery.							
Mess sergeant—Infantry, Cavalry, Artillery.							
Cook—Artillery, Infantry, Cavalry, Corps of Engineers, Signal Corps, Quartermaster Corps, Medical Department.							
Horse shoer—Infantry, Cavalry, Artillery, Corps of Engineers, Signal Corps, Medical Department.	\$30	\$33	\$36	\$39	\$42	\$45	\$48
Radio sergeant—Coast Artillery Corps.							
Fireman—Coast Artillery Corps.							
Band corporal—Artillery, Cavalry, Infantry, Corps of Engineers.							
Musician, second class—Infantry, Cavalry, Artillery, Corps of Engineers.							
Corporal—Corps of Engineers, Ordnance Department, Signal Corps, Quartermaster Corps, Medical Department.							
Mechanic—Coast Artillery Corps.	\$24	27	30	33	36	39	42
Chief mechanic—Field Artillery.							
Musician, third class—Infantry, Cavalry, Artillery, Corps of Engineers.							
Corporal—Artillery, Cavalry, Infantry.							
Saddler—Infantry, Cavalry, Field Artillery, Corps of Engineers, Medical Department.							
Mechanic—Infantry, Cavalry, Field Artillery, Medical Department.	\$21	24	27	30	33	36	39
Farrier—Medical Department.							
Wagoner—Infantry, Cavalry, Field Artillery, Corps of Engineers.							
Private, first class—Infantry, Cavalry, Artillery, Corps of Engineers, Ordnance Department, Signal Corps, Quartermaster Corps, Medical Department.	\$18	21	24	27	30	33	36
Bugler—Infantry, Cavalry, Artillery, Corps of Engineers.							
Private—Artillery, Cavalry, Infantry, Corps of Engineers, Signal Corps, Quartermaster Corps, Medical Department.	\$15	18	21	22	23	24	25
Private, second class—Ordnance Department.							

<sup>1</sup> Increased by \$8 by act of May 18, 1917.

<sup>2</sup> Increased by \$12 by act of May 18, 1917.

<sup>3</sup> Increased by \$15 by act of May 18, 1917.

Mr. VARDAMAN. Mr. President, I should like to ask the Senator to give the pay of the private soldier. He has given the pay of a noncommissioned officer. I should like to know what the private soldier gets.

Mr. CHAMBERLAIN. The private soldier prior to the act of May 18, 1917, got \$15 per month on his first enlistment; on his second enlistment, \$18; third enlistment, \$21; fourth enlistment, \$22; fifth enlistment, \$23; sixth enlistment, \$24; and on his seventh enlistment, \$25. To the \$15 base pay of the private soldier \$15 was added by the act of May 18, 1917, making \$30 per month as the base pay, and if he goes into foreign service

he gets 20 per cent increase on the original base pay, making \$33 per month on first enlistment. These payments, of course, do not include his maintenance, clothing, hospital fees, and his care during illness, while in the service. These ought all to be taken into consideration in arriving at a proper conclusion as to what the private soldier receives.

Mr. HARDWICK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Georgia?

Mr. CHAMBERLAIN. I yield.

Mr. HARDWICK. The men who are going into this war, however, are all first-term enlisted men, and by their enlistment are held to be first-term enlisted men for the duration of the war.

Mr. CHAMBERLAIN. That is true of the men who are to go into the National Army.

Mr. HARDWICK. Therefore there is no need of the Senator reading the other figures, for they do not throw additional light on the question.

Mr. CHAMBERLAIN. Well, Mr. President, the conclusion that the Senate is apt to draw from the statement of the Senator from Georgia is that the enlisted personnel of the Army gets \$15 per month plus the \$15 increase by the act of May 18, 1917, which is not the fact, and I have simply stated the facts in order that the Senate—

Mr. HARDWICK. The Senator does not desire to misrepresent me, I am sure.

Mr. CHAMBERLAIN. May see that the enlisted men of the Army, even the privates, are treated better than many people in private employ in this country.

Mr. HARDWICK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Georgia?

Mr. CHAMBERLAIN. Yes.

Mr. HARDWICK. The Senator, of course, does not desire to misrepresent me. I said the private receives \$30 per month, as the Senator knows if he heard my remarks.

Mr. CHAMBERLAIN. I mean \$30 per month.

Mr. HARDWICK. That is different.

Mr. CHAMBERLAIN. Mr. President, that is not all that the men in the Army get. By the act of May 12, 1917, extra pay is allowed to these men, as follows:

That hereafter enlisted men now qualified or hereafter qualifying as marksmen shall receive \$2 per month; as sharpshooters, \$3 per month; as expert riflemen, \$5 per month; as second-class gunners, \$2 per month; as first-class gunners, \$3 per month; as expert first-class gunners, \$5 per month; as gun pointers, gun commanders, observers second-class, chief planters, and chief loaders, \$7 per month; as plotters, observers first-class, casemate electricians, and coxswains, \$9 per month, all in addition to their pay, under such regulations as the Secretary of War may prescribe, but no man shall receive at the same time additional pay for more than one of the classifications named in this section.

Mr. WARREN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Wyoming?

Mr. CHAMBERLAIN. I do.

Mr. WARREN. The Senator might add to those extra payments the \$2 a month which is allowed to every soldier who receives a certificate of merit. A soldier may have two such certificates in which event he gets \$2 on each; so that those men who have received special commendation for their qualifications and obtain certificates of merit get \$2 or \$4 per month in addition to other extra forms of compensation allowed.

Mr. CHAMBERLAIN. That is true as the Senator states.

Mr. President, the purpose of this amendment is to make a mercenary army in the strictest sense of the word. So far as the Army of the United States is concerned, as I have stated, it gets a larger pay now than any army in the world. I know in all the history of the world of but one mercenary army, Mr. President, and the stigma that attached to them clings to them to-day. I refer to the Hessian Army that came to the American Colonies to fight in a foreign service. They are distinguished to-day from the men who fought on the British side in the American Revolution because of purely patriotic motives. Our men who are now fighting because they feel that it is a duty incumbent upon them as American citizens to go abroad and fight the battles of their country will deserve distinction and will receive distinction, Mr. President, if they go as they are going now, rather than if they go to France as the Hessian Army came to this country to serve for pay and not from the purest motives of patriotism.

Mr. McCUMBER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from North Dakota?

Mr. CHAMBERLAIN. I yield.

Mr. McCUMBER. I desire to ask the Senator a question for information. During the time of the discussion of the Army bill, and when all of these allowances and forms of compensation were being discussed was there any such proposition made?

Mr. CHAMBERLAIN. None at all.

Mr. McCUMBER. Was there any bill introduced to pay \$50 a month to our troops in foreign service?

Mr. CHAMBERLAIN. In addition to the \$30 per month?

Mr. McCUMBER. Yes.

Mr. CHAMBERLAIN. None that I recall.

Mr. McCUMBER. How does it happen that when we begin to consider a revenue bill the question is brought up for the first time?

Mr. CHAMBERLAIN. The Senator can draw his own conclusions about that, and has already had something to say upon the general subject, which I think was quite pertinent.

Mr. HARDWICK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Georgia?

Mr. CHAMBERLAIN. I yield to the Senator.

Mr. HARDWICK. I want to ask the Senator if he did not feel that he was Hessianizing the Army and belittling our soldiers when he voted to double their pay in 1917? If the argument of the Senator is sound now, why would not the same argument have been sound at that time?

Mr. CHAMBERLAIN. Mr. President, I opposed that increase as I oppose the present proposal. Whether they are doing so intentionally or not I am not prepared to say, but if the insistence the distinguished Senator from Georgia has made here from time to time, and which he is now making, Mr. President, becomes the law in this land, the United States might just as well lay down in this fight and go before the world as a nation of cravens and cowards. For my part, I am not willing to assent to any such proposition as that. I do not mean to charge that this amendment is offered for political or for any other purposes than those which are patriotic from the viewpoint of the Senator from Georgia and that of the Senator from Mississippi; but I do know this, and everybody who has paid any attention to the conditions of the time knows it, that if we abandon the system of the selective draft now in vogue and adopt a resolution which was introduced by the Senator from Georgia some days ago the United States will not have any Army with which to fight this war. If we are not permitted to send troops from the United States to the Continent of Europe, as has been insisted by the Senator from Georgia, we will not have any Army, either here or elsewhere, and if we adopt the other insistence which the Senator from Georgia has made, that a man can absolutely get out of the service of the National Government by simply joining the National Guard, we will have no Army at all. I for one say that this war is being fought not entirely that democracy may be made safe the world over, but it is fought to preserve the very liberties of our own people here and elsewhere and to preserve the institutions which have come down to us from the fathers of this Republic.

I can hear distinguished gentlemen of the "holier than thou" type on the stump in the next campaign saying, as they have said here, of those of us who believe in maintaining the dignity and honor of our country and the rights of American citizens on land and sea, "You are willing to conscript the souls and bodies of our young men, but you are not willing to conscript wealth."

Mr. President, we are conscripting wealth up to the very danger point, for it must not be forgotten that the business interests of this country must continue to be measurably protected in order that the sinews of war may be furnished to take care of the young men who compose our Army and Navy and who go abroad to fight, and in order to furnish them with the things that are necessary for their protection and support. Destroy our business life and you destroy our armies and navies.

It is so easy, Mr. President, to talk about conscripting the souls and bodies of the young men and refusing to conscript wealth when we are doing both. I have no doubt but that when the time comes the Congress of the United States will tax the wealth of the country to its utmost extent, and, if necessary, take everything even to the last farthing in order to fight this war to a successful conclusion. But why do this in the first six months of the war, and before it is convenient or necessary? Why this agitation unless it be for political purposes or to prejudice the country against the war or its prosecution?

Mr. President, I can not resist the temptation here and now to hear read into the Record the resolutions adopted on the 6th of September by the American Alliance for Labor and Democracy at their meeting at Minneapolis, Minn., showing their views about the war. They breathe the spirit of patriotism, and

I commend them to those who would cripple America in this emergency. There was nothing said there about conscripting human bodies and human souls to fight this war.

There was not anything in those resolutions, or any of them, about increasing the pay of the men who were going to fight the battles of their country; there was nothing sordid or disloyal in them; on the contrary every word and every line of those resolutions breathes the spirit of splendid patriotism, and expresses a determination to assist the President of the United States in carrying this war to a successful conclusion.

How different the expressions of this splendid organization from the expressions of the so-called People's Council for Peace and against militarism which undertook to meet in the same place a few days ago. There, Mr. President, if we are to judge from the traitorous and seditious expressions of individual members, there was to be a meeting which was to denounce the selective-draft law and advise against obedience to it. There was to be a meeting which was to denounce militarism and to clamor for peace, even if a dishonorable peace. There was to be a meeting which was to cripple the good right arm of the Commander in Chief of the Army and Navy of the United States, and to hamper and handicap and hamstring this Government in its purpose to carry this war to a successful conclusion. If not financed by Germany, if not composed of Germans, its purposes were surely in the interest of the enemies of America. They were treasonable and those who attended were traitors to their country. But, acting under a law that has been recently passed to prevent such overt acts of treason as were proposed, the meeting was not permitted to be held by either National, State, or local authorities; and God grant that the Congress of the United States and State authorities as well will sustain and maintain every department of the Government that endeavors to prevent or suppress these seditious and treacherous meetings wherever sought to be held while our country is at war and our young men who are in the service fighting to protect our citizens against the outrageous and barbarous cruelties of the Hun.

I am going to ask to have the resolutions to which I have referred printed in the Record.

Mr. McCUMBER. Let them be read, Mr. President.

Mr. CHAMBERLAIN. I ask, then, Mr. President, that the Secretary read them. I think it is a pretty good time to read them.

The PRESIDING OFFICER. Without objection, the Secretary will read the resolutions. The Chair hears no objection, and the Secretary will read them.

The Secretary read as follows:

The resolution on war aims declares:

"The so-called People's Council and other organizations allied with it, professing to speak in the name of the working people of America, have declared that the aims and purposes for which we are at war have not been definitely stated. These people have made a great deal of clamor, demanding that the President of the United States make a definite statement of the reasons why we are at war and the ends we seek to attain.

"We, the members of the Minneapolis conference of the American Alliance for Labor and Democracy, declare that this demand of the People's Council and other pacifist organizations, even if made in good faith, is entirely unwarranted. The record shows that the aims and purposes of this Nation have been stated with singular lucidity and precision by the President of the United States on various occasions. In support of this statement, we submit the following:

#### POINTS TO PRESIDENT'S SPEECH.

"On January 22, 1917, before the United States entered the war, President Wilson, in an address to the Senate, set forth the principles which should govern any peace with which the United States could associate itself, and be true to its noblest ideals and traditions. These principles of 'a peace worth guaranteeing' are as follows:

- "1. Equality of rights as between nations. (Not to be based on old balance of power.)
- "2. Recognition of the principle that governments derive their just power from the consent of the governed.
- "3. The right of all great peoples to a direct outlet to the sea, by territorial readjustments or neutralizations.
- "4. The freedom of the seas in practically all circumstances.
- "5. The limitations of armaments on land and sea.
- "6. No nation to attempt to extend its polity over any other nation or people.
- "7. A concert of nations to guarantee peace and the rights of all nations. A world organized for peace, not for war. No entangling alliances creating a competition for power, but a concert for peace.

#### HAS STATED AMERICAN AIM.

"Since the United States entered the war the President has upon three notable occasions, clearly and explicitly set forth the American aim, the objects which must be attained by any peace to which the United States can agree. We refer especially to the war message of April 2, 1917, the note to Russia on May 26, and the reply to his holiness, the Pope, dated August 27, 1917. The war objects stated by the President in these historic documents were as follows:

- "1. Recognition of the rights and liberties of small nations.
- "2. Recognition of the principle that government derives its just power from the consent of the governed.
- "3. Reparations for wrongs done and the erection of adequate safeguards to prevent their being committed again.



"4. No indemnities except as payment for manifest wrongs.  
 "5. No people to be forced under sovereignty under which it does not wish to live.  
 "6. No territory to change hands except for the purpose of securing those who inhabit it a fair chance of life and liberty.  
 "7. No readjustments of power except such as will tend to secure the future peace of the world and the future welfare and happiness of its peoples.  
 "8. A genuine and practical cooperation of the free peoples of the world in some common covenant that will combine their forces to secure peace and justice in the dealings of nations with one another.

#### GAVE WARNING OF DANGER.

"In his Russian note and again in his address at Washington on June 14, President Wilson gave a solemn warning against the sort of peace desired by the German military power—a peace which would not only defeat the objects of the United States in entering the war, but would place this Nation in grave danger of future aggression from Germany.

"He pointed out that the military masters of Germany planned to throw a broad belt of military power across the very center of Europe and beyond the Mediterranean into the heart of Asia. This purpose has been nearly fulfilled through the subjection to German uses of Austria-Hungary, Bulgaria, and Turkey and through the conquest of Serbia and Roumania.

"The only chance left to the masters of Germany of retaining the advantages thus gained and of perpetuating their own domination over the German people is the enactment of an immediate peace upon terms favorable to themselves. Should they succeed in this their prestige and political power will be secure. America itself will be menaced, and this Nation and all the rest of the world will be compelled to remain armed to the teeth to make ready for the next assault by the German military power.

#### SEEKS NO MATERIAL GAIN.

"In his note to the revolutionary Government of Russia, May 26, 1917, President Wilson justly said that:

"The position of America in this war is so clearly avowed that no man can be excused for mistaking it. She seeks no material profit nor aggrandizement of any kind. She is fighting for no advantage or selfish object of her own, but for the liberations of peoples everywhere from the aggressions of autocratic force."

"We, the men and women of the trade-union, the socialist movements of America, organized into the American Alliance for Labor and Democracy, in submitting this record to our fellow citizens, assert that in all history no Government has ever stated its aims on entering a war or while such a war was being fought with anything approaching the definiteness, clarity, and candor revealed by these utterances. We assert, moreover, that in all essential particulars the aims thus set forth are entirely consistent with the great ideals of democracy and internationalism for which the American labor movement has always stood and which are fundamental to its being.

"We rejoice at the fact that we are thus solemnly committed to the principle of the complete autonomy and independence of nations. Only upon the basis of this generous nationalism can anything like a great and worthy internationalism be established.

#### NO PEACE WITH HOHENZOLLERNS.

"We rejoice, too, that this Nation is thus solemnly pledged not only to refrain from attempting to extend its own dominion over any other nation or people, but to use its great influence to the end that no nation shall attempt to extend its polity over any other nation or people."

"We approve unreservedly the distinction drawn by the President between the German people and their Government and we believe that by insisting that peace can not be made with the Hohenzollern dynasty but only with a democratized Germany, the President of the United States has, as befits his great station, rendered noble service to the cause of international democracy.

"We affirm, then, that the aims and purposes of this Nation have been stated with sufficient clearness and definiteness to satisfy every honest mind, and that it is our profound conviction that the purposes for which we are to serve and sacrifice are the great purposes of international democracy."

Mr. CHAMBERLAIN. Mr. President, that convention was attended not only by distinguished labor leaders and laboring men but by distinguished Socialists and individual members of other great organizations. The head of the American Federation of Labor, who during all of this world-wide struggle has occupied a most patriotic position, attended the convention and delivered an address there, and it may not be inappropriate in this connection to ask to have printed in the RECORD an editorial from the Washington Post of this morning on "Loyalty of labor," as bearing upon the attitude of these distinguished men.

Mr. SIMMONS. Let it be read.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon?

Mr. HOLLIS. Mr. President, I rise to a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HOLLIS. Under the unanimous-consent agreement we are to vote on the income-tax title at 4 o'clock. I inquire whether amendments tendered after 4 o'clock may be properly received and voted upon?

The PRESIDING OFFICER. The Chair so construes the unanimous-consent agreement. Without objection, the leave requested by the Senator from Oregon will be granted. The Chair hears no objection, and it is so ordered.

The matter referred to is as follows:

#### LOYALTY OF LABOR.

In his stirring address at Minneapolis on Wednesday, Samuel Gompers, president of the American Federation of Labor, pledged the united support of organized labor to the Government in the prosecution of the war.

Mr. Gompers touched upon a most important point when in the course of his speech he referred to a certain character of agitation for peace. He said:

"To ask the Government of the United States now to state specifically the terms of peace is to play, consciously or unconsciously, into the hands of the enemy."

It may not have been considered necessary for Mr. Gompers or any other to pledge labor to loyalty. It is of the highest encouragement, nevertheless, to know that such a meeting as that held at Minneapolis was thoroughly committed to the cause of patriotism, and that the expression of its sentiments and convictions should have gone beyond the mere fact of patriotic intent to the recognition of subtle forces now at work on the labor element and of the real purpose that lies behind these pacifist agitations.

The presence of John Spargo and others who were formerly prominent in the ranks of the Socialists indicates how widely recognized has become the sinister purpose that underlies the peace propaganda. These men have had their eyes opened, with the result that they promptly dissociated themselves from a movement which has everywhere come under the domination of the German Government, engineered by German agents, and financed by German capital. If any doubts were previously held they have now been dissipated by the character of socialist data seized by the Department of Justice. Although the I. W. W. activities have been found largely in the hands of Austrians, they, too, are the tools of Germany, to be exploited and then cast aside, just as will be the fate of the German Socialists, who are despised by the German militarists and are merely being used.

In free America the divisions into classes is very vague at best. There is scarcely a great industrial leader in the Nation to-day who has not worked his way up from the ranks of labor. Mr. Gompers and his associates have given clear warning against enemy efforts toward class dissensions in the face of a national danger.

Mr. CHAMBERLAIN. Now, Mr. President, I desire to have printed in the RECORD, as a part of this same subject, a letter addressed by the President of the United States to Mr. Samuel Gompers, chairman, explaining why he could not attend the meeting.

The PRESIDING OFFICER. Without objection, leave will be granted. The Chair hears no objection, and it is so ordered.

The matter referred to is as follows:

The President has sent the following letter to Mr. Samuel Gompers, chairman of the American Alliance for Labor and Democracy:

AUGUST 31, 1917.

MY DEAR MR. GOMPERS: I am sure that you understand that my inability to accept the invitation to address the Minneapolis conference of the American Alliance for Labor and Democracy is due only to official necessity, and not in any degree to lack of appreciation of the importance of the occasion. The cause you and your fellow patriots uphold is one with the cause we are defending with arms. While our soldiers and sailors are doing their manful work to hold back reaction in its most brutal and aggressive form, we must oppose at home the organized and individual efforts of those dangerous elements who hide disloyalty behind a screen of specious and evasive phrases.

I have read with real pride the names of the men and women who are to take part in the Minneapolis conference. Not one but has a record of devoted service to fundamental democracy; not one but has fought the long, hard fight for equal justice, braving every bitterness that the humblest life might know a larger measure of happiness.

#### NOT BETRAYAL OF PRINCIPLE.

With all my heart I want them to feel that their devotion to country is in no wise a betrayal of principle, and that in serving America to-day they are serving their cause no less faithfully than in the past. I myself have had sympathy with the fears of the workers of the United States; for the tendency of war is toward reaction, and too often military necessities have been made an excuse for the destruction of laboriously erected industrial and social standards. These fears, happily, have proved to be baseless. With quickened sympathies and appreciation, with a new sense of the invasive and insidious dangers of oppression, our people have not only held every inch of ground that has been won by years of struggle but have added to the gains of the twentieth century along every line of human betterment. Questions of wages and hours of labor and industrial readjustment have found a solution which gives to the toiler a new dignity and a new sense of social and economic security. I beg you to feel that my support has not been lacking and that the Government has not failed at any point in granting every just request advanced by you and your associates in the name of the American worker.

#### BATTLE LINE OF DEMOCRACY.

No one who is not blind can fail to see that the battle line of democracy for America stretches to-day from the fields of Flanders to every house and workshop where toiling, upward-striving men and women are counting the treasures of right and justice and liberty which are being threatened by our present enemies.

It has not been a matter of surprise to me that the leaders in certain groups have sought to ignore our grievances against the men who have equally mistreated the German people. Their insistence that a Nation whose rights have been grossly violated, whose citizens have been foully murdered under their own flag, whose neighbors have been invited to join in making conquest of its territory, whose patience in pressing the claims of justice and humanity has been met with the most shameful policy of truculence and treachery, their insistence that a Nation so outraged does not know its own mind, that it has no comprehensible reason for defending itself or for joining with all its might in maintaining a free future for itself and its ideals, is all a piece with their deafness to the oft-repeated statement of our national purposes.

#### EQUAL JUSTICE MUST RULE.

Is it, perhaps, that these forces of antagonism have not yet learned to know the voice of that America we love and serve. It may well be that those among us who stand ready to forward the plans of aggression bred in secret do not understand the language of democracy when it proclaims the purposes of war in terms of a peace for the peoples that shall be untroubled by those to whom men are but the pawns in their struggle for power and gain. But true Americans—those who toll here for home and the hope of better things, whose lifted eyes have caught the vision of a liberated world, have said that of the policy of blood and iron there shall be an end, and that equal justice, which is the heart of democracy, shall rule in its stead.

May not those who toll and those who have made common cause of the larger hope for the masses of mankind take renewed heart as



they think on those days when America has taken its stand for the rights of humanity and the fellowship of social and international justice?

Sincerely, yours,

WOODROW WILSON.

Mr. SAMUEL GOMPERS,

President American Federation of Labor, Washington, D. C.

Mr. CHAMBERLAIN. How true it is, Mr. President, that leaders of certain groups in and out of Congress "have sought to ignore our grievances against the men who have equally misled the German people." There has been no clearer statement made of the grievances of America, of the issues involved in this war, and of our country's attitude than is embodied in the resolutions adopted at the Minneapolis convention and in the letter of the President expressing regret at his inability to be there as one of the participants in the discussions which took place.

Mr. President, I said awhile ago that if the course that has been mapped out and suggested by the distinguished Senator from Georgia [Mr. HARDWICK] is to be followed, we will not have any Army in this country; we can not, therefore, prosecute the war. We will be compelled to sue for a dishonorable peace. The Senator has always expressed his opposition to conscription, which was perfectly proper before the law was enacted; but the Senator, not satisfied to assent to the will of the Congress as expressed in the so-called selective-draft act, has sought to modify, or rather to destroy, it by amendment so as not to require the service of anyone taken under the selective draft outside of the territorial limits of the United States without his consent. That bill was referred to the Military Affairs Committee, Mr. President, and by a unanimous vote of the committee I was instructed to report it back unfavorably to this body.

Mr. President, I am not going to discuss again—because we have been over it a number of times—this whole question of the selective draft; but, Mr. President, it is absolutely the only fair way to raise an army, and I sometimes regret that any of our young men volunteered in the Regular Army or in any other branch of the service after its enactment, for the reason that the selective draft would have operated with perfect uniformity all over this country, and instead of having communities now where the supply of labor has been depleted because men have so generally volunteered and gone into the service the Army would have been filled by men selected here and there in every community, and no interruptions would have followed either in agricultural, commercial, or industrial life.

But, Mr. President, that law is on the statute books now, and why agitate here and elsewhere the question as to whether it was wise or unwise? Why disturb the Army that has been organized under it and under a volunteer system just as we are entering upon a war with the most efficient military system in the world? Why undertake to increase the pay of the Army as the pending amendment proposes to do when no dissatisfaction has been expressed anywhere at conditions as they exist? They expected to receive as pay only what the law provides to-day, and the only effect of this proposition of the Senator is to demoralize the Army that is now being organized, make the young men who have been selected to serve in the Army dissatisfied with their condition, and encourage those who are yet to be called to the colors to resist the draft when it becomes necessary to enforce it again.

One peculiar thing about this whole situation is this: It will be found upon investigation that men have resisted the draft only in those parts of the country where their Senators or Representatives have before and since the law was enacted opposed or criticized it in Congress. Without a single exception, as I now remember, it has been opposed only in those cases where either the Senators or the Representatives have opposed the enactment of this law, which acts with such perfect uniformity and fairness all over the country.

Mr. President, the Senator from Georgia [Mr. HARDWICK], I am rejoiced to know, is in opposition to many distinguished men of his State on this great question. Only a few days ago Judge Speer, of Georgia, notwithstanding the views of the Senator from Georgia to the contrary, rendered a decision upholding the constitutionality of the selective-draft law under which the young men are patriotically going into the service, domestic or foreign, without asking any questions as to pay, present or future. I want to read a few lines of that decision, particularly as to the power under the Constitution to authorize the sending of our armies beyond the seas. It is a complete answer to the arguments made by opponents of the present war and by pacifists generally on this subject.

Judge Speer said:

There remains to be considered the contention that Congress can not employ the National Army to be created by virtue of this legislation in foreign lands or beyond the seas. If this is true, then indeed is our country impotent. Then must its people indeed suffer in their own

homes, in their cities, and on their farms all the horrors of invasive war. Its military leaders must ignore the settled principle of their science, that the best defensive is the most vigorous offensive. The keen swords of its sons, instead of flashing over the guard of the enemy and piercing his vitals, must be held immovable, as if on an anvil, to be shattered by the reiterated blows of his hammer. Deprived of our aid in the field, successive defeats will visit and crush our allies. Their lands conquered, their navies taken, we must then in turn, solitary and alone, meet on our soil the impact of victorious and barbarous legions whose laws do not forbid their service abroad but which inspire their fierce and veteran armies to deeds of conquest in every clime.

Was this contention maintainable, the misguided men who for their personal ease advance it might all too late discover their fatal error. They would discover it in the flaming homesteads, in the devastated fields, in murdered brethren, in outraged wives and daughters, in their lands, their factories, their merchandise, their stock, their all, coolly appropriated by the conqueror as his own; their institutions destroyed; homeless, landless, and beggars to spend whatever interval of degraded life remains to them in abject slavery to the conqueror.

But our organic law does not so shackle the gigantic energies of the great Republic. After the enumeration of the powers of Congress, among them is, as we have seen, "the power to raise and support armies." In clause 18 of Article I, section 8, it provides the power to "make all laws which shall be necessary and proper for carrying into execution the foregoing powers and all other powers vested in this Constitution in the Government of the United States or in any department or officer thereof." Here is the greatest reservoir of power to save the national existence.

It is said that there is no express power to send armies beyond the sea. True; but there is no express power to enact the criminal laws of the United States, none to convey the public domain, to build a trans-continental railroad, nor to construct the Isthmian Canal, nor to create the Interstate Commerce Commission, nor to declare the Monroe doctrine, nor to make the Louisiana Purchase, nor to buy Alaska, nor to take over Porto Rico and the Philippines. This has all been done under the great power to promote the general welfare, just as the selective army will be created under the law here assailed, "to provide for the common defense," and beyond and above all is the inherent power of every nation, however organized, to utilize its every man and its every energy to defend its liberty and to defeat the migration to its soil of mighty nations of ferocious warriors, whose barbarous inhumanity for three years has surpassed all others since the death of Attila, the scourge of God.

I commend this, Mr. President, to the earnest consideration of the Senator, and to those in and out of Congress who are in accord with his views.

Mr. President, it might be said that it is far afield of a discussion of an amendment to a revenue bill to read into the RECORD a decision of a learned Georgia judge on the selective-draft law; but, Mr. President, it has been insisted in the discussion of that very amendment practically that not only is the law unconstitutional but that there is no cause for war and no danger of any invasion upon the part of Germany.

Mr. President, I hope that the latter statement is true. I hope that our beloved land may never be invaded by Germany or any other country; but we do know that before America entered upon this war the German chancellor had sent a proposition to the representative of Germany in Mexico, proposing to divide up the southwestern part of the United States between Mexico and Japan. Could this have been accomplished without invasion? We do know that; and these same gentlemen who are now questioning all the purposes of the administration in the prosecution of this war denied that that message had any existence in fact, but vociferously asserted that the suggestion of it was conjured up by some fertile brain in order to frighten our people and to induce them to stand for what they were pleased to call an unjust war. But, Mr. President, not only was that message produced and established to the satisfaction of the American people, but when the German chancellor found that this had been done he confessed that he had written it. Nor is that the only time when Germany has sought to injure America, if we are to pay any attention at all to what a former American ambassador to Germany had to say upon the subject a short while ago, for not only did Germany negotiate with Mexico for the division of our southwestern area, but she undertook to form a combination with one of our present allies, Great Britain, under the terms of which the Monroe doctrine was to be ignored and America driven to abandon it, and Germany and her allies—if she could have made such allies under such terms—would have had a free hand to do as they pleased in Mexico and in South and in Central America.

Mr. President, there is always danger of invasion so long as greed is an attribute of the human heart. It is time for the American people to wake up and to get ready to fight, and in order to succeed to have a united country behind the Commander in Chief of the Army and Navy. Efforts to discredit acts which have been passed by this and by former Congresses, intended purely and simply for the purpose of successfully carrying on this war, ought to cease here and now, and if it is desired to repeal them or any of them it would seem to be the part of patriotism as well as wisdom to wait until the termination of hostilities.

Mr. President, this amendment ought not to have been offered here. It ought not to be considered here. If it is worthy of consideration at all, and if in its effects it has a political rather than a patriotic significance, it ought to have been introduced as



a separate measure and referred to the Military Affairs Committee, where the expert testimony of men who understand the needs of the hour and of the Army might have been adduced in order that an intelligent report might have been made. This amendment has not been considered here or anywhere. The bill increasing the pay of the soldier to \$30 a month was carefully considered by the Military Affairs Committee. I opposed that increase, because I oppose a mercenary army; but over my protest the measure became a law.

The effect of this amendment—whether intentional or not the result is just the same—the effect of it will be to create dissatisfaction amongst the young men of this country and to make them feel that they are being unjustly dealt with in that they have not received higher compensation prior to the time when this proposed amendment would become operative. Not only does the insistence upon this proposed amendment create disaffection amongst the men who are to wage the battles of this war, but it cultivates disaffection amongst the people of the whole country and tends to discord rather than to that unity of sentiment which is essential to the successful prosecution of the war.

This measure, Mr. President, as well as that proposing to relieve the Army raised by the selective draft from foreign service except by their own consent, has the same effect, though in a lesser degree, as the assertion made recently by a distinguished Senator in a published interview, whether authentic or not I do not know, that our young men are being forced into a cruel and bloody war by Wall Street and the munition factories of this country, and that our allies are holding Germany down while America is stabbing her in the back.

Mr. President, never did any man publicly or privately make a more cruel, a more unpatriotic charge than that, or one more calculated to cultivate a spirit of disloyalty to country and to flag. It impeaches the integrity of the great majority of Congress—Democrats and Republicans—for, thank God, Republicans here have buried partisan politics and have patriotically united with Democrats to give the Commander in Chief of our Army and Navy all that he asks in order to enable him to carry this war to a successful conclusion. Munition factories? Wall Street? Mr. President, neither had anything to do with this war, and all fair-minded men know it. If the time comes when it shall be necessary to demand of them all that they make and all that they have, I have no doubt but that the Congress of the United States will reach out and take whatever is necessary to successfully prosecute this war. But to burden the American people or any part of them with taxation which is unnecessary at this stage of the emergency would be not only unwise but unpatriotic and an injustice as well.

If, Mr. President and Senators, America is worth fighting for, if our liberties are worth preserving, if our institutions are worthy of being perpetuated, some portion of this great expenditure should be passed on to future generations, just as the generations that succeeded the Revolution, just as the generations that succeeded the War of 1812, just as the generations that succeeded the Civil War, were compelled to bear a part of the burden of those wars, because not only were they wars waged in the interest of those then living, but in the interest of those to come. And if America is submerged now, Mr. President, if our liberties are successfully assailed and our rights destroyed, there will be no future generations to enjoy the blessings of liberty, but a race of slaves.

I for one, Mr. President, hope that the Senate will promptly vote down not only this amendment, but anything that tends, like it, to demoralize the military life of the Nation, to weaken the right arm of the President, the Commander in Chief of the Army and Navy. I believe that the Republicans as well as the Democrats of the Senate who, in the days gone by, have stood ready to give the President every force and every power that he has asked, will stand together now to vote down this amendment, so that it may come up, if it comes up at all again, before a committee that will have an opportunity to consider it and give it the careful attention that such a measure ought to have and that such a measure deserves.

Mr. HARDWICK. Mr. President, when I presented this amendment I did not intend to be guilty of more than one short speech in disposing of it; but the vehement and vociferous Senators who have broadened this discussion far beyond any reasonable limits are responsible. To them both I would say that if a proposition to pay these enlisted men more money is belittling and degrading, then all of them have steeped their own hands in that same infamy, because the act of May 18, 1917, doubled the salaries of privates in the Army, with a view to this very foreign service.

The Senator from Oregon proceeded in one part of his remarkable address to show that there was no need of this amendment because the soldiers got so much already, and turns

around at another point in his remarkable address and asserts that after all it does not make any difference, because if we did pay them more, although he says we did, it would be making Hessians of them.

So I say to the distinguished Senator from Minnesota [Mr. NELSON], with his spread-eagle foolishness, why did he vote for the act of 1917 if he thinks it is wrong to pay them more? If it was belittling and insulting and degrading the American private to propose to raise his wages, why did the Senator from Oregon and the Senator from Mississippi do it in May of this same year of grace, 1917? Can it be that what is right and proper in May, 1917, becomes "degrading and belittling" in September, 1917? It must be that it is belittling only when some men suggest it, and that it is righteous entirely and completely when others suggest it. So much for the wonderful argument we have heard on this phase of the question.

As far as the Senator from Minnesota is concerned, I have too much respect for his years to say what I really think about his performance to-day. That is all that restrains me, for the Senator from Minnesota with a spirit of narrow sectional meanness and bitterness to attempt to insult the great Commonwealth I represent as a Senator on this floor, and for him to suggest that he hoped Georgia would be invaded by German troops and I would meet them at the head of negro soldiers, was to present himself in his own true colors and his own true light to the people of this great Republic.

The PRESIDING OFFICER (at 4 o'clock p. m.). The hour of 4 o'clock having arrived, under the unanimous-consent order heretofore made further debate is not in order and the Senate proceeds to vote upon the income-tax title and all amendments pending and all amendments that are undisposed of. The question is on the amendment of the Senator from Georgia [Mr. HARDWICK].

Mr. SIMMONS. I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. FLETCHER (when his name was called). Making the same announcement as on the previous vote, I vote "nay."

Mr. FRELINGHUYSEN (when his name was called). I have a general pair with the junior Senator from Montana [Mr. WALSH], which I transfer to the senior Senator from New Jersey [Mr. HUGHES] and vote "nay."

Mr. JONES of Washington (when his name was called). While I am paired for the day with the junior Senator from Massachusetts [Mr. WEEKS], I understand that he would vote the same way that I expect to vote on this amendment. Therefore I will vote without making any transfer of my pair. I vote "nay."

Mr. McCUMBER (when his name was called). I have a general pair with the senior Senator from Colorado [Mr. THOMAS], which I transfer to the senior Senator from New Hampshire [Mr. GALLINGER] and vote "nay."

Mr. MYERS (when his name was called). I announce the same transfer of my pair as on the last vote and vote "nay."

The PRESIDING OFFICER (when Mr. ROBINSON's name was called). I have a pair with the Senator from Michigan [Mr. TOWNSEND]. I transfer that pair to the Senator from Arizona [Mr. SMITH] and vote "nay."

Mr. WADSWORTH (when his name was called). Making the same announcement as to my pair and its transfer as before, I vote "nay."

Mr. LODGE (when Mr. WEEKS's name was called). My colleague [Mr. WEEKS] is unavoidably absent. If present, he would vote "nay."

The roll call was concluded.

Mr. HARDING. I have a general pair with the junior Senator from Alabama [Mr. UNDERWOOD], but I have been informed that on this and other amendments pending to this title of the bill he would vote as I would. I am therefore at liberty to vote. I shall let this announcement apply to further roll calls to-day. I vote "nay."

Mr. GERRY. The junior Senator from Wyoming [Mr. KENDRICK] is unavoidably absent on official business. I understand that if present he would vote "nay."

The result was announced—yeas 5, nays 75, as follows:

#### YEAS—5.

Gronna	La Follette	Reed	Vardaman
Hardwick			
NAYS—75.			
Bankhead	Calder	Fall	Hale
Beckham	Chamberlain	Fernald	Harding
Borah	Colt	Fletcher	Hitchcock
Brady	Culberson	France	Hollis
Brandeggee	Curtis	Frelinghuysen	Husting
Broussard	Dillingham	Gerry	James

Johnson, Cal.	McNary	Pomerene	Smoot
Johnson, S. Dak.	Martin	Ransdell	Sterling
Jones, N. Mex.	Myers	Robinson	Stone
Jones, Wash.	Nelson	Saulsbury	Sturtevant
Kellogg	New	Shafroth	Swanson
Kenyon	Newlands	Sheppard	Thompson
King	Norris	Sherman	Trammell
Kirby	Overman	Shields	Wadsworth
Knox	Page	Simmons	Warren
Lewis	Penrose	Smith, Ga.	Watson
Lodge	Phelan	Smith, Md.	Williams
McCumber	Pittman	Smith, Mich.	Wolcott
McKellar	Poindexter	Smith, S. C.	

## NOT VOTING—16.

Ashurst	Gore	Owen	Townsend
Cummins	Hughes	Smith, Ariz.	Underwood
Gallinger	Kendrick	Thomas	Walsh
Goff	McLean	Tillman	Weeks

So Mr. HARDWICK's amendment was rejected.

Mr. HOLLIS. I now offer the amendment that the chairman of the committee said he would accept.

Mr. SIMMONS. I will ask the Senator if he has changed the amendment so as to make it 15 per cent instead of 20?

Mr. HOLLIS. I have done so.

Mr. SIMMONS. Then I accept the amendment.

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. Add at the end of the title a new section, as follows:

Sec. —. That section 5 of such act of September 8, 1916, is hereby amended by adding at the end of subdivision (a) a further paragraph numbered 9, to read as follows:

"Ninth. Contributions or gifts actually made within the year to corporations or associations organized and operated exclusively for religious, charitable, scientific, or educational purposes, or to societies for the prevention of cruelty to children or animals, no part of the net income of which inures to the benefit of any private stockholder or individual, to an amount not in excess of 15 per cent of the taxpayer's taxable net income as computed without the benefit of this paragraph. Such contributions or gifts shall be allowable as deductions only if verified under rules and regulations prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Hampshire [Mr. HOLLIS].

Mr. HOLLIS. I ask for the yeas and nays.

The yeas and nays were not ordered, and the amendment was unanimously agreed to.

The PRESIDING OFFICER. The next amendment will be stated.

The SECRETARY. The only amendment of the committee undisposed of in this title will be found at the bottom of page 4, beginning with line 23, where the committee proposes to strike out the subdivision (c). It reads as follows:

and (c) the provisions requiring the normal tax of individuals to be deducted and withheld at the source of the income shall not apply to the new 2 per cent normal tax herein prescribed until on and after January 1, 1918, and thereafter shall apply only to the incomes exceeding \$3,000 as provided in Title I of such act of September 8, 1916.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

Mr. WOLCOTT. I submit an amendment which I ask may be read.

The PRESIDING OFFICER. The Secretary will read the amendment.

The SECRETARY. On page 4, line 23, after the word "provided," insert:

and (c) the returns, withholding and deduction required under subdivision (d) of section 8 and subdivision (b) of section 9 of such act shall be required in the case of net incomes of \$1,000 or over instead of \$3,000 or over as therein provided, but shall not be so required until on and after January 1, 1918, unless the amount of such income paid on and after November 1, 1917, shall be sufficient to permit the withholding of the tax herein prescribed for the whole of the year 1917: *Provided also*, That in cases covered by subdivisions (c) and (d) of section 9 of such act, such withholding and deduction shall not be required until on or after January 1, 1918, and thereafter in such cases; only one 2 per cent normal tax shall at any time be deducted and withheld at the source, and any further normal tax which would otherwise be required to be deducted under this act or such act of September 8, 1916, shall be returned and paid by the person receiving such income: *Provided further*, That a person whose tax has been withheld at the source may in lieu of making the return required under subdivision (b) of section 8 of such act, make a written statement that other than the income on which the tax has been withheld at the source his net income does not exceed \$1,000. Such statement may be furnished to the person required to withhold such income and shall be forwarded by such person with the return of the income so withheld.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Delaware [Mr. WOLCOTT].

Mr. SIMMONS. Mr. President, the effect and the purpose of this amendment—

Mr. WOLCOTT. I rise to a question of order. If debate is allowed on this amendment, I should like to have an opportunity to answer the chairman of the committee.

The PRESIDING OFFICER. The Chair will state that debate is not in order.

Mr. SIMMONS. The Chair is right.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Delaware.

The amendment was rejected.

Mr. WOLCOTT. I should like to reserve that in the Senate.

The PRESIDING OFFICER. The Chair will state to the Senator that he can offer the amendment in the Senate.

Mr. TRAMMELL. I offer an amendment, which I ask the Secretary to read.

The PRESIDING OFFICER. It will be read.

The SECRETARY. On page 4, line 18, strike out "\$1,000 and \$2,000" and insert in lieu thereof "\$2,000 and \$3,000"; in line 21 strike out "\$1,000" and insert "\$2,000"; in line 22 strike out "\$2,000" and insert "\$3,000."

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Florida [Mr. TRAMMELL].

Mr. VARDAMAN. I ask for the yeas and nays.

The yeas and nays were not ordered.

The amendment was rejected.

The PRESIDING OFFICER. There being no further amendments to this title, the unanimous consent is complied with.

Mr. HARDWICK obtained the floor.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Idaho?

Mr. BORAH. Have we dispensed with the unanimous-consent agreement work?

The PRESIDING OFFICER. The Chair has announced that the unanimous-consent agreement, so far as this title is concerned, has been consummated. The Senate is proceeding with the consideration of the bill.

Mr. HARDWICK. Mr. President, in his remarks a moment ago the Senator from Oregon [Mr. CHAMBERLAIN] departed a good ways from the text. The text was whether or not the Congress of the United States should still further increase the pay of enlisted men when they were entering military service on foreign soil. The Senate determined, which was entirely within its province, that it would not further increase that pay. Of course, I bow, without any ill feeling or ill temper, to the decision of the Senate in that respect, although it seems to me that the argument for that course was utterly unsound and thoroughly disingenuous, because as I pointed out to the Senate, if it belittled the American Army, if it was pinning a badge of cowardice and of mercenary motive upon the American soldier to increase his pay, then we already pinned that badge to him in May, 1917, when we doubled his pay on account of this very foreign service, which was then directly in contemplation.

So there is nothing in the remarkable argument, and I use the word "argument" as a matter of courtesy strictly and solely, advanced by these two Senators on that subject, because no one contends and no one believes that either myself or the Senator from Oregon or even the Senator from Minnesota intended any such thing, or that we did any such thing when we doubled this pay a few months ago.

In the course of his argument the Senator from Oregon saw fit to give the country and the Senate a rather disconnected although somewhat full account of what he believed to be my activities with respect to certain matters. What relation they had to the subject matter then before the Senate is hard to see; but if it was the purpose of the distinguished Senator from Oregon to undertake to either lecture me or instruct me, then he has wasted his words and has spoken in vain, because I accept neither instruction nor chiding from that Senator or from any other Member of this body. For my conduct I am responsible to my constituency, and to it alone. I know my rights on this floor, and I know, I think, how to maintain them.

I shall endeavor to do so, whether it be against the Senator from Oregon or the Senator from Minnesota or any other Senator who undertakes either to challenge or assail them.

Mr. President, it seems to me that in a period of excitement Senators are forgetting the cardinal, fundamental principles upon which this Government and all of our institutions rest. Is the right of free speech to be denied throughout this country or in this Chamber, dedicated by historic associations to the glories and liberties of America? Is the Senator from Georgia to be either indicted or arraigned by the Senator from Oregon because, forsooth, in the exercise of a constitutional right he presented an amendment here relating to one of the subjects upon which the Senate must legislate? Has the time come when free speech is to be denied not only to the individual citizens of the Republic but to the Senator of a great State as he stands on this floor endeavoring to discharge his duty to a great constituency? If so, we are in vastly more danger from that sort of business than we are from the Germans.



Freedom of speech, I know full well, does not warrant license; liberty does not mean license. No Senator can point to any utterance of the Senator from Georgia which can be justly criticized in that regard by any Senator, no matter how much he may differ from the Senator from Georgia in his opinions. Mr. President, has it come to pass in this Senate and in this country that free speech is to be denied; that the press is to be shackled whenever it ventures to express an independent opinion or a contrary view to that indorsed by the administration? If so, woe to the Republic; if so, this will no longer remain the land of the free.

If the time has come in this country and in this Congress when men can not anywhere freely and fearlessly express their opinions about the policy involved in any proposed law, and either support or oppose the enactment of such a law, without the slightest fear that the right to do so is to be criticized or challenged; if the time has come when throughout this country men may not advocate the repeal of any law upon the statute books without their right to do so being criticized and challenged; if the time has come when men throughout this country have not the right to test the validity, in the manner and form prescribed by the organic law of the Republic, of any statute that may be passed by Congress and approved by the Executive, then, indeed, we are at the end of liberty in this Republic and this is no longer the land of the free.

Mr. President, this thing labeled and styled patriotism of the flamboyant spread-eagle type, tongue service and lip bravery, does not appeal very strongly to me. The men who brag most fight least; and, as a rule, the men who love this country most say least about it. Ah, "The lady doth protest too much," said the great master of human nature. So whenever I see one of these distinguished gentlemen, in public life or out of it, who is so bubbling over with his patriotism and love for this country that he can not restrain this constant, useless iteration and reiteration, and can not lose a single opportunity to pluck all the feathers out of the eagle bird, I begin to wonder how much of it is the real article and how much of it is assumed. When I see men who are so brave with their voices, I wonder why they do not all go over to the firing line and themselves eat up the Germans.

Mr. President, so far as my personal connection with this debate is concerned, it is of little importance or of little interest to the country; but it seems to me that there is a lesson connected with it and growing out of it that the people of this country might well learn and that its rulers might well take to heart and give heed to. That is this: It is not always the men who insist on doing the spread-eagle act overtime who love the country most, would serve it most, or would sacrifice most for it.

It is just as well that every one of us, myself included, of course, should remember that the other man may not be less patriotic than we are because he happens to differ from us about some things.

I have believed from the beginning of this war, as my friend from Oregon knows, that the people of this free Republic would prosecute the war more vigorously, more adequately, more spiritedly, and more successfully if they were permitted to do so with a due regard for their rights, liberties, privileges, thoughts, sentiments, and feelings. I have believed that one willing freeman enrolled in the Republic's cause was worth a dozen unwilling conscripts, dragged to do the Nation's bidding. I think so yet.

Undoubtedly, Mr. President, at the beginning of this war the majority of the American people had no other idea but that it was to be largely a naval warfare; largely conducted on the high seas, where our rights had been denied, where the offense to us had been given. If my memory serves me correctly, I was the first Member of either House of Congress, certainly of this body, to suggest, in addition to that, that we ought to send at once for its effect upon the morale of the nations engaged in this struggle the best division of Regulars we could raise in the United States Army. I thought from the beginning, as I think yet, that we ought to have sent to the front in Europe the Regular Army of the United States, all of the militia that were willing to go, and that would have meant 100 per cent fine, in my judgment, and hundreds of thousands of volunteers, whom I believe the patriotic spirit of the country would furnish, if it was properly appealed to and thoroughly aroused.

From those forces we could have gotten an army of from three-quarters of a million to a million men, and we could have gotten it in France a great deal quicker than we are going to get into France the army now being raised. Be that as it may, the die is cast; the Congress of the United States has decreed otherwise. In its superior wisdom it has determined to follow the other plan, and any Senator of the United States or any

citizen of the United States, here or elsewhere, who intimates that the junior Senator from Georgia has done anything in the world to encourage resistance to the law, has done anything in the world more than to assert his undoubted and his constitutional right, if we still have a free country, is guilty of conduct that I can not properly characterize under the rules of this body, but which I will be very glad to characterize for him elsewhere if he will give me the chance.

Still, I do not consider that I or any other Senator who feels as I do on this question does the country a disservice if he continues to urge, so far as he can under the Constitution and laws of the land and the rules of this body, his views upon this great question; for if, perchance, it should turn out that our views are right, that the American people would prosecute this war with more vigor, with more willingness, with more spirit, and with more real patriotism if they are permitted to prosecute it one way than they are likely to do under another plan, then, of course, it goes without saying that even Senators who have entertained the other view and who have adopted the other course would be glad enough to change it, so that we may get from our country and our countrymen the very best that is in them and of them.

Yet, Mr. President, I must confess that it makes me sad beyond my power to express that feeling to the Senate; it discourages me far beyond my power to portray it to this body when I see the spirit of intolerance, the spirit of suppression, the spirit of oppression, if you please, that seems to me to lurk in these times.

I understand full well—no Senator understands it better—how necessary it is, how absolutely essential it is, that we present a united front to our common foe, and when the time comes to present that front no Senator will do more than the Senator from Georgia in an effort to accomplish it. I would not, if I could, interfere in the minutest particular or in the smallest degree with the conduct of this war by the military authorities according to their own conception of what is the best way to execute the plans that they must formulate. I realize full well that the war can not be fought, when it comes to the waging of campaigns, by 96 Senators and 435 Representatives; I have never had such a thought nor such a purpose in my mind at any time at any period; but I do say that in the consideration and decision of the great civic, industrial, political, and social questions which must arise during the preparation for the conduct of this war it is the duty of this body and the House of Representatives of the United States to exercise, without the slightest abdication, each and every constitutional function that the Congress possesses.

The Constitution under which we live and which we have all sworn to support, from the President down, prescribes that the power to raise and support armies is vested not in the War Department, nor yet in the President of the United States, but in the Congress of the United States. Why? Because the power to raise and support armies is a great civic question that precedes the war, is anterior to its prosecution, and disconnected with its prosecution except in a remote sense. It is a question in which are involved the lives and liberties and cherished rights of the American people. Therefore the Constitution wisely lodged that power, not in the Executive, but in the representatives of the people, who sit in the two Houses of Congress.

Mr. President, the duty rested on Congress to determine in what way this Army should be raised. The Congress determined it in a measure—in a way—and yet under pressure of which no one of us can be ignorant and under influence that no one of us can ignore. When we entered upon the performance of that duty we were met at the very threshold of the consideration of the question by the contention that it was our duty to take, without dotting an "i" or crossing a "t," the opinion of the President of the United States; and when we began to investigate a little what that opinion was and where it came from, we found that the opinion of the President of the United States was not his own opinion at all, but the opinion of the War Department, and that the opinion of the War Department of the United States was not solely its own opinion, but was the opinion of some War College board and of the West Point authorities; so that, after all, what we did was to adopt the opinion and plan of the militarists of this country.

I can understand in a way why that argument swept the Congress with such potent and irresistible force, because naturally, with reference to military matters, we desire to have the advice of military people; but it does seem to me that the mistake was, is, and has been from the beginning, that this question of raising an army was not so much of a military question as it was a civic question.



Be that as it may, as I said a moment ago, the die is cast. Mr. President, I do not believe that the selective-draft law is constitutional, for reasons which I have explained to the Senate, and which I will not repeat. At the same time, Mr. President, my belief rests so largely on history—the history of both English and American liberty—so largely upon construction, that I can see how other men may honestly entertain a different view, may believe that the power to raise and support armies includes the power of conscription even for foreign service. I can see how that may be true either in the halls of Congress or in the chambers of the courts. And although I am not shaken or weakened in my faith on that question—it is not necessary for me to state that to a body in which I have served even the short length of time that I have served in this body—yet I do think that that question ought to be settled at the earliest practicable moment by the highest tribunal in our land, the Supreme Court of the United States, the final guardian of the rights and liberties of the American citizen; and I think every one of us will do a service to this country if we facilitate as much as we can the settlement and determination of that question in that court.

I admit that the draft act has been declared the law of the land by every inferior court that has considered it so far, but let me say in passing that none of the opinions have been either persuasive nor convincing. The one in my own State sounded more like a speech than an opinion, like a piece of rhetoric rather than a well-reasoned decision, although I do not intend by any means to reflect either on the court or on the judge who rendered the decision. I have no doubt that he was just as honest in his opinion as I know I am in mine. At any rate, it neither persuaded nor convinced me. Besides, that case, as well as some of the other cases, went off upon the proposition that this act was unconstitutional because it was in violation of the thirteenth amendment to the Constitution. I do not believe that contention, and never have for a moment. The thirteenth amendment to the Constitution related to slavery, and nothing else. There are other, and in my opinion far stronger, grounds upon which the argument rests. Be that as it may, that question is to be settled at an early date in this tribunal here, the highest court in the Republic; and to its decision, the decision of the Supreme Court when rendered, no man can do anything else but render obedience and bow in submission, even if he does not think the decision is right, as I sometimes do not think some of its decisions are right. But, Mr. President, it will be difficult indeed to chain either freedom of thought or freedom of speech in this Republic, and by such an effort we will gain little either of domestic happiness or of foreign glory. Our people, as I have said repeatedly, will fight better and longer and stronger if their rights and liberties are not ignored and overridden.

If it be true that newspapers can be suppressed and citizens arrested throughout the Republic on the ground and for the reason that they have ventured, forsooth, to disagree to some policy of the Government; that they have ventured, forsooth, to oppose the policy involved in some law; or, still more venturesome, they have essayed to criticize the law in question and to advocate its repeal; or, still worse, still more horrible, that they have ventured to appeal to the courts in order to have the validity of such statutes determined in the manner and form provided by the Constitution of our country—if that is your policy, you will have a good deal of trouble in free America before it is over.

You can not chain thought in this country. The blood that was shed for freedom more than a hundred years ago still flows in the veins of the sons and descendants of the men who shed it. Free America, with free speech denied, with the term "free press" made a mockery, with the right of the citizen or the public man to advocate the repeal of a law criticized and challenged—a free America of that sort would be a travesty on the name and a travesty on the glories of its past history.

Mr. President, make no mistake about these matters. They concern deeply the safety of the Republic. They concern deeply the happiness, the security, the liberties of the American people. And do not suppose that men who feel this way are pro-Germans, or anything else but the best American citizens in this Republic to-day. They are pro-Americans above everything else. They are pro-liberty, and not pro-German. They love this country just as much as any of you gentlemen who are so vociferous along some of these lines. They would serve it just as well, yea, far better; they would sacrifice, and have sacrificed, just as much as some of these other gentlemen would or have.

Why, not so very long ago I heard the life story of a great American lawyer, a man of high public place, who breathes patriotism, who literally exhales draft and conscription from his very system when he breathes and lives and moves. I had

occasion to look into the life history of that gentleman and I found that for all that he was so vociferous about drafting other people, when he had passed far beyond the draft age himself, that when he was within the draft age and when he faced a real war himself he hired a substitute to do his fighting!

So I say, if you want, as doubtless all of you do, a reunited country—with every trace of sectional hate and of sectional feeling removed from it, with every man in it willing to die for the flag—let us not ignore the dearest rights of the American people. Let us be tender, solicitous, patient, long-suffering with them and toward them.

Ah, Senators, you like to speak of our English allies. It is always pleasing to me to hear it. I am pure-blooded English myself, in descent and ancestry. Let me commend to you one principle that has been the great safety valve of Great Britain. To-day you can see in Hyde Park a forum dedicated to free speech. There any day or any night any Englishman or any other human being within all the realm, in peace or in war, can mount the forum and express with perfect safety and absolute freedom his opinion about any subject on this earth, unmolested and protected from molestation. There has been always that privilege in England. It exists there to-day, unimpaired by the storms of war. The sacredness with which it has been observed has been always the great safety valve of liberty, of freedom in England and throughout the world. Let us not in this country forget that lesson of our English kin.

Mr. President, until recently, I am not sure whether it is published now or not, there has been published in New York City a satirical publication called *Bull*. *Bull* was edited until recently, at least, by a Kentucky Democrat. I have forgotten his name; I think it was Bedford. *Bull* published not long ago—and since its publication, I am informed because of it, it ceased to circulate through the mails—this skit:

Scene: Magistrate Murphy's court in New York.

Enter a policeman dragging a citizen, John Smith, by the arm. Magistrate Murphy demands, "Mr. Policeman, what is the defendant charged with?" The policeman answers, "Reading the Declaration of Independence in public, your honor." Magistrate Murphy, "What do you say, Mr. Defendant, guilty or not guilty?" The defendant, pretty badly frightened, I reckon, said, "Your honor, I suppose I am guilty of reading the Declaration of Independence in public." "Thirty days," says Magistrate Murphy, "and I wish I had the blankety blank scoundrel here who wrote it." It is incredible that conditions that excited anything like that portrayal could exist anywhere in this country, yet the fact is that they did, I was informed. I have taken the trouble to verify that much of it, and the circumstance which inspired this skit was about this: A man in New York got up a circular composed of two or three quotations from the Declaration of Independence verbatim et literatim—there was no dispute about the accuracy of the quotations—and two or three quotations from Washington's Farewell Address. A monstrous crime that! At the bottom of his circular he put this simple question and it was his sole contribution to the literature. "Is our Government living up to these principles?" For that they arrested him and threw him in jail, I suppose under the espionage act that we passed. One regret of my life is that I voted for that act in any form, although I did my best to amend it so as to safeguard the liberties of both the people and the press.

They put him in jail, and it took a writ of habeas corpus in the district court of the United States to release from prison a man whose only offense was asking the question whether our Government had lived up to certain principles in the Declaration of Independence and in George Washington's Farewell Address.

Mr. President, I submit that is not right. It is everlastingly wrong. It is tyrannical. It is despotic. As long as men in authority pursue that sort of pathway they can never force the American people to do their will. If they can, then the people are not fit to be free. If they can, freedom is a name and a mockery, and not a fact and a substance, in this great country of ours.

Now, Mr. President, that leads me up to what I wanted to say when I started out in the beginning. In this country, whatever laws Congress passes—whether it is on a military subject or any other—in the manner and form required by the Constitution shall receive my obedience and support unqualifiedly as long as they remain the law, until they are either declared invalid by the courts, acting also under the constitutional form and authority, or until they are repealed by the representatives of the people who are to come after us; but until one or the other of these contingencies shall happen they are the law of the land, and as such deserve obedience, even to the most minute detail, from every citizen of this Republic who, believes in law and order under a constitutional form of government.



The insinuation by anybody on this floor or elsewhere that at any time I have ever entertained sentiments different from that, have expressed thoughts different from that, or have felt differently from that is absolutely and unqualifiedly false. I have said, and I do think the people of this country have a right, regardless of what Congress might do or the courts might hold, to exercise the supreme and final power of freemen, when they come to cast their ballots next, not to support for election or for reelection to office men who have been proposing and passing laws from which they utterly and thoroughly dissent. If any Senator can find fault with that statement, he will surprise me.

But, Mr. President, I am getting somewhat weary, and so far as it lies in my power I am going to take a somewhat drastic method to end it, so far as any manifestation of it in my presence is concerned at least, of all statements and insinuations and falsehoods out of either the whole cloth or half cloth, to the effect that the Senator from Georgia is not just as good a patriot as the Senator from that Northwestern State up there, Minnesota I think it is, or Oregon, or anywhere else; that the Senator from Georgia does not love his country just as much as anybody else; and that the Senator from Georgia, whatever mistakes of the head he may make, has any other purpose than the glory and the success, the liberty and the safety of our common country. Other men may take different views about questions which may arise. Other men may believe in and may advocate different things from what the Senator from Georgia believes in and advocates. Those other men have no right, Mr. President, in truth or in justice, to clothe themselves in the robes of self-righteous phariseism and claim for their own opinions infallibility, for their own views virtue, and for themselves patriotism and exclusive patriotism. It is just as well that the country should realize, that we all should realize, that the administration should realize, that the world should realize that this is still a country of free speech and of free thought; that men here are neither to be bought, bulldozed, or intimidated; not in free America at least, whatever may be done or submitted to elsewhere.

Mr. WILLIAMS. Mr. President, I take it that there are very few Senators—probably not over five—who will not agree with me that we have seldom witnessed a finer case of self-inflation and puffed-up acting than that which has just been shown upon this arena by the junior Senator from Georgia.

Mr. REED. Mr. President, I rise to a point of order.

The PRESIDING OFFICER. The Senator from Missouri will state it.

Mr. REED. The language just used is unparliamentary, in my opinion.

Mr. WILLIAMS. I deny that the language is unparliamentary.

Mr. REED. I submit it to the Chair.

Mr. WILLIAMS. If the Chair rules that it is, I will withdraw it. Let us have a ruling.

Mr. REED. If that be parliamentary, then everything is parliamentary.

Mr. HARDWICK. Mr. President, the Senator from Mississippi did the Senator from Georgia—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Georgia?

Mr. WILLIAMS. Not until the point of order is disposed of.

The PRESIDING OFFICER. The Chair will read clause 2 of Rule XIX:

2. No Senator in debate shall, directly or indirectly, by any form of words impute to another Senator or to other Senators any conduct or motive unworthy or unbecoming a Senator.

The present occupant of the chair has no discretion in passing upon the propriety of the remarks of the Senator from Mississippi except as authorized by that rule, and he does not think that the language used is a violation of the rule.

Mr. WILLIAMS. I have imputed no conduct nor any motive to the Senator from Georgia.

The PRESIDING OFFICER. The Chair therefore overrules the point of order.

Mr. HARDWICK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Georgia?

Mr. WILLIAMS. Certainly.

Mr. HARDWICK. Let me suggest to the Senator from Mississippi that, in view of the personal relations between the Senator from Georgia and the Senator from Mississippi, if the Senator from Mississippi has any sentiment of that kind that he would like to express to or about the Senator from Georgia the Senate floor is not the proper place for that expression.

Mr. WILLIAMS. Is that all?

Mr. HARDWICK. That is all for the present.

Mr. WILLIAMS. Mr. President, everybody who knows me knows that if the personal relation cut any figure at all it would have made me hesitate in making my expression as strong as I otherwise would have made it. Now, I say puffed-up acting because the Senator has acted the part here of a self-alleged martyr, the part of a man who claims that he has been "denied free speech." Nobody has denied the Senator free speech. The fact that the Senator spoke was sufficient to prove that that was not true. The Senator from Oregon did not deny him free speech. He merely answered a foolish speech. Free speech denied and foolish speech answered are two different things. The Senator from Oregon answered it with a generosity and a manliness and a patriotism and an outspokenness and generous impulsive warmth that made almost every heart in this Chamber beat responsive to what he said. I was never before so proud of the fact that the Senator from Oregon was born and raised in the State of Mississippi.

Then the junior Senator from Georgia, a little bit later on, proceeds to call the utterances of the Senator from Minnesota [Mr. NELSON], gray-haired old veteran, "spread-eagle foolishness." This epitome of manhood and valor from Georgia, to whom was he using that language? A man who bore a musket four years during the Civil War and never got higher than a corporal, and that at the very close of it.

And what was this "spread eagleism" to which he referred? Just a talk lauding Americanism, and if certain men do not regard all talk of patriotism as hypocrisy and spread eagleism there was nothing spread eagle about it, just a talk about the duty of loyalty to the American Republic and a summoning of people to loyalty to the American Republic, and a scolding of the bad Americanism of those irresponsible to the summons. Why, God bless him, the fine, old viking! Minnesota has honored herself, Republican as he is, every time she has sent him here. He is a man, every inch of him. He was when he was young and he is now when he is old. He has been a Nestor in his wisdom and an Achilles in his courage, and it remained for the junior Senator from Georgia to speak of his "spread-eagle foolishness." Spread eagleism with a musket on his shoulder for four years! That is the sort of spread eagleism which we want now. He did not go around and talk about the Constitution when there was no constitutional point involved. He took his musket and fought on the side that he thought was right and which many of us thought was wrong. So much for that.

Mr. President, I do not doubt in the slightest degree the word of the Senator from Georgia, because I never had any reason to doubt it on this or any other occasion. When he says that he has not "advised" any resistance to the draft law now upon the statute books, I do not doubt that in the slightest degree; the junior Senator from Georgia even is good enough lawyer to have avoided that trap; but when a man who is a Senator of the United States, and has the reputation of being a lawyer, says that the draft law is unconstitutional, poor, ignorant people down in Georgia and elsewhere draw their own inferences. They have been taught that an unconstitutional law is no law, and that it is the duty of a citizen to resist it. They draw the inference that if it is unconstitutional they have a right to resist it. Very many of them know no better. They can not take the position that they must wait until the Supreme Court agrees with them, or rather agrees with the Senator from Georgia. Of course, there is no man who ever went to a law school for six months who believes that a selective-draft law is unconstitutional; but these people who are affected by these utterances do not know that.

Mr. HARDWICK. Mr. President—

Mr. WILLIAMS. One moment.

The PRESIDING OFFICER. The Senator from Mississippi refuses to yield.

Mr. WILLIAMS. I refuse only at this moment. These men therefore hold meetings and begin to advise resistance to the law until finally some poor, ignorant devil will be thrown into jail and perhaps some one, if he takes the advice which they get, by wrong inference from the Senator's position, and adds to it the overt act of actual forcible resistance, may suffer death. Who will be responsible for it—the poor fellow who knew no better, and thought he was acting with patriotism and defending free speech, or those who, without intention of it, unguardedly put the spirit into his bosom that led him to the act? So speeches like that do virtually encourage resistance to the law—not advise it, but encourage it.

There is one other little question to which I desire to refer. A great deal has been said about confiscating the manhood of the country and not confiscating its wealth. Something has been said about "a rich man's war and the poor man's fight." There is no such thing as arguing with a lie. All you can do is to



brand it as such. When anybody says that this is "a rich man's war and a poor man's fight" he simply lies. If he does not know better, he unconsciously makes a false statement; if he knows better, he lies consciously. This draft law does not take the poor man alone; it takes rich and poor and high and low. That is the beauty of it. That is the very democracy and equity and justice and right of it. Instead of leaving the country's battles to be fought by the brave and the generous and the patriotic, leaving in their rear those of more callous soul and less acute sensitiveness to duty to propagate the next generation, we say it is the duty of every man to fight for his country at the proper time, just as it is the duty of every man to pay taxes when called upon by the law to do so, and of them we summon a certain number.

Unconstitutional! One of the first laws ever passed was that in 1789, declaring that every man in the United States between the ages of 18 and 45—I believe those were the ages—was "liable to military duty" and could be called upon by the Government at any time. There has not been a war of any magnitude fought by the United States but what there was a draft law; and when there was another government of a part of the United States—or the then temporarily disunited States—formed upon this continent, which existed for four years, and which has been described as "A storm-cradled Nation, which rose and fell without a stain," it, too, had a draft law. Yet it remains for the junior Senator from Georgia to discover that a draft law is unconstitutional! The President, the Congress in both branches, sworn to defend the Constitution, and everybody have violated the Constitution; and there is nobody to stand up as "the sentinel upon the watchtower" and warn them of their grievous error except the junior Senator from Georgia and a few others somewhat like him. What are we "confiscating" of the manhood of the country?—to use the word "confiscating," and I deny that anybody has a right to use it, for, in the right sense, it is only a summons to the colors. Instead of summoning all the manhood of America, as we had a right to do, we said "No; we will take simply the men between the ages of 21 and 31, inclusive." We have summoned them because we think they will be enough. So, instead of "confiscating" all the manhood we have confiscated about one-tenth of the population, or about 10,000,000 men as being subject to draft. Then, out of the number subject to draft we are actually to draw a million—about one-tenth of the one-tenth. So we have "confiscated" one-tenth of one-tenth of the population of the United States. The wealth of the United States would be mighty glad to get off at 10 per cent of 10 per cent.

That is not all. The men who pay the taxes are fighting in the trenches, or will be when the time comes, as well as those who will pay little or no taxes. They are training for it now. It is not merely the man who does not pay any taxes that is going to fight this war. The sons of the rich will be shoulder to shoulder with the sons of the poor; and I venture to say that there will be as large a percentage of the former, in proportion to their numbers, as of the latter. I who say this hold no brief for either; I am neither rich nor poor. So the rich are performing the double duty—of their bodies they give and of their wealth they give. The draft is the only fair and democratic way to provide for raising soldiers. It lays an equal duty upon all between certain ages. No substitutes are allowed; no man can pay his way out, as was the case in the North during the Civil War. If a man is to be exempt at all, he must show certain things. Of those things a dependent wife and child or wife and children are one. When the man has money enough to support wife and children without his personal endeavors, when he has investments sufficient, he is not exempt, while the man who is so poor that it takes his manual or personal labor to do it is exempt, and that is right, everlastingly and eternally right.

Now, about the cause of the war. Mr. President, a man who would not fight for his country under the provocation that we have received would not fight if a man came into his house and slapped his wife's jaws. Down went the *Lusitania*; unwarned, unknelt, and unsung down went 200 American women and children, in violation of every international law that the world has recognized for over 200 years. We took up the question with the Emperor of Germany. We said, "You have violated all the laws of nations; you must apologize and you must promise not to do it again." That was the substance of it. We did not ask an indemnity, I believe; we stopped short of that. We palavered and palavered and palavered on both sides. The German Court showed a capacity for oriental diplomacy, whose forte is evasion and delay, that neither Constantinople nor Peking ever excelled. After a long, long time we pinned them down; but in the meanwhile they had sunk the *Sussex* and the *Arabic*, I believe, and several other ships.

We pinned them down, and then they promised that they would quit it; that hereafter they would visit and search the ship for contraband and that hereafter they would not destroy the ship, even if contraband were found, without providing for the safety of the noncombatant crew and passengers aboard; and they tied to that a string, in which they said that if Great Britain would not behave herself better in the future maybe they would begin it again. The President, with long-suffering patience, replied and said, "I will accept your note, but I do not accept your limitation in it." Then the Kaiser, with the duplicity that has characterized his course, made no reply; silence gave consent. Then, when the proper time came and he had secured enough submarines ready to do the work, he gave us notice that he believed he would begin again. In the meanwhile the American flag had been at least twice fired upon on the high seas flying from the masts of our ships *Gulflight* and *Algonquin*. Even those men who would not be provoked to a fight by the fact that our women and children were sunk upon the ships of other nations—some of them the property of citizens of Great Britain—it would seem might have been stung to some degree of righteous and patriotic indignation when the flag was fired upon on the *Gulflight* and upon the *Algonquin*.

That is not all; the Kaiser added insult to injury. A gentleman can stand injury now and then; in generosity of soul he may forgive it; but he can not stand the sting of insult. They quietly informed us of the fact that they would permit us—permit us!—Germany, military autocracy, miserable training school for servile "efficiency," would permit the citizens of a great and free Republic! to travel upon the high seas, which are the property of no nation, but God's gift to all, on their way to Europe once a week to one port, provided we painted our ships like the signs of a movie-picture show or like a barber's pole! Yet men have not their hearts stirred to indignation! I repeat that a man who would not fight for his country under the provocations that we have received and who would be unwilling to see others fight for it would not fight if a man stepped into his front door and slapped his wife's face, if the other man was bigger than he was. The die has been cast; our lance is at rest; he is a laggard who doubts and a dastard who halts.

Mr. President, there is just this question I want to put to every American and every American can line up on it: Are you lukewarm in this war, or are you in earnest? Are you half-hearted, or are you whole-hearted? If you are half-hearted, you are half disloyal. Tell me that our patriotism ought to be confined to waiting here until the Germans come—if they ever should come—making a promise to fight here, with the hope that we will never have any fight at all. Cowardly hope! Tell me that we must not go abroad where the trenches are inviting us to fight, and keep on fighting until at the end of this war Germany shall apologize for the *Lusitania* and the other sinkings and shall promise that at no future date in any war shall she ever carry on submarine warfare against merchant ships, sinking noncombatants without carrying them to a port of safety, and until she pays indemnity to the heirs of those who were murdered and assassinated upon the high seas.

Not going after her? Going to wait till she comes after us? Is there any better way of playing into her hands? Going to let her come after us! Do you suppose she is fool enough to try it right now? If she whips those fellows over there—as the Senator from Oregon said, if she gets rid of them—you can make up your minds you have got to fight her by yourselves, unless we give up the Monroe doctrine, because having made of Belgium a servile State, of France a vassal State, of the Balkans just what she wants, having secured her way to Bagdad, on the road to Asia Minor—if she can win the war in Europe—she will say to us, virtually repeating what Bismarck said, that "the Monroe doctrine is a piece of international insolence" and pay no further attention to it. Wait for her here! Not go after her there! Patriotic here; no need to be patriotic there!

The Senator from Georgia later on boasted that he is simply pro-American. Well, he may be, but, as the fellow said to a naked man who was boasting about his devotion to the cause of decency, he has a very poor way of showing it. [Laughter.]

The time for criticism is past. We are in the ring; time has been called. The Senator is alarmed, or I believe he said "distressed at the intolerance" of the country. I am not; I hope to God the day will never come when the American people will be tolerant of those who, after once America has put on her helmet and drawn her sword, do not show enthusiastic and outspoken and earnest patriotic feeling in deeds if summoned—in words when deeds of high emprise can not be performed.

There is a sort of an intolerance which is patriotism, just as there is a sort of an intolerance of immorality which constitutes a religion.



Another thing: I hope the time will never come when America will be tolerant of those who, even unconsciously, "aid and abet the public enemy," whether by act or by speech, consciously or unconsciously.

Beware  
Of entrance to a quarrel; but being in,  
Bear 't that the opposed may beware of thee.

The time to discuss this draft law was before it was adopted; and yet, after its adoption, men in both Houses who opposed it have been showering the country and their constituents with the speeches which they made denouncing it in every way in the world.

The poor fellow who gets the speech after the draft law has become a law does not make the distinction. He does not count upon the fact that what was said in denunciation of it was said before it was a law. Of course the date when the speech was made is on it, but he reads the speech itself as of the date of his reading, and he says to himself: "Here is a letter and here is a speech from Senator WILLIAMS, of Mississippi. He tells me that this draft law is hellish, that it is tyrannical, that it is undemocratic, that it is unconstitutional, and I will trust JOHN WILLIAMS; and if he can say that in Washington I ought to be allowed to say it and act upon it here. I will not submit to tyranny." And he is right about that, too. But the Constitution says that no man shall be questioned for any utterance upon this floor or the floor of the other House, and Senators and Congressmen can say things which a citizen outside of the walls of these two Houses might be prosecuted for saying. All right, except that it misleads those who are not constitutional lawyers.

Now, do not misunderstand me. I do not mean that the Senator from Georgia said anything of that kind. He did not. He has been very careful not to. But I do say that that might occur, and that in some cases, in one or the other of the two Houses—I do not want to violate the rules—it has occurred, and the speeches that were made before the draft law became a law of the United States have been spread broadcast since it became a law; and the poor fellow who reads the speech thinks that what he reads was said about it after the law was enacted.

Mr. President, I am not excited about this business. So far as I am concerned, my relationship to it intellectually is perfectly cool and cold. The Senator from Georgia could not have been worse mistaken if he had mistaken a crawfish for an elephant than he was when he announced that because the personal relations between us are not kindly that was the reason why I wanted to make a reply to his argument. I have hesitated about making a reply to some of the arguments of more than one Senator upon this floor because our personal relations were not kindly, and I was therefore afraid it would be misinterpreted. For the purposes of my reply I would very much rather that the Senator from North Carolina or the Senator from Nevada had made the speech rather than the Senator from Georgia, or that some other man whom I love and who is a friend of mine had made it; then I would have said more than I have said, because I would have known that he would have known that it carried with it nothing of personal import.

Every word uttered here goes through our numberless German spies first to Spain or to Holland and thence to Germany. Every word uttered here that looks like aiding and abetting our enemy, that looks to him like lukewarmness and cold-heartedness in this great world struggle for a place in the sun—not only for democracy, as the President said, but for peace, a just and enduring peace—goes across through those neutral countries to Berlin and to the German newspapers and to the German military coterie of generals and admirals who are so powerful that they control the Emperor himself, for he is their puppet.

Men talk to me now and then about a revolution in Germany. There may be one, but I do not believe it. I believe that if one comes, it will come about the time the Kaiser takes a notion that he wants to make peace, and that probably then the junkers and the coterie of generals and admirals, headed by the crown prince, may set him aside and put the crown prince on the throne before the people know what they are doing, and see it through "by saber right," as the Germans call it, because by that time they will realize that that is the only way of saving themselves at home, whether they have lost the war or won it. But every word uttered here goes across there and is magnified. Everything the effect of which, notwithstanding the absence of any intention—not attributing any, not wanting to, nor even insinuating any—but everything the effect of which, the consequence of which would be to weaken the power of the United States to carry on war—as would have been the case if the amendment of the junior Senator from Georgia a moment ago defeated had been adopted, because it would have unnecessarily abstracted from our munitions and our guns just that much

money—that all goes across the seas to German court and junker and press. The words of a Member of the House of Representatives and an ex-Senator, spoken out here the other day in Chicago, I believe, arraigning and criticizing the whole administration, will look, by the time they get there—magnified as they are by the haze of ignorance and distance between us—as if there were a rebellion of some sort in the United States among its highest officers. Every little race riot is magnified by the same haze of distance and ignorance.

Now, for God's sake, let us remember that the die is cast. The sword is drawn. The helmet is on. Our boys are in it, our begotten sons. Every word of criticism of war measures that have become law has a tendency, if not an actual effect, to prolong the struggle, to keep our boys that much longer in the trenches after they get there—to destroy all hope of Germany backing down before they get there. A united citizenry, singing one song and speaking one voice, and that a voice of acclaim of America and of free institutions and democracy and of an enduring and just peace—that it is which ought to be a part of the desire and a part of the conduct and a part of the heart-song and utterance of every American citizen.

The draft law was adopted by a vote of 81 to 8. The junior Senator from Georgia was one of the eight; and, unless I misheard him or misremember what he said, he said that day that while opposing the draft law with all of his vigor, if it were passed he was going to stand by it and by the President, I believe he said that, though I am not sure; but, anyhow, the intent and meaning of it, as I took it in, was that after it became a law of his country he would cease his opposition to it.

Now, I appeal to everybody to do that. I believe in teamwork, not only in a great thing like country, but even in little things. Here is this revenue bill, for example. There are half a dozen things in it that I did not want; that I do not think ought to be there; but the matter having been decided by the other men having as good sense as I have, and some of them a good deal better sense, that settles it for me, and I come in and support it. But, above all things, when your country, your motherland—how much sweeter than fatherland—decides anything, then you are bound by it. Stand by it, unless your country should decide something against you that you can not even contemplate the possibility of—like denying your right to worship God after your own way.

The Senator tells us we have no freedom of the press and no freedom of speech. I deny it. From the Atlantic to the Pacific, and from Canada to the Gulf, the press is free, and speech is free. We have free speech; but we have not and will not "tolerate" disloyal speech. We are not going to have it, because that is "aiding and abetting the enemy"; and if not treason, because of the absence of an overt act, it is at least treason inchoate—in the egg—in the shell and about to be born—a live danger and vice—a live snake.

We do not deny the right of freedom of speech when we deny the right of disloyalty of speech during the war. You do not deny the right of free assembly when you deny the right of men to assemble with arms in their hands for the purpose of opposing the Government. In the case that the Senator has quoted, though I know nothing about it, I doubt not, if it is examined, that it will be found that these men were carrying those banners with those quotations on them, with a little innocent addendum, where it made it a violation of the "street-traffic laws," or something "calculated to bring on a disturbance of the peace," or "an obstruction of traffic" to carry them—not because of what was on the banners, but because of where and how they were displaying them. I know nothing about it, but I am willing to wager odds that that will be found to be the case.

Mr. President, I have spoken longer than I thought I should. But I can not leave this subject without an appeal to everybody. I do not care what his past position was, I do not care what his opinions were before, to get together now; to stand like a Spartan phalanx, with shields interlocked, until this miserable, insensate war is over, and until we can say to our children's children, when they begin to bear their part in paying for carrying it on to a successful issue: "You see, it was worth it. We have got the world to a point where disputes are going to be settled by reason, by international arbitration, and not by force. We have got it to a point where little countries can not be run over and downtrodden by big ones just because they are strong enough and big enough to be able to do it. We have got things to the point where there is room enough in the world for unchecked progress, for democracy, and for intellectual and moral and industrial development in peace, and where, instead of preparing in peace for war, we shall prepare in peace, thank God, day by day unto the perfect day for more and more peace."

## RECESS.

Mr. SIMMONS. I move that the Senate take a recess until to-morrow morning at 11 o'clock.

The motion was agreed to; and (at 5 o'clock and 55 minutes p. m., Friday, September 7, 1917) the Senate took a recess until to-morrow, Saturday, September 8, 1917, at 11 o'clock a. m.

## HOUSE OF REPRESENTATIVES.

FRIDAY, September 7, 1917.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

Teach us, O Lord, Thy ways and give us the grace to walk therein, that our work may be in consonance with Thy will. It is written:

"The law of the Lord is perfect, converting the soul; the testimony of the Lord is sure, making wise the simple:

"The statutes of the Lord are right, rejoicing the heart: the commandment of the Lord is pure, enlightening the eyes:

"The fear of the Lord is clean, enduring forever: the judgments of the Lord are true and righteous altogether.

"More to be desired are they than gold, yea, than much fine gold; sweeter also than honey and the honeycomb.

"Moreover, by them is Thy servant warned, and in keeping of them there is great reward.

"Who can understand his errors? Cleanse Thou me from secret faults.

"Keep back Thy servant also from presumptuous sins; let them not have dominion over me: then shall I be upright, and I shall be innocent from the great transgression.

"Let the words of my mouth, and the meditation of my heart, be acceptable in Thy sight, O Lord, my strength and my Redeemer."

Amen.

The Journal of the proceedings of yesterday was read and approved.

## ADDITIONAL CHAPLAINS AT LARGE FOR THE ARMY.

Mr. SIEGEL. Mr. Speaker, I ask unanimous consent for the present consideration of the bill H. R. 5271, authorizing the appointment of 20 chaplains at large for the Army of the United States.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

A bill (H. R. 5271) authorizing appointment of chaplains at large for the United States Army.

*Be it enacted, etc.,* That the President may appoint not exceeding 20 chaplains at large for the United States Army representing religious sects not recognized in the apportionment of chaplains now recognized by law.

The SPEAKER. Is there objection?

Mr. STAFFORD. Reserving the right to object, Mr. Speaker, I would like to make an inquiry.

Mr. FOSTER. I would like to ask a question of the gentleman from New York. I observe by the report of the Secretary of War that he said, in his judgment, 10 additional chaplains are all that are necessary. Yet the committee has reported 20.

Mr. SIEGEL. I can explain that very readily to the gentleman from Illinois. Two letters have been written, and—

Mr. FOSTER. If the gentleman will excuse me right there, I think he will find that both letters say that to him.

Mr. SIEGEL. I can explain why it is submitted.

Mr. DENT. Mr. Speaker, will the gentleman yield?

Mr. SIEGEL. Yes.

Mr. DENT. The bill reads, as I understand it, "Not exceeding 20," so that the Secretary will not have to appoint more than 10.

Mr. SIEGEL. The bill reads, "Not exceeding 20," and the idea originally was that these chaplains will be confined to the camps in the United States, of which we have 37, and the camps over in France. Then 20 base hospitals were provided for, and we can readily see that 37 camps, as well as training camps, and all the hospitals in the United States and the camps in France can not be covered by 10 chaplains, particularly when those 10 chaplains are not going to be of one particular faith. At the present time 36 per cent are of the Catholic faith and 64 per cent of the Protestant faith.

Mr. FOSTER. I am not opposed to having the necessary number of chaplains, whatever it may be; but it seems to me that when the Secretary of War recommends 10 and the committee reports 20, some reason should be given for the increase.

Mr. SIEGEL. The Secretary wrote two letters as to that, as I was about to say before. He wrote one letter, dated June 19,

in which he calls particular attention to the fact that although you have reserve officers you have no reserve chaplains from which you can draw for base hospitals. Then he wrote a second letter under date of July 7, in which he recommended my first bill.

Mr. FOSTER. Does he not say in the second letter that he needs only 10 instead of 20?

Mr. SIEGEL. I will read both letters. And I might say that there were two bills introduced by me. They read as follows:

A bill (H. R. 5271) authorizing appointment of chaplains at large for the United States Army.

*Be it enacted, etc.,* That the President may appoint not exceeding 20 chaplains at large for the United States Army representing religious sects not recognized in the apportionment of chaplains now recognized by law.

A bill (H. R. 5793) authorizing appointment of chaplains at large for the United States Army.

*Be it enacted, etc.,* That the President alone may appoint for the period of the existing emergency not exceeding 20 chaplains at large for the United States Army, 12 as representing religious sects not recognized in the apportionment of chaplains now provided by law and 8 for service in base hospitals, and such number of chaplains as he may determine to be necessary for service at training camps, cantonments, recruit depots, and in the National Army, selected from prominent clergy and ministers who have served at the front with the allied armies but who have passed the age limit prescribed by law for appointment in the Regular Army.

The Military Committee recommended the first one I read, as it is shorter in form.

Mr. WALSH. Mr. Speaker, is the bill now under consideration?

The SPEAKER. No. They want to ascertain first if they can get unanimous consent to consider it.

Mr. COX. I object at this time, Mr. Speaker.

The SPEAKER. The gentleman from Indiana objects.

## DEFECTIVE SMALL-ARMS AMMUNITION.

Mr. DENT. Mr. Speaker, I ask unanimous consent for the present consideration of House resolution 133, providing for an investigation of the manufacture and purchase of small-arms ammunition.

The SPEAKER. The gentleman from Alabama asks unanimous consent for the present consideration of House resolution 133, to investigate the defects in the ammunition sent to Pershing's Army. The Clerk will report it.

The Clerk read as follows:

## House resolution 133.

Whereas current rumors are afloat to the effect that a substantial portion of the small-arms ammunition shipped to the American expeditionary forces in France are worthless; and Whereas it is necessary that these rumors should be fully investigated: Therefore be it

*Resolved,* That the Speaker appoint a select committee of seven Members from the membership of the Committee on Military Affairs of the House, and that such committee be instructed to inquire into the small-arms ammunition which has been sent to the American expeditionary forces in France; and for such purposes it shall have power to send for persons and papers and administer oaths, and shall have the right to report at any time.

With committee amendments, as follows:

Page 1, line 4, strike out the words "small arms" and insert the words "manufacture and purchase of ordnance and."

Page 1, line 5, strike out the words beginning in line 5, "which has been sent to the American expeditionary forces in France," and insert the words "including small-arms ammunition and heavy artillery for use by the armed forces of the United States in the present emergency," so that as amended the resolution will read: "*Resolved,* That the Speaker appoint a select committee of seven Members from the membership of the Committee on Military Affairs of the House, and that such committee be instructed to inquire into the manufacture and purchase of ordnance and ammunition, including small-arms ammunition and heavy artillery for use by the armed forces of the United States in the present emergency, and for such purposes it shall have power to send for persons and papers and administer oaths and have the right to report at any time."

The SPEAKER. Is there objection?

Mr. MOORE of Pennsylvania. Mr. Speaker, is this a request for unanimous consent?

The SPEAKER. Yes.

Mr. MOORE of Pennsylvania. Reserving the right to object, I would like to state that I have in my possession a statement by the employees of the arsenal where this ammunition was made, and that I should like to have it considered in connection with this resolution.

Mr. GARNER. The gentleman can not submit it to the committee until the committee is appointed.

The SPEAKER. Whatever the gentleman may have may throw a good deal of light on the subject.

Mr. MOORE of Pennsylvania. I have some data which throws a great deal of light on the subject.

Mr. DENT. I will state to the gentleman from Pennsylvania that if this resolution goes through we will be very glad to hear from the gentleman from Pennsylvania, and to have him give us any information he has.



Mr. MOORE of Pennsylvania. Answering the gentleman from Alabama [Mr. DENT], I wish to say that I have a statement from the employees of the arsenal where this ammunition was made which indicates that all the ammunition that went out of the arsenal was thoroughly inspected. The officers who inspected the ammunition are, of course, available for such testimony as the committee may desire to adduce; but I should like to have the statement placed in the Record in conjunction with this resolution, and shall ask unanimous consent that the statement of the employees be inserted in the Record if the resolution passes. It will be informative to the committee and will enable the committee to call witnesses additional, perhaps, to those that might otherwise be called.

Mr. GARNER. Let us see first if there is unanimous consent.

Mr. MOORE of Pennsylvania. I want to say further that perhaps the leading inspector of this ammunition was no less an officer of the Army of the United States than the former mayor of New York, Maj. George B. McClellan, and that there were other officers who inspected this ammunition, who, of course, ought to be called upon to testify if there is to be any inquiry of this kind.

The SPEAKER. The gentleman from Pennsylvania [Mr. MOORE] asks unanimous consent to print in the Record a certain statement of the employees of the factory that made this ammunition complained of. Is there objection?

Mr. FOSTER. I do not think that ought to be done unless the resolution is considered.

The SPEAKER. The gentleman from Illinois objects.

Mr. FOSTER. I object until we see whether the resolution is considered or not.

The SPEAKER. Is there objection to the consideration of the resolution?

Mr. COOPER of Wisconsin. Reserving the right to object, Mr. Speaker, when it was suggested that there be a committee, a majority of which should be members of the Democratic faith, to look after expenditures under our enormous billions of dollars appropriation laws we were told repeatedly that there are already committees authorized to investigate and keep track of such expenditures. We were reminded that we have a committee to keep track of the expenditures in the War Department. Now, when there is a committee, the members of which are most closely associated with the bureau chiefs and other officials of the War Department, closest to them socially and in other ways, why should that particular committee be appointed to make this investigation? We have a committee, we have been told, whose primary function it is to investigate expenditures in the War Department. There is no necessity for the special committee, and I object.

Mr. KAHN. Will the gentleman withhold his objection?

The SPEAKER. The gentleman from Wisconsin objects, and the gentleman from Louisiana [Mr. LAZARO] is recognized.

#### SENATE BILLS REFERRED.

Under clause 2, Rule XXIV, Senate bills of the following titles were taken from the Speaker's table and referred to their appropriate committees, as indicated below:

S. 2688. An act to extend the time for constructing a bridge across the Missouri River near Kansas City, Mo., authorized by an act approved June 17, 1914; to the Committee on Interstate and Foreign Commerce.

S. 2360. An act to incorporate the American Academy of Engineers; to the Committee on the Judiciary.

#### LOCK AND DAM IN MERMENTAU RIVER, LA.

Mr. LAZARO. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 2785) to authorize and empower the Southwest Louisiana Waterways Association, of the State of Louisiana, to construct a lock and dam in Mermentau River, in the State of Louisiana.

Mr. Speaker, this bill does not call for an appropriation. It does not involve water power. It is simply to get a permit from Congress to authorize the construction of this lock and dam.

Mr. CANNON. Mr. Speaker, this is all very interesting, but we can not hear a word that is being said. Will the gentleman from Louisiana come down in front?

The SPEAKER. The gentleman from Louisiana [Mr. LAZARO] asks unanimous consent for the present consideration of Senate bill 2785. Is there objection?

Mr. STAFFORD. Let it be reported first. I do not believe there will be any objection to it.

The SPEAKER. The Clerk will report it.

The Clerk read the title of the bill (S. 2785) to authorize and empower the Southwest Louisiana Waterways Association, of the State of Louisiana, to construct a lock and dam in Mermentau River, in the State of Louisiana.

Mr. LAZARO. Mr. Speaker, as I said before—

Mr. GARNER. Let us see first if there is unanimous consent.

The SPEAKER. Is there objection?

Mr. FITZGER. I.D. Let the bill be reported.

Mr. GILLET. Reserving the right to object, I should like to know how much debate is expected on the bill.

Mr. MOORE of Pennsylvania. Is it a war measure?

Mr. LAZARO. Certainly it is a war measure. It is to save the destruction of a great food product.

Mr. STAFFORD. Mr. Speaker, I suggested that the bill be reported. The Clerk has only read the title.

The SPEAKER. The Clerk will report the bill.

The bill was read, as follows:

*Be it enacted, etc.,* That the Southwest Louisiana Waterways Association, of the State of Louisiana, be, and is hereby, authorized to construct a lock and dam in the Mermentau River at some suitable point, to be approved by the Secretary of War: *Provided*, That said lock and dam shall be constructed and maintained wholly at the expense of said association and in accordance with plans and specifications approved by the Chief of Engineers and the Secretary of War: *Provided further*, That no toll shall be imposed at any time for the passage of any craft through said lock: *And provided further*, That the operation and care of said lock and dam, with funds provided by the association, may, in the discretion of the Secretary of War, be assigned to the Engineer officer of the United States Army in charge of the locality.

Sec. 2. That this act shall be null and void unless the privilege hereby granted shall be availed of within two years from the date hereof.

Sec. 3. That the right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendments:

Page 1, line 3, after the word "that," insert the words "the consent of Congress is hereby granted."

Page 1, line 5, after the word "Louisiana," strike out the words "be, and is hereby, authorized."

Page 2, line 9, after the word "hereof," insert the following proviso: "*Provided*, That no dam constructed under the consent hereby granted shall be used to develop water power nor to generate electricity, but the use of the dam by the construction shall be limited to irrigation."

The SPEAKER. Is there objection?

Mr. SHERLEY. Reserving the right to object—

Mr. LAZARO. Mr. Speaker, I ask unanimous consent for five minutes to explain this measure.

The SPEAKER. The gentleman from Louisiana asks five minutes to explain this bill. Is there objection?

There was no objection.

Mr. LAZARO. This bill does not call for an appropriation. It does not involve water power. It is merely a permit from Congress to the people of Louisiana who are engaged in the rice industry to construct this lock and dam in the Mermentau River so that they can save their rice crop next year. We had a long drought this year, and the result was that salt water from the Gulf of Mexico backed up into this Mermentau River and affected 429,315 acres of land which normally would produce, according to the figures of the United States Government, based on the 1916 production, 17,449,224 bushels of rice, the market value of which, at \$1.50 a bushel, would be \$26,323,836. This is in excess of 50 per cent of the total rice crop of the United States on estimates recently made by the Department of Agriculture. Now, unless we can get this permit from Congress to start this work right now we will lose our next year's crop. As you see by this, we have lost over half of the present crop. I have here a letter from the Secretary of War in which he says:

The Mermentau River is an intrastate stream, and ordinarily the proposed lock and dam might be built in accordance with the provisions of section 9 of the river and harbor act of March 3, 1899, if there were State legislation authorizing it. But there is understood to be no such enabling legislation by the State, and it is impracticable to obtain it as the State legislature is not in session. The need for the structure is urgent, and I am of the opinion that the special authority of Congress is necessary in this case. That is the object of Senate bill No. 2785, to the favorable consideration of which I see no objection.

Mr. SHERLEY. I would like to ask the gentleman a question.

Mr. LAZARO. I will yield to the gentleman.

Mr. SHERLEY. Is this dam expected to be erected as a permanent structure?

Mr. LAZARO. Yes; for irrigation purposes only.

Mr. SHERLEY. How long have these rice fields been in cultivation?

Mr. LAZARO. A good many years.

Mr. SHERLEY. And they have suddenly discovered the need of this dam?

Mr. LAZARO. Let me say to the gentleman that there was a lock and dam there before, but it was destroyed years ago. Not long ago the Government removed the remainder of the old structure that kept the salt water from backing into the fresh water. Following that we had a drought and the salt water backed into the fresh water and ruined over 50 per cent of the

crop of this year. That is all in the letter of the Secretary of War.

Mr. SHERLEY. The difficulty with the gentleman's proposal is that he is asking to build a dam across the stream, or asking consideration of a bill authorizing the building of a dam across a navigable stream, under unanimous consent. One of the most controverted matters that has been in Congress for the last several years has been in connection with the building of dams across navigable streams. Without meaning to question the wisdom of this bill, the House is not now in a position to come to any judgment whatever as to the wisdom of a request of this kind.

Mr. DUPRÉ. Will the gentleman permit me to read one of the amendments to the bill?

Mr. SHERLEY. I heard the amendments read. There are a good many things in connection with the damming of a navigable stream that are important. It seems to me that the gentleman is asking a good deal of the House to ask it to pass under unanimous consent a bill of this magnitude.

Mr. LAZARO. I hope the gentleman from Kentucky will appreciate the situation we are left in. We lost over 50 per cent of this year's crop, and we will only save the next crop by erecting this lock and dam. It is absolutely necessary to get this permission, so that they will be able to construct a lock and dam at their own expense. They are not asking for any appropriation, only for permission so that they can save this next year's crop. I am sure that the gentleman appreciates the importance of saving this great rice crop. We produce more rice in our section of the country than is produced anywhere else, and unless we can get permission to construct this lock and dam it is plain to see that we are going to lose our next crop.

Mr. WALSH. Will the gentleman yield?

Mr. LAZARO. Yes.

Mr. WALSH. I would like to ask the gentleman if there were \$26,000,000 worth of rice raised on this land the year before the salt water got in.

Mr. LAZARO. I said that we lost that much.

Mr. WALSH. What was the value of the rice crop the year before?

Mr. LAZARO. We lost about 50 per cent of the crop.

Mr. WALSH. I mean before the overflow of the salt water.

Mr. LAZARO. It was double \$26,000,000.

Mr. WALSH. Will the gentleman state whether it is the intention after this lock and dam is constructed that the United States Government shall maintain it?

Mr. LAZARO. Oh, not at all. The bill says so in plain language—that we are to foot the bills.

Mr. WALSH. Foot the bills for putting it in?

Mr. LAZARO. And for maintaining it afterwards.

Mr. DUPRÉ. The bill says "put in the dam and maintain it."

Mr. KEATING. Will the gentleman yield?

Mr. LAZARO. Certainly.

Mr. KEATING. Who is to construct this lock and dam?

Mr. LAZARO. This association.

Mr. DUPRÉ. Composed of the rice planters.

Mr. KEATING. Who will pay for constructing it?

Mr. LAZARO. The Southwest Louisiana Waterway Association.

Mr. KEATING. Is that a concern made up of the farmers of that section?

Mr. LAZARO. Yes.

Mr. KEATING. It is not a concern organized for profit?

Mr. LAZARO. No; not at all. It is merely to save the rice industry. They are going to construct a dam and maintain it.

Mr. KEATING. How are they to raise the money?

Mr. LAZARO. By voluntary contributions, I imagine.

Mr. KEATING. I may say that I do not want to interfere with the gentleman or his bill, but the gentleman is talking about irrigation, and that is something we are interested in in the West. In our country irrigation companies are mutual concerns owned by the farmers. In the old days irrigation companies were organized for profit and sold the water to the farmers. What I want to get at is whether this is an organization of farmers or an organization for profit.

Mr. LAZARO. It is an organization of farmers, and not an organization for profit.

Mr. SHERLEY. It is not for the purpose of irrigating the land, but, as I understand, to prevent the salt water from backing into the fresh water.

Mr. LAZARO. Yes; but when the salt water backs in you can not move a pump, and it stops irrigation. When the salt water backs in the salt water destroys the rice.

Mr. SHERLEY. The building of the dam will not change the method of irrigation, but it will prevent the salt water from interfering with the fresh water?

Mr. LAZARO. From backing into the fresh water.

Mr. SHERLEY. What will this lock and dam cost?

Mr. LAZARO. About \$300,000.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The committee amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. LAZARO, a motion to reconsider the vote whereby the bill was passed was laid on the table.

#### LEAVE OF ABSENCE.

Mr. NOLAN, by unanimous consent, was given indefinite leave of absence, on account of illness.

#### BUREAU OF WAR-RISK INSURANCE.

Mr. ADAMSON. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 5723) to amend the war-risk insurance act, and pending that I will ask the gentleman from New Jersey [Mr. PARKER] and the gentleman from Wisconsin [Mr. ESCH] if we can agree on time for general debate.

Mr. ESCH. I already have requests on file for over three hours. I do not think we ought to make any arrangement today.

Mr. ADAMSON. Can not gentlemen agree that we will conclude general debate to-day?

Mr. PARKER of New Jersey. I do not think we ought to do that; I do not think we ought to enter into the consideration of the bill on Saturday.

Mr. MADDEN. We ought to have two days' general debate.

Mr. ADAMSON. Mr. Speaker, I ask unanimous consent that the time for general debate be equally divided, one-half to be controlled by the gentleman from Texas [Mr. RAYBURN] and one-half by the gentleman from Wisconsin [Mr. ESCH].

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. ADAMSON. Mr. Speaker, at the request of some Members I ask unanimous consent that the Members who desire to speak on this bill and fail to do so may have 10 legislative days in which to print their remarks.

Mr. MADDEN. Mr. Speaker, I object to that.

Mr. WALSH. I object.

The SPEAKER. The gentleman from Massachusetts objects. Before the Chair puts the question he will recognize the gentleman from Louisiana [Mr. MARTIN].

#### CHANGE OF REFERENCE.

Mr. MARTIN of Louisiana. Mr. Speaker, I ask unanimous consent to change the reference of House concurrent resolution 16, which is a resolution providing for the opening of certain lands in the Territory of Hawaii to homestead entry. By mistake this resolution was referred to the Committee on Insular Affairs and I ask to have it referred to the Committee on Territories. I have conferred with the chairman of the Committee on Territories and the chairman of the Committee on Public Lands and they have agreed the subject matter of this bill should go to the Committee on Territories.

The SPEAKER. The gentleman from Louisiana asks unanimous consent that concurrent resolution 16 be referred to the Committee on Territories. Is there objection? [After a pause.] The Chair hears none.

#### BUREAU OF WAR-RISK INSURANCE.

The SPEAKER. The question now is on the motion to go into the Committee of the Whole House on the state of the Union.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 5723, with Mr. GARRETT of Tennessee in the chair.

The CHAIRMAN. The House is in the Committee of the Whole House on the state of the Union for the consideration of the bill, the title of which the Clerk will report.

The Clerk read as follows:

A bill (H. R. 5723) to amend an act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, and for other purposes.

Mr. ADAMSON. Mr. Speaker, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent that the first reading of the bill be dispensed with. Is there objection?



Mr. CAMPBELL of Kansas. Mr. Chairman, this is a very important bill, and I doubt if many Members have had an opportunity of reading it, and therefore I object. I think the bill should be read.

The CHAIRMAN. The Clerk will read the bill.

The Clerk began the reading of the bill.

Mr. CAMPBELL of Kansas. Mr. Chairman, I ask for order. I doubt if a more important bill has been presented to this Congress. The reading of it ought to be conducted in such a way as to command the attention of the membership of the House and the membership should listen.

The CHAIRMAN. The gentleman from Kansas makes the point of order that the committee is not in order, and the point is well taken.

The Clerk read as follows:

*Be it enacted, etc.,* That the first section of the act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, as amended, is hereby amended to read as follows:

#### "ARTICLE I.

"SECTION 1. That there is established in the Treasury Department a bureau to be known as the bureau of war-risk insurance, the director of which shall receive a salary at the rate of \$6,000 per annum.

"That there be in such bureau a division of marine and seamen's insurance and a division of military and naval insurance in charge of a commissioner of marine and seamen's insurance and a commissioner of military and naval insurance, respectively, each of whom shall receive a salary of \$5,000 per annum."

Sec. 2. That such act of September 2, 1914, is hereby amended by adding new sections, as follows:

"Sec. 12. That sections 2 to 9, inclusive, shall be construed to refer only to the division of marine and seamen's insurance.

"Sec. 13. That the director, subject to the general direction of the Secretary of the Treasury, shall administer, execute, and enforce the provisions of this act, and for that purpose have full power and authority to make rules and regulations, not inconsistent with the provisions of this act, necessary or appropriate to carry out its purposes, and shall decide all questions arising under the act, except as otherwise provided in sections 5 and 405. Wherever under any provision or provisions of the act regulations are directed or authorized to be made, such regulations, unless the context otherwise requires, shall or may be made by the director, subject to the general direction of the Secretary of the Treasury. The director shall adopt reasonable and proper rules to govern the procedure of the divisions, to regulate the matter of the compensation, if any, to be paid to claim agents and attorneys for services in connection with any of the matters provided for in articles 2, 3, and 4, and to regulate and provide for the nature and extent of the proofs and evidence and the method of taking and furnishing the same in order to establish the right to benefits of allowance, allotment, compensation, or insurance provided for in this act, the forms of application of those claiming to be entitled to such benefits, the method of making investigations and medical examinations, and the manner and form of adjudications and awards.

"Sec. 14. That the bureau and its divisions shall have such deputies, assistants, actuaries, clerks, and other employees as may be from time to time provided by Congress. The bureau shall, so far as practicable, by arrangement with the Secretary of War and the Secretary of the Navy, respectively, make use of the services of surgeons in the Army and Navy. The Secretary of the Treasury is authorized to establish an advisory board consisting of three members skilled in the practice of insurance against death or disability for the purpose of assisting the division of military and naval insurance in fixing premium rates and in the adjustment of claims for losses under the contracts of insurance provided for in article 4 and in adjusting claims for compensation under article 3; compensation for the persons so appointed to be determined by the Secretary of the Treasury, but not to exceed \$20 a day each while actually employed.

"Sec. 15. That for the purposes of this act, the director, commissioners, and deputy commissioners shall have power to issue subpoenas for and compel the attendance of witnesses within a radius of 100 miles, to require the production of books, papers, documents, and other evidence, to administer oaths and to examine witnesses upon any matter within the jurisdiction of the bureau. The director may obtain such information and such reports from employees of the departments of the Government of the United States and of the States as may be agreed upon by the heads of the respective departments. In case of disobedience to a subpoena, the bureau may invoke the aid of any district court of the United States in requiring the attendance and testimony of witnesses and the production of documentary evidence, and such court, within the jurisdiction of which the inquiry is carried on, may, in case of contumacy or refusal to obey a subpoena issued to any corporation or other person, issue an order requiring such corporation or other person to appear before the bureau, or to give evidence touching the matter in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

"Sec. 16. That the director shall submit annually to the Secretary of the Treasury estimates of the appropriations necessary for the work of the bureau.

"Sec. 17. That for the purpose of carrying out the provisions of this act there is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, the sum of \$100,000, for the payment of all expenses incident to the work authorized under this act, including salaries of the director and commissioners and of such deputies, assistants, accountants, experts, clerks, and other employees in the District of Columbia or elsewhere, as the Secretary of the Treasury may deem necessary, traveling expenses, rent and equipment of offices, typewriters and exchange of same, purchase of law books and books of reference, printing and binding to be done at the Government Printing Office, and all other necessary expenses. With the exception of the director, the commissioners, and such special experts as the Secretary of the Treasury may from time to time find necessary for the conduct of the work of the bureau, all employees of the bureau shall be appointed from lists of eligibles to be supplied by the Civil Service Commission and in accordance with the civil-service law.

"Sec. 18. That there is hereby appropriated from any money in the Treasury not otherwise appropriated the sum of \$141,000,000, to be known as the military and naval family allowance appropriation, for the

payment of the family allowances provided by Article II. Payments out of this appropriation shall be made upon and in accordance with awards by the Commissioner of the Division of Military and Naval Insurance.

"Sec. 19. That there is hereby appropriated, from any money in the Treasury not otherwise appropriated, the sum of \$12,150,000, to be known as the military and naval compensation appropriation, for the payment of the compensation, funeral expenses, services, and supplies provided by Article III. Payments out of this appropriation shall be made upon and in accordance with awards by the director.

"Sec. 20. That there is hereby appropriated, from any money in the Treasury not otherwise appropriated, the sum of \$23,000,000, to be known as the military and naval insurance appropriation. All premiums that may be collected for the insurance provided by the provisions of Article IV shall be deposited and covered into the Treasury to the credit of this appropriation.

"Such sum, including all premium payments, is hereby permanently appropriated for the payment of the liabilities of the United States incurred under contracts of insurance made under the provisions of Article IV. Payments from this appropriation shall be made upon and in accordance with awards by the director.

"Sec. 21. That there shall be set aside as a separate fund in the Treasury, to be known as the military and naval pay deposit fund, all sums held out of pay as provided by section 203 of this act. Such fund, including all additions, is hereby permanently appropriated for the payment of the sums so held and deposited, with interest, as provided in section 203, and the amount necessary to pay interest is hereby appropriated.

"Sec. 22. That for the purpose of this act marriage shall be conclusively presumed, in the absence of proof, that there is a legal spouse living, if the man and woman have lived together in the openly acknowledged relation of husband and wife during the two years immediately preceding the date of the declaration of war, or the date of enlistment or of entrance into or employment in active service in the military or naval forces of the United States if subsequent to such declaration, or during the two years immediately preceding the man's death or the beginning of the disability.

"In Articles II, III, and IV of this act unless the context otherwise requires—

"(1) The term 'child' includes—

"(a) A child legally adopted more than six months before the enactment of this amendment or enlistment or entrance into or employment in active service in the military or naval forces of the United States, whichever of these dates is the later.

"(b) A stepchild, if a member of the man's household.

"(c) An illegitimate child, but, as to the father, only if acknowledged by him, or if he has been judicially ordered or decreed to contribute to such child's support.

"(2) The term 'grandchild' means a child as above defined of a child as above defined.

"(3) Except as used in the last sentence of subdivision (g) of section 301 and in section 402 the terms 'child' and 'grandchild' are limited to unmarried persons either under 18 years of age, or if incapable because of mental or physical infirmity of pursuing any substantially gainful occupation, of any age.

"(4) The term 'parent' includes a father, mother, grandfather, grandmother, stepfather, and stepmother, either of the man or of the spouse.

"(5) The terms 'brother' and 'sister' include brothers and sisters of the half blood as well as those of the whole blood, stepbrothers and stepsisters, and brothers and sisters through adoption.

"(6) The term 'commissioned officer' includes a warrant officer, but includes only an officer in active service in the military or naval forces of the United States.

"(7) The terms 'man' and 'enlisted man' mean a person, whether male or female, and whether enlisted, enrolled, or drafted into active service in the military or naval forces of the United States, and include noncommissioned and petty officers.

"(8) The term 'enlistment' includes voluntary enlistment, draft, and enrollment in active service in the military or naval forces of the United States.

"(9) The term 'commissioner' means the commissioner of military and naval insurance.

"(10) The term 'injury' includes disease.

"(11) The term 'pay' means the pay for service in the United States according to grade and length of service, excluding all allowances.

"(12) The term 'military or naval forces' means the Army, the Navy, the Marine Corps, the Coast Guard, the Naval Reserves, the National Naval Volunteers, and any other branch of the United States service while serving pursuant to law with the Army or the Navy.

"Sec. 23. That when, by the terms of this act, any payment is to be made to a person mentally incompetent or a minor, such payment shall be made to some suitable person, corporation, or association, as may be prescribed by regulations for the benefit of the person entitled thereto.

"Sec. 24. That the Bureau of War-Risk Insurance, so far as practicable, shall furnish information to and act for persons in the military or naval service, with respect to any contracts of insurance, whether with the Government or otherwise, as may be prescribed by regulations.

"Sec. 25. That whoever in any claim for family allowance, compensation, or insurance, or in any document required by this act or by regulation made under this act, makes any statement of a material fact knowing it to be false, shall be guilty of perjury and shall be punished by a fine of not more than \$5,000, or by imprisonment for not more than two years, or both.

"Sec. 26. That if any person entitled to payment of family allowance or compensation under this act, whose right to such payment under this act ceases upon the happening of any contingency, thereafter fraudulently accepts any such payment, he shall be punished by a fine of not more than \$2,000 or by imprisonment for not more than one year, or both."

#### ARTICLE II.

##### ALLOTMENTS AND FAMILY ALLOWANCES.

Sec. 200. That the provisions of this article shall apply to all enlisted men in the military or naval forces of the United States.

Sec. 201. That allotment of pay shall, subject to the conditions, limitations, and exceptions hereinafter specified, be compulsory as to wife, a former wife divorced and who has not remarried, and a child, and voluntary as to any other person; but on the written consent of the wife, supported by evidence satisfactory to the bureau of her ability to support herself and the children in her custody, the allotment for her and for such children may be waived; and on the enlisted



man's application or otherwise for good cause shown, exemption from the allotment may be granted upon such conditions as may be prescribed by regulations.

The monthly compulsory allotment shall be in an amount equal to the family allowance hereinafter specified, except that it shall not be more than one-half the pay, or less than \$15; but for a wife living separate and apart under court order or written agreement or for a former wife divorced it shall not exceed the amount specified in the court order or agreement to be paid to her.

If there be an allotment for a wife or child, a former wife divorced shall be entitled to a compulsory allotment only out of the difference, if any, between the allotment for the wife or child, or both, and one-half of the pay.

Sec. 202. That the enlisted man may allot any proportion or proportions or any fixed amount or amounts of his monthly pay or of the proportion thereof remaining after the compulsory allotment, for such purposes and for the benefit of such person or persons as he may direct, subject, however, to such conditions and limitations as may be prescribed under regulations to be made by the Secretary of War and the Secretary of the Navy, respectively.

Sec. 203. That in case one-half of an enlisted man's monthly pay is not allotted, regulations to be made by the Secretary of War and the Secretary of the Navy, respectively, may require, under such circumstances and conditions as may be prescribed in such regulations, that any proportion of such one-half pay as is not allotted shall be deposited to his credit, to be held during such period of his service as may be prescribed. Such deposits shall bear interest at the rate of 4 per cent per annum, with semiannual rests, and, when payable, shall be paid principal and interest to the enlisted man, if living, otherwise to any beneficiary or beneficiaries he may have designated, or if there be no such beneficiary, then to his next of kin.

Sec. 204. That a family allowance of not exceeding \$50 per month shall be granted and paid by the United States upon written application to the bureau by such enlisted man or by or on behalf of any prospective beneficiary, in accordance with and subject to the conditions, limitations, and exceptions hereinafter specified.

The family allowance shall be paid from the time of enlistment to death in or one month after discharge from the service, but not for more than one month after the termination of the present war emergency. No family allowance shall be made for any period preceding the enactment of this amendment. The payment shall be subject to such regulations as may be prescribed relative to cases of desertion and imprisonment and of missing men.

Subject to the conditions, limitations, and exceptions hereinabove and hereinafter specified, the family allowance payable per month shall be as follows:

Class A. In the case of a man, to his wife (including a former wife divorced) and to his child or children:

- (a) If there be a wife but no child, \$15.
- (b) If there be a wife and one child, \$25.
- (c) If there be a wife and two children, with \$5 per month additional for each additional child, \$32.50.
- (d) If there be no wife, but one child, \$5.
- (e) If there be no wife, but two children, \$12.50.
- (f) If there be no wife, but three children, \$20.
- (g) If there be no wife, but four children, with \$5 per month additional for each additional child, \$30.

Class B. In the case of a man or woman to a grandchild, a parent, brother, or sister:

- (a) If there be one parent, \$10.
- (b) If there be two parents, \$20.
- (c) For each grandchild, brother, sister, and additional parent, \$5.

In the case of a woman, to a child or children:

- (d) If there be one child, \$5.
- (e) If there be two children, \$12.50.
- (f) If there be three children, \$20.
- (g) If there be four children, with \$5 per month additional for each additional child, \$30.

Sec. 205. That family allowances for members of class A shall be paid only if and while a compulsory allotment is made to a member or members of such class. The monthly family allowance to a former wife divorced shall be payable only out of the difference, if any, between the monthly family allowance to the other members of class A and the sum of \$50. For a wife living separate and apart under court order or written agreement or to a former wife divorced the monthly allowance, together with the allotment, if any, shall not exceed the amount specified in the court order or agreement to be paid to her.

Sec. 206. That family allowances to members of class B shall be granted only if and while the member is dependent in whole or in part on the enlisted man, and then only if and while the enlisted man makes a monthly allotment of his pay for such member or members equal to the amount of the monthly family allowance as hereinabove specified, except that—

(a) The maximum monthly allotment so required to be made to members of class B shall be one-half of his pay.

(b) If he is making no allotment to a member of class A, the minimum monthly allotment so required to be made to members of class B shall be \$15 per month.

(c) If he is making the compulsory allotment to a member of class A, the minimum monthly allotment so required to be made to members of class B shall be one-seventh of his pay, but not less than 5 per month.

(d) On the enlisted man's application, or otherwise for good cause shown, exemption from the allotment as a condition to the allowance may be granted, upon such conditions as may be prescribed by regulations.

Sec. 207. That the amount of the family allowance to members of class B shall be subject to each of the following limitations:

(a) If an allowance is paid to one or more beneficiaries of class A, the total allowance to be paid to the beneficiaries of class B shall not exceed the difference between the allowance paid to the beneficiaries of class A and the sum of \$50.

(b) The total monthly allowance to beneficiaries of class B added to the enlisted man's monthly allotment to them shall not exceed the average sum habitually contributed by him to their support monthly during the period of a year immediately preceding his enlistment or the enactment of this amendment.

Sec. 208. That as between a wife, including a former wife divorced, and the children not in her custody, and as between children, the amount of the allotment and family allowance shall be apportioned as may be prescribed by regulations.

Sec. 209. That allotments and family allowances shall be paid to or for the beneficiaries, as may be provided by regulations to be made by the Secretary of War and the Secretary of the Navy, respectively.

Sec. 210. That upon receipt of any application for family allowance the commissioner shall make all proper investigations and shall make an award, which award shall be certified to the War Department or Navy Department, as may be proper. Whenever the commissioner shall have reason to believe that an allowance has been improperly made or that the conditions have changed, he shall investigate or reinvestigate and may modify the award. The amount of each monthly allotment and allowance shall be determined according to the conditions then existing.

#### ARTICLE III.

##### COMPENSATION FOR DEATH OR DISABILITY.

Sec. 300. That for death or disability resulting from personal injury suffered or disease contracted in the course of the service, by any commissioned officer or enlisted man or by any member of the Army Nurse Corps (female) or of the Navy Nurse Corps (female) when employed in the active service under the War Department or Navy Department, the United States shall pay compensation as hereinafter provided.

Sec. 301. That if death results from injury—

If the deceased leaves a widow or child, or if he leaves a widowed mother substantially dependent upon him for support, the monthly compensation shall be the following percentages of his pay:

- (a) For a widow alone, 25 per cent, but not less than \$30.
- (b) For a widow and one child, 35 per cent, but not less than \$40.
- (c) For a widow and two children, 40 per cent, but not less than \$50, with 5 per cent additional, but not less than \$5, for each additional child up to two.
- (d) If there be no widow, then for one child, 20 per cent, but not less than \$15.
- (e) For two children, 30 per cent, but not less than \$25.
- (f) For three children, 40 per cent, but not less than \$35, with 5 per cent additional, but not less than \$10, for each additional child up to two.
- (g) For a widowed mother, 20 per cent, but not less than \$25.

The amount payable under this subdivision shall not be greater than a sum which, when added to the total amount payable to the widow and children, does not exceed 50 per cent of the pay or \$60, whichever is the greater. This compensation shall be payable for the death of but one child, and no compensation for the death of a child shall be payable if such widowed mother is in receipt of compensation under the provisions of this article for the death of her husband.

The maximum monthly compensation for death shall be \$200.

If the death occurs after discharge or resignation from service, the United States shall pay burial expenses not to exceed \$100, as may be fixed by regulations.

The payment of compensation to a widow or widowed mother shall continue until two years after her remarriage or until her death.

The payment of compensation to or for a child shall continue until such child reaches the age of 18 years or marries, or if such child be incapable, because of mental or physical infirmity, of pursuing any substantially gainful occupation, then until marriage or death or until such incapacity ceases.

Whenever the compensation payable to or for the benefit of any person under the provisions of this section is terminated by the happening of the contingency upon which it is limited, the compensation thereafter for the remaining beneficiary or beneficiaries, if any, shall be the amount which would have been payable to them if they had been the sole original beneficiaries.

As between the widow and the children not in her custody, and as between children, the amount of the compensation shall be apportioned as may be prescribed by regulations.

Sec. 302. That if disability results from the injury—

(1) If and while the disability is total so as to make it impracticable for the injured person to pursue any gainful occupation, the monthly compensation shall be the following percentages of his pay:

- (a) If he has neither wife nor child living, 40 per cent, but not less than \$40.
- (b) If he has a wife but no child living, 50 per cent, but not less than \$55.
- (c) If he has a wife and one child living, 55 per cent, but not less than \$65.
- (d) If he has a wife and two or more children living, 60 per cent, but not less than \$75.
- (e) If he has no wife but one child living, 50 per cent, but not less than \$50, with 5 per cent additional, but not less than \$10, for each additional child up to two.
- (f) If he has a widowed mother substantially dependent on him for support, then, in addition to the above, 10 per cent, but not less than \$10.

To an injured person who is totally disabled and in addition so helpless as to be in constant need of a nurse or attendant, such additional sum shall be paid, but not exceeding \$20 per month, as the director may deem reasonable.

The maximum monthly compensation for total disability shall be \$200.

(2) If and while the disability is partial, the monthly compensation shall be a percentage of the compensation that would be payable for his total disability, equal to the degree of the reduction in earning capacity resulting from the disability, but no compensation shall be payable for a reduction in earning capacity rated at less than 10 per cent.

A schedule of ratings of reductions in earning capacity from specific injuries or combinations of injuries of a permanent nature shall be adopted and applied by the bureau. Ratings may be as high as 100 per cent. The ratings shall be based, as far as practicable, upon the average impairments of earning capacity resulting from such injuries in civil occupations and not upon the impairment in earning capacity in each individual case, so that there shall be no reduction in the rate of compensation for individual success in overcoming the handicap of a permanent injury. The bureau shall from time to time readjust this schedule of ratings in accordance with actual experience.

(3) In addition to the compensation above provided, the injured person shall be furnished by the United States such reasonable medical, surgical, and hospital services and supplies, including artificial limbs, trusses, and similar appliances, as the director may determine to be useful and reasonably necessary.

(4) The amount of each monthly payment shall be determined according to the family conditions then existing.

Sec. 303. That every person applying for or in receipt of compensation for disability under the provisions of this article shall, as frequently and at such times and places as may be reasonably required, submit himself to examination by a medical officer of the United States or by a duly qualified physician designated or approved by the director. He may have a duly qualified physician designated and paid by him



present to participate in such examination. For all examinations he shall, in the discretion of the director, be paid his reasonable traveling and other expenses and also loss of wages incurred in order to submit to such examination. If he refuses to submit himself for, or in any way obstructs, any examination, his right to claim compensation under this article shall be suspended until such refusal or obstruction ceases. No compensation shall be payable while such refusal or obstruction continues, and no compensation shall be payable for the intervening period.

Every person in receipt of compensation shall submit to any reasonable medical or surgical treatment furnished by the bureau whenever requested by the bureau; and the consequences of unreasonable refusal to submit to any such treatment shall not be deemed to result from the injury compensated for.

SEC. 304. That if the injured person be deemed competent and not likely to become a public charge, upon his application and evidence satisfactory to the director that it will be for his best interests and for the best interests of his dependents, if any, future compensation payments for disability may be commuted in whole or in part for a lump sum equal to the present value of such payments or the proportion thereof to be commuted, and such lump sum paid to the injured person in lieu of all further compensation or of the proportion so commuted of all future payments of compensation: *Provided, however*, That in case of partial disability rated at 30 per cent or more of total disability, or in case of total disability, not more than 50 per cent of the compensation payments as for a man without a wife or child shall be so commutable. The basis for determining present values of future payments of compensation shall be prescribed from time to time by regulation.

SEC. 305. That in cases of dismemberment, of injuries to sight or hearing, and of other injuries commonly causing permanent disability, the injured person shall follow such course or courses of rehabilitation, reeducation, and vocational training as the United States may provide or procure to be provided. Should such course prevent the injured person from following substantially gainful occupation while taking same, a form of enlistment may be required which shall bring the injured person into the military or naval service. Such enlistment shall entitle the person to full pay as during the last month of his active service, and his family to family allowances and allotment as hereinabove provided, in lieu of all other compensation for the time being.

In case of his willful failure properly to follow such course or so to enlist, payment of compensation shall be suspended until such willful failure ceases and no compensation shall be payable for the intervening period.

SEC. 306. That upon its own motion or upon application the bureau may at any time review an award, and, in accordance with the facts found upon such review, may end, diminish, or increase the compensation previously awarded, or, if compensation has been refused or discontinued, may award compensation.

SEC. 307. That in this article the term "pay" means the monthly pay at the time of the injury, or, in case of disability resulting from disease, at the time of the beginning of such disability, unless at such time he is not in the service of the United States, in which case it shall be taken to refer to the monthly pay at the time of his leaving such service.

SEC. 308. That no compensation shall be payable for death or disability which does not occur prior to or within one year after discharge or resignation from the service, except that where, after a medical examination made pursuant to regulations, at the time of discharge or resignation from the service, or within such reasonable time thereafter, not exceeding one year, as may be allowed by regulations, a certificate has been obtained from the director to the effect that the injured person at the time of his discharge or resignation was suffering from injury likely to result in death or disability, compensation shall be payable for death or disability, whenever occurring, proximately resulting from such injury.

SEC. 309. That compensation shall not be payable for death in the course of the service until the death be officially recorded in the department under which he may be serving. No compensation shall be payable for a period during which the man has been reported "missing" and a family allowance has been paid for him, under the provisions of Article II.

SEC. 310. That no compensation shall be payable for death inflicted except by the enemy as a lawful punishment for a crime or military offense. A dismissal or dishonorable or bad conduct discharge from the service shall bar and terminate all right to any compensation under the provisions of this article.

SEC. 311. That no compensation shall be payable unless a claim therefor be filed, in case of disability, within one year after discharge or resignation from the service, or, in case of death in the course of service, within one year after such death is officially recorded in the department under which he may be serving: *Provided, however*, That where compensation is payable for death or disability occurring after discharge or resignation from the service, claim must be made within one year after such death or the beginning of such disability.

The time herein provided may be extended by the director not to exceed one year for good cause shown. If at the time that any right accrues to any person under the provisions of this article, such person is a minor, or is of unsound mind or physically unable to make a claim, the time herein provided shall not begin to run until such disability ceases or a guardian is appointed of the minor or insane person.

SEC. 312. That no compensation shall be payable for any period more than two years prior to the date of claim therefor, nor shall increased compensation be awarded to revert back more than one year prior to the date of claim therefor.

SEC. 313. That compensation under this article shall not be assignable, and shall be exempt from attachment and execution and from all taxation.

SEC. 314. That compensation under this article shall not be paid while the person is in receipt of service or retirement pay. Existing pension laws and laws providing for gratuities or payment in the event of death in the service shall not be applicable after the enactment of this amendment to persons now in or hereafter entering the military or naval service, except in so far as hereafter under any such law shall have heretofore accrued.

Compensation because of disability or death of members of the Army Nurse Corps (female) or of the Navy Nurse Corps (female) shall be in lieu of any compensation for such disability or death under the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916.

SEC. 315. That if an injury or death for which compensation is payable under this act is caused under circumstances creating a legal liability upon some person other than the United States or the enemy

to pay damages therefor, the director, as a condition to payment of compensation by the United States, shall require the beneficiary to assign to the United States any right of action he may have to enforce such liability of such other person or any right which he may have to share in any money or other property received in satisfaction of such liability of such other person. The cause of action so assigned to the United States may be prosecuted or compromised by the director and any money realized thereon shall be placed to the credit of the compensation fund.

#### ARTICLE IV. INSURANCE.

SEC. 400. That in order to give to every commissioned officer and enlisted man and to every member of the Army Nurse Corps (female) and of the Navy Nurse Corps (female) when employed in active service under the War Department or Navy Department the opportunity to secure upon equitable terms greater or broader protection for themselves and their dependents than is provided in Article III, the United States, upon application to the bureau and without medical examination, shall grant insurance against the death or total disability of any such person in any multiple of \$500, and not less than \$1,000 or more than \$10,000, upon the payment of the premiums as hereinafter provided.

SEC. 401. That such insurance must be applied for within 120 days after enlistment or after entrance into or employment in the active service and before discharge or resignation, except that those persons who are in the active war service at the time of the publication of the terms and conditions of such contract of insurance may apply at any time within the 120 days thereafter and while in such service. Any person in the active service on or after the 6th day of April, 1917, who, while in such service and before the expiration of 120 days from and after such publication, becomes or has become totally disabled or dies, or has died, without having applied for insurance, shall be deemed to have applied for and to have been granted insurance, payable to such person during his life in monthly installments of \$25 each. If he shall die before he shall have secured 240 of such installments, the balance of such 240 monthly installments shall be paid, but only if and while there survive him a wife, child, or widowed mother, and in that event the amount of the monthly installments shall be apportioned between them as may be provided by regulations.

SEC. 402. That the director, subject to the general direction of the Secretary of the Treasury, shall promptly determine upon and publish the full and exact terms and conditions of such contract of insurance. The insurance shall not be assignable, and shall not be subject to the claims of creditors of the insured or of the beneficiary. It shall be payable only to a spouse, child, grandchild, parent, brother, or sister, and also during total disability to the injured person, or to any or all of them, and to such other persons as may be provided from time to time by regulations. The insurance shall be payable only in installments. Provisions for maturity at certain ages, for continuous installments during the life of the insured or beneficiaries, or both, for cash, loan, paid-up and extended values, and such other provisions for the protection and advantage of and for alternative benefits to the insured and the beneficiaries as may be found to be reasonable and practicable, may be provided for in the contract of insurance. Rights and privileges not provided for may be granted from time to time as may be prescribed by regulations. Subject to regulations, the insured shall at all times have the right to change the beneficiary or beneficiaries of such insurance without the consent of such beneficiary or beneficiaries, but only within the classes herein or as in the regulations provided.

SEC. 403. That the United States shall bear the expenses of administration and the excess mortality and disability cost resulting from the hazards of war. The premium rates shall be the net rates based upon the American Experience Table of Mortality and interest at 3½ per cent per annum.

SEC. 404. That during the period of war the insurance shall be term insurance for successive terms of one year each, convertible after war, without medical examination, into such form or forms of insurance, and with such provisions for premium payments as may be prescribed by regulations. Payments of premiums in advance shall not be required for periods of more than one month each and may be deducted from the pay or deposit of the insured or be otherwise made at his election.

SEC. 405. That in the event of disagreement as to a claim under the contract of insurance between the bureau and any beneficiary or beneficiaries thereunder, an action on the claim may be brought against the United States in the district court of the United States in and for the district in which such beneficiaries or any one of them resides. The court, as part of its judgment, shall determine and allow such reasonable attorney's fees, not to exceed 10 per cent of the amount recovered, to be paid by the claimant on behalf of whom such proceedings are instituted to his attorney; and it shall be unlawful for the attorney or for any other person acting as claim agent or otherwise to ask for, contract for, or receive any other compensation because of such action.

Mr. RAYBURN. Mr. Chairman, I know that every Member of the House and every loyal American in the country has uppermost in his mind but one thing, and that is to end this war successfully and at the earliest possible moment. I believe, as I think every other patriotic citizen of this land believes, that we should do everything here by legislation possible to bring about this end, and bring it about as speedily as possible. We have before us at this time for consideration a bill that I believe will go a great way in many respects toward the accomplishment of this end. I realize, as has been stated here, that this is one of the most important bills that has been presented to this Congress not only during this emergency but for many years past.

I realize my inability also to handle this question as it should be handled and I had hoped that this task—although whatever I can do will be done—would fall to abler and more experienced hands than mine. I want to say to you that when this bill was first introduced, like many Members who have not given it the consideration that some of us have given it, I looked upon many of its provisions with much misgiving. I believed then that a great many amendments should be added to it. I believed then, as many Members have suggested, that those amendments should go into the bill, but after a more



thorough study of the bill, and after the comprehensive hearings, both for and against the bill, by some of the ablest men in this country, I have come to the conclusion that this bill should be passed practically in the form in which it was originally written and I trust—

Mr. KEY of Ohio. Will the gentleman yield?

Mr. RAYBURN. I would like to lay my premises, but I will allow the gentleman to ask his question.

Mr. KEY of Ohio. The gentleman stated that able men appeared before his committee.

Mr. RAYBURN. Yes.

Mr. KEY of Ohio. I have no doubt that is true.

Mr. RAYBURN. The gentleman himself wrote a letter.

Mr. KEY of Ohio. I would like to ask the gentleman if anybody appeared before his committee who had any knowledge of pension matters?

Mr. RAYBURN. Well, the gentleman himself, chairman of one of the Pension Committees, wrote a very able letter, and that was incorporated in the hearings. The proposition of pensions was considered from one end of this bill to the other by men—I did not cross-question them to find out just exactly how much they knew about pensions.

Mr. KEY of Ohio. Outside of the letter I wrote, was anyone brought before the gentleman's committee in reference to pensions—

Mr. RAYBURN. Everybody who appeared before that committee and asked for a hearing so far as I know got it.

Mr. KEY of Ohio. Will the gentleman permit me to ask another question?

Mr. RAYBURN. Yes.

Mr. KEY of Ohio. This is, as the gentleman stated, a very important bill.

Mr. RAYBURN. Yes.

Mr. KEY of Ohio. How does it come when you were holding hearings on this bill that men like the Commissioner of Pensions and men who had some knowledge of pension laws were not invited to appear before that committee?

Mr. RAYBURN. If we invited anybody to appear before that committee, it did not come to my knowledge. If the gentleman himself had had this tremendous and wonderful interest in the bill, why did he not suggest to the chairman to ask the Pension Commissioner to appear before that committee?

Mr. KEY of Ohio. I naturally took it for granted the chairman of the committee would look after that himself and that it would be discourteous on my part to make such a suggestion.

Mr. RAYBURN. I do not think if there was a bill before the gentleman's committee and I were interested in it and I thought it was a bad bill and thought a man who knew a great deal about it could defeat that bill by coming before that committee I would not think it was discourteous and I would think I had neglected my duty if I did not ask the committee to give that man a hearing. That is the way I look at this matter entirely.

Mr. MOORE of Pennsylvania. In connection with the question raised by the gentleman from Ohio [Mr. KEY], is it not a fact that the Commissioner of Pensions did actually take a stand against this insurance and compensation system?

Mr. RAYBURN. If he did I do not know it.

Mr. MOORE of Pennsylvania. Is the gentleman aware that the Commissioner of Pensions wrote a letter to the Assistant Secretary of Commerce disapproving of this very proposition?

Mr. RAYBURN. No; I am not.

Mr. MOORE of Pennsylvania. I ask the question in connection with the inquiries already made, because I have known of such a letter, and thought it might be interesting to have it incorporated in the report or in the hearings.

Mr. RAYBURN. The letter was never called to my attention. I know nothing about it.

Mr. MOORE of Pennsylvania. There was such a letter. It was a letter written by the Commissioner of Pensions—a very able and patriotic letter, addressed to the Assistant Secretary of Commerce.

Mr. RAYBURN. What Assistant Secretary of Commerce was that?

Mr. KEY of Ohio. Mr. Sweet.

Mr. RAYBURN. Even if he got such a letter, he appeared before the committee and very strongly urged the passage of this bill.

Mr. MOORE of Pennsylvania. I do not want to confuse the gentleman, and I am not arising in any contentious spirit, but I did read such a letter, and the letter was evidently written before this bill was introduced. The idea of establishing some form of compensation or insurance for soldiers and sailors was abroad. It had been discussed briefly in this House, but following that discussion the Assistant Secretary of the Depart-

ment of Commerce, Mr. Sweet, did receive a letter from the Commissioner of Pensions, disapproving of the general idea, and fearing it would have a very serious effect on the operation of the pension laws.

Mr. RAYBURN. Well, we expect this to have a very serious effect on the pension law, because we expect when this bill is enacted into law, and when the people who are on the pension roll now have either died or ceased to draw money under that law, we will not have any pension system.

Mr. MOORE of Pennsylvania. That is to say, this bill will supersede the present pension laws?

Mr. RAYBURN. That is the intention of the authors of this bill—to have it supersede the present pension laws.

Mr. MOORE of Pennsylvania. So far as those who are engaged in the present war are concerned?

Mr. RAYBURN. Yes.

Mr. MOORE of Pennsylvania. But it will not, as I understand it, in any way interfere with or abrogate the rights of the pensioners under the existing law?

Mr. RAYBURN. Not at all.

Mr. MOORE of Pennsylvania. The survivors of the War of 1812, or of the Civil War, or of the Indian wars will not be affected at all?

Mr. RAYBURN. Not at all.

Mr. McKENZIE. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. McKENZIE. I listened to what the gentleman just said about hoping that this would supplant the pension system of the country. But there is not anything in this bill that provides in any way for the abolition of the pension system now in existence or preventing the passage of a law creating a pension system in the future?

Mr. RAYBURN. We could not bind future Congresses, of course. But we say in this bill that this is in lieu of pensions for these men who take advantage of it now, or on whom the advantage is thrust. It is not a question of whether they desire to take advantage of this law or not. All of them who are being taken in the Army now or are going into the Army shall be under this law, whether they want to take advantage of it or not.

Mr. CAMPBELL of Kansas. Will the gentleman yield?

Mr. RAYBURN. Yes; I will yield.

Mr. CAMPBELL of Kansas. Did the committee in considering this bill take into account the difficulties that would attend the administration of two pension systems at the same time, covering the survivors of the different wars of the country?

Mr. RAYBURN. Oh, yes.

Mr. CAMPBELL of Kansas. And practically the impossibility of such a conduct?

Mr. RAYBURN. We took into consideration the proposition itself, but we did not come to any conclusion whatever as to any impossibility of it, because there is no such a thing.

Mr. CAMPBELL of Kansas. Does not the gentleman from Texas now believe that it will be impossible to continue two pension systems in the United States at the same time?

Mr. RAYBURN. I know that it will not be impossible. I do not only think it, but I know it will not be impossible.

Mr. CAMPBELL of Kansas. Does the gentleman from Texas think that the survivors of the War of the Rebellion—the survivors—

Mr. RAYBURN. Say "the Civil War."

Mr. CAMPBELL of Kansas. All right. Or put it "the War between the States."

Mr. RAYBURN. Yes.

Mr. CAMPBELL of Kansas. Or the survivors of the Spanish-American War, will be content with the pensions provided for them while the survivors of the war in Europe are provided with pensions under this system?

Mr. RAYBURN. I do not know that, and I do not care whether they are or whether they are not. Our object in this bill is to do justice now to the men we are taking into the Army. [Applause.] If the laws that have been passed heretofore are not just, then future Congresses can change them as they see fit. Our object is to try to do what we believe is justice by the people whom we draft into the Army now.

Mr. CAMPBELL of Kansas. Mr. Chairman, will the gentleman yield there?

Mr. KEY of Ohio. Will the gentleman yield for a question?

Mr. RAYBURN. Not now. Let me tell you something: Did you know there never was in our history an army raised like this army now?

Mr. CAMPBELL of Kansas. Yes; I know.

Mr. RAYBURN. We are going out into the trades and into the fields and into the shops of this country and taking men



forcibly from their labor and from their families and putting them into this hazardous employment.

Mr. CAMPBELL of Kansas. I believe that provision for their families should be made and that an insurance provision should be supplied; but what I am talking about now is the purely pension system that is introduced into this bill.

Mr. RAYBURN. We call it "compensation," not "pension."

Mr. KEY of Ohio. I understood the gentleman to say that he wanted to do what was right and proper and just for the young men who have been drafted and sent forward so as to fight in this war.

Mr. RAYBURN. Yes.

Mr. KEY of Ohio. I want to call your attention to this fact, if you are so solicitous as to the welfare of these young men: Under the general law, the law which provides for compensation and for pension for soldiers who were injured in the service in line of duty, if a young man loses both eyes he is now pensioned \$100 a month; if a soldier loses both legs he is pensioned \$100 a month; if he loses both arms—that is, now, under the existing law—he gets \$100 a month. That is the relief he can get. But under your bill you provide only \$40 for the same disability.

Mr. RAYBURN. Yes. We provide it because we think \$100 is too much. That is exactly the reason why we provide it. [Applause.] We provide more than you do in some cases because we believe that under the circumstances these drafted men are not getting enough. [Applause.]

Mr. KEY of Ohio. That is unfair and unjust.

Mr. RAYBURN. We are not afraid to take off the top and put on at the bottom if we find it is unfair and unjust.

Mr. KEY of Ohio. If you had a son who had lost both eyes and he came home and could no longer see his loved ones, would you want him to go through this life and not see his family and receive only \$40 a month?

Mr. RAYBURN. Oh, you could not pay a man for the loss of his eyes if you paid him \$500 a month, or for the loss of his legs if you paid him \$250 a month. But we have struck what we believe to be a pretty happy average. If this young man is totally disabled and has no one to take care of him, he is allowed \$20 a month with which to hire a nurse to take care of him in addition to the \$40 a month. We think that is fairly liberal.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. ALEXANDER. I want to call attention to this fact: I understand the bill makes the family the unit, and not the individual, and if that soldier has a family, he and the family are more liberally provided for than he is separately.

Mr. RAYBURN. Yes; of course, and it ought to be so.

Mr. MONTAGUE. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. MONTAGUE. If my colleague will yield, I take the liberty of asking that the committee permit him to proceed without interruption until he has made a reasonable explanation of the bill. It is manifestly unjust to him that he be interrupted with concrete questions at every turn.

The CHAIRMAN. It is entirely within the province of the gentleman from Texas, who has the floor, to say whether he will consent to yield or not.

Mr. RAYBURN. I will concede that I may be a sort of apprentice here, but I do not desire to yield further. I think I know the provisions of this bill, and if these gentlemen by their questions and speeches can show that the House ought not to pass it, they ought to be able to show it.

Mr. SNOOK. I call my colleague's attention to the fact that under this law provision is made for the rehabilitation of the man—his education—and provision is made to put him into some calling in life that may be worth to him more than \$100 a month.

Mr. RAYBURN. Yes. I would have explained that if I had been allowed to go along and speak at least a minute and a half without interruption. [Laughter.] But I do not object to it. I will not absolutely refuse to yield, but I think we will get more satisfactory results if I am allowed to proceed.

Mr. BURNETT. Is it the purpose of the bill to entirely displace, so far as concerns those who are engaged in this war, the present Pension Bureau permanently or only temporarily?

Mr. RAYBURN. Permanently.

Mr. BURNETT. Then you will have one pension board administering the older laws and another administering this law?

Mr. RAYBURN. That is exactly the truth about it.

Mr. CAMPBELL of Kansas. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. CAMPBELL of Kansas. That will provide for additional deserving Democrats. [Laughter.]

Mr. RAYBURN. I think so, because I do not think you folks will have a chance to administer it soon. [Laughter.]

But that is aside from this question. This is a nonpartisan question, as is the question of pensions, you know. They are nonpartisan, and this applies to everybody.

Mr. SMITH of Idaho. You propose to establish a new pension bureau practically. What is the reason for that? Why not have this law administered by the organization of the present Pension Bureau?

Mr. RAYBURN. I had hoped to come to that when I reached article 3 of this bill, but I had not begun on article 1 before I was interrupted. I have become convinced, as I say, that this bill ought to be passed practically in its present form, and furthermore that it should be passed as speedily as possible. As we know—and we might as well be honest with ourselves—there is not such enthusiasm in this country for this war as some of us think there ought to be, and as we know there ought to be. We know that the people from one end of this land to the other—a small percentage, of course—are going about scattering the seeds of dissension and disloyalty, and one of the main things that they have to plead is that under the system as it is now administered those people who have been dependent upon a man who is called into the service will suffer while he is away.

Mr. PLATT. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. PLATT. We are not taking anybody into the service who has dependents at all. We are exempting them.

Mr. RAYBURN. Oh, we are taking them. I know we are.

Mr. PLATT. Occasionally we are; some one in the Aviation Service, or somewhere else, with a commission.

Mr. RAYBURN. Oh, no; every day we are taking them in.

Mr. PLATT. No; every one of them is exempted.

Mr. RAYBURN. We are taking them in—men who have not enough to sustain their families. The gentleman knows we are taking men into the service who have not enough to maintain their families in the way that they should sustain them. If the gentleman does not know that, he ought to know that.

Mr. PLATT. I do not know what the gentleman means. We are taking in some rich men who have wives and families, who possibly will suffer some, if that is what the gentleman means.

Mr. RAYBURN. Oh, I do not mean any such thing as that.

As I was saying, when I get through with article 1, then I will take up article 2; and then I hope to take up article 3, and then article 4, and when I have finished my statement as to each article, I shall invite questions, because, to tell you the truth about it, they help me very much. One of the main things that they are saying in this country, as I started to say, is that there is many a mother who feels that she is dependent upon the labor of her son for sustenance, and many a wife who feels that she is dependent upon her husband's wages for sustenance, and these men are being taken into this war. In a home like that there is not much enthusiasm for this war, and we can not blame them. But under article 2 of this bill we provide what we believe will be a fair amount to take care of those who have been dependent upon the man who has been drafted into the service.

Last spring Congress was very generous in voting to the soldier \$30 per month, with 10 per cent additional for foreign service, which makes him \$33 a month when he is called into foreign service. We know, because we have consulted military experts, that \$33 a month for a private soldier to spend is too much money, and I have authority to use the name of our great leader who is now in France in saying that he says that is too much not only for the morale of his own Army but for the morale of the French Army; because if there is any place upon this earth where democracy should reign supreme it is in the trenches on the battle front in France and other places where we are fighting.

Gen. Pershing says that a soldier with more than \$10 a month for spending money has too much spending money for keeping up the morale of the Army. We therefore provide in section 1 of this bill that the private soldier shall send back to his family at least \$15 of his pay. Of course, he would have to send back \$16.50 when in foreign service. That would leave the man in foreign service with \$16.50 spending money; and do you know that if he has \$16.50 of spending money he will have more than twice as much as the average soldier fighting in the allied armies of the world to-day has.

It is said that \$15 a month will not provide very much for a wife, and perhaps there will be children; but when the soldier himself puts up \$15 a month, we say that the Government, if

he have a wife, shall put up \$15 a month also. That makes \$30 a month, and that will keep the wolf from the door of most people in this country. Of course, it will not maintain them in luxury, but we must all make sacrifices during this war.

We provide further that if he have a child an additional amount is given. If he have two children, an additional amount, and if he have three children an additional amount, up to \$50, that the Government will pay to the family of the man if he have a wife and more than four children. With the man's own allotment, that means that the family of a man with five children will receive \$65 a month. Upon an average a woman can get along fairly well on \$65 a month. Of course, in the great cities of this country, New York, Chicago, Philadelphia, Boston, and other places like that, where living is different, it will be hard for them to get along on that. In some country districts away out there where they have their gardens, their chickens, and their cows, living at home, \$65 will be very ample but we could not say that in one section of the country the soldier's allowance should be one thing and in another section of the country it should be another thing.

Mr. MADDEN. Will the gentleman yield for a question?

Mr. RAYBURN. Yes.

Mr. MADDEN. Does this apply to officers also or simply to privates?

Mr. RAYBURN. Not to commissioned officers. It is for the enlisted men and noncommissioned officers.

Mr. MADDEN. A further question. The compensation of a first sergeant, including—

Mr. RAYBURN. We are on the allowance now, not the compensation.

Mr. MADDEN. The compensation of a first sergeant, including his clothing and his allowances for food, amounts to about \$105 a month or more. It amounts to more than the compensation of a second lieutenant.

Mr. RAYBURN. I can not keep these figures in my head. I will accept whatever the gentleman says.

Mr. MADDEN. It would amount to more than the pay of a second lieutenant.

Mr. GREENE of Vermont. No; a second lieutenant receives \$1,700 a year.

Mr. MADDEN. But a second lieutenant has to pay for all his equipment, food and all that, and a first sergeant really gets more than a second lieutenant. Now, if this does not apply to a commissioned officer as high in rank as a second lieutenant, then the family of a second lieutenant is not being treated as well as the family of a first sergeant.

Mr. RAYBURN. A second lieutenant gets how much?

Mr. MADDEN. He gets \$1,700 a year, but he has to pay for his own clothing, equipment, food, and everything himself.

Mr. RAYBURN. I am not able to go into the technical discussion of these matters.

Mr. MADDEN. I call the attention of the gentleman in charge of the bill to the fact that treating a second lieutenant as a commissioned officer and not giving him and his family the same opportunities as are given to the families of men who are not commissioned is, it seems to me, doing an injustice to those men in the service.

Mr. RAYBURN. It appears to me that a man who is getting \$150 a month ought to take care of himself and be able to send home more than \$65 a month to his family.

Mr. HARDY. Mr. Chairman, Members, of course, appreciate the spirit of courtesy that prompts my colleague to yield to questions that are asked him, but there are some of us who would like a consecutive presentation of this bill, and I would like to ask the gentleman not to yield until he gets through with his presentation. We can not get a coherent idea of the bill unless he does that.

Mr. RAYBURN. I could do that in fairness to myself and to the House if this bill were not really divided into four bills. I am now on the second article; that is, the allotment provision.

Mr. HARDY. We who wish to understand the bill can not get it when there are so many interruptions. I know gentlemen can reserve their questions, and I would like to have the gentleman go through and explain the bill without interruption.

Mr. RAYBURN. I would like to do that, but I can not refuse to yield.

Mr. MOORE of Pennsylvania. I would like to inquire about section 202, with which article 2 begins, "Providing that the provisions of this article shall apply to all enlisted men in the military or naval forces of the United States." As article 2 applies only to "allotments and family allowances," I ask the gentleman to hold that in mind and turn to article 3, "Compensation for death or disability," which provides "for death or disability resulting from personal injury, and so forth, contracted in the course of the service in the line of duty for any

commissioned officer or enlisted man or by any member of the Army Nurse Corps," and so forth. Will the gentleman explain why this differentiation between the enlisted man and the commissioned officer?

Mr. RAYBURN. The gentleman ought to know that commissioned officers are as likely to get killed as an enlisted man.

Mr. MOORE of Pennsylvania. That may be; but apparently the commissioned officer is not included in the allotment of family allowances.

Mr. RAYBURN. No; because they do not need it.

Mr. MOORE of Pennsylvania. That is the explanation. It would appear from a casual reading of the bill that the enlisted man is picked out for a special kind of treatment.

Mr. RAYBURN. I see the gentleman's point; but it must be clear to the gentleman now.

Mr. MOORE of Pennsylvania. The officer participates in the compensation for death or disability, and the enlisted man also participates; but the officer apparently does not participate in the allotment for family allowances.

Mr. RAYBURN. No; and we do not think he needs it.

Mr. MOORE of Pennsylvania. The officer is a higher salaried man. That is the argument?

Mr. RAYBURN. Yes. I was trying to discuss article 2 of the bill, with reference to allowances, and I had reached the point where I had given the figures that the average family could get.

There is another provision in the article about which there has been some contention, and I am frank to say that I had the same trouble with it when we began the consideration of the bill. That is, that some of the men in this war have no dependents. Take a young fellow not married, whose parents are both alive, where the father can provide for the mother, and that young man is not forced to contribute anything to anyone's support because there is no dependent on him. Now, going back to what I said about \$33 being too much for a private individual in order to have the democracy in the Army, in order to have him stand alongside of the allies without creating the impression that he is an overpaid man. Further than that, let me call the attention of this House to the fact that our soldiers in France have already done a very serious injustice not only to us but to the soldiers and people of France. They have gone over there with their pockets bulging with money and have spent it freely. They have absolutely inflated prices in certain sections of France in which they are quartered until it is a hard matter for poor people there to get along.

Mr. ESCH. Will the gentleman permit me a question?

Mr. RAYBURN. Certainly.

Mr. ESCH. Did not Gen. Pershing recommend that they should not have more than \$10 a month spending money?

Mr. RAYBURN. I stated that a few moments ago. Now, we provide in article 2 that where a man has no dependent, under regulations by the Secretary of War and the Secretary of the Navy this man may be compelled to deposit at least one-half of his pay, and a fund is created to pay him 4 per cent interest, and it may be paid semiannually on that amount. Of course, we may say that that is taking away from a man the liberty of doing with his money what he pleases. We know, of course, that a man in France has no opportunity to invest the money that he might save. He would spend the money for first one thing and then another, and demoralize not only the army with which he is associated but the people around that army, and we provide that he shall send back, and that it shall be left here on deposit, at least one-half of his wages, and this money can be drawn out when the emergency is over.

Mr. MADDEN. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. MADDEN. Does the gentleman think that the Government has any right to take away the right of the soldier to make what disposition he pleases of his own money?

Mr. RAYBURN. Yes; I do. I do not think there is any question about that. We have already provided in other cases that he shall send back one-half of his wages.

Mr. MADDEN. Yes; but that is because he has dependents who must be cared for; but this man that I am speaking of has no dependents.

Mr. RAYBURN. We are taking care of him, too. The gentleman asks whether we have the right and power to do that, and I think there is no question about it.

Mr. PLATT. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. PLATT. I agree with the gentleman, and I think the higher pay has made some trouble in the camps in this country. The bill does not say that the \$15 a month shall be withdrawn; it says "may be." Ought not that to be made compulsory?



Mr. RAYBURN. Probably it ought to be made compulsory. Now, Mr. Chairman, unless some one wants to ask a question I will pass to article 3.

Mr. FIELDS. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. FIELDS. Suppose a soldier has financial obligations which he leaves here at home, can not he arrange to meet them by monthly payments out of his pay?

Mr. RAYBURN. I am certain discretion is left with the board so that he can apply the money in that way.

Mr. KING. Will the gentleman yield?

Mr. RAYBURN. Certainly.

Mr. KING. The gentleman from Texas has made some very serious charges against the troops in France. Could the gentleman give us further details of the manner in which they have demoralized things?

Mr. RAYBURN. No; I do not know, and I would not if I knew.

Mr. CANNON. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. CANNON. Their pay is a little over a dollar a day; and of course they are found, fed, housed, clothed, and cared for. It seems to me that a dollar a day is not a very extravagant sum for spending money, and I believe that the bill does not provide that they shall not spend their own money.

This is a selective draft, I believe, in theory and in practice, but there are many enlisted men or drafted men who could spend \$5 a day or \$10 a day. Is there any proposition to police their expenditures?

Mr. RAYBURN. No; there is not.

Mr. CANNON. I mean from the standpoint of their being corrupted or corrupting our allies?

Mr. RAYBURN. I feel absolutely certain, however, that the average man from 21 to 31 who is drafted into the Army, and of course we have to go on averages, will not have a great deal of money outside of his salary, and I do not think they would draw for it; but there is no prohibition of a man who has money in the bank from drawing out and spending it that I know of. I do not know whether it would be wise—

Mr. CANNON. One of the reasons assigned for the draft was that it would take the son of the plutocrat as well as the son of the laborer, and I presume it has.

Mr. RAYBURN. Yes, sir; I presume it has, but I do not know whether it would be wise to try to regulate that or not. We do not in this bill.

Mr. HASTINGS. Will the gentleman yield?

Mr. RAYBURN. I will.

Mr. HASTINGS. I want to call attention to section 201 that provides an allotment that shall be compulsory as to the wife and former wife divorced, and I want to know—

Mr. RAYBURN. And not remarried.

Mr. HASTINGS. And not remarried. Why should he make an allotment to his divorced wife who has no children—

Mr. RAYBURN. No; that he is in the habit of contributing to her support, yes.

Mr. SIMS. Or by a decree of court.

Mr. HASTINGS. I understand it now.

Mr. RAYBURN. Or who has been doing it under decree of court.

Mr. HASTINGS. I find it now further down in the second paragraph of the bill, but it was not clear in the beginning of section 201.

Mr. SWITZER. Will the gentleman yield?

Mr. RAYBURN. I will.

Mr. SWITZER. Before the gentleman finishes on this article I would like to hear the reasons for taking away from the War Department the administration of this allotment. Why should not that be administered by the War Department?

Mr. RAYBURN. We are amending the war-risk insurance bill. That, of course, is handled in the Treasury Department; and I might just as well state now, and should probably have stated it before, that a question of jurisdiction has been raised here about committees, and some committees are pretty raw about it. This bill has gone to the Committee on Interstate and Foreign Commerce. Some people say it ought to have gone to the Committee on Pensions; others say part of it ought to have gone to the Committee on Naval Affairs; others say part of it ought to have gone to the Committee on Military Affairs. This bill is an amendment to the war-risk insurance bill we passed in 1914, I believe. That bill came to the Committee on Interstate and Foreign Commerce because it dealt with commerce. Of course we do not contend that the lives of these men and this, that, and the other is commerce; but this bill is an amendment to that war-risk insurance bill. The War-Risk Insurance Bureau is in the Treasury Department and has been

all the time it has been administered through the Treasury Department. This being an amendment to it, we put it in the Treasury Department also.

Mr. SWITZER. Why should it not have been allowed to remain in the War Department and Navy Department? What is the necessity of creating a new bureau?

Mr. RAYBURN. We are not creating a new bureau. I just tried to explain that this bureau is already in operation in the Treasury Department. We create a director, one who serves under the head of the department down there now.

Mr. SWITZER. The administration came under the War Department during the border trouble, and we provided a large amount, which was expended—

Mr. RAYBURN. Not that I know of.

Mr. SWITZER. And there has been no criticism of its handling. Every man is under their control, and they easily can find out if he is married and when married and know all about his services.

Mr. RAYBURN. Of course these records are as available to one department as to another.

Mr. SWITZER. But they do not have to be transmitted from one department of the Government to another.

Mr. RAYBURN. They are as available to one department as another. All they have to do is to carry them across the hall. Now, article 2 contains the provisions with reference to allowances that are to be made and the allotments to be made to families and by the Government to families. Article 3, of course, is one of the articles in the bill that is going to be contested by people who believe in other forms of paying men, the families of men who are killed, and the man himself and his family, who is either disabled or partially disabled. I do not think the pension laws of this country have ever operated to the satisfaction of the people as they should.

I do not believe that men who fight for us and who lose their limbs and who are disabled or partially disabled, or the families of those men who have lost their lives in defense of our liberties, we say, should be placed in the attitude of having straight-out gratuities from the Government, or that those things should be passed around on political favor like we have in the past. I know, sir, that unless we do something now, after this war is over that another saturnalia of pension frauds and pension claims will be put up to this Congress. I want to do what I can here to do justice to the families of the men who are killed, justice to the men who are disabled, either totally or partially, during this war and have an end to it. They say that it matters not if we pass this provision in this bill these pension claims will come up after the war. We can not, of course, as I said a moment ago, bind a future Congress. We can not tell what they will do; but we can place a moral obligation upon each man who goes out to battle in this war; we can place a moral obligation upon each Member of Congress under the provisions of this law we pass, which is generous in the extreme to these men, not to do those things after this war shall have closed.

And that is as far as we can go. That is as far as we want to go. And we hope it will be sufficient after the war is over.

Mr. KEY of Ohio. Does the gentleman yield?

Mr. RAYBURN. I do.

Mr. KEY of Ohio. You say you are going to try to put a stop to this practice. What is your object in referring all these matters to a new bureau? Why create this new bureau? Can the gentleman tell me?

Mr. RAYBURN. We are not creating a new bureau. We are extending one that we have already created.

Mr. KEY of Ohio. All the pension laws now are adjudicated in the Bureau of Pensions under the Interior Department. Now, why create a new bureau?

Mr. RAYBURN. We are not going to have pensions under this bureau.

Mr. KEY of Ohio. My dear friend, you can call it compensation, if you like; but when you provide for a certain stipulated amount of money to be paid in monthly installments to the man that is injured, it is nothing more nor less than a pension.

Mr. RAYBURN. What is the gentleman kicking about?

Mr. KEY of Ohio. Why do you want to put this country to the extra expense of adjudicating these matters in another department?

Mr. RAYBURN. If this is more generous than before, why are you kicking?

Mr. KEY of Ohio. Why put the Government to the additional expense of adjudicating these claims and creating a new bureau? We have a pension bureau that has been running nearly 100 years. I have never heard a complaint about it except by those who have not been able to get their claims through. We have able men there.

Mr. RAYBURN. We have a trained force on the floor of this House, too. You can go over to the Congressional Library and take the reports of the special bills that have passed through this Congress, and practically every one will read like an adverse report until you get down to the recommendation, and then they say, "We recommend that this bill be passed."

Mr. KEY of Ohio. Let me say this to the gentleman. I saw a letter recently, and I think it was written by the Secretary of the Treasury, and the inference was that this legislation would do away with special acts. Now, let me impress upon your mind that this legislation is going to do no such thing, but is going to operate just the reverse. Now, let me point out to you a concrete case. In the last days of the last session Maj. Gen. Funston died in line of duty—just a day or two before Congress adjourned. Some Member from his home State introduced a bill—I do not recall who it was—and that special act was referred to the Committee on Pensions.

The committee recommended the maximum rate under their rule of \$50 a month. It came to the House, and the House passed it. It went to the Senate and the Senate increased it to \$1,000 a year, or, perhaps, it was \$100 a month. I rather think it was \$1,200 a year. It came back to the House, and after considerable jangling the House passed the bill. Now, let me remind the gentleman that under the provisions of this bill, if you pass it as reported by the committee, you are going to pension the widows of major generals at \$2,000 and probably \$2,400 a year. That is what you are going to do.

Mr. RAYBURN. Yes.

Mr. KEY of Ohio. Now, wait just a moment. Will not the soldiers' widows in your district come in here and ask to be put on the same basis? Let me point this out to you: Under the provisions of this bill—

Mr. RAYBURN. I want to tell the gentleman that the widows of my district will not get their bills introduced like the bills are introduced now.

Mr. KEY of Ohio. Then you are an exception.

Mr. RAYBURN. And we are generous enough in this. A widow can get as much as \$2,400 a year, and that is one reason why—

Mr. KEY of Ohio. I do not want to get off my line—

Mr. RAYBURN. You are getting me off of mine.

Mr. KEY of Ohio. That is all right. I want to make this point.

The CHAIRMAN. Does the gentleman from Texas yield to the gentleman from Ohio?

Mr. KEY of Ohio. Under the provisions of existing law, the general law, where a soldier dies from disability occurring in the service, the widow of a Civil War veteran gets \$20 a month.

Mr. RAYBURN. Now, I am not going to yield any further. If you want to ask me a question I will answer it. Somebody will give the gentleman plenty of time to make his 20 or 30 minute speech later on.

Mr. KEY of Ohio. And a widow whose husband was killed at Santiago or in the Philippines receives \$12 a month. But you provide for the young widow in this bill, one who is strong and able to earn her own living, not less than \$30 a month, and if she has children, as high as \$45 or \$55 a month.

Mr. RAYBURN. I do not deny that. I said that in the beginning.

Mr. KEY of Ohio. These other widows lost their husbands in the line of duty—

Mr. RAYBURN. I did not pass the present pension bill under which you are operating and which you are advocating.

Mr. KEY of Ohio. Why should the Spanish War soldier's widow only get \$12 and a widow under this bill \$30? Do you call that fair and just?

Mr. RAYBURN. I am not going to yield any further, because the gentleman is making a speech. I answered the question awhile ago, to the effect that I did not write the pension laws which are on the statute books to-day. We are writing a law to-day for these drafted men and their families that is just to-day and are not going back and rehashing this pension law that has been on the statute books a hundred years.

Mr. GILLETTE. Will the gentleman yield? I do not wish to interrupt him unless he is willing.

Mr. RAYBURN. Yes. I will yield for a question, of course.

Mr. GILLETTE. It is a question, and it is sincerely for information.

Mr. RAYBURN. I did not say I thought it would be otherwise.

Mr. GILLETTE. Following what has been suggested, I wonder if it would not be inevitable that if we passed this bill as it is now proposed and then create in the country some disabled men in this war who are getting one rate of pension and some disabled men of previous wars who are getting another

rate of pension, or a class of widows of this war who would get one rate of pension and another class belonging to other wars getting a different rate—would it not be inevitable that in the future the two rates would be made equal, and inevitably also not only would they be made equal, but the man who was receiving the lower rate, whichever it happened to be, would be raised to the level of the one who was getting the higher rate, and the same with respect to the widow?

Mr. RAYBURN. I would not be candid with the gentleman if I did not answer him in the affirmative; I would not be. I am not talking about the justice of \$12 a month for the widow or \$2 for the child of a former war. I am talking about what I believe is just to the families of these drafted men that you have forcibly taken away from their wives and families. If it is developed and I shall be convinced that it is just to pay these Civil War widows \$30 a month, I would vote for it, and I would not be candid with the gentleman if I did not say that inevitably this will not come down or that will not go up.

Mr. MADDEN. This does not apply alone to drafted men?

Mr. RAYBURN. It applies to the Army. Nearly all are drafted.

Mr. SIMS. The compensation in this bill applies only to those who are injured in the service, and men who are receiving a service pension can not ever be put on a parallel with them, and this should not be a reason why the service pension should be increased.

Mr. RAYBURN. I think so.

Mr. SIMS. The gentleman from Massachusetts evidently thinks otherwise.

Mr. RAYBURN. Of course I did not mean a service pension.

Mr. GILLETTE. I did not raise the question of the service pension.

Mr. RAYBURN. There is no service compensation in this. This is only for death or partial disability.

Mr. SIMS. This compensation that widows are now getting comes from service pensions.

Mr. RAYBURN. I do not know anything about pensions, and God forbid that I ever should. That is the reason why I want to pass this bill so much and get away from the pension system if we can.

Now, unless somebody wants to ask me a question as to article 3, I will pass on from it.

Mr. McKEOWN. What is the reason why the compensation of the widow of an officer is higher than the compensation of the widow of a private?

Mr. RAYBURN. It has always been so. There has never been a question about a thing like that. It is just like trying to equalize men. You can not equalize them. They do not earn the same in civil life. Therefore you pay the officer more than the private, although the private is putting in just as much of his time fighting as the officer himself, and sometimes more.

Mr. COOPER of Ohio. In regard to the question just asked you by the gentleman on the other side, I will say that all the compensation laws are based on the average earnings of the workmen.

Mr. RAYBURN. Yes.

Mr. SIMS. And the officer's compensation is greater than that of the private, and the pension is in no greater proportion.

Mr. RAYBURN. That is true.

Now, there is compensation here for a single man who is totally disabled. It is \$40 a month. If he is in need of a nurse, if he is in need of the constant care of somebody, \$20 additional is added, making \$60 for his part. If he is killed, his widow gets \$30 a month, with an increase for each child that he has. If a man is totally disabled and he lives, he and his family may get \$75 a month compensation, according to the number of children that he has. If he has a mother dependent upon him, \$10 may be added to that. If he also is in need of nursing, and it can be shown to the bureau that he needs the constant care of a nurse, \$20 a month is added to that.

Mr. MADDEN. Suppose the soldier's widow has remarried. Is any provision made against that?

Mr. RAYBURN. Yes; and we also provide that the marriage must be contracted before the injury.

Mr. MADDEN. If the widow remarries after the death of her husband, then what?

Mr. RAYBURN. We provide for her until her death or her remarriage. The gentleman will find that on line 20 of page 18.

Mr. MADDEN. What provision is made for the children after her marriage?

Mr. RAYBURN. If the bill is not clear on that, I will introduce an amendment to take care of the children.

Mr. MADDEN. It is not clear.

Mr. RAYBURN. It is not clear; and I hope to offer an amendment to provide for the children.



Mr. MADDEN. There ought to be some means by which those children would be supplied with a guardian if the mother remarried again and is not the proper person to take care of them.

Mr. RAYBURN. I think that should be done. If it can be shown that she or her second husband is not the proper person to take care of the children, the courts can be called upon.

Mr. WALSH. Does the law set forth the rate of compensation for different classes of disability or injury?

Mr. RAYBURN. No.

Mr. WALSH. Who makes up that?

Mr. RAYBURN. The law allows that to be determined. For total disability it is \$40, for 75 per cent disability it is \$30, and so on down.

Mr. WALSH. Who decides as to that?

Mr. RAYBURN. That must be left to the bureau created under this bill.

Mr. WALSH. That is, to some bureau under the Treasury Department?

Mr. RAYBURN. Yes; a bureau under the Treasury Department.

Mr. WALSH. Is it not a fact that in the present pension laws the various degrees of disability are part of the laws?

Mr. RAYBURN. I do not think so, although I may be mistaken. I do not think they are all defined. I will ask the gentleman from Ohio [Mr. KEY] to answer as to that.

Mr. KEY of Ohio. Yes; specific rates are all set out. You will find that from the hearings. Now, I would like to ask the gentleman this question—

Mr. RAYBURN. I do not think they cover all disabilities. I am under the impression that they do not. I think the gentleman must be mistaken about that. But the gentleman can go ahead and ask his question. We can straighten that out later.

Mr. KEY of Ohio. I want to ask the gentleman this question: Under the provisions of your bill if the soldier fails to make application for a pension within two years from the time of his discharge—

Mr. RAYBURN. This is not pension; this is compensation.

Mr. KEY of Ohio. Let us call it "compensation" in order to avoid the necessity of argument.

Mr. RAYBURN. All right.

Mr. KEY of Ohio. If he fails to make application for this compensation within two years from the time of his discharge, are not the doors shut, and he is disbarred from getting compensation?

Mr. RAYBURN. I think so.

Mr. KEY of Ohio. Let me ask the gentleman this further question: If that is true, what was the object when the committee made that recommendation? What was the object in putting that in there? Let me ask this question: Suppose a soldier was in the service, and he lost an eye in the service, and he failed to make an application within two years after the time of his discharge. There would always be a record—a military record—of that fact in the War Department, to the effect that the soldier lost an eye or received a wound in the service.

Why should the door be shut against that soldier? Why should you say that unless he makes an application within a certain time—within two years—he is forever barred from a pension?

Mr. RAYBURN. Does the gentleman say that he shall forever have the privilege of coming in and making an affidavit?

Mr. KEY of Ohio. I say yes; as long as the Government has the record of that disability; so long as there is a record of that on file in the War Department.

Mr. RAYBURN. The gentleman is basing his statement entirely on a false pretense. If that man has an eye out, he will get the compensation.

Mr. KEY of Ohio. Not unless he makes application.

Mr. RAYBURN. The gentleman may be sure of that; but—

Mr. KEY of Ohio. There are cases where they have not made application for years afterwards.

Mr. RAYBURN. Yes; and some of them lost eyes after being mustered out of the service.

Mr. JAMES. If the gentleman will permit, it is true that under the present pension laws men may wait 10 or 12 or 15 years and then get a Congressman to introduce a bill to pension him for alleged injuries incurred in the service; but when you get down to the evidence before the Pension Committee you will sometimes find that the disability originated from a disease such as a syphilis or gonorrhea. That is how it sometimes turns out.

Mr. PLATT. Will the gentleman yield right there?

Mr. RAYBURN. Yes.

Mr. PLATT. A great many men would be in such circumstances that they would not need to apply for pensions, and there have been many such men who did not; and then they have lost their money and, after meeting with misfortune, they have applied and have received them.

Mr. KEY of Ohio. Why should not the statute of limitations run against men who do not apply?

Mr. PLATT. Because, if a man does not apply until he needs the pension, but the time comes later when he does need it, it would be a great injustice to him to shut him out under a statute of limitation.

Mr. MADDEN. I was going to suggest to the gentleman from Texas that it might be wise to leave the time limit out of the bill, because there might be a good many men who would not care to make application, and of course the longer they remained without making the application the more the Government would save, and it would not do any harm, anyway.

Mr. RAYBURN. That is true. That is a question of detail that I think might well be worked out.

Mr. SNOOK. I want to confirm the information my colleague had as to the question of the rates of pensions. I am referring now to the letter in the appendix, written by the gentleman from Ohio. At the top, where the rates are set out, he says these are the rates fixed by the Commissioner of Pensions for certain disabilities, and then quotes from the law, which shows that the rates are not fixed in the law.

Mr. RAYBURN. That is my impression, and I think the gentleman was mistaken. The gentleman from Ohio is so enthused over pensions that he can not think but that that law is perfect.

Mr. MOORE of Pennsylvania. This bill makes no provision whatever for soldiers' homes or for homes for their orphans and widows, does it?

Mr. RAYBURN. No; we hope to keep them out.

Mr. MOORE of Pennsylvania. Is that the intent of the committee?

Mr. RAYBURN. Yes.

Mr. MOORE of Pennsylvania. Is it expected to dispense altogether with the homes that are now provided for soldiers?

Mr. RAYBURN. I do not know what you are going to do with those homes, but we hope to keep these people out, and we think we have been generous enough with them so that they will not need these homes.

Mr. MOORE of Pennsylvania. Then if the beneficiary of any one of these particular funds runs out of money and has no home of his own to go to, there will be no home open to him under the provisions of this bill?

Mr. RAYBURN. There is no home closed to him under the provisions of the bill.

Mr. MOORE of Pennsylvania. I presume we would still have with us the question of finding a place for him, whether he was a veteran of the present war or of a preceding war?

Mr. RAYBURN. I presume so.

Mr. MOORE of Pennsylvania. And the present homes will continue to exist under the existing law.

Mr. RAYBURN. That will depend on what Congress does about it. There is nothing in this bill to open the door of a soldiers' home or to close it.

Mr. MOORE of Pennsylvania. So far as this bill is concerned, it intends to dispense with the soldiers' homes and the homes for their widows and orphans.

Mr. RAYBURN. No; I do not agree to that. I will not let the gentleman put me in that position.

Mr. MOORE of Pennsylvania. I do not mean to put the gentleman in any false position.

Mr. RAYBURN. I would not say that. It is not true. This bill does nothing about it either way.

Mr. MOORE of Pennsylvania. But the question is, What will become of a beneficiary of this law after his own funds have run out and he is unable to care for himself; that is to say, the funds he derives from this benefit?

Mr. RAYBURN. The benefit never will run out, nor does this fund run out.

Mr. MOORE of Pennsylvania. I take it that if a pensioner now on the roll becomes so unfortunate that he can not maintain himself upon his pension he has a home provided by the Government to which he can go. That is the fact. Now, I am asking whether, if under this proposed system he becomes so unfortunate as not to have sufficient to maintain himself when he is old and enfeebled, the Government will still provide him with the opportunity of obtaining a home?

Mr. RAYBURN. I do not know about that, but I know that if he ever comes under this compensation law, if he has lost a leg, if he has lost an arm, if he has lost an eye, if he has lost both legs, both arms or anything like that it matters not what occupation he goes into we can not restore his legs or his arms or his

eyes, and if he gets to making a thousand dollars a month we are not going to take away from him the Government compensation, and if he goes into a Government home we are not going to take his compensation away from him.

Mr. MOORE of Pennsylvania. I think that is done now under certain circumstances.

Mr. RAYBURN. It is not going to be done under this bill.

Mr. MOORE of Pennsylvania. I wanted to know whether we were going to dispense with the homes altogether under this law.

Mr. RAYBURN. We are not touching that subject in this law.

Mr. ADAMSON. Will the gentleman allow me to answer the question of the gentleman from Pennsylvania?

Mr. RAYBURN. Yes.

Mr. ADAMSON. The question of what will become of the soldier, and when the benefit will cease, depends on when this Government will end, and the Government will end—

When wrapt in flames the realms of ether glow  
And heaven's last thunders shake the world below.

[Applause.]

Mr. BARKLEY. I would suggest to the gentleman that the provision of law admitting soldiers to these homes is not a part of the pension law.

Mr. RAYBURN. No.

Mr. BARKLEY. And therefore it is not affected either by the pension law or by this law.

Mr. RAYBURN. There is a rehabilitation and a reeducation provision here; and if the Government reeducates him and rehabilitates him, and he gets so that he can make money, it matters not how much he makes, he has lost his eyes or his arms or his legs, and we are not going to take away from him compensation under this law. [Applause.]

Mr. MOORE of Pennsylvania. If the gentleman admits my proposition he gives the soldier a double chance, the chance of compensation and the chance of a home.

Mr. RAYBURN. If a soldier goes over to France and fights for your rights and your people's rights and gets his arm shot off or his leg shot off or his eyes shot out, I am willing to give him a pretty good chance when he comes back.

Mr. MOORE of Pennsylvania. I am glad to hear the gentleman say that. He can not be more sympathetic than I am.

Mr. STEENERSON. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. STEENERSON. This compensation, so called—

Mr. RAYBURN. It is compensation; not so called.

Mr. STEENERSON. Whatever you call it, it relates simply to disabilities incurred in the line of duty. In an army of perhaps 2,000,000 men there would be, of course, a great many who would perhaps be totally disabled who would be unable to show that their disability was incurred in the line of duty, and they would be destitute. Now, there is nothing in this act to take care of them in any manner whatever. Does not the gentleman think that they should be properly subject to a special pension legislation?

Mr. RAYBURN. No; I do not.

Mr. STEENERSON. The gentleman would leave them out entirely?

Mr. RAYBURN. Where is the man to get hurt not in the line of service that he ought to be paid for? I will say that I am in favor of striking out that line that the committee has put in and leaving it in the line of service. The bill was originally written with that out. The argument I hope to make when that comes up under the five-minute rule is that a man in the trenches fighting ought to have a leave. If he goes to Paris or some place and gets hurt, not from his own willful misconduct, I do not see any use in cutting him off.

Mr. STEENERSON. Then the gentleman would favor that change?

Mr. RAYBURN. I have so stated.

Mr. STEENERSON. I would like to ask the gentleman if the limitation of two years was not put into the bill because it was framed on the theory that this was an insurance policy, or similar to an accident insurance policy?

Mr. RAYBURN. Probably it was, and probably it was put in for protection for something else.

Mr. STEENERSON. The gentleman who framed the bill had the idea that he was framing a law analogous to an insurance law and trying to comply with the conditions of a policy.

Mr. RAYBURN. We are trying to comply with the best thought along the line of compensation.

Mr. STEENERSON. Another suggestion came to my mind when the gentleman argued that this was not a new bureau. It seems to me, reading the bill as far as I have, that about 99 per cent of it is new.

Mr. RAYBURN. I will be perfectly candid with the gentleman. If it is a new bureau I am for it; and if he calls it an old bureau extended, or a new bureau, I am for it.

Mr. STEENERSON. The gentleman admits that the Bureau of Pensions has jurisdiction of 99 per cent of the subject of this bill.

Mr. RAYBURN. I do not admit anything of the kind, and it is never going to have any jurisdiction over it.

Mr. BORLAND. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. BORLAND. If the change was made as suggested by the gentleman from Minnesota, striking out that the injury or disease must occur in the line of duty and throwing it open to diseases and injuries occurring during service, would not it have to be safeguarded by a provision that the disease or injury should not have resulted from the man's infraction of the law or his own misconduct?

Mr. RAYBURN. Yes, certainly; and there is a provision in here, or in the amendment that I am going to offer, that it shall not be on account of the willful misconduct of the soldier.

Mr. BORLAND. That the injury should not result from any such occurrence as happened at Houston.

Mr. RAYBURN. Of course; and I said that a moment ago.

Mr. KEY of Ohio. Will the gentleman yield?

Mr. RAYBURN. Yes; but I may send this speech out and I do not want to advertise the gentleman down in Texas. [Laughter.]

Mr. KEY of Ohio. Under the provisions of your bill I notice that where a soldier receives total disability, say the loss of both eyes or both arms or both legs, that you give him \$40 a month and \$20 nurse hire. Then, for partial disabilities, the loss of one arm, one leg, or one eye, the adjudication of that is to be left to the discretion of the Treasury Department. Is that right?

Mr. RAYBURN. Where is it left now? In your law you provide that it shall be left to the Commissioner of Pensions.

Mr. KEY of Ohio. You provide a special rate for total disability, but not for a partial disability.

Mr. RAYBURN. No.

Mr. KEY of Ohio. You cut down the rate from the existing law for disability from \$100 to \$40, and if there is a disposition to cut down the total disability to \$40 from the law, as the Bureau of Pensions has it, what will it do with the partial disabilities—give them a mere pittance?

Mr. RAYBURN. No; we have provided that it shall be settled on a percentage, and let me say that the \$40 applies only to the single man.

Mr. KEY of Ohio. The total disability is cut down two-thirds, and if you cut the special rate for total disability down two-thirds, what are you going to do with the other?

Mr. RAYBURN. If his injury is slight, it ought to be cut down.

Mr. KEY of Ohio. For the loss of one arm or one leg or one eye, what would you call that? Fifty per cent?

Mr. RAYBURN. Perhaps 50 per cent, but that is a matter of administration.

Mr. KEY of Ohio. I wonder how far it would go.

Mr. RAYBURN. I do not know how far it would go.

Mr. FESS. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. FESS. In reference to total disability where the rate seems to be rather low, is not there a provision somewhere in the bill that the person totally disabled will be rehabilitated and reeducated?

Mr. RAYBURN. Yes.

Mr. FESS. And that will be done at the expense of the Government.

Mr. RAYBURN. Yes; the only thing required of him, whether he is partially disabled or totally disabled, is that he shall report when they ask him to report. If he does not do it his compensation is canceled.

Mr. FESS. And would not that amount to an additional allowance?

Mr. RAYBURN. I should think so.

Mr. FESS. As far as that feature is concerned, let me say that I think it is one of the most important things that could be done.

Mr. RAYBURN. I think that is true.

Mr. FESS. What about the rehabilitation and reeducation—is that under the control of the Treasury Department?

Mr. RAYBURN. That is wholly under the control of the Treasury Department.

Mr. FESS. That is left to the bureau?



Mr. RAYBURN. Left to the department entirely. I presume they would call experts on things like that when this power is granted to them.

Mr. FESS. If the gentleman will permit, I will say that I think that particular feature will be one of the most important features in all respects in the bill. I wondered whether both the military and civil authority was recognized in its administration, and it is a matter which in my mind was rather cloudy.

Mr. RAYBURN. Well, it is not specifically set out here except it shall be under the general regulation of this bill. Of course, it will be a question. I think when this war is over, of course, other legislation will be enacted to cover it wherever needed. Now, I have been up about an hour and a half and I have not done a great deal of talking. Unless somebody wants to ask me another question on article 3 of this bill, I come to article 4, which is the insurance provision of the bill, and it is a provision of the bill by which it is more known than any other provision in it.

Mr. SIMS. As I know gentlemen will be asking the gentleman from Texas questions, why not let the gentleman make his statement connectedly and then let the questions come in?

Mr. RAYBURN. I would not know when I got through with my connected statement. I am not going to speak much longer.

Mr. SIMS. The gentleman is doing all right.

Mr. RAYBURN. I hope I am not wearying the committee.

Mr. QUIN. Will the gentleman yield for a question?

Mr. RAYBURN. I will.

Mr. QUIN. In reference to this rate of \$8 per thousand which you are going to take, is that the same for a man 21 years old as for a man 31 years?

Mr. RAYBURN. No; it is not. The insurance provision of this bill provides that the enlisted man may be allowed to take out from \$1,000 to \$5,000 insurance. The original bill provided that a man should be allowed to take from \$1,000 to \$10,000 insurance, and I am candid to say to you I believe the original bill upon that proposition was fairer than the proposition to reduce it to \$5,000, and I shall not, so far as I am concerned, resist an amendment, but shall vote for one to raise it to \$10,000.

Mr. SIMS. Just vote against the House amendment.

Mr. RAYBURN. Vote against the House amendment, I mean. You take \$5,000 a year. If a man is killed and that is paid in installments, it will run somewhere from \$25 to \$30 a month for 20 years. That, of course, is pretty small. If you give \$10,000 insurance, it will make between \$50 and \$60, running over a period of about 20 years.

Now, this provision of the bill has been attacked from every angle. I myself never was against this provision of the bill, but I was under the impression somehow when we went into hearings on this bill that the insurance bureau could and ought to be closed up when the war is over, and I asked some questions along that line in the committee. I asked the question: We are going to close up the Bureau of War-Risk Insurance for ships and cargoes when the war is over; why can not we close this bureau up and go out of the insurance business when this war is over? That question, of course, has occurred to many men here. That question occurred to men in the cloakroom just awhile ago, and they asked me what about that, and said they were going to vote for an amendment to close up this bureau when the war was over. Now, gentlemen, you can not close this bureau when the war is over. If you try to close it you are going to do one of the most serious injustices to the men who have gone into this Army who have taken out this insurance that could possibly be done to a set of men. If a man dies, if he is killed, of course the family will begin to collect this insurance, and for that reason alone this bureau can not be entirely closed up. It has got to be kept open to pay these monthly installments to the man's family. If a man is partially disabled and gets this insurance, not being totally disabled, what are you going to do with him? Are you going to cancel the insurance when the war is over, when his insurability has been destroyed, when he can not get additional insurance in any company in the world? Are you going to turn him out when he can not get insurance?

But some gentlemen say, let us pay regularly, let us pay for the deaths, let us keep the insurance of men who are disabled, but let the fellow who goes unscathed get out of this insurance. It is wrong for us to pay for them. This argument has been made to me several times. If a man is killed, if a man is totally disabled, they are willing to carry the man upon the insurance rolls of this country who is so much disabled that he can not get insurance in other companies, but the strong, the healthy, the athletic fellow who comes out of this war unhurt, who will live 40 or 50 years, they want to turn him over to the insurance companies and leave the Government of the United States with

the bag to hold. Why, these strong, well, and sound men who come out of this war unhurt, their premiums will run this bureau for many years to come, and that is the reason why we should not turn them over to the other insurance companies, and it would be worse than inhuman, it would be criminal in the highest degree, if we take these men and insure their lives and when they come out of the Army partially disabled, not able to get insurance in any company, to say to them they can not have this Government insurance, but they must go through life without any insurance whatever.

Mr. SWITZER. Will the gentleman yield for a question?

Mr. RAYBURN. If the gentleman insists, I will; yes, go ahead.

Mr. SWITZER. The gentleman has given study to this. What is the gentleman's belief as to the percentage of the number of soldiers who will take advantage of this insurance, and to what amount?

Mr. RAYBURN. Well, the actuaries have stated and have calculated that they thought that this insurance would run on an average to \$2,500 for 25 per cent of the men.

Mr. SWITZER. One of them says 10 or 15 per cent. Does the gentleman believe that a system would be finally satisfactory to the people and to the soldiers that in its working out only resulted in benefit to 10 or 15 per cent of the soldiers, or 25 per cent? Whether it is due to their own negligence or not I do not care about. Do you believe a system that would work out that way would be satisfactory?

Mr. RAYBURN. I do not believe we can legislate the millennium in this country or make men equal either mentally, morally, or financially. We can not legislate into men or teach them that they ought to use the judgment that God has given them, and I would not be in favor of this insurance if it said that each man in the Army had to take out this insurance. This insurance business is entirely optional. Are we going to deny to those men who would take out this insurance, whose insurability will be destroyed in the Army, for the simple reason that some other fellow will not take it out?

Mr. SWITZER. Did not the experts before your committee state that this is to take the place of what we now call the service pension, a gratuity, and that it will not do what they say it will, because three-fourths of them will not take it out and they will be in here 15 or 20 years from now asking for a pension? And why should the people be so deceived as to believe that this will take the place of a gratuity or of a service pension hereafter when it will not?

Mr. RAYBURN. That is only the gentleman's opinion. He does not know anything more about it than I do. I say that the compensation provision in this bill is made in lieu of pensions; that both the compensation and the insurance provisions are considered together in lieu of pensions, and the insurance provision of this bill is supposed to be entirely in lieu of a service pension.

Mr. CANNON. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. CANNON. I have followed the gentleman's examination of others before the committee with much interest. The gentleman seemed to apprehend by one of his questions that when this war closed, and the insurance being sold and the overhead expenses paid by the Government, the Government would insure everybody, and, as I recollect, the Secretary of the Treasury replied that that would be up to the Congress that might be in existence then. Does the gentleman still have some question as to that?

Mr. RAYBURN. Yes. And God deliver us from that day. I hope that this will not be used as a leverage to pry open the Government Treasury and put it into general insurance business. I would not be candid with the gentleman if I did not say that I believe the enthusiasm of some of our socialistic friends in this country for this bill is because they believe it will be an entering wedge. But my fear that it may be an entering wedge does not come up to my hope that I may do these men the justice that we want to do now. As far as I am concerned, as I stated, and I do not know whether the gentleman was in here or not, but I rather think he was not, one of the questions that he pressed was that we close up the other bureaus when the war is over, and it was my hope that we should close up this bureau when the war was over, but it is absolutely impossible, as I find after an investigation of the question, because we will have men killed; their monthly installments will go along. And we will have some partially disabled, and not enough, though, to collect their insurance then—not amounting to total disability—and we would not feel like closing up the bureau and turning those men out where they can not get insurance in the future. We would not feel like turning loose the strong, healthy fellow who will live 40 or 50 years and help keep up this bureau and



help keep up the installments of those who are totally disabled. And for that reason I do not see any way in the world to close up the bureau at all as long as these men live.

Mr. FERRIS. Did the committee consider the feasibility of putting in a proviso that should carry this bureau after the war? My thought is that we are creating so many bureaus.

Mr. RAYBURN. This bureau is already created. Of course, everybody knows it is going to be enlarged a very great deal by this proposition. Now, some men say that only 10 or 15—

Mr. LOBECK. Will the gentleman yield for a moment?

Mr. RAYBURN. Yes.

Mr. LOBECK. When this bill was first written it provided for from \$1,000 to \$10,000 insurance?

Mr. RAYBURN. Yes.

Mr. LOBECK. Now, some men, when I was out home visiting recently, said this: "We are going to take out \$10,000 for our boys." A poor boy living within a block or two from there could only take \$1,000, possibly. But the parents of this boy who went into the service could take out \$10,000. Why not have an equal amount, say a fixed sum, inasmuch as one life is just as good as another in the service. A poor boy gives his life for the Government, and his life is just as good as another's.

Mr. RAYBURN. That is true; but we can not equalize men in this life by legislation or in any other way. We can give them an equal opportunity, and that is all we can do. I say that there is not a man drafted into the service of the United States, or that will be, and there is not a man who is in the service of the United States, even though he be a private, that can not take \$10,000 of insurance.

Mr. LOBECK. I am glad to support this bill.

Mr. RAYBURN. I know.

Mr. LOBECK. I am sincere in what I am saying.

Mr. RAYBURN. If you are going to give this boy \$80 a year with which to buy \$10,000 insurance and give him that extra money to spend in camp life, you will be doing the boy an injustice, and probably he will not be as good a boy when he comes out as he was when he went in.

Mr. MADDEN. On the insurance feature—

Mr. RAYBURN. It is the insurance feature that I am dealing with.

Mr. MADDEN. This bill provides that a man without any relatives, if he takes out any insurance, can not will the insurance he pays for to anybody else. Is there any justice in that?

Mr. RAYBURN. I think it is entirely just.

Mr. MADDEN. I hope you will tell us why.

Mr. RAYBURN. I think I can tell the gentleman, so that he will feel about it forever as I do. Of course the Government is assuming all of the war risk in this insurance. We want to close every door that we possibly can to fraud under this section of the bill. The United States Government says to the man, if he is between 21 and 31, "You can get insurance on the average of \$8 a month." Of course a man 21 years of age can get it for about \$7 per thousand. Only one insurance company in the country has made a proposal.

The Metropolitan Life Insurance Co. has made a proposal to carry \$300,000,000 insurance for \$58 a thousand. The United States Government says to this man, "We will carry that risk for \$50 a thousand. We will give you the lowest insurance that you can get as a sound, well man in peace times. If you have a wife, though, or child or mother dependent upon you and you are killed, this insurance money may go to them, because you have a personal and a direct interest in them. Some distant cousin off yonder that you never saw or some uncle, probably, that is living in opulence and who does not need the money, will not get it." When his direct descendants and those directly dependent upon him—as, for example, the wife, children, or mother—have all passed away, when the Government has been generous enough to give him this insurance for \$50 per thousand—when all those people are gone—I do not think there could be a better beneficiary than the United States Government.

Mr. MADDEN. But the man himself pays the premiums. If he continues the insurance after the war he must continue to pay the premium?

Mr. RAYBURN. Yes.

Mr. MADDEN. And he is paying it at peace-time rates.

Mr. RAYBURN. Counting off loading, of course.

Mr. MADDEN. He is paying peace-time rates, and every year that he adds to his life adds to the amount of his premium under the plan while he lives; and if he wants to continue this insurance during his lifetime, even though it be with the Government of the United States, it does not seem to me that he ought to be discriminated against by being prevented from making disposition of the policy upon his death. Of course, I admit that while the war continues the Government does assume a risk of \$50 a thousand, but when the war ends the Govern-

ment does not assume any more risk than any other company assumes.

Mr. RAYBURN. But this man has gotten insurance from the Government under circumstances that nobody else would give.

Mr. MADDEN. That is, during the war?

Mr. RAYBURN. Yes; and it is fixed so that by his pay he can keep it up absolutely.

Mr. MADDEN. That is true. But if he was not in the war he would be drawing pay from some other source—more pay than he is drawing from the Government of the United States in the war, and he would be able to buy peace-time risk insurance from an old-line insurance company during the period of the war as well as after the period of the war, and he would be able to make any disposition of his money that he pleased at his death.

Mr. RAYBURN. Yes; I realize that. But I think that under circumstances like those the Government ought to be the beneficiary. In order to do away with all of the fraud that we are trying to escape in this piece of legislation, I believe that that safeguard should be put into it.

Mr. ELSTON. I want to suggest to the gentleman from Illinois that if there is any great hardship on the people that are being carried by the Government; that is, if any soldier is not getting as much as he would get from an old-line company, he can transfer his insurance. Having had the risk at less than he can get it from a private company, he could abandon it and take the cheaper one, and that would inure to the Government's benefit.

Mr. MADDEN. But he may have developed some disease in the war and could not pass the examination, and then you put him in the position of not being able to get any insurance elsewhere in the world. While he is getting it cheaper during the war, he is not getting it cheaper after the war.

Mr. BRUMBAUGH. Under your bill, after the war is over and a man had no dependents, such as you speak of—wife or father or mother or children—would he be permitted to put up his policy for collateral to some outside party not dependent? Would your bill prohibit him from doing that?

Mr. RAYBURN. I do not presume it would. It would be just the same as any other policy for collateral.

Mr. FIELDS. It would be worthless as collateral, would it not?

Mr. RAYBURN. Yes; in case he died.

Mr. FIELDS. In the case of a man who had no dependents.

Mr. BRUMBAUGH. It might be a great accommodation to him to have a policy that he could put up as collateral.

Mr. RAYBURN. Yes; it might be. It would be a great accommodation to him if we did not have to send him into this war, too; but we can not prevent that.

Mr. FOSTER. I do not know that I understand this, and I want to ask for information. When a soldier is discharged from the service he can not still go on having this insurance by paying \$8 a thousand yearly?

Mr. RAYBURN. No; it goes up.

Mr. FOSTER. How much?

Mr. RAYBURN. I am not actuary enough to know, but it is renewable yearly, and it will go up, I think, about a dollar or half a dollar a thousand per year.

Mr. FOSTER. But that is smaller in comparison with what the private companies ask.

Mr. RAYBURN. We hope that when this war is over none of our soldiers will be shortsighted enough to retain this yearly renewable policy, because it is the poorest insurance on earth, for the simple reason that when a man pays on that kind of insurance it is just like fire insurance. When he pays and the year is up he has got nothing left. He has had his protection for that year, and we hope that he will convert it into other insurance.

Mr. ASHBROOK. I have been very much interested in what the gentleman has to say on this bill, and it is my misfortune that I was not here when he began his speech. I would like to inquire of the gentleman whether or not he believes that if this bill becomes a law it will be any guaranty that there will not be pension legislation in the future for the benefit of the soldiers of this war, the same as there has been for the benefit of soldiers of former wars?

Mr. RAYBURN. No; there is no guaranty against what a future Congress will do; but I think that in this bill there is a moral obligation against another Congress doing that and against the ex-soldier taking it.

Mr. ASHBROOK. But if not more than 25 per cent of the soldiers of this war avail themselves of the opportunity that they have under this bill, and 75 per cent are not beneficiaries, does not the gentleman believe that the 75 per cent who are not beneficiaries will demand, and receive, pensions?



Mr. RAYBURN. I do not think it is any of the business of the Congress to look out for those who do not avail themselves of the opportunity that we offer them. If a man has this insurance offered to him and he does not take it that is not the lookout of Congress. Perhaps the gentleman does not understand that this compensation provision that is in the bill is not optional with the soldier whether he accepts it or not. That is a proposition that is handed to him. He has no option in that. If he is hurt, he gets it. But when we tender this insurance to him and say, "Here is \$10,000 insurance that you can get for \$80; we know you have got plenty of money, even if you are contributing \$15 a month to your family, because you have got \$15 left and you can pay \$7 a month out of that," we are giving him this opportunity. It will be less than \$7 a month for a man 21 years of age; and after paying that he would still have \$7.50 left for spending money, and our military leaders say that \$7.50 a month is enough money for a private soldier to have in the trenches over there.

Mr. ASHBROOK. I was anxious to get the gentleman's opinion as to whether or not, if this bill becomes a law, it will mean anything more than a temporary benefit to those who avail themselves of the law and will be any guaranty against future pension legislation.

Mr. RAYBURN. The gentleman refers to the insurance provision?

Mr. ASHBROOK. Yes; and the compensation.

Mr. RAYBURN. It is not a question of their availing themselves of the compensation. They get that, it matters not what they do, if they are disabled, or die.

Mr. ASHBROOK. But unless they are killed or disabled—

Mr. RAYBURN. Then they ought not to have it.

Mr. ASHBROOK. But here are at least 75 per cent of the soldiers who will not be beneficiaries under this bill.

Mr. RAYBURN. I am just coming to that in a little while.

Mr. ASHBROOK. Will the gentleman state just as briefly as he can whether or not he believes that the passage of this bill will have a tendency—

Mr. RAYBURN. To stop service pensions?

Mr. ASHBROOK. Yes.

Mr. RAYBURN. Yes; I do; and I certainly believe that every man who goes into this army and comes out is morally obligated not to ask for service pension.

Mr. ASHBROOK. If the gentleman will allow me—

Mr. RAYBURN. I am allowing you. Go ahead, and ask your question.

Mr. ASHBROOK. If the gentleman will allow me to make just a brief observation—

Mr. RAYBURN. You fellows are sure questioners. [Laughter.] Go ahead, I like it.

Mr. ASHBROOK. Here is a war that will affect every section of this country alike.

Mr. RAYBURN. Yes.

Mr. ASHBROOK. There will be no North and no South. There will not be opposition to pensions under this war as there has been probably under some other wars, and the gentleman knows what a clamor there is for pension legislation. If the passage of this bill would prevent general pension legislation such as we now have and such as is demanded of Congress I would be very much more in favor of it; but my candid opinion is that with 75 per cent of the soldiers out of the fold it will not make one iota of difference in future pension legislation.

Mr. RAYBURN. Perhaps it will not. I think it will. It will as far as I am concerned; that is a certainty; and there will be just as many of these soldiers in my district as there will be in yours. I feel that I am morally obligated not to vote for service pensions. I believe the boys who go from my territory into this Army and accept or reject the generous offers in this bill are morally obligated not to ask for service pensions. The gentleman says that 75 per cent of the boys will not be benefited by this provision. I do not believe that.

Mr. ASHBROOK. What percentage does the gentleman think will avail themselves of the law?

Mr. RAYBURN. I think a larger percentage than 50 per cent; possibly 80 per cent.

Mr. ASHBROOK. I hope the gentleman is right.

Mr. RAYBURN. I hope it will be 100 per cent, and that they will take \$10,000.

Mr. MADDEN. They can not take but \$5,000 under this bill.

Mr. RAYBURN. I mean if it is amended. Now, I want to give my reasons for saying that the men will take this insurance. It is going to be placed before every soldier, and after a man makes all the allowance he is required to make for his family—\$15 a month—he has \$15 a month left, or \$180 a year.

He can take \$80 of this \$180 and purchase \$10,000 worth of life insurance.

That will leave him still \$94 a month, as much money and more money than the soldiers along whose side he is fighting in the trenches have, and as much money and more even than the military leaders of this country think they ought to have for the morale of the Army and the morale of the armies by the side of whom they fight. And for that reason when it is demonstrated to these men how easy it is to carry the insurance a large percentage will avail themselves of it. If they do not, we are not to blame. The people of the country who are willing to pay the losses are not to blame. We have offered it to them generously and freely and at a rate that anybody can take and carry during the war. Our skirts are clear and I hope will remain so.

Mr. STEPHENS of Nebraska. Will the gentleman yield?

Mr. RAYBURN. I will.

Mr. STEPHENS of Nebraska. If these soldiers, after the allowance is made for the family at home, have enough left to pay the insurance premium, say for the amount carried in the bill, \$5,000, why would it not be a good thing for the country, for the whole Nation, and for the Government to retain that insurance premium from their pay without their consent and carry the \$5,000 insurance for each soldier without regard to his wages? Would not that be a good thing for the country, compelling the negligent man and the careless man to protect his family and to protect his neighbors and friends who might have to come to his support?

Mr. RAYBURN. When I agreed to vote for the provision in this bill that gives, under regulations, the Secretary of War and the Secretary of the Navy the right to take half of a man's pay and hold it for him, I went the limit of interfering with his business. I am not going to say that he shall take out insurance. I want to say that the old bachelors like I am can take care of themselves.

Mr. STEPHENS of Nebraska. And yet if it was for the welfare of the country generally, and for the welfare of the men who are too indifferent to take out insurance, would not it appear to be our duty to see to it that every soldier did protect his family?

Mr. RAYBURN. Well, it would be for the welfare and happiness of a great many men if more men had guardians, but I would not be willing to vote for it.

Mr. BORLAND. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. BORLAND. Before the gentleman concludes, I would like to have him discuss the question of the limitation of 120 days within which a man may take out insurance. Does that mean 120 days from enlistment or 120 days from the proclamation? After that period has elapsed he has no option at all to take out insurance, has he?

Mr. RAYBURN. No; he has not. There ought to be limitation.

Mr. BORLAND. What is the purpose of it?

Mr. RAYBURN. The purpose is this: We say that for the boys who have gone into the Army and who may be killed before the bill is passed we will carry the insurance for them. They should not be cut off, and we have fixed it so that if they are killed or suffer total disability they shall be paid for that.

Mr. BORLAND. That is, you assume that they have taken out insurance.

Mr. RAYBURN. Yes. Then, on the other side of the ledger, we thought there ought to be a limitation. After they have been in the trenches and have been in the Army six months or a year from now, when they have not participated in the insurance and shown no disposition to do it, we think we should put a restriction upon them, and so we have fixed it at 120 days. It had to be something. It could have been put at 6 months or 30 days; but we thought 4 months was a happy medium. It can be advertised to every man in the service in that time so that he can understand it and make arrangements in that time if he wants to take out insurance. Of course a limit ought to be set somewhere.

Mr. BORLAND. Why would it not answer the purpose to say that a man should be deemed to be insured for the first 30 or 90 or 120 days, and that thereafter he would not be deemed to be insured unless he had put in an application and paid the premium?

Mr. RAYBURN. That is exactly what this is.

Mr. BORLAND. No; it says that after 120 days he loses his right to apply for insurance. That is my reading of it. He must apply within 120 days. Is not that the case?

Mr. RAYBURN. Yes; that is the case.

Mr. BORLAND. Now, it seems to me that he ought to be deemed insured for the first period of enlistment, when he may

not have had the opportunity to apply, and then say at the limit of 120 days the Government would carry on his insurance, but any time within three years or two years after he might apply and pay a premium and come in and take the insurance. During the second year of the war the man might conclude that the insurance was desirable, when he did not feel so strongly during the first year. Now, as the result of this provision he would be entirely excluded from taking insurance when a new man just drafted and taken into the field would have an opportunity to do so.

Mr. RAYBURN. That is the truth, and we think the limit ought to be fixed somewhere.

Mr. ALEXANDER. If the gentleman will permit, I will say that in this insurance matter the rights of the Government ought also to be considered. If it is a good thing for these men to come in early in the war and participate in the benefits, it is hardly fair for them to hold out and let the Government carry the burden during the two or three years and then at the close come in and get the benefits. I supposed that the provision was drafted on that theory.

Mr. MADDEN. I would like the gentleman to allow me to ask him a question.

Mr. RAYBURN. All right.

Mr. MADDEN. I would like to hear the gentleman on the question of the reasons for allowing the commutation of compensation for which this bill provides.

Mr. RAYBURN. Well, yes; it does provide for that.

Mr. MADDEN. I think that is a very important feature of the bill, and I would like to hear the reasons for it.

Mr. RAYBURN. It is a very important feature. We simply thought this—

Mr. MADDEN. I desire to know what impelled the committee to reach the conclusion they could commute.

Mr. RAYBURN. We really thought this, that here is a bureau of the Government entirely in charge of this matter. Here is a bureau of the Government that has the records of these men, the records of the disability covering him as a man and everything about him. That man may want to go into business that will be valuable to him. He may buy a little farm that he can pay probably half on and probably wants to pay the rest. We thought that if he pays half on it and has nothing more than that and is likely to have a bad crop and get it taken away or something like that—we thought in special cases that that commutation would be a real service to the man himself, with the deductions, of course, that must come.

Mr. MADDEN. If the gentleman will permit. I think perhaps if it were confined to the purchase, say, of a farm or something of that sort, it might be all right.

Mr. RAYBURN. He might want to go into merchandise.

Mr. MADDEN. But the records of business show that 95 per cent of all the people who go into business fail. The fair assumption is that a man who has got this pension as the result of his injuries has no special business experience, but he may reach the conclusion after studying that he wants to invest some money in something in which he is sure to fail, and I think if you allow him the commutation you just give him an opportunity to lose that much.

Mr. RAYBURN. No; I think not. The gentleman says this man has no experience. I do not agree with that at all. The man is likely to have been a very good business man and a very fine young man in some store, or something like that, when he had both legs. Now, he is likely to get both legs shot off.

That would not prevent that young man from being at the head of a business. It would not keep him from managing a business even if he had both legs off, but he could not go to work for somebody else in a store, whereas he could run one of his own. He could not rent a farm from somebody else, but he could own one and run it of his own, and we believe in special cases with the records that it might be doing a fellow a very great benefit, and it certainly would not hurt the Government.

Mr. MADDEN. It would not hurt the Government, but it might hurt the man.

Mr. RAYBURN. I understand the gentleman's theory. We think in some special cases it should be done, and in no case could it hurt the Government, because it amounted to the same thing, and it might be of a very great service to his family.

Mr. SIMS. It is only a part that can be commuted.

Mr. CANNON. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. CANNON. Suppose they commute and pay and he fails. Say he has one leg off. Does not the gentleman think that all these people will be cared for by legislation?

Mr. RAYBURN. They might ask to be cared for.

Mr. CANNON. Would not we care for them?

Mr. RAYBURN. I presume in some cases they would ask for it.

Mr. TOWNER. Will the gentleman yield?

Mr. RAYBURN. Yes; I yield.

Mr. TOWNER. Will the gentleman please turn to page 28, line 13, which does not seem to be very clear to me, and I would like to ask the gentleman what his interpretation of it is. This is the sentence that provides that soldiers shall have insurance if within 120 days he dies or is permanently disabled. In the first place it does not provide, as I understand it, what the amount shall be. Now, the amount of insurance may be from \$1,000 to \$5,000 or from \$1,000 to \$10,000. There is no implication here as to what amount shall be paid. Does the gentleman catch what I have in mind? Will a man receive, for instance, \$1,000 or will he receive \$5,000 or \$10,000?

Mr. RAYBURN. For what?

Mr. MADDEN. But he never has made application.

Mr. RAYBURN. It is put somewhere at \$5,000, is it not?

Mr. TOWNER. But, suppose he dies. That is when he lives and in case he does not take it out. In other words, what is the presumption—that he has taken it out at \$1,000 or \$5,000 or \$10,000, as the case may be?

Mr. RAYBURN. I think about \$25 a month for 20 years runs something like \$5,000.

Mr. TOWNER. Yes; but, remember, that can be applicable in the case where a man is totally disabled. Suppose he dies?

Mr. RAYBURN. I think the same thing applies. If you will read on down, when he dies before he shall have secured 240 of such installments, the balance of such 240 monthly installments shall be paid, and so forth. The gentleman means when he is killed in action?

Mr. TOWNER. Yes; certainly.

Mr. MADDEN. Before he takes the insurance out?

Mr. TOWNER. Before any insurance is taken out; before any installments could be paid.

Mr. RAYBURN. Well, the same amount would apply that would apply if he was totally disabled.

Mr. TOWNER. That is very true; but suppose he takes out \$1,000 and is killed; that is all his family gets?

Mr. RAYBURN. Yes.

Mr. TOWNER. He might take out \$5,000, and they would get \$5,000?

Mr. RAYBURN. Yes.

Mr. TOWNER. It seems to me it is not clear how much the family would get in case he was totally disabled.

Mr. RAYBURN. The same provision applies if he is totally disabled as would apply if he died.

Mr. TOWNER. No; I do not think it says that.

Mr. RAYBURN. Probably it is not clear; but that is what is meant, anyhow. Possibly the language is not entirely clear; but it is intended that his family should get the same if he dies as he would get if he lived and was totally disabled.

Mr. TOWNER. Still the gentleman will see that that might be any sum from \$1,000 to \$5,000, and it does not clear up the difficulty. If it was intended now that his family should receive, in case of his death, \$25 payments for 240 monthly installments—

Mr. RAYBURN. If he is totally disabled, he gets \$25 as long as he lives. If he dies before 240 payments, then his family gets enough to make up the balance of the 240 payments.

Mr. TOWNER. I wish the gentleman would give that matter attention.

Mr. RAYBURN. That is what we intend, namely, that his family shall get what he has been getting, on up to until 240 payments. If it is not clear, we will be glad to try to make it so.

Mr. TOWNER. I thought probably it was the intention of the committee to see that his family, if he was killed in action, should receive 240 payments of \$25 each monthly.

Mr. RAYBURN. I say I think that is what we mean, and if the language is not clear or if it is not legal we will be very glad to change it. I thank the gentleman for the suggestion.

Mr. ALEXANDER. Permit me to suggest that this insurance is only payable at death, and if the party dies before this law is promulgated, before he has the selection of 120 days to insure, his family will get the maximum sum of \$10,000.

Mr. TOWNER. It does not so state here.

Mr. ALEXANDER. I think it does. That is the intent.

Mr. OSBORNE. Will the gentleman from Texas yield?

Mr. RAYBURN. I will.

Mr. OSBORNE. On page 18, lines 16 and 17—



Mr. RAYBURN. I had hoped that those things would go over until the five-minute rule, but I will try to answer it if I can.

Mr. OSBORNE. On page 20, lines 13 and 14, I read "the maximum monthly compensation for total disability shall be \$200." And in the other case, "for disability, \$200." What does that mean? It says \$200 monthly compensation.

Mr. RAYBURN. It means it matters not what a man's rank is or what his pay is, when he is killed they do not have to pay his family over \$200 a month.

Now, Mr. Chairman, I am going to quit—

Mr. COOPER of Ohio. There is just one question I would like to ask, if the gentleman will permit. I would like to know, as a matter of information, if it is possible for a soldier who is to go out on the firing line to take out insurance to-day with the old-line insurance companies?

Mr. RAYBURN. Yes.

Mr. COOPER of Ohio. Can you tell me what the rate is?

Mr. RAYBURN. The average war rate is about \$58 a thousand for a man who will get this insurance for \$8 a thousand.

Mr. MOORE of Pennsylvania. What would be the normal rate apart from war, compared with that \$58?

Mr. RAYBURN. Eight dollars in peace times. But in war it would be \$58.

Mr. REED. It has come to my knowledge just to-day of a young man who could not get insurance in an old-line company but he has been passed in this draft. Now, that leads up to the thought that the Government will insure a great many people and give them an opportunity to have insurance for the rest of their lives who could not get it in old-line companies.

Mr. RAYBURN. And if the Government takes a man and pronounces him sound and puts him out in the war to incur these dangers, it ought to take him as an insurance risk.

Mr. MOORE of Pennsylvania. The gentleman stated that the old-line insurance companies would give a man insurance now who went into the war at \$58 a thousand?

Mr. RAYBURN. Yes; the Metropolitan Life Insurance Co. offered to take \$300,000,000 at that.

Mr. MOORE of Pennsylvania. In peace time what would the Metropolitan Life have given that at?

Mr. RAYBURN. Eight dollars a thousand, if they write that kind of insurance.

Mr. MOORE of Pennsylvania. Just the rate you propose by the Government?

Mr. RAYBURN. Yes. Now, Mr. Chairman, I hope I have not wearied the House.

Mr. SMITH of Idaho. Do you state that you can get insurance now for \$8 a thousand?

Mr. RAYBURN. I might not in some companies. I do not know whether the Metropolitan Life writes that kind of insurance or not.

Mr. SMITH of Idaho. They do not. It costs \$20 a thousand.

Mr. RAYBURN. There are plenty of companies that will write this for \$8 a thousand, and I do not know but that the Metropolitan Life will do that itself. I say, I do not know. I know they said they would take \$300,000,000 at \$58 a thousand, while the Government is willing to take it at \$8 a thousand.

As I started out to say, Mr. Chairman, of course I would probably have enjoyed more making a connected statement, but I have not failed to enjoy being asked these questions, and my only apology is for the fact that I have taken up so much of the time of the House. I believe that this is a piece of real constructive legislation. I believe that it will help us, if it is passed and passed speedily, to quiet the fears of a great many people of this country and that it will bring about an enthusiasm for the war and enthusiasm at home such as very few things would do. I hope that it will be speedily passed by the House and speedily passed by the Senate and that we may add this much to try to win this war and bring it to a speedy conclusion. I am through. [Applause.]

Mr. MADDEN. Will the gentleman yield for a further question?

Mr. RAYBURN. Yes.

Mr. MADDEN. I would like to know whether the committee gave any consideration to the cost, the increasing cost—the first-year cost, and the second-year cost, and so on?

Mr. RAYBURN. We have appropriated here what we think the first cost would be.

Mr. MADDEN. That is about \$160,000,000 or \$170,000,000?

Mr. RAYBURN. Yes. Of course as the war goes on it will get bigger and bigger. There is no question about that. I think there is a report here from an actuary who says something about that. I do not know. I think it is in Wolf's state-

ment—a statement of what the second-year cost will be of this insurance.

Mr. MADDEN. It seems to me that is one of the important factors in connection with it and it ought to be presented to the committee.

Mr. RAYBURN. I do not remember it, I am frank to say. I thank the House. [Applause.]

Mr. ESCH. Mr. Chairman, I yield one hour to the gentleman from New Jersey [Mr. PARKER].

The CHAIRMAN. The gentleman from New Jersey is recognized for one hour.

Mr. PARKER of New Jersey. Mr. Chairman, I hope to be able to get my general views with reference to this bill before the House. I was one of the Members of the Committee on Interstate and Foreign Commerce—there were only about four of us—who went on with the hearings, although we had no quorum, because it was urged to be for the benefit of the soldiers.

Mr. MADDEN. Does the gentleman wish to have it understood by the House that this bill was reported by the committee without a quorum?

Mr. PARKER of New Jersey. No; but the hearings were held without a quorum. I was one of the bare quorum that was brought back here in order to get this bill before the House in some shape.

I myself from the beginning was very doubtful as to whether it would do the work that was required for the protection of our soldiers, and in view of the debate thus far I feel justified in the opinions that I expressed in my views as printed, not only separately, but in the Record, and I wish that everybody would read them—I shall not repeat them—as to the details of this bill.

We want to do all we can for the protection of our soldiers and for the protection of their families. My view is, in brief, that so far as provision during their service for their families is concerned, by what they call allotment of pay and family allowance, this bill only muddles it, because it takes its administration away from the War and Navy Departments, which administer it in every other country and which administered it during our border warfare here for our National Guard, and puts that administration where a separate application has to be made to a separate new bureau of the Treasury. Probably this matter ought to be provided for by a short statute somewhat on the model that we used when we sent our National Guard to the border. It worked well, and I think I can show that the method proposed by this bill will not work well.

In the second place, there is a provision for payment by the Government to the man after he gets out of the service, in case of his disability, or to his family if he dies. They call that "compensation." They say it is not a pension, because a pension is a charity. Pension is not a charity. Pension is a payment as defined in Webster, made by a government to persons in consideration of services. Here it is:

Pension: A stated allowance or stipend made, in consideration of past services or of the surrender of rights or emoluments, to one retired from service; especially a regular stipend paid by a government to retired public officers, disabled soldiers, the families of soldiers killed in service, etc.

Compensation is just such a payment. It is a pension, and in so far as this bill deals with amendments to our pension laws, some of its provisions may be in the right direction. But some of them are violent changes that have not been approved either by our Commissioner of Pensions or by experts in that regard. They have not passed the Committee on Pensions or the Committee on Invalid Pensions, which have to do with the subject, and they have not passed the Committee on Naval Affairs or the Committee on Military Affairs, which have a large interest in the questions of compensation paid to our Army and Navy under the law, and I think, therefore, that it is dangerous to include these amendments in such a bill as this. Certain points are already noticed by this House in which the changes are certainly not for the benefit of the Army or for the benefit of the Government.

Now, the third proposition is one that they call "insurance," to be established and carried on by an entirely new department, which, by the way, is to oust the Pension Department from its work, work which it understands, with all its traditions and precedents, and to put in new officers and new managers. And now it is proposed to add a so-called "insurance." That insurance provision is drawn so as to apply to an army in peace as well as in war, allowing the Government to insure a man between certain ages in sums from \$1,000 to \$5,000. At first the limit was \$10,000. But they went on to say that during war the man shall pay only a peace insurance risk; that is, the risk of his dying; but be insured during the war not only against the risk of dying, but against being disabled during that year. His ordinary risk in time of peace is less than \$8 a thousand per year; that is, less than 8 men of from 20 to 25 years of age die



out of a thousand during a year. All the testimony before us is to the effect that in war time 75 out of 1,000 men at the front are killed and 50 disabled, so as to make the risk 125 out of every 1,000 instead of 8; and the Government is assuming all that risk for a nominal payment by those who choose to take out the insurance. It is a provision which, if only a few take out insurance, gives such an advantage to that few as is beyond fairness, while if all take out insurance, with an Army of 2,000,000 men at the front, one year's losses, at the rate stated which exist there, will amount to \$1,270,000,000. It is a matter of some importance.

Mr. ALEXANDER. Will the gentleman yield at that point for a question?

Mr. PARKER of New Jersey. Yes.

Mr. ALEXANDER. The liability of the Government would be distributed over 20 years, would it not, for payment?

Mr. PARKER of New Jersey. For the first year, yes; and the second year again, and the third year again, and if this war lasts five years it will be a heavy liability.

Mr. Chairman, if distributed annually and paid for by the Government, after all it is nothing but a pension. It is something that the man has not paid for, because he has not bought that insurance. Nine-tenths of it is furnished by the Government. There is no excuse for establishing a new bureau, with all sorts of offices, for the sake of providing Government State insurance in time of peace for any army, whether it has been at war or not. That is what the bill provides. Now, I propose to take up these topics in order.

Mr. SWITZER. If the gentleman will yield, right on that point, it occurs to me that the man who is benefited by this insurance, according to the report, not only gets the compensation but he would have additional compensation for merely paying \$8.

Mr. PARKER of New Jersey. Just so, and it will be probably the men who can spare the \$8 best, the single men or those who have no families dependent upon them, who will get that extra benefit.

Mr. SWITZER. A man gets additional compensation which he does not pay for.

Mr. PARKER of New Jersey. Yes; he pays \$8, and he gets \$117 free. He gets a great deal more than that.

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. PARKER of New Jersey. Yes.

Mr. COOPER of Ohio. Does not the gentleman think that the Government ought to be willing to pay that compensation to those men who are willing to risk their lives?

Mr. PARKER of New Jersey. I think the Government should pay a proper compensation or pension to every man, and I do not think the men ought to pay a single dollar for insurance. In my opinion, the insurance scheme is a humbug.

Mr. STEENERSON. Does the gentleman think it is fair to donate five-sixths or seven-eighths of this insurance to the man who pays this small premium?

Mr. PARKER of New Jersey. No.

Mr. STEENERSON. And withhold it from the others?

Mr. PARKER of New Jersey. No; I do not. It ought to be given to all or to none if we are for equality in the Army. To get down to some of the details of the bill. We do not want to send married men to this war except as officers, who get enough pay to take care of their families. It is said that the National Guard of some States have discharged every married man, and will not take married men under any circumstances. Other States allow them to go. If a man is drafted and has a wife or family dependent upon him for support, he can be exempted. If he does not ask for the exemption, of course he will go under the draft, and as a result there are entirely too many married men in our Army at \$33 a month. Perhaps they ought not to be accepted. I remember an officer in the Spanish-American War who refused to take any man who was married or had dependents. He tried to get men who wanted to fight and go into battle and run their risks, and not men who were thinking of the dear ones at home. He wanted the young and the unmarried, and men who were warriors by nature, and not the men who had families dependent upon them. Perhaps he was right, although we have some men in this country, thank God, like the former President of the United States, ready to sacrifice everything to fight for their country, and it would be better to send such men to fight than to keep them at home. [Applause.]

Mr. GORDON. Will the gentleman yield?

Mr. PARKER of New Jersey. If it is on this point.

Mr. GORDON. It is on the very point you just referred to, about that officer in the Spanish War refusing volunteers because they were married. Do you know of any law that

authorized him to do that at that time? That was before we had this conscription.

Mr. PARKER of New Jersey. He could accept whom he pleased.

Mr. GORDON. He could?

Mr. PARKER of New Jersey. Yes.

Mr. GORDON. Where did he get the authority to do that?

Mr. PARKER of New Jersey. Because he was filling up a regiment of volunteers under the State law, and he selected the best men that he could get.

Mr. GORDON. Do you know of any State law that authorized him to reject from the National Guard anybody because he was married? I should like to know the name of that State.

Mr. PARKER of New Jersey. He wanted a good regiment, and he got a good fighting regiment of the very best sort. We do not know whether he was technically right or wrong. It is known that the feeling of Congress, when we passed the last draft law, was that we did not want married men in the Army, but they are putting them in, and it is really too bad. But, now that they are in, it is the duty of every country that has married men in the ranks to provide for their families. The United States did when we sent our men to the Mexican border, and did it very easily. Under the appropriation act of August 27, 1916—

The sum of \$2,000,000 is hereby appropriated, out of any money in the Treasury not otherwise appropriated, to be expended under the direction of the Secretary of War, and under such rules and regulations as he may prescribe, for the support of, at a cost of not more than \$50 per month, or so much of said amount as the Secretary of War may deem necessary, and not more than such enlisted man has been contributing monthly to the support of his family at the time of his being called or drafted into the service of the United States or during his enlistment period in the Regular Army at the time of such call or draft of the Organized Militia or National Guard, the family of each enlisted man of the Organized Militia or National Guard called or drafted into the service of the United States until his discharge from such service, and the family of each enlisted man of the Regular Army until his discharge from active service therein or until the discharge of the Organized Militia or National Guard from such service if such enlisted man is at that time in active service in the Regular Army, which family, during the term of service of such enlisted man has no other income, except the pay of such enlisted man, adequate for the support of said family: *Provided*, That the action of the Secretary of War in all cases provided for in this paragraph shall be final, and no right to prosecute a suit in the Court of Claims or in any other court of the United States against the Government of the United States shall accrue to such enlisted man, or to any member of the family of any such enlisted man, by virtue of the passage of this act: *And provided further*, That this paragraph shall not apply to any such enlisted man who shall marry after the 15th day of July, 1916; and the word "family" shall include only wife, children, and dependent mothers.

Something like this ought to be the law now and ought to come in now from the Appropriations Committee. There should be an appropriation made to take care of the families of enlisted men. That provision was only for support from the Government—a family allowance. Every government now with married men in the war exercises another privilege. The United States has always said that when its soldiers were sent abroad there ought to be some way of their pay being paid to their families by the paymaster. There was a law passed in 1899, when we sent men to the Philippines, of this character. I read section 871 of the military law. There are other sections referring to details afterwards.

The Secretary of War is hereby authorized to permit enlisted men of the United States Army to make allotments of their pay, under such regulations as he may prescribe, for the support of their families or their relatives, for their own savings, or for other purposes, during such time as they may be absent on distant duty or under other circumstances warranting such action.

There are five or six sections with reference to the details. The allotments are to be paid to the allottees, and the Secretary of War has managed the whole matter.

Mr. McKENZIE. Will the gentleman yield?

Mr. PARKER of New Jersey. Yes.

Mr. McKENZIE. The payments referred to in that section were made out of the soldier's monthly pay.

Mr. PARKER of New Jersey. That is so. It is out of the soldier's pay.

Mr. McKENZIE. The Government did not contribute anything extra.

Mr. PARKER of New Jersey. No.

Mr. YOUNG of North Dakota. Mr. Chairman, I do not think the gentleman from New Jersey ought to be interrupted. He has given a great deal of study to this and he ought to be heard. I would like to hear what he has to say about it.

Mr. PARKER of New Jersey. Now, in Canada and other countries they have done something like what is provided in Article 2 of this bill. They have provided for an allowance for the family—part from the man's pay and part from the Government. The figures given in the bill seem pretty fair, but I have no doubt the Secretary of War could make regula-



tions just as good if we had an act passed like that we had in the war at the border. The Canadian law says that the Government will allot so much to the family, provided the soldier consents to allot at least half of his pay, or 20 days' pay a month.

The result is, for a private of the rank and file \$20 a month is allotted by the Government for the needs of the dependents of the soldier. They call it a separation allowance. They say that when the separation allowance is being paid it is compulsory for him to assign at least half the pay of his rank.

Mr. LONERGAN. Will the gentleman yield?

Mr. PARKER of New Jersey. Yes.

Mr. LONERGAN. What pay does the soldier get in Canada?

Mr. PARKER of New Jersey. About the same as he does here, I think, \$30 a month; but I am not quite certain.

Now, with those who get more, more would be allotted out of the pay, because if the pay was \$50 or \$60 a month, \$30 would come out of the soldier's pay, and in the case of a sergeant \$25 is allotted from his pay and granted by the Government. With warrant officers \$30 from each.

That is practically the principle suggested in this bill. Probably the bill gives fair amounts, and it might be better to put the figures in a statute; but the trouble about the whole matter is in administration. When the War Department enlists a man it asks him, "Have you a wife?" "Yes." "And children?" "Yes." "Dependent on you?" "Yes." The recruiting officer acting for the Government, or some one in its behalf, goes around and verifies the fact, and says that is so. Then they can make an arrangement with the man that the War Department will pay directly to his family half of the pay and also the allowance made by the Government. It is all done promptly, as was done by us under the statute referred to when soldiers went to the border.

But under this bill no such allowance can be made until an application has been filed with the new bureau of the Treasury presided over by the commissioner of naval and military insurance. And when he makes the award an amount equal to the Government allowance and not more than half of his pay and not less than \$15 shall be allotted from his pay.

Imagine a million men that are drafted, that have been called to their camps or have gone to the front. Their families are left without support under this bill—must wait to file applications to a new bureau which will have a million or two million such applications before they can make an award.

No allowance can be made by the Government, no allotment can be made until the applications have gone through this new bureau where new officers are gathered from all over the country, with no local acquaintance such as was had by the recruiting officer, and the family are left without any allotment of pay and no allowance is made until this is done. Pass such a bill as this and you will have the whole country down upon the Congress that made such an absolutely unworkable scheme for getting money to the families of our soldiers.

Article II is right in its object. It is all wrong when it entrusts allotment of pay and family allowance to a separate bureau. This must be done by the recruiting officer or an officer in charge of it right then and there when the man is taken into the service, so that the War Department will pay the allotment and allowance to the family. We did this once and can do it again. We can not wait for a million cases to be taken care of in the Treasury Department.

Mr. ALEXANDER. Is it the gentleman's notion that this pay to the family of the soldier should be made on the allotment of the recruiting officer of the War Department while in the meantime the wife and child or children of the soldier may have died and the conditions changed? Is that the gentleman's notion?

Mr. PARKER of New Jersey. It is the recruiting officers of the Army and Navy who find out about these changes from time to time. The operation would be simple. The person who has charge of the draft has the returns as to whether the man has dependents or not. Those returns come into the War Department from the officers charged with drafting men.

The officer of the War department who drafts the man deals with him from the beginning. They make returns. Thereupon the paymaster pays. If the man is discharged from the service the paymaster is ordered not to pay. The whole is managed as part of the business of the War Department. It is part of the Pay Department, as well, and has to be managed there and nowhere else. Now, so far as section 2 is concerned, even if we keep the particular provisions of the statute which perhaps are not unfair, everything in reference to this new bureau should be stricken out. For example, section 204 says:

That a family allowance of not exceeding \$50 per month shall be granted and paid by the United States upon written application to the bureau by such enlisted man or by or on behalf of any prospective beneficiary, etc.

Under another section an award of the bureau must be made. When the award is made an allotment of pay may be made equal to the amount of the allowance. How you are chasing these awards and allotments back and forth from one department to another. Application is made to the Treasury on behalf of the beneficiary after some poor fellow has gone to France, who, perhaps, does not believe and does not acknowledge a wife, and that question must be litigated before the Bureau of War-Risk Insurance, so called, in the Treasury Department, when the man is in France, instead of having been settled on the original enlistment or draft by the War or Navy Departments; not, perhaps, by the enlisting or recruiting officers, but by some person in charge of these enlistments or recruitments who has charge of this matter of allotments and who sees that they are taken care of.

Mr. MADDEN. Will the gentleman explain to the committee why it was recommended that allotments should be made to a divorced wife of a soldier?

Mr. PARKER of New Jersey. That is done in Canada if the courts have already allowed alimony. The committee thought in that case we were bound to carry out the award of the court in granting alimony.

Mr. MADDEN. This does not say anything about alimony in this bill.

Mr. PARKER of New Jersey. Yes; it says to the extent the court orders such payment.

Mr. PLATT. I have read this bill several times and there are a good many features of it I do not quite understand. Now, the allotment is made compulsory to the wife. Suppose here is a man who is drafted. He appeals to the local exemption board for exemption on the ground that he has a wife and family dependent upon him and they say they are not dependent? He appeals to the district board and they refuse exemption. What status is he in? Will his wife get this allowance?

Mr. PARKER of New Jersey. That is a conundrum; I do not know.

Mr. PLATT. And it has been finally decided his family is not dependent on him?

Mr. PARKER of New Jersey. It is impossible to go over all of these questions, because I have only an hour, and can not go into all the details of this bill. The moment that the law makes two masters, one the War or Navy Department, the other a bureau of the Treasury, which has not had anything to do with enlistment, does not know anything about the soldiers, but gets all its information from the War and Navy Departments, the matter goes into inextricable confusion, with transfers and letters and communications between these various departments to such an extent that it is not a workable plan. If there should be a compulsory allotment taken from the pay, whether for a family allowance or because he should not have so much pay, it is for the House to decide whether there should be such a compulsory allotment, and if the Government gives anything else as a family allowance, let it be done through the same authorities who enlist and draft or recruit the man and know his status and not in any other way. There is no sense in calling in the Treasury or a new bureau. The estimates are for 40 per cent of families dependent. Probably there is no such large proportion of the privates who have families dependent on them, but there may be in the future. It may be that family men must be called into service of the United States, and there ought to be an amendment, either to this old law as to the Army and Navy, or else a simple law like the appropriation which was made in 1916 and continued during several years. Some such provision as that can be made now in the pending deficiency bill which will take care of this.

Mr. MADDEN. Did this bill originate in the War Department, or in the Navy Department, or the Department of Commerce, or the Treasury Department, or in the committee?

Mr. PARKER of New Jersey. Who knows? It came to the committee with a letter from the Secretary of the Treasury. It was helped by Judge Mack, who is a very lovely man and who has taken great interest in it. He is a judge; he knows something about insurance, too. It is likewise favored to a certain extent by the commissioner of insurance of Wisconsin, Mr. Ecker, who favors a different plan of insurance; not a 1-year term policy, but a 20-payment insurance. Capt. Wolfe explained the Canadian allotment to us, but did not say anything in favor of this new bureau.

There should be a compulsory allotment of pay and a family allowance. But a separate bureau would create a confusion that destroys the rights of the soldier, and I will never vote for it.

Mr. MADDEN. Has the gentleman ever seen the letter written by the Commissioner of Pensions to the Assistant Secretary



of Commerce, in which he discusses this bill and is rather inclined to be opposed to it?

Mr. PARKER of New Jersey. When I get through with what I want to say about pensions we can refer to that letter. I have not got to pensions yet.

Now, the third article of this bill is purely and simply a pension bill. Possibly none of our committee knew anything about pensions. Not one of us ever served on the Committee on Pensions. We all of us know about private pension bills, of course, inasmuch as we have had claims from time to time. We know of some of the benefits of the present pension laws. Poor fellows without arms and legs who now are paid \$100 a month would get considerably less under this bill.

Mr. MADDEN. While the gentleman is on pensions, I would like to ask him another question.

Mr. PARKER of New Jersey. If the gentleman will wait until I get through with pensions, then I will yield to him.

We know, of course, also some things that sometimes seem to be abuses of the pension laws; for instance, where a man who has been somewhat hurt by disease, we will say by dysentery, down in the swamps of Chickahominy, and who died 50 years afterwards of a return of that disease and has received a pension perhaps for a disability of that sort. Shortly before he died he is married to a young wife, or a wife has married him, and the Government pays her a pension which may last for nearly 100 years after the war, as Revolutionary pensions have done. Such things are not unknown. Pension legislation is the most difficult as well as the most righteous branch of legislation that comes before Congress, and it is hard to make a proper pension law. The Committee on Commerce knows nothing of the subject by experience. I confess that I was rather reluctant to have a bill put through without knowledge which would mean an entirely new system of pensions. The committee did amend this bill so as to provide that a wife who would receive a pension should be a wife at the time of the injury. It is a question whether the House will stand by that or not. There are two sides to the question.

There is one rather peculiar thing about this bill, and that is as to the widows of officers. Widows of officers, it is to be confessed, have not been properly treated by the old pension law. That law was passed about 100 years ago, and it provided for pensions for total disability to a private of \$8 a month, and rising to \$30 a month for a colonel, or something of that sort, which was the highest pensions for total disability in the day of cheap prices. It was likewise provided that a widow should receive the same pension after her husband died that he received, so that the widow of the private would receive \$8 a month and the colonel's widow would receive \$30. From time to time the pension for total disability has been changed without reference to rank, until a man who is totally disabled, even if a private, sometimes receives \$100 a month for certain sort of injuries, while the widow of Admiral Farragut by the general law would have received only \$30 a month, not enough for her to live upon in the station in which she had lived, or to do anything except starve.

Probably the pension laws ought to be amended. I do not contend they are right. But I am not quite certain, but it is a case of fools rushing in where angels fear to tread, when a committee that knows nothing about pensions provides incidentally that widows shall receive 25 per cent of the pay of the soldier for life, and not less than \$30 a month. A major general's pay is \$8,000. There are some major generals who do not see very much service. We had some men during the Civil War who were made major generals and who dropped to the rear very quickly, but may have finally died from injury in the service. A man is put upon the retired list in the Army for disability which was incident or disease which was incident to the service, and it is generally held to be such a disability if the disease has come without any fault of his own while he has been serving, and they do not look too closely into the fact as to whether he crooked the elbow too much or was careless about his exercise or ate too much.

In such a case retired pay would go to him, and 25 per cent probably in the future would go to the widow. Twenty-five per cent of \$8,000 is \$2,000 a year. And if that old, retired officer has married a wife and has small children the pension may run up to \$200 a month. If abuses have existed under the present pension law, by young women marrying old men for the sake of pensions, what may happen when there will be prizes of \$2,000 a year to be gotten?

Mr. KEY of Ohio. The gentleman says he thinks the present pension law should be revised. Does he not think the proper way to get at that would be for some Member to introduce a bill to amend the present general pension laws, and refer it to the proper committee, the committee that has given some at-

tention, some study, to these pension laws, and let the bill be reported by that committee with the proper recommendation? Does not the gentleman think that is the way to get at this without bringing this legislation in a bill before a committee that has never had anything to do with pensions?

Mr. PARKER of New Jersey. If the gentleman will pardon my answer, I do not know how we can get proper pension legislation if I judge from the way I have seen pension legislation go through this House. But it is certain that it is not the proper way for a committee, without any report from the Commissioner of Pensions, or the Committee on Pensions, or the War Department, or the Navy Department, to put a bill before this House and ask for its passage.

Mr. KEY of Ohio. I think you are right.

Mr. PARKER of New Jersey. That is all I have to say. I have opposed it for that reason. I do think that there should be something better done for the widows of officers. Possibly it should be confined, however, to the widows of officers who are killed in the war. If the proposition is to give 25 per cent of the officers' pay to the widows of officers killed in war on the field of battle or dying of wounds, I will say "Yes" every time. Perhaps we might put in the limit, however, that the pension should not be over \$100 a month in any individual case. Perhaps that is enough, and \$2,000 might be considered too much. Yet I do not want to impose my judgment upon the House, because I do not know; and I believe that no Member should advocate before this House the passage of any measure as to which he is so profoundly ignorant as I am in this case—except in certain minor matters—about the operations of the pension laws or what is really the fair way to take care of the old soldier and his family liberally and well.

The gentleman from Illinois [Mr. MADDEN] wishes to ask me a question.

Mr. MADDEN. Yes. I want to ask the gentleman what he thinks of the possibility of an appeal being made by the present pensioners for higher rates immediately upon this bill becoming effective.

Mr. PARKER of New Jersey. Probably we will get all the appeals that we could get on any subject. Those will come.

Mr. PLATT. The gentleman says, if I understood him correctly, that this bill would apply to about 40 per cent of the Army.

Mr. PARKER of New Jersey. No; but the hearings said so.

Mr. PLATT. Is that in the hearings?

Mr. PARKER of New Jersey. Yes; it is in the hearings. Otherwise I would not have put it in my statement. You will find the reference to the page in the minority views.

Mr. PLATT. Who made that statement?

Mr. PARKER of New Jersey. I have forgotten. It is on the authority of the man who made up this thing.

Mr. PLATT. I doubt very much whether it is anywhere near the truth.

Mr. PARKER of New Jersey. I doubt so, too; or, if it is more than 10 per cent. But I want to say this, however: If we pass this new compensation or pension law—for if you strike out the "com" and the "at" you have nothing but "pension," and the words "compensation" and "pension" mean the same thing. [Applause.]

Even if we pass these new rates, we are asked to do an unheard-of thing. The United States now has a bureau that knows all about pensions, with men all over the United States ready to investigate every particular case. The bureau has its local agents and its special agents and its headquarters men, and it understands all of the applications of the law, and yet this bill proposes to tell it, "You shall have nothing to do with this." It is to be referred to a new bureau of the Treasury Department, with power to employ all the clerks, experts, and actuaries and do everything that they please. Certainly no sensible man, managing ordinary business and already having in charge a branch of his business, devoted to the management of that particular thing—compensation for death or disability—would ever refer that matter to some other bureau. This new bureau is purely commercial, a bureau with reference to war-risk insurance, a bureau in which they take care of foreign cargoes and foreign crews and foreign vessels engaged in foreign commerce. This bill makes this matter of pensions to soldiers an adjunct to that bureau of sea voyages and adds the question of allotting the allowance to the soldiers and their families.

It is hard to know how to amend the bill. We can strike out, but it is a question whether it will be germane on the principles of the bill to amend by providing that this whole question of pensions shall be administered in the Bureau of Pensions. Let somebody who is a "sharp" on the question of what is legal



under the rules of this House answer on that. I am doubtful. Perhaps our only remedy is, if we can, to change the "compensation" to "pension," and strike out the new bureau.

Mr. SNYDER. Can you tell us what percentage of the French Army has been killed, including those who died of wounds, in the first six months of this war?

Mr. PARKER of New Jersey. Not as to the French Army. But if the gentleman will read over my views he will find that it is stated in the hearings that the best report from the Canadian forces and the English forces is to the effect that 75 out of every 1,000 were killed in the first year and 50 out of that number were disabled.

Mr. SNYDER. Has not that been reduced considerably since then?

Mr. PARKER of New Jersey. I hope it has.

Mr. SNYDER. Is it not a fact that a noted French statistician gives the statement that the French Army in the first year lost nearly 16 per cent and in the first six months of this year the total casualty list was 5.2 per cent?

Mr. PARKER of New Jersey. Yes; and in the battle of the Marne they nearly whipped the German Army by going forward and taking the necessary risks. Now they are fighting in the trenches and not doing very much and not winning very much. I do not think that battles can be fought and victories won, or wars won, without great loss of life.

Last comes the insurance question. In this insurance business there is established a bureau. I will not read all the words of the bill, but there is a director, under the control of the Secretary of the Treasury, who may make regulations and decide all disputed questions, make rules and regulations as to the compensation of attorneys, as to proofs and evidence, and as to allowances, allotments, compensation, or insurance, the method of investigations and examinations, and the form of adjudications and awards. Those are the two bureaus, one of marine and seaman's insurance and the other military and naval insurance, each with a commissioner at its head. The bureaus may have deputies, assistants, actuaries, clerks, and employees, use Army and Navy surgeons, have an advisory board on insurance in fixing premium rates and adjusting claims, and witnesses may be subpoenaed and papers proved on oath, with power to enforce the subpoenas in the courts. All this is in the process of adjusting claims, and \$100,000 is appropriated for present expenses.

It is a whole new bureau. Our Pension Department has been taking care of appropriations once amounting to \$175,000,000, when they were at the highest, for an Army that went up to a million men. How many clerks will be required for an Army that may go up to 5,000,000 men? And how much expenditure will go through that department?

The bureau is not only to take care of pensions, but it is to have full power to grant military and naval insurance, in peace as well as war. It has nothing to do with this war except incidentally. It is a complete system of military and naval insurance for the Armies of the United States. The United States shall sell insurance to any soldier or sailor, not only against death but against total disability, for the sums mentioned—\$1,000 to \$5,000. The amount was \$10,000, but it is now \$5,000. Insurance is to be applied for within 120 days after enlistment, or after notice of the terms of insurance under this bill, and every man previously enlisted who is totally disabled or who dies before this time will get \$25 a month in 240 installments, or \$6,000 altogether, to be paid to him or to his wife, child, or widowed mother.

The director is to publish a form of insurance not attachable or subject to creditors, payable to the spouse, child, grandchild, parent, brother, or sister, and also during total disability to the injured person, or to any or all of them, and to such other persons as may be provided from time to time by regulation. It is to be payable only by installment, with ordinary insurance provisions for maturity at certain ages, life or term policies, cash, loan, paid up, and extended values, with the right to change the beneficiaries. This is all applicable to peace as well as war.

The United States is to bear all expenses of administration. The premium rates must be the net rates based upon the American experience table of mortality, with interest at 3½ per cent per annum. That gives more than is given by most insurance companies, for the best of them have reduced the interest to 3 per cent per annum, because that is all they can be sure of getting. Payments of the premium are to be paid monthly, and may be deducted from the pay or deposit of the insurer, or otherwise made at his election.

The United States may be sued. Attorney fees may be allowed as a part of the judgment up to 10 per cent.

Now, so far this is all Government insurance up to \$5,000 for any soldier or sailor who applies, with all the complications of

the insurance business, and at a flat rate, without any loading, and all these provisions are applicable to peace as well as war.

But by two sections, 403 and 404, the United States bears the expense of the excess mortality and disability cost resulting from the hazards of war, and during the period of war the insurance shall be term insurance, for successive terms of one year each, convertible after the war—though there is nothing left of the policy so far as reserve is concerned—without medical examination, into such form or forms of insurance and such provisions for premium payment as may be prescribed by regulations. All the complications of the insurance business are thus to be dealt with by a bureau down here in Washington.

Why this general insurance scheme? Are we going to have State or Government insurance for the Army and Navy? That ought to have been reported by the Army or Navy Committee as a part of the pay and privileges of the Army or Navy. Is it going to be an insurance bureau for all the people of the United States? Such a bill ought to come from the Judiciary Committee of the House. It has no place in the Committee on Interstate and Foreign Commerce. But what I do object to about the thing is this—

Mr. SNYDER. Will the gentleman yield?

Mr. PARKER of New Jersey. I am just in the middle of the statement of the provisions of the bill.

Mr. SNYDER. Just for a short question.

Mr. PARKER of New Jersey. Yes.

Mr. SNYDER. Inasmuch as the estimate of the cost of this bill for the first year is based on \$175,000,000, I should like to ask what estimate of casualties was used to make that estimate?

Mr. PARKER of New Jersey. My recollection is that it was for an army of 250,000 men at the front for six months, and they estimated 75 killed and 50 disabled for each 1,000 men. You will find it stated carefully in my printed views, because I abstracted the testimony on that subject with some care.

These estimates (p. 51) assume an Army of a million men in the first year, family allowances to 40 per cent, averaging \$300 per man; that only 250,000 will be in active service; that those men will have deaths of 75 per 1,000 a year, while the reserve will only lose 4 per 1,000; and they estimate that in the second year there will be a million men at the front, and assume that only a quarter of the men will take out insurance at an average of \$2,500 each.

Mr. SNYDER. Then it is assumed that the first year we would lose 7½ per cent of the men?

Mr. PARKER of New Jersey. Of 250,000 men only.

Mr. ROSE. Will the gentleman permit me?

Mr. PARKER of New Jersey. I did not want to go into these figures. I did not bring them in.

Mr. ROSE. I should like to give you the exact figures as furnished by a French statistician. I have them here.

Mr. PARKER of New Jersey. Do not read them please, but let us print them in the Record.

Mr. ROSE submits figures furnished by M. Andre Tardieu, the French high commissioner to the United States, of the French losses in per cent:

The battle of the Charleroi and the Marne.....	5.41
First six months of 1915.....	2.39
Second six months of 1915.....	1.68
First six months of 1916.....	1.47
Second six months of 1916.....	1.28
Mr. SNYDER says the first half of 1917 was.....	1.05

Mr. PARKER of New Jersey notes that Americans will emulate the Canadians and be in the dangerous fighting, and that by to-day's paper the Canadian losses are estimated at 23,000 men in the recent advance on Lens.

Mr. PARKER of New Jersey. Beginning again, this insurance business may be in one of two forms. Either everybody may take it if it is advantageous; and if so, the Government had better just give it without cost, whatever would be the amount of the insurance, and be done with it. It would then be a part of the compensation or pension—

Mr. SABATH. Did the gentleman say it would be advantageous to everyone to take it out?

Mr. PARKER of New Jersey. I said, if it would be advantageous; and it would be advantageous for everyone to take it out. But we may go on with the other supposition. It would be advantageous to everyone to take it out, but it would not be very advantageous to the Government, because the losses would be something beyond computation. But if every man ought to take it out, the Government ought not to prefer one over another, but ought to allow a certain amount of insurance to everybody. This requires no new bureau, for this reason, that if the Government allows insurance to everybody, payable in installments, it is nothing but a pension. The Government makes an allowance to every man that is injured in the war. That is not insurance at all. The man does not pay, but the Government does; and it will come under the amendment of the pension laws already mentioned.



It has no place in a bureau with all sorts of queer policies, all sorts of queer arrangements, any number of new officers to weigh down the Government of the United States with all sorts of details, making its accounts unintelligible, even more so than they are at the present time, and adding another bureau instead of letting the pensions be managed through the pension department.

Now, on the other hand, if the soldiers do not take that insurance, great unfairness is created beyond all question. In the first place, the man with a family who has no deposit of his half pay down in Washington, whose half pay is gone to his family, and who wants the other half himself, will not insure. The man without a family, whose deposit is in Washington drawing 4 per cent, will be more likely to allow that to go into insurance to the limit.

The CHAIRMAN. The time of the gentleman has expired.

Mr. PARKER of New Jersey. I will ask for five minutes more.

Mr. ESCH. I yield five minutes more to the gentleman.

Mr. PARKER of New Jersey. When he dies it is agreed that it can only go to his children, his issue, the wife, or the widowed mother, the brother and sister; and if he has none it will go to the United States. But the bill also says that it shall be paid to such other persons as may be provided for by regulations. Regulations will be made so that he will get the benefit, while the fellow who has a family dependent upon him will not insure.

Now, in the next place, the uncertainty of the administration of this law beats anything known. If you have insurance, if it is against death, you know what you are talking about, but if it is insurance against death or total disability, when it comes to the end of the year and the man is partially disabled and does not know how to get along very well with only a small pension, is he going to pay insurance out of the small pension to the Government and keep it up, or will he let it go and say he can not afford it? When it fails will he come to the Government and say, "You gave \$5,000 to the fellows who died or were disabled before the insurance propositions were published; you gave them 240 payments at \$25 a month by this very bill; now do the same by me."

The injustices and the legislation that will be required to remedy those injustices are beyond all computation. Then when he comes in afterwards and says he wants another form of insurance and has paid \$8 for one year—that is the rate for one year—if he comes in after the war and wants to insure, shall he pay \$8, \$9, or \$10, or running up to \$70, in old age, or will he take a regular life policy which is \$20 a year? He can do it in any company or with the Government. But think of the details and complications—5,000,000 men in the Army and, say, 2,000,000 taking out insurance—the details of this actuarial work on the part of the Government of the United States so as to give varying forms of term insurance, or 20-payments insurance, or life premium, or any way that the man wants according to the actuarial rule with interest at  $3\frac{1}{2}$  per cent, it exceeds all comprehension. It is beyond thought. I do not know whether it is constitutional for the Government of the United States, as a part of the pay of the Army, to provide for obligations which are to become due 50 years hence under the two-year limitation of Army appropriations of the Constitution. We do it under the pension laws because we have to, but as insurance we do not have to, and it is not a thing in which we can engage with any safety.

In my opinion the first section of the bill, which relates to the new bureau, should be stricken out. The second section of the bill, if in proper shape, might be passed leaving out all reference to the bureau and allowing the pensions to be managed by the War or Navy Department. It might better be in a statute such as was passed by the Appropriations Committee for the men on the border. But, at any rate, the family should go to the War Department and get their money without having to file an application in a bureau of the Treasury. I think we ought not to meddle with the rates of the pension statutes until we have further advice from the Pensions Committee. But even if we do this, we should not refer the whole pension business to any new bureau in the Treasury. This whole insurance business ought either to be changed to a plain pension by letting the man pay nothing and giving all an equal show, or else it ought, as I believe it ought to be, struck out of the bill as a delusion, a snare, and a complication which we do not understand and which future Congresses will never understand, and which is susceptible of all the abuses and more that has made insurance companies a hissing and a by-word through the United States in years gone by. [Applause.]

We want to take care of the soldier, and to do that we provide that he get a pension in case of death and disability. We have the pension laws. We must provide that during the service of a married man his family should be taken care of and his children, but let us do it directly and see that the pay and allowance go to the families and not ask them to file a million applications to a new bureau under control of the Secretary of the Treasury, who does not know the facts and has not the machinery to deal with these applications. [Applause.]

Mr. ESCH. Mr. Chairman, I yield to the gentleman from Missouri [Mr. MEEKER].

Mr. MEEKER. Mr. Chairman, I ask unanimous consent to print two letters from the presidents of two insurance companies in St. Louis in regard to the bill. They are not criticisms but suggest some changes which they would like to see made.

The CHAIRMAN. The gentleman from Missouri asks unanimous consent to extend his remarks in the Record by printing the two letters. Is there objection?

There was no objection.

The letters are as follows:

THE MISSOURI STATE LIFE INSURANCE CO.,  
St. Louis, August 24, 1917.

HON. JACOB E. MEEKER,  
House of Representatives, Washington, D. C.

DEAR SIR: I wish to take the liberty of calling to your attention the report submitted by the committee of insurance representatives appointed by the Secretary of the Treasury to consider plans for insuring and indemnifying officers and enlisted men of the Army and Navy of the United States. This committee consisted of most competent insurance experts and the tentative draft of the bill identified as House bill 5723 or Senate bill 2758 was very carefully considered by them. I believe you will find that all life insurance men are in complete accord with the findings of this committee.

We favor the principles set forth in Articles I, II, and III of the bill. Such criticisms as we have to offer to these articles are in regard to matters of detail which we are confident will disappear before the bill is finally approved in the House and Senate. We are opposed very strongly, however, to the provisions of Article IV as they stand at present; we believe this part of the bill should be eliminated entirely.

Article IV of the bill provides that the Government will grant insurance to each soldier for practically any amount he applies for from \$1,000 to \$10,000, provided the soldier pays the normal premium of \$7 or \$8 per thousand, the excess or war loss estimated at \$75 per thousand per annum being paid by the Government. Provision is also made for the continuance of this insurance by the Government indefinitely after the war is over.

We are opposed to its provision not as might be supposed because the Government may appear to be infringing on our business but because the optional features of the article will result in most serious discrimination in favor of the men who have the foresight and the means to avail themselves of the privileges conferred by this article to the largest possible extent, while the man who is indifferent to his obligations and opportunities or who has not had the advantages of the provisions of this article pointed out to him in a sufficiently careful manner will be in the same position as if this article were not incorporated in the bill. He and his dependents will have to rely entirely on the benefits conferred by the first three articles of the bill.

If Congress deems it advisable to enact some law along the lines of Article IV then we urge that its most objectionable features be removed by providing that each individual in the service receive the same amount of insurance, whether that be \$1,000 or \$10,000, and that the whole cost of the insurance be furnished by the Government. By so doing discrimination will be eliminated and speculation upon the lives of the soldiers by persons who have either only a remote interest or no interest therein will be prevented.

The expense of maintaining a department for the collection and proper accounting of premiums, for the computation of the reserves and for all other details incidental to the conduct of a life insurance business will be eliminated.

We would further urge that the measure, being a war emergency measure, should provide for its discontinuance at the close of the war or within a reasonable time thereafter, say one year, thus obviating the necessity of the Government going into the life insurance business permanently. There is no need or demand on the part of the public that the Government enter the life insurance business permanently, and it has been demonstrated by experience, both in this country in the State of Wisconsin and abroad in Italy, that publicly administered life insurance is not a success.

Anything that the Government does to encourage life insurance and to place its advantages before the public is beneficial to our business so that from the standpoint of a life insurance man I would favor Article IV, provided the objectionable features referred to can be eliminated. If the compensation and benefits provided by the first three articles of the draft bill are not sufficient in the opinion of Congress, then the amounts of these benefits can be readily increased or an additional flat sum of, say, \$1,000 or any larger amount can be paid in the event of the death of the soldier either during the war or within a stipulated period after its close.

Anything which you can do to remove from this bill the objectionable features of article 4 will be greatly appreciated by me.

Respectfully, yours,

JOHN G. HOYT, President.

THE GERMAN MUTUAL LIFE INSURANCE CO.,  
St. Louis, Mo., August 24, 1917.

HON. JACOB E. MEEKER,  
House of Representatives, Washington, D. C.

DEAR SIR: We respectfully call your attention to House bill No. 5723 and Senate bill No. 2758, which are under consideration by Congress.

A careful reading of the bill convinces us that Article IV thereof ought to be eliminated. The following-mentioned considerations are the basis for this conclusion:

(1) By section 403 the expenses of administration and the excess mortality and disability cost resulting from the hazard of war are



placed upon the Government, the premium rates being prescribed to be the net rates based upon the American experience table of mortality and interest at 3½ per cent per annum.

The expenses of administration and the cost of the extra hazard will be very great, and is an additional benefit to those provided for by Articles II and III. The payment of this gratuity to those who are risking their lives for their country might not be open to criticism, if it applied to all alike and were put upon the basis of military service. When, however, the financial ability of the soldier is made the basis of his sharing in the benefit created by this great cost to the Government, a wrong results not only to the taxpayers, but to the soldier whose financial means may not permit him to purchase any or as much of such insurance as his brother in arms who is in better financial circumstances. If the benefits provided for by Articles II and III are insufficient, it would seem to us far more equitable to expend the great amount of cost and expense, which the plan provided for by Article IV would entail, in increasing the amount of such benefits. In that way there would be an equitable distribution. The particular point we desire to make here is, that the right to participate in the gratuity, represented by the expenses of administration and the cost of the extra hazard, is a matter of purchase.

The character of service to the country in no wise enters into it. The man who is insured for \$10,000 gets ten times as much benefit out of the gratuity as does the man insured for \$1,000, and the man who carries no policy does not share therein at all, although the service rendered by him to his country may be of far greater value than that of his wealthier messmate. It makes money and not service the basis of reward. This is clearly wrong in principle.

(2) It is provided in section 404 that after the war the insurance may be converted into such form or forms of insurance as may be prescribed by regulations. Thus the Government is required to continue in the life-insurance business after the war, although without further enabling legislation it can not write any new risks. The only excuse for the Government providing insurance would be that the private insurance companies could not insure against the extra hazard of the war for a premium which the average soldier could afford to pay. The necessity for the Government stepping in and assuming a considerable part of the cost of insurance, as is contemplated by this bill, in order that it may be possible for more men in the service to carry insurance would end with the war. And that necessity should prescribe the termination of the Government's insurance business.

(3) Under the plan provided for by Article IV it is possible for the soldier of means to secure a policy for as much as \$10,000, while his comrade, with probably a family dependent upon him, may not be able to pay the premium upon \$1,000. This creates a class distinction which is repugnant to our democratic institutions.

(4) The allowances provided by Article II and the provisions for compensation for disability and death in Article III would seem to be sufficiently generous and to make Article IV unnecessary.

(5) The furnishing of insurance at less than cost by the Government creates unfair competition with the established life insurance companies. The offer of the Government will undoubtedly cause great lapsation and untold demands for cash-surrender values and thus undermine the insurance business, thereby prejudicing the insurance of the civilian policyholders. The premium rates are below the cost of insurance, and no insurance corporation or fraternal beneficial society will be able to meet them.

We make no objection to Articles II and III, but, on the contrary, consider them highly commendable. Article IV can be eliminated without in any way affecting the provisions of Articles II and III, and we respectfully request your active opposition to Article IV.

Yours, very truly,

N. GUERDAN, *President*.

Mr. RAYBURN. Mr. Chairman, I yield 30 minutes to the gentleman from California [Mr. KAHN].

Mr. KAHN. Mr. Chairman, I am for this bill, and shall speak more in detail about it when it comes up under the five-minute rule. But I want at this time to call to the attention of the committee a serious condition that prevails throughout the country: There are some men in various sections who are sowing the seeds of sedition and treason among the American people. They willfully and maliciously misrepresent the attitude of our Government in this war. Therefore I am glad to learn that the Department of Justice has reached out its arm and is going to suppress such sedition and treason wherever it attempts to raise its treacherous head. [Applause.] It has been done by other chief magistrates in other times in our country's history, and it is well that the snake is being crushed at the very outset of this struggle. To me this war is being fought by this country for a great principle, namely, the right under international law to sail the seas untrammelled. It is the fourth time in our comparatively brief history that we have unfurled our battle flag to defend this right. In the early part of our history as a Nation, in 1798—in fact, before we were 10 years old, before we had passed the first decade of our national life—we broke off our diplomatic relations with France—with France, that had been our ally in the Revolution, France that had lent us aid and comfort and assistance in obtaining our liberty, our freedom. But subsequently France interfered, and for some years continued to interfere, with our rights upon the high seas. The Congress of the United States, after many efforts had been made to settle the matter peacefully, voted to break off all diplomatic intercourse with our former friend and promptly created the Navy Department. Up to that time the War Department had also been holding jurisdiction over our Navy.

A Secretary of the Navy was appointed. Congress immediately appropriated the money for that great line of American frigates of which "Old Ironsides"—the *Constitution*—was such a glorious type, and which brought honor and renown to our

country. The Congress also created forthwith the grade of lieutenant general in the Army of the United States. Washington was nominated and appointed to command the Army. He was then in retirement on his farm at Mount Vernon. The Secretary of War himself brought the commission to Washington at that place. He found the foremost American in his fields looking after his crops. He explained to Gen. Washington the purpose of his visit. And then Washington uttered a sentiment which I hope may be indelibly written upon the memory of every American boy and girl. "I am ready," he said, "for any service that I can give to my country." [Applause.] He accepted the trust and I believe took command of the American Army at Alexandria, Va. But France soon came to terms and acknowledged our right to the absolute freedom of the seas. Many Members of the House will recall that the French spoliation claims, about which we are called upon to legislate every now and then, were caused by the attitude of France from 1793 to 1799. That early show of force and determination to assert our rights on the part of the young Republic, while many of the heroes of the Revolutionary War were still alive, compelled France to come to terms and she ceased to seize or destroy our ships and our cargoes. She unequivocally recognized our right to sail the seas everywhere under international law.

In 1812 we fought the second war with England on account of her interference with our rights upon the seas. We had negotiated this question with her, or tried to negotiate it, for many years. And I may add, parenthetically, that this country of ours has always been slow to enter into quarrel with other nations. We invariably tried to follow a policy of forbearance so long as forbearance seemed possible. But finally, when things became unendurable, we had to let loose our dogs of war. I do not think it is necessary to go into the story of the War of 1812 at any great length at this time. But it was fought with England to maintain and protect and preserve our rights upon the high seas.

In 1815 we went into the third contest on account of our determination to insist upon and enforce these rights. The Barbary pirates had been exacting tribute from all the maritime nations of the earth up to that time. We paid tribute along with England, France, and the other great ocean-carrying powers, but the Corsairs of the Mediterranean continued to hamper our ships and shipping. Then in 1815 President Madison sent Commodore Stephen Decatur with a fleet of American ships into the Mediterranean. We whipped the Algerians and the Tripolitans; and they finally made a treaty of peace with us, under the terms of which they acknowledged our absolute right to sail the seas of the world unconditionally, without the necessity of paying a single dollar of tribute. [Applause.]

Incidentally, in making that war, just as incidentally in making this war, we fought for the rights of mankind and humanity. For before the year 1821 had passed every other maritime nation of the world—France being the last to make her treaty with the pirates—had made treaties similar to our own and ceased paying tribute for the right to sail the seas. And for 102 years the rights of this country to sail American ships in any waters where under international law they had the right to go was never questioned. And then the Imperial Government of Germany again challenged these rights. A number of American ships were sunk after the present European war broke out. The lives of American citizens were continually being destroyed by German submarines in violation of all the rules of civilized warfare. The President of the United States, following the traditions of this Nation, had repeatedly protested and objected to the illegal attitude of the Imperial Government of Germany toward our citizens and our ships. Germany, after every protest, promised to ameliorate conditions. With every promise the people of the United States breathed a hope that we would be able to weather the storm and that we would still be able to maintain peace. At last, like a bolt of lightning from a clear sky, we learned to our amazement that our protests were being treated with scorn and contempt. On the 31st of January of this year the Imperial Government of Germany informed the President that on the very next day, on the 1st of February, the German submarines would ruthlessly sink every American ship found within certain designated areas of the Atlantic Ocean. We had an absolute right in those areas. To have accepted that dictation, to have accepted that proposition would have meant the surrender of American sovereignty on the high seas. [Applause.]

It would have meant that we were willing to haul down "the Stars and Stripes" and hoist the white flag of surrender in their stead. And no red-blooded American, I hope, will ever be willing to surrender his country's rights—rights that other Americans in other days have fought and bled and died to



maintain inviolate. [Applause.] If we had acquiesced in that doctrine on the Atlantic, probably some day in the Pacific, when other nations might be at war there, and we should attempt to maintain a neutral attitude, some of those nations would tell us to keep off this or that part of the Pacific Ocean; and, having surrendered our rights in this instance, we would have set a precedent which many of the pacifists of this country would insist that we ought to follow for all times. I am unwilling for my country ever to be placed in that attitude or that she should ever consent to take such a degraded position. [Applause.]

Ah, many women of the country feel their heartstrings torn because their boys are going to the war.

It is a sad thing, indeed, to think that parents should raise their boys only to lose them soon after they arrive at man's estate in fighting for their country. I do not blame the women for feeling sadly about it. I do not wonder at their aching hearts. But I want to recall to them that if the mothers of 1776, if the mothers of 1812, and if the mothers of 1861 had not been willing to sacrifice their boys in those days of trial and struggle, I do not know whether we of to-day would be enjoying all of the blessings of freedom and liberty which this country extends to the humblest of its citizens. [Applause.]

And so in every age, and at all times and at all hazards, the American citizen must be ready to defend with life itself, if need be, the liberty, the freedom that has come down to us.

For myself, I believe this is going to be a long, bloody, and terrible war. I am not trying to delude myself into the belief that some miracle is going to happen before we fairly get into the struggle that will end it all. I wish to God that it were so. But I look for a long and terrible conflict. I feel that the armies that are now forming are but the beginning of things. I believe that the greatest mistake the autocracy of Germany ever made was when it minimized the courage and the determination of this country to maintain all of its rights unimpaired. [Applause.] I believe that before the German autocrats are many months older they will realize what they did when they forced this country into the war. And the German people, too, will ultimately realize what was done by their stubborn and autocratic Government in forcing this great American Republic, which wanted to hold aloof, into this war.

And, my colleagues, I believe that before many months are over the patriotic sentiment of this country will assert itself in such tones that they will penetrate even in the darkest recesses of the deepest German forests. I feel assured that victory, yes, victory overwhelming and complete, will come to us in this struggle. [Applause.] I feel that the people of the United States begin to understand what we have at stake. I feel that the men who are attempting to spread seeds of discontent, of treason, of sedition, will be called to account by the civil authorities in every State and in every section of the Union. Already in a number of the States the governors have asserted themselves. They will do so more frequently in the future.

I want to read to you from the lamented Lincoln what he had to say about the "wily agitators" who tried to breed discontent at home during our great Civil War. This quotation is from a letter which he addressed to Erastus Corning and others on the 12th of June, 1863. They had sent him a resolution protesting against his taking Vallandigham, who had been a former Member of Congress, and who was preaching sedition in the North, and sending him across the Union lines into the lines of the Southern Confederacy. These gentlemen wrote President Lincoln a protest, to which he replied in part:

Must I shoot a simple-minded soldier boy who deserts, while I must not touch a hair of a wily agitator who induces him to desert? This is none the less injurious when effected by getting a father or brother or friend into a public meeting and there working upon his feelings till he is persuaded to write the soldier boy that he is fighting in a bad cause for a wicked administration of a contemptible Government, too weak to arrest and punish him if he shall desert. I think that in such a case to silence the agitator and save the boy is not only constitutional but withal a great mercy.

[Loud applause.]

I hope that our treacherous agitators will be dealt with in that spirit. [Applause.] I hope they will be put down as they should be put down, and I have no fear but that this country will once again show the world that American rights and American honor must not be trampled upon, but that they will be protected by the overwhelming might of a great and free people. [Loud applause.]

Mr. ADAMSON. Before the gentleman takes his seat I want to ask him what he thinks of the pending bill.

Mr. KAHN. I shall support the pending bill, and when it comes up for discussion under the five-minute rule I shall take pleasure in saying a few words in addition to these remarks. And, although I had intended to take a vacation next week, I shall be here for the first day or two, in order to participate

with the committee in the consideration and passage of the bill. [Applause.]

Mr. ESCH. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. CRAGO].

Mr. CRAGO. Mr. Chairman and gentlemen of the committee, I would not take even this short time of the committee, and especially following the eloquent appeal to our patriotism of the gentleman from California [Mr. KAHN], were it not for the fact that when this bill is finally considered I may not be present, owing to other duties.

I do not believe anyone would accuse me of not wishing to give to the man who fights the battles of his country every help and every encouragement. I have worked at times, some people may think, too industriously for pensions under our present system, but I have no apology to make for that. I am not one of those who see in our present system of pensions one beset with graft and politics. Neither am I one who would care to stand before you or the public and defend all of the inequalities in our present system. I have no sympathy with the so-called uplifters, who have never had any military experience or who have never felt the need of any of this assistance of the Government, who are eternally talking about the "disgraceful pension system of our Government." I recognize, however, that there are inequalities in it. I, on the other hand, do not believe the charge that it has political and partisanship bias. I believe I can say, and I think probably all the Members of this House can say, that every case which needs attention in the Pension Department or before our Pension Committees always has our very best attention, whether we know the political bias of or party to which the petitioner belongs or not.

I have had several pension bills passed. I have tried to help get many others passed and many pensions increased, but I can frankly say that I could not tell you now the political opinions held by any of the beneficiaries of these acts on my part. What we want to consider in this legislation, as I take it, is the fact that we are trying to do something now to take care of a situation which does not now exist and which we do not know how it will present itself to us when it does exist. We are attempting to displace our present system of pensions by this new legislation.

I think it is a mistake to put any part of the administration of this pension system in the hands of the Treasury Department for more reasons than one. First, it would tend to build up out of the Treasury Department a greater and more powerful political machine than it is to-day. Second, it would be establishing a new department which is not necessary, because the provisions embraced within this bill can be best administered by our existing organizations which are already in the Government service. [Applause.]

In attempting this legislation let us take into consideration the fact that we are not going into this present war as we went into any of our former wars. There never was before such preparation for war as is being made by this great Nation of ours to-day. In every previous conflict in which we have been engaged, before this much time had elapsed after the declaration of war hundreds and thousands of our men had been in the field and on the battle line, and had been subjected to the test of battle. We are not going into it in that way now. Let us not try to do too much for the future just at present, because, let me say here and now, the men who are going to fight this war, the men who will compose these armies, these millions of young men, will in 3 or 5 or 10 years from now, when the situation arises that is contemplated to be met by this legislation, be here influencing the legislation which they will think necessary, not only the legislation for pensions but as to the whole future policy of our Government.

I think it is right and proper that we should leave those matters to them. We can not, sitting here in cold blood, expect to be able scientifically to pay off in dollars and cents the debts that we shall owe to the soldiers of our country. We never can do that. Let us look at the situation as we see it to-day and content ourselves with taking care of the men while they are at the front and while their dependent families may need help. It is all right to do that, but we can not incorporate in this bill all the provisions that may be advisable regarding the amount of pensions to be paid later.

What we can well do now is to provide for the administration, either by the War Department or otherwise, of a fund to take care of the present emergency, and trust to the future to take care of the rest.

Now, I was not one of those who were enthusiastic about increasing the pay of the enlisted men of the Army. It was not because I did not think we owed them more money and more help. It was for an entirely different reason. My experience



with men while they are in the service, and especially in the active service, has been that they have very little need of much money. If, by the provisions of this bill, you can divide that pay which you have increased, and make it a sort of savings fund or trust fund for these men when they are through with their active service, I would be cordially in sympathy with that. In fact, I think our whole system of gratuities and pensions to soldiers and sailors is one of sympathy to our fellow men. The amount we should pay can not be calculated to a nicety. It can not be done along very scientific lines. I am in favor of that part of this legislation, but when you provide in this bill a pension for the widow of one of these men almost double the amount of pension heretofore granted to the widow of the soldier of any other war, do we not make a mistake? How can we explain to the widow of a soldier of the Civil War who has raised her little family on \$12 a month or perhaps \$10 a month, with \$2 additional for each of the children, or how can you explain to the widow of the Spanish-American War veteran, who in a few instances has obtained \$12 a month, the fact that here you are providing \$30 a month for the widow and an additional allowance for the children? How can you explain the provisions of this bill under those circumstances? How can you explain it to the thousands of men of 1898 who went into the Spanish-American War, as vigorous and strong physically as any young men could possibly be, and who are now so disabled that they are unable to earn a livelihood as the result of service in fever camps and in active campaigns in the Tropics?

Can you account for the difference between your treatment of them and your proposed treatment of the present Army by the fact that there were relatively few of them, while there are millions of these? Physically their service and experience were the same with them as if there had been an army of many millions of men.

Mr. ROSE. Mr. Chairman, will the gentleman yield there?

Mr. CRAGO. Yes.

Mr. ROSE. Is it not a fact that the dollar of to-day was about 25 cents at that time?

Mr. CRAGO. Yes; but the widows of the Civil War and the widows of the Spanish-American War are getting that same dollar.

As I said before, in all our former wars we have taken our soldiers directly from civil life and with but little preparation put them in the field, and as a result of that system we have been compelled to pay what some people may think exorbitant sums in the way of pensions; but when you consider the lack of preparation and the losses we have been compelled to sustain by reason of the fact that our soldiers were not trained and disciplined for the service the amount paid for pensions is not to be wondered at.

It may be interesting to know the amounts which have been paid in pensions as a result of our former wars. The following table includes the amount paid up to and including June 30, 1916:

War of the Revolution (estimated).....	\$70,000,000.00
War of 1912 (service pension).....	45,991,743.76
Indian wars (service pension).....	13,790,299.13
War with Mexico (service pension).....	50,422,229.22
Civil War.....	4,765,075,020.92
War with Spain and Philippine insurrection.....	53,744,667.55
Regular Establishment.....	39,098,319.01
Unclassified.....	16,508,447.41
Total.....	5,054,630,667.00

These figures do not seem so large to us these days, when we are spending such vast sums on the preparation for service and when we are advancing to our allies the amounts necessary to maintain their armies in the field.

While at times mistakes may have been made in the administration of our pension system, and in all probability many beneficial changes can be made in that system, we as a Nation should be proud of the fact that we have been able to pay to the men who have gone out to fight our battles and to those they have left behind them such an amount of money as to enable them to live more comfortably and their dependents to feel less keenly the loss of the one whose labor and industry would have contributed to their comfort and support.

We are now preparing to place in the field the greatest Army our country has ever called to face a foe. How much service this Army may see can not now be estimated. A part of that preparation will be a wise provision to care for the families of the men who enter the Army, to care for these men themselves while they are in the field; but I trust that any legislation we may enact now may be such as will not cause the men of our former wars to think that they have not been treated justly.

Do you think we should legislate here and now to cover the future as it will be unfolded to us by this great conflict? It

would be a mistake to attempt it, in my opinion, because the men who are waging this conflict will shape that legislation as they think best when they return home and rejoin the citizenship of this country. [Applause.]

Mr. ESCH. I yield 10 minutes to the gentleman from New York [Mr. PLATT].

Mr. PLATT. Mr. Chairman, I should not take the time of the committee with remarks on this bill if it were not for the fact that the bill seems to me to need constructive criticism. I got a copy of the bill last week and took it home with me, and took the printed hearings with me, and the report, and on first reading the bill I was very favorably impressed with it. It seemed to me a very good bill in many respects. I like particularly the provision for depositing at 4 per cent half of the soldier's pay, so that he can not "blow it all in" to his own harm. But the further I went into it, and the further I went into the hearings, the more doubt I got into, and now I am in a position where if I had to vote on the bill to-night I think I should vote against it, although I am a very strong believer in the righteousness and the necessity of the war and would very much regret to vote against any measure considered necessary for its prosecution. But it does not seem to me that it will do to make the discriminations that are made in this bill. It does not seem to me that it will do, 20 years after this war is over, to have two men, both disabled to the same degree, one of them drawing a pension or insurance installment from the Government and the other not drawing any. The one would say to the other, "Why, you are getting something and I am not getting anything." The other would reply, "You did not know enough to apply for insurance and let them take 66 cents a month out of your pay when you were in the Army." I do not believe that will do. I do not believe we ought to pass a bill of that kind. If we do leave this insurance section in it, the premium ought to be made an even dollar a month. Everybody can understand that. The bill says:

The premium rates shall be the net rates based upon the American Experience Table of Mortality and interest at 3½ per cent per annum.

You will have to have agents going around among the soldiers to explain to them what that means. If you put in there that it should be \$1 per month, everybody would understand it, and you could get four times as many men to take insurance, and the Government would get \$4 a year more, and the whole thing would work better if it is to be retained in the bill. That is the psychology of selling insurance.

There is another thing I do not like at all, and that is that this insurance is supposed to be applied for within 120 days, or four months after enlistment. Why, it will take more than that time for a great many of the soldiers to understand what this is about. Lots of these men who are going into the Army hardly know how to speak the English language. Most of them never saw or heard of insurance, and they will not understand this thing within four months unless some one comes to every man individually and explains it to him, just as a life insurance agent does. That will not be done, and it is impossible for it to be done.

There are some other things on which I am looking for information that I do not find in the report or hearings. In Article II, with regard to allotments to a wife and so forth, I would like to know to whom this bill applies anyway. As a matter of actual fact, under the draft act we are not drawing anybody into the Army who has dependents. If a drafted man makes a claim for exemption and it goes before the local board or before the district board, it is judicially determined that he has no dependents before he is accepted. It is determined that nobody is dependent on him. Now, I should like to have somebody explain to me how he can come in later and claim that he has dependents. Will not the determination of the board which turned down his appeal have absolute weight with the bureau of insurance, knowing as everybody does who has had business with the Pension Bureau or with any other bureau, that every Government clerk is here in Washington for the purpose of doing a man out of an honest dollar if he can? These Government bureaus of red tapers here in Washington never let a man have a cent if they can keep it away from him. That is true in the Pension Bureau and in every other bureau. I do not believe anybody can get anything out of this section of the bill except a very few men. The statement that family allotments will go to 40 per cent of the men seems to me far too high. Some of the older sergeants and some men in the ranks in the old Regular Army, stationed around at the garrisons, and at Army posts, and so forth, are married, and some of the noncommissioned officers in the militia are married, but the married men in the National Guard were all discharged, even if they did not want to be in most cases, except a few sergeants. There may have been

some States where the orders were not obeyed, but in my section of the country—and Col. Crago tells me that in Pennsylvania—they were all discharged, excepting a few sergeants. They have no dependents in the sense that this bill apparently applies to.

It appears to me that the bill was made to read like a liberal bill, but it does not apply to anybody except the officers and very few of the older men in the Regular Army. There is too much camouflage about it. It does not apply to any drafted man for they have all been judicially determined not to have dependents. When a married man whose wife is not dependent upon him is drafted into the ranks without being exempted, does it apply to him? I can not make out whether it does or not. Suppose a man is drafted whose wife is not dependent upon him but he afterwards loses his property and she becomes a dependent. Can he have any privilege under the bill? Apparently he must have made an allotment and must have had it supplemented by a family allowance if his family is to receive compensation when he is killed. He may lose his property from the very fact that he is in the war and away from his business, but his family seems to be foreclosed from getting anything under it.

Mr. ALEXANDER. What is there in the bill to foreclose it?

Mr. PLATT. He has to make an application within a certain period.

Mr. ALEXANDER. That is for the insurance.

Mr. PLATT. That is true of the rest of it, is it not?

Mr. ROSE. He has to do it within two years.

Mr. PLATT. He has to certify that they are dependent upon him before the application is made. Suppose they do not become dependent until long after his enlistment.

Mr. ALEXANDER. Then he can make the application.

Mr. PLATT. Suppose he gets killed in action and has never known of the dependence of his family. I may not understand the bill fully, though I have studied it considerably. It seems to me that it needs a good deal of amendment. I think the criticisms made by the gentleman from New Jersey [Mr. PARKER] are many of them well taken. The administration of such relief as is proposed in the first part should be given to the War and Navy Departments and the rest of it to the Pension Bureau.

We certainly ought not to pass this bill in a hurry simply because a chancellor of the exchequer, who is not responsible to Congress, asks us to. We should debate it thoroughly and amend it where it needs amending, instead of abrogating all our constitutional duties to the Executive and to the Senate.

Mr. KAHN. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. RAYBURN. Mr. Chairman, I yield to the gentleman from Mississippi [Mr. HARRISON].

Mr. HARRISON of Mississippi. Mr. Chairman, experience has very clearly shown that the old pension system is unscientific and inequitable and does not meet present-day conditions fairly and justly. By it we have seen one man who served only a few days in defense of his country, without having fired a gun or incurred a risk, and may be worth thousands of dollars, in after years be rewarded with a liberal pension, while another who incurred the risks of war for years, and was wounded in the service, and who may be poor and needy, was rewarded with a very small pension.

There can be no reasonable argument advanced against the obligation on the part of the Government to reward those who have risked their lives in defense of the flag and for the protection of the Nation's honor.

We are now engaged in the most titanic struggle the world has ever witnessed—a war not only for the protection of the lives and property of our citizens and the defense of our own land and our national honor, but for the rights and liberties of mankind. To win it we have pledged the resources of the Nation. We have drafted men into the military service through a law that places equal obligation upon all men between certain ages.

The men who will fight our battles in this war are as brave and patriotic as ever marched under the Stars and Stripes to the strains of martial music. Many of them have gone voluntarily, leaving dependent relatives back home. They are all prompted by a patriotic sense of duty, without thought of the risks and hazards of modern warfare that they will incur.

In addition to providing for allotments to the dependent families of the soldier boys, this bill opens the way for them to take out insurance against the risks of warfare and the policies afford protection in case of injury or death. The sol-

dier is assured of compensation in case of injury and his dependents are provided for in case of his death. And, while the premiums charged by those insurance companies that now write policies on the lives of soldiers are so high as to be prohibitive, the premiums to be charged under this bill will be no higher than in times of peace.

Only a short time ago we passed a law compelling the masters of ships to insure the lives of their crews against submarine attacks and other dangers incident to travel on the high seas during this war. That bill passed practically unanimously; and if it were right that we should compel the employer to insure the lives of the men who man his ships, certainly it is not only right but it is the duty of the Government to insure the lives of the soldier boys who are in a way employees of the Government and are fighting for its protection and honor.

For my part, I am in favor of every kind of legislation that will provide, as far as possible, for the safety and comfort of these soldier boys and mitigate the suffering and sorrow of their loved ones. Knowing that their dependents are provided for, that they themselves are assured of compensation in case of injury, and that their loved ones will be protected in case of their death, these boys can go to the front with their minds relieved of that worry and anxiety that they would be unable to dispel if this assurance were lacking. It will make for the better morale of the American Army and will be to them both stimulating and inspiring.

I am glad to be able to give this bill my hearty approval, as I have all other legislation that will ameliorate the suffering of our people and mean the successful prosecution of this war.

Mr. WALSH. Mr. Chairman, I make the point that no quorum is present.

Mr. ADAMSON. Will not the gentleman withhold that for a moment?

Mr. WALSH. I will.

Mr. RAYBURN. Mr. Chairman, I yield to the gentleman from Ohio [Mr. CLAYPOOL].

Mr. CLAYPOOL. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

Mr. WALSH. Reserving the right to object, upon what subject?

Mr. CLAYPOOL. On culture along educational lines.

Mr. WALSH. In connection with this bill?

Mr. CLAYPOOL. Yes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. ADAMSON. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. GARRETT of Tennessee, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 5723, to establish a bureau of war-risk insurance in the Treasury Department, and had come to no resolution thereon.

#### LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. LEA of California, indefinitely, on account of illness in his family.

To Mr. BANKHEAD, for two days, on account of important business.

To Mr. DOUGHTON, for one week, on account of illness in his family.

The SPEAKER. The Chair has received a letter from the secretary of the Hon. EBENEZER HILL, of Connecticut, asking for indefinite leave of absence, on account of sickness. Without objection, the leave will be granted.

There was no objection.

#### ADJOURNMENT.

Mr. ADAMSON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 23 minutes p. m.) the House adjourned until to-morrow, Saturday, September 8, 1917, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, a letter from the chairman of the National Advisory Committee for Aeronautics, transmitting tentative draft of legislation for insertion in the pending urgent deficiency bill (H. Doc. No. 359), was taken from the Speaker's table, referred to the Committee on Appropriations, and ordered to be printed.



## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. CLARK of Florida, from the Committee on Public Buildings and Grounds, to which was referred the bill (S. 2477) to authorize the construction of a building for the use of the Treasury Department, reported the same with amendment, accompanied by a report (No. 139), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. ANTHONY, from the Committee on Military Affairs, to which was referred the bill (S. 1720) to provide for the award of medals of honor and distinguished-service medals, reported the same with amendment, accompanied by a report (No. 140), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

## REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. WISE, from the Committee on Military Affairs, to which was referred the bill (H. R. 5833) granting six months' pay to Ida Cottrell Hodgson, widow of Frederick Grady Hodgson, deceased, colonel, United States Army, retired, reported the same without amendment, accompanied by a report (No. 138), which said bill and report were referred to the Private Calendar.

## PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. CLAYPOOL: A bill (H. R. 5975) to provide for the promotion of physical culture, to provide for cooperation with the States in the preparation of teachers of physical culture, and to appropriate money and regulate its expenditure; to the Committee on Education.

By Mr. BORLAND: A bill (H. R. 5976) to regulate solicitation of funds for war aid and war charity; to the Committee on Education.

By Mr. McLAUGHLIN of Pennsylvania: Joint resolution (H. J. Res. 148) prescribing conditions of promotion of officers of the Regular Army below the rank of colonel; to the Committee on Military Affairs.

By Mr. DENT: Resolution (H. Res. 134) providing for an investigation of the Ordnance Department of the War Department; to the Committee on Rules.

## PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ASHBROOK: A bill (H. R. 5977) granting an increase of pension to Richard H. Stinemates; to the Committee on Invalid Pensions.

By Mr. CRAGO: A bill (H. R. 5978) granting an increase of pension to Silas Waters; to the Committee on Invalid Pensions.

By Mr. FOSS: A bill (H. R. 5979) granting a pension to Ray H. Schumaker; to the Committee on Pensions.

By Mr. HASTINGS: A bill (H. R. 5980) granting an increase of pension to Josephine Brown; to the Committee on Invalid Pensions.

By Mr. IRELAND: A bill (H. R. 5981) granting an increase of pension to John W. Rawley; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5982) granting an increase of pension to Johnson Schenck; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5983) granting a pension to Mary Boyd; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5984) for the relief of James Hayden; to the Committee on Claims.

By Mr. RAKER: A bill (H. R. 5985) granting an increase of pension to Ruth Evelyn Martin Thomas; to the Committee on Pensions.

By Mr. ROWLAND: A bill (H. R. 5986) granting an increase of pension to Henrietta Woods; to the Committee on Invalid Pensions.

By Mr. SELLS: A bill (H. R. 5987) granting a pension to Florence Louisa Fair; to the Committee on Pensions.

## PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By Mr. ASHBROOK: Memorial of Newark (Ohio) Branch of Glass Bottle Blowers' Association, favoring passage of the Alexander bill, House bill 5723; to the Committee on Interstate and Foreign Commerce.

By Mr. BROWNING: Petition of residents of Salem, N. J., favoring enactment into law of the purple cross bill; to the Committee on Military Affairs.

Also, memorial of Socialist Party, Camden, N. J., protesting against lack of protection by the Butte authorities of Frank Little, an organizer of the Industrial Workers of the World; to the Committee on the Judiciary.

By Mr. DALE of New York: Petition of the International Typographical Union, in session at Colorado Springs, Colo., urging measures to fix reasonable selling prices on all forms of paper supplies, and opposing the imposition of any additional burden upon the printing industry of the United States through increase of postage on publications of any kind; to the Committee on Ways and Means.

By Mr. DRUKKER: Memorial of New Jersey State Federation of Labor, opposing national prohibition; to the Committee on the Judiciary.

By Mr. ESCH: Petition of the International Typographical Union, in session at Colorado Springs, Colo., urging measures to fix reasonable selling prices on all forms of paper supplies and opposing the imposition of any additional burden upon the printing industry of the United States through increase of postage on publications of any kind; to the Committee on Ways and Means.

By Mr. KELLY of Pennsylvania: Petition of the Ideal Council, Junior Order of United American Mechanics, of Elizabeth, Pa., favoring passage of the purple cross bill, House bill 5410; to the Committee on Military Affairs.

Also, petition of the Walurba Council, No. 859, Fraternal Patriotic Americans, Pitcairn, Pa., favoring the passage of Senate joint resolution No. 84; to the Committee on Military Affairs.

By Mr. TAGUE: Petition of the International Typographical Union, in session at Colorado Springs, Colo., urging measures to fix reasonable selling prices on all forms of paper supplies and opposing the imposition of any additional tax burden upon the printing industries of the United States through the increase of postage on publications of any kind; to the Committee on Ways and Means.

By Mr. YOUNG of North Dakota: Petitions of Chapter F, P. E. O., of Bismarck, and Chapter B, P. E. O., of Dickinson, N. Dak., urging creation of zones around military camps for protection of soldiers; to the Committee on Military Affairs.

## SENATE.

SATURDAY, September 8, 1917.

(Legislative day of Wednesday, August 15, 1917.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Brady	Husting	Myers	Smith, Ga.
Calder	James	Nelson	Smith, S. C.
Chamberlain	Johnson, Cal.	New	Smoot
Coit	Jones, N. Mex.	Norris	Sterling
Culberson	Jones, Wash.	Overman	Stone
Curtis	Kellogg	Page	Sutherland
Dillingham	Kendrick	Polindexter	Swanson
Fernald	Kenyon	Pomerene	Thompson
Fletcher	King	Ransdell	Trammell
France	Kirby	Robinson	Vardaman
Frelinghuysen	Knox	Sauisbury	Wadsworth
Gerry	Lodge	Shafroth	Weeks
Gronna	McCumber	Sheppard	Williams
Hale	McKellar	Sherman	
Hardwick	McNary	Shields	
Hollis	Martin	Simmons	

Mr. FRELINGHUYSEN. I wish to announce that my colleague [Mr. HUGHES] is absent on account of illness. I ask that this announcement may stand for the day.

Mr. SHAFROTH. I desire to announce the unavoidable absence of my colleague [Mr. THOMAS] on account of illness. He

is paired with the senior Senator from North Dakota [Mr. McCUMBER]. I will let this announcement stand for the day.

Mr. MYERS. My colleague [Mr. WALSH] is unavoidably absent. He is paired with the Senator from New Jersey [Mr. FREELINGHUYSEN]. This announcement will stand for the day.

Mr. SUTHERLAND. I wish to announce that my colleague, the senior Senator from West Virginia [Mr. GOFF], is absent on account of illness. I will let this announcement stand for the day.

Mr. THOMPSON. I desire to announce that the Senator from Arizona [Mr. ASHURST] is necessarily detained on important public business.

Mr. KING. I wish to announce that the Senator from Kentucky [Mr. BECKHAM], the Senator from Illinois [Mr. LEWIS], and the Senator from California [Mr. PHILAN] are detained on official business.

The PRESIDENT pro tempore. Sixty-one Senators have answered to their names. There is a quorum present.

#### OIL AND GAS LANDS.

Mr. PITTMAN, from the Committee on Public Lands, to which was referred the bill (S. 2812) to encourage and promote the mining of coal, phosphate, oil, gas, potassium, and sodium on the public domain, reported it without amendment, and submitted a report (No. 116) thereon.

#### BILLS AND JOINT RESOLUTION INTRODUCED.

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HARDWICK:

A bill (S. 2852) to increase the limit of cost of the Federal building and site therefor at Moultrie, Ga.; to the Committee on Public Buildings and Grounds.

By Mr. PENROSE:

A bill (S. 2853) granting a pension to Thompson M. Hollobaugh, to the Committee on Pensions.

By Mr. CALDER:

A bill (S. 2854) to amend the naturalization laws; to the Committee on Immigration.

A joint resolution (S. J. Res. 99) authorizing and directing the Secretary of the Treasury to permit the entry of distilled spirits into bonded warehouses under bond, conditioned for the export of such distilled spirits to some foreign country within three years from the date of entry into the United States; to the Committee on Finance.

#### WAR REVENUE.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 4280) to provide revenue to defray war expenses, and for other purposes.

Mr. COLT. Mr. President, I wish to state briefly why I am opposed to any higher taxation than is imposed by the pending bill, known as the Finance Committee's substitute. I think this bill goes to the very limit of safety.

Revenue is raised by taxes and bonds, and the important question here presented is what percentage of the revenue required should be raised by taxes and what percentage by bonds. This is a fundamental question, because it underlies the business prosperity of the country and the credit of the Government. It may be conceded that it is better to pay as you go, but the question still remains, How far can you pay as you go without an industrial collapse and without impairing the credit of the Government? The war may last several years longer, and we may have to resort to increased taxation next year. How can we do this if our industries are crippled and business depressed by too heavy taxes levied this year? The sums raised to carry on this war are of such magnitude that other wars afford a very imperfect guide in the solution of this taxation problem. The best and safest guide which we now have is the experience of England, France, and Germany during the past three years, and our country may well profit by their experience. These nations have levied the highest direct taxation which they believed to be safe. In other words, they have solved the problem of determining the amount of revenue which can be raised by taxation without unduly disturbing the business of the country or the credit of the Government.

Based on appropriations made and to be made, the amount of revenue to be raised by taxes and by bonds during the fiscal year ending June 30, 1918, as given by the senior Senator from Utah [Mr. SMOOT], is \$11,775,583,107.11, and the amount of revenue to be collected is \$4,158,500,000, of which \$2,500,000,000 will be raised by the pending bill; and this leaves \$7,617,083,107.11 to be raised by bonds. In other words, the total to be raised by direct taxation is \$4,158,500,000, and the total to be raised by bond issue is \$7,617,083,107.11. The result is that the percent-

age to be raised by direct taxation is 35%, and the percentage to be raised by bond issue is 64%. As compared with 35% per cent in this country, the percentage raised by direct taxation in England is only 26 per cent; in France only 14½ per cent; in Germany only 14½ per cent; and in Canada only 8 per cent.

It thus appears that we propose in the first year of the war to raise by direct taxation 9 per cent more than England during the third year of the war, 21 per cent more than France or Germany, and 27 per cent more than Canada. It will be observed that while we have largely added to the percentage adopted by England, we have more than doubled the percentages of France and Germany, and we have increased by more than fourfold the percentage of Canada. In the management of revenue and finance no nation ranks higher than England, and it might therefore be seriously contended that it would not be prudent for this country to exceed her rate of 26 per cent. But however this may be, it certainly can not be said, in view of the experience of England, France, and Germany, that it would be safe for this country to increase the percentage of taxation beyond 35% per cent.

Let us now turn for a moment to the income tax. If this bill passes, the income tax in the United States will be from 3 to 67 per cent, while the income tax in England is from 11½ to 45 per cent, in France from 1 to 10 per cent, and in Germany from fifty-seven one-hundredths to 50 per cent. It is estimated that our income tax will be more than the combined income taxes of England and France or of Germany and France.

As to the war-profits tax, if this bill passes, the United States will levy a graduated tax of from 12 per cent to 60 per cent, while England during the third year of the war levies a tax of 80 per cent and France 50 per cent. The statistics of Germany are not available in a form which can be clearly stated. In comparing the war-profits tax of this country with England and France it must be borne in mind that the exemptions are greater in those countries than in the United States. Nor must we forget in this connection that business in England during the three years' prewar period was far above normal, while business in the United States was below normal, and that this fact has a distinct bearing on the actual rate of war-profits tax. It is also true that England postponed the levy of this high tax until the third year of the war. These considerations show that the conditions under which the war-profits tax was assessed in England are quite different from the conditions which prevail in this country.

There is another consideration which has an important bearing on this subject. In England the industries are stabilized, while in this newer country we are passing through a period of expansion. Reflect for a moment on the vast expansion of our industries which has taken place during the war and which is bound to continue if business is not crippled. Consider also the immense orders which the Government is issuing in connection with our war preparations, such as the equipment of our Army and Navy and the building of ships. This situation necessitates the employment of a large amount of new capital every year, and this capital can not with safety be as extensively drawn upon by a war-profits tax as in England.

Let us also bear in mind that in framing an income tax and a war-profits tax if these burdens are too heavy it will seriously interfere with the floating of our bonds.

No one can predict the effect which the pending bill will have upon the business of the country. Judging from the experience of England, France, and Germany, who have gone to the limit of taxation, the high taxation imposed by the pending bill may cause a marked disturbance in the general business of the country. Under these circumstances we certainly should not increase this danger by imposing additional taxes. Let us act as prudent men. Let us remember that taxation is not a matter of rhetoric or of feeling or of prejudice against wealth or of social reform, but a plain business matter of the most vital importance. Let us not jeopardize the Nation's financial standing in this hour of peril. Let us not cripple or destroy the very industries which produce the money to pay the taxes. The hope of winning this war depends upon our financial and industrial strength, and we must run no risk of impairing that strength by excessive taxation.

Mr. SHERMAN. Mr. President, I have no fear that we are not well within the line of safety in tax levies, appropriations, and bond issues. If the increases had not been made, not in a very remarkable degree it is true, of the income taxes embodied in the Gerry amendment I should have voted even for a larger addition to those income taxes than that. The Gerry amendment having been adopted, however, I am disposed for the present to let the income-tax features, so far as I have a vote on the matter, remain upon the present basis.

I voted against any larger taxation of war profits or excess profits. If the amendments reported by the committee had not



made the addition thereafter embodied in the committee amendment I should have voted likewise for an increase over the recommendations of the committee as originally reported to the Senate.

The committee itself, however, or those responsible and speaking for the committee, made an addition which, as the chairman of the committee properly denominated it, was a composite addition made up of both war profits and excess profits. That increase thereafter adopted by the Senate aggregated nearly one-half billion dollars, in round figures; those two increases, that of the income tax—coupled with the excess profits tax making a considerable increase of upward of one-half billion dollars to that originally reported by the committee of some \$2,000,000,000 I believe are sufficient. It will make under this tax bill an annual levy of two and a half billion dollars. This for the present, as I look at matters of that kind, is all that can be safely levied under the present bill.

The entire money in circulation in the United States approximates \$5,000,000,000. In 12 months one-half of the total circulating medium of the country will be taken by the Government in taxes by this bill. If we went beyond this, it might result under this bill in a segregation of too much of the current money of the United States in the form of taxes taken within a 12-month period. There is not an end of taxing when this bill shall have been passed; the tax power still remains in Congress, to be exercised according to future emergencies. So, if those emergencies require other additions and tax levies, incomes, and excess profits, together with war profits, are still sources of revenue open to the taxing power of Congress. Income taxes can be regarded for those future emergencies as a reserve, to be drawn on to meet those emergencies as they shall arise. If greater future taxation of war profits shall be necessary that, too, is a resource to be drawn upon to meet all contingencies that may from time to time arise.

One thing that very powerfully influenced me to vote against the increase in the tax on profits accruing from war business was the present basis of assessing those profits. It was stated, and correctly so, that England is taking 80 per cent of what they consider war profits in that country. They begin, however, with a very much higher exemption than do we; not an exemption made in the statutes, but an exemption, in fact, existing by the different normal level at which they begin their computation compared with ours. During the prewar period of 1911, 1912, and 1913 in our country business was hardly on a normal basis. The agitation coming from the campaign of 1912 was followed by a tariff revision in which schedules remained in the process of formation for many months—during the whole of the summer until September, 1913. During that agitation business fell off, and the fiscal year closing July 1, 1913, showed by the reflex action of the anticipated changes some lower levels of business for the last prewar year of 1913. Consequently when we begin to figure our war profits we figure from a lower average normal level of business in this country. This, of course, left a larger volume between that level and the 1917 level than otherwise.

In England, on the other hand, during the like years of 1911, 1912, and 1913, business was at a considerably higher normal level. Her business was prosperous. She, therefore, figures her profits from a higher level, leaving as a margin between the normal level and what are considered excess profits a much smaller volume in the aggregate and takes 80 per cent of this smaller volume between her higher normal level of business and the excess profits level. If she began at our level of war profits, as indicated here by the Senator from Utah [Mr. Smoot] and by others in reply to the 80 per cent argument—if she began at our low level and raised a like sum of money on the resulting difference by the tax levies of her Parliament, it would, in fact, figure out on the volume of business and the money raised an average of about 46½ per cent of war profits. So I think we were justified in adhering finally to the recommendations made by the committee and to the amendment which the committee offered here making a half billion dollar increase in the aggregate.

I am fully satisfied, too, by comparing present financial conditions with other periods when we were raising large sums of money, that we are within the safe limit, even with the \$11,000,000,000 bond issue bill coming from the other House, which will be acted on by the Senate in due time. We went through a period of great stress and strain at one time, Mr. President. In 1860 the entire wealth of the United States, according to the returns of the Census Bureau, was an aggregate of \$16,159,616,000. In 1861, without time in the ordinary industrial life of the country for this aggregate to be very materially changed, a marked event in the history of our country occurred. Eleven States interpreted the Constitution under which we were living in a different way from the other States; they interpreted the

ratification of that document and their powers under it as justifying an attempted withdrawal from the Union. That resulted in the passage by the legislatures of the States concerned of what are commonly known as the ordinances of secession. There were 11 rebellious States so attempting such withdrawal. By segregating the total wealth given in the census returns of the 11 States that engaged in rebellion we can readily ascertain the total wealth of the 22 loyal States. The 11 rebellious States returned a total wealth of \$5,202,166,107 in the census of 1860. So the 22 Union States had of the total national wealth \$10,957,449,961. In 1870 our total wealth had increased, in round numbers, to more than \$30,000,000,000.

The public debt of all kinds, both interest-bearing and non-interest-bearing issues, passing either as current legal tender or the 7.30 Treasury notes issued reached its highest figure in 1865, the closing year of the war.

The public debt of the United States at that time, interest bearing and otherwise, reached the sum of \$2,674,815,000. It is profitable in a few minutes this morning before we close the general discussion on the pending bill to note the percentages and compare them with the present resources and taxing power of the country. The public debt in 1865 was 16.55 per cent of the total wealth of the United States in 1860; it was 24½ per cent of the total wealth of the 22 Union States. If the wealth of the United States in 1870 be taken as a basis of calculation, the public debt in 1865 was 8.89 per cent, or nearly 9 per cent, of the total national wealth of the country. Of the 31,000,000 population, the 11 rebellious States took out with them 9,103,000, leaving something over 22,000,000 in the 22 States that remained loyal at that time. Population and taxable wealth are the fighting strength of nations.

The estimated total wealth in 1917 varies according to the liberality of the person making the calculation. The last definite figures compiled by the Census Bureau placed our wealth at \$187,000,000,000. It rose under percentages conservatively calculated to an actual value of \$200,000,000,000 before the beginning of the war in Europe in 1914. It is estimated by some statisticians, and by some Members of this body as well, whose opinions are entitled to credence, that the present total private wealth of the country aggregates \$250,000,000,000. If this be taken as the basis, we can calculate the potential credit of the United States at the present time and we can name it in actual figures for business and tax-levying purposes.

On this basis, taking the public debt in 1865 and comparing it with the total wealth of 1860, as the percentages named, the potential present credit of the United States is over \$40,000,000,000 of bond issues or other form of national credit. If we base the calculation on the 22 loyal States of the Union and what they possessed of the wealth of the Nation at that time, leaving out the 11 States that seceded, the potential credit of the United States is more than \$60,000,000,000.

If we issue to-morrow through the Treasury Department \$60,000,000,000 of bonds, based on \$250,000,000,000, approximately of national wealth, our indebtedness would be no more than the indebtedness faced in 1865 by the 22 Union States in the event the war had failed and they had been called upon to pay the whole \$2,674,000,000. On the basis of the public debt in 1865, compared to the Nation's wealth in 1870, the potential credit of the United States would be at this time more than \$22,000,000,000. So even on the basis of the last calculation mentioned the bond bill that comes to us from the House, carrying upward of \$11,000,000,000, involves no greater obligation than one-half what our ancestors and their sons who are still living faced in the Civil War upon the valuation placed on the total wealth of the country in 1870 under the public debt of 1865.

So there is no reason for alarm, Mr. President.

I have read articles in some financial journals and have had communications from certain investment companies and bond houses of Chicago expressing the fear that the credit of the country would be imperiled, not only by high taxes but by the excessive bond issues and the very great expenditures that are consequent upon the war. I offer these figures which I have drawn from the census returns and from the Treasury Department in order that they may have some reassurance and to give an adequate reply to that correspondence.

It is not well, Mr. President, to take all that it is possible to exact in taxes in one levy. Other emergencies will come. If there be any margin left in incomes or in excess profits or in war profits that can be drawn on, let us leave them. This war is not ended, and unhappily we have no assurance of when it will end.

We declared war for specific reasons. We have certain grievances, not of our seeking, but growing out of the conduct of the German Government. We declared that its decree creating dan-



ger zones in the high seas was unjustifiable, and that both belligerents and neutrals were interested in seeing that no such power was exercised by any Government. We declared that submarine warfare was piracy, and ought to be declared such by all civilized nations. We favor, indirectly at least, a limitation of armaments as a basis for permanent peace; we favor certain other lesser principles regulating the conduct of nations. For those principles, declared in public documents and messages of the President, we went to war. I am willing, so far as I have a vote on revenue measures or upon any matter looking to the prosecution of the war, to continue the war until those purposes shall have been accomplished. I believe in waging this war with our resources wherever necessary. If we can meet and disable our enemy on foreign soil, let us vote men and money to do so. It is better to fight the enemy in Europe than in the United States. If we can increase the fighting strength of the allies by loans, and so weaken or break the German power, it is wise for us to do so. We are at war, and if our enemy can be destroyed before reaching our shores our people will be spared the horrors which have been inflicted upon the allies in Europe.

I do not appreciate the strategy that would leave an enemy alone until he has devastated our own soil and killed our own people at home. If we are spared the unspeakable barbarities of German "kultur" here, it will be because our enemy is defeated in Europe before reaching our homes.

I have on two occasions here recorded my votes against the administration, and I am ready to defend those votes before the American people. I voted against the food-control bill and the draft act, and I have no apology to make for those votes.

The price of bread has not decreased in one market or to a single family in the United States. In the press reports of last night and this morning the food controller is reported as having stated that the price of meat can not be decreased. He has learned what every western stock raiser has known all along, namely, that the supply of beef cattle is short; they have been slaughtered for three years to feed the armies of Europe. The dairy supplies are short; the flocks and herds of the great livestock regions of our country have been depleted to feed the soldiers of the Old World. There is the lowest supply of the northern steer, producing meat fit for the export trade, to-day per capita of the population of our country of any time in the history of the United States.

Pork has gone to \$20. Beef has risen to more than \$18 on the hoof. Sheep have gone up accordingly. Every animal producing meat to feed mankind has reached unprecedented figures. Eggs are 60 cents a dozen in Washington, and still the Government lives and the food controller is in the full operation of his appointed powers. Every broken egg means a nickle. I looked at my bill this morning from the grocery, and eggs are 60 cents a dozen. Where is Hoover? Let him get after the recalcitrant hens of the country.

My friend from Missouri [Mr. REED] has specialized on this branch of legislation, and I will leave that field to him and his unrivaled powers to which I yield.

Mr. GRONNA. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Illinois yield to the Senator from North Dakota?

Mr. SHERMAN. I do.

Mr. GRONNA. I am sure the Senator does not wish to do Mr. Hoover an injustice. The Senator, of course, knows that Mr. Hoover has been very active and that he has reduced the price of wheat to the farmer 3½ per cent since this act was passed, or about that amount.

Mr. SHERMAN. I have not figured it up. I am very glad to have that information.

Mr. GRONNA. I agree with the Senator that so far as I know I do not think the prices have been reduced to the consumer, but we do know that the price has been reduced to the producer.

Mr. SHERMAN. There is no doubt of it.

Mr. JONES of Washington. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Illinois yield to the Senator from Washington?

Mr. SHERMAN. Yes, sir.

Mr. JONES of Washington. As I understand the Senator from North Dakota, this reduction has been made by reason of the fixing of the price that was announced a few days ago. Is that correct?

Mr. GRONNA. Yes.

Mr. JONES of Washington. I want to say to the Senator and to the Senate that I have the word of Mr. Hoover himself that he had nothing to do with fixing that price. It was fixed by a committee called here by the President of the United States. The price was fixed by the President and under his direction.

Mr. GRONNA. Mr. President, if the Senator from Illinois will yield further, I will say to the Senator from Washington that he is too good a lawyer and too good a legislator to take any such excuse as that.

Mr. JONES of Washington. Oh, Mr. President, I want the responsibility fixed right where it belongs.

Mr. GRONNA. The responsibility is on Mr. Hoover, because Mr. Hoover is the food director.

Mr. JONES of Washington. The responsibility is on the President of the United States.

Mr. GRONNA. Just because Mr. Hoover saw fit to appoint a committee, that does not relieve Mr. Hoover from the responsibility.

Mr. SHERMAN. Well, Mr. President, I do not care to pursue that inquiry, but in earlier days when I used to work out in the middle of a section of land on the prairie, when the hired man did something we always held his employer responsible.

Mr. LA FOLLETTE. Mr. President, will the Senator yield for just a suggestion at that point?

The PRESIDENT pro tempore. Does the Senator from Illinois yield to the Senator from Wisconsin?

Mr. SHERMAN. Certainly.

Mr. LA FOLLETTE. I do not see how it is possible for Mr. Hoover or the President to escape responsibility for the prices that prevail with regard to any product or to any supply for the household as to which the bill as passed by Congress gives Mr. Hoover, or the President through him, or any administrative body that he selects, the power to fix the price; and, Mr. President, there can be no question but that as to grain that power is vested in Mr. Hoover through the President, or in the President through Mr. Hoover. But as to what the consumer must pay for what he buys from the retail dealer, the Senator mentioned some of his own bills which he had been looking over this morning.

As I remember the terms of the act which Congress passed, no power whatever is given to the President or to Mr. Hoover to regulate the prices of retail dealers. For some reason or other, Congress withheld that power; and if I am right in my recollection of the terms of the bill, if any responsibility rests anywhere for the consumer paying higher prices for what he buys from the grocer and from the butcher and from every retail dealer, the responsibility rests upon Congress, and not upon the President and Mr. Hoover.

Mr. LODGE. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Illinois yield to the Senator from Massachusetts?

Mr. SHERMAN. Yes, sir.

Mr. LODGE. Under the license clause of that bill the President can reach everybody, every dealer in the country; at least, it seems so to me.

Mr. LA FOLLETTE. Mr. President, I am very certain that the Senator from Massachusetts is mistaken, and I am willing to put my analysis of that bill and the deductions which I draw from it and which I briefly stated here against that of the Senator from Massachusetts. I invite the Senators, if they have any doubt about the matter, to look up that question pretty thoroughly before they discuss this bill upon the assumption that the President and Mr. Hoover could be held responsible for the prices paid by consumers to retail dealers.

Mr. McCUMBER. Mr. President, I think the Senator from Wisconsin is absolutely correct; and I think it will be found that the bill especially provides that it shall apply only to the manufacturers and the wholesalers, and not to retailers.

Mr. LA FOLLETTE. Yes, sir.

Mr. GRONNA. Well, Mr. President—

Mr. KING. Mr. President—

The PRESIDENT pro tempore. To whom does the Senator from Illinois now yield, if to any one?

Mr. SHERMAN. I yield to the Senator from North Dakota.

Mr. GRONNA. I simply wanted to say, in connection with what my colleague [Mr. McCUMBER] has stated, that the bill does provide that they can regulate retail dealers doing a business above \$100,000. That is very specifically stated; but neither the President nor Mr. Hoover can regulate the business of any retailer doing a business of less than \$100,000 per year.

Mr. LA FOLLETTE. That would leave out substantially all the retailer dealers of the country.

Mr. SHERMAN. Mr. President, Congress classified the middlemen, exterminated some, and let the others alone. The retail dealer was among the favored class of middlemen who were not disturbed. I am not complaining about that. I am going upon the assumption that whenever the retail middlemen can buy at lower prices, they will make lower prices to the consumer. I will not presume that they will be unduly avaricious, and attempt to collect more than would be fairly remunerative



to the business. So I shall assume the retail merchant charges present prices because his buying prices are still high.

The other measure which I opposed was the conscription act. I voted for the volunteer-enlistment plan as an amendment to the Army act. I am not dogmatic about that. I do not say that those who were of a different opinion were wholly in error. I only voted my own view of it. After the volunteer amendment was defeated I supported the conscription bill. It is sufficient to say that those entertaining views contrary to mine on the volunteer plan prevailed in Congress, and the present act for the Military Establishment of the country is on a conscription basis.

In my opinion, Mr. President, the conscription act must be the act under which this war is fought to a conclusion. If there were a roll call within the next five minutes on the repeal of the conscription act, I would vote against that repeal. We have embarked on this war on the basis of that law. We are now engaged in raising armies for the public defense under that act. We can not amend it safely at the present time; but this war must be carried to a conclusion under the existing law.

Mr. LODGE. Mr. President, will the Senator allow me to interrupt him just a moment?

Mr. SHERMAN. Certainly.

Mr. LODGE. I wish to say that what I had in my mind was the original and more sweeping provision. Under the law as it stands any retailer doing a business of less in gross sales than \$100,000 per annum is entirely exempted from license. The Senator from Wisconsin was right.

Mr. SHERMAN. I do not care further to discuss that.

Mr. LODGE. I am much obliged to the Senator for allowing me to make that statement.

Mr. SHERMAN. I simply alluded to it in passing as one of the two acts that I had not supported that were favored by the administration. The Senator from Massachusetts [Mr. LODGE] is always candid in his discussions; he seeks truth and not mere forensic advantage.

I shall vote for the revenue act, Mr. President, in whatever form it finally comes to a roll call, whether it embodies a single amendment which I favored, and regarded as necessary to perfect the bill, or not. We must have the revenue. The public obligations must be met. It will not be long until interest will be due on the new obligations. That interest must be paid. Vast expenditures in the Navy and in the Army Departments of the Government must be met. More will be made in the future. This money, therefore, is indispensable to the public defense; and there is no alternative except to support these measures, however much we may differ as to the details.

To those who were dissatisfied because there were not greater levies made, I have only this suggestion to make: Future levies will be necessary, as fresh conscriptions of men will be necessary. Both men and money will be required in larger amounts before this unhappy war in which the world is involved shall have arrived at an end.

We declared war, as I have stated, for certain purposes, and we are levying taxes in support of that war. We have embarked upon a war the goal of which no living man can tell. If it shall end a twelfth month from now, what will the settled issues be? Can any Senator reply? Can the Chief Magistrate of the country tell us? Evidently it is beyond human foresight. If it scourge the earth for years how will it end? We can hope but we do not know. We only know this, that in the press reports of yesterday morning Premier Ribot, of the French Republic, announced that the French Nation would never cease war until Alsace and Lorraine were restored to the French dominion. Not long ago the Italian responsible minister, speaking for that country, declared that the Adriatic Sea Provinces must be retaken, and the crime of 1866 and other days must be avenged by the return of the Italian territory on the Austrian shore of the Adriatic Sea. Not many weeks after the Right Hon. Mr. Balfour was here in this Chamber he returned to England. He delivered a significant address. In substance, it was that the United Kingdom would not conclude peace until Alsace and Lorraine were restored to France. The next day criticism came from the Italian Government. It inquired why Mr. Balfour had not alluded to the Italian Provinces that that Nation desired.

Mr. Balfour in reply said he was only referring to a specific instance. When he referred to Italy as one of their allies he was in full accord with the purposes of Italy in claiming the territory wrested from them by the fortunes of war a half century ago.

The President very properly, in a message here some months ago, alluded to the independence of Poland. England stated that she believed in the restoration of the sovereignty and protecting the sovereignty of the smaller nations of the world.

He would do that to enable them to work out their own course of development and protect them from the military aggressions and conquests of their stronger neighbors.

Constantinople has been a problem for a thousand years. Since Constantine surrendered in 1453 and the Turk took possession it has been an acute problem in all the civilized world.

Mr. President, in 1853 if Great Britain had entertained the same views of the unspeakable Turk, Abdul Hamid the Damned, as the public press called him for some years, never would have left the bloody trail across Armenia that marked the declining years of the Turkish Empire that he administered. In the Crimean War, England, France, and Sardinia backed the Turk against the aggressions of Russia, which sought to save the members of her own race, the Slavic blood, the Greek Catholics, and the Armenians, that were then in the grasp of the Ottoman Empire. The Crimean War, with the United Kingdom of Great Britain against Russia, by her efforts left the Turk in Europe and Asia in all the territory that he holds at the present time.

In 1772, Mr. President, Frederick the Great would have been utterly crushed if England had not sent her legions into the field to fight the wars that preserved Frederick the Great from extermination. Frederick the Great was the ancestor of the present Kaiser, who thinks he looks like him, acts like him, and is trying to leave behind him a history that will enable him to be referred to as Wilhelm the Great.

The problems of the East Mediterranean are well known. England has at Gibraltar the strongest fortified post in the world, provisioned to stand an indefinite siege, with chambers that go down into the solid rock so far that no guns will ever be founded whose shells can reach the innermost bowels of the fortifications of Gibraltar. It is the entrance of the Mediterranean. It is the way through the Suez Canal to the Orient. They propose to hold it. England holds Malta in the Mediterranean Sea, and going through the Mediterranean by the Suez Canal into the Red Sea she gains an entrance into the Pacific Ocean and her far eastern possessions. That is the problem.

Every once in a while I used to pick up a copy of a Socialist paper that was suppressed not long ago, and I would read in the editorial, Why is Europe at War? This is one of the reasons. Pass through the Suez Canal, pass Singapore, a British post, and then all the British East Indies are reached. It is England's and the allies' commercial problem, the expansion of the territory of some and England's vast shipping, whose colors went around the world, that were involved in this controversy. It is not the only question, but it is a most material part of the world war.

In the Balkan country, as everyone knows, there are numerous small States more or less dependent upon the good offices of their powerful neighbors. Germany began to drive a wedge down through the Balkan States to the Mediterranean. The present Kaiser had the dream of a railway from Berlin to Bagdad. He desired to reach the confines of ancient Persia, and was about to do so when this war came.

Russia, with her wheat fields around the Black Sea, has always wanted to get down through the Bosphorus from the Black Sea into the warm waters of the Mediterranean. She wanted Constantinople and the Balkan shores of the Mediterranean. This concerned England. So the Crimean War was fought, and Russia was defeated in her ambition.

Again, Mr. President, they now happen to agree, because Germany, having driven this wedge through on her way to Bagdad, has threatened the supremacy both of Russia and of England. So whatever it is now, it was a commercial controversy in the beginning.

Africa is a vast unexplored continent yet, the source of industrial supplies of raw material. Tropical woods and metals abound, and the rubber that has become indispensable to civilized man. It is a great source of material for many industries that are indispensable to the comforts of civilized man. It is still undeveloped. It is yet at the point of exploration. Every European nation has had colonies there—Leopold of Belgium, in the Congo country; Great Britain, beginning at Cape Town; Germany, on the east shore; France, on the east part of Africa along the north, through Tripoli, Tunis, and Morocco. Germany has not colonized; she has only occupied. Her population in her East African colonies can be numbered by the thousands on the finger of one hand. She holds them purely for commercial purposes.

What are they at war about? Indeed, Mr. President, because they have either peacefully to settle the commercial controversies and rivalries of recent years and the territorial disputes for a thousand years or they must go to war and decide by the god of battle who should possess the stronger hand and take the prize of the markets of the world and annex the terri-



tory of the other. Back of it all lies the military power of Germany and the autocracy of the crowned Prussian. With Germany it is a desire for world dominion linked to commercial enterprise.

The brutality of Germany in Belgium is without palliation or excuse. It is the result of the teaching of philosophers, of statesmen, and warriors of Germany for 40 years or more. The heartless teachings of Nietzsche has borne its bloody fruit by its university professors making it a part of the discipline that was ground into the German students in her universities. It was the beginning of the school of German thought, and from this head it percolated through until it reached the peasant in the field and the ditch digger in the streets of Berlin.

The President says he appeals from the Kaiser to the German people. So do we all. So do we fervently hope that the German people may at last awake from the domination of Prussian autocracy that has held them in leash for more than half a century. From the time that Bismarck, with his policy of blood and iron, welded the German Provinces into unity until the present it has been dominated by a military caste that was essentially despotic in its influence and brutal in its exercise of power.

We, therefore, having declared war, while we are not, so far as any action of Congress is involved, tied irrevocably to the allies, yet we are waging war in a common cause. Our motives, though, have not so far been analyzed. Have the American people any joint motive with the people of the allies at this time? I doubt it. So far as public opinion goes, so far as Congress has spoken upon the question, there is a joint motive only in part in the prosecution of the war for which we are appropriating this money. We went in for the purposes I have already stated. They were our declared grievances and they were just grievances; they ought to and must be corrected, and until they are corrected and the limitation of armaments becomes the basis of permanent peace, this Republic is justified in levying every dollar of taxes and of taking every man who is capable of bearing arms until it shall be the law that Germany can not by such ideals and military force dominate the civilized world.

That is the only common motive so far in the struggle. In that I apprehend there will be no difference of opinion among any of our people. No loyal citizen of the country can for a moment hesitate when this issue is before him.

What else is there? We cross the sea. We will have a million men across. We have already loaned them over \$2,000,000,000, with a credit yet of the old loan of a billion dollars. The Secretary of the Treasury in the hearings before the House said that \$4,000,000,000 more of loans would be required for the current fiscal year ending June 30, 1918, provided their requirements were on the same basis of the preceding months which he has filled from time to time.

So we, with the allies of Europe, are at war not by any formal treaty or declaration, but acting in concert with them. The American people must decide. This Senate can not long delay settling the question whether if Germany concedes all the redress of grievances we demanded on entering the war we must or will still prosecute the war with the expenditure of these billions of dollars, with some millions of American lives.

I shall state the question as I understand it, because ultimately the American people must know it. They will never learn it from the New York City press. They will never get it from certain other papers who shout nothing but war. They will not glean it from the labored editorials of a single one of the New York City dailies. They know better, or fear the effect on the American people, if they carry these principles to their logical conclusion at this time.

It may not be wise for the administration to announce what our goal may be. I am willing to let it rest for the present with the constituted authorities on that subject. I state what the logic of events is, and I will state the probable destination toward which we are marching with all the swiftness that presages the colossal character of the war.

We now, with the allies of Europe, are jointly at war. The American people hardly realize they are engaged in a foreign war. If Germany shall suggest offers with guarantees that any civilized power like this Republic should be disposed to accept as a redress of grievances, what will we do? How will we vote in this Senate Chamber? Will we vote not to accept that redress of grievances and pledge of good conduct in those particulars in the future or will we be bound to continue a foreign war to annex the territory I have described and to exact indemnity from a conquered foe for the benefit of the allies? That is the real question here in the subconscious thought of every Senator.

In all the mutations of the revenue debate, in all the details of legislation since the 2d of April, especially the last three months, we have reached the point where there continually arises in our thought: If that issue shall be presented to us, will we vote to continue the American people in a foreign war to annex territory, to exact indemnity, to avenge the wrongs and feuds of the nations of Europe for a thousand years, levying taxes and shedding our blood that England may settle the problems of the east Mediterranean and her way to her British East India possessions; to give Italy her provinces; to return to France what Bismarck took from her in 1871; to partition Africa; drive the Turk from Europe, make him give pledges for his behavior in Asia; and to continue a war to give to the allies of Europe territory around the globe and indemnity? When it is done what will we have on the side of the ledger when we balance the account? Any place from twenty to forty billions of indebtedness, any sacrifice of life from half a million to two millions of headstones somewhere in the Old World.

No graver issue ever faced a great parliamentary body since a free people have instituted a government deriving its just powers from the consent of the governed. This momentous problem is at last for the American people to decide. Why is not the question placed before them now? They are entitled to time to deliberate, to discuss, to analyze, and to weigh. They have a right to know the causes and the reasons for the unparalleled sacrifice they will make. Are they to be kept uninformed until their elected public officers have irrevocably committed them to the performance of something of which they are ignorant and on which their votes have never been given? Shall we calculate on that ignorance and a clamorous public press to hurry them on to a course already decided on and not revealed until there is no alternative? Does this resemble republican government? Is this the way to make democracy safe for the world or even for America? Not one American voter in a hundred now knows the fateful course we are pursuing or the powerful currents beginning to draw us into the maelstrom of a world war we did not cause but in which we may be compelled to struggle for our national life. In this mighty drama of the human race staged on the entire habitable globe it is time the whole truth be communicated to our people. This they have not had sufficiently to enable them to decide justly to themselves and the world how far they will commit themselves to settle the controversies of Europe.

The issues may compel the American people to follow these questions to their conclusion. It may at last be the only way to redress the grievances for which we declared the war. The people who bear the burden must be informed and given an opportunity to express themselves on the whole issue.

Will we have any territory or any indemnity? Not a dollar, not a square foot, because both are contrary to our declared purposes and ideals.

If I ever thought the American people were not an idealistic people I would no longer think it, because we are now in a war that is purely idealistic. We are somewhat like the fictitious hero Don Quixote, who had the highest ideals in the world but often fought with those who had quite practical and worldly purposes of their own to serve.

We want no territory and no indemnity. We will take none. It is against our policy. I never would vote to go to war for a single acre of land to be annexed to this country. We have now more than we know what to do with and more than we can successfully govern. I do not wish indemnities for ourselves. I would not fight a moment for either. I would rather levy taxes and vote for bond issues than to vote for indemnity for our country to be taken from Germany, even after she is beaten to her knees.

What will we do? We must ultimately vote here one way or the other. Let it be known to-day throughout the country, let it be known to the American people, that we are embarked upon a course that, unless peace shall come speedily, ultimately will lead us to a foreign war of territorial conquest and indemnities. It will entangle us with alliances against which the Father of our Country warned us in his Farewell Address. It is a formal reading of it every February 22, it is true, but nevertheless it seems to have a phrase of apparently prophetic insight describing the future destiny and difficulties of the country that he founded.

With these matters in the future, Mr. President, it is well for us to keep some taxing resources for other levies, because if we must continue to the end of a possible war of conquest leading us around the world, we will need more than \$2,500,000,000 of additional tax levies annually and more than \$11,000,000,000 of bonds. We will need \$5,000,000,000 of annual levies and \$40,000,000,000 of bonds before this world-wide war is ended,



before the allies annex desired territory, the Kaiser in exile, abdicated, or deposed, and the German people will have framed under the direction of a beneficent government here a government of their own according to our ideals and not theirs, or I fear before the German people will have created one satisfactory to us.

Before that is done we will have sent the allies more money and we will have offered upon the shrine of our idealism millions of lives of our citizens.

The vote in the German Reichstag, the expressions from the Austrian authorities, the papal peace note, all indicate that permanent peace may not be an idle wish with safety and honor to the belligerents. Shall we close all avenues that seem worth while?

So I am disposed to think in just this brief outline sketch of where we are traveling, of the difficulties we are likely to encounter, and of the insuperable burden of traveling to the goal where the European nations are headed for victory or defeat. I am disposed to think we had better be prudent and keep our tax levies within reasonable limits and husband our resources for future contingencies.

The Senator from North Dakota [Mr. McCUMBER] gave a very striking illustration of a man of moderate income nowadays, how much he would pay in taxes; and when the critics tell me that the wealth of the country has not been conscripted, my reply will be that the wealth of the country has been conscripted to as great an extent as its flesh and blood. In the Merchant of Venice, Shylock said:

You take my house when you do take the prop  
That doth sustain my house; you take my life  
When you do take the means whereby I live.

Primarily government is for the protection of the rights of persons, but secondarily it is the protection of property. Property makes life tolerable, cares for dependents, and exercises the greater part of our productive years. So we ought to have some care for property.

I think the Senate Committee on Finance, all things considered, even in their first report made a very fair levy upon property. It did not satisfy me entirely, and I would have voted for an increase, as I told some of the gentlemen who consulted me about how I felt on the subject. But the increase came. On the income tax as suggested I would have voted for a little greater increase if I had had my way about it. But we have to finish all these things some time, and if we travel through to the end in this war we will have abundant opportunity to conscript the incomes of all citizens of the United States long before it is ended.

We went through the Civil War. Those who were then in business know something of what followed. Men of my generation were in the cradle when the war broke out. I can just remember the last drumbeats that rolled away when the soldiers came back in 1865. Those who lived through that time remember the inflation in prices. They remember the condition of the currency, the Treasury notes, the greenbacks, all the vast expansion of credit that came as a necessary means of waging the war. I can not go into details; I do not wish to take the time. I only remind Senators of the fact.

The war closed in 1865. It took eight years to work out its legitimate results. When the war closed we were upon a high level of prices. Talk to the old bankers who went through that period; read the record of that time, we of a younger generation. Speculation of every kind was rife; legitimate business was good; values of land shot upward; farm produce was salable at high figures all the time. We kept on that level until a downward tendency manifested itself in 1873. The first difficulty arose when the speculator who was endeavoring to become a millionaire on borrowed money felt the inevitable pinch which comes from the decrease in values. He applied for a renewal of his loans; his collateral had shrunk; his assets that were not up as collateral began to depreciate a few per cent. It was not a question of a depreciation 50 per cent in 1871, but it was a question of the depreciation of any per cent; it was the direction in which business affairs were drifting rather than the distance they had then drifted.

The wise man, however, of that time who saw the shadows the coming events cast before them began to husband his resources. The banker refused to renew the speculators' loans. They realized on his collateral, and every bond or share of stock of collateral placed on the market only accelerated the downward movement of prices. Depositors began to hoard their money. In the report made by the National Monetary Commission an instance is given in New York City of certain retail merchants who ceased to deposit their cash and put it in a safety deposit box or sold the cash for a high premium to the brokers who had to have it. That again accelerated the downward tendency; the scarcity

of the circulating medium became apparent; prices fell rapidly, and by 1873 there was a panic. Speculation was at an end; legitimate business suffered with the rest; inflated prices had the water squeezed out of them; they began to settle down to a hardpan and actual value basis. The panic of 1873 became an accomplished fact. Will we hedge against such a panic or shall we be deaf to the voice of experience and repeat sometime, when this war ends, the melancholy experience between 1865 and 1873?

All of this \$250,000,000,000 of taxable resources is private wealth. Every time a man becomes bankrupt the Government has lost a taxable resource. It is like the bad health of a citizen. It is a resource gone; it is one less available musket in time of war. Every time we lose a business the country has lost something and the Government has lost a taxable resource. So we do not wish to repeat that experience if there is any way to avoid it.

Some of that generation are still living and some are still doing business. Some of them are chairmen of the boards of directors in Chicago, New York, Philadelphia, and other cities. I have several neighbors who were in business in 1873 in Chicago and elsewhere. They tell me of the era of high prices and warn me against a repetition of the melancholy experience of 1873. Prices now have gone to an uncomfortable level, but that is the history of all wars. It is the same way in England.

That reminds me of what I read in a London newspaper night before last. They are complaining now in the food bureau that Great Britain, when prices are high and she has laid in a supply of grain at a low level, does not sell it at the high level in order for the margin of profit to balance up what she is going to lose when she buys high and has to sell low. That is just what the naughty middleman has always been doing from the time that Joseph received his brethren in Egypt, and it was only on account of its being in the family that he did not exact usury; but when any of the barbarians from distant Asia came in for a handout they paid 600 per cent cash on the market. They want England to do the same thing.

We have engaged in a similar little enterprise of our own, Mr. President, and unless the Government makes profits when the market falls and we are long we shall lose. Who will lose? Oh, the Treasury. Well, now, do not delude yourselves with the notion that that is something that like the manna to the children of Israel merely falls from the heavens at appropriate intervals. It does not fall from that place, but it is extracted from the taxpayer's pocket; and that includes us as well as others of our citizens. Our salaries may be reduced, for next January a paternal Government will retain from our pay checks 4 per cent or whatever the increase may be that we vote. So we are ourselves concerned in all these things, and we want to keep our taxable resources just as high as we can.

When we are through with this, what will we have in the country? We shall have munition plants. Yes; and everybody says, "They made war profits; do not have any kindly solicitude about them." Let that be granted. There is not an enterprise in this country that to-day is not affected by the war and is not a war enterprise. The bushel of navy beans raised in southern Illinois and the bushel of northern spring wheat which is raised in North Dakota are all war supplies. A mule colt that first saw daylight last spring in the Ozark Mountains in Missouri is a war munition of the Government, because after a while he will be a Government mule and he will be across on the frontiers of France striking terror into the hearts of the Kaiser's subjects. I am quite sure we will never be conquered as long as the mule holds out, and while he is the emblem of the Democratic Party, I never looked on that as a matter of reflection at all, because I think he is the wisest, toughest beast that mankind knows.

The PRESIDING OFFICER (Mr. LEWIS in the chair). May the Chair ask the Senator which he thinks most typifies the mule, his brain or his kicking capacity?

Mr. SHERMAN. Well, either.

Mr. NEW. He is formidable at either end.

Mr. SHERMAN. Enterprises of all kinds will be on a war basis; profits will be on a war basis; wages will be on a war basis; the price of raw material, whatever it may be, will be on a war basis. How is business conducted nowadays? Not by guess. If it is conducted by guess it is not conducted long, because people now begin to figure very accurately and the question of fractions of per cents spells the story of profit and loss on the ledger.

What is raw material? It is the old story: One man's raw material is some one's else finished product. So iron ore is raw material to the man who is smelting pig iron, but to the man who owns the iron ore it is his finished product when it is put into the barge in northern Michigan. The United States Steel Co.



has its own mines, its own transportation lines, its own barges, and it brings down to the foot of navigation in Lake Michigan all its iron ore used in its plants at Gary and in all the surrounding country, and they manufacture all the pig iron they want out of the iron ore which they own.

To illustrate: In recent years in the open-hearth processes of steel making several compounds have been used. One is fluorspar, which comes from certain parts of the United States; another is manganese ore that must be prepared in a given form. The commercial form, after the ore has been treated, is known as ferromanganese. About two and a quarter tons of ore added to two and a quarter tons of coke produce one ton of ferromanganese. About 30,000 tons of this is used in steel making in the United States every 12 months. It takes about 18 pounds of the ferromanganese to make 1 ton of steel. So, comparatively, for the finished product, it takes a small quantity.

Twenty-five per cent of the total quantity of manganese ore used in the United States is found in our own country. The rest of it came formerly in peace times from Europe and some from Brazil. Now we can get not a pound of it in our market from Europe. England controls some mines outside of her own borders, but she needs them for her own use. Germany controls some mines, but she has no ocean transportation; there is an actual blockade of her merchant shipping. In Brazil there is a very large supply of manganese ore owned by certain Portuguese subjects who live in that country and operate the mines. Before the war broke out their total output and sales in a year amounted to 150,000 tons; their sales in 1916 were 650,000 tons, because they are furnishing the market in all North America and elsewhere.

In our own country the main source of supply is the manganese mines of Brazil owned by these gentlemen. In peace times it cost \$10 to have a ton of the ore put into the harbor of New York; it now costs \$60 to put the same ton in the same place. The company in Brazil deal with you, not on your terms but on their terms. If you want to buy manganese ore from them, you will make a contract for at least a year and sometimes 18 months in advance. When you make the contract it is through their agent in New York that the final details are arranged, and you must arrange at the same time for an irrevocable credit covering the whole amount of the contract for the period named, whatever it is—12 or 18 months. As I have said, it now costs not \$10 but \$60 a ton.

Well, what will the Government do about it? There is the United States Steel Co. It is always held up as the bogey of corporate control. Very well, let it be granted; we will not argue their case; we will not present the facts that affect them, because they are not materially affected; they have their own mines; they manufacture their own ferromanganese for every hearth they control or own. They sell none of the ferromanganese on the market; they make it for themselves. All of the plants in North Chicago and elsewhere in Illinois, the Harvey Steel Co., the Joliet Mills and all, draw their supplies from the same source; they are all a part of the one great company; they are not affected; prices may go up or down, but they still have the ore in the mine, and they have still the same processes and plants for manufacturing the ferromanganese, however low the price may fall. They do not sell it on the market; they use it themselves. It is merely an item in the manufacture of their multifarious products. But they are not the only concerns that use this product; there are some smaller companies and there are some companies that are beginning to manufacture from the ore and to sell it on the market. It is to these latter that I more particularly direct my remarks. What I have just said has been by way of preliminary to explain the situation that affects the smaller company.

A smaller company with \$1,000,000 capital or \$5,000,000 capital beginning the manufacture of ferromanganese must have contracts—and such contracts actually exist now for ore—covering 18 months. They are bound, and they put up collateral covering the credit for that period, to pay at the rate of \$60 per ton delivered at New York City Harbor. What is the object of this? The Government has asked for ferromanganese; it is an essential of war; no concern manufacturing modern steel, a commodity that affects the life and safety of this Republic and gives the fighting man of American blood a fair chance against the disciplined troops of Germany, should neglect the opportunity to make the best steel known to the craft.

So ferromanganese is an essential element in the manufacture of steel. Covered by contracts for at least 12 months from the 1st day of September, say, 1917, at \$60 a ton, selling on the market, what does the average company or business man face? He faces the ordinary hazards of business, which are sufficiently great, but he sells nothing in his business but ferromanganese.

He has no related products. That is his business. He is furnishing it to the steel companies so that they can manufacture the things that are required for the successful prosecution of the war. Very well; he has covered it by credit. He takes the ordinary risks I have referred to, and in addition two other risks, Mr. President. The one is price fixing by the Government; the other is the end of the war by a treaty of peace made at an unknown time. Either event powerfully affects his ability to do business. Under present conditions, without prudent requirements to safeguard the operations, both of them happening together, or even one, may mean bankruptcy for the enterprise. There is no escape from it.

What has been done heretofore? I call attention to this with no particular satisfaction, because I do not follow suit just because England does a given thing; but the junior Senator from Ohio [Mr. HARDING] offered some very instructive figures here a few days ago on the money that England had raised. I only give them from memory now. He said that in the three-year war period she has levied about \$25,000,000,000 in gold of our money, of which \$3,000,000,000 could be charged, in round numbers—\$2,970,000,000, but I am only using the round figures—to the ordinary civil expenses that would be incurred if no war were on; \$6,000,000,000, in round numbers, has been loaned to foreign Governments, her allies in this war, making \$9,000,000,000 altogether; making a total for the three years of money expended, in round figures, of \$16,000,000,000.

Now, as against that, for the three years the tax levies raised by England were \$6,000,000,000, so that in round figures, taking out the ordinary civil expenses and interest on the public debt, it left not much more than \$2,000,000,000 of actual war levies that were made in the three years by her revenue bill, originating in the House of Commons, as ours originate over in the other House.

Here are some of the laws under which the cases I have described are provided for; and before I leave that branch of the matter let me say that not only in such industries as that of manufacturing ferromanganese, but in others, the same thing holds true. Back in the western country in many places are concerns manufacturing vast quantities of barbed wire. Those requirements are not for agricultural purposes. They are for war purposes. The concerns must buy their steel billets in advance in the same way. Barbed wire is no longer made out of iron. It is a steel wire. They must buy for at least 12 months in advance. The manager of one of the largest concerns, one of my constituents, faces the following condition:

When he approached the steel company to buy steel billets for a year or for a given time, they told him he would have to make a contract and put up collateral for a 12-months' supply. "How much do you want?" He said: "Well, I do not know whether I can comply with it or not." The reply was: "It is not a question with us whether we sell to you or not. Do you want the steel, or do you not want it? If you do not want it, we can sell it at any time. We will fill your order because you are an old customer, and we would rather hold you than lose you."

They entered into a contract for a year. Pig iron is the basis. The current price of pig iron in the first year of the war, 1914-15, was \$16.50. Pig iron in 1917 averaged nearly \$52, over 300 per cent of an increase. The manager of this company was obliged to enter into a contract for steel billets for 12 months in advance at the increased price.

Not long ago the Chief Executive said that he intended to take over the United States Steel Corporation, refused to confer with its managers who came here, the responsible heads, and intimated that this was to be the first great example of assuming control of a great enterprise by the Government.

It has not been done up to this time. I assume satisfactory prices were made, or relations were entered into that prevented it; but if it had been done, what effect would that have had on the contract made by the wire company?

It is the same experience that the agricultural-implement men have had out in the Mississippi Valley. As I have stated two or three times on the floor of the Senate, they can get 75 per cent of their requirements to manufacture agricultural implements for next year; and they are now manufacturing corn planters to be used next March and April. Next month—October—they will begin to manufacture the binders to take the wheat fields of North America under their care.

The wire manufacturer, in the event the Government takes over the United States Steel Corporation, or fixes prices, will meet this danger: Suppose the Government fixes prices on steel billets. What will happen? The product, a part of which is war orders and part not, will be sold at the contract price of steel for the 12 months. If the Government fixes a lower price it spells loss on the contract through no fault of the company, through no misad-



venture or lack of prudence of the manager, but one of the inevitable incidents of governmental operation in war times.

Suppose the war ends. Pig iron and steel billets will go back to their old prices in the prewar period. What does that do for a legitimate enterprise of this kind? It bankrupts it. The controlling man in this company began more than 30 years ago, as a boy on a farm in central Illinois, making a barbed wire that had merit in it, and it developed into the present company; and to-day he is doing business with this constant peril in front of him, based upon governmental price fixing and upon the conclusion of peace.

These taxes levied here, 52.9 per cent of excess profits tax, added to the income tax after the money is distributed, to the shareholders, mean to him all the taxes he can stand, even if his business were not attended by these inevitable risks.

Sulphuric acid is a necessary ingredient in making explosives in Gary or any of the other large plants. We have not enough sulphur pyrites in this country to make the sulphuric acid we actually need. We import that product from Spain. To get it we face the same condition that we do in manganese ore in Brazil. Not a man can get supplies without contracting a year or more in advance and putting up good collateral or establishing credit to pay for the whole period covered, and paying prices that run from 200 to 500 per cent in advance of the normal prices during the prewar period.

There is another product used in blowing up us Christians when we do not agree with each other—toluol. It is a sort of juice of a tropical tree that oozes out something like turpentine. It is a peculiarity of the white man, and especially the disciple of the meek and lowly Nazarene, that he hunts all over the earth to get something that will blow souls to eternity in the most accomplished and destructive way. Nothing more indicates the need of humanity for a union of nations to enforce peace than this melancholy truth.

What does England do under those conditions that face the manufacturers of her necessary supplies? The commissioner of inland revenue corresponds to something like certain powers delegated to the Secretary of the Treasury, to hear and determine, upon certain facts presented to him, whether a given levy shall be made or exempted. I read from the excess profits tax of Great Britain, a document of the Sixty-fifth Congress, first session, prepared by the legislative reference division of the Library of Congress, on page 4, out of section 40, paragraph (3):

Where it appears to the commissioners of inland revenue, on the application of a taxpayer in any particular case, that any provisions of the fourth schedule to this act—

The fourth schedule, referred to, is where the taxpayer makes his return—

should be modified in his case, owing to a change in the constitution of a partnership or to the postponement or suspension, as a consequence of the present war, of renewals or repairs, or to exceptional depreciation or obsolescence of assets employed in the trade or business due to the present war, or to the necessity in connection with the present war of providing plant which will not be wanted for the purposes of the trade or business after the termination of the war, or to any other special circumstances specified in regulations made by the treasury, those commissioners shall have power to allow such modifications of any of the provisions of that schedule as they think necessary in order to meet the particular case.

That was intended to cover, Mr. President, just such conditions as I have described. It was intended to preserve the subjects of King George from bankruptcy when the war closes—to make prudent provision for that future event—so that the business might be conducted without incurring the risk that would end in insolvency.

In the passage of some of our measures here we have recognized practically the same thing, Mr. President, because in the act of September 8, 1916, occurs the following paragraph, found on pages 28 and 29 of that act, in pamphlet form. On page 28 it refers to the munition manufacturer's tax; and on page 29, in paragraph (f), is the following provision:

A reasonable allowance, according to the conditions peculiar to each concern, for amortization of the values of buildings and machinery, account being taken of the exceptional depreciation of special plants.

This refers more particularly to the tangible property, real estate, and equipment used in the manufacture; but equal risk attaches in the purchase of material for the long-time periods named that I have described; and the risk is even greater, because under the prices named very large liabilities are incurred. So it seems to me that there are two provisions of law, one in our own country and one in England, that recognize the justice of making some provision to protect the owners of the enterprise. It is obvious that profits made on deliveries this month may be absorbed by losses in next month's delivery. It is equally apparent that profits made at the end of a given business

year may be entirely destroyed by losses the next business year or a part of that year in the execution of contracts for which the business is bound in the purchase of material at the prices I have suggested.

New plants to supply the essentials of the war can be undertaken only subject to the foregoing risks. Extensions of old plants to enable the fulfillment of Government contracts are subject to the same risks. The owners are facing the possible taking over by the Government if they can not undertake the performance in due season and the delivery of supplies to the Government. War taxes are levied upon war profits. The Government thereby becomes a partner. In private partnerships all partners are equally bound to stand losses. In this instance, however, of Government partnership, it participates only in profits; it bears no losses. All losses are borne by the private enterprise. In addition, if business disorder comes, the private owner goes to his ruin alone. Ought not the Government partner, in fairness, to enable the private partner to safeguard himself against bankruptcy incident to the extraordinary risks attending war contracts?

Until all existing future contracts based on war prices have been executed, the interim gains as I have described them ought not to be taken as war gains and taxable. They ought not merely because they are profits to be taxable, but ought to be allowed to be set aside until the contract has been executed and liquidated and the profits remain after all the liabilities have been discharged. All these profits on paper may be stricken out by fluctuations to a lower level over which the business man has no control. The man who embarks in business may become a victim of the superior forces of organized government or the drift of events which even government can not control and which no human vigilance can foresee.

I do not like to take so much time. I thought I would not occupy a moment in the discussion of this bill because I intended to vote for the revenue bill in whatever form it finally came to a roll call, whether I fully agreed with the details of it or not. But it seemed to me that this provision that I am mentioning ought in justice, as has been recognized in the act of September 8, 1916, be continued, not only as to the plant, the property, the real estate, and equipment, but continued as to profits made on the product delivered.

In accordance with that I have offered certain amendments. I offered them finally on the calendar day of August 30, 1917. The first amendment covers in substance all of them, only it amends different sections of the income tax in such a way as to make the act itself intelligible and properly to be applied.

Subdivision (a) of section 5 of the act of September 8, 1916, is hereby further amended by adding a new paragraph, as follows:

When I read one of these series of amendments it will explain all of them. The first applies to resident citizens and resident aliens of the United States. The second one applies to nonresident aliens, and the third applies to domestic and foreign corporations and amends sections 5, 6, and 12 of the act of September 8, 1916, the income-tax provision, so as to cover the contingencies I have described. These are deductions that are to be allowed in the income-tax returns, which in turn become the basis on which war excess profits are computed. It is in the following language:

Reasonable amounts set aside during the year out of income received in that year, as shrinkage funds, to meet losses that may result from the shrinkage in value of merchandise, materials, and supplies on hand, or purchased and not delivered: *Provided*—

I think it would not do to make that an absolute rule, because it might be abused. Dishonest men might take advantage of it and might escape taxation and impair the public revenue. It ought to be made only in case there is some supervising power that will see that no injustice results to the Public Treasury. The Secretary of the Treasury and his subordinates are vigilant in the collection of the public revenue. It is a part of their duty. They not only collect it, but they supervise the expenditure of the vast funds passing into the Treasury. So this proviso is contained further:

*Provided*, That the Secretary of the Treasury, upon complaint, shall find in the particular case that such shrinkage funds are reasonably necessary, and shall ascertain the reasonableness of the amounts thereof, and the finding and ruling of the Secretary of the Treasury in any and all such cases shall be conclusive and final: *Provided further*—

And here it is, when the contracts have been executed, the account ended, the liabilities under which they have labored for the advance price of material have been met, and it is definitely known the contract is ended, and these actual profits as of the year shall then be taxable, and it is proper they should be. So the further proviso covers the loss of revenue unless it was specifically provided for in some cases—



*Provided further*, That any amount so set aside in such a shrinkage fund, or any part thereof, that shall not be used during the year next succeeding the year in which it shall have been set aside to meet such losses shall be included in the return of the taxpayer for such succeeding year and shall be taxed at the rate prescribed by law for the year in which it shall have been set aside.

So it pays finally a tax which would be paid if there was no such provision made. It is only a postponement of the time of payment until it is found whether the enterprise has any profits to tax or not and until the great liability under these excess profits has been met where there are excess profits. It must be remembered that they are excess profits of the kind I have described that are indispensable in the conduct of the business and that the enterprise must incur.

The tax shall be assessed upon the basis of the income without taking into account the shrinkage funds provided for in this paragraph, but the taxpayer claiming the benefit of this paragraph may, at the time of making the return, file a claim for abatement of the amount by which the tax so assessed exceeds the tax computed upon the basis of the income when such shrinkage funds are taken into account. In such event collection of the part of the tax covered by such claim for abatement shall not be made until the claim is decided, but if in the judgment of the Commissioner of Internal Revenue the interests of the United States would be jeopardized thereby he may require the claimant to give a bond in such amount and with such sureties as the commissioner may think wise to safeguard such interests, conditioned for the payment of any tax found to be due, with the interest thereon, and if such bond, satisfactory to the commissioner, is not given within such time as he prescribes the full amount of tax assessed shall be collected and the amount overpaid, if any, shall upon final decision of the application be refunded as a tax erroneously or illegally collected.

This covers against any insolvency or failure in business or promptness to pay the tax. The Government is secured absolutely, and the Treasury Department, of the revenues which are delayed in their collection.

In substance the same provision applies to nonresident aliens and to domestic and foreign corporations, amending sections 5, 6, and 12 of the act of September 8, 1916, so as to be workable in its provisions, the amendment being worded in such a way as to be in consonance with the act or parts of the act that I have described.

Mr. President, I have taken more time than I desired, but I wished to present this matter which I regard as of primary importance. It is important to the country that these enterprises shall continue at present and furnish war supplies. It is important from the war end that they shall be allowed to safeguard themselves against this loss which will result in bankruptcy as in the period of which I spoke, from 1865 to 1873, the eight-year period when there was a gradual shifting, and sometimes not so gradual, toward the latter end of the period, a shifting of the price from a higher to a lower level. It will when the war ends come in such a way, unless these safeguards are allowed, as to result in widespread distress. I will for a closing comment say that in 1865 to 1873 great disaster resulted and that now the disasters will be correspondingly greater, because of the colossal magnitude of the sums involved, the merchandise, and the great population that will be interested in the bankruptcy or solvency of these enterprises after the war period shall have closed.

Mr. NEW. Mr. President, I have no thought or desire to address the Senate on the general aspects of the bill. I agree with what has been said by so many Senators who have already spoken here with reference to the work that has been done by the committee that has the bill in charge. In the main I agree with the conclusions of the committee and I am willing to accept them as my own and support the committee in nearly all respects.

But I would, Mr. President, elaborate just a little upon one of many thoughts that were suggested by the very eloquent and instructive address that has just been delivered by the Senator from Illinois [Mr. SHERMAN]. I refer particularly to his reference to what was done in England in the establishment of a prewar period. The Senator said they fixed there upon the years 1911, 1912, and 1913 as the prewar basis for arriving at a conclusion as to what constitutes war profits. Our committee in this bill have done the same thing.

I regard it as a little unfortunate, Mr. President, that those three years should seem in the very nature of things to be the ones that are selected for the fixing of those profits, for the reason that it is generally understood by all business men in this country that those years in the United States were for most businesses subnormal years. Neither 1911, 1912, nor 1913 were good years, and in certain sections of the country, in at least one of them, the year 1913 was positively calamitous. As was pointed out by the senior Senator from Ohio [Mr. POMERENE] the other day in his speech, in Ohio, Indiana, and a large part of Illinois in 1913 there was the greatest calamity that ever visited that section, the great flood. Take my own State, for instance. There was not a railroad in the State that made a dollar in 1913. There was scarcely a manufacturing concern or any other business enterprise that did not show a loss at the end of that year. In many instances it was nothing but the

pluck and enterprise that is characteristic of the business men of that section that buoyed those concerns up and brought them through at all. Yet 1913 is one of the years that is fixed here to establish a basis of prewar profits.

Mr. KING. Will the Senator yield to me?

Mr. NEW. Certainly.

Mr. KING. In looking at the report submitted by the committee I find that the aggregate net income of taxable corporations as reported to the Treasury Department is as follows:

In 1909, \$2,095,978,000 plus.  
In 1910, \$3,360,000,000 plus.  
In 1911, \$3,213,000,000 plus.  
In 1912, \$3,832,000,000 plus.  
In 1913, \$4,339,000,000 plus.  
In 1914, \$3,619,000,000 plus.

So it would seem that the committee chose the three best years for the taxpayer of the years in which returns had been made under the act of Congress by the Secretary of the Treasury.

Mr. NEW. Mr. President, that does not touch the point I am about to make at all. I do not know where the Senator got his figures, but I will accept them as accurate as they apply to the country generally; but they certainly do not apply to the section of which I speak, and that is a most important section of the country. Take those three or four States of the Central West—Indiana, Ohio, Illinois. They are all of them very great manufacturing States. They are not only agricultural States, but they are great manufacturing States as well, and what I have said of business conditions in those three States for the year 1913 is unquestionably true. I have not the figures at my command, but I know that that statement can not be successfully controverted.

I know also that the committee has endeavored to furnish some relief to those who are caught by that condition, where their business is in the situation I have described, by permitting them to take the average of other business of similar character and similar capital and basing their returns upon the returns of these other concerns. But, Mr. President, it can never be satisfactory for one man or for one establishment to take the business of another as its basis. I think that it would be very much fairer to permit each business to eliminate either one of those three years and take an average of the other two as the basis on which their war profits should be taxed. If that is done, then I think the only defect that I can particularly point out in the bill is met. I believe that that is only just and that it is very much fairer to a great many enterprises, and, I may say, nearly all the business in the States I have mentioned.

I hope the committee may yet see its way clear toward making provision that business may be permitted to eliminate either one of those three years from the making up of the average of its prewar basis.

Mr. SIMMONS rose.

Mr. NEW. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. LEWIS in the chair). The absence of a quorum being suggested by the Senator from Indiana, the roll will be called.

The Secretary called the roll, and the following Senators answered to their names:

Bankhead	Johnson, Cal.	Myers	Simmons
Borah	Johnson, S. Dak.	New	Smith, Ga.
Brandegee	Jones, N. Mex.	Newlands	Smith, Md.
Broussard	Jones, Wash.	Norris	Smoot
Calder	Kellogg	Overman	Sterling
Chamberlain	Kendrick	Page	Stone
Culberson	Kenyon	Penrose	Sutherland
Curtis	King	Phelan	Thompson
France	Knox	Pittman	Wadsworth
Frelinghuysen	La Follette	Poincxter	Warren
Gerry	Lewis	Pomerene	Watson
Gronna	Lodge	Ransdall	Weeks
Hale	McCumber	Saulsbury	Williams
Hollis	McKellar	Shafroth	
Husting	McNary	Sheppard	
James	Martin	Sherman	

The PRESIDING OFFICER. I desire to announce that the Senator from Arkansas [Mr. ROBINSON] is necessarily detained on official business.

Mr. MARTIN. I wish to announce that my college, the junior Senator from Virginia [Mr. SWANSON], is detained on official business.

The PRESIDING OFFICER. The roll call discloses that 61 Senators have answered to their names. There is a quorum present.

Mr. CURTIS. I desire to know what title of the bill is now before the Senate.

The PRESIDING OFFICER. The Chair replies that he is informed Title IX, known as consumption taxes, page 85.

Mr. CURTIS. I wish to be heard when that section is considered. If the Senator from North Carolina has other amend-



ments that he desires to offer, I will yield the floor for the present.

Mr. SIMMONS. There are some amendments that I desire to offer. I have no objection to the Senator proceeding, with the understanding that when he is through with his presentation I may present to the Senate two or three committee amendments that I desire to offer, about which I think there will be no controversy.

Mr. LA FOLLETTE. Will the Senator from North Carolina state now what those amendments are?

Mr. SIMMONS. The Senator from North Dakota [Mr. McCUMBER] has an amendment relating to ethyl alcohol, approved by the department and sent up by it, and one other amendment relating to the taxes on tobacco and cigars and cigarettes. We have provided in the original bill that it should not go into effect on the floor stock until 10 days after the passage of the act. The department now says it ought to go into effect immediately.

On behalf of the committee, I move to strike out section 402, on page 41. The section reads as follows:

That so much of section 400 as imposes a tax upon cigars, and the whole of section 401, shall take effect 30 days—

The House had it; we changed it to 10—

after the enactment of this act. That section 404 and so much of section 400 as imposes a tax upon cigarettes and as relates to packages or parcels in which cigarettes may be put up shall take effect 90 days—

The House had it; we changed it to 10—

after the enactment of this act.

I ask for a reconsideration of that section. The amendments have already been adopted, and I shall move that that section be stricken out of the bill.

The PRESIDENT pro tempore. The Chair thinks no reconsideration is necessary. The Senator may move to strike out the section as amended.

Mr. SIMMONS. Very well; I make that motion.

The PRESIDENT pro tempore. It will be stated.

The SECRETARY. The Senator from North Carolina moves to strike out all of section 402 as amended, at the bottom of page 41 and at the top of page 42.

The amendment was agreed to.

Mr. McCUMBER. Mr. President, I should like, with the permission of the Senator in charge of the bill, to now offer the following amendment on page 27. It is approved by the committee.

The PRESIDING OFFICER. The Secretary will read the amendment.

The SECRETARY. On page 27, after line 22, insert:

Under such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe, the manufacture, warehousing, withdrawal, and shipment, under the provisions of existing law, of ethyl alcohol for use of the United States or for denaturation, and denatured alcohol, may be exempted from the provisions of section 3283, Revised Statutes of the United States.

Mr. McCUMBER. I will say, Mr. President, that this amendment is a modification of section 3283 of the Revised Statutes. In effect, that section requires distilleries to stop manufacturing distilled spirits at 11 o'clock p. m. on Saturday and to resume not earlier than 1 a. m. on Monday. That was very appropriate when spirits were being distilled for beverage purposes, but at the present time the War Department needs probably all of the ethyl alcohol that can be produced; and the purpose is to so amend the law that the work can be continued. The amendment is recommended by the Secretary of the Treasury.

Mr. SIMMONS. Mr. President, I accept that amendment as a committee amendment. It has been considered and acted on by the committee.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. McCUMBER. I now offer, to follow the amendment agreed to, the amendment which I send to the desk.

The PRESIDENT pro tempore. The Secretary will state the amendment proposed by the Senator from North Dakota.

The SECRETARY. After the amendment just agreed to, on page 27, it is proposed to insert the following:

Under such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe, manufacturers of ethyl alcohol for other than beverage purposes may be granted permission under the provisions of section 3285, Revised Statutes of the United States, to fill fermenting tubs in a sweet-mash distillery not oftener than once in 48 hours.

Mr. McCUMBER. Mr. President, this is a proposition to modify section 3285 of the Revised Statutes. That section specifies 72 hours as the fermenting period at sweet-mash distilleries, and had its origin a good many years ago; but under the present improved method of distillation and production not more than 48 hours are required for that purpose. Therefore, there is a loss really of 24 hours. The Secretary of the Treasury

recommends the change for the purpose of supplying the Government needs.

Mr. SIMMONS. Mr. President, I accept that amendment as a committee amendment. The committee has acted upon it and adopted it.

Mr. HOLLIS. Mr. President, I am receiving complaints about the increased tax on ethyl alcohol; and I ask the Senator if the committee has considered exempting ethyl alcohol used in medicinal preparations?

Mr. McCUMBER. That has been considered by the committee, of course, and is in another part of the bill. It has nothing to do with this amendment.

Mr. HOLLIS. Will the Senator from North Dakota or the chairman of the committee inform the Senate whether anything has been done in that regard?

Mr. SIMMONS. We exempt it from the \$1 additional tax.

The PRESIDENT pro tempore. The question is on agreeing to the amendment submitted by the Senator from North Dakota and accepted by the committee.

The amendment was agreed to.

Mr. SIMMONS. Mr. President—

Mr. BROUSSARD. Will the Senator permit me to interrupt him?

Mr. SIMMONS. I yield.

Mr. BROUSSARD. I desire to offer an amendment.

Mr. SIMMONS. I will say to the Senator that I am not as yet through proposing amendments for the committee.

Mr. BROUSSARD. Very well.

Mr. NEW. Mr. President—

The PRESIDENT pro tempore. Does the Senator from North Carolina yield to the Senator from Indiana?

Mr. SIMMONS. I do.

Mr. NEW. Did I understand the Senator from North Carolina correctly to say that medicinal alcohol had been exempted from the additional \$1 tax?

Mr. SIMMONS. Yes. It has been exempted from the \$1 additional tax imposed by the Senate committee amendment, but not from the \$1.10 additional tax. The Senator will, however, recall that after adding \$1.10 to the present tax the committee later increased that by an additional \$1.

Mr. NEW. Yes.

Mr. SIMMONS. And from that additional \$1 we have exempted alcohols which are used in the preparation of medicine.

Mr. NEW. I have an amendment covering that point which will be unnecessary if that has been done. If the Senator from North Carolina will just indulge me a little further, I desire to ask at what rate does that leave the present tax?

Mr. SIMMONS. At \$2.20 a gallon as to alcohol used in the manufacture and preparation of medicine and at \$3.20 for alcohol which is used for beverage purposes.

Mr. SMOOT. Mr. President, in order that the Senator from Indiana will have no misunderstanding about the matter, I desire to say that I infer from what he stated to me the other day that he desired to offer an amendment in conformity with the requests of the druggists of the country.

Mr. NEW. Yes.

Mr. SMOOT. Then, I will say to the Senator that the druggists at the present time are asking that there be no additional tax whatever put upon alcohol which is used in the manufacturing of proprietary medicines.

Mr. LODGE. They want to change the House rate.

Mr. SMOOT. Yes; they want to change the House rate. Of course, Mr. President, the statement made by the Senator from North Carolina is in accordance with the terms of the bill as it now stands; but it is not what the druggists of the country want; in other words, they do not want to pay one cent more tax on alcohol than the \$1.10 they are now paying under the present law. The House of Representatives, however, added \$1.10 on all alcohol as an additional tax; then the committee of the Senate added, as the Senator from North Carolina has stated, \$1 to the House tax on alcohol for beverage purposes, but let the tax remain upon alcohol used in all manufactures of whatever name or nature as provided by the House.

Mr. NEW. I thank the Senator. I wanted to have a thorough understanding as to how the amendment left this provision.

Mr. HARDWICK. Mr. President, I give notice that in the Senate I shall demand a separate vote on the amendment offered by myself on yesterday relating to increased compensation for the officers and enlisted men of the United States Army while engaged in foreign service.

Mr. SIMMONS. Mr. President, on page 90, line 4, I wish to offer an amendment. For that purpose, I move to reconsider the action of the Senate in adopting the Senate committee amendment beginning with line 25, on page 89, and going down to line 8, on page 90.



The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from North Carolina to reconsider the vote by which the committee amendment referred to was adopted.

The motion to reconsider was agreed to.

Mr. SIMMONS. Now, I move to strike out the word "four," in line 4, page 90, of the Senate committee amendment, and to insert the word "six." I will say to the Senate that the purpose of this amendment is to allow retailers and jobbers, having in their possession distilled spirits, six months instead of four months in which to pay this floor-stock tax. In the present bill we allow them four months on condition that they execute to the Government a bond to secure the Government for the tax. It was represented to us that four months was too short a period of time within which to pay the large amount which a great many of them will have to pay. We submitted the question to the department, and the department advised us that it will not interfere at all with the revenues of the Government to allow six months. We have, therefore, extended the time from four months to six months.

The PRESIDENT pro tempore. The question is on the amendment to the amendment proposed by the Senator from North Carolina, on page 90, line 4, which will be stated.

The SECRETARY. On page 90, line 4, before the word "months," it is proposed to strike out "four" and to insert "six."

The PRESIDENT pro tempore. The question is on the amendment to the amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. SMOOT. Mr. President, on behalf of the committee, I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment proposed by the Senator from Utah will be stated.

The SECRETARY. On page 92, after line 21, it is proposed to strike out section 1009 as reported by the committee—

Mr. SMOOT. Before the amendment is stated I move to reconsider the vote of the Senate by which the amendment inserting section 1009 was agreed to.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Utah to reconsider.

The motion to reconsider was agreed to.

The PRESIDENT pro tempore. The amendment to the amendment proposed by the Senator from Utah will be stated.

The SECRETARY. On page 92, after line 21, it is proposed to strike out section 1009, as follows:

Sec. 1009. That the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may, under regulations prescribed by him with the approval of the Secretary of the Treasury, require all internal-revenue taxpayers, who are required by law to render returns, to pay without prior levy, assessment, or notice, and at the same time as the return is required to be made, or in monthly installments thereafter, any such internal-revenue tax or portion thereof, any provision of law fixing any other time as the time when such tax is due to the contrary notwithstanding: *Provided*, That the whole of such tax shall be paid before the expiration of the time fixed by law for such payment. All penalties provided by existing law for failure to render return and pay tax when due are hereby made applicable to any failure to pay the tax at the time required by such regulations.

And in lieu thereof to insert:

Sec. 1009. That the Secretary of the Treasury, under rules and regulations prescribed by him, shall permit taxpayers liable to income and war-profits taxes to make payments in advance in installments or in whole of an amount not in excess of the estimated taxes which will be due from them, and upon determination of the taxes actually due any amount paid in excess shall be refunded as taxes erroneously collected: *Provided*, That at least one-fourth of such estimated tax shall be paid before the expiration of 30 days after the close of the taxable year, at least one-fourth within two months after the close of the taxable year, at least one-fourth within four months after the close of the taxable year, and the remainder of the tax due on or before the time now fixed by law for such payment. All penalties provided by existing law for failure to pay tax when due are hereby made applicable to any failure to pay the tax at the time or times required in this section.

The PRESIDENT pro tempore. The question is on agreeing to the amendment to the amendment.

Mr. SHAFROTH. Mr. President, I should like to ask the Senator from Utah a question. Is there any provision in the bill which gives a discount in the event that the tax is paid during the first 30 days?

Mr. SMOOT. No; there is no such provision in the bill.

Mr. SHAFROTH. I will state to the Senator that several States have had experience along that line with very favorable results. A small amount—only 1 per cent—of discount has brought forth a large amount of revenue immediately.

Mr. SMOOT. I will say to the Senator from Colorado that the United States during these months will not be very greatly in need of revenue, and, therefore, we should not want to give any kind of premium upon such payments. The object of this

amendment is to compel the payment of taxes—not at one time, but to spread the payments over four periods, so that the taxes, which will amount to \$2,500,000,000, shall not be taken out of trade on one particular date.

Mr. SHAFROTH. I concede that the provision is a very good one, indeed, and I do not raise any objection to it; but I thought that a discount of a very small amount would bring large revenue immediately into the Treasury. I was in hope that the committee would offer such an amendment, but I do not ask for an amendment along that line.

Mr. SIMMONS. Mr. President, I accept the amendment on behalf of the committee.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Utah.

The amendment was agreed to.

The amendment as amended was agreed to.

Mr. JONES of Washington. Mr. President, I desire to ask the chairman of the committee a question in regard to a provision on page 26 which has been called to my attention, and which reads:

Sec. 302. That no distilled spirits produced after the enactment of this act shall be imported into the United States from any foreign country, or from the West Indian Islands recently acquired from Denmark (unless produced from products the growth of such islands), or from Porto Rico, or the Philippine Islands—

And so forth.

Why does the bill permit the bringing in of distilled spirits from these West Indian Islands?

Mr. SIMMONS. I can give the Senator no reason for it except that it was stated that they constituted the chief export of the people of those islands.

Mr. JONES of Washington. To this country?

Mr. SIMMONS. Anywhere.

Mr. SMOOT. Anywhere in the world. Outside of the sugar, such spirits constitute over 90 per cent of their exports.

Mr. PENROSE. At that, only a few thousand dollars' worth are produced.

Mr. SMOOT. The amount is something like \$60,000.

Mr. JONES of Washington. Do these exports come to this country?

Mr. SIMMONS. Some of them do.

Mr. JONES of Washington. If we left that provision out we would not cut out their export of these spirits to other countries, and it occurred to some of us that, if we left this provision in it would encourage the centering of this business there and the export of the product to this country. We do not permit such spirits to come from Porto Rico or from the Philippine Islands.

Mr. SMOOT. The committee would not have thought of permitting it to come from the Virgin Islands if the conditions were otherwise than they are.

Mr. JONES of Washington. I thought there must be something unusual about the conditions.

Mr. SMOOT. I think it amounts only to about \$60,000; there are only a few people, comparatively speaking, on the islands, and their products are very limited.

Mr. PENROSE. In addition, Mr. President, it was thought, these islands having only been acquired by the Government within the last few months, that we should give them a cordial welcome and not oppress their commerce at the start. It is a very insignificant matter.

Mr. JONES of Washington. I do not like to welcome them in that way. I am not going to move to strike out the provision, but I hope when the matter gets to conference that it will be eliminated. I do not believe that we ought to allow such distilled spirits to come in.

Mr. NELSON. Mr. President, I want to say to the Senator that the chief industry of those islands is the collection of bay leaves, from which they make bay rum and distill St. Croix rum. That is about the only industry they have, and if you take that away from them they will be almost at their wits' end to make a living.

Mr. SMOOT. I will say to the Senator that we have guarded the amount that they can ship to this country or any other country by stating that the commodity must be "produced from products the growth of such islands."

Mr. BORAH. Are the islands being referred to the West Indian islands we have recently purchased from Denmark?

Mr. SMOOT. Yes.

Mr. BORAH. I am delighted now to find out why we purchased them.

Mr. PENROSE. They are a kind of oasis.

Mr. SIMMONS. Mr. President, I desire to perfect the committee's amendment, on page 107, line 1. The amendment re-



ferred to has not been acted upon. I move to strike out all after the word "title," in line 1, down to and including line 8, and to insert the amendment I send to the desk.

The PRESIDING OFFICER (Mr. KING in the chair). The amendment will be stated.

The SECRETARY. In the committee amendment, on page 107, beginning in line 1 with the word "The," the last word in the line, it is proposed to strike out all down to and including line 8, and insert:

If a fiscal year ends during 1916 or a subsequent calendar year for which there is a rate of tax different from the rate for the preceding calendar year, then (1) the rate for such preceding calendar year shall apply to an amount of each partner's share of such partnership profits equal to the proportion which the part of such fiscal year falling within such calendar year bears to the full fiscal year, and (2) the rate for the calendar year during which such fiscal year ends shall apply to the remainder.

Mr. SIMMONS. Mr. President, that is simply to clarify and make certain what seemed to be a little ambiguous.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from North Carolina to the amendment reported by the committee.

The amendment to the amendment was agreed to.

Mr. SIMMONS. Mr. President, I have no further amendments to offer now. I presume that the first matter left open and not acted upon is the amendment of the committee relating to the taxes on coffee, tea, and sugar, known as consumption taxes.

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. On page 85, beginning in line 16, the committee proposes to insert the following:

**TITLE IX.—WAR EXCISE TAX ON COFFEE, TEA, COCOA, AND SUGAR.**

SEC. 900. That there shall be levied, assessed, collected, and paid—  
(a) Upon all coffee or substitutes therefor produced or imported, and sold, or removed for consumption or sale, a tax of 2 cents per pound, to be paid by the producer or importer;

(b) Upon all tea produced or imported, and sold, or removed for consumption or sale (except impure tea, tea waste, tea siftings or sweepings, for manufacturing purposes in bond, pursuant to the provisions of the act of May 16, 1908), a tax of 5 cents per pound, to be paid by the producer and importer;

(c) Upon all crude cocoa produced or imported, and sold, or removed for consumption or sale, a tax of 3 cents per pound, and upon all prepared or manufactured cocoa and chocolate imported and sold, or removed for consumption or sale, a tax of 5 cents per pound, such taxes to be paid by the producer or importer;

(d) Upon (1) all refined sugar refined or imported, and sold, or removed for consumption or sale, and (2) all sugar manufactured or imported, if suitable for consumption as an article of human food without further refining, and sold, or removed for consumption or sale, a tax of one-half cent per pound, to be paid by the refiner, manufacturer, or importer;

(e) Upon all saccharine or similar products, glucose, grape sugar, sirup of cane juice, and molasses, produced or imported, and sold, or removed for consumption or sale, a tax of \$2.50 per pound in the case of saccharine or similar products, one-fourth of a cent per pound in the case of glucose and grape sugar, 1 cent per gallon in the case of molasses (except beet molasses) and sirup of cane juice, testing by polariscope above 40° and not above 56°, and 2 cents per gallon in the case of molasses and sirup of cane juice testing above 56°, such taxes to be paid by the producer or importer.

Upon all articles specified in this section, which on the day this act is enacted are held by a retailer (who does not sell them at wholesale) in a quantity in excess of 200 pounds in the case of coffee or substitutes therefor, 50 pounds in the case of tea, 500 pounds in the case of sugar, 100 pounds in the case of glucose or grape sugar, 50 gallons in the case of molasses or sirups, and 1 pound in the case of saccharine or similar products, or by any other person, corporation, partnership, or association, in any quantity, and which are intended for sale, there shall be levied, assessed, collected, and paid the taxes imposed upon such articles in this section.

Such tax shall be assessed, collected, and paid in the same manner as provided in section 1002 in the case of additional taxes upon articles upon which the tax imposed by existing law has been paid.

Only one tax under this section shall be paid with respect to any article, irrespective of change of form by manufacture or other process.

SEC. 901. That each such manufacturer, producer, refiner, or importer shall make monthly returns under oath to the collector of internal revenue for the district in which is located the principal place of business, containing such information necessary for the assessment of the tax, and at such times and in such manner as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may by regulation prescribe.

Upon the removal from the custody of customs officials of articles subject to a tax imposed by section 900, the tax shall be collected by the collector of customs and deposited as internal-revenue collections under such rules and regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe.

SEC. 902. That so much of paragraph O of section IV of the act entitled "An act to reduce tariff duties and to provide revenue for the Government, and for other purposes," approved October 3, 1913, as authorizes a drawback upon sugar is hereby repealed.

Mr. BROUSSARD and Mr. CURTIS addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BROUSSARD. Mr. President, I have some amendments which I propose to offer to section 900. While I was not following the reading the Secretary read sections 901 and 902.

The PRESIDING OFFICER. The Chair thinks an amendment is in order.

Mr. BROUSSARD. I will ask the chairman of the committee, before offering my amendment to this section, if he will consent

to my submitting an amendment relating to the question of advertisements of ethyl alcohol, to come in on page 99 of the bill?

Mr. SIMMONS. I would have no objection, if unanimous consent is given, and provided it does not interfere with the rights of the committee to have its amendments first considered. I do not think it would do that if unanimous consent were given to the Senator to offer the amendment at this time.

Mr. BROUSSARD. I will state to the chairman of the committee that the amendment which I propose to offer is to permit the advertisement of ethyl alcohol for governmental, medicinal, mechanical, and other purposes. In the Post Office appropriation bill enacted during the present year an amendment submitted by the Senator from Washington [Mr. JONES] was adopted prohibiting the advertisement of potable alcohol. The Post Office Department has construed that provision in the appropriation bill to mean that no one shall advertise alcohol to be used for scientific, mechanical, or governmental purposes. The Committee on Post Offices and Post Roads has given consideration to this subject and has made a favorable report on a bill which is now on the calendar. It is only for the purpose of permitting the formulation by the Post Office Department of rules and regulations and to expedite action on their part that I offer the amendment to this bill.

Mr. SIMMONS. I make no objection to the Senator offering the amendment under the statement he has made.

Mr. BROUSSARD. I offer the amendment which I send to the desk, to be inserted on page 99, just prior to Title XII.

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. Sections 1105 and 1106 have been stricken from the bill and a new section 1105 inserted. So the amendment proposed will be section 1106, will come in at the end of Title II, and will read as follows:

SEC. 1106. That section 5 of the act approved March 3, 1917, entitled "An act making appropriations for the Post Office Department for the year ending June 30, 1918," shall not be construed to apply to ethyl alcohol for governmental, scientific, medicinal, mechanical, manufacturing, and industrial purposes; and the Postmaster General shall prescribe suitable rules and regulations to carry into effect this proviso in connection with the act of which it is amendatory.

Mr. JONES of Washington. I want to say that I myself do not see any objection to that provision.

Mr. SMOOT. Mr. President, I should like to have the Secretary read the amendment again. I did not hear plainly a part of it.

The PRESIDING OFFICER. The Secretary will again state the amendment.

The Secretary again read the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana.

The amendment was agreed to.

Mr. BROUSSARD. Mr. President, do I understand that amendments to section 900 of the bill are now in order?

Mr. HOLLIS. Mr. President, I rise to a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from New Hampshire will state his parliamentary inquiry.

Mr. HOLLIS. The committee amendment is evidently a motion to strike out one section of the House bill and to substitute therefor three sections. Therefore it must be treated as one amendment, and it should properly be read entirely.

I understand that if the committee amendment as it now stands is substituted for the House provision, then thereafter it will be impossible for the Senate as in Committee of the Whole to amend the House provision. Having adopted the motion to strike out and insert, the Senate will have acted finally on the matter, and therefore those who are opposed to both the House provision and the committee amendment will vote down the committee amendment and then vote to strike out the House provision.

Mr. BROUSSARD. Mr. President, I understand that section 900 is not an amendment to any provision of the House bill. This section is an entirely new section.

Mr. HOLLIS. It is a motion to strike out section 900 of the House bill and to insert sections 900, 901, and 902. That is the committee amendment. Section 900 of the House bill is now before us for action. We have got to act on it. The committee propose to strike out section 900 and insert new matter for it. Both the House section and the committee substitute are now open to amendment in any particular; but after the substitute has once been adopted it can not thereafter be amended.

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from North Carolina?

Mr. BROUSSARD. I yield.

Mr. SIMMONS. I do not understand this to be in the nature of a motion to strike out and insert. The House bill did have



a section—namely, section 1000—which is designated as “coffee and tea,” but that was only a tax upon floor stocks of coffee and tea. The House had imposed a tariff tax of 10 per cent ad valorem on coffee, tea, sugar, and various other things; and then, to catch the stock already on hand, it imposed a floor tax upon coffee and tea. That we have stricken out; and after striking that out, we have proposed an independent section which imposes an excise tax upon coffee, tea, and other things.

Mr. HOLLIS. Mr. President, do I understand the chairman of the committee to state that section 1000 of the House bill has been stricken out on his motion?

Mr. SIMMONS. That is my understanding—that that has already been stricken out.

Mr. SMOOT. That has been acted upon and agreed to by the Senate.

Mr. HOLLIS. If that has been done, then the proposition now is to add a new title to the bill.

Mr. SMOOT. Yes; to add a new title to the bill. I will say to the Senator from New Hampshire that section 900 of the House bill was the war estate tax.

Mr. HOLLIS. I should have said section 1000. I was misled by the numbering here.

Mr. SMOOT. So this is an entirely new provision.

Mr. HOLLIS. I will ask the Chair whether section 1000 of the House bill has been stricken from the bill?

The PRESIDING OFFICER. The Chair is advised that both section 1000 and section 1001 have been stricken from the bill.

Mr. HOLLIS. Then the committee amendment is to add a new title to the bill?

Mr. SMOOT. That is right.

The PRESIDING OFFICER. The Chair's understanding is that the committee's proposition now is to insert a new proposition entirely.

Mr. BROUSSARD. Mr. President, I move to strike out lines 20, 21, and 22 on page 85.

The PRESIDING OFFICER. The amendment proposed by the Senator from Louisiana to the amendment of the committee will be stated.

The SECRETARY. In the proposed committee amendment on page 85 it is proposed to strike out lines 20, 21, and 22, which read:

(a) Upon all coffee or substitutes therefor produced or imported, and sold, or removed for consumption or sale, a tax of 2 cents per pound, to be paid by the producer or importer.

Mr. BROUSSARD. Mr. President, in reference to this matter I have just a few remarks to submit to the Senate, and in doing so I shall try to be very brief.

Practically all of the coffee consumed in this country is imported from Porto Rico and from Brazil. The tax imposed by the section just read involves the development of one of the possessions of the United States, the island of Porto Rico. I am doing service on the Committee on Pacific Islands and Porto Rico; and during the last session that committee was charged with the duty of providing a new organic law for the island, under which recently a legislature has been elected, and is now, I believe, in session at San Juan. The committee while studying conditions in the island at the last session of the Congress, and while looking to the preparation of this organic law, naturally investigated the question of the finances of the island. The committee found that the island treasury was not in a prosperous condition—so much so that the governor of the island, a very distinguished citizen of this country from the State of Kentucky, repeatedly appeared before the committee to explain the difficulties the people of Porto Rico had in raising sufficient money to properly administer the government of the island. At that time the question arose as to whether there should be a provision in the bill looking to the establishment of prohibition in the island, and the governor, who classed himself before the committee as a partisan Prohibitionist, protested against the committee including any such provision in the bill. He said that in Kentucky he had participated in practically all of the campaigns that had led to making dry a large portion of the State, and that he was looked upon in that part of the country as a fanatic on the question; that he did not abate a particle from his position upon the liquor question, but he felt that the revenues that were then being collected and are now being collected in Porto Rico from internal-revenue taxes were necessary if the government was to continue to operate. He said that the internal-revenue taxes collected in Porto Rico were practically the entire revenues that the government had at its disposal to administer the affairs of the island.

However, there was put in the organic law a provision permitting the people of Porto Rico to vote upon that question. Recently an election has been held in the island, and a substantial

majority was given in favor of prohibition, so that very shortly the island will be prohibition territory. The question then will be, after the internal-revenue taxes have been lost to the government of the island, how to raise sufficient revenue to administer its affairs. Everyone knows that the island of Porto Rico produces principally sugar, coffee, and tobacco. Coffee is one article of consumption in this country that has not advanced in price with the war, due to the closing of the German market for coffee. The island, in order to raise sufficient revenue to administer her affairs, the moment prohibition is put in force and the revenue from liquor is lost, will have to turn to other methods of taxation. The legislature of the island, just starting in its operation, will have to find the means to finance the government.

In Cuba recently the Government has found it necessary to put a tax upon sugar, and a tax is now being collected upon every sack of sugar that is produced in that island, that money being found necessary to meet the increased expenditures and the loss of tariff taxes due to the lack of the bottoms to carry to that country as large a commerce as Cuba enjoyed before the war. Porto Rico will have the same conditions; and it is probable that in addition to the taxes put upon the production of tobacco in the island, internal revenue taxes will have to be put both upon sugar and upon coffee. It does not seem fair that the Congress of the United States should now single out this industry of the island of Porto Rico and impose a tax for the benefit of the Government of the United States, which is amply able to get revenue from other sources, and deprive the people of Porto Rico of the opportunity of putting that tax upon the production of coffee, if indeed any tax should be put on coffee by either this Government or the government of Porto Rico.

Mr. JONES of Washington. Mr. President—

Mr. BROUSSARD. I yield to the Senator from Washington.

Mr. JONES of Washington. Does the Senator understand that under this provision coffee brought into this country from Porto Rico would have to pay a tax of 2 cents a pound?

Mr. BROUSSARD. Oh, I understand that; yes.

Mr. JONES of Washington. I spoke to the chairman of the committee a moment ago, and he did not seem to have that view.

Mr. BROUSSARD. It is to be paid by the producer of the coffee, no matter where he produces it, if he brings it into the country.

Mr. JONES of Washington. But when it comes from one of our own possessions that is not the case, is it? Oh, I see; it uses the word “produced” as well as the word “imported.”

Mr. BROUSSARD. I want to suggest to the Senator from Washington that there is the same provision as to the tax on sugar; and it is intended to apply to domestic producers of sugar, just as the tax on coffee would apply to domestic producers of coffee.

Mr. JONES of Washington. I see. I had not noticed that the word “produced” was there in addition to the word “imported.”

Mr. BROUSSARD. So there is no question about it. The tax is put on the production of coffee in Porto Rico. That is our only possession in which we grow coffee to any considerable extent.

Mr. JONES of Washington. I just had in mind the word “imported.”

Mr. BROUSSARD. To review the brief argument that I am making, I believe that if any internal-revenue tax should be imposed upon coffee at all, Congress should not impose it upon the coffee produced in Porto Rico; that source of revenue ought to be left to the legislature of the island, which has just been organized, and is seeking to establish the fact that those people are competent to administer their affairs. If we proceed at this end to exercise the power to tax the production of the island at this time, their production of coffee and their production of sugar, we deprive them to that extent of the means by which the island can become self-administering. We are testing the ability of those people to govern themselves. The committee that had charge of the bill at the time believed that the people of the island were competent to administer their own affairs, and their affairs have been turned over into their hands; and I do not think it would be wise as a governmental policy for Congress to resort to that method of taxation just at this time, at least.

Mr. VARDAMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Mississippi?

Mr. BROUSSARD. I yield to the Senator.

Mr. VARDAMAN. Can the Senator tell me just what amount of revenue this tax on coffee would raise, and what it would cost the Porto Ricans?



Mr. BROUSSARD. No, I can not; nor has the committee given us any figure with regard to it, except the lump sum to be raised by section 900, which is estimated to be about eighty-five or eighty-six million dollars. That includes coffee, cocoa, sugar, etc.

Mr. GRONNA. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from North Dakota?

Mr. BROUSSARD. I yield to the Senator.

Mr. GRONNA. May I ask the Senator from Louisiana what portion of the coffee consumed in this country we get from Porto Rico?

Mr. BROUSSARD. I can not answer that question either. Probably the chairman of the committee can answer the question.

Mr. SIMMONS. Mr. President—

Mr. BROUSSARD. I yield to the Senator from North Carolina.

Mr. SIMMONS. I think we get about 85 per cent. of all of our coffee from Brazil, and very little from Porto Rico; probably not over 5 or 10 per cent.

Mr. LODGE. Mr. President—

Mr. SIMMONS. I am advised that I have overestimated it. We get nothing like as much as 5 per cent from Porto Rico.

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Massachusetts?

Mr. BROUSSARD. I will ask the Senator from Massachusetts to withhold his remark for a minute until I make this observation with reference to the observation of the Senator from North Carolina. While very little of that coffee may find its way into our market, this is a tax upon the production of coffee, and it does not make any difference that the coffee of Porto Rico is preferred in Spain and Austria, and almost all of it goes to Europe; the tax will have to be paid anyhow. The argument I am making is that a tax ought not to be imposed in that way, but that the legislature of Porto Rico should be permitted to impose a tax for its own purposes.

I now yield to the Senator from Massachusetts.

Mr. LODGE. Mr. President, I only wanted to say that, as the Senator from Louisiana probably is aware, the Porto Rican coffee is considered in Europe to be a very fine coffee.

Mr. BROUSSARD. I know that.

Mr. LODGE. For some reason, since we have possessed the island, and there has been every opportunity to put it on this market, the American consumer does not care for it and does not like it, and there is scarcely any Porto Rican coffee sold in this country. They are suffering very much now because their European market—especially the Austrian market, which used to take most of their coffee—is closed to them. They have suffered very much on that account. Personally, I should have no objection in the world to exempting the Porto Rican production, because the tax falls on them whether we consume it or not.

Mr. BROUSSARD. Exactly. I thank the Senator from Massachusetts.

Mr. LODGE. Knowing the peculiar situation of the island, I think their production of coffee might well be exempted. It is a very small matter.

Mr. BROUSSARD. I thank the Senator from Massachusetts for his observation. I want to say that I am informed at New Orleans, which is the largest coffee port of the country, that strenuous efforts are being made to introduce Porto Rican coffee into general consumption in this country; and it ought to be consumed in this country. It is the best coffee. There is no question about that. Before the island belonged to us, that coffee had a market in Europe, and it continues to flow in that direction; but the interruption of traffic between Porto Rico and Europe of course has caused the market to depreciate, and the people of Porto Rico are now seeking to get their coffee introduced into this country. We should not hamper them in an effort to find a new market at this time by putting that kind of taxation upon the coffee of Porto Rico.

Mr. SIMMONS. Mr. President, the proposition of the Senator is simply to exempt from this tax, coffee that comes from Porto Rico, as I understand.

Mr. BROUSSARD. I want to say something with regard to the coffee from Brazil as well. I think the coffee from Porto Rico should be exempted, but I think we should not put any tax on coffee coming here from Brazil; and I hope I may make it clear to the Senator that such a tax should not be imposed, any more than a tax upon Porto Rican coffee.

Mr. SMOOT. Mr. President—

Mr. BROUSSARD. I yield to the Senator from Utah.

Mr. SMOOT. The Senator's amendment is to strike out the committee tax on coffee entirely.

Mr. BROUSSARD. The coffee tax; yes.

Mr. SMOOT. I will say to the Senator that as far as I am concerned I think an amendment ought to be accepted by the committee exempting Porto Rican coffee from the tax, but I certainly could not agree with the Senator as to exempting Brazilian coffee from the tax.

Mr. BROUSSARD. I want to say to the Senator that if I am unable to have the entire clause rejected I shall certainly offer an amendment to exempt Porto Rican coffee; but I think I may be able to convince the Senator from Utah that I am as correct with reference to the tax upon Brazilian coffee as I am with regard to Porto Rican coffee. If the Senator will bear with me, I think I can show that we ought not to impose that sort of taxation.

Brazil is one country in South America that has been in thorough and in entire sympathy with the American Government from the day this Government declared war upon Germany. A very large portion of the population of Brazil is of German extraction and German birth. The Government of Brazil has withstood every effort made by the German Government to enlist its sympathies with the central powers as against us in this war. In the face of this large settlement of the country by Germans, and in the face of every effort made by the German Government to prevent the Government of Brazil from sympathizing, at least, with us, the Government of Brazil has loaned its navy, if I may use the term, to the Government of the United States, and the coast of the United States is now being patrolled by the navy of Brazil in cooperation with the Navy of the United States.

Why, only yesterday, as I read in this morning's newspaper, American marines and Brazilian marines were parading the streets of Rio de Janeiro together amid the cheers of the entire populace. Their ships are with us in this war. The efforts made daily by Germany, as reported in the newspapers, to secure at least the neutrality of Brazil, have proved unavailing. Recently, as a result of the diplomatic communications between Argentina, the sister Republic of Brazil, and the German Government, in regard to the sinking of one of the Argentine ships, the *Toro*, the friction that existed has been adjusted for the time being; and, according to the newspaper accounts, there was considerable rejoicing in Argentina over the victory of the Argentine Government in their negotiations with the German Government. So that while Brazil, although she has not yet declared war upon Germany, is cooperating with us in every way to make a success of this war and obtain victory for ourselves—though that is going on at this time, we turn around and undertake to impose a tax on the Brazilian producers of coffee in order to carry on this war.

What is the condition of the coffee market in Brazil? The coffee of Brazil has been coming to this country, but a great deal of it has been going to Europe as well. Some years ago the entire production of coffee in Brazil was financed in Europe, with the understanding that the countries that had financed Brazil in the production of coffee would have some advantage upon the market in Brazil. The war has practically closed the European market, so that coffee growing in Brazil is a languishing industry. Coffee has not advanced in price; on the contrary, the price of coffee has been reduced, not only there but in this country since the war began.

Here on the one hand we are striving to establish a policy with regard to the American Republics to the south of us, by which we are to secure their cooperation, as has already been done in the case of Central America. Republic after Republic has opened up her waters to our fleet in order that we might the better protect this continent. Guatemala has opened her waters to us, under a policy which we have convinced her people was their policy with regard to this war. Honduras has opened her waters to us, and our fleet may go in safety into the harbors of Honduras. Even the Republic of Costa Rica, which our Government has persistently refused to recognize, has opened her waters to us. We have tried in every possible way to induce all of those countries to join us in an effort to present the solid front of all of America against the policy of the German Empire.

Mr. SMOOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Utah?

Mr. BROUSSARD. I yield to the Senator.

Mr. SMOOT. I want to make a correction of what I stated a few moments ago with regard to Porto Rico. It may not be exactly a correction; but since making the statement that I was in favor of exempting Porto Rico, I remember that both Porto Rico and the Philippine Islands have their own internal-revenue laws. That being the case, this tax on coffee would not apply to Porto Rico. Therefore I will say to the Senator that it is not necessary to make an amendment to relieve the Porto Rican coffee-growers from the tax, because under exist-

ing law they have the right to make their own internal-revenue laws, and we collect nothing from them.

Mr. BROUSSARD. I am sorry to disagree with the Senator with regard to his construction of this matter; but I will not discuss that matter now. I will come to it directly. I want to discuss the point that I was making with regard to Brazil. I want to compare our policy as written in these three lines toward the Republic of Brazil, notwithstanding her participation with us in trying to make this war a success, with the treatment that the American Government has received at the hands of the little Republic of Cuba.

The same policy that we extend to all of these Governments, the policy by which we expect to see all 21 of these Republics stand as one republic when attacked from abroad, has brought Cuba to a declaration of war against Germany. Cuba has tendered the services of her small military force to aid us in this war. Cuba has taken the vessels seized in her ports after her declaration of war with Germany, and not only has abstained from selling or lending them to us, but has turned those ships over to our Government without compensation to help us in this war. That is the treatment that one of these small Republics has given us at this time, when we need a coalition of all the American Republics. While we are receiving this treatment at the hands of all five of the Central American Republics and at the hands of Cuba in assisting us to carry on a successful war with Germany, we are busy now trying to put a tax upon the production of coffee in Brazil by which we expect to derive some of the money out of which to conduct this war.

Mr. VARDAMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Mississippi?

Mr. BROUSSARD. I yield to the Senator.

Mr. VARDAMAN. What is the policy or attitude of Brazil toward this country in regard to levying taxes upon American products that are exported to Brazil?

Mr. BROUSSARD. At this time?

Mr. VARDAMAN. Yes.

Mr. BROUSSARD. Oh, her policy has not changed. She is conducting her government with the same system of taxation under which she conducted it before this war began. They have not imposed any additional hardship on us; but we, while receiving the cooperation and the assistance of Brazil, are telling her that she ought to pay more taxes upon the production of her own leading agricultural product.

The committee, in its report with regard to this tax, uses this language at page 17 of the report:

It is by no means probable, however, that the whole of these excise taxes will be passed to the consumer. A considerable part is likely to be absorbed by producers and dealers, and the final charge upon consumers can not be burdensome.

The committee itself expects this tax to be passed on to the man who is producing coffee in Brazil. It says specifically in its report that the consumer is not going to pay all of this tax, but that the importers and the jobbers will pass it back to the people who are producing the coffee. I ask Senators, in all candor, whether we should at this time impose this tax, which yields just a driblet compared with the amount of money necessary to carry on this war, and at least cause a stifling of the friendly sentiment in Brazil, and a disposition to reverse the policy which we are applauding at this end of the continent? Do not Senators believe that a little tax of this character and a statement of this kind issued by a committee of the Senate will be used at once by every agent of Germany in Brazil to point out that while they are lending their fleet to us to defend our coast, while they are applauding our marines marching with theirs in the capital of their country, while they are lending every possible assistance, moral, financial, and physical, toward our success in the war with Germany, we are seeking to make them pay taxes out of which to conduct this war? Do not Senators believe that the amount to be derived from taxes of this character is too insignificant for the great Senate of the United States, for the great Government of the United States, to stoop to collect coppers at this time out of the people who are producing coffee in Brazil?

As I said awhile ago, I do not agree with the Senator from Utah (Mr. Smoot) that because the legislature of Porto Rico has a right to impose internal revenue taxes in Porto Rico, the wording of the provision in this bill will exclude Porto Rico from the operation of the bill.

Mr. SMOOT. Mr. President, will the Senator let me read the law, and then see if it is not so?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Utah?

Mr. BROUSSARD. I yield for that purpose.

Mr. SMOOT. Mr. President, section 9 of the act of March 2, 1917, reads as follows:

That the statutory laws of the United States not locally applicable, except as hereinbefore or hereinafter otherwise provided, shall have the same force and effect in Porto Rico as in the United States, except the internal-revenue laws.

Mr. BROUSSARD. Does the Senator mean that under the fourth section of this paragraph, section "(d)," imposing a tax on sugar, that the people of Porto Rico will not have to pay the tax on the production of sugar in Porto Rico?

Mr. SMOOT. They will not have to pay the tax upon the production of sugar.

Mr. BROUSSARD. They certainly will; and the Senator knows that this report is to the effect that the tax will have to be paid by the producer of sugar, whether he produces it here or imports it; and so it is with coffee. You are putting a tax upon the production and the importation of coffee.

When coffee comes from Brazil you tax it when you import it from Brazil. When it comes from Porto Rico you tax it. If the coffee was produced in Utah you would have to pay the tax in Utah just as under the same provision you would have to pay a tax in Utah on the production of sugar.

Mr. SMOOT. The Senator did not wait until I had answered fully about sugar. Of course if all the coffee, or any great portion of coffee, came from Porto Rico into this country it would be burdensome, as they would pay the two cent tax. Almost all the Porto Rican sugar comes here.

Mr. BROUSSARD. If the Senator will permit me to interrupt him—

Mr. SMOOT. Wait a moment. The Senator in an earlier statement made, as I remember it, I may have misunderstood him, said that not only under this provision would Porto Rico have to pay the 2-cent tax upon the little coffee she sends into this country but upon coffee that may be shipped to Europe.

Mr. BROUSSARD. Certainly.

Mr. SMOOT. That cannot be possible in my opinion under the law. I am in full accord with what the Senator wants to arrive at. I know Congress has the power to repeal the existing law, but under existing law the Porto Rican would not have to pay any tax whatever upon the production of coffee in Porto Rico that would be shipped to England or Austria or any European country.

Mr. BROUSSARD. I simply do not agree with the Senator from Utah. The Senator read the organic law of the islands. I am familiar with that act. I helped to draft it.

Mr. SMOOT. I think if the Senator will telephone to the department the department will tell him that, as I have stated the case, the department would rule that there would be no tax upon coffee raised in Porto Rico that may be shipped to a European country or any other country of the world outside of the United States.

Mr. BROUSSARD. If the department rules that way the department will rule in face of the law. The law puts a tax on the production of coffee and says that whoever produces coffee shall pay the tax, and that will be the case if the law is honestly administered. The Senator refers to the law enacted at the last session. It is very true that Congress there said what he read, but Congress is now speaking through this bill, and imposes a tax on the production of coffee wherever coffee is produced in this country, as well as every pound of coffee imported into this country. The Porto Rican coffee falls within the jurisdiction of this provision of the law and is susceptible to the tax. I do not care what the department may in advance say what it will do, the wording is too plain for anyone not to understand it. This puts a tax upon the producer of coffee in the United States and next upon the importer of coffee produced outside the United States.

Mr. FALL. Mr. President—

Mr. BROUSSARD. I yield to the Senator from New Mexico.

Mr. FALL. I agree with the construction of the law expounded by the Senator from Louisiana, and I am sorry to have to disagree with the Senator from Utah in what he says will be the ruling of the department. Porto Rico in passing her legislation simply passes it by the delegated authority vested in it by the Congress of the United States, which has the original paramount jurisdiction. The Supreme Court of the United States has time after time, in case after case, held with reference to the Territories of the United States—the Territory of New Mexico, the Territory of Utah, other Territories that have since come in as States—that Congress might have vested them with absolute power in local legislation, but that whenever Congress itself legislated upon that subject the act of Congress would supersede any act of the local legislature, Congress having original jurisdiction.



Mr. BROUSSARD. I am very glad the Senator from New Mexico has confirmed the statement, because the Senate is aware of the fact that the Senator from New Mexico is very familiar with this subject.

Mr. SMOOT. I recognize that fact, but the statement the Senator makes that this act will repeal the law of March 2, 1917, I think is an error. We are not repealing that law. It is the law that specifically exempted the internal-revenue law as applying to Porto Rico.

Mr. BROUSSARD. I am very familiar with that act. I played a humble part in drafting it. The Senator is referring to another revenue law. This is an internal-revenue tax. Internal-revenue taxes are collected. In these times these are special taxes, to which that article has no reference at all.

Mr. SMOOT. Of course not.

Mr. VARDAMAN. I suggest to the Senator from Utah that if the law did not except Porto Rico, as did the statute which the Senator read on the same subject it would repeal the law which the Senator has just read.

Mr. SMOOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Utah?

Mr. BROUSSARD. Certainly.

Mr. SMOOT. I will ask the Senator from Mississippi to show wherein the repeal is provided for in the pending bill.

Mr. VARDAMAN. It is not necessary to state it. At the time at which the law is passed if there is any conflict with what the Senator has read—

Mr. SMOOT. It is not a conflict with the law as I have read it, applying to the coffee that may be imported into the United States, because there is a proviso as the Senator will remember the provision already read, which states that the internal-revenue law shall apply to goods produced in Porto Rico shipped into the United States.

Mr. VARDAMAN. But there is no exception in the law which the Senator from Louisiana is now discussing, and without that exception, of course, being on the same subject, it will repeal the law.

Mr. SHAFROTH. I should like to ask the Senator from Utah does he contend that as to Porto Rico there would be no tax whatever upon sugar under this bill?

Mr. SMOOT. No; the Senator from Utah does not, but the Senator from Utah contends that if Porto Rico shipped her sugar to England or to Austria or to France, or to any other country in the world outside of the United States the tax would not apply. I stated that when the coffee from Porto Rico which goes to European countries or any other country in the world outside of the United States it will not be taxed. There is such a little amount of coffee from Porto Rico imported into the United States that it amounts to very little, and I want even that little to be exempted from taxation. That is exactly the position the Senator from Utah takes.

Mr. RANDELL. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to his colleague?

Mr. BROUSSARD. Certainly.

Mr. RANDELL. I suggest to my colleague that unless his contention about this provision is correct, the Finance Committee has certainly done a vain and useless thing in providing a tax on coffee produced somewhere, because Porto Rico is the only place I know of within the jurisdiction of the United States where coffee is produced in any quantity.

Mr. BROUSSARD. Let me see if I can not make this thing clear. Here is a tax upon all coffee of 2 cents a pound. By whom is it to be paid? It is to be paid by the producer or importer. A tax of 2 cents upon all coffee is to be paid, is the wording of the provision, the very words written into the law by the committee of which the Senator from Utah is a member. To be paid by whom? To be paid by the producer or the importer. Now, there can be no doubt about that. If a man imports coffee into the United States he owes 2 cents a pound on that coffee, if this becomes a law. If a man produces a pound of coffee in the United States he owes 2 cents a pound under this law. There can be no other construction. The fact that after he has produced it he sells it somewhere else than in the United States has nothing whatever to do with the matter. The fact of the production is the fact of the taxation, and there can be no difficulty in construing language so plain as this.

Just apply it to the succeeding section, the tax upon sugar. The tax upon sugar is to be paid by the manufacturer, the producer, the refiner, the importer. There can be no question that if a man produced a pound of sugar in Porto Rico he owes the tax. If he exports it to the United States he owes the tax. If he exports it direct to England he owes the tax. Why? Because he has produced that pound of sugar, he has manufactured that

pound of sugar, and in the same sense the Senator says, of course, he will have to pay the tax on the sugar because that sugar comes mostly into the United States; but he will not have to pay a tax on coffee because most of it goes elsewhere. I say the question of the disposal of coffee or of sugar is not material as to the tax that is imposed upon sugar being manufactured in Porto Rico, whether it is consumed in the United States, in the island, or in some other foreign country. I say the tax upon the coffee is imposed upon the production of the coffee and it is immaterial whether the coffee is consumed in the island, whether the coffee finds its way into the continental United States, or whether the coffee is taken to Spain or somewhere in Europe to be consumed. The tax is upon production, and there should be no difficulty in establishing the intent of the committee from the words as they appear in the provision.

Of course, the Senator from Utah says if it is subject to that construction he is willing to exempt the production of coffee in Porto Rico. I say if the Senate does not see fit to strike out this entire provision with regard to coffee I shall offer an amendment to exclude the coffee of Porto Rico from the operation of this law, for I believe there is more principle involved in the proposition of not taxing Brazilian coffee than there is even in the taxing of Porto Rican coffee. The fact that I do not want to see Porto Rican coffee taxed is one of finance; it is an administrative matter. I am not opposed to the people of Porto Rico taxing coffee if they need that source of revenue to administer their government, but the result of taxing the coffee from Brazil would probably be to stir up opposition in that section of the country where the population seems to be united with us in carrying on this war.

Mr. SHAFROTH. Mr. President—

Mr. BROUSSARD. I yield to the Senator from Colorado.

Mr. SHAFROTH. I heartily concur in what the Senator said as to Porto Rico, but it does seem to me if we extend this favor to Brazil we have got to extend it to the sugars of Cuba, because Cuba has been most loyal. Not only that, but it seems to me that we ought to extend it to China, for China is most loyal. I am not very much in favor of these consumption taxes at all, but if we are going to make a discrimination in favor of Brazil it seems to me that we would have to make it in favor of India and also in favor of the sugars of Cuba.

Mr. BROUSSARD. I wish to state to the Senator that I am thoroughly in accord with him. I do not believe any of these taxes should be imposed. I think the time may come when we should resort to consumption taxes and to production taxes. The time may come—I hope it may not come—when there are other sources of revenue to which we will turn in this country for taxation. But the error the Senator from Colorado makes is in stating that if we strike out the tax on Brazilian coffee we are favoring Brazil. We are not doing any such thing. We propose an injustice against Brazil by writing this provision in the law and I am now seeking to keep us from perpetrating that injustice upon a friendly people. I agree with the Senator that we ought not to place this excise tax on the sugar of Cuba in addition to the tariff taxes that we maintain upon the sugar produced in that country. Cuba, exercising her right to administer her own affairs, has already put a tax on the production of sugar for the very purpose of defraying her expenses incidental to participation in the war against Germany, and not for any other purpose—not to administer her ordinary affairs, but for the purpose of being able to lend financial and physical assistance to the Government of the United States in the war with Germany. While she is doing that we should not turn around and put taxes upon the agricultural products upon which depends absolutely the prosperity and the happiness of the people of Cuba. I agree with the Senator from Colorado that the entire provision should be taken out. But I have to meet the question as it is presented to us.

The first provision of the section which is entirely objectionable to me is the section with regard to coffee. Therefore, I have offered an amendment to strike that out. I have hopes that we may strike out these individual sections and that no one in the Senate will agree to support any part of section 900. I am reaching this just as it is presented to me. I am asking the Senate to vote out the coffee tax because the coffee comes from Porto Rico and Brazil. I believe we ought to strike out the tax on tea for the reasons advanced by the Senator, and for the further reason that we should not at this time, when every power within the Constitution is being exerted by the Government to reduce the cost of everything that goes upon the table; when we are straining, we may say our consciences, to give power to individuals to cope with the high price of living at one end of the Capitol, and at the other end of the Capitol we should not proceed to levy consumption taxes and then say that we do so because somebody else will pay the tax.



It is to the statement contained in the report of the committee, that it is the hope of the committee that this tax on coffee will be put upon the people of Brazil, that I addressed myself when I said we should not discriminate against Brazil. We have every reason to be grateful to Brazil for her attitude, and we should extend to her a hand of friendship and not a hand of taxation as it is proposed to do by the three lines which I have moved to strike out.

Mr. REED. Mr. President, by what kind of logic is it claimed that this tax would be paid by Brazil ultimately? Why is it not true, as it has always been true, at least a Democratic truth, that the consumer in this country always pays the tax?

Mr. BROUSSARD. I will state to the Senator from Missouri that the tax, in my judgment, will be entirely paid by the consumer. The coffee tax will be paid by the consumer of coffee. I will say further that the importer of coffee in this country will pass that tax back to the people who produce coffee in Brazil, and it is, I imagine, upon that assumption that the committee uses the language I have quoted, that a part of the tax will be passed to the consumer.

Mr. REED. How will it be passed?

Mr. BROUSSARD. The importers can combine. There can be no trouble about that. We understand that the number of importers is not very large. Practically all the coffee that comes into the United States comes in to the port of New Orleans and the port of New York and every coffee importer knows every other coffee importer. They can easily pass it.

Mr. REED. If the Senator will pardon me—

Mr. BROUSSARD. I yield.

Mr. REED. I do not desire to break in the Senator's argument, but I am really interested in this new and strange project. It seems to me strange, and I do not say the Senator is the author of it, that a tax placed upon an article imported into the United States and which is solely produced outside the United States with no local rivalry is not paid by the consumer. It has always been a Democratic doctrine that a tariff tax is paid by the consumer. It has always been our doctrine that the amount of the tax was added to the price of the article. Now the Senator states that in his opinion that tax will be paid by the consumer and that, nevertheless, it will be passed back to the producer because there are only a limited number of importers. It seems to me with all respect to the Senator's argument that if there is so limited a number of importers that they can readily get together in order to impose this tax at both ends on the consumer here and then again on the producer in Brazil, that same crowd of gentlemen will fix prices to suit themselves regardless of whether we levy any tax or not. I do not think they need the tax to encourage them if they are ilk of that kind.

Mr. BROUSSARD. I will state to the Senator that the statement which I made was not meant to convey the idea that the importers of coffee would get together and do that. I quoted from the report made by the Finance Committee in which appears this language:

It is by no means probable, however, that the whole of these excise taxes will be passed to the consumer. A considerable part is likely to be absorbed by producers and dealers, and the final charge upon consumers can not be burdensome.

I was addressing myself to that part of the report. Then the Senator asked me by what logic I reached the conclusion that a part of the tax might be passed. I did not intend to convey the idea to the Senator that the importers of coffee would do so, but I was trying to explain how they could do it if there was an understanding. To illustrate this matter, to show that I am not romancing in assuming that situation, let me cite the Senator to a thing which to my knowledge is going on now with regard to this same provision of the law. Paragraph (b) of section 900 puts an excise tax on sugar. It is to my knowledge that that provision of the law says the tax is to be paid by the refiner, the manufacturer, or the importer, but a majority of the contracts already made in Louisiana to purchase the cane from the man who is tilling the ground, and who ought not to pay the tax under the wording of this law, include a clause passing this tax to the man tilling the ground, which reads as follows:

CONSUMPTION OR OTHER TAX CLAUSE.

It is agreed that in the event a consumption tax, or tax by whatever name, is imposed by the Government directly upon sugar prior to any settlement for cane under this contract, then in determining the price to be paid for the cane herein, the market price of sugar shall be ascertained as set forth on this contract and from the said market price shall be deducted the amount of tax imposed per pound upon the sugar, and the remainder shall be considered the true market price and form the basis of settlement under this contract.

Every member of the committee has received a letter quoting that clause in one of those contracts accompanied by a quotation from a letter in which the author of the letter, who is himself a producing manufacturer of sugar, who also grows

part of the cane which he manufactures, states that he is not going to make any sugar that is going into direct consumption, but that he is going to make what is called 96 test raw sugar and sell this sugar to the refiner, and the refiner, he knows, will pass the tax on to him, though under the law the refiner has no right to do that. To protect himself, he is passing the tax by means of this clause in his cane contract onto the man who produces the cane. Those are facts which I cited to the committee, and I have written briefly a letter to each member of the committee calling their attention to it; and I propose if this paragraph is unfortunately left in the law to put in a penalty against doing that very thing of passing the tax on to the tiller of the soil who grows the cane.

Now, let me say to the Senator from Missouri, if because there are a few refiners in this country they are able to hold up the production of raw sugar in Cuba, Louisiana, Porto Rico, Hawaii, the Philippine Islands, everywhere, to the extent that the man producing the sugar shall be held up just because of the excuse that he passes the tax on to the man who is selling him the cane, does he not believe that a few importers of coffee could, by proceeding under the methods adopted and pursued and persisted in by the refiners of the country, pass this tax to the poor man who is in Brazil harvesting coffee in the forest which he cultivates?

Mr. REED. It is barely possible that it may be collected at both ends. It is barely possible that the sugar men the Senator speaks of may undertake to relieve themselves of this tax and hand it back to the original producer. But it does not make any difference how many shifts they make of that burden; it will come back to the consumer.

Mr. BROUSSARD. Absolutely.

Mr. REED. If you collect the tax in the first instance from the sugar refiner and the sugar refiner collects it back from the sugar producer, the sugar producer will necessarily exact a higher price because it increases his cost. So the burden will ultimately reach the man who consumes. It is of course true that a combination standing between the producer and consumer might collect toll at both ends, but when a combination is powerful enough to do that it is powerful enough to fix the price regardless of the question of tax.

I will not dispute the soundness of the Senator's general conclusion. Without committing myself on this clause at this moment, my present impression is that I shall vote against any consumption tax.

Mr. SMOOT. Mr. President—

Mr. BROUSSARD. I yield to the Senator from Utah.

Mr. SMOOT. I understood the Senator to infer that under the provisions of the bill the refiner is supposed to pay the tax.

Mr. BROUSSARD. I submit I do not want to discuss the sugar proposition. I used that as an illustration. I will discuss it directly, but I am discussing the coffee proposition now.

Mr. SMOOT. I was going to say, of course the bill provides who shall pay the taxes, not thinking that they are going to pay it out of their profits or anything of that sort, but that is the easiest way for the Government to collect the money. In other words, the Government is not going to wait until the sugar and coffee are distributed to the retailer and then by the retailer to the consumer and then make the consumer pay the taxes. The Government says the only way to do this is to collect it before it ever goes out of the refinery; that from every refiner, and there are only a few of them in the United States, we will collect all this tax before the sugar ever leaves the refiner.

Mr. BROUSSARD. As to the coffee tax, however, it provides that it shall be paid by the producer or importer.

Mr. SMOOT. We have no producers.

Mr. BROUSSARD. There are producers in Porto Rico where the American flag is floating over the Government house and the administration is American.

Mr. SMOOT. The Senator knows that in every law that is passed by Congress, if we have it apply to Porto Rico we specifically state that it shall, and also if we would have it apply to the Philippine Islands we have got to specifically state that it shall apply to the Philippine Islands.

Mr. BROUSSARD. I will not split hairs with the Senator from Utah. In the very article to which he refers, the very section 900 as written into the law, there is a tax which he says applies to Porto Rican sugar, and then he turns around and says when you refer to coffee you have got to write the word into the law to make it apply to Porto Rico. There is no use in discussing that sort of thing. Nobody can follow that sort of logic. Whether you write Porto Rico into the law or not you put a tax of two cents on coffee produced in Porto Rico. Unless you put the words "Porto Rico" into the law the Senator says it does not apply. I can not follow that kind of argument and I just refuse to follow it; that is all.



I wish to submit, Mr. President, that for the reasons which I have advanced I hope that the Senate will vote to strike out the coffee tax, and if the tax is retained I shall certainly not rely upon the construction placed upon the law by the Senator from Utah, but I shall vote for an exemption for Porto Rico.

Mr. HARDWICK. Will the Senator yield for one question? Primarily why should this tax be on Porto Rico?

Mr. BROUSSARD. Because the Porto Rican will pay it.

Mr. HARDWICK. Would not the American consumer pay it?

Mr. BROUSSARD. He tries to pass it on. He will not succeed very well, for the reason that the crop of coffee in Brazil is far in excess of the available demand. Their market in Germany and Austria is lost. They can not now use that market and coffee is cheaper to-day than it sold before the war for that reason. So it is not to be expected. The difficulty of transportation has limited the market so that they can not pass that tax on to the consumer very well, but they will do it wherever they can.

Mr. HARDWICK. Let me suggest to the Senator that coffee is probably the one article in all the list of articles where there is a wide margin between the imported price and the price at which it reaches the breakfast table. We know the proprietary names of the coffee and my recollection is, though I have not examined it recently, that there is a difference of something like five or six hundred per cent of margin in some of those popular brands of coffee. I have not very accurate knowledge on the subject, but it does seem to me from what little I know about it that probably coffee is one article that there will be the most chance to get a tax collected out of the very large margin that the middle men have in the price of coffee.

Mr. BROUSSARD. That may happen, but will the Senator agree with me on this proposition: Will passing a law giving us so little revenue compensate us for establishing a reputation of trying to have Congress pass a law upon the product of Brazil exactly on the statement as given by the committee? Brazil is acting in conjunction with us in this war, and if there should be a law the purpose of the law is to pass the tax on to the producer. Is that policy justified at this time?

Mr. HARDWICK. Brazil, for instance, imposes an export tax on coffee. That is no offense to this country.

Mr. BROUSSARD. No.

Mr. HARDWICK. It is an additional burden to the American consumer, and eventually the American consumer has to pay it, unless the middlemen can absorb it, as they do in some instances; but, at the same time, that is not an offense to this country; and I do not see how, if we impose a tax on coffee here which is to be paid by our own consumers or by the middlemen who handle it, that can be any possible offense to Brazil or any possible injury to Porto Rico, or any other country producing coffee. That is just the idea I have about it.

Mr. BROUSSARD. I will state to the Senator from Georgia that he was not here when I made the argument.

Mr. HARDWICK. That was my misfortune.

Mr. BROUSSARD. I regret not to go over it again; but I do not want to detain the Senate by repeating what I have said. I pointed out, let me say to the Senator, the active cooperation of Brazil with this country in this war, and, while I do not believe that this provision itself would result in inciting a disposition not to continue that help, yet the people who are inciting Brazil against this cooperation, the agents of the German Government, who have been at work in that Republic since the inception of the war, would pounce upon this fact and point out that we were seeking to put a burden upon her, while she was trying to help this country.

Mr. HARDWICK. Mr. President, if the Senator will pardon me, we always have that trouble everywhere in this world; we can not keep people from misrepresenting what we do; but my idea is that when the people in Brazil who produce coffee find that it is not going to cost them anything, no matter whether it cost the American consumer anything or not, there will not be much complaint.

Mr. SHAFROTH. If I may ask the Senator a question; he has stated that the difference between the retail price and the price the producer receives is 400 or 500 per cent.

Mr. HARDWICK. In some cases.

Mr. SHAFROTH. If 2 cents a pound is added to the coffee will not the middlemen add that same 400 or 500 per cent additional to the amount which they have to pay?

Mr. HARDWICK. I do not think so, because I think their margin of profit is so great for roasting and for the proprietary coffees that they can afford to absorb, and that the competition among them will probably induce them to absorb the tax.

Mr. SHAFROTH. But still the competition between them does not reduce their 400 or 500 per cent profit.

Mr. HARDWICK. If the Senator will let me tell him about how that is, so far as I know—and I have had some occasion to investigate it—a particular brand of roasted coffee becomes popular in certain communities and in certain localities, and for that reason the consumers are willing to give far more than what the real market value of the commodity is. I think that is true.

Mr. BROUSSARD. That is true.

Mr. SHAFROTH. That is always the case where a person has an amount invested, but he always tries to make the same amount of profit on all parts of his investment, and, for that reason, I think that these consumption taxes will result in the consumer paying a good deal more than the tax which is imposed.

Mr. BROUSSARD. There is no question about that. I want to say to the Senator from Georgia that, while what he says is very true, the moment a man gets a reputation for supplying a particular kind of coffee, of a particular brand, wrapped up in a particular package, the price for that article, of course, becomes abnormal; there is lots of advertising connected with it, and there is an abnormal profit on it; but this tax is going to be collected from the man who imports coffee and with him there is not that margin of profit, because he is selling to the man who is putting up the package to which the Senator refers. So he will pass the tax on to the man who puts up the package, and immediately the man who puts up the package will not only want the tax back from the consumer, but the same ratio of profit that he had received on his investment in that coffee prior to the tax being imposed. That is my judgment.

Mr. HARDWICK. Mr. President, the Senator may be right about that—I am not sure as to that; but in any event if this tax is passed on to the consumer it will amount to almost nothing when it gets to the consumer. It is a well-distributed tax, and it has the additional virtue, from my point of view at least, in relation to the tariff, that it is a tax on a noncompetitive product which can not be multiplied indefinitely by the domestic people who are producing the same kind of an article, and therefore the burden can not be increased several times over before it reaches the consumer.

Mr. BROUSSARD. Mr. President, let me ask the Senator from Georgia a question in regard to this matter. Does not the Senator believe that the time has not yet come to put consumption taxes on commodities in this country; that we had better wait and when there is need for consumption taxes take up the list of things that go upon the table and treat them all alike, and put a tax upon them? There is no necessity at the present time for such taxes. This bill has had a billion dollars added to it since it was reported by the Finance Committee, and the consumption taxes will raise less than \$100,000,000.

Mr. HARDWICK. But the expenditures are constantly mounting, and we are called on now for a good many billion dollars more than we expected.

Mr. BROUSSARD. I understand that, and the time may come when we will have to resort to consumption taxes; and when that time comes, of course, coffee should not escape its share of taxation; it should be treated like every other commodity that we consume.

Mr. CURTIS. Mr. President, I desire to detain the Senate for a minute or two in opposition to the committee amendment. I do not believe there should be an excise tax on tea, coffee, cocoa, and sugar, and I hope the committee amendment may be defeated. Up to this time I have heard no good reason given by any member of the committee or by any Member of the Senate why such a tax should be imposed.

I see from the report of the committee that it is expected to raise only about \$86,000,000 from this title. When this measure was first considered I took the position that the revenues to be raised by it should come from war profits, large incomes, and luxuries. The Senate has already increased the tax on war profits and on incomes, and the record shows that the increase is very substantial. Under the House bill as it came to the Senate the amount to be raised by the excess-profits tax would have been \$200,000,000 in addition to the amount now raised under existing law, which last year was \$226,000,000, making a total of \$426,000,000. The bill as it came to the Senate would have raised this year on war and excess profits \$426,000,000 of taxes. The provision has been amended in the Senate so that now there will be raised the first year from excess profits \$1,286,000,000. The bill as it came from the other House was so arranged as to raise \$620,000,000 on incomes in addition to the amount raised under existing law, which would have brought the amount to \$978,000,000. The bill as reported to the Senate would have raised an additional tax under existing law of \$777,000,000. It has been amended



in the Senate so that now there will be raised under the income-tax provisions \$1,200,000,000.

But, Mr. President, there has been no change in the tax rates so as to raise any considerable amount from luxuries. I said in the speech which I made a few days ago that I had read in the newspapers that last year there were imported into this country over \$500,000,000 worth of luxuries. It does seem to me that a tax could well be levied upon such luxuries that would bring to the Government at least \$300,000,000. In addition to that there are many domestic luxuries that are not in any way taxed in this bill. It does seem to me that before a tax on consumption is resorted to luxuries should be taxed to the limit; and, so far as I am concerned, I am in favor of striking out this provision placing a tax upon consumption and placing it upon luxuries.

There is another tax that might be levied if additional revenue is needed at this time, and that is a tax on large inheritances. A graduated inheritance tax on amounts over \$100,000 would raise several million dollars; it would probably raise as much or more than will be raised by this tax on tea, coffee, cocoa, and sugar.

I hope the Senate committee amendment laying an excise tax on consumption will be disagreed to, and I also hope that the House provision levying a tax on similar articles will be defeated.

Mr. OWEN. Mr. President, I was gratified to hear the Senator from Kansas [Mr. CURTIS] refer with approval to an inheritance tax. On yesterday I introduced an amendment to which I wish to call the attention of Senators. It provides for a progressive inheritance tax. It leaves to the States the amount of the inheritance tax imposed by the State. It prevents the owner of a very large estate transferring his political domicile to a State having no inheritance tax or a very small inheritance tax for the purpose of evasion.

Mr. CURTIS. Mr. President—

Mr. OWEN. I yield to the Senator.

Mr. CURTIS. I want to state that in the speech I made a few days ago I took the ground that an inheritance tax laid by Congress should be levied with due regard to the inheritance taxes of the various States.

Mr. OWEN. I thank the Senator for the interruption. The proposal which I have submitted is that the United States in levying this tax shall rebate the amount of the State tax to the proper authorities of the State, and in that way a uniform tax would be placed upon legacies. I should like to read this amendment if I may be permitted. It is not long, and there are some things in it which I think the Senate ought to hear. It is as follows:

On page 78, after line 6, insert in lieu of Title IX, stricken out, the following:

#### TITLE IX—INHERITANCE TAX.

SEC. 900. That a legacy tax shall be, and is hereby, imposed upon the transfer of any right, title, and interest in or to any property, real or personal, by will, grant, or transfer in any manner, or under the interstate law of any State or Territory, or of the United States, from any person in anticipation of death, or of any person dying, who is seized or possessed of such property while a resident of the United States, or of any of its possessions; or when the property of such decedent lies within the United States, or within any of its possessions, and the decedent or grantor was a nonresident of the United States, or of any of its possessions, at the time of his death, in accordance with the following schedule, to wit:

Where the clear value of the entire estate is less than \$100,000 it shall be exempt from legacy tax; otherwise, subject to the following duties, to wit:

Where the clear value of the entire estate is between \$100,000 and \$300,000, 1 per cent; between \$300,000 and \$500,000, 2 per cent; between \$500,000 and \$600,000, 3 per cent; between \$600,000 and \$700,000, 4 per cent; between \$700,000 and \$1,000,000, 5 per cent; and upon every excess in the clear value of such estate over and above \$1,000,000 there shall be automatically added in addition to 5 per cent, and accumulative as to each additional increase, 1 per cent additional legacy tax to be laid upon each increase in the clear value of such estate of \$1,000,000, or the major fractional part thereof, until such tax reaches 100 per cent cumulative duty upon such additional increase in the clear value of such estate: *Provided*, That when such estate, by will, devise, grant, or inheritance law, goes to collateral kin, there shall be imposed the following additional legacy tax upon such portion only of such estate as may descend to such persons severally, to wit:

Brothers and sisters, or their descendants, 3 per cent; uncles and aunts, or their descendants, 5 per cent; other persons, not children or parents, 10 per cent.

That follows the European system. I should like to say that this proposed law is in effect in all of the civilized nations of the world. The amendment further provides:

Any property conveyed, in anticipation of death, by any person, as a gift or grant to the extent conveyed without adequate consideration, where such estate would come within the rule imposed by this act, fixing such legacy taxes, such conveyance, gift, or transfer, however made, shall be subject to the legacy duty herein provided, as if it were the estate of a decedent, and the estate shall be chargeable therewith unless otherwise paid. Where corporate stocks or bonds are transferred or placed under a trust for transfer within five years previous to death,

as a gift, either in whole or in part, to that extent such transfer shall be conclusive evidence of its character as a legacy: *Provided, however*, That property devised or bequeathed to any religious, educational, patriotic, charitable, or benevolent corporation or institution shall be exempt from legacy duty up to the amount of \$1,000,000.

The legacy tax hereby imposed shall be a lien and charge upon the property of every person who may die as aforesaid, from the date of the death of such person, and shall be payable within one year, bearing 6 per cent from the date of the death for the first 12 months, and thereafter at the rate of 8 per cent until fully paid.

The Secretary of the Treasury is authorized and directed to make rules and regulations for the collection of the same: *Provided further*, That out of such legacy taxes there shall be set apart to the credit of the State the amount of inheritance taxes imposed by the existing State law and paid over to the proper authorities of the State.

Mr. President, the proposed progressive inheritance tax in lieu of Title IX is intended not only to provide a very large revenue for the purpose of meeting the expenses of the war—and I think it will go into the hundreds of millions; no one can precisely say what it would be; but over half of the property of the United States, amounting to over \$200,000,000, in all human probability, is owned by those who would be subject to this tax; and while we may think of an individual as not dying for the convenience of the Government, there is a constant stream of persons passing over the river who would be subject to this tax and the returns would be large.

Mr. LODGE. Mr. President—

Mr. OWEN. I yield to the Senator from Massachusetts.

Mr. LODGE. The Senator from Oklahoma, of course, realizes that the number of persons who die and who would be subject possibly to inheritance tax in one year is only a comparatively small percentage of the total which he indicates. The House increase on the inheritance tax, which we struck out, was estimated to yield \$6,000,000; that is all. The inheritance tax is not a very large revenue producer, because it is so split up.

Mr. OWEN. I do not agree with the Senator at all. I think he is entirely in error in his estimate. I recall one estate, of which I think the country generally knows, that would under this proposal pay over \$900,000,000.

Mr. STONE. One estate?

Mr. OWEN. Yes; one estate.

Mr. SHAFROTH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Colorado?

Mr. OWEN. I yield to the Senator.

Mr. SHAFROTH. I have not any doubt that the object and purpose of the Senator from Oklahoma are most excellent in trying to provide some kind of a preventive of people moving into other States to avoid inheritance taxes.

Mr. OWEN. That is one of the objects of the amendment.

Mr. SHAFROTH. But the provision of the amendment which permits the State laws to govern the amount of taxes to be paid in the State, it seems to me, would be negative that.

Mr. OWEN. The amendment merely remits to them the amount that they would ordinarily receive.

Mr. SHAFROTH. I know, but they receive different amounts.

Mr. OWEN. Certainly they do.

Mr. SHAFROTH. One State imposes double or treble the rate in another State. It seems to me there ought to be some provision to the effect that it shall be uniform.

Mr. OWEN. We can not control the States.

Mr. SHAFROTH. No; but the Senator could frame it in this way: He could provide that the tax shall be a certain amount, and any State desiring to avail itself of the war provisions of this proposed act shall so signify and agree not to enforce any inheritance tax within the State. That would put the collection in the hands of the Federal Government. That would economize enormously the cost of collecting the tax, and would also prevent the practice of a certain class of people moving from one State to another, in order to avoid the necessity of paying the inheritance tax.

Mr. OWEN. It has only been within the last year when an estate of \$60,000,000 escaped the New York inheritance tax by its owner transferring his domicile to New Hampshire. Take the Weyerhaeuser estate, which is estimated at, I think, a thousand million dollars.

Mr. SHAFROTH. It was stated that one of the great capitalists of the State of Michigan came to the District of Columbia because there was no inheritance tax imposed here, and that his estate amounted to \$20,000,000.

Mr. OWEN. Mr. President, as I started to say when interrupted, the proposed progressive inheritance tax in lieu of Title IX, is intended not only to provide a very large revenue for the purpose of meeting the expenses of the war, but particularly as a means of correcting the results of long abuse of organized monopolies in the United States which has resulted in establishing in the United States a financial, commercial, and business overlordship which has unduly, unfairly, and with great injustice been able



to impose its will upon the industrial life of the United States through the process of monopoly; monopoly in oil, in steel and iron, in copper, coal, metals, and in many other things essential to the national life.

Mr. President, these gigantic powers have assumed control by virtue of the proceeds of monopoly of nearly all great industrial, commercial, and transportation companies, and of banks and trust companies, and in large part of the credit system of the United States. It was to provide against this in part that we passed the reserve act, for the purpose of transferring the power over credits to the people of this country through the reserve banks under the authority of the member banks. These powers have controlled the stock markets; they have controlled the organization of every new enterprise of importance, and been able to dictate unfair terms upon every important new industrial undertaking. These swollen fortunes have become a menace to the body of men who are engaged in productive enterprises of all sorts and has led by imitation to the local adoption of monopoly methods to a point which has resulted in unfair prices to the consumer upon all of the necessities of life, except possibly fresh vegetables, and even the latter have not altogether escaped.

Mr. President, I cordially sympathize with the policy of government which encourages business affairs, which encourages men to active initiative in industrial enterprises, which encourages men in thrift, economy, and in expansion. I rejoice when I see the success of business men; I am glad to have them receive an abundant reward for the work they perform, for the enterprises they organize, for their foresight, as well as for their industry and thrift.

I am glad to see them acquire wealth as a reward. I am glad to see them enjoy wealth, build beautiful homes, furnish them luxuriously, have every facility and advantage for living splendidly and beautifully. And the policy of the States and of the United States should be to encourage these, because such men, with their initiative, business ambition, and zeal give employment to other men of smaller abilities. But, Mr. President, the point may arrive where the reward of acquiring property is no longer justified, where the further acquisition of property is a positive vice; where the acquisition of property is against a wise public policy; where the acquisition of property means nothing more and nothing less than the acquisition of power over the industrial, commercial, and financial life of other men—unrestrained by law. The time comes when by an autocratic order of a financial overlord every miner in a whole State can be turned out of employment. The time has already arrived when by a concert of action among the financial giants of the United States, a business depression can be produced, when the value of stocks can be depressed to a most ruinous point at which men of enormous wealth and commanding unlimited cash or cash credits can buy in the property held by weaker business men at one-half, one-third, one-fourth, one-tenth of the actual value, as we saw done in the panic of 1907, when a certain group multiplied their millions by a cold-blooded conspiracy which resulted in the artificial panic of 1907, an investigation of which by Congress they were strong enough to prevent.

I am thankful that I was permitted to assist in bringing about the direct election of Senators by the people, so that the Senate of the United States would not longer be unduly influenced by such self-seeking elements. I am not unmindful, and I am not unappreciative, of the splendid patriotism which many of this group have recently shown.

I deeply appreciate the attitude of Andrew Carnegie, who expressed the opinion that it was little short of a crime for a man to die very rich. Andrew Carnegie has done much to point the way to a wiser and a better method, by distributing his gigantic accumulations as a great steel master as well as through the monopoly of the United States Steel in the way of public benefactions.

Mr. President, the proposed tax, in effect, does not permit the transfer by legacy of any amount in excess of very large sums. It takes 5 per cent of \$1,000,000, 6 per cent of the second million, 7 per cent of the third million, 8 per cent of the fourth million, 9 per cent of the fifth million, 10 per cent of the sixth million, 11 per cent of the seventh million, 16 per cent of the twelfth million, 55 per cent of the fiftieth million, 80 per cent of the seventy-fifth million, and a hundred per cent of the ninety-fifth million, and all in excess thereof.

This progressive inheritance tax is justified by public policy. It is one of the means of correcting the abuses of the monopolies which we have heretofore permitted, if not encouraged, in the United States.

#### THE PLAN PROPOSED IS LAWFUL.

Mr. President, the plan proposed is lawful and has been passed upon by the Supreme Court of the United States in *Magoun v. Illinois Trust & Savings Bank* (107 U. S., 283), in which the court held that the inheritance-tax law of Illinois makes a classification for taxation which the legislature had power to make, and that the inheritance-tax law does not conflict in any way with the provisions of the Constitution of the United States.

The court in this case shows that these laws have been in force in many of the States of the United States—Pennsylvania, 1826; Maryland, 1844; Delaware, 1869; West Virginia, 1887; Connecticut, New Jersey, Ohio, Maine, Massachusetts, 1891; Minnesota, by constitutional provision.

The constitutionality of said taxes has been declared and the principles explained in many cases referred to in the case above mentioned. For example, in *The United States v. Perkins* (163 U. S., 625), *Klapp v. Mason* (94 U. S., 589), *United States v. Fox* (94 U. S., 315), *Mager v. Grima* (8 Howard, 490), and so forth.

Mr. President, there are few thoughtful men, even of the very rich, who would say that they were being ruined by the public when the public laws forbid them to transfer to other human beings amounts in excess of what is permitted by this proposed amendment.

Mr. President, it takes a human being of the first magnitude to administer an estate of \$10,000,000 with wisdom and efficiency. No human being can properly consume the income of such an estate, which at 5 per cent will make the income \$500,000 per annum, or \$1,366 per diem—about \$100 an hour for every waking hour. Since such vast sums of money can not be wisely used by the individual in gratification of any just personal needs, and since its possession frequently leads to serious extravagances, to the establishment of false standards of living, to extreme snobbishness in a democracy, and even leads to ruinous dissipation and vice, and sometimes even to the corruption of government, a wise public policy should establish a system of government which will restore to the people so much of the swollen fortunes developed by our modern methods as justice demands.

No thoughtful student will deny that these gigantic fortunes represent values created by the labors and activities of all our people. No man can deny the moral righteousness of restoring to the people by legacy taxes that which they have created and which has been taken from them under legal processes, by fair legal means, perhaps, under the best view of the case, and by crafty, unfair, and illegal means in the worst view of the case.

Mr. President, the British Empire, the German Empire, France, Italy, and Switzerland have the progressive inheritance tax. This system prevails in the Netherlands, Austria-Hungary, Russia, Norway, Sweden, Denmark, Belgium, Spain, Portugal, Greece, Roumania, Bulgaria, Japan, in Spanish America, Uruguay, Chile, Brazil, Argentina, Guatemala, and Mexico; also in Victoria, New South Wales, South Australia, West Australia, New Zealand, Queensland, Cape of Good Hope, Cape Colony, and in the principal colonies of Canada—Ontario, Quebec, Nova Scotia, New Brunswick, Manitoba, Prince Edward Island, British Columbia, and perhaps others.

A number of our States have established inheritance taxes, as shown by the table as of 1906, which I ask leave to insert in the Record.

The PRESIDING OFFICER. Without objection, permission is granted.

The table referred to is as follows:

American inheritance-tax laws, by States.

State.	Collateral.		Direct.	
	Rates.	Exemption.	Rates.	Exemption.
	Per cent.		Per cent.	
Arkansas.....	5			
California.....	1½-15	\$500-\$2,000	1-3	\$4,000
Colorado.....	3-6	500	2	10,000
Connecticut.....	3	10,000	1-2	10,000
Delaware.....	5	500		
Idaho.....	1½-15	500-2,000	1-3	4,000
Illinois.....	2-6	500-2,000	1	20,000
Iowa.....	5	1,000		
Kentucky.....	5	500		
Louisiana.....	5		2	10,000

<sup>1</sup> Widows and (except in Wisconsin) minor children taxable only on the excess above \$10,000 received by each.

<sup>2</sup> Tax payable only by strangers in blood.

<sup>3</sup> Tax not payable when the property bore its just proportion of taxes prior to the owner's death.

American inheritance-tax laws, by States—Continued.

State.	Collateral.		Direct.	
	Rates.	Exemption.	Rates.	Exemption.
	Per cent.		Per cent.	
Maine.....	4	\$500		
Maryland.....	2½	500		
Massachusetts.....	5-5	1,000	1-2	\$10,000
Michigan.....	5	100	1-1	2,000
Minnesota.....	1½-5	10,000	1½-5	10,000
Missouri.....	5			
Montana.....	5	500	1-1	7,500
Nebraska.....	2-6	500-2,000	1	10,000
New Hampshire.....	5			
New Jersey.....	5	500		
New York.....	5	500	1	10,000
North Carolina.....	1½-15	2,000	3-4	2,000
North Dakota.....	2	25,000		
Ohio.....	5	200		
Oregon.....	2-6	500-2,000	1	5,000
Pennsylvania.....	5	250		
South Dakota.....	2-10	100-500	1	5,000
Tennessee.....	5	250		
Texas.....	2-12	500-2,000		
Utah.....	5	10,000	5	10,000
Vermont.....	5			
Virginia.....	5			
Washington.....	3-12		1	10,000
West Virginia.....	3-7½		1	20,000
Wisconsin.....	1½-15	100-500	1-3	2,000
Wyoming.....	5	500	2	10,000

<sup>1</sup> Applies to personal property only.

<sup>2</sup> Decedents' estates of less than \$10,000 are also exempt.

<sup>3</sup> Widows and (except in Wisconsin) minor children taxable only on the excess above \$10,000 received by each.

<sup>4</sup> For the surviving husband or wife and children, if residents of Wyoming, \$25,000.

Mr. OWEN. Mr. President, the proceeds of the estate tax, according to the last tables at my disposal, were comparatively small for the very good reason, Mr. President, that whenever persons having a very large estate desire to escape the inheritance tax they can transfer their political domicile and thereby escape it. The consequence is that men point to the tables of the returns of State inheritance taxes and say the total amount from a national inheritance-tax law will only be \$6,000,000. It is my opinion that this item will raise \$600,000,000 instead of \$6,000,000. The amendment which I have offered takes nothing from the States. It turns over to the State the amount provided by the State law and retains the balance in the Federal Treasury, and does this automatically. In fact, it safeguards the States by preventing a man avoiding for his heirs this tax by changing his political domicile.

Mr. LODGE and Mr. KELLOGG addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Oklahoma yield; and if so, to whom?

Mr. OWEN. I yield to the Senator from Massachusetts.

Mr. LODGE. I was only going to say, in connection with what the Senator says about raising taxes, that they have very heavy estate taxes in England in different forms—estate duties, legacy taxes, and so forth. They are all collected under one head. They were very heavy when they were imposed, and they have been much increased. They raised in 1917 thirty-one million sterling, \$150,000,000, and they raised substantially the same in 1916. Those are heavy inheritance taxes that have been in force for many years, and that shows a pretty good average.

Mr. OWEN. Does the Senator mean in New England?

Mr. LODGE. No; no; in England. They raise from this source \$150,000,000—thirty-one million sterling. I was only speaking about the average of raising estate taxes.

Mr. OWEN. The wealth of the United States is very large, and I believe the tax here would be very much more.

Mr. KELLOGG. Mr. President—

Mr. OWEN. I yield to the Senator from Minnesota.

Mr. KELLOGG. I agree with the Senator from Oklahoma that the most just and equitable tax is an estate tax. Most of the fortunes which descend to children are a curse to them. I would suggest to the Senator whether it would not be wiser to increase the rate, say, between \$500,000 and \$10,000,000, so that the State tax would not take the whole thing?

Mr. OWEN. I should be quite willing to accept an amendment of that kind. I only wanted to make it so moderate that no man could oppose it.

Mr. KELLOGG. Take it in Minnesota; my recollection is that all estates over \$50,000 would pay 5 per cent.

Mr. OWEN. Yes.

Mr. KELLOGG. And I am inclined to think it is progressive beyond that; so that under this proposal, in the case of a moderate estate, no tax would be received by the Federal Government in many States.

Mr. OWEN. Yes; I should be willing to accept an amendment of that kind.

The only way in which to make a progressive inheritance tax really effective is to make it national. Large estates can always escape the State tax merely by changing the political domicile. It is easy to do, and has been done over and over again.

Mr. STONE. Mr. President—

Mr. OWEN. I yield to the Senator from Missouri.

Mr. STONE. Does the Senator mean that the owner of a large estate, when in the natural order of things he approaches the end of life, can move from the State of his domicile to another State that he may die there?

Mr. OWEN. No; not that he may die there; just establish a political domicile, and that is all there is about it—put a summer house in New Hampshire or put a camp in Idaho.

Mr. STONE. Oh, well, he changes his political allegiance from one State to another.

Mr. OWEN. Yes; but that kind of a man does not render any political allegiance. He never votes.

Mr. STONE. Has the Senator any data as to the number of people who do that?

Mr. OWEN. I have no statistics as to the number. I referred a moment ago to a case which involved a very large estate. I did not wish to stigmatize anybody, of course.

Mr. STONE. Oh, no; I would not ask the Senator now to name individuals. I merely ask him if he has data showing that that sort of thing has been done?

Mr. OWEN. I have heard that in a number of different instances, and I do not doubt that it is a fact. It is a very reasonable thing to occur.

Mr. KELLOGG. Mr. President—

Mr. OWEN. I yield to the Senator from Minnesota.

Mr. KELLOGG. The States collect an inheritance tax on all property situated within their borders whether the deceased is a resident of the State or not, and that includes personal property actually situated in the State imposing the tax.

For instance, take a citizen of New York and a resident of New York dying in New York: His stock in the Great Northern Railroad or any other railroad corporation existing under the laws of the State of Minnesota pays an inheritance tax in the State of Minnesota and the same in all other States. That has been sustained by the Supreme Court of New York and many other States, and, I believe, by the Supreme Court of the United States. Now, of course, the personal property that follows the person of the deceased would escape taxation by his moving and becoming a resident and dying in a State not imposing the tax.

Mr. OWEN. Mr. President, in my judgment it is of importance to the holders of very large property that the people of the United States should feel that the gross excess of acquisition should at last revert to the people of the United States. It will appease a part of the just resentment against monopoly methods.

On the 29th of June, 1909, I placed in the RECORD tables showing the systems of the world in this matter, which I will not repeat.

In the published volume of West on Inheritance Tax will be found the record of world laws in regard to the inheritance tax. In 1909, when I presented this amendment, the Senate of the United States was not fairly representative of the people of the United States; and in presenting the matter I stated that I did not expect the amendment at that time to receive respectful consideration, but I offered it because I desired the people of the United States to consider it. The temper of the Senate has been greatly changed since then. I believe the Senate now is fairly representative of the public opinion of the United States, and I hope that the Senate will now consider this matter and act upon it, and not from weariness of mind refuse to consider and approve this amendment.

I understand that the reason why the provision of the House bill was struck out by the committee was because it was thought it would interfere with the States and the inheritance tax imposed by the States. I have carefully obviated that objection and provided a means by which the States will receive every dollar of the inheritance tax imposed by the local laws and by which the United States will receive the remainder.

The accumulation of gigantic fortunes in a single hand, with the huge power of increase where the income can not be consumed, is dangerous, in my opinion, to the commercial liberties of the people, and, because dangerous to the commercial and the financial liberties of the people, I think it is dangerous to the political and civil liberties of the people. For that reason these gigantic estates ought to be subjected to a large tax, especially as they increase to very great amounts.



We have established in this country the doctrine that we will not follow the English rule of primogeniture or of entail; and the reason for that is to prevent gigantic estates passing into the hands of the very few, leaving the many without adequate property. We have made that a part of the American system, and yet we are permitting its evasion now through putting great estates in trust, like the Chicago estates, such as the Field estate. In that case there is sixty millions now in the hands of a trustee for little children. That sixty millions will be two thousand millions by the time those children shall pass the river of life. We are permitting a condition that is nullifying our refusal to adopt the principle of primogeniture and of entail, through the policy of permitting corporations that have no death to take over properties and hold them, and permitting these estates to pass in trust by life tenure that is endless. It is against a wise public policy; and when it comes to a choice between a tax on these great estates and taxing the coffee and the tea and the sugar and the cocoa that the people use on their tables, I do not think they ought to be mentioned on the same day.

Mr. LODGE. Mr. President, I intend to discuss the question which is before the Senate of the consumption taxes, as they are called; but I am very much interested in what the Senator from Oklahoma [Mr. OWEN] has been saying.

I do not think anybody differs about the evil of these vast fortunes to which he has referred, nor about the rates that he proposes to put on them, nor about the soundness of our laws which prevent primogeniture in the case of an intestate, although certainly they do not prevent it in cases where a will is made, where it can be left to one child. I agree with the Senator about these vast fortunes. As I say, I do not quarrel at all with his rates, nor, let me say also, with regard to the effect on the States. The States now protest violently against our taking their last field of taxation. We have entered all of them. If we do anything, we ought to provide for them as the Senator proposes; and that would not only prevent evasion but it would prevent injustices which now occur where the same estate, instead of being taxed once, as the Senator's amendment provides, is taxed in whole or in part by the State, by the Nation, and by half a dozen other States, perhaps. All those features are excellent. Of course, we must have inheritance taxes. Everybody realizes that. The trouble with inheritance taxes is this, and I wish some method of dealing with it could be found:

The Government takes the money from the inheritance. It spends it. In other words, an inheritance tax destroys capital. The Senator spoke very wisely of the importance of capital in business. Now, there is the difficulty. If we could only devise some method by which that capital should not be spent by the Government and wiped out, but could be kept in the channels of business, by all means let us devise it and get rid of these vast fortunes.

Mr. OWEN. Mr. President, that can be easily accomplished; and the Government in its expenditures now can not be justly said to be altogether destroying capital. When the Government invests millions of dollars annually in the Agricultural Department, which expands the productive powers of the fields of this Nation, it is not only not a destruction of capital but it is an expansion of capital of the most important character. When the Government puts up a \$15,000,000 nitrate plant, if it ever does, as the law provides, for the purpose of making powder in times of war and making fertilizer in times of peace, it is not a destruction of capital; it is a multiplication of capital, and is making the capital more productive than it could be in any other way.

Mr. LODGE. Yes; I agree with the Senator, if the Government is going to do all the business of the country.

Mr. OWEN. It ought to do some of it.

Mr. LODGE. But I have not yet reached the point of being willing to have the Government embark on State socialism.

Mr. President, I wanted to discuss these taxes on coffee, tea, cocoa, and sugar.

The bill that came from the House presented to the Senate a raise of duties of 10 per cent on practically every article that now comes in, either free or dutiable. The committee struck from the bill those tariff provisions, and the Senate has concurred in the action of the committee. I think it would be very unfortunate, and present great difficulties, to attempt at this time in this bill to raise all the tariff duties. It would bring up a host of questions which could not be properly dealt with in several months. That is one practical difficulty. As the duties are imposed by the House, they would make all sorts of inequalities and injustices that would have to be met. But the House has presented us with that scheme and it raises \$206,000,000. According to the doctrines of one party in this

Chamber, all those increases are consumption taxes. According to the doctrines of the same party, they are not only consumption taxes to the extent of the amount of duty imposed, but to a much larger extent by reason of the increase which will be made to the consumer by the retailer.

The view of the other party, of which I am a member, is that protective duties will not cause an increase to the consumer except in cases where the articles are noncompetitive. I am not going to enter into that discussion. I am only trying to show that the House was levying consumption taxes to the amount of \$206,000,000. We have stricken them out. Now, when your conferees meet the House conferees they will have nothing to offer as an alternative if the bill remains simply with those stricken out, and I apprehend that the House would not be at all disposed to accept a naked elimination of a section of this bill by which they attempted to raise a great deal of money and which they think is a proper form of taxation.

Mr. BROUSSARD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Louisiana?

Mr. LODGE. Yes.

Mr. BROUSSARD. The bill as the House passed it carried about a billion and a half of revenue, as I recall. The bill as it is now shaped up, with the amendments that have been made on the floor of the Senate, carries practically two and a half billion dollars. Does not the Senator believe that with the increased amount of taxation put in the bill by the Finance Committee and on the floor of the Senate we can afford to lose the \$200,000,000 included in the provision to which the Senator has just referred?

Mr. LODGE. If I thought the House took the same view of this question as the Senator from Louisiana, I have no doubt they would welcome our striking it out; but from what I know of the conferees, I am inclined to think they do not. In all events, we are confronted with that condition. We have reduced the so-called consumption taxes to four, and we have lowered the amount of revenue from \$206,000,000 to \$86,000,000, and we have removed them from the class of tariff duties by making them excise taxes. The House put a tariff of 10 per cent on tea, coffee, sugar, and cocoa—on everything, in fact, but including those items. The House tariff rate would raise about \$12,000,000 on coffee. Our rate would raise \$20,000,000. That is 2 cents a pound. If it were equally distributed it would be, in round numbers, a tax of about 20 cents per capita on the people of this country.

From tea we expect to raise \$5,000,000, with an excise tax of 5 cents a pound; on cocoa, \$7,000,000, with an excise tax of 3 cents a pound; and on sugar, \$54,000,000, with an excise tax of one-half a cent a pound. The rate is very low; the amount to be paid per capita is trifling; the taxes are easy of collection and certain in the revenue. It all goes to the Government and it is evenly distributed. It is the greatest possible mistake to say that it falls on the poor man. Those taxes fall on everybody who consumes those articles, and the well-to-do and the rich households consume more, far more, and pay a larger proportion of them.

Of the sugar consumption 35 per cent goes into candies. We have heard something about taxing luxuries. It seems to me there is no reason why candies should not be taxed, especially, as the Senator from North Dakota [Mr. McCUMBER] suggests, those that are sold at from 80 cents to a dollar a pound. Coffee, tea, and cocoa are not raised in this country. They are non-competitive articles.

The Senator from Louisiana [Mr. BROUSSARD] made a point about Porto Rico which I think is correct, and which I think an amendment ought to remedy; but I can not agree with him in what he says about Brazil. It is all true. The attitude of Brazil to this country has been most friendly. They have behaved admirably. We wish to encourage it in every possible way. The trouble with that argument is that it goes too far. If we are to refuse to put a burden of duty or taxes upon articles produced by the nations with which we are associated in carrying on this war we shall find a terrible gap in our revenues. Take the case of the principal exports from France, with which we are as closely associated as one nation can be with another—France, which has borne the brunt, more almost than any other nation, of this terrible war, on whose soil it is being fought. We put the heaviest kind of duties on one great French export of silks. On the argument about Brazil we ought to take off those duties. In this very bill we add to the duties on French wine, which is another of her great exports. On the argument about Brazil we should not increase the duties on French wine.

Mr. President, that is an impossible attitude to take. France reduces no duties on our products, nor England either. We do



not expect them to, and we should not take it as unfriendly if they were to increase their duties, or if Brazil, in order to raise money, were to increase her duties on some of our exports. No nation can afford to cut off the duty of revenue raising because the country from which it imports is a friendly country with which it is closely allied. If we did this to Brazil on this account we should discriminate in favor of Brazil against every other country with which we are now associated. The coffee tax, the tea and cocoa tax, and the sugar tax all rest on the same ground. I think it is proper that a certain amount of this revenue should be raised by general taxes of this character.

We have had England used here as an example a good deal. We have been urged to put an 80 per cent tax on war profits because England did it. We have had England's taxes marched up and down in the Senate Chamber for days. I want to call the attention of the Senate now to the manner in which England is taxing these very articles to-day.

England puts a duty on cocoa of 13.8 cents per pound. Crude cocoa comes into this country free. She puts on coffee, as a duty to come into the country, 9.4 cents. On sugar we have put a duty, in round numbers, of 1 cent a pound. She puts on sugar a duty of 2.8 cents, and on refined sugar a duty of 3.1 cents. On tea she puts a duty of 24 cents a pound, and on glucose 2 cents, where we put a quarter of a cent.

Mr. BROUSSARD rose.

Mr. LODGE. Those are the duties. Now, wait a minute; I am coming now to the excises which she has levied since the war began in order to raise money for the war.

On sugar, in addition to the 2.8 cents of duty, England has put an excise of 2.7 cents a pound, and we propose here a half cent. She has put on coffee substitutes an excise of 3 cents a pound in addition to the 9.4 cents of duty, and we put 2. On glucose she puts an excise of 2 cents, where we put a quarter of a cent. On saccharine we have now a duty of 65 cents. England has a duty of \$13.12 per pound, and she has doubled it with the excise, or a total of \$26.24 which she puts on saccharine, against our \$2.50. The excise taxes alone that she has added go far beyond ours, and when you couple them with the duties you see what great sums she raises.

I have here the French rates. It has not been possible to get the German war rates, but they all tax these things.

The duty on sugar imported into France, owing to her beet product, has been practically prohibitive. These are her war taxes on these articles:

On green coffee she puts a tax of 2½ cents per pound.

On coffee, roasted or ground, 3.6 cents, as against our 2.

On tea, 3.6 cents as against our 5. That is lower.

On cocoa beans and shells, 1.8 cents a pound.

On crushed cocoa and cocoa butter, 2.3 cents.

On chocolate, 2.4 cents.

On sugar, 3.6 cents per pound, and we are proposing to put a quarter of a cent. These are excise war taxes.

On raw sugar for refining, the same.

On glucose, nine-tenths of a cent.

On saccharine—not important—\$18 a pound.

Mr. President, the English taxes are far heavier than ours. The French taxes, as a rule, are heavier than those we propose. There is not a civilized country in the world that does not tax these articles. There has come to the Senate committee—I have asked the other members—not one single word of protest from any consumer of these articles. The tax is so small that it would not be felt by anybody. A large part of it would be absorbed by the dealers, importers, and retailers. There is an enormous margin of profit in coffee now. It comes in at about 7½ cents a pound, and I think it is sold in packages for 25 cents per pound. We put a tax on tea during the Spanish-American War. There was not any change in the prices of tea, except that the import was confined to rather superior qualities as compared with those that came in before.

Now, the sugar industries of Porto Rico, Hawaii, and Louisiana under the conditions of the war have been making great profits; in the case of the beet-sugar industries they have been making enormous profits; and it would be no undue burden on them.

It seems to me, Mr. President, that it is only just, as I have said before, in a democracy that everybody should pay something toward the support of the Government. Here are taxes which take 20 or 50 cents per capita in the United States, the incidents of which would not be felt, and they raise the large sum of \$86,000,000. Because we have raised the war-profits tax we can not afford to throw away other just and reasonable taxes. I think what the Senate committee has done is far more reasonable, far better economically than the system proposed by the House. You must remember it is between those two systems that it will be necessary to choose.

Mr. PENROSE. Will the Senator permit me?

Mr. LODGE. I am through.

Mr. PENROSE. I do not know whether the Senator stated it, but to illustrate in one instance how infinitesimally small these taxes will be, there are from 150 to 200 cups in 1 pound of tea. One hundred and fifty to 200 cups of tea can be made from 1 pound, and the duty on 1 pound is 2 cents.

Mr. RANDELL. Mr. President, I wish to say a few words about the proposed excise tax on coffee, tea, cocoa, and sugar. I shall detain the Senate only a few minutes.

It seems to me that the principle on which this bill is framed is to exact a rather large burden of taxation from those who are able to pay from war profits on business that is making a great deal more money since the war began than it made before, and from incomes over and above what is necessary to support a man's family. The bill is going to produce in the neighborhood of \$2,500,000,000, and nearly all of that great sum will come from income taxes and war profits. This amount is not to be produced by tariff taxes, although the House invaded the realm of the tariff and proposed to raise about \$206,000,000 on these four articles—tea, coffee, cocoa, and sugar. It is not proposed in the bill to raise any material part of it in any other way than by taxing wealth in various forms.

For that reason, sir, I am unable to understand why the committee found it necessary to single out four of the essential articles of human food and impose the small tax of \$86,000,000 upon these articles in a bill that is to raise \$2,500,000,000. Eighty-six million dollars, Mr. President, is only about 3½ per cent of two and a half billions. That is a very small part of the revenue we are getting in this bill.

Why did the gentlemen of the Finance Committee find it necessary, I repeat, to go to the breakfast table and pick out four articles of food? Are the necessities of our Government so great that we are required to do that?

The distinguished Senator from Massachusetts [Mr. LODGE] says that England is taxing tea, coffee, sugar, and cocoa, and that France is taxing these same commodities. The situation, sir, is very different in those countries. They have been bearing the brunt of the greatest war the world has ever known for more than three years, and it is probably necessary for them to tax everything which can possibly stand a tax. Thank God, we are not in that situation. We have been in the war only a very short while. Perhaps the day will come when we also will be obliged to tax not only tea, coffee, sugar, and cocoa, but flour and meat and all articles of human food. I sincerely hope that time will never come, but it may, and when it does come I for one, sir, shall not complain if taxes are proposed on all articles of food; but I do complain most seriously at this time.

The Senator from Massachusetts says that this tax is so small it amounts to practically nothing. Mr. President, it is a little more serious than the Senator admits. The tax on sugar amounts to 40 cents per capita for every man and woman and child in the United States. We consume about 80 pounds of sugar per capita per annum. A tax of half a cent is 40 cents.

Mr. LODGE. In fact, I went 10 cents higher than the Senator did.

Mr. RANDELL. I was speaking only in general terms. The Senator indicated that the tax was very light, that it would not burden anyone, and I was simply going into details, to show that it will burden poor people a great deal.

Mr. LODGE. I said it would be about 50 cents per capita on sugar and 20 cents on coffee.

Mr. RANDELL. I think the Senator got it a little wrong on the consumption of sugar. To be exact, it is 78 pounds per capita per annum. We are raising in this bill some \$54,000,000 from sugar. We estimate that we are going to handle in this country next year 10,800,000,000 pounds of sugar, but a portion of that is to be sent abroad. We will consume in this country a good deal less than that. The consumption is only about 78 pounds per capita, and the tax, to be entirely fair—and I wish to be fair in this argument—is only about 40 cents per capita on sugar.

Mr. LODGE. I do not disagree with the Senator about that. I made that argument when I was arguing for a protective duty.

Mr. RANDELL. I understood the Senator, and I wish to be entirely fair in my argument. Taking my figures, they are less. If I took the Senator's, my case would be much stronger. From my viewpoint the tax on sugar, then, is 40 cents per capita, on coffee it is 20 cents, on tea 5 cents, on cocoa 7 cents, or a total per capita on these four articles of 72 cents. Now, 72 cents a year does not sound very big to Members of the United States Senate, but, sir, I contend it is a pretty serious proposition to the ordinary laboring family of five souls, dependent for what they eat on the labor of the wage earner. It means \$3.60 per annum



added to the food supply of the average family of five of the ordinary wage earner and is a very important matter to him.

Let us bear in mind that the average citizen is a poor man; he is a wage earner; he does not have to pay income taxes or excess-profits taxes as contemplated in the bill. The average citizen is not expected to contribute one dollar to the \$2,500,000,000 we are to raise by the bill.

I repeat, this bill is designed to raise this vast sum from successful business, from people who have considerable income, and from excess profits on business. It does not contemplate going into the families of the poor and making each family contribute \$3.60 per annum, but that is what it does.

Mr. President, another phase of the bill that I wish to call attention to is that section 8, Article I, of the Constitution of the United States provides that all taxes shall be uniform. Is there any uniformity in this kind of taxation, which singles out four commodities of human food and allows all other commodities to go untaxed? Where is the fairness or the uniformity in that proposition? If we are to tax these four articles, why not tax meat and flour, fish and game, and lentils, cereals, fruit, and vegetables? Why not tax every article of human food, if you are to tax any?

Do we make any distinction in our tax on incomes? We adopt a basis and everyone who has an income above that basis pays a tax. Why make a distinction in regard to the food we consume? There is no just or valid reason for it, Mr. President, and the time has certainly not yet arrived for singling out these particular articles and punishing them.

Mr. President, there is one feature of the bill that appeals to me very strongly as one of the Senators from Louisiana. Sugar is a very important agricultural product of my State. We produce about 300,000 tons of sugar in Louisiana. The bill proposes to tax that sugar about \$3,000,000 per annum. It proposes to impose a tax of \$13.50 upon every acre of sugar cane in the State of Louisiana. I do not think, sir, that is fair.

It is true that the other three commodities—coffee, cocoa, and tea—are not raised in continental United States, although coffee to a very considerable extent is produced in the island of Porto Rico, as my colleague [Mr. BROUSSARD] has so ably pointed out. But, sir, I find it incomprehensible that one agricultural product of the United States, one single product of farms of this country, to wit, sugar, is singled out in this bill for taxation when every other product of agriculture in the Union is allowed to remain free from taxation.

Is there anything fair in that? Is that the uniformity which the Constitution speaks of? Is that the equality we have a right to expect in all taxation? Equality and uniformity throughout the taxing area is the principle upon which all taxes should be imposed.

I wish some one would explain to me why this great product of my State should be singled out in this bill and have this great tax imposed upon it when we have just been legislating to fix a good, fair price upon wheat. If sugar is to be taxed, why not tax wheat? If sugar is to be taxed, why not tax corn? If sugar is to be taxed, why not tax meat in all its forms? There is absolutely, sir, no reason for taxing one and exempting the other.

Mr. SMOOT. Will the Senator yield?

Mr. RANSDELL. I will be delighted to yield.

Mr. SMOOT. I think perhaps the Senator ought to take into consideration that the price of sugar has already been fixed by Mr. Hoover, as I understand, and, if I am correctly informed, the sugar interests of the United States have agreed to that price, namely, 7½ cents at New York. If that is the case, I will say to the Senator, it will make no difference, as far as the producer of sugar is concerned, whether this consumption tax goes on or whether it stays off.

I know the Senator realizes that the West is just as deeply interested in this subject as Louisiana. As far as the western growers are concerned, they are not objecting to this consumption tax. I will admit that I personally would oppose any consumption tax on sugar or anything else if it were not for the war; but I take into consideration the amount of consumption tax that is imposed by all the other countries involved in the war, and the further fact that the price of sugar has been fixed at which it shall be sold, at least, to the wholesaler. Then, I do not believe the sugar industry is going to be affected by this tax.

Mr. RANSDELL. May I ask the Senator if the price of flour has not also been fixed?

Mr. SMOOT. No; the price of flour has not yet been fixed.

Mr. RANSDELL. The papers state so anyway, just as much so as the price of sugar has been fixed.

Mr. SMOOT. No.

Mr. FLETCHER. Let me ask the Senator if the price of sugar has been fixed now at 7½ cents a pound, or whatever it is, and then if Congress imposes this excise tax upon that sugar, will it not necessarily follow that the consumer will have to pay the tax, because that price has been fixed before the tax is laid?

Mr. SMOOT. There is no question but that the consumer will have to pay the one-half cent placed here on sugar. There is a question as to whether he will pay it on coffee or tea; but as far as sugar is concerned there is no doubt he will have to pay it.

Mr. RANSDELL. It will be added to the 7½ cents?

Mr. SMOOT. Certainly.

Mr. RANSDELL. The price, then, will be 7½ cents under the Senator's theory.

Mr. SMOOT. Seven and one-fourth cents with the tax added.

Mr. RANSDELL. Do I understand that the Senator, as a representative of a State which produces a very large quantity of sugar, is entirely satisfied to have that great product of his State singled out as the one solitary article of American agriculture for taxation when no other article of the American farm is subject to tax?

Mr. SMOOT. The Senator says "entirely satisfied." I will have to qualify that. I am satisfied that under the conditions the Government should impose this tax, because every civilized country in the world is imposing the tax, particularly during the present war.

Mr. BROUSSARD. Will my colleague yield to me for just a moment?

Mr. RANSDELL. Certainly.

Mr. BROUSSARD. I wish to suggest that if other countries impose the tax at this time they imposed it in peace times, and it is the policy of their Government. It has not been the policy of this Government to impose that kind of a tax during peace times, and that they have increased the tax now in those countries does not change the situation, because we may have to do that ourselves.

The time may come when we shall have to tax flour; the time may come when we shall have to tax meat; we hope not; but this is not the time. The taxes to which the Senator refers are taxes imposed in peace times, as a governmental policy, through which revenues are derived by the various Governments to carry on the affairs of government under ordinary conditions. All these Governments have done is, after having increased the tariff duties, as England has done with reference to sugar, raising the tariff from half a cent to 2.8, they have then found it necessary to impose an additional excise tax to that which already existed. That is true of England. So it is true of France and of Italy.

Mr. SMOOT. Mr. President, England in peace times never had a higher tax upon sugar than about 39.4 cents a hundred. That tax was imposed just as we have always imposed a tax upon sugar. This is a consumption tax which has been put on for war purposes, and for war purposes only. The Senator knows that I would not agree to single out sugar and put a consumption tax on it in peace times and not apply that same tax to other products of the soil.

Mr. RANSDELL. Then why does the Senator do it now? If we need a tax on sugar for war now, why do we not need a tax on beef now or a tax on flour now? Why does the Senator stop at sugar? That is what I can not understand.

Mr. SMOOT. If the Senator desires an answer, I will tell him why.

Mr. RANSDELL. I shall be very glad to have the answer.

Mr. SMOOT. In the first place, a tax can be imposed upon no product of the soil which can be so easily collected as the tax upon sugar. All countries recognize that and all countries impose such a tax. A few countries also impose a tax upon wheat and upon flour. I do not want to take any more of the time of the Senator while he is delivering his speech, but I am going to refer to this matter, if I speak upon this question, and I shall show the difference, and the thought of the statesmen of other countries along that line, and cite the reasons which they have given for the imposition of a tax upon sugar and not upon flour and upon wheat. There is a difference, I will say to the Senator; but it would take too long for me to go into that discussion in his speech.

Mr. RANSDELL. We could certainly collect a tax on wheat as easily as a tax on sugar.

Mr. SMOOT. I do not think so.

Mr. RANSDELL. There are a number of big mills where most of the wheat is ground into flour; there are only a few small mills; and each mill that grinds flour could be required, under a penalty, to pay the tax before the flour leaves the mill. It would be just as feasible to do that as to collect a tax on sugar.



Mr. SMOOT. The farmer who raises wheat could take it and feed it to his stock when it was lower priced than it is to-day, and he did so. There is, however, but one place where the farmer who raises beets may take them, and that is to the beet factory; there is only one place where sugar imported into this country can be refined, and that is at the refineries; and there are so few of them that there is not any question that no part of the product could escape taxation, and the taxes can be collected at very little cost to the Government.

Of course, there are other reasons for the imposition of this tax on sugar, I will say to the Senator, but I will simply mention that one.

Mr. RANDELL. Mr. President, that is the most remarkable argument I ever heard; that the farmer would feed \$2.20 wheat to his cattle. I never heard of any such proposition as that and neither did the Senator from Utah or any other reasonable man arguing before a sensible body of men; and the Senate certainly is a sensible body—that it is easier to collect the tax on sugar than it is on flour, because the farmer could feed wheat to his hogs and to his cattle. Everybody knows, sir, that wheat is not eaten in the raw state; it is ground in somebody's mill; and the vast percentage of the wheat of this country is ground in large mills, not in local mills.

Mr. SMOOT. Mr. President, I know the Senator does not want to do me an injustice.

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Utah?

Mr. RANDELL. I yield. I do not want to do a wrong to anyone.

Mr. SMOOT. My suggestion was not that the farmers were going to feed \$2.20 wheat to their stock—

Mr. RANDELL. But that is the price of wheat to-day.

Mr. SMOOT. But I specifically stated the farmer did that not at the price of the wheat to-day, but when it was selling at a lower price.

Mr. RANDELL. But we are dealing with sugar to-day; we are not dealing with sugar in the past years when it was selling at a lower price or with wheat when it was selling at a lower price. We are dealing with them now under war conditions. It is the present with which we must deal. I say it is just as feasible to collect a tax on wheat as it is to collect a tax on sugar. It is absolutely no argument to say you can collect a tax on sugar more easily.

Mr. President, if the Senator from Utah is willing to have his people taxed unfairly, that is no reason why I, as a Representative of Louisiana, should be willing for my people to be taxed unfairly; and I am not willing that they shall be. I insist that if you are going to tax one product of the farmer you should tax them all alike, and in that event I would not say a word.

I am a cotton grower by business, and one of the very best articles of human food is cotton seed, which is taken from the cotton. I insist if you are going to tax sugar that you shall put a tax on cotton seed. I raise cattle and hogs, and if you are going to tax sugar put a tax on the cattle and the hogs that I raise. I do not want to be singled out and protected when my neighbors in the other portions of my State are treated in this unfair manner, because my colleague [Mr. BROUSSARD] has just shown to you that this tax is to be paid by the producer of the article. Contracts are already being made requiring the producer when he sells the tonnage to pay the tax. Perhaps it will be passed ultimately to the consumer; I hope it will if it is to be imposed; but it is going to be paid, in the first instance, by the farmer, who digs it out of the ground by the sweat of his brow. Again I say, if the Senator from Utah is so altruistic as to wish his people to contribute an unfair percentage of the taxes that are being raised in order to carry on this great war, I am not a member of the same altruistic class.

I did not intend to speak so long, Mr. President, and I really have no more to say. I simply want to add that these four articles, and especially two of them—sugar and coffee—are necessary adjuncts to every man's daily food supply. There are a great many people in the world who can not live without coffee; it is as necessary to them as bread and meat. Why tax those people when it is not necessary to do so? Why impose this great burden of \$3.60 upon every family of five every year when it is not necessary? Mr. President, I hope the Senate is not going to insist upon these unfair excise taxes.

Mr. WEEKS. Mr. President, is there any question pending before the Senate?

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from Louisiana [Mr. BROUSSARD] to the committee amendment.

Mr. SIMMONS. Mr. President, so many Senators have left the Chamber that I do not feel it would be quite fair to ask for a vote upon any of these consumption taxes to-night. I know

that Senators feel very strongly on both sides about these taxes and will want to be present when the vote is taken, and I think to have the vote this afternoon, with a thin Senate such as we have, would hardly be fair. I shall, therefore, not ask for a vote on the amendment of the Senator from Louisiana to the committee amendment this afternoon.

Mr. WEEKS. Mr. President, I should like to ask the Senator from North Carolina if he would have any objection to my submitting to the committee amendment an amendment which I have in relation to cocoa and which he has approved?

Mr. SIMMONS. I have no objection whatever to that.

Mr. WEEKS. Then, Mr. President, I offer the amendment.

The PRESIDENT pro tempore. Without objection, the pending motion will be laid aside. Is that the desire of the Senator from North Carolina, and to proceed with other amendments?

Mr. STONE. Mr. President—

Mr. SIMMONS. I understand that the Senator from Missouri [Mr. STONE] has some matters which he desires to bring up, and I ask that this particular amendment which we have been considering be laid aside.

The PRESIDENT pro tempore. Without objection—

Mr. BROUSSARD. Mr. President—

Mr. WEEKS. Mr. President, I think I have the floor, and I have offered an amendment.

The PRESIDENT pro tempore. The question before the Senate is on agreeing to the amendment of the Senator from Louisiana [Mr. BROUSSARD]. Until something is done with that amendment no other amendment can be considered.

Mr. SIMMONS. I ask unanimous consent—

The PRESIDENT pro tempore. The Chair was going to say that the Senator from Massachusetts claimed the right to the floor to have his amendment stated; but the Chair was asking if there was objection to now laying aside the amendment of the Senator from Louisiana to be hereafter taken up.

Mr. BROUSSARD. To be hereafter taken up without prejudice.

The PRESIDENT pro tempore. The Chair hears no objection, and it is so ordered. The question before the Senate is the amendment offered by the Senator from Massachusetts to the committee amendment.

Mr. SIMMONS. Let the amendment to the amendment be read, Mr. President. I do not know what it is.

The SECRETARY. On page 86 it is proposed to strike out from line 4 to line 9, inclusive, and to insert the following:

Upon all crude, prepared, or manufactured cocoa and chocolate produced or imported and sold or removed for consumption or sale, a tax of 3 cents per pound, such taxes to be paid by the producer or importer.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Massachusetts to the committee amendment.

Mr. SMOOT. Mr. President, the amendment has never been submitted to the committee.

Mr. SIMMONS. Mr. President, I will not object to the amendment.

Mr. SMOOT. I want the amendment again stated, at least, so that I may follow it.

Mr. WEEKS. It changes the tax imposed in this bill from 5 to 3 cents.

Mr. SMOOT. Then the manufactured cocoa will be taxed at the same rate as the crude cocoa?

Mr. WEEKS. That is true; but there is no other form than semicrude chocolate coming into this country under present conditions.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Massachusetts to the committee amendment.

Mr. HOLLIS. Mr. President, I should like to have the amendment read again. I think very few Senators understood it.

The PRESIDENT pro tempore. The amendment to the amendment will be again stated.

The Secretary again stated the amendment to the amendment.

Mr. FLETCHER. Mr. President, may I ask the Senator if this commodity does not come to this country in the form of beans which are subsequently manufactured into cocoa?

Mr. WEEKS. The only form in which cocoa comes into this country now is in the form of semicrude chocolate. The price is so high in the foreign countries where the cocoa is produced that very little is coming into the United States. In the first three months of this year about 300,000 pounds were imported as against about 600,000 pounds in the first three months of last year. I think the tax should be entirely stricken out; but if this additional tax is imposed it will prevent any chocolate in the semicrude form coming into the United States, and it will destroy an industry which has been a consistent revenue producer.



Mr. FLETCHER. I supposed that the large amount of the cocoa we get is in the form of the bean, which is manufactured after it is shipped into this country.

Mr. WEEKS. That is true, but that has nothing to do with the matter.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Massachusetts to the committee amendment.

The amendment to the amendment was agreed to.

Mr. STONE. I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The SECRETARY. On page 59, line 4, after the word "shows," it is proposed to insert the words "and outdoor general amusement parks, main gates, shows, and rides therein."

The PRESIDENT pro tempore. The Chair will state to the Senator from Missouri that the amendment is to an amendment reported by the committee which has already been adopted. It will be necessary, therefore, to reconsider the vote by which the committee amendment was adopted before the amendment can be offered.

Mr. STONE. Then I ask that the vote by which the committee amendment was adopted may be reconsidered.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Missouri to reconsider the vote by which the committee amendment was adopted.

The motion to reconsider was agreed to.

The PRESIDENT pro tempore. The question now is on the amendment of the Senator from Missouri, which has been stated, to the amendment reported by the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. STONE. Mr. President, that amendment being agreed to, it is important to make some changes in other parts of the bill. I send to the desk several amendments prepared by one of the experts of the Treasury, the purpose of the amendments being merely to have the other parts of the bill conform to the amendment which has just been adopted.

The PRESIDENT pro tempore. The Secretary will state the amendment.

Mr. STONE. There are several amendments. Whether they should be separately stated or not I will leave to the Chair.

The PRESIDENT pro tempore. The Secretary will state the first amendment offered by the Senator from Missouri.

The SECRETARY. On page 57, line 8, it is proposed to strike out lines 7 to 12, in the House text, reading as follows:

And (b) a tax of 5 cents for each admission of each person (except in the case of a bona fide employee and children under 12 years of age and municipal officers on official business) admitted free to any place for admission to which a charge is made, to be paid by the person so admitted.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Missouri.

The amendment was agreed to.

The PRESIDENT pro tempore. The Secretary will state the next amendment offered by the Senator from Missouri.

The SECRETARY. On page 57, line 12, it is proposed to strike out the letter "(c)" in the committee amendment and insert "(b)."

The PRESIDENT pro tempore. The Chair calls attention to the fact that the amendment now offered is to a committee amendment which has been agreed to.

Mr. STONE. I move that the vote whereby the committee amendment was agreed to be reconsidered.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Missouri.

The motion was agreed to.

Mr. STONE. I now move the amendment which the Secretary is about to read.

The PRESIDENT pro tempore. The amendment to the amendment will be stated.

The SECRETARY. In the committee amendment, on page 57, line 12, it is proposed to strike out the letter "(c)" and to insert "(b)"; on page 57, line 22, to strike out the letter "(d)" and insert "(c)"; on page 58, line 10, to strike out the letter "(e)" and insert "(d)."

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Missouri to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The SECRETARY. On page 59, line 25, it is proposed to strike out the letter "a" and the parentheses.

The amendment was agreed to.

The SECRETARY. On page 60, line 3, it is proposed to strike out all after the comma, through the comma in line 6, or, in other words, to strike out the words:

Or (b) admitting any person free to any place for admission to which a charge is made shall collect the amount of the tax imposed by section 700 from the person so admitted.

The amendment was agreed to.

The SECRETARY. On page 60, lines 6 and 7, it is proposed to strike out first the letter "c" in parentheses, and the words "in either case."

The amendment was agreed to.

The SECRETARY. On page 60, line 11—

The PRESIDENT pro tempore. That is in the committee amendment. The Senator from Missouri will have to move to reconsider the vote by which the amendment was adopted.

Mr. STONE. I move to reconsider the vote wherever it is necessary.

The SECRETARY. The Senator from Missouri moves to reconsider the vote whereby the amendment on page 60, from lines 10 to 19, both inclusive, was adopted.

The motion to reconsider was agreed to.

The SECRETARY. It is proposed now to strike out, on page 60, line 11, the letter "(d)," the word "or," and the letter "(e)," and insert "(c)" and "(d)."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. SIMMONS. Mr. President, I have handed to the Secretary a number of pro forma amendments that it is necessary to adopt. They relate to phraseology, punctuation, change of dates, and matters of such character. I think we might just as well get through with these amendments this afternoon, as there is nothing else before the Senate.

The PRESIDENT pro tempore. The Secretary will state the first of the proposed amendments.

The SECRETARY. On page 4, line 4, of the Gerry amendment, so-called, heretofore adopted, after the words "per centum," it is proposed to insert the words "per annum," so that it will read "forty-five per centum per annum."

The amendment was agreed to.

The SECRETARY. On page 30, line 22, it is proposed to strike out the last word, the word "the," and all of lines 23 and 24 and insert the words "together with the tax to be collected by assessment or on any bond given."

The amendment was agreed to.

The SECRETARY. On page 34, line 23—

The PRESIDENT pro tempore. The amendment now under consideration requires the reconsideration of the vote by which the amendment on page 34 was adopted, known as section 310. Is there objection to reconsidering that vote? The Chair hears none, and the vote is reconsidered.

Mr. OWEN. Mr. President, what is the amendment?

The SECRETARY. In line 23, page 34, it is proposed to strike out the word "hereafter," where it reads "which are hereafter produced in the United States."

Mr. SMOOT. Mr. President, there should be an amendment before that in the same section, in line 15. Before the word "produced" the word "hereafter" should be stricken out.

The PRESIDENT pro tempore. The Senator had better propose that amendment a little later. The question is on the amendment now proposed to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. SMOOT. Now, Mr. President, I want the Secretary to state the amendment that has just been agreed to.

The SECRETARY. On page 34, line 23, before the word "produced," strike out the word "hereafter."

Mr. SMOOT. That is correct. Now, I move to insert the word "hereafter" before the word "removed," in line 26.

The PRESIDENT pro tempore. The amendment to the amendment will be stated.

The SECRETARY. On page 34, line 26, before the word "removed," it is proposed to insert the word "hereafter."

The amendment to the amendment was agreed to.

Mr. SMOOT. Now, on the same page, in line 15, I move to strike out the word "hereafter" before the word "produced" and insert the word "hereafter" after the word "and" or before the word "removed."

The PRESIDENT pro tempore. The amendment to the amendment will be stated.

The SECRETARY. On page 34, line 15, before the word "produced," it is proposed to strike out the word "hereafter," and near the end of the line, before the word "removed," to insert the word "hereafter."

The amendment to the amendment was agreed to.

The SECRETARY. On page 35, line 11, it is proposed to strike out the word "hereafter" before the word "produced."

The amendment to the amendment was agreed to.

The SECRETARY. On page 35, line 12, before the word "removed," it is proposed to insert the word "hereafter."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The SECRETARY. On page 4, line 17, after the word "amended," it is proposed to insert the words "by this act"; on page 4, line 20, after the word "amended," insert "by this act"; on page 5, line 8, after the word "amended," insert "by this act"; on page 21, line 2, after the word "amended," insert "by this act"; on page 21, line 14, after the word "amended," insert "by this act"; on page 21, line 19, after the word "amended," insert "by this act"; on page 21, line 21, after the word "amended," insert "by this act"; on page 21, line 25, after the word "amended," insert "by this act"; on page 22, line 12, after the word "amended," insert "by this act"; and on page 22, line 22, after the word "amended," insert "by this act."

The PRESIDENT pro tempore. The question is on agreeing to the proposed amendments.

The amendments were agreed to.

The SECRETARY. On page 42, line 11, it is proposed to strike out the figures "403," numbering the section, and insert "402."

The amendment was agreed to.

The SECRETARY. On page 42, line 20, at the end of the line, it is proposed to insert the word "after," so that it will read "on the day after."

The amendment was agreed to.

The SECRETARY. On page 42, line 22, it is proposed to strike out all beginning with the word "and," through the comma in line 1, of page 43.

The amendment was agreed to.

The SECRETARY. On page 43, line 3, it is proposed to strike out the numerals "404," numbering the section, and to insert "403."

The amendment was agreed to.

The SECRETARY. On page 43, line 21, at the beginning of the line, it is proposed to insert the word "November" in the blank. The amendment was agreed to.

The SECRETARY. On page 44, line 11, it is proposed to strike out the word "paying" and insert the word "collecting," so that it will read:

That nothing herein contained shall be construed to require the carrier collecting such tax, etc.

The amendment was agreed to.

The SECRETARY. On page 56, line 26, it is proposed to fill in the blank by inserting the word "November."

The amendment was agreed to.

The SECRETARY. On page 60, line 22, it is proposed to fill in the blank by inserting the word "November."

The amendment was agreed to.

The SECRETARY. On page 70, line 11, it is proposed to make the same amendment.

The amendment was agreed to.

The SECRETARY. On page 98, line 11, before the word "first," it is proposed to insert the word "January."

Mr. SMOOT. Mr. President, that section has been disagreed to, and it is entirely out of the bill now.

Mr. SIMMONS. That amendment can be withdrawn, Mr. President.

The PRESIDENT pro tempore. The amendment is withdrawn.

The SECRETARY. On page 104, line 16—

The PRESIDENT pro tempore. A motion is necessary to reconsider the amendment heretofore adopted at this point.

Mr. SIMMONS. I make that motion.

The PRESIDENT pro tempore. The Senator from North Carolina moves to reconsider the vote whereby the amendment on page 104 was adopted.

The motion to reconsider was agreed to.

The SECRETARY. On page 104, in the committee amendment, on line 16, it is proposed to strike out "\$3,000, or, if married, \$4,000."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The SECRETARY. On page 117 it is proposed to strike out lines 22 to 24, inclusive.

The PRESIDENT pro tempore. The question is on reconsidering the vote whereby the amendment of the committee on page 117 was adopted.

The motion to reconsider was agreed to.

The SECRETARY. Now, on page 117, in the committee amendment, it is proposed to strike out lines 22 to 24, inclusive, which read:

(2) Subdivision (f) of section 13 of such act of September 8, 1916, is hereby repealed.

The amendment to the amendment was agreed to.

The SECRETARY. And in lieu thereof it is proposed to insert:

(2) Subdivision (f) of section 13 of such act of September 8, 1916, is hereby amended to read as follows:

"(f) Likewise, all the provisions of this title relating to the tax authorized and required to be deducted and withheld and paid to the officer of the United States Government authorized to receive the same from the income of nonresident alien individuals from sources within the United States shall be made applicable to income derived from dividends upon the capital stock or from net earnings of domestic or other resident corporations, joint-stock companies or associations, and insurance companies, by nonresident alien companies, corporations, joint-stock companies or associations, and insurance companies not engaged in business or trade within the United States and not having any office or place of business therein, so far as such income is taxable under this title."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The SECRETARY. On page 122, line 7—

The PRESIDENT pro tempore. The question is on reconsidering the vote by which the committee amendment at this point was heretofore adopted.

The motion to reconsider was agreed to.

The SECRETARY. On page 122, at the end of line 7 of the committee amendment, after the word "taxpayer" and before the period, it is proposed to insert a comma and the following words: "and, in the case of a member of a partnership, with his proportionate share of such war-profits tax imposed upon the partnership."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. SIMMONS. Mr. President, if the Secretary has finished those amendments I ask that the action of the Senate in adopting the proviso on page 100, beginning at line 15 and extending through line 2, on page 101, be reconsidered, and then I shall offer a new provision.

The PRESIDENT pro tempore. The question is on the motion to reconsider the vote by which the committee amendment was adopted.

The motion to reconsider was agreed to.

Mr. SIMMONS. I now move to strike out all down to and including line 2, on page 101, and insert the matter which I send to the desk. I wish to say to the Senate that it is the same except that it has been suggested, and plausibly so, that possibly the language as used originally might subject to taxation incomes earned before March 1, 1913. The substitute is for the purpose of making it certain that that is not the purpose, nor will it be the effect, of the law.

The PRESIDENT pro tempore. The Secretary will state the amendment.

The SECRETARY. On page 100, strike out the colon at the end of line 14, and lines 15 to 24, inclusive, and on page 101, lines 1 and 2, insert a period and the following:

Any dividends paid to the shareholders of a corporation, joint-stock company, association, or insurance company, in the year 1917, or subsequent tax years, from earnings made prior to January 1, 1913, shall be deemed to have been made from the most recently accumulated undivided profits or surplus, and shall constitute a part of the annual income of the shareholder for the respective years in which earned by the corporation, joint-stock company, association, or insurance company, and shall be taxed to the shareholder at the rate prescribed by law for such years.

Mr. WEEKS. I wish the Senator from North Carolina would explain just what that means.

Mr. SIMMONS. The original provision provided that a distribution made of earnings in any one year should pay the tax that was imposed during the year in which it was earned. As we drafted it originally, it was held by many to be subject to the construction that that would include incomes earned before 1913, which would be before the time the income-tax act was passed. We have changed it simply to make it clear that the purpose is not to include incomes earned prior to March, 1913.

Mr. WEEKS. Let me ask the Senator as to an income earned in the year 1914 and distributed in March of this year.

Mr. SIMMONS. It would pay the tax as it was in 1914.

Mr. WEEKS. And if distributed in 1914?

Mr. SIMMONS. If it had been distributed in 1914, it would pay the tax that was imposed during the year in which it was earned; if 1917, it pays the tax of 1917; if 1915, the tax of 1915; if 1914, the tax of 1914. If earned before 1913, it pays no tax at all, because there was no income-tax law.



Mr. WEEKS. Suppose that it should be shown that it was earned in 1914 and distributed this year, would it pay on this year's tax or on that of 1914?

Mr. SIMMONS. Of 1914.

Mr. JONES of New Mexico. Mr. President, I am unable to understand the purpose of this amendment.

Mr. SIMMONS. If there is any trouble about it, I will withdraw the amendment for the present and we will take it up later. I do not desire to enter into any discussion of it now.

Mr. JONES of New Mexico. I wanted to call the attention of the chairman of the committee to what I think must be an oversight, or else I am unable to understand it. I am not opposed to the principle which the chairman of the committee has just announced, but it seems to me that the amendment, as prepared, would be inoperative after the 1st of January, 1918, and it is that which I wish to call to the attention of the chairman of the committee. It says:

Any dividends paid to the shareholders of a corporation, joint-stock company, association, or insurance company, in the year 1917 or subsequent tax years, from earnings made prior to January 1, 1918, shall be deemed to have been made from the most recently accumulated undivided profits or surplus—

And so forth.

Query: Dividends declared after January 1, 1918, whether they shall be so considered. It seems to me that the amendment as prepared would absolutely make the whole scheme inoperative after January 1, 1918. In other words, after that date these concerns may declare dividends out of the surplus earned prior to March 1, 1913, notwithstanding the fact that there is current income out of which such dividends might have been paid.

Mr. SIMMONS. Mr. President, I wish to say to the Senator that this question was discussed in the committee this morning, and we were all trying to adjust the matter so as to remove any doubt. If we have not succeeded, I will be very glad to have the Senator suggest any amendment that he wants to make to it. For that reason, if the Senator prefers, I will withdraw the amendment now so that it may have further consideration by the Senator.

Mr. JONES of New Mexico. I believe it is worthy of further consideration. It may be that I am in error as to this point, but the chairman of the committee, of course, recognizes that if the point is well taken it does not accomplish what the committee intended to accomplish.

Mr. SIMMONS. If the point of the Senator is well taken, perhaps it would not; but I will state that we worked very industriously upon this section. We thought we had perfected it. It was then said that we had not; it was a little ambiguous and we ought to clarify it. We attempted to clarify it. We had it before the committee and thought we had clarified it, but if the Senator, who is a very able member of the committee, thinks we have not succeeded, I am perfectly willing that the matter may go over for further consideration.

The PRESIDENT pro tempore. If there be no objection, the matter pending will go over for further consideration.

Mr. NELSON. I would suggest to the chairman of the committee the advisability of having a reprint of the bill with all the amendments that have been adopted.

Mr. SIMMONS. I think that would be very good.

Mr. NELSON. I wish the Senator would ask for a reprint of the bill so that we may have it before us on Monday with all the amendments that have been agreed to as in Committee of the Whole.

Mr. SIMMONS. In view of the fact that we have made a very great number of amendments, and the bill is to be voted on finally on Monday, I think the suggestion of the Senator from Minnesota is a very opportune one. I thank him very much for bringing it to my attention.

I ask, Mr. President, that there be a reprint of the bill, with all the amendments adopted up to the present time, so that we may know exactly what amendments have been agreed to before we have a final vote upon Monday.

Mr. PENROSE. And of course the date will be printed on the bill, I assume, so that we will know it is the last print.

Mr. SIMMONS. Yes; with the date.

The PRESIDENT pro tempore. The Senator desires that it be printed in the usual way, indicating the amendments made as in Committee of the Whole? That is the usual order.

Mr. SIMMONS. Yes.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from North Carolina that a reprint of the bill be made with the amendments that have been adopted? The Chair hears none, and it is so ordered.

#### EXECUTIVE SESSION.

Mr. SIMMONS. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After seven minutes spent in executive session the doors were reopened and (at 5 o'clock and 15 minutes p. m., Saturday, September 8, 1917) the Senate took a recess until Monday, September 10, 1917, at 11 o'clock a. m.

#### NOMINATIONS.

*Executive nominations received by the Senate September 8 (legislative day of August 15), 1917.*

##### UNITED STATES MARSHAL.

George F. Alexander, of Portland, Oreg., to be United States marshal for the district of Oregon, vice John Montag, whose term has expired.

##### REGISTER OF THE LAND OFFICE.

Perry James Lyons, of Walla Walla, Wash., to be register of the land office at North Yakima, Wash., vice Richard Strobach, term expired.

##### COLLECTOR OF CUSTOMS.

Will Moore, of Pendleton, Oreg., to be collector of customs for customs collection district No. 29, with headquarters at Portland, Oreg.

##### CONSULS GENERAL.

###### CLASS 3.

Alphonse Gaulin, of Rhode Island, now a consul general of class 4, to be a consul general of class 3 of the United States of America.

###### CLASS 4.

Edwin S. Cunningham, of Tennessee, now a consul general of class 5, to be a consul general of class 4 of the United States of America.

##### CONSULS.

###### CLASS 4.

Arminius T. Haeberle, of Missouri, now a consul of class 5, to be a consul of class 4 of the United States of America.

Calvin Milton Hitch, of Georgia, now a consul of class 5, to be a consul of class 4 of the United States of America.

John E. Kehl, of Ohio, now a consul of class 5, to be a consul of class 4 of the United States of America.

George H. Pickerell, of Ohio, now a consul of class 5, to be a consul of class 4 of the United States of America.

Charles S. Winans, of Michigan, now a consul of class 5, to be a consul of class 4 of the United States of America.

###### CLASS 5.

George E. Chamberlain, of New York, now a consul of class 6, to be a consul of class 5 of the United States of America.

Philip Holland, of Tennessee, now a consul of class 6, to be a consul of class 5 of the United States of America.

William W. Masterson, of Kentucky, now a consul of class 6, to be a consul of class 5 of the United States of America.

Frederick Simpich, of Washington, now a consul of class 6, to be a consul of class 5 of the United States of America.

Adolph A. Williamson, of the District of Columbia, now a consul of class 6, to be a consul of class 5 of the United States of America.

John Q. Wood, of Hawaii, now a consul of class 6, to be a consul of class 5 of the United States of America.

###### CLASS 6.

Homer M. Byington, of Connecticut, now a consul of class 7, to be a consul of class 6 of the United States of America.

Clarence Carrigan, of California, now a consul of class 7, to be a consul of class 6 of the United States of America.

Harold D. Clum, of New York, now a consul of class 7, to be a consul of class 6 of the United States of America.

Alfred W. Donegan, of Alabama, now a consul of class 7, to be a consul of class 6 of the United States of America.

W. Roderick Dorsey, of Maryland, now a consul of class 7, to be a consul of class 6 of the United States of America.

Charles M. Freeman, of New Hampshire, now a consul of class 7, to be a consul of class 6 of the United States of America.

Ross Hazeltine, of Indiana, now a consul of class 7, to be a consul of class 6 of the United States of America.

Mahlon Fay Perkins, of California, now interpreter and vice consul at Shanghai, to be a consul of class 6 of the United States of America.

Walter H. Sholes, of Oklahoma, now a consul of class 7, to be a consul of class 6 of the United States of America.

## CLASS 7.

B. Harvey Carroll, jr., of Texas, now a consul of class 8, to be a consul of class 7 of the United States of America.

John K. Davis, of Ohio, now a consul of class 8, to be a consul of class 7 of the United States of America.

Oscar S. Helzer, of Iowa, now a consul of class 8, to be a consul of class 7 of the United States of America.

Theodore Jaekel, of New York, now a consul of class 8, to be a consul of class 7 of the United States of America.

Wilbur Keblinger, of Virginia, now a consul of class 8, to be a consul of class 7 of the United States of America.

Milton B. Kirk, of Illinois, now a consul of class 8, to be a consul of class 7 of the United States of America.

Carl R. Loop, of Indiana, now a consul of class 8, to be a consul of class 7 of the United States of America.

Gaston Smith, of Louisiana, now a consul of class 8, to be a consul of class 7 of the United States of America.

George K. Stiles, of Maryland, now a consul of class 8, to be a consul of class 7 of the United States of America.

James B. Young, of Pennsylvania, now a consul of class 8, to be a consul of class 7 of the United States of America.

## CLASS 8.

Baylor L. Agerton, of Fort Worth, Tex., to be a consul of class 8 of the United States of America.

Charles H. Albrecht, of Pennsylvania, now a consul of class 9, to be a consul of class 8 of the United States of America.

Charles E. Asbury, of Farmersburg, Ind., to be a consul of class 8 of the United States of America.

George F. Bickford, of Washington, now interpreter and vice consul at Shanghai, to be a consul of class 8 of the United States of America.

Thomas D. Bowman, of Missouri, now a consul of class 9, to be a consul of class 8 of the United States of America.

Robert R. Bradford, of Omaha, Nebr., to be a consul of class 8 of the United States of America.

John R. Bradley, of Alderson, Okla., to be a consul of class 8 of the United States of America.

Norton F. Brand, of Grandin, N. Dak., to be a consul of class 8 of the United States of America.

John S. Calvert, of North Carolina, now a consul of class 9, to be a consul of class 8 of the United States of America.

Harry Campbell, of Kansas, now a consul of class 9, to be a consul of class 8 of the United States of America.

Ralph F. Chesbrough, of Wisconsin, now a consul of class 9, to be a consul of class 8 of the United States of America.

James P. Davis, of Tennille, Ga., to be a consul of class 8 of the United States of America.

Thomas D. Davis, of Oklahoma, now a consul of class 9, to be a consul of class 8 of the United States of America.

Hasell H. Dick, of South Carolina, now a consular assistant, to be a consul of class 8 of the United States of America.

Horace J. Dickinson, of Arkansas, now a consul of class 9, to be a consul of class 8 of the United States of America.

Eugene H. Dooman, of New York, now interpreter and vice consul at Kobe, to be a consul of class 8 of the United States of America.

Edward A. Dow, of Nebraska, now a consul of class 9, to be a consul of class 8 of the United States of America.

George G. Duffee, of Alabama, now a consul of class 9, to be a consul of class 8 of the United States of America.

Maurice P. Dunlap, of Minnesota, now a consul of class 9, to be a consul of class 8 of the United States of America.

Lockett C. Ely, of Knoxville, Tenn., to be a consul of class 8 of the United States of America.

Sample B. Forbus, of Nitta Yuma, Miss., to be a consul of class 8 of the United States of America.

Harry F. Hawley, of Brooklyn, N. Y., to be a consul of class 8 of the United States of America.

Thornwell Haynes, of Alabama, now a consul of class 9, to be a consul of class 8 of the United States of America.

George D. Hopper, of Danville, Ky., to be a consul of class 8 of the United States of America.

Paul Knabenshue, of Toledo, Ohio, to be a consul of class 8 of the United States of America.

Tracy Lay, of Alabama, now a consul of class 9, to be a consul of class 8 of the United States of America.

Thomas B. L. Layton, of Louisiana, now a consul of class 9, to be a consul of class 8 of the United States of America.

George L. Logan, of Arkadelphia, Ark., to be a consul of class 8 of the United States of America.

Harry A. McBride, of Michigan, now a consular assistant, to be a consul of class 8 of the United States of America.

Arnold A. McKay, of Maxton, N. C., to be a consul of class 8 of the United States of America.

Arthur McLean, of New York, now a consul of class 9, to be a consul of class 8 of the United States of America.

Stewart E. McMillin, of Arkansas City, Kans., to be a consul of class 8 of the United States of America.

David B. Macgowan, of Tennessee, now a consul of class 9, to be a consul of class 8 of the United States of America.

George S. Messersmith, of Delaware, now a consul of class 9, to be a consul of class 8 of the United States of America.

Vivian L. Nicholson, of New Orleans, La., to be a consul of class 8 of the United States of America.

Maurice C. Pierce, of Madison, Wis., to be a consul of class 8 of the United States of America.

William A. Pierce, of Mississippi, now a consul of class 9, to be a consul of class 8 of the United States of America.

Eugene C. A. Reed, of Daytona, Fla., to be a consul of class 8 of the United States of America.

Horace Remillard, of Massachusetts, now a consul of class 9, to be a consul of class 8 of the United States of America.

Elliott Verne Richardson, of New York, now a consul of class 9, to be a consul of class 8 of the United States of America.

John O. Sanders, of Austin, Tex., to be a consul of class 8 of the United States of America.

Sydney Smith, of El Paso, Tex., to be a consul of class 8 of the United States of America.

Addison E. Southard, of Kentucky, now a consul of class 9, to be a consul of class 8 of the United States of America.

Francis R. Stewart, of New York City, to be a consul of class 8 of the United States of America.

James B. Stewart, of Santa Fe, N. Mex., to be a consul of class 8 of the United States of America.

G. Russell Taggart, of New Jersey, now a consul of class 9, to be a consul of class 8 of the United States of America.

Alfred R. Thomson, of Maryland, now a consul of class 9, to be a consul of class 8 of the United States of America.

William O. Thornton, of Atlanta, Ga., to be a consul of class 8 of the United States of America.

Henry T. Wilcox, of New Jersey, now a consul of class 9, to be a consul of class 8 of the United States of America.

Charles N. Willard, of Kinsley, Kans., to be a consul of class 8 of the United States of America.

Gilbert R. Willson, of Brownsville, Tex., to be a consul of class 8 of the United States of America.

G. Carlton Woodward, of Pennsylvania, now a consul of class 9, to be a consul of class 8 of the United States of America.

## PROVISIONAL APPOINTMENTS IN THE ARMY.

## COAST ARTILLERY CORPS.

David Cleveland Kelly, of Texas, to be second lieutenant to fill an existing vacancy.

## PORTO RICO REGIMENT OF INFANTRY.

Antonio Andres Vazquez, of Porto Rico, to be second lieutenant in the Porto Rico Regiment of Infantry with rank from June 5, 1917.

NOTE.—This officer was nominated to the Senate for said appointment under the name Antonio Andres Vasquez. The nomination was confirmed by that body on June 2, 1917. This is submitted for the purpose of correcting an error in the name of the nominee.

## TEMPORARY APPOINTMENTS IN THE ARMY.

## SIGNAL CORPS.

Col. Charles McK. Saltzman, Signal Corps, to be brigadier general from July 24, 1917.

Maj. Benjamin D. Foulis, Signal Corps, to be brigadier general from July 24, 1917.

## TRANSFER TO ACTIVE LIST.

Capt. Richard P. Rifenberck, jr., United States Army, retired, to the grade of major in the Infantry Arm, with rank from June 16, 1917.

## PROVISIONAL APPOINTMENTS, BY TRANSFER, IN THE ARMY.

## CAVALRY ARM.

First Lieut. David W. Barton, Infantry, to be first lieutenant of Cavalry from June 16, 1917.

First Lieut. Wallace H. Gillett, Fortieth Infantry, to be first lieutenant of Cavalry with rank from June 16, 1917.

## FIELD ARTILLERY ARM.

First Lieut. Steele Wotkins, Infantry, to be first lieutenant of Field Artillery from June 14, 1917.

## INFANTRY ARM.

First Lieut. Leo M. Daly, Field Artillery, to be first lieutenant of Infantry from June 14, 1917.



First Lieut. George F. Bloomquist, Eleventh Cavalry, to be first lieutenant of Infantry with rank from June 16, 1917.

First Lieut. George D. Coleman, Cavalry, to be first lieutenant of Infantry from June 16, 1917.

#### APPOINTMENTS IN THE ARMY.

##### CHAPLAINS.

*To be chaplain with rank of first lieutenant from August 27, 1917, to fill an original vacancy.*

Rev. Charles McDevitt Ryan, of Wisconsin.

*To be chaplain with rank of first lieutenant from August 28, 1917, to fill an original vacancy.*

Rev. William J. Keane, of South Dakota.

*To be chaplain with rank of first lieutenant from August 29, 1917, to fill an original vacancy.*

Rev. Joseph F. Moisant, of Illinois.

*To be chaplains with rank of first lieutenant from August 31, 1917, to fill original vacancies.*

Rev. Edward T. McNally, of Iowa.

Rev. Francis C. Renier, of Iowa.

Rev. Frank M. O'Reilly, of New Jersey.

Rev. Ward G. Meehan, of New York.

Rev. J. Ralph Wright, of the District of Columbia.

Rev. Joseph F. Conway, of Wisconsin.

Rev. John E. Chester, of New Jersey.

Rev. Harry C. Fraser, of Michigan.

*To be chaplains with the rank of first lieutenant from September 5, 1917, to fill original vacancies.*

Rev. Charles Elmer Rudy, of Pennsylvania.

Rev. William Parcell Baird, of Kentucky.

Rev. Elmer Charles McFadden, of Missouri.

##### MEDICAL CORPS.

First Lieut. John P. Kelly, Medical Reserve Corps, to be first lieutenant from August 20, 1917.

First Lieut. Edgar J. Farrow, Medical Reserve Corps, to be first lieutenant from August 21, 1917.

First Lieut. Herbert L. Freeland, Medical Reserve Corps, to be first lieutenant from August 22, 1917.

First Lieut. William M. Archer, jr., Medical Reserve Corps, to be first lieutenant from August 23, 1917.

First Lieut. Henry F. Phillips, Medical Reserve Corps, to be first lieutenant from August 24, 1917.

##### VETERINARY CORPS.

*To be assistant veterinarians with rank of second lieutenant from September 4, 1917.*

George Leslie Caldwell, of Arkansas.

George Francis Feazell, of Iowa.

Jacob Landes Hartman, of Pennsylvania.

Gordon Bancroft Huse, of Ohio.

John Harold Kintner, of Pennsylvania.

Benjamin Scott Fritz, of Pennsylvania.

Walter Karl Herbott, of Illinois.

Joseph Worth Timmons, jr., of Illinois.

Arthur Dunlap Martin, of Pennsylvania.

Sidney David Strolz, of New York.

Leo Vincent Murrian, of New York.

Charles Arthur Wagner, of Illinois.

#### PROMOTIONS AND APPOINTMENTS IN THE NAVY.

Capt. Thomas Snowden to be a rear admiral in the Navy from the 1st day of July, 1917.

The following-named captains to be rear admirals in the Navy, for temporary service, from the 31st day of August, 1917:

Albert P. Niblack,

John A. Hoogewerff,

William B. Fletcher,

Marbury Johnston, and

Edwin A. Anderson (additional number).

The following-named commanders to be captains in the Navy from the 1st day of July, 1917:

Frank H. Schofield,

George W. Laws,

George C. Day, and

John F. Hines.

The following-named commanders to be captains in the Navy, for temporary service, from the 31st day of August, 1917:

George B. Bradshaw,

Philip Williams,

Douglas E. Dismukes,

Bion B. Bierer,

Powers Symington,

Raymond De L. Hasbrouck,

Joel R. P. Pringle,

Edward S. Kellogg,

Frank H. Clark,

Edward H. Campbell,

Walter S. Crosley (additional number),

Martin E. Trench,

Orton P. Jackson,

Percy N. Olmsted,

Frank B. Upham,

Andre M. Procter (additional number),

Chester Wells,

Ridley McLean,

David F. Sellers,

John T. Tompkins,

Alfred W. Hinds, and

Ernest L. Bennett.

Commander Yates Stirling, jr., to be a captain in the Navy from the 10th day of August, 1917.

The following-named lieutenant commanders to be commanders in the Navy from the 1st day of July, 1917:

Paul B. Dungan (additional number),

Frank T. Evans,

Hayne Ellis, and

Paul Foley.

Lieut. Commander Alfred G. Howe to be a commander in the Navy from the 10th day of August, 1917.

The following-named lieutenant commanders to be commanders in the Navy, for temporary service, from the 31st day of August, 1917:

William R. White (additional number),

John S. Graham,

Lloyd S. Shapley,

William K. Riddle,

John G. Church,

James H. Comfort,

George B. Landenberger,

Clarence L. Arnold,

William Norris (additional number),

Raymond S. Keyes,

Adolphus Andrews,

Frederick L. Oliver,

Thomas R. Kurtz,

Harold E. Cook,

John M. Enochs,

John P. Jackson,

Benyaurd B. Wygant,

Manley H. Simonds,

Roger Williams,

Ivan E. Bass (additional number),

William S. Pye,

Burrell C. Allen,

Arthur P. Fairfield,

John C. Fremont,

Walter N. Vernou,

Frank R. McCrary,

Percy W. Foote,

George F. Neal,

William H. Allen,

John Downes,

Joseph L. Hileman,

Charles T. Hutchins, jr.,

John J. Hannigan,

Guy W. S. Castle,

William W. Galbraith,

John V. Babcock,

Rufus F. Zogbaum, jr.,

Henry G. S. Wallace,

Roe R. Adams,

Harry A. Baldridge,

William L. Pryor,

George J. Meyers,

Edward J. Marquart,

Donald C. Bingham,

Ralph M. Griswold,

Lewis B. Porterfield,

Gilbert J. Rowelliff,

James P. Lannon, and

Ralph P. Craft.

Lieut. (Junior Grade) Francis J. Comerford to be a lieutenant in the Navy from the 29th day of August, 1916.

Lieut. (Junior Grade) Martin J. Peterson to be a lieutenant in the Navy from the 29th day of August, 1916.

Ensign Arthur E. Wills to be a lieutenant (junior grade) in the Navy from the 6th day of June, 1917.

Medical Inspector Leckinski W. Spratling to be a medical director in the Navy from the 1st day of July, 1917.

Surg. Frank L. Pleadwell to be a medical inspector in the Navy from the 29th day of August, 1916.

The following-named surgeons to be medical inspectors in the Navy from the 23d day of May, 1917:

John B. Dennis,  
Eugene J. Grow, and  
Frank E. McCullough.

The following-named surgeons to be medical inspectors in the Navy from the 1st day of July, 1917:

Ralph T. Orvis,  
William H. Bell,  
Holton C. Curl, and  
Richmond C. Holcomb.

Passed Asst. Surg. William A. Angwin to be a surgeon in the Navy from the 29th day of August, 1916.

Passed Asst. Surg. David C. Cather to be a surgeon in the Navy from the 2d day of November, 1916.

Passed Asst. Paymaster Thom Williamson, jr., to be a paymaster in the Navy from the 16th day of May, 1914.

Pay Clerk Verne Van M. Boggs to be an assistant paymaster in the Navy from the 20th day of June, 1917.

Boatswain Francis A. Pippo to be a chief boatswain in the Navy from the 9th day of January, 1917.

The following-named pharmacists to be chief pharmacists in the Navy from the 30th day of August, 1917:

Alphonsus A. O'Donoghue and  
Henry A. Harris.

The following-named chief carpenters to be assistant naval constructors in the Navy, with rank of lieutenant (junior grade), for temporary service, from the 1st day of July, 1917:

Ellis W. Craig,  
George Helms,  
William J. Wren,  
John P. Yates,  
Edward W. Smith,  
Francis J. Harte,  
Charles S. Taylor,  
Allen D. Moseley, and  
Patrick Sarsfield.

The following-named chief pay clerks to be assistant paymasters in the Navy, with rank of ensign, for temporary service, from the 1st day of July, 1917:

Edward F. Delaney,  
Robert L. Gressitt,  
Benjamin L. Lankford,  
John J. Gering,  
Eugene Dann, and  
Thomas A. Henry.

The following-named noncommissioned officers in the Marine Corps to be second lieutenants in the Marine Corps, for temporary service, from the 24th day of July, 1917:

Sergt. Maj. Raymond F. Dirksen,  
Quartermaster Sergt. Joseph Watson,  
First Sergt. William Borghart,  
First Sergt. Albert J. Grimes,  
First Sergt. Edward G. Huefe,  
Gunnery Sergt. Austin G. Rome,  
Gunnery Sergt. Joseph Jackson,  
Gunnery Sergt. Martin Canavan,  
Gunnery Sergt. Leslie G. Wayt,  
Gunnery Sergt. Charles A. Smith, and  
Gunnery Sergt. Thomas L. Edwards.

Second Lieut. (Provisional) William H. Taylor, jr., Marine Corps Reserve, to be a second lieutenant in the Marine Corps for a probationary period of two years, from the 15th day of August, 1917.

The following-named noncommissioned officers of the Marine Corps to be second lieutenants in the Marine Corps, for temporary service, from the 24th day of July, 1917:

First Sergt. Louie W. Putnam, and  
First Sergt. Harry T. Rodenhoffer.

The following-named second lieutenants, Naval Militia, Marine Corps Branch, and National Naval Volunteers, Marine Corps Branch, to be second lieutenants in the Marine Corps, for temporary service, from the 6th day of August, 1917:

Second Lieut. Robert L. Duane, and  
Second Lieut. Stewart B. O'Neill.

The following-named citizens to be second lieutenants in the Marine Corps, for temporary service, from the 27th day of August, 1917:

Frederick I. Hicks, a citizen of Texas,  
Phillips B. Robinson, a citizen of New York,  
Thomas W. Scott, a citizen of Maryland,

Leo F. S. Horan, a citizen of Pennsylvania,  
Felix Beauchamp, a citizen of Alaska,  
Maurice Brulay, a citizen of Texas,  
James B. McCormick, a citizen of New York,  
Walter R. Macatee, a citizen of Virginia,  
Philip A. Murray, jr., a citizen of South Carolina,  
John H. Craige, a citizen of Pennsylvania,  
Kortright Church, a citizen of Connecticut,  
Pere Wilmer, a citizen of Pennsylvania,  
John N. Popham, jr., a citizen of the District of Columbia,  
Reginald C. M. Peirce, a citizen of New York,  
Theodore C. Johnson, a citizen of the District of Columbia,  
Claude M. Bain, a citizen of Virginia,  
Bernard R. LeRoy, jr., a citizen of Ohio,  
Thomas A. Tighe, a citizen of the District of Columbia,  
Thomas W. Bowers, a citizen of Illinois,  
John R. Foster, a citizen of Kentucky,  
Russell W. Duck, a citizen of New York,  
David Bellamy, a citizen of New York,  
Robert W. Claiborne, a citizen of Virginia,  
Robert P. Jeter, a citizen of South Carolina,  
Lawrence B. Smith, a citizen of New Jersey,  
Richard O. Sanderson, a citizen of the District of Columbia,  
Louis S. Davis, a citizen of California,  
Archie W. French, a citizen of Washington,  
Jonathan Lucas, jr., a citizen of Georgia,  
William L. York, a citizen of Maine,  
Harry D. Gibbons, a citizen of Illinois,  
John F. Williams, a citizen of Maryland,  
Howard B. Freeman, a citizen of New Jersey,  
Bruce J. Mansfield, a citizen of Texas,  
Edward B. Kalbfleisch, a citizen of New York,  
Chaplain G. Hicks, a citizen of Maryland,  
Gustav H. Kaemmerling, a citizen of Pennsylvania,  
Colis Mitchum, a citizen of California,  
Leo D. Hermle, a citizen of California,  
Frank R. Arnstead, a citizen of Washington,  
Lee H. Brown, a citizen of the District of Columbia,  
Carl J. Jessup, a citizen of California,  
Vernon R. Buxton, a citizen of Massachusetts,  
Donald B. Creecy, a citizen of Maryland,  
George R. Jackson, a citizen of New York,  
Clinton I. Smallman, a citizen of Massachusetts,  
Robert E. Mills, a citizen of California,  
Stewart W. Chaffee, a citizen of Massachusetts,  
William F. Brown, jr., a citizen of Pennsylvania,  
Roswell G. Ham, a citizen of California,  
Antonio Moschella, a citizen of Massachusetts,  
Earle F. Swett, a citizen of New Hampshire,  
George L. Cherry, a citizen of Kentucky,  
Walter S. Poague, a citizen of Illinois,  
Carleton Burr, a citizen of Massachusetts,  
Paul S. Hanway, a citizen of Pennsylvania,  
William W. Nottingham, a citizen of the District of Columbia,  
Charles J. Churchman, a citizen of Virginia,  
Allan C. Perkinson, a citizen of Virginia,  
Everett R. Brewer, a citizen of Illinois,  
Blythe G. Jones, a citizen of Pennsylvania,  
Robert D. Evans, a citizen of Virginia,  
Melvin H. Hass, a citizen of Illinois,  
Henry Gund, jr., a citizen of Wisconsin,  
Philander B. Briscoe, a citizen of Maryland,  
Herman R. Anderson, a citizen of Massachusetts,  
Clarence M. Ruffner, a citizen of Pennsylvania,  
Philip B. Blake, a citizen of Minnesota,  
Albert C. Simonds, a citizen of California,  
Horace L. Hirschler, a citizen of California,  
Kenneth K. Boynton, a citizen of Pennsylvania,  
Frederick L. Kolb, a citizen of Pennsylvania,  
George R. Cox, a citizen of New York,  
Paul E. Cheney, a citizen of Massachusetts,  
Samuel J. Melick, a citizen of the District of Columbia,  
Darrell J. Bogardus, a citizen of California,  
Walter M. Brewer, a citizen of California,  
Garrison P. Anthes, a citizen of Iowa,  
Chester L. Fordney, a citizen of Michigan,  
William J. J. Elger, a citizen of New York,  
King H. Young, a citizen of Michigan,  
Hu H. Phipps, a citizen of Tennessee,  
Harold P. Nachtrieb, a citizen of California,  
Roy E. Bledsoe, a citizen of Oklahoma,  
Thomas A. Langford, a citizen of Connecticut,  
Lucius Q. C. L. Lyle, a citizen of Mississippi,  
Alexander P. Brown, a citizen of Pennsylvania,  
Walter E. Lawson, a citizen of Washington,



Neil F. Dougherty, a citizen of California,  
 Evans Spalding, a citizen of Massachusetts,  
 Carman B. Smith, a citizen of Michigan,  
 Donald U. Bathrick, a citizen of Michigan,  
 Norman E. Burbidge, a citizen of Idaho,  
 Leland I. Tolman, a citizen of Washington,  
 Ulva L. Ettinger, a citizen of California,  
 Gerald J. Pyle, a citizen of Delaware,  
 Frederick C. Lusk, a citizen of Illinois,  
 Matson C. Terry, a citizen of New York,  
 Willis F. Ostrander, a citizen of California,  
 Frank J. Haight, a citizen of North Carolina,  
 Roy A. Stoner, a citizen of Pennsylvania,  
 Thomas G. MacCarthy, a citizen of New York,  
 James H. Williamson, a citizen of Rhode Island,  
 David A. Redford, a citizen of Rhode Island,  
 George G. Munce, a citizen of Virginia,  
 Carroll F. Byrd, a citizen of Washington,  
 Frederick S. Manter, a citizen of New Hampshire,  
 Ralph W. Marshall, a citizen of Illinois,  
 Samuel F. Hollins, a citizen of California,  
 Raymond J. Klrwan, a citizen of New York,  
 Clifton B. Cates, a citizen of Tennessee,  
 George T. Hall, a citizen of Washington,  
 Hans H. Harders, a citizen of Arizona,  
 Paul E. Corriveau, a citizen of New Hampshire,  
 Milton W. Vedder, a citizen of California,  
 Harold R. Ballin, a citizen of New York,  
 Darius T. Wool, a citizen of Virginia,  
 William W. Ashurst, a citizen of Missouri,  
 Frank C. Young, a citizen of Washington,  
 Willard P. Leutze, a citizen of Vermont,  
 George C. Dickey, a citizen of Iowa,  
 Herbert S. Summers, a citizen of West Virginia,  
 Allan MacRossie, Jr., a citizen of New York,  
 John W. McIver, a citizen of New Jersey,  
 Walter B. Allen, a citizen of New York,  
 James R. Stockton, a citizen of Florida,  
 James J. Bettles, a citizen of Florida,  
 Philip G. Stiles, a citizen of Illinois,  
 Richard F. Boyd, a citizen of South Carolina,  
 Edward J. Winters, a citizen of Massachusetts,  
 Hal N. Potter, a citizen of Illinois,  
 Ralph McN. Wilcox, a citizen of Oregon,  
 Clement A. Berghoff, a citizen of Illinois,  
 Bernard W. Bierman, a citizen of Minnesota,  
 Walter S. Hallenberg, a citizen of Kentucky,  
 Max D. Gilfillan, a citizen of Texas,  
 Charles A. Etheridge, a citizen of Virginia,  
 Carlton Hill, a citizen of Michigan,  
 Cecil L. Eaton, a citizen of North Carolina,  
 Herman A. Zischke, a citizen of Wisconsin,  
 William O. Lowe, a citizen of Tennessee,  
 Richard W. Murphy, a citizen of Alabama,  
 Samuel E. Lawrence, a citizen of Rhode Island,  
 Thomas R. Brallsford, a citizen of Texas,  
 Wallace A. Bell, a citizen of Illinois,  
 Kenneth D. Ransom, a citizen of South Carolina,  
 Spencer E. Burroughs, a citizen of California,  
 George W. Renwick, a citizen of Illinois,  
 Willis Brodhead, a citizen of Michigan,  
 James B. Riley, a citizen of West Virginia,  
 Harry W. LeGore, a citizen of Maryland,  
 John I. Conroy, a citizen of New York,  
 Morgan R. Mills, Jr., a citizen of Virginia,  
 Harold Moore, a citizen of Washington,  
 James M. Garvey, a citizen of Ohio,  
 John W. Overton, a citizen of Tennessee,  
 Donald T. Winder, a citizen of Illinois,  
 Loui C. Beaman, a citizen of California,  
 Victor A. Barraco, a citizen of Texas,  
 Thomas O. Tate, a citizen of Mississippi,  
 James G. Somerville, a citizen of Pennsylvania,  
 Jack H. Tandy, a citizen of Kentucky,  
 Augustine Healy, a citizen of Connecticut,  
 Thomas H. Miles, Jr., a citizen of Pennsylvania,  
 Eric A. Johnston, a citizen of Washington,  
 William N. Wallace, a citizen of Indiana,  
 Fred W. Maack, a citizen of Illinois,  
 Kenneth O. Cuttle, a citizen of California,  
 Scott M. Johnston, a citizen of Minnesota,  
 Alton A. Gladden, a citizen of Maryland,  
 William P. T. Hill, a citizen of Oklahoma,  
 Robert A. Bowen, Jr., a citizen of Georgia,  
 Henry T. Dunn, a citizen of New Jersey,

William E. Embry, a citizen of Florida,  
 Philbrick W. Jackson, a citizen of Illinois,  
 John D. Bowling, Jr., a citizen of Maryland,  
 Walter S. Weeks, a citizen of Vermont,  
 William W. Carson, a citizen of Wisconsin,  
 Carl G. James, a citizen of Ohio,  
 Norman R. Jensen, a citizen of California,  
 Albert V. Williams, a citizen of Maryland,  
 Holcomb York, a citizen of Connecticut,  
 George A. Percy, a citizen of Massachusetts,  
 William B. Moore, a citizen of New Jersey,  
 Harold B. Hoskins, a citizen of New Jersey,  
 Benjamin T. Reidy, a citizen of Illinois,  
 Paul S. Taylor, a citizen of Iowa,  
 Marshall P. Madison, a citizen of California,  
 Lucian H. Vandoren, a citizen of Maryland,  
 Stanley W. Burke, a citizen of New Jersey,  
 Carroll J. Single, a citizen of California,  
 John L. Gregson, Jr., a citizen of North Carolina,  
 Donald B. Cowles, a citizen of Connecticut,  
 Thornton Wilson, a citizen of California,  
 Daniel W. Bender, a citizen of New Jersey,  
 Clyde N. Bates, a citizen of Texas,  
 Kenneth P. Culbert, a citizen of New Jersey,  
 Richard V. Hood, a citizen of Florida,  
 Frederick M. Bock, Jr., a citizen of the District of Columbia,  
 Samuel W. Meek, Jr., a citizen of Pennsylvania,  
 George H. Whisenhunt, Jr., a citizen of South Carolina,  
 Carl D. Brorein, a citizen of New Mexico,  
 John McHenry, Jr., a citizen of Maryland,  
 Vincent Fitzgerald, a citizen of Minnesota,  
 Anthony W. Durell, Jr., a citizen of New Jersey,  
 William R. Brown, a citizen of New York,  
 Moore M. Peregrine, a citizen of Illinois,  
 Dunlevy C. Downs, a citizen of Maryland,  
 James M. Wallace, a citizen of California,  
 John G. Vowell, a citizen of Tennessee,  
 Lewis R. Stickles, a citizen of New York,  
 William A. Eddy, a citizen of New York,  
 Lucius L. Moore, a citizen of Colorado,  
 Oliver T. Francis, a citizen of Minnesota,  
 Carlos H. McCullough, a citizen of Missouri,  
 Francis J. Campbell, Jr., a citizen of Illinois,  
 Cornelius H. Reece, a citizen of Illinois,  
 John A. West, a citizen of Ohio,  
 Robert R. Dickey, Jr., a citizen of Ohio,  
 Lemuel A. Haslup, a citizen of Maryland,  
 James P. Adams, a citizen of South Carolina,  
 William A. Morrison, a citizen of South Carolina,  
 Haskin U. Deeley, a citizen of Maryland,  
 Frederick B. Davy, a citizen of New York,  
 Clarence A. Dennis, a citizen of New Jersey,  
 Sparling B. Anderson, a citizen of Iowa,  
 Henry W. Paret, Jr., a citizen of Connecticut,  
 Louis F. Timmerman, Jr., a citizen of New Jersey,  
 Gordon M. F. Chance, a citizen of Illinois,  
 George K. Campbell, a citizen of Pennsylvania,  
 Maco Stewart, Jr., a citizen of Texas,  
 Harry H. Barber, a citizen of Illinois,  
 Henry R. Heebner, a citizen of Pennsylvania,  
 Fred C. Eastin, Jr., a citizen of Missouri,  
 Robert C. Kilmartin, Jr., a citizen of the District of Columbia,  
 Edward A. Craig, a citizen of Kansas,  
 Cameron Winslow, a citizen of the District of Columbia,  
 Joseph Wickes, a citizen of Maryland,  
 James E. Hunter, Jr., a citizen of South Carolina,  
 Walter D. Frazier, a citizen of Pennsylvania,  
 William O. Rogers, 3d, a citizen of New Jersey,  
 Julian P. Brown, a citizen of Massachusetts,  
 William E. Riley, a citizen of Minnesota,  
 John R. Hardin, Jr., a citizen of New Jersey,  
 Albert G. Skelton, a citizen of Oregon,  
 Walter S. Fant, Jr., a citizen of Texas,  
 Andrew L. W. Gordon, a citizen of Pennsylvania,  
 Percival L. Wilson, a citizen of Kansas,  
 Victor Romaine, a citizen of New York,  
 Bernard Dubel, a citizen of Maryland,  
 John G. Schneider, Jr., a citizen of Missouri,  
 Caldwell C. Robinson, a citizen of Connecticut,  
 George C. Medary, a citizen of Iowa,  
 Charles C. Simmons, Jr., a citizen of Missouri,  
 Maurice P. King, a citizen of Maine,  
 George M. Williamson, a citizen of Iowa,  
 James H. B. Brashear, a citizen of Maryland,  
 Thomas G. Letchworth, a citizen of Missouri,

Edwin C. McDonald, a citizen of Ohio,  
Charles H. Ulmer, a citizen of Wisconsin, and  
John M. McClellan, a citizen of Virginia.  
First Lieut. Henry P. Torrey, to be a captain in the Marine Corps from the 7th day of February, 1917.

Marine Gunner Charles G. Haas, Marine Corps, to be a second lieutenant in the Marine Corps, for temporary service, from the 27th day of July, 1917.

Sergt. Charles E. Rice, Marine Corps, to be a second lieutenant in the Marine Corps, for temporary service, from the 27th day of July, 1917.

Edward A. Fellowes, a citizen of Connecticut, to be a second lieutenant in the Marine Corps, for temporary service, from the 27th day of August, 1917.

#### CONFIRMATIONS.

*Executive nominations confirmed by the Senate September 8 (legislative day of August 15), 1917.*

##### PUBLIC HEALTH SERVICE.

Surg. George M. Magruder to be senior surgeon.  
Dr. Howard Edwin Settle to be assistant surgeon.

##### APPOINTMENTS IN THE ARMY.

To be chaplains with rank of first lieutenant:

Rev. Walter D. Casey.  
Rev. Aloysius Charles Dineen.  
Rev. Gerald Carr Treacy.  
Rev. Richard Rush Rankin.  
Rev. Robert B. Mulcahey.  
Rev. John Joseph Mitty.  
Rev. Thomas Dempsey.  
Rev. Daniel William Sheerap.  
Rev. Edwin E. Lange.  
Rev. Dudley Regis Tierney.  
Rev. John F. Mulligan.  
Rev. Frederick J. Mitchel.  
Rev. John Brandon Peters.

##### PROVISIONAL APPOINTMENT IN THE ARMY.

###### INFANTRY ARM.

Corpl. William Frank Johnson to be second lieutenant.

##### PROMOTIONS IN THE ARMY.

###### FIELD ARTILLERY ARM.

Lieut. Col. Richard H. McMaster to be colonel.  
Capt. Neb B. Rehkopf to be major.  
Capt. Marion W. Howze to be major.  
Capt. Henry S. Kilbourne, jr., to be major.  
Capt. Lesley J. McNair to be major.  
Capt. George R. Allin to be major.  
Capt. John R. Kelly to be major.  
Capt. Pelham D. Glassford to be major.  
First Lieut. William Spence to be captain.  
First Lieut. John W. Rafferty to be captain.  
First Lieut. Robert B. McBride, jr., to be captain.  
First Lieut. Paul V. Kane to be captain.  
First Lieut. William H. Cureton to be captain.  
First Lieut. Fay B. Prickett to be captain.  
First Lieut. Roland P. Shugg to be captain.  
First Lieut. Craigie Krayenbuhl to be captain.  
First Lieut. Clarence E. Bradburn to be captain.

###### CAVALRY ARM.

Capt. Grayson V. Heidt to be major.

##### PROVISIONAL APPOINTMENTS BY PROMOTION.

###### CAVALRY ARM.

*To be first lieutenants.*

Second Lieut. Russell T. George.  
Second Lieut. Thomas C. McCormick.  
Second Lieut. Erskine A. Franklin.  
Second Lieut. Robert D. Thompson, jr.  
Second Lieut. John E. Maher.  
Second Lieut. John E. Selby.  
Second Lieut. Arthur L. Marek.  
Second Lieut. Herbert E. Watkins.  
Second Lieut. Raymond L. Newton.  
Second Lieut. William R. Irvin.  
Second Lieut. Alfred L. Baylies.  
Second Lieut. Lathan H. Collins.  
Second Lieut. Ralph B. Skinner.  
Second Lieut. Candler A. Wilkinson.  
Second Lieut. Milton A. Lowenberg.  
Second Lieut. John A. Hettinger.  
Second Lieut. George A. Goodyear.  
Second Lieut. Paul H. Morris.

Second Lieut. Francis E. S. Turner.  
Second Lieut. Guy D. Thompson.  
Second Lieut. George A. Parsons.  
Second Lieut. Martin R. Rice.  
Second Lieut. Philip C. Clayton.  
Second Lieut. Hans E. Kloeppfer.  
Second Lieut. Edward A. Everett, jr.  
Second Lieut. Herbert A. Myers.  
Second Lieut. Norman N. Rogers.  
Second Lieut. Temple E. Ridgely.  
Second Lieut. Harry W. Maas.  
Second Lieut. Peter T. Cox.  
Second Lieut. Francis H. Bouche.  
Second Lieut. William H. Sweet.  
Second Lieut. Louis Cansler.  
Second Lieut. William Van D. Ochs.  
Second Lieut. Horace W. Foster.  
Second Lieut. Richard N. Mather.  
Second Lieut. Lee L. Elzas.  
Second Lieut. Owen G. Fowler.  
Second Lieut. Harry Foster.  
Second Lieut. Alexander C. Strecker.  
Second Lieut. Stanley A. Ward.  
Second Lieut. Dwight Hughes, jr.  
Second Lieut. William R. Stickman.  
Second Lieut. Lloyd W. Biggs.  
Second Lieut. Wilkie C. Burt.  
Second Lieut. Harry L. Sommerhauser.  
Second Lieut. Harold E. Dickinson.  
Second Lieut. Adrian B. C. Smith.  
Second Lieut. Rufus S. Ramey.  
Second Lieut. Carl T. Colt.  
Second Lieut. Russell M. Herrington.  
Second Lieut. Charles B. Malone, jr.  
Second Lieut. James B. Taylor.  
Second Lieut. Rollin A. Burditt.  
Second Lieut. Richard H. Ballard.  
Second Lieut. Joseph D. Hungerford.  
Second Lieut. James C. Short.  
Second Lieut. Arthur D. Edmunds.  
Second Lieut. Francis J. Simons.  
Second Lieut. Lawrence B. Wyant.  
Second Lieut. Theodore L. Sogard.  
Second Lieut. John C. Howard.  
Second Lieut. Carlyle J. Hancock.  
Second Lieut. James C. Miller.  
Second Lieut. Abraham W. Williams.  
Second Lieut. James T. Duke.  
Second Lieut. Hiram F. Plummer.  
Second Lieut. Thomas W. Ligon.  
Second Lieut. Edward H. Brooks.  
Second Lieut. Wayland B. Augur.  
Second Lieut. William B. Bradford.  
Second Lieut. Garibaldi Laguardia.  
Second Lieut. Thomas M. Hagar.  
Second Lieut. Will Shafroth.  
Second Lieut. William D. Savage.  
Second Lieut. Richard R. Lytle.  
Second Lieut. Harry C. Gilbert.  
Second Lieut. Henry E. Atwood.  
Second Lieut. John C. Taliaferro.  
Second Lieut. Max W. Tucker.

##### APPOINTMENTS, BY TRANSFER, IN THE ARMY.

###### CAVALRY ARM.

First Lieut. Charles S. Lawrence, Infantry, to be first lieutenant of Cavalry.

###### INFANTRY ARM.

First Lieut. William E. Kepner, Cavalry, to be first lieutenant of Infantry.

##### TRANSFER TO THE ACTIVE LIST OF THE ARMY.

###### CAVALRY ARM.

First Lieut. Emory S. West, retired, to the grade of captain of Cavalry.

###### POSTMASTERS.

###### ILLINOIS.

A. E. Martin, Benton.

###### WISCONSIN.

E. R. Peck, Bangor.  
William E. Cavanaugh, Berlin.  
G. Andrew Braemer, Blackcreek.  
Emma V. Clark, Black Earth.  
A. C. Bishop, Bloomington.  
Joseph V. Janda, Boyd.



Julia L. Groot, Elmwood.  
Robert L. Nash, Grand Rapids.  
Dennis Deneen, Hammond.  
Albert J. Hemmy, Hartford.  
Dwight S. York, Hazel Green.  
Harvey G. Smith, Maiden Rock.  
John Henninger, Markesan.  
Richard B. Runke, Merrill.  
M. Vivian Brown, Minong.  
Jessie A. Little, Pepin.  
Jerry Holland, Phelps.  
Frank S. Brazeau, Port Edwards.  
William R. Stephan, Sawyer.  
Frederick A. Russell, Superior.  
Wardlaw A. Clapp, Wauwatosa.  
Elizabeth A. Forsyth, Westboro.

#### WITHDRAWAL.

*Executive nomination withdrawn September 8 (legislative day of August 15), 1917.*

Brig. Gen. Lloyd England, the Adjutant General of Arkansas, to be brigadier general in the National Army.

### HOUSE OF REPRESENTATIVES.

SATURDAY, September 8, 1917.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

*O Lord, our Lord, how excellent is Thy name in all the earth! who hast set Thy glory above the heavens.*

*Out of the mouths of babes and sucklings hast Thou ordained strength. \* \* \**

We bless Thee for all the great and heroic men whom Thou hast raised up in every age of the world's history and ordained them with strength to be leaders among men. Especially do we thank Thee for the great souls who have breathed their spirits into the institutions of our Government and made it a beacon light to guide all lovers of liberty. May it be ours to emulate their virtues that we may seize upon every opportunity as individuals and as a people to widen the sphere of our activities, that peace may once more smile upon us and all the world under the spiritual leadership of Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### PURCHASE AND MANUFACTURE OF ORDNANCE AND AMMUNITION.

Mr. POULSEN. Mr. Speaker, I offer a privileged report (No. 141) from the Committee on Rules.

The SPEAKER. The Clerk will read.

The Clerk read as follows:

House resolution 134.

Whereas current rumors are afloat to the effect that a substantial portion of the small-arms ammunition shipped to the American expeditionary forces in France is worthless; and  
Whereas it is necessary that these rumors should be fully investigated:  
Therefore be it

*Resolved*, That the Speaker appoint a select committee of nine Members, and that such committee be instructed to inquire into the manufacture and purchase of ordnance and ammunition, including small-arms ammunition and heavy artillery for use by the armed forces of the United States in the present emergency, and for such purpose it shall have power to send for persons and papers and administer oaths and shall have the right to report at any time.

Mr. POULSEN. Mr. Speaker, there is a substitute.

The Clerk read as follows:

Substitute for House Resolution 134.

*Resolved*, That the Speaker appoint a select committee of nine Members, and that such committee be instructed to inquire into the manufacture and purchase of ordnance and ammunition, including small-arms and heavy-artillery ammunition already purchased, and the quality and condition thereof, for use by the armed forces of the United States in the present emergency, and for such purposes it shall have power to send for persons and papers and administer oaths, and shall have the right to report at any time.

Mr. POULSEN. Mr. Speaker, I demand the previous question on the resolution and substitute.

The SPEAKER. The gentleman from North Carolina demands the previous question on the resolution and substitute.

The question was taken, and the previous question was ordered.

The SPEAKER. The question is on the substitute.

The question was taken, and the substitute was agreed to.

The SPEAKER. The question is on the resolution as amended by the substitute.

Mr. KAHN. Mr. Speaker, will the gentleman yield me just about two minutes? I would like to say something.

Mr. MADDEN. Mr. Speaker, I object to that, for the previous question is in operation and we are already proceeding to a vote.

Mr. KAHN. I ask unanimous consent.

The SPEAKER. There are 20 minutes on a side.

Mr. MADDEN. The question has already been stated on the substitute before the House.

Mr. KAHN. Not at all.

Mr. MADDEN. I appeal to the Speaker to find out whether I am right or not.

The SPEAKER. The gentleman is exactly right. The Speaker hurried it up as much as possible to get rid of it. If the gentleman insists on his point of order, it is well taken. The question is on the resolution as modified by the substitute.

The question was taken, and the resolution as modified was agreed to.

Mr. KAHN. Mr. Speaker, I ask unanimous consent to address the House for two minutes.

The SPEAKER. The gentleman from California asks unanimous consent to address the House for two minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. KAHN. Mr. Speaker, yesterday, when first this matter was before the House the gentleman from Wisconsin [Mr. COOPER], for whom I have a very high regard and whom I esteem very highly, took occasion to refer to the Committee on Military Affairs in connection with this matter in a manner that, in my judgment, reflected on—

Mr. MADDEN. Will the gentleman yield?

Mr. KAHN. I have only two minutes, and I want to say—

The SPEAKER. Does the gentleman yield?

Mr. KAHN. I have only two minutes, and I can not yield.

Mr. MADDEN. It does not seem to me the gentleman ought to make a statement about the gentleman from Wisconsin in his absence; that is all.

Mr. DENT. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for five minutes.

The SPEAKER. The gentleman from Alabama asks unanimous consent that the gentleman from California may proceed for five minutes. Is there objection?

Mr. MADDEN. Reserving the right to object—

Mr. STAFFORD. Mr. Speaker, reserving the right to object—

Mr. KAHN. I did not intend to reflect on the gentleman from Wisconsin.

Mr. STAFFORD. If my colleague [Mr. COOPER] were here I would have no objection to the gentleman taking an hour, but in the absence of my colleague I object to any further extension of time.

The SPEAKER. The gentleman is recognized for two minutes.

Mr. KAHN. Mr. Speaker, I simply wish to say I have been associated with my colleagues on that committee for many years. They are as honorable and as representative a class of men as are found in this House, and I do not believe that a single member of that committee if placed upon this committee on investigation would violate his oath as a Member of this House and would attempt to whitewash any official if he found the facts warranted another conclusion. [Applause.]

Mr. WALSH. Mr. Speaker, I make the point of order there is no quorum present.

Mr. MADDEN. Mr. Speaker, I ask unanimous consent to speak for one minute.

The SPEAKER. The gentleman from Massachusetts raises the point of order that there is no quorum here. The Chair will count.

Mr. WALSH. Mr. Speaker, I will withdraw the point for the present.

The SPEAKER. The gentleman from Massachusetts withdraws the point of order, and the gentleman from Illinois asks to proceed for one minute. Is there objection? [After a pause.] The Chair hears none.

Mr. MADDEN. Mr. Speaker, in that one minute I want to say I do not think it is necessary for any Member of the House to rise in his place and defend members of any committee of the House in advance of action that may be taken on any subject that comes before the committee, and I do not believe that any Member of this House gains anything by appealing in advance for the integrity of members of committees against whom no reflection has been made. I do not believe that the fact that a man happens to be on a particular committee and is in close relation with the subject matters that come before a given department justifies the statement that that man is not honest or that he is not fair and that he will not treat the subject with proper consideration, and I think it is bad for the committee itself to have any member of the committee get up

in his place and defend it in advance of any charge being made against it.

SENATE BILL AND JOINT RESOLUTION REFERRED.

Under clause 2 of Rule XXIV, Senate bill and joint resolution were taken from the Speaker's table and referred to their appropriate committees, as indicated below:

S. 2469. An act to authorize the change of name of the steamship *Caldera* to *A. T. Kinney*; to the Committee on the Merchant Marine and Fisheries.

S. J. Res. 43. Making available the \$200,000 appropriation for irrigation purposes on the Yakima Indian Reservation, State of Washington, carried in the Indian appropriation act for the fiscal year ending June 30, 1918; to the Committee on Indian Affairs.

BUREAU OF WAR-RISK INSURANCE.

Mr. ADAMSON. Mr. Speaker, just to make peace, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5723, and, pending that, I want to ask unanimous consent to close general debate when we adjourn this evening.

The SPEAKER. The gentleman from Georgia moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5723, and, pending that motion, asks unanimous consent that general debate shall close when the House adjourns this evening.

Mr. ESCH. Mr. Speaker, I have requests for time that will extend over four hours. I would suggest to the chairman of the committee that consideration under the five-minute rule will be expedited by allowing liberal time for general debate.

Mr. ADAMSON. I am inclined to be liberal. But yesterday it was suggested over there that they wanted to extend debate. We have consumed more time than the gentleman from Wisconsin [Mr. Esch], but we are willing to make it even.

Mr. ESCH. Let us defer action on determining when general debate shall be closed until later in the afternoon.

Mr. ADAMSON. I am willing to do that, and therefore I withdraw the request. We can arrange that some time later.

The SPEAKER. The question is on the motion of the gentleman from Georgia [Mr. ADAMSON] that the House resolve itself into the Committee of the Whole House on the state of the Union on the bill H. R. 5723.

Mr. WALSH. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman from Massachusetts rise?

Mr. WALSH. I desire to renew my point of order, but I will wait until the question is put.

The SPEAKER. The question is on going into the Committee of the Whole House on the state of the Union on the bill H. R. 5723.

The question was taken.

The SPEAKER. The gentleman from Massachusetts [Mr. WALSH] makes the point of order there is no quorum present, and the Chair will count.

Mr. WALSH. Mr. Speaker, I withdraw the point of no quorum.

The SPEAKER. The ayes have it.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5723, with Mr. GARRETT of Tennessee in the chair.

The CHAIRMAN. The Clerk will report the bill by title.

The Clerk read as follows:

A bill (H. R. 5723) to amend an act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, and for other purposes.

The CHAIRMAN. The gentleman from Wisconsin [Mr. Esch] is recognized.

Mr. ESCH. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. SWITZER].

Mr. SWITZER. Mr. Chairman, I wish to say briefly that I favor, and have favored, as a Member of the three last Congresses, all bills that have been brought in here to pension those who have fought in the wars of our country. But I must say that it seems to me that, when I read these hearings, that there has been a studied effort on the part of some one, some ambitious person in one of the departments of this Government, to reach in and take from the War Department and the Navy Department and from the Interior Department, that have had jurisdiction of these matters, things that have been administered under those departments. But I have no time to pursue that further. I may do so later in this debate.

If it is not true that there has been a studied effort, why has not some one who has been heretofore interested in pension legislation been called before the Committee on Interstate and Foreign Commerce? Why was no report demanded from the War Department and from the Interior Department as has been heretofore done for the past 100 years? Why was not the Commissioner of Pensions brought before that committee? But, as I say, I have no time to pursue that further.

While we will all vote for any pension bill, of course, that has any redeeming features in it, that will benefit any portion of the soldiers who will serve in this war in behalf of our country, I want to say that this is the greatest hodge-podge that has ever been brought before this Congress or any other Congress. Let us get down to concrete illustrations. When I interrogated the gentleman who reported out this bill yesterday he seemed to be very much perturbed. He stated that he knew all about this bill, and I grant you that he knows all about it. But in answer to a question propounded by the gentleman from Ohio [Mr. KEY] he said, in his opinion, a one-armed man or a one-legged man would draw 50 per cent of the total disability, did he not? And the total disability under this bill is \$40. Fifty per cent of that is \$20. Do you tell me that the man who has faced the cannon and has left his arm or his leg on the altar of sacrifice to the honor and glory of his country shall have only a \$20 monthly pension while the young widow whose husband has died from disease in the service receives \$30?

Mr. RAYBURN. Mr. Chairman—

Mr. SWITZER. I will not yield now.

Mr. RAYBURN. But the gentleman misrepresents me.

Mr. SWITZER. You can bring in all the compensation experts that you can round up between the Golden Gate and Hell Gate, but they will never convince me that it is equitable, just, and right. You can call on the Secretary of the Treasury to approve it, and the Interstate Commerce Committee of this House, yea, although it is indorsed by the President of the United States, I still remain not convinced that it is just and equitable. Why, do you suppose that the people of this country are going to stand for your granting a pension of \$20 or \$30 a month to a man who has lost his arm or his leg, and who, perchance, has a wife at home, and who comes back and in 10 or 15 years dies, and if she can not prove that the loss of his arm or his leg caused his death the widow will draw no pension, while the widow of a man who is killed in service gets a pension of \$30? Do you say that is just and right?

Now, I do not want to censure this committee, except only in this: They did not give full consideration to this matter. I propose to offer, if some one else does not, an amendment providing that a man who loses an arm or a leg, or a man who loses a hand, or a man who is rendered totally deaf, shall have a pension of not less than \$40 a month, if you put the basic pension at \$40 for total disability. Gentlemen, do you not believe that the one-legged man, or the one-armed man, ought to have \$40 if you are going to pay the widow \$30? Let us be reasonable about this thing.

Now, I will just state this as to the insurance proposition, that if no one else offers an amendment, I propose to offer an amendment that each soldier will be given \$5,000 insurance. It will be compulsory during the war; it will provide that we will commandeer \$40 of his pay with which to pay that insurance. That is, if you want to democratize the man in the trenches over in Europe, as you say, why not democratize this insurance proposition? Certainly you can not go before the people and say to them that a proposition such as you have brought in here, which experts say will result in only 25 per cent, who will each take out \$2,500 insurance. You do not believe that the people are going to be satisfied with a law that will work out such gross and glaring inequality, do you? Certainly you can not believe that. [Applause.]

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Subsequently,

The CHAIRMAN. The Chair wishes to state that he made a mistake in counting the time of the gentleman from Ohio [Mr. SWITZER] on account of the clock here. The Chair finds that the gentleman from Ohio has four minutes more. If he desires to use it, he can do so now.

Mr. SWITZER. I thought the time was pretty short. I think I would like to use it. I do not want to be discourteous to the gentleman from Texas [Mr. RAYBURN], who reported out this bill. He wanted to interrogate me. What was it?

Mr. RAYBURN. I have forgotten what it was.

Mr. SWITZER. He yielded to me, and I do not want to fail to reciprocate the courtesy. It will probably take half an hour for me to say what I want to say on this subject.



But, gentlemen, it does seem to me that if you must adopt an insurance feature here it ought to be in a separate act. This compensation is nothing more nor less than a pension, and it ought to be in a separate act. The other feature ought to be in a separate act. The sum the soldier contributes must be paid by the War Department. Why not administer it as it was done during the trouble on the Mexican border? But when it comes to the insurance proposition, what will happen? You say that 25 per cent will take out \$2,500 each. It might be paid during the war and it might be forfeited. But when the war is over a great many of these men will probably allow the policy to lapse, even if they undertake to pay only \$8 as the rate. In a few years, or, say, in 10 or 20 or 30 years, the policy will lapse in many cases because some misfortune overtakes the policyholder; so that it will be a gamble. If you will adopt my theory and make this compulsory and commandeer a part of a man's pay during the war they will all have equal protection during the war. Of course, after the war it will all be a gamble, as it will be under the theory expressed and as it will work out in this bill. If it is a good thing, why not compel them to take it? Why not teach them the value of insurance by making them pay this premium during the time they will receive this pay? Even a man who has a family will have \$180 left each year after you take off half for his family. Most of them, I suppose, will not have families. It will not burden them with much greater hardships and it will equalize this matter.

I think the gentleman from New Jersey [Mr. PARKER] is absolutely right. What you want in this pension law more than anything else is equality, and if it is true that you have established this new bureau and tried to dissociate it from the pension system by calling it an "insurance and compensation system," no one can get an increase under it for the widows of the Civil War or of the Spanish War, who occupy the same status as will the widows under this bill, by offering an amendment. You say you are not responsible for these acts as to the Civil War widows and the Spanish-American War widows. Those acts were compromise measures. We are all for pensioning the soldiers. Why not eliminate the palpable and glaring inequalities pensioning soldiers' widows? Why not fix that little matter now while we are all together? [Applause.]

Mr. ESCH. Mr. Chairman, I yield 15 minutes to the gentleman from Indiana [Mr. BLAND].

The CHAIRMAN. The gentleman from Indiana is recognized for 15 minutes.

Mr. BLAND. Mr. Chairman and gentlemen of the committee, not being a member of the committee which has had under consideration the soldiers' insurance act, which we are now considering, I have not given it the consideration that would justify me in imposing my views concerning the bill upon you. I have read the report of the hearings of the committee and the majority and minority reports, and I shall give close attention to the debate. I believe that this Committee of the Whole will report to the House a bill that I can and will heartily approve. It is a war measure, and while I have not approved of all the provisions of the various war measures that have been hurried through Congress here, I have deemed it my duty to support the administration generally in its efforts to win this war and have voted for every law so proposed, except the rivers and harbors bill, which was not a war measure, and which I deemed an outrageous imposition upon our people at this time; and with the same spirit I shall continue to support and uphold the hands of those who are in the places of tremendous responsibilities as my country is entering into this most terrible war, the end of which we can not see. I do not mean by that that I will be a "rubber stamp," as was the boast of one former Member on my side of the House, but I will not through narrow partisanship or personal likes or dislikes be an obstructionist and thus weaken the arms of those responsible for the conduct of the war, and thereby give comfort to the enemy.

In voting for this bill I am not alone actuated by the promise that it will do away with the pension system, because I am not so sure, but that those who follow us will not look with as equal favor upon that system as do we and as did our fathers. I believe that the brave men who are going across the ocean to fight under the flag we love, and their loved ones at home, expect of us at this time some such generous, thoughtful consideration as the principle of the bill would warrant; and its speedy passage will, I hope, give heart and encouragement to our 100,000,000 people who at this hour are stunned at the realization of the tremendousness of the task we are undertaking.

We must win this war at all costs. In order to do so, we must overlook nothing that will help to bring about that result. We must not think alone of what happens in Europe, but we must keep our own matchless industrial institutions going all

the time. I have just returned from the great State of Indiana—that splendid center of industry and thrift. I have the honor to represent a district in that State which is one of the great coal centers of the world; and while there I studied anew my people's needs and conditions in connection with the needs of the Nation at this hour. A closer study of the conditions of the Nation as affecting the mining interests of my State, and they are doubtless no different in other mining fields, brought forth astonishing facts, which, in part, I want to transmit to you at this time.

The mills and shops and furnaces and factories of this Nation are being mobilized to the most tremendous output of products, necessary to the successful conduct of the war, that the world has ever known. All their success in this direction is wholly dependent upon having a sufficient supply of coal at hand to make the power to run the plants. You will recall that I asked you last May to exempt from the draft the man who digs the coal, and that I cited you to the example of England, who was sending her Welsh coal miners back home from the front so as to furnish the coal necessary for her industries and navy. I do not know what we are going to do for miners in the coal fields, but they will have to be found somewhere if we get enough coal to supply the Nation's unusual needs. But for the present I found the most pressing need of the mining industry was for railroad cars to haul the coal. I found some of the largest mines, employing hundreds of men, working a little more than one-half time on account of car shortage—an enormous and very unfortunate economic waste that must not continue if we are to do our best in this struggle. You who read the administration organ called the Official Bulletin this morning no doubt noticed that there is talk of turning off the electric and gas street lights of our cities at night in order to save coal. Are we, this great, rich Nation, going to permit the lack of freight cars to hamper our proper and speedy mobilization of our great industries? Yet when I dig into the facts and figures of the case I find no well-aimed attempt on the part of those in charge is being made to relieve this astounding condition that must eventually seriously handicap our ability to make the most of our opportunities. Let me give you some figures.

In 1915 we had in the United States 2,356,338 freight cars of all kinds, or 9.48 cars to the mile of railroad, made up as follows:

Box cars, 1,041,033, or 4.042 per mile.

Flat cars, 145,192, or 0.564 per mile.

Stock cars, 86,312, or 0.335 per mile.

Coal cars, 900,780, or 3.497 per mile.

Tank cars, 9,513, or 0.037 per mile.

Refrigerator cars, 52,443, or 0.204 per mile.

Caboose and other freight cars of all kinds, about 16,934.

Company service cars, 95,934, or 0.372 per mile.

It is now claimed by those most familiar with the situation that we probably have in service something like two and a half million freight cars. Remember, these are the cars available for normal conditions.

There are only nine shops of consequence turning out freight cars. They say that their full capacity is, in round figures, 300,000 cars per year; and they also say—and we have a right to rely on the information given, when given under the circumstances that these facts were given—that at present they are turning out probably a little less than 50 per cent of their capacity, or less than 150,000 cars a year. The railroads themselves turn out at full capacity about 20,000 cars per year. The best figure obtainable is that this year's output of freight cars will be from 135,000 to 150,000 cars. I am informed that it is a common saying among well-posted car men that it requires 200,000 cars yearly to take the place of those being put out of commission. Now, if our available yearly output is less than 150,000, and if we junk 200,000 per year, where are we getting to? Why, Mr. Chairman, I will tell you where. The car-service committee are now issuing drastic orders that stop the wheels of industry at one place until another place is supplied. If preferential shipments are ordered already, with paralyzing effect, what may we expect within the next year or two if the war continues—and we must not fail to prepare for its duration for at least that long?

You will also ask, Why the car shortage? Here are some of the reasons: Foreign trade has increased 100 per cent; domestic trade has increased 50 per cent; great numbers of cars are used transferring parts and material before assembling or manufacturing begins; the extraordinary high cost and scarcity of steel and materials and labor; instead of 500,000 emigrants to draw from for labor, there has been but few; we have been and are now supplying foreign nations with cars; we are building 400 miles of railroad in France and equipping it with cars



and locomotives; 8,997 freight cars are under order for France, and 914 locomotives are to go to the same place, to be used with our Army.

The president of one of our large railroads penetrating the coal fields of the Middle West wrote me this week that a hundred million dollars, the amount I have asked the Government to use, would build a hundred thousand freight cars. I think, under the speeding-up process, it will cost perhaps \$1,500 per car, which would give us 65,000 cars. This would not near equal the present demand.

This same railroad president writes further:

It will be a great help to the general situation to have these cars, and with the Government going in the market for 4 per cent money, it is pretty hard for the railroads to get sufficient funds with which to expand. Then, too, the railroads are deferred somewhat in the purchase of new equipment, by reason of the high prices of materials, which would not influence the Government so much.

This might be handled by the Government undertaking to purchase the equipment bonds put out by the railroads, allowing the railroads themselves to make the purchase of the equipment and giving the Government some control over the equipment until the debt is paid off. This would avoid the creation of an agency which the Government would have to have if it owned the equipment. While the scheme is necessarily a large one and would require much more careful consideration than I have been able to give it, I do believe it would be helpful not only to the railroads but to the general situation, and I am sure the railroads will be glad to use the equipment on any fair basis. It is certain to help the Indiana situation to have this number of new cars on the railroads. As it is now, our cars get away from us and are used for other purposes than hauling coal, so whether the new cars find their way to the coal fields or not, their presence will certainly benefit the general situation.

Now, one thing is sure, the railroads can not and will not build these extra freight cars which we so sorely need. The shipbuilders could not or would not build ships as fast as we needed them. Did you wait and twirl your thumbs? No; you went into the shipbuilding business, and I want to know why you do not handle this question in the same way?

Some one will say, If these nine car-manufacturing plants can not get the materials and labor to increase their output, how do you expect the Government to do so? How is the Government building ships? Where does it get its materials and men to build them with? Uncle Sam can build the cars or cause them to be built, and, in my judgment, it is the only way we will get them.

The bill I introduced last Tuesday, being House bill 4919, authorizes the President, through the Interstate Commerce Commission or other person or persons, as he sees fit, subject to his approval, to acquire or construct out of the appropriation provided for in the bill of \$100,000,000, freight cars to be sold to the railroad companies on such as terms as he thinks proper.

I desire at this place in my remarks to insert a copy of the bill in the RECORD:

A bill (H. R. 5919) authorizing the President to acquire or construct freight cars for the transportation of coal and other products and commodities, and making an appropriation therefor.

Be it enacted, etc., That the President of the United States is hereby authorized to expend \$100,000,000 out of the sums heretofore or hereafter appropriated for ships, or, in his discretion, out of any money in the Treasury not otherwise appropriated, for the construction or acquirement of freight cars to be used in the transportation by the railroad companies of the United States of coal and other products and commodities, pursuant to the provisions of the act entitled "An act to amend the act to regulate commerce, as amended, and for other purposes," approved August 10, 1917; and in the execution of this authority for the acquirement and construction of said cars the President may exercise all the powers heretofore conferred upon him by law with reference to ships. The President may direct the Interstate Commerce Commission to exercise the power hereby vested in him, or he may designate such other person or persons as he sees fit to exercise said power and authority, subject to his approval; and the cars so acquired or constructed shall be used by the railroad companies under such terms and for such compensation as may be approved by the President, and, as far as possible, under agreements providing for the purchase of such cars by the railroad companies receiving them. The President shall cause to be made public monthly information as to the number of cars acquired and constructed, the names of contractors and the terms of contracts, and the disposition of the cars; and he shall submit a detailed report to Congress at its next regular session of each and all operations and expenditures pursuant to this act.

Now, Mr. Chairman, we know that the car shortage is already alarming, and must necessarily get more so in the future. The railroads and car factories can give us no hope, and they fear a greater shortage of new cars in the immediate future. Preferential shipment orders will only change the location of the distress and will not aid materially in moving our enormous amount of freight, which is steadily increasing and which must increase as the war progresses.

What are we to do, Mr. Chairman—sit here until this certain condition further paralyzes our usefulness, or shall we act upon the question now while there is time? I am not here advocating this bill for the benefit of the railroads, because they should be made to pay full value, on proper terms, for these cars. No one has ever accused me of being influenced against my better judgment by a railroad company. As the author of

the 2-cent-fare law in Indiana I probably received my share of criticism from the railroad fellows. This is an extraordinary condition, and it is for the welfare of my country at war that prompts me to speak at this time. It is no time to theorize about Government ownership. This proposition is not a proposal for Government ownership, because I only propose that we build and acquire for the purpose of disposal—that we build to meet a condition that is truly alarming. I hope, gentlemen, that you will carefully weigh this proposition. [Applause.]

The CHAIRMAN. The gentleman's time has expired.

Mr. RAYBURN. Mr. Chairman, I yield 40 minutes to the gentleman from Tennessee [Mr. SIMS].

The CHAIRMAN. The gentleman from Tennessee is recognized for 40 minutes.

Mr. SIMS. Mr. Chairman, in order to take as little of the time of the House as possible I want in advance to ask permission to extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from Tennessee asks unanimous consent to extend his remarks in the RECORD. Is there objection?

There was no objection.

The CHAIRMAN. The gentleman is recognized for 40 minutes.

Mr. SIMS. Mr. Chairman and gentlemen of the committee, I do not expect to go into a lengthy explanation of the minor details of the bill. The supplemental report by the gentleman from Texas [Mr. RAYBURN] certainly does explain the provisions of the bill in its details and with accuracy. Then the gentleman [Mr. RAYBURN] spent two hours and a quarter on this floor explaining every detail of the bill orally. Consequently, it seems to me that the details have been very well and fully explained.

What I want to say about this bill is as a whole, rather than as to details, because the details can be worked out, and will be worked out in conference, with every opportunity to make every investigation as to details that may be necessary.

Now, some gentlemen contend that because there are four parts to this bill, the four functions should be exercised and carried out by four different departments or bureaus of the Government; that so much as affects the Navy should be administered by the Navy Department; that so much as affects the Military Establishment should be administered and carried out by the War Department; that so much as affects compensation should be administered by the Pension Bureau of the Interior Department.

And most of those gentlemen who seem to think that the bill ought to be divided up do not seem to think that the insurance part of it ought to be administered by any department; because as a rule they are opposed to insurance of any kind for the soldier, in any real and true sense of insurance.

This bill and its general purposes were worked out by a committee, not of the House of Representatives nor of the Senate, but by a committee of gentlemen who have given a great deal of thought to all purposes sought to be accomplished, and it was thought and believed by that committee that the one paramount purpose is to take care of the soldier's family to the best advantage so far as this war is concerned, and in order to do it to the best advantage the administration should be unified; and if it is to be unified and centralized, of course, one board ought to administer the law in all its provisions. There having been a war-risk insurance bureau created since the European war began, which insured vessels and cargoes, and the law afterwards being amended so as to require the masters of vessels to insure their seamen, it was thought wise to amend that law and provide that the board thereby created should have charge of his whole administration.

You gentlemen who have had long experience in this House know that a commission or board, as a rule, magnifies its particular duties, and is all the time asking for increased facilities and increased appropriations. Now, if you have the allowances, the compensations, the allotments, and insurance, all administered and carried out by one board or one commission, we will not have a competitive duplication of services and expenses, and conflicting rules and regulations.

One gentleman, by his remarks, left the impression that he thought the Secretary of the Treasury was trying to magnify himself through this bill. I do not know what the motives of the Secretary of the Treasury were, any more than I know the motives of the gentleman who made the indirect criticism; but if the Secretary of the Treasury can and does perform all his manifold duties to the public, with the manifest public and patriotic purposes that actuate him in his support and advocacy of this bill, he will magnify himself in popular estimation second to no other public official in our whole country. The



Secretary of the Treasury does not take all credit for this bill, does not take credit for all its splendid provisions. It was considered by a committee composed of many gentlemen, not seekers of public office, some of them already hold public offices who can not possibly magnify the benefits of offices they now hold by the splendid patriotic service which they have rendered. One of the gentlemen, who was chairman of the subcommittee of the Committee on Labor of the Council of National Defense, who prepared this bill and who gave most illuminating testimony before the Committee on Interstate and Foreign Commerce of the House, in support of the bill, is a gentleman holding a Federal office for life. That gentleman is no other than Judge Mack, of the Circuit Court of Appeals, and this country never will get through paying him the debt of gratitude it owes him for the splendid, uncompensated, zealous work he has given the public in the preparation of this bill. As a judge of the United States Circuit Court of Appeals, instead of taking the usual summer vacation, without money, without compensation, without hope of winning any office thereby, he has done as much, or even more, than the Secretary of the Treasury or any other one individual in promoting this splendid legislation.

This bill was prepared, as a whole, with its compensation, allowances, and the insurance features considered as a whole; and if we strike out the insurance feature, then the whole bill ought to be revised. If we strike out family allowances, then all the rest of the bill ought to be revised, and will have to be. There is but one way to treat the objects of this bill, and that is as a whole, as this bill treats them. Therefore I am opposed to each and every amendment, made by the Committee on Interstate and Foreign Commerce to the bill that is not merely formal, because in the little time we had to weigh the effect of each one of these amendments upon the provisions of the bill, taken as a whole, we did not have the necessary knowledge and did not have time in which to acquire it, and when we begin the reading of the bill by paragraphs for amendment I shall do what I can to defeat any and all of those amendments.

I see we have very vigorous opposition to this bill by our gallant and able young friend from Ohio [Mr. KEY], chairman of the Committee on Pensions in the House of Representatives, who is certainly doing his duty in the most creditable way as chairman of that committee. I attribute to him nothing but the purest and best motives, as much so as we all assume for ourselves in considering this legislation. But my friend presides over a committee that has jurisdiction of pension legislation. Our public pension laws allow a widow \$12 a month and \$2 additional for each child. Can anyone claim that that amount is anything like just compensation or maintenance? And yet we do not condemn the whole pension system simply because we find an injustice in some particular part of it.

This law is not intended to supplant or take the place of existing pension laws as to any past war, but only as to the soldiers and sailors of this war.

Mr. KEY of Ohio. Will the gentleman yield there?

Mr. SIMS. Just for a question. Do not spoil my speech, please.

Mr. KEY of Ohio. I hope I will not.

Mr. SIMS. Because the gentleman, no doubt, can make a much abler one than I can.

Mr. KEY of Ohio. If I understand this bill aright, the soldiers in this war will not have a pensionable status under any existing law, and for a soldier to receive any benefits in the way of a pension, or so-called compensation, his only relief would be to apply under this proposed law, should he receive a disability. The only status he will have will be under this bill, and he will have his rights adjudicated in this new so-called bureau that is to be lodged in and administered through the Treasury Department. Is not that correct?

Mr. SIMS. My friend has made a statement instead of asking a question.

Mr. KEY of Ohio. I am asking you if that is not correct.

Mr. SIMS. I do not want to debate that question at this time. The gentleman has made a statement, and it would be absolutely discourteous for me to say the gentleman was mistaken about it, because he is chairman of the Pensions Committee and ought to know more about it than I.

Now, there is no insidious, indirect attack on our present pension laws by reason of this bill. Gentlemen keep insisting that compensation is a pension. That contention can not possibly apply to a service pension. The laws that we first passed after the Civil War granting pensions were for injuries received in the service, and were in the nature of compensation and based upon the extent of the injury sustained. That was compensation, or compensatory, and in that respect, and that only, is the present bill at all similar to pension laws—the com-

pensation feature of it. But compensation pensions would perhaps never have reached a volume exceeding \$50,000,000 per annum on account of the Civil War; but we know it is a fact that the northern Democrats and the northern Republicans—and they are just as good as any other kind of Democrats and Republicans—vied with each other in proclaiming their devotion to the old soldier, their love for him, and their desire not to compensate him simply but to donate something to him.

And so finally a service pension act was passed in 1890 or 1891, over 20 years after the war, during all of which time these men had received no pension, asked for no pension, having received no service injury. Such pensions were pure gratuities, nothing more and nothing less. We kept on increasing these gratuitous pensions until finally when they reach the age of 70 they get \$30 a month for the balance of their lives.

Mr. KEY of Ohio. That depends on the length of service.

Mr. SIMS. It is not to compensate them, it is not to compensate them for any injury received as a soldier. It is a pure gratuity, and regardless of the financial condition of the recipient of the pension. If he is a bachelor and has a million dollars income he gets the same pension as does a man with a large family without a dollar of this world's goods.

Mr. KEY of Ohio. He would get that under the general law.

Mr. SIMS. That is what I am talking about, the general law.

Mr. KEY of Ohio. I thought the gentleman was talking about a service pension.

Mr. SIMS. A service pension under the general law.

Now, you accuse us in the South of being selfish, and you accuse us of bringing on the war that made it necessary to pension anybody. It got so that on private-pension-bill days, when we were granting private pensions or the increase of pensions beyond what the general law gave, which they could get under the general law without violating the letter of the law, but who were within its equity, some gentlemen got to filibustering, as it was charged, got to asking that each bill be explained and discussed. So finally, in order to prevent that sort of consideration, a rule was brought in providing for only three or five minutes' debate on any private pension bill, and so they were passed practically without consideration by the House. From that day to this, with rare exceptions, has there ever been the slightest attempt to consider on the floor of the House a private pension bill. The Invalid Pensions Committee and the Committee on Pensions can have general rules for the consideration of these bills before the committee, but when we get on the floor of the House and an amendment is offered to increase a pension and tear-shedding speeches are made over the condition of the pensioner, the House goes wild and votes for almost anything. My friends, I served on the Committee on Pensions when I first came here. It is one of the first committees I ever served on in the House. I therefore had an opportunity to know how private pension bills are passed.

Now, we are going into a war and nobody knows how many millions of men will be in it. When will compensation be worth the most to a man—20 years after the war, after he is 70 years old, or at the time when the injury is first inflicted?

Mr. REAVIS. Will the gentleman yield?

Mr. SIMS. Yes.

Mr. REAVIS. The purpose of this bill, or one portion of the bill, is to compensate the soldier. Before America entered into this war there were hundreds of young Americans who entered the Ambulance Corps and the Red Cross Hospital Corps in a foreign army, fighting for the principle which we are now contending for. They are not recognized in this bill at all, are they?

Mr. SIMS. They may not be.

Mr. REAVIS. Many of these boys will return to America physically maimed. Does not the gentleman think it would be a good idea to amend the bill so that they will receive the same recognition that a drafted soldier will receive?

Mr. SIMS. I said when I began that I was not going to discuss the details of the bill. Now, I do not know why they were not included, and the same with reference to why the Army field clerks and others were not included. The bill may be amended in this House or in the other body, but I have not time in 40 minutes to do the subject justice if I have to go into a lot of details. I am sorry that I am not prepared to give the gentleman a satisfactory answer.

Mr. REAVIS. I have been waiting for the gentleman to speak, knowing that he has given great attention to the bill and that I had confidence in his judgment. I would like to have some one instrumental in framing the bill give a reason why the American boy with a dependent at home who has entered the service other than the military and naval service of the United States, who is sacrificing his life for the same principle that we are fighting for, should not be represented in this bill.

Mr. SIMS. Let me say to the gentleman, at the risk of violating a committee rule, that the gentleman from Missouri [Mr. DECKER] and the gentleman from Texas [Mr. RAYBURN], members of the committee, after the bill came before us, were appointed to investigate and report an amendment covering that question, but as I have not heard it discussed and have not asked them in relation to it, I do not want to go into the details.

Mr. RAYBURN. What men is it that the gentleman wants covered?

Mr. REAVIS. Well, take the young men that Germany outrageously bombarded in the hospital the other day. They have been killing American boys, wounding and maiming them, who were fighting for the principle which we are now fighting for. Why should not they be compensated as well as the private soldier?

Mr. RAYBURN. The gentleman means men not in the service of the United States but of some other Government?

Mr. REAVIS. I mean men not in the naval or military service of the United States but, anticipating the action of our Government in entering this war, went abroad to fight for that principle. Why should not we care for them and their dependent when they return to their homes?

Mr. RAYBURN. If they come under our service after we declared war, they will be taken care of.

Mr. REAVIS. They could not come under the service of America if they were under another flag. Those countries would not release them.

Mr. RAYBURN. I do not know. There is nothing—

Mr. REAVIS. And if they have dependents here, why should not we provide for them?

Mr. RAYBURN. There is nothing in this bill to take care of that.

Mr. SIMS. I misunderstood the gentleman's question. I thought it had reference to those serving in our ambulance corps.

Mr. REAVIS. I mean those American boys who are now doing their part in fighting this war who are not provided for in this bill.

Mr. DYER. Have not they sworn allegiance to those countries?

Mr. REAVIS. What difference does it make whether they have or not? They will come back to this country and renew their allegiance.

Mr. DYER. They can not have allegiance to two countries at the same time.

Mr. REAVIS. They will come back to this country and renew their allegiance.

Mr. SIMS. The gentleman is discussing something that is not in the bill and is taking up my time.

Mr. SIEGEL. Will the gentleman yield?

Mr. SIMS. Yes.

Mr. SIEGEL. I just want to know what consideration the gentleman has given to the question of the Army field clerks.

Mr. SIMS. The Committee on Interstate and foreign Commerce appointed a special committee to investigate and report on that question—Mr. DECKER and Mr. COADY—to prepare and offer an amendment to take care of those clerks. I do not know that they will do so, but they were appointed for that purpose. They may not recommend such an amendment.

Mr. Chairman, the whole fight on this bill has been made, first, by those who are afraid that it may disturb the existing pension laws or that future Congresses will disregard it and give pensions anyway. The other is the insurance companies' fight. I will admit we can not bind our successors. We can not bind the people who live after us. Even the Constitution can not bind them, because they can amend, alter, change, or abolish it; but shall we not do that which we conceive to be to the public interest now, supposing our successors will be as wise and patriotic as we are trying to be now?

I will admit that where compensation is allowed and at the time the board fixes the compensation we will say it is based on 30 per cent of total disability. That disability may be progressive, it may be a disease, his disability may increase, and the board ought to have the power, if it is not in the bill, to revise, to increase the compensation which would take away all claim for a pension for a service injury. My friends, on the insurance feature, the committee from the insurance companies before our committee did not claim that the insurance provided in this bill for the enlisted men of the Army and Navy would tend to create a demand on the part of the public who are not in the Army and Navy, and never expect to be, to be insured by the Government at similar rates or approaching similar rates. I do not see where there is any ground upon which to base such a fear. The bill is confined to the Army and Navy. The Government pays the expenses of the Army and Navy, and if the men

insure in private companies at private-company rates to be paid by the Government at private-company rates and our Army should be increased to a vast number, the insurance might be beyond all possibility of payment, and therefore to say you are opposed to the Government insuring the enlisted men of the Army and Navy is to say that you are opposed to their families having the benefit of insurance which they could get at reasonable rates if they were not in the Army and Navy. That is the logic of opposition. The Government out of the public taxes pays nothing except the excess over peace rates. The soldier, the enlisted man of the Army and Navy, pays what he would have to pay if he were not in the Army or Navy. The Government steps in and during the war assumes only the risk of having to pay for the death or the total disability or partial disability of the soldier incurred while in service. Now, that is all. Why should not the Government assume it? The Government is compelling the man by statute law in case of the drafted soldiers to perform this service for the Government, for the whole people, at his personal individual risk and sacrifice and that of his family. It has made it impossible for him to get insurance at a rate that he can pay, and yet the spirit of greed and private gain rises up here and says, "Deny this man this plain, simple act of justice for fear that some people after the war, who are not in the condition of this soldier in that respect, will want the Government to insure them also and at the same rates."

Mr. LONERGAN. Will the gentleman yield?

Mr. SIMS. For a question.

Mr. LONERGAN. Will the gentleman state the name of one insurance company in this country that has offered opposition to this bill by virtue of the insurance section incorporated in the bill?

Mr. SIMS. That is the only thing they do object to about it.

Mr. LONERGAN. Will the gentleman name a company that objects to it?

Mr. SIMS. The gentleman read Mr. Ide's statement, did he not?

Mr. LONERGAN. I did.

Mr. SIMS. He represented the insurance companies; he was chairman of their committee. He says the insurance article is vicious and ought not to be passed.

Mr. LONERGAN. I will say to the gentleman that in my home city of Hartford, Conn., the center of the insurance business of this country, that the insurance interests of that city do not object to that insurance feature of this bill or giving any form of compensation to the enlisted man. They have offered some valuable suggestions as to how the bill, in their opinion, can be improved. I have conveyed them to the committee. It should be solely a war measure, but we should deal justly and generously with the enlisted men and their dependents.

Mr. SIMS. I am delighted to hear it. I want to yield for such testimony as that.

Mr. LONERGAN. They are patriotic men.

Mr. SIMS. They are patriotic men and this is a patriotic purpose. But I must say that the only objections that have been made are to the possible effect upon pensions and the question of insurance.

Mr. HUSTED. Will the gentleman state how many insurance companies this Mr. Ide represented in his opposition to the bill?

Mr. SIMS. I do not know.

Mr. HUSTED. I think there are only three or four in the list printed in the record.

Mr. SIMS. That is all I have to go by.

Mr. HUSTED. He did not represent any others.

Mr. SIMS. I am mighty glad to find out that the insurance people do not object to this bill. If they do not object to it, and the soldiers do not object to it, and their families do not object to it, and the pensioners do not object, why do Members of this House raise objections that nobody else but themselves conjure up?

Mr. KINCHELOE. Will the gentleman yield?

Mr. SIMS. Yes.

Mr. KINCHELOE. I want to ask as a matter of information, because I have confidence not only in the gentleman's knowledge but in his long years of service. I confess the only thing that concerns me about this bill is the question of future pensions. I want to ask the gentleman if he thinks that, notwithstanding the policy of this Congress, if we pass this bill it will do away with future pensions—say 50 per cent of them that take advantage of this insurance and 50 per cent that do not?

After this war shall have ended, and those who do not take advantage of it come home, say 25 per cent, with empty trousers' legs or empty sleeves or lost health, are going around the streets of the towns of our various congressional districts, does not the gentleman think that that of itself would create



such a unanimity of sentiment that it would absolutely force Congress to grant those men pensions in years to come?

Mr. SIMS. Absolutely, no; emphatically, no. You have spoken of those soldiers coming home with empty sleeves. Such men will be provided for. Such men are allowed compensation in excess of the present pension allowance for such an injury.

Mr. KEY of Ohio. I would like to ask the gentleman a question. I understand the gentleman to say that they would be allowed under this bill a pension in excess of what is provided in existing law.

Mr. SIMS. Any compensation and family allowance paid by the Government exceeds any benefits by pension laws on the statute books as a whole.

Mr. KEY of Ohio. I beg to differ with the gentleman.

Mr. SIMS. Go ahead and differ. I may be wrong and you may be right. But here is what I said to you before: The pension laws never would have become a burden if the one-legged men and the one-armed men had been the only beneficiaries, and had the beneficiaries been confined to those who had received injuries and incurred diseases while in the service.

But this might take place, as I said a while ago. A man will start out and be compensated for 50 per cent disability. It may have been due to disease. That disease might be progressive, and afterwards his disability might become 75 per cent. That would be the only grounds on which to increase it. Now, right there, I am in favor—and I do not say it is not in the bill—that if the board found his disability at the beginning 50 per cent and by a later reexamination his disability had increased, due to the same cause, then the board might increase his allowance up to 75 per cent of the total disability if such disability then existed. Now, that does not give any excuse under heaven to give a man a pension who never smelled gunpowder and served only 90 days and was out of gunshot all the time he served.

Mr. KINCHELOE. Now, just another question. Do I understand the gentleman to say that under the provisions of this bill every soldier, notwithstanding he may not take advantage of this insurance, who claims by reason of his service a larger compensation—

Mr. SIMS. He will have to be in the service at the time he receives his injury. Life insurance is simply permissive and supplementary. All the balance of it is mandatory, and takes effect regardless of whether he asks for it or does not ask for it.

Mr. KEATING. Will the gentleman permit an interruption?

Mr. SIMS. If the gentleman from Texas will give me more time I will be glad to answer any question that I can answer.

Mr. KEATING. The question I want to ask is for information. The gentleman stated a moment ago that the soldier who suffered disability in the service of his country would receive greater compensation under this bill than under existing pension laws.

Mr. SIMS. Including family allowance to go with it.

Mr. KEATING. That is a very important point. I am inclined to think it is necessary to amend the pension features of this bill. The gentleman is a member of the committee and can give the House some definite information on that point. For example, let us take the soldier who is not married, who comes home totally disabled, and say that he has lost both arms. Under this bill, as I read it, the soldier would receive \$40, \$20 for a nurse, and if he took the maximum amount under this bill for insurance, \$5,000—

Mr. SIMS. We are going to make it \$10,000.

Mr. KEATING. Five thousand dollars under the bill, but \$10,000, we will say. And he probably would be entitled to \$25 a month under his insurance. Forty dollars and twenty dollars and twenty-five additional make a total of \$85. Under existing law that same soldier would be entitled to \$100 a month. That is the way I figure it. If a man is married, he would get \$60 a month and \$20 and \$25, a total of \$105 a month, or \$5 more than he would get under existing law. If I am mistaken concerning those figures I wish the gentleman from Tennessee or some other Member would correct me. I wish the gentleman or some other member of the committee would point out his authority for the statement that the soldier who serves in this war and comes home minus a leg or an arm receives as great compensation under this law as under existing pension laws.

Mr. SIMS. Why, one of the very objections made against this bill is that the compensation, if the war continues any length of time, will far exceed the entire sum expended by the Pension Bureau.

Mr. KEATING. If the gentleman will bear with me, I do not care what the objections may be. What I am asking is that the House be furnished not with objections but with facts, and I say that according to your bill the soldier who is disabled in the service of his country does not receive as great a

compensation under this bill as he does under existing law. If I am mistaken on that point, I want the gentleman who now has the floor to correct me. Take a specific instance: John Smith, for example, unmarried, who lost two arms, both arms, we will say, in France, or who came back with the loss of both eyes; and let the gentleman tell us how much money he will receive.

Mr. SIMS. I think the gentleman is making too much of a good speech in my time.

Mr. KEATING. I am sincere about it, in the questions I am propounding.

Mr. SIMS. In 40 minutes' time I can not go into those things. I had only 40 minutes, and now you ask me to go into a 40-minute controversy over details. It is unreasonable. Every detail of this bill may be improved. I want to talk about the insurance feature of this bill in general.

Mr. SNYDER. Mr. Chairman, will the gentleman yield?

Mr. SIMS. How much time have I left, Mr. Chairman?

The CHAIRMAN. The gentleman has three minutes left.

Mr. SIMS. You see, gentlemen, you have taken almost all my time. Will the gentleman from Pennsylvania give me three minutes more?

Mr. DEWALT. Yes; I yield three minutes more to the gentleman.

Mr. SIMS. That will make six minutes. I yield to the gentleman from New York.

Mr. SNYDER. If the statement made by the gentleman from Colorado [Mr. KEATING] is a fact, what is the use of this bill at all?

Mr. SIMS. He singles out a young man who loses both arms or both legs and states what he is getting now and undertakes to judge of the whole bill by that.

Mr. KEATING. No; I would not like to have the gentleman think that I condemn the entire bill. I think these provisions should be scrutinized and, if possible, amended on the floor of the House.

Mr. SNYDER. I thought from the gentleman's statement he thought there was no use for this measure.

Mr. SIMS. Any member of the committee or any Member of the House may offer any amendment, and if it is a good one it will be adopted. I am opposed to amending the general scope and purpose of the bill, because it has been thought out and systematized as a whole.

Now, some gentlemen have stated directly and some have intimated by insinuation and otherwise that this measure is socialistic, and therefore they want it strictly construed and confined to the exact purposes of the bill. It is so confined. The bill can not go further than its terms provide. It provides for the Army and the Navy. But some gentlemen have contended that the bill should be amended so that this insurance should continue only during the war, or for a short period thereafter, and that the board should cease to exist. The gentleman from Texas [Mr. RAYBURN] showed very clearly why the board, or some board administering the law, would have to continue the administrative features of it, because the soldiers will not die, we hope, just as soon as they get out of the service and before this board winds up its duties.

Consequently you will have to have some body, some board, somewhere to continue to administer the law and continue collecting the premiums and paying the losses as they occur. We provide that the losses may be paid by per annum installments, by regulations, and it ought to be so provided. Lump sums rarely help anybody, as a rule, in maintaining a family. They are in the nature of getting rich quick and spending it quick. That will be one of the strongest reasons for coming back to Congress and asking for pensions. The beneficiaries under a pension system do not begin to draw pension until the death of the soldier. This insurance is to continue during a long period of years, and it is to be paid by installments in order that there may be no excuse for people coming back to Congress and further insisting on additional compensation or additional pension.

Mr. LONERGAN. Mr. Chairman, will the gentleman yield?

Mr. SIMS. Yes.

Mr. LONERGAN. Will the gentleman please state upon what theory the committee operates when it proposes to have this insurance continued for the men who are known as insurable risks after the termination of the war?

Mr. SIMS. I think for the best reason in the world. The insurance and the compensation allowance and the compensation or salary or wages paid ought all to include, at least indirectly, the compensative inducements for a man to volunteer and to willingly accept service and perform the duties of his position as a soldier or when not a volunteer; and remember that under the bill the insurance is only term insurance during

the war. After the war the soldier may continue it as term insurance, but it may be changed by regulation to some other form of insurance. But remember, if he continues it as term insurance he has got to pay more every year—pay it himself—and if it is continued in some other form he will immediately have to pay more than he pays during his actual service. Now we deprive him of an opportunity to get \$8 insurance when he is at the \$8 age. Then after the war, when he has passed the \$8 age, why turn him loose to the tender mercies of the insurance companies?

Mr. LONERGAN. I am talking of the men who are known as insurable risks. Could not those men go out and get insurance with private companies?

Mr. SIMS. Before they go into the war?

Mr. LONERGAN. No; after they return from the war.

Mr. SIMS. If they have performed the service and have not got killed or injured. If they do get killed or injured, you put the burden on the Government without giving the Government the benefit of the money paid in by healthy men who will not die as soon as they are insured.

Mr. LONERGAN. Then, is it the theory of the committee that the men who are known as insurable risks shall contribute by the payment of their premiums toward the maintenance of this bureau, instead of having it maintained by the Government?

Mr. SIMS. There is no maintenance charge included in any premium charge.

Mr. LONERGAN. I understand that, but there has got to be a fund created to pay this insurance whenever it matures or whenever a man dies.

Mr. SIMS. That will be paid out of the Treasury.

Mr. LONERGAN. Then, is it the theory of the committee and the purpose of this bill that the men who are the insurable risks, who could get insurance elsewhere, shall contribute their premiums for the purpose of adding to that fund out of which the matured insurance shall be paid?

Mr. SIMS. They are volunteers so far as insurance is concerned, even during the war, and after the war they can change their insurance to such form as they may want it, as provided for by regulations, or they can drop out and insure in a private company if they wish to. Now, why not leave it to the good judgment of the soldier who is insured whether he will continue it as term insurance or in some other way, or quit and take insurance from some company?

Mr. LONERGAN. Does the gentleman believe that the United States Government should engage in the general insurance business, or does he believe that this should be confined solely to the enlisted men?

Mr. SIMS. The bill confines it absolutely to enlisted men in the Army and Navy.

Mr. LONERGAN. I understand that.

Mr. SIMS. And what is the use of putting hypothetical questions about a matter that is not before us, and neither directly nor indirectly involved in this bill?

Mr. LONERGAN. I understand that it is not.

Mr. SIMS. What is the use of asking my opinion of State insurance, which opinion would be worth nothing to the House, because that is not proposed or presented in this bill?

Mr. LONERGAN. I wish the gentleman would answer my other question, as to whether or not he believes that the men who are insurable risks after the close of the war shall by the premiums that they pay contribute in the payment of the maturity, either because of death or the expiration of a term policy, of the other men whose insurance has been continued by the Government.

Mr. SIMS. Does the gentleman mean to imply that they should cease to pay anything after the war?

Mr. LONERGAN. Oh, no.

Mr. SIMS. Then, how can a man remain insured and not continue to pay for his insurance year by year, or by the term?

Mr. LONERGAN. The point I am trying to make is this—

Mr. SIMS. You are asking if they should continue.

Mr. LONERGAN. Yes.

Mr. SIMS. It is not compulsory. We leave it to them.

Mr. LONERGAN. Is it the purpose of the proposed law that those men known as insurable risks shall be continued in this insurance department of the Government for the purpose of helping the Government pay the maturities?

Mr. SIMS. Why, to let them stay in it if they want to for the purpose of continuing their own protection.

Mr. LONERGAN. The statement was made on the floor yesterday by some gentleman who spoke that the insurable risks should be continued by the Government in order to assist the Government in the payment of matured policies. I wanted to know whether that was the gentleman's idea.

Mr. SIMS. I suppose the gentleman has this in his mind, that there is very little danger, perhaps, of the Government for a long time having to pay the insurance on the insurable risks. Meanwhile it is getting the contributions of those insurable risks to help pay the insurance that may be due the men who are no longer insurable risks and who could not get into a private company.

Mr. LONERGAN. That is what I wanted to know. I am interested to have your opinion on the subject.

Mr. SIMS. We are leaving them in not for the purpose of aiding to do that but for their own protection and benefit, and if in securing such protection and benefit they help the Government pay these noninsurable risks, that have become noninsurable by reason of injury in the service, it is that much better for the Government.

Mr. HUSTED. Will the gentleman yield?

Mr. SIMS. Yes.

Mr. HUSTED. The gentleman stated that he considered it a very desirable and good feature of this bill—and I agree with him—that the insurance should be paid in monthly installments. Now, if that is the case, does the gentleman favor the provision of the bill which permits the commutation of having a certain amount of that insurance continued a lump sum?

Mr. SIMS. I do not think there is any provision of that sort in the bill.

Mr. HUSTED. Yes, there is.

Mr. SIMS. No; the gentleman is thinking about compensation. The committee thought it wise under the particular circumstances to allow them to commute a certain amount of it. Personally I am not wedded to that part of the bill. But it was done to give the bureau the best opportunity to serve those who needed the service most.

Now I want to talk a little about the socialistic feature of this bill, for I know that it enters into the minds of many, although some men may not openly express themselves in that way. My friends, civilization itself is socialism in a degree. The only man who is not a socialist in some respects is the naked savage who has no social relations with any man but himself. He is an absolute individualist. Insurance of every kind is communistic. The individual benefits at community cost. The policyholders all go in and pay a man his losses out of the amount paid to the company by them. The whole number of insurance policyholders contribute to make up the loss of the individual policyholder.

What can be more socialistic than the public taking a man away from his family, depriving him of all his earnings as a citizen and civilian for the time being, force him to go onto the firing line and be blown to atoms, if necessary, that the whole Government, the whole community, may not be all shot to pieces or its institutions shot to pieces, which means the same thing? Is not that a little socialistic?

The words have got to be almost trite—that if we confiscate men, why not confiscate property? To ask the question is to answer it. But why should we fail to do our duty to the men that volunteer or are forced to go because of compulsion to do that which is not of any greater benefit to them or their families individually than to every other family in the Nation? Shall we do that, which is the highest possible form of socialism, and then deny him out of the public funds, which are contributed by taxing the public, something in the nature of compensation or insurance for the benefit of his family should he never return to them or should he return partially or totally disabled? If that is communism or socialism, the more we have the better for the country.

We start our young men across the ocean 3,000 miles, with every mile subject to a contact mine, subject to be blown to atoms without a moment's notice, subject to be torpedoed from beneath the surface of the sea, where no act of bravery, where no act of foreknowledge or good judgment, can possibly protect them, where they are subject to be blown up by a submarine without a moment to say good-by or write a letter home, and then go to the attack in the trenches; go where they must wear a mask to avoid the vapors of poisonous gases; go where liquid fire is played upon their living bodies, and forced to go there and be totally destroyed or maimed or wounded for life; and then shall any man stand here and cry out socialism and hide behind the idea that it is a matter of individualism and that the individual should have all the opportunities that circumstances give him and take all the misfortunes that the cruel demands of war may by compulsion be forced upon him?

Oh, they say it will lead to insurance hereafter by the Government. I do not think so. The very fact that some fear that it may lead to State insurance carries with it the implication that present private insurance is defective; it carries with it something of fear, something to cause the public to think that



they have not been fairly treated. If they have not been treated fairly they have a right to remove the wrong. The management of insurance funds in the past has not been very much to the credit and honor of the insurance companies or their managers. Justice Hughes, Republican candidate for President, a great man and a good man, became famous by his investigation of the unworthy conduct of the millionaires in getting into insurance companies as directors and managing the funds for the benefit of manipulators.

Now, some talk about the expense. They say we are doing this without expense, and so we are and so we ought. I mean without expense to the applicant. They claim that we have to bear the expense. It is stated here by insurance experts that more than half of those who have taken out life insurance policies have allowed them to lapse by the third year, and they make calculations showing that 75 per cent lapse by the third year. The commissions of the agents that accrue are paid in the three years, perhaps all out of the first premium. If the business had been done as it ought to have been, why do three-fourths of those who are persuaded to go in quit by the end of three years? There is something wrong; I do not mean corruptly wrong, but there is something that is uneconomic. Therefore it is estimated that without special solicitation perhaps there will not be more than one-half that will take the insurance provided under this bill. The only excuse that ever will arise for social or state insurance in this country will arise from the fact of the failure of insurance companies to meet the public demands. The best way in the world is for them to go along and show themselves worthy of assistance and support is not to attack every possible thing they think might be used against them in the future on account of the fact that they have not done that which the public has a right to have done.

Mr. PLATT. Will the gentleman yield?

Mr. SIMS. I will.

Mr. PLATT. Is it not a fact the insurance companies are carrying a great war risk already and that they are nearly all policies for one year? A great many men have taken out such policies.

Mr. SIMS. But they will not take a single man who is going to war without his paying \$50 more than the Government rate.

Mr. PLATT. Is not that on account of the fact they have got a great many already?

Mr. SIMS. As far as existing policyholders of the mutual companies are concerned as a matter of course they could not take a soldier at the price the Government can. That is perfectly natural. What I am trying to meet is this argument that it will convert the whole system of insurance into a state socialistic system, that after the war Congress will permit or authorize the Government to insure anybody and everybody at the premium we are authorizing the insurance of these soldiers.

Mr. PLATT. Will the gentleman yield again?

Mr. SIMS. I will.

Mr. PLATT. Does the gentleman believe we could resist the demand that will probably come from the civil service employees?

Mr. SIMS. They already have compensation.

Mr. PLATT. I mean for insurance.

Mr. SIMS. They have insurance in the form of compensation. Civil-service employees are not in extraordinary hazardous service in which they risk their lives every day they live.

Mr. PLATT. That is true, but will not they want cheap insurance?

Mr. SIMS. I do not know what they want. You and I might want a hundred thousand dollars salary, but are we ever going to get it?

Mr. PLATT. Would Members of Congress have nerve enough to resist them if they asked for it?

Mr. SIMS. I think Congress will. Let me tell you where we do not have nerve enough to resist something. I never myself have had nerve enough to resist it, and I have been here for nearly 21 years cultivating my nerve. If a man dies in this House while a Member of it the Government pays to his widow \$7,500 as a gratuity, as an allowance, as a pension. Why do not we see to it that every effort to give something for nothing, when they bring in a resolution to pay the widow of a Congressman \$7,500, is defeated. There is something in human nature. There is a sentiment that we can not and will not combat.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. SIMS. Gentlemen of the committee, I want to thank the committee very much for the kind attention which it has given me, and I am sorry I was unable to answer in detail all questions asked me. I did not refuse through any unwillingness to answer; but if I did not answer it was either because I was

unable to answer or I did not want to take all of my time on mere details of the bill. [Applause.]

Mr. Chairman, by way of concluding my remarks at this time I will not insert the following article:

#### SOLDIERS' INSURANCE VERSUS PENSIONS.

[By Samuel McCune Lindsay, professor of social legislation, Columbia University.]

The principles of social insurance, applied to all sorts of risks and hazards in which the community has a stake or shares a responsibility, have been gaining in favor the world over in recent years. On the contrary, the principles of pension legislation in all countries have been found wanting and experience everywhere is leading to its abandonment.

Thirty-five years ago Germany began to apply scientific business management to the relations of government and the problems of social welfare in dealing with the public relief of distress, sickness, industrial accidents, invalidity, old age, and unemployment among wage earners. Under the masterful leadership of Bismarck, in harmony with a new national spirit and a modern sense of social responsibility and solidarity, a strongly centralized and comprehensive system of state insurance was started. Within 25 years this system not only became the characteristic and dominant feature of a powerful national government, but also became incorporated in its essential principles by the Governments of Great Britain, France, Italy, Russia, and practically every country of Europe into a new development of democracy, a new function of government, a new attitude of peoples in their conception of the possibilities of social organization.

#### THE UNITED STATES A LAGGARD IN SOCIAL ORGANIZATION.

The United States alone has lagged behind and relied upon the older individualism of the poor law, administered by the smallest units of local government, upon the personal initiative of the injured person or his representatives to secure redress under the common law or the law of torts, upon employers' liability statutes, and upon equity procedure to remedy evils and achieve social justice. Of course, such methods long ago proved themselves inadequate in the face of the wonderful development of highly centralized organization, not only national but international in scope, which has characterized American industry during the past 50 years. The day of reckoning between the people and their Governments, between effective business organization of common interests and political methods which are the last resort of privateering, has been postponed by the exceptional development of private philanthropy and its extension to fields and to tasks for which it is only just now proving itself also inadequate.

#### THE PATCHWORK OF PENSIONS DISCREDITED.

In one great department, however, where government has had to meet a national responsibility, namely, in the relief of soldiers and sailors and their dependents, the patchwork of pensions in the United States since the Civil War, based on the principle of gratuities and political favor rather than on a sense of social justice and mutual obligation, is universally recognized as a failure. Pensions have developed in hundreds of thousands of citizens precisely the attitude of mind toward government which real democracy seeks to dispel. If the collective wealth and power of the community becomes a prize which the individual seeks to control for his own benefit, no real democracy is possible. Only as we can cultivate the feeling on the part of every individual citizen that he can be stronger, freer, and happier in proportion as every other individual in the community is made stronger, more secure, and given larger opportunities for happiness will the foundations of democracy itself be safe and its fruits increase.

#### DEMOCRATIC REORGANIZATION OF GOVERNMENTS.

We are just starting upon a world enterprise which has for its ultimate goal the democratic reorganization of the world. In the preparation of the Nation for the war there is no more striking and significant proposal that goes to the roots of our own unpreparedness, and there is no more timely and important war measure which may well test our national spirit than the proposal to provide a scientific system of social insurance instead of pensions to carry as many as possible of the risks and sacrifices of military service.

With the national purpose to participate in this world struggle for democracy defined and determined by the people themselves expressing their will in accordance with democratic principles, the conscription of men for military service on a scientific and impartial plan designed to secure those best able to render such service has been the most heartening evidence of real democracy in this country and its greatest gain in a century.

#### LIGHTENING THE BURDENS OF DRAFTED MEN.

The response of the people to the draft law has abundantly vindicated American patriotism and the virility of the Nation. It could have been made much easier, aroused greater enthusiasm, and contributed to the building up of an even stronger national spirit had Congress at the time it passed the draft law also enacted the war insurance bill which it has now under consideration.

Every removable fear that may naturally enter into the mind of the man called upon to give his life in defense of his country should certainly be removed. The sacrifice of comfort and economic security can not be compensated for by any wage which the Government may pay its soldiers. The degrees of sacrifice are too varied and its economic value too great for that. The anxiety, however, which the man who goes to the front naturally feels lest those who are dependent upon him for support are left unprotected, can be removed. Provision can be made not only for as strong economic protection for the comfort and welfare of the soldier's family as his own earning power gave them before he went to war, but his personal economic status, to whatever extent his earning power may be impaired if not destroyed by his military service, may also be assured.

The sooner Congress enacts the war insurance bill and thereby removes unnecessary handicaps which inevitably deter patriotic men through fear of the economic readjustments it is necessary to make, the prompter and more ready will be the response to their country's call. The cost will be great, and the challenge to business ability in the management of a highly complicated and stupendous business undertaking will be even greater. If the conscription of wealth is likewise necessary to make effective the conscription of men it will have no greater justification in any expenditure that Congress is called upon to make than in supplying the huge sums needed for the compensation and insurance of the unavoidable risks which those who fight must take and which the man at home can in this way and will cheerfully share.



## WHAT THE WAR INSURANCE BILL PROPOSES.

The bill to authorize the establishment of a bureau of war risk insurance in the Treasury Department proposes to add to the existing bureau which insures ships and seamen in the merchant marine against war risks a new division of military and naval insurance which will provide for three things:

- (1) Compulsory allotment of pay for support of dependents and for savings for future economic rehabilitation.
- (2) Compensation for death or injury, including disability due to disease.
- (3) Ability to get additional insurance at low cost.

## THE ENLISTED MAN MUST HELP HIMSELF.

Every enlisted man in the military or naval forces of the United States must allot not to exceed one-half of his pay and not less than \$15 per month for the benefit of his dependents or, if he has no dependents, to be deposited to his credit for his own benefit as a capital fund upon which the Government will pay interest and hold for him to enable him to make necessary economic readjustments after the expiration of his military service. To this compulsory allotment the enlisted man may add voluntarily from the half pay not subject to compulsory allotment and for purposes which he may choose. The Government will add a family allowance equal in amount to the monthly compulsory allotment and graded according to the relationship and number of dependents, but in no case does the Government allowance exceed \$50 per month. This is payable from the time of enlistment to death in, or one month after discharge from, the service but not for more than one month after the termination of the present war emergency. For the ordinary enlisted man who receives \$33 per month in foreign service, the minimum compulsory allotment might be \$16.50, to which \$16.50 would be added as a family allowance, thus giving his family a minimum income of \$33 per month, which the man, however, might by further allotment easily increase to \$50. He would have to give up only \$8.50 of the other half of his pay. The Government would add another \$8.50 and he would have \$8 per month left, or sufficient for his own spending money.

## COMPENSATION FOR DEATH OR DISABILITY.

Compensation for death or disability resulting from personal injury suffered or disease contracted in the course of the service by any commissioned officer or enlisted man, or by any member of the Army or Navy Nurse Corps composed of women. This compensation is graded like the compensation now provided for wage earners under workmen's compensation laws in 35 States, and under the Federal Government of the United States according to pay, and is made payable in monthly installments. It is not assignable and is exempt from taxation, attachments, and execution. It takes the place of any rights or expectations under pension laws and is expressly granted in lieu of pension. It is not operative for persons receiving service or retirement pay. The scale is a fairly liberal one, and Congress, of course, may at any time make it more liberal, but presumably would do so only under general legislation for the entire service, thus precluding the inequalities and injustices of special pension legislation. Congress can not constitutionally bind future Congresses and prevent special pension legislation, but it can, and in this law it seeks to, create so fair, liberal, and satisfactory a system of meeting every just claim impersonally and as a matter of right that it will be practically impossible for any future Congress to consider a private pension bill and highly improbable that any soldier or his dependents would seek any other remedy than that provided for under this war compensation act.

## INSURANCE OF INSURABILITY.

This is a novel, constructive, and at the same time perhaps the most contentious part of the new proposal. It is a departure from the accepted principles of industrial compensation legislation and from the practice of other countries in dealing with compensation for war risks, family allowances, and pensions. It is, however, vital and essential to a fair test of the proposal to which the Secretary of the Treasury and the President have given their unqualified indorsement and without which that plan can not be fairly tested. It is the feature which specially marks this measure as a forward-looking experiment in social legislation. It is far-reaching and constructive and is a war measure in a real sense.

## ADVANTAGES OF INSURANCE.

Americans are not laggards in their appreciation and use of the advantages of mutual insurance. A man fit for military service is physically the best insurable risk and can purchase insurance at the lowest commercial rate. The minute he shoulders a gun he either can not purchase insurance at all or only in a limited way at a very high and practically prohibitive rate. This bill proposes to stimulate and encourage every enlisted man to use his own resources and to make use of the facilities of insurance to protect and safeguard his interests to the limit of his resources. To do this it offers him ordinary term insurance renewable from year to year during the war and convertible at the end of the war without physical examination in such amounts as he chooses to take not to exceed \$10,000, the Government agreeing to pay the difference between the cost of carrying such insurance while he is engaged in military service, estimated at about \$58 per thousand, for the man of 21 years of age, and the rate which he would pay if he were not in military service, estimated at about \$8 per thousand. He is given 120 days after enlistment in which to take out such amount of additional insurance as he may elect, and if he fails to exercise this privilege and dies or becomes totally disabled within this period he will be considered as insured and the benefit paid to his family.

The insurance is payable only in monthly installments to the beneficiary during life. The maximum amount of \$10,000 is estimated to yield about \$25 per month, which for the enlisted man when added to his compensation for death or disability as based on his rate of pay is none too liberal to maintain a decent standard of living for his family deprived of its breadwinner.

The insurance companies do not favor State insurance nor like the idea of the Government going into the insurance business. They appreciate, however, the advertising value for the insurance business in general of this feature of the war-insurance bill.

## WHAT IT COSTS THE GOVERNMENT AND THE INSURED.

Without compulsion and without the importunities of insurance agents would the average man who needs it most take out this added insurance to any considerable extent? Could he afford to do so? Probably not more than \$2,500 per man on the average would be written. In perfecting the details of the bill Congress may decide to limit the privilege of such subsidized insurance for officers and men whose rates of pay, or private resources, make the Government aid unnecessary. It may also decide to pay the full cost for certain amounts of such added

insurance for those who can afford to take only small policies. The principle of the Government subsidy is, however, right and just. There is no discrimination at the expense of the insured taxpayer who pays the full commercial rate in favor of a class to whom we do not owe a greater debt than any subsidized insurance can possible pay.

The cost to the Government, however great and however difficult to estimate exactly in advance, is sure to be less than that of any system of pensions and much fairer because proportionate to what the insured person has done for himself. The soldier who does nothing for himself must be content with what his compensation yields or depend on private charity. After rejecting or neglecting so liberal an opportunity as this provision for the insurance of his insurability offers he can not with good grace appeal to the Government for a pension.

## A NEW CHANCE FOR THE INJURED.

An extremely interesting and valuable provision is made for injured persons who may through a process of reeducation, rehabilitation, and vocational training which the Government will provide, have their earning power restored. In cases of dismemberment or of injuries to sight or hearing and of other injuries commonly causing permanent disability persons may be required in lieu of compensation for the time being to enlist in a training branch of military and naval service entitling them to full pay as during the last month of their active service and to family allowance and allotments as in the regular service if while taking training for rehabilitation they are prevented from following any substantially gainful occupation. Anyone failing so to enlist for training forfeits his right to compensation until he does so.

## A MEASURE DEVISED BY EXPERTS.

Congress has had able assistance in framing its war-insurance act. The plan is in a new and important sense an administration measure. The Secretary of the Treasury very properly considered it a financial measure of the greatest importance and has given it disinterested and able leadership. He called to his assistance not only experts in insurance and the representatives of all the leading insurance companies in this country whose patriotic cooperation he has secured but he has also had the active help and support of influential labor leaders like Mr. Samuel Gompers and Mr. J. W. Sullivan, of socially-minded economists, lawyers, and persons expert in dealing with the problems of dependency, like Judge Julian W. Mack, who has given his time freely as chairman of a committee that drafted the bill and worked out the details of the plan; of Dr. Leo S. Rowe, Assistant Secretary of the Treasury; Capt. S. H. Wolfe, a well-known accountant and actuary; Miss Julia C. Lathrop, of the Children's Bureau; Mr. V. Everit Macy, president of the National Civic Federation; Profs. Henry R. Seager and Thomas I. Parkinson, of Columbia University, and the staff of the Legislative Drafting Research Fund of Columbia University.

## WHAT OTHER COUNTRIES ARE DOING.

The experience of other countries in providing for the dependents of enlisted men has been carefully studied by the Children's Bureau. Much of it has been put in evidence by Miss Lathrop at the House hearings on the bill, many features of which are frankly based on this experience. That of Canada where conditions are more analogous to our own is described by Capt. Wolfe in a publication of the Children's Bureau.

## NEED FOR PROMPT ACTION.

Congress should act promptly on the war-insurance measure even though its Members are weary from the arduous labors of a long and momentous extra session. Our laws dealing with problems of dependency in soldiers' families in time of war lack many modern provisions and tendencies which a comparison with those of European countries reveal. It is time that they were modernized. The war-insurance bill will do that and give the United States a measure which will put it in the first rank and ought to be part of the contract between our Government and our new National Army.

Mr. ESCH. Mr. Chairman, I yield 25 minutes to the gentleman from Michigan [Mr. FORDNEY].

Mr. FORDNEY. Mr. Chairman, the proposition to create a joint committee on expenditures in the conduct of the war has been pending in both Houses of Congress for several months. A bill for that purpose was introduced in the House by the gentleman from Illinois [Mr. MADDEN] and in the Senate by Senator WEEKS; and when the food-conservation bill was under consideration in the Senate in July an amendment was offered by Senator OWEN, which passed the Senate, providing for the appointment of such a committee, but limiting its duties to the supervision of expenditures. This proposition that there should be a joint committee of Congress appointed with a view to safeguarding expenditures met with unexpected opposition from a quarter where we might have hoped that it would receive a hearty welcome. It is a proposition too plain for argument and too self-evident for any possible denial that while the first great function of Congress is to see to it that sufficient funds are provided to meet all necessary purposes of the Government, its second greatest function is to see that the money so raised is properly expended.

In order that there may be no doubt as to the exact limitations upon the duties of the proposed joint committee, I will quote the exact language of the amendment:

It shall be the duty of said committee to keep itself advised with regard to the expenditure of all appropriations bearing on the conduct of the war made by Congress and the contracts relating thereto made by officers of the executive departments, and it shall be the duty of the executive departments, on request, to keep said committee fully advised as to such expenditures and contracts.

Such committee shall confer and advise with the President of the United States and the heads of the various executive departments, commissions, voluntary boards, or other organizations connected with the conduct of the war, with a view to safeguarding expenditures.

This was the proposition and these were its limitations. There was no other provision except that the committee should



report to Congress from time to time in its own discretion or when requested to do so by either branch of Congress.

This Congress has already appropriated for the purposes of this war sums of money so vast that they far exceed any appropriations ever made by any Government for any purpose within the same length of time. Enormous as these sums are, they have been appropriated willingly, almost without debate, and they are probably only a beginning. Unless this war shall end sooner than anyone expects it to end, we shall undoubtedly have to appropriate far greater sums in the near future.

But the idea that there shall be any such supervision of expenditures has been most unexpectedly, and up to this time effectively, opposed by the President of the United States. He has said that if such a proposition were enacted into law it would render his task of conducting the war practically impossible. In his letter on the subject, addressed to the gentleman from South Carolina [Mr. LEVER], concerning the proposition to create this joint committee on expenditures in the conduct of the war, the President said:

The constant supervision of executive action which it contemplates would amount to nothing less than an assumption on the part of the legislative body of the executive work of the administration.

There is a very ominous precedent in our history which shows how such a supervision would operate. I refer to the committee on the conduct of the war constituted by the Congress during the administration of Mr. Lincoln. It was the cause of constant distressing harassment and rendered Mr. Lincoln's task all but impossible.

I am not, I beg you to believe, in any way questioning what might be the motives or the purposes of the members of such a committee; I am ready to assume that they would wish to cooperate in the most patriotic spirit, but cooperation of that kind is not practicable in the circumstances.

I sincerely hope that upon the reconsideration of the matter both Houses of Congress will see that my objections rest upon indisputable ground and that I could only interpret the final adoption of section 23 as arising from a lack of confidence in myself.

In the first place, Mr. Chairman, the Joint Committee on the Conduct of the Civil War, appointed in 1861, was a committee which supervised not the expenditure of money but the conduct of military campaigns. When it was proposed to create that committee in 1861 Senator Fessenden, of Maine, in a speech reported in the Congressional Globe of December 9, 1861, said:

Now, sir, with reference to this subject many things are to be considered. We are placing a great burden upon the people of this country, or rather the people of this country are placing a great burden upon themselves. They are doing it willingly, cheerfully, resolutely, without a throb except such as we all feel for the good of the country and the attainment of the great objects of the war. Therefore, sir, while such is the feeling, and while we are their agents—because it is in Congress to declare war, and in Congress to provide the means of carrying on war—it behooves us most carefully to look at the course of proceedings relating to the conduct of the war, not in any carping spirit, not with the slightest idea of throwing an obstacle in the way; but with every wish and with every determination to urge it on, and to furnish everything that may be necessary in order to its favorable, happy consummation.

Now, what are we to do? Sit idle during all the period that this war is in progress, be it for a longer or a shorter time? Or are we manfully to do our duty, and when the occasion presents itself in the progress of the war inquire in what manner it is conducted? Sir, I hold the very contrary of the doctrine that we are to leave everything without question, without the slightest complaint, without any inquiry even as to the conduct of this war by the public agents.

Are we not men of some degree of sense and discretion? Are we sent here, chosen men of States, Representatives, the select men of the people in the several districts, without any idea whatever of a correct and proper course of proceeding in relation to this matter?

Sir, we are not under the command of the military of this country. They are under ours as a Congress; and I stand here to maintain it. Say what men may, we are not second; we are first, for we are the representatives of the people, and our behests, so far as they are within the limits of our constitutional authority, are to be obeyed by all.

[Applause.]

I never will consent that I am second and under the control of the military of this country, either in this District or out of it, when I stand here in the discharge of my duty.

I am not disposed to throw any imputation whatever upon anybody for not making an inquiry heretofore. The question is whether we can order it? That is conceded. Whether it will do harm? That I do not believe. I think it is a gentle hint which is necessary at this particular time; that the representatives of the people who are carrying on this war deem it their duty to keep a watchful eye over the proceedings of executive agents, whatever they be called and whatever may be their position.

[Applause.]

I believe there are no better friends of this country, that there are no men more in favor of carrying on this war well and supporting the administration in whatever it does that is right and proper, than those in this Chamber. We are the friends of the Government, and we are the supporters of the war on the part of the United States.

Mr. Chairman, if William Pitt Fessenden were to-day a Member of this House and were supporting the proposition to create to-day a joint committee on expenditures in the conduct of the present war, he would not need to change one word or syllable of his clear and convincing argument made 56 years ago.

The members of the Committee on the Conduct of the Civil War as at first appointed were Senators Benjamin F. Wade of Ohio, Zachariah Chandler of Michigan, and Andrew Johnson of Tennessee, and Representatives Daniel W. Gooch of Massachu-

setts, John Covode of Pennsylvania, George W. Julian of Indiana, and Moses F. Odell of New York. When Andrew Johnson was appointed military governor of Tennessee he resigned his position upon the committee and was succeeded by Senator Joseph A. Wright of Indiana, who served only one year. Upon the expiration of his term the Senate members of the committee in the Thirty-seventh Congress consisted only of Messrs. Wade and Chandler.

President Lincoln and Secretary of War Simon Cameron, as well as Gen. Scott and Gen. McClellan, were undoubtedly opposed at first to the appointment of this committee, but Senator Chandler took prompt and successful measures to assure the President that the committee would be used only to strengthen the hands of the Executive, and promised that it should be made a help and not a hindrance to the vigorous prosecution of the war. In an authoritative article in the Republic Magazine for April, 1875, Hon. James M. Edmunds, who was thoroughly informed as to the events of that period, said:

The writer knows that the administration was not without fear that this was an unfriendly measure. A member of the Cabinet expressed such fears to him, and said that the President had not only expressed doubts as to the wisdom of the movement, but also fears that the committee might by unfriendly action greatly embarrass the Executive. On being told by the writer that the measure was not so intended, but, on the contrary, that it was the intention of the mover to bring the committee to the aid of the administration, he expressed much gratification, and said it was of the utmost importance to bring such purpose to the knowledge of the President in some authoritative way and at the earliest moment possible. This conversation was at once reported to Senator Chandler, whereupon both he and Senator Wade went immediately to the President and the Secretary of War and assured them that it was their purpose to bring the whole power of the committee to the aid of the Executive. From this moment the most cordial relations existed between the committee and the administration.

The committee, in laying out its work, followed the suggestion of Senator Chandler, first, to obtain such information regarding the conduct of the war as would best enable the committee to point out the mistakes which had been made in the past and the course that promised to insure the avoidance of their repetition; second, to collect such information as the many laborious duties of the President and Secretary of War prevented them from obtaining, and to lay it before them with those recommendations and suggestions which the circumstances seemed to demand. The proceedings of the committee were constantly at the command of the President. Almost daily the members of that committee were in consultation with the President or the Secretary of War. Simon Cameron was soon succeeded by Edwin M. Stanton as Secretary of War. When President Lincoln sent Stanton's name to the Senate for confirmation, Senator Wade was foremost in moving and supporting immediate confirmation, which was granted without question. Secretary Stanton was frequently present at sessions of the Committee on the Conduct of the War, and there was always the most complete harmony and the utmost confidence between him and the leading members of that committee.

Mr. FOCHT. May I ask the gentleman a question?

Mr. FORDNEY. Yes; although my time is limited.

Mr. FOCHT. Is it not a fact also that Jeremiah Black, of Pennsylvania, Attorney General, and Stanton, Secretary of War, in Lincoln's Cabinet, were both Democrats?

Mr. FORDNEY. I am glad to hear that. They were loyal to the North.

Repeatedly, after the examination of some important witness, Senator Chandler or Senator Wade would go straight to the White House with the clerk of the committee, and the testimony would be read to the President or to the Secretary of War without waiting for it to be written out. From such conferences there sprang many important decisions, and the committee became an extremely important source of knowledge useful both to the White House and the War Department. In the manifold subjects which were offered to the committee for consideration, they unswervingly refused to undertake the investigation of side issues, and kept their attention directed entirely to the essential purposes of the war. Attempts were sometimes made to use the committee to punish enemies or avenge grievances, but its members adhered resolutely to the straightforward course which they had marked out as the path of their duty.

The opening years of the Civil War were filled with delay, defeat, and disappointment for the Union cause. Some of the Union commanders were inefficient and incompetent. No student of Civil War history can dispute or doubt that it was largely because of the untiring efforts of the Committee on the Conduct of the War, and especially of Senator Chandler, that the country was prepared for the removal from high command of incompetent men who had been popularly idolized and support obtained for President Lincoln in his difficult task of supplanting them. Senator Chandler's speech of July 16, 1862, in which he reviewed the entire history of the Civil War from the begin-



ning up to that time, was unquestionably the most important speech of his entire public life. It was the pivot upon which public opinion turned, and it did more than any other one thing to inspire the people of the country with confidence in President Lincoln for the important changes in command which he thereupon made. Again, on March 4, 1864, Senators Chandler and Wade called upon President Lincoln and told him that they believed it to be their duty, impressed as they were with testimony which the committee had taken, to lay before him the evidence so gathered, and in behalf of the Army and the country demand the removal of the commanding general of the Army of the Potomac and the appointment of some one more competent to command it. Within a week Gen. Grant was given command as general in chief, and assumed personal direction of the movements of the Army of the Potomac. Those who have studied the history of the Civil War know well that its success was made possible only by solidifying the divided confidence of the people of the North; and the Committee on the Conduct of the War, dominated as it was by Senators Wade and Chandler, was one of the most powerful agencies in upholding the hands of the President [applause], and through their frequent, friendly conferences with him, and their perfect understanding of what was being done, they were able to speak for the President in Congress and before the country in a convincing way which would otherwise have been impossible. It has been well said of this committee that "The volumes which contain the official record of the proceedings of the Committee on the Conduct of the War are and always must be regarded as the most valuable single magazine of historical material relating to the great Rebellion. They have been liberally used in the preparation of every important account of our civil strife yet published, and the men who shall in the light of another century estimate the greatness and significance of that 'throe of progress' will inevitably look in their pages to the graphic narratives of those who were parts of memorable movements and actors in famous battles as a means of information and to the conclusions of those who prosecuted inquiries so zealously when the events were yet fresh in the memory as a source of guidance. Infallibility is not a human attribute, and the work of this committee was not free from misapprehension and mistake. Time, which has shown some of its errors and will correct others, has also sustained the essential justice of its most important conclusions, which will stand unreversed on the pages of impartial history."

"But the chief value of the labors of this committee is not to be found in its collection of rich materials for the future chronicler. To its unrecorded but potent influence upon the conduct of the war adequate justice has not yet been done. Its unwearied investigations constantly exposed corruption, incompetence, and insubordination, and placed in the hands of the authorities the means of discovering and punishing the knavish, the weak, and the disloyal. Its activity was a perpetual prompter to energy and a vigilant detective by the side of inefficiency and disaffection. As the result of its labors the unsuccessful, the half-hearted, and the traitorous gave way to the able and the patriotic; because of the knowledge of its relentless questioning indolent men were vigilant and laxity was transformed into vigor. Its unremitting labors stayed up the hands of the War Secretary in the heaviest hours of his great task, and usefully informed the counsels and shaped the decisions of the White House. If its every session had been permanently secret, and not a line of its proceedings existed as a public record, there would still remain an ineffaceable transcript of the results of its action in the correcting of mistakes of organization and that crushing of sham generalship which alone made final victory possible."

Mr. Chairman, in Statuary Hall, just beyond yonder door, stands the heroic statue of a man, placed there by the people of a great State, so that future generations may see him as we who knew him remember him, so that those who come after us may know that he was one whom the people of that State delighted to honor. [Applause.] Without doubt, he is the most illustrious of all the men who have yet been sent by that State to represent it in the Congress of the United States. For many years he was a colossal figure in national affairs. Everyone who reads his speeches, preserved in the Congressional Globe and CONGRESSIONAL RECORD, must realize the wisdom, the courage, the personal force and greatness of Zachariah Chandler. [Applause.] The most conspicuous service he rendered during his long career was undoubtedly the work he performed as a member of the Joint Committee on the Conduct of the Civil War. The letter of President Wilson, written to the gentleman from South Carolina [Mr. LEVER], misconceiving as it does the indisputable facts in regard to the great service rendered by that committee, of which

the great Senator from my State was the most distinguished member, is an unintentional slur upon the memory of that great man. Senator Chandler's fearless performance of duty, his masterly grasp of the task which he performed so well, involving ceaseless labor for four long years, is a shining example which may well be called to the attention of those Members of Congress who may forget that in these tremendous times we, the successors of the men of those days, stand face to face with even greater responsibilities than those which were faced by the men who sat in this Capitol during the great struggle that ended 52 years ago. Shall we shift our burden to Executive shoulders, or shall we, like the brave men of half a century ago, do our share in performing the unprecedented work which lies before us, and see to it that the undreamed-of appropriations of treasure of the greatest Nation in the history of the world are wisely expended, as well as ungrudgingly poured forth?

Mr. Chairman, on April 8, 1913, just after Woodrow Wilson was inaugurated President, he stood at the Clerk's desk of this House and addressed a joint session of the Senate and House of Representatives, in which he declared it his desire to establish closer and more cooperative relations between Congress and the Executive than had existed in the past. Here are his exact words, taken from page 132 of the CONGRESSIONAL RECORD, Sixty-third Congress, first session:

Gentlemen of the Congress, I am very glad, indeed, to have this opportunity to address the two Houses directly and to verify for myself the impression that the President of the United States is a person, not a mere department of the Government hailing Congress from some isolated island of jealous power; \* \* \* that he is a human being trying to cooperate with other human beings in a common service. After this pleasant experience, I shall feel quite normal in all our dealings with one another.

At that time the world was at peace, and the most serious task confronting the President was to recommend to Congress a change of tariff policy in order to carry out some pre-election pledges. That was the great purpose for which he wished to be, as he put it, "a human being cooperating with other human beings in a common service." Congress passed practically every law he asked it to pass. If any body of men in the world ever met a man halfway and more than halfway, Congress took Woodrow Wilson at his word and did what he asked them to do.

Since that time a storm of war, more dreadful than anything ever before dreamed of, has been sweeping over the world. A presidential campaign has come and gone. Mr. Wilson was reelected on the claim that "he kept us out of war." Now, he and his Cabinet, chosen for the pursuits and purposes of peace, find themselves confronted with the task of managing for the people of the United States the most colossal enterprise on which this country ever embarked. And the people of the United States, of whom we in this Capitol are the representatives, are asked to make expenditures of money and contributions of our manhood life more stupendous than any man dare predict. Already we have appropriated, at the President's request, billions of money more freely than we would have voted millions five years ago, and already we have enrolled a host of 10,000,000 potential soldiers.

When first he came before us President Wilson said he wished to show us that he was "a human being trying to cooperate with other human beings in a common service."

In this cooperation he has his duties to perform, and just as surely we have ours. Now, following not an "ominous precedent" of half a century ago, but the illustrious example of their wise and able cooperation, is it not our duty to perform a like service? Are there not to be found in the Senate and House of Representatives men who, like the men of those earlier days, will rise to the emergency that confronts us? And if the President of the United States desires to be "a person cooperating in a common service, not a mere department of the Government hailing Congress from some isolated island of jealous power," can he possibly do anything better than to meet us halfway and wholeheartedly in the friendly offer which we have made?

All must admit that Abraham Lincoln was as great a man and as wise a man as ever occupied the seat in the White House; but he was none too great and none too wise to accept the advice and counsel, offered in a friendly manner, by a committee composed of Members of the Congress of the United States. [Applause.]

Mr. ESCH. Mr. Chairman, I yield five minutes to the gentleman from South Dakota [Mr. JOHNSON].

Mr. JOHNSON of South Dakota. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from South Dakota? [After a pause.] The Chair hears none.

Mr. JOHNSON of South Dakota. Mr. Chairman, owing to the very few minutes allotted to me I shall not attempt to dis-



cuss in detail the provisions of the bill providing insurance for men of the Army and Navy, and will say only that I expect to support it as it comes from this committee and am in favor of its general provisions. I support it realizing full well that many fair criticisms have been made of this bill by the gentleman from Ohio [Mr. KEY] and the gentleman from Ohio [Mr. SWITZER] and the gentleman from Colorado [Mr. KEATING] and others, but I believe that they will submit amendments correcting some of its defects, that those amendments will be adopted, and I feel it will then be my duty to support it. I am now to make the few remarks I am going to make, which do not touch the bill, by reason of the fact that all of us are receiving a great deal of literature from different organizations and individuals of different States touching upon the conduct of the war. So far as I know up to this time I am among the few Members of this body among the 50 who voted against the entry of the United States into war who has consistently supported the Government in its war measures who has discussed it in any way. You have heard, perhaps, from 1 or 2 or 3 who are continually objecting to something, but you have not heard from the 47 or 48 who have absolutely supported this Government since the time of the enactment of the war act, and it is about time that some of us who have supported the Government should let the people who are sending us this literature know that this body is harmonious and united and that as long as we are here the men who voted against the entry of the United States into war are going to support the Government in every possible way. [Applause.]

Of the 47 of us who take this attitude, you have heard from us only by our consistent support of the conscription act, by our support of the bond act, by our support of the appropriation bills, and you ought to know, in addition to that, that we expect to support the war until the expiration of our term of office.

I am moved to make these remarks because this morning I received in the mail some of this literature from a certain "people's council," or some other body, and it is time some of us who opposed the entry of the United States into this war, answered these treasonable attacks, and did not put it up to you who favored the war to make the reply.

This combination of supposed citizens says that the entente allies can not secure a victory over Germany, even with our aid.

"That the money power wishes the continuation of the war not for victory but for profit and to load the people of the whole world with bonded debt.

"That the entente allies, and particularly England, are working desperately to secure peace while keeping their people convinced that they are victorious.

"That Americans should call on Congress to confine our war with Germany to its legal purpose and to seek peace for America by the settlement of our differences with Germany without reference to other issues.

"That the only possible peace is a peace by compromise.

"That a great part of America's financial and industrial circles are working to continue the war, in opposition to England's efforts for peace; that this country is dominated by the ablest and most powerful of political financiers, Thomas F. Ryan, and that it is not yet certain whether he will fall in with England's wishes or whether he will and can compel a long continuance of the war."

I mention such statements only to call to the attention of the gentlemen who send out literature of that kind, if the density of their skulls will permit me to give them information that that kind of propaganda will have no influence on the people of this country or the Members of this body. [Applause.]

The time for debate ceased with the declaration of war. Before that time we could, and did, disagree. Now we are either for or against the United States. Again these people say:

"An American can not answer to-day the question, 'Why are we at war?' by reference to the latest semiofficial pronouncement, without fearing that by to-morrow a wholly different explanation will be current."

It is useless to argue with any one who continually looks at the past, ignoring the future, but it ought to be plain to any one who loves the United States that it makes no difference what our reasons were for entering the war, whether to protect our rights on the sea or fight for world democracy, the fact remains that we are in it and it is a fight for self-preservation. A fight to keep and preserve the honor, dignity, safety, and life of their country. If a man can fight for nothing else, he ought to fight for that.

This session of Congress is nearly closed, and before it does, I want to send that message to the enemies of the United States not only abroad but at home.

This Congress, no matter how its individual Members voted on the original declaration of war, is going to support the Government to the end and until the United States is victorious.

Mr. ESCH. Mr. Chairman, I yield a moment to the gentleman from Pennsylvania [Mr. FOCHT].

Mr. FOCHT. Mr. Chairman, I want to ask the consent of the committee in reference to extension of remarks which all had the opportunity of making following the discussion of the food bill. I was not able to avail myself of that on account of illness in my family, and I would like to now ask if I can do so.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent to extend his remarks in the RECORD on the subject indicated. Is there objection? [After a pause.] The Chair hears none.

Mr. ESCH. Mr. Chairman, I yield 15 minutes to the gentleman from Minnesota [Mr. STEENERSON].

Mr. STEENERSON. Mr. Chairman and gentlemen of the committee, we are all in sympathy with the principal objects of this bill. Many of us regret that these objects are sought to be accomplished by a bill that is loaded down with objectionable features which can not meet with our approval.

The gentleman from Pennsylvania [Mr. CRAIG], who is an authority on military matters, and of good judgment, I think, gave a satisfactory explanation of why this provision in regard to allotments of the pay of enlisted men should be made, namely, that the men would be better off if they did not have so much money to spend—that is, the vast majority, at least. I was glad to hear him say that, because I believe that we will do the men a great service by adopting some such provision.

The next provision of the bill is entitled "compensation" and is said to be a substitute for pension laws. I find in the supplemental report the reason for this is that pensions, especially since the day of the service-pension legislation, have come to be looked upon as Government charity, and the present pension legislation is both inadequate and unfair. Now, I do not propose to let a statement of that kind go unchallenged. It embodies a reflection upon every brave soldier that has served his country from the time of the Revolution down to the present time. I know that there are Members of this House representing a certain section of the country who have for so long derided the pension laws of this Government that they have convinced themselves that those laws are all wrong and unjust, and they have created the general impression throughout the country that that is the case. Their reason for so doing was largely the fact that none of the pensions happened to be distributed among their constituents, for reasons that we all know. But that is a forced and stilted argument. To say that the pension laws as now administered constitute a charity is a libel upon the character of the services of brave men who have established and founded this Government and defended it all the time since its foundation. [Applause.]

So far as the administration of these laws is concerned, through the Bureau of Pensions, everybody knows that they have been, no matter what administration has been in power, perfectly fair and just and judicial. So far as the general laws have been inadequate to meet special cases, the relief granted by Congress during the 15 years of my service here has generally, as a rule, been fair and just. Now, these men who so flippantly in this report denounce the pension laws evidently wrote that without thinking what a reflection it was upon the brave men and women who are receiving pensions to-day. And they seek to establish an invidious distinction between those soldiers of past wars and their dependents and those who are to come hereafter under this law, because they say that it is not a charity now but that it is going to be compensation.

The gentleman who reported the bill was very particular that he wanted everybody to know it was compensation. The first thing that strikes the mind in reading that provision is that it is unfair. That provision is not a democratic but an aristocratic measure. It is a measure that is framed in the interest of officers and not in the interest of the private soldier, who does the fighting. A maximum of \$40 for total disability, they say, is not a pension, is not a charity like pensions are now, but is compensation. Compensation, mind you! The man who has lost his eyesight or is totally paralyzed and disabled is compensated, in the view of this committee, for his sufferings through life and his inability to earn his livelihood by \$40 or \$50 a month. Shame on you! I have sat at the same table in a hotel in this city with a man who lost his leg on one of the battle fields of the Civil War, and I know that for years that man suffered agonies that were indescribable. He was drawing a pension very much larger than provided here, but would anybody have the audacity to say that that was compensation for his suffering through life?



Who is it that has invented this term? They say they have borrowed it from workmen's compensation laws and want to apply that analogy to the pension laws. The pension laws, my dear friends, were not framed upon any such theory at all. The pensioners of the United States who rendered military service are not the subjects of charity or compensation. They did not serve in order that they might get compensation. They served because they loved that flag and risked their lives for their country and its institutions; and what we do for them is not compensation.

If, in saving the country and establishing liberty in the world, they lost the ability to make a living, is it not the duty of the Government, is it not the glad duty of the free people of the United States to supply their wants? Do they do that in this compensation? No. Why do they do it? Because those men, on account of their service, rendered from high and patriotic motives, are unable to earn their living and care for themselves it is the duty of the American people to do so. [Applause.]

That is the reason. Shame upon the argument that comes here in a written document and charges that every pensioner of the United States is in receipt of charity!

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman yield?

Mr. STEENERSON. I yield for a question.

Mr. RAYBURN. I do not want to make a question. I do not want to ask a question. I want to make a correction. The report does not say any such thing. It says they are about in the attitude of—

Mr. STEENERSON. Oh, Mr. Chairman, I read it from the report on page 2. You will find it there. Here it is:

Pensions, especially since the day of service-pension legislation, have come to be looked upon as Government charity, and the present pension legislation is both inadequate and unjust. It is of the utmost importance, both for the practical results and for the psychological effect upon the men, their families, and the people of the country, that a new point of view be established. This is accomplished by following the analogy of the workmen's compensation acts, by designating the payments to them as compensation and not as pensions, and by separating the administration of this law absolutely and completely from the administration of the pension laws. The pension legislation is not repealed; the old soldiers and their families are not affected by the bill; it applies only to those now in or hereafter entering the service. For them this bill is a substitute for the pensions and gratuities.

The first objection, outside of the language of the report, is that it is unfair and unjust, because it is based upon aristocratic lines giving the officer many, many times more for injuries than is given to the soldier. That is not in harmony with the present pension laws; that for total disability, such as blindness and loss of both legs, \$100 is the maximum, whether a man was a laborer in an Engineer troop and rendered hard manual labor or was an officer in command, because the suffering or lack of ability to earn a living is taken away from him by reason of his service to his country.

Another thing: The widows are treated in the same disproportionate way. Under the existing law they get \$12 and \$20; widows of officers and men alike. Here the widows may get as high as \$200 a month.

Then we come to the last paragraph, which they call "insurance." That is a misnomer. Why? Because insurance is a contract to indemnify one in consideration of a premium paid. Is this insurance? They say it is. Some say seven-eighths and some say nine-tenths of the risk is not paid for. In the hearings they go on and show that perhaps 25 per cent and possibly 50 per cent at the highest of the soldiers will avail themselves of this opportunity to be insured.

In my opinion there would not be over 20 per cent, or one-fifth that would be insured, and they would mostly be the officers. Those are the men who would be insured. They are not included in the allotment provision, but they are included in this insurance provision. The officers have foresight and business ability enough to see the advantage of getting \$10 worth of insurance by paying for \$1, and consequently they get \$10,000. Some of the actuaries have estimated that it is only half paid then.

Now, what is the result? You have in this new army of a million men at least 50,000 officers. If you count the noncommissioned officers, you will have more. These thousands of officers will constitute more than one-half of those insured.

You say that you give this insurance for a premium, but you give nine-tenths of it for what? Not a gratuity. The best logic would indicate that you gave these men nine-tenths of that insurance for their services, for their military service and the risks and sacrifices. How about the 80 per cent or the 75 per cent that do not take out policies? All of them, we may assume, are private soldiers. Will they not have rendered services, military services, equal to those insured? They gave you there-

fore nine-tenths of the premium, and you gave them nothing, because they did not have the foresight and business ability to take out the policy and pay the one-tenth.

When I say that this does not pay one-tenth of the premium, I want to call your attention to another point in the bill. The bill says that it shall be insurance against death and total disability, and it says that the rate after the war shall be determined by the American Experience Table of Mortality. I wonder if the man who wrote that knew what he was about? [Laughter.] The American Experience Table of Mortality for what? For disability, because you say in your bill that you insure against disability as well as against death. Look at your experience table; look at the so-called American Table of Mortality. There are a half dozen or a dozen tables, the experience tables of life insurance companies, but they cover only death. They do not cover disability. You can not get experience for disability by consulting mortality tables any more than you can get the laws of the United States by looking into a dictionary. And yet here we have it. That is the basis on which you say you are going to calculate the premium.

Now, I carry an accident policy of \$5,000. I pay \$50 a year. But that only covers accidental injury. If I slip or fall on the street by accident, I get compensation. But if I contract rheumatism, and if my shoe hurts me and infection sets in and I lose my foot, that is not accidental means. I have not paid for that. That would require an additional premium. And sickness is a total disability, and presumably under this bill perhaps it would be covered. But you have not paid any premium for it.

Suppose a soldier was sent away, and he was gone only a few months and came back on a stretcher, totally disabled by inflammatory rheumatism. He would be insured under this bill. He would not be paid for any such risk as that under a life insurance policy. Are you going to grant indemnity under this insurance clause for that? Yes; if the disability was incurred in line of duty. So you see, the proposed insurance covers a risk not embraced in a life policy at all. It is an additional risk not included in the calculated premium you have applied. Here we have therefore a case where one man pays nine-tenths, if not nineteen-twentieths as much in service, in risking his life for his country as the other man, one getting \$5,000 or \$10,000 insurance for disability or death and the other nothing. That is because he failed to pay the one-twentieth in cash. He paid nineteen-twentieths in services, the same as the other did. It is the most unjust and unfair proposition that has ever been proposed in any bill. Mr. Ekern, the insurance commissioner of Wisconsin, saw this, so in the hearings he proposed that all the men should be insured at \$4,000 without charge.

The CHAIRMAN. The time of the gentleman has expired.

Mr. STEENERSON. I should like two minutes more.

Mr. ESCH. I yield to the gentleman two minutes more.

Mr. STEENERSON. I will speak of the first section last. Here is a proposition to hitch on to an insurance bill in the Treasury Department, that they said was only a temporary affair, all the functions of the Pension Office with its experience and its thousands of employees. What can be the motive, except to create offices? What can we say of men who are seeking by this indirect legislation to establish useless offices at the expense of the Government when we already have an established Bureau of Pensions better able to administer these laws? [Applause.] In all the hearings you have not been able to show a single expert in pension affairs. You have taken philanthropists, God bless them, accident insurance and life insurance actuaries. You have not consulted the men that know about pensions. You have not brought to your mind the fact that you are creating a discrepancy between the existing pension laws and the proposed law, that will flood Congress with special legislation. Do you suppose the widows of officers here in Washington who are getting only \$20 a month are going to allow their fellow officers' widows or dependents to draw \$200 a month? The widows of generals would draw that, and we have more generals now than they used to have captains two or three years ago. The result will be that instead of this bill, as the report says, doing away with special legislation, it will flood Congress with thousands and thousands of appeals to help out those cases that have a good basis in equity and justice, if we believe in democratic institutions and the equal treatment of all. [Applause.]

Mr. ESCH. I yield 10 minutes to the gentleman from Ohio [Mr. COOPER].

Mr. COOPER of Ohio. Mr. Chairman and gentlemen of the committee, I have but very few words to say in regard to the measure which the committee is now considering. I have always been a believer in compensation for workmen. I was a member of the Legislature of the State of Ohio when the first workmen's compensation law was passed in that State. I



was very glad to have the opportunity to support that bill. At that time it was opposed very strongly by the insurance companies of our State and other States of the Union. They maintained that it would not be successful; that it would not work to the interest of the working classes of the people; but in the few years since that law has been in operation I want to say that it has been of the greatest benefit to the working classes of our State. I believe in the compensation feature of this measure. I believe that we ought to compensate our soldiers who go to the firing line in France, and we ought also to be ready and willing to take care of those who are dependent upon them who have to stay at home. I shall support the compensation feature of this bill.

But what I rose at this time to say was a few words in regard to the present draft system. I was a consistent supporter of the draft measure all the way through. I believe in it, and I believe it is the only fair, just, and the best way to raise an army. I want especially to mention the situation concerning the city in which I live, which is a part of my district, the city of Youngstown, Ohio. The quota on the draft for the city of Youngstown, Ohio, is 1,793, but in addition it has furnished hundreds of volunteers for the National Guard, 75 men for the officers' camps, and the complete personnel and equipment for a base hospital unit. Its subscriptions to the liberty loan and Red Cross fund exceeded those of cities many times its size; and I might say that the city of Youngstown was the third city in the United States in the subscription to the Red Cross fund per capita. I desire to read from an article published in one of our daily papers:

"The War Department's distribution sheet shows that Youngstown is sending more men to war under the draft than such cities as Denver, Atlanta, Birmingham, Louisville, Providence, Omaha, Worcester, and Kansas City. It is sending more than the entire States of New Hampshire, Vermont, Delaware, Nevada, and Wyoming, and about as many as the entire State of Maine.

"The estimated population of Youngstown on January 1 of this year was 125,000. This city's draft quota of 1,793 compares with 967 for Columbus, with a population of 210,000. Providence, R. I., with 251,000 people, is to furnish 569. Kansas City, Mo., is called upon for 814, which is about what the first district of Youngstown will send. Springfield, Mass., with 110,000, will give 584, and Tacoma, Wash., with about the same population, only 207.

"These and other figures are contained in the following tables, showing some of the large cities of the country, a dozen States, their estimated population January 1, 1917, and the draft quotas required of them:

Cities.	Estimated population Jan. 1, 1917.	Draft quota.
Atlanta, Ga.	200,000	882
Birmingham, Ala.	198,990	1,181
Bridgeport, Conn.	170,000	2,126
Butte, Mont.	100,000	791
Cambridge, Mass.	110,000	564
Camden, N. J.	108,000	539
Columbus, Ohio.	210,000	967
Dayton, Ohio.	135,000	819
Denver, Colo.	253,000	353
Des Moines, Iowa.	110,000	252
Duluth, Minn.	104,000	563
Fall River, Mass.	128,366	1,066
Grand Rapids, Mich.	132,000	204
Hartford, Conn.	150,000	870
Jersey City, N. J.	270,903	1,996
Kansas City, Mo.	300,000	814
Lawrence, Mass.	100,000	557
Louisville, Ky.	285,420	774
Lowell, Mass.	117,000	354
Memphis, Tenn.	150,000	351
Nashville, Tenn.	139,000	401
Newark, N. J.	401,000	2,630
New Bedford, Mass.	114,160	676
New Haven, Conn.	160,000	1,003
Omaha, Nebr.	210,000	1,184
Paterson, N. J.	130,000	563
Providence, R. I.	251,000	569
Reading, Pa.	110,000	597
Richmond, Va.	160,000	787
Salt Lake City, Utah.	120,000	352
Scranton, Pa.	145,000	371
Spokane, Wash.	125,000	398
Springfield, Mass.	110,000	584
Tacoma, Wash.	110,000	207
Toledo, Ohio.	250,000	2,539
Trenton, N. J.	111,000	763
Waterbury, Conn.	100,000	1,273
Wilmington, Del.	106,375	613
Worcester, Mass.	175,000	693
Akron, Ohio.	130,000	2,741
Canton, Ohio.	70,000	907

States.	Estimated population Jan. 1, 1917.	Draft quota.
Maine	774,914	1,821
New Hampshire	443,467	1,204
Rhode Island	620,090	2,211
Vermont	364,322	1,049
Delaware	214,270	1,202
District of Columbia	366,631	929
Nevada	108,736	1,051
Wyoming	182,264	805
Colorado	975,190	4,753
New Mexico	416,966	2,922
South Dakota	707,740	2,717
Utah	438,974	2,370

Mr. DENISON. Will the gentleman yield?

Mr. COOPER of Ohio. Yes.

Mr. DENISON. Does the gentleman understand why this discrepancy happens?

Mr. COOPER of Ohio. I was just coming to that.

Mr. DENISON. I was going to ask the gentleman about that.

Mr. COOPER of Ohio. I want it understood that the city of Youngstown is patriotic. The people of that city do not intend to shirk their duty in any way, shape, or form. Their past actions show that in very clear terms. I wrote to the Secretary of War asking him why the city of Youngstown had to furnish more men than some of the States of the Union, and than cities of twice the population. I believe he referred that letter to Gen. Crowder, who answered that the quota was based on the total number of registrations in each community. The number of registrations in the city of Youngstown was 25,000, but 10,000 of those registered were aliens who were not subject to service under the Government of the United States in any way. I maintain that it is unfair to ask the young men of the city of Youngstown, that great industrial center, with the second largest iron and steel industry in the world—I maintain that it is unfair for the War Department to base the draft quota on a registration including 10,000 aliens who are not subject to service in this crisis. We have a class of young men who are skilled mechanics, a very high class of men. With this draft taking, as it does, 1,793 of our young men, when we have already furnished over 1,200 volunteers, and a full unit and equipment of a base hospital, it seems to me that the War Department ought to provide some means whereby the quota of young men in an industrial center like this will not be based on the registration of the alien population. I want to call the attention of the House to this, because if we are going to base the quota under the draft system upon that alien population, I think Congress had better get busy at once and do something that will require these aliens, who stay at home and take the places of our fine young Americans in our industries, to bear their share of the burden and danger.

When the time comes to call the next draft quota this inequality must be adjusted, either by calling the aliens into some kind of service or by excluding the alien registration in determining the quota. In the next call Youngstown and other industrial centers must be credited with the large number of young men called in the first draft, and this credit deducted from the second draft. The number called in the next draft would then be relatively small.

Mr. ADAMSON. Mr. Chairman, I yield 30 minutes to the gentleman from Pennsylvania [Mr. DEWALT].

Mr. DEWALT. Mr. Chairman and gentlemen of the committee, in the consideration of the bill which has the wide scope and great importance that this bill certainly has, I do not wonder that there is room for criticism and perhaps adverse comment. No great measure, presented to the Congress, can be entirely satisfactory, even to those who are the framers thereof; and if it is not entirely satisfactory to those who have drawn the bill and supported the measure, how much truer is it that those who are hostile to the measure find room for adverse criticism. In my limited experience in legislative matters, and in a somewhat wider experience in business and legal matters, I have found this to be an axiom, that some people seem to be constituted with a destructive genius and not a constructive genius. In other words, it might be paraphrased by saying that it is very much easier to tear down a house than it is to build that same house. And so applying that example to this bill it can be truthfully said that it is very much easier to criticize this measure than it was to frame it.

Now, this whole bill, according to my humble judgment, is framed with one purpose in view, and that is to help to win this

war, and then to help those, as best we may, who help in the winning of that war. In other words, the slogan ought to be, "Win the war, and at the same time help those who are helping to win that war." [Applause.]

Therefore it strikes me that another phase of this matter ought to be taken into consideration—the greatest good to the greatest number. I have heard several of the distinguished gentlemen on the floor criticize this bill because it was in conflict with the pension laws; that it was in contradiction thereof. Now, that is far from the truth. If the gentlemen who make that criticism are honestly engaged in a study of this bill and peruse it carefully, they will find, as a matter of fact, that it does not in any way affect the present pension laws. Those who are pensioners to-day under existing laws remain pensioners, and this bill applies only to those who are engaged in the service of the United States either in the Army or the Navy or as nurses in the present war.

Therefore it can be taken as a prime factor that this bill applies only to a specific class.

I have heard one gentleman, who is chairman of the Pension Committee, and for whose opinion I have the greatest respect, criticize this bill because it provides that a bachelor soldier who is totally disabled, either by the loss of both eyes or the loss of two limbs, receives only \$40. Now, that gentleman certainly does not mean that if he knows what the bill contains. The bill says that if he be a bachelor he shall receive \$40. That is true. But it is also provided that he shall have \$20 for a nurse, which makes \$60. It also provided that by reason of total disability he can take out insurance which guarantees him \$25 a month, which makes \$85 a month.

I grant you, for the sake of argument, that the fact is that the totally disabled man under the pension laws received \$100 a month by reason of the loss of two limbs or the loss of two eyes. But he is a bachelor, and taking into consideration that the bill is framed not for the individual, if you please, but framed for the benefit of the family, considering the family as a unit, we must remember the other fact that this bill is framed for the greatest good to the greatest number.

Now, what happens, provided the man has a family? If that man has a family, he receives \$10 in addition for the widowed mother, if the widow mother is dependent upon him, and he receives so much for each child and so much for his wife. Therefore, if the matter is averaged, according to the laws of average, while it seems that in a single case of total disability there may be disadvantage to the soldier who under the old pension laws receives the sum of \$100 a month, if the matter is boiled down to a residuum, this bill shows that it does the greatest good to the greatest number because it makes the family the unit. If I was not convinced by a thorough inspection of the bill, and by an analysis of it, that it did a greater good than the existing pension laws I would be against the bill.

Mr. DENISON. Will the gentleman yield for a question?

Mr. DEWALT. I certainly will.

Mr. DENISON. I want to ask the gentleman whether in his judgment the provisions of this bill, if it becomes a law, will place the surviving soldiers of this war in a better condition than are the surviving soldiers of former wars and whether it will place the widow of soldiers killed in this war in better position than the widows of soldiers whose lives were lost in former wars?

Mr. DEWALT. The gentleman's question is pertinent. In other words, as we lawyers say, it is very material and relevant and not impertinent. The gentleman's suggestion is true; it places the enlisted man or the officer who is engaged in the service of this country, who is killed or wounded in the battle, in a better position than the man who served in the Civil War or the Mexican War or the Spanish War. It places the widows of these soldiers of this war in a better position than the widows of soldiers of the Civil War or other wars, and I am frank to say in my judgment—

Mr. DENISON. That being true, does not the gentleman think that dissatisfaction will arise and that we will have in the immediate future appeals to alter the present laws so as to make them uniform?

Mr. DEWALT. I am frank to say that that will be the result unless the bill can be amended in such a way as to remedy what I concede to be an unfortunate distinction between the two classes.

I might illustrate in this way: The widow of a deceased soldier in the late war gets \$12 a month. Under this bill the widow of a soldier of the present war would receive considerable more, and therefore there naturally would be some dissatisfaction on the part of the pensioners of the Spanish War and of the Civil War against provisions of this bill; but these

would be legislative questions for amendment in the existing pension laws.

Permit me to say this: Any great measure, whether it be one thing or another, must have a start somewhere, and no legislature at any one time can complete the thing as it should be without being subject to amendment from time to time.

Mr. BORLAND. Will the gentleman yield?

Mr. DEWALT. Certainly.

Mr. BORLAND. I want to call the attention of the gentleman to the fact that under this law the widow must be the widow by a marriage contracted before the injury occurred.

Mr. DEWALT. Yes.

Mr. BORLAND. Whereas under the existing pension laws the widows of many were married long after the Civil War and are enjoying now the benefits of the pension.

Mr. DEWALT. That is true, and is in part an answer to what the gentleman has said. Nevertheless, I say frankly as a member of this committee that this bill is subject to the criticism that the gentleman has just made, and it is subject to the criticism made by the chairman of the Committee on Pensions, and for that very reason, as I was about to observe when the gentleman interrupted me, this bill in its entire purpose is framed for the benefit of the greatest good to the greatest number, and when we speak of the greatest number we speak not only of the individual soldier but of the units which consist of his children and his wife. Now, what are the distinguishing features of this bill?

I regret very much, gentlemen of the committee, that in the limited time I have I will not be able to discuss what I believe to be the essential features of the bill. My time is limited, and I do not want to trespass upon the good humor and kindness of the committee nor of the gentleman who has charge of the bill. But if this bill be analyzed it can be divided into five different portions. First, the allotment feature, which is the allotment by the individual soldier. Second, the allotment feature which is the allotment given by the Government which is commensurate with the allotment as given by the soldier. Third, the payment to the men who are the enlisted men or officers the payment to them by reason of disability occasioned during the war or by wounds in the war, and this disability includes not only injury but it includes physical disability occasioned by illness during service in line of duty.

The next feature of this bill, and in my judgment one of the important parts of this bill, is the compensation feature. I have heard gentlemen say upon the floor of this House that this is compensation or pension. Call it what you please, name that child by any name by which you may baptize it, nevertheless it remains this: It is a benefice given to the soldier. I care not whether you call it pension—the old adage is that a rose would smell as sweet by any other name—the fact remains that it is not a gratuity, but it is a benefice, a matter of welfare given to the man who is willing to sacrifice his life for the preservation of his country. Now, what is that benefice? It is compensation, properly termed compensation, under compensation laws. Now, what is compensation? Compensation means payment; and payment how? Payment in full for the advantages given. In other words, when we have a contract between two individuals, one grants this in consideration of the fact that the other pays that, and the compensation in this instance means that the party affected by this contract shall be paid. Now, what is the contract? The contract here, my friends, is just this: That A is an enlisted man, we will say under the volunteer system. He freely, of his own accord, goes into the Army. His contract is that he will serve the Government of the United States even unto the death if so required. That is his portion of the contract. The contract of the Government is that he will be paid for his services. How? That he will be paid, if in foreign service, \$30 a month with an additional \$3 per month because he is on a foreign shore.

I say to you, in my judgment, the payment is entirely inadequate. The man who voluntarily goes into the Army of the United States or into the Navy thereof, taking the chances of losing his life and the possibility of leaving a family at home uncared for, should be paid more than \$33 per month; but the Government of the United States and the Congress thereof has legislated and fixed that pay, and now we propose to do—what? We do propose to say that this soldier shall not wait until the termination of this war and then apply for a pension. We do not say that he shall wait until five years have expired, if you please—if the war lasts that long—and then submit his claim to a pension committee; but by this bill and the provisions thereof we say, We will make a contract with you now. What is the contract? We will pay you \$33 a month and we will compensate you fully for any injury that may



happen to you during that war and sign that contract before you go to war. Now, that is a bald, plain proposition. You may say that infringes upon the pension laws. I care not whether it does or does not. I maintain it does not. It has absolutely nothing to do with the present pension laws. What I do maintain is this, that we are making a bond with the soldier and the sailor, as well as the female and male nurses who go into this service, and that bond says we will pay you, but we will not pay you in five years from this time but will pay you now whenever injury occurs or disability arises. Now, what is the compensation? Some gentlemen say the compensation is less than it would be under the pension laws. I grant you that is so in some instances.

I have here and would be glad, if I had time, to submit to the membership of this committee the amount that is paid for certain disabilities which under the law are recognized as being total disabilities; also the amount that is paid under the present pension laws for partial disability. By an analysis of that table, which is furnished in the supplement to the report of the committee, and which is dated August 24, and which is compiled by the chairman of the Pensions Committee, I say that, by an analysis of that, there is not a fair-minded man upon this committee who will not come to the conclusion that in the aggregate—mark the word—in the aggregate and on the average the provisions of this proposed bill and this legislation as now before this committee are more beneficial and more generous to the soldier than the pension laws that we have now upon our statute books.

Mr. KEY of Ohio. Will the gentleman yield?

Mr. DEWALT. Certainly, and I am glad to do so with grace to the chairman of the Committee on Pensions.

Mr. KEY of Ohio. I want to ask for a little information. This bill is so involved that I declare I can not figure out half what is in it, although I have looked it over for two or three weeks. Now, on page 20, line 13, it says:

The maximum monthly compensation for total disability shall be \$200.

Now, then, turn back to page 19, line 17—

(1) If and while the disability is total so as to make it impracticable for the injured person to pursue any gainful occupation, the monthly compensation shall be the following percentages of his pay:

(a) If he has neither wife nor child living, 40 per cent, but not less than \$40.

Now, granting that he was a married man and would get all of these percentages, he would not come any ways near \$200.

Now, what is that \$200 compensation for total disability put in there for?

Mr. DEWALT. For the very best reason in the world.

Mr. KEY of Ohio. Is that for an officer?

Mr. DEWALT. Certainly. The very best reason in the world. And it is surprising to me that the gentleman, with his acumen in regard to pensions, did not discover that without inquiry. Take a major general, whose salary is \$8,000 or \$10,000 a year—I do not know what it is, because I have never occupied the rank—but, whatever his salary may be, it is a high one. By an allotment he might be able to be allotted a great deal and might receive a great sum of money, but this bill provides that whatever his rank be, whether major, colonel, major general, or lieutenant general, he could not receive beyond the maximum of \$200.

Mr. KEY of Ohio. The point I was making was that under existing law any man, whether he be a private or whether he be a major general, if he receives a total disability, for example, the loss of both eyes or the loss of both arms or the loss of both legs, will receive \$100 per month.

Mr. DEWALT. Yes.

Mr. KEY of Ohio. As far as I am concerned—

Mr. LOBECK. Is that whether he is single or married?

Mr. KEY of Ohio. Single or married. It does not make any difference.

Mr. LOBECK. A neighbor boy of mine lost both of his legs in the service last June. He is 17 years of age, is not married, and Mr. ALEXANDER told me that he would only get \$40 a month under this bill.

Mr. KEY of Ohio. I am talking about the existing law. I am not talking about this proposed law.

Mr. LOBECK. You were referring to this proposed law, and that is why I spoke of it.

Mr. KEY of Ohio. I said under existing law, and not the proposed law. If a soldier should lose both eyes or both legs or both arms, he would receive \$100 a month, regardless of whether he was a major general or a private.

Mr. LOBECK. That is true of a Civil War private whom I know, who lives here at the Capital.

Mr. KEY of Ohio. I am in favor of the boy who goes down into the trenches and faces the guns getting just as much as a major general if he loses both arms or both eyes or both legs.

Mr. LOBECK. You figure his life is just as precious to his loved ones as that of a major general?

Mr. KEY of Ohio. Exactly. When you go back home and these boys return from France you are going to have political indigestion when these questions are put to you, if you vote for this proposition.

Mr. LOBECK. And it will be a serious question to answer. I do not know how one can explain.

Mr. DEWALT. I do not think anybody disagrees with my friend, the chairman of the Committee on Pensions, in regard to his patriotism, and I think everybody will voice the same sentiment, namely, that the life of a major general is no more precious to him or to his people than the life of a private soldier. But that is not the meat of this proposition. The meat of this proposition is, What is the best thing to do under the existing circumstances, not for the individual but for all the people concerned, at this time? In other words, whilst my friend, the chairman of the Committee on Pensions, who seems to be entirely imbued with the idea that the individual shall profit, I for myself take the larger view of this proposition, and say that not only he should profit but all his dependents and his entire family should profit. And that is why the insurance feature and the compensation feature are placed in this bill.

I grant you, my friend, that if it were not for this insurance feature and if it were not for this compensation feature in this bill, your criticism would be entirely correct. And I grant you that in some individual instances, which you have been careful enough to reiterate to this House, and time and time again, and for which you are not to be blamed—for instance, where there is total disability for the loss of both eyes, or both legs, or both arms, that in that particular instance it works hardship. Nevertheless, when you consider the proposition from its four corners, as you must construe a will not by the individual phrases thereof, but from the four corners of the will and take it all together; when you take this bill as an entirety, I submit as a bald proposition, capable of proof by the figures that you have submitted yourself, that it is a more generous bill to the people who are apt to enlist and who will be drafted into the present Army than the bill that is now on the statute books in regard to pensions.

Mr. LOBECK. The bill that is now in force, the present law, has been advanced in amount from what it was originally when passed, because the widows originally got only \$6 and the soldier got \$6 and \$8. But by this Congress it has been increased.

Mr. DEWALT. Oh, yes. The laws of 1897 and 1899 have increased the widows' pension and the other pensions. And I maintain and every right-minded man must maintain that we can not do too much for the widows and orphans and dependents of those who are willing to go into the service of the United States. But, nevertheless, there must be justice done to all; and that is what, in my judgment, this bill is trying to do.

Now, there has been some question as to what this matter is based upon. Permit me in a very brief way to refer to tables of estimates which were made in regard to this very compensation feature. It is estimated that the men in the active service for the first year will be 350,000; that the total disabled, at the rate of 50 per 1,000, will be 17,500; that the totally disabled with dependents, 40 per cent, will be 7,000; the totally disabled without dependents, 60 per cent, 10,500; making a total, disabled with dependents, 7,000; for allowance, one-half of \$800 per man, \$400, \$2,800,000.

In other words, the estimated expense there for this compensation feature of this bill for the first year is \$5,250,000. For the second year it is considered to be \$35,000,000.

Now, this is compensation to whom? Compensation to the man who has made the contract with the Government that he will give the Government his services. Now, my friends, there is one matter of particular importance that strikes me in this discussion, and that is this: This compensation feature is not a new feature in the history of legislation. We have to-day upon the statute books a Federal compensation law in regard to injuries which may occur to the very people who are employed here in the Capitol Building. Your elevator man, for instance, considered to be a Federal employee, or the man who works in the Post Office Department down on Pennsylvania Avenue, or the lady who is an attendant there, is a Federal employee and, by virtue of the provisions of the compensation act known as the Federal Compensation act, he or she can be



compensated for injuries. They are in civil life, rendering civic duty to the Government.

I ask you, in the name of common sense, if you have been wise enough and generous enough to place upon the statute books of this Nation a law which compensates these people, why should you not put on the statute books a law compensating the soldier who goes to the front and is willing to sacrifice his life for his country? You have insured seamen. You have compelled the masters of vessels, by a bill coming from our committee, to insure the men engaged in the marine service of this country. You have also compelled them to insure their cargoes. In other words, by your legislation, in the very recent past, you have said that the goods of the individual shall be insured; you have said that the men engaged in the performance of civic duties upon vessels must be insured as seamen; and now you criticize, some of you, the very fact that we are asking you to insure the lives of these men who are going to the front to fight your battles. [Applause.]

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. DEWALT. I will ask the gentleman for additional time by reason of the interruptions.

Mr. RAYBURN. I yield 10 minutes to the gentleman.

Mr. DEWALT. I think I shall be able to tire the House and tire myself in that time.

The CHAIRMAN. The gentleman is recognized for 10 minutes more.

Mr. DEWALT. Now, this compensation feature, as I was saying just a moment ago, is not a matter of recent date. There are very few States in the Union to-day that do not have compensation laws. I might refer specifically to the State of Pennsylvania. We there have a choice as between the compensation law and the privilege of the injured party to sue in the courts of law and recover his judgment before a jury.

Now, what has been the history of the working out of that compensation law? The history is that in 90 per cent of the cases—and I speak by a tabulated reference—in 90 per cent of the cases the injured parties have taken what they could obtain under the compensation laws of Pennsylvania, rather than to go to a jury and have their cases tried there. Why? Because the working people of the State of Pennsylvania have recognized, by the experience of a few years, that that compensation law is a just and equitable law and that it gives them what they are fairly entitled to and gives it to them when? Why, it gives it to them when they are injured. And it gives it to them how? By a decision of the party that has the matter in charge, to wit, the Labor Bureau of the State of Pennsylvania, without litigation and without the right of appeal.

Now, that is what I am arguing for here. This compensation feature of this bill is based upon the tabulated compensation laws of the various States of the Union. Mr. Gompers, the head of the American Federation of Labor, who favors this legislation and who appeared before our committee, stated that in every State of the Union where they had compensation laws, with the exception of two States, it was the uniform practice that the injured parties resorted to the compensation features of the law, even though they had the right of having their cases tried before a jury.

Now, this bill and the features thereof in regard to compensation—and I wish I had the privilege and the time to explain these matters seriatim and show you how fair they are—this bill provides in substance that every man who is disabled during the war shall be entitled either by reason of total disability or partial disability to compensation for that injury. When? Not five years after the war is closed, by appealing to the Pension Bureau or by going to Congress and asking for a special bill, but so instant, as the lawyers would say in Latin—and I beg pardon for quoting Latin. I do not know whether it is good Latin at that. But the law says you shall be compensated for your injury; if it be total, so much; if it be partial, so much. And, more than that, this compensation is without appeal and without trial before a jury, and without resort to any of the technicalities of the law.

Mr. KEY of Ohio. Mr. Chairman, will the gentleman yield?

Mr. DEWALT. Yes.

Mr. KEY of Ohio. I want to ask the gentleman a question. I presume he was present at the hearings?

Mr. DEWALT. Not as frequently as I should have been, I regret to say.

Mr. KEY of Ohio. I want to ask the gentleman what was the object of the committee and what could have been the object of the parties framing this bill to permit, or to allow, or to put into this bill the statute of limitations running against these pensioners?

Mr. DEWALT. I notice that is one of the criticisms you make in your report, and you say that the Government of the United States should not close its doors against the parties that have been injured or disabled, and that we should have the doors left wide open for time immemorial in which to permit them to present their claims. I beg leave to differ with you. I beg leave to hold that the man has the right to present his claim in reasonable time. The law was not framed for the negligent; the law was framed for the provident man. Every man is presumed to know the law, and if a man sleeps upon his rights, whether he is a soldier or a private citizen, and negligently refuses to avail himself of his opportunity, or neglects to present his claim, I think the Government of the United States has the right to say, "Your claim is void because you have not been wise enough to pursue it." That is my contention.

Mr. KEY of Ohio. Let me assume this kind of a case: For instance, a young soldier comes back from France. He has sustained the loss of his left arm. He can earn a livelihood. He does not make application immediately upon his return.

Mr. DEWALT. He does not have to. He has two years' time in which to do so.

Mr. KEY of Ohio. Then after a time he meets with reverses in a business way, and after three or four years he finds that a little help from the Government is necessary. But the doors are shut to this young man and he can not get any pension. Why should the Government deny to that young man a pension just because he did not make application within the two years? Why should the door be forever shut to him and he denied the right to make an application? Bearing in mind that this young man having sustained an injury—there is a record of it in the War Department, a hospital record and a military record—and as long as that record exists in the War Department, why should he not be permitted at any time to come in and prove that disability and get a pension?

Mr. DEWALT. I will take your premises just as you have stated them and then will see what conclusion we come to. Your premise is that the young man is injured in the line of his service. That is correct, is it not?

Mr. KEY of Ohio. Yes.

Mr. DEWALT. That he comes back after his discharge and that he still has that injury. That is a portion of your premise, is it not?

Mr. KEY of Ohio. Yes.

Mr. DEWALT. That for a period of two years, either through negligence or a disinclination so to do, he refuses to make his claim. That is a portion of your premise, is it not?

Mr. KEY of Ohio. Yes.

Mr. DEWALT. Then, subsequently he changes his mind, or by reason of straitened circumstances he desires to make his application, and he can not. Is that your premise?

Mr. KEY of Ohio. Yes; he is barred.

Mr. DEWALT. If you can find any instance of that kind, it will be the most remarkable instance in the history of the world. [Applause.]

Mr. KEY of Ohio. Oh, no; I take issue with the gentleman.

Mr. BLAND. I have a case just now of a man who refused a pension and turned it back because he did not need it at the time. Now he has asked to be reinstated, and the Government is charitable enough to let him go back on the pension roll.

Mr. DEWALT. I grant you that in an instance of that kind, where a man has been upon the pension roll, or possibly has refused to accept a pension when he was entitled thereto, there still remains the chance under this bill of his being a provident man in his day and generation, and it gives him two years' time in which to determine what he will do. Now, I take it as a matter of sound legal basis, what I have said is eminently correct, that the law is not made for the improvident—and the law is also not made for the negligent. The law is made for the reasonable man, who is presumed to know the law and to observe the same, and somewhere there should be a limit fixed, by which time should be of the essence of the contract, if you please, and I take it as a primal fact that if the injured party has had two years' time, the injury having been sustained during the service in the line of duty, he should present his claim within two years.

Mr. DENISON. In that connection is it not true that all compensation laws have a period of limitation?

Mr. DEWALT. Oh, they all do. Now, there is another feature to which I desire to refer, and then I shall conclude.

It is said that this compensation feature is unjust, because it makes a discrimination against the private in favor of the officer. Is that true? No; it is not. Apparently it does; but when you reason it out to its conclusion it does not. Why? Because the earning capacity of every man must be taken into consideration when you consider the compensation feature in



the law. In other words, in fixing compensation under all the statutes in all the States there is always taken into consideration as a primal fact—first, the age of the individual; second, the number of people that he has dependent upon him; and third, the earning capacity which he has in order to sustain himself and the people dependent upon him. [Applause.]

Mr. HUDDLESTON. Will the gentleman yield?

Mr. DEWALT. Certainly.

The CHAIRMAN. The time of the gentleman has expired.

Mr. DEWALT. I am exceedingly sorry that I can not go on.

Mr. ESCH. I yield 15 minutes to the gentleman from Ohio [Mr. KEY]. [Applause.]

Mr. KEY of Ohio. Mr. Chairman, I do not desire to attack or discuss that part of this bill which seeks to provide financial assistance for dependent relatives of soldiers and sailors while in the service during this war, or that which would afford life insurance to these soldiers and sailors at the lowest cost consistent with safety in such a venture. Much can be said in support of both provisions and in some form I believe both wise and just, particularly in the matter of assistance to dependent relatives.

I do wish to discuss the pension part of the bill—and it is pensions and nothing else which is provided for in article 3 of the bill. It is true it is called "compensation"; but it provides for monthly payments of money where disabilities or death result from injuries, wounds, or diseases incurred or contracted in service. What is that, pray, but a pension?

The pension part of this bill is long and most involved and obscure. The remarkable report submitted by the committee is very brief and affords no help in understanding the bill it is presumed to support. In fact, the bill and the report remind me of an old story:

A young graduate from a theological college chose for his text in his first effort one of the most involved and mystic in the Bible. He floundered about for half an hour or so in his sermon. After the services he asked an old and wise man of his congregation what he thought of his sermon.

"Remarkable, very remarkable," was the reply.

"In what respect, please?" inquired the young minister.

"Well, if your text had the smallpox, your sermon would never have caught it, sir."

If this bill had virulent smallpox, even the most timid would not suggest the need to vaccinate the report. [Laughter.]

However, thanks to Mr. PARKER, a most excellent minority report has been submitted. I hope that every Member has read or will read this minority report. It is not long; but it is plain and simple and gives as clear an insight into just what this most involved and vague bill will provide should it become a law as it is humanly possible for one to give. It does that which neither the bill nor the committee does—it reduces the provisions of the bill to actual figures as to its pension rates.

Mr. RAYBURN. I would like to ask the gentleman if he has read both of the majority reports on this bill.

Mr. KEY of Ohio. Oh, yes; I have read both reports. I hope that every Member has read or will read the minority report of the gentleman from New Jersey [Mr. PARKER].

The report of Mr. Parker clearly and beyond any cavil shows that the third article of this bill simply changes the present pension rates. It raises some vastly, reduces others, will doubtless not affect some, and abolishes some now existing.

In my letter to Judge ADAMSON, published as part of the hearings on this bill, I set forth how unwise, unnecessary, and at what great expense it would put the Government to take from the Pension Bureau, with its trained force, who by their experience, information, and skill in such matters could easily and properly handle with equal fairness to claimant and to the Government any claim which could grow out of this war, the matter of pensions, and give same to a new force in a new bureau, which, of course, would be without knowledge and experience in the questions of pension claims. Mr. PARKER in his report sustains me in this contention.

Right here, permit me to state that the bill simply authorizes the creation of such a bureau—a force of clerks. There is no provision in the bill or statement in the committee report to indicate how large a force will be required.

In my opinion, it will require not less than 300 to 400 clerks the first year to handle the claims to come under the pension part of this bill. It will take 1,000 clerks to do this, I firmly believe, after the first year.

Mr. ALEXANDER. Will the gentleman yield?

Mr. KEY of Ohio. Yes.

Mr. ALEXANDER. It would require an increase of force in the Pension Department, would it not?

Mr. KEY of Ohio. No; I hardly think so. They have a trained force, and a well-organized force there.

Mr. ALEXANDER. But they are six months behind now in the current business. Does the gentleman think that the present force could take care of all of these claims without any increase in the force?

Mr. KEY of Ohio. Does the gentleman from Missouri understand the reason why the pension force is six months behind?

Mr. ALEXANDER. I have heard that they could not reach the cases.

Mr. KEY of Ohio. Is not there some unusual reason?

Mr. ALEXANDER. It is said that it is on account of the increase in widows' pensions.

Mr. KEY of Ohio. Last September, or about a year ago, we passed the widows' pension bill, and some three or four hundred thousand claims were dumped in on the bureau in the space of one or two months.

Mr. ALEXANDER. We have been increasing the force in the Pension Bureau from year to year for many years past. At this time the bureau is congested with business and will be for some time to come. If this law is going to be of any value we must have a force ready to take care of and dispatch the business.

Mr. KEY of Ohio. Why should you create a new bureau?

Mr. ALEXANDER. We do not create a new bureau, it is extending a bureau already in existence.

Mr. KEY of Ohio. Why not leave it in the Bureau of Pensions, and extend that force, if necessary, to work with the trained force?

Mr. ALEXANDER. The gentleman from New Jersey was in favor of turning it over to the War Department.

Mr. PARKER of New Jersey. If the gentleman will permit, I did not suggest that pensions should be turned over to the War Department.

Mr. ALEXANDER. No; the gentleman said that the family allowance should be turned over to the War Department and the insurance provision he put up in the air.

Mr. PARKER of New Jersey. I said that the War Department should take care of its own compensation and the Naval Department take care of its compensation on the part of the boy while he is in the service, and the Pension Department should take care of the pension.

Mr. KNUTSON. Will the gentleman yield?

Mr. KEY of Ohio. Yes.

Mr. KNUTSON. Is not there danger in this bill, in conferring the administration of the proposed pensions upon the Treasury Department, of making that department so strong politically that it will overshadow Congress and every other department of the Government?

Mr. KEY of Ohio. I do not know about that; the gentleman is entitled to his own opinion.

A new and raw force of clerks will, of course, at first allow many claims which should not be allowed and deny many which should be allowed. These errors will have to be corrected and this will cause both hardship and expense. The Pension Bureau, with its trained force of clerks, would not commit these errors and hence would save this expense. So much for the lack of wisdom in the proposal to create a new Pension Bureau, which is not needed.

Now, let me speak of the great injustice this bill, if it becomes a law, will work to several classes of pensioners and to those who should be pensioners.

First, there is the soldier or sailor who in the discharge of his duty in service has a disability—a grave and serious disability—which he can prove beyond a doubt is due to the service; perhaps there is a record showing this is true. Under the provisions of this bill he must apply within two years or else he is forever barred from a pension. Is this right? Is this just? I say, "No." It is the first time in the history of this great Government that a statute of limitations has ever been proposed between a soldier or sailor who suffers from a disability procured in defense of his country and a proper pension therefor.

I am sorry such a statute is proposed, and I hope it will never become a law.

Mr. ROSE. Will the gentleman yield?

Mr. KEY of Ohio. Yes.

Mr. ROSE. Has the gentleman overlooked a provision in the law that the time could be extended for cause shown?

Mr. KEY of Ohio. Yes; the statute of limitations of one year would run unless under the special provision it is extended to run one more year. That is the way I read the bill, but the bill is so involved that a good many things will escape the notice of Members before we are through with it, even if the bill is carefully studied under the five-minute rule.

Second, this same unjust and unkind statute is proposed as to claims of widows whose husbands' death were due to his service and line of duty, unless, at discharge, the medical officer stated

he believed he would die from disability due to service. We all know that in raising this vast Army and Navy we must appoint young doctors, and even then the supply is short. How easy, by hasty examination, at discharge or through lack of capacity to realize what fatal sequences may follow a given disability he fails to certify death may follow, yet death does follow and is due to the disability. Again I say I hope no statute of limitations will ever become a law to deprive such a widow of her just rights.

Third. Is it right to give a soldier or sailor who serves in this war less than you now give one who served in one of the other wars for the same disability, which each incurred or contracted in service and duty defending his country? I think not.

Fourth. I now come to the question of widows. It is here that the most grave and serious injustice occurs in this bill. To illustrate, let me draw you a picture of what this bill provides as to widows. I have no doubt there are many cases like it—a great many, in fact.

Here is an aged and feeble, gray-haired widow. Her husband was killed in battle during the Civil War, leaving her with a girl infant in arms. This child grows up and marries. Her husband is killed in battle in Cuba during the War with Spain, leaving her with an infant daughter. This child is united in marriage with a man who is killed in France. Each is a widow. The gray-haired and feeble grandmother, the middle-aged mother, and the young and strong granddaughter. The husband of each gave his life to his country in its defense. The existing pension laws give to the old grandmother \$20 and to the mother \$12. The pending bill proposes to give to the youngest and strongest and the one most able to earn a living "not less than \$30." Is this right? Is it just? If one is given \$30 why not the others? I can not see. I would like some friend of this bill to explain this to me.

Mr. ALEXANDER. Will the gentleman yield?

Mr. KEY of Ohio. Yes.

Mr. ALEXANDER. Where is the injustice to come to a widow under this bill? Does the gentleman think that the allowance under this bill is too large, or that for the Civil War widow is too small?

Mr. KEY of Ohio. What I object to is the discrimination.

Mr. ALEXANDER. Will the gentleman answer the question; are we giving the widow under this bill too much?

Mr. KEY of Ohio. I am not prepared to say what this country is able to do or what the House feels that it is able to do, but I do not know why you should discriminate. Here is the widow of a young man who lost his life at Santiago, and that woman is entitled to \$30 if this widow in this bill is entitled to \$30. Under existing law the widow who lost her husband in the Philippines can get \$12 a month and \$2 for each minor child.

Mr. ALEXANDER. Would the gentleman move to amend the bill by reducing the amount to \$12 a month?

Mr. KEY of Ohio. That is not a fair proposition. I am willing to vote as much to the widow of these soldiers as any man in this House.

Mr. ALEXANDER. The gentleman is chairman of the Committee on Pensions, and if in his opinion the widows of other wars are not getting sufficient money he ought to bring in some legislation. Does the gentleman think that the widows under this bill are to get any greater compensation than the widows of this war should receive?

Mr. KEY of Ohio. I am not raising that question.

Mr. ALEXANDER. Oh, yes, the gentleman is; he is saying it is too much.

Mr. KEY of Ohio. I did not say it was too much.

Mr. ALEXANDER. Then there is no way to equalize them.

Mr. KEY of Ohio. The only way that could be done with the pension laws as they are to-day is to let some member of this House introduce a bill, refer it to the Committee on Pensions, and if it should come before that committee, or the Committee on Invalid Pensions, I will guarantee it will receive proper consideration and a proper bill will be reported back to the House.

Mr. CARAWAY. Will the gentleman yield?

Mr. KEY of Ohio. I will.

Mr. CARAWAY. Does not the gentleman think the very fact they only get \$12 a month under the old law, which you and I advocated, shows that law is antiquated and ought to be superseded by some humane, just, and modern law?

Mr. KEY of Ohio. I think owing to the high cost of living the present rate should be increased, but treat like cases alike.

Mr. HUDDLESTON. Will the gentleman yield?

Mr. KEY of Ohio. I will.

Mr. HUDDLESTON. Would it not remedy the defect to amend this bill so that the provision will be applicable not only

to those who are now serving but will serve in France, but those who have heretofore served, so that all widows will be placed on an equality?

Mr. KEY of Ohio. I think so.

Mr. PARKER of New Jersey. I desire to ask the gentleman whether he does not think such a bill ought to be referred to the Committee on Pensions so as to have the testimony of experts on it?

Mr. KEY of Ohio. I think all matters pertaining to pension legislation; that is, in reference to the Civil War, should be referred to the Committee on Invalid Pensions and legislation affecting soldiers of wars other than the Civil War should go to the other committee.

Mr. ADAMSON. Will the gentleman yield for a question?

Mr. KEY of Ohio. Certainly.

Mr. ADAMSON. If the Pension Committee has had charge of these things for so many years and comes in and confesses the provisions are inadequate, do they think they are any more expert than those who propose to do right?

Mr. KEY of Ohio. Absolutely not. I am not complaining about present pension rates, but I am complaining of the injustice of this bill. Let us put all on an equality.

Mr. ADAMSON. The gentleman can do it by raising these figures, which according to his confession should have been done long ago.

Mr. KEY of Ohio. If the gentleman will introduce a bill and it is referred to my committee I will promise him a prompt report.

Mr. ADAMSON. I am not dealing with pensions. Great bills like this, based on insurance and the insurance law, are referred to our committee that is always ready to tackle it and do our duty. The gentleman has not stated that anything in it is too much or wrong, but it is a confession that his own legislation is inadequate.

Mr. KEY of Ohio. Will the gentleman accept an amendment to his present bill to put the other Civil War and Spanish War widows on an equality with those provided for here?

Mr. ADAMSON. We are satisfied—we are well satisfied—with our bill. We think its equilibrium is as perfect as any piece of legislation ever was. If you will take it by and large as a whole, I do not think any man can improve upon it by amendment.

Mr. KEY of Ohio. Will the gentleman consider an amendment to put the other widows on the same plane?

Mr. ADAMSON. I will vote against it promptly.

Mr. KEY of Ohio. That is what I thought.

Mr. PLATT. Will the gentleman yield?

Mr. KEY of Ohio. I will.

Mr. PLATT. The gentleman from Georgia says he will vote against an amendment, thereby showing that he thinks the compensation of this bill is too high.

The CHAIRMAN. The time of the gentleman has expired. Mr. KEY of Ohio. I have been interrupted so much that I would ask for five minutes more. I can conclude in three minutes.

Mr. ESCH. I yield the gentleman three minutes more.

Mr. KEY of Ohio. One more point as to widows and I am through. Under the present pension laws a widow who is guilty of open and notorious adultery can not receive a pension. The act of August 7, 1882, provides her pension ceases. Under this bill you annul all pension laws as far as its benefits go. This bill provides a widow shall receive a pension until death or remarriage. I fear that should you enact this bill into law you will encourage morally weak women—widows, beyond doubt, of soldiers or sailors killed in service—to enter into adulterous cohabitation with selfish and vicious men in order that she be enabled to continue to receive a pension, upon which both would live. Should they do this, there is no provision in the bill which could or would prevent her from receiving the pension.

Now, in conclusion, if Congress desires, in view of the high cost of living expenses, to raise the pension rates of the existing general law—and this bill is nothing less than the general law with changed rates and some added and most unjust features—then let some Member introduce a bill to so amend the general pension law and send it to the Committee on Pensions. I will promise you that it will be given full, fair, and proper consideration and be reported to this body for action. But I promise you two things in connection therewith:

First, I shall use my utmost endeavors to see that the same provision is made for disabilities and death due to former wars as that given in connection with the present war; and, second, that the Pension Bureau be charged, as it should be, with the administration of the proposed law.

No Member of this body will go further or try to do more than I am in favor of doing to generously provide for the brave



soldiers and sailors, and their dependent relatives, who have been called to defend our homes and country and who in the discharge of this duty sustain partial or total disabilities or meet death. But my contention is that in doing this we be fair and just to those who did the same thing in former wars—that we treat all like cases alike.

In this connection, on September 4, 1917, in that splendid address to the soldiers and sailors, and really to all citizens of this country, our great and learned President said:

Let us set for ourselves a standard so high that it will be a glory to live up to it, and then let us live up to it and add a new laurel to the crown of America.

We will not obey this wonderful admonition by enacting the pension part of this bill into law, with its unjust and unwise provisions that I have just pointed out to you. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. KEY of Ohio. Mr. Chairman, I would like to ask unanimous consent to have printed in the RECORD a letter appearing in the hearings. Quite a number of Members have called at my office and asked for a copy of these hearings and I have been unable to provide them. I would like to ask unanimous consent that this letter, together with the table, be printed in the RECORD as part of my remarks.

The CHAIRMAN. The gentleman from Ohio. [Mr. KEY] asks unanimous consent to extend his remarks in the RECORD by printing the matter indicated. Is there objection. [After a pause.] The chair hears none and it is so ordered.

The matter referred to is as follows:

TO AMEND THE BUREAU OF INSURANCE ACT SO AS TO INSURE THE MEN IN THE ARMY AND NAVY.

MARION, OHIO, August 21, 1917.

Judge WILLIAM C. ADAMSON,  
Chairman Committee on Interstate and Foreign Commerce,  
Washington, D. C.

MY DEAR JUDGE: Referring to H. R. 5723, I have decided to submit the following comments, in accordance with your suggestion:

I regret that I could not be heard by your committee when I appeared, but realize it was impossible for you to give me a hearing on that day, and I had to leave for Ohio that night.

H. R. 5723, if enacted into law in its present form, would provide three separate and distinct things, to wit:

First. Financial support for dependent relatives of a soldier or sailor during his service.

Second. Insurance against death or material disablement in service.

Third. Pensions, under name of compensation, in case of death or permanent disability.

Now, as to the first two provisions mentioned, I desire to make no comment. In some form I believe both of these principles are wise and just, and I shall await the report of your committee concerning same.

As to the third provision of the bill—pensions—I firmly believe it should be stricken entirely from the measure, for the following reasons:

First. Many members of the Committee on Pensions hold that your committee has no jurisdiction over any measure that seeks to amend, annul, or otherwise affect existing pension laws. I join with them in this view.

Second. If enacted in its present form, the bill would completely annul what is known as the general pension law. This law has, in practically its present form, been in existence for more than 100 years. It provides certain and specific pensions at given rates, for disabilities due to wounds, injuries, and diseases incurred or contracted in service and line of duty from the date an application is filed. It requires positive proof that the disabilities are due to service and line of duty.

This law has covered the service of soldiers and sailors in the War of 1812, the earlier Indian wars, the War with Mexico, the Civil War, and the War with Spain. It was, in principle, followed as to the Revolutionary War. All who served during these wars were volunteers. The law worked well and is still working well with them. Those who must serve in the present great war are not volunteers. They are drafted. Is it fair or just that they be now denied the same generous and specific rates of pensions, under a plain and simple law, which can be easily understood by everyone, that covered the service of those who served in the preceding wars? I do not think so. I do not believe the present general law should be either annulled or amended. If you will give this law careful study and contrast it with the involved and very obscure provisions as to pensions of the bill you are now considering, I feel sure you will agree with me in this conclusion. In order that you may do this, I am attaching tables of rates under the general law.

I should, perhaps, make mention of one grave injustice the enactment of the pending bill would work, to wit: If a soldier or sailor is killed or his death is shown clearly due to the service, under the pending law, his widow would receive a pension of not less than \$30 a month (see p. 17, lines 15, 16). There are many widows now pensioned at \$12 per month whose husbands' deaths were shown due to the service and line of duty in the Civil War and in the War with Spain. The pending bill does not seek to give to these a higher rate in keeping with the new widows to come. Why not? Both are widows because their husbands lost their lives in defending their country. The same injustice applies to mothers, only in a less degree.

Again, I find in the pending bill provision to pay the widow until her death, or for two years after her remarriage, should she remarry. I can conceive of no time in the life of a widow when she stands so little in need of a pension than the two years following her remarriage. But I can see in this a grave danger to these young widows. It offers an opportunity for an unscrupulous man to marry them, live for two years, largely upon her pension, and then deliberately desert her.

Again, the pending bill requires in case of partial disability that in order to obtain the benefits offered that a claim be filed within one year from discharge, or two years if specially allowed by those charged with the adjudication of the claim. After two years, however, he is forever barred from the benefits of this proposed law by its terms. This is wholly wrong, in my opinion. No man who is disabled, and can so prove, in the service of his country and line of duty should ever be barred by any statute of limitations in asking proper and just remuneration for the disability. Under the present law he could file a claim at any time, but he must prove the disability due to service and line of

duty, and then the pension only begins at date he does file a claim therefor. He alone loses by his delay in filing; but he never finds his Government has shut its doors in his face through a statute of limitations, and I hope he never will.

We now have a well-organized Pension Bureau, manned by a force skilled and trained in knowledge of the general pension law, and it is working smoothly in applying the principles of this good law to all claims which come before it, and will do so in all cases to come in the future. In the matter of the point as to lawful widowhood alone, the experience and knowledge of this trained force is most valuable, if not, in fact, essential to wise and proper adjudication of the claims to come. You can not enact a Federal "yardstick" law as to lawful widowhood that will be constitutional and valid. This arises from the fact that the several States have absolute jurisdiction as to what shall constitute lawful marriage within its bounds, and of course these State laws govern lawful widowhood within its territory. Some States recognize a common-law marriage as valid; others do not. Some recognize marriage as legally consummated by very slight ceremony; others demand most rigid compliance with existing statutes. Some recognize as a valid marriage a marriage that arose in common-law territory, where same was valid through comity, although such marriage is not recognized in its own territory; others do not recognize such principles of comity. In fact, not a claim of any character could arise out of this great war which this force, from its training and experience, would not be able to expeditiously dispose of with equal justice to the Government and the claimant. Why change the law in the first place, or take from this trained force the matter of adjudication of pension claims? Your bill by its pension provision would practically amount to creating two pension bureaus. Is such action wise, needful, or economical? I think not.

Now, finally, there are two kinds of pension laws in force at present. They are radically different. In principle they are as follows:

First. The general law, which, as set forth above, only gives pension where death or disability is clearly shown due to the service and line of duty; to the widow from date of her husband's death; to the soldier or sailor from the date of filing his claim.

Second. The service laws, so called, that began with the act of June 27, 1890, and are now in force under acts of May 11, 1912, as to soldiers and sailors, and September 8, 1916, as to widows in connection with service in the War with Mexico and the Civil War, and the act of March 4, 1917, as to soldiers and their widows who served during certain Indian wars. These so-called service laws do not require that the death of the soldier or sailor, or any disability, be shown due in any way, directly or indirectly, to his service. They are, in fact, only based upon length of service, and either the death of the husband, in the widow's case, or his present age in his own case.

In the bill pending before your committee and the testimony as regards same I fancy I see a strange confusion as to the two kinds of pension laws of our country and the cost of same. I have not the exact figures before me, but in round numbers we pay about \$165,000,000 each year in pensions. Of this I have no doubt at least \$130,000,000 goes to pay the pensioners under the so-called service laws. Your bill will not in any way affect these, but it works a sad injustice to those who would be entitled under the general law, as I have shown.

Many do not believe in service laws, and these would counsel and advise that all such laws be annulled. If you did this, however, you would at once fill the poorhouses of every State with aged soldiers and sailors and their widows who had served during the War with Mexico and the Civil War. Of course, no such action would be taken by Congress.

Permit me to state that there is no such thing possible as the enactment of a permanent, just, and perfect and unchangeable pension law. No future Congress, as we both know, is bound by any pension legislation of a former Congress. All future Congresses possess the right to amend, annul, suspend, or continue any pension law that they find in existence. The life of a pension law depends wholly upon the wisdom and justice of its provisions. No future Congress will permit it to live one day after it has been found lacking in these qualities.

In conclusion, I beg to state that in my opinion, should the pending bill be enacted with its present provisions, that on account of the grave injustices which I have pointed out in this letter within a year from the date of its passage, Congress will be flooded by bills, seeking by special act of Congress individual cases to adjust, rectify, and remove the inequalities and injustice. So great will be the merit possessed by these cases that Congress will be forced, in a spirit of justice, to either pass thousands of special acts or by a general law remove the inequalities and injustices cited.

Will you not kindly lay this letter before your committee, in accordance with our agreement which I entered into at your suggestion?

Respectfully,

JOHN A. KEY,  
Chairman Committee on Pensions.

#### TABLE OF RATES.

TABLE I.—For simple total (a disability equivalent to the anchylosis of a wrist) provided by section 4095, Revised Statutes, United States.

ARMY.	Per month.
Lieutenant colonel and all officers of higher rank.....	\$30.00
Major, surgeon, and paymaster.....	25.00
Captain, provost marshal, and chaplain.....	20.00
First lieutenant, assistant surgeon, deputy provost marshal, and quartermaster.....	17.00
Second lieutenant and enrolling officer.....	15.00
All enlisted men.....	8.00

#### NAVY AND MARINE CORPS.

Captain, and all officers of higher rank, commander, Lieutenant commanding, and master commanding, surgeon, paymaster, and chief engineer ranking with commander by law, Lieutenant colonel, and all of higher rank in Marine Corps.....	\$30.00
Lieutenant, passed assistant surgeon, surgeon, paymaster, and chief engineer ranking with lieutenant by law, and major in Marine Corps.....	25.00
Master (now Lieutenant, junior grade), professor of mathematics, assistant surgeon, assistant paymaster, and chaplain, and captain in Marine Corps.....	20.00
First lieutenant in Marine Corps.....	17.00
First assistant engineer, ensign, and pilot, and second lieutenant in Marine Corps.....	15.00
Cadet midshipmen, passed midshipmen, midshipmen clerks of admirals, of paymasters, and of officers commanding vessels, second and third assistant engineers, master's mate, and warrant officers.....	10.00
All enlisted men, except warrant officers.....	8.00

TABLE II.—Permanent specific disabilities.

Disabilities.	From July 4, 1864.	From Mar. 3, 1865.	From June 6, 1866.	From June 4, 1872.	From June 4, 1874.	From Feb. 28, 1877.	From June 17, 1878.	From Mar. 3, 1879.	From Mar. 3, 1883.	From Mar. 3, 1885.	From Aug. 4, 1886.	From Aug. 27, 1888.	From Feb. 12, 1889.	From Mar. 4, 1890.	From July 14, 1892.	From Jan. 15, 1903.	From Mar. 2, 1903.	From Apr. 8, 1904.
Loss of both hands.....	\$25.00			\$31.25	\$50.00		\$72.00						\$100.00					
Loss of both feet.....	20.00			31.25	50.00		72.00										\$100.00	
Loss of sight of both eyes.....	25.00			31.25	50.00		72.00											\$100.00
Loss of sight of one eye, the sight of the other having been lost before enlistment.....			\$25.00	31.25	50.00		72.00											100.00
Loss of one hand and one foot.....		\$20.00		24.00		\$36.00											60.00	
Loss of a hand or a foot.....			15.00	18.00					\$24.00		\$30.00						40.00	
Loss of an arm at or above the elbow or a leg at or above the knee.....			15.00	18.00	24.00				30.00		36.00						46.00	
Loss of either a leg at the hip joint or an arm at the shoulder joint, or so near as to prevent the use of an artificial limb.....											45.00						55.00	
Loss of leg at hip joint.....			15.00	24.00			\$37.50				45.00						55.00	
Loss of an arm at shoulder joint.....			15.00	18.00	24.00				\$37.50		45.00						55.00	
Total disability in both hands.....			25.00	31.25														
Total disability in both feet.....			20.00	31.25														
Total disability in one hand and one foot.....			20.00	24.00		36.00											60.00	
Total disability in one hand or one foot.....			15.00	18.00					24.00		30.00						40.00	
Total disability in arm or leg.....			15.00	18.00					24.00		36.00						46.00	
Disability equivalent to the loss of a hand or a foot (third grade).....				15.00	18.00				24.00									
Incapacity to perform manual labor (second grade).....			20.00	24.00					30.00									
Regular aid and attendance (first grade) <sup>1</sup> .....			25.00	31.25	50.00		72.00						\$72.00					
Frequent and periodical, not constant, aid and attendance (intermediate grade).....															\$50.00			
Total deafness.....				13.00								\$30.00				\$40.00		

<sup>1</sup>\$72 from June 17, 1878, only where the rate was \$50, under act of June 18, 1874, and granted to date prior to June 16, 1880. First grade proper is \$50, amended by act Mar. 4, 1890, which increases rate to \$72.

TABLE III.—Rates fixed by the Commissioner of Pensions for certain disabilities not specified by law.

	Per month.
Anchylolosis of shoulder.....	\$12.00
Anchylolosis of elbow.....	10.00
Anchylolosis of knee.....	10.00
Anchylolosis of ankle.....	8.00
Anchylolosis of wrist.....	8.00
Loss of sight of one eye.....	12.00
Loss of one eye.....	17.00
Nearly total deafness of one ear.....	6.00
Total deafness of one ear.....	10.00
Slight deafness of both ears.....	6.00
Severe deafness of one ear and slight of the other.....	10.00
Nearly total deafness of one ear and slight of the other.....	15.00
Total deafness of one ear and slight of the other.....	20.00
Severe deafness of both ears.....	22.00
Total deafness of one ear and severe of the other.....	25.00
Deafness of both ears existing in a degree nearly total.....	27.00
Loss of palm of hand and all the fingers, the thumb remaining.....	17.00
Loss of thumb, index, middle, and ring fingers.....	17.00
Loss of thumb, index, and middle fingers.....	16.00
Loss of thumb and index finger.....	12.00
Loss of thumb and little finger.....	10.00
Loss of thumb, index, and little fingers.....	16.00
Loss of thumb.....	8.00
Loss of thumb and metacarpal bone.....	12.00
Loss of all the fingers, thumb and palm remaining.....	16.00
Loss of index, middle, and ring fingers.....	16.00
Loss of middle, ring, and little fingers.....	14.00
Loss of index and middle fingers.....	8.00
Loss of little and middle fingers.....	8.00
Loss of little and ring fingers.....	6.00
Loss of ring and middle fingers.....	6.00
Loss of index finger.....	4.00
Loss of any other finger without complications.....	2.00
Loss of all the toes of one foot.....	10.00
Loss of great, second, and third toes.....	8.00
Loss of great toe and metatarsal.....	8.00
Loss of great and second toes.....	8.00
Loss of great toe.....	6.00
Loss of any other toe and metatarsal.....	6.00
Loss of any other toe.....	2.00
Chopart's amputation of foot, with good results.....	14.00
Pirogoff's modification of Syme's.....	17.00
Small varicocele.....	No rate.
Well-marked varicocele.....	No fixed rate.
Inguinal hernia which passes through the external ring.....	\$10.00
Inguinal hernia which does not pass through the external ring.....	6.00
Double inguinal hernia, each of which passes through the external ring.....	14.00
Double inguinal hernia, one of which passes through the external ring and other does not.....	12.00
Double inguinal hernia, neither of which passes through the external ring.....	8.00
Femoral hernia.....	10.00

Section 4699, Revised Statutes, provides that the rate of \$18 per month may be proportionately divided for any degree of disability established for which section 4695 makes no provision.

The act of August 27, 1888, provides a \$30 rate for total deafness and authorizes the Secretary of the Interior to grant such proportion thereof in cases of partial deafness as he may deem equitable. Act January 15, 1903, increases rate for total deafness to \$40. Rates on partial degrees not affected.

The act of March 2, 1895, provides that "All pensioners now on the rolls who are pensioned at less than \$6 per month for any degree of pensionable disability shall have their pensions increased to \$6 per month; and that hereafter whenever any applicant for pension would, under existing rates, be entitled to less than \$6 for any single disability or several combined disabilities, such pensioner shall be rated at not less than \$6 per month: *Provided also*, That the provisions hereof shall not be held to cover any pensionable period prior to the passage of this act, nor authorize a rating of any claim for any part of such period, nor prevent the allowance of lower rates than \$6 per month, according to the existing practice in the Pension Office in pending cases covering any pensionable period prior to the passage of this act."

Mr. ESCH. Mr. Chairman, I yield 20 minutes to the gentleman from Michigan [Mr. JAMES].

Mr. JAMES. Mr. Chairman, as Members of Congress, on account of the actions of a great nation and its refusal to cease murdering our innocent children, women, and men, we have declared war.

As the Hon. Samuel Gompers, president of the American Federation of Labor, so well expressed it the other day:

We are engaged in a war which, in my opinion, is a war than which in the whole history of the world no war, not even our Revolution, was more justified. If we should fail—and I am as confident that we shall not fail as I am that we are living—but if by any means we could fail, all the struggles for American independence and all the ideas and ideals for which we have been jointly striving in one way or the other will have been in vain.

Believing that the only fair and square way to raise an army is one in which one man is on the same footing as another, we have passed the selective-draft bill.

Believing that our soldiers and sailors and our workers at home should receive the necessities of life at a reasonable figure, we have passed a food and fuel control bill, and when this bill gets into active working we will have the food sharks and the fuel pirates either in jail or out of business.

To-day we are getting ready to go one step further. This bill provides compensation and insurance for those men we have selected to give up "their liberty, their positions, their opportunities, and, going to the front, perhaps hazarding their lives and their limbs and their health for this country and for democracy."

We have selected them to do the fighting for us. The very minute we selected them to do the fighting we placed them in the position where they could no longer secure life insurance at any except exorbitant rates. More than that, unless the insurance has been taken out for a year or so, we raise the rates on even that life insurance. Under the circumstances, who should pay the extra hazard, the man who is going to do the fighting—and his family, because they suffer in case of his death or disability—for us or the rest of the people, who have sent him to do the fighting for them? It is the height of injustice to expect a man not only to do the fighting but to pay exorbitant rates of insurance for the protection of his loved ones.

This bill provides for four things:



First. All soldiers and sailors are required to allot a certain part of their wages—not less than \$15 per month—to their dependents.

Second. That the Government shall pay certain sums of money monthly to dependents of soldiers and sailors, this to be in addition to allotment made by soldiers and sailors themselves.

Third. This section provides—

A full table and schedule of compensation for injuries after the manner of the compensation laws for similar cases.

The bill provides specifically the compensation in each case whether for death or complete disability or partial disability on loss of a particular member of the body. All of this is fixed and compulsory.

By the way to show the difference in the old pension plan and the new way. Under the old way, the law provides a new wooden leg every three years for a man who lost his leg in action. We teach him in addition a trade so that he can be in position to support himself with what is left of his anatomy.

Fourth. This section provides that any soldier or sailor, at his option—not compulsory—can purchase term life insurance (up to \$5,000) at a rate of \$8 per annum. Strange to say, this section will be the hardest fought section of the bill.

The following from the Washington Herald, September 2, 1917, explains itself:

Insurance companies operating in the District have canceled all health and accident insurance policies on men drawn.

In addition, companies writing industrial insurance have increased the rate on life policies from \$20 to \$50 per thousand. Lieut. Lee, son of former Senator Blair Lee, of Maryland, recently sought to take out a policy for \$25,000 with one of the largest life insurance companies. After consultation with the home office the company reduced the amount of the principal to \$5,000 and increased the ordinary rate \$30 per thousand so that the annual premium amounts to \$250 per year.

Under the terms of the health and accident policies the company maintains the right to revoke them at any time for sufficient reason and return premiums. Most of the large casualty companies have already adopted this procedure.

I do not blame the insurance companies for increasing their rates somewhat, but I do blame them when not wishing to carry the risk themselves they do not wish this Government to give these men protection for fear the Government may "go into the insurance business." Personally, I do not believe that the companies would be hurt if the Government did go into the insurance business, but even if we do hurt the business of the life insurance companies temporarily we owe it to these soldiers and sailors that they receive a reasonable amount of life insurance protection for their families at a reasonable cost.

Suppose the Government does lose some money by writing term insurance at the rate of \$8 per thousand. Under a scientific plan of this kind, carefully administered, we certainly will be able to do it at less cost than the old system of pensions, with all its extravagances of different kinds and its political abuses.

The following from the Official Bulletin, published by the Committee on Public Information, September 1, 1917, also explains itself:

**ELEVEN FATALITIES IN EVERY 1,000 OF MOBILIZED STRENGTH IN FIGHTING ON WESTERN FRONT—DEATH LIST LARGEST EARLY IN WAR—PROPORTION OF THOSE DYING OF WOUNDS OR KILLED IN ACTION NEVER GREATER THAN 20 PER CENT OF ALL CASUALTIES.**

The Committee on Public Information has obtained from official sources the most nearly accurate figures possible on the percentage of fatalities in relation to casualties on the western front. These figures, taken when the casualties were greatest in proportion to mobilized strength and combined with the highest proportion of deaths, show losses due to deaths from wounds and killed in action to be approximately 11 in every 1,000 of mobilized strength.

#### HIGH-WATER MARK EARLY IN WAR.

According to the figures presented by the French high commissioner in his letter to the Secretary of War, the high-water mark of casualties in the French Army was reached early in the war—at the Battles of Charleroi and the Marne. The casualties in that period were 5.41 per cent of the mobilized strength, or 541 men in every 10,000 with the colors.

Military experts in this country agree that the killed in action and died of wounds have never at any time in this war exceeded 20 per cent of the total casualties. This gives a figure of 108.2 fatalities from these causes in every 10,000 mobilized strength, or practically 11 men killed in action or died of wounds for every 1,000 men with the colors.

Every 1,000 men would pay (under this bill) \$8,000 per year in premiums. Eleven deaths at \$1,000 would be \$11,000. How much more would the opponents of this bill desire to have these men pay?

As the gentleman from New Jersey [Mr. PARKER] states that testimony showed that 75 out of every 1,000 men at the front are killed, while the letter from the French high commissioner states they were only 11 per thousand, he will have to deduct near six-sevenths of what he estimates the cost will be. I expect to take this matter up further under the 5-minute rule.

Most insurance companies will write term insurance at a very cheap rate. I know something about life insurance and something about term insurance.

Give your application to any insurance agent, and he will get you term insurance around \$8 per thousand—the price the Government expects to charge the soldier in this bill.

If you are 21, you can get a five-year term—convertible but not renewable—nonparticipating policy for \$8 per thousand.

If you are 22, it will cost you \$8.06 per thousand.

If you are 23, it will cost you \$8.11 per thousand.

If you are 24, it will cost you \$8.17 per thousand.

If you are 25, it will cost you \$8.25 per thousand.

If you are 26, it will cost you \$8.32 per thousand.

If you are 27, it will cost you \$8.39 per thousand.

If you are 28, it will cost you \$8.48 per thousand.

If you are 29, it will cost you \$8.57 per thousand.

If you are 30, it will cost you \$8.67 per thousand.

This is an average of about \$8.30 per thousand. Out of this, the companies pay a liberal commission to their agents. How much more is it worth to carry the risk in war times? Some companies seem to think that \$50 per thousand would be necessary, others have written insurance for soldiers of the allies—everything considered—at a cost of about \$13 per thousand, as I will show a little later. Unfortunately for them they did not divide their risk enough.

Let us see what some of those who favor this bill say.

Hon. Samuel Gompers, president of the American Federation of Labor, and member of the advisory commission of the Council of National Defense:

I feel, in expressing the views of the executive committee of the committee on labor, composed of nearly 500 men and possibly 100 women, that some of the biggest business men, financiers, publicists, scientists, and humanitarians have expressed themselves without the slightest dissent in favor of this measure. Speaking for them as well as for myself I have not seen a measure prepared for introduction in the Congress of the United States that seemed so perfect a piece of legislation as the one prepared by Judge Mack and his associates.

One of the things which interests me much in this measure is that it can not help but give heart and courage and hope to the men who are going to the front. It can not help but remove from their minds the apprehension that away back home their wives and their children, their mothers, sisters, fathers are not to be objects of charity; that they may know when they come back that they can go to their little rooms which they left and that they will be unimpaired; and that their dependents will be there to welcome them; and that, so far as we can have it so, the American standard of living shall be maintained in the homes while the men are fighting at the front.

The measure is a departure from the old pension system, and it is intended to be a departure. It is intended that the old pension system shall go, and that this newer concept of compensation, allowance, and indemnities shall take its place, just the same as the workman's compensation laws have taken the place of the old employers' liability laws, with their common-law defenses and some other defenses.

I am under the impression that when this measure shall have been enacted into law you will hear very little about claims for pensions. It is the very antithesis of the pension system. I want to give this bill the heartiest approval.

We are engaged in a war which, in my opinion, is a war than which in the whole history of the world no war, not even our Revolution, was more justified. If we should fail—and I am as confident that we shall not fail as I am that we are living—but if by any means we could fail, all the struggles for American independence, and all the ideas and ideals for which we have been jointly striving in one way or another will have been in vain.

Hon. H. E. Wills, assistant grand chief engineer and national legislative representative, Brotherhood of Locomotive Engineers:

I want to say in behalf of the train service organization—the Brotherhood of Locomotive Engineers, the Brotherhood of Locomotive Firemen and Engineers, and the Brotherhood of Railway Trainmen—Brother Clark is here to speak for the Brotherhood of Railway Conductors—that we are in favor of the bill as drafted, and we would be glad indeed if we could see the bill enacted into law as soon as possible.

Hon. W. M. Clark, vice president and national legislative representative Order of Railway Conductors:

My purpose in speaking now is to place the organization which I have the honor to represent, the Order of Railway Conductors, on record as absolutely in favor of this bill.

Hon. A. L. Hereford, representative National Fraternal Congress:

The congress (National Fraternal Congress) represents about 40,000,000 of the people of this country—the congress has largely indorsed this bill. They (representatives of some of the old line insurance companies) succeeded in making some of our people believe that the Government was going into the life insurance business, but after discussing this bill for three or four days, and after hearing a full explanation of it by Judge Mack, we succeeded in getting practically all of them to realize that this was merely additional compensation to the boys that this Government has gone out with a strong hand and put into the Army and put into a hazardous occupation where they are unable to get life insurance at any reasonable cost; that this country owes that much to them, and in the end a resolution indorsing that feature, at least by implication, was unanimously adopted. We feel that as we are going to take care of our men that the Government, in justice, ought to take care of the others. Therefore, the National Fraternal Congress, representing nearly 40,000,000 members in this country, indorses this measure.

## AMERICAN ALLIANCE FOR LABOR AND DEMOCRACY.

At its meeting held at Minneapolis on September 7, among the resolutions adopted were the following:

## INDORSES SOLDIERS' INSURANCE.

Believing that the material interests of the Nation's soldiers and sailors and of their dependents should be withdrawn from the realm of charity and chance, and that health and life should be fully insured, we indorse the soldiers' and sailors' bill now before Congress.

National Tribune, Washington, the recognized organ of the Grand Army of the Republic. This paper stated in part in its last issue:

The principal objection to the bill, as voiced by many Members of Congress, is that it will put the Government into direct competition with the insurance companies.

The war insurance bill has many excellent features and few to which objection can be raised. Of course the bill is being vigorously opposed by the big insurance companies which see their prospects of enormous profits rapidly vanishing.

Among those who oppose it are some deserters who are on the roll or who are trying to get on. You take a man who served in the Civil War. He has to have an honorable discharge, and a man who saw service in the Spanish-American War has to have an honorable discharge, but not so with the man who joins your Regular Army to-day. He needs no honorable discharge—all he needs is a discharge.

Who, then, oppose this bill? Well, among those who oppose it are the pension grafters and those who would like to be. Every man trying to get a pension and whose disability came from indecent disease, or from drunkenness, or from his own misdeeds will oppose this bill.

Every deserter—not only those now on the rolls but those trying to get there—will naturally oppose a bill of this merit.

When it gets down to pensions, then most people are political cowards. They will stand for any bill that they think will help them if they vote for it and will hurt them if they vote against it. Safety first. How else can you account it possible for us to have on our books a law that makes it possible for a man to enlist to-day, desert to-morrow, being able to secure a pension?

Do you know that according to the present pension law it is possible for a man to enlist, desert, be apprehended, court-martialed, found guilty, sentenced, serve sentence, receive a dishonorable discharge, and yet be eligible to receive a pension, providing that alleged disabilities are shown to have been incurred in service and in line of duty? This refers to the general pension law affecting all soldiers, sailors, and marines, regardless of time of service. Many who desert and who are afterwards dishonorably discharged for that account are to-day receiving a pension from the United States.

I have in mind the case of a man who joined the Army May 12, 1904, and deserted July 21, 1904—or a little over two months in the service. He applied for pension in 1913, based on disease of kidneys and bladder. His claim was rejected once, then reopened, and again rejected, and the last heard, the department stated that papers recently filed were "being considered with a view to determining whether reopening of the soldier's rejected claim is warranted," and so forth. Perhaps by this time this brave citizen is on the rolls.

The evidence further shows that this brave fellow not only deserted his country, but his wife and child. In a letter that I have, signed by the deserted wife, it appears that he and his brother lived off of the earnings of this woman all winter and then deserted her in the spring. Her letter states in part: "I kept him and his brother almost all winter, and as soon as it got warm they both left me. I washed for the living and to pay the rent, and I can prove it by all my neighbors that neither one would work when they could get it." He not only deserted his wife, but his baby son as well. What do you think of a law that will allow a brute like this to be on the pension rolls?

Mr. CAMPBELL of Kansas. There are no such men as that on the pension rolls.

Mr. JAMES. There are.

I introduced a bill to prevent paying of pensions to a person of this kind. One would believe that a bill of this kind would be reported out immediately. Although a member of the Pension Committee, I have not been able to get any action on the bill. Why? I do not know unless it is as the noted Henry Waterson stated some time ago in the Louisville Courier-Journal:

Deserters have votes and Congressmen need votes.

Anyone who has been on the Pension Committee knows that thousands of applications are filed each year where the evidence shows that the applicant is suffering from nothing but his own misdeeds.

Mr. CAMPBELL of Kansas. Will the gentleman yield for a question? I had long service on the Pension Committee, and I never heard of such a case.

Mr. JAMES. There are such cases. I can show you the evidence from the Bureau of Pensions.

Rule No. 3 of the rules of the Pension Committee reads as follows:

Rule 3. In no instance will a bill be considered by this committee in connection with which the records of the War or Navy Departments show medical treatment for syphilis or other venereal disease of an aggravated character unless the Bureau of Pensions has specifically waived the same as a factor in present disabilities or cause of death.

Judging from a good deal of the evidence that I have read as a member of the Pension Committee, this rule ought to have been adopted and enforced many years ago.

At the last session, among those taken care of was a man tried at a general court-martial convened March 24, 1865, on the following charges: First, robbery; second, deserting his guard; third, disobedience of orders; fourth, violation of the Forty-fifth Article of War (drunkenness on duty); fifth, assault and battery.

The court found him guilty of all charges and sentenced him to be shot to death with musketry. The proceedings and findings of the court were approved and the sentence was mitigated to confinement at hard labor in such penitentiary as the Secretary of War shall direct for the period of five years.

Last session a bill allowing a pension to this man was introduced in the Senate by the then chairman of the Pension Committee allowing him a pension at the rate of \$30 per month. This bill passed the Senate and one night about 10 o'clock this item passed the House. This was the night when Senate bill No. 8113, containing 266 items, Senate bill containing 40 items, Senate bill No. 8295, containing 144 items, and Senate bill No. 8120, containing 106 items, passed the House with no discussion. As I called attention to a day or so later, most of these items in these bills had been introduced 12 months before, but for some reason or other were held back until the closing hours of the session.

Another item that passed that night—even members of the committee who reported out the bill admitted that they did not know that item was in the bill, or they would have rejected it—was one that had been turned down by the Committee on Pensions of the House. Then the introducer of the bill or the beneficiary of the bill, one or the other, had one of the Senators rush a bill through. The bill had been rejected three times by the House committee. Evidence before our committee showed that officer was killed while joy riding; evidence also showed that the widow was working in the War Department at \$75 per month; and yet the Senator who introduced the bill in a letter written several days after we had rejected the case for the third time wrote a letter to the Senate Pension Committee stating that applicant was "nearly destitute."

When we pass a bill of this kind it will do away with this kind of work. I hope to see the day when it will not be necessary to have a Committee on Pensions. This bill will go a long way toward it, and is one reason why I favor the bill so strongly. Let us take care of everyone who deserves it, but let us do away with pension grafting.

One of the most bitter but truthful attacks on the vicious pension system that I have read for some time is an editorial in the Hancock (Mich.) Journal, in which the editor says in part:

It is said opposition is already appearing, because it would upset the pension system—

Whatever that may mean—

Everyone knows our present pension system. Everyone knows for years Congress played politics with it, ignoring many worthy old heroes who had no pull.

The Civil War practically ended in 1865. There were on the pension rolls in 1873, eight years later, when one would think the high tide of claims would have been reached, 119,500 invalids and 118,911 widows. In 1916, 51 years after, there were on the rolls 403,120 invalids and 306,542 widows, only a small minority due to the Spanish-American and Philippine campaigns.

In 1873 the Government disbursed nearly \$27,000,000 for pensions. In 1916 it expended over \$159,000,000.

The Government has already paid out over \$4,765,000,000 in Civil War pensions, some justly, some unjustly.

The present administration desires to prevent a repetition of this. The insurance plan will give the Government something definite to go on. There will be no pull and haul at Washington before Pension Bureaus, no miserable spectacle of rival parties in Congress seeking the "soldier vote" by lavish waste of the people's money.

It will cut out only those who do not deserve it.

The insurance plan will bring relief to all who deserve it.

Who else oppose this bill? Well, some insurance companies appear to.

Are these insurance companies opposed to soldiers carrying life insurance? They are not.

Have any insurance companies carried similar insurance for any of the soldiers of any of the allies? They have.

Have any American companies written any of this kind of insurance? They have.

Are the rates, everything considered, on business they have written much in advance of the rates proposed to be charged by



the Government in this bill? They are not, as I will prove later on.

Are these companies willing that the Government shall carry a policy of life insurance on every soldier and sailor if the Government pays all the cost? They are.

Then is it true that the only objections these men have to the bill is that they are afraid if the insurance is optional and the premium is paid by the soldier himself that the Government may enter the insurance business later on and thus hurt their business?

I will answer that question by using their own language:

Our committee distinctly objects to the insurance article of the bill because there is no reference in the bill to the fact that this Article IV is a war measure, nor is there any statement of intention of abandoning the issuance of new insurance under this article when the war is over.

This is a very frank statement and covers very completely their objection to this part of the bill. I might say that this seems to be the true objection of the minority report as well.

The minority report says it is against the bill for four reasons.

Reason No. 1 is that it will mean the establishment of a new bureau, which is "a needless waste of money."

This bill amends a bill approved on September 2, 1914, the title of which reads: "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department." This act put the Government into the business of carrying marine insurance on vessels and their cargoes. The bill has been amended since that time making it broader still. When we amended this bill several months ago compelling vessel owners to carry insurance on their men we put the Government still further in the insurance business. I do not find that the gentleman from New Jersey [Mr. PARKER] protested against the Government going into the insurance business then.

Of course, the original bill was for the protection of the property of vessel owners and merchants, and the present bill is only for the protection of our soldiers. I do not believe that the friends of the minority report wish us to believe that they favor the Government going into the insurance business when owners of vessels and cargoes are to receive the protecting hand of the Government and against it when the bill goes further and provides for the same protecting hand being placed over our soldiers. [Applause.]

The fourth reason reads:

The Government, if it wishes the men insured, should insure them itself.

How strangely this language sounds like one of the objections of Mr. Ide, representing the insurance companies, who says:

Our committee did not object in any way to this insurance for the soldiers and sailors in addition to the other benefits of the bill, provided it was equitably given to all—which can only be the case if the Government bears all the cost—

And so forth.

How strangely like this language of Mr. Ide—

And we believe that the costs and disbursements should be borne wholly by the Government.

Practically all of the fraternal societies are showing the right kind of spirit in these war times. Some of them are furnishing every member of their order who enters the Army or Navy with a policy for \$1,000. This naturally means that less insurance will be asked for by the soldiers and sailors in this bill. All will see that insurance of members in the service of the United States is kept in full force.

#### FRATERNAL ORDER OF EAGLES.

At the national convention of the Fraternal Order of Eagles held at Buffalo lately it was decided by unanimous vote to insure every member of the order who enters the Army or Navy with a policy of \$1,000.

#### FORESTERS OF AMERICA.

On August 31, 1917, at Portland, Me., the supreme court of the Foresters of America voted to establish a \$500,000 emergency fund to pay death claims of members who die in service and to purchase life insurance for each member.

#### KNIGHTS OF THE MACCABEES.

On August 28, 1917, Hon. D. P. Markey, supreme commander, is referred to as follows by the Mining Journal, Marquette, Mich.:

Mr. Markey is a most enthusiastic worker for the Army and Navy, and it was largely because of his advice that the society of which he is the presiding officer, at its recent supreme session, adopted laws that are helpful to the Government and the members who will go to the front. No member's insurance will be affected by joining Uncle Sam's fighting forces. The beneficiaries of these members will be taken care of in the same manner as will the beneficiaries of those who remain at home.

I understand that other fraternal organizations have taken action similar to the Eagles, Foresters of America, and Maccabees, and I hope to have more information as to the exact details before this debate is closed.

If they—the fraternal societies—take care of their men who join the Army and Navy, we ought to do our share.

We must not forget that when we draft the soldiers in many cases we not only draft the wage earner of the family, but we also draft the "entire family to the flag; the sacrifice is not divisible." In many cases it is the mother and father who are involved in the sacrifice—in other cases it is the wife and the little ones.

"They suffer just as much as the soldier, but in a different way; and the Nation must generously discharge as a proud privilege the duty of maintaining them until the soldiers and sailors return from war and resume the responsibility."

Some people will call this bill a socialistic measure. Well, it was not many years ago when anyone advocating working-men's compensation was considered a Socialist, but who thinks so now?

A little later those who advocate mothers' compensation laws were considered Socialists, but who thinks so now?

Those who favor this kind of legislation and those who favor old-age insurance, compulsory health and accident insurance, and employment insurance may be called Socialists now, but in a few years from now these measures, too, will be looked upon as safe and sane.

In good plain English, here is the real situation regarding the Government furnishing a reasonable amount of insurance to men at absolute cost—peace-time cost. We know, and the insurance companies know, that these men are from a physical point of view the very best risks, every man A No. 1 in every respect, because they have all been submitted to a strict physical examination and found without a blemish.

But from an insurance point of view, on account of their being selected to go to France to fight and, if need be, to offer up their lives for us, they are not a good risk. To carry such a risk the life insurance companies—and they are justified in asking this in justice to their other policyholders—ask an extra hazard.

Then the Government steps in and we say: "In peace times you could get insurance for \$8 per thousand. On account of the extra hazard that we subject you to you have to pay an extra war premium. If you wish insurance for a reasonable amount you pay us the \$8 per thousand and we will pay the difference. If we could get the insurance companies to write this risk at a reasonable figure, it might be policy for us to take it from them, but if they will not, then we intend to protect you ourselves, and we will stand the difference because we are the ones who made it necessary for you to pay this extra hazard. We do not intend that your dependents and yourselves shall suffer because we have called upon you to do our fighting."

That is the exact situation and I can not see why anyone will oppose the Government insuring these sailors and soldiers under all the circumstances. To select a man to do the fighting, make him either lose or pay a high rate for his insurance, and then not provide insurance for him in some other way is absolutely wrong and can not be excused on any grounds. This bill, with the optional insurance feature, ought to pass this Congress without a single dissenting vote. [Applause.]

Mr. GRAHAM of Illinois. Will the gentleman yield?

Mr. JAMES. I will.

The CHAIRMAN (Mr. WEAVER.) The time of the gentleman has expired.

Mr. ESCH. Mr. Chairman, I yield such time to the gentleman from New York [Mr. SIEGEL] as he desires.

Mr. SIEGEL. Mr. Chairman, I ask that the Clerk read the following telegram.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

NEW YORK, September 6, 1917.

Hon. ISAAC SIEGEL,

House of Representatives, Washington, D. C.:

I earnestly urge your active support of the soldiers' and sailors' insurance bill as presented by the national administration. The city of New York will have over 50,000 men in the service of the National Government in the near future. Hardships and difficulties will arise in some of their families which the city government will do everything in its power to alleviate, but it is both necessary and a matter of justice that some uniform and dependable provision should be made by the National Government.

JOHN PURROY MITCHEL, Mayor.

[Applause.]

Mr. SIEGEL. Mr. Chairman, I agree with our patriotic mayor that this bill should receive the loyal and full-hearted support of this House. I have listened intensely for two days to the debate here and I have not heard anything that would tend to convince any Member that this is not a wise measure. We all agree that a bill of this type must be liberal in its treatment of the soldiers and sailors who are going forth to fight for our country, and they should know that those who are near and dear to them will be properly taken care of during their absence. No one claims that this is a perfect bill, but when it is taken up, say, paragraph by paragraph, various amendments will undoubtedly be offered which



will help to perfect it. Great care should be taken to see that policies may not be assigned, because in that manner speculators will not be able to reap a harvest at the expense of our men. The whole opposition to this bill comes from those who favor a continuance of the old pension system and from life insurance companies, who see a loss of profits in their failure to obtain this business.

The whole subject has been intelligently discussed in an article which will appear in the October number of the Review of Reviews.

The article noted follows:

#### SOLDIERS' INSURANCE VERSUS PENSIONS.

[By Samuel McCune Lindsay, professor of social legislation, Columbia University.]

The principles of social insurance, applied to all sorts of risks and hazards in which the community has a stake or shares a responsibility, have been gaining in favor the world over in recent years. On the contrary, the principles of pension legislation in all countries have been found wanting and experience everywhere is leading to its abandonment.

Thirty-five years ago Germany began to apply scientific business management to the relations of government and the problems of social welfare in dealing with the public relief of distress, sickness, industrial accidents, invalidity, old age, and unemployment among wage earners. Under the masterful leadership of Bismarck, in harmony with a new national spirit and a modern sense of social responsibility and solidarity, a strongly centralized and comprehensive system of State insurance was started. Within 25 years this system not only became the characteristic and dominant feature of a powerful national government, but also became incorporated in its essential principles by the Governments of Great Britain, France, Italy, Russia, and practically every country of Europe into a new development of democracy, a new function of government, a new attitude of peoples in their conception of the possibilities of social organization.

#### THE UNITED STATES A LAGGARD IN SOCIAL ORGANIZATION.

The United States alone has lagged behind and relied upon the older individualism of the poor law, administered by the smallest units of local government, upon the personal initiative of the injured person or his representatives to secure redress under the common law or the law of torts, upon employers' liability statutes, and upon equity procedure to remedy evils and achieve social justice. Of course, such methods long ago proved themselves inadequate in the face of the wonderful development of highly centralized organization, not only national but international in scope, which has characterized American industry during the past 50 years. The day of reckoning between the people and their governments, between effective business organization of common interests and political methods which are the last resort of privateering, has been postponed by the exceptional development of private philanthropy and its extension to fields and to tasks for which it is only just now proving itself also inadequate.

#### THE PATCHWORK OF PENSIONS DISCREDITED.

In one great department, however, where Government has had to meet a national responsibility, namely, in the relief of soldiers and sailors and their dependents, the patchwork of pensions in the United States since the Civil War, based on the principle of gratuities and political favor rather than on a sense of social justice and mutual obligation, is universally recognized as a failure. Pensions have developed in hundreds of thousands of citizens precisely the attitude of mind toward government which real democracies seek to dispel. If the collective wealth and power of the community become a prize which the individual seeks to control for his own benefit, no real democracy is possible. Only as we can cultivate the feeling on the part of every individual citizen that he can be stronger, freer, and happier in proportion as every other individual in the community is made stronger, more secure, and given larger opportunities for happiness will the foundations of democracy itself be safe and its fruits increase.

#### DEMOCRATIC REORGANIZATION OF GOVERNMENTS.

We are just starting upon a world enterprise which has for its ultimate goal the democratic reorganization of the world. In the preparation of the Nation for the war there is no more striking and significant proposal that goes to the roots of our own unpreparedness, and there is no more timely and important war measure which may well test our national spirit than the proposal to provide a scientific system of social insurance instead of pensions to carry as many as possible of the risks and sacrifices of military service.

With the national purpose to participate in this world struggle for democracy defined and determined by the people themselves expressing their will in accordance with democratic principles, the conscription of men for military service on a scientific and impartial plan designed to secure those best able to render such service has been the most heartening evidence of real democracy in this country and its greatest gain in a century.

#### LIGHTENING THE BURDENS OF DRAFTED MEN.

The response of the people to the draft law has abundantly vindicated American patriotism and the virility of the Nation. It could have been made much easier, aroused greater enthusiasm, and contributed to the building up of an even stronger national spirit had Congress at the time it passed the draft law also enacted the war insurance bill which it has now under consideration.

Every removable fear that may naturally enter into the mind of the man called upon to give his life in defense of his country should certainly be removed. The sacrifice of comfort and economic security can not be compensated for by any wage which the Government may pay its soldiers. The degrees of sacrifice are too varied and its economic value too great for that. The anxiety, however, which the man who goes to the front naturally feels lest those who are dependent upon him for support are left unprotected, can be removed. Provision can be made not only for as strong economic protection for the comfort and welfare of the soldier's family as his own earning power gave them before he went to war, but his personal economic status, to whatever extent his earning power may be impaired if not destroyed by his military service, may also be assured.

The sooner Congress enacts the war insurance bill and thereby removes unnecessary handicaps which inevitably deter patriotic men through fear of the economic readjustments it is necessary to make, the prompter and more ready will be the response to their country's

call. The cost will be great, and the challenge to business ability in the management of a highly complicated and stupendous business undertaking will be even greater. If the conscription of wealth is likewise necessary to make effective the conscription of men it will have no greater justification in any expenditure that Congress is called upon to make than in supplying the huge sums needed for the compensation and insurance of the unavoidable risks which those who fight must take and which the man at home can in this way and will cheerfully share.

#### WHAT THE WAR INSURANCE BILL PROPOSES.

The bill to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department proposes to add to the existing bureau, which insures ships and seamen in the merchant marine against war risks, a new division of military and naval insurance, which will provide for three things:

- (1) Compulsory allotment of pay for support of dependents and for savings for future economic rehabilitation.
- (2) Compensation for death or injury, including disability due to disease.
- (3) Ability to get additional insurance at low cost.

#### THE ENLISTED MAN MUST HELP HIMSELF.

Every enlisted man in the military or naval forces of the United States must allot not to exceed one-half of his pay and not less than \$15 per month for the benefit of his dependents, or, if he has no dependents, to be deposited to his credit for his own benefit as a capital fund, upon which the Government will pay interest and hold for him to enable him to make necessary economic readjustments after the expiration of his military service. To this compulsory allotment the enlisted man may add voluntarily from the half pay not subject to compulsory allotment and for purposes which he may choose. The Government will add a family allowance equal in amount to the monthly compulsory allotment and graded according to the relationship and number of dependents, but in no case does the Government allowance exceed \$50 per month. This is payable from the time of enlistment to death in, or one month after discharge from, the service, but not for more than one month after the termination of the present war emergency. For the ordinary enlisted man, who receives \$33 per month in foreign service, the minimum compulsory allotment might be \$16.50, to which \$16.50 would be added as a family allowance, thus giving his family a minimum income of \$33 per month, which the man, however, might by further allotment easily increase to \$50. He would have to give up only \$8.50 of the other half of his pay. The Government would add another \$8.50 and he would have \$8 per month left, or sufficient for his own spending money.

#### COMPENSATION FOR DEATH OR DISABILITY.

Compensation for death or disability resulting from personal injury suffered or disease contracted in the course of the service by any commissioned officer or enlisted man, or by any member of the Army or Navy Nurse Corps composed of women. This compensation is graded like the compensation now provided for wage earners under workmen's compensation laws in 35 States, and under the Federal Government of the United States according to pay, and is made payable in monthly installments. It is not assignable and is exempt from taxation, attachments, and execution. It takes the place of any rights or expectations under pension laws and is expressly granted in lieu of pension. It is not operative for persons receiving service or retirement pay. The scale is a fairly liberal one and Congress, of course, may at any time make it more liberal, but presumably would do so only under general legislation for the entire service, thus precluding the inequalities and injustices of special pension legislation. Congress can not constitutionally bind future Congresses and prevent special pension legislation, but it can and in this law it seeks to create so fair, liberal, and satisfactory a system of meeting every just claim impersonally and as a matter of right that it will be practically impossible for any future Congress to consider a private pension bill and highly improbable that any soldier or his dependents would seek any other remedy than that provided for under this war compensation act.

#### INSURANCE OF INSURABILITY.

This is a novel, constructive, and at the same time perhaps the most contentious part of the new proposal. It is a departure from the accepted principles of industrial compensation legislation and from the practice of other countries in dealing with compensation for war risks, family allowances, and pensions. It is, however, vital and essential to a fair test of the proposal to which the Secretary of the Treasury and the President have given their unqualified indorsement and without which that plan can not be fairly tested. It is the feature which specially marks this measure as a forward looking experiment in social legislation. It is far-reaching and constructive and is a war measure in a real sense.

#### ADVANTAGES OF INSURANCE.

Americans are not laggards in their appreciation and use of the advantages of mutual insurance. A man fit for military service is physically the best insurable risk and can purchase insurance at the lowest commercial rate. The minute he shoulders a gun he either can not purchase insurance at all or only in a limited way at a very high and practically prohibitive rate. This bill proposes to stimulate and encourage every enlisted man to use his own resources and to make use of the facilities of insurance to protect and safeguard his interests to the limit of his resources. To do this it offers him ordinary term insurance renewable from year to year during the war and convertible at the end of the war without physical examination in such amounts as he chooses to take not to exceed \$10,000, the Government agreeing to pay the difference between the cost of carrying such insurance while he is engaged in military service, estimated at about \$58 per thousand, for the man of 21 years of age, and the rate which he would pay if he were not in military service, estimated at about \$8 per thousand. He is given 120 days after enlistment in which to take out such amount of additional insurance as he may elect, and if he fails to exercise this privilege and dies or becomes totally disabled within this period he will be considered as insured and the benefit paid to his family.

The insurance is payable only in monthly installments to the beneficiary during life. The maximum amount of \$10,000 is estimated to yield about \$25 per month, which for the enlisted man when added to his compensation for death or disability as based on his rate of pay is none too liberal to maintain a decent standard of living for his family deprived of its breadwinner.

The insurance companies do not favor State insurance nor like the idea of the Government going into the insurance business. They ap-



preciate, however, the advertising value for the insurance business in general of this feature of the war-insurance bill.

#### WHAT IT COSTS THE GOVERNMENT AND THE INSURED.

Without compulsion and without the importunities of insurance agents would the average man who needs it most take out this added insurance to any considerable extent? Could he afford to do so? Probably not more than \$2,500 per man on the average would be written. In perfecting the details of the bill Congress may decide to limit the privilege of such subsidized insurance for officers and men whose rates of pay, or private resources, make the Government aid unnecessary. It may also decide to pay the full cost for certain amounts of such added insurance for those who can afford to take only small policies. The principle of the Government subsidy is, however, right and just. There is no discrimination at the expense of the insured taxpayer who pays the full commercial rate in favor of a class to whom we do not owe a greater debt than any subsidized insurance can possibly pay.

The cost to the Government, however great and however difficult to estimate exactly in advance, is sure to be less than that of any system of pensions and much fairer because proportionate to what the insured person has done for himself. The soldier who does nothing for himself must be content with what his compensation yields or depend on private charity. After rejecting or neglecting so liberal an opportunity as this provision for the insurance of his insurability offers he can not with good grace appeal to the Government for a pension.

#### A NEW CHANCE FOR THE INJURED.

An extremely interesting and valuable provision is made for injured persons who may through a process of reeducation, rehabilitation, and vocational training which the Government will provide, have their earning power restored. In cases of dismemberment or of injuries to sight or hearing and of other injuries commonly causing permanent disability, persons may be required in lieu of compensation for the time being to enlist in a training branch of military and naval service entitling them to full pay as during the last month of their active service and to family allowance and allotments as in the regular service if while taking training for rehabilitation they are prevented from following any substantially gainful occupation. Any one failing so to enlist for training forfeits his right to compensation until he does so.

#### A MEASURE DEVISED BY EXPERTS.

Congress has had able assistance in framing its war insurance act. The plan is in a new and important sense an administration measure. The Secretary of the Treasury very properly considered it a financial measure of the greatest importance and has given it disinterested and able leadership. He called to his assistance not only experts in insurance and the representatives of all the leading insurance companies in this country whose patriotic cooperation he has secured, but he has also had the active help and support of influential labor leaders like Mr. Samuel Gompers and Mr. J. W. Sullivan, of socially minded economists, lawyers, and persons expert in dealing with the problems of dependency, like Judge Julian W. Mack, who has given his time freely as chairman of a committee that drafted the bill and worked out the details of the plan; of Dr. Leo S. Rowe, Assistant Secretary of the Treasury; Capt. S. H. Wolfe, a well-known accountant and actuary; Miss Julia C. Lathrop, of the Children's Bureau; Mr. V. Everit Macy, president of the National Civic Federation; Profs. Henry R. Seager and Thomas I. Parkinson, of Columbia University, and the staff of the legislative drafting research fund of Columbia University.

#### WHAT OTHER COUNTRIES ARE DOING.

The experience of other countries in providing for the dependents of enlisted men has been carefully studied by the Children's Bureau. Much of it has been put in evidence by Miss Lathrop at the House hearings on the bill, many features of which are frankly based on this experience. That of Canada where conditions are more analogous to our own is described by Capt. Wolfe in a publication of the Children's Bureau.

#### NEED FOR PROMPT ACTION.

Congress should act promptly on the war insurance measure, even though its Members are weary from the arduous labors of a long and momentous extra session. Our laws dealing with problems of dependency in soldiers' families in time of war lack many modern provisions and tendencies which a comparison with those of European countries reveal. It is time that they were modernized. The war insurance bill will do that and give the United States a measure which will put it in the first rank and ought to be part of the contract between our Government and our new National Army.

Mr. SIEGEL. Whatever defects this bill possesses at the present time will be eradicated when the final vote has been reached.

I had hoped to see a more liberal policy adopted, but I shall vote for it, realizing that its enactment is a step in the proper direction and the most progressive piece of legislation that Congress has enacted during the past 25 years. Future generations will recognize that fact and point to it with pride and admiration. [Applause.]

Mr. STEENERSON. I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from Minnesota asks unanimous consent to extend his remarks in the RECORD. Is there objection? [After a pause.] The Chair hears none.

Mr. ESCH. Mr. Chairman, I yield 15 minutes to the gentleman from Ohio [Mr. FESS].

Mr. FESS. Mr. Chairman, there is one feature of this bill that has not been discussed in the general debate that I should like to have the attention of the members of the committee on, and that is the feature that pertains to the rehabilitation or the reeducation of the boys who will return crippled.

The bill has been written with a view that there will be many not to return, and the compensation is allowed for those who would be their dependents. This feature is the one that appeals to me even more than that one, because that feature will most certainly be carried into law and justified by everyone.

Mr. STEENERSON. Mr. Chairman, I make the point of order that the committee is not in order.

The CHAIRMAN. The committee will be in order. Gentlemen in the aisle will please be seated. Gentlemen will cease conversation.

Mr. CAMPBELL of Kansas. Mr. Chairman, we are considering one of the most important measures that has been under consideration in this House in a quarter of a century. It reaches further than anyone here has intimated in any discussion had upon it. Therefore I make the point of order that the House is not in order—those who are here—and that there is not a quorum here.

Mr. ADAMSON. Mr. Chairman, will the gentleman withhold that a moment while I make a suggestion?

Mr. CAMPBELL of Kansas. I will, for a mere suggestion.

Mr. ADAMSON. My suggestion is this: If we change this general debate to debate under the five-minute rule and make the practice just as liberal as the gentleman would wish, we shall have an audience here; and if the gentleman will agree now, this evening, to close general debate on Monday, we will have a full committee then, and I am willing to have the most liberal practice under the rule.

Mr. ESCH. I think, Mr. Chairman, this side has still an hour to its credit.

Mr. ADAMSON. You can have it under the five-minute rule.

Mr. ESCH. And they desire to speak in general debate.

Mr. ADAMSON. All the gentlemen that I have conferred with on this side prefer to make their speeches to a better audience. They prefer to speak under the five-minute rule.

Mr. ESCH. Mr. Chairman, if the gentlemen on the list who wish to speak in general debate can have the option of speaking under the five-minute rule, I have no objection to that.

Mr. CAMPBELL of Kansas. I stated to the gentleman in charge of the bill this morning, in the temporary absence of the chairman of the committee, that I would prefer to take the half hour allotted to me in a discussion of a motion directed against a particular part of the bill rather than to discuss the matter in general debate, and I rather agree that we can get a more intelligent discussion and consideration of this bill in the manner the Chairman of the committee has suggested.

Mr. ADAMSON. I can promise there will be no complaint as to treatment.

Mr. CAMPBELL of Kansas. So far as I am concerned, I will agree to that, if the gentleman from Georgia will move that the committee rise at this time.

Mr. KITCHIN. I understand that at this time the time at the disposal of the gentleman from Wisconsin [Mr. ESCH] is about an hour.

Mr. ESCH. Yes; about an hour.

Mr. CAMPBELL of Kansas. And that much time shall be given under the five-minute rule.

The CHAIRMAN. The Chair would like to have the gentleman from Wisconsin and the gentleman from Georgia state their requests.

Mr. MADDEN. I had an hour allotted to me.

Mr. ADAMSON. Then it is understood, Mr. Chairman, that the general debate is closed.

Mr. FESS. Mr. Chairman, I believe I have the floor.

Mr. ADAMSON. The gentleman from Ohio shall have it if he prefers it under the five-minute rule.

Mr. FESS. All right.

Mr. ADAMSON. Then it is understood that the general debate is closed.

Mr. MADDEN. It is understood that the general debate is closed, with the further understanding that gentlemen wishing to discuss the bill in its various stages of consideration shall not be confined to the five-minute rule.

Mr. ADAMSON. You shall have your time.

Mr. KITCHIN. Would it not be well to read the first section of the bill and then have an agreement that there should be an hour and a half on that section, an hour to be controlled by the gentleman from Wisconsin [Mr. ESCH]?

Mr. MADDEN. That would not meet the case. For example, I have had an hour's time allotted to me on the bill, which I was going to use in general debate; but my intention was to discuss the merits of the various phases of the bill. But with the attendance here this afternoon I do not care to do that.

Mr. ADAMSON. The gentleman can select his own time under the five-minute rule.

Mr. MADDEN. Various times?

Mr. ADAMSON. We will agree to that.

Mr. FESS. I was discussing a particular phase, the rehabilitation.

Mr. ADAMSON. The gentleman shall have his time.

Mr. FESS. I am not opposed to the bill, but I wanted to speak on this particular section of the bill.

Mr. ADAMSON. Yes. You should have a better audience.

Mr. KITCHIN. Let us read the first section.



Mr. ADAMSON. Then I shall move that the committee rise.  
Mr. CAMPBELL of Kansas. Mr. Chairman, I think we should have the membership of the House here. So far as I am concerned, I do not object to considering the general debate concluded now.

Mr. ADAMSON. Well, if it is understood that the general debate is ended, I move that the committee do now rise.

Mr. ESCH. Under the agreement made?

Mr. ADAMSON. Yes; Under the agreement made.

The CHAIRMAN. Will the gentleman from Georgia state the unanimous-consent agreement?

Mr. RAYBURN. It is a gentleman's agreement.

Mr. ADAMSON. On Monday all the gentlemen shall have the right to speak under the five-minute rule and occupy the time promised them in general debate.

Mr. ALEXANDER. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record by inserting a letter from Judge Julian W. Mack to Col. Theodore Roosevelt, dated August 18, 1917, relating to this bill, and Col. Roosevelt's answer thereto, indorsing the bill.

Mr. MADDEN. Have you Democrats come to the conclusion now that Col. Roosevelt's opinion is worth something? [Laughter.]

The CHAIRMAN. The gentleman from Missouri [Mr. ALEXANDER] asks unanimous consent to extend his remarks in the Record by inserting the letters referred to. Is there objection?

There was no objection.

Following are the letters referred to:

WASHINGTON, D. C., August 18, 1917.

MY DEAR COL. ROOSEVELT: I call your attention to a bill that has just been introduced in Congress by Senator SIMMONS and Representative ALEXANDER, in the drafting of which I was privileged to participate.

The object of the bill is to have our Government grant to the fighting forces, as a matter of justice and not of charity, compensation for the losses that may be incurred by them and indemnity against the risks imposed upon them by drafting them for war service.

Following the example of our allies, the bill compels men to contribute to the support of their families, but to that contribution the Government adds a substantial grant of from fifteen to fifty dollars a month.

As compensation is now given to civil Government employees, so the bill proposes to give compensation instead of a pension to the military employees for death or disability resulting from the service. The family, however, not the man, is the unit on which the amount of the grant is based. The compensation for a totally disabled private is from forty to seventy-five dollars a month and in case of his death from thirty to sixty a month, in each case dependent upon the size of his family.

More important than this, however, is the reeducation and rehabilitation of the maimed or crippled man. To develop every latent power within him, to save him from the danger of resting with a bare Government grant, and thereby losing all stamina and zest for life, every man who is fit for work must undergo a course of training under penalty of suspension of his compensation. On the other hand, to spur him on to the utmost, he will not be deprived of his compensation if he raise himself to a high economic level.

The men enlisted in this great national service can not protect themselves as the rest of us can by insurance against old age, disability, or death except at a prohibitive price. The bill, therefore, plans that the Government itself shall issue such insurance and shall issue it at net cost based upon mortality in peace times. The extra cost, due to the heavier death rate during the war, is a burden that should be borne not by the fighting men but by the Government for which they are fighting. On this plan the average premium for the young man will be about \$8 a year per thousand. Practically every private can contribute at least \$15 monthly out of his \$33 pay to the support of his family, \$7 monthly as premium on \$10,000 (the maximum) insurance, and have left sufficient spending money for the man at the front.

And through this insurance the men are enabled, in accordance with the soundest American traditions, to protect themselves. There will be no need of a service pension for them.

I feel sure that the fundamental principles of the bill will evoke your deepest sympathy, and I hope that after a study of the measure you will want to give it your hearty support.

Very sincerely, yours,

Hon. THEODORE ROOSEVELT,  
Oyster Bay, N. Y.

JULIAN W. MACK.

OYSTER BAY, N. Y., August 22, 1917.

MY DEAR JUDGE MACK: I have read the bill for compensating and insuring the soldiers and sailors with the keenest interest. It marks a great step forward. It puts the United States where it ought to be, as standing in the forefront among the nations in doing justice to our defenders.

I am particularly struck by the emphasis on the family instead of, as heretofore, on the man. When we draft men into public service we enlist their dependents, and of these we must never lose sight. They must be cared for while their breadwinner is away. They, not he alone, must be considered in fixing the compensation for disability; and if he dies as a result of the service they must be adequately protected, instead of being given the miserable pittance that the present pension laws provide.

But I particularly like the provisions for reeducation. There is great danger when a man knows that for the rest of his life the Government is going to give him just enough to live on that he will be content therewith and grow sluggishly indifferent to further effort. But life is not static. Men go forward or else they fall backward. Unless proper steps are taken men who endure first terrible injuries and then the long inactivity that necessarily follows, and who suffer some degree of permanent disability in consequence, are in grave danger of going to pieces. It is clearly in the public interest, as well as for their own good, that they should be reeducated for life wherever possible; and it is both wise and just that their economic recuperation should not lessen their compensation for loss of limb. We shall be recant, indeed, if we fall short

of the achievements which stand to the credit of France and Canada and England in the reeducation of their disabled. And we shall certainly fail in this indispensable duty of human salvage if we do not begin now.

The compensation for the family should not be based upon the family's status at the time when the injury is incurred. These young men of from 21 to 31, even though they be crippled, ought to marry; and the wife thus married after the war and the children born to them deserve the same treatment and consideration as those whom the husband has left in order to go to the war. There are, however, some serious dangers that might well be guarded against by limiting the time of such marriages, where the wife is to be compensated, to 10, or at the outside 15, years after the war.

The compensation for the family should be so arranged as to put a premium on the soldier having a considerable number of children; his is the stock which the Nation can not permit to die out.

Of course, when the Government takes away the insurability of the man it ought to give him a substitute, and Government insurance, as outlined in the bill, is the only substitute. We must not be led off on a red-herring trail by the argument that the proposed bill opens the door to the Government's eventual assumption of the insurance business. It is nothing short of criminal to fail in the adoption of legislation necessary to the effective conduct of the war through fear of such legislation in times of peace. The old-line insurance companies and the fraternal orders should welcome this new move in social progress. In the interest of their policyholders they can not and ought not to stand the cost of the war risk except to the extent that they are now obligated. The Government can and ought to do it; and when the insurance is granted it must be kept in force for these men at rock-bottom rates after as well as during the war.

The bill is a real and constructive measure. I believe it should be passed and should go into effect when the first men of the new National Army are called out. I know of nothing more important than to lift the fears of men that their families may become objects of charity and to hearten the wives and children and parents of this country to respond bravely and gladly to the Nation's call.

European experience constantly reminds us that the present war, if we are to participate in it effectively, calls for the organization of the Nation as a whole. The civil population as well as the military must be put on a war basis. Without a sound morale among those at home there can be no sound morale of those at the front. The proposed bill embodies the measures which we must take, and take at once, if those who fight and those who are left behind are to have that sense of confidence and those safeguards for the maintenance of a family life which alone will assure the right kind of fighting force abroad and necessary exertions at home. Your bill is a war measure in the truest sense of the word, and I shall gladly and heartily do all I can in its support.

Very sincerely, yours,

THEODORE ROOSEVELT,

Hon. JULIAN W. MACK,  
Washington, D. C.

Mr. ADAMSON. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. GARRETT of Tennessee, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 5723) to amend an act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, and for other purposes, and had come to no resolution thereon.

PURCHASE AND MANUFACTURE OF ORDNANCE AND AMMUNITION.

The SPEAKER. The Chair appoints the following committee under the resolution passed this morning providing for the investigation of the manufacture and purchase of ordnance and ammunition: Mr. DENT, Mr. FIELDS, Mr. FESS, Mr. GORDON, Mr. SHALLENBERGER, Mr. ANTHONY, Mr. MCKENZIE, Mr. GREENE of Vermont, and Mr. MORIN. The reason why the Chair does not appoint the leading Republican on the committee [Mr. KAHN] is because he wants to go off and rest up a little.

PERSONAL EXPLANATION.

Mr. BORLAND. Mr. Speaker, I ask unanimous consent to proceed for one minute, to make a statement.

The SPEAKER. The gentleman asks to proceed for one minute. Is there objection?

There was no objection.

Mr. BORLAND. Mr. Speaker, in the report in the Washington Post for this morning of the proceedings of Congress yesterday it is stated that the resolution called up by the gentleman from New York [Mr. SIEGEL] to provide for the appointment of additional chaplains in the Army and to include Jewish rabbis was halted by an objection made by Representative BORLAND. That is a mistake. The CONGRESSIONAL RECORD correctly states that the objection was made by another Member. As a matter of fact, I am a supporter of that resolution, and was not the Member who made the objection.

LEAVE OF ABSENCE.

The SPEAKER laid before the House the following communication:

HOUSE OF REPRESENTATIVES, UNITED STATES,  
Washington, D. C., September 8, 1917.

Hon. CHAMP CLARK,

Speaker of the House of Representatives,

Washington, D. C.

MY DEAR MR. SPEAKER: I am requested by my colleague Hon. BRUCE F. STERLING, to ask that he be given a 10 days' leave of absence on account of the sudden death of his brother.

Very respectfully,

GUY E. CAMPBELL.



The SPEAKER. Without objection this leave will be granted. There was no objection.

#### CHANGE OF REFERENCE—NAVY YARDS AND NAVAL STATIONS.

By unanimous consent the Committee on Naval Affairs was discharged from the further consideration of House Document No. 339, Sixty-fifth Congress, first session, a letter from the Secretary of the Navy transmitting a copy of a communication from the Commission on Navy Yards and Naval Stations, and the same was referred to the Committee on Appropriations.

#### HOOR OF MEETING MONDAY—11 A. M.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock on Monday.

The SPEAKER. The gentleman from North Carolina asks unanimous consent that when the House adjourns to-day it adjourn to meet on Monday at 11 o'clock a. m. Is there objection?

There was no objection.

#### ADJOURNMENT.

Mr. KITCHIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 25 minutes p. m.) the House, under its previous order, adjourned until Monday, September 10, 1917, at 11 o'clock a. m.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, a letter from the Acting Secretary of the Treasury, transmitting copy of a communication from the chairman of the United States Employees' Compensation Commission, submitting a supplemental estimate of appropriation for salaries and expenses of the commission for the service of the fiscal year 1918 (H. Doc. No. 360), was taken from the Speaker's table, referred to the Committee on Appropriations, and ordered to be printed.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. HICKS: A bill (H. R. 5988) giving rank, pay, and allowance to district superintendents of the United States Coast Guard; to the Committee on Military Affairs.

By Mr. TAYLOR of Colorado: A bill (H. R. 5989) to grant certain lands to the town of Olathe, Colo., for the protection of its water supply; to the Committee on the Public Lands.

By Mr. McCLINTIC: Resolution (H. Res. 135) authorizing the Clerk of the House of Representatives to call on certain departments of the Government for the names of male employees between the ages of 21 and 31 who have accepted service at a salary of \$1 per year; to the Committee on Military Affairs.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ASHBROOK: A bill (H. R. 5990) granting an increase of pension to Addison Blaine; to the Committee on Invalid Pensions.

By Mr. DENISON: A bill (H. R. 5991) granting an increase of pension to Aaron Hart; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5992) granting a pension to Elbert M. Lewis; to the Committee on Pensions.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By Mr. ASHBROOK: Resolutions of Sons and Daughters of Liberty of Silver Star Council, of Newark, Ohio, and Pride Council, of Mansfield, Ohio, in favor of Senate joint resolution 84; to the Committee on Military Affairs.

By Mr. BROWNING: Petition of Thorofare Grange, No. 59, Thorofare, N. J., consisting of 150 members, praying that the Government of the United States import nitrate of soda and sell same to farmers and fertilizer trade at a reasonable price, thus to cheapen all forms of ammoniates, and hence all fertilizers, to the end that farmers will plant and produce a maximum crop in 1918; to the Committee on Agriculture.

By Mr. OLIVER of Alabama: Petition of J. B. Lawrence, J. B. Edwards, and 75 other citizens of the sixth Alabama congressional district, asking for the repeal of the conscription law and favoring peace negotiations; to the Committee on Military Affairs.

By Mr. SNYDER: Petition of Daughters of Liberty, Ilion, N. Y., asking for moral protection of the Army; to the Committee on Military Affairs.

By Mr. TEMPLETON: Petition of the Slocum Council, No. 271, Junior Order American Mechanics, Pittston, Pa.; and the Dallas Council, No. 281, Junior Order American Mechanics, Dallas, Pa., favoring immigration restriction; to the Committee on Immigration and Naturalization.

Also, petition of the Nescopee Tribe, No. 132, Improved Order of Red Men, Luzerne, Pa., favoring Senate joint resolution 84; to the Committee on Military Affairs.

#### SENATE.

MONDAY, September 10, 1917.

(Legislative day of Wednesday, August 15, 1917.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

#### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by D. K. Hempstead, its enrolling clerk, announced that the House had passed the bill (S. 2785) to authorize and empower the Southwest Louisiana Waterways Association, of the State of Louisiana, to construct a lock and dam in Mermentau River, in the State of Louisiana, with amendments, in which it requested the concurrence of the Senate.

#### BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SMOOT (for Mr. GALLINGER):

A bill (S. 2855) granting an increase of pension to George W. Hall (with accompanying papers); to the Committee on Pensions.

By Mr. CURTIS:

A bill (S. 2856) granting a pension to Sarah Smith; and

A bill (S. 2857) granting a pension to Carrie L. Rouse (with accompanying papers); to the Committee on Pensions.

By Mr. WADSWORTH:

A bill (S. 2858) to defray expenses incurred by officers and enlisted men of foreign armies attached to the Army of the United States; to the Committee on Military Affairs.

#### AMENDMENTS TO DEFICIENCY APPROPRIATION BILL.

Mr. LODGE submitted an amendment proposing to appropriate \$886,389.68 to pay the judgment of the Court of Claims in favor of the State of Massachusetts for premiums paid for coin with which to pay bonds issued for moneys borrowed and used to furnish State troops, etc., intended to be proposed by him to the urgent deficiency appropriation bill; which was referred to the Committee on Appropriations and ordered to be printed.

Mr. FLETCHER submitted an amendment proposing to appropriate \$350,000 for the enlargement and reclamation of Fort Taylor, Key West, Fla., etc., intended to be proposed to the urgent deficiency appropriation bill; which was referred to the Committee on Appropriations and ordered to be printed.

#### ADDRESS BY HON. THOMAS W. HARDWICK.

Mr. OVERMAN. I move that the address delivered by the Senator from Georgia [Mr. HARDWICK] before the American Bar Association at Saratoga Springs, N. Y., September 5, 1917, on the subject of the rights of the States in interstate commerce be printed as a public document. I ask that the motion and the address be referred to the Committee on Printing.

The PRESIDENT pro tempore. It will be so ordered.

#### ADDRESS BY HON. CHARLES E. HUGHES.

Mr. JAMES. I ask unanimous consent to have printed in the RECORD an address delivered by former Justice of the Supreme Court of the United States, Hon. Charles E. Hughes, upon the fighting powers of the United States under the Constitution, before the American Bar Association at Saratoga last week.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

The address is as follows:

#### THE FIGHTING POWERS OF THE UNITED STATES UNDER THE CONSTITUTION.

"THE FRAMERS OF THE CONSTITUTION DID NOT CONTRIVE AN IMPOSING SPECTACLE OF IMPOTENCY—WE ARE MAKING WAR AS A NATION ORGANIZED UNDER THE CONSTITUTION \* \* \* A NATION WHICH COULD NOT FIGHT WOULD BE POWERLESS TO SECURE 'THE BLESSINGS OF LIBERTY TO OURSELVES AND OUR POSTERITY.'"

[Address of Charles E. Hughes, former Justice of the Supreme Court, before the American Bar Association.]

Before the American Bar Association, convened in annual session at Saratoga, Charles Evans Hughes, former Justice of the Supreme Court of the United States, on Wednesday de-

livered an address on "War powers under the Constitution." It was an occasion eminently fitting for such an address, and Mr. Hughes, perhaps better than any other in the distinguished and learned assemblage, because of the fullness of his experience on the bench of the court which gives interpretation to the Constitution, was the man to invest the subject with the touch of authority.

"The power to wage war," said the former justice, "is the power to wage war successfully," for "a nation which could not fight would be powerless to secure 'the blessings of liberty to ourselves and our posterity.' Thus the framers of the Constitution 'did not contrive an imposing spectacle of impotency,' but in the unusual circumstances of war a 'fighting Constitution.'"

Mr. Hughes's address in full follows:

"In the unusual circumstances of war it is natural that there should be some confusion with respect to the constitutional warrant for extraordinary action taken or contemplated. Some altogether misconceive the Constitution. Others vaguely fear that we are serving temporary exigency at the expense of our fundamental law, and that we are thus breeding a lawless Constitution-ignoring spirit which is a serious menace to our future. Others seek to raise doubts of power in order to embarrass the prosecution of the war. And there seem to be still others who in their zeal impatiently and without thought put the Constitution aside as having no relation to these times.

#### CONSTITUTIONAL GOVERNMENT IN WAR.

"While we are at war we are not in revolution. We are making war as a Nation organized under the Constitution, from which the established national authorities derive all their powers either in war or in peace. The Constitution is as effective to-day as it ever was and the oath to support it is just as binding. But the framers of the Constitution did not contrive an imposing spectacle of impotency. One of the objects of 'a more perfect Union' was 'to provide for the common defense.' A nation which could not fight would be powerless to secure the 'blessings of liberty to ourselves and our posterity.' Self-preservation is the first law of national life, and the Constitution itself provides the necessary powers in order to defend and preserve the United States. Otherwise, as Mr. Justice Story said, 'the country would be in danger of losing both its liberty and its sovereignty from its dread of investing the public councils with the power of defending it. It would be more willing to submit to foreign conquest than to domestic rule.'

#### DISTRIBUTION OF POWERS.

"The war powers under the Constitution are carefully distributed. To Congress is given the power 'to declare war.' The proposal to add 'to make peace' found no favor, as this was deemed to belong to the treaty-making power vested in the President and the Senate. To the President was given the direction of war as the Commander in Chief of the Army and Navy. It was not in the contemplation of the Constitution that the command of forces and the conduct of campaigns should be in charge of a council or that as to this there should be a division of authority or responsibility. The prosecution of war demands in the highest degree the promptness, directness, and unity of action in military operations which alone can proceed from the Executive. This exclusive power to command the Army and Navy, and thus to direct and control campaigns, exhibits not autocracy but democracy fighting effectively through its chosen instruments and in accordance with the established organic law.

#### PLENARY POWER TO WAGE WAR.

"While the President is Commander in Chief, in the Congress resides the authority 'to raise and support armies' and 'to provide and maintain a navy' and 'to make rules for the government and regulation of the land and naval forces,' and as a safeguard against military domination the power to raise and support armies is qualified by the provision that 'no appropriation of money to that use shall be for a longer term than two years.' Otherwise, this power is unlimited. The Congress is to prescribe the military organization and provide the military establishment, fix numbers, regulate equipment, afford maintenance, and for these purposes appropriate such amounts of money as it thinks necessary.

#### POWER TO PASS CONSCRIPTION LAWS.

"Upon every citizen lies the duty of aiding in the common defense. In exercising its constitutional power to raise armies the Congress may enforce this duty. The Congress may call any one to service who is able to serve. The question who may be called, or in what order, is simply one for the judgment of the National Legislature. The power vested in Congress is not to raise armies simply by calling for volunteers, but to raise armies by whatever method Congress deems best, and hence must be deemed to embrace conscription. To the framers of the Constitution the draft

was a familiar mode of raising armies, as it had been resorted to by the colonies to fill up their quotas in the Revolutionary War. It is true that the proposal, in 1814, of Monroe, as Secretary of War, to resort to conscription was vigorously opposed as unconstitutional. But the draft was put in force both by the Union and by the Confederacy during the Civil War and its validity was sustained by the courts in both North and South. 'The power of coercing the citizen,' said Judge Robertson, of Virginia, in *Burrough v. Peyton* (16 Gratt., 470 (1864)), 'to render military service is indeed a transcendent power in the hands of any government; but, so far from being inconsistent with liberty, it is essential to its preservation.'

#### LINCOLN'S OPINION.

"Permit me to quote upon this question the opinion prepared (although not published) by President Lincoln, which sets forth admirably the grounds for sustaining the power of Congress to pass a conscription act:

"In this case, those who desire the rebellion to succeed, and others who seek reward in a different way, are very active in accommodating us with this class of arguments. They tell us the law is unconstitutional. It is the first instance, I believe, in which the power of Congress to do a thing has ever been questioned in a case when the power is given by the Constitution in express terms. Whether a power can be implied when it is not expressed has often been the subject of controversy, but this is the first case in which the degree of effrontery has been ventured upon of denying a power which is plainly and distinctly written down in the Constitution. The Constitution declares that 'the Congress shall have power . . . to raise and support armies; but no appropriation of money to that use shall be for a longer term than two years.' The whole scope of the conscription act is 'to raise and support armies.' There is nothing else in it. . . . Do you admit that the power is given to raise and support armies, and yet insist that by this act Congress has not exercised the power in a constitutional mode, has not done the thing in the right way? Who is to judge of this? The Constitution gives Congress the power, but it does not prescribe the mode or expressly declare who shall prescribe it. In such case Congress must prescribe the mode or relinquish the power. There is no alternative. . . . The power is given fully, completely, unconditionally. It is not a power to raise armies if State authorities consent; nor if the men to compose the armies are entirely willing, but it is a power to raise and support armies given to Congress by the Constitution without an 'if.' . . . The principle of the draft, which simply is involuntary or enforced service, is not new. It has been practiced in all ages of the world. It was well known to the framers of our Constitution as one of the modes of raising armies, at the time they placed in that instrument the provision that 'the Congress shall have power to raise and support armies.' . . . Wherein is the peculiar hardship now? Shall we shrink from the necessary means to maintain our free Government which our grandfathers employed to establish it and our own fathers have already employed once to maintain it? Are we degenerate? Has the manhood of the race run out?"

"These are the words of Lincoln, penned in the midst of the Civil War, in which conscription was enforced, and his reasoning is conclusive. And while the question was not presented to the United States Supreme Court, the power of Congress was explicitly recognized in *Tarble's case* (13 Wall., p. 407, and in later opinions).

#### CONSCIENTIOUS OBJECTORS.

"The constitutional authority thus vested in Congress is not limited by any qualification arising from religious beliefs or conscientious objections. These are matters not affecting power, but policy. As Mr. Justice Harlan said, in delivering the opinion of the Supreme Court in *Jacobson v. Massachusetts* (197 U. S., p. 29), one 'may be compelled, by force, if need be, against his will and without regard to his personal wishes or his pecuniary interests, or even his religious or political convictions, to take his place in the ranks of the army of his country, and risk the chance of being shot down in its defense.' It is, however, in my judgment, a sound policy on the part of Congress to provide for the discharge from the draft of conscientious objectors. Nothing, I believe, is gained for the country by overriding the claims of conscience in such cases; but it is obviously necessary that there should be such definitions and restrictions as will prevent imposture and evasion by those who have as little conscience as they have stomach for war.

#### THIRTEENTH AMENDMENT.

"It is now contended in some quarters that this power, which undoubtedly Congress had, has been restricted or abolished by the thirteenth amendment, which was adopted after the close of the Civil War. This amendment provides that 'Neither slavery nor involuntary servitude, except as a punishment for crime whereof the party shall have been duly convicted, shall exist within the United States or any place subject to their jurisdiction.' It has been said by the United States Supreme Court that the plain intention 'was to abolish slavery of whatever name and form and all its badges and incidents; to render impossible any state of bondage; to make labor free by prohibiting that control by which the personal service of one man is disposed of or coerced for another's benefit, which is the essence of involuntary servitude.' It hits not only slavery but peonage. But the language of the amendment was not new. It reproduced the historic words of the ordinance of 1787 for the government



of the Northwest Territory, and its terms, construed in the light of its history and plain purpose, afford no basis whatever for the conclusion that it interfered in the slightest degree with the power of Congress to raise and support armies.

"In the case of *Robertson v. Baldwin* (165 U. S., p. 275) it was argued that the thirteenth amendment invalidated certain provisions of the Revised Statutes authorizing justices of the peace to issue warrants for deserting seamen. In denying the claim the court said: 'It is clear, however, that the amendment was not intended to introduce any novel doctrine with respect to certain descriptions of service which have always been treated as exceptions, such as military and naval enlistments.' The soldier drafted under the act of Congress is performing the duty which he owes of aiding in the common defense, and the constitutional amendment contemplates no escape from the duty to defend and preserve the United States.

#### POWER OVER THE MILITIA.

"The power to 'raise and support armies' should not be confused with the power given to Congress 'to provide for calling forth the militia to execute the laws of the Union, suppress insurrections, and repel invasions'; and 'to provide for organizing, arming, and disciplining the militia, and for governing such part of them as may be employed in the service of the United States, reserving to the States respectively the appointment of the officers and the authority of training the militia according to the discipline prescribed by Congress.' The President is Commander in Chief not only of 'the Army and Navy of the United States,' but also 'of the militia of the several States, when called into the actual service of the United States.'

"The militia, within the meaning of these provisions of the Constitution, is distinct from the Army of the United States. 'Remember always,' said Daniel Webster, 'that the great principle of the Constitution on that subject is that the militia is the militia of the States, and not of the General Government; and being thus the militia of the States, there is no part of the Constitution worded with greater care, and with a more scrupulous jealousy than that which grants and limits the power of Congress over it.'

"In order to execute the laws of the Union, to suppress insurrection and to repel invasions, it would be necessary to employ regular troops or to employ the militia. And the power given to Congress with respect to the militia was manifestly to make a large standing army unnecessary. But as the service of the Organized Militia can only be required by the National Government for the limited purposes specified in the Constitution, it follows (as Attorney General Wickersham advised President Taft) that the Organized Militia, as such, can not be employed for offensive warfare outside the limits of the United States.

#### MAY SEND ARMY ABROAD.

"This, however, is apart from the power of Congress to raise and support a Federal Army. Congress may be content with a small standing army in ordinary times, but Congress may create and equip such army as it pleases, subject to the qualification with respect to appropriations. It can equip an army in preparation for war, and of course, it may furnish whatever army is required for the prosecution of war. The organization and service of an army raised by Congress are not subject to the limitations governing its control of the militia. The power to use an army is coextensive with the power to make war; and the army may be used wherever the war is carried on, here or elsewhere. There is no limitation upon the authority of Congress to create an army, and it is for the President as Commander in Chief to direct the campaigns of that army wherever he may think they should be carried on. As Chief Justice Taney, speaking for the Supreme Court in *Fleming v. Page* (9 How., p. 615), said:

"As Commander in Chief he is authorized to direct the movements of the naval and military forces placed by law at his command, and to employ them in the manner he may deem most effectual to harass and conquer and subdue the enemy. He may invade the hostile country and subject it to the sovereignty and authority of the United States.

"We employed our arms in Canada in the War of 1812; our troops were again sent to foreign soil in the Mexican War and in the War with Spain, and more recently have been employed in China and Mexico. There is no doubt of the constitutional authority to employ our forces on the battle fields of Europe in the war that we are now waging for the safety of the United States and to conquer an enduring peace that the liberties of free peoples throughout the world may forever be secure from the aggressions of unscrupulous military power.

#### POWER TO WAGE WAR SUCCESSFULLY.

"The power to wage war is the power to wage war successfully. The framers of the Constitution were under no illusions as to war. They had emerged from a long struggle which had

taught them the weakness of a mere confederation, and they had no hope that they could hold what they had won save as they established a Union which could fight with the strength of one people under one government intrusted with the common defense. In equipping the National Government with the needed authority in war they tolerated no limitations inconsistent with that object, as they realized that the very existence of the Nation might be at stake and that every resource of the people must be at command. Said Madison in the *Federalist*: 'Security against foreign danger is one of the primitive objects of civil society. It is an avowed and essential object of the American Union. The powers requisite for attaining it must be effectually confided to the Federal councils.' And Hamilton said: 'The idea of restraining the legislative authority, in the means of providing for the national defense, is one of those refinements which owe their origin to a zeal for liberty more ardent than enlightened.' He again emphasizes the same idea in these words: 'The circumstances that endanger the safety of nations are infinite, and for this reason no constitutional shackles can wisely be imposed on the power to which the care of it is committed. This power ought to be coextensive with all the possible combinations of such circumstances, and ought to be under the direction of the same councils which are appointed to preside over the common defense.'

"It was in this view that plenary power was given to Congress to wage war and raise armies. It is also in the light of this conception of national exigencies that we must read subdivision 18 of section 8 of Article I of the Constitution (following the enumeration of powers), which gives Congress the authority 'to make all laws which shall be necessary and proper for carrying into execution the foregoing powers and all other powers vested by this Constitution in the Government of the United States, or in any department or officer thereof.' It must also be remembered that it is of the essence of national power that where it exists it dominates. There is no room in our scheme of government for the assertion of State power in hostility to the authorized exercise of Federal power. The power of the National Government to carry on war is explicit and supreme, and the authority thus resides in Congress to make all laws which are needed for that purpose; that is, to Congress in the event of war is confided the power to enact whatever legislation is necessary to prosecute the war with vigor and success, and this power is to be exercised without impairment of the authority committed to the President as Commander in Chief to direct military operations.

#### POWER OF THE PRESIDENT.

"Each of these powers, that of Congress and of the President, is the subject of a distinct grant; each is the complement of the other, and together they furnish the adequate equipment of authority for war. There is no more impressive spectacle than that of the President of the Republic in time of war when, in addition to the other great powers of his office, he acts in supreme command of the armed forces of the Nation and conducts its military campaigns. It was under this power that President Lincoln defended the proclamation of emancipation. It related to those held as slaves in the States in rebellion, and he regarded it, as it recited, as a necessary act of war within his authority as Commander in Chief. He thus expressed this point of view:

"You say it is unconstitutional. I think differently. I think the Constitution invests its Commander in Chief with the law of war in time of war. The most that can be said—is so much—is that slaves are property. Is there—has there ever been—any question that by the law of war, property, both of enemies and friends, may be taken when needed? And is it not needed whenever taking it helps us or hurts the enemy? Armies, the world over, destroy enemies' property when they can not use it, and even destroy their own to keep it from the enemy.

"It is also to be observed that the power exercised by the President in time of war is greatly augmented outside of his functions as Commander in Chief through legislation of Congress increasing his administrative authority. War demands the highest degree of efficient organization, and Congress, in the nature of things, can not prescribe many important details as it legislates for the purpose of meeting the exigencies of war. Never is adaptation of legislation to practical ends so urgently required, and hence Congress naturally in very large measure confers upon the President the authority to ascertain and determine various states of fact to which legislative measures are addressed. Further, a wide range of provisions relating to the organization and government of the Army and Navy which Congress might enact if it saw fit, it authorizes the President to prescribe. The principles governing the delegation of legislative power are clear, and, while they are of the utmost importance when properly applied, they are not such as to make the appropriate exercise of legislative power impracticable. 'The legislature can not delegate its power to make a law, but it can make a law to delegate a power to determine some fact or



state of things upon which the law makes, or intends to make, its own action depend. To deny this would be to stop the wheels of government. There are many things upon which wise and useful legislation must depend which can not be known to the lawmaking power, and must therefore be a subject of inquiry and determination outside of the halls of legislation. Congress can not be permitted to abandon to others its proper legislative functions; but in time of war, when legislation must be adapted to many situations of the utmost complexity, which must be dealt with effectively and promptly, there is special need for flexibility and for every resource of practicality, and of course whether the limits of permissible delegation are in any case overstepped always remains a judicial question. We thus not only find these great war powers conferred upon the Congress and the President, respectively, but also a vast increase of administrative authority through legislative action springing from the necessities of war.

#### OTHER PROVISIONS OF THE CONSTITUTION—TAXING POWER.

"The question remains: What may be deemed to be the force and effect in time of war of the restrictive provisions contained in the Constitution with respect to the exercise of Federal authority? It is manifest at once that the great organs of the National Government retain and perform their functions as the Constitution prescribes. Senators and Representatives are qualified and chosen as provided in the Constitution, and the legislative power vested in the Congress must be exercised in the required manner. The President is still the constitutional Executive, elected in the manner provided and subject to the restraints imposed upon his office. The judicial power of the United States continues to be vested in one Supreme Court and such inferior courts as Congress has ordained. Again, apart from the provisions fixing the framework of the Government, there are limitations which, by reason of their express terms or by necessary implication, must be regarded as applicable as well in war as in peace. Thus one of the expressed objects of the power granted to Congress 'to lay and collect taxes, duties, imposts, and excises' is to 'provide for the common defense'; and it can not be doubted that taxes laid for this purpose—that is, to support the Army and Navy and to provide the means for military operations—must be laid subject to the constitutional restrictions. That is, all duties, imposts, and excises must be uniform throughout the United States, and direct taxes must be apportioned among the States according to population. And by the sixteenth amendment, providing that income taxes, from whatever source derived, may be laid without apportionment among the States, these taxes fall into the great class of excise duties and imposts and are alike subject to the rule requiring geographical uniformity, a requirement operative in war as well as in peace.

#### TREASON.

"The provisions as to treason are also clearly applicable in war:

"Treason against the United States shall consist only in levying war against them or in adhering to their enemies, giving them aid and comfort—

"And—

"the Congress shall have power to declare the punishment of treason, but no attainder of treason shall work corruption of blood or forfeiture except during the life of the person attainted.

#### FIFTH AND SIXTH AMENDMENTS.

"But what shall be said of the efficacy in time of war of the great guaranties of personal and property rights? It would be impossible on this occasion to discuss comprehensively this important subject, or even to refer to all these guaranties, but we may briefly touch upon the question in its relation to the fifth and sixth amendments, viz:

"No person shall be held to answer for a capital or otherwise infamous crime unless on a presentment or indictment of a grand jury, except in cases arising in the land or naval forces, or in the militia, when in actual service in time of war or public danger; nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property without due process of law; nor shall private property be taken for public use without just compensation.

"In all criminal prosecutions the accused shall enjoy the right to a speedy and public trial by an impartial jury of the State and district wherein the crime shall have been committed, which district shall have been previously ascertained by law, and to be informed of the nature and cause of the accusation; to be confronted with the witnesses against him; to have compulsory process for obtaining witnesses in his favor, and to have the assistance of counsel for his defense.

"Clearly these amendments, normally and perfectly adapted to conditions of peace, do not have the same complete and universal application in time of war. Thus the fifth amendment normally gives its protection to 'any person.' But in war this must yield to the undoubted national power to capture and confiscate the property of enemies. This was distinctly ruled

by the Supreme Court in *Miller v. United States* (11 Wall., p. 268), a proceeding brought under the confiscation acts of 1861 and 1862 to confiscate shares of stock owned by Miller, a Virginian, in a Michigan corporation. The court said:

"If the act of 1861 and the fifth, sixth, and seventh sections of the act of July 17, 1862, were municipal regulations only, there would be force in the objection that Congress has disregarded the restrictions of the fifth and sixth amendments of the Constitution. \* \* \* If, on the contrary, they are an exercise of the war powers of the Government, it is clear that they are not affected by the restrictions imposed by the fifth and sixth amendments. This we understand to have been conceded in the argument. The question, therefore, is whether the action of Congress was a legitimate exercise of the war power. The Constitution confers upon Congress expressly power to declare war, grant letters of marque and reprisal, and make rules respecting captures on land and water. Upon the exercise of these powers no restrictions are imposed. Of course, the power to declare war involves the power to prosecute it by all means and in any manner in which war may be legitimately prosecuted. It therefore includes the right to seize and confiscate all property of an enemy and to dispose of it at the will of the captor. This is and always has been an undoubted belligerent right.

#### MARTIAL LAW.

"Again, in the place where actual military operations are being conducted the ordinary rights of citizens must yield to paramount military necessity. This was conceded in *Milligan's case* (4 Wall., p. 127), where it was said in the prevailing opinion:

"If in foreign invasion or civil war the courts are actually closed and it is impossible to administer criminal justice according to law, then, on the theater of actual military operations, where war really prevails, there is a necessity to furnish a substitute for the civil authority thus overthrown to preserve the safety of the army and society; and as no power is left but the military, it is allowed to govern by martial rule until the laws can have their free course.

A different question, however, is presented with respect to the rights of citizens and others not enemies in places which are outside the actual theater of war. It was upon the question of the power of Congress to provide for the trial of citizens by military commission in such places that the justices sharply divided in the noted case of *Milligan*. He was a citizen of Indiana who had been tried by a military commission at Indianapolis on a charge of aiding the enemy and conspiring against the Government and had been sentenced to be hung. He was not a resident of one of the rebellious States nor a prisoner of war, and he had not been in the military or naval service. The court was unanimous in the opinion that under the terms of the act of Congress creating the commission it had no jurisdiction. But the majority of the court went further and declared that Congress was without power to provide for the trial of citizens by military commissions save in the locality of actual war and when there was no access to the courts. Maintaining with eloquent emphasis the guarantees of freedom contained in the fifth and sixth amendments, the majority of the court asserted that—

"Martial law can not arise from a threatened invasion. The necessity must be actual and present, the invasion real, such as effectually closes the courts and deposes the civil administration. \* \* \* Martial rule can never exist where the courts are open and in the proper and unobstructed exercise of their jurisdiction. It is also confined to the locality of actual war.

"The minority of four justices, led by Chief Justice Chase, while agreeing that there was no jurisdiction in *Milligan's case* under the act of Congress, strongly insisted that Congress in time of war had the power to provide for the punishment of citizens charged with conspiracy against the United States by military tribunals, if it was deemed necessary for the public safety. Deducting this view from the war powers conferred by the Constitution, the Chief Justice said:

"Where peace exists the laws of peace must prevail. What we do maintain is that when the Nation is involved in war and some portions of the country are invaded and all are exposed to invasion, it is within the power of Congress to determine to what States or districts such great and imminent public danger exists as justifies the authorization of military tribunals for the trial of crimes and offenses against the discipline or security of the Army or against the public safety. \* \* \* The fact that the Federal courts were open was regarded by Congress as a sufficient reason for not exercising the power; but that fact could not deprive Congress of the right to exercise it. These courts might be open and undisturbed in the execution of their functions and yet wholly incompetent to avoid threatened danger, or to punish with adequate promptitude and certainty the guilty conspirators. \* \* \* In times of rebellion and civil war it may often happen, indeed, that judges and marshals will be in active sympathy with the rebels and courts their most efficient allies. \* \* \* It was for Congress to determine the question of expediency.

"Prof. Willoughby, in a careful review of the *Milligan case*, regards the doctrine of the majority as essentially sound, that the necessity justifying martial law may not be created by legislative fiat. But he suggests that the majority went too far in the absolute declaration that martial law can not arise from 'a threatened invasion,' and that the mere fact that the courts are open, regardless of all other conditions, is a conclusive test. 'The better doctrine,' says Willoughby, 'is not for the courts to attempt to determine in advance with respect to any one element



what does, what does not, create a necessity for martial law, but, as in all other cases of the exercise of official authority, to test the legality of an act by its special circumstances.

"Certainly, the test should not be a mere physical one, nor should substance be sacrificed to form. The majority recognized 'a necessity to furnish a substitute for the civil authority,' when overthrown, in order 'to preserve the safety of the Army and society.' If this necessity actually exists it can not be doubted that the power of the Nation is adequate to meet it, but the rights of the citizen may not be impaired by an arbitrary legislative declaration. Outside the actual theater of war, and if, in a true sense, the administration of justice remains unobstructed, the right of the citizen to normal judicial procedure is secure.

#### CITIZEN'S RIGHTS OF PROPERTY.

"Further, with respect to the citizen's rights of property, a distinction may be taken between the unavoidable deprivations which take place where the conflict rages and those takings, although for military purposes, which are deliberate appropriations for which compensations must be made. As was said by the Supreme Court in *United States v. Russell* (13 Wall, 623):

"Private property, the Constitution provides, shall not be taken for public use without just compensation. \* \* \* Extraordinary and unforeseen occasions arise, beyond all doubt, in cases of extreme necessity in time of war or of immediate and impending public danger in which private property may be impressed into the public service or may be seized or appropriated to the public use, or may even be destroyed without the consent of the owner. \* \* \* Where such an extraordinary and unforeseen emergency occurs in the public service in time of war no doubt is entertained that the power of the Government is ample to supply for the moment the public wants in that way to the extent of the immediate public exigency, but the public danger must be immediate, imminent, and impending, and the emergency in the public service must be extreme and imperative and such as will not admit of delay or a resort to any other source of supply. \* \* \* Such a justification may be shown, and when shown the rule is well settled that the officer taking private property for such a purpose, if the emergency is fully proved, is not a trespasser, and that the Government is bound to make full compensation to the owner.

#### REASONABLE REGULATIONS TO INSURE SUCCESS IN WAR.

"Distinct from such requisitions from individuals is the necessary regulation of the use of property to secure the successful prosecution of the war. We are witnessing a new phase of the exercise of war powers. But the applicable principle to determine the validity of such action is not new. Even in times of peace we are familiar with the principle of regulation which extends to callings 'affected with a public interest.' The Supreme Court, after reviewing the decisions, recently said:

"They demonstrate that a business, by circumstances and its nature, may arise from private to be a public concern, and be subject, in consequence, to governmental regulation. And they demonstrate \* \* \* that the attempts made to place the right of public regulation in the cases in which it has been exerted and of which we have given examples, upon the ground of special privilege conferred by the public on those affected, can not be supported. The underlying principle is that business of certain kinds holds such a peculiar relation to the public interest that there is superinduced upon it the right of public regulation. (*German Alliance Insurance Co. v. Kansas*, 233 U. S., 411).

"The extraordinary circumstances of war may bring particular business and enterprises clearly into the category of those which are affected with a public interest and which demand immediate and thoroughgoing public regulation. The production and distribution of foodstuffs, articles of prime necessity, those which have direct relation to military efficiency, those which are absolutely required for the support of the people during the stress of conflict, are plainly of this sort. Reasonable regulations to safeguard the resources upon which we depend for military success must be regarded as being within the powers confided to Congress to enable it to prosecute a successful war. In the words of the Supreme Court:

"It is well settled that the Constitution is not self-destructive. In other words, that the power which it confers on the one hand it does not immediately take away on the other. (*Billings v. United States*, 232 U. S., 282.)

"This was said in relation to the taxing powers. Having been granted in express terms, the court held it had not been taken away by the due process clause of the fifth amendment. As the Supreme Court put it in another case:

"The Constitution does not conflict with itself by conferring upon the one hand a taxing power and taking the same power away on the other by the limitations of the due process clause. (240 U. S., 24.)

"Similarly, it may be said that the power has been expressly given to Congress to prosecute war and to pass all laws which shall be necessary and proper for carrying that power into execution. That power explicitly conferred and absolutely essential to the safety of the Nation is not destroyed or impaired by any later provision of the Constitution or by any one of the amendments. These may all be construed so as to avoid making the Constitution self-destructive, so as to preserve the rights of the citizen from unwarrantable attack, while assuring beyond all

hazard the common defense and the perpetuity of our liberties. These rest upon the preservation of the Nation."

#### MESSAGE OF MAJ. GEN. LEONARD WOOD.

Mr. WEEKS. Mr. President, I ask to have printed in the RECORD a message from Gen. Wood to the officers and graduates at the Plattsburg camp at the graduation exercises of the first class this year.

Gen. Wood was more largely instrumental than any other man in the organization and the idea of this camp, and what he says in this message is of such a strong and patriotic character that I think it ought to be printed in the RECORD.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

#### THE FATHER OF PLATTSBURG GREETES ITS GRADUATES.

Maj. Gen. Leonard Wood, commanding the Southeastern Department, to-day sent the following message to the commanding officer of each of the Plattsburg training camps in his department:

"Please express to the young gentlemen completing this course my sincere appreciation of the good work they have done and my best wishes for their future success, and say to them for me that their real work now commences in training men for the present great war. They must always remember that while discipline must be strict and the performance of duty rigidly insisted upon, all this can be accomplished without destroying the self-respect of the soldier, and that the performance of official duty should always be marked by self-control and courtesy. Nothing is gained and much is lost if these are not always maintained. The self-respect of the soldier is vital to his success. Destroy this and you have a man with a poor spirit, and consequently a poor soldier and an army which will never go through to the end. The most cordial and friendly relations between officers and men can exist without any loss of official status or control on the part of the officer.

"In developing the armies of the Republic this must always be borne in mind. They must strive to build up that feeling of confidence and interdependence between officers and men which must be present if the Army is to have the real spirit which will carry it on to victory and final success, and they should always remember that their conduct, appearance, and performance of duty is noted by every man in their command, and as they perform their duty and conduct themselves in the affairs of life so will those under them in the great majority of cases shape their conduct. If they want the highest degree of efficiency, they must themselves be in the highest degree efficient. They must place upon every man who comes under their command the impress of duty and loyalty.

"LEONARD WOOD."

#### WAR REVENUE.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 4280) to provide revenue to defray war expenses, and for other purposes.

The PRESIDENT pro tempore. The pending question is the amendment of the Senator from Louisiana [Mr. BROUSSARD].

Mr. OVERMAN. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Bankhead	Husting	Martin	Simmons
Brady	James	Myers	Smith, Ga.
Brandee	Johnson, Cal.	Nelson	Smith, Md.
Broussard	Johnson, S. Dak.	New	Smith, Mich.
Calder	Jones, N. Mex.	Norris	Smith, S. C.
Chamberlain	Jones, Wash.	Overman	Smoot
Culberson	Kellogg	Page	Sterling
Curtis	Kenyon	Pittman	Stone
Dillingham	King	Polindexter	Swanson
Fernald	Kirby	Ransdell	Thompson
France	Knox	Robinson	Trammell
Gerry	La Follette	Saulsbury	Vardaman
Gore	Lodge	Shafroth	Watson
Gronna	McCumber	Sheppard	Weeks
Hale	McKellar	Sherman	Williams
Hollis	McNary	Shields	

Mr. CURTIS. I desire to announce the absence of the senior Senator from New Hampshire [Mr. GALLINGER]. I will let this announcement stand for the present.

Mr. SHAFROTH. I wish to announce the unavoidable absence of my colleague [Mr. THOMAS]. I will state that he is paired with the senior Senator from North Dakota [Mr. McCUMBER]. I will let this announcement stand for the day.

Mr. SMITH of Michigan. I desire to announce the unavoidable absence of my colleague [Mr. TOWNSEND] on account of illness in his family. I ask that this announcement may stand for the day.

Mr. MYERS. My colleague [Mr. WALSH] is unavoidably absent. He is paired with the Senator from New Jersey [Mr. FREELINGHUYSEN]. I will let this announcement stand for the day.

Mr. GERRY. I desire to announce that the Senator from California [Mr. PHELAN], the Senator from Kentucky [Mr. BECKHAM], and the Senator from Illinois [Mr. LEWIS] are detained on official business.

The PRESIDENT pro tempore. Sixty-three Senators have answered to their names. There is a quorum present.



Mr. SMOOT. Mr. President—

Mr. SIMMONS. Before the Senator proceeds I should like to ask unanimous consent to authorize the clerks to correct section numbers and figures in totals affected by amendments to the bill.

The PRESIDENT pro tempore. Is there objection?

Mr. KNOX. What is the request?

Mr. SIMMONS. I ask that the clerks be authorized to correct section numbers where they are changed from one section to another and figures in totals where affected by amendments to the bill.

Mr. KNOX. Very well.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

Mr. SMOOT. Mr. President, the pending question before the Senate is the motion to strike out the tax of 2 cents per pound imposed upon coffee. The amendment is found on page 85 of the original bill, the first item under section 900, Title IX. The House imposed an increase in duty of 10 per cent upon all present duties imposed upon goods imported into this country, as well as a 10 per cent increase upon all goods imported now coming free into this country. Under that imposition of an increase of 10 per cent it was estimated that a revenue of \$206,000,000 would be raised.

Your committee decided that an imposition of a flat 10 per cent rate upon dutiable articles as well as free was unscientific; that it would work a hardship in many, many cases; that it would upset business in the country that had been established in using articles that had entered into the country free for the last hundred years; and therefore the committee decided to strike out that part of the House text and substitute for it Title IX, "War excise tax on coffee, tea, cocoa, and sugar."

There was some complaint about consumption taxes being imposed. The House provision imposed 10 per cent duty on everything that was consumed by the American people. Your committee decided that in order to raise \$87,000,000 they would impose a small consumption tax, or excise tax, upon four articles only—coffee, tea, cocoa, and sugar.

Under the Senate committee provision there would be raised from tea \$5,000,000, from coffee twenty-odd million dollars, from cocoa \$7,000,000—in passing I desire to say the amount will be less than that amount on cocoa on account of the amendment which was agreed to by the Senate on Saturday, offered by the junior Senator from Massachusetts [Mr. WEEKS]—and on sugar \$54,000,000, making in round numbers some \$87,000,000.

The coffee consumed in the United States for the year 1916 amounted to 1,203,840,591 pounds. The average price of coffee in the United States in 1916 was 9.6 cents per pound.

There has been an objection to the imposition of 2 cents per pound upon coffee, and it has been argued that if this 2 cents a pound is imposed upon coffee Brazil, now very friendly to the United States, would take exceptions to such a tax and it would no doubt interfere with that friendship. I can not believe that any such argument as that is going to have any effect whatever upon the Senate. The same could be said of every article imported into the United States from all neutral or friendly countries, for we are imposing duties upon them.

In this connection I wish to call attention to what did occur after Congress decided to repeal the duty of 3 cents a pound upon coffee. Coffee was put upon the free list by the repeal of 3 cents a pound duty, and immediately Brazil imposed a 3 cents per pound export duty upon coffee, and instead of the 3 cents a pound going into the Treasury of the United States Brazil collected the 3 cents a pound on all her exportations of coffee to the United States.

I admit, Mr. President, that if we put a half a cent a pound excise duty upon sugar the consumer will have to pay the one-half a cent a pound extra. The price of sugar has already been fixed at what it shall be sold for in the United States the coming year—74 cents per pound at New York.

Mr. President, the average price of sugar in the United States in 1916 was 6.86 cents per pound; and when we take into consideration the fact that the price paid for sugar beets in this country will be at least 60 to 70 per cent higher than it was during that year, and when we take into consideration the fact that the price of sugar if it were left alone and took its chances in the world's market would be at least a cent and a half a pound more than the price fixed by the food commission, it seems to me that the imposition of half a cent a pound upon it in order to pay the expenses of the war is not going to be objected to upon the part of the people. Further, when you take into consideration that 35 per cent of all the sugar is used in the manufacturing of candies, and certainly candies are not a necessity but a luxury, and that the price at which candy is sold to-day is far in excess of all the increased cost that has been made

upon the sugar or the ingredients of candy as compared with the price in 1914, I believe that this excise tax of half a cent a pound upon sugar should be imposed.

Mr. McCUMBER. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from North Dakota?

Mr. SMOOT. I yield to the Senator.

Mr. McCUMBER. I think the Senator ought to mention the fact that the price which is fixed for the ensuing year has been fixed in anticipation of a tax of one-half cent a pound being levied as fixed in the bill.

Mr. SMOOT. I know in the discussion between the sugar producers and the commission it was considered at that time.

I am not like the Senator from Louisiana [Mr. RANSDELL]. He says that sugar is singled out and sugar is a product of his State, and opposes the tax on that ground. Mr. President, I care not where the imposition of a tax falls if it is a just tax and if the industry can stand the tax and if in doing so it will not interfere with the productivity of the line of industry in the United States. If it were not war times, and if the expenses of our Government were not so heavy as they are I, too, would oppose the imposition of an excise tax upon sugar. But every other civilized country imposes an excise tax upon sugar or heavy duties. Every other civilized country has long learned that sugar is an article on which Government taxes can be collected with less cost and in an easier way than almost any other product of the country.

What are the duties on these four articles imposed in foreign countries, together with the excise tax imposed on account of the war? Let us compare them. We have been of late regaled time and time again upon the wisdom of England in imposing heavy taxes on war profits, and England has been pointed to as an example for the Government of the United States to follow. What duties and excise taxes are being imposed on these articles by England and France? England imposes a duty of 2.8 cents per pound on sugar, and on refined sugar she imposes 3.1 cents per pound. In addition to that, she imposes an excise duty of 2½ cents per pound, while the United States is imposing a cent, in round numbers, duty upon sugar and half-a-cent excise tax—a cent-and-a-half total tax as against 5.5 cents in England.

England imposes a duty of 9.4 cents per pound on coffee, while we are imposing an excise duty of 2 cents per pound on coffee. England imposes a duty of 24 cents per pound on tea, while we are imposing a duty of 5 cents on tea. England imposes a duty of 2 cents per pound on glucose, while we are proposing to impose a duty of a quarter of a cent a pound on glucose. England imposes a 3-cent excise duty, over and above the 9.4 cents on coffee, on coffee substitutes, making the duty on coffee substitutes 12.4 cents per pound, while we are proposing to impose a tax of 2 cents a pound. England imposes a duty of \$13.12 per pound and \$13.12 per pound excise duty, making a tax of \$26.24 on saccharine, and our total tax on saccharine is \$3.15 per pound; in other words, \$2.50 under this bill and 65 cents per pound under the tariff act.

England imposes a duty on cocoa of 13.8 cents per pound, while we are imposing under this bill a duty of 3 cents a pound.

Mr. President, I might take the time of the Senate in presenting the rates of taxes on these items in Germany, in France, and in other countries of the world, but there is no particular necessity for my doing so. Our excise taxes imposed under this title will hardly be felt in any home in all the country. So far as coffee is concerned, the average price of coffee for 1916 was 9.6 cents a pound. I do not believe that there are three articles in commerce to-day on which the profits are so large as they are upon coffee, tea, and glass and crockery ware. Go into almost any city of the United States and you will find some of the best business corners of the city occupied by stores which are generally known as tea company stores. They carry tea, coffee, glass and crockery ware, as well as sugar, and in many cases sell sugar at low cost as an advertisement. When you purchase tea, coffee, or glass and crockery ware you will find that the profits are enormous. If the profits were not enormous, such merchants could not pay the rent and the heavy expenses which are attached to such stores.

Mr. President, I believe that the retail price of coffee to-day is just as high as it can be in the United States without interfering with the consumption of coffee. The merchants keep that in mind, and I do not believe that the 2 cents a pound proposed to be imposed upon coffee is going to reach the consumer for these reasons.

So far as the tax on sugar is concerned, I know it will reach the consumer, as sugar is sold everywhere on so close a margin. If we put a one-eighth cent a pound tax on sugar it is paid



by the consumer, but such will not be the case with a small tax on coffee, tea, and certain other articles of merchandise.

Take tea, Mr. President. The average price of tea in the United States for 1916 was 18.7 cents per pound. What is the consumer paying for it? The merchants are not content with a quarter of a cent or half a cent or 1 cent a pound profit; they are not content with a reasonable profit. Tea is sold to-day, Mr. President, at the highest price at which it is possible to sell it and not interfere materially with its consumption in the United States. So, Mr. President, your committee thought that of all the articles used by the people of the United States they could impose a tax, small as it is, upon these four articles, and that it would be so small the people of this country would hardly feel it.

I am asked by the Senator from North Dakota [Mr. McCUMBER] to state what is the retail price generally of tea that costs 18.7 cents per pound wholesale, Mr. President, that is the average price; that price takes into consideration the higher-priced tea as well as the cheaper grades imported into this country. Take tea costing 11 cents per pound to the importer in 1916, and I do not believe there is a pound of it sold in the United States for less than 25 cents a pound. You can take a 20-cent per pound tea, paid by the importer, and it generally sells for 50 to 60 cents a pound. Such undue profits I think unjustifiable. If we impose a tax of 5 cents a pound, to be paid by the importer, I do not believe that it can all be passed on to the consumer unless they interfere with the consumption of the article in the United States; and the jobber, wholesaler, and retailer, with the profits that they are making, are never going to do it.

Mr. GRONNA. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from North Dakota?

Mr. SMOOT. I yield to the Senator.

Mr. GRONNA. As a general rule I have a great deal of confidence in the figures given by the Senator from Utah, but I must say to him that I disagree with him in the statement he has just made. I had an opportunity during my life to be engaged in the mercantile business for at least 30 years. Of course I have conducted business only on a small scale, but I want to say to the Senator from Utah that he will find that there are thousands and hundreds of thousands of pounds of tea imported into this country for which the wholesaler pays as much as 38 and 40 cents a pound. He will also find that there is very little tea bought by the retail merchants of this country as low as 11 cents a pound.

I will further say to the Senator that during the 30 years I was engaged in business never have I been offered tea at as low a price as 11 cents a pound. I think it is only due to the retail trade—I hold no brief for the retail trade, and I have not been in the business for years and years—to say that it is hardly fair to blame the high price of tea on the retailers and to claim that they are making these enormous profits. I will say to the Senator that I know they are not making any such profits as the Senator would lead the Senate to believe they are.

Mr. SMOOT. Mr. President, the Senator from North Dakota was in the business a little longer than I was, but I have sold tea and coffee; I have also sold crockery ware and sugar; and I have sold goods generally in the store for many, many years. I know the profits generally made on the different classes of merchandise. I will say to the Senator that the average price of tea in this country was 18.7 cents per pound for the year 1916. The 11 cents per pound for tea was paid by the importer, not by the retailer.

Take the very statement which the Senator has made, that there are hundreds of thousands of pounds of tea which come into this country that is sold to the wholesaler at 28 and 30 cents a pound—

Mr. GRONNA. At 38 and 40 cents.

Mr. SMOOT. It is sold to the wholesaler, the Senator says, at 38 and 40 cents a pound. Well, then, if that is the case—and I do not doubt it, and I have not said it was not—that would show the price of the lower grades of teas to be much less than 18 cents. So the very statement that the Senator from North Dakota makes demonstrates beyond a question of doubt that there are teas that came into this country in the year 1916 and many of them which sell for as low a price as 11 or 12 cents a pound.

Mr. GRONNA. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from North Dakota?

Mr. GRONNA. May I ask the Senator from Utah another question?

Mr. SMOOT. If the Senator will just wait until I have finished answering the question that he has already asked I will then again yield.

Mr. President, I am speaking of the importer; I do not know what the Senator paid for his tea; I am speaking of the cost of tea when it enters this country and the profits upon it from the time it enters until the consumer gets it. I do not know whether the Senator bought his tea from the importer or not; he may have bought it from a wholesale house and the wholesale house may have bought it from an importer or jobber; I do not know how many profits there might have been added to it by the time the Senator bought it; but I do know that there are teas that are selling in this country for as high as 75 cents and a dollar a pound, some of them as high as \$2 a pound, and all of these grades of tea are taken into consideration when the Government of the United States reports that in 1916 the average price of teas imported into this country was 18.7 cents per pound.

Mr. GRONNA. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield further to the Senator from North Dakota?

Mr. SMOOT. Yes; I yield to the Senator.

Mr. GRONNA. I was going to ask the Senator upon what he bases his figures—whether upon the actual cost, plus freight added laid down at New York or at the port of entry?

Mr. SMOOT. The price at the port of entry. I will say to the Senator that there were 109,865,935 pounds of tea imported into this country for the year 1916, and the price of that tea was \$20,599,857, making on an average, Mr. President, 18.7 cents per pound. At the same time the average consumption of tea in the United States was 1.7 pounds per capita.

I know—and I was in the merchandise business—that a large profit is made upon tea and a large profit is made upon coffee, and that is understood by merchants generally. I do not want to lay the blame of high prices at the door of anybody unless the blame should be laid there. I have just as much interest in the retailers of this country as I have in the wholesalers, and I might say a great deal more than I have in the importers. When the tariff question was under consideration, it was demonstrated beyond a question of doubt that the profits upon glassware from the manufacturer to the consumer ran as high as 400 per cent. Mr. President, it was demonstrated that a 10 by 12 pane of window glass that sold in this city at 15 cents retail was delivered in New York, with the duty added, at 3½ cents per pound. I am not going into a discussion as to how these profits were distributed, but those facts were demonstrated beyond a question of doubt.

Mr. GRONNA. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from North Dakota?

Mr. SMOOT. Yes; I yield to the Senator.

Mr. GRONNA. I agree with the Senator that glassware is sold at a very high price by retail hardware dealers.

Mr. SMOOT. By general merchants as well.

Mr. GRONNA. Tea is being sold by grocers and other retailers. Will the Senator give the percentage of such merchants who are successful in this country? The Senator, of course, is familiar with the figures. Now, if it is a fact that the retailer is making such an enormous profit, will the Senator kindly state the number of grocers or the number of merchants who fail and the percentage who are successful and do not fail during their business careers?

Mr. SMOOT. I can not say as to the grocers; I can say, of course, as to general business; but that does not demonstrate at all that the profits being made on certain lines of articles in the United States are not excessive.

Mr. GRONNA. But if the dealers make such a tremendous profit, it seems to me they ought to be successful.

Mr. SMOOT. I will ask the Senator if he knows of very many tea and coffee houses failing? I will ask him if in his own city they are not found, and do they not occupy some of the best stores in his city, and do they not confine their activities generally to tea, coffee, sugar, glass, and crockery ware?

Mr. GRONNA. As the Senator has asked me the question, I will answer him. I will say to him that I could name in the city of Chicago, in St. Paul, and in many other western cities hundreds of men handling tea and coffee who have failed in business.

Mr. SMOOT. Mr. President, I speak from the experience that I have had in business. I know that there is undue profit made upon the articles named, and I do not believe that the tax proposed to be imposed is going to have a material effect upon the retail price to the consumer.

Mr. CALDER. Mr. President, will the Senator permit me to interrupt him?



The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from New York?

Mr. SMOOT. I yield.

Mr. CALDER. Has the Senator any information relative to the tax on freight from English provinces coming to this country? I will say to the Senator from Utah that I am informed that tea coming from the British East Indies is increased in price to the extent of at least 20 cents a pound as the result of the additional freight taxes.

Mr. SMOOT. Mr. President, that would be a freight charge of \$400 a ton.

Mr. CALDER. It is very large, but I thought that the Senator might have some information in regard to it.

Mr. SMOOT. I have not the information at hand to give the Senator; but it is understood, of course, that the ocean freight rates have increased in some cases 500 per cent, and, I presume, in some cases a thousand per cent; but it can not possibly be that \$400 a ton freight is being paid on tea.

Mr. CALDER. I am referring to the tax levied by Great Britain on tea coming from her provinces in India to this country.

Mr. SMOOT. The tea tax of England now is 24 cents, the same as it was before the war. It can not be a question of a tax imposed upon tea. When it comes to this country of course it comes direct from Japan or direct from China or from wherever the English ship it. I admit that what the Senator says is true so far as the control of the tea market, or the great bulk of it, is concerned.

Mr. CALDER. But I am referring to a freight tax levied by Great Britain on teas coming from India. Teas coming from India to-day are much higher priced, I am informed, than teas from any other part of the world.

Mr. SMOOT. I can not say as to that; but I am giving the latest figures furnished by the Treasury Department.

Mr. NELSON. Mr. President, I hardly think there can be a freight tax imposed; if there is any tax at all, it must be an export tax, and I have heard of no such tax.

Mr. McCUMBER. Mr. President, will the Senator allow me to suggest, in view of the difference of construction or conclusion that is arrived at between himself and my colleague from North Dakota [Mr. GRONNA], that it makes very little difference whether the retailer makes big profits, or whether, taking his business as a whole, he goes into bankruptcy; the truth still remains that tea, the average of which is imported at 18 cents a pound, sells for 40 cents a pound and over, and if the business can absorb 100 per cent it might easily absorb the half-cent tax without any injury to the consuming public.

Mr. SMOOT. Mr. President, as I said, the pending question has reference only to coffee and coffee substitutes. I take it for granted, of course, that the Senator from Louisiana [Mr. BROUSSARD] will follow up this amendment with other amendments striking out the excise taxes upon tea and upon cocoa and upon sugar. I judge that from what the Senator said on Saturday.

I do not know that it is necessary for me to consume any more of the time of the Senate now upon this question, but what I have said in relation to tea and coffee well applies also to cocoa.

I recognize the fact, Mr. President, that there is a disposition in the Senate not to impose a tax of any kind that will fall directly upon the voter. If the arguments that have been made here are correct the consumer ultimately will have to pay all of the taxes imposed under this bill. I hope that consumption taxes will not have to be greatly extended; but if they are to be extended, or if they are to be begun, I know of no four articles on which \$87,000,000 could be raised with so little burden upon the individual consumer of the United States as the four that your committee has selected.

Therefore, Mr. President, I hope that the Senate will support the committee and retain in the bill these four items under Title IX.

Mr. KELLOGG. Mr. President, I had not intended to take any of the time of the Senate to discuss this bill, but in view of the surpassing importance of the measure to the life of the Nation and to all of the industries of the country I have concluded to state the reasons which impel me to vote for certain provisions of the bill and which will be controlling in the ultimate disposition thereof.

I can not say that the bill as a whole is as I would have drawn it myself. I do not suppose there is any Senator but who believes that in certain respects he could improve it. Among 96 Senators, coming from all over this country, where different conditions of industry exist, it is, of course, a necessary result that there should be great diversity of opinion as to the subjects of taxation and the amount thereof.

But this bill should be considered in a broad, liberal way, having in view the necessities of the Nation in its hour of greatest trial, having in view the industries of the country, and having first in view the necessities of the Army and the Navy and the young men who are going abroad to fight our battles.

I do not pretend—no one would claim—that the sacrifices which are to be made by the business interests of this country are at all commensurate with the splendid sacrifice or the honor of the service of the young men who are dedicating their lives that this Nation may exist as a great, free democracy; and when we talk of conscripting wealth, no one would object to raising by taxation all the money that may be necessary, or that the officials in the Government believe reasonably to be necessary, to carry on this war effectively. The taxes, of course, should be based upon wealth, principally upon excess profits, incomes, inheritances, and luxuries; and I am in favor of taxing those sources of revenue to any limit which may be necessary to carry on this war effectively and to bring peace at the earliest moment to a distracted world.

There are many reasons why these sources of taxation should be first taken. The great mass of the people, the productive energy of labor, should be left in its strongest position. They can not afford to bear the burden; and taxation should be placed where it encourages the individual enterprise, energy, and productivity of the great mass of the people.

Mr. President, of course these are self-evident statements. The question is, first, What percentage of the revenue necessary to carry on the war and pay the expenses of government should be obtained from taxation, and what percentage should be obtained from the sale of bonds? Upon this question there is, there always has been, and there always will be great divergence of opinion.

Some political economists whose ability I do not question in the least will demonstrate to you, or think they can demonstrate to you, that the entire cost of the war should be borne by current taxation. Political economists of equal ability think they can demonstrate to you that free trade is the only true economic principle; and yet there is not a country in the world except Great Britain which has followed that principle, and Great Britain is bound to abandon it. I might say also that with this question of the percentage that should be paid by current taxation statesmen have been struggling for centuries, and they have come to the conclusion, as the acts of these statesmen show, that a reasonable percentage should be paid by current taxation and a reasonable percentage by bond issues.

I am aware of the fact that war industries and the issue of bonds tend greatly to inflation unless there is a corresponding amount of taxation, and of course inflation increases the burdens of war and will bear heavily not only upon this generation but upon future generations. But it has been found impossible in these great conflicts of the last 100 or 150 years for governments to bear all of the expenses by current taxation, and the issue of bonds to some extent has been found necessary.

In the old times, when war was carried on principally in conflicts between man and man and the machinery of war was simple, war finance was not as important as it is to-day; but in modern times, with the inventive genius of man, with all the great expense of war machinery, navies, artillery, aeroplanes, and submarines, with our complex industrial system; the finances of war are very important; and for more than 100 years no great war has been carried on and financed entirely by current taxation.

It is true that Napoleon carried on the great Napoleonic wars and created a financial system for France unequalled in the annals of finance of the world, and left France without a bonded debt created by him; but he levied tribute upon the nations overrun by his mighty armies, and even at that time the expenses of war were almost nothing in comparison with those of to-day. Why, if I recollect correctly what I have read, the entire cost of the French Government in the year 1800 was only 500,000,000 francs. It would not carry on the war going on to-day for 24 hours.

Now, the question arises, what proportion of the expenses of this war and the expenses of the current government should be paid by taxation, and what proportion by bonds? I have listened with great interest to debate pro and con upon this question and the conclusion of the committee. It appears from the statistics presented that we are raising during the current year a greater percentage of the expense of the war and the expense of the Government, compared with bond issues, than any of the belligerent nations of Europe; our percentage being about 36, it is estimated, while Great Britain's is about 26, France's 14, and Canada's 8.

I do not think this is conclusive at all. It might be that with the resources of this wonderful country we might lay a greater



burden of taxation even than this. It might be that we might pay 50, 60, or 75 per cent of the expenses of the first year of the war out of taxation and do no injury to business. But we are levying taxes for 1917. Congress will meet again in December. I am willing to go to the extent that I believe we can absolutely safely levy taxes on business without crippling it, so that we may maintain the strength, the productivity, and the prosperity of this country to meet all the demands that may come to us if this war should last two or three years.

I do not say that by reason of any tenderness for capital or business, but merely as a reasonable precaution to raise only the amount of revenue that is necessary, and maintain the prosperity of the country.

Mr. KING. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Minnesota yield to the Senator from Utah?

Mr. KELLOGG. I do.

Mr. KING. Does the Senator think it is a fair basis upon which to levy taxes in this country to institute a comparison between our country to-day and European nations? For instance, if the Senator will pardon me, we have had a number of years of peace. We have profited greatly by reason of the war in Europe. We will make during this year more than \$9,000,000,000 of profits from corporations, to say nothing of the billions of dollars that will be made by private individuals. At least five or six billions of those profits are directly traceable to the war, what might be denominated war profits. It seems to me that to institute any comparison as a basis of taxation between this country and European nations, in view of their impoverished and well-nigh exhausted condition, would be fallacious. It seems to me that in establishing a taxing system for the present year we ought to take into account the fact that we have had abnormal profits, and that they are in a situation where they can be easily drafted or conscripted, to use the word so frequently employed in this debate, without injuring the business of the country at all. It seems to me that it is unfair to institute such a comparison and say that we ought to levy no greater per cent of taxation than European nations.

If the Senator will pardon me further, he will find that England, after three years of war, will collect this year, 1917, a little over \$2,000,000,000 from excess profits or war profits and incomes, and will leave only about \$700,000,000 to be collected from other sources. In other words, after three years of exhausting war, Great Britain collects approximately \$3,000,000,000 in taxes for the year 1917.

Mr. KELLOGG. I agree with the Senator, but I do not think his comparison is at all conclusive. I think under the circumstances we should raise a greater percentage of the cost of the war for the first year than Great Britain, and we are going to do it.

The Senator is mistaken in one thing: Great Britain never was as prosperous within the memory of any man living as it has been since 1911 down to the present time.

Mr. KING. Will the Senator yield?

Mr. KELLOGG. Yes; for a question.

Mr. KING. It is possibly a question, possibly a statement.

Mr. KELLOGG. I wish the Senator would let me answer him, and then I will yield.

Mr. KING. All right.

Mr. KELLOGG. It has been shown that the years 1911, 1912, and 1913 were very prosperous years in Great Britain. On the contrary, they were not in this country. It is a fact that the industries of Great Britain to-day are more prosperous, owing undoubtedly to the production necessary to the war, than ever before. She is producing and exporting more goods than ever in the history of that country, and her foreign commerce, in spite of the war, has been growing rapidly within the last two years. She is sending millions of dollars' worth of those goods to this country and to all the world except to the belligerent nations opposed to her in the war.

Now, I do not claim that England's percentage of taxation is necessarily a guide by which we should levy taxes. I merely mentioned it in passing. It has come to be the judgment of all the great nations of the world that some of the expenses of the war must be paid by bond issue.

One question has arisen here, and that is the question whether we should levy taxes upon the people to pay for the bonds which we take from foreign countries. I can see no reason why we should levy current taxes to buy bonds of any of the allied nations. They could bring their bonds into our market and sell them. In fact, this is about the only market except their own in which they can sell bonds. But they would have to pay, as they have in the past, a very high rate of interest.

In order to aid them in financing the war we have said we will take our bonds and sell them to our people at a lower rate of interest and take your bonds in place of those. To my mind this transaction stands exactly the same as though those countries had sold their bonds or would sell their bonds in this market, except that by exchanging our bonds for British and French bonds we lessen the burdens of those countries; we strengthen their armies, we enable them to raise more money at home and unite with us in carrying on the war effectively. I do not see why we should levy current taxes to buy British bonds or French bonds, but we should permit the Treasury Department to issue the bonds in exchange for theirs, and as they pay the interest there is no burden upon the people of this country.

It is not true that those bonds are an expense to this country identically as so much taxes would be. Taxes are taken out and paid into the Treasury. A man who buys bonds, as it has been said upon this floor, can use those bonds as a basis of credit to carry on his business, and while the purchase of bonds may take a large amount of capital and may disturb temporarily the financial condition of the country, ultimately the taking of those bonds does not contract the credit of the country, because they are a basis of credit to carry on business.

Therefore I say that, excluding bonds issued for loans to our allies, we should raise a very large percentage of the money to carry on the war during the coming year by taxation and not by bond issue. On that question I assume the committee has had the advice and judgment of the Treasury Department. The committee has certainly given very careful consideration to the subject, and I am prepared to believe that their conclusions, at least for the present, are correct. I would be willing to go further and raise a larger sum by taxation.

The next question which confronts us is how much do we need to raise. Of course, I can not add anything to the discussion of this question. The estimates of the Treasury Department are before the Senate. I have, however, given some consideration to it and compared our expenditures for the first year of war with those of other countries. I send to the desk and ask to have incorporated in my remarks a table which has been published, and I have no doubt all Senators have seen it, showing the expenditures of all the belligerent nations for the expenses of the war during the first three years.

The table referred to is as follows:

Following tabulation sets forth aggregate cost of the war to August 1 for the leading nations of the two groups of powers, daily current rates of expenditures, and the grand total of cost to all the nations engaged, less advances made by various powers to their allies and dominions:

Expenditures.	Aggregate.	Present daily.
<b>ENTENTE ALLIES.</b>		
United Kingdom.....	\$26,705,000,000	\$35,000,000
France.....	16,530,000,000	18,500,000
Russia.....	14,250,000,000	15,000,000
Italy.....	5,050,000,000	7,000,000
United States.....	1,629,000,000	19,100,000
Other allies.....	3,250,000,000	5,000,000
Total.....	67,414,000,000	99,600,000
Less advances.....	7,992,500,000	22,900,000
Net total.....	59,421,500,000	76,700,000
<b>TEUTONIC ALLIANCE.</b>		
Germany.....	19,750,000,000	25,000,000
Austria-Hungary.....	9,700,000,000	13,000,000
Bulgaria and Turkey.....	1,450,000,000	3,000,000
Total.....	30,900,000,000	40,000,000
Less advances.....	600,000,000	.....
Net cost.....	30,300,000,000	40,000,000
<b>GRAND TOTAL.</b>		
Entente allies.....	59,421,500,000	76,700,000
Teutonic allies.....	30,300,000,000	40,000,000
	89,721,500,000	116,700,000

Mr. KELLOGG. I shall not stop to comment upon this at length, but in passing would remark that it appears that Great Britain has expended, in round numbers, \$26,000,000,000 in three years, of which I believe about \$5,000,000,000 have been loaned to her allies, leaving \$21,000,000,000 as the cost of the war and the maintenance of the Government of Great Britain for the period of three years, or \$7,000,000,000 per annum.

Of course it is said that we must loan more money the first year than Great Britain has loaned to her allies during the entire war. If this is necessary or advisable to win the war, I

hope that it will be done, and if it is necessary to raise a part of it by taxation rather than by bond sale, I hope that will be done. We are not going to advance it all, however, within the next three months, and we shall know as time goes on, when Congress meets again, how much it will be necessary to advance. I understand a bond bill is now before Congress which provides for an issue of bonds to meet this exigency.

But in passing let me say again that by the estimate it is fair to say that Great Britain's expense during the last year of the war has been about \$11,000,000,000, although the average for the three years is \$7,000,000,000. It is said that we will expend, and I am not prepared to dispute it, the first year of the war substantially as much as Great Britain has expended during the last year of the war. I believe Secretary McAdoo's total estimate for the fiscal year 1918 is \$11,782,371,000. Deducting from this the ordinary revenue for Government expenditures, it would leave \$10,448,871,000, or substantially the amount which Great Britain has expended during the last year of the war.

Now, let us stop and think about that. I say this may be necessary, although I have great doubt whether this country will be enabled to spend, using reasonable economy, any such a sum of money during the first year. In the three years which Great Britain has carried on this war she has maintained an enormous navy, far beyond anything contemplated in this country. She has had to raise an army, because when the war broke out she had barely 250,000 men in England, and she has had to build munitions factories and other factories necessary to carry on the war. She has raised an army of 6,000,000 men. She has built her great munitions factories and cantonments for the training of that army, and she has waged war upon a foreign soil—in France, at the Dardanelles, and in the East. She has paid enormous prices for transportation as well as large prices for the munitions and other materials in this and other foreign countries; but with 6,000,000 men in the field and all the armament for that magnificent army, she carried on the war last year at a cost of \$11,000,000,000. But assuming that it will be necessary, assuming that we spend \$11,000,000,000 during the next year, we are proposing to raise of that sum about 36 per cent by taxation, and, if it is found necessary, when Congress meets in December we may increase that amount.

As I said before, the first and controlling question is, How can we best lend strength to the armies of the Nation? How can we best sustain the splendid young men who are going to fight our battles on a foreign soil? If we can do it best by raising more money, by increasing the tax levy, it should be done. If we can do it best by this tax bill, by maintaining, as far as possible, the industrial energy and productiveness of the country, I am in favor of doing that. No consideration or tenderness for capital should, nor do I believe does, have the slightest effect on any Senator in this Chamber. He is considering what to-day is necessary to bring the war to a successful conclusion.

I should like to say a few words upon the question of the excess-profits tax.

Mr. SIMMONS. Will the Senator pardon me?

Mr. KELLOGG. Certainly.

Mr. SIMMONS. I think the Senator should not consider the amount raised in this bill as the total war tax levied. The bill provides for two billion and a half, but the Senator will recall that heretofore we have passed what we called a war-revenue bill. That raises something around \$500,000,000, which, of course, would be added to this and would make the entire war levy about \$3,000,000,000 for this year, and another billion for ordinary expenses would make the total levy for this year, in round numbers, about \$4,000,000,000.

Again, I wish to say to the Senator, as suggestions are made as to the amount of profits made by corporations, it has been spoken of as eight or nine billion dollars as estimated for this year. That is an estimate, of course. It may be a correct estimate; probably it is; but in 1914, which was not a very good year, at just the beginning of the war and before corporations or individuals began to make large war profits, the net incomes of corporations was something around four and a half billion dollars. So it would be a mistake to suppose that the corporations are making eight or nine billion dollars more now than they were making in peace times. If the estimates for this year are correct, they are making something around \$4,000,000,000 more.

Mr. KELLOGG. I thank the Senator from North Carolina. I have not gone into the details. I have, of course, taken into consideration the previous tax bill in addressing my remarks to that subject.

Now, what is this so-called war-profits tax? It has been assumed in the debate by some Senators that it was the profits certain large corporations had made out of the war. As a matter of fact the original amendment reported to the Senate committee did contemplate taxing the difference between the prewar profits and the profits of 1917, but we must not forget that that plan has been entirely changed, for reasons which I will mention later, and that the plan now adopted is to levy a tax on all individuals, partnerships, and corporations engaged in business in this country, from the farmer to the biggest manufacturer, on all profits in 1917 in excess of the prewar profits, with a minimum of 6 per cent and a maximum of 10 per cent. If we were discussing merely how much taxes we should levy upon big corporations that had made profits out of the war that would be one proposition; but we are now discussing the proposition of taxing all normal and other increases of business over 1911, 1912, and 1913.

I wish to call the attention of the Senate to the fact that all over this country are thousands of individuals, small partnerships and corporations, where the earnings bear no relation to the amount of capital, but where the earnings are made by reason of the energy and enterprise of the individual, the partnership, or the corporation officers and stockholders of small corporations. You will find in your own towns all over the country a great many partnerships, with 5, 6, 8, or 10 partners, whose enterprise, energy, and ability, rather than whose capital, have made the profits for the concern, and that 10 per cent on capital is not a large income—it is small, and is in many cases what you might call subnormal.

I am not willing, unless it is necessary or I can believe it is reasonably necessary, in this war to lay an undue burden upon the individual enterprise and ability of these small concerns all over the country. The industries of this country are not measured by the great corporations; the great industries are scattered through all the villages and hamlets of this land.

In nearly every town in the United States will be found some little manufacturing industry furnishing employment to the people and a market for agricultural products. Together, these industries make the very foundation of the prosperity of this Nation and are the hope of its future industrial greatness. While large corporations are necessary in the aggregate they are but small compared to the numberless industries in every hamlet of the land. You are proposing to tax them the same on their excess profits as the big corporations, which are usually capitalized for the amount of the money invested. In justification of the amendment by the committee it must be said that if we should take the prewar profits as a basis without any limitation and only tax war profits, a large number of the big corporations earning great revenue before the war would escape taxation altogether. Many such corporations have been named on this floor: The Ford and other automobile concerns, the Standard Oil Co., the American Tobacco Co., and so forth; for that reason it seems inadvisable to permit these large concerns to deduct their entire prewar profits from 1917 earnings before there should be a tax imposed.

Mr. PAGE. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Minnesota yield to the Senator from Vermont?

Mr. KELLOGG. I do.

Mr. PAGE. I am very much interested in what the Senator from Minnesota is saying in regard to the small partnerships and the individual merchants and manufacturers who have made their war profits very largely because the goods in stock have appreciated in value from January to January of the war years to such an extent that they have made seemingly a very large profit; but when the end of the war comes those goods will go down, perhaps even faster than they have gone up, and perhaps even to a larger extent. If we should take a large part of the profits which accrue by virtue of the simple rise in prices, how are we to treat the merchant fairly when at the end of the war he loses perhaps half of all that he has made during the war?

Mr. KELLOGG. There is much reason in what the Senator from Vermont says. That is one of the risks of business. There is no question, however, that we are not only taxing the so-called war profits, but we are taxing the normal increase of the business of this country from a subnormal basis in 1911, 1912, and 1913 to a prosperous basis in 1917, whether that prosperity was due to war or whether it was due to the energy and enterprise of the partners and the normal increase of business in the country. So, I say, it is perfectly evident that making a minimum of 6 per cent and a maximum of 10 per cent will increase the revenue not alone from some big corporations but from a vast number of small corporations and partnerships,



because the addition of that minimum and maximum will add over \$500,000,000 to this tax bill.

I believe no one is going to complain of heavy taxation on the earnings of large corporations, which have been manufacturing war material and sending it to European countries at enormous prices. If we could raise sufficient revenue by imposing all the taxes on these concerns, I believe every one would be willing to do it.

Of course, there is no reason why the people of this country should not charge reasonable prices and make fair profits. England has insisted on making profits out of material which she is furnishing the allied nations. In all the wars in which we have engaged, Great Britain, France, Germany, and other countries have permitted their manufacturers and producers to make all the profits they could out of us, but now that we are engaged in the war and our energies and resources are to be added to the energies and resources of European countries, we should not be justified in permitting these manufacturers to make exorbitant profits out of war, and I hope and believe they are not going to be permitted to do so.

About the income tax, I shall only say a word. I believe we shall raise by the income tax about \$1,200,000,000; and the rates in connection with the income law of 1916, including the 4 per cent normal tax, extend from 5 per cent to about 67 per cent. I have made a calculation of these rates, and I ask that it be included in my remarks.

The PRESIDENT pro tempore. Without objection, it will be so ordered.

The matter referred to is as follows:

INDIVIDUALS.

Under act of Sept. 8, 1916:	Per cent.
On entire net income.....	2
\$20,000 to \$40,000.....	1
\$40,000 to \$60,000.....	2
\$60,000 to \$80,000.....	3
\$80,000 to \$100,000.....	4
\$100,000 to \$150,000.....	5
\$150,000 to \$200,000.....	6
\$200,000 to \$250,000.....	7
\$250,000 to \$300,000.....	8
\$300,000 to \$500,000.....	9
\$500,000 to \$1,000,000.....	10
\$1,000,000 to \$1,500,000.....	11
\$1,500,000 to \$2,000,000.....	12
\$2,000,000 and above.....	13
Under pending war-revenue bill (as amended Sept. 6):	
In addition to normal tax.....	2
\$5,000 to \$7,500.....	1
\$7,500 to \$10,000.....	2
\$10,000 to \$12,500.....	3
\$12,500 to \$15,000.....	4
\$15,000 to \$20,000.....	6
\$20,000 to \$40,000.....	8
\$40,000 to \$60,000.....	10
\$60,000 to \$80,000.....	14
\$80,000 to \$100,000.....	18
\$100,000 to \$150,000.....	22
\$150,000 to \$200,000.....	25
\$200,000 to \$250,000.....	30
\$250,000 to \$300,000.....	34
\$300,000 to \$500,000.....	37
\$500,000 to \$750,000.....	40
\$750,000 to \$1,000,000.....	45
\$1,000,000 and above.....	50

State and municipal taxes in addition to above.

Mr. KELLOGG. Mr. President, we must not forget that many of the men who will pay income taxes will also pay very large excess-profits taxes. That was illustrated by the remarks of the Senator from North Dakota [Mr. McCUMBER] when he stated an illustrative case.

Take a partnership where the capital is small, where the partners devote their time to the business; much of their capital is borrowed upon the individual credit of the partners rather than upon permanently invested capital in the business. You will first deduct from that partnership a very large excess-profits tax over their profits in 1911, 1912, and 1913, controlled by the minimum and maximum per cent. All of the balance of the earnings of that partnership, whether divided or not, and whether it is necessary to remain in the business as capital to meet the needs of the expansion of the business, is taxed under the income-tax law.

And here permit me to say I believe the amendment of the Senator from North Dakota ought to be adopted. It will permit partnerships to deduct from their surplus a reasonable amount to be used as capital, subject, of course, to the excess-profits tax. The amendment of the committee provides for levying a 10 per cent tax on the undistributed corporate surplus not invested or employed in the business or retained in the business for its reasonable requirements. This, in effect, permits corporations to retain a reasonable sum as surplus to be employed in this business, without distributing it to its stockholders and making it subject to the income tax. This surplus income, of course, will be subject to the 6 per cent corporation

tax and to the excess-profits tax. Why should we not likewise permit partnerships to hold a reasonable amount of their surplus in the business subject to the excess-profits tax but not subject to the income tax imposed upon the partners? Under the committee's amendment all sums held by the partnership, whether distributed or not, are subject to the income tax. Comparing the income tax imposed upon individuals by this bill with the income tax of the principal belligerent nations, it will be found that ours far exceeds most, if not all, of theirs. And in considering the amount of the income and excess-profits tax we must bear in mind one other fact which differentiates this country from most foreign countries. In addition to the taxes levied by the Federal Government, we have large local taxation—the State and municipal taxes throughout the country must be added to the Federal taxes in order to make any fair comparison. So when you take all the taxes levied in this country, I believe it will be found that we are imposing a burden as great, if not greater, than the principal nations of Europe engaged in the war.

But, as I have already stated, I am willing to go further whenever it can be shown that it is necessary to lend strength to our cause.

There is one other amendment pending before the Senate concerning which I desire to say a few words, and that is the amendment proposing an inheritance tax. I am not prepared to indorse all of the percentages in the amendment of the Senator from Oklahoma [Mr. OWEN], but I am prepared to advocate an inheritance tax. I believe it to be the most just and the easiest of collection of all taxes, and I believe it will burden the people less than any other tax which we can impose.

The principal argument which has been made against the imposition of an inheritance tax by the Federal Government is that it will interfere with the taxation of the States and frequently result in double taxation. That, of course, should be avoided; but all of the great taxes we are levying may, and some of them certainly will, result in double taxation, for some of the States have income taxes; most of the States, of course, have inheritance and direct taxes, and some of them have excise taxes. That argument, however, is met by the provision in the amendment of the Senator from Oklahoma which allows a deduction of all taxes levied on inheritances by the States. Now, there are some States that impose no inheritance tax.

Mr. STERLING. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Minnesota yield to the Senator from South Dakota?

Mr. KELLOGG. I yield to the Senator from South Dakota.

Mr. STERLING. I am interested in what the Senator is saying with regard to the inheritance tax; but of the total number of 48 States there are comparatively few that do not have an inheritance tax. I have just looked up the matter, and I find in the World Almanac for 1917 a list of the States given, and there are just five States in the Union that do not impose an inheritance tax. Alabama, Florida, Mississippi, New Mexico, and South Carolina are the five States not making provision for the collection of inheritance taxes.

I should like further to suggest to the Senator the question as to how much would be left to the Federal Government, under the amendment proposed by the Senator from Oklahoma, if the States are to have credit for the inheritance taxes which they impose. It occurred to me that if in the collection of the national inheritance tax the several States are to be credited by the Federal Government with the inheritance taxes imposed by them, the rates of which are as high or higher than provided in the amendment of the Senator from Oklahoma, there would be comparatively little left for the Federal Government under the amendment proposed.

Mr. SHERMAN. Mr. President, before the Senator leaves that subject, will he permit me to interrupt him?

The PRESIDENT pro tempore. Does the Senator from Minnesota yield to the Senator from Illinois?

Mr. KELLOGG. Yes.

Mr. SHERMAN. Has the Senator considered that if the Government levies too large a tax of this character it will seriously impair the revenues of the States? The larger States, among the number my own, the third largest in the Union, collect a considerable portion of their revenue from this source. I have not the exact figures before me, but Illinois, for instance, collects approximately a million and a half dollars every 12 months from an estate tax; so that it becomes quite an important source of revenue. In that State the rate of taxation for local and other purposes outside of the governmental exactions is very high, the rate in my home city of Springfield being nearly \$8 on every \$100 of assessed valuation; so that many of our school districts and local taxing areas are impaired in their revenue; they have reached the constitutional limit, and



no increase of revenue on the assessed value of the property is possible. We, therefore, are compelled to turn to some of these indirect sources, such as inheritance taxes, which, as I have said, in recent years have become very large sources of revenue, thereby raising the amount of revenue that is distributed to the various taxing bodies which are now showing a deficiency of revenue. That problem has concerned many of the State authorities, as I know it has concerned many Senators, namely, the serious impairment of our sources of revenue if a much greater tax should be levied by the Government.

Mr. KELLOGG. Mr. President, it is true that there are only five or six States that do not levy inheritance taxes, but in many of the States the inheritance tax is very low, the maximum being 5 per cent in some States. I have not examined them all, but I was looking over a number of them this morning.

I would not by a Federal inheritance tax impair the revenue of the States. I do believe that a reasonable and wise Federal inheritance tax, largely increased on the large estates, would tend to equalize the taxes throughout the States and to bring up the taxes upon large estates to a higher level than to-day prevails.

I say that it is perfectly ridiculous for one to leave sixty or a hundred million dollars and only require the payment of an inheritance tax of 4 or 5 per cent upon it. The great fortunes of this country do not make the country great. I would not take away from any young man the hope of reaching the highest position in industry and accomplishing what many of the great business men of the country have accomplished; I would leave before him always that hope, that individual enterprise, which is the guiding star of our industrial life; but when men may pile up, as they have in a country with unbounded resources like ours, great fortunes and leave them to their children without taxation, I say it is wrong. Those fortunes are usually a curse to the children to whom they are left. I believe that a man should lay up a reasonable sum to take care of his family and shield them from the hardships of the world, but I do not believe that any system should exist that places an enormous burden of taxation upon the man who is struggling in the pursuit of industry and a small taxation upon the man who receives a great fortune by inheritance. I believe that if the committee would adopt a reasonable, progressive Federal inheritance tax, permitting the States to deduct the total amount of any inheritance tax which the States may from time to time adopt, it would tend to raise the level of taxation upon the great fortunes and tend to equalize the taxation on inheritances throughout the country.

There is great disparity between the systems of inheritance taxes in the various States to-day, and in many cases there is double taxation. A man living in New York, as I stated the other day, may have to pay an inheritance tax on all his personal property and pay another on some of that personal property situated in Wisconsin and Minnesota which has a local situs, because the courts have held that the stock of a Minnesota corporation is local in Minnesota, although the decedent lived in the State of New York.

I think that a reasonable inheritance tax would bear least as a burden upon the people of this country. It would tend to divide up the great fortunes instead of consolidating them. The right of inheritance is the creation of law. Many of the great fortunes of this country have been made by the natural growth of the country, and the increase of our resources by capitalizing the energy and labor of the people. A system of taxation which legitimately turns back to the people a proportion of this wealth is justified by the advanced opinion of all civilized nations. I have nothing to say against the enterprise which enables men honestly to amass reasonable fortunes, but I do not believe the law of inheritance should be left so that these great estates may practically escape taxation. I do not say that I would take all of any estate over and above any fixed amount. But I would have a progressive tax increased so that when you reach millions upon millions in some of these estates which are transmitted by the laws of inheritance or by bequest, a very large tax should be placed upon them.

Mr. FLETCHER. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Minnesota yield to the Senator from Florida?

Mr. KELLOGG. I do.

Mr. FLETCHER. May I interrupt the Senator to inquire whether he is in favor of covering this proposition, so that if any of the States hereafter should enact an inheritance tax they would stand upon the same basis as States which already have such a law? In other words, take Florida, for instance. There is no inheritance law at all in that State. Does the Senator want to leave it open so that if Florida enacted a law of

that sort, Florida would stand on the same footing under the law as the States which already have such a law?

Mr. KELLOGG. I will say to the Senator from Florida that that is exactly what I said. The Senator perhaps misunderstood me. I would allow, first, to be deducted from this tax any inheritance taxes from time to time imposed by the States. The manner of collecting this tax can be arranged by regulations of the Treasury Department, and it is easy of collection. All these estates must pass through the probate or surrogate courts of the various States wherein valuation is determined. When the State imposes its inheritance tax, the Federal Government gives the State the amount of the local tax, and, if there is any balance, takes it, and if a wise, progressive inheritance tax is adopted by Congress it will very greatly increase the rates of taxation upon the larger fortunes.

Mr. President, I believe that the money necessary to carry on this war should be raised by income taxes, excess-profits taxes, inheritance taxes, and taxes on beverages and the luxuries, rather than to place the burden upon the people generally. It should be a tax on business and wealth, which is able to bear it, rather than a tax upon the great toiling masses of the Nation.

I would rather see a high inheritance tax placed upon large fortunes, large excess profits and income taxes placed upon business and wealth, than see a burdensome tax imposed upon the necessities of life. In a general way, however, I approve the principal provisions of this bill. We must remember that it may be necessary in the near future to largely increase these taxes, and we should not hesitate to do so if thereby we are enabled to prosecute the war more vigorously and bring a lasting peace to this Nation and to the world.

What the Nation needs in this hour is the united support of all the people. No party differences do or should divide us in the face of the common enemy of all civilization. We should marshal the brains, inventive genius, labor, industry, and patriotism of the Nation for the prosecution of our part in this the world's greatest conflict. We should consider this revenue bill wisely and tolerantly, having in view the highest interest of the brave men who are giving the most to the Nation, and also the maintenance of industry, thrift, and enterprise, which must furnish the implements of battle for ourselves and our allies.

Mr. GORE. Mr. President, this is not the time to discuss the causes or to discuss the wisdom of this war. Questions of that character must be adjudicated at the bar of history. We are in the war now, and we must win the war. The only way out is straight ahead. Not only must we win, but, as I have often said in the past, we must make it a short war; make it a successful war. We can not afford to fail. To fail would be the supreme tragedy of all history. To fail would change, would mar the destiny of the human race. To fail would blot out of the future, both the star of hope and the bow of promise. Upon those points there can be no division of views. But the supreme problem which we are called upon now to consider and to solve is the best ways and means of financing this war to an early and to an acceptable peace.

From every point of view this war has no precedent in all the tides of time. There are, therefore, no beaten paths. There are no unerring guides. There are no fixed and established standards for our conduct. Questions of this character deserve the most serious discussion, deserve the most serious consideration.

This war is a serious strain upon all the resources of all the nations involved. It is an especial strain upon the financial resources of all the nations involved. The question of financing the war would be of vast importance if it were a brief war and if it were a war upon a limited scale and proportion. But, sir, when we take into account the unprecedented magnitude of this war and the unprecedented expenditures which it requires, the question is not merely important, it is one of supreme and uncompromising necessity.

I desire to illustrate the expenditures of this war. We have now been at war less than five months. We have not fired a single shot in battle; yet we have been called upon to provide some \$18,000,000,000. No matter by what method this amount is to be raised, no matter as to the final payment or repayment in part by the allies, this amount is an immediate draft upon the financial resources of the people of the United States. Eighteen billion dollars is much more than all the gold upon the globe. It is five times as much as the total cost of the Civil War. It is four times as much as the total cost of all the wars in which the United States has been engaged. Eighteen billion dollars is much more than Russia has expended during the war. It is much more than France has expended during the war. It is more than Germany has expended during the war. It is more than half as much as Great Britain has expended during the war. Eighteen billion dollars is several times



the aggregate annual earnings of all the wage earners in the United States. It means \$900 for every family under the flag. Nine hundred dollars is nearly twice as much as the average annual earnings of the average wage earner in the United States during times of peace. Eighteen billion dollars is the beginning, not the end. Nothing need be added to this statement to demonstrate the stupendous importance of founding our financial system upon sound principles of public finance.

I know that public finance is looked upon as a science of mysteries. It undoubtedly has its complications; yet there are certain truths, there are certain principles underlying the science of public finance, which are self-evident. Four of those I shall state.

First. Taxes should be apportioned among the taxpayers in accordance with their ability to pay. I think that is self-evident.

Second. Income constitutes a better standard than capital for the measurement of ability to pay. That can not be challenged.

Third. Vexatious taxes, burdensome taxes, taxes which impose upon the taxpayer burdens out of proportion to the revenues received by the Government, ought not to be the first taxes imposed. They ought to be among the last; and the resources for less objectionable taxation ought to be practically exhausted before the more onerous taxes are resorted to.

Last. No system of public finance is sound which dries up the sources of future revenue. Any sound system must acknowledge the certainty of future demands and conserve the sources of future supplies.

I say these principles are self-evident; but these principles, Mr. President, relate to only one side of the science of public finance. They relate, excepting the last one, to taxation alone. Now, there are two methods by which the Government can raise the revenue to meet the expenditures and exactions of this war. Under the Constitution the Government has the power to tax and it has the power to borrow. All the money required must be raised by the exercise of one or the other of these powers.

The existence of these two powers gives rise to three theories, to three possible policies, of financing the war. The first is based exclusively upon the power of taxation—the policy of raising all the revenue required by taxation alone. This is known as the "pay-as-you-go" or "pay-as-you-enter" policy. It has the sanction of many high authorities. Whenever the necessities of the situation can be met in this way it is undoubtedly the wisest way. It minimizes the evils during the progress of the war and it minimizes the aftermath of industrial depression, shrinkage, and wreckage, which follow like ravens in the wake of war.

The second plan is based exclusively upon the use of public credit. This policy has few to recommend it. No warring nation to-day relies upon that system, excepting, I believe, Germany alone. I have seen the statement that Germany was issuing bonds to raise money to pay the interest on her bonded indebtedness. That is an essentially unsound system of financing a war. Possibly Germany was led to the adoption of such a plan by her previous success in exacting indemnities from her subjugated enemies.

The third plan is based upon a combination of the two powers—the power to tax and the power to borrow. Generally the warring nations have adopted this policy. The United States has already committed itself to this system. In all of our previous wars, excepting the Revolution, in which the Government did not have the power to tax, the United States has relied upon a composite system—the power to tax and the power to borrow.

But, Mr. President, this combination raises one important question, it raises one vital question, and that is this: What proportion of the revenues required should be raised by taxation and what proportion should be raised by the use of public credit?

Upon the answer to this question depends the soundness and success of the system. This is the issue joined between the majority and the minority reports coming out of the Finance Committee. The majority place a larger reliance upon credit and a less reliance upon taxation than do the minority. To reverse it, the minority place a larger reliance upon taxation and a less reliance upon bonds than do the majority. Possibly the Senate will not adopt the best system at this time, but before the war is concluded I believe the people will oblige us to adopt a sounder system.

The War of 1812 cost the Government some \$70,000,000. Less than \$7,000,000 of that amount was raised by taxation. The rest was raised by the issuance of bonds and Treasury notes. The inevitable evils of such a system followed—inflation, the decline of public credit, and a sequel of industrial and commercial depression after the war.

The Mexican War cost the United States about \$63,000,000. Fourteen million dollars of that amount was raised by taxation, \$49,000,000 by the issuance of bonds or the use of public credit. The war was a brief one. The expenditures were no great exaction upon the resources of the country. The evils of the system were not so manifest at that time, but as an evil precedent it had its sequel of disastrous consequences soon after, when the Civil War burst upon the country. Following the precedent established during the Mexican War, the Government began by relying chiefly upon public credit and only in a limited measure upon taxation. At the outbreak of the war, Secretary Chase recommended that sufficient taxes be imposed to raise revenue to meet the ordinary expenses of the Government and the interest on the public debt, and that the military expenses be raised by resort to the public credit. The inevitable evils followed, the inflation of prices and a marked decline in the public securities in the public credit. About the middle of the war the Government was driven to base its finances upon sounder principles. It is said, indeed, that the people drove the Government to the adoption of the sounder system. It was one of the many instances in which the governed exhibited greater wisdom, or at least greater courage, than their Government.

In his annual report for 1863, Secretary Chase said that it was not too much to say that it was hardly enough to say that every dollar raised by taxation saved \$2 in the enhancement of the public credit and in other economies. All authorities agree that if the policy of vigorous taxation had been adopted earlier in the war it would have minimized the evils of inflation during the war and the evils of contraction after the war.

Mr. President, we ought not to close our ears entirely to the voice of authority; we ought not to close our eyes to the lamp of experience. We will not do so permanently, because you can not temporize with principles which are sovereign. I have seen it stated upon reputable authority that if we should make a levy upon the taxpaying capacity of this country to-day equivalent to that made during the fiscal year of 1865–66 it would produce an annual revenue of \$6,000,000,000. Pity it is that we have not inherited the financial fiber of our fathers.

Lord God of hosts be with us yet,  
Lest we forget, lest we forget.

Mr. President, I wish to consider the application of the taxing power and the borrowing power to the one great resource of revenue which is open alike to the application of either of these powers. There are several resources from which you can obtain money by the use of public credit which are not available through the taxing power. They are important in a general discussion of this subject; they are not important in the particular discussion now at hand. I eliminate those from the equation. I confine my remarks to the one great resource which the Government has the choice to approach either through the power to tax or through the power to borrow. I refer to current earnings, incomes or profits. I shall confine my remarks in the main to what are known as war profits, profits growing out of the war, profits arising out of the conditions of war, profits over and above those which were realized during the "piping times of peace."

Now, Mr. President, the Government has its choice. It can avail itself of these war profits for its own use either by borrowing or by taxation. Which is the better plan? This question, it seems, would almost answer itself. The Government can take whatever part it needs of war profits by taxation without any obligation to repay, or it can obtain such part of war profits by the issuance of bonds which carry an obligation to repay.

Now, which is the wiser choice between the two plans? Of course, the taxing power is absolute. It depends only upon the will of the Government and not upon the will but upon the ability of the taxpayer. The borrowing power depends not alone upon the pleasure of the Government; it depends upon the pleasure of those who have means available for investment. Which is better, for the Government to take war profits by way of taxation or by way of loans? Considering the Government alone, there can be but one answer.

Which is better for organized society, to obtain the required revenue without an obligation to repay or to obtain the required revenue with the obligation to repay? From the standpoint of organized society, there can be but one answer. Which is better for the individual owner of the war profits, to have them taken by taxation without a promise of repayment or to have them taken by the borrowing power with the promise of the Government to make repayment? There can be but one answer to that question. It is better for the individual owner of the profits to hold the gilt-edge security for the return of his investment, principal plus interest. On the one hand, the interest of the Government, the interest of organized society, pleads for a sys-



tem relying largely upon taxation without the obligation to make repayment. On the other hand, it is to the interest of the individual to hold the bonds of the Government, secured by all the property of all the people.

Now, which of these two considerations should determine our choice? Of course, each Senator must decide for himself. I doubt not that in the long run this country will insist upon liberal taxes being levied upon the profits of war. I warn the chairman of the Finance Committee now, and I warn the ranking Republican member of the Finance Committee, that the enforced moderation of this day means immoderation upon the morrow. That is the unfailing law of reaction. If we persevere in this course now, at no distant day the House will possibly send us a revenue measure that will cut almost to the heart of business itself. But I have no right to exercise the function of prophecy.

Mr. President, there are one or two points urged against the taxing system and in favor of the borrowing system to which I wish to address myself for a moment. I believe it was the junior Senator from Massachusetts [Mr. WEEKS] who argued a few days ago that if we took too much war profits by taxation there would not be enough left available for bonds. To whatever extent we take what we need of war profits by taxation it will to that extent be unnecessary to avail ourselves of that resource by the use of public credit. There would be no need to concern ourselves about getting what we had already gotten.

But, Mr. President, the suggestion that taking too much of taxation does not leave enough available for public credit is reasoning in a circle. It begs the very point at issue, which is this: Which is the better method of obtaining the money, by taxation or by borrowing?

Mr. President, I believe it was the same Senator who made the point that if these profits were taken by taxation there would not be enough left in the hands of business concerns to serve as an incentive for future business operations; that there would not be enough left in their hands for the enlargement of existing industries or for the establishment of new and necessary enterprises. Of course, Mr. President, whatever part of these war profits we take out of the hands of the owners by taxation will not remain in their hands and be available for the expansion of their business, but it is almost equally true—

Mr. LEWIS. May I interrupt the Senator?

Mr. GORE. Will the Senator pardon me?

Mr. LEWIS. I will not disturb the Senator except to say that it was my argument to which he now alludes, which he has imputed to another Senator; and I further exempt the other Senator from whatever condemnation might follow it. The suggestion the Senator referred to came from me and not from the junior Senator from Massachusetts.

Mr. GORE. I do not think the Senator from Illinois has a monopoly upon that mistake.

Mr. LEWIS. But I wished at this time merely to correct one part of my friend's statement.

Mr. GORE. I admire the chivalry of the Senator. To a certain extent it is a sort of vicarious atonement for others.

Mr. President, I say it is, of course, true that whatever part of the current war profits are taken by way of taxation will not remain in the hands of the owner and there be available for the expansion of his business. It is almost equally true, however, that whatever part of these war profits the Government obtains by the issuance of bonds, will not remain in the hands of the original owner and there be available for the expansion of old or the establishment of new enterprises. However the money is obtained its expenditure on a vast scale and in a limited time by the Government will serve as a stimulus to business.

I am not unmindful of the point just made by the Senator from Minnesota [Mr. KELLOGG] that the bonds issued to obtain this money would serve as a basis of credit. That argument if it has a virtue has also a vice, to which I shall presently call the attention of the Senate.

But, Mr. President, there is still a better answer to each of these arguments. We can not settle a question of this sort in the abstract; we must apply it to concrete facts. In the pending bill we have selected as the prewar period the years 1911, 1912, and 1913. Upon those years we base our decisions as to prewar profits or peace profits. The net profits of the concerns to be taxed in this bill averaged for those three years about \$3,000,000,000 a year; the net profits of the concerns to be taxed last year, 1916, about \$6,000,000,000. Three billion dollars of this represented peace profits, \$3,000,000,000 represented the profits growing out of the war situation in Europe.

It is estimated that for the current year the profits of the concerns to be taxed will aggregate \$9,000,000,000. Indeed, I have seen the estimate placed as high as \$10,000,000,000. I accept the lower figure because it is more conservative.

Now, \$3,000,000,000 of that represents ordinary peace profits. Six billion dollars represents the profits of war. There is a good deal of force in the argument that no one should be allowed to derive profits out of war. I would like to demote war. I might almost say, and say in no invidious sense, every dollar of war profits is dripping with blood and tears.

The majority of the committee have reported a graduated scale of taxation upon war profits ranging from 12 per cent on low war profits up to 60 per cent when the war profits are 300 per cent over and above peace profits. That is the snow line upon their Mount Everest. The chairman of the Finance Committee, in opening the debate, said that after the recommended taxes upon profits had been taken they had left these concerns a profit beyond the dreams of avarice. Mr. President, in this hour of the Nation's need we leave these concerns profits beyond the dreams of avarice.

Now, at this moment I am insisting upon no particular rate. I think the rate ought to be flat, and it ought to be as high as can be without jeopardizing business prosperity. Nobody can consent to cut down the fruit tree in order to get the fruit. Nobody can wish to interfere either with the progress or with the expansion of legitimate business. That question is eliminated from the discussion. Opinions may differ as to the amount, but as to the principle there can be no difference. The majority of the committee admits that under certain circumstances a rate of 60 per cent is not too high on war profits. I am not at this time discussing the intrinsic or final merits of the 60 per cent rate on war profits. It it were found practical, I should much rejoice to see not less than 50 per cent of war expenditures raised by taxation and not more than 50 per cent raised by the issuance of bonds. Final judgment as to the exact ratio can not be made up at this time. I exclude from this ratio, at least for the present, bonds which are to be issued in exchange for the bonds of the allies. They are in a different class and stand upon a different principle.

Mr. President, let us suppose that the rate of 60 per cent were made horizontal instead of graduated and consider the result. Sixty per cent on war profits of \$6,000,000,000 would raise a revenue of \$3,600,000,000, three times as much as the pending bill, with the latest committee amendment, proposes to raise, and five times as much as the bill as originally reported proposed to raise. During the pending debate the majority of the committee have recommended an increase of \$500,000,000. This is matter for congratulation upon the part of those of us who signed the minority report, as well as upon the part of the country at large. This \$3,600,000,000 would enable us to dispense with a large part of the long-time bonds proposed to be issued, exclusive of those which are to be exchanged with the allies. After taking this \$3,600,000,000 we would still leave in the hands of the beneficiaries war profits aggregating \$2,400,000,000 untouched and untaxed. Add to that the \$3,000,000,000 of peace profits and you have an aggregate of \$5,400,000,000 neither touched nor taxed by the hand of the Government. Verily \$5,400,000,000 constitutes a golden profit beyond the dreams of avarice.

Would \$5,400,000,000 serve as a stimulus to business? Would it be a sufficient incentive to keep business going? They did run in peace times for \$3,000,000,000. Would they strike in war times with a golden temptation of \$5,400,000,000 before their eyes? Oh, ye of little faith!

Sir, it can not be made too plain that the chief business of this country to-day is to win this war, to win it at the earliest possible moment, to win it without permitting any other business to interfere with the realization of that immediate and overpowering purpose. This means economy of treasure, of tears, and blood. It is an old proverb that there is danger in delay, but in these tragic times there is death in delay. Would not \$5,400,000,000 constitute a fair reserve for the enlargement of existing plants? Would not \$5,400,000,000 serve as a pretty generous reservoir for the construction of new and necessary establishments?

Mr. President, what laboring man in America will realize war profits 300 per cent over and above the profits of peace? What farmer in the United States, with the price of his products artificially controlled, will realize war profits 300 per cent over and above the profits of peace? What merchant in the United States will realize war profits towering 300 per cent over and above the profits of peace? I ask, sir, what manufacturer will realize profits which transcend by 300 per cent the ordinary profits of peace? Are these profits to be regarded as a sort of touch-me-not a sort of Saguntum, upon which we must not lay heavy



hands? These profits, Mr. President, surpass the dreams of avarice.

Speaking of manufacturers, however, let me say that as a sort of guess few manufacturing concerns in this country realize a profit of 300 per cent over and above peace profits except those which are monopolies and those which are engaged in the production of war specialties, military supplies, and the like.

Let us consider one or two cases. Take the Bethlehem Steel Co. Their peace profits, as I remember, were \$3,000,000 a year.

Mr. SMITH of Georgia. Five million dollars, it was stated.

Mr. GORE. I looked at the paper this morning.

Mr. SMITH of Georgia. It was claimed here that it went from \$5,000,000 to \$56,000,000.

Mr. GORE. Either three or five. I investigated the table this morning, and my recollection is that it was \$3,000,000, but that is immaterial. The earnings of this concern for 1916 were \$43,000,000. Do you imagine that if we should take 60 per cent over and above these profits they would decline to continue in business?

Mr. President, take the Du Pont Powder Co. Its peace profits were \$5,000,000 a year. For 1916 its profits aggregated \$82,000,000. For the current year it will undoubtedly mount far above that figure. There is a profit, sir, beyond the dream of avarice. Will they decline to operate if you subtract a reasonable war tax from their fabulous income?

Take the United States Steel Co. Its peace profits were \$63,000,000. Based upon the first six months of the current year it is estimated that their earnings for 1917 will rise to the unprecedented figure of \$490,000,000. Did avarice ever dream such a dream. Shall we scruple to share generously the profits of this concern in this hour of supreme necessity?

Mr. President, I saw in some newspaper the other day that this war had produced a crop of 30,000 new millionaires in America. To me the number seems incredible. But that is not the point. The paper commented that these particular men were not enthusiastic for an early peace, that they reconciled themselves with marvelous fortitude to the existence and the ravages of war. Are we bound for the honor of human nature to discredit such a conclusion? But has the majority of the Finance Committee assumed and is the Senate to act upon the assumption that the munition makers of this country are sitting to-day like vultures upon the tree of life? Nothing should be done that would give either real or apparent ground for any man in America to believe or to suspect that this war is a rich man's war and a poor man's fight. That, sir, would be most unfortunate.

Mr. President, there are two or three distinct advantages in favor of large reliance upon taxation as contrasted with too large a reliance upon public credit. The overuse of public credit leads to inflation. I shall not discuss inflation in detail. I will merely observe that during the Civil War the overuse of Government credit in the form of bond issues and paper-money issues brought about the inevitable evils of inflation. The problem of high prices and the increasing cost of living in the warring countries has largely arisen out of the overissue of Government bonds and of the overissue of paper money. I do not say, of course, exclusively, because high prices are an inseparable incident of war. You can no more rid war of these evils than you can control the mighty currents of the sea.

Wages and salaries have not advanced so rapidly as prices. The widening chasm between wages and salaries on the one hand and the cost of living upon the other is the sunken road to Ohain. It is filled with tragedy.

We have recently been enacting most extraordinary legislation designed, if not calculated, to arrest or reduce rising prices and to curb advances in the cost of living. Shall we now, sir, adopt a fiscal policy which inevitably, and as attested by the voice of all human experience, must bring upon us the very evils which we but yesterday were legislating to prevent? Is that the part of statesmanship? On the other hand, a large reliance upon taxation operates automatically to curb the tendency toward inflation, to check rising prices, to check the increase in the cost of living, and to arrest the lowering standards of living. I do not say that taxation, however heavy, can entirely accomplish those results, because I have shown that they are beyond the possibility of human accomplishment. The causes which tend to produce them are more omnipotent than any power which we can exert to counteract them.

Mr. President, I have considered the immediate effects of undertaxing and overborrowing upon the immediate present, and also upon the immediate future. I now wish to consider their relative effects upon the more distant future.

"Let us dip into the future, far as human eye can see."

It is estimated by Dr. Seligman, of Columbia University, that if this war continues for two years our aggregate bonded

indebtedness will amount to \$20,000,000,000. It will undoubtedly bear at least as high a rate of interest as 4 per cent. That would permit and perhaps induce a like rate on the bonds heretofore issued. While speaking of the rates of interest, let me remind you that when the other liberty loan was being floated, Mr. Otto Kahn took occasion to say, in addressing the Merchants' Association of New York: "The cause which we are endeavoring to serve here to-day bears no resemblance to sacrifice." He then significantly added, "It is patriotism plus 3½ per cent"—patriotism plus 3½ per cent.

He then added that the exemption clause and the conversion privilege constituted a most tempting combination. Mr. President, did you ever see a finer eye for the main chance? "Patriotism plus 3½ per cent!" And he demonstrated that if a man had an income from these tax-exempt bonds amounting to \$1,000,000 the real return on the investment would be 8.2 per cent. With the higher tax rate imposed in the pending bill it would represent an investment bearing a much higher rate than 8.2 per cent. It would be patriotism plus the larger rate.

But let us see. An investment of \$20,000,000,000 running for 25 years at 4 per cent means what? That at the end of the first 25 years the American people will have paid \$20,000,000,000 in the form of interest, and that they would still owe the principal, amounting to \$20,000,000,000. If this indebtedness runs for a hundred years—and much of it will run much longer than a hundred years—for we owe to-day nearly one-fourth of the bonded indebtedness growing out of the Civil War, and part of Great Britain's funded debt is more than 220 years old—if the indebtedness of \$20,000,000,000 should run for a century, bearing 4 per cent, it would mean that at the end of the century the people had paid \$80,000,000,000 in the form of interest, and still owed the principal, amounting to \$20,000,000,000!

Can this leave any doubt as to which were the wiser way—relying more largely upon taxation and less largely upon credit, or relying more largely upon credit and less largely upon taxation? That is the point.

Mr. President, the statesmen of this generation have voted to declare war; they have voted to draft our children to fight this war. Shall we now be asked to draft our children and our children's children to pay for this war? Is our only glory to be the declaration of war? It requires but little moral or physical courage to declare a war for others to fight; it requires no great amount of financial courage to declare a war for others to pay for. Shall we pass this indebtedness on to posterity? Shall we assume that they will have no problems of their own; that they will have no vast emergencies of their own, constituting a drain upon their resources?

Who holds a commission to exempt the present from taxation and to shift that taxation to unborn posterity? The chairman of the Finance Committee a few days ago paid a most eloquent tribute unto posterity; from out the mystic future we could hear their glad huzzas. I do not doubt posterity will deserve the tribute; but I am concerned that we shall deserve an equal tribute at their lips. I am concerned that posterity may be able and may be willing to reciprocate the eulogium. We should leave no temptation to posterity to erect above our resting place a brazen monument bearing the epitaph, "Hic jacet slacker." (Here lies the slacker.)

Mr. President, what are we asked to do? This is a vast war. We are sending our best and our bravest to fight our battles and to win our victories. They will bring back victory upon the banner of this Republic unto those who sent them abroad with their blessing.

Shall they return to the open arms of a grateful people with no vast legacy of indebtedness to keep them in chains and servitude during the remainder of what should be a glorious existence, or shall we dodge our duty and leave these debts to be paid by these returning soldiers; by the crippled, by the halt, by the deaf, and the blind, to be paid by the mutilated images of a forbearing Deity?

God of our fathers smite us not,  
We have forgot, we have forgot.

In the end I have no doubt that a wiser policy will prevail, and that we shall pay the uttermost farthing that can be raised by way of taxation without too serious a jeopardy to business and to business prosperity.

Mr. President, there is an added reason for levying heavy taxation upon war profits. It is an unanswerable reason. It is this: That you can only tax war profits while war profits are being earned. You can not tax them when peace returns. We must hit while the iron is hot. It is as true in public finance as in hydraulics that the mill never grinds with the water that is passed.



Mr. President, I listened with some interest to the Senator from Minnesota [Mr. KELLOGG] a few moments ago when he asked in his speech, "Why make these taxes overhigh now, when Congress meets again in December?" There is a fundamental fallacy underlying the policy recommended by the Finance Committee. This session adjourns within a few days. The regular session does not meet until December. This is the only and the last revenue bill that will be passed in the calendar year 1917. The pending bill as it passed the other House, imposed what was called a retroactive tax upon the distributed incomes of 1916.

I watched with interest the indignation with which the Finance Committee struck that retroactive tax out of the pending bill, and here in the majority report they characterize that retroactive tax as alike immoral and uneconomic. Sir, this is the only revenue bill that will pass during 1917. If any man shall be so bold as to propose in 1918 the levying of an additional or a retroactive tax upon war profits of 1917, we shall witness the same burning indignation. This majority report will then return to plague us. It will then be insisted that the imposition of a retroactive tax upon the enormous war profits of 1917 would be immoral and uneconomic, and these golden profits will smile at us from a citadel, from a sanctuary rendered proof against the approach of such a tax.

Who will be able to answer this argument set forth in the majority report to the satisfaction of the Finance Committee? Not only that, but when these war profits pass with the war—and Heaven speed the day—we must then resort to other taxation; we must find other sources and resources from which to derive our revenue. That means taxation upon consumption; taxation upon want instead of wealth; taxation upon necessities instead of luxuries; taxation upon the earnings of labor instead of upon the war profits of munition makers. Did not the senior Senator from Pennsylvania [Mr. PENROSE], the ranking member of the Finance Committee on the minority side, who will be the chairman of the great Finance Committee if the Senate shall return to the Republican fold—did he not express surprise here on this floor the other day that the pending bill did not contain a provision that it should expire with the conclusion of the war; that it should lapse when peace returns; that these high taxes should not be exacted upon profits over and above those earned on a peace basis when hostilities have ceased?

But he expressed the hope that a different system of taxation would be substituted for this and in express terms pronounced in favor of a protective tariff. That, I say to Senators on this side of the Chamber, is the fate in reserve for this country if this policy prevails. Let the vast war profits pass into capital, let them pass into history, and you will not be able then to impose a retroactive tax, but must rely upon extorting revenue from consumption, taxing the clothes upon the back of the poor and the bread upon the lips of hunger.

Another argument has been made here in the Senate to maintain the moderate rates imposed in the pending bill, and that is the necessity and the prospect of being obliged to levy higher taxes in the future. That argument has fallen from the lips of Senators in debate; that argument is set out here in the report of the majority of the committee, that taxes should be moderate now lest we must be obliged, as we will be obliged, to resort to the imposition of higher taxes in the future. There is also a fundamental fallacy underlying that argument. Why should we keep taxes down now lower than these profits can bear and issue bonds instead, in order that we may, when the exigency becomes more urgent, raise the taxes in the future? Would not wisdom recommend that we levy now the highest tax upon war profits consistent with continued prosperity; that we minimize the use of the public credit for the present and resort to that expedient only when driven to it by untimely necessity? This is an argument to keep taxes down on the war profits of 1917 lest we should be obliged to levy a higher rate upon the war profits of 1918.

Mr. President, there is a hiatus between the premises and the conclusion; in reasoning thus Senators do not close the circuit between their premises and their conclusion. The argument not to tax the war profits of 1917 up to a reasonable limit in order that we may levy a higher tax upon the war profits of 1918 is a good deal like a fire company that would refuse to turn on the full pressure, would refuse to play the hose with full might and main upon a burning building out of fear that the fire might possibly spread, and that if it did spread they would need the water even worse than before. It is not a sound argument.

Now, Mr. President, if we will levy a reasonable tax on war profits in the pending bill we can eliminate the taxes upon consumption—the tax on tea, the tax on coffee, the increased tax on sugar; we can eliminate the increased postal rate on letters

from 2 to 3 cents; we can eliminate the tax on parcel post, the tax on passenger rates, and last, but not by any means least, we can eliminate the 3 per cent tax on freight. To my mind a more objectionable tax can not even be imagined than a tax on freight; it is nothing but the willful imposition of friction upon the business of this country. Nobody can calculate in advance the amount of hardship and the amount of injury it will entail. It will operate like sand in the bearings of commerce and industry. The tax on freight, it is estimated, will raise about \$70,000,000. If we increase the tax on war profits 1½ per cent we can eliminate the entire tax on freight, which would do infinite injury, and place the tax where it would do no appreciable harm. Moreover, we lose sight of this dilemma on one or the other horn of which we are impaling ourselves. We have established the Interstate Commerce Commission to ascertain and maintain reasonable rates. If the commission is to-day maintaining reasonable rates, then such rates can not bear a tax of 3 per cent. If, on the other hand, freight rates can bear a tax of 3 per cent, then we convict the commission of having defaulted its duty in tolerating rates which are higher than necessity or justice demand.

Mr. President, Great Britain is now levying a tax of 80 per cent on war profits, allowing a certain small discount; on shipping profits she is levying a tax of 88 per cent. Now, what is the effect? The Senator from Minnesota expressed great solicitude, which we all share, that the taxes should not be so high as to cripple industry. In the next breath he declared that the business of Great Britain was never more prosperous than at the present hour—staggering under the weight of an 80 per cent tax on war profits, yet enjoying a golden prosperity unexampled in her history. That ought to spirit us up; that ought to reinforce our courage to follow the example of Great Britain in drafting money as well as men.

In this connection I wish to emphasize the fact that the aggregate annual earnings of the United States are estimated to be three times as large as such earnings in Great Britain, those of Great Britain being estimated at \$12,500,000,000 a year and those of the United States at \$37,000,000,000. We must not forget the ominous estimate that 2 per cent of the people of the United States own 65 per cent of the property and presumably control 65 per cent of the aggregate income. When the Roman republic and Roman liberties fell under the feet of autocratic power it is said that 2 per cent of the people owned more than 90 per cent of all the wealth in the Roman world.

When the draft measure was under consideration one of the chief arguments in its favor was that Great Britain had resorted to the draft. True, she deferred that action for something like 18 months, until public opinion was led to its support, but that was one of the dominant arguments in this Chamber in its behalf.

One of the controlling reasons, it was said, why America should adopt the draft was the fact that Great Britain had adopted the draft. I do not now discuss the weight of that argument, but why should we not now follow the example of Great Britain in drafting the profits of war in order to defray the expenses of war?

It is said that where a man's treasure is there is his heart also; where a mother's child is there is her heart also. When you have drafted a mother's only son, you have taken 100 per cent of her heart's treasure. Then, why should we refuse to levy a tax of 60 per cent on war profits when they have exceeded the profits of peace by 300 per cent?

But, Mr. President, lying back of all this argument, and even more potent than this, is the fact that if we rely upon taxation now and do not overuse our national credit we will husband our resources, we will conserve our energies for the stupendous task of the future. It will be necessary to revive a faint and a stricken world—I had almost said to resurrect the world itself. The task of rehabilitating human society and civilization surpasses in importance all the tasks of former history. I want the United States to do her full share in this vast work of reconstruction. When peace comes let us lay our hand to the task; let us be equipped and able to carry forward this service to a splendid consummation.

Of course, we can not at this time discuss international peace. This is the darkest hour in all the history of that once mighty movement. Perhaps we are not privileged to hope that the impending darkness is that ominous darkness which precedes and which presages the coming splendors of the dawn. That must be a work of evolution; but, sir, only weakness despairs. Had progress despaired none of the great monuments of civilization could have been erected which mark the highways of the past.

Mr. President, it was a long way from the drag pole and the log wheel to the Corliss engine and the Twentieth Century Limited; it was a long way from the gum-tree canoe to a floating



palace like the *Mauretania*, to a floating Gibraltar like the *Oklahoma*; it was a long way from the foot messenger, making 4 or 5 miles an hour, to the electric current girdling the globe while we but tell the tale; it was a long way, it was a weary way, from the naked savage gnawing a bone in a sunless cavern unto the comforts and refinements of modern civilization. Some one has said that all the varieties of the rose, with their beauty, their fragrance, and their splendor, have been evolved from the modest hedgerose that blushes unseen by the wayside. If this be true, then all that has been evolved from the hedgerose must have been involved in the hedgerose. Mankind has passed through many stages of progress, through many stages of savagery, barbarism, and civilization. How to define the present stage or age I do not know; but it is not the stage in which the word "war" can be marked as obsolete in our dictionaries. Certainly the rumors of war have not passed from the lips of men, nor has war itself ceased to scourge the race of man.

Some one may say that the time has never been, that the time will never be, when wars will be unknown among the sons and daughters of men. That, sir, may be true. The time has never been when poverty was unknown among men. Shall we for that reason cease to wage war against want, to wage war against all the social evils that follow as the brood of pauperism?

The time has never been when disease was unknown among men. Shall we for that reason cease to wage war against the pestilence that stalks at noontide? Shall we disband the Red Cross and dismantle the hospital?

The time has never been when crime was unknown among men. Shall we for that reason repeal the penal code and abandon society to the criminal and his crime?

The time has never been when mankind was free from the effects of that "forbidden tree whose mortal taste brought sin into the world and all our woe with loss of Eden"; but, sir, shall we for that reason profane the shrines, shall we desecrate the altars, shall we tear down the temples of the Most High?

There is less of poverty, there is less of disease, there is less of crime and kindred evils, than there would have been had brave men and women, had moral heroes and heroines, not been unwilling to cease their perpetual warfare against these social evils and their train of multiplied miseries. Shall we cease in the future to wage war against the possibility of war?

The time was when dueling was characterized as the code of honor. To decline a challenge was to invite ostracism and disgrace. The enlightened conscience of mankind has abrogated that criminal code of honor. To-day the sending, the bearing, the accepting of a challenge is an infamous crime under the laws of the land. Is it, then, too much to hope that the time may yet come when dueling between nations will be as repugnant to the enlightened conscience of mankind as dueling between mere individuals? Is it too much to hope that the time may yet come when, in the rich light of an ampler day, the nations of the earth will cease to determine which is right and which is wrong by the amount of bloodshed and of slaughter the one is able to inflict upon the other?

When that time comes, if it should come, I want this great Republic to take its appointed place in the vanguard of human progress, building a better and a brighter and a more enduring civilization. I want this Republic to be in a situation, financially and in every other capacity, to gird up its loins for the performance of this stupendous task and render this incalculable service to civilization and unto all the generations that are to come.

Let us strive upon appropriate occasion to build a peace upon principles that will be at once acceptable and lasting. Let us strive for a peace, when that time shall come, that will endure so long as the grass grows, that will endure so long as the water flows.

Mr. President, I wish to print in connection with my remarks a clipping or two from newspapers, and a letter or so.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The matter referred to is as follows:

THE DAILY OKLAHOMAN,  
Oklahoma City, Okla., May 9, 1917.

Hon. THOMAS P. GORE,  
United States Senate, Washington, D. C.

DEAR SIR: I am taking the liberty of inclosing you a copy of a letter I have written to Hon. JOE B. THOMPSON in further reference to the proposed increase in postal rates and the proposed taxation of 5 per cent on the gross receipts of advertising.

I can not urge you too strongly to give this matter your most careful and considerate attention.

We are only too glad to pay any tax that is reasonable or that is proportionate with that of other lines of business, but when the Government increases our transportation expenses by from 200 to 700 per cent and in addition demands a 5 per cent tax on gross advertising receipts, and not only confiscates all profits of practically all publishers, but forces them to create an enormous annual deficit in addi-

tion, it is certainly going further than it has in any other line of business.

To my mind newspapers and farm papers are absolutely essential to the carrying out of the Government's program for the increased production of food, feed, and raw materials. Every issue of practically every publication in the country is urging the public to organize its labor and its efforts toward the supplying of our Army and that of our allies. If farm papers are killed and rural subscriptions to daily newspapers are cut off by a tax, which neither the farmers nor the publishers can or will pay, then the Government's chief aid in extending the propaganda of preparedness will have been assassinated. Don't you think this is shortsighted policy on the part of the Government?

Very truly, yours.

E. K. GAYLORD, General Manager.

#### EXTRACTS FROM LETTERS WRITTEN BY SENATOR GORE.

It seems to me that every patriotic and self-respecting guardsman would realize that it is better for him, better for his family, and better for his country for him to remain at home in the discharge of his civic and domestic duties and remit the defense of the Republic to those gallant young heroes whose death would be deplored by their countrymen but would leave no legacy of want and woe, no legacy of sorrow and suffering to widows and orphans, who, like Rachel of old, could not be comforted—nay, not with all the gold of Ophir and of Ind.

There were two opposing theories advanced upon the payment to the guardsmen and their families. The House resolution and its supporters proposed to tear the guardsman from the bosom of his family, even though he had a dependent mother, wife, and children. They proposed to console and compensate these weeping women and children with the miserable pittance of \$50 a month. A majority of the Senate, like myself, was opposed to tearing asunder those whom God had joined together. We did not believe, in a war like this, that it was necessary to break up the home, to separate the family, to run the risk of widowhood, to orphan the children, and then make a vain effort to repair their loss and dry their tears with what would be little else than blood money amounting to \$50 a month. I do not know how to estimate the sorrow of women and children in the coin of the realm. I do not know the market price of the mother's sigh, of the widow's tear, or the orphan's sob. I think it infinitely better to leave these men in their homes and with their families rather than send them to the cactus deserts of Mexico and mock the miseries of their loved ones with an offer of so much per sigh and so much per heart-ache. With the hand of a Shakespeare Mr. Blake depicts two distressing scenes. The one, a young guardsman torn from his loving young wife who was about to enter the holy estate of motherhood; the other, the wife of a guardsman with a baby nestling in her arms and two children clinging to her skirts seeking shelter at the hands of public charity. These two pathetic scenes make the issue between Mr. Blake and myself as clear-cut as the issue between life and death. Mr. Blake, with a heart of a Medusa, would have this great Government compel, rather than avert, the enactment of these heart-rending tragedies and would then undertake to heal the hearts he had broken with dollar marks and decimal points. He would appraise the anguish and pay these women and children in hard cash, just as he would assess the damages for a pennyroyal yearling killed by a Rock Island train. I can not reduce the most sacred sentiments of the human soul to a common denominator of dollars and cents. I would prevent these distressing tragedies in this enlightened land. I would give these women their husbands instead of filthy lucre. I would give these children their fathers instead of a \$50 bill. Unlike Mr. Blake, I do not attribute to that gilded idol the power to dry the tears of the sorrowing. I would restore these guardsmen to their families. Mr. Blake would feed them to the red dragons of war. Let faith, hope, and love sit in judgment between us. There shall be no vacant chair in the family circle with my voice and vote—no crepe on the door. The ghosts of these slaughtered soldiers can not shake their gory locks at me. Heartbroken widows and orphans shall not breathe a curse upon my memory as the despoiler of their hearts and their homes. I prefer the grateful blessings of devoted wives and loving, laughing children as one who had sprinkled the doorposts to turn aside the angel of destruction.

I concede your right to think as you think. I claim only the equal right to think as I think. Neither should deny this right to the other. Of course, if you think that I ought to vacate my own views, my own judgment, and my own conscience and accept without question the views of the President on the question of peace and war there is a point of irreconcilable difference. To accept such a view would be to admit that democracy is a failure, that our representative institutions should be dismantled and that popular government ought to be converted into an absolute despotism. I am pleased whenever I can agree with the President, and generally have agreed with him. It is a matter of regret to be obliged to disagree. I belong to the department of this Government charged and vested with the power to declare war. The doctrine that the President can do no wrong would be as deadly to democracy as the ancient doctrine that the king can do no wrong was fatal to human liberty. It might as well be understood now as later that I never have, that I never shall, bow the knee and place my hands in the hands of mortal man and pledge myself to be his man. I own no other master than the sovereign people of Oklahoma.

The Rubicon is crossed and I am as anxious as any man to carry this war to success. We can not afford to fail. We must succeed. But in carrying democracy to people who would rather die than become Democrats we ought not to begin by sacrificing our own.

If to cherish with reverence and surrender with regret the most sacred ideals and traditions of our fathers be an offense then, indeed, have I offended.

The subsidized press of this country is to-day the kept mistress of plutocracy.

Let us not in our unique attempt to substitute democracy for military despotism in Germany incur the risk of substituting military despotism for democracy in America.

I would rather subject myself to unmerited criticism now on account of prudence than to incur merited criticism hereafter on account of imprudence. A short and successful war, an early, honorable, and last-



ing peace. As to these ends we have no right to differ. But as to the means to be employed for the accomplishment of these ends there is just ground for difference and debate. All possible wisdom should be employed in adapting the means to the speedy and effective consummation of the end. He does not serve his country best who supports shortsighted and inconsiderate legislation merely in order to win the favor of the President or to escape the criticism of the press.

Where you and I seem to differ most is in this. My love for democracy is universal, not local. My hatred for autocracy is not local but universal. Your love of democracy seems to be localized and not universal. You seem to hate autocracy in Germany and to love autocracy in America. I despise despotism everywhere, alike in Germany and in America, but most of all I would despise it in dearly beloved America.

It seems to me that every practical safeguard to insure economy and to prevent waste should be established by the Congress, the department charged with the raising and expenditure of money. The auditing committee (proposed by Senator OWEN) could not possibly have encouraged extravagance. It might possibly have discouraged extravagance and prevented waste. In supporting the amendment I felt that I was acting not only as a friend of the President but as a friend of Congress, as a friend of the people, and last, whether or not least, as a friend of the Democratic Party.

In this connection permit me to say that one of the few things in the food bill which I favored was the Senate committee amendment to prohibit men from representing both the Government and their own concerns in the negotiation of contracts for their own products. To cite a concrete case, Mr. Davis, who is president of the Aluminum Co. of America (the Aluminum Trust of the world), is also chairman of the aluminum purchasing committee. It has already been brought out before a House committee that Mr. Davis is expecting to sell canteens for 74 cents apiece, the raw material value of which is only 14½ cents apiece. At the head of the oil purchasing committee is A. C. Bedford, president of the Standard Oil Co. of New Jersey (the mother company), of 26 Broadway, New York. At the head of the advisory committee for the purchase of alcohol stands Horatio S. Rubens, president of the United States Industrial Alcohol Co. At the head of the committee on steel and steel products is E. H. Gary, the head of the Steel Trust. Associated with Mr. Gary on the steel committee is Charles M. Schwab, president of the Bethlehem Steel Co. And so on ad infinitum. An occasional inspection to see that the sheep's clothing is genuine and to see that there is no wool in the teeth of these industrial benefactors can hardly be set down as an act either of imprudence or disloyalty. It is still pretty hard for a man to serve two masters. I doubt whether it is any more possible for a man to serve both the Government and mammon than to serve both God and mammon. During this hour of the Nation's peril nothing should be done in a corner that would wink or blink in the full blaze of the most pitiless and penetrating publicity.

Permit me to say, finally, that much as I was opposed to the war I shall do whatever is necessary to be done to carry our arms to a speedy and complete triumph, subject only to the limitations of the Constitution and to the obligations of international law and humanity. We are now waging war against the spirit of absolutism and the doctrine of State necessity. I agree with you entirely that we must avoid not only the substance, but even the semblance of Prussian autocracy. I hope it will not be necessary to confer autocratic power on any officer or department of the Government. It would be unfortunate to familiarize the people even with the forms and phrases of despotism. As a matter of tactics and prudence I think it of the highest importance that we should not go so far so fast as to occasion a revulsion of public sentiment that would be prejudicial to the vigorous prosecution of the war.

Fox, Burke, and the elder Pitt thundered in the British Parliament like intellectual Titans against the Revolutionary War. John Bright thundered against the Crimean War. Webster, Clay, and Lincoln thundered without apology or impeachment against the Mexican War. Lloyd George, to day Prime Minister of Great Britain, led in the British Parliament the opposition to the South African War. I do not emulate their example. We must wage the war to an honorable end.

It is said that Italy now has an army of 2,000,000 of men which she is not in a situation to arm and equip. We can arm and equip them. They are near the firing line. They would not have to be transported over sea. Shipping space would not be required which could otherwise be devoted to transportation of arms, munitions, and other essentials of military triumph.

An honest and fearless free press is the palladium of popular liberty. The will of the people is the soul of democracy. The consent of the governed is its seal and signet.

[From the Washington Post, July 28, 1917.]

Aid small publishers—Association will supply paper through Northcliffe mill—Paper to be sold below market.

New York, July 27.—The Editor and Publisher will publish to-morrow an announcement by the paper committee of the American Newspaper Publishers' Association that through a contract made by the committee with Lord Northcliffe's New Foundland mill, 80,000 tons of newsprint annually will be available without contract for small newspaper publishers in the United States and others who have been paying high prices for their print paper requirements. The entire output of the Northcliffe mill will be available.

[From the Washington Times, Aug. 30, 1917.]

Thirty thousand new millionaires in the United States since the war started. Do you happen to be one of them? If so, congratulations. If not, do you wonder that there is some prosperous opposition to peace in a hurry? Thirty thousand newly made war millionaires are apt to be rather particular about the kind of peace they will accept. They easily find newspapers to express their thought.

[From the Washington Times, Sept. 14, 1917.]

Not very pleasant for public reading, what Mr. McLean's Ryley Granon says about "the aircraft combination."

He predicts no efficient flying machine action against Germany for two years, charges criminal price-fixing, alleges the existence of a close combination to let only a few manufacturers compete, and describes in detail a scheme to pay over two millions of dollars in "patent fees" to two Wall Street concerns. Serious charges that call for careful investigation and complete reply.

[From the Washington Post, Sept. 21, 1917.]

Peking, Sept. 15.—Announcement was made in governmental circles to-day that the Chinese cabinet, provided the entente powers approved, was willing to send 300,000 soldiers to France in compliance with the French request. An appeal has been made to the United States to aid China, as the entente allied powers were helped financially, to equip her troops.

Mr. LA FOLLETTE. Mr. President, I am aware that a number of Senators desire to speak before the time for debate upon this bill expires; and what I have to say I shall endeavor to condense as much as possible, in order that other Senators may have time to present their views.

Mr. President, I have had printed and expect to offer a substitute bill, so it becomes quite important that I should briefly direct the attention of Senators to the salient and important features of that bill as distinguished from the pending measure, to the end that when the roll call shall come upon the substitute measure, after debate has ceased, Senators will be able to vote understandingly.

My substitute bill, Mr. President, would collect from surplus incomes \$162,000,000 more than the pending bill. The substitute bill which I shall offer proposes a 76 per cent flat rate upon war profits. I have determined to offer that flat rate upon war profits for the reason that the committee bill imposes upon corporations a tax of 4 per cent as a new war tax, in addition to the old 2 per cent rate on corporations as provided in the act of 1909, as amended by that of 1913. This new tax of 4 per cent added to the 76 per cent flat rate which I propose in the substitute bill makes an even 80 per cent upon war profits. That, Mr. President, is exactly the rate which Great Britain imposes upon war profits.

Some time before the votes were taken upon any amendments increasing the rates upon war profits over those proposed in the committee bill I introduced a series of amendments, eight in number, each proposing a different rate upon war profits. The highest rate in the eight amendments which I offered relating to war profits was 76 per cent, which, as I have before stated, supplemented by the 4 per cent additional tax laid upon corporations in this bill, would make the even and flat rate upon corporations as to war profits 80 per cent, the same as that of Great Britain. I did not formally offer that amendment, and it has not been submitted to a vote in the Senate. I did not offer it because the Senator from California [Mr. JOHNSON] offered one imposing a tax of 73 per cent, which, because of its priority of offer, was entitled to the first vote in the Senate; and it was rejected. Therefore, after the Senate had rejected the 73 per cent rate it seemed to me futile to offer the 76 per cent rate. For that reason I did not offer it, but offered instead the next rate, of which my amendments took account, 70 per cent. But in the substitute bill which I shall propose when the time comes I have incorporated the 76 per cent rate as the flat rate on war profits, which I think the Senate should adopt.

That rate, Mr. President, would collect as a war-profits tax \$994,000,000 more than would be collected by the war-profits tax provision of the pending bill on the basis of \$3,000,000,000 of taxable war profits.

I state further the difference between the proposed substitute and the pending bill:

The substitute bill eliminates the dangerous provision in the pending bill which gives legislative recognition to the capitalization of surplus taken from the public in extortionate charges. The pending bill gives to the surplus thus taken the same status as the law and the courts now give to the capital put into the business by the owners of the business.

I must not dwell upon that provision, though it is an exceedingly important one, because I wish to yield the floor just as soon as possible. But, Mr. President, I will say that the provision, incorporated in the new amendment which reaches corporations that would not otherwise be taxed under the war-tax provisions by taxing their excess profits, is fraught with more evil, in my humble opinion, than any other one provision in this bill. Impelled by a sense of duty, I beg to say in one word to Senators on this floor that that provision in the bill, which has received no attention in the course of this debate except such as I have been able to give to it, will overturn by congressional action the decisions of the Interstate Commerce Commission. It will write into the law a legislative recognition that surplus



wrong from the people by excessive charges, whether by the monopoly power of the United States Steel Corporation, or by the natural monopoly power of a railroad, or by the excessive charges of other corporations, shall have the same standing as capital as would new capital furnished by the means of the issuance and sale of stock and added to the old capital of the corporation.

I do not wish to dwell upon that, but I do hope the Senate understands it.

The substitute bill also provides an additional tax of 10 per cent on the surplus of any corporation which remains undistributed after six months. It is a recognition of the principle embodied in the amendment offered in committee by the Senator from New Mexico [Mr. JONES], which I know he is waiting to discuss, so I must make haste and give him the opportunity to discuss his amendment to this, one of the most important provisions in this bill.

The substitute bill retains on liquor and cigars the taxes just as these are in the committee bill, except that it eliminates the taxes upon so-called soft drinks.

The substitute bill eliminates all the consumption and stamp taxes and the tax upon passenger tickets, freight, express, parcel post, telegraph and telephone facilities which remain in the committee bill.

Mr. GRONNA. Mr. President, would it interrupt the Senator to have me ask him a question?

Mr. LA FOLLETTE. Not at all.

Mr. GRONNA. I am exceedingly interested in the question which the Senator is discussing. I want to ask the Senator if it is his opinion that if we pass the bill as it has been reported by the majority of the committee it would be establishing a precedent with regard to surplus and undivided profits which the Interstate Commerce Commission would have to recognize in fixing rates, or did I misunderstand the Senator?

Mr. LA FOLLETTE. The Senator does not misunderstand me. Mr. President, I wish it were within my power—I wish I had some gift by which I could illuminate that subject in a few sentences so that Senators upon this floor could understand it. The Interstate Commerce Commission, by the only decision which it has written upon this subject—the decision in 1910 in the Advance Rate Cases, Secretary Franklin K. Lane writing the opinion—absolutely refused to recognize surplus taken out of the people by excessive freight charges as a part of the capital of the railroads upon which, when expended for improvements and extensions and permanent additions to their plants, they had the right to charge to make a return. The railroads asked the commission to recognize surplus as capital upon which they were entitled to earn dividends as upon other capital and to fix the rates high enough to permit of earnings to pay dividends upon this surplus. The commission refused to recognize surplus as a part of the capital of the roads, and in a decision rendered by Mr. Lane as a member of that commission, since which no decision contrary to it has been rendered, he said distinctly that surplus could not be so recognized. This bill, if enacted, will place a legislative construction upon surplus as a part of capital which will forever license corporations, whether they be corporations like the United States Steel Corporation or railroad corporations or otherwise, to gather into their surplus by extortionate charges vast sums of money from the people of this country, and then to use that surplus as a part of their capital. The courts have held again and again that all the railroads are entitled to charge are rates sufficient to provide for maintenance and operation and for a fair return upon the investment and to provide a small surplus which, in meager years, should keep the rates up to the level which would enable them to provide for the three things that I have enumerated. If this provision be adopted, so far as legislative construction can do so these decisions will be set aside and this Congress will have voted into the regulation of corporations a distinct recognition of surplus wrongfully taken from the public as part of the capital, just as though it had been furnished as new capital invested in the business.

Oh, Senators, when you console yourselves in voting for this bill by the notion that you are taking some excess-profits taxes that these corporations would not pay under the rule for determining war profits written into the bill as it was reported by the committee—that is, by ascertaining the average net profits of the business for three prewar years and only taxing the difference, because in some instances there would be no war profits and no tax—you must not overlook the great wrong that will be done to secure these excess-profits taxes. The war-profits plan was not perfect, but against its imperfection remember that in reaching these excess profits of corporations that otherwise would go untaxed you are fastening upon the people this rankly iniquitous recognition of surplus as capital. There has been

incorporated in this bill a provision, a definition of capital, which makes that surplus a part of the capital, no matter how great it may be or how wrongfully it may have been taken from the public.

Mr. President, the substitute bill adds two new paragraphs to which I think I should specifically call the attention of the Senate, because I know that when it comes to voting upon these measures it is difficult to get, from the reading of a bill as long as the substitute bill will be, all of the variations between that substitute bill and the pending bill; and I think, in fairness, I ought to direct the attention of the Senate to these now.

The substitute bill, I say, adds two new paragraphs providing for the publicity of income and corporation-tax returns, which, in addition to the provisions of existing law, will more effectively compel honesty in making these returns and will result in saving a large amount of income to the Government. That provision does not mean that these income returns made by individuals and others shall be published, but it does make a public record of such returns. At present you can not go to the internal-revenue office and ascertain what any corporation or what any individual pays as a corporation or an income tax. A seal of secrecy is thrown over that record; and behind that shield of secrecy, as it has been worked out by experts, there is a vast evasion of those taxes. But if, Mr. President, any citizen was entitled to demand that record in any case where he thought there had been an evasion of those taxes, he would have a right to inquire, and he could give publicity to the facts elicited by his inquiry. I think it a very important provision, and one worthy of the serious consideration of the Senate.

The substitute bill also has a provision empowering the Tariff Commission to investigate and report, for the information of Congress, as to additional sources of revenue, if there be any, which are escaping the pressing necessities of our time and which ought to contribute. Such an investigation, Mr. President, I believe will be of great service to the public.

Now, Mr. President, not taking any more time upon that, I wish to ask that I may insert at this time in my remarks the roll call, when it shall have been taken in the Senate, upon that substitute.

The PRESIDING OFFICER (Mr. HUSTING in the chair). Is there objection? The Chair hears none, and it will be so ordered.

The roll call above referred to, subsequently taken, is as follows:

## YEAS—15.

Borah	Hardwick	Jones, Wash.	Norris
Brady	Hollis	Kenyon	Reed
Gore	Husting	La Follette	Vardaman
Gronna	Johnson, Cal.	McNary	

## NAYS—65.

Bankhead	Johnson, S. Dak.	Page	Smoot
Beckham	Jones, N. Mex.	Penrose	Sterling
Brandeggee	Kellogg	Pittman	Stone
Calder	Kendrick	Poindexter	Sutherland
Chamberlain	King	Pomerene	Swanson
Colt	Kirby	Ransdell	Thompson
Curtis	Knox	Robinson	Trammell
Dillingham	Lewis	Saulsbury	Underwood
Fall	Lodge	Shafroth	Wadsworth
Fernald	McCumber	Sheppard	Warren
Fletcher	McKellar	Sherman	Watson
France	Martin	Shields	Weeks
Frelinghuysen	Myers	Simmons	Williams
Gerry	Nelson	Smith, Ga.	Wolcott
Hale	New	Smith, Md.	
Harding	Newlands	Smith, Mich.	
James	Overman	Smith, S. C.	

## NOT VOTING—16.

Ashurst	Gallinger	McLean	Thomas
Broussard	Goff	Owen	Tillman
Culberson	Hitchcock	Phelan	Townsend
Cummins	Hughes	Smith, Ariz.	Walsh

So Mr. LA FOLLETTE'S substitute was rejected.

Mr. LA FOLLETTE. Now, Mr. President, as rapidly as I can, I wish to review what has taken place in the Senate during the consideration of this bill.

First, I shall take up the votes upon the amendments offered to increase the income tax over the amounts proposed by the committee. In what I say for the next few minutes I shall make no comment upon those votes, but I wish at this point in the proceedings of the Senate to have these votes appear again in the RECORD.

On August 23 the Senate voted upon an amendment which I offered to the income-tax section of the bill which would raise a war revenue of \$850,043,712. The actual rates of taxation under this amendment increased by gradual steps from 0.66 of 1 per cent on an income of \$3,000 to 59.91 per cent on an income of \$2,000,000.

That amendment was defeated by a vote of 21 yeas to 58 nays.

I ask leave to incorporate that roll call in connection with my remarks without reading it to save time.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

YEAS—21.			
Borah	Husting	McKellar	Townsend
Brady	Johnson, Cal.	McNary	Trammell
Gore	Jones, Wash.	Norris	Vardaman
Gronna	Kenyon	Owen	
Hardwick	Kirby	Poindexter	
Hollis	La Follette	Reed	
NAYS—58.			
Bankhead	Hitchcock	Overman	Smith, Md.
Beckham	James	Page	Smith, Mich.
Brandegee	Jones, N. Mex.	Penrose	Smith, S. C.
Broussard	Kellogg	Phelan	Smoot
Calder	Kendrick	Pittman	Sterling
Colt	King	Pomerene	Stone
Culberson	Knox	Ransdell	Sutherland
Curtis	Lewis	Robinson	Swanson
Dillingham	Lodge	Saulsbury	Thompson
Fletcher	McCumber	Shafroth	Wadsworth
France	Martin	Sheppard	Watson
Frelinghuysen	Myers	Sherman	Weeks
Gerry	Nelson	Shields	Wolcott
Hale	New	Simmons	
Harding	Newlands	Smith, Ga.	
NOT VOTING—17.			
Ashurst	Gallinger	Smith, Ariz.	Warren
Chamberlain	Goff	Thomas	Williams
Cummins	Hughes	Tillman	
Fall	Johnson, S. Dak.	Underwood	
Fernald	McLean	Walsh	

So Mr. LA FOLLETTE's amendment was rejected.

On that vote pairs were announced as follows:

Senator SMITH of Arizona with Senator FALL.

Senator CHAMBERLAIN with Senator GALLINGER.

Senator THOMAS with Senator MCLEAN.

Senator WALSH with Senator WARREN.

Senator TILLMAN with Senator GOFF.

Senator JOHNSON of South Dakota with Senator FERNALD.

Mr. LA FOLLETTE. September 7, the Senate voted upon an amendment which would increase the taxes on individual incomes. The surtax rates of this amendment upon incomes of \$5,000 and not in excess of \$10,000 were lower than the committee amendment and higher on the large incomes. The surtaxes began with a rate of one-half of 1 per cent on incomes in excess of \$5,000 and not in excess of \$6,000, and increased by easy stages until upon incomes in excess of \$1,000,000 the surtax would be at the rate of 50 per cent. The actual rates under this amendment ranged from one sixty-sixth of 1 per cent on an income of \$3,000 to 59.78 per cent on an income of \$2,000,000. That amendment would yield \$162,000,000 more revenue than the committee bill, with the so-called Lenroot and Gerry amendment added.

That amendment was defeated by a vote of 19 yeas to 55 nays.

I ask at this point to insert that roll call in connection with my remarks.

The PRESIDING OFFICER. Without objection it is so ordered.

The matter referred to is as follows:

YEAS—19.			
Borah	Husting	McNary	Sutherland
Brady	Johnson, Cal.	Norris	Thompson
Gronna	Jones, Wash.	Poindexter	Trammell
Hardwick	Kenyon	Reed	Vardaman
Hollis	La Follette	Sheppard	
NAYS—55.			
Bankhead	Gerry	Nelson	Simmons
Beckham	Hale	New	Smith, Ga.
Brandegee	Harding	Overman	Smith, Md.
Broussard	Hitchcock	Owen	Smith, S. C.
Calder	James	Page	Smoot
Chamberlain	Jones, N. Mex.	Penrose	Sterling
Colt	Kellogg	Pittman	Stone
Curtis	Kendrick	Pomerene	Swanson
Dillingham	Knox	Ransdell	Wadsworth
Fall	Lewis	Robinson	Warren
Fernald	Lodge	Saulsbury	Watson
Fletcher	McCumber	Shafroth	Williams
France	Martin	Sherman	Wolcott
Frelinghuysen	Myers	Shields	
NOT VOTING—22.			
Ashurst	Hughes	Newlands	Townsend
Culberson	Johnson, S. Dak.	Phelan	Underwood
Cummins	King	Smith, Ariz.	Walsh
Gallinger	Kirby	Smith, Mich.	Weeks
Goff	McKellar	Thomas	
Gore	McLean	Tillman	

On that vote the following pairs were announced:

Senator WEEKS with Senator CUMMINS.

Senator MCLEAN with Senator GORE.

Senator GOFF with Senator TILLMAN.

Senator PHELAN with Senator MCKELLAR.

Senator SMITH of Arizona with Senator TOWNSEND.

Senator GALLINGER with Senator THOMAS.

Senator WALSH with Senator UNDERWOOD.

Mr. LA FOLLETTE. September 7 the Senator from New Hampshire [Mr. HOLLIS] offered an amendment to the individual income-tax section increasing these rates so as to raise \$80,000,000 more revenue than the committee bill with the so-called Lenroot and Gerry amendments added.

That amendment was rejected by a vote of 26 yeas to 51 nays. I ask leave to insert in this connection that roll call, without reading.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

YEAS—26.			
Beckham	Johnson, Cal.	McKellar	Shafroth
Borah	Johnson, S. Dak.	McNary	Sheppard
Brady	Jones, Wash.	Myers	Sutherland
Gronna	Kenyon	Norris	Trammell
Hardwick	King	Phelan	Vardaman
Hollis	Kirby	Poindexter	
Husting	La Follette	Reed	
NAYS—51.			
Bankhead	Gerry	New	Smith, Md.
Brandegee	Hale	Overman	Smith, Mich.
Calder	Harding	Page	Smith, S. C.
Chamberlain	Hitchcock	Penrose	Smoot
Colt	James	Pittman	Sterling
Culberson	Jones, N. Mex.	Pomerene	Stone
Curtis	Kellogg	Ransdell	Swanson
Dillingham	Knox	Robinson	Wadsworth
Fall	Lewis	Saulsbury	Warren
Fernald	Lodge	Sherman	Watson
Fletcher	McCumber	Shields	Williams
France	Martin	Simmons	Wolcott
Frelinghuysen	Nelson	Smith, Ga.	
NOT VOTING—19.			
Ashurst	Gore	Owen	Townsend
Broussard	Hughes	Smith, Ariz.	Underwood
Cummins	Kendrick	Thomas	Walsh
Gallinger	McLean	Thompson	Weeks
Goff	Newlands	Tillman	

So Mr. HOLLIS's amendment was rejected.

On that vote the following pairs were announced:

Senator WEEKS with Senator CUMMINS.

Senator SMITH of Arizona with Senator TOWNSEND.

Senator MCLEAN with Senator GORE.

Senator GOFF with Senator TILLMAN.

Senator GALLINGER with Senator THOMAS.

Senator WALSH with Senator UNDERWOOD.

Mr. LA FOLLETTE. September 7 the Senator from Georgia [Mr. HARDWICK] offered an amendment to levy an additional 10 per cent tax upon all incomes in excess of \$25,000 per annum and providing \$50 per month additional pay for soldiers so long as they are engaged in the war in a foreign country. The amendment would yield \$194,000,000 additional revenue, whereas the additional expense for this fiscal year would be \$155,000,000.

That amendment was defeated by the Senate in committee of the whole by a vote of 5 yeas to 75 nays. I am glad that there will be an opportunity in the Senate for Senators to reconsider their votes upon this amendment.

Mr. President, as that amendment is to be voted upon when the bill reaches the Senate, as it is reserved by the Senator from Georgia for a vote at that time, if there is a roll call at that time I ask leave to insert the roll call upon its final vote, together with the statement as to what is done with the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LA FOLLETTE. If there should be no roll call allowed upon the amendment at the time I then ask leave to insert the roll call in Committee of the Whole had upon that amendment on September 7, together with the statement of what occurred.

The PRESIDING OFFICER. Without objection, it is so ordered.

YEAS—5.			
Gronna	La Follette	Reed	Vardaman.
Hardwick			
NAYS—75.			
Bankhead	Harding	Martin	Shields
Beckham	Hitchcock	Myers	Simmons
Borah	Hollis	Nelson	Smith, Ga.
Brandegee	Husting	New	Smith, Md.
Broussard	James	Newlands	Smith, Mich.
Calder	Johnson, Cal.	Norris	Smith, S. C.
Curtis	Johnson, S. Dak.	Overman	Smoot
Dillingham	Jones, N. Mex.	Page	Sterling
Fall	Kenyon	Phelan	Sutherland
Fernald	Kellogg	Pittman	Swanson
Fletcher	Kirby	Poindexter	Thompson
France	Knox	Pomerene	Trammell
Frelinghuysen	Lewis	Ransdell	Wadsworth
Gerry	Lodge	Robinson	Warren
Hale	McCumber	Saulsbury	Watson
	McKellar	Shafroth	Williams
	McNary	Sheppard	Wolcott
		Sherman	



## NOT VOTING—16.

Ashurst  
Cummins  
Gallinger  
Goff

Gore  
Hughes  
Kendrick  
McLean

Owen  
Smith, Ariz.  
Thomas  
Tillman

Townsend  
Underwood  
Walsh  
Weeks

So Mr. HARDWICK's amendment was rejected.

On that vote the following pairs were announced:

Senator WALSH with Senator HUGHES.

Senator WEEKS with Senator CUMMINS.

Senator GALLINGER with Senator THOMAS.

Senator McLEAN with Senator GORE.

Senator SMITH of Arizona with Senator TOWNSEND.

Mr. LA FOLLETTE. Mr. President, I want to say just a few words about that amendment, and I will be just as expeditious as I possibly can. Senators who voted for that amendment have been arraigned in this body as having done an unworthy thing. The Senator from Georgia [Mr. HARDWICK], who moved that amendment, has been criticized before the Senate as seeking to create dissatisfaction among the troops to be sent to foreign shores to prosecute this war.

Mr. President, can it be possible that the Senate of the United States is to permit any other country engaged in this war against Germany to pay more money to soldiers fighting in Europe than the United States pays to her soldiers fighting in Europe? If it can be called Hessianizing the American troops to add \$50 a month to the pay of soldiers who leave their homes and leave those dependent upon them for subsistence in these trying times, when the cost of living is going beyond the reach of every family of moderate income, if that is to be denounced as disloyal to the country, then, Mr. President, I beg to say that there is a standard of loyalty in this country to which the great body of the people will never subscribe.

Mr. President, it was not considered Hessianizing the troops of this country to double their pay less than a year ago when it was not expected or suggested that our soldiers were to be sent abroad. Now that they are being taken away from their families, with the cost of subsistence for those families mounting every day, now that they are ordered to a foreign country, strange to them in language and in surroundings, when there is proposed an additional pay for those soldiers in an amount that will relieve their minds of anxiety as to their families, that will make them feel that the loved ones at home under this extra pay will be reasonably taken care of, is it to be taken as a measure of wishing to create dissension and disloyalty in this country and dissension and dissatisfaction among the troops to vote for and to sustain such an amendment?

Sir, it ought to be received as an evidence of a desire to put those troops into the best fighting spirit, not solely because of the advantage which the increase in pay would be to them individually but because of what it will enable them to do for their families at home. They are the husbands of wives, they are the sons of fathers and mothers many of whom are hard pressed to live. They receive \$33 as the rate now stands. They would receive \$50 more under this proposed amendment. That would bring their pay about to the level of what policemen and firemen receive in first-class cities.

Canada pays her troops \$33 a month for foreign service, just as we pay \$33 per month for service abroad; and on top of that Canada gives from \$20 to \$60, known in her law as separation allowances, for every family.

Mr. HARDWICK. Mr. President—

Mr. LA FOLLETTE. Wait just a moment. It begins at \$20, ranging up, taking corporals and sergeants and lieutenants and captains and majors and lieutenant colonels, and when it reaches lieutenant colonels the separate family allowance is \$60 in addition to the regular pay. Shame upon this country! Shame upon anybody who votes against giving as much to the men whom we are to send to wallow in the mire and blood of the trenches in a foreign country as Canada gives to her troops in that same service!

Mr. HARDWICK. Mr. President—

Mr. LA FOLLETTE. I will yield in just a moment. Mr. President, what makes an effective army? Freeing them from every consideration except getting at the enemy, relieving their minds of any apprehension regarding the old folks, their wives, or their little ones at home.

In God's name, is a man to be arraigned here as a traitor who would put the troops of this great country at least in something approaching as good a position as the troops of Canada? Read, Senators, the account of the battles in Europe. Who are the men who carry the flag farthest into the enemy's lines? Who are the men who are free to forget everything except that for which they are fighting? The Canadian troops. The report of every battle gives you that record. Will you not be willing to do as much for our troops?

Will it put a 10 per cent additional charge upon small incomes? No, no; this additional tax is to be raised from

incomes in excess of \$25,000, and we just take the additional amount of 10 per cent out of those incomes. When men with an income of \$25,000, and from that up to those with incomes of from one to ten million dollars, can not give out of such incomes 10 per cent to provide this tax to put our soldiers not just on a par with Canada, but on a little better basis than Canada, Mr. President, I can not understand it. I can not understand the spirit which prevailed in the Senate when an amendment of that kind was offered here and is derided and denounced as disloyal. It seems to me that every Senator should have risen in his place and that this amendment should have been adopted by the unanimous vote of this body.

I beg pardon of the Senator from Georgia. I yield to him.

Mr. HARDWICK. I merely wish to suggest to the Senator the fact that I have discovered since the debate the other day that the State of Minnesota pays a bounty of something over \$3 a day in order to secure enlistment of members of the National Guard at the present moment.

Mr. LA FOLLETTE. I thank the Senator.

Mr. President, I have not done with Canada. Providing a separate allowance of from \$20 to \$60 per month is not all that Canada has done for her soldiers. In addition to that there is provided a life insurance on which the premiums are not taken out of the soldier's pay, as is proposed in this country, where fortunes are considered more precious than human life, but in Canada they provide for their enlisted men a life insurance on which the premiums are paid by the municipalities. They do not stop there. There is a Canadian Patriotic Fund.

This fund was incorporated in August, 1914, to render financial assistance to dependent relatives of men in active service. It is intended that this assistance shall be given to those whose income from all sources, including the assigned pay and the separate allowance provided by law, is insufficient to enable the family to live according to a standard which would provide a reasonable amount of comfort. It is supported by voluntary contributions, appropriations by some of the Provinces and grants from cities, counties, and other political subdivisions. Take the case of a Canadian private with a wife and three children; that family will receive as an assignment of a portion of the father's pay \$15, from the separate allowance fund \$20, and from the Canadian patriotic fund \$25—a total of \$65.

Canada did not wait to be driven to make this provision. It adopted it right at the beginning of the war. That country recognized from the start its obligation to its soldiers and their dependents and it patriotically made the most liberal provision for them ever written into the law of any country. It contributed in no small degree to stimulate a popular response to the call for men. The men who were responsible for that legislation in Canada were not reviled as disloyal nor accused of attempting to make the war unpopular.

Mr. President, I have not said it here, but it has been said in the course of this debate, that this war is unpopular in this country. If this great, rich country, with its incomes and war profits exceeding any country on earth is to deal penuriously, grudgingly, stingily by its soldiers, if when an amendment is offered in the interest of our soldiers who are to be sent abroad, such as that offered by the Senator from Georgia, we are to have on the floors of Congress men rise and denounce it as disloyal, as they have denounced everything attempted throughout the consideration of this bill that sought to impose a just tax upon wealth then I assert that if the war is unpopular you are aiding directly to make it more unpopular by that course.

Mr. VARDAMAN. I wish to remind the Senator that when the law was passed appropriating \$50 a month for the support of the dependent families of the soldiers serving on the border last summer there was little or no protest against it. There might have been a few Senators who opposed it.

Mr. LA FOLLETTE. Ah, Mr. President—

Mr. VARDAMAN. If the Senator will permit me one moment, I want to say that when the measure was proposed some months ago doubling the pay of the private soldier there was little or no protest, but the difference between that question and the one before the Senate now is this: The soldier was to be paid out of money taken from the general fund, whereas he is to be paid \$50 per month under the pending proposition, which money is to be derived from taxes levied upon the incomes of the rich. The people in this country with incomes of \$25,000 per year are to be taxed to give this pittance to the man who offers his life for the flag in a foreign land. That is the vital difference and may probably account for the furious and unwarranted assault made by distinguished Senators upon those of us who favored the proposition a day or two ago.

Mr. LA FOLLETTE. Yes. And, Mr. President, there is one other difference. Those propositions came before the election

and just before the election, and that sometimes makes a difference to Senators and to Members of the other House when they come to a vote. I regret to say that, but every man in his place here knows that that is true.

I fear the Senator from New Mexico [Mr. JONES] will think I am not keeping my word with him. I leave that matter for the present, just closing with this summary of it. Why is it regarded unpatriotic to offer an amendment to vote extra pay to the soldiers who go abroad?

I have lying on my desk an account of four suicides which have already occurred in Pershing's army since we began to land our men on the other side. I do not know, and the dispatches do not disclose, what caused those suicides, but, oh, Mr. President, with new surroundings, in a strange land, cut off from communication with everybody but their immediate comrades, the thoughts of these men turn to home; they think about the loved ones gathered around the family board and about the fire-side in the evening, and the worry that comes at the end of the month in these times when they must pay the bills. Will you not do at least this much to relieve the minds of those soldier boys, of whom we are only permitted to know, that they are "Somewhere in France"?

Will you not help them to take a little better care of themselves over there by making this small addition to their pay?

Will it not enable them to allot to their dependent loved ones here who are deprived of their services a part of this extra pay to meet the excessive cost of living which war brings to their families?

Is not that a desirable provision to make for those boys—those husbands, fathers, sons 4,000 miles from home?

Will it not take a burden, an anxiety, off their minds to know that they can assign a part of that \$50 every month to their families?

Is it not an exhibition of a greater regard for the surplus incomes of the overrich than for the soldiers of our country wallowing in the mire and blood of the trenches to vote against an amendment which would grant those soldiers this extra \$50 a month.

Now, Mr. President, I hope that I shall have a better roll call to insert in the RECORD upon the amendment offered by the Senator from Georgia [Mr. HARDWICK] when the roll is called in the Senate of the United States than we had in Committee of the Whole. I prefer to insert that roll call rather than the one that was had. I have disposed of the amendments relating to incomes. I want to say just a word to complete the record about the amendments offered here and voted upon as to war profits.

Upon war profits, Mr. President, September 1 the Senate voted upon an amendment offered by the Senator from California [Mr. JOHNSON], to levy a tax of 73 per cent upon war profits. Under this amendment it was estimated there would be derived by this war-profits tax on the basis of \$4,100,000,000 of war profits, revenue to the amount of \$2,993,000,000, and on the basis of \$3,000,000,000 of war profits revenue to the amount of \$2,190,000,000. This amendment was defeated by a vote of 17 yeas to 62 nays. I ask leave to insert in this connection that roll call without reading it, together with the brief statement following the roll call as to the disposition of the amendment.

The PRESIDING OFFICER (Mr. KING in the chair). Without objection, it will be so ordered.

The matter referred to is as follows:

## YEAS—17.

Ashurst	Hollis	Kenyon	Thompson
Borah	Husting	Kirby	Vardaman
Brady	Johnson, Cal.	La Follette	
Gore	Johnson, S. Dak.	McNary	
Gronna	Jones, Wash.	Norris	

## NAYS—62.

Bankhead	Hale	New	Shields
Beckham	Harding	Newlands	Simmons
Brandegee	Hitchcock	Overman	Smith, Ga.
Broussard	James	Owen	Smith, Md.
Calder	Jones, N. Mex.	Page	Smith, S. C.
Chamberlain	Kellogg	Penrose	Smoot
Colt	Kendrick	Phelan	Sterling
Culberson	King	Pittman	Stone
Curtis	Knox	Polindexter	Townsend
Dillingham	Lewis	Pomerene	Underwood
Fall	Lodge	Ransdell	Wadsworth
Fernald	McCumber	Robinson	Watson
Fletcher	McKellar	Saulsbury	Weeks
France	Martin	Shafroth	Williams
Frelinghuysen	Myers	Sheppard	
Gerry	Sherman	Sherman	

## NOT VOTING—17.

Cummins	McLean	Swanson	Warren
Gallinger	Reed	Thomas	Wolcott
Goff	Smith, Ariz.	Tillman	
Hardwick	Smith, Mich.	Trammell	
Hughes	Sutherland	Walsh	

So the amendment of Mr. JOHNSON of California to the amendment reported by the committee was rejected.

On that vote the following pairs were announced:

Senator SMITH of Michigan with Senator REED.
Senator WALSH with Senator WARREN.
Senator MCLEAN with Senator SWANSON.
Senator GALLINGER with Senator THOMAS.
Senator GOFF with Senator TILLMAN.
Senator SUTHERLAND with Senator HARDWICK.

Mr. LA FOLLETTE. September 3 the Senate voted upon my amendment to levy a tax of 70 per cent on war profits. Under that amendment, on the basis of \$4,100,000,000 of war profits, the revenue would amount to \$2,870,000,000, or, on the basis of \$3,000,000,000 of war profits, revenue to the amount of \$2,100,000,000.

That amendment was defeated by a vote of 20 yeas to 55 nays. The vote will be found on page 6542 of the RECORD, and at this point I ask leave to insert without reading that roll call, in connection with my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

## YEAS—20.

Ashurst	Hollis	Kenyon	McNary
Borah	Husting	King	Norris
Brady	Johnson, Cal.	Kirby	Thompson
Gore	Johnson, S. Dak.	La Follette	Trammell
Gronna	Jones, Wash.	McKellar	Vardaman

## NAYS—55.

Bankhead	Hale	Owen	Smith, Ga.
Brandegee	Harding	Page	Smith, Md.
Broussard	James	Penrose	Smith, Mich.
Chamberlain	Jones, N. Mex.	Pittman	Smoot
Colt	Kendrick	Polindexter	Sterling
Culberson	Knox	Pomerene	Stone
Curtis	Lewis	Ransdell	Underwood
Dillingham	Lodge	Robinson	Wadsworth
Fall	McCumber	Saulsbury	Warren
Fernald	Martin	Shafroth	Watson
Fletcher	Myers	Sheppard	Weeks
France	New	Sherman	Williams
Frelinghuysen	Newlands	Shields	Wolcott
Gerry	Overman	Simmons	

## NOT VOTING—21.

Beckham	Hitchcock	Reed	Tillman
Calder	Hughes	Smith, Ariz.	Townsend
Cummins	Kellogg	Smith, S. C.	Walsh
Gallinger	McLean	Sutherland	
Goff	Nelson	Swanson	
Hardwick	Phelan	Thomas	

So Mr. LA FOLLETTE's amendment to the amendment was rejected.

On that vote the following pairs were announced:

Senator CALDER with Senator HARDWICK.
Senator MCLEAN with Senator SWANSON.
Senator TOWNSEND with Senator REED.
Senator NELSON with Senator SMITH of South Carolina.
Senator GALLINGER with Senator THOMAS.
Senator GOFF with Senator TILLMAN.
Senator SUTHERLAND with Senator BECKHAM.

Mr. LA FOLLETTE. Immediately I offered an amendment to fix the tax rate on war profits at 65 per cent. On the basis of \$4,100,000,000 of taxable war profits the revenue would amount to \$2,665,000,000, or \$1,379,000,000 more than would be raised by the committee war-profits rates, and on the basis of \$3,000,000,000 of taxable war profits it would yield revenue to the amount of \$1,950,000,000, or \$664,000,000 over the amount that would be raised under the rates of the committee provision.

That amendment was defeated by a vote of 17 yeas to 54 nays.

And at this point I ask to incorporate that roll call, without reading it.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

## YEAS—17.

Borah	Johnson, S. Dak.	La Follette	Trammell
Gronna	Jones, Wash.	McKellar	Vardaman
Hollis	Kenyon	McNary	
Husting	King	Norris	
Johnson, Cal.	Kirby	Thompson	

## NAYS—54.

Bankhead	Harding	Owen	Shields
Brandegee	James	Page	Simmons
Broussard	Kellogg	Penrose	Smith, Mich.
Chamberlain	Kendrick	Pittman	Smoot
Colt	Knox	Polindexter	Sterling
Curtis	Lewis	Pomerene	Stone
Dillingham	Lodge	Ransdell	Underwood
Fall	McCumber	Robinson	Warren
Fernald	Martin	Saulsbury	Watson
Fletcher	Myers	Shafroth	Weeks
France	Nelson	Sheppard	Williams
Frelinghuysen	New	Sherman	Wolcott
Gerry	Newlands	Smith, Ga.	
Hale	Overman	Smith, Md.	

## NOT VOTING—25.

Ashurst	Goff	Phelan	Tillman
Beckham	Gore	Reed	Townsend
Brady	Hardwick	Smith, Ariz.	Wadsworth
Calder	Hitchcock	Smith, S. C.	Walsh
Culberson	Hughes	Sutherland	
Cummins	Jones, N. Mex.	Swanson	
Gallinger	McLean	Thomas	



So Mr. LA FOLLETTE's amendment to the amendment of the committee was rejected.

On that vote the following pairs were announced:

Senator CALDER with Senator HARDWICK.  
Senator GALLINGER with Senator THOMAS.  
Senator TOWNSEND with Senator REED.  
Senator WADSWORTH with Senator GORE.  
Senator MCLEAN with Senator SWANSON.

Mr. KENYON. I do not want to object, but I was just wondering the purpose of the Senator in having these roll calls printed in his speech.

Mr. LA FOLLETTE. Because I wish to collect right here in one connected statement the record that has been made by the United States Senate in the consideration of this bill. I think it will make wholesome and interesting reading for the people of this country.

Mr. KENYON. It is done for the benefit of the voters?

Mr. LA FOLLETTE. Certainly; I suppose that might be taken into consideration.

September 4 the Senate voted upon my amendment to levy a tax of 60 per cent on war profits. Under that amendment, on the basis of \$4,100,000,000 war profits, the revenue would amount to \$2,460,000,000, or \$1,174,000,000 more than would be raised under the committee provision. On the basis of \$3,000,000,000 of war profits the revenue would amount to \$1,800,000,000, or \$514,000,000 more than would be raised by the war-profit taxes of the committee bill.

That amendment was defeated by a vote of 18 yeas to 50 nays.

The PRESIDING OFFICER. Without objection, it will be so ordered.

The matter referred to is as follows:

## YEAS—18.

Borah	Johnson, Cal.	La Follette	Thompson
Brady	Jones, Wash.	McKellar	Trammell
Gronna	Kenyon	McNary	Vardaman
Hollis	King	Myers	
Husting	Kirby	Norris	

## NAYS—50.

Bankhead	Hale	Overman	Smith, Ga.
Brandegee	Harding	Page	Smith, Md.
Broussard	James	Penrose	Smith, Mich.
Chamberlain	Jones, N. Mex.	Pittman	Smoot
Colt	Kellogg	Poindexter	Sterling
Curtis	Kendrick	Pomerene	Wadsworth
Dillingham	Knox	Ransdell	Warren
Fall	Lewis	Saulsbury	Watson
Fernald	Lodge	Shafroth	Weeks
Fletcher	McCumber	Sheppard	Williams
France	Martin	Sherman	Wolcott
Frelinghuysen	Nelson	Shields	
Gerry	New	Simmons	

## NOT VOTING—28.

Ashurst	Gore	Owen	Sutherland
Beckham	Hardwick	Phelan	Swanson
Calder	Hitchcock	Reed	Thomas
Culberson	Hughes	Robinson	Tillman
Cummins	Johnson, S. Dak.	Smith, Ariz.	Townsend
Gallinger	McLean	Smith, S. C.	Underwood
Goff	Newlands	Stone	Walsh

So Mr. LA FOLLETTE's amendment to the amendment was rejected.

On that vote the following pairs were announced:

Senator GOFF with Senator TILLMAN.  
Senator TOWNSEND with Senator REED.  
Senator BECKHAM with Senator GORE.  
Senator CALDER with Senator HARDWICK.  
Senator SMITH of Arizona with Senator WALSH.  
Senator GALLINGER with Senator THOMAS.  
Senator MCLEAN with Senator SWANSON.  
Senator SUTHERLAND with Senator SMITH of South Carolina.

Mr. LA FOLLETTE. September 4 the Senate voted upon the amendment of the Senator from New Hampshire [Mr. HOLLIS] to levy a tax of 50 per cent on war profits. On the basis of \$4,100,000,000 of taxable war profits the revenue yielded would amount to \$2,050,000,000, or \$784,000,000 more than would be raised under the committee rates, and on the basis of \$3,000,000,000 of taxable war profits would amount to the sum of \$1,500,000,000, or \$214,000,000 more than would be raised under the committee provision.

That amendment was defeated by a vote of 18 yeas to 52 nays.

I ask leave at this point to incorporate that roll call in my remarks, together with the statement of the Presiding Officer as to the disposition of the amendment upon that vote.

The PRESIDING OFFICER. Without objection it is so ordered.

The matter referred to is as follows:

## YEAS—18.

Ashurst	Johnson, Cal.	King	Myers
Chamberlain	Johnson, S. Dak.	Kirby	Norris
Gronna	Jones, Wash.	La Follette	Thompson
Hollis	Kendrick	McKellar	
Husting	Kenyon	McNary	

## NAYS—52.

Bankhead	Harding	Page	Smith, Ga.
Borah	James	Penrose	Smith, Md.
Brandegee	Jones, N. Mex.	Pittman	Smith, Mich.
Broussard	Knox	Poindexter	Smoot
Colt	Lewis	Pomerene	Sterling
Curtis	Lodge	Ransdell	Stone
Dillingham	McCumber	Robinson	Trammell
Fernald	Martin	Saulsbury	Wadsworth
Fletcher	Nelson	Shafroth	Warren
France	New	Sheppard	Watson
Frelinghuysen	Newlands	Sherman	Weeks
Gerry	Overman	Shields	Williams
Hale	Owen	Simmons	Wolcott

## NOT VOTING—26.

Beckham	Goff	Phelan	Tillman
Brady	Gore	Reed	Townsend
Calder	Hardwick	Smith, Ariz.	Underwood
Culberson	Hitchcock	Smith, S. C.	Vardaman
Cummins	Hughes	Sutherland	Walsh
Fall	Kellogg	Swanson	
Gallinger	McLean	Thomas	

So the amendment of Mr. HOLLIS to the amendment reported by the committee was rejected.

On that vote the following pairs were announced:

Senator CALDER with Senator HARDWICK.  
Senator GALLINGER with Senator THOMAS.  
Senator SMITH of Arizona with Senator WALSH.  
Senator MCLEAN with Senator SWANSON.  
Senator TOWNSEND with Senator REED.  
Senator SUTHERLAND with Senator SMITH of South Carolina.  
Senator BECKHAM with Senator GORE.  
Senator BRADY with Senator VARDAMAN.

Mr. LA FOLLETTE. September 5 the Senator from New Hampshire [Mr. HOLLIS] offered an amendment to increase the graduated war-profit tax proposed by the committee and which begins as low as a tax of 12 per cent and increases until in exceptional cases the rate of 60 per cent applies. The amendment would increase the committee rates levied at the several brackets, beginning with the tax of 20 per cent upon the war profits not in excess of 15 per cent, and increasing gradually until the war profits exceeded 300 per cent of the prewar profits, when the rate would be 70 per cent. This amendment was estimated to yield \$1,681,000,000 of revenue, or \$305,000,000 more than would be raised under the rates of the committee provision.

That amendment was defeated by a vote of 24 yeas to 55 nays.

I ask to have that roll call incorporated in my remarks without reading, together with the statement of the Presiding Officer as to the disposition of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

## YEAS—24.

Ashurst	Hollis	King	Norris
Beckham	Husting	Kirby	Phelan
Calder	Johnson, Cal.	La Follette	Sheppard
Culberson	Johnson, S. Dak.	McKellar	Thompson
Cummins	Jones, Wash.	McNary	Trammell
Gallinger	Kenyon	Myers	Vardaman

## NAYS—55.

Brandegee	Hitchcock	Penrose	Smith, S. C.
Calder	James	Pittman	Smoot
Chamberlain	Jones, N. Mex.	Poindexter	Sterling
Colt	Kellogg	Pomerene	Stone
Curtis	Knox	Ransdell	Sutherland
Dillingham	Lewis	Robinson	Swanson
Fall	Lodge	Saulsbury	Underwood
Fernald	McCumber	Shafroth	Wadsworth
Fletcher	Martin	Sherman	Warren
France	Nelson	Shields	Watson
Frelinghuysen	New	Simmons	Weeks
Gerry	Newlands	Smith, Ga.	Williams
Hale	Overman	Smith, Md.	Wolcott
Harding	Page	Smith, Mich.	

## NOT VOTING—17.

Bankhead	Gore	Owen	Townsend
Culberson	Hardwick	Reed	Walsh
Cummins	Hughes	Smith, Ariz.	
Gallinger	Kendrick	Thomas	
Goff	McLean	Tillman	

So Mr. HOLLIS's amendment to the amendment was rejected.

On that vote the following pairs were announced:

Senator MCLEAN with Senator HARDWICK.  
Senator GALLINGER with Senator SMITH of Arizona.  
Senator TOWNSEND with Senator REED.  
Senator HUGHES with Senator GORE.  
Senator OWEN with Senator KENDRICK.  
Senator GOFF with Senator TILLMAN.

Mr. WEEKS. May I suggest to the Senator from Wisconsin that he have what he has prepared inserted in the RECORD. I ask that that be done, because several Senators wish to explain amendments before 4 o'clock. I do not, of course, want to interfere with the Senator.

Mr. LA FOLLETTE. If I may have inserted in the RECORD, without reading, exactly the same statement which I make here

with respect to the other amendments upon war profits I will be very glad to do it and save the time.

September 5 the Senate voted on my amendment to increase the war-profits tax by increasing the rates of taxation at each of the brackets of the bill except the lowest. The amendment would tax war profits at the following rates:

War profits not in excess of 15 per cent of the deduction allowed as prewar profits, 12 per cent.

In excess of 15 per cent but not in excess of 25 per cent of such deduction, 20 per cent.

In excess of 25 per cent but not in excess of 50 per cent of such deduction, 25 per cent.

In excess of 50 per cent but not in excess of 75 per cent of such deduction, 30 per cent.

In excess of 75 per cent but not in excess of 100 per cent of such deduction, 35 per cent.

In excess of 100 per cent but not in excess of 150 per cent of such deduction, 40 per cent.

In excess of 150 per cent but not in excess of 200 per cent of such deduction, 45 per cent.

In excess of 200 per cent and not in excess of 250 per cent of such deduction, 55 per cent.

In excess of 250 per cent but not in excess of 300 per cent of such deduction, 65 per cent.

In excess of 300 per cent of such deduction, 75 per cent.

That amendment was estimated to yield revenue to the amount of \$1,505,830,000, or \$219,800,000 more than would be raised under the war-profit taxes of the committee bill.

It was defeated by a vote of 23 years to 56 nays.

## YEAS—23.

Ashurst	Husting	Kirby	Phelan
Beckham	Johnson, Cal.	La Follette	Sheppard
Borah	Johnson, S. Dak.	McKellar	Thompson
Brady	Jones, Wash.	McNary	Trammell
Gronna	Kenyon	Myers	Vardaman
Hollis	King	Norris	

## NAYS—56.

Bankhead	Hale	Overman	Smith, Mich.
Brandeggee	Harding	Page	Smith, S. C.
Broussard	Hitchcock	Penrose	Smoot
Calder	James	Poinexter	Sterling
Chamberlain	Jones, N. Mex.	Pomerene	Stone
Colt	Kellogg	Ransdell	Sutherland
Curtis	Knox	Robinson	Swanson
Dillingham	Lewis	Saulsbury	Underwood
Fall	Lodge	Shafroth	Wadsworth
Fernald	McCumber	Sherman	Warren
Fletcher	Martin	Shields	Watson
France	Nelson	Simmons	Weeks
Frelinghuysen	New	Smith, Ga.	Williams
Gerry	Newlands	Smith, Md.	Wolcott

## NOT VOTING—17.

Culberson	Hardwick	Pittman	Townsend
Cummins	Hughes	Reed	Walsh
Gallinger	Kendrick	Smith, Ariz.	
Goff	McLean	Thompson	
Gore	Owen	Tillman	

So Mr. LA FOLLETTE'S amendment to the amendment was rejected.

On this vote the following pairs were announced:

Senator McLEAN with Senator HARDWICK.  
 Senator OWEN with Senator KENDRICK.  
 Senator CULBERSON with Senator WALSH.  
 Senator GALLINGER with Senator THOMAS.  
 Senator TOWNSEND with Senator REED.  
 Senator HUGHES with Senator GORE.

The following announcement was also made:

Mr. STONE. Several days ago I was handed a dispatch from my colleague [Mr. REED], which I think I ought to put in the RECORD:

"I want my pair to be employed in the manner most favorable to high taxation of war profits and to low burdens upon small incomes. At the same time I do not want to vote for any proposition that is so extreme as to be ridiculous."

September 5 the Senator from Colorado [Mr. SHAFROTH] offered an amendment to increase the war-profits tax when such tax is more than 200 per cent in excess of the deduction allowed by the majority. The amendment would increase the 45 per cent, 50 per cent, and 60 per cent rates of the committee bill to 50 per cent, 60 per cent, and 70 per cent, respectively.

That amendment was defeated by a vote of 25 years to 55 nays.

## YEAS—25.

Ashurst	Husting	La Follette	Sheppard
Beckham	Johnson, Cal.	McKellar	Thompson
Borah	Johnson, S. Dak.	McNary	Trammell
Brady	Jones, Wash.	Myers	Vardaman
Fletcher	Kenyon	Norris	
Gronna	King	Phelan	
Hollis	Kirby	Shafroth	

## NAYS—55.

Bankhead	Dillingham	Harding	Lodge
Brandeggee	Fall	Hitchcock	McCumber
Broussard	Fernald	James	Martin
Calder	France	Jones, N. Mex.	Nelson
Chamberlain	Frelinghuysen	Kellogg	New
Colt	Gerry	Knox	Newlands
Curtis	Hale	Lewis	Overman

Page	Saulsbury	Smith, S. C.	Wadsworth
Penrose	Sherman	Smoot	Warren
Pittman	Shields	Sterling	Watson
Poinexter	Simmons	Stone	Weeks
Pomerene	Smith, Ga.	Sutherland	Williams
Ransdell	Smith, Md.	Swanson	Wolcott
Robinson	Smith, Mich.	Underwood	

## NOT VOTING—16.

Culberson	Gore	McLean	Thomas
Cummins	Hardwick	Owen	Tillman
Gallinger	Hughes	Reed	Townsend
Goff	Kendrick	Smith, Ariz.	Walsh

So Mr. SHAFROTH'S amendment to the committee amendment was rejected.

On that vote the following pairs were announced:

Senator McLEAN with Senator HARDWICK.  
 Senator GALLINGER with Senator SMITH of Arizona.  
 Senator CULBERSON with Senator WALSH.  
 Senator TOWNSEND with Senator REED.  
 Senator KENDRICK with Senator THOMAS.  
 Senator HUGHES with Senator GORE.

September 5 the Senator from California [Mr. JOHNSON] offered an amendment to increase the tax on war profits that fall within the two highest brackets from 50 per cent and 60 per cent to 60 per cent and 70 per cent, respectively. This amendment would reach war profits 250 per cent in excess of the deduction allowed for the prewar period.

That amendment was defeated by a vote of 28 yeas to 52 nays.

## YEAS—28.

Ashurst	Gronna	King	Overman
Beckham	Hollis	Kirby	Phelan
Borah	Husting	La Follette	Shafroth
Brady	Johnson, Cal.	McKellar	Sheppard
Broussard	Johnson, S. Dak.	McNary	Thompson
Chamberlain	Jones, Wash.	Myers	Trammell
Fletcher	Kenyon	Norris	Vardaman

## NAYS—52.

Bankhead	Hitchcock	Penrose	Smith, S. C.
Brandeggee	James	Pittman	Smoot
Calder	Jones, N. Mex.	Poinexter	Sterling
Colt	Kellogg	Pomerene	Stone
Curtis	Knox	Ransdell	Sutherland
Dillingham	Lewis	Robinson	Swanson
Fall	Lodge	Saulsbury	Underwood
Fernald	McCumber	Sherman	Wadsworth
France	Martin	Shields	Warren
Frelinghuysen	Nelson	Simmons	Watson
Gerry	New	Smith, Ga.	Weeks
Hale	Newlands	Smith, Md.	Williams
Harding	Page	Smith, Mich.	Wolcott

## NOT VOTING—16.

Culberson	Gore	McLean	Thomas
Cummins	Hardwick	Owen	Tillman
Gallinger	Hughes	Reed	Townsend
Goff	Kendrick	Smith, Ariz.	Walsh

So the amendment of Mr. JOHNSON of California to the committee amendment was rejected.

On that vote the following pairs were announced:

Senator McLEAN with Senator HARDWICK.  
 Senator CULBERSON with Senator WALSH.  
 Senator TOWNSEND with Senator REED.  
 Senator HUGHES with Senator GORE.  
 Senator GALLINGER with Senator SMITH of Arizona.  
 Senator KENDRICK with Senator THOMAS.

September 5 the Senator from California [Mr. JOHNSON] offered an amendment to increase the tax on war profits over 300 per cent in excess of the deduction for the prewar period from 60 per cent to 70 per cent.

That amendment was defeated by a vote of 29 yeas to 51 nays.

## YEAS—29.

Ashurst	Hollis	La Follette	Sheppard
Beckham	Husting	McKellar	Sutherland
Borah	Johnson, Cal.	McNary	Thompson
Brady	Johnson, S. Dak.	Myers	Trammell
Broussard	Jones, Wash.	Norris	Vardaman
Chamberlain	Kenyon	Overman	
Fletcher	King	Phelan	
Gronna	Kirby	Shafroth	

## NAYS—51.

Bankhead	Hitchcock	Penrose	Smith, S. C.
Brandeggee	James	Pittman	Smoot
Calder	Jones, N. Mex.	Poinexter	Sterling
Colt	Kellogg	Pomerene	Stone
Curtis	Knox	Ransdell	Swanson
Dillingham	Lewis	Robinson	Underwood
Fall	Lodge	Saulsbury	Wadsworth
Fernald	McCumber	Sherman	Warren
France	Martin	Shields	Watson
Frelinghuysen	Nelson	Simmons	Weeks
Gerry	New	Smith, Ga.	Williams
Hale	Newlands	Smith, Md.	Wolcott
Harding	Page	Smith, Mich.	

## NOT VOTING—16.

Culberson	Gore	McLean	Thomas
Cummins	Hardwick	Owen	Tillman
Gallinger	Hughes	Reed	Townsend
Goff	Kendrick	Smith, Ariz.	Walsh

So the amendment of Mr. JOHNSON of California to the committee amendment was rejected.



On that vote the following pairs were announced:  
 Senator McLEAN with Senator HARDWICK.  
 Senator CULBERSON with Senator WALSH.  
 Senator TOWNSEND with Senator REED.  
 Senator HUGHES with Senator GORE.  
 Senator GALLINGER with Senator SMITH of Arizona.  
 Senator KENDRICK with Senator THOMAS.

August 18 the Senator from Georgia [Mr. HARDWICK] moved to strike from the bill the section imposing a tax upon parcel-post packages which carry postage of 25 cents or more. The effect of that amendment would be to save \$2,000,000 to the users of the parcel post.

The Senate refused to strike this from the bill, and retained the tax upon parcel-post packages, by the following vote:

## YEAS—28.

Ashurst	Jones, N. Mex.	New	Simmons
Brandeggee	Knox	Page	Smith, Mich.
Broussard	Lodge	Pittman	Smith, S. C.
Dillingham	McCumber	Pomerene	Smoot
Gerry	Martin	Ransdell	Swanson
Hale	Myers	Saulsbury	Thompson
Harding	Nelson	Sherman	Underwood

## NAYS—27.

Beckham	Gronna	Kirby	Sheppard
Borah	Hardwick	La Follette	Shields
Brady	Husting	McKellar	Sterling
Chamberlain	Johnson, Cal.	McNary	Sutherland
Curtis	Jones, Wash.	Norris	Trammell
Frelinghuysen	Kendrick	Polandexter	Vardaman
Gore	Kenyon	Reed	

## NOT VOTING—41.

Bankhead	Hitchcock	Owen	Townsend
Caldor	Hollis	Penrose	Wadsworth
Colt	Hughes	Phelan	Walsh
Culbertson	James	Robinson	Warren
Cummins	Johnson, S. Dak.	Shafroth	Watson
Fall	Kellogg	Smith, Ariz.	Weeks
Fernald	King	Smith, Ga.	Williams
Fletcher	Lewis	Smith, Md.	Wolcott
France	McLean	Stone	
Gallinger	Newlands	Thomas	
Goff	Overman	Tillman	

So the amendment of the committee as amended was agreed to.

On that vote the following pairs were announced:

Senator KNOX with Senator CHAMBERLAIN.  
 Senator WADSWORTH with Senator THOMAS.  
 Senator WARREN with Senator OVERMAN.  
 Senator SHAFROTH with Senator COLT.  
 Senator TOWNSEND with Senator ROBINSON.  
 Senator WEEKS with Senator JAMES.  
 Senator FRANCE with Senator WALSH.  
 Senator WATSON with Senator WOLCOTT.  
 Senator FLETCHER with Senator GALLINGER.  
 Senator McLEAN with Senator SMITH of Arizona.  
 Senator FALL with Senator HUGHES.  
 Senator FERNALD with Senator JOHNSON of South Dakota.  
 Senator GOFF with Senator TILLMAN.  
 Senator PENROSE with Senator WILLIAMS.

Mr. CURTIS. Mr. President, I desire to ask the Senator from Wisconsin if he has included in his list the vote of September 5 on the committee amendment as amended instead of the House provision?

Mr. LA FOLLETTE. No; I have not, Mr. President, because there is a good reason for not doing so. Every one of these amendments incorporated that amendment, and there was no sense in repeating the vote upon that amendment.

Mr. CURTIS. There are some of us who think there is a good reason for printing that vote.

Mr. LA FOLLETTE. Well, Mr. President, the Senator from Kansas in his own time may take the floor and insert that, but not in mine.

Mr. CURTIS. I will take occasion to do it in my own time.

Mr. LA FOLLETTE. Mr. President, I am in great haste to get along with what I have to say, but I will say this in conclusion. I will say in comment upon the remarks of the Senator from Kansas that the only increases made by the Senate by unanimous vote have been upon exceedingly high incomes, where the increases, so far as the House amendments were concerned, were smaller than the increases proposed here by the amendments which I have offered.

Mr. LA FOLLETTE. Mr. President, it has several times been charged in the course of the debate on this bill that those Senators who favor placing a considerable burden of taxation upon war profits and excess incomes to meet the expenses of this war, are inspired to such action by the sinister purpose of cooling the war ardor of the people, of making the war unpopular, and forcing the administration to make peace. The chairman of the Finance Committee, in an impassioned speech, made the charge here several days ago, and more recently another member of the committee, the Senator from North Dakota, repeated it.

The Senator from North Dakota, in a somewhat elaborate speech, gave to the chairman of the Finance Committee what I doubt not both regard as most able and efficient support in the latter's effort to sustain the charge. To the chairman seems to have been assigned the duty of discharging the wave of

poisonous gas upon us of the minority, while the agile Senator from North Dakota was expected to follow up the attack, consolidate the positions gained, bring in the prisoners, and possibly count the dead. If it should turn out that no positions were gained, no prisoners taken, and that there were no dead to count, but that the wave of poisoned and envenomed gas has returned upon those who launched it, to their own discomfiture or destruction, it will be only one more instance of that retributive justice which has so often overtaken gentlemen who have unwisely launched an ill-considered attack in the hope of concealing the weakness of their own position.

Since the speech of the Senator from North Dakota of September 6 is before me, I shall say what I have to say upon this point in reply to that speech, though my remarks will be equally a reply to both the Senators and to all and every speech of that character.

The Senator from North Dakota begins his speech with a presentation of a table attempting to show from a supposititious case of extreme hardship how heavily the war-profits tax on the income of corporations bears upon the poor, defenseless stockholders. We may fairly assume that the case which the Senator supposes in his speech is the most extreme case that his imagination can conceive, for he does not pretend that it is a real case. It simply shows the extreme of horrible hardship which will fall upon the possessor of a \$30,000 income under this tax imposed by the committee. Without repeating the table which will be found in the RECORD of the date of September 7, I think I can briefly summarize the facts the Senator assumes.

He assumes a corporation with \$100,000 invested capital, net income for the taxable year \$100,000, excess profits above the 10 per cent allowed before the war-profits tax attaches \$90,000. The unfortunate individual who is ground into the dust under this tax the Senator supposes to be the owner of 30 per cent of the capital stock of this corporation. In his table the Senator then figures out the percentage of the war tax applying to this \$90,000 income and reaches the conclusion that it would amount to \$46,715. From this he deducts a flat corporation tax of 6 per cent, which leaves for distribution to stockholders \$50,088. He then taxes out \$10,000 for reserve—no good corporation manager ever forgets to take out reserve—which leaves as a balance for distribution \$40,088, of which the unfortunate stockholder owning 30 per cent of the stock only receives for his \$30,000 investment \$12,026. The Senator then takes out the income tax of the stockholder, all State and municipal taxes, as nearly as he can guess at these, and reaches the conclusion that this poor, unfortunate investor, because of the enormous and burdensome and cruel taxes that it is proposed to place on him, will receive for the taxable year \$10,690, net, over and above all taxes of every description, State and national, upon an investment of \$30,000.

Now, Mr. President, without saying anything about the normal profits of 10 per cent which the Senator deducted before reaching the war profits, one-third of which must, of course, go to this supposed stockholder, and without dwelling upon the fact that the profits which this stockholder has received are war profits, I submit to the Senate whether allowing a return of 33½ per cent to the stockholder of this corporation upon his investment is such a hardship that it is calculated to cool the ardor of the stockholder for a continuation of the war. But the Senator says it will. I quote his exact words:

Mr. President, I hate to see a bill the purpose of which is to carry this Government through the bewildering difficulties which naturally and inevitably beset a wholly unprepared nation when suddenly thrown into a great world-wide conflict used as a vehicle to cripple or paralyze its efforts. When the Nation is athirst I hate to see the fountain from which alone that thirst can be slaked poisoned at the source.

Think of a man whose thirst for war profits has to be quenched with only 33½ per cent on his investment! Again, the Senator says:

It is due to those boys who have gone to the front in defense of national rights and honor that they shall have back of them at all times an enthusiastic war spirit and sentiment. That spirit and sentiment are just as essential to the successful termination of this war as are guns and ammunition. I want, therefore, a revenue bill that, while it supplies every war need of the country, will at the same time create and maintain a sentiment for aggressive warfare, a popularity to insure vigorous prosecution of the war, and a courage to meet its exactions.

Behold a man upon whom the exactions of war falls so heavily that he receives only 33½ per cent upon his investment even though he remains snugly and safely at home. "Sentiment for aggressive warfare" can not, it seems, be maintained among investors unless they get more than 33½ per cent on their investment as a result of the war. Continuing the Senator says:

I know human nature well enough and I am sufficiently acquainted with the history of the world to understand that no matter how patriotic a people may be, you can impose on them such onerous burdens as will dampen their ardor and destroy their war spirit.

There you have it.

Mr. REED. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Missouri?

Mr. LA FOLLETTE. I do.

Mr. REED. It would be interesting now at this point to compare the logic that the Senator from Wisconsin has just referred to with the argument which was made on the floor of the Senate the other day—that an attempt to raise the wages of the men in the trenches is an insult to their patriotism, and that to make such a proposition is a species of high treason.

Mr. LA FOLLETTE. Yes. It is all well enough to add to the profits of wealth as a result of war or to leave the possessors of wealth profits so that they can have 33½ per cent dividends upon their investment; but if you are going to provide a meager, stingy \$50 a month to the men who bare their breasts to all the horrors of modern warfare, who are subjected to the foul life that must be led in the trenches—vermin, rats, sleepless nights, and days without rest—then you must be careful not to touch these war profits of more than 33½ per cent profit or the war will fail, patriotism will lag. In God's name, who in the United States Senate is furnishing the best support to this war—those who would impose a tax upon incomes and war profits even less than other countries impose upon wealth, who would provide for our soldiers but a trifle more than the little country of Canada provides, or the men who denounce such action as disloyalty and as an effort to curtail and diminish support among the people for this war?

The ardor and war spirit of wealth and the wealthy will be destroyed if you reduce their profits down to a beggerly 33½ per cent on their investments. That is too "onerous a burden," to quote the language of the Senator from North Dakota, for their patriotism to bear.

But, Mr. President, underlying these words of the Senator from North Dakota, and of the chairman of the Finance Committee, and of every man who has given utterance to such sentiments in this debate, is the most pregnant admission that has been made in this entire discussion. That admission is this: That it is the wealth of this country that can stop this war, and that it will stop it, unless it is permitted to make exorbitant profits out of it. That is the plain, grisly fact that the argument of the Senator from North Dakota uncovers and lays bare to the view of the Senate and of the country and, I may say, to the world, also. The people—the 100,000,000 people of the country—do not count. The 2,000,000 or 5,000,000 boys who are going to be put into the trenches do not count. Their parents, their families, their dependents, do not count. Of the 2,000,000 young men you are drafting for trench service under the first draft act, at least 80 per cent of them do not want to go, so far as published reports of exemption claims indicate their attitude.

It is fair to assume that a much larger percentage of their parents and members of their families do not want them to go. But that is not the thing that is going to stop the war, according to the arguments of the Senator from North Dakota. These young men are tied hand and foot. They are bound by the unbreakable chains of the draft law. They need no longer to be reckoned with; it seems to make but little difference to the United States Senate what you do as to them. Their wishes are immaterial according to the logic of the Senator, but it is the wealth and the wealthy that must not be offended by what we may do here. They must not be made to feel the pinch of a little taxation or, forsooth, we will, to quote the language that has been used in this debate, "dampen their ardor and destroy their war spirit."

Mr. President, upon this proposition I fundamentally disagree with Senators who have taken that attitude. I tell them one and all that by their refusal to justly tax war profits and excessive incomes they are destroying the war spirit among the hundred million people of this country which is absolutely necessary if we are to acquit ourselves even creditably in this great war. Mr. President, the two or three hundred thousand people in this country—for there are no more—who are the possessors of large incomes, and the few thousand corporations who are making these war profits, are not the people of this country. Why, Mr. President, there is a strange misunderstanding on the part of the Senator as to who are the people of this country. The Senator says that high taxes on large incomes and high taxes on war profits will "create dissatisfaction." Where?

He says "among the people"; that will "lessen their ardor"—and I quote his words—"among the people"; that it will "lessen their ardor for the conflict which is before them, and thereby cripple and hinder our war efforts." Who does the Senator think are the people of this country? Is it the 2 per cent, owners of two-thirds of the wealth, or is it the 98 per

cent of the population who have to divide among themselves the meager balance of this country's wealth, which, apportioned among them per capita, is a little over \$800 apiece? Will the latter be dissatisfied because the swollen and unnecessary incomes of the former are taxed to pay a little of the frightful cost of this war? Does the word which you are getting from the country indicate that the people—the 98 per cent, the people upon whom this Nation must depend in this and every other crisis—are dissatisfied with the suggestion that excessive incomes and war profits should pay a high rate of taxation? No, Mr. President; the Senator may think that the people of this country are composed of the fortunate possessors of large incomes and the happy recipients of the bloody profits of this war; he may think that the success of this war depends upon the ardor with which these profiteering patriots support it.

I know not what associations or habits of thought incline him to that opinion, but I declare, Mr. President, in that view he is mistaken; and all persons who entertain like views are mistaken. And, Mr. President, if that view is written by this bill into the law of this country, by that very act you are liable to create, if it does not already exist in the public mind, the belief that the war is a profiteering enterprise. The sound of military preparations may continue to fill the land, drums may beat, soldiers march, patriotic organizations financed by war profits may acclaim the glory of a war for democracy, but in every humble home in this country where manhood counts more than dollars, where patriotism is not associated with profits, will have entered the conviction, and rightfully so, that a monstrous injustice has been done to the mass of the people. With the war spirit tainted with mercenary interests, in those homes you will render the prosecution of this war more and more difficult.

No man can justify the refusal of the Senate to impose the highest rate of taxation on war profits and incomes which has been demanded here. The Senators who have attempted to justify that course in this body have failed. The country knows that they have failed. They have failed for no lack of ability in themselves, but for the lack of justice in their cause. A popular war could hardly survive the spirit of resentment the injustice of this bill will arouse; and if it be a fact that this is already an unpopular war, then such a course will but intensify that feeling.

Mr. JONES of New Mexico obtained the floor.

Mr. CURTIS. Mr. President, may I ask the Senator if he will kindly yield to me while I make a request for unanimous consent?

Mr. JONES of New Mexico. I yield to the Senator.

Mr. CURTIS. I ask unanimous consent to print in the Record the final vote on the adoption of the Senate committee excess-profits tax amendment as amended instead of the House provision, as found on pages 6623 and 6624 of the Record of September 5.

The PRESIDING OFFICER. Without objection, it is so ordered.

The vote referred to is as follows:

#### YEAS—71.

Ashurst	Hitchcock	Nelson	Simmons
Beckham	Hollis	New	Smith, Ga.
Brady	Husting	Newlands	Smith, Md.
Brandegge	James	Norris	Smith, Mich.
Broussard	Johnson, S. Dak.	Overman	Smith, S. C.
Calder	Jones, N. Mex.	Page	Smoot
Chamberlain	Jones, Wash.	Penrose	Sterling
Colt	Kellogg	Phelan	Stone
Curtis	Kenyon	Pittman	Sutherland
Dillingham	King	Poinexter	Swanson
Fall	Kirby	Pomerene	Thompson
Fernald	Knox	Ransdell	Trammell
Fletcher	Lewis	Robinson	Wadsworth
France	Lodge	Saulsbury	Warren
Frelinghuysen	McCumber	Shafer	Watson
Gerry	McKellar	Sheppard	Williams
Hale	Martin	Sherman	Wolcott
Harding	Myers	Shields	

#### NAYS—7.

Bankhead	Gronna	La Follette	Vardaman
Borah	Johnson, Cal.	Underwood	

#### NOT VOTING—18.

Culberson	Hardwick	Owen	Townsend
Cummins	Hughes	Reed	Walsh
Gallinger	Kendrick	Smith, Ariz.	Weeks
Gore	McLean	Thomas	
	McNary	Tillman	

Mr. CURTIS. Mr. President, in this connection I desire to state that under the House provision only \$200,000,000 would have been raised, while under the Senate committee amendment as amended it is estimated that \$1,200,000,000 will be raised.

Mr. LA FOLLETTE. Mr. President, if the Senator from New Mexico will yield to me just for one word, I want to say that it was stated upon this floor that the increases made by the



amendments which were adopted on the floor of the House and which were adopted here would add but \$30,000,000 to this bill, and that is well understood by the chairman and every member of the committee; in fact, the amount was a little less than that.

Mr. SMOOT. Mr. President, will the Senator from New Mexico yield to me for a moment?

Mr. JONES of New Mexico. I yield to the Senator from Utah.

Mr. SMOOT. I desire to submit a substitute for section 902, on page 88 of the bill, and ask to have it pending.

The PRESIDING OFFICER. Without objection, that order will be made.

Mr. POINDEXTER. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Washington?

Mr. JONES of New Mexico. I yield.

Mr. POINDEXTER. Mr. President, I ask unanimous consent for leave, subject to the privilege of withdrawing the request later, to print in the Record certain documents relating to the postal rates on second-class matter.

The PRESIDING OFFICER. Without objection, the request will be granted.

Mr. POINDEXTER. Mr. President, I should like to state in this connection in just a word—in view of the fact that the people of the United States expend in the neighborhood of \$700,000,000 a year for public education in institutions supported wholly or in part by the United States Government or by the States or school districts—that even though it were conceded that the amount of expense for transporting magazines and newspapers is anywhere near that claimed to be the case, over and above the receipts from that source, it would, in my opinion, be a wise public expenditure. I regard the magazines and newspapers of the country, although there are some that perhaps would not be regarded as beneficial, upon the whole as almost, if not quite, as great an educational factor in the United States as the public-school system.

Mr. McKELLAR. Mr. President, will the Senator from New Mexico yield to me to ask a question of the Senator from Washington?

Mr. JONES of New Mexico. I yield to the Senator for that purpose.

Mr. McKELLAR. I should like to ask the Senator from Washington if he does not think, if the United States Government is going to spend this vast sum of \$89,000,000 for educating the public, it ought to be done through governmental channels and not in the way of bounty or gratuity to private corporations?

Mr. POINDEXTER. Mr. President, I do not regard the existing rate as a system of bounty; and, even though it were a bounty, it still is subject to the public purpose which I stated a moment ago—general public education.

Mr. JONES of New Mexico. Mr. President, in 35 minutes the debate on this bill, the greatest measure of its kind in the history of this country, and perhaps in the history of the world, will have closed. I do not intend to discuss the bill generally; I have done that, and there are other Senators who wish to have something to say before the debate closes. I shall not attempt to present evidence of the statements which I am going to make, for I have done that. On the 20th of August I presented in great detail the question to which I am now going to refer; I presented the facts, the evidence of the statements which I then made, and from that day until this no Senator has risen in this Chamber to question any statement or fact or conclusion of policy or judgment made in my observations at that time. No Senator has appealed to the Senate more earnestly than have I to support the Finance Committee upon matters of judgment; in many instances I have surrendered my own judgment to the majority of my fellow members of that great committee, and if the matter which I intend to present now was a matter of judgment only I would surrender now to the will of the majority of the committee. But, Mr. President, it is not a question of judgment only involved in this proposition; it is a question of fundamental justice as between the citizens of our common country.

It may startle you for me to say that under this bill, as presented to the Senate, there is one rate of taxation provided for one man doing business and another rate provided for another man doing business in the same block. Does that strike you as fair? Take an illustration here in the city of Washington. If the net income from the business of Woodward & Lothrop should be \$100,000 a year, they would pay a tax of \$6,000. If the net income of the Palais Royal should be \$100,000, it would pay \$20,430 tax. Bringing the illustration to this Chamber, if the junior Senator from Wyoming [Mr. KENDRICK] should

make \$100,000 profit in his business, he would pay a tax under this bill of \$20,430, while if the senior Senator from Wyoming [Mr. WARREN] in his business should make a similar income, he would get off with a tax of \$6,000.

Does that startle you? It is in this bill; and why? Because the Palais Royal is owned by an individual, while Woodward & Lothrop is a corporation.

The junior Senator from Wyoming is doing business as an individual. The senior Senator from Wyoming is doing business as a corporation. If that is sufficient reason, does it not startle every Senator here to think that that is what is embodied in this bill? But it is here. It is not only here, but the injustice to which I have just referred exists under the present law. The injustice crept into this law in 1909, was continued in 1913, and this bill proposes to perpetuate it in a much magnified degree.

The vice of this bill lies in the fact that we impose upon the net income of individuals surtaxes ranging from 1 per cent to 63 per cent. Upon the corporation, this bill imposes a surtax of 2 per cent. An ex-Senator of this body who is doing business in the name of a corporation, with an income of \$10,000,000 a year, gets off with a paltry tax of \$200,000; but if he were doing the identical business as an individual his tax would be over \$6,000,000.

Mr. REED. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Missouri?

Mr. JONES of New Mexico. I yield to the Senator.

Mr. REED. I have unfortunately been obliged to be absent from the Senate during the last few days. I want to ask the chairman of the committee, with the permission of the Senator from New Mexico, what he has to say to the statement just made. I should like to have that point settled.

Mr. SIMMONS. Mr. President, I have not been following the statement of the Senator, but I assume that he has been discussing the question of the distribution of the surplus.

Mr. JONES of New Mexico. I have been showing the difference between the income tax which a person doing business as an individual would pay as compared with the tax which the same person would pay if he were doing it through the formality of a corporation.

Mr. SIMMONS. That involves the question of the distribution of the surplus.

Mr. REED. The statement that the Senator made was in substance this—and if I get it wrong, the Senator will correct me—that if a corporation doing a certain business had an income of a million dollars, it would pay, under this bill, a tax of \$200,000, but that if the same volume of business were done by an individual the tax would be—

Mr. JONES of New Mexico. I used this illustration: Here is the junior Senator from Wyoming doing a live-stock business. Assuming him to have a net income of \$100,000 a year, his tax under this bill would be \$20,430. The senior Senator from Wyoming doing a live-stock business as a corporation, with the same income, would pay a tax of \$6,000.

Mr. SIMMONS. Mr. President, I can not exactly follow the argument of the Senator, but I will state that this is the situation: If an individual engages in business and makes an income, the whole of that income, of course, is subject to the income tax and to the surtax that may accompany the amount of income which he has. If a corporation is doing business, the corporation pays a flat tax of 6 per cent as against an individual's tax of 4 per cent. Now, the corporation is not liable as a corporation to a surtax. The corporation pays a normal tax just as an individual pays a normal tax. Then the income of the corporation is divided among its stockholders, and when it comes into the hands of its stockholders then the stockholders pay the surtax just as the individual pays the surtax.

Mr. REED. Mr. President—

The PRESIDING OFFICER. Does the Senator still yield?

Mr. JONES of New Mexico. I do.

Mr. REED. When this money is collected by the corporation, if it runs into large amounts, the surtax, if one were levied, would be large. If it went into the hands of an individual, it would be large; but when it is divided and scattered among a large number of stockholders it may fall so that no income tax whatever will be paid on a large part of it.

Mr. SIMMONS. Of course, Mr. President, that is perfectly clear. If a corporation has a thousand stockholders and its income is distributed among those 1,000 stockholders, each one of those stockholders has to pay the income tax upon such part of the income as comes to him. Naturally, that divides or breaks up the income, and instead of its having to pay the tax as a flat, solid amount, it pays the tax according to the amount coming to each stockholder by way of dividends. The same thing is true with reference to a copartnership, Mr. President. There may be

a copartnership composed of a dozen partners. These partners have to pay income taxes just like individuals; but the total amount of the earnings of that copartnership, instead of paying the income tax in solid, is divided among the several partners, and each partner gives in his amount, and in that way the surtax that will have to be paid is greatly reduced.

Mr. REED and Mr. PITTMAN addressed the Chair.

The PRESIDING OFFICER. Does the Senator from New Mexico yield; and if so, to whom?

Mr. JONES of New Mexico. I yield for just a moment to the Senator from Missouri.

Mr. REED. The amount of it is this: That a corporation, which has all the advantages of acting as one body, does escape paying a heavy surtax, and that surtax is never collected from the earnings of the corporation, because the profits become so divided and scattered among the many stockholders that the surtax is never levied upon the profits of the corporation at all; whereas if it is an individual or a copartnership the money, being taxed at that point and before the distribution, does pay the tax.

Mr. SIMMONS. No, Mr. President. If it is a copartnership, there is no income tax imposed under this law on a copartnership. The copartnership divides its profits among its members and the members pay the income tax.

Mr. REED. Oh, yes.

Mr. SIMMONS. There is no income tax paid on a copartnership at all.

Mr. PITTMAN. Mr. President—

Mr. SIMMONS. In this bill there is a surtax imposed upon a corporation, and an excess-profits tax also.

Here is the situation, Mr. President. Under the original income act of 1909 a corporation paid no surtax. A corporation paid what was known as a normal tax, just as an individual pays a normal tax; and then, when its earnings were divided among the individual stockholders, the stockholders gave them in as income and paid the surtax if any attached to the amount. That law has been carried through the several acts that have been enacted since that time, and up to the present time that is the law. That is the law as it is written in the bill sent to us by the House, but, Mr. President, we change that, and we impose a surtax of 10 per cent upon undistributed corporate income. That part which is distributed goes into the hands of the stockholder, and once in his hands becomes subject to the income surtax. Upon that part which is not distributed we impose a tax of 10 per cent, with the proviso that if it be reasonably needed in its business, and is retained, it shall not be subject to that surtax. But for the purpose of counterbalancing or offsetting that possible advantage we have added 2 cents to the normal tax of corporations, by which we will raise \$180,000,000, and if every dollar of the income of corporations were distributed, in my judgment we could not possibly get over \$220,000,000.

Mr. JONES of New Mexico. I now yield to the Senator from Nevada.

Mr. PITTMAN. Mr. President, the Senator has given an example where the senior Senator from Wyoming, earning \$100,000 a year as a corporation, pays only \$6,000 in taxes, while the junior Senator from Wyoming, earning the same amount in the same business, pays \$20,000 because operating as an individual. If the senior Senator from Wyoming, operating as a corporation, were compelled to distribute that earning as a dividend, then he would pay \$20,000 the same as the junior Senator from Wyoming, would he not?

Mr. JONES of New Mexico. Precisely.

Mr. PITTMAN. Then it is only a question of compelling the distribution of profits, and the Senator, I assume, has a remedy of that kind.

Mr. SMITH of Georgia. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Georgia?

Mr. JONES of New Mexico. I do.

Mr. SMITH of Georgia. I only wish to ask the Senator how he possibly works out the proposition under this bill that the junior Senator from Wyoming would be taxed \$20,000 on that \$100,000 income?

Mr. JONES of New Mexico. It is worked out in this way: Under this bill a married man, with an exemption of \$2,000, with a net income of \$100,000, pays surtaxes of \$16,430. You add to that the \$4,000 normal tax which he pays, making \$20,430. In that connection, Mr. President, and in connection with these remarks, I have a table here showing the total amount of tax which will be paid upon specified amounts, which has been worked out by the expert who has been aiding the committee. I ask permission at this point to have this table printed as a part of my remarks.

The PRESIDING OFFICER. Without objection, it will be so ordered.

The table is as follows:

Table showing the income tax upon specified net incomes of persons under the provisions of the present law, pending bill, and the total tax; exemption allowed of \$2,000 under pending bill and \$4,000 under the present law.

Income.	Present law.		Pending bill.		Total tax.	
	Amount.	Per cent.	Amount.	Per cent.	Amount.	Per cent.
\$2,000.....	\$0	0	\$0	0	\$0	0
\$4,000.....	0	0	40	1.00	40	1.00
\$5,000.....	20	.40	60	1.20	80	1.60
\$7,000.....	60	.85	120	1.71	180	2.57
\$10,000.....	120	1.20	235	2.35	355	3.55
\$12,000.....	160	1.33	335	2.79	495	4.12
\$15,000.....	220	1.47	510	3.40	730	4.87
\$20,000.....	320	1.60	910	4.55	1,230	6.15
\$30,000.....	620	2.07	1,910	6.37	2,530	8.44
\$50,000.....	1,320	2.64	4,110	8.22	5,430	10.85
\$60,000.....	1,720	2.88	5,310	8.85	7,030	11.72
\$75,000.....	2,470	3.29	7,710	10.28	10,180	13.57
\$100,000.....	3,920	3.92	12,510	12.51	16,430	16.43
\$150,000.....	7,420	4.95	24,010	16.01	31,430	20.93
\$200,000.....	11,420	5.71	37,510	18.75	48,930	24.46
\$250,000.....	15,920	6.37	53,510	21.40	69,430	27.77
\$300,000.....	20,920	6.97	71,510	23.84	92,430	30.81
\$400,000.....	31,920	7.98	110,510	27.63	142,430	35.61
\$500,000.....	42,920	8.58	149,510	29.90	192,430	38.48
\$600,000.....	54,920	9.15	191,510	31.92	246,430	41.07
\$700,000.....	66,920	9.56	233,510	33.36	300,430	42.92
\$800,000.....	78,920	9.87	278,010	34.75	356,930	44.62
\$900,000.....	90,920	10.10	325,010	36.11	415,930	46.21
\$1,000,000.....	102,920	10.29	372,010	37.20	474,930	47.49
\$10,000,000.....	1,437,920	14.38	5,032,010	50.52	6,469,930	64.90
\$30,000,000.....	4,437,920	14.79	15,452,010	51.51	19,889,930	66.30
\$100,000,000.....	14,937,920	14.94	51,852,010	51.85	66,789,930	66.79

Mr. SMITH of Georgia. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Mexico further yield to the Senator from Georgia?

Mr. JONES of New Mexico. I do.

Mr. SMITH of Georgia. I wish to say to the Senator that I think it utterly impossible to work a \$20,000 income-tax out of a \$100,000 income. It can not possibly be done under these figures, worked out correctly.

Mr. JONES of New Mexico. I have it right in front of me here.

Mr. SMITH of Georgia. The highest rate on the last \$20,000, from \$80,000 to \$100,000, is 18 per cent, and it starts at 4.

Mr. JONES of New Mexico. That is under the present bill; but I am adding the existing law to the present bill, and according to the expert's figures which I am quoting that is the amount given. With a net income of \$100,000, under the existing law, the tax is \$3,920. The additional tax under the present bill is \$12,510. I expect probably the normal tax is worked in here. It is worked in here, and I am wrong to that extent.

Mr. SMITH of Georgia. If it went to \$20,000 it would do what I had hoped it would do; but it does not reach anything like that sum.

Mr. JONES of New Mexico. But I am correct within \$4,000. The amount would be \$6,000 in the case of the senior Senator, and \$16,430 in the case of the junior Senator. I think the difference is a substantial sum.

Mr. SMITH of Georgia. Then if the senior Senator drew his income to spend for his own use, he would have to pay an additional tax exactly similar to that paid by the junior Senator.

Mr. JONES of New Mexico. If he did, if he drew it out of his business; but, Mr. President—and that is the point which I want to make now—they do not draw it out of the business of the corporation. I presented here the other day in detail the evidence which to my mind demonstrated that the corporations of this country on an average retain annually 50 per cent of their net income, which is never distributed, but which is an addition to capital.

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from North Carolina?

Mr. JONES of New Mexico. I yield to the Senator.

Mr. SIMMONS. Of course I shall have no opportunity to reply to the Senator, because other Senators want to speak. I just want to say this, Mr. President:

The entire surtax which it is estimated will be collected under the present bill is \$393,000,000.

Mr. JONES of New Mexico. Mr. President, I can not yield longer. I am going to make a statement of those facts myself.



Mr. SIMMONS. Will not the Senator let me finish that one sentence?

Mr. JONES of New Mexico. Yes; I will permit that.

Mr. SIMMONS. The Senator has just said that one-half of the earnings of corporations is distributed. One-half is distributed, and that one-half represents about one-half of the total amount of surtax estimated under this bill, which will be \$196,000,000. If the other half were distributed, it would pay another \$196,000,000; but we have imposed a tax of 2 additional per cent in order to offset that, and that would amount to \$180,000,000; so that the loss, if we required every single, solitary cent to be distributed, would only be \$16,000,000 at best.

Mr. JONES of New Mexico. Mr. President, as I stated, the corporations of this country retain in their business, as an addition to their capital, on an average not less than 50 per cent of their net income. Last year the net incomes of corporations amounted to \$9,000,000,000. Upon the same basis, the amount of such net income retained will be \$4,500,000,000. If there is no increase in the year 1917, there will be \$4,500,000,000 of net incomes of corporations which will escape any tax except the 6 per cent tax.

The statement made by the chairman of the committee just now, that this 2 per cent additional tax upon corporate incomes would bring about the same amount of money, I deny. I deny that the 2 per cent tax will bring anything like what should be brought to equalize the surtaxes which individuals pay. The amount of net incomes of individuals subject to a surtax last year was less than \$3,000,000,000. If it is \$3,000,000,000 this year we are expecting to raise from surtaxes not less than \$500,000,000. That is what we are expecting to gain in surtaxes from the net incomes of individuals in this country; and you permit the corporations of this country to retain \$4,500,000,000 without any surtaxes except this 2 per cent.

Mr. CALDER. Mr. President—

Mr. JONES of New Mexico. Mr. President, when the surtaxes upon individuals range from 1 to 63 per cent, does that sound to you like justice? Does that sound to you like the things we have heard here about "burdens upon corporations"? Does it not appear to you that in this good month of September, 1917, the corporations of this country have been put upon a shrine, and your Finance Committee kneels down and worships?

Mr. CALDER. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from New York?

Mr. JONES of New Mexico. I yield to the Senator.

Mr. CALDER. The Senator from New Mexico has given much consideration to the provision in the bill he is discussing. Will the Senator advise the Senate as to whether, in his opinion, the contingent reserve held by life insurance companies, as required by law, to meet possible losses, and accumulations required under deferred-dividend policies, will be subject to the 10 per cent tax provided for in this section?

Mr. JONES of New Mexico. Mr. President, in my opinion they would not be, because the present proposal is only an amendment to the existing law; and the Senator, I think, will satisfy himself fully by reading the exemptions regarding insurance companies which exist in the present law. So I am sure that the exemptions suggested by the Senator are recognized by the existing law.

Mr. FRELINGHUYSEN. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from New Jersey?

Mr. JONES of New Mexico. I yield to the Senator for a question.

Mr. FRELINGHUYSEN. Will the Senator from New Mexico state those exemptions? Does the Senator know what those exemptions are?

Mr. JONES of New Mexico. They are in the existing law, and as my time is limited I can only ask the Senator to read the existing law.

Mr. SHAFROTH. Mr. President—

Mr. JONES of New Mexico. I yield to the Senator from Colorado.

Mr. SHAFROTH. I should like to ask the Senator, if the same income tax were levied upon corporations that is levied upon individuals, what amount of revenue would be derived from corporations?

Mr. JONES of New Mexico. If the same income tax were levied upon corporations that is levied upon individuals, in my judgment it would come pretty near doubling the revenues of this bill; but it is clearly apparent to my mind, at least, that it would be an injustice to do that.

Mr. SHAFROTH. Would not the same income as to each be fair, and consequently would not the repeal of the 6 per cent provision make it equitable as between the individual and the corporation?

Mr. JONES of New Mexico. I think not; and if the Senator will permit me to answer him just in as few words as I can, I will state the reason why.

There are some corporations in this country that have a large number of stockholders who have not much income besides the income from the corporation; and if you were to levy graduated surtaxes upon the total incomes of corporations the same as you do upon individuals you would be doing an injustice, and an unwarranted injustice, to a vast number of those stockholders. So, Mr. President, we can not levy that kind of a tax. We can not make these surtaxes apply to corporate incomes the same as to individual incomes; but can we not do something? Can we not exercise our judgment to bring about some remedy that will at least tend to equalize the taxes imposed upon corporations and upon individuals? That is all that I am asking the Senate to do. Are you satisfied that 2 per cent will do it? When the surtaxes upon individual incomes range from 1 to 63 per cent, are you willing that Mr. Henry Ford, who last year made \$58,000,000, should, in the midst of war, keep that \$58,000,000 in his business and escape the payment of all surtax on it except 2 per cent, when if he took it out his war taxes would range up to 63 per cent? Do you believe that that is justice, and do you want to go before the people of this country telling them that that thing must be done?

Mr. President, with these surtaxes from 1 to 63 per cent upon individuals we are expecting to raise \$500,000,000 of revenue. If this bill passes in its present form will not the junior Senator from Wyoming go and incorporate his business and save the additional \$10,000? Will you not hear the news from one end of this country to the other that these individuals and these partners have been incorporating their businesses, and will you not jeopardize the \$500,000,000 revenue which you are hoping to get from surtaxes upon individual incomes?

Mr. SIMMONS. Mr. President, will the Senator yield?

Mr. JONES of New Mexico. I yield to the Senator.

Mr. SIMMONS. Mr. President, the Senator has attacked the committee. The bill that the committee brought in here is the first income-tax law that has ever been presented to the Senate that imposed a surtax or a substitute for a surtax on the incomes of corporations. The act of 1909 imposed none. The act of 1913, which revised our income-tax laws, which was reported to the House by the distinguished Senator from Alabama [Mr. UNDERWOOD] and adopted by the Senate, did not impose a single, solitary cent in the nature of a surtax upon the income of a corporation. In 1916 we again revised our income-tax laws, and in that revision we did not impose any surtax upon the income of a corporation, but only upon the stockholder into whose hands it came. Now, Mr. President, when your committee considers it this time and imposes not only a 10 per cent tax upon the surplus but adds an additional 2 per cent tax upon the income, the Senator denounces the committee of which he was a member.

Mr. JONES of New Mexico. Mr. President, I want to say this in answer to the last proposition: When this matter was first presented to the Finance Committee every member of that committee voted in favor of it but one, and the committee, in its report to the Senate of its first bill, reported a provision levying this tax, with certain exemptions.

The Senator has just stated that the committee has imposed a tax of 10 per cent. So it has, Mr. President; but if it did not have a string to it you would not be listening to me now. The string is:

The tax imposed by this subdivision shall not apply to that portion of such undistributed net income which is actually invested and employed in the business or is retained for employment in the reasonable requirements of the business: *Provided*, That if the Secretary of the Treasury ascertains and finds that any portion of such amount so retained at any time for employment in the business is not so employed or is not reasonably required in the business a tax of 15 per cent shall be levied, assessed, collected, and paid thereon, and the finding and ruling of the Secretary of the Treasury in any and all such cases shall be conclusive and final.

And it is provided that the Secretary of the Treasury shall ascertain whether it is needed in the business or not—a provision as to which, I understand, most eminent lawyers in this country have recently given the opinion that it is absolutely unconstitutional. If it is not unconstitutional, it is absolutely inoperative and ineffective. You never will get a dollar of revenue under it. It enables the corporations to keep every cent they have employed or that they think they can employ in their business. The charter of the corporation is the measure of the business. The breadth of these charters is known to every lawyer in the Senate. If they are not broad enough now to enable them to engage in any activity in the country, in 24 hours they can be broadened; and will they not do it? And do you not, by supporting the provision in this bill, absolutely jeopardize \$500,000,000 of revenue? And will you not force the indi-

viduals and partnerships of the country to form corporations and carry on their business in any and every line by means of corporations and keep these surtaxes?

Mr. President, I should like to discuss more at length the impracticability even of the Secretary of the Treasury supervising the business of every corporation in the country. There are 400,000 of them. Do you want to impose upon the Secretary of the Treasury the duty of supervising the business of all of those corporations?

What I propose is, and the amendments which I shall offer to the Senate are, first, a tax of 10 per cent without that string to it.

The PRESIDENT pro tempore (at 4 o'clock p. m.). The hour has arrived when, under the terms of the unanimous-consent agreement, further debate is not in order. The question before the Senate is on agreeing to the amendment of the Senator from Louisiana [Mr. BROUSSARD] to the amendment of the committee.

Mr. LA FOLLETTE. On that I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. SMITH of Georgia. Please let the Secretary state the amendment.

The PRESIDENT pro tempore. It will be stated by the Secretary.

The SECRETARY. On page 85, in the committee amendment, strike out lines 20, 21, and 22—

Mr. SMITH of Georgia. I do not find it in the bill on page 85.

The PRESIDENT pro tempore. The Chair will state to Senators that they must use the old draft of the bill and not the newly printed one, because the Secretary can not report the amendments by the new print.

The SECRETARY. On page 85, Title IX, section 900, strike out lines 20, 21, and 22 in the committee amendment, which read:

(a) Upon all coffee or substitutes therefor produced or imported, and sold, or removed for consumption or sale, a tax of 2 cents per pound, to be paid by the producer or importer.

The PRESIDENT pro tempore. The Secretary will call the roll on agreeing to the amendment to the amendment.

The Secretary proceeded to call the roll.

Mr. FLETCHER (when his name was called). I have a general pair with the Senator from New Hampshire [Mr. GALLINGER], which I transfer to the Senator from New Jersey [Mr. HUGHES] and vote "yea."

Mr. FRELINGHUYSEN (when his name was called). I have a pair with the junior Senator from Montana [Mr. WALSH]. Not knowing how he would vote on this question, I withhold my vote. If at liberty to vote, I would vote "nay."

Mr. McCUMBER (when his name was called). I have a general pair with the senior Senator from Colorado [Mr. THOMAS]. Being unable to obtain a transfer of that pair, I am compelled to withhold my vote. If permitted to vote, I should vote "nay."

Mr. MYERS (when his name was called). I have a pair with the Senator from Connecticut [Mr. McLEAN], who is unavoidably absent on account of illness. I transfer that pair to the Senator from Arizona [Mr. ASHURST] and vote "yea."

Mr. ROBINSON (when his name was called). I have a pair with the Senator from Michigan [Mr. TOWNSEND]. I transfer that pair to the Senator from Arizona [Mr. SMITH] and vote "yea."

The roll call was concluded.

Mr. MYERS. The Senator from Arizona [Mr. ASHURST] is necessarily absent from the Chamber. Under the transfer which I have made of my pair he stands paired on this vote and other votes during the day with the Senator from Connecticut [Mr. McLEAN].

Mr. DILLINGHAM (after having voted in the negative). I observe that the senior Senator from Maryland [Mr. SMITH], with whom I have a general pair, did not answer to his name. I therefore withdraw my vote.

Mr. SUTHERLAND. I desire to announce the unavoidable absence of my colleague [Mr. GOFF] on account of illness. He is paired with the senior Senator from South Carolina [Mr. TILLMAN].

Mr. LEWIS. Let me supplement the announcement of the Senator from West Virginia to say that the senior Senator from South Carolina [Mr. TILLMAN] is absent because of illness. He is paired with the senior Senator from West Virginia [Mr. GOFF].

The result was announced—yeas 51, nays 27, as follows:

## YEAS—51.

Beckham	Fall	James	Kenyon
Borah	Fletcher	Bankhead	King
Brady	Gore	Johnson, Cal.	Kirby
Broussard	Gronna	Johnson, S. Dak.	La Follette
Chamberlain	Hardwick	Jones, N. Mex.	Lewis
Culberson	Hollis	Jones, Wash.	McKellar
Curtis	Husting	Kellogg	McNary

Martin	Phelan
Myers	Pittman
Newlands	Pomerene
Norris	Ransdell
Overman	Reed
Owen	Robinson

Brandegge	Harding
Calder	Knox
Colt	Lodge
Fernald	Nelson
France	New
Gerry	Page
Hale	Penrose

Ashurst	Goff
Cummins	Hitchcock
Dillingham	Hughes
Frelinghuysen	Kendrick
Gallinger	McCumber

## NAYS—27.

Polindexter
Saulsbury
Sherman
Simmons
Smoot
Sterling
Stone

## NOT VOTING—18.

McLean
Smith, Ariz.
Smith, Ga.
Smith, Md.
Thomas

Swanson
Thompson
Trammell
Underwood
Vardaman

Wadsworth
Warren
Watson
Weeks
Williams
Wolcott

Tillman
Townsend
Walsh

So Mr. BROUSSARD's amendment to the amendment was agreed to.

The PRESIDENT pro tempore. The question is on agreeing to the committee amendment as amended.

Mr. BROUSSARD. I offer the following amendment to the amendment.

The PRESIDENT pro tempore. The Secretary will state it. The SECRETARY. On page 86, line 21, after the word "sugar," strike out the balance of the paragraph—that is, to the end of line 2, page 87—or strike out the words "1 cent per gallon in the case of molasses (except beet molasses) and sirup of cane juice, testing by polariscope above 40° and not above 56°, and 2 cents per gallon in the case of molasses and sirup of cane juice testing above 56°, such taxes to be paid by the producer or importer."

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. BROUSSARD] to the amendment of the committee.

Mr. WILLIAMS. Let us have the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. FLETCHER (when his name was called). I make the same announcement of my pair and transfer as before and vote "yea."

Mr. FRELINGHUYSEN (when his name was called). I have a general pair with the junior Senator from Montana [Mr. WALSH]. Not knowing his position on this question, I withhold my vote. If permitted to vote, I would vote "nay."

Mr. McCUMBER (when his name was called). I again announce my pair and withhold my vote.

Mr. MYERS (when his name was called). I repeat the announcement of the transfer of my pair made on the last vote and vote "yea."

Mr. ROBINSON (when his name was called). Announcing my pair and transfer as on the last vote, I vote "yea."

The roll call was concluded.

Mr. MYERS. I repeat the announcement of the necessary absence of the Senator from Arizona [Mr. ASHURST], and this extends for the day. I announce further at this time that my colleague [Mr. WALSH] is necessarily absent. He is paired with the Senator from New Jersey [Mr. FRELINGHUYSEN]. This announcement may stand for all votes taken during the day.

Mr. DILLINGHAM (after having voted in the negative). May I inquire whether the Senator from Maryland [Mr. SMITH] has voted?

The PRESIDENT pro tempore. He has not.

Mr. DILLINGHAM. Then I withdraw my vote, having a general pair with that Senator.

The result was announced—yeas 50, nays 28, as follows:

## YEAS—50.

Bankhead	Hollis	McNary	Shafroth
Beckham	Husting	Martin	Sheppard
Borah	James	Myers	Shields
Brady	Johnson, Cal.	Newlands	Smith, Mich.
Broussard	Johnson, S. Dak.	Norris	Smith, S. C.
Chamberlain	Jones, Wash.	Overman	Sutherland
Culberson	Kellogg	Owen	Swanson
Curtis	Kenyon	Pittman	Thompson
Fall	King	Pomerene	Trammell
Fletcher	Kirby	Ransdell	Underwood
Gore	La Follette	Reed	Vardaman
Gronna	Lewis	Robinson	
Hardwick	McKellar	Saulsbury	

## NAYS—28.

Brandegge	Harding	Penrose	Stone
Calder	Kendrick	Polindexter	Wadsworth
Colt	Knox	Sherman	Warren
Fernald	Lodge	Simmons	Watson
France	Nelson	Smith, Ga.	Weeks
Gerry	New	Smoot	Williams
Hale	Page	Sterling	Wolcott



## NOT VOTING—18.

Ashurst	Goff	McLean	Tillman
Cummins	Hitchcock	Phelan	Townsend
Dillingham	Hughes	Smith, Ariz.	Walsh
Frelinghuysen	Jones, N. Mex.	Smith, Md.	
Gallinger	McCumber	Thomas	

So Mr. BROUSSARD's amendment to the amendment was agreed to.

Mr. BROUSSARD. I should like to ask the chairman of the committee if he will not consent to my making a motion to strike out the balance of section 900 and all of section 901.

Mr. SIMMONS. I think that would be the quickest way to dispose of the matter. The Senator proposes to move to strike out the balance of the title?

Mr. BROUSSARD. And the balance of section 900 and section 901. That motion would include striking out the tax on tea, on cocoa, and on sugar, and on glucose, grape sugar, and so forth.

Mr. SIMMONS. Down to section 902?

Mr. BROUSSARD. Down to section 902.

Mr. SIMMONS. Very well, I think that would be a proper motion.

Mr. BROUSSARD. And I move to strike out section 901.

The PRESIDENT pro tempore. The Chair desires to say that the question is precisely the same as agreeing to the amendment of the committee as amended.

Mr. STONE. I ask the Senator just what the items are that are affected by the amendment?

Mr. BROUSSARD. I will state to the Senator that it strikes out—

Mr. WEEKS. We can not hear what is being said on this side, and in the second place I make the point of order that this is entirely out of order.

The PRESIDENT pro tempore. The Chair sustains the point of order. There is nothing to be done under the unanimous-consent rule except to vote on the amendment of the committee.

Mr. STONE. I was trying to know what the amendment was.

Mr. PENROSE and others. Question!

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the committee as amended. The Chair will put the question in that form because it is equivalent to the motion made by the Senator from Louisiana.

Mr. STONE. Let the amendment be stated. I presume that is in order.

The PRESIDENT pro tempore. The Chair will state that the amendment as first proposed by the Senator from Louisiana under the circumstances is out of order. The question is on agreeing to the amendment of the committee as amended.

Mr. BORAH. That is inserting sections 900 and 901?

Mr. LODGE. Sections 900 and 901.

Mr. BROUSSARD. I wish to make a further inquiry. I understand the Chair to state that the question now is on the adoption of the committee amendment as amended; that is, upon the sections proposed by the committee.

The PRESIDENT pro tempore. It is on the adoption of the amendment of the committee as amended.

Mr. BROUSSARD. Two portions of it have already been stricken out?

The PRESIDENT pro tempore. Yes.

Mr. BROUSSARD. As amended?

The PRESIDENT pro tempore. As amended.

Mr. BROUSSARD. And on that those who favor striking out this tax will vote in the affirmative?

The PRESIDENT pro tempore. Those who favor striking out the tax will vote against the committee amendment as amended.

Mr. KING. I call for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. FLETCHER (when his name was called). I make the same announcement as to my pair and its transfer as before and vote "nay."

Mr. FRELINGHUYSEN (when his name was called). Making the same announcement as on the previous vote, I withhold my vote.

Mr. McCUMBER (when his name was called). Again announcing my pair with the Senator from Colorado [Mr. THOMAS], I withhold my vote.

Mr. MYERS (when his name was called). Making the same announcement as to the transfer of my pair as on the previous votes, I vote "nay."

Mr. ROBINSON (when his name was called). Announcing the same pair and its transfer as on the last vote, I vote "nay."

The roll call having been concluded, the result was announced—yeas 28, nays 52, as follows:

## YEAS—28.

Brandeggee	Harding	Penrose	Sutherland
Colt	Kendrick	Polindexter	Wadsworth
Dillingham	Knox	Saulsbury	Warren
Fernald	Lodge	Simmons	Watson
France	Nelson	Smoot	Weeks
Gerry	New	Sterling	Williams
Hale	Page	Stone	Wolcott

## NAYS—52.

Bankhead	Hardwick	McKellar	Robinson
Beckham	Hollis	McNary	Shafroth
Borah	Husting	Martin	Sheppard
Brady	James	Myers	Sherman
Broussard	Johnson, Cal.	Newlands	Shields
Calder	Johnson, S. Dak.	Norris	Smith, Ga.
Chamberlain	Jones, Wash.	Overman	Smith, Mich.
Culberson	Kellogg	Owen	Smith, S. C.
Curtis	Kenyon	Phelan	Swanson
Fall	King	Pittman	Thompson
Fletcher	Kirby	Pomerene	Trammell
Gore	La Follette	Ransdell	Underwood
Gronna	Lewis	Reed	Vardaman

## NOT VOTING—16.

Ashurst	Goff	McCumber	Thomas
Cummins	Hitchcock	McLean	Tillman
Frelinghuysen	Hughes	Smith, Ariz.	Townsend
Gallinger	Jones, N. Mex.	Smith, Md.	Walsh

So the committee amendment was rejected.

The PRESIDENT pro tempore. The Secretary will state the next amendment.

Mr. NORRIS, Mr. OWEN, and Mr. LODGE addressed the Chair.

The PRESIDENT pro tempore. There still remains in that title a committee amendment to be disposed of, which will be stated by the Secretary.

The SECRETARY. The committee proposes to insert section 900 instead of 902 to read as follows:

Sec. 900. That so much of paragraph O of Section IV of the act entitled "An act to reduce tariff duties and to provide revenue for the Government, and for other purposes," approved October 3, 1913, as authorizes a drawback upon sugar is hereby repealed.

Mr. HARDWICK. On that question I demand the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. FLETCHER (when his name was called). I make the same announcement as to my pair and its transfer as before and vote "nay."

Mr. McCUMBER (when his name was called). I again announce my pair with the senior Senator from Colorado [Mr. THOMAS]. Were I at liberty to vote, I should vote "yea."

Mr. MYERS (when his name was called). Making the same announcement of my pair and its transfer as on the previous votes, I vote "nay."

Mr. ROBINSON (when his name was called). I make the same announcement of my pair and its transfer as on the previous votes and vote "nay."

The roll call was concluded.

Mr. FRELINGHUYSEN. I have a general pair with the junior Senator from Montana [Mr. WALSH], but I am informed that if present he would vote on this question as I shall vote. I therefore feel at liberty to vote and vote "nay."

The result was announced—yeas 11, nays 69, as follows:

## YEAS—11.

Broussard	Kirby	Pomerene	Stone
Gerry	La Follette	Ransdell	Williams
Gronna	Polindexter	Simmons	

## NAYS—69.

Bankhead	Hardwick	Nelson	Smith, Mich.
Beckham	Hollis	New	Smith, S. C.
Borah	Husting	Newlands	Smoot
Brady	James	Norris	Sterling
Brandeggee	Johnson, Cal.	Overman	Sutherland
Calder	Johnson, S. Dak.	Owen	Swanson
Chamberlain	Jones, Wash.	Page	Thompson
Colt	Kellogg	Penrose	Trammell
Curtis	Kendrick	Phelan	Underwood
Dillingham	Kenyon	Pittman	Vardaman
Fall	King	Reed	Wadsworth
Fernald	Knox	Robinson	Warren
Fletcher	Lewis	Saulsbury	Watson
France	Lodge	Shafroth	Weeks
Frelinghuysen	McKellar	Sheppard	Wolcott
Gore	McNary	Sherman	
Hale	Martin	Smith, Ga.	
Harding	Myers	Smith, Md.	

## NOT VOTING—16.

Ashurst	Goff	McCumber	Thomas
Culberson	Hitchcock	McLean	Tillman
Cummins	Hughes	Shields	Townsend
Gallinger	Jones, N. Mex.	Smith, Ariz.	Walsh

So the amendment of the committee was rejected.

Mr. OWEN, Mr. NEW, and Mr. NORRIS addressed the Chair. The PRESIDENT pro tempore. The Chair desires to call the attention of the Senate to the fact that all of Title IX, except the title itself, has been stricken out. Is unanimous consent of the Senate granted that the title be stricken out also and that the Secretary renumber the subsequent titles accordingly?

Mr. SIMMONS. I ask that that be done.

Mr. OWEN. I object, because I propose to offer an amendment that will replace Title IX under another heading.

The PRESIDENT pro tempore. The Senator from Oklahoma offers an amendment which will be stated.

The SECRETARY. In lieu of Title IX as stricken from the bill it is proposed to insert the following—

Mr. SIMMONS. Mr. President, I do not understand that the committee amendments have all been disposed of as yet.

The PRESIDENT pro tempore. The committee amendment to Title IX was under consideration.

Mr. SIMMONS. Yes; but I do not understand because that title was under consideration that any but committee amendments could be at this stage in order. There are committee amendments that are left unacted upon.

The PRESIDENT pro tempore. The Chair thinks the point of order made by the Senator from North Carolina is accurately taken under the original unanimous-consent agreement in regard to the manner in which amendments should be considered; but the Chair understood that subsequently it was agreed by unanimous consent that amendments to a particular subject or title under consideration should be in order. The Chair would be glad to be informed if his impression is incorrect.

Mr. SIMMONS. If unanimous consent has been granted to that effect, of course I make no further point about it.

The PRESIDENT pro tempore. It is the recollection of the Chair that it was so agreed earlier in the consideration of the bill. The Chair will be glad to leave the question to the Senate, if it so desires.

Mr. SIMMONS. No, Mr. President, I make no such point as that. If the Chair says unanimous consent to that effect has been given, that settles it.

The PRESIDENT pro tempore. The Secretary will continue reading the amendments offered by the Senator from Oklahoma.

The SECRETARY. On page 90, after line 8, it is proposed to strike out "Title IX—War excise tax on coffee, tea, cocoa, sugar," and to insert the following:

#### TITLE IX.—INHERITANCE TAX.

SEC. 900. That a legacy tax shall be, and is hereby, imposed upon the transfer of any right, title, and interest in or to any property, real or personal, by will, grant, or transfer in any manner, or under the intestate law of any State or Territory, or of the United States, from any person in anticipation of death, or of any person dying, who is seized or possessed of such property while a resident of the United States, or of any of its possessions; or when the property of such decedent lies within the United States, or within any of its possessions, and the decedent or grantor was a nonresident of the United States, or of any of its possessions at the time of his death, in accordance with the following schedule, to wit:

Where the clear value of the entire estate is less than \$100,000 it shall be exempt from legacy tax; otherwise, subject to the following duties, to wit:

Where the clear value of the entire estate is between \$100,000 and \$300,000, 1 per cent; between \$300,000 and \$500,000, 2 per cent; between \$500,000 and \$600,000, 3 per cent; between \$600,000 and \$700,000, 4 per cent; between \$700,000 and \$1,000,000, 5 per cent; and upon every excess in the clear value of such estate over and above \$1,000,000 there shall be automatically added in addition to 5 per cent, and accumulative as to each additional increase, 1 per cent additional legacy tax to be laid upon each increase in the clear value of such estate of \$1,000,000, or the major fractional part thereof, until such tax reaches 100 per cent cumulative duty upon such additional increase in the clear value of such estate and on all the estate above such amount: *Provided*, That when such estate, by will, devise, grant, or inheritance law, goes to collateral kin there shall be imposed the following additional legacy tax upon such portion only of such estate as may descend to such persons severally, to wit:

Brothers and sisters, or their descendants, 3 per cent; uncles and aunts, or their descendants, 5 per cent; other persons not children or parents, 10 per cent.

Any property conveyed, in anticipation of death, by any person, as a gift or grant to the extent conveyed without adequate consideration, where such estate would come within the rule imposed by this act, fixing such legacy taxes, such conveyance, gift, or transfer, however, made, shall be subject to the legacy duty herein provided, as if it were the estate of a decedent, and the estate shall be chargeable therewith unless otherwise paid. Where corporate stocks or bonds are transferred or placed under a trust for transfer within five years previous to death, as a gift, either in whole or in part, to that extent such transfer shall be conclusive evidence of its character as a legacy: *Provided, however*, That property devised or bequeathed by any decedent to any religious, educational, patriotic, charitable, or benevolent corporation or institution shall be exempt from legacy duty up to the amount of \$1,000,000.

The legacy tax hereby imposed shall be a lien and charge upon the property of every person who may die as aforesaid, from the date of the death of such person, and shall be payable within one year, bearing 6 per cent from the date of the death for the first 12 months and thereafter at the rate of 8 per cent until fully paid.

The Secretary of the Treasury is authorized and directed to make rules and regulations for the collection of the same: *Provided further*, That out

of such legacy taxes there shall be set apart to the credit of the State the amount of inheritance taxes imposed by the then existing State law and paid over to the proper authorities of the State.

Mr. FLETCHER. Mr. President, I assume that that is subject to amendment; and I suggest an amendment, on page 4, line 3, just before the word "existing," to insert the word "then."

Mr. OWEN. I accept the amendment, Mr. President.

The PRESIDENT pro tempore. That modification is accepted by the author of the amendment. The question is upon agreeing to the amendment of the Senator from Oklahoma.

Mr. LODGE. On that I ask for the yeas and nays.

Mr. SHERMAN. Mr. President, I desire to offer an amendment to the amendment. I move to strike out the words "one hundred per centum," in lines 17 and 18, on page 2, and to insert in lieu thereof "forty per centum."

The PRESIDENT pro tempore. The amendment to the amendment will be stated.

The SECRETARY. On page 2 of the proposed amendment, in lines 17 and 18, it is proposed to strike out the words "one hundred" and insert "forty."

The PRESIDENT pro tempore. The question is on agreeing to the amendment to the amendment. [Putting the question.] By the sound, the "noes" seem to have it. The "noes" have it, and the amendment is rejected.

Mr. BORAH. Mr. President, upon that I ask for the yeas and nays.

The PRESIDENT pro tempore. The Chair announced the determination on the amendment before the Senator asked for the yeas and nays. The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. OWEN].

Mr. OWEN. On that I call for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. FLETCHER (when his name was called). I make the same announcement as before as to my pair and its transfer and vote "yea."

Mr. McCUMBER (when his name was called). Again announcing my pair, I withhold my vote.

Mr. MYERS (when his name was called). I make the same announcement as to the transfer of my pair and vote "yea."

Mr. ROBINSON (when his name was called). Announcing my pair and its transfer as on previous roll calls, I vote "nay."

The roll call was concluded.

Mr. FRELINGHUYSEN. I transfer my general pair with the junior Senator from Montana [Mr. WALSH] to the senior Senator from Nebraska [Mr. HITCHCOCK] and vote "nay."

The result was announced—yeas 30, nays 51, as follows:

#### YEAS—30.

Beckham	Hollis	McKellar	Reed
Borah	Husting	McNary	Sheppard
Chamberlain	Johnson, Cal.	Myers	Sutherland
Curtis	Jones, Wash.	Newlands	Thompson
Fletcher	Kellogg	Norris	Trammell
Gore	Kirby	Owen	Vardaman
Gronna	La Follette	Phelan	
Hardwick	Lewis	Pomerene	

#### NAYS—51.

Bankhead	Hale	Penrose	Smith, S. C.
Brady	Harding	Pittman	Smoot
Brandegge	James	Polindexter	Sterling
Broussard	Jones, N. Mex.	Ransdell	Stone
Calder	Kendrick	Robinson	Swanson
Colt	King	Saulsbury	Underwood
Culberson	Knox	Shafroth	Wadsworth
Dillingham	Lodge	Sherman	Warren
Fall	Martin	Shields	Watson
Fernald	Nelson	Simmons	Weeks
France	New	Smith, Ga.	Williams
Frelinghuysen	Overman	Smith, Md.	Wolcott
Gerry	Page	Smith, Mich.	

#### NOT VOTING—15.

Ashurst	Hitchcock	McCumber	Tillman
Cummins	Hughes	McLean	Townsend
Gallinger	Johnson, S. Dak.	Smith, Ariz.	Walsh
Goff	Kenyon	Thomas	

So Mr. OWEN's amendment was rejected.

Mr. OWEN. Mr. President, I offer the following amendment: In the same place insert the amendment which has been stricken out by the Senate committee, and to be found on page 76, with regard to war-estate tax, down to the fourth line, on page 78, and insert the further words: "and 1 per cent additional on each succeeding \$1,000,000 up to 40 per cent, and all in excess thereof."

Mr. SIMMONS. Mr. President, my understanding is that the Senate has heretofore agreed to that amendment of the committee.

Mr. OWEN. Striking it out; yes. I am now proposing to make an amendment to it, and reinsert it with the amendment.

Mr. SIMMONS. Yes; but the amendment proposed by the committee has been agreed to.



Mr. OWEN. But, Mr. President, that does not preclude me, as I understand, from proposing language which includes that which has been stricken out, with an addition to it.

The PRESIDENT pro tempore. The Chair thinks the Senator should have presented that amendment at the time the motion was made to strike out and insert.

Mr. OWEN. I then reserve the right to present that in the Senate, with the amendment which I now propose.

Mr. SIMMONS. Mr. President, I ask that the remaining amendments on the part of the committee be now taken up.

The PRESIDENT pro tempore. Is there objection?

Mr. NORRIS. Mr. President, I desire to make a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. NORRIS. I may have misunderstood the Chair, but I understood the Chair to say that when we were on a subject like the duties on coffee and tea it would be in order, until that subject was disposed of, before we took up anything else, to offer any proper amendment or motion. If that is true, I want to move, before we leave this title, to strike out of the House text sections 1000 and 1001. That was disagreed to.

The PRESIDENT pro tempore. That has already been done, so the Chair is informed by the Secretary.

Mr. NORRIS. Let me inquire of the Chair whether Title IX, that was disagreed to, is not a substitute for the House Title X?

The PRESIDENT pro tempore. It was not, so the Chair is informed, and not so treated by the committee.

Mr. NORRIS. Then that is already stricken out of the bill?

The PRESIDENT pro tempore. It is already out of the bill.

Mr. NORRIS. That is all I care about.

The PRESIDENT pro tempore. The Chair desires to inquire whether, by unanimous consent, the single title which remains shall be stricken out and the subsequent sections numbered by the Secretary?

Mr. SIMMONS. Mr. President, the Senate has made an order authorizing the Secretary to make these changes as to sections and titles to conform to the action of the Senate.

The PRESIDENT pro tempore. The Secretary did not understand that that was covered. With the understanding that it is the unanimous consent that that be done, the Secretary is instructed to strike out that title and number the subsequent sections.

Mr. BORAH. The Senator from Oklahoma [Mr. OWEN] reserved the right to vote in the Senate on the amendment which he offered.

The PRESIDENT pro tempore. That can be done, the Chair thinks.

Mr. BORAH. Very well.

Mr. SHAFROTH. Mr. President, I desire to offer an amendment.

Mr. SIMMONS. Mr. President, I insist that the committee amendments be first considered.

The PRESIDENT pro tempore. The Chair thinks that under the previous consent the committee amendments are first in order.

Mr. SHAFROTH. This is an amendment to the committee amendment on page 26. I think when the chairman hears the amendment he will consent to adopt it.

Mr. SMOOT. Mr. President, that has already been agreed to, and the amendment the Senator from Colorado has in mind could not be acted upon unless there was a reconsideration of the vote by which the paragraph was adopted.

Mr. SHAFROTH. If the Secretary will state the amendment, I will ask unanimous consent that the vote be reconsidered for the purpose of offering that amendment.

The PRESIDENT pro tempore. The Secretary will state the amendment of the Senator from Colorado.

Mr. SIMMONS. Mr. President, I desire to make a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. SIMMONS. Is it in order, before we have finished the committee amendments, to go back in the bill and move to reconsider the vote on some committee amendment that has already been adopted?

The PRESIDENT pro tempore. Not if there is objection.

Mr. SIMMONS. Well, I have objected.

The PRESIDENT pro tempore. Then the Secretary will state the next amendment of the committee.

Mr. SHAFROTH. I was going to ask—

Mr. SIMMONS. When that is reached I probably will be able to accommodate the Senator.

Mr. SHAFROTH. Very well. I will wait, then, until that time.

The SECRETARY. On page 105, beginning on line 5, the committee proposes to insert a new section in the bill, as follows:

SEC. 1204. (1) That subdivisions (c) and (e) of section 8 of such act of September 8, 1916, are hereby amended to read as follows:

"(c) Guardians, trustees, executors, administrators, receivers, conservators, and all persons, corporations, or associations, acting in any fiduciary capacity, shall make and render a return of the income of the person, trust, or estate for whom or which they act and be subject to all the provisions of this title which apply to individuals. Such fiduciary shall make oath that he has sufficient knowledge of the affairs of such person, trust, or estate to enable him to make such return and that the same is, to the best of his knowledge and belief, true and correct, and be subject to all the provisions of this title which apply to individuals: *Provided*, That a return made by one of two or more joint fiduciaries filed in the district where such fiduciary resides, under such regulations as the Secretary of the Treasury may prescribe, shall be a sufficient compliance with the requirements of this paragraph: *Provided further*, That no return of income not exceeding \$3,000 shall be required except as in this title otherwise provided.

"(e) Persons carrying on business in partnership shall be liable for income tax only in their individual capacity, and the share of the profits of the partnership to which any taxable partner would be entitled if the same were divided, whether divided or otherwise, shall be returned for taxation and the tax paid under the provisions of this title: *Provided*, That from the net distributive interests on which the individual members shall be liable for tax, normal and additional, there shall be excluded their proportionate shares received from interest on the obligations of a State or any political or taxing subdivision thereof, and upon the obligations of the United States and its possessions, and that for the purpose of computing the normal tax there shall be allowed a credit, as provided by section 5, subdivision (b), for their proportionate share of the profits derived from dividends. Such partnership, when requested by the Commissioner of Internal Revenue or any district collector, shall render a correct return of the earnings, profits, and income of the partnership, except income exempt under section 4 of this act, setting forth the item of the gross income and the deductions and credits allowed by this title, and the names and addresses of the individuals who would be entitled to the net earnings, profits, and income if distributed. A partnership shall have the same privilege of fixing and making returns upon the basis of its own fiscal year as is accorded to corporations under this title."

The PRESIDENT pro tempore. At this point an amendment has been added and agreed to.

The SECRETARY (reading)—

"If a fiscal year ends during 1916 or a subsequent calendar year for which there is a rate of tax different from the rate of the preceding calendar year, then (1) the rate for such preceding calendar year shall apply to an amount of each partner's share of such partnership profits equal to the proportion which the part of such fiscal year falling within such calendar year bears to the full fiscal year, and (2) the rate for the calendar year during which such fiscal year ends shall apply to the remainder."

(2) Subdivision (d) of section 8 of such act of September 8, 1916, is hereby repealed.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the committee as amended.

Mr. JONES of New Mexico. Mr. President, I wish to inquire where that provision is to be found.

The PRESIDENT pro tempore. The Secretary read the proposed amendment from pages 105, 106, and into page 107 of the original print of the bill. The question is on agreeing to the amendment as amended.

The amendment as amended was agreed to.

The PRESIDENT pro tempore. The Secretary will state the next amendment of the committee.

The SECRETARY. The committee propose to add a new section, as follows:

SEC. 1205. (1) That subdivisions (b), (f), and (g) of section 9 of such act of September 8, 1916, are hereby amended to read as follows:

"(b) All persons, corporations, partnerships, associations, and insurance companies, in whatever capacity acting, including lessees or mortgagors of real or personal property, trustees acting in any trust capacity, executors, administrators, receivers, conservators, employers, and all officers and employees of the United States, having the control, receipt, custody, disposal, or payment of interest, rent, salaries, wages, premiums, annuities, compensation, remuneration, emoluments, or other fixed or determinable annual or periodical gains, profits, and income of any nonresident alien individual, other than income derived from dividends on capital stock, or from the net earnings of a corporation, joint-stock company or association, or insurance company, which is taxable upon its net income as provided in this title, are hereby authorized and required to deduct and withhold from such annual or periodical gains, profits, and income such sum as will be sufficient to pay the normal tax imposed thereon by this title, and shall pay the amount withheld to the officer of the United States Government authorized to receive the same; and they are each hereby made personally liable for such tax, and they are each hereby indemnified against every person, corporation, partnership, association, or insurance company, or demand whatsoever for all payments which they shall make in pursuance and by virtue of this title.

"(f) All persons, corporations, partnerships, or associations undertaking as a matter of business or for profit the collection of foreign payments of interest or dividends by means of coupons, checks, or bills of exchange shall obtain a license from the Commissioner of Internal Revenue, and shall be subject to such regulations enabling the Government to obtain the information required under this title, as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe; and whoever knowingly undertakes to collect such payments as aforesaid without having obtained a license therefor, or without complying with such regulations, shall be deemed guilty of a misdemeanor, and for each offense be fined in a sum not exceeding \$5,000, or imprisonment for a term not exceeding one year, or both, in the discretion of the court.

"(g) The tax herein imposed upon gains, profits, and incomes not falling under the foregoing and not returned and paid by virtue of the

foregoing or as otherwise provided by law shall be assessed by personal return under rules and regulations to be prescribed by the Commissioner of Internal Revenue and approved by the Secretary of the Treasury. The intent and purpose of this title is that all gains, profits, and income of a taxable class, as defined by this title, shall be charged and assessed with the corresponding tax, normal and additional, prescribed by this title, and said tax shall be paid by the owner of such income, or the proper representative having the receipt, custody, control, or disposal of the same. For the purpose of this title, ownership or liability shall be determined as of the year for which a return is required to be rendered.

The provisions of this section relating to the deduction and payment of the tax at the source of income shall only apply to the normal tax hereinafter imposed upon nonresident alien individuals."

(2) Subdivisions (c), (d), and (e) of section 9 of such act of September 8, 1916, are hereby repealed.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The PRESIDENT pro tempore. The next amendment of the committee will be read.

The SECRETARY. It is proposed to add a new section, beginning at the top of page 110, as follows:

SEC. 1206. (1) That the first paragraph of section 10 of such act of September 8, 1916, is hereby amended to read as follows:

"SEC. 10. (a) That there shall be levied, assessed, collected, and paid annually upon the total net income received in the preceding calendar year from all sources by every corporation, joint-stock company or association, or insurance company, organized in the United States, no matter how created or organized, but not including partnerships, a tax of 2 per cent upon such income; and a like tax shall be levied, assessed, collected, and paid annually upon the total net income received in the preceding calendar year from all sources within the United States by every corporation, joint-stock company or association, or insurance company, organized, authorized, or existing under the laws of any foreign country, including interest on bonds, notes, or other interest-bearing obligations of residents, corporate or otherwise, and including the income derived from dividends on capital stock or from net earnings of resident corporations, joint-stock companies or associations, or insurance companies, whose net income is taxable under this title: *Provided*, That the term "dividends" as used in this title shall be held to mean any distribution made or ordered to be made by a corporation, joint-stock company, association, or insurance company, out of its earnings or profits accrued since March 1, 1913, and payable to its shareholders, whether in cash or in stock of the corporation, joint-stock company, association, or insurance company, which stock dividend shall be considered income, to the amount of the earnings or profits so distributed: *Provided further*, That any distribution made to the shareholders of a corporation, joint-stock company or association, or insurance company, in the year 1917, or subsequent tax years, shall be deemed to have been made from the net income of the year in which such distribution is made or, if such income is insufficient, from the most recently accumulated undivided profits or surplus, and shall constitute a part of the annual income of the shareholder for the respective years in which earned by the corporation, joint-stock company, association, or insurance company, and shall be taxed to the shareholder at the rate prescribed by law for such years."

(2) Section 10 of such act of September 8, 1916, is hereby further amended by adding a new subdivision as follows:

"(b) In addition to the income tax imposed by subdivision (a) of this section there shall be levied, assessed, collected, and paid annually an additional tax of 10 per cent upon the amount, remaining undistributed six months after the end of each calendar or fiscal year, of the total net income of every corporation, joint-stock company or association, or insurance company, received during the year, as determined for the purposes of the tax imposed by such subdivision (a), but including the amount allowed as a credit under subdivision (d) of section 12."

"The tax imposed by this subdivision shall not apply to that portion of such undistributed net income which is actually invested and employed in the business or is retained for employment in the reasonable requirements of the business: *Provided*, That if the Secretary of the Treasury ascertains and finds that any portion of such amount so retained at any time for employment in the business is not so employed or is not reasonably required in the business, a tax of 15 per cent shall be levied, assessed, collected, and paid thereon, and the finding and ruling of the Secretary of the Treasury in any and all such cases shall be conclusive and final."

"The foregoing tax rate shall apply to the undistributed net income received by every taxable corporation, joint-stock company or association, or insurance company in the calendar year 1917 and in each year thereafter, except that if it has fixed its own fiscal year under the provisions of existing law, the foregoing rate shall apply to the proportion of the taxable undistributed net income returned for the fiscal year ending prior to December 31, 1917, which the period between January 1, 1917, and the end of such fiscal year bears to the whole of such fiscal year."

Before the reading had been concluded,

Mr. JONES of New Mexico. I wish to offer an amendment to the amendment.

The PRESIDENT pro tempore. The Secretary will first conclude the reading of the section.

Mr. JONES of New Mexico. The language to which I offer the amendment has just been read, and there will be no controversy as to what follows. I think it would be advisable at this point to offer the amendment, for it is a substitute for that which has just been read.

The PRESIDENT pro tempore. As the Senator desires the amendment read, it will be read by the Secretary.

Mr. SIMMONS. As I understand the Senator's amendment, it applies only to that part of the section that has just been read, subdivision b.

The PRESIDENT pro tempore. The Chair is so informed by the Senator from New Mexico.

Mr. SIMMONS. I do not suppose there is any objection to the balance of the section. Let the Senator offer his amendment to the amendment.

The PRESIDENT pro tempore. The Chair thinks the Secretary had better continue the reading of the amendment, and then the amendment proposed by the Senator from New Mexico to the amendment will be read.

After the reading of the amendment had been concluded,

The PRESIDENT pro tempore. The Senator from New Mexico offers an amendment to the amendment, which will be read.

The SECRETARY. Strike out all beginning with line 17, on page 111, down to and including line 15, on page 112, and insert:

(2) Section 10 of such act of September 8, 1916, is hereby further amended by adding a new subdivision, as follows:

"(b) In addition to the income tax imposed by subdivision (a) of this section there shall be levied, assessed, collected, and paid annually, an additional tax of 10 per cent upon the amount, remaining undistributed to stockholders 60 days after the end of each calendar or fiscal year of the total net income of every corporation, joint-stock company or association, or insurance company, received during the year, as determined for the purposes of the tax imposed by such subdivision (a), but including the amount allowed as a credit under subdivision (d) of section 12."

"The tax imposed by this subdivision shall not apply to—

"(1) The sum of \$5,000 of such undistributed net income.

"(2) Such portion of such net income necessarily retained by such corporations, joint-stock companies or associations, or insurance companies for the purpose of paying any taxes becoming due to the Federal Government for such calendar or fiscal year."

Mr. JONES of New Mexico. Upon the adoption of the amendment to the amendment I call for the yeas and nays.

Mr. SIMMONS. I understand the vote will be upon the substitute offered by the Senator from New Mexico.

The PRESIDENT pro tempore. It is on the amendment of the Senator from New Mexico to strike out a certain part of the committee amendment and insert.

Mr. SIMMONS. I ask for the yeas and nays.

Mr. McCUMBER. I merely wish to ascertain on what page and under what title.

The PRESIDENT pro tempore. The committee amendment will be found on pages 110, 111, and 112, and two lines on page 113. The question is upon the amendment offered by the Senator from New Mexico to the amendment, upon which the yeas and nays have been called for.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. FLETCHER (when his name was called). I make the same announcement of my pair and its transfer as before and vote "yea."

Mr. FRELINGHUYSEN (when his name was called). Announcing the same transfer of my pair as on the previous vote, I vote "nay."

Mr. McCUMBER (when his name was called). I again announce my pair with the senior Senator from Colorado [Mr. THOMAS]. Upon this vote I have arranged a transfer of my pair so that the senior Senator from Colorado will stand paired with the Senator from Texas [Mr. CULBERSON]. I therefore vote. I vote "nay."

Mr. MYERS (when his name was called). I make the same announcement of the transfer of my pair as before and vote "yea."

Mr. ROBINSON (when his name was called). Announcing my pair and its transfer as on the previous vote, I vote "yea."

The roll call having been concluded, the result was announced—yeas 35, nays 45, as follows:

## YEAS—35.

Beckham	Husting	La Follette	Reed
Borah	James	McKellar	Robinson
Brady	Johnson, Cal.	McNary	Shafroth
Chamberlain	Johnson, S. Dak.	Myers	Sheppard
Fletcher	Jones, N. Mex.	Norris	Thompson
Gore	Jones, Wash.	Phelan	Trammell
Gronna	Kendrick	Pittman	Underwood
Hardwick	Kenyon	Polndexter	Vardaman
Hollis	Kirby	Ransdell	

## NAYS—45.

Bankhead	Harding	Page	Stone
Brandagee	Kellogg	Penrose	Sutherland
Broussard	King	Pomerene	Swanson
Calder	Knox	Saulsbury	Wadsworth
Colt	Lewis	Sherman	Warren
Curtis	Lodge	Simmons	Watson
Dillingham	McCumber	Smith, Ga.	Weeks
Fernald	Martin	Smith, Md.	Williams
France	Nelson	Smith, Mich.	Wolcott
Frelinghuysen	New	Smith, S. C.	
Gerry	Newlands	Smoot	
Hale	Overman	Sterling	



## NOT VOTING—16.

Ashurst	Gallinger	McLean	Thomas
Culberson	Goff	Owen	Tillman
Cummins	Hitchcock	Shields	Townsend
Fall	Hughes	Smith, Ariz.	Walsh

So the amendment of Mr. JONES of New Mexico to the amendment was rejected.

Mr. JONES of New Mexico. I desire to offer another amendment, which is the same as that just voted upon, except that I exempt from the tax of 10 per cent 10 per cent of the net income.

Mr. SIMMONS. No explanation is in order.

Mr. SMOOT. Let the amendment to the amendment be read. The PRESIDENT pro tempore. Debate is out of order. The amendment to the amendment will be read.

The SECRETARY. Beginning at page 111, line 17, strike out all down to and including line 15 on page 112 and insert:

(2) Section 10 of such act of September 8, 1916, is hereby further amended by adding a new subdivision, as follows:

"(b) In addition to the income tax imposed by subdivision (a) of this section, there shall be levied, assessed, collected, and paid annually an additional tax of 10 per cent upon the amount remaining undistributed to stockholders 60 days after the end of each calendar or fiscal year of the total net income of every corporation, joint-stock company or association, or insurance company, received during the year, as determined for the purposes of the tax imposed by such subdivision (a), but including the amount allowed as a credit under subdivision (d) of section 12.

"The tax imposed by this subdivision shall not apply to—

"(1) The sum of \$5,000 of such undistributed net income.

"(2) Such portion of such net income necessarily retained by such corporations, joint-stock companies or associations, or insurance companies, for the purpose of paying any taxes becoming due to the Federal Government for such calendar or fiscal year.

"(3) An amount of the undistributed profits equal to 10 per cent of such net income of corporations, joint-stock companies or associations, or insurance companies."

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from New Mexico [Mr. JONES] to the amendment of the committee.

Mr. JONES of New Mexico. I ask for the yeas and nays, Mr. President.

The yeas and nays were not ordered.

The PRESIDENT pro tempore. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was rejected.

Mr. JONES of New Mexico. I offer the amendment which I send to the desk; and, in order to save the time of the Senate, I will state that—

Mr. SIMMONS. I object to debate, Mr. President.

The PRESIDENT pro tempore. The Secretary will state the amendment.

The SECRETARY. On pages 111 and 112, strike out all of said bill, beginning with line 17 on page 111 down to and including line 15 on page 112, and instead thereof insert the following:

(2) Section 10 of such act of September 8, 1916, is hereby further amended by adding a new subdivision, as follows:

"(b) In addition to the income tax imposed by subdivision (a) of this section, there shall be levied, assessed, collected, and paid annually an additional tax of 10 per cent upon the amount remaining undistributed to stockholders 60 days after the end of each calendar or fiscal year of the total net income of every corporation, joint-stock company or association, or insurance company, received during the year, as determined for the purposes of the tax imposed by such subdivision (a), but including the amount allowed as a credit under subdivision (d) of section 12.

"The tax imposed by this subdivision shall not apply to—

"(1) The sum of \$5,000 of such undistributed net income.

"(2) Such portion of such net income necessarily retained by such corporations, joint-stock companies or associations, or insurance companies, for the purpose of paying any taxes becoming due to the Federal Government for such calendar or fiscal year.

"(3) An amount of the undistributed profits equal to 20 per cent of such net income of corporations, joint-stock companies or associations, or insurance companies."

The PRESIDENT pro tempore. The question is on the amendment to the amendment.

Mr. JONES of New Mexico. I ask for the yeas and nays on the amendment to the amendment.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. FLETCHER (when his name was called). Making the same announcement of my pair and its transfer as before, I vote "yea."

Mr. FRELINGHUYSEN (when his name was called). I make the same announcement as to my pair and its transfer as I did on the previous vote, and vote "nay."

Mr. McCUMBER (when his name was called). Transferring my pair with the Senator from Colorado [Mr. THOMAS] as on the previous vote, I vote "nay."

Mr. MYERS (when his name was called). Making the same announcement as to my pair and its transfer as on the previous votes, I vote "yea."

Mr. ROBINSON (when his name was called). Announcing my pair and its transfer as on the previous votes, I vote "yea."

The roll call having been concluded, the result was announced—yeas 33, nays 46, as follows:

## YEAS—33.

Beckham	James	McKellar	Shafroth
Borah	Johnson, Cal.	McNary	Sheppard
Chamberlain	Jones, N. Mex.	Myers	Thompson
Fletcher	Jones, Wash.	Norris	Trammell
Gore	Kendrick	Phelan	Underwood
Gronna	Kenyon	Pittman	Vardaman
Hardwick	King	Ransdell	
Hollis	Kirby	Reed	
Husting	La Follette	Robinson	

## NAYS—46.

Bankhead	Harding	Penrose	Sterling
Brandegge	Kellogg	Polindexter	Stone
Broussard	Knox	Pomerene	Sutherland
Calder	Lewis	Saulsbury	Swanson
Coit	Lodge	Sherman	Wadsworth
Curtis	McCumber	Shields	Warren
Dillingham	Martin	Simmons	Watson
Fernald	Nelson	Smith, Ga.	Weeks
France	New	Smith, Md.	Williams
Frelinghuysen	Newlands	Smith, Mich.	Wolcott
Gerry	Overman	Smith, S. C.	
Hale	Page	Smoot	

## NOT VOTING—17.

Ashurst	Gallinger	McLean	Townsend
Brady	Goff	Owen	Walsh
Culberson	Hitchcock	Smith, Ariz.	
Cummins	Hughes	Thomas	
Fall	Johnson, S. Dak.	Tillman	

So the amendment to the amendment was rejected.

Mr. JONES of New Mexico. I offer the amendment to the amendment, which I send to the desk.

The PRESIDENT pro tempore. The amendment to the amendment will be stated.

The SECRETARY. On pages 111 and 112 strike out all of said bill beginning with line 17, on page 111, down to and including line 15, on page 112, and instead thereof insert the following:

(2) Section 10 of such act of September 8, 1916, is hereby further amended by adding a new subdivision, as follows:

"(b) In addition to the income tax imposed by subdivision (a) of this section there shall be levied, assessed, collected, and paid annually an additional tax of 5 per cent upon the amount remaining undistributed to stockholders 60 days after the end of each calendar or fiscal year of the total net income of every corporation, joint-stock company or association, or insurance company received during the year, as determined for the purposes of the tax imposed by such subdivision (a), but including the amount allowed as a credit under subdivision (d) of section 12.

"The tax imposed by this subdivision shall not apply to—

"(1) The sum of \$5,000 of such undistributed net income.

"(2) Such portion of such net income necessarily retained by such corporations, joint-stock companies or associations, or insurance companies for the purpose of paying any taxes becoming due to the Federal Government for such calendar or fiscal year."

The PRESIDENT pro tempore. The question is on agreeing to the amendment to the amendment of the committee.

The amendment to the amendment was rejected.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the committee.

Mr. HUSTING. Mr. President, if in order, I should like to offer an amendment at this time. I will say that I do not believe the chairman of the committee opposes the amendment.

The PRESIDENT pro tempore. The amendment will be stated.

The SECRETARY. At the end of section 201, on page 14, after line 14, it is proposed to add a new paragraph, as follows—

The PRESIDENT pro tempore. The amendment is not to the pending committee amendment, and is therefore not now in order.

Mr. HUSTING. I will offer it a little later.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The PRESIDENT pro tempore. The Secretary will state the next amendment of the committee.

The SECRETARY. On page 113, after line 2, it is proposed to insert the following:

SEC. 1207. (1) That paragraphs third and fourth of subdivision (a) of section 12 of such act of September 8, 1916, are hereby amended to read as follows:

"Third. The amount of interest paid within the year on its indebtedness (except on indebtedness incurred for the purchase of obligations or securities the interest upon which is exempt from taxation as income under this title) to an amount of such indebtedness not in excess of the sum of (a) the entire amount of the paid-up capital stock outstanding at the close of the year, or, if no capital stock, the entire amount of capital employed in the business at the close of the year, and (b) one-half of its interest-bearing indebtedness then outstanding: *Provided*, That for the purpose of this title preferred capital stock shall not be considered interest-bearing indebtedness, and interest or dividends paid upon this stock shall not be deductible from gross income: *Provided further*, That in cases wherein shares of capital stock are issued without par or nominal value, the amount of paid-up capital stock, within the meaning of this section, as represented by such shares, will be the amount of cash, or its equivalent, paid or transferred to the corporation as a consideration for such shares: *Provided further*, That in the case of indebtedness wholly secured by property collateral, tangible or intangible, the subject of sale or

hypothecation in the ordinary business of such corporation, joint-stock company, or association as a dealer only in the property constituting such collateral, or in loaning the funds thereby procured, the total interest paid by such corporation, company, or association within the year on any such indebtedness may be deducted as a part of its expenses of doing business, but interest on such indebtedness shall only be deductible on an amount of such indebtedness not in excess of the actual value of such property collateral: *Provided further*, That in the case of bonds or other indebtedness, which have been issued with a guaranty that the interest payable thereon shall be free from taxation, no deduction for the payment of the tax herein imposed, or any other tax paid pursuant to such guaranty, shall be allowed; and in the case of a bank, banking association, loan or trust company, interest paid within the year on deposits or on moneys received for investment and secured by interest-bearing certificates of indebtedness issued by such bank, banking association, loan or trust company;

"Fourth. Taxes paid within the year imposed by the authority of the United States (except income and war-profits taxes), or of its Territories, or possessions, or any foreign country, or by the authority of any State, county, school district, or municipality, or other taxing subdivision of any State, not including those assessed against local benefits."

(2) Paragraphs third and fourth of subdivision (b) of section 12 of such act of September 8, 1916, are hereby amended to read as follows:

"Third. The amount of interest paid within the year on its indebtedness (except on indebtedness incurred for the purchase of obligations or securities the interest upon which is exempt from taxation as income under this title) to an amount of such indebtedness not in excess of the proportion of the sum of (a) the entire amount of the paid-up capital stock outstanding at the close of the year, or, if no capital stock, the entire amount of the capital employed in the business at the close of the year, and (b) one-half of its interest-bearing indebtedness then outstanding, which the gross amount of its income for the year from business transacted and capital invested within the United States bears to the gross amount of its income derived from all sources within and without the United States: *Provided*, That in the case of bonds or other indebtedness which have been issued with a guaranty that the interest payable thereon shall be free from taxation, no deduction for the payment of the tax herein imposed or any other tax paid pursuant to such guaranty shall be allowed; and in case of a bank, banking association, loan or trust company, or branch thereof, interest paid within the year on deposits by or on moneys received for investment from either citizens or residents of the United States and secured by interest-bearing certificates of indebtedness issued by such bank, banking association, loan or trust company, or branch thereof.

"Fourth. Taxes paid within the year imposed by the authority of the United States (except income and war-profits taxes), or of its Territories or possessions, or by the authority of any State, county, school district, or municipality, or other taxing subdivision of any State, paid within the United States, not including those assessed against local benefits."

(3) Section 12 of such act of September 8, 1916, is hereby further amended by adding a new subdivision as follows:

"CREDITS.

"(d) For the purpose of the tax imposed by subdivision (a) of section 10, the income embraced in a return of a corporation, joint-stock company or association, or insurance company shall be credited with the amount received as dividends upon the stock or from the net earnings of any other corporation, joint-stock company or association, or insurance company, which is taxable upon its net income as provided in this title, less that proportion of such amount which the amount received by the distributing corporation, joint-stock company or association, or insurance company from similar sources bears to the entire net income of such distributing corporation, joint-stock company or association, or insurance company."

The amendment was agreed to.

Mr. WEEKS. Mr. President, I offer an amendment to the committee amendment which has just been adopted.

Mr. SHERMAN. Mr. President, I have an amendment to offer to the committee amendment, but the confusion was so great that I did not realize that the committee amendment had been agreed to.

The PRESIDENT pro tempore. The only way amendments can now be offered to the committee amendment is by reconsidering the vote by which the committee amendment was agreed to.

Mr. SHERMAN. I make that motion.

Mr. WEEKS. I move to reconsider the vote by which the committee amendment was agreed to. I understand the chairman of the committee will make no objection to that.

Mr. LEWIS. Mr. President, I am responsible for temporarily diverting the attention of my colleague, and I hope the motion to reconsider will be agreed to.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Massachusetts to reconsider the vote by which the amendment of the committee was adopted.

The motion was agreed to.

Mr. WEEKS. I now offer the amendment which I send to the desk.

The SECRETARY. At the end of the committee amendment on page 117, line 4, after the word "company," it is proposed to insert:

*Provided further*, That funds derived from the sale of ships and other marine equipment, or through loss because of the agencies of war, or through marine disasters, in excess of the value at which such ships or marine equipments were carried on the books of the owners, shall not be deemed "profits" or "income" within the meaning of the provisions of this act or the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916: *Provided further*, That the said excess fund shall be invested as soon as practicable in the purchase, acquisition, or construction of other tonnage under American registry: *And provided further*, That said funds

for the purposes stated shall be turned over to a trustee or trustees designated by the owner and approved by the Secretary of the Treasury; and the terms and conditions of such acquisition, construction, or contract for construction shall be acceptable to and approved by the Shipping Board.

Mr. SIMMONS. Mr. President, I see no objection to that amendment, and on behalf of the committee I accept it.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Massachusetts to the amendment reported by the committee.

The amendment to the amendment was agreed to.

Mr. SHERMAN. Mr. President, I offer an amendment to this section, which I send to the desk.

The PRESIDENT pro tempore. The amendment to the amendment will be stated.

The SECRETARY. It is proposed to add a new subdivision at the end of section 1207, as follows:

(4) That subdivision (a) of section 12 of such act of September 8, 1916, is hereby further amended by adding a new paragraph to read as follows:

"Fifth. Reasonable amounts set aside during the year out of income received in that year, as shrinkage funds, to meet losses that may result from the shrinkage in value of merchandise, materials, and supplies on hand, or purchased and not delivered: *Provided*, That the Secretary of the Treasury, upon complaint, shall find in the particular case that such shrinkage funds are reasonably necessary and shall ascertain the reasonableness of the amounts thereof; and the finding and ruling of the Secretary of the Treasury in any and all such cases shall be conclusive and final: *Provided further*, That any amount so set aside in such a shrinkage fund, or any part thereof, that shall not be used during the year next succeeding the year in which it shall have been set aside to meet such losses shall be included in the return of the taxpayer for such succeeding year, and shall be taxed at the rate prescribed by law for the year in which it shall have been set aside."

"The tax shall be assessed upon the basis of the income without taking into account the shrinkage funds provided for in this paragraph, but the taxpayer claiming the benefit of this paragraph may, at the time of making the return, file a claim for abatement of the amount by which the tax so assessed exceeds the tax computed upon the basis of the income when such shrinkage funds are taken into account. In such event collection of the part of the tax covered by such claim for abatement shall not be made until the claim is decided, but if in the judgment of the Commissioner of Internal Revenue the interests of the United States would be jeopardized thereby he may require the claimant to give a bond in such amount and with such sureties as the commissioner may think wise to safeguard such interests, conditioned for the payment of any tax found to be due, with the interest thereon, and if such bond, satisfactory to the commissioner, is not given within such time as he prescribes, the full amount of tax assessed shall be collected and the amount overpaid, if any, shall, upon final decision of the application, be refunded as a tax erroneously or illegally collected."

(5) That subdivision (b) of section 12 of such act of September 8, 1916, is hereby further amended by adding a new paragraph to read as follows:

"Fifth. Reasonable amounts set aside during the year out of income received in that year, as shrinkage funds, to meet losses that may result from the shrinkage in value of merchandise, materials, and supplies on hand, or purchased and not delivered, in the maintenance and operation of its business and property within the United States: *Provided*, That the Secretary of the Treasury, upon complaint, shall find in the particular case that such shrinkage funds are reasonably necessary, and shall ascertain the reasonableness of the amounts thereof; and the finding and ruling of the Secretary of the Treasury in any and all cases shall be conclusive and final: *Provided further*, That any amount so set aside in such a shrinkage fund, or any part thereof, that shall not be used during the year next succeeding the year in which it shall have been set aside to meet such losses shall be included in the return of the taxpayer for such succeeding year, and shall be taxed at the rate prescribed by law for the year in which it shall have been set aside."

"The tax shall be assessed upon the basis of the income without taking into account the shrinkage funds provided for in this paragraph, but the taxpayer claiming the benefit of this paragraph may, at the time of making the return, file a claim for abatement of the amount by which the tax so assessed exceeds the tax computed upon the basis of the income when such shrinkage funds are taken into account. In such event collection of the part of the tax covered by such claim for abatement shall not be made until the claim is decided, but if in the judgment of the Commissioner of Internal Revenue the interests of the United States would be jeopardized thereby, he may require the claimant to give a bond in such amount and with such sureties as the commissioner may think wise to safeguard such interests, conditioned for the payment of any tax found to be due, with the interest thereon, and if such bond, satisfactory to the commissioner, is not given within such time as he prescribes, the full amount of tax assessed shall be collected and the amount overpaid, if any, shall, upon final decision of the application, be refunded as a tax erroneously or illegally collected."

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Illinois.

The amendment was rejected.

The PRESIDENT pro tempore. The question now is on agreeing to the amendment offered by the committee as amended.

The amendment as amended was agreed to.

Mr. SIMMONS. Mr. President, I send forward to the desk an amendment, which I ask to have stated.

The PRESIDENT pro tempore. The Secretary will state the amendment.

The SECRETARY. On page 101, after line 2, it is proposed to insert the following as a new paragraph:

Section 4 of such act of September 8, 1916, is hereby amended to read as follows:

"Sec. 4. The following incomes shall be exempt from the provisions of this title:



"The proceeds of life insurance policies paid to individual beneficiaries upon the death of the insured; the amount received by the insured as a return of premium or premiums paid by him under life insurance, endowment, or annuity contracts, either during the term or at the maturity of the term mentioned in the contract or upon the surrender of the contract; the value of property acquired by gift, bequest, devise, or descent (but the income from such property shall be included as income); interest upon the obligations of a State or any political subdivision thereof, or upon the obligations of the United States (but, in the case of obligations of the United States issued after September 1, 1917, only if and to the extent provided in connection with the issue thereof) or its possessions or securities issued under the provisions of the Federal farm-loan act of July 17, 1916; the compensation of the present President of the United States during the term for which he has been elected and the judges of the Supreme and inferior courts of the United States now in office, and the compensation of all officers and employees of a State, or any political subdivision thereof, except when such compensation is paid by the United States Government."

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. LA FOLLETTE. Mr. President, I should like to inquire if that is the last of the committee amendments?

The PRESIDENT pro tempore. The Chair can not inform the Senator.

Mr. SIMMONS. Mr. President, that is the last of the committee amendments that I wish now to present.

Mr. LA FOLLETTE obtained the floor.

Mr. SHAFROTH. Mr. President—

The PRESIDENT pro tempore. The Senator from Wisconsin is recognized.

Mr. LA FOLLETTE. I yield to the Senator from Colorado.

Mr. SHAFROTH. I desire to offer an amendment.

The PRESIDENT pro tempore. The Secretary will state the amendment.

The SECRETARY. On page 26, in section 302, already agreed to—

The PRESIDENT pro tempore. A reconsideration will be necessary before the amendment can be offered.

Mr. SHAFROTH. I move to reconsider the vote by which the committee amendment was agreed to, Mr. President, for the purpose of offering this amendment.

The PRESIDENT pro tempore. The Senator from Colorado moves to reconsider the vote by which section 302 was adopted.

The motion to reconsider was agreed to.

The SECRETARY. On page 26, in section 302, on line 5, after the word "islands," it is proposed to insert the following as part of the matter included in parentheses:

And not then into any State or Territory or District of the United States in which the manufacture or sale of intoxicating liquor is prohibited.

Mr. SIMMONS. I have no objection to the amendment, Mr. President.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Colorado to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. LA FOLLETTE. Mr. President, I move to strike out all after the enacting clause in the pending bill, and to insert the matter which I send to the desk.

Mr. RANDELL. Mr. President, will the Senator withhold that motion until I can offer an amendment?

Mr. LA FOLLETTE. Certainly.

Mr. RANDELL. I understand that the chairman of the committee does not object to this amendment. I have submitted it to him.

The PRESIDENT pro tempore. There can be no debate. The Secretary will state the amendment.

The SECRETARY. On page 98 of the bill it is proposed to insert, after section 1106, the following paragraph:

Nor shall said section be held to prohibit the use of the mails by regularly ordained ministers of religion or by officers of regularly established churches for ordering bona fide wines for sacramental uses, or by manufacturers and dealers for quoting and billing such wines for such purpose only.

Mr. SIMMONS. Mr. President, I have no objection to that amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Louisiana.

Mr. REED. Mr. President, I ask if the amendment has ever been printed? If not, I should like to have the first part of it reread.

The PRESIDENT pro tempore. The Secretary will again state the amendment.

The Secretary again stated the amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Louisiana.

The amendment was agreed to.

Mr. MYERS. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator from Montana will state it.

Mr. MYERS. Have the committee amendments been disposed of?

The PRESIDENT pro tempore. They have.

Mr. MYERS. Is the bill open to individual amendments now?

The PRESIDENT pro tempore. It is.

Mr. MYERS. I desire to offer an amendment. I call the attention of the Senator from North Carolina to this amendment; and I hope he may see fit, for the committee, to consent to its adoption.

The PRESIDENT pro tempore. The Senator from Wisconsin, who has been recognized, has been yielding to other Senators.

Mr. MYERS. I beg the Senator's pardon. I thought perhaps he was offering his substitute.

Mr. LA FOLLETTE. I rose for the purpose of offering the substitute, but I do not wish to cut off other Senators.

Mr. MYERS. I should like to offer my amendment first, with the Senator's permission. The committee may accept it.

The PRESIDENT pro tempore. No further debate is in order. Without objection, the Secretary will state the amendment offered by the Senator from Montana.

The SECRETARY. It is proposed to add a new section, as follows:

SEC. —. That section 203 of the act of September 8, 1916, entitled "An act to increase the revenue, and for other purposes," be, and the same is hereby, amended by adding at the end of subdivision (a) a further paragraph numbered (3), so that section 203 will read as follows:

"SEC. 203. That for the purpose of the tax the value of the net estate shall be determined—

"(a) In the case of a resident, by deducting from the value of the gross estate—

"(1) Such amounts for funeral expenses, administration expenses, claims against the estate, unpaid mortgages, losses incurred during the settlement of the estate arising from fires, storms, shipwreck, or other casualty, and from theft, when such losses are not compensated for by insurance or otherwise, support during the settlement of the estate of those dependent upon the decedent, and such other charges against the estate as are allowed by the laws of the jurisdiction, whether within or without the United States, under which the estate is being administered;

"(2) An exemption of \$50,000; and

"(3) All bequests, legacies, devises, or gifts to the United States, or to any State, or to any political division thereof, for exclusively public purposes, and all bequests, legacies, devises, or gifts for uses of a religious, literary, charitable, or educational character, or for the encouragement of art, or to societies for the prevention of cruelty to children or for the prevention of cruelty to animals.

"(b) In the case of a nonresident, by deducting from the value of that part of his gross estate which at the time of his death is situated in the United States that proportion of the deductions specified in paragraph (1) of subdivision (a) of this section which the value of such part bears to the value of his entire gross estate, wherever situated. But no deductions shall be allowed in the case of a nonresident unless the executor includes in the return required to be filed under section 205 the value at the time of his death of that part of the gross estate of the nonresident not situated in the United States."

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Montana.

Mr. McCUMBER. Mr. President, I wish to know where this amendment is to be inserted and under what title?

Mr. MYERS. It will be a new section to be added to the bill, and numbered section blank.

Mr. McCUMBER. Mr. President, I want to know the title. It is a new section to what title? We have a unanimous-consent agreement that has disposed of two titles, and an amendment could not now be offered to either one of those titles under the unanimous-consent agreement. That is why I ask to which title it is a new section, or whether it affects either Title I or Title II.

Mr. LODGE. Mr. President, on the point of order—

The PRESIDENT pro tempore. The Senator from Massachusetts.

Mr. MYERS. Well, I will call it a new title, then—a new title and a new section.

The PRESIDENT pro tempore. The Senator from Massachusetts rises to be heard on the point of order.

Mr. LODGE. The amendment of the Senator from Montana evidently is an amendment to the provision of the House in regard to inheritance taxes.

Mr. MYERS. It is intended as an amendment to the inheritance-tax feature of the bill.

Mr. SIMMONS. Mr. President, is it in order for me to ask the Senator a question? My understanding is that the Senator's amendment does not change the present law at all except as it allows an exemption in case of a bequest.

Mr. MYERS. That is all the change that is made.

Mr. McCUMBER. Mr. President—

The PRESIDENT pro tempore. The Chair can not tell, from the amendment, just to what section or title it relates. That is not stated in the amendment, and the Chair can not determine. The question is on agreeing to the amendment offered by the Senator from Montana [Putting the question.] By the sound the "noes" seem to have it.



Mr. MYERS. I ask for the yeas and nays on the amendment.

The yeas and nays were not ordered.

Mr. MYERS. I ask for a division, then.

On a division the amendment was rejected.

Mr. MYERS. Mr. President, I reserve the right to offer that amendment in the Senate.

Mr. HUSTING. I offer the following amendment.

The PRESIDENT pro tempore. It will be read.

The SECRETARY. At the end of section 201, line 14, page 14, insert a new subdivision (c) to read—

The PRESIDENT pro tempore. That falls under the unanimous-consent agreement and can not be considered at this time.

Mr. HUSTING. I do not so understand.

The PRESIDENT pro tempore. Title II, War-profits tax, was included under the unanimous-consent agreement so far as the Committee of the Whole is concerned.

Mr. HUSTING. Then I reserve the right to present the amendment in the Senate.

Mr. NEW. I offer the following amendment.

The PRESIDENT pro tempore. It will be stated.

The SECRETARY. Under Title III, page 39, add a new section, to be known as section 317, which shall provide and consist of the following:

SEC. 317. Nothing in this title shall be construed to levy any tax in addition to the tax imposed by existing law upon alcohol used as a solvent or preservative in any medicinal product.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Indiana [Mr. NEW].

Mr. NEW. I ask the yeas and nays.

The yeas and nays were not ordered.

Mr. NEW. I call for a division.

On a division the amendment was rejected.

Mr. WEEKS. I offer the following amendment.

The SECRETARY. It is proposed to insert as a new section the following:

SEC. 1302. That whenever, upon protest and appeal from the decision of the collector of customs as to the rate or amount of duties as now provided by law, it shall appear that a clerical error was made in invoicing or entering merchandise, resulting in the assessment of more duties than would have been otherwise payable had such error not been committed, relief may be granted and a reliquidation of the entry by the collector of customs ordered, if necessary, upon a value below the entered value of such merchandise, according to the equity and justice of the case, whenever it shall plainly and distinctly appear from the evidence taken at the trial of such case before the Board of United States General Appraisers that such clerical error causing such excessive assessment of duties was in fact made.

SEC. — That the Board of United States General Appraisers, in determining the correct rate or amount of duty upon protest and appeal from the decision of the collector of customs, shall review all questions of law and fact involved in the action or nonaction of all executive and administrative officers upon which said decision of the collector may depend or be in any way predicated.

Mr. SIMMONS. I have no objection to that amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Massachusetts [Mr. WEEKS].

The amendment was agreed to.

Mr. GORE. The Senator from Wisconsin yields to me, as it will take only a moment; and I offer an amendment which was offered when there was some talk of invoking the cloture rule, and which I intended to perfect. I send it to the desk and ask that it be read. This involves the principle, although the amendment is not complete; but in case it should be adopted I would offer supplemental provisions which I have prepared and which would render it a workable system.

The PRESIDENT pro tempore. It will be read.

The SECRETARY. At the proper place insert the following additional section:

SEC. — Before any money shall be withdrawn from the Treasury or expended to transport over the seas any citizen of the United States who has been drafted into the military service thereof the question of sending drafted citizens over the seas for military service shall be submitted to a vote of the people, upon the direction of the President, as hereinafter provided, and approved either by a majority of the total vote cast in the several States or by a majority of all the States.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Oklahoma [Mr. GORE].

The amendment was rejected.

Mr. GORE. I understood the ruling of the Chair a few minutes ago to be that an amendment is not in order at this time to the excess-profits title.

The PRESIDENT pro tempore. The Chair will state that in Committee of the Whole that that was determined by the unanimous-consent rule.

Mr. POINDEXTER. Mr. President, a parliamentary inquiry. I should like to inquire if a separate vote in the Senate has been reserved on sections 1101 and 1106? I know it was reserved as to one of them.

The PRESIDENT pro tempore. It was reserved by the Senator from Utah [Mr. Smoot] on section 1101, the Chair is informed by the Secretary.

Mr. POINDEXTER. I reserve the right to have a separate vote on section 1106.

Mr. LA FOLLETTE. Mr. President, I move to amend by striking out all after the enacting clause and inserting the following. I made a full statement concerning it this afternoon.

The PRESIDENT pro tempore. The proposed substitute will be read.

The SECRETARY. It is proposed to strike out all after the enacting clause of the bill and to insert:

#### TITLE I.—WAR INCOME TAX.

SECTION 1. That in addition to the normal tax imposed by subdivision (a) of section 1 of the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916, there shall be levied, assessed, collected, and paid a like normal tax of 2 per cent upon the income of every individual, a citizen or resident of the United States, received in the calendar year 1917 and every calendar year thereafter.

SEC. 2. That in addition to the additional tax imposed by subdivision (b) of section 1 of such act of September 8, 1916, there shall be levied, assessed, collected, and paid a like additional tax upon the income of every individual received in the calendar year 1917 and every calendar year thereafter, as follows:

One-half of one per cent per annum upon the amount by which the total net income exceeds \$5,000 and does not exceed \$6,000.

One per cent per annum upon the amount by which the total net income exceeds \$6,000 and does not exceed \$7,000.

One and one-half per cent per annum upon the amount by which the total net income exceeds \$7,000 and does not exceed \$8,000.

Two per cent per annum upon the amount by which the total net income exceeds \$8,000 and does not exceed \$9,000.

Two and one-half per cent per annum upon the amount by which the total net income exceeds \$9,000 and does not exceed \$10,000.

Three per cent per annum upon the amount by which the total net income exceeds \$10,000 and does not exceed \$11,000.

Three and one-half per cent per annum upon the amount by which the total net income exceeds \$11,000 and does not exceed \$12,000.

Four per cent per annum upon the amount by which the total net income exceeds \$12,000 and does not exceed \$13,000.

Four and one-half per cent per annum upon the amount by which the total net income exceeds \$13,000 and does not exceed \$14,000.

Five per cent per annum upon the amount by which the total net income exceeds \$14,000 and does not exceed \$15,000.

Five and one-half per cent per annum upon the amount by which the total net income exceeds \$15,000 and does not exceed \$16,000.

Six per cent per annum upon the amount by which the total net income exceeds \$16,000 and does not exceed \$17,000.

Six and one-half per cent per annum upon the amount by which the total net income exceeds \$17,000 and does not exceed \$18,000.

Seven per cent per annum upon the amount by which the total net income exceeds \$18,000 and does not exceed \$19,000.

Seven and one-half per cent per annum upon the amount by which the total net income exceeds \$19,000 and does not exceed \$20,000.

Eight and one-quarter per cent per annum upon the amount by which the total net income exceeds \$20,000 and does not exceed \$21,000.

Nine per cent per annum upon the amount by which the total net income exceeds \$21,000 and does not exceed \$22,000.

Nine and three-quarters per cent per annum upon the amount by which the total net income exceeds \$22,000 and does not exceed \$23,000.

Ten and one-half per cent per annum upon the amount by which the total net income exceeds \$23,000 and does not exceed \$24,000.

Eleven and one-quarter per cent per annum upon the amount by which the total net income exceeds \$24,000 and does not exceed \$25,000.

Twelve per cent per annum upon the amount by which the total net income exceeds \$25,000 and does not exceed \$26,000.

Twelve and three-quarters per cent per annum upon the amount by which the total net income exceeds \$26,000 and does not exceed \$27,000.

Thirteen and one-half per cent per annum upon the amount by which the total net income exceeds \$27,000 and does not exceed \$28,000.

Fourteen and one-quarter per cent per annum upon the amount by which the total net income exceeds \$28,000 and does not exceed \$29,000.

Fifteen per cent per annum upon the amount by which the total net income exceeds \$29,000 and does not exceed \$30,000.

Sixteen per cent per annum upon the amount by which the total net income exceeds \$30,000 and does not exceed \$31,000.

Seventeen per cent per annum upon the amount by which the total net income exceeds \$31,000 and does not exceed \$32,000.

Eighteen per cent per annum upon the amount by which the total net income exceeds \$32,000 and does not exceed \$33,000.

Nineteen per cent per annum upon the amount by which the total net income exceeds \$33,000 and does not exceed \$34,000.

Twenty per cent per annum upon the amount by which the total net income exceeds \$34,000 and does not exceed \$35,000.

Twenty-one per cent per annum upon the amount by which the total net income exceeds \$35,000 and does not exceed \$36,000.

Twenty-two per cent per annum upon the amount by which the total net income exceeds \$36,000 and does not exceed \$37,000.

Twenty-three per cent per annum upon the amount by which the total net income exceeds \$37,000 and does not exceed \$38,000.

Twenty-four per cent per annum upon the amount by which the total net income exceeds \$38,000 and does not exceed \$39,000.

Twenty-five per cent per annum upon the amount by which the total net income exceeds \$39,000 and does not exceed \$40,000.

Twenty-six per cent per annum upon the amount by which the total net income exceeds \$40,000 and does not exceed \$41,000.

Twenty-seven per cent per annum upon the amount by which the total net income exceeds \$41,000 and does not exceed \$42,000.

Twenty-eight per cent per annum upon the amount by which the total net income exceeds \$42,000 and does not exceed \$43,000.

Twenty-nine per cent per annum upon the amount by which the total net income exceeds \$43,000 and does not exceed \$44,000.

Thirty per cent per annum upon the amount by which the total net income exceeds \$44,000 and does not exceed \$45,000.



Thirty-one per cent per annum upon the amount by which the total net income exceeds \$45,000 and does not exceed \$46,000.

Thirty-two per cent per annum upon the amount by which the total net income exceeds \$46,000 and does not exceed \$47,000.

Thirty-three per cent per annum upon the amount by which the total net income exceeds \$47,000 and does not exceed \$50,000.

Thirty-four per cent per annum upon the amount by which the total net income exceeds \$50,000 and does not exceed \$60,000.

Thirty-five per cent per annum upon the amount by which the total net income exceeds \$60,000 and does not exceed \$80,000.

Thirty-six per cent per annum upon the amount by which the total net income exceeds \$80,000 and does not exceed \$100,000.

Thirty-seven per cent per annum upon the amount by which the total net income exceeds \$100,000 and does not exceed \$150,000.

Thirty-eight per cent per annum upon the amount by which the total net income exceeds \$150,000 and does not exceed \$200,000.

Thirty-nine per cent per annum upon the amount by which the total net income exceeds \$200,000 and does not exceed \$250,000.

Forty per cent per annum upon the amount by which the total net income exceeds \$250,000 and does not exceed \$300,000.

Forty-one per cent per annum upon the amount by which the total net income exceeds \$300,000 and does not exceed \$500,000.

Forty-two per cent per annum upon the amount by which the total net income exceeds \$500,000 and does not exceed \$750,000.

Forty-five per cent per annum upon the amount by which the total net income exceeds \$750,000 and does not exceed \$1,000,000.

Fifty per cent per annum upon the amount by which the total net income exceeds \$1,000,000.

SEC. 3. That the taxes imposed by sections 1 and 2 of this act shall be computed, levied, assessed, collected, and paid upon the same basis and in the same manner as the similar taxes imposed by section 1 of such act of September 8, 1916, except that in the case of the tax imposed by section 1 of this act (a) the exemptions of \$3,000 and \$4,000 provided in section 7 of such act of September 8, 1916, as amended, shall be, respectively, \$1,000 and \$2,000, and (b) the returns required under subdivisions (b) and (c) of section 8 of such act, as amended, shall be required in the case of net incomes of \$1,000 or over, in the case of unmarried persons, and \$2,000 or over in the case of married persons, instead of \$3,000 or over, as therein provided.

SEC. 4. That in addition to the tax imposed by subdivision (a) of section 10 of such act of September 8, 1916, as amended, there shall be levied, assessed, collected, and paid a like tax of 4 per cent upon the income received in the calendar year 1917 and every calendar year thereafter, by every corporation, joint-stock company or association, or insurance company, subject to the tax imposed by that subdivision of that section, except that if it has fixed its own fiscal year, the tax imposed by this section for the fiscal year ending during the calendar year 1917 shall be levied, assessed, collected, and paid only on that proportion of its income for such fiscal year which the period between January 1, 1917, and the end of such fiscal year bears to the whole of such fiscal year.

The tax imposed by this section shall be computed, levied, assessed, collected, and paid upon the same incomes and in the same manner as the tax imposed by subdivision (a) of section 10 of such act of September 8, 1916, as amended.

SEC. 5. That the provisions of this title shall not extend to Porto Rico or the Philippine Islands, and the Porto Rican or Philippine Legislature shall have power by due enactment to amend, alter, modify, or repeal the income-tax laws in force in Porto Rico or the Philippine Islands, respectively.

#### TITLE II.—WAR-PROFITS TAX.

SEC. 200. That when used in this title—

The term "corporation" includes joint-stock companies or associations and insurance companies;

The term "domestic" means created under the laws of the United States, or of any State, Territory, or District thereof, and the term "foreign" means created under the laws of any other possession of the United States or of any foreign country or government;

The term "United States" means only the States, the Territories of Alaska and Hawaii and the District of Columbia;

The term "taxable year" means the 12 months ending December 31, excepting in the case of a corporation or partnership which has fixed its own fiscal year, in which case it means such fiscal year.

The first taxable year shall be the year ending December 31, 1917, except that in the case of a corporation or partnership which has fixed its own fiscal year it shall be the fiscal year ending during the calendar year 1917. If a corporation or partnership, prior to March 1, 1918, makes a return covering its own fiscal year and includes therein the income received during that part of the fiscal year falling within the calendar year 1916, the tax for such taxable year shall be that proportion of the tax computed upon the excess profits during such full fiscal year which the time from January 1, 1917, to the end of such fiscal year bears to the full fiscal year; and

The term "prewar period" means the calendar years 1911, 1912, and 1913, or if a corporation or partnership was not in existence or an individual was not engaged in a trade or business during the whole of such period, then as many of such years during the whole of which the corporation or partnership was in existence or the individual was engaged in the trade or business.

SEC. 201. That in addition to the taxes under existing law and under this act there shall be levied, assessed, collected, and paid for each taxable year upon the income of every corporation, partnership, or individual a tax (hereinafter in this title referred to as the tax) of 76 per cent upon war profits (determined as hereinafter provided).

For the purposes of this title all the trades and businesses in which a corporation or partnership is engaged shall be deemed to be a single trade or business, and all its income from whatever source derived shall be deemed to be received from such trade or business.

This title shall apply to all trades or businesses of whatever description (whether continuously carried on or not), including the business of rendering any services for a commission or of acting as an agent of any description, except—

(a) An office or employment, including that of a commercial traveler or agent whose remuneration consists wholly of a fixed and definite sum irrespective of the amount of business done or any other contingency; and

(b) A profession the profits of which depend mainly on the personal qualifications of the individuals by whom such profession is carried on and in which there is not required the investment of more than a nominal capital.

SEC. 202. That the tax shall not be imposed in the case of a trade or business of a domestic corporation or partnership or a citizen or resident of the United States the net income of which trade or business during

the taxable year is less than \$5,000, or in the case of a trade or business of a foreign corporation or partnership or a nonresident alien individual the net income of which trade or business during such year from sources within the United States is less than the proportion of \$5,000 which such net income from sources within the United States bears to the entire net income, but no exemption shall be allowed to a foreign corporation or partnership or a nonresident alien individual unless a true and accurate return of the entire net income from the trade or business is filed with the collector of internal revenue. There shall be deducted from the war profits, determined as hereinafter provided, of each citizen or resident of the United States, the sum of \$5,000.

SEC. 203. That for the purposes of this title the amount of war profits shall be determined, except as otherwise in this title provided—

(a) In the case of a domestic corporation or partnership or of a citizen or resident of the United States by deducting from the net income of the trade or business received during the taxable year the average amount of the annual net income of the trade or business during the prewar period; and

(b) In the case of a foreign corporation or partnership or of a nonresident alien individual by deducting from the net income of the trade or business received from sources within the United States during the taxable year the average amount of the annual net income of the trade or business from sources within the United States during the prewar period.

If the average capital (or in the case of a foreign corporation or partnership or a nonresident alien individual that proportion thereof which the net income of the trade or business from sources within the United States bears to the entire net income) employed in the trade or business during the taxable year is greater or less than the average capital or proportion thereof so employed during the prewar period, the war profits shall be determined by deducting from the total net income for the taxable year an amount which bears the same proportion to the average annual net income for the prewar period which the average capital or proportion thereof employed during the taxable year bears to the average capital or proportion thereof employed during the prewar period: *Provided*, That no increase in capital made through stock dividends shall be included in ascertaining the amount of capital employed in the trade or business.

If a taxpayer fails to present satisfactory evidence as to the average amount of the annual net income of the trade or business during the prewar period, the war profits shall be determined as provided in section 204.

SEC. 204. That if a corporation, partnership, or individual had no net income from the trade or business during the prewar period, or if a corporation or partnership was not in existence or an individual was not engaged in the trade or business, during the whole of any one calendar year during the prewar period, the amount of the war profits shall be the same proportion of the net income of the trade or business received during the taxable year as the proportion which the war profits for the same calendar year of the corporations, partnerships, and individuals engaged in a like or similar trade or business and whose war profits are determined as provided in section 203, bears to the total net income of the trade or business received by such corporations, partnerships, and individuals. In the case of a foreign corporation or partnership or of a nonresident alien individual the net income received from sources within the United States during the taxable year shall be used as the basis of computation.

The proportion between the war profits and the net income in each trade or business shall be determined by the Commissioner of Internal Revenue in accordance with regulations prescribed by him with the approval of the Secretary of the Treasury. In the case of a corporation or partnership which has fixed its own fiscal year, the proportion determined for the calendar year ending during such fiscal year shall be used.

A trade or business carried on by a corporation, partnership, or individual, although formally organized or reorganized on or after January 2, 1913, which is substantially a continuation of a trade or business carried on prior to that date, shall, for the purposes of this title, be deemed to have been in existence prior to that date, and the net income of its predecessor prior to that date shall be deemed to have been its net income.

If the net income of the trade or business for the taxable year, in the case of a corporation or a partnership which was not in existence or of an individual who was not engaged in the trade or business, during the whole of any one calendar year during the prewar period, is less than 6 per cent per annum on the average capital actually employed in such trade or business (or, in case of a foreign corporation or partnership or a nonresident alien individual, is less than 6 per cent per annum on the average capital actually employed in such trade or business within the United States), there shall be deemed to be no war profits.

SEC. 205. (a) That if the Secretary of the Treasury, upon complaint finds either (1) that during the prewar period the net return of any domestic corporation or partnership or a citizen or resident of the United States from a trade or business was low as compared with the net return during such period of the corporations, partnerships, and individuals engaged in a like or similar trade or business, or (2) that during the prewar period the ratio between the net and gross income from such trade or business was substantially less than the like ratio in case of the corporations, partnerships, and individuals engaged in a like or similar trade or business, then the war profits shall be determined in the same manner as provided in section 204.

(b) That if the Secretary of the Treasury, upon complaint finds either (1) that during the prewar period the net return of any foreign corporation or partnership or a nonresident alien individual from a trade or business carried on within the United States was low as compared with the net return during such period of the corporations, partnerships, and individuals engaged in a like or similar trade or business, or (2) that during the prewar period the ratio between the net and gross income from such trade or business was substantially less than the like ratio in case of the corporations, partnerships, and individuals engaged in a like or similar trade or business, then the war profits shall be determined in the same manner as provided in section 204.

(c) The tax shall be assessed upon the basis of the war profits determined as provided in section 203, but the taxpayer claiming the benefit of this section may at the time of making the return file a claim for abatement of the amount by which the tax so assessed exceeds a tax at like rate computed upon the basis of war profits determined as provided in this section. In such event collection of the part of the tax covered by such claim for abatement shall not be made until the claim is decided, but if in the judgment of the Commissioner of Internal Revenue the interests of the United States would be jeopardized thereby he may require the claimant to give a bond in such amount and with such sureties as the commissioner may think wise to safeguard such interests, conditioned for the payment of any tax found to be due, with



the interest thereon, and if such bond, satisfactory to the commissioner, is not given within such time as he prescribes, the full amount of tax assessed shall be collected and the amount overpaid, if any, shall upon final decision of the application be refunded as a tax erroneously or illegally collected.

SEC. 206. That for the purposes of this title net income of a corporation shall be ascertained and returned (a) for the calendar years 1911 and 1912 upon the same basis and in the same manner as provided in section 38 of the act entitled "An act to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes," approved August 5, 1909; (b) for the calendar year 1913 upon the same basis and in the same manner as provided in section II of the act entitled "An act to reduce tariff duties and to provide revenue for the Government, and for other purposes," approved October 3, 1913, except that the amounts received by it as dividends upon the stock or from the net earnings of other corporations, joint-stock companies or associations, or insurance companies, subject to the tax imposed by section II of such act of October 3, 1913, shall also be deducted; and (c) for the taxable year upon the same basis and in the same manner as provided in Title I of the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916, as amended, except that the amounts received by it as dividends upon the stock or from the net earnings of other corporations, joint-stock companies or associations, or insurance companies, subject to the tax imposed by Title I of such act of September 8, 1916, shall also be deducted.

The net income of a partnership or individual shall be ascertained and returned for the calendar years 1911, 1912, and 1913 and for the taxable year upon the same basis and in the same manner as provided in Title I of such act of September 8, 1916, as amended, except that the credit allowed by subdivision (b) of section 5 of such act shall also be deducted. There shall be allowed (a) in the case of a domestic partnership the same deductions as allowed to individuals in subdivision (a) of section 5 of such act of September 8, 1916, as amended; and (b) in the case of a foreign partnership the same deductions as allowed to individuals in subdivision (a) of section 6 of such act as amended.

SEC. 207. That corporations exempt from tax under the provisions of section 11 of Title I of such act of September 8, 1916, as amended, and partnerships and individuals carrying on or doing the same business, or coming within the same description, shall be exempt from the provisions of this title.

SEC. 208. That every partnership having a gross income of \$5,000 or more for the taxable year, and every individual having such a gross income from a trade or business shall render a correct return of the income of the trade or business for the taxable year, setting forth specifically the gross income for such year, and the deductions allowed in this title. Such returns shall be rendered at the same time and in the same manner and form as is prescribed for income-tax returns under Title I of such act of September 8, 1916, as amended.

SEC. 209. That all administrative, special, and general provisions of law, including the laws in relation to the assessment, remission, collection, and refund of internal-revenue taxes not heretofore specifically repealed and not inconsistent with the provisions of this title are hereby extended and made applicable to all the provisions of this title and to the tax herein imposed, and all provisions of Title I of such act of September 8, 1916, as amended, relating to returns and payment of the tax therein imposed, including penalties, are hereby made applicable to the tax imposed by this title.

SEC. 210. That the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall make all necessary regulations for carrying out the provisions of this title, and may require any corporation, partnership, or individual, subject to the provisions of this title, to furnish him with such facts, data, and information as in his judgment are necessary to collect the tax imposed by this title.

SEC. 211. That Title III (secs. 300 to 312, inclusive) of the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916, and Title II (secs. 200 to 207, inclusive) of the act entitled "An act to provide increased revenue to defray the expenses of the increased appropriations for the Army and Navy and the extensions of fortifications, and for other purposes," approved March 3, 1917, are hereby repealed.

Any amount heretofore or hereafter paid on account of the tax imposed by Title II of such act of March 3, 1917, shall be credited toward the payment of the tax imposed by this title, and if the amount so paid exceeds the amount of such tax the excess shall be refunded as a tax erroneously or illegally collected.

No tax shall be imposed for the taxable year 1917 under Title III of such act of September 8, 1916.

#### TITLE III.—WAR TAX ON BEVERAGES.

SEC. 300. That on and after the enactment of this act there shall be levied and collected on all distilled spirits in bond at that time or that have been or that may be then or thereafter produced in or imported into the United States, except such distilled spirits as are subject to the tax provided in section 304, in addition to the tax now imposed by law, a tax of \$1.10 (or, if withdrawn for beverage purposes, a tax of \$2.10) on each proof gallon, or wine gallon when below proof, and a proportionate tax at a like rate on all fractional parts of such proof or wine gallon, to be paid by the distiller or importer when withdrawn, and collected under the provisions of existing law.

That in addition to the tax under existing law there shall be levied and collected upon all perfumes hereafter imported into the United States containing distilled spirits a tax of \$1.10 per wine gallon, and a proportionate tax at a like rate on all fractional parts of such wine gallon. Such tax shall be collected by the collector of customs and deposited as internal-revenue collections, under such rules and regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe.

SEC. 301. That in addition to the tax imposed on distilled spirits by existing law and under section 300, there shall be levied, assessed, collected, and paid on the materials used in the production of such spirits after the enactment of this act the following taxes: On all grains, cereals, and other solid products and materials, a tax of \$60 per 100 pounds, and on all molasses, sirups, and other liquid fermentable products and materials, a tax of \$5 per wine gallon. Every distiller using any such materials shall keep such records and file such returns and bonds, and the tax shall be paid at such times and in such manner, and subject to such credits, as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe or require. Under such rules, regulations, and bonds as the Commissioner of Internal Revenue, with the approval of the Secretary

of the Treasury, may prescribe, the provisions of this section shall not apply to materials used in the production of distilled spirits withdrawn exclusively for other than beverage purposes or for the fortification of pure sweet wines as defined by the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916; but such spirits shall not be withdrawn for export except upon the application of an accredited representative of a nation at war with the Imperial German Government, or of any neutral nation, in which application it is declared that such spirits are withdrawn for other than beverage purposes.

SEC. 302. That no distilled spirits produced after the enactment of this act shall be imported into the United States from any foreign country, or from the West Indian Islands recently acquired from Denmark (unless produced from products the growth of such islands), or from Porto Rico, or the Philippine Islands. Under such rules, regulations, and bonds as the Secretary of the Treasury may prescribe, the provisions of this section shall not apply to distilled spirits imported for other than beverage purposes.

SEC. 303. That at registered distilleries producing alcohol, or other high-proof spirits, packages may be filled with such spirits reduced to not less than 100 proof from the receiving cisterns and tax paid without being entered into bonded warehouse. Such spirits may also be transferred from the receiving cisterns at such distilleries, by means of pipe lines, direct to storage tanks in the bonded warehouse and may be warehoused in such storage tanks. Such spirits may be also transferred in tanks or tank cars to general bonded warehouses for storage therein, either in storage tanks in such warehouses or in the tanks in which they were transferred. Such spirits may also be transferred after tax payment from receiving cisterns or warehouse storage tanks to tanks or tank cars and may be transported in such tanks or tank cars to the premises of rectifiers of spirits. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, is hereby empowered to prescribe all necessary regulations relating to the drawing off, transferring, gauging, storing, and transporting of such spirits; the records to be kept and returns to be made; the size and kind of packages and tanks to be used; the marking, branding, numbering, and stamping of such packages and tanks; the kinds of stamps, if any, to be used; and the time and manner of paying the tax; the kind of bond and the penal sum of same. The tax prescribed by law must be paid before such spirits are removed from the distillery premises, or from general bonded warehouse in the case of spirits transferred thereto, except as otherwise provided by law.

Under such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe, distilled spirits may hereafter be drawn from receiving cisterns and deposited in distillery warehouses without having affixed to the packages containing the same distillery warehouse stamps, and such packages, when so deposited in warehouse, may be withdrawn therefrom on the original gauge where the same have remained in such warehouse for a period not exceeding 30 days from the date of deposit.

SEC. 304. That upon all distilled spirits produced in or imported into the United States upon which the tax now imposed by law has been paid, and which, on the day this act is enacted, are held by a retailer in a quantity in excess of 50 gallons in the aggregate, or by any other person, corporation, partnership, or association in any quantity, and which are intended for sale, there shall be levied, assessed, collected, and paid a tax of \$1.10 (or, if intended for sale for beverage purposes, a tax of \$2.10) on each proof gallon, and a proportionate tax at a like rate on all fractional parts of such proof gallon: *Provided*, That the tax on such distilled spirits in the custody of a court of bankruptcy in insolvency proceedings on June 1, 1917, shall be paid by the person to whom the court delivers such distilled spirits at the time of such delivery, to the extent that the amount thus delivered exceeds the 50 gallons hereinbefore provided.

SEC. 305. That in addition to the tax now imposed or imposed by this act on distilled spirits there shall be levied, assessed, collected, and paid a tax of 15 cents on each proof gallon and a proportionate tax at a like rate on all fractional parts of such proof gallon on all distilled spirits or wine hereafter rectified, purified, or refined in such manner, and on all mixtures hereafter produced in such manner, that the person so rectifying, purifying, refining, or mixing the same is a rectifier within the meaning of section 3244, Revised Statutes, as amended, and on all such articles in the possession of the rectifier on the day this act is enacted: *Provided*, That this tax shall not apply to gin produced by the redistillation of a pure spirit over juniper berries and other aromatics.

When the process of rectification is completed and the tax prescribed by this section has been paid, it shall be unlawful for the rectifier or other dealer to reduce in proof or increase in volume such spirits or wine by the addition of water or other substance; nothing herein contained shall, however, prevent a rectifier from using again in the process of rectification spirits already rectified and upon which the tax has theretofore been paid.

The tax imposed by this section shall not attach to cordials or liqueurs on which a tax is imposed and paid under the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916, nor to the mixing and blending of wines, where such blending is for the sole purpose of perfecting such wines according to commercial standards, nor to blends made exclusively of two or more pure straight whiskies aged in wood for a period not less than four years and without the addition of coloring or flavoring matter or any other substance than pure water and if not reduced below 90 proof: *Provided*, That such blended whiskies shall be exempt from tax under this section only when compounded under the immediate supervision of a revenue officer, in such tanks and under such conditions and supervision as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe.

All distilled spirits taxable under this section shall be subject to uniform regulations concerning the use thereof in the manufacture, blending, compounding, mixing, marking, branding, and sale of whisky and rectified spirits, and no discrimination whatsoever shall be made by reason of a difference in the character of the material from which same may have been produced.

The business of a rectifier of spirits shall be carried on, and the tax on rectified spirits shall be paid, under such rules, regulations, and bonds as may be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury.

Any person violating any of the provisions of this section shall be deemed to be guilty of a misdemeanor and, upon conviction, shall be fined not less than \$250 and not more than \$1,000 or imprisoned not more than two years. He shall, in addition, be liable to double the tax evaded, the same to be recovered, together with the tax, on any bond given by him as rectifier.

SEC. 306. That hereafter collectors of internal revenue shall not furnish wholesale liquor dealer's stamps in lieu of and in exchange



for stamps for rectified spirits unless the package covered by stamp for rectified spirits is to be broken into smaller packages.

The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, is authorized to discontinue the use of the following stamps whenever in his judgment the interests of the Government will be subserved thereby:

Distillery warehouse, special bonded warehouse, special bonded re-warehouse, general bonded warehouse, general bonded retransfer, transfer brandy, export tobacco, export cigars, export oleomargarine, and export fermented liquor stamps.

SEC. 307. That the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, is hereby authorized to require at distilleries, breweries, rectifying houses, and wherever else in his judgment such action may be deemed advisable, the installation of meters, tanks, pipes, or any other apparatus for the purpose of protecting the revenue, and such meters, tanks, and pipes and all necessary labor incident thereto shall be at the expense of the person, corporation, partnership, or association on whose premises the installation is required. Any such person, corporation, partnership, or association refusing or neglecting to install such apparatus when so required by the commissioner shall not be permitted to conduct business on such premises.

SEC. 308. That on and after the enactment of this act there shall be levied and collected on all beer, lager beer, ale, porter, and other similar fermented liquor, containing one-half per cent or more of alcohol, brewed or manufactured and sold, or stored in warehouse, or removed for consumption or sale, within the United States, by whatever name such liquors may be called, in addition to the tax now imposed by law, a tax of \$1.50 for every barrel containing not more than 31 gallons, and at a like rate for any other quantity or for the fractional parts of a barrel authorized and defined by law.

SEC. 309. That from and after the enactment of this act taxable fermented liquors may be conveyed without payment of tax from the brewery premises where produced to a contiguous industrial distillery of either class established under the act of October 3, 1913, to be used as distilling material, and the residue from such distillation, containing not to exceed one-half of 1 per cent of alcohol by volume, which is to be used in making beverages, may be manipulated by cooling, flavoring, carbonating, settling, and filtering on the distillery premises or elsewhere.

The removal of the taxable fermented liquor from the brewery to the distillery and the operation of the distillery and removal of the residue therefrom shall be under the supervision of such officer or officers as the Commissioner of Internal Revenue shall deem proper, and the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, is hereby authorized to make such regulations from time to time as may be necessary to give force and effect to this section and to safeguard the revenue.

SEC. 310. (a) That (1) upon all still wines, including vermouth, liqueurs, cordials, artificial or imitation wines, or compounds sold as still wine, which contain more than 14 per cent of absolute alcohol, and which are hereafter removed from customhouse for sale or consumption, and (2) upon all of the above which are fortified with, or which contain any product fortified with, grape brandy or wine spirits, and which are hereafter produced in the United States and removed from the place of manufacture, or from bonded premises, for sale or consumption, there shall be levied and collected, in addition to the tax now imposed by law upon such articles, a tax of \$1.10 on each proof gallon, and a proportionate tax at a like rate on all fractional parts of such proof gallon, to be levied, collected, and paid under the provisions of existing law.

(b) Upon (1) all of the articles enumerated in subdivision (a) which are hereafter produced in the United States and which are not fortified with, or do not contain any product fortified with, grape brandy or wine spirits, and which are removed from the place of manufacture or from bonded premises for sale or consumption, and (2) all of the articles enumerated in subdivision (a) containing not more than 14 per cent of absolute alcohol, and which are removed from customhouse, place of manufacture, or bonded premises, for sale or consumption, there shall be levied and collected, in addition to the tax now imposed by law upon such articles, a tax equivalent to the internal-revenue tax now imposed by law, to be levied, collected, and paid under the provisions of existing law.

(c) Upon champagne, sparkling wines, and artificially carbonated wines, hereafter produced in or imported into the United States and removed from customhouse, place of manufacture, or bonded premises, for sale or consumption, there shall be levied and collected, in addition to the tax now imposed by law upon such articles, a tax equal to double the internal-revenue tax now imposed by law, to be levied, collected, and paid under the provisions of existing law.

(d) Whoever has possession of any empty cask or package which has been used for wine or any article taxable under this section or under subdivision (a) or (c) of section 402 of the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916, and on which the stamp or any mark denoting payment of tax has not been effectually destroyed or obliterated, or reuses any such cask or package, having thereon any such stamp or mark previously so used, shall for each such offense be fined not less than \$100 nor more than \$1,000, or be imprisoned not more than one year, or both; and all such casks or packages, and their contents in the case of reuse, shall be forfeited to the United States.

SEC. 311. That upon all articles specified in section 310 upon which the tax now imposed by law has been paid and which are on the day this act is enacted held in excess of 25 gallons in the aggregate of such articles and intended for sale, there shall be levied, collected, and paid a tax equal to the tax imposed by such section.

SEC. 312. That upon all grape brandy or wine spirits withdrawn by a producer of wines from any fruit distillery or special bonded warehouse under subdivision (c) of section 402 of the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916, there shall be levied, assessed, collected, and paid in addition to the tax therein imposed a tax of \$1 per proof gallon, to be assessed, collected, and paid under the provisions of existing law.

SEC. 313. That upon all sweet wines held for sale by the producer thereof upon the day this act is enacted there shall be levied, assessed, collected, and paid an additional tax equivalent to \$1 per proof gallon upon the grape brandy or wine spirits used in the fortification of such wine, and an additional tax of \$1 per proof gallon shall be levied, assessed, collected, and paid upon all grape brandy or wine spirits withdrawn by a producer of sweet wines for the purpose of fortifying such wines and not so used prior to the enactment of this act.

SEC. 315. That each such manufacturer, producer, bottler, or importer shall make monthly returns under oath to the collector of internal revenue for the district in which is located the principal place of business, containing such information necessary for the assessment of the tax, and at such times and in such manner as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may by regulation prescribe.

#### TITLE IV.—WAR TAX ON CIGARS, TOBACCO, AND MANUFACTURES THEREOF.

SEC. 400. That upon cigars and cigarettes, which shall be manufactured and sold, or removed for consumption or sale, there shall be levied and collected, in addition to the taxes now imposed by existing law, the following taxes, to be paid by the manufacturer or importer thereof: (a) On cigars of all descriptions made of tobacco, or any substitute therefor, and weighing not more than 3 pounds per thousand, 25 cents per thousand; (b) on cigars made of tobacco, or any substitute therefor, and weighing more than 3 pounds per thousand, if manufactured or imported to retail at 4 cents or more each and not more than 7 cents each, \$1 per thousand; (c) if manufactured or imported to retail at more than 7 cents each and not more than 15 cents each, \$3 per thousand; (d) if manufactured or imported to retail at more than 15 cents each and not more than 20 cents each, \$5 per thousand; (e) if manufactured or imported to retail at more than 20 cents each, \$7 per thousand: *Provided*, That the word "retail" as used in this section shall mean the ordinary retail price of a single cigar, and that the Commissioner of Internal Revenue may, by regulation, require the manufacturer or importer to affix to each box or container a conspicuous label indicating by letter the clause of this section under which the cigars therein contained have been tax-paid, which must correspond with the tax-paid stamp on said box or container; (f) on cigarettes made of tobacco, or any substitute therefor, made in or imported into the United States, and weighing not more than 3 pounds per thousand, 76 cents per thousand; weighing more than 3 pounds per thousand, \$1.20 per thousand.

Every manufacturer of cigarettes (including small cigars weighing not more than 3 pounds per thousand) shall put up all the cigarettes and such small cigars that he manufactures or has manufactured for him, and sells or removes for consumption or use, in packages or parcels containing 5, 8, 10, 12, 15, 16, 20, 24, 40, 50, 80, or 100 cigarettes each, and shall securely affix to each of said packages or parcels a suitable stamp denoting the tax thereon and shall properly cancel the same prior to such sale or removal for consumption or use under such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe; and all cigarettes imported from a foreign country shall be packed, stamped, and the stamps canceled in a like manner, in addition to the import stamp indicating inspection of the customhouse before they are withdrawn therefrom.

SEC. 401. That upon all tobacco and snuff hereafter manufactured and sold, or removed for consumption or use, there shall be levied and collected, in addition to the tax now imposed by law upon such articles, a tax of 4 cents per pound, to be levied, collected, and paid under the provisions of existing law.

In addition to the packages provided for under existing law, manufactured tobacco and snuff may be put up and prepared by the manufacturer for sale or consumption in packages of the following description: Packages containing one-eighth, three-eighths, five-eighths, seven-eighths, 1½, 1¾, 1½, 1¾, and 5 ounces.

SEC. 402. That so much of section 400 as imposes a tax upon cigars, and the whole of section 401, shall take effect 10 days after the enactment of this act. That section 404 and so much of section 400 as imposes a tax upon cigarettes and as relates to packages or parcels in which cigarettes may be put up shall take effect 10 days after the enactment of this act.

SEC. 403. That there shall also be levied and collected, upon all manufactured tobacco and snuff in excess of 100 pounds at any one place of business and upon cigars in excess of 500 at any one place of business and upon cigarettes in excess of 1,000 at any one place of business, which were manufactured or imported and removed from factory or customhouse prior to the enactment of this act, bearing tax-paid stamps affixed to such articles for the payment of the taxes thereon, and which are, on the day this act is enacted, held and intended for sale by any person, corporation, partnership, or association, and upon all manufactured tobacco, snuff, cigars, or cigarettes, removed from factory or customhouse after the enactment of this act but prior to the time when the tax is imposed by section 400 or section 401 upon such articles takes effect, an additional tax equal to one-half the tax imposed by such sections upon such articles.

SEC. 404. That there shall be levied, assessed, and collected upon cigarette paper made up into packages, books, sets, or tubes, made up in or imported into the United States and intended for use by the smoker in making cigarettes the following taxes: On each package, book, or set, containing more than 25 but not more than 50 papers, one-half of 1 cent; containing more than 50 but not more than 100 papers, 1 cent; containing more than 100 papers, 1 cent for each 100 papers or fractional part thereof; and upon tubes, 2 cents for each 100 tubes or fractional part thereof.

#### TITLE X.—ADMINISTRATIVE PROVISIONS.

SEC. 1000. That there shall be levied, collected, and paid in the United States, upon articles coming into the United States from the West Indian Islands acquired from Denmark, a tax equal to the internal-revenue tax imposed in the United States upon like articles of domestic manufacture; such articles shipped from said islands to the United States shall be exempt from the payment of any tax imposed by the internal-revenue laws of said islands: *Provided*, That there shall be levied, collected, and paid in said islands, upon articles imported from the United States, a tax equal to the internal-revenue tax imposed in said islands upon like articles there manufactured; and such articles going into said islands from the United States shall be exempt from payment of any tax imposed by the internal-revenue laws of the United States.

SEC. 1001. That all administrative, special, or stamp provisions of law, including the law relating to the assessment of taxes, so far as applicable, are hereby extended to and made a part of this act, and every person, corporation, partnership, or association liable to any tax imposed by this act, or for the collection thereof, shall keep such records and render, under oath, such statements and returns, and shall comply with such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may from time to time prescribe.

SEC. 1002. That where additional taxes are imposed by this act upon articles or commodities, upon which the tax imposed by existing law has been paid, the person, corporation, partnership, or association re-



quired by this act to pay the tax shall, within 30 days after its enactment, make return under oath in such form and under such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe. Payment of the tax shown to be due may be extended to a date not exceeding four months from the enactment of this act, upon the filing of a bond for payment in such form and amount and with such sureties as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe.

Sec. 1003. That in all cases where the method of collecting the tax imposed by this act is not specifically provided, the tax shall be collected in such manner as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe. All administrative and penalty provisions of Title VIII of this act, in so far as applicable, shall apply to the collection of any tax which the Commissioner of Internal Revenue determines or prescribes shall be paid by stamp.

Sec. 1004. That whoever fails to make any return required by this act or the regulations made under authority thereof within the time prescribed or who makes any false or fraudulent return, and whoever evades or attempts to evade any tax imposed by this act or fails to collect or truly to account for and pay over any such tax, shall be subject to a penalty of not more than \$1,000, or to imprisonment for not more than one year, or both, at the discretion of the court, and in addition thereto a penalty of double the tax evaded, or not collected, or accounted for and paid over, to be assessed and collected in the same manner as taxes are assessed and collected, in any case in which the punishment is not otherwise specifically provided.

Sec. 1005. That the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, is hereby authorized to make all needful rules and regulations for the enforcement of the provisions of this act.

Sec. 1006. That where the rate of tax imposed by this act, payable by stamps, is an increase over previously existing rates, stamps on hand in the collectors' offices and in the Bureau of Internal Revenue may continue to be used until the supply on hand is exhausted, but shall be sold and accounted for at the rates provided by this act, and assessment shall be made against manufacturers and other taxpayers having such stamps on hand on the day this act takes effect for the difference between the amount paid for such stamps and the tax due at the rates provided by this act.

Sec. 1007. That (a) if any person, corporation, partnership, or association has prior to May 9, 1917, made a bona fide contract with a dealer for the sale, after the tax takes effect, of any article upon which a tax is imposed under Title III or IV, or under this section, and (b) if such contract does not permit the adding of the whole of such tax to the amount to be paid under such contract, then the vendee shall, in lieu of the vendor, pay so much of such tax as is not so permitted to be added to the contract price.

The taxes payable by the vendee under this section shall be paid to the vendor at the time the sale is consummated, and collected, returned, and paid to the United States by such vendor in the same manner as provided in section 503.

The term "dealer" as used in this section includes a vendee who purchases any article with intent to use it in the manufacture or production of another article intended for sale.

Sec. 1008. That in the payment of any tax under this act not payable by stamp a fractional part of a cent shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to one cent.

Sec. 1009. That the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may, under regulations prescribed by him with the approval of the Secretary of the Treasury, require all internal-revenue taxpayers who are required by law to render returns to pay without prior levy, assessment, or notice, and at the same time as the return is required to be made, or in monthly installments thereafter, any such internal-revenue tax or portion thereof, any provision of law fixing any other time as the time when such tax is due to the contrary notwithstanding: *Provided*, That the whole of such tax shall be paid before the expiration of the time fixed by law for such payment. All penalties provided by existing law for failure to render return and pay tax when due are hereby made applicable to any failure to pay the tax at the time required by such regulations.

Sec. 1010. That collectors of internal revenue are authorized to receive at par certificates of indebtedness issued under section 6 of the act entitled "An act to authorize an issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend credit to foreign governments, and for other purposes," approved April 24, 1917, and uncertified checks in payment of income and war profits taxes, during such time and under such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe; but if a check so received is not paid by the bank on which it is drawn the person by whom such check has been tendered shall remain liable for the payment of the tax and for all legal penalties and additions the same as if such check had not been tendered.

#### TITLE XII.—INCOME-TAX AMENDMENTS.

Sec. 1200. That subdivision (a) of section 2 of such act of September 8, 1916, is hereby amended to read as follows:

"(a) That, subject only to such exemptions and deductions as are hereinafter allowed, the net income of a taxable person shall include gains, profits, and income derived from salaries, wages, or compensation for personal service of whatever kind and in whatever form paid, or from professions, vocations, businesses, trade, commerce, or sales, or dealings in property, whether real or personal, growing out of the ownership or use of or interest in real or personal property, also from interest, rent, dividends, securities, or the transaction of any business carried on for gain or profit, or gains or profits and income derived from any source whatever: *Provided*, That the term 'dividends' as used in this title shall be held to mean any distribution made or ordered to be made by a corporation, joint-stock company, association, or insurance company, out of its earnings or profits accrued since March 1, 1913, and payable to its shareholders, whether in cash or in stock of the corporation, joint-stock company, association, or insurance company, which stock dividends shall be considered income, to the amount of the earnings or profits so distributed: *Provided further*, That any distribution made to the shareholders of a corporation, joint-stock company, association, or insurance company in the year 1917 or subsequent tax years shall be deemed to have been made from the net income of the year in which such distribution is made, or if such income is insufficient, from the most recently accumulated undivided profits or surplus, and shall constitute a part of the annual income of the shareholder for the respective years in which earned by the corporation,

joint-stock company, association, or insurance company, and shall be taxed to the shareholder at the rate prescribed by law for such years."

Sec. 1201. (1) That paragraphs 2 and 3 of subdivision (a) of section 5 of such act of September 8, 1916, are hereby amended to read as follows:

"Second. All interest paid within the year on his indebtedness except on indebtedness incurred for the purchase of obligations or securities the interest upon which is exempt from taxation as income under this title;

"Third. Taxes paid within the year imposed by the authority of the United States (except income and war-profits taxes) or of its Territories, or possessions, or any foreign country, or by the authority of any State, county, school district, or municipality, or other taxing subdivision of any State, not including those assessed against local benefits;"

(2) Subdivision (c) of section 5 of such act of September 8, 1916, is hereby repealed.

Sec. 1202. (1) That paragraphs second and third of subdivision (a) of section 6 of such act of September 8, 1916, are hereby amended to read as follows:

"Second. The proportion of all interest paid within the year by such person on his indebtedness (except on indebtedness incurred for the purchase of obligations or securities the interest upon which is exempt from taxation as income under this title) which the gross amount of his income for the year derived from sources within the United States bears to the gross amount of his income for the year derived from all sources within and without the United States, but this deduction shall be allowed only if such person includes in the return required by section 8 all the information necessary for its calculation;

"Third. Taxes paid within the year imposed by the authority of the United States (except income and war-profits taxes), or of its Territories or possessions, or by the authority of any State, county, school district, or municipality, or other taxing subdivision of any State, paid within the United States, not including those assessed against local benefits;"

(2) Subdivision (b) of section 6 of such act of September 8, 1916, is hereby amended to read as follows:

"(b) There shall also be allowed the same credit as specified in subdivision (b) of section 5, and likewise a credit for the amount of income, the normal tax on which has been paid or withheld for payment at the source of the income under the provisions of this title."

(3) Section 6 of such act of September 8, 1916, is also further amended by adding a new subdivision to read as follows:

"(c) A nonresident alien individual shall receive the benefit of the deductions and credits provided for in this section only by filing or causing to be filed with the collector of internal revenue a true and accurate return of his total income received from all sources, corporate or otherwise, in the United States, in the manner prescribed by this title; and in case of his failure to file such return the collector shall collect the tax on such income, and all property belonging to such nonresident alien individual shall be liable to distraint for the tax."

Sec. 1203. (1) That section 7 of such act of September 8, 1916, is hereby amended to read as follows:

"Sec. 7. That for the purpose of the normal tax only, there shall be allowed as an exemption in the nature of a deduction from the amount of the net income of each citizen or resident of the United States, ascertained as provided herein, the sum of \$3,000, plus \$1,000 additional if the person making the return be a head of a family or a married man with a wife living with him, or plus the sum of \$1,000 additional if the person making the return be a married woman with a husband living with her; but in no event shall this additional exemption of \$1,000 be deducted by both a husband and a wife: *Provided*, That only one deduction of \$4,000 shall be made from the aggregate income of both husband and wife when living together: *Provided further*, That if the person making the return is the head of a family there shall be an additional exemption of \$200 for each child dependent upon such person, if under 18 years of age, or if incapable of self-support because mentally or physically defective, but this provision shall operate only in the case of one parent in the same family: *Provided further*, That guardians or trustees shall be allowed to make this personal exemption as to income derived from the property of which such guardian or trustee has charge in favor of each ward or cestui que trust: *Provided further*, That in no event shall a ward or cestui que trust be allowed a greater personal exemption than \$3,000, or, if married, \$4,000, as provided in this section, from the amount of net income received from all sources. There shall also be allowed an exemption from the amount of the net income of estates of deceased citizens or residents of the United States during the period of administration or settlement, and of trust or other estates of citizens or residents of the United States the income of which is not distributed annually or regularly under the provisions of subdivision (b) of section 2, the sum of \$3,000, including such deductions as are allowed under section 5."

(2) Subdivision (b) of section 7 of such act of September 8, 1916, is hereby repealed.

Sec. 1204. (1) That subdivisions (c) and (e) of section 8 of such act of September 8, 1916, are hereby amended to read as follows:

"(c) Guardians, trustees, executors, administrators, receivers, conservators, and all persons, corporations, or associations, acting in any fiduciary capacity, shall make and render a return of the income of the person, trust, or estate for whom or which they act, and be subject to all the provisions of this title which apply to individuals. Such fiduciary shall make oath that he has sufficient knowledge of the affairs of such person, trust, or estate to enable him to make such return and that the same is, to the best of his knowledge and belief, true and correct, and be subject to all the provisions of this title which apply to individuals: *Provided*, That a return made by one of two or more joint fiduciaries filed in the district where such fiduciary resides, under such regulations as the Secretary of the Treasury may prescribe, shall be a sufficient compliance with the requirements of this paragraph: *Provided further*, That no return of income not exceeding \$3,000 shall be required except as in this title otherwise provided.

"(e) Persons carrying on business in partnership shall be liable for income tax only in their individual capacity, and the share of the profits of the partnership to which any taxable partner would be entitled if the same were divided, whether divided or otherwise, shall be returned for taxation and the tax paid under the provisions of this title: *Provided*, That from the net distributive interests on which the individual members shall be liable for tax, normal and additional, there shall be excluded their proportionate shares received from interest on the obligations of a State or any political or taxing subdivision thereof, and upon the obligations of the United States and its possessions, and that for the purpose of computing the normal tax there shall be allowed a credit, as provided by section 5, subdivision (b), for their proportionate share of the profits derived from dividends. Such partnership, when



requested by the Commissioner of Internal Revenue or any district collector, shall render a correct return of the earnings, profits, and income of the partnership, except income exempt under section 4 of this act, setting forth the item of the gross income and the deductions and credits allowed by this title, and the names and addresses of the individuals who would be entitled to the net earnings, profits, and income, if distributed. A partnership shall have the same privilege of fixing and making returns upon the basis of its own fiscal year as is accorded to corporations under this title. The share of the profits of a partnership in which any taxable partner would be entitled for a fiscal year ending in 1916, or subsequent tax years for which the rates of tax have been or shall be changed by law, shall be returned for taxation and the tax paid under the respective rates applicable to each calendar year in the proportion that the period of each calendar year bears to the full fiscal year."

(2) Subdivision (d) of section 8 of such act of September 8, 1916, is hereby repealed.

SEC. 1205. (1) That subdivisions (b), (f), and (g) of section 9 of such act of September 8, 1916, are hereby amended to read as follows:

"(b) All persons, corporations, partnerships, associations, and insurance companies, in whatever capacity acting, including lessees or mortgagors of real or personal property, trustees acting in any trust capacity, executors, administrators, receivers, conservators, employers, and all officers and employees of the United States, having the control, receipt, custody, disposal, or payment of interest, rent, salaries, wages, premiums, annuities, compensation, remuneration, emoluments, or other fixed or determinable annual or periodical gains, profits, and income of any nonresident alien individual, other than income derived from dividends on capital stock, or from the net earnings of a corporation, joint-stock company or association, or insurance company, which is taxable upon its net income as provided in this title, are hereby authorized and required to deduct and withhold from such annual or periodical gains, profits, and income such sum as will be sufficient to pay the normal tax imposed thereon by this title, and shall pay the amount withheld to the officer of the United States Government authorized to receive the same; and they are each hereby made personally liable for such tax, and they are each hereby indemnified against every person, corporation, partnership, association, or insurance company, or demand whatsoever for all payments which they shall make in pursuance and by virtue of this title.

"(f) All persons, corporations, partnerships, or associations, undertaking as a matter of business or for profit the collection of foreign payments of interest or dividends by means of coupons, checks, or bills of exchange shall obtain a license from the Commissioner of Internal Revenue, and shall be subject to such regulations enabling the Government to obtain the information required under this title, as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe; and whoever knowingly undertakes to collect such payments as aforesaid without having obtained a license therefor, or without complying with such regulations, shall be deemed guilty of a misdemeanor and for each offense be fined in a sum not exceeding \$5,000, or imprisoned for a term not exceeding one year, or both, in the discretion of the court.

"(g) The tax herein imposed upon gains, profits, and incomes not falling under the foregoing and not returned and paid by virtue of the foregoing or as otherwise provided by law shall be assessed by personal return under rules and regulations to be prescribed by the Commissioner of Internal Revenue and approved by the Secretary of the Treasury. The intent and purpose of this title is that all gains, profits, and income of a taxable class, as defined by this title, shall be charged and assessed with the corresponding tax, normal and additional, prescribed by this title, and said tax shall be paid by the owner of such income, or the proper representative having the receipt, custody, control, or disposal of the same. For the purpose of this title ownership or liability shall be determined as of the year for which a return is required to be rendered.

"The provisions of this section relating to the deduction and payment of the tax at the source of income shall only apply to the normal tax hereinbefore imposed upon nonresident alien individuals."

(2) Subdivisions (c), (d), and (e) of section 9 of such act of September 8, 1916, are hereby repealed.

SEC. 1206. (1) That the first paragraph of section 10 of such act of September 8, 1916, is hereby amended to read as follows:

"SEC. 10. (a) That there shall be levied, assessed, collected, and paid annually upon the total net income received in the preceding calendar year from all sources by every corporation, joint-stock company or association, or insurance company, organized in the United States, no matter how created or organized, but not including partnerships, a tax of 2 per cent upon such income; and a like tax shall be levied, assessed, collected, and paid annually upon the total net income received in the preceding calendar year from all sources within the United States by every corporation, joint-stock company or association, or insurance company, organized, authorized, or existing under the laws of any foreign country, including interest on bonds, notes, or other interest-bearing obligations of residents, corporate or otherwise, and including the income derived from dividends on capital stock or from net earnings of resident corporations, joint-stock companies or associations, or insurance companies, whose net income is taxable under this title: *Provided*, That the term 'dividends' as used in this title shall be held to mean any distribution made or ordered to be made by a corporation, joint-stock company, association, or insurance company, out of its earnings or profits accrued since March 1, 1913, and payable to its shareholders, whether in cash or in stock of the corporation, joint-stock company, association, or insurance company, which stock dividend shall be considered income, to the amount of the earnings or profits so distributed: *Provided further*, That any distribution made to the shareholders of a corporation, joint-stock company or association, or insurance company, in the year 1917, or subsequent tax years, shall be deemed to have been made from the net income of the year in which such distribution is made or, if such income is insufficient, from the most recently accumulated undivided profits or surplus, and shall constitute a part of the annual income of the shareholder for the respective years in which earned by the corporation, joint-stock company, association, or insurance company, and shall be taxed to the shareholder at the rate prescribed by law for such years."

(2) Section 10 of such act of September 8, 1916, is hereby further amended by adding a new subdivision as follows:

"(b) In addition to the income tax imposed by subdivision (a) of this section there shall be levied, assessed, collected, and paid annually an additional tax of 10 per cent upon the amount remaining undistributed six months after the end of each calendar or fiscal year, of the total net income of every corporation, joint-stock company or associa-

tion, or insurance company, received during the year, as determined for the purposes of the tax imposed by such subdivision (a), but including the amount allowed as a credit under subdivision (d) of section 12.

"The foregoing tax rate shall apply to the undistributed net income received by every taxable corporation, joint-stock company or association, or insurance company in the calendar year 1917 and in each year thereafter, except that if it has fixed its own fiscal year under the provisions of existing law, the foregoing rate shall apply to the proportion of the taxable undistributed net income returned for the fiscal year ending prior to December 31, 1917, which the period between January 1, 1917, and the end of such fiscal year bears to the whole of such fiscal year."

SEC. 1207. (1) That paragraphs 3 and 4 of subdivision (a) of section 12 of such act of September 8, 1916, are hereby amended to read as follows:

"Third. The amount of interest paid within the year on its indebtedness (except on indebtedness incurred for the purchase of obligations or securities the interest upon which is exempt from taxation as income under this title) to an amount of such indebtedness not in excess of the sum of (a) the entire amount of the paid-up capital stock outstanding at the close of the year, or, if no capital stock, the entire amount of capital employed in the business at the close of the year, and (b) one-half of its interest-bearing indebtedness then outstanding: *Provided*, That for the purpose of this title preferred capital stock shall not be considered interest-bearing indebtedness, and interest or dividends paid upon this stock shall not be deductible from gross income: *Provided further*, That in cases wherein shares of capital stock are issued without par or nominal value, the amount of paid-up capital stock, within the meaning of this section, as represented by such shares, will be the amount of cash, or its equivalent, paid or transferred to the corporation as a consideration for such shares: *Provided further*, That in the case of indebtedness wholly secured by property collateral, tangible or intangible, the subject of sale or hypothecation in the ordinary business of such corporation, joint-stock company or association as a dealer only in the property constituting such collateral, or in loaning the funds thereby procured, the total interest paid by such corporation, company, or association within the year on any such indebtedness may be deducted as a part of its expenses of doing business, but interest on such indebtedness shall only be deductible on an amount of such indebtedness not in excess of the actual value of such property collateral: *Provided further*, That in the case of bonds or other indebtedness, which have been issued with a guaranty that the interest payable thereon shall be free from taxation, no deduction for the payment of the tax herein imposed, or any other tax paid pursuant to such guaranty, shall be allowed; and in the case of a bank, banking association, loan or trust company, interest paid within the year on deposits or on moneys received for investment and secured by interest-bearing certificates of indebtedness issued by such bank, banking association, loan or trust company:

"Fourth. Taxes paid within the year imposed by the authority of the United States (except income and war-profits taxes), or of its Territories, or possessions, or any foreign country, or by the authority of any State, county, school district, or municipality, or other taxing subdivision of any State, not including those assessed against local benefits."

(2) Paragraphs third and fourth of subdivision (b) of section 12 of such act of September 8, 1916, are hereby amended to read as follows:

"Third. The amount of interest paid within the year on its indebtedness (except on indebtedness incurred for the purchase of obligations or securities the interest upon which is exempt from taxation as income under this title) to an amount of such indebtedness not in excess of the proportion of the sum of (a) the entire amount of the paid-up capital stock outstanding at the close of the year, or, if no capital stock, the entire amount of the capital employed in the business at the close of the year, and (b) one-half of its interest-bearing indebtedness then outstanding, which the gross amount of its income for the year from business transacted and capital invested within the United States bears to the gross amount of its income derived from all sources within and without the United States: *Provided*, That in the case of bonds or other indebtedness which have been issued with a guaranty that the interest payable thereon shall be free from taxation, no deduction for the payment of the tax herein imposed or any other tax paid pursuant to such guaranty shall be allowed; and in case of a bank, banking association, loan or trust company, or branch thereof, interest paid within the year on deposits by or on moneys received for investment from either citizens or residents of the United States and secured by interest-bearing certificates of indebtedness issued by such bank, banking association, loan or trust company, or branch thereof:

"Fourth. Taxes paid within the year imposed by the authority of the United States (except income and war-profits taxes), or of its Territories, or possessions, or by the authority of any State, county, school district, or municipality, or other taxing subdivision of any State, paid within the United States, not including those assessed against local benefits."

(3) Section 12 of such act of September 8, 1916, is hereby further amended by adding a new subdivision, as follows:

#### "CREDITS."

"(d) For the purpose of the tax imposed by subdivision (a) of section 10, the income embraced in a return of a corporation, joint-stock company or association, or insurance company shall be credited with the amount received as dividends upon the stock or from the net earnings of any other corporation, joint-stock company or association, or insurance company, which is taxable upon its net income as provided in this title, less that proportion of such amount which the amount received by the distributing corporation, joint-stock company or association, or insurance company from similar sources bears to the entire net income of such distributing corporation, joint-stock company or association, or insurance company."

SEC. 1208. (1) That subdivision (c) of section 13 of such act of September 8, 1916, is hereby amended to read as follows:

"(c) All the provisions of this title relating to the tax authorized and required to be deducted and withheld and paid to the officer of the United States Government authorized to receive the same from the income of nonresident alien individuals from sources within the United States shall be made applicable to the tax imposed by subdivision (a) of section 10 upon incomes derived from interest upon bonds and mortgages or deeds of trust or similar obligations of domestic or other resident corporations, joint-stock companies or associations, and insurance companies by nonresident alien firms, copartnerships, companies, corporations, joint-stock companies or associations, and insur-



ance companies, not engaged in business or trade within the United States and not having any office or place of business therein."

(2) Subdivision (f) of section 13 of such act of September 8, 1916, is hereby repealed.

SEC. 1209. That section 18 of such act of September 8, 1916, is hereby amended to read as follows:

SEC. 18. That any person, corporation, partnership, association, or insurance company liable to make a return or to supply information required under this title who refuses or neglects to make such return or to supply such information at the time or times herein specified in each year shall be liable, except as otherwise specially provided in this title, to a penalty of not less than \$20 nor more than \$1,000. Any individual or any officer of any corporation, partnership, association, or insurance company required by law to make, render, sign, or verify any return or to supply any information who makes any false or fraudulent return or statement with intent to defeat or evade the assessment required by this title to be made shall be guilty of a misdemeanor and shall be fined not exceeding \$2,000 or be imprisoned not exceeding one year, or both, in the discretion of the court, with the costs of prosecution: *Provided*, That where any tax heretofore due and payable has been duly paid by the taxpayer it shall not be re-collected from any withholding agent required to retain it at its source, nor shall any penalty be imposed or collected in such cases from the taxpayer or such withholding agent whose duty it was to retain it for failure to return or pay the same unless such failure was fraudulent and for the purpose of evading payment."

SEC. 1210. That section 26 of such act of September 8, 1916, as amended by the act entitled "An act to provide increased revenue to defray the expenses of the increased appropriations for the Army and Navy and the extensions of fortifications, and for other purposes," approved March 3, 1917, is hereby amended to read as follows:

SEC. 26. Every corporation, joint-stock company or association, or insurance company subject to the tax herein imposed, when required by the Commissioner of Internal Revenue, shall render a correct return, duly verified under oath, of its payments of dividends, whether made in cash or its equivalent or in stock, including the names and addresses of stockholders and the number of shares owned by each, and the tax years and the applicable amounts in which such dividends were earned, in such form and manner as may be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury."

SEC. 1211. That Title I of such act of September 8, 1916, is hereby amended by adding to Part III five new sections, as follows:

SEC. 27. That every person, corporation, partnership, or association doing business as a broker on any exchange or board of trade, or other similar place of business, shall, when required by the Commissioner of Internal Revenue, render a correct return, duly verified under oath, under such rules and regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe, showing the names of customers for whom such person, corporation, partnership, or association has transacted any business, with such details as to the profits, losses, or other information which the commissioner may require, as to each of such customers, as will enable the Commissioner of Internal Revenue to determine whether all income tax due on profits or gains of such customers has been paid.

SEC. 28. That all persons, corporations, partnerships, associations, and insurance companies, in whatever capacity acting, including lessees or mortgagors of real or personal property, trustees acting in any trust capacity, executors, administrators, receivers, conservators, and employers, making payment to another person, corporation, partnership, association, or insurance company, of interest, rent, salaries, wages, premiums, annuities, compensation, remuneration, emoluments, or other fixed or determinable gains, profits, and income (other than payments described in sections 26 and 27), of \$800 or more in any taxable year, or in the case of such payments made by the United States, the officers or employees of the United States having information as to such payments and required to make returns in regard thereto by the regulations hereinafter provided for, are hereby authorized and required to render a true and accurate return to the Commissioner of Internal Revenue, under such rules and regulations and in such form and manner as may be prescribed by him, with the approval of the Secretary of the Treasury, setting forth the amount of such gains, profits, and income, and the name and address of the recipient of such payment: *Provided*, That such returns shall be required, regardless of amounts, in the case of payments of interest upon bonds and mortgages or deeds of trust or other similar obligations of corporations, joint-stock companies, associations, and insurance companies, and in the case of collections of items (not payable in the United States) of interest upon the bonds of foreign countries and interest from the bonds and dividends from the stock of foreign corporations by persons, corporations, partnerships, or associations, undertaking as a matter of business or for profit the collection of foreign payments of such interest or dividends by means of coupons, checks, or bills of exchange.

"When necessary to make effective the provisions of this section the name and address of the recipient of income shall be furnished upon demand of the person, corporation, partnership, association, or insurance company paying the income.

"The provisions of this section shall apply to the calendar year 1917 and each calendar year thereafter.

SEC. 29. That in assessing income tax the net income embraced in the return shall also be credited with the amount of any war-profits tax imposed by act of Congress and assessed for the same calendar or fiscal year upon the taxpayer.

SEC. 30. That nothing in section 2 of the act approved October 3, 1913, entitled "An act to reduce tariff duties and to provide revenue for the Government, and for other purposes," or in this title, shall be construed as taxing the income of foreign governments received from investments in the United States in stocks, bonds, or other domestic securities.

SEC. 31. That all contracts entered into after the enactment of this amendment by which any person, corporation, partnership, association, or insurance company agrees to pay any portion of the tax imposed by this title upon any other person, corporation, association, or insurance company, or to reimburse such person, corporation, association, or insurance company for any portion of such tax, shall be void, and any person, corporation, partnership, association, or insurance company entering into such a contract shall be subject to a fine of not more than \$1,000."

SEC. 1212. That any amount heretofore withheld by any withholding agent as required by Title I of such act of September 8, 1916, on account of the tax imposed upon the income of any individual, a citizen or resident of the United States, for the calendar year 1917, shall be released and paid over to such individual, and the entire tax upon the

income of such individual for such year shall be assessed and collected in the manner prescribed by such act as amended by this act.

SEC. 1213. Amend paragraph (b) of section 14 of the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916, to read as follows:

(b) When the assessment shall be made, as provided in this title, the returns, together with any corrections thereof which may have been made by the commissioner, shall be filed in the office of the Commissioner of Internal Revenue and shall constitute public records and be open to inspection as such: *Provided*, That the proper officers of any State imposing a general income tax may, upon the request of the governor thereof, have access to said returns or to an abstract thereof, showing the name and income of each such corporation, joint-stock company or association, or insurance company, at such times and in such manner as the Secretary of the Treasury may prescribe."

SEC. 1214. Amend section 3167 of the Revised Statutes of the United States, as amended by section 16 of the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916, by adding thereto a new paragraph to read as follows:

"*Provided*, That there shall be open to public inspection at the office of the collectors of internal revenue a list or lists setting forth the net amount of taxable incomes paid thereon by every individual in their respective districts, and that copies of such lists shall likewise be open to public inspection at the office of the Commissioner of Internal Revenue at Washington, D. C."

SEC. 1215. That the Tariff Commission be, and it hereby is, directed to investigate into additional sources of revenue for the information of Congress in levying such additional taxes as may be required for the prosecution of the war, and that such commission shall report to Congress on the first Tuesday in January, 1918, or prior to that date. The commission shall inquire into the methods of taxation adopted by the Governments of France and England.

SEC. 1302. That unless otherwise herein specifically provided, this act shall take effect on the day following its enactment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment in the nature of a substitute submitted by the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. LA FOLLETTE. Upon that I ask for the yeas and nays. The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. FLETCHER (when his name was called). Making the same announcement as to my pair and its transfer as on the last vote, I vote "nay."

Mr. FRELINGHUYSEN (when his name was called). I make the same announcement as on the former vote and vote "nay."

Mr. McCUMBER (when his name was called). Again transferring my pair as on the previous vote, I vote "nay."

Mr. MYERS (when his name was called). I make the same announcement of the transfer of my pair as before and vote "nay."

Mr. ROBINSON (when his name was called). Announcing my pair and its transfer as on previous votes, I vote "nay."

The roll call having been concluded, the result was announced—yeas 15, nays 65, as follows:

## YEAS—15.

Borah	Hardwick	Jones, Wash.	Norris
Brady	Hollis	Kenyon	Reed
Gore	Husting	La Follette	Vardaman
Gronna	Johnson, Cal.	McNary	

## NAYS—65.

Bankhead	Johnson, S. Dak.	Page	Smoot
Beckham	Jones, N. Mex.	Penrose	Sterling
Brandagee	Kellogg	Pittman	Stone
Calder	Kendrick	Polindexter	Sutherland
Chamberlain	King	Pomerene	Swanson
Colt	Kirby	Ransdell	Thompson
Curtis	Knox	Robinson	Trammell
Dillingham	Lewis	Saulsbury	Underwood
Fall	Lodge	Shafroth	Wadsworth
Fernald	McCumber	Sheppard	Warren
Fletcher	McKellar	Sherman	Watson
France	Martin	Shields	Weeks
Frelinghuysen	Myers	Simmons	Williams
Gerry	Nelson	Smith, Ga.	Wolcott
Hale	New	Smith, Md.	
Harding	Newlands	Smith, Mich.	
James	Overman	Smith, S. C.	

## NOT VOTING—16.

Ashurst	Gallinger	McLean	Thomas
Broussard	Goff	Owen	Tillman
Culberson	Hitchcock	Phelan	Townsend
Cummins	Hughes	Smith, Ariz.	Walsh

So Mr. LA FOLLETTE's substitute was rejected.

Mr. BANKHEAD. I submit an amendment to come in on page 98 as an amendment to the amendment heretofore adopted to section 1105. I understand the chairman of the committee agrees to accept it.

The PRESIDENT pro tempore. The amendment will be stated.

The SECRETARY. On page 98, at the end of section 1105, insert as a new paragraph:

That where postmasters at offices of the third class are granted leave without pay for military purposes, the Postmaster General may allow, in addition to the maximum amount which may now be allowed such offices for clerk hire, in accordance with the act of Congress, an amount not to exceed 50 per cent of the salary of the postmaster.

Mr. SIMMONS. I accept that amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment submitted by the Senator from Alabama [Mr. BANKHEAD].



The amendment was agreed to.

The PRESIDENT pro tempore. If there be no further amendments as in Committee of the Whole the bill will be reported to the Senate.

Mr. OWEN. I wish to have it understood that I have made a reservation in regard to the inheritance tax. I wish to state the form so that there will be no misunderstanding about it.

The PRESIDENT pro tempore. May the Chair inquire whether the amendment was rejected as in Committee of the Whole?

Mr. OWEN. It was.

The PRESIDENT pro tempore. The Chair is of opinion that the Senator can offer the amendment in the Senate.

Mr. OWEN. I wish, then, to present it so as to preserve the right to offer the amendment in the Senate. I did not frame the language before exactly as I wanted it.

The PRESIDENT pro tempore. The Chair thinks that the Senator can offer the amendment.

Mr. OWEN. I reserve the right to offer the amendment on the inheritance tax in the Senate.

Mr. BRANDEGEE. I desire to inquire whether the RECORD shows that the junior Senator from Massachusetts [Mr. WEEKS] reserved the right to offer an amendment in the Senate and ask for a separate vote thereon?

The PRESIDENT pro tempore. The Chair is informed by the Secretary that the RECORD does not show it.

Mr. BRANDEGEE. I did not see the junior Senator from Massachusetts in his seat when I looked around, and that led me to ask the question, but I understood him to so advise the Chair several days ago at the time the McKellar amendment was adopted in Committee of the Whole.

Mr. PENROSE. The Senator from Utah [Mr. SMOOT] reserved it.

Mr. BRANDEGEE. I simply desired that the Senator's right should not be foreclosed.

The PRESIDENT pro tempore. The Senator from Utah [Mr. SMOOT] has reserved a separate vote on that question. The bill is still as in Committee of the Whole and open to amendment. If no further amendment be proposed the bill will be reported to the Senate.

The bill was reported to the Senate as amended.

The PRESIDENT pro tempore. The Senate as in Committee of the Whole has made sundry amendments to the bill. The question is on concurring in the amendments made as in Committee of the Whole, except as to those cases where questions have been reserved. Without objection the amendments will be concurred in. The Chair hears no objection. The bill is in the Senate and is still open to amendment.

Mr. OWEN. I present the following amendment.

The PRESIDENT pro tempore. The Secretary will read the amendment.

The SECRETARY. On page 78—

Mr. OWEN. I ask the Secretary to read the language of the House provision as stricken out down to the fourth line, inclusive, on page 78, and then begin with what I have written. It is the House provision which was stricken out with that addition.

The SECRETARY. On page 76, Title IX, War estate tax, reinsert the portion in the House text that has been stricken out and insert in addition the following:

SEC. 900. That in addition to the tax imposed by section 200, etc., the following:

One per cent additional on each additional \$1,000,000 or major part thereof until such tax shall amount to 40 per cent, and on any amount in excess of \$30,000,000 there shall be imposed a tax of 40 per cent.

From such taxes on inheritances the amount of inheritance tax imposed by the then existing laws of the State up to and not exceeding one-half of the amount collected shall be paid over to the proper officers of the State upon the order of the Secretary of the Treasury.

Mr. OWEN. I wish to read the amendment so that the Senate will understand it. I do not believe it will understand it as it has been read.

Mr. SIMMONS. I do not think the Senator can read his amendment and make an explanation of it.

Mr. OWEN. I am not going to make any explanation. I wish to read my amendment.

Mr. LODGE. It has been read.

Mr. SIMMONS. It has been read by the Secretary.

Mr. OWEN. It has been stated by the Secretary but not read by the Secretary.

The PRESIDENT pro tempore. The Secretary will read the amendment offered by the Senator from Oklahoma, which is the only proper course under the rule.

Mr. OWEN. Then, I will ask the Secretary to read the amendment beginning at line 19.

The Secretary proceeded to read Mr. OWEN's amendment.

Mr. POINDEXTER. Mr. President, I ask unanimous consent to dispense with the further reading of the amendment.

The PRESIDENT pro tempore. Is there objection?

Mr. OWEN. I object.

The PRESIDENT pro tempore. The Secretary will proceed with the reading of the amendment.

Mr. WILLIAMS. What is the request for unanimous consent which has been made?

The PRESIDENT pro tempore. It was to dispense with the further reading of the amendment proposed by the Senator from Oklahoma [Mr. OWEN]. Objection was made, and the Secretary will continue the reading of the amendment.

The Secretary resumed and concluded the reading of the amendment, which is as follows:

#### TITLE IX.—INHERITANCE TAX.

SEC. 900. That in addition to the tax imposed by section 201 of the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916, as amended—

(a) A tax equal to the following percentages of its value is hereby imposed upon the transfer of each net estate of every decedent dying after the passage of this act, the transfer of which is taxable under such section (the value of such net estate to be determined as provided in Title II of such act of September 8, 1916):

One-half of 1 per cent of the amount of such net estate not in excess of \$50,000.

One per cent of the amount by which such net estate exceeds \$50,000 and does not exceed \$150,000;

One and one-half per cent of the amount by which such net estate exceeds \$150,000 and does not exceed \$250,000;

Two per cent of the amount by which such net estate exceeds \$250,000 and does not exceed \$450,000;

Two and one-half per cent of the amount by which such net estate exceeds \$450,000 and does not exceed \$1,000,000;

Three per cent of the amount by which such net estate exceeds \$1,000,000 and does not exceed \$2,000,000;

Three and one-half per cent of the amount by which such net estate exceeds \$2,000,000 and does not exceed \$3,000,000;

Four per cent of the amount by which such net estate exceeds \$3,000,000 and does not exceed \$4,000,000;

Four and one-half per cent of the amount by which such net estate exceeds \$4,000,000 and does not exceed \$5,000,000;

Five per cent of the amount by which such net estate exceeds \$5,000,000 and does not exceed \$8,000,000;

Seven per cent of the amount by which such net estate exceeds \$8,000,000 and does not exceed \$11,000,000;

Ten per cent of the amount by which such net estate exceeds \$11,000,000 and does not exceed \$15,000,000; and

Fifteen per cent of the amount by which such net estate exceeds \$15,000,000; and 1 per cent additional on each additional \$1,000,000 or major part thereof until such tax shall amount to 40 per cent; and on any amount in excess of \$30,000,000 there shall be imposed a tax of 40 per cent.

From such taxes on inheritances the amount of inheritance tax imposed by the then existing laws of the State up to and not exceeding one-half of the amount collected shall be paid over to the proper officers of the State upon the order of the Secretary of the Treasury.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Oklahoma [Mr. OWEN].

Mr. OWEN. I ask for the yeas and nays.

Mr. MYERS. I desire to offer an amendment to the amendment.

The PRESIDENT pro tempore. The Secretary will state the amendment to the amendment which is proposed by the Senator from Montana.

The SECRETARY. It is proposed to add to the amendment a new section, as follows:

SEC. —. That section 203 of the act of September 8, 1916, entitled "An act to increase the revenue, and for other purposes," be, and the same is hereby, amended by adding at the end of subdivision (a) a further paragraph No. (3), so that section 203 will read as follows:

"SEC. 203. That for the purpose of the tax the value of the net estate shall be determined—

"(a) In the case of a resident, by deducting from the value of the gross estate—

"(1) Such amounts for funeral expenses, administration expenses, claims against the estate unpaid mortgages, losses incurred during the settlement of the estate arising from fires, storms, shipwreck, or other casualty, and from theft, when such losses are not compensated for by insurance or otherwise, support during the settlement of the estate of those dependent upon the decedent, and such other charges against the estate as are allowed by the laws of the jurisdiction, whether within or without the United States, under which the estate is being administered;

"(2) An exemption of \$50,000; and

"(3) All bequests, legacies, devises, or gifts to the United States, or to any State, or to any political division thereof, for exclusively public purposes, and all bequests, legacies, devises, or gifts for uses of a religious, literary, charitable, or educational character, or for the encouragement of art, or to societies for the prevention of cruelty to children or for the prevention of cruelty to animals.

"(b) In the case of a nonresident, by deducting from the value of that part of his gross estate which at the time of his death is situated in the United States that proportion of the deductions specified in paragraph (1) of subdivision (a) of this section which the value of such part bears to the value of his entire gross estate, wherever situated. But no deductions shall be allowed in the case of a nonresident unless the executor includes in the return required to be filed under section 203 the value at the time of his death of that part of the gross estate of the nonresident not situated in the United States."

The PRESIDENT pro tempore. The question is on agreeing to the amendment to the amendment.

Mr. MYERS. That is the same amendment that I offered before, and I ask for the yeas and nays on it.

The yeas and nays were not ordered.

The PRESIDENT pro tempore. The question is on the amendment to the amendment.

The amendment to the amendment was rejected.

The PRESIDENT pro tempore. The question now is on agreeing to the amendment offered by the Senator from Oklahoma.

The amendment was rejected.

Mr. HUSTING. If in order, Mr. President, I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment proposed by the Senator from Wisconsin will be stated.

The SECRETARY. It is proposed to add to section 201, at line 14, page 14, a new paragraph (c) to read:

(c) For the purposes of this title, corporations, partnerships, and individuals receiving rentals and royalties shall be deemed to be engaged in business, and the net income derived from such sources shall be subject to the tax herein imposed.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Wisconsin.

Mr. HUSTING. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. HUSTING. I ask for a division, Mr. President.

The question being put, on a division the amendment was rejected.

Mr. NEW. Mr. President, on September 5 I reserved the right to present to the Senate an amendment which I then offered, and I think the RECORD will so disclose.

The PRESIDENT pro tempore. The Secretary will state the amendment proposed by the Senator from Indiana.

The SECRETARY. It is proposed to strike out all of that part of section 200 beginning with line 1, on page 12, and ending with the word "business," in line 8, and in lieu thereof to insert the following:

The term "prewar period" shall be taken to be any two of the three years 1911, 1912, and 1913, said two years to be selected by the taxpayer.

Mr. SIMMONS. Mr. President, I ask that the amendment be again stated. I did not understand it.

Mr. NEW. I propose in the amendment to take two of the three prewar years.

Mr. SIMMONS. Very well.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Indiana.

The amendment was rejected.

Mr. GORE. Mr. President, under the title "Excess war profits," on page 13, line 12, in the bracket exceeding 100 per cent and not exceeding 150 per cent, I move to strike out "150 per cent" and to insert "133 1/3 per cent."

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from Oklahoma.

The amendment was rejected.

Mr. SMOOT. Mr. President, I reserved the right to have a separate vote on what is known as the McKellar amendment, and I now ask for a vote upon that amendment.

Mr. POINDEXTER. I ask that the amendment be stated.

The PRESIDENT pro tempore. The Secretary will state the amendment.

Mr. JAMES. Mr. President, I think the amendment has been stated several times.

Mr. SMOOT. I ask for the yeas and nays.

Mr. POINDEXTER. Mr. President, I asked that the amendment be stated, but I will not insist upon that if I can get information as to the manner in which it is proposed. Is it proposed to strike out the House provision on this subject and to insert the McKellar amendment, or in what form is the amendment proposed?

Mr. SMOOT. Mr. President, the McKellar amendment is now a substitute for the House provision; it has been adopted as in Committee of the Whole. If we now reject the McKellar amendment the House provision will remain in the bill.

Mr. POINDEXTER. Then the amendment of the Senator from Tennessee must have been offered in the form of a motion to strike out and insert.

Mr. SMOOT. No.

Mr. POINDEXTER. I ask for a division of the question so that we may have a separate vote on the part to be stricken out and the part to be inserted.

The PRESIDENT pro tempore. Of course a motion to strike out and insert can not be divided.

Mr. WEEKS. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. WEEKS. The status, as I understand, is this: The House sent a proposition to the Senate which was tantamount

to a zone system; the Senate committee substituted for that a proposition increasing the rate; and the Senate, as in Committee of the Whole, substituted the McKellar amendment for that. If the McKellar amendment is now voted out of the bill, will the House provision then be adopted or will it be necessary to make a motion to strike out the House provision?

The PRESIDENT pro tempore. The Chair will endeavor to ascertain the condition in which the matter now is.

Mr. SMOOT. If the McKellar amendment is not concurred in, then a motion to strike out the House provision will be in order.

Mr. JAMES. Certainly.

Mr. MCKELLAR. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Chair will endeavor to answer the question already asked, if the Senator from Tennessee will permit. The Chair finds that the House provision was stricken out and that the McKellar amendment, so called, was inserted as a different provision and not in connection with the motion to strike out. Therefore, if the Senate refuses to concur in the McKellar amendment, the House provision, which was previously stricken out, will still be left out.

Mr. JAMES. That is right.

Mr. SMOOT. Then, it was not offered as a substitute for the House provision?

The PRESIDENT pro tempore. The Chair understands it was not.

Mr. MCKELLAR. Mr. President, is the question on agreeing to the amendment that I offered?

The PRESIDENT pro tempore. The question is on concurring in the amendment of the Senator from Tennessee, agreed to as in Committee of the Whole.

Mr. MCKELLAR. If that is the way the question comes up, those in favor of the amendment will vote "yea" and those opposed to it will vote "nay."

The PRESIDENT pro tempore. That will be the form of the vote. The question now is on concurring in the amendment offered by the Senator from Tennessee and agreed to as in Committee of the Whole.

Mr. SMOOT. I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. FLETCHER (when his name was called). I have a general pair with the senior Senator from New Hampshire [Mr. GALLINGER]. Not knowing how he would vote on this question, I withhold my vote.

Mr. FRELINGHUYSEN (when his name was called). I have a general pair with the junior Senator from Montana [Mr. WALSH]. Not knowing his position on this question, I withhold my vote. If permitted to vote, I should vote "nay."

Mr. LEWIS (when Mr. HITCHCOCK's name was called). The Senator from Nebraska [Mr. HITCHCOCK] is absent. He is paired with the Senator from Texas [Mr. CULBERSON] on this vote. If the Senator from Texas were present, he would vote "yea," and the Senator from Nebraska would vote "nay."

Mr. KNOX (when his name was called). I have a general pair with the senior Senator from Oregon [Mr. CHAMBERLAIN]. I regret that when his name was called I neglected to state that he had been called out of the Chamber on official business. Under the circumstances I withhold my vote.

Mr. McCUMBER (when his name was called). I have a general pair with the senior Senator from Colorado [Mr. THOMAS]. I am unable to secure a transfer of that pair on this vote, and therefore withhold my vote. If at liberty to vote, I should vote "nay."

Mr. MYERS (when his name was called). I make the same announcement as to my pair and its transfer as heretofore, and vote "yea."

Mr. ROBINSON (when his name was called). Announcing my pair and its transfer as on previous votes, I vote "yea."

The roll call was concluded.

The result was announced—yeas 34, nays 40, as follows:

#### YEAS—34.

Bankhead	La Follette	Pomerene	Sutherland
Beckham	Lewis	Reed	Swanson
Broussard	McKellar	Robinson	Thompson
Gronna	McNary	Shafroth	Trammell
Hardwick	Martin	Sheppard	Underwood
James	Myers	Shields	Vardaman
Johnson, S. Dak.	Norris	Smith, Ga.	Warren
Kenyon	Overman	Smith, Md.	
Kirby	Pittman	Smith, S. C.	

#### NAYS—40.

Borah	Curtis	Gerry	Jones, N. Mex.
Brady	Dillingham	Hale	Jones, Wash.
Brandeggee	Fall	Hollis	Kellogg
Calder	Fernald	Husting	Kendrick
Colt	France	Johnson, Cal.	King



Lodge	Page	Sherman	Wadsworth
Nelson	Penrose	Smith, Mich.	Watson
New	Poindexter	Smoot	Weeks
Newlands	Ransdell	Sterling	Williams
Owen	Saulsbury	Stone	Wolcott

## NOT VOTING—22.

Ashurst	Gallinger	Knox	Thomas
Chamberlain	Goff	McCumber	Tillman
Culberson	Gore	McLean	Townsend
Cummins	Harding	Phelan	Walsh
Fletcher	Hitchcock	Simmons	
Frelinghuysen	Hughes	Smith, Ariz.	

So the amendment was not concurred in.

Mr. HARDWICK. Mr. President, in the Committee of the Whole I reserved a separate vote on the parcel-post question.

Mr. POINDEXTER. Mr. President, we have not yet disposed of this amendment.

Mr. LODGE. Yes; it is out of the bill.

Mr. POINDEXTER. I should like to make a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator from Washington will state it.

Mr. POINDEXTER. My understanding was—I was so informed, I think, by the Chair—that the committee amendment was not offered in connection with the part that was stricken out of the House bill relating to increase in second-class rates, but it was offered as a substitute for section 1101 reported by the committee. Now, having been rejected as a substitute for that, the vote comes upon section 1101 reported by the committee, making an increase of one-fourth a cent a pound or fraction of a pound; and upon that I ask for the yeas and nays.

The PRESIDENT pro tempore. The Chair does not fully understand the inquiry of the Senator from Washington and will ascertain what the exact condition was.

Mr. POINDEXTER. My point is this, Mr. President, if I may be allowed to state it: That the Senate is entitled to a vote upon the proposition of any increase of these rates at all. We have not had it yet.

The PRESIDENT pro tempore. The Chair must have before him the bill as proposed in order to understand the situation.

Mr. SMOOT. Mr. President, the committee substitute was never agreed to. This was a substitute for the committee amendment.

The PRESIDENT pro tempore. The Chair desires to say to the Senate that in making the statement in response to a prior inquiry he was misinformed regarding the motion which had been made, which was a motion to strike out and insert the words proposed by the committee. The McKellar amendment was substituted for the amendment proposed by the committee and was part of the motion to strike out and insert; so that upon the failure of that motion, which the Chair construes has occurred as a result of the recent vote, the House provisions of the bill now remain.

Mr. WEEKS. Mr. President, I move to strike out the section.

Mr. POINDEXTER. Mr. President, before that motion is put may I inquire what has become of the proposed committee amendment?

The PRESIDENT pro tempore. It was never adopted. It could not be adopted. A vote was not had on it because, in the Committee of the Whole, a substitute was made.

Mr. POINDEXTER. But that vote recurred in the Senate when the substitute was rejected; so it seems to me that the proposed committee amendment remains if the substitute for it is rejected.

The PRESIDENT pro tempore. The Chair thinks not.

Mr. HARDWICK. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator from Georgia will state it.

Mr. HARDWICK. Would it now be in order, before the motion of the Senator from Massachusetts is put, to offer a substitute for the House provision?

The PRESIDENT pro tempore. It would undoubtedly be in order. It would be a question of the precedence of the motions. The Chair thinks the motion of the Senator from Massachusetts [Mr. WEEKS] is in order now. It is merely a motion to strike out.

Mr. HARDWICK. I move to strike out and insert the matter which I send to the desk, Mr. President.

The PRESIDENT pro tempore. The Chair thinks motions must be put in the order in which they are made, and rules that the motion of the Senator from Massachusetts is in order.

Mr. POINDEXTER. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator from Washington will state it.

Mr. POINDEXTER. The Senator from Massachusetts [Mr. WEEKS] moved to strike out the House provision. That had already been done by a vote of the Senate.

The PRESIDENT pro tempore. No; that has not been done.

Mr. JAMES. That was a committee proposal.

Mr. HARDWICK. Mr. President, as a matter of parliamentary law and practice of this body, does not a motion to perfect a section by proposing a substitute therefor take precedence over a simple motion to strike out the section?

The PRESIDENT pro tempore. When the motion is to strike out and insert, the Chair thinks so.

Mr. HARDWICK. Then, Mr. President, as a privileged motion, I move to strike out and insert the matter which I send to the desk.

Mr. WEEKS. Mr. President—

Mr. McKELLAR. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator from Tennessee will state it.

Mr. McKELLAR. The vote on the division that was demanded by the Senator from Utah having been taken, can other motions to substitute come up when they were not reserved in the Committee of the Whole?

The PRESIDENT pro tempore. The Chair thinks that any motion to amend this bill is in order now if it has not been determined already.

Mr. HARDWICK. As an amendment having priority under the rules, I move to strike out the section and to insert in lieu thereof the matter which I send to the desk.

Mr. WEEKS. Mr. President, it seems to me that my motion is a motion perfecting the amendment, and therefore it is in order.

The PRESIDENT pro tempore. In order to have no mistake about it, the Chair will put the motion of the Senator from Georgia, and then a motion to strike out will certainly be in order under the rules. The question is on the amendment offered by the Senator from Georgia, which the Secretary will state.

The SECRETARY. In lieu of the words in the House bill as restored it is proposed to insert the following:

SEC. 1101. That the rates of postage on publications entered as second-class matter, including sample copies to the extent of 10 per cent of the weight of copies mailed to subscribers during the calendar year, when sent by the publisher thereof from the office of publication, or when sent by a news agent to actual subscribers thereto, or to other news agents for the purpose of sale, shall be 1 cent a pound or fraction thereof for the portion of the publication devoted to reading matter other than advertising; and for that portion devoted to advertising the rates a pound or fraction of a pound for delivery within the several zones applicable to fourth-class matter shall be as follows: From December 1, 1917, to June 30, 1918, for the first and second zones, 1 cent; for the third zone, 1½ cents; for the fourth zone, 1½ cents; for the fifth zone, 2½ cents; for the sixth zone, 2½ cents; for the seventh zone, 3½ cents; for the eighth zone, 3½ cents. From July 1, 1918, to June 30, 1919, for the first and second zones, 1 cent; for the third zone, 1½ cents; for the fourth zone, 2½ cents; for the fifth zone, 3½ cents; for the sixth zone, 4½ cents; for the seventh zone, 5½ cents; for the eighth zone, 6½ cents. From July 1, 1919, to June 30, 1920, for the first and second zones, 1 cent; for the third zone, 1½ cents; for the fourth zone, 3½ cents; for the fifth zone, 4½ cents; for the sixth zone, 6½ cents; for the seventh zone, 7½ cents; for the eighth zone, 9½ cents. From July 1, 1920, and thereafter, for the first and second zones, 1 cent; for the third zone, 2 cents; for the fourth zone, 4 cents; for the fifth zone, 6 cents; for the sixth zone, 8 cents; for the seventh zone, 10 cents; and for the eighth zone, 12 cents: *Provided*, That with the first mailing of each issue of such publication the publisher shall file with the postmaster a copy of such issue, together with a sworn statement containing such information as the Postmaster General may prescribe for determining the postage chargeable thereon: *Provided further*, That the rate on copies deposited in a letter-carrier office for delivery by its carriers and the free-in-county circulation and rates on copies mailed within the county of publication shall continue as now provided by law: *Provided further*, That the Postmaster General may hereafter require publishers to separate or make up in such manner as he may direct all matter of the second class when offered for mailing.

Mr. HARDWICK. Mr. President, on this amendment I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. KNOX (when Mr. CHAMBERLAIN'S name was called). The senior Senator from Oregon [Mr. CHAMBERLAIN] has requested me to announce his absence from the Chamber on account of official business.

Mr. DILLINGHAM (when his name was called). I have a general pair with the senior Senator from Maryland [Mr. SMITH], from which I am released on this vote and on all other amendments and on the passage of the bill. I therefore vote "nay."

Mr. FRELINGHUYSEN (when his name was called). I transfer my general pair with the junior Senator from Montana [Mr. WALSH] to the junior Senator from Maine [Mr. HALE] and vote "nay."

Mr. JOHNSON of South Dakota (when his name was called). I have a pair with the senior Senator from Maine [Mr. FER-

NALD]. I transfer that pair to the senior Senator from Texas [Mr. CULBERSON] and vote "yea."

Mr. KNOX (when his name was called). I have a general pair with the senior Senator from Oregon [Mr. CHAMBERLAIN], but I am released from that pair upon this and all subsequent votes upon this bill. I vote "nay."

Mr. McCUMBER (when his name was called). I transfer my pair with the senior Senator from Colorado [Mr. THOMAS] to the senior Senator from Nebraska [Mr. HITCHCOCK] and vote "nay."

Mr. MYERS (when his name was called). I make the same announcement as to the transfer of my pair and vote "yea."

Mr. ROBINSON (when his name was called). Transferring my pair as before, I vote "nay."

Mr. SHERMAN (when his name was called). I have a pair with the senior Senator from Kansas [Mr. THOMPSON], and therefore withhold my vote.

Mr. WARREN (when his name was called). I have a general pair with the junior Senator from North Carolina [Mr. OVERMAN]. On that account I withhold my vote.

The roll call was concluded.

Mr. FLETCHER. I wish to announce my pair with the senior Senator from New Hampshire [Mr. GALLINGER]. Not knowing how he would vote on this question, I withhold my vote.

The result was announced—yeas 20, nays 48, as follows:

#### YEAS—20.

Bankhead	Kenyon	Norris	Sheppard
Broussard	Kirby	Pomerene	Smith, Ga.
Gronna	La Follette	Ransdell	Swanson
Hardwick	McKellar	Reed	Trammell
Johnson, S. Dak.	Myers	Shafroth	Vardaman

#### NAYS—48.

Beckham	Harding	Lodge	Simmons
Borah	Hollis	McCumber	Smith, Mich.
Brady	Husting	McNary	Smoot
Brandeggee	James	Nelson	Sterling
Calder	Johnson, Cal.	New	Stone
Colt	Jones, N. Mex.	Page	Sutherland
Curtis	Jones, Wash.	Penrose	Underwood
Dillingham	Kellogg	Pittman	Wadsworth
Fall	Kendrick	Poin Dexter	Watson
France	King	Robinson	Weeks
Frelinghuysen	Knox	Saulsbury	Williams
Gerry	Lewis	Shields	Wolcott

#### NOT VOTING—28.

Ashurst	Goff	Newlands	Smith, S. C.
Chamberlain	Gore	Overman	Thomas
Culbertson	Hale	Owen	Thompson
Cummins	Hitchcock	Phelan	Tillman
Fernald	Hughes	Sherman	Townsend
Fletcher	McLean	Smith, Ariz.	Walsh
Gallinger	Martin	Smith, Md.	Warren

So, Mr. HARDWICK's amendment was rejected.

Mr. McKELLAR. I offer an amendment as a separate section.

The PRESIDENT pro tempore. The Chair advises the Senator from Massachusetts [Mr. WEEKS] that he will recognize him for his motion to strike out immediately after the motion to strike out and insert.

Mr. McKELLAR. This is to add a new section.

Mr. SIMMONS. Mr. President—

Mr. WEEKS. I yield to the Senator from North Carolina.

Mr. SIMMONS. Pursuant to the action of the committee I move to strike out section 1201, known as the zone system.

The PRESIDENT pro tempore. The question is on the amendment of the Senator from North Carolina [Mr. SIMMONS].

Mr. KIRBY. On that I ask for the yeas and nays.

Mr. McKELLAR. I move to amend that motion by inserting the amendment that I have sent to the desk.

The PRESIDENT pro tempore. The amendment to the amendment will be read.

Mr. PENROSE. Mr. President, I make a point of order. Is that the same amendment we have just voted upon?

The PRESIDENT pro tempore. The Chair can not inform the Senator from Pennsylvania.

Mr. McKELLAR. It is considerable difference.

Mr. BRANDEGEE. I make the point of order that a motion to strike out can not be amended by substituting a motion to insert.

The PRESIDENT pro tempore. The Chair thinks the point of order is well taken, but rules so with hesitation. The Chair will rule that the motion of the Senator from North Carolina has precedence.

Mr. McKELLAR. A parliamentary inquiry, Mr. President.

The PRESIDENT pro tempore. The Senator will state it.

Mr. McKELLAR. Would a motion to strike out and insert be in order? If so, I move to strike out the section and insert—

The PRESIDENT pro tempore. The Chair has taken that position heretofore and will again under the circumstances.

Mr. McKELLAR. Then I move to strike out the section in the House bill, and to insert the following.

The PRESIDENT pro tempore. The Chair rules that the motion is in order. The Secretary will state the proposed amendment.

The SECRETARY. Strike out section 201, as printed in the House text, and insert:

SEC. 1201. That on and after January 1, 1918, all newspapers, magazines, and other publications regularly admitted to the mails as matter of the second class when mailed by the publisher shall hereafter be subject to the following rates of postage, the zone system now applying to parcel-post matter to be adapted also to second-class matter:

"Local, first, second, and third zones (under 300 miles), 1 cent per pound.

"Fourth zone (300 to 600 miles), 2 cents per pound.

"Fifth zone (600 to 1,000 miles), 3 cents per pound.

"Sixth zone (over 1,000 miles), 4 cents per pound.

"Provided, That free-in-county circulation provided by law shall continue as at present: *Provided further*, That the Postmaster General may hereafter require publishers to separate or 'make up' to zones, or in such manner as may be directed, all matter of the second class when offered for mailing: *And provided further*, That this section shall not apply to farm or religious newspapers and periodicals nor to newspapers and periodicals entitled to be entered as second-class matter and maintained by and in the interest of religious, scientific, educational, philanthropic, agricultural, labor, or fraternal organizations or associations."

The PRESIDENT pro tempore. The Chair desires to correct the ruling which he has made. The Chair does not think that the motion to strike out and insert has precedence; and, having recognized the Senator from North Carolina for a motion to strike out, he thinks that motion is in order.

Mr. POINDEXTER. Mr. President, I make the point of order.

The PRESIDENT pro tempore. The Senator will state it.

Mr. POINDEXTER. Does not the Senator from North Carolina move to strike out section 1201?

Mr. SIMMONS. The section of the House text.

Mr. POINDEXTER. I make the point of order that that has already been voted upon and already carried, and was not reserved for a separate vote in the Senate. In the copy of the bill which I have here it is stricken out and lines drawn through the House text. So evidently it was offered as a committee amendment. It has nothing to do, so I am informed by the Secretary of the Senate, with the McKellar amendment. That amendment, marked section 1101, was offered entirely separate from section 1201 of the House text.

The PRESIDENT pro tempore. The Chair will inform the Senator from Washington that the Secretary so informed the Presiding Officer. The Secretary found, however, on a later examination of the Journal, that he was mistaken, and so informed the Chair, and the Chair thereupon corrected his ruling. So the Senator from Washington is laboring under the same difficulty the Chair was in making his first ruling.

Mr. POINDEXTER. May I make a parliamentary inquiry, then, as to in what form the McKellar amendment was presented? It had no connection with section 1201.

The PRESIDENT pro tempore. The Chair will, in correcting his ruling, put the question on the motion of the Senator from North Carolina, on which the yeas and nays are demanded, to strike out the House provision.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. FRELINGHUYSEN (when his name was called). I transfer my general pair to the junior Senator from Maine [Mr. HALE] and vote "yea."

Mr. McCUMBER (when his name was called). Transferring my pair as on the previous vote, I vote "yea."

Mr. MYERS (when his name was called). I announce the same transfer of my pair and vote "yea."

Mr. ROBINSON (when his name was called). Announcing my pair and its transfer as heretofore, I vote "yea."

The roll call was concluded.

Mr. SHERMAN. I have a pair with the senior Senator from Kansas [Mr. CURTIS] and withhold my vote.

Mr. FLETCHER. I desire to announce my pair with the Senator from New Hampshire [Mr. GALLINGER], and I withhold my vote.

Mr. WATSON (after having voted in the affirmative). I have a pair with the junior Senator from Delaware [Mr. WOLCOTT], who is absent from the Chamber. He informs me that he would vote as I have voted. I will therefore permit my vote to stand.

Mr. JOHNSON of South Dakota. I am paired with the senior Senator from Maine [Mr. FERNALD] and withhold my vote.

The result was announced—yeas 59, nays 9, as follows:

#### YEAS—59.

Bankhead	Brady	Calder	Dillingham
Beckham	Brandeggee	Colt	Fall
Borah	Broussard	Curtis	France



Frelinghuysen	Knox	Poindexter	Smoot
Gerry	Lewis	Ransdell	Sterling
Hollis	Lodge	Robinson	Stone
Husting	McCumber	Saulsbury	Sutherland
James	McKellar	Shafroth	Swanson
Johnson, Cal.	Martin	Sheppard	Trammell
Jones, N. Mex.	Nelson	Shields	Vardaman
Jones, Wash.	New	Simmons	Wadsworth
Kellogg	Overman	Smith, Ga.	Watson
Kendrick	Page	Smith, Md.	Weeks
Kenyon	Penrose	Smith, Mich.	Williams
King	Pittman	Smith, S. C.	

## NAYS—0.

Gronna	La Follette	Myers	Pomerene
Hardwick	McNary	Norris	Warren
Kirby			

## NOT VOTING—28.

Ashurst	Goff	McLean	Thomas
Chamberlain	Gore	Newlands	Thompson
Culberson	Hale	Owen	Tillman
Cummins	Harding	Phelan	Townsend
Fernald	Hitchcock	Reed	Underwood
Fletcher	Hughes	Sherman	Walsh
Gallinger	Johnson, S. Dak.	Smith, Ariz.	Wolcott

So Mr. SIMMONS's amendment was agreed to.

Mr. SIMMONS. Pursuant to the action of the Senate striking out section 1201 it becomes necessary, I think, to strike out certain additional sections. I move to strike out section 1202, page 96, of the old print.

The PRESIDENT pro tempore. The question is on the amendment of the Senator from North Carolina.

The amendment was agreed to.

Mr. SIMMONS. It is also necessary to strike out section 1203, page 96 of the old print.

The PRESIDENT pro tempore. That has already been stricken out.

Mr. SIMMONS. Has section 1204 been stricken out?

The PRESIDENT pro tempore. It has.

Mr. SIMMONS. Section 1205?

The PRESIDENT pro tempore. It is out.

Mr. SIMMONS. Section 1103?

The PRESIDENT pro tempore. That is still in the bill.

Mr. SIMMONS. I move to strike out section 1103 as amended.

The amendment was agreed to.

Mr. SIMMONS. I move, on page 90 of the old print, to strike out section 1104 as amended.

The amendment was agreed to.

Mr. SIMMONS. On the same page, I move to strike out section 1105.

The PRESIDENT pro tempore. That has been stricken out already, the Chair is informed. Section 1105 was stricken out and another inserted in its place.

Mr. SIMMONS. I ask the Secretary to read what was inserted in its place.

The Secretary read as follows:

Sec. 1105. That the salaries of all postmasters throughout the United States shall continue to be computed on the basis of existing law and calculated on the basis of postage rates existing on the 1st day of July, 1917, and shall not be increased by reason of additional receipts due to increased postage rates provided for in this act.

Mr. SIMMONS. That ought to be stricken out also.

The PRESIDENT pro tempore. The Senator from North Carolina moves to strike out section 1105 as amended.

The amendment was agreed to.

Mr. BORAH. Mr. President, a parliamentary inquiry. What has become of section 1106?

Mr. SIMMONS. That has been stricken out.

The PRESIDENT pro tempore. Section 1106 in the House text was stricken out and another added. The Chair desires to inform the Senate in reply to the question of the Senator from Idaho that section 1106 was a reported amendment disagreed to and a new section 1106 was added to the bill.

Mr. SIMMONS. That need not be stricken out.

Mr. HARDWICK. I reserved an amendment, which I ask may be read.

The PRESIDENT pro tempore. It will be read.

The SECRETARY. Subdivision 2, parcel-post packages, page 71, the Senate, as in Committee of the Whole, inserted the following:

2. Parcel-post packages: Upon every parcel or package weighing more than 4 ounces transported from one point in the United States to another by parcel post, a tax of 1 cent for each 25 cents or fractional part thereof charged for such transportation, to be paid by the consignee.

No such parcel or package shall be transported until a stamp or stamps representing the tax due shall have been affixed thereto.

Mr. HARDWICK. I move to strike out that section, and on that motion I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. FLETCHER (when his name was called). I make the same announcement as to my pair as before and withhold my vote.

Mr. FRELINGHUYSEN (when his name was called). Making the same announcement as to my pair and its transfer as on the former vote, I vote "yea."

Mr. JOHNSON of South Dakota (when his name was called). Announcing the same pair as I did a moment ago, I withhold my vote.

Mr. McCUMBER (when his name was called). Transferring my pair as on a previous vote, I vote "nay."

Mr. MYERS (when his name was called). I announce the same transfer of my pair as on the previous votes and vote "nay."

Mr. ROBINSON (when his name was called). Making the same announcement as to my pair and its transfer as on the last vote, I vote "yea."

The roll call was concluded.

Mr. HARDING (after having voted in the negative). I note the absence of the junior Senator from Alabama [Mr. UNDERWOOD], and therefore transfer my general pair with that Senator to the senior Senator from Oregon [Mr. CHAMBERLAIN] and will let my vote stand.

Mr. SHERMAN. I am paired with the senior Senator from Kansas [Mr. THOMPSON]. If I were at liberty to vote, I should vote "nay."

Mr. FLETCHER. I transfer my pair with the Senator from New Hampshire [Mr. GALLINGER] to the Senator from New Jersey [Mr. HUGHES], and vote "yea."

The result was announced—yeas 33, nays 38, as follows:

## YEAS—33.

Beckham	Hollis	Lewis	Sheppard
Borah	Husting	McKellar	Shields
Curtis	Johnson, Cal.	Norris	Smith Mich.
Fall	Jones, Wash.	Overman	Sterling
Fletcher	Kendrick	Pittman	Trammell
Frelinghuysen	Kenyon	Poindexter	Vardaman
Gore	King	Reed	
Gronna	Kirby	Robinson	
Hardwick	La Follette	Shafroth	

## NAYS—38.

Bankhead	James	Page	Stone
Brady	Jones, N. Mex.	Penrose	Sutherland
Brandeggee	Knox	Pomerene	Swanson
Broussard	Lodge	Ransdell	Wadsworth
Calder	McCumber	Saulsbury	Warren
Colt	McNary	Simmons	Watson
Dillingham	Martin	Smith, Ga.	Weeks
France	Myers	Smith, Md.	Williams
Gerry	Nelson	Smith, S. C.	
Harding	New	Smoot	

## NOT VOTING—25.

Ashurst	Hale	Owen	Townsend
Chamberlain	Hitchcock	Phelan	Underwood
Culberson	Hughes	Sherman	Walsh
Cummins	Johnson, S. Dak.	Smith, Ariz.	Wolcott
Fernald	Kellogg	Thomas	
Gallinger	McLean	Thompson	
	Newlands	Tillman	

So Mr. HARDWICK's motion was rejected, and the amendment made as in Committee of the Whole was concurred in.

Mr. BRANDEGEE. In section 1, on the first page of the bill, line 4, after the word "That," the first word in the line, and also in section 2, on page 2, line 4, after the word "That," the first word in the line, I move in each instance to insert the words "during the existing war." I shall not ask for the yeas and nays on the amendment. I hope the chairman of the committee will accept the amendment for the purpose of letting it go to conference.

Mr. SIMMONS. I can not accept the amendment, Mr. President.

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from Connecticut. [Putting the question.] The "ayes" seem to have it.

Mr. JAMES. I ask for a division.

The PRESIDENT pro tempore. A division is called for.

The question being put, on a division the amendment was agreed to.

Mr. MYERS. Mr. President, I ask for a separate vote on the amendment which I offered as in Committee of the Whole.

The PRESIDENT pro tempore. The Chair understands that the amendment offered by the Senator from Montana has already been voted upon both as in Committee of the Whole and in the Senate. Is the Chair correct?

Mr. MYERS. No; I beg pardon of the Chair, but that is not correct, so far as my understanding goes. I offered the amendment on its own merits as in Committee of the Whole. It was rejected. Then in the Senate I offered the amendment as an amendment to an amendment offered by the Senator from Okla-

homa [Mr. OWEN]. It was there rejected. Now, I want a vote on the amendment as an amendment to the bill.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Montana.

Mr. MYERS. I ask for the yeas and nays on the amendment. The yeas and nays were not ordered.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Montana.

Mr. MYERS. I ask for a division, Mr. President.

The PRESIDENT pro tempore. A division is called for.

The question being put, on a division the amendment was rejected.

Mr. HARDWICK. I offer the amendment which I send to the desk, which I gave notice I would offer in the Senate and ask for a separate vote.

The PRESIDENT pro tempore. The amendment will be stated.

The SECRETARY. After line 8, on page 4, it is proposed to insert a new paragraph as follows:

That in addition to the tax imposed by subdivisions (a) and (b) of section 1 of the act of September 8, 1916, "An act to increase the revenue, and for other purposes," and by other provisions of this act there shall be levied, assessed, and collected upon that portion of the net income of every individual in excess of \$25,000 a tax of 10 per cent upon such income received in the calendar year 1917 and every calendar year thereafter: *Provided*, That commencing November 1, 1917, and continuing until the termination of the war with the Imperial German Government and the return to the United States of the Army employed in Europe in the prosecution of said war every enlisted or drafted man and every commissioned officer whose service during said war is in a foreign country, in addition to the pay allowance of existing law, shall receive an additional pay allowance at the rate of \$50 per month so long as he shall be in such service in any foreign country: *Provided, however*, That this shall not apply to service in the Philippines, Guam, or any possessions of the United States.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Georgia.

Mr. NELSON. I ask for the yeas and nays on that amendment.

Mr. NORRIS. I desire to offer an amendment to the amendment offered by the Senator from Georgia. I wish the Secretary to read the amendment to the amendment and then read that part of the original amendment as it will read if the amendment I have offered to it is agreed to.

The PRESIDENT pro tempore. The Secretary will state the amendment offered by the Senator from Nebraska to the amendment of the Senator from Georgia.

The SECRETARY. After the words "said war," in line 2, on page 2 of the amendment, it is proposed to insert "The amount of money so secured by said tax shall constitute a special fund to be used, under such rules and regulations as the Secretary of War shall promulgate, in the support of the dependent relatives of," and to strike out the remainder of the amendment after the word "country," in line 4, page 2, so as to make the amendment read:

That in addition to the tax imposed by subdivisions (a) and (b) of section 1 of the act of September 8, 1916, "An act to increase the revenue, and for other purposes," and by other provisions of this act there shall be levied, assessed, and collected upon that portion of the net income of every individual in excess of \$25,000 a tax of 10 per cent upon such income received in the calendar year 1917 and every calendar year thereafter: *Provided*, That commencing November 1, 1917, and continuing until the termination of the war with the Imperial German Government and the return to the United States of the Army employed in Europe in the prosecution of said war, the amount of money so secured by said tax shall constitute a special fund to be used, under such rules and regulations as the Secretary of War shall promulgate, in the support of the dependent relatives of every enlisted or drafted man and every commissioned officer whose service during said war is in a foreign country.

Mr. HARDWICK. Mr. President, I accept the amendment, as I think I have a right to do.

The PRESIDENT pro tempore. The amendment of the Senator from Nebraska is accepted by the Senator from Georgia and made a part of his own amendment. The question is on the amendment of the Senator from Georgia as modified.

Mr. NELSON and Mr. HARDWICK asked for the yeas and nays.

The yeas and nays were not ordered.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Georgia as modified.

The amendment was rejected.

The PRESIDENT pro tempore. The Chair understands that all amendments made as in Committee of the Whole have been agreed to except those which have been rejected on a separate vote. The bill is still in the Senate and open to amendment. If no further amendment be proposed, the question is, Shall the amendments be engrossed and the bill read the third time?

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDENT pro tempore. The question is, Shall the bill pass?

Mr. LA FOLLETTE and Mr. SIMMONS asked for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. FLETCHER (when his name was called). I announce my pair as heretofore with the Senator from New Hampshire [Mr. GALLINGER], but, understanding that that Senator would vote "yea" if he were present, I feel at liberty to vote, and vote "yea."

Mr. FRELINGHUYSEN (when his name was called). I transfer my general pair with the Senator from Montana [Mr. WALSH] to the junior Senator from Maine [Mr. HALE] and vote "yea."

Mr. HARDING (when his name was called). I am authorized by the junior Senator from Alabama [Mr. UNDERWOOD], with whom I have a general pair, to say that he would vote as I would vote if he were present. Therefore I am at liberty to vote, and vote "yea."

Mr. JOHNSON of South Dakota (when his name was called). I am paired with the senior Senator from Maine [Mr. FERNALD]. I understand that if he were present he would vote "yea." Therefore I cast my vote, and vote "yea."

Mr. KING (when Mr. KELLOGG's name was called). The junior Senator from Minnesota [Mr. KELLOGG] was compelled to leave the Chamber on official business. He requested me to announce that if present he would vote "yea."

Mr. McCUMBER (when his name was called). I transfer my general pair with the senior Senator from Colorado [Mr. THOMAS] to the senior Senator from Maine [Mr. FERNALD] and vote "yea."

Mr. MYERS (when his name was called). I announce the same transfer of my pair as heretofore, and vote "yea."

Mr. PITTMAN (when the name of Mr. NEWLANDS was called). The senior Senator from Nevada [Mr. NEWLANDS] was compelled to leave the Chamber. If present, he would vote "yea."

Mr. ROBINSON (when his name was called). Announcing the same pair and transfer as heretofore, I vote "yea."

Mr. SHERMAN (when his name was called). I am paired with the senior Senator from Kansas [Mr. THOMPSON]. If that Senator were present he would vote for the bill. I therefore am at liberty to vote and vote "yea."

Mr. SMITH of Michigan (when Mr. TOWNSEND's name was called). I desire the RECORD to show that my colleague [Mr. TOWNSEND] is absent on account of sickness in his family.

Mr. MYERS (when Mr. WALSH's name was called). If my colleague were present, he would vote "yea."

Mr. WATSON (when his name was called). I am paired with the junior Senator from Delaware [Mr. WOLCOTT], who is absent; but he informed me that he desired to vote for the passage of this bill. Therefore I am at liberty to vote, and I vote "yea."

The roll call was concluded.

Mr. LEWIS. I beg to announce that the senior Senator from Arizona [Mr. ASHURST] and the junior Senator from Arizona [Mr. SMITH], who are necessarily absent, if present would vote "yea."

I also desire to announce that the Senator from South Carolina [Mr. TILLMAN], the Senator from Texas [Mr. CULBERSON], the Senator from Nebraska [Mr. HITCHCOCK], and the Senator from Delaware [Mr. WOLCOTT], who are all necessarily absent, would vote "yea" if present.

Mr. CURTIS. I desire to announce that the junior Senator from Connecticut [Mr. McLEAN] is unavoidably detained from the Senate. If present, he would vote "yea." I also desire to announce that had the junior Senator from Connecticut been present he would have voted for the motion of the Senator from North Carolina [Mr. SIMMONS] to strike out the House provision placing a tax upon second-class matter.

Mr. McNARY. I desire to announce the unavoidable absence of my colleague [Mr. CHAMBERLAIN] on important official business and to state that if he were present he would vote "yea."

Mr. SUTHERLAND. I desire to announce the unavoidable absence of my colleague, the senior Senator from West Virginia [Mr. GOFF]. He is paired with the senior Senator from South Carolina [Mr. TILLMAN]. If present, my colleague would vote "yea."

Mr. BANKHEAD. My colleague [Mr. UNDERWOOD] is unavoidably absent from the Chamber. If he were present, he would vote "yea."



Mr. FRELINGHUYSEN. I desire to announce the unavoidable absence of my colleague [Mr. HUGHES] on account of illness. Were he present, he would vote "yea."

Mr. WILLIAMS. I wish to announce that if the junior Senator from Arizona [Mr. SMITH] were present he would vote "yea."

The result was announced—yeas 69, nays 4, as follows:

## YEAS—69.

Bankhead	Husting	Nelson	Smith, Md.
Beckham	James	New	Smith, Mich.
Brady	Johnson, Cal.	Overman	Smith, S. C.
Brandegge	Johnson, S. Dak.	Page	Smoot
Broussard	Jones, N. Mex.	Penrose	Sterling
Calder	Jones, Wash.	Pittman	Stone
Coit	Kendrick	Poinexter	Sutherland
Curtis	Kenyon	Pomerene	Swanson
Dillingham	King	Ransdell	Trammell
Fall	Kirby	Reed	Vardaman
Fletcher	Knox	Robinson	Wadsworth
France	Lewis	Saulsbury	Warren
Frelinghuysen	Lodge	Shafroth	Watson
Gerry	McCumber	Sheppard	Weeks
Gore	McKellar	Sherman	Williams
Harding	McNary	Shields	
Hardwick	Martin	Simmons	
Hollis	Myers	Smith, Ga.	

## NAYS—4.

Borah	Gronna	La Follette	Norris
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## NOT VOTING—23.

Ashurst	Goff	Newlands	Tillman
Chamberlain	Hale	Owen	Townsend
Culberson	Hitchcock	Phelan	Underwood
Cummins	Hughes	Smith, Ariz.	Walsh
Fernald	Kellogg	Thomas	Wolcott
Gallinger	McLean	Thompson	

So the bill was passed.

Mr. SIMMONS. Mr. President, I move that the Senate request a conference with the House of Representatives upon the bill and amendments, and that the Chair appoint five conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. SIMMONS, Mr. STONE, Mr. WILLIAMS, Mr. PENROSE, and Mr. LODGE conferees on the part of the Senate.

Mr. SIMMONS. Mr. President, I ask unanimous consent for a reprint of the bill, with the amendments, as finally acted upon.

The PRESIDENT pro tempore. Without objection, the bill will be reprinted, with the amendments numbered.

Mr. POMERENE. Mr. President, when the amendment was offered by the Senator from Oklahoma [Mr. OWEN], with reference to the inheritance tax, I voted for it. Had I understood it as I believe it was intended to be construed, I would have voted against it. I desire to make that explanation.

Mr. MARTIN. I move that the Senate adjourn.

The motion was agreed to; and (at 7 o'clock and 45 minutes p. m., Monday, September 10, 1917) the Senate adjourned until to-morrow, Tuesday, September 11, 1917, at 12 o'clock meridian.

## HOUSE OF REPRESENTATIVES.

MONDAY, September 10, 1917.

The House met at 11 o'clock a. m.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

O Lord God, our Heavenly Father, search our hearts and cleanse them from all selfish and ignoble desires that with clear vision, clean hearts, and pure desires we may do the work Thou hast given us to do with efficiency, and thus satisfy the higher and nobler aspirations of our own souls. And Thine be the praise through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

## FLAG OF THE UNITED STATES.

Mr. HICKS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD in regard to the flag of the United States. Two or three months ago I made a speech on the floor in regard to it and then extended it with some additional information. Since that time I have found some more matter and have made a few corrections in the other, and with the permission of the House I would like to put the entire thing in the RECORD, and I ask permission to do so.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

## WAR POWERS.

Mr. STEELE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing an address of former Justice Charles E. Hughes before the American Bar Association on Wednesday last on the subject of war powers.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent to extend his remarks in the RECORD by printing an address by Hon. Charles E. Hughes, of New York. Is there objection?

Mr. PARKER of New Jersey. Would the gentleman add the speech by Ex-Senator Sutherland, delivered at the same time?

Mr. STEELE. I shall be glad to do so.

The SPEAKER. Is there objection to the amended request by the gentleman from Pennsylvania?

There was no objection.

## BUREAU OF WAR-RISK INSURANCE.

Mr. ADAMSON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 5723) amending the Bureau of War-Risk Insurance act.

The SPEAKER. The gentleman from Georgia moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the life insurance bill for soldiers.

Mr. WALSH. Mr. Speaker, I make the point of no quorum.

The SPEAKER. The gentleman from Massachusetts makes the point of no quorum, and evidently there is no quorum present. The Doorkeeper will lock the doors, the Sergeant at Arms will notify absentees, and the Clerk will call the roll.

The question was taken; and there were—yeas 244, answered "present" 2, not voting 186, as follows:

## YEAS—244.

Adamson	Fairfield	Key, Ohio	Rouse
Alexander	Ferris	Kincheloe	Rowland
Ashbrook	Fess	King	Rubey
Aswell	Fields	Kinkaid	Russell
Austin	Fisher	Kitchin	Saath
Ayres	Fitzgerald	Knutson	Sanders, Ind.
Bacon	Fordney	Kraus	Sanford
Bankhead	Foss	Lazaro	Scott, Iowa
Barkley	Foster	Lee, Ga.	Scott, Mich.
Bathrick	Francis	Linthicum	Shallenberger
Black	Fuller, Ill.	Little	Sherley
Bland	Gallagher	London	Shouse
Blanton	Gallivan	Loneragan	Sims
Boohar	Gard	Longworth	Sinnott
Borland	Garland	Lundeen	Sisson
Brand	Garner	McAndrews	Slayden
Browne	Garrett, Tenn.	McArthur	Sloan
Brumbaugh	Garrett, Tex.	McClintic	Small
Buchanan	Gillett	McCulloch	Smith, Idaho
Burnett	Goodall	McFadden	Smith, C. B.
Burroughs	Gordon	McKenzie	Snook
Butler	Gould	McKeown	Stafford
Byrnes, Tenn.	Graham, Ill.	McKinley	Stegall
Campbell, Kans.	Gray, Ala.	McLaughlin, Mich.	Stedman
Cannon	Green, Iowa	McLemore	Steele
Cantrill	Gregg	Madden	Steenerson
Caraway	Hadley	Magee	Stephens, Miss.
Carlin	Hamili	Mansfield	Stephens, Nebr.
Carter, Mass.	Hamilton, Mich.	Mapes	Sterling, Ill.
Chandler, N. Y.	Hamlin	Martin, La.	Stevenson
Clark, Fla.	Harrison, Miss.	Mays	Stines
Clark, Pa.	Hastings	Miller, Minn.	Sweet
Classon	Haugen	Miller, Wash.	Switzer
Claypool	Hawley	Mondell	Tague
Collier	Helm	Morgan	Taylor, Ark.
Connally, Tex.	Helvering	Nicholls, S. C.	Temple
Cooper, Ohio	Hensley	Oldfield	Thompson
Cooper, W. Va.	Hersey	Oliver, N. Y.	Tillman
Cox	Hicks	Olney	Timberlake
Crisp	Hilliard	Osborne	Towner
Crosser	Holland	Overstreet	Treadway
Dale, Vt.	Howard	Paige	Van Dyke
Dallinger	Huddleston	Park	Venable
Davidson	Hull, Iowa	Parker, N. J.	Vinson
Decker	Humphreys	Phelan	Voigt
Dent	Husted	Platt	Volstead
Dewalt	Igoe	Pou	Waldow
Dickinson	Ireland	Pratt	Walsh
Dillon	Jacoway	Purnell	Walton
Dixon	James	Quin	Watkins
Dominick	Johnson, Ky.	Rainey	Watson, Va.
Doolittle	Johnson, S. Dak.	Raker	Wheeler
Dowell	Johnson, Wash.	Ramsey	Williams
Drane	Jones, Tex.	Ramseyer	Wilson, Ill.
Dupré	Jones, Va.	Rankin	Wilson, La.
Dyer	Kearns	Rayburn	Wilson, Tex.
Ellsworth	Keating	Reed	Wingo
Elston	Kehoe	Robinson	Wise
Esch	Kelly, Pa.	Rodenberg	Woods, Iowa
Evans	Kennedy, Iowa	Romjue	Young, N. Dak.
Fairchild, B. L.	Kettner	Rose	Young, Tex.

## ANSWERED "PRESENT"—2.

La Follette

Snell

## NOT VOTING—186.

Almon	Browning	Church	Darrow
Anderson	Bruckner	Coady	Davis
Anthony	Byrnes, S. C.	Connolly, Kans.	Dempsey
Bacharach	Caldwell	Cooper, Wis.	Denison
Baer	Campbell, Pa.	Copley	Denton
Barnhart	Candler, Miss.	Costello	Dies
Bell	Capstick	Crago	Dill
Blackmon	Carew	Cramton	Dooling
Bowers	Carter, Okla.	Currie, Mich.	Doremus
Britten	Cary	Curry, Cal.	Doughton
Brodbeck	Chandler, Okla.	Dale, N. Y.	Drakker

Dunn	Heintz	Morin	Sherwood
Eagan	Hill	Mott	Siegel
Eagle	Hollingsworth	Mudd	Siepm
Edmonds	Hood	Neely	Smith, Mich.
Elliott	Houston	Nelson	Smith, T. F.
Emerson	Hulbert	Nichols, Mich.	Snyder
Estopinal	Hull, Tenn.	Nolan	Sterling, Pa.
Fairchild, G. W.	Hutchinson	Norton	Strong
Farr	Juhl	Oliver, Ala.	Sullivan
Flood	Kahn	O'Shaunessy	Sumners
Flynn	Kelley, Mich.	Overmyer	Swift
Focht	Kennedy, R. I.	Padgett	Talbott
Frear	Kiess	Parker, N. Y.	Taylor, Colo.
Freeman	Kreider	Peters	Templeton
French	LaGuardia	Polk	Thomas
Fuller, Mass.	Langley	Porter	Tilson
Gandy	Larsen	Powers	Tinkham
Glass	Lea, Cal.	Price	Vare
Glynn	Lehlbach	Ragsdale	Vestal
Godwin, N. C.	Lenroot	Randall	Walker
Good	Leshner	Reavis	Ward
Goodwin, Ark.	Lever	Riordan	Wason
Graham, Pa.	Littlepage	Robbins	Watson, Pa.
Gray, N. J.	Lobeck	Roberts	Weaver
Greene, Mass.	Lunn	Rogers	Webb
Greene, Vt.	McCormick	Rowe	Welling
Griest	McLaughlin, Pa.	Rucker	Welty
Griffin	Maher	Sanders, La.	Whaley
Hamilton, N. Y.	Mann	Sanders, N. Y.	White, Me.
Hardy	Martin, Ill.	Saunders, Va.	White, Ohio
Harrison, Va.	Mason	Schall	Winslow
Haskell	Meeker	Scott, Pa.	Wood, Ind.
Hayden	Montague	Scully	Woodward
Hayes	Moon	Sears	Zihlman
Heaton	Moore, Pa.	Sells	
Heflin	Moore, Ind.	Shackelford	

So the motion to go into Committee of the Whole House on the state of the Union was agreed to.

The Clerk announced the following pairs:

For the session:

Mr. CHURCH with Mr. RANDALL.

Mr. CALDWELL with Mr. SNELL.

Until further notice:

Mr. DOOLING with Mr. STRONG.

Mr. DOREMUS with Mr. SNYDER.

Mr. EAGAN with Mr. SIEGEL.

Mr. EAGLE with Mr. SELLS.

Mr. ESTOPINAL with Mr. SANDERS of New York.

Mr. FLOOD with Mr. ROWE.

Mr. FLYNN with Mr. ROBERTS.

Mr. GANDY with Mr. ROBBINS.

Mr. GODWIN of North Carolina with Mr. REAVIS.

Mr. GOODWIN of Arkansas with Mr. POWERS.

Mr. GRIFFIN with Mr. PETERS.

Mr. HARDY with Mr. PARKER of New York.

Mr. HARRISON of Virginia with Mr. MOTT.

Mr. THOMAS with Mr. VESTAL.

Mr. CARTER of Oklahoma with Mr. CHANDLER of Oklahoma.

Mr. LEVER with Mr. ANDERSON.

Mr. DOUGHTON with Mr. CURRIE of Michigan.

Mr. ALMON with Mr. KENNEDY of Rhode Island.

Mr. LITTLEPAGE with Mr. HEATON.

Mr. CANDLER of Mississippi with Mr. ROGERS.

Mr. BRUCKNER with Mr. DUNN.

Mr. DALE of New York with Mr. TEMPLETON.

Mr. WALKER with Mr. BACHARACH.

Mr. LUNN with Mr. BOWERS.

Mr. HAYDEN with Mr. MORIN.

Mr. HEFLIN with Mr. MOORES of Indiana.

Mr. HOOD with Mr. MOORE of Pennsylvania.

Mr. HOUSTON with Mr. MASON.

Mr. HULBERT with Mr. LANGLEY.

Mr. HULL of Tennessee with Mr. KIESS of Pennsylvania.

Mr. LARSEN with Mr. KELLEY of Michigan.

Mr. LESHNER with Mr. KAHN.

Mr. MAHER with Mr. HOLLINGSWORTH.

Mr. MARTIN with Mr. HAYES.

Mr. MONTAGUE with Mr. HAMILTON of New York.

Mr. MOON with Mr. HAMILTON of Michigan.

Mr. NEELY with Mr. GRIEST.

Mr. O'SHAUNESSY with Mr. GREENE of Massachusetts.

Mr. OVERMYER with Mr. GRAY of New Jersey.

Mr. PADGETT with Mr. GRAHAM of Pennsylvania.

Mr. POLK with Mr. GOOD.

Mr. RIORDAN with Mr. FREEMAN.

Mr. RUCKER with Mr. FOCHT.

Mr. SANDERS of Louisiana with Mr. FARR.

Mr. SAUNDERS of Virginia with Mr. GEORGE W. FAIRCHILD.

Mr. SCHALL with Mr. EDMONDS.

Mr. SCULLY with Mr. DRUKKER.

Mr. SEARS with Mr. GLYNN.

Mr. SHACKLEFORD with Mr. FULLER of Massachusetts.

Mr. THOMAS F. SMITH with Mr. DENISON.

Mr. STERLING of Pennsylvania with Mr. DEMPSEY.

Mr. SULLIVAN with Mr. DAVIS.  
 Mr. SUMNERS with Mr. CURRY of California.  
 Mr. TAYLOR of Ohio with Mr. CRAMTON.  
 Mr. WEAVER with Mr. CRAIG.  
 Mr. WEBB with Mr. COSTELLO.  
 Mr. WELLING with Mr. COPLEY.  
 Mr. WELTY with Mr. COOPER of Wisconsin.  
 Mr. WHALEY with Mr. CARY.  
 Mr. WHITE of Ohio with Mr. BRITTEN.  
 Mr. RAGSDALE with Mr. FRENCH.  
 Mr. DIES with Mr. SWIFT.  
 Mr. DENTON with Mr. TILSON.  
 Mr. CONNELLY of Kansas with Mr. TINKHAM.  
 Mr. COADY with Mr. VARE.  
 Mr. CAREW with Mr. WARD.  
 Mr. CAMPBELL of Pennsylvania with Mr. WASON.  
 Mr. BYRNES of South Carolina with Mr. WATSON of Pennsylvania.

Mr. BRODBECK with Mr. WHITE of Maine.

Mr. BLACKMON with Mr. WINSLOW.

Mr. BELL with Mr. WOOD of Indiana.

Mr. BARNHART with Mr. ZIHLMAN.

Mr. GLASS with Mr. SLEMP.

Mr. BAER with Mr. NOLAN.

Mr. PRICE with Mr. MUDD.

Mr. SHERWOOD with Mr. MANN.

Mr. LOBECK with Mr. HUTCHINSON.

Mr. TALBOTT with Mr. BROWNING.

Mr. DILL with Mr. LA FOLLETTE, commencing August 7, 1917, and continuing until further notice.

Mr. LEA of California with Mr. EMERSON, commencing August 2, for balance of session.

Mr. JOHNSON of South Dakota. Mr. Speaker, I am paired with my colleague from South Dakota [Mr. GANDY]. If he were present, he would vote "aye," and I therefore withdraw my vote of "present" and vote "aye."

The result of the vote was announced as above recorded.

#### LEAVE OF ABSENCE.

By unanimous consent, Mr. ALMON was granted leave of absence for five days, on account of official business.

#### BUREAU OF WAR-RISK INSURANCE.

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5723, with Mr. GARRETT of Tennessee in the chair.

The CHAIRMAN. The House is in the Committee of the Whole House on the state of the Union for the further consideration of the bill the title of which the Clerk will report.

The Clerk read as follows:

A bill (H. R. 5723) to amend an act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, and for other purposes.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

#### ARTICLE I.

SECTION 1. That there is established in the Treasury Department a bureau to be known as the Bureau of War-Risk Insurance, the director of which shall receive a salary at the rate of \$6,000 per annum.

That there be in such bureau a division of marine and seamen's insurance and a division of military and naval insurance in charge of a commissioner of marine and seamen's insurance and a commissioner of military and naval insurance, respectively, each of whom shall receive a salary of \$5,000 per annum.

Mr. GILLETT. Mr. Chairman, I move to strike out the last word.

Mr. PARKER of New Jersey. Mr. Chairman, I desire to give notice that I shall move to strike out the whole section.

Mr. GILLETT. Mr. Chairman, I wanted to discuss this bill in general debate, but my committee was in session Friday and Saturday, as indeed it is now, I am sorry to say, so I am asking the indulgence of the committee now to make a few comments on the bill in general, and I do that with more freedom, because, it seems to me, this is a bill in which every Member of the House is interested and to which every Member of the House ought now, under the five-minute rule when amendments are considered, to give careful attention, because it is a bill which establishes a most important and vital system by which the soldiers of this war are to be cared for. It is an honest and earnest effort to come to a basis which shall prevent in the future the constant fluctuations and variations and increases and changes of pensions which we have experienced in the last 50 years. We did not know then much that we do now, and this bill shows that our experience has been of value. I think the House is more called upon to exercise its judgment, because this comes to us in an unusual way. There can be no pride of authorship, as there usually is, when a bill comes from a com-



mittee, because I understand the Committee on Interstate and Foreign Commerce does not claim the authorship of this bill. In fact, a very few members of that committee were present at the hearings, and I understand that the bill was not thrashed out in committee with that fullness and care which such a bill requires. I do not say that with the slightest reflection, of course, or criticism on that committee.

Mr. ADAMSON. Will the gentleman yield?

Mr. GILLETT. Of course.

Mr. ADAMSON. I do not know where the gentleman secured his information. There has never been a bill in this Congress considered with more care and deliberation. It is true, under the gentlemen's agreement about vacation, a great many members had gone home and it took several weeks to get a quorum, but we went on with the hearings and sent the hearings to the members with their consent, and were in communication with them every day. Finally we got a quorum and we sat down for several days and went through it with the utmost care and considered the bill, and we are satisfied with it absolutely.

Mr. GILLETT. Mr. Chairman, I did not mean the slightest reflection upon the committee and I do not feel any. I think they did the best they could; but, as I understand, during all these hearings there were only five or six members present, and when a bare quorum did come back there were only a couple of days given to its consideration, and if every member of that committee in two days can master this bill they are wonderful men. From what some Members have told me, I do not believe the gentleman will pretend that the members of his great and powerful committee do thoroughly understand this bill or that this bill has had that careful consideration by the members of that committee which is ordinarily had when such an important bill is reported to the House. Now, I do not mean any reflection, and I am sorry the gentleman should seem to think I was making one upon that committee. I understand it was in vacation time and they could not get the members here. I do not blame them for it, but I am saying to the House that this bill has come before us without any particular pride of opinion of the full committee to defend it against amendments, and therefore the House is open minded to consider it carefully.

Now, Mr. Chairman, there was a suggestion by the gentleman who spoke on behalf of the committee that this should be called "compensation" rather than "pension." Now, I do not care myself whether it is called pension or compensation. I recognize that in the past pensions have been distributed through one section of the country mostly, and it is not unnatural that through the other section of the country such bills should have been unpopular. I recognize that and I deplore it. I say this, although I am perfectly willing it should be called a compensation bill, but I do not want—

Mr. ADAMSON. Will the gentleman yield again?

Mr. GILLETT. Certainly.

Mr. ADAMSON. I hope the gentleman will eliminate from his consideration all idea of sectionalism. I want to say to him that we from the South have never objected to pensioning deserving Federal soldiers at all. We think they deserve honor, because they are the only people on earth who could have overcome us. [Laughter and applause.]

Mr. GILLETT. I am glad to hear the gentleman say so. I did not mean to introduce sectionalism at all, and I think it is fortunate that this bill is absolutely free from all sectionalism. We are all interested, but I could see no other reason except a feeling against pensions to occasion the preference for the word "compensation." But, gentlemen, we do not want to deceive ourselves and we do not want to deceive the country in thinking it is not what in the past we called a pension bill, because, call it pension or compensation, it provides exactly what previous pensions bills did provide.

And really the word "pension" is the proper word, I suppose, because "compensation" indicates that you are giving an equivalent for the service. Nobody pretends that what we are giving here, either to the man who is injured or to his family, is a compensation for the suffering or wounds or the death of the soldier. We can not compensate them. Their sacrifices are beyond all pecuniary compensation and a grateful country can only provide that they shall not suffer actual privation. It is simply a pension problem. But regardless of the word, let us not fool ourselves into the idea, let us not try to fool the country into the idea, that this is not what is called a pension bill, for a great part of the bill is strictly and purely a pension bill.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. GILLETT. Mr. Chairman, I ask unanimous consent for five minutes more.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent to proceed for five minutes more. Is there objection? [After a pause.] The Chair hears none.

Mr. GILLETT. It is strictly and purely a pension bill and the insurance feature of it is entirely separate from and is in addition to the pension features. I have had many people speak to me about it, and there is a general idea diffused among them that this is an insurance bill and not a pension bill, and we do not want to deceive ourselves or the country about that, because we all know, if we have studied it, that the first, the great part, of the bill is what we have always called a pension bill. It gives compensation for wounds, for death, for families, and, in addition to that, is this insurance feature.

Now, I regret that the bill was prepared outside and not by the committee. I think the Interstate Commerce Committee would have given it, fully competent as they are, proper attention and would certainly have brought a bill forth in which the House would have had more confidence than in any bill which we know was prepared outside, because the committee is like a lawyer. When you have prepared a paper yourself you know all the details of the paper. When somebody outside has prepared it and you inspect it afterwards you have not as thorough an acquaintance with it as if you knew yourself just why each provision was put in.

Now, the Committee on Interstate and Foreign Commerce is not responsible for it, but that is immaterial. It is for a good purpose; it is in many of its features most admirable; it is, I believe, a wise and elaborately worked-out system to escape some of the mistakes of our past pension bills, and all the House wants to do is to make it as perfect as possible.

Mr. LONGWORTH. Can the gentleman say who is the real author?

Mr. GILLETT. No; I can not.

Now, I want to say a word about the insurance feature of the bill. I have read the bill carefully several times. I have read all the hearings. I do not pretend that I understand the bill thoroughly. I mean to be present if I can during its progress through the House. But as to this insurance feature, which at first struck me as very attractive, I confess, as I have studied it further, that I am disposed, but with an open mind and subject to conviction, to think that is an incubus upon the bill; that the bill would be better without it. In the first place, as to its cost. The experts tell us that that insurance feature, if the whole Army should insure itself for \$5,000 a man, would cost us the second year \$900,000,000; that if they insured for \$10,000, as the bill was originally, it would cost the second year \$1,800,000,000, which is for this insurance feature of it alone, and in addition to all the regular compensation in pension features.

Now, we all desire—

Mr. GORDON. Will the gentleman yield?

Mr. GILLETT. I am sorry I can not. I would if I had the time. I would be glad to do so, but I hate to impose on the House.

We want to give all we can afford to the soldiers, and, after all, what we give to the soldiers and their families must be limited not by their desires but by the financial possibilities of the country. And when you come to the possibility of \$1,800,000,000 of insurance in addition to the pension-system feature of the bill, it staggers me.

Gentlemen say that all the men will not insure. To my mind that is a criticism of the bill, because if this insurance feature is good we want every man to insure. I am told by those interested in the bill that there will be a propaganda throughout the Army to make the men insure. Of course, every man of forethought ought to insure. Every officer, I should think, would insure, and every thoughtful, farseeing man will insure. Perhaps they will all insure. For the fact is this, that what in the market would cost \$57 a thousand as premium for insurance the Government is giving to its soldiers for \$8 a thousand. That is to say, a man can get what is worth \$57 by the payment of \$8. Now, every man who is looking for a good investment and for an opportunity to take a gamble knows that when he can get what is worth \$57 for \$8 he will take it. The officers will take it, particularly the thousands of middle-aged officers; the men of forethought will take it, and, as I say, everybody ought to take it. But the trouble is that if everybody does take it, then we are going to have this frightful expense of \$1,800,000,000 even the second year, and more than that afterwards. If everybody does not take it, who will be the men who do not take it? The men of some means will, of course, pay their \$7 a month. The officers will pay that amount. The men in the ranks who are familiar with such things will take it. But the country boy, the careless young man whom we ought to protect,



if anybody, but who thinks he is not going to get hurt, who has the optimism—

The CHAIRMAN. The time of the gentleman has expired.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for five minutes more.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent that the gentleman from Massachusetts may proceed for five minutes more. Is there objection? [After a pause.] The Chair hears none.

Mr. GILLETT. He is the man who will not take it. He is thoughtless and sanguine, and he will be apt to say that "a bird in the hand is worth seven birds in the bush." And yet, is he not the man that we ought to protect. Really, if we want to insure everybody—

Mr. McKENZIE. Will the gentleman yield?

Mr. GILLETT. Yes.

Mr. McKENZIE. I would like to ask the gentleman what he bases his figures on what he says that it will cost \$1,800,000,000 the second year? How did you arrive at that conclusion?

Mr. GILLETT. The experts in the report, in the hearings, state that. I did not figure it out. I just took the experts' opinion.

Now, as I say, the young boy who is careless, reckless, and hopeful will not insure. If everybody ought to insure, why does not the Government say, "We will insure you all"? All we would have to do would be to take \$7 a month out of the boys' pay and pay them \$26 a month instead of \$33, and then with that \$7 insure every man in the Army. But what would that do? That would simply be an increase of the pension which the previous sections of the bill provide. It would give to every man in the Army this \$10,000 insurance in addition to the compensation provisions which we have already made extra.

Now, I believe in making our compensation measure as generous and liberal as the resources of the country can stand, and then I would not increase that by a new system of optional pensions for the benefit of those only who are provident. So it seems to me if your theory is right, if you want everybody to insure, why not compel everybody to insure? But that means that you are simply going to increase enormously the provisions that we have already made as liberal as we thought the finances of the Government would stand in the previous section, and are going to add this enormous expense.

Mr. BORLAND. Mr. Chairman, does the gentleman care to yield there?

Mr. GILLETT. I will yield; certainly.

Mr. BORLAND. Does the gentleman realize that thousands of these young men will have nobody dependent on them and that it would hardly be worth their while to insure, and the Government need not force insurance upon a man who has nobody to protect? There is no occasion for blanket insurance to everybody who goes into the Army.

Mr. GILLETT. You say there are thousands of them. They may not have dependents, but they have friends and relatives. The thoughtful man will insure for them.

Mr. BORLAND. Suppose he has no relatives who have any claim on him?

Mr. GILLETT. There are very few who will be in those armies who will be in that position.

Mr. BORLAND. Would not the money then go to some distant relative?

Mr. GILLETT. How few there would be in the Army who would have nobody but distant relatives!

Mr. BORLAND. He need not say for whom he wanted to insure.

Mr. GILLETT. Of course he need not say for whom he wants to insure, but he could say so.

Mr. HARDY. Mr. Chairman, will the gentleman yield?

Mr. GILLETT. Yes.

Mr. HARDY. The gentleman will remember that some years ago he and I were members of the Committee on Reform in the Civil Service. The question was submitted to us to compel the boys here to take out insurance. We concluded that to do that would increase their salaries to that extent, and our committee left it as a voluntary matter in that regard.

Mr. GILLETT. No; the gentleman is mistaken about that. Our committee made it a compulsory matter.

Mr. HARDY. It did not go through with a bill.

Mr. GILLETT. My recollection is that the committee made it compulsory.

Mr. HARDY. I thought we left it voluntary.

Mr. GILLETT. No; I am quite sure we made it compulsory. Now, of course, insurance here is to the man insured a gamble. To every single man it is a gamble whether he is going to get killed or not, or whether he is going to be injured or not, and the thoughtless, hopeful young man will think that it is not worth

while to insure. He would rather have the money. Yet it is perfectly clear that for every one of them it would be wise to take this insurance, because they are getting for \$8 what would cost them \$58 if they were paying for it what it is really worth, and so as it seems to me that the very men who are not going to insure are those who most need our care. The rash and thoughtless will not insure; the prudent and shrewd will. I think we ought to look out for all alike, and it seems to me the Government itself ought to provide, as we have done in the first sections of the bill, as well as its finances will allow for the men and their families who are injured, and when we have reached that limit, when we have done all for them that we think the Government's finances will allow, then we ought to stop.

We also do not want to deceive ourselves with the idea that this is necessarily the end of all pensions. I congratulate the committee in having taken this up, because I think it is well now, at the very beginning of the war, to try to lay down a reasonable and substantial basis that will guide us through it. But, after all, we must remember that when this war is over one or two or three millions of voters will be coming back here, and that in the future, as we have seen it in the past, their votes will not be forgotten by Congress. I do not think we can be sure that this ends all pension legislation. But I am very glad that this bill, which shows great study and careful elaboration and scientific calculations by somebody, and which is obviously conceived with a patriotic purpose to be liberal to our soldiers and their families and at the same time to avoid many of the mistakes of the past. I am very glad it is before us and I hope it will receive the careful attention of the House and by amendment be made as perfect as possible. [Applause.]

Mr. CLARK of Missouri. Mr. Chairman and gentlemen, I am more in favor of this bill than of any other bill that has been introduced since we declared war. [Applause.] It is the best and fairest and most just of all the great bills this Congress has passed. The gentleman from Massachusetts [Mr. GILLETT] gave a new version of an old proverb. The old proverb was, "A bird in the hand is worth two in the bush." He raises it to "A bird in the hand is worth seven in the bush." [Laughter.] I can give him a better rendering than that. Down in my district there used to live a very brilliant lawyer named Nat. C. Dryden, and he declared once that "A bird in the hand is the noblest work of God." [Laughter.]

Mr. GILLETT. Will the gentleman allow me?

Mr. CLARK of Missouri. Yes.

Mr. GILLETT. I simply wish to inform the gentleman that I did not do it out of ignorance, but because in this particular case it was seven to one that the soldier was getting, and therefore I said—

Mr. CLARK of Missouri. Nobody would ever impute ignorance to the gentleman from Massachusetts. That would be ridiculous. [Laughter.]

So far as I have been able to ascertain, there are four principal objections urged to this bill: First, that it increases the soldier's compensation; second, that the Government is liable to find itself in a hole; third, that in some way it interferes with the present pension system; and, fourth, that the bill was not prepared by the committee.

Now, take these things in reverse order. What difference does it make who prepared the bill? I think the Committee on Interstate and Foreign Commerce—and I have stated it time and again—is one of the ablest committees in this House and does more work than any other committee, except the Committee on Appropriations. But the members of the Committee on Interstate and Foreign Commerce do not know everything.

Nobody knows everything, and if they got outside help from intelligent men or experts they were saving themselves so much trouble and perhaps preparing a better bill than they would prepare themselves. The man who had the most to do with preparing the bill, as I understand it, was Judge Mack, a judge of high degree. He has a lifetime office at a fairly good salary, and instead of going up to Canada to spend the hot season he spent it in Washington working on this bill. [Applause.] I think that he and everybody that had anything to do with preparing this bill, whether on the committee or off of it, deserve well of the country. [Applause.]

Half the bills that we work at here are prepared by somebody outside of Congress. Congress does not have to swallow them as they come here. The greatest tariff bill that ever was prepared in the world was prepared in the Treasury Building by Secretary Robert J. Walker, and he is the only man in the entire history of this country who was not chairman of the Ways and Means Committee that had ingenuity enough to get his name fastened on a great tariff bill that will be referred to until the tariff question is settled by somebody, if somebody



somewhere has sense enough to settle it so that it will never come up any more. [Laughter and applause.]

They say that it will infringe the present pension business. I do not see, to save my soul, how it will do that. The laws are already on the statute book that define pensions. I think I know as much about pensions as any man in this House, except some one who has served for years on a pension committee. When I first came here in 1893 I was given the worst committee assignments that any man ever had in this House—on old Pensions and Claims. It was 110, 111, and 112 years after the last British soldier left New York, and yet I helped to get up and pass 11 bills for Revolutionary widows, and some of them never died until four or five years ago.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. ADAMSON. Mr. Chairman, I ask unanimous consent that the gentleman from Missouri be allowed to complete his remarks.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CLARK of Missouri. I will be as brief as possible. That gave me in my first service here an insight into the pension business. In addition to that, my district is largely made up of, or was then, of old Confederate soldiers and old Union soldiers. I went to work at the pension business. I will confess that I thought about half of them were frauds when I came here. I never had had occasion to pay any attention to that except to read the newspapers.

I commenced examining these cases sent to me, and I will tell you the conclusion that I came to, that most of the private pension bills are somewhat in the nature of equity bills; that they relieve people who can not be relieved under the general law. As I say, I changed my idea on the subject by reason of facts and circumstances that could not be blinked, and I went to work to get pensions for those entitled to them, and I secured many. This thing has happened in the last 8 or 10 years. Every time an old Union soldier writes to me to get a pension, or to get one increased, his old Confederate soldier neighbor writes to me at the same time to help the old Union soldier to get his bill passed. [Applause.] They are living in perfect amity.

Some gentleman said that somebody would introduce a bill to even up the pensions of the soldiers and widows of other wars by raising them. Of course nobody is going to introduce a bill into this Congress to even up things, pensions or anything else, by reducing them. [Laughter and applause.] But suppose they do, what harm will it do? Nearly all the old Union soldiers are dead, or will be before this war is over, the way it is running. It would not absolutely ruin the American Republic if they did get a little more. I do not believe it will interfere with the pension system a particle.

The third one of the objections is that this bill will put the Government in a hole. I do not know whether it will or not. But I am not very much exercised as to whether it will or not; we are going to be in a hole anyway. [Laughter and applause.]

I will tell you what I am in favor of. I am in favor of doing everything I know how to do to make the soldiers when they go to Europe comfortable. [Applause.] Not only comfortable physically but comfortable mentally.

Mr. SIMS. And their families.

Mr. CLARK of Missouri. Yes. So that they will not be distracted any more than is absolutely necessary by worrying about whether families at home are in comfort or not. [Applause.] I thank the gentleman from Tennessee [Mr. Sims] for making the suggestion.

Mr. SWITZER. Will the gentleman yield?

Mr. CLARK of Missouri. Yes.

Mr. SWITZER. I would like to ask the gentleman a question that I am much worried about; that is, it bothers me, although it may not others. There are certain specific pensions in the existing pensions laws?

Mr. CLARK of Missouri. Yes.

Mr. SWITZER. The argument has been made that these pension laws are inducements to have men enlist. In this Army to-day of 1,200,000 men a great many have volunteered.

Mr. CLARK of Missouri. About half.

Mr. SWITZER. Enough volunteered in two counties of my district so that there was no need for the draft. The law said to them when they volunteered that if their eyes were put out or if they lost both legs they would get \$100 a month. Now, what right have we to violate that sacred promise by cutting it down to \$40 a month?

Mr. CLARK of Missouri. We are not violating it, and it never will be violated.

Mr. SWITZER. This bill does it.

Mr. CLARK of Missouri. As far as raising the compensation is concerned, nine-tenths of all the men in the Army now are getting less than they were getting before they went into the United States Army. There is no question in the world about it. Some of them gave up really lucrative positions. Some gave up positions that were paying very well, and very few ever gave up any position that was as small as \$33 a month. Now, I repeat what I said last Thursday about the bond bill. If these young men are willing to risk their lives on the battle field, those of us who stay at home ought to be willing to take care of them in the best way that can be devised. [Applause.]

Now, about the insurance. I believe in insurance. I carry every kind of life insurance that human ingenuity ever devised—time insurance, endowment insurance, straight insurance, assessment insurance, accident insurance. I carry \$10,000 accident insurance and \$24,000 life insurance. The first insurance policy that I ever took out was when I was a very young man attending the Cincinnati Law School. I took it out for the benefit of my father in the Ancient Order of United Workmen, and for \$2,000 insurance it cost me \$24 a year—when it started. [Laughter.] I held on to that thing, and after a while it commenced going up, and it kept on going up until it cost more than straight old-line insurance did. Well, after it went up, I let go. My father had died, and therefore did not need the insurance. Nevertheless, I have some assessment insurance left. They are all converting it now into some kind of old-line insurance. I believe in insurance. I never was able to save any money, and I was determined that my wife and children should not go to the poorhouse. I am in favor of fixing this bill so that the wives and children of the soldiers who die over there shall not go to the poorhouse either. [Applause.] And one of the most pleasant recollections of my life is that I have kept a good many old soldiers and their widows out of the poorhouse and made their declining days happier and more comfortable. [Applause.] Suppose it does increase their pay? It is not going to hurt anybody.

There is another thing about insurance. I am neither a prophet nor the son of a prophet, but I believe as firmly as that I must die some day that in less than 10 years from now everybody is going to be insured under the law. In some countries they have that kind of insurance now, and it is on a philosophical basis, to keep widows and orphans from suffering, and to keep men who are crippled in the various dangerous occupations of life from coming to want; and I believe that if there has ever been a bill introduced in this House that all right-thinking Americans, without respect to political or religious affiliations will indorse, it is this insurance bill that is pending here now. [Applause.]

Mr. KEY of Ohio. Will the gentleman yield for a question?

Mr. CLARK of Missouri. Yes.

Mr. KEY of Ohio. Referring to the compensation feature, there is a matter which has not been explained, upon which I should like to have the Speaker's opinion. What is the object of transferring the pension feature, the adjudication of all these claims, from the Bureau of Pensions of the Interior Department to the Treasury Department? We have had all general pension-law claims adjudicated in the Bureau of Pensions for more than 100 years. I am willing to vote just as much and to do just as much for these soldiers as any man in this House, and if these rates are inadequate under the general law, why can not the present law be amended and raise the rates; but why transfer that whole thing to the Treasury Department?

Mr. CLARK of Missouri. I do not think that is material. I am rather inclined to think that if I had been drawing this bill personally, I would have left that where it was, with the Interior Department; but that is neither here nor there. It is as broad as it is long. It may create a new bureau with a few new employees, I have no sort of doubt, but it would require about that many extra employees if we left it in the Interior Department.

Mr. KEY of Ohio. Does not the Speaker think it would require a great deal more help with inexperienced employees than it would with the present force, who are trained and who are familiar with the present pension laws, to adjudicate these claims? Does he not think it will cost this Government a great deal more money to adjudicate these claims in the new bureau than it would in the Pension Bureau?

Mr. CLARK of Missouri. I do not think so. These employees in the Pension Office have undoubtedly got all they can do now.

Mr. KEY of Ohio. What is the object of transferring this to the Treasury Department?

Mr. CLARK of Missouri. I do not know what the object was.

Mr. KEY of Ohio. Nobody else knows.



Mr. CLARK of Missouri. And I am not going to try to tell what I do not know. [Applause.]

Mr. MADDEN. Mr. Chairman, I think when we are calling on the young manhood of the country to defend the country we ought to do in advance everything within our power to assure them that those they leave at home will be protected in the event that they are maimed as the result of their service at the front, and this bill, so far as its compensation features go, in many respects is along the right lines.

There are one or two things in the bill that I think ought to be modified, one in which we limit the period to 120 days within which a man can take the benefit of the insurance which we propose to offer. During the 120 days all men who enlist are considered as insured. After 120 days it is proposed that no man can make an application for insurance. If it is thought to be a good thing to insure the men at all, every man enlisting in the American Army ought to be permitted to apply for insurance at any time during his service. It is all very well to limit the period to 120 days within which the Government will pay his family a fixed sum if he happens to be killed, but that ought not to preclude the possibility of the man obtaining insurance after 120 days if he is willing to pay the premium. And there ought not to be any limit to the time during his service when he can apply. It may be said, and doubtless will be said in reply to this statement, that after 120 days men may contract disease, or they may be injured in the service and put themselves without the pale of the right to insurance. But I do not believe there ought to be any law governing the insurance of men engaged in the defense of the country that will say that after 120 days they can not insure. It may be said that the administration of the insurance feature of the bill will be more difficult if we do not compel the men to insure within a given period, but we have these men in camps. We have doctors in every camp, and these doctors can examine the men upon the field of battle as well as they can anywhere else.

Mr. ALEXANDER. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. ALEXANDER. The gentleman is touching on the point I had in mind. That is the difficulty attending the service, if a soldier applies for insurance, to have him examined to determine whether or not he is physically fit, or whether he has suffered physical disability which would disqualify him from receiving insurance.

Mr. MADDEN. There is not any trouble whatever about the examination.

Mr. CAMPBELL of Kansas. They ought not to have to be examined at all after they have been accepted as fit for service as soldiers. [Applause.]

Mr. MADDEN. Every organization in the field and in camp has a corps of doctors whose business it is to examine the men and to treat them for any disease they may contract.

Mr. BLACK. Will the gentleman yield?

Mr. MADDEN. Yes; I yield.

Mr. BLACK. I do not understand from the bill that any physical examination is required. Every enlisted man will be entitled to receive insurance regardless of his physical condition, as I understand it.

Mr. MADDEN. The bill does not set forth the fact that a physical examination is needed, but I have no doubt the regulations will provide for it.

Mr. RAYBURN. The bill specifically says that every man who is accepted as being physically qualified for the Army is physically qualified for insurance.

Mr. MADDEN. Then there ought not to be any limitation on the time for him to take advantage of the insurance.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MADDEN. I would ask for five minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois? [After a pause.] The Chair hears none.

Mr. BORLAND. Will the gentleman yield at that point?

Mr. MADDEN. Surely.

Mr. BORLAND. I take it that the gentleman is in favor of this insurance plan.

Mr. MADDEN. Well, I am reasonably in favor of it; yes.

Mr. BORLAND. He is not opposing the insurance feature?

Mr. MADDEN. No; I am simply opposing the provisions of the bill, and I hope they will be amended.

Mr. BORLAND. I was inclined to agree with the gentleman's position. I think I first raised the question, but has this idea occurred to the gentleman? If we want to make this insurance workable and a success there will have to be some pressure brought upon men to come in and start the thing going. If a man is permitted from day to day to neglect sending in his

application, he may neglect it until the time has passed when he could take it out, when he is crippled or dead.

Mr. MADDEN. I am in favor of bringing any pressure in the form of missionary work that is necessary to acquaint every man who goes into the Army with the fact that it is proposed to offer insurance to him, but not to compel him to do it in any given time.

Mr. BORLAND. I think we are all inclined to put these things off, and I think the young soldier might neglect it or put it off from day to day until the hour came when it was impracticable to secure insurance.

Mr. MADDEN. I am in favor of missionary work.

Mr. RAYBURN. I will state to the gentleman the point he makes is very well worthy of consideration, and in framing this bill it was the intention of those who framed it to see if we possibly could close up every avenue for fraud. We felt as if 120 days was sufficient time to get knowledge of this bill to every soldier in the Army at that time. We felt also that unless we set a limit that it would be just like the case is now. These men who have gone into the Army, volunteers or drafted, since this emergency began will get this insurance if they die before this insurance is passed. After we have passed this bill we give four months, because after that time we felt we could no longer carry these men without any premium whatever; but if you do not have some kind of a limitation you will have all kinds of deathbed applications for insurance, and all this, that, and the other. The gentleman's argument, I think, is going to the proposition that the Government should charge no premium upon this, and every man should be given a paid-up policy of a certain amount.

Mr. MADDEN. I agree exactly with the statement made by the gentleman from Texas, that the Government ought not under any circumstances to pay an insurance policy for death after a given period, and if a man does not insure within that period he will not be entitled to the payment of the policy; but I think, even after that period, that any man ought to have the right to insure up to the time he is discharged from the Army, but that the Government ought not to be responsible after a given period if he fails to do it.

Mr. RAYBURN. These same claims, however, the gentleman must realize, will come in to the Government by those people who have not taken out insurance, and they will plead to be placed upon the same ground with the fellow who was taken in by the Government without having paid any premium or applied for insurance before this law is passed.

Mr. MADDEN. Oh, I do not think they could get anything from the Government unless they had made application for insurance within the limitation fixed in the bill.

Mr. FIELDS. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. FIELDS. What would the gentleman think of this plan, to consider every man insured when he goes into the Army and deduct his premium from his pay unless or until he specifically declines to be insured? What would the gentleman think of the safety of that plan?

Mr. MADDEN. I doubt if that policy ought to be pursued, because I am rather opposed to the Government taking it from the man's pay anyhow. Now, I have another feature—

Mr. CAMPBELL of Kansas. Will the gentleman yield on that matter?

Mr. MADDEN. Yes.

Mr. CAMPBELL of Kansas. What would the gentleman think of taking out the limitation within which the application should be made for insurance and permit the insurance to be applied for by the soldier himself or by his next of kin on his behalf?

Mr. MADDEN. Well, I do not know. I would not want to pass on that question. I have another feature I would like to present, however, in a moment on this insurance feature of the bill.

Mr. JAMES. Will the gentleman yield?

Mr. MADDEN. In a moment I will. It is proposed by this bill to name those to whom the insured may will the amount of insurance due under the policy. I think the limit in the bill is to the grandfather, the grandmother, the father and the mother and the wife and brother; but when it comes to the uncle and cousin, the man who carries insurance for 25 or 40 years, if he has no nearer relatives than an uncle or cousin it is proposed by this bill to confiscate every dollar that he has paid and not allow him to make this disposition of his property.

And I think there ought to be some remedy for that. If a man has paid premiums for 30 or 40 years, even though he may have paid them to the Government, he ought to have a right to make disposition of whatever has accumulated under these payments.



Mr. RAYBURN. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. RAYBURN. I realized the force of the gentleman's argument the other day when he asked his questions when I had the floor, and I said at that time that I believed that there ought to be something done about that. I agree quite fully with the gentleman that if a man pays on his policy for several years he ought to own something in that policy, and it is my intention, if I may read it in the gentleman's time, to offer, when I get to that point, this amendment:

Section 402, page 29, line 20, add "or from time to time, by regulations." Add, at the end, "If no beneficiary within the permitted class be designated by the insured, either in his lifetime or by his last will and testament, or if the designated beneficiary does not survive the insured the insurance shall be payable to such person or persons within the permitted class of beneficiaries as would under the laws of the State of the residence of the insured be entitled to his personal property in case of intestacy. If no such person survive the insured then there shall be paid to the estate of the insured an amount equal to the reserve value of the insurance at the time of his death, calculated on the basis of the American Experience Table of Mortality, and 3½ per cent interest, in full of all obligations under the policy."

Mr. MADDEN. I think that would measurably cover the objection I make to the provision of the bill, and I am glad that the gentleman will report such an amendment.

Mr. JAMES. Will the gentleman yield?

Mr. MADDEN. I will yield to the gentleman.

Mr. JAMES. In lines 12 and 13 are the words "at any time within 120 days thereafter and while in such service."

What does the gentleman think of putting on an amendment to the effect that—

*Provided, however, Any insurance could be applied after 120 days provided the applicant pass a satisfactory physical examination.*

Mr. MADDEN. I do not think there ought to be any examination unless the man is physically disabled. If he is physically disabled, then he is already provided for in the compensation feature of the bill. If a man should happen to be wounded, if he should happen to lose an arm, or leg, or both arms or both legs the bill in another provision takes care of him and his family. And unless he is qualified to take out insurance he ought not to be permitted to do it. If there was no other compensation in the bill I would say he ought to be permitted to do it. But there is liberal compensation made for every man who is injured and for the family of every man who is injured, and I believe that liberal compensation would justify the Government in saying that no application could be favorably passed upon for insurance under such circumstances.

Mr. SIMS. Will the gentleman yield?

Mr. MADDEN. I will.

Mr. SIMS. I want to suggest to the gentleman that the bill provides for insurance only—

Mr. MADDEN. I know.

Mr. SIMS. And at the end of each year, if a man does not die, he does not lose anything and there is nothing coming to him. At the end of the war the insured person is to have the right to ask for a change of premium. If he does not—

Mr. MADDEN. He has the right to go to an outside company and get insured. In the meantime he might contract disease while at the front and an outside insurance company would not take the risk. But the Government of the United States, that had the service of the soldier from the time he was physically well until he became physically unfit, ought under all circumstances, then, to protect him throughout the remainder of his life.

Mr. SIMS. The bill does so. It does not change the premium. It goes on just as if he were in the war, no matter how many disabilities and diseases may have been contracted.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. SIMS. If he pays it, he can not lose it.

Mr. MADDEN. Mr. Chairman, I ask unanimous consent for five minutes more.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. MADDEN. There is another feature of the bill to which I would like to call the attention of the House, and that is the feature of the bill which commandeers, so to speak, the salary of the man who has no relatives at home. This bill provides that if a man goes to war and he has not any relatives to whom he can allot a certain portion of his pay, the Secretary of War shall be permitted to make regulations to take that part of his pay and hold it in the Treasury of the United States until he returns. But he may not return. He may die. And what is to become of the amount of money that is held in the Treasury of the United States, forcibly retained under regulations made by the Secretary of War? There is not any provision in this bill to cover that.

Mr. SIMS. The law makes provision as to the rights of those who would inherit property.

Mr. MADDEN. The presumption is, to begin with, in the bill that he has no one who can inherit property. Therefore he is compelled under the rules made by the Secretary of War to allow one-half of his pay to be taken and placed in the Treasury of the United States. And I would like to see the picture of the man who would be able to get that money out of the Treasury of the United States after the soldier died. And I am not in favor of this being enacted into law until some provision is made, if you are going to commandeer a man's compensation while he is fighting at the front, to turn that amount over to somebody at the end of the war or at the man's death.

Mr. McKENZIE. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. McKENZIE. Does my colleague think that this great Government would hold money that belongs legally to the heirs of a man who died fighting for his country?

Mr. MADDEN. I will answer my colleague my making this statement: That this bill specifically provides now that the man who owns insurance on which he pays a premium, unless he has relatives as near to him as a father and mother, a brother or sister, or wife, or grandfather or grandmother, could not even will his own property that he has paid for.

Mr. McKENZIE. That is a different proposition.

Mr. MADDEN. It is the same thing exactly. The Government has taken the money.

Mr. SIMS. With reference to the last statement, the soldier only pays \$8, while the Government pays \$50 a thousand.

Mr. MADDEN. The Government does not pay anything unless the man is killed.

Mr. SIMS. He does not lose anything.

Mr. MADDEN. Yes; he does; and he pays \$8 a thousand, and he continues to pay that all his life. He ought to have some means by which he can convey the property which he accumulates as the result of those payments to somebody, and the gentleman from Texas [Mr. RAYBURN] has already provided for that; but the bill as it stands to-day does not provide for it. If the Government is willing to confiscate the property that is paid for by the individual who is insured, I do not see any reason why it should not think it was justified in confiscating the property that is held for the soldier who has no near relatives.

Mr. PLATT. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Yes.

Mr. PLATT. The gentleman says that the bill provides that the man whose money is commandeered has no relatives to whom it can be paid. That merely means he has no dependent relatives. He may have other relatives.

Mr. MADDEN. It makes no difference what it means. I am talking about what it says.

Mr. PLATT. I admit it may not be clear.

Mr. MADDEN. Yes. What I want to do is to get into the minds of the men who are going to shape this bill finally the formation of the bill as it ought to be when it becomes a law. I am not criticizing the policy. I am only trying to point out the places where I think the bill should be amended. I am for the bill, but I think the best friend of the bill is the one that criticizes the form of the bill with a view to making it better when it is finally passed; and that is what I am here to do. Now, I am heartily in accord with the policy that compels men to allot half their pay to their families, and I am in still heartier accord with the thought that the Government is contributing as much as the men allot, so that those who remain at home will be comfortable while their husbands and fathers and brothers are fighting the battles at the front. [Applause.]

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. ALEXANDER. Mr. Chairman, I ask unanimous consent to proceed for 20 minutes.

Mr. SWITZER. Mr. Chairman, would the gentleman object to answering a question or two?

Mr. ALEXANDER. I have no objection to doing that.

The CHAIRMAN. The gentleman from Missouri asks unanimous consent to proceed for 20 minutes. Is there objection?

Mr. ESCH. Mr. Chairman, pending that request, I want to say that at the conclusion of the remarks of the gentleman from Missouri I want to conclude the hour that is at the disposal of our side.

Mr. BORLAND. How many speakers will the gentleman have?

Mr. ESCH. Two speeches of 10 minutes each.

Mr. BORLAND. The reason I ask is that I was recognized to speak after my colleague from Missouri, and I wanted to know when I would come in.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri [Mr. ALEXANDER]?

There was no objection.

The CHAIRMAN. The gentleman from Missouri is recognized for 20 minutes.

Mr. ALEXANDER. Mr. Chairman, before I begin I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. The gentleman from Missouri asks unanimous consent to revise and extend his remarks. Is there objection?

There was no objection.

Mr. ALEXANDER. Mr. Chairman and gentlemen, it is impossible within the limits of the time that the committee has graciously granted to me to cover the various features of this bill. It is a great piece of legislation.

Mr. PARKER of New Jersey. Mr. Chairman, would not the gentleman feel better if we got unanimous consent that he should receive more time? He ought to have more time.

Mr. ALEXANDER. I do not care to ask for more time.

I will not criticize the pension legislation of the past. There is no occasion for doing that. It has inequalities and injustices, but the intent of Congress at all times has been to deal justly, as far as it might be done, by the old soldier—to deal generously by the old soldier—and since I have been a Member of this House I have taken an intense interest in their welfare and have supported all legislation for their benefit. I have a large soldier constituency—veterans of the Civil War, and a few remain of the Mexican War and of course some of the Spanish-American War—and I feel that our attitude toward these veterans is the same—one of good will and friendship.

But we are now engaging in another war, the greatest in history. We should profit by the experience of the past and frame legislation along better lines, broader lines, lines that will meet the conditions of life to-day, that will make the men whom we will call into the service and who may go into the trenches in Europe feel that the Government which they serve regards their service at its true value and will care for them and their dependents. Hence I do not see any occasion for the criticism of this bill by the gentleman from Ohio [Mr. KEY]. If he is sensible of the fact that in the event this bill is enacted into law there will be discrimination between those who may serve in this war and the veterans of other wars, the way is open to him and his committee and to the Committee on Invalid Pensions to remedy those inequalities. But if those inequalities were apparent, which is not the case if the bill is considered as a whole, it is no excuse or apology for throwing handicaps in the way of the enactment of this legislation. Our boys are going into the training and concentration camps; thousands are already in Europe. Delay is unjustifiable.

Mr. KEY of Ohio. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. For a question.

Mr. KEY of Ohio. If, as the gentleman says, the way is open for us, why will not that pertain to your bill? Why did you bring this bill into your committee?

Mr. ALEXANDER. Into my committee?

Mr. KEY of Ohio. Why was this bill referred to your committee in the first place?

Mr. ALEXANDER. It is not from my committee.

Mr. KEY of Ohio. If that pension legislation properly belonged to the Pension Committee, why was it not referred there, but to your committee?

Mr. ALEXANDER. Our committee?

Mr. KEY of Ohio. The Committee on Interstate and Foreign Commerce.

Mr. ALEXANDER. So far as that is concerned, if the different provision of this bill were divided up they might have been referred to different committees. But I can not see any force in the criticism that the bill was referred to the wrong committee.

It is not a pension bill. I presume the Speaker referred the bill to the Committee on Interstate and Foreign Commerce because it amends the law creating the Bureau of War Risks, as all other bills relating to that bureau have been referred to that committee. But enough of that. I will proceed to the consideration of the bill. Now, a careful study of the question of compensation, indemnity, and insurance for the officers and enlisted men of the military and naval forces of the United States was made at the instance of Secretary McAdoo. They are distinguished men, distinguished in civil life and judicial life, representatives of labor, representatives of insurance companies in this country. No legislation was ever prepared by a body of more distinguished and more representative men than these.

Although the bill bears my name I am not the author of the bill. Although it comes from the Committee on Interstate and

Foreign Commerce that committee is not the author of this bill, and I do not hesitate to say that no piece of legislation ever presented to this Congress was ever considered with more care and intelligence than this present piece of legislation. There was no feeling of ill will or hostility or unfriendliness to the soldiers of previous wars, but the bill is framed to meet the present conditions, to meet the just and wholesome demands of those we are calling into the service to-day. We should profit by the experience of the past and frame legislation along more scientific lines.

Mr. HUDDLESTON. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. For a question.

Mr. HUDDLESTON. Have any of the authors of this bill or any of the members of that committee ever had any experience with pension legislation or with naval or military affairs?

Mr. ALEXANDER. I imagine every one of them has had quite as much as the members of the Committee on Pensions.

Mr. HUDDLESTON. Will the gentleman give the name of some one who has had that experience? That is what I wanted.

Mr. ALEXANDER. I do not like to take the time just now.

Mr. HUDDLESTON. I refer to the experts whom the gentleman mentions. I want to know the name of one of them who has had experience.

Mr. ALEXANDER. The War Department and the Navy Department were represented.

Mr. HUDDLESTON. By whom?

Mr. ALEXANDER. In the letter of the Secretary of the Treasury, Hon. William G. McAdoo, to the President he says:

In this work the Treasury Department was represented by Assistant Secretary Rowe, Mr. William C. DeLanoy, Director of the War-Risk Insurance Bureau, and Mr. Hendon Chubb, chairman of the advisory board of that bureau.

The Secretary says:

I have had the cordial cooperation of the committee on labor of the advisory commission of the Council of National Defense, Mr. Samuel Gompers, chairman. Mr. Gompers appointed a special subcommittee on compensation for enlisted men and their dependents, of which the Hon. Julian W. Mack, United States circuit judge, was made chairman.

The bill which I am submitting for your consideration was drafted by Judge Mack. Capt. S. H. Wolfe, detailed by the Secretary of War both to the committee on labor and to this department for cooperation in the work, has been very helpful. Representatives from other departments, as well as an advisory draft committee of the committee on labor, have assisted. The Department of Commerce was represented by Assistant Secretary Edwin F. Sweet, the Navy Department by Maj. Henry Leonard, and the Department of Labor by Miss Julia C. Lathrop.

The advisory committee included Mr. F. Tecumseh Sherman, Mr. J. W. Sullivan, Mr. Frank Whiting, Mr. F. Spencer Baldwin, and Mr. D. L. Coase, and was aided by Mr. Everitt Macy, Mr. A. Parker Nevin, and Dr. Lee K. Frankel, members of the executive committee of the committee on labor, and others. The legislative drafting bureau, through Mr. Beeman, also rendered valuable aid.

They are the men who framed this bill. Then, after it had been framed a tentative draft of the bill was submitted to a committee of insurance experts by Secretary McAdoo. I will give you their names:

MEETING OF INSURANCE COMMITTEE HELD IN OFFICE OF THE SECRETARY OF THE TREASURY JULY 25, 1917.

Present:

Charles Jerome Edwards, Brooklyn, N. Y., former president of the National Association of Life Underwriters.

George E. Ide, president of the Home Life Insurance Co.

Edward D. Dunfield, president of the Prudential Life Insurance Co.

Louis F. Butler, president of the Travelers Insurance Co.

Arthur Hunter, president of the Actuarial Society of America.

John T. Stone, president of the Maryland Casualty Co.

George B. Woodward, vice president of the Metropolitan Life Insurance Co.

Franklin B. Mead, secretary of the Lincoln Life Insurance Co.

T. W. Blackburn, secretary of the American Life Convention.

I. J. Boak, president of the National Fraternal Congress of America.

Alfred G. Porch, president of the American Society of Actuaries.

John L. Shuff, of the Union Central of Cincinnati.

Judge Julian W. Mack and Samuel Gompers, of the committee on labor of the advisory commission of the Council of National Defense.

Edwin F. Sweet, Assistant Secretary of Commerce.

Capt. S. W. Wolfe, representing the War Department.

Maj. Henry Leonard, representing the Navy Department.

Miss Julia Lathrop, representing the Department of Labor.

Dr. L. S. Rowe, Assistant Secretary of the Treasury.

G. R. Cooksey, assistant to the Secretary of the Treasury.

W. C. DeLanoy, Director of the Bureau of War-Risk Insurance.

Hendon Chubb, chairman of the Advisory Board of the Bureau of War-Risk Insurance.

R. M. Little, chairman Federal Civil Employees Compensation Board.

Charles F. Nesbit, superintendent of insurance of the District of Columbia.

B. D. Flynn, assistant secretary of the Travelers' Insurance Co., Hartford, Conn.

Secretary McAdoo. You have been considering this tentative measure which has been presented, and if you have reached any conclusions about it, or if you want to submit any report concerning it, I shall be glad to have you do so now.

Mr. Ide, president of the Home Life Insurance Co., calling attention to the personnel of the committee, said:

Mr. IDE. I think that possibly it would be well to call the attention of those present to the make-up of this committee. It is, of course, as you know, entirely without any affiliation or class, and it is territorially



distributed to a remarkable degree. The various interests of life insurance are very widely represented. We have here representatives of the ordinary life insurance companies, of the industrial companies, fraternal organizations, the casualty and compensation companies, representatives of both American actuarial societies, and a representative of the agency organization of the country. I mention this fact because I think it is quite remarkable that in view of that variety of interest and variety of ideas which we might expect, the deliberations of this committee have been extraordinarily unanimous. We have been able to proceed with what I consider a great deal of dispatch. There has been no difference of opinion except on very minor points.

Mr. KEY of Ohio. Will the gentleman permit an interruption?

Mr. ALEXANDER. A question.

Mr. KEY of Ohio. I do not believe the gentleman has answered the questions of the gentleman from Alabama. He mentioned a great many eminent attorneys, a great many able jurists, but in that list of names he has not mentioned one single man who has had any experience in pension law, not one; and when this bill was drafted, I repeat—

Mr. ALEXANDER. I object to the gentleman making an extended statement in my time. I place a different estimate on those men from the estimate that he places on them. Many of these men are familiar with our pension legislation, as familiar as is the gentleman from Ohio [Mr. KEY], the chairman of the Committee on Pensions. But this is not a pension bill per se; it is more.

Mr. LINTHICUM. I am in favor of the bill, and I am also a member of the Pension Committee, and I understand this bill is in the nature of a pension bill—something in that nature. It does seem to me somewhat peculiar that no one from the Interior Department who understood the pension laws was selected. Can you tell me why that was?

Mr. ALEXANDER. I have no knowledge of why that was not done.

Mr. LINTHICUM. All the men seem to have been selected elsewhere. They were selected from the Department of Commerce and from other places, but none from the Pension Bureau.

Mr. ALEXANDER. This is not a pension bill. It is to provide for the military and naval forces of the country a reasonable measure of indemnity against the risk incurred by reason of the service of officers and men in this present war. It is to be administered entirely apart from our existing pension laws. It does not conflict with them in any respect. The two may go along together. If there are any inequalities, they can be worked out in the future in the interest of the veterans of prior wars.

Mr. LINTHICUM. Was it because the Pension Bureau was not in favor of this bill that no one from that bureau was selected, and it was provided that this law should be administered in another department?

Mr. ALEXANDER. I do not understand that the Pension Bureau does not favor this bill. I have no idea whatever that the question whether that bureau favors this bill ever entered into the minds of the men who drafted this bill.

The question may be asked why this bill was placed in my hands to introduce into the House, rather than in the hands of the chairman of one of the Pension Committees. I presume it is for the reason that it is an amendment to the war-risk insurance law. I introduced the bill creating the Bureau of War-Risk Insurance in the Treasury Department, which became a law September 2, 1914.

That was regarded as a war measure. The purpose was to authorize the Government to issue war-risk insurance on vessels, their cargoes, and freight money. I introduced the bills amending that law in various particulars. Later, and since we became participants in the present war, in May last I introduced a bill again amending the war-risk insurance law to provide that the owners of vessels under the American flag should insure their officers and crews, and in the event they did not do so the Government should insure them and charge the premium to the owners of the vessels. That bill became a law and has proven a great boon to the crews in our merchant fleet engaged in the over-seas trade. This bill came along, further amending the war-risk insurance law to provide for family allowances, compensation, or pensions—I care not what you call them—and insurance to the officers and men in the present war. The original bill logically should have gone to the Committee on the Merchant Marine and Fisheries, of which I was chairman, but it went to the Committee on Interstate and Foreign Commerce. I have no kick about that. That committee acted very intelligently and promptly on the first bill, as it did on the succeeding bills; and when this bill came in I assume the Speaker sent it to that committee because that committee had had jurisdiction over the other bills relating to the War-Risk Insurance Bureau in the Treasury Department.

Mr. PLATT. Will the gentleman yield?

Mr. ALEXANDER. Yes.

Mr. PLATT. Is there any assurance that the Secretary of the Interior or the Secretary of War or the Secretary of the Navy, whose departments are mostly concerned in this bill, approve it? We have nothing in the hearings to show that they do.

Mr. ALEXANDER. I am not authorized to speak for them, but I do not hesitate to express the opinion that they do; and if it is necessary to satisfy the gentleman's mind, I think I can get a statement from them to that effect.

Mr. PLATT. I will not vote for the bill unless I know they do approve it.

Mr. ALEXANDER. Very well. I will take it up with them and see what their attitude is.

Mr. SWITZER. The gentleman says this is an amendment to the war-risk insurance law?

Mr. ALEXANDER. Yes.

Mr. SWITZER. Does not the bill on page 26, section 314, also state that it is an amendment to the pension laws?

Mr. ALEXANDER. No; I do not know of any such thing as that in the bill.

Mr. SWITZER. I will invite all the Members to read—

Mr. ALEXANDER. Do not take my time for that purpose. I do not see where it would be of any interest if it were true.

Mr. PLATT. Will the gentleman have the Commissioner of Pensions write us a letter before we come to vote on this bill? Will the gentleman procure from the Commissioner of Pensions a letter approving this bill?

Mr. ALEXANDER. I do not know whether he would approve of it or not, but I can ask him for a letter.

Mr. SWITZER. I will modify my request.

Mr. KEY of Ohio. If the gentleman from Missouri will permit me, I will say that I would like to have read to the House a letter that the present Commissioner of Pensions wrote to Mr. SWEET in answer to Mr. SWEET's letter.

Mr. ALEXANDER. I will ask the gentleman not to take up my time to do that.

As I said, before being interrupted, a tentative draft of the bill was submitted to the committee to which I referred, and whose names I have given you.

Mr. ADAMSON. If the gentleman will permit, I think in fairness to the gentleman from Missouri he ought to permit those who labor under the delusion that this is a pension bill to make their speeches, but not to take up their time.

Mr. ALEXANDER. Some of these gentlemen seem more concerned about the committee to whom the bill should have been referred than they are about its merits. But I will proceed, if I may, to discuss the bill.

The purpose of the bill is to furnish those who constitute the Army and Navy of the United States in the present war protection or indemnity for injury or loss which they or their dependents may sustain by reason of such service. This duty is laid on the Government of the United States as representing all the people and its proper discharge involves the following considerations:

Adequate support of dependents during service and safeguarding the interests of the enlisted men while in the service.

Adequate provision for support of those in the service during disability arising therefrom.

Adequate provision for dependents in case of death.

Added protection by a scheme of life insurance by the Government in favor of officers and enlisted men, and Army and Navy Nurse Corps (female), in which the Government assumes the increase in the rate of premium which is occasioned by the Government calling them into the service of the United States.

Mr. STAFFORD. Will the gentleman yield?

Mr. ALEXANDER. Yes.

Mr. STAFFORD. I have difficulty in ascertaining the viewpoint of the framers or supporters of the bill so far as the insurance feature is concerned as to whether it is supplemental to the compensation feature or whether it is entirely a correlative matter. In this bill the Government makes a favorable allowance to all dependents of the enlisted man or officer in case he is disabled or partially disabled, for their future support. On what theory does the Government go further and allow the officer or enlisted man to take out insurance when they have made adequate provision for all officers and soldiers injured or partially disabled in the service?

Mr. ALEXANDER. I did not say that the provisions made in this bill are adequate. I would not say that from the standpoint of compensation. We take men out of civil life and put them in the Army; we take them away from gainful pursuits. Thousands and thousands of men have been taken out of employment in which their earnings were large, far more than they will receive under this bill or any bill we might frame.



To say that it is a compensation in the full sense to them would be an exaggeration. In order that the men who are called into the Army and the Navy of the United States may further protect themselves and add to the compensation provided in Article III, a scheme of insurance is provided. The Government insures them at a minimum rate, so that they in the future, if disabled, may have increased protection; in the event of their death their dependents may have further protection than that given under Article III.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. STAFFORD. I ask unanimous consent that the time of the gentleman be extended 10 minutes.

Mr. DECKER. Mr. Chairman, I desire to amend the request and ask that my colleague may be allowed to complete his remarks. He is the author of the bill. I do that at the suggestion of myself and Judge ADAMSON, the chairman of the committee.

The CHAIRMAN. The gentleman from Missouri [Mr. DECKER] asks that his colleague have unanimous consent to conclude his remarks. Is there objection?

There was no objection.

Mr. STAFFORD. Will the gentleman yield?

Mr. ALEXANDER. Yes.

Mr. STAFFORD. Assuming that the compensation is not adequate, I would ask this question: Whether it would not be far better, if the compensation provided in the bill is not adequate, to take the amount of money the Government is going to spend in the insurance feature, estimated at one and one-half billions, if we are in the war two years, with only 25 per cent of the enlisted men and officers availing themselves of the insurance, to make the compensation full and adequate rather than to allow the officers who are able to take advantage of these tremendously preferential features of insurance, which will cost the Government a billion and a half dollars the second year of the war?

Mr. ALEXANDER. Just what the equities in that regard may be I will not undertake to say; except so far as the officers and privates are concerned the bill extends the same privilege as regards insurance to all alike.

It further provides that they (the officers) can only claim the benefits of Article III in the event that they do not receive retirement pay and allowances. Hence, if an officer is wounded and suffers disability in the service and is retired, he must either relinquish his retired pay and allowances or else deny himself the benefits under Article III. In the event of their death there is no reason, to my mind, why their beneficiaries under the bill should have the benefits provided by Articles III and IV.

So far as the privates are concerned, I think we ought to have regard for their interests, and I believe that generous provision for the most part is being made for them. But we are undertaking to do more than to add to the compensation provided for in Article III. The insurance which, under Article IV, they may elect to take, and if they should take \$5,000 insurance at an expense to them of \$8 a year per \$1,000, to be withheld from their pay, it would, if they take out \$5,000 insurance, add from \$25 to \$30 a month to their income if permanently disabled, or in the event of their death to their beneficiaries, for a period of 20 years.

It does strike me that that is a just and intelligent way to treat the matter.

Mr. IGOE. Will the gentleman yield?

Mr. ALEXANDER. I will.

Mr. IGOE. In his remarks the gentleman has called attention to the fact that most of these men would earn before they went into the Army \$75 or more a month—

Mr. ALEXANDER. I said many of them.

Mr. IGOE. Many of them; and I think that is not an exaggeration. Many are making several hundred dollars a month. Now, why should there be a percentage established by this bill of the compensation that is paid when they are not going into it for the salary? Why should there be a discrimination between a man who makes \$500 a month in civil life and goes in as a private soldier and gets \$33 a month and a man who may be making \$75 a month in civil life and gets \$300 a month in the Army?

Mr. ALEXANDER. They all receive substantially the same pay, except commissioned officers.

Mr. IGOE. I know. Here is a man who has a wife and has been supporting her under certain conditions. She can not be sustained on \$33 a month. He is killed and his wife gets compensation on the basis of \$33 a month, not less than \$30—

Mr. ALEXANDER. Forty dollars is the minimum for the totally disabled or killed, and added to that is so much for the

wife and children, and the total compensation may be something over \$100 a month.

Mr. IGOE. I was trying to get at how the committee should feel that this was a just way to figure the compensation.

Mr. ALEXANDER. As I say, I would not undertake to figure or say that every provision in the bill is just. The compensations are based on the rate of pay received.

Now, I want to return to the administrative features of the bill and answer briefly the objection that this bureau is made a division of the War-Risk Insurance Bureau of the Treasury Department, when it should be a division of the Pension Bureau. Now, as I said, the bill amends an act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914. In the Bureau of War-Risk Insurance is created a division of marine and seamen's insurance. That division exists now in the Bureau of War-Risk Insurance, and it requires the owners of vessels to insure their masters and crews, otherwise the Government insures them and charges the premium to the vessel's owners. The policy was to protect the officers and men on our maritime ships going into the war zone and give them more protection than the wages paid them. It works well and it meets the needs and facilitates our foreign commerce and encourages men to go into this hazardous employment who otherwise might shrink from it if provision is not made for themselves and their families. There is also provided in the Bureau of War-Risk Insurance under this bill a division of military and naval insurance, in addition to the division of marine and seamen's insurance, each in charge of a commissioner, and each of whom shall receive a salary of \$5,000 per annum. It does not impress me as a very extravagant provision.

We have created one new bureau or division, and we now propose to create another, with a commissioner at a salary of \$5,000 per annum. The director, subject to the general direction of the Secretary of the Treasury, is charged with the duty of administering, executing, and enforcing the provisions of the act, and for that purpose is given full power and authority to make rules and regulations not inconsistent with its provisions necessary or appropriate to carry out its provisions. The bureau and its divisions are given such deputies, assistants, actuaries, clerks, and other employees as may be from time to time provided by Congress. With the exception of the directors and necessary experts, all the employees shall be appointed under the civil-service law. Somebody has said that it would be a great political machine in the Treasury Department. I can not see any evidence of that in the act. The administration of this law will necessarily involve an increase of force, but all those employees, except special experts, come under the civil service. Suppose the duty of administering this law were devolved upon the Pension Bureau. Would it not be necessary to create another division, charged with the duty of administering this law quite apart from the existing bureaus or divisions charged with the duty of administering our present pension laws? Would not that involve an increase in the number of experts and clerks? Is it reasonable to suppose that the cost would be less than if these divisions are created in the War-Risk Insurance Bureau? It does not seem reasonable to me to believe that that is true. Now, under existing law the Pension Bureau is overwhelmed with work. Thousands of claims for pensions for widows entitled to increases under the act of September, 1916, have not yet been acted upon. The force in the Pension Bureau has been decreased in years past on account of the decrease in work, and it may ultimately be decreased to the point that when this war is over the duty of the administration of this law may be transferred to the Pension Bureau or the experts from that bureau and employees may be transferred to this War-Risk Insurance Bureau if it becomes a permanent bureau of the Government for the administration of this law.

Mr. PLATT. Will the gentleman yield right there?

Mr. ALEXANDER. I will.

Mr. PLATT. Is not there something in the contention of the argument of the gentleman from New Jersey that Article II in reference to allotments and family allowances of this bill ought to be administered by the Departments of War and Navy, Article III by the Pension Bureau, and Article IV by a new bureau?

Mr. ALEXANDER. And make a mess of it.

Mr. PLATT. I think myself that Article III, as it relates to pensions—

Mr. ALEXANDER. All these provisions relate to the same men.

Mr. WALSH. Mr. Chairman, I raise the point of order—

The CHAIRMAN. What is the point of order?

Mr. WALSH. I make the point of order that there is no quorum present.



The CHAIRMAN. The Chair will count.

Mr. ADAMSON. Mr. Chairman, can the gentleman be recognized for that purpose when a gentleman has the floor speaking?

The CHAIRMAN. The Chair thinks the point of order of no quorum can be made at any time.

Mr. ADAMSON. Mr. Chairman, I move that the committee do now rise.

The question was taken, and the Chairman announced the noes appeared to have it.

Mr. ADAMSON. Mr. Chairman, I demand tellers.

Tellers were ordered.

The committee again divided; and the tellers (Mr. ADAMSON and Mr. ESCH) reported that there were—ayes 2, noes 104.

So the committee refused to rise.

The CHAIRMAN. A quorum of the committee is present, and the gentleman from Missouri will proceed.

Mr. ALEXANDER. Mr. Chairman, this bureau shall, so far as practicable, arrange with the Secretary of War and the Secretary of the Navy for the services of the surgeons in the respective services.

The Secretary of the Treasury is given authority to establish an advisory board consisting of three members skilled in the practice of insurance against death or disability to assist the division of military and naval insurance in fixing premium rates and the adjustment of claims for losses under the contracts of insurance provided for in Article IV and in adjusting claims for compensation under Article III.

The compensation of the members of the advisory board is fixed by the Secretary of the Treasury, but shall not exceed \$20 a day for each while actually employed.

Ample power is given the director, commissioners, and deputy commissioners to issue subpoenas, compel the attendance of witnesses and the production of books, papers, and documents, and other evidence, and to obtain information and reports from other departments of the Government of the United States and of the several States.

It is made the duty of the director to submit to the Secretary of the Treasury annually estimates of the appropriations necessary for the work of the bureau.

The sum of \$100,000 is appropriated to pay all expenses incident to the work authorized under the act.

Section 18 of the bill carries an appropriation of \$141,000,000, to be known as the military and naval family allowance appropriation, to pay family allowances provided by Article II.

Section 19 of the bill carries an appropriation of \$12,150,000, to be known as the military and naval compensation appropriation, to pay compensation, funeral expenses, services, and supplies provided by Article III.

The estimates have been submitted by five distinguished actuaries of the probable expenditures under this bill in the first and second years of the war. This bill appropriates \$176,150,000. The report of the actuaries on which these estimates are based is as follows:

#### ACTUARIAL REPORT.

The committee has been requested to assume that on or about September 1, 1917, 1,000,000 men will compose the Army and 175,000 men, including marines, the Navy. It has also been assumed that there will be 1,000,000 men of the Army at the front by September 1, 1918, and about 100,000 men of the Navy in the war zone at that time.

Family allowance fund. Article XI: The amount payable during the first year, beginning about September 1, 1917, on account of "Family allowances," as provided for in the bill, is estimated at \$141,000,000.

In arriving at this amount it has been assumed that the average allowance for men with dependents would be \$300 per year per man, and that approximately 40 per cent of the men would be found to have dependents under the bill. The provisions of the bill apply only when a member or members of a family are actually dependent in whole or in part, and this has been interpreted to mean that the dependency must be substantial.

In reaching this conclusion the following factors, among others, have been taken into consideration:

1. Many young men whose parents are not dependent upon them may, nevertheless, contribute partly to their parents' support.
2. Young men drafted or about to be sent abroad may marry before leaving.
3. One or more relatives may become dependent and the status changed during the year.

The above amount is necessarily the result of a broad estimate, given according to our best judgment, but subject to serious fluctuation on account of possible variation in the rules of the draft, the application of the rules for exemption, and the strictness of the bureau in dealing with doubtful claims.

If the war should continue for still another year, or until September 1, 1919, and the number of men in the Army and Navy be gradually increased to 2,000,000, the estimated total family allowances payable in the year on the above basis would be \$190,000,000, the average number of men in the service during that year being nearly 1,600,000.

#### COMPENSATION FOR DEATH OR DISABILITY, ARTICLE III.

(a) Compensation for death: It is estimated that the amount payable during the first year on account of deaths occurring in the course of service will be approximately \$3,700,000. It is assumed that on

the average there will be 250,000 men of the Army in active service in Europe during the first year and 100,000 men of the Navy in the war zone.

A death rate of 4 per 1,000 has been applied to the 825,000 men of the Army and Navy held at home stations.

To the 350,000 men referred to above as exposed to the war hazard a death rate of 75 per 1,000 was applied. In arriving at this rate the experience of several life insurance companies was considered, and also such information as was available regarding the casualties in the various armies of Europe.

The average amount payable per man was estimated to be \$500 a year, only half of one year's payment, on the average, becoming due during the year ending September 1, 1918.

The operation of workmen's compensation acts indicates that a higher rate of dependency is experienced in the case of men who are killed than appears during active life. It was therefore assumed that 50 per cent of those killed would have dependents.

If the war should last still another year, or until September 1, 1919, and if during that year the total number of men were gradually increased to 2,000,000, it is estimated that the amount payable during that year on account of deaths would be approximately \$22,000,000.

(b) Compensation for total disability: The estimate as to the amount payable during the first year on account of total disability is \$5,250,000 and for the second year \$35,000,000.

There are two classes of totally disabled men—those who have no dependents, and are entitled to about \$500 a year, and those who have dependents (parents seem to be excluded by the law), and entitled to about \$800 per year.

These estimates are based on the assumption that 50 of each 1,000 men exposed to the hazard of war will be totally disabled under the provisions of the bill, the assumption being predicated on such information as was obtainable from the British, Canadian, and German war records, although these are fragmentary.

As in the case of "Family allowance," it was assumed that 40 per cent of the men would have dependents.

(c) Compensation for partial disability: The estimate as to the amounts payable for the first year after September 1, 1917, for claims on account of partial disability is \$3,200,000 and for the second year \$21,000,000.

The following assumptions have been made in determining the above amounts:

1. That the schedule allowances will be approximately the average allowance for the four States, California, Kentucky, New Jersey, and Wisconsin, under their workmen's compensation laws.
2. That no commuted values of future payments will be allowed (if allowed they would add to the amount payable in the early years, but would decrease the outlay thereafter).
3. That the number of men who will be partially disabled will be 75 per 1,000, the estimate as to this rate being derived from the same sources as was that used in connection with total disability.
4. That the average allowances for the various types of partial disability would be 40 per cent of those for total disability.
5. It was again assumed that 40 per cent of the men would have dependents under the bill.

This estimate would, of course, be very wide of the mark if a scale of compensation differing materially from the one assumed should be adopted.

#### INSURANCE, ARTICLE IV.

Under Article IV of the bill provision is made for voluntary insurance of from \$1,000 to \$10,000, to be paid at death or total disability. As under the bill every man is automatically insured for \$5,000 from April 13, 1917, or from the date of his enlistment, if afterwards, until 120 days after the passage of the bill, it has been assumed that this amount represents the average amount which the framers of the bill expected would be applied for by Army and Navy men.

On the basis of the assumptions previously made as to the rates of death and of total disability and of the number of men in the service at home and abroad, the net amount payable by the Government for the year ending September 1, 1918, would be \$46,000,000 if 25 per cent of the men were covered for \$5,000 each, and \$92,000,000 if 50 per cent were so covered, due allowance having been made for the receipt by the Government of the full annual premium from all the men who might take the insurance.

It has been assumed that those who stay at home and those who are ordered abroad would apply for the insurance in equal proportions, although it is probable that a higher percentage of the latter would apply and would also take larger amounts than the former.

In the second year the amounts payable are estimated to be \$225,000,000 if 25 per cent apply, or \$450,000,000 if 50 per cent apply.

Under the bill the beneficiaries of those who died in the service or were totally disabled prior to its passage, or within 120 days thereafter, would be entitled to \$5,000, provided the men were in service on or after April 13, 1917. No estimate of the amount payable on this account has been made.

#### GENERAL OBSERVATIONS.

When the war is over the family allowances will presumably cease, but the payments for death and disability benefits will increase for at least a year thereafter. If the war lasts beyond September 1, 1919, the amounts payable will increase enormously as compared with those of the second year.

These estimates deal only with actual payments falling due in the first and second year. For several of the benefits the obligation will of course continue for a long period.

Many who are partially disabled will be able to continue in actual service in Europe until the war is over, and yet will have justifiable claims for disability benefits when they return to civil life.

Any changes made in the preliminary draft of the bill may have a material effect upon these estimates.

In conclusion, the committee wishes to draw attention to the difficulty of obtaining reliable information as to various types of casualties in the present war. In many instances, therefore, only broad general assumptions based on judgment and experience could be made.

ARTHUR HUNTER.  
JAMES D. CRAIG.  
HENRY MOIR.  
JOSEPH H. WOODWARD.  
JOHN K. GORE, Chairman.

I concur in the above.

S. H. WOLFE,  
Captain, Quartermaster, U. S. R.

*Family-allowance fund.*

## Estimated amount payable:

First year—		
Average Army (men)-----	1,000,000	
Average Navy (men)-----	175,000	
	1,175,000	
Average allowance, \$300 to 40 per cent of men, or-----	\$120	
		\$141,000,000
Second year—		
Average number men in both Army and Navy-----	1,587,000	
Average allowance, as above-----	\$120	
	\$190,440,000	
Considered as-----		190,000,000

*Compensation for death.*

## Estimated amount payable:

First year—		
Men in active service, Army-----	250,000	
Men in active service, Navy-----	100,000	
	350,000	
Death rate 75 per thousand deaths-----		26,250
Men in reserve, Army-----	750,000	
Men in reserve, Navy-----	75,000	
	825,000	
Death rate 4 per thousand deaths-----		3,300
Total deaths-----		29,550
Average allowance one-half year's payment of \$500 to 50 per cent-----		\$125
	\$3,693,750	
Considered as-----		3,700,000
Second year—		
Deaths in first year-----	29,550	
Average allowance \$500 to 50 per cent-----	\$250	
	\$7,387,500	
Deaths in second year, exposed 1,587,000 by 75 per thousand-----	119,025	
Average allowance as per above-----	\$125	
	14,878,125	
	22,265,625	
Considered as-----		22,000,000

*Compensation for total disability.*

## Estimated amount payable:

First year—		
Men in active service (Army and Navy)-----	350,000	
Totally disabled at rate of 50 per thousand-----	17,500	
Totally disabled with dependents, 40 per cent-----	7,000	
Totally disabled without dependents, 60 per cent-----	10,500	
Totally disabled with dependents, 7,000; average allowance one-half year of \$800 per man, \$400-----	\$2,800,000	
Totally disabled without dependents, 10,500; average allowance one-half year of \$500 per man, \$250-----	2,625,000	
	5,425,000	
Considered as-----		5,250,000
Second year—		
On disablements of previous year, excluding deaths of beneficiaries; complete year (2×5,425,000)-----	10,850,000	
Exposures of second year-----	1,587,000	
Exposures of first year-----	350,000	
Ratio of second year to first-----	4.53	
Previous year's cost-----	\$5,425,000	
Product last two items-----	24,575,250	
	35,425,000	
Considered as-----		35,000,000

*Compensation for partial disability.*

## Estimated amount payable:

First year—		
Total disablements assumed at rate of 50 per thousand-----		
Partial disablements assumed at rate of 75 per thousand-----		
Therefore partial disablements=150 per cent of total-----		
Average per cent of disability, 40-----		
Average amount payable of partial disability, 60 per cent of amount payable for total-----		
Amount payable for total disability first year-----	\$5,425,000	
And 60 per cent equals-----	3,255,000	
Considered as-----		3,200,000
Second year—		
Amount payable for total disability second year-----	35,425,250	
And 60 per cent equals-----	21,255,150	
Considered as-----		21,000,000

*Insurance against death and disability.*

## Estimated amount payable:

First year, assuming 25 per cent insurance-----		
Total number of men-----	1,175,000	
25 per cent-----	293,750	
Average premiums per man-----	\$40	
		\$11,750,000
Payments by men-----		
Deaths first year-----	29,550	
Total disablements-----	17,500	
Total-----	47,050	
25 per cent-----	11,762	
Average insurance-----	\$5,000	
		\$58,810,000
Total insurance-----		
Cost-----	\$47,060,000	
Considered as-----		\$46,000,000
Second year—		
Total number of men (average)-----	1,587,000	
25 per cent-----	396,750	
Total premium at rate of \$40-----	\$15,870,000	
Deaths second year-----	119,025	
Total disablements second year-----	79,350	
Total-----	198,375	
25 per cent-----	49,594	
Average insurance-----	\$5,000	
		\$247,970,000
Total insurance-----		
Cost-----	\$232,100,000	
Considered as-----		225,000,000

Mr. DOWELL. Will the gentleman yield?

Mr. ALEXANDER. Yes.

Mr. DOWELL. I know there are about \$100,000 appropriated for the purpose of administration. Could not a large part of that be saved to the Government if this were put in the Pension Department?

Mr. ALEXANDER. Now, was the gentleman here just before the point of no quorum was made? I discussed that question and do not want to take the time of the committee to go over it again.

Mr. DOWELL. The question I was going to ask was, Can there be any objection from the point of administration why the Pension Department could not be equipped to administer this department?

Mr. ALEXANDER. The Pension Bureau now is charged with the administration of the pension laws which are framed for the veterans of previous wars. It is overwhelmed with work, and it would require the creation of another division and an increase in the force would undoubtedly be necessary.

Mr. HUSTED. I would like to ask the gentleman if the Treasury Department, in his opinion, is not as much overwhelmed at the present time as the Pension Bureau?

Mr. ALEXANDER. Not the War-Risk Insurance Bureau. The work of that bureau has been conducted with signal ability and dispatch and economy, and up to this time has never cost the Government a farthing. The premiums collected have been far in excess of any losses.

Mr. DOWELL. But necessarily the new department will be equipped with inexperienced men throughout, and is it not advisable always to equip a department with experienced men, and could not that be done cheaper by the Pension Bureau than to establish a new department with all inexperienced men?

Mr. ALEXANDER. I have argued that question and do not care to repeat it now. You take the Director of the War-Risk Insurance Bureau, Mr. De Lanoy, and the advisory board, I do not know of any more competent men in the Pension Office than they are. They are experts. And as far as the clerical force is concerned, what difficulty will there be in providing it to meet these new conditions in the War-Risk Bureau rather than in the Pension Bureau?

Mr. RAYBURN. I just wanted to state in answer to the gentleman's interrogatory, that it is supposed that this is going to be presided over by the most efficient men in the country, and these actuaries, and people like that, and these commissioners, are men supposed to be skilled in this work in the subject of pensions, compensation, and insurance. Of course, the clerical force amounts to nothing, because that is all routine business. We think when it comes to service, that for \$6,000 we can command the services of very able men, because very able men are serving the Government at \$6,000 and less.

Mr. DOWELL. I think that is true, but what I was inquiring about was that there are a number of efficient men now in the Pension Department who for years have been doing this character of work. The arrangement of these plans will be done by experts. They will be paid for as experts, but when the ma-



chinery is put into operation the question that I raise is, Could it not be done more efficiently and with less expense in a department that has already been equipped for that purpose?

Mr. RAYBURN. When this machinery is set in motion the department will be set in motion; all those rules and regulations will be set out, and it can go on efficiently then.

But under this proposition, under this compensation, under this insurance, new questions will ever be arising under this law, I think, and it should have men especially trained along those lines to take care of this proposition. And I do not say that the Pension Bureau is efficiently officered, but the question of compensation, the question of insurance, is a different question from pensions only.

Mr. DOWELL. Then may I inquire if it would not be better to add just what the Government has suggested, to the Pension Department, and would it not then be better equipped than you can equip a new department, and could you not add these experts at much less expense?

Mr. RAYBURN. I think if you were to put this department in the Pension Bureau you would cause confusion between the two systems.

Mr. ALEXANDER. I hope no one else will come in and ask the question, Why can not this law be administered by the Pension Bureau? If they do, I must decline to repeat the argument. It is getting threadbare.

Section 20 of the bill carries an appropriation of \$23,000,000, to be known as the military and naval insurance appropriation.

Premiums collected for insurance provided for by Article IV are deposited in the Treasury to the credit of this fund. Such sum and premium payments are permanently appropriated to discharge liabilities of the United States incurred upon contracts of insurance issued under the provisions of Article IV.

Section 21 sets aside as a separate fund in the Treasury to be known as the military and naval deposit fund all sums held out of pay of enlisted men as provided by section 203. Such fund and all additions and interest accumulations are permanently appropriated to carry out the provisions of section 203.

Section 22 contains the definition of the terms used in Articles II, III, and IV. Article II relates to the family allowances. Article III relates to the compensations for death and permanent or partial disability. Article IV relates to the scheme of insurance.

Mr. RUSSELL. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield.

Mr. RUSSELL. Will it disturb the gentleman to ask him a question there?

Mr. ALEXANDER. No.

Mr. RUSSELL. You begin now with the article on allotments, do you not?

Mr. ALEXANDER. Yes; or family allowances.

Mr. RUSSELL. I want to see if I understand the provisions of the bill. I have been asked this question by a constituent, and I want to know if I can answer him certainly and correctly. There are two aged people, a man and wife, unable to support themselves. They have three boys. Two of them are married and can only support their own families. One of the sons is single, and he tries to help his mother and father all he can. Now, then, as I read this bill, if that boy gives to his mother and father \$10 a month the Government will pay them \$10 a month?

Mr. ALEXANDER. He is to allot them a minimum amount of \$15 and the Government will make them an additional allowance of \$10 each.

Mr. RUSSELL. It is provided in one place in this bill, if I am correct, that where a mother and father are dependent on the soldier the Government will pay them \$20—\$10 to each. Am I correct?

Mr. ALEXANDER. Yes; that falls under class B. If there be two parents, it is \$20.

Mr. FESS. Have you not made an error there? You are speaking of compulsory payments.

Mr. ALEXANDER. I am speaking of those in class B.

Mr. RUSSELL. I do not understand that it is compulsory on the part of the soldier to pay his father and mother anything.

Mr. RAYBURN. If he has been contributing to their support, it is.

Mr. RUSSELL. This boy is now paying them \$10 a month. That is all he thinks he can afford. How much will the Government pay those two old people?

Mr. RAYBURN. If he has one parent, \$10; if he has two, \$20. That makes \$35.

Mr. RUSSELL. Then the boy will pay \$15 and the Government \$20?

Mr. ALEXANDER. Yes; but as to parents, that is elective. Allowances to them are made only while dependent on the son and while he makes an equal allotment with minimum allotment of \$15, where he makes no allotment to class A.

Mr. RUSSELL. That is what I say. The gentleman in charge of the bill [Mr. RAYBURN] says that he is bound to give them \$15.

Mr. ALEXANDER. I did not so state, except with the qualification mentioned.

Mr. RUSSELL. The gentleman in charge of the bill said so. Mr. ALEXANDER. Has my colleague any further inquiry to make?

Mr. RUSSELL. No; that is all.

Mr. ALEXANDER. He may elect to have part of his pay set apart for the benefit of his father and mother. If so, the Government will pay one parent \$10, or the two \$20, while dependent, but he is required to allot a minimum of \$15 if he has not made an allotment to class A.

Mr. RUSSELL. Is that regardless of whether he pays \$10 or \$15?

Mr. ALEXANDER. No; only in the circumstances mentioned.

Mr. FESS. Mr. Chairman, I think there is confusion there.

Mr. ALEXANDER. Yes.

Mr. FESS. If the soldier has been helping his mother and she is dependent, I think the bill requires him to pay a certain amount to her. He has no option on that, has he?

Mr. ALEXANDER. The compulsory allotment of one-half pay is made in favor of members of his family; that is, his wife and children.

Mr. FESS. But he has no wife and children.

Mr. ALEXANDER. In that event, if he has been contributing to the support of his parents before the war, then an adjustment is made for the payment of a certain part. An average sum will be estimated, and the Government, in addition, will supplement it as I have stated.

Mr. LITTLE. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. Yes.

Mr. LITTLE. If I understand page 15 correctly, there can be no allowance by the Government under class B unless the enlisted man has made a monthly allotment of his pay. Is that correct?

Mr. ALEXANDER. It is for those dependent on the man, and then only while he makes an equal monthly allotment, with a maximum of half pay.

Mr. LITTLE. But there will be no allowance by the Government unless the man is making an allotment?

Mr. ALEXANDER. No.

Mr. LITTLE. Are the women mentioned on page 14 in this capacity required to make a monthly allotment?

Mr. ALEXANDER. The allotments relate to enlisted men. Article II is confined to enlisted men.

Mr. LITTLE. Does that include women?

Mr. ALEXANDER. I assume it does not. Section 200 reads: That the provisions of this article shall apply to all enlisted men in the military and naval forces of the United States.

Mr. FESS. The term used here is "man."

Mr. LITTLE. Under section 201, to whom does the woman make allotment? In favor of her husband?

Mr. ALEXANDER. She might, or to her children.

Mr. LITTLE. The allotment of pay, subject to the conditions, and so forth, shall be compulsory to the "wife." Is it compulsory on the woman to support her husband?

Mr. ALEXANDER. It may be, but I do not so construe this bill.

Mr. LITTLE. But it either is or is not. I would like to understand the gentleman positively.

Mr. ALEXANDER. Why should it not be if this act applied to her?

Mr. LITTLE. Do I understand correctly that under page 11 a woman is compelled to make an allotment to her husband?

Mr. ALEXANDER. I would not be prepared to answer that offhand, because I want to be accurate. I would say not unless there is some other provision in the bill which includes her.

Mr. LITTLE. I would like to have the information later, off the floor, when the gentleman has time. Unless she is compelled to make an allotment under section 201, then under page 15 there would not be any allotment to her children, would there?

Mr. ALEXANDER. Does the gentleman mean that there could not be any allotment to her children unless it was also made to her husband?

Mr. LITTLE. The Government will make no allotment to a woman's children, according to the section on page 14, unless on page 15 she has herself made allotment to somebody. You seem

to agree with me on that. Then, turning to page 11, that explains in section 201 what she will have to allot, or else there is no explanation in the bill. Now, that, as I understand it, would mean that it would have to be allotted to her husband. It seems to me a little odd, and that is the question I put to you. Is it compulsory that a woman in the service allot to her husband?

Mr. FESS. On page 9, line 6, in the definitions, it is provided that the word "man" also means woman.

Mr. ALEXANDER. If the gentleman from Kansas will look on page 9, line 6—

Mr. LITTLE. I have read that.

Mr. ALEXANDER. It says that—

The terms "man" and "enlisted man" mean a person, whether male or female, and whether enlisted, enrolled, or drafted into active service in the military or naval forces of the United States, and include non-commissioned and petty officers—

But the gentleman has overlooked the language at the beginning of the section—lines 1 and 2, page 8—

In Articles II, III, and IV of this act, unless the context otherwise requires \*

Note the language, "unless the context otherwise requires."

Now read the language in lines 1 and 2, page 8, in connection with the definition of "man" and "enlisted man," beginning in line 6, page 9.

Mr. LITTLE. We seem to have agreed on everything now except this question concerning page 11, and that is as to whom this woman must allot before her dependents can get in for the Government allotment, or does she allot to her husband?

Mr. ALEXANDER. I do not understand that the allotment should be enforced against her in favor of her husband, unless she is included in the words "enlisted men" in section 200, page 11, and the subsequent provisions of Article II. Will the context justify her inclusion?

Mr. LITTLE. That would be satisfactory to me; but under the bill as it now reads it seems that the woman must allot to her husband, or else there is no provision for her compulsory allotment, and if there is not, her children can not get anything under class B.

Mr. ALEXANDER. Possibly that is so, if your contention is correct.

Mr. LITTLE. I would suggest to the committee that they prepare an amendment on that.

Mr. ALEXANDER. We will first determine whether or not it is necessary. If it is, I am sure it will be done, if it is the intention to make the wife subject to the compulsory-allotment provision.

Mr. HUSTED. As I understand the provisions of section 201, on page 11, if an enlisted man has a wife or a child, or a former wife divorced, he is compelled to make an allotment.

Mr. ALEXANDER. Yes.

Mr. HUSTED. A minimum allotment of \$15.

Mr. ALEXANDER. Yes.

Mr. HUSTED. Now, that is entirely irrespective of a man's independent means or of the independent means of the wife or of the child or of the former wife divorced.

Mr. ALEXANDER. Yes; if application is made for it.

Mr. HUSTED. Now, assuming the case of a man who has an independent income of \$10,000, whose child is amply provided for, and whose wife has large independent means, as I understand it, he is not only compelled to allot that \$15, or whatever amount the law requires, but the Government is also compelled to make an allowance to that wife or to that child, or to that former wife divorced, even though they have ample means to take care of themselves.

Mr. ALEXANDER. That is true.

Mr. HUSTED. And there is no exception to that unless the wife sees fit, voluntarily, to waive the allotment in her favor, and she is not compelled to make that waiver.

Mr. ALEXANDER. That is true.

Mr. HUSTED. Now, was that the intention of the committee?

Mr. ALEXANDER. I think so.

Mr. HUSTED. Was it the intention of the committee, if a man has large independent means, and his family have large independent means, that the Government shall make a contribution toward their support?

Mr. ALEXANDER. It was intended that there should be no discrimination between the soldiers, that this allotment should apply equally to all. To undertake to discriminate and apply it to those who have dependents would greatly complicate the administration of the law and lead to great injustice in some cases; and if these men are called into the service, under the selective draft, if married men are not exempt, then this provision will apply to them without reference to their independent income.

Mr. BENJAMIN L. FAIRCHILD. There is no discrimination as between the man with means and the man without means, or the woman with means and the woman without means.

Mr. ALEXANDER. That is correct—under this provision.

Mr. BENJAMIN L. FAIRCHILD. I presume the committee thought that something could be left to the manhood and womanhood of American men and American women.

Mr. ALEXANDER. Yes. There is a provision here which would appeal to the classes of people to whom you refer—a wife with independent means, with her children amply provided for—that she, in their behalf as their guardian, may waive it. I assume that American women will be patriotic, and they will not demand of the Government any largess. If they are amply provided for, they will not ask for this allowance. They will not make any application for it, and hence the waiver will be made.

Mr. HUSTED. The gentleman from Missouri says it would complicate the system if it were limited to dependents.

Mr. ALEXANDER. Because you would have to have proof in every case, and it would result in delay.

Mr. HUSTED. In class B you provide that the allotment shall only be made or the allowance made only in case the members of class B are actually dependent upon the enlisted men. Now, if that discrimination can be made in the case of members of class B, why can it not be made in the case of class A?

Mr. ALEXANDER. There is a difference in the relationship and the legal obligation as between the husband and wife and children, and the soldier and his parents or grandparents. The law recognizes that difference.

Mr. HUSTED. I also note that the waiver only applies to the wife. It is not made to apply to the former wife, divorced.

Mr. BENJAMIN L. FAIRCHILD. That is a discrimination.

Mr. ALEXANDER. I have an amendment to cover that, as far as that is concerned.

Mr. DEWALT. It strikes me that in the discussion of this question of waiver both the gentleman who is now speaking and the gentleman questioning him have failed to read the latter clause of section 201, which provides not only that the waiver may be made by the wife but provides further that on the enlisted man's application or otherwise for good cause shown exemption from the allotment may be granted upon such condition as may be prescribed by regulation. Now, if the gentleman will permit me—

Mr. ALEXANDER. Certainly.

Mr. DEWALT. Taking the case that the gentleman has instanced, a man with an independent income of \$10,000 a year, whose wife is well provided for, she might of her own motion waive the allotment. Second, he himself, though his wife was well provided for and not desiring to make an allotment could ask for the exemption of the allotment, and under proper regulations leave would be granted.

Mr. HUSTED. Does the gentleman think in the case of the wife who refuses to make this waiver—and we may assume that there are some women who might not do their duty—does the gentleman think it is right that the Government should contribute to her support when she has large independent means?

Mr. DEWALT. I do not; but I think that can be taken care of under proper regulation.

Mr. HUSTED. Even then, if the man does not make the application, the wife does not make the waiver, you have got to pay her the amount, notwithstanding she has large independent means.

Mr. DEWALT. I grant that; but if a man has independent means and she has independent means, it is scarcely likely that he would take something from his pay in order to get something from the Government.

Mr. FESS. Will the gentleman yield?

Mr. ALEXANDER. Yes.

Mr. FESS. I have studied the bill carefully and there is one thing confused in my mind as to this allotment. Suppose the soldier has no dependents at all, that he has parents and they are in good shape and that there is no one for him to make an allotment to as a dependent. Does this bill require the Government to withhold at least \$15 a month for his own benefit?

Mr. ALEXANDER. There is another provision in section 203 to which I call the gentleman's attention, that in case one-half of the enlisted man's monthly pay is not allotted under regulations to be made by the Secretary of War and the Secretary of the Navy, respectively, that proportion of his allotment shall be deposited to his credit to be held during the period of service, or as may be prescribed, and that such deposits shall bear interest at the rate of 4 per cent per annum, with semi-annual rests and, when payable, shall be paid principal and



interest to the enlisted man, if living, otherwise to any beneficiary or beneficiaries he may have designated, or if there be no such beneficiary, then to his next of kin.

I have an amendment to that section to make it clear, that the next of kin are those entitled to his personal estate in the State where he resides.

Mr. FESS. So it is the judgment of the gentleman that in the case of every soldier the Government will withhold that part of his pay for his benefit?

Mr. ALEXANDER. For the benefit of the soldier. As stated by the gentleman from Texas [Mr. RAYBURN], Gen. Pershing authorized him to say that a soldier has no need of more than seven or eight or nine dollars a month, and this provision is to provide against the improvidence of the soldier, and so we have provided that the Government may withhold a part of his pay for his own benefit.

Mr. FESS. We passed a law making his salary \$33 a month, and now we are passing a law to withhold a part of it. There is no conflict there between the two.

Mr. ALEXANDER. None whatever.

Mr. FESS. We can do that?

Mr. ALEXANDER. Absolutely.

Mr. FESS. I raised the question because it would seem to me equitable that the boys at the front where one is sending home a certain portion and another does not need it, if the Government would withhold the same amount from all under some such provision as that it would be very equitable, and I wanted the opinion of the gentleman if that was the fact.

Mr. ALEXANDER. I think that is the proper policy in the interest of the soldier, and in the event of his death that it may be for his beneficiaries.

Mr. RAYBURN. Will the gentleman yield?

Mr. ALEXANDER. Yes.

Mr. RAYBURN. If the gentleman will permit, I think the question asked by some gentleman a short time ago ought to be fully answered. If you start out to say that the man who is wealthy enough to maintain his family while he is away shall be without the Government allotment, then you are going to throw the whole system back to the proposition of dependent, and when you throw it back on the whole dependent you are going to have to investigate every case of every private that goes into the Army, and in the few cases where they will not waive the rights it will cost a great deal less for the Government than it would to try to investigate every case for dependents.

Mr. ALEXANDER. I gave those reasons, but not as well as the gentleman from Texas.

Now, I shall detain the committee but a few moments longer. There has been a difference of opinion here as to whether or not the provisions made by Article III may properly be called a pension or compensation.

I think this new plan should be divorced completely from all idea of pensions. It ought not to be associated in any way with the old pension system. It ought to be built up as an entirely new system, based upon a wholly different conception of our duty to our soldiers and sailors and their dependents from that which has inspired our old pension laws, and therefore it is essential in my judgment that the administration of the law should be in a different department from that which has dealt with the old pension system.

The new law proposes not pensions but compensations, indemnities, and insurance, based upon a uniform and equitable plan, which in turn is based upon the best experience of the States of the Union in connection with their compensation and indemnity laws, as well as upon scientific actuarial estimates. It would be inadvisable in any case to put the administration of the insurance features of this law in any other department than the Treasury. It naturally falls into the jurisdiction of the War-Risk Insurance Bureau. To confer upon another department or departments the administration of the compensation and indemnity features would only distribute the control, with resulting disadvantage to prompt, economical, and efficient administration. The plan of the bill, as well as the administration of the system, is perfectly homogeneous and ought not, I think, to be altered. The President, as he has stated in his letter, concurs fully in this view.

The bill was submitted to the President along with the following letter explaining its provisions, and the President gave it his entire approval, as you will note from the letter of the President to the Secretary:

THE SECRETARY OF THE TREASURY,  
Washington, July 31, 1917.

DEAR MR. PRESIDENT: In accordance with your direction, I have made a careful study of the question of compensation, indemnity, and insurance for the officers and enlisted men of the military and naval forces of the United States.

In this work the Treasury Department was represented by Assistant Secretary Rowe, Mr. William C. De Lanoy, director of the War-Risk Insurance Bureau, and Mr. Hendon Chubb, chairman of the advisory board of that bureau.

I have had the cordial cooperation of the committee on labor of the advisory commission of the Council of National Defense, Mr. Samuel Gompers, chairman. Mr. Gompers appointed a special subcommittee on compensation for enlisted men and their dependents, of which the Hon. Julian W. Mack, United States circuit judge, was made chairman.

The bill which I am submitting for your consideration was drafted by Judge Mack. Capt. S. H. Wolfe, detailed by the Secretary of War both to the committee on labor and to this department for cooperation in the work, has been very helpful. Representatives from other departments as well as an advisory draft committee of the committee on labor, have assisted. The Department of Commerce was represented by Assistant Secretary Edwin F. Sweet, the Navy Department by Maj. Henry Leonard, and the Department of Labor by Miss Julia C. Lathrop.

The advisory committee included Mr. P. Tecumseh Sherman, Mr. J. W. Sullivan, Mr. Frank Whiting, Mr. F. Spencer Baldwin, and Mr. D. L. Coase, and was aided by Mr. Everit Macy, Mr. A. Parker Nevin, and Dr. Lee K. Frankel, members of the executive committee of the committee on labor, and others. The legislative drafting bureau, through Mr. Beeman, also rendered valuable aid.

After Judge Mack had completed a revision of the bill, I submitted the measure to the advisory committee of insurance representatives appointed as a result of the insurance conference held July 2. This committee considered it over a period of two days and reported its general approval of the several parts of the bill, except that providing for Government insurance. They made a number of suggestions of change in details, some of which have been accepted. They opposed, however, the grant of any Government insurance over and above the compensation, on the ground that the other provisions were liberal enough and might be made more liberal in ways suggested by them. They favored, over and above compensation, the payment by the Government of \$1,000 in each case of death during service, or within five years after discharge from the service, to such beneficiary as the man may nominate or to his estate in lieu of insurance.

One of their fundamental objections to the proposed plan of insurance whereby any man in the service can purchase from \$1,000 to \$10,000 of insurance was that this gave an opportunity to the wealthier men to get something which the poorer men could not obtain. They admitted that they had failed to ascertain the premium rates to be charged under the plan contemplated. This objection is not tenable, because the president of the Actuarial Society of America stated in their presence, in response to my question, that the premium rate to be made by the Government during the war would be between \$7 and \$8 per \$1,000 of insurance. This rate would make the cost of \$10,000 insurance only \$80 per year—and only \$40 per year for half that amount—and would enable practically every private to take the maximum amount.

I realize that the cost involved in the promulgation of such a comprehensive plan is a most important factor to be considered. Actuarial estimates were submitted to me. These estimates are necessarily of a tentative character owing to the fact that it is impossible to secure accurate data upon which to base calculations. After careful consideration of these estimates and after consultation with Capt. S. H. Wolfe, of the War Department, one of the leading actuaries of the country, I have reached the conclusion that if the bill is promptly enacted into law the total expenditure for the first and second years will be as follows:

	First year.	Second year.
Family allowances.....	\$141,000,000	\$190,000,000
Death indemnities.....	3,700,000	22,000,000
Compensation for total disability.....	5,250,000	35,000,000
Compensation for partial disability.....	3,200,000	21,000,000
Insurance against death and disability.....	23,000,000	112,500,000
Total.....	176,150,000	380,500,000

I have not attempted to estimate the cost for the third year, because it is difficult to construct at this time even reasonable assumptions for that year.

The bill which I am submitting to you is intended to meet those essential and fundamental principles of justice which you have so much at heart. Its main purpose is to grant a reasonable Government indemnity against the losses and risks incurred in the discharge of a patriotic duty and in the performance of an extraordinarily hazardous service to which the Government has called and forced the citizen. It provides not only for the man but for his family.

It aims to accomplish these ends by granting a reasonable measure of indemnity against the risk of loss—

- (1) Of support of the breadwinner;
- (2) Of life and limb;
- (3) Of present insurability at ordinary rates.

The risk of dependency, in the case of an enlisted man's family, is indemnified against by allotment of part of the pay of the enlisted man, supplemented by a family allowance granted and paid by the Government.

For wife and children up to 18, or if incapable of pursuing a substantially gainful occupation because of mental or physical infirmities, then without age limit, allotments are compulsory unless waived or exempted under regulations. For other dependents they are voluntary. The compulsory allotment must equal the family allowance, with a minimum, however, of \$15 and a maximum of one-half pay. The monthly family allowance ranges from \$5 to \$50—maximum, dependent upon the size of the family, and, as to other kindred than wife and children, further dependent upon their actual needs and upon the amount ordinarily contributed by the man for their support. A voluntary allotment to these kindred, similar to the compulsory allotment for wife and children, is required as a condition to the allowance, but if the compulsory allotment is being made, then as to the additional allotment, a minimum of \$5 and a maximum of one-seventh pay is a condition to the Government grant. The family allowance continues only for the war emergency.

To illustrate: A private gets \$33 a month for service abroad. If he has a wife and two children, he must allot to them at least \$15 out of his pay. The Government supplements this by giving the family an allowance of \$32.50. This family's minimum income, therefore, would be \$47.50. The father can allot as much more as he pleases. If there



is another child, the Government will allow \$5 additional. If that man should have a mother or father actually dependent upon him, and to whom he has been accustomed to contribute, say, \$15 a month, he can secure an allotment of \$10 a month from the Government for the parent by allotting \$5 more of his pay. Thus, the private with a wife, three children, and a mother actually dependent upon him, by giving \$20 out of his \$33 a month, would get from the Government for his family \$47.50 a month, giving the family an income of \$67.50, and still leave the man \$13 per month for spending money. If there are more children, or if there is also a dependent father, the Government would give up to \$50 in all, over and above the man's own allotment.

To instill thrift, to enable a man to build up a fund out of which he can pay the insurance premiums, and, above all, better to preserve equality and democracy among the members of our own forces and between them and the allies, provision is made enabling the War Department and the Navy Department, by regulation, to compel men who do not allot one-half of their pay to deposit so much of the half pay as is not allotted, these deposits to bear interest at 4 per cent per annum, compounded semiannually. Inasmuch, however, as, subject to regulations of the War or Navy Departments, a man may allot as much of his pay as he pleases, and can thus out of his pay take care of some obligations he may have over and above the support of his family, this measure of compulsion seems mild and justified under all circumstances. Naturally the insurance committee, opposing as it does the insurance features, objects to this provision on the alleged ground of its interference with a man's rights; but the true reason for the objection would appear to rest upon the fact that compulsory deposits would be helpful to the insurance scheme.

The risk of disability or death, as to officers, men, and nurses while in active service as part of the military or naval forces of the United States is indemnified against by compensation on the analogy of the workmen's compensation act rather than through a pension system. The sacrifice of and loss to the family is, however, taken into consideration by varying the amount of compensation, both after death and during disability, with the size of the family.

While in some respects the compensation system gives less than the present pension system, in other respects, especially in caring for the family after the man's death, it gives more and, on the whole, aims at greater equity.

If total disability results from personal injury suffered or disease contracted in the course of the service, the compensation, based on the percentage of pay, but with a minimum of from \$40 to \$75 per month, according to the size of the family, may increase for the higher officers to a maximum of \$200 per month. Compensation, however, is not payable while the officer receives retirement allowance.

Partial disabilities are compensated for on the basis of percentages of the compensation for total disability, dependent upon the average impairment of earning capacity resulting from such injuries in civil occupations. Provision is made for commutation under regulations, but of a part only of the compensation.

Medical, surgical, and hospital treatment, supplies, and appliances are given.

Rehabilitation and reeducation of the injured men are vital to the scheme. Compensation is a helpful measure of justice, but rehabilitation and reeducation, fitting him for a life of activity and usefulness, either in his former or some other vocation, is an obligation fundamental both to him and his fellow men.

The bill does not attempt to cover the matter of means and methods of effecting this. A study of European experience, both as to the victims of war and of industry, is essential therefor. Two principles are, however, established in the bill:

(1) The man's obligations to avail himself of such opportunities as the Government may provide or cause to be provided under penalty of loss of compensation during any period of unreasonable refusal.

(2) A man's right to disability compensation regardless of his individual economic recuperation. This is an essential spur to the full development of his potentialities.

To illustrate some of these provisions and to contrast them with the pension provisions by practical examples: Assume that a man were totally disabled by losing both legs and both arms in battle. Under the existing pension system he would receive \$100 a month, regardless of the size of his family. Under the compensation provisions of this bill, if he were a private and unmarried he would receive \$40 per month, and if, as is most probable, he needed a nurse or attendant, up to \$20 additional. If he had a widowed mother dependent upon him for support he would get another \$10. If he subsequently married, his monthly compensation would be at once increased by \$15. If later on he had children, the compensation would again be increased \$10 a month for each of the first two children; a possible maximum of \$105 a month.

In addition to this monthly payment, under either system he would be fitted with artificial limbs and would have treatment. His compensation or pension would not be affected by any increased earnings. Furthermore, if he wanted to set up as a small storekeeper, under the compensation system he would be allowed to commute \$20 a month of his compensation; this might give him \$1,000 or more and still leave him protected to some extent.

If death results from the injury or disease incurred or contracted in the course of the service, compensation is paid to the widow, children, and dependent widowed mother. The amount, based upon percentage of pay, ranges from a minimum, according to the size of the family, of \$15 to \$60 per month, to a maximum for the higher officers of \$200 per month. Burial expenses of not exceeding \$100, as may be fixed by regulations, are allowed. This compensation ends for widows two years after remarriage, for children on reaching 18, unless they are physically or mentally incapable of following a substantially gainful occupation. To give the young man returning in maimed condition the opportunity to secure the care, love, and comfort that only wife and children can give, the family status at the time of each monthly payment, and not at the time of the injury or discharge, determines the amount of the grant.

Death or disability resulting from injury suffered or disease contracted in the course of the service is covered, irrespective of the date when disability or death occurs, but if it occurs after discharge or resignation it is compensated for only if a certificate has been obtained within one year after discharge or resignation that the person was suffering from injury or disease so incurred or contracted likely to result later in death or disability.

To illustrate again: If the man above referred to died as a result of his injuries, leaving the wife, two children, and widowed mother, under the pension system the family would receive ordinarily \$16, at best \$24 a month; even an officer's family would receive only \$34 a month. Under the compensation system the family would continue to receive \$60 a month. On the death of the mother this would be reduced to \$50. If the wife remarried it would continue at this rate for two years, and

would then be reduced to \$25 until the first child reached 18; thereafter to \$15; terminating when the second child reached 18.

Risk of noninsurability at ordinary rates is indemnified against by the issuance of Government insurance, covering total disability and death, to officers, men, and Army nurses while in active service as part of the military or naval forces, in an amount of \$1,000 to \$10,000.

The excess cost due to the increased mortality and disability risk should clearly be borne by the Government. The cost of administering the insurance bureau for the benefit of the fighting men is also a proper governmental charge. As the Government will not have the other expenses incident to insurance, the premium rates to be charged by it are based upon the mortality experience tables of peace times without "loading." "Loading" comprises overhead charges, commissions to agents, advertising, etc., and is a large item in the premium charges of private companies.

The cheapest form of insurance, costing during the war on an average \$8 per \$1,000 of insurance, and thus bringing even the maximum of \$10,000 insurance within the reach of practically every private, is provided for. After the war the insurance may be converted into other forms with earlier maturity, the premiums to be based, however, on the same mortality tables and without "loading." All insurance is to be payable in installments, to be nonassignable and free from the claims of creditors either of the insured or of the beneficiary. It is to be limited to wife, children, and other specified kindred. It must be applied for within 120 days after the terms are promulgated or subsequent enlistment or entrance into the service. For those who are totally disabled or die before they have had an opportunity to insure within the prescribed period of 120 days, insurance in the sum of \$5,000 is deemed to have been applied for and granted.

Through the insurance the opportunity is given to every man to gain greater protection for himself and for his family than the Government itself voluntarily gives in case of total disability or death resulting from injuries or disease contracted in the service.

But it ought also to check any future attempts at service pension legislation by enabling a man now to provide against impairment through old age, total disability, or death resulting from other causes and to give all this protection to those kindred who may be dependent upon him and who do not share in the Government compensation. Under the present laws monthly service pensions range from \$12 to \$30 for a man, and \$8 for the widow and \$2 for a child.

The bureau is further empowered to give information to the men and to act for them in respect to their outstanding insurance. In this way many existing policies that might lapse may be saved by prompt payment of premiums out of the man's deposit.

The laws and experiences of other countries have been studied and used in the preparation of this bill. It is clearly recognized that the Government can offer but minimum protection based on general averages throughout the country, and that in many States and large cities especially, supplemental grants will be required. State and municipal legislation may be expected to meet this need.

On the administrative side, the bill provides for a division of the War-Risk Bureau into two sections, one on marine and seamen's insurance, the other on military and naval insurance. Each division is to have a commissioner under the direction of the bureau.

This, in general, is an outline of the proposed measure. We are not relying upon the volunteer system in this war. We are drafting men and compelling them to make, if necessary, the supreme sacrifice for their country. A higher obligation, therefore, rests upon the Government to mitigate the horrors of war for the fighting men and their dependents in so far as it is possible to do so through compensations, indemnities, and insurance. Less than this, a just, generous, and humane government can not do. We must set an example to the world, not alone in the ideals for which we fight, but in the treatment we accord to those who fight and sacrifice for us.

The proposed provisions for the men and their dependents should not be offered as gratuities or pensions, and they should not be deferred until the end of the war. The wives and children, the dependent mothers and fathers of the men, should not be left, as in previous wars, to the uncertain charity of the communities in which they live. The minds of our soldiers and sailors should be put at rest, so far as their loved ones are concerned, by the knowledge that they will be amply provided for by their Government as a part of the compensation for the service they are rendering to their country. In like manner they should know in advance that if they are killed in battle definite and just provision has been made for their dependents, and that if they are disabled, totally or partially—if they come back armless, legless, sightless, or otherwise permanently injured—definite provision is made for them, and that they are not going to be left to the uncertain chances of future legislation or to the scandals of our old pension system. Every man should know that the moment he is enlisted in the military service of the Government these definite guarantees and assurances are given to him not as charity but as a part of his deserved compensation for the extraordinary hazardous occupation into which his Government has forced him.

It may be suggested that the cost of this system is too great. Personally I have no patience with such a suggestion; I confess that I have only compassion for it. If, under this measure, the annual cost of doing justice to our fighting men and their dependents should amount to five, six, or seven hundred million dollars per annum at the crest of the load, it is an insignificant sum as compared with what these men do for their country and for the world. At this time we are contemplating expenditures during the fiscal year 1918 of more than \$10,000,000,000 for the prosecution of the war—for the creation of armies and death-dealing instruments to be used in destroying enough human life to restore peace and justice in the world. Shall we hesitate to expend \$700,000,000 more per annum, if need be—only about 6 per cent of the amount we propose to expend for purposes of the war—for the protection of the widows and orphans, the dependent and the injured, who, after all, make the greatest sacrifices of any part of our people, for the safety, security, and honor of our country?

Furthermore, it must be borne in mind that the Government will not escape those expenditures if this plan of compensation and insurance should be rejected, because the pension system would then be resorted to, and the cost would likely exceed that of the proposed plan. At the same time the pension system would not provide the same benefits nor cover the subject in the same comprehensive, humane, and equitable way. No provision is made under our pension laws for family allowances while the men are at the front nor for rehabilitation, life insurance, etc.

I earnestly recommend the enactment into law of the proposed measure. I hope that it may have your early consideration. Should it meet with your approval, I shall take great pleasure in bringing it to the attention of the proper committees of the two Houses of the Congress.

Sincerely, yours,  
THE PRESIDENT,  
The White House.

W. G. MCADOO.



THE WHITE HOUSE,  
Washington, August 7, 1917.

MY DEAR MR. SECRETARY: I have examined the inclosed papers very carefully and take pleasure in returning them with my entire approval.  
Faithfully, yours,

WOODROW WILSON.

HON. WILLIAM G. MCADOO,  
Secretary of the Treasury.

Well, I will answer that. I can not say what future Congresses will do, but are the rates fixed in this bill too high for these men who go into the present war? That is the material question. If they are, reduce them. If the rates in the existing pension laws are equitable and should be applied to the soldiers of this war, be frank enough to say so. But take, for instance, the widow's pension under existing law. Until 1908, I believe, the widows of the Civil War received \$8 per month. In order to receive that pension it was necessary for them to show that their husbands' disability was of service origin. In addition, that they did not have an income in excess of \$200 a year. That was the provision made by our present pension laws for widows of veterans of the Civil War until recent years. The act of June 27, 1890, provided that no widows who married veterans of the Civil War after that date should participate or be entitled to pensions in the event of the death of their husband. Now it is only in recent years that we have increased the widows' pensions to \$12 a month. We have done it without any intelligent discrimination between war widows and those who contracted marriage with veterans long years after the Civil War. It may be that war widows should have the same pension or compensation, if you please, as is provided for in this bill for widows of the present war, for the reason that under this proposed law only those widows are entitled to pensions or compensation in the event of the death of their husbands as a result of disability incurred in the service, and by the terms of the committee amendment, if the marriage was contracted before the injury. I think the committee amendment should be rejected and the bill should be amended to provide some limit after the injury—say 10 years. When we get to that provision of the bill I shall give my reasons for it. Would any committee of this Congress consider the claim of a war widow in the same class with a girl of 16 years of age who married a veteran of the Civil War 80 years old in 1905? Would you say in the event of his death she would have the same pension as provided for in this law?

Mr. RUSSELL. I think not.

Mr. ALEXANDER. I think not.

Mr. PARKER of New Jersey. That is the reason, if the gentleman will permit, we amended the law so it provides only for widows who were wives at the time of the injury.

Mr. ALEXANDER. Well, you have made that wrong, as I think I can prove.

Mr. PARKER of New Jersey. I beg to differ with the gentleman.

Mr. ALEXANDER. I do not think when these boys come home—mind you, they are from 21 to 31 years—

Mr. PARKER of New Jersey. How many years would the gentleman make it then?

Mr. ALEXANDER. That we should impose a barrier against their marriage, and I think it is bad public policy.

Mr. PARKER of New Jersey. Then what number of years would the gentleman put it at? Would he put any limitation?

Mr. ALEXANDER. I would say 10 years or 15 years, or some such limitation as that; and, while a man might have an arm or a leg off, he is eugenically sound, and I would like to know some good reason why children of the future are not to be the progeny of these brave men who have gone into this war to fight for our rights. [Applause.]

Mr. PARKER of New Jersey. I want to say I would agree in reference to a 10-year limitation.

Mr. RUSSELL. I would like to ask this further question, but will state I am not opposing this bill.

Mr. ALEXANDER. I know the gentleman is not.

Mr. RUSSELL. I am for the bill, but I want to make it consistent if I can. I want to see if the gentleman agrees with me about this. If I understand this bill, the widow of a soldier can not get a pension unless he died from injuries received in the service.

Mr. ALEXANDER. That is the provision of the bill.

Mr. RUSSELL. Now, take this case—I will take an extreme case to make it stronger. Here are two men in the Army; they may be brothers. One may be rich and the other may be poor.

They are both wounded on the same day and in the same way, they each have both legs shot off. Now, the rich man dies of his wounds. His widow, if she has four children, will get \$60 a month for the balance of her life. Now, the other brother,

who is poor, survives the said wounds, both legs shot off. He has a wife and four children. Soon after the war ends he dies, say, of smallpox or some other disease not the result of his service. His widow and four children do not get a cent, do they?

Mr. ALEXANDER. If he suffered disability in the service—

Mr. RUSSELL. I asked that question, as I understood that he had to die from his injury. One soldier does die from the injury and the other does not. The widow of the first gets compensation, the other widow does not.

Mr. ALEXANDER. If he is disabled in service, this bill provides compensation to him in proportion to the injury; if he dies of his injuries, his dependents are provided for. Why, of course.

Mr. RUSSELL. I asked that question because I understood from the bill that a man must die of injuries received in the service or the wife gets nothing.

Mr. ALEXANDER. If he suffered disability in the service, he gets compensation, limited to not less than \$40 a month.

Mr. RUSSELL. But the man himself dies, and when he dies what about his widow?

Mr. ALEXANDER. That goes to the wife and children.

Mr. RUSSELL. I think the gentleman is mistaken.

Mr. ALEXANDER. No; I am not mistaken about that.

Mr. RUSSELL. The gentleman is.

Mr. PARKER of New Jersey. I think he has to die from injury or disease contracted in the service.

Mr. RUSSELL. That is the way I read the bill.

Mr. ALEXANDER. Of course he must. This is not a service-pension bill.

Mr. RUSSELL. This man I speak of had both legs cut off. He left a widow and four children. If he survives the war and goes home, and dies of smallpox or pneumonia, and he does not die of the injuries he received in the service his widow and children do not get anything.

Mr. ALEXANDER. You say if he dies as a result of an injury received in the service, he does not get anything or his family does not get anything after his death?

Mr. RUSSELL. No; as I understand it. He must die from injuries received in the service.

Mr. ALEXANDER. If he dies from injury in the service, do you say his family does not receive anything?

Mr. RUSSELL. I say that if he dies of injuries received in the service his family gets something. But suppose he dies of disease—smallpox, or some disease—not contracted in the service, his widow does not get a cent.

Mr. ALEXANDER. It is possible that is true. It is true, as I understand the bill, that she would not.

Mr. RUSSELL. I do not think there is any possibility about its being true. If this is so, I want to offer an amendment. I am for the bill, but I want it to be consistent.

Mr. ALEXANDER. As I say, the only two instances to which attention is called where the apparent inequality would exist between the man who suffers total disability, loses both arms, or both legs, or both eyes, is that under the existing law he would be entitled to \$100 a month, whereas under this bill the minimum compensation, based, of course, upon his pay, would be \$40 a month. In other words, he would receive more under existing law than under this bill. But the existing law does not make any discrimination between the married and the unmarried man. He may be a bachelor and receive \$100 a month. If he is a married man and has a wife and 10 or 12 children, he receives the same compensation. Is that fair and equitable?

Now, when you talk about inequalities, and that this bill should be referred to committees of Congress skilled in the consideration of pension legislation, I am sure that you will agree with me that no proper consideration was ever given to that question in the past, or else there would have been a difference made between the single man and the married man—a man with and a man without dependents.

And as regards widows, as I have tried to show, the minimum compensation to the widow is \$30 under this bill, and there is the class of war widows, widows of previous wars, that might be treated in the same way. But it has already been admitted on the floor by one gentleman that it would be inequitable to make the same rule apply to all widows of veterans of the Civil War without reference to when they were married. And the gentleman from New Jersey [Mr. PARKER] I think agrees with me that the limitations of this bill should be that the marriage was contracted within 10 or 15 years after the close of the war—

Mr. PARKER of New Jersey. I said 10 years.

Mr. RUSSELL. There is another amendment in my mind—

Mr. ALEXANDER. Although the committee has given me unlimited time, I do not want to impose on it. I feel that I should bring my remarks to a close.

Mr. ASHBROOK. Will the gentleman yield for just one question?

Mr. ALEXANDER. Yes.

Mr. ASHBROOK. Does not the gentleman think that the widows of the old Civil War veterans who are all now advanced in years should receive at least as good consideration as the young widows of the veterans of the present war?

Mr. ALEXANDER. The Pension Committee does not make any discrimination in favor of them. It takes care of the young widows, the ones who may have married for speculative reasons—

Mr. ASHBROOK. The existing law pays widows who are under 70 years of age \$12 and over 70 years of age \$20.

Mr. ALEXANDER. These widows, if they are over 70 years old, whether they are war widows or not, get the same compensation, although they may have married the veteran in 1905. If they are 70 years old—

Mr. RUSSELL. War widows get \$20.

Mr. ALEXANDER. It is a gratuity of the Government, and it is inspired by this consideration: Here is an old man in the community who is poor, who is dependent, and who has no income other than his pension. He may become a charge on the community. We increase his pension in order that he may have better provision made for him. The appeal is because he is a veteran of the Civil War; but it is, nevertheless, a bounty; it is a gratuity; it could not in any sense be based upon service, because if he has served 90 days he gets the same consideration as the man who has served three years.

Mr. ASHBROOK. The gentleman is mistaken about that. The Sherwood bill provides—

Mr. ALEXANDER. They all get \$30 a month after a certain time.

Mr. ASHBROOK. You are mistaken. If a man serves three years and is 75 years of age he gets \$30 a month.

Mr. RUSSELL. Two years.

Mr. ASHBROOK. I should have said two years.

Mr. ALEXANDER. I think the gentleman is mistaken about that.

Mr. ASHBROOK. I am sure I am not.

Mr. RUSSELL. I can show the gentleman the table in a minute.

Mr. ALEXANDER. There is not that adjustment of equities between those who served in the Civil War that you are complaining of that is made in this bill.

Mr. RUCKER. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I will.

Mr. RUCKER. Speaking about inequities, does the gentleman think he is injecting into the pension system greater inequities by this bill than exists there now?

Mr. ALEXANDER. I think not; that is, we are not interfering with the pension system at all.

Mr. RUCKER. That is, if this is a pension system, and I am so heartily in favor of pensions that it will not offend me at all to call it a pension system. I want to suggest this to the gentleman, if he will permit me to ask him a question.

Mr. ALEXANDER. Certainly.

Mr. RUCKER. Does the gentleman believe it will be more scientific and result in better administration and be more equitable and fairer if this pension feature of the bill now pending were proposed as an amendment to the existing pension laws, so as to treat all people similarly situated in the same way?

Mr. ALEXANDER. Well, I have already discussed that question.

Mr. RUCKER. Well, then, I shall not ask the gentleman to go over it again. But the form of my question indicates my view.

Mr. ALEXANDER. I will say this to my colleague—and I have so stated in the course of my argument—that the present pension laws should be administered apart from the provisions of this law. This law is framed on an entirely different theory. If there are any injustices in the present law to veterans of former wars, as compared with the provisions framed in this bill for the soldiers who will serve in this war, the pension committees should take them up and remove them, and I am in entire sympathy with such a policy.

Mr. RUCKER. To-day, as the gentleman knows, almost any kind of legislation looking to the welfare of the soldier abroad or to his family at home is popular. But does not the gentleman believe that while pension legislation is at present popular justice ought to be done to men as valiant as are the valiant and heroic boys to-day who are following our flag, and that injustice should not be written into this law, or injustice pre-

scribed against the others, because here there is discrimination, it seems to me, that is intolerable?

Mr. ALEXANDER. This bill does not shut the door against veterans of the Civil War, if any injustice is done them.

Mr. RUCKER. I grant it; but the gentleman knows that it would take another kind of heroics to provide for the widows and children of Spanish War veterans or of Civil War veterans and raise the rate for the children to \$5 a month, as you are providing for children in this bill, and widows to \$30 a month, as you are providing in this; and after we have finished, if we ever do finish a legislative program which piles up mountain-high appropriations, then I fancy the gentleman probably, as a matter of prudence and caution, would hesitate to vote for even a generous and liberal bill in favor of that other class that is now being discriminated against in this bill. And let me ask the gentleman another question—

Mr. ALEXANDER. I will say, as to that first question, that I am in entire sympathy with the purpose expressed if the Congress has not dealt justly by veterans of former wars, but I do not think that matter should be worked out in this bill.

Mr. RUCKER. Let me ask the gentleman this question, then: Does not the gentleman believe that the provisions of this bill, if enacted into law, would necessarily and unavoidably result in a duplication of Federal work? Would you not have to create a bureau here, perhaps a large body of men, to do exactly the same work that is now performed, and well performed, by the skilled men in the Pension Bureau?

Mr. ALEXANDER. I have answered that question and made the argument twice.

Mr. RUCKER. Oh, I beg the gentleman's pardon. I did not hear him.

Mr. BORLAND. Does the gentleman claim that the Pension Bureau is now underworked and now has the time to give to this work?

Mr. RUCKER. I do not believe that the Pension Bureau is underworked.

Mr. BORLAND. Then additional men would be necessary if this work is imposed on the Pension Bureau.

Mr. RUCKER. Oh, no. It is not necessary now to create a new bureau. Does the gentleman know how many pension boards now exist, well qualified to pass upon questions necessary to be passed upon, brought up by this bill? There are some five or six thousand of those boards.

Mr. BORLAND. There is no reason why they can not be used.

Mr. RUCKER. They will have to be created again under this bill.

Mr. ALEXANDER. I do not care to go into that argument further.

Mr. RUCKER. It is my misfortune that I did not hear all the gentleman's speech. I am always for the gentleman's legislation.

Mr. ALEXANDER. I know that the gentleman is in sympathy with this legislation.

Mr. RUCKER. I do not hide behind the bush and talk about pensions. I am in favor of liberal pensions, but I will say to the gentleman that if a motion were made here to recommit this bill and have the matter carefully gone over so as to do justice to all soldiers I would vote for it.

Mr. ALEXANDER. And thus delay the legislation?

Mr. RUCKER. It will not delay legislation. There is now legislation pending to take care of all soldiers of the Union. There are many bills now pending in the Pension Bureau in behalf of men who have lost their lives in this present war.

Mr. ALEXANDER. There is legislation pending; our soldiers are getting ready to form on the battle line. Whatever we do should be done now.

Mr. FESS. Mr. Chairman, will the gentleman yield for a question on insurance?

Mr. RAYBURN. Just a moment, Mr. Chairman. A letter was referred to here the other day by the gentleman from Pennsylvania [Mr. Moore], written by the Commissioner of Pensions, criticizing this bill. The commissioner's letter to Mr. Switzer criticizes only the insurance provision, and not the compensation provision.

Mr. CAMPBELL of Kansas. Was not that when the bill was being prepared by a committee, and before it was referred here to Congress?

Mr. RAYBURN. I do not know of any other letter but that. Mr. CAMPBELL of Kansas. And before this bill was introduced, creating the new pension bureau?

Mr. RAYBURN. The bill was already written.

Mr. FESS. Mr. Chairman, will the gentleman yield for a question?

Mr. ALEXANDER. Yes.



Mr. FESS. The bill makes the insurance nonassignable, and then it makes certain people beneficiaries.

Mr. ALEXANDER. Yes.

Mr. FESS. A child or grandchild, a parent, brother and sister, and then it states—

And also during total disability to the injured person, or to any or all of them, and to such other persons as may be provided from time to time by regulations.

Does not that last clause open up the number of beneficiaries so that it may be unlimited under the regulations of the bureau? What is the sequence of the phrase, "And to such other persons as may be provided from time to time by regulations"? That is on page 29, in section 402.

Mr. ALEXANDER. I will say to the gentlemen that at the proper time an amendment will be offered to section 402 to add in line 20 the words "or from time to time by regulations."

Then, at the end:

If no beneficiary within the permitted class be designated by the insured, either in his lifetime or by his last will and testament, or if the designated beneficiary does not survive the insured, the insurance shall be payable to such person or persons, within the permitted class of beneficiaries, as would under the laws of the State of the residence of the insured be entitled to his personal property in case of intestacy. If no such person survive the insured, that there shall be paid to the estate of the insured an amount equal to the reserve value of the insurance at the time of his death, calculated on the basis of the American Experience Tables of Mortality, and 3½ per cent interest, in full of all obligations under the policy.

Mr. FESS. I think that would cure the thing that was in my mind.

Mr. ALEXANDER. Some such provision or amendment applicable to the indemnities or compensations for injuries or death will be proposed by the gentleman from Texas [Mr. RAYBURN].

Mr. KEY of Ohio. Will the gentleman yield for a question? I want to bring up the question—

Mr. ALEXANDER. I have delayed the committee as long as I ought, and the gentleman will pardon me if I decline to yield further, because I feel that I am trespassing on the time of the committee. They granted me an extension of time very graciously, and I do not want to abuse their courtesy.

Mr. KEY of Ohio. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended.

The CHAIRMAN. The gentleman already has unanimous consent to complete his remarks.

Mr. KEY of Ohio. I should like to ask the gentleman a question.

Mr. ALEXANDER. Very well.

Mr. KEY of Ohio. Just for information. On page 21, section 303, it says:

That every person applying for or in receipt of compensation for disability under the provisions of this article shall, as frequently and at such times and places as may be reasonably required, submit himself to examination by a medical officer of the United States or by a duly qualified physician designated or approved by the director. He may have a duly qualified physician, designated and paid by him, present to participate in such examination. For all examinations he shall, in the discretion of the director, be paid his reasonable traveling and other expenses and also loss of wages incurred in order to submit to such examination. If he refuses to submit himself for, or in any way obstructs, any examination, his right to claim compensation under this article shall be suspended until such refusal or obstruction ceases.

Now, the point I want to make is this—or, rather, the information I would like is this: Under the present method of examining claimants for certain disabilities the bureau has provided boards throughout the whole United States in practically every county in the United States, and the claimant presents himself to this board for examination. Under this plan, if I understand this bill correctly, the claimant must present himself at such place as is designated by the bureau. Now, according to this bill, is it the intention of the department to pay the man's expenses from Texas clear up to Washington, in order that some United States Army physician may examine him, and then pay his expenses back, or are we to have boards all over the country, the same as they exist at the present time?

Mr. ALEXANDER. My colleague suggests that these boards exist at this time. The rational way would be to refer the case to boards already in existence. I would not think any director with common sense would order a man from Texas to Washington for examination.

Mr. KEY of Ohio. But you have separated that, and these boards are not composed of Army physicians.

Mr. ALEXANDER. I do not know any reason why the man should be brought from Texas to Washington to submit to an examination.

Mr. KEY of Ohio. But where are these boards to be located? I think the House is entitled to that information.

Mr. ALEXANDER. This bill provides that this bureau shall provide for them, and where they may be located, and where the examinations are to take place.

Mr. KEY of Ohio. Well, where is it?

Mr. ALEXANDER. I do not care to discuss that matter. I think the gentleman is making a mountain out of a molehill.

Mr. RAYBURN. It seems to me that the question of the gentleman from Ohio is unworthy of his intelligence. They can designate a doctor in any town in the United States, where this man may go and be examined.

Mr. KEY of Ohio. Army physicians?

Mr. RAYBURN. It says Army physicians or any physicians they may designate. It says that right in the next line.

Mr. ALEXANDER. I think if the mental attitude of the gentleman from Ohio [Mr. Key] toward this bill should change many of these difficulties would disappear.

Mr. KEY of Ohio. I would like to say this to the gentleman: That in my opinion—and I will venture the statement that in the opinion of practically every Member of this House—it is a loosely drawn bill, and the Members of this House are entitled to this information.

Mr. ALEXANDER. I do not think there are very many Members who share the opinion of the gentleman from Ohio.

Mr. RAYBURN. I will say to the gentleman that it is the consensus of opinion of all the members of the Interstate Commerce Committee to whom I have spoken, and of many on the outside, that this is the best and clearest bill that they have ever seen relating to any subject of this kind. Now, the gentleman from Ohio [Mr. Key], after having read the bill only in a superficial way and not having read the majority report or the supplemental report, has said from time to time that the language in this bill is involved. Yet he can not give one place in the bill where the language is involved or where it is not clear, and he is trying to construe into it language which is not there and he overlooks language which is there.

Mr. ADAMSON. If the gentleman will permit me for a moment, I will say that I have great admiration for the gentleman from Ohio [Mr. Key], the able chairman of the Pensions Committee. His attitude toward this bill is due to the hallucination that this is a pension bill, when it is an insurance bill from one end to the other, as I think I will be able to demonstrate if I ever get the chance to say a few words about the bill.

Mr. ALEXANDER. I should like to relinquish the floor if I can have a chance to say a word or two more. I regret the attitude of the gentleman from Ohio—

Mr. RUCKER. Will the gentleman from Georgia answer a question?

Mr. ADAMSON. When I can get the floor I shall be glad to do so.

Mr. RUCKER. There are not very many of us here. This is a very important matter, and it does seem to me that when gentlemen are diligently seeking information the committee ought to be willing to give it without becoming the least petulant.

Mr. ALEXANDER. I do not think they mean to be.

Mr. RUCKER. Because an attempt to make haste along certain lines will not make haste.

Mr. ALEXANDER. I think the mental attitude of the gentleman from Ohio [Mr. Key] is really unfortunate. He has not looked at this bill with a view to discovering its merits. Possibly it has some defects. I never saw a piece of legislation that did not have some defects, but I will say this, that no bill has ever been brought into Congress treating of this subject matter that has received more painstaking or intelligent consideration.

Mr. COX. Will the gentleman yield?

Mr. ALEXANDER. Yes.

Mr. COX. Whether or not any of the Governments now at war—England, France, and particularly the Dominion of Canada—has worked out a scheme of pensions along this line.

Mr. ALEXANDER. I understand that England, France, and Germany have laws along the lines of this legislation, and their laws not only apply to service in the war, but I understand they are broad enough to apply to compensation for injuries in various employments; they also include old age and other disabilities where the individual may become a charge on the Government.

Now, as regards the insurance features of this bill, there is a lurking fear that this may result in Government insurance generally.

Mr. WALSH. Mr. Chairman, I make the point that no quorum is present.

The CHAIRMAN. The gentleman from Massachusetts makes the point that no quorum is present, and the Chair will count.

Mr. WALSH. Mr. Chairman, I will withdraw the point.

Mr. ALEXANDER. I say there has been a fear expressed that this may result in governmental insurance. I am tempted to read a clause from the letter of Col. Roosevelt to Judge Mack on that question.



The compensation for the family should be so arranged as to put a premium on the soldier having a considerable number of children; his is the stock which the Nation can not permit to die out.

Of course, when the Government takes away the insurability of the man it ought to give him a substitute, and Government insurance, as outlined in the bill, is the only substitute. We must not be led off on a red-herring trail by the argument that the proposed bill opens the door to the Government's eventual assumption of the insurance business. It is nothing short of criminal to fall in the adoption of legislation necessary to the effective conduct of the war through fear of such legislation in times of peace. The old-line insurance companies and the fraternal orders should welcome this new move in social progress. In the interest of their policyholders they can not and ought not to stand the cost of the war risk except to the extent that they are now obligated. The Government can and ought to do it; and when the insurance is granted it must be kept in force for these men at rock-bottom rates after as well as during the war.

The bill is a real and constructive measure. I believe it should be passed and should go into effect when the first men of the new National Army are called out. I know of nothing more important than to lift the fears of men that their families may become objects of charity and to hearten the wives and children and parents of this country to respond bravely and gladly to the Nation's call.

Now, in this legislation we propose to provide an allowance for the wife and children and in certain events for the parents of the enlisted man who goes into the war, and we all agree that that is just. We go further and provide compensation for death or injuries received in the service. We go still further and provide that the provident man in the service may protect himself by Government insurance in the sum of \$5,000 or \$10,000, payable in the event of total disability or death. In other words, this bill is intended to provide for all these eventualities mentioned, and I am sure that the insurance companies of this country are not so biased, are not so obsessed with the spirit of profit, are not so selfish that they would interpose any objection to the enactment of the insurance provisions of this bill. For the most part, their attitude is friendly if not cordial, and I can not understand how anyone would have the heart, in the interest of private insurance companies, to interpose any objection to this legislation. I am sure that we are all animated by the common purpose of this committee to make provision for these men who have volunteered in the service or who have come in under the selective draft. I do not know of any greater sacrifice a man can make than to go into the service and offer his life on the altar of his country, and I would not undertake to estimate the value of that service in dollars and cents. My only hope is that this bill may be speedily enacted into law, that these men before they are called into the foreign service—and I pray that they may never be—that they may go with the assurance that the Congress of the United States has them in mind and has in mind their loved ones at home; and if they come back maimed that we will provide for them, will educate them for such duties and vocations in life as may be suited to their condition, and in all respects will meet as far as possible the obligations resting upon us toward those heroes who may lay down their lives on the high seas or on foreign soil in vindication of our rights as a Nation, and with their blood add luster to our flag. [Applause.]

It will cost money! Of course it will cost money, but who will stop at that? Are we not willing to pay the cost, whatever it may be? I am sure that is true, and animated by that patriotic purpose I appeal to the membership of the House to study the bill in a friendly spirit and give it their support, and I believe it will finally receive the support of every Member of this House. [Applause.]

Mr. ESCH. Mr. Chairman, I yield five minutes to the gentleman from Wisconsin [Mr. BROWNE].

Mr. BROWNE. Mr. Chairman, the life insurance companies of Wisconsin—five in number, assessment and old line—got together, or their executive officers representing them, and gave a very thorough consideration to this bill. They unanimously favored making this bill a law. I wish to read certain extracts from their report. I think, Mr. Chairman, that the investigation and report made by the executive officers of these life insurance companies ought to be of great importance, because the report differs radically from reports and criticisms made by most of the companies in other States. The man that prepared this report, William A. Fricke, of Wausau, Wis., was insurance commissioner of the State of Wisconsin a number of years and ranks very high as an authority among insurance experts in the United States.

This committee representing the life insurance companies named in the report went over this bill very thoroughly, and make the following observations in favor of this bill, all of which I heartily concur in:

"Objection has been raised to the provision permitting conversion to other forms of policy after the war, and that this provision would be a continuance of the Government in the conduct of the business of life insurance. In reply to this statement, answer is made that the members of the Army and Navy

are employees of the Government engaged in a hazardous occupation for which the employer should provide indemnity; that many of these soldiers and sailors will, after the war, be uninsurable; that regular companies would not entertain their applications at regular rates; and that as this measure contemplates abolishing the pension system it will impose upon the Government no greater but a more definite cost; and that to terminate then the insurance of those who can pass a satisfactory physical examination would leave the Government with a group of defectives with a very high mortality, while with still a Standing Army of from 100,000 to 500,000 men the protection afforded by the pending measure should be continued and extended also to them.

"Whether you designate the provisions of Article IV as 'life insurance' or as 'indemnity,' the objection that this article and the continuance of the privilege of insurance after the war places the Government in the position of conducting the business of life insurance will hardly hold. It is an entirely different proposition from the attempt to place the State of Wisconsin in the business by means of the State life fund, where insurance was sought to be afforded to anyone in competition with the regular companies at less than the real cost by imposing upon the people, as a whole, the additional cost as a benefit to the favored few and so permit the exploitation of a pet theory for political purposes. This plan is simply a part of the contract of employment and may be compared to the plan of an employer of a very large number of employees engaged in a very hazardous occupation—the risks are sufficiently numerous to form an insurance group and by the elimination of all overhead charges the employer is able himself to carry the risk at actual cost and make certain the indemnity to each employee without the intervention of an insurance company.

"Not only does the continuance of this insurance after the war seem justified, but an insurance man might well argue that it would make for a reduction in cost—as to the extra hazards of war for which the people are taxed and which they must pay—if the privilege of this insurance were extended to all officials and employees of the Government."

In conclusion this report says:

"The bill as a whole is a good and patriotic measure—we want our agents to feel this and say so—and while from a life-insurance standpoint we might suggest changes in Article IV, the time to do so does not seem opportune, and so in closing we content ourselves in quoting from a speech of Theodore Roosevelt, delivered at Springfield in 1903:

"A man who is good enough to shed his blood for his country is good enough to be given a square deal afterwards."

[Applause.]

Mr. Chairman, I ask leave to print this report in full, which takes up this bill in detail and goes over it very thoroughly, as part of my remarks.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection? [After a pause.] The Chair hears none.

Mr. BROWNE. I yield back the balance of my time.

The CHAIRMAN. The gentleman yields back one minute.

The article referred to is as follows:

LIFE CONVENTION OF WISCONSIN INDORSES BILL FOR FEDERAL INSURANCE BUREAU TO INSURE THE MEN IN THE ARMY AND NAVY.

"MILWAUKEE, September 6.

"The Life Convention of Wisconsin, the State organization composed of the executive officers of the Great Northern Life Insurance Co., of Wausau; Guardian Life, of Madison; Wisconsin National Life, of Oshkosh; Wisconsin Life, of Madison; and the Old Line Life, of Milwaukee, at its meeting held in Milwaukee yesterday considered the bill now pending in Congress to provide insurance for the men in the Army and Navy and adopted an explanatory bulletin of the measure for the information of agents and the public, in which the convention gives approval and indorsement of the provisions of the bill. This action of the Wisconsin companies differs so radically from the position assumed by other companies and the bulletin adopted so clearly explains the provisions of the measure that it is published in full:

FEDERAL INSURANCE BUREAU.

"The bill for insurance of men in the Army and Navy, prepared under the direction of the Secretary of the Treasury, has been introduced in Congress.

"Article 1 provides for the organization of the bureau, for which \$100,000 is sought, and appropriations aggregating \$176,150,000 are provided, to cover the cost, as estimated, of the in-



demnities and insurance for the first year. The cost as estimated is divided as follows:

	First year.	Second year.
Family allowances.....	\$141,000,000	\$190,000,000
Death indemnities.....	3,700,000	22,000,000
Compensation for total disability.....	5,250,000	35,000,000
Compensation for partial disability.....	3,200,000	21,000,000
Insurance against death and disability.....	23,000,000	112,500,000
Total.....	176,150,000	380,500,000

"Article 2 provides that each enlisted man must permit the Government to withhold not more than half his pay, which must not be less than \$15 per month, for allotment to his wife and child, the Government supplementing such allotment by a family allowance upon written application of the enlisted man or his prospective beneficiary, which allowance, however, shall not exceed \$50 per month in any case, and is payable from time of enlistment to death or discharge or end of the war. The amount allowed by the Government depends upon the family conditions; for wife, but no child, the allowance is \$15 per month; wife and one child \$25, etc.; but in no case exceeding \$50.

"Article 3 extends provisions of Federal compensation for death or disability—from personal injury or disease contracted in the course of the service. The benefits provided apply to enlisted men, commissioned officers, and to Army and Navy nurses.

"The compensation provided under this article follows very generally the provisions of the workmen's compensation laws of the various States, and the compensation is based upon the pay in the service, with added benefits following along the lines of the Canadian provisions.

"In the event of death, compensation is provided for the widow, minor children, or dependent widowed mother. There is also a burial allowance of \$100 if death occurs after discharge or resignation from service. It provides compensation for total disability of not less than \$40 per month, which amount is increased where there is a wife, children, or dependent widowed mother, with an additional allowance of not exceeding \$20 where there is constant need of a nurse. In the event of partial disability the compensation is a percentage of the compensation for total disability based upon the degree of reduction or loss of earning capacity. Provision is also made for necessary medical, surgical, and hospital service with appliances, such as trusses, artificial limbs, etc.

"Under certain conditions there is provision for commutation of the compensation not exceeding one-half, and less if dependents exist.

"This article also provides for courses of rehabilitation, re-education, and vocational training for disabled persons, such courses to be established when required by the Government.

"The provisions of this article are very complete and are most commendable.

"Article 4 is entitled 'Insurance' and is of special interest to life insurance men. It provides that the Government shall grant life insurance to enlisted men in the Army and Navy and Army and Navy Nurses' Corps for amounts from \$1,000 to \$5,000, payable only in installments and to a fixed class of beneficiaries, the premiums to be deducted from the monthly pay or may be otherwise made at the insured's option. The insurance to be provided is a net rate term insurance for successive terms of one year during the war, convertible after the war, without medical examination, into such form or forms of insurance and with such provisions for premium payments as may be prescribed by regulations. Such insurance must be applied for within 120 days after enlistment, or, if already in the service, within 120 days from publication of the terms of the insurance. As no war extra is to be charged, \$23,000,000 of the appropriation called for in the bill is for the excess mortality and disability during the first year under this article.

"Objection has been raised to the provision permitting conversion to other forms of policy after the war and that this provision would be a continuance of the Government in the conduct of the business of life insurance. In reply to this statement, answer is made that the members of the Army and Navy are employees of the Government engaged in a hazardous occupation, for which the employer should provide indemnity; that many of these soldiers and sailors, will after the war, be uninsurable; that regular companies would not entertain their applications at regular rates; that as this measure contemplates abolishing the pension system it will impose upon the Government no greater, but a more definite cost; and that to terminate then the insurance of those who can pass a satis-

factory physical examination would leave the Government with a group of defectives with a very high mortality, while with still a standing army of from 100,000 to 500,000 men the protection afforded by the pending measure should be continued and extended also to them.

"Whether you designate the provisions of article 4 as 'life insurance' or as 'indemnity,' the objection that this article and the continuance of the privilege of insurance after the war places the Government in the position of conducting the business of life insurance will hardly hold. It is an entirely different proposition from the attempt to place the State of Wisconsin in the business by means of the State life fund, where insurance was sought to be afforded to anyone in competition with the regular companies at less than the real cost by imposing upon the people as a whole the additional cost as a benefit to the favored few, and so permit the exploitation of a pet theory for political purposes. This plan is simply a part of the contract of employment, and may be compared to the plan of an employer of a very large number of employees engaged in a very hazardous occupation—the risks are sufficiently numerous to form an insurance group and by the elimination of all overhead charges the employer is able himself to carry the risk at actual cost and make certain the indemnity to each employee without the intervention of an insurance company.

"Not only does the continuance of this insurance after the war seem justified, but an insurance man might well argue that it would make for a reduction in cost—as to the extra hazards of war for which the people are taxed and which they must pay—if the privilege of this insurance were extended to all officials and employees of the Government.

"The position of the Government was clearly stated to the congressional committee considering the bill by the Assistant Secretary of Commerce, Mr. Edwin F. Sweet, as follows:

"Soldiers and sailors engaged in war service ought to know in advance what is to be done and what is going to happen to them, and not leave it to conjecture.

"Some way ought to be devised by which those engaged in the war service could get insurance and could buy it at substantially peace rates, and that the Government or the people of the United States in the final analysis ought to pay that extra cost. The insurance companies certainly can not do it, and I would very strongly counsel against permitting any private insurance company to sell insurance at peace rates at the present time. It seems to me that it would be absolutely unjust to the present policyholders, and that it ought not to be done. There would be great risk of insolvency on the part of some of our insurance companies, and it would not be in accord with good public policy, in my judgment.

"I do not see how the Government could properly go into the insurance business upon a permanent basis—certainly not as regards the insurance of anyone except those in the Government service. I can not see that it would be particularly harmful or anything that insurance companies could strongly object to, if the Government should sell insurance to those engaged in the Government service.

"As an argument to continue the insurance after the war, the following was presented:

"We want insurance by the Government and continuing after the war and continuing to that man's death, for which insurance that man himself shall pay the cost of insurance or the pure cost of insurance against the ordinary risks of life, but for which the Government will pay the extra loss, which will result to all of those men in the aggregate for their impairment due to war. Suppose you take 1,000 men at the end of the war; now you can not take any one of those men if he dies 10 or 20 years later and say that that man's death resulted from war service and that that other man's death did not, because you can not balance it well enough; but if for all those 1,000 men you have a mortality rate twice as great as the ordinary rate among the same number of men who did not go to the war and who are of the same ages, it is perfectly right and it compensates these men rightly for the United States to pay the extra cost because of their extra mortality, while they themselves are paying the normal cost of the normal mortality for insurance. That is the proposition.

"Objection by the companies, so far, has been directed only against the life insurance provisions of the bill, but with small effect.

"The objection of the life insurance companies has resolved itself to this:

"1. Insurance granted by the Government should be uniform to all in the service.

"2. That it should be gratis—no premium charged.

"3. That provision should be made for discontinuance after the war.

"For ourselves, we should not oppose amendments covering objections "1" and "2," but whatever the form in which presented we believe that once the insurance has been granted it should continue, not only as a fitting recognition but as an act of justice and economy.

"We can not accept war risks without an extra premium, and when we agreed to accept these extra premiums as a deposit, to be used only when the mortality exceeded that provided for in the regular premiums and return any excess remaining after the war, we went to the extreme of liberality and good faith with the ability to still maintain proper safeguards for all policyholders.



"Undoubtedly the enactment of this bill into law will result in the lapse or surrender of some policies now carried by men in the service—who then can secure their insurance at a net term rate and without the extra war-risk premium—but its enactment can not seriously affect the business of the agent or the company, as only a limited number of insureds can be secured within the draft ages, war or no war.

"Incidentally, if this bill is enacted into law, it will result in three possible results of great value for the future:

"1. It will emphasize to the world the money value of the individual human life and the importance of its conservation rather than its reckless destruction.

"2. It will demonstrate broadly that one-year renewable-term insurance, with its yearly increasing cost, is not a satisfactory form of life insurance for the individual, except for temporary purposes, and that unless the difference in cost is paid out of the people's Treasury, the Government can not furnish life insurance at less cost than the properly conducted company.

"3. That the life insurance companies must recognize the very probable contingency of war in every lifetime and provide for this hazard in or from every premium for the creation of a war-risk reserve, and so make war clauses and extra war premiums unnecessary when that contingency arises.

"The bill as a whole is a good and patriotic measure—we want our agents to feel this and say so—and while, from a life insurance standpoint, we might suggest changes in Article IV, the time to do so does not seem opportune, and so in closing we content ourselves in quoting from a speech of Theodore Roosevelt delivered at Springfield in 1903:

"A man who is good enough to shed his blood for his country is good enough to be given a square deal afterwards."

Mr. ESCH. Mr. Chairman, I yield 10 minutes to the gentleman from Maine [Mr. HERSEY].

Mr. HERSEY. Mr. Chairman, the pending bill, under its attractive title, "War-risk insurance," attempts to create in this administration a new bureau with a director at a salary of \$6,000 a year, two commissioners at \$10,000 annually, three members as an advisory board at an expense annually of \$21,000, deputies, accountants, assistants, experts, clerks, and other employees. This new bureau is given the authority to rent offices and buildings for the bureau; to provide for equipment, supplies, for traveling expenses; to provide books and printing and binding; to take care of all other expenses connected with the bureau; and make that bureau after the war a permanent bureau, and appropriate to organize to start this bureau the sum of \$156,250,000, and the estimate for the second year of expense is \$493,000,000.

The object and purposes of this new bureau are threefold. First, to keep back and deduct without the consent of the soldier and sailor one-half of his wages, and without his consent to pay the same over to the family or certain dependents of that soldier or sailor. It also provides that the balance of his wages, under regulations of this new bureau, may also be taken and allotted as the bureau may desire. In the second place, it is provided in this bill that no future pension law shall be enacted by Congress and no pension shall be given to the soldier and the sailor of the present war, and denies them that right, and places all future pension matters exclusively in the hands of this new bureau, and in place of future pensions it take or attempts to take the principle of the workmen's compensation laws of the several States and to adapt those laws, made in times of peace, to the relief of our soldiers and sailors in times of war, and calls it "compensation." Third, it attempts to force this Government into the business of life insurance without any of the rules, regulations, methods, or principles ever adopted by any life insurance company, and then attempts to retain from the wages of the soldier, if he takes out a policy of insurance, the balance of his wages practically and to issue policies in form to be regulated by this bureau to certain beneficiaries and deprive the soldier and the sailor of the right of even naming the beneficiary. If a soldier or sailor does not consent to have his wages so commandeered to pay for this insurance and is killed in the trenches or on the battle field, he is denied a pension. It is no wonder that the gentleman from Kansas [Mr. CAMPBELL] said this was the most important bill that has been so far before this Congress. [Applause.]

Now, I confess when this bill was first reported from the committee I was prejudiced in its favor. I have always believed that a married man should take care of his family and children, and that the son should take care of his mother, and if he did not do so he should be made to do so. I am a firm believer in the principle of workmen's compensation laws as enacted in many States. I am also a firm believer in life insurance. I believe every man should carry a life insurance policy, although those

who ought to carry life insurance do not usually do so. In my study of this bill I have read very carefully the hearings before the committee, the letter and the statement of the Secretary of the Treasury, the statements of insurance experts who testified, also the testimony of Mr. Gompers, head of certain labor organizations, and the statement of the learned judge who drew this bill. I listened to the honored Speaker of the House this morning who answered certain objections made against the bill, which objections I did not consider vital. I have listened to every word that has been said, both in favor and against the bill up to the present time, and after these two or three days' debate I think, with great deference to the judge who drew this bill and with an apology to the gentleman from Pennsylvania who is upon the committee, that it will take a Philadelphia lawyer to explain the bill. [Applause.]

Since this Congress has been in session and since we have declared war they tell us down in the Patent Office that they have received over 10,000 applications for new devices to destroy the U-boats, and not one of those devices has been approved by the Patent Office because they say they will not work.

If this beautiful piece of machinery called "war-risk insurance" can be made to work, in practice, I am in favor of it, but if its passage is to demoralize our Army and if it will necessarily fail to perform what its advocates claim, then I am against it. [Applause.] Now, I want your attention, gentlemen, for a few moments while I take up the subdivisions of this bill. Complicated as it is, if we strip it of all its technicalities, if we take away the lawyer pleading of Judge Mack and look at it in a common-sense way, you will find, in my opinion, that it will not work in actual practice. Now, first as to that division of the bill called "allotments and family allowance." The American Army as now constituted and as being formed and sent to the field is formed under laws recently enacted by this Congress wherein exemptions are given to those having dependents, and, under the late ruling of the President, married men are exempt. So that if anybody goes into the service who has dependents or who are married men they do so because they either enlist or waive the exemptions. I apprehend that a small number of men will be found in the service in this war who will have dependents and will be married men, and I apprehend that I am right in stating, gentlemen, that this war will not change the character of the American soldier and sailor. I apprehend I am right in my statement that the man who supports his mother and his wife and children at home in times of peace will attempt to voluntarily send his wages to his wife and family in times of war.

When you come to this matter of allotment, this compulsory allotment by the Government, you place the true man, the good citizen, the patriotic American soldier and sailor, along with the "slacker," and I will never give my consent to thus disgrace, dishonor, and degrade the American soldier. [Applause.]

What do you claim to do under this new bureau? You reach out your strong hand and take the wages of every man who has a wife and family, regardless of whether they are dependent or not upon him for support. You take from the soldier who is sending his money home one-half of his wages and attempt to allot it between a wife and a divorced wife.

Mr. DECKER. Will the gentleman yield?

Mr. HERSEY. Yes.

Mr. DECKER. Is there not a provision in the bill that gives the wife a right to waive her share of her husband's wages?

Mr. HERSEY. There is a provision of waiver on the part of the beneficiary, but you and I know well enough that there will not be many waivers made in any case.

Mr. DEWALT. Will the gentleman yield for a question?

Mr. HERSEY. If you will extend my time.

Mr. DEWALT. Is the gentleman aware that in section 201 there is also a privilege given to the enlisted man to make application for the waiver?

Mr. HERSEY. Oh, yes. He can do it, but this bureau has the right to take the wages without the consent of the soldier, who is now supporting his family, commandeer them, and deprive him of them. Now, I claim this, gentlemen: That the American soldier and sailor in the Army, in the trenches, and on board our ships feels as you and I do, that if up to the present time he has supported his wife and children out of his wages and earnings given to him by this Government, he wants the right to continue to send his own money to his wife and children himself. He wants control of his own money. He does not want a guardianship on the part of the Government.

The CHAIRMAN. The time of the gentleman has expired.

Mr. STEENERSON. Mr. Chairman, I ask unanimous consent that the gentleman have five minutes.

The CHAIRMAN. The Chair will state that the time is under the control of the gentleman from Wisconsin [Mr. ESCR],



and the gentleman gave notice to the Chair that he at this time wished to use the time allotted.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that the gentleman from Maine may be allowed to proceed for five minutes without the time being taken out of the time under the control of the gentleman from Wisconsin.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent that the time of the gentleman be extended five minutes without interfering with the time in control of the gentleman from Wisconsin [Mr. Esch]. Is there objection? [After a pause.] The Chair hears none, and the gentleman from Maine is recognized for five minutes.

Mr. HERSEY. Thank you.

I can only understand this "allotment" business on the ground that you want thereby to reach the "slacker" in the service, and not the man who is willing to send a part of his wages to his family. You have no right to reach out your hand and take the wages of the soldier who is willing to send his wages home to his wife and family, you have no right to put him under guardianship. You may have some right to take the wage of the "slacker," the man who willfully refuses to provide for those dependent on him.

Mr. BROWNE. Was not that fact established in the Mexican trouble? Did we not do that same thing, and was there any objection on the part of the men?

Mr. HERSEY. Oh, I do not remember.

Mr. SWITZER. Mr. Chairman—

Mr. HERSEY. Is this going to be taken out of my time?

The CHAIRMAN. If the gentleman yields.

Mr. HERSEY. Then I can not yield. I want to say a word here about the man called the "slacker," that you are trying to reach. There is many a man, I have no doubt, who has gone into the service that has a wife at home, and I know some that have gone into the service to escape that wife at home. I know men who seek the trenches of France rather than return home at night. And while I am happily married I have a good deal of sympathy with that fellow, and I say "For God's sake, give him a chance." [Applause.]

Now, this allotment business can not accomplish a single good thing. There must be an application from home, and the most deserving will not apply. You have got first to obtain certain information, at great cost and expense, and then you are liable to demoralize the Army by seizing the wages of the men who are faithful to home and family.

Second, there is what is called "compensation for death or disability," and, stripped of all its technicalities, it is simply a poor pension law, and that is all there is to it. You can not take the compensation laws of the several States and adapt them in times of war and give proper compensation to men who are injured in the service. This part of the bill is simply an inadequate pension law, and it is nothing else but a poor pension law, and a more liberal pension law can be enacted by this Congress than that provided by this bill.

Mr. STAFFORD. Will the gentleman yield?

Mr. HERSEY. If you will extend my time, or have it extended.

Mr. STAFFORD. I know the committee is very indulgent this afternoon. The persons having control of the time are not in a great hurry to have the bill passed this evening.

When the author of this bill was considering the question of compensation he stated that the compensation provided in this bill was inadequate, and yet it carries the maximum amount to be paid to the widow of an officer at \$200. I would like to ask the gentleman whether he thinks that amount is inadequate in view of the fact that the maximum amount now paid to a widow of an officer of the highest rank in the service, where the officer dies from injuries received in the service, is \$30 a month?

Mr. HERSEY. My answer to that is that this compensation law as set forth in this bill is not so good as a reasonable and proper pension. I am for liberal pensions. I believe that a liberal pension bill enacted by this Congress would be better for our soldiers and sailors than this bill can possibly be. [Applause.] And I want you to understand, gentlemen, that it will require the same evidence in making compensation under this bill as it will to award a proper pension, and will not take any more time.

We can enact a pension law at once in this Congress that will take care of every injury and every death in the service to come. Much better than can possibly come from this new experiment.

The CHAIRMAN. The time of the gentleman from Maine has again expired.

Mr. HERSEY. Mr. Chairman, may I have a little more time?

Mr. CAMPBELL of Kansas. Mr. Chairman, I ask unanimous consent that the gentleman from Maine may proceed for 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. HERSEY. We have a Pension Bureau that has been established in this country for over 50 years. We have in that office an experienced lot of clerks, employees, experts, and an experienced commissioner. They have had in the Pension Bureau a half century of experience. There are 1,200 employees in the Pension Bureau, and the administration of that bureau, according to the last report of the commissioner, costs \$1,562,855 for 1917. Why should not the Pension Bureau take care of the only thing in this bill that means anything—and that is compensation, which is nothing but pensions?

Some gentlemen has said here that a pension is a charity. It is no more a charity than is compensation. Somebody said here that pensions had not been satisfactory in the past. I say to you that this Government has given its soldiers of the Civil War most liberal pensions. I appeal to the men of the southland to say if that is not true. Here we are a united country, the North and South, in this great war. Why can we not in this Congress pass a liberal pension bill that will take care of every soldier and sailor, North and South in this war?

Now, the third matter in this bill is life insurance.

Mr. BORLAND. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from Maine yield to the gentleman from Missouri?

Mr. HERSEY. Just for a brief question.

Mr. BORLAND. I understand that the gentleman is very well satisfied with the present pension system?

Mr. HERSEY. No; I am not. I am for a more liberal system. I am not for the present system in this war. I want a new pension law enacted by this Congress that will be very liberal to our soldiers and sailors.

Mr. BORLAND. Does the gentleman realize that we have spent in Civil War pensions since 1866 five and one-half billion dollars, and of that sum four and one-half billion dollars was spent since 1890, or commencing 25 years after the close of the war? Is that the kind of a system that the gentleman wants to put in force instead of this?

Mr. HERSEY. No; I am for a new system, based on our past experience, with a new and better pension law.

Now, in regard to this matter of insurance, it is called "insurance," but that is a misnomer. It has in it none of the principles of life insurance at all. It has none of the essentials or methods of life insurance. It is not life insurance in any way. It is simply a lottery on the part of the Government and those engaged in it.

What does it mean? It provides that those who apply for insurance must pay out of their wages the premiums; if killed, the insurance may be of some benefit to those who survive them. But will those who need insurance come in? Will the man whose wages have been commandeered one-half use the other half in paying insurance premiums, or will he send it home to wife and child to give them present support? Experience has shown that the man who should have an insurance policy will not apply for insurance, while the man who thinks he can make something out of it in the way of an investment will take it. What will be the result? The men who are killed in the war and leave a widow and children without property will not take out these insurance policies, while those who have no dependents will take policies, and then if killed the needy will not be helped and the Government will be the loser. There will be millions paid out to beneficiaries that are not deserving beneficiaries and would never be recognized under any pension law, and there will be pensions lost to the most deserving, because the soldiers did not make application for a pension.

Mr. MCKENZIE. Mr. Chairman, will the gentleman yield for a question?

Mr. HERSEY. Yes.

Mr. MCKENZIE. Does the gentleman from Maine seriously contend that in his judgment this is a bill drawn for the purpose of taking advantage of and punishing the boys who are going into the Army and their dependents?

Mr. HERSEY. Oh, no. I want the gentleman to understand that I believe that the committee who reported this bill are sincere and those who stand here on this floor and advocate this bill are sincere, and I believe all who have advocated it have done so with a sincere purpose. I do not believe that this bill was presented for the purpose of giving places to some ex-insurance experts or helping any insurance companies; but I believe that the bill will not work out in practice the way intended by its friends. The more you study this bill, the more you must be convinced that you can get the same thing in a better way under a proper pension bill than under this so-called war-risk insurance law.



The insurance part of this bill is the pet measure of the Secretary of the Treasury. He has a beautiful theory about life insurance, and he has secured the favorable opinion of a few other expert theorists. Yesterday the Sunday papers published a letter from him under great headlines which said, "Secretary William Gibbs McAdoo, genius of finance, writes that soldier's insurance is duty of Nation." His letter ignores the matter of "allotments" and "compensation" and devotes its whole space to a glowing approval of the great benefits this new scheme in life insurance will bring to our armies. He fails to give any reason why we should embark the Nation on this untried experiment in finance, but only says, in substance, that the adoption of his theory would cheer our soldiers with the prospect of getting great benefits to themselves and their dependents from this new lottery.

In spite of all these finespun theories, these new experiments in legislation, the fact remains that all there is to this bill of interest or benefit to the soldier is the pension section called "compensation," and that part of the bill can be more efficiently administered by the present Pension Bureau. The result of the passage of this bill in its present form will entail a needless expense of millions upon the taxpayers of the country in this time of greatest need and while on every hand we are being exhorted by the administration to practice in legislation the most rigid economy. The present bill and new bureau will also give shelter and power to a new army of place hunters and office-holders who will fatten at the expense of the people. Unless these objectionable features are eliminated from the bill, I can not consent to wrong the American soldier abroad and betray the rights of the people at home by giving it my support. [Applause.]

The CHAIRMAN. The time of the gentleman from Maine has again expired.

The CHAIRMAN. The time of the gentleman from Maine has again expired.

Mr. HERSEY. Mr. Chairman, I ask unanimous consent that I may extend my remarks.

The CHAIRMAN. The gentleman from Maine asks unanimous consent to extend his remarks. Is there objection?

There was no objection.

Mr. ESCH. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. FAIRFIELD].

The CHAIRMAN. The gentleman from Indiana is recognized for 10 minutes.

Mr. FAIRFIELD. Mr. Chairman, with most of the provisions of this bill I am in hearty accord. I have received several communications from life insurance companies particularly urging me to support at least the first three articles, qualifying to some extent article 4.

I am not at all certain that we have been enlightened very much in regard to the present insurance laws or with regard to the present pension legislation. I have read the bill very carefully and earnestly, and studied it perhaps as much as I have studied any legislation with which we have had to do at this session, and the first suggestion that came to my mind was that it is strange indeed that a system which undertakes to pension the soldiers of this war should be put under another department and a new bureau organized.

I heard the gentleman who introduced the bill characterize it as a compensation measure and not a pension measure. I rose in my seat to ask him to clearly distinguish between this bill and a pension. I am unable to do so, and if the gentlemen who have spoken are able to do so they have failed to put it in such terms as that I am able to comprehend.

May I not say in passing, gentlemen, that it will be futile, so far as we are concerned, to undertake to say that never again in this country shall we have pension legislation?

Under the terms of this bill I think it is provided that no application for compensation under this law shall be made after one year, except in the judgment of the director, who may extend it another year. And yet, when we study the matter carefully, we must know that a man who goes into the shock of battle, who is in the trenches, may come out with certain definite injuries which will be taken care of in this bill; but no man can go through the experiences of this war and come out with the same balance mentally and with the same powers physically after undergoing the fearful ordeal of the modern battle field, even though not touched by shot or shell. So I say it is futile for us here to undertake to provide that never again shall we have a pension system in this country. I might say, too, that should the war continue, and a great number of our boys fight for our country on foreign soil, after they come home many of them will sit here where you and I are now sitting, and those men, understanding the conditions, will do what is right, and perhaps we shall hear more of service pensions in the future than we have over heard in the past.

But as to the provisions of this bill, I talked to a gentleman who has been in the Pension Bureau for many years, an expert, and I said to him, "In your judgment is this bill more liberal than any of the other pension laws?" He said, "It certainly is, as a whole, more liberal than any other pension legislation which has ever been enacted." So in so far as that part of it is concerned, I am in hearty sympathy with the purposes of the bill, and am fairly well satisfied with the compensation that is provided for in it, except as to total disability. But I have not yet heard an adequate reason why the operations of the compensation part or the pension part of it should be put under another bureau.

It has been suggested that some ulterior motive actuated the transferring of it from the Pension Bureau to the Treasury Department. I am not saying that that is true, for I do not know, but I would like to have a reason stated sufficient for the transfer of what is manifestly pension legislation in its nature from a bureau that has had the experience of a hundred years, and in which, instead of the business increasing, it is now decreasing, there being 36,000 fewer men upon the pension rolls to-day than there were one year ago, and more than 30,000 Civil War veterans dying every year; a department wholly organized, with experts employed there, a bureau capable of taking care of this matter and with a decreasing amount of business. Yet it is taken wholly from the Department of the Interior and carried over into the Department of the Treasury. I do not believe any man on this floor can give an adequate reason for that change from the Interior Department to the Treasury Department.

There are some other things in the bill that I was much interested in. You will remember that a few years ago there was introduced into our pension law what is known as the pauper clause, which provided that in order to get a pension one had to go into court practically and certify that he was unable to support himself, that he had no resources and no income adequate to take care of himself. I notice that ever and anon that same thing has crept into this bill, so that it will be necessary for a man to go before a court really, for it will be a body appointed by the director, who shall determine whether the pension shall be granted to a widow or not. I want to read that particular provision, right at the beginning of the part that has to do with compensation for death or disability:

If from a marriage contracted before the injury the deceased leaves a widow or child, or if he leaves a widowed mother substantially dependent upon him for support, the monthly compensation shall be the following percentages of his pay:

Now you and I know that many a man who goes into the war may have a little farm, and he may die, and it may be possible for the widow, even without his help, with the assistance of her children, to maintain herself and her children by the fruits of that farm, or it may be possible for a man to eke out a scanty living; but this bill provides that before getting what is manifestly due to them they must go before a court and swear that they are unable to take care of themselves. I say we ought not to discriminate; our legislation on this subject ought to be uniform, and if we take from wealth and continue to take from wealth, why discriminate; for if we turn back to wealth, we will take it out again. [Applause.]

The truth is that the provision of the law which requires a widow or widowed mother to prove that they are substantially dependent upon the soldier for support bears hardest upon the conscientious. Self-respecting people, though needy, having a higher regard for their standing in a community, will be slow to make oath that they are dependent. Others less worthy will have no scruples, will make application for full indemnity and be enabled to secure proof that will grant them a pension. This provision of the law puts a premium on perjury. If, as the law states, an effort is made to compensate, the compensation is due to those who by energy and frugality have saved a competence as much as to those who are needy. In other words, it should not partake of the nature of pauper legislation.

While in the main the compensation is in excess of sums previously granted under our pension system, one does not fail to note that in the case of total disability the amount given is much less than under the present system. The loss of both eyes, both legs, or both arms are cases of total disability. The pensioner is granted \$100 per month. Under this law he is given \$40 per month if single. Many of the single men will have left positions paying much more than this. Their salaries in civil life range from \$75 to \$200 per month. They have entered the Army, many of them enlisting, all of them serving alike under a law that granted \$100 per month. They return maimed for life, shut out from an opportunity to increase what they had earned before. They find, if this bill passes in its present form, that for all the future they must not only be



content to surrender the ambitions of life but that they have been reduced to \$40 per month. There is no hope that they can save enough from this meager sum to start a little business of their own. A bare subsistence has been granted to them and yet men upon this floor have dared to say that this is a law of compensation. It is not even a good pension law in this particular respect.

What was in the mind of the committee when this provision was drawn? Did they fear that the total disability lists would be so large that we would shrink from the huge sum that would be necessary to meet the charge? If so they have failed to understand the spirit of the American people. For those who have given all but life and yet remain with us, the gratitude of a Nation would gladly pay all that is necessary to take the canker of anxious thoughts from mind and heart and make it possible for them to live in what comfort they may for the remainder of their days. At least \$100 per month should be appropriated for total disability.

If he has a wife but no child he and his wife will receive the magnificent sum of \$55 per month, instead of the \$100 per month granted by our pensions laws. If a wife and one child living, \$65 per month. A wife and two or more children, \$75 per month. Of course, if he is totally disabled, and in addition so helpless as to be in constant need of a nurse or attendant, he shall receive \$20 additional per month. No one worthy of the name of an attendant upon a person absolutely helpless could be secured for \$20 per month. What has thus far been discussed on total disability applies to the private. Much greater remuneration is allowed to the officer, based on a percentage of his salary.

The widow of a private to receive \$30 per month. Widow and one child, \$40 per month. Widow and two children, \$50 per month, with \$5 additional for each additional child up to two. These rates apply to the private. For officers' widows there is a much larger sum allowed. Their compensation may reach as high as \$200 per month.

Why should the widow of an officer receive greater compensation than the widow of a private? Many of the privates in civil life would be more than equal to many of the officers in earning capacity. In theory we are democratic. This bill makes a distinction based on position in the Army and Navy. To the widow of a private the bill grants \$30 per month. To the widow of an officer the bill grants in some instances as high as \$200 per month. This is not democracy; this is the recognition of a military aristocracy. I know it may be urged that the manner of life of the officer's family is such that more money will be needed to maintain the same social relations, but in this country that very easily may be true of the widow of the private.

This bill creates a new department. Much power has been given to the director in the making of regulations. As the law now stands, untried in its operation, there may be mistakes made, favoritism shown and absolute fraud creep in. In the Pension Department the regulations have been tried out, the errors largely eliminated, the system thoroughly organized. Much of that work already done would very properly apply to the putting into operation this bill when properly amended. In any case, it should be so amended that the employees should be appointed from lists of eligibles by the Civil Service Commission or by transfer from the Bureau of Pensions of the Interior Department and in accordance with the civil-service law. It is certainly unwise legislation that permits two departments to handle pension legislation. Already the pension department is operating under laws which necessitate the classification of the pensioners into different groups. This would add but another group to a well organized and systematized department which is most ably conducted.

Every soldier should be insured. If the Government pays \$50 of the risks per thousand why not insure all of them? At least every soldier should be urgently solicited by Government officers to avail himself of this provision. When the war is over there would be less discontent if the Government had insured every man in the sum of \$2,500. [Applause.]

Mr. ESCH. I yield 10 minutes to the gentleman from California [Mr. OSBORNE].

Mr. OSBORNE. Mr. Chairman, the worthy objects of the bill under consideration may well engage the best thought and wisest action of Congress.

The bill may be divided into three distinct parts:

1. To provide for the dependents of soldiers and sailors during their absence in war and to make permanent provision for such dependents in the event of the death of the soldier or sailor.
2. To provide pensions, or "compensation," as it is termed in the bill, for soldiers and sailors who may become disabled during their service.

3. To provide an insurance system for all such soldiers and sailors as may elect to avail themselves of it at a very low cost.

The objects which are sought to be attained can not be too highly commended. The Nation owes it to its brave defenders, who offer their lives in the service of our country, that all three of these acts of justice should be done. The authors of the bill have shown a proper conception of the obligations of the Nation to its champions on land and sea by attempting to make provision therefor. The only question that can arise is as to the wisdom of their efforts and as to the justice and adaptability of the bill which has been presented.

While the bill has been generally known and referred to in the public prints as the "soldiers' insurance bill," on reading it one is surprised to discover that it is essentially a pension bill, amplified—and wisely amplified, in my opinion—with provisions for insurance and for the care of dependents. The careful avoidance of the use of the word "pension" and the substitution of the word "compensation" is difficult to understand. The word "pension" is far more accurate and appropriate. Why should the authors of the bill "shy" at having their bill known as a "pension" bill and seek to have the pension therein provided called "compensation"? The fact is that you can never fully "compensate" soldiers who are maimed and disabled in war. You can recognize their valor and sacrifices by conferring on them an honorable "pension"; but that is not "compensation."

The plan providing for wives, children, and other dependents of soldiers and sailors while they are away at war impresses me as most wise and beneficent and altogether the best feature of the bill. During the Civil War such dependents were left without any protection upon the part of the National Government. The States, counties, towns, and benevolent organizations—sometimes one, sometimes another, and sometimes none at all—worked along those lines; but many wives sustained themselves and their families of small children by their own hard work. This is the first time, I believe, that the National Government has ever undertaken to provide for soldiers' and sailors' dependents during a war. It is a splendid endeavor, worthy of all praise, and, in my opinion, the plan proposed is feasible and workable.

The insurance plan, also, is one conceived in fine spirit, and I am glad to give it on its broad lines my hearty commendation. I believe that it is destined to accomplish a vast amount of good; or, to state it in obverse order, that it is destined to avoid a vast amount of material suffering of widowed wives and orphaned children, though it can not avoid or prevent their griefs and sorrows.

The United States has honored itself and appropriately honored its surviving soldiers of every war in which it has been engaged by providing them with pensions. The soldiers of the Revolution generally served for short terms, usually of a few months, through some particular campaign. Frequently they had two or three or more of these short terms of service. They were all pensioned, though the country was then young and poor.

The soldiers of the War of 1812 were pensioned and granted patents to lands in the West, upon which they could make their homes, or the patents to which they could sell, as they might choose. The soldiers of the Mexican War of 1846 were pensioned, and a few are on our pension rolls to-day. The widows of the soldiers of the Revolution, the War of 1812, and of the Mexican War were all pensioned.

The soldiers and widows of soldiers of the Civil War have been pensioned, and while the aggregate paid has been very large, in my opinion they have not been too generously pensioned. The persistent and noisy warfare that has been made upon pensions, making use of the infinitely small number of fraudulent applications for pensions that have been made, and the almost negligible number which in a half century passed the vigilance of the pension officers of the Government, as a basis for such warfare upon the part of a few newspapers and one unscrupulous and malignant magazine, is possibly the reason why the authors of this pension bill preferred to call it something else.

However, as it is a pension bill, it should be considered from that standpoint, and its merits or demerits estimated by comparison with other pension legislation and in the light of our experience therewith.

Several Members have pointed out the discrepancies in the "compensations" allowed in this bill and the "pensions" now granted by law to soldiers and widows of other wars. In a few cases the allowances are less in this bill than in the general pension laws—notably for the loss of both eyes, which is \$100 in the general law and less than \$50 in this bill. As a rule, however, the pensions in this bill are very much larger. Notably is this the case as to officers, widows, and children. Civil War orphans



have never drawn but \$2 per month each. Up to a few years ago Civil War widows received \$8 per month; then it was raised to \$12; and in 1916, under the admirable law framed by the gentleman from Ohio [Mr. ASHBROOK], and which is known as the Ashbrook law, widows who have reached the age of 70 years were allowed \$20 per month. Under the present bill the lowest rate for widows is \$30 per month. I do not criticize the amount fixed, but I call attention to the discrepancy and the enormous increase in the annual pension bills that must result.

The gentleman from Massachusetts [Mr. GILLET] made the pertinent inquiry whether it was not likely that the Civil War pension rates, in view of the obvious discrepancy, would be brought up to those in the present bill, and the gentleman from Texas [Mr. RAYBURN], in charge of the bill, frankly admitted that he thought it was probable.

Mr. COOPER of Wisconsin. Do I understand the gentleman to say that by the pending bill the compensation for the loss of both eyes will be only \$50 a month?

Mr. OSBORNE. It is \$40 a month.

Mr. COOPER of Wisconsin. And it is not true that the average man who loses both eyes is totally disabled?

Mr. OSBORNE. Surely.

Mr. COOPER of Wisconsin. As far as helping himself is concerned?

Mr. OSBORNE. Yes.

Mr. COOPER of Wisconsin. And that he must have help?

Mr. OSBORNE. Yes.

Mr. DEWALT. In that case he gets \$20 additional for a nurse, or \$60 a month.

Mr. OSBORNE. That is for a single man. If he has children, the children's pension will be allowed.

Mr. DEWALT. Then he gets the insurance also of \$25 a month?

Mr. OSBORNE. The insurance is an entirely independent provision.

Mr. DEWALT. He will get \$40 and \$20 and \$25, or \$85 a month.

Mr. COOPER of Wisconsin. He is still shy \$15.

Mr. KEARNS. Suppose he did not have any insurance, then what?

Mr. DEWALT. Then he gets \$60.

Mr. OSBORNE. It is refreshing and renews confidence in human nature to observe the confiding trustfulness of the gentlemen who believe that this bill, and especially the insurance feature, will obviate or prevent any pension legislation in the future. Gentlemen give generous assurances that they would feel morally bound to refrain from granting further pensions than are provided in this bill to the soldiers of 1917. It is not necessary that the Members of the Sixty-fifth Congress should take any such obligations. Ten years hence half the membership on this floor will consist of these same soldiers of 1917, and they will act upon their own convictions, as to what the American people owe to the surviving soldiers of democracy.

For myself, I do not and shall not borrow one moment of sorrow over that prospect. If they shall enact that every soldier of the War of 1917 who reaches the age of 62 years shall thereafter be entitled to a pension in accordance with a law similar to that which bears the name of our distinguished colleague from Ohio [Mr. SHERWOOD], in my opinion they will be doing no less than justice.

I am going to vote for this bill because I am in favor of a pension bill for the soldiers of this war. The allotment and insurance features suitably amended are satisfactory in the main. The "compensation" or pension provisions are faulty—so much so that I do not see how they can be amended into satisfactory shape. I hope that it may be improved and I shall vote for it because there is no choice.

The construction of pension legislation is highly technical. It has taken over 100 years to develop our pension laws. I am constrained to believe that the distinguished gentlemen who drew up this bill, highly capable and informed on other subjects, were wholly "at sea" when they encountered the pension features of the bill. If this had been intrusted to the Pension Committees and the very capable Commissioner of Pensions, I believe that they would have had better results, and have saved the creation of another addition to our rapidly increasing number of boards and commissions which, as in this instance, have conflicting or closely allied duties.

Indeed, it would have saved much confusion, have been more just, and probably in the long run would have saved vast additional expense, if the present pension laws, the result of 100 years of experience, applicable to soldiers of the Civil War and of the Spanish and other wars, had been simply extended to the soldiers of the present war, with the addition of the dependents' allotment and the insurance features; this legisla-

tion to be executed by the present very competent Pension Bureau, with small expense compared with that which must be incurred under the present bill. [Applause.]

Mr. KEARNS. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The gentleman's time has expired.

Mr. ESCH. I reserve the balance of my hour for a subsequent section.

Mr. ALEXANDER. Is not the reading of the bill now in order?

Mr. PARKER of New Jersey. I have a motion to strike out the section. I have not made the motion, but I reserve the right to make it. I desire to make it.

Mr. BORLAND. Mr. Chairman, I move to strike out the last word. Mr. Chairman, I intended to submit a few remarks under general debate on this subject, but waived the opportunity in common with other gentlemen in order that we might get into the reading of the bill.

This bill is to my mind a scientific plan of eliminating as far as possible some of the inevitable hardships of the war. The only legitimate reluctance that an American can have to service in behalf of his country is distress over the conditions that his absence would leave those depending upon him. That is a burden which the United States recognizes that it can assume, and recognizes that it ought to assume. In my judgment this legislation, carefully drawn as it has been, is the first real attempt to reach a real need at the time when help will be of service.

This bill has three main features. First, is the family allowance, which is similar to that now provided for under the Mexican expedition by special appropriation handled by the War Department. The second is the so-called compensation or pension feature for indemnity for injury or death occurring in line of duty. That might be called a pension; and if so, is analogous to the pensions now provided under the pension laws which are administered in the Pension Bureau. The third, the insurance feature, is allied to the war risk in the Treasury. So we have three departments of the Government—the War, Interior, and Treasury—dealing with the three main features of the bill. It is not right to say that any one of these departments has been deprived of its legitimate powers. There must be some selection of a department to administer this act, and that selection is thrown on the War-Risk Bureau, which deals with the larger and more technical class of insurance.

There is one feature of the bill that must be admitted to be vital to the interest of the soldier. I am not going to answer any argument here from the standpoint of the candidate for Congress. There has been too much said as to whether this is going to hurt or help the Members of Congress and whether it is going to do away with private pension laws hereafter. That will take care of itself. The question with us is how we can get the maximum benefits for the soldier. I have not heard any man on the floor rise to defend the existing patchwork of pension laws, not even the chairman of the Pension Committee. They say they believe in liberal pensions. So does everybody, but we want to help the family when the family needs it. We have spent on pensions since 1866 \$5,500,000,000. We are spending \$166,000,000 a year now more than half a century after the close of the war. Four and a half billion of that five and a half billion has been spent since 1890, or in a period beginning 25 years after the declaration of peace. Did any of that help the dependent families of the soldier? Why, thousands of men died before there was a dollar of service pension paid by the civil government. Thousands of widows were taken care of by charitable organizations before there was a widow's pension law on the statute books.

Mr. DEWALT. If the gentleman will yield, let me say that \$140,000,000 are now paid under the service-pension law alone out of the \$165,000,000.

Mr. BORLAND. Yes; and thousands of families were left destitute for years after the Civil War with no help but from charitable organizations. Is that the condition we expect to leave the soldiers of this war in? I say no, and I challenge any gentleman on the floor to defend a system which followed the Civil War.

Mr. SWITZER. Will the gentleman yield?

Mr. BORLAND. Yes.

Mr. SWITZER. Does the gentleman say that the payment of a hundred and sixty million dollars or a hundred and forty million dollars for service pensions is wrong?

Mr. BORLAND. No; I do not say it is wrong.

Mr. SWITZER. Then why impute to those who voted for the Sherwood bill this odium?

Mr. BORLAND. I do not have to say it is wrong in order to say that when you come, 25 years after the war or 50 years after the war, as you did in the Sherwood bill, and increase the pensions, you are not reaching the real evils that this bill is



reaching to-day. What I want to do is to eliminate as far as possible the inevitable hardships and sufferings of this war and not provide for the reelection of the candidates for Congress. They will take care of themselves.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. BORLAND. I ask for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. KEY of Ohio. Will the gentleman yield?

Mr. BORLAND. For a question.

Mr. KEY of Ohio. The gentleman from Pennsylvania stated that about \$25,000,000 of the present appropriation—

Mr. BORLAND. Oh, I can not yield for a discussion between two other gentlemen. I want to discuss briefly the insurance feature of the bill. I believe in the family allowance proposition; in fact, this House is committed to it. I believe in the indemnity for death and injury, because we are committed to that also in the compensation law now on the Federal statute books. This is the same principle, almost identically the same machinery. The question is about the voluntary insurance.

There are two views about that. One is that we ought not to have any insurance at all for fear the Government will get into the insurance business; and, second, that it ought to be a blanket insurance, compulsory and uniform on all the soldiers. The latter proposal violates my notion of the science of insurance. There are thousands going into the Army that do not feel the necessity of any indemnity, because there is no one dependent upon them. There is no reason why they should have a policy in favor of some distant relative, because it would be a mere gamble whether the relative got anything out of it or not.

Mr. IGOE. Will the gentleman yield?

Mr. BORLAND. Certainly.

Mr. IGOE. As far as life insurance is concerned, there might be, there may be, merit in the gentleman's argument, but this insurance includes indemnity to a man in the case of total disability.

Mr. BORLAND. That is included under section 3. Under section 3 full provision is made for indemnity.

Mr. IGOE. If the gentleman will permit—

Mr. BORLAND. Now, the question comes whether we should or should not do right and provide an additional indemnity in case the obligation of one soldier is heavier than another man.

Mr. IGOE. What I would like to suggest is if you want to prevent inequality and preserve the equities, why should not the Government give to all these men this accident or disability insurance? You say in the other case the man has no relatives. In this case every man certainly wants to provide for himself.

Mr. BORLAND. I am endeavoring to answer the gentleman's question. Voluntary insurance provides an additional amount of indemnity from any loss or injury that the man can purchase at cost rate. This is in addition, as I understand it, to the pension or indemnity that is provided in section 3. Now, the question the gentleman says is, Ought he be allowed to add to that indemnity? If that is true, it simply means increasing the indemnity or pension in section 3.

Mr. IGOE. I think they ought all to be put on an equal basis. I think it ought to apply to all and not simply to a man who has enough foresight within 120 days to pay so much a year, and exclude a man who, after 120 days, might want to take out this; and I think we ought to give it to him all during his service and let them elect after the service whether to continue it or not.

Mr. BORLAND. If I understand the gentleman's question, it is in reference to the soldier being shut off after 120 days, and I think that he and I agree on that. I think any time during the soldier's service he might be allowed to take this insurance. I have seen no particular objection to that, and I think I agree to it.

Now, I want to speak on the question of the right to take voluntary insurance in addition to the pension or compensation provided by law. It does not seem to me there is any discrimination about it. Insurance, in the first place, ought to be put at a rate every private in the ranks can pay. He can pay for the maximum amount of insurance which the Government is willing to give. So there is no discrimination about it. It just checks it up to the man whether there is a moral obligation upon him to take care of relatives in addition to what the law would do, and, if so, whether he is willing to pay that insurance.

Mr. COOPER of Wisconsin. Will the gentleman yield for a question?

Mr. BORLAND. I will.

Mr. COOPER of Wisconsin. I want to ask the gentleman a question I asked the other gentleman who preceded him.

Every man who has gone to France who is in our Army has gone knowing the present pension law would, if he were blinded there, give him \$100 a month. The pending bill proposes to give him if blinded very much less, \$40 less. Does the gentleman think that is right?

Mr. BORLAND. I do not think, Mr. Chairman, that we ought to take an isolated case, an extreme case, and compare it in reference to the bill. There is no question but what this bill is more liberal in its whole scale than the present pension law, and yet these gentlemen who are raising objections are the advocates and defenders of the present pension law.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BORLAND. I would ask for five minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman? [After a pause.] The Chair hears none.

Mr. BORLAND. They are the defenders and advocates of the present pension law. We have an extreme case where one man under some circumstances gets \$100 a month which he would not get under this act. I will say it is open to amendment, but it does seem to me that the existing pension law has also had this great defect, that it classes all men upon a blanket uniformity without regard to the number of dependents, without regard to the position in life, without any regard whatever to all the differentiating circumstances in the separate cases. It gives a man \$100 without knowledge of whether he needs it or not. I know a man who is drawing \$6,000 a year as a retired Federal judge and \$50 a month as a pension. I know another man who is drawing \$75 a month as a pension and \$6,000 a year as a retired circuit court judge and \$7,500 as a Member of the Federal Congress. Why, there is no equality or justice in the present law, and no man can defend it. Ten per cent of the amount that is now paid to foreign pensioners is paid to pensioners in Germany, Austria, Hungary, and Turkey, and yet no man can introduce a single solitary reform to the present pension law. I have attempted time and again to see that pensions were not paid to foreigners under the present law and taken out of the pockets of the American taxpayers, but no reform to the present pension law has ever been possible.

Mr. RUSSELL. Will the gentleman yield?

Mr. BORLAND. Certainly.

Mr. RUSSELL. I will ask the gentleman to state if he knows pensions are now being paid to soldiers of the Civil War who are in Germany?

Mr. BORLAND. I imagine there is no way of getting that money to them, but the money is accumulating here in the Treasury.

Mr. RUSSELL. Before the war came on we were paying to Germany—

Mr. BORLAND. We certainly were.

Mr. RUSSELL. About \$5,000,000 a year.

Mr. BORLAND. We certainly were. This insurance that is offered to these men is the plain-term insurance. It expires at the end of each 12 months and it has to be renewed. In other words, it is the plainest—

Mr. SWITZER. Will the gentleman yield?

Mr. BORLAND. I have not the time.

Mr. SWITZER. I will see that the gentleman gets the time. Just one question, and I will ask that the gentleman's time be extended. Does the gentleman mean by this argument that if a man obtains compensation under this law and 10 years from now moves to Germany and moves to Russia, if he wanted to go over there, or his mother was in England and he wanted to go there, would you propose to cut him off?

Mr. BORLAND. The gentleman knows my position about that, because I have argued on this floor repeatedly the injustice of a dollar of American pensions going abroad, and I intend to introduce an amendment every time I get a chance to do so to see that it does not. I do not think we ought to pay a dollar of the money of the American taxpayer to people who are not willing to live in this country.

On the question of this insurance business, if a man is in civil life and wants to buy insurance, he can buy plain term insurance at that age for about \$8 a thousand; but the minute he goes into the Army he can not buy insurance at a rate within his reach, for it runs up to \$50 or \$60 a thousand. The difference is in the war risk. That is the legitimate risk that the Government itself is attempting to take off his shoulders. It is taking away from him by his service in the Army the power to protect himself and those dependent upon him, according to the exigencies of his situation. He wants to buy insurance. He has a right to buy it, but by drafting him in the Army we have taken away his power to buy it. The Government owes him that right on the question of voluntary insurance. It does not owe him the right to force insurance on him, but simply the right to afford him facilities to obtain



it himself. He is not going to keep that insurance long after he gets out of the Army. It is the old kind of insurance that lapses if the policyholder does not pay the premium annually. It is not the kind of insurance that extends itself; it does not provide for so many annual payments. It is never paid up. It has no surrender value. It is the old kind of insurance. My judgment is that the fears of some of these insurance men that this is going to lead to a large number of men being insured by the Government and being taken out of the possible customers of private companies are not going to be realized. Rather the opposite is going to be the case. When a man has been taught the need of insurance and had it impressed upon his mind by the exigencies of his family in time of peril, he will be an insurance customer to the last days of his life. We have the right to give to these men who go into the service the same facilities, as far as we can, that they would have had if they had remained in civil life, and it is not going to be a matter of very heavy expense to the Government to do it. The Government is going in that way, as I believe, to take care of a great many losses scientifically and at the time they occur, which otherwise would have to be taken care of by private pension bills in the future.

Mr. ROSE. Will the gentleman yield?

Mr. BORLAND. I will.

Mr. ROSE. What do you think of a case of this kind, namely, where some of the young men who go to the war are carrying a policy in old-line companies? Suppose when they go to war they are unable to keep up the payments in the old-line companies, do you not think the Government should do something in cases of that kind?

Mr. BORLAND. That is a very good illustration. That is exactly in line with what I say. I know some young men in that condition, who are carrying policies that are being cancelled, and if they do not get insurance in this way the rate will be changed so it will be made prohibitive.

Mr. MADDEN. There are some policies where that is not true.

Mr. BORLAND. Yes.

Mr. MADDEN. Then we ought to pass a moratorium bill, it seems to me, to protect everybody who can not go to war and can not pay their debts.

Mr. BORLAND. That is another matter. But we ought to pass this bill, because this bill gives them opportunity to take care of themselves out of their own wages.

Mr. DECKER. Mr. Chairman—

Mr. PARKER of New Jersey. I am reserving a motion to strike out the section.

Mr. DECKER. Mr. Chairman, in order to get something before the House, if the gentleman is going to move to strike out the section, I move that he make the motion now.

Mr. PARKER of New Jersey. The debate was confined to that motion. I am ready to make that motion if no one has a motion to amend.

Mr. DECKER. Mr. Chairman, I would like to ask unanimous consent—

Mr. SWITZER. Mr. Chairman, I would like to have five minutes in this general debate.

The CHAIRMAN. The only motion so far made is to strike out the last word.

Mr. DECKER. I would like to ask unanimous consent to speak for 15 minutes.

The CHAIRMAN. Is there objection?

Mr. SWITZER. Reserving the right to object, can I not get five minutes following the gentleman from Missouri [Mr. DECKER]?

Mr. DECKER. You can get it so far as I am concerned.

Mr. SWITZER. I would like to have five minutes in this general debate.

Mr. HASTINGS. Mr. Chairman, I would like to have five minutes following the gentleman from Ohio [Mr. SWITZER] in the general debate. I have been here for three days.

The CHAIRMAN. Did the Chair understand the gentleman from Ohio wants to demand recognition immediately after the gentleman from Missouri? Let the Chair state the situation.

Mr. ADAMSON. Mr. Chairman, I wish to state that I want to be liberal to everybody who wants to speak, and I hope nobody will object to these three requests, but to-morrow I am going to see if we can not proceed with the consideration of this bill.

Mr. COX. Mr. Chairman, the record expressly states that I was to have 15 minutes.

Mr. ADAMSON. I will stand by the record, and I will include the gentleman from Indiana.

Mr. COX. If they are going to back up on this agreement, I am going to know whether there is a quorum here or not.

The CHAIRMAN. The gentleman from Wisconsin, by agreement of the House, which, of course, is binding on the Chair, has 23 minutes remaining. The Chair has on the list the names of a number of gentlemen who desire recognition under the five-minute rule, and the Chair expects to recognize those gentlemen in the order in which their names are listed here, following the usual custom, except, of course, under the rule that the members of the committee will be given preference.

Mr. ADAMSON. In securing that agreement Saturday evening, the gentleman from Indiana [Mr. Cox] and the gentleman from Ohio [Mr. Fess] were included; and I hope they will be allowed to speak before the rule is put into effect as to confining debate to the section.

The CHAIRMAN. The Chair will not put that into effect unless it is demanded.

Mr. RUSSELL. Mr. Chairman, I would like a quarter of a minute. I am one of the parties that the Chair has listed there to be heard this evening in general debate; but I am willing to waive any plan for this evening if I can have some sort of assurance from the gentleman in charge of the bill that I can have about 10 minutes when I offer an amendment.

Mr. RAYBURN. I would suggest, however, as to general debate, that there was no general debate except that which was allotted to the gentleman from Wisconsin [Mr. Esch].

Mr. RUSSELL. Is has been called "general debate," but there has been no real general debate.

Mr. HASTINGS. Mr. Chairman, the bill now before the House, commonly known as the soldiers' insurance bill, is as meritorious as any we have been called upon to consider at this session of Congress.

I have read both the majority and the minority reports and have attentively listened to the arguments both in favor of the bill and against it. The principal criticisms against the bill are:

First. The bill was considered by the Interstate and Foreign Commerce Committee and was not considered by the proper committee.

Second. It is to be administered under a bureau in the Treasury Department instead of a bureau in the Interior Department.

Third. There is some criticism against the insurance features of the bill.

It is not material what committee considered the bill. The question is, Are its provisions such as we indorse, and does it make generous provision for the soldiers who are entering this war? Nor is it material by what bureau the bill is administered. It will cost additional money to carry out the provisions of the law and it makes no difference what bureau administers it. As to the insurance feature, I think that is one of the best provisions of the bill.

The bill generously provides for the dependents of enlisted men and makes liberal compensation for disability or death. It provides for rehabilitation, reeducation, and vocational training for soldiers receiving injuries causing permanent disability. It also enables enlisted men to take out insurance at no greater rate than if they were not in the Army. The bill is an amendment to the war-risk insurance bill, and the law will be administered under the supervision of a director in the Treasury Department when passed. It is intended to take the place of pensions and appropriates \$173,150,000 in addition to appropriating \$100,000 for administering the provisions of the act.

#### WAR WITH GERMANY.

When we were last before the people we were at peace with all the world, and it was the fervent prayer of every patriotic father, as well as every loving mother, that we should so continue. We then discussed domestic affairs and the things that looked to our internal development, including agriculture, the distribution and marketing of crops, good roads, rural mail delivery, rural credits, and kindred topics. We are now confronted with far more serious questions.

On August 1, 1914, a war broke out across the sea and spread like a conflagration until it enveloped nearly all of Europe. The United States proclaimed its neutrality and did everything possible to keep out of it. For two and one-half years we succeeded. The President, with calm, patient diplomacy unequalled in the history of this country, succeeded in avoiding war. We were encouraged to believe that the end would come to the terrible conflict in the no distant future without our being drawn into it.

As in all wars, neutral rights were violated, and we entered vigorous protests. Lives of our citizens were taken on the high seas without warning, and at first excuses were made and apologies offered. About two years ago the *Lusitania* was sunk



without warning, and the civilized world stood aghast. Among the passengers going to a watery grave were 115 American citizens.

A demand was made on the Imperial German Government by the United States to define its policy with reference to the use of submarines, and that Government was then informed if such a policy was to be followed longer it would lead to the severance of diplomatic relations and the holding of that Government to a strict accountability. Everybody applauded the diplomatic victory of the President, and our Government was assured of a discontinuance of the submarine policy of Germany.

This continued until January 31, 1917, when, without previous notice, our Government was warned that the submarine policy of Germany would be renewed again on February 1, 1917, against all vessels within a certain prescribed zone around the British Isles and in the Mediterranean Sea. This led to the severance of our diplomatic relations. There was no other course open for our country to pursue, because Germany had admittedly become an outlaw upon the high seas. The American people still hoped that this would not lead to war and that Germany would not in fact pursue the policy of destroying the lives of neutrals or the sinking of vessels without warning in admitted violation of international law. However, since that time, ship after ship flying alien flags and the flag of the United States has been submarined without warning and 226 Americans have lost their lives. This was murder as much so as if Germany had invaded the United States and killed our citizens on our own soil.

#### THE CAUSES OF THE WAR.

The murder of Archduke Ferdinand on June 28, 1914, was the excuse and not the cause of the war. (Exhibit 1.) Intensive preparations had been made by the Prussian autocracy for a quarter of a century or more. Few people would agree as to all the causes of the war. It would require a careful study of the history of all the European countries; their treaty alliances, the wars for the past half century, the adjustments that followed, the annexations of territory, and money indemnities exacted. To more fully understand the situation, racial and religious conditions must be inquired into, the desire for territorial expansion, including outlets to the sea, the foreign possessions of the European nations, and particularly trade relations and commercial jealousies. The people of Alsace-Lorraine have their eyes turned toward France, those in Poland want their freedom, and Bosnia and Herzegovina resent the treachery by which they were placed under the domination of Austria-Hungary and afterwards annexed by that country in violation of solemn treaties. There is a seething unrest among the nations of the Balkan Peninsula, a desire cherished by some of them at least to form a confederacy for their mutual benefit, to increase their importance very greatly, and to insure their protection against their treaties being violated and their countries being dismembered and annexed.

It must be remembered that Serbia, Roumania, and other Balkan nations lay athwart the commercial path of Germany and her ally, Austria-Hungary via Constantinople and the East.

Innumerable questions, great and small, and many complications impossible to enumerate inspired the preparations that resulted in the bloodiest war and the most appalling that ever shocked mankind. All these causes and others contributed in varying degrees to bring on the conflict, but the judgment of the best thought is that the one principal controlling cause of this war is the overweening ambition of the Kaiser and the military autocracy of Prussia to dominate the world.

The murdering of the heir to the Austrian throne by the Serbian student, Gavrilo Princip, was the fuse, the lighting of which was the signal to set vast military forces of Central Europe in motion. The Kaiser was willing to adopt any excuse for deceiving the German people into supporting his ambition to destroy democracy and to rule the world. The evidence is indisputable that German autocracy caused this war. Germany knew, approved, and inspired the ultimatum sent Serbia by Austria-Hungary. (Exhibit 2.) It made demands that no independent nation could accept and retain its sovereignty. (Exhibit 9.) All were quickly conceded, save one—to allow Austrian judges to sit in the Serbian courts and try the people charged with conspiring with the student who killed the archduke. Serbia could not yield to that demand, but offered to leave it to arbitration.

An opportune time was selected to make the demand for acceptance within 48 hours; the Russian ambassador was temporarily absent from Vienna, so that his Government could not be promptly notified; President Poincaré, of France, ally of Russia, was away from Paris; and the Kaiser made it convenient to be absent from Berlin and hard to find. All these circumstances made it difficult for Sir Edward Grey, acting on be-

half of Great Britain and joined by Russia and France, to secure an extension of time of Austria within which Serbia could answer the ultimatum, and failing in that to secure an agreement to leave it to arbitration. The Kaiser refused to join in preferring this reasonable request.

Austria then invaded Serbia. Russia declared war against Austria. On August 1 Germany declared war against Russia, and on the next day demanded of Belgium a right of way through that neutral country into France. Belgium refused, and on August 3 Germany declared war against France, giving as an excuse that some French aeroplanes had flown over the border, and began an advance on France through Belgium. On August 4 Germany declared war on Belgium. When Great Britain saw that Belgium was invaded and her neutrality violated, she declared war on Germany, and thus the greatest war in history was started.

#### BELGIUM.

Belgium was a neutral country at peace with all belligerents and Germany was under solemn treaty obligations not to invade her territory. Belgium had an area of 11,373 square miles and a population of 7,423,784 in 1910, or a country about one-sixth as large as the State of Oklahoma but with a population something like three times as great.

The treaty was regarded as no more than a "scrap of paper," and this numerically weak but gallant nation was brutally overrun, its territory laid waste, its fields devastated, its cities burned, its churches, hospitals, and universities leveled to the ground, and outrages perpetrated against the people so shocking, brutal, inhuman, and appalling as to beggar description.

Authentic reports give innumerable details of women being outraged and violated, of old and decrepit men being murdered, and of hundreds of children being killed, their bodies mutilated, their limbs dismembered.

I want to plead with our chivalrous American boys who worship their mothers and the ideals of our country, when they get to Europe to remember the barbarous outrages perpetrated upon the poor Belgians.

England came into the war, as did her ally Japan, not for conquest and not for gain but in defense of the Belgians, because she was under treaty obligations to do so.

#### WAR RESOLUTION.

When every means known to diplomacy had failed to protect the lives of our citizens the President called Congress to meet in extra session on April 2, and submitted to it in a memorable message the entire controversy. On April 5 the House passed by an almost unanimous vote a resolution declaring that a state of war existed with Germany. There was no other course to pursue. This Government could not with honor permit the lives of American citizens to be taken in violation of international law. I voted for this resolution.

In these circumstances what else could be done? Our plain, undisputed rights on the seas had been violated, our ships had been sunk, our property rights had been destroyed, and American citizens—men, women, and children entitled to the protection of our Government—were sent to the bottom of the ocean in torpedoed vessels. They should always be safe under the folds of our flag. Is this Government, great and powerful as she is, going to submit to these outrages and insults? What answer do you think the men who fought at Bunker Hill and Yorktown and who suffered at Valley Forge would make? Are we who follow after them less courageous or less deserving?

We all love our country and we love peace, but no self-respecting American citizen can stand idly by and see his country's rights assailed, its people murdered, its Government insulted, and its flag held in contempt. For me and mine, I am willing to make any sacrifice in its protection. (Exhibit 3.)

Our great President tried in every possible way to avert this war through negotiations. Germany admitted that we had the right to the freedom of the seas and that it was a violation of international law to sink our ships and murder our people. She spurned our rights, held international law in utter contempt, and gave notice on January 31, 1917, that she was to become an outlaw on the high seas and sink all ships crossing a certain prescribed zone without warning, regardless of international law. Under these conditions, after doing all he could, the President, on February 3, 1917, submitted the matter to Congress, expressing the hope in his memorable message that German autocracy would not by an overt act destroy the property and endanger the lives of neutrals.

Even then Congress did not declare war, hoping and praying that it might yet be avoided. Congress adjourned on March 4, and the Members had not reached their several homes until reports came that ships flying our flag had been sunk and the lives of American citizens sacrificed. Following one after another, ship after ship was torpedoed, until a total of 1,276 merchant



vessels were sunk, of which 425 were under neutral flags and 15 of them were flying the flag of the United States. A total of 226 American lives were sacrificed. I ask any self-respecting, peace-loving, law-abiding citizen of this Republic what else your President and responsible head of the Government could do in these circumstances except to reconvene Congress and ask it to pass a resolution declaring that a state of war existed with Germany? (Exhibit 8.)

It must never be lost sight of that we were at peace with all the world; that we were trying in every way to preserve our neutrality; that we were carrying on our commercial pursuits, as we had a lawful right to do; that Germany was the aggressor; that we had asserted our rights time and again as vigorously as they could be presented; that Germany defied all the neutral nations on earth; that she persisted in violating international law when it suited her convenience; and that she openly gave notice she was going to be an international outlaw and proceeded to carry such policy into effect by sending to the bottom of the ocean our men, women, and children.

Is there any man within this Republic, I care not how much he loves peace, who will not defend himself or the lives of the members of his family dependent upon him? Germany told this powerful Nation, the Government for which Washington sacrificed so much, for which he and his brave soldiers fought to see established, and for which Franklin and Jefferson and Hamilton wrought, that a zone proscribed around the British Isles and the Mediterranean Sea was closed to all vessels of the neutral nations of the world. No self-respecting nation could submit to such humiliation. No government worthy of a name would permit its citizens to be murdered without coming to their defense.

We love our flag and the circumstances that gave it birth. Annual exercises are held commemorating its natal day on June 14. Our memories are refreshed as to its being selected by a committee with Washington at its head and as to the first flag being made by Betsy Ross 140 years ago. As the years go by and we stand and gaze upon the flag of our country and think of the hardships endured, the privations and suffering of our Revolutionary ancestors, who made it possible for us to secure our liberty and establish here the greatest Republic of freemen on earth, we should reconsecrate ourselves to its service. We should see that no autocracy on the globe insults it with impunity.

The 13 stripes, alternating red and white, represent the original 13 Colonies, and the stars, now 48, on the field of blue, represent the States banded together in an indissoluble Union, whose citizens, I am sure, are as ready now as they were in 1776 to risk all, endure all, and suffer all in defense of the flag and the ideals of our country.

We did not seek this war and were driven to the last extremity to which we could go with honor before entering it. We have now turned about face and this contest will not be ended until we are assured that our rights and the rights of all allied neutral nations, great and small, are safe from an international outlaw, bandit, and murderer.

We have no fight upon the German people. There are no better citizens of this Republic than those of German descent. They are thrifty, law-abiding, and industrious. They have done much to help develop America. We welcome them to our country. Our fight is not against them, but against the autocratic Prussian rulers, who are attempting to dominate the world. There is no doubt now but what if the plain people of Germany could get first-hand information, so that they would know the truth, they would rebel. If they then had some adequate way of carrying their wishes into effect their rulers would be set aside and men the civilized world could trust would be selected to represent and govern them and an enduring, lasting peace established. However, they can not know the truth now, due to a censored press and the might of the military caste of Germany.

It has been urged that war could have been avoided by our abandoning our rights upon the seas and by our citizens not going aboard ships destined across the ocean. If our Government had submitted to our commerce being swept from the ocean and American citizens prohibited from going where they have a lawful right to travel, it would have merited the contempt of the civilized world. Are we to permit an international outlaw to define the rights of American citizens? If our Government is not powerful enough to protect the honor and dignity of Old Glory wherever it floats, then indeed shall all semblance of respect for it disappear.

What would have been the result had our commerce been stopped? Three-fifths of it goes through the zone prohibited by the Imperial German Government. The people of this country saw the effect of not having a foreign market in the fall of

1914, and the people of the South felt it more acutely than any other section. At first, there was absolutely no market at all for cotton. The farmers, most of whom owed money secured by mortgages on their crops, were unable to meet their obligations, and many of the smaller merchants were forced into bankruptcy before a market for cotton was restored. When the market first opened, it sold for 5 to 6 cents per pound; and later, when Congress passed the war-risk bill, which insured the trade safe transportation across the sea, the price of cotton and other agricultural products, as well as manufactured goods, began to rise, so that the farmers of the Nation receive a fair price for their crops.

What I want to emphasize is that without a foreign market and without our products being shipped across the ocean, our home markets are not sufficient and our home consumption is not great enough to insure fair prices for home products. What is true of farm products is also true of manufactured goods. Without a foreign market we would have industrial paralysis, business stagnation, labor thrown out of employment, and bankruptcy, with financial ruin on the one hand and misery, starvation, and suffering on the other. Why should these conditions exist? Shall we allow these conditions to be brought about because an autocratic outlaw and a merciless autocracy temporarily rule the German people? Remembering the circumstances that gave this country birth, the sacrifices that were made and hardships that were endured, shall we not assert our rights, protect the liberties of our people, and give notice to the world that while we are a peaceful Nation no government on earth can violate our sacred rights, murder our people, and dishonor our flag.

#### THREE WARS.

Everything points to the fact that the military autocracy of Germany cherished the ambition of ruling the world and expected to do so by winning three wars. (Exhibit 4.)

First. With her ally, Austria-Hungary, completely under her domination and using the assassination of the archduke as an excuse and knowing that Russia would come to the aid of Serbia and that France was treaty bound to assist Russia, Germany expected to overrun the smaller Balkan countries, fall upon unprepared France, besiege and capture Paris, and with a quick stroke bring Russia to her knees. This would let her dominate continental Europe. She did not expect England to enter the war; and with England out it was not anticipated Japan, her ally, would enter it. However, England was under treaty obligations to preserve the neutrality of Belgium; and Germany made the mistake of invading that neutral country in its brutal, mad onrush into France.

Second. Germany expected as her second war, after having conquered continental Europe, with her own navy and with that of France to attack Great Britain, surround her in submarine warfare, and conquer her and Japan, if the latter came to her relief as she is bound under treaty to do.

Third. With the powerful fleets thus acquired, the third war would have been with the United States. We are now joined with about 20 other nations as our allies in defending ourselves against a military autocracy and international bandit. I am sure that when this war is ended provision will be made for disarmament and an international army and navy, with power to enforce international decrees, which will result in an enduring and a lasting peace.

#### OTHER CAUSES OF WAR.

This is not all. Not only was our commerce destroyed, our ships sunk, the lives of our citizens taken, our Government insulted, and our flag dishonored, but when our President was using all the diplomacy possible to compose differences and avert war, preserving neutrality, cautioning and warning our people to commit no unneutral act, when the patience of our people was strained to the breaking point, agents under the direction and in the pay of representatives of the Imperial German Government, while protesting friendship for our Nation, were meddling in our domestic affairs, stirring up strife among our people, inciting strikes, dynamiting property, and encouraging law violations. Over and above all, these inspired and trusted agents were plotting with Mexico in the throes of a revolution to the south, advising a coalition with Japan to make war upon the United States, and holding out as a reward the annexation of Texas, New Mexico, and Arizona to Mexico. Disclosures within the past few months abundantly sustain these statements. No nation could tolerate this treachery and treason.

We all dread the horrors of war. We love peace. Every Member of Congress keenly felt and gave expression to the awful responsibility resting upon him when the war resolution was up for consideration and passage. We realized the fearful



consequences; the hardships that must be endured, the sacrifices that would have to be made, the lives that would be lost, the financial burdens that must be borne, and the awful results in other ways, but every means known to diplomacy had failed, and there was no honorable way of escape except to accept the challenge and defend our Nation against insults and our people against murder.

#### SPECIOUS ARGUMENTS AGAINST WAR.

All the wrongs committed and the outrages perpetrated, to which I have invited attention, must be admitted, and can not be denied. Those who oppose the purposes of the Government are not without ingenious argument. (Exhibit 10.) They are able, skillful, and resourceful. To disagree with them and to dispute their statements and to controvert their logic does not necessitate impugning their motives or assailing their integrity.

The seasoned debater too often attempts to divert attention from the leading salient points. He enlarges and dwells on minor details. He almost always only half states the facts, and invariably appeals to the passions and prejudices and the avarice of his audience.

The skillful lawyer turns from the main points in the evidence which are against his client and too frequently resorts to abusing the witness on minor points in the hope of throwing dust into the eyes of the jury and leading their minds away from the main facts in the case.

This was never better illustrated than in the speeches made on the present war. No one denies that our commerce was destroyed in violation of international law; that helpless men and innocent women and children were murdered; that spies infested our country; that factories were blown up; and that German agents plotted with Mexico. It is admitted that diplomacy was exhausted and that nothing was left but war or cowardly submission.

It is urged that other nations, particularly England, violated some of our treaty rights and caused vexatious delays in carrying on our commerce and the loss of some of our property. Granted that this is true. In every war there is always some loss of property and extended controversy over the construction of points of international law. These matters can all await adjustment until after the war is ended.

The alleged wrongs of one nation do not justify another nation's wrongs. We could have and would have postponed the settlement of the question of property rights with Germany until after the war was over, but not the murdering of our people in admitted violation of law. I have but pity for the person who can not draw a distinction between the destruction of property and the sending of human beings to a watery grave.

It is urged that dastardly outrages were committed against our citizens in Mexico, all of which are to be condemned in unmeasured terms, but that was in the throes of a revolution, and the outrages were not traceable to the paid agents of the recognized Government of Mexico. Our people were murdered by agents of and under the instruction of the Imperial German Government, and that Government is responsible to our Nation for it.

It is urged that we are restricting the right of free speech and the freedom of the press. The greatest latitude is allowed in criticising men and measures and the administration of affairs by the Government. I believe in free speech and wholesome criticism and the widest publicity. The people should be informed as to every detail, if it can be done with safety. They understand that many things connected with the conduct of this war, including the movement of troops, the kind and amount of guns, ammunition, and other material, as well as hundreds of other things, must be kept secret for military reasons. It must be remembered that the right of free speech does not carry with it the right to advise anyone not to obey any act of Congress. To do so is a felony.

Then there are constitutional objectors. They are the most numerous of all. When every other reason fails, it is always safe to hide behind the Constitution. There is but one place to attack the constitutionality of an act of Congress, and that is in the courts. This right is reserved to everyone, and instead of encouraging disobedience to an act of Congress on the ground that it is unconstitutional, the jurisdiction of the proper court should be invoked. (Exhibit 5.)

Then there is the familiar argument advanced that our Government before entering the war was unneutral, and was selling food and supplies, particularly munitions, to the allies. Our Government, of course, sold to no one, but our citizens and manufacturers sold to all purchasers. The central powers were necessarily restricted in their purchases, because of their inability to secure safe transportation across the Atlantic Ocean. The selling of munitions was not an unneutral act. Germany sold munitions to all belligerents in every war for the past quar-

ter of a century. Germany sold munitions to both belligerents in the Boer-English War and the Spanish-American War, as well as to Mexico when the United States was having difficulty in assisting to restore order in that republic three years ago.

You hear it frequently stated that we should not send troops to Europe, as this is not our war, we are not mixed up in European affairs, and we should wait until we are attacked on our own soil. Such persons forget that we are now defending ourselves and that Germany attacked our Nation first by sinking our ships, destroying our commerce, and murdering our people. This is a defensive war against those attacks. Belgium, Russia, France, and Serbia waited until they were attacked, their countries overrun, their cities destroyed, and their people outraged. This is what some advise in the United States. If we are compelled to wage war against the greatest military autocracy in defense of the lives of our people, we should welcome cooperation and assistance of our allies in making a common cause in this war. If with the assistance of four-fifths of the nations of the world in point of area, population, and resources, we are unable to win this war, certainly we would not be successful if we should withhold our support and permit the central powers to conquer the nations of Europe singly, after which with the added strength and power of their navies they will come across and attack us.

Again, the persons who use this argument are cowards at heart. The distress of others does not appeal to them, and if the German Army and Navy were to come across the sea they would insist upon waiting until their particular State was attacked, then their county, then their own township, and at last their own home. While we deplore the necessity for this war and deeply regret that we were forced into it, now that we are in it, each nation is in honor bound to do its part toward carrying it to a successful conclusion. If we must fight in defense of the life of our Nation, we should welcome the assistance of France, Great Britain, Russia, Italy, Japan, and our other allies.

Then it is asserted that we have enacted much drastic legislation; that in a fight for democracy we may sacrifice some of the liberties of the people at home. It is true that we have enacted much legislation of this character, but in time of war concentration of power with authority to act quickly is absolutely essential.

Again, there is the appeal to the cupidity of those who want to coin money out of the blood of their fellow citizens, who want to enrich themselves in this their Nation's crisis, and who place dollars above patriotism. They do not want to bear any of the financial burdens in the way of paying additional taxes which the war necessitates.

Another way is to work upon the prejudices of the people. It is urged that this is a rich man's war, and that eastern capitalists started it, in order to make millions of dollars out of it. Figures are cited to show that munition makers and certain corporations have declared enormous dividends. Large increases are recounted and the unfortunate condition of some of the poor is contrasted. Everyone knows that we went to war in defense of the lives of American citizens, some of whom had been brutally and cruelly slaughtered by the torpedoing of ships flying our flag. No sane man will in seriousness contend that the wealthy men of this country were in league with the Kaiser in destroying the lives of our people. The enormous profits were largely made from contracts with foreign governments before our entrance into the war. Congress has enacted legislation giving the President power to fix the price of all necessities, which will greatly reduce profits, and we have largely increased the tax on incomes and excess profits, so that the rich men of the country will, as they should and as they never did before, bear the greater part of the financial burden of this war.

All kinds of ingenious arguments intended to array one class against another will be advanced—the rich against the poor, the laborer against his employer, the farmer against those who live in cities and town—and many mistakes of administration will be found and held up to criticism. Some supplies which have to be quickly purchased in large quantities will cost very much more than in normal peace times. I do not condone or apologize for any mistake or blunder, administrative or otherwise. I condemn them one and all. Our officials should be given wide latitude, because they must act quickly. However, they should be held to strict accountability. I denounce and condemn the making of large profits in this war of every kind and character. We enacted legislation giving the President plenary authority. He can not do everything at once or in one day. He is proceeding cautiously after being fully advised. As he proceeds, I have confidence that many mistakes will be corrected and enormous profits reduced.



It is argued that we have enacted much drastic legislation. We have, but it is war legislation. Most all of it contains provisions that the law shall not be operative after the war is over.

#### LEGISLATION.

A war can not be fought simply by making a declaration. There must be men to fight and money to supply food, clothing, and other munitions of war. The expenses incident to a great war are staggering in the aggregate. The war resolution passed the House by a vote of 373 to 50. It passed the Senate by a vote of 82 to 6. On April 14 the House passed an act authorizing the issuance of \$5,000,000,000 in bonds and \$2,000,000,000 in certificates for the purpose of conducting the war to a successful conclusion. This bill passed both the House and Senate unanimously. The House on September 6 unanimously and without a roll call authorized a second emergency-bond issue of \$7,538,945,460. Of this amount all but \$4,000,000,000 has been authorized to be issued by the act above referred to. In addition, the bill authorizes the issuance by the Secretary of the Treasury of \$4,000,000,000 worth of certificates of indebtedness, payable within one year from date of issue, and \$2,000,000,000 worth of war savings certificates maturing within five years from the date of issue. The short-time certificates were authorized to make cash immediately available, anticipating the revenues to be collected under existing law and pending legislation. It authorizes the raising and expending of the largest sum of money of any measure passed by a legislative body in the world.

In addition, we increased the pay of enlisted men from \$15 to \$30 per month; existing law provided for an increase of 20 per cent for foreign service; so that an enlisted man in Europe now gets \$33 per month. These and other large appropriations indicate the liberality of Congress toward the enlisted men in this war.

We voted large appropriations for the Army and the Navy, and greatly increased the number of enlisted men in the Navy and the Marine Corps.

It was necessary to raise an army. We had no army of any size, and everybody agreed that our Military Establishment should be increased, the only question of difference being whether it should be done by the selective system or the volunteer system. Recognizing that every citizen of military age owed an obligation to this Government and should perform military service, the military authorities favored the selective system. Every country in the civilized world has it and every one recognizes that it is an absolutely fair method. We boast that our Government guarantees equal protection to all alike, and I insist that there is a corresponding military obligation upon every citizen of this country to serve it and to defend its honor. All the European countries without exception require some military service. England was compelled in May, 1916, to resort to it. Canada has recently passed a compulsory military-service law. The South in 1862 was forced to pass a conscription act, as did Congress in 1863, applying it to the Union soldiers. Without the selective system, service in the Army would be voluntary, and I am sure that subsequent events have conclusively demonstrated the wisdom of the selective system, and that it would have been difficult, indeed, to have gotten an efficient army without the selective system. It recognizes no distinction. It requires all between the ages of 21 and 30, inclusive, to render military service, if not physically exempted. I personally witnessed the drawing which took place in the room of the Committee on Military Affairs of the Senate, and am sure the entire country is confident that it was absolutely fair, and that there was no discrimination.

Lincoln urged and Congress passed a conscription act in 1863. President Wilson, the Secretary of War, every Army officer, the governor of every State, the adjutant general of every State, ex-Presidents Taft and Roosevelt—all familiar with the military history of our Government—strongly advocated the selective system.

Washington and Jefferson, in messages and letters, strongly recommended it. (Exhibit 6.)

#### FOOD LEGISLATION.

We passed two food bills—one known as the food-survey bill, that provided for an inventory of food products, and the other known as the food-control bill, about which so much has been said and written until the public is fairly familiar with it. Its scope was enlarged so as to include food, feed, fuel, and articles required for their production. This legislation is drastic, and confers large powers upon the President, but is only temporary, ending with the war. This war can not be successfully fought without food in great abundance for our soldiers and allies, without clothing, and without munitions of

all kinds and the material and ingredients necessary to make them. This legislation has three main purposes:

(1) To stimulate food production, and to that end a minimum price of \$2 per bushel for wheat was guaranteed for the crop of 1918. The farmers who sow wheat this fall are assured of at least \$2 for all the wheat grown next year. It is believed that this price, about two and one-half times the average price in peace times, will cause a very large acreage to be sown and a much larger production. In Oklahoma on October 1, 1916, 73 per cent of the wheat grown last year had been marketed at an average price of \$1.05 per bushel.

(2) The act makes it unlawful to hoard, monopolize, willfully destroy, or engage in discriminating or unfair practices for the purpose of enhancing the prices or restricting the supply, distribution, or manufacture of any necessities. Under this legislation the President is authorized to prohibit options and transactions on boards of trade. He is given plenary power to correct all abuses. There has always been too great a difference between the price received by the producer and the price paid by the ultimate consumer for food products, and the purpose and intent of this legislation is to do away with this evil and permit the Government through its representative to fix a price and purchase these products direct. An appropriation of \$150,000,000 is made for this purpose, which will be adequate, when it is remembered that this purchasing agency will also purchase for all our allies. To win this war, it is as necessary our allies be supplied with food, clothing, and munitions as it is to supply our own soldiers.

(3) It authorizes the President to place an embargo upon the exporting of these articles. Of course everyone understands that this is done for two reasons, (a) that our supplies may be conserved for ourselves and our allies, and (b) to prevent them going through neutral countries to our enemies, the central powers. While statistics do not show that Germany is importing direct from the United States wheat, cotton, meats, and other food supplies, yet they do show that exportations to the neutral countries adjoining Germany, including Holland, Denmark, Norway, and Sweden, have increased enormously, and that they now import almost as much in the aggregate as went to them with Germany and Austria included prior to the beginning of the war in 1914.

I believe our farmers are as patriotic as any other class of people; that they are willing to make some sacrifices; and that they appreciate the necessity for some legislation along this line. Everybody knows that labor is higher; that the things which the farmer buys are higher; that the things which they live on are higher; and that they should, therefore, receive a fair price for their farm products. On the other hand, we are calling millions of men to the colors. We must help feed our allies. A great army of consumers, including laboring men, throughout the country must be looked after. All these conditions made it necessary to enact legislation to prevent cornering the market and stock gambling in order to support our soldiers and prevent starvation at home.

Again, let me remind the farmers of this country that in September and October, 1914, cotton had no market, and when the market did open it sold at 6 cents per pound. Wheat was worth 65 cents per bushel and corn sold for about 35 cents per bushel. Now cotton is selling for 22 cents to 25 cents per pound, according to the grade; wheat at \$2.20 per bushel; and corn for \$1.50 per bushel.

In all past wars and in all emergencies the farmers of the country have shown themselves equal to the occasion. Most of the great men in civil and military life have come from the farm, where they breathed the air of freedom and were taught lessons of patriotism. I can not believe that the farmers of this country to-day are less loyal to their flag than the brave men who followed and starved under Washington in Revolutionary days, who fought under Old Hickory in 1812, who marched to victory with Grant, or who went down to defeat under the gallant Lee. They deplore the necessity for this war, and every single one of them deeply regrets it, but being in it I am sure they are ready to make every reasonable sacrifice.

Congress passed an act increasing the number of members on the Interstate Commerce Commission and gave it much greater power to regulate the transportation facilities of the country, the necessity for which, I am sure, is apparent to all in this emergency.

Congress passed an act to increase the shipping facilities of the country. It provides for a shipping board, giving it powers to build and commandeer ships and to regulate water transportation, much after the authority given the Interstate Commerce Commission in regulating transportation on land by railroads in the United States. All the leading countries of the



world have lost so heavily on account of submarine sinkings that this law is necessary. It is imperative that troops be transported across the sea as well as food and supplies of all kinds for our soldiers and allies, and that transportation facilities across the Atlantic be enlarged in every possible way.

#### AEROPLANE SERVICE.

There was appropriated \$640,000,000 for the Aeroplane Service. This is a new kind of warfare and but little used in any previous war. We are planning to build and equip them in large numbers. Work is being expedited upon them as much as possible and men are being trained to use them in schools all over the United States and France. Already we have been thrilled with the great success and daring of many of our brave American boys in attacking and bringing to earth German aeroplanes. Aeroplanes are to play an important part in this and future wars, if they do not prove a controlling factor. They can now quickly ascend to an altitude of 18,000 or 20,000 feet. Their principal use is threefold:

(1) To make a complete survey of the country, including the location of the enemy troops, estimate their number, the formation of their lines, their trenches, and report such information by wireless or in person to headquarters for the immediate use of the allied commanders. They also photograph the enemy's lines, troops, and so forth, when on these flights.

(2) Their second use is to beat back, assault, and destroy all enemy aeroplanes, so as to prevent them from getting information with reference to the location and distribution of our troops for the use of our enemies.

(3) The third use to which they are put is to drop bombs and other explosives upon the armies in the field, their supply bases, their naval bases, and their cities, setting them on fire and destroying them. Many people wonder why they are not put to this last use with greater effect. It must be remembered that as aeroplanes are being constructed to rise to greater altitudes, anti-aircraft guns have been invented to destroy them at 10,000 or 12,000 feet. It is therefore necessary that the aeroplanes stay at such a height as to be out of reach of these guns, which makes the dropping of explosives and projectiles uncertain. At the present time their use is regarded much more important from a military standpoint in securing information with reference to enemy lines and locations and for beating back enemy aeroplanes engaged in the same work.

#### WAR-REVENUE BILL.

Perhaps the most difficult legislation we had to enact was the war-revenue bill. It is much easier to spend money than it is to make it. It is much easier for Congress to appropriate money than to accumulate it through tax gatherers into the Treasury Department. Members of Congress receive all kinds of advice as to the purposes for which money should be appropriated in order to carry the war to a successful conclusion, but they also receive many suggestions about taxing all kinds of business, other than that in which the writers are engaged.

There are two theories as to how revenue should be raised in war time. One advocates a large bonded indebtedness, and the other advocates the raising of a large amount by taxation. Of course, all debts contracted must be paid at some time, and whether they are paid from moneys received now or from the sale of bonds, the people must pay these taxes in the end. We found our allies in straitened financial circumstances. It became necessary to lend them financial assistance, in order to make them effective in the war. We did this and pledged our own credit. The war-revenue bill provides for raising a part of the expenses of this war by the sale of bonds, and a very large part by taxation. A large part of these taxes, as provided in the bill, is to be paid on incomes, by corporations, on excess profits, on inheritances, on liquors, and on tobaccos. I believe that a large part of the war indebtedness should be paid by the present generation. I supported the theory that if we conscript the boys of the Nation for the Army to defend the honor and glory of this Republic, we should conscript the wealth of the Nation through the income tax, excess profits tax, and inheritance tax, to pay the expenses of conducting the war.

Let me call your attention to the war profits of several of our large business concerns for the year 1916:

United States Steel Corporation	\$207,945,953
Bethlehem Steel Corporation	53,715,041
Anaconda Copper Mining Co.	39,087,187
Utah Copper Co.	32,174,480
American Smelting & Refining Co.	11,158,084
B. L. du Pont de Nemours & Co.	76,581,729
General Chemical Co.	9,700,191
Central Leather Co.	12,016,397
American Sugar Refining Co.	4,211,403
Republic Iron & Steel Co.	11,687,863
Standard Oil Co. of New York	20,425,510
Corn Products Refining Co.	3,798,892

Of course they are profits made prior to our entering the war and before the President was authorized to fix the price of many of their products, but their profits will continue to be great. I favor the taxing of large incomes and large profits such as these, the raising of taxes from estates, the collection of additional taxes on liquors and tobaccos, but voted against all the stamp and consumption taxes contained in the bill.

These profits will be much larger this year than in any subsequent year, and we should collect a larger per cent from war taxes during the continuance of the war, because the Government will be unable to get so much at the same rate after the war closes. The Government will then be compelled to raise a large amount from a greater number of people, which will cause the burden to fall more heavily upon the masses, including those less able to pay.

It is not a sound argument to say that all the money to meet these staggering appropriations should be raised from the sale of bonds and their payment passed to another generation. I favored and voted for an increase in the income tax and increased war profits taxes. The thought of our country in this critical time should not be centered on hoarding and accumulating wealth, but individuals, companies, or corporations should consider themselves fortunate if they are able to continue through this war without financial loss.

The war-revenue bill passed the House on May 23, 1917, by a vote of 329 to 76, and the Senate by a vote of 69 to 4. As it goes to conference for adjustment of differences between the House and the Senate, it provides for raising more revenue than any single tax bill in the history of the United States. It is estimated that it will raise approximately \$2,404,520,000, as follows:

Income taxes	\$842,200,000
War profits	1,060,000,000
Liquor	218,000,000
Tobacco	56,000,000
Transportation facilities, public utilities, etc.	146,700,000
Excise taxes, autos, etc.	41,000,000
Admissions, etc.	18,000,000
Stamp taxes, etc.	22,000,000
Virgin Islands products	20,000
Total	2,404,520,000

It will be seen that nearly all of this revenue is gathered from wealth. Incomes and war profits contribute \$1,902,200,000, and adding to this liquor, tobacco, transportation facilities, public utilities, and so forth, as well as excise taxes, including autos, and so forth, the entire amounts aggregate \$2,364,500,000, leaving only \$40,020,000 to be collected from other sources. Of this last sum only \$22,000,000, or less than 1 per cent, is collected from stamp taxes, much of which are paid by the wealthy.

This analysis of the bill clearly shows that approximately all the taxes collected under this war-revenue bill are paid by wealth. This is as it should be and the above amount of \$2,404,520,000, estimated to be raised in the present bill, is in addition to \$1,300,000,000 raised under existing law, making a total under existing and pending legislation of \$3,704,520,000.

#### COMPENSATIONS.

While we deeply deplore the necessity for this war and look with horror on the slaughter of so many men, the devastation of cities and towns, and the wholesale burning and destruction of property, there are some compensations to the gallant, patriotic men of our country, who are courageous enough to come to its defense and who return with an honorable discharge. It was an inspiring sight to witness the President, Members of Congress, and Senators join in the parade down Pennsylvania Avenue in Washington on September 4 in honor of the boys drafted into the military service of the United States. We honor ourselves when we do them honor. While this was a scene long to be remembered, imagine, if you will, the enthusiasm with which they will be received in every city and town throughout this Nation upon their return.

The discipline in the Army will rescue many a young man from a life of ease and indifference. It will appeal to his manhood and awaken patriotic impulses in his breast. The opportunity for service will be embraced by countless thousands, and the new responsibility will develop and strengthen them as well as open up entirely new conceptions of life and duty.

We have no better illustrations than Grant and Sherman. Both graduated from West Point. Both served in the Regular Army and left it. Both had gone into other callings and had not succeeded. Grant had done a little of everything—farm work, the tanner's trade, clerking in a store, and finally hauled wood for a living. When the war broke out he enlisted and was given a minor position. The discipline in the Army and the responsibility placed upon him developed him, and the remainder of his



military career is familiar history. He was elected the first President of the United States after the close of the Civil War and was the youngest man to attain that honor.

Sherman tried every kind of a business pursuit, including banking and the commission business. He afterwards opened a law office, but without success; and when the war came on he was teaching school in Louisiana. After the close of the Civil War, and Grant became President, Sherman was appointed to command the entire Army of the Republic.

Innumerable examples might be cited to show where the discipline of the Army makes one feel more keenly his responsibility and assists in bringing out and developing the very best there is in men. The people of this Nation will not forget its defenders, but for all time to come will remember with gratitude the men who risked all in defense of our Government. The presidential chair, the Halls of Congress—the Senate and House of Representatives—and thousands of positions of honor and trust, both National and State, will be filled by the men who return from this war.

Washington's service as commander in chief of the Continental Army made him President of the United States. Service in the War of 1812 and Indian Wars materially assisted Jackson in his political ambitions and finally landed him in the White House. Zachary Taylor was a war President, as was the elder Harrison and others. The Spanish-American War rescued Theodore Roosevelt from the position of Assistant Secretary of the Navy and made him governor of the great State of New York, from which position he was drafted as a candidate for Vice President and afterwards elected President of the United States. To-day he is one of the foremost citizens of this Republic and known throughout the world.

#### NATION'S DEBT OF GRATITUDE TO FRANCE.

I would not neglect to remind the soldiers who go to France that they will have the satisfaction of knowing we are repaying a Nation's gratitude to France for men and money furnished to help us gain our independence in the darkest hours of the Revolution—Lafayette and Rochambeau and De Grasse with a fleet from the French Navy and funds loaned the struggling colonies when our soldiers were starving. The loans included 53,000,000 livres, equal in purchasing power to about that many dollars. The interest on these loans was not collected, but deferred until after the treaty of peace was made. Altogether France furnished us 47,989 men and 99 vessels of war and transports. As variously estimated, she spent between three hundred and fifty and seven hundred and thirty-two million dollars on her own army and navy, which money was never repaid.

At the siege of Yorktown the colonies had 5,500 regulars and 3,500 militia, while the French troops commanded by Rochambeau numbered 7,000 and the French Navy numbered 36 ships under the command of De Grasse. The brave, daring, and gallant Lafayette was with Washington and commanded colonial troops. He risked his life and gave his time and his fortune to the colonies struggling for liberty and self-government. He shared Washington's confidence, admiration, and affection as no other foreigner ever did. When this assistance came, Washington was in the direst straits, pleading for men and money with which to purchase supplies for his naked and half-starved men.

Without the help of France our independence would have been postponed, if not defeated. When Lafayette visited America in 1824 he was received with open arms, and his reception was one ovation after another in the different cities, and in a small way Congress showed our appreciation of the invaluable services he rendered.

Let our soldiers remember that in defending ourselves we are repaying a debt of gratitude to France after a lapse of 140 years.

#### MAGNITUDE OF THIS WAR.

As to when the war will end and when peace will be restored, no one can foretell with certainty. Let us pray that when peace does come it will be permanent and the onward march of civilization will never be checked by another disastrous war. This question involves the consideration of many things—the number of countries at war, their population, their military strength, their resources, the effectiveness of their Governments, and their ability to marshal their forces and cooperate with the other nations. Much depends upon supplies—food, clothing, and munitions—we are able to keep at the front and our ability to prevent, in so far as we can, from going to the enemy.

#### AREA AND POPULATION OF NATIONS ENGAGED.

This war is the greatest tragedy of all time. Its full magnitude is incomprehensible. Everything is done upon such a gigantic scale. It was never equaled in the past and can not be surpassed in the future. Four-fifths of the nations of the earth, from the standpoint of population, military strength, wealth, and

resources, are engaged in this inhuman slaughter. Twenty nations—Serbia, Montenegro, Russia, France, Belgium, Great Britain, Japan, Portugal, Italy, Arabia, San Marino, Roumania, Monaco, United States, Brazil, Cuba, Panama, Bolivia, Greece, and China—are on the side of the United States and our allies; and four nations—Austria-Hungary, Bulgaria, Turkey, and Germany—are the central powers.

Every neutral nation accepts our interpretation of our rights under international law, and all have vigorously protested to Germany against the violation of their rights. A number of neutral nations have severed diplomatic relations with Germany that have not as yet entered the war. Many of the smaller ones, appreciating the fate of Belgium, hesitate and can not afford to openly assert their rights.

The population of the allied countries is estimated at about 1,000,000,000, and the population of the central powers is estimated at about 140,000,000. The nations most actively engaged with the United States and the allies are Great Britain, France, Russia, Italy, Belgium, Greece, and the Balkan States, including Serbia, Roumania, and Montenegro. They have a combined population of 438,518,910.

Great Britain has an area of 121,633 square miles and a population of 45,370,530, and, of course, a large colonial area and strength.

France has an area of 207,054 square miles and a population of 39,602,258.

Belgium has an area of 11,373 square miles and a population of 7,423,784.

Russia occupies about one-seventh of the entire land area of the globe, or 8,417,118 square miles, and has a population of 182,182,600.

Serbia has an area of 33,891 square miles and a population of 4,547,992.

Roumania has an area of 53,489 square miles and a population of 7,508,009.

Montenegro has an area of 5,603 square miles and a population of 516,000.

Greece has an area of 41,933 square miles and a population of 4,821,300.

Italy has an area of 110,632 square miles and a population of 36,546,437.

The United States, including Alaska, Hawaii, and Porto Rico, has an area of 3,574,658 square miles and a population of approximately 110,000,000.

The total population of these countries, the more active allies, aggregates 438,518,910.

Of the central powers, Germany has an area of 208,780 square miles—less than the State of Texas and about three times as large as the State of Oklahoma. It has a population of 67,812,000.

Austria-Hungary has a combined area of 441,593 square miles and a combined population of 49,832,786.

Bulgaria has an area of 33,647 square miles and a population of 4,752,997.

Turkey in Europe has an area of 10,882 square miles and a population of 1,891,000. The far greater part of the area and population of Turkey is in Asia, the total population being given as 21,273,900.

The total population of the central powers is 143,671,683.

#### COMPARISON OF MEN UNDER ARMS.

It is estimated that there were 13,000,000 men under arms the first year of the war, and perhaps 20,000,000 men would be a conservative estimate to-day. The first year of the war 2,000,000 men were killed, 4,000,000 wounded, and 2,000,000 taken prisoners. Nothing ever equaled it in former wars.

In our Civil War the men under arms at one time did not exceed 1,300,000. The total killed in battle or died of wounds on the northern side was 110,000 and on the southern side 80,000.

During the Napoleonic wars the largest army assembled at one time was about 500,000.

The greatest number of men engaged in any battle previous to that time was at Leipzig, in 1813, when the armies on both sides aggregated about 440,000. In the war of Prussia against Austria, in 1866, at the Battle of Sadowa, the armies numbered 436,000. In the Franco-Prussian War, in 1870, at the Battle of Gravelotte, in both armies, 300,000 men were engaged. In the Russo-Japanese War, at the Battle of Mukden, in 1905, 700,000 men were engaged on both sides. In the battle front in the present war at Verdun and at the Marne the staggering total of 2,500,000 men were estimated as facing each other in that great struggle.

No war in history has equaled this one in loss of life and wounded. It is estimated that losses from both wounds and disease in the Civil War were about 800,000; in the War of



1812 the loss by death was about 50,000; in the Mexican War the loss from wounds and disease was about 50,000; the Franco-Prussian War of 1870 caused a loss of 225,000; and the Napoleonic wars caused a loss of about 2,000,000. One of the greatest percentages of loss was at Waterloo, where 170,000 men were engaged and a loss of 42,000 men sustained.

This war is also distinguished by its fierceness, the new and barbarous methods used, including poisonous gases, the use of the submarine, and the general use of aeroplanes.

#### COST AS COMPARED WITH OTHER WARS.

In point of cost, the present war is more than double the combined cost of all wars for 125 years, or from the beginning of the French Revolution. The estimated cost of the Russo-Japanese war, 1904-5, was \$2,500,000,000; the Franco-Prussian war, 1870-71, \$3,000,000,000; the Napoleonic wars, 1793-1815, \$6,250,000,000; the Civil War, 1861-65, \$8,000,000,000; the War of 1812, \$300,000,000; the Mexican War, \$180,000,000; and the Spanish-American War of 1898, \$800,000,000.

It is estimated that all the wars for the past 125 years prior to this one cost about \$33,000,000,000. The best figures obtainable estimate that all the belligerents have appropriated and expended in this war so far \$100,000,000,000, a sum no mind can comprehend.

#### FINANCIAL STRENGTH AND WAR DEBT.

##### (A) ALLIES.

Let us consider the financial strength and war debt of the principal nations engaged in this great struggle.

The estimated national wealth of Great Britain is \$85,000,000,000; its war debt is \$18,400,000,000.

The estimated national wealth of France is \$62,400,000,000; its war debt is \$18,380,000,000.

The estimated national wealth of Russia is \$40,000,000,000; its war debt is \$11,570,000,000.

The estimated national wealth of Italy is \$20,000,000,000; its war debt is \$4,700,000,000.

The estimated national wealth of the United States is \$250,000,000,000; its war debt is \$5,511,945,460.

The combined financial strength of these five allies (Exhibit 7), \$554,400,000,000.

##### (B) CENTRAL POWERS.

The estimated national wealth of Germany is \$80,000,000,000; its war debt is \$16,746,000,000.

The estimated national wealth of Austria-Hungary is \$25,000,000,000; its war debt is \$10,000,000,000.

The combined financial strength of these two nations, \$105,000,000,000.

You will see that approximately 25 per cent of the national wealth of these countries has been expended in this war. If the cost was equally borne by rich and poor alike it would require approximately 50 per cent of their earnings to pay the expenses.

#### AMOUNT OF GOLD.

A recent statement showed that the United States had more gold in its banks than five other great nations combined. The United States had in gold \$3,088,904,808. The five other countries are as follows:

France	\$1,015,325,000
Russia	779,400,000
England	422,715,000
Italy	183,235,000

Germany	2,400,675,000
	629,500,000

Total for the five countries..... 3,030,175,000

The combined area of the central powers in Europe is 694,902 square miles. This does not include Turkey in Asia.

#### ALLIES WILL WIN.

I have invited attention to these totals to emphasize the fact that although Germany is well disciplined, its army well trained, possessed of a great military machine, and with thousands in civil life subjected to the severest economic measures in the conservation of food and supplies, yet the central powers are hemmed in on all sides, have only approximately 140,000,000 population from which to recruit their present armies and draw on for future armies, and an embargo against the shipping of food supplies to neutral friendly nations has been placed by the United States, so that the central powers have only their own area from which to get supplies. Germany is unable to use her navy and shipping facilities.

There can be but one ending to this war, and that is a triumphant victory for the allies. The greater the preparation and the better the concert of action the sooner that victory will be celebrated.

Against these combined resources Germany, which must feed, finance, officer, and compose all differences among the central powers, can not hold out indefinitely. Germany has sacrificed

millions of men and must fill their places in the ranks from men employed in productive capacities. Her foreign commerce is in a large measure destroyed, and most of her factories have been transformed into munition plants. Difficulty in securing the necessary ingredients for making thousands of tons of munitions daily must increase. The food shortage is acute, and taxes must be heavy. The financial burden will soon become unbearable. Internal conditions in Germany are not known because of a censored press and our interrupted communication. Economic conditions will play an important part in bringing this war to an end.

Nor can Germany depend upon the foreign territory, notably in Russia, in part temporarily occupied, for food supplies. Retreating armies usually consume or destroy all supplies of value, leaving but little behind, and much of the territory occupied was not taken at seasonable times for planting crops. The uncertainty of maturing crops during their occupancy makes them less dependable. Of course, we are keenly disappointed over the present disinclination or inability of the Russian armies to defend their country against invasion and occupancy. We welcomed the establishment of a new republic. It must be remembered that there are many difficulties to be met in changing the form of government of any country, and it is hoped that the Russian people may yet be able to compose their differences, organize a representative government, and restore confidence, and that her armies under efficient leadership will regain her lost territory and join with her allies in crushing the most insolent and unscrupulous autocracy that has ever menaced the peace of the world.

The present autocratic rulers of Germany have made such a record in violating treaties at their convenience, regarding them as "scraps of paper," disregarding international law, invading neutral countries, infesting friendly countries with paid spies, and intriguing through their representatives to embroil one friendly nation against another as to justify the President and the representatives of all other nations, who hold treaties as most sacred obligations, in demanding that any peace treaty which may be negotiated shall be made with representatives who are responsible to the German people, as an insurance against its violation.

#### UNITY OF ACTION URGED.

The record shows, and we all appreciate, that we are in the greatest war known to history. No one can even hazard a guess as to when it will end. We can not estimate what it will cost in blood and treasure. We have entered this war, and the past is behind us. Our face is to the enemy. The flag of our country, which has never known defeat, will wave in victory over a triumphant army in the end. The President of the United States has a great responsibility to bear during these trying times, and every man connected with the various Departments of the Government is each helping him share this burden. It has been greatly lightened by the loyal and enthusiastic support of 110,000,000 brave, loyal, patriotic citizens of this Republic. They love their flag. They love their country and will defend its honor. They appreciate the liberty secured for them in the trying days of 1776, and they now know that they are battling against the greatest autocracy the world has ever known. The people of this country without regard to party are valiantly supporting their Commander in Chief. It is inspiring, indeed, to read in almost every daily paper about our two living ex-Presidents zealously, ardently, and patriotically supporting the President in this national emergency. The same is true of W. J. Bryan, Charles E. Hughes, and Alton B. Parker, all presidential candidates of their respective parties.

All the legislation enacted did not, perhaps, meet with their complete approval in every detail, but their country having spoken, they have felt it was their patriotic duty to sustain the President. For myself, in common with others, I entertained differences of opinion on some of the details of the various bills introduced, considered, and enacted in this House; but when Congress has spoken, and when the existence of my country is imperiled and the liberty of the people involved, I shall sink all personal differences and withhold all individual criticisms, and loyally, enthusiastically, and patriotically support the President of the United States. In these trying times, I am impatient with demagoguery. There are but two sides—you are either for or against this Government. There is no middle ground.

I am so impressed with the necessity for united action and loyal cooperation of all that I want to emphasize my impatience, condemnation and protest against any person in public or private life who utters a single word or writes a single line "grazing on the edge of treason" in this hour of our Nation's peril, or commits a single act which will make more difficult in the



slightest degree the carrying on of this war to a successful conclusion.

The people of this country are going to be called upon to make the very greatest sacrifices. They will have to bear an immense financial burden. They have already subscribed generously to liberty-loan bonds, and are doing their duty in supporting the Red Cross. They will make every other personal and financial sacrifice. Above and beyond all they will send the youth of the land, the hope of the country, into the Army to hazard their lives in defense of their country and their Nation's honor. Under these circumstances I am not going to search for petty things to criticize, but I am going to steadfastly keep before me our one great and overwhelming purpose, which is to do what I can in the enactment of such legislation as will enable the President of the United States to use all the resources of this Government in winning a triumphant victory at the earliest possible date, when we shall witness the dawn of an enduring peace. Then justice and not might will rule, and the rights of all nations, great and small, will be respected.

#### THE FLAG.

Our flag, which represents the power of our Government, stands for liberty for which our illustrious ancestors fought, for justice, equality, and righteousness—the principles upon which our Government was founded—for the maintenance of the honor of our Nation and for the protection of the sacred lives of our citizens wherever it floats.

The red stripes symbolize the blood shed in the birth of a free country, the white stripes symbolize the purity of our motives, the blue field for our fidelity to our ideals, and the stars stand for the fixed and united purpose of our country, that this Nation, dedicated to the principles of liberty, equality, and justice, shall endure forever.

Let us honor it and daily rededicate our lives to defend it, wherever it is unfurled.

Your flag and my flag, and how it flies to-day,  
In your land and my land and half a world away;  
Rose red and blood red its stripes forever gleam,  
Snow white and soul white, the good forefathers' dream;  
Sky blue and true blue with stars that gleam aright;  
The gloried guldon of the day, a shelter through the night.  
Your flag and my flag, and, oh, how much it holds!  
Your land and my land, secure within its folds;  
Your heart and my heart beat quicker at the sight.  
Sun-kissed and wind-tossed, the red and blue and white;  
The one flag—the great flag—the flag for me and you,  
Glories all else beside, the red and white and blue.

[Applause.]

#### APPENDIX.

##### EXHIBIT 1.

##### KILLING OF ARCHDUKE FERDINAND.

The Archduke Francis Ferdinand, the crown prince, and his morganatic wife, visited Sarajevo in Bosnia and were killed by a Serbian student named Gavrilo Princip on June 28, 1914. Princip was immediately arrested and later tried. His trial lasted from October 11 to October 28, 1914, when he was convicted, but because of his extreme youth, he was sentenced to 20 years imprisonment.

##### EXHIBIT 2.

##### THE POTSDAM CONSPIRACY.

Herr Hasse, a member of the German Reichstag, in a recent speech in the Reichstag, said:

"We do not forget the Austrian ultimatum to Serbia, the Austrian preparations against Russia, the conference in Berlin on July 5, 1914, and the activity of Tirpitz and Falkenhayn in those days.

"I have it on authority which it is difficult, if not impossible, to doubt that the meeting referred to was a meeting which was held at Potsdam on the date named. There were present the Kaiser, Herr von Bethmann-Hollweg, Admiral von Tirpitz, Gen. von Falkenhayn, Herr von Stumm, the Archduke Frederick, Count Berchtold, Count Tisza, and Gen. Conrad von Hotzendorf. It appears that Herr von Jagow and Count Moltke were not present."

##### EXHIBIT 3.

##### VIOLATION OF TREATY AND INTERNATIONAL LAW.

Germany in torpedoing our ships violated—

First. A solemn treaty with the United States:

"The twelfth article of the treaty concluded between the parties in 1785 and the articles from the thirteenth to the twenty-fourth, inclusive, of that which was concluded at Berlin in 1799 . . . are hereby revived with the same force and virtue as if they made part of the context of the present treaty.

"ART. 12. If one of the contracting parties should be engaged in war with any other power, the free intercourse and commerce of the subjects or citizens of the party remaining neutral with the belligerent powers shall not be interrupted. On the contrary, in that case, as in full peace, the vessels of the neutral party may navigate freely to and from the ports and on the coasts of the belligerent parties, free vessels making free goods, in so much as all things may be adjudged free which shall be on board any vessel belonging to the neutral party, although such things belong to an enemy of the other; and the same freedom shall be extended to persons who shall be on board a free vessel, although they should be enemies to the other party, unless they be soldiers in actual service of such enemy."

Second. International law as defined by all authorities and as interpreted by Germany herself before the war.

Before the outbreak of the war the following were the standing orders in the German Navy for dealing with even enemy merchant vessels, and, if that was the case, how much more consideration should be given to neutrals. The new German orders are a brazen contradiction of their own previous precepts.

General orders of German Admiralty staff, Berlin, June 22, 1914. (Note date.)

"If an armed enemy merchant vessel offers armed resistance, . . . such resistance is to be overcome with all means available. . . . The crew are to be taken prisoners of war. The passengers are to be left to go free unless it appears that they participated in the resistance." (German Prize Code, p. 75, par. 116.)

"Before proceeding to the destruction of the [neutral] vessel [which has been seized for proper reason], the safety of all persons on board and, so far as possible, their effects, is to be provided for . . . ." (German Prize Code, p. 68.)

Dr. Wehberg (great German authority on international law, quoted in American Journal of International Law, October, 1916, p. 871):

"The enemy merchant ship has the right of defense against enemy attack, and this right it can exercise against 'visit' (i. e., being stopped and investigated), for this indeed is the first act of capture. The attacked merchant ship can indeed itself seize the overpowered warship as a prize."

And still again—

In Oxford, 1913, at a meeting of the Institute of International Law, at which the representatives of Germany, as well as of all other great nations, were present, it was decided as a firm principle that private vessels may not commit acts of hostility against the enemy, and that they may defend themselves against the attack of an enemy vessel. (American Journal of International Law, vol. 10, 1916, p. 868.)

Right of American citizens to protection in their doings abroad and on the seas no less than at home. Decided by Supreme Court of United States. (Slaughter House Cases, 16 Wall., 36.)

"Every citizen . . . may demand the care and protection of the United States when on the high seas or within the jurisdiction of a foreign government."

See Cooley's Principles of Constitutional Law, third edition, page 273 (standard authority).

Obviously, a government which can not or will not protect its citizens against a policy of lawless murder is unworthy of respect abroad or obedience at home. The protection of the lives of the innocent and law abiding is clearly the very first duty of a civilized State.

Third. Germany violated her promise to us, as shown by her diplomatic correspondence.

On February 16, 1915, in a note to this Government, Germany said: "It is very far, indeed, from the intention of the German Government . . . ever to destroy neutral lives and neutral property."

And further said: "The commanders of the German submarines have been instructed, as was already stated in the note of the first instant, to abstain from violence to American ships when they are recognizable as such."

On July 8, 1915, in a note to the American ambassador, the German Government said:

"The Imperial Government, therefore, repeats the assurances that American ships will not be hindered in the prosecution of legitimate shipping and the lives of American citizens on neutral vessels shall not be placed in jeopardy."

"In order to exclude any unforeseen dangers in American passenger steamers . . . the German submarines will be instructed to permit the free and safe passage of such passenger steamers when made recognizable by special markings and notified a reasonable time in advance."

On December 1, 1915, in another note, the German Government promised:

"Liners will not be sunk by our submarines without warning and without safety of the lives of noncombatants, provided that the liners do not try to escape or offer resistance."

On January 7, 1916, our Government was again notified, in a diplomatic note, as follows:

"First. German submarines in the Mediterranean had from the beginning orders to conduct cruiser warfare against enemy merchant vessels only in accordance with the general principle of international law, and in particular the measures of reprisal as applied to the war zone around the British Isles were to be excluded.

"Second. German submarines are therefore permitted to destroy enemy merchant vessels in the Mediterranean—that is, passenger as well as freight ships—as far as they do not try to escape or offer resistance, only after passengers and crews have been accorded safety."

On February 16, 1916, the following is contained in another note:

"Germany has . . . limited her submarine warfare because of her long-standing friendship with the United States and because by the sinking of the *Lusitania*, which caused the death of citizens of the United States, the German retaliation affected neutrals, which was not the intention, as retaliation should be confined to enemy subjects."

On April 8, 1916, the American Government, in a note to Germany, stated:

"If it is still the purpose of the Imperial Government to prosecute relentless and indiscriminate warfare against vessels of commerce by the use of submarines without regard to what the Government of the United States must consider the sacred and indisputable rules of international law and the universally recognized dictates of humanity, the Government of the United States is at last forced to the conclusion that there is but one course it can pursue. Unless the Imperial Government should not immediately declare and effect an abandonment of its present methods of submarine warfare against passenger and freight-carrying vessels the Government of the United States can have no choice but to sever diplomatic relations with the German Empire altogether."

To which the German Government replied on May 4, 1916, that new orders had been issued by the German Government "in accordance with the general principles of visit and search and the destruction of merchant vessels recognized by international law," and the communication contained the further promise that the lives of citizens of the United States would not be taken and no American ships destroyed without warning and without an opportunity for the passengers and crew to leave the ship.

On January 31, 1917, the German Government issued and gave notice of the following order:

"Germany will meet the illegal measures of her enemies by forcibly preventing in a zone around Great Britain, France, Italy, and in the eastern Mediterranean, all navigation, that of neutrals included, from and to England and from and to France, etc. All ships met within that zone will be sunk."



## EXHIBIT 4.

TELEGRAPHIC COMMUNICATIONS BETWEEN THE KAISER AND CZAR  
NICHOLAS IN 1904-1907.  
"WILLY" AND "NICKY."

In further corroboration of the ambition of the German Kaiser to destroy democracy and rule the world, attention is invited to the interchange of telegrams recently given to the press, wherein the Kaiser signed his name "Willy" and the Czar as "Nicky."

On October 19, 1904, the first telegram sent from the Kaiser to the Czar stated that the former Japanese minister at Petersburg, Kurino, is in Paris and seems authorized to get France and England to mediate in favor of Japan for peace, and that strings of all these doings lead across the channel.

On October 23, 1904, four days later, the Czar thanked the Kaiser for information about Japan's activity in some European countries, but could not make out whether strings of these doings lead across channel or perhaps Atlantic.

On October 27, 1904, the Kaiser telegraphed the Czar that it was not impossible that Japanese and British Governments might launch joint protest against Germany coaling Russian ships, resulting in immobility of Czar's fleet, which new danger would have to be faced in community by Germany and Russia, with France forced in, forming a combination of three stronger continental powers, to attack whom Anglo-Japanese would think twice before acting.

On October 29, 1904, the Czar sent the Kaiser a telegram, in which he said that he had no words to express his indignation with England's conduct in coaling his ships by Germany, and agrees that the only way to stop such insolence would be to form an alliance between Germany and Russia, when France would be bound to join them. He suggested that the Kaiser lay down and frame outlines of such a treaty.

On November 23, 1904, the Czar telegraphed the Kaiser acknowledging receipt of telegraphed draft of the treaty and declining to sign it unless France was first notified, as he thought it would provoke a joint attack of France and England on Germany, but as long as it remained unsigned a small modification could be made in its text.

On November 24, 1904, the Kaiser telegraphed the Czar that serious news reached him from Port Said and Cape Town, and no time should be lost in signing the treaty, and no third power should know anything about intentions before Germany and Russia concluded convention about coaling.

On November 28, 1904, the Czar replied that both their governments must now come to permanent understanding and that he wished speedy settlement of this question.

On July 29, 1905, the Kaiser telegraphed the Czar that British Channel fleet did not pay calls at German ports on cruise to Baltic and thought England was trying to frighten him.

The Czar replied that he had heard of the cruise and stated the Kaiser's trip to Copenhagen came in good time.

On August 2, 1905, the Kaiser telegraphed the Czar that his trip to Copenhagen passed off well, but that much mistrust and misapprehension was engendered by it, especially in England, and that he could not talk about the matter with the King at Copenhagen, as he was intimidated. In case of war, the Kaiser said the Danes would be helpless to uphold their neutrality and that Russia and Germany would immediately take steps to safeguard their interests by laying hand on Denmark and occupying it during the war.

On September 29, 1905, the Kaiser again took up the separate treaty question, stating that it did not conflict with the Franco-Russian alliance, providing the latter was not aimed at Germany. He stated that France had left Russia in the lurch and that no one could blame the Czar for signing such a treaty, and that the treaty between Germany and Russia is a very good base to build upon.

## EXHIBIT 5.

## WAR POWERS OF CONGRESS.

The war powers of Congress are conferred by the Constitution in Article I, section 8, as follows:

Par. 11. To declare war.

Par. 12. To raise and support armies.

Par. 13. To provide and maintain a Navy.

Par. 18. To make all laws which shall be necessary and proper for carrying into execution the foregoing powers.

These provisions have been construed by the Supreme Court of the United States in numerous cases, among them in *Ex parte Milligan* (4 Wall., U. S., 2; 12 Wall., U. S., 457; 13 Wall., U. S., 408).

## DECISION OF JUDGE EMORY SPEER.

On the question of the selective draft, Judge Emory Speer, United States judge for the southern district of Georgia, sustained the constitutionality of the selective-service law in the case of *Ex parte Albert Jones and John Story*, in which he defines the plenary power given Congress by paragraph 11, Article I, section 8, of the Constitution, in the following opinion:

"Arthur Jones and John Story, imprisoned in the Richmond County jail under commitment for unlawfully failing to register for military duty as required by the act of Congress of May 18, 1917, known popularly as the selective-draft law, have made application for writs or habeas corpus. They allege that their imprisonment is unlawful. They charge that the enactment, made to raise a national army, is violative of the Constitution of the United States. It is insisted that the authority exercised by the United States under this legislation is void because the act contravenes the thirteenth amendment. This provides that 'neither slavery nor involuntary servitude, except as punishment for crime whereof the parties shall have been duly convicted, shall exist within the United States or any place subject to their jurisdiction.'

"To agree to this contention we must conclude that a soldier is a slave. Nothing could be more abhorrent to the truth, nothing more degrading to that indispensable and gallant body of citizens trained in arms, to whose manhood, skill, and courage is and must be committed the task of maintaining the very existence of the Nation and all that its people hold dear. The Grand Army of the Republic, the Confederate Veterans, and the Sons of Veterans are not maintained to preserve the traditions of slavery. Nations do not pension slaves to commemorate their valor. They do not 'give in charge their names to the sweet lyre,' nor does—

"Sculpture in her turn  
Give bond in stone and ever-during brass  
To guard and to immortalize the trust."

## CAN'T ESCAPE SERVICE ABROAD.

"The sole additional ground of the petition is that by the common law it was the right of petitioners to 'remain within the realm,' and that this right should now be held to relieve them from military service

beyond the borders of the United States. The reply is that the common law—that is, the immemorial English law—can not prevail as to the United States or its people against the explicit provisions of an act of Congress. Nor has a court of the United States power to declare an act of Congress invalid because it is inimical to the common law. The touchstone for such judicial power is the Constitution and nothing else.

"It remains to be determined whether the Constitution has conferred authority on Congress to enact this law. Clause 11 of Article I, section 8 of the Constitution, empowers Congress 'to raise and support armies.' This power is plenary. It is not restricted in any manner. Congress may summon to its Army thus authorized every citizen of the United States. Since it may summon all, it may summon any. Said the Supreme Court in the case of the United States v. Tarble (13 Wallace, 408): 'Among the powers assigned to the National Government is the power to raise and support armies. Its control over the subject is plenary and exclusive. It can determine without question from any State authority how the Army shall be raised, whether by voluntary enlistments or forced draft, the age at which the soldiers shall be received and the period for which they shall be taken, the compensation they shall be allowed, and the service to which they shall be assigned.'

"It is urged that by this legislation Congress has taken over and in this way conscripted the National Guard. This, it is said, is the State militia. It is contended under clause 14 of the article and section above quoted that such militia can be used only to execute the laws of the Union, to suppress insurrection, and repel invasion. Since those petitioners are not members of the National Guard, in no event could their rights in this way be affected. But the National Army is not the militia. An army is a body of men whose business is war. (*Burroughs v. Peyton*, 16 Gratt., Virginia, 475.) The militia is a 'body of men composed of citizens occupied temporarily in the pursuits of civil life.' (*Idem*.)

"As we have seen, Congress in the exercise of the power to raise armies may summon to the colors every citizen. It follows that the States, even if they so desire, can not defeat this power by enlisting such citizens in the State troops or National Guard. Was this possible, it would be also possible for the States to prevent altogether the raising of armies by Congress.

## RIGHT TO ANTICIPATE INVASION.

"There remains to be considered the contention that Congress can not employ the National Army to be created by virtue of this legislation in foreign lands or beyond the seas. If this is true, then, indeed, is our country impotent. Then must its people, indeed, suffer in their own homes, in their cities, and on their farms all the horrors of invasive war. Its military leaders must ignore the settled principle of their science, that the best defensive is the most vigorous offensive. The keen swords of its sons instead of flashing over the guard of the enemy and piercing his vitals, must be held immovable, as if on an anvil, to be shattered by the reiterated blows of his hammer. Deprived of our aid in the field, successive defeats will visit and crush our allies. Their lands conquered, their navies taken, we must then in turn, solitary and alone, meet on our own soil the impact of victorious and barbarous legions whose laws do not forbid their service abroad but which inspire their fierce and veteran armies to deeds of conquest in every clime.

"Was this contention maintainable, the misguided men who for their personal ease advance it might all too late discover their fatal error. They would discover it in the flaming homesteads, in the devastated fields, in murdered brethren, in outraged wives and daughters, in their lands, their factories, their merchandise, their stock, their all, coolly appropriated by the conqueror as his own; their institutions destroyed; homeless, landless, and beggars to spend whatever interval of degraded life remains to them in abject slavery to the conqueror.

"But our organic law does not so shackle the gigantic energies of the great Republic. After the enumeration of the powers of Congress, among them, as we have seen, 'the power to raise and support armies.' In clause 17 of Article I, section 8, it provides the power to 'make all laws which shall be necessary and proper for carrying into execution the foregoing powers and all other powers vested in this Constitution in the Government of the United States or in any department or officer thereof.' Here is the greatest reservoir of power to save the national existence.

"It is said that there is no express power to send armies beyond the sea. True; but there is no express power to enact the criminal laws of the United States, none to convey the public domain, to build a trans-continental railroad, nor to construct the Isthmian Canal, nor to create the Interstate Commerce Commission, nor to declare the Monroe doctrine, nor to make the Louisiana Purchase, nor to buy Alaska, nor to take over Porto Rico and the Philippines. This has all been done under the great power to promote the general welfare, just as the selective army will be created under the law here assailed, 'to provide for the common defense,' and beyond and above all is the inherent power of every nation, however organized, to utilize its every man and its every energy to defend its liberty and to defeat the migration to its soil of mighty nations of ferocious warriors, whose barbarous inhumanity for three years has surpassed all others since the death of Attila, the scourge of God. The writs are denied."

## EXHIBIT 6.

## RECOMMENDATIONS OF WASHINGTON AND JEFFERSON.

Washington repeatedly urged the universal military liability system. On October 17, 1777, he wrote Thomas Wharton, president of Pennsylvania, as follows:

"There is another matter which I beg leave to recommend to the serious consideration of the legislature of your State: That is the adopting of some mode of completing and keeping up the quota of your continental regiments. Upon an average, your battalions have never been above one-third full, and now many of them are far below even that. From the extravagant prices given to substitutes in the militia in the different States, it has become impossible to recruit more upon the bounty allowed by Congress. The New England States and Virginia have begun to adopt the mode of drafting, and I am informed they have succeeded very well. I am convinced that this will be found the only method of raising continental troops, and if the measure were to become general throughout the States it would not be deemed a hardship. I mention this matter to you at this time in the hope that you will as soon as possible fall upon this or some other mode to recruit your regiments in the course of this fall and winter, and as it is more than probable that our opposition will not end with this campaign we ought to endeavor to have a respectable army in the field in the spring before the enemy can receive further reinforcements from Europe."



In a letter dated November 18, 1779, to the President of Congress, he said:

"In the more early stages of the contest when men might have enlisted for the war, no man, as my whole conduct and the uniform tenor of my letters will evince, was ever more opposed to short enlistments than I was, and while there remained a prospect of obtaining recruits upon a permanent footing in the first instance, as far as duty and a regard to my station would permit, I urged my sentiments in favor of it. But the prospect of keeping up an army by voluntary enlistments being changed, or at least standing on too precarious and uncertain a footing to depend on for the exigency of our affairs, I took the liberty in February, 1778, in a particular manner to lay before the Committee of Arrangement, then with the Army at Valley Forge, a plan for an annual draft as the surest and most certain, if not the only means left us, of maintaining the Army on a proper and respectable ground. And more and more confirmed in propriety of this opinion by the intervention of a variety of circumstances unnecessary to detail, I again took the freedom of urging the plan to the committee of conference in January last, and having reviewed it in every point of light and found it right, or at least the best that has occurred to me, I hope I shall be excused by Congress for offering it to them, and in time for carrying it into execution for the next year, if they should conceive it necessary for the States to complete their quotas of troops."

Again, on May 25, 1780, Washington wrote to Philip Schuyler, John Mathews, and Nathaniel Peabody, a committee from Congress, as follows:

"Unless the principal part of the force be composed of men regularly organized, and on the continuance of whose services we can rely, nothing decisive can be attempted. \* \* \* The mode by draft is, I am persuaded, the only efficacious one to obtain men."

On March 12, 1782, he wrote James McHenry from Philadelphia:

"There is no other effectual method to get men suddenly but that of classing the people and compelling each class to furnish a recruit."

On December 3, 1805, Thomas Jefferson, in his annual message to Congress, recommended universal liability, and in explaining this message in a letter on February 28, 1810, to Gen. Kosciuszko, he said:

"Two measures have not been adopted which I pressed on Congress repeatedly at their meetings. The one to settle the whole ungranted territory of Orleans by donations of land to able-bodied young men, to be engaged and carried there at the public expense, who would constitute a force always ready on the spot to defend New Orleans. The other was to class the militia according to the years of their birth, and make all those from 20 to 25 liable to be trained and called into service at a moment's warning. This would have given us a force of 300,000 young men, prepared by proper training, for service in any part of the United States, while those who had passed through that period would remain at home, liable to be used in their own or adjacent States. These two measures would have completed what I deemed necessary for the entire security of our country. \* \* \* But these measures will, I hope, be completed by my successor, who, to the purest principles of republican patriotism, adds a wisdom and foresight second to no man on earth."

#### EXHIBIT 7.

##### WAR DEBT OF THE UNITED STATES.

Interest-bearing indebtedness, Feb. 28, 1917.....	\$973,000,000
Liberty loan issued under act of Apr. 24, 1917.....	2,000,000,000
Bonds authorized, not yet issued, required to be issued under this bill.....	3,538,945,460
Additional bonds authorized under this bill.....	4,000,000,000
War-saving certificates authorized under this bill.....	2,000,000,000
<b>Total indebtedness, if the above bonds are issued.....</b>	<b>12,511,945,460</b>
Bonds authorized under the act of Apr. 24, 1917, and this bill to extend credits to foreign Governments, to be secured by foreign obligations.....	7,000,000,000
Should all of above bonds and war-saving certificates be issued the total interest-bearing indebtedness of the United States, exclusive of the \$7,000,000,000 proposed to be loaned to foreign Governments, will be.....	5,511,945,460

#### EXHIBIT 8.

##### SHIPS DAMAGED OR DESTROYED SHOWING LOSS OF AMERICAN LIVES.

Following is an approximately correct list of all American ships damaged or destroyed by German submarines and ships sunk with loss of American lives:

##### American ships damaged or destroyed by German submarines.

Name of vessel.	Date.	Particulars.
Gulflight.....	May 2, 1915	Torpedoed.
Nehrascan.....	May 25, 1915	Do.
Leelanaw.....	July 25, 1915	Torpedoed and shelled.
Seaconnet.....	June 16, 1916	Damaged by mine or torpedo.
Oswego.....	Aug. 14, 1916	Fired on 10 times by submarine.
Lanao (Philippine).....	Oct. 28, 1916	Sunk by submarine.
Columbian.....	Nov. 7, 1916	Do.
Colena.....	Nov. 26, 1916	Fired on.
St. Helen's.....	Dec. 10, 1916	Attacked by submarine.
Rebecca Palmer.....	Dec. 14, 1916	Fired on; slight damage.
Sacramento.....	Jan. 9, 1917	Fired on.
Housatonic.....	Feb. 3, 1917	Sunk.
Lyman M. Law.....	Feb. 13, 1917	Burned by submarine.
Vigilancia.....	Mar. 16, 1917	Torpedoed.
City of Memphis.....	Mar. 17, 1917	Sunk by gunfire.
Illinois.....	.....do.....	Torpedoed.
Aztec.....	Apr. 1, 1917	Do.

##### SHIPS SUNK WITH LOSS OF AMERICAN LIVES.

British ship *Falaba*, torpedoed March 28, 1915 (warned); 1 American lost.  
 British ship *Lusitania*, torpedoed May 7, 1915 (no warning); 114 Americans lost.  
 American ship *Gulflight*, torpedoed May 1, 1915 (no warning); 2 Americans lost.  
 British ship *Armenian*, torpedoed June 28, 1915 (ordered to stop; tried to escape); 23 Americans lost.

British ship *Iberian*, sunk July 31, 1915 (tried to escape; stopped by shell fire); 3 Americans lost.

British ship *Anglo-Californian*, sunk July 4, 1915; 2 Americans lost.

British ship *Hesperian*, torpedoed September 4, 1915 (no warning); 1 American lost.

British ship *Arabic*, torpedoed August 19, 1915 (no warning); 3 Americans lost.

British ship *Persia*, believed to have been torpedoed; sunk December 30, 1915 (no warning); 2 Americans lost.

Italian ship *Ancona*, torpedoed November 9, 1915 (no warning); 7 Americans lost.

British ship *Englishman*, torpedoed March 27, 1916; 6 Americans lost (1 more whose nationality is doubtful).

British ship *Sabota*, sunk by gunfire October 20, 1916; 1 American lost.

British ship *Marina*, sunk by gunfire October 28, 1916 (warned); 8 Americans lost.

British ship *Russian*, torpedoed December 14, 1916 (no warning); 17 Americans lost.

British ship *Eveston*, sunk by shell fire February 5, 1917; 1 American lost (1 other whose nationality is doubtful).

British ship *Vedamore*, torpedoed February 7, 1917 (no warning); 10 American lost.

British ship *Turino*, torpedoed February 7, 1917 (no warning); 1 American (?) lost.

French ship *Athos*, torpedoed February 22, 1917 (no warning); 1 American lost.

British ship *Laconia*, torpedoed February 26, 1917 (no warning); 8 Americans lost.

Norwegian ship *Sjostad*, believed torpedoed March 2, 1917 (no warning); 1 American lost.

American ship *Vigilancia*, torpedoed March 16, 1917 (no warning); 5 Americans lost.

American ship *Healdton*, torpedoed March 21, 1917 (no warning); 7 Americans lost.

British ship *Crispin*, torpedoed March 29, 1917 (no warning); 68 Americans on board, 1 killed, 18 missing.

Total, 226 American lives lost.

On the *Lusitania* there were also 24 children born of foreign parents on American soil.

#### EXHIBIT 9.

##### AUSTRIAN DEMANDS OF SERBIA.

The gist of the Austrian demands, of which there were 10, was as follows:

"1. Serbia shall suppress all anti-Austrian publications.

"2. Dissolve the Narodna Odbrana and all similar societies, confiscate their funds, and prevent their re-forming.

"3. Remove from public education in Serbia all teachers and teaching that are anti-Austrian.

"4. Remove from military and civil service all officers and officials guilty of anti-Austrian propaganda: Austria will name the persons.

"5. Accept collaboration of Austrian representatives in the suppression of anti-Austrian propaganda.

"6. Take judicial proceedings against accessories to the plot against the archduke; Austrian delegates will take part in the investigations.

"7. Arrest Maj. Volja Tankositch and the individual named Milan Ciganovitch.

"8. Prevent and punish the illegal traffic in arms and explosives.

"9. Send to Austria explanations of all unjustifiable utterances of high Serbian officials at home and abroad.

"10. Notify without delay that the above measures are executed. Reply before 6 p. m. on Saturday, July 25."

The answers to the 10 points may be summarized thus:

"1. Yes; will suppress all anti-Austrian publications.

"2. Yes; will suppress the Narodna Odbrana and similar societies.

"3. Yes; will expel all anti-Austrian teachers and teaching as soon as evidence is given.

"4. Yes; will expel all anti-Austrian officers and officials, if Austria will furnish names and acts of guilty persons.

"5. Yes; will accept collaboration of Austrian representatives in these proceedings as far as consonant with principles of international law and criminal procedure and neighborly relations.

"6. Yes; will take the judicial proceedings; will also keep Austria informed; but can not admit the participation of Austrians in the judicial investigations, as this would be a violation of the constitution.

"7. Yes; have arrested Tankositch; ordered arrest of Ciganovitch.

"8. Yes; will suppress and punish traffic in arms and explosives.

"9. Yes; will deal with the said high officials, if Austria will supply evidence.

"10. Yes; will notify without delay.

"If this answer not satisfactory, Serbia will abide by decision of The Hague Tribunal."

Mr. FRANCIS. Mr. Chairman, the bill at present before the House to amend the act to authorize the establishment of a bureau of war-risk insurance in the Treasury Department deserves the heartiest support of every Member. This bill, commonly known as the soldiers' insurance act, is one of the most constructive and enlightened pieces of legislation that has come before us in the course of the session. In a word, it provides that in this war we shall substitute modern methods of social insurance for the outgrown system of pensions. It was drawn under the supervision of the best talent the country possessed on the subject.

The act covers three chief provisions: First, family allowances; second, compensation for death or disability; and, third, insurance.

The sections covering family allowances are based on the principle that the Government should join with the soldier in supporting his family while he is away at war. Out of the soldier's pay a certain sum is reserved, not to exceed one-half and the Government adds the rest. The various sums are fixed by the act. The soldier provides not less than \$15 a month and the Government makes an allowance of from \$15 to \$50 more. Thus the soldier's wife and children, or mother and father, if



they be dependent, have a regular and dependable income to tide them over the war.

The sections covering compensation provide for the soldier's family in case of his death, or for himself in case of his disability. They are similar in principle to the present workmen's compensation laws with which we are familiar. The act has a full schedule of rates. In case of a soldier's death his widow receives not less than \$30 a month and more if there be children. In case of a soldier's disability he receives not less than \$40 if single and \$55 or more if married. This compensation is protected from execution at law.

The sections covering insurance stand on the principle that a soldier is entitled to protect his family with insurance while he is away at war as well as a man who remains in civil life. War is a dangerous risk. The ordinary cost of private insurance to a soldier would be prohibitive. The Government therefore charges the soldier the normal peace rate only, and bears the rest of the risk itself. The present limit of insurance proposed is \$5,000, but if the principle of the bill is right it should at least be raised to \$10,000.

Under the beneficial provisions of this bill a soldier is free to serve his country with full confidence that his country will come to his aid in case of injury or take care of his family in case of his death. He will not be dependent upon charity after the war, upon the uncertainties of pension legislation, or the hope of political favor. The bill has the support of the leaders of liberal thought throughout the country. To New York City it has a particular value. I have received the following telegram from our mayor:

NEW YORK, September 6, 1917.

HON. G. B. FRANCIS,

House of Representatives, Washington, D. C.:

I earnestly urge your active support of the soldiers' and sailors' insurance bill as presented by the National administration. The city of New York will have over 50,000 men in the service of the National Government in the near future. Hardships and difficulties will arise in some of their families, which the city government will do everything in its power to alleviate, but it is both necessary and a matter of justice that some uniform and dependable provision should be made by the National Government.

JOHN PURROY MITCHEL, Mayor.

This expresses well, I think, the sentiment of every part of the community. The bill should receive the support of every Member who is supporting the Nation in this great emergency. [Applause.]

Mr. LONDON. Mr. Chairman, I ask unanimous consent to proceed for 15 minutes. I probably will not use all of that time.

The CHAIRMAN (Mr. BORLAND). The gentleman from New York asks unanimous consent for 15 minutes. Is there objection?

There was no objection.

Mr. LONDON. Mr. Chairman, the three days' discussion on this bill indicates how dangerous it is to dress an old idea in new words. Some people are so afraid that a new idea may cause an explosion within their brainpan that they can not stand the introduction of a new word into their vocabulary. [Laughter.] There is not the slightest doubt that the present bill retains the best features of the pension laws, and there is, again, no doubt that the present bill modernizes pension legislation. It also introduces a new and desirable principle, the principle which has during the last 12 or 15 years been introduced in 33 States out of the 48, the principle of compensation to those who are injured in industry.

Now, the average lawyer in the service of private interests who gets to be a member of the legislature carries with him into the legislature the prejudices and the notions acquired in private practice. It is not very long since legislatures have become accustomed to the idea of workmen's compensation. Now, you will find very few men who have the courage to oppose it.

This is an attempt to systematize the pension laws. It is an attempt to liberate the Member of Congress from being the private claim agent of the individual in his district. How many a man after being elected to Congress feels that he is expected to be a private claim agent for individual constituents in his district instead of serving here as a legislator, instead of devoting his time and his energy to the bigger problems that confront the Nation. This law will liberate Members of Congress from private pension claims.

The fact that the present pension department is not intrusted with the continuation of this work simply means that the committee has felt the necessity of creating a new department, of trying to distinguish between the old method and the new system which they are about to inaugurate. Of course, the word "compensation" sounds wrong in the case of a man who sacrifices his life. You can not really compensate him.

In studying life insurance some years ago I came across this historic incident: The first insurance case that had been brought before a court in France after the French Revolution was thrown out on the ground that it was beneath the dignity of a Frenchman to have his life estimated in dollars and cents. It was thrown out of court on the theory that it was against public policy that the life of a Frenchman should be measured in money.

But that has all been wiped out by a century of commercialism, and insurance is the universal rule to-day.

I have contemplated for some time to introduce at the end of this session a bill repealing all the legislation of this special session, but the food-control bill and this law will probably prevent me from introducing such a bill. [Laughter and applause.]

I can see why the insurance companies are opposed to the provision of the bill which holds out to the soldier the opportunity to insure himself in the amount of five or ten thousand dollars. I think the limit of the proposed law is now \$5,000, and, as the President wants it, it is to be \$10,000, and it will probably be as the President wants it. He has had his own way in bigger things. The insurance companies do not like to see this entering wedge into their business. They have been accustomed too long to govern the Government, and they do not want to permit the Government to govern the insurance business of this country. Now, if there is any business in the world that is public in its character, that is social in its very nature, that we should not permit to run for profit, it is the insurance business. The life insurance companies take no chances whatever.

While some Members of this House may become immortal in a spiritual sense they are all in a physical sense mortal and while some individuals remain forever in the memories of mankind they are all sure to die and the insurance companies proceed with the certainty of mathematics in making their profits at the expense of the people. There is no excuse for private insurance. All insurance should be social, national in character, and, if I could, I know it probably would be held out of order, in connection with this bill I would ask for the appointment of a commission to study the problem of extending the principle of national insurance to all the big industries dealing with the war.

Mr. LONERGAN. Will the gentleman yield?

Mr. LONDON. Yes.

Mr. LONERGAN. Will the gentleman please name one insurance company to his knowledge that offers opposition to this bill?

Mr. LONDON. Oh, the insurance companies criticize that part of the proposed law which offers to the man insurance at \$5,000. They have criticized it, of course.

Mr. LONERGAN. Will the gentleman name one company?

Mr. LONDON. All of them; the most of them; and you will find it in their literature, in the various newspapers; and you will find it in the statements made during the hearings.

Mr. LONERGAN. I do not know whether the gentleman was here on Saturday or not, but one member of the committee was talking along that line and I assured him, and now make the statement to the gentleman from New York, that in my home city of Hartford, Conn., the insurance center of this country, that I have received no requests from any of the insurance interests in that city to oppose this bill.

Mr. LONDON. Of course, I can not imagine a more philanthropic, more altruistic, more patriotic institution, one that is more willing to be a martyr to the great cause, than the insurance company of the city from which the gentleman comes. [Applause.]

Mr. FOSTER. Will the gentleman yield?

Mr. LONDON. I will.

Mr. FOSTER. Does not the testimony of the hearings before the Interstate and Foreign Commerce Committee show that the insurance companies testifying were not opposed to the bill if the Government gave a paid-up policy and went out of business when the war was over? In fact, they were not opposed to the bill except that feature of providing insurance.

Mr. LONDON. Yes. They do not care how much Uncle Sam goes into his Treasury; they do not care except what may possibly interfere with the insurance business.

Mr. FOSTER. Another question, if the gentleman will permit. Does the gentleman, in his judgment, believe there is any more menace for the Government to go into the insurance business than there is to permit these old-line insurance companies to pile up hundreds of millions of dollars?

Mr. LONDON. Insurance companies are the greatest money powers in the world. They are the real controllers of the money of the people. The Armstrong investigation in New York has shown what the insurance companies are. When I introduced last year a bill asking for the appointment of a commission to

study the problem of social insurance the gentleman from Pennsylvania [Mr. Moore] objected to it on the ground that it might interfere with the insurance companies.

Mr. COOPER of Wisconsin. Will the gentleman yield for a question?

Mr. LONDON. Yes.

Mr. COOPER of Wisconsin. What does the gentleman think of the statement made frequently, at least not infrequently, that the four great insurance companies are the money foundation of Wall Street?

Mr. LONDON. Why, the insurance companies hold the savings of the people, the savings of millions of the people, and it is perfectly natural that these resources of the people should not be used by the managers and owners of insurance companies except to finance the big undertakings. There is not the slightest doubt the insurance companies are a menace as they are constituted to-day, and that the principle of national and social insurance is the next thing on the program. I say I think it ought to extend to basic industries. Gentlemen, wars are not conducted only with the armies in the fields. The sacrifices involved in war reach every man, reach every woman and every child. All the people are affected. I hope we will never be called upon in this country to suffer as much as they have suffered in other lands. As a matter of fact, I believe the war will break down before the United States will have entered seriously into the conflict. I disagree entirely with the gentleman from California [Mr. Kahn], and if the gentlemen here would have the patience to give me 10 or 15 minutes I would like to give them the reasons for my belief.

Mr. CAMPBELL of Kansas. We will give the gentleman all the time he wants.

Mr. LONDON. I will proceed along that line, then. I believe the war will break down. I believe the nations of Europe are exhausted. You will notice in this morning's paper in big headlines, "The Reichstag is to draft terms of peace."

Now, of course, you are not going to find anything as absurd as that the Congress will draft terms of peace. That would be in violation of all democratic principles as they are understood in this country. The Reichstag is to draft terms of peace. There is a complete collapse in all European countries. The resolution adopted by the Reichstag some time ago was of the greatest significance. Either our newspapers are too ignorant to understand it or they do not want us to know the truth. The declaration of the Reichstag was significant, first, because it was an attempt by a legislative body which had heretofore had no voice in international relations to assert itself in that field. The declaration of the Reichstag was against an economical alliance. It included a demand for international arbitration and for disarmament. All these fundamental things were made the basis of a declaration by the elected representatives of a people in time of war. When I get the full meaning of that declaration the reply of the President to the Pope gives me hope that the war is about to break down.

What did the President say? Do not forget that this message is less obscured by intricate phrases than any document that ever came from the White House.

Mr. QUIN. Will the gentleman yield there?

Mr. LONDON. Yes.

Mr. QUIN. You say that the war is about to break down. Where? I want to see that.

Mr. LONDON. One moment. Let me develop my argument, please.

The President's reply must be taken as a reply not only to the message of the Pope, but as a reply to the declaration of the German Reichstag. He assures the world that he is opposed, first, to an economic alliance after the war.

Mr. SANFORD. Mr. Chairman, I make the point of order the gentleman is not in order.

Mr. LONDON. I am trying to prove that this insurance bill may not, after all, be necessary. [Applause.]

Mr. SANFORD. I make the point to protect the public interest.

Mr. LONDON. I can take care of the public interest as much as any other Member of the House. I have exercised greater self-restraint than any other Member of the House.

Mr. SANFORD. Criticism of the President in his war policy in his answer to the Pope is not material.

The CHAIRMAN. The time of the gentleman from New York [Mr. London] has expired. The Chair did not hear the language of the gentleman.

Mr. CAMPBELL of Kansas. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 10 minutes.

Mr. SANFORD. In order or out of order?

Mr. CAMPBELL of Kansas. In order.

Mr. SANFORD. I have no objection to his proceeding in order.

Mr. CAMPBELL of Kansas. He was not out of order.

The CHAIRMAN. The gentleman from Kansas asks unanimous consent that the gentleman from New York be permitted to proceed for 10 minutes. Is there objection? [After a pause.] The Chair hears none, and the gentleman from New York [Mr. London] is recognized for 10 minutes.

Mr. LONDON. Now, in order to prove that this insurance bill may not be necessary and that we will soon have to occupy ourselves with the big problem of social insurance for millions of workers engaged in the work of peace and for the purpose of analyzing the present situation, I want to bring out this fact, namely, that in the reply of the President there is the assurance given to the world that no dismemberment of any European nation will be attempted; second, that there will be no economic alliance after the war. Now, these two things are of profound significance to a man who knows what has been going on in Europe during the last few years. Dismemberment of Austria and Germany was held over the heads of these peoples by French, English, and Italian statesmen.

One of the best works written since the war, a book by Guyot—

Mr. GREEN of Iowa. Mr. Chairman, I make the point of order the gentleman is not in order.

The CHAIRMAN. What is the language complained of?

Mr. GREEN of Iowa. The gentleman is not addressing himself to the bill.

Mr. CAMPBELL of Kansas. We are proceeding under the theory of general debate at this time.

Mr. SABATH. The gentleman has unanimous consent to proceed for 10 minutes. Under the rule, he could not proceed for more than five minutes. Consequently he can not be out of order.

Mr. GREEN of Iowa. The gentleman is in error.

The CHAIRMAN. Technically the House is now considering the bill under the five-minute rule, and, if insisted upon, the debate would have to be confined to amendment.

Mr. CAMPBELL of Kansas. There is no amendment. You commenced to read the bill.

The CHAIRMAN. The motion pending is to strike out the last word.

Mr. CAMPBELL of Kansas. We have proceeded all the afternoon, Mr. Chairman, on the theory that we were liberalizing the debate on this bill.

The CHAIRMAN. The Chair is familiar with the understanding, but the Chair has stated the technical situation.

Mr. PARKER of New Jersey. May I correct the Chair? I reserved the right to make that motion, pending the time the general debate and amendment to the section were over, because I did not want my motion confused by any such debate. And I have agreed with the gentlemen on the other side that I will make this motion when the general debate is over.

The CHAIRMAN. That which is now taking place does not in any way affect the rights of the gentleman from New Jersey.

Mr. ADAMSON. Mr. Chairman, while the gentleman from New York was not included or contemplated in the reservations made under the agreement, I hope he will be allowed to finish his remarks. We granted him 10 minutes. It will take a longer time to wrangle about it than it would take for him to finish.

Mr. STAFFORD. Mr. Chairman, I believe my colleague [Mr. Esch] has some time remaining. I assume that if he will yield the same time under general debate the gentleman would then be privileged to proceed along the lines that he was proceeding on.

Mr. FERRIS. Mr. Chairman, I ask unanimous consent that the gentleman from New York be allowed to proceed for 10 minutes, not confining himself to the bill.

The CHAIRMAN. The gentleman from Oklahoma asks unanimous consent that the gentleman from New York be allowed to proceed for 10 minutes, not confining himself to the bill. Is there objection?

Mr. GREEN of Iowa. I will have to object to that.

Mr. PARKER of New Jersey. As in general debate.

Mr. STAFFORD. I submit my parliamentary inquiry, Mr. Chairman.

Mr. ESCH. I still have 20 minutes of time under general debate. I yield to the gentleman 10 minutes. [Applause.]

The CHAIRMAN. The gentleman from Wisconsin yields to the gentleman from New York 10 minutes.

Mr. GREEN of Iowa. Mr. Chairman, I raise the point of order that the gentleman can not do that. The general debate



is closed. This is the first time I ever made an objection of this kind on the floor of the House. I seldom make objections of any kind. The gentleman from New York is saying things that ought not to be said here on this floor.

The CHAIRMAN. The committee will be in order. The Chair understands that there was an agreement whereby the gentleman from Wisconsin [Mr. Esch] was to have one hour, to be yielded in general debate. Is the Chair correct as to that? The Chair so understands.

Mr. STAFFORD. The RECORD of Saturday confirms that statement, Mr. Chairman.

The CHAIRMAN. The present occupant of the chair did not happen to be in the chair at the time that agreement was made.

Mr. ADAMSON. That was the intention.

The CHAIRMAN. The gentleman from New York will proceed. [Applause.]

Mr. LONDON. Mr. Chairman, I was trying to prove that the President's declaration against dismemberment is encouraging to those who want to see the present struggle end. It is significant, because the threat of dismembering the central powers was held over their heads. It is significant because, in the literature of some of the allies, the thought was expressed more than once that this war could not end until the central powers were broken into the little kingdoms and principalities which existed prior to the unification of the central powers. Therefore the removal of the dismemberment menace is an assurance to the peoples of the central powers that their integrity is not threatened, and that it is not the object of the war to destroy them.

Mr. McKENZIE. Mr. Chairman, will the gentleman yield?

Mr. LONDON. Yes.

Mr. McKENZIE. Was it not also a notice to the central powers that they could not hold the territory that they had overrun?

Mr. LONDON. I am coming to that. I do not have to say anything against the central powers here. I am a Member of the American Congress, and I do not have to be making an attack upon the central powers in order to gain applause. That is too cheap demagoguery in which I have never indulged and never will. [Applause.] I am analyzing things as a historian and as a student—no, "historian" is too big a word—as a student of history.

The removal of the threat of an economic alliance is next in importance.

In May, 1916, the allies held what is known as the Paris conference, in which they agreed that after the war they would maintain an economic alliance so as to isolate the central powers from the rest of the world— isolate them economically by prohibitive tariffs—and when the President announces that he is opposed to any economic alliance after the war, that he is opposed to continuing the war after the war, he helps to bridge over the chasm which separates the nations to-day. Then, the statement that the treaty that the German Government is to make must be guaranteed by the people was subsequently explained by the Secretary of State that it did not necessarily mean to dictate to the German people what form of government they should have, but it meant a larger degree of democratic rule in international relations. So far as Germany is concerned, and so far as the Reichstag is concerned, it is evident that the thing they fear most is just that economic alliance after the war. They fear not a military defeat, but they fear that, in spite of a military victory, they may be defeated; that the longer the struggle continues the more likely it was that they would be deprived of their entire commerce; that they would be isolated from the rest of the world.

And when you read what is going on there now, the things that the censors permit to leak through, you will find that there is a universal demand for peace, both in Austria-Hungary and Germany. The very fact that the Governments of the world have not permitted the Socialists to come together at the Stockholm conference shows that they do not want the Socialists to have the credit for initiating peace; and the very fact that the Center Party in Germany, the religious, conservative party, is now for peace shows that there is competition between the parties there for the credit of obtaining and bringing about peace.

Mr. FESS. Will the gentleman yield?

Mr. LONDON. Yes.

Mr. FESS. Perhaps the House would like to have the gentleman's opinion as to how much significance should be attached to the wish of the Reichstag, in view of what they represent as a power in the German Empire; that is, the power of the Reichstag in contrast with the power of the Emperor.

Mr. LONDON. It is evident that the Reichstag never exercised any power in international relations, and that the resolution which they adopted was of revolutionary significance,

judged by German traditions. A German writer who could afford to be unjust to his own people, Ludwig Berne, has said that every people loves liberty in its own way; that the Englishman loves liberty as a respectable man loves his wife; he gives her all her rights, but does not get excited about it; that the Frenchman loves liberty as a young fellow loves for the first time, that he is crazy about it; while the German loves liberty as one loves his mother-in-law. [Laughter.]

Every nation has its own institutions, and you can not adopt a universal standard for all.

Mr. FESS. Now, let me put the question in just a little different form: A well-defined wish in the Reichstag for peace is not necessarily an assurance that we will get it, is it?

Mr. LONDON. Oh, a well-defined expression in the Reichstag for peace is an assurance that the desire for peace has become irresistible; the very fact that in Essen, where the Krupp manufactory is located, 8,000 workers held a meeting at which they adopted unanimously a resolution in favor of the Reichstag declaration, shows that the Government in Germany does not dare to prevent the people from discussing international questions. [Applause.]

Mr. RUCKER. Mr. Chairman, I want to make one concrete statement in the beginning, which I hope will leave no doubt in the mind of any gentleman as to my attitude upon the bill now being considered.

It has been repeatedly and truly stated here that this bill contains three several parts or propositions; one is referred to as the allowance or allotment, another as the compensation, and another as the insurance provision. Reserving the right to vote for any amendment which would improve either one or all of these provisions or propositions I am unwaveringly and unalterably in favor of them, and each and all of them, as an abstract proposition. In other words, I am heartily in favor of the provisions contained in this bill designed and intended to care for loved ones whom the soldier boys this day marching across the country, perhaps on their way to foreign lands, will leave at home. If within the bounds of reason—and almost anything with reference to expenditure seems to be reasonable now—suggestions can be made which will make these provisions more humane, which will carry more comfort, peace, and contentment into the homes which young husbands and fathers have left, possibly never to return, I will vote for such amendments most readily and gladly. I commend and applaud the committee for reporting a bill containing such wise provisions.

The next proposition is the one I will designate as the pension provision. It seems that in this day and year of our Lord 1917, some gentlemen who in the past have introduced hundreds of bills to increase pensions or to grant special pensions by private bills have become just a little bit annoyed and manifested some degree of petulance because some other gentlemen, inadvertently possibly, have argued that this part of the bill under consideration provides for pensions. They say it provides for compensation—not pensions. I for one am not ashamed of pensions. I am an advocate of pensions. I prefer to refer to this provision in language which everybody understands, and which, in my judgment, is more complimentary to the soldier boy, as a pension provision. Do I oppose it? No. Reserving the right to vote for any amendment which will make the pension provisions of this bill, and all of them, equally as good or better than the provisions of existing pension law, I expect to and will vote for it.

But, Mr. Chairman, that is not all. It must not be taken for granted by gentlemen who occupy seats upon this floor to-day that the American people, though aroused as never before over the great emergency which confronts us and the great peril which threatens us, the peril of long, disastrous, destructive war, will not, 5 or 10 years from now, or to-morrow, in their homes and shops and offices and on their farms, use the brains that God Almighty has given them. They will consider our action here to-day, and my judgment is that some of us may be called to account for a superabundance of sentimentality and a deficiency of good common sense and wisdom. We should provide pensions; but why provide a new vehicle to carry them to the people, when we have one now thoroughly well equipped and very able to perform that service? Why fasten upon the American people for all time hundreds of thousands of dollars of extra and wholly unnecessary expense simply to create places for a greater number of Federal employees, who will not serve in the war but who will work in the quiet, comfort, and safety of well-equipped Government offices for a monthly stipend which those who are left at home and are already heavily burdened will be taxed to pay? As was asked here a while ago, Can gentlemen give any good reason why the work pertaining to the adjustment of the pensions provided for in this legislation should be taken away from the Department of the Interior and



lodged in the Treasury Department? Why should it be done? The Pension Bureau to-day has its local boards in every county throughout the land. They have been trained and schooled and qualified for the work. The Pension Bureau has its trained and experienced experts, the field examiners, going abroad all over the land to-day to see that the taxpayer is not robbed in paying pensions; in other words, to see that claims for pensions are meritorious.

It has its trained officers and employees over here in the Pension Bureau. It occupies that magnificent office building over there where thousands of men may work and have worked in the performance of the public duties.

I want to say that some gentlemen who occupy high places in this House, who serve on another great committee, may want to take this work away from the Pension Bureau. It was suggested by some one who stood here a few moments ago that perhaps the reason is that some gentlemen wanted to get away from the pension system and to discredit and destroy it, and therefore seek to lodge the administration of this bill in the Treasury Department. Let me suggest right now that I do not believe when patriotism is at high tide, when there is a thrill of patriotism stirring the hearts of men everywhere, North and South, East and West—that I do not believe such a purpose is the best thing that mature wisdom could suggest for the future political career of gentlemen who are advocating that kind of assault upon one of the most serviceable, valuable, and essential bureaus of the Government. I venture the prophecy that the pension system will be abandoned when the Stars and Stripes are lowered, and not until then. [Applause.]

We are committed to it through generations, and for fifty-odd years we have been taxing the people of the whole country to pay pensions which went largely to residents of one section of the country; and still those patriotic citizens of the States which received no pension were never heard to enter a protest against the principle, and if protests have ever been made they had reference solely to the merits of particular cases. Thank God the patriotic citizens of the Southland put their tributes with those offered by the patriotic citizens of the North, and all rejoice in carrying sunshine, joy, and happiness into the homes and lives and to the widows and dependents of those brave old heroes of '61 and to the valiant soldiers of the Spanish-American War.

This bill contains, it is said, the most liberal provisions ever made for the soldier boy; and I think it is true; and therefore I am in favor of it. But, Mr. Chairman, I am in favor of treating alike every man who bares his bosom to shot and shell for the dignity, the honor, and the glory of the flag. I care not from what section he hails. I believe in treating alike every patriotic soldier boy, and my notion is—if you will pardon me for injecting into the debate my opinion, which amounts to so little—but it seems to me, and my judgment is, that that portion of this bill which I would denominate the second part, the pension part, ought to be sent to some committee skilled in the work, familiar with pension laws, with instructions to ingraft the pension provisions of the bill into the general pension laws of this country. [Applause.]

I believe when we provide, as we are doing to-day, \$30 for the widow of some soldier boy who may lose his life in this war—and I fear there may be some who will—that we should at the same time and in the same law give the widow of the soldier who died fighting for liberty in the Spanish-American War \$30, too. [Applause.] If we are going to give the widow of this war \$5 for each of her children under 16 years of age, why not give it to the widows of those who fought for the liberty of the people in the far-off Philippine Islands? [Applause.]

Why not harmonize the pension legislation of this country and make it such as all of us can stand for? Forget not that the widow of the soldier of the Spanish-American War is the mother of the boy who this very hour is so proudly and heroically following the flag of his country. Forget not in this hour of impetuous and hasty action that the good old mother, the widow of the Civil War soldier, is the grandmother of the boy who will cross the ocean and plant the tree of liberty in foreign lands. She nurtured and held his father or his mother on her knee; and I tell you that the patriotism, American manhood, pride, and valor which will keep the Stars and Stripes afloat forever and forever was instilled into the hearts and minds of these American citizens now going to the front by these old mothers who suffered so much during the Civil War. [Applause.]

God knows that I feel a deep and profound sympathy for every soldier's widow and every soldier's wife. I have but few memories of the Civil War and I wish they could be forgotten. I know whereof I speak when I tell you of the hardships of the wives and mothers of those days. I can remember how a devoted mother trailed across the mountain passes of two or

three States of this Union with a brood of children clinging to her, not knowing any day where she could find lodgment and shelter for the night. I know how patriotically and lovingly this mother, wife of a soldier of the war of 1861, struggled and fought against adversity and against all manner of trials and afflictions in her determination to keep her little brood of children together, and that those children help to make up the brave, noble manhood of this hour. [Applause.]

I am in favor of the insurance feature. I do not care if every insurance company on earth opposes it. I am in favor of turning the light of comfort and happiness into the home of every man who volunteers or responds to the demand of his country and who leaves home and loved ones to fight the battles of our Republic. [Applause.]

I therefore would like to see justice done. I would like for this great committee, composed as it is of so many distinguished and able lawyers and statesmen—I would like for them, if they will, to harmonize this bill, breathe into it the spirit of justice and of equity and of fair play. [Applause.]

Do not put us in the attitude by our vote here to-day of saying to the good woman whose husband died not long since in foreign lands while following his flag that "\$12 is good enough for you, but we will provide \$30 for your neighbor if her husband should fall in this war." Why put it that way? Can gentlemen give a reason for it? I say to you that the expense of giving the widows of the Spanish-American War and the widows of the Civil War and the children of widows of both wars the same as you give to the widows of this war will not add much more to the expenses of the taxpayers of this country than the enormous expense which you are forcing upon us by creating a new bureau in a department which is wholly unfit, unprepared, and unqualified to conduct the work required to properly and economically administer the provisions of this bill. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. RUCKER. Mr. Chairman, I ask leave to extend and revise my remarks.

The CHAIRMAN. The gentleman from Missouri asks leave to revise and extend his remarks. Is there objection? [After a pause.] The Chair hears none.

Mr. COX. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. The gentleman from Indiana asks unanimous consent to revise and extend his remarks. Is there objection? [After a pause.] The Chair hears none.

Mr. COX. Mr. Chairman, I have given this bill and the hearings had on it before the committee reporting it most careful and painstaking study, and in my judgment it is economically and fundamentally sound, and that all its critics, public or private, will not be able to puncture a single provision in it. Some of its details may need, here and there, some amendments to insure its easy working ability, and before it finally leaves Congress this may be done; but to change the basic principles on which it rests, never.

This is undoubtedly one of the most important pieces of legislation that this or any preceding Congress has dealt with, because it marks a new milestone in the enactment of legislation which will change the whole future policy of our Nation dealing with its soldiers in the way of pensions, and so forth.

Mr. Chairman, this session of Congress has enacted more record-making legislation than has been enacted by Congress during the past century. While practically all of it has been under the guise of war legislation, much of it is exactly what the people want, and for which they have been asking during the past two decades or more. Much of it will be permanent and continue in force forever. Some of it may from time to time be amended, but repealed, never. The vast scope of legislation enacted this session affects not only our own Nation, but it affects the relations of our Nation with its sister nations. War changes the whole face of a nation. Its well-defined and oft-traveled roads, economic and political, give way to actual necessity to meet new conditions in time of war. As new conditions arise emergency measures must be put in force to meet the ever-changing conditions of war. War is the most progressive of all sciences. Long before it engulfs a nation, and especially during its existence, the subtle brain of man is ever in search of some device by which he can overcome and conquer his enemy, and in the storm and stress of battle few nations take the time to look out for the welfare of those on whom it must depend to carry its war to a successful and quick conclusion. I predict the time will never come again in our country when war will be fought under the old, ancient, antiquated volunteer system. It has been tried and found ineffective to cope with a well-organized enemy. Besides in time of war it is unfair if not undemocratic to cast the burden of war on those who are willing to volunteer. The sound and safe practice is that based



upon universal liability to military service. This principle of raising armies is not new to us. It was resorted to during the Civil War, and Gen. Washington repeatedly time and time again criticized the volunteer system as being inefficient for the purpose of raising an army to support the country in time of war. Acting upon the advice of the President, the Commander in Chief of the Army and Navy, last April Congress promptly passed the universal liability law, known as the selective draft, under which an army of 500,000 men have been selected with increments of 500,000 other soldiers to follow as they may be needed from time to time.

These young men represent the flower of American manhood. They come from every walk and station in life. They come from the factory, the mill, the mine, and the farm, the countingroom, and from every section of the country, representing the distributed burden upon all the people as equal as it is possible to distribute it. Many of these young men were earning large salaries in private life. Many of them are to-day our leading business men, and many of those who return from the war will be our leading business men of to-morrow. Under the Constitution the power to raise and support armies is delegated to the Congress, and exercising its constitutional power Congress under the selective draft has called forth these young men, physically strong, with rugged bodies, free from disease, and asked them to go forth and fight the Nation's battles. As Congress has selected these men under the principle of universal liability, it is but fair and equitable that in support of these armies Congress shall, under the principle of universal liability, compel the civilian population to stand a part of the loss of the soldier which he will sustain in the war.

War is the most hazardous of all occupations, as shown by the unwillingness of old-line insurance companies to insure those who actually engage in this enterprise without greatly increasing the rate of insurance to the man engaged in it. A vast majority of those now forming in the ranks of war are unable to pay these increased premium rates demanded by the insurance companies. Some one should bear this increased burden. No one is abler, no one should be more willing to do it than all the people for whom the soldier is fighting. The insurability of a man's life is a real, genuine asset to him and those depending upon him for support and maintenance. More than this, it is a real asset to the State and the Nation. While this asset of life is lost, or at least partially destroyed, by the act of the Government in calling him to the colors, putting him in hazardous occupations, the Government should willingly make up this loss to the soldier and place him in statu quo, so far as his right of insurability is concerned. It will be impossible for the Government to place all its soldiers during or after the war in the same condition physically it found them at the time it accepted them, but as far as it is practical or possible so to do the Government should willingly undertake the enterprise. The insurance feature as outlined in the bill is what is called "term insurance," lasting a year at a time. Old-line insurance companies are willing to carry this insurance by the year in times of peace on men of military age at the rate of \$8 per year, but in times of war they exact a charge of \$58 per thousand.

This would place insurance for the average soldier above his reach, above his ability to pay the premium. A few of the extremely wealthy in the Army would be able to meet this increased demand for premium on the part of insurance companies, but a vast majority of the soldiers would not be able to carry any insurance whatever upon their lives. Under the plan proposed in the bill the Government will carry insurance for the soldier at the rate of \$8 per thousand, the same rate at which insurance companies would carry the risk in time of peace. Under this plan the Government proposes to carry the increased risk of \$50 on each thousand dollars of insurance, only requiring the soldier to pay insurance at the rate of \$8 per thousand, the same rate he would be required to pay for similar insurance issued to him by old line insurance companies in times of peace. This is a splendid financial investment on the part of the Nation, and, in addition, it is extremely patriotic. It is a willingness on the part of the Government to make good, as far as possible, the loss to the soldier by putting him into the Army through the volunteer or selective-draft system. For many years the laboring men and those engaged in humanitarian work unceasingly urged the legislatures of States and the Congress to enact legislation exempting the toilers of the Nation from many of the harsh, unjust, and onerous burdens cast on them by the monstrous doctrine of assumption of risk—purely a court-made doctrine in the first instance, never recognized by any legislative body, so far as I am apprised—and while it took years of labor and toil to break down this unjust rule between employer and employee, to-day in every State of the Union, with the exception of three, this progressive and humane

legislation is a part of the statutory law of the land. Not until a year ago did Congress realize the justness of the claim of those working for it and pass a wise, just, and humane measure along the line of compensation to Government employees, and more to the untiring work of the late lamented Senator Kern, of Indiana, than anyone else is due the enactment of this humanitarian piece of legislation. While our soldiers are not employees of the Government, they are by far more than employees; they are part and parcel of the Nation.

In fact, they are the Nation's vanguard and on them rests its destiny, and to them we confide our future civilization. And as the cry of the Nation's toilers have been heard in the enactment of wise and beneficent legislation in their interest, as far as it is humanly possible, let Congress now and here highly resolve that as far as its constitutional power will permit it to enact this humane law that will go far toward mitigating the horrors of war. The average man does not fear death. He has an abiding faith that death does not end all, but the average man shrinks and shudders at the thought of death, if he has failed to leave a reasonable competence for those dependent on him for support, and after all is done and said the soldier is as much human as any one of us. Many hundreds of thousands of these young men have wives and children depending on them for support. Many thousands have a widowed mother to support; many thousands of others have a father, brother, or sister broken in health, earning power gone, depending on them for support and maintenance. In fact, all but a few of them represent the meal ticket for those they leave behind. The supreme question agitating the minds of our soldiers is not their comfort, welfare, or health; is not fear of the Krupp guns they must face in the trenches of France or the deadly torpedo of the German submarine. He is asking himself while forming in the ranks of war in some of the training camps, "How about my wife and baby?" "How about my mother?" "Will they be cared for in my absence?" Let Congress answer the question by enacting this bill into law without a dissenting vote, and assure him that behind him stands 100,000,000 people with two hundred and fifty billions of wealth, and that everyone of the civilian population and every dollar of this wealth stands pledged to support his dependent wife, child, or mother in his absence. When this is done many of the horrors of war now staring our soldiers in the face and now confronting his dependents at home will have passed away. At the outbreak of war Congress passed the war-risk bill, whereby the Government insured vessels and their cargoes on the seas, and to the amazement and delight of its friends and the astonishment of its opponents it has not only paid the operating cost of the bureau, but left a nice and handsome balance to the credit of the Government in the United States Treasury.

Later Congress recognized that the lives of the crews on merchant ships was as important as ships and its cargoes, and by law Congress compelled the owners of vessels to insure the lives of their crews, and which has worked admirably to the interest and welfare of the Nation. Now comes the greatest and most valuable cargo ever assembled by our Nation, an army of 2,000,000 young men, to be subjected to the most hazardous and dangerous employment to which nations ever engage—war.

The Nation has a pecuniary interest in the life, health, and happiness of each one of its soldiers, and it should in every way possible strain to preserve their lives and health. Failing in this, it should replace the breadwinners taken from the dependents by at least a small competence given to them. In good conscience and fair dealing the Nation can do no less. A fear seems to be brooding over the minds of some that the Government may continue in the life insurance business after the war is over. For one I am not concerned at this time about the future policy of our Government after peace is restored, so far as life insurance is concerned. It ought to continue in this line of work with all its soldiers after the war is concluded until each soldier's policy is paid him, whether that be 20 years or 50 years. Time is of no moment now.

This will furnish a test, and if the Government can carry insurance cheaper than a private enterprise, for one I would openly advocate it. For more than 10 years the Post Office Department has asked Congress for legal power to bond its 100,000 employees required to be bonded. This department time and again has assured Congress that it can do it more cheaply and economically and at a premium from 25 to 33 per cent less than that paid by the employees to the present bonding companies, but down to the present hour, in some way or manner, the bonding companies who invariably infest the Capitol at every turn of the elbow every time the question has been up has been able to defeat this much-needed legislation. Here in the insurance feature of this bill the test will come between Government insurance, on the one hand, after the war is over and the private



insurance companies on the other. If it is demonstrated, as I feel sure it will be, that the Government can carry on life insurance for its citizens cheaper than private enterprises the Government insurance is here and it is here to stay, and to stay forever. War is a function of the Government, and to a speedy and successful conclusion of this war Congress has pledged all the resources of the Nation, both men and money, and while this is a war measure it is more, it is a measure to heal the wounds, make whole the loss during its continuance, and aid in rehabilitating the Nation at its conclusion so far as practicable. [Applause.]

Mr. SWITZER. Mr. Chairman, I would like to have the attention of the members of the committee in charge of this bill, and I will only take a few minutes.

I am one of the Members of this House who does not believe the pension laws of our country are so odious that if this bill becomes a law and should be administered through the Pension Bureau that now exists in this city it will at all be contaminated with anything that is evil.

I also believe that if you will allow us to write into this, that you call a compensation bill, a principle that was written into the pension laws of this country years ago for the old Civil War veterans, it will not make your compensation bill odious. And that is this principle—that there is something lost to the man who has lost his leg, or his eyes, or his arm, other than the ability to earn a living. In my boyhood in my father's home were two men that each had only one arm; one a half brother, whose arm was off at the shoulder, and one a cousin, a Civil War veteran, whose arm was off just below the left elbow joint. I think I know something about the trials and tribulations of a one-armed man, if I do not know about the blind. What I want to call to your attention is this, that in this compensation act you are going to measure that man's sacrifice by a commercial, industrial rule.

I say that a man who faces a cannon to-day on the field of battle and has his arms blown off or his legs torn off or has his eyes put out with poisonous gas has lost something more than his ability to earn a living. Great heavens, gentlemen, whenever that one-legged man on a crutch goes out among his fellow men, does he not bring discomfiture and sorrow to those who look upon him? Does he not realize that? Is not the man disfigured? Under your hard-headed commercial industrial rule for compensation you give him nothing for that disfigurement of his body or limb. When he moves along among his fellow men, do you not think that he realizes that he is a disfigured man? The existing law gives to every soldier, whether he be an officer or whether he be a private, if he loses both eyes in the defense of his country, or both arms, or both hands, or both feet, \$100 a month. There is no discrimination between officers and privates. The law metes out absolute equality to all in granting pensions for specified injuries.

Now, gentlemen, that is about what I want to present here. I want you to write an additional principle in the bill to the effect that when men are mutilated that that must be taken into consideration as well as the inability to earn a living.

You say you make some provision for the widow. You take \$60 off of the blind or \$40 off of the blind and you give the young widow an increase of \$18, and the Government gains \$22 in the transaction. But what young widow of a deceased soldier will want to accept the pension if you have got to pay it out of a fund recouped from the pensions of the blind?

Gentlemen, I do not want to get into a fight with a blind man. I was trying a lawsuit once, and it developed that a witness got into a fight with a blind man and that the blind man whipped him. And I said to myself that he ought to have whipped him. And I believe if the Members of this House get into a fight with a blind man they will get licked, and I believe they ought to get licked.

Give the 1,200,000 volunteers and drafted men in the Army to-day the pension for frightful injuries that was in the law when they enlisted. They then understood that, should poisonous gas render them sightless, a pension of \$100 per month would be granted them. But now, many of them being in France, away across the water, you start a fight without notice to them to reduce a promised \$100 per month pension to \$40 per month, and if an attendant is needed you will pay \$60 a month. Recollect that the bill states that nothing will be taken into consideration on a partial disability except the inability to earn a living—a commercial rule. And when this one-armed or one-legged man comes back believing that he will receive a \$55 pension per month when the limb is off at the shoulder or hip joint, what will he think of a Congress that in his absence reduced it to \$20, \$25, or \$30 per month? The loss a man sustains who loses his arm while reaching for the throat of the Kaiser should

not be measured by the same rule that you employ in measuring the loss of a man who in the gainful pursuits loses his arm reaching for the almighty dollar.

The commercial compensation rule in the pending bill fails to recognize heroism and takes no account of acts of valor rendered on the field of battle, although disfigurement of body or limb plainly shows heroic acts performed.

Why should Members of Congress daily bewail the lack of enthusiasm among the people in the great martial movement against our enemy when the committee reporting a general pension bill for the soldiers of the present war fail to recognize special acts of valor on the field of deadly conflict—a special mark of bravery, as evidenced by disfigured limb, body, or sightless eyes? The existing law grants specific pensions for certain specified injuries, and the Congresses that enacted them did not need the services of any compensation expert or any pension clerk.

This Congress ought to be able to fix the amount of compensation or pension for the injuries I have just referred to without the assistance of a compensation theorist. Will any Member rise on the floor of this Chamber and state that he needs the services of a departmental clerk or that he wants to listen to the chattering of some compensation expert to enable him to come to the conclusion as to the amount of pension he should vote for a blind man or an armless or legless man injured while fighting his country's battles?

I propose to offer the following amendment to the pending bill, namely:

Amend article 3 by inserting, at the end of line 20, on page 20, the following:

"That for the loss of one hand or one foot, or being totally disabled in the same, the rate of compensation shall be \$40 per month; for the loss of an arm at or below the elbow or a leg at or above the knee, or being totally disabled in the same, the rate of compensation shall be \$46 per month; for the loss of an arm at the shoulder joint or a leg at the hip joint, or so near the shoulder or hip joint, or where the same is in such a condition as to prevent the use of an artificial limb, the rate of compensation shall be \$55 per month; for the loss of one hand and one foot, or being totally disabled in the same, the rate of compensation shall be \$60 per month; for the loss of both feet on both hands or both eyes, or for becoming totally blind from causes occurring in the service of the United States, the rate of compensation shall be \$100 per month; and for total deafness the rate of compensation shall be \$40 per month."

These specific pensions have been determined by past Congresses. A Congressman can figure out the loss of earning capacity on account of these palpable injuries as well as any expert, and he can also take into consideration the disfigurement of the maimed soldier, an element unknown to the commercial compensation theorist. We do not want to leave the rate of pension for these well-determined injuries to the uncertain calculation of some bureau official or clerk.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ADAMSON. Mr. Chairman, before moving that the committee rise, I wish to express my appreciation of the patience of the gentlemen and also my gratification that three days of liberal debate seem to have clarified the situation so as to inspire in me a hope that we will be able to follow the rule more closely and make greater expedition to-morrow in the consideration of the bill.

Mr. MADDEN. I think we ought to do so. I am willing to agree with the gentleman.

Mr. SWITZER. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the Record.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. ADAMSON. Mr. Chairman, with the admonition and thanks and hopes expressed, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. GARRETT of Tennessee, Chairman of the Committee of the Whole House on the state of the Union, reported that the committee had had under consideration the bill (H. R. 5723) to amend an act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department, approved September 2, 1914, and for other purposes," and had come to no resolution thereon.

Mr. ADAMSON. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock to-morrow.

Mr. MADDEN. I object; Mr. Speaker.

CHANGE OF REFERENCE.

Mr. HICKS. Mr. Speaker, I ask unanimous consent for the change of reference of a bill which I think was in error sent to the Committee on Military Affairs instead of the Committee on Naval Affairs. I think I marked it to be referred to the



Committee on Naval Affairs, but I find it sent to the Committee on Military Affairs.

The SPEAKER. It makes no difference how the gentleman marked it.

Mr. HICKS. It is a Coast Guard bill, which is now under the Navy Department. The Coast Guard has been transferred since the war, and the bill is entitled—

"Giving rank, pay, and allowance to district superintendents of the United States Coast Guard."

Mr. FIELDS. Would the gentleman mind letting that go over until to-morrow, so that we can look into it?

Mr. HICKS. Certainly.

The SPEAKER. The gentleman withdraws his request.

Mr. ADAMSON. Mr. Speaker, since objection was made to meeting at 11 o'clock to-morrow, I will state that the gentleman from North Carolina [Mr. KITCHIN] authorized me to state that he hoped to finish this bill before adjournment to-morrow night.

Mr. MADDEN. Then I suppose Mr. KITCHIN will attend the session.

#### ADJOURNMENT.

Mr. ADAMSON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 27 minutes p. m.) the House adjourned until to-morrow, Tuesday, September 11, 1917, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1. A letter from the Acting Secretary of the Treasury, transmitting copy of a communication from the Acting Attorney General submitting a deficiency estimate of appropriation required by the Department of Justice for the fiscal year 1917 (H. Doc. No. 361); to the Committee on Appropriations and ordered to be printed.

2. A letter from the Acting Secretary of the Treasury, transmitting copy of a communication from the Acting Secretary of Commerce submitting a supplemental estimate of appropriation required by the Department of Commerce for aids to navigation in the Potomac River (H. Doc. No. 362); to the Committee on Appropriations and ordered to be printed.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. HARRISON of Mississippi: A bill (H. R. 5993) to establish a fish-hatching and fish-culture station at a point in or near the city of Biloxi, in the State of Mississippi; to the Committee on the Merchant Marine and Fisheries.

Also, a bill (H. R. 5994) to require street railways carrying passengers in their cars within the District of Columbia to provide equal but separate accommodations for the white and colored races, and to prescribe punishments and penalties for violating its provisions; to the Committee on the District of Columbia.

Also, a bill (H. R. 5995) for the purchase of a site for a public building at Columbia, Marion County, Miss.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 5996) for the purchase of a site for a public building at Bay St. Louis, Hancock County, Miss.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 5997) for the purchase of a site for a public building at Pascagoula, Jackson County, Miss.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 5998) authorizing the Secretary of War to donate to Jackson County, Miss., one bronze cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 5999) for the establishment of Gulfport, Miss., as a port of entry and delivery for immediate transportation without appraisement of dutiable merchandise; to the Committee on Ways and Means.

Also, a bill (H. R. 6000) authorizing the Secretary of War to donate to the Gulf Coast Military Academy two bronze cannon or fieldpieces; to the Committee on Military Affairs.

Also, a bill (H. R. 6001) authorizing the Secretary of War to donate to the Mississippi Woman's College, at Hattiesburg, Miss., two bronze cannon or fieldpieces; to the Committee on Military Affairs.

By Mr. FRANCIS: A bill (H. R. 6002) to amend section 1754 of the Revised Statutes, being "An act to provide for the preference of persons disabled in military or naval service in civil-

service appointments"; to the Committee on Reform in the Civil Service.

By Mr. CARAWAY: A bill (H. R. 6003) to authorize the construction, maintenance, and operation of a bridge across Little River, about one-half mile north of the town of Marked Tree, Ark.; to the Committee on Interstate and Foreign Commerce.

By Mr. HARRISON of Mississippi: Resolution (H. Res. 136) to print 1,000 additional copies of the Soil Survey of the Biloxi Area, Miss., for use in the House document room; to the Committee on Printing.

By Mr. EMERSON: Joint resolution (H. J. Res. 149) to have the food administrator investigate prices charged at markets; to the Committee on Agriculture.

By Mr. FITZGERALD: Memorial of the Assembly of the State of New York, urging the increase of farm labor to help properly increase the output of foodstuffs; to the Committee on Immigration and Naturalization.

Also, memorial of the Assembly of the State of New York, urging the prompt manufacture and timely distribution of farming implements of utmost importance in facilitating and increasing production; to the Committee on Interstate and Foreign Commerce.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ASHBROOK: A bill (H. R. 6004) granting an increase of pension to Pearl P. Ingalls; to the Committee on Invalid Pensions.

By Mr. BORLAND: A bill (H. R. 6005) to provide posthumous promotion to First Lieut. William T. Fitzsimmons; to the Committee on Military Affairs.

By Mr. HARRISON of Mississippi: A bill (H. R. 6006) granting a pension to Rufus R. Ford; to the Committee on Pensions.

Also, a bill (H. R. 6007) granting a pension to Georgia Gentry; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6008) to reimburse Gaston R. Poltevin for property lost by him while assistant light keeper at East Pascagoula River (Miss.) light station, as recommended by the Light-house Board; to the Committee on Claims.

Also, a bill (H. R. 6009) for the relief of J. L. Bonner; to the Committee on the Public Lands.

Also, a bill (H. R. 6010) for the relief of the heirs or legal representative of Charls Johnsson and Kate Johnsson; to the Committee on Claims.

Also, a bill (H. R. 6011) for the relief of the heirs or legal representative of Charls Johnsson and Kate Johnsson; to the Committee on Claims.

Also, a bill (H. R. 6012) for the relief of N. Ferro; to the Committee on Claims.

By Mr. KEARNS: A bill (H. R. 6013) granting a pension to Mary A. Clark; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6014) granting a pension to William J. Shannon; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6015) granting an increase of pension to George W. Cooper; to the Committee on Invalid Pensions.

By Mr. RAMSEYER: A bill (H. R. 6016) granting an increase of pension to Jerel Carver; to the Committee on Invalid Pensions.

By Mr. THOMPSON: A bill (H. R. 6017) for the relief of William Guy; to the Committee on Claims.

By Mr. VOIGT: A bill (H. R. 6018) granting an increase of pension to George Coppins; to the Committee on Invalid Pensions.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By Mr. ASHBROOK: Petition of W. M. Heseltine and 29 others, of Delaware, Ohio, protesting against the tax on telephone and telegraph companies; to the Committee on Ways and Means.

By Mr. FITZGERALD: Petition of the International Typographical Union, urging Congress not to impose any additional burden upon the printing industry of the United States or the general public through the increase of postage on publications of any kind; to the Committee on Ways and Means.

By Mr. FULLER of Illinois: Petition of the American Exporter, opposing tax on publishers; to the Committee on Ways and Means.

Also, petition of the Motor Vehicle Co., opposing increase of second-class postage; to the Committee on Ways and Means.

Also, petition of the Progressive Farmer, Birmingham, Ala., opposing the zone rate for periodicals; to the Committee on Ways and Means.

Also, petition of William Aaron, sr., and others, of Peru, Ill., for conservation of public lands and other natural resources; to the Committee on the Public Lands.

By Mr. O'SHAUNESSY: Petition of the Commodore Perry Council, No. 14, Junior Order United American Mechanics, urging the restriction of immigration; to the Committee on Immigration and Naturalization.

Also, petition of the Tyler Council, No. 45, Knights of Columbus, Providence, R. I., protesting against the granting of any loan of money to the Carranzista Government in Mexico until that Government puts into effect religious liberty and freedom of worship; to the Committee on Foreign Affairs.

By Mr. PRATT: Petition of Sam G. Houghton, Hartley M. Gates, James Richford, Lloyd Durfee, E. F. Hopkins, Arthur S. Carter, Wilmer R. Wilcox, H. J. Knapp, E. L. Ash, F. R. Gibson, C. A. Southworth, C. F. Rice, Fred J. Horton, C. H. Gee, E. S. Burtenshaw, Charlie Biggs, H. E. Clapp, W. C. Cook, Ashbel Landon, Foster T. Van Buskirk, Glenn H. Adamy, W. S. Parker, and E. T. Tichenor, all of Groton, N. Y., in favor of national prohibition; to the Committee on the Judiciary.

By Mr. RAINEY: Petition of Dow Camp, M. W. A., Illinois, protesting against the high cost of living; to the Committee on Agriculture.

Also, petition of Col. Thomas A. Peters and 24 other Grand Army veterans, of Virginia, Ill., favoring larger pensions; to the Committee on Pensions.

By Mr. SULZER: Petition of 117 residents of Ester Creek, Alaska, complaining of high-food costs; to the Committee on the Territories.

## SENATE.

TUESDAY, September 11, 1917.

The Chaplain, Rev. Forrest J. Prettyman, D. D., offered the following prayer:

Almighty God, we come to Thee with the labor of our hands, for we recognize that we are under Divine obligation to bring our acts and the policy of our Nation into conformity to Thy will. As we touch the vital interests of millions of Thy children and project influences from this Senate that reach around the world we would have all done with reference to God's great plan for the uplift of humanity. We pray Thee to guide us to this end and bless us in our endeavor. For Christ's sake. Amen.

The Secretary proceeded to read the Journal of the proceedings of the legislative day of Wednesday, August 15, 1917, when, on request of Mr. CHAMBERLAIN and by unanimous consent, the further reading was dispensed with and the Journal was approved.

### MERMENTAU RIVER DAM, LOUISIANA.

The PRESIDENT pro tempore laid before the Senate the amendments of the House of Representatives to the bill (S. 2785) to authorize and empower the Southwest Louisiana Waterways Association, of the State of Louisiana, to construct a lock and dam in Mermentau River in the State of Louisiana, which were, on page 1, line 3, after "That," to insert "the consent of Congress is hereby granted for"; on page 1, line 4, to strike out "be, and is hereby, authorized"; and on page 2, line 6, after "hereof," to insert: "Provided, That no dam constructed under the consent hereby granted shall be used to develop water power, nor to generate electricity, but the use of the dam by the construction shall be limited to irrigation."

Mr. RANDELL. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

### WAR REVENUE—M'KELLAR AMENDMENT.

Mr. CURTIS. Mr. President, on yesterday, as appears on page 6881 of the RECORD, the Chair made the following ruling:

The Chair will endeavor to answer the question already asked, if the Senator from Tennessee will permit. The Chair finds that the House provision was stricken out and that the McKellar amendment, so called, was inserted as a different provision and not in connection with the motion to strike out. Therefore, if the Senate refuses to concur in the McKellar amendment, the House provision, which was previously stricken out, will still be left out.

As a result of that decision of the Chair I voted to strike out the McKellar amendment. I was in favor of striking out the House provision and the Senate committee provision, but I preferred the McKellar amendment to either the House provision or the Senate committee amendment, and had it not been for that decision of the Chair I should have voted so. As the object

desired was accomplished by having two votes, I do not care to have the RECORD changed as to that, but I wanted the statement to go into the RECORD. I believe the whole question should be taken up by this committee, and after careful consideration a bill or amendment should be reported classifying second-class mail matter, and the postage should be fixed according to the amount of advertising carried.

The PRESIDENT pro tempore. The Chair will state that—

Mr. CURTIS. If the Chair will pardon me, later on the Chair changed the ruling, and it appears in the RECORD on the same page after the vote was cast.

The PRESIDENT pro tempore. The Chair thinks it proper to say in this connection that on inquiry from the Secretary he was informed that the facts were as first stated. A further examination of the Journal by the Secretary disclosed the fact that the facts as stated were incorrect, and the Chair endeavored at that time to make the correction.

Mr. CURTIS. I made my statement not to criticize the Chair but simply to show what occurred and to explain my vote.

The PRESIDENT pro tempore. The Chair fully understands, but he thought the two statements should go together.

### PETITIONS AND MEMORIALS.

Mr. PHELAN presented a petition of the Woman's Improvement Club of Vallejo, Cal., praying for the removal of the exemption of aliens from serving this country or their own in the war; which was referred to the Committee on Military Affairs.

Mr. SHEPPARD. I present a resolution adopted by the Legislature of the State of Texas pledging the active cooperation of that State to the Federal Government in a united effort to prevent the pink bollworm from being brought into the United States through Texas. I ask that the resolution be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD as follows:

#### Resolution of Texas Legislature.

Whereas the United States is practically the only cotton-growing country not now invested with the destructive cotton pest, the pink bollworm; and

Whereas the Congress of the United States has appropriated a liberal sum for the investigation of this dangerous enemy to the cotton industry, and to ascertain the prevalence of the worm in Mexico; and is proposing a very large appropriation to be used in precautionary measures to prevent the introduction of the bollworm into Texas and other cotton-growing States of the Union; Therefore, be it

Resolved, That the Legislature of Texas pledges the active cooperation of this State to the Federal Government in a united effort to prevent the pink bollworm from being brought into the United States through Texas, and will enact such legislation to that end as may appear essential.

Resolved, That a copy of this resolution be sent the members of the Texas Delegation in Congress.

The foregoing resolution was adopted by the Senate this the 30th day of August, 1917.

JOHN D. MCCALL,  
Secretary of the Senate.

Mr. HUSTING. I present a joint resolution of the Legislature of Wisconsin, which I ask to have printed in the RECORD.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

Joint resolution (S. J. Res. 27) relating to the regulation of the fishing industry on the Great Lakes.

Whereas the rapidly increasing use of fish for food makes it highly desirable that the fishing industry should be properly and adequately regulated; and

Whereas it seems impossible to reach a uniformity of State laws of the different States bordering upon the Great Lakes in regard to this subject: Now, therefore, be it

Resolved by the senate, the assembly concurring, That the Legislature of the State of Wisconsin does hereby respectfully petition the Congress of the United States to enact such legislation as shall give to the National Government the sole jurisdiction in the regulation of the fishing industry upon the Great Lakes.

That copies of this resolution, duly attested by the signatures of the presiding officers and chief clerks of the two houses, shall be transmitted to the President of the Senate, to the Speaker of the House of Representatives, and to each of the Senators and Representatives in Congress from the State of Wisconsin.

EDWARD F. DITTMAR,  
President of the Senate.  
O. G. MUNSON,  
Chief Clerk of the Senate.  
LAWRENCE C. WHITTET,  
Speaker of the Assembly.  
C. E. SHAFFER,  
Chief Clerk of the Assembly.

Mr. HUSTING. I present a resolution adopted by the National Association of Real Estate Boards at a convention held at Milwaukee, Wis., which I ask to have printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Resolution of National Association of Real Estate Boards adopted at Milwaukee convention.

Whereas the present supply of coal at the various distribution points throughout the country is far short of the normal supply; and



Whereas the time for shipment of coal to meet the present emergency as well as the winter's demand is half over, particularly as affects a large territory supplied through the ports at the head of the Great Lakes; and

Whereas no immediate relief is in sight and a continuance of the present conditions will result in great suffering to the general public and financial loss to property owners; and

Whereas the National Association of Real Estate Boards represents 128 cities with 6,400 individual members, controlling vast property interests affecting millions of tenants, who are directly dependent upon them for heat, light, and power: Now, therefore, be it

*Resolved*, That the National Association of Real Estate Boards, assembled in annual convention in Milwaukee, Wis., does hereby earnestly urge the national and State authorities of the United States of America to take immediate and drastic action to secure a more abundant transportation and supply of coal, the most extreme of necessities for the coming winter; and we beg to express the view that, if necessary to this end, the curtailment of passenger and other freight service should be cheerfully submitted to.

Mr. HUSTING. I present resolutions adopted by the Federated Church Choirs and the Young People's Society of Dane and Columbia Counties, Wis., expressing loyalty to the Government, which I ask to have printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

We, delegates of the Federated Lutheran Church Choirs and Young People's Societies of Dane and Columbia Counties, known as the Madison Circuit of the Young People's Association of the Synod, in convention assembled at Madison, Wis., August 3 to 5, in harmony with the Holy Scriptures and our Lutheran confession, which enjoin upon us loyalty to the Government in all matters not militating against conscience, do hereby pledge our faithful and patriotic support of the Government in this our national crisis.

Mr. HUSTING. I present a resolution from the Council of Defense of Polk County, Wis., which I ask to have printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Resolutions of Polk County (Wis.) Council of Defense.

*Resolved*, That we, the Polk County Council of Defense and citizens of the county en masse assembled, hereby declare that we will support our President and Government in every drastic measure necessary to back our allies and to win the present war.

We declare that the war was forcibly brought upon us by Prussian autocracy and declare our President and Government free of all blame.

We declare that we are willing to sacrifice to the limit of our endurance and means, and we are willing to submit to extreme measures by our own Government rather than take chances with Prussian autocracy.

We further declare that any attempt to retard or obstruct extreme war measures to crush Prussian autocracy is willful treason.

Mr. HUSTING. I present a letter from the George J. Meyer Co., of Milwaukee, Wis., relative to taxation which would prevent war profits, which I ask to have printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MILWAUKEE, WIS., August 10, 1917.

Hon. P. O. HUSTING,  
Washington, D. C.

Sir: Referring to bill H. R. 4280, which has been brought to our attention by the Merchants and Manufacturers' Association, we understand there has been a great deal of argument and controversy as to an equitable means of raising the enormous funds which will be needed to carry on the war. We believe in these times when the loyalty and honesty of all our citizens is so severely taxed that manufacturers should not hesitate to bear their proper share of the burden imposed by this condition. The vast majority of people, particularly those who take active part in this war and those who are near and dear to them, will be severely penalized and will make untold sacrifices in doing their share, and all real patriots should be eager to do their share to the best of their ability.

We can not see any possible excuse for anyone whatever to make a profit out of conditions as they exist at this time, particularly when it is at the expense of the best blood and manhood of our country, and we believe that all really patriotic manufacturers and business men should not only be willing but anxious to bear their just portion of the burdens and also make similar sacrifices to those made by the men actually at the front.

There has been a great deal of discussion as to the best way to raise this money, but we can conceive of no better plan than to tax everyone alike, on their excess profits. If it is logical that manufacturers and business men, as well as individuals, should make equal sacrifices with those actively engaged in the war, then the tax rate on excess profits should be greater than 100 per cent, and the writer personally believes that all excess profits should be taxed 110 per cent on the excess over the average profits of 1911, 1912, and 1913.

If this tax were enforced manufacturers could not then, with more or less reason, be accused of wanting this war for personal profit, and unless they show a willingness to make such sacrifices we can not see how they can escape this accusation. If all the people in this country are to be treated equally they certainly should all share in the burdens which are the inevitable results of the destruction which has been going on for the past three years, and we propose that all revenues to be used in the prosecution of this war be borne by those making a profit out of it.

We also believe that all manufacturers have practically agreed that the compensation law is the best law which has ever been put on the statute books, in compensating employees for injuries received while in their service, and we would also insist that every soldier and officer engaged in the war be put under a compensation act similar to that now in force in Wisconsin, and that the money necessary to take care of this compensation be collected by direct taxation and not by bond issues.

We also believe that it is entirely proper to levy a similar rate of taxation, namely, 110 per cent, on all surplus earned by concerns during the war, which has been set aside for other purposes or for the purpose of avoiding taxation.

We also believe it desirable that all manufacturing and business concerns be permitted to earn a maximum of 20 per cent on the actual amount of money invested in their business, this amount to be determined by the actual amount assessed for taxation.

We also believe it desirable that a law be established confiscating all property upon which the income has been improperly reported and inflicting similar punishment on those shirking their responsibility in any way in the same manner as punishment is inflicted on citizens subject to draft who avoid their responsibility.

We understand this country was established with equal rights, equal privileges, and equal responsibilities for all, and we see no possible way all can be made to bear the responsibility unless the sentiments expressed herein are carried out to the letter.

Yours, very truly,

Geo. J. MEYER,  
Per Geo. MEYER, Jr.

Mr. HUSTING presented a memorial of the Wisconsin Retail Sugar Dealers' Protective Association, remonstrating against national prohibition as a war measure, which was ordered to lie on the table.

He also presented a petition of sundry citizens of Wisconsin, praying for the enactment of legislation permitting matter to be mailed which is necessary to enable churches to obtain wine for sacramental purposes, which was referred to the Committee on Finance.

He also presented a petition of Eagle Post, No. 22, Grand Army of the Republic, of Eau Claire, Wis., praying for the enactment of legislation providing for the bringing of the bodies of dead soldiers back to this country in a sanitary and recognizable condition, which was referred to the Committee on Military Affairs.

Mr. FRELINGHUYSEN presented petitions of Delaware Grange, No. 126, Patrons of Husbandry, of Morristown; of Cold Spring Grange, No. 122, Patrons of Husbandry, of Erma; of Elmer Grange, No. 39, Patrons of Husbandry, of Elmer; and of Acquackanonk Grange, No. 183, Patrons of Husbandry, of Richfield, all in the State of New Jersey, praying for the enactment of legislation to secure an adequate supply of nitrate of soda for agricultural purposes, which were referred to the Committee on Agriculture and Forestry.

Mr. HARDING presented a memorial of the Ohio Seventh-day Adventists, remonstrating against the enactment of legislation to protect the Lord's day, commonly called Sunday, from desecration and to secure its observance as a day of rest in the District of Columbia, which was referred to the Committee on the District of Columbia.

He also presented a petition of sundry citizens of Ohio, praying that a tax be placed on all church property, which was referred to the Committee on Finance.

He also presented a petition of sundry citizens of Ohio, praying for the observance of a national day of prayer and fasting, which was referred to the Committee on the Judiciary.

WILLAPA HARBOR AND RIVER, WASH.

Mr. JONES of Washington. I am instructed by the Committee on Commerce to report back favorably without amendment the joint resolution (S. J. Res. 93) for improving Willapa Harbor and River, Wash., and I submit a report (No. 123) thereon. I wish to say that this joint resolution is really intended to correct an error that grew out of an error made in the report of the engineers and was carried into the river and harbor bill. I ask for its present consideration. It is a short measure.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the joint resolution, which was read, as follows:

*Resolved, etc.*, That the Secretary of War may proceed with the work of improving Willapa Harbor and River, Wash., in accordance with the authorization in the river and harbor act of July 27, 1916, provided he is assured that the city of Raymond and other local interests will contribute the sum of \$71,775, being one-half the actual estimated cost of dredging in the North and South Forks of the Willapa River above their junction and will comply with all the other conditions of cooperation imposed by the said act.

The joint resolution was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

ENTRY OF DISTILLED SPIRITS.

Mr. SMOOT. I am directed by the Committee on Finance to report back favorably with two amendments the joint resolution (S. J. Res. 99) authorizing and directing the Secretary of the Treasury to permit the entry of distilled spirits into bonded warehouses under bond, conditioned for the export of such distilled spirits to some foreign country within three years from the date of entry into the United States. As it is an emergency matter I ask for the immediate consideration of the joint resolution.

The PRESIDENT pro tempore. Is there objection to its present consideration?

Mr. GRONNA. Will the Senator from Utah give some explanation for its consideration at this time?

Mr. SMOOT. I will explain it in a few words to the Senator. The PRESIDENT pro tempore. Is there objection to the present consideration of the joint resolution?

Mr. GRONNA. I do not wish to object if the explanation of the Senator from Utah will show that it is necessary that this legislation be passed at this time, but I reserve the right to object.

Mr. SMOOT. I think I can explain it to the Senator in a very few words without going into the details.

There are shipments of distilled spirits that have started from a foreign country to the United States—I think only a very few of them—and they failed to reach here by September 9. In the one case, on the *East Gate*, there was a shipment started and the boat was torpedoed on which the shipment was coming to the United States. The boat went into dock in England and was repaired. It started again to the United States and was again torpedoed, and it is at the present time under repair in one of the docks in England. It can not go to any other place, only to the port of the United States to which the shipment was consigned.

There are two amendments to the bill. One provides that the shipment shall be from any foreign country to the United States and the other that instead of allowing the liquor to remain in bond in the United States for three years it must be disposed of to some foreign country within one year.

Mr. GRONNA. Do I understand that the joint resolution merely applies to these shipments and to no others?

Mr. SMOOT. To no others.

Mr. GRONNA. I have no objection to the consideration of the joint resolution.

Mr. SMOOT. There were no other shipments except these, and it simply gives the importer the right to sell the liquor to some other country. If the joint resolution is not passed, the liquor has to go right back on the same boat. It simply allows it to go into bond and pay the expenses of whatever the Government is put to in allowing the liquor to go in bond, and it gives one year in which to sell it to another country.

The PRESIDENT pro tempore. The Chair hears no objection to the consideration of the joint resolution, and it is before the Senate as in Committee of the Whole. The amendments will be stated.

The SECRETARY. In line 5, after the words "foreign country," insert the words "to the United States"; in line 9, before the word "years," strike out "three" and insert "one."

The amendments were agreed to.

Mr. SMOOT. Then in line 10, where the word "years" occurs, I move to strike out "years" and insert "year."

The amendment was agreed to.

The joint resolution was reported to the Senate as amended and the amendments were concurred in.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

The joint resolution as passed is as follows:

*Resolved, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized and directed to permit the entry of distilled spirits shipped from any foreign country to the United States prior to September 1, 1917, into bonded warehouses in the United States, under bond to be given by the importer of such distilled spirits, conditioned for the export of such goods to some foreign country within the period of one year from and after the entry thereof into the United States.

#### REPORTS FROM THE COMMITTEE ON PRINTING.

Mr. FLETCHER. In the absence of the chairman of the Committee on Printing, I have a number of reports from that committee to submit, which have been waiting for some time. I shall ask unanimous consent for the present consideration of each one. They are matters that ought to have been acted upon before this, but we have had no opportunity to present them.

The PRESIDENT pro tempore. The reports will be received.

#### AMERICAN DEMOCRACY (S. DOC. NO. 80).

Mr. FLETCHER, from the Committee on Printing, reported the following resolution (S. Res. 121), which was considered by unanimous consent and agreed to:

*Resolved,* That the pamphlet submitted by the Senator from Florida [Mr. FLETCHER] on July 30, 1917, entitled "The World Conflict in its Relation to American Democracy," an address by Walter Lippman, be printed as a Senate document.

#### BOOK-PAPER INDUSTRY (S. DOC. NO. 79).

Mr. FLETCHER, from the Committee on Printing, reported the following resolution (S. Res. 122), which was read, considered by unanimous consent, and agreed to:

*Resolved,* That the final report on the book-paper industry, submitted by the Federal Trade Commission on August 21, 1917, in response to Senate resolution 269, Sixty-fourth Congress [by Mr. FLETCHER], be printed as a Senate document, and that 5,000 additional copies be printed for the use of the Senate document room.

#### AMERICANS OF GERMAN ORIGIN (S. DOC. NO. 83).

Mr. FLETCHER, from the Committee on Printing, reported the following resolution (S. Res. 123), which was read, considered by unanimous consent, and agreed to:

*Resolved,* That the pamphlet submitted by the Senator from West Virginia [Mr. SUTHERLAND], on August 22, 1917, entitled "Americans of German Origin and the War," extracts from an address before the Merchants' Association of New York, by Otto H. Kahn, be printed as a Senate document.

#### IMPERIAL VALLEY, CAL.

Mr. FLETCHER, from the Committee on Printing, reported the following resolution (S. Res. 127), which was read:

*Resolved,* That the manuscript submitted by the Senator from California [Mr. PHELAN], on June 1, 1917, entitled "Colorado River in Its Relation to the Imperial Valley, California," by C. B. Grunsky, consulting engineer to the Secretary of the Interior, be printed as a Senate document, with accompanying illustrations.

Mr. SMOOT. Mr. President, I thought that the Committee on Printing at a meeting held a month or so ago, had decided not to print that document.

Mr. FLETCHER. Perhaps the Senator from Utah is right about that, but subsequently the committee decided to have it printed. The report was handed in by the chairman of the committee. It was ordered printed at a meeting at which I was not present. I am only now presenting the report because the chairman of the committee asked me to present it in his absence. I think subsequent to the meeting to which the Senator from Utah refers, it was decided to print the matter.

Mr. SMOOT. As I understand, this report was made some 10 or 11 years ago, when the question of appropriations for the Southern Pacific Railroad was under consideration by Congress. I will ask the Senator from Florida to allow the resolution to go to the calendar.

Mr. FLETCHER. I have no objection.

The PRESIDENT pro tempore. Objection is made, and the resolution goes to the calendar.

#### PRICES OF AMERICAN FLAGS (S. DOC. NO. 82).

Mr. FLETCHER, from the Committee on Printing, reported the following resolution (S. Res. 125), which was read:

*Resolved,* That the report submitted by the Federal Trade Commission on July 26, 1917, entitled "Prices of American Flags," in response to a resolution of the Senate of April 16, 1917, be printed as a Senate document.

Mr. STONE. Mr. President, what is that about the prices of flags?

The PRESIDENT pro tempore. The Secretary will again read the resolution.

The Secretary again read the resolution.

Mr. SMOOT. Mr. President, let that resolution go to the calendar. I do not know very much about it.

The PRESIDENT pro tempore. Objection is made, and the resolution will go to the calendar.

Mr. STONE. Mr. President, I should like to ask whether the Federal Trade Commission and other commissions and departments of the Government have not funds for the printing of such documents as this? I do not know; it is probably all right; but here we have a number of proposals submitted for the printing of documents, many of them departmental documents; and in the aggregate it costs a large sum of money. I should like to know just what public value there is in having papers of this kind printed as Senate documents, to lie up here in the Senate document room as dead matter; but it costs the Government considerable money to have them printed, when, as relating to departmental papers, the departments themselves have funds for the printing and distribution of such documents as they think important.

Mr. SMOOT. Mr. President, the Federal Trade Commission has its regular allotment for printing documents, and, as I have said so many times, if the Senate undertakes to print departmental documents it is going to cost the Government many thousands of dollars each year. If the subject matter here involved was worthy of an investigation and a report, the Federal Trade Commission ought to have the report printed the same as they do other reports. I therefore object to the immediate consideration of the resolution.

The PRESIDENT pro tempore. In reply to the Senator from Missouri [Mr. STONE] the Chair will say that this report was made pursuant to a resolution which was offered by the Senator from Ohio [Mr. POMERENE].

Mr. FLETCHER. The Senator from Ohio offered the resolution, and the matter was transmitted in response to that resolution.

Mr. SMOOT. That presents the subject in an entirely different light. If that be the case, and the report is made in answer to a Senate resolution, I have no objection to having the report printed.



Mr. POMERENE. To what does the report refer?

Mr. FLETCHER. It is in reference to the prices of American flags and the history of the flag. The resolution was offered by the Senator from Ohio, and this information comes in response to that resolution. The committee reported favorably on having the report printed.

Mr. SMOOT. Mr. President, I have no objection to the report being printed as a public document. I thought, from the mere reading of the resolution, that it was another case of one of the departments or bureaus of the Government undertaking to have its printing done by the Senate in order to save its printing allotment.

Mr. FLETCHER. The department was requested to make this report.

Mr. STONE. I fear I am unnecessarily consuming the valuable time of the Senate, but I am curious to know what there can be in the document of value to the public which concerns the prices paid for American flags—if that is the meaning of the resolution—whether it be 10 cents a pound or a penny a yard, or whatever it may be. I am just curious as to the value of the information.

Mr. FLETCHER. The Senator from Ohio can answer that.

Mr. POMERENE. Mr. President, information came to me some time ago that the prices of bunting and of flags had been advanced exorbitantly. I introduced this resolution calling upon the Federal Trade Commission to make an investigation. They have reported the result of that investigation, and while it has been some time since I read the report, I remember that it clearly shows that the prices have been advanced, and my belief is that that has been done as a result, in part, of a conspiracy. The public is very much interested in the matter of flags and of their prices at this time, and I think the report contains information which will be valuable for the public to have.

The PRESIDENT pro tempore. The objection to the consideration of the resolution which was made by the Senator from Utah [Mr. Smoot] having been withdrawn, the Chair inquires whether there is objection to its present consideration? The Chair hears none, and the resolution is agreed to.

#### SOLDIERS' AND SAILORS' INSURANCE (S. DOC. NO. 81).

Mr. FLETCHER, from the Committee on Printing, reported the following resolution (S. Res. 124), which was read, considered by unanimous consent, and agreed to:

*Resolved*, That the pamphlet submitted by the Senator from Wisconsin [Mr. HUSTING] on August 24, 1917, entitled "Family Allowance, Indemnity, and Insurance for Our Soldiers and Sailors—the Duty of a Just Government," by Hon. W. G. McAdoo, Secretary of the Treasury, be printed as a Senate document.

#### BRITISH EXPERIENCE SERIES (S. DOC. NO. 114).

Mr. FLETCHER, from the Committee on Printing, reported the following resolution (S. Res. 126), which was read, considered by unanimous consent, and agreed to:

*Resolved*, That the manuscript submitted by the Senator from New Hampshire [Mr. HOLLIS] on June 29, 1917, entitled "British Experience Series," as revised and edited by the Bureau of Labor Statistics, be printed as a Senate document.

#### BRITISH LABOR'S WAR MESSAGE (S. DOC. NO. 84).

Mr. FLETCHER, from the Committee on Printing, reported the following resolution (S. Res. 128), which was read, considered by unanimous consent, and agreed to:

*Resolved*, That the manuscript submitted by the Senator from Florida [Mr. FLETCHER] on June 30, 1917, entitled "British Labor's War Message to American Labor," consisting of addresses and discussions at a meeting of the committee on labor of the Council of National Defense, Washington, D. C., May 15, 1917, be printed as a Senate document.

#### FOREIGN OFFICERS AND ENLISTED MEN.

Mr. WADSWORTH. From the Committee on Military Affairs I report back favorably without amendment the bill (S. 2858) to defray expenses incurred by officers and enlisted men of foreign armies attached to the Army of the United States, and I submit a report (No. 117) thereon. In view of the urgency of the matter I ask unanimous consent for the immediate consideration of the bill.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill; which was read as follows:

*Be it enacted, etc.*, That the Secretary of War is hereby authorized, under such regulations and in such manner as he may prescribe, to employ such portion of the appropriations made for transportation of the Army and its supplies as in his judgment may be necessary to defray the expenses incurred by officers and enlisted men of foreign armies attached to the Army of the United States during the present emergency, and that those officers and enlisted men, who may have been performing duties in this connection, be reimbursed from this appropriation for the expenditures they have already been obliged to make.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### ADDITIONAL CIRCUIT JUDGE.

Mr. FLETCHER. From the Committee on the Judiciary I report back favorably, with amendments, the bill (S. 2777) providing for the appointment of an additional circuit judge in the first judicial circuit, and I call the attention of the Senator from New Hampshire [Mr. HOLLIS] to the bill.

Mr. HOLLIS. I ask unanimous consent for the immediate consideration of the bill.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill. The amendments were, on page 1, line 5, after the word "first," to insert "and in the fourth"; in the same line, after the word "judicial," to strike out "circuit" and insert "circuits, respectively"; and in line 11, after the word "commission," to strike out the comma, so as to make the bill read:

*Be it enacted, etc.*, That the President of the United States, by and with the advice and consent of the Senate, shall appoint an additional circuit judge in the first and in the fourth judicial circuits, respectively, who shall possess the same qualifications, have the same powers and jurisdiction, and receive the same salary now prescribed by law in respect to the present circuit judges.

SEC. 2. That whenever a vacancy shall occur in the office of the circuit judge in the first judicial circuit senior in commission such vacancy shall not be filled, and thereafter there shall be but three circuit judges in the first judicial circuit.

The amendments were agreed to.

Mr. WEEKS. Mr. President, I should like to ask the Senator from New Hampshire if this bill has the approval of or has been recommended by the Department of Justice?

Mr. HOLLIS. It was referred to the Department of Justice and approved by them.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. FLETCHER. I presume the title ought to be amended.

The PRESIDENT pro tempore. The Secretary will state the amendment to the title.

The SECRETARY. It is proposed to amend the title so as to read: "A bill providing for the appointment of an additional circuit judge in the first and in the fourth judicial circuits."

Mr. WEEKS. Mr. President, I understood that this bill only provided for the appointment of one additional judge in the first circuit.

Mr. FLETCHER. That is true; but an amendment has been adopted providing for the appointment of an additional judge in another circuit.

The PRESIDENT pro tempore. The amendment adopted provides for a judge also in the fourth judicial circuit.

Mr. FLETCHER. The amendment adopted provided for the appointment of a judge in the circuit in North Carolina.

Mr. BRANDEGEE. I suggest that the title be changed so as to read: "A bill providing for the appointment of an additional circuit judge in the first and fourth judicial circuits respectively."

Mr. FLETCHER. I think that would be better.

The PRESIDENT pro tempore. Without objection, the title will be so amended.

#### LIEUT. JOHN T. MELVIN.

Mr. UNDERWOOD. Mr. President, I ask unanimous consent for the immediate consideration of the bill I send to the desk.

Mr. SMOOT. Has the bill been reported from a committee?

Mr. UNDERWOOD. Yes.

Mr. SMOOT. Is it on the calendar?

Mr. UNDERWOOD. Yes; it is on the calendar.

The PRESIDENT pro tempore. The Secretary will read the title of the bill.

The SECRETARY. A bill (S. 2617) authorizing the restoration of John T. Melvin, a lieutenant (junior grade), to the active list of the Navy.

Mr. McCUMBER. Mr. President, is it the purpose now to consider bills on the calendar before we finish morning business?

Mr. UNDERWOOD. I thought that other bills had been taken from the calendar and acted upon.

Mr. McCUMBER. Several Senators desire to introduce bills, and have been waiting a considerable time seeking an opportunity to do so.

Mr. UNDERWOOD. I withdraw my request. I understood that other bills were being considered.

Mr. McCUMBER. Only those which have been reported this morning.

The PRESIDENT pro tempore. Reports of committees are still in order.

#### SERVICE IN FOREIGN ARMIES.

Mr. FLETCHER. From the Committee on Military Affairs I report back favorably without amendment the bill (S. 2623) defining the status of citizens of the United States who have entered the military or naval services of certain countries during the existing war in Europe, and I ask unanimous consent for its immediate consideration. The bill is very brief, and I think there can be no objection to it.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

Mr. SMOOT. Let the bill be read.

The PRESIDENT pro tempore. The Secretary will read the bill.

The Secretary read the bill as follows:

*Be it enacted, etc.,* That no person who, while a citizen of the United States, and during the existing war in Europe, entered the military or naval service of any country at war with a country with which the United States is now at war, shall be deemed to have lost his citizenship by reason of any oath or obligation taken by him for the purpose of entering such service.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

Mr. SMITH of Michigan. Mr. President, several cases of this character have come to my notice. I think this legislation is very important, and will do a very appropriate thing by citizens of the United States who have entered into the war under our allies. I know several cases of Michigan men who have entered the Canadian Army, and did it with a specific understanding that they were not renouncing their citizenship here, and yet a strict construction of that law bore very heavily upon them. I sincerely hope this bill will be passed.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### NATIONAL DAY OF PRAYER (S. REPT. NO. 124).

Mr. MYERS. From the Committee on Military Affairs, I report back favorably, without amendment, Senate concurrent resolution 12, which I ask to have read, after which I shall ask unanimous consent for its immediate consideration.

The PRESIDENT pro tempore. The Secretary will read the concurrent resolution.

The Secretary read the concurrent resolution (S. Con. Res. 12), as follows:

Whereas the people and the Government of the United States are now engaged in the greatest war of history, which, in its determination is fraught with great results for good or evil, not only to the people of this country, but to the people of the whole world, and which is the greatest undertaking upon which this country has ever embarked; and

Whereas this country is about to engage in preparing for war and will soon be sending abroad to the theater of war great numbers of our young men, there to take part in the sanguinary conflict and offer their lives in defense of their country's rights; and

Whereas it is in accordance with the customs and traditions of this country as a Christian Nation and has heretofore been the practice of this country upon engaging in war to set aside a day, by official proclamation, for prayer for the aid of the Almighty: Therefore be it

*Resolved by the Senate (the House of Representatives concurring),* That the President of the United States be, and he is, requested by Congress to issue a proclamation, designating a day of prayer and calling upon the people of this country on such day to assemble in their various places of worship, and there offer prayer to Almighty God for the success of our armies and victory for our cause in this great conflict.

Mr. MYERS. I ask unanimous consent for the immediate consideration of the concurrent resolution.

The concurrent resolution was considered by unanimous consent and agreed to.

#### ARKANSAS RIVER BRIDGE.

Mr. SHEPPARD. From the Committee on Commerce, I report back favorably without amendment the bill (S. 2830) extending the time for the construction of a bridge across the Arkansas River between the cities of Little Rock and Argenta, Ark., and I submit a report (No. 118) thereon. I ask unanimous consent for its present consideration.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### TUG RIVER BRIDGE, WEST VIRGINIA.

Mr. SHEPPARD. From the Committee on Commerce I report back favorably with amendments the bill (S. 2663) granting the consent of Congress to the Wolf Creek Lumber Co. to construct a bridge across Tug River, and I submit a report (No. 121) thereon. I ask unanimous consent for its present consideration.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The amendments were in line 5, to strike out the word "construct" and the comma; in the same line, after the word "operate," to insert "in accordance with the provisions of the act entitled 'An act to regulate the construction of bridges over navigable waters,' approved March 23, 1906"; in line 6, after the word "thereto," to insert "already constructed"; in the same line, after the words "Tug River," to strike out "at a point suitable to the interests of navigation" and the comma; and in line 9, after the words "West Virginia," to insert "which bridge is hereby declared to be a lawful structure," so as to make the bill read:

*Be it enacted, etc.,* That the consent of Congress is hereby granted to the Wolf Creek Lumber Co., and its successors and assigns, to maintain and operate, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906, a bridge and approaches thereto, already constructed, across the Tug River at or near Wolf Creek near Kermit, W. Va., in the county of Mingo, in the State of West Virginia, which bridge is hereby declared to be a lawful structure.

Sec. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

Mr. BRANDEGEE. Mr. President, I should like to ask some member of the committee if that is the usual phrase to insert in these bills granting a license, to wit, "which bridge is hereby declared to be a lawful structure"? Suppose there was something unlawful about the bridge in relation to its construction in the State? Suppose there was some State law that had not been complied with?

I do not know what was in the mind of the committee, but I do not recall to have seen that phrase in a bridge bill before. Of course, if Congress gives the authority, it is lawful so far as Congress is concerned; and if that is all that is meant, the language suggested as an amendment would appear to me to be superfluous. I wondered whether anything else was in contemplation.

Mr. SHEPPARD. Mr. President, I do not think that is the usual language. The War Department must have had some special condition under consideration when it suggested the change. I have no objection to having it stricken out.

Mr. BRANDEGEE. Was the change suggested by the War Department?

Mr. SHEPPARD. That is my understanding, as will be seen by the letter from the Assistant Secretary of War, which I ask to have inserted in the RECORD and which is made a part of the report to accompany the bill.

The PRESIDENT pro tempore. Without objection, the letter will be printed in the RECORD.

The letter is as follows:

WAR DEPARTMENT, August 13, 1917.

Respectfully returned to the chairman, Committee on Commerce, United States Senate.

So far as the interests committed to this department are concerned, I know of no objection to the favorable consideration by Congress of the accompanying bill (S. 2663, 65th Cong., 1st sess.), granting the consent of Congress to the Wolf Creek Lumber Co. to construct a bridge across Tug River, at or near Wolf Creek, near Kermit, W. Va., provided the act is intended to authorize the construction of a new bridge.

In this connection it is considered proper to state that under date of July 21, 1917, the engineer officer in charge of the locality reported that this company has constructed a bridge across Tug Fork of Big Sandy River, at the mouth of Wolf Creek, without a permit from the department and without the necessary act of Congress.

In 1915 the Wolf Creek Lumber Co. made application to the department for approval of plans of a bridge which it proposed to construct across the Tug River near Wolf Creek, but was informed that it would be necessary to first obtain an act of Congress authorizing the structure, as the waterway is one of the navigation portions of which do not lie wholly within the limits of a single State.

It appears that the company has been taken over by the D. E. Hewitt Lumber Co., of Huntington, W. Va., who stated to the district officer, in reply to a letter from him concerning the construction of the bridge without proper authority, that the matter had been placed in the hands of the Member of Congress from the Huntington district, Hon. J. A. Hughes, and it was supposed that the act had been passed and the permit issued.

The district officer states that the bridge already constructed is of the suspension type and is in no way an obstruction to navigation.

If it is this bridge that the bill (S. 2663) is intended to authorize, it is the view of the department that the passage of the act in its present form will not legalize the structure, as it would now be impossible to construct the bridge in accordance with the provisions of the general bridge act of March 23, 1906, which requires that "such bridge shall not be built or commenced until the plans and specifica-



tions for its construction . . . have been submitted to the Secretary of War and Chief of Engineers for their approval, nor until they shall have approved such plans and specifications and the location of such bridge and accessory works."

Under the circumstances, it is suggested that the bill be amended as indicated in red ink thereon. As thus amended I know of no objection to its favorable consideration by Congress.

WILLIAM M. INGRAHAM,  
Assistant Secretary of War.

Mr. BRANDEGEE. I do not want to ask to have it stricken out, because it may be necessary that it should be in. I have no interest whatever in the matter except to get an adequate conception of why it was inserted. It seems to me that a bill granting authority to maintain a bridge across a navigable river should be susceptible of intelligent explanation before Congress passes it; that is all.

The PRESIDENT pro tempore. The question is on concurring in the amendments made as in Committee of the Whole.

The amendments were concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill granting the consent of Congress to the Wolf Creek Lumber Co. to maintain a bridge already constructed across Tug River."

#### MISSISSIPPI RIVER BRIDGE.

Mr. SHEPPARD. From the Committee on Commerce I report back favorably without amendment the bill (S. 2435) authorizing the counties of Itasca and Cass, Minn., to construct a bridge across the Mississippi River in said counties, and I submit a report (No. 122) thereon. I ask unanimous consent for the present consideration of the bill.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### FOX RIVER BRIDGE.

Mr. SHEPPARD. From the Committee on Commerce I report back favorably with an amendment the bill (S. 2823) granting the consent of Congress to the city of Elgin, Ill., to construct, maintain, and operate a bridge across the Fox River at Elgin, and I submit a report (No. 120) thereon. I ask unanimous consent for its present consideration.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

The amendment was, to add at the end of the bill the following:

At a point suitable to the interests of navigation in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

Sec. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### PUBLICATIONS OF INVENTIONS.

Mr. WEEKS. From the Committee on Patents I report back favorably without amendment the bill (S. 2531) to prevent the publications of inventions by the grant of patents that might be detrimental to the public safety or convey useful information to the enemy, to stimulate invention, and provide adequate protection to owners of patents, and for other purposes, and I submit a report (No. 119) thereon.

The PRESIDENT pro tempore. The bill will be placed on the calendar.

Mr. WEEKS subsequently said: Mr. President, I ask unanimous consent for the immediate consideration of Senate bill 2531, reported by me this morning from the Committee on Patents.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which was read as follows:

*Be it enacted, etc.,* That whenever during a time when the United States is at war the publication of an invention by the granting of a patent might, in the opinion of the Commissioner of Patents, be detrimental to the public safety or defense or might assist the enemy or endanger the successful prosecution of the war he may order that the invention be kept secret and withhold the grant of a patent until the termination of the war: *Provided,* That the invention disclosed in the application for said patent may be held abandoned upon it being established before or by the commissioner that in violation of said order said invention has been published or that an application for a patent therefor has been filed in a foreign country by the inventor or his

assigns or legal representatives, without the consent or approval of the Commissioner of Patents, or under a license of the Secretary of Commerce as provided by law.

When an applicant whose patent is withheld as herein provided and who faithfully obeys the order of the Commissioner of Patents above referred to shall tender his invention to the Government of the United States for its use, he shall, if and when he ultimately received a patent, have the right to sue for compensation in the Court of Claims, such right to compensation to begin from the date of the use of the invention by the Government.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### REQUISITIONING OF ENEMY VESSELS.

Mr. KNOX. Mr. President, I move the indefinite postponement of the joint resolution (S. J. Res. 47) requesting the President of the United States to requisition vessels of alien enemies. The joint resolution is now lying on the table. The function intended to be performed by the joint resolution has been performed by an act of Congress.

Mr. FLETCHER. Mr. President, I did not quite hear the request of the Senator, but may I suggest that we are proceeding under the head of "Reports of Committees"? There are other reports to be made, and if the request is to take some measure from the calendar out of order, I suggest that we first finish the order of reports of committees.

Mr. KNOX. My motion was merely to postpone indefinitely Senate resolution 47, now on the table, requesting the President to commandeer German vessels. That has been done under an act already passed by Congress.

Mr. FLETCHER. If the Senator merely wants to move to postpone indefinitely a measure on the calendar, I have no objection.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Pennsylvania.

The motion was agreed to.

#### BILLS INTRODUCED.

Bills were introduced, read the first time, and by unanimous consent the second time, and referred as follows:

By Mr. CHAMBERLAIN:

A bill (S. 2859) to extend protection to the civil rights of members of the Military and Naval Establishments of the United States engaged in the present war; to the Committee on the Judiciary.

By Mr. CULBERSON:

A bill (S. 2860) transferring Hardeman County to the Wichita Falls division of the northern judicial district of Texas; to the Committee on the Judiciary.

By Mr. JONES of Washington:

A bill (S. 2861) granting an increase of pension to Stephen F. Baker (with accompanying papers); and

A bill (S. 2862) granting an increase of pension to James Muzzy (with accompanying papers); to the Committee on Pensions.

By Mr. McCUMBER:

A bill (S. 2863) providing pensions for officers and enlisted men incurring disabilities in the war with Germany and certain dependent relatives; to the Committee on Pensions.

By Mr. KENYON:

A bill (S. 2864) granting a pension to Charles M. Kuhn (with accompanying papers); to the Committee on Pensions.

By Mr. MYERS:

A bill (S. 2865) for the suspension of payments on public lands by entrymen in the military or naval service of the United States; to the Committee on Public Lands.

A bill (S. 2866) to reimburse the heirs of Chief Heavy Runner on account of his death and for property taken from him at the time of the Baker massacre; to the Committee on Claims.

A bill (S. 2867) providing for the enlargement of the Federal building at Missoula, Mont.; to the Committee on Public Buildings and Grounds.

#### AMENDMENT TO DEFICIENCY APPROPRIATION BILL.

Mr. CHAMBERLAIN submitted an amendment proposing to appropriate \$10,000 for the protection of land involved in the Oregon & California Railroad forfeiture suit and the Coos Bay Wagon Road suit, etc., intended to be proposed by him to the urgent deficiency bill, which was referred to the Committee on Appropriations and ordered to be printed.

#### NATIONAL DEFENSE.

Mr. REED submitted an amendment intended to be proposed by him to the bill (S. 1786) to amend certain sections of the act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916, and for other purposes, which was referred to the Committee on Military Affairs and ordered to be printed.

## BILLS AND JOINT RESOLUTION INDEFINITELY POSTPONED.

Mr. CHAMBERLAIN. I ask that the joint resolution (S. J. Res. 40) to appropriate \$500,000 for the encouragement of the production of foodstuffs; the bill (S. 2344) to provide further for the national security and defense by stimulating agriculture and facilitating the distribution of agricultural products, and the bill (S. 2463) to provide for the national security and defense by encouraging the production, conserving the supply, and controlling the distribution of food products and fuel be indefinitely postponed. The subject matter contained in these bills and joint resolution have been made a part of the food-control bill and have been disposed of in connection with that measure.

The PRESIDENT pro tempore. The bills and joint resolution will be postponed indefinitely.

Mr. STERLING. Mr. President, I find on the calendar, under the head of "Subjects on the table," Senate bill 2481, encouraging the production, conserving the supply, and controlling the distribution of food products and fuel. It was introduced by me as a substitute for the food-control bill and ordered to lie on the table. The subject having been disposed of, I move that it be indefinitely postponed.

The motion was agreed to.

Mr. POINDEXTER. I move to indefinitely postpone Senate bill 315, to punish the storing of foodstuffs for the purpose of cornering the market, and for other purposes. That bill was adopted verbatim by the Senate as an amendment to the food-control bill as section 26, and is now in the law. There is no reason, therefore, why it should further encumber the calendar.

The PRESIDENT pro tempore. The bill will be postponed indefinitely.

## PRODUCTION OF GRAINS AND CEREALS.

Mr. JOHNSON of South Dakota submitted the following resolution (S. Res. 129), which was read and referred to the Committee on Public Lands:

*Resolved*, That for the purpose of increasing the production of grains and cereals within the United States during the period of the present war with Germany the Secretary of the Interior be, and hereby is, authorized and directed to make an inquiry into the feasibility and practicability of the Government of the United States putting in a state of cultivation such parts of the uncultivated areas of the public domain and unpatented Indian lands situated therein as he may deem most suitable for growing food crops, and to report thereon to Congress on the first day of the next regular session thereof.

## TRADING WITH THE ENEMY.

Mr. BECKHAM. Mr. President, I submit an article prepared by Theodore H. Thiesing, of the Legislative Reference Bureau, Library of Congress, on the subject of trading with the enemy. It is a short compilation of the measures adopted by Germany during the war on the subject of trading with the enemy, and it occurred to me it might be of some use to Senators in the discussion of the bill that is about to come up for consideration. I offer it that it may be referred to the Committee on Printing with a view to having it printed as a public document or in the RECORD.

The PRESIDENT pro tempore. Without objection, the matter will be referred to the Committee on Printing.

## ADDRESS BY HON. CHARLES E. HUGHES.

Mr. MARTIN. Mr. President, on yesterday the Senator from Kentucky [Mr. JAMES] secured the printing in the RECORD of an address delivered by former Justice Hughes. It is an exceedingly able and interesting discussion of a very important matter which I think would be very helpful if it could have the circulation of the country. Although it has been printed in the RECORD, I ask unanimous consent that it may be printed as a Senate document in order that it may be given a circulation that will be helpful and educational on very important matters concerning the present emergency.

Mr. SMOOT. May I ask the Senator if he will not allow it to go to the Committee on Printing? Then we will take it up with the House committee, as there is virtually an agreement, as the Senator knows, that there shall not be anything of this kind printed without the consent of the joint committee, both in the RECORD and as a public document.

Mr. MARTIN. I am perfectly willing to let it go to the committee, but I must confess I am absolutely unwilling to be a party to any arrangement by which the Senate can not print what it desires to print without getting the consent of the House or anybody else. If the committee has made such an arrangement as that with the House committee I utterly repudiate it, as far as I am concerned as an individual Senator. I think the Senate should reserve to itself the right to print matters when it is deemed that they are important and of a nature that should be printed; but, of course, the committee

can take any course it sees fit. I merely wish to enter that disclaimer of being at all acquiescent in any idea that we can not do matters of this sort without the consent of the House. I am perfectly willing that the matter be referred to the Committee on Printing, if that is the usage of the Senate.

Mr. SMOOT. Of course, I do not want to enter into any discussion—

Mr. MARTIN. It is entirely unnecessary to go into any discussion. I was simply expressing my individual opinion, an opinion which, I think, will appeal to most Senators on this floor. I am perfectly willing to have it go to the Committee on Printing.

The PRESIDENT pro tempore. Without objection, it will be referred to the Committee on Printing.

ADDRESSES OF SECRETARY DANIELS AND VISCOUNT ISHII (S. DOC. NO. 85).

Mr. POMERENE. Mr. President, on the 26th day of August the Japanese mission, who are now the guests of the Nation, visited Mount Vernon as the guests of the Navy Department. On that occasion at the tomb of Washington an address was delivered by the Secretary of the Navy and a response made thereto by Viscount Ishii, the head of the Japanese mission. It was a memorable occasion in the long years of friendship marking the relations between the United States and Japan. I have before me the address of the Secretary of the Navy and the response of Viscount Ishii, and I ask that they may be printed as a public document.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and that order is made.

## LIEUT. JOHN T. MELVIN.

Mr. UNDERWOOD. I ask for the present consideration of the bill (S. 2617) authorizing the restoration of John T. Melvin, a lieutenant (junior grade), to the active list of the Navy.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on Naval Affairs with an amendment, in section 1, page 1, line 6, to strike out the words "take rank next after Lieut. (Junior Grade) Lee C. Carey, United States Navy," and insert "take rank next after Lieut. (Junior Grade) Gordon Hutchins, United States Navy," so as to make the bill read:

*Be it enacted, etc.*, That the President of the United States be, and he is hereby, authorized, by and with the advice and consent of the Senate, to restore John T. Melvin, a lieutenant (junior grade) on the active list of the Navy, to take rank next after Lieut. (Junior Grade) Gordon Hutchins, United States Navy, subject to the usual examinations for such grade.

Sec. 2. That the said John T. Melvin shall be additional to the number of officers prescribed by the law for the grade of lieutenant (junior grade) in the Navy and to any grade to which he may hereafter be promoted, and that for the purpose of computing his pay the time of his former service as an officer in the United States Navy, from July, 1907, to August, 1915, namely, the period of eight years and one month, and the time of his active service as a lieutenant (junior grade) in the Fleet Naval Reserve, United States Naval Reserve Force, shall be allowed in the longevity estimates.

Mr. LODGE. That is a bill which was reported from the Committee on Naval Affairs?

Mr. UNDERWOOD. It has the unanimous report of that committee. This gentleman was in the Navy for a number of years, and just before the war came on he resigned. He has again offered his services, and is at sea now. He merely wants to be restored.

Mr. LODGE. I think I remember the bill.

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

## THE CALENDAR.

Mr. WILLIAMS. I ask unanimous consent—

Mr. SMOOT. I ask the Senator from Mississippi if he will not allow us to take up the calendar and go through with it.

Mr. WILLIAMS. If we are going to do that, very well. I was just going to ask unanimous consent for the consideration of a bill on the calendar, but I am willing to take up the calendar and pass the bills that are not objected to.

Mr. SMOOT. That is, I think, the proper course.

The PRESIDENT pro tempore. The calendar is in order, and will be proceeded with.

## PROMOTION OF EXPORT TRADE.

The bill (S. 634) to promote export trade, and for other purposes, was announced as first in order on the calendar.

Mr. POMERENE. If I may explain it to the Senate, the bill, with one or two minor exceptions, is the same bill as that reported favorably by the Interstate Commerce Committee at the



last session of Congress. The bill as reported then differed substantially from the bill as it passed the House at the last session. At the present session of Congress the House passed Order of Business 113, being House bill 2316, and it is the same as Senate bill 634. I move that the Senate take up House bill 2316 instead of Senate bill 634.

Mr. SMOOT. We might continue with the calendar, and then when we reach House bill 2316 we can take it up at that time.

Mr. POMERENE. It is on the same subject matter, and I do not know that it will make any material difference. I think we can expedite the legislation by passing the House bill.

Mr. SMOOT. Yes; that is right.

Mr. POMERENE. There are only one or two minor amendments to which I wish to call the attention of the Senate.

The PRESIDENT pro tempore. Is there objection to the consideration of House bill 2316?

Mr. KENYON. I was out of the Chamber. I should like to ask the Senator from Ohio if his proposition is to take up Senate bill 634 on the calendar?

Mr. LODGE. Yes; we are on the calendar now.

Mr. POMERENE. My proposition was to substitute House bill 2316 for Senate bill 634, which is the same bill, in fact, and which has passed the House.

Mr. KENYON. There are some Senators I know who have some objections to the bill, but who are not present. I think it ought to go over for that reason.

Mr. POMERENE. If the Senator makes objection—

Mr. KENYON. I will make objection.

Mr. POMERENE. Of course it will have to go over. I shall ask at the very earliest day, possibly to-morrow, that the bill may be taken up.

The PRESIDENT pro tempore. The bill will go over.

#### BILLS PASSED OVER.

The bill (S. 1786) to amend certain sections of the act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916, and for other purposes, was announced as next in order.

Mr. SMOOT. Let that go over.

The PRESIDENT pro tempore. It will go over.

The bill (S. 1797) to authorize the President, in time of war or of national emergency, to requisition or take over ships, boats, and other water craft for the use of the Government, was announced as next in order.

Mr. SMOOT. I should like to ask the Senator from Massachusetts if that same subject matter has not already been included in the shipping bill and also in the naval appropriation bill?

Mr. LODGE. Those powers were given in the naval appropriation bill at the last session. I do not recall this bill at the moment. It is well enough to let it lie over. I think it has been covered, and I think it had better go over for the present. The Senator from Virginia [Mr. SWANSON] is not here.

The PRESIDENT pro tempore. The bill will go over.

The bill (S. 1867) to authorize the President in time of war to give direction to exports from the United States, so as to insure their wise, economical, and profitable distribution to other countries was announced as next in order.

Mr. SMOOT. All that is provided for in the present law, but I do not like in the absence of the Senator from Maine [Mr. FERNALD] to move that the bill be indefinitely postponed. Therefore I will ask that it may go over.

The PRESIDENT pro tempore. The bill will go over.

#### DONATIONS OF CONDEMNED CANNON.

The bill (S. 291) authorizing the Secretary of War to deliver to the town of Murfreesboro, Tenn., two condemned bronze or brass cannon or fieldpieces and suitable outfit of cannon balls was announced as next in order.

Mr. McKELLAR. I take it that will be passed as a matter of course.

Mr. LODGE. Yes, all three.

The bill was considered as in Committee of the Whole.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

The bill (S. 1420) authorizing the Secretary of War to donate to the State of Tennessee two brass cannon, with carriages, was considered as in Committee of the Whole.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

The bill (S. 1767) authorizing the Secretary of War to donate to Lewisburg, Marshall County, Tenn., three brass cannon, with carriages, was considered as in Committee of the Whole.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### REVENUES AND LIABILITIES OF RAILROAD COMPANIES.

The next business on the calendar was Senate resolution 52, directing the Interstate Commerce Commission to furnish the Senate a statement of the gross and net revenue of the railroad companies for certain periods; the bonded and other liabilities of the railroads, together with other information.

Mr. SMITH of Georgia. That resolution may be indefinitely postponed now. I have obtained the information. The Senate amended the bill so as to make the necessary provision.

The PRESIDENT pro tempore. Without objection, the resolution will be indefinitely postponed.

#### LAND IN THE DISTRICT OF COLUMBIA.

The bill (S. 2134) authorizing the Secretary of the Interior to issue a deed to the persons hereinafter named for part of a lot in the District of Columbia was considered as in Committee of the Whole.

Mr. SMOOT. Will the Senator from Ohio just explain the bill briefly? I have not had time to look at it.

Mr. POMERENE. I have not the full facts before me; I did not expect the bill to be called up; but it is simply a bill correcting a title.

Mr. LODGE. It is simply to correct a title.

Mr. SMOOT. Very well.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### BUSINESS PASSED OVER.

The next business on the calendar was the joint resolution (S. J. Res. 39) to appropriate \$3,000,000 to enable the Secretary of Agriculture to prosecute the work of eradicating the southern cattle tick.

Mr. LODGE. Let that go over.

The PRESIDENT pro tempore. The joint resolution will go over.

The next business on the calendar was the joint resolution (S. J. Res. 40) to appropriate \$500,000 for the encouragement of the production of foodstuffs.

Mr. LODGE. Let that go over.

The PRESIDENT pro tempore. The joint resolution will go over.

The next business on the calendar was the joint resolution (S. J. Res. 53) authorizing the President to appoint two additional Assistant Secretaries of Agriculture, and for other purposes.

Mr. LODGE. Let that go over.

The PRESIDENT pro tempore. The joint resolution will go over.

The bill (S. 70) providing for an additional judge for the district of Montana was announced as next in order on the calendar.

Mr. LODGE. Let that go over.

The PRESIDENT pro tempore. It will go over.

Mr. SMITH of Georgia subsequently said: Senate bill 70, providing for an additional judge for the district of Montana, was passed over. I do not think there is any objection to that bill.

Mr. GRONNA. I ask that it go over.

The bill (S. 1484) ratifying the compact and agreement between the States of Oregon and Washington regarding concurrent jurisdiction over the waters of the Columbia River and its tributaries in connection with regulating, protecting, and preserving fish was announced as next in order.

Mr. CHAMBERLAIN. Mr. President, that bill was one to which my late colleague, Senator Lane, very seriously objected. I think it ought to have been enacted, and I will introduce it again at the next session and insist upon its enactment, but I feel that, out of regard to the memory of my late colleague, I should not press it at this session of Congress. I ask that the bill be indefinitely postponed for the reason I have stated.

The PRESIDENT pro tempore. The bill will be indefinitely postponed.

#### PODIATRY IN THE DISTRICT OF COLUMBIA.

The bill (S. 2123) to regulate the practice of podiatry in the District of Columbia was considered as in Committee of the Whole and was read, as follows:

*Be it enacted, etc.,* That from and after the passage of this act it shall be unlawful for any person, for compensation, to practice podiatry in the District of Columbia without successfully having passed such examination concerning his fitness as the health officer of the District of Columbia may prescribe. The health officer aforesaid shall conduct the examination.

No person shall be permitted to take the examination without first paying a fee of \$10 to the District of Columbia. None of the provisions of this act shall apply to regular practicing physicians or surgeons. Neither shall they apply to podiatrists who have been

practicing podiatry in the District of Columbia for one year next preceding the approval of this act.

Podiatry (or chiropody) is hereby defined to be the surgical, medical, or mechanical treatment of any ailment of the human foot, except the amputation of the foot or any of the toes; and also except the use of an anesthetic other than a local one.

Whoever violates any of the provisions of this act shall be guilty of a misdemeanor, and upon conviction thereof shall be fined not less than \$50 nor more than \$100 or imprisoned not less than 30 days nor more than 100 days, or both so fined and imprisoned.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### BILLS PASSED OVER.

The bill (S. 2180) to approve mutual cessions of territory by the States of Wisconsin and Minnesota and the consequent changes in the boundary line between said States was announced as next in order.

Mr. HUSTING. Let that go over.

The PRESIDENT pro tempore. The bill will go over.

The bill (S. 2116) to increase the salary of the United States district attorney for the district of Rhode Island was announced as next in order.

Mr. KING. Let that go over.

The PRESIDENT pro tempore. It will go over.

#### COURTS IN TENNESSEE.

The bill (S. 1836) to provide for the appointment of a district judge in the middle judicial district of the State of Tennessee, and for other purposes, was considered as in Committee of the Whole.

Mr. SHIELDS. The same bill was passed in the last Congress. The bill was read, as follows:

*Be it enacted, etc.,* That hereafter there shall be a district judge of the United States for the middle district of the State of Tennessee, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall possess the same qualifications and shall have the same powers and jurisdiction and receive the same compensation prescribed by law in respect to district judges of the United States: *Provided*, That the judge now acting for the eastern and middle districts of Tennessee shall continue to act in both said districts until a judge is appointed and qualified for the middle district as hereinafter provided.

SEC. 2. That the district judge now holding office and acting for both said districts and his successors shall be assigned to and hereafter be the district judge for the eastern district in said State.

SEC. 3. That the President of the United States, by and with the advice and consent of the Senate, shall appoint the district judge for the southern district in said State, who shall, as to all business and proceedings arising in said middle judicial district, possess and exercise all the powers conferred by existing law upon judges of the district courts of the United States, and who shall succeed to and possess the same powers and perform the same duties within the said middle judicial district as are now possessed and performed by the district judge acting for both said districts in said State.

SEC. 4. That terms of court may be held at the places and in the manner now prescribed by law in the eastern judicial district by the judge of the middle district or in the middle judicial district by the judge of the eastern district, provided it is mutually agreed by and between the judges of each of said districts that the public interest demands it.

SEC. 5. That all laws and parts of laws so far as inconsistent with the provisions of this act are hereby repealed.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### BUSINESS PASSED OVER.

The next business on the calendar was Senate resolution 77, providing for the printing of petitions and memorials in the CONGRESSIONAL RECORD.

Mr. GRONNA. Let that go over.

The PRESIDENT pro tempore. It will go over.

Mr. FLETCHER. That is a very important matter. I think it would save the Government a great deal of money by letting—

Mr. GRONNA. I ask that it may go over.

The PRESIDENT pro tempore. Objection is made and the resolution goes over.

Mr. GRONNA. I will say that it will take considerable discussion before the resolution is passed, and I think we had better hurry along.

The next business on the calendar was House concurrent resolution No. 9, authorizing the printing in one document the act to increase temporarily the Military Establishment, the registration regulations, and the proclamation of the President fixing June 5, 1917, as date of registration.

Mr. SMOOT. Let that go over.

Mr. LODGE. Let it go over. That is all gone by.

The PRESIDENT pro tempore. The resolution will go over.

The bill (S. 2447) to prohibit the use of foods and feeds in the manufacture of intoxicating liquors for beverage purposes, and authorizing and directing the President to commandeer existing stocks of distilled spirits for the manufacture of muni-

tions, and for other military and hospital supplies, if the public interest requires it, was announced as next in order.

Mr. GRONNA. Let that go over.

Mr. CHAMBERLAIN. It might be indefinitely postponed, if no one has any objection, because it was practically disposed of in the food-control bill.

The PRESIDENT pro tempore. Is there objection to the indefinite postponement of the bill? The Chair hears none, and it is so ordered.

The bill (S. 1004) to provide for the retirement of officers and employees of the Bureau of Lighthouses and the Lighthouse Service was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDENT pro tempore. The bill will go over.

The bill (S. 1005) to regulate the salaries of keepers of lighthouses was announced as next in order.

Mr. KING. Let that go over.

The PRESIDENT pro tempore. The bill will go over.

The bill (S. 993) to authorize aids to navigation and for other works in the Lighthouse Service, and for other purposes, was announced as next in order.

Mr. LODGE. I think that bill might as well go over. It carries a good many items.

The PRESIDENT pro tempore. The bill will go over.

#### INSPECTION OF STEAM VESSELS.

The bill (S. 1544) to provide for appeals from decisions of boards of local inspectors of steam vessels, and for other purposes, was announced as next in order.

Mr. SMOOT. That is quite a lengthy bill. I see the report is a very short one, but there is no explanation in the report. I should like the Senator from Florida [Mr. FLETCHER], who reported the bill and who, I believe, also introduced it, to explain what changes of existing law are provided in the bill.

Mr. FLETCHER. There is no provision in the existing law for appeals from the decision of the local inspectors. The object is to provide an appeal from their decision. It grows out of the accident in Chicago some time ago. I think it is a desirable provision to make. It seems to be particularly wanted by all those who favor promoting the safety of these vessels and proper inspection.

Mr. SMOOT. I have not any objection to the consideration of the bill.

The bill was considered as in Committee of the Whole, and was read, as follows:

*Be it enacted, etc.,* That whenever any person peculiarly interested in any decision or action of any board of local inspectors of steam vessels shall feel himself aggrieved by such decision or action, he may appeal therefrom to the supervising inspector of the district, and a like appeal shall be allowed from any decision or action of a supervising inspector to the Supervising Inspector General, whose decision, when approved by the Secretary of Commerce, shall be final: *Provided, however*, That application for such reexamination of the case by a supervising inspector or by the Supervising Inspector General shall be made within 30 days after the decision or action appealed from shall have been rendered or taken: *And provided further*, That in all cases reviewed under the provisions of this act where the issue is the suspension or revocation of the license of a licensed officer, such officer shall be allowed to be represented by counsel and to testify in his own behalf.

SEC. 2. That whenever there shall be a disagreement between the local inspectors in regard to any matter before them for decision, they shall report the case to the supervising inspector of the district, who shall investigate and decide the same, and any supervising inspector may, upon his own motion, review any decision or action of any board of local inspectors within his district, and in like manner the Supervising Inspector General may review any decision or action of any supervising inspector or board of local inspectors, and the decision of the Supervising Inspector General in such case shall, when approved by the Secretary of Commerce, be final.

SEC. 3. That any decision or action reviewed by the Supervising Inspector General or by any supervising inspector, as provided in section 1 of this act, may be revoked, changed, or modified by such reviewing officer, who shall have power to administer oaths and to summon and compel the attendance of witnesses by a similar process as in the district courts of the United States; and the disbursing clerk, Department of Commerce, shall pay, on properly certified vouchers, such fees to any witness, so summoned, for his actual travel and attendance, as shall be officially certified to by the officer reviewing the case, not exceeding the rate allowed for fees to witnesses for travel and attendance in the district courts of the United States.

SEC. 4. That the Secretary of Commerce shall make such regulations as may be necessary to secure a proper enforcement of the provisions of this act.

SEC. 5. That section 4452 of the Revised Statutes, as amended by section 6 of the act of March 3, 1905, is hereby repealed.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### OFFICERING AND MANNING OF VESSELS.

The bill (S. 1545) to amend the act of March 3, 1913, entitled "An act to regulate the offcoring and manning of vessels subject to the inspection laws of the United States," was considered as in Committee of the Whole.



The bill was read, as follows:

*Be it enacted, etc.,* That section 4463 of the Revised Statutes of the United States be, and it is hereby, amended to read as follows:

"SEC. 4463. Any vessel of the United States subject to the provisions of this title or to the inspection laws of the United States shall not be navigated unless she shall have in her service and on board such complement of licensed officers and crew, including certificated lifeboat men, separately stated, as may, in the judgment of the local inspectors who inspect the vessel, be necessary for her safe navigation. The local inspectors shall make in the certificate of inspection of the vessel an entry of such complement of officers and crew, including certificated lifeboat men, separately stated, which may be changed from time to time by indorsement on such certificate by local inspectors by reason of change of conditions or employment. Such entry or indorsement shall be subject to a right of appeal, under regulations to be made by the Secretary of Commerce, to the supervising inspector and from him to the Supervising Inspector General, who shall have the power to revise, set aside, or affirm the said determination of the local inspectors.

"If any such vessel is deprived of the services of any number of the crew, including certificated lifeboat men, separately stated, without the consent, fault, or collusion of the master, owner, or any person interested in the vessel, the vessel may proceed on her voyage if, in the judgment of the master, she is sufficiently manned for such voyage: *Provided*, That the master shall ship, if obtainable, a number equal to the number of those whose services he has been deprived of by desertion or casualty, who must be of the same grade or of a higher rating with those whose places they fill. If the master shall fail to explain in writing the cause of such deficiency in the crew, including certificated lifeboat men, separately stated, to the local inspectors within 12 hours of the time of the arrival of the vessel at her destination, he shall be liable to a penalty of \$50. If the vessel shall not be manned as provided in this act, the owner shall be liable to a penalty of \$100, or in case of an insufficient number of licensed officers to a penalty of \$500."

SEC. 2. That the board of local inspectors shall make an entry in the certificate of inspection of every ocean and coastwise seagoing merchant vessel of the United States propelled by machinery, and every ocean-going vessel carrying passengers, the minimum number of licensed deck officers required for her safe navigation according to the following scale:

That no such vessel shall be navigated unless she shall have on board and in her service one duly licensed master.

That every such vessel of 1,000 gross tons and over, propelled by machinery, shall have in her service and on board three licensed mates, who shall stand in three watches while such vessel is being navigated, unless such vessel is engaged in a run of less than 400 miles from the port of departure to the port of final destination, then such vessel shall have two licensed mates; and every vessel of 200 gross tons and less than 1,000 gross tons, propelled by machinery, shall have two licensed mates.

That every such vessel of 100 gross tons and under 200 gross tons, propelled by machinery, shall have on board and in her service one licensed mate, but if such vessel is engaged in a trade in which the time required to make the passage from the port of departure to the port of destination exceeds 24 hours, then such vessel shall have two licensed mates.

That nothing in this section shall be so construed as to prevent local inspectors from increasing the number of licensed officers on any vessel subject to the inspection laws of the United States if, in their judgment, such vessel is not sufficiently manned for her safe navigation: *Provided*, That this section shall not apply to fishing or whaling vessels, yachts, or motor boats as defined in the act of June 9, 1910, or to wrecking vessels.

SEC. 3. That it shall be unlawful for the master, owner, agent, or other person having authority to permit an officer of any vessel to take charge of the deck watch of the vessel upon leaving or immediately after leaving port, unless such officers shall have had at least 6 hours off duty within the 12 hours immediately preceding the time of sailing, and no licensed officer on any ocean or coastwise vessel shall be required to do duty to exceed 9 hours of any 24 while in port, including the date of arrival, or more than 12 hours of any 24 at sea, except in a case of emergency when life or property is endangered. Any violation of this section shall subject the person or persons guilty thereof to a penalty of \$100.

SEC. 4. That all laws or parts of laws in conflict with this act are hereby repealed.

Mr. BRANDEGEE. Mr. President, I want to ask the Senator in charge of the bill if he had not just as lief have the bill changed so as to read that—

No vessel of the United States subject to the provisions of this title or to the inspection laws of the United States shall be navigated—

Instead of saying that—

Any vessel of the United States subject to the provisions of this title or to the inspection laws of the United States shall not be navigated?

Mr. FLETCHER. I have no objection to that change.

Mr. BRANDEGEE. Then I suggest that the bill be amended in the way I have indicated.

The PRESIDENT pro tempore. The amendment proposed by the Senator from Connecticut will be stated.

The SECRETARY. In section 1, page 1, line 6, before the word "vessel," it is proposed to strike out the word "Any," and to insert the word "No"; and in line 8, after the word "shall," to strike out the word "not," so as to read:

No vessel of the United States subject to the provisions of this title or to the inspection laws of the United States shall be navigated—

And so forth.

Mr. BRANDEGEE. That is right.

Mr. FLETCHER. I will state that the language of the bill follows the language of the original act. That is the reason for it. I think, however, the suggestion of the Senator from Connecticut is an improvement.

Mr. BRANDEGEE. I know the bill follows the language of the original act, but later on in the bill, on page 3, line 13, the language is:

That no such vessel shall be navigated—

And so forth. I suggest the amendment in order to make the language uniform.

Mr. FLETCHER. I think the Senator's suggestion is a very good one.

The PRESIDENT pro tempore. The question is on the amendment proposed by the Senator from Connecticut [Mr. BRANDEGEE].

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### ADDITIONAL DISTRICT JUDGE FOR MONTANA.

Mr. SHIELDS. Mr. President, I ask unanimous consent that the Senate return to the bill (S. 70) providing for an additional judge for the district of Montana. Montana is a very large State, as everyone knows, and it has only one judge. I make my statement from what occurred in the Judiciary Committee. The Senator from Montana [Mr. WALSH] introduced the bill, and, as I remember, the Senate passed it at the last session of Congress, but the bill failed to be reached in the other House. The Senator from Montana made a very strong statement in committee showing the necessity for this additional judge for his State; and, in his absence, I thought the matter ought to be presented to the Senate. The bill is a very meritorious measure, and from the statement of the Senator from Montana, in which I have entire confidence, this additional judge is badly needed.

Mr. SMOOT. Mr. President, the junior Senator from North Dakota [Mr. GRONNA] has objected to the consideration of the bill.

Mr. SHIELDS. I was going to state that fact, but the Senator from North Dakota has withdrawn his objection, and has authorized me to so state.

Mr. SMOOT. I was simply calling that matter to the attention of the Senator from Tennessee.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which was read as follows:

*Be it enacted, etc.,* That the President of the United States shall appoint, by and with the advice and consent of the Senate, an additional judge for the district of Montana, who shall reside in said district and shall possess the same qualifications and have the same powers and jurisdiction and receive the same salary now prescribed by law in respect of the present district judge therein.

SEC. 2. That in case of disagreement in relation thereto between the judges of said district court the senior circuit judge of the ninth circuit shall make all rules for the transaction of the business of said court and all necessary orders for the division of the work and the assignment of cases for trial.

SEC. 3. That the clerk of the district court for the district of Montana and the marshal and district attorney for said district shall perform the duties appertaining to their offices, respectively, for said court.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### REFINED PRODUCTS OF PETROLEUM.

The bill (S. 1546) to permit the use of certain refined products of petroleum as stores on steam vessels carrying passengers was considered as in Committee of the Whole. It proposes to amend section 4472 of the Revised Statutes by adding thereto the following provision:

*Provided, however,* That kerosene and lubricating oils made from refined products of petroleum which will stand a fire test of not less than 300° F. may be used as stores on board steamers carrying passengers, under such regulations as shall be prescribed by the Board of Supervising Inspectors with the approval of the Secretary of Commerce.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### ORDER OF BUSINESS.

Mr. PITTMAN. Mr. President, a parliamentary inquiry. After the hour of 1 o'clock is it in order to move to take up any bill on the calendar?

The PRESIDENT pro tempore. It is.

Mr. PITTMAN. I therefore move—

Mr. LODGE. Mr. President, I do not want to interfere with the bill the Senator desires to have considered, but I hope he will allow the next two bills on the calendar to be acted upon. They are of very great importance to the public interest.

Mr. PITTMAN. In view of the statement of the Senator from Massachusetts, I will delay making the motion until after the bills to which he has referred have been passed and then will make the motion. The bill which I desire to have considered is one that the Council of National Defense has urged the Committee on Mines and Mining to bring to the attention of

the Senate. It deals with the question of explosives and is designed to prevent explosives from being unlawfully in the possession of anyone.

Mr. SMOOT. Mr. President, we are now operating, as I understand, under a unanimous-consent agreement to consider bills on the calendar to which there is no objection.

Mr. WILLIAMS. I think unanimous consent was given to proceed with the consideration of bills on the calendar.

Mr. PITTMAN. I asked the parliamentary question as to whether I could move to take up the bill I have in mind. Of course, if the Senate is operating under a unanimous-consent agreement I can not make the motion.

The PRESIDENT pro tempore. There has been no unanimous agreement regularly entered into by the Senate.

Mr. PITTMAN. Then, after the two bills referred to by the Senator from Massachusetts are acted upon, I will move to take up the bill to which I refer.

Mr. WILLIAMS. Mr. President, I hope the Senator will not do that this morning. This is the first chance we have had to sound the calendar. We will reach the bill to which the Senator refers, as well as the other bills, if we go right along. Of course if we waste time, we will not reach them.

Mr. PITTMAN. I will withdraw the motion and the notice.

Mr. SMOOT. I understood the Senator from Mississippi to make a request for unanimous consent. I do not know whether or not he did so.

Mr. PITTMAN. I withdraw the motion.

The PRESIDENT pro tempore. The calendar has been taken up in regular order. The Chair is not aware of any unanimous-consent agreement.

#### REQUISITIONING OF ENEMY VESSELS.

Mr. SWANSON. Mr. President, the Senate has passed over the bill (S. 1797) to authorize the President, in time of war or of national emergency, to requisition or take over ships, boats, and other water craft for the use of the Government. The legislation designed to be covered by that bill has been enacted in another measure. I therefore move that Senate bill 1797 be indefinitely postponed.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Virginia.

The motion was agreed to.

#### NAVIGATION OF MOTOR BOATS.

The bill (S. 1547) to amend section 5 of the motor-boat law approved June 9, 1910, was considered as in Committee of the Whole. It proposes to amend section 5 of the motor-boat law passed June 9, 1910, so as to read as follows:

SEC. 5. That every motor boat subject to any of the provisions of this act, and also all vessels propelled by machinery, other than by steam, more than 65 feet in length, shall carry either life preservers, life belts, or buoyant cushions or ring buoys or other device, to be prescribed by the Secretary of Commerce, sufficient to sustain every person on board and so placed as to be readily accessible. All motor boats, whether propelled by steam, gasoline, fluid of any nature, or otherwise, and whether engaged in the business of carrying passengers for hire, towing for hire, fishing for hire, or carrying freight for hire, or motor boats owned and operated by any person, firm, or corporation in the conducting and carrying on of any commercial business or pursuit, shall carry one life preserver of the sort prescribed by the regulations of the Board of Supervising Inspectors for every passenger carried, and no such motor boat, whether engaged in the business of carrying passengers for hire, towing for hire, fishing for hire, or carrying freight for hire, or owned and operated by any person, firm, or corporation in the conducting and carrying forward of any commercial business or pursuit, shall be operated or navigated except in charge of a person duly licensed for such service by the local board of inspectors. Whenever any person claiming to be competent to operate a motor boat offers himself for a license the board of local inspectors shall make diligent inquiry as to his character and merits, and said board of local inspectors shall, by written examination, determine whether or not said applicant possesses the required knowledge and skill to carry out the services for which said applicant seeks license, within the district and under such limitations as are set forth in the application. If said board of inspectors from its inquiry and written examination determines that said applicant is of such trustworthy character and merit, and possesses such requisite knowledge and skill as to warrant the granting of a license, said board shall grant said applicant a license for such a term and within such limits as said board of local inspectors may prescribe in said license; but any such license may be revoked or suspended by said board upon such terms or conditions as said board may prescribe for misconduct, gross negligence, intemperance, recklessness in navigation, or violation of law on the part of holder: *Provided* That motor boats shall not be required to carry licensed officers except as required in this act.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### NUMBERING AND RECORDING OF UNDOCUMENTED VESSELS.

The bill (S. 1549) to require numbering and recording of undocumented vessels was considered as in Committee of the Whole.

The Secretary read the bill, as follows:

*Be it enacted, etc.,* That every undocumented vessel, operated in whole or in part by machinery, owned in the United States and found on the navigable waters thereof, except public vessels, and vessels not exceeding 16 feet in length measured from end to end over the deck excluding sheer, temporarily equipped with detachable motors, shall be numbered. Such numbers shall be not less in size than 3 inches and painted or attached to each bow of the vessel in such manner and color as to be distinctly visible and legible.

SEC. 2. That the said numbers, on application of the owner or master, shall be awarded by the collector of customs of the district in which the vessel is owned and a record thereof kept in the customhouse of the district in which the owner or managing owner resides. No numbers not so awarded shall be carried on the bows of such vessels.

SEC. 3. That notice of destruction or abandonment of such vessels or change in their ownership shall be furnished within 10 days by the owners to the collectors of customs of the districts where such numbers were awarded. Such vessel sold into another customs district may be numbered anew in the latter district.

SEC. 4. That the penalty for violation of any provision of this act shall be \$10, for which the vessel shall be liable and may be seized and proceeded against in the district court of the United States in any district in which such vessel may be found. Such penalty, on application, may be mitigated or remitted by the Secretary of Commerce.

SEC. 5. That the Secretary of Commerce shall make such regulations as may be necessary to secure proper execution of this act by collectors of customs and other officers of the Government.

SEC. 6. That this act shall take effect six months after its passage.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### CONSERVATION OF FOOD.

The bill (S. 2463) to provide further for the national security and defense by encouraging the production, conserving the supply, and controlling the distribution of food products and fuel was announced as next in order.

Mr. SMITH of Georgia. That bill has been disposed of.

Mr. SMOOT. That bill should be stricken from the calendar, as it has already been passed.

The PRESIDING OFFICER (Mr. KING in the chair). The Chair is advised that it has been indefinitely postponed.

Mr. SMITH of Georgia. That bill was reported from the Agricultural Committee and has been disposed of. It should be stricken from the calendar.

The PRESIDING OFFICER. The Chair is advised that that action has been taken.

#### BILL PASSED OVER.

The bill (S. 1725) to stimulate the production of food upon private and public lands within reclamation projects, and for other purposes, was announced as next in order.

Mr. SMOOT. I ask that that bill go over.

The PRESIDING OFFICER. Without objection, the bill will be passed over.

#### NAVY RATION.

The bill (S. 2495) to amend section 1585 of the Revised Statutes of the United States was considered as in Committee of the Whole. It proposes to amend section 1585 of the Revised Statutes so as to read as follows:

Forty cents shall in all cases be deemed the commutation price of the Navy ration.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

"CONSTITUTIONAL SOURCES OF THE LAWS OF WAR" (S. DOC. NO. 86).

The resolution (S. Res. 100) was considered and agreed to, as follows:

*Resolved*, That the manuscript submitted by the Senator from Florida [Mr. FLETCHER] on June 9, 1917, entitled "Constitutional sources of the laws of war," by Horace L. B. Atkinson, of the Washington (D. C.) bar, be printed as a Senate document.

#### DISTRICT JUDGES, STATE OF MISSISSIPPI.

The bill (S. 746) to provide for the appointment of a district judge in the northern and southern judicial districts in the State of Mississippi, and for other purposes, was considered as in Committee of the Whole.

The Secretary read the bill, as follows:

*Be it enacted, etc.,* That hereafter there shall be for each of the two judicial districts in the State of Mississippi a district judge of the United States, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall possess the same qualifications and shall have the same powers and jurisdiction and receive the same compensation prescribed by law in respect to district judges of the United States: *Provided*, That the judge now acting in both said districts shall continue to act in both said districts until a judge is appointed and qualified for the southern district as hereinafter provided.

SEC. 2. That the district judge now holding office and acting for both said districts shall be assigned to and hereafter be the district judge for the northern district in said State.

SEC. 3. That the President of the United States, by and with the advice and consent of the Senate, shall appoint the district judge for the southern district in said State, who shall, as to all business and proceedings arising in said southern judicial district, possess and exercise all the powers conferred by existing law upon judges of the district



courts of the United States, and who shall succeed to and possess the same powers and perform the same duties within the said southern judicial district as are now possessed and performed by the district judge acting for both said districts in said State.

Sec. 4. That terms of court may be held at the places and in the manner now prescribed by law in the southern judicial district by the judge of the northern district or in the northern judicial district by the judge of the southern district, provided it is mutually agreed by and between the judges of each of said districts that the public interest demands it.

Sec. 5. That all laws and parts of laws so far as inconsistent with the provisions of this act are hereby repealed.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### BILLS PASSED OVER.

The bill (S. 1419) to amend an act entitled "An act to regulate the construction of dams across navigable waters," approved June 21, 1906, as amended by the act approved June 23, 1910, and to provide for the improvement and development of waterways for the uses of interstate and foreign commerce, was announced as next in order.

Mr. LODGE. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1766) to authorize the President to appoint Col. L. Mervin Maus to the grade of brigadier general in the United States Army and place him on the retired list, was announced as next in order.

Mr. SMOOT. Mr. President, I should like to have some explanation of this bill. It is quite unusual for Congress to direct the President to take this course.

Mr. PITTMAN. I ask that the bill go over.

Mr. SMOOT. I ask that it go over.

The PRESIDING OFFICER. The bill will be passed over.

#### MANUFACTURE, STORAGE, ETC., OF EXPLOSIVES.

The bill (H. R. 3932) to prohibit the manufacture, distribution, storage, use, and possession in time of war of explosives, providing regulations for the safe manufacture, distribution, storage, use, and possession of the same, and for other purposes, was considered as in Committee of the Whole.

The bill had been reported from the Committee on Mines and Mining, with amendments.

The first amendment was, in section 1, page 1, line 6, after the words "public safety," to insert "except as in this act provided," so as to make the section read:

That when the United States is at war it shall be unlawful to manufacture, distribute, store, use, or possess powder, explosives, blasting supplies, or ingredients thereof, in such manner as to be detrimental to the public safety, except as in this act provided.

The amendment was agreed to.

The next amendment was, to strike out sections 2, 3, 4, and 5 in the following words:

Sec. 2. That upon the passage of this act the President of the United States is authorized, empowered, and directed to prepare, make, and promulgate by public proclamation such rules and regulations in the interest of public safety as he may deem necessary governing the manufacture, distribution, storage, use, or possession for necessary and proper purposes when the United States is at war, all such powder, explosives, blasting supplies, and the ingredients thereof: *Provided*, The President may by proclamation from time to time make such alterations, modifications, and amendments to such rules and regulations as he may deem necessary and which the public safety may permit or require: *Provided further*, That it shall not be deemed to be detrimental to the public safety and shall not be unlawful within the meaning of this act to manufacture, distribute, store, use, or possess powder, explosives, blasting supplies, or the ingredients thereof, when the same shall be done in compliance with such rules and regulations.

Sec. 3. That in order to carry out the provisions of this act and the directions contained therein, the Bureau of Mines, Department of the Interior, with the approval of the President, is hereby authorized to employ such persons, without regard to civil-service requirements, and to utilize such agents, agencies, and all officers of the United States and of the several States, Territories, subdivisions, and municipalities thereof, and the District of Columbia, in the execution of this act, and all agents, agencies, and all officers of the United States and of the several States, Territories, subdivisions, and municipalities thereof shall hereby have full authority for all acts done by them in the execution of this act when acting by the direction of the Bureau of Mines: *Provided*, That the employment of any person under the provisions of this act shall not exempt any such person from military service under the provisions of the selective-draft law approved May 18, 1917.

Sec. 4. That any person or corporation who violates the provisions of this act, or any of the rules and regulations made, established, and promulgated under the provisions of this act, shall upon conviction thereof be subject to a fine of not more than \$5,000 or imprisonment for not more than three years, or both.

Sec. 5. That section 1 of this act shall take effect 30 days after the proclamation of the President promulgating such rules and regulations as he may deem necessary.

And to insert:

Sec. 2. That the words "explosive" and "explosives" when used herein shall mean gunpowders, powders used for blasting, all forms of high explosives, blasting materials, fuses, detonators, and other detonating agents, smokeless powders, and any chemical compound or mechanical mixture that contains any oxidizing and combustible units, or other ingredients, in such proportions, quantities, or packing that ignition by fire, by friction, by concussion, by percussion, or by detona-

tion of, or any part of the compound or mixture may cause such a sudden generation of highly heated gases that the resultant gaseous pressures are capable of producing destructive effects on contiguous objects, or of destroying life or limb, but shall not include small arms or shotgun cartridges: *Provided*, That nothing herein contained shall be construed to prevent the manufacture, under the authority of the Government, of explosives for their sale to or their possession by, the military or naval service of the United States of America.

Sec. 3. That the word "ingredients" when used herein shall mean the materials and substances capable by combination of producing one or more of the explosives mentioned in section 1 hereof.

Sec. 4. That the words "person" or "citizen of the United States of America," and the personal pronouns, when used herein, shall include States and other governmental entities and the municipal subdivisions thereof, individuals, firms, associations, societies, corporations, and all other bodies carrying on business in the United States, its Territories, and dependencies.

Sec. 5. That from and after 30 days after the passage and approval of this act no person shall have in his possession or purchase, accept, receive, sell, give, barter, or otherwise dispose of or procure explosives or ingredients, except as provided in this act: *Provided*, That the superintendent, foreman, or other duly authorized employee at a mine, quarry, or other work may, when licensed so to do, sell or issue, at the beginning of a shift, to any workman under him, such an amount of explosives or ingredients as may be required by that workman in the performance of his duties for that shift only, and the workman may purchase or accept the explosives or ingredients so sold or issued, but the person so selling or issuing same shall see that any unused explosives or ingredients are returned at the end of the shift, and that no explosives or ingredients are taken by the workman to any point not necessary to the carrying on of his duties for that shift.

Sec. 6. That nothing contained herein shall apply to explosives or ingredients while being transported upon vessels or railroad cars in conformity with statutory law or Interstate Commerce Commission rules.

Sec. 7. That from and after 60 days after the passage of this act no person shall manufacture explosives unless licensed so to do, as hereinafter provided.

Sec. 8. That any licensee or applicant for license hereunder shall furnish such information regarding himself and his business, so far as such business relates to or is connected with explosives or ingredients at such time and in such manner as the Director of the Bureau of Mines or his authorized representative may request, excepting that those who have been or are at the time of the passage of this act regularly engaged in the manufacture of explosives shall not be compelled to disclose secret processes, costs, or other data unrelated to the distribution of explosives.

Sec. 9. That from and after 60 days after the passage and approval of this act every person authorized to sell, issue, or dispose of explosives shall keep a complete itemized and accurate record, showing each person to whom explosives are sold, given, bartered, or to whom or how otherwise disposed of, and the quantity and kind of explosives, and the date of each such sale, gift, barter, or other disposition, and this record shall be sworn to and furnished to the Director of the Bureau of Mines, or his authorized representatives, whenever requested.

Sec. 10. That the Director of the Bureau of Mines is hereby authorized to issue licenses as follows:

(a) Manufacturer's license, authorizing the manufacture, possession, and sale of explosives and ingredients.

(b) Vendor's license, authorizing the purchase, possession, and sale of explosives or ingredients.

(c) Purchaser's license, authorizing the purchase and possession of explosives and ingredients.

(d) Foreman's license, authorizing the purchase and possession of explosives and ingredients, and the sale and issuance of explosives and ingredients to workmen under the proviso to section 4 above.

(e) Exporter's license, authorizing the licensee to export explosives, but no such license shall authorize exportation in violation of any proclamation of the President issued under any act of Congress.

(f) Importer's license, authorizing the licensee to import explosives.

(g) Analyst's, educator's, inventor's, and investigator's licenses authorizing the purchase, manufacture, possession, testing, and disposal of explosives and ingredients.

Sec. 11. That the Director of the Bureau of Mines shall issue licenses, upon application duly made, but only to citizens of the United States of America and to the nations that are at peace with them, and the citizens, corporations, firms, and associations thereof, and he may, in his discretion, refuse to issue a license when he has reason to believe, from facts of which he has knowledge or reliable information, that the applicant is disloyal or hostile to the United States of America, or that, if the applicant is a firm, association, society, or corporation, its controlling stockholders or members are disloyal or hostile to the United States of America. The director may, when he has reason to believe on like grounds that any licensee is so disloyal or hostile, revoke any license issued to him. Any applicant to whom a license is refused or any licensee whose license is revoked by the said director may, at any time within 30 days after notification of the rejection of his application or revocation of his license, apply for such license or the cancellation of such revocation to the Council of National Defense, which shall make its order upon the director either to grant or to withhold the license.

Sec. 12. That any person desiring to manufacture, sell, export, import, store, or purchase explosives or ingredients, or to keep explosives or ingredients in his possession, shall make application for a license, which application shall state, under oath, the name of the applicant; the place of birth or organization; whether native born or naturalized citizen of the United States of America; if a naturalized citizen, the date and place of naturalization; business in which engaged; the amount and kind of explosives or ingredients which during the past six months have been purchased, disposed of, or used by him; the amount and kind of explosives or ingredients now on hand; whether sales, if any, have been made to jobbers, wholesalers, retailers, or consumers; the kind of license to be issued, and the kind and amount of explosives or ingredients to be authorized by the license; and such further information as the Director of the Bureau of Mines may, by rule, from time to time require.

Applications for vendor's, purchaser's, or foreman's licenses shall be made to such officers of the State, Territory, or dependency having jurisdiction in the district within which the explosives or ingredients are to be sold or used, having the power to administer oaths as may be designated by the Director of the Bureau of Mines, who shall issue the same in the name of such director. Such officers shall be entitled to receive from the applicant a fee of 50 cents for each license issued. They shall keep an accurate record of all licenses issued in manner and



form to be prescribed by the Director of the Bureau of Mines, to whom they shall make reports from time to time as may be by rule issued by the director required. The necessary blanks and blank records shall be furnished to such officers by the said director. Licensing officers shall be subject to removal for cause by the Director of the Bureau of Mines, and all licenses issued by them shall be subject to revocation by the director as provided in section 11.

SEC. 13. That the President, by and with the advice and consent of the Senate, shall appoint in each State and in Alaska an explosives inspector, whose duty it shall be, under the direction of the Director of the Bureau of Mines, to see that this act is faithfully executed and observed. Each such inspector shall receive a salary of \$2,400 per annum. He may at any time be detailed for service by said director in the District of Columbia or in any State, Territory, or dependency of the United States. All additional employees required in carrying out the provisions of this act shall be appointed by the Director of the Bureau of Mines.

SEC. 14. That it shall be unlawful for any person to represent himself as having a license issued under this act, when he has not such a license, or as having a license different in form or in conditions from the one which he in fact has, or without proper authority make, cause to be made, issue or exhibit anything purporting or pretending to be such license, or intended to mislead any person into believing it is such a license, or to refuse to exhibit his license to any peace officer, Federal or State, or representative of the Bureau of Mines.

SEC. 15. That no inspector or other employee of the Bureau of Mines shall divulge any information obtained in the course of his duties under this act regulating the business of any licensee, or applicant for license, without authority from the applicant for license or from the Director of the Bureau of Mines.

SEC. 16. That every person authorized under this act to manufacture or store explosives or ingredients shall clearly mark and define the premises on which his plant or magazine may be and shall conspicuously display thereon the words "Explosives—keep off."

SEC. 17. That no person, without the consent of the owner or his authorized agents, except peace officers, the Director of the Bureau of Mines and designated employees thereof, shall be in or upon any plant or premises on which explosives are manufactured or stored, or be in or upon any magazine premises on which explosives are stored; nor shall any person discharge any firearms or throw or place any explosives or inflammable bombs at, on, or against any such plant or magazine premises, or cause the same to be done.

SEC. 18. That the Director of the Bureau of Mines is hereby authorized to make rules and regulations for carrying into effect this act.

SEC. 19. That any person violating any of the provisions of this act, or any rules or regulations made thereunder, shall be guilty of a misdemeanor and shall be punished by a fine of not more than \$5,000 or by imprisonment not more than one year, or by both such fine and imprisonment.

SEC. 20. That the Director of the Bureau of Mines is hereby authorized to investigate all explosions and fires which may occur or which since the commencement of the present war have occurred in mines, quarries, factories, warehouses, magazines, houses, cars, boats, conveyances, and all places in which explosives or the ingredients thereof are manufactured, transported, stored, or used, and shall, in his discretion, report his findings, in such manner as he may deem fit, to the proper Federal or State authorities, to the end that if such explosion has been brought about by a willful act the person or persons causing such act may be proceeded against and brought to justice; or, if said explosion has been brought about by accidental means, that precautions may be taken to prevent similar accidents from occurring. In the prosecution of such investigations the employees of the Bureau of Mines are hereby granted the authority to enter the premises where such explosion or fire has occurred, to examine plans, books, and papers, to administer oaths to, and to examine all witnesses and persons concerned, without let or hindrance on the part of the owner, lessee, operator, or agent thereof.

SEC. 21. That the Director of the Bureau of Mines is hereby authorized to utilize such agents, agencies, and all officers of the United States and of the several States, Territories, dependencies, and municipalities thereof and the District of Columbia, in the execution of this act, and all agents, agencies, and all officers of the United States and of the several States and Territories, dependencies, and municipalities thereof, and the District of Columbia, shall hereby have full authority for all acts done by them in the execution of this act when acting by the direction of the Bureau of Mines.

SEC. 22. That for the enforcement of the provisions of this act, including personal services in the District of Columbia and elsewhere, and including supplies, equipment, expenses of traveling and subsistence, and for the purchase and hire of animal-drawn or motor-propelled passenger-carrying vehicles and boats and upkeep of same, and for every other expense incident to the enforcement of the provisions of this act, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$400,000, or so much thereof as may be necessary: *Provided*, That not to exceed \$10,000 shall be expended in the purchase of motor-propelled passenger-carrying vehicles.

Mr. SMOOT. Mr. President, I notice that this is a very important bill, and that it is completely changed from the provisions of the bill as it passed the House. I notice that it carries an appropriation of \$400,000. The House bill carried nothing. I have not had time to study the bill at all. It seems to me there ought to be some discussion on this bill and some little attention given to it.

Mr. SHAFROTH. Mr. President—

Mr. SMOOT. The bill as it came from the House was recommended by the department, but I can not see that there is any recommendation here in the report as to the amendments that have been offered by the Senate committee.

Mr. PITTMAN. Mr. President, let me say to the Senator that the only distinction between this bill and the House bill is this: The House bill delegated authority to the Bureau of Mines to make any rules and regulations it saw fit to make in the matter. The Senate committee was not willing to delegate that authority. Therefore, in conjunction with the Bureau of Mines and the agents of the various powder companies, the committee worked out a definite set of laws as embraced in this amended bill.

While the report does not say anything about their being approved, the hearings do say that. For instance, in the hearings we had before the committee on this particular bill Gen. Joseph E. Kuhn, president of the War College at that time; Mr. Francis S. Peabody, of the advisory commission of the Council of National Defense; Prof. Charles E. Munroe, dean of the George Washington University, of the consulting explosives department; Mr. Van H. Manning, director of the Bureau of Mines; Mr. William Coyne, chief chemist of the Du Pont Powder Co.; Mr. G. G. Rhenby, manager of the Hercules Powder Co.; and Mr. G. S. Rice, of the Bureau of Mines. While the report does not so state, each and all of these witnesses read this bill, as is shown by the hearings, and approved it.

The real objection by the business interests of the country to the House bill was that it simply delegated the authority to make any rules and regulations that the bureau might see fit to make. This bill does not delegate any authority. It simply states that the institutions must have a license to carry on their business; and it is simply a method of preventing powder from getting into the hands of those who might use it for unlawful purposes by having a license check upon those who are entitled to use it. That is practically all that the bill amounts to.

Mr. SHAFROTH. Mr. President, I will state also that the committee carefully considered this bill, and referred it to a subcommittee. That subcommittee reported it to the full committee, and the full committee went over it for several days. It is modeled somewhat after the English act concerning explosives. It seems to me that it is a mighty good measure, and that it ought to pass as soon as possible.

Mr. SMOOT. Mr. President, this money is to be expended, I suppose, under the direction of the Director of the Bureau of Mines.

Mr. PITTMAN. Yes, sir.

Mr. SMOOT. The House thought that the allotment of the appropriation to the Bureau of Mines was sufficient to take care of what they intended to do.

Mr. PITTMAN. Mr. Manning said that that was not the case.

Mr. SMOOT. In the committee amendment to the House bill there is an appropriation of \$400,000. Evidently the director of the bureau, if he has recommended this, intends to do a great deal more work along this line than the House intended should be done under the House bill.

Mr. PITTMAN. I think that is undoubtedly true, because a condition arose in this country between the time of the preparation of the House bill and the preparation of the Senate bill which required immediate action by the Government, and very strenuous action. The Industrial Workers of the World conditions broke out in this country between those dates, and brought to the notice of the Government the very strenuous immediate action which should be taken. The Council of National Defense, represented in this hearing by Gen. Kuhn, were exceedingly urgent that this power be put in their hands immediately.

Mr. SMOOT. Mr. President, I have no objection at all to the object of the bill. I think it is a good one. The only thing I was asking about was the large appropriation that is asked for here, and whether or not it is really necessary.

Mr. PITTMAN. That was the reason of it. They wanted to have the power to send out these agents and seek this unlawful powder.

Mr. SMOOT. The whole thing will go into conference, of course.

Mr. PITTMAN. It will all go to conference.

Mr. SMOOT. I suppose the House conferees will have their idea of it, and the Senate conferees theirs, and then it can be thrashed out.

The PRESIDING OFFICER (Mr. JONES of New Mexico in the chair). The question is on agreeing to the amendment just stated by the Secretary.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is still in the Committee of the Whole and open to amendment.

Mr. KING. Mr. President, I shall not object to the consideration of the bill, but some of its provisions are very objectionable to me. I do not think that any exigency exists at the present time sufficient to warrant the passage of the bill.

I have had no opportunity to examine the bill, and know of its terms only from just having heard it read. As I understand its terms, it commits to the Federal Government the power to license small dealers in any form of explosives in the smallest cities or precincts of the United States. It superimposes the Federal authority upon the States and establishes a licensing system that certainly must be obnoxious to any person who has any idea as to the powers of the States to regulate their own internal affairs. No person can sell or purchase powder or any



explosive without obtaining a Federal license. This will prove burdensome and oppressive.

I do not think, as I said a moment ago, that there has anything developed, notwithstanding the statements of my friend with reference to the activities of the Industrial Workers of the World, to warrant the passage of a measure so drastic as this one, which so interferes with the rights of the States and the rights of local communities to control their own domestic affairs.

Mr. WADSWORTH. Will the Senator yield?

Mr. KING. I yield.

Mr. WADSWORTH. Does the Senator remember whether the operation of the bill is confined to the duration of the war, particularly the licensing system?

Mr. KING. I was going to ask the Senator from Nevada.

Mr. PITTMAN. It is.

Mr. KING. It seems to me it is a bill to create a number of offices, to enlarge the powers of another bureau of the Government, and to give places to a multitude of officials. I think the States will be sufficiently active in the suppression of violence, sedition, and the acts of the Industrial Workers of the World and others who plot against the peace of their communities and will deal with the acts and omissions herein denominated crimes.

It seems to me, Mr. President, that the passage of this bill will lead to conflicts between the domestic authorities, the State authorities, and the Federal officials.

I shall not oppose its passage. I shall vote against it. I think it is unwise, unnecessary, and very improvident legislation. The evils sought to be corrected can be dealt with in other forms, and the obnoxious system of Federal license being imposed upon the people with respect to matters wholly local and domestic thus avoided.

Mr. SHAFROTH. Mr. President, I wish to say that the difficulty really with the States in this matter is that some States have laws relating to it and other States have none whatever, and on that account there being no system, as it is now, there ought to be some national authority connected with the direction of the war that will control these things. It is limited to the duration of the war. It seems to me that it is a most excellent measure.

Mr. KIRBY. Mr. President, I do not believe the bill should pass. It seems to be an unwarranted restriction on the ordinary conduct of business of certain kinds well established and generally needed throughout the country.

As I understand the provisions of the bill, no one can sell these explosives without a license. If a man keeps dynamite and explosives of that kind, a most necessary article used in the ordinary industrial affairs of the community and the country, he can not sell this stuff, as I understand it, without a license. I do not believe that ought to be done. I am opposed to the measure on that account, and I hope the bill will not pass. I see no necessity for it. Certainly in my State it is not needed. We have a mine inspector who looks after the safety of the miners both in the examination of the explosives and the places where the miners work. The State officials will do this under proper regulation. All dealers in ammunition and explosives are regulated to any extent that has been thought necessary by the local authorities. It seems to me that this measure is unnecessary and will be an undue and unwarranted restriction, and I do not think it ought to be passed.

Mr. STERLING. Mr. President, just one word with reference to the bill. I was one of the subcommittee that gave the subject considerable consideration. We went into the matter quite thoroughly. The subcommittee found that there were a great number of States that had no efficient laws governing the sale and disposition of explosives. We thought that under present exigencies some Federal legislation was necessary to govern the handling, the dealing in, and the sale of explosives; that it was necessary really for the safety and welfare of the Nation that there be a Federal law at this time upon the subject, and hence this bill, and the amendments proposed by the committee.

Mention has been made of the fact that a great number of officers are provided for in the bill. I think it is a mistake to suppose that any unwarranted expense to the Government will be incurred on that account. One Federal inspector, and one only, is provided for each State in the Union. That will provide for as few inspectors as will be needed for the proper administration of the law. If additional employees are found necessary, they may be appointed by the Director of the Bureau of Mines.

I believe, among the many measures that we have considered pertaining to the national security and defense, this measure ranks among the most important, and I think the Senate would

be a little derelict perhaps in its duty unless it passed some legislation of this kind at this time. I do not believe that any study of the subject will result in bringing forward a better and more wholesome bill than the one now under consideration.

Mr. SMOOT. May I ask the Senator a question?

Mr. STERLING. I yield to the Senator.

Mr. SMOOT. There is this provision in the bill:

That not to exceed \$10,000 shall be expended in the purchase of motor-propelled passenger-carrying vehicles.

Where are they to be used? Here in the District?

Mr. STERLING. No; not alone here in the District. I will say to the Senator, without now having examined that provision particularly, they were meant to be used by inspectors in the several States for the purpose of visiting places where explosives are kept and inspecting conditions there. That is the idea.

Mr. SMOOT. There could not be very many of them. There could not be one for very many States, because only \$10,000 is provided for the purchase of them.

Mr. STERLING. I know; but it is not supposed that they will be needed generally in all States. The object is to provide for some means of conveyance when necessary, and we put this limitation upon it.

Mr. SMOOT. I think of course that the \$10,000 will be spent, and I think more than likely it will be spent for the purchase of these automobiles in the District of Columbia. I was wondering whether that was really necessary.

Mr. STERLING. The committee concluded that some provision was necessary for an expenditure of this kind.

Mr. SMOOT. I will admit that there is a limitation, because if this proviso was not in the bill they could spend any part of the \$400,000 that they desired for that very purpose. So I am not complaining of the limitation, but I wanted to know where they were going to use the motors.

Mr. STERLING. It seems to me that for a work so important, \$10,000 to be expended for the purchase of motors for the purpose of inspection and otherwise is a very small amount. The limitation will prevent a very general use.

Mr. McKELLAR. I should like to ask the Senator from South Dakota a question before he takes his seat. I notice that there is a provision in the bill which says it shall not include small arms. The Senator is familiar with the fact that there is a law against carrying concealed weapons, I think, in every State in the Union. Under those circumstances, why are small arms and cartridges excepted from the terms of the bill? It seems to me that it would promote the peace and happiness of this country about as much as any other one thing almost to have the control of small arms and cartridges in the hands of licensed dealers only, and that the plan of keeping the peace in the various States would be better upheld. Can the Senator state why they were excepted?

Mr. STERLING. I will say to the Senator from Tennessee, now, it simply occurs to me that the States generally have regulated the buying and the handling of small arms, and that perhaps it would serve no particularly useful purpose to incorporate a provision in the bill with regard to small arms.

Mr. McKELLAR. Would the Senator accept an amendment to strike out the words "but shall not include small arms," on page 4 of the bill, in line 5?

If I may be permitted to make this further statement about it at such a time as we are now having, when our country is at war, it seems to me the use of small arms and small-arms ammunition is a very serious matter which the Government should control, especially if we undertake to control other things of like character. They are under the ban of the law in every State. It is against the law of each and every State for a citizen to carry concealed weapons. I do not think there is an exception to that rule.

Surely if we are legislating on the matter we ought to take steps that will carry out the full intent and purpose of this act, which I think is a very worthy one. I see no objection to the bill, and I shall vote for it. At the same time, I think we ought to include this very important matter. We know from actual experience and from every-day statements in the papers that one of the principal causes of the riots and killings that occur daily in the country is the use of small arms in violation of law, and now that we have an opportunity to correct this abuse and this great trouble it seems to me it would be very wise to strike that provision out. If I have the opportunity, I desire to amend that part of the bill so as to strike out "small arms or." That would be all that would be necessary.

Mr. KING. Will the Senator from South Dakota yield to enable me to ask a question of the Senator from Tennessee?

Mr. McKELLAR. I have not the floor. I would be delighted to answer the question, however.



Mr. STERLING. I yield to the Senator from Utah.

Mr. KING. Do I understand the Senator from Tennessee to advocate the turning over to the Federal Government of the police power that clearly belongs to the State to control the use of firearms and the use of powder and things of that character? It seems to me, Mr. President, if the Senator from Tennessee takes that position he would deprive the States of all police powers and consolidate in the Federal Government all the power and authority to manage the minutest thing that comes within the purview of the State.

Mr. McKELLAR. The management of pistols and cartridges might be a very minute thing, but it is a very serious thing when riots and killings occur. I want to say to the Senator that I had nothing in the world to do with this bill. I am not on the committee. I am not advocating it especially, but when a committee of the Senate has reported out a bill making it "unlawful to manufacture, distribute, store, use, or possess powder, explosives, blasting supplies, or ingredients thereof, in such manner as to be detrimental to the public safety" during the war I imagine that that is a matter of Federal concern. I imagine that the gentlemen who are on the committee have carefully examined the constitutional questions and settled that matter for themselves before they reported the bill out of the committee.

I am rather inclined to think just from casual observation and from the very casual thought that I have given it since I came into the Chamber a few moments ago that if it is constitutional for larger quantities of powder or larger cartridges or larger sticks of dynamite it is certainly constitutional in the management and control during the war of smaller cartridges, which I think are infinitely more important to the peace and welfare and good order of the country than the control of the larger portions of powder or dynamite or other explosives.

Mr. STERLING. I will simply say in reply to the suggestion of the Senator from Tennessee as to whether an amendment would be acceptable and not striking out the provision in regard to small arms or shotguns—

Mr. McKELLAR. I do not care to strike out shotguns. I think that is all right. My motion is to strike out "small arms or," just three words.

Mr. BRADY. On what line and page?

Mr. McKELLAR. Page 4, line 5; just the three words "small arms or" in the middle of the line.

Mr. STERLING. I feel that I have no authority to accept that.

Mr. McKELLAR. If the Senator will permit another interruption, it must be remembered that these small arms are not used in warfare, they are not used in sport to any extent, and, virtually and substantially, they are used only in the assassination or killing of human beings. They are rarely used for the killing of any animal other than a man or a woman. They are used for police purposes, and under circumstances where they have a legitimate use there is no reason in the world why they can not get such cartridges as they may desire. As a Senator has just suggested to me, the only kind of use these small arms is put to is for social purposes. That is a peculiar use of the word "social," but I believe it is fairly accurate. I think it ought to be stopped as far as possible, and I should like very much if the Senator would accept an amendment striking out the three words.

Mr. STERLING. I would not feel authorized to accept for the committee the amendment suggested by the Senator from Tennessee, and I do not know whether I would want to accept it on my own account or not. One problem, of course, which confronted the committee was to deal with this subject effectively from the national standpoint and yet not at the same time have provisions in the bill which would seem to interfere with the proper State authorities and the right of the States and of citizens of the States.

Mr. McKELLAR. Will the Senator yield to me once more?

Mr. STERLING. I yield to the Senator.

Mr. McKELLAR. Is not the amendment directly in line with the intention of the Senator and with the intention of the committee? These small arms are used only for the purpose of violating the law, and of feloniously violating the law, if I may use the term. Would it not be directly in line with the purpose of the committee?

Mr. STERLING. I will say to the Senator from Tennessee that the problem was, and the controlling thought of the committee I think was, to regulate and control the purchase and the use of explosives in such quantities and in such ways as might be detrimental to the national welfare, for example, the blowing up of public works, as bridges, munition plants, and matters of that kind. It was not thought that the use of small arms and

the purchase of cartridges for use in small arms would be an evil that we need to particularly seek to remedy.

Mr. McKELLAR. I will ask the Senator this question: Do not the reports in the daily papers show that there are a hundred men killed by the use of small arms in this country where there is one killed by reason of the larger explosives? I have just been informed that I am a little mistaken about the ratio being 100 to 1, but 70 per cent come from the use of pistols carried in violation of the law.

Mr. STERLING. That perhaps may be true, but that happens whether in peace or in war and is a matter, under ordinary conditions, solely for State control and State regulation. If there is no national danger to be feared from the use of small arms or the purchase of cartridges for such arms, I do not believe we are quite authorized in providing here a prohibition against their use or their purchase.

Mr. McKELLAR. I move to strike out the three words "small arms or."

The PRESIDING OFFICER. The amendment has already been agreed to. A motion to amend the amendment is not in order. A motion to reconsider would be in order.

Mr. McKELLAR. I reserve the right to offer it in the Senate.

Mr. POMERENE. Mr. President, I have not had the opportunity to study this bill as I would like. Ordinarily I would have some sympathy with the Senators who are suggesting the fact that the police power should be left to the States, but under present conditions I have no sympathy at all with their attitude. Senators only need to remember the terror with which the public was stricken some years ago when a gang of cutthroats went throughout the length and breadth of the land blowing up bridge shops and other manufacturing plants and extending from New Jersey through Ohio and Illinois to the Pacific slope. They were only able to do that because they had access to large quantities of explosives everywhere. Senators can not now visit any section of the country where any war supplies are being manufactured that they will not find at each particular plant officers representing the War Department, either State or National, on guard. Go to the bridges along our railroads, and you will find the guards there. Why? Because the public officials are fearing that some explosive may be used that would cause untold damage to those plants and to the public at this particular time.

I know of no sound reason why every bit of explosive in the country should not be under guard. I think the committee has done a real service in requiring every man who is handling explosives to take out a license of some kind or other so that he will be subject the more closely to the surveillance of the officials. I hope the bill may pass for the reasons I have given.

Mr. BRADY. Mr. President, I am a member of the Committee on Mines and Mining. I was opposed to some of the sections in the pending bill. I attended one or two meetings at which the bill was considered, but at the meeting when final consideration was given to it I was compelled to be absent owing to a meeting of the Military Affairs Committee.

There are some very good features in the bill and there are some features that I think are very vicious. The statement made by the Senator from Ohio [Mr. POMERENE] relative to what has been done in the past in blowing up bridges and other kinds of property, both public and private, is quite true, but I think that the control of explosives of this character, especially in a time of war, should not be vested in the chief of a bureau. It is a subject of enough importance to require action that should be taken by men who have had experience in large affairs.

The Bureau of Mines has certain functions to perform, but they are not war functions; they are functions that could be used, and will be used and properly used, in time of peace. After the bill becomes a law, if it is enacted, anyone desiring to purchase a little bit of powder or an explosive of any kind will have to have a license to do it. The proposed law says in section 5:

That from and after 30 days after the passage and approval of this act no person shall have in his possession or purchase, accept, receive, sell, give, barter, or otherwise dispose of or procure explosives, or ingredients, except as provided in this act.

The provisions of this act, among other things, are the following:

That from and after 60 days after the passage and approval of this act every person authorized to sell, issue, or dispose of explosives shall keep a complete itemized and accurate record, showing each person to whom explosives are sold, given, bartered, or to whom or how otherwise disposed of, and the quantity and kind of explosives, and the date of each such sale, gift, barter, or other disposition; and this record shall be sworn to and furnished to the Director of the Bureau of Mines, or his authorized representatives, whenever requested.

That is to say, if a farmer needs to buy a little powder to blow out a stump, it will be necessary for him to secure a license and



a permit to buy that powder. I believe it is an unnecessary hardship placed upon the people of this country. But who is given authority to handle this great question?

Sec. 10. That the Director of the Bureau of Mines is hereby authorized to issue licenses as follows:

(a) Manufacturer's license, authorizing the manufacture, possession, and sale of explosives and ingredients.

During these war times, while we are manufacturing munitions and war supplies of all kinds that should be directly under the supervision of the Secretary of War, we find that the man manufacturing must go not to the Secretary of War but to the Director of the Bureau of Mines to secure a license.

(a) Manufacturer's license, authorizing the manufacture, possession, and sale of explosives and ingredients.

(b) Vendor's license, authorizing the purchase, possession, and sale of explosives or ingredients.

How many millions of people in the United States during the coming year will have to go to some agent or representative to secure a license to buy a little powder?

It seems to me that we have gone entirely too far in this matter, and that we are placing restrictions in the bill which will harass and annoy almost every citizen of the United States who does business which requires the use of powder in any way. The bill reads:

(d) Foreman's license, authorizing the purchase and possession of explosives and ingredients and the sale and issuance of explosives and ingredients to workmen under the proviso to section 4 above.

That is a clause as to the subject matter of which there would be no objection to having the Director of the Bureau of Mines take charge; but let us look at subdivision (e), which is as follows:

(e) Exporter's license, authorizing the licensee to export explosives, but no such license shall authorize exportation in violation of any proclamation of the President issued under any act of Congress.

If a man desires to export explosives at this particular juncture, in a time of war who should have charge of such an important matter as that, the Secretary of War or the Director of the Bureau of Mines? For the Director of the Bureau of Mines to take charge of all the explosives and the licensing of the men who sell explosives to foreign countries, it seems to me, would be unfair and unjust.

Mr. STERLING. Mr. President—

The PRESIDING OFFICER (Mr. KIRBY in the chair). Does the Senator from Idaho yield to interruption?

Mr. BRADY. I yield.

Mr. STERLING. From the Senator's remarks I think one might be led to infer that it would be a great hardship for the purchaser of explosives or anyone else to secure a license. I ask the Senator if he has given attention to the provision found on page 5 as to the application for licenses and to whom those applications shall be made? The Director of the Bureau of Mines, as the officer under whose general supervision all of this will come, will appoint an officer in each "State, Territory, or dependency having jurisdiction in the district within which the explosives or ingredients are to be sold or used, having the power to administer oaths," to whom the application for license may be made.

So in every county and possibly in every city of any considerable size there will probably be a person appointed by the Director of the Bureau of Mines to whom application for license may be made. So when the farmer who wants dynamite with which to blow out stumps goes to town, it will be an easy thing for him to step over to the officer who has charge of that matter and make application for his license. The committee had in mind the matter of convenience to those who wish to purchase explosives; they gave it considerable attention and came to the conclusion that that was the best way in which to provide for the issuing of such licenses, so that nobody would be particularly inconvenienced in making application for a license.

Mr. BRADY. That may be quite true; but after making the application the Senator will find, on page 9, that the bill reads:

Such officers shall be entitled to receive from the applicant a fee of 50 cents for each license issued.

If a farmer wants to buy a quarter of a dollar's worth of powder, he must first go and pay his 50 cents for a license for the privilege of buying it.

Mr. PITTMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Nevada?

Mr. BRADY. I yield.

Mr. PITTMAN. That license continues, however, during the war or during the full time that this bill is in effect. The farmer would not have to pay 50 cents every time he went out to buy powder?

Mr. BRADY. No; but he might want to buy powder for one occasion only.

Mr. PITTMAN. Would the Senator from Idaho feel that there was any safeguard whatever to keep that powder in any quantity whatever out of the hands of anarchists if the man who should claim to be a farmer could get powder without there being any trace of his having got it?

Mr. BRADY. I fully agree with the Senator from Nevada in that statement; but, on the other hand, if men are going to commit a crime in which they need to use explosives, such as dynamite or powder, they can very easily procure them under the provisions of this bill.

Mr. PITTMAN. Yes; but the officer will know they got them.

Mr. BRADY. Of course the officer would know they got them, but what good would that do after a man should have been killed?

Mr. PITTMAN. The officers of this country have the anarchists very well located.

Mr. BRADY. But the Director of the Bureau of Mines has not.

Mr. PITTMAN. The Director of the Bureau of Mines has his officers out in the States, and he will have agents there under this bill who are acquainted with such people. The license officers in each community are men who are acquainted with such people. If a man who is suspected of being an anarchist comes in for a license to buy powder, the sheriff's office being across the hall, that man is followed; he is detected. It must, however, be evident to the Senator that either we must stop the unlawful possession of powder or we must throw the doors open entirely. It is absolutely useless to build a gate and have no fence, or to build a fence and have no gate. If you are not going to require everyone who uses powder to be under the rule during the war, then you might just as well require no one to be under it, because the very one that you do not require to be under it would probably be the criminal.

If the Senator from Idaho can think of any way of which he approves, by which he can carry out the effect of this proposed act and at the same time excuse certain persons from obedience to it, I should like to hear it.

Mr. BRADY. Mr. President, the whole matter could be controlled very easily and just as effectively as it will be controlled under this bill if you would license the wholesaler and the men who sell explosives in large quantities. It will be found by the reading of this bill that it simply creates another bureau; that it creates another unnecessary expense at this time. I am perfectly willing that this matter shall be properly controlled. I live in a section of country that has suffered from the effects of crimes committed by means of just such explosives as we are trying to control; but, at the same time, I think when we try to control them in the manner provided in this bill, we are going to annoy thousands of people and not accomplish the purpose which we desire to accomplish.

If the bill is a war measure, the subject matter with which it deals should be under the Secretary of War. Let the Secretary of War appoint the Director of the Bureau of Mines to do certain specific work, if he feels that he is capable of doing it and should do it; but during the time of war let us be big enough and broad enough to place authority where it can be used directly without consulting some one else. Wherever power is given in this bill to the Director of the Bureau of Mines, it should be placed in the hands of the Secretary of War; and that would be a wonderful improvement. The Secretary of War is the man who is responsible, in a way, for the explosives in this country.

When we come to the question of exporting explosives, I ask, whoever heard of the Bureau of Mines in this country or in any other country on earth having control of the exportation of all explosives during a time of war? I say it is ridiculous, and that, if you are going to pass this bill, before you do so you should change section 10 so as to give the authority to be granted to the Secretary of War, and not to the Director of the Bureau of Mines.

Mr. PITTMAN. Mr. President, I think possibly we have got down to one question now, and that is as to whether or not this power should be vested in the Secretary of War or in the Director of the Bureau of Mines. The duties performed by the Director of the Bureau of Mines are much broader than the Senator from Idaho at present seems to realize. The War Department was in consultation with the Bureau of Mines with regard to this very bill. The Secretary of War has certainly duties enough on his shoulders now without assuming any more, and I do not think he desires to assume any additional duties. As a matter of fact, the Bureau of Mines today, by direction of the Council of National Defense, of which



the Secretary of War is chairman, has had delegated to it the function of making a study of explosives. The Bureau of Mines to-day is experimenting in large explosives. It is the function of the Bureau of Mines to know all about explosives.

Mr. BRADY. Will the Senator from Nevada yield?

The PRESIDING OFFICER (Mr. HUSTING in the chair). Does the Senator from Nevada yield to the Senator from Idaho?

Mr. PITTMAN. I yield.

Mr. BRADY. The Bureau of Mines is doing that under the authority and direction of the Secretary of War—the man who should have the authority under this bill.

Mr. PITTMAN. Not under the Secretary of War entirely, but under the Council of National Defense, which includes several department chiefs besides the Secretary of War; as a matter of fact, it has been studying explosives ever since it was created. The Council of National Defense, when it wants statistics as to the location of explosives in this country or the ingredients of explosives, sends to the Bureau of Mines. The Bureau of Mines is the statistical department of explosives. The Bureau of Mines is prepared to go on with this work now.

Leaving the other questions just for a moment, the Senator from Idaho said that it is an inconvenience to the farmer coming into town who wants to blow out a stump to procure this license. The bill is only limited to the war. There are a thousand inconveniences during war. How, in the name of heaven, we can stand here and talk about personal inconvenience when we are deliberately voting that it is necessary to sacrifice human life at this time I can not see. It is not a question of inconvenience at all; that has no business being considered in this argument. It is a question of necessity. The necessity for controlling the explosives in this country and preventing those explosives getting into the hands of anarchists can not be denied by anyone, and is not denied by the Senator from Idaho. The Senator from Idaho thinks this a good bill in that particular, and yet, because it is an inconvenience to a certain class of people, he would like to exempt that class of people. If you exempt one class of people, then the anarchists become that class.

The committee has considered this bill in connection with the Director of the Bureau of Mines, in connection with the representatives of all of the great manufacturers of explosives in this country, in connection with the dean of the university here at Washington, who has a direct supervision over the experiments in explosives in that university. It has considered the bill with the business men, with the experts, and I have never yet heard one of those men complain of the inconvenience of it. The first time that I have heard that argument used is when it was used by a Senator on this floor.

I want to say that the mine operators, who use thousands of tons of explosives in my State, approve this bill; I want to say that this bill has been sent out to my State and not one complaint have I heard against it. I tell you that the great powder manufacturers of this country are not complaining about the inconvenience of being licensed. Everyone in this country who is opposed to anarchy and realizes the necessity of crushing it out is in favor of this bill and is willing to stand for the temporary inconvenience it may cause.

Mr. BRADY. It is not a question of personal inconvenience; it is a question of delegating this vast power to a bureau and involving the Treasury in unnecessary expense when the purpose can be accomplished by the machinery which we have already working.

Mr. PITTMAN. What machinery is that?

Mr. BRADY. No one is talking about inconvenience; I am talking about unnecessarily annoying people. No one is talking about not controlling the use of explosives; no man on this floor is more in favor of that than I am. I say it is a matter that should be controlled, and I want it controlled; but I also say that at the meetings of the committee which I attended the discussion was in regard to who should control the matter and how it should be controlled rather than on the real merits of the bill. I do not believe to this day that the Secretary of War has given his sanction to this measure in this particular respect. If he has done so, it has been since the meeting that I attended.

I am perfectly willing to intrust these matters to the Secretary of War, but I am not willing to intrust them to some bureau that will have an army of assistants all over the United States not cooperating or coordinating with other departments and involving large additional expenditures.

We have now in the War Department what might be called machinery for the purpose of detecting just such criminals as the Senator from Nevada suggests are at large in this land. No men are better prepared than the secret-service officers of the War Department to discover the criminals who desire to per-

petrate crimes by the use of high explosives; they are in touch with the situation.

This is a war measure. The director of the Bureau of Mines is a peace officer. The Bureau of Mines is a splendid bureau; it has done excellent work, and I am willing at all times to give it additional powers when it is necessary for the development of our mineral resources, but when in time of war the question arises of licensing the exporters, manufacturers, vendors, and purchasers of high explosives and licensing foremen of manufacturing industries who use such explosives I say that the licensing authority should be placed in the hands of the Secretary of War and not in the hands of the Director of the Bureau of Mines.

We appropriate in this bill some \$400,000 merely to start this measure on its way. The fees which will be collected will amount to three times as much during the fiscal year. It seems to me that the proper thing to do would be to place the matter directly in charge of the man who is responsible for all of the explosives used in this war, namely, the Secretary of War.

Mr. SHAFROTH. Mr. President, I am a member of the committee—

Mr. FLETCHER. Mr. President, if the Senator will allow me to interrupt him, I do not wish the suggestion I am about to make to apply to the Senator from Colorado [Mr. SHAFROTH] at all, but I want to call the attention of the Chair and of the Senate to the fact that we are operating now under Rule VIII, and under that rule no Senator can speak more than once nor longer than five minutes. I hope the rule will be applied. I am very anxious to take up a bill which every Senator supposed would come up this morning at 2 o'clock. I hope this matter can be soon disposed of, and in the meantime I hope that the rule under which we are operating will be recognized and put into effect if we are to continue this debate. I hope we can get a vote soon, however, on the bill now under consideration.

Mr. SHAFROTH. Mr. President, I do not think I will take more than five minutes.

Mr. JONES of Washington. Mr. President, a parliamentary inquiry. I desire to know whether the limitation of debate under the five-minute rule applies after 2 o'clock?

Mr. FLETCHER. It does in this instance, because we took up the calendar under Rule VIII, and we have been proceeding under that rule.

Mr. SHAFROTH. I will not occupy more than five minutes, in any event.

Mr. President, as a member of the Committee on Mines and Mining, I will state that we were confronted with certain conditions concerning which information was being spread broadcast. A great amount of inventive genius is being exercised in producing high explosives. Recently there was published a statement that an explosive had been discovered, a small quantity of which, only a grain or two, would blow up the Woolworth Building in New York City; and there was another statement to the effect that a dram of a certain explosive would blow up the Palisades of the Hudson River. Experiments in the production of high explosives are constantly being made, and it is now more important than ever before that there should be some control as to the sale and as to those who may buy such explosives.

Heretofore these high explosives have been used in mining more than in any other line of industry, and, naturally, the control of such a matter would come under the jurisdiction of the Bureau of Mines. To the director of that bureau naturally applications would be made for information in regard to these matters and for suggestions as to what it would be best to do to prevent what might be frightful catastrophes. We know that the conditions are such in this country that enemies run at large, and unless some curb is placed upon the sale of explosives some terrible catastrophe may happen. There is no doubt in my mind of that.

Senators seem even to forget the fact that we are at war, and refer to conditions as if we were at peace. Mr. President, we must not forget that we are at war, and that the precautions necessary to be taken now would never be dreamed of in time of peace. We found that some of the States had laws regulating the sale of powder, dynamite, and explosives of that nature; but that is not true as to all the States. In the western section of the country usually the States have laws relating to these matters, but inasmuch as such small amounts of these high explosives can produce such fearful results, something in the nature of a regulation by the National Government in the sale of those explosives is necessary, in my judgment, in time of war, and this bill is limited to the time of war.

It is said that we are going to create an expensive bureau. That will not prove to be the case, because the operation of the bill is limited to the duration of the war. It is impossible to



build up a bureau and have it become a permanent institution when it is limited only to war time, which is necessarily comparatively brief, and at all other times we are at peace.

Mr. BRADY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Idaho?

Mr. SHAFROTH. I yield to the Senator.

Mr. BRADY. Following the line of the Senator's argument, why not insert the words "Secretary of War," instead of "Director of the Bureau of Mines," and let the Secretary of War control this matter?

Mr. SHAFROTH. Because, in the first place, the Bureau of Mines is not under the Secretary of War.

Mr. BRADY. But this war is being carried on under the Secretary of War, and the Senator says this is a war measure.

Mr. SHAFROTH. That is all true; but there are certain things that are necessary to be done in other bureaus and in other departments of the Government, which, although they bear a certain relation to the War Department, need not necessarily be under the Secretary of War. I have no doubt that any request from the Secretary of War would be attended to with immediate diligence by the Bureau of Mines.

Mr. BRADY. But does not the Senator from Colorado think the request should come from the Director of the Bureau of Mines to the Secretary of War, rather than from the Secretary of War to the Director of the Bureau of Mines?

Mr. SHAFROTH. No; I do not, because of the fact that practically nine-tenths of the explosives that are purchased in the United States are purchased for use in connection with metalliferous mining, coal mining, and various other kinds of mining, all of which is under the Bureau of Mines.

Mr. BRADY. On the other hand, the one-tenth may be the particular tenth that is used for the criminal purposes which have been suggested.

Mr. SHAFROTH. Mr. President, the object of this bill is to provide precautions to make it difficult for a person to get explosives. Knowing that an exposure could be made in the event of a purchase for unlawful purposes, it is hoped that a person criminally inclined will be deterred from buying any at all. For that reason it is provided that there shall be a register kept; that licenses shall be issued; that the purchaser shall sign his name; that he shall swear to the facts contained in the license as to what his occupation is, where he works, and all of those things, for the purpose of preventing a man of evil intentions making an attempt to buy high explosives.

We would not enact such a measure as this in time of peace; it would not be necessary in time of peace; but in time of war, unless we enact some such precautionary measure, a disaster may occur that will shock the entire United States because of our laxity in allowing the sale of high explosives. Mr. President, it seems to me that we ought to pass the bill.

Now, I want to say just a word in relation to small arms. It was to a large extent the purpose—at least it was my purpose—not to include anything in the bill that would inconvenience people more than was absolutely necessary; in other words, we wanted information as to sales; we wanted to place a curb on the unrestricted selling of explosives; but as to shot-gun and small-arms ammunition we felt that great catastrophes could not happen from such sources, and on that account we thought best not to include them, and thus to make the inconvenience to the public as light as possible.

The PRESIDING OFFICER. The bill is before the Senate as in Committee of the Whole and open to amendment.

Mr. BRADY. Mr. President, I want to reserve the right to offer in the Senate an amendment, in line 14, page 6, striking out the words "Director of the Bureau of Mines" and inserting the words "Secretary of War," and the same amendment to section 10, line 16.

The PRESIDING OFFICER. If there be no further amendment, the bill will be reported to the Senate.

The bill was reported to the Senate as amended.

Mr. BRANDEGEE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Connecticut suggests the absence of a quorum. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Fall	Johnson, Cal.	Lodge
Beckham	Fletcher	Johnson, S. Dak.	McCumber
Brady	France	Jones, N. Mex.	McKellar
Brandegee	Frelinghuysen	Kendrick	McNary
Calder	Gerry	Kenyon	Martin
Chamberlain	Gore	King	New
Curtis	Harding	Kirby	Norris
Dillingham	Husting	La Follette	Page

Pittman	Saulsbury	Smoot	Trammell
Polindexter	Shafroth	Sterling	Vardaman
Pomerene	Sheppard	Stone	Wadsworth
Ransdell	Smith, Ga.	Sutherland	Warren
Reed	Smith, Md.	Swanson	Watson

Mr. HUSTING. I desire to announce that the Senator from South Dakota [Mr. JOHNSON], the Senator from California [Mr. PHELAN], and the Senator from Arkansas [Mr. ROBINSON] are necessarily detained on official business.

Mr. McKELLAR. The senior Senator from Tennessee [Mr. SHIELDS] is absent on official business at the War Department.

Mr. SHAFROTH. I desire to announce the absence of my colleague [Mr. THOMAS] on account of illness. He is paired with the senior Senator from North Dakota [Mr. McCUMBER]. I will let this announcement stand for the day.

Mr. SUTHERLAND. I desire to announce the absence of my colleague [Mr. GOFF] on account of illness.

The PRESIDING OFFICER. Fifty-two Senators have answered to their names. There is a quorum present. The question is on concurring in the first amendment made as in Committee of the Whole, the second amendment having been reserved.

The amendment was concurred in.

The PRESIDING OFFICER. The question now is on concurring in the second amendment made as in Committee of the Whole.

Mr. BRANDEGEE. What is the second amendment?

The PRESIDING OFFICER. The second amendment is to strike out and insert.

Mr. BRADY. Is it open to amendment?

The PRESIDING OFFICER. It is open to amendment, the Senator from Idaho having reserved it.

Mr. BRADY. On line 14, page 6, I move to strike out the words "Director of the Bureau of Mines" and to insert the words "the Secretary of War." I do this for the reason, Mr. President, that I believe that when it comes to licensing manufacturers and exporters of munitions of war during the conflict the power should be vested in some officer higher than a bureau officer. I believe that the Secretary of War is entirely capable of administering this bill. I know that he has all the assistance that will be necessary to enforce the law, without creating a large additional army of salaried officers, and I believe that we can do no better at this time than to give this authority to the Secretary of War. For that reason I ask that my amendment be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Idaho. [Putting the question.] By the sound the "noes" appear to have it.

Mr. BRADY. I ask for a division.

The amendment was rejected on a division.

The PRESIDING OFFICER. The question is on concurring in the second amendment made as in Committee of the Whole.

Mr. McKELLAR. I move to strike out, in line 5, page 4, after the word "include," the words "small arms or."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee.

Mr. BRANDEGEE. Mr. President, I hope that amendment will not be agreed to. The bill seeks to control the sale and distribution of explosives. From the definition of explosives as contained in section 2 small-arms and shotgun cartridges are exempted by the provisions on line 5, page 4, which reads "but shall not include small-arms or shotgun cartridges." Those words the Senator from Tennessee seeks to strike out.

I think it is a wise provision to exempt small-arms and shotgun cartridges from the operation of this bill. I can not conceive why it should be contended that because this Nation is at war with the central European powers nobody should be allowed to go into a store and buy cartridges for a shotgun with which to shoot partridges without applying for a license to the Director of the Bureau of Mines here in Washington. It seems to me an absurdity to try to control small-arms ammunition and shotgun cartridges, which are not used for blowing up public structures in this country or for weakening our military defense or the Government's power of attack. I think the committee showed excellent judgment in excluding small-arms ammunition from the very drastic control which this bill seeks to impose upon the purchasers and the sellers of explosives. I trust that the amendment of the Senator will not prevail.

Mr. BRADY. Mr. President, I fully agree with the statements made by the Senator from Connecticut. The committee very thoroughly discussed that particular provision of the bill, and I think it was practically unanimously agreed that it was much better to exempt small-arms and shotgun cartridges. The matter was not overlooked; it was, as I have said, very thoroughly discussed, and it was agreed by the committee that it was best to make the exemption as provided in the bill. I



hope the amendment offered by the Senator from Tennessee will be defeated.

Mr. FALL. Mr. President, before I vote on the amendment offered by the Senator from Tennessee I should like to have some explanation as to his object in offering the amendment. From my standpoint I could not possibly vote for this bill if the amendment were adopted and the exemption were stricken out. It might be perfectly satisfactory in Tennessee, and in other States of the Union, and if the Senator from Tennessee is convinced that his amendment would operate for the safety of the country and would promote law and order and peace in the State of Tennessee I am perfectly willing to agree to the adoption of an amendment of this character applying to the State of Tennessee, but in the western portion of the country, with which I am somewhat familiar, such an amendment, if adopted, would operate very disastrously.

I do not care to go into the details as to the conditions along the border of the United States and in various Western States which are not upon the border. We have councils of defense co-operating with the national administration in practically every State in the West, and certainly in all the border States. We have councils of defense in every county in my State. They have so far done excellent work and are in thorough accord with the national administration.

Recently we had some little trouble in some portions of the Southwest. Any man who has had any experience at all knows that a law of this kind never deters the lawbreaker. The man who wants to break the law, the man who wants to commit murder is seldom deterred by any law against carrying concealed weapons. Certainly that is true in the western portion of the country, where there is a sparse population, and where it is hard for officers of the law to be reached at any moment.

There is now before the departments a proposal asking the assistance of Congress to a more material degree than it has ever been extended in eliminating predatory wild animals from the range and from the forest reserves in the West. One of the branches of the Council of National Defense and of the food administration, the cattlemen, who have just been here, have adopted a resolution asking for a large appropriation from Congress, and that the forest-reserve agents of the Government, and others, be supplied with additional arms and ammunition, traps, poison, etc., for the purpose of doing away with predatory animals. In my section of the country at times, as for instance last year, the jack rabbit devastated whole fields and successive crops of growing alfalfa. To prohibit the killing of animals of this kind—and this measure would practically prohibit it if its provisions are made to cover small-arms ammunition—to prohibit the use of small arms for purposes of this kind, for the purpose of ridding the country of mountain lions, bears, wolves, jack rabbits, and pests of that character, would cost us a good many thousand dollars in the western country.

It has been a good many years since I lived in Tennessee, but I know that during the time I lived there some of the citizens of that State might have opposed such a provision. However, it may be satisfactory to the people of Tennessee, and I am perfectly willing, if the Senator will confine it to the State of Tennessee, to have the amendment adopted. While I would not vote for it even then, I would not vote against the amendment; but, as applied to the United States, I will certainly oppose it, and hope it will not be adopted.

Mr. KIRBY. Mr. President, I do not think this bill ought to pass. As I have already said, it will impose unnecessary restrictions on a legitimate and necessary business; but, however that may be, certainly this amendment ought not to be agreed to, even if the bill does pass. Under the amendment a man who wanted to go hunting could not buy a few cartridges for his rifle; he could not purchase cartridges for practice with a .22 caliber rifle or revolver unless he first procured a license.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Tennessee?

Mr. KIRBY. Yes.

Mr. McKELLAR. The Senator has not examined the amendment and he has not examined the bill either probably, because the bill specifically permits shotguns to be used, and the amendment only applies to pistols.

Mr. KIRBY. I understand that. Of course that is plain enough now since the Senator who originated this wonderful amendment has explained it in detail; but, nevertheless, the fact is that no man could go out on an ordinary camp hunt and use a revolver or use a rifle or use cartridges of any kind or caliber without getting a license under this bill, if the proposed amendment should be adopted. Certainly there is no occasion and no necessity for a law of that kind. The Senator, I understand, says that small arms are bad things in some kinds of

social intercourse—I believe he said—but probably they are accustomed to use razors in his State in certain circles. But, seriously, the amendment ought not to pass. We ought not to handicap people who have been accustomed to use small arms and who use them legitimately. They ought not to be prevented hereafter from the use of them by having to procure and pay for a permit to buy ammunition.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Tennessee [Mr. McKELLAR]. The amendment was rejected.

The PRESIDING OFFICER. The question now is on concurring in the amendment made as in Committee of the Whole. The amendment was concurred in.

The bill was ordered to be engrossed for a third reading, and was read the third time.

Mr. BRADY. I simply want to say that, while I do not agree with some of the other members of the committee relative to the merits of the bill, I do not desire it to be presumed that simply because I can not have a proper man in charge of the execution of the law after it is passed, I am going to oppose the passage of the bill. I think this will be better than no law at all; but I do hope that before the bill finally becomes law, while it is in conference, that the members of the conference committee will see the error of their way, and designate the Secretary of War, instead of the Director of the Bureau of Mines, to have jurisdiction of the matter. Nevertheless, I feel that this is a needed measure, and so I shall give it my support.

The PRESIDING OFFICER. The question is, Shall the bill pass?

The bill was passed.

#### TRADING WITH THE ENEMY.

Mr. FLETCHER. Mr. President, I move that the Senate proceed to the consideration of the bill (H. R. 4960) to define, regulate, and punish trading with the enemy, and for other purposes.

The motion was agreed to; and the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on Commerce with amendments.

Mr. FLETCHER. I ask unanimous consent that the formal reading of the bill be dispensed with, that the bill be read for amendments, and that the committee amendments be first considered.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Florida? The Chair hears none, and it will be so ordered.

The Secretary proceeded to read the bill.

The first amendment of the Committee on Commerce was, in section 2, page 2, line 7, after the word "territory," to strike out:

*Provided*, That nothing in this act shall impair or affect the President's proclamation of April 6, 1917, or any amendment, modification, or revocation thereof, in relation to the branches of enemy or ally of enemy insurance companies in the United States, when such branches are under the management of citizens of the United States, and such branches, and the managers and trustees thereof, shall be subject to license by the Secretary of Commerce regulating the business thereof and the control and disposition of the funds thereof, subject to rules and regulations prescribed by the Secretary of Commerce, with the approval of the President: *Provided further*, That the definition of "enemy" in this subdivision shall not include any person outside the United States residing outside of the territory of any nation, or ally of any nation, with which the United States is at war, in so far as such person does business with neutrals, allies of the United States, or with the Government or people of the United States, and such business is not connected directly or indirectly with any business done by such person within the territory of any nation or ally of any nation with which the United States is at war.

So as to make the clause read:

SEC. 2. That the word "enemy," as used herein, shall be deemed to mean, for the purposes of such trading and of this act—

(a) Any individual, partnership, or other body of individuals, of any nationality, resident within the territory (including that occupied by the military and naval forces) of any nation with which the United States is at war, or resident outside the United States and doing business within such territory, and any corporation incorporated within such territory of any nation with which the United States is at war or incorporated within any country other than the United States and doing business within such territory.

The amendment was agreed to.

The next amendment was, on page 3, line 8, after the words "may be," to strike out "citizens" and insert "natives, citizens"; and in line 9, after the word "war," to insert "other than citizens of the United States," so as to make the clause read:

(c) Such other individuals, or body or class of individuals, as may be natives, citizens, or subjects of any nation with which the United States is at war, other than citizens of the United States, wherever resident or wherever doing business, as the President, if he shall find the safety of the United States or the successful prosecution of the war shall so require, may, by proclamation, include within the term "enemy."

The amendment was agreed to.



The next amendment was, on page 3, line 25, after the word "territory," to strike out:

*Provided*, That the definition of "ally of enemy" in this subdivision shall not include any person outside the United States residing outside of the territory of any nation or ally of any nation with which the United States is at war, in so far as such person does business with neutrals, allies of the United States, or with the Government or people of the United States, and such business is not connected directly or indirectly with any business done by such person within the territory of any nation or ally of any nation with which the United States is at war.

So as to make the clause read:

(a) Any individual, partnership, or other body of individuals, of any nationality, resident within the territory (including that occupied by the military and naval forces) of any nation which is an ally of a nation with which the United States is at war, or resident outside the United States and doing business within such territory, and any corporation incorporated within such territory of such ally nation, or incorporated within any country other than the United States and doing business within such territory.

The amendment was agreed to.

The next amendment was, on page 4, line 16, after the words "may be," to strike out "citizens," and insert "natives, citizens"; and in line 18, after the word "war," to insert "other than citizens of the United States," so as to make the clause read:

(c) Such other individuals, or body or class of individuals, as may be natives, citizens, or subjects of any nation which is an ally of a nation with which the United States is at war, other than citizens of the United States, wherever resident or wherever doing business, as the President, if he shall find the safety of the United States or the successful prosecution of the war shall so require, may, by proclamation, include within the term "ally of enemy."

The amendment was agreed to.

The next amendment was, on page 5, line 10, after the word "date," to insert "of proclamation," so as to make the clause read:

The words "end of the war," as used herein, shall be deemed to mean the date of proclamation of exchange of ratifications of the treaty of peace, unless the President shall, by proclamation, declare a prior date, in which case the date so proclaimed shall be deemed to be the "end of the war" within the meaning of this act.

The amendment was agreed to.

The next amendment was, on page 5, after line 14, to insert:

The words "bank or banks" as used herein, shall be deemed to mean and include national banks, State banks, trust companies, or other banks or banking associations doing business under the laws of the United States, or of any State of the United States, and private bankers.

The amendment was agreed to.

The next amendment was, on page 6, line 3, after the word "sell," to insert "loan or extend credit," so as to make the clause read:

(d) Buy or sell, loan or extend credit, trade in, deal with, exchange, transmit, transfer, assign, or otherwise dispose of, or receive any form of property.

The amendment was agreed to.

The next amendment was, on page 6, after line 7, to strike out:

SEC. 3. That it shall be unlawful for any person in the United States, except with the license of the Secretary of Commerce, as hereinafter provided in section 5—

(a) To trade, or attempt to trade, with an enemy, or for, or on account of, or on behalf of, or for the benefit of, an enemy, either directly or indirectly, with knowledge or reasonable cause to believe that the person with or for, or on account of, or on behalf of, or for the benefit of whom such trade is conducted, or attempted to be conducted, is an enemy.

(b) To trade, or attempt to trade, with an ally of enemy, or for, or on account of, or on behalf of, or for the benefit of, an ally of enemy, either directly or indirectly, with knowledge or reasonable cause to believe that the person with or for, or on account of, or on behalf of, or for the benefit of whom such trade is conducted, or attempted to be conducted, is an ally of enemy.

(c) To transport, or attempt to transport, an enemy, with knowledge or reasonable cause to believe that the person transported, or attempted to be transported, is an enemy.

(d) To transport, or attempt to transport, an ally of enemy, with knowledge or reasonable cause to believe that the person transported, or attempted to be transported, is an ally of enemy.

And insert:

SEC. 3. That it shall be unlawful—

(a) For any person in the United States, except with the license of the President, granted to such person, or to the enemy, or ally of enemy, as provided in this act, to trade, or attempt to trade, either directly or indirectly, with, to, or from, or for, or on account of, or on behalf of, or for the benefit of, any other person with knowledge or reasonable cause to believe that such other person is an enemy or ally of enemy, or is conducting or taking part in such trade, directly or indirectly, for, or on account of, or on behalf of, or for the benefit of, an enemy or ally of enemy.

(b) For any person, except with the license of the President, or of such person as he may direct, to transport or attempt to transport into or from the United States any subject or citizen of an enemy or ally of enemy nation, with knowledge or reasonable cause to believe that the person transported or attempted to be transported is such subject or citizen.

(c) For any person (other than a person in the service of the United States Government or of the Government of any nation, except that of an enemy or ally of enemy nation, and other than such persons or classes of persons as may be exempted hereunder by the President or by such person as he may direct), to send, or take out of, or bring into, or to attempt to send, or take out of, or bring into, the United States,

any letter or other writing or tangible form of communication, except in the regular course of the mail; and it shall be unlawful for any person to send, take, or transmit, or attempt to send, take, or transmit, out of the United States, any letter or other writing, book, map, plan, or other paper, picture, or any telegram, cablegram, or wireless message, or other form of communication intended for or to be delivered, directly or indirectly, to an enemy or ally of enemy: *Provided, however*, That any person may send, take, or transmit out of the United States anything hereinbefore forbidden if he shall first submit the same to the President, or to such officer as the President may direct, and shall obtain the license or consent of the President or of such other officer, under such rules and regulations, and with such exemptions, as shall be prescribed by the President.

The PRESIDING OFFICER (Mr. KIRBY in the chair). The question is on the amendment of the committee striking out section 3 of the bill and inserting section 3, as proposed by the committee as just read. Is there objection? The Chair hears none, and the amendment is agreed to.

Mr. REED. Mr. President, before section 3 as reported by the committee is agreed to I desire to say that it seems to me that the language in lines 15 to 17, on page 7, may be too broad and sweeping. I call the attention of the Senator in charge of the bill to this language:

Any other person with knowledge or reasonable cause to believe that such other person is an enemy or ally of enemy—

The term "reasonable cause" is one that is pretty comprehensive; and, as this is to be a penal statute, I inquire whether or not we can not employ some phrase a little more conservative than that?

In times of great excitement, as we all know, it may be that a jury would take something as reasonable cause and send somebody to the penitentiary when a man had no evil purpose or intent. I suggest that that section be passed over and that a little further consideration be given to it.

Mr. RANDELL. I have no objection.

The PRESIDING OFFICER. It will be passed over.

Mr. REED. I wish to say, so that I will not be misunderstood, that no one can go further than I am willing to go—

The PRESIDING OFFICER. The Chair announced that the section was agreed to without objection. If the Senator will move to reconsider it, that motion will be entertained.

Mr. RANDELL. I move that it be reconsidered.

The PRESIDING OFFICER. It is moved that the proposed amendment be reconsidered, and, without objection, it is reconsidered.

Mr. REED. I desire to say just this much, so that I will not be misunderstood: No one could go further than I am willing to go to make it impossible for information to be sent to the enemy, and no one will go further than I am willing to go to punish every act that is calculated to give aid or comfort to the enemy. It is, perhaps, for that reason more than any other that I desire that we shall be careful not to draw our statutes so loosely that they may work hardships and thus result in a failure to enforce them.

The PRESIDING OFFICER. Without objection, the amendment is passed over. The next amendment of the committee will be stated.

The SECRETARY. On page 9 the committee proposes to insert the following section:

SEC. 4. (a) Every enemy or ally of enemy insurance or reinsurance company, and every other enemy or ally of enemy, doing business within the United States through an agency or branch office, or otherwise, may, within 30 days after the passage of this act, apply to the President for a license to continue to do business; and, within 30 days after such application, the President may enter an order either granting or refusing to grant such license. The license, if granted, may be temporary or otherwise and for such period of time and may contain such provisions and conditions regulating the business, agencies, managers and trustees, and the control and disposition of the funds of the company or of such enemy or ally of enemy as the President shall deem necessary for the safety of the United States, and any license granted hereunder may be revoked or regranted or renewed in such manner and at such times as the President shall determine: *Provided, however*, That reasonable notice of his intent to refuse to grant a license or to revoke a license granted to any reinsurance company shall be given by him to all insurance companies incorporated within the United States and known to the President to be doing business with such reinsurance company.

For a period of 30 days after the passage of this act, and further pending the entry of such order by the President after application made by any enemy or ally of enemy insurance or reinsurance company, within such 30 days as above provided, the provisions of the President's proclamation of April 6, 1917, relative to agencies in the United States of certain insurance companies, as modified by the provisions of the President's proclamation of July 13, 1917, relative to marine and war-risk insurance, shall remain in full force and effect so far as it applies to such German insurance companies; and the conditions of said proclamation of April 6, 1917, as modified by said proclamation of July 13, 1917, shall also during said period of 30 days after the passage of this act, and pending the order of the President as herein provided, apply to any enemy or ally of enemy insurance or reinsurance company, anything in this act to the contrary notwithstanding. The President, however, shall have no power to license any enemy or ally of enemy insurance or reinsurance company or other person to do any act or to carry on any business prohibited by his proclamation of July 13, 1917. It shall be unlawful for any enemy or ally of enemy insurance or reinsurance company to whom license is granted to transmit out of the United States any funds belonging to or held for the benefit of



such company or to use any such funds as the basis for the establishment directly or indirectly of any credit within or outside of the United States.

For a period of 30 days after the passage of this act, and further pending the entry of such order by the President after application made within such 30 days by any enemy or ally of enemy, other than an insurance or reinsurance company as above provided, it shall be lawful for such enemy or ally of enemy to continue to do business in this country and for any person to trade with, to, from, for, on account of, on behalf of, or for the benefit of such enemy or ally of enemy, anything in this act to the contrary notwithstanding: *Provided, however,* That the provisions of sections 3 and 15 hereof shall apply to any act or attempted act of transmission or transfer of money or other property out of the United States and to the use or attempted use of such money or property as the basis for the establishment of any credit within or outside of the United States to, or for the benefit of, or on behalf of, or on account of, an enemy or ally of enemy.

If no license is applied for within 30 days after the passage of this act, or if a license shall be refused to any enemy or ally of enemy, whether insurance or reinsurance company or other person, making application, or if any license granted shall be revoked by the President, the provisions of sections 3 and 15 hereof shall forthwith apply to all trade or attempt to trade with, to, from, for, by, on account of, or on behalf of, or for the benefit of such company or other person: *Provided, however,* That after such refusal or revocation, anything in this act to the contrary notwithstanding, it shall be lawful for a policyholder or for an insurance company, not an enemy or ally of enemy, holding insurance or having effected reinsurance in or with such enemy or ally of enemy insurance or reinsurance company, to receive payment of and for such enemy or ally of enemy insurance or reinsurance company, to pay any premium, return premium, claim, money, security, or other property due or which may become due on or in respect to such insurance or reinsurance in force at the date of such refusal or revocation of license; and nothing in this act shall vitiate or nullify then existing policies or contracts of insurance or reinsurance or the conditions thereof; and any such policyholder or insurance company, not an enemy or ally of enemy, having any claim to or upon money or other property of the enemy or ally of enemy insurance or reinsurance company in the custody or control of the alien property custodian or of the Treasurer of the United States, may make application for the payment thereof and may institute suit as provided in section 9 hereof.

After the first paragraph of the proposed section had been read.

Mr. FRELINGHUYSEN. I offer the following amendment to the amendment and ask if the Senator in charge of the bill will not accept it?

The PRESIDING OFFICER. The proposed amendment to the amendment will be read.

The SECRETARY. On page 10, line 2, after the period insert a colon and the following words:

*And provided further,* That no insurance company organized within the United States shall be obligated to continue any existing contract or treaty entered into prior to the beginning of the war with any enemy or ally of enemy insurance or reinsurance company, but any such company may abrogate and cancel any such contract or treaty by serving 30 days' notice in writing upon the President of its election to abrogate such contract or treaty.

Mr. RANSDELL. In behalf of the committee I will state that I have no objection to that amendment to the amendment.

The PRESIDING OFFICER. Is there objection to the amendment to the amendment? The Chair hears none, and it is agreed to.

After the conclusion of the reading of the amendment,

The PRESIDING OFFICER. Without objection, the amendment as amended is agreed to.

Mr. REED. Before that is done, I do not want to take time on the bill, but I notice a clause at the bottom of page 10 about which I want to get a little explanation. It reads:

The President, however, shall have no power to license any enemy or ally of enemy insurance or reinsurance company, or other person, to do any act or to carry on any business prohibited by his proclamation of July 13, 1917.

I have not had time to examine the proclamation; the Senator from Louisiana has just handed it to me; but the language, of course, absolutely prohibits the President under any and all circumstances from doing any of the things prohibited by this proclamation. I think we ought to know just what is in the proclamation. It may be prohibiting something we ought not to prohibit.

Mr. FRELINGHUYSEN. Possibly I can enlighten the Senator.

Mr. REED. I shall be glad if the Senator will do so.

Mr. FRELINGHUYSEN. I understand that the proclamation prohibits the transaction of marine and war-risk insurance. It was found that the marine companies, many of them German companies, in insuring cargoes to Europe, were in the possession of information which, if transmitted to Germany or the enemy, would be of great benefit to them. The President prohibited in that proclamation the transacting of all marine and war-risk insurance. This bill makes an exception of the fire and life business, but continues the prohibition as in the President's proclamation of marine and war-risk insurance. I think that is what this section refers to.

Mr. RANSDELL. I will say that is the understanding of the subcommittee which had the matter in charge. We did not see that any circumstances could ever arise under which the Presi-

dent ought to issue a license to people to do marine and war-risk insurance. That is why we put it in the bill.

Mr. POMERENE. As a matter of legal procedure, would it not be very much better to incorporate in the bill the things which are prohibited rather than to refer to some particular proclamation?

Mr. RANSDELL. That is a matter of taste. Perhaps it would be better.

Mr. POMERENE. Has the Senator that language with him?

Mr. RANSDELL. I have not framed it. I have the proclamation here, and I can read the proclamation to the Senator if he would like to hear it. It has been explained by the Senator from New Jersey.

Mr. FRELINGHUYSEN. I think there is a special prohibition in the bill prohibiting the transaction of marine and war-risk insurance.

Mr. POMERENE. If that be true, why not so express it here instead of referring to the proclamation?

Mr. VARDAMAN. If the Senator will pardon me, the proclamation is just as much a law of the land as a statute.

Mr. POMERENE. I think that is true; but a statute ought to be complete within itself. Here is the difficulty about this matter: If this statute is before an attorney who is being consulted about it, and he has not the full statute before him, he has got to refer not to the statute but to some proclamation.

Mr. VARDAMAN. Is not that true with reference to every law that amends a statute?

Mr. REED. No; they have the other law printed.

Mr. VARDAMAN. That is printed, too.

Mr. REED. But it is printed in the law, while the proclamation is not printed in the statute.

The PRESIDING OFFICER. The amendment has been declared agreed to.

Mr. REED. I hope the Chair will not stand on that. We are proceeding here rapidly, nobody desiring to stop for a moment, and the Chair, naturally, in saying it is agreed to makes the announcement in a formal way.

Mr. RANSDELL. I move a reconsideration. I hope we will not hurry. We shall have plenty of time for the consideration of the bill.

The PRESIDING OFFICER. There being no objection, the vote by which the amendment was agreed to is reconsidered.

Mr. REED. It is generally considered as open where a Senator rose immediately before the record is made up. That is the case in court, as every judge knows, and every place else.

Mr. RANSDELL. I would state that the committee would have no serious objection to putting those words in the bill, but we thought that it would encumber it. It is a rather long bill as it is.

The PRESIDING OFFICER. Does the Senator ask that this section be passed over for the present?

Mr. RANSDELL. I should like, if we can, to settle it as we go along. I should like to have it disposed of if possible.

Mr. REED. It strikes me in this way. When you put into a bill a power to the President to license and to regulate these things and then follow that with a statement that under no circumstances can the President license any company that is prohibited under a certain proclamation of given date, we ought to pretty carefully examine that proclamation. I agree with the suggestion made by the Senator from Ohio that the language of the proclamation had better be put in the bill.

Mr. POMERENE. Will the Senator from Missouri permit me to offer a suggestion, and may I have at the same time the attention of the Senator in charge of the bill? I understand it is intended here to prohibit the issuance of marine or war-risk insurance. If that be so, why would not this meet the situation:

The President, however, shall have no power to license any enemy or ally of any enemy insurance or reinsurance company or other person to do any act or to carry on any marine or war-risk insurance.

Mr. REED. Strike out "to do any act."

Mr. POMERENE. Yes; I strike that out and substitute the language I have read.

Mr. RANSDELL. I would be willing to accept that as an amendment if offered.

Mr. POMERENE. Then I move to strike out the following language, beginning in line 24, page 10: "to do any act or to carry on any business prohibited by his proclamation of July 13, 1917," and to insert in lieu thereof the following: "to carry on any marine or war-risk insurance."

Mr. FLETCHER. I suggest to the Senator that the language in the proclamation is "transaction of the business of marine and war-risk insurance." So the amendment might be drawn to carry on any business of marine and war-risk insurance.

Mr. POMERENE. That would meet my view, at least.



Mr. FRELINGHUYSEN. I think that the words "to do any act" ought to be continued in this legislation, because while these war-risk companies and marine companies are prohibited from transacting business they still have records, and the transmission of those records to Germany might work hardship or injury to this country. Possibly the act would be improved by leaving in those words.

Mr. RANDELL. I believe it would be safer to leave those words in in view of what the Senator from New Jersey has said. If those words are kept in, it still embodies the thought which the Senator from Ohio has. I hope he will not insist on striking out the words "to do any act."

Mr. BRADY. Mr. President, I feel that we should be very sure in an amendment that we follow out the lines of the proclamation issued by the President. Is the Senator in charge of the bill quite sure of the words proposed to be inserted by the amendment offered by the Senator from Ohio—that they will cover that point?

Mr. RANDELL. That is what we had in mind, to prevent any marine or war-risk insurance; but I think the suggestion of the Senator from New Jersey [Mr. FRELINGHUYSEN] is very pertinent. If we simply prohibit them from doing any business, that might not cover the whole case. We should also say, "to do any act"—to do something in connection with the business that would not be business itself. That is very important.

The PRESIDING OFFICER. The Secretary will state the amendment proposed to the amendment.

The SECRETARY. On page 11, line 1, after the word "business," strike out "prohibited by his proclamation of July 30, 1917," and insert the words "of marine or war-risk insurance," so as to read "to do any act or to carry on any business of marine or war-risk insurance."

Mr. RANDELL. That will be all right.

Mr. BRADY. Will that be satisfactory to the Senator in charge of the bill?

Mr. RANDELL. I think that will be satisfactory.

Mr. REED. Mr. President, I confess I think we are getting into a position that may possibly result in embarrassment. I have not given the bill careful study, but it will be observed that section 4, paragraph (a) provides that—

Every enemy or ally of enemy insurance or reinsurance company, and every other enemy or ally of enemy doing business within the United States through an agency or branch office, or otherwise, may, within 30 days after the passage of this act, apply to the President for a license to continue to do business; and, within 30 days after such application, the President may enter an order either granting or refusing to grant such license. The license, if granted, may be temporary or otherwise and for such period of time and may contain such provisions and conditions regulating the business, agencies, managers, and trustees and the control and disposition of the funds of the company or of such enemy or ally of enemy as the President shall deem necessary for the safety of the United States.

Mr. President, that language puts it in the power of the President to absolutely prohibit any company, it puts it in the power of the President to license any company but in the licensing to state the terms and conditions which he may deem necessary for the protection of our Government. That far and no further need the section go.

There are certain matters subject to legislation that ought always to be specifically defined in the legislative act, but there are certain other matters that are executive in their nature and a large discretion must be vested in the Executive because the conditions change from time to time, and because no mind can anticipate what those conditions may be, we find it necessary to vest a wide discretion in the Executive.

Mr. President, this is of that class. We are dealing with the question of insurance by foreign companies, in this case German companies. I can readily see why it is not desirable to drive out of business these concerns that have for so many years been engaged in carrying American risks, but at the same time to say that under no circumstances shall the President of the United States license any company to carry on marine insurance or to do any act with reference to marine insurance may tie the hands of the Executive and may seriously interfere with business the ramifications and complete relations of which are not before the Senate.

I am perfectly willing to leave this matter to the President. It is a matter of detail. It is a matter of regulation. It is a matter that changes from day to day. I can see no reason for reposing in the President a wide authority with reference to ordinary classes of insurance and then drawing a hard and fast line and saying when you come to marine insurance under no circumstances and no conditions shall you permit any act whatsoever to be done with relation to that business. I fully understand—

Mr. VARDAMAN. Mr. President—

Mr. REED. Just let me finish the sentence. I fully understand the force of the statement that is made here, that the writing of marine insurance may involve the gaining of information which might be of service to the enemy, but I also know that it is somewhat dangerous for us to say to the President that under no circumstances can you permit a single act to be done with reference to that kind of business. I think we had better strike out all these agencies and leave this to the President. I am perfectly willing to do it. Of course, the President will not execute it, but it is fair to assume that he will get some patriotic man who is familiar with the business of insurance to execute it. I yield to the Senator from Mississippi.

Mr. VARDAMAN. The construction of this bill has been somewhat changed since the committee finished the details, in this that where the word "President" appears formerly it was "Secretary of Commerce." The committee went over this question very carefully, with the assistance of the heads of the departments who are to administer the law and the attorneys of those departments, and it was thought that it would not be prudent to authorize the Secretary of Commerce to permit marine insurance to be written or carried by a German company. I do not think it is limiting the power of the President in a way that will in any manner hinder or prevent the proper enforcement, execution, or administration of the law. The bill as it now stands may be a little awkward in construction, but it will do no harm to leave it as it is. I think if a change is made according to the line suggested by the Senator from Missouri it may destroy somewhat the symmetry or order of construction of the measure which the committee endeavored to preserve. But after second thought I am of the opinion that if the Senator's amendment shall be agreed to it will do no special harm.

I can, however, understand and all Senators will readily see that these German insurance companies should not be permitted to write marine insurance.

Mr. FRELINGHUYSEN. Mr. President—

Mr. VARDAMAN. I yield to the Senator, but I am speaking in the time of the Senator from Missouri.

Mr. REED. Very well; I yield.

Mr. FRELINGHUYSEN. The prohibition of the transaction of marine insurance is in the proclamation of the President. It was ascertained that Germany was receiving a great deal of information by wireless of the sailing of vessels which were insured by many of these marine companies. At least that was the supposition. The German insurance companies doing business in this country naturally knew of the dates of the sailings and also knew what the cargoes were. Consequently it was thought wise to prohibit the transaction of marine insurance by the German companies in this country. Therefore the President issued a proclamation prohibiting the further transaction of any business by the German marine insurance companies in this country. I think at the same time he prohibited the transaction of fire business, but it was found that that worked great hardships to the American companies which had been reinsured in many of the German companies, inasmuch as the contracts were term contracts and had been taken prior to the war, and that very little information injurious to this country could be transmitted to Germany through a fire insurance contract on any property having its situs in this country.

Therefore, in view of the fact that these were all contractual relations, known as treaties, where the German companies came here and deposited their funds, maintained branch offices in the States under the supervision of the insurance commissioners, and made their treaties for a term with the American companies, to impound the assets, as the House bill did, and compel the American companies to bring a suit to recover their losses from these German companies was unjust. Therefore the Senate committee amended the act, providing that the President should have supervision and control of these companies through a licensing power, and further providing that the assets now in this country—the reserves and the surplus—should be used to liquidate the liabilities of these German companies with the American companies.

There are about 11 German reinsurance companies writing reinsurance business, taking contracts from American companies, and there are 4 German companies issuing their policies directly. The total amount of liability which they have assumed amounts to \$3,500,000,000. The amount of premium which they receive each year is \$37,000,000. These contracts are reinforcing the contracts of American companies. They were in existence prior to the war. They are all contracts which can be canceled on six months' notice upon the payment of the return premium by the German companies. But this liability carried by the German companies is under term contract—one, three,



and five years—and is held as security for many mortgages and warehouse receipts throughout the country. To impound those assets suddenly, and prevent the American companies from receiving relief from these German companies with which they had contracts before the war, would be unfair and unjust, and it would seriously embarrass the American companies. Therefore this act provides that the President shall license those companies; but if he fails to license them, if he believes that for the safety of the country it is better that they should be deprived of the right of transacting business in this country, those German companies must liquidate their contracts with the American companies before they are entirely put out of business.

Mr. REED. Very well. That, however, does not answer the proposition that is under discussion. The statement made by the Senator is this: That there is a certain condition with reference to ordinary fire insurance or life insurance that is of such a nature that it should not be suddenly broken up. There is also marine insurance, which the Senator states must be broken up.

Mr. FRELINGHUYSEN. I do not state it. The President states it.

Mr. REED. Well, the bill states it must be broken up. The bill proposes to say that under no circumstances may the President license that kind of insurance, and under no circumstances can any act be done with reference to that insurance. Now, I think it would be very much better for us to strike out that proviso, and leave it so that the whole matter is in the hands of the President, because, as I said awhile ago—and I will be pardoned for repeating it, for one or two Senators have come in since—the subject matter we are dealing with relates to certain business concerns and to their business relations with each other and with the country. We propose to allow the President to license these companies, and to fix in his license the terms upon which they shall do business. We also give him full authority to decline to allow them to do business at all. That having been provided, and I think wisely, we proceed then to say that under no circumstances shall he license them to conduct marine insurance.

We are dealing here with a matter with which we are unfamiliar. It is a matter of business and of detail, and the details are not before us, and I think we ought to leave the whole question to the President.

I remarked a few moments ago that there are two classes of legislation. When you come to pass general laws governing the country they ought to be specific, but when you come to giving a power to an executive department you must generally leave a wide discretion, because the department is dealing with a question that has many angles and many details. So I think the whole proviso could be well stricken out and let the President settle this matter.

I am fearful that if we shall provide that under no circumstances can the President license marine insurance or any act with reference to marine insurance we may find that we will seriously interfere with some business and in a manner that could be easily avoided without any danger to the country if it were left to the executive department. So I am going to move as a substitute, if I may do so under the parliamentary situation, to strike out the language on lines 22 to 24, page 10, and lines 1 and 2, on page 11, as follows:

The President, however, shall have no power to license any enemy or ally of enemy insurance or reinsurance company or other person to do any act or to carry on any business prohibited by his proclamation of July 13, 1917.

Mr. RANSDELL. Mr. President, I hope the motion of the Senator from Missouri will not prevail.

I should like to assure the Senate that the committee having this matter in charge studied it very carefully and spent about a month over this bill. It is an exceedingly intricate and difficult one. I agree with the Senator from Missouri in saying that it is very well to give the President a great deal of power in war times, and we are giving him a great deal of power in this bill. In this very section we are authorizing him absolutely to say whether or not any German insurance company or any company controlled by an ally of Germany shall do business in this country, not merely fire insurance, but casualty insurance. There is a very large business done in this country by German casualty insurance companies. It is going on now, and I for one hope that it will continue to go on.

There is a very large fire insurance business done by these companies. But while we are conferring very great power upon the President and reposing the greatest confidence in him in the exercise of this large power, it does not follow that we ought not to exercise a little discretion ourselves; and when we reach the conclusion that under no circumstances should the President or anybody else authorize the continuance of business by an

enemy, or an ally of an enemy, in marine or war-risk insurance, why not say so? Why put it up to the President to determine whether or not he will issue that license? That is a matter as to which there is no need to vest any discretion in him. We all know, just as well as we know anything in this world, that while the war lasts there ought not to be any license issued to any enemy, or any ally of an enemy, to carry on marine insurance or war-risk insurance.

For that reason the words were included in the bill; and, as I stated before, I hope that they will be kept in there, and that the motion of the Senator from Missouri will be voted down.

Mr. BRADY and Mr. VARDAMAN addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Louisiana yield; and if so, to whom?

Mr. RANSDELL. I yield to the Senator from Idaho.

Mr. BRADY. Before the Senator takes his seat, I should like to ask him if I understand him to say that he is willing to accept the amendment offered by the Senator from Ohio?

Mr. RANSDELL. As I understand, the amendment offered by the Senator from Ohio was agreed to.

Mr. POMERENE. No; it was not agreed to. It was presented.

The PRESIDING OFFICER. It was not agreed to.

Mr. RANSDELL. I am entirely willing to accept that amendment, because, as I understand, that is what the President's proclamation means; and it seems to me that the suggestion of the Senator from Ohio is perhaps in the line of simplicity and making the matter a little bit clearer. For that reason I am entirely willing to accept it.

Mr. POMERENE. While I am on my feet, Mr. President, I might say that out of deference to a suggestion made, perhaps, by the Senator from Florida, I have redrafted that amendment so as to strike out everything beginning in line 24, beginning with the words "to do any act" and following that, and then to substitute therefor this—

Mr. BRADY. Where does the Senator commence to strike out?

Mr. POMERENE. Beginning with the words "to do any act," in line 24.

Mr. VARDAMAN. From what page is the Senator reading?

Mr. POMERENE. Beginning at the bottom of page 10. The matter which I propose to insert is as follows: "to transact the business of marine or war-risk insurance or reinsurance, or to do any act in connection therewith."

Mr. BRADY. Is the Senator from Ohio satisfied that that covers the ground?

Mr. POMERENE. That does cover the ground, so far as marine or war-risk insurance is concerned, unquestionably.

Mr. BRADY. And it will not be necessary to refer to the President's proclamation at all?

Mr. POMERENE. It certainly will not be necessary.

The PRESIDING OFFICER. Where does the Senator propose to insert those words?

Mr. POMERENE. On page 10, beginning in line 24 with the words "to do any act," I propose to strike out those words, "to do any act," and the following words to the period, and to insert in lieu thereof the following: "to transact the business of marine or war-risk insurance or reinsurance, or to do any act in connection therewith."

Mr. RANSDELL. That conveys the idea.

Mr. VARDAMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Mississippi?

Mr. POMERENE. I yield.

Mr. VARDAMAN. Mr. President, I simply want to say that it is needless to limit the authority of the President in this matter. This power was first conferred upon the Secretary of Commerce. The purpose of the committee, however, was to vest the Secretary of Commerce with the power to carry out the will of the President as expressed in his proclamation of July 13, 1917. I read an extract from that proclamation:

Now, therefore, I, Woodrow Wilson, President of the United States of America, by virtue of the powers vested in me as such, hereby declare and proclaim that such branch establishments of German insurance companies now engaged in the transaction of business in the United States pursuant to the laws of the several States are hereby prohibited from continuing the transaction of the business of marine and war-risk insurance either as direct insurers or reinsurers; and all individuals, firms, and insurance companies incorporated under the laws of any of the States or Territories of the United States, or of any foreign country, and established pursuant to the laws of such States and now engaged in the United States in the business of marine and war-risk insurance either as direct insurers or reinsurers are hereby prohibited from reinsuring with companies incorporated under the laws of the German Empire, no matter where located; and all persons in the United States are prohibited from insuring against marine or war risks with insurance companies incorporated under the laws of the German Empire or with individuals, firms, and insurance companies incorporated under the laws of any of the States or Territories of the United States or of any for-



elg country and now engaged in the business of marine or war-risk insurance in the United States, which reinsurance business originating in the United States with companies incorporated under the laws of the German Empire, no matter where located.

Since all power has been conferred upon the President to carry out the terms of this law, I see no reason for the language which the Senator from Missouri proposes to strike out being incorporated in the bill. It was intended to confer upon the Secretary of Commerce power to carry out the proclamation of the President, and to limit him in the performance of the functions conferred by this bill to the terms of the President's proclamation. It strikes me as manifestly wise to prohibit German insurance companies from writing marine risks. There is every reason why it should not be done, and I have not heard a single suggestion as to why it should be done; and the President sets forth that fact very clearly and cogently in his proclamation.

As I said a moment ago, in constructing this bill the committee have endeavored to carry out the purpose the President had in mind when he issued his proclamation of July 13, which to me is manifestly proper.

Mr. BRADY. Mr. President, granting that the statements of the Senator from Mississippi are entirely true—and I fully agree with him—it seems to me that the words that have been placed in this bill by the members of the committee simply emphasize the fact that they desire that the proclamation of the President shall in no manner be changed. We all agree that it is a good proclamation, and that its terms should be enforced. It seems to me it is very pertinent and very proper that the language as now amended, or as it will be amended if the amendment offered by the Senator from Ohio is adopted, should be inserted in the bill. It certainly does not do any harm. It states a fact that we know should be in the law. If, by putting in this amendment, we can avoid referring to a proclamation that is not printed in the law, it seems to me that it is a very good plan to insert it; and I can not help but think that it would be wise to adopt the amendment that is offered by the Senator from Ohio.

Mr. REED. Mr. President, I do not want to take the time of the Senate. When I have said what I am about to say, in very brief words, I shall be content with whatever the Senate may do.

I have had enough experience in law matters, as well as enough experience here, to know that when you put in a broad, sweeping proposition saying that certain things can not be done under any circumstances, you ought to be very sure that you know all about the matter that you thus propose to prohibit. I am utterly unfamiliar with the question of marine insurance. Of course, it is a very large business in some of the States; notably, I take it, in the State of New Jersey, the State of New York, and so forth. Now, I am perfectly willing to give the President of the United States absolute authority to say that there shall never be another policy written in any kind of a German insurance company while this war lasts, whether it is fire, casualty, life, or marine insurance; but we do propose to give the President the authority to license and regulate the doing of all classes of business except marine insurance; and as to that, without any great familiarity with the subject, we say that under no circumstances shall he license them.

In view of the fact that the President has already prohibited that kind of business, and in view of the fact that we can trust the President of the United States not to do anything that is going to be favorable to Germany under the present circumstances, it simply seems to me that we can trust marine insurance to him the same as we can other classes of insurance, particularly in view of the fact that he has already issued this proclamation.

If the amendment I suggest is adopted, it will leave the matter so that if peculiar conditions should arise in the future—something that we do not anticipate, something that we can not now think of—the President might meet that by an exception to his ordinary rule; but if we pass this law as it is proposed, no matter what the hardship might be, nor what the necessity might be, the President would be powerless. Now, is that wise or is it necessary?

Mr. VARDAMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Mississippi?

Mr. REED. I do.

Mr. VARDAMAN. I really think that it is not necessary to keep it there, since the power has been vested in the President. The original purpose of this bill was to prevent the Secretary of Commerce from doing the thing prohibited and to carry out the President's proclamation of July 13. That is all that provision intended to accomplish. But now, since the President has been given the power, I agree with the Senator from

Missouri, I repeat, that it is not necessary to leave it in there at all.

Mr. POMERENE. Mr. President, I simply want to make this suggestion: I agree with the Senator from Missouri that when we use broad language we ought to know what we are doing; but I think it is a sufficient answer to his suggestion to say that no doubt when the President framed this proclamation he had the advice of the department and framed the proclamation accordingly. Now, the Committee on Commerce had this matter in charge; and while it is true that the proclamation is broad enough to meet the situation, I can understand why your committee may have thought that this was such a wise and prudent thing to do that it ought to become a part of the law of the land in statutory form rather than to leave it to proclamation alone. It perhaps adds nothing to the strength of it; but if we adopt the legislation as amended, we have a declaration by the Congress which is confirmatory of what the President has already done.

My objection to this in the first instance was due to this fact: I think it is very unwise legislative drafting to refer to some proclamation or to some document that may be in existence somewhere. If you have the phraseology complete in itself in the section of the statute that you are passing, it saves untold trouble to everybody.

Mr. RANSDELL. Mr. President—

Mr. REED. Mr. President, will the Senator let me make one suggestion before he concludes the debate?

Mr. RANSDELL. Certainly.

Mr. REED. The amount of all this argument is this: The President has issued a proclamation which it is thought is very wise. Now, it is proposed to say by law that he never can change that proclamation; that is all—that he never can change that proclamation. I am willing to repose enough confidence in him to let him have the power to change it in the future, as he has now, if he sees fit to do it, fully confident of the fact that he will see to it that our rights are protected.

Mr. RANSDELL. Mr. President, I quite agree with the argument made by the Senator from Ohio that statutes are perhaps simpler and more easily understood when they state in themselves exactly what is meant, and I will say that as soon as he made the suggestion of this amendment it appealed to me strongly and I was entirely willing to accept it. It simplifies the matter. When amended by him, the provision means exactly what the committee intended it to mean. Instead of using the word "proclamation," he uses words which convey the same idea that the proclamation conveys, and I think the amendment simplifies and perfects the provision.

So much on that point. The Senator from Missouri intimates that he would have not any objection at all to prohibiting any insurance being done pending the war by enemy insurance companies, or ally of enemy insurance companies—not only the war-risk insurance and marine insurance, but any insurance, casualty, fire, or anything else. Mr. President, I intend to take that up later, but I will say just a word or two about it at this time.

Mr. REED. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Missouri?

Mr. RANSDELL. I do.

Mr. REED. The Senator misapprehended me. I made no statement of that kind.

Mr. RANSDELL. I am sorry if I misunderstood the Senator.

Mr. REED. The Senator certainly did misunderstand me. I stated that in this bill we had given the President the authority to permit that kind of insurance—that is, casualty, fire, and life insurance—but we were undertaking now to prohibit him from changing his proclamation which has heretofore absolutely prohibited marine insurance.

While the Senator is on the floor, with his courtesy, if I may ask it—

The PRESIDING OFFICER. Does the Senator from Louisiana yield further?

Mr. RANSDELL. I do. I shall be glad to have the Senator from Missouri take all the time he wants.

Mr. REED. I want to ask the Senator if it is not a fact that this language, providing that the President's proclamation of date of July 13, 1917, should not be changed, was put in this bill under these circumstances?

As the bill was drawn, the power to license was given to the Secretary of Commerce. The committee thought it necessary to write in the bill a provision prohibiting the Secretary of Commerce from changing the effect of the proclamation the President had already made with reference to marine insurance, and that is the reason why that language is in the bill now. Afterwards the committee substituted the word "President."



for "Secretary of Commerce," and still left the language in language that never would have appeared there if the bill in the first instance had employed the name of the President instead of the name of the Secretary of Commerce.

Mr. RANDELL. The Senator correctly states the circumstances under which this section was framed; but when the committee subsequently took it up and substituted the word "President" for "Secretary of Commerce," it went carefully over the bill and made all the changes which it thought were necessary to be made in order to comport with the idea that it was the President who was to enforce these rules, and not the Secretary of Commerce.

I am willing to give the President all the power that he ought to have, all the power that it is necessary for him to have; but in Heaven's name, Mr. President, is there a man on this globe more burdened to-day, more overburdened, than the President of the United States? Why do you wish to impose upon him duties which there is no necessity of imposing upon him? When you are giving him certain powers, why give him other powers that are not necessary?

It is necessary that somebody exercise powers in regard to these insurance companies doing fire insurance and casualty insurance. I wish to read here just a line from a letter addressed to the Secretary of State on April 5 by Mr. Jesse Phillips, superintendent of insurance of New York, Mr. Frank Harrison, insurance commissioner of the State of Massachusetts, and Mr. Burton Mansfield, insurance commissioner of the State of Connecticut. It is addressed to the Secretary of State, Washington, D. C., and reads as follows:

The undersigned, insurance supervisors of our respective States, again desire to emphasize the importance, and, to us, the necessity, of the Federal Government protecting by announcement the interests of the American people holding insurance in German companies, and particularly permitting the continuance of business by such companies.

The total amount of this insurance in force to-day is not less than \$3,500,000,000, representing premiums of over \$37,000,000, paid by over two million policyholders.

In addition to all of this, there are over 8,000 agents of these companies actively engaged in transacting and promoting this business, and several thousand office employees who are not strictly agents. Practically all of these, both agents and employees, are American citizens.

We also wish to call your attention to the fact that a very large part of this insurance, if canceled, can not be satisfactorily absorbed by other companies now transacting insurance business in this country.

The insurance interests involved, taken by themselves, are very large, as you will see, and, when taken in connection with other interests similarly involved, would seem to require some favorable action by the Federal Government such as we desire and recommend.

That was on the 5th day of April. On the next day, the 6th of April, the President issued a proclamation authorizing and permitting these enemy insurance companies to continue to do business in this country, coupled with the proviso that in no event should any funds belonging to or held for the benefit of such companies be transmitted outside of the United States nor be used as the basis for the establishment, directly or indirectly, of any credit, within or outside of the United States, to or for the benefit or use of the enemy or enemy's allies without the permission of this Government.

Under that proclamation these companies have been doing business, and they are doing a very necessary business for the American people. The policies amount to over \$3,500,000,000 and the premiums to over \$37,000,000. There are between eight and ten thousand agents in this country. It is said that they employ fully thirty to forty thousand people, and nearly every man, woman, and child connected with the industry—if there are any children—is a good, loyal American citizen. If this insurance business were stopped, some agency would be required to carry it on.

Your committee felt that it was necessary to give some one in this country the authority to license enemy insurance companies and ally-of-enemy insurance companies. We finally concluded that the President was the best agency to carry on that essential business in fire insurance, in casualty insurance, in things that are to be conducted solely and wholly within this country, in matters relating to affairs which can not possibly help the enemy. But when it comes to marine insurance or to war-risk insurance it goes without saying that if an enemy insurance company is permitted to write marine insurance or war-risk insurance it can not write that insurance intelligently without ascertaining a great many facts which may be quite beneficial to the enemy.

Any kind of insurance is coupled with full knowledge in regard to all the details of the transaction. You can not ask a man to insure your house unless you describe the house to him. You can not ask him to insure your life unless you have a careful examination made by a good doctor. He can not insure a ship unless he knows all about the ship—when it is to sail, what it is to carry, and everything connected with it. The same would be true in regard to any kind of war-risk insur-

ance. Now, why do you wish to impose on the President the power to do something which none of us imagines it will ever be necessary for him or anyone else to do?

I think this is a proper limitation in the bill. Your committee thought it was a proper limitation, and I hope the motion will be voted down.

Mr. REED. Mr. President, I want to submit to the Senate a statement in regard to this matter.

I am a little surprised at the course of the Senator's argument. He discusses here the whole question of the necessity of having the power vested in the President or somebody else to regulate insurance. Nobody is disputing that. Nobody is asking to have that stricken out of this bill. But after this bill confers upon the President the power to license and to regulate, it has this language stuck into it:

The President, however, shall have no power to license any enemy or ally of enemy insurance or reinsurance company, or other person, to do any act or to carry on any business prohibited by his proclamation of July 13, 1917.

That is to say, you can trust the President to look after the whole field of insurance in this country, and you impose upon him the great burden of looking after it; but at this particular point, with relation to marine insurance, you say to him: "You shall not change the proclamation you have already voluntarily issued."

Why is that language there? I am on this committee. I was not on the subcommittee. But it dawned on me, from suggestions of other Senators and from my own recollection, how it happens to be there.

As this bill was drawn, the powers contained in it were reposed in the Secretary of Commerce. When the bill was being framed somebody evidently thought that the Secretary of Commerce should not be given power to revoke or change the proclamation that the President had already issued, and so that language was written in there. Afterwards the name "President" was substituted for the name "Secretary of Commerce," and the language was left in there limiting the President so that he can not change his own proclamation—a manifest absurdity in the bill, a ridiculous thing in the bill. And yet we are so tenacious of the things we have done, of the language we have employed, that although this is a manifest solecism and an absurdity in this bill, to limit the President so that he can not change his own proclamation, it is proposed to leave it in because it once got in there for an entirely different purpose.

Mr. President. I do not know just what the parliamentary situation is. I should like to know what the question is that is before the Senate.

The PRESIDING OFFICER. The question will first arise upon the perfection of the committee amendment by the adoption of the amendment proposed by the Senator from Ohio [Mr. POMERENE].

Mr. REED. And I move as a substitute for that to strike out—

The PRESIDING OFFICER. If this amendment is adopted, then the motion of the Senator from Missouri to strike out that whole clause, as amended, will be in order.

Mr. REED. Very well.

Mr. VARDAMAN. Mr. President, let the amendment be stated.

The PRESIDING OFFICER. The Secretary will state the amendment of the Senator from Ohio.

The SECRETARY. On page 10, line 24, it is proposed to strike out the words "do any act or to carry on any business prohibited by his proclamation of July 13, 1917," and to insert: "transact the business of marine or war-risk insurance or reinsurance, or to do any act in connection therewith," so that, if amended, it will read:

The President, however, shall have no power to license any enemy or ally of enemy insurance or reinsurance company, or other person, to transact the business of marine or war-risk insurance or reinsurance, or to do any act in connection therewith.

Mr. VARDAMAN. Mr. President, I shall vote for the amendment proposed by the Senator from Missouri to strike out this clause, because I do not think it is necessary, but I do not think it would be prudent for Congress to declare that under any circumstances these German insurance companies should assume marine risks. That is in violation of the policy of the Government. It is in violation of the position taken by the President in his proclamation of July 13. It seems to me entirely improper and imprudent to think of permitting an alien enemy company to write insurance upon ships and cargoes which would necessarily give to them information which ought not to be given to an enemy.

If it is to be amended, let the amendment offered by the Senator from Missouri be adopted, striking it out. That will



leave the President complete and full plenary power to do whatever his judgment and discretion may dictate.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Ohio to the amendment of the committee.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. Now the question recurs on the amendment proposed by the Senator from Missouri to strike out the clause commencing on line 22 of page 10 and ending on line 2 of page 11, as now amended.

Mr. BRADY. Mr. President, just a word before that motion is put.

We are all trying to reach the same goal, and I think the suggestion of the Senator from Missouri that the matter at least should be discussed has resulted in much good, but I do not believe these lines should be stricken out.

It has been stated here that we were not thoroughly conversant with this bill. That is quite true; but, at the same time, the committee spent 60 days in the study of this bill, and after 60 days of hard and faithful work decided that the language they suggest should be in here. They are perfectly satisfied to have it modified, as suggested by the Senator from Ohio [Mr. POMERENE], which has been done. Now that that motion has been carried and the amendment offered by the Senator from Ohio has been adopted, it seems to me that instead of questioning what the President has done we are simply emphasizing his proclamation—

Mr. REED. By saying he never shall change it.

Mr. BRADY (continuing). And continuing it in force. We have a right to do so—

Mr. REED. Mr. President, will the Senator yield for a question?

Mr. BRADY. I will.

Mr. REED. Does not the President's proclamation continue in force without our legislating it in force?

Mr. BRADY. It continues in force; but he could issue another proclamation, could he not?

Mr. REED. And change it?

Mr. BRADY. And change it.

Mr. REED. Is the Senator afraid he will change it and let these Germans have this information?

Mr. BRADY. I am not the least bit afraid of it.

Mr. REED. Neither am I. Therefore I say it is not necessary to pass a law saying that he shall not do it.

Mr. BRADY. But we are merely adding our word of approval to what the President has done, in my judgment.

This is a very complicated bill, with many intricacies. We can not expect the committee to have made it entirely perfect, but it seems to me they have made an honest effort and have accomplished something worth while. I do not believe it will injure the bill in any way to have these words remain in it.

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Utah?

Mr. BRADY. I yield to the Senator.

Mr. KING. Can not the Senator conceive of many instances in which, because of changes in the conditions, particularly of the allies, it might be wise to license some ally of Germany to do marine insurance?

Mr. BRADY. I can conceive that such a condition might arise; but, at the same time, we can change the law as soon as we can change a proclamation.

Mr. KING. But you have a statute then that you have to change by act of Congress, whereas if the exigency arose and the President saw that it would be wise to permit Germany or some ally of Germany to write marine insurance, he could, by simple abrogation of one clause of his proclamation, effectuate the desired object.

Mr. BRADY. And, on the other hand, by passing a law, which could be passed in a very short while, we could accomplish the same object.

Before the Senator from Utah takes his seat, I want to ask him whether he does not think the question of trading with the enemy and of insuring enemy vessels on the sea is a question of sufficient importance to justify the action of the entire Congress?

Mr. KING. Mr. President, it seems to me that it is difficult to answer that question categorically, "yes" or "no." When you have authorized the President by proclamation to determine under what circumstances we may trade with foreign nations and under what circumstances exports may be prohibited, it seems to me that you have done all that is necessary. The President of the United States knows under what circumstances we might trade with foreign nations to our advantage and to our disadvantage; and, obviously, standing as he does as the Commander in Chief of our Army and of our Navy and as the

head of the executive department, the department that has in charge our international and foreign affairs, his knowledge of these questions would be infinitely greater than ours. The State Department would have information that we do not possess, which, of course, would be available to the President.

I would very much prefer to trust the President to make a proclamation, and to decide upon the terms of the proclamation, with respect to our dealings with foreign nations, than to trust Congress, because our information would have to come filtered through the State Department, or come from the executive department of the Government.

It seems to me the position of the Senator from Missouri is impregnable. It is an act of folly, it seems to me, to tie the hands of the President in this matter. We have authorized him to make a proclamation, and now we sort of sanctify the proclamation by an act of Congress.

Mr. BRADY. No; we emphasize it and continue it.

Mr. KING. It seems to me the position of the Senator from Missouri is correct, and that we ought to support his amendment.

Mr. REED. Mr. President, with the courtesy of the Senator who has the floor—

Mr. BRADY. I yield to the Senator.

Mr. REED. I should like to suggest to the Senator from Utah, who is something of a lawyer, the danger that is found in this peculiar language:

The President, however, shall have no power to license any enemy or ally of enemy insurance or reinsurance company, or other person—

Now, notice—

to do any act \* \* \* prohibited by his proclamation of July 13, 1917.

To do any act!

Mr. KING. That is very dangerous legislation.

Mr. REED. Yes. Now, if you will notice the proclamation of July 13, 1917, it is very broad and sweeping. It affects all the policies that have been issued. It affects the question of reinsurance. It might transpire to-morrow that it would be necessary to reinsure some of these risks for the purpose of saving American investors, and that, the facts being laid before the President, he would see that necessity and would desire to change the condition; but if we adopt this section in this form he would be confronted by a legislative embargo which would have made his proclamation—which he made with the idea that he might change it at any time, for, of course, a proclamation of this character can always be withdrawn—like the laws of the Medes and Persians, unalterable.

Mr. BRADY. Until changed by Congress.

Mr. REED. Until Congress should see fit to change it.

Now, what I am appealing for is this: I am appealing for the common sense of this body and not for its stubbornness. We will grant that we can not at the present time see any reason in the world why an enemy insurance company should write marine insurance; but we have the situation that these companies have written many millions of dollars of that kind of insurance, and that there has been a reinsurance of those risks, and that the President, under authority of law, has issued a proclamation ending all of them. Now, we propose to pass a law saying that he shall never in any way withdraw or change that proclamation, although the necessity might arise to-morrow for some modification, in some respects, of the terms of the proclamation. When you say that no act whatsoever can be done that is prohibited by that proclamation you have tied the President's hands perhaps in some matter that may be of great business importance.

Mr. RANDELL. Mr. President, will the Senator let me call his attention to the fact that the proclamation portion of this provision has been amended by adopting the motion of the Senator from Ohio?

Mr. REED. Yes.

Mr. RANDELL. We adopted that amendment.

Mr. REED. But you left in the language "any act."

Mr. RANDELL. In relation to marine or war-risk insurance.

Mr. REED. Exactly; any act in relation to marine or war-risk insurance. Now, let me have the Senator's attention, for he is a fair man.

Suppose that there was a lot of this insurance reinsured in American companies. Suppose that one of those American companies were to find it necessary now, in order to save itself from some great loss, to do some act, to make some business deal with one of these German companies which was perfectly proper and which the President would sanction. They would start in to do that thing and they would find themselves confronted with the statement that not a single act can be done. Now, certainly that is not wise.

Mr. RANDELL. The law simply prevents the President from licensing any of these enemy companies to do any act—



Mr. REED. No, sir; it says, "The President, however, shall have no power to license."

Mr. RANDELL. Certainly; that is what it means—no power to license an enemy insurance company or an ally of an enemy insurance company to do anything in connection with war-risk or marine insurance.

Mr. REED. No; "to do any act."

Mr. RANDELL. In connection with war-risk insurance.

Mr. REED. No; to do any act which is prohibited by this proclamation.

Mr. RANDELL. But that has been amended. It has been amended so as to limit it to doing any act in connection with marine or war-risk insurance.

Mr. REED. Very well; that is just as good.

Mr. RANDELL. Now, I can not conceive that it is possible for an enemy insurance company to do anything wisely in connection with war-risk insurance or marine insurance. If it is an enemy insurance company, it ought not to be allowed to put its hand on marine insurance or war-risk insurance, and this simply says that it can not do it. That is all there is to it.

Mr. BRADY. Mr. President, if I may be permitted to finish my remarks, I will do so in just a moment.

The PRESIDING OFFICER. The Senator will proceed.

Mr. BRADY. I want to call the attention of the Senator from Missouri to the fact that this proclamation was issued on the 13th day of July, 1917. If there are any enemy insurance companies that are owned or controlled by our citizens, they have had time to make complaint ere this; and it seems to me that the committee would not have placed this section in the bill if there had not been some reason for it.

Mr. REED. Oh, Mr. President, the Senator—

Mr. BRADY. The Senator from Missouri says he wants to test the common sense of the Senate. It seems to me that we are testing the common sense of the committee, of which the Senator from Missouri is a distinguished member. They studied this matter out and they have brought in here this bill in this form, and I am frank to say that I believe that it is one of the most important bills that we have had to consider.

Mr. REED. Mr. President, may I ask the Senator a question? Is the Senator a member of the Commerce Committee? I have forgotten.

Mr. BRADY. No.

Mr. REED. I happen to be.

Mr. BRADY. I just mentioned the fact that the Senator was.

Mr. REED. And I know, as we all know, that in writing bills and changing them frequently we overlook the necessity of making some change that has become necessary because of a change already made.

Now, here is the situation in regard to this bill: At first, as has already been said—and I repeat it for the sake of clarity—this bill proposed to confer upon the Secretary of Commerce the authority to issue these licenses; and, being in that shape, somebody wrote into the bill a provision that the Secretary of Commerce could not annul the proclamation the President had already made. That was very proper, for we might have preferred the act of the President, which was already before us, to something which the Secretary of Commerce might thereafter do. We might very well prefer not to give the Secretary of Commerce the authority to overrule the President of the United States, and hence write it in a statute. But, in the course of legislative development, the name of the Secretary of Commerce was stricken out and the name of the President was written in, so that we find ourselves now not prohibiting the Secretary of Commerce from changing a proclamation of the President, but we find ourselves prohibiting the President from changing his own proclamation; and, because it is here and because it happened to go through the committee in that way, Senators cling to it!

I frankly say that all of this probably is not worth the time we have taken in talking about it, but it seemed to me so plain when I suggested it that I thought everybody would accept it.

I do not care to take any more time with it.

Mr. FRELINGHUYSEN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from New Jersey?

Mr. BRADY. I yield to the Senator.

Mr. FRELINGHUYSEN. I think the language as it is expressed in the latter part of this section is ambiguous. However, one statement has been made upon which I want to enlighten the Senate, and that is that there might occur a time in our relations with the German insurance companies when we might wish to reestablish marine business.

The President has made a proclamation that business with German marine insurance companies shall cease, because it is dangerous to the interests of this country. There is no chance

that we will reestablish those relations during the present war. Now, marine transactions are different from fire insurance transactions, because they are of short term. The cargo is insured by trip. The war-risk insurance is by trip, not by term. Consequently, after this proclamation has been in existence for several months, those risks have expired and ceased; and the only risks that remain, carried by these marine insurance companies, are the annual policies, which are written upon the hull of the vessel. Those contracts are being readjusted and liquidated, and to-day there is a very small liability carried by the German reinsurance companies in American business.

Consequently that business is stopped for the period of the war. There is no chance of its recurrence.

With fire insurance it is different. It is written for a term. Consequently those contracts will have to be readjusted through the years. No hardship is imposed upon the marine insurance companies by the President's proclamation, but to stop fire insurance business would impose a hardship. The time may come when it will be necessary to stop all business with German companies, but this simply affords a means whereby a readjustment of the contractual relations can be made.

Mr. BRADY. This section simply refers to marine insurance.

Mr. FRELINGHUYSEN. The section refers to the prohibition by the President of marine insurance. There is no chance of its ever being reestablished, and I hope for the safety of this country it never will be during the war.

Mr. BRADY. I fully agree with the Senator. It seems to me, as the Senator in charge of the bill and other members of the committee feel that the language should remain, it is our duty to support the committee.

The PRESIDING OFFICER. The question is on agreeing to the amendment to strike out the clause as proposed.

The amendment to the amendment was agreed to.

Mr. RANDELL. Can we not finish the section? I see no objection to our concluding the section. If I move to reconsider—I ask the Chair what would be the effect of the motion to reconsider upon the amendment offered by the Senator from New Jersey [Mr. FRELINGHUYSEN] that was agreed to?

The PRESIDING OFFICER. It was agreed to.

Mr. RANDELL. Then if I move to reconsider it would still remain in, I presume?

The PRESIDING OFFICER. Absolutely so. The question is on agreeing to the amendment as amended.

The amendment as amended was agreed to.

The next amendment was, on page 13, line 6, before the word "That," to strike out "Sec. 4" and insert "(b)," and in line 11, after the words "from the," to strike out "Secretary of Commerce" and insert "President," so as to make the clause read:

(b) That no enemy, or ally of enemy, and no partnership of which he is a member or was a member at the beginning of the war, shall for any purpose assume or use any name other than that by which such enemy or partnership was ordinarily known at the beginning of the war, except under license from the President.

The amendment was agreed to.

The next amendment was, in section 5, line 13, before the word "That," to insert "(a)"; in line 18, after the word "and," to strike out "the Secretary of Commerce may, under the direction of"; in line 19, before the word "grant," to insert "may"; and in line 20, after the word "general," to strike out "to any person or class of persons, to perform any act made unlawful in section 3 of this act without such license, if he shall be of opinion that such grant shall be compatible with the safety of the United States and with the successful prosecution of the war, and he may, with the approval of the President, make such rules and regulations not inconsistent with law as may be necessary and proper to carry out the provisions of this act," and insert:

temporary or otherwise, and for such period of time and containing such provisions and conditions as he shall prescribe, to any person or class of persons to do business as provided in subsection (a) of section 4 hereof, and to perform any act made unlawful without such license in section 3 hereof; and he may revoke or renew such licenses from time to time, if he shall be of opinion that such grant or revocation or renewal shall be compatible with the safety of the United States and with the successful prosecution of the war; and he may make such rules and regulations, not inconsistent with law, as may be necessary and proper to carry out the provisions of this act; and such other officer, or officers, as the President shall direct, shall have similar powers to grant licenses under subsections (b) and (c) of section 3 hereof and to make rules and regulations thereunder, with the approval of the President.

If the President shall have reasonable cause to believe that any act is about to be performed in violation of section 3 hereof, he shall have authority to order the suspension of the performance of such act for a period not exceeding 90 days, pending investigation of the facts by him.

(b) No investigation or examination of any bank shall be made, except through the Secretary of the Treasury or the Federal Reserve Board.

(c) That the President may investigate, under such rules and regulations as he may prescribe, any transaction in foreign exchange, export



of gold or silver coin or bullion, and transfer of credit in any form (other than credits relating solely to transactions to be executed wholly within the United States) by any bank; and he may require any person engaged in such transaction to furnish complete information relative thereto, including the production of any books of account, contracts, letters, or other papers in connection therewith in the custody or control of such person, either before or after such transaction is completed. Whenever it shall appear to the President that the export of any gold or silver coin or bullion or of any moneys of the United States may result in violation of the provisions of this act, he may cause notice to be served on the parties in interest to withhold such export for a period not exceeding 90 days pending investigation of the facts by him.

So as to make the section read:

SEC. 5. (a) That the President, if he shall find it compatible with the safety of the United States and with the successful prosecution of the war, may, by proclamation, suspend the provisions of this act so far as they apply to an ally of enemy, and he may revoke or renew such suspension from time to time; and the President may grant licenses, special or general, temporary or otherwise, and for such period of time and containing such provisions and conditions as he shall prescribe, to any person or class of persons to do business as provided in subsection (a) of section 4 hereof, and to perform any act made unlawful without such license in section 3 hereof, and to file and prosecute applications under subsection (b) of section 10 hereof, etc.

Mr. RANDELL. On page 14, line 15, I move to strike out, after the word "at" and the semicolon down to and inclusive of the word "President," on line 19, in the following words: "and such other officer, or officers, as the President shall direct, shall have similar powers to grant licenses under subsections (b) and (c) of section 3 hereof and to make rules and regulations thereunder, with the approval of the President," and to insert in lieu thereof, beginning after the word "act," in line 15, and after the semicolon, the following: "and the President may exercise any power or authority conferred by this act through such officer, or officers, as he shall direct."

The PRESIDING OFFICER (Mr. KING in the chair). The question is on agreeing to the amendment of the Senator from Louisiana to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. RANDELL. I suggest that we suspend at this time. I understand that there is a desire for an executive session.

#### EXECUTIVE SESSION.

Mr. FLETCHER. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were reopened, and (at 5 o'clock and 10 minutes p. m.) the Senate adjourned until to-morrow, Wednesday, September 12, 1917, at 12 o'clock meridian.

#### CONFIRMATIONS.

*Executive nominations confirmed by the Senate September 11, 1917.*

##### CONSULS.

###### CLASS 6.

Walter H. Sholes.

###### CLASS 8.

Arthur H. Leavitt.

##### PROMOTIONS AND APPOINTMENTS IN THE NAVY.

Capt. Thomas Snowden to be a rear admiral.

The following-named captains to be rear admirals:

Albert P. Niblack,

John A. Hoogewerff,

William B. Fletcher,

Marbury Johnston, and

Edwin A. Anderson (additional number).

The following-named commanders to be captains:

Frank H. Schofield,

George W. Laws,

George C. Day,

John F. Hines,

George B. Bradshaw,

Philip Williams,

Douglas E. Dismukes,

Blon B. Bierer,

Powers Symington,

Raymond DeL. Hasbrouck,

Joel R. P. Pringle,

Edward S. Kellogg,

Frank H. Clark,

Edward H. Campbell,

Walter S. Crosley (additional number),

Martin E. Trench,

Orton P. Jackson,

Percy N. Olmsted,

Frank B. Upham,

Andre M. Procter (additional number),

Chester Wells,

Ridley McLean,

David F. Sellers,

John T. Tompkins,

Alfred W. Hinds, and

Ernest L. Bennett.

Commander Yates Stirling, jr., to be a captain.

The following-named lieutenant commanders to be commanders:

Paul B. Dungan (additional number),

Franck T. Evans,

Hayne Ellis, and

Paul Foley.

Lieut. Commander Alfred G. Howe to be a commander.

The following-named lieutenant commanders to be commanders for temporary service:

William R. White (additional number),

John S. Graham,

Lloyd S. Shapley,

William K. Riddle,

John G. Church,

James H. Comfort,

George B. Landenberger,

Clarence L. Arnold,

William Norris (additional number),

Raymond S. Keyes,

Adolphus Andrews,

Frederick L. Oliver,

Thomas R. Kurtz,

Harold E. Cook,

John M. Enochs,

John P. Jackson,

Benyaurd B. Wygant,

Manley H. Simonds,

Roger Williams,

Ivan E. Bass (additional number),

William S. Pye,

Burrell C. Allen,

Arthur P. Fairfield,

John C. Fremont,

Walter N. Vernou,

Frank R. McCrary,

Percy W. Foote,

George F. Neal,

William H. Allen,

John Downes,

Joseph L. Hileman,

Charles T. Hutchins, jr.,

John J. Hannigan,

Guy W. S. Castle,

William W. Galbraith,

John V. Babcock,

Rufus F. Zogbaum, jr.,

Henry G. S. Wallace,

Roe R. Adams,

Harry A. Baldrige,

William L. Pryor,

George J. Meyers,

Edward J. Marquart,

Donald C. Bingham,

Ralph M. Griswold,

Lewis B. Porterfield,

Gilbert J. Rowcliff,

James P. Lannon, and

Ralph P. Craft.

Lieut. (Junior Grade) Francis J. Comerford to be a lieutenant.

Lieut. (Junior Grade) Martin J. Peterson to be a lieutenant.

Ensign Arthur E. Wills to be a lieutenant (junior grade).

Medical Inspector Leckinski W. Spratling to be a medical director.

Surg. Frank L. Pleadwell to be a medical inspector.

The following-named surgeons to be medical inspectors:

John B. Dennis,

Eugene J. Grow,

Frank E. McCullough,

Ralph T. Orvis,

William H. Bell,

Holton C. Curl, and

Richmond C. Holcomb.

Passed Asst. Surg. William A. Angwin to be a surgeon.

Passed Asst. Surg. David C. Cather to be a surgeon.

Passed Asst. Paymaster Thom Williamson, jr., to be a paymaster.

Pay Clerk Verne Van M. Boggs to be an assistant paymaster.

Boatswain Francis A. Pippo to be a chief boatswain.

The following-named pharmacists to be chief pharmacists:

Alphonsus A. O'Donoghue, and

Henry A. Harris.

The following-named chief carpenters to be assistant naval constructors with rank of lieutenant (junior grade) for temporary service:

Ellis W. Craig,

George Helms,

William J. Wren,

John P. Yates,

Edward W. Smith,

Francis J. Harte,

Charles S. Taylor,

Allen D. Moseley, and

Patrick Sarsfield.

The following-named chief pay clerks to be assistant paymasters with rank of ensign for temporary service:

Edward F. Delaney,

Robert L. Gressitt,

Benjamin L. Lankford,

John J. Gering,

Eugene Dann, and

Thomas A. Henry.

The following-named noncommissioned officers to be second lieutenants in the Marine Corps for temporary service:

Raymond F. Dirksen,

Joseph Watson,

William Borghart,

Albert J. Grimes,

Edward G. Huefe,

Austin G. Rome,

Joseph Jackson,

Martin Canavan,

Leslie G. Wayt,

Charles A. Smith, and

Thomas L. Edwards.

Second Lieut. (Provisional) William H. Taylor, jr., Marine Corps Reserve, to be a second lieutenant in the Marine Corps for a probationary period of two years.

The following-named noncommissioned officers to be second lieutenants in the Marine Corps for temporary service:

Louie W. Putnam, and

Harry T. Rodenhoffer.

The following-named second lieutenants, Naval Militia, Marine Corps Branch, and National Naval Volunteers, Marine Corps Branch, to be second lieutenants in the Marine Corps for temporary service:

Second Lieut. Robert L. Duane, and

Second Lieut. Stewart B. O'Neill.

The following-named citizens to be second lieutenants in the Marine Corps for temporary service:

Frederick I. Hicks,

Phillips B. Robinson,

Thomas W. Scott,

Leo F. S. Horan,

Felix Beauchamp,

Maurice Brulay,

James B. McCormick,

Walter R. Macatee,

Philip A. Murray, jr.,

John H. Craige,

Kortright Church,

Pere Wilmer,

John N. Popham, jr.,

Reginald C. M. Peirce,

Theodore C. Johnson,

Claude M. Bain,

Bernard R. LeRoy, jr.,

Thomas A. Tighe,

Thomas W. Bowers,

John R. Foster,

Russell W. Duck,

David Bellamy,

Robert W. Claiborne,

Robert P. Jeter,

Lawrence B. Smith,

Richard O. Sanderson,

Louis S. Davis,

Archie W. French,

Jonathan Lucas, jr.,

William L. York,

Harry D. Gibbons,

John F. Williams,

Howard B. Freeman,

Bruce J. Mansfield,

Edward B. Kalbfleisch,

Chaplain G. Hicks,

Gustav H. Kaemmerling,

Colis Mitchum,

Leo D. Hermle,

Frank R. Armstead,

Lee H. Brown,

Carl J. Jessup,

Vernon R. Buxton,

Donald B. Creedy,

George R. Jackson,

Clinton I. Smallman,

Robert E. Mills,

Stewart W. Chaffee,

William F. Brown, jr.,

Roswell G. Ham,

Antonio Moschella,

Earle F. Swett,

George L. Cherry,

Walter S. Poague,

Carleton Burr,

Paul S. Hanway,

William W. Nottingham,

Charles J. Churchman,

Allan C. Perkinson,

Everett R. Brewer,

Blythe G. Jones,

Robert D. Evans,

Melvin H. Hass,

Henry Gund, jr.,

Philander B. Briscoe,

Herman R. Anderson,

Clarence M. Ruffner,

Phillip B. Blake,

Albert C. Simonds,

Horace L. Hirschler,

Kenneth K. Boynton,

Frederick L. Kolb,

George R. Coxe,

Paul E. Cheney,

Samuel J. Melick,

Darrell J. Bogardus,

Walter M. Brewer,

Garrison P. Anthes,

Chester L. Fordney,

William J. J. Elger,

King H. Young,

Hu H. Phipps,

Harold P. Nachtrieb,

Roy E. Bledsoe,

Thomas A. Langford,

Lucius Q. C. L. Lyle,

Alexander P. Brown,

Walter E. Lawson,

Neil F. Dougherty,

Evans Spalding,

Carman B. Smith,

Donald U. Bathrick,

Norman E. Burbidge,

Leland I. Tolman,

Ulva L. Ettinger,

Gerald J. Pyle,

Frederick C. Lusk,

Matson C. Terry,

Willis F. Ostrander,

Frank J. Haight,

Roy A. Stoner,

Thomas G. MacCarthy,

James H. Williamson,

David A. Redford,

George G. Munce,

Carroll F. Byrd,

Frederick S. Manter,

Ralph W. Marshall,

Samuel F. Hollins,

Raymond J. Kirwan,

Clifton B. Cates,

George T. Hall,

Hans H. Harders,



Paul E. Corriveau,  
 Milton W. Vedder,  
 Harold R. Ballin,  
 Darius T. Wool,  
 William W. Ashurst,  
 Frank C. Young,  
 Willard P. Leutze,  
 George C. Dickey,  
 Herbert S. Summers,  
 Allan MacRossie, jr.,  
 John W. McIver,  
 Walter B. Allen,  
 James R. Stockton,  
 James J. Bettes,  
 Phillip G. Stiles,  
 Richard F. Boyd,  
 Edward J. Winters,  
 Hal N. Potter,  
 Ralph McN. Wilcox,  
 Clement A. Berghoff,  
 Bernard W. Bierman,  
 Walter S. Hallenberg,  
 Max D. Gilfillan,  
 Charles A. Etheridge,  
 Carlton Hill,  
 Cecil L. Eaton,  
 Herman A. Zischke,  
 William O. Lowe,  
 Richard W. Murphy,  
 Samuel E. Lawrence,  
 Thomas R. Brailsford,  
 Wallace A. Bell,  
 Kenneth D. Ransom,  
 Spencer E. Burroughs,  
 George W. Renwick,  
 Willis Brodhead,  
 James B. Riley,  
 Harry W. Le Gore,  
 John I. Conroy,  
 Morgan R. Mills, jr.,  
 Harold Moore,  
 James M. Garvey,  
 John W. Overton,  
 Donald T. Winder,  
 Loui C. Beauman,  
 Victor A. Barraco,  
 Thomas O. Tate,  
 James G. Somerville,  
 Jack H. Tandy,  
 Augustine Healy,  
 Thomas H. Miles, jr.,  
 Eric A. Johnston,  
 William N. Wallace,  
 Fred W. Maack,  
 Kenneth O. Cuttle,  
 Scott M. Johnston,  
 Alton A. Gladden,  
 William P. T. Hill,  
 Robert A. Bowen, jr.,  
 Henry T. Dunn,  
 William E. Embry,  
 Philbrick W. Jackson,  
 John D. Bowling, jr.,  
 Walter S. Weeks,  
 William W. Carson,  
 Carl G. James,  
 Norman R. Jensen,  
 Albert V. Williams,  
 Holcomb York,  
 George A. Percy,  
 William B. Moore,  
 Harold B. Hoskins,  
 Benjamin T. Reidy,  
 Paul S. Taylor,  
 Marshall P. Madison,  
 Lucian H. Vandoren,  
 Stanley W. Burke,  
 Carroll J. Single,  
 John L. Gregson, jr.,  
 Donald B. Cowles,  
 Thornton Wilson,  
 Daniel W. Bender,  
 Clyde N. Bates,  
 Kenneth P. Culbert,

Richard V. Hood,  
 Frederick M. Bock, jr.,  
 Samuel W. Meek, jr.,  
 George H. Whisenhunt, jr.,  
 Carl D. Brorein,  
 John McHenry, jr.,  
 Vincent Fitzgerald,  
 Anthony W. Durell, jr.,  
 William R. Brown,  
 Moore M. Peregrine,  
 Dunlevy C. Downs,  
 James M. Wallace,  
 John G. Vowell,  
 Lewis R. Stickles,  
 William A. Eddy,  
 Lucius L. Moore,  
 Oliver T. Francis,  
 Carlos H. McCullough,  
 Francis J. Campbell, jr.,  
 Cornelius H. Reece,  
 John A. West,  
 Robert R. Dickey, jr.,  
 Lemuel A. Haslup,  
 James P. Adams,  
 William A. Morrison,  
 Haskin U. Deeley,  
 Frederick B. Davy,  
 Clarence A. Dennis,  
 Sparling B. Anderson,  
 Henry W. Paret, jr.,  
 Louis F. Timmerman, jr.,  
 Gordon M. F. Chance,  
 George K. Campbell,  
 Maco Stewart, jr.,  
 Harry H. Barber,  
 Henry R. Heebner,  
 Fred C. Eastin, jr.,  
 Robert C. Kilmartin, jr.,  
 Edward A. Craig,  
 Cameron Winslow,  
 Joseph Wickes,  
 James E. Hunter, jr.,  
 Walter D. Frazier,  
 William O. Rogers, 3d,  
 Julian P. Brown,  
 William E. Riley,  
 John R. Hardin, jr.,  
 Albert G. Skelton,  
 Walter S. Fant, jr.,  
 Andrew L. W. Gordon,  
 Percival L. Wilson,  
 Victor Romaine,  
 Bernard Dubel,  
 John G. Schneider, jr.,  
 Caldwell C. Robinson,  
 George C. Medary,  
 Charles C. Simmons, jr.,  
 Maurice P. King,  
 George M. Williamson,  
 James H. B. Brashears,  
 Thomas G. Letchworth,  
 Edwin C. McDonald,  
 Charles H. Ulmer, and  
 John M. McClellan.

First Lieut. Henry P. Torrey to be a captain in the Marine Corps.

Marine Gunner Charles G. Haas to be a second lieutenant in the Marine Corps for temporary service.

Sergt. Charles E. Rice to be a second lieutenant in the Marine Corps for temporary service.

Edward A. Fellowes to be a second lieutenant in the Marine Corps for temporary service.

#### POSTMASTERS.

##### ILLINOIS.

Henry Gilbert, Ashley.  
 W. H. Chapman, Clifton.  
 David B. Troxel, De Land.  
 J. P. McPherran, Homer.  
 James E. Caley, Mackinaw.  
 William McNeill, Prophetstown.  
 George A. Griffith, sr., Rankin.  
 George B. Howison, Waterman.

## HOUSE OF REPRESENTATIVES.

TUESDAY, September 11, 1917.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

O Thou great Jehovah, King of Kings and Lord of Lords, we thank Thee that Thou hast not left us alone to grope our way in darkness, but that Thou art ever with us, reminding us when we are forgetful, upbraiding us when we are wrong, encouraging us when we are right, imparting strength to us when we are weak. Continue, we beseech Thee, to uphold and sustain us now in the great crisis through which we are passing, that we may follow the traditions of our past and be firm in the power of truth, and leave the world a better place to live in for those who shall come after us, in Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

## LEAVE OF ABSENCE.

Mr. LAZARO. Mr. Speaker, I ask indefinite leave of absence for Gov. SANDERS, of Louisiana, on account of illness.

The SPEAKER. The gentleman from Louisiana asks unanimous consent that his colleague [Mr. SANDERS of Louisiana] be granted indefinite leave of absence on account of sickness. Is there objection?

There was no objection.

By unanimous consent, leave of absence was granted to Mr. BROWNING indefinitely, on account of illness in his family.

## CONDITIONS IN ILLINOIS AND MISSOURI (H. REPT. NO. 142).

Mr. POU. Mr. Speaker, I desire to offer a privileged report from the Committee on Rules.

The SPEAKER. The Clerk will report it.

The Clerk read as follows:

## House resolution 128.

*Resolved*, That a committee of five members be appointed by the Speaker of the House to investigate and make report as to whether conditions existing in the State of Illinois and the State of Missouri at any time during the year 1917, or in either of said States, obstruct or interfere with interstate commerce or render unsafe to person or property, travel from other States into or out of either of said States, and particularly as to whether there is or has been danger of violence to persons traveling from or into either of the States named.

Said committee shall also investigate and report whether travel from or into either of said States is, or has been, obstructed or rendered dangerous by reason of riots, strikes, mob violence, or failure of State authorities to enforce the law during the year 1917; and if said committee shall conclude that commerce between said States is, or has been, interfered with, or that travel of citizens into and out of the States aforesaid is, or has been, obstructed or rendered unsafe, it shall fully investigate and report the causes of such conditions, particularly the riots, murders, arsons, and other violations of law, strikes, and disturbances, alleged to have occurred in the city of East St. Louis, Ill., during the months of May, June, and July of the year aforesaid, and the causes thereof.

Said committee shall also inquire and ascertain whether obstruction of or interference with travel or interstate commerce between the two States aforesaid affects or has affected in any way contracts made by persons or corporations with the Government of the United States for the manufacture or delivery of war supplies; and for the purposes aforesaid the committee shall have power to send for persons and papers and enforce their appearance and to administer oaths.

Said committee also is hereby authorized and empowered to require witnesses to answer all questions propounded by any member thereof touching the investigation ordered and to require any witness called before it to testify fully as to any information in his possession, whether in the nature of hearsay testimony or otherwise, relative to the inquiry ordered; and it may hold hearings at any place in the States of Illinois or Missouri, as well as in the city of Washington, and shall have power to report at any time.

Mr. POU. Mr. Speaker, this is a unanimous report from the Committee on Rules. I do not think any discussion is necessary. I demand the previous question.

Mr. STAFFORD. Will the gentleman yield before he demands the previous question?

Mr. POU. I yield, Mr. Speaker.

Mr. STAFFORD. I wish to inquire whether any provision has been made in this resolution for paying the expenses of this committee?

Mr. POU. The resolution would not be privileged if that was done. We left that to the Committee on Accounts. That was purposely left out.

Mr. STAFFORD. Oh, it would still be privileged if provision for paying the expenses of the committee were incorporated in the resolution, in my opinion.

Mr. POU. No.

Mr. STAFFORD. I wished to make certain that some provision would be made, so as to make effective the work of this committee. That is the reason I rose.

Mr. POU. I think the gentleman can be assured that that will be done, and that such action as is necessary will be taken.

The SPEAKER. The gentleman from North Carolina moves the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to; and the Speaker appointed as such committee Mr. JOHNSON of Kentucky, Mr. RAKER, Mr. FOSTER, Mr. COOPER of Wisconsin, and Mr. FOSS.

## CHAPLAINS AT LARGE.

Mr. SIEGEL. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 5271) authorizing the appointment of chaplains at large for the United States Army.

The SPEAKER. The gentleman from New York asks unanimous consent for the present consideration of H. R. 5271, which provides for the appointment of additional chaplains at large. Is there objection?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, as I understand the purpose of the gentleman's bill, it is to provide these additional chaplains during the period of the war only.

Mr. SIEGEL. Yes; for the emergency only.

Mr. STAFFORD. Would the gentleman have any objection, with the approval of the chairman of the committee reporting this bill, if unanimous consent is granted, to have an amendment inserted after the word "appoint" in line 3 "for service during the war," so that it will read—

That the President may appoint for service during the war not exceeding 20 chaplains at large?

Mr. SIEGEL. I have no objection to that.

Mr. STAFFORD. Or during the present emergency.

Mr. SIEGEL. I have no objection to that.

Mr. STAFFORD. Mr. Speaker, I will have no objection if that amendment is agreed to.

Mr. CANNON. I want to ask the gentleman a question. How many chaplains can be appointed now?

Mr. SIEGEL. None of the Jewish, or any other faith, except the Catholic and Protestant faiths, the way the law is at the present time.

Mr. CANNON. There is a chaplain for each regiment now?

Mr. SIEGEL. There is a chaplain for each regiment now.

Mr. CANNON. Then this would give 20 regiments 2 chaplains each?

Mr. SIEGEL. Oh, no. These chaplains will cover the various camps throughout the entire country. The situation is as follows: At the present time there is not a single chaplain of the Jewish faith in the Army of the United States. The number of men of the Jewish faith who will be called into the national army, as well as the Regular Army, will be at least 60,000 men, and the idea is to have these chaplains cover the 37 camps and the 20 base hospitals in the United States, and to cover the Army camps and base hospitals in France.

Mr. MONDELL. Mr. Speaker, will the gentlemen speak loud enough so that we can hear?

The SPEAKER. The Chair has been trying for seven years to get them to do that.

Mr. WINGO. Mr. Speaker, why have no chaplains of the Jewish faith been appointed?

Mr. SIEGEL. For this reason: The people of the Jewish faith in this country have for a long number of years opposed the idea of the formation of regiments composed solely or principally of men of the Jewish faith. The prevalent idea with us—and I think a proper idea in a country like ours—is that men of the Jewish faith should go into any regiment throughout the United States and not attempt to get into regiments in numbers in order that a sufficient number of them may be in any particular regiment so that a chaplain of the Jewish faith might be appointed.

Mr. WINGO. Do I understand that the rule has been that you select chaplains of the particular faith that has a majority of men in the regiment?

Mr. SIEGEL. I want to say to the gentleman that the way chaplains are appointed at the present time, according to the information I have received, is as follows: You ascertain from a regiment as to whether there are more men of the Catholic or of the Protestant faith in that regiment. If there are more soldiers of the Protestant faith a Protestant chaplain is appointed. If there are more soldiers of the Catholic faith, then a Catholic chaplain is appointed for that regiment.

Mr. BURNETT. The gentleman means in the regiment.

Mr. SIEGEL. In each particular regiment.

Mr. WINGO. That does not answer my question. The gentleman intimated that there was a rule of segregation.

Mr. SIEGEL. I do not mean a rule of segregation. Thirty-six per cent of all the chaplains in the Army are Catholic and 64 per cent are Protestants. That explains the percentages.



Mr. WINGO. That does not tell the story to me. I asked the gentleman why men of the Jewish faith have been excluded.

Mr. FITZGERALD. I can tell the gentleman. The number of Jews of the various regiments have been so insignificant, apparently, that no one would think of appointing a chaplain, a rabbi of the Jewish faith, to administer spiritual comfort to men of Christian denomination any more than they would appoint a Christian minister for religious purposes to Jews.

Mr. WINGO. If the conditions are not changed, how are you going to have a rabbi now?

Mr. FITZGERALD. The conditions have changed. As I understand, it is designed to have these chaplains a sort of roving chaplains, not attached to any particular organization, but stationed at places where large numbers of organizations would be stationed, so that the men in the various organizations would have available the services of a minister of their own faith.

Mr. WINGO. I have been led to believe that the selection of chaplains is governed on a basis of population of different faiths and not on the basis of the choice of the regiment.

Mr. FITZGERALD. I understand in determining the number of chaplains of the various denominations they are allotted from the number authorized in the preparation of the religious statistics.

Mr. WINGO. I had the same idea, but the gentleman from New York says that they determine by the faith of the majority of the regiment.

Mr. SIEGEL. I understand that. They have allowed each regiment to select the religious faith of the chaplain.

Mr. WINGO. The rule that the gentleman states is contrary to the advice I have had from time to time.

Mr. SIEGEL. I have discussed the matter repeatedly. At first the Secretary of War thought he had the general power the same as the Secretary of the Navy.

Mr. WINGO. I think the Jewish faith should be represented, but if you let down the bars and have chaplains at large we all know what it is going to lead to.

Mr. SIEGEL. This has reference to such denominations as are not represented in the Army now.

Mr. WINGO. How many denominations does the gentleman understand there are in the United States?

Mr. SIEGEL. I might say that there are quite a few.

Mr. WINGO. Can the gentleman give us any idea?

Mr. SIEGEL. Well, there are the Protestants and the Catholics and the Jews—

Mr. WINGO. The gentleman need not give us in detail, for it would take two or three hours.

Mr. SIEGEL. I suppose there might be 60, but these 30 chaplains are to be of other sects exclusive of the Catholic and the Protestant.

Mr. WINGO. Does the bill confine it to the Jewish faith?

Mr. SIEGEL. No.

Mr. WINGO. What other denominations are you asking for?

Mr. SIEGEL. I understand the Christian Scientists have made a request, and there are others that have made requests. I will read the language of the act:

That the President may appoint not exceeding 20 chaplains at large for the United States Army representing religious sects not recognized in the apportionment of chaplains now recognized by law.

But it does not make it mandatory as far as the 20 chaplains are concerned.

Mr. SLAYDEN. Did not the Secretary advise not more than 10?

Mr. WINGO. My objection does not go to the religious sect. I know that there is an extraordinary demand for many sects to be represented and I do not want to open a Pandora's box. I have no interest in the appointment of any chaplain, but if we break down the rule we may cause more trouble than we are in now.

Mr. SIEGEL. In France there are several thousand men of the Jewish faith and we have had to call on the British chaplains of the Jewish faith to attend to the work in that country.

Mr. WINGO. I think they ought to have some one of their own faith, but the gentleman recognizes what we are getting into if we open up this question.

Mr. BUTLER. I understand if chaplains are selected of the Jewish faith they will be used for the purpose of traveling around from camp to camp to administer spiritual welfare to members of the Jewish faith at the camps during the present war.

Mr. SIEGEL. Yes; and to cover the hospitals as well.

Mr. SLAYDEN. Will the gentleman yield?

Mr. SIEGEL. Certainly.

Mr. SLAYDEN. I think it is entirely proper to recognize the Jewish religion; but my objection, if I have an objection to the measure, is that deliberately it has been undertaken to double

the number of chaplains that the Secretary of War said would be required. I know the limitation that he may do it.

Mr. SIEGEL. We have reserve officers and reserve camps; and at the time that the Secretary wrote the original letter he did not have in mind, or it was not called to his attention, that the base hospitals would require chaplains, and that the base hospitals were located at some distance from the camp.

Mr. SLAYDEN. Has he written another letter recanting?

Mr. SIEGEL. No; it is not necessary for him to recant. He is trying to do the best a man can in a trying position in a critical time.

Mr. SLAYDEN. I want to say to the gentleman that my objection to the bill is the deliberate effort to provide authorization for the appointment of 20. My objection would run against a Catholic or Protestant or anybody else. I do not want to increase the frightful expense we are under now beyond reason.

Mr. SIEGEL. The chaplain gets \$2,000 a year. The Secretary wrote two letters. In one he asked for chaplains for base hospitals, and then he wrote a second letter—the same as that written to me and to Senator SHEPPARD, of Texas. So there are two letters in existence, one asking for chaplains for the base hospitals and the other asking for chaplains to cover the camps. And the Senate Military Committee reported out a bill requiring 20; the House Military Committee unanimously reported out the bill now under consideration.

Mr. SLAYDEN. Does not the gentleman run counter to the specific recommendation of the War Department as to the number?

Mr. SIEGEL. No; because two separate letters have been written at two separate times.

Mr. SLAYDEN. Well, did he suggest 20 in the second communication?

Mr. SIEGEL. One communication is confined to base hospitals and pays no attention to this part at all.

Mr. SLAYDEN. But has he made any recommendation as to the number, except in the first letter?

Mr. ADAMSON. Mr. Speaker, we can not hear; but can not we license these preachers and go on with the insurance bill?

Mr. SLAYDEN. That is my objection—to increasing the number recommended.

Mr. SIEGEL. The committee had the matter under consideration and went into the whole matter thoroughly.

Mr. CANNON. Will the gentleman yield?

Mr. SIEGEL. Yes.

Mr. CANNON. The gentleman is satisfied that a portion of these chaplains, if they are authorized by law, would be of Jewish faith?

Mr. SIEGEL. I am.

Mr. CANNON. Then I venture the statement that the Christian Scientists and Unitarians many times exceed in the Army the number of the Jewish faith. Does the gentleman believe a portion of those appointed would be Christian Scientists?

Mr. SIEGEL. I do.

Mr. CANNON. And a proportion Unitarians?

Mr. SIEGEL. I presume so, if they have no representation now.

Mr. CANNON. Would the Mormons have representation?

Mr. SIEGEL. I do not know anything about that part of it. It is up to the Secretary of War. All I know is the situation I have described.

Mr. CANNON. There are a great many Unitarians, and they and the Hebrews believe in one God. Does the gentleman believe one chaplain could administer to both?

Mr. SIEGEL. I will be frank to say that I read somewhere that President Taft seemed to think so at one time. He was a frequent visitor to Rabbi Wise's temple in the city of Cincinnati, and I think he stated he was brought up there practically and learned much that he knew about religion there. However, it is not a subject I am going to discuss at length. Each man has the absolute right to his own religious views.

Mr. CANNON. I am not going to object, but I wanted to call attention to the Christian Scientists, because that has gotten to be very large in number.

Mr. DOOLITTLE. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman from Kansas rise?

Mr. DOOLITTLE. To make a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. DOOLITTLE. What is the regular order?

The SPEAKER. The regular order is, Is there objection?

Mr. DOOLITTLE. I demand the regular order.

The SPEAKER. Is there objection to the present consideration of this bill?



Mr. COOPER of Wisconsin. Mr. Speaker, reserving the right to object, and I shall not object, I want to know if any Member of the House has ever seen authoritative decision as to the proper interpretation of that clause of the Constitution which says Congress shall make no law respecting the establishment of religion. For what religious purpose can Congress appropriate money? I do not object.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none, and the Clerk will report the bill.

Mr. SIEGEL. Mr. Speaker, I ask unanimous consent that the bill be considered in the House as in the Committee of the Whole House on the state of the Union.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

The Clerk read as follows:

A bill (H. R. 5271) authorizing appointment of chaplains at large for the United States Army.

*Be it enacted, etc.*, That the President may appoint not exceeding 20 chaplains at large for the United States Army representing religious sects not recognized in the apportionment of chaplains now recognized by law.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment.

The SPEAKER. The Clerk will report it.

The Clerk read as follows:

Page 1, line 3, after the word "appoint," insert the words "for service during the present emergency."

The question was taken, and the amendment was agreed to.

The bill as amended was ordered to be engrossed and read the third time, was read the third time, and passed.

On motion by Mr. SIEGEL, a motion to reconsider the vote by which the bill was passed was laid on the table.

#### BUREAU OF WAR-RISK INSURANCE.

Mr. ADAMSON. Mr. Speaker, I move the House resolve itself into the Committee of the Whole House on the state of the Union for further consideration of the war-risk insurance bill.

The motion was agreed to.

Accordingly the House resolved itself into the committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5723, with Mr. GARRETT of Tennessee in the chair.

The CHAIRMAN. The House is in the Committee of the Whole House on the state of the Union for the further consideration of the bill the title of which the Clerk will report.

The Clerk read as follows:

A bill (H. R. 5723) to amend an act entitled "An act to authorize the establishment of a Bureau of War Risk Insurance in the Treasury Department," approved September 2, 1914, and for other purposes.

Mr. ADAMSON. Mr. Speaker, I ask unanimous consent that I may use such part of 15 minutes as I may need.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent to proceed for not exceeding 15 minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. ADAMSON. Mr. Chairman, I shall endeavor in the time allotted to make some general remarks showing my conception of the character and purposes of this bill, without endeavoring to go into all the details, which have been thoroughly discussed by preceding speakers. I wish in the outset to assure those gentlemen who are sensitive about existing systems that we have no hostility to any pension system or any pension legislation, nor any criticism of the administration. The bureau does its best under the existing circumstances and unfavorable conditions. We think it is high time, in response to the demands of civilization, that we establish a scientific system covering the whole field more easily understood and administered, which is made necessary by modern occurrences. I believe if a bill like this had been enacted into law in the beginning of the Civil War we would have had a much more satisfactory experience in dealing with the soldiers, more satisfactory both to the soldiers and to the Government. Our Government did not have time then to do it. Nobody anticipated what was coming, and it was impossible to make such an arrangement then. This is in no sense a pension law. It is absolutely an insurance law from one end to the other. A pension is a voluntary contribution or allowance made by a government in recognition of the valor and services of those who have served the government when other arrangements and other specifications had not been made.

The pension system began when the barbarians were assaulting Rome, and it was necessary to hew down the bridge in order to prevent the invasion, and Horatius and two comrades stood at the bridge until the bridge was hewn down, slaying many of the assailants. And then Horatius swam the river and safely reached the other side of the Tiber. And pensions started there. They made no contract with him, but afterwards—

They gave him of the corn lands  
Which were of common right  
As much as two strong oxen  
Could plow from morn till night.  
And with laughing and with weeping  
Until this day the story is told  
How well Horatius kept the bridge  
In the brave days of old.

When this world war began, before we became a party to it, it became necessary to insure our ships and cargoes in order to carry our commerce abroad, because marine insurance companies would not and could not assume the war risk. Insurance is a business and a science applicable to various lines of business which are classified, and rates and regulations apply according to the business; but you do not move the seat of insurance every time you deal with a different class of business. When we found it necessary that the Government should insure the cargoes and ships a bill was introduced for that purpose. The gentleman from Missouri [Mr. ALEXANDER] had a notion that it should go to the Committee on the Merchant Marine and Fisheries, because it related to ships. But insurance may relate to all lines of business and all things, and it was not marine insurance, anyhow. It was war-risk insurance. The Committee on Military Affairs might have claimed it against us, if any committee could, but it went to the Committee on Interstate and Foreign Commerce, because it related to the business of the country. I want to say now, by way of parentheses, that those gentlemen who are more expert than we are and those committees which claim superiority of wisdom and jurisdiction could have conferred a great favor on us by saying this two months ago, because we who stayed here and labored on this bill day and night had as much right as anybody to go home during the three weeks of recess by gentlemen's understanding. But that is over, and after we had stayed here and worked upon it, gathering information and furnishing it daily to the Members, and have reported to the House, gentlemen come in and say that we have not jurisdiction of it.

Another objection to it is that it was written outside of the committee. But our consideration is not limited to bills that members of the committee introduce. A great many bills are written outside or by Members of Congress and come in, but they become the property of the committee during their consideration, and then become the property of the House. I say here reverently, and do not reflect upon anybody, that sometimes bills come there, introduced by Members of Congress, that are not absolutely perfect. You can not expect that of everybody. We took this bill and worked on it, and believe it to be a good bill.

After the original war-risk law was enacted, we found that the sailors would not go on the merchant ships without insurance. So the gentleman from Missouri [Mr. ALEXANDER] introduced a bill to amend the law by providing to insure the sailors—the crews on the ships. It was an amendment to the act already establishing an insurance bureau in the Treasury Department. No other committee claimed jurisdiction of that. It went right straight to where it belonged, to the Committee on Interstate and Foreign Commerce; and if insurance is not commerce, I do not know what it is; and if the Interstate and Foreign Commerce Committee is not authorized to handle insurance, I do not know what committee of this House is authorized to do so.

We reported that amendment and it went through the House all right. While that bill was under consideration in the House, gentlemen asked me, "Why do you not bring in a bill to insure the soldiers of this war?" I said, "Well, nobody has introduced a bill; it has not been brought to my attention. We have been busy with the other war measures at this session. Whenever a bill is introduced, if it is referred to our committee, we will consider it."

This bill was gotten up after two or three months of investigation and preparation by the experts of this country. In and out of Congress. And gentlemen say, "You did not get the approval of the Commissioner of Pensions, or the Secretary of War, or the Secretary of the Navy." They are mistaken. The gentleman from Missouri [Judge ALEXANDER] here has a letter showing the members of the Cabinet unanimously approve it. The President approves it, and it is all right. Be that as it may, it came in here and was referred, and was reported. It is the property of this House. If anybody here is able to improve it, the way is open. If he is willing to contribute his superior wisdom to correct the bill in any way, he can do so.

There are two sections of the bill. We have read one section. The second section is one amendment to the old act. There are four articles in it. The absolute refusal of the insurance companies to insure sailors and soldiers without a differential to



the premium added of \$50 a thousand made it absolutely necessary for us to amend this law so as to include them. Why? Insurance is not a matter of compulsion. When there is no war, men insure when they please. They do not insure when they do not please. We drafted the soldiers into this service. We have put them into the service. We destroyed their insurability. We caused them to encounter prohibitive rates. Our first duty was to remove that incubus, that handicap that we had put on them. By sending them to war we have added \$50 per thousand to their cost of insurance, and we said we would commence by taking that off. We do not force them to take insurance. We simply restore what we deprived them of, their insurability. Now, we say, "Now, go on, and if the companies will not insure you, we will insure you at the normal rate of cost. We will bear the \$50 additional. That is all." We simply make restitution, which is the first step in religion, or patriotism, or anything that is honest and good.

The first article in the bill provides for the administration of the bureau. It makes the appropriation. It makes all the definition. It makes provisions touching the subsequent sections about insurance. If you strike out the first section, as the gentleman from New Jersey [Mr. PARKER] says he is going to move to do, you have cut off the head of the bill. You leave it necessary to invent something new or reconstruct this draft from one end to the other.

Well, Mr. Chairman, ought it to be done? The second article provides, not for the pay of soldiers. We have not interfered with that. That is for the Committee on Military Affairs. There is no doubt about it. But as a part of the insurance bill we deal with his property—his salary. We are going to insure him both as to accidents and life, if he wants it. So we provide for his family, the unit to which this bill gives consideration, and affection, and protection. We say that soldier shall make a contribution to his family, for we say that in order to protect him against himself and make him a better and more efficient soldier we insure him by guarding a part of the salary that he draws, all of which is a method of insurance. It takes care of his family and it takes care of him. We then give his family as much as he gives his family.

The next section is accident insurance, pure and simple. Gentlemen say it is a pension. It is the opposite of a pension. It is as far from a pension as is the east from the west. If you take your accident policy and read it you will see that it is an accident policy, pure and simple. They call it "compensation." Well, we have precedents for it, one in the Panama law and one in the compensation law for Government employees, and if there is anything in any pension like it, it is in imitation of accident insurance.

The last section I have already talked about. It is to restore the insurability of the man. But before leaving article 111(3), I want to refer to one of the best things in it—that Dr. FESS, the gentleman from Ohio, is going to talk about—and that is, if a man, expert in one thing, becomes so disabled as to be disqualified for that, the Government will proceed to rehabilitate and reeducate him so as to make him a useful citizen for something else.

Now, Mr. Chairman, I thank the committee for its indulgence and kindness. I desired to make a connected statement concerning the bill without going into details.

Mr. DOWELL. Mr. Chairman, will the gentleman yield for a question?

Mr. ADAMSON. I do not care to. The other gentlemen have yielded for three days. They have answered every possible question. They have answered enough questions to educate a university. I wanted to give you a connected statement of the true character of this bill and I think I have done it, and I thank you for your attention to me.

I hope that the Committee of the Whole House will disagree to the amendment of our committee reducing the amount of insurance from ten to five thousand; and in support of my wish in that respect, I submit the following telegram from a prominent insurance company:

Houston, Tex., September 11.

WILLIAM G. MCADOO,  
Secretary of the Treasury, Washington, D. C.:

The President, in his letter to Chairman ADAMSON, expressed regret that the maximum amount of extra insurance available to sailors, soldiers, etc., did not remain at the figure of \$10,000 instead of having been reduced by one-half. The management of this company desires to be placed on record as indorsing the President's views on this question.

O. S. CARLTON,  
President Great Southern Life Insurance Co.

Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. GARRETT of Tennessee, Chairman of the

Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 5723) to amend an act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, and for other purposes, and had come to no resolution thereon.

#### MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Waldorf, its enrolling clerk, announced that the Senate had passed with amendments the bill (H. R. 4280) to provide revenue to defray war expenses, and for other purposes, had requested a conference with the House of Representatives upon the bill and amendments, and had appointed Mr. SIMMONS, Mr. STONE, Mr. WILLIAMS, Mr. PENROSE, and Mr. LODGE as the conferees on the part of the Senate.

The message also announced that the Senate had agreed to the amendments of the House of Representatives to the bill (S. 2785) to authorize and empower the Southwest Louisiana Waterways Association, of the State of Louisiana, to construct a lock and dam in Mermentau River, in the State of Louisiana.

#### BUREAU OF WAR-RISK INSURANCE.

Mr. ADAMSON. Mr. Chairman, I move that the committee renew its sitting.

The SPEAKER. Does the gentleman from North Carolina want to pass on anything?

Mr. KITCHIN. No. We will pass it over; not now.

The SPEAKER. The gentleman from Georgia [Mr. ADAMSON] moves that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the war-risk insurance bill.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 5723) to amend an act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, and for other purposes, with Mr. GARRETT of Tennessee in the chair.

The CHAIRMAN. The House is again in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5723, of which the Clerk will report the title.

The Clerk read as follows:

A bill (H. R. 5723) to amend an act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, and for other purposes.

Mr. PARKER of New Jersey. Mr. Chairman, I move to strike out section 1, which begins on page 1, line 3. In striking out that section we leave the legislative section as it was, striking out the addition of lines 6 to 11 on page 2.

The CHAIRMAN. The gentleman from New Jersey offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. PARKER of New Jersey: "Page 1, line 3, strike out all of section 1 of this bill, so as to leave the original section 1 as it was, striking out the addition of lines 6 to 11 on page 2."

Mr. STAFFORD. Mr. Chairman, I make the point of order that that part of the motion which is explanatory has no part in the amendment.

Mr. PARKER of New Jersey. I was afraid it would strike out the whole section.

Mr. RAYBURN. If the gentleman would strike out the first section it would not repeal the law as it stands in the statute.

The CHAIRMAN. The Chair sustains the point of order.

Mr. PARKER of New Jersey. I move simply to strike out The CHAIRMAN. The gentleman from New Jersey moves section 1 of this act, not in the original act.

Mr. PARKER of New Jersey. Mr. Chairman, I will explain my motion, so that there will be no doubt about it. We had an act of which section 1 is as follows:

SECTION 1. That there is established in the Treasury Department a bureau to be known as the Bureau of War-Risk Insurance, the director of which shall receive a salary at the rate of \$6,000 per annum.

Nobody wants to disturb that. Section 1 of this present act amends section 1 of the other act, so as to add to it the following words—

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. PARKER of New Jersey. I want to get on.

Mr. STAFFORD. The gentleman has made a misstatement when the gentleman says the present act places the salary of the director at \$6,000. It is \$5,000.

Mr. PARKER of New Jersey. Well, \$5,000. This act changes that to \$6,000, and then adds a provision as follows:



That there be in such bureau a division of marine and seamen's insurance and a division of military and naval insurance in charge of a commissioner of marine and seamen's insurance and a commissioner of military and naval insurance, respectively, each of whom shall receive a salary of \$5,000 per annum.

Now, there is nobody in the House who has heard this debate who does not understand that this establishes a new bureau, which is called one of Military and Naval Insurance, or a new division of that kind, and that that division is to take into its hands three things. One is the allotment of soldiers' pay and family allowances to their families while they are in the service. In every army or navy in the world where that is done, that is done by the army or the navy itself. The recruiting officers find what family a man has got; the man is told that if he has a family he can not have any family allowance from the government unless he assigns part of his pay. He thereupon allots part of his pay and thereupon becomes entitled to a family allowance, which is paid directly by the war department or navy department to the man's family. This bill would put that into the hands of a bureau, an outside bureau, to whom application would have to be made by the family, with correspondence with the military and naval authorities and all the delay that occurs in pensions, and the poor soldier and his family would be left without any relief until millions of applications to this new bureau had been passed upon.

I do not believe in that. It ought to be done by the military and naval authorities, and the bureau has no functions there. In the second place, Mr. Chairman, we have a system of pensions. This bill calls those pensions compensation and gives the same thing, which is nothing but payment from year to year to old soldiers who are disabled or to the families of those who are dead. It may be the amounts are right, but these payments can best be made by the Bureau of Pensions, which knows all about this subject and has the machinery and the thousands of boards that can investigate; and to put it in a new bureau is to leave these people until the new bureau is organized and made as big as the present Pension Bureau, or bigger, without relief in the meantime. That relief ought to stay where it now is.

In the third place this bill puts in the hands of this new bureau what they call military and naval insurance. It is provided that the men shall pay for it. I do not think this House believes that certain men ought to get insurance and certain others not. If there is going to be the addition of what may be called insurance payable to the family of a man who is dead, or to the man himself if he is disabled, it is in the nature of a pension, and it ought to go to everybody alike and not to certain ones, as it is proposed to be done, at \$25 a month provisionally. This new bureau would not administer them half as well as the Bureau of Pensions will do it, and it ought to remain with the Bureau of Pensions, even if the men pay anything for it. I want to strike out this section, for I want in the beginning to get rid of this new bureau, which will only confuse the administration of the law and postpone the relief of the soldier and the relief of his family. The way to get the question before the House now is to strike out the provision for any new bureau. We will talk more of these matters when we reach them, as the bill is read, and article 2, which has to do with the relief of the soldier's family while he is in the service, should go to the military and naval authorities and be administered directly, without delay. Article 3 should go to the Bureau of Pensions, and article 4 to the same bureau.

Mr. ADAMSON. Mr. Chairman, may we have some understanding about how we will proceed on this motion, or shall we close debate now?

Mr. PARKER of New Jersey. This is under the five-minute rule.

Mr. ADAMSON. I know, and we are entitled to one speech for the amendment and one speech against it, unless we change the rule by agreement.

Mr. PARKER of New Jersey. I suppose that is so. I do not want to delay your bill. I have made my speech.

Mr. ADAMSON. How much time would you like to have on this motion?

Mr. PARKER of New Jersey. I do not want any more time.

Mr. MORGAN. I should like five minutes.

Mr. PLATT. I should like five minutes.

Mr. ADAMSON. Will 10 minutes on that side be sufficient?

Mr. PARKER of New Jersey. I do not know.

Mr. STAFFORD. I think that will be sufficient.

Mr. RAYBURN. The gentleman from Oklahoma [Mr. MORGAN] does not want his five minutes now on this specific amendment, does he? He can make his speech just as well on the remaining part of article 1.

Mr. MORGAN. I want to leave very soon, and I should like my five minutes now.

Mr. RAYBURN. Then I ask unanimous consent that debate on this section close in 20 minutes.

Mr. STAFFORD. Of which five minutes shall be had by the gentleman from New York [Mr. PLATT].

Mr. SIMS. I am not going to object to this request, but from this time on we will consider this bill under the rules of the House, unless there can be some agreement made by which a vote is to be taken at a particular time.

Mr. GILLETT. What does the gentleman mean by "under the rules of the House"?

Mr. SIMS. One speech for and one speech against each amendment, and every speech confined to the amendment.

Mr. GILLETT. But you can move to strike out the last word.

Mr. SIMS. Yes; and you can discuss striking it out.

Mr. STAFFORD. I should like to know who is in charge of the bill, the gentleman from Tennessee [Mr. SIMS] or the gentleman from Georgia.

Mr. SIMS. I am as much in charge of the rules of the House as any other Member, and of that part of the rules which says that there shall be one speech for and one speech against each amendment.

Mr. STAFFORD. Then you violate the gentlemen's agreement which was had when this bill was taken up.

Mr. SIMS. I said I would not object to this extension.

Mr. ADAMSON. Gentlemen on the other side want 15 minutes, and we want 10 minutes on this side, so I will ask that debate on this section and all amendments thereto close in 25 minutes.

The CHAIRMAN. The gentleman from Georgia [Mr. ADAMSON] asks unanimous consent that all debate on this section and all amendments thereto shall close in 25 minutes—15 minutes to be controlled by the gentleman from Wisconsin [Mr. ESCH] and 10 minutes to be controlled by the gentleman from Texas [Mr. RAYBURN].

Mr. ESCH. We would like 18 minutes on this side.

Mr. ADAMSON. Eighteen minutes on that side, which will make it 28 minutes.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent that debate on this section and all amendments thereto close in 28 minutes—18 minutes to be controlled by the gentleman from Wisconsin [Mr. ESCH] and 10 minutes by the gentleman from Texas [Mr. RAYBURN]. Is there objection?

Mr. HUDDLESTON. Reserving the right to object, I should like to propound an inquiry as to what the Chair thinks section 1 includes.

The CHAIRMAN. Section 1 undoubtedly includes down to line 12 on page 2. The Chair is in some doubt as to what section 2 includes, but there is no doubt about what section 1 includes. Is there objection to the request?

Mr. WALSH. Reserving the right to object I should like to inquire how many amendments are pending to section 1.

The CHAIRMAN. One amendment is now pending.

Mr. WALSH. That is the motion to strike out?

The CHAIRMAN. Yes; that is the motion to strike out.

Mr. WALSH. This agreement does not preclude offering other amendments during the 28 minutes, does it?

The CHAIRMAN. It does not. It would preclude debate upon them at the end of the 28 minutes. Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from Wisconsin [Mr. ESCH] is recognized for 18 minutes.

Mr. ESCH. Mr. Chairman, I rise to oppose the amendment offered by the gentleman from New Jersey [Mr. PARKER]. I believe we should keep the law as it is and create a new division in the war-risk insurance bureau to take care of the duties imposed by the passage of this bill. It is claimed that the Pension Bureau should take over the functions of this bill.

The Pension Bureau has had no experience in any of the important duties that would be devolved upon it by this bill. It has had no experience in the matter of family allotments. The family allotment under the act relating to the Mexican border was not sent to the Pension Bureau; it was kept in the War Department. It has had no experience in matters of compensation as provided in this bill. It has had no experience in the matter of life insurance. Therefore, the three functions that will devolve upon the agency to carry out this law are totally foreign to the Pension Bureau. For that reason I feel that a new division should be created upon which should devolve the duties created by this bill.

Another thing. The Pension Bureau, as known to all of us, is afflicted by superannuation more than any other bureau in the Government. The reason is plain. The old soldiers and their widows have been given employment in that bureau, and no one of us complains about that. They are doing the best they



can. But a large number of these clerks have passed beyond the age of highest efficiency, and yet they are retained because we believe they should be retained.

Now, if you devolve upon the Pension Bureau the duties of this act you will be putting on a bureau already suffering from superannuation an additional burden in carrying out the provisions of this bill. That does not seem to be wise. The Bureau of Pensions has duties enough now. Officials are trying to be as efficient as they can be under the circumstances, but they have more than they can do. They are six months behind because of the widows' pension act of last year, which has added largely to their duties, and you would still more increase the congested condition in which this bureau now is. We need a new bureau to take care of the family allowances and the compensation and insurance. This new bureau has already had experience in the matter of compensation. We have given to it the duty of carrying out the provisions of the war-risk insurance in relation to seamen and vessels, and it has done efficient work. Some 10,000 seamen are insured. They are getting an experience that will be required in carrying out the provisions of this bill. We need merely to enlarge and extend the force of clerks and experts that they now have to take care of the additional work that this bill would require.

It is said by the gentleman from New Jersey that the Pension Bureau has the necessary boards throughout the country to take care of the work in the field. Let me call the gentleman's attention to the provision in section 15, which reads:

The director may obtain such information and such reports from employees of the departments of the Government of the United States and of the States as may be agreed upon by the heads of the respective departments.

This new bureau can therefore avail itself for the purposes of information and reports of the organization and machinery of the Pension Bureau. For these reasons I firmly believe that the motion of the gentleman from New Jersey should not prevail. [Applause.]

Mr. MORGAN. Mr. Chairman, I wish first to ask permission to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. MORGAN. Mr. Chairman, I am opposed to the amendment proposed by the gentleman from New Jersey [Mr. PARKER]. Generally speaking, however, I wish to express my approval of the purposes and objects of the bill. In the more than eight years that I have been a Member of this House there have been no bills for which I have voted with greater pleasure and delight than I have for the pension bills that have provided pensions for our soldiers who in various wars have protected the honor and preserved the life of this Nation. So I am heartily in sympathy with the objects and purposes of this bill.

At this session we have been voting for a number of very important measures, some of them, in fact all of them, of very far-reaching influence. Very naturally in voting on these measures we have realized how important they are. We may have had doubt at times as to how we should vote on some of these bills. But it seems to me that here is a bill upon which there should be no difference of opinion, a bill upon which there can be no doubt about how we should vote.

It appears to me, so far as I have been able to discuss this bill, that it is an improvement over the so-called pension system. It is more scientific, and it seems to me it will give greater satisfaction to the soldier. It is much broader in its scope, and has, in my opinion, many things about it that will make it superior to our pension laws.

Mr. CAMPBELL of Kansas. In what way?

Mr. MORGAN. In the first place, the insurance provision.

Mr. CAMPBELL of Kansas. Omit the insurance provision and take the pension feature of it.

Mr. MORGAN. In my judgment it is more liberal. It will afford larger pensions and allotments, and I do not think we can be too liberal.

Mr. CAMPBELL of Kansas. This bill gives to a man who loses both of his eyes \$40 a month; under the present pension laws he gets \$100 a month.

Mr. MORGAN. It is possible that in that particular it may not be so liberal, but as to the widows and children of the soldiers I think it is much more liberal, and this provision with reference to the loss of both eyes can be easily amended. I do not mean that this bill can not be made better, that we should not try to perfect it, but I am talking about the general principle. As I say, we can not be too liberal. Sometimes people think that all of our pension laws are too liberal. People think that our expenditures for pensions for soldiers in the past have been too big. I do not think so. I think it would have been

better if they had been more liberal. I will vote for any kind of a tax in order that we may give proper recognition to the men who go out and fight the battles of this Nation. That is a broad principle. There are many men who render service to the Nation that we do not pension, such as men who save life, and who in the professions, through some great discovery or some great invention, render almost incomprehensible service to our country. But we do not pension them, and why?

The soldier renders services when the Nation is imperiled, and it is a service which is very hazardous to his limbs, to his health, and to his life. He renders services which require great sacrifices upon his part, sacrifices upon the part of his dependents, sacrifices upon the part of his wife and children, and this distinguishes him from all others. He renders a service also which requires great bravery, heroism, courage, and patriotism—

Mr. CAMPBELL of Kansas. Will the gentleman yield?

Mr. MORGAN (continuing). Which can not be required in any other kind of service. I yield.

Mr. CAMPBELL of Kansas. Does not article 3 of this bill place that service upon the same basis as service in a factory?

Mr. MORGAN. Well, possibly so; but that does not make any difference so far as the principle of this bill is concerned. I think that our compensation laws for injuries in factories are good laws. Does the gentleman oppose them?

Mr. CAMPBELL of Kansas. Not at all; I am in favor of them; but I do not believe you can compensate a man for service rendered in the trenches.

Mr. MORGAN. I understand you can not fully compensate him.

Mr. CAMPBELL of Kansas. That is all I say—

Mr. MORGAN. You can not be too liberal; but what is a pension but compensation? You do not change the principle of the thing by changing the name. We can not compensate, we can not do justice, we can only in an insignificant and niggardly way in part compensate them for what they have done for their country.

Mr. CAMPBELL of Kansas. Then the gentleman will vote to strike out article 3?

Mr. MORGAN. I will decide that when I come to it. I believe that is all I want to say at this time, but I wish to give my approval to every attempt that is made to provide in some way a proper recognition to the men who in this great war shall fight our battles and win for us a great victory. [Applause.]

Mr. ESCH. Mr. Chairman, I yield three minutes to the gentleman from New York [Mr. PLATT].

Mr. PLATT. Mr. Chairman, there is not the slightest doubt about what we ought to do with this bill. We ought to take the family allotment section, which is good, out of the bill and enact it now, so as to let it go into effect as soon as possible. We ought to take it away from the controversial part of the bill which may hang it up in the Senate for a long time when it gets there. I think the motion of the gentleman from New Jersey to that end is wholly good. This family allotment and allowance matter has been taken care of in the War Department before. They know all about how to administer it, and they have the records to which constant reference must be made. If a separate bureau is created it will have to go to the War Department for information, and for that reason I am heartily in favor of the motion to strike out this section of the bill. Then if we can enact Title 2 we will give the relief which is immediately needed to the soldiers and their families who are dependent. In regard to the rest of the bill there is no particular reason for haste. The present pension system is in effect and nobody is complaining about it. The Regular Army and National Guard have been raised to war strength under its guarantees. Among others I resent the slur that is put upon the pension system by the Secretary of the Treasury, when he says that it is outworn and discredited. It seems to me the resentment that has been expressed here is warranted. It has been said that the Pension Bureau is now overcrowded with business on account of the administration of the widows' pension act of September 8, 1916, which we passed last fall, but that is nearly over with. Most of the widows are already on the rolls and the increases require no additional evidence, so the glut of business in the Pension Office will not last long. That bureau could much more easily take care of Title 3 of this bill, which is the pension section, than any new bureau could. I therefore heartily support the motion of the gentleman from New Jersey to strike out the section, for I believe it is in the interest of the soldiers to have Title 2 taken from the rest of the bill for early enactment into law. Its administration should be given to the War and Navy Departments, and not to a new bureau or a new division in the War Risk Bureau. [Applause.]



Mr. ESCH. Mr. Chairman, I yield five minutes to the gentleman from Wyoming [Mr. MONDELL].

Mr. MONDELL. Mr. Chairman, as the gentleman from New York [Mr. PLATT] has just well said the legislation now needed is the legislation contained in section 2 of this bill, providing for family allowances, and it should be placed upon our statute books at once and without the delay incident to the passage of an involved and complex statute like this. This is particularly true in view of the fact that while most of us understood that under the draft men with dependent families would not be drawn, yet they are being drawn and provision should be made for their families at once.

Mr. BORLAND. Will the gentleman yield?

Mr. MONDELL. The duty of taking care of that class of people can be very well provided for, as it was during the presence of our troops on the Mexican border without a new and expensive bureau. I yield.

Mr. BORLAND. Does not the gentleman think the provisions of section 3 are in imminent need also?

Mr. MONDELL. As to the provisions of section 3—

Mr. BORLAND. I want to call the attention of the gentleman to the fact that one American officer, Lieut. Fitzsimmons, of Kansas City, has already been killed by a bomb from a German airman.

Mr. CAMPBELL of Kansas. And the pension under the general law is more liberal than this.

Mr. BORLAND. And he leaves a dependent mother in Kansas City.

Mr. MONDELL. That officer's case will be cared for now under the present law. Now, as to the balance of the bill, it is a question in my mind whether the provisions of article 3 are more liberal and satisfactory than our present pension laws, particularly if our pension laws were slightly amended. The provisions of this bill are not very well understood by any of us. We propose to put them under the management and control of an entirely new bureau. It is said that they are more scientifically adjusted and will prove more satisfactory than our present pension laws. There is some doubt about that in my mind, a very serious doubt about it, but in any event if we are willing to accept the judgment of the committee as to these compensation provisions there is no reason why a new and expensive bureau should be organized for the execution of the law.

I have not had the opportunity to carefully examine the provisions of section 3 which contains the pension or as they are called, the compensation provisions, but from a rather hurried examination of them, I am inclined to the opinion that in quite a variety of cases the enlisted man is not nearly so fairly, equitably, or liberally provided for as under the present pension laws. On the other hand, I am of the opinion, in fact I am quite certain, that under certain circumstances and conditions officers would be much more liberally provided for than they are now. In fact, in certain cases, the officer and his family would be better provided for by the Government when suffering from disability than when he was well and in active service on full pay. Clearly the bill needs more careful consideration than the House has given it.

In any event and whatever the provision of the law as to pensions or compensation there is not any reason why the present Pension Bureau can not do the work and do it expeditiously and satisfactorily.

Now, as to the insurance portion of the bill, it seems to me we are embarking upon a doubtful enterprise in that portion of the bill. The well to do, the officer, the long-headed individual will avail himself of the insurance privilege. The ordinary soldier in many instances will not. If we are to add compensation to that provided in the other sections of the bill, the compensation should be without charge on the men, and the benefit should go to all alike.

The fact is that it is misleading to refer to the so-called insurance provisions as insurance, for the insured under any form of policy is supposed to pay a sum in the way of a premium which experience has proven is sufficient to carry and pay the losses. The rate proposed is about one-seventh or one-eighth of the estimated war risk, so that the Government would be carrying seventh-eighths of the risk.

If the compensation or pension provisions are not sufficient or as high as they should be, we should increase them without cost to the soldier and all should be treated alike; but this so-called insurance plan, optional as it is, is either altogether too liberal from the standpoint of the people who have to pay the bills to the few men, officers and others, well to do, who might take advantage of it, or else it is not liberal enough because it does not make provision under which all equally deserving shall have the same treatment. Pensions, compensation, whatever

you may call them, from the Government to the men in military service should be uniform, corresponding with the need, the character of the service, and the injury or disability or loss. Without desiring to express any opinion as to a national insurance policy, the so-called insurance provisions of this bill are, in my opinion, unfair and unjust to the people who pay the taxes, and not uniformly just, fair, or equitable to the men who are called upon to serve their country.

Gentlemen assume that if we pass this bill we shall have no more special pension legislation. Why, we would have more special bills here under the insurance section alone than we have to-day under our pension laws, because men would insist that inasmuch as the Government was only getting a very small sum in the way of premiums, the failure to pay that small sum, the failure to provide the premium, the failure to take advantage of it, should not work disadvantageously with one man, possibly with a large family, as against another man with no one dependent upon him. We would be continually called upon to equalize the inequalities that would arise under that system. My opinion is that it is a very doubtful propriety in its present form.

The CHAIRMAN. The gentleman's time has expired.

Mr. ADAMSON. Mr. Chairman, I ask unanimous consent to extend my remarks that I made a few minutes ago by printing the letter to which I referred, showing the approval of the Secretaries in the Cabinet, and also the telegram from the president of the Southern Life Insurance Co. indorsing the bill and asking that the insurance be increased from the amount written in the bill—\$5,000—to \$10,000.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent to extend his remarks in the Record by publishing the matter indicated. Is there objection? [After a pause.] The Chair hears none.

The gentleman from Texas [Mr. RAYBURN] is recognized for 10 minutes.

Mr. RAYBURN. Mr. Chairman, I shall take but a very few minutes of the time I control, as I do not deem it necessary. Of course, the argument made by the gentleman from Wyoming [Mr. MONDELL] can be taken up when we reach the insurance provision, but his saying that Article II is the only part of this bill that ought to be passed, and indorsing that fully, is rather remarkable to me. To be candid with you, I have had more trouble with Article II than any other article in this bill, for the simple reason that in that article—and I indorse it fully—we are forcibly taking something away from somebody. All the rest of the articles in the bill are giving something to somebody.

Now, this amendment offered by my good friend from New Jersey [Mr. PARKER] reminds me very much of an occurrence in the Texas Legislature at one time. I had an old friend there from over in east Texas who introduced a bill. He did not have very much experience in legislation or in the effect of amendment, and when he presented his pet bill one day somebody offered an amendment to strike out the enacting clause. And the old fellow pleaded with them as his friends not to adopt that amendment as he was afraid it would ruin his bill. [Applause.]

That is the attitude in which we will be put if the amendment of the gentleman from New Jersey is adopted. We will have a great, long bill here with four articles in it but with no head on it. And I do not think the committee will take seriously the proposition to strike from this bill section 1. And I think that the argument of the gentleman from Wisconsin [Mr. ESCH] was so conclusive on this proposition that I will not take any more of my time on it.

Mr. CANNON. The gentleman controls the debate, as I understand, and has some time left.

Mr. RAYBURN. I have been very liberal in yielding, and I want to expedite this bill.

Mr. CANNON. After all is said and done, you can not speak to an amendment after the gentleman sits down. And he has some time left. I will be very glad to call his attention to section 1, which creates a director at \$6,000, whereas the Commissioner of Pensions gets now, and never has gotten more than, \$5,000. There is a Deputy Commissioner of Pensions at \$3,000, and only one. Here we have a director of a division of marine and seamen's insurance and a director of a division of military and naval insurance at \$5,000 each. So at the very commencement you have gotten permanently \$16,000 as against \$8,000 in the Pension Office.

Mr. RUCKER. The deputy commissioner gets \$3,600.

Mr. CANNON. It is \$3,000. I suggest along with other provisions in this bill, where you can make an army of high-salaried employees, with power to adjust these matters, that you take them between the ages exempt from draft.



I do not know that I shall vote against this bill, but it seems to me that it ought to be better guarded. And right here, when the example is set in the very first section, of a director at \$6,000, and then two, one at the head of the military and one at the head of the navy division, at \$5,000 each, we had better set a good example by making salaries to conform with salaries of other employees in the Government heretofore administering similar legislation for the relief of the soldiers and sailors.

I would not interrupt the gentleman, but I can not debate the motion—

Mr. RAYBURN. I am glad the gentleman is making the statement, and I will be glad to reply to it.

Mr. CANNON. Very well; and I will be glad to make the amendment.

Mr. RAYBURN. I have this to say, Mr. Chairman, in reply to the gentleman from Illinois [Mr. CANNON]. I value his judgment.

It is true perhaps that the Deputy Commissioner of Pensions does not get more than \$3,600 a year, and I feel pretty certain that they have got a \$3,600 man down there. It may be true that the Commissioner of Pensions gets only \$5,000 a year, but I think it probably more than likely you can get a \$5,000 man to attend to that job. But under this bill you can not get a man who can administer this law at \$3,600 a year, in my opinion. Down there it is all routine, all laid out. The system is going along. Here we enter into a new thing. Here we have to handle family allowances; here we have to handle compensation; here we have to handle insurance. I say that under this bill we can not command the services of a man for \$5,000 who is capable of doing this work who could not get \$10,000 or \$15,000 a year in other employments. That is my honest opinion about it. We must have men skilled and experienced along these lines here, to be directors of this great bureau that is going to be one—and I acknowledge it, when the gentleman says it is going to be one of the great bureaus of the Government. We intend it to become one of the great bureaus of this Government, and we will be very much disappointed if it does not become that. But when we have these allowances for all the soldiers and their families, this compensation for the soldiers and their families, this insurance that will pile into the millions and into the hundreds of millions, as I hope, we can not get \$3,600 men to handle this business.

Mr. CANNON. Mr. Chairman, will the gentleman allow me a question?

Mr. RAYBURN. Yes.

Mr. CANNON. The Chief Justice of the United States, I believe, gets \$15,000 and the associate justices get \$14,000.

I have no doubt that each and every one of them could make \$50,000. Yet they are connected with the Government in a great work. This salary will not get people at the head of this who are getting in many employments in civil life \$25,000 or \$50,000. If you are going to compensate all men that could make more, why you would immensely increase the cost of the personnel in the service of the Government all along the line, and it has not been the policy to pay extravagant salaries.

Mr. RAYBURN. I want to say that the Supreme Court of the United States is the highest ambition of every real lawyer, if he has an ambition for any office. It is a life tenure; he has a chance to write his name in cases that will go down through all the ages of this Republic as long as it stands. You get a circuit judge for \$7,000. But there is a glamor about public office. There is a hope for service, and "service" is the greatest word in all the language. There is not a circuit judge in America, in my opinion, who could not earn \$15,000 to \$20,000 a year, and more than that, according to locality. Of course, those who live in small towns can not do that. But I do not believe you can get a man who is capable of administering this legislation for less than \$6,000 and pay him for what he is worth. [Applause.] But there are men who like to contribute something to their Government.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from New Jersey [Mr. PARKER].

The question was taken, and the Chairman announced that the "noes" appeared to have it.

Mr. PARKER of New Jersey. Mr. Chairman, I ask for a division.

The CHAIRMAN. A division is demanded.

The committee divided; and there were—ayes 26, noes 64.

So the amendment was rejected.

Mr. CANNON. Mr. Chairman, in line 5, page 2, I move to strike out "\$6,000" and insert "\$5,000."

The CHAIRMAN. The gentleman from Illinois offers an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. CANNON offers the following amendment: Page 2, line 5, strike out, after the word "of," the amount "\$6,000" and insert in lieu thereof "\$5,000."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Illinois [Mr. CANNON].

The question was taken, and the Chairman announced that the noes appeared to have it.

Mr. CANNON. A division, Mr. Chairman.

The CHAIRMAN. A division is demanded.

The committee divided; and there were—ayes 52, noes 43.

So the amendment was agreed to.

Mr. CANNON. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The gentleman from Illinois offers an amendment, which the Clerk will report.

Mr. CANNON. In line 11, page 2, strike out "\$5,000" and insert "\$4,000," so that it will read, "each of whom shall receive a salary of \$4,000."

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. CANNON: Line 11, page 2, after the word "of," strike out "\$5,000" and insert in lieu thereof "\$4,000."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Illinois.

The question was taken, and the Chairman announced that the ayes appeared to have it.

Mr. RAYBURN. A division, Mr. Chairman.

The CHAIRMAN. A division is demanded.

The committee divided; and there were—ayes 59, noes 41.

So the amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Sec. 2. That such act of September 2, 1914, is hereby amended by adding new sections, as follows:

Mr. STAFFORD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. STAFFORD. I submit for the consideration of the Chair that the bill, beginning with line 12, page 2, and embracing the remainder of that title down to the end of page 10, is supposed to be amendatory of the act of which this act is an amendment. I wish to submit the inquiry whether this section 2, which we have just read, will be considered as a separate section for amendment, or whether the bill, going down to the bottom of page 10, which this section 2 refers to, will be considered as one section?

Now, Mr. Chairman, knowing that the Chair has given this matter some consideration, because yesterday I referred to it during the luncheon hour when I had the honor to be present with the gentleman who now occupies the Chair, I submit that in the decision which the Chair will render on it—because I believe it is a new one that has never been before presented to the House—the Chair should rule that these respective numbered sections should be considered separately.

There is no rule that holds that a revenue or appropriation bill shall be considered by paragraphs, and yet the reason why the precedents have established that procedure is because better consideration may be given by paragraphs. In the same way it is held that bills other than appropriation or revenue bills shall be considered by sections.

I wish to submit this phase of the question to the attention of the Chairman in rendering his decision: Suppose this bill had merely consisted of what is here known as section 2, with all the other amendatory sections? Under that supposition it would have read, "Be it enacted that this act shall be amended as follows, by adding the following sections," namely, section 12, section 13, and so forth. The Chair would then necessarily have to hold that each would be individually considered as a section. I submit for the orderly consideration of this bill that the Chair should hold that they should be considered separately as sections, because they relate to different substantive matters, and not merely to section 2 that is referred to in this preamble. This preamble is merely declaratory. Sections 12 and 13 and 14 relate to matters that are entirely opposite to one another.

Now, for well-considered parliamentary discussion the Chair should recognize that rule, and it has been recognized in the precedents in some matters. For instance, a Senate bill comes over to the House. It has numerous sections. It is referred to a committee in due course. The committee brings it back with one amendment striking out all the sections of the Senate bill. It is admissible under the rules of the House for any Member to offer a germane amendment to any section of the Senate bill, section by section, in order to perfect it before the vote is had on the amendment of the committee as a substitute for the Senate bill. I think the invariable rule, formulated in the decisions



of Chairmen and Speakers has been to make it so that consideration of amendments may be intelligent, so that they may be logically considered in due course, to consider the bill by sections, even when they are grouped under one omnibus section including many distinct sections, as in the instant case.

The CHAIRMAN. Will the gentleman permit the Chair for a moment?

Of course, it is true that it has been held in order to offer amendments to any section of Senate amendments that are brought in; but is it not the uniform holding, even where a Senate amendment is brought in, that it must be read as a whole, no matter how many sections the amendment may have?

Mr. STAFFORD. Oh, no, Mr. Chairman. I can cite a decision on that point.

The CHAIRMAN. I mean read as a whole.

Mr. STAFFORD. Of course, there is no rule which provides that a House bill shall be read by sections for amendment.

The CHAIRMAN. None whatever.

Mr. STAFFORD. But it is the established practice; and why? Because it enables the House to consider the bill in its parliamentary procedure the more intelligently. In the case cited by the Chairman and referred to by me a few minutes ago, if a Senate bill consists of many sections and it is referred in due course to a House committee and the committee recommends it back to the House, striking out all the various sections of the Senate bill with one substitute amendment, nevertheless the rulings hold one way—that any Member may offer a germane amendment to any section, and that the bill will be considered by sections. When the amendments that have been offered are submitted and voted on section by section, then the vote is taken upon the substitute offered by the committee.

The CHAIRMAN. The Chair begs the gentleman's pardon. When he asked a question of the gentleman from Wisconsin the Chair was under the impression that the gentleman was referring to Senate amendments to a House bill. The Chair now understands that he was not.

Mr. ADAMSON. Mr. Chairman, this is one act relating to insurance, amending the law establishing a war-insurance or war-risk bureau. It consists of two sections. The first section amends section 1 of the act, beginning on page 1 and ending in line 11 on page 2.

The second section, beginning on line 12, page 2, amends the entire bill. It says:

SEC. 2. That such act of September 2, 1914, is hereby amended by adding new sections, as follows.

It does not say how many. It does not mean new sections of this bill. It means adding new sections to that act, and therefore it enumerates, from section 12 to the end of the bill on page 31, the sections which it adds by amendment to the original act. There need not be any trouble about this. All it means is that the Clerk would read it all through. It will not curtail in any respect the right of amendment. We are perfectly willing to have the Clerk go on and read section 2 through to the end of the bill on page 31, with the understanding that amendments may be offered to any part of the bill, and we will have no trouble about it. All it means is that the Clerk would read it clear through.

Mr. STAFFORD. I hope the gentleman will not insist on that.

Mr. PARKER of New Jersey. I hope the gentleman will not insist on that, and I will tell him why—

Mr. ADAMSON. I am merely stating my view of what the procedure should be.

Mr. PARKER of New Jersey. When you get to section 17, in line 9, page 5, if amendments are offered to that when it is read, people will understand what they are. If you have to read the whole thing through, 31 pages, and then go back, Members will not understand what the amendments refer to. I have only one amendment to section 12 and I hope the gentleman will not insist on the enforcement of the strict rule when you are going to add sections to the bill, each one of which is a separate section.

Mr. ADAMSON. They are not sections of this bill. It is proposed to add sections to the original act.

Mr. PARKER of New Jersey. I understand that.

Mr. ADAMSON. And when you have read this bill through to its end on page 31, gentlemen can then offer amendments to any part of the bill. There is no trouble at all about that.

Mr. PARKER of New Jersey. I can understand it, but other Members may not understand it.

Mr. ADAMSON. Suppose that a substitute were offered for this bill—offered by way of amendment. Then there would be one substitute that would be read through.

Mr. STAFFORD. Will the gentleman yield?

Mr. ADAMSON. Yes.

Mr. STAFFORD. Taking the assumption that the gentleman has just stated, that the committee should report a substitute,

if that substitute consisted of various sections, does the gentleman think that would have to be considered as one whole and not by separate sections?

Mr. ADAMSON. Our usual course has been to make an agreement that it be considered as though it were an original bill.

Mr. STAFFORD. By agreement; yes.

Mr. PARKER of New Jersey. I ask for such an agreement on this.

The CHAIRMAN. The Chair would like to ask the gentleman from Georgia a question. Beginning on page 2, line 15, quotation marks are used, which indicate that that is a part of section 2. Now, that is continued down to the bottom of page 10, line 24.

Mr. ADAMSON. That is a matter of punctuation, but it has to yield to the language of the bill, which amends the original act by adding the following sections.

The CHAIRMAN. Beginning on page 11, line 3, that is also additional, but there are no quotation marks. Is there any significance attached to that, other than an omission by the printer?

Mr. ADAMSON. I think the punctuation must yield to the language of the bill. The language of the bill, line 12, page 2, section 2, is that the act is hereby amended by adding new sections as follows, and all down to page 31. They are not additional sections to this bill, but additional sections to the original act.

MR. CANNON. Will my friend yield to me?

Mr. ADAMSON. Certainly.

Mr. CANNON. Section 12 has three lines of section 2. Suppose we strike it out altogether. It is a proposition standing by itself. It means that sections 2 to 9, inclusive, shall be construed to refer only to the division of marine and seamen's insurance.

Mr. ADAMSON. That is a limitation on the original act.

Mr. CANNON. Very well; it is a proposition standing by itself, and it seems to me that under the rule a separate proposition, standing by itself, should be considered for amendment from another proposition. If you can not do it under the rule, it seems to me, for the expedition and intelligent consideration of this bill there ought to be an agreement.

Mr. ADAMSON. I concede that there are many propositions in section 2, but I also think that if you read section 2 to the end you can offer your amendment and discuss the different sections as much as you please.

Mr. CANNON. If you read clear through, the gentleman can then cut off at the end of five minutes and one amendment all debate by a majority vote, if it is to be read as a whole. It seems to me that, having regard for the general proceedings either under the rule or by agreement, that it is the better way to consider the bill and the most expeditious way and the fairest way.

Mr. ADAMSON. I want to be entirely fair about it, and I want to be expeditious.

Mr. MADDEN. Will the gentleman yield for a question?

Mr. ADAMSON. I will.

Mr. MADDEN. It seems to me that while section 2, page 2, proposes sections 12 to 21, inclusive, for amendment to an act already in existence by adding these sections to that law, that you can not intelligently consider the matter contained in these sections unless each section is considered by itself, as if it was an original bill coming before the House. Here we are considering a law that involves hundreds of millions of dollars, and it is proposed by those in charge of the bill that the membership of the House shall consider 25 sections at once. That is to say, that they shall all be read before anybody has an opportunity to consider what amendment he has to offer. Now, everybody can realize that you can not comprehend the situation if that situation is permitted to exist. I do not believe that the people of the country, no matter what the rules and practices of the House or the procedure may be, would sanction any such statute as would involve forcing the membership of the House to consider a bill under the suggestion made by the gentleman from Georgia. I hope the membership of the House will be given the right to consider the bill as it ought to be considered, every section by itself, regardless of whether this is an amendment to some other law or not.

Mr. ADAMSON. Mr. Chairman, I merely stated my conception of the law as it is. I did not write the bill. The gentleman from Texas is willing to offer a suggestion for an agreement and save the Chair from ruling. He is willing to have it read by articles. There are four articles, and read each article as a whole.

Mr. MADDEN. That is what I am objecting to. I do not think it ought to be done. I do not think the House is treated



fairly if that is done. I do not believe you will get anywhere by that sort of tactics.

The CHAIRMAN. If the gentleman from Illinois has any argument to present, the Chair will hear him.

Mr. MADDEN. If the Chair will allow me for a moment, I was not speaking to the Chair; I was speaking to the gentleman from Georgia. I do not think the Chair was justified in making the statement that the Chair did.

The CHAIRMAN. The Chair understood the gentleman was arguing the point of order.

Mr. MADDEN. No; I asked the gentleman from Georgia to yield to me for a question, and I was making a statement to him giving my conception of what I thought the fair way was to consider the bill. I would not say a word to hurt the feelings of the Chair for anything in the world. I do not believe there is a man in the House that I have more respect for than I have for the gentleman who now occupies the chair.

Mr. ADAMSON. I think the fair way to proceed is according to the rules of the House, unless we can make some agreement.

Mr. SIMS. Mr. Chairman, section 2 is intended to embrace all after line 14 of page 2 as well as lines 12 and 13 to the end of page 10, because the act of September 2, 1914, is hereby amended by adding new sections, as follows; and then it goes on and provides the sections to be added to that law. But really in fact they are simply paragraphs of this section 2, and each paragraph may be amended; but after we reach page 10 there is no longer any quotation used, because a new section of this bill—200—comes in. They are part of this section 2, and although called sections are nothing but paragraphs of this bill. Therefore we are entitled to read as section 2 from line 12, page 2, to the bottom of page 10 in order to include section 2 of this bill.

The CHAIRMAN. Will the gentleman permit the Chair a moment? Why is there any difference down to the bottom of page 10 and all the rest of it?

Mr. SIMS. This is all adding sections to existing law and the rest of this bill is not, and therefore no quotations are used.

Mr. RUCKER. What is the purpose of quoting, if it is already existing law?

The CHAIRMAN. This is not repealing existing law; it is adding to existing law.

Mr. SIMS. I think the logical way to look at this section is to treat it as one section. I mean those sections of this bill following section 2 are really paragraphs of section 2, and although they are called sections in the bill they are not sections of this bill in serial numbers.

Mr. PARKER of New Jersey. Mr. Chairman, I wish to say a word right on the point of order.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. PARKER of New Jersey. This section 2 says that there shall be an amendment by adding new sections. It is strictly, they say, one amendment to add a whole series of new sections. If such an amendment were offered in the House, any Member could demand that the amendments should be divided when it consisted of separate propositions of this sort and that they should be considered separately, should be divisible. It would be the right proceeding in the House. The practice of the House under the rules of the House says that separate propositions shall be considered separately. Each of those sections are separate propositions; they are not merely paragraphs of one proposition. Again, the reason for considering an appropriation bill by paragraphs is because every appropriation is a separate proposition and, therefore, has the dignity of a section. The principle on which you go, whether in dividing an amendment offered in a bill in the House or in dividing appropriations as separate propositions, is that there is something separate to be done on each of those various things. Now, the whole argument in this case shows there are separate things to be done all through, and these are separate sections to be added. If it were moved here in the House, I should ask, as I ask now, that each section which is added be read separately as a separate proposition. [Cries of "Rule!"] If the committee desires the Chair to rule, I shall argue no further.

Mr. ESCH. Mr. Chairman, I just wish one minute to appeal to the chairman of the committee to withdraw the point of order and let us get down to the consideration of the bill by sections as they are designated in the bill. There are some 50 of them. Some contain many paragraphs. I think it would be the orderly way to consider them in order, notwithstanding the fact that the Chair may deem it right—

Mr. RAYBURN. Would it please the gentleman from Wisconsin that we might read it by articles?

Mr. ESCH. That would cover 5 to 10 pages to the article, and it is utterly impossible to retain in mind the provisions of any article with reference to amendments. I think that if we

can put amendments to the sections as they are read we will concentrate the mind of the committee upon the particular section and it will conduce to the orderly conduct of our business.

Mr. RAYBURN. I do not think there would be anything unfair in reading it by articles.

The CHAIRMAN. Did the gentleman make a request for unanimous consent?

Mr. ESCH. No; I made a suggestion.

Mr. STAFFORD. Will the Chair hear me one moment further?

The CHAIRMAN. The Chair is ready to rule. [Cries of "Rule!"]

Mr. STAFFORD. I want to present one phase of the proposition which will not take over two minutes, if the Chair will hear me.

The CHAIRMAN. The gentleman from New York was on his feet.

Mr. HUSTED. Mr. Chairman, may I submit to the Chair for such consideration as it is worth the fact that section 2 is included in article 1 and that it might be considered that it was not intended to cover articles 2 and 3 for the purpose of offering amendments?

Mr. STAFFORD. Mr. Chairman, the gentleman from New York [Mr. HUSTED] anticipated what I was about to present to the attention of the Chair, that this bill is divided in a larger sense into four articles—articles 1, 2, 3, and 4. If the rules of the House were to the effect that we should consider bills by the larger proposition, not by sections or paragraphs but by the larger divisions, the Chair might hold we should consider them by articles and consider article 1 as an entire article because it is larger than a section. Each article includes a group of sections. When you reach article 2 we would have to consider that as an entirety; but there never has been a holding by any chairman that we should consider a bill by articles, but that we should consider them by sections or paragraphs. If you follow up logically the argument of the gentleman from Georgia, you would have to include in section 2 three articles, and it would compel the Chair to rule that we would have to consider before we can consider the smaller divisions, the section, the larger group, to wit, the article—

The CHAIRMAN. If the gentleman will permit, the Chair really does not think that the matter of articles—that is merely a grammatical expression—

Mr. STAFFORD. It is a division in which are grouped substantive matters specifically headed referring to something separate and distinct and does not refer to the succeeding article. It is a larger division, larger than a section which groups together all the matters that refer to one designated subject. Suppose the question was submitted when we read article 1.

Is this bill to be considered by articles or by sections? Will the Chair for one minute hold that we would consider article 1 as an article and then article 2 and article 3 and article 4? No. The technical rule is not going to overcome the obvious, apparent difficulty that we are not considering this by articles, but by sections. The Chair can not hold that instead of considering it by the small unit of sections, as we have up to this time, namely, the amendment to section 1, we are considering it by articles. I respectfully contend there is no logic in that conclusion.

The CHAIRMAN. The Chair does not agree with the gentleman from Wisconsin that the matter of "articles" being mentioned in a bill has anything to do with the parliamentary question which is involved. But the Chair does think that there is a serious side to it. There is no provision in the rules of the House which requires the reading of any bill for amendment. There was such a provision from 1789 until the revision of the rules in 1880, as the Chair now remembers. In that revision that rule was dropped. Mr. Hinds, who has written the parliamentary history of the House, says, in his work, that it was undoubtedly eliminated by inadvertence. But, notwithstanding the fact that it was dropped from the rules of the House, it was retained in practice and has been followed since that time precisely the same as it was before.

Now, under the rule as it existed prior to that time, and under the practice which has since existed, appropriation bills and revenue bills were and are read for amendment by paragraphs. Other bills were and are read for amendment by sections. That rule was followed in practice, as I have said, after the dropping of it from the rules in 1880, both as to appropriation and revenue bills and as to other bills.

So far as the Chair was able to find in investigations made last evening, no such situation has arisen before the House as that which is presented in this particular bill. And the Chair has been greatly bothered as to just what the right ruling is to make.



Undoubtedly there was a reason underlying the rule which existed prior to the revision of 1880 and the practice which has been uniformly followed since as to having appropriation and revenue bills read by paragraphs. And undoubtedly there was a reason for having other bills read by section for amendment, because, as the Chair has said, after 1880 the rules did not require the reading at all. Now, it seems to the Chair that the reason for having these bills read by sections for amendment was in order to give the House in an orderly way the opportunity to consider every new proposition of law that was presented to it. That seems to the Chair to be the reason for the matter.

Mr. MADDEN. Will the Chair allow me?

The CHAIRMAN. In just a moment.

If that reason be true, what have we here? We have a bill here which, we will say, might be construed as being technically divided into two general sections. Nevertheless, it contains section after section of new law. And for the reason underlying the rule and practice that have been followed uniformly this bill ought to be read by the sections as they appear in the bill. In other words, answering the parliamentary inquiry of the gentleman from Wisconsin [Mr. STAFFORD], the Chair will hold that the bill be read by sections as they are numbered here.

The Clerk will now report section 12 as here numbered and at the end of the reading it will be open for amendment, and then report section 13 as here numbered, which will then be open for amendment, and so forth, to the end.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word in section designated as No. 2. I wish to inquire of the gentleman in charge of the bill whether there was an oversight by leaving out the words "as amended" in line 13?

Mr. ALEXANDER. They should be there.

Mr. STAFFORD. Mr. Chairman, I offer the amendment to insert after the word "fourteen" the words "as amended" in line 13, page 2.

The CHAIRMAN. The gentleman from Wisconsin offers an amendment which the Clerk will report.

The Clerk read as follows:

Page 2, line 13, after the word "fourteen" insert the words "as amended."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The question was taken, and the amendment was agreed to.

The Clerk read as follows:

Sec. 12. That sections 2 to 9, inclusive, shall be construed to refer only to the division of marine and seamen's insurance.

Mr. AUSTIN. Mr. Chairman—

Mr. HUDDLESTON. Mr. Chairman, I ask to be recognized for 15 minutes in which to debate the bill.

The CHAIRMAN. The gentleman from Alabama asks to be recognized for 15 minutes.

Mr. ADAMSON. Mr. Chairman, I do not like to be in a hurry about these things, but the gentleman from Wisconsin [Mr. Esch] and I agreed last night to try to expedite the bill to-day. I think the five-minute rule ought to be adhered to.

Mr. HUDDLESTON. I have something to say which is applicable not to any particular section of the bill, and I think time will be saved by letting me say it now.

Mr. ADAMSON. Suppose the gentleman proceeds to the end of five minutes and then ask for an extension if he desires it?

The CHAIRMAN. The gentleman from Alabama moves to strike out the last word.

Mr. HUDDLESTON. Mr. Chairman, I agree with the contentions made by various members of the committee which reported this bill and most forcefully presented this morning by the chairman of that committee, that Article III of this bill is not a pension measure. It is, as he argues, a compensation measure, and for that very reason, for that fundamental reason, which applies throughout the entire bill, it seems to me that the author of the bill has fallen into a serious error.

Pension laws as they now stand on the statutes are not discriminatory. These laws recognize no difference in the rank of the beneficiary in case of disability. If a major general has heretofore lost a leg in action and applies for a pension he gets exactly the same amount that the humblest private in the ranks would receive for the same disability. It does not make any difference what the injury is or what the rank of the soldier is, when he comes to apply under the law as it now exists he stands upon exactly the same footing as every other soldier who has suffered the same injury.

To my mind, that is one of the very best features of the pension laws. It is particularly sound, as it applies to the soldiers of the Civil War. The soldiers who fought in the Union Armies were not professional soldiers. They were volunteers. Those armies were citizen armies. The ranks which they held in the

field had no relation to their ranks or their qualifications in civil life, and that principle is recognized in the pension laws.

But here in this bill we have a different principle recognized. Men who are injured are compensated according to the pay which at the time of the injury they are drawing from the Government as soldiers. Some of them get several hundred dollars per month; others get only a trifling sum. It has remained for the authors of this bill to present the principle to the American Congress that an American soldier serving his country in an emergency such as now exists should be compensated exactly upon the same plane as a workman; that he should be paid for his injuries just exactly as he would be if he were a laborer in a sawmill or a brakeman on a railroad. He is paid in proportion to what he is drawing down in pay when he is injured. It has remained for this measure to put the honorable service of soldiers in defense of our flag upon the mean and sordid basis of commercial gain and the earning capacity of men in civil life.

That is the principle that runs throughout this bill. It is a thread, a discolored and inharmonious thread, that goes through the provision for allotments for the benefit of soldiers' families, where the families of privates who get \$30 receive an allotment on a certain basis; but if the soldier happens to be a sergeant or enjoys some other petty distinction, his family is compensated upon an entirely different basis.

Mr. ADAMSON. I just wanted to ask the gentleman which one of the pension laws in the system for which this is a substitute recognizes an officer more highly than a private?

Mr. HUDDLESTON. There are no allotments under the pension laws.

Mr. ADAMSON. This thing takes the place of pensions, and you pension officers more highly than you pension privates.

Mr. HUDDLESTON. Mr. Chairman, I had not intended to say this, but the statement made by the distinguished chairman of the Committee on Interstate and Foreign Commerce forces me to say that it is extremely unfortunate that a measure of this importance should be presented through a committee and by authors who had not the slightest knowledge of the pension laws. [Laughter.]

Mr. ADAMSON. If the gentleman will yield, I will say that this debate has not disclosed any Members of superior knowledge.

Mr. HUDDLESTON. If the gentleman will open his mind to understand it, I hope he may yet learn something about the pension laws.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. HUDDLESTON. Mr. Chairman, I ask unanimous consent for 10 minutes' additional time.

Mr. ADAMSON. I ask that he may have as much more time as I took up of his time. I took up about three minutes, I think.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent to proceed for 10 minutes more. Is there objection?

There was no objection.

Mr. HUDDLESTON. I have just told the gentleman that, no matter what the rank of the soldier is, no matter what his pay as a soldier is, whether that of a major general or a private soldier, he is given exactly the same pension for the same disability under the existing pension law. Does the gentleman get that?

Mr. ADAMSON. I got that. [Laughter.]

Mr. HUDDLESTON. I hope the gentleman will hold it.

Mr. ADAMSON. I already knew it. [Laughter.]

Mr. HUDDLESTON. The gentleman's argument has not disclosed that he knew it. I regret that a pension measure of this importance should have been offered, drawn, as I am informed, by a distinguished Chicago jurist, who knows a great deal about domestic relations laws and such things, but nothing whatever about pension legislation, in conjunction with a New York life insurance actuary. I am told that that was the authorship of the bill. I do not know. I have not yet found out who was the author, although I did ask yesterday most earnestly for this information.

These gentlemen, perhaps, were advised with by certain eminent doctrinaires and sociologists. Now, I love sociologists. They are good fellows. But usually they are not soldiers. They have not usually had experience in fighting for their country, and they have not usually been to Congress. But I would not like to take their handiwork without amendment. I regret that the Committee on Interstate and Foreign Commerce has accepted and gulped down as a whole this bill, though coated over on the outside, and reported it without having digested it and without understanding just what it means.



I would not have had this bill referred to the Committee on Pensions, of which I happen to be a member. It is made up of the fag ends of Congress. [Laughter.] Only Members are put on that committee who can be satisfied with that sort of thing—fellows who are not on the inside, and who have not influence enough to get a real, sure-enough committee appointment. [Laughter.] Perhaps it was wise to draft this bill, as it appears it was drafted, with the deliberate purpose and intent to keep it away from the Pensions Committee, and that they did well in that. But the regret that I feel is that somebody did not draw the bill or that somebody did not consider the bill who knew something about the pension laws and had some little understanding of the purposes of pension legislation. [Applause.]

Now, as I was calling to the attention of the committee, the inharmonious thread runs throughout this bill from beginning to end of compensation on the basis of the amount of a soldier's pay, of discrimination between soldiers based on the amount of pay that they draw down from the Government.

It is in the allotment provision. It is in the compensation provision. It is in the insurance provision. It goes from one end of the bill to the other, and no amendment will effectually reach it. It is impossible to reach it by amendment. As I said, under this bill men are put upon the same plane in fighting for their country as though they were working in a sawmill or as brakemen on a railroad. They are simply paid in proportion to what they are drawing from the Government at the time of the injury.

The reputed authors of this bill are sociologists. They are accustomed to drawing workmen's compensation laws for injuries received in civilian pursuits. They have not comprehended for a moment the light that lies in the path of the man who fights for his country. They have not realized for a moment that every American soldier now in the ranks, with the exception of a few professionals who were in the service before this war came on, is a citizen soldier; that it is an army of men who are equals. Oh, I have heard a lot of talk recently about democracy. I would like to see our Army made safe for democracy. How can you say that you have a democratic Army; how can you say that conscription is democratic, that it is just, when you force some men into the ranks at the low pay of \$30 a month when others have rushed off to training camps, having had college educations and social positions good enough to stand the tests, and now are to be further favored as proposed by this bill? How can you afford to discriminate between these equally deserving men, whether officers or men, when they are soldiers in the field; to discriminate between their families at home, to discriminate between them when they come home maimed and bleeding from service in their country's cause, and when they fall upon the battle field to discriminate between their widows and orphans?

I think the insurance idea is an excellent one. I think it is one that this Government can well afford to adopt, but it ought to provide a uniform amount of insurance for every soldier, irrespective of his rank. It ought not to be given according to a man's ability to pay for it. [Applause.]

Mr. SIMS. There is no rank insurance. Every private can take \$10,000.

Mr. HUDDLESTON. I will explain to the gentleman how he can not. He is required to pay \$8 per thousand. The officer who is drawing a minimum of \$180 a month can take his \$10,000, but the private who is only getting \$30, and has got to send part of that home because you do not give him enough to keep up his mother and his father, can not take more than \$1,000.

Mr. SIMS. If he takes \$10,000 it will cost him less than \$8 a month.

Mr. HUDDLESTON. The Government says, "We will bear the extra hazard, which is \$50 per thousand." Then you propose that the Government shall carry a hazard of \$50 for each man who takes out a thousand-dollar policy, so that when he takes out a \$10,000 policy the Government carries a hazard of \$500 for him. Do you not see that you are discriminating in favor of the man who has got plenty of money, in favor of the rich? Do you not see that you gentlemen are discriminating in favor of the man who has the means to take out a big lump of life insurance and against the poor devil who has only got enough to pay \$8 for \$1,000 insurance? [Applause.] Does the gentleman from Tennessee want to ask me something? Let him come on with it if he does.

Mr. SIMS. I said this, that the private has to pay only \$80 a year for \$10,000, which is less than \$7 per month, and he gets \$30 a month in this country and \$33 when he is abroad; and if he has no dependents he can easily pay \$7 out of \$33.

Mr. HUDDLESTON. Does the gentleman think it is as easy to pay that \$7 out of \$30 as it would be to pay it out of \$300 or \$400?

Mr. SIMS. Certainly not.

Mr. HUDDLESTON. It is perfectly absurd. The gentleman knows that the fellow who is rich or who is drawing big pay as an officer will take a lot of insurance. It is absurd to assume that the man who gets only a few dollars per month is going to take as much insurance as the man who gets a big bunch of money per month.

Mr. SIMS. My friend, I do not think the rich men who do not need it will take it at all.

Mr. HUDDLESTON. They are fools if they don't, because they are getting something for nothing. The Government is donating to them \$50 a year on every thousand of the insurance. I say it is all right to donate it, but there ought to be a donation of \$58. [Applause.] Why don't you get generous enough to add \$8 more onto the \$50 and give every soldier, whether officer or man, a thousand dollars of insurance? Why haven't you got fairness enough to stand for giving every soldier who fights for his country an equal reward and an equal return? Why will you discriminate? Gentlemen, there is no fair basis for any such discrimination; none whatever.

I refer now particularly to the discrimination in the compensation for injury. What is the foundation for such discrimination? Those men were equal at home. Many of the officers of the National Guard were just common fellows, of the sort that Regular Army officers sort of look over their left shoulders at. Some of them have even been workmen. Think of that! [Laughter.] They have worked their way up in the National Guard and perhaps have no large earning capacity. There are plenty of officers in the National Guard and plenty of them in the National Army—officers who were college boys, put into the Army through training camps—plenty of them who are making more money to-day in the Army than they ever made before in their lives. On the other hand, there are thousands of splendid men who have volunteered, and thousands of others just as splendid, who have been conscripted, who have left good jobs where some of them were earning as much money as some of the officers now get, and who are peers to any man who carries a sword at his side. It is a rank discrimination.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HUDDLESTON. I ask unanimous consent for five minutes more.

The CHAIRMAN. The gentleman asks unanimous consent to proceed for five minutes more. Is there objection?

There was no objection.

Mr. HUDDLESTON. I have been a soldier, and I know what it is. I went out of a lawyer's office and volunteered as a private soldier. I was building up a profitable practice, but I took a gun on my shoulder because my country needed me and served for \$15.60 a month. The first thing I noticed was that one of the officers of the regiment into which I had volunteered used to be a soda-water clerk in a drug store, and probably made \$600 a year. It is the customary and ordinary thing when the country needs and calls men to arms.

We are not dealing with professional soldiers. Your bill is all right if it was designed only for a professional army—the Regular Army, with its professional privates and its professional officers. It is all right for them, because their rank in the Army has a relation to their social position and earning capacity. But it is all wrong when it is applied to the great citizen army, a great army composed of men who are equal, a great army that is taken by force or by volunteering from all the people. There should be no discrimination among these men.

Mr. DEWALT. In your argument as it is, do you believe that every man in the United States Army and the United States Navy should be paid the same amount irrespective of rank?

Mr. HUDDLESTON. I will say frankly to the gentleman that the man who carries a sword is no better than the man who carries a gun. They are equal, and they have come forward to defend their country, and when you discriminate between them I want to tell you that you violate one of the most sacred principles of democracy.

Mr. DEWALT. That does not answer my question, although it is a beautiful oratorical effort, but it does not answer the question I put.

Mr. HUDDLESTON. I thank the gentleman for the compliment; let him put his question again.

Mr. DEWALT. Does the gentleman believe that every man in the United States Army and the United States Navy should be paid the same amount for his service irrespective of rank?

Mr. HUDDLESTON. Yes; where they are not professionals; where officer and man are alike soldiers of an army of citizens conscripted to defend their country, I state to the gentleman that I do.

Mr. DEWALT. If he does believe that there should be a discrimination—

Mr. HUDDLESTON. No discrimination.



Mr. DEWALT. No discrimination; that a major general should receive the same pay as a private?

Mr. HUDDLESTON. Why not?

Mr. DEWALT. Does the gentleman believe that?

Mr. HUDDLESTON. Yes. Is the statement so extraordinary that I should have to repeat it again and again?

Mr. DEWALT. Then the proper way is for the gentleman not to oppose this bill but to propose a statute making the pay of all men in the service the same, whether he is a private or a major general.

Mr. HUDDLESTON. The gentleman's suggestion is not worth discussion. We have this bill before us. Why tell me to draw some other one? Why tell me to go and propose some other bill? I show you that your bill is wrong, I show you that it is vicious in principle; I show you that you discriminate against common men; I show you that your bill is wrong, because you bear down on the man in the ranks for the benefit of the man who carries a sword. It must be remedied here and now.

Mr. BATHRICK. Will the gentleman yield?

Mr. HUDDLESTON. For a question.

Mr. BATHRICK. I think many of us are in sympathy with the gentleman's contention respecting equality of compensation between officers and men, but I do not like to see a good argument spoiled—

Mr. HUDDLESTON. I wish the gentleman would ask his question.

Mr. BATHRICK. I agree with the gentleman in part, but I do not like to see his argument spoiled by the contention that some men should not receive greater pay than others. My purpose was to ask—

Mr. HUDDLESTON. Oh, I must decline to yield for a speech. Now, Mr. Chairman, I have been a soldier and I know what it is. I know the difference between being an officer and an enlisted man. I know the difference between carrying a sword and carrying a gun. The difference is as great as between the owner of the factory and the humble laborer in it. The difference is just as wide as that between the owner of the sawmill and the man who totes off the slabs. It is just as substantial and means as much.

A lot of people who have had no experience as soldiers think that being a soldier is fighting and running the risk of death. That is the smallest part of being a soldier. Being a soldier is being a drudge, a laborer; it is digging and sweating; it is standing guard. It means being cold when you would like to be warm; it means being wet when you would like to be dry; and it means being hungry when you would like to be fed. And I want to tell you that all these things bear heaviest on the enlisted man. They do not bear much on the officer.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. HUDDLESTON. I would like two minutes more.

The CHAIRMAN. The gentleman from Alabama asks for two minutes more.

Mr. FOSTER. I shall not object in this case, but I give notice that hereafter I shall object to these long speeches.

Mr. RAYBURN. I would suggest that we might get along with this bill if these gentlemen would wait and make their insurance speeches when we get to the insurance paragraphs.

Mr. HUDDLESTON. I ought to have five minutes to answer him, if the gentleman is going to put stuff like that statement in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. HUDDLESTON. Mr. Chairman, as I was saying, we have taken thousands of young men of college education and good social position into the training camps. They were subject to conscription like the common man's son. They did not want to be private soldiers. I do not blame them. If I were one of them, I would try to be an officer because I should not want to do the sweating and the digging. But many of their brothers or other men just as good as they are have got to go and fight in the ranks, many of them have got to go as private soldiers, and the only pay they get is \$30 a month. Many of the young men who went through the training camps had no great earning capacity, but now they are drawing \$180, \$250, \$300 a month, or whatever they get. But we are not content merely to give the officer the best of it in regard to pay. When he is in the field we let him carry a sword, and that is his only weight, while the poor private has to carry a gun and other baggage weighing 30 or 40 pounds. We are not satisfied to let the officer stay in the tent in the shade, while the humble enlisted man digs in the ditches, stands guard, and does other hateful tasks—oh, I had rather fight a thousand battles than do this

monotonous drudgery of camp life—we are not content to give the officer the best of it all along the line, we are not content to give him a chance to make something out of himself, to have his name mentioned in the dispatches, and come home as a hero, while the man that is doing the fighting in the trenches is not mentioned at all. Nothing is thought of the humble private; there is no chance of promotion, no distinction nor honorable mention for him. All this is inevitable in military life. Yet we propose to further discriminate between the enlisted man and the officer, to discriminate between them when they come home with equally honorable scars, between their mothers, the mothers who gave birth to them, who nourished them, between their widows and orphans, when officer and man heroes alike lie dead upon the battle field. [Applause.]

Mr. SIMS. Mr. Chairman, there is no Member of this House for whom I have a higher regard than the gentleman from Alabama [Mr. HUDDLESTON], for I know of his patriotism and his self-sacrifice, and all that, but we have got an existing law, and we have a great war on our hands, and this bill provides benefits for present conditions. At a time when our soldiers are in France and drilling for war at many places in this country preparing to go to France, for my good friend to make an argument here which if read in the camps wherever they may be is certain to dishearten and discourage the private soldier and tend to make him dissatisfied with his already hard lot—

Mr. HUDDLESTON. Will the gentleman yield?

Mr. SIMS. Certainly.

Mr. HUDDLESTON. Is not the way to correct that to pass a bill that is fair to these common soldiers? [Applause.]

Mr. SIMS. The gentleman knows that these men are enlisted under existing law. He and I both voted against conscription, but conscription is the law, and men are being forcibly taken into the Army under that law, which passed this House by a vote of 3 to 1, and they are facing hard service. This bill is intended to help their hard lot and to try to make them less dissatisfied with an arduous and dangerous service. The gentleman knows it will be impossible to get a bill through this House to pay officers and privates the same salary. He knows that pensions have not always passed that way. We know that private pension bills have passed this House giving officers and the widows of officers much larger pensions than are given under the general law.

Mr. HUDDLESTON. Will the gentleman yield?

Mr. SIMS. In a moment. Now, such a statement, honestly made, sincerely made, and the gentleman would make no other, will be quoted all over this country as evidence of what America does for the soldiers of democracy.

Mr. HUDDLESTON. Will the gentleman now yield?

Mr. SIMS. I will.

Mr. HUDDLESTON. Should I now close my mouth to the truth and allow the House to pass that kind of discriminatory bill?

Mr. SIMS. We have an existing law. This bill is intended to provide for the soldier's family, and enabling them to endure the hardships, to some extent at least. These men are in the Army now, many of them in spite of themselves, and they have got to stay in for the period of the war. Why not help conditions now prevailing under existing law instead of trying to make them harder by defeating this bill?

Mr. HUDDLESTON. Give them a fair deal.

Mr. SIMS. Now, my friend can offer any amendment to this bill that he wants to offer. It can be discussed and voted upon by this House and adopted, but to make a speech here which of itself, especially if it should be garbled, can be read by all of the private soldiers as an evidence that one of the bravest and truest hearted men in this House, who has carried a gun in actual war, says we are discriminating against them and not doing justice to them—how can democracy stand such an admission of injustice, made upon the floor of this House? Sometimes we can not get all we want, and it is best to take what we can get. This bill is being opposed now by some men because it is too liberal, too large in its compensations. I appeal to my friend not to make the private soldier and the poor man in the ranks of our Army feel that he is being discriminated against and is being treated unjustly. If he does so believe he will not fight with that spirit that a man does who feels that he is loved by his country and is compensated by his country in proportion to his deserts.

Mr. MCKENZIE. Will the gentleman yield for one question?

Mr. SIMS. I will.

Mr. MCKENZIE. Is it not a fact that the pension law to-day treats the soldiers and officers of the Civil War on exactly the same footing?

Mr. SIMS. Does the gentleman mean by service pensions?

Mr. MCKENZIE. The general pension law.



Mr. SIMS. The gentleman means pensions for injuries received in the Army?

Mr. MCKENZIE. I do not mean private pension bills brought in here to give some man a special pension, but the general pension laws of the United States as it affects the soldiers of the Civil War applies equally to the man and the officer?

Mr. SIMS. That is, in regard to a service pension?

Mr. MCKENZIE. The pension law, whatever it is called.

Mr. SIMS. If they do, so far as service pensions are concerned, they are unjust that far from being right. When a man is worth a million dollars it is not necessary to give him \$30 per month that he does not need in order to give some old soldier \$30 a month which he does need.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BLACK. Mr. Chairman, I want to make a few remarks in reply to a statement made by the gentleman from Tennessee [Mr. Sims].

Mr. PARKER of New Jersey. Mr. Chairman, is there a motion before the committee? We desire to proceed with this bill, if we can.

The CHAIRMAN. The gentleman from Texas moved to strike out the last word.

Mr. BLACK (continuing). This statement which was made by the gentleman from Tennessee was made in a colloquy with the gentleman from Alabama [Mr. HUDDLESTON]. He said that the pending bill makes equal provision for the insurance of officers and enlisted men. Well, now, let us see—

Mr. SIMS. Makes it possible for all to get the same amount.

Mr. BLACK. Well, now, let's examine the bill and see whether or not it is possible for all to have the same amount of insurance. Let us take article 3, known as the compensation section. It is not material what you call it, whether you call it pensions or whether you call it compensation or whether you call it insurance. It amounts, in fact, to a death and indemnity insurance policy in the name of the United States Government. And in reference to that word "compensation," let me say that no one will contend for a moment that it will be within the power of the United States Government to compensate in dollars and cents the man with blinded eyes or dismembered limbs for the loss he has suffered in defense of our Nation's cause. No one will contend that the Government can ever adequately compensate in material things the wife or child or parent whose husband or father or son has made the last supreme sacrifice on the far-flung battle fields of Europe, fighting under the Stars and Stripes.

No. No one will contend that, but, on the contrary, will freely admit that the most we do will be but small payment for the sacrifice so great.

But true as that may be, it makes all the more important that a great Nation like ours should stretch out the hand of generosity, so as to repair as far as possible the cruel and unrelenting tragedies of war. Therefore I am most heartily in favor of the principle of compensation set forth in article 3. But on examination of the details we find that a new principle is introduced in paying benefits to our injured and disabled soldiers and sailors and their dependents. A very material difference is made in the payment of amounts to some officers and their dependents and that which is paid to enlisted men and their dependents. These differences I shall now discuss at some length.

Let us take up the case of a man who is married, with no children, and who dies and leaves a widow. Let us see the respective amounts which will be paid in such cases under the terms of this bill. In the first place, the widow is to receive one-fourth of the pay that her husband was drawing in the service at the time of his death, but not less than \$30 a month in any case. All right; that will cover the case of all privates, of all noncommissioned officers, and will practically cover the case of second lieutenants.

Now, for further illustration let us go from that to the case of a captain who is receiving \$2,400 a year. Under the terms of this bill upon his death in the service his widow will receive \$50 a month, or \$600 a year. And assuming that she will live 20 years and receive 240 of such monthly payments—and I think that is a reasonable assumption—then that captain has a policy of insurance of, I should say, \$10,000, and that policy is as good, or better, as any you could take out in any old-line insurance company in the country.

As a next step, let us now take the case of a soldier with the rank of colonel. He receives \$4,000 a year. He dies in the service and leaves a widow. His widow will receive under this bill \$1,000 a year, or \$83.33 a month, and that is equal to an insurance policy of, I should say, \$16,000 or \$17,000.

Proceeding with the illustration still further, let us take the case of a major general, receiving \$8,000 a year. He also dies

in the service. His widow, under the provisions of this bill, will get \$2,000 a year, or \$166.66 a month, and that, gentlemen of the House, I think I am safe in saying, is equal to any \$33,000 policy written by any old-line insurance company in the country. And yet in the face of these facts the gentleman from Tennessee says that this bill makes it possible for all soldiers to get the same amount of insurance.

Mr. SABATH. Will the gentleman yield?

Mr. BLACK. Yes; I yield.

Mr. SABATH. How many major generals have we in the Army now?

Mr. BLACK. I do not recall. I think the number has recently been increased.

Mr. SABATH. How long does it take before a man can become a major general? How many years must he devote of his services to the country?

Mr. BLACK. That is not material to the discussion of these death benefits in any sort of way, as I view the matter, and I decline to yield further.

Mind you, all these benefits conferred by article 3, and which I am now discussing, are without any money cost or deduction of pay from the officer or enlisted man.

Now, if that is so, then we may well ask ourselves the question, Upon what ground can such discrimination be justified? Now, that is a reasonable inquiry. And if the committee have given us a valid reason for the various and sundry differences and discriminations, then perhaps we should accept it. But let us see if they have done so.

The gentleman from Pennsylvania [Mr. DEWALT], a member of the committee, made a very able speech upon this bill last Saturday, and I suppose that his ideas and the reasons which he advanced are representative of those held by other members of the committee. Now, let us see what particular reason he gives for this discrimination in the bill which I have pointed out.

The gentleman from Illinois [Mr. DENISON] asked him a question, and he made reply. And I will read the question and the reply for your information. They are as follows:

Mr. DENISON. In that connection is it not true that all compensation laws have a period of limitation?

Mr. DEWALT. Oh, they all do. Now, there is another feature to which I desire to refer, and then I shall conclude.

It is said that this compensation feature is unjust, because it makes a discrimination against the private in favor of the officer. Is that true? No; it is not. Apparently it does; but when you reason it out to its conclusion it does not. Why? Because the earning capacity of every man must be taken into consideration when you consider the compensation feature in the law. In other words, in fixing compensation under all the statutes in all the States there is always taken into consideration as a primal fact—first, the age of the individual; second, the number of people that he has dependent upon him; and, third, the earning capacity which he has in order to sustain himself and the people dependent upon him. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLACK. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BLACK. Now, gentlemen of the committee, if the premise of Mr. DEWALT is correct, then the reason which he advances is a good one, but I dispute the correctness of the premise. He says that these benefits are based upon the earning capacity of the individual. It is true that our State compensation laws, after which no doubt this law was modeled by Judge Mack, are built upon that basis, and no doubt in civil occupation it is a sound basis. But, gentlemen, it must be remembered that we are drafting into the Army men without the liberty of choice. They must serve as and when and where they are placed. In civil life a man has a liberty of choice, and presumably he selects that occupation and reaches that remuneration for which he is qualified. But when he goes into the Army he surrenders the liberty of choice. And under the operation of the selective-draft law we may take a man out of the civil walks of life that is earning to-day—and there is not a bit of doubt but that some will be taken—who are now earning more than even a major general in the United States Army, and yet his compensation as a private in the Army would be \$30 a month and his benefits under this compensation article would be based upon that amount. Can it be said that in such a case that the benefits provided for himself and dependents would be based upon his earning capacity? No indeed, it would not be. Then where is the just reason for this wide difference of benefits? I call upon the committee for a better reason than they have thus far advanced. I say the premise is not correct, and you can not take as a model for these compensation laws in the Army the compensation laws of the several States, because they are based



upon the civil walks of life, where each man has the liberty of choice in selecting his civil occupation.

Mr. STAFFORD. Will the gentleman yield?

Mr. BLACK. I yield.

Mr. STAFFORD. Has the gentleman in his computation taken into consideration the fact that so far as the older officers in the Army and Navy are concerned who will have the benefit of this insurance that their ages are far above the age of 21 to 30, to which the value of \$8 a thousand is applicable, but range from 40 to 62 and 64, where the value of that same insurance is \$18 to \$25 a thousand?

Mr. BLACK. I am not referring to article 4 of the bill. That is what is known as the optional insurance feature, and I have not referred to it at all. I will say to the gentleman from Wisconsin that the comparisons which I have been making have no connection whatever with article 4, where premiums of insurance are required to be made. Now, some gentleman may ask me the question, If you do not approve article 3 how would you change the bill? I will tell you. I am in favor of making all of these benefits where no premium is paid, conferred by section 3, identically the same, both as to privates and officers and to their dependents. [Applause.]

Mr. RAYBURN. Mr. Chairman, we have had now nearly four days of general debate. If we are going to make any progress on this bill, we must begin to consider it for amendment. I shall from now on insist that we debate the compensation section when amendments are pending to that, and in the same way the insurance section and the allowance section. We must do that if we are ever to pass this bill.

Mr. DOWELL. Is not this of sufficient importance to justify us in taking whatever time may be necessary?

Mr. RAYBURN. The amendment to strike out the last word is not of sufficient importance to take up half a day in its consideration.

Mr. DOWELL. But this question is not a question to strike out the last word, but it is the material question involved in this bill, to give the private soldier a just pension.

Mr. RAYBURN. I would have liked to reply to the very amazing speech of the gentleman from Alabama [Mr. HUDDLESTON] if we had been on the insurance section. It was the most amazing enunciation, I am sure, that has ever been pulled off in this House.

Mr. DOWELL. But it is a fact that the question of compensation to the common soldier here is of sufficient importance to demand that it receive due consideration by the House. I want to ask the chairman what is the cause of the rush in trying to get along here any faster than we are going, when we are discussing the particular questions involved in this bill?

Mr. RAYBURN. I insist that we shall discuss what is germane before the House.

Mr. LITTLE. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. LITTLE. Did not the House listen to you the other day for an hour and a half?

Mr. RAYBURN. The House did not listen to me alone the other day for an hour and a half. It listened to other Members during a large part of my time. I could have cut them off, but I did not want to be discourteous. Mr. Chairman, I insist that we go ahead.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn, and the Clerk will read.

The Clerk read as follows:

Sec. 13. That the director, subject to the general direction of the Secretary of the Treasury, shall administer, execute, and enforce the provisions of this act, and for that purpose have full power and authority to make rules and regulations, not inconsistent with the provisions of this act, necessary or appropriate to carry out its purposes, and shall decide all questions arising under the act, except as otherwise provided in sections 5 and 405. Wherever under any provision or provisions of the act regulations are directed or authorized to be made, such regulations, unless the context otherwise requires, shall or may be made by the director, subject to the general direction of the Secretary of the Treasury. The director shall adopt reasonable and proper rules to govern the procedure of the divisions, to regulate the matter of the compensation, if any, to be paid to claim agents and attorneys for services in connection with any of the matters provided for in articles 2, 3, and 4, and to regulate and provide for the nature and extent of the proofs and evidence and the method of taking and furnishing the same in order to establish the right to benefits of allowance, allotment, compensation, or insurance provided for in this act, the forms of application of those claiming to be entitled to such benefits, the method of making investigations and medical examinations, and the manner and form of adjudications and awards.

Mr. PARKER of New Jersey. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from New Jersey.

The Clerk read as follows:

Amendment offered by Mr. PARKER of New Jersey: Page 2, line 20, after the words "provisions of," insert the words "article 4 of";

strike out the words "the act," page 2, line 24, and page 3, line 1, and "this act" on page 3, line 14, and insert in lieu thereof the following: "Said article 4"; also, strike out the words "allowance, allotment, compensation, or" in line 13, page 3.

Mr. PARKER of New Jersey. Mr. Chairman, this is all one amendment. If this amendment is carried, the new bureau will have full control over insurance and over the subject matter of article 4. It will not have control over pensions or compensation, so called, which I expect to cover by moving amendments which will put them in the Bureau of Pensions under the Commissioner of Pensions, so far as that is concerned, and this new bureau will not have control of the soldier's pay and the allowance to his family while he is in the field, which ought to be paid now by the Secretary of War and the Secretary of the Navy and not be delayed by being sent into any outside bureau. [Applause.]

I desire to say and to give notice that I am so despairing of our being able promptly by this legislation to take care of this imperative matter—that of taking care of the soldiers in the field—that I propose to ask unanimous consent, when the deficiency bill comes up, for the adoption on that bill of a section which will take care of the soldiers now much as they were taken care of at the border, by an amendment which I have prepared and which I want to have the House understand. Of course, it would be subject to objection by a single objector, but I believe if this bill is further delayed the Rules Committee will feel it necessary to introduce some rule which will allow that matter to be considered.

To take care of our soldiers now in the field by an allotment of part of their pay and an allowance by the Government to their families is of imperative and immediate necessity. We can not finish the consideration of this bill or expect it to be finally passed for a month or so. The Senate is full of matters which it will consider first. But we can make provision for the soldiers and their families, and I shall try to do it outside. But meanwhile, in order to simplify this bill, I move this amendment, which will limit the control of this new bureau to what belongs to it—the insurance provision, if it is passed—while the others will go to the other bureaus.

Mr. Chairman, I ask unanimous consent to print this proposed amendment in the RECORD, so that it can be considered.

The CHAIRMAN. The gentleman from New Jersey asks unanimous consent to print in the RECORD the amendment he offers. Is there objection?

There was no objection.

Following is the amendment referred to:

Sec. —. There is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, the sum of — for the payment of family allowances by the Secretary of War and the Secretary of the Navy, respectively, under such rules and regulations as they may respectively provide, for the benefit of the family of every enlisted man, meaning thereby a person, male or female, enlisted, enrolled, drafted, or ordered into active service during the continuance of the war, including noncommissioned and petty officers, whether in the Army, Navy, Marine Corps, Coast Guard, Naval Reserves, National Naval Volunteers, or any other branch of the United States service, while serving pursuant to law with the Army or Navy. The word family shall include only wife, children, or issue, and dependent mothers, and said regulations may allot and order paid for their support not more than half the pay of the enlisted man according to grade and length of service, excluding all allowances, and that whenever said allotment is insufficient the United States will add thereto and pay a family allowance which shall not exceed \$50 a month: *Provided, also*, That the enlisted man, subject to such regulation, may allot his pay to such persons and for such purposes as he may direct, and if less than half his pay be allotted such regulations may require that the rest thereof shall be held to his credit during any required period and bear interest at 4 per cent per annum, with semiannual rests, and be payable after such period to the enlisted man or his executors, administrators, or assigns.

Mr. DEWALT. Mr. Chairman, I have been requested by the gentleman in charge of the bill to make response to the argument of my distinguished friend from New Jersey [Mr. PARKER]. In brief his amendment is concerned with reference to line 13 on page 3. That amendment in substance is striking out the words "allowance," allotment," and "compensation." If this amendment were carried by a vote of the House, there would be nothing left in this bill except the insurance feature. The purpose of this entire piece of legislation is to combine all these features, and they are all correlative. The one would be inefficient without the others. Two would be inefficient without the other two. In other words, the concrete proposition is this, that the allotment feature, the compensation feature and the educational or vocational training feature and the insurance feature of the bill are all correlative and make one complete whole, for the purpose of benefiting not only the soldier and the sailor, but the families of the soldiers and the sailors.

Mr. MADDEN. Will the gentleman yield for a question?

Mr. DEWALT. Certainly, sir.

Mr. MADDEN. Is it not one of the prerequisites to entering into the military service that a man shall make an allotment



of his compensation, as one of the first duties that he is called upon to perform, and that that allotment is made over his own signature on a blank furnished to him by the Military or Naval Establishment of the United States, and addressed to the secretary of the establishment in which he serves? And would not these allotments be properly directed and executed by the Secretary of the Navy and the Secretary of War?

Mr. DEWALT. I grant you, Mr. Chairman, and I also say to the gentleman from Illinois [Mr. MADDEN] that there would be no serious objection to giving this function of the bill, if you please to the Department of War or the Department of the Navy, were it not for this fact, that this whole bill must be considered together and must be worked out together. It is not robbing the Secretary of the Navy, or the Secretary of War, or either department, of any of its functions. This bill provides that when the allotment is made under the provisions of the bill it shall be by compulsory allotment to the wife.

Mr. MADDEN. Will the gentleman yield further?

Mr. DEWALT. Certainly.

Mr. MADDEN. The question that I raised was not raised for the purpose of urging that the Secretary of War or the Secretary of the Navy would have any function taken away, but the thought in my mind was that inasmuch as the allotment statement is filed with the department of which the man is a member, that department would be better qualified to carry out all the functions of the department with respect to the service of the man than to transfer part of it to another department, the information in connection with which would have to be supplied by the department in which the man was serving.

Mr. DEWALT. In reply to that, the gentleman will certainly agree with me and say that all the information that is now to be had in the War Department is certainly at the command of the department that may be created. And in further reply permit me to observe that, as I have before tried to state, all portions of this bill must, in my judgment, be considered together for the benefit of the entire bill.

Mr. MADDEN. Another question right there which I think is appropriate.

Mr. DEWALT. Certainly.

Mr. MADDEN. Does the gentleman think it is necessary to the integrity of this bill to transfer the administration of the allotment to a separate institution?

Mr. DEWALT. No; I do not.

The CHAIRMAN. The time of the gentleman has expired.

Mr. DEWALT. I ask unanimous consent for one minute more.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent to proceed for one minute. Is there objection?

There was no objection.

Mr. DEWALT. I will say to the gentleman that I do not, but I take this as a primal fact also: If I am desiring to reach a certain destination, it makes very little difference to me what road I take to get to that place, provided the road that I am taking is equally plain and efficient for that purpose.

Mr. MADDEN. One more question, if the gentleman please.

Mr. DEWALT. Yes; but in reply further I say, therefore it can make no difference in my estimation whether this function be given to the new bureau or whether it be retained in the old. The destination is the same.

Mr. MADDEN. The only question in my mind was whether the transfer of the functions to a new bureau would not incur additional expense by reason of the fact that information must be furnished from the bureau possessing it to the bureau seeking it; whereas that expense would not be necessary if the function was performed by the bureau having possession of the information.

Mr. DEWALT. Even going so far as to grant that there might be additional expense, I still maintain that the resultant benefit would be greater than the expense entailed.

Mr. PARKER of New Jersey. Will the gentleman permit me?

Mr. DEWALT. Certainly.

Mr. PARKER of New Jersey. Would there not be a tremendous delay if, as proposed by this bill, no family allowance were made except upon an application made to this new bureau, considering the fact that there will be hundreds of thousands of such applications all coming in at once?

Mr. DEWALT. In reply to that let me observe to the gentleman that the Pension Department as now existing gets most or all of its information, I might say, from the War Department.

Mr. PARKER of New Jersey. And there is delay there.

The CHAIRMAN. The time of the gentleman has expired. The question is on the amendment offered by the gentleman from New Jersey [Mr. PARKER].

The question being taken, on a division (demanded by Mr. PARKER of New Jersey) there were—ayes 28, noes 54.

Accordingly the amendment was rejected.

Mr. MADDEN. I move to strike out the section.

The CHAIRMAN. The gentleman from Illinois [Mr. MADDEN] offers an amendment which the clerk will report.

The clerk read as follows:

Amendment offered by Mr. MADDEN: Strike out all of section 13.

Mr. MADDEN. Mr. Chairman, in support of the amendment which I offer, I wish to call the attention of the House to the fact that while perhaps the amendment which I propose is a little broader than it might be, yet I think an amendment could be offered in the shape of a new section that would modify this so as to meet approval from the business standpoint. According to my judgment there is no reason on earth why the War Department should not administer the funds of the men in the War Department. There is no reason why that branch of the service, having possession of the information and control of the men in connection with which the information is needed, should not administer the affairs of that department in all its details.

There is no reason why the Navy Department should not administer the affairs of the Navy Department to the extent of providing for the conduct of the allotment which the members of the Navy Department are required under the law to make. There is every reason why in my judgment the Navy Department and the War Department should perform these functions, for they have command of the men, they have the control of the discipline, they pay the compensation to the men for services rendered. They have the history of the men, the history of their families, they are in the possession of all information with respect to every man in the service. That information under this section of the bill would be required to be transferred to the board or the director or whatever you may be pleased to call it. That would require two sets of books to be kept, two sets of records to be made, two sets of men to be employed, two sets of expenses to be paid, two sets of taxation to be levied on the people.

Mr. CAMPBELL of Kansas. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. CAMPBELL of Kansas. Does not the gentleman overlook the fact that this also makes provision for some deserving Democrats?

Mr. MADDEN. Of course it would make provision for additional men in some other branch of the service. Now, Mr. Chairman, it would not only require the employment of additional men in this new bureau, but the employment of additional men in the War Department and the employment of additional men in the Navy Department, because the history of every man in the service would have to be duplicated. That record then would have to be transmitted under this bill for the administration of this law.

Mr. HAMILL. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. HAMILL. Does the gentleman think it a good thing to load up the War Department and the Navy Department with the performance of duties that really do not properly pertain to those departments?

Mr. MADDEN. The War Department and the Navy Department are organized, as I understand it, to conduct the War and Navy departments. They are organized for the purpose of enlisting men, for the purpose of furnishing equipment to fight the battles of the Nation; for the purpose of furnishing discipline in connection with the conduct of those departments; for the purpose of making all pay rolls for the pay of the men; and that is what this means, and they have the information upon which to do this without the employment of any additional force. Instead of one force, under the enactment of this bill you would require the establishment of two forces and add another force. There would be two forces in the War Department and one additional force in this department.

Mr. HAMILL. Is not this really a fiscal matter which properly pertains to the Treasury; and while it is a fact that it might be accomplished by the Navy and War Departments, would not it embarrass and retard the administration of this department?

Mr. MADDEN. This is a fiscal matter and the payment of the men in the Army and the Navy is a fiscal matter. Keeping the accounts in the Army and the Navy is a fiscal matter, and I notice the gentleman from New Jersey is willing to admit that the establishment of this bureau might add to the expense, but he thinks it would create greater efficiency. Well, I would not want to accept the judgment of the gentleman from New Jersey on the question of fiscal efficiency. I know the gentleman, and I know he would be glad to see a new bureau



by means of which greater efficiency, according to his standpoint, might be inaugurated, and that standpoint means the employment of additional men at an additional cost to the American taxpayer. [Applause.]

Mr. RAYBURN. Mr. Chairman, the amendment of the gentleman from Illinois I feel certain was not offered seriously. It is practically what was offered by the gentleman from New Jersey [Mr. PARKER] and just voted down, except that the amendment of the gentleman from Illinois is a little worse than the amendment of the gentleman from New Jersey. I do not care to say anything more about it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. MADDEN].

The question was taken, and the amendment was rejected.

The Clerk read as follows:

SEC. 15. That for the purposes of this act, the director, commissioners, and deputy commissioners shall have power to issue subpoenas for and compel the attendance of witnesses within a radius of 100 miles, to require the production of books, papers, documents, and other evidence, to administer oaths, and to examine witnesses upon any matter within the jurisdiction of the bureau. The director may obtain such information and such reports from employees of the departments of the Government of the United States and of the States as may be agreed upon by the heads of the respective departments. In case of disobedience to a subpoena, the bureau may invoke the aid of any district court of the United States in requiring the attendance and testimony of witnesses and the production of documentary evidence, and such court, within the jurisdiction of which the inquiry is carried on, may, in case of contumacy or refusal to obey a subpoena issued to any corporation or other person, issue an order requiring such corporation or other person to appear before the bureau, or to give evidence touching the matter in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

Mr. ESCH. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 4, line 17, after the word "from," insert the words "officials and."

Mr. STAFFORD. Will the gentleman yield?

Mr. ESCH. Yes.

Mr. STAFFORD. What is the purpose to be obtained from "officials and employees of the State" as provided in this paragraph? The information sought is not limited to the departments, but extends also to the States.

Mr. ESCH. I suppose the States would have a large amount of information in relation to the various men enlisted in those States. I know that is true from my own State. Every man in the National Guard has a record in The Adjutant General's office, and I suppose every State has similar records in the office of The Adjutant General. That would make all the records of The Adjutant General's offices of all the States available to the War-Risk Bureau.

Mr. STAFFORD. It would rest with the State; it is not mandatory.

Mr. FESS. Will the gentleman yield?

Mr. ESCH. Yes.

Mr. FESS. I understood when the gentleman was speaking earlier in the day he stated that it might be made by other departments. I was wondering whether under this bureau there could be employed any of the agents outside of the Treasury Department.

Mr. ESCH. It does not limit it to the Treasury Department. It says "any department of the Government," and it would include all of them.

Mr. FESS. So under the bill the administration might extend to other departments as well as to the Treasury.

Mr. ESCH. Yes; under the act creating the Federal Trade Commission we gave the commission practically power to levy tribute on all the departments of the Government. We did the same thing in the bill creating the Shipping Board.

Mr. FESS. So that if it should appear in future administrations that the Pension Department might be capable of doing the work more expeditiously than the other the power is here lodged?

Mr. ESCH. I presume so.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The question was taken, and the amendment was agreed to.

Mr. GRAHAM of Illinois. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. GRAHAM of Illinois: Page 5, line 5, after the word "thereof," and before the words "Section sixteen," insert: "Any person so required to attend as a witness shall be allowed and paid the same fees and mileage as are paid witnesses in the district courts of the United States."

Mr. RAYBURN. Mr. Chairman, as far as we are concerned, we accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The question was taken, and the amendment was agreed to.

Mr. STAFFORD. Mr. Chairman, I offer the following amendment. Page 5, line 1, insert after the word "any" the words "officer, agent, or employee of any."

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 5, line 1, after the word "any" insert the words "officer, agent, or employee of any."

The question was taken, and the amendment was agreed to.

The Clerk read as follows:

SEC. 17. That for the purpose of carrying out the provisions of this act there is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, the sum of \$100,000, for the payment of all expenses incident to the work authorized under this act, including salaries of the director and commissioners and of such deputies, assistants, accountants, experts, clerks, and other employees in the District of Columbia or elsewhere, as the Secretary of the Treasury may deem necessary, traveling expenses, rent and equipment of offices, type writers and exchange of same, purchase of law books and books of reference, printing and binding to be done at the Government Printing Office, and all other necessary expenses. With the exception of the director, the commissioners, and such special experts as the Secretary of the Treasury may from time to time find necessary for the conduct of the work of the bureau, all employees of the bureau shall be appointed from lists of eligibles to be supplied by the Civil Service Commission and in accordance with the civil-service law.

Mr. FESS. Mr. Chairman, I move to strike out the last word in order to ask a question, and if it is necessary I will offer an amendment in order to ask the question. I want to know whether under the power given in lines 22, 23, and 24, page 5, we do not make possible an entire vitiation of the civil service as applied to this particular law. The language seems so broad where it says "Such special experts as the Secretary may from time to time," and so forth.

Mr. RAYBURN. Yes; if we did not believe or we did not think we could trust it would be applied only to people not in a regular clerical way, and that they were really experts at some part of this work, such as compensation or insurance or something like that, or actuaries, or people like that. Of course, the gentleman can make it safer, and we would have no objection to an amendment, but I believe the language is sufficient, because it provides here that the general clerical force shall be drawn from the civil service, and they could not be considered experts along any line.

Mr. FESS. I readily admit that as to the directors and the commissioners it ought not to apply, and I readily admit there are certain characters of experts—

Mr. RAYBURN. Actuaries.

Mr. FESS. That ought to be omitted from such regulations, but it looks to me it is dangerously broad phraseology.

Mr. ADAMSON. Suppose you insert in line 24, after the word "all," the word "other," so it would read "all other employees." That would clearly differentiate between the experts and the other employees.

Mr. RAYBURN. No; it is already differentiated, because you have the words "with the exception."

Mr. FESS. I wanted the gentleman's opinion.

Mr. RAYBURN. That is my opinion, but if the gentleman during the consideration of the bill can think of a method of making it safer or limit it, which would mean what we intend to express, we would be very glad to accept it.

Mr. FESS. There has been a feeling that the civil-service work has been assaulted a good many times—

Mr. RAYBURN. I know that.

Mr. FESS. And I would like to avoid it in this bill if possible.

Mr. RAYBURN. I think we ought to live absolutely up to the civil-service law or repeal it; I do not know which I should vote for, but should perhaps vote to repeal it.

Mr. FESS. I thought of offering an amendment to strike out all of that part of the section that refers to the special employees but I recognize that would take out the power which you wish to retain if it is not abused.

Mr. ALEXANDER. If between now and the time we conclude the consideration of the bill the gentleman could name some special experts and others, there could not be any objection to that. It is intended to apply to experts alone and not to give individuals a job.

Mr. FESS. Mr. Chairman, I withdraw the pro forma amendment, and I should like to have the privilege of offering an amendment later if I see fit to do so.

Mr. GRAHAM of Illinois. Mr. Chairman, I move to strike out the last two words for the purpose of asking the chairman of the committee a question. I am somewhat curious to know of a distinction in this bill. There are two advisory boards created. The act of 1914 created an advisory board for one



department of this War Risk Bureau and fixed the maximum compensation at \$25 a day. I notice in this proposed act that you fix the maximum compensation of the experts of the other board at \$20 a day. Now, what is the reason for that discrimination, if there is any?

Mr. RAYBURN. I do not know there is any reason for the discrimination, because I really think under this bill these commissioners should be more competent than under the other, for the simple reason the others have to deal only with the question of commerce and these have to deal with the question of allotments and compensation—

Mr. GRAHAM of Illinois. I do not know it makes any particular difference to me except to call the attention of the chairman to the fact that this discrimination existed.

Mr. RAYBURN. That is the truth about it if there is any difference there.

Mr. GRAHAM of Illinois. That is the situation. The original act makes it \$25, while this makes it \$20.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn, and the Clerk will read.

The Clerk read as follows:

Sec. 18. That there is hereby appropriated, from any money in the Treasury not otherwise appropriated, the sum of \$141,000,000, to be known as the military and naval family allowance appropriation, for the payment of the family allowances provided by article 2. Payments out of this appropriation shall be made upon and in accordance with awards made by the commissioner of the division of military and naval insurance.

Mr. PARKER of New Jersey. Mr. Chairman, I desire to offer an amendment.

The CHAIRMAN. The gentleman from New Jersey offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. PARKER of New Jersey: Page 6, lines 9 and 10, strike out the words "by the Commissioner of the Division of Military and Naval Insurance" and insert "Secretary of War and Secretary of the Navy, respectively."

Mr. PARKER of New Jersey. Mr. Chairman, I desire to point out to this committee and to the managers of this bill that when a soldier or sailor enlists now he can not go where he pleases. He may be taken away immediately to another country, and under this bill his family can get no family allowance until, first, as you will find at the bottom of page 12, there is a written application to the bureau by the enlisted man or by his family. And then, with these thousands and hundreds of thousands of applications, there must be an award, which will at least have the delay of the Bureau of Pensions. There will be new clerks, new organizations. They will have to take these matters up serially and then make awards. I propose, Mr. Chairman, what is done by everybody else; that when a man enlists and makes an application for the payment of an allowance to his family, the War Department or the Navy Department, as the case may be, through their proper officer, shall give him that allowance from the very beginning, as they ought to do, and allot his pay. I therefore move to strike out this provision that the award shall be made by the commissioner of this new bureau and to insert a provision that the award to the man who enlists shall be by the Secretary of War or the Secretary of the Navy, which means by any of their subordinates engaged for that purpose. It is the same point that I mentioned before.

Mr. RAYBURN. It is practically the same amendment that was voted down before.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. PARKER].

The question was taken, and the Chair announced that the noes seemed to have it.

Mr. PARKER of New Jersey. Mr. Chairman, I will have to ask for a division on this.

The committee divided; and there were—ayes 20, noes 43.

So the amendment was rejected.

The Clerk read as follows:

Sec. 19. That there is hereby appropriated, from any money in the Treasury not otherwise appropriated, the sum of \$12,150,000, to be known as the military and naval compensation appropriation, for the payment of the compensation, funeral expenses, services, and supplies provided by Article III. Payments out of this appropriation shall be made upon and in accordance with awards by the director.

Mr. PARKER of New Jersey. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from New Jersey offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. PARKER of New Jersey: Page 6, line 17, after the words "awards by the," strike out "director," and insert in lieu thereof the following: "Commissioner of Pensions."

Mr. PARKER of New Jersey. Mr. Chairman, this is exactly what I have argued before, that payments of pensions

ought to be made on awards of departments that know something about them, instead of going to some other department.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. PARKER].

The question was taken, and the amendment was rejected.

Mr. AUSTIN. Mr. Chairman, I move to strike out the last word.

I trust the House even at this late hour will indulge me for a few minutes while I express my opinion in reference to this wide, progressive, and meritorious legislation. [Applause.] While I have recently been indisposed and confined to my sick bed, all along I entertained the hope that I would recover in time to say a word for this bill and to vote for it. So I consider myself exceedingly fortunate, Mr. Chairman, in being able to stand here and look my colleagues in the eye and from the very bottom of my heart say that, if there is a measure which should appeal to our sense of justice, fairness, and humanity, it is the pending bill. [Applause.]

This bill will do something for every soldier and for every sailor who fights beneath our flag. It means comfort, it means blessings, it means happiness to the wife and children of every man, whether a volunteer or a conscript. We have passed in the history of the Republic many pieces of legislation affecting the soldiers of the Union, the Revolutionary heroes, those who fought in the War of 1812, in the Mexican War, in the Civil War, and in the Spanish-American War. But this measure is more far-reaching and beneficial than any legislation ever passed by Congress on the eve of any of our wars. There ought not to be a vote against it. If there are errors or imperfections in it, let us endeavor as just men to correct them. But let us pass it. If it is necessary, let us invoke the power of a special rule to put it through the House at the earliest possible moment, speed it on its way to the United States Senate and give that august body no excuse to withhold this meritorious legislation from the statute books before our heroes sail for France.

On the 2d day of June, when this same committee reported an amendment to the war-risk insurance bill, standing here I then appealed to that committee and to the American Congress to pass an insurance bill in justice to the men who are going to fight our battles on the seas and on foreign shores. At that time my only son, an officer in the Navy, could not have his life insurance increased, though a wife and two children are dependent upon him, without paying an old-line insurance company \$100 for every extra thousand that he desired, which made it practically impossible for him and other young officers in the Army and Navy to guarantee their wives and children from want, and made the insurance rate so high that no private soldier or sailor could take out protection for his loved ones.

I here and now express my thanks and appreciation for the splendid work of the Secretary of the Treasury, William G. McAdoo, in insisting upon this legislation. [Applause.]

While I am a partisan Republican, I want to voice my approval and appreciation of Woodrow Wilson's action in recommending this beneficial legislation. [Applause.] If the Democratic Member from Alabama, from the Birmingham district [Mr. HUDDLESTON], wants to criticize the administration and criticize the splendid members of the committee reporting this bill, beginning with honest Judge ADAMSON, from Georgia, and our beloved colleague from Wisconsin, JOHN ESCH, he can have a monopoly of it; I want none of it in mine. [Applause.]

Now, another thing: The insurance which is now being paid by your constituents and mine in the Army and Navy is at an additional rate from \$38 to \$100 from the private insurance companies, and there is a provision in those policies reserving the right on the part of the insurance company to increase the rate at any time, practically making it impossible at any period in this war for men with moderate salaries as officers or privates to carry insurance. God speed this legislation, and let us stand here, Republicans and Democrats, backing this administration man to man, and stand for the successful prosecution of the war, and vote for the pending war measure at the earliest practicable moment. [Applause.]

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from New Jersey [Mr. PARKER].

The question was taken, and the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Sec. 20. That there is hereby appropriated, from any money in the Treasury not otherwise appropriated, the sum of \$23,000,000, to be known as the military and naval insurance appropriation. All premiums that may be collected for the insurance provided by the provisions of Article IV shall be deposited and covered into the Treasury to the credit of this appropriation.

Mr. KELLY of Pennsylvania. Mr. Chairman, I move to strike out the last word.



The CHAIRMAN. The gentleman from Pennsylvania moves to strike out the last word.

Mr. KELLY of Pennsylvania. Mr. Chairman, the appropriations carried in this section and in the two preceding sections total something like \$176,000,000.

Mr. ALEXANDER. No; \$276,000,000.

Mr. KELLY of Pennsylvania. No; \$176,000,000. These sections here mean an expenditure of \$176,150,000, which to my mind is the best appropriation that this Congress has made during this special session; a sum of money which will bring more in the way of efficiency to America and its Army than anything else that we could do.

Efficiency in twentieth-century warfare depends largely upon the morale of the fighting force and the population at large. It is but another word for unity. The newspapers to-day give a remarkable evidence of the effect of this unified mind and also the lack of it upon nations.

For instance, one article deals with the present situation in bewildered Russia. It states that Premier Kerensky has declared Petrograd in a state of war and that the commander in chief of the Russian armies has been deposed. It gives as the reasons for the conditions existing the following:

Lack of adequate arrangements for provisioning the city, the general unrest felt over the German success at Riga, the enemy's plans for an advance on Petrograd, and a redoubled campaign by German propagandists, which have all resulted in great tension in the Russian capital.

The fact is that at present the Russian morale is destroyed, and there is no seeming basis for united action toward a determined goal.

In the same newspaper is a dispatch from Germany stating there has been a fresh outburst of rage against the United States. A paragraph is as follows:

One newspaper carries a headline that crosses the entire page in large type, reading "America demands the deposition of the Hohenzollerns," which it follows with a furious denunciation of America.

Now, there must be some explanation of the unity on the part of Germany in an unjust cause, and also a reason for the lack of unity in Russia, where liberty is the shining goal ahead.

What is the secret of the efficiency which transforms the German nation into a mighty military machine which presents an unbroken front to many foes and keeps back every invading foot from her own territory?

I believe it is due more than anything else to the fact that Germany has for a quarter of a century carried out the fundamental principles of this bill under consideration. In time of peace she adopted the policy of lifting from the individual the burden of life's mishaps and placing it upon the broad shoulders of the nation. She established a system of national insurance under which the entire body of industrial workers was insured against the three great contingencies causing inability to earn a living—accidents, sickness, old age and invalidity.

That policy of the Government united the people into a dynamic force which still operates, although the Kaiser has treacherously betrayed the people by using them in his mad dreams of world dominion by the power of the sword.

Mr. WALSH. Mr. Chairman, I make the point of order that the gentleman is not discussing the bill.

Mr. KELLY of Pennsylvania. I did not have an opportunity to speak in general debate, and I desire now to discuss this bill as a whole.

Mr. ADAMSON. Mr. Chairman, I ask unanimous consent that the gentleman be permitted to complete his remarks in his five minutes.

Mr. WALSH. This has nothing to do with the measure under consideration.

Mr. KELLY of Pennsylvania. It has, absolutely. I am trying to show what this measure will do for the efficiency of America.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent that the gentleman may proceed and complete his five minutes.

Mr. ADAMSON. The gentleman is talking about the good this provision will be in this emergency.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

Mr. WALSH. Reserving the right to object, Mr. Chairman, I would like to make a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WALSH. If the gentleman is granted additional time, is it to discuss the amendment he has offered, or to continue along the line he has been talking on?

Mr. ADAMSON. My request was that he be allowed to use the balance of his five minutes as though he had not been interrupted.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent that the gentleman from Pennsylvania be permitted to conclude his remarks in his five minutes.

Mr. KELLY of Pennsylvania. Do not count this interruption. The CHAIRMAN. We will not count that. Is there objection?

There was no objection.

Mr. KELLY of Pennsylvania. Mr. Chairman, I only want to call attention to the point that Germany has secured unity and that we may well take at least this one cue from that nation for an honorable Nation like our own.

America may have that same efficiency and solidarity, and she may secure it not through a government that works from the top down, but through one that works from the bottom up.

I believe that the passage of this insurance measure for the protection of the American soldiers and sailors will do much to aid in realizing the unification of America.

It will increase the morale of the fighting forces. The spirit of the army is as essential to its efficiency as guns, ammunition, and other equipment of war. It stands to reason that for the American soldier to render his most effective service he must be free to concentrate his entire attention upon the task before him. He should not be distracted by the thought of loved ones who would be helpless if he paid the price of death or disability. There is no fear known to mankind so bitter and so burdensome as the fear of poverty in days of helplessness. Carlisle was right when he said that the hell of which Englishmen are most afraid is the hell of poverty. It is true not of Englishmen alone, but of people all over the civilized world. It is a fear which blights the hope and blasts the happiness of men who are engaged in the peaceful pursuits which have little of hazard in them. How much more of agony it must contain for those who are hourly looking death in the face. It is a fear which must be removed from the minds of those who are risking all they have to give at the Nation's call.

This measure will remove that fear from the hearts of the defenders of America. It will also inspire those who remain behind while their natural protectors are in the fighting line.

It is estimated that 470,000 soldiers and sailors in service during the first year will have dependents. This measure will guard them from want and privation. If the figures are correct that 29,800 soldiers and sailors are marked for death during the first year of warfare and 43,750 totally or partially disabled, then the importance of this protective measure becomes apparent.

As I see it, the great purpose of this bill is to do justice to America's fighters, and by doing that to unify the Nation into an efficient, invincible unit.

I hope this bill will pass without a single dissenting vote.

Mr. ESCH. Mr. Chairman, I move to strike out the last word for the purpose of putting an inquiry to the gentleman in charge of the bill. It will be noted in section 18, on page 6, that the awards under the family allowance title are made by the commissioner of the division of military and naval insurance. In section 19 the awards made under the compensation title are made by the director. In section 20 the awards made under the insurance title are also made by the director. Question: Why should there be that division of authority in the payment of awards under the several titles of the bill? Why should not all of the awards be made either by the director or by the commissioner?

Mr. RAYBURN. I think it is immaterial. I do not care how they are made. I had just as soon that it be one way as the other.

Mr. ESCH. I did not care to offer an amendment. It occurred to me that it might be one thing or the other. Now, you will notice that on page 16, in section 210, the duty of accepting the applications for family allowances falls upon the commissioner, and they are to be certified by him to the War Department and Navy Department. Now, that may be a reason why family allowances are paid on the award of the commissioner, but why the other two sets of awards under the other titles are paid by the director—

Mr. RAYBURN. I do not know now that there is any good reason for it. We can pass it over and return to it, and I will be very glad to look into it.

Mr. ESCH. Very well. That will be satisfactory.

Mr. RAYBURN. I ask unanimous consent to return to section 14.

Mr. GILLET. Before we do that I should like to ask the gentleman upon what basis it was determined that this \$23,000,000 would be needed?

Mr. RAYBURN. It is an actuarial calculation, and it is in the hearings, and I can not keep the figures entirely in my mind. I have not the figures here. It was computed that a certain number of men will be killed and disabled the first year of the war.



Mr. STAFFORD. You will find it on page 53 of the hearings. Mr. Chairman, will the gentleman withhold his request, so that I may make an inquiry as to whether the language should not be changed? I move to strike out the last word. Language new to legislative enactment is used here in the form of permanently appropriating this money. The money is not permanently appropriated. We appropriate here. When it is once appropriated it is for all time available for the purposes for which it is appropriated. I think it will be far better, and I wish to suggest to the gentleman having charge of the bill to strike out the words "permanently appropriated," in line 2 of page 7, and to insert the words "made available." There is now no law whatsoever that restricts the use of an appropriation to any one year, except as to appropriations made in general appropriation bills.

Mr. RAYBURN. What is the language?

Mr. STAFFORD. I am directing attention to the language in line 2 on page 7, "permanently appropriated," which I think should be "made available."

Mr. RAYBURN. If the gentleman will offer an amendment, that will be perfectly acceptable to the committee.

Mr. STAFFORD. I move to strike out, in line 2, page 7, the words "permanently appropriated" and insert in lieu thereof the words "made available."

The CHAIRMAN. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 7, line 2, strike out the words "permanently appropriated" and insert in lieu thereof the words "made available."

Mr. HARRISON of Mississippi took the chair.

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. Certainly.

Mr. GARRETT of Tennessee. I want to suggest to the gentleman from Wisconsin [Mr. STAFFORD] and the gentleman from Texas [Mr. RAYBURN] that it occurs to me that the reason for that is so that this money may not have to be subject to an annual appropriation bill passed by Congress. If you strike out these words, will not those who are the beneficiaries under the act have to wait until the appropriation bills are passed?

Mr. STAFFORD. Oh, no. As I stated to the gentleman having the bill in charge, when money is once appropriated for any purpose it remains appropriated for all time. There are certain limitations as to appropriations carried in general appropriation bills. I took occasion to confirm my impression by conferring with the clerk of the Committee on Appropriations, and he has called my attention to the law, which shows that there is no question whatever that when this money is once appropriated it is appropriated for all time until it is used. As I take it, you are not attempting by this phraseology to appropriate \$23,000,000 each year.

Mr. GARRETT of Tennessee. But you are undertaking to appropriate the premium payments as they come in.

Mr. STAFFORD. You do not appropriate the premium payments, but you direct by legislation that these premium payments shall be paid into the Treasury. I intend to follow up the amendment which I have just offered by moving to strike out, in line 5, the word "appropriation" and insert the word "fund." What is purposed by the framers of this bill is to create a certain fund. We appropriate \$23,000,000 in this one instance. That goes into the Treasury as a lump sum for this special purpose, together with the premiums that are paid thereon. There is a fund that may be utilized for all time until it is exhausted. Now, there is no question but what there is a contractual obligation incurred by Congress by this phraseology, which will compel the Appropriations Committee to report from time to time the necessary amounts to carry out this legislative enactment.

Mr. RAYBURN. Does the gentleman think under the language that he inserted there, "made available," the money would go into the General Treasury or that it would be set aside permanently in this fund?

Mr. STAFFORD. It would be available at all times for this purpose.

Mr. RAYBURN. It would remain in this one fund.

Mr. STAFFORD. Yes.

Mr. BORLAND. I do not quite agree with the gentleman on that. I agree with him in his suggestion that the \$23,000,000 capital for this appropriation on the preceding page does not have to be reappropriated, permanently or otherwise; but it seems to me that there should be a specific appropriation of the premiums paid in under the law, otherwise they would go into the Treasury as miscellaneous receipts. The Constitution says that no money shall be drawn out of the Treasury except by

virtue of an appropriation. The premiums will go into the Treasury as miscellaneous receipts, and there must be in the law an appropriation of the premiums either in this language or some other. In other words, they must be appropriated into a separate fund.

Mr. RAYBURN. I suppose the only intention is to keep the premiums out of the General Treasury, but suppose we pass this by for the present.

Mr. STAFFORD. Mr. Chairman, at the suggestion of the gentleman from Texas I ask that this provision be passed over, to be taken up at a future time.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent that section 20 may be passed without prejudice. Is there objection?

There was no objection.

Mr. RAYBURN. Mr. Chairman, I ask unanimous consent to return to section 14. I am sure in the writing of the bill it was an inadvertence in putting the compensation at \$20 instead of \$25. If there is any objection to an amendment, I will withdraw the request.

Mr. STAFFORD. What is the amendment?

Mr. RAYBURN. I stated if there is any objection to it I will withdraw the request. The compensation here is \$20, and in the war-risk insurance act it is \$25.

Mr. STAFFORD. Is the gentleman certain of that? My recollection is that it is \$20.

Mr. ALEXANDER. I have the act before me, and it says:

That the Secretary of the Treasury \* \* \* is likewise authorized to appoint two persons skilled in the practices of accident insurance for the purpose of assisting the Bureau of War-Risk Insurance in the adjustment of claims for death, personal injury, or detention; the compensation of the persons so appointed to be determined by the Secretary of the Treasury, but not to exceed \$20 a day each while actually employed.

Mr. RAYBURN. Mr. Chairman, I withdraw the request. I was relying entirely upon other information.

The Clerk read as follows:

SEC. 21. That there shall be set aside as a separate fund in the Treasury, to be known as the military and naval pay deposit fund, all sums held out of pay as provided by section 203 of this act. Such fund, including all additions, is hereby permanently appropriated for the payment of the sums so held and deposited, with interest, as provided in section 203, and the amount necessary to pay interest is hereby appropriated.

Mr. STAFFORD. Will the gentleman have this section passed over for the same purpose as the last one was passed over?

Mr. RAYBURN. Certainly.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent that this section be passed without prejudice. Is there objection?

There was no objection.

The Clerk read as follows:

SEC. 22. That for the purpose of this act marriage shall be conclusively presumed, in the absence of proof, that there is a legal spouse living, if the man and woman have lived together in the openly acknowledged relation of husband and wife during the two years immediately preceding the date of the declaration of war, or the date of enlistment or of entrance into or employment in active service in the military or naval forces of the United States if subsequent to such declaration, or during the two years immediately preceding the man's death or the beginning of the disability.

The following committee amendment was read:

Strike out, on page 7, lines 15 to 24, inclusive.

Mr. RAYBURN. Mr. Chairman, I do not think the committee amendment ought to prevail. It does seem to me that the language as originally written in this bill was enough to thoroughly safeguard it and that it deserved to remain. In line with that I desire to call the attention of the committee to the language in the pension laws with reference to a matter of about the same kind, and that is with reference to colored and Indian soldiers. I think the language is not so closely drawn as this. I fear if we cut this out entirely that we will do an injustice. Of course, I know it may be unpopular to say that, but nevertheless it is true, and I think it ought to be said.

Now, in the pension laws I desire to read the language, which says:

They are considered man and wife who habitually recognize each other as husband and wife and were so recognized by their neighbors and lived together up to such time as enlistment.

Now, this language here is as follows:

SEC. 22. That for the purpose of this act marriage shall be conclusively presumed, in the absence of proof, that there is a legal spouse living, if the man and woman have lived together in the openly acknowledged relation of husband and wife during the two years immediately preceding the date of the declaration of war, or the date of enlistment or of entrance into or employment in active service in the military or naval forces of the United States if subsequent to such declaration, or during the two years immediately preceding the man's death or the beginning of the disability.

I fear if that language is stricken out and there is no relief for cases like that for the wife or for the children that we

may work a very serious injustice, and for that reason I trust the committee amendment will not be agreed to.

Mr. McKEOWN. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. McKEOWN. I want to call the gentleman's attention to the fact that the language proposed to be stricken out only includes common-law marriages and does not include as suggested marriages by Indian laws and customs, as has been decided time and again by the Supreme Court of the United States and by the States in which Indian tribes reside. In other words, common-law marriages are not included in the Indian marriage laws and customs of their tribes.

Mr. RAYBURN. I was simply reading the language of the bill. In the question of marriage in the case of a great many there comes a difficult question of proof, which is an additional reason, I think, why this language or some similar language should remain in the bill.

Mr. WALSH. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. WALSH. Is it not possible for a situation such as the gentleman has mentioned to be covered by regulations which are to be drawn by the bureau or the Secretary or the directors or the commissioners. They regulate about everything else under the provisions of this bill, and should not they cover that matter by regulations? I ask the opinion of the gentleman.

Mr. RAYBURN. We could say—

Mr. WALSH. Without mentioning it in the law.

Mr. RAYBURN. We could appoint these officers and turn the whole thing over to them, but I would not be in favor of that. Of course, in a measure like this great discretion and great latitude must be given to somebody about details, but that is a matter I think should be made definite.

Mr. WALSH. Does the gentleman think we ought to write provisions such as that into the law, recognizing—

Mr. RAYBURN. We have written that provision into the law many times.

Mr. WALSH. What law?

Mr. RAYBURN. I have just read one.

Mr. SWITZER. I would like to ask the gentleman for information as to the section, why not recognize any marriage such as the courts of the law recognize, such as pension laws and the laws of the various States. If the statute recognizes the marriage to be valid, why should not the compensation bureau or the allotment bureau recognize it?

The CHAIRMAN. The time of the gentleman has expired.

Mr. DOWELL. Mr. Chairman, I was going to have this read. As I understand, this is a question merely of proof—if it shall be conclusively proved—but it does not settle the question that may arise in reference to marriage in various States, and I would ask to have this amendment read.

Mr. ADAMSON. I would like to ask the gentleman if he does not think this is additional to cover cases that can not be proven by law.

Mr. DOWELL. Yes; I understand it is to be legislation merely for the benefit of this commission and that it does not in any way interfere with reference to the question of marriages in the various States.

Mr. RAYBURN. It could not have any effect except as to this act.

Mr. DOWELL. But it does specify what they may think is conclusive.

Mr. LOBECK. Mr. Chairman, the gentleman from Texas quoted from section 4705 of the Revised Statutes in regard to the regulation of these Indian soldiers and colored soldiers and sailors and quoted it correctly as far as he went, but the last line says:

This section shall not apply to claims on account of persons who enlisted after March 3, 1873.

So that the section that he quoted was to those who had lived together as husband and wife before that time—March 3, 1873.

Mr. RAYBURN. That does not make any difference.

The CHAIRMAN. The question is on the amendment proposed by the committee.

The question was taken, and the amendment was rejected.

The CHAIRMAN. The Clerk will report the other committee amendments.

The Clerk read as follows:

Page 8, before the word "in" beginning the sentence, strike out the quotation marks.

The question was taken, and the amendment was agreed to.

The Clerk read as follows:

Page 8, line 18, after the word "or," insert the words "of any age."

The question was taken, and the amendment was agreed to.

The Clerk read as follows:

Page 8, line 20, after the word "occupation," strike out the words "of any age."

The question was taken, and the amendment was agreed to.

Mr. RAYBURN. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 8, between lines 3 and 4, insert "(a) A legitimate child."

Mr. STAFFORD. Mr. Chairman, may we have the amendment reported again?

The amendment was again reported.

Mr. STAFFORD. Will the gentleman yield? Does the gentleman propose to follow that up by another amendment, so far as the next paragraph is concerned? I suppose the gentleman intends to change the letter.

Mr. RAYBURN. Yes.

Mr. STAFFORD. This is an additional classification?

Mr. RAYBURN. This is a classification to cover everybody.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that the several amendments now sent to the desk may be read together.

The Clerk read as follows:

Page 8, line 4, strike out "(a)" and insert "(b)."

Page 8, line 9, strike out "(b)" and insert "(c)."

Page 8, line 10, strike out "(c)" and insert "(d)."

The question was taken, and the amendments were agreed to.

Mr. RAYBURN. Mr. Chairman, I offer a further amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 8, line 23, strike out the word "man" and insert the words "person in the service."

Mr. RAYBURN. Mr. Chairman, I will explain that amendment by saying that it simply means that the sentence "person in the service" would cut out men on the retired list who have not been called back into active service.

The question was taken, and the amendment was agreed to.

Mr. RAYBURN. Mr. Chairman, I offer another amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

After the word "warrant," line 3, page 9, add "officer or appointed."

Mr. RAYBURN. There was some question raised in the committee as to whether or not it would cover these field clerks or men like these.

Mr. McKEOWN. Would it include the clerks in the Engineer Corps.

Mr. RAYBURN. Yes.

Mr. DALLINGER. I would like to ask the gentleman from Texas whether he is certain that the Army field clerks are officers?

Mr. RAYBURN. I have been reliably informed by people whose judgment I took that they were.

Mr. MADDEN. They are not officers; they are clerks.

Mr. DALLINGER. They have the privileges of officers, but they are not officers.

Mr. BUTLER. They have a noncommissioned grade. Of course, if the gentleman has the authority, all right.

Mr. RAYBURN. I have been so informed. I am willing to pass it, however, for the present.

Mr. ADAMSON. We have a letter this morning from The Adjutant General, in which he referred to them as men who might be commissioned as officers.

Mr. RAYBURN. I think it ought to cover these field clerks.

Mr. WALSH. I wish to say that my former secretary has been appointed as field clerk, and I was advised by The Adjutant General's office that they could not be commissioned without further legislation by Congress, and that they simply had the privileges of officers, while the status was that of clerk.

Mr. RAYBURN. I simply wanted to put something in here that would cover these field clerks, because they are rendering valuable service. If it does not, I care nothing about it.

Mr. WALSH. Would it not be better to use the term "commissioned officer, including warrant officers and field clerks in The Adjutant General's office of the Army"?

Mr. RAYBURN. I do not know that that would cover all of them, anyhow. There may be other officers. I offered the amendment for the simple reason that I have been informed that this would cover the people we wanted to cover in this section. If it is not all right, I ask unanimous consent that this be passed over.

Mr. BUTLER. While I am satisfied with the gentleman's purpose, I do not think he is right about it.

Mr. ADAMSON. The gentleman from Texas has made the request that I wish to make—that we return to this matter later,



The CHAIRMAN. The gentleman from Texas asks unanimous consent that the consideration of this matter be passed for the present and the section be returned to later. Is there objection? [After a pause.] The Chair hears none.

Mr. COX. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The gentleman from Indiana offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. Cox: Page 8, line 11, after the word "him," insert the words "in a court of record."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana.

Mr. COX. Mr. Chairman, just a moment. I want to ask the chairman of the committee or the gentleman in charge of the bill what his idea is as to the kind of acknowledgment that will be sufficient under this language. It says, "acknowledged by him." Now, the concluding part of that paragraph is very plain and specific. It says:

Or if he has been judicially ordered or decreed to contribute to such child's support.

That is very plain. There are two alternatives seeking to fix the status of an illegitimate child. One is where the putative father acknowledges that he is the father of the child, and the other is where the status of the child has been fixed by a decree of court. What kind of acknowledgment on the part of the father does the gentleman think would be sufficient in order to fix the status of that illegitimate child so that it could receive from the father benefits bestowed under this bill?

Mr. RAYBURN. I do not know anything except something like that he would openly acknowledge before men that it was his child, and that he was willing to sign the statement and contribute to its support, and so forth, and that it was his child and dependent upon him. I do not think that there is any especial language that we could put there. If there is any such language that would save the Government from being imposed upon I am willing to have it.

Mr. COX. Does not the gentleman think that the amendment I have suggested here would do it?

Mr. RAYBURN. I did not hear the amendment.

Mr. COX. Where he admits it in a court of record?

Mr. RAYBURN. Mr. Chairman, I ask unanimous consent that the amendment of the gentleman from Indiana be again reported.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

The amendment was again reported.

Mr. MADDEN. Mr. Chairman, I offer to amend the gentleman's amendment by striking out the word "or" after the word "record" and to insert the word "and," so that he will be obliged to acknowledge in a court of record.

The CHAIRMAN. In just a moment. If the gentleman from Illinois will permit, the gentleman from Indiana [Mr. Cox] is entitled to the floor. The gentleman from Illinois will be recognized to offer his amendment next.

Mr. COX. I will explain briefly, Mr. Chairman, the purpose of my amendment.

Mr. BARKLEY. Will the gentleman yield there before he starts in?

Mr. COX. To a question only.

Mr. BARKLEY. What sort of proceedings has the gentleman in mind that would be binding upon any man?

Mr. COX. I will answer that in just a minute.

Mr. COOPER of Wisconsin. Will the gentleman permit just one question?

Mr. COX. A question.

Mr. COOPER of Wisconsin. Suppose a man in a letter, signed by himself, acknowledged he was the father of a child; would there be any necessity for further proceedings?

Mr. COX. I think I will touch on that before I get through.

Now, Mr. Chairman and gentlemen of the committee, I want to assure you, one and all, that I am heartily in favor of this bill. I said yesterday that there might be some details here and there in it that ought to be whipped into shape. I offer this amendment in good faith. It is offered in good faith and in all seriousness, and I am going to ask those in charge of the bill seriously to consider it before they oppose it.

Of course we want in every way we can to keep the Government from being imposed upon, and I am sure every member of the committee desires to act along that line. Now, this paragraph 6 seeks to fix the status of an illegitimate child, and one of the conditions whereby it seeks to fix the status of an illegitimate child is where the putative father has acknowledged that he is the father of the child. I wonder whether or not we are going to leave that language so wide, broad, and deep that the mother of an illegitimate child could go out and find some-

body to make a sworn affidavit to the effect that they heard the father say that he was the father of her illegitimate child—a thing that not a court in the United States would ever admit as evidence.

Now, then, in response to the question asked of me by the gentleman from the State of Kentucky [Mr. BARKLEY] as to what kind of a proceeding you would have, I was prosecuting attorney in Indiana for six years, and during that period I saw men come into the magistrate's court, a court of record, and admit that they were the father of the illegitimate child. But even that admission would not entitle the child to inherit from the putative father on the death of the father at all—an illegitimate child, acknowledged by the father as being his child, either by a court of record or on his own admission or by a court by judicial decree fixing the status of the child. That never entitles the child to inherit from the father. You would have to go further than that.

Mr. SLOAN. Mr. Chairman, will the gentleman yield?

Mr. COX. Yes.

Mr. SLOAN. How would the situation be met where a magistrate's court, as in our State, has the jurisdiction to receive this acknowledgment that you speak of, but is especially designated in our State as not a court of record in the general sense of a court of record?

Mr. COX. Then I suppose that in the State of Nebraska you have a court of record that takes care of cases of this kind?

Mr. SLOAN. Yes. Could the gentleman modify his amendment by saying "a court of competent jurisdiction"? Would you object to that?

Mr. COX. Not at all.

Now, in response to the question propounded a moment ago by the gentleman from Wisconsin [Mr. COOPER], the declarations in favor of interest are never admitted in criminal cases; only declarations against interests in criminal cases are admitted in the trial of criminal cases—

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from Indiana yield to the gentleman from Missouri?

Mr. COX. Not just now. And the admission by a father by letter that he is the father of a legitimate child would not be binding upon the Government. It would not be sufficient to justify a decision that that child should inherit any part of his putative father's estate, and certainly would not be sufficient to bind the putative father under any of the provisions of this bill.

Mr. RAKER. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. Will the gentleman yield right there?

The CHAIRMAN. Does the gentleman yield, and to whom?

Mr. COX. I will yield first to the gentleman from Missouri [Mr. ALEXANDER].

Mr. ALEXANDER. Suppose this provision as to the child applied only to the family allowance or the insurance provisions of this bill. Suppose one of these men had made a will in which he named this child. He would be excluded?

Mr. COX. Oh, that is entirely different. A man has the right to make a will and designate any one he wants to leave his property to. That is different from the procedure under this provision.

Mr. ALEXANDER. That will not give this child any part of this? That excludes it under these circumstances?

Mr. RAKER. Mr. Chairman, will the gentleman yield?

Mr. COX. I will yield to a question.

Mr. RAKER. If a man should write a letter and sign it, and in it say that a certain child was his, is it not a fact—

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. COX. Mr. Chairman, I ask for two minutes more.

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

Mr. RAKER. Is it not a fact that in a court of equity the child could prove and get a decree?

Mr. COX. Oh, no; not even in the gentleman's State.

Mr. RAKER. Oh, nonsense.

Mr. COX. Now, gentlemen, I want to ask you in all seriousness to consider this amendment. I am not seeking to defeat the purposes of this bill. I am seeking to clarify what to my mind is a doubtful provision in the bill. I want to see if we can not foreclose all the dangers whereby the Government is likely to be defrauded. I do not believe that we want to go on record here as enacting a law that would say that, simply because A has admitted to B that he is the father of some illegitimate child, that should be binding upon A in the disposition of his estate. I do not think we should go that far. I do not think it would be a wise policy for this Congress to go that far.

I think the only safe course to pursue is to have a record, a court record, of the father's admission to which the father is a party, and such a record, in the absence of fraud, would be conclusive.

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. COX. For a question.

Mr. COOPER of Wisconsin. The gentleman says that for a man to sign his name to a letter admitting that he is the father of an illegitimate child, that that would be used in a declaration. Now, just such an admission as that in his interest—

Mr. COX. How is that?

Mr. COOPER of Wisconsin. Is that an admission in his interest?

Mr. COX. That would not be binding if a controversy came between the legitimate and the illegitimate children of the father, trying to get hold of his estate.

The CHAIRMAN. The time of the gentleman from Indiana has again expired.

Mr. RAKER. I want to ask the gentleman a question.

The CHAIRMAN. The question is on agreeing to the amendment.

Mr. DECKER rose.

Mr. RAKER. There has been no opposition to the amendment yet. A parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. RAKER. Are not five minutes allowed in opposition to the amendment?

The CHAIRMAN. Yes.

Mr. RAKER. I would like to be heard on that.

The CHAIRMAN. The gentleman from Missouri, a member of the committee, will be recognized first. The gentleman from California will be recognized later.

Mr. DECKER. Mr. Chairman and gentlemen of the committee, this section was considered by your committee, and at first it was thought that perhaps some restriction protecting the Government, like the one suggested by the gentleman from Indiana, might be a good thing. But after careful consideration and discussion your committee felt that it was best to use the words which you find in the bill and make this depend upon two things, as to whether or not an illegitimate child should receive the benefits of this bill; to wit, a judicial decree by a court of record compelling the father to take care of the child or an acknowledgment upon the part of the father that the child was his.

Now, of course we can readily see that some fraud might be perpetrated upon the Government, but when you look at it again it occurs to me that that fraud will not be so great. Men do not acknowledge illegitimate children with such readiness as might be supposed from the arguments here.

Mr. GILLET. Under this wording, suppose the mother of the child came forward and said that the father had acknowledged it to her, would not that be sufficient?

Mr. DECKER. I was just coming to that point. The man himself is not going to acknowledge the paternity of an illegitimate child for the purpose of defrauding the Government. I do not think that the men who fight this war or any other war are the kind of men who, for the sake of defrauding the Government, will acknowledge the paternity of children that are not theirs.

Now, the next question is, what inducement will there be to others to defraud the Government at the expense of the reputation of the soldiers. That is very pertinent, as put forward in the question of the gentleman from Massachusetts [Mr. GILLET].

I apprehend that the men who administer this law will be intelligent men, and if they are not intelligent men the law will be a failure in a good many respects. The bare statement of the mother of an illegitimate child that some soldier who is over in France is its father will not be taken, as I understand it, or the statement that the man had acknowledged that it was his child would not be taken, standing by itself, as proof of the truth of the statement, but I apprehend that this bureau which we will create will have somebody commissioned to look into the surrounding circumstances, and if the woman is telling the truth, nine times out of ten there will be some corroborative circumstances that any intelligent man can form an opinion upon as to the truth of her statement. The gentleman from Indiana [Mr. Cox] says that if the soldier should acknowledge it to John Smith, perhaps that would make the Government liable. I say it would not, because the reliability of John Smith, his character, the circumstances under which the admission was made and how it happened to be made, would all be taken into consideration, just the same as a judge upon the bench or a magistrate would consider those things. Now, if

you say in this bill that no illegitimate child shall receive these benefits unless there is an acknowledgement in open court of record, then you might just as well wipe out the whole thing so far as the benefits of it reaching to the extent that I believe honest and thoughtful and right-thinking men want to have it go, because the circumstances will be few indeed where illegitimate children will be acknowledged in open court by the putative father. If you believe that the illegitimate child of a soldier should not receive the benefits of this bill, then vote for the amendment, but if, on the other hand, gentlemen of the committee, you believe that these children who come into the world without any blame upon their part or without any stain upon their hearts and souls should have the right to hold up their heads and have the benefit of a chance in life, then vote against this amendment and leave this bill as the committee wrote it. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana.

Mr. MADDEN. I offer an amendment to the amendment; after the last word in the amendment of the gentleman from Indiana I wish to strike out the word "or" in line 11, page 8, and insert the word "and."

The CHAIRMAN. If the gentleman will permit, that is not an amendment to this amendment. There is no word "or" in the amendment offered by the gentleman from Indiana.

Mr. MADDEN. I meant to strike out the word "or" in the bill, on page 8, line 11.

The CHAIRMAN. That will come later. That would not be an amendment to this amendment.

Mr. MADDEN. I thought it would.

Mr. STEVENSON. Mr. Chairman, I desire to offer this amendment to the amendment of the gentleman from Indiana [Mr. Cox]: Add to the amendment the words "or by a paper signed and witnessed according to the requirements for the execution of deeds in the State of the child's domicile."

The CHAIRMAN. The gentleman from South Carolina offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STEVENSON to the amendment offered by Mr. Cox: Add the following to the amendment offered by Mr. Cox: "or by a paper signed and witnessed according to the requirements for the execution of deeds in the State of the child's domicile."

Mr. STEVENSON. The question has been made here as to whether or not all the men who go to this war will be men who will lightly acknowledge the paternity of illegitimate children. Now, it must be remembered that there is a large element of the colored people in the South who are going to this war, and this question will be the most troublesome one that will have to be solved. Every time a person of that race gets a pension, in many of the counties of the South there will be children bobbing up all over the neighborhood, with lots of fellows ready to swear that a certain man who is going to get the pension, or whose people are going to get it, acknowledged that he was the father of a certain child, and they will come mighty near proving it in writing. And not only that, but the wife and the legitimate children and the brothers and sisters, who are legitimate brothers and sisters, will have to come up and divide with a lot of people whose paternity nobody knows; and you can prove that almost anybody in the community is their father. If you do not believe that, go down South and investigate a little.

And I will tell you another thing: You had better put the bars a little higher about how you are going to prove marriage, anyhow. You know when a colored man moves across the line he marries again. If there were enough colored women over in Europe every colored soldier who goes over there from my section of South Carolina would be married before he was over there three weeks. That is no overstatement. Whenever colored people separate for 12 months they both get married again. I had a man who died in my employ, who was in my employ 20 years—a man of excellent character, who sat in the front seat in the church, and he was a class leader, and he went every Friday night—yet I know of my own knowledge that he was married several times, and his last wife had two living husbands. [Laughter.] That is a fact. That is the situation there. You had better not open the door here for this kind of trouble about these pensions. You had better have an acknowledgment, at least, by a deed properly signed and witnessed.

As to proof by a letter supposed to be signed by the alleged father, the trouble would be almost as great. Few colored men have established well-defined signatures, and those of them who can write have not the high ideals about signing another man's name. What happens? Some man who goes to war for us is killed, and compensation is allowed to his people under this bill. Somebody turns up with a letter signed, apparently, by this poor colored man who has gone to the war. How do you know whether it is his signature or not? He has not established any



signature and you can not tell whether it is his or not. Some negro turns up and says it is John Smith's signature and that he signed this letter, and he will get a part of the pension. It will be divided with illegitimate children, divided with somebody that has no claim on it at all, and you can not dispute it or get around it. I submit that we ought to strike out all of this acknowledgment in a court of justice or require the acknowledgment to be in the form and solemnity of the acknowledgment of deeds in the State.

Mr. BLACK. If you insert the words "acknowledged publicly," would not that cover it?

Mr. STEVENSON. No; you could get one of these colored fellows to prove that it was acknowledged at a hot-supper festival before a hundred people if the pension depended on it. [Laughter.]

Mr. BLACK. Does not the gentleman think that "acknowledged" has a legal signification?

Mr. STEVENSON. When the word "acknowledged" is used in the common acceptance of the term, unless you say acknowledged legally or under oath it has not that effect. When you come to the acknowledgment with an instrument for registration you acknowledge it under oath, or have a witness, but if you say acknowledged, taking the usual acceptance of the term, I can step out in the lobby and acknowledge the paternity to somebody, and you could prove it by some one else. I tell you that you ought to have some safeguards put around it, or you will have a good deal of trouble.

Mr. RUCKER. Mr. Chairman, I want to suggest this: There seems to be a great deal of information in the House on this question. I do not agree at all with the learned discussion I have heard here by two able lawyers. I believe when a man in writing admits the paternity of a child the presumption is so strong against him that any court would accept it. It is a declaration against his interest. If you put language in, as suggested by the gentleman from Indiana, or that language as proposed by the amendment of the gentleman from South Carolina, you might as well strike out the whole paragraph, because no man, even in the southland where the colored people thrive so luxuriantly, will ever go before an officer and in the formality and solemnity of the execution of a deed acknowledge that some piccaninny should be accredited to him. [Laughter and applause.]

The CHAIRMAN. The question is on the amendment to the amendment.

The question was taken, and on a division (demanded by Mr. RAYBURN and Mr. DECKER) there were 19 ayes and 33 noes.

So the amendment to the amendment was lost.

Mr. SLOAN. Mr. Chairman, I offer the following amendment. The Clerk read as follows:

Strike out the words "court of record" and insert in lieu thereof "court of competent jurisdiction."

Mr. SLOAN. Mr. Chairman, I desire to submit that amendment to the amendment so as to cover cases under our law in Nebraska. In Nebraska, and I understand it is so in a number of States, when a charge of this kind is brought the man may be brought before a magistrate. The law confers on the magistrate jurisdiction to receive his acknowledgment and have it entered upon the magistrate's docket. It is made a matter of record so far as that court is concerned. But in our State, as in other States, a magistrate's court is not denominated a court of record, but it is for the purpose of taking acknowledgments in illegitimacy, a court of competent jurisdiction. If the charge is contested all they can do is hear the complaint and the evidence of the complainant and have it all certified to what is called a court of record. Only in a court of record or general jurisdiction can a trial be had. In this case if the amendment of the gentleman from Indiana [Mr. Cox] should prevail, my amendment would in nowise interfere with the proposition involved in his amendment. It would save the situation in a number of States. Therefore I suggest that my amendment to his amendment should prevail.

Mr. RAYBURN. Mr. Chairman, I have this to say, that if any amendment is to be adopted I prefer the substitute of the gentleman from Nebraska, but I trust that the House will vote them both down, for I believe the language here is sufficient.

The CHAIRMAN. The question is on the amendment of the gentleman from Nebraska to the amendment of the gentleman from Indiana.

The question was taken; and on a division (demanded by Mr. Cox) there were 43 ayes and 37 noes.

So the amendment to the amendment was adopted.

The CHAIRMAN. The question now is on the amendment as amended.

The question was taken; and on a division (demanded by Mr. Cox) there were 26 ayes and 50 noes.

So the amendment as amended was rejected.

Mr. MADDEN. Mr. Chairman, I move to amend article (c), page 8, line 11, by striking out the word "or" and inserting the word "and."

The CHAIRMAN. The Clerk will report the amendment. The Clerk read as follows:

Page 8, line 11, after the word "him" strike out the word "or" and insert in lieu thereof the word "and."

Mr. MADDEN. Mr. Chairman, the purpose of this amendment is to make the language read as follows:

(c) An illegitimate child, but, as to the father, only if acknowledged by him, and if he has been judicially ordered or decreed to contribute to such child's support.

A mere acknowledgment ought not to be sufficient; it ought to be judicially determined, and then there can be no question whatever about a fraud being perpetrated on the Government of the United States.

Mr. RUCKER. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. RUCKER. Does the gentleman believe a decree of the court fixing responsibility on a man will be sufficient whether acknowledged or not?

Mr. MADDEN. I do not know whether it would or not, but I would make it a prerequisite to the right of the child to entail the estate of the father.

Mr. BARKLEY. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. BARKLEY. Notwithstanding the court's decree under the gentleman's amendment, if the father denied it the child would not benefit under this section.

Mr. MADDEN. The court might decree something that was not exactly the fact—

Mr. BARKLEY. That might be true in any sort of proceedings.

Mr. MADDEN. Surely.

Mr. RAKER. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. RAKER. In addition to the father making public acknowledgment that he was the father of that child, for the child to get the benefit he would have to go to the court and get a decree of the court filed on behalf of the child before he could get any relief.

Mr. MADDEN. This section of the bill does not make provision as to what acknowledgment shall be made nor before whom it shall be made, or when it shall be made, or where it shall be made, or the nature of the acknowledgment. It seems to me that in order to make the acknowledgment complete there ought to be some record of the court somewhere, and the way to get that covered is to have the court pass upon the case.

Mr. SABATH. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. SABATH. How can you secure judicial action if the man never returns?

Mr. MADDEN. I do not know how you lawyers do things. I am trying to get at this case—

Mr. SABATH. But the gentleman's amendment is more drastic than the language of the bill itself.

Mr. MADDEN. I am not a lawyer, but I am trying to suggest some common-sense view of the situation that seems to be embarrassing to a lot of people. It does not embarrass me at all. [Laughter.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The question was taken and the amendment was rejected.

Mr. DOWELL. Mr. Chairman, I move to strike out the last word. I desire to ask—

The CHAIRMAN. The gentleman from Ohio [Mr. BATHRICK] has an amendment he desires to offer.

Mr. DOWELL. I am offering an amendment but I desire to ask a question to lay a foundation for it.

The CHAIRMAN. The gentleman will be recognized in a few moments. The Clerk will report the amendment offered by the gentleman from Ohio.

The Clerk read as follows:

Page 8, line 9, after the word "stepchild," strike out all to the period at the end of the line.

Mr. BATHRICK. Mr. Chairman, this line reads "A stepchild, if a member of the man's household." Now, in other words, if this child is not a member of the soldier's household or if he has no household, it is not a stepchild under the meaning of this law. I think that is an absurd assumption and I do not think it is fair. I believe it will work hardships in many worthy cases. Now, these cases unless taken care of in this law, will be constantly coming up to Members of the House

for special bills, and it seems to me as we go along we might change them, carefully, and that this is one question we should take care of.

Mr. COX. Will the gentleman yield?

Mr. BATHRICK. I do.

Mr. COX. What is the gentleman's interpretation of the language in order to be a stepchild? Does the gentleman construe the language in the bill to mean the child must live under the roof of the stepfather?

Mr. BATHRICK. Absolutely, under the provisions of this bill, and the stepfather may have no roof so the stepchild is absolutely excluded from any benefits under the bill. Now, the man may go to war—

Mr. COX. Just a moment further. Suppose the stepchild married and has got a home of its own?

Mr. BATHRICK. This bill excludes all children, married or over 18 years of age.

Mr. COX. Under the provisions of this bill would it be regarded as a stepchild?

Mr. BATHRICK. If married or over 18 years of age, the stepchild would be excluded.

The case I am looking at is this: A man has gone to war, either an enlisted man or a drafted man, and he is the husband of a woman with a child, and the child was her child. He remains responsible for the care of that child under the law. Now, take the case where the woman dies and the man returns from war. He has no household; he can not have a household when he is in France, in many cases, and the child is turned out on the cold world without any care. Now, I do not believe the committee or anybody else intended that should happen, and it is easily within the scope of our imaginations to conjure up other cases where children are thrown out without any provision being made under the bill, and I believe my amendment should prevail. Now, I am for this bill, I am heartily in accord with the purposes of it and the principles enunciated in the bill, but there is always present, it seems to me, when bills are considered in the House, an overweening determination on the part of chairmen and leaders of committees to jam bills through because it is "ours." Now, that is not the way to get consideration of bills in this House; it is not the way to get combined application of the minds of Members of this House, and while this amendment does not bear with any supreme importance on the bill, yet there are other matters that are going to come up shortly that do have important relation to the principles of good legislation for the purpose of taking care of our soldiers. I believe our honorable chairman, who is known so well in this House and in the country, and who is better known, perhaps, for his intelligence and many attainments in a predominant desire to have a bill go right through just as he made it.

When we get to that proposition spoken of this afternoon by our friend from Alabama [Mr. HUDDLESTON], that there should not be any difference between one man's life and another's when he is performing a patriotic service, I hope the gentleman from Georgia—the chairman of this committee—and those who stand with him in an effort to put this bill through right, will propose some amendment themselves as a committee amendment to amend this bill. I believe a dead or maimed private has yielded to his country as great a sacrifice as a dead or maimed general. I do not believe we should overturn this conception and practice of a hundred years.

The CHAIRMAN. The time of the gentleman has expired.

Mr. DYER. Will the gentleman yield?

Mr. BATHRICK. Yes; if I can have two minutes more.

The CHAIRMAN. The gentleman from Ohio [Mr. BATHRICK] asks unanimous consent for two minutes more. Is there objection?

There was no objection.

Mr. DYER. Will the gentleman say whether or not in his State a man is legally liable for the support of his stepchildren?

Mr. BATHRICK. I can not do that. I am like my friend from Illinois [Mr. MADDEN]. I am not a lawyer. I know he has a moral obligation, and moral obligations must be considered in any legislation. No lawyer will deny moral obligations, or assume that law is unmoral, will he?

Mr. DYER. I do not think he wants to force that on the House when the man is not legally liable and that when the child is not in his household he should take care of it.

Mr. SLOAN. Will the gentleman yield?

Mr. BATHRICK. Yes.

Mr. SLOAN. I presume that we are both interested in doing what we can to promote this bill, and there seems to be some trouble on the part of the gentleman as to the definition of the word "household." Will the gentleman allow me to read a definition from Bouvier?

Mr. BATHRICK. I would like to have the gentleman show me that the household where the child may live, for instance, among strangers, is still the household of the man who is far away, and does not in any sense live there.

Mr. SLOAN. I desire to read to the committee this definition from Bouvier's Law Dictionary. It says:

Household. Those who dwell under the same roof and constitute a family.

Citing Webster:

But it is not necessary that they should be under the roof or that the father of the family be with them if the mother and child keep together so as to constitute a family.

Mr. BATHRICK. I want to ask the gentleman a question. I have cited a case where a man goes to war, having married a woman with a child, and the wife dies and the child is left out in the world. I think the citation the gentleman just referred to does not apply to that case.

Mr. SLOAN. That child is the last remnant of that family, and as long as any member of the family exist the family remains.

Mr. BATHRICK. I think that is a strong definition, subject to legal quibbles and varied interpretations. If we pass the amendment I propose, it certainly would do no harm, and it has great possibilities for doing good. I am for this bill and shall vote for it and try to make it better as we go along.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. BATHRICK].

The question was taken, and the amendment was rejected.

The CHAIRMAN. The gentleman from Iowa [Mr. DOWELL] offers an amendment.

Mr. DOWELL. Mr. Chairman, I desire to call the attention of the committee to the language on line 17, page 8:

"Child" and "grandchild" are limited to unmarried persons either under 18 years of age, or of any age if incapable.

The words "either" and "or" should be stricken out and the word "and" should be inserted in lieu of "or," in order to meet what I think the committee desires.

Mr. RAYBURN. What interpretation does the gentleman think the language ought to have?

Mr. DOWELL. I will read. It says:

limited to unmarried persons either under 18 years of age, or of any age.

Should it not be "limited to unmarried persons under 18 years of age, and of any age when incapable"?

Mr. RAYBURN. No; there are two classes there. One is the competent that is under 18, and passes out of that age. The other never passes out of the category of a child, because he never becomes competent.

Mr. DOWELL. I understand what the committee means, but in the expression here you put it "either under 18 years, or of any age," and if the word "either" is stricken out you then state "of under 18 years of age," and if you change the word "or" to "and" you then include those "of any age" who are incompetent.

Mr. RAYBURN. It seems to me the language is perfectly clear.

Mr. DOWELL. I do not want to offer an amendment if the committee objects to it, but it occurs to me that in order to make it correct you should strike out the word "either." It will then include "all children and grandchildren under 18 years of age and all incompetent of any age."

Mr. PARKER of New Jersey. Suppose you strike out the words "of any age," so that it will read "either under 18 years of age, if incapable."

Mr. DOWELL. Perhaps that might do. Does the chairman make an objection to language of that character?

Mr. RAYBURN. Of the character you suggest?

Mr. DOWELL. Yes.

Mr. RAYBURN. Yes. It seems to me the language is perfectly clear as it is. There are two classes.

Mr. PARKER of New Jersey. If you strike out the words "of any age," it is perfectly plain they are under 18 years of age, or incapable, and the words "of any age" only mixes it up. I would suggest to strike out the words "either under eighteen years of age, or incapable."

Mr. BATHRICK. I move to strike out the last word. I want to ask a question.

The CHAIRMAN. Does the gentleman from Iowa [Mr. DOWELL] offer an amendment?

Mr. DOWELL. I will not insist on an amendment. I think the language I suggested makes it very clear, and I think the language in the bill is not clear; but I will not insist on it.

The CHAIRMAN. The gentleman from Ohio [Mr. BATHRICK] offers an amendment which the Clerk will report.



Mr. BATHRICK. These are children, incapable because of mental or physical infirmity of pursuing any substantially gainful occupation; and in section 301 there is a reference very similar to that. Now, what do you propose to do with a mental incompetent, say 25 or 30 years of age, who is being cared for in a public institution at public cost? Do you intend to double the public cost by giving such a person compensation also?

Mr. RAYBURN. No. I think a man should be cared for. If he is a public charge, that cost should be taken out of that.

Mr. BATHRICK. There is no reason why a mental incompetent, a menace to the community, might not be taken by the court and put into an insane asylum and there cared for at the public cost. Or there is no reason why this same mental incompetent might not be costing public money in a poorhouse, and the people of the State called upon to pay taxes to support him, while at the same time the Federal Government is taxing the public to support him.

Mr. RAYBURN. From time to time a child will be sent to an asylum or to an epileptic colony or sanitarium, which is a humiliating thing to the family when the child has to go there entirely at the charge of the State; but if that person, by some contribution by himself or his relatives or from the Government is in whole or in part supported in that way, the family would not be subject to the humiliation of putting that child into an epileptic colony or an asylum, but they could rent a ward in a private hospital, not in a public institution.

Mr. BATHRICK. I agree with the gentleman absolutely, but would it not be a good plan to have a proviso inserted here, or at the end of the paragraph on page 8, something to this effect: "Provided, That such payment shall cease while such child is incarcerated in any penal or eleemosynary institution as a mental incompetent"?

Mr. RAYBURN. He will not be incarcerated in a penal institution.

Mr. BATHRICK. Semi-incompetence often leads people to commit crimes, and then they are committed to a penal institution. Then they are a charge upon the public.

Mr. RAYBURN. That is not so in my State.

Mr. BATHRICK. An insane murderer is incarcerated in an asylum for the criminal insane. There, under this bill, they will be costing the public double.

Mr. DEWALT. Mr. Chairman, will the gentleman yield?

Mr. BATHRICK. Yes.

Mr. DEWALT. Is the gentleman aware of the fact that when insane or dependent persons are placed in public institutions, if they have any funds of their own or if their relatives who are ordinarily obliged to support them have funds of their own, those relatives must pay for their support?

Mr. BATHRICK. I am aware of the fact that that is usually the case. But always the relatives seek to avoid this expense and often succeed.

Mr. DEWALT. If the gentleman is aware of that fact, does he not concede that if this allotment is made and this compensation is paid, that payment will come from the Government from the allotment instead of the State paying? That is the law of the land.

Mr. BATHRICK. If you would adopt such a provision as I have suggested there would be no opening for fraud.

Mr. DEWALT. You do not need it. That is the law now.

Mr. BATHRICK. In one case it is necessary for the officials of the institution to prove that the relatives have this power to pay. In the other case it is not.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. RUCKER. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Missouri.

Mr. RUCKER. Mr. Chairman, I move to amend on page 8, line 18, by striking out the word "unmarried." I would be glad to have the attention of the gentleman in charge of the bill. As the bill reads, the terms "child" and "grandchild" are limited to unmarried persons under 18 years of age.

The CHAIRMAN. The gentleman from Missouri will suspend just a moment until the Clerk reports the amendment.

The Clerk read as follows:

Amendment offered by Mr. RUCKER: Page 8, line 18, strike out the word "unmarried."

Mr. RUCKER. These definitions on this page, I understand, have relation to the provisions following in the bill for allotments and allowance and compensation. I would like to ask the gentleman what reason governed the committee in providing that if a soldier's boy—possibly his only heir—should be under 18 years of age and should marry, or should be married, he should be denied the benefits of this bill?

Mr. RAYBURN. The simplest reason in the world, I should think.

Mr. RUCKER. It is not clear to me. Doubtless the gentleman can make it so.

Mr. RAYBURN. In my State, and I presume in every State, when a girl marries she ceases to be a child.

Mr. RUCKER. I was speaking about a son.

Mr. RAYBURN. Or a son.

Mr. RUCKER. Ceases to be a child?

Mr. KITCHIN. Ceases to be dependent on the father, usually.

Mr. RAYBURN. He ceases to be a member of his father's household, and it is supposed he ought to be able to go out and make a living, if he is not mentally incompetent.

Mr. RUCKER. True, but still there are many people over 18 who sometimes fail to make a living.

Mr. RAYBURN. Yes.

Mr. RUCKER. And the fact is that in most States we have marital laws which require licenses and forbid the issuance of licenses for those under certain ages, usually 21 for the man, unless he has the written consent of his parent or guardian. Suppose a father should give consent to the marriage of his boy, who was 17 or past 16, in good faith, and the marriage should occur; ought the child to be deprived of the benefits which this bill seeks to give to those dependent upon the father, because in his minority, with the consent of his father, the boy was married?

Mr. RAYBURN. Yes; and I think even when they are not married, when you get as high as 18 years you are going mighty high. I think when they graduate from the high school they ought to begin to take care of themselves.

Mr. RUCKER. That may be; but I take it that under the bill as it reads, and for which the gentleman stands sponsor, we are invited to vote this measure of protection to all those who are not yet past 18, unless they have married, and then they are barred.

Mr. RAYBURN. Yes.

Mr. RUCKER. I want to say to the gentleman, while I appreciate his intelligence and the thought he has given to this bill, I doubt the wisdom of that provision, and therefore in good faith I make the motion to strike out the word "unmarried," because I can see no reason on earth for depriving a boy of the humane provisions of this bill because with the consent of his father he happens to have married before becoming 18 years of age.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. RUCKER].

The amendment was rejected.

Mr. WALSH. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Massachusetts offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. WALSH: Page 9, line 9, after the word "include" insert "Army field clerks."

Mr. WALSH. Mr. Chairman, I ask to have this amendment deferred until action is taken upon the other, and that the amendment be considered as pending.

The CHAIRMAN. The gentleman from Massachusetts [Mr. WALSH] asks unanimous consent that the amendment proposed by him may be passed over without prejudice. Is there objection?

There was no objection.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last two words. I wish to direct attention to some rather unusual phraseology found in line 5, page 8. Does not the gentleman think it would be better to use the words "approval of this act" instead of "enactment of this amendment"? That is the usual phraseology in reference to such matters.

Mr. RAYBURN. This is an amendment to the other law.

Mr. STAFFORD. But the language "enactment of this amendment" is not the language usually used in referring to the date when a bill becomes effective.

Mr. RAYBURN. I know the words "approval of this act" are the usual words.

Mr. STAFFORD. Would the gentleman have any objection to such an amendment?

Mr. RAYBURN. No.

Mr. STAFFORD. In line 5, page 8, I move to strike out the words "enactment of this amendment" and insert in lieu thereof the words "approval of this act."

Mr. ESCH. I suggest that the same change be made in lines 8 and 9 on page 13.

Mr. STAFFORD. We have not read that part of the bill yet.

Mr. ESCH. No; but it is the same language.

Mr. STAFFORD. There are two or three places where similar changes will have to be made.

The CHAIRMAN. The gentleman from Wisconsin offers an amendment, which the clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 8, line 5, strike out the words "enactment of this amendment" and insert in lieu thereof "approval of this act."

The amendment was agreed to.

Mr. GRAHAM of Illinois. I move to strike out the last word.

Mr. RAYBURN. Will the gentleman take his time on the next section?

Mr. GRAHAM of Illinois. I simply do this for the purpose of making a statement. A little while ago I directed an inquiry to the chairman of the committee asking him about the rates of compensation that were fixed for the advisory boards, and at that time I stated that the act of 1914 fixed the maximum compensation for the advisory board at \$25 a day. I had overlooked the fact that at this session of Congress that act had been amended and the amount had been made \$20 a day. I did not want the apparent misstatement to go uncorrected into the RECORD.

Mr. COOPER of Wisconsin. Mr. Chairman—

Mr. RAYBURN. I move to close debate on this amendment.

Mr. KEATING. I desire to move to strike out the last two lines.

The CHAIRMAN. The gentleman from Texas moves to close debate.

Mr. COOPER of Wisconsin. Will the gentleman withhold that for a moment?

Mr. RAYBURN. Yes.

Mr. COOPER of Wisconsin. I think there is an ambiguity in the reading of that paragraph, in lines 15 to 20, which could easily be obviated by using what was used in the bill presented by the gentleman from North Carolina [Mr. KIRCHIN] the other day; after the word "either," in line 18, page 8, insert "(a)," so that it will read:

Unmarried persons either (a) under 18 years of age or—

And then in parentheses a letter "b," so that it will read—  
or (b) of any age if incapable—

And so forth. That makes it perfectly clear.

Mr. RAYBURN. I do not object to it, although I would not say that I deem it necessary.

The CHAIRMAN. The gentleman from Wisconsin offers the amendment which the Clerk will report.

The Clerk read as follows:

Page 8, line 18, after the word "either," insert "a" in parentheses, and after the word "or" insert the letter "b" in parentheses.

The CHAIRMAN. The question is on the amendment.

The question was taken, and the amendment was agreed to.

Mr. KEATING. Mr. Chairman, I move to strike out the last two words.

Mr. RAYBURN. Mr. Chairman, I move that at the end of five minutes all debate on this section and amendments thereto close.

The CHAIRMAN. The gentleman from Texas moves that all debate on this section and amendments thereto close in five minutes. Is there objection?

There was no objection.

Mr. KEATING. Mr. Chairman, on page 8, the bill states that the terms "child" and "grandchild" are limited to unmarried persons either under 18 years of age, or of any age if incapable because of mental or physical infirmity. Then, on page 29, line 8, it says "it shall be payable only to his spouse, child, grandchild, parent, brother, or sister." Now, as a matter of fact, under the definition of child do not you make this situation possible—that a child can not inherit this insurance if it is more than 18 years of age?

Mr. RAYBURN. Oh, no; the gentleman does not read the whole. It says, except as used in the last sentence of subdivision E of section 301 and in section 402. That is the one he has read from. The word "child" in section 402, article 4, is not the same child.

Mr. KEATING. It does not apply to the insurance section, I understand.

Mr. LITTLE. Mr. Chairman, I move to strike out the last two words. On page 8 the term "parents" includes the father and mother, grandfather, grandmother, stepfather, and stepmother. On page 14 we find that they are allotted, if there be one parent, \$10. Is it the intention of the bill that the soldier shall make an allowance to his stepfather? I do not care to argue it. I am asking for information.

Mr. RAYBURN. It is possible that there may be three parents.

Mr. LITTLE. But suppose there is no one but a stepfather, would the boy be supposed to contribute for his support?

Mr. RAYBURN.\* If he was a dependent, yes.

The Clerk read as follows:

Sec. 23. That when, by the terms of this act, any payment is to be made to a person mentally incompetent or a minor, such payment shall be made to some suitable person, corporation, or association, as may be prescribed by regulations for the benefit of the person entitled thereto.

Mr. RAKER. Mr. Chairman, I move to strike out the last word. I would like to get the opinion of the gentleman in charge of the bill why they desire to change the whole legal status of the disposition and handling of property of minors and incompetents.

Mr. RAYBURN. I did not quite catch the gentleman's question.

Mr. RAKER. I am calling the gentleman's attention to the fact that this legislation appears to override and change practically all legislation as to the disposition of property of minors and of incompetents. This provision allows the department to select any individual they want, responsible to no one, or to select a corporation to report to no one, or to select an association to report to no one, and changes the entire condition of the legal status of minors and incompetents.

Mr. RAYBURN. I will state that I have no objection to the gentleman inserting the words "legal representative."

Mr. RAKER. Then, Mr. Chairman, I offer the following amendment: After the word "made," line 3, page 10, strike out the rest of the paragraph and insert in lieu thereof the words "to his or her legal representatives."

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 10, line 3, after the word "made," strike out the rest of the line and all of lines 4 and 5 and insert in lieu thereof the following words: "to his or her legal representative."

Mr. RAYBURN. I think the gentleman is seeking to strike out more than he intends. I feel sure that the gentleman does not intend to strike out the last part of line 5, the words "for the benefit of the person entitled thereto."

Mr. RAKER. No; I do not. Mr. Chairman, I will modify my amendment to that extent.

The CHAIRMAN. The Clerk will report the modified amendment.

The Clerk read as follows:

Page 10, line 3, after the word "made," strike out the following words: "to some suitable person, corporation, or association, as may be prescribed by regulation," and insert in lieu thereof "to his or her legal representative."

The CHAIRMAN. The question is on the amendment offered by the gentleman from California.

Mr. RAKER. Mr. Chairman, just one word. In all of the States there is some one to represent the minor or the incompetent person. In some they call it a guardian, some guardian ad litem, but there is always some one legally under the law, so that they can account to the proper authority for the property and personnel of the child.

Mr. IGOE. Let me say, Mr. Chairman, that in the State of Missouri if you want a guardian legally appointed it is necessary to go into the probate court and file proceedings. It is necessary to have a guardian appointed under bond. It is necessary to make report annually; it is necessary to account for all these funds for all time for all minor children under guardianship. I think for the little property involved here it would be unwise for this Congress to write in the words that the gentleman seeks to have written in by his amendment.

Mr. RAKER. In the gentleman's State, and every State in the Union, for the personal attention of the child it requires a guardian for his person if he has any property.

If there is property, a guardian for the person and property; and no State or county will permit a person to handle the property of a child at will without some one responsible to account for it.

Mr. IGOE. But the Government now, in the case of pensions, if they are satisfied that the child ought to have some one to look after it and take care of it, does so without requiring them to have a guardian appointed by the court. Now, the point I make is this: When you pay this money under the law of Missouri, for instance, there is a guardian of the property, and in order to have the funds applied to the children it is necessary to have somebody attend to that; it is necessary to have an attorney or somebody go into the court to make out the report, and I assure the gentleman that it is going to do a great injustice.

Mr. RAKER. If there is money coming to these children, is there any reason you should give it to some one without any responsibility?

Mr. IGOE. Well, I will say to the gentleman, the Secretary of the Treasury or whoever administers this law can, for instance,



pick out some trust company or a relative or somebody whom they are satisfied will properly administer the money and there will not be any expense attached to it.

Mr. RAKER. There will not be any unnecessary expense. In nine cases out of ten the attorney charges nothing for an orphan or an incompetent of this kind, and you might just as well—

Mr. IGOE. The gentleman will find it will lead to trouble and expense.

Mr. RAKER. You might as well say in all cases where incompetents, or where there are minors, let their friends or somebody else pick out a suitable person to take care of the person or property. Now, it is recognized and known that while 99 per cent of the people are honest you will always find some fellow who will get away with the property of a minor or an incompetent person.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. DECKER. Mr. Chairman, I hope the committee will vote down the amendment, because I think it is very harmful. I heartily agree with my colleague, the gentleman from Missouri [Mr. IGOE] in what he said. In substance, the amendment of the gentleman from California means that the legal fees are apt to eat up all the money intended for the child. When you say somebody responsible should look after this money and see that it goes to the child, I assert that Uncle Sam is responsible. I can see that the success of this whole bill, or any similar bill, must depend upon the intelligence and efficiency of the bureau that administers it. Now, I desire to point out an illustration in addition to those Mr. IGOE has mentioned. Most of the people whose children will get the benefit of this are poor people. They have not enough personal property usually to justify the appointment of a curator. In Missouri, as I remember, there is a guardian of the person and a curator of the property. Suppose the party lived in St. Louis and sought to move over into East St. Louis, Ill., and work; or suppose they move around; with many of those people it will require a new appearance in the probate court wherever they may go. The bill as drawn leaves it to the bureau to select "some suitable person, corporation, or association" to look after it for the benefit of the person entitled thereto. If a child happens to have other property that requires a curator, in all probability the bureau would say that this contribution goes to the curator to be turned over to the child; but if it has a mother and no curator, it will go probably to the mother, as pensions do now.

Mr. LITTLE. Will the gentleman yield?

Mr. DECKER. I will.

Mr. LITTLE. Suppose some "suitable person" was designated and the law put a curator in charge; could not the curator take it away from this "suitable person"?

Mr. DECKER. I do not think anybody can take away anything we provide here. This compensation will be paid in the amount and the manner which we provide, and I have enough faith in the bureau to administer this law and see to it that it goes to the child in the least expensive way; if I did not think so, I would not vote for the bill.

Mr. RAKER. Will the gentleman yield for a question?

Mr. DECKER. I will.

Mr. RAKER. What assurance is there, or what arrangement is there, that the party selected is going to account for this money properly?

Mr. DECKER. The assurance of the greatest Government on earth, sir, which is as good as any government of any State, and I have the profoundest respect for State governments.

Mr. RAKER. Then it is the duty of the Government to keep in touch with the person appointed and see—

Mr. DECKER. Most certainly, as it does it to-day with pension contributions to the children of this country, the children of old soldiers.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California.

The question was taken, and the amendment was rejected.

Mr. MADDEN. Mr. Chairman, it is half past 5 o'clock and I think we have worked long enough—

Mr. RAYBURN. I would like to get down to article 2. I do not think there is any contested section to be read—

Mr. MADDEN. I think we are going along without any obstruction in any way, and we are getting along very well with the work, and if we work too hard to-day we will be tired to-morrow and probably be ugly.

Mr. ADAMSON. If we read over the three remaining sections I will move to rise. There is no contest on those sections.

Mr. MADDEN. Mr. Chairman, I make the point of order there is no quorum present.

The CHAIRMAN. The gentleman makes the point of order there is no quorum present. The Chair will count. [After counting.] Seventy-one Members are present; not a quorum. The Clerk will call the roll.

Mr. ADAMSON. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. GARRETT of Tennessee, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 5723, to amend an act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," and had come to no resolution thereon.

#### LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted to Mr. MORGAN for three days, on account of the death of Mrs. Morgan's brother.

#### CHANGE OF REFERENCE—COAST GUARD.

Mr. HICKS. Mr. Speaker, I ask unanimous consent for a change of reference of a bill. I spoke of this yesterday afternoon, and at that time the gentleman from Kentucky [Mr. FIELDS], of the Committee on Military Affairs, asked to have it left over until to-day. I have seen the gentleman since then, and he raises no objection to it. The number of the bill is H. R. 5988, pertaining to the Coast Guard.

The SPEAKER. The gentleman from New York [Mr. HICKS] asks unanimous consent that the reference of the bill H. R. 5988 be changed from the Committee on Military Affairs to the Committee on Naval Affairs.

Mr. STAFFORD. Mr. Speaker, I ask that that matter go over. I am not certain but that it should go to the Committee on Interstate and Foreign Commerce.

Mr. HICKS. I wish to say to the gentleman from Wisconsin, if he will permit a moment—

Mr. STAFFORD. There are very few Members here.

Mr. ADAMSON. What is the bill?

The SPEAKER. The gentleman from Wisconsin objects.

#### EXTENSION OF REMARKS.

Mr. LONERGAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record on the pending insurance bill.

The SPEAKER. The gentleman from Connecticut asks unanimous consent to extend his remarks in the Record on the pending bill. Is there objection? [After a pause.] The Chair hears none.

Mr. BATHRICK. Mr. Speaker, I make the same request.

The SPEAKER. The gentleman from Ohio makes the same request. Is there objection? [After a pause.] The Chair hears none.

#### CALENDAR WEDNESDAY BUSINESS.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent that the business for Calendar Wednesday, to-morrow, be dispensed with.

The SPEAKER. The gentleman from North Carolina asks unanimous consent that the business for Calendar Wednesday, to-morrow, be dispensed with. Is there objection? [After a pause.] The Chair hears none.

#### HOOR OF MEETING TO-MORROW.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock to-morrow.

The SPEAKER. The gentleman from North Carolina asks unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock to-morrow. Is there objection?

Mr. MADDEN. Reserving the right to object, I would like to know whether the gentleman intends to ask to send the revenue bill to conference to-morrow morning?

Mr. KITCHIN. That is my intention, I will say, after the reading of the Journal to-morrow morning.

The SPEAKER. Is there objection?

Mr. MADDEN. In view of the fact that the gentleman from North Carolina expects to make that request to-morrow morning and the necessity for going on with this bill later, I will not object.

The SPEAKER. Is there objection?

Mr. MAPES. Mr. Speaker, I desire to submit a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MAPES. The Chairman of the Committee of the Whole House on the state of the Union ascertained that there was not a quorum present, and the committee rose after that. Can this business be transacted in the House?

The SPEAKER. Of course. That was the committee, and this is the House. It would not make any difference if there were only three Members here.

Mr. MAPES. A notation in the Manual says that when the committee rises without a quorum it may not report the bill until it is acted on.

The SPEAKER. I know. It is not going to report any bill.

Mr. MAPES. Does not the Chairman have to report?

The SPEAKER. He reported that they had not come to any conclusion.

Mr. MAPES. Does he not have to report that the committee found itself without a quorum?

The SPEAKER. Oh, no. That was a straight motion for the committee to rise. If there had been 435 Members here, the committee could rise, or if there were only 15, or even 2 for that matter.

Is there objection to the request of the gentleman from North Carolina [Mr. KITCHIN], to meet at 11 o'clock a. m. to-morrow? [After a pause.] The Chair hears none.

#### ADJOURNMENT.

Mr. KITCHIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 35 minutes p. m.) the House, under its previous order, adjourned until Wednesday, September 12, 1917, at 11 o'clock a. m.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, a letter from the Acting Secretary of the Treasury, transmitting copy of a communication from the Secretary of the Interior submitting a supplemental estimate of appropriations required by the Department of the Interior for the fiscal year 1918, for the care and custody of the insane of Alaska (H. Doc. No. 364), was taken from the Speaker's table, referred to the Committee on Appropriations, and ordered to be printed.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. CLARK of Florida: A bill (H. R. 6019) to credit and pay to the several States and Territories and the District of Columbia all moneys collected under the direct tax levied by the acts of Congress approved, respectively, July 1, 1862; March 7, 1864; July 13, 1866; March 2, 1867; to the Committee on War Claims.

Also, a bill (H. R. 6020) conferring police powers on all conductors and motormen on all electric and other street railways in the District of Columbia; to the Committee on the District of Columbia.

Also, a bill (H. R. 6021) to revive and amend an act to provide for the collection of abandoned property and the prevention of frauds in insurrectionary districts within the United States, and acts amendatory thereof; to the Committee on the Judiciary.

Also, a bill (H. R. 6022) to prohibit the payment of any compensation by way of salary, expense account, or otherwise to any person who has volunteered or may volunteer to donate his or her services in any civil capacity to the Government of the United States, and to punish violations thereof; to the Committee on the Judiciary.

Also, a bill (H. R. 6023) to prevent heads of departments of the United States Government and all other Federal officials issuing any order or promulgating any rule which tends in any way to prohibit Government employees petitioning the Congress with relation to any matter relating to the public service, and prescribing penalties for its violation; to the Committee on the Judiciary.

By Mr. DENT: A bill (H. R. 6024) to authorize the Secretary of War to employ such portion of the appropriations made for the transportation of the Army and its supplies as in his judgment may be necessary to defray the expenses incurred by officers and enlisted men of foreign armies attached to the Army of the United States; to the Committee on Military Affairs.

By Mr. CLARK of Florida: A bill (H. R. 6025) to extend the franking privilege to literature published by boards of health of States and Territories in the United States; to the Committee on the Post Office and Post Roads.

Also, a bill (H. R. 6026) to prevent the employment of aliens and naturalized citizens in certain cases and to prescribe punishment for its violation; to the Committee on the Judiciary.

Also, a bill (H. R. 6027) to provide for the purchase of a site upon which to erect a post-office building in the city of Starke, Fla.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 6028) to extend to the veterans of the several Seminole Indian wars and to the widows of veterans of the several Seminole Indian wars the benefits of the act of Congress of February 6, 1907, and acts amendatory thereof; to the Committee on Pensions.

Also, a bill (H. R. 6029) granting pensions to the soldiers of the different Seminole Indian wars and their widows; to the Committee on Pensions.

Also, a bill (H. R. 6030) for the relief of the State of Florida; to the Committee on War Claims.

Also, a bill (H. R. 6031) to prohibit the intermarriage of persons of the white and negro races within the District of Columbia; to declare such contracts of marriage null and void; to prescribe punishments for violations and attempts to violate its provisions; to the Committee on the District of Columbia.

Also, a bill (H. R. 6032) to provide for the erection of a public building at Lake City, in the State of Florida; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 6033) to provide for universal transfers on all street railway companies, herd companies, and all other passenger transportation lines within the District of Columbia, and to prescribe penalties and punishments for violating its provisions; to the Committee on the District of Columbia.

Also, resolution (H. Res. 137) for appointment of special committee to investigate certain commissions, boards, etc.; to the Committee on Rules.

Also, joint resolution (H. J. Res. 150) relating to printing speeches in the CONGRESSIONAL RECORD; to the Committee on Rules.

Also, joint resolution (H. J. Res. 151) to appoint a commission to provide a tablet to mark the birthplace of Thomas Jefferson; to the Committee on the Library.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ASHBROOK: A bill (H. R. 6034) granting a pension to William H. Williams; to the Committee on Pensions.

By Mr. CLARK of Florida: A bill (H. R. 6035) granting an increase of pension to Mary Ann Stapleton; to the Committee on Invalid Pensions.

By Mr. DOREMUS: A bill (H. R. 6036) granting an increase of pension to Thomas E. Winfield; to the Committee on Invalid Pensions.

By Mr. ESCH: A bill (H. R. 6037) granting an increase of pension to Oscar Bowen; to the Committee on Invalid Pensions.

By Mr. HARRISON of Mississippi: A bill (H. R. 6038) for the purchase of a site for a public building at Columbia, Marion County, Miss.; to the Committee on Public Buildings and Grounds.

By Mr. SMITH of Idaho: A bill (H. R. 6039) granting an increase of pension to Anna Brown; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6040) granting an increase of pension to Hubert W. Wilson; to the Committee on Pensions.

By Mr. WHITE of Maine: A bill (H. R. 6041) granting an increase of pension to James K. P. Simpson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6042) granting an increase of pension to David F. Pierce; to the Committee on Invalid Pensions.

By Mr. WOODS of Iowa: A bill (H. R. 6043) granting an increase of pension to Charles E. Martin; to the Committee on Invalid Pensions.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By Mr. ASHBROOK: Petition of Victor Geiger and 39 others, of Galena, Ohio, in favor of national prohibition; to the Committee on the Judiciary.

By Mr. BYRNES of South Carolina: Petition of numerous citizens of Pleasant Grove and surrounding sections of Saluda County, urging the President and Congress to end the war and the consideration of any honorable peace terms; to the Committee on Foreign Affairs.

By Mr. DALE of New York: Petition of A. J. White, New York, and Memley & James, New York, protesting against the tax of 2 per cent on gross sales of ready-made medicines and the heavily increased tax on alcohol; to the Committee on Ways and Means.

By Mr. ESCH: Petition of the National Brick Manufacturers' Association, Indianapolis, Ind., and the National Paving Brick Manufacturers' Association, Cleveland, Ohio, urging the early



designation, construction, and maintenance of a system of national highways; to the Committee on Roads.

By Mr. FULLER of Illinois: Petition of P. A. Peterson, of Rockford, Ill., opposing the proposition to compute excess-profits tax on the basis of earnings for the years 1911, 1912, and 1913; to the Committee on Ways and Means.

Also, petition of the International Typographical Union, Indianapolis, Ind., favoring prosecution of those responsible for the greatly increased cost of print paper and protesting against imposing any further burdens of taxation on publishers; to the Committee on Interstate and Foreign Commerce.

By Mr. GALLIVAN: Petition of the Amalgamated Association of Street and Electric Railway Employees of America, Division 589, urging a full investigation into the San Francisco bomb explosion of 1916; to the Committee on Labor.

By Mr. KENNEDY of Rhode Island: Resolutions of Tyler Council, No. 45, Knights of Columbus, of Pawtucket, R. I., protesting against granting of loans to Carranzista government of Mexico until such time as that Government shall have put into effect in Mexico religious liberty and freedom of worship, the same as provided by the Constitution of the United States; to the Committee on Foreign Affairs.

Also, petition of Commodore Perry Council, No. 14, Junior Order United American Mechanics, of Wakefield, R. I., favoring further restriction of immigration; to the Committee on Immigration and Naturalization.

By Mr. LONERGAN: Petition of the Common Council of Danbury, Conn., urging an investigation of the production and distribution of anthracite coal; to the Committee on Interstate and Foreign Commerce.

By Mr. RAKER: Petition of the International Typographical Union, J. W. Hays, secretary, Indianapolis, Ind., protesting against any further increase in the postage rates on second-class matter; to the Committee on Ways and Means.

By Mr. TINKHAM: Petition of Division 57, Ancient Order of Hibernians, urging the independence of Ireland, etc.; to the Committee on Foreign Affairs.

## SENATE.

WEDNESDAY, September 12, 1917.

Rev. J. J. Muir, D. D., of the city of Washington, offered the following prayer:

Our Father and our God, we recognize Thee in the brightness of the day, and recognize Thee, too, in all the manifold duties and responsibilities which Thou dost call for. We ask Thy blessing upon this representative body. May these, Thy servants, be guided to fulfill the high duties of their sacred trust in Thy fear, and may the Government under which we live be prospered in all its undertakings. Be with us at home and abroad. In the manifold duties we owe to the world at large guide, we beseech of Thee, and guard the person of our President and all who are called into the councils of our Nation at this time; and speed the hour when over the vast field of human conflict the battle flag shall be furled, and we shall find ourselves in happy relations to all the peoples of the earth. We humbly ask, for Christ our Lord's sake. Amen.

The Secretary proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. BRADY and by unanimous consent, the further reading was dispensed with and the Journal was approved.

### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House disagrees to the amendments of the Senate to the bill (H. R. 4280) to provide revenue to defray war expenses, and for other purposes, agrees to the conference asked for by the Senate on the disagreeing votes of the two Houses thereon, and had appointed Mr. KITCHIN, Mr. RAINEY, Mr. DIXON, Mr. FORDNEY, and Mr. MOORE of Pennsylvania managers at the conference on the part of the House.

The message also announced that the House had passed a bill (H. R. 5271) authorizing appointment of chaplains at large for the United States Army, in which it requested the concurrence of the Senate.

### LETTER BY PROF. KELLY MILLER.

Mr. JONES of Washington. I have an open letter here by Prof. Kelly Miller, of Howard University, pronounced by the New York Evening Post to be the ablest colored man in the United States. This letter is a very temperate presentation of the colored man's view of the riots, and so on, that we have had involving their race. I ask that it may be printed in the RECORD.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

The letter is as follows:

THE DISGRACE OF DEMOCRACY.

[By Kelly Miller.]

AUGUST 4, 1917.

HON. WOODROW WILSON,

President of the United States,

The White House, Washington, D. C.

MR. PRESIDENT: I am taking the liberty of intruding this letter upon you because I feel that the issues involved are as important as any questions now pressing upon your busy attention. The whole civilized world has been shocked at the recent occurrences in Memphis and East St. Louis. These outbreaks call attention anew to the irritating race problem of which they are but eruptive symptoms which break forth ever and anon with Vesuvian violence. For fully a generation American statesmanship has striven to avoid, ignore, or forget the perplexing race problem. But this persistent issue will not down at our bidding, and can not be shunted from public attention by other questions, however momentous or vital they may seem to be.

I know that I am taking unwarranted liberties with the ceremonial proprieties in writing such a letter to the President of the United States at the present time. It may seem to partake of the spirit of heckling after the manner of the suffragists. Nothing is further from my purpose. No right-minded American would wish to add one featherweight to the burden that now so heavily taxes the mind and body of the President of the United States who labors under as heavy a load as human nature is capable of sustaining. Every citizen should strive to lighten rather than to aggravate that burden. It is, nevertheless, true that any suppressed and aggrieved class must run athwart the established code of procedure in order that their case may receive a just hearing. Ceremonial codes were enacted by those who are the beneficiaries of existing order which they wish to perpetuate and make unchangeable. They would estop all social and moral reform. The ardent suffragists find it necessary to ruthlessly violate the traditional and decorous modes of procedure in order to promote the reform which they have at heart. On one occasion you felt forced to terminate an interview with a committee of suffragists because they persisted in cross-examining the President of the United States.

There are 10,000,000 loyal citizens of African descent in the United States. They are rigorously excluded from a voice in the Government by which they are controlled. They have no regularly constituted organ through which to present their case to the powers that be. They have no seat nor voice in the council of the Nation. The late Dr. Booker T. Washington was the accepted spokesman and mediator of the race, but he has no successor. Under former administrations there was a small appointive official class of negroes. Though derisively designated as the "Black Cabinet," they were on the inside of the circle of governmental control to which they had ready access in presenting the claims of the race. But under the exaction of partisan exigencies even these have been excluded from official position under your administration. Several weeks ago a delegation of colored men from the State of Maryland sought an interview with you concerning the horrible crime of East St. Louis. You were good enough to write Senator FRANCE that you were too busy with other pressing issues to grant the request of an interview. The failure of all other methods is my only excuse for resorting to an open letter as a means of reaching you and, through you, the Nation at large, concerning the just grievances of 10,000,000 loyal American citizens.

The negro feels that he is not regarded as a constituent part of American democracy. This is our fundamental grievance and lies at the basis of all of the outrages inflicted upon this helpless race. It is the fundamental creed of democracy that no people are good enough to govern any other people without their consent and participation. The English are not good enough to govern the Irish. The Russians are not good enough to govern the Finns. The Germans are not good enough to govern the Belgians. The Belgians are not good enough to govern the people of the Congo. Men are not considered good enough to govern women. The white people of this country are not good enough to govern the negro. As long as the black man is excluded from participation in the government of the Nation, just so long will he be the victim of cruelty and outrage on the part of his white fellow citizens who assume lordship over him.

These periodic outbreaks of lawlessness are but the outgrowth of the disfavor and despite in which the race is held by public opinion. The evil is so widespread that the remedy lies in the hands of the National Government.

Resolutions pending before both Houses of Congress look toward investigation of the outrage at East St. Louis. I under-



stand that you are sympathetically disposed toward this investigation by Federal authority. Such investigation is important only to the extent that it implies a tardy recognition of national responsibility for local lawlessness. There is no expectation that any additional comprehensive information will result. You may rest assured that there will be a half dozen similar outbreaks before this investigation is well under way. Indeed, since the East St. Louis atrocity there have already been lynchings in Georgia, Louisiana, Pennsylvania, and Montana. Every intelligent American knows as much about the essential cause of this conflict as he will know after long and tedious investigation. The vital issues involved are apt to be obscured by technical wranglings over majority and minority reports. What the Nation needs is not investigation of obvious fact, but determination and avowed declaration on the part of the President speaking for the people of the United States to put an end to lawlessness wherever it raises its hideous head.

I know that it has been steadily maintained that the Federal Government has no authority over lynchings and local race conflicts. This is not a political contention. This view was maintained under the administrations of Harrison, Cleveland, McKinley, Roosevelt, and Taft. Indeed, President Cleveland, that great American Democrat, came nearer recognizing Federal responsibility in such matters than any President before or since his time. During the administration of President McKinley, an atrocious riot occurred in Wilmington, N. C., the city in which you spent your boyhood as the son of a minister of the Gospel. Scores of innocent negroes were killed and hundreds were driven from their homes. But it was maintained that the President had no authority to interfere. A horrible lynching took place at Alexandria, Va., a few miles from the White House, which the President might possibly have observed through his field glasses. And yet it was looked upon as a purely local affair for which the Federal Government had no responsibility nor concern. You recall the atrocities of the riot in Atlanta, a city in which you spent your young manhood as a practitioner of law. But here again even President Roosevelt could find no ground for interference.

These outbreaks are not limited to the Southern States, although they occur there more frequently than elsewhere because of the relatively larger number of negroes in the total population. There have been lynchings and burnings in Illinois, Kansas, Delaware, Ohio, Indiana, Colorado, and other Northern States. The evil is, indeed, national in its range and scope, and the Nation must provide the remedy. Striking, indeed, is the analogy between the spread of lawlessness to-day and the extension of the institution of slavery two generations ago. Like slavery, lawlessness can not be localized. As the Nation could not exist half slave and half free under Abraham Lincoln, so it can not continue half law-abiding and half lawless under Woodrow Wilson. The evil tendency overcomes the good, just as the darker overlaps the brighter phase in the waning moon. If the negro is allowed to be lynched in the South with impunity, he will soon be lynched in the North, so easy is the communicability of evil suggestion. The lynchings of negroes has become fashionable in some parts of the country. When a black man is accused of wrongdoing, "Lynch the negro!" is the cry that springs spontaneously to the lips of man, woman, and child. The fashion is rapidly spreading throughout the whole Nation. If slavery could have been isolated and segregated in the South, that institution might have existed even down to the present time. And so if lynching could be localized and limited to the Southern States the Nation as a whole would have less pretext for interfering. But this can not be done. Senator Tombs, of Georgia, boasted that he would call the roll of his slaves under the shadow of the Bunker Hill Monument, an ambition which doubtless might have been gratified had not the Nation arisen in its moral might and blotted out the iniquitous institution altogether. Unless the aroused conscience of the American people, efficiently asserting itself through Federal authority, shall stamp out the spirit of lawlessness, it is easy to prophesy that the negro will yet be lynched not only in the shadow of the Bunker Hill Monument but on the campus of your beloved Princeton. Already there have been burnings of human beings in the bleeding State of Old John Brown, and in the city where lie the remains of Abraham Lincoln. During the past 30 years nearly 3,000 negroes have been lynched in various parts of the country. Scores of these have been burned at the stake. Even the bodies of women have been fed to the flames. Thousands of localities in the majority of the States of the Union have experienced these outrages. Our fair land of liberty is blotted over with these foul spots which can not be washed out by all of the waters of the ocean. It is not easy to calculate the number of persons who have been involved in these lynchings, either as participants or as acquiescent lookers-on, all of whom were potential murderers. So general and wide-

spread has become the practice that lynching may well be characterized as a national institution, to the eternal disgrace of American democracy.

Lynching can not be confined to the negro race. Hundreds of white men have been the victims of lawlessness and violence. While these words are flowing from my pen news comes over the wire that a labor agitator has been lynched in the State of Montana. Although the negro is at present the chief victim of lawlessness, like any other evil disease it can not be limited by racial lines.

It is but hollow mockery of the negro when he is beaten and bruised and burned in all parts of the Nation and flees to the National Government for asylum, to be denied relief on the ground of doubtful jurisdiction. The black man asks for justice and is given a theory of government. He asks for protection and is confronted with a scheme of governmental checks and balances.

Mr. President, you are Commander in Chief of the Army and Navy. You express the voice of the American people in the great world conflict which involves practically the entire human race. You are the accepted spokesman of the world democracy. You have sounded forth the trumpet of democratization of the nations, which shall never call retreat. But, Mr. President, a chain is no stronger than its weakest link. A doctrine that breaks down at home is not fit to be propagated abroad. One is reminded of the pious slaveholder who became so deeply impressed with the plea for foreign missions that he sold one of his slaves to contribute liberally to the cause. Why democratize the nations of the earth if it leads them to delight in the burning of human beings after the manner of Springfield, Waco, Memphis, and East St. Louis while the Nation looks helplessly on? You add nothing to the civilization of the world nor to the culture of the human spirit by the technical changes in forms of government. The old adage still remains true:

For forms of government let fools contest;  
Whate'er is best administer'd is best.

If democracy can not control lawlessness, then democracy must be pronounced a failure. The nations of the world have a right to demand of us the workings of the institutions at home before they are promulgated abroad. The German press will doubtless gloat with ghoulish glee over American atrocities against the negro. The outrages complained of against the Belgians become merciful performances by gruesome comparison. Our frantic wall against the barbarity of Turk against Armenian, German upon Belgian, Russian upon Jew, are made of no effect. It can not be said that these outbreaks are but the spontaneous ebullitions of popular feeling, without governmental sanction or approval. These outrages occur all over the Nation. The Nation must be responsible for what it permits. Sins of permission are as reprehensible as sins of commission. A few years ago a Turkish ambassador was handed his passport by you for calling attention to the inconsistency between our national practice and performance. The Nation was compelled, with a spirit of humiliation, to accept the reproach which he hurled into our teeth: "Thou hypocrite, first cast out the beam out of thine own eye; and then shalt thou see clearly to cast out the mote out of thy brother's eye." Every high-minded American must be touched with a tinge of shame when he contemplates that his rallying cry for the liberation of humanity is made a delusion and a snare by these racial barbarities.

It is needless to attempt to place the blame on the helpless negro. In the early stages of these outbreaks there was an attempt to fix an evil and lecherous reputation on the negro race as lying at the basis of lynching and lawlessness. Statistics most clearly refute this contention. The great majority of the outbreaks can not even allege rapeful assault in extenuation. It is undoubtedly true that there are imbruted and lawless members of the negro race, as there are of the white race, capable of committing any outrageous and hideous offense. The negro possesses the imperfections of his status. His virtues as well as his failures are simply human. It is a fatuous philosophy, however, that would resort to cruel and unusual punishment as a deterrent to crime. Lynching has never made one negro virtuous nor planted the seed of right doing in the mind of a single American citizen. The negro should be encouraged in all right directions to develop his best manly and human qualities. Where he deviates from the accepted standard he should be punished by due process of law. But as long as the negro is held in general despite and suppressed below the level of human privilege, just so long will he produce a disproportionate number of imperfect individuals of evil propensity. To relegate the negro to a status that encourages the baser instincts of humanity and then denounce him because he does not stand forth as a model of human perfection is of the same order of ironical cruelty as shown by the barbarous Teutons in Shakespeare, who cut off the hands and hacked out the tongue



of the lovely Lavinia and then upbraided her for not calling for perfumed water to wash her delicate hands. The negro is neither angelic nor diabolical, but merely human, and should be treated as such.

The vainglorious boast of Anglo-Saxon superiority will no longer avail to justify these outrages. The contact, adjustment, and attrition of various races of mankind constitute a problem which is coterminous with the ends of the earth. The lighter and stronger races are coming into contact with the weaker and darker ones. The stronger breeds of men are relating themselves to the weaker members of the human family in all the ends of the earth. How does it happen that in the United States alone, of all civilized lands, these atrocious outrages are heaped upon the helpless negro? The English nation has the largest colonial experience and success since the days of the Roman Empire, and has come into relationship with the various weaker breeds of men in all parts of the world. But everywhere under English jurisdiction law and order prevail. In the West Indies, where negroes outnumber the whites 20 to 1, rape and lynching have scarcely yet found a place in the local vocabulary. In Brazil, under a Latin dispensation, where a more complex racial situation exists than in the United States, racial peace and good will prevail. Belgium furnishes the only parallel of civilized nations in the atrocious treatment of a helpless people placed in their charge. But even the Belgians were forced to modify the rigors of their outrageous régime in the Congo under the bombardment of moral sentiment of the more enlightened nations of the world. America enjoys the evil distinction among all civilized nations of the earth of taking delight in murder and burning of human beings. Nowhere else do men, women, and children dance with ghoulish glee and fight for ghastly souvenirs of human flesh and mock the dying groans of the helpless victim which sicken the air while the flickering flames of the funeral pyre lighten the midnight sky with their dismal glare.

Mr. President, the American conscience has been touched and quickened by the East St. Louis outbreak as it has never been before. Press and pulpit have tried to forget these outrages. At each fresh outbreak they would lash themselves into a spasm of virtue and exhaust the entire vocabulary of denunciation, but forthwith would lapse into sudden silence and acquiescent guilt. By some fatuous delusion they seem to hope that the atrocities of Springfield, Wilmington, Waco, Atlanta, Memphis, and a thousand other places of evil report would never be repeated nor the memory rise up to condemn the Nation. But silence and neglect merely result in compounding atrocities. The East St. Louis outbreak convinces the Nation, as it has never been before, that the time for action has come. The press is not content with a single editorial ebullition, but by repeated utterances insists that the Nation shall deal with its most malignant domestic evil. Reproach is cast upon your contention for the democratization of the world in face of its lamentable failure at home. Ex-President Roosevelt, who is the greatest living voice now crying aloud for individual and national righteousness, has openly proclaimed, in dramatic declaration, that these outbreaks make our moral propaganda for the liberation of mankind but a delusion and a snare. Mr. President, can this Nation hope to live and grow in favor with God and man on the basis of a lie? A nation with a stultified conscience is a nation with stunted power.

Democracies have frequently shut their eyes to moral inconsistencies. The democracy of Greece conferred privilege upon a mere handful of freemen in the midst of ten times their own number of slaves. The Greek philosophers and statesmen were supremely unconscious of this moral obliquity. The Declaration of Independence, which declared for the equality of all men, was written by a slaveholder. The statesmen of the period, however, hoped that slavery would be of short-lived duration and would effect its own solution in the process of time. But Thomas Jefferson was keenly sensitive of the moral inconsistency of this attitude and declared that he trembled when he considered that God is just and that His justice would not slumber forever. Abraham Lincoln is perhaps the only great statesman of democracy who was absolutely consistent in his logical attitude and moral sincerity. The Nation believed in his moral integrity. He uttered no word of cryptic meaning. The people heard him gladly, because the words that fell from his lips were not the coinage of his intellect but the mintage of his heart. The embattled hosts under his high command marched to victory with the Battle Hymn of the Republic resounding in their souls:

As He died to make men holy,  
Let us die to make men free.

To them this phrase had no remote and deferred meaning, but was immediately applicable to their black brother in chains. It was not a barren ideality, but a living impulse. You have

given the rallying cry for the present world crisis. But this shibboleth will be robbed of instant meaning and power unless it applies to the helpless within our own gates. If the sons and grandsons of the heroes who battered down the walls of slavery a half century ago could be made to feel with unreserved certainty a renewal of the moral energy which urged their fathers to that high resolve, they would with heightened enthusiasm for humanity demolish the Teutonic bulwarks of oppression across the seas.

Doctrine is more than deeds if it be sound doctrine. Deeds are the outgrowth of doctrine. Doctrine lives forever with persistent potentiality. Doctrine rules the world or throws it into confusion. The power of words is far greater than the meaning of the author. It makes no difference what lay in the minds or practice of the statesmen of Greece. They planted the seeds of democracy, and all mankind will become the beneficiary of the sowing. The intendment of the signers of the Declaration of Independence boots but little. That document will stand for all time as the gospel of human liberty. When you speak of the democratization of the world and the liberation of mankind you are setting up a standard to which the whole world must rise in the ages to come, despite its attitude at the present time. It may be far from the purpose of our present-day statesmen to admit the negro into this democracy on terms of equality with the rest. But, in spite of the purpose of this statesmanship, this must be the ultimate goal of human democracy. A democracy of race or class is no democracy at all. It is with projected imagination that the negro will endure until these high-sounding phrases have borne their full fruition. Any other class of the American people, under the strain of distress to which the negro has been subjected, would imitate Job's distracted wife and curse the white God and die. The negro will neither curse nor die, but grin and live—albeit beneath that grin is a groaning of spirit too deep for utterance. The negro says to his country, "Though you slay me, yet will I serve you."

The negro's patriotism is vicarious and altruistic. It seems to be an anomaly of fate that the negro, the man of all men who is held in despite, should stand out in conspicuous relief at every crisis of our national history. His blood offering is not for himself or for his race, but for his country. This blood flows like a stream through our national history, from Boston Commons to Carrizal. Crispus Attucks was the first American to give his blood as an earnest of American independence. The negro was with Washington in the dark days of Valley Forge, when the lamp of national liberty flickered almost to extinguishment. The black troops fought valiantly with Jackson behind the fleecy breastworks at New Orleans. Two hundred thousand black boys in blue responded to the call of the immortal Lincoln for the preservation of the Union. The negro was the positive cause of the Civil War and the negative cause of the united Nation with which we face the world to-day.

The reckless daring of negro troops on San Juan Hill marked the turning point in that struggle which drove the last vestige of Spanish power from the western world. It was but yesterday that we buried with honor at Arlington Cemetery the negro soldiers who fell face forward while carrying the flag to the farthest point in the heart of Mexico in quest of the bandit who dared place impious foot on American soil. In complete harmony with this marvelous patriotic record, it so happened that it was an American negro who proved to be the first victim of ruthless submarine warfare after you had distinctly announced to Germany that such outrage would be considered tantamount to war. In all of these ways has the negro shown, purposely or unconsciously, his undeviating devotion to the glory and honor of the Nation. Greater love hath no man than this, that he lay down his life for his country.

In the midst of the world war for the democratization of mankind the negro will do his full share. I have personally always striven to urge the negro to be patriotic and loyal in every emergency. At the reserve officers' training camp in Fort Des Moines there are over 100 young colored men who have come under my instruction. The devilry of his fellow men can not devise iniquities horrible enough to drive him from his patriotic devotion. The negro, Mr. President, in this emergency will stand by you and the Nation. Will you and the Nation stand by the negro?

I believe, Mr. President, that to the victor belongs the spoils, especially if these spoils be human liberty. After this war for the liberation of mankind has been won through the negro's patriotic participation, he will repeat the lines of the old familiar hymn somewhat louder than ever:

Behold a stranger at the door,  
He gently knocks, has knocked before,  
Has waited long, is waiting still,  
You treat no other friend so ill.



As a student of public questions I have carefully watched your attitude on the race problem. You have preserved a lukewarm aloofness from the tangled issues of this problem. In searching your writings one finds little or no reference to this troubled phase of American life. It seems that you regard it as a regrettable social malady to be treated with cautious and calculated neglect. There is observable, however, a passive solicitude. You have kept the race problem in the back part of your mind. Your letter to Bishop Walters during your first campaign for the Presidency, expressing a generous concern for the welfare of the race, though of a general and passive character, caused many negroes to give you their political support. Under the stress and strain of other pressing issues and the partisan demands of your political supporters you have not yet translated this passive purpose into positive performance. There is, however, something of consolation in the fact that while during your entire career you have never done anything constructive for the negro, you have never done anything destructive against him. Your constructive opportunity is now at hand. The time has come to make lawlessness a national issue as a war measure, if not from any higher consideration. As a patriotic and military necessity, I suggest that you ask the Congress of the United States to invest you with the power to prevent lynching and to quell lawlessness and violence in all parts of the country during the continuance of the war. Or at least you might quicken the conscience of the Nation by a stirring message to Congress calling attention to this growing evil which is gnawing at the vitals of the Nation. It is entirely probable that before the war is over you will have to resort to some such measure to control internal disturbances on other accounts. It is inconceivable that this Nation should spend billions of dollars and sacrifice the lives of millions of its citizens without domestic uprising and revulsion. In such a time it becomes necessary for the President to exercise all but dictatorial power. The country is willing to grant you anything you ask which, in your judgment, would promote the welfare of the Nation in this crisis. You asked Congress to grant indiscriminate use of the Panama Canal as a means of securing international good will and friendship, and it was granted. In face of the impending conflict, you demanded that Congress should grant the eight-hour demand of the laboring men, and it was done. The suffragists who guard your going in and coming out of the White House were duly convicted under process of law, but were immediately pardoned by you to avoid embarrassment in this war emergency. You asked for billions of dollars and millions of lives to be placed at your disposal for the purpose of carrying on the great conflict, and it was willingly granted. The people have willingly placed in your hands more power than has ever been exercised by any member of the human race, and are willing to trust you in the use of that power. I am sure that they will grant this additional authority during the continuance of the present war in order to secure the unqualified patriotic devotion of all of the citizens and to safeguard the honor of democracy and the good name of the Republic.

Mr. President, negroes all over this Nation are aroused as they have never been before. It is not the wild hysterics of the hour, but a determined purpose that this country shall be made a safe place for American citizens to live and work and enjoy the pursuits of happiness. Ten thousand speechless men and women marched in silent array down Fifth Avenue in New York City as a spectral demonstration against the wrongs and cruelties heaped upon the race. Negro women all over the Nation have appointed a day of prayer in order that righteousness might be done to this people. The weaker sex of the weaker race are praying that God may use you as the instrument of His will to promote the cause of human freedom at home. I attended one of these 6 o'clock prayer meetings in the city of Washington. Two thousand humble women snatched the early hours of the morning before going to their daily tasks to resort to the house of prayer. They literally performed unto the Lord the burden of their prayer and song, "Steal Away to Jesus." There was not a note of bitterness nor denunciation throughout the season of prayer. They prayed as their mothers prayed in the darker days gone by, that God would deliver the race. Mr. President, you can help God answer their prayer. May it not be that these despised and rejected daughters of a despised and rejected race shall yet lead the world to its knees in acknowledgment of some controlling power outside of the machinations of man? As I sat there and listened in reverent silence to these 2,000 voices as they sang—

On Christ, the Solid Rock, I stand  
All other ground is sinking sand—

I could not but think of the godless war which is now convulsing the world—a war in which Christian hands are dyed in Christian blood. It must cause the Prince of Peace to groan as in His dying agony when He gave up the ghost on the cross. The professed followers of the Meek and Lowly One, with heathen heart, are putting their trust in reeking tube and iron shard. God uses the humbler things of life to confound the mighty. It may be that these helpless victims of cruelty and outrage will bring an apostate world back to God.

Mr. President, 10,000,000 of your fellow citizens are looking to you and to the God whom you serve to grant them relief in this hour of their deepest distress. All moral reforms grow out of the people who suffer and stand in need of them. The negro's helpless position may yet bring America to a realizing sense that "righteousness exalteth a nation, but sin is a reproach to any people."

Yours, truly,

KELLY MILLER.

#### WOMAN SUFFRAGE.

Mr. SHIELDS. I have received a copy of resolutions passed by a branch of the National Woman's Party of Tennessee, which they desire to be presented to the Senate. While I am not in sympathy with the movement or the resolutions, I present them and ask that they may be printed in the Record without reading.

The PRESIDING OFFICER. Without objection, it will be so ordered.

The matter referred to is as follows:

Whereas the women of Russia and of England have been enfranchised as a war measure; and

Whereas the women of the United States are just as desirous of freedom as are the women of the allied nations; and

Whereas we feel that more fervid response would be made by women who are already giving loved ones and personal service for their country if the United States were made an ideal democracy: Therefore be it

*Resolved*, That we women, meeting this 24th day of August, 1917, at the Hotel Atkin, Knoxville, Tenn., under the auspices of the National Woman's Party, insist upon the recognition of American women as a war measure and that we urge the President of the United States to make this possible by speaking to the party leaders; and be it further

*Resolved*, That copies of this resolution be sent to the President, to the party leaders in both Houses of Congress, to Senator JOHN K. SHIELDS and to Hon. RICHARD AUSTIN, with the request to the former that it be read into the record of the Senate and to the latter that it be read into the record of the House.

L. CROZIER FRENCH,

State Chairman Tennessee Branch National Woman's Party.

#### RED RIVER BRIDGE.

Mr. SHEPPARD. From the Committee on Commerce I report back favorably with an amendment the bill (S. 2816) granting the consent of Congress to the Gainesville Red River Bridge Co. to construct a bridge across Red River, and I submit a report (No. 128) thereon. I ask for the immediate consideration of the bill.

There being no objection, the bill was considered as in Committee of the Whole.

The amendment was, after the word "Oklahoma" and the comma at the end of line 7, to insert "at a point suitable to the interests of navigation," so as to make the bill read:

*Be it enacted, etc.*, That the consent of Congress is hereby granted to the Gainesville Red River Bridge Co., or its successors and assigns, to construct, maintain, and operate a bridge and approaches thereto across the Red River at Sacras Ferry, Cooke County, Tex., and Love County, Okla., at a point suitable to the interests of navigation, in accordance with the provisions of the act entitled, "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### MOBILE BAY BRIDGE.

Mr. SHEPPARD. From the Committee on Commerce I report back favorably with an amendment the bill (S. 2813) to authorize the Gulf Ports Terminal Railway Co., a corporation existing under the laws of the State of Florida, to construct a bridge over and across the headwaters of Mobile Bay and such navigable channels as are between the east side of the bay and Blakely Island, in Baldwin and Mobile Counties, Ala., and I submit a report (No. 127) thereon. I ask for the immediate consideration of the bill.

There being no objection, the bill was considered as in Committee of the Whole.

The amendment was, on page 2, line 1, after the word "Alabama" and the comma, to insert "at a point or points suitable to the interests of navigation," so as to make the bill read:



*Be it enacted, etc.,* That the Gulf Ports Terminal Railway Co., a corporation existing under the laws of the State of Florida, be, and is hereby, authorized to construct, operate, and maintain a bridge or bridges and trestles over and across the navigable channels of the mouth of Mobile River from Bay Port, in township 4 south, range 2 east, on the east shore of the waters of Mobile Bay, in Baldwin County, Ala., on a direct line, to a point on Blakely Island, in Mobile County, on the east shore of Mobile River, opposite the municipal docks of the city of Mobile, Ala., at a point or points suitable to the interests of navigation, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

Sec. 2. That the right to alter, amend, and repeal this act is hereby expressly reserved.

The amendment was agreed to.

The bill was reported to the Senate as amended and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### LITTLE KANAWHA RIVER BRIDGE.

Mr. SHEPPARD. From the Committee on Commerce I report back favorably without amendment the bill (S. 2774) granting the consent of Congress to the Gilmer-Pittsburgh Coal Co. to construct a bridge across the Little Kanawha River, and I submit a report (No. 126) thereon. I ask for the immediate consideration of the bill.

There being no objection, the bill was considered as in Committee of the Whole.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### REGULATION OF LAND AND NAVAL FORCES.

Mr. CHAMBERLAIN. From the Committee on Military Affairs I report back adversely the bill (S. 2717) prescribing rules for the Government and regulation of the land and naval forces during the period of the existing war with Germany, and I submit a report (No. 125) thereon.

The PRESIDENT pro tempore. Does the Senator desire to have the bill placed on the calendar?

Mr. CHAMBERLAIN. I dislike to ask for its indefinite postponement in the absence of the Senator who introduced it. I therefore ask that it go to the calendar.

The PRESIDENT pro tempore. The bill will be placed on the calendar with the adverse report to the committee.

#### BILLS AND JOINT RESOLUTION INTRODUCED.

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HUSTING:

A bill (S. 2868) providing for the appointment of officers in the military forces of the United States; and

A bill (S. 2869) to grant citizenship to certain persons discharged from the military service of the United States; to the Committee on Military Affairs.

By Mr. SHAFROTH:

A bill (S. 2870) to prohibit the selling, manufacturing, and importing of intoxicating liquors in the Territory of Hawaii unless the qualified electors thereof repeal the provisions hereof; to the Committee on Pacific Islands and Porto Rico.

By Mr. SHEPPARD:

A bill (S. 2871) to provide for a division of municipal research and reference in the Bureau of Census, Department of Commerce; to the Committee on the Census.

By Mr. NORRIS:

A bill (S. 2872) granting an increase of pension to Mary M. Oney; to the Committee on Pensions.

By Mr. McCUMBER:

A bill (S. 2873) to establish a fish hatchery on Spiritwood Lake in North Dakota; to the Committee on Fisheries.

A bill (S. 2874) granting a pension to William H. Turner, (with accompanying papers); to the Committee on Pensions.

By Mr. CURTIS (for Mr. SHERMAN) (by request):

A bill (S. 2875) to add certain lands to the Sequoia National Park, Cal.; to the Committee on Public Lands.

By Mr. SHIELDS:

A bill (S. 2876) granting an increase of pension to Melvin C. Wolf (with accompanying papers); to the Committee on Pensions.

By Mr. FLETCHER:

A bill (S. 2877) authorizing the appointment of Augustus C. Hart as a first lieutenant of Cavalry in the United States Army; to the Committee on Military Affairs.

By Mr. SAULSBURY:

A joint resolution (S. J. Res. 100) proposing an amendment to the Constitution of the United States; ordered to lie on the table.

#### RECEPTIONS TO FOREIGN MISSIONS (S. DOC. NO. 87).

Mr. MARTIN submitted the following resolution (S. Res. 130) which was read, considered by unanimous consent, and agreed to:

*Resolved,* That the proceedings of the Senate and House of Representatives on the occasions of the receptions given to the war missions of France, Great Britain, Italy, Russia, Belgium, and Japan, 1917, be printed as a Senate document.

#### WATER-POWER DEVELOPMENT.

Mr. SHIELDS. Mr. President, I have an article from The Annalist, a reputable paper published in the city of New York, on the subject of the War Department, entitled "Tremendous energy running to waste," which is a very valuable contribution to the literature upon the subject. I ask that it be printed in the RECORD, without reading.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

[From the Annalist, Aug. 6, 1917.]

TREMENDOUS ENERGY RUNNING TO WASTE—FIFTY MILLIONS OF HORSE-POWER LOST DAILY THROUGH FAILURE TO UTILIZE AVAILABLE WATER POWER—NEW MOVE IN CONGRESS TO UNLOCK THESE RESOURCES.

Once again a movement is gathering force to utilize the more than fifty millions of horsepower that is running to waste in American streams. Four-fifths of the possible electric energy that could be developed from water power in this country must be developed on lands belonging to the Federal Government, which are under the jurisdiction of the Secretary of the Interior, or on navigable streams, which are controlled by the Secretary of War. The agitation in favor of conservation of natural resources resulted in restrictions so severe that resources were not only conserved but reserved. Present laws permitting the utilization of these sites for hydroelectric plants provide that any permit is revocable at the pleasure of the Federal department concerned, and the possibility of this summary action has tended to scare capital away.

Last year a determined movement was made to pass laws which should offer opportunities for capital to develop this water power under Federal control. The Shields bill, which passed the Senate, and the Myers bill, which passed the House, established practically identical regulations respectively for navigable streams and for public lands; but neither was enacted into law. Last month Senator THOMAS F. WALSH, of Montana, introduced a bill into the Senate which embodies most of last year's Myers bill, and legislation to cover navigable streams is to be introduced into the House.

The provisions of the legislation sought from the present Congress are, briefly, as follows:

"Permits for the erection of hydroelectric plants may be issued to individuals, corporations, States, or municipalities for 50 years.

"These contracts are irrevocable, but may be canceled by legal proceedings if the permittee fails to comply with the provisions of the act or the conditions of the permit.

"At expiration of the term the United States may take over the entire plant or any severable and complete unit at a value determined, which shall not include the value of public lands, rights of way, franchises, good will, or prospective revenues; or it may renew the permit to the original holder; or in the event that such an arrangement can not be made may issue the permit to some one else, who shall buy the plant under the same conditions.

"Rental shall be paid which may, in the discretion of the Secretary, be based on the net horsepower, and of this rental one-half shall be paid to the State in which the energy is developed.

"Permits must provide for the diligent, orderly, and reasonable development of the water power, subject to market conditions.

"Rates are determined by the public-service commission of the State in which the power is generated and used, and when more than one State is involved, by the Interstate Commerce Commission.

"In case facilities are not adequately utilized by the permittee other persons may be allowed to develop them, with due regard to his interests.

"State laws regarding distribution of water are to be observed in all permits, and there is provision for the determining by Federal courts of what particular rights, if any, the States of Colorado and New Mexico have in the Rio Grande."

The Shields and Myers bills, which sought to bring about this result last year, were vigorously opposed by Gifford Pinchot and his school of conservationists. Perhaps the one of their many arguments which attracted most attention was that the grant would in practice be perpetual. Advocates of the bill, however, maintained that there was nothing in it which forbade the Government to condemn a plant and take it over, paying just compensation, in case there were valid reasons for doing so, and contended that the fear that it would never be possible to get the case out of the courts involved fundamental distrust of the Federal judicial system.

The bills were not brought to fruition last year for many reasons, chief of which apparently was the pressure of other legislation necessitated by the preparedness program and the military operations on the Mexican border. And the detail in which the development of water power most acutely touched the question of preparedness was settled by the passage of the law appropriating \$20,000,000 for a Federal nitrate plant.

The development of the industry of extracting nitrogen from the air by powerful electric motors has gone furthest in Germany, where the serious results of dependence on foreign nitrates for essential components of high explosives was realized long before the war. The world's greatest and, in fact, almost sole supplies of natural nitrates have come from the great deposits in the Chilean Provinces conquered from Bolivia and Peru in the war of 1879. To the Germans, faced with the possibility of war with a superior naval power, it became evident that this supply probably would be cut off at once, and that it would be necessary to provide a substitute for the nitrogen which was essential in the manufacture of munitions.

Scandinavian processes providing for the fixing of the loose nitrogen in the air had been developed, but had not been found of great commercial value in competition with the Chilean product. The Germans set up huge electric generators run by water power, and used these processes to lay in a supply of nitrates which averaged a commercial value of 60 per cent, as against 12 per cent of valuable matter in the Chilean mineral.



Meanwhile the shortage of shipping, the possibility of the exhaustion of the Chilean fields, and the necessity in any case of a long voyage up the western coast of the American Continent made American officials realize the necessity of providing in this country some substitute for the Chilean mineral, and the discussion of this brought out the great value of water power in establishing suitable plants for the fixing of nitrogen. But this is only one of the many ways in which the enormous waste of water power is reducing the efficiency of the United States.

Nitrates are essential in fertilizer no less than in ammunition making. The low acreage of American crops in most districts is attributed very largely by agricultural experts to the lack of fertilizer, or rather to the American habit of using insufficient fertilizer. In 1911 this country, according to a bulletin issued recently by the American Newspaper Publishers' Association, used 28 pounds of fertilizer per acre of improved land; Great Britain used 152, Germany 214, and Belgium 448.

The report of the German department of agriculture for 1913, according to the same authority, showed that 2,000,000 tons of fertilizer had resulted in increasing crops by 63,000,000 tons. "The German farmer," says the pamphlet, "practically used his land as an agent for transforming fertilizer into product, while the American farmer tries to get products out of his starving land without feeding it sufficient plant food."

Phosphates are numerous enough in America, and with the cutting off of the German supplies of potash chemical invention has made large potash deposits in America and Canada workable for the first time. But nitrogen must come either from Chile or the air, and with extensive water-power electric plants many people believe it can be obtained more cheaply, as well as more certainly, from the air.

The Chicago, Milwaukee & St. Paul is driving its transcontinental trains across the Rockies under electric power obtained from hydroelectric plants. For 450 miles, from Harlowton, Mont., to Avery, Idaho, the main line has been electrified, and the process is being extended to Seattle, 500 miles farther west. John D. Ryan, president of the Montana Power Co., has said that the price of electric power is less than one-third of the cost of the coal for operation over the same line, and that, in addition, one-third of the road's freight cars, used in hauling coal from its own mines for its own uses, had been freed. The Butte, Anaconda & Pacific has also electrified 80 miles of its line, again at a saving of two-thirds of the cost of coal.

The States where most of the water power of the country can be developed are also the ones where there is most lumber available for the manufacture of wood pulp. If the water power is unlocked, electric plants for the manufacture of paper can be built close to the lumber supply and paper provided far more cheaply than is now possible. At present great quantities of pulp are being imported from Canada, and were imported from Norway and Sweden until recently, these being countries which allow more development, both of forests and of water power, than the United States. Indeed, one of the most ominous results of the present policy of forbidding the development of water power in this country has been the building of plants in Norway and Canada by American power companies which were unable to extend their facilities at home.

A valuable by-product of the development of water power on streams now classed in the somewhat optimistic terminology of the Government as "navigable," but which require constant appropriations for a long time before much effect is visible, is expected to be the rendering of stretches of them actually navigable by the construction of dams for the gathering of water. It has been estimated that long stretches of inland waterways which would otherwise need much expenditure of Government money before they would float vessels of any importance can be opened up by this incidental effect of private enterprise.

And this touches upon perhaps the most important phase of water-power development—the conservation of fuel.

Since the Shields and Myers bills were discussed in Congress the United States has entered upon a great war, a war which will probably be won or lost by the success of America and her allies in solving the problem of transportation. Ships are the first essential, but adequate handling of commerce in the United States is of very great importance. Many of the supplies which we are shipping to Europe have to be carried a great distance across the country. This causes a high strain on the railroads, an almost constant shortage of freight cars, and resultant difficulty in handling shipments of goods, which disarranges internal trade and leads to prolonged delays and difficulties.

The development of internal waterways suggested above would take at least some of the burden of freight transportation off the railroads. The utilization of water power in the production of energy would save enormous quantities of coal which could be used to meet the needs of France and Italy and to supply the new ships which all the allied countries are building. And the electrification of railroads would not only save coal but would release the large numbers of coal cars now required to carry fuel not only for the roads themselves but for industries which could be operated by water power as well. In a struggle which necessitates intensive development of the nation which is to win this country can not afford to let an enormous source of energy go to waste.

This summary is not complete without including the possibilities of producing current for municipal uses at a lower rate than is possible with steam-operated plants in regions near enough to the source of power to make its transmission profitable. This is a facet of the case of less national importance than the vital demands of national efficiency in the production of food and munitions and the conservation of fuel, but it is of great importance in many localities, particularly on the Pacific coast.

California, Washington, and Oregon have between them some 44 per cent of the potential water horsepower of the country and only about 4½ per cent of their total has been developed. Yet already many of the municipalities get their light and power from these plants, which have the advantage of sharp slopes and consequent development under high heads, with the result that the initial cost of installation of plant will be less here than in many other parts of the country.

Much stir has been made over the alleged centralization of the control of present developed water power. But those who favor development point out that the company controlling the largest supply at present has only about 6 per cent of the total developed, and that the huge possibilities of development on Government land make any monopoly very unlikely. Certainly unification of plants makes for economy to a large degree, and the advocates of the Walsh bill and other measures for opening up the water power of the Nation declare that the provisions of the act and of the regulations which can be made by the Department of the Interior to carry it into effect will adequately safeguard the public interest.

Meanwhile an estimate made by the Water Power Development Association reaches the conclusion that while 25.2 per cent of the maximum potential water horsepower on land not requiring Federal permits has

been developed, only 3.9 per cent has been developed on land where they are required, a sufficient indication of the reluctance of capital to invest under the present conditions of uncertainty.

In the tables appended the totals of developed horsepower follow the estimates of O. C. Merrill, Chief Engineer of the Forest Service. The estimates of total maximum horsepower were compiled by the Water Power Development Association; they are slightly larger than Mr. Merrill's estimates and slightly less than that of the Geological Survey made in 1908.

This maximum is based further on the assumption that it represents the amount to which the sites would be developed in practice, and that such development would reach a capacity equivalent to the lowest flow during the six high-water months of the year. Development in practice has always equaled and frequently exceeded the theoretical maximum.

#### DEVELOPED AND UNDEVELOPED AND WASTING WATER POWER OF THE NATION.

In the following tables all the New England States, except Maine, are grouped together, as most of their important streams drain one or more States, and the five are so grouped in official data.

The methods employed by the Geological Survey give no horsepower capable of development in Delaware and Louisiana, but in actual practice some development has taken place:

#### Potential water horsepower of the United States.

Place.	Maximum potential water horsepower.	Federal permits required.	Per cent.	Federal permits not required.	Per cent.
United States.....	60,713,200	46,913,200	77.2	13,800,000	22.8
Maine.....	916,000	76,000	8.3	840,000	91.7
New Hampshire.....					
Vermont.....					
Massachusetts.....	901,000	60,000	6.7	841,000	93.3
Rhode Island.....					
Connecticut.....					
New York.....	4,242,000	3,035,000	71.6	1,207,000	28.4
Pennsylvania.....	849,700	283,300	33.4	566,400	66.6
New Jersey.....	117,600			117,600	100.0
Maryland.....	210,500	14,000	6.5	196,500	93.5
Virginia.....	976,000	150,000	15.4	826,000	84.6
West Virginia.....	892,000	409,000	45.8	483,000	54.2
North Carolina.....	1,090,000	275,400	25.2	814,600	74.8
South Carolina.....	766,000	40,700	5.3	725,300	94.7
Georgia.....	699,900	243,000	34.8	456,900	65.2
Florida.....	23,100	8,000	34.6	15,100	65.4
Alabama.....	1,070,000	643,100	60.1	426,900	39.9
Mississippi.....	71,000			71,000	100.0
Tennessee.....	832,000	483,900	58.3	348,100	41.7
Kentucky.....	210,400	89,500	42.6	120,900	57.4
Ohio.....	201,000	35,700	17.7	165,300	82.3
Indiana.....	133,000			133,000	100.0
Illinois.....	441,000	143,400	32.5	297,600	67.5
Michigan.....	332,000			332,000	100.0
Wisconsin.....	758,000	155,000	20.5	603,000	79.5
Minnesota.....	560,000	264,000	47.2	296,000	52.8
Iowa.....	433,000	229,000	52.9	204,000	47.1
Missouri.....	184,000	60,300	32.8	123,700	67.2
Arkansas.....	69,000	30,000	43.5	39,000	56.5
Texas.....	625,000	120,000	19.2	505,000	80.8
Oklahoma.....	235,500	19,500	8.3	216,000	91.7
Kansas.....	317,500	53,400	16.8	264,100	83.2
Nebraska.....	414,000			414,000	100.0
North Dakota.....	234,000			234,000	100.0
South Dakota.....	95,000	10,000	10.5	85,000	89.5
Montana.....	4,890,000	4,610,000	94.3	280,000	5.7
Wyoming.....	1,470,000	1,410,000	96.0	60,000	4.0
Colorado.....	1,925,000	1,785,000	92.8	140,000	7.2
New Mexico.....	497,000	452,000	91.0	45,000	9.0
Arizona.....	1,930,000	1,885,000	97.7	45,000	2.3
Utah.....	1,490,000	1,413,000	94.8	77,000	5.2
Idaho.....	2,910,000	2,780,000	95.5	130,000	4.5
Nevada.....	312,000	292,000	93.6	20,000	6.4
California.....	8,865,000	8,355,000	94.3	510,000	5.7
Oregon.....	7,505,000	7,320,000	97.5	185,000	2.5
Washington.....	9,900,000	9,700,000	97.1	200,000	2.9

#### Developed water horsepower in the United States and the several States.

Place.	Maximum potential water horsepower.	Water horsepower developed.	Per cent of development.
United States.....	60,713,200	5,321,699	8.8
Maine.....	916,000	277,589	30.0
New Hampshire.....			
Vermont.....			
Massachusetts.....	901,000	424,384	47.1
Rhode Island.....			
Connecticut.....			
New York.....	4,242,000	799,530	18.8
Pennsylvania.....	849,700	168,583	19.9
New Jersey.....	117,600	9,947	8.5
Maryland.....	210,500	3,289	1.6
Virginia.....	976,000	94,229	9.7
West Virginia.....	892,000	23,787	2.7
North Carolina.....	1,090,000	99,105	9.1
South Carolina.....	766,000	227,012	29.6
Georgia.....	699,900	217,555	31.2
Florida.....	23,100	7,030	30.4
Alabama.....	1,070,000	82,466	7.7
Mississippi.....	71,000		
Tennessee.....	832,000	97,835	11.3
Kentucky.....	210,400		
Ohio.....	201,000	19,948	9.9
Indiana.....	133,000	8,091	6.1



## Developed water horsepower in the United States, etc.—Continued.

Place.	Maximum potential water horsepower.	Water horsepower development.	Per cent of development.
Illinois.....	441,000	54,401	12.3
Michigan.....	332,000	213,111	64.2
Wisconsin.....	758,000	233,569	30.8
Minnesota.....	560,000	229,258	40.9
Iowa.....	433,000	159,431	36.8
Missouri.....	184,000	20,670	11.3
Arkansas.....	69,000	2,200	3.2
Texas.....	625,000	6,777	1.1
Oklahoma.....	235,500	1,758	.7
Kansas.....	317,500	11,688	3.7
Nebraska.....	414,000	10,799	2.6
North Dakota.....	234,000	80	.....
South Dakota.....	95,000	13,053	13.7
Montana.....	4,890,000	202,895	4.1
Delaware.....	.....	54	.....
Louisiana.....	.....	160	.....
Wyoming.....	1,470,000	2,544	.2
Colorado.....	1,925,000	92,303	4.8
New Mexico.....	497,000	552	.1
Arizona.....	1,330,000	33,630	1.7
Utah.....	1,490,000	96,734	6.5
Idaho.....	2,910,000	152,360	5.2
Nevada.....	312,000	13,320	4.3
California.....	8,865,000	722,125	8.2
Oregon.....	7,505,000	156,763	2.1
Washington.....	9,990,000	331,134	3.3

## Development at public and private sites compared.

Place.	Maximum requiring Federal permits.	Per cent developed.	Maximum not requiring Federal permits.	Per cent developed.
United States.....	46,913,200	3.9	13,800,000	25.2
Maine.....	76,000	.....	840,000	33.0
New Hampshire.....	.....	.....	.....	.....
Vermont.....	60,000	.3	841,000	50.4
Massachusetts.....	.....	.....	.....	.....
Rhode Island.....	.....	.....	.....	.....
Connecticut.....	.....	.....	.....	.....
New York.....	3,035,000	11.7	1,207,000	40.7
Pennsylvania.....	283,300	41.7	566,400	8.9
New Jersey.....	.....	.....	117,600	8.5
Maryland.....	14,000	.....	196,500	1.7
Virginia.....	150,000	19.3	826,000	7.9
West Virginia.....	409,000	2.8	483,000	2.5
North Carolina.....	275,400	3.3	814,600	11.1
South Carolina.....	40,700	29.5	725,300	29.6
Georgia.....	243,000	44.5	456,900	24.0
Florida.....	8,000	70.0	15,100	9.5
Alabama.....	643,100	10.9	426,900	2.9
Mississippi.....	.....	.....	71,000	.....
Tennessee.....	463,900	9.05	398,100	14.0
Ohio.....	35,700	3.5	165,300	11.3
Kentucky.....	89,500	.....	120,900	.....
Indiana.....	.....	.....	133,000	6.1
Illinois.....	143,400	28.2	297,600	4.7
Michigan.....	.....	.....	332,000	64.2
Wisconsin.....	155,000	41.2	603,000	28.1
Minnesota.....	204,000	41.8	296,000	40.0
Iowa.....	229,000	65.5	204,000	4.6
Missouri.....	60,300	33.2	123,700	.5
Arkansas.....	30,000	.....	39,000	5.6
Texas.....	120,000	.....	505,000	1.3
Oklahoma.....	19,500	.....	216,000	.8
Kansas.....	53,400	.....	264,100	4.4
Nebraska.....	.....	.....	414,000	2.6
North Dakota.....	.....	.....	234,000	.....
South Dakota.....	10,000	84.0	85,000	5.5
Montana.....	4,610,000	1.3	280,000	50.7
Wyoming.....	1,410,000	.1	60,000	2.6
Colorado.....	1,785,000	4.2	140,000	12.6
New Mexico.....	452,000	.....	45,000	1.2
Arizona.....	1,885,000	1.3	45,000	20.0
Utah.....	1,413,000	3.2	77,000	67.2
Idaho.....	2,780,000	2.4	130,000	65.5
Nevada.....	292,000	1.1	20,000	51.2
California.....	8,355,000	3.9	519,000	77.9
Oregon.....	7,320,000	.4	185,000	69.3
Washington.....	9,700,000	1.0	290,000	81.0

## HOUSE BILL REFERRED.

H. R. 5271. An act authorizing appointment of chaplains at large for the United States Army was read twice by its title and referred to the Committee on Military Affairs.

## CALLING OF THE ROLL.

Mr. KIRBY. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Chamberlain	Gerry	Jones, Wash.
Beckham	Culbertson	Husting	Kendrick
Brady	Curtis	Johnson, Cal.	Kirby
Brandegee	Fletcher	Johnson, S. Dak.	Knox

La Follette	Page	Sheppard	Trammell
Lodge	Poindexter	Smith, Ga.	Underwood
McCumber	Pomerene	Smith, Md.	Vardaman
McNary	Ransdell	Smoot	Warren
Martin	Robinson	Sterling	Williams
New	Saulsbury	Stone	
Norris	Shafroth	Swanson	

Mr. HUSTING. I desire to announce that the Senator from Kansas [Mr. THOMPSON] is necessarily absent.

Mr. GERRY. I wish to announce that the Senator from California [Mr. PHELAN] and the Senator from Illinois [Mr. LEWIS] are detained on official business.

Mr. CURTIS. I desire to announce the unavoidable absence of the Senator from New Hampshire [Mr. GALLINGER]. I will let this announcement stand for the present.

Mr. SHAFROTH. I desire to announce the unavoidable absence of my colleague [Mr. THOMAS] on account of illness. I will state that he is paired with the senior Senator from North Dakota [Mr. McCUMBER]. I will let this announcement stand for the day.

The PRESIDENT pro tempore. Forty-two Senators have answered to their names. The Secretary will call the list of absentees.

The Secretary called the names of the absent Senators, and Mr. GORE, Mr. HARDWICK, and Mr. SUTHERLAND answered to their names when called.

Mr. SUTHERLAND. I wish to announce that my colleague, the senior Senator from West Virginia [Mr. GORE], is absent on account of illness. I will let this announcement stand for the day.

Mr. McKELLAR, Mr. KING, Mr. HARDING, and Mr. SHIELDS entered the Chamber and answered to their names.

The PRESIDENT pro tempore. Forty-nine Senators have answered to their names. There is a quorum present.

## ADDITIONAL DISTRICT JUDGE FOR TENNESSEE.

The PRESIDENT pro tempore. Are there further concurrent or other resolutions? If there be no further morning business, morning business is closed.

Mr. SHEPPARD. I move that the Senate proceed to the consideration of the bill (S. 2705) to create the aircraft board and provide for its maintenance.

Mr. SHIELDS. Mr. President, I will ask the Senator from Texas to withhold that motion in order that I may have corrected a clerical error which occurred in a bill which passed the Senate on yesterday.

Mr. SHEPPARD. I withdraw the request temporarily.

Mr. SHIELDS. Mr. President, on yesterday Senate bill 1836 was passed creating a district judge for the middle district of the State of Tennessee. A clerical error had crept into the bill whereby the words "southern district" were used instead of the words "middle district." I desire to move that the vote by which the bill was ordered to a third reading and passed be reconsidered, so that I may move an amendment to substitute the word "middle" for the word "southern."

The PRESIDENT pro tempore. The Senator from Tennessee moves that the vote by which the bill (S. 1836) to provide for the appointment of a district judge in the middle judicial district of the State of Tennessee, and for other purposes, was ordered to a third reading and passed be reconsidered. Is there objection? The Chair hears none, and the motion is agreed to. The bill is before the Senate and open to amendment.

Mr. SHIELDS. I move that in section 3, page 2, line 7, to strike out the word "southern" and to substitute the word "middle" for it, so as to read "the middle district in said State."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

## AIRCRAFT BOARD.

Mr. SHEPPARD. Mr. President, I renew my motion that the Senate proceed to the consideration of the bill (S. 2705) to create the aircraft board, and provide for its maintenance.

The motion was agreed to; and the Senate, as in Committee of the Whole, proceeded to consider the bill.

The Secretary read the bill, which had been reported from the Committee on Military Affairs with amendments. The first amendment was, on page 1, line 7, before the word "board," to strike out "air" and to insert "aircraft," so as to make the clause read:

That for the purpose of expanding and coordinating the industrial activities relating to aircraft or parts of aircraft produced for any purpose in the United States and to facilitate generally the development of air service, a board is hereby created to be known as the Aircraft Board, hereinafter referred to as the board.

The amendment was agreed to.

The next amendment was, on page 2, line 9, before the word "compensation," to strike out the words "serve without" and insert the words "receive a"; and in the same line, after the word "compensation," to insert "of \$7,500 each per annum," so as to make the clause read:

The board shall elect one of its civilian members as president thereof, and said board and tenure of office of the members thereof shall continue during the pleasure of the President, but not longer than six months after the present war. The civilian members of the board shall receive a compensation of \$7,500 each per annum.

The amendment was agreed to.

The next amendment was, on page 2, line 11, after the word "empowered," to strike out "under the direction and control of, and as authorized by, the Secretary of War and the Secretary of the Navy, respectively, on behalf of the Departments of War and Navy"; in line 16, after the words "by the," to strike out "respective departments" and to insert "Departments of War and Navy, respectively"; and in line 22, after the word "accessories," to strike out "Provided, That the board may make recommendations as to contracts and their distribution in connection with the foregoing, but every contract shall be made by the already constituted authorities of the respective departments," so as to make the clause read:

The board is hereby empowered to supervise and direct, in accordance with the requirements prescribed or approved by the Departments of War and Navy, respectively, the purchase, production, and manufacture of aircraft, engines, and all ordnance and instruments used in connection therewith, and accessories and materials thereof, including the purchase, lease, acquisition, or construction of plants for the manufacture of aircraft, engines, and accessories.

The amendment was agreed to.

The next amendment was, on page 3, line 7, after the word "fix," to strike out the words "the compensation thereof; it" and to insert "their salaries. Such salaries shall conform to those usually paid by the Government for similar service: *Provided*, That by unanimous approval of the board higher compensation may be paid to technical experts and advisers. The board"; in line 13, after the word "necessary," to insert the word "office"; in line 16, after the word "enumerated," to strike out the word "above" and to insert "in this paragraph"; and in line 23, after the words "available for," to strike out "the above purpose" and to insert "these purposes," so as to read:

The board is also empowered to employ, either in the District of Columbia or elsewhere, such clerks and other employees as may be necessary to the conduct of its business, including such technical experts and advisers as may be found necessary, and to fix their salaries. Such salaries shall conform to those usually paid by the Government for similar service: *Provided*, That by unanimous approval of the board higher compensation may be paid to technical experts and advisers. The board may rent suitable offices in the District of Columbia or elsewhere, purchase necessary office equipment and supplies, including scientific publications and printing, and may incur necessary administrative and contingent expenses, and for all of the expenses enumerated in this paragraph there shall be allotted by the Chief Signal Officer of the Army for the fiscal year 1917 and 1918 the sum of \$100,000, or so much thereof as shall be necessary, from any appropriation now existing for or hereinafter made to the Signal Corps of the Army, and such appropriation is hereby made available for these purposes.

The amendment was agreed to.

Mr. POINDEXTER. Mr. President, I should like to ask the Senator from Texas the purpose of limiting the authority of the board to purchase supplies and equipment to the purchase of office supplies and equipment. Why the amendment by inserting the word "office"? It seems to me that there might be very important reasons for purchasing other equipment and other supplies. A board of this importance certainly can be trusted with some discretion in the matter.

Mr. SHEPPARD. This paragraph refers to the necessary office equipment of the board. In another section the board is empowered to take such steps and to assemble such airplane equipment as may be advisable to make its work effective, under the direction of the Departments of War and the Navy.

Mr. POINDEXTER. It seems to me, notwithstanding that, that there is an express limitation. Even though power is conferred in another section limiting the authority of acquiring equipment and supplies to the purchase of office equipment and supplies, a specific limitation would control.

Mr. SHEPPARD. I have no objection to having the word "office" go out. The meaning would remain practically the same.

Mr. POINDEXTER. I move to reconsider the vote by which that amendment was adopted.

The PRESIDING OFFICER (Mr. KIRBY in the chair). The amendment to which the Senator from Washington refers will be stated.

The SECRETARY. On page 3, line 13, before the word "equipment," the Committee on Military Affairs reported an amendment to insert the word "office," so as to read: "purchase necessary office equipment and supplies," and so forth.

The PRESIDING OFFICER. Without objection, the vote by which the amendment was agreed to will be reconsidered.

Mr. POINDEXTER. That is an absolute limitation on the authority of the board in acquiring supplies and equipment and undoubtedly would cripple the activities of the board.

Mr. BRADY. Well, Mr. President, that provision only applies to office equipment. This board consists of members selected from the Navy and the Army, with authority to recommend to the Secretary of War and the Secretary of the Navy just what purchases shall be made. I think the Senator from Washington will find upon investigation that it was after considerable discussion and thought that the word "office" was inserted. The committee desire to give this board the power and authority to buy office equipment and things of that character, without having to refer the matter to the Secretary of War and to the Secretary of the Navy. If the Senator will read the bill carefully, he will find that the Aircraft Board is to make recommendations to the Secretary of War or the Secretary of the Navy, as the case may be, just as in the case of other boards connected with the Council of National Defense. I know it is the purpose of the Senator from Washington to make the bill as effective as possible, but I am quite sure that if he had opportunity and time thoroughly to study the matter he would agree with the committee that authority should be limited to the purchase of office equipment as provided in the measure.

Mr. POINDEXTER. I am willing to accept the supervisory control of the War Department and the Navy Department; but, while I do not care to make too much of an issue over it, it seems to me to be an unwise limitation and one that will hamper and cripple the activities of a really great board as it is proposed to be constituted by this bill.

Mr. KNOX. Mr. President—

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Pennsylvania?

Mr. SHEPPARD. I do.

Mr. KNOX. I merely want to make an inquiry; and upon the answer to it, it seems to me, this whole question turns. If it is not intended to vest in this board the power to make purchases of equipment and other material for the construction of aeroplanes, then I think "office" is a very necessary word to insert in the clause of the bill which gives them authority to purchase equipment. If we do not limit it by the word "office," there will a confusion arise as to the power of this board, which, it seems to me, might be construed by implication to extend to the purchase of all kinds of material necessary for the construction of aeroplanes. If such authority is not intended to be vested in the board, then I think the word "office" ought to remain in the provision.

Mr. BRADY. Mr. President, the Senator from Pennsylvania analyzes the bill exactly as I understand it and as the committee understood it.

Mr. SHEPPARD. The Senator from Pennsylvania is correct.

Mr. BRADY. The Aircraft Board will make recommendations, subject to the approval of the Secretary of War and the Secretary of the Navy, in all matters relating to aircraft; but as to office supplies and things of that character it was not desired that the board should have to go to the Secretary of War or the Secretary of the Navy to secure permission to make such purchases. For that reason, after due consideration and discussion, the word "office" was placed in the provision before the word "equipment" by the committee.

The PRESIDING OFFICER. The Chair understands there is objection to the reconsideration of the vote by which the amendment was agreed to. The Chair will, therefore, put the question. Those in favor of the motion of the Senator from Washington to reconsider the vote by which the amendment was agreed to will say "aye." [A pause.] Those opposed "no." The noes have it, and the motion is rejected.

Mr. KING. I desire to ask the Senator from Texas, having the bill in charge, whether the plan heretofore considerably discussed of establishing a department of aeronautics has been put aside in view of the probable passage of this bill?

Mr. SHEPPARD. This is the best that can be done under the present circumstances in that direction.

Mr. KING. It is not contemplated, then, to revive that subject and pass a bill establishing a department of aeronautics?

Mr. SHEPPARD. Not at this time.

Mr. KING. So that this will be the complete legislation upon that subject during this session so far as the Senator is now advised?

Mr. SHEPPARD. That is true.

The bill was reported to the Senate as amended and the amendments were concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.



The title was amended so as to read: "A bill to create the Aircraft Board and provide for its maintenance."

#### FOREIGN DECORATIONS.

Mr. LODGE. I ask unanimous consent for the immediate consideration of the bill (S. 2796) to permit American citizens to wear medals or decorations received from certain foreign countries on entering the military or naval service of the United States, and for other purposes.

The Secretary read the bill; and there being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 6, after the word "war," to strike out "with" and insert "against," so as to make the bill read:

*Be it enacted, etc.,* That American citizens who have received, since August, 1914, decorations or medals for distinguished service in the armies or in connection with the field service of those nations engaged in war against the Imperial German Government, shall, on entering the military or naval service of the United States, be permitted to wear such medals or decorations.

The amendment was agreed to.

Mr. SAULSBURY. I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. At the end of the first paragraph it is proposed to add the following:

*Provided,* That any officer or enlisted man of the military or naval forces of the United States is hereby authorized to accept and wear any medal or decoration heretofore bestowed or that may hereafter, during the war against Germany, be bestowed by the government of any of the nations now engaged with the United States in war against the Imperial German Government.

Mr. LODGE. I have no objection, Mr. President, to that amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Delaware.

The amendment was agreed to.

Mr. HUSTING. Mr. President, I should like to ask the Senator from Massachusetts a question. Can the authority granted by this bill be construed to include any title or order that may accompany a medal or decoration?

Mr. LODGE. No, Mr. President; this bill simply permits American soldiers and sailors who have received military medals for service in the field, like our aviators and ambulance drivers, to retain them and not be deprived of them when they return to the service of their own country, as many of them are doing.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The bill was ordered to be engrossed for a third reading and read the third time.

The PRESIDING OFFICER. The question is, Shall the bill pass?

Mr. KNOX. Mr. President, I should like to ask the Senator from Massachusetts a question. This bill does not in terms authorize our officers and soldiers to receive these decorations, does it?

Mr. LODGE. Did the Senator listen to the amendment offered by the Senator from Delaware, which was added to the bill?

Mr. KNOX. I did not catch that part of it.

Mr. LODGE. That covers that point.

Mr. KNOX. Very well.

The PRESIDING OFFICER. The question is, Shall the bill pass?

The bill was passed.

Mr. LODGE. Mr. President, owing to the amendments which have been put on, I think the title should be amended by adding the words "and for other purposes."

The SECRETARY. It is proposed to add, at the end of the title, the words "and for other purposes."

The PRESIDING OFFICER. Without objection, the title will be amended as suggested by the Senator from Massachusetts.

#### SELECTIVE DRAFT OF ALIENS.

Mr. CHAMBERLAIN. I ask unanimous consent to take up Senate joint resolution 84, authorizing the drafting of aliens, except alien enemies, into the military service of the United States.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the joint resolution (S. J. Res. 84) authorizing the drafting of aliens, except alien enemies, into the military service of the United States, which had been reported from the Committee on Military Affairs with an amendment to strike out all after the resolving clause and to insert:

*Resolved, etc.,* That in the execution of the selective draft authorized by the act of Congress approved May 18, 1917, entitled "An act to authorize the President to increase temporarily the Military Establishment of the United States"—

(1) All aliens resident in the United States for more than one year who are not subjects of the enemy country, and have not declared their intention to become citizens, shall be subject to selective draft for military service pursuant to all the remaining provisions of the above act in the same manner as citizens of the United States, except so far as otherwise provided in the ensuing paragraphs.

(2) Subjects of such countries other than those allied with the enemy country shall be exempt from the draft if any treaty now in force with such countries exempts its subjects in this country from compulsory or other military service, unless the diplomatic representative of such treaty country shall have waived the provision of such treaty for the purpose of the present war; and aliens who claim the benefit of exemption under such treaties and the present paragraph shall be allowed to depart from the United States within 90 days from the date of the allowance of their claim of exemption.

(3) Subjects of any country allied with the enemy country shall be classified by race or nationality or otherwise, and specific classes not deemed suitable for military service under paragraph (1) above may, under regulations prescribed by the President, be utilized for other necessary purposes during the present emergency.

(4) Aliens not alien enemies who, because of treaty stipulations or act of Congress, are not permitted to become citizens of the United States, shall be exempt from compulsory or other military service except as volunteers.

SEC. 2. That any person not an alien enemy who has declared his intention to become a citizen of the United States, and who is eligible to become a citizen under existing law, may be enlisted in any military or naval force of the United States authorized to be raised or maintained by voluntary enlistment and, if otherwise qualified, may be appointed and commissioned an officer of any military or naval force maintained by the United States.

SEC. 3. That no person who, while a citizen of the United States and during the existing war in Europe, entered the military or naval service of any country at war with a country with which the United States is now at war, shall be deemed to have lost his citizenship by reason of any oath or obligation taken by him for the purpose of entering such service.

SEC. 4. That any person who heretofore has declared his intention to become a citizen of the United States as provided by existing law, and who is serving in the military or naval forces of the United States at the termination of the existing war, and any such person who before the termination of the existing war may have been discharged honorably from the military or naval service of the United States on account of disability incurred in line of duty, shall, if he applies to the proper court for admission as a citizen of the United States, be relieved from the necessity of proving that immediately preceding the date of his application he has resided continuously within the United States five years at least and within the State or Territory where such court is at the time held one year at least.

Mr. CHAMBERLAIN. Mr. President, this joint resolution was very carefully prepared in the first instance, and later it was submitted to the War Department for the consideration of the Judge Advocate General. After he had had it under consideration for a while he suggested certain recommendations for changes in the bill as originally presented. I have examined those amendments, and I suggest consideration of those which meet my approval. There are only two of these, and I do not propose to offer the others suggested by him.

The first is on page 3 of the measure, under paragraph 4, to strike out the words "or other," in line 19, and the words "except as volunteers," in the same line.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The SECRETARY. On page 3, line 19, it is proposed to strike out the words "or other," and in the same line to strike out the words "except as volunteers," so that if amended the paragraph will read:

Aliens not alien enemies who, because of treaty stipulations or act of Congress, are not permitted to become citizens of the United States shall be exempt from compulsory military service.

Mr. CHAMBERLAIN. Mr. President, the reasons for that, as stated by the Judge Advocate General, are as follows: He states that in this paragraph the word "except as volunteers" are needless, and will perhaps create a superfluous doubt, because, by public ruling of the office of the Judge Advocate General which is now being acted upon throughout the country by local boards, aliens who decline to claim exemption, and who thus in effect volunteer, are accepted for service. Therefore this expression, "except as volunteers," may be well omitted from paragraph 4.

Then with respect to the words "or other," which I suggest should be stricken out, the Judge Advocate General says that the reason is that the only military service so far as draft exemption is concerned is compulsory military service; with these conclusions I agree, and I think those words might be properly stricken out. I therefore offer these two amendments.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

Mr. STONE. Mr. President, I desire to ask the chairman of the committee a question. I have not had time because of important committee engagements to examine the amended bill now before the Senate. Does the bill as amended provide for compulsory military service by aliens residing in the United States?

Mr. CHAMBERLAIN. It does for those who are not alien enemies.



Mr. STONE. I am not speaking of alien enemies. I am speaking of aliens generally.

Mr. CHAMBERLAIN. If the Senator will read subdivision "(2)" of the first section, I think he will find his question answered. That subdivision reads:

Subjects of such countries other than those allied with the enemy country shall be exempt from the draft if any treaty now in force with such countries exempts its subjects in this country from compulsory or other military service, unless the diplomatic representative of such treaty country shall have waived the provision of such treaty for the purpose of the present war, and aliens who claim the benefit of exemption under such treaties and the present paragraph shall be allowed to depart from the United States within 90 days from the date of the allowance of their claim of exemption.

Mr. STONE. Mr. President, a short while ago the Committee on Foreign Relations reported a bill which was agreed to by the Senate requesting the President, through diplomatic channels, to ascertain from the friendly governments engaged in the war whether there would be objection to this Government requiring military service of their nationals residing here on the same terms and conditions as such service might be required of citizens of the United States. That was absolutely right and proper, for that course would necessitate some arrangement between foreign governments and our own with respect to the matter in hand. We have treaties with a few countries covering this subject. I thought I had in my desk a list of those treaties, and I have been looking for it, but am not able to find it.

Mr. LODGE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Missouri yield for a question?

Mr. STONE. I do.

Mr. LODGE. We have specific treaties on that point, prohibiting the compulsory military service of the nationals of each party to the treaty, with Italy, Japan, and, I think, one other country. That existing in those three treaties, of course, the Senator is aware, by the favored-nation clause, is imported into all the other treaties of amity and commerce.

Mr. STONE. The Senator is absolutely correct. I was about to add, when I referred to the fact that we had treaties with several countries of the kind the Senator from Massachusetts indicates, that the favored-nation clause would automatically, so to speak, operate with respect to all other friendly nations. Of course, Mr. President, if the nations with whom we have such treaties should agree to the thing sought to be done here—that is to say, to incorporate their nationals resident in this country into our military service—there could be no objection; it would be done with their approval.

But going beyond that, I wish to say for myself, and I speak earnestly and for the future good of American citizens, that under the general principles of international law—and I have been examining the subject somewhat recently; I examined it when the resolution addressed to the President requesting him to take this matter up diplomatically, to which I have referred, was pending. It is an act of unfriendliness, and therefore not regarded with favor, to compel the nationals of other countries, resident in this country as of right, to go into the military service of the United States under compulsion. I had prepared some data upon that subject, with references to authorities, and had laid them here in my desk, knowing that this bill was pending; but I am unable to find the brief. I do not know what has become of it, but it is gone.

So now I merely state in a general way that, without being able to submit to the Senate in a more detailed and definite form the authorities upon which I predicate this opinion, any legislation the purpose of which is to compel the nationals of a friendly nation resident in the United States to enter the military service of the United States is violative of those principles of comity which exist between nations and govern their relations to each other under the principles of international law, unless the nations whose nationals are affected shall themselves consent to it; and this, I say, is so whether there be a treaty or not. In the absence of any treaties upon the subject, I believe it would be violative of the recognized rules of international law to enact a statute of this character. I have no doubt of it. And this we ought not to do, especially as we are standing forth as the champions of international law and the defenders of treaty obligations.

Mr. President, I am not going to say more, and I am in a measure indifferent as to what you may do with this bill; but I do not wish it passed without making this statement of my convictions and this protest against what I consider most unwise legislation.

Mr. LODGE. Mr. President, I entirely agree with the Senator from Missouri in his statement in regard to the comity of nations and the general principles of international law,

although, as he knows, there has been some dispute about the question; but I agree with his view entirely. I do not think there can be any difference of opinion as to the necessity of scrupulous observance of the sanctity of treaties; and, as I just stated, having a specific prohibition of the compulsory enlistment of aliens in our treaties with two or three nations, it is imported into the other treaties by the favored-nation clause.

I should be the very last to suggest anything that by any possibility could be considered an abrogation by Congress of a treaty through an act of legislation. One of the great features and objects of this war is to maintain the sanctity of treaties which have been torn up, violated, and disregarded by the German Empire. Therefore, no bill that in the least trenches upon either the proper comity of friendly nations with each other or still more upon treaties would receive my support.

In my judgment, Mr. President, this measure is entirely and perfectly guarded in those respects. Clause 4 of the amended draft of the committee provides that:

Aliens not alien enemies who, because of treaty stipulations or act of Congress, are not permitted to become citizens of the United States, shall be exempt from compulsory or other military service as volunteers.

That is one provision. In clause 2:

Subjects of such countries other than those allied with the enemy country shall be exempt from the draft if any treaty now in force with such countries exempts its subjects in this country from compulsory or other military service, unless the diplomatic representative of such treaty country shall have waived the provision of such treaty for the purpose of the present war.

It is within the power of any one of the friendly countries with whom we are engaged in fighting against the Imperial German Government to give us this authority to apply the selective draft or to withhold it. If they withhold that assent, of course nothing can be done under the joint resolution. If they grant their assent, that is a diplomatic settlement. I have hoped ever since the declaration of war that this matter would have been disposed of by diplomatic arrangement, as it could have been.

Mr. STONE. Will the Senator permit me?

Mr. LODGE. Certainly.

Mr. STONE. Of course, I agree with the Senator in this, for I have already said myself that where a treaty exists between this Government and some other which specifically exempts the nationals of the other nation from military service here, that treaty obligation must be complied with by this Government. I agree further with the Senator that the foreign treaty-making power may waive that right of its nationals here, which, in effect, would at least change the treaty to that extent.

The Senator says that if the foreign nations with whom we have treaties of this kind do make this waiver that that is a diplomatic settlement of the whole question. I submit to my friend from Massachusetts this question: Suppose there had been no such treaty at all with Italy or Japan or, I think, two other countries, as I recall—

Mr. LODGE. Yes; two others.

Mr. STONE. The names of which I can not at this moment state. Suppose there had been no treaty of this kind with any country, then could we, the United States, under the general principles of international law which are generally recognized, take the national of a foreign government resident here and compel him to enter the service?

I submit to the Senator this thought: If we should do that, how could we ever again protest against other nations doing the same thing with our nationals resident in their countries? How could we keep the Mexican Government, for example, from taking an American citizen residing there and putting him in the military service of that Government if we by our own act foreclose our right to invoke the general principles of law which govern the relations of one sovereignty to another?

Mr. LODGE. I think that is a slightly different case, because here we are speaking of the allied nations. As a matter of fact, the treaties which contain the express provision and those which have it by importation, owing to the favored-nation clause, cover practically all countries.

Mr. FALL. Mr. President—

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from New Mexico?

Mr. LODGE. Certainly.

Mr. FALL. Is it the intention of those supporting this measure to provide that no German citizen may be drafted into the military service of the United States, but that all Austrians and all Bulgarians and all Turks shall be so drafted, whether exempted by treaty or not?

Mr. LODGE. We have excluded alien enemies.

Mr. FALL. Then is it the purpose as to all other nationalities who are not allied with the enemy, with Germany? We



have not declared war against Austria and we have not declared war against Bulgaria, nor have we declared war against Turkey. Those are all allies of the enemy. There are various other countries that are not allied with the enemy. The citizens of such other countries who are not allied with the enemy are exempted if they choose to claim exemption under the provision of the treaty.

Mr. LODGE. But, Mr. President—

Mr. FALL. Pardon me just a moment.

Mr. LODGE. I think the Senator has not read the provision.

Mr. FALL. I want to state what I understand. I have read it, but I may have misunderstood it. The subjects of all neutral countries which are not allied with the enemy, who should be treated, either by "importation," as the Senator says, or by direct treaty, can plead exemption from this measure; the subjects of Germany can plead exemption, but the subjects of Austria, Bulgaria, and Turkey can not plead exemption.

Mr. LODGE. I think the paragraph covers it.

Mr. FALL. I do not believe so.

Subjects of any country allied with the enemy country shall be classified by race or nationality or otherwise, and specific classes not being suitable for military service under paragraph (1) above may, under regulations prescribed by the President, be utilized for other necessary purposes during the present emergency.

You provide an absolute draft for all Austrians, all Bulgarians, and all Turks, and in your discretion you either use them in military service or any other service, and do not make any such provision for citizens of any other country.

Mr. LODGE. We do not include alien enemies because we are not willing to put them in. We exclude them because we do not want them.

Mr. FALL. I am asking the object of the bill and whether I understand it correctly. The Senator does not seem to think that I have read it, but this is clearly what the bill says about it. Although you have treaties with Austria and treaties with Bulgaria and treaties with Turkey, the exemption from military service contained in those treaties does not operate as an exemption under this bill.

Mr. LODGE. They must be one or the other. If they are not our enemies then they are included; they can be taken, but they can not be taken under paragraph 2 unless their diplomatic representative consents.

Mr. FALL. All subjects of those countries other than the allied countries of Germany, Austria, Bulgaria, and Turkey. Those are by the distinct provision of subsection 2 exempted. So to-day, if this bill becomes a law, it stands exactly in this position, that no subject of Germany, the enemy of this country, can be drafted. The Senator says, of course, we do not want them in the service. Then, no subject of any other country than those allied with Germany which have treaty provisions with us can be drafted unless those treaty provisions are waived, but so far as the allies of Germany are concerned, whether we have treaty provisions or not, and whether such treaty provision is waived or not, those people and those alone are people in the United States who as aliens are subject to this draft.

Mr. CHAMBERLAIN. May I suggest to the Senator, I think it was the purpose of this measure to draft those who are allied with the alien enemies as well as other aliens in the country who are not enemy aliens? The Senator knows that in some countries there are alliances with Germany, yet there are people in such countries who are absolutely in sympathy with the allies. They can be drafted, and some of them want to fight. I wish to say to the Senator that some of them have proposed to organize a sort of foreign legion, although subjects of Germany, to assist the allies of this country.

Mr. LODGE. Poles and Bohemians in large number.

Mr. CHAMBERLAIN. The purpose was to draft all that class of people in the service, under subdivision 3:

Subjects of any country allied with the enemy country shall be classified by race or nationality or otherwise, and specific classes not deemed suitable for military service under paragraph (1) above may, under regulations prescribed by the President, be utilized for other necessary purposes during the present emergency.

So you see that the purpose of it was to utilize them in any way that the Government saw fit.

Mr. FALL. That is exactly what I am asking. I wanted to know what the intention was. The effect of it is just exactly as I have explained it. It appears that that was the intention; in other words, that any citizen of a neutral country can claim exemption under a treaty provision unless his representative waives that exemption for him; that any citizen of Germany, of course, can claim exemption, because we do not want them in the Army; and that no citizen of Austria or Bulgaria or Turkey can claim exemption under the provisions of this act, but we reserve to ourselves the right to say whether we will put them in

the front line as a military unit or whether we will put them to work in munitions factories or on farms or for some other purpose. He is absolutely subject to draft, but you have not the same provision with reference to other citizens as to draft in other lines.

Mr. LODGE. I think we ought.

Mr. FALL. As the Senator says, I am inclined to think we ought. I have been in favor from the beginning of subjecting to the draft in this country every able-bodied citizen from 18 to 45 years and then putting him at such work as we choose to have him do, but that he should be subject first to military call, no matter what his business is.

Mr. LODGE. Mr. President, to return to the point I was making, in what is to me of supreme importance, I think this measure is protected. So far as our treaty agreements go, our treaty agreements either directly or by imputation cover the whole field. I started to say this could have been done and can be done by diplomatic arrangement by an exchange of notes or protocols at any time. It has not yet been done, but I hoped it would have been done long ago.

There is a very great and bitter injustice in the present state of things, especially through the Northern States, where the bulk of the foreign-born population is. Those resident aliens, not alien enemies, are counted for the basis for the quota for which a given district is liable, and then the American citizens have to furnish that quota alone. I know one district in Brooklyn, as was stated here by the Senator from New York [Mr. CALDER], where they made a registration including aliens, friendly aliens, and American citizens, and the result was that the quota assigned to that district on that basis took every American citizen in the district to fill it.

Mr. NEW. Mr. President—

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Indiana?

Mr. LODGE. Certainly.

Mr. NEW. I simply wanted to say that that is the case up in northwestern Indiana. In Lake County, for instance, in Gary and East Chicago, where are the plants of the United States Steel Corporation and the other big steel plants, their employees are made up in very large part of foreigners, and when you come to exempt them under the terms of the draft act and apply it only to the American citizens it has taken nearly all the young men of American birth from those particular towns. There are scarcely any of them left. None of the aliens have been taken.

Mr. LODGE. That is the case all through the districts where there is a large foreign immigration. There is a case in Connecticut. The Senator from Connecticut [Mr. BRANDEGEE] will correct me if I am wrong, but broadly it is this: In four factories in one town there were, in round numbers, 7,000 persons employed. They happened to be equally divided. There are 3,500 American citizens and there are 3,500 who are foreigners. They count the whole 7,000, and that, roughly speaking—I am using rough figures as an illustration—would mean that 7,000 men must furnish 700 soldiers to the draft. What is the result? The 3,500 American citizens furnish the whole 700 of the draft. They have to furnish the entire 700 out of those of their number between 21 and 31 years of age.

Mr. BRANDEGEE. If the Senator will yield, as he desired to be corrected if he was not accurate in stating it—

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Connecticut?

Mr. LODGE. Certainly.

Mr. BRANDEGEE. I think the Senator makes the statement as I made it on the floor some weeks ago. I did not have the paper before me at the time, but my impression is that instead of being three or four thousand, referring to the population of the city of New Britain, there were 7,000 registered, and the proportion was 3,500 aliens.

Mr. LODGE. I got the proportion right. The injustice, I think, is too apparent to need discussion.

Moreover, Mr. President, see the effect it has upon foreign-born citizens, men who come to this country, who have taken out their citizenship papers in order to become Americans and mean to stay here. They find themselves called upon to go to war—and they go. I will do them the justice to say, very readily, but they think it is very unjust. I have had letters from them from Boston; I will not mention the race, but one of the allies. They say: "We have come here and become citizens, and our next-door neighbors, who have not become citizens, are left at home, and we are obliged to go to the front. We are ready to go to the front, but we think they ought to take their chance, too." That feeling is broadly spread. There is a sense of bitter injustice in the community where



these things have occurred. I know it is the case in my State; I hear of it from many other States; and it is an injustice.

Mr. CHAMBERLAIN. May I make a suggestion to the Senator there?

Mr. LODGE. Certainly.

Mr. CHAMBERLAIN. Since this joint resolution was introduced I have received resolutions from numerous societies that I did not know existed in nearly every State in the Union advocating the enactment of this resolution, both from the standpoint of expediency and justice to our own young men who are called to the colors.

Mr. LODGE. It is the case everywhere.

Mr. POMERENE. Will the Senator allow me?

Mr. LODGE. Certainly.

Mr. POMERENE. The condition referred to by the Senator from Massachusetts prevails in the cities of Cleveland, Youngstown, and Canton. My attention has been called to several precincts. I think there is one point in the city of Cleveland in which the aliens outnumber the natives and naturalized citizens more than two to one. That would indicate very clearly that the great number of citizens would be subject to draft and the aliens excluded from it. I have been wondering since this matter has been up for discussion whether it would not be possible in this very measure to add a section under which proper credit could be given to the various localities in future drafts for the excess number called under the first draft. It seems to me that in that way we could equalize the burden of military service.

Mr. LODGE. Well, we do, in a sense, but we do not remedy the injustice by doing that.

Mr. POMERENE. I realize that.

Mr. LODGE. It still remains on the American citizen to furnish not only his own quota, but the quota of the alien who never has become a citizen.

Mr. POMERENE. The Senator from Massachusetts is exactly right about it.

Mr. SMOOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Utah?

Mr. LODGE. I do.

Mr. SMOOT. There are two districts in the State of Utah where there will not be a sufficient number of American citizens to fill the first draft, and after the first draft is filled there will not be an American citizen between the ages of 21 and 31 left in those districts.

Mr. LODGE. That is true, Mr. President. I have had letters from men both native born and naturalized, but all American citizens alike, saying, "We have been drafted; we go, and we go readily, but the men who are living in this country, who are protected by its laws, who are furnished with education by its schools, are going to step in and take our places in the factory or anywhere else, and they boast that they are going to do it." That makes a bitter feeling, and I think a justly bitter feeling. It seems to me incredible that nothing at all should be done about it. I know that some of the allies are anxious to have us apply the selective draft to their citizens and residents here; that they will be only too glad to have that done. They do not want their citizens or subjects to remain in the United States and escape service in our Army or in their armies by sheltering themselves under their foreign citizenship. They want us to apply the selective draft. Why it has not been done I can not conceive.

We have taken the proper step, it seems to me, the first and eminently proper step, of asking the President to proceed to remedy this situation. It can be done by diplomatic arrangement and proclamation of the President without a word of law. It has not been done. The attempt in this joint resolution is, paying every regard to treaties and to international law, to try to bring the question directly to the Governments with whom we are engaged in fighting Germany. That is all it proposes to do. If it does that, those friendly Governments may give us an opportunity to apply the selective draft, which they want to see us apply to their subjects or citizens.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Nebraska?

Mr. LODGE. I yield.

Mr. NORRIS. I should like to hear the Senator from Massachusetts speak of the action taken by Congress, to which he has just alluded—the resolution which we passed some time ago requesting the President to begin negotiations, at least with the friendly powers, to see if they could not get their citizens who are located here into the Army. Can the Senator give us any information about how far those negotiations have proceeded, if they have proceeded at all, and what the result has been?

Mr. LODGE. I know nothing about it. We have received no information here of any steps having been taken.

Mr. NORRIS. Did the committee get any information on that subject?

Mr. LODGE. Not to my knowledge. So far as I know, nothing has been done.

Mr. NORRIS. It might be well for us to have that information.

Mr. LODGE. I am not sure whether the resolution to which the Senator from Nebraska refers was a joint resolution or a Senate resolution.

Mr. NORRIS. I think it was a joint resolution. I am not sure, if it was a joint resolution, whether it has passed the other House.

Mr. LODGE. I am not sure whether or not it passed the House.

Mr. STONE. Does the Senator refer to what was known as the McCumber resolution?

Mr. LODGE. Yes.

Mr. STONE. It was introduced as a joint resolution, but was finally changed to a Senate resolution.

Mr. LODGE. Being a Senate resolution, then, it has gone to the President.

Mr. CHAMBERLAIN. It is Senate resolution No. 108.

Mr. LODGE. I now recall that it was a Senate resolution; so it must have gone to the President at once, and still nothing has been done.

Mr. NORRIS. Mr. President, of course the object of the resolution was to remedy the situation of which the Senator from Massachusetts is speaking, and which this bill attempts to remedy, which I think everybody concedes ought to be remedied by some action somewhere.

Mr. LODGE. It ought to be remedied.

Mr. NORRIS. The only point I wanted to make was that I do not desire that we shall run at cross purposes with any negotiations which the President may be now taking.

Mr. LODGE. We could not run across the negotiations, because nothing could be done except through the Executive. The very matter of the diplomatic representatives waiving the right must be done through the Executive. The matter all lies in his hands.

Mr. CHAMBERLAIN. Mr. President, let me suggest to the Senator in that connection that I predicted when the so-called McCumber resolution was passed that we would not get anywhere with it. I have had this matter up with the State Department, and they simply advise me that they have taken it up with some of the diplomatic representatives interested in the subject, but thus far no results have been achieved.

As a matter of fact, Mr. President, there are some of the nationals of our allies that are insisting that their citizens domiciled here be subjected to the draft, and there are others who oppose this course; so that, even amongst the allies, their citizens here, their nationals, differ as to what ought to be done, some favoring and some opposing the draft and others insisting that, if they are to be drafted at all, they ought to be drafted into the military service of their own countries.

Mr. LODGE. Well, let them go home and be drafted into their own armies.

Mr. CHAMBERLAIN. The trouble is that those domiciled here differ as to what ought to be done. I agree with the Senator from Massachusetts that if we do not do this now, having fully protected our treaty provisions, the same condition that exists now will continue indefinitely.

Mr. NORRIS. Mr. President, I am interested in what the Senator from Oregon says in regard to the negotiations of the State Department, but I do not think it is a point here as to what the nationals of those countries think. Of course, we could not submit to the citizens of a foreign country the law which we propose to pass; we must pass on that; but the representatives, the ambassadors from those foreign countries, I suppose have authority to speak for the countries which they represent.

I take it that there is not any objection from any of them—at least from those representing the countries which are allied with our Government—to any action along this line. In fact, I suppose they are all in favor of some action that would be effective by which this great inequality could be remedied. It seems to me that the very statement of the case is sufficient to demand a remedy of some kind, although there might be disagreement as to just what would be the proper steps to take to bring it about; but at least we could not consult with the citizens representing those countries. If they would rather be drafted into their own armies, it of course is still open to them to go into their own countries and enlist in their armies.

Mr. CHAMBERLAIN. Mr. President—



The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Oregon?

Mr. NORRIS. I yield.

Mr. CHAMBERLAIN. Let me disabuse the mind of the Senator from Nebraska with reference to one thing. I did not intend to convey the impression that we or anybody here should consult with the nationals of the different countries; that would be a physical impossibility; but the Senator knows that there are very prominent nationals of all of these countries here, on one side appealing to their ambassador for one condition to prevail, and another side, just as powerful in its influence, appealing that another course should prevail. So their ambassadors may well hesitate and halt between two opinions. I do not say that that is the fact, but I conceive that that condition might prevail.

Mr. NORRIS. I want to ask the Senator on that point, Does he know of any nationals, prominent or otherwise, who are appealing to their ambassadors to prevent, if possible, any settlement of the situation that would keep them out of military service?

Mr. CHAMBERLAIN. No; I do not know of any such, but I do know that I have been addressed upon the subject by nationals of other countries making the claims which I have outlined. I know, too, that nothing whatever has been accomplished under the McCumber resolution which passed the Senate some weeks ago.

Mr. NORRIS. It seems to me, however prominent or otherwise, or however numerous these nationals may be, if they are objecting to Congress taking any action that could be legally taken by which they could be compelled to bear the burdens of war the same as our own citizens must bear them that we ought to pay no attention to such objectors, because, as I look at it and as it seems to me everybody who looks at it fairly must realize, there is a great injustice existing under the law now. It is perfectly outrageous, it seems to me, that citizens, for instance, of England or Italy should remain in this country and be protected from service while American citizens must go to the war to do the fighting, the aliens taking the positions at home which the Americans must give up and enjoying the fruits of the sacrifices which the American citizens must make.

Mr. STONE. Mr. President, I stated a few moments ago that I thought I had in my desk the brief which I have prepared on this subject and that it had been mislaid or had gone—I did not know how; whether it dropped out or whether I had taken it out; but I find that it was in my committee room, and it has been sent to me. So the fact that it was not in my desk was my own act.

Mr. President, I want to say just a few words, and then I am through with this subject. I agree with what the Senator from Nebraska and the other Senators who have spoken have said about men coming here from foreign countries, living under our laws and protection, enjoying most of the privileges of citizenship, and yet taking no part in defense of our country, or, what is still worse, no part in the defense of the country to which they owe allegiance, but withholding themselves entirely from all form of service that they may enjoy industrial, civil, and social advantages that appertain to them, while our own citizens are taken for military service and sent to fight not only the battles of this land but the battles of the country to whose sovereignty the aliens owe allegiance. Of course there can be but one view with respect to the bad feature of that situation. It is undoubtedly an evil; but, Mr. President, I do ask Senators to pause when they come to remedy that evil and to be careful that they do not set a precedent which later may come home to plague us.

One thing we have already stood for, and that is the protection of American citizens in any country in the world. Mr. President, if we have citizens of our country residing in foreign countries, European or Asiatic or American, not under express treaty provisions, but under the general rules and principles which govern the relations which nations bear to each other, and the government of the country where they are temporarily resident takes them by force and compels them to render military service in that country, to imperil their lives and undergo hardships, I think, sir—and surely I profoundly hope, sir—that the Government of the United States would resent such conduct on the part of the foreign nation and reach out its arm to protect its citizens.

Things of that kind, sir, have occurred already in our history; they have occurred in Prussia, in Russia, and in Italy, especially with respect to American naturalized citizens who emigrated from those countries where the doctrine of expatriation is not recognized. Yet we have stood against such a procedure and have opposed it, and I think we did well to do so. Do we propose now to enact a law which will be thrust

in our faces when this war is over and some American citizen is compelled to take up arms in defense of the colors and fight the battles in a foreign land where he happens to be a resident? We may protest, but this law will be put in our faces with the statement "You did it yourselves."

Mr. CHAMBERLAIN. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Oregon?

Mr. STONE. Certainly.

Mr. CHAMBERLAIN. What objection is there to an American citizen serving under compulsion in a foreign army? If he goes to a foreign land and there spends his life, accumulates a fortune, raises a family, and enjoys the benefits and privileges of that country, why should he not serve it in an emergency? I think he ought to be compelled to serve if that country's life is at stake, just as I think the citizens or subjects of other countries ought to be compelled to serve here if our country's life or the liberty of the citizen is at stake.

Mr. STONE. Mr. President, it may be that a case can be selected here and there of some man who has spent his whole life in a foreign country and who it may be said, sentimentally, ought to serve that country—I say this as a matter of sentiment, not as a matter of law or right.

Mr. CHAMBERLAIN. May I interrupt the Senator just once more?

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Oregon?

Mr. STONE. Yes.

Mr. CHAMBERLAIN. This bill adopts the rule that President Lincoln laid down in the Civil War. He took the position that, as a matter of comity, it might be well not to draft nationals of other countries in the service, but it was attempted to be done, anyhow; and the President, through his Secretary of State, adopted the rule of giving these nationals 65 days to get out of the country if they did not want to serve. Now, this bill gives them 90 days; so that if a man does not want to serve and still wants to enjoy the blessings of liberty of American citizens who are compelled to serve, he can go out of the country; he has 90 days in which to do it, and he can go wherever he wants to go.

Mr. STONE. And we can send him out of the country.

Mr. CHAMBERLAIN. No; that is not in here.

Mr. STONE. No; not in this bill, but we can pass a law and authorize deportation. If there be no treaty between this Government and another that forbids it, we would have a right under the general rules of international law to deport. We can send these men home to their own countries. Whenever, in the opinion of the Government of the United States, their presence here is not acceptable, we can send them out of the country, send them to Italy, send them to France, or to England, or wherever they belong. But, Mr. President, there is no kind of doubt—I state this with positive conviction—that, aside from any question involving a treaty, to pass this law is to set aside the established rules of international law that have hitherto governed nations with respect to this matter. I fear it is a dangerous precedent you are about to set, and that what we get out of it temporarily will not compensate us for the future danger we shall incur. At most we would get but little out of it now, while none can tell what trouble it may bring to us hereafter.

I suppose the Senate will pass the bill. The sentiment of the Senate is that way. Sentimentally I feel the same way myself. Personally, I should like to have this sort of thing done as much as any of you, but I fear to set a precedent of this kind.

Mr. President, I should be glad if I could be present when the vote is taken to record my vote against this bill, but that is impossible, as I am obliged now to go to an important meeting of the Finance Committee. I wish to have this statement appear in the Record, that if I were here I should vote against the bill.

Mr. BRANDEGEE. Mr. President, I am very glad that this bill has been brought before the Senate. I was one of those Senators who called the attention of the Senate to this situation several weeks ago.

The percentage of aliens in the State of Connecticut, I was surprised to ascertain, is 36.6 per cent. More than one-third of the population is alien. That is accounted for, I think, largely by the large number of aliens who have come into our manufacturing establishments from Italy and Canada and the southeastern countries of Europe. As the law stands at present, the situation is that in the case of men working right at the same bench in a large factory, the American citizen is drawn and marched off to the training cantonments, while the alien there, who has just as much protection from the law and the benefit of our Government as the American citizen, stays there at the bench and jokes and makes fun of the American citizen who is



drawn into the Army and has to go away and maintain the government of the alien who is working at the same bench with him. So that under the operation of this law, so far as the citizen is concerned, if we win the war it is a great deal better to be an alien in America than it is to be an American citizen. You get all the benefits of the country and escape the great duty of defending the country. The American citizens are to go out and fight, bleed, and die to preserve the alien and his family in their enjoyment of life, liberty, and the pursuit of happiness in this country; and the alien who is here is to take the job of the American who goes away and defends his family.

So of course it is a perfectly impossible situation, and not only in Connecticut but, as the Senator from Massachusetts has described, and the Senator from Ohio, and other Senators, it is the cause of the greatest dissatisfaction among the people, not only among those who are drafted, but among those who are registered and subject to the next draft, and it is the cause of an intense feeling of resentment among the families and friends of all those men who are marched off to a foreign land to fight for those who either can not or will not volunteer and who are exempt from being drafted.

I am very much in favor of this bill, and I hope for its speedy passage.

Mr. President, I want to send to the desk now a proposed amendment, and ask the chairman of the committee to advise me whether he will consider it as an amendment to the bill, particularly for the purpose of suggesting the subject to the conference committee. I will not state it, because its nature will appear when the Secretary reads it.

The PRESIDING OFFICER. The Secretary will state the amendment offered by the Senator from Connecticut to the amendment of the committee.

The SECRETARY. It is proposed to add a new section at the end of the bill, as follows:

SEC. 5. In the future operation of the said selective-draft act of May 18, 1917, credit shall be given the several States or localities or districts for the increased number of citizens heretofore drawn, which excess or increase was caused by the fact that aliens were registered in computing the number subject to the draft but were not themselves subject thereto.

Mr. CHAMBERLAIN. Mr. President, I have no objection to that; but I should like the amendment to be confined to those who are exempted under the provisions of the bill, because in the future operation of the draft this bill will apply to a great many who will be taken who are not now taken under the draft. I would want it to apply only to those aliens who are not subject to the draft under the pending measure and who live in certain communities and by their numbers affect the number of Americans who go into the service.

Mr. BRANDEGEE. Mr. President, I drew the amendment here at the desk hurriedly, and I am at a loss just at this instant to see how to change the phraseology of it to meet the Senator's view. All I want is to get it into conference.

Mr. CHAMBERLAIN. I am perfectly willing to accept the amendment, because I think it will work equitably if it is properly framed.

Mr. BRANDEGEE. Very well. I simply want it to be the basis of such perfected amendment as the conferees may decide upon.

Mr. President, while I have the floor I want to ask the Senator as to the meaning or the effect, on page 2 of the bill, in line 24, of the word "such," the third word in the line. The portion of the paragraph to which I refer reads as follows:

Subjects of such countries other than those allied with the enemy country shall be exempt from the draft if any treaty now in force with such countries exempts its subjects in this country from compulsory or other military service.

I can not see to what the words "subjects of such countries" refer. If it said "subjects of countries other than those allied with the enemy country shall be exempt," I would understand what it meant.

Mr. CHAMBERLAIN. It would be just as effective if the word "such" were left out.

Mr. BRANDEGEE. If the Senator thinks so, I move to strike out the word "such."

Mr. FALL. Mr. President, I think that would confuse the phraseology.

Mr. BRANDEGEE. I do not want to confuse it at all. I only want to understand it.

Mr. FALL. Mr. President, it is approaching the hour of 2 o'clock; but I think, if the Senator will allow me, that the words "such countries" refer back to all countries except the enemy country; and then you have it classified. All countries except the enemy country, and then subjects of such countries—that is, all countries except the enemy country—other than those allied with the enemy country. That makes a new subject. There is the enemy country, then, and those allied with the enemy coun-

try, and then subjects of all other countries; and the expression "such countries" there is necessary to qualify that unless the entire words are stricken out, which I shall move—to strike out the words "other than those allied with the enemy's country," leaving it "subjects of such countries"—that is, all countries but the enemy country. I shall make a motion to that effect, and I understand that the committee have no objection to it; and then I shall offer an amendment to perfect section 3, if I have the opportunity. I am frank to say that I do not see how we shall be able to get through with the joint resolution by 2 o'clock.

Mr. BRANDEGEE. I do not think we are limited to 2 o'clock. There is no unfinished business now.

The PRESIDING OFFICER. There is an amendment pending.

Mr. BRANDEGEE. I will not move to strike out the word "such," and content myself with having called attention to it so that the conference committee may consider it later.

Mr. FALL. Mr. President, as I understand, this amendment has been accepted by the committee.

The PRESIDING OFFICER. No; it is pending. It has been offered.

Mr. FALL. Then I will wait until it is acted upon.

Mr. BRANDEGEE. I did not ask for a vote on it immediately; only in due time—that is all.

Mr. CHAMBERLAIN. Does the Senator refer to the word "such"?

Mr. BRANDEGEE. No; I have withdrawn that.

Mr. CHAMBERLAIN. I am willing to accept the other amendment.

Mr. FALL. I so understood.

Mr. BRANDEGEE. But there has to be a vote on it anyway, I suppose.

The PRESIDING OFFICER (Mr. ASHURST in the chair). The question is on agreeing to the amendment of the Senator from Connecticut to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. FALL. Now, Mr. President, I move to strike out from the word "countries," line 24 of page 2, down to the word "shall" in line 25; that is, the words "other than those allied with the enemy country." In other words, my object is to put the subjects of Austria, of Bulgaria, and of Turkey in exactly the same position that the subjects of Germany are in, and then to put the German subjects in exactly the same position that the subjects of all other countries would be in, by offering an amendment to subdivision "(3)" on page 3 which I will now suggest, as it is necessary for the Senate to understand the purpose of my motion. I propose to strike out the last five words in line 10—that is, "country allied with the enemy"—and to insert in lieu thereof "enemy or allied enemy country," so that as amended the paragraph will read:

Subjects of any enemy or allied enemy country shall be classified by race or nationality or otherwise, and specific classes not deemed suitable for military service under paragraph (1) above may, under regulations prescribed by the President, be—

There I move to insert the words "drafted and"—

be drafted and utilized for other necessary purposes during the present emergency.

I think that will cover entirely the object of the committee generally and enable us to classify Germans as well as Austrians, Bulgarians, and Turks, whether their diplomatic representatives agree to it or not.

Mr. CHAMBERLAIN. I have no objection to those amendments, Mr. President.

Mr. KING. Mr. President, I should like to ask the Senator from New Mexico a question. Perhaps it is not cognate to the matter that he is discussing.

Suppose that the representatives of the States just mentioned by the Senator refuse, through diplomatic negotiations, to consent to their nationals serving in the Army, or to abrogate the treaties that now exist?

Mr. FALL. That is to say, citizens of neutral States?

Mr. KING. Yes.

Mr. FALL. Or of other States.

Mr. KING. Austria, of course, is a neutral State now, technically, and so is Bulgaria.

Mr. FALL. Well, we are classifying the enemy and the allied enemy countries.

Mr. KING. I understand.

Mr. FALL. And we are proceeding to violate all international law in doing so, so long as we have not declared war upon those countries. There is no earthly question about that. It is simply a question of our arrogating to ourselves the right, for practically the first time in the history of all civilized nations, of forcing the citizens of another nation, either a nation with which we are at



war or a nation with which we are not at war, into the service of our country. There is no question about that.

Mr. KING. I can understand that those who are our allies, the representatives of Italy and of France and of Japan, would doubtless, through diplomatic negotiations, consent that their nationals within our country should be drafted into the Army; but it is quite likely that the representatives of Austria and of Bulgaria and of Turkey will not consent to the application of this statute.

Mr. FALL. Precisely.

Mr. KING. Now, what I was about to ask the Senator is this: In the event that we fail in diplomatic negotiations to obtain from them a waiver of present treaty rights, does the Senator think that the Government, by force, should draft those men, or compel them to leave the jurisdiction of the United States?

Mr. FALL. Mr. President, the Senator is asking my opinion. I am going to vote for this bill, and it does exactly that thing.

Mr. KING. The Senator feels that that would, of course, be flying in the teeth of a positive treaty that we have with those nations?

Mr. FALL. Well, of the favored-nation clause, at least, with Austria. We have no direct treaty with Austria, and we have no treaty with Bulgaria, because Bulgaria is not a nation with which we have entered into a treaty, except purely as to commercial relations recently.

Mr. KING. I am assuming that we have treaty relations.

Mr. FALL. We have the favored-nation clause.

Mr. KING. And they could take refuge under the favored-nation clause, and seek the same protection that would be given to the nationals of other countries?

Mr. FALL. Undoubtedly. This would be an additional cause for a declaration of war on the part of Austria or any of those countries. Very often I do not agree with the Senator from Missouri [Mr. Stone], but his construction of the law is absolutely right. There is no question in the world about it. We are violating the comity of nations; we are violating international law; then we are violating treaty law, either directly, or, as the Senator from Massachusetts used the expression, imported by the favored-nation clause. There is no question about the fact that we are violating it; but we are in a peculiar condition in this country, Mr. President; and, if the Senator will allow me, I will explain why I shall vote for this, although I realize that it is in violation—

Mr. KING. Mr. President, if the Senator will permit me to ask him one other question, then he may answer that and proceed with his explanation, which I shall be very glad to hear. Does the Senator think that under this bill the nationals of the countries I have just mentioned could be forced into the Army; or would they not have the alternative of leaving the jurisdiction of the United States, having 90 days within which to accomplish that fact?

Mr. FALL. Mr. President, the subjects of neutral countries not allied with the enemy under the provisions of this bill have the option of leaving the country. The subjects of countries allied with the enemy have not that option. If my amendment is adopted, it will put the enemy in the same class; but if the joint resolution is passed as it stands here to-day, those subjects have no option of leaving the country in 90 days. This is a very peculiar bill. It violates every principle of international comity of nations and treaties. There is no question about that.

The VICE PRESIDENT resumed the chair.

Mr. CHAMBERLAIN. Mr. President, may I interrupt the Senator? We have not much time, and by remaining silent I do not want to be held as accepting that statement of the Senator. I do not agree with the Senator.

Mr. FALL. Well, Mr. President, I do not know why we can not proceed. Is there any reason that the Senator can advance why we can not proceed along right now until a little after 2 o'clock?

Mr. CHAMBERLAIN. Oh, I will say to the Senator that I have no disposition at all to crowd this joint resolution through. The unfinished business comes up at 2 o'clock.

Mr. FALL. I am in favor of the passage of the joint resolution, and I do not want to jeopardize its passage to-day, but I do not want to stultify myself by voting silently for a violation of international law. I have been a lawyer in my time, and I have some little pride of legal opinion. So I would prefer, if the Senator consents, that I may be allowed to explain my position on the subject.

Mr. CHAMBERLAIN. I have no objection in the world.

Mr. FALL. Thank you.

Mr. President, this country is now in a world war where its very existence is at stake, in my judgment. Our national life is a forfeit as the result of this war. The United States of

America is in a different position from that occupied by any other country engaged in the war. It is an entirely different position. The United States of America since the formation of our Government has been a place of refuge for the peoples of all other countries of the world, political and other refugees.

The VICE PRESIDENT. The morning hour has expired and the Chair lays before the Senate the unfinished business, which will be stated.

The SECRETARY. A bill (H. R. 4960) to define, regulate, and punish trading with the enemy, and for other purposes.

Mr. RANDELL. Mr. President, I ask the Senate to set aside this bill until half past 2 so that we may possibly finish the pending joint resolution.

The VICE PRESIDENT. The Senator from Louisiana asks that the bill be temporarily laid aside until half past 2. Is there objection? The Chair hears none. The Senator from New Mexico will proceed.

Mr. FALL. Mr. President, not only have we been the place of refuge to which political refugees and those persecuted may come from all the countries of the earth and receive protection, but we have also been exploited by citizens of the other nations of the world until we are not a homogeneous people in any sense of the word. The consequence is that conditions just such as those referred to by the Senator from Massachusetts, the Senator from Connecticut, the Senator from Ohio, and others have arisen, where we have districts, precincts, municipalities, counties all over our country largely inhabited by citizens of other countries or citizens of the United States of the first or second generation. Among these, of course, are a large number of citizens of other countries who have neither declared their intention to become citizens of this country nor displayed any intention ever to declare such an intention, and many of them have declared their intention and are not citizens yet.

We have found all manner of difficulty in dealing with this problem throughout the Western as well as the Eastern States. We are in danger to-day here at home in dealing with people resident within this country. Drastic measures of self-preservation are always justifiable, even if they go to the extent of a violation of international treaty obligations or the comity of nations or international law. Because of the fact that I realize we are confronted with a condition which it is absolutely necessary for us to meet, just as necessary for us to meet on American soil as it is for us to meet the Germans on French soil at the first line of defense, and because anything is justifiable in defense of the life of a nation exactly as it is justifiable in defense of the life of an individual if in violation of domestic law, I stand ready to vote for this measure. It is absolutely necessary that some measure of this character should be enacted into legislation and left to the administration to handle to enable it to cope with the conditions existing here in the United States. I am in favor of meeting it, meeting it frankly, at the same time avowing that, in so far as the diplomatic department and the administration of the Government has control of the condition as it exists, the Congress of the United States, at least, is going to place in the administration the power to regulate conditions here in the United States as it becomes necessary.

For that reason I shall vote for the joint resolution with the amendments. I understand the amendments which I have suggested have been accepted. I should like to have a vote taken upon them.

The VICE PRESIDENT. The amendments to the amendment of the committee will be stated in their order.

The SECRETARY. The first amendment is, on page 2, lines 24 and 25, to strike out the words "other than those allied with the enemy country."

Mr. BRANDEGEE. Let me ask the Senator again, so that I may vote intelligently upon the amendment, what was it he said he thought the word "such," before "countries," refers to in the twenty-fourth line?

Mr. FALL. The word "such" there refers to all countries except enemy countries.

Mr. BRANDEGEE. It must refer to some previous language in the joint resolution.

Mr. FALL. It refers to the second line of the first subdivision, in lines 17 and 18.

Mr. BRANDEGEE. Will not the Senator read to what it refers?

Mr. FALL (reading)—

All aliens resident in the United States for more than one year who are not subjects of the enemy country.

Then they must be subjects of any other country.

Mr. BRANDEGEE. The Senator has read the words "subjects of the enemy country." In line 24 it says "subjects of such countries."

Can that refer to the enemy country?



Mr. FALL. All aliens are generally classified—

Mr. BRANDEGEE. The word "aliens" is simply used here as applied to aliens residents of the United States not subjects of the enemy country. "Such" can not refer to aliens. It refers to the country.

Mr. FALL. Of which the aliens are citizens, naturally.

Mr. BRANDEGEE. It does not say so.

Mr. FALL. It does not say so.

Mr. BRANDEGEE. Therefore I think that word is confusing if it is intended to refer to those aliens.

Mr. FALL. There are two classifications made—one is of those who are citizens or subjects of the enemy country; the other, of aliens subjects of all other countries. Then there is an exception to the latter classification which is intended to be provided in subsection 2—that is, between the alien subjects of the allied enemy countries and the alien subjects of neutral countries.

Mr. BRANDEGEE. But subsection 1 does not create two classes of aliens. It only refers—

Mr. FALL. It does clearly refer to the classes of aliens who are exempt from military service distinctly by subsection 1 as subjects of the enemy country. All others are subject to the provisions of subsection 1, except as they are excepted by the provisions of subsection 2.

Mr. BRANDEGEE. The language of subsection 1 is as follows:

All aliens resident in the United States for more than one year who are not subjects of the enemy country and have not declared their intention to become citizens shall be subject to selective draft for military service pursuant to all the remaining provisions of the above act in the same manner as citizens of the United States, except so far as otherwise provided in the ensuing paragraphs.

I submit there is only one class of people spoken of there—that is, aliens resident in the United States not subjects of the enemy country—and I submit that the words in line 24, subsection 2, "subjects of such countries" are inapt language in which to describe those who are mentioned in subsection 1, if it is intended to refer to those.

Mr. FALL. Mr. President, I think clearly that the Senator passing upon the construction of this language would readily understand it. It would not be apt language, but clearly the intention of the legislature, which is to be arrived at by the construction of the statute, can be ascertained. In other words, if the subjects of enemy country under subsection 1 shall be exempt from the selective-draft provision the alien citizens of all other countries shall be subject to some form of selective draft, and then the provision exempting certain aliens, providing how they may be exempted, follows. So I think that "such countries" there refers to citizens of all other countries than enemy countries. I think that will be the construction the Senator will put upon it.

Mr. BRANDEGEE. I hope the conference committee will improve the draft so that it will not become a matter of—

Mr. FALL. Construction.

Mr. BRANDEGEE. Of discussion, and that each gentleman shall have to arrive at his own construction.

Mr. FALL. Of course the Senator, as an attorney, knows that there never was an act of a legislature in the world that could be perfected by a conference committee that lawyers would not object to the construction.

Mr. BRANDEGEE. But there are various degrees of efficiency. I think some language is more subject to difference of views than others.

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The next amendment to the amendment will be stated.

The SECRETARY. On page 3, line 10, strike out the words "country allied with the" and after the word "enemy" insert "or allied enemy," so as to read: "Subjects of any enemy or allied enemy country shall be classified," and so forth.

The amendment to the amendment was agreed to.

The SECRETARY. The next amendment is on page 3, line 14, before the word "utilized" to insert the words "drafted and."

The amendment to the amendment was agreed to.

Mr. CHAMBERLAIN. I believe that completes the joint resolution.

Mr. KING. I should like to ask the Senator from Oregon a question: Is the joint resolution retroactive in the sense that in the first draft, the first selection, those who would come within the terms of the joint resolution may now, notwithstanding this late date, be drafted into the Army?

Mr. CHAMBERLAIN. I am not certain as to that. If they are registered, I presume they might be subject to the next call, but I doubt if the statute would be retroactive. These men are of course already registered.

Mr. KING. I presume that in practically all the precincts or political subdivisions from which the selections have been made the full quota has been obtained and therefore it would be impossible to—

Mr. CHAMBERLAIN. Apply it to the present draft.

Mr. KING. To apply the measure to the aliens who may be within those precincts. I wish to ask the Senator one other question: Does he assent to the broad statement made by the Senator from New Mexico [Mr. FALL] that the joint resolution does violate treaties that we have with existing countries and the principles of international law and the comity which governs nations with respect to matters of this character?

Mr. CHAMBERLAIN. I stated that I dissented entirely from that proposition notwithstanding the Senator from New Mexico is considered one of the best international lawyers in the Senate. As a matter of fact, I am in line with the view of the Senator from Massachusetts [Mr. LODGE] upon that subject. I think so far as the treaties with other nations are concerned the nationals are absolutely protected under the bill.

If I were not so anxious to see the joint resolution disposed of during the morning hour, I would discuss it at length. This subject is not one of first impression. It was discussed at very great length at The Hague peace conference; and while some favored an absolute prohibition of required military service of resident aliens, the validity of municipal legislation of certain States which on occasion requires such service was distinctly recognized. No resolution was passed, but the conference expressed its solemn wish in the premises in substance as follows:

\* \* \* que les Puissances règlent, part des conventions particulières, la situation, au point de vue des chargés militaires des étrangers établis sur leurs territoires.

In other words, they left it to the nations, practically undetermined as to what their views were on the subject, simply expressing a hope as to what should be done. But, in any event, I feel that there is no violation of international law, and, so far as treaty obligations are concerned; they are absolutely protected under the terms of the joint resolution.

In this connection, as a part of my observations, I desire to have printed the report of the committee upon the joint resolution. It gives the countries with which we have treaties.

The VICE PRESIDENT. Without objection, it is so ordered. The report is as follows:

[Senate Report No. 94, 65th Cong., 1st sess.]

Mr. CHAMBERLAIN, from the Committee on Military Affairs, submitted the following report:

The Committee on Military Affairs has given careful consideration to the joint resolution (S. J. Res. 84) authorizing the drafting of aliens, except alien enemies, into the military service of the United States, which was referred to the committee on July 18, 1917, and report it back to the Senate with amendments with the recommendation that it pass as amended.

Section 1 deals with the drafting of aliens into the military service of the United States. The total number registered under the provisions of the selective draft act of May 18, 1917, was 9,649,938, of which 1,229,259 were classified as aliens. According to the summary sheets in the office of the Provost Marshal General, this latter number does not include those subjects of foreign countries who have declared their intention of becoming citizens of the United States but who have not completed their citizenship here. There are, therefore, a large number of registrants not classified as aliens who, under treaty stipulations, if exercised, would be exempt from compulsory or other military service. Below is given a table showing the total number of registrants by States and Territories and the number of such registrants classified as aliens:

	Total of all registered.	Aliens.	Alien enemies.
Alabama.....	181,614	1,183	77
Arizona.....	35,932	14,652	193
Arkansas.....	149,444	517	75
California.....	297,532	67,464	3,948
Colorado.....	88,874	9,323	472
Connecticut.....	159,955	58,631	1,111
Delaware.....	21,864	2,883	92
District of Columbia.....	31,930	1,569	79
Florida.....	84,683	5,682	208
Georgia.....	231,418	1,224	120
Idaho.....	41,117	3,970	176
Illinois.....	672,498	95,145	6,051
Indiana.....	255,145	13,651	1,149
Iowa.....	216,299	11,714	1,822
Kansas.....	148,849	6,404	296
Kentucky.....	190,225	940	186
Louisiana.....	157,454	2,958	208
Maine.....	60,407	10,196	58
Maryland.....	121,345	7,603	896
Massachusetts.....	359,323	103,014	1,508
Michigan.....	374,220	70,099	2,750
Minnesota.....	221,715	24,599	1,971
Mississippi.....	139,525	557	45
Missouri.....	293,825	10,992	1,008
Montana.....	88,273	11,790	687
Nebraska.....	118,407	5,251	998
Nevada.....	12,038	3,733	77
New Hampshire.....	37,642	9,507	79



	Total of all registered.	Aliens.	Alien enemies.
New Jersey.....	302,742	77,372	4,956
New Mexico.....	32,202	4,324	108
New York.....	1,060,693	235,538	30,965
North Carolina.....	203,096	532	34
North Dakota.....	65,007	7,205	615
Ohio.....	568,635	89,909	4,138
Oklahoma.....	159,211	2,947	219
Oregon.....	62,922	6,234	480
Pennsylvania.....	834,389	180,754	5,455
Rhode Island.....	53,458	15,043	128
South Carolina.....	128,039	447	58
South Dakota.....	58,251	2,666	417
Tennessee.....	189,573	987	72
Texas.....	413,852	27,024	1,043
Utah.....	41,952	7,145	344
Vermont.....	27,098	3,508	56
Virginia.....	181,826	2,575	179
Washington.....	108,330	16,001	791
West Virginia.....	119,978	10,521	470
Wisconsin.....	238,384	23,522	3,401
Wyoming.....	22,848	3,353	329
Porto Rico.....	104,550		
Indians.....	6,001		
National parks.....	85	4	2
United States.....	9,780,685	1,275,902	80,538

Under the selective-draft law quotas from the States and Territories and subdivisions were based upon the estimated population thereof, and in many subdivisions the registration returns showed a very large percentage of registrants classified as aliens. In some cases the percentage of those classified as aliens exceeds 65 per cent of the total number registered. This situation works a hardship on the citizen population of a community, and the man who under the laws of his native country may be obligated to render military service is resting here answerable to no one.

If this measure is immediately enacted into law it will be possible to include aliens coming within its provisions in the first call under the selective-draft law. Local boards in all the States are now passing upon the claims for exemption of all individuals included in the first call. Aliens having been registered, they are included in the number summoned for examination before the local boards, and if exempted on account of being aliens they are given certificates of exemption, which, under the President's regulations, can be revoked should the cause of exemption no longer exist. However, if the entire quota of a given local board is completed before the enactment of this measure it might be impracticable to disturb the quota as determined upon in that particular area.

Paragraph 2 of section 1 exempts from the draft subjects of any country other than alien enemies and those of countries allied with the enemy country with which the United States has treaty obligations, unless the diplomatic representative of such treaty country waives the provisions of such treaty for the purpose of the present war. No alien of any such country now exempt from military service by treaty would be drafted except by waiver of treaty provisions by the diplomatic representative of such country.

Below is given the provisions of existing treaties relating to military service, prepared in the Legislative Reference Division of the Library of Congress:

#### ARTICLES OF TREATIES IN FORCE BETWEEN THE UNITED STATES AND FOREIGN COUNTRIES RELATING TO MILITARY SERVICE.

##### A. EXEMPTIONS IN FAVOR OF ALL CITIZENS.

###### Argentine Republic. Treaty of 1853:

ART. 10. The citizens of the United States residing in the Argentine Confederation, and the citizens of the Argentine Confederation residing in the United States, shall be exempted from all compulsory military service whatsoever, whether by sea or by land, and from all forced loans, requisitions, or military exaction; and they shall not be compelled, under any pretext whatever, to pay any ordinary charges, requisitions, or taxes greater than those that are paid by native citizens of the contracting parties, respectively.

###### Congo. Treaty of 1891:

ART. 3. The citizens and inhabitants of each of the high contracting parties shall be exempt, in the territories of the other, from all personal service in the army, navy, or militia, and from all pecuniary contributions in lieu of such.

###### Costa Rica. Treaty of 1851:

ART. 9. The citizens of the United States residing in the Republic of Costa Rica, and the citizens of the Republic of Costa Rica residing in the United States, shall be exempted from all compulsory military service whatsoever, either by sea or by land, and from all forced loans or military exactions or requisitions; and they shall not be compelled, under any pretext whatsoever, to pay other ordinary charges, requisitions, or taxes greater than those that are paid by native citizens of the contracting parties, respectively.

###### Honduras. Treaty of 1864:

ART. 9. The citizens of the United States residing in the Republic of Honduras, and the citizens of the Republic of Honduras residing in the United States, shall be exempted from all compulsory military service whatsoever, either by sea or by land, and from all forced loans or military exactions or requisitions; and they shall not be compelled, under any pretext whatsoever, to pay other ordinary charges, requisitions, or taxes greater than those that are paid by native citizens of the contracting parties, respectively.

###### Italy. Treaty of 1871:

ART. 3. They shall, however, be exempt in their respective territories from compulsory military service, either on land or sea, in the regular forces, or in the national guard, or in the militia. They shall likewise be exempt from any contributions whatever, in kind or in money, to be levied in compensation for personal services.

###### Japan. Treaty of 1894:

ARTICLE 1. The citizens or subjects of either of the contracting parties residing in the territories of the other shall be exempt from all compulsory military service whatsoever, whether in the army, navy, national

guard, or militia; from all contributions imposed in lieu of personal service; and from all forced loans or military exactions or contributions.

###### Paraguay. Treaty of 1859:

ART. 11. The citizens of the United States of America residing in the territories of the Republic of Paraguay, and the citizens of the Republic of Paraguay residing in the United States of America, shall be exempted from all compulsory military service whatsoever, whether by sea or land, and from all forced loans or military exactions or requisitions; and they shall not be compelled to pay any charges, requisitions, or taxes other or higher than those that are or may be paid by native citizens.

###### Serbia. Treaty of 1881:

Citizens of the United States in Serbia and Serbian subjects in the United States shall be reciprocally exempted from all personal service, whether in the army by land or by sea; whether in the national guard or militia; from billeting; from all contributions, whether pecuniary or in kind, destined as a compensation for personal service; from all forced loans, and from all military exactions or requisitions. The liabilities, however, arising out of the possession of real property and for military loans and requisitions to which all the natives might be called upon to contribute as proprietors of real property or as farmers, shall be excepted.

###### Spain. Treaty of 1902:

ART. 5. The citizens or subjects of each of the high contracting parties shall be exempt in the territories of the other from all compulsory military service, by land or sea, and from all pecuniary contributions in lieu of such, as well as from all obligatory official functions whatsoever.

###### Switzerland. Convention of 1850:

ART. 2. The citizens of one of the two countries, residing or established in the other, shall be free from personal military service; but they shall be liable to the pecuniary or material contributions which may be required, by way of compensation, from citizens of the country where they reside, who are exempted from the said service.

###### Tonga. Treaty of 1886:

ART. 9. All citizens of the United States residing in the Tonga Islands, and Tongan subjects residing in the United States, shall be exempted from all compulsory military service whether by sea or land, and from all forced loans, military requisitions, and quartering of troops.

##### B. EXEMPTIONS IN FAVOR OF CONSULAR OFFICERS ONLY.

###### Austria-Hungary. Consular convention of 1870:

ART. 2. The consuls general, consuls, vice consuls, and consular agents, their chancellors, and other consular officers, if they are citizens of the State which appoints them, shall be exempt from military billeting, from service in the militia or the National Guard, and other duties of the same nature.

###### Belgium. Consular convention of 1880:

ART. 3. Consuls general, consuls, vice consuls, and consular agents, citizens of the State by which they are appointed, shall be exempt from military billeting, from service in the Regular Army or Navy, in the militia, or in the National Guard.

###### Brazil. Treaty of 1828:

ART. 30. It is likewise agreed that the consuls, their secretaries, officers, and persons attached to the service of consuls, they not being citizens or subjects of the country in which the consul resides, shall be exempt from all public service.

###### Colombia. Consular convention of 1850:

ART. 5 (3). The consuls and their chancellors or secretaries shall be exempt from all public service and from contributions, personal and extraordinary, imposed in the country where they reside. This exemption does not comprehend the consuls or their chancellors or secretaries who may be natives of the country in which they reside.

###### Denmark. Convention of 1826:

ART. 10. It is likewise agreed that the consuls and persons attached to their necessary service, they not being natives of the country in which the consul resides, shall be exempt from all public service.

###### France. Consular convention of 1853:

ART. 2. The consuls general, consuls, vice consuls, or consular agents of the United States and France shall enjoy in the two countries exemption from military billeting, from service in the militia or the national guard, and other duties of the same nature.

###### Greece. Consular convention of 1902:

ART. 3. Consuls general, consuls, vice consuls, and consular agents, citizens of the State by which they are appointed, shall be exempt from military billeting, from a service in the regular army or navy, in the militia, or in the national guard.

###### Netherlands. Consular convention of 1878:

ART. 3. The respective consuls general, vice consuls general, consuls, vice consuls, consular agents, consular pupils, and consular clerks of the high contracting parties, being citizens or subjects of the country which has appointed them shall be exempted from military billeting and contributions, and from all military service by land or by sea, whether in the regular army, in the national or civic guard, or in the militia.

###### Roumania. Consular convention of 1881:

ART. 3. Consuls general, consuls, vice consuls, and consular agents, citizens of the State by which they are appointed, shall be exempt from military billeting, from service in the regular army or navy, in the militia, or in the national guard.

Paragraph 3 of section 1 would enable this Government to classify the subjects of any country allied with the enemy country not deemed suitable for military service, and to utilize their services for other necessary purposes.

Paragraph 4 of section 1 exempts from the operation of the draft subjects of a country who are not permitted to become citizens of the United States.

Section 2 authorizes the enlistment in the military or naval forces of the United States of any person not an alien enemy who has declared his intention to become a citizen, and if otherwise qualified appointment and commission as an officer.

There are in the military service of the countries now at war with the enemy country a large number of American citizens who have taken an obligation or oath which has the effect of expatriating them. Being engaged on the same side of the conflict as the United States and having entered the service of these countries before the United States declared war, these men, some of whom have risen to high rank in foreign armies, are unable to enter the military service of the United States. This country ought to be in a position to avail itself of the experience and services of these men, and section 3 will restore them to their former status as American citizens.

Section 4 will grant the rights of citizenship to aliens who have prior to the approval of the act declared their intention of becoming citizens



and who serve throughout the existing emergency in the military or naval forces of the United States, or who may be discharged on account of disability incurred in the line of duty.

The VICE PRESIDENT. The question is on agreeing to the amendment of the amendment as amended.

The amendment as amended was agreed to.

The joint resolution was reported to the Senate as amended, and the amendment was concurred in.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "Joint resolution to draft certain aliens into the military service of the United States, and for other purposes."

#### TRADING WITH THE ENEMY.

The VICE PRESIDENT. The Chair lays the unfinished business before the Senate.

The Senate, as in Committee of the Whole, resumed consideration of the bill (H. R. 4960) to define, regulate, and punish trading with the enemy, and for other purposes.

The VICE PRESIDENT. The next amendment of the Committee on Commerce will be stated.

The next amendment was in section 6, page 15, line 22, before the word "President," to strike out "Secretary of Commerce, with approval of the"; on page 16, line 5, after the words "of the," to strike out "Secretary of Commerce" and insert "President"; in line 10, before the word "shall," to strike out "Secretary of Commerce, with approval of the President," and insert "President"; in line 11, before the word "may," to strike out "Secretary of Commerce" and insert "President"; in line 12, after the word "clerks," to insert "attorneys"; in line 15, after the word "act," to strike out "and he may in his discretion accept the voluntary services of individuals therefor"; in line 21, before the word "shall," to strike out "Secretary of Commerce" and insert "President"; and on page 17, line 2, after the word "thereof," to strike out "Provided, That no person shall be appointed who is liable to be drafted into the military service of the United States," so as to make the clause read:

Sec. 6. That the President is authorized to appoint, prescribe the duties of, and fix the salary (not to exceed \$5,000 per annum) of an official to be known as the alien property custodian, who shall be empowered to receive all money and property in the United States due or belonging to an enemy, or ally of enemy, which may be paid, conveyed, transferred, assigned, or delivered to said custodian under the provisions of this act; and to hold, administer, and account for the same under the general direction of the President and as provided in this act. The alien property custodian shall give such bond or bonds, and in such form and amount, and with such security as the President shall prescribe. The President may further employ in the District of Columbia and elsewhere and fix the compensation of such clerks, attorneys, investigators, accountants, and other employees as he may find necessary for the due administration of the provisions of this act: *Provided*, That such clerks, investigators, accountants, and other employees shall be appointed from lists of eligibles to be supplied by the Civil Service Commission and in accordance with the civil-service law: *Provided further*, That the President shall cause a detailed report to be made to Congress on the 1st day of January of each year of all proceedings had under this act during the year preceding. Such report shall contain a list of all persons appointed or employed, with the salary or compensation paid to each, and a statement of the different kinds of property taken into custody and the disposition made thereof.

The amendment was agreed to.

The next amendment was, in section 7, page 17, line 9, after the words "as the," to strike out "Secretary of Commerce, with approval of the"; in line 12, before the word "may" to strike out "Secretary of Commerce" and insert "President"; in line 14, after the word "stockholder," to strike out "who is" and insert "known to be or whom such corporation, association, company, or trustee has reasonable cause to believe to be"; in line 18, after "United States," to insert a comma; and in line 21, after "United States," to insert a comma, so as to make the section read:

Sec. 7. (a) That every corporation incorporated within the United States, and every unincorporated association, or company, or trustee, or trustees within the United States, issuing shares or certificates representing beneficial interests, shall, under such rules and regulations as the President may prescribe, and within 60 days after the passage of this act, and at such other times thereafter as the President may require, transmit to the alien property custodian a full list, duly sworn to, of every officer, director, or stockholder known to be or whom such corporation, association, company, or trustee has reasonable cause to believe to be an enemy or ally of enemy resident within the territory, or a subject or citizen residing outside of the United States, of any nation with which the United States is at war, or resident within the territory, or a subject or citizen residing outside of the United States, of any ally or any nation with which the United States is at war, together with the amount of stock or shares owned by each such officer, director, or stockholder, or in which he has any interest.

The amendment was agreed to.

The next amendment was at the top of page 18, to insert:

The President may also require a similar list to be transmitted of all stock or shares owned on February 3, 1917, by any person now defined as an enemy or ally of enemy, or in which any such person had any interest; and he may also require a list to be transmitted of all cases

in which said corporations, association, company, or trustee has reasonable cause to believe that the stock or shares of February 3, 1917, were owned or are owned by such enemy or ally of enemy, though standing on the books in the name of another: *Provided, however*, That the name of any such officer, director, or stockholder shall be stricken permanently or temporarily from such list by the alien property custodian when he shall be satisfied that he is not such enemy or ally of enemy.

The amendment was agreed to.

The next amendment was, on page 18, after line 15, to strike out:

Any person in the United States holding or having custody or control of any property, beneficial or otherwise, alone or jointly with another or others, for or on behalf of an enemy or ally of enemy, and any person in the United States indebted in any way to an enemy or ally of enemy shall, under such rules and regulations as the Secretary of Commerce shall prescribe, and within 30 days after the passage of this act, or within 30 days after such property shall have come within his custody or control, or after such debt shall have become due, report the fact to the alien property custodian by written statement under oath, containing such particulars as said custodian shall require.

And insert:

Any person in the United States who holds or has or shall hold or have custody or control of any property, beneficial or otherwise, alone or jointly with others, of, for, or on behalf of an enemy or ally of enemy, or of any person whom he may have reasonable cause to believe to be an enemy or ally of enemy, and any person in the United States who is or shall be indebted in any way to an enemy or ally of enemy, or to any person whom he may have reasonable cause to believe to be an enemy or ally of enemy, shall, with such exceptions and under such rules and regulations as the President shall prescribe, and within 30 days after the passage of this act, or within 30 days after such property shall come within his custody or control, or after such debt shall become due, report the fact to the alien-property custodian by written statement under oath, containing such particulars as said custodian shall require. The President may also require a similar report of all property so held, of, for, or on behalf of, and of all debts so owed to, any person now defined as an enemy or ally of enemy, on February 3, 1917: *Provided*, That the name of any person shall be stricken from the said report by the alien-property custodian, either temporarily or permanently, when he shall be satisfied that such person is not an enemy or ally of enemy.

The amendment was agreed to.

The next amendment was, on page 20, line 4, before the word "may," to strike out "Secretary of Commerce" and insert "President," so as to make the clause read:

The President may extend the time for filing the lists or reports required by this section for an additional period not exceeding 90 days.

The amendment was agreed to.

The next amendment was, on page 20, after line 6, to strike out:

(b) If any property, money, or other property so held or so owned shall have been, after the beginning of the war, conveyed, transferred, assigned, delivered, or paid to, for the account or benefit of or in trust for an enemy by any person not holding a license under the provisions of this act, with knowledge or with reasonable cause to believe that such was the nature of the transaction, such assignment, conveyance, transfer, delivery, or payment shall be void: *Provided*, That the foregoing provisions of this subsection (b) shall not apply to any payment of money or delivery of property made prior to the passage of this act in performance or in satisfaction of an obligation or right incurred or created prior to the beginning of the war, where such payment or delivery was made to an agent or trustee appointed prior to the beginning of the war, and who at the time of such payment or delivery had authority to receive the same and there was no reasonable ground to believe that such agent or trustee intended to transmit, or to connive in the transmission of, such money or property to an enemy during the continuance of the war: *Provided further*, That no person shall by virtue of any assignment, indorsement, delivery, or transfer of any debt, obligation, or chose in action, made or to be made in his favor by or on behalf of an enemy or ally of enemy, have any rights or remedies against the debtor, obligor, assignor, indorser, or the person delivering the same, unless under license as provided in this act or was made before the beginning of the war.

And insert:

(b) Nothing in this act contained shall render valid or legal, or be construed to recognize as valid or legal, any act or transaction constituting trade with, to, from, for or on account of, or on behalf of for the benefit of an enemy performed or engaged in since the beginning of the war and prior to the passage of this act, or any such act or transaction hereafter performed or engaged in except as authorized hereunder, which would otherwise have been or be void, illegal, or invalid at law. No conveyance, transfer, delivery, payment, or loan of money or other property, in violation of section 3 hereof, made after the passage of this act and not under license as herein provided shall confer or create any right or remedy in respect thereof; and no person shall by virtue of any assignment, indorsement, or delivery to him of any debt, bill, note, or other obligation or chose in action by, from, or on behalf of, or on account of, or for the benefit of an enemy or ally of enemy have any right or remedy against the debtor, obligor, or other person liable to pay, fulfill, or perform the same unless said assignment, indorsement, or delivery was made prior to the beginning of the war or shall be made under license as herein provided; and any person who knowingly pays, discharges, or satisfies any such debt, note, bill, or other obligation or chose in action shall, on conviction thereof, be deemed to violate section 3 hereof: *Provided*, That nothing in this act contained shall prevent the carrying out, completion, or performance of any contract, agreement, or obligation originally made with or entered into by an enemy or ally of enemy where, prior to the beginning of the war and not in contemplation thereof, the interest of such enemy or ally of enemy devolved by assignment or otherwise upon a person not an enemy or ally of enemy, and no enemy or ally of enemy will be benefited by such carrying out, completion, or performance otherwise than by release from obligation thereunder.

Nothing in this act shall be deemed to prevent payment of money belonging or owing to an enemy or ally of enemy to a person within



the United States, not an enemy or ally of enemy, for the benefit of such person or of any other person within the United States, not an enemy or ally of enemy, if the funds so paid shall have been received prior to the beginning of the war and such payments arise out of transactions entered into prior to the beginning of the war, and not in contemplation thereof: *Provided*, That such payment shall not be made without the license of the President, general or special, as provided in this act.

Nothing in this act shall be deemed to authorize the prosecution of any suit or action at law or in equity in any court within the United States by an enemy or ally of enemy prior to the end of the war, except as provided in section 10 hereof: *Provided, however*, That an enemy or ally of enemy licensed to do business under this act may prosecute and maintain any such suit or action so far as the same arises solely out of the business transacted within the United States under such license and so long as such license remains in full force and effect: *And provided further*, That an enemy or ally of enemy may defend by counsel any suit in equity or action at law which may be brought against him.

Mr. RANDELL. On behalf of the committee I ask leave to submit an amendment to the amendment.

The SECRETARY. After the word "provided" and the semicolon in line 4, page 22, insert "or unless, if made after the beginning of the war and prior to the date of passage of the act, the person to whom the same was made shall prove lack of knowledge and of reasonable cause to believe on his part that the same was made by, from, or on behalf of, or on account of, or for the benefit of an enemy or ally of enemy."

The amendment to the amendment was agreed to.

Mr. RANDELL. On behalf of the committee I offer the following amendment to the amendment.

The SECRETARY. Insert a new paragraph at the end of subsection (b) of section 7 of page 23, line 15, as follows:

Receipt of notice from the President to the effect that he has reasonable ground to believe that any person is an enemy or ally of enemy shall be prima facie defense to anyone receiving same, in any suit or action at law or in equity brought or maintained, or to any right or set-off or recoupment asserted by, such person and based on failure to complete, or perform since the beginning of the war any contract or other obligation. In any prosecution under section 15 hereof, proof of receipt of notice from the President to the effect that he has reasonable cause to believe that any person is an enemy or ally of enemy shall be prima facie evidence that the person receiving such notice has reasonable cause to believe such other person to be an enemy or ally of enemy within the meaning of section 3 hereof.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment was, on page 23, line 17, before the word "President," to strike out "Secretary of Commerce, by direction of the," and in line 18, after the words "belonging to," to strike out "an enemy or ally of enemy or which the Secretary of Commerce, after investigation, shall determine is owing to or belongs to an enemy or ally of enemy, shall be conveyed, transferred, assigned, delivered, or paid over to the alien-property custodian, under such rules and regulations as the Secretary of Commerce shall prescribe. And if not so required, any person, not an enemy, or ally of enemy, who owes to an enemy, or ally of enemy, any money or other property, or to whom any obligation or form of liability is presented for payment, may, at his option, pay, convey, transfer, assign, or deliver to the alien-property custodian said money or other property so due, with such exceptions and under such rules and regulations as the Secretary of Commerce, with approval of the President, shall prescribe," and insert "or held for, by, on account of, or on behalf of, or for the benefit of an enemy or ally of enemy not holding a license granted by the President hereunder, which the President after investigation shall determine is so owing or so belongs or is so held, shall be conveyed, transferred, assigned, delivered, or paid over to the alien-property custodian," so as to read:

(c) If the President shall so require, any money or other property owing or belonging to or held for, by, on account of, or on behalf of, or for the benefit of an enemy or ally of enemy not holding a license granted by the President hereunder, which the President after investigation shall determine is so owing or so belongs or is so held, shall be conveyed, transferred, assigned, delivered, or paid over to the alien-property custodian.

The amendment was agreed to.

The next amendment was, on page 24, after line 13, to insert:

(d) If not required to pay, convey, transfer, assign, or deliver under the provisions of subsection (c) hereof, any person not an enemy or ally of enemy who owes to, or holds for, or on account of, or on behalf of, or for the benefit of an enemy or ally of enemy not holding a license granted by the President hereunder, any money or other property, or to whom any obligation or form of liability to such enemy or ally of enemy is presented for payment, may, at his option, with the consent of the President, pay, convey, transfer, assign, or deliver to the alien-property custodian said money or other property under such rules and regulations as the President shall prescribe.

The amendment was agreed to.

The next amendment was, on page 25, line 1, before the word "No," to strike out "(d)" and insert "(e)," and in line 3, after the words "by the," to strike out "Secretary of Commerce" and insert "President," so as to make the clause read:

(e) No person shall be held liable in any court for or in respect to anything done or omitted in pursuance of any order, rule, or regulation made by the President under the authority of this act.

The amendment was agreed to.

The next amendment was, on page 25, line 5, after the word "payment," to insert "conveyance, transfer, assignment"; in line 6, after the word "property," where it occurs the first time, to insert "made"; in the same line, after the word "custodian," to strike out "which this act authorizes" and insert "hereunder"; in line 9, after the word "making" to strike out "such payment or delivery" and insert "the same"; in the same line, after the words "extent of," to strike out "such payment or delivery" and insert "same"; in line 12, before the word "may" to strike out "Secretary of Commerce" and insert "President"; in line 15, after the word "shall," to insert "in case of payment to the alien property custodian of any debt or obligation owed to an enemy or ally of enemy"; in line 18, after the word "obligation," to strike out "respecting,"; in line 19, after the word "security," to insert "therefor in which such enemy or ally of enemy had any right or interest"; in line 21, after the word "property," to strike out "custodian for, the payment or delivery of the moneys so paid or property so delivered, with like force and effect as if they, respectively, were attorneys duly appointed by the obligee or owner" and insert "custodian, with like effect as if he or they, respectively, were duly appointed by the enemy or ally of enemy, creditor, or obligee"; on page 26, line 2, before the word "shall" to strike out "Secretary of Commerce" and insert "President"; and in line 5, after the words "in all," to strike out "United States courts or other," so as to make the section read:

Any payment, conveyance, transfer, assignment, or delivery of money or property made to the alien-property custodian thereunder shall be a full acquittance and discharge for all purposes of the obligation of the person making the same to the extent of same. The alien-property custodian and such other persons as the President may appoint shall have power to execute, acknowledge, and deliver any such instrument or instruments as may be necessary or proper to evidence upon the record or otherwise such acquittance and discharge, and shall, in case of payment to the alien-property custodian of any debt or obligation owed to an enemy or ally of enemy, deliver up any notes, bonds, or other evidences of indebtedness or obligation, or any security therefor in which such enemy or ally of enemy had any right or interest that may have come into the possession of the alien-property custodian, with like effect as if he or they respectively were duly appointed by the enemy or ally of enemy, creditor, or obligee. The President shall issue to every person so appointed a certificate of the appointment and authority of such person, and such certificate shall be received in evidence in all courts within the United States. Whenever any such certificate of authority shall be offered to any registrar, clerk, or other recording officer, Federal or otherwise, within the United States, such officer shall record the same in like manner as a power of attorney, and such record or a duly certified copy thereof shall be received in evidence in all courts of the United States or other courts within the United States.

The amendment was agreed to.

The next amendment was, on page 26, after line 13, to strike out:

SEC. 8. That any person, not an enemy, or ally of enemy, holding a mortgage, pledge, or lien on or other right in the nature of security in property of an enemy, or ally of enemy, may, after default, dispose of such property, under such rules and regulations and after such notice as the Secretary of Commerce, with the approval of the President, shall prescribe; and such notice shall have in all respects the same force and effect as if duly served upon the enemy, or ally of enemy, personally: *Provided*, That no such rule or regulation shall require that notice shall be given in any case in which by law or by the terms of the contract by which such mortgage, pledge, lien, or other right was created, no notice was, prior to the passage of this act, required; and that in case where by law or the terms of such contract notice is required, no longer period of notice is or shall be required: *And provided further*, That if on any such disposition a surplus shall remain after the satisfaction of such mortgage, pledge, lien, or other right in the nature of security, notice of that fact shall be given to the Secretary of Commerce pursuant to such rules and regulations as he may prescribe, and such surplus shall be held subject to the further order of the Secretary of Commerce.

That any contract entered into prior to the beginning of the war between any citizen of the United States or any corporation organized within the United States and an enemy or ally of enemy, the terms of which provide for a termination thereof upon notice from such citizen or corporation, may be terminated by like notice served by such citizen or corporation upon the alien property custodian, and said notice so served shall have in all respects the same force and effect as if duly served upon the enemy or ally of enemy personally, in accordance with the terms of the contract.

And insert:

SEC. 8. (a) That any person not an enemy or ally of enemy holding a lawful mortgage, pledge, or lien, or other right in the nature of security in property of an enemy or ally of enemy which, by law or by the terms of the instrument creating such mortgage, pledge, or lien, or right, may be disposed of on notice or presentation or demand, and any person not an enemy or ally of enemy who is a party to any lawful contract with an enemy or ally of enemy, the terms of which provide for a termination thereof upon notice or for acceleration of maturity on presentation or demand, may continue to hold said property, and, after default, may dispose of the property in accordance with the laws of the State or may terminate or mature such contract by notice or presentation or demand served or made on the alien property custodian in accordance with the law and the terms of such instrument or contract and under such rules and regulations as the President shall prescribe; and such notice and such presentation and demand shall have,



in all respects, the same force and effect as if duly served or made upon the enemy or ally of enemy personally: *Provided*, That no such rule or regulation shall require that notice or presentation or demand shall be served or made in any case in which, by law or by the terms of said instrument or contract, no notice, presentation, or demand was, prior to the passage of this act, required; and that in case where, by law or by the terms of such instrument or contract, notice is required, no longer period of notice shall be required: *Provided further*, That if, on any such disposition of property, a surplus shall remain after the satisfaction of the mortgage, pledge, lien, or other right in the nature of security, notice of that fact shall be given to the President pursuant to such rules and regulations as he may prescribe, and such surplus shall be held subject to his further order.

(b) That any contract entered into prior to the beginning of the war between any citizen of the United States or any corporation organized within the United States, and an enemy or ally of an enemy, the terms of which provide for the delivery, during or after any war in which a present enemy or ally of enemy nation has been or is now engaged, of anything produced, mined, or manufactured in the United States, may be abrogated by such citizen or corporation by serving 30 days' notice in writing upon the alien property custodian of his or its election to abrogate such contract.

(c) The running of any statute of limitations shall be suspended with reference to the rights or remedies on any contract or obligation entered into prior to the beginning of the war between parties neither of whom is an enemy or ally of enemy, and containing any promise to pay or liability for payment which is evidenced by drafts or other commercial paper drawn against or secured by funds or other property situated in an enemy or ally of enemy country, and no suit shall be maintained on any such contract or obligation in any court within the United States until after the end of the war, or until the said funds or property shall be released for the payment or satisfaction of such contract or obligation: *Provided, however*, That nothing herein contained shall be construed to prevent the suspension of the running of the statute of limitations in all other cases where such suspension would occur under existing law.

The amendment was agreed to.

The next amendment was, in section 9, page 30, line 17, before the word "notice," to strike out "statement or"; in line 19, after the word "require," to strike out "and, if said person so filing notice shall," and insert "and the President, if application is made therefor by the claimant, may, with the assent of the owner of said property and of all persons claiming any right, title, or interest therein, order the payment, conveyance, transfer, assignment, or delivery to said claimant of the money or other property so held by the alien property custodian or by the Treasurer of the United States or of the interest therein to which the President shall determine said claimant is entitled: *Provided*, That no such order by the President shall bar any person from the prosecution of any suit at law or in equity against the claimant to establish any right, title, or interest which he may have in such money or other property. If the President shall not so order within 60 days after the filing of such application, or if the claimant shall have filed the notice as above required and shall have made no application to the Secretary of Commerce, said claimant may"; in line 13, before the word "months," to strike out "three" and insert "six"; in line 20, after the word "claimed," to insert "and if suit shall be so instituted"; in line 24, after the word "custodian," to insert a comma; on page 32, line 3, before the word "assignment," to strike out "or"; in the same line, after the word "assignment," to insert "or delivery"; and in line 7, after the word "terminated" to strike out:

*Provided*, That if any property belonging to an enemy or ally of the enemy insurance company be delivered to the alien-property custodian or deposited in the Treasury of the United States under the provisions of this act, and any insurance company not an enemy or ally of the enemy shall claim any right, title, or interest in such property which has been so delivered to the alien-property custodian or to the Treasurer of the United States, such insurance company not an enemy or ally of the enemy may institute suit in equity in the District Court of the United States for the district in which the principal office of such company is located, or in the Court of Claims, for the purpose of establishing its right, title, or interest and procuring a decree thereon, and such court may thereupon, on proper showing, direct that the property in the custody of the alien-property custodian or in the Treasury of the United States to which such company may show itself to be thus entitled, be delivered to such company, and such case may be heard and determined and the property delivered before the end of the war. The alien-property custodian or the Treasurer of the United States, as the case may be, shall be made party defendant to such suit.

So as to make the section read:

SEC. 9. That any person, not an enemy or ally of enemy, claiming any interest, right, or title in any money or other property which may have been conveyed, transferred, assigned, delivered, or paid to the alien-property custodian hereunder, and held by him or by the Treasurer of the United States, or to whom any debt may be owing from an enemy or ally of enemy, whose property or any part thereof shall have been conveyed, transferred, assigned, delivered, or paid to the alien-property custodian hereunder, and held by him or by the Treasurer of the United States, may file with the said custodian a notice of his claim under oath and in such form and containing such particulars as the said custodian shall require; and the President, if application is made therefor by the claimant, may, with the assent of the owner of said property and of all persons claiming any right, title, or interest therein, order the payment, conveyance, transfer, assignment, or delivery to said claimant of the money or other property so held by the alien-property custodian or by the Treasurer of the United States or of the interest therein to which the President shall determine said claimant is entitled: *Provided*, That no such order by the President shall bar any person from the prosecution of any suit at law or in equity against the claimant to establish any right, title, or interest which he may have in such money or other property. If the

President shall not so order within 60 days after the filing of such application, or if the claimant shall have filed the notice as above required and shall have made no application to the President, said claimant may, at any time before the expiration of six months after the end of the war, institute a suit in equity in the district court of the United States for the district in which such claimant resides; or, if a corporation, where it has its principal place of business (to which suit the alien-property custodian or the Treasurer of the United States, as the case may be, shall be made a party defendant), to establish the interest, right, title, or debt so claimed, and if suit shall be so instituted then the money or other property of the enemy or ally of enemy against whom such interest, right, or title is asserted or debt claimed shall be retained in the custody of the alien-property custodian, or in the Treasury of the United States, as provided in this act, and until any final judgment or decree which shall be entered in favor of the claimant shall be fully satisfied by payment or conveyance, transfer, assignment, or delivery by the defendant or by the alien-property custodian or Treasurer of the United States on order of the court, or until final judgment or decree shall be entered against the claimant, or suit otherwise terminated.

The amendment was agreed to.

The next amendment was, on page 33, after line 9, to strike out:

That if any property belonging to a loyal citizen of the United States who, by virtue of his residence in a foreign country, comes within the definition of the word "enemy" as used in this act is delivered to the alien property custodian or deposited in the Treasury of the United States under the provisions of this act, and the owner thereof afterwards removes to a neutral country or returns to the United States; or if it is ascertained that such owner was not in fact, by virtue of his residence when this act takes effect, properly included within the definition of the word "enemy" as used herein; or if by inheritance from or by will duly executed by one who comes within the definition of the word "enemy" as used herein, a citizen of the United States residing therein becomes entitled to all or any part of or interest in any property which has been so delivered to the alien property custodian or to the Treasurer of the United States, the Secretary of Commerce may, upon application, by or on behalf of such person and proper showing of facts, authorize and direct the return to him, in such manner as the Secretary shall determine, of any such property or any part or interest therein to which he may be so entitled. If the Secretary of Commerce does not grant such application within three months after the same is made, the person so entitled may institute a suit in equity in the district court of the United States for the district in which such person resides or in the Court of Claims for the purpose of establishing his right and procuring a decree thereon, and such court may thereupon, on proper showing, direct that the property in the custody of the alien property custodian or in the Treasury of the United States, to which the claimant may show himself to be thus entitled, be delivered to him, and such case may be heard and determined and the property returned before the end of the war. The alien property custodian or the Treasurer of the United States, as the case may be, shall be made party defendant to such suit.

The amendment was agreed to.

The next amendment was, in section 10, page 35, line 1, after the word "law," to insert "and fees for attorneys or agents for filing and prosecuting such applications"; in line 7, before the word "period," to strike out "prescribed"; and in the same line, after the word "period," to insert "prescribed by law," so as to make the clause read:

SEC. 10. That nothing contained in this act shall be held to make unlawful any of the following acts:

(a) An enemy, or ally of enemy, may file and prosecute in the United States an application for letters patent, or for registration of trademark, print, label, or copyright, and may pay any fees therefor in accordance with and as required by the provisions of existing law and fees for attorneys or agents for filing and prosecuting such applications. Any such enemy, or ally of enemy, who is unable during war, or within six months thereafter, on account of conditions arising out of war, to file any such application, or to pay any official fee, or to take any action required by law within the period prescribed by law, may be granted an extension of nine months beyond the expiration of said period, provided the nation of which the said applicant is a citizen, subject, or corporation shall extend substantially similar privileges to citizens and corporations of the United States.

The amendment was agreed to.

The next amendment was, on page 35, line 22, after the words "to the," to strike out "Secretary of Commerce" and insert "President"; and in line 23, after the word "prosecute," to insert "and to pay the fees required by law and customary agents' fees, the maximum amount of which in each case shall be subject to the control of the President," so as to make the clause read:

(b) Any citizen of the United States, or any corporation organized within the United States, may pay to an enemy or ally of enemy any tax, annuity, or fee which may be required by the laws of such enemy or ally of enemy nation in relation to patents and trade-marks, prints, labels, and copyrights; and any such citizen or corporation may file and prosecute an application for letters patent or for registration of trademark, print, label, or copyright in the country of an enemy, or of an ally of enemy, after first submitting such application to the President and receiving license so to file and prosecute, and to pay the fees required by law and customary agents' fees, the maximum amount of which in each case shall be subject to the control of the President.

The amendment was agreed to.

The next amendment was, on page 36, line 5, after the words "patent or," to insert "to use any trade-mark, print, label, or"; in line 7, after the word "enemy," to insert "resident within the territory, or a subject or citizen residing outside of the United States, of any nation with which the United States is at war, or resident within the territory, or a subject or citizen



residing outside of the United States, of any ally or any nation with which the United States is at war"; in line 22, before the word "copyrighted," to insert "trade-mark, print, label, or"; in line 24, after the word "license," to insert "including the fixing of prices"; in line 25, after the word "which," to strike out "it" and insert "such license"; and on page 37, line 3, after the word "provided," to insert: "Such license shall be a complete defense to any suit at law or in equity instituted by the enemy or ally of enemy owners of the letters patent, trade-mark, print, label or copyright, or otherwise, against the licensee for infringement or for damages, royalty, or other money award on account of anything done by the licensee under such license, except as provided in subsection (f) hereof," so as to make the clause read:

(c) Any citizen of the United States or any corporation organized within the United States who desires to manufacture, or cause to be manufactured, a machine, manufacture, composition of matter, or design, or to carry on, or cause to be carried on, a process under any patent or to use any trade-mark, print, label, or copyrighted matter owned or controlled by an enemy or ally of enemy resident within the territory, or a subject or citizen residing outside of the United States, of any nation with which the United States is at war, or resident within the territory, or a subject or citizen residing outside of the United States, of any ally or any nation with which the United States is at war, at any time during the existence of a state of war may apply to the Federal Trade Commission for a license; and said commission is hereby authorized to grant such a license, nonexclusive or exclusive as it shall deem best, provided it shall be of the opinion that such grant is for the public welfare, and that the applicant is able and intends in good faith to manufacture, or cause to be manufactured, the machine, manufacture, composition of matter, or design, or to carry on, or cause to be carried on, the process or to use the trade-mark, print, label, or copyrighted matter. The Federal Trade Commission may prescribe the conditions of this license, including the fixing of prices and the rules and regulations under which such license may be granted and the fee which shall be charged therefor, not exceeding \$100, and not exceeding 1 per cent of the fund deposited as hereinafter provided. Such license shall be a complete defense to any suit at law or in equity instituted by the enemy or ally of enemy owners of the letters patent, trade-mark, print, label, or copyright, or otherwise, against the licensee for infringement or for damages, royalty, or other money award on account of anything done by the licensee under such license, except as provided in subsection (f) hereof.

The amendment was agreed to.

Mr. RANDELL. On page 36, beginning in line 14, I move to strike out the words "Federal Trade Commission."

The amendment was agreed to.

Mr. RANDELL. On page 36, line 14, after the word "and," I move to strike out the words "said commission" and to insert "the President," so that it will read: "and the President is hereby authorized to grant such a license."

The amendment was agreed to.

Mr. RANDELL. On page 36, at the beginning of line 23, I move to strike out the words "Federal Trade Commission" and to insert "President."

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Commerce was, on page 37, line 12, after the word "license," to insert "and of the prices received"; in line 15, after the word "custodian," to strike out "(or to such other officer as the President shall direct)"; in line 19, before the word "copyrighted," to insert "trade-mark, print, label or"; in line 21, after the word "inventions," to insert "trade-marks, prints, labels"; in line 24, after the word "custodian," to strike out "(or by such other officer as the President shall direct)"; on page 38, line 2, after the word "patent," to insert "trade-mark, print, label"; and in line 5, after the word "custodian," to strike out "or such other officer as the President shall direct," so as to make the clause read:

(d) The licensee shall file with the Federal Trade Commission a full statement of the extent of the use and enjoyment of the license, and of the prices received in such form and at such stated periods (at least annually) as the commission may prescribe; and the licensee shall pay at such times as may be required to the alien property custodian not to exceed 5 per cent of the gross sums received by the licensee from the sale of said inventions or use of the trade-mark, print, label, or copyrighted matter, or, if such commission shall so order, 5 per cent of the value of the use of such inventions, trade-marks, prints, labels, or copyrighted matter to the licensee as established by the Federal Trade Commission; and sums so paid shall be deposited by said alien property custodian forthwith in the Treasury of the United States as a trust fund for the said licensee and for the owner of the said patent, trade-mark, print, label, or copyright registration as hereinafter provided, to be paid from the Treasury upon order of the court, as provided in subdivision (f) of this section, or upon the direction of the alien property custodian.

The amendment was agreed to.

Mr. RANDELL. On page 37, in lines 10 and 11, I move to strike out the words "Federal Trade Commission" and insert "President."

The amendment was agreed to.

Mr. RANDELL. On page 37, line 14, I move to strike out the word "commission" and to insert "President."

The amendment was agreed to.

Mr. RANDELL. On page 37, lines 19 and 20, I move to strike out the words "such commission" and to insert "the President."

The amendment was agreed to.

Mr. RANDELL. On page 37, in lines 22 and 23, I move to strike out the words "Federal Trade Commission" and to insert the word "President."

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Commerce was, on page 38, line 10, after the word "patent," to insert "trade-mark, print, label," so as to make the clause read:

(e) Unless surrendered or terminated as provided in this act, any license granted hereunder shall continue during the term fixed in the license, or in the absence of any such limitation during the term of the patent, trade-mark, print, label, or copyright registration under which it is granted. Upon violation by the licensee of any of the provisions of this act, or of the conditions of the license, the Federal Trade Commission may, after due notice and hearing, cancel any license granted by it.

The amendment was agreed to.

Mr. RANDELL. On page 38, line 14, I move to strike out the words "Federal Trade Commission" and to insert "President."

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Commerce was, on page 38, line 16, after the word "patent," to insert "trade-mark, print, label"; in line 25, after the word "invention," to insert "trade-mark, print, label"; on page 39, line 3, after the word "custodian," to strike out "(or with such other officer as the President shall direct)"; in line 14, before the word "may," to strike out "fact" and insert "facts"; in line 17, after the word "custodian," to strike out "(or such other officer as the President shall direct)"; and in line 22, after the word "custodian," to strike out "(or such other officer as the President shall direct)," so as to make the clause read:

(f) The owner of any patent, trade-mark, print, label, or copyright under which a license is granted hereunder may, after the end of the war and until the expiration of the year thereafter, file a bill in equity against the licensee in the district court of the United States for the district in which the said licensee resides, or, if a corporation, in which it has its principal place of business (to which suit the Treasurer of the United States shall be made a party), for recovery from the said licensee for all use and enjoyment of the said patented invention, trade-mark, print, label, or copyrighted matter: *Provided, however,* That whenever suit is brought, as above, notice shall be filed with the alien property custodian within 30 days after date of entry of suit; *Provided further,* That the licensee may make any and all defenses which would be available were no license granted. The court on due proceedings had may adjudge and decree to the said owner payment of a reasonable royalty. The amount of said judgment and decree, when final, shall be paid on order of the court to the owner of the patent from the fund deposited by the licensee, so far as such deposit will satisfy said judgment and decree; and the said payment shall be in full or partial satisfaction of said judgment and decree, as the facts may appear; and if, after payment of all such judgments and decrees, there shall remain any balance of said deposit such balance shall be repaid to the licensee on order of the alien property custodian. If no suit is brought within one year after the end of the war, or no notice is filed as above required, then the licensee shall not be liable to make any further deposits, and all funds deposited by him shall be repaid to him on order of the alien property custodian. Upon entry of suit and notice filed as above required, or upon repayment of funds as above provided, the liability of the licensee to make further reports to the Federal Trade Commission shall cease.

The amendment was agreed to.

Mr. BRANDEGEE. I think the words "Federal Trade Commission," in line 1, page 40, should be stricken out and the word "President" substituted.

Mr. RANDELL. That is right. I ask that that amendment be made.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 40, line 1, it is proposed to strike out "Federal Trade Commission," and insert "President."

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Commerce was, on page 40, line 14, after the word "patent," to insert "trade-mark, print, label"; and in line 17, after the word "war," to insert: "*Provided,* That no final judgment or decree shall be entered in favor of such enemy or ally of enemy by any court except after 30 days' notice to the alien-property custodian," so as to make the clause read:

(g) Any enemy, or ally of enemy, may institute and prosecute suits in equity against any person other than a licensee under this act to enjoin infringement of letters patent, trade-mark, print, label, and copyrights in the United States owned or controlled by said enemy or ally of enemy, in the same manner and to the extent that he would be entitled so to do if the United States was not at war: *Provided,* That no final judgment or decree shall be entered in favor of such enemy or ally of enemy by any court except after 30 days' notice to the alien-property custodian.



Mr. REED. I desire to inquire whether there is any place in the bill specifying the character of notice to be given?

Mr. RANDELL. I do not know that any provision in the bill specifies as to that.

Mr. REED. If not, it would seem to me that some language ought to be placed in the bill to cover that. If not, I am afraid it will lead to all kinds of difficulties and disputes.

Mr. RANDELL. I think there would be no objection to making such a correction as the Senator indicates, and if he has an amendment prepared, I will be glad to have him present it.

Mr. REED. I will try to prepare an amendment to cure it.

Mr. RANDELL. There is nothing in the bill along that line, and there is absolutely no objection to adopting the suggestion of the Senator from Missouri. It might benefit the bill if it were made more specific in that respect. I will ask the Senator to prepare the amendment and we can return to that portion of the bill later.

Mr. REED. I will try to prepare it in a moment.

Mr. FLETCHER. The amendment can be agreed to now, and the amendment suggested by the Senator from Missouri can be added later.

Mr. REED. With the understanding that I reserve the right to offer the amendment.

Mr. FLETCHER. The bill in paragraph (g) simply provides that the notice shall be given "to the alien-property custodian."

Mr. RANDELL. It does not say how it shall be given, and I think it would probably be well to specify as to that.

The VICE PRESIDENT. Without objection the amendment reported by the committee is agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Commerce was, on page 40, line 21, after "(h)," to strike out:

Except as provided in this section, nothing in this act shall be construed to authorize the prosecution or maintenance of any suit or action at law or in equity by an enemy or ally of enemy in any court within the United States, prior to the end of the war: *Provided, however,* That an enemy or ally of enemy may defend by counsel any suit in equity or action at law which may be brought against him.

So as to make the clause read:

(h) All powers of attorney heretofore or hereafter granted by an enemy or ally of enemy to any person within the United States, in so far as they may be requisite to the performance of acts authorized in subsections (a) and (g) of this section, shall be valid.

The amendment was agreed to.

The next amendment was, on page 41, after line 7, to insert:

(i) Whenever the publication of an invention by the granting of a patent may, in the opinion of the Commissioner of Patents, be detrimental to the public safety or defense, or may assist the enemy or endanger the successful prosecution of the war, he may order that the invention be kept secret and withhold the grant of a patent until the end of the war: *Provided,* That the invention disclosed in the application for said patent may be held abandoned upon it being established before or by the commissioner that, in violation of said order, said invention has been published or that an application for a patent therefor has been filed in any other country, by the inventor or his assigns or legal representatives, without the consent or approval of the commissioner or under a license of the President.

When an applicant whose patent is withheld as herein provided and who faithfully obeys the order of the Commissioner of Patents above referred to shall tender his invention to the Government of the United States for its use, he shall, if he ultimately receives a patent, have the right to sue for compensation in the Court of Claims, such right to compensation to begin from the date of the use of the invention by the Government.

Mr. BRANDEGEE. Mr. President, I want to call the attention of the Senator in charge of the bill to the fact that yesterday we passed in the Senate a bill almost identical with that amendment.

Mr. RANDELL. Does the Senator allude to the amendment inserting paragraph (i)?

Mr. BRANDEGEE. Yes; the entire amendment. The bill to which I refer will be found on page 6936 of the CONGRESSIONAL RECORD, at the bottom of the first column. I do not at all wish to oppose the adoption of this amendment, embracing paragraph (i), if upon consideration the Senator wants to press it, only we ought not to have both provisions enacted into law, because, while they are almost identically the same, the bill passed by the Senate yesterday leaves the issuing of the license to the Secretary of Commerce and states "as provided by law." So there must be some existing law upon the subject, leaving it to the Secretary of Commerce, whereas the amendment of the committee would leave it to the President. As I have said, I do not object at all to the Senate adopting this amendment, but I hope the conference committee will consider the bill that was passed by the Senate yesterday and see that there shall not be any ultimate conflict between the two; that is all.

Mr. RANDELL. I will say to the Senator that the conferees will certainly give very careful consideration to it. I understand that the measure passed by the Senate yesterday

has not been passed by the House. The bill we have under consideration now, of course, has already passed the House, and will probably be enacted into law in a very few days. This is a most important provision. Whether it goes in this bill or the other bill does not matter materially, so long as it does become a law.

Now, in regard to giving this power to the President rather than to the Secretary of Commerce, as provided in the other bill, I will say that all of the powers under the pending bill are placed in the hands of the President. It was thought best that that should be done. Many very complicated questions will arise under this bill, and the committee came to the conclusion that it was best to vest all these powers in the President, and to allow him to operate through the various governmental agencies as he deems best. I really think it would be better if this power to grant licenses or to withhold publication of patents were vested in the President rather than in the Secretary of Commerce, as the President has general charge of the enforcement of the regulations under this bill, and they are all closely allied. They are all war measures.

Mr. BRANDEGEE. I agree entirely with everything that the Senator has said, Mr. President, and I am almost tempted to move to reconsider the action of the Senate in passing the bill which was passed yesterday; but I have no objection to this amendment at all. I only want to make sure that the House does not pass the other bill; that is all.

Mr. RANDELL. I thank the Senator.

Mr. FLETCHER. I thought yesterday when that bill was up that perhaps it was not advisable to pass it, but the Senator from Massachusetts asked to have it considered when it was reached on the calendar, and I did not object, although I knew this provision was in the pending bill. This is a better provision, I think, than the one passed yesterday, and is in conformity with the other provisions of this bill, covering the same point exactly as in the bill introduced by the Senator from Massachusetts.

Mr. BRANDEGEE. It is almost verbatim a copy of it.

Mr. FLETCHER. Precisely, but the provision in this bill conforms to its other provisions.

Mr. BRANDEGEE. When the Senator from Massachusetts comes on the floor I have no doubt he will have no objection to a reconsideration of our action yesterday in passing the bill to which I have referred.

Mr. FLETCHER. Perhaps that can be done. I thought at the time that inasmuch as that was a Senate bill it probably would not get through the House until this bill was acted upon.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee.

Mr. JONES of Washington. Mr. President, before that amendment is agreed to, I will say that I thought the Senator had an amendment to offer to it.

Mr. RANDELL. No.

Mr. JONES of Washington. I will ask the Senator if he does not think that on page 41, line 9, the words "Commissioner of Patents" should be stricken out and the word "President" inserted, so as to let the President determine when the public safety is involved? The amendment reads now:

(i) Whenever the publication of an invention by the granting of a patent may, in the opinion of the Commissioner of Patents, be detrimental to the public safety or defense—

That ought to be left to the President.

Mr. RANDELL. I believe the Senator's suggestion is a good one, and, so far as I am concerned, I have no objection to it. If he will move such an amendment, I will assent to it.

Mr. JONES of Washington. I think that change should be made in view of the other changes which have been made in the bill. I may say that personally I have not been in favor of making the changes that have been made here. It was stated, I think, the other day why this was done. When the bill came over here from the House it required certain things to be done by the Secretary of Commerce, which I think were very proper; and under the law as it now exists these duties and responsibilities ought to have been placed upon him. Then it placed certain duties and responsibilities upon the Secretary of the Treasury, which, under existing law, I think it was very proper should be reposed in him; but after the bill was reported to the Senate, even by our committee, it developed that there was some controversy between a couple of Cabinet officers, and, therefore, to avoid that trouble we decided to throw the burden on the President and let him decide as between them. To that I have not made any serious objection, though I do not think it ought to have been done. I simply take the opportunity to say this at this point; but in view of the action of the Senate in confirming the recommendation of the committee, I move on page



41, line 9, to strike out the words "Commissioner of Patents," and in lieu thereof to insert the word "President."

Mr. RANDELL. I have no objection to that, Mr. President.

The VICE PRESIDENT. Without objection, the amendment to the amendment is agreed to.

Mr. RANDELL. On line 16, on the same page, I think the same change should be made, namely, striking out the word "commissioner" and inserting the word "President." And on lines 20 and 21 striking out the words "commissioner or under a license of the," so that it would read "without the consent or approval of the President."

Mr. BRANDEGEE. Mr. President, may I suggest to the Senator, in connection with his last suggestion, that the provision of the amendment there is for establishing before the commissioner that the order was not obeyed. I think it well enough to leave that purely administrative matter of proof to the commissioner and not bother the President about it. That involves no discretion; it seems it involves the determination of a fact as to whether he shall publish it.

Mr. RANDELL. I believe that is a good suggestion of the Senator from Connecticut, and I withdraw my request that the words be stricken out in that place, so that the language will remain just as it is in lines 20 and 21 and as it now is in lines 23 and 24. With those amendments I presume there is no objection to the section.

Mr. JONES of Washington. Mr. President, in lines 23 and 24 the order referred to is an order of the President, and I think the words "Commissioner of Patents" ought to be stricken out in lines 23 and 24.

Mr. RANDELL. There is no objection to that. Strike out "Commissioner of Patents," in lines 23 and 24, and let it read "the President."

Mr. REED. Mr. President, if we may return to paragraph 3, on page 40.

The VICE PRESIDENT. Let us first close up this matter.

Mr. RANDELL. I will ask the Senator from Missouri to allow us to first complete this paragraph.

Mr. REED. Very well; I thought that that had been done.

Mr. BRANDEGEE. We are going to finish this paragraph before the Senator from Missouri proceeds?

Mr. RANDELL. Yes, sir.

Mr. BRANDEGEE. Then let me suggest that in line 16, inasmuch as the words "Commissioner of Patents," in line 9, have been stricken out and the words "the President" inserted, we had better put in after the word "Commissioner," in line 16, the words "of Patents."

Mr. RANDELL. We have already agreed to strike out the word "Commissioner," in line 16, and have inserted the words "the President."

Mr. BRANDEGEE. Oh!

Mr. RANDELL. It was stricken out on the motion of the Senator from Washington.

Mr. JONES of Washington. No.

Mr. BRANDEGEE. I think the Senator from Louisiana is incorrect as to that.

Mr. JONES of Washington. Yes.

Mr. BRANDEGEE. I will ask the Secretary to read the amendment as it has been amended, so that we may see who is right about it.

The SECRETARY. As amended, the amendment will read:

(1) Whenever the publication of an invention by the granting of a patent may, in the opinion of the President, be detrimental to the public safety or defense, or may assist the enemy or endanger the successful prosecution of the war, he may order that the invention be kept secret and withhold the grant of a patent until the end of the war: *Provided*, That the invention disclosed in the application for said patent may be held abandoned upon it being established before or by the President that, in violation—

Mr. BRANDEGEE. That is the point where I wanted the words "established before or by the Commissioner" left as they are.

Mr. RANDELL. If we are going to put in the words "the President" in one place, and give him the power, it seems to me, to be consistent, that he ought to be given the power all the way through. I will say that I have no objection at all.

Mr. BRANDEGEE. I do not want it changed unless my point is well taken; but my point is that while it is advisable to have the President determine what is necessary for the public safety and the defense of the country, it is not desirable to have the President determine whether or not an order issued by him has been obeyed, because it can be determined by the Commissioner of Patents whether the applicant for the patent published the invention in defiance of the order of the President just as well as it can be determined by the President himself.

Mr. RANDELL. I will say, Mr. President, that I have no objection. The President certainly would be obliged to act, not only in that matter but in many other matters in this bill, through persons designated by him, and I assume he would designate the Commissioner of Patents. I have no objection to that being put in.

Mr. JONES of Washington. Mr. President, I suggest to the Senator from Louisiana and also to the Senator from Connecticut that the matter in lines 15 and 16 refers to something entirely different from anything either before or after. That reads in this way:

*Provided*, That the invention disclosed in the application for said patent may be held abandoned—

And so forth. That relates to the abandonment of a patent; and the investigation as to whether it has been abandoned, I think, is very properly to be made by the Commissioner of Patents.

Mr. BRANDEGEE. It is not an investigation as to whether it has been abandoned. It is an investigation as to whether the order not to publish it has been complied with; and if they find that it has not been complied with, then it is abandoned.

Mr. JONES of Washington. Yes; I see. Well, I think, with the Senator from Connecticut, that the investigation as to whether or not the order has been violated should be made by the Commissioner of Patents rather than by the President.

Mr. RANDELL. Mr. President, there is no objection at all to its remaining as it was; and I move now that it be allowed to remain as it originally was, striking out the word "President," that we have agreed on, and reinserting "Commissioner."

Mr. JONES of Washington. Mr. President, the words "of Patents" ought to be put in there, because they are stricken out above. That should read "Commissioner of Patents."

The VICE PRESIDENT. Without objection, the words "of Patents" will be inserted after the word "Commissioner"; and, without objection, the amendment as amended will be agreed to.

Mr. REED. Mr. President, referring to paragraph (g), on page 40, I suggest, as the proper amendment to cure what I think is the defect, the following language after the word "custodian" on line 20:

Such notice shall be in writing and may be served in the same manner as civil process of Federal courts.

Mr. RANDELL. That seems to cover the point, Mr. President. I have no objection at all to it.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The SECRETARY. On page 40, line 20, in the committee amendment already agreed to, after the word "custodian" and before the period it is proposed to insert—

The VICE PRESIDENT. The vote whereby the amendment was agreed to will be reconsidered, without objection. The Senator from Missouri proposes the following amendment.

The SECRETARY. It is proposed to add the words:

Such notice shall be in writing and may be served in the same manner as civil process of Federal courts.

Mr. BRANDEGEE. Mr. President, does the Senator intend that the word "may" there shall have the force of "shall"?

Mr. REED. Yes.

Mr. BRANDEGEE. Why not say that it "shall" be, then?

Mr. REED. Very well; change it to "shall."

The VICE PRESIDENT. Without objection, the amendment to the amendment is agreed to, and the amendment as amended is agreed to.

Mr. RANDELL. That completes this section now, I believe.

Mr. POMERENE. What section?

Mr. RANDELL. Section 10. I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 42, after line 4, it is proposed to insert a new section, as follows:

Sec. 11. Whenever during the present war the President shall find that the public safety so requires, and shall make proclamation thereof, it shall be unlawful to import into the United States from any country named in such proclamation any article or articles mentioned in such proclamation except at such time or times and under such regulations or orders and subject to such limitations and exceptions as the President shall prescribe until otherwise ordered by the President or by Congress: *Provided*, however, That no preference shall be given to the ports of one State over those of another.

Mr. BRANDEGEE. Mr. President, I should like to have the first part of the amendment stated over again.

The Secretary again stated the amendment.

Mr. BRANDEGEE. I thought we already had that.

Mr. RANDELL. We have it in regard to exports under the espionage act of June 15 but not as to imports, and it was thought to be absolutely essential in regard to imports also.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The SECRETARY. On page 42, in line 5, it is proposed to change the number of the section from 11 to 12.

The amendment was agreed to.

Mr. POMERENE. Mr. President, before taking up the next section, I will state that a matter was called to my attention a little while ago in connection with the insurance provision about which I should like a little information.

Mr. RANSDELL. Would the Senator object to our finishing these amendments and then returning to the insurance provision?

Mr. POMERENE. Oh, no; I have no objection.

Mr. RANSDELL. The Senator from Missouri [Mr. REED] has also been looking over the insurance section.

Mr. POMERENE. I thought the Secretary was just about to begin a new section.

Mr. RANSDELL. He is about to begin a new section; but it is in the latter part of the bill and the insurance section is section 4, in the first part of the bill. If the Senator has no objection, I should be glad to return to it later.

Mr. POMERENE. No; I have no objection.

The reading of the bill was resumed.

The next amendment was, on page 42, line 12, before the word "President," to strike out "Secretary of the Treasury, with the approval of the," and in line 15, before the word "shall," to strike out "Secretary of the Treasury," and insert "President," so as to make the clause read:

Sec. 12. That all moneys (including checks and drafts payable on demand) paid to or received by the alien property custodian pursuant to this act shall be deposited forthwith in the Treasury of the United States, and may be invested and reinvested by the Secretary of the Treasury in United States bonds or United States certificates of indebtedness, under such rules and regulations as the President shall prescribe for such deposit, investment, and sale of securities; and as soon after the end of the war as the President shall deem practicable, such securities shall be sold and the proceeds deposited in the Treasury.

The amendment was agreed to.

The next amendment was, on page 42, line 21, before the words "is authorized," to strike out "Secretary of Commerce" and insert "President"; in line 22, after the word "enemy," to strike out "(under such rules and regulations as may be approved by the President)"; and in line 25, after the word "companies," to strike out "or in the case of tangible personal property," so as to make the clause read:

All other property of an enemy, or ally of enemy, conveyed, transferred, assigned, delivered, or paid to the alien property custodian hereunder shall be safely held and administered by him except as herein-after provided; and the President is authorized to designate as a depository or depositaries, of property of an enemy or ally of enemy, any such bank or banks, or trust company or trust companies, other suitable depository or depositaries, located and doing business in the United States as may be recommended by the Secretary of the Treasury. The alien-property custodian may deposit with such designated depository or depositaries, or with the Secretary of the Treasury, any stocks, bonds, notes, time drafts, time bills of exchange, or other securities, or property (except money or checks or drafts payable on demand which are required to be deposited with the Secretary of the Treasury), and such depository or depositaries shall be authorized and empowered to collect any dividends or interest or income that may become due and any maturing obligations held for the account of such custodian. Any moneys collected on said account shall be paid and deposited forthwith by said depository or by the alien-property custodian into the Treasury of the United States, as hereinbefore provided.

The amendment was agreed to.

Mr. JONES of Washington. Mr. President, I assume that the bill is being read first for committee amendments?

Mr. RANSDELL. Yes, sir.

Mr. JONES of Washington. I want to call the Senator's attention, however, to the words in lines 2 and 3, page 43, "as may be recommended by the Secretary of the Treasury." I do not think the President ought to be limited by the recommendation of the Secretary of the Treasury as to the banks and depositaries that he shall select, and I wanted to suggest to the Senator, as a committee amendment, that he move to strike out those words. That would work as a limitation upon the action of the President.

Mr. RANSDELL. Yes; I believe that is a good suggestion, Mr. President. It imposes a limitation for which I can not see any real necessity. The Senator would propose to strike out all the words after "United States" on line 2?

Mr. JONES of Washington. Yes.

Mr. RANSDELL. So as to strike out the words "as may be recommended by the Secretary of the Treasury"?

Mr. JONES of Washington. Yes.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 43, in lines 2 and 3, it is proposed to strike out the words "as may be recommended by the Secretary of the Treasury."

The amendment was agreed to.

Mr. JONES of Washington. Then, Mr. President, I want to ask the Senator about the amendment that we adopted a while ago. That amendment was not considered at any committee meeting at which I was present. Will the Senator state, briefly, why we should prohibit imports into this country? I can understand why we should prevent exports from this country to certain countries, but I must say that I do not see any reason now why we should give the President the power to prevent imports into this country.

Mr. RANSDELL. I will state to the Senator that this is in almost exactly the same words as the provision in the espionage act.

Mr. JONES of Washington. I know; but this relates to imports and that related to exports.

Mr. RANSDELL. I understand. I am going to try to explain that, if the Senator will permit me.

Mr. JONES of Washington. I merely wanted a brief statement of the reason why we should prohibit imports.

Mr. RANSDELL. I can do that best, I believe, by reading a letter from the Secretary of the Treasury addressed to me yesterday. It is as follows:

TREASURY DEPARTMENT,  
OFFICE OF THE SECRETARY,  
September 11, 1917.

MY DEAR SENATOR RANSDELL: In my judgment it would inure to the public welfare as an exigency of war that the President should be given a power over imports similar to that now exercised by him in respect to exports under Title VII of an act of Congress approved June 15, 1917.

In connection with the control over movements of merchandise in and out of the country is the related question of the control of exports and imports of gold, silver, currency, and written instruments of commerce, which in turn are matters intimately affecting the operations of the Treasury Department in respect to international exchange and the conservation of our gold supply. It may be necessary to regulate the importation of nonessentials of commerce in order to prevent any adverse and objectionable balance of trade involving settlement in gold. Through governmental control of imports it will also be possible to insure the most efficient employment of certain imported raw materials essential to the effective prosecution of the war. It is probable that in the adjustment of trade relations, now so profoundly affected by war conditions, better results could be obtained than are now possible if the Government had control of these matters when dealing with governments that have imposed restrictions upon the exports of raw materials needed by our war industries.

The fundamental question of tonnage is also involved, since it is clear that only by concentrating official control of cargo movements in both directions can we secure the most effective use of available shipping. My convictions on this subject have been confirmed by conferences with and recommendations from the export administrative board which is now administering, under authority of the President, the powers conferred upon him as a war measure in the control of exports.

I therefore recommend that the subject be covered by appropriate legislation giving to the President the necessary powers during the period of the war.

Meantime, I remain, dear Senator,

Cordially, yours,

WILLIAM G. MCADOO.

Mr. BRANDEGEE. Mr. President, let me ask the Senator whether this was a committee amendment?

Mr. RANSDELL. Yes, sir; this was a committee amendment. It was not submitted to the whole committee. It was acted on yesterday. I had no chance to confer with the whole committee. I conferred with some members of the committee, especially with the chairman; and the matter seemed so closely allied to the purposes of the bill, it seemed so necessary to give the President the same power over imports which we had already given him over exports in the espionage act, that I introduced the amendment in conjunction with the chairman of the committee.

Mr. BRANDEGEE. What I understand by a committee amendment, Mr. President, is an amendment that has been submitted to, and has the support and approval of, a majority of the members of the committee.

Mr. RANSDELL. Yes, sir.

Mr. BRANDEGEE. This has not that, really, and hence has no status as a committee amendment that should take precedence over the amendments of individual Senators. It has been agreed to, however; and I am inclined to think it is a desirable amendment, in view of the Secretary's letter. But inasmuch as the committee has not formally passed upon it, I may want to look it up further; and I therefore give notice that I reserve it for a separate vote in the Senate in case I should want a separate vote on it. I may not want it at all.

Mr. RANSDELL. I have no objection at all to that.

Mr. REED. Mr. President, it seems to me that it is perfectly plain that the right to control imports ought to be placed in the President. For instance, let us assume that a nation so closely allied with our enemy as to be in fact handling its goods were permitted to bring those goods into the United States. Credit would be established here which might be of great value to the enemy. It is not necessary to enlarge on that thought; it will occur to Senators in various forms;



and I think we can not be too careful in guarding the ports of the country.

The reading of the bill was resumed.

The next amendment was, on page 43, line 16, before the word "shall," to strike out "Secretary of Commerce" and insert "President," so as to read:

The President shall require all such designated depositaries to execute and file bonds sufficient in his judgment to protect property on deposit, such bonds to be conditioned as he may direct.

The amendment was agreed to.

The next amendment was, on page 43, after line 19, to strike out:

The alien-property custodian shall have power to sell any tangible personal property transferred, assigned, or delivered to him hereunder (not including, however, bonds, stocks, or choses in action) which, in his opinion, is likely to be perishable, and he shall deposit the proceeds thereof forthwith in the Treasury of the United States, as hereinbefore provided.

The amendment was agreed to.

The next amendment was, at the top of page 44, to insert:

The alien-property custodian shall be vested with all of the powers of a common-law trustee in respect of all property, other than money, which shall come into his possession in pursuance of the provisions of this act; and, acting under the supervision and direction of the President, and under such rules and regulations as the President shall prescribe, may manage such property and do any act or things in respect thereof or make any disposition thereof or of any part thereof, by sale or otherwise, and exercise any rights which may be or become appurtenant thereto or to the ownership thereof, in like manner as though he were the absolute owner thereof, to the end that the interests of the United States in such property and rights or of such person as may ultimately become entitled thereto, or to the proceeds thereof, may be preserved and safeguarded. It shall be the duty of every corporation incorporated within the United States and every unincorporated association, or company, or trustee, or trustees within the United States issuing shares or certificates representing beneficial interests to transfer such shares or certificate upon its, his, or their books into the name of the alien property custodian upon demand, accompanied by the presentation of the certificates which represent such shares or beneficial interests. The alien property custodian shall forthwith deposit in the Treasury of the United States, as hereinbefore provided, the proceeds of any such property or rights so sold by him.

Any money or property required or authorized by the provisions of this act to be paid, conveyed, transferred, assigned, or delivered to the alien-property custodian shall, if said custodian shall so direct by written order, be paid, conveyed, transferred, assigned, or delivered to the Treasurer of the United States with the same effect as if to the alien property custodian.

The amendment was agreed to.

The next amendment was, on page 45, line 14, after the word "order," to insert "of the President as set forth in section nine hereof, or"; in line 18, after the word "shall," to insert "forthwith"; in line 19, after the word "person," to insert "to whom the President shall so order, or"; in line 20, after the word "behalf," to insert "the court shall enter"; in line 21, after the words "judgment or," to strike out "decree shall be entered" and insert "decree"; and in line 24, after the word "order," to insert "of the President or said final judgment or decree," so as to make the clause read:

After the end of the war any claim of any enemy or of an ally of enemy to any money or other property received and held by the alien-property custodian or deposited in the United States Treasury shall be settled as Congress shall direct: *Provided, however,* That on order of the President as set forth in section 9 hereof, or of the court, as set forth in sections 9 and 10 hereof, the alien property custodian or the Treasurer of the United States, as the case may be, shall forthwith convey, transfer, assign, and pay to the person to whom the President shall so order, or in whose behalf the court shall enter final judgment or decree, any property of an enemy or ally of enemy held by said custodian or by said Treasurer, so far as may be necessary to comply with said order of the President or said final judgment or decree of the court: *And provided further,* That the Treasurer of the United States, on order of the alien-property custodian (or such other officer as the President shall direct), shall, as provided in section 10 hereof, repay to the licensee any funds deposited by said licensee.

The amendment was agreed to.

The next amendment was, on page 46, line 5, to change the number of the section from 12 to 13.

The amendment was agreed to.

The next amendment was, on page 46, line 16, after the words "violation of," to strike out "law" and insert "this act," so as to make the section read:

SEC. 13. That in addition to the facts required by sections 4197, 4198, and 4200 of the Revised Statutes, as amended by the act of June 15, 1917, to be set out in the master's and shipper's manifests before clearance will be issued to vessels bound to foreign ports, the master or person in charge of any vessel, before departure of such vessel from port, shall deliver to the collector of customs of the district wherein such vessel is located a statement duly verified by oath that the cargo is not shipped or to be delivered in violation of this act, and the owners, shippers, or consignors of the cargo of such vessels shall in like manner deliver to the collector like statement under oath as to the cargo or the parts thereof laden or shipped by them, respectively, which statement shall contain also the names and addresses of the actual consignees of the cargo, or if the shipment is made to a bank or other broker, factor, or agent, the names and addresses of the persons who are the actual consignees on whose account the shipment is made. The master or person in control of the vessel shall, on reaching port of destination of any of the cargo, deliver a copy of the manifest

and of the said master's, owner's, shipper's, or consignor's statement to the American consular officer of the district in which the cargo is unladen.

The amendment was agreed to.

Mr. BRANDEGEE. Mr. President, I want to ask the Senator from Louisiana a question. The provision on page 45 that has just been read is as to the disposition of the property in the hands of the alien-property custodian after the war is over. It provides that the claims presented by aliens may be settled as Congress may direct, and it provides further:

That on the order of the President as set forth in section 9 hereof, or of the court, as set forth in sections 9 and 10 hereof, the alien-property custodian—

Shall pay over. I want to ask the Senator why there should be any alternative authority there. It seems to me that there is no use in arraying the executive department of the Government against the judicial branch of the Government. If the alien comes into court and proves his title to the property or money, and the court orders that it be paid over to him, why should the President have authority to order that it be not paid over?

Mr. RANDELL. As we understood that matter, Mr. President, there are a number of cases which will not go to the courts at all, and where they do not go to the courts the President, acting through the agencies which he may see fit to appoint, will have authority to come to a decision and give an order accordingly. Where the parties are settling their controversy in court, the court will render the order.

Mr. BRANDEGEE. Oh, I see what the Senator means; yes.

Mr. RANDELL. I do not think there is any conflict at all. It surely was not our intention to bring about any conflict.

Mr. BRANDEGEE. I do not think there could be any conflict. That is, I think the order of the court would prevail; but I do not think we should pass a statute—

Mr. RANDELL. I do not think it is possible that there would be any conflict.

Mr. BRANDEGEE. I understand the Senator's meaning now.

The reading of the bill was resumed.

The next amendment was, on page 47, line 5, to change the number of the section from 13 to 14.

The amendment was agreed to.

The next amendment was, on page 47, line 14, after the words "by the," to strike out "Secretary of Commerce" and insert "President," so as to make the section read:

SEC. 14. That whenever there is reasonable cause to believe that the manifest or the additional statements under oath required by the preceding section are false or that any vessel, domestic or foreign, is about to carry out of the United States any property to or for the account or benefit of an enemy, or ally of enemy, or any property or person whose export, taking out, or transport will be in violation of this act, the collector of customs for the district in which such vessel is located is hereby authorized and empowered, subject to review by the President, to refuse clearance to any such vessel, domestic or foreign, for which clearance is required by law, and by formal notice served upon the owners, master, or person or persons in command or charge of any domestic vessel for which clearance is not required by law, to forbid the departure of such vessel from the port, and it shall thereupon be unlawful for such vessel to depart.

The amendment was agreed to.

The next amendment was, on page 47, after line 20, to insert:

The collector of customs shall in each case report to the President the amount of gold or silver coin or bullion or other moneys of the United States contained in any cargo intended for export. Such report shall include the names and addresses of the consignors and consignees, together with any facts known to the collector with reference to such shipment and particularly those which may indicate that such gold or silver coin or bullion or moneys of the United States may be intended for delivery or may be delivered, directly or indirectly, to an enemy or an ally of enemy.

The amendment was agreed to.

The next amendment was, on page 48, line 6, to change the number of the section from 14 to 15.

The amendment was agreed to.

Mr. RANDELL. Mr. President, at that point I wish to explain that the changes we have already adopted necessitate striking out lines 19 to 25, on page 48, and lines 1 to 6, on page 49, inclusive; and as that provision contains an appropriation of \$50,000 to be expended by the Federal Trade Commission which must now be expended by the President, I wish to amend the item in line 6, of section 14, which, as reported from the committee, reads "\$400,000," and make it read "\$450,000."

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 48, line 6, it is proposed to strike out "\$250,000" and insert "\$450,000."

The amendment was agreed to.

The next amendment was, on page 48, line 9, before the words "for the purpose," to strike out "Secretary of Commerce" and insert "President," so as to make the clause read:

SEC. 15. That the sum of \$450,000 is hereby appropriated, out of any money in the Treasury of the United States not otherwise appropriated, to be used in the discretion of the President for the purpose of carrying



out the provisions of this act during the fiscal year ending June 30, 1918, and for the payment of salaries of all persons employed under this act, together with the necessary expenses for transportation, subsistence, rental of quarters in the District of Columbia, books of reference, periodicals, stationery, miscellaneous supplies, printing to be done at the Government Printing Office, and all other necessary expenses not included in the foregoing.

The amendment was agreed to.

The next amendment was, on page 48, after line 18, to insert:

That the sum of \$50,000 is hereby appropriated, out of any money in the Treasury of the United States not otherwise appropriated, to be used in the discretion of the Federal Trade Commission for the purpose of carrying out the provisions of section 10 of this act during the fiscal year ending June 30, 1918, and for the payment of salaries of all persons employed under section 10 of this act, together with the necessary expenses for transportation, subsistence, rental of quarters in the District of Columbia, books of reference, periodicals, stationery, miscellaneous supplies, printing to be done at the Government Printing Office, and all other necessary expenses not included in the foregoing.

Mr. RANDELL. Now, Mr. President, I ask that this amendment be rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was rejected.

The next amendment was, on page 49, after line 6, to strike out:

SEC. 15. That whoever shall willfully violate this act or the provisions of any license, rule, or regulation issued thereunder shall, upon conviction, be fined not more than \$10,000, or, if a natural person, imprisoned for not more than 10 years, or both, and the officer, director, or agent of any corporation who knowingly participates in such violation shall be punished by a like fine, imprisonment, or both, and any property, funds, securities, papers, or other articles or documents, or any vessel, together with her tackle, apparel, furniture, and equipment, concerned in such violation shall be forfeited to the United States.

The amendment was agreed to.

The next amendment was, on page 49, after line 17, to insert:

SEC. 16. That whoever shall willfully violate any of the provisions of this act or of any license, rule, or regulation issued thereunder, and whoever shall willfully violate, neglect, or refuse to comply with any order of the President or of the Commissioner of Patents issued in compliance with the provisions of this act shall, upon conviction, be fined not more than \$10,000, or, if a natural person, imprisoned for not more than 10 years, or both; and the officer, director, or agent of any corporation who knowingly participates in such violation shall be punished by a like fine, imprisonment, or both, and any property, funds, securities, papers, or other articles or documents, or any vessel, together with her tackle, apparel, furniture, and equipment, concerned in such violation shall be forfeited to the United States.

The amendment was agreed to.

Mr. BRANDEGEE. Mr. President, on line 22, page 49, I do not know whether the changes we have made in the bill previously, in substituting "the President" for "the Commissioner of Patents," would necessitate any change here as to violations of orders of the Commissioner of Patents. I do not know that it would do any harm even if there are no orders that the Commissioner of Patents could make.

Mr. RANDELL. I do not believe it would do any harm to leave it as it is.

The reading of the bill was resumed.

The next amendment was, on page 50, line 7, to change the number of the section from 16 to 17.

The amendment was agreed to.

The next amendment was, on page 50, line 17, to change the number of the section from 17 to 18.

The amendment was agreed to.

The next amendment was, on page 50, line 19, after the words "shall have," to insert "similar jurisdiction to that granted to district courts of the United States in all suits under sections 9 and 10 hereof, when the claimant or licensee is a resident of, or, if a corporation, has its principal place of business in, the Philippine Islands or the," so as to make the section read:

SEC. 18. That the several courts of first instance in the Philippine Islands and the district court of the Canal Zone shall have similar jurisdiction to that granted to district courts of the United States in all suits under sections 9 and 10 hereof, when the claimant or licensee is a resident of, or, if a corporation, has its principal place of business in, the Philippine Islands or the jurisdiction of offenses under this act committed within their respective districts, and concurrent jurisdiction with the district courts of the United States of offenses under this act committed upon the high seas and of conspiracies to commit such offenses as defined by section 37 of the act entitled "An act to codify, revise, and amend the penal laws of the United States," approved March 4, 1909, and the provisions of said section for the purpose of this act are hereby extended to the Philippine Islands and to the Canal Zone.

The amendment was agreed to.

Mr. REED. Mr. President, I should like to refer to section 15 again before we pass it finally. I should like to have a word of explanation about the language in the section. Section 15 provides:

That whoever shall willfully violate any of the provisions of this act or of any license, rule, or regulation issued thereunder, and whoever shall willfully violate, neglect, or refuse to comply with any order of

the President or of the Commissioner of Patents issued in compliance with the provisions of this act, shall, upon conviction, be fined not more than \$10,000.

Mr. President, it is all right to provide that a penalty shall apply to the violation of law, and in these times it may be all right to provide that the penalty shall apply where an order of the President issued pursuant to the law has been violated; but it is going some distance when we provide that a man shall be fined \$10,000 for failing to obey some mandate of a Commissioner of Patents. I do not think that language belongs in any law. It is dangerous.

Mr. RANDELL. If the Senator will allow me to interrupt him, we have already changed subdivision (1) of section 10, appearing on page 41, and placed practically everything in that subdivision in the hands of the President. So I believe, for all practical purposes, there would be no objection to striking out the words in lines 21 and 22 on page 49, "or of the Commissioner of Patents." I believe the President would have full jurisdiction over the subject as we have amended it, and on behalf of the committee I would not raise any objection to striking out those words.

Mr. REED. I move to strike out the words "or of the Commissioner of Patents" in lines 21 and 22.

Mr. RANDELL. There is no objection on the part of the committee to striking out the words "or of the Commissioner of Patents."

The VICE PRESIDENT. The vote whereby the amendment was agreed to is, without objection, reconsidered, and the question is on the amendment to the amendment striking out the words in lines 21 and 22 "or of the Commissioner of Patents." Without objection, the amendment to the amendment is agreed to and the amendment as amended is agreed to.

The next amendment was, on page 51, after line 8, to insert as a new section the following:

SEC. 18. That if any clause, sentence, paragraph, or part of this act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this act, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

The amendment was agreed to.

The VICE PRESIDENT. The amendment passed over will be stated.

The SECRETARY. Amendment inserting section 3, page 6, passed over at the request of the Senator from Missouri [Mr. REED].

Mr. REED. Mr. President, let me state that matter for the benefit of the Senators who are present. The first part of the section proposed to be inserted reads:

SEC. 3. That it shall be unlawful—

(a) For any person in the United States, except with the license of the President, granted to such person, or to the enemy, or ally of enemy, as provided in this act, to trade, or attempt to trade, either directly or indirectly, with, to, or from, or for, or on account of, or on behalf of, or for the benefit of, any other person with knowledge or reasonable cause to believe that such other person is an enemy or ally of enemy, or is conducting or taking part in such trade, directly or indirectly, for, or on account of, or on behalf of, or for the benefit of, an enemy or ally of enemy.

The language that I call attention to is found in line 16, "or reasonable cause to believe." I confess that I am somewhat puzzled to know just how the thought in the framer's mind could be expressed with greater safety, but to say that a man can be held because he has merely reasonable cause to believe may be quite a dangerous thing. The question of what is a reasonable cause would be left to a jury.

Mr. POMERENE. On what page is that?

Mr. REED. I am reading from page 7, and I call the Senator's attention to line 16. In a time of great excitement a jury might think something to have been reasonable cause which would never have occurred to the defendant as any cause at all. What might put a man of shrewd temperament and experience upon notice might to an inexperienced man be no notice at all.

The inquiry I make is whether the word "knowledge" is not sufficient, because as a matter of law if a man knows enough to practically amount to proof it is equivalent to knowledge itself of the ultimate fact.

I do not know how I can make this plainer than I have in this somewhat meager statement. A munitions expert might be fully advised with relation to munitions of some dangerous condition because he learned some one fact.

A man unacquainted with that business might not get any notice from the fact. The term "reasonable cause" or the term "reasonable notice" is to be determined by what the ordinary prudent man would have known or understood under the same circumstances. It may be the best phrase possible, but I think we can get along without it.

Mr. FLETCHER. I suggest to the Senator in this connection that I think his observations are entirely sound. The purpose, I



think, was to cover cases where one might have information, might be absolutely advised that the person with whom he is dealing is an enemy or the ally of an enemy, but still he might not know it as a fact. He could only have information to that effect. It might be the whole of his information that he is an enemy or ally of an enemy, and yet he might not have positive knowledge. Would the Senator think this language would fit that so as to take the place both of knowledge or reasonable cause to believe? Just so as to any other person who is an enemy or ally of an enemy. It leaves it open to proof as to whether he is or is not, without requiring proof of actual knowledge.

Mr. REED. Let me examine the context and see how that would fit in.

Mr. POMERENE. May I suggest to the Senators who are discussing this question, would it not improve the language somewhat if they would make it read "with the knowledge or means of knowledge that such other person is an enemy or ally of an enemy"?

Mr. REED. I am afraid not. The Senator suggests "means of knowledge." What does that mean? We are going to try a citizen for this offense. He is charged with possessing the means of knowledge. What are the means of knowledge? It is anything that he could employ to ascertain, to find out. It seems to me that that suggestion would be dangerous.

Mr. POMERENE. Of course, it all resolves itself into a question of fact, if he had the means or reasonable means of knowledge which would enable him to inform himself. Every fair-minded citizen ought to be on his guard lest he be doing something which might inure to the benefit of the enemy. I think under normal conditions the criticism of the Senator from Missouri is sound. Possibly the language here is not as explicit as it should be.

Mr. REED. Let me suggest this to the Senator from Ohio and the Senators from Florida and Louisiana. It seems to me that if the section was made to read in this way it would probably cure the defect: "For any person in the United States except," and so forth, "willfully to trade with any other person who is an enemy or ally of enemy of the United States."

Mr. RANDELL. "Willfully" would come after the word "to" in line 13.

Mr. REED. "Willfully to trade or attempt to trade, either directly or indirectly, with, to, or from, or for, or on account of, or on behalf of, or for the benefit of, any other person who is an enemy or ally of enemy."

Mr. RANDELL. I suggest to the Senator that it come in line 15, after the words "for the benefit of," and then skip down to "for the benefit of an enemy." You do not want to say "any other person who is an enemy," because the whole idea is conveyed in the language "for the benefit of an enemy or an ally of enemy."

Mr. REED. That is entirely correct.

Mr. RANDELL. I am inclined to accept the suggestion to insert the word "willfully" and eliminate the other words. I believe it will go as far as we probably should go.

Mr. REED. "Willfully" means intentionally, of course, and it also—

Mr. POMERENE. The word "knowingly" is used with "willfully."

Mr. REED. I like the word "willfully," because it has a legal meaning. It implies a moral turpitude. It implies that the individual doing it does it with intent and purpose and knowledge. I hope that amendment will be accepted. I will say to Senators nobody can go further than I am willing to go to make this law drastic, but at the same time I should like to make it so that innocent people will not be punished.

Mr. RANDELL. I understand the Senator to use the word "willful" in the sense of intentional.

Mr. REED. Yes.

Mr. RANDELL. To do it intentionally.

Mr. REED. Yes.

Mr. RANDELL. I see no objection to the insertion of the word "willfully."

Mr. REED. I think "willfully" is a much better word in law.

Mr. POMERENE. Let the amendment be stated at the desk.

Mr. RANDELL. Then, it will read, beginning with line 13, "to willfully trade or attempt to trade, either directly or indirectly, with, to, or from, or for, or on account of, or on behalf of, or for the benefit of"; and skip now to line 17, "for the benefit of an enemy or ally of enemy, or is conducting," and so forth.

Mr. REED. That is all right, except that the word "willfully" should precede the word "to," so as to read, "willfully to trade, or attempt to trade." Then the word "willfully" will qualify the whole clause.

Mr. RANDELL. There is no objection to that.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 7 in the committee amendment, line 13, before the words "to trade," insert the word "willfully"; and on lines 15, 16, and 17 strike out the words "any other person with knowledge or reasonable cause to believe that such other person is," so that when amended it will read:

For any person in the United States, except with the license of the President granted to such person, or to the enemy, or ally of enemy, as provided in this act, willfully to trade, or attempt to trade, either directly or indirectly, with, to, or from, or for, or on account of, or on behalf of, or for the benefit of an enemy or ally of enemy—

And so forth.

Mr. BRANDEGEE. Mr. President, while I, to a certain extent, dislike the phrase to which the Senator from Missouri has alluded, to wit, "reasonable cause to believe," still I hesitate to accept the substitute which he proposes for it. If you strike out of this provision the words "with knowledge or reasonable cause to believe" and make the offense willful trading with an enemy or an ally of an enemy, it is going to be very hard to convict anybody in the way this clandestine trade is conducted through intermediaries and neutrals who are suspected at times. Willfully means that a man actually knows the person is an enemy with whom he is trading and deliberately and willfully makes up his mind to trade with him, to commit an offense.

I venture to say, without accurate knowledge of the statistics on the subject, that a great deal of trade that is very dangerous to this country and very helpful to the enemy is conducted by people who just do not take the pains to make all necessary inquiries—inquiries which they should make—who do not examine into the history and status of the person who comes into their office and wants to buy goods and have them delivered at certain times and places. Much of the trouble with the purchaser or the man who is working for the enemy is caused because he has plenty of cash on hand and pays high prices at once and is willing to make a liberal contract, and the necessary pains are not taken by the would-be seller to make any inquiries which would put him in the position of being a willful offender against the law if he did have the knowledge that he might get.

While, as I have said, I do not exactly like the words "reasonable cause to believe," still this is a criminal statute with heavy fines and penalties, and unless you could prove to a jury of 12 men that the party charged with the offense did really have reasonable cause to believe I do not think there is much danger in anybody getting wrongly convicted in this country, even if there is some war excitement going on. It will be difficult to find 12 men who will send a man to jail and say he really had reasonable cause to believe that he was trading with the enemy unless he did. After all, as a practical administrative matter, is it any more difficult for a jury to decide what was the reasonable cause to believe than it is for them to decide what is reasonable doubt or what is reasonable conduct, what is reasonable care, or any of those questions?

As I said, I think there is considerable force in the suggestion made by the Senator from Missouri. Still we are trying to win a war and to prevent a despicable and contemptible betrayal of our country by people who are willing to take chances to do it, provided they can sneak through on technicalities and not get caught, and do it for money; and pretty drastic provisions of law are necessary to stop it. I venture to say that many a man who does not care anything about his reputation even if he has any other than a bad one if he could go on making great war profits by doing the country an injury and was advised by an astute lawyer in advance that they never could prove that he willfully did it unless he admitted it himself, if he took certain precautions, would continue that trade, who would not take the chance if these words are left in the bill, as they are now. Therefore I am rather inclined not to support the amendment of the Senator from Missouri.

Mr. RANDELL. I do not think there is any practical force in what the Senator says. The people we are trying to reach by the bill are those who intentionally carry on trade with the enemy. As I understand the word "willfully," it is in that sense as applied to a man who knowingly and intentionally carries on trade with the enemy, hoping to derive great profit from that trade or hoping to benefit the enemy by that trade. The innocent person who trades without any intention of violating the law, without any intention of making any special amount of money or without any intention of benefiting the enemy, is really not the person we are after; it is the guilty man, the man who despite the fact that he lives in this country and owes his loyalty and allegiance to this country deliberately and intentionally carries on trade with an enemy or with the ally of an enemy hoping to derive benefit from it, hoping to give the enemy some benefit of it. He is the man we are after, and we will reach, I think, ninety-nine cases certainly out of



every hundred if it is worded this way. There is a possibility that we may seriously injure some innocent people if the other language is put in. I believe I prefer the language suggested by the Senator from Missouri myself.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Missouri.

The amendment was agreed to.

Mr. POMERENE. I desire to direct a question to the Senator in charge of the bill. The Senator is, of course, very familiar with the bill. I should like to know whether the provisions are broad enough to enable the President, or has he some other authority, whereby he could issue a proclamation to prevent other insurance companies that are issuing marine or war-risk insurance from doing business within the United States during the period of the war.

Mr. RANSDELL. Does the Senator mean some other statute or a provision in the pending bill?

Mr. POMERENE. Is there any provision in any other statute or in this bill which would authorize the President to issue a proclamation preventing other insurance companies issuing marine or war-risk insurance from doing business within the United States during the war?

Mr. RANSDELL. Does the Senator mean companies that belong to neutral countries or connected in some way with the enemy?

Mr. POMERENE. Any company that might be giving aid and comfort to the enemy.

Mr. RANSDELL. I know of no provision of that kind.

Mr. POMERENE. Then, Mr. President, I want to offer an amendment to that section.

Mr. RANSDELL. Section 4 is the one relating to insurance, if the Senator wishes to offer an amendment.

Mr. POMERENE. I wish to state what is in my mind about this matter. During this afternoon information came to me to the effect that not only insurance companies which were organized under the German Government had been issuing marine insurance and getting information which might be of value to the German Government in the prosecution of the war in connection with the sailing of vessels, but that there are other companies that were nominally organized under the Government of Sweden or under the Russian Government which in fact are operated by German citizens or by men whose sympathies are with the German Government. If that be so, it seems to me that just as much harm could be done our Government and our forces and our commerce if a company of that type were permitted to do business within the United States as would be likely to occur through allowing the German owned and organized companies to do this business.

I think the President should have some power to control that situation, if it does exist. I therefore offer the following amendment to come in at the end of the section conferring upon the President the necessary power to act in the event that he finds such a situation exists.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 13, after line 5, insert the following paragraph:

The President shall have power, by proclamation, to prevent any company which is engaged in marine or war-risk insurance from doing business within the United States during the war if it is owned or controlled by the nationals of an enemy or of an ally of the enemy, or by others whom the President may have good cause to believe are in connection with said business or by reason thereof giving or enabled to give aid and comfort to the enemies of the United States or their allies.

Mr. RANSDELL. I should like to have a chance to examine that amendment.

Mr. POMERENE. I suggest that if the general proposition meets the approval of the Senator to accept it, and if they desire to modify it in conference that can be done.

Mr. FLETCHER. It ought to follow after line 12, instead of line 5, so as to be at the end of the section.

Mr. POMERENE. That may be true.

Mr. REED. Mr. President, my attention was called to the same matter. I am in accord with what the Senator from Ohio states, but I go a little farther than he does. It is for that reason that I have written out the amendment which I intend to offer, and which I shall read. I have no desire to move to substitute this amendment, but I should like to have it considered in connection with the one which has been offered by the Senator from Ohio. My amendment is as follows:

Whenever in the opinion of the President the public safety or public interest requires, the President may prohibit any or all foreign insurance companies from doing business in the United States, or the President may license such company or companies to do business upon such terms as he may deem proper.

Mr. POMERENE. Mr. President, I think I like the phraseology of the amendment suggested by the Senator from Missouri better than my own.

Mr. FLETCHER. I will ask the Senator from Missouri if it is intended by his amendment to cover all the insurance companies?

Mr. REED. It covers all. I mean precisely that.

Mr. FLETCHER. Whether they be fire or war or marine insurance companies, it covers all?

Mr. REED. I mean precisely that. Of course, it is not to be presumed that the President will prohibit unless there is a grave cause for doing so, and it is to be presumed if there is a grave cause he will prohibit. Otherwise he may license.

Mr. RANSDELL. I will suggest that this provision would relate to companies in our allied countries as well as in enemy countries. This amendment leaves the power in the President himself, and I do not imagine it would ever be misused. I certainly am in accord with the general idea of the two Senators, for I will say that the committee confined the terms of this bill to enemy and ally of enemy insurance companies. If, however, such a state of affairs exists as the Senator from Ohio [Mr. POMERENE] has indicated—and the Senator from Missouri [Mr. REED] seems to corroborate him—we wish to cover such a case as well as others, and I believe this language would cover it.

Mr. POMERENE. Mr. President, I think the amendment offered by the Senator from Missouri is more comprehensive than my own, and I think I like his phrasing better. I should be very glad, so far as I can, to accept his amendment.

The VICE PRESIDENT. Does the Senator from Ohio withdraw his amendment?

Mr. POMERENE. I withdraw my amendment.

Mr. RANSDELL. I will ask for a moment's delay, Mr. President. [After examining.] The amendment seems to cover the case very well and I am willing to accept it. Where is it proposed that the amendment shall come in?

The VICE PRESIDENT. The amendment proposed by the Senator from Missouri will be stated.

The SECRETARY. On page 13, after line 12, at the end of section 4, it is proposed to insert as a new paragraph the following:

Whenever in the opinion of the President the public safety or public interest requires, the President may prohibit any or all foreign insurance companies from doing business in the United States, or the President may license such company or companies to do business upon such terms as he may deem proper.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. RANSDELL. Mr. President, I do not know that section 3 has ever been agreed to. We passed it over yesterday and we have just inserted one amendment. I have one or two other amendments to section 3. On page 7, line 22, I offer the amendment which I send to the Secretary's desk.

The VICE PRESIDENT. The vote by which the amendment was agreed to is, without objection, reconsidered. The Secretary will state the amendment which is now offered by the Senator from Louisiana.

The SECRETARY. On page 7, line 22, in the committee amendment it is proposed to strike out the words "or of such person as he may direct."

The VICE PRESIDENT. The amendment to the committee amendment is agreed to, without objection.

Mr. RANSDELL. I submit the amendment to the same section which I send to the desk.

The VICE PRESIDENT. The amendment to the amendment proposed by the Senator from Louisiana will be stated.

The SECRETARY. On page 7, line 23, after the name "United States," it is proposed to insert "or any other owner, master, or other person in charge of a vessel of American registry to transport or attempt to transport from any place to any other place."

The VICE PRESIDENT. Without objection, the amendment to the amendment is agreed to.

Mr. RANSDELL. On page 8 I submit the amendment to the amendment which I send to the desk.

The VICE PRESIDENT. The amendment to the amendment proposed by the Senator from Louisiana will be stated.

The SECRETARY. In section 3, page 8, line 24, it is proposed to strike out the words "or of such other officer."

The VICE PRESIDENT. The amendment to the amendment is agreed to, without objection.

Mr. RANSDELL. On the same page, I move the amendment which I send to the desk.

The VICE PRESIDENT. Have all the amendments which are to be offered to section 3 been submitted?

Mr. RANSDELL. Yes.

The VICE PRESIDENT. The amendment which is now presented by the Senator from Louisiana, then, is to section 4?

Mr. RANSDELL. I beg pardon. I think I have offered all the amendments which I desire to offer to section 3.



The VICE PRESIDENT. Then, in the absence of objection, section 3 as amended is agreed to. Now, the vote whereby section 4 was agreed to, without objection, will be reconsidered, and the Secretary will state the amendment offered by the Senator from Louisiana.

The SECRETARY. In section 4, page 11, line 8, after the name "United States," at the end of the line, it is proposed to insert "to or for the benefit of or on behalf of or on account of an enemy or ally of enemy."

The VICE PRESIDENT. Without objection, the amendment to the amendment is agreed to.

Mr. RANDELL. I now move to reconsider the vote by which section 5 was agreed to; and I offer the amendment to that section which I send to the desk.

The VICE PRESIDENT. Are there any further amendments to section 4?

Mr. RANDELL. I know of no others.

The VICE PRESIDENT. Then as amended the amendment is agreed to.

Mr. BRANDEGEE. Mr. President, I want to call the attention of the Senator from Louisiana to the fact that while he has changed the language on line 16 of page 7 of the bill, to strike out the words "with knowledge or reasonable cause to believe" and has inserted the word "willfully" in a prior part of the section, the same language appears in the next paragraph—paragraph (b)—and he has allowed it to stand. This bill, I assume, has been carefully drawn by the Department of Justice, and the effect of those words has been very carefully calculated. Certainly the same language to describe the willful intent should be used in all of the different paragraphs, and I assume the Department of Justice has adopted a uniform plan throughout the whole bill. I do not, therefore, think it is wise to change it in one respect and not in others. I think we were wrong in changing it in the respect we did.

Mr. RANDELL. This does not relate to trading; this relates to transporting, which is a different thing.

Mr. BRANDEGEE. I know that each section relates to its own subject, of course. It seems to me, however, that there is no ground for making such a distinction as appears to have been made by saying in one case that it shall be a crime for a man willfully to trade with an enemy, but that it will not be necessary to prove a willful attempt to transport an actual enemy, but only that the person accused shall have reasonable cause to believe him to be an enemy. However, I do not care to make any motion on the subject.

Mr. RANDELL. I should not object to such an amendment if the Senator wishes to have it inserted.

Mr. BRANDEGEE. I would not for the life of me think of suggesting it. I should like to have reconsidered the action by which the Senate adopted the amendment of the Senator from Missouri, but I do not suppose I could succeed if I made the effort.

The VICE PRESIDENT. The amendment proposed by the Senator from Louisiana will be stated.

The SECRETARY. In the committee amendment in section 5, which is found at the top of page 15, Mr. RANDELL proposes to strike out subsection (b), being lines 1, 2, and 3 on that page.

The VICE PRESIDENT. The vote whereby the amendment was agreed to is, without objection, reconsidered, and the amendment proposed by the Senator from Louisiana to the amendment is agreed to.

The amendment as amended was agreed to.

Mr. RANDELL. That will necessitate making the next subsection (b) instead of (c).

The VICE PRESIDENT. The amendment suggested by the Senator from Louisiana will be stated.

The SECRETARY. It is proposed to change the designation of the subsection beginning in line 4 to read (b).

The VICE PRESIDENT. Without objection, the amendment to the amendment is agreed to and the amendment as amended is agreed to.

Mr. RANDELL. That concludes the committee amendments, Mr. President.

Mr. FLETCHER. One moment before we pass from that. I think in line 14, page 15, after the word "completed," the remainder of the section should be stricken out.

Mr. RANDELL. There is no objection to that.

Mr. FLETCHER. I move that that be done, because it is covered elsewhere.

The VICE PRESIDENT. The vote whereby the amendment was agreed to is, without objection, again reconsidered. This is the last time that can be done under the rule, as it has been twice reconsidered. Now the Senator from Florida moves the amendment which will be stated.

The SECRETARY. On page 15, beginning with line 14, it is proposed to strike out as follows:

Whenever it shall appear to the President that the export of any gold or silver coin or bullion or of any moneys of the United States may result in violation of the provisions of this act, he may cause notice to be served on the parties in interest to withhold such export for a period not exceeding 90 days pending investigation of the facts by him.

The VICE PRESIDENT. The amendment to the amendment is, without objection, agreed to; and the amendment as amended is agreed to, without objection.

The bill is still before the Senate as in Committee of the Whole, and is open to further amendment.

Mr. BRANDEGEE. Mr. President, I should like to ask what is the reason of the amendment in section 17, on page 50, where the jurisdiction of the courts of the Canal Zone and of the Philippine Islands is provided for? I do not understand the necessity for the committee amendment there, and I am confused by it. I understand the House provision was this:

Sec. 17. That the several courts of first instance in the Philippine Islands and the district court of the Canal Zone shall have jurisdiction of offenses under this act.

The committee has inserted, in italics, a provision which confuses me. I want to read it as the amendment now stands, to see what impression it makes on other Senators:

Sec. 17. That the several courts of first instance in the Philippine Islands and the district court of the Canal Zone shall have similar jurisdiction to that granted to district courts of the United States in all suits under sections 9 and 10 hereof, when the claimant or licensee is a resident of, or, if a corporation, has its principal place of business in, the Philippine Islands or the jurisdiction of offenses under this act committed within their respective districts.

I do not understand the meaning of the expression "or the jurisdiction of offenses under this act," and especially the meaning of the word "or" is obscure. It may be a misprint, or it may mean something that I can not perceive.

Mr. RANDELL. Mr. President, I understand the idea was to give these courts the same jurisdiction as the courts of the United States have. I am not sufficiently familiar, I will say to the Senator, not being on the Judiciary Committee, with the courts of the Philippine Islands and of the Canal Zone to understand just why that should be done, but we were advised to have that done by the Department of Justice, which helped us frame the bill.

Mr. BRANDEGEE. I am on the Judiciary Committee, but I do not think familiarity with the courts of the Philippine Islands or the Canal Zone serves to enable one to understand the meaning of the expression the courts "shall have similar jurisdiction to that granted to the district courts of the United States \* \* \* or the jurisdiction of offenses under this act." What is the signification of that word "or."

Mr. RANDELL. Frankly, I do not know.

Mr. BRANDEGEE. If the word "and" were used, I could understand it, but I wondered if it was a misprint or whether the committee could explain it. If we are conferring jurisdiction on the courts to try these offenses, a great many of them may be committed in the Canal Zone and the Philippine Islands, and we had better be careful to be sure that we are giving the courts there real jurisdiction and are not exacting typographical errors in a provision designed to clothe the courts with jurisdiction.

Mr. RANDELL. On looking over this provision carefully I am inclined to think that the Senator's criticism is correct, that the word "and" was intended, but that word "or" inadvertently slipped in.

Mr. BRANDEGEE. I will not make any motion about it, but I will leave it to be considered in conference.

Mr. RANDELL. I think it had better be corrected in conference, I will say to the Senator. I am glad he has called it to my attention, and I will see that it is taken care of. The chairman of the committee suggests that it be corrected now. So I move, Mr. President, that we reconsider the vote by which section 18 was agreed to, and in line 23, on page 50, I move to strike out the word "or" and to insert the word "and."

The VICE PRESIDENT. Without objection, the vote whereby the committee amendment was agreed to is reconsidered. The Senator from Louisiana offers an amendment to the amendment, which the Secretary will state.

The SECRETARY. In the committee amendment on page 50, line 23, after the words "Philippine Islands," it is proposed to strike out the word "or" and insert the word "and."

The amendment to the amendment was agreed to.

Mr. BRANDEGEE. Now, I want to call the Senator's attention further to the fact that the committee amendment in lines 21 and 22, it seems to me, would confer jurisdiction upon these courts only when the claimant or licensee is a resident of the Philippine Islands. Why not confer upon the Canal Zone



court jurisdiction over its citizens and on the Philippine Islands courts jurisdiction over their citizens? We do not want to give the Canal Zone court jurisdiction over residents in the Philippine Islands. I can hardly believe that the Department of Justice drew this amendment, Mr. President, but I have no suggestion to make.

Mr. RANDELL. It was prepared by the Department of Justice, I will say, and accepted by the subcommittee without very careful scrutiny; that is the trouble with this amendment.

Mr. REED. That is why the amendment is not properly drawn.

Mr. RANDELL. I would like to have further criticism by the Senator from Connecticut. We wish to make this correct if there is anything wrong about it, and we have plenty of time to correct it.

Mr. BRANDEGEE. I thought the House provision did all that was necessary, and I read it first to show how clear it was. It reads:

That the several courts of first instance in the Philippine Islands and the district court of the Canal Zone shall have jurisdiction of offenses under this act—

And so forth.

That seemed to me to be enough; but the bill has to go to conference anyway, Mr. President, and I do not particularly object to letting this matter go with the other Senate amendments. I think enough has been said about it so that the conference committee can consult the Department of Justice and report a proper provision.

Mr. FLETCHER. Mr. President, I think the idea was that the House provision was broad and general enough to cover ordinary cases, but this particular provision was required by sections 9 and 10 of this act. It was intended specifically to give to the courts in the Philippine Islands and in the Canal Zone jurisdiction of offenses arising under sections 9 and 10 of this act. That is the reason why it was thought best to set it out specifically. It was advised by the representatives of the Department of Justice who appeared before the committee; and I myself think it is better to leave it as it is. I do not think we had better change it.

Mr. BRANDEGEE. Mr. President, why should not the Canal Zone and Philippine Islands courts have jurisdiction of all offenses committed under this act as well as those committed under sections 9 and 10 of the act?

Mr. RANDELL. Mr. President, this amendment is evidently very much confused; it is not in the form, I am sure, that it was when it passed the committee. I do not see any serious necessity for it, and I move that the Senate committee amendment to that section be stricken from the bill.

The VICE PRESIDENT. Without objection, the whole amendment is disagreed to.

Mr. REED. Mr. President, I offer the following amendment to appear at the end of the bill:

The provisions of this act shall become null and void 30 days after the end of the war.

I observe that on page 5 there is a careful definition of what will constitute the end of the war; but there seems to be in the bill nowhere any provision that terminates the powers and obligations of the bill at the end of the war, and as this bill is intended to relate only to the war I offer the amendment.

Mr. RANDELL. We have no objection to the principle of the amendment, but we think it ought to be longer probably than 30 days.

Mr. REED. How much longer?

Mr. RANDELL. At least 90 days, I should say.

Mr. REED. Very well; change it to 90 days.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. At the end of the bill it is proposed to add a new section, as follows:

SEC. 19. The provisions of this act shall become null and void 90 days after the end of the war.

Mr. POMERENE. Mr. President, might it not be better to say "within a given time after a proclamation of peace to be issued by the President"?

Mr. REED. The term "end of the war" has been defined in the bill, and it is all covered.

Mr. RANDELL. It is defined on page 5, where the President is required through a proclamation to determine the end of the war.

Mr. BRANDEGEE. I do not know that I have any objection at all to the amendment; but I remember that in certain sections of the bill the language shows an evident intent that the sections shall be permanent, for such phrases as "whenever the United States is at war the President may do thus and so" are found. That is true also of the espionage bill. I do not

know whether it is wise to have this whole framework of legislation dropped within 90 days after the war is concluded. I do not know what the intention of the committee was upon that subject, but certainly where a paragraph starts out by saying "whenever the United States is at war" it looks to a continuance of the provision.

Mr. REED. But there are some parts of the bill where that qualification is not found.

Mr. BRANDEGEE. Yes; I entirely agree to that.

Mr. REED. Therefore the general clause is necessary.

Mr. BRANDEGEE. Of course there is this feature about it, Mr. President. We found when we were suddenly thrown into this war that we were utterly unprepared in legislation designed to prevent espionage, spying, smuggling, and all such things. The previous war measures which we have passed have been designed to fill those gaps permanently, so that whenever we get into war again we will have a set of statutes on the books. This is one of the war measures. Now it is proposed to provide that all the pains and trouble we have been through in enacting this law shall be for nothing as soon as this war is over, and we will have no permanent set of statutes necessary to protect the country. However, if the committee wants to accept the amendment, I can not prevent it, of course.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Missouri. [Putting the question.] The Chair is unable to decide, and will again put the question.

The amendment was agreed to.

Mr. MYERS. I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. At the end of the bill it is proposed to add the following:

SEC. 20. That when the United States shall be engaged in war it shall be unlawful for any person or persons in the presence or hearing of the others to utter any disloyal, threatening, violent, scurrilous, defamatory, abusive, or seditious language about the Government of the United States, or the Constitution of the United States, or the President of the United States, or the Army or Navy or soldiers or sailors of the United States, or the flag of the United States, or the uniform of the Army or Navy of the United States, or any other language calculated to bring the United States or the United States Government, or the President of the United States, or the Constitution of the United States, or the Army or Navy or soldiers or sailors of the United States, or the flag of the United States into contempt, scorn, contumely, or disrepute; or any language calculated to incite or inflame resistance to any duly constituted Federal or State authority in connection with the prosecution of war; or to advise, urge, or incite any curtailment of production in this country of any thing or things, product or products, necessary or essential to the prosecution of the war in which the United States may be engaged, with intent by such curtailment to cripple or hinder the United States in the prosecution of such war.

That any person duly convicted of any such foregoing offense shall be for each such offense punished by a fine of not less than \$500 nor more than \$5,000 or by imprisonment for not less than six months nor more than five years, or by both fine and imprisonment.

Mr. RANDELL. Mr. President, I hope the Senate will not vote in favor of the amendment of the Senator from Montana. This bill is known as the trading-with-the-enemy bill. The purpose of this bill is to mitigate the extreme rigor of the rule of law which prevents any trade or commercial intercourse between countries which are at war with each other. Under the old rule practically every kind of commercial intercourse was prohibited. Some of the courts have said, "We can not have war for arms and peace for commerce. We can not carry on ordinary and normal commercial relations with warring nations." The purpose of this bill, however, is to permit certain commercial relations to be carried on, and I will say that the provisions of the bill are so safeguarded that not a dollar of profit arising from these commercial relations can ever reach Germany or her allies in this war.

The transactions will be beneficial to us; the purpose of this bill is to benefit American citizens by permitting certain trading with the enemy. Briefly, one of the kinds of business is insurance, about which we have heard so much; another is patents which the Germans have taken out in this country, many of their patents being extremely valuable; another is to take over the very valuable property which Germans and people allied to Germany have in this country. We do the unique thing, Mr. President, of placing all of that property, which amounts to a great many million dollars, in the hands of the alien-property custodian and require him to invest that property in United States bonds, and we use that property to fight our enemies, with the understanding that at the end of the war it will be up to Congress to say whether or not we will return that property to its former owners; but while the war is going on we use it as a club with which to belabor them.

The amendment of the Senator from Montana proposes a criminal statute as affecting certain kinds of utterances and



expressions; it does not relate in any way to commercial relations, to business transactions, to trading with the enemy. The proposal of the Senator from Montana should be very carefully examined by the Judiciary Committee; it should be reported on by the Judiciary Committee. I am not at all sure but that it is already provided for in the espionage act; it certainly has no place in this bill, and I hope it will be voted down.

Mr. MYERS. Mr. President, the doctrine in this body that no amendment to a bill shall be adopted unless it is germane to the original text and purpose of the bill is entirely new doctrine to me. I have seen amendments adopted here which had no relation whatever to the original purpose and text of the bill, relating to entirely different subjects. Under our method of procedure it is well known that in the closing days of a session it is almost impossible to get an independent bill through Congress, and I think there is very little chance of getting an independent bill of a minor nature through Congress at this session. The only chance is to have it adopted as an amendment to some other bill. That has been done many times at this session.

The bill which is before us contains penalties, and is in a measure a penal bill, forbidding certain things. The amendment which I have offered is not out of line with the nature of the bill in that respect. It, too, provides penalties for certain things, and surely there is no Senator here who is in favor of any of the things which are forbidden in this amendment. Surely there is no good American citizen who is in favor of any of the things which are forbidden in this amendment. If we are not in favor of them, we must be against them; and if we are against them, we ought to enact a law against them, because there are lots of the things that are forbidden in that amendment going on in this country almost daily, to the detriment of the good and welfare and peace of the country.

It was just a few days ago that the governor of Illinois called out the State troops of that State to go to Chicago and prevent the holding of a meeting in the city of Chicago which was expected to do some of the very things forbidden in this amendment. The governor of Illinois took the law in his hands to the extent of calling out troops to prevent anything of that kind, and the people who were to compose that meeting were driven by force out of the State of Wisconsin and were not allowed to hold their meeting in that State—to the credit of that State, I think—because it was feared that they would do some of the very things that are forbidden in this amendment. They were forbidden to hold their meeting in the State of Minnesota. They were notified that they could not hold it in the State of North Dakota.

Now, if the authorities of the States are sufficiently exercised about these things to prohibit and prevent the holding of meetings in those States for fear that some of these things might be done in those meetings within their borders, it seems to me that Congress ought to be sufficiently interested to adopt an amendment which would prohibit and punish them by law. This would prevent such meetings as Alexander Berkman and Emma Goldman hold and indulge in with their followers in New York City. It would forbid and punish such proceedings as were had at a meeting in San Francisco a few weeks ago, which was broken up by the officers of the law because it was deemed treasonable and contrary to the good and welfare of the country.

The espionage bill does not cover nearly all of the things that are forbidden in this amendment. It does not touch upon nearly all of the things that are touched upon in this amendment. As I understand, the espionage bill, so far as it is of a penal nature and so far as it may prohibit and punish acts and talk of a seditious or disloyal nature, only forbids threats against the President of the United States and opposition to the enforcement of the draft law. I understand that those are the only two features connected with the good and welfare of the Government that it touches upon that are at all touched upon in this amendment.

While it is true that this provision has been introduced as a bill in the Senate, yet it has been suggested to me that it be offered as an amendment to this bill, and I have been advised by those who are interested in its enactment to offer it as an amendment to this bill. I should like to know if there is any Senator here who will read the language of that amendment and say that he is in favor of the doing of any of those things which are forbidden to be done and made punishable by that amendment. If there is one Senator or one loyal American citizen who will say that he favors any one of the things that are forbidden and made punishable by that amendment, I shall be utterly astounded and amazed beyond all measure.

Now, if we are opposed to those things, are we going to be timid about forbidding them? Are we going to be timid about making them punishable? There is a great deal of that sort of thing going on, especially in the western part of the United States. There have been in various Western States disloyal

meetings and meetings at which reprehensible language, both about the United States Government and about the prosecution of this war was indulged in openly, publicly, and notoriously; and those things all have a dampening effect on the preparations of the Government for the prosecution of this war. Good citizens do not indulge in them. It is only bad citizens who indulge in them. Why should not the will of the good citizens of this country who are opposed to things of that sort be translated into law to forbid them, so that the sensibilities of the good people of this country will not be offended longer by such conduct and such language as is a disgrace to the country and a detriment to the Government in the prosecution of the war?

I have consulted with a number of Senators about this, and some of them think this provision should be adopted as an amendment to this bill. If the Senators in charge of the bill seriously object to it and think that it has no proper place in this bill and oppose it, and insist that it should not be adopted, I do not wish to press it on them against their will, because I realize that the handling of this bill is in their hands; but I hardly think they would oppose it. I do not want to press the amendment against their will and judgment.

It is true that this same matter has been offered in the form of a bill, referred to the Judiciary Committee of the Senate, and by the Judiciary Committee referred to a subcommittee of that committee. By offering it here as an amendment to this bill I mean no disrespect to the Judiciary Committee nor to the eminent Senators who compose the subcommittee to which the bill was referred. I mean no disrespect at all to them and do not wish to cast any reflections upon them or express any lack of confidence whatever in them. But we all know what terribly slow work it is to get a small, independent bill through Congress at this late day of the session.

We know the slow and tedious procedure through which it has to go.

I think there is absolutely no chance for a minor bill to be enacted by Congress from now henceforth at this session, and I believe the need of this legislation is urgent and imminent. Otherwise I should be willing to leave it as an independent measure to the committee to which it has been referred. But under the circumstances that we all know to exist all over this country to-day, and with reports in the newspapers of meetings at which disloyal utterances are made being raided by the police under minor municipal ordinances as disorderly meetings, and such things as that, and having to be handled under city ordinances in an ineffective way, when it is really an offense against the good and welfare of the Government of the United States, and when it is the concern of the United States to prevent these things and not that of city police officers and police ordinances as a subterfuge, I think Congress ought to take cognizance of this state of affairs, because it affects the very life of this Nation—not of the cities and towns of the Nation, but of the United States as a Nation—of the Federal Government. I think this body is the proper body to take cognizance of these things and to enact such a law as this, which I believe is needed, and which I do not believe any American citizen can say would be wrong or violative of any right of individuals. What right has any individual to do any of the things forbidden in this amendment?

So I submit that this amendment is proper, and the conditions existing to-day urgently call for it, and I hope it will not be insistently opposed by the Senators in charge of the bill. If they will read it, they surely can not say that there is anything wrong about it. If there is nothing wrong about it, I think they ought to be willing to have it adopted here, and I hope they will not oppose it.

Mr. FLETCHER. Mr. President, I do not want to take up time in discussing this matter. I hope we can get a vote on the bill as soon as possible and pass it to-day.

I will simply say that this bill has been very carefully prepared. Four departments of the Government worked on it for weeks, and it has a definite purpose. I do not think we ought to encumber it by putting on new and irrelevant propositions. I do not mean to say that I expressly or impliedly favor the doing or permitting of any of the things that the Senator's amendment proposes to prohibit; but there are a great many good things I am for that I do not want to put in this bill, and there are a great many bad things I am against that I do not want to prohibit in this bill. It seems to me we can not afford to mix up and confuse the various matters that we would like to have legislated upon in one bill.

This is a bill to cover a specific subject, and it is all in harmonious shape, and I hope there will not be added to it amendments that would bring in outside matters that can be taken care of separately and distinctly.

The amendment which the Senator from Montana offers is already in the shape of a bill before the Judiciary Committee.



It probably will be acted on by that committee very soon, and we will be in a position to deal with it here; but I think we ought to deal with it as a separate matter. It is very broad and covers a great many things that ought to be considered, and it seems to me we can not go into it at this time.

I therefore hope the amendment will be voted down.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Montana.

The amendment was rejected.

Mr. KING. Mr. President, I send to the desk an amendment, which I ask to have stated by the Secretary.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. It is proposed to add in the bill as a new section just prior to the last section the following:

SEC. 20. That during the pendency of the present state of war and until peace shall be concluded and the fact declared by proclamation of the President it shall be unlawful for any person, firm, or association to print or publish or cause to be printed or published in the German language any comments respecting the Government of the United States or of any nation with which Germany is at war its policies, international relations, the state or conduct of the war, or any matter relating thereto, without printing or publishing in a column parallel to such matter a true and complete translation of the same in the English language.

Any print or publication in the German language which does not conform to the provisions of this section shall not be admitted to the mails, and it shall be unlawful for any person to transport, carry, or otherwise publish or distribute the same.

Any person violating the provisions of this section shall, on conviction thereof, be punished by a fine of not more than \$500 or by imprisonment of not more than one year, or may, in the discretion of the court, be both fined and imprisoned.

Mr. KING. Mr. President, the position taken by the Senator having this bill in charge is unquestionably sound. It may be accepted as a rule to guide in legislation that various subjects not correlated and tending to the same end ought not to be included within one bill. It is well known, however, that this great legislative body does not adhere to this rule, and it is a matter of common knowledge that some of the most beneficial legislation, measures remedial and for the public good, have been enacted by attaching them to measures of an entirely different character which were pending and being considered by the Senate. But conceding the wisdom and propriety of the rule requiring the provisions of a bill to be correlated and tending to effectuate a general purpose, I submit that the amendment which I have just offered to the pending measure is not obnoxious to such rule.

The bill under consideration relates to important questions connected with the war. It contains elaborate provisions in respect to trading with the enemy, and interdicts certain acts which, in times of peace, would be entirely legal and desirable. The pending bill is to mitigate the rules of law which prohibit intercourse between the citizens of warring nations and to prescribe the methods under which trade with certain nations may be carried on. It defines, regulates, and punishes certain acts of intercourse between citizens of this country and citizens of nations with which we may be at war. Its purpose is to protect our country and its people. And it deals with the conservation and utilization of enemy property during the war. The amendment which I have submitted is for the purpose of protecting this Nation against the efforts of some who have sought to disturb the peace and tranquillity of certain classes of people within our borders and to hamper the Government in its prosecution of the war.

Some time ago I introduced a bill the title of which is "To prohibit the publication of comments respecting the policy of the Government in German or other foreign language." This measure provided that during the pendency of the present state of war it shall be unlawful for any person to print or publish in German, or any language other than English, any comments respecting the Government of the United States, its policies, the conduct of the war, and so forth, without printing or publishing in a column parallel to such matter a true and complete translation of the same in the English language. The bill was referred to the Judiciary Committee and has received some consideration at the hands of some of the members of that committee, but it has not yet been reported. In my opinion it is not improper to offer as an amendment to the measure now being considered the bill just referred to, but amended in the particulars shown in the proposed amendment just tendered. It has been suggested to me by a distinguished Senator that a number of newspapers, printed and published in this country and in the languages of certain foreign nations, are loyal to the United States and are doing everything within their power to aid our Government in winning the war in which it is engaged. The thought was expressed that it might be unwise, and perhaps unjust, to require these loyal newspapers to conform to the provisions of the bill as introduced. I have ascertained that there are some newspapers printed in Italian, French, and other for-

ign languages whose devotion to our country and to the cause which it and the nations with which our country is cooperating can not be challenged. However, it is well known that there are newspapers printed and published in the German language that are disloyal, traitorous, and treasonable. Under the circumstances, I have concluded not to offer the original bill as an amendment to the pending measure, but to so change and alter the same that its terms and provisions will apply only to newspapers printed and published in the German language. It will be observed that the amendment offered does not prohibit the publication of newspapers which may be printed in the German language. It only requires that newspapers printed or published in that language shall, if they contain any comments respecting our Government (or the Governments of the nations cooperating with us in the war), or its policies, international relations, or the state or conduct of the war, or in any matter relating thereto, publish in a column parallel thereto a true and complete translation of the same in the English language.

I have received a large number of communications from American citizens, both native born and some who were born in Germany, insisting that there should be some legislation to curb the activities of the German press of this country. My attention has been repeatedly called to the disloyal utterances of some of the German newspapers of the United States. Protests have been forwarded to me against what has been denominated the laxity of the Federal Government in dealing with newspapers engaged in traitorous and disloyal conduct. I have received communications criticizing the Department of Justice and the Post Office Department for permitting certain foreign publications, particularly German newspapers, to be published or transmitted through the mails. The loyal people of this Nation are opposed to these vipers that exist in our midst, those newspapers that preach treason and disloyalty and that seek in every possible way to spread discontent and sedition among the people. It can be said in passing that the American press has been loyal to our Nation and has rendered patriotic service in this stupendous war. Indeed, it has been an apostle of liberty, and with clear vision has seen the great issues involved in this mighty conflict. It is regrettable that any newspaper that has opposed our country, its aims and its great purpose to defend its honor and the rights of American citizens and preserve the civilization of the age, should receive sufficient support in our country to live for a day. And it must be a matter of sincere regret to those loyal citizens of our country who were born in Germany, or who are the descendants of German parents, to know that there are German newspapers published in the United States that sympathize with the enemy of our country and give aid and comfort to Prussian militarism in its efforts to dominate the world to destroy democracy and conquer this Nation. The situation requires some legislation. These sinister and disloyal newspapers ought not to be permitted to continue their nefarious work. They are seeking in every possible way to oppose the laws of our country, to obstruct the Nation in the prosecution of the war, and to excite the animosity of the American people against some, if not all, of the nations that are joined with us in the conflict with Germany.

It is suggested by the Senator upon my left [Mr. POMERENE] that this intriguing and corroding press seek to lead astray, and do lead astray, many good people who otherwise would be loyal to our country.

Mr. President, there can be no question but that some of the German newspapers of this country have in a treacherous and subtle way attempted to misrepresent the attitude of our country, to place a false construction upon its activities and its motives in entering the war. Comparisons have been instituted between this Nation and Germany, to the disadvantage of our own country. It is incomprehensible to me how men who left Germany to seek a home in this free Republic, and who have enjoyed the blessings of liberty found under our flag, could so far forget their obligations to this Nation as to treacherously assail it when it is wantonly and wickedly assaulted by the nation from which they voluntarily departed. There can be no divided allegiance. Those who have sought refuge under this flag and who have sworn allegiance to this Government must be loyal to it and to its institutions. There is no place in this Republic for traitors or for those who in this hour of stress and at a time when this Nation is carrying the standard of liberty and protecting the Constitution and the flag and the rights of American citizens, as well as the great principles of justice, the triumph of which is imperative if civilization shall endure, fail to give loyal support and render undivided allegiance to our country, its institutions, and the flag. There should be no field for newspapers, no matter the language in which they may be printed or published, that assail our Government, question its motives, denounce its policies, seek to



prevent the execution of its laws, and insidiously attempt to alienate the people from the Government and to sap the very foundations of loyalty and of duty. Newspapers engaged in such disloyal and treasonable activities should be suppressed.

I have received many communications urging that a law be passed providing that no newspaper shall be published in this country during the period of the war except in the English language. There is very much to be said in favor of a proposition of that kind, but I am not in favor of a measure so drastic as that. Indeed, I do not think it would be wise or just; but it does seem to me that no one could seriously object to the amendment which I have offered to the pending bill. I appeal to the chairman who has the bill in charge not to oppose it, because it is in consonance with the spirit of the measure which he has championed with so much ability upon the floor of the Senate.

Mr. FLETCHER. Mr. President, I will ask the Senator if he is satisfied that it is not now within the power of the Postmaster General to control such matter? Does he really need the legislation in order to give him the proper authority?

Mr. KING. Mr. President, in reply to the Senator, I will say that as I understand the situation there is now no law to cover cases of this character. Indeed, the Postmaster General, to whom a copy of the bill was referred, stated to me yesterday that he approved of its terms and purpose.

I might say that this bill was referred to the Department of Justice, and was carefully reviewed there by some of the officials employed in that department; and I have a report in which it is stated that the bill is unobjectionable and within the constitutional power of Congress. As I said a moment ago, it is in consonance with the spirit of the act under consideration, and I see no reason why the amendment should not be accepted.

Mr. VARDAMAN. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Mississippi?

Mr. KING. I do.

Mr. VARDAMAN. Personally I have no objection whatever to this amendment. The things it prohibits I detest, and its purpose is entirely in accord with my own feelings. While I believe in freedom of speech, independence of thought, and liberty of the press, I am very much opposed to anything that savors of treachery or sedition. It is my judgment that the matters treated in this amendment are fully covered in the espionage bill, and that the power and authority of the Postmaster General has been exercised along these lines. Really I think the end to be served has been reached by legislation heretofore enacted.

Mr. President, this bill was constructed by the subcommittee with the assistance of representatives from four departments of the executive branch of the Government. The Secretary of the Treasury was with us and contributed his wise and sagacious suggestions. The Secretary of Commerce, with his ripe experience in matters of legislation, also contributed to the construction of the measure. The attorneys from the Department of Justice and a representative from the Department of State were also there. We labored assiduously for weeks upon this bill and endeavored to cover every phase and meet every condition or contingency that might arise. We had the advantage of the bill passed by the House with the ripe thought and mature consideration of that distinguished body.

There is a clearly defined policy which we pursued in the construction of this bill preserving all the way through as far as possible order and symmetry so as to make it easy of administration or execution.

After it was finished I was rather proud of the work that somebody else had accomplished, with myself trailing along. I wish that it might pass the Senate as it came from the committee, free from all irrelevant and impertinent amendments. Now, with reference to the amendment proposed by the able Senator from Utah [Mr. KING], after conferring with my colleagues on the committee, the learned Senator from Louisiana [Mr. RANDELL] and the able chairman of the Commerce Committee [Mr. FLETCHER], I am authorized to state that we have no objections to the proposed amendment, but it strikes me that this bill is not the proper place for it. I am very sure if the Chief Executive had felt that legislation of this character was necessary upon this bill the direct representatives of the President, who were with us during the entire time devoted to deliberations upon the bill, would have called attention to it.

As I said in the beginning, I am not going to oppose the amendment if Senators think it necessary that it should be ingrafted upon the bill. If they think that an evil exists which ought to be corrected, I am perfectly willing that it shall become a part of this measure. The abuses condemned by the amendment I most heartily condemn. The license which

it prohibits I would like also to see prohibited. It has just been suggested to me that there are some very loyal Americans who read the German papers, and if you are going to prohibit the printing of a newspaper in a foreign language it might be well to make it embrace other foreign languages. As a matter of fact, Mr. President, it is not the language but the seditious thought or idea itself that ought to be prohibited. But, I repeat, I have no objection to the amendment at all, and if the Senator who proposes it shall insist upon its adoption I shall not vote against it.

Mr. KING. Mr. President, just a word in reply to the distinguished Senator from Mississippi.

There is apparent justice in the position of the Senator—that if Congress prohibits the printing of newspapers other than in the English language, the prohibition ought to be general and not limited to the German press. As I suggested a moment ago, the bill as originally drawn extended to all newspapers not printed in the English language; but out of deference to the suggestions made by Senators that there were a number of newspapers published in the United States in the Bohemian, in the French, in the Italian, and in other languages, which are loyal, and which take the same view that our country takes respecting the great issues and questions now before the world, I concluded, in offering this amendment, to limit its operations to the newspapers published in the German language. Some of the newspapers printed in the German language are a menace to the peace of the people and are filled with disloyal, treasonable utterances. These publications are the ones sought out by this amendment.

Just one other observation. The amendment is not as broad as the Senator intimates. It does not prevent the publication of newspapers in the German language. The object of the amendment and its express provisions are that newspapers printed in the German language, when they comment upon our Government and the nations cooperating with it and its foreign affairs, the conduct of the war, and those questions that are cognate to the war, there shall be published in the English language in parallel columns a true and complete translation of what is published in the German language.

That certainly works no great hardship. It enables those having charge of the Post Office Department readily to discover whether there is anything treasonable and disloyal in the publication. It enables loyal citizens residing in the neighborhood where these papers have circulation to detect more quickly and more readily any disloyal utterances. Unquestionably this requirement will prove a deterrent to subtle and traitorous utterances, and lead to greater moderation and decency upon the part of the proprietors and publishers of the newspapers in question.

So it seems to me there can be no objection whatever to this amendment other than that it is offered to a bill which, technically speaking, relates to a different subject.

Mr. POMERENE. Mr. President, may I suggest to the Senator this thought: If these German-language papers will publish their comments on these subjects in the English language and they are loyal to the Government and the Army and the Navy, it will relieve them of a great deal of the consequence of the prejudice which now exists toward them.

Mr. KING. No doubt the suggestion of the Senator from Ohio is correct.

Mr. President, I do not care to take up further time in the presentation of this matter. It seems to me there can be no valid objection to the adoption of this amendment. I have here a number of letters, statements, and excerpts from editorials. I desire to insert only a few of them in the RECORD as a part of my remarks. In some instances I shall omit printing the name of the writer.

The VICE PRESIDENT. Without objection, it is so ordered. The matter referred to is as follows:

AUGUST 15, 1917.

Hon. W. H. KING,  
United States Senator, of Utah, Washington, D. C.

SIR: Your wise bill introduced to the United States Senate regarding the foreign-language papers impressed me greatly.

Permit me to suggest that in my estimation the bill should include also attacks on the allies of the United States, because they are fighting for a common cause, and any attack upon the allies should be classed as an attack upon the United States.

The publicity traitors in any language under the influence of the German propaganda must stop using ink poison against the liberty of this country.

There is a Greek daily paper published in New York City, the Atlantis, which, while not daring to attack directly the United States, is attacking with venomous language the allies as "brigands and pirates," and consequently poisoning the minds of many of its readers otherwise faithful to this country, and preventing them from enlisting in the United States Army and Navy.

Respectfully,



AUGUST 14, 1917.

DEAR SENATOR: Why not compel supporters of the enemy-language newspapers to pay for the privilege of keeping up their alien affection? That all such enemy-language newspapers, magazines, pamphlets, or other publications shall issue and be published only under dispensation of a Federal license, and that every such newspaper, magazine, pamphlet, or other publication shall pay an additional tax of 5 cents for each copy circulated, sold, or given away, the number so sold, circulated, or given away to be determined by a counting machine supplied by the proprietor that shall count, stamp, and serially number each copy, tallied by an agent of the Federal Government, who shall collect and be paid the whole amount of the tax so determined, and be paid before such enemy-language newspaper, magazine, pamphlet, or other publication shall be issued for circulation.

Such are my sentiments.

Very truly, yours,

[Editorial from the Cincinnati Times-Star, July 7, 1917.]

IF THIS BE LOYALTY, MAKE THE MOST OF IT.

In the July number of the Atlantic Monthly Frank Perry Olds has an article on "The Disloyalty of the German-American Press." He shows that this form of journalism conveys in the language of an enemy of the United States propaganda that is thinly veiled treason. It complies with the letter of the law, perhaps, but it is written in the spirit that emanates from Berlin. In Cincinnati, Milwaukee, Cleveland, St. Louis, Baltimore, and other cities that possess newspapers published in this alien language everything is done this side a statutory offense to enlist sympathy for the enemy. And unless translations are made in the press printed in English the great mass of people in a community do not know of the propaganda that is being carried on.

The German-American press has protested its loyalty. It claims its right to hope for a separate peace between Russia and Germany, and still be loyally American. It criticizes Kerensky for initiating an offensive in Galicia. It always has a kind word for the Kaiser and never a good word for the President of the United States. Perhaps this is loyalty. If it is, it is of the order displayed by two men at the zoo on Thursday night. Under the leadership of Nahan Franko the summer orchestra arose and began the playing of "America." Immediately the entire audience in front of the clubhouse responded and men reverently uncovered their heads. The diners on the upper veranda also arose and stood attention above the red-covered table lights. The incident was so spontaneous that the words "My country, 'tis of thee," automatically came to the lips. But in the forefront of the lower veranda two men remained seated, their hats upon their heads. One was the city editor of a local German-American newspaper.

And yet he had violated no law.

[From the Cincinnati Post, May 4, 1917.]

BRITISH "LUCKY"—GERMANS WILL TREAT 'EM NICE.

One of the fine points of the German character is that the Germans are so merciful and moderate when they are victorious.

The Volksblatt, Cincinnati German newspaper, says so.

It may be thought by some the Volksblatt is joking, but it is not.

It says, in fact, the Germans are so kind that when our allies, the British, are defeated they will be lucky in being at the mercy of such a magnanimous people.

The Volksblatt points out that while the Germans have lost 1,300,000 in dead, they have made the loss good with 2,000,000 new men, thus overcoming the British strategy, which is trying to beat the Germans by attrition.

In its efforts to exhaust the Germans, asserts the Volksblatt, the British Army will itself be exhausted, so that "finally it will be thrown on the mercy of the Germans—a lucky thing for the British, because moderation in time of victory is one of the fine characteristics of the Germans."

So speaks the Volksblatt.

[From the New York Times, Aug. 19, 1917.]

PRO-GERMAN PAPERS UNDER CLOSE WATCH—GOVERNMENT INVESTIGATORS LOOKING AFTER ANTI-AMERICAN UTTERANCES IN MANY QUARTERS—SOME MAY BE SUPPRESSED—SECTIONS OF ESPIONAGE ACT TO BE INVOKED IN CHECKING ATTACKS UPON THIS COUNTRY'S WELFARE.

An official of the United States Government who is now engaged in an investigation of certain anti-American and pro-German pamphlets and weekly newspapers printed in this part of the country said yesterday that one result of the investigation has been to prove to him that not only are the persons identified with this propaganda laboring in the interests of the enemies of the United States but that in a majority of cases they are also working to bring about in the United States such a condition of affairs as the so-called soldiers' and workmen's council sought to bring about in Russia. Within the past few weeks some of these publications have assumed a pro-German attitude even more violent than before the United States declared war on Germany.

For weeks past the Post Office and Department of Justice inspection services have been keeping a close watch on the circulation of these anti-American publications, so far as the mail is concerned, and among the possibilities of the near future is the suppression of at least some of the more violent of these papers and pamphlets. The country-wide investigation now under way is being made under the authority of section 3 of title 1 and sections 1, 2, and 3 of title 12 of the espionage act, which was signed by President Wilson on June 15 last.

The principal objects sought by those responsible for the circulation in this country of these pro-German, anti-American newspapers, pamphlets, and circulars are:

First. To stir up trouble between the United States and Great Britain by circulating statements that England brought about the present war; that England is really an enemy and not an ally of the United States; and printing cartoons and drawings, the purpose of which is to create in the minds of the people of the country the impression that President Wilson and other high officials of the Government are tools of the British Government, exploited for the selfish purposes of Great Britain.

Second. To spread broadcast the statement that the United States went to war in order to save the fortunes of certain rich men and of various corporations engaged in the manufacture of munitions of war, and that President Wilson willfully and knowingly uttered an untruth when he said that the United States went to war "to make the world safe for democracy."

Third. To instigate all the trouble possible between American employers of labor and their employees and to make the laboring people

believe that they are being exploited in this war in behalf of the corporations and men of great wealth.

Fourth. To embitter the Irish-American population against the United States Government and endeavor to make them believe that President Wilson favors harsh measures in the handling of the Irish problem, this part of the propaganda being in charge of certain Irishmen who long ago left Ireland to make war on England from the United States.

Fifth. To agitate in all parts of the country in favor of a peace such as Germany favors and against which President Wilson, Lloyd George, and other entente statesmen have time and again warned the peoples of the allied countries.

Sixth. To create the impression that American newspapers, while ostensibly owned by Americans are, in fact, owned by Englishmen and that the policies of these papers are secretly dictated by the British Government.

FIGHTS GERMAN PROPAGANDA—ASKS LOYAL GERMAN-AMERICANS TO OPPOSE ENEMY ACTIVITIES.

To the EDITOR OF THE EVENING SUN.

SIR: Believing that this is a good time for citizens who were born in Germany but have adopted this country as their own to learn to speak and read English, I have accepted the secretaryship of the Pro-American Society, the object of which is to enroll men who, like myself, are of German parentage—or perhaps of German birth—in a movement that has for its object the doing away with the German-printed papers during the present war with Germany.

This society is making no attack on patriotic men and women who, although of German birth, are loyally supporting America and her allies. But this society does propose to attack with all possible strength those who are working day and night against this Government. The German papers are, in the main, against America, and they are secretly encouraging disloyalty. In addition to this, the German papers are being used in a dangerous secret propaganda which unquestionably is being financed in Berlin. Poor fools who read only the German papers are being used and led into doing things that are unquestionably disloyal and that will eventually lead them into trouble with this Government and its citizens.

I realize that perhaps I am going to run some risks personally, and I know that I am going to be put to some annoyance in accepting the secretaryship of such a society, but it is about time that something was done, and some one has to do it.

Will not all those of German birth or parentage, or others who believe in a movement to have the German papers printed in English, at least during the war, send their names and addresses and any expression of opinion that they may care to give to me? If it is so wished, I will guarantee that the names will be held in strict confidence.

HARRY A. SCHENDEL,

Secretary of the Pro-American Society.

[From the Detroit Free Press, Aug. 25, 1917.]

THE MENACE OF THE GERMAN PRESS.

A German Lutheran minister who has become a genuine American has written an instructive communication to the New York Times on the general situation among people of his nationality in the United States; and in the course of it he declares that the greatest single menace to true Americanism is the German press throughout this country.

"The German papers are not printed for the benefit of America but rather for the benefit of Germany," he says. "The German press may be considered the high priestess of the most rabid German 'kultur.' The glorification of Germany seems to be the only excuse for the publication of these sheets. They have championed Germany's cause with the greatest fanaticism. There are things expressed in those papers which would not be tolerated if any man dared to utter them on the street. The unanimity of these papers is another remarkable thing. In Germany not all the papers are agreed with regard to everything the Government may do, but these German papers in America are always in full and hearty accord with the Kaiser and his minions. Some of the German editors in Germany who have dared to give America some little credit and justice have been savagely attacked by the German press of America. The German-American press seems to be representative of the junkers. Perhaps it receives a subsidy directly from Berlin."

We have quoted at length because the situation in the United States with regard to the German press is really a serious one, and because the statement of the man quoted may be considered the expression of a person in thorough and intimate touch with his subject. His suspicion that the German papers may be subsidized by Berlin is quite conceivably accurate with respect to a part of them, and the unanimity of sentiment he notes—and this unanimity may be verified by anyone taking the trouble to keep even a cursory run of editorial utterances—is to be naturally interpreted in only one way, as evidence of a combine for the manufacture of pro-German sentiment, engineered by some central agency. The propaganda of these publications, sometimes insidious and difficult to put into tangible form in a translation and not always apparent to the chance reader unacquainted with all the contexts and antecedents, is universally inimical to the best interests of America, antagonistic to the Government war policies, and distinctly designed to be subversive of patriotism, conducive to sedition, and obstructive of a clear understanding of conditions by readers. There is distortion of news, confusion of issues, misrepresentation of facts. There is veiled exultation over every report of Teutonic success, and there are efforts to discredit every entente report of victory. In every way possible aid and comfort are provided the enemy.

So far the Teutonic propagandists have been allowed to travel their road about as they pleased. Little effort has been made to curb them. But it is a grave question whether the United States and its people can afford to continue this tolerance indefinitely, particularly as there are indications even in Congress that it is by no means losing ground. The agitation being carried on is in its character very like the agitation that has been conducted in Russia by the German agents. The methods of operation in the two countries have points of striking similarity. In Russia the effect has been most disastrous, and the end is not yet. In the United States the injuries inflicted are in no case immediately dangerous, but the possibilities are serious. For even though the Nation is sound, even though it can withstand with comparative impunity a good many attacks on its essential solidarity, the most robust physique can not be wholly impregnable or indifferent to pernicious germs unless something is done to nullify their effect. The Nation has been indifferent to the insidious poison of the German-American press within its borders about as long as is safe or comfortable. It is high time the Government took effective measures of some sort to insure a cessation of its activities.



[From the Milwaukee Journal, Aug. 25, 1917.]

# GERMANY EXPECTS AID HERE.

"One thing is as sure as the foundations of the Washington Capitol: America will be able neither to collect nor to send next year the gigantic armies of which the allies dream. If we hold out through just this one more winter, the worthlessness of American help must be revealed."

In these words the Cologne Gazette, a semi-official newspaper, attempts to convince its readers that America's part in the war will be practically negligible. It may be that this German newspaper believes what it says. It may believe what the Cologne Zeitung said last June:

"Our best allies will be now, as formerly, the German-Americans, whose duty has been to explain to the grossly ignorant in America the true German position. \* \* \* We may count on it that our compatriots will once again be at their post."

In other words, just as Germany believed the representations that German newspapers and German societies in the United States would prevent our Government from resenting the German Government's ruthless crimes against us, no matter how far it went, so now belief is expressed in Germany that American citizens of German extraction, "our compatriots," the Cologne Zeitung calls them, will paralyze America's arm and cause her to be puerile and contemptible in the war that has been forced upon her.

Germany will have a rude awakening. In the first place, America will fight hard and effectively. In the second place, any body of citizens that try to hamstring Uncle Sam will find that he is alert and watchful and not slow to punish. In the third place, the great body of Americans of German extraction are too loyal and too sensible to aid their country's foe.

That German agitators here, as well as German newspapers and German societies wearing the mask of pacifism, are doing their utmost to help Germany by weakening America there is, of course, no doubt. In every case, however, the first overt act will be followed with arrest and punishment. Meanwhile the sooner loyal citizens separate themselves from those who preach sedition and plot treason the better it will be for them and for the country—and particularly for them.

KEEPING THE GERMAN IMMIGRANT AN ALIEN—INFLUENCES WHICH MAKE HIM MORE FOND OF AN IDEALIZED GERMANY AND DISCONTENTED WITH A MISREPRESENTED AMERICA.

[By a German Lutheran pastor.]

ONBOW, ME., August 10, 1917.

To the EDITOR OF THE NEW YORK TIMES:

Among the many letters which my article, "Why the immigrant remains an alien" (printed in your issue of June 24), has brought me from various parts of the country, one written in the South seems worthy of reproduction in your columns. In response to my request for permission to publish it the writer, a Lutheran pastor, in granting that permission, says: "If the use of my name will do any good, I believe it would be foolish to mention it. I have been obliged to resign from one congregation owing to American sympathies, and the very small congregation that I have left is composed entirely of strong pro-German people, as is also the entire conference in [my State] so that you will understand that my position is rather difficult."

The Rev. ——— advocates the suppression of the German-language press. Surely he is in a position to gauge its pernicious influence.

C. F. GOODRICH.

[The letter.]

DEAR SIR: I had the pleasure to read your article \* \* \* "Why the Stranger in Our Gates Remains an Alien." As I am and always was deeply interested in this question, I am very glad to see that you have seen the importance of this problem and devoted some serious thought of it. I sincerely hope that you will continue the good work to bring Americans to a better understanding of the status of the foreigner among us. But if you will kindly permit me, I would like to make a few suggestions, not, indeed, in a spirit of carping criticism, but, rather, in a friendly spirit of cooperation. You see, my dear Admiral, I have always had exceptional opportunity to study this matter. In the first place, I myself am of pure German descent and know German better than English. I have never attended public school, but have received my entire education at German institutions (in the United States). In the second place, I have come in close social contact with those people of whom you speak, being well acquainted with thousands of Germans, as I was traveling missionary and explorer for the German Lutheran Church for a number of strenuous years. In fact, all my friends and nearly all my acquaintances are pro-German. At present I am pastor of a Lutheran church.

Answering the question: Why does the German remain a German in our midst? I would begin to point out that the attitude of the American public toward the foreigner is not correct in several respects.

In the first place, not enough attention is paid to him by real, honest, and patriotic Americans and too much attention is paid him by Germans. It may be that his first experience with "Americans" is with land agents or other rather unscrupulous business people. It is very often that the first impression he receives of America is very bad. Furthermore, all naturalized citizens need to be educated in regard to the real American spirit, etc. Very many never receive such education, no matter how long they live here. An immigrant from Germany will call himself a "German" even if he has become a full citizen of the United States. This is wrong. He is no German any more. If he is, who then is an American? Most people of German birth or descent in the United States will call themselves Germans in distinction from Americans. It is their usual way of speaking. But instead of telling them their error, most of their English-speaking neighbors adopt the same manner of speech. In the past it was also expected of everyone who had the slightest trace of German blood in his veins to sympathize deeply with Germany and to defend all acts of the Kaiser.

I have been against Germany from the very beginning of the war because my conscience compelled me to. For this reason, I have been despised both by English and by German acquaintances.

Even a man like Bryan stated publicly that all those of German extraction would disgrace themselves if they stood against Germany. This idea has been expressed not only by some very prominent men, but also by many widely read newspapers. It shows plainly how little thought is given to the foreigner among us. He should be taught to feel himself one of us and not to be strengthened and confirmed in his racial preference; besides, it is an unwarranted assumption that every person whose forefathers or who himself did not consider Germany a fit place to live in should to the end of his days endorse every wickedness that the German, Austrian, Bulgarian, and Turkish Governments may perpetrate. If George Washington thought that "blood is thicker than water," this did not keep him from putting justice and liberty above any real or imagined consanguinity. He is not condemned for doing this, but the few

Americans of German descent who have dared to stand up for the same thing for which we as a Nation are now fighting, have been reproached and looked upon as traitors to their race, not only by pro-Germans but also by very many who agreed with them. Such narrow-minded men have done Germany a great favor.

You put considerable emphasis on the importance of the English language as an agent to make Americans out of foreigners. I admit that it is of importance, but how many Americans of German descent can not read and speak English? You will find very few indeed. Most immigrants learn English very quickly. It is not the German language, but rather the German spirit, which keeps many from ever becoming Americanized. I could prove this by many striking instances. I have found many fanatic pro-Germans who could not read German at all and who spoke it so faultily that they were ashamed to speak German in my presence at all.

What has caused most Germans to leave Germany who are now American citizens? I do not believe that there is one among a thousand that has emigrated on account of dissatisfaction with the German Government during the last 40 years. Before that time it was different. Now and then you may meet an aged German who really came to America in quest of freedom, but it is extremely seldom that you will hear the slightest criticism from any former German subject of German political or economic conditions. Even those who may have been dissatisfied with Germany at one time will gradually become reconciled after they have lived among us for some time. They forget the bad side of Germany and remember only the good. This is largely due to the influence of the German propaganda in this country. The very great majority, however, has not left Germany at all owing to serious dissatisfaction. Most immigrants are young people. They did not consider carefully the seriousness of the step they were taking. It does not enter their minds at all that they must cease to be Germans in order to become Americans.

The whole thing is little else than a mere business proposition or a kind of adventure. Most of them have curious wrong notions of America. The general belief seems to be that a person can quickly get rich here. A great many of these people are of the poorest and lowest class. They never took much interest in politics in Germany, and you will even find many who never read a newspaper regularly in Germany. Therefore you will find a remarkable lack of knowledge among the Germans in America in regard to German conditions. They generally come to America with rosy, extravagant hopes. It is natural that most of them are therefore seriously disappointed. Nearly all of them begin to read a German paper regularly and are soon astounded at the wickedness of America. Such things, they will tell you, never happened in Germany. They read of political scandals, attacks on the President and other prominent men, and quickly come to the conclusion that everything is humbug in this country; that there is no honesty among our officials, etc. It is a very difficult process for a real German to become an American. The difference is too great, too fundamental. He is used to seeing all officials treated with great respect. He despises our officials because they are not treated with the respect which would be their due in Germany. He is accustomed to pomp and ceremony, to rigid enforcement of every law, etc. He does not understand and appreciate our liberty but considers it as a kind of weakness of the Government and a lack of order.

He will also find very little to admire from his point of view in the manner of living, the family life, the customs, etc., of his American neighbors. He continually draws comparisons between German and American conditions, and all these strengthen him in his belief of the superiority of Germany, even though very many of these comparisons are outrageously unjust. He is homesick for Germany, where he spent the best part of his life, his early youth. Many never lose this homesickness, no matter how long they have lived here. All this results in making even a better German out of the immigrant than he was when he landed on our shores. At least this is the result in many instances.

A most powerful agent to achieve this end is the German press in America. I consider it the greatest single menace to true Americanism existing. The German papers are not printed for the benefit of America, but rather for the benefit of Germany. The German press may be considered as the high priestess of the most rabid German "Kultur." The glorification of Germany seems to be the only excuse for the publication of these sheets. They have championed Germany's cause with the greatest fanaticism. Even now they show an undisguised deep sympathy for Germany and an implacable hatred against some of our allies. The men connected with these papers are sometimes unnaturalized German subjects, or at least men who are not even touched with the true American spirit. Do you think that our Government ought to allow open enemies of America to publish their seditious ideas openly in their newspapers?

There were things expressed in these papers which would not be tolerated if any man dared to utter them on the street. The unanimity of these papers is another remarkable thing. In Germany not all papers are agreed with everything the Government may do, but these German papers in America are always in full and hearty accord with the Kaiser and his minions. Thus the German-American press is really more German than many papers in Germany. Some of the German editors in Germany who dared to give America some little credit and justice have been savagely attacked by the German press of America. The German-American press seems to be representative of the Junkers. Perhaps it receives a subsidy directly from Berlin. I believe these papers ought to be suppressed during our war with Germany. No other nation would tolerate them. They are a danger and continual insult to us. It is not enough to censor them. They would laugh at a censorship. You can not censor the right spirit into a publication. It would also be difficult to find censors who are willing and able to do this work conscientiously. A casual reader of the German papers may find little to object to, while a person who can read between the lines will be prompted to tear the miserable sheet into pieces. I ask you, my dear sir, to use your influence to the suppression of this powerful weapon of Germany among us.

Why does the alien in our gates remain a stranger? Is it remarkable if he does when he finds a little Germany prepared for him here in America? He probably meets his German friends or the representatives of German organizations on the dock where he lands. He is led to a German hotel, settles in a German community, reads a German paper, joins German societies and churches, his children go to German schools, all the friends are Germans, they sing their German patriotic hymns with great enthusiasm, have their German festivals, and associate as little with "Americans" as possible.

The most important thing which ought to be suppressed is the German press. It is the link between Germany and German-America. It educates the readers never to forget their German Fatherland, but to love and adore it more and more and incidentally to think little of America.

Very respectfully,



IN THE GERMAN WAY—WOULD THE GERMAN PRESS OBJECT TO CENSORSHIP  
AS APPLIED IN ALSACE?

BROOKLYN, N. Y., August 16, 1917.

To the EDITOR OF THE NEW YORK TIMES:

Is it possible that our President hesitates to stop the printing of newspapers in German, or at least have the German papers issued both in the English language and their own, just the same as the Kaiser compels all newspapers in Alsace-Lorraine to be published in French and German or German only?

As a former employee of the Journal d'Alsace, in Strasbourg, I remember having gone every day with a copy of that paper to the "Polizei Kommissar" to have his approval before putting the papers through the press for publication, and very often some articles praising some French individual did not suit his "Excellenz," and either we had to rewrite it or he suppressed it.

We ought to give the German Kultur a dose of its own medicine and compel the German editors to have their issues understood by everybody.

M. TREBOR.

PRO-AMERICAN SOCIETY,  
New York City, N. Y., August 25, 1917.

HON. WILLIAM H. KING,  
United States Senate, Washington, D. C.

MY DEAR MR. KING: We have been given to understand that you are in sympathy with a movement to force the German papers to print in English during the war.

The inclosed clipping will explain the object of our society.

We are endeavoring to establish branches in every city where there is a German paper, and we are communicating with people who advertise in German papers that their advertising in these papers is unpatriotic. We are also asking those who sympathize with the movement to address their Congressman, as there may eventually be Federal action.

As much as possible we are asking German born and citizens of German parentage to take the public initiative, as we believe in this way that we will encourage loyalty among those of Teutonic origin.

At the present time we do not believe in having dues, as we do not want the people to feel that there is any expense connected with the society. However, where there is any inclination to give voluntary contributions unsolicited they will be gratefully received, as so far the expenses have been borne by a comparative few.

Very truly, yours,

HARRY A. SCHENDEL, Secretary.

P. S.—Every officer of this society is either of German birth or parentage.

[From the Cincinnati Times-Star, July 13, 1917.]

GERMAN PAPERS MAY BE COMPELLED TO PUBLISH ENGLISH TRANSLATIONS—PROPOSED ORDINANCE IN THAT CONNECTION IS PREPARED—PROVIDES A PENALTY FOR FAILURE OF PUBLICATIONS TO CARRY THEM SIDE BY SIDE.

An ordinance designed to unfold to the English-speaking residents of Cincinnati the news and comments as printed in the German newspapers of the city has been prepared by Attorney Henry K. Gibson and submitted to Councilman Charles O. Rose, of the second ward. It would compel by law all publishers of newspapers, periodicals, and pamphlets printed in the language of an enemy to the United States to print alongside their matter, word for word, translations in the English language, all of which would be vouched for in sworn statements by the publisher of each newspaper. Attorney Gibson's letter to Councilman Rose follows:

DISLOYAL SENTIMENTS.

"You will please find herewith an ordinance which I have prepared, and I respectfully request that you introduce it in the city council of Cincinnati. Accompanying the ordinance are also copies of translations from local German papers, which have recently appeared in the Cincinnati Post and Cincinnati Times-Star, and which translations are self-explanatory; also an editorial from the Times-Star of the issue of July 7, 1917.

"I wish to respectfully suggest to you and your fellow councilmen that the passage of this ordinance would do a great deal toward showing the people of the United States that Cincinnati is always to be found in the vanguard of patriotic expression and accomplishment, even though a large percentage of her population is of German descent. I also feel certain that thousands of our good citizens of German parentage will be found to be in complete sympathy with this ordinance, for the disloyal sentiments which have appeared in the German-American press of Cincinnati should not by any means be taken as an expression of any large percentage of our citizens.

"If we must have American citizens in this city who are so unpatriotic and impudent as to publish disloyal editorials, let us at least have their sentiments printed in the English language, so that all may read.

"It is quite possible that code messages to German spies are carried, or can be carried, in these German newspapers published here in our city.

"It may possibly be suggested that this ordinance is illegal. To such a suggestion my reply is that it is valid under the police power given to municipalities and as a war measure.

"Furthermore, I would suggest that council pass the ordinance and, if there is any question as to its legality, let our courts decide the question."

PENALTY PRESCRIBED.

The ordinance is as follows:

"Whereas the United States is now at war with a foreign power; and  
"Whereas certain newspapers and periodicals are being published and circulated in the city of Cincinnati, which newspapers and periodicals are printed in the official, common, and recognized language of the public enemy; and  
"Whereas it is essential for the preservation of the internal peace and welfare of the city of Cincinnati and for the information of its citizens to require English translations to be printed with and in said newspapers and periodicals printed in the language of the common enemy: Now, therefore, be it

"Ordained by the Council of the City of Cincinnati, Ohio:

"SECTION 1. It shall be unlawful to publish, print, or circulate in the city of Cincinnati any newspaper, periodical, or pamphlet printed in the language of the public enemy of the United States without correct, complete, authentic, and certified English translations of all news and editorial columns in said newspapers, periodicals, and pamphlets.

"SEC. 2. That said English translation must be printed side by side with the columns printed in the language of the public enemy for which the translation is made.

"SEC. 3. The managing editor or proprietor, or person publishing any of the said newspapers, periodicals, or pamphlets shall, in each issue or publication thereof, make a sworn statement under oath that the English translation is complete in every particular and true in every respect.

"SEC. 4. Any violation of any of the foregoing sections shall be deemed a misdemeanor, and on conviction thereof in the municipal court of Cincinnati any violator shall be fined a sum of not less than \$500 for the first offense and for a second offense shall be fined not less than \$100 nor more than \$500 and imprisoned in the city workhouse not longer than 60 days, or both, in the discretion of the court.

"SEC. 5. The provisions of this ordinance shall take effect from and after the earliest period allowed by law and shall remain in full force and effect throughout the duration of the war in which the United States is now engaged."

WOULD REQUIRE TRANSLATIONS IN ENGLISH—SENATE BILL AIMED AT GERMAN-LANGUAGE PAPERS—PROPOSED LEGISLATION IN CINCINNATI ALONG SIMILAR LINES IS RECALLED.

Cincinnati's will be interested in a news dispatch from Washington in effect that a bill has been introduced in the Senate to require German newspapers to publish their war news in both German and English. The News will recall that a bill was prepared by Attorney Henry Gibson and sent to Councilman Rose for introduction in council several weeks ago. The proposed ordinance was almost identical with the Senate bill which Senator KING, of Utah, introduced. After considerable debate upon the constitutionality of the proposed Cincinnati ordinance it was permitted to die, without ever having been introduced in council.

The Senate bill provides that all war news and "comment on international or political questions affecting the war" in German or other foreign-language newspapers should be accompanied in a parallel column with a true and correct translation in English.

"After reading the column in the Times-Star called 'Our patriotic columns' for several days," Attorney Gibson said Monday, "I feel certain that Mr. KING knows what he is doing in introducing this bill. I hope that it becomes a law."

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Utah.

The amendment was agreed to.

Mr. REED. Mr. President, it has been suggested that the language of section 20, a new section, may be so broad as to impair the obligation of contracts made pursuant to the terms of this act. I am very sure that that is not possible, that that construction can not be maintained; but in order to save any difficulty or dispute and in compliance with the request of the Senator in charge of the bill I have prepared the following amendment, which I move to add at the end of section 20:

Provided, That the obligation of contracts shall not be impaired by reason of the terms of this section.

Mr. FLETCHER. There is no objection to the amendment.

The amendment was agreed to.

The VICE PRESIDENT. If there are no further amendments as in Committee of the Whole, the bill will be reported to the Senate.

The bill was reported to the Senate as amended.

The VICE PRESIDENT. The question is on concurring in the amendments made as in Committee of the Whole, save the amendment reserved by the Senator from Connecticut [Mr. BRANDEGEE]. The amendments will be concurred in, without objection. The question is on concurring in the amendment reserved by the Senator from Connecticut. It will be concurred in, without objection. The bill is still in the Senate and open to amendment.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. MARTIN. I move that the Senate adjourn.

The motion was agreed to; and (at 5 o'clock p. m.) the Senate adjourned until to-morrow, Thursday, September 13, 1917, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES.

WEDNESDAY, September 12, 1917.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

Our God and our Father, whose sacred name is dear to the heart of every true man, the inspiration of every noble deed, help us to realize that the highest service we can render to Thee is willing and unselfish service to the interest of our fellow men.

Let Thy blessing, we beseech Thee, be upon our dear old Flag and all the sacred principles it represents, so dearly bought, so highly prized, so full of hope and promise. Let it float in triumph where'er it may go, champion of liberty, justice, and equal rights for all, and Thine shall be the praise through Jesus Christ our Lord. Amen.



The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Waldorf, its enrolling clerk, announced that the Senate had passed with amendments the bill (H. R. 3932) to prohibit the manufacture, distribution, storage, use, and possession in time of war of explosives, providing regulations for the safe manufacture, distribution, storage, use, and possession of the same, and for other purposes, in which the concurrence of the House of Representatives was requested.

The message also announced that the Senate had passed bills and resolutions of the following titles, in which the concurrence of the House of Representatives was requested:

S. 70. An act providing for an additional judge for the district of Montana;

S. 2123. An act to regulate the practice of pediatry in the District of Columbia;

S. J. Res. 99. Joint resolution authorizing and directing the Secretary of the Treasury to permit the entry of distilled spirits into bonded warehouses under bond, conditioned for the export of such distilled spirits to some foreign country within three years from the date of entry into the United States;

S. 2830. An act extending the time for the construction of a bridge across the Arkansas River between the cities of Little Rock and Argenta, Ark.;

S. 2663. An act granting the consent of Congress to the Wolf Creek Lumber Co. to maintain a bridge already constructed across Tug River;

S. J. Res. 93. Joint resolution for improving Willapa Harbor and River, Wash.;

S. 291. An act authorizing the Secretary of War to deliver to the town of Murfreesboro, Tenn., two condemned bronze or brass cannon or fieldpieces and suitable outfit of cannon balls;

S. 1546. An act to permit the use of certain refined products of petroleum as stores on steam vessels carrying passengers;

S. 1547. An act to amend section 5 of the motor-boat law approved June 9, 1910;

S. 1549. An act to require numbering and recording of undocumented vessels;

S. 2495. An act to amend section 1585 of the Revised Statutes of the United States;

S. 746. An act to provide for the appointment of a district judge in the northern and southern judicial districts in the State of Mississippi, and for other purposes;

S. 1836. An act to provide for the appointment of a district judge in the middle judicial district of the State of Tennessee, and for other purposes;

S. 1544. An act to provide for appeals from decisions of boards of local inspectors of steam vessels, and for other purposes;

S. 1545. An act to amend the act of March 3, 1913, entitled "An act to regulate the officering and manning of vessels subject to the inspection laws of the United States";

S. 2531. An act to prevent the publication of inventions by the grant of patents that might be detrimental to the public safety or convey useful information to the enemy, to stimulate invention, and provide adequate protection to owners of patents, and for other purposes;

S. 2617. An act authorizing the restoration of John T. Melvin, a lieutenant (junior grade), to the active list of the Navy;

S. 2823. An act granting the consent of Congress to the city of Elgin, Ill., to construct, maintain, and operate a bridge across the Fox River at Elgin;

S. 2134. An act to authorize the Secretary of the Interior to issue a deed to the persons hereinafter named for part of a lot in the District of Columbia;

S. 2858. An act to defray expenses incurred by officers and enlisted men of foreign armies attached to the Army of the United States;

S. 1767. An act authorizing the Secretary of War to donate to Lewisburg, Marshall County, Tenn., three brass cannon, with carriage;

S. 2495. An act to amend section 1585 of the Revised Statutes of the United States;

S. 2435. An act authorizing the counties of Itasca and Cass, Minn., to construct a bridge across the Mississippi River in said counties;

S. 2777. An act providing for the appointment of an additional circuit judge in the first and fourth judicial districts, respectively;

S. 1420. An act authorizing the Secretary of War to donate to the State of Tennessee two brass cannon, with carriage;

S. 2623. An act defining the status of citizens of the United States who have entered the military or naval services of certain countries during the existing war in Europe; and

Senate concurrent resolution 12.

Whereas the people and the Government of the United States are now engaged in the greatest war of history, which, in its determination, is fraught with great results for good or evil, not only to the people of this country, but to the people of the whole world, and which is the greatest undertaking upon which this country has ever embarked; and

Whereas this country is about to engage in preparing for war and will soon be sending abroad to the theater of war great numbers of our young men, there to take part in the sanguinary conflict and offer their lives in defense of their country's rights; and

Whereas it is in accordance with the customs and traditions of this country as a Christian Nation, and has heretofore been the practice of this country upon engaging in war, to set aside a day by official proclamation for prayer for the aid of the Almighty: Therefore be it

*Resolved by the Senate (the House of Representatives concurring),* That the President of the United States be, and he is, requested by Congress to issue a proclamation, designating a day of prayer and calling upon the people of this country on such day to assemble in their various places of worship, and there offer prayer to Almighty God for the success of our armies and victory for our cause in this great conflict.

WAR REVENUE.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table House bill 4280, known as the war-revenue bill, and move to disagree to all amendments of the Senate and agree to the conference asked.

The SPEAKER. The gentleman from North Carolina asks unanimous consent to take from the Speaker's table the war-revenue bill, disagree to all Senate amendments, and agree to the conference asked by the Senate. Is there objection?

Mr. GILLET. Reserving the right to object, Mr. Speaker, I think it might affect the action of the House on this if the gentleman would be willing to inform the House of what his program would be as to the action of the House, our meeting, and so forth, during the time the bill is in conference, if the gentleman is willing to state.

Mr. KITCHIN. I think now that the program would probably be, after the conclusion of the bill now before the House—that is, the soldiers' insurance bill—that the deficiency appropriation bill would be taken up, and after that is concluded there will be some requests, of course, for unanimous consent. But at the conclusion of these bills, while the conferees are meeting, I think the House could take a recess every three days until the conclusion of the conference.

Mr. BURNETT. Mr. Speaker, reserving the right to object, I have asked to be recognized this morning for the purpose of seeking unanimous consent, after the passage of the deficiency bill, to call up what is known as the alien slacker bill, a bill reported by the Committee on Immigration, in regard to the conscription of aliens who are citizens or subjects of a country in war in Europe. I thought it proper to give this notice now in order that gentlemen might not act on the idea that nothing else would be taken up. I might not get unanimous consent. I hope I may, because there is great demand for that bill, especially in sections of the country where there are a great many aliens who are seeking to avoid and are avoiding conscription. I merely wanted to call attention to that.

Mr. NORTON. Mr. Speaker, I would like to ask the gentleman from North Carolina how much is proposed to be raised by the present revenue bill, according to the amendments made by the Senate?

Mr. KITCHIN. The Senate experts estimate that it will raise in round numbers \$2,416,000,000.

Mr. NORTON. Two billion four hundred and sixteen million dollars?

Mr. KITCHIN. Yes.

Mr. NORTON. The House bill proposed to raise what amount?

Mr. KITCHIN. The House bill would raise \$1,868,000,000. But you will understand that was presented and passed the House before the new demand for about \$5,000,000,000 of increased revenues or appropriations were made. I would like to state to the gentleman in that connection that when we presented the bill the Treasury demands for revenue taxation were only \$1,800,000,000 in round figures, and the House passed a bill raising somewhat in excess of that amount to be sure of getting enough.

Mr. GREEN of Iowa. I might suggest to the gentleman that at that time—

Mr. KITCHIN. The bill as first reported by the Finance Committee of the Senate provided for raising approximately \$1,650,000,000. The bill was afterwards referred back to the Finance Committee, owing to the new demands. It thereafter, on August 6, reported the bill, with amendments, raising

\$2,000,000,000. But the Senate amended the bill so as to produce, according to the estimate of their report, \$2,416,000,000, some of the amendments being offered by the Finance Committee.

Mr. NORTON. I understand the general situation, I will say to the gentleman. But here is a particular point which I desire to reach—I shall endeavor to reach it by further inquiry: Will the gentleman state the amount that it is estimated will be necessary to be expended for the conduct of the war during the present fiscal year?

Mr. KITCHIN. We went into that very thoroughly on the bond bill. The total appropriations that have been already made, and that it is contemplated will be made, aggregate, in round numbers, \$19,000,000,000.

Mr. NORTON. That, of course, includes the amount which has been and is contemplated to be loaned to foreign Governments?

Mr. KITCHIN. Yes. From that you deduct \$7,000,000,000, amount loaned and to be loaned during this fiscal year to the allies.

Mr. NORTON. The amount to be expended for the conduct of the war during the present fiscal year, and for the general expenses of the Government, in round numbers, is, then, about \$12,000,000,000?

Mr. KITCHIN. Yes.

Mr. NORTON. Now, I have this in mind, that a great many people throughout the country, and I believe a large number of Members of the House, desire that the Government adopt and pursue a policy whereby a larger percentage of the amount to be expended for the conduct of the war during the present fiscal year shall be raised by taxation than \$2,416,000,000.

Mr. KITCHIN. Let me say that the gentleman does not quite understand the situation as to the amount raised. Deduct from that \$12,000,000,000, \$1,333,000,000, which according to estimates will be raised by taxation under existing law, which I think will lack several million dollars of being enough to defray the current expenses, and the \$2,000,000,000 proceeds of sale of bonds recently authorized available for expenditures of our Government; also deduct \$325,000,000 of postal expenses, that will be reimbursed by postal receipts, the \$60,000,000 of the bookkeeping account sinking fund. After deducting all these you will have left about \$8,300,000,000 for war expenses.

Mr. NORTON. According to the gentleman's estimates, there would then be about \$8,300,000,000, which would represent the amount of actual war expenses for the present fiscal year?

Mr. KITCHIN. Yes; about \$8,300,000,000 for our estimated war expenditures during this fiscal year. I think the pending revenue bill, when it gets out of conference, will in round numbers raise \$2,500,000,000, leaving about \$5,800,000,000 in round numbers to be raised hereafter, either by the issue of bonds or by additional taxation, or by both.

Mr. GARNER. Which will be considered at the regular session. Up to the present time more than 25 per cent of the war indebtedness has been proposed to be raised by taxes.

Now, when we come to issue additional bonds or raise additional money, then the question of the relative proportions will be considered.

Mr. NORTON. I had this in mind—

Mr. FORDNEY. Mr. Speaker, if gentlemen are going to extend this discussion, will they not come down in front where they can be heard?

Mr. GARNER. Let us send this bill to conference. The gentleman from North Dakota has been away, and he has come back with new information, probably.

Mr. NORTON. No; the gentleman from North Dakota has not come back with any particularly new information at all. He has, however, the same information concerning the conditions of the country that he had when he went away, and he at this time wishes again to emphasize the wisdom and sound economics of raising by taxation at least 50 per cent of the money to be expended for carrying on the war during the present fiscal year.

Mr. GARNER. This whole matter was all gone over in the bond discussion. The gentleman is asking questions that were all answered and thoroughly considered in the debate on the bond bill. It is in the CONGRESSIONAL RECORD. I was sure the gentleman had been away. That is the reason I made the remark I did.

Mr. GALLIVAN. Mr. Speaker, I should like to know what the regular order is.

The SPEAKER. The regular order is the request of the gentleman from North Carolina [Mr. KITCHIN] to take this bill from the Speaker's table, disagree to the Senate amendments, and agree to the conference asked by the Senate.

Mr. GALLIVAN. Is this dialogue in order?

The SPEAKER. Why, yes. Gentlemen have reserved the right to object, and pending that this discussion is going on by unanimous consent.

Mr. BUTLER. The gentleman can demand the regular order.

The SPEAKER. But gentleman should talk one at a time.

Mr. KITCHIN. Let me say to the gentleman from North Dakota that if he will read the report which the committee filed on the bond bill and my explanation of the bill, made when it was presented to the House, he will find all the figures set forth accurately.

Mr. NORTON. I have done that. I have those figures well in mind. I wish to make a parliamentary inquiry of the Speaker. Mr. Speaker, will it be in order, before the conferees are appointed, to move to instruct the conferees?

The SPEAKER. A motion to instruct the conferees will be in order after the House agrees to the conference and before the House conferees are appointed.

Mr. NORTON. Will it at that time be in order to instruct the conferees to amend the bill so as to raise revenue to the amount of at least 50 per cent of the amount necessary to be expended to meet the expenses of the war during the present fiscal year?

The SPEAKER. The gentleman has an absolute right to move to instruct the conferees, but the House can not instruct the conferees to act in contravention of the rules of the House.

Mr. NORTON. That is what I had in mind, that when the House bill provided for raising revenue amounting in round numbers to only \$1,868,000,000, at this time the House under the rules would be foreclosed from instructing the conferees to do what a great many in the House, I believe, desire and what a great many people throughout the country desire to have done.

The SPEAKER. You can not instruct the conferees on anything that is not a disagreement between the two Houses. That rule is over 100 years old.

Mr. NORTON. I knew that that rule existed here for a long time, but whether it was 90 years old or 125 years old I must confess I did not know.

The SPEAKER. That principle was laid down by Henry Clay on June 23, 1812, and it has been the rule of the House ever since.

Mr. KITCHIN. We can not go higher than the Senate amendments have gone or lower than the House has gone. We must go between the lower rate and the higher rate, or accept the lower or higher rate, which are in dispute.

Mr. NORTON. Then in this bill, as I understand it, the House is practically foreclosed from raising an amount of revenue much in excess of what the Senate has provided, about \$2,430,000,000.

Mr. KITCHIN. We could go higher than that by persuading, if possible, the Senate conferees to agree to put back many of the House provisions raising additional revenue which the Senate struck out. Since the Senate struck out the entire title relative to the House excess-profits tax the conferees could probably, without violating any rules, increase the rates over those in House or Senate provisions.

Mr. NORTON. That and other provisions that have been stricken out by the Senate can be reinstated and the total amount of revenue to be raised by the bill in this way increased?

Mr. KITCHIN. Yes.

Mr. NORTON. I sincerely trust that this will be done by the conferees.

Mr. FORDNEY. If the gentleman from North Carolina will permit me, the gentleman from North Dakota suggests that a greater amount of taxes be raised to carry on this war. The gentleman has forgotten that in addition to the amount provided in this bill, which will be raised if this bill is enacted into law in about its present shape, the people of the country by this bill and under existing laws previously passed will be called upon this year to raise about \$4,250,000,000, a sum far greater than has ever been raised before. That amount, in proportion to the cost of carrying on a war by any people, has never been raised in any one year in any country in the world before, and before you put any more taxes upon the people you will have a very protracted and hard-fought contest in this House. [Applause.]

Mr. NORTON. I understand the gentleman's position. The gentleman's position is different to mine. I believe in raising revenue to pay the expenses of the war, and the gentleman believes in issuing bonds.

Mr. FORDNEY. Let me tell my friend that I believe in the people paying a fair share at the same time while they are contributing human life to carry on this war; but if there is any benefit to come to the people of this country from this



war future generations will enjoy that benefit and ought to pay a portion of this tax. [Applause.]

Mr. NORTON. I differ with what the gentleman considers a fair share. Of course the gentleman has his definition of a fair share.

Mr. MONDELL. Mr. Speaker, reserving the right to object—and I shall not object—

The SPEAKER. The gentleman from Wyoming.

Mr. MONDELL. There are quite a number of Senate amendments that some Members of the House would like to have agreed to at this time; but in view of the very great number of Senate amendments and the situation generally with regard to the bill, that is not practicable. I, in common with many Members of the House, would particularly like to have the House concur in those Senate amendments that struck from the bill the increase in the postal rates. I feel confident, however, that the conferees will concur in those Senate amendments, in view of what occurred in the House relative to those increases. The House did not accept the committee's original proposition relative to second-class mail matter, but adopted a compromise.

Mr. KITCHIN. By a majority of about 100.

Mr. MONDELL. The motion in committee to strike out second-class mail increases was defeated by a comparatively narrow margin.

Mr. FORDNEY. By only 106 majority; that was all; 256 to 150.

Mr. MONDELL. The gentleman is talking about another vote. It is true the House voted for the better of the two zone systems offered by a considerable majority. I judge from the gentleman's tone that he personally might be inclined as a conferee to adhere to the House position. I hope I misunderstand him.

Mr. FORDNEY. Not at all; I am speaking of what occurred in the House. The gentleman says it was by a very narrow margin. I say it was voted down by a majority of 106.

Mr. MADDEN. In these days, when nearly all the votes are unanimous, 106 majority does not amount to much. [Laughter.]

Mr. MONDELL. My friend from Michigan is mistaken about the vote on striking out the second-class mail increase; he is talking about the vote on the Kitchin substitute. That was a choice of two evils; the House took the least of the two. At any rate, it is out of the bill as it comes from the Senate. My hope is that it will remain out of the bill. If I believed that there was any possibility of getting a vote now without complicating the situation and delaying the bill, I should be inclined to withhold unanimous consent, because I am satisfied that if the House had an opportunity to vote now it would concur in the Senate amendment. I know we are all anxious to have the bill get to conference.

Mr. KITCHIN. I will say to the gentleman from Wyoming that I can assure him that the House conferees will take into consideration both his sanguine hope and also the emphatic majority of the House in voting on this proposition. That, I hope, will be perfectly satisfactory to the gentleman. [Laughter.]

Mr. MONDELL. The gentleman realizes that the action of the other body was very emphatic.

Mr. KITCHIN. By five or six majority, let me say to the gentleman. The gentleman might have been in his committee room and not have had a chance to read the Record. The gentleman must remember that the McKellar amendment providing for the zone rates went into the bill in the Senate after full discussion by a majority of 40 to 35. But afterwards, when it went back into the Senate and the Senate had voted all day on thousands of amendments, and no time for discussion, it went out of the Senate bill by a vote of 34 to 40.

Mr. MONDELL. What the gentleman means to say is that the Senate, after full, careful consideration, struck out the increases and the zone system.

Mr. KITCHIN. They put it in by 40 to 35, and then in a rash and hasty manner, in order to get through with all the amendments in one day, by a mistake struck it out. [Laughter.]

Mr. MONDELL. If what my friends on both sides have said in regard to this matter indicate the determination on their part not to consider these matters, I do not know but that I shall be inclined to withhold consent to this bill going to conference now.

Mr. KITCHIN. Oh, no; the gentleman would not do that when I say that we are going to take into consideration all that he says. It would not be complimentary to him.

Mr. MONDELL. I trust that the conferees will consider how improper, inequitable, unwise, unjust, unfair, unreasonable, and indefensible are the propositions to change the postal laws in a revenue bill.

In order that the gentleman from North Carolina and the gentlemen from Michigan may have their memories refreshed in regard to this matter, let me remind them that when the bill came into the House from the committee it contained a provision for zone rates on second-class mail matter. It evidently became apparent to the committee while the bill was under consideration that the House would not stand for these zone rates, for the gentleman from North Carolina [Mr. KITCHIN], on behalf of the committee, offered a greatly modified, less far-reaching, more moderate, and less objectionable zone provision as a substitute. This put Members in an embarrassing position. If they voted against the less objectionable provision offered as a substitute the more objectionable original provision might remain in the bill, and between two evils the House took the least by a majority of 106, as has been stated by the gentleman from Michigan. The only opportunity that was had to get an expression directly on the question of whether or not a zone system should be provided occurred in Committee of the Whole on my motion to strike out all of the provisions with regard to second-class postal rates. This vote came, as the friends of the zone system maneuvered that should, at a time when many of the opponents of increases of second-class postal rates and of the zone system had become discouraged through successive votes on proposed amendments, and yet on that the majority in favor of retaining the provision in the bill on a rising vote was only 46. If we could have secured a vote earlier, before the situation became so complicated, my opinion is the increases and the zone rates would have all gone out of the bill.

Mr. KITCHIN. We have noted the gentleman's protest.

Mr. CANNON. Will the gentleman yield?

Mr. KITCHIN. I will yield to the gentleman from Illinois.

Mr. CANNON. Mr. Chairman, I shall not object to the request of the chairman of the Committee on Ways and Means, and yet I want to say that if we had time it would be instructive to find out what these Senate amendments mean. I would be very glad if we could do so, provided that each Member of Congress had an expert. [Laughter.] I want to be perfectly candid. I have been connected with the expenditure of money substantially during the whole of my congressional life, but I never have been an expert touching the schedules. I spent until 2 o'clock this morning trying to find out just what the Senate amendments mean. I think I know a little more than I did but not a great deal. [Laughter.] Of course, this bill might under the rules of the House, without a special rule, be considered in the Committee of the Whole House as to the Senate amendments. But if that should be done at this stage by a majority of us, free from demagoguery that does not amount to anything, we would be until the snow flies in getting it out of the House. So that, while I am not pleased with many of the Senate amendments, I am inclined to agree with most of them. I shall not object. I believe we will get better practical results even if we do not understand what is involved in every one of these amendments; that we will get better practical results by sending this bill to conference.

Mr. KITCHIN. Mr. Chairman, I yield to the gentleman from Nebraska [Mr. SLOAN].

Mr. SLOAN. Mr. Chairman, I want to ask the gentleman from North Carolina a question. The House committee drafted this bill with reference to a fifty-fifty basis, and approximated that in its bill, did it not?

Mr. KITCHIN. Yes; a fifty-fifty basis in this bill.

Mr. SLOAN. I mean 50 per cent of war expenses to be met by taxation and 50 per cent by bond issue.

Mr. KITCHIN. That was the measure approximately created.

Mr. SLOAN. I understood that was the demand of the country, the recommendation of the Executive, and it was what was accomplished in the Ways and Means Committee. It was accomplished at the time over the vigorous opposition of the gentleman from Michigan, so that the threat of the gentleman from Michigan about going up against his fighting qualities has not the terrors it used to have. [Laughter.] As I understand, the Senate has changed it to 35 per cent tax and 65 per cent bond issue.

Mr. KITCHIN. Approximately.

Mr. SLOAN. Thirty-five per cent tax and 65 per cent bonds. Now, I know the impossibility of approximating fifty-fifty in this conference. The latitude between the House and Senate bills will not permit it with the conference rules. But there are a number of opportunities to increase measurably the Senate bill. One is, of course, where we are allowing hundreds of millions of dollars' worth of goods to come through our ports every year without a dollar being paid for the privilege. That is one of the discards of the Senate. There are others we might speak of. I think it is the opinion of the country and of a majority of this House that the Senate bill should be measurably increased in



so far as the relative conditions of the two bills will authorize it. We hear it very frequently stated that a large part of the burdens of the war should be placed on posterity because the war has been declared by us. Posterity was not present nor consulted and may or may not hereafter approve its involuntary representation in that direction. We are taking undue liberties with posterity and seeking to place a 65 per cent tax on them and assuming only 35 per cent ourselves. The testator who wills a mortgage in favor of his legatee may be thanked. To bequeath a mortgage for the legatee to pay may not excite great gratitude.

Mr. FORDNEY. Will the gentleman from North Carolina allow me to say just one thing? The gentleman from Nebraska speaks about my fighting qualities and not wanting more taxes. I want to inform him that seven-tenths of these taxes will be paid by all the people east of the Mississippi and north of the Ohio River, and the people from the State from which he comes will not pay their portion per capita, and I can understand why he wants more taxes placed on the people.

Mr. DYER. I just want, Mr. Speaker, to reiterate and had in my mouth to say what the gentleman from Michigan [Mr. FORDNEY] said, that it is very easy for gentlemen to come here from districts in the far West and other places where their constituents pay practically no income tax, practically no corporation tax, and where they will pay practically no excess-profits tax under this bill, and say, "Let the people pay the taxes now." They say put 50 per cent on them at this time. In fact, the direct taxes in this bill are more now than they ought to be; and if you increase them you will find a destruction of business in the great commercial centers of the country. This the people of this country do not want. It would injure the prospect of winding this war up at an early date. Tear down these great industries with overtaxation and they can not exist. They are now taxed up to the limit almost.

Mr. DOOLITTLE. Mr. Speaker, I demand the regular order. The SPEAKER. The gentleman from Kansas demands the regular order. The regular order is the request of the gentleman from North Carolina for unanimous consent.

Mr. COOPER of Wisconsin. Mr. Speaker, if the gentleman presses the regular order now I shall object. I want to know if he objects.

The SPEAKER. It is for the gentleman from Kansas to state.

Mr. DOOLITTLE. I withdraw the request.

Mr. KITCHIN. I now wish to yield to the gentleman from Colorado for a minute.

Mr. KEATING. Mr. Speaker, I had not intended to occupy any part of the gentleman's time, but it seems to me that when the gentleman from Michigan [Mr. FORDNEY] bobs up here continually and protests against posterity being relieved from the necessity of paying for this war that the House should understand what he means. He is not interested in posterity. His protest is directed against the placing of taxes on wealth. [Applause.] When he pleads for posterity what he means to say is that this Congress should not take from excess profits and from the great incomes the money that is needed to pay the expenses of this Government.

Mr. KITCHIN. Mr. Speaker, I now yield to the gentleman from Nebraska [Mr. SLOAN].

Mr. SLOAN. Mr. Speaker, I desire to say, in answer to the statement of the gentleman from Michigan [Mr. FORDNEY], that the State of Nebraska has added more taxpayers to its list to support the General Government this year than has the State of Michigan. Our State and the States west of the Mississippi River to which he adverts are the States that will furnish tens of thousands of new income-tax payers by reason of the reduction of exemptions from the basis of \$3,000 for single persons and \$4,000 for married persons to \$1,000 for single persons and \$2,000 for those who are married. Further than that, when he says seven-tenths of the taxes come from east of the Mississippi River I presume that is possibly true. About seven-tenths of the American people happen to live east of the Mississippi River. Of course, some would show better judgment if they moved out to God's country and left Michigan.

Mr. DYER. Mr. Speaker, will the gentleman state how much his State pays in income taxes at the present time?

Mr. SLOAN. I am stating what it will be. The gentleman from Missouri is speaking of ancient history. I refer to the increase of taxpayers from the reduction of exemptions. And, further, the House bill provided a tax on automobile manufacturers. The Senate, in order to relieve the automobile manufacturers of the tax and still obtain money for the Treasury, has placed a tax on every automobile owner. Of these we have more in Nebraska, according to population, than almost any State in the Union.

Mr. KITCHIN. Mr. Speaker, let it be understood, if it can, that the gentleman from Michigan [Mr. FORDNEY] will be recognized for a minute or two to reply to all these attacks on him and then let the regular order be in order then.

Mr. FORDNEY. No; I can not let such an insult go without answering it.

Mr. KITCHIN. Let us have that understood, that the regular order will be in order after the remarks of the gentleman from Michigan.

Mr. FORDNEY. The gentleman cast a reflection upon me which is an absolute insult. He has no warrant or no license to say that I am objecting to further taxes being put upon the people because it comes from the wealth of the country. He has no license to say that and neither has any other man, and any man who does is without any foundation whatever to base his statement upon. I stated on the floor of the House I had gone to the limit of raising money by direct taxation to carry on this war until this House gave some consideration to increasing the import taxes on goods coming into this country from abroad, which has always heretofore been a subject of taxation during the time of war, and when the gentleman makes that statement he knows, sitting in his seat, that he has no foundation for any such statement, but he wished to be unkind to me and says I am bobbing up all the time. I believe I occupy less time than any other man in the House engaged in the preparation—

Mr. BUTLER. With the exception of myself, and I want to vote now.

Mr. FORDNEY (continuing). Engaged in the preparation of important bills, and I never speak on the floor of the House unless I have something which I deem of importance to say.

Mr. BUTLER. Mr. Speaker, I demand the regular order. All this has nothing whatever to do with the dispute between the two Houses.

The SPEAKER. The gentleman from Pennsylvania demands the regular order.

Mr. COOPER of Wisconsin. Mr. Speaker, if the gentleman insists on that, I shall object, because there is no reason why we should rush through in three-quarters of an hour a bill appropriating this enormous amount of money, which is a new bill. There is no such haste that it can not be discussed here.

The SPEAKER. The gentleman from Pennsylvania [Mr. BUTLER] has the right to ask for the regular order—

Mr. COOPER of Wisconsin. I hope the gentleman will withdraw it.

The SPEAKER (continuing). And the gentleman from Wisconsin [Mr. COOPER] has the right to object.

Mr. COOPER of Wisconsin. I shall if the gentleman insists on it.

Mr. BUTLER. How much time should we have about something that will not go into dispute between these two bodies?

Mr. COOPER of Wisconsin. We can make inquiries as to what is in this report.

Mr. BUTLER. Mr. Speaker, I demand the regular order, and I take the responsibility of doing it.

The SPEAKER. The gentleman demands the regular order. The question is on the request of the gentleman from North Carolina [Mr. KITCHIN] to take this bill from the Speaker's table, disagree to all the Senate amendments, and ask for a conference. Is there an objection?

Mr. COOPER of Wisconsin. Mr. Speaker, I am constrained to object.

The SPEAKER. The gentleman from Wisconsin objects.

#### ORDER OF BUSINESS—DEPORTATION OF ALIENS.

Mr. ADAMSON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5723.

Mr. KITCHIN. Mr. Speaker—

Mr. ADAMSON. I withhold the request for a minute.

The SPEAKER. The gentleman from North Carolina asks for two minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. KITCHIN. Mr. Speaker, I hope gentlemen will remain here, because in a few minutes we hope to have a rule by which we can send this revenue bill to conference. [Applause.]

Mr. BURNETT. Mr. Speaker, I ask unanimous consent that after the House disposes of the deficiency bill, which has been reported, that it take up for consideration the bill H. R. 5667, known as the "alien-slackers" bill.

The SPEAKER. The gentleman from Alabama [Mr. BURNETT] asks unanimous consent that at the conclusion of the discussion and vote on the deficiency bill the bill H. R. 5667 shall be in order.



Mr. MILLER of Minnesota. Mr. Speaker, reserving the right to object, I would like to make an inquiry of the gentleman from Alabama.

The Committee on Foreign Affairs has reported, and there is on the calendar of the House a bill of somewhat similar import. It goes, however, about the matter in an entirely different way. When the committee reported that bill I was not convinced that it would probably meet the situation fully, having in mind that very likely some such bill as that which the gentleman proposes the House should consider should perhaps be passed if the bill of the Committee on Foreign Affairs should be passed. The purpose of my inquiry is to know whether or not it would be advisable perhaps to make them both in order so that they may both be considered if the House shall feel disposed to act upon them.

Mr. BURNETT. Mr. Speaker, there is no conflict between the bills.

Mr. MILLER of Minnesota. None whatever.

Mr. BURNETT. And when the chairman of the Committee on Foreign Affairs sought to call up the bill the gentleman from Minnesota refers to by unanimous consent before the recess, he spoke to me about it, and I told him I should not object. That resolution is the same as the McCumber resolution which was passed in the Senate, as I recollect it, on the 1st of August. I was in the State Department yesterday and I asked the solicitor what progress they were making on it, and he said they had not taken it up with foreign nations at all, but were still discussing it with the War Department. The statement was made by Senator CHAMBERLAIN when he tried to get his bill, somewhat similar to the one reported from the Immigration Committee of the House, up in the Senate that there would be an indefinite time in which to carry on the negotiations provided by the McCumber resolution. That the State Department has not proceeded further with that matter is no criticism, because it is a matter that takes time when it comes to negotiating with foreign powers. This bill is not in conflict, and so far as I am concerned I have no objection to the resolution that the gentleman from Minnesota [Mr. MILLER] refers to.

Mr. MILLER of Minnesota. I have serious doubt in my own mind if we have the right, or, if we have the right, that we should exercise it, to pass the bill the gentleman asks to be passed—and I am heartily in favor of it—without passing in conjunction therewith some such proposition as the Foreign Affairs Committee has reported. The bill the gentleman proposes is one that the circumstances now existing call for emphatically, and I sincerely hope the House will pass it. But it does lead us squarely into international complications, and we should, at the same time we are passing this and putting it into operation, set in motion the appropriate machinery to readjust our international affairs so that we will not be running into difficulty with other nations in the enforcement of the bill which the gentleman proposes.

Mr. BURNETT. Mr. Speaker, in reply to the gentleman, the committee very carefully considered that question of international complications and conflict with treaties, and we think that there is no violation of and no conflict with any treaty in our bill. The first section of the bill requires that those who have claimed exemption from selective draft on account of their alienage shall withdraw those exemptions, and if others claim them subsequently and do not withdraw them they shall all be forever barred from American citizenship and be subject to deportation.

Mr. DYER. Will the gentleman yield?

Mr. BURNETT. Yes.

Mr. DYER. I would like to ask the gentleman if this bill has been submitted to the Department of State and if this question has been taken up?

Mr. BURNETT. It has. And the reply of the State Department, which was made several weeks ago, stated that they preferred, and, I think they said the President preferred, the McCumber resolution.

Mr. STAFFORD. That is sufficient, Mr. Speaker, not to grant preferential consideration for the consideration of this bill at this time, and therefore I object.

Mr. BURNETT. The gentleman assumes a very grave responsibility in objecting to a bill which forces alien slackers to either fight or get out, while thousands of American boys are being forced into the Army and probably into the trenches in Europe.

The SPEAKER. It is not debatable. The gentleman from Wisconsin [Mr. STAFFORD] objects. The gentleman from Georgia [Mr. ADAMSON] moves that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5723, known

as the soldiers' war-insurance bill. The question is on agreeing to that motion.

The motion was agreed to.

#### BUREAU OF WAR-RISK INSURANCE.

The SPEAKER. Will the gentleman from Tennessee [Mr. HOUSTON] please take the chair temporarily, until the gentleman from Tennessee [Mr. GABRETT] returns from the Committee on Rules?

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 5723) to amend an act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, and for other purposes, with Mr. HOUSTON in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5723, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 5723) to amend an act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, and for other purposes.

The CHAIRMAN. The Clerk will proceed with the reading of the bill for amendment.

The Clerk read as follows:

SEC. 24. That the Bureau of War-Risk Insurance, so far as practicable, shall furnish information to and act for persons in the military or naval service, with respect to any contracts of insurance whether with the Government or otherwise, as may be prescribed by regulations.

Mr. CLARK of Pennsylvania. Mr. Chairman, I would like to offer an amendment.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Pennsylvania.

The Clerk read as follows:

Amendment offered by Mr. CLARK of Pennsylvania: Page 10, line 9, strike out the word "whether," and after the word "Government" strike out the words "or otherwise," in line 9, after the word "Government," and insert in lieu thereof the following: "and if there is any other insurance, shall render the same service if required by the insured person to do so."

Mr. CLARK of Pennsylvania. Mr. Chairman, I would like to call the attention of the House to this section 24, which might be considered a minor feature of this bill and offer an amendment. In the consideration of the larger features the minor ones are apt to be overlooked.

When I came to the examination of this bill and ran across this section I thought it was not right, for this reason: The taking of Government insurance by the soldier is voluntary. It may be all right to leave the management of the Government insurance in the hands of the bureau; that is a part or condition of the contract between the insured soldier and the Government, but we should stop there; the other insurance already held by the soldier is something which it seems to me he ought to have the right of determining how it shall be managed. As the bill now stands it is mandatory that the soldier shall part with the control of that insurance which he now has. This is in disregard of the inviolability of contracts; it is an undue interference with rights acquired by the soldier.

He may have a policy which is about maturing. He may have laid his plans that he will do certain things with that policy. It has convertible terms. It may be fraternal insurance; it may be that he has an annuity. It may be that he has entered into some business enterprise and that he desires to convert his policy into cash, and it seems to me just and proper that this amendment should be passed for this reason, the taking of Government insurance is voluntary, and the management of the other insurance that he already has should be left to his judgment. We should not strip the soldier of every vestige of civil rights or responsibility. It would dishearten him. We should leave him some power to say what shall be done with the rights already vested in him.

Mr. MOORE of Pennsylvania. Mr. Chairman, will my colleague yield?

Mr. CLARK of Pennsylvania. Yes.

Mr. MOORE of Pennsylvania. I think the gentleman has raised a very important point, which ought to be answered by the gentleman in charge of the bill. If I understand the amendment of the gentleman, it is that where insurance is already held by one going into the Army, he shall continue to exercise the right to dispose of that as he sees fit?

Mr. CLARK of Pennsylvania. Yes; making it optional with him whether he will transfer that right to the bureau or not. The taking of insurance in the first instance is optional, the management of insurance already held should be left to the man who has heretofore secured it.



Mr. MOORE of Pennsylvania. But the bill provides that the Bureau of War-Risk Insurance shall take charge of the insurance that he already has, whether it be fraternal insurance or old-line insurance, and to that extent, whenever he goes into the Army he gives up whatever rights he has as to the disposal of the insurance he had before entering the Army?

Mr. CLARK of Pennsylvania. Yes. It seems to me the bill gives something in the nature of an irrevocable power of attorney to the bureau without the consent of the insured, it may be against his will.

Mr. MOORE of Pennsylvania. For instance, if anyone had an insurance policy and he should enlist in the Army as a soldier and go into the service of the Government, he would give up to the Government the control of whatever life insurance he might have, irrespective of the rights that accrued to him from it?

Mr. CLARK of Pennsylvania. Yes. I called this matter to the attention of the committee, and the gentleman in charge of the bill seemed to agree to the desirability of the amendment.

Mr. MOORE of Pennsylvania. It seems to me a soldier ought not to be compelled to give away that which he already possessed simply because he engaged in the service of the Government.

Mr. CLARK of Pennsylvania. Certainly not.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. RAYBURN. Mr. Chairman, the gentleman from Pennsylvania [Mr. CLARK] had up with me yesterday the same proposition that he offers now as an amendment. I offered in committee the same proposition that he offers here, but the amendment was voted down. The argument was that the committee believed that when this man went into the service he might neglect his insurance. He might not keep it up; he might not keep up the premiums on this insurance that he has in a private company, and it might lapse; and that is the reason why the provision was left in the bill. Now, so far as I am concerned—

Mr. MADDEN. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. In a moment. As I told the gentleman from Pennsylvania, I have no feeling in the matter one way or the other, except that I really believe this could be cured if we could get an amendment providing that the soldier shall furnish this information and that the Government shall act for the soldier in reference to his private insurance as well as the Government insurance. I thought that would cover the objection of the gentleman and cover any objection that I might have had originally. I think it is going a little far to say that the Government shall act for him in the insurance—

Mr. MADDEN. It seems to me we should pass a moratorium bill, protecting whatever rights a man may have in his private insurance by paying premiums on insurance policies and preventing the lapse of insurance or the forfeiture of insurance on account of increased risk during the war, so that a man may be able to retain an insurance, regardless of whether he pays the premium during the war or not, and that would cover this case.

Mr. LONDON. Mr. Chairman will the gentleman yield?

Mr. MADDEN. Yes.

Mr. LONDON. Is it not against public policy to permit an insurance company to discriminate against a man who is in the service of his country? In that case the fact of war would be analogous to an act of God.

Mr. MADDEN. Yes. I am in favor of declaring a moratorium against the collection of premiums on insurance policies held by men who go into the Army.

Mr. RAYBURN. Mr. Chairman, I believe I still have the floor.

The CHAIRMAN. The gentleman from Texas has the floor.

Mr. RAYBURN. This language here, if properly construed and thoroughly read, does not mean that the Government shall do this regardless of what the man himself may do, but that the Government shall do this out of the allowances taken out of his pay. I hope the gentleman will not insist upon his amendment, because that would put the Government where it would be under no obligation whatever to call attention to the premium due, and matters of that kind. If we shall get something in there in line with my first suggestion, I should like it; but I just can not figure out the proper form for the amendment now.

Mr. MOORE of Pennsylvania. The gentleman's amendment leaves it to the discretion of the soldier to say whether or not he desires Government advice and assistance in matters pertaining to his own private affairs.

Mr. RAYBURN. The proposition of the gentleman from Pennsylvania [Mr. CLARK], I fear, would leave no option with the Government in that matter.

Mr. MOORE of Pennsylvania. But it leaves an option with the soldier to say whether he desires the assistance of the Government in these matters that are not war matters.

Mr. CLARK of Pennsylvania. But then it is mandatory on war matters.

Mr. MOORE of Pennsylvania. There is no doubt that the insurance companies are raising rates on persons who go into the military service, and referring to the amendment of the gentleman from Pennsylvania, there is no question at all that there are many men being drafted into the service now who carry lines of life insurance, many young men who for 10 years have been looking out for their mothers and their relatives, and who have been taking out insurance policies in the regular way. Some of these young men have been perfectly able to pay these premiums, but they will now cease to receive the salaries which they have been receiving, some as high as \$3,000 or \$4,000 a year, and they will work for the Government for \$30 a month. It seems to me the disposition of their private affairs ought to be left to them, but that the Government ought to assist them if they desire that assistance; the Government ought not to take away from them the right to dispose of their own property.

Mr. ALEXANDER. The language is—

That the Bureau of War-Risk Insurance, so far as practicable, shall furnish information to and act for persons in the military or naval service, with respect to any contracts of insurance whether with the Government or otherwise, as may be prescribed by regulations.

That provision is framed in the interest of the soldier, the young man who goes out of civil life into the Army, and enjoins it as a duty on the Bureau of War-Risk Insurance to look after his interests and prevent these lapses, to prevent the very injustices that may occur by reason of his transfer to the military service of the United States, and his inability for that reason to look after his private interests. It is for his protection. It is not to take away from him any right. It is not to vest in the Bureau of War-Risk Insurance an irrevocable power of attorney to lapse his policy or to do what they please. The whole purpose and intent of it is to enjoin the War-Risk Bureau to render this service for him in his interest, to protect him against loss. The very purpose the gentleman very properly has in view is accomplished in the language of the bill, as I construe it.

Mr. MOORE of Pennsylvania. That may have been the intention, but I submit to the gentleman that everything is left to the regulations of the bureau.

Mr. ALEXANDER. You propose to leave it to his option to make the request, and he may overlook it, or it may be overlooked by the bureau. Why not enjoin it on them as a duty to look after him? I think that is the proper construction.

Mr. RAYBURN. I will offer as a substitute for the gentleman's amendment to strike out the word "whether," where it appears in line 9, page 10, and to insert after the word "otherwise," in line 10, page 10, "if requested by an enlisted man."

Mr. MOORE of Pennsylvania. That would be all right.

Mr. CLARK of Pennsylvania. That is precisely the idea that I wanted to get in this.

Mr. RAYBURN. I offer that amendment.

Mr. BORLAND. I think it would be better to leave it as it is. Under the present language of the bill is the enlisted man precluded from making that request?

Mr. RAYBURN. No; he is not.

Mr. BORLAND. The enlisted man has the right now to make the request. Your amendment does not add anything to that.

Mr. RAYBURN. The question raised here is that the Government may be taking charge of something that the man does not want them to take charge of, when he does not want them to perform this service for him, and I do not see any reason why they should.

The CHAIRMAN. The Clerk will report the substitute offered by the gentleman from Texas.

The Clerk read as follows:

Amendment offered by Mr. RAYBURN: Page 10, line 9, after the word "insurance," strike out the word "whether." In line 10, after the word "otherwise," insert "if requested by enlisted men."

Mr. CLARK of Pennsylvania. I will accept that amendment.

Mr. BORLAND. I want to discuss that amendment. It seems to me that the present language of the bill is broader than it would be if the amendment of the gentleman from Texas [Mr. RAYBURN] is adopted. The present language of the bill enjoins upon the Bureau of War-Risk Insurance the duty of furnishing information and acting for persons in the military and naval services. The amendment of the gentleman from Texas proposes to limit that to cases where a specific request by the soldier has been made. It seems to me that the present language of the bill does not preclude the soldier or sailor from making the request, but it also leaves the department in the attitude of furnishing information where they see it is needed in the absence of requests. I do not believe we will gain anything from the standpoint of the soldier by putting on him the duty of initiating the request. It seems to me he has that power now. He can ask the department to act for him, and the department can suggest it to him.



But it seems to me if we cut it down to the point where he must make the request, and that request must be brought home through all the channels of communication to the department, we may be limiting the soldier's right and possibly defeating his plans in some respect.

Mr. MOORE of Pennsylvania. Suppose a young man has three or four policies and is perfectly able to pay the premiums, how would the Government know, unless he brought it to the attention of the War-Risk Bureau? The gentleman may be right, and I think the committee means to be right, but in the case of a young man who has insurance policies and is perfectly able to pay the premiums, he ought to have the privilege of saying, "Now, my Government, I want you to help me."

Mr. BORLAND. He has. This takes away no privilege of that kind.

Mr. MOORE of Pennsylvania. Unless the amendment passes, the regulation may include the Government's right to take from the young man his privilege and transact his business for him.

Mr. BORLAND. They might include that, and they might not include it to any greater extent than they are in commandeering his pay. The Government might decide by regulation that if a young man had certain policies in existence it would be wise to use a part of the pay to keep up the policies.

It seems to me that it is assuming a danger that does not exist to say that they might take the management of the property out of his hands. Of course, in some cases it might be better, if a man was in the hospital and unable to act for himself, and had existing policies and money to his credit in this fund of commandeered salary—it might be highly desirable that the Government should protect the policies while, perhaps, the man was on his deathbed; but it is advisable that the service should be rendered because these men are in a foreign country and can not get in touch with the insurance companies or with the banks to loan them money, and it would be desirable that the Government should look after their affairs.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word. A clear reading of the section as reported by the committee gives the soldier all the protection that could be expected to be conferred by the Bureau of War-Risk Insurance. The substitute that is offered by the gentleman from Texas really weakens the authority of the bureau, so far as protecting the enlisted man who has insurance in private companies. Under the phraseology of the substitute the Bureau of War-Risk Insurance could not act for him, so far as other insurance is concerned, unless requested to do so by the enlisted man. Under the phraseology as reported in the bill, the Bureau of War-Risk Insurance is compelled—it is made mandatory by the word "shall"—to furnish information and to act for the enlisted man, not only with respect to contracts of insurance with the Government, but otherwise. Certainly we do not want to take away the authority of the Bureau of War-Risk Insurance from helping the enlisted man as to his private insurance. The great danger that will confront the enlisted man in the foreign service is that he will not be able to get into communication with the Bureau of War-Risk Insurance so that he can have his private affairs preserved. We should make it mandatory on the War-Risk Insurance Bureau as written in the bill rather than to leave it to the request of the enlisted man, as proposed by the gentleman from Texas. I agree with the position taken by the gentleman from Missouri [Mr. ALEXANDER], that the language in the bill fully protects the rights of the enlisted man.

Mr. BUTLER. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. BUTLER. Why not write it in the bill, "unless the soldier requests otherwise"?

Mr. STAFFORD. It is there; it is mandatory. It shall do what? It shall furnish information and shall act for persons in the military and naval service in respect to what? With respect to the insurance with the Government or otherwise, as may be prescribed by regulations.

Mr. BUTLER. There might be a soldier boy who did not desire that the Government should act for him.

Mr. STAFFORD. It is better to throw the protecting arm, so far as contracts of insurance are concerned, around him, so that his rights may be preserved and that the man in distant lands fighting for his country shall have his rights protected.

Mr. ROSE. Will the gentleman yield?

Mr. COX. Yes.

Mr. ROSE. In section 24, the last words are "as may be prescribed by regulations." Who makes these regulations? The soldier has nothing to do with them.

Mr. STAFFORD. The director of the Bureau of War-Risk Insurance makes the general regulations, and as to all contracts of insurance it is mandatory. We will have a uniform rule, so

that the Government can do for the enlisted man what is necessary to protect his insurance.

Mr. ROSE. There is nothing to indicate that the soldier has anything to do with making the regulations, and he should have.

Mr. STAFFORD. Oh, if you leave it to the ipse dixit of every soldier we would never have any regulations.

Mr. ESCH. Mr. Chairman, as I understand the language of the amendment of the gentleman from Texas, it is if requested by an enlisted man. Now there are men, and officers also, who have insurance. Why not say "if requested by such person"?

Mr. RAYBURN. Mr. Chairman, I will ask to modify my amendment in that respect. I will ask to substitute the word "person" for "enlisted man."

The CHAIRMAN. The Clerk will report the amendment as modified.

The Clerk read as follows:

Page 10, lines 9 and 10, after the word "insurance," strike out the word "whether" and insert after the word "otherwise," in line 10, the following: "if requested by such person."

Mr. STAFFORD. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. STAFFORD. It has been suggested by the gentleman from New York, Mr. SANFORD, that if the enlisted man did not wish to have the war-risk insurance bureau look after his interests so far as private contracts of insurance are concerned, that could be accomplished by inserting, after the word "otherwise," "unless requested by such person." Whereas the substitute proposed by the gentleman from Texas takes away from the bureau the protecting arm of the Government unless requested by the enlisted person.

Mr. RAYBURN. That is what I want to do, and the amendment states what I want to do.

Mr. ALEXANDER. If he was in the army in France and his father would say, "My son has a policy of insurance in the New York Life; I wish you would look after it and see that the premiums are paid and his policy does not lapse," you could not do that under that amendment.

Mr. STAFFORD. Not under the wording of the amendment offered by the gentleman from Texas. It could not be done.

The CHAIRMAN. Without objection the modification of the gentleman from Texas to the substitute will be agreed to. Now the question is upon the substitute offered by the gentleman from Texas.

The question was taken, and the substitute was rejected.

The CHAIRMAN. The question is upon the amendment offered by the gentleman from Pennsylvania.

The question was taken, and the amendment was rejected.

Mr. ESCH. Mr. Chairman, I desire to offer the following amendment.

Mr. ADAMSON. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. GARRETT of Tennessee, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 5723) and had come to no resolution thereon.

RESOLUTION FROM COMMITTEE ON RULES—REVENUE BILL (H. REPT. NO. 143).

Mr. POUL. Mr. Speaker, I offer a privileged resolution and report from the Committee on Rules.

The SPEAKER. The Clerk will read it.

The Clerk read as follows:

House resolution 138.

Resolved, That the bill (H. R. 4280) entitled "An act to provide revenue to defray war expenses, and for other purposes," be, and hereby is, taken from the Speaker's table with Senate amendments thereto to the end that said amendments be, and hereby are, disagreed to, and the conference requested by the Senate on the disagreeing votes on said amendments be, and hereby is, agreed to, and the Speaker shall immediately appoint the conferees.

Mr. POUL. Mr. Speaker, I ask unanimous consent that debate on the resolution be 30 minutes; that 15 minutes be controlled by myself and 15 minutes by the gentleman from Kansas [Mr. CAMPBELL] and that at the end of the 30 minutes the previous question shall be considered as ordered.

The SPEAKER. The gentleman from North Carolina [Mr. POW] asks unanimous consent that debate on this resolution be limited to 30 minutes, half to be controlled by himself and half by the gentleman from Kansas [Mr. CAMPBELL] and that at the end of that time the previous question shall be considered as ordered. Is there objection?

Mr. COOPER of Wisconsin. Mr. Speaker, reserving the right to object, I would like to ask the chairman of the committee



why the customary proceeding has not been followed of allowing 20 minutes to a side?

Mr. POUL. It was considered by the Committee on Rules that really they could see no necessity for any debate, but in view of the fact that there had been requests for time, we agreed to 15 minutes on a side.

Mr. COOPER of Wisconsin. Well, Mr. Speaker, reserving the right to object, I want to say in reply to the suggestion of the gentleman that here is a bill of 129 pages, or approximately that, with 321 amendments, which the House of Representatives passed on the 23d of last May. It comes back here, as I say, with 321 amendments. It did not come back to the House until last Monday and was not reported in here until yesterday, and is now brought up here and I have talked to man after man who has not read the bill, and I have asked two of them who are most earnest in urging that we send it to conference at once what the exemptions provided by these Senate amendments were, and the gentlemen said, "I do not know; I have not read it," so I think at least 20 minutes on a side ought to be allowed. Will the gentleman consent to 20 minutes on a side, only 5 minutes more?

Mr. POUL. I will say to my friend, if I were personally disposed to consent to that suggestion, I could not do so. In view of the unanimous action of the Committee on Rules, I do not think I would have that authority. We discussed the matter informally in the Committee on Rules and we arrived at this agreement. I think, however, we can arrange it if the gentleman should want some time.

Mr. COOPER of Wisconsin. I want an opportunity, Mr. Speaker, not to make any captious objection to the bill as it is now, or to sending it to conference, but to exercise my right as a Member of this House to examine into such a tremendously important proposition such as is embodied in this bill by asking a few questions of Members presumably acquainted with its provisions. That is all; and we are to be denied that.

Mr. POUL. I will yield the gentleman five minutes of my time if he desires it.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none, and the gentleman from North Carolina is recognized for 15 minutes.

Mr. POUL. Mr. Speaker, I really do not know how to debate this resolution. I believe everybody in the House agrees that the bill ought to go to conference. That seems to be the temper of the House, and I shall not undertake to debate a rule which is so obviously necessary for the transaction of the business of this House, and I reserve the remainder of my time.

Mr. CAMPBELL of Kansas. Mr. Speaker, I agree with the chairman of the Committee on Rules that this rule is necessary at this time to expedite the enactment of this necessary law at the earliest day possible, but I do not lose sight of the fact that this bill passed the House of Representatives many months ago and that the necessities of the country have very materially changed since that time; indeed, the demands of the Treasury upon the Congress since the passage of this bill in the House have multiplied by billions. The House passed a bill providing for a rate of taxation proportionate at 50 per cent to a bond issue with which to carry on the war for the current year.

That rate of taxation as compared with the bond issue is very materially changed in the bill that comes back from the Senate to the House. That is a matter of the greatest interest to the entire country. It is a matter that will reach into future years for a generation and ought to have serious consideration. Now, the conferees on the part of the House should understand the position of the House upon the subject. The people of the country are giving at this time the best they have for the conduct of the war. People who are taxpayers now and will be taxpayers in the future are giving practically all they have that is dear to them to carry on the war.

It is reported by the boards of directors to the stockholders of many concerns engaged in the manufacture of munitions of war that they have made colossal profits within the past two or three years. Mr. Speaker, as a citizen and as a Member of this House, I do not believe that at this time, when the country is offering its best blood, that men or industries should take advantage of the war to make unheard-of profits out of this unhappy condition of the country. [Applause.] And I believe that these great profits should bear a heavier rate of taxation than is provided in the Senate amendments to the House bill, and that the proportion of taxation carried in the House bill should be insisted upon by the conferees representing the House. A larger part of that tax now needed should be levied against the great profits that are made out of the war.

The men and women of the country, who are contributing the great body of the soldiers and sailors and the brave men

who to fight the battles and suffer the horrors of the war, should know that while they are making such great sacrifices others are not making unheard-of and unusual profits out of the war. [Applause.]

Mr. Speaker, I yield five minutes to the gentleman from Wisconsin [Mr. COOPER].

The SPEAKER. The gentleman from Wisconsin is recognized for five minutes.

Mr. COOPER of Wisconsin. Mr. Speaker, the gentleman from Michigan [Mr. FORDNEY] said a few minutes ago that we must make future generations pay for this war—at least pay a very considerable portion of the cost. That statement is being made repeatedly. It is also said that if we tax these corporations more than 35 per cent, or approximately that, on their enormous war profits, there will be danger of crippling them. But, in reply, somebody mentions the fact that England levies a tax of 80 per cent on war profits, and that the London Economist reports that manufacturing interests in general in England have never been in a more prosperous condition. Then an attempt to escape the force of that statement is made by saying that England did not levy that tax until the third year of the war. And I answer that suggestion by saying that the great munition makers of this country have been getting these vast profits for three years. And is not that a complete answer? For them and their profits this is also the third year of the war. During the three years of the war billions of dollars' worth of arms and other munitions have gone from this country across the sea. And during these three years the makers of these munitions of war have been reaping these great profits. And now, Mr. Speaker, if we allow them to keep 50 per cent of these enormously increased profits and then give them also the \$5,000 of absolute exemption and a certain percentage of profits, based on the amount of their capital stock, as this bill proposes to do, do you think that they will be crippled? They prospered before the war on much less an amount of profits than we would allow them if we took 50 or 65 per cent of these war profits. We propose in any event to allow them their peace profits—that is, the amount of their average annual profits during the three years just prior to the war. We seek to tax only their excess profits growing out of the war—the great profits which make them directly, powerfully interested in having the war continue. Men making hundreds of millions of money out of the war do not, if avarice is their god, want peace to come.

There is another provision, Mr. Speaker, to which I wish to direct attention.

Mr. MEEKER. Will the gentleman yield?

Mr. COOPER of Wisconsin. I can not yield right now.

Mr. MEEKER. For just a question?

Mr. COOPER of Wisconsin. I can not yield right now.

The SPEAKER. The time of the gentleman from Wisconsin has expired.

Mr. COOPER of Wisconsin. The gentleman from North Carolina [Mr. POUL] said he would yield me five minutes.

Mr. POUL. I yield three minutes to the gentleman.

Mr. COOPER of Wisconsin. Mr. Speaker, the other provision to which I referred—one of great importance, as I see it—is that which relates to second-class mail and includes a proposed zone system. At this point perhaps I ought to say that in speaking of this provision I speak as one who is, financially, entirely disinterested. I never have been connected with a publication of any kind, nor have I a relative connected, directly or indirectly, with any publication. But, in my judgment, upon grounds of high public policy, there never again should be in the United States a zone system for the carrying of mail. That system has been tried in this country, proven a failure, and discarded. And one thing which now is doing most to banish sectionalism, promote unity of thought and feeling among the people of this great Republic, and make us really a Nation is the cheap flat rate which has brought about the carrying of newspapers, magazines, and other periodicals in great numbers from one section to another all over the country. This cheap flat rate has helped powerfully to make our present postal system the world's greatest educator. The delivery day after day of these publications to our millions of rural homes has made the rural free-delivery system our greatest university.

A zone system, by increasing the cost of many publications, lessening their circulation, and driving others out of business, would seriously lessen the value of the present system of rural free delivery. And it would in other ways injure the country.

I can illustrate the truth of that statement by suggesting a case, an extreme case, and yet one which correctly shows the truth of the situation. Suppose that there was a law restricting the circulation of the newspapers and other publications of the State of Mississippi to that State alone, and also restricting



those of Virginia, of Wisconsin, of Missouri, of California, of New York, of Georgia, or of any other State, to that State alone. Of course, under such a law we would soon become a provincialized republic, devoid of all spirit of nationality, cursed by sectionalism, and threatened with disruption.

Now, a zone system would be less drastic in its effects than would the law which I have supposed; but while it would not confine circulation to a State, it would tend strongly to confine it to a zone, and thus be correspondingly harmful.

Newspapers and magazines carry news and knowledge, and different rules properly apply in the fixing of rates for the transmission of such commodities from those which apply to the fixing of freight rates for carrying hay and coal. There is no more reason for putting newspapers under a zone system than for putting letters under such a system. We carry a letter at a loss for only 2 cents from here to the Philippines, or Hawaii, or Alaska, or Panama, or Porto Rico.

Gentlemen object to the cheap carrying of advertisements, and yet, as a matter of fact, legitimate advertisements are of great value to the country, not only as our most efficient promoters of commerce and industry but also as educators, instructing those who often are unable to obtain instruction elsewhere. This truth was impressed upon me some years ago, when I saw a boy not more than 14 years old, barefooted, curled up in a chair at Evansville, Wis., reading the advertisements in an old, frayed copy of a magazine.

I watched him. He was intently going over them; nothing but the advertisements. This struck me as interesting. I came back in 15 minutes, and the boy, apparently the child of poor parents, was still sitting there looking through those advertisements. I said to him, "I see that you are reading advertisements." He answered, "Yes; I always read them. I tell you, you can learn a heap out of these."

It is advertisements which have, in large part, caused the great increase in the volume of business done generally throughout the country, and especially in the volume of letters—first-class mail—thus adding largely to the revenues of the Government. One man said that an advertisement for which he paid \$400 had resulted, first and last, in so many thousands of letters to and from his company that the company itself had paid in first-class postage more than \$2,300.

I have thus hurriedly touched upon a few of the reasons why I believe that the Senate acted in accordance with the dictates of sound statesmanship when it struck out the provision for a postal zone system. No such provision has a proper place in a revenue bill. It ought not to come here as a rider on the pending bill, but should be considered here in its appropriate place as a part of the Post Office bill and on its own merits. [Applause and cries of "Vote!"]

The SPEAKER. The time of the gentleman from Wisconsin has expired. The question is on agreeing to the resolution embodying the rule.

The resolution was agreed to; and the Speaker announced as the conferees on the part of the House Mr. KITCHIN, Mr. RAINY, Mr. DIXON, Mr. FORDNEY, and Mr. MOORE of Pennsylvania.

#### WAR-RISK INSURANCE.

Mr. ADAMSON. Mr. Speaker, I move that the House resume its sitting on the war-risk insurance bill.

The SPEAKER. The gentleman from Georgia moves that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5723, known as the war-risk insurance bill. The question is on agreeing to that motion.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5723, the war-risk insurance bill, with Mr. GARRETT of Tennessee in the chair.

The CHAIRMAN. The House is again in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5723, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 5723) to amend an act entitled "An act to authorize the establishment of a bureau of war-risk insurance in the Treasury Department," approved September 2, 1914, and for other purposes.

The CHAIRMAN. The gentleman from Wisconsin [Mr. ESCH] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. ESCH: Page 10, line 10, add at the end of line 10 the following: "Said bureau shall procure from and keep a record of the amount and kind of insurance held by every commissioned and appointive officer and of every enlisted man in the military or naval service of the United States, including the name and principal place of business of the company, society, or organization in which such insurance is held, the date of the policy, the amount of premium,

the name and relationship of the beneficiary, and such other data as may be deemed of service in protecting the interests of the insured and beneficiaries."

Mr. ESCH. Mr. Chairman, I have offered this amendment to supplement the original intent of the section. Under it we require every commissioned officer or appointive officer or enlisted man in the military or naval service of the United States to give information as to the amount of the insurance he holds, the name of the company, the kind of policy, the amount of the premium, and the name of the beneficiary. It is this information that will enable the Division of Soldiers' and Sailors' Insurance to better conserve the insurance they hold at the time of their entrance into the service. It will give to this bureau a vast amount of important information which will be available at any time during the progress of the war and afterwards.

Any applicant to an old-line insurance company must in his application give the amount and the company of all insurance he holds. If the Government is to be the insurer under title 4, the Government should have the same right or asking of every enlisted man or commissioned or appointed officer to state the amount of insurance he holds, the company in which he holds it, and the amount of the premium, and the beneficiary. We want this information so that the bureau can aid the parties interested in the policies, the friends, the relatives, or the beneficiaries of that insurance, so that loyal, patriotic societies in the home towns, the Red Cross, or county, municipal, or State organizations, upon being advised, can see to it that the premium is paid and that such policies do not lapse.

Under ordinary insurance 50 per cent of policies lapse. If we can conserve even a fraction of the insurance held by these enlisted men and officers, we are doing a good deal, and it seems to me that this amendment, requiring of our men upon enlistment or upon taking out insurance, to give this information, will do much to conserve the insurance they now have. It will not be a difficult task. No doubt if title 4 becomes a part of the law the matter of insurance will be laid before every single officer and man in the Army. At the same time a blank form could be presented in which there could be inserted the information called for by this amendment. I do not believe there ought to be objection to this amendment. [Applause].

Mr. RAYBURN. Mr. Chairman, I will say that so far as I am concerned I have no objection to it.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Sec. 25. That whoever in any claim for family allowance, compensation, or insurance, or in any document required by this act or by regulation made under this act, makes any statement of a material fact knowing it to be false, shall be guilty of perjury and shall be punished by a fine of not more than \$5,000, or by imprisonment for not more than two years, or both.

Mr. MOORE of Pennsylvania. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Pennsylvania moves to strike out the last word.

Mr. MOORE of Pennsylvania. Mr. Chairman, I ask the attention of the committee for a moment, in order that I may introduce a matter that I may not have an opportunity to speak upon later in the day.

The committee would not consider an amendment to include any others in the benefits of this act except soldiers and sailors, I assume? It has been suggested to me that the Consular Service might also be included. Would the committee consider that matter at this time?

Mr. RAYBURN. I would not like to add it to this bill. I really do not think that service is comparable with service in the Army.

Mr. MOORE of Pennsylvania. I assumed that the committee might have a mind of its own on that subject, but in the few minutes remaining to me I wish to say a word in connection with our consuls. Many of the consuls have been sent into places of danger. We have consular agents of one kind or another doing yeoman service in foreign countries now at a compensation which is not altogether commensurate with the new expenses they have to bear. Recently some consular officers have been recalled to the United States. One of them, a man of family, has brought to my attention the fact that on applying for insurance to one of the old-line companies he found it impossible to obtain it at the old rate. This may or may not be an argument in favor of the principle of this bill; but for the information of the committee I desire to say that one American consul, who I know has been at points of danger and has done valiant service for his country under very great stress,



has been unable to obtain insurance in the United States at these proposed Government rates because he is going back to the other side of the ocean.

Mr. COX. Why specify consular officers?

Mr. MOORE of Pennsylvania. I have said there are various other Government agents over there.

Mr. COX. Why not include all the clerical force in all our foreign diplomatic service?

Mr. MOORE of Pennsylvania. That is a fair question that might arise in a debate of this kind; but I want to get into the Record now some insurance information about some of these men doing foreign service who are not with the Army or Navy.

One insurance company writes:

We regret to say it will not be possible to issue a specially prepared policy in this individual case, and that our general practice will not permit us to consider more than \$2,000 on a risk which involves travel in the war zone. You will note by referring to the President's recent announcements that the company's practice is clearly defined as to this class of cases. A copy of the letter is inclosed for your sight.

Here is a direct statement from this insurance company, which does a tremendous business in the United States, that it will not issue a policy for more than \$2,000 to a man going abroad in the service of the Government of the United States. This matter of being in the Government service was drawn especially to the attention of the company; but the answer of the company is found in a circular which I happen to have in my hand, and which I think ought to be read at this time. It is signed by the president of the company, no less a company than the Prudential Insurance Co. of America, and is directed to the superintendents, managers, and agency organizers:

An extra annual premium of \$50 per \$1,000 will be charged for Red Cross and other relief service in the foreign war zones, except that this charge shall not apply to women nurses in such zones.

Civilian travelers to or through the war zone or zones will be charged an extra annual premium of \$50 per \$1,000.

The amount of insurance to be issued on any life included in the above classes, together with the insurance that may have been issued on such life by this company since April 5, 1917, shall not exceed \$2,000.

The amount of insurance to be issued on a male life less than 31 years of age, together with any insurance that may have been issued since April 5, 1917, will not in any case exceed \$10,000.

The above rules will apply to all ordinary applications made after the close of business on June 26, 1917.

Here you have the Red Cross workers and people of their class and you have civilians going across upon business of their own or upon Government business to whom the insurance rates are raised \$50 per \$1,000, and, even so, policies are not to exceed \$2,000. I think it is proper the committee should have this information. It illustrates the difficulties and hardships encountered by all classes entering Government service abroad.

Mr. ESCH. Mr. Chairman, I ask unanimous consent to have printed in the RECORD some documents in connection with the amendment that the House just adopted.

The CHAIRMAN. The gentleman from Wisconsin [Mr. ESCH] asks unanimous consent to have printed in the RECORD some documents in connection with the amendment just adopted. Is there objection?

There was no objection.

The documents referred to are as follows:

GREAT NORTHERN LIFE INSURANCE CO.,  
Wausau, Wis., May 4, 1917.

Hon. J. J. ESCH,  
Washington, D. C.

DEAR MR. ESCH: Complying with your letter of April 30, I am inclosing a draft of the proposed bill for the creation of a life insurance war service bureau, and I trust I may have drafted the measure in sufficiently proper form to enable its introduction and secure its passage. I feel that the services of such a bureau would be extremely valuable to the men and to their beneficiaries and would result in benefit to every insurance organization in the country. Very largely the men who are insured will be found to carry their insurance in the fraternal orders and societies. When I was insurance commissioner, during the Spanish-American War, I made a canvass of the first 2,340 men who answered the first call, and while only 641 of these carried life insurance, more than half of the insurance carried was in fraternal orders.

I am also inclosing you a copy of our company paper of this month, which gives quite a little information on the war questions involved as they affect life insurance.

Nearly a year ago the five new life insurance companies of Wisconsin had a meeting and formulated their war clause, the special feature of which was that whatever extra premium would be necessary to impose should be placed in a separate fund and used only to pay the extra mortality occasioned by the war, and that any excess remaining should be returned to the insured or their beneficiary. At that time I maintained, as I still do, that the life insurance companies in computing their premiums upon standard tables of mortality were providing for 100 per cent mortality, war or no war, and that if because of war there was to be an extra premium imposed for extra mortality such extra mortality could only mean an excess death rate over and above the 100 per cent which had been regularly charged for.

The meeting of the committee of insurance commissioners with the life insurance companies in New York last week resulted in an understanding which will make the "service in war clause" practically uni-

form as well as materially reducing the extra premium they may at first charge, and it is generally accepted that any excess of such charge shall be returned. If you have not seen the result of this New York meeting and are interested, I am inclosing you a copy of the agreement between the companies and the commissioners. For your information I may say that the Wisconsin companies have generally accepted this arrangement.

Trusting that you may be able to secure some results from the inclosed bill, and thanking you very sincerely for the interest you are taking, I am,

Very truly, yours,

WILLIAM A. FRICKE,  
Vice President and General Manager.

NEW YORK, N. Y., April 28, 1917.

To the life insurance companies of the United States and to the insurance commissioners of the several States:

GENTLEMEN: The national convention of insurance commissioners, at its meeting in Des Moines on April 17 and 18, 1917, appointed a committee to take up with the life insurance companies of the United States the question of uniform war-service regulations. This committee invited all the life insurance companies in the United States, so far as they were able to reach them, to meet at the Hotel Astor, in New York, on April 27, 1917, at 2 p. m.

At that meeting a large number of the companies were represented, and the members of the committee of the insurance commissioners' convention were all present. The matter was freely and thoroughly discussed and considered, with the result that at the suggestion of the companies a committee of seven from their own number was appointed to confer with the committee of the national convention of insurance commissioners, the end being to agree upon some recommendations which, if adopted, would bring all the companies in the United States into uniform action, so far as possible, concerning the matter in question. This committee of the companies met the committee of the convention on the evening of April 27 and the morning of April 28, and the following recommendations were unanimously agreed upon by all the members of the committee representing the companies and by the members of the insurance commissioners' committee:

1. The military clause shall cover the entire period of military or naval service in time of war, if commenced within five years of the register date.

2. The clause shall call for "such extra premiums as may be fixed by the company."

3. The extra premium charged for the present shall be at the rate of not less than \$37.50 per annum per thousand of insurance.

4. In the event of death during service or within six months after termination thereof the liability of the company shall, unless after extra premiums have been paid, be limited to an amount not exceeding the total premiums paid on the policy, exclusive of any extra premiums which may have been paid for military or naval service.

5. The clause shall require payment of the extra premium within 31 days after entering upon service, or, if already in service, along with the first premium on the policy.

6. A refund will be made of any extra premiums not required.

A war clause to be used as a rider or inserted in the policy itself, as the companies may see fit, was also unanimously agreed to. This war clause is as follows:

If within five years from the date of this policy the insured shall engage in military or naval service in time of war, the liability of the company in event of the death of the insured while so engaged, or within six months thereafter, will be limited to the return of the premiums paid hereon, exclusive of any extra premium paid for military or naval service, less any indebtedness to the company hereon; unless before engaging in such service or within one month (of not less than 30 days), or at the time of paying the first premium due thereon, if the insured shall be then so engaged, the insured shall pay to the company at its home office in — such extra premium as may be required by the company, and in like manner shall pay annually thereafter on each anniversary of this policy or within one month (of not less than 30 days) while the insured shall continue to be so engaged, such extra premium as may be required by the company.

Within one year after the termination of the war the company will return such portion of the extra premiums as in its judgment will not be required to cover the extra hazard.

We earnestly hope and urge upon every company that it will adopt the recommendations herein contained, and the war clause also contained herein, to the end that uniform action may be had as far as possible by all the companies of the United States.

At the same time we also hope and urge upon the insurance commissioners of the various States that they will accept and approve of the recommendations herein urged upon the companies, and the war clause given above, likewise with the purpose in view that the action of the commissioners may be uniform as well as the action of the companies.

We realize in urging these recommendations and different provisions that all the companies may not be able to put them in force in exactly the same way and that some modifications may be necessary.

With regard to the war clause, it is understood that some companies may desire to prescribe a longer period than five years for commencement of service; to limit their liability in event of nonpayment of extra premium to the policy reserve or cash surrender value, instead of to the premium; or to provide for the payment of extra premiums otherwise than annually. Some companies may also desire to have the extra premium fall due at other times than when the regular premiums fall due. Certain companies also issue life insurance policies incorporating disability or accident benefits, and will, of course, make the proper provisions to cover those features of the business.

Every life insurance company and every commissioner is respectfully requested to notify Burton Mansfield, insurance commissioner, Hartford, Conn., at the earliest possible date whether they will accept and approve of these recommendations and the war clause hereinabove given.

We hope that each insurance commissioner and each company will bear in mind that it would be very difficult, if not impossible, to bring the companies and the commissioners together again to agree upon any modification of the above recommendations, and that accordingly they will accept these recommendations as urged.

Respectfully submitted,

For the National Convention of Insurance Commissioners:  
Burton Mansfield, Connecticut (chairman); Joseph  
Button, Virginia; M. J. Cleary, Wisconsin; E. H. Eng-  
lish, Iowa; John T. Winship, Michigan.

For the companies: William Brosmith (chairman), Percy H.  
Evans, George A. Grimsley, Robert Henderson, F. B.  
Mead, E. E. Rhodes, George B. Woodward.



A bill to provide for the conservation of the life insurance carried on the lives of the members of the Army and Navy, the prompt payment of claims, and the compilation of the mortality experienced as a result of the war.

Be it enacted, etc., That the Secretary of War and the Secretary of the Navy are hereby authorized to provide for a life insurance war-service bureau, with the required assistants, office, and stationery to carry out the provisions of this act, with authority to fix the compensation of the persons therein employed.

SEC. 2. The supervisor of such bureau shall prepare for the use of enrolling officers, a blank to obtain complete information concerning the life insurance carried by each person enrolled or mustered in, serving during the war in the Army, Navy, Hospital, Submarine, Aerial, Red Cross, or any other branch of such service, and it shall be the duty of every enrolling officer, company clerk, or other officer chargeable with such services to secure such information from every person mustered into service or now in the service to be signed by such person, and when properly filled out, return such blanks with the information called for to the life insurance war-service bureau, Washington, D. C.

SEC. 3. The blank to be filled out and signed by the enlisted person shall give the name in full, address, place and date of birth, branch of service, name of company or unit of service, amount of life insurance carried, name of life insurance company, order, society, or association in which carried, name and address of each beneficiary under each policy and relationship of the same, and the amount of premium on each policy or certificate.

SEC. 4. Such information when received shall be promptly transferred to a card system by company or units of service, and the information furnished also classified by life insurance companies, orders, societies, and associations, and a list of all such insurances so classified mailed to each such company, order, society or association for the purpose of comparison and verification with their records and a copy of such verified lists of policyholders, with the additional information as to such insurance as may be of service in protecting the interests of the insured and beneficiaries, returned to the bureau by each such company, order, society, or association.

SEC. 5. It shall be the general purpose of such bureau to take such measures as may be helpful in connection with beneficiaries, local relief committees, and similar organizations, as well as with the life insurance companies, orders, societies, and associations to conserve the insurance in force, the preparation of the proofs of loss, and assisting in the payment of claims, and to that end the Secretary of War and the Secretary of the Navy shall have authority to formulate and issue such rules and regulations for the proper certification and report of death by the officers of units in service as may be necessary to establish the required proofs of claim.

SEC. 6. It shall also be the purpose of the bureau to furnish to the Department of War, the Department of the Navy, and to the companies, orders, societies, and associations the data obtained and render any other service in the compilation of mortality, disability, and impairment statistics for the accurate determination of the war-risk hazard, and to do and perform such other services for the conservation of the insurance and protection of the insured and their beneficiaries as the Secretary of War and Secretary of the Navy may deem helpful and necessary.

The Clerk read as follows:

SEC. 201. That allotment of pay shall, subject to the conditions, limitations, and exceptions hereinafter specified, be compulsory as to wife, a former wife divorced, and a child, and voluntary as to any other person; but on the written consent of the wife, supported by evidence satisfactory to the bureau of her ability to support herself and the children in her custody, the allotment for her and for such children may be waived; and on the enlisted man's application or otherwise, for good cause shown, exemption from the allotment may be granted upon such conditions as may be prescribed by regulations.

The monthly compulsory allotment shall be in an amount equal to the family allowance hereinafter specified, except that it shall not be more than one-half the pay, or less than \$15; but for a wife living separate and apart under court order or written agreement or for a former wife divorced, it shall not exceed the amount specified in the court order or agreement to be paid to her.

If there be an allotment for a wife or child, a former wife divorced shall be entitled to a compulsory allotment only out of the difference, if any, between the allotment for the wife or child, or both, and one-half of the pay.

With the following committee amendment:

Page 11, line 8, after the word "divorce," insert "and who has not remarried."

The committee amendment was agreed to.

Mr. COX. Mr. Chairman, I move to strike out the last word, for the purpose of getting some information. Has the gentleman from Texas an amendment to offer?

Mr. RAYBURN. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. Does the gentleman from Indiana yield to the gentleman from Texas?

Mr. COX. I yield to the gentleman from Texas.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. RAYBURN: Page 11, line 10, after the word "wife," insert "or former wife divorced."

Mr. RAYBURN. That was left out by inadvertence.

The amendment was agreed to.

Mr. COX. Mr. Chairman, if this question has been discussed, it has been discussed in my absence. I should like to have some member of this committee give me a reason why it shall be compulsory on the part of the husband to make an allotment to a former divorced wife. On what ground is that based, anyhow?

Mr. ALEXANDER. The reason is this, beginning with line 17, page 11:

The monthly compulsory allotment shall be in an amount equal to the family allowance hereinafter specified except that it shall not be more than one-half the pay, or less than \$15; but for a wife living separate and apart under court order or written agreement or for a former wife divorced, it shall not exceed the amount specified in the court order or agreement to be paid to her.

In other words, if a wife has been divorced, and under a decree of court the former husband is required to pay her certain allowances, regard must be had for the divorced wife's rights in the allotment.

Mr. COX. I can readily see a sound reason for that. But supposing there is no order or decree of court directing the husband to pay her alimony or allowance, in a case of that kind, under the language of this proposed statute does the gentleman think it is broad enough to still compel the husband to make an allotment?

Mr. ALEXANDER. I think not.

Mr. COX. Then the gentleman's construction of this law is that an allotment to a divorced wife will only apply to a divorced woman where there is a decree of court against the husband compelling the husband to contribute to her support?

Mr. ALEXANDER. Where there is still a legal obligation on his part to contribute to her support.

Mr. COX. I can not conceive of any reasonable obligation unless expressed in a record of court.

Mr. SNOOK. The limitation is in the bill; it says it shall not exceed the amount specified in the court order or agreement.

Mr. COX. The gentleman's construction of the statute might be broad enough, but I am skeptical. I am disposed to believe that if the language remains in the bill it will give a divorced wife who has no decree of court against her husband compelling him to support her, to come in and compel this husband to contribute a part of his salary to her support.

Mr. ALEXANDER. I think not; there is no obligation on the part of the husband to support the divorced wife except by agreement by virtue of a decree. There may be a legal liability to contribute to her support, and this is limited to that.

Mr. COX. If the gentleman's construction is correct, it is all right; but I can see the possibilities of a hardship on the part of some men.

Mr. FESS. Mr. Chairman, I rise in opposition to the proposed amendment in order to ask the chairman a question. In lines 8 and 9 there is a differentiation between the compulsory and the voluntary. The compulsory seems to be limited only to the widow and child. Then over further in the bill, on page 15, line 9, those in class B are required to make an allotment. My question is, Is there any compulsory allotment to anyone except the widow and the child? In other words, suppose there is neither widow nor child but there are beneficiaries in class B to whom the soldier had been paying, before he went to the war, a regular monthly allotment. Would the law make it compulsory upon him to allot and support those he had been supporting before he went to the war?

Mr. ALEXANDER. Section 206 provides for the family allowances, and in class B it says:

That family allowances to members of class B shall be granted only if and while the member is dependent in whole or in part on the enlisted man, and then only if and while the enlisted man makes a monthly allotment of his pay for such member or members equal to the amount of the monthly family allowance as hereinabove specified, except—

And so forth.

Mr. FESS. That is the very point I want. The allotment is made by the soldier and the allowances made by the Government? Is the allotment compulsory?

Mr. ALEXANDER. No; it is voluntary on his part; but by making the allotment he imposes the obligation on the Government to duplicate it.

Mr. FESS. So it is true that the compulsory allotment does not extend to anyone but the widow and the child?

Mr. ALEXANDER. That is the way I understand it.

Mr. FESS. And that which extended to anyone in class B before the soldier had gone to the war would not be compulsory upon him.

Mr. ALEXANDER. I do not understand it so.

Mr. RUCKER. Mr. Chairman, I desire to offer an amendment. On page 11, line 20, after the word "under," strike out the words "court order or," and in line 22 strike out the words "court order or."

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment by Mr. RUCKER: Page 11, line 20, after the word "under," strike out the words "court order or," and in line 22 strike out the words "court order or."

Mr. RUCKER. Mr. Chairman, if this amendment should be adopted, the bill would then read:

The monthly compulsory allotment shall be in an amount equal to the family allowance hereinafter specified except that it shall not be



more than one-half the pay, or less than \$15; but for a wife living separate and apart under written agreement or for a former wife divorced, it shall not exceed the amount specified in the agreement to be paid to her.

Mr. CHAIRMAN, one of the questions that is agitating good and thoughtful men throughout the country is to devise some means by which the marital relations may be regarded more sacredly than they now are in many instances. There is a demand for a universal divorce law. This Congress ought not, in my judgment, to offer a premium to a wife to seek a divorce and obtain judgment for alimony and rely upon the Government to collect her judgment—

Mr. ROBBINS. Will the gentleman yield?

Mr. RUCKER. Yes.

Mr. ROBBINS. In case a wife should be divorced with a decree from bed and board, with a fixed alimony in that decree, if the gentleman's amendment prevails there would be no provision for her at all.

Mr. HUDDLESTON. Will the gentleman permit me?

Mr. RUCKER. Yes.

Mr. HUDDLESTON. I want to call the gentleman's attention to the fact that this clause gives a divorced wife a preference over a soldier's mother. In other words, if the soldier desires to make an allotment for the support of his own mother this bill gives the divorced wife an opportunity to come in and take that money away from her.

Mr. RUCKER. Of course, that is wrong; and as I understand the gentleman's attitude, from the form of his question, I fully agree with him. But, as I was proceeding to say, we ought not to offer a premium to induce the wives of soldiers now at the front or soon to be, for trivial reasons, such as we know are sometimes alleged, to seek a dissolution of the marital relation.

My opinion about it is that if this language stays in the bill the number of divorce suits throughout the country will be greatly multiplied. I make that statement for the reason that since the declaration of this war I myself have received letters from wives asking me to appeal to the War Department and secure some arrangement by which the soldier would be compelled to contribute more to her support and the support of the family than he has been in the habit of contributing. In these cases, where the bonds of affection are not too strong anyway, I fancy that many a cause, plausibly presented on paper and pathetic when recited by a wife to a court, would be strong enough to secure a divorce, a divorce which never would have been asked for and never would have been granted except that Congress offers this premium.

Now, answering the question propounded a moment ago, in regard to a case where divorce has already been granted and alimony allowed. Nine times out of ten the alimony adjudged in favor of a wife against a husband is utterly worthless, because you can not make one dollar out of him, and this bill proposes to constitute the Treasury Department a commercial collection agency to make good that which to-day is bad. I do not believe we ought to do it, but my strongest argument against it is that I believe this is a well-defined and very persuasive invitation to people who now consider too lightly their marital relations to treat with less solemnity that most solemn of all obligations. I do not believe any provision ought to be made for the payment of a divorced wife except upon a written agreement between her and her husband, or that any provision of law should be enacted by this Congress which makes the Treasury Department a collection agency for a divorced wife in collecting alimony which apart from this law could not be collected.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SNOOK. Mr. Chairman, I desire to oppose the amendment. I see no force to the argument of the gentleman that this invites the widows of soldiers to seek divorce because under the provisions of this bill as long as she is a wife she receives a liberal allotment for her support, and I see no reason why she would want to give up that allotment and bring suit for a divorce and take the chances of getting a decree under which she would not get more than she received as a wife under the provisions of this bill. Under the provisions of the bill she can not be allowed more after a divorce than she would receive while she is married.

Mr. ALEXANDER. I want to call attention to the fact that, beginning line 24, page 11—

If there be an allotment for a wife or child, a former wife divorced shall be entitled to a compulsory allotment only out of the difference, if any, between the allotment for the wife or child or both and one-half of the pay.

In other words, this is a compulsory allotment in favor of the wife and child.

Mr. SNOOK. Surely.

Mr. ALEXANDER. She would not gain anything.

Mr. SNOOK. That is just the argument I am making. She could gain nothing.

Mr. RUCKER. Will the gentleman yield?

Mr. SNOOK. Yes.

Mr. RUCKER. If this is true that it means nothing to the divorced wife, then why try to deceive her by putting it in here?

Mr. SNOOK. No; I call attention to the fact there may be men who are going into the Army now who are divorced, men from whom wives have deservedly secured divorces because there are many women in this country who have been compelled to get divorces from their husbands and it may have been a very deserving case and something must be allowed them for support, and if the gentleman's amendment should prevail, then these women who have been allowed alimony for the support which they ought to have would be cut off with nothing. So I see nothing in the argument of the gentleman that women would seek divorce, because as wives they would already be getting an allotment.

Mr. RUCKER. With all deference to the gentleman and in all spirit of kindness I want to say it frequently occurs that members of a committee can not see any wisdom or logic in an argument made against a proposition advanced by that committee.

Mr. SNOOK. No; I do not take that position. If the amendment was a good one, I should support it, but I do not think it ought to prevail.

I wish at this time to make a few further remarks relative to the general provisions of the bill, its objects and purposes, and to discuss some of the objections that have been made to its various provisions.

One of the objections that the opponents of this measure make to it is the manner in which it is to be administered. Some claim that the bill should be divided into three separate measures. That the allotments for the dependents and the arrangement for the saving of a part of the pay of enlisted men who have no dependents should be administered by the War Department.

The provisions for compensation which are intended to take the place of pensions under existing law should be administered by the Pension Bureau, and that the insurance feature of the bill should be administered by the Bureau of War-Risk Insurance under the Treasury Department. I do not believe that this is such a serious objection as to cause one to oppose the adoption of the bill, or that it should outweigh the argument that all of the provisions of the law should be carried out by one department and that this would mean a better and more efficient administration of the law.

It is especially urged that the Pension Department ought to have charge of the administration of all matters contained in article 3, this being the provision of the law relating to compensation of the soldiers for injury and to their families in case of death.

Personally I would not object to this, for I feel that this department has for years and now is transacting the business allotted to it by law in a most efficient manner.

There have been many able men in charge of the Bureau of Pensions in the past, yet in my judgment there has never been a more competent or higher minded man at the head of that department than the one who now fills that position.

It has been my pleasure to enjoy his acquaintance and friendship for many years, as he comes from my State and district. He had a long and faithful service in the Civil War, which enables him to clearly understand the needs of the men who engaged in that struggle. When the war was concluded he returned and engaged in the practice of law in his home city, and became one of the leading and most successful lawyers in our State.

He enjoys the admiration and respect of all who know him. He was called to his present position without solicitation on his part, and he has applied to his new work the same qualities of character which made him a great soldier and a successful lawyer and business man.

His success in the conduct of the affairs of this very important Government position has been a source of gratification to his friends and neighbors. I am pleased to have this opportunity of saying these few words, and only wish I had the time and ability of paying him the tribute he so richly deserves.

It has been asked several times during the course of the debate why it was that the Commissioner of Pensions was not called before the committee, and it is intimated that he is opposed to the provisions of the proposed legislation.

I can not speak for him in this regard, and I do not know what he thinks on this subject, but I do know that the President has



had no more ardent and consistent supporter in the great work he has been doing than the present Commissioner of Pensions.

The President has twice announced in letters which were published in the press that he recommended the passage of this legislation. I have never heard that the commissioner has expressed any criticism of the bill. I therefore take it that he agrees with the President in his approval of the measure.

In his argument against this bill my colleague from Ohio, Mr. KEY, quotes a patriotic sentiment from the speech of the President made on September 4, 1917, which we all approve. But let me remind my friend that the President has twice approved the present pending bill, once when it was first submitted to him and again in a letter to the distinguished chairman of our committee since the bill has been pending in the House.

The criticism most frequently offered to the bill, and the one urged most vehemently, is that the compensation provided is less in one or two cases than the amount of pension the soldier would receive under existing pension laws, and, on the other hand, a widow would receive more than widows of the same class are receiving under these pension laws.

I submit if the other provisions of the law are fair and just and if, on the whole, the law works out a fair and just treatment of the soldiers and their dependents, this should be no valid objection to the adoption of the measure. It might be urged as a reason for its amendment, but it is not a sufficient reason for one to oppose the entire bill.

It has been shown more than once during the course of this debate, and to understand the proposed law it must be remembered, that the provisions relating to compensation for widows apply only to those women who were married to the soldier before he sustained the injury causing the loss of his life. It is not fair to compare this provision with the one in existing laws granting pensions to widows marrying the soldier years after he entered the service. I wish to call the attention of the committee to this fact, because a number of men have complained of this feature of the bill which grants to widows and children a compensation in keeping with their necessities, yet not one of these men have been willing to state to the House in the course of their remarks or in answer to the question directly propounded to them that they are opposed to this feature of the bill or that they think the amounts to be paid to the widows and children are too great.

I propose to be more frank upon this subject. I favor this provision of the bill as it stands, and, speaking for myself, I wish to say if it is adopted I favor granting to the widows of soldiers engaged in former wars, who, like those provided for in this bill, were the wives of the soldier before he received the injury from which he died, a like amount of pension.

As to the compensation to be paid to the private soldier who is a single man without dependents, and who has been totally disabled, I wish to call attention to the fact that the statement so often repeated during the course of this debate that such a man under the provisions of this bill will receive only \$40 per month is not correct.

In order to determine the compensation he would receive, one must look to all the provisions of the bill, and by doing this you will find that such a man will receive \$40 per month plus \$20 for nurse hire, and if he takes \$5,000 insurance to which he is entitled he will receive an additional \$25 per month, making the compensation in all \$85 per month.

Personally, I would not be opposed to putting the compensation in such case up to the sum he would receive under the pension law. However, opponents of this measure overlook the fact that in most cases men who are totally disabled and who have families and take advantage of the insurance privilege of this bill will receive a far more liberal compensation than men under like circumstances draw under the present pension laws. It must also be borne in mind that under this bill the Government will provide at its own expense for the training of all men who are totally disabled so as to fit them for a useful occupation.

And notwithstanding the fact that by such training they will be able to earn additional money, the compensation provided for them will not be diminished. To my mind this is one of the most valuable features of the law. When these men are once fitted for an occupation and have their time engaged in some useful work their minds will be relieved of their troubles. This will have a great tendency to make them happy and contented even though they have met with such great misfortune.

The provisions of article 2 are in accord with the advanced ideals of the present day. Many of the enlisted men and many that are drafted will have some one at home who is wholly or partly dependent on them for support.

If these people are provided for and the soldier is made certain that these wants and needs will be taken care of, that

means will be provided for their comfortable support, then his chief care will be removed and he will be content to go to the front and to make any sacrifice that the welfare of his country may demand.

In the wars that we have heretofore had the support of a soldier's family or the dependents on him while he was fighting his country's battles was left to charity or the aid of relatives or friends.

This is all changed by the provisions of article 2 of the pending act. The soldier makes a contribution from his pay up to one-half of the amount he receives; the Government adds to this a sum beginning at \$15 per month in case where the soldier has a wife but no children and increasing in amount according to the number of dependents. By this arrangement the soldier by his own contribution and by that of the Government is enabled to care for all who have any claim on him for support.

This is a wise and humane policy and beneficial to the soldier and our country alike and seems to meet the approval of everybody, and the only wonder on the part of anyone is that the same principle was not followed in our former wars. The way in which this part of the law will work is plainly shown by quoting from a letter which Secretary McAdoo has written to the President. (See hearing, on page 13.)

The hearings have brought out some criticism of section 203. In cases where the enlisted man has no wife, children, or other persons named in the bill as dependents, the Secretary of War and the Secretary of the Navy are empowered under such regulations as they may establish to retain and deposit to the soldier's or sailor's credit one-half his pay, which is to be held and paid to him at the end of his service with 4 per cent interest. This may seem arbitrary and deprive the enlisted man of his right to control and spend his wages as he pleases. Yet there are many good reasons why this will work both for the benefit of the enlisted man and the country.

In the first place, most of the men are young, without any fixed notions of the value of money or the necessity of practicing economy; they will be away from home with much time on their hands, and the temptation to squander their wages will be very great; this will teach them a lesson in thrift; they will have an object lesson in saving. Moreover, when the war is over and they return to their homes, these savings will give them a valuable start in whatever calling they may wish to enter; this will also tend to preserve equality between our own forces and those of our allies with which our men will come in contact; all in all, this is a good provision and one that many a soldier will praise when the war is over and he comes to take up civil life and realizes what such a saving will mean to him.

Article 3 provides for compensation in case of death or disability. This is intended largely to take the place of pensions, and is modeled on the plan of our workmen's compensation laws. There is no class of legislation that has seemed to meet with such universal favor as the laws which have been enacted by the various States in the last few years.

There has been a good deal of criticism of our pension system, but I have never been one of the class who have indulged in that criticism. I have always felt that the men who have given up their callings to defend the country in time of war have been entitled to just compensation for every loss they have sustained, but there have been many inequalities and injustices in the execution of the pension laws, and a law like this with rates fixed according to the needs of the soldier and those dependent on him, with compensation to be adjusted immediately after the war, will overcome many of the criticisms against the pension laws and do justice to the soldier and his family.

It is liberal in its provisions—in fact, it is argued that in comparison with previous laws it is too liberal. That, to my mind, is no reason for its rejection. I am one of those who believe that if there is any class of persons who are not now receiving the pension they deserve and should receive, it is the duty of Congress to see that they do receive such pension and to not be led by such argument from denying to the soldiers who will be disabled in this war and to the widows of those who may be killed adequate compensation proportioned to the loss sustained.

Most of the criticism has been directed to article 4, which permits every soldier to carry life insurance of from \$1,000 to \$5,000. This is in addition to the compensation provided for in article 3, which, as we have said, is in the nature of a pension.

This insurance is to be carried by the Government; during the war it is to be term insurance and the soldier is to pay only the net rates required in times of peace, and when the war is concluded he shall have the right to convert it into such form of insurance as may be prescribed by regulation of the Government; in other words, the Government assumes the risk of war and gives the soldier the same opportunity to carry life



insurance to the amount of \$5,000 as that enjoyed by the man who stays at home and pursues his ordinary business.

A number of reasons have been advanced why this provision should not be included in the law. It will be noted that these objections come almost without exception from those who are directly interested in the life-insurance business. It was this class of persons that appeared before the committee to object, and it is this class of persons who are writing Members of Congress and urging them to oppose this feature of the bill. It is not because the insurance companies wish to carry this business that they urge the rejection of article 4, for it is conceded that none of them wish the business and that the rate they ask to carry it is such as practically prohibits the soldier from taking out such insurance.

It is argued that the protection afforded under the provisions of articles 2 and 3 are in the nature of insurance and are so broad and liberal in the benefits bestowed that the Government owes no further duty to the enlisted men of the Army and Navy.

In the hearings one of the representatives of the insurance companies says it would seem as if in attempting to make this provision to enable the enlisted man to procure greater and broader protection for himself and dependents the Government was entering into a plan of charitable disbursement which is not required by the facts in the case. Is it a fact that there is no reason to afford the enlisted men this additional opportunity? Many of these men have no choice as to whether they shall enter the Army.

This service deprives them of all opportunity of exercising their trade, calling, or profession and from establishing a business that will sustain them and their families as they grow older. It subjects them to hardship and danger, to such hardships and dangers as men have never before been called to face; they will be subjected to the supreme test of sacrifice, and all this is for the benefit of those who will not be compelled to go into the Army and those who are to enjoy the fruits of these sacrifices in the future.

We heard much in the speeches of the great opportunity for service that would be given to the man that is conscripted to serve in our Army. Now, is it asking too much of those who do not have that opportunity of service to also render service to those who carry on the war?

This is an enlightened and humane age in which we are living and this is the application of a just, enlightened, and humane policy toward the men who must make this great sacrifice for democracy.

Another argument against this feature of the law is that all, or nearly all, the soldiers entitled under the law to take this insurance will avail themselves of the opportunity and that it will entail an expense on the part of the Government not anticipated by those who favor the law and one that the Government ought not to be called on to bear. The men who are responsible for the bill do not anticipate that this will happen; they estimate that about 25 per cent only will choose to take this insurance. Surely anyone that has had any experience in soliciting life insurance knows how hard it is to convince a person that it is to his best interest to purchase even a small policy. If experience along this line counts for anything, it would teach us that not more than 25 per cent of those entitled will take advantage of the offer contained in this section of the proposed law. There may be more, and if so all right. It will be only a small step toward giving them the same opportunity which the man who stays at home to carry on his business has.

It will teach them thrift and will give them an opportunity to make preparation to care for those dependent on them; it will help them when the war is over to take their places in society, for they will know that the foundation has been laid to provide for their family should they choose to marry.

There can be no speculation, for the policy is not assignable, and the sole and only beneficiaries are a spouse, child, grandchild, parent, or brother, and it is payable only in installments; that is, in the form of an annuity, except that provision for payment in lump sum may be made by regulation in special cases. These provisions will not only prevent speculation but will have a tendency to limit the number of persons taking the insurance to those who actually need it for protection.

I believe that everyone will concede that such insurance will be a good thing for the soldier, a thing that many of them ought to have as a matter of protection. We find that in Canada that some of the towns have taken this question up and have presented to each soldier a policy of insurance similar to that provided for in this law. Such provisions should not be left to charity. In this way the soldiers from some communities would receive this, while it will be denied to others who are equally

deserving. There should be no uncertainty about the matter; the opportunity should be open to all alike.

The soldier should know in advance just what he is to receive, just what help he will receive in case he is disabled, and how his wife and children will be cared for in case he should lose his life. To my mind the best thing about this bill is its certainty. It is in this respect that it excels all the laws of this kind we have ever had. It relieves all anxiety from the soldier's mind and leaves him free to give his country the very best service he possesses.

Those who oppose this measure must remember that our country is pledged to a liberal pension system. It may be that this insurance scheme will cost the country a large sum of money; but be that as it may, I wish to conclude what I have to say on this subject with a statement which the Secretary of the Treasury makes to the President in a letter explaining and discussing this proposed law:

It may be suggested that the cost of this system is too great. Personally I have no patience with such a suggestion; I confess that I have only compassion for it. If, under this measure, the annual cost of doing justice to our fighting men and their dependents should amount to five, six, or seven hundred million dollars per annum at the crest of the load, it is an insignificant sum as compared with what these men do for their country and for the world. At this time we are contemplating expenditures during the fiscal year 1918 of more than \$10,000,000,000 for the prosecution of the war—for the creation of armies and death-dealing instruments to be used in destroying enough human life to restore peace and justice in the world. Shall we hesitate to expend \$700,000,000 more per annum, if need be—only about 6 per cent of the amount we propose to expend for purposes of the war—for the protection of the widows and orphans, the dependent and the injured, who, after all, make the greatest sacrifices of any part of our people, for the safety, security, and honor of our country?

Mr. WALSH. Mr. Chairman, I do not think the amendment offered by the gentleman from Missouri ought to prevail, because in some jurisdictions by law a husband and wife can not enter into a written agreement to live apart. I desire to make one or two observations on the bill, however, as a whole, and on the manner of its consideration since it was filed. No one who has any realization of his duty as a Member of this House will refuse to vote for legislation that will make ample and proper provision for those who are to go forth and fight the battles of this country in this great world war nor neglect to make such provision for their dependents, but the question under consideration here is whether this is the proper legislation to enact to accomplish this worthy purpose. It is a bill that has been presented to the House by the Committee on Interstate and Foreign Commerce. It is a measure, in my opinion, fearfully and wonderfully made. We have become accustomed in the past to submit during this special session of the Congress to the dictation of—or possibly the stern expression of—preference on the part of the Executive as to just what sort of legislation we must enact in order to enable the Commander in Chief successfully and speedily to prosecute the war, but in this measure we see an instance of the influence or the intermingling of the judicial branch of the Government with the legislative. We are told—in fact, the judge who drafted the measure, with becoming modesty, admits he drafted this bill, and it was drafted by him because he was drafted to serve upon a committee to draft this measure, which will draft the money from the Treasury of the United States for the benefit of our soldiers, sailors, and their dependents. He not only admits that he drafted this measure, but he also admits that he knows all about insurance, and if you will read the hearings you will see that some of the experts—

Mr. MEEKER. Will the gentleman yield?

Mr. WALSH (continuing). Did not, in the judge's opinion, truly appreciate the gravity of the situation when they appeared before the committee, nor did they know as much about insurance as the author of this bill. Not only that, we find him sitting on high during the deliberations on this measure during the past four days, and a casual glance will disclose that we have a judge among us "taking notes"; and if, forsooth, the success of this measure is threatened by queries and questions propounded to members of the committee, some of those notes are transmitted to the members of the committee; and likewise we observe later on visits from members of the committee to sit at the fountain of knowledge and bask in his beaming smile and receive a new inspiration and further information in order that the attacks which have been made upon the measure may be successfully withstood. [Applause.] We find, Mr. Chairman, that the members of the committee—

Mr. MEEKER. Will the gentleman yield?

Mr. WALSH. In just a moment—who apparently are supporting this measure most earnestly and most intelligently, with one or two exceptions, are the members who did not attend the hearings and who were absent from the Capitol under the opera-



tion of the gentleman's agreement which was in existence during the month of August.

Now, in my view, Mr. Chairman, calling pensions insurance, or payment on account of the bargain made, or compensation, or a beneficence, as the gentleman from Pennsylvania [Mr. DEWALT], a member of the committee, termed it, does not make it what they call it. The compensation provisions of this bill are pensions pure and simple, despite the pronouncement of the Daniel-come-to-judgment and holding "court" during the deliberations of this House.

Why, Mr. Chairman, if persons upon any other measure had sought to assist and furnish information to committees having charge of important legislation in which they happened to be so apparently vitally interested in the manner in which it has been done in this instance, not only would the committee but the person himself receive and deserve the censure of this legislative body. We are able here in this great body—and the Committee on Interstate and Foreign Commerce, I submit, are able—to frame legislation, to report it, and to successfully defend it. But we have an instance, in the manner in which this measure is framed, of a committee reporting a bill about which it has had no experience or has no peculiar knowledge. I believe that the allotment provision should be passed in some form, and that the compensation provision should be passed in some form, but it is peculiarly significant that the insurance provision meets with such warm commendation from the single representative of the Socialist Party in this House and that it is also vouched for by the great leader of the American labor forces of this country, Mr. Samuel Gompers. If we are to have insurance under Government auspices and Government control, payable from the Federal Treasury, we should start in the beginning with a measure more carefully framed than this is, in order that when the plan comes to be enlarged upon and developed in the future we will have something that will be comprehensible and safe and sane as a basis and not a hodgepodge such as is provided for in this measure. It is, as regards its insurance provisions, decidedly unscientific, and may defeat the very objects sought to be attained when it comes to be administered. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. RAYBURN. Mr. Chairman, I am almost at a loss just how far to accept the very gracious compliments of the gentleman from Massachusetts [Mr. WALSH]. But I will say this: It is true that Judge Mack, of Chicago, who was asked to come into this work, and who came into it patriotically, without one cent of cost to the Government or anybody else, entered into it with a zest and a zeal not commonly seen among the average citizens. The average judge upon the bench when vacation time arrives, instead of contributing his brain and experience in trying to serve the Government in some way, would have been away taking his vacation. And the castigations of the gentleman from Massachusetts [Mr. WALSH] of Judge Mack are not only unworthy of the gentleman from Massachusetts but they are unworthy of any Member of the House of Representatives. [Applause.]

He says, on the one hand, that this committee has taken and swallowed a bill about which it knows nothing and the members of the committee know nothing, and in the next breath he tries to breathe the compliment that this great and able committee could themselves, without the help of anybody from far or near, have framed this bill and made it much more perfect than it is. It is true, Mr. Chairman, that the Committee on Interstate and Foreign Commerce made very few amendments to this bill. We considered it in committee for several days after the hearings were closed, went over it line for line and word for word, and the reason why we did not amend the bill greatly was that we believed that it was in splendid form when it came to the committee. And if this committee is so capable of writing a great bill, as the gentleman from Massachusetts [Mr. WALSH] says we are, it seems we ought to be able to go over one and revise it.

We do not arrogate to ourselves all the knowledge in the universe. We do not believe that we ought not to take the advice or the suggestion of anybody, it matters not from what point of the compass they come. Of course, if we were as great in our own estimation as the gentleman from Massachusetts is in his, we would not ask the advice or the counsel of anybody in these great matters.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield for a question?

Mr. RAYBURN. I will.

Mr. KNUTSON. What peculiar qualifications has the author of this bill?

Mr. RAYBURN. Judge ALEXANDER is the introducer of this bill and stands sponsor for it here.

Mr. KNUTSON. Is Judge ALEXANDER the author of it?

Mr. RAYBURN. His name is on it. The committee considered—

Mr. KNUTSON. I am merely asking if Judge ALEXANDER is the author of this bill?

Mr. ALEXANDER. I stated on the floor that I am not. But I think it is a great piece of legislation, and I think it is unworthy of the gentleman from Massachusetts [Mr. WALSH], a gentleman for whom I have very high regard, to make a gratuitous attack upon a great and good man who is trying to serve his country in this emergency. [Applause.] His efforts may, in the judgment of some men, be misdirected. He may not have that skill and knowledge that some gentlemen in this House think he should have, but his purpose and intent are noble and patriotic, and he should not be censured if he sits in this gallery and observes the proceedings of this House or confers with the Members of this House who are interested in this legislation.

The CHAIRMAN. The time of the gentleman from Texas [Mr. RAYBURN] has expired. Debate on the amendment and amendment thereto has expired.

Mr. MEEKER. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman will have opportunity in a minute to offer another amendment.

Without objection, the pro forma amendment will be withdrawn. The question is on the amendment of the gentleman from Missouri [Mr. RUCKER].

The question was taken, and the amendment was rejected.

The CHAIRMAN. Now the gentleman from Missouri [Mr. MEEKER] is recognized.

Mr. MEEKER. Mr. Chairman, I move to strike out the last word.

I intend to vote for this bill. There are some things about it that are not satisfactory, but the point that has been raised by the gentleman from Massachusetts [Mr. WALSH] is a thoroughly legitimate objection, and you can not get around it. It is not whether we are for this bill or not. It is whether we are going to be managed from the gallery or from the floor. [Applause.]

Two or three times this House has submitted to a lobby that operated from that gallery to that door; and the same thing has been done in another body, contrary to all rules of common legislative self-respect.

Mr. DEWALT. Mr. Chairman, will the gentleman allow an interruption?

The CHAIRMAN. Does the gentleman yield?

Mr. MEEKER. I will not yield just now. It has been done, contrary to all the rules of common legislative self-respect. We have come to the place where a man who wrote the bill or is interested in it can sit in the gallery and make notes and send down messages to the floor of this House.

Mr. DEWALT. Mr. Chairman, will the gentleman now yield?

Mr. MEEKER. Not now. Now, you can get ready to answer just as strongly as you please, but we are not discussing Judge Mack or any other judge. We have come to the place where we had just as well know how this legislative thing is being done here. I believe that there are men on the floor of this House who know just as much about insurance and who are just as much interested in the soldier as are the men who drafted this bill and brought it in here. I happen to have made a speech in favor of this kind of legislation two years ago out in my district. I have studied the question, and I am for it. But that is not the question raised here and now. It is not a gratuitous insult on the part of the gentleman from Massachusetts to call attention to this thing in this House. I say it is a gratuitous insult to the House for a man to sit in the gallery and undertake to direct legislation. [Applause.]

Has the time come when we are going to be so open about this? We know what happened here in the last session. We know something that has occurred here now, and with all due respect to the learned judge and to the bill that he wrote—it is a good bill; it will pass; it will be good for this country—there is just as much propriety in a member of the bench of the United States sitting in the gallery of this House, sending notes and suggestions to the floor of the House as there would be for a Member of this Congress to sit in his court and send notes to him when he sits on the bench. [Applause.]

I will say, gentlemen, I have never met the judge. I am not concerned about him as a judge. I am talking about a precedent and a policy. When the time comes that we so forget ourselves, both from the legislative and judicial side, as to start a program like this, the American people should know it. I am here to offer my protest, not against the bill as it has been written, because it is a good bill. It was well done, although I think other men could have written just as good a



bill as men from the Federal bench who will pass upon this law. I think there are men who as fully understand insurance and law as this gentleman. But that is not the issue. I am talking about a policy. I do not wish to go further in this legislation until it is known by the country that a protest is here being offered to what is going on in connection with this legislation. [Applause.]

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. DECKER. Mr. Chairman and gentlemen of the committee, I am not in the gentleman's confidence as to what lobbies he refers to in the past or as to what lobby in the last session sat in the gallery and had influence upon legislation. If by any chance he refers to the men who at times have sat up there and watched the course of legislation affecting the laboring men of this country, I want to go on record as one that does not object but is in favor of the laboring men of this country, who can not fill the gallery themselves, sending men here to represent them and see whether or not the men who talk so loudly at home as their friends, are really their friends here in Congress. [Applause.]

Mr. DYER. Mr. Chairman, will the gentleman yield there?

Mr. DECKER. No; just a word more and then I will yield to my colleague. If by any chance my colleague and friend from Missouri [Mr. MEEKER] refers to the people in this country who believe in the abolition of the saloon that injures the manhood of our country, if he refers to these men who sit in the gallery here sometimes and watch the course of legislation affecting that great evil in this country, then I want to go on record as one who approves of such a lobby here, and the country would be better off if we had more of them. [Applause.]

Now, gentlemen of the committee, if there is any man here that objects to the lobby sitting there now in the person of a Federal judge of the United States who, at the request of Woodrow Wilson and Samuel Gompers and William McAdoo, has spent his time, has applied his brains and his effort in drafting some legislation that will be for the benefit of the men who will go out on the firing line to fight for your cause and my cause, then I say, long live that kind of a lobby in the American Congress! [Applause.]

Mr. KNUTSON. Mr. Chairman, will the gentleman yield for a question?

Mr. DECKER. Yes.

Mr. KNUTSON. Do you wish this House to understand that you place the stamp of your approval on such conduct as we have witnessed in this House in the last few days?

Mr. RAYBURN. Mr. Chairman—

Mr. DECKER. Just wait a minute. I want this thing to be understood. Will the gentleman define the conduct he refers to specifically?

Mr. KNUTSON. Yes; sending notes down to the floor.

Mr. DECKER. Have you read the notes?

Mr. KNUTSON. No. I believe I enjoy a reputation for thinking for myself. [Applause.]

Mr. DECKER. Do you mean that it is a crime or a sin or dishonor for a Member of Congress, elected by the sovereign people of his district, to receive a note from anybody in any place?

Mr. KNUTSON. No; but I think it impugns their intelligence.

Mr. DECKER. Well, are you so intelligent that you can not read a suggestion from the gallery or any other place that affects the welfare of your country?

Mr. KNUTSON. How about the propriety of it?

Mr. DECKER. Has the time come in the American Congress when you and I can not receive a petition from the people of our district? If we can receive a petition from our people, can we not receive a suggestion?

Mr. KNUTSON. Why not allow the Steel Trust and kindred interests to have lobbies up in the gallery if you are so fond of lobbies?

Mr. DECKER. Why, my dear sir, I am not one of those Members of Congress who have to halloo "Thief, thief!" in order to make my people think I am honest. If there is any member of the Steel Trust or anybody else who wants to send me a note, I shall be glad to hear from him.

Mr. KNUTSON. How about the propriety of it?

Mr. DECKER. The propriety! I will tell you about that. Just let me have five minutes more, Mr. Chairman, before I start on this. [Laughter and applause.]

The CHAIRMAN. The gentleman from Missouri asks unanimous consent that he may proceed for five minutes. Is there objection?

There was no objection.

Mr. DECKER. The danger to this country is not from men who sit in the gallery, before Congress and before the world, proud of their conduct, proud of the patriotic duty which they seek to perform for the soldiers of our country, and make suggestions to Members of Congress publicly and before us all. It is the secret lobby; it is those who observe what the gentleman chooses to call the proprieties, who visit Members at the Willard Hotel, as they used to do in the good old days, or see them at their offices, or, perhaps better, send a representative who is not well known. That is the kind of lobby that the people of this country are opposed to; but the soldiers who will fight the battles of our country have no objection to the Federal judge who gives us the benefit of his legal knowledge, who gives us the benefit of his yearning heart for the betterment of his country. No objection will be raised to him. Now, if the suggestions which he has sent here are not good, you say you have intelligence enough to write the bill offhand. If these suggestions which the learned judge has sent are not good, vote them down.

Some of them, I apprehend, will be presented to this House in the form of minor amendments, and what is the harm in that? They will be read in the open. They can be discussed by you, and the benefit of your judgment will be focused upon those amendments, and what harm is done? I pause again to pay my tribute to the learned judge who sits in the gallery. He will talk to you or talk to me. I am proud to say that I have talked to him. He is a more learned man than I. You might be surprised to know that, but he is. [Laughter.] I say without any reflection upon anybody that he is a more learned man than many Members of this House, because he is older than many of us. He is a learned judge, he is an able man, he is a friend of the people, a friend of the widow and the orphan, a friend of the soldier who fights for his country. If that is treason, then Abraham Lincoln was a traitor, because he expressed to the world the yearnings of his heart, to do what he could to take care of the widows and the orphans and to heal the hearts broken as the result of the war. [Applause.]

Mr. HUSTED. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from New York offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. HUSTED: Page 11, line 9, after the word "child," insert: "Provided such wife, former wife, or child is dependent in whole or in part on the enlisted man, and only during the continuance of such dependency." Strike out all of line 10 after the semicolon, all of lines 11 and 12, and all of line 13 down to and including the semicolon. Strike out the word "and," in line 13, and insert in lieu thereof the word "but."

Mr. COX. May we have the section read as it will read if amended?

Mr. STAFFORD. I ask that the section be read as it would read if amended.

The CHAIRMAN. The Clerk will read the paragraph as it would read if the amendment should be adopted.

The Clerk read as follows:

Section 201 as it will read if amended:

Sec. 201. That allotment of pay shall, subject to the conditions, limitations, and exceptions hereinafter specified, be compulsory as to wife, a former wife divorced and who has not remarried, and a child, and voluntary as to any other person, provided such wife, former wife, or child is dependent in whole or in part on the enlisted man, and only during the continuance of such dependency; but on the enlisted man's application or otherwise for good cause shown, exemption from the allotment may be granted upon such conditions as may be prescribed by regulations.

Mr. HUSTED. Mr. Chairman, I am so heartily in favor of the general purposes and objects of this bill that I am not very greatly concerned as to its authorship or as to the manner in which it comes before us; but I do believe that the bill should be amended in important respects, and I think that the amendment which I have offered deserves the serious consideration of this House.

Article 2 was evidently designed by the framers of this bill to accomplish two things: First, the maintenance of dependent families of enlisted men while they were engaged in war service, and, second, the deposit with the Government of a certain portion of the pay of the enlisted men who make no allotments of their pay.

This bill as it is drawn makes absolutely no distinction between men who have dependents and men who have families of independent means, so far as the allotment is concerned for a wife, a former wife divorced, or a child; and the only escape from it in the case of a wife or a former wife divorced or a child is through a waiver by the wife or the former wife divorced—of course, the child can not waive—or upon the application of the enlisted man himself. Now, I think the framers of the bill have put the cart before the horse. I do not think this



burden should be placed upon the enlisted man or upon his wife or former wife divorced. I believe only those men should be compelled to make the allotment who have dependents; and if they have dependents, I do not believe the dependent wife should be allowed to waive.

Now, if it was merely a matter of the allotment, it would not concern me very much, because it is six of one and half a dozen of the other whether a man gives this money to his wife by allotment or from his own private purse. But the bill later on provides that where a compulsory allotment is made, then the Government must contribute at least a like amount toward the support of those dependents, and it seems to me ridiculous that the Government should be compelled to contribute to the support of women and children who have large independent means. Under the terms of this bill, as it is drawn, if a man had an income of \$10,000 and his wife had an independent income of \$10,000, and the wife did not waive or the soldier did not make an application, then the Government would have to put its hand in its pocket and contribute to the support of that wife and those children. You may say that that would not occur in a great many cases. Well, perhaps it would not, but I think the bill should be drawn in a scientific manner.

It should be drawn so that it could not under any circumstances apply in a case of that kind. I understand that objection is made to this amendment on the ground that it would cost too much money; that it would cost more money to determine the status of these people than it would to have the Government contribute. I do not think that is a good answer, because you compel the Government to determine the status in the case of dependents if they are not the wives or the children or the former wives divorced. If you can do it in their case, why can not you do it in this case, and you can provide under regulations as to what degree of proof is necessary to establish dependents under the provisions of this bill, and a very limited proof could be required?

The CHAIRMAN. The time of the gentleman has expired.

Mr. STAFFORD. Mr. Chairman, I ask that the gentleman's time be extended two minutes in order that I may ask him a question.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. STAFFORD. As the paragraph would read if the gentleman's amendment is adopted it would leave out the provision for the voluntary payment to other persons. Is it the purpose of the gentleman to deprive the enlisted man of the privilege of designating persons other than relatives in case he desires to make an allotment?

Mr. HUSTED. Absolutely not, and I do not think my amendment accomplishes anything of the kind.

Mr. STAFFORD. As it was read by the Clerk, it did. I do not think the gentleman's amendment as originally reported compassed that purpose.

Mr. HUSTED. My amendment leaves untouched the words "voluntary as to any other person."

Mr. PARKER of New Jersey. Will the gentleman yield?

Mr. HUSTED. Certainly.

Mr. PARKER of New Jersey. I do not understand the gentleman's position. There are two plans of dealing with allotments. One is the plan of compulsion and the other is the Canadian plan that if a man wants a family allowance from the Government he must allot one-half of his pay as a condition that the Government let him have the allowance. Now, this would be an entire change of framework of the bill. Ought we to have compulsory allotment and compulsory saving of half the pay, or ought it to be like the Canadian plan, in which they say that if a man wants a family allowance he must allot half his pay?

Mr. HUSTED. I believe in compulsory allotment for the support of the dependent, and I believe in the Government allowance in these cases, but I believe it should be confined to cases of dependency. The idea of compelling the soldier to deposit a part of his pay does seem somewhat paternalistic, but I have no doubt the experience of the war service fully justifies it.

Mr. RAYBURN. Mr. Chairman, I sincerely trust that the amendment of the gentleman from New York will not be agreed to; and he furnishes the argument against it by saying that if you adopt the amendment you will turn the whole question open to one question of dependence, and when you put it on the ground of dependence then every separate case must be separately examined, must be separately looked into, must be separately passed upon, and it does appear to me that there will be an injustice done the Government in that case. There may be isolated instances in which injustice may be done the Government, but I do not believe that many people with an income sufficient to maintain them will apply to the Government for

allowances. Therefore I hope that the amendment will not be agreed to. If we go into the question of dependencies, it opens up such a wide field for appointment of agents and departmental work that I believe at this time it is very unwise, indeed.

Mr. COX. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. COX. Why should not the Government be perfectly willing to pay a man's wife even if he was able financially to support her. Here is a man wealthy in his own right and perhaps his wife is wealthy in her own right, but the Government has selected him and put him in the Army. Why should not that man, although he is wealthy, stand on the same basis as the poor man?

Mr. RAYBURN. The only argument about that is that it does not look well, and the obligation extends to the poor man.

Mr. COX. The rich man will make just as good a soldier as the poor man, and they ought all to be treated alike.

Mr. GRAHAM of Illinois. Mr. Chairman, can we have the amendment again reported?

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

The Clerk again reported the amendment, as follows:

Amendment offered by Mr. HUSTED: Page 11, line 9, after the word "child," insert "provided such wife, former wife, or child is dependent in whole or in part on the enlisted man, and only during the continuance of such dependency." Strike out all of line 10 after the semicolon, all of lines 11 and 12, and all of line 13 down to and including the semicolon. Strike out the word "and" in line 13 and insert in lieu thereof the word "but."

The CHAIRMAN. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. RAYBURN) there were 22 ayes and 28 noes.

So the amendment was rejected.

Mr. ESCH. Mr. Chairman, I move to strike out the last two words to put an inquiry to the chairman of the committee. Ought not there to be an amendment after the word "divorced," line 25, page 11, as follows: "who has not remarried," putting in the same words the committee inserted in lines 8 and 9 on the same page?

Mr. ALEXANDER. I think that is right. I had a check mark indicating that ought to be done.

Mr. ESCH. Mr. Chairman, I offer an amendment. After the word "divorced," line 25, page 11, insert "and who has not remarried."

The CHAIRMAN. The clerk will report the amendment.

The Clerk read as follows:

Page 11, line 25, after the word "divorced," insert the words "and who has not remarried."

The question was taken, and the amendment was agreed to.

Mr. LONERGAN. Mr. Chairman, I move to strike out the last word. I desire to ask the chairman of the committee if after the word "divorced," in line 8, page 11, there ought not to be some qualifying clause such as "on her petition," having in mind that this bill provides that a divorced wife may get the benefit notwithstanding the fact that the husband might have procured the decree of divorce?

Mr. ROBBINS. Why should it not be? Suppose the husband has gone to another jurisdiction and gotten a divorce without fault on the part of the wife, why should she not have the benefit? She should have it.

Mr. GRAHAM of Illinois. Is not that covered in the next paragraph?

Mr. LONERGAN. Where?

Mr. GRAHAM of Illinois. "But for a wife living separate and apart under court order or written agreement or for a former wife divorced, it shall not exceed the amount specified in the court order or agreement to be paid to her." In other words, if there is no agreement or court order she would not get anything.

Mr. LONERGAN. But it says here "a former wife divorced."

Mr. GRAHAM of Illinois. Yes; but that is limited in its application in subsequent language in the same section.

Mr. LONERGAN. I do not think so.

Mr. GRAHAM of Illinois. There must be a court order or agreement, and she is limited in the amount she will get, which is made compulsory by the preceding language to the court order or agreement.

Mr. LONERGAN. I do not think so. There ought to be no doubt about this, and I offer an amendment: That after the word "divorced," in line 6, page 11, to insert the words "on her petition or where the decree of divorce was not granted to the husband on account of her misconduct."

The CHAIRMAN. The pro forma amendment will be considered as withdrawn, and the gentleman offers an amendment which the Clerk will report.



The Clerk read as follows:

Page 11, line 8, after the word "divorced," insert the words "on her petition or where the decree of divorce was not granted to the husband on account of her misconduct."

Mr. COOPER of Wisconsin. Will the gentleman yield?

Mr. LONERGAN. I will.

Mr. COOPER of Wisconsin. Let me ask the gentleman from Connecticut if "on her petition" is quite broad enough. Suppose the husband brought suit against her and she filed a cross-petition?

Mr. LONERGAN. I think that would cover it.

Mr. COOPER of Wisconsin. Just say "petition or cross petition."

Mr. LONERGAN. Or cross complaint.

The CHAIRMAN. Without objection, the amendment will be so modified.

There was no objection.

The CHAIRMAN. The question is on the amendment as modified.

The question was taken, and the amendment was rejected.

Mr. RUCKER. Mr. Chairman, I move to strike out the last word for the purpose of asking the gentleman in charge of the bill a question. I desire to call the gentleman's attention to line 8, page 11, to the part in italics—"a former wife divorced and who has not remarried." Would not it be better to have it "a former wife divorced who has not remarried"?

Mr. RAYBURN. That is right.

Mr. RUCKER. I move to amend by striking out the word "and," in line 8, page 11, after the word "divorced," the first word in italics.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 11, line 8, after the word "divorced," strike out the word "and."

The question was taken, and the amendment was agreed to.

Mr. IGOE. Mr. Chairman, I move to strike out the last word. I want to ask the gentleman from Texas, along the line suggested by the gentleman from Connecticut, for some information. Is it the intention of the committee that if the wife is divorced for her fault that she will get this allotment?

Mr. RAYBURN. I would rather the gentleman from Missouri would answer.

Mr. ALEXANDER. Not unless the decree of court has granted her alimony, and the court never grants a decree with alimony, I suppose, if the divorce is granted by reason of her fault.

Mr. IGOE. What is the language in the bill that the gentleman thinks requires that this shall be paid under a court order?

Mr. ALEXANDER. Was the gentleman here when we discussed this whole question awhile ago?

Mr. IGOE. I was here when the gentleman from Connecticut raised the question.

Mr. ALEXANDER. We thrashed this out some time ago and it was agreed then that this provision is only for the divorced wife when the decree of the court imposes on the husband an obligation to pay her some money, and only the difference between the amount allowed the wife and child and the excess of allotment.

Mr. IGOE. If the gentleman thinks that is what it means I am satisfied.

Mr. COOPER of Wisconsin. If the gentleman will permit I would like to suggest there are some decrees of court granting divorce that do not grant alimony.

Mr. ALEXANDER. Where there is no legal obligation on the part of the husband to support the wife?

Mr. COOPER of Wisconsin. Is that covered by this language of the bill?

Mr. NORTON. That provision is the paragraph beginning line 17, page 11, where it says "the monthly compulsory allotment shall be in an amount equal to the family allowance hereinafter specified—"

Mr. COX. Will the gentleman yield for a question?

Mr. NORTON. Yes.

Mr. COX. While I have great confidence in the construction of the gentleman from Missouri [Mr. ALEXANDER] on this bill, I am not satisfied that that is the construction of it. I want to call attention to this language beginning with line 20:

But for a wife living separate and apart under court order or written agreement—

Then there must be a compulsory allotment made to her.

But, as the gentleman from Wisconsin well put it a moment ago, there are decrees of divorce granted separating man and wife, but the decree makes no reference to any divorce or

alimony. Now, does not this very language infer that there might be another class of men and women separated by decree of divorce, and there is no record of the alimony, and still, in a record of that class, they would be entitled to a part of this assignment?

Mr. ROBBINS. A later line, line 22, explains that.

Mr. COX. I have read it. It strikes me that a fair inference is that there are two classes of divorced women mentioned here; one is where they are divorced by decree of the court and the court fixes the alimony, and there is another case of divorced women, of course, divorced by court, but where the decree fixes no alimony; and still both of these women would be entitled.

Mr. NORTON. In one case there is separation by agreement—written agreement—or by court order. In another case there is an absolute divorce. Those are the two cases referred to here.

Mr. COX. There can not be an absolute divorce without the court saying anything about alimony.

Mr. NORTON. The court might not grant any alimony in an absolute divorce. And when an absolute divorce is granted without alimony the wife in this case under this provision would not be entitled to any allotment.

Mr. COX. I hope the gentleman is right; but I tell you now that I doubt it. I think the language is very doubtful.

Mr. SUMNERS. Mr. Chairman, I move to strike out the last two words for the purpose of asking the gentleman in charge of the bill a question.

I wish to direct an inquiry as to that language of the bill which has been under discussion. This part of the bill provides for the administration and distribution through a branch of the Government of a specific fund, a part of the soldier's pay. Suppose in the divorce proceedings the wife had been given certain monthly payments as alimony, to be paid, of course, out of the general estate of the soldier. I see nothing in this language under consideration which would prevent her, even though she were getting the full amount allowed under the decree of divorce, from also getting from this particular fund the maximum amount provided for a divorced wife in the bill. And I want to know whether or not it is the purpose of the committee to supplement the payment allowed under the decree of divorce by the sum of money provided under this provision out of the soldier's pay?

Mr. RAYBURN. No. The intention of the bill is, if from no other source her allotment can be paid, or if the soldier has no income or anything like that, the allotment made to her shall be such part of \$50 as shall not be taken up by allotting to the man's living wife or family or other dependents.

Mr. SUMNERS. I understood that to be the purpose of the committee, but I beg to direct the committee's attention to the language of the suggestion, and suggest that under that the restriction probably is not included. Strictly construed, this language provides, irrespective of any amount of money which the divorced woman may receive under the decree of the court granting the divorce, that the specific sum referred to in this section, not to exceed the amount granted by the decree of the court, shall be paid to her. The limitation may be incorporated in some other section, but I respectfully suggest for the consideration of the committee that no such limitation is imposed here.

Mr. REAVIS. Mr. Chairman, I would like to ask the chairman of the committee a question. In line 20, is the language "living separate and apart under court order." What did the chairman of the committee understand the court order would be? A decree of the court?

Mr. RAYBURN. Yes; I think so.

Mr. REAVIS. That is, a divorce decree?

Mr. RAYBURN. There are sometimes decrees of separation that are not divorce decrees.

Mr. REAVIS. Now, as to line 21, "or written agreement or for a former wife divorced," what do you mean by "former wife divorced"?

Mr. RAYBURN. That means a wife that is divorced. It means a former wife.

Mr. REAVIS. Is she not provided for in line 8 on the same page, where it says:

That allotment of pay shall, subject to the conditions, limitations, and exceptions hereinafter specified, be compulsory as to wife, a former wife divorced and who has not remarried.

And then, going down to line 20:

But for a wife living separate and apart under court order or written agreement.

Now, if the court order is a decree of divorce, is not such a wife a former divorced wife?



Mr. RAYBURN. I say that the decree of a court could be divorce proceedings or could be something else, and for that reason it is put in there.

Mr. REAVIS. What else could it be? A court order with reference to domestic relations between a man and wife?

Mr. ALEXANDER. Limited divorces are granted in some of the States, not absolute divorces.

Mr. REAVIS. But not under court orders.

Mr. ALEXANDER. Oh, yes; under a court decree.

Mr. REAVIS. By the words "living separate and apart under court order or written agreement" you mean some court order of less dignity than a court decree?

Mr. ALEXANDER. Yes.

Mr. REAVIS. An order of separation rather than a decree of divorce?

Mr. ALEXANDER. Yes.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn, and the Clerk will read.

The Clerk read as follows:

Sec. 203. That in case one-half of an enlisted man's monthly pay is not allotted, regulations to be made by the Secretary of War and the Secretary of the Navy, respectively, may require, under such circumstances and conditions as may be prescribed in such regulations, that any proportion of such one-half pay as is not allotted shall be deposited to his credit, to be held during such period of his service as may be prescribed. Such deposits shall bear interest at the rate of 4 per cent per annum, with semiannual rests and, when payable, shall be paid principal and interest to the enlisted man, if living, otherwise to any beneficiary or beneficiaries he may have designated, or if there be no such beneficiary, then to his next of kin.

Mr. RAYBURN. Mr. Chairman, I offer a committee amendment.

The CHAIRMAN. The gentleman from Texas offers a committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment: Page 12, line 23, strike out "his next of kin" and insert "such person or persons as would under the laws of the State of his residence be entitled to his personal property in case of intestacy."

Mr. RAYBURN. I thought the amendment would save some confusion.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. STAFFORD. I would like to inquire whether the word "beneficiary" would include the residuary legatee in case a man died testate? He would not be designated as being the beneficiary of this allotment fund. In the administration of fraternal insurance, where the by-laws require the payment of the funds to a certain named class of beneficiaries, there have been many instances where, in default of naming the beneficiary, or on the death of the beneficiary, no one of the designated class of beneficiaries is left to receive it. The question is whether that fund lapses or whether it could be claimed by a person who is named as a residuary legatee under the will? I think—and I shall submit this idea to the attention of the committee—that where there is no such beneficiary, where the enlisted man has failed to name the beneficiary to receive it—and we can conceive of many instances where that may occur, in case he has left a will—it should go to the person named or to the executor of his estate under that condition of affairs.

Mr. RAYBURN. I think it would go to the estate.

Mr. STAFFORD. You make no such provision for it.

Mr. RAYBURN. I have provided that it shall be bequeathed according to the laws of the State.

Mr. STAFFORD. You are not taking the case of an enlisted man who has failed to name a beneficiary to receive the allotment fund but who has made a will designating that his residuary estate shall go in a certain way.

Mr. DEMPSEY. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. DEMPSEY. Would not that be in itself a designation?

Mr. STAFFORD. No. He merely makes the will. He does not say that this respective fund shall go to this person. He may make no reference to this fund, and yet he may make provision in the will for the disposition of his estate in the usual way, but it would not come under this paragraph.

Mr. RAYBURN. The laws of every State in the Union provide for the disposal of property under a will and also when there is no will.

Mr. STAFFORD. Mr. Chairman, may we have the amendment offered by the gentleman from Texas as a substitute again reported?

The CHAIRMAN. Without objection, the Clerk will again report the amendment. Is there objection? [After a pause.] The Chair hears none.

Mr. RUCKER. Mr. Chairman—

The CHAIRMAN. The Clerk will again report the amendment.

Mr. REAVIS. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Wisconsin [Mr. STAFFORD] asked unanimous consent that the amendment be again reported. There was no objection, and the Chair directed the Clerk to again report it.

The amendment was again read.

Mr. STAFFORD. Now, Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman has the floor.

Mr. STAFFORD. I was asking whether the gentleman would yield. I was occupying the time of the gentleman from Texas before.

The CHAIRMAN. The Chair was recognizing the gentleman from Wisconsin. The Chair understood that the gentleman from Texas had yielded the floor.

Mr. ADAMSON. Mr. Chairman, I would ask the gentleman from Wisconsin if it would not clarify the situation if the gentleman from Texas would modify his amendment by saying it should go to his estate?

Mr. STAFFORD. That is the idea I had in my mind. I think it should be seriously considered.

Mr. RAYBURN. The reason why we proposed to strike out the words "his next of kin" is that in some cases it causes confusion. I do not care if you say "to his estate." I am perfectly willing to withdraw the amendment. Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to withdraw his amendment. Is there objection? [After a pause.] The Chair hears none, and it is withdrawn. The Clerk will read.

Mr. MCKENZIE. Mr. Chairman, I desire to ask the gentleman from Texas a question. If this money is made payable to the estate of a deceased soldier, then of course before it can be paid over by the Government an administrator will have to be appointed, or an executor, in case the soldier left a will, whereas under the law as it is drawn, and even under your proposed amendment, the Government will simply pay it to the person without any further expense. I would hesitate about making it payable to the estate.

Mr. RAYBURN. That is true, of course.

Mr. STAFFORD. Will the gentleman permit this suggestion? I had in mind, before the gentleman offered his substitute, to strike out the words "next of kin," to suggest to the gentleman this amendment: To insert after the word "then," in line 23, "to his estate, free of all debts, in case he dies testate, and if not," then following with the amendment suggested by the gentleman from Texas.

Mr. ADAMSON. Mr. Chairman, will the gentleman permit me a word?

Mr. STAFFORD. I would be very glad to.

Mr. ADAMSON. In reply to the gentleman from Illinois [Mr. MCKENZIE], the beneficiary is not supposed to be a soldier. He is merely supposed to be a beneficiary on whom, fortunately, the law casts that benefit. I do not think men of that class complain if they have to receive their gift according to law. This is money for the soldier, not for any living dependents. It seems to me that when you say "to the estate" it meets the criticism that the gentleman suggests.

Mr. MCKENZIE. The only reason why I raised the question was simply this: There might be a small payment of \$50 or \$100, and—

Mr. ADAMSON. The estate has to be administered.

Mr. MCKENZIE. Not necessarily.

Mr. ADAMSON. The estate has to be administered anyhow.

Mr. MCKENZIE. Not necessarily.

Mr. STAFFORD. Has the gentleman taken this into consideration in the objection he made, that if you did not designate the estate you would force the burden upon the officials of the Bureau of War-Risk Insurance to determine who were the next of kin, the various persons entitled to receive it under the laws of the State? I think we remove a great many difficulties in the administration of this fund in case the soldier does not name any beneficiaries if we merely provide that it goes to his estate.

Mr. ALEXANDER. I think there is much in the suggestion made by the gentleman from Illinois [Mr. MCKENZIE]. I agree with the construction of the gentleman from New York that the most solemn form of designation may be by will. I do not know of any more solemn form of designation than that by will. Now what is the provision? Mind, we are dealing with the pay of the soldier, which, for his interest, is withheld by the Government, and upon which the Government will pay interest until his discharge or death. In the event of his death



this section undertakes to provide how that fund may be disposed of. Hence it provides—

Such deposits shall bear interest at the rate of 4 per cent per annum, with semiannual rests, and, when payable, shall be paid principal and interest to the enlisted man, if living, otherwise—

That is, in the event of his death—

to any beneficiary or beneficiaries he may have designated, or if there be no such beneficiary, then to his next of kin.

Mr. ADAMSON. Will the gentleman yield?

Mr. ALEXANDER. Just let me develop my thought. You might say—

Designated by will, or if there be no such beneficiary so designated—

Then the amendment offered by the gentleman from Texas [Mr. RAYBURN] if agreed to would read—

such person or persons as would under the laws of the State of his residence be entitled to his personal property in case of intestacy.

In each instance the persons to receive the funds would be clearly named, and the fund may be paid to them without going into the hands of an executor or administrator and being tolled by counsel fees and court fees.

Mr. ADAMSON. If the gentleman will yield to me, I will suggest to him that any direction at all placed here is a change of what already exists. If he did not give any direction, his money would be paid to his estate anyhow.

Mr. ALEXANDER. But it would go into the estate, to be administered like other assets, subject to court costs and so forth.

Mr. ADAMSON. Yes; and the wisdom of many generations still sticks to that plan.

Mr. ALEXANDER. It is easy enough in this machinery provided here to give it to the beneficiaries without subjecting it to this burden.

Mr. STAFFORD. If the gentleman will yield, I hardly think he grasps the objection that I tried to present to the attention of the committee in stating that this did not provide for payment in the absence of a designated beneficiary. There is no question whatever that if an enlisted man shall by will designate in the terms of the will that this fund shall be paid to a certain person, that is the designation of a beneficiary; but in my experience in the practice of the law, in cases arising out of fraternal insurance, I found many instances where there was failure and default to name a beneficiary, and yet where there was a will which did not name the beneficiary. Now, I want to provide for such a case, so that this money will go as directed by the enlisted man in case he makes a will, though in that will he has failed to name any beneficiary.

Mr. ALEXANDER. But do you not want it to go to the beneficiaries rather than to his creditors?

Mr. STAFFORD. Surely, and it would under this.

Mr. ALEXANDER. No; under this the creditors would have the prior claim.

Mr. STAFFORD. But under this, where he fails to designate a beneficiary, and he has died testate, you take away, so far as this fund is concerned, the distribution of his estate as he has willed it.

Mr. ALEXANDER. I think not. I think it would go to those entitled to the estate under the law.

Mr. DEMPSEY. Would not this meet the objection suggested by the gentleman, after the word "may" to insert "by will or other legally executed instrument"?

Mr. STAFFORD. No; that does not meet the difficulty I am presenting, because where he has failed to name a person either by will or other written instrument, yet he may have made a will which carries out his idea of the devolution of his property, but has not named the beneficiaries of this fund in his will.

Mr. DEMPSEY. If his will provides for the disposition of his estate, it does not make any difference how much property he acquires subsequent to the making of the will. It all passes under the terms of the will.

Mr. STAFFORD. Surely; but there would not be the name of a beneficiary of this fund unless it was stated in the will.

Mr. DEMPSEY. What you are trying to do is to carry out his wishes. Now, if by will he says "I give my property to John Jones and Jane Jones," then his property goes to those devisees.

Mr. GARRETT of Texas. And this is the property.

Mr. DEMPSEY. You can not make a will for him, and if he has made a will of that kind, his estate goes by virtue of it.

Mr. RAYBURN. Mr. Chairman, I offer an amendment, in line 23, to strike out the words "next of kin" and insert the word "estate."

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. RAYBURN: Page 12, line 23, after the word "his," strike out the words "next of kin" and insert the word "estate."

Mr. HERSEY. Mr. Chairman, I should like to ask the gentleman from Texas [Mr. RAYBURN] a question bearing upon his amendment. Under a law passed by this Congress we are going to pay enlisted men at least \$30 a month. Now, I assume that at the end of each month an enlisted man is entitled to his \$30. By this allotment we attempt, first, if he has a wife or children, to reach out and take as much as half of his pay and pay it to his family. Under this section you are providing that in case he does not make the allotment—in other words, in case the allotment is not made—you can then under this section 203 reach out your hand, take the part not allotted, put it on deposit in this bureau or somewhere else, pay him interest on it, and, if he should die in the meantime, you provide—not he—that it shall go to his estate. Have you any right to do that?

Mr. RAYBURN. I think so.

Mr. COOPER of Wisconsin. Mr. Chairman, permit me to say to the committee that it seems to me that where there will be so many thousands in this Army of the age of 21, 22, and 23 years, without any estate at all, never, of course, making a will, die, necessarily, intestate, you force \$50, \$75, or \$100 that may be due into his estate, and that puts it into the probate court, and that takes a lawyer and the court costs, and does not leave much of it. Hundreds of thousands of these young men will not have any estate, and you do not want to force \$50, which he might want to go to his sweetheart or his sister or his mother, into the probate court.

Mr. RAYBURN. I do not know how you are going to escape it.

Mr. COOPER of Wisconsin. "The next of kin," and leave it to the department or those designated by the laws of the State to find it out.

Mr. RAYBURN. It would be much more fortunate if he made it definite where it should go.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, I move to strike out the last word. It seems to me that the wording of the section is right as it is. It authorizes the soldier to designate at the time he makes the deposit the person to whom it shall go in case of his death. That will be a designation of the beneficiary; or he may make a will and designate the beneficiary. In case he does neither, then it will go to his next of kin, unless you wish to go to all the trouble and expense of administration of the estate and, possibly, let the creditors get the money which we intend the soldier's friends shall get. In my judgment, it had better be left as it is. There is an opportunity for the soldier to make a designation at the time the money is taken and deposited in the Treasury, or to make a designation by will, and if he does neither the pittance of money will go to the relatives and friends and will not have to be administered and subject to the claims of creditors. Always in pension cases, I understand, the money payable to a pensioner is free from the claims of creditors. If you put it into the estate creditors will have claims on it, and if you make it subject to the laws of the State for distribution of intestates creditors can file claims. I do not think it is the intention of the framers of the law to make these little amounts subject to the claims of creditors.

Mr. RAYBURN. I do not care anything about the amendment. The only thing I wanted was to make it definite. I thought the "next of kin" might be hard to find.

Mr. DEWALT. Mr. Chairman, the comment on the matter of "next of kin" and "the estate," in my humble judgment, is very pertinent. If the amendment proposed by the gentleman in charge of the bill is carried, what would be the effect of that amendment? We will say that the allotment in amount is \$50. The soldier dies without having designated either by will or any other written instrument a beneficiary. By the terms of the amendment as proposed by the gentleman from Texas that \$50 would go into his estate, and under all the laws of the different States of the Union would have to be administered. What, then, would follow by reason of the administration? Where would it have to go? Why, it would have to go to his next of kin; it could not go anywhere else. So the result is precisely the same, except in this, that when you designate in the bill, as it now is, that it shall go to the next of kin you avoid the necessity of administration. If you put in the words "to his estate" you have the necessity of administering, but you obtain the same result precisely, to wit, it means going to his next of kin.

Mr. VOLSTEAD. Will the gentleman let me suggest that the wife is not next of kin to her husband.

Mr. DEWALT. No.

Mr. VOLSTEAD. Consequently you would have to modify the language so as to cover the wife.



Mr. DEWALT. This is only in case there is no allotment. The allotment is compulsory to his wife and child. This is not applicable to a married man, it is applicable only to an unmarried man, and therefore the gentleman's inquiry is not pertinent.

Let me say, further, where you put in the word "estate," the \$50 must go into the man's estate and must be administered. By that administration it must go to the next of kin, and you obtain the same result that you would obtain if you left the language as now proposed. There is another thing that is true, and that is, if you put in the words "to his estate," you run the risk of having the money go just where the law does not contemplate it shall go—to the creditors of the soldier. Because when it goes into his estate, however large or however small it may be, the creditors have the right to present their claims to the administrator or the auditor of the estate and get their percentage. So the amendment of the gentleman from Texas ought to be defeated and the bill left as it is.

The CHAIRMAN. The time of the gentleman has expired; all time has expired. The question is on the amendment offered by the gentleman from Texas.

The question was taken, and the amendment was rejected.

Mr. RUCKER. Mr. Speaker, I move to strike out the last word for the present. I do so for the purpose of getting the attention of the chairman of the committee having charge of the bill. This section now under consideration provides for depositing certain amounts due to soldiers in the Treasury Department and provides that any portion of such one-half pay as is not allotted shall be deposited to his credit to be held during such period of his service as may be prescribed. Then further on it provides that the amount thus deposited shall bear 4 per cent interest and be paid, at the close of the war, to the enlisted man, if living, or otherwise to any beneficiary or beneficiaries he may have designated. The matter I want to call to the attention of the chairman is this: It is unquestionably true that some, perhaps many, unmarried men who enter this service will be indebted.

One I happen personally to know owes for a farm he has bought on long time. Payments must be made and interest must be met. It may be with the uncertainty of seasons that this man who is in a foreign land will not receive enough from his farm during his absence to meet the payments of principal and interest as they fall due. Therefore I believe that some provision ought to be written into this section by which the money, if the soldier so elects, may be applied to the discharge of such a debt or debts as he may designate.

Mr. RAYBURN. That is covered in this bill, I think.

Mr. RUCKER. If it is—

Mr. RAYBURN. I do not think there is any question about it. It says the Secretary of War and Secretary of the Navy may, subject to regulation. I think there is plenty of latitude there.

Mr. RUCKER. If I catch the idea, this section provides that this money shall be held until the close of the war and then paid to the soldier, if living, and to those whom he may designate if he is dead.

Mr. RAYBURN. That is, deposited and held in the Treasury; yes.

Mr. RUCKER. What I want to do is get it out of the Treasury into the hands of the man who may hold a mortgage so as to protect the soldier's home.

Mr. RAYBURN. But under the regulations on application to the Secretary of War or the Secretary of the Navy they might allow this man to pay it to whom he pleases, I suppose.

Mr. RUCKER. Mr. Chairman, I think the language here "to be held during such period of his service as may be prescribed" and then followed by the language which peremptorily directs the Secretary of the Treasury to pay it to the soldier or those designated by him in the event of his death precludes the idea that upon the request of the soldier the Treasury Department could apply it on a debt. Let me ask the gentleman if this language would be objectionable, as I do not want to hurt the bill, but desire to help it.

Mr. RAYBURN. I understand that; but let us just read it down to the word "prescribed":

That in case one-half of an enlisted man's monthly pay is not allotted, regulations to be made by the Secretary of War and the Secretary of the Navy, respectively, may require, under such circumstances and conditions as may be prescribed in such regulations, that any proportion of such one-half pay as is not allotted shall be deposited to his credit, to be held during such period of his service as may be prescribed.

It may not be in 10 days or anything like that.

Mr. RUCKER. Is it contemplated that the regulations will prescribe that the money may be turned over by the Treasury Department to pay debts or interest on debts if desired and so directed by the soldier?

Mr. RAYBURN. I do not think there is any question.

Mr. RUCKER. That is what I want understood.

Mr. RAYBURN. I understand. I think the language is broad enough that he may be allowed to make payments whenever they think the payment is necessary.

Mr. RUCKER. In order to make it perfectly clear, would the gentleman have any objection to this amendment: After the word "prescribed" insert the words "or at his discretion may be applied to the discharge of such debt or debts as he may designate"?

Mr. RAYBURN. I think that is covered and the amendment entirely unnecessary.

Mr. RUCKER. It does not seem to me to be covered, and in order to test the judgment of the committee I will offer the amendment, and I sincerely hope the entire committee will vote upon it and, I hope, adopt it. I am not in favor of delegating to any department of the Government the performance of a duty that we should perform. We should express in plain, direct language the will of Congress and not leave it to a department to do by mere regulation that which we should do by legislation. I move to amend by inserting, after the word "prescribed," a comma and then insert the words "or at his discretion may be applied to the discharge of such debt or debts as he may designate."

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 12, line 18, after the word "prescribed," insert the following: "or at his discretion may be applied to the discharge of such debt or debts as he may designate."

Mr. RAYBURN. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close now.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that all debate on this section and amendments thereto close. Is there objection?

Mr. FESS. Mr. Chairman, reserving the right to object, I would like to have five minutes on this.

Mr. RAYBURN. I would say at the end of five minutes.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that debate on this section and all amendments thereto close at the end of five minutes. Is there objection?

Mr. SWITZER. Mr. Chairman, reserving the right to object, just to ask a question—

Mr. RAYBURN. Mr. Chairman, I move that all debate on this section close now, and all amendments thereto.

The CHAIRMAN. The gentleman from Texas moves that all debate on this section and all amendments thereto close now.

The question was taken, and the motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The question was taken, and the amendment was rejected.

The Clerk read as follows:

Sec. 204. That a family allowance of not exceeding \$50 per month shall be granted and paid by the United States upon written application to the bureau by such enlisted man or by or on behalf of any prospective beneficiary, in accordance with and subject to the conditions, limitations, and exceptions hereinafter specified.

The family allowance shall be paid from the time of enlistment to death in or one month after discharge from the service, but not for more than one month after the termination of the present war emergency. No family allowance shall be made for any period preceding the enactment of this amendment. The payment shall be subject to such regulations as may be prescribed relative to cases of desertion and imprisonment and of missing men.

Subject to the conditions, limitations, and exceptions hereinabove and hereinafter specified, the family allowance payable per month shall be as follows:

Class A. In the case of a man, to his wife (including a former wife divorced) and to his child or children:

- (a) If there be a wife but no child, \$15.
- (b) If there be a wife and one child, \$25.
- (c) If there be a wife and two children, with \$5 per month additional for each additional child, \$32.50.
- (d) If there be no wife, but one child, \$5.
- (e) If there be no wife, but two children, \$12.50.
- (f) If there be no wife, but three children, \$20.
- (g) If there be no wife, but four children, with \$5 per month additional for each additional child, \$30.

Class B. In the case of a man or woman to a grandchild, a parent, brother, or sister:

- (a) If there be one parent, \$10.
  - (b) If there be two parents, \$20.
  - (c) For each grandchild, brother, sister, and additional parent, \$5.
- In the case of a woman, to a child or children:
- (d) If there be one child, \$5.
  - (e) If there be two children, \$12.50.
  - (f) If there be three children, \$20.
  - (g) If there be four children, with \$5 per month additional for each additional child, \$30.

Mr. PARKER of New Jersey. Mr. Chairman, I have two short amendments which I desire to offer.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. PARKER of New Jersey: Page 12, line 26, after the word "application" strike out the words "to the bureau."



Mr. PARKER of New Jersey. Now, Mr. Chairman, all I am going to suggest is this, namely, that most of the applications for a family allowance are going to come from the men at the time of their enlistment. If he wants an allowance to his wife his papers will go to the Secretary of War or the Secretary of the Navy, or he might write home a letter or something of that sort. We ought not to have any limitations that will increase the formalities and insist that he apply to this new bureau.

Mr. KNUTSON. It seems to me it would be an application to the bureau if a fellow did not say "bureau" on it.

Mr. PARKER of New Jersey. I think this phrase "to the bureau" is better out. I think the gentlemen will agree with me on that.

Mr. ADAMSON. I think it ought to be as it is. I think there should be liberal practice as to these cases. I think no case will fail because the soldier failed to use technical language.

Mr. PARKER of New Jersey. I am trying to perfect the bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. PARKER].

Mr. PARKER of New Jersey. If the chairman of the committee thinks this amendment unnecessary, I will not press it.

The CHAIRMAN. Without objection, the amendment is withdrawn.

Mr. PARKER of New Jersey. Mr. Chairman, I desire to offer another amendment.

The CHAIRMAN. The gentleman from New Jersey offers an amendment, which the Clerk will report.

The Clerk read as follows:

Page 13, lines 8 and 9, after the word "preceding," strike out the words "the enactment of this amendment" and insert in lieu thereof the words "declaration of war."

Mr. PARKER of New Jersey. Now, Mr. Chairman, that is of some importance. If a man is in the Army now—has enlisted—and has a family, his family ought to be compensated from the time he went in since the war began. This family allowance is not allowed before the war, but it ought not to depend on the time when this act goes through. If the man is enlisted now and enlisted since the war, the family allowance ought to run from the time of his enlistment and should not be limited by the time this act is passed.

Mr. ADAMSON. What does the gentleman offer to insert?

Mr. PARKER of New Jersey. I offer to strike out the words "the enactment of this amendment" and insert the words "declaration of war."

Mr. ADAMSON. Why not say "time of enlistment?"

Mr. PARKER of New Jersey. It is there already. He only gets it from the time of enlistment, but if he is a Regular Army man, he is not expected to get any family allowance until after the war began, and this is to provide that the family allowance shall not go back to the time of the enlistment of the Regular Army soldier four years ago.

Mr. ADAMSON. The gentleman thinks the allowance should not be made prior to the enlistment, and that it ought to be down to the declaration of war?

Mr. PARKER of New Jersey. Yes. I said as to the enlisted man it ought to go back to the time of the enlistment if since the war, otherwise, if he enlisted before the war it would begin with the war. This has already been discussed by Congress. In the act that was passed, the appropriation that was passed, in August, 1916, to take care of the boys on the border they omitted to provide for the past, and in September, 1916, Congress passed an amendment, within 20 days afterwards, that said this allowance should be available to be paid for any time and service subsequent to July, 1916, the date of the call by the President.

Mr. ADAMSON. We have no objection to the amendment.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from New Jersey [Mr. PARKER].

The question was taken, and the amendment was agreed to.

Mr. ALEXANDER. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Missouri offers an amendment, which the Clerk will read.

The Clerk read as follows:

Mr. ALEXANDER offers the following amendment: Page 13, line 19, after the word "children," insert "\$32.50"; page 13, line 20, strike out the figures "\$32 50."

Mr. ALEXANDER. That simply makes it clearer.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri.

The question was taken, and the amendment was agreed to.

Mr. ALEXANDER. Mr. Chairman, I desire to offer another amendment of the same nature.

The CHAIRMAN. The gentleman from Missouri offers a further amendment, which the Clerk will report.

The Clerk read as follows:

Mr. ALEXANDER offers the following amendment: Page 13, line 24, after the word "children," insert "\$30"; page 13, line 25, strike out "\$30."

The CHAIRMAN. The question is on agreeing to the amendment of the gentleman from Missouri.

The question was taken, and the amendment was agreed to.

Mr. ALEXANDER. Mr. Chairman, on page 14, line 1, after the word "woman," I suggest a comma should be inserted.

The CHAIRMAN. The gentleman from Missouri offers a further amendment, which the Clerk will report.

The Clerk read as follows:

Page 14, line 1, after the word "woman," insert a comma.

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken, and the amendment was agreed to.

Mr. ALEXANDER. Mr. Chairman, I desire to offer another amendment.

The CHAIRMAN. The gentleman from Missouri offers another amendment, which the Clerk will report.

The Clerk read as follows:

Mr. ALEXANDER offers the following amendment: Page 14, line 11, after the word "children," insert "\$30"; page 14, line 12, strike out "\$30."

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken, and the amendment was agreed to.

The CHAIRMAN. The Clerk will read.

Mr. KEATING. Mr. Chairman, I want to offer an amendment to the last section.

The CHAIRMAN. The gentleman from Colorado offers an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. KEATING offers the following amendment: Page 13, line 17, strike out "\$15" and insert "\$25."

Mr. KEATING. Mr. Chairman, this is a very conservative amendment. It is designed to increase the allowance granted by the Government to the wife of a soldier to \$25. If adopted, the wife of a soldier will receive \$25 from the Government and \$15 from her husband, making a total of \$40 a month, or less than \$10 a week.

That is practically the amount received at department stores by female clerks, and according to all the authorities the absolute minimum which can support a woman. In case there are three children in a family there would be added to that \$10 for the first child, \$7.50 for the second child, and \$5 for the third child.

I could submit to the House, if I had the time, a mass of testimony gathered from all sections of the country, demonstrating that a smaller amount than the one I have named will not be sufficient to accomplish the purpose we have in mind.

In my opinion this is one of the most praiseworthy sections of this law, and I hope the membership of the House will make it effective. We do not want to make it necessary for the wife of a man who goes to the trenches of France to fight our battles to leave her home in order to earn a livelihood. If she has children there is a double reason why she should be permitted to remain in the home; and she can not possibly remain in the home unless you adopt the amendment I have suggested, or some similar figure.

There has been a good deal of discussion here to-day about the authorship of this bill. I think the inspiration for the bill came from Miss Julia Lathrop, the head of the Children's Bureau of this Government. Then Judge Mack, with his splendid legal mind and knowledge of insurance and kindred subjects, perfected the bill, and then our well-beloved colleague from Missouri [Mr. ALEXANDER] introduced it. I submit that there is glory enough for every Member of this splendid trinity. It is the first bill in the history of this country that has attempted to take care of the fighters back of the lines—the women and the children who are left at home when the men go out to do the fighting, and I think that we should make it sufficiently generous to—

Mr. CAMPBELL of Kansas. Mr. Chairman, will the gentleman yield?

Mr. KEATING. Yes.

Mr. CAMPBELL of Kansas. Is it not true that the appropriation bills when the men were sent to Mexico or to the border made exactly the kind of provision that is made in this bill for dependents behind the lines?

Mr. KEATING. You mean in the reported bill?

Mr. CAMPBELL of Kansas. Yes. Provision was made for those dependent upon the soldiers who were sent to the Mexican border.



Mr. KEATING. I remember that we made an appropriation at that time, but this is the first time that a formal law of this kind has been brought into this House.

Mr. CAMPBELL of Kansas. Of course that was a law.

Mr. KEATING. Yes; it was a law, but it was not brought in in this form. It was simply a lump-sum appropriation to be distributed by the War Department for the care of the dependents of the soldiers.

Mr. CAMPBELL of Kansas. Yes; to be distributed to them during the war on the border.

Mr. KEATING. Yes. I hope that the amendment will be adopted.

Mr. SHERWOOD. Mr. Chairman, can the amendment be again read?

The CHAIRMAN. Without objection, the amendment will again be read.

The amendment was again read.

Mr. ALEXANDER. Mr. Chairman, I always regret to oppose any provision the purpose of which may benefit the home. However, we should not lose sight of the fact that while we are making provision for these dependents we must have some regard for the charge on the great mass of the people who must respond in the payment of the revenue, not only in the discharge of the obligations we are creating under this bill, but all the obligations created by this war.

Now, this bill makes the minimum allowance by the soldier by compulsory allotment \$15. The Government, in addition to that, pays the wife \$15. If the soldier has one child, she is paid \$25. If there be a wife and two children, \$32.50. That would be \$47.50. The maximum, I believe, is \$60 that the wife may receive. The soldiers in the Regular Army, as I understand—although I am not familiar with the Army pay and regulations—may receive, some of them, \$50, and some \$60 per month, and some of them may receive more. Hence, in some instances they may receive the maximum pay of \$60 a month.

Mr. REED. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. Yes.

Mr. REED. On what theory did the committee provide in this bill that if there was no wife but a motherless child that child should receive \$5, but if there was a second child that child would receive an additional \$7.50, or a total of \$12.50 for both children? That is in lines 21 and 22 of page 13. Why would it be considered more expensive per capita to keep two children than one?

Mr. ALEXANDER. That is an anomaly, to my mind.

Mr. REED. Ought not that to be corrected? I thought of that some time ago.

Mr. ALEXANDER. If the gentleman would say "\$10," and "one child \$7.50," I could understand. I have raised a large family, and I know that it costs more to take care of one child separately than the per capita cost of two or three.

Mr. KEATING. Is it not the theory that the soldier allots \$15 toward the upkeep of the first child?

Mr. ALEXANDER. Yes.

Mr. KEATING. And therefore for the first child under the bill she would get \$20 and for two children \$27.50.

Mr. REED. That is the theory upon which the committee acted, but as it appeared in this part of the bill it seemed inconsistent.

Mr. KEATING. But I think the gentleman from Missouri is mistaken in the figures he gave to the committee as to the amount that the wife would receive from the Government. Perhaps his totals are not correct, because I think he confused the amount contributed by the soldier with the amount paid by the Government.

Mr. ALEXANDER. I intended to include the allotment in the total amount.

Mr. HUSTED. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. Yes.

Mr. HUSTED. I would like to ask the gentleman if the difference in the values of the children could possibly be in consonance with the suggestion made by Col. Roosevelt in his letter to Judge Mack, quoted on page 6835 of the Record, in which the Colonel says:

The compensation for the family should be so arranged as to put a premium on the soldier having a considerable number of children; his is the stock which the Nation can not permit to die out.

Mr. ALEXANDER. Whether Judge Mack had that in mind at the time or not, it evidently would be an encouragement to work out that result.

Mr. HUSTED. It seemed to me that that might be considered a premium upon past performance.

Mr. ALEXANDER. Yes.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Colorado [Mr. KEATING].

The amendment was rejected.

The Clerk read as follows:

SEC. 205. That family allowances for members of Class A shall be paid only if and while a compulsory allotment is made to a member or members of such class. The monthly family allowance to a former wife divorced shall be payable only out of the difference, if any, between the monthly family allowance to the other members of Class A and the sums of \$50. For a wife living separate and apart under court order or written agreement or to a former wife divorced, the monthly allowance, together with the allotment, if any, shall not exceed the amount specified in the court order or agreement to be paid to her.

Mr. PLATT. Mr. Chairman, I move to strike out the last word for the purpose of asking the gentleman from Missouri a question. If I read the hearings correctly, section 204 is expected to apply to 40 per cent of the men of the Army. Section 205 says:

That family allowances for members of class A shall be paid only if and while a compulsory allotment is made to a member or members of such class.

How many men of the Army are likely to come under the provisions of the compulsory law?

Mr. ALEXANDER. All of the privates that have families.

Mr. PLATT. Few of them have families.

Mr. ALEXANDER. I say all that have families.

Mr. PLATT. I want to know how many of them have dependent families. Somewhere in the hearings, I think, there is the statement that this applies to 40 per cent of the private soldiers in the Army.

Mr. ALEXANDER. I think perhaps the gentleman is correct.

Mr. PLATT. That seems to me absurd. Theoretically we are not taking anybody into the Army who has a family dependent upon him.

Mr. ALEXANDER. Theoretically that may be true, but in fact we are. But if it is true, as the gentleman says, that very few married men are entering the Army, then the charge upon the Treasury will be small. I imagine, however, that that rule may be modified if provision is made, and married men may not be exempt hereafter.

Mr. ESCH. If the gentleman will allow me, that did not obtain as to the officers and men in the Regular Establishment before the war began.

Mr. ALEXANDER. Oh, no.

Mr. ESCH. There were a good many of them who were married, especially the older sergeants, and the same in the Navy and Marine Corps, to some extent.

Mr. ALEXANDER. But the gentleman was referring to those who are coming in under the selective draft.

Mr. PLATT. As I said the other day, a good many of the noncommissioned officers in the old Regular Army are married; but the men who are taken into the Army now are not married, or at least their families are not dependent upon them. The exemption boards, when they accept a married man, determine that his family is not dependent on him. Now, I want to know whether the men who have families, who it has been determined are not dependent upon those men, will come in under the family-allowance sections of the bill?

Mr. ALEXANDER. I think they do.

Mr. PLATT. The whole thing seems to be contingent upon the matter of compulsory allotment. It seems to me it might not apply to anybody except a few of the older men in the Regular Army and National Guard.

Mr. ALEXANDER. There is no exception.

Mr. MADDEN. Almost every officer is married.

Mr. PLATT. This does not apply to them.

Mr. ALEXANDER. Only to privates.

Mr. CAMPBELL of Kansas. There were no privates present when the section was prepared. There was an officer present.

Mr. ALEXANDER. It does not apply to officers.

Mr. CAMPBELL of Kansas. Certainly not. They do not want it to apply to them.

Mr. ALEXANDER. There is no reason why it should apply to them.

Mr. PLATT. What I desire to bring out is whether this section really applies to a considerable number of men or whether it applies only to a very few noncommissioned officers in the old Regular Army who were married before the war began.

Mr. FESS. If the gentleman will yield.

Mr. PLATT. I will.

Mr. FESS. There are a great many places in Ohio and elsewhere where no one was called at all under the draft, because the allotment had been filled up by volunteering. A good many of those volunteers were married people.

Mr. MADDEN. How about the National Guard? I suppose a great many of those are married.

Mr. FESS. Many of those are married.

The CHAIRMAN. The time of the gentleman from New York has expired.



Mr. PLATT. I ask unanimous consent to proceed for two minutes.

The CHAIRMAN. The gentleman from New York asks unanimous consent to proceed for two minutes. Is there objection?

There was no objection.

Mr. PLATT. In regard to the statement made by the gentleman from Ohio [Mr. FESS], I presume that married men who voluntarily enlisted may have been taken in, but men from the National Guard were discharged if they had families before the guard was drafted into Federal service. Some of them were discharged even if they wanted to go, so it is said, in my neighborhood.

Mr. ALEXANDER. I know of one specific instance in my own county where a young man goes in under the selective draft who had dependents, but he would not make the claim; and perhaps there are thousands of them.

Mr. PLATT. There may be cases like that, I admit, but there can not be a great many. I will say that I have had a letter or two from men in my district who say that if this section passes they will enlist, because it will take care of their families. If that is the purpose of it, if we need married men who have dependents, why, well and good; but I think it ought to be understood just what the purpose of this is. Certainly, it does not apply to any considerable number of men, either in the draft army or in the Regular Army at the present time, except the older men, who were married before the war began.

Mr. FESS. Will the gentleman yield?

Mr. PLATT. I will.

Mr. FESS. I remember when the gentleman was on the floor some days ago he made reference to the inconsistency of providing for a soldier who has dependents, under a law which would not allow him to go into the Army because of dependents. It struck me while he was making the point that it was a pretty strong one, but in looking over the rulings of the man in charge, Gen. Crowder, in his instructions I think you do not find very many people who are being excused unless they can make it very specific that these are dependents upon them.

Mr. PLATT. It is being determined that they have no dependents every time, if they are accepted.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. FESS. Mr. Chairman, I move to strike out the last word. It seems to me that the practice under the conscription law now leads us to believe that there is no such thing as general exemption because the applicant is married or because he has children.

Mr. PLATT. Not for marriage, but there is for dependents.

Mr. FESS. There is such a latitude that one board says it is and one board says it is not.

Mr. PLATT. Here is a case where a man makes a claim before the local board that he is married and has a family dependent upon him. The local board says they are not dependent and he appeals to the district board, and the district board says that the family is not dependent. Will not that decision bar the man from any benefit under this law?

Mr. FESS. Theoretically, it seems that it would; but practically it certainly would work an injury and an injustice.

Mr. PLATT. The gentleman knows how these Government bureaus work; that they always decide adversely to the applicant. Here would be a judicial determination that the family are not dependents.

Mr. FESS. There are duplicate cases which shows that the law is not being lived up to as the makers supposed it would be. Here is a county line, and on one side of the line there is a family and on the other side of the line another family in a similar situation. This family is given an exemption and the family on the other side of the line is denied exemption. Here is one board in Logan County and a different board in Champlain County. The situation seems to me almost identical, but the two boards interpret the law differently. That is inducing a bitter feeling in that community. That is not the fault of the law, but there ought to be a uniformity in the decisions on grounds for exemption. My own opinion is that men who are in the Army and have a family, under the law it ought to be interpreted that the family of the soldier is dependent.

Mr. PLATT. It seems to me that there ought to be some language here to make it certain that the decision of the exemption board will not bar a man's family from the benefits of these sections if it is found that the family is making sacrifices because of his absence.

Mr. FESS. I think the gentleman is right in that. If the decision of the board is conclusive that he has no dependent and he can not get an allowance, it is an error in the law.

Mr. ALEXANDER. Mr. Chairman, under this provision, if the exemption board finds that he has any dependents, if he has a

wife and child, whether dependent or not, they are entitled to an allowance under this provision.

Mr. PLATT. But are they?

Mr. ALEXANDER. Absolutely.

Mr. PLATT. Is it not tied up with the dependency, with the decision of the board?

Mr. ALEXANDER. No; as to his father and mother and brother and sister it is optional with him, but as to his wife and child there is no question of dependence involved. If he has a wife and child or if he has children and no wife, they get this allowance just the same.

Mr. ADAMSON. Mr. Chairman, I move that all debate on this section and amendments thereto be now closed.

The CHAIRMAN. The gentleman from Georgia moves that all debate on the section and amendments thereto be closed.

The question was taken, and the motion was agreed to.

The Clerk read as follows:

SEC. 206. That family allowances to members of class B shall be granted only if and while the member is dependent in whole or in part on the enlisted man, and then only if and while the enlisted man makes a monthly allotment of his pay for such member or members equal to the amount of the monthly family allowance as hereinabove specified, except that—

(a) The maximum monthly allotment so required to be made to members of class B shall be one-half of his pay.

(b) If he is making no allotment to a member of class A, the minimum monthly allotment so required to be made to members of class B shall be \$15 per month.

(c) If he is making the compulsory allotment to a member of class A, the minimum monthly allotment so required to be made to members of class B shall be one-seventh of his pay, but not less than \$5 per month.

(d) On the enlisted man's application, or otherwise for good cause shown, exemption from the allotment as a condition to the allowance may be granted, upon such conditions as may be prescribed by regulations.

Mr. MADDEN. Mr. Chairman, I move to strike out the last word. Provision (d), page 15, reads like this:

(d) On the enlisted man's application, or otherwise for good cause shown, exemption from the allotment as a condition to the allowance may be granted, upon such conditions as may be prescribed by regulations.

Now, that seems to me to leave open the right to the bureau to make an allotment to dependents of soldiers, regardless of whether the soldier makes an allotment or not. It does not seem to me that we ought to empower any bureau of the Government to make any regulations to pay money out of the Treasury in such an indefinite way as this. By this we leave it discretionary with the bureau to exempt any man from the necessity of making an allotment, and will authorize that bureau to make a charge against the Treasury by regulations. It seems to me that we ought not to authorize a bureau to appropriate money, and that is what this does. My understanding always has been that money can not be taken out of the Treasury unless it is appropriated by the Congress. But this delegates to a board the power to appropriate, if I understand it correctly, for it gives, without question, the right to the board to make such regulations as will permit the payment of allotments to dependents of soldiers who themselves have not for sufficient reasons made an allotment to their own dependents.

I want to know whether anybody thinks that is right, whether we ought to be as indefinite as that. While I want to be liberal and want to treat the family of every soldier with due consideration, we ought not to go so far as to enable the head of any bureau to say just to whom money shall be paid, without respect to allotment that other men are required to make as a condition precedent for the payment of money to the family of a soldier. That is what this seems to do. I may not understand the language of this provision—and I hope I do not—but as I read if you are delegating the power to an appointee of the Secretary of the Treasury to make a charge against the Treasury of the United States that ought never to be allowed to be done by anybody except the duly elected representatives of the American people. [Applause.]

Can we delegate power to a board to make a regulation to pay money out of the Federal Treasury without any further reference of the matter to the Congress of the United States? This bill provides that certain compensation shall be paid to dependents of men serving in the Military and Naval Establishments for injuries received or for death resulting from their service, and it provides exactly what that compensation shall be under certain circumstances; but this provision of this section goes further than that. It authorizes a board, proposed to be appointed, to make regulations to pay money out of the Treasury without respect to whether any contribution is made by the soldier or not. Now, ought that to be done? I would like to hear from the gentleman who has charge of the bill.

Mr. ADAMSON. The only observation I would make is, I think the gentleman from Illinois misapprehends the language.



The items he is talking about are exceptions and limitations, and not authorizations at all. He will notice at the head of the section, "except that," and every one of the things he is talking about are exceptions and limitations.

Mr. MADDEN. Well, this does not seem to be an exception. It says:

On the enlisted man's application, or otherwise, for good cause shown—

Mr. ADAMSON. Read at the top of the page.

Mr. MADDEN (continuing)—

exemption from the allotment as a condition to the allowance may be granted, upon such conditions as may be prescribed by regulations.

Mr. ADAMSON. The authorization ends up at the top of the page by saying, "As hereinabove specified, except that," and then it goes on and gives the exceptions about which the gentleman has been talking.

Mr. MADDEN. Well, I understand that; but it also authorizes the board to make regulations by means of which money can be paid out of the Treasury of the United States. There can be no doubt about that, can there? Is that an exception?

Mr. ADAMSON. That is authorized.

Mr. MADDEN. It is authorized, but it is an indefinite authorization.

Mr. ADAMSON. And these are limitations.

Mr. MADDEN. It is delegating the power of Congress of the United States to an appointive board, and we ought not to do it. It is not good legislation; it is not a proper conservation of the rights of the American people, and for one I object to it.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ADAMSON. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

Mr. MADDEN. If the gentleman is going to move that, I am going to raise the point of no quorum.

Mr. ADAMSON. I did not know anybody else was ready to speak. I hope the gentleman from Ohio [Mr. FESS] will be allowed to speak, of course.

Mr. FESS. Mr. Chairman, I move to strike out the last word.

Mr. ADAMSON. Mr. Chairman, I withdraw the motion for the present.

Mr. FESS. Mr. Chairman, I would like to ask the gentleman, who is on his feet, to explain this: In line 9, page 15, is the confusion to which I referred awhile ago. You have the language "so required to be made to members of class B." Class A, including the wife and children, covers the compulsory allotment. Class B, including parents, grandchildren, brother, and sister, is not compulsory, but voluntary, and yet this language, referring to class B, says, "so required to be made," as if this class B is compulsory. Now, the language, to me, is misleading. The language of lines 8, 9, and 10, page 15, refers to the classes—class A is compulsory and class B is voluntary—and yet the language refers to class B, which is voluntary, in the language, "so required to be made," which indicates compulsion.

Mr. ADAMSON. I think, if the gentleman is addressing his question to me, the use of the words "so required" is unfortunate and a mistake.

Mr. FESS. Why not say "so designated"?

Mr. ADAMSON. I think it simply means where he makes no allotment in class A and wants to make it in class B he should make it as much as \$15, and I am willing to strike out the words "so required" if desired.

Mr. FESS. I suggest the use of the language "so designated" would cover it.

Mr. ADAMSON. I make that motion, Mr. Chairman, to strike out the word "required" and insert the word "designated" in line 9, page 15.

Mr. FESS. I am impressed with the wisdom of the requirement of section 203, to which I arose to speak a moment ago. It reads as follows:

SEC. 203. That in case one-half of an enlisted man's monthly pay is not allotted, regulations to be made by the Secretary of War and the Secretary of the Navy, respectively, may require, under such circumstances and conditions as may be prescribed in such regulations, that any proportion of such one-half pay as is not allotted shall be deposited to his credit, to be held during such period of his service as may be prescribed. Such deposits shall bear interest at the rate of 4 per cent per annum, with semiannual rests and, when payable, shall be paid principal and interest to the enlisted man, if living, otherwise to any beneficiary or beneficiaries he may have designated, or if there be no such beneficiary, then to his next of kin.

This provision attempts to place all soldiers on the same plane as to the amount of his pay, only modified by his rank.

The soldier who is compelled to send half his pay home to his dependents will have as much spending money as the soldier who has no dependent to whom he is compelled to send an allotment. The amount which would have gone to dependents, had he such, will be deposited with the Government to be held in trust on a stated rate of interest, either for himself or

some beneficiary he may have designated. This provision eliminates what otherwise would be a discrimination.

But the real value of this provision is the guarantee to the youth that the Government will conserve by this way half his pay which would otherwise be expended, to be employed as a new beginning of a life of industry when he returns home.

I have no way to determine what proportion of our soldiers will be those who have not started into active life. But whether he has yet entered or not, his service interrupts that activity, and when he returns he will be as if he had never started in a life of industry.

This provision provides that a fund, which is made up by pay earned by him, and rightly belongs to him, but which has been held by his Government in trust for him to be turned over to him at the close of the war.

This insures him a new start in life and will assist at least in mollifying the great sacrifice he has made for the sake of his Government. I especially commend this feature of this proposed act.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 15, line 9, after the word "so," strike out the word "require" and insert in lieu thereof the word "designated."

The question was taken, and the amendment was agreed to.

Mr. FESS. And also in line 12.

Mr. ADAMSON. And also in line 12.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 15, line 12, after the word "so," strike out the word "required" and insert in lieu thereof the word "designated."

The question was taken, and the amendment was agreed to.

Mr. ADAMSON. Mr. Chairman, in order not to shut off any other gentlemen who want to speak, I move that debate end in five minutes on this section and all amendments thereto.

The CHAIRMAN. The gentleman from Georgia moves that all debate on this section and all amendments thereto close at the end of five minutes.

The question was taken, and the motion was agreed to.

Mr. SANFORD. Mr. Chairman, I want to ask the chairman of the committee what the reason for subdivision (d) is?

Mr. ADAMSON. Well, I just believe it is a sort of leniency provided in case necessities should develop on the part of the soldier that he would need his money. I did not write it.

Mr. SANFORD. I would like to ask the meaning of class (d).

Mr. ADAMSON. There may be special cases—

Mr. SANFORD. What I want to get at is the meaning—

Mr. ADAMSON. Allow me a minute to finish answering.

Mr. SANFORD. Along the same line.

Mr. ADAMSON. There may be special cases where the soldier, either permanently or temporarily, might need his entire salary, and in that case he might ask that the Government make this allowance and exempt him from making his allotment.

Mr. SANFORD. Does subdivision (d) mean that in certain cases, on the application of the soldier, the bureau may make allowance to the family although the soldier has not made any allotment of his pay?

Mr. ADAMSON. Yes, sir; but not any increased allotment.

Mr. SANFORD. That is what it means?

Mr. ADAMSON. As I understand it.

Mr. SANFORD. If that is the meaning, it seems to me it would be more clear if the committee would use the words "condition precedent."

Mr. ADAMSON. Does it not mean the same thing? If it is a condition it is a condition precedent to the bill.

Mr. SANFORD. If it remains that way it means nothing.

Mr. DALLINGER. I can not conceive of any contingency that would arise where a man is getting \$30 a month and he has dependents upon him and refuses to make any allotment for his family. As I understand it, the Government is providing him with food, and clothing, and shelter, and medical attendance, and he deliberately refuses to make any allowance for his family.

Mr. ADAMSON. Mr. Chairman, I have been trying to answer the question, although the committee has ordered the debate to be closed.

Mr. GARRETT of Tennessee. Mr. Chairman, I dislike very much to make this request, but there is a matter on which I would like to speak for a moment.

Mr. ADAMSON. Mr. Chairman, I ask unanimous consent that the gentleman from Tennessee may speak at his own discretion.

Mr. GARRETT of Tennessee. Five minutes is all the time I want.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. GARRETT of Tennessee. I want again to direct the attention of the gentleman from Georgia and different gentlemen who have been particularly active upon this bill to the suggestion made by the gentleman from Illinois [Mr. MADDEN]. I was impressed with the force of the objection that the gentleman suggested to paragraph (d) on page 15, and I wonder whether you have not in there a rather dangerous proposition. Now, the chairman, the gentleman from Georgia [Mr. ADAMSON], called attention to the fact that this was a matter of limitation. Quoting the words at the top of page 15, it would read "except that." Quoting before that it says "family allowances shall be granted only if," and goes on "except that," on "the enlisted man's application, or otherwise for good cause shown, exemption from the allotment as a condition to the allowance may be granted, upon such conditions as may be prescribed by regulations."

Now, is it not true, as the gentleman from Illinois [Mr. MADDEN] suggested, that this does put into the hands of a bureau the discretion to determine whether or not a payment may be made without the soldier himself previously making the allotment? And does it not contain the element of danger of destroying the very integrity of this entire section or article? I am very fearful of that paragraph, Mr. Chairman.

Mr. ADAMSON. It merely clothes the bureau with power and discretion to excuse a payment. Whether we can trust the bureau with that or not is a question.

Mr. AUSTIN. May I ask my colleague a question?

Mr. GARRETT of Tennessee. Certainly; I yield.

Mr. AUSTIN. Suppose in the case now of dependents a soldier, unmindful of his duty to his wife or child left at home, should decline or refuse to ask for this allotment; should there not be power to force him to do it?

Mr. GARRETT of Tennessee. I can conceive of cases, and the case my colleague suggests is a case in which perhaps there ought to be authority, but the question in my mind is whether or not this paragraph is not to indefinite; whether or not it does not clothe the bureau with too much authority. I simply call attention to it.

Mr. ADAMSON. Would not the gentleman from Tennessee make a motion if he has one in mind?

Mr. GARRETT of Tennessee. Yes; I will make a motion. I make the motion to strike out the paragraph (d), and then you can perfect the matter later.

Mr. ROMJUE. It seems to me that you have the wrong conception of this section.

Mr. STAFFORD. Let the amendment be reported, Mr. Chairman.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. GARRETT of Tennessee: Page 15, line 15, strike out paragraph (d).

Mr. SNOOK. Will the gentleman yield?

Mr. GARRETT of Tennessee. Yes.

Mr. SNOOK. I call the gentleman's attention to a case like that which is intended to be covered by the amendment of the gentleman from Missouri [Mr. RUCKER], where the soldier was indebted for the payment of a farm, or something of that kind, and he wanted to have some kind of an excuse from the allotment. That was what this was intended to cover, so as to give the bureau a chance.

Mr. GARRETT of Tennessee. The gentleman has that conception of it, and my colleague from Tennessee [Mr. AUSTIN] has the conception that it would cover the case of a soldier, the head of a dependent family, where he refused to make allotment. Both of the cases the gentlemen have in mind are perhaps worthy cases; but ought there not to be some definite provision, something more definite and specific than is contained in this paragraph?

I do not want to interfere with this bill, and I do not want to seem to be in any way antagonistic to the committee. I am much interested in the bill and in its future effects—

Mr. SNOOK. Your contention is that the discretion is too wide?

Mr. GARRETT of Tennessee. Entirely so.

Mr. RAYBURN. Will the gentleman yield?

Mr. GARRETT of Tennessee. Certainly.

Mr. RAYBURN. I really believe that paragraph (d) is intended to qualify paragraph (c) and make it so that this allowance can be made to a father or a mother without having to make the \$5 allowance.

Mr. GARRETT of Tennessee. There have been one or two previous paragraphs passed over in the bill. Would it be agreeable to the gentleman to let this paragraph be passed over and

recur to it again and see in the meantime whether the suggestions I have made are not worthy of consideration?

Mr. RAYBURN. Yes.

The CHAIRMAN. The gentleman from Tennessee asks unanimous consent that this paragraph be passed over temporarily. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 207. That the amount of the family allowance to members of class B shall be subject to each of the following limitations:

(a) If an allowance is paid to one or more beneficiaries of class A the total allowance to be paid to the beneficiaries of class B shall not exceed the difference between the allowance paid to the beneficiaries of class A and the sum of \$50.

(b) The total monthly allowance to beneficiaries of class B added to the enlisted man's monthly allotment to them shall not exceed the average sum habitually contributed by him to their support monthly during the period of a year immediately preceding his enlistment or the enactment of this amendment.

Mr. ALEXANDER. Mr. Chairman, I desire to offer an amendment.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Missouri.

The Clerk read as follows:

Amendment offered by Mr. ALEXANDER: Page 16, line 4, after the word "of," insert "dependency, but not exceeding."

Mr. ALEXANDER. That just makes it clearer.

The CHAIRMAN (Mr. GARRETT of Tennessee in the chair). The question is on agreeing to the amendment offered by the gentleman from Missouri.

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 209. That allotments and family allowances shall be paid to or for the beneficiaries, as may be provided by regulations, to be made by the Secretary of War and the Secretary of the Navy, respectively.

Mr. MADDEN. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Illinois moves to strike out the last word.

Mr. MADDEN. Mr. Chairman, section 209 provides that "allotments and family allowances shall be paid to or for the beneficiary, as may be provided by regulations to be made by the Secretary of War and the Secretary of the Navy, respectively."

Now, we are creating a board. We are taking this business out of the hands of the War and Navy Departments, and yet we are authorizing the Secretary of War and the Secretary of the Navy to make regulations. We are adding to the board which is to have jurisdiction over the administration of this law two other activities. It was said yesterday that the War Department might be embarrassed by being called upon to administer this law, and that the Navy Department might be embarrassed.

Mr. ADAMSON. Mr. Chairman, will the gentleman permit a suggestion?

Mr. MADDEN. Yes.

Mr. ADAMSON. The intent of this bill, the policy of this bill, is that this bureau shall prescribe these allotments and certify them to the Secretaries of the Navy and of the War Departments. This merely provides that when so specified these departments shall provide for the payment in their own way and according to their own regulations to the parties entitled to it.

Mr. MADDEN. This section does not say that.

Mr. ADAMSON. That is what it means.

Mr. MADDEN. You ought to say what you mean in the language of the bill.

Mr. MOORE of Pennsylvania. One of the objections I have, if I have any to this bill, is that it delegated too much power to the War-Risk Bureau. Power should be delegated to the two departments most concerned, the War Department and the Navy Department.

It seems to me that is a meritorious proposition. I do not know how it strikes the gentleman. Bear in mind that the War-Risk Bureau was an experiment, started with the purpose of dealing with commerce only. This new idea of soldiers' insurance was developed suddenly, and it has been thrown upon the War-Risk Bureau, which was created to deal with commerce alone. In the earlier paragraphs of the bill power was given to that bureau to make all regulations.

Mr. ADAMSON. I want to finish my statement to the gentleman from Illinois, if he will permit.

Mr. MADDEN. If the gentleman can get me more time, I will yield.



Mr. ADAMSON. Finishing the statement that I made to the gentleman from Illinois, if he will refer to page 6 he will find this language:

Payments out of this appropriation shall be made upon and in accordance with awards by the Commissioner of the Division of Military and Naval Insurance.

The board certifies to the War Department and to the Navy Department what the allotments and awards are, and then the Secretary of War and the Secretary of the Navy attend to the payments.

Mr. MADDEN. And hence the necessity of carrying out the suggestion that I made yesterday.

Mr. ADAMSON. Now, Mr. Chairman, I ask unanimous consent that the time I have taken out of the gentleman's time be allotted to him.

Mr. MADDEN. I suggested yesterday that all of the work in connection with the administration of this fund with respect to the men in the Army and the Navy ought to be conducted by the War Department and the Navy Department. You are only adding complications by transferring one part of the work to the Army and one part to the Navy and the other part to this board. You are compelling the Navy to keep two sets of records. You are compelling the Army to keep two sets of records. You are compelling them to furnish information to the board, and then you are compelling the board to furnish the information back to the Army and to the Navy; whereas if the bill were properly drawn and the language used had the proper meaning, so that any person who could read English might understand it, the Army would have the control over the situation with respect to the Army, and they could make the allotments and make the payments. They have to make the pay roll. They have the records of the men. They have to furnish these records to somebody else, and then somebody else has to furnish the records back to them.

Why, it is duplication after duplication. This is triplicate work. I submit that it is an expense that is not justified and ought not to be undertaken.

Mr. ADAMSON. I ask unanimous consent, Mr. Chairman, that the gentleman's time be extended as much as I have consumed.

Mr. MADDEN. No; never mind. That is all right.

The CHAIRMAN. The pro forma amendment is withdrawn. The Clerk read as follows:

SEC. 210. That upon receipt of any application for family allowance the commissioner shall make all proper investigations and shall make an award, which award shall be certified to the War Department or Navy Department, as may be proper. Whenever the commissioner shall have reason to believe that an allowance has been improperly made or that the conditions have changed, he shall investigate or reinvestigate and may modify the award. The amount of each monthly allotment and allowance shall be determined according to the conditions then existing.

Mr. PARKER of New Jersey. Mr. Chairman—

Mr. MADDEN. Mr. Chairman, I move to strike out the last word again.

The CHAIRMAN. The gentleman from New Jersey, a member of the committee, will be recognized first.

Mr. PARKER of New Jersey. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from New Jersey moves to strike out the last word.

Mr. PARKER of New Jersey. I do so, Mr. Chairman, with the idea of asking the meaning of this section. Here is a poor fellow in the Army who has gone to France. He has a wife and family. They ought to be taken care of.

If we pass the proper bill, and the man, when he enlisted, stated to the War Department that he had a wife and family, then the War Department can pay them and will pay them. But, instead of that, it is provided that the allowance can only be paid on an award by a new bureau not yet existing, which, if this bill were passed next week, could not get the clerks together for a year and a half to take care of the hundreds of thousands of cases that will come before them. And then application has to be made to that bureau by the poor fellow in France. I know something about the difficulty of getting letters from one side of the water to the other and back again now. There are no forms over there on which to make such an application. The man is not taken care of by the War Department as he should be because he is in the Army, but he must make application to a bureau and send it back here, and then it must pass through that bureau, with all the technicalities that rightly would be put upon such an application. The War Department knows their man. They have their agents right at the spot where he was recruited, who know whether he is married or not. This new bureau does not know; and in order to prevent frauds on the Public Treasury they have to put all sorts of technicalities about it.

Well, it says his wife may apply. I do not know whether, when she applies, they are going to give notice to the soldier that she claims to be his wife or not. Yesterday it was suggested that in South Carolina there may be a good many disputed claims of that sort, and they will be careful, possibly, to correspond with the soldier in France before anything is done. So the soldier's family will have to wait. I am not going to move an amendment here, because that was determined yesterday. If I did make a motion here, I should move to strike out enough of this to say that upon receipt of any application for a family allowance the War Department or the Navy Department, as the case may be, shall make an award according to the facts in their possession. They should do it without any application, because they know the facts.

Something must be done somehow at this session that will take care of the men now at the front and who are going there. We do not know how many tens of thousands or hundreds of thousands are over at the front now.

Mr. HUSTED. Will the gentleman yield for a question?

Mr. PARKER of New Jersey. Yes.

Mr. HUSTED. Did I correctly understand the gentleman to say that an application for an allowance was necessary if the allowance was to be made for members of class A?

Mr. PARKER of New Jersey. Yes.

Mr. HUSTED. I can not find it in the bill.

Mr. PARKER of New Jersey. At the bottom of page 12, section 204—

That a family allowance of not exceeding \$50 per month shall be granted and paid by the United States upon written application to the bureau by such enlisted man or by or on behalf of any prospective beneficiary, in accordance with and subject to the conditions, limitations, and exceptions hereinafter specified.

And then you will likewise find on page 6, lines 7 to 10, that—

Payments out of this appropriation shall be made upon and in accordance with awards by the Commissioner of the Division of Military and Naval Insurance.

Mr. HUSTED. Then there must be an application for the allowance in every case.

Mr. PARKER of New Jersey. An application first, an award next, a certificate to the War Department or Navy Department, and meanwhile there is no appropriation to the War Department or Navy Department to pay. There is an appropriation of \$141,000,000 which is not awarded to either of these departments for the purpose, and meanwhile the allotment of pay is to be made in the War or Navy Departments by the man himself, or else by the War or Navy Departments. The other department has nothing to do with all this. Can you imagine any way of making confusion worse confounded than by putting two bureaus in charge of one matter, and by having the bureau that knows nothing about it make the award, and ask the other for information, when that other bureau is so crowded with the war business now that it has no time to furnish any such information?

Mr. GREEN of Iowa. Will the gentleman yield for a question?

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. GREEN of Iowa. Then I ask for recognition in my own right, in order to make an inquiry of the gentleman from New Jersey.

The CHAIRMAN. The gentleman from Iowa.

Mr. GREEN of Iowa. Section 204 says that a family allowance of not exceeding \$50 a month shall be granted and paid.

Mr. PARKER of New Jersey. Upon written application.

Mr. GREEN of Iowa. Yes; it says it shall be done.

Mr. PARKER of New Jersey. Yes; through the bureau.

Mr. GREEN of Iowa. Now, section 210 says that upon receipt of any application for a family allowance the commissioner shall make all proper investigation and shall make an award.

Mr. PARKER of New Jersey. Yes; that is the bureau that do not know anything about it. That bureau have got to ask the War Department for information. That is to say, they have got to make an investigation.

Mr. GREEN of Iowa. I do not see how the two sections can be reconciled in any event. One says it shall be awarded—

Mr. PARKER of New Jersey. That means that it shall be awarded after investigation.

Mr. GREEN of Iowa. That is not what it says.

Mr. PARKER of New Jersey. Taken together that is the only meaning. This is a bill to make all the delays of every kind that have been charged against courts of equity and courts of chancery for the last hundred years. It is so drawn that it can not be worked out practically. When you go to Canada you find out how it ought to be done. When a man is recruited there he tells whether he has a wife or family, and says he wants



them to have an allowance, and they say immediately "allot half of your pay and we will make the allowance," and they do it. They pay it, as a part of the pay roll from the beginning. This bill is so drawn as to create every kind of delay. I hope I am not talking too fast to be taken down, but I am so full of this matter that I can not help standing up every time it comes up to protest against this circumlocution office that is being created here for our soldiers.

Mr. GREEN of Iowa. Mr. Chairman, my time has not expired. The gentleman from New Jersey was talking in my time.

Mr. ADAMSON. The gentleman from Iowa [Mr. GREEN] has the floor.

Mr. GREEN of Iowa. I think so, but I only want to say a word. These provisions do not harmonize, and they ought to be clarified. I have not studied the bill with sufficient care to say whether or not I indorse all that the gentleman from New Jersey [Mr. PARKER] has said, but it certainly appears that one section saying that an allowance shall be granted and another saying that it may be granted with an investigation ought to be harmonized.

Mr. GOULD. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 16, line 25, insert a new section after the word "existing," as follows:

"SEC. 211. That a commissioned officer of the military or naval forces of the United States while on active duty, with or without troops, who has a wife, child, parent, brother, or sister wholly dependent on him for support, shall be furnished at the place where he maintains such dependent the number of rooms now prescribed by the act of March 2, 1907 (34 Stat., p. 1168), as the allowance of quarters for his grade, or be paid commutation therefor at the rate now authorized by law."

Mr. GOULD. Mr. Chairman, I have introduced the proposed amendment as a new section, 211, added to article 2 of H. R. 5723 to provide against what is a grave injustice to the officers of the National Army, the National Guard just being mobilized into the Federal service, and a few officers of the naval force.

The present law provides for quarters for officers according to grade, and that if quarters are not provided, commutation therefor may be paid to the officer at a rate not to exceed \$12 per room per month.

Our officers going into active service should have the knowledge that their dependents are to be provided for, and this bill is an attempt to treat all of our men fairly, but the officers have been overlooked, and I am referring this condition to the House so that justice may be done.

It would seem that the able committee which has labored so conscientiously to frame this legislation had assumed that the present law was so drawn as to provide officers with dependent families, who may be detailed to training camps or to overseas service, with quarters for their families, or, in lieu thereof, a commutation allowance.

Such is not the case, as shown by rulings made under the construction of the present law by the War Department when our men were mobilized and the National Guard of the various States were sent to the border in 1916.

And, for that matter, the War Department is now sending out circulars in which it is making the promise that officers will be furnished quarters or allowances. I quote from this circular a statement, as follows:

At each post and station where there are public quarters in buildings belonging to the United States, the quartermaster, under direction of the commanding officer, will allot to each officer the quarters to which his rank entitles him.

The circular goes on to explain that if there are no quarters for officers they will receive a monthly allowance by which they could rent them. However, when an officer under this expressed promise of the Government asks for quarters or allowances, they are informed, in effect, that the Government has changed its mind and does not intend to make good. The only exception to this rule is when an officer is either stationed at a comfortable post or detached from his regiment and detailed to serve in a soft berth at Washington.

The decision was reached that officers serving in training camps or in European service were to be deprived of the commutation allowance; and this, Mr. Chairman and gentlemen of the committee, is equivalent to cutting and reducing the salaries of the officers who are to bear the burden of the war by fighting in the trenches and thereby putting on them a worry and sense of uncertainty with regard to those dependent on them.

My amendment puts the Government in position where it can keep its promise to officers with dependents.

There are hundreds of instances even at this early stage of the war where officers have been compelled to borrow funds to equip themselves and leave their families with a small amount

of funds. I have read many confidential letters outlining the condition which the families of officers are now facing.

In brief, I can only bring to the attention of the committee arguments in favor of authorizing commutation of quarters when on active service the following:

(a) Expenses are now higher than ever before.

(b) When the family is left behind the necessary expense of maintenance is increased not less than 50 per cent above that needed when it is not necessary to be absent.

(c) If the family is taken to concentration camps, the rent on quarters is always higher than at home, if quarters are available at all.

(d) The expense of maintaining oneself has increased 75 per cent over the previous cost, price of clothing and all other equipment having increased from 20 to 75 per cent.

(e) It has been recognized that the enlisted man absolutely needs additional pay, whether married or single, and the married men are receiving discharges nearly as fast as they can be issued, while in not furnishing officers with quarters, or, in lieu of quarters, commutation of quarters, with the policy to provide additional means of support for enlisted men.

(f) The additional expense for doctors' bills are now added to the officer's expense account, unless he happens to have his family near his regiment or station, which is practically impossible in the case of National Guard and National Army officers and impossible for all officers who go to Europe.

Further, it does not seem fair to deprive any officer of any part of his allowances, or, in other words, make him pay for being allowed to be an officer in times like these.

Mr. ADAMSON. The gentleman realizes that this bill does not touch the salary of officers in any respect.

Mr. GOULD. I appreciate that; but I sat here yesterday and heard the gentleman from Missouri [Mr. DECKER], authorized by the committee, make a statement that if any Member of the House had any suggestions to make that would add to the justice of the bill, the committee would be glad to see them adopted.

Mr. ADAMSON. Oh, yes; germane amendments.

Mr. GOULD. Well, I see no reason why this is not germane; it affects the officers and men who are to be taken care of.

Mr. ADAMSON. If the gentleman can get an amendment in under the rules, it is all right.

Mr. GOULD. As I have said, I can not see why the amendment is not germane. Pretty nearly every congressional district in this House has a National Guard organization or a company of some sort. Our boys are in that organization. You gentlemen, perhaps, have sons in the Army, and some have grandsons. In these cases the family ought to have the protection and assistance that is rightfully their due. I can not see for the life of me why this amendment should not be adopted and our officers taken care of. [Applause.]

The CHAIRMAN. The gentleman from Georgia makes the point of order that the amendment offered by the gentleman from New York is not germane. The Chair has examined the amendment carefully, and clearly it is not germane to this bill, and therefore he sustains the point of order.

Mr. MADDEN was recognized.

Mr. ADAMSON. Mr. Chairman, I move at the end of the remarks of the gentleman from Illinois that all debate on this section and amendments thereto be closed.

The CHAIRMAN. The gentleman from Georgia moves that at the end of five minutes all debate on this section and amendments thereto be closed.

Mr. ADAMSON. I said at the end of the remarks of the gentleman from Illinois. I thought his time might be extended.

Mr. MADDEN. I do not think I shall take more than the five minutes. Mr. Chairman, section 210, to which I shall address myself, reads:

That upon receipt of any application for family allowance the commissioner shall make all proper investigations and shall make an award, which award shall be certified to the War Department or Navy Department, as may be proper. Whenever the commissioner shall have reason to believe that an allowance has been improperly made or that the conditions have changed, he shall investigate or reinvestigate and may modify the award. The amount of each monthly allotment and allowance shall be determined according to the conditions then existing.

Here we have a section of the bill directing the commissioner to make an award and to certify it to the War Department or the Navy Department. And then in the same section we have a provision that compels the commission to reinvestigate and withdraw the award, or to modify the award, and this occurs every month.

Now, in the first place he is compelled to make an award, and the department to which he certifies the award must pay it. Later on he is compelled to reinvestigate his own award and to modify or withdraw it.

Mr. SLOAN. Will the gentleman yield?



Mr. MADDEN. Yes.

Mr. SLOAN. I think the gentleman said in the House yesterday that he was not a lawyer. I understand that this was drawn by an eminent judge on the United States bench. Does not the gentleman think he will be in contempt of court for criticizing this particular section as he proceeds to criticize it, without license from the United States or anybody at all to criticize the composition of a section of this kind?

Mr. MADDEN. I am anxious for the passage of a bill that can be worked so that an ordinary man like I am can understand it. When a man appointed as commissioner is compelled to make an award and at the same time compelled to take it back there must be some inconsistency there.

Mr. MEEKER. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. MEEKER. In the language of that section he could make a third investigation and change the award again.

Mr. MADDEN. He is compelled to make an award every month, and then compelled to review the award after it is made, and then compelled to modify it, and then compelled to withdraw it, and the people that have been paid the money may not have any money to pay the award back and may be sued by the Government for taking the money they were awarded.

Now, I am not in favor of that kind of legislation, and that is what this means. I do not care who drew the law or how eminent the judge was. I have some common sense myself, I think, and I think I know when I come up against a stone wall, but it does not seem to make any difference. Any suggestion anybody makes here that has any common sense to it is overridden just the same as if there was no suggestion made at all. They have got so much pride of opinion about the language of the bill that they would forego any common sense in connection with it in order to pass it. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. ADAMSON. Mr. Chairman, I ask unanimous consent that the gentleman from Illinois may have his time extended two minutes so that the gentleman from Missouri [Mr. ALEXANDER] may ask him a question.

Mr. MADDEN. I do not want any more time; let the gentleman from Missouri talk in his own time.

The Clerk read as follows:

#### ARTICLE III.

##### COMPENSATION FOR DEATH OR DISABILITY.

SEC. 300. That for death or disability resulting from personal injury suffered or disease contracted in the course of the service by any commissioned officer or enlisted man or by any member of the Army Nurse Corps (female) or of the Navy Nurse Corps (female) when employed in the active service under the War Department or Navy Department, the United States shall pay compensation as hereinafter provided.

The committee amendment was read, as follows:

Page 17, line 5, after the word "service," insert the words "in the line of duty."

Mr. ADAMSON. Mr. Chairman, we are willing for that amendment to be disagreed to.

Mr. IGOE. Mr. Chairman, I want to be heard on the committee amendment. I want to ask the chairman of the committee or the gentleman in charge of the bill what is the purpose of the committee in putting in those words, "in the line of duty."

Mr. ADAMSON. We are willing to disagree to it.

Mr. IGOE. Then I do not want to say anything if the committee does not want us to adopt it.

Mr. PARKER of New Jersey. Mr. Chairman, I am in favor of the committee amendment. It is in all the previous laws.

Mr. IGOE. If the committee is divided on it, I want to be heard on it.

The CHAIRMAN. Does anyone desire to speak for the amendment before the gentleman speaks against it?

Mr. PARKER of New Jersey. Mr. Chairman, I speak in favor of the amendment for this reason. A disease may be contracted in the course of a man's service for which the service is by no means responsible. He may have drunk too much and had other bad habits, and he may have contracted a disease and still he has contracted it in the course of service. For that reason, all previous pension laws have had in the words "contracted in the service in the line of duty." This, of course, has to be liberally construed and is liberally construed. If a man is serving, and he receives an injury at any time while he is doing his duty, even if he is allowed to go on leave for a few hours out of camp, he still receives it in the line of duty and while he is wearing his uniform. If one of these men is knocked down on the street while wearing a uniform he would be entitled to his pension but not if they seek trouble and are injured or contract a disease not in the line of their duty, not contemplated by Army regulations, by their orders, or by their enlistment.

Whatever they do while in the service, as long as they stand by their duty, is in the line of duty. For whatever they do in the service which is against the regulations they are not entitled to pension. I believe that is all very thoroughly determined by decisions of the Pension Bureau, and I do not think it would be wise to go against that long line of decisions in reference to this language at the present time.

Mr. DOWELL. Will the gentleman yield?

Mr. PARKER of New Jersey. I will.

Mr. DOWELL. I want to inquire if the gentleman believes that while a soldier is off duty if he should contract pneumonia that he should not be given a pension for payment under this law?

Mr. PARKER of New Jersey. Yes.

Mr. DOWELL. And would there be any question as to the construction that he was within the line of duty?

Mr. PARKER of New Jersey. There has never been any construction of the Pension Office that where a man was serving and doing his duty, even if he was on leave, if he contracted a disease during the course of that service, still he was not going against his duty. I think I am stating that very thoroughly.

Mr. DOWELL. And he would be considered, under the ruling, as in the line of duty?

Mr. PARKER of New Jersey. So long as he was not doing anything wrong and did not bring the disease upon himself.

Mr. JAMES. Will the gentleman yield?

Mr. PARKER of New Jersey. Yes.

Mr. JAMES. Unless this amendment goes in, if a man went and got drunk and was killed in a drunken brawl, he would be entitled to \$5,000?

Mr. PARKER of New Jersey. It seems to me so. We have a statute which has been thoroughly construed by the Pension Department, by the Pension Bureau, which everybody understands, which has been construed for the last 50 or 100 years—I do not know how long those words have been in the United States Statutes—that the injury must have been received or the disease contracted in the line of duty.

Mr. RAYBURN. Mr. Chairman, I suggest these words have been interpreted one way by one bureau of the Government and another way by another bureau of the Government. The Pension Department has held one way in the case of a man on leave and the Court of Claims department has held another. I have a specific instance noted down here where an officer was taking some fellow officer home in an automobile after a dance and was killed and the Pension Office held it was not in the line of duty and the Judge Advocate General held that it was.

I intend, if this amendment is not agreed to, to offer an amendment at the end of that section.

Mr. PARKER of New Jersey. May I ask the gentleman whether he thinks it is safe to vary language which has received very careful construction and on which the construction now is settled? It may have been doubted at one time.

Mr. RAYBURN. I think the construction of that language is settled.

Mr. PARKER of New Jersey. In the Pension Bureau; yes.

Mr. RAYBURN. If these men go into the trenches, they will be in line of duty there. A man staying in the trenches a few days will need recreation. There is no question about that. Suppose he goes down to Paris on a leave of absence for a few days, or to some other town; do you construe that he will be in line of duty?

Mr. PARKER of New Jersey. Yes.

Mr. RAYBURN. I am afraid they would not construe it that way.

Mr. PARKER of New Jersey. This is a pension, and I propose after this section to insert the words "compensation by way of pension." I want to get the advantage under this section of the decisions of the Pension Bureau, which now hold that unless an injury is the result of the man's own vicious habits it is to be considered as received in the line of duty.

Mr. RAYBURN. I was intending at the end of that section to offer an amendment to the effect that no compensation shall be payable for the injury that has been caused by a man's own willful misconduct.

Mr. PARKER of New Jersey. Let us stick to what we have. I think it is dangerous to vary the language. There are gentlemen on the Committee on Pensions who know more about it.

Mr. ALEXANDER. I will give the gentleman a specific instance that came within my own knowledge. There was a veteran in my district who, on a frolic with members of his company, threw a watermelon rind and hit a comrade with it. The comrade attacked him with a knife, and as a result his arm had to be amputated. The objection was that he was not in the line of duty at the time he suffered his injury, but he afterwards got a pension by act of Congress.



Mr. PARKER of New Jersey. We have those questions up in the law, and you can not get away from them. This amendment could not get away from it. This man threw a watermelon rind, and ought not to have done it.

Mr. IGOE. Mr. Chairman, I hope this amendment of the committee will not be adopted. The committee is trying to frame the bill somewhat on the theory of the compensation laws, and any man who has studied the compensation laws knows that there are no words in the entire laws that have caused more confusion in the courts than in trying to determine what is meant by "in the course of duty," or "within the line of duty," and such expressions as that. Now, in the compensation law we passed the language was, "sustained while in the performance of his duty." And there was an exception where injury was due to the willful misconduct of the employee, or due to intoxication, or to his deliberate intention to bring about injury. In dealing with soldiers there is all the more reason why this language should not be used, because the soldier is in the service of the Government during his whole period—24 hours a day. But this question may come up. He may have a furlough or leave of absence. He may be getting on a train to go some place while off duty; and unquestionably the officer, in passing upon this question, will take and construe these words, "in the line of duty," and hold that unless the man is actually performing military service he will be barred. And it seems to me we ought to make this thing clear, and that we ought to provide that he gets his compensation if he is injured in the service, or his people get it if he is killed in the service, but make a separate provision, as suggested by the gentleman from Texas [Mr. RAYBURN], to exclude cases where the injury or death is brought about by the willful misconduct of the soldier or by his intention to bring about the injury to himself. Or if you want to go further and include intoxication or some other things, do that. But to include the words "in line of duty" means that many of these cases will have to be argued before a board, and if men will take the decisions of the compensation boards and the decisions of the courts they will find thousands and thousands of cases where facts differ, and the courts have had to pass upon the question of whether or not the man is entitled to compensation. And as we will have many cases arising under this act and we want to be sure that the families or the men get this compensation, it seems to me this language ought not to be inserted.

Mr. COX. Mr. Chairman, I move to strike out the last word.

Mr. CARAWAY. Mr. Chairman, I want to be heard on the amendment.

Mr. ADAMSON. Mr. Chairman, will the gentleman yield? Let us agree on the time on this section. I ask that at the end of 30 minutes the debate on this section and amendments thereto be closed.

Mr. CAMPBELL of Kansas. I have an amendment I desire to offer.

Mr. ADAMSON. It does not exclude amendments. It limits debate.

Mr. CAMPBELL of Kansas. I want the time allotted to me on the discussion of this bill at this time.

Mr. ADAMSON. How much time?

Mr. CAMPBELL of Kansas. Thirty minutes.

Mr. ADAMSON. I can not keep the gentleman from having it. I will ask then to close the balance of the time on this section.

Mr. RUSSELL. I have an amendment to offer to the section.

Mr. ADAMSON. Can it be included in the 30 minutes?

Mr. RUSSELL. I do not know.

Mr. ADAMSON. Mr. Chairman, I withdraw the request for the present.

Mr. COX. Mr. Chairman, I wish to be heard a moment on the language under discussion, namely, "in line of duty." The gentleman from Nebraska [Mr. LOBECK] has just called my attention to information relating to Army and Navy pensions, where I think this identical phrase has been decided. Section 3434 in these rules and regulations as to line of duty provides that—

Line of duty is a technical phrase which is defined in the administration of the pension laws as that relation which a soldier or sailor sustains to the military or naval service of the United States when performing an act connected with any of the possible conditions or requirements of the service, or in the observance of the proper orders of his superior, not in violation of the Army or naval regulations.

When he is performing service under orders of his superiors and an injury results to him, under the construction placed upon the phrase "in line of duty" by the Pension Bureau he is entitled to a pension.

Mr. SIMS. Suppose he is on leave of absence not in line of duty?

Mr. COX. Then he would be clearly entitled to a pension; surely, if he has got a leave of absence. He is subject to the orders of his superior, and has got to return when his leave of absence expires, and if, while he is taking his leave of absence, without violation of the regulations or anything unlawful or wrong on his part he gets hurt, he is entitled to a pension.

Mr. KEY of Ohio. Mr. Chairman, will the gentleman yield right there?

Mr. COX. Yes.

Mr. KEY of Ohio. I think the gentleman from Indiana is mistaken.

Mr. COX. Well, take your time and make your own speech.

Mr. KEY of Ohio. That is not the construction put upon it by the Bureau of Pensions.

Mr. COX. The gentleman can make his own speech. Note the words: "When performing an act connected with any of the possible conditions or requirements of the service, or in the observance of the proper orders of his superior, not in violation of the Army or Naval Regulations." Now, the query was put here: Supposing a soldier was taken out of the trenches in France and he wanted to go to the city of Paris. It is perfectly plain that he could not go unless he got orders to go, or permission to go. But supposing, while he was making the journey from the trenches to the city of Paris, without any fault on his part whatever, he got hurt. Under the phrase here, "in line of duty," that soldier in my opinion would clearly be entitled to a pension. I do not think there is any question about it. But if he got a furlough to go from the trenches to the city of Paris, and through vicious habits, and not in consequence of any order of his superior which he was compelled to obey, he purposely or intentionally, or even unintentionally brought injury to himself by reason of his vicious habits, he would not be performing his duty or be in line of duty.

Mr. CAMPBELL of Kansas. Mr. Chairman, will the gentleman yield?

Mr. COX. Yes.

Mr. CAMPBELL of Kansas. I think the Pension Bureau has adopted in their decisions this formula, "not the result of his own vicious habits."

Mr. COX. That is true. But we who have been up against the Bureau of Pensions are frequently met with the proposition: Here is an injury, as the gentleman from New Jersey [Mr. PARKER] argued, that might have occurred to the soldier in the course of his service, but not in line of duty. For that reason he is not entitled to a pension. But if the injury occurred to the soldier while in line of his duty and not on account of his own vicious habits, then he is entitled to a pension under the pending article of this bill, and I dislike to see the committee yield and vote it down, because I think it is a protection to the honest, careful, moral soldier who is going over to France.

Mr. CAMPBELL of Kansas. Does not the gentleman think that the words "not the result of his own vicious habits" would be better than the words "employed in the line of duty"?

Mr. COX. I am not a stickler on a certain form of language; but when a form of language has been employed in a statute from time immemorial, and when it is well understood by all the men in this country and by the courts of the country and the soldiers of this country, I would rather adhere to the original language than see new language go in.

The CHAIRMAN. The time of the gentleman from Indiana has expired. The gentleman from Arkansas [Mr. CARAWAY] is recognized.

Mr. CARAWAY. Mr. Chairman and gentlemen of the committee, I want to say just a word on this amendment. The suggestion of the gentleman from Kansas [Mr. CAMPBELL] as to the language, "not the result of his own vicious habits or conduct," as a substitute does not quite reach the case. A man's conduct may not be vicious in the sense in which the words are ordinarily used, and yet it may not be in line of duty and in violation of orders; and if you substitute the words, "not the result of his own vicious habits," for "in line of duty," you might make it possible for a man to be pensioned because this section is a pension section—when the injury is clearly the result of conduct out of the line of duty and in violation of his orders.

Now, there is no one in this House who I think more heartily indorses this bill than I do. I want to do everything that should be done and can be done for the men who are going abroad to fight our battles. But I do not think it is an unreasonable requirement that the soldier shall be required, if he expects to benefit by the provisions of this bill, to observe the rules and regulations laid down by his Government while serving as a soldier of these United States, and certainly with the construction that has been placed upon it by the department that ought to deal and will deal largely with the construction of this language, if the injury is the result of conduct not in violation of the regulations



and rules laid down by his Government, he is entitled to a pension, and the language ought not to be stricken out.

Mr. GREEN of Iowa. Mr. Chairman, will my friend yield there?

Mr. CARAWAY. Yes.

Mr. GREEN of Iowa. I call the gentleman's attention right along the line of his argument to the fact that if the committee amendment is not permitted to remain in he might get compensation or a pension as the result of an actual violation of his orders.

Mr. KEY of Ohio. Sure.

Mr. CARAWAY. That is what I was trying to say. The gentleman is saying it better. For instance, he might go out and engage in a poker game and get drunk and take a cold.

Mr. SIMS. It is against the law to sell him any liquor.

Mr. CARAWAY. I do not know where the gentleman's place of business would be, or who would be the clerk; but I object to saying that he shall receive the benefit unless the injury or death is caused by his own vicious habits, because they may not be vicious, and yet they may be clearly in violation of the regulations and rules, and I do not believe anybody can object if we give him this compensation if he is injured or contracts disease while within the performance of his duties and not doing anything in violation of the rules and regulations. That is all I want to say. I hope this proposed committee amendment stays in the bill.

The CHAIRMAN. The question is on the amendment offered by the committee.

The amendment was agreed to.

Mr. RUSSELL. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The gentleman from Missouri offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. RUSSELL: Amend by striking out lines 3, 4, and the first part of line 5, on page 17, up to and including "duty," and inserting in lieu thereof the following:

"That for death from any cause not the result of his own fault or misconduct at any time after suffering total disability resulting from personal injury or disease contracted in the course of service in the line of duty or for total disability incurred in such service in the line of duty."

Mr. RUSSELL. Mr. Chairman, this amendment does not at all affect the question of disability. On the first reading of it you might think, on first reflection, that it did, but it does not. But this affects no case except death and the status that his widow would occupy after he had died.

My contention is that where a soldier who has left a wife and children at home goes out into this war, either as a volunteer or as a drafted man, and is totally disabled in the service and dies afterwards of some other disease, his widow ought to be entitled to a pension. I think I can make myself clearer by illustrating it in this way: I assume that there are two brothers, both married, each having four children. They both volunteer in this war. In the same battle they have both legs shot off. One of them dies of his wounds. The other, after long suffering in the hospital, survives. Then the war is ended. He goes home and in a month afterwards dies of smallpox or pneumonia. His earning capacity has been destroyed, his legs were shot off while he was in the service of his country in time of war. His wife while he was in the service was at home trying to take care of those four children. Now, what results? One of the brothers may be wealthy and the other may be poor, to make it stronger. The widow of the brother who died from his wounds will get \$60 per month the balance of her life unless she remarries. The other brother, who rendered the same service, had the same family, suffered the same total disability, with a wife and four children at home, did not die from his wounds, and his family will not get a single cent. I think the stating of that case is enough for every gentleman in this House to see that it will be inequitable and unfair.

I am not fighting this bill. I am heartily in favor of this bill, and I want to see it pass; but I want to see it pass in a way that will not be criticized as being unjust and inequitable; and if you do not put an amendment of this sort in this bill to make it consistent you will do the very thing that you say you do not want to do. You will invite pension committees in future Congresses to make the correction. Let us make this bill correct, consistent, and just to-day.

Mr. BORLAND. Will the gentleman yield for a question?

Mr. RUSSELL. Yes.

Mr. BORLAND. Is this amendment confined to a case where a man who has suffered total disability dies subsequently, but his death is not attributable directly to the disability?

Mr. RUSSELL. Yes. If this amendment is adopted, I will offer one later to cover cases of partial disability, giving the

corresponding amount in such cases. But you may not be in favor of that. This is for total disability alone, where a man's eyes are shot out, or where his legs are shot off, where his earning capacity is destroyed, and where his wife was at home with her children while he was fighting the battles of his country.

Mr. BORLAND. This amendment is confined to that kind of a case?

Mr. RUSSELL. Absolutely.

Mr. BORLAND. Where he himself is a pensioner for total disability?

Mr. RUSSELL. Yes.

Mr. BORLAND. Then he dies, leaving a wife and dependents, but his death is not traceable directly to his total disability?

Mr. RUSSELL. That is this exact case; and I hope the committee will agree to this amendment and make this a better bill.

Mr. KEY of Ohio. What effect would it have if we should pass an amendment of that kind, for instance, if the soldier had one arm shot off and one leg shot off? Would you call that total disability?

Mr. RUSSELL. No; that would be partial disability.

Mr. KEY of Ohio. If that soldier should come home and in the course of two or three years die of some disease not incurred in the course of the service, would not his earning capacity have been reduced?

Mr. RUSSELL. With all due respect, the gentleman's question is not pertinent. We have not yet reached partial-disability cases. If this amendment is accepted, when we do reach partial disabilities I will offer a further amendment affecting partial disabilities; but this is exclusively for total disability.

Mr. KEY of Ohio. The question in my mind was, if you accept partial disability for an arm off or for a leg off, where are you going to stop?

Mr. RUSSELL. We will stop when there is no more paying of pensions to soldiers for disabilities. [Applause.]

Mr. HICKS. Mr. Chairman, this is a very important amendment, and now that we have had it explained by the gentleman from Missouri [Mr. RUSSELL] I ask unanimous consent that it be read again.

The CHAIRMAN. Without objection, the amendment will be again reported.

The amendment was again read.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. RUSSELL].

Mr. ALEXANDER. Mr. Chairman, my colleague states, of course, an extreme case, one that appeals very strongly for sympathy for that class to which it belongs.

The whole scheme of compensation or pensions, or whatever you may call it, in this bill is based upon the liability of the Government for death or injury in the service. The gentleman from Missouri offers an amendment entirely different. It is not based on that theory at all. It is tantamount to a claim based upon service alone and not upon disability or injury suffered while in the service, and would be a service pension, just exactly what we have in the existing law, and hence would be a pension, unquestionably, pure and simple, and an entire departure from the theory upon which this bill is drawn.

Under the provisions of this bill if a man is totally disabled he is entitled to compensation. If he dies of this injury or of a disease contracted in the service, the Government undertakes to discharge certain obligations to him by making provision for his dependents. That is as far as the bill goes. Our pension laws enacted during the Civil War and following the Civil War down to June 27, 1890, gave a soldier a pension based upon disability the result of injury suffered in the line of duty, or gave the widow a pension based on his death from such injury in the line of duty. In the event the soldier died, his wife was not entitled to a pension unless she could show that the injury of which he died was of service origin. It was \$8 a month for many years. I do not remember when it was changed to \$12 a month, but I think in 1910. Hence we say that this is a very important matter.

Mr. TOWNER. Will the gentleman yield?

Mr. ALEXANDER. Certainly.

Mr. TOWNER. It occurs to me, although I have not had an opportunity to examine the amendment offered by the gentleman from Missouri [Mr. RUSSELL]—but it occurs to me that the gentleman's amendment cuts out entirely any recovery for a death from injuries in the service in the line of duty. If that is the case, then the only provision there would be in the law if the amendment is adopted would be if the death occurred from something that was acquired after he had been totally disabled.

Mr. ALEXANDER. I think the intent of the amendment is that, although he may have suffered total disability in the service—

The CHAIRMAN. The time of the gentleman has expired.

By unanimous consent, the time was extended five minutes.

Mr. ALEXANDER. The amendment is drawn on the theory that the widow will be entitled to a pension without any reference to any other evidence than that he served in the Army; without reference to whether his death was the result of injury or total disability of service origin. If he died of smallpox or some other disease and served in the Army, the widow's right to a pension would accrue.

Mr. TOWNER. But this is the thought I had in mind, if the gentleman will follow it out. Perhaps I am not correct. He provides for his death or disability resulting from personal injury. Of course, a person might die from an injury immediately and then it might be from an injury received which would also result in death. If I understood the gentleman's amendment correctly, it would limit any possible recovery in all cases except that for death following an injury where death was occasioned by disease which was acquired subsequent to the injury.

Mr. ALEXANDER. I hardly think that would be the result, and I am sure that is not what my colleague [Mr. RUSSELL] intended. But if we are going to embark on a recasting of the bill on the line of service pensions, then, as the gentleman from Ohio [Mr. KEY] suggested, we ought to provide a scale for partial disabilities, and I am sure we do not care to undertake to do that.

My thought is, however, that it is an entire departure from the theory on which the bill is drawn, and it is up to the committee to say whether or not it wishes to charge the Treasury of the United States with allowances as provided in this article 3 to dependents, not alone in the event of death or disability in the service, but death resulting from other causes.

Mr. SHERWOOD. Will the gentleman yield?

Mr. ALEXANDER. Yes.

Mr. SHERWOOD. You say this is contrary to the spirit of the bill as drawn. Now, if it is a meritorious amendment, and I believe it is, ought it not to be adopted, notwithstanding the spirit of the bill?

Mr. ALEXANDER. I say that we want to understand just what we are voting on. I think it is contrary to the spirit or theory upon which the bill is drawn, and it ought not to be written in the bill. If we are to have a law based on service, let us have it. This bill is not drawn on that theory.

Mr. RUSSELL. Will the gentleman yield?

Mr. ALEXANDER. Yes.

Mr. RUSSELL. The gentleman from Missouri, the author of the bill, admits, does he not, that if a soldier has lost both legs in battle and has a wife and four children at home, and subsequently he gets well of that but dies of some other disease, he would get no pension at all under this bill?

Mr. ALEXANDER. Not if he dies of some other disease.

Mr. RUSSELL. What difference does it make to the widow and the four children whether he died of his wounds or died of some other disease?

Mr. ALEXANDER. Well, that is putting it the way that the Committee on Pensions always puts it when they want to appeal to the sympathies of the Congress.

Mr. RUSSELL. He suffers the same total disability and has the same dependent family, and I say that it is inequitable.

Mr. ALEXANDER. Here is another man in the community who may be blind and has a dependent family on his hands. He dies of smallpox, and he does not get anything for his family.

Mr. RUSSELL. But he did not die in the service of his country.

Mr. ALEXANDER. Oh, yes; he was a good citizen, and it may be that he was engaged in some hazardous employment; he may have been working in a mill and contracted it there, or in a mine or a stone quarry and been injured by a premature explosion of a charge of dynamite. I hope the time will come when provision will be made for all such cases as that where the family is left in destitution.

Mr. KEY of Ohio. Mr. Chairman, I move to strike out the last word. Mr. Chairman and gentlemen of the committee, at the outset I wish it understood that I am not opposed to this bill in every particular. There are some features, however, I am opposed to in it. I wish to say a few words with reference to the legislation affecting widows' pensions, and I want to go back to the time of the Civil War. After the Civil War all widows to be entitled to a pension could only receive same if the soldier's death was the result of that service—wounds, injuries, or diseases. All of those widows were pensioned at the

rate of \$8 a month. Twenty-five years later, in 1890, Congress passed a pension law so as to provide that all widows could receive a pension regardless of whether or not their soldier husbands' death were the result of service. Under the act of June 27, 1890, if a soldier should have been in the service for 90 days and received an honorable discharge, and if the soldier's wife married him prior to the passage of that act and was dependent, this was all that was necessary to give title. That law was in existence with the \$8 rate until April 18, 1908. Upon that date Congress merely changed the rate and gave to all widows the rate of \$12 a month without regard to service.

Mr. SHERWOOD. That is right.

Mr. KEY of Ohio. The widows received the \$12 rate, then, until the law which was passed last September—the law coming from the Committee on Invalid Pensions—which gave all widows a \$20 rate, provided their husbands died of some disability incident to the service and she had been his wife during any part of his military service, and to all widows who had arrived at their seventieth year, whether or not the soldier's death was the result of his service.

Now, the point I wish to make clear in this case is that the Congress of the United States never gave to any widow a service pension until 25 years after the war was over, and the Spanish War widows are now going on their twentieth year and no service-pension legislation has been provided for them to date. Now, what do we want to do? Are we prepared to throw down the bars and pass a service widow's pension bill at this time for this war? The question is, How far can this Government go? Do we want to pass a service-pension bill? There seems to be a great deal of merit in the case cited by my distinguished friend from Missouri [Mr. RUSSELL], and the case cited by him stands out as exceptional, and if we start in on a case of that kind, where will we land? You let down the bars, establish a service pension pure and simple. There is no demand for a service pension at this time in connection with this war. [Applause.]

Mr. GALLIVAN. Mr. Chairman, because I believe early and immediate legislation is necessary as embodied in this bill, I propose to vote against any and all amendments unless suggested by the committee. We are wasting pretty valuable time nowadays.

I am in favor of this bill being enacted into law at the very earliest moment. I had hoped when I read the committee's report that any discussion of this measure might be of a more or less perfunctory character. I can not believe that the opposition which has been shown to some features of this proposed insurance for our soldier boys and their sailor comrades will be carried to extremes. Oh, I hope not! The American boy is on his way to the battle front in France, and thousands of our splendid youth are already on foreign soil. I have been specially privileged, Mr. Chairman, to witness the embarkation of a regiment of American soldiers, leaving home and all things dear to them, as they sailed away, many perhaps never to return. I witnessed and shared in a farewell to these 3,000 sons of American mothers on their way to fight our battle and the battle of world democracy on a front 3,000 miles away. As I looked at that regiment, composed of the best and bravest of the youth of an American Commonwealth, I felt a thrill such as no sight had ever sent through my heart. It was an unforgettable thing to see, for one who can catch the vision as those clear-eyed lads have caught it. Not one of those boys waited to take his chance in the national lottery; not one thought of filing a claim for exemption; not one hesitated to go more than half way to meet the call of duty. Happy and proud the mothers who bore such sons—happy and proud even while their mother hearts are wrung as their sons march away to the grim service, and, mayhap, the awful sacrifice of war. Mr. Chairman, the whimper of the slacker and the rant of the agitator are heard here and there in the land, and with them the insidious propaganda spread by those who are secretly the enemies of America, though too cowardly to step out squarely in the open. But how petty, how craven, how unavailing is all that in the face of the spirit that inspired those boys as they marched aboard that transport on a beautiful summer day, not many days ago. Those boys are the true Americans. They have in their keeping all the sacred ideals that the pioneers brought to these shores of freedom; all the sacred ideals that the fathers have bulwarked here in blood and sweat and tears; all that the war-weary world looks to our flag as symbolizing. Our love, our hopes, our faith, and our prayers go with them. May God guide and guard them. [Applause.]

Mr. DEWALT. Mr. Chairman, I desire to speak to the amendment offered by the gentleman from Missouri [Mr. RUSSELL]. That amendment as now framed is this, and I ask pardon for repeating it, but it is of such importance that I



think it should be impressed upon the mind of each man now voting. As framed it is as follows:

That for death from any cause not the result of his own fault or misconduct, at any time—

Now, mark these words—

after suffering total disability, resulting from personal injury or disease contracted in the course of service in the line of duty or for total disability incurred in such service in the line of duty—

Then the compensation shall follow.

Mr. RUSSELL. Will the gentleman yield?

Mr. DEWALT. Yes.

Mr. RUSSELL. It is possible in drawing the amendment it may be defective in that respect, and so I would be glad to have the gentleman offer an amendment to correct it.

Mr. DEWALT. If this amendment as proposed by my learned friend were to carry, in my opinion, it would certainly exclude a man who had been killed in action, because he would not be entitled to compensation for the reason that he had not suffered total disability resulting from personal injury or disease.

Mr. TOWNER. Will the gentleman yield?

Mr. DEWALT. Certainly.

Mr. TOWNER. I want to say I entirely agree in what the gentleman says and have just examined the amendment carefully for the purpose of ascertaining that. It certainly will have to be amended, or else it would exclude all those who were killed in action.

Mr. DEWALT. I do not think there is any doubt about that, and that is certainly not the intent of the gentleman's amendment.

Mr. RUSSELL. There was no such intention at all.

Mr. DEWALT. Whilst the case that has been presented by the gentleman from Missouri [Mr. RUSSELL] is an extreme one, and no doubt aroused the sympathy of every man who heard it, nevertheless there is one thing that should not be forgotten in the discussion, and that is that we ought to refer to section 308 on page 24 in reference to this very subject. Section 308 provides:

That no compensation shall be payable for death or disability which does not occur prior to or within one year after discharge or resignation from the service, except that where, after a medical examination made pursuant to regulations, at the time of discharge or resignation from the service, or within such reasonable time thereafter, not exceeding one year, as may be allowed by regulations, a certificate has been obtained from the director to the effect that the injured person at the time of his discharge or resignation was suffering from injury likely to result in death or disability, compensation shall be payable for death or disability, whenever occurring, proximately resulting from such injury.

Now, the case as presented by Judge Russell in brief was this: That there were two brothers—one of them killed in action, the other one losing, we will say, both legs. The one returned home and recovered from the injury. The gentleman's statement is this: That the man who is killed in action, and leaving a widow, his widow is entitled to pension; and in the case of a man who goes back home, having lost both legs, and recovers, but subsequently dies, his widow receives nothing. The gentleman from Missouri [Mr. RUSSELL], however, should not forget that by the provisions of section 308 the party who loses his two legs has the right, and this section 308 gives him the right, of receiving a certificate from the director and medical officer that he will suffer from that injury, and be permanently disabled; and, secondly, that death may result from that injury, and that whenever the death occurs consequent upon that injury it makes no difference whether it be 1 year or 20 years thereafter, his widow would be entitled to compensation under the act.

Mr. RUSSELL. Where he dies from a disease resulting from that wound, but not from any other disease.

Mr. DEWALT. No. Pardon me. Where the party, we will say, in your instance, has lost both legs, he gets from the director, according to the provisions of section 308, a certificate that he is wounded to such a degree that it is likely that death may ensue as a result. Now, he has that certificate in his possession. It makes no difference, according to the provisions of this bill, whether he dies 1 year or 10 years after that. If he has that certificate, his widow would be entitled to the pension, and if disability arises by reason of the injury—of course the disability would have to be consequent upon the loss of his legs—he is entitled to the compensation himself.

Mr. RUSSELL. He is, as long as he lives.

Mr. MADDEN. Ought not section 308 to provide that he "shall be" allowed? This says that he "may be" allowed a certificate. Ought it not to be mandatory?

Mr. DEWALT. I think that would be an improvement. I think it ought to be mandatory upon the authorities to give it to him in a proper case.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. RUSSELL].

Mr. RUSSELL. Mr. Chairman, I ask unanimous consent to modify my amendment so as to meet the objections that have been made to it, by inserting after the word "death," in the first line in my amendment, the words "resulting from injuries received in the service."

The CHAIRMAN. The gentleman from Missouri asks unanimous consent to modify his amendment in the manner indicated, and which the Clerk will report.

The Clerk read as follows:

Modify the amendment by inserting after the word "death," in the first line, the words "resulting from injuries received in the service."

The CHAIRMAN. Is this offered as a substitute for the prior amendment?

Mr. RUSSELL. I ask unanimous consent to offer it in order to correct my amendment, so as to conform to the idea of some of these gentlemen.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

The question is on the amendment as modified.

Mr. RUSSELL. Some of them want the amendment read as amended.

The CHAIRMAN. Without objection, the Clerk will report the amendment as modified.

The Clerk read as follows:

Amend by striking out lines 3, 4, and the first part of line 5, on page 17, up to and including "duty," and inserting in lieu thereof the following:

"That for death resulting from injuries received in the service from any cause, not the result of his own fault or misconduct, at any time, after suffering total disability resulting from personal injury or disease contracted in the course of service in the line of duty, or for total disability incurred in such service in the line of duty."

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken, and the Chair announced that the yeas seemed to have it.

Mr. RUSSELL. I ask for a division, Mr. Chairman.

The committee divided; and there were—ayes 27, yeas 49.

So the amendment was rejected.

Mr. SHERWOOD. Mr. Chairman, I make the point of no quorum.

Mr. PARKER of New Jersey. Mr. Chairman, may I ask as to the committee amendment?

The CHAIRMAN. Does the gentleman from Ohio [Mr. SHERWOOD] demand tellers? The gentleman from Ohio demands tellers. All in favor of taking this vote by tellers will rise and stand until they are counted. [After counting.] Eleven gentlemen have risen, not a sufficient number. The amendment is rejected.

Mr. KEY of Ohio. Mr. Chairman, I offer an amendment to the bill.

The CHAIRMAN. Just a moment. The Chair would like to have the attention of the gentleman from Ohio [Mr. SHERWOOD]. The Chair is not sure whether he correctly understood the gentleman from Ohio. Did the gentleman from Ohio demand tellers or did he make the point of no quorum?

Mr. SHERWOOD. I made the point of no quorum.

The CHAIRMAN. The gentleman from Ohio made the point of no quorum. The Chair will count. [After counting.] One hundred and thirteen gentlemen are present, a quorum. The gentleman from Ohio [Mr. KEY] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. KEY of Ohio: On page 17, following line 10, after the word "Provided," insert "It is provided that the adjudication, consideration, and administration of all claims under Article III of this bill shall be, and is hereby, assigned to the Commissioner of Pensions, Bureau of Pensions, and to the Secretary of the Interior Department. It is further provided that all of the benefits of Article III of this bill shall be by the Commissioner of Pensions, by the Bureau of Pensions, and by the Secretary of the Interior Department extended to and embrace all pensioners whose names are now borne on the pension roll or hereafter placed thereon under the general law for wounds, injuries, and diseases or deaths due to service in line of duty in the United States Army, Navy, or Marine Corps: And it is further provided, That nothing in this bill shall be construed so as to reduce the rate of pension now being paid or hereafter to be paid to any pensioner under the general law."

Mr. ADAMSON. Mr. Chairman, I make a point of order against that amendment. It is not germane to this bill.

The CHAIRMAN. The gentleman from Georgia makes the point of order that the amendment is not germane. The Chair sustains the point of order. The Clerk will read.

Mr. LONERGAN. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Connecticut moves to strike out the last word.

Mr. LONERGAN. Mr. Chairman, the controlling motive in the consideration of the bill to provide insurance for the enlisted



men of the Army and Navy should be to do everything in our power for the soldiers and sailors who are to bear our standards across the seas and so to arrange the bill that the dependents of these men left behind will have every possible assurance of being properly cared for.

In brief, the compelling influence in the pending legislation should be the obligation imposed upon us by virtue of our office to look after the material welfare of the men who are fighting to preserve the rights of our country and also to protect their dependents.

We need have little fear that too much can be done for them. Too much can never be done for the man who is willing to leave all and chance his life and all he holds most dear for his country. Too much can not be done for the wife whom he leaves behind and who is ready to add her sacrifice to that of her husband. Too much can not be done for the dependents, now left without a breadwinner, by the country for which the breadwinner is ready to die.

While expenditures of millions and appropriations perhaps now unexpected may be made, the question is not primarily one of money and can be approached best only from the standpoint of patriotism—from the viewpoint of men conscious of a sacred trust imposed upon them. I shall vote for the bill.

The provisions for sailors and soldiers or their dependents contained in the proposed bill for purposes of study and discussion can be best considered under three headings:

(1) (Article 2) Provision for financial support for the dependents of sailors and soldiers during the war, which we have considered.

(2) (Article 3) Compensation to soldiers and sailors in case of permanent disability—either total or partial disability—or to their dependents in case of death resulting from injuries or sickness incurred during the war.

(3) (Article 4) Optional insurance plan by which the soldier or sailor may obtain additional protection against death or total and permanent disability incurred during the war or after the war at normal mortality rates, the Government to assume the cost of the extra war risk.

Articles 3 and 4 can be modified in a manner which will disburse the funds of the Government to the sailors and soldiers of their dependents in a much more equitable and satisfactory manner.

One purpose which has been advanced for Article IV is that there is a necessity for insuring "loss of insurability" of the men who go to war. Under a properly drawn compensation plan there can be no question of the "loss of insurability" of the men during the term of the war if the compensation plan (article 3) is drawn with liberality. By amplifying the list of possible dependents and making more liberal the payments under the compensation plan (article 3), there can be no question of "loss of insurability." "Loss of insurability" after the war should also be taken care of if the compensation plan is drawn sufficiently liberal. If a soldier or sailor is injured or disabled by sickness sufficiently severe to affect his insurability, he should be eligible for compensation. All men who are not disabled because of the war may obtain standard insurance—there is no "loss of insurability."

To summarize: If the compensation plan, article 3, is amplified by protecting beneficial interests which are not now mentioned, such as parents, grandparents, brothers, and sisters, if wholly dependent, and the monthly benefits be increased to provide more generous protection, it may be a substitute for article 4, as a source of additional protection, and there is no question of "loss of insurability" involved. A compensation act drawn in such a manner will take care of the soldier or sailor or his dependents, if he suffers any injury or other disability which would be severe enough to cause "loss of insurability." To make it more specific, the increase in the monthly benefit, which can be made to take the place of the money which would be expended by the Government under article 4, the following examples are cited:

(1) Let us take the case of a private, wife aged 30 years—no children. Under article 3, in case this man be killed, payment of \$35 a month during the life of the widow until her remarriage is payable. For each \$1,000, which the Government would disburse under article 4, this monthly allowance would be increased approximately \$6. In other words, if, under article 4, the soldier had procured \$1,000 of insurance, he would, as a substitute, under article 3, provide for his wife in the event of his death during the war an increase in his compensation of approximately \$6 a month. The increase in the wife's monthly income would, of course, be greater in proportion with the increase in the amount of insurance.

(2) Widow, aged 30, children aged 6 and 4. In this case—if the soldier be a private—the minimum monthly compensation

under article 3 is \$52.50. For each \$1,000 of insurance under article 4 the Government could provide \$6.25 a month additional benefit.

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

Mr. LONERGAN. Mr. Chairman, I ask that I may proceed until I have concluded my remarks.

The CHAIRMAN. The gentleman from Connecticut asks unanimous consent that he may proceed until he has concluded his remarks. Is there objection?

There was no objection.

Mr. LONERGAN. (3) Let us take the case of total and permanent disability of a private aged 28. The minimum allowance, excluding nurse benefits under article 3 is \$40 per month, to continue during the lifetime of the soldier. For each \$1,000 of insurance that he had procured under article 4 the Government could give as a substitute an increase in his monthly benefit of approximately \$3.75.

(4) Permanent partial disability. Even if the man had applied for additional insurance under article 4 there would be no additional protection for the many injuries of this nature, for the reason that article 4 provides only for a benefit in event of death or total and permanent disability. A plan for amplifying article 3 would, however, increase the benefit for the numerous injuries of this nature.

It will be indicated therefore that by amplifying article 3—the compensation plan—in the manner suggested as a substitute for the proposed article 4, material additions to the monthly benefits can be made by utilizing the moneys, which would have been expended under article 4, and the much more satisfactory method of compensating these men and their dependents will follow. Most men prefer that the benefits be paid during the lifetime of the soldiers or sailors.

The second purpose of article 4 is undoubtedly to forestall pension legislation. Pension legislation has been of two general classes: First, pensions in event of death or disability in the service; second, service pensions—that is, pension allowances as a reward for certain periods of service. It can be seen that the first class of legislation will be taken care of by a properly amplified and liberalized compensation plan (article 3). Service pensions, however, can not be taken care of by a compensation plan or by an optional insurance plan such as article 4. If the Congress thinks it desirable to attempt to forestall service-pension legislation, the best proposal is to give to each man who enters the service of his country a level amount of insurance. It would be recognized in doing this that this is a gift of the Government to the men for services rendered. Under such a plan a certain amount of insurance—to be fixed by Congress—shall be given to each member of the Army and Navy. This will offer some additional protection, it is true, but mainly the idea will be to give this insurance protection because of service to the country. The present provision of article 4 is inequitable. I can think of no better argument than the point raised by Chairman Adamson in the hearings held by the Committee on Interstate and Foreign Commerce during the statement of Mr. A. L. Hereford. I quote Mr. Adamson's remarks on page 74, part 3, of the hearings of August 24, 1917:

The CHAIRMAN. I am not hunting for a pretext on which to defeat the bill, but I am rather hunting for something to base it on. I want to ask you a question. By giving the option to the soldiers of taking insurance, one soldier takes it because he feels able and another soldier does not take it because he does not feel able. They both get killed. The widow of the one who has taken the life insurance gets the insurance and the widow of the soldier who has not taken the life insurance does not get any insurance. Do you not think some benevolent Congressman would immediately introduce a bill for a pension for that widow whose husband was not able to take the life insurance?

On page 49, report of the hearings on the pending bill, August 17, 1917, Capt. Wolfe, the actuary for the Government, is quoted as having said:

Twenty-five per cent of the men the first year will take out \$2,500 of insurance. Of course, some will take out only \$1,000 and some will take out a great deal more than that.

If we adopt article 4, would it not be fairer to the men and their dependents for the Government at its expense to give to all enlisted men an equal amount of insurance? This would give to the 75 per cent who would not take out the insurance under the optional plan the same protection given to those who would insure and would place all on an equitable basis and at the same time reduce the possibility of future pension claims. Under the plan, as proposed, the men least requiring insurance protection would be the ones most likely to apply for it. The Government can forego the payment of premiums during the war. Indeed, the money covering the payment of such premiums would be small compared with the amount which the Government may be obliged to pay for pensions in future years if this plan, democratic and equitable, is not adopted.



With the governmental guardianship and generosity running throughout the bill, the adoption of this plan will be but more extensively carrying out these ideas. I earnestly hope the change will be made. It will be less expensive in the end and fairer to the enlisted man and his dependents, and to the taxpayer. [Applause.]

Mr. VOLSTEAD rose.

Mr. RAYBURN. Mr. Chairman, I ask unanimous consent that the debate on this section be closed. Does the gentleman from Minnesota [Mr. VOLSTEAD] desire five minutes?

Mr. VOLSTEAD. Yes.

Mr. RAYBURN. I ask unanimous consent that the debate on this section close in 11 minutes.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that the debate on this section close in 11 minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. HUDDLESTON. Mr. Chairman, I was on my feet. I reserve the right to object. I should like to have five minutes, germane to this very section.

The CHAIRMAN. Is there objection?

Mr. HUDDLESTON. Will not the gentleman amend his request so as to give me five minutes? I do not see how you are going to save any time.

Mr. RAYBURN. We will not get through with this bill if we keep on in this way.

Mr. DYER. Mr. Chairman, I ask for the regular order.

The CHAIRMAN. The regular order is demanded. Is there objection to the request of the gentleman from Texas?

Mr. HUDDLESTON. I object.

The CHAIRMAN. The gentleman from Alabama objects.

Mr. RAYBURN. Then, Mr. Chairman, I move that all debate on this section close in 11 minutes.

The CHAIRMAN. The gentleman from Texas moves that the debate on this section close in 11 minutes. The question is on agreeing to that motion.

The question was taken, and the Chairman announced that the "ayes" seemed to have it.

Mr. HUDDLESTON. Mr. Chairman, I demand a division.

The CHAIRMAN. A division is demanded.

The committee divided; and there were—ayes, 56; noes, 27. So the motion was agreed to.

Mr. MADDEN. Mr. Chairman, I make the point that there is no quorum present.

The CHAIRMAN. The gentleman from Illinois [Mr. MADDEN] makes the point of order that there is no quorum present. The Chair will count. [After counting.] One hundred and five gentlemen are present—a quorum. The gentleman from Minnesota [Mr. VOLSTEAD] is recognized for five minutes.

Mr. VOLSTEAD. Mr. Chairman, when we had under consideration section 203, on page 12, I tried to call attention to what occurred to me might be an oversight. It seems to me that if a soldier earns anything that is unpaid at the time of his death his widow ought to have the first chance to get that money. It was said, in answer to my suggestion, that the widow would not get this money under section 203; that other provisions of the bill gave it to her. I have since read the bill quite carefully, and it seems to me clear that is a mistake; at least it is open to doubt.

Section 201 provides for the allotment of not to exceed one-half of the soldier's pay to his wife or other dependents, but that section also provides that this allotment may be waived. Consequently it may not be necessary to pay anything under section 201 to anybody. Section 203, however, provides that the money not allotted but which might be allotted may be taken, and it clearly contemplates that it shall be taken and held by the Government until the time when the service of the soldier expires.

The money so held is called a deposit and is to be disposed of as follows:

Such deposits, shall bear interest at the rate of 4 per cent per annum, with semiannual rests, and, when payable, shall be paid, principal and interest, to the enlisted man, if living, otherwise to any beneficiary or beneficiaries he may have designated, or if there be no such beneficiary, then to his next of kin.

If the widow gets anything under this provision it is because she is next of kin to her husband.

I call attention to the point that a wife is not next of kin to her husband; that is, the fact of marriage does not make a wife next of kin. I am not unmindful of the fact that there are cases holding a contrary doctrine, but I believe this to be the general rule. It seems to me we ought to amend section 203 by inserting in line 23, after the word "then," the following:

To his widow, if any; otherwise.

This would clearly give her a preference over anyone also claiming to be next of kin.

I want to call the attention of the committee to the matter, because it seems to me that when they get the point that I am

trying to bring out they may be disposed to do just what I am urging. It seems perfectly plain to me that if the soldier has a widow his wages ought to go to the widow, unless he sees fit to give them to somebody else; and there is a provision in this bill that he may do so. If he does not give his wages to somebody else we ought to direct that their payment be made to the widow. That is what I am appealing for.

Mr. DALLINGER. Mr. Chairman, I am heartily in favor of the compensation provisions contained in this bill as originally reported, because I believe that they constitute the least we ought to do for the men who are going to the front. For this reason I regret exceedingly that the House has seen fit to adopt the committee amendment inserting in this section the words "in the line of duty," although as I understood the gentleman from Texas the committee was willing to have the amendment defeated provided that a provision be added that no compensation should be paid where the injury was due to the willful misconduct of the soldier. A further provision might have been added, prohibiting compensation where the injury was suffered while the soldier was intoxicated or was acting in disobedience of orders.

Now, the way we have left this section the burden of proof is on the soldier in every case to prove that he suffered this injury in the line of duty, or it is on his widow in case of his death to show that the death was suffered while the soldier was acting in line of duty. I do not believe we ought to place any such burden upon these men or their dependents. It should be sufficient for them to prove that the injury was received while the soldier was in active service. I believe that the burden should be on the Government to show that the injury was suffered as a result of willful misconduct on the part of the soldier, or occurred when the soldier was acting in disobedience to orders. [Applause.]

Mr. KEY of Ohio. Will the gentleman yield?

Mr. DALLINGER. Yes.

Mr. KEY of Ohio. I should like to ask the gentleman, if the soldier was hurt in the line of duty, would there not be a hospital record of such injury?

Mr. DALLINGER. I am simply arguing a question of general policy.

Mr. KEY of Ohio. I am asking the gentleman a question: If the soldier was hurt in the line of duty, would there not be a hospital record to that effect?

Mr. FAIRFIELD. Not always.

Mr. DALLINGER. Not necessarily. I will give the gentleman a case: Let us suppose that one of these boys was given a furlough, as has been suggested, and traveled on a railroad train in the rear of the line somewhere, and while on his furlough was killed in a railroad accident.

Mr. KEY of Ohio. That is not in the line of duty.

Mr. DALLINGER. No; he would not be strictly in the line of duty, and I believe he ought not to be compelled to prove that he was in the line of duty. These boys are in the service of the Government 24 hours out of 24, just the same as firemen are, and through no fault of their own many of them may be injured while on furlough; and I venture to predict that if we pass this bill in its present form, after the war Congress will be flooded with a lot of special pension bills providing for compensation in cases where boys were injured while on furlough, and many such bills will be passed by Congress, and their enactment will be approved by the country. [Applause.]

Mr. KEY of Ohio. Let me say to the gentleman, as chairman of the Committee on Pensions, that the same wording is now in the existing law, and there are but very, very few cases where the claimant asks for special legislation because he can not get relief under existing law.

Mr. DALLINGER. Mr. Chairman, there are thousands of such cases.

Mr. KEY of Ohio. Well, only very few of them.

Mr. DYER. What about these thousands of widows under the pension bills that the gentleman has had passed by this House. Those were cases where the soldier and the widow could not show origin of disability in the line of duty.

Mr. KEY of Ohio. That is an entirely different field. That would be a service pension, and that is the point I made to the amendment that was offered.

Mr. DALLINGER. I decline to yield further.

The CHAIRMAN. The gentleman from Massachusetts declines to yield further.

Mr. DALLINGER. We are passing something new here. We are passing a compensation law. We are giving to the soldiers and sailors who are engaged in the service of this country in this great war insurance against accident.

Now, when a man takes out accident insurance in a private company, he gets that benefit wherever and whenever he is

injured, unless such injury is the result of his own willful misconduct, and I believe we ought to treat the boys at the front in the same way. If the injury is not due to their willful misconduct, or if they are not acting in disobedience of orders, they ought to have compensation under this act.

Now, Mr. Chairman, I realize that it is very difficult to draft any piece of new legislation, and I am not in sympathy with the wholesale and indiscriminate criticism to which this bill has been subjected. I believe that on the whole it is very well drawn. I believe, however, that the bill in its original form, without the words "in the line of duty," was a better bill than it is now since the committee amendment has been agreed to; although I admit that the qualifying provisions suggested by the gentleman from Texas [Mr. RAYBURN] should have been added.

I hope, however, that the bill will pass. I shall vote for it with pleasure, but I do hope that it will be amended elsewhere and thus made more liberal and more just. Moreover, it ought to be passed speedily, because until this bill is passed there is no legislation whatever on the statute books for Federal aid to the dependent families of soldiers while they are at the front, and there has been no such legislation in force since the withdrawal of the troops from Mexico in the spring of the present year.

The CHAIRMAN. The time of the gentleman has expired.

Mr. PARKER of New Jersey. Mr. Chairman I reserved one minute to offer an amendment.

The CHAIRMAN. The gentleman from New Jersey offers an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. PARKER of New Jersey offers the following amendment: Page 17, line 9, after the word "compensation," insert the words "by way of pension."

Mr. ADAMSON. I make the point of order against that.

Mr. PARKER of New Jersey. I desire to say, before any point is taken on that, that the only object of this amendment is to enable those who construe this bill to construe it according to the determinations already made as to the meaning of the language by the Pension Bureau.

Mr. ADAMSON. "And the times of this ignorance God winked at; but now commandeth all men everywhere to repent." We are getting away from that old system and establishing a new and scientific system. To go back to that old system is not germane to the bill at all.

The CHAIRMAN. The Chair thinks that the amendment is not germane, and sustains the point of order.

The Clerk read as follows:

SEC. 301. That if death results from injury—

If from a marriage contracted before injury the deceased leaves a widow or child, or if he leaves a widowed mother substantially dependent upon him for support, the monthly compensation shall be the following percentages of his pay:

- (a) For a widow alone, 25 per cent, but not less than \$30.
- (b) For a widow and one child, 35 per cent, but not less than \$40.
- (c) For a widow and two children, 40 per cent, but not less than \$50, with 5 per cent additional, but not less than \$5, for each additional child up to two.
- (d) If there be no widow, then for one child, 20 per cent, but not less than \$15.
- (e) For two children, 30 per cent, but not less than \$25.
- (f) For three children, 40 per cent, but not less than \$35, with 5 per cent additional, but not less than \$10, for each additional child up to two.
- (g) For a widowed mother, 20 per cent, but not less than \$25. The amount payable under this subdivision shall not be greater than a sum which, when added to the total amount payable to the widow and children, does not exceed 50 per cent of the pay or \$60, whichever is the greater. This compensation shall be payable for the death of but one child, and no compensation for the death of a child shall be payable if such widowed mother is in receipt of compensation under the provisions of this article for the death of her husband.

The maximum monthly compensation for death shall be \$200.

If the death occurs after discharge or resignation from service, the United States shall pay burial expenses not to exceed \$100, as may be fixed by regulations.

The payment of compensation to a widow or widowed mother shall continue until her death or remarriage.

The payment of compensation to or for a child shall continue until such child reaches the age of 18 years or marries, or if such child be incapable, because of mental or physical infirmity, of pursuing any substantially gainful occupation, then until marriage or death or until such incapacity ceases.

Whenever the compensation payable to or for the benefit of any person under the provisions of this section is terminated by the happening of the contingency upon which it is limited, the compensation thereafter for the remaining beneficiary or beneficiaries, if any, shall be the amount which would have been payable to them if they had been the sole original beneficiaries.

As between the widow and the children not in her custody, and as between children, the amount of the compensation shall be apportioned as may be prescribed by regulations.

The Clerk read the following committee amendment:

On page 17, line 12, after the word "if," insert "from a marriage contracted before injury."

The committee amendment was agreed to.

Mr. ADAMSON. Mr. Chairman, I have conferred with the other side of the House and I think the committee had better rise. The opinion over there and upon this side is that we can easily finish the bill to-morrow.

Mr. BLACK. Mr. Chairman, I have an amendment on the desk to this section, and I ask unanimous consent to have it printed in the RECORD.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to have printed in the RECORD at this point an amendment which he intends to offer to this section. Is there objection?

There was no objection.

The proposed amendment is as follows:

Mr. BLACK offers the following amendment to section 301 of article 3: In lines 17 and 18, page 17, after the word "alone," on line 17, strike out the words "25 per cent, but not less than \$30," and insert in lieu thereof the figures "\$35," so that subdivision (a) as amended will read: "(a) For a widow alone, \$35."

Also, in lines 19 and 20, after the word "child," in line 19, on page 17, strike out the words "35 per cent, but not less than \$40," and insert in lieu thereof the figures "\$45," so that subdivision (b) as amended will read: "(b) For a widow and one child, \$45."

Also, in lines 21, 22, and 23, after the word "children," in line 21, on page 17, strike out the words "40 per cent, but not less than \$50, 5 per cent additional, but not less than," and in lieu thereof insert "\$52.50," so that subdivision (c) as amended will read: "(c) For a widow and two children, \$52.50, with \$5 for each additional child up to two."

Also, in lines 24 and 25, after the word "child," in line 24, on page 17, strike out the words "20 per cent, but not less than \$15," and insert in lieu thereof the figures "\$20," so that subdivision (d) as amended will read: "(d) If there be no widow, then for one child, \$20."

Also, in lines 1 and 2, page 18, after the word "children," in line 1, on page 18, strike out the words "30 per cent, but not less than \$25," and insert in lieu thereof the figures "\$35," so that subdivision (e) as amended will read: "(e) For two children, \$35."

Also, in lines 3 and 4, page 18, after the word "children," in line 3, on page 18, strike out the words "40 per cent, but not less than \$35, 5 per cent additional, but not less than," and insert in lieu of the language stricken out the figures "\$45," so that subdivision (f) as amended will read: "(f) For three children, \$45, with \$10 for each additional child up to two."

Also, in lines 6 and 7, on page 18, after the word "mother," in line 6, strike out the words "20 per cent, but not less than \$25," and insert in lieu thereof the figures "\$30"; and in lines 10 and 11, on page 18, after the word "exceed," in line 10, strike out the words "50 per cent of the pay, or \$60, whichever is the greater," and insert in lieu thereof the figures "\$75," so that subdivision (g) as amended will read: "(g) For a widowed mother, \$30. The amount payable under this subdivision shall not be greater than a sum which when added to the total amount payable to the widow and children does not exceed \$75. This compensation shall be payable for the death of but one child, and no compensation for the death of a child shall be payable if such widowed mother is in receipt of compensation under the provisions of this article for the death of her husband."

Also, strike out all of lines 16 and 17 on page 18.

Mr. SNOOK. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD on this bill.

Mr. CLARK of Pennsylvania. Mr. Chairman, I make the same request.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio and the gentleman from Pennsylvania?

There was no objection.

Mr. ALEXANDER. Mr. Chairman, on Saturday the gentleman from New York [Mr. PLATT] asked if this bill was approved by the Secretary of the Navy and the Secretary of the Interior. I ask leave to extend my remarks by inserting in the RECORD a paper in regard to that matter.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The paper is as follows:

WASHINGTON, September 11, 1917.

Hon. JULIAN MACK,  
Room 43, Treasury Department.

MY DEAR JUDGE MACK: Following is an excerpt from the minutes of the meeting of the Council of National Defense of August 10:

"There was held a special meeting of the Council of National Defense on August 10, 1917, at 9.30 o'clock a. m., at the office of the Secretary of War. There were present Chairman Baker, Secretary Daniels, Secretary Lane, Secretary Wilson, and the director.

"It was voted that the council ratify the action taken at the meeting of the council of August 9, 1917, as reported in the minutes of that date, there being no quorum present at that meeting."

Cordially, yours,

RALPH A. HAYES, Private Secretary.

WASHINGTON, September 11, 1917.

Hon. JULIAN W. MACK,  
Treasury Department, Washington, D. C.

MY DEAR JUDGE MACK: The following is a transcript of the minutes of the meeting of the Council of National Defense of August 9, 1917:

"There was held a special meeting of the Council of National Defense on August 9, 1917, at 4.30 o'clock p. m., at the office of the Secretary of the Navy. There were present Chairman Baker, Secretary Daniels and Secretary Wilson, Commissioner Gompers, Judge Mack, and the director.

"Judge Mack presented the draft of a bill to amend an act entitled 'An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department,' approved September 2, 1914, and explained to the council its provisions in detail."



"The council approved in principle the policies contained in the aforesaid bill, and extended a vote of thanks to Commissioner Gompers and Judge Mack, and those associated with them, in appreciation of the excellent work done by them in its preparation. The chairman was directed to report this action to the President."

Cordially, yours,

JOSEPHUS DANIELS,  
Acting Chairman Council of National Defense.

Mr. FESS. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD on section 203.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. IGOE. Mr. Chairman, I propose to offer as substitutes for sections 400 and 401 the following, and ask that they be inserted at this point in the RECORD:

SEC. 400. That in order to give to every commissioned officer and enlisted man and to every member of the Army Nurse Corps (female), and to the Navy Nurse Corps (female), when employed in active service under the War Department or Navy Department, greater protection for themselves and their dependents than is provided in Article III, the United States during war, without any charge and without medical examination, shall grant insurance against death or total disability of every person in the sum of \$5,000.

Such insurance shall terminate 120 days after the war during which it is granted, or if the insured shall have been discharged or shall resign from the service prior to that time it shall terminate 120 days after such discharge or resignation; *Provided, however*, That a dishonorable or bad conduct discharge from the service shall immediately terminate such insurance; *And provided further*, That such termination shall not affect the liability of the United States to pay for death or total disability occurring prior to such termination.

The United States, prior to the termination of such insurance as herein provided, upon the application of the insured to the bureau, and without medical examination, shall grant insurance against death or total disability of any such person in any multiple of \$500 and not less than \$1,000 or more than \$5,000, in such form or forms of insurance and with such provisions for premium payments as may be provided by regulation.

SEC. 401. Any person in active service on or after the 6th day of April, 1917, who, while in such service and before the passage of this act, has become totally disabled or has died shall be deemed to have been granted insurance in the sum of \$5,000, payable to such person during his life in monthly installments of \$25 each. If he shall die before he shall have secured 240 of such installments, the balance of such 240 monthly installments shall be paid, but only if and while there survive him a wife, child, or widowed mother, and in that event the amount of the monthly installments shall be apportioned between them as may be provided by regulations.

The CHAIRMAN. The gentleman from Missouri asks unanimous consent to extend his remarks in the RECORD by printing at this point the two amendments that he proposes to offer to this bill. Is there objection?

There was no objection.

Mr. VARE. Mr. Chairman, I desire to ask the gentleman from Georgia a question. Does he expect to get a vote on this bill to-morrow?

Mr. ADAMSON. Yes. Mr. Chairman, I move that the committee do now rise.

Mr. SIEGEL. Will the gentleman withhold that a moment? Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD on the bill.

Mr. McKEOWN. I make the same request, Mr. Chairman.

Mr. WALSH. Reserving the right to object, are all of these requests to extend remarks upon this bill?

The CHAIRMAN. The gentlemen so state. Is there objection?

There was no objection.

The motion of Mr. ADAMSON was then agreed to.

So the committee determined to rise; and the Speaker having resumed the chair, Mr. GARRETT of Tennessee, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 5723) to amend the act to establish a Bureau of War-Risk Insurance and had come to no resolution thereon.

#### HOUR OF MEETING TO-MORROW.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock to-morrow.

The SPEAKER. The gentleman from North Carolina asks unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock to-morrow. Is there objection?

There was no objection.

Mr. DYER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on House resolution 128, which was adopted yesterday and of which I am the author.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

#### PICKETING AT THE WHITE HOUSE.

Mr. TIMBERLAKE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the subject of picketing at the White House. Coming from Colorado, I am an ardent friend of woman's suffrage and believe that it is an inherent right of every woman to vote. I have lived under woman suf-

frage for the last 23 years in Colorado, and it has worked well. I was requested by the Woman's Party in Colorado to investigate Occoquan.

The SPEAKER. The matter is not debatable.

Mr. KITCHIN. I ask unanimous consent that the gentleman from Colorado have two minutes.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

Mr. TIMBERLAKE. Mr. Speaker, I did not know that I was transgressing the rules of the House. I want to say that the reason I ask to extend my remarks is that I have been requested in numerous telegrams from the Woman's Party in Colorado to report to the House my examination at Occoquan relative to the treatment of the persons there. I have investigated the matter and have expressed my opinion that in my judgment they were wrongfully detained. They were arrested for obstructing the traffic, and in my judgment it is not a charge upon which they should have been sent to Occoquan. I am requested to extend to the House the opinion that I have stated to this organization in a letter recently sent to Mrs. Fowler, State chairman, and for that purpose I ask to have the five telegrams and my reply thereto as to the treatment of these women and their unjust detention at Occoquan printed in the RECORD. I am an ardent advocate of the right of woman's suffrage, but opposed to the plan of picketing as a measure calculated to secure its adoption.

The SPEAKER. Is there objection?

Mr. WALSH. Reserving the right to object, how many of these telegrams are there?

Mr. TIMBERLAKE. There are only five short telegrams.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

The telegrams are as follows:

COLORADO SPRINGS, COLO., August 20, 1917.

HON. CHAS. B. TIMBERLAKE,  
Washington, D. C.:

On behalf of the women voters of Colorado Springs would urge you to use your influence with Members of Congress to secure the passage of Baer resolution to investigate picketing and rioting at the White House.

J. F. AVERY, Mayor.

COLORADO SPRINGS, COLO., September 4, 1917.

HON. CHAS. B. TIMBERLAKE,  
House Office Building, Washington, D. C.:

Urgent that you insist upon seeing Miss Gray at Occoquan immediately.

MRS. L. T. GRAY.  
CAROLINE E. S. SPENCER.  
H. F. AVERY.

COLORADO SPRINGS, COLO., August 29, 1917.

HON. CHAS. TIMBERLAKE,  
Washington, D. C.:

Occoquan food conditions shocking. Your personal investigation and action urgent.

BERTHA W. FOWLER.

COLORADO SPRINGS, COLO., August 27, 1917.

HON. CHAS. B. TIMBERLAKE,  
House Office Building, Washington, D. C.:

Please visit Miss Natalie Gray at once in Occoquan Workhouse, and make personal investigation of sanitary and food conditions imposed upon our imprisoned women, as Senator Lewis is doing for Mrs. Watson and Miss Ewing, of Illinois. Please report results.

COLORADO STATE COMMITTEE NATIONAL WOMAN'S PARTY,  
BERTHA W. FOWLER, Chairman.

COLORADO SPRINGS, COLO., September 10, 1917.

HON. CHAS. B. TIMBERLAKE,  
House Office Building, Washington, D. C.:

We earnestly beg you to make clear on the floor of the House, without delay, your attitude on the illegality of the arrest and imprisonment of suffrage pickets, as stated to Mrs. Fowler and Mrs. Gray in letters and telegrams.

COLORADO STATE COMMITTEE NATIONAL WOMAN'S PARTY,  
BERTHA W. FOWLER, Chairman.

SUFFRAGISTS AT WORKHOUSE NOT ABUSED AS REPORTED—CONGRESSMAN TIMBERLAKE.

Mrs. Bertha M. Fowler, of this city, has received a letter from Congressman TIMBERLAKE, written after a personal investigation of conditions at Occoquan workhouse where suffragist pickets are serving sentence, which shows that he finds little fault with the food, quarters, working, or sanitary conditions at the workhouse, and says that, while four of the women are in the hospital, they are there to keep them from talking rather than from any weakened physical condition.

Congressman TIMBERLAKE's letter describes circumstantially the conditions in Occoquan as he found them and assures Mrs. Fowler that, while the confinement is irksome, it is not as serious as reports indicated.

#### CONGRESSMAN'S LETTER.

Mr. TIMBERLAKE's communication follows:

HOUSE OF REPRESENTATIVES,  
Washington, D. C.

MY DEAR MRS. FOWLER: Your telegram of August 29, in which you say, "Occoquan food conditions shocking," and request my personal investigation, duly received, and in reply I desire to say that at the time

of the receipt of your telegram at my office I spent that afternoon in this investigation in company with Congressman ELLIOTT, of Indiana, and Congressman LONERGAN, of Connecticut, and, accompanied by Mrs. Baker, an earnest friend of the cause of suffrage, and connected with the District press, we autted to Occoquan for this investigation. Miss Morey had called at my office in the morning, and, upon being informed that I contemplated, in company with the other Members of the House, going to Occoquan that afternoon, she requested that we come to the Cameron House and confer with Miss Paul, Miss Martin, and others who desired to mention some of the conditions for our special investigation.

While there we were introduced to a former employee of that institution, who outlined some conditions relative to the sanitation in connection therewith, which the authorities of the Cameron House were desirous to have us especially inquire into.

#### REFUSED PERMISSION.

We proceeded to the institution and were refused admission by the matron of the women's quarters unless we could show written permission given by the superintendent or by the District Commissioners. We had procured none of these permissions, relying upon meeting Mr. Whitaker, the superintendent, who, we felt, would not refuse Members of Congress permission to make this investigation. The superintendent, however, was that afternoon in Washington, and no one on the place had this authority. The assistant superintendent, Capt. Reams, who had full charge of the male contingent, offered us every facility to investigate that part of the institution. It was near the dinner hour, and we were thus enabled to see what was served the prisoners for the meal. Mrs. Baker, who accompanied us, was permitted to taste every article of food with which they were served, as were we all. We observed where the different articles of food were cooked, where the bread was baked, witnessed the serving of the prisoners, and tasted every article of food furnished. There could be no criticism of the quality, the quantity, or the character of this food. It is true, for the evening meal, they had only water to drink, coffee being served only at the morning meal. No butter was served with this meal, nor is it ever served, while the bread used by the entire institution, including officers and prisoners, was baked there; the balance of the cooking for the women's department is done by the women themselves. No corn bread was available for examination by us in order that we might investigate the reports that had been circulated with reference to its not being eatable. The wheat bread, however, was of very fine quality, and to which no objection whatever could be made by any person. The sanitary condition of the sleeping quarters seemed to be all that could be expected in an institution of that kind. The dining room and the kitchen were scrupulously clean.

Not having had the opportunity to investigate the women's quarters, we returned the following day, having previously gotten permission from the superintendent so to do. We made the same thorough inspection of the female quarters that we had made of the male quarters the previous day. We were conducted through every department by Supt. Whitaker. We did not allow a hasty investigation, but examined critically into every feature of the place.

#### EXAMINED FOOD.

We saw the prisoners eat their noon lunch, examined their food, and were permitted to meet each one of our constituents confined there, and I had a very pleasant 15 minutes' conversation with Miss Natalie Gray. She says tell friends that her incarceration has not dampened her ardor for the cause. She says she is wrongfully incarcerated, and I agree therewith, and this is a matter that should be investigated, being a matter of law, rather than investigate the conditions of a public institution of that kind as to their treatment during incarceration.

The confinement there is irksome, and is felt keenly by the six women suffragists, four of whom are in the hospital ward, each occupying a separate room; the other two during work hours are in the sewing room. They are all required to work at sewing. The work of those in the hospital being carried to their individual rooms only for the purpose, as stated by the superintendent, of preventing their engaging in conversation when they are all together in one room, which they insisted upon doing, and which the superintendent says is against the rules of the institution; and, being indulged in by these women, if permitted, would give a bad precedent to other inmates who were not allowed this privilege, even though it took drastic measures to prevent, which, the superintendent informed us, he did not desire to adopt these measures with these women, and recognizing the importance of this rule being complied with, he thought best to remove them to the hospital ward.

I have conferred several times with Congressman BAER, who introduced the resolution mentioned in my former telegram, and which had been referred to the District Committee for report. Mr. BAER informed me that he was endeavoring to get a hearing in order to induce the committee to report on it for action by Congress. I advised him of my willingness to aid him in any way possible, and, if it was possible to arrange for me to do so at this hearing, I desire to be heard thereat.

#### UNJUSTLY INCARCERATED.

I can not help but feel that these pickets are unjustly incarcerated. They have been picketing since January without disturbance at all until recently. The District police and the court officers have said it was not the nature of the banners which caused the arrest, but that their offense was in obstructing traffic on the street. If they were within their rights in displaying these banners, it was not they who obstructed traffic, but it was the unruly crowd upon the street that had this effect, and, in my judgment, it was the plain duty of the police force to have protected the pickets in their rights and to have arrested those who, by their assault upon them, did interfere with traffic; and, more than this, they violated the law in forcibly taking from these pickets their personal property, the banners they carried, and destroying the same. These are the parties, in my judgment, that now ought to be in Occoquan; and while I do not believe it is a matter with which the Congress can deal, being simply a violation of the law, and if these women have not violated the law they are unlawfully detained.

I have endeavored to give you the conditions as I saw them at Occoquan, and I believe that a thorough examination should be made by Congress of the conditions there in justice to the institution itself. But this is not contemplated in the resolution introduced by Congressman BAER.

Very sincerely, yours,

CHARLES B. TIMBERLAKE.

I am still firmly of the opinion that present plans of picketing is not calculated to hasten the accomplishment of our desire, the enfranchisement of women. This, however, will not deter me in any effort I may put forth to see that their other constitutional rights are not abridged.

C. B. T.

#### EXTENSION OF REMARKS.

Mr. BYRNES of South Carolina. Mr. Speaker, I ask unanimous consent to insert in the RECORD a speech made by my colleague, Mr. NICHOLLS of South Carolina, on the subject of the war resolution.

The SPEAKER. The gentleman from South Carolina [Mr. BYRNES] asks unanimous consent to extend his remarks in the RECORD by printing a speech made by his colleague [Mr. NICHOLLS]. Is there objection? [After a pause.] The Chair hears none.

#### ENROLLED BILL SIGNED.

The SPEAKER announced his signature to enrolled bill of the following title:

S. 2785. An act to authorize and empower the Southwest Louisiana Waterways Association, of the State of Louisiana, to construct a lock and dam in Mermentau River, in the State of Louisiana.

#### ADJOURNMENT.

Mr. KITCHIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 33 minutes p. m.) the House, under its previous order, adjourned to meet to-morrow, Thursday, September 13, 1917, at 11 o'clock a. m.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1. A letter from the Acting Secretary of the Treasury, transmitting copy of a communication from the Secretary of the Navy, submitting a supplemental estimate of appropriations for the service of the Navy Department for the fiscal year ending June 30, 1917 (H. Doc. No. 365); to the Committee on Appropriations and ordered to be printed.

2. A letter from the acting president of the Commissioners of the District of Columbia, transmitting a detailed statement of the expenditures from the appropriation for contingent expenses for the government of the District of Columbia for the fiscal year ending June 30, 1917 (H. Doc. No. 366); to the Committee on the District of Columbia and ordered to be printed.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. HARRISON of Virginia: A bill (H. R. 6044) to authorize the appointment of registered pharmacists first and second lieutenants in the Medical Corps of the Army and the Medical Officers Reserve Corps; to the Committee on Military Affairs.

By Mr. CARAWAY: A bill (H. R. 6045) to authorize the construction, maintenance, and operation of a bridge across Little River, in Poinsett County, Ark., at or near the section line between sections 35 and 36, township 11 north, range 6 east; to the Committee on Interstate and Foreign Commerce.

By Mr. STEELE: A bill (H. R. 6046) to amend section 260 of an act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911; to the Committee on the Judiciary.

By Mr. CLARK of Florida: Resolution (H. Res. 139) making certain inquiries of the Secretary of the Treasury; to the Committee on Expenditures in the Treasury Department.

By Mr. BURNETT: Resolution (H. Res. 140) providing for the consideration of H. R. 5667; to the Committee on Rules.

By Mr. TINKHAM: Joint resolution (H. J. Res. 152) prohibiting the loaning of money to the existing Government in Mexico and the governmental indorsement of financial engagements between citizens of the United States and citizens of Mexico; to the Committee on Foreign Affairs.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ASHBROOK: A bill (H. R. 6047) granting an increase of pension to Benjamin F. Carpenter; to the Committee on Invalid Pensions.

By Mr. CARTER of Massachusetts: A bill (H. R. 6048) granting an increase of pension to Dennis W. Riordan; to the Committee on Invalid Pensions.



By Mr. CLARK of Florida: A bill (H. R. 6049) granting an increase of pension to Susan T. Lisk; to the Committee on Invalid Pensions.

By Mr. DILL: A bill (H. R. 6050) granting a pension to C. F. Dugas; to the Committee on Pensions.

By Mr. DOWELL: A bill (H. R. 6051) granting an increase of pension to David Hunter, jr.; to the Committee on Invalid Pensions.

By Mr. QUIN: A bill (H. R. 6052) for the relief of I. N. Ellis; to the Committee on the Public Lands.

By Miss RANKIN: A bill (H. R. 6053) granting a pension to Elizabeth S. Foster; to the Committee on Pensions.

Also, a bill (H. R. 6054) granting a pension to Louis A. Holonbek; to the Committee on Pensions.

By Mr. RUSSELL: A bill (H. R. 6055) granting an increase of pension to John Hodges; to the Committee on Pensions.

By Mr. TINKHAM: A bill (H. R. 6056) to pay to Bernice L. Blair the sum of \$12,470, with interest; to the Committee on War Claims.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By Mr. GOULD: Petition of the rural mail carriers of Seneca County, State of New York, favoring legislation to create a court of appeals for those who may be dismissed from the service; also favoring a maximum mail route of 24 miles; also favoring an allowance of \$300 for maintenance of equipment; to the Committee on the Post Office and Post Roads.

By Mr. RAKER: Petition of John R. Benton, chairman home preservation committee, Stevensville, Kent Island, Md., protesting against the purchase by the Government of Kent Island for a proving ground; to the Committee on Military Affairs.

Also, petition of Robert N. Lynch, vice president and manager Chamber of Commerce, San Francisco, Cal., relative to embargo conditions and necessities of securing export licenses; to the Committee on Interstate and Foreign Commerce.

Also, petition of County Clare Association, of San Francisco, Cal., urging self-government of the Irish people; to the Committee on Foreign Affairs.

By Mr. STINESS: Petition of Lady Lincoln Council, No. 5, Sons and Daughters of Liberty, of Providence, R. I., favoring Senate joint resolution 84, providing for the drafting of aliens other than alien enemies; to the Committee on Military Affairs.

Also, petition of Commodore Perry Council, No. 14, Junior Order United American Mechanics, of Wakefield, R. I., favoring the passage of House bills 4852 and 5369, relative to immigration; to the Committee on Immigration and Naturalization.

#### SENATE.

THURSDAY, September 13, 1917.

The Chaplain, Rev. Forrest J. Prettyman, D. D., offered the following prayer:

Almighty God, high and mighty Ruler of the Universe, we come reverently before Thee to ask Thy blessing and guidance. Especially we pray that Thou wilt vouchsafe to Thy servants in this Senate the Divine guidance and wisdom that they may discharge the duties that are upon them; that as they face responsibilities that they dare not face in the strength of human mind and human wisdom they may look to God for guidance. Do Thou, O blessed God of our fathers, give to them such direction, throw about them such influence, point out such a way as that the problems facing us may be solved in accordance with Thy will, and peace and happiness come again in this Nation and in the world. For Christ's sake. Amen.

The Journal of yesterday's proceedings was read and approved.

#### INVITATION FROM GREAT BRITAIN.

The VICE PRESIDENT. The Chair is aware of the following rule of the Senate:

No petition or memorial or other paper signed by citizens or subjects of a foreign power shall be received, unless the same be transmitted to the Senate by the President.

The Chair, however, does not believe that that rule is being violated by laying before the Senate the following communication and referring it to the Committee on Foreign Relations, requesting that proper consideration be given it. The Chair or the committee can answer the communication. The Secretary will read it.

The communication was read and referred to the Committee on Foreign Relations, as follows:

[Cablegram.]

LONDON, September 12, 1917.

The VICE PRESIDENT OF THE REPUBLIC.

Washington:

We have the honor to convey through you to the Senate and the House of Representatives a cordial invitation to send as many delegates as may be willing to come on a visit to Britain and the British fronts. We are authorized by the Government to say that such visitors would be the guests of the British people and every effort would be made to show them all sides of our work in the war. As Parliament is not in session, it is unfortunately impossible for us to obtain the direct authority of the members of the British Parliament for this invitation, but we feel sure that they would most warmly welcome the opportunity of meeting our colleagues of the Legislature of the United States.

FINLAY,

Lord Chancellor.

J. W. LOWTHER,

Speaker of the House of Commons.

#### CONTINGENT EXPENSES OF THE DISTRICT OF COLUMBIA.

The VICE PRESIDENT laid before the Senate a communication from the Commissioners of the District of Columbia, transmitting, pursuant to law, a detailed statement of the expenditures from the appropriation for contingent expenses of the government of the District of Columbia for the fiscal year ended June 30, 1917, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

#### PETITIONS AND MEMORIALS.

Mr. ROBINSON presented a petition of the president and officers of the Farmers' Union of Arkansas, praying for national equal suffrage, which was referred to the Committee on Woman Suffrage.

Mr. SHEPPARD presented a memorial of the Woman's Missionary Society of the Trinity Methodist Episcopal Church South, of El Paso, Tex., remonstrating against the taxing and favoring the prohibition of the liquor business as a war measure, which was ordered to lie on the table.

Mr. CURTIS presented a petition of sundry citizens of McCracken, Kans., and a petition of sundry citizens of Havensville, Kans., praying for the enactment of legislation providing for the return of the bodies of dead soldiers to this country in a sanitary and recognizable condition, which were referred to the Committee on Military Affairs.

#### WAR CREDITS.

Mr. STONE. Mr. President, by direction of the Committee on Finance I report back the bill H. R. 5901, being an act to authorize an additional issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign Governments, and for other purposes, with a recommendation that the same do pass the Senate as reported. There are sundry amendments to the bill proposed by the Finance Committee.

It has not been thought worth while to have the committee file a formal report on the bill. There are only a few amendments proposed by the Finance Committee to the bill as it came from the House. Most of those, practically all of them, are amendments suggested by the Secretary of the Treasury.

The Secretary of the Treasury was before the committee and made a comprehensive statement, giving the reasons why these various amendments should be added to the bill, and also some other officials of the Treasury Department were present at the same time the Secretary was before us, and made statements. These various statements will be instructive and valuable, and they will be printed along with the hearings of the House, so that two sets of hearings will be embodied in one pamphlet for the use of the Senate. They will be on the desks of Senators to-morrow morning.

The Committee on Finance believe that a formal report could add little to what the Secretary of the Treasury and those accompanying him said, all of which, as I have stated, will be laid to-morrow morning before the Senate. Moreover, this morning the Finance Committee has had laid upon the desk of each Senator a committee print of the bill as reported, so that Senators may have an opportunity during the day to examine the bill and the amendments proposed thereto. I will say further that the report of Representative KITCHIN, chairman of the Committee on Ways and Means of the House, when the bill was returned to the House from that committee, is available. That report covers the general scope and purpose of the bill. Any Senator desiring to review it has only to send for it.

I now ask that the bill may be printed in the usual form for the use of the Senate, and I give notice that on to-morrow morning I shall move to take the bill up and make it the unfinished business of the Senate, with the hope that its consideration may be concluded to-morrow.

The VICE PRESIDENT. The bill will be placed on the calendar.

## BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SIMMONS:

A bill (S. 2878) granting the consent of Congress to the Whiteville Lumber Co. to construct a bridge across Wacamaw River; to the Committee on Commerce.

By Mr. CURTIS:

A bill (S. 2879) for the relief of The Boyle Co., of Wichita, Kans.; to the Committee on Claims.

By Mr. PENROSE:

A bill (S. 2880) granting a pension to Esther U. McKelvey (with accompanying papers); to the Committee on Pensions.

By Mr. JONES of Washington:

A bill (S. 2881) granting an increase of pension to William Barklow (with accompanying papers); to the Committee on Pensions.

## EMBARGO ON COTTON.

The VICE PRESIDENT. The morning business is closed.

Mr. SMITH of Georgia. Mr. President, the Department of Agriculture has recently given out a statement contradicting reports about the effect of placing cotton on the embargo list. I desire to ask permission of the Senate to have that statement read and then to supplement it with a few additional facts.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. SMITH of Georgia. The statement was given out on account of the misapprehension growing up as to the amount of cotton going to neutral countries in Europe and as to the effect which the embargo should have upon the market. I send the article to the desk to be read.

The VICE PRESIDENT. The Secretary will read.

The Secretary read as follows:

NO MATERIAL DECREASE IN EXPORTS OF COTTON—REDUCTION IN SHIPMENTS TO EUROPEAN NEUTRALS TO HAVE BUT SMALL EFFECT.

No material decrease in the volume of cotton exports from the United States should result from license restrictions recently placed on the shipment of that staple, the Department of Agriculture announces.

Reports that reduction in shipments to the European neutrals will cut off markets for 4,000,000 bales are branded as absurd by the department, which presents figures to show that the neutrals last year took only 700,000 bales.

"With the present crop of 12,499,000 bales," said the department's statement, "and with a record of 7,491,086 bales taken in the United States last year, with an unprecedentedly small carry over, with Liverpool and continental stocks nearly 500,000 bales less than last year, with dry goods stocks low everywhere, and a certain increase of demand in the United States, due to the mobilization of 2,000,000 soldiers within 12 months and supplying them with khaki and tents, there is no reason whatever for doubt that there will be demand for all the American cotton in sight available for export."

"Last year's American takings were 7,491,086 bales and last year's exports 5,947,165 bales, a total of 13,438,250 bales, or 939,250 bales more than the estimated crop this year."

Mr. SMITH of Georgia. Mr. President, the embargo act was intended to make it certain that none of our products reached our enemies to help them in the war against us, and no loyal American citizen would object to a sacrifice of markets for his own product to accomplish such a result. An Export Administrative Board has been appointed, and it will facilitate the shipment of American products under rules and regulations which will make it impossible for them to reach our enemies, but which will place no obstacle in the way of their reaching our allies or points where they can not reach our enemies. The embargo will only affect neutral markets.

The statement of the Department of Agriculture is that less than 700,000 bales of cotton went last year to the neutrals of Europe. I find that less than 600,000 bales went to them. I hold in my hand Bulletin 134 of the Department of Commerce, which shows that only 598,000 bales of cotton went to the neutrals of Europe last year, and 366,262 of those bales went to Spain. As Spain is entirely cut off from Germany and from Austria there is no difficulty at all about furnishing Spain cotton without danger of the cotton reaching Germany or Austria.

The cotton really to be affected by this embargo is cotton going to Holland, to Denmark, to Norway, and to Sweden. Switzerland is the only other country contiguous to Germany and Austria, and the cotton to Switzerland goes through Italy or through France, both of which are our allies and control shipments. Holland, Denmark, Norway, and Sweden received in all last year only 233,000 bales of cotton. Switzerland received about 50,000 bales of cotton. So all the European countries to be in any way affected by this embargo received less than 300,000 bales of cotton last year.

Mr. STERLING. If the Senator will permit a question there, I think he stated that Spain received last year 366,000 bales.

Mr. SMITH of Georgia. Yes.

Mr. STERLING. I ask the Senator if he can state how much cotton Spain received in the years before that time.

Mr. SMITH of Georgia. Before the war Spain received usually a little less than that quantity, but Spain has enlarged the output of her mills, supplying her own people in part with products which before they had bought from Germany and Austria, and furnishing now also a part of the territory in other countries that Germany and Austria had supplied before the war. There is not the slightest suspicion or possibility that any cotton going to Spain is not consumed by the mills of Spain and kept for use in Spain. The increase by Spain since the war beyond her consumption before the war is some 30,000 bales annually; perhaps as much as 50,000 bales; but that subject has been carefully examined, and the increase is fully accounted for by the increased work of her mills and her broadened market.

Holland, Denmark, Norway, and Sweden can receive cotton shipped to them direct. As I said a moment ago, those four countries during the last year, as shown by our census report, Bulletin 134—and the figures I use are found in this bulletin—received only 233,833 bales. During the first six months of this year the shipments to those four countries were reduced to 57,000 bales. So if the entire cotton shipments to the neutrals that might furnish it to Germany and Austria were stopped, it would have no appreciable effect upon the cotton market.

Their shipments have been curtailed because Great Britain has entirely controlled, since the spring of 1915, the cotton shipments to Holland, Denmark, Norway, and Sweden.

The English Government made an agreement on June 24, 1915, with Sweden, limiting shipments of cotton to Sweden, and requiring that they should be confined exclusively to the Swedish Cotton Spinners' Association, from which association, under British supervision, the mills of Sweden are supplied. The amount allotted to Sweden by Great Britain was first 10,000 bales per month. Later on it was reduced to 9,000 bales per month.

No cotton has been allowed to go to Sweden by Great Britain except to that one association, and Great Britain preserved supervision over its distribution to consuming factories.

On August 23, 1915, Great Britain made an arrangement with Denmark by which all cotton going to Denmark was to be received by the Danish Chamber of Industry. The quantity of cotton was limited to 2,950 bales of cotton per month, and Great Britain supervised the distribution.

On August 31, 1915, Great Britain made an arrangement with Norway by which no cotton should go to Norway except that consigned to the Norwegian Cotton Mills Association. The quantity was limited to 1,584 bales of cotton per month. Great Britain supervised the distribution of the cotton and saw to it, through her representatives, that it was used exclusively by the mills of Norway.

On September 1, 1916, Great Britain made an arrangement with Holland by which all cotton going to Holland was consigned to the Netherlands Overseas Trust, and she safeguarded re-exports by requiring guaranties as to use. The shipments of cotton to Holland, Norway, Sweden, and Denmark for the last 18 months have been completely under control and supervision by the British Government. As I stated before, last year the total shipments of cotton to those four countries amounted to only 233,833 bales.

Cotton goes to Switzerland through Italy and France. I hold in my hand a letter from the State Department inclosing a letter from our ambassador at Rome and from the English ambassador at Rome.

It has never been suggested that any cotton passed through France into Switzerland that was permitted to reach Germany or Austria.

A claim has been made that Italy has increased her purchases of cotton and that cotton has gone from Italy into Austria or through Switzerland into Germany and Austria. This subject has been one of investigation by the State Department and by our ambassador at Rome. I hold the report upon the subject in my hand. Both the English ambassador and our own ambassador assure the State Department that cotton going to Switzerland does not reach Austria or Germany. Ever since Italy entered the war the strictest supervision has been given of cotton shipments out of Italy into Switzerland. Of course all shipments into Austria have ceased.

In Switzerland there was organized the Société Suisse de Surveillance Economique. No cotton has been permitted for nearly two years to reach Switzerland through Italy or France except under consignment to that organization, which is rationed in amounts found by the French commission and by the Italian Government necessary for Swiss use; and supervision is made of the distribution by this society. None is permitted to go



except to manufacturers who are trusted; and the cotton has been carefully followed to see that none left Switzerland, the total shipments to Switzerland being something less annually than the amount received before the war.

Mr. President, what I desired to do is to show that for our Government to place an embargo on cotton shipments and put the shipments under control of our Exports Administrative Board is for our Government simply to do what Great Britain has been doing; certainly no more than that. Not 300,000 bales of cotton reached the five countries named last year, and that cotton reached them with the approval of our allies under an arrangement that guaranteed that not a bale should get to our enemies. Now, under our Exports Administrative Board the same course will be followed, the board will freely permit cotton to go to our allies and to Spain. The board will supervise and restrict and watch every bale, as they should, that goes to the five countries contiguous to Germany and Austria. I would vastly rather that not a bale of the 300,000 should find a market than that any should go to Germany or Austria. I do not wish to be misunderstood about that.

What I wish is to let the cotton grower understand that in placing cotton on the embargo list his Government has done him no harm. Our Government has not by the embargo lessened the markets for cotton raised by our citizens.

What I furthermore wish is to let the trade understand that if this embargo is used as a bear argument to force down the price of cotton it is unfair, illogical, and deceptive.

An erroneous impression has been created by the publication of false figures of alleged shipments to neutrals of northern Europe and to Germany. Our cotton spinners, the southern cotton spinners as well as the New England spinners, are in part responsible for the misapprehension of the facts. I will not say that their action was dictated by selfish motives, although it is true that they sell their mill output ahead from 6 to 12 months, and base their prices in the spring largely upon the existing prices of cotton; and they sold cotton goods ahead at prices based upon cotton selling at from 25 to 30 cents a pound. After doing that they circulated the report that vast quantities of cotton were going to Europe and into Germany and Austria, and claimed that cotton must be put upon the list of embargoed articles to prevent Germany from making munitions out of cotton.

Mr. President, how misinformed they were. How unfortunate and unfair it is for men to talk on a subject or write on a subject when they know nothing about it. Anyone at all who has studied the subject knows that Germany has not made nitrocellulose powders out of cotton for over two years. The little cotton Germany had was used for clothes. Their nitrocellulose powders since the summer of 1915 have been made out of wood cellulose. But what did these good men do? They issued a statement about the enormous quantities of cotton that had gone to Germany since the war, confusing the years of the shipments, failing entirely to say when it went.

It is true that we have shipped large quantities of cotton to Germany since the war in Europe began, but not since we entered the war. It is true that in the winter of 1914-15 we shipped about 3,000,000 bales of cotton either directly to Germany or through the neutrals of Europe to Germany and Austria, and we had a right to do it. Mr. President, on October 22, 1914, I presented a resolution to the Senate setting out our rights. The Senate unanimously passed the resolution and appointed a committee of five to investigate certain undue influences thrown around the trade by Great Britain at that time that were depriving us of our rights. I ask that a copy of the resolution be printed in the Record in connection with my remarks.

The VICE PRESIDENT. Without objection, it is so ordered. The resolution referred to is as follows:

[Resolution introduced by Senator HOKE SMITH, Oct. 22, 1914. Unanimously adopted by the Senate the same day.]

Whereas the European war has seriously interfered with the market of two of our greatest national export products, lint cotton and cottonseed oil; and

Whereas although lint cotton and cottonseed oil are not contraband of war, serious impediments are being placed in the way of shipments of these commodities to belligerent countries; and

Whereas shippers who desire to export cotton and cottonseed oil are finding it difficult to do so: Therefore be it

Resolved, That a committee of five Senators be named by the Chair to confer with the departments with reference thereto, and to report to the Senate as early as possible the result of their investigations.

In pursuance of the foregoing resolution, the Chair appointed on the committee Mr. SMITH of Georgia, Mr. SMITH of South Carolina, Mr. VARDAMAN, Mr. SMITH of Michigan, and Mr. JONES. (CONGRESSIONAL RECORD, Oct. 22, 1914.)

Mr. SMITH of Georgia. Within four days we received from the British ambassador a statement that Sir Edward Grey conceded our right to ship cotton direct to Germany. England had placed no blockade around German ports, and cotton was non-

contraband. I ask that the letter from the British ambassador be printed as part of my remarks in the Record.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter referred to is as follows:

On the 26th of October, 1914, Sir Cecil Spring-Rice wrote Mr. Lansing, then Acting Secretary of State, as follows:

"Last night I received a reply from Sir Edward Grey, in which he authorizes me to give the assurance that cotton will not be seized. He points out that cotton has not been put in any of our lists of contraband, and, as your department must be aware from the draft proclamation now in your possession, it is not proposed to include it in our new list of contraband. It is, therefore, as far as Great Britain is concerned, in the free list, and will remain there."

Mr. SMITH of Georgia. Now, Mr. President, after this declaration by Great Britain that cotton was free, and had a right to go to Germany, direct or through neutral ports, during December, January, and February of 1914 and 1915 we shipped great quantities of cotton into Germany direct and to neutral ports destined for Germany. Germany and Austria absorbed about 3,000,000 bales of the crop of 1914 without objection on the part of our present allies, although they were then at war with Germany. But, Mr. President, on March 12, 1915, Great Britain began a blockade of German ports, and issued the celebrated order in council that thereafter the British Government would hold itself free to stop all shipments of goods of German origin or destination.

The good cotton manufacturers to whom I have referred, who issued their publication about the shipments of cotton to Germany and Austria, failed entirely to discriminate as to when the shipments were made. After the order of March 12, 1915, England began stopping all shipments that were going to Germany, and later on in the fall of 1915 took control of shipments to Holland, Denmark, Norway, and Sweden, and, as I have already pointed out, so completely regulated those shipments as to finally suppress all shipments of cotton destined to Germany or Austria or that could reach either of those countries.

Mr. President, since the war began, in spite of the large crop which we raised in 1914, the world has consumed 1,500,000 more bales of lint cotton than the world has produced. Last year the world consumed nearly 2,000,000 bales more than the world's production. The surplus cotton that existed before the war began has been practically wiped out. Last year 13,690,000 bales of cotton raised in the United States were consumed. American consumption of cotton has enormously increased. The German and Austrian consumption of cotton was by their mills, and the product they manufactured was only in part consumed in those countries. At first the loss of those markets was a great blow to the cotton producer; but American mills and other mills, Japanese and Spanish mills, have reached out for the trade formerly belonging to Germany, and they now consume much more cotton than they did before the war began and have taken the place as a market for at least half of the cotton consumed by German and Austrian mills.

Last year, as I said, the world consumed 13,690,000 bales of cotton raised in the United States; our allies consumed 5,223,371 bales, and the United States alone consumed 7,684,813 bales, so that our allies and the United States consumed last year 13,000,000 bales. The Agricultural Department's estimate for this year's crop is 12,499,000 bales. The United States and our allies consumed last year 500,000 more bales of cotton raised in the United States than this year's crop will be, and other friendly neutrals consumed more than 500,000 additional bales. So that, Mr. President, if we should stop every bale of cotton going to the neutrals contiguous to Germany and Austria still the supply this year would fall 700,000 bales below last year's consumption; and, as I stated, the consumption of the past four years has consumed a million and a half more bales than the world has produced.

Mr. President, there should be no trouble from the embargo placed upon cotton shipments by our Government, and no loyal citizen should feel irritated about it, although we may justly condemn the false publication and unfair use made of the embargo in an effort to reduce prices. I would have the cotton farmer understand that it will only attach to 300,000 bales and substitute the supervision of our Government for the supervision of Great Britain as to shipment of these 300,000. I would have him further understand that these shipments will still take place, and last year's demands for cotton exceeded what this year's crop will be by 700,000 bales, even if no cotton could go to Holland, Denmark, Norway, Sweden, or Switzerland. Cotton growers should understand that open markets will need this year more cotton than they will have for sale.

Mr. President, corn and wheat are selling at 100 per cent higher than they were before the war. There are at least equal reasons for an increase in the price of lint cotton—not only equal reasons, but certain reasons that do not apply to corn and wheat.



Very much of the cotton land depends for its successful culture upon the use of potash and nitrogen, the third plant food required for the cotton being phosphorus. Phosphorus we can still easily obtain from our phosphate rock, abundantly found in this country; but our nitrogen was made out of saltpeter from Chile; our potash we obtained from Germany. The prices of potash have risen 1,000 per cent, and the nitrogen needed for fertilizers almost as much. The loss of labor due to the high prices in the East has drawn from the supply of the cotton States, and now the war again makes a draft. The crop is short. The cost of the crop to the farmer has been very, very high.

The entire country—not one section—should feel an interest in the cotton crop. It is certainly one of our greatest American assets, if not the greatest. Shipped abroad it brings to the United States credit balances and gold in excess of any other commodity entering into commerce. During the past century the cotton crop sold abroad has either given us a credit or brought us gold to the amount of over \$20,000,000,000. It is indeed a great national asset. I would have all of our country realize that we are all interested in the prosperity and success of the cotton grower, and I would have no prejudice by spinner, North or South, against the man, usually of limited means, who tills the ground and raises his small amount of cotton, either on his own farm or as a tenant, and if he does perchance get a considerable profit now from his crop he is not nearly as strong as the cotton-mill men; I wish to see them prosper. But I do long to see the cotton growers, and especially the small farmer with his little farm, get ahead now on a good price for cotton. The condition of cotton, the cost of its production, the world's supply, and the world's demand combine to justify a price twice that for which sales were made before the war. Give the cotton farmer a square deal and let him have it.

Mr. WILLIAMS. Mr. President, I have listened with much pleasure and a good deal of profit to what the Senator from Georgia [Mr. SMITH] has just said. It has come at a psychological moment, was very clearly expressed, and very abundantly fortified logically, and I merely want to add a little bit to it.

In the first place, I want to ask to have inserted in the RECORD an editorial from the Boston Evening Transcript of August 15, 1917, entitled "Why not a cotton embargo?" This was sent me by Alexander W. Murray, of Boston. This will show what the abuses were by the neutral nations in the use of the cotton that they pretendedly imported from us for their own use in 1914, 1915, and part of 1916—only a part of the last-named year. The evidence is overwhelming that under the guise and pretense of getting cotton for themselves they were at that time getting cotton for German use in the manufacture of high explosives as well as of cloth in German mills. After that, I want to ask, as a part of the same presentation of the case, to insert in the RECORD an editorial from the Washington Post of yesterday entitled "Embargoes and cotton."

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

[Editorial from the Boston Evening Transcript, Aug. 15, 1917.]

#### WHY NOT A COTTON EMBARGO?

Current statistics seriously suggest the desirability, if not the necessity, of placing at least a partial embargo upon exports of cotton to neutral countries. It is well known that cotton is one of the most important and practically indispensable ingredients of some of the high explosives used in war; wherefore it may properly be classed as conditional contraband. Germany does not herself produce it, and is thus dependent upon imports from other countries. That she has been thus far receiving her supplies largely from America is perfectly obvious. That she should continue thus to get her supplies from us while we are at war with her would be a disgraceful anomaly.

The facts in the case are these: Holland in the fiscal year ending June 30, 1914, the year immediately preceding the war, purchased from the United States a little more than 17,500,000 pounds of cotton, which was presumably all she wanted to supply her own wants. In the next year, 1915, she purchased nearly 262,000,000 pounds, or nearly fifteen times as much as in the preceding year. It would be trifling with sound sense to assume that there was any such increase in the domestic needs of Holland. That enormous increase was destined for Germany, and out of it she manufactured thousands of tons of lethal ammunition. The next year Great Britain interfered with that trade to such an extent that it was cut down to 51,000,000 pounds, or still nearly three times what it was before the war. In the first eight months of the last fiscal year it was more than 30,000,000 pounds.

Similar transactions occurred with other neutral countries. In the year before the war Denmark took only 52,040 pounds of our cotton. In the next year she took nearly 19,500,000 pounds, or three hundred and seventy-five times as much. It would overtax credulity to believe that her own needs increased three hundred and seventy-fivefold. In the fiscal year 1916 her quota was reduced to 5,977,970 pounds, or more than a hundred times what it was before the war. In the first eight months of the last fiscal year she got none at all, thanks to the British fleet. Norway in 1914 got 1,877,670 pounds, and in 1915 increased the amount to 29,947,098. In 1916 it was reduced to 8,291,625, and in the first eight months of 1917 to 4,900,300. Sweden took 25,835,256 pounds in 1914, and increased the amount to 391,520,343 in 1915. In 1916 she was forced down to a normal quantity, 30,254,928 pounds, but in the first eight months of 1917 she got 43,244,124 pounds.

Nor is Italy, one of the allied belligerents, free from reproach. In the fiscal year 1914 she took 268,678,515 pounds. In 1915 she took

563,700,142, or more than twice as much. In 1916 the amount declined to 418,457,552, and in 1917 to 402,500,000 pounds. Now, Italy has in all only about 4,600,000 cotton spindles, and these, for lack of fuel, are being operated to only half of their capacity, so that it is quite impossible that she should need so much cotton. In fact, Italian officials admit that a large part of her purchases of cotton is resold to Switzerland. But Switzerland has only 1,500,000 spindles, most of which are idle for lack of fuel, so that she surely can not use any considerable quantity of cotton, and we are thus driven to the conclusion that much that is shipped to Italy finds its way through Switzerland to Germany.

It is high time for all such traffic to be stopped. We do not want to send soldiers to the war front to fight Germany, and at the same time, directly or indirectly, to send cotton to Germany with which to make explosives to kill them. It is said that an embargo is not placed upon cotton because the Government does not want to interfere with the prosperity of the South. We should hate to believe that true. We should hate to think that the South, for the sake of a little higher price for her cotton, was willing to supply our enemy with munitions of war with which to torpedo our ships and slaughter our men. If that were true, it would be one of the most appalling indictments of the South that ever was made.

[From the Washington Post, Sept. 12, 1917.]

#### EMBARGOES AND COTTON.

With commendable promptitude the Department of Agriculture has made public an analysis of cotton exports in recent years for the purpose of controverting a statement given circulation to the effect that the so-called embargo on cotton to neutrals would cut off the market for 4,000,000 bales.

The department's report shows that last year's exports of cotton to all countries other than France, Italy, Russia, England, Canada, and Japan amounted to only 722,134 bales. Moreover, as pointed out in the statement, the terms of the so-called embargo do not cut off absolutely the neutral markets. The President's proclamation leaves ample room for modifications or entire exemptions of the rulings at such time and to such countries as may seem advisable and proper. In addition to this, the department report shows, through a study of last year's trade and an estimate of this year's movements, that if present conditions of war and transportation continue the supply of cotton is well within the world's demand and that the embargo will not materially affect the movement of exports.

In all probability the erroneous statement referred to was spread for market effects. The department report hints as much in its comment that "it is painful to observe that there are American citizens who for gain or in prejudice would distort the truth in regard to the regulation of cotton exports to neutrals."

It would not be fair to the South to admit that the corrective report could have been issued for any other purpose than to check misleading rumors and set the southern cotton grower at ease as to the actual effect of the embargo.

But if the curtailment of exports to neutrals should affect cotton, what of it? Hundreds of articles of American production and manufacture are included in the ban together with the great staple of the South, and in modern munitions making cotton is as essential an ingredient as steel or copper. There is no question remaining of the character of the traffic which the neutrals have been carrying on with Germany through transshipments of supplies from the United States.

The embargo recently imposed is to bring to an end this form of aid and comfort to the enemy. Every section of the country will patriotically respond to any measures calculated to achieve this result, at whatever passing sacrifice or loss. It is an act of wisdom on the part of the Government, nevertheless, to make clear to the South that there is no call for a let-up in the production of its most important staple. As the department states, "from these facts it would appear that a crop of 12,500,000 or even 13,000,000 bales this year will not exceed the world's eager demand unless some unforeseen calamity should befall."

Mr. WILLIAMS. Mr. President, as the senior Senator from Georgia has just said, Great Britain has already to a very great extent put a stop to the abuses which existed in 1914, 1915, and a part of 1916. It has been gotten down to about where Spain, Holland, and the Scandinavian countries all put together are getting only a little above 500,000 bales, if the last several months is to be a good index for the year, while only a little over 300,000 bales have gone into Holland and the Scandinavian countries, whence the fraud could be perpetrated of sending them on into Germany. The abuse is already largely stopped, but our embargo will prevent altogether any of our cotton being made into explosives by Germany to kill or maim our boys in the trenches. The justification for it is absolutely unanswerable. It will stop for the most part even the present slight abuse taking place chiefly through Sweden and partially through Holland and Denmark; very little, if any, now through Switzerland.

The stoppage of that amount of cotton ought to have no effect whatsoever upon the market. It has had a slight effect, because speculators have used the very word "embargo" for the purpose of hammering down the market somewhat, and did hammer it down—the future market, especially. The effort to make it appear that the embargo ought to have some effect upon the prices is only a part of a speculative movement upon one side, and, upon the other side, is a part of a constant and organized effort to cripple and hamper all the war measures of this Government—an organized effort which has existed for quite a while.

As far as the slight amount of cotton going to Holland and the Scandinavian countries is concerned, if every bale of it were stopped to-day, more than that amount of cotton would be used in addition to what is being used now for the increased manufacture of high explosives for the allies and for ourselves.



I am very glad, indeed, that the senior Senator from Georgia took the psychological moment to make his remarks, and I know they will do a great deal of good where doing good is needed in the way of disarming prejudice and furnishing information.

Mr. NORRIS. Mr. President, I should like to ask either the Senator from Mississippi or the Senator from Georgia a question in regard to this editorial from the Boston Transcript that the Senator from Mississippi has placed in the Record. I have a copy of it in my hand.

I was very glad that the Senator from Georgia said what he did, because I have read this editorial. I suppose it has been given very wide circulation. If the Senator's figures are right—and of course I do not question them—this editorial is wrong. I did not intend to mention it, but since the Senator has put it in the Record I should like to call the attention of these two Senators to some of those figures.

Mr. WILLIAMS. I will say that those figures are right, and the figures given by the Senator from Georgia are right. The editorial in the Boston Transcript, if you will read it, is referring to a period antedating the period to which the Senator from Georgia is referring.

Mr. NORRIS. That is what I wanted the Senator to clear up.

Mr. WILLIAMS. One of the objects of that letter, I think—now, I do not know; I do not know who wrote the editorial; I do not know whence it sprang or what the source was; but whether it was one of its objects or not, it impressed me as calculated to be used to depress the cotton market and to leave the impression that those amounts of cotton were going now, whereas they are the amounts that went months ago or a year ago.

Mr. NORRIS. The editorial says in so many words that there are lots of cotton now going into Germany, and pretends to give some figures. Now, I want to read to the Senate just some of them. It says here that Sweden took 25,835,256 pounds in 1914, and that in the first eight months of 1917—that is, this year—she took 43,244,124 pounds; almost twice as much in the first eight months of this year as she took in an entire year before the war.

Mr. WILLIAMS. The difference between 25,000,000 and 43,000,000 would be only about 18,000,000.

Mr. NORRIS. But there is only eight months in the larger figure, and there is 12 months in the smaller figure, before the war.

Mr. SMITH of Georgia. Mr. President, I will answer the Senator that since April 1, 1916, Sweden could not obtain more than 9,000 bales a month; that was the amount fixed by Great Britain; that Great Britain first permitted the Swedish Cotton Spinners' Association to receive 10,000 bales by agreement of June 3, 1915, but on April 1, 1916, this was reduced to 9,000 bales a month. So the limit of cotton which Sweden can receive under this action of Great Britain is 108,000 bales a year.

Mr. WILLIAMS. If the Senator read the figures of 1916, he would notice a drop, and then there was a slight rise in 1917.

Mr. NORRIS. Yes; there was a drop. The total was forced down in 1916 to something over 30,000,000 pounds.

Mr. WILLIAMS. Yes.

Mr. NORRIS. But the figures for the first eight months of 1917 were the ones that impressed me. I judge from what the Senator from Georgia says that they must be wrong, because there was for 8 months after the war, 8 months of the present year, as compared with 12 months before the war, an increase from 25,000,000 to 43,000,000.

Mr. WILLIAMS. Of what—pounds, is it not?

Mr. NORRIS. Pounds; yes.

Mr. WILLIAMS. The Senator from Georgia was giving the amounts in bales.

Mr. NORRIS. Oh, yes; but I have given the amounts in both instances in pounds. I have given them from this editorial that the Senator has already placed in the Record.

Mr. WILLIAMS. I know; but the Senator from Georgia gave the amounts in bales. A bale of cotton is 500 pounds.

Mr. NORRIS. Oh, yes; I understand that; but the figures that this editorial gives for the year before the war are in pounds, the same as the figures for the eight months of the present year are in pounds; and the figures for the eight months are 43,000,000, while the figures for the whole year before the war were only 25,000,000.

Mr. WILLIAMS. Mr. President, in connection with what the Senator from Nebraska is asking about, of course in all these neutral countries there has been some slight legitimate increase in the use of cotton, because they were cut off from their usual purchases of German cotton goods. Most of these people bought cotton goods from Germany in large quantities. Now they have had to manufacture those goods for themselves or else import

them from Great Britain or the United States, so that there was room for a slight legitimate increase in the use of cotton. The increase that the Senator calls attention to is slight; but whatever may be the reason of the fall in 1916 and the rise in 1917—which I confess I do not quite understand—

Mr. SMITH of Georgia. It is a mistake. There was no rise in 1917. There was a fall in 1917.

Mr. WILLIAMS. Well, it may be a mistake.

Mr. NORRIS. I am glad to hear that.

Mr. SMITH of Georgia. I got the exact figures from the Agricultural Department and from the State Department and a copy of the British contract.

Mr. NORRIS. I have no doubt the Senator's figures are correct. I would not have called attention to this matter if it had not been that the Senator from Mississippi had placed this editorial in the Record. It seems to me the figures must be wrong, and it is not only with Sweden that this editorial goes into some detail. It charges here, almost in so many words, that there is cotton going into Italy that Italy permits to go through Switzerland into Austria.

Mr. WILLIAMS. It does not charge that Italy "permits" it. It says some cotton goods get across the border in Switzerland; but it is not charged that it is with the connivance of the Italian Government. I suppose it happens in the usual way that smuggling occurs.

Mr. NORRIS. In reference to increasing the market it is claimed here that in both Italy and Switzerland the spindles are not operated to their full capacity for the reason that there is a lack of coal; they have not the fuel. It says, for instance, that the Italian officials admit that a large part of their purchases of cotton is resold to Switzerland, and "Switzerland has only 1,500,000 spindles, most of which are idle for lack of fuel."

Mr. SMITH of Georgia. Let me reply that the officials utterly repudiate the statement as absolutely false. The Italian minister gave out an interview repudiating it as false. Italy does not let any considerable amount go to Switzerland. It is entirely supervised by the British ambassador and the British consuls and by the French commission. I have in my hand a letter from the State Department confirming my statement. I have here a letter from our ambassador at Rome confirming it, and a letter from the English ambassador to Mr. Page confirming it.

Mr. NORRIS. I am very glad to hear the Senator. In fact, I listened to him with a great deal of interest. As I said, I am not questioning his figures. They seem to be perfectly authoritative and are undoubtedly right. I have not looked it up, but I read this editorial, and it seems to me it shows on its face, since the Senator has put the figures in the Record, that it is erroneous. I did not want the editorial to go in the Record without having that specifically brought to the attention of the Senate.

Mr. SMITH of Georgia. I wish also to add with reference to the shipments this year that I hold the bulletin of the Department of Commerce in my hand which shows that only 57,915 bales of cotton during the first six months of 1917 went to Holland, Denmark, Norway, and Sweden combined. Those are the exact figures from the Department of Commerce, giving the totals for the four countries.

Mr. WILLIAMS. Mr. President, I do not care whether the figures given in the editorial of the Boston Transcript are perfectly accurate or not, they reflect the state of affairs that did exist, to wit, that cotton was going through neutral countries to Germany to be used in German manufactures for clothing her army or in German manufactures for high explosives to kill her enemies. The object of introducing it was merely to show what the abuse had been, so as to justify the use of the embargo in order to stop it. However gentlemen may talk about the exact figures, it is undoubtedly true that in 1914 and 1915 and a part of 1916 that was taking place. It was taking place up to the time when the British blockade came into active operation and orders in council were issued and even after that until the machinery could be put into execution. That was my object of introducing the editorial, and I have no reason to think that the figures are very far wrong, if at all.

#### THE CALENDAR.

Mr. SMOOT. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the calendar under Rule VIII, beginning with Order of Business 92, Senate bill 2489, and to consider bills to which there is no objection.

The VICE PRESIDENT. Is there any objection? The Chair hears none.

Mr. FLETCHER. I understand that we are to begin where we left off.

Mr. SMOOT. That is where we left off, at Senate bill 2489.

## SUPREME COURT OF THE DISTRICT OF COLUMBIA.

The bill (S. 2489) to create two additional associate justices of the Supreme Court of the District of Columbia was announced as first in order upon the calendar, and the Senate as in Committee of the Whole proceeded to its consideration. The bill was read, as follows:

*Be it enacted, etc.,* That there shall be appointed by the President, by and with the advice and consent of the Senate, two additional associate justices of the Supreme Court of the District of Columbia; that said additional associate justices shall have the same power, authority, and jurisdiction as now or hereafter may be exercised by any of the associate justices of the said supreme court, and shall be entitled to receive the same salary, payable in the same manner.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

## CHAPLAINS, UNITED STATES ARMY.

The bill (S. 2527) authorizing appointment of chaplains at large for the United States Army was considered as in Committee of the Whole.

The bill was reported from the Committee on Military Affairs with an amendment to strike out all after the enacting clause and insert:

That the President alone may appoint for the period of the existing emergency not exceeding 20 chaplains at large for the United States Army, 12 as representing religious sects not recognized in the apportionment of chaplains now provided by law, and 8 for service in base hospitals, and such number of chaplains as he may determine to be necessary for service at training camps, cantonments, recruit depots, and in the National Army, selected from prominent clergy and ministers who have served at the front with the allied armies, but who have passed the age limit prescribed by law for appointment in the Regular Army.

The amendment was agreed to.

The bill was reported to the Senate as amended and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

## COMMITTEE ON PUBLIC INFORMATION.

The next business on the calendar was Senate resolution 101, directing the Secretary of the Navy to furnish copies of the official dispatches upon which was based the statement of the chairman of the Committee on Public Information in regard to the encounter of the American fleet with submarines, together with other information about said Committee on Public Information.

Mr. FLETCHER. Let that go over.

The VICE PRESIDENT. The resolution will go over.

Mr. PENROSE subsequently said: What became of Senate resolution 101?

The VICE PRESIDENT. It went over under objection.

Mr. PENROSE. May I ask who objected?

The VICE PRESIDENT. The Senator from Florida [Mr. FLETCHER].

## HOMESTEAD SETTLERS AND ENTRYMEN.

The bill (S. 2334) to authorize absence by homestead settlers and entrymen, and for other purposes was considered as in Committee of the Whole.

The bill was read, as follows:

*Be it enacted, etc.,* That during the pendency of the existing war any homestead settler or entryman shall be entitled to a leave of absence from his land for the purpose of performing farm labor, and such absence, while actually engaged in farm labor, shall, upon compliance with the terms of this act, be counted as constructive residence: *Provided*, That each settler or entryman leaving his claim for the purpose herein provided shall file notice thereof in the United States Land Office, and at the expiration of the calendar year file in said land office of the district wherein his claim is situated a written statement, under oath and corroborated by two witnesses, giving the date or dates when he left his claim, date or dates of return thereto, and where and for whom he was engaged in farm labor during such period or periods of absence: *Provided further*, That nothing herein shall excuse any homestead settler or entryman from making improvements or performing the cultivation required by applicable law upon his claim or entry. The Secretary of the Interior is authorized to provide rules and regulations for carrying this act into effect.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

## WOMAN SUFFRAGE.

The next business on the calendar was Senate resolution 109, to discharge the Committee on Woman Suffrage from the consideration of the resolution (S. J. Res. 2) proposing an amendment to the Constitution of the United States conferring upon women the right of suffrage.

Mr. JONES of New Mexico. Let that go over.

The VICE PRESIDENT. The resolution will go over.

## FREDERICK W. COBB.

The bill (S. 82) to transfer Frederick W. Cobb from the list of chief machinists, United States Navy, to the list of chief pay clerks, United States Navy, was announced as next in order.

Mr. SMOOT. I should like to ask if anyone present can explain this bill. I will ask that it go over temporarily, and I shall read the report and see if I can get the information from it.

Mr. FLETCHER. The Senator from Alabama was anxious to have the bill come up, but he is not present now.

Mr. SMITH of Georgia. I wish, in this connection, to suggest that if we should take off of the calendar dead matter or doubtful matter as we go through and transfer it to Rule IX and get it out of our way it would help greatly in handling the calendar. I think from this on if I am present at the call I shall make that request as to all doubtful matter, probably dead matter. It does not kill it to put it under Rule IX, and if you get it there by mistake and it is alive or the friends of the measure want to really press it they can call it up. It takes it out of our way when we put it under Rule IX, and it should go there unless there is real life in it.

Mr. SMOOT. I will say to the Senator that the policy has been to do that when a Senator was present who was interested in the measure, but never to request it in his absence.

Mr. SMITH of Georgia. That can be done when a Senator indicates to us that something has life in it, but if it seems to be dead, I think I will ask that it go under Rule IX hereafter, anyhow.

Mr. SMOOT. I think the Senator is right in the position he has just taken.

Mr. SMITH of Georgia. We ought to prepare to clean up the calendar and keep it a real working calendar.

Mr. SMOOT. I notice from the report of the Secretary of the Navy that he recommends that Senate bill 82 be reported favorably, and therefore I shall not object to its present consideration.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on Naval Affairs with an amendment after the word "Provided," in line 6, to strike out the words "That this shall not result in any increase or loss in pay he is now receiving or which he would be entitled to receive," so as to make the bill read:

*Be it enacted, etc.,* That the President be, and he is hereby, authorized to appoint Frederick W. Cobb, now a chief machinist, United States Navy, to be a chief pay clerk, United States Navy: *Provided*, That he shall be placed at the foot of the list of chief pay clerks as it exists on the date of the passage of this act: *Provided further*, That he shall receive the same pay as chief pay clerk of like rank and length of commissioned service.

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

## JOINT COMMITTEE ON THE CONDUCT OF THE WAR.

The next business on the calendar was the joint resolution (S. J. Res. 25) providing for the appointment of a joint committee to be known as the joint committee on the conduct of the war.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. It will go over.

## RECOMMISSIONING OF OFFICERS.

The bill (S. 2746) to authorize the recommissioning of former officers of the Regular Army was considered as in Committee of the Whole.

The bill was reported from the Committee on Military Affairs with an amendment to strike out all after the enacting clause and insert:

That the President be, and he is hereby, authorized, by and with the advice and consent of the Senate, to recommission, upon physical examination and such mental examination as the Secretary of War shall direct, any person who has served four or more years as a commissioned officer in the Regular Army, who was in good standing at the time of his resignation, and who left the Regular Army not more than five years prior to the passage of this act, to take rank at the foot of the lineal list in the grade which he would have attained in the arm of the service to which he was assigned had he not left the service: *Provided, however*, That the authority hereby vested in the President to recommission under the provisions of this act is limited to the duration of the present war.

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

## RECENT TROUBLES IN EAST ST. LOUIS, ILL.

The next business on the calendar was Senate concurrent resolution 10, authorizing the appointment of a joint committee to investigate the causes of the recent riots in East St. Louis, Ill., and to report thereon.

Mr. FLETCHER. I think that had better go over.

The VICE PRESIDENT. It will go over.



## ELECTIONS IN TERRITORY OF HAWAII.

The bill (S. 2380) granting to the legislature of the Territory of Hawaii additional powers relative to elections and qualifications of electors, was considered as in Committee of the Whole and was read, as follows:

*Be it enacted, etc.,* That the Legislature of the Territory of Hawaii be, and it is hereby, vested with the power to provide that, in all elections authorized to be held by the organic act of the Territory of Hawaii, female citizens possessing the same qualifications as male citizens shall be entitled to vote.

SEC. 2. That the said legislature is further hereby vested with the power to have submitted to the voters of the Territory of Hawaii the question of whether or not the female citizens of the Territory shall be empowered to vote at elections held under the laws of the Territory of Hawaii.

SEC. 3. That all provisions of the organic act of the Territory of Hawaii restricting the right to vote to male citizens which are in conflict with the provisions hereof are hereby repealed.

SEC. 4. That this act shall take effect and be enforced from and after its approval, and shall be held to apply to both Territorial and municipal elections.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

## CAMPAIGN BADGES FOR DENTAL CORPS.

The bill (S. 2701) to provide for the awarding of campaign badges to the members of the Dental Corps, United States Army, and fixing the regulations for awarding same, was considered as in Committee of the Whole and was read, as follows:

*Be it enacted, etc.,* That the Secretary of War shall issue campaign badges to the members of the Dental Corps, United States Army, under the same conditions, rules, and regulations which govern the issuance of said badges to members of the Medical Corps, United States Army.

SEC. 2. That in computing the nature of service and length of duration of said service for making the award of said badges to the members of the said Dental Corps, United States Army, the time said members have served under contract as well as under commission shall be included and form the basis for making the awards of said campaign badges.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

## PROMOTION OF EXPORT TRADE.

The bill (H. R. 2316) to promote export trade, and for other purposes, was announced as next in order.

Mr. LODGE. That bill was put over—

Mr. PHELAN. I ask that the bill may go over.

The VICE PRESIDENT. The bill will go over.

## POST OFFICE DEPARTMENT.

The bill (S. 2660) amending the act entitled "An act making appropriations for the Post Office Department for the fiscal year ending June 30, 1918," was next in order.

Mr. SMOOT. The provision in this bill, I believe, was incorporated in the revenue bill that was just passed. Therefore I move that it be indefinitely postponed.

The motion was agreed to.

## STOCK-GRAZING HOMESTEADS.

The bill (S. 2776) providing for the classification of lands under the stock-grazing homestead act in certain States, and for other purposes, was announced as next in order.

Mr. HUSTING. Let that go over.

The VICE PRESIDENT. The bill will go over.

## COAL AND PHOSPHATE MINING ON THE PUBLIC DOMAIN.

The bill (S. 2812) to encourage and promote the mining of coal, phosphate, oil, gas, potassium, and sodium on the public domain was announced as next in order.

Mr. SMOOT. Let that go over for the present.

The VICE PRESIDENT. The bill will go over.

## COLORADO RIVER AND IMPERIAL VALLEY, CAL.

The next business on the calendar was Senate resolution 127, to print the manuscript entitled "Colorado River in its Relation to the Imperial Valley, Cal.," as a Senate document.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The resolution will go over.

## LAND AND NAVAL FORCES.

The bill (S. 2717) prescribing rules for the government and regulation of the land and naval forces during the period of the existing war with Germany was announced as next in order.

Mr. LODGE. That is an adverse report.

Mr. FLETCHER. It ought to go over. Neither the Senator who introduced it nor the Senator who reported it is here.

The VICE PRESIDENT. The bill will go over.

## STOCK-GRAZING HOMESTEADS.

Mr. JONES of New Mexico. As the call of the calendar has been concluded, I move that the Senate take up for consideration the bill (S. 2776) providing for the classification of lands under

the stock-grazing homestead act in certain States, and for other purposes.

Mr. HUSTING. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Husting	New	Smith, Ga.
Borah	Johnson, S. Dak.	Norris	Smith, Md.
Brady	Jones, N. Mex.	Page	Smoot
Chamberlain	Jones, Wash.	Penrose	Sterling
Culberson	Kendrick	Poinexter	Swanson
Curtis	La Follette	Pomerene	Tammell
Fall	Lodge	Ransdell	Vardaman
Fletcher	Martin	Shafroth	Williams
Harding	Myers	Sheppard	

Mr. HUSTING. I desire to announce that the Senator from Kansas [Mr. THOMPSON] is necessarily detained.

Mr. SHAFROTH. I desire to announce the unavoidable absence of my colleague [Mr. THOMAS] on account of illness, and to state that he is paired with the senior Senator from North Dakota [Mr. McCUMBER]. I will let this announcement stand for the day.

The PRESIDING OFFICER (Mr. SMITH of Georgia in the Chair). Thirty-five Senators have answered to their names. No quorum is present.

Mr. MARTIN. I move that the Senate adjourn.

The motion was agreed to; and (at 1 o'clock and 25 minutes p. m.) the Senate adjourned until to-morrow, Friday, September 14, 1917, at 12 o'clock meridian.

## HOUSE OF REPRESENTATIVES.

THURSDAY, September 13, 1917.

The House met at 11 o'clock a. m.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

Our Father in heaven, we thank Thee for the finer and more delicate qualities of soul, which in times of danger, distress and sorrow lift us above the sordid and make the whole world akin; illustrated by the work of the Red Cross and other philanthropic organizations, whose humane work is going out to relieve the suffering and sorrowing in all the world.

Sanctify the work of the Congress in its efforts to protect the men who are going forth to sacrifice their lives, it may be, upon the altar of Liberty. Grant, O most merciful Father, that out of it all may come a larger civilization which shall lift mankind into a realm of peace and liberty, that Thy kingdom may come and Thy will be done in all the earth, to the glory and honor of Thy holy name, in Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

## BUREAU OF WAR-RISK INSURANCE.

Mr. ADAMSON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5723, the war-risk insurance bill, and, pending that, I would like to submit a request for unanimous consent. I would like to see if we can not agree on closing the debate this afternoon in order to finish this bill. Can we not agree that at 5 o'clock we read the remaining portions of the bill, without further debate, and that the amendments be offered and voted on?

Mr. ESCH. I suggest that we not make that proposition until possibly 3 o'clock or half past 3, and see what progress we make in the meantime. I want to expedite the bill as much as possible.

Mr. ADAMSON. I will not insist on the request now. We made pretty good progress yesterday, and we may get along all right to-day.

The SPEAKER. The question is on the House resolving itself into the Committee of the Whole House on the state of the Union.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5723, with Mr. GARRETT of Tennessee in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5723, which the Clerk will report by title.

The Clerk read as follows:

A bill to amend an act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, and for other purposes.

Mr. BLACK. Mr. Chairman, I make the point there is no quorum present.

The CHAIRMAN. The gentleman from Texas makes the point there is no quorum present.

Mr. STAFFORD. I hope the gentleman will withdraw it. We wish to try to finish this bill to-day.

Mr. BLACK. We have an important amendment here. However, I will withdraw the motion.

The CHAIRMAN. The question is on the committee amendment.

Mr. ALEXANDER. Mr. Chairman, where is that amendment?

The CHAIRMAN. On page 17, line 12.

Mr. ALEXANDER. Mr. Chairman, I sincerely hope that amendment will not be adopted, and if it is I will propose another amendment, that the marriage shall be limited to a period of not more than 10 years after the disability, in harmony with the suggestion made by the gentleman from New Jersey [Mr. PARKER]; but it does seem wrong to me that these boys who will come home and may have an arm off or a leg off may not marry except under penalty, and if they do marry their wives will be cut off from the benefits intended to be conferred by this legislation.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The question was taken, and the Chairman announced that the ayes seemed to have it.

Mr. ALEXANDER. Division, Mr. Chairman.

Mr. STAFFORD. A parliamentary inquiry, Mr. Chairman. I ask unanimous consent to have the amendment that is being voted upon reported.

The CHAIRMAN. Without objection, the amendment will be again reported.

The Clerk read as follows:

Page 17, line 12, after the word "If," insert the words "from a marriage contracted before injury."

The CHAIRMAN. A division is demanded.

The committee divided; and there were—ayes 1, noes 24.

So the amendment was rejected.

Mr. PARKER of New Jersey. Mr. Chairman, I wish to make a motion, unless the gentleman from Missouri [Mr. ALEXANDER] will make it. He suggested that we withdraw "from a marriage contracted within 10 years after the injury." I move the insertion of those words.

The CHAIRMAN. There is another committee amendment.

Mr. PARKER of New Jersey. I beg your pardon.

The CHAIRMAN. The Clerk will report the other committee amendment.

The Clerk read as follows:

Page 18, line 22, after the word "continue," strike out the words "two years after her remarriage or"; and after the word "death," in line 23, insert the words "or remarriage."

The CHAIRMAN. The question is on the committee amendment.

Mr. HUDDLESTON. Mr. Chairman, I wish to be recognized. I do not want to throw any "sob stuff" into this discussion, but I feel like it is my duty to call attention to the discrimination against the lack of regard for justice to, parents of soldiers shown by the eminent sociologists who wrote this bill.

Under this article the helpless, destitute, and dependent father of the soldier who loses his life on the battle field will not receive a solitary penny, but will have to go to the poorhouse. That is the situation under this bill as it now stands. The gentle-souled sociologists, whom I love so much, are usually rather sentimental fellows and are usually given to indulging human emotions, but it seems when they strike the note that bears upon the sacred relations between the parent and child their emotions drop dead and they fall back on the cold, hard basis of the public welfare and rest on it alone.

Of course, everybody expects a father to be soaked. Poor, old "father." Of course, he is entitled to no recognition, he has no rights that anyone is bound to respect. The fact that he has loved his boy and toiled and sweated to raise him and school him as a staff and support in his old age, all that is nothing, of course. But who would have expected these public-minded sociologists to soak poor old "mother" as well? Yet we find that "mother" has been discriminated against throughout this bill in favor of the wife. Not only has she who went down into the valley of the shadow of death to give existence and life to the soldier, not only is that heroic creature to be made second to the wife whom he has chosen, but she is made to be second to the wife whom he has discarded and obtained a divorce from. Under the provisions of this bill there is no obligatory allotment for the support of a destitute and dependent mother. Not only are they going to leave the destitute and dependent mother, perhaps sick and bedridden, without a single cent of obligatory allotment, but they prefer the divorced wife over her and re-

quire the soldier to support her even though he does nothing for his mother.

Further, when we come to this provision of the bill we find that the minimum for a widow is \$30, whereas the minimum for the soldier's mother is \$25. That same principle runs through every benefit that is given by this bill when the respective rights of wives and mothers are considered.

Now, I do not know what is the basis of discrimination. I am not a sociologist myself. I can not tell you. Perhaps somebody can explain how it is that a mother, destitute and dependent, should have less for her support than a wife. Somebody may be able to do that. The only reason I can conceive is that the mother is older and perhaps would not eat as much as the wife, and therefore they would make the amount \$5 per month less for the mother. But that does not take into account the fact that the wife will probably be better able to work and earn her own living than the helpless mother. That is not considered at all. That is a matter of sentiment. I do not know why they did it. Perhaps some sociologist may be able to explain.

They that have done this deed are honorable.

What private griefs they have, alas, I know not.

That made them do it; they are wise and honorable,

And will, no doubt, with reasons answer you.

[Applause.]

The CHAIRMAN. The time of the gentleman from Alabama has expired. The question now is on agreeing to the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

Mr. ALEXANDER. Mr. Chairman, I want to offer another amendment.

The CHAIRMAN. The gentleman from Missouri offers another amendment, which the Clerk will report.

Mr. ALEXANDER. At the end of section 301 I desire to offer the following amendment:

The word "widow" as used in this section shall include only one who shall have married the deceased within 10 years after the time of the injury.

That is in line of the suggestion of the gentleman from New Jersey [Mr. PARKER].

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. ALEXANDER: At the end of section 301, on page 19, insert the following: "The word 'widow' as used in this section shall include only one who shall have married the deceased within 10 years after the time of the injury."

Mr. PARKER of New Jersey. Mr. Chairman, that covers the question of a widow, but it does not cover the question of the children. If the gentleman will put it in as I proposed, he would have said "from a marriage contracted within 10 years after the time of the injury."

Mr. ALEXANDER. I am unable to hear what the gentleman says.

The CHAIRMAN. The committee will be in order. The Chair suggests that progress will be made more rapidly if the committee will be good enough to be in order. If gentlemen desire to converse, they will retire from the room to carry on their conversations, and that will expedite the progress of the bill.

Mr. ADAMSON. Does the gentleman desire to return to another provision?

The CHAIRMAN. No. The gentleman from Missouri [Mr. ALEXANDER] had the floor and has yielded to the gentleman from New Jersey for a question.

Mr. PARKER of New Jersey. I thought that the gentleman from Missouri desired to change the words that were in there before, "if from a marriage contracted before the injury the deceased leaves a widow or child," so that it will read: "If from a marriage contracted within 10 years after the injury the deceased leaves a widow or child."

Now, the difficulty of the gentleman's amendment is that it will apply only to the widow, so that a widow who was married after 10 years will get no pension, but it will not apply to her child, even if she marries 30 years afterwards. I do not know what the gentleman desires about it. I suggest an easy way to do it, and will offer a substitute for the gentleman's amendment.

Mr. ALEXANDER. The gentleman may offer it. We have the same purpose in view.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from New Jersey [Mr. PARKER].

The Clerk read as follows:

Substitute for the Alexander amendment, offered by Mr. PARKER of New Jersey: Page 17, line 12, after the word "If" insert "from a marriage contracted within 10 years after the injury."

The CHAIRMAN. The question is on agreeing to the amendment.



Mr. SWITZER. Mr. Chairman, I want to oppose the amendment.

The CHAIRMAN. The gentleman from New Jersey is entitled to the floor.

Mr. PARKER of New Jersey. I have nothing to say, except that I do not want to have a pension granted of \$2,000 a year in the case of a major general to some young woman who has married him 40 years after the injury was incurred.

Mr. RAYBURN. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in five minutes.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that all debate on this amendment close in five minutes. Is there objection?

There was no objection.

Mr. PARKER of New Jersey. It is suggested that it be made to read, "a marriage contracted before 10 years after the injury."

The CHAIRMAN. Without objection, the substitute offered by the gentleman from New Jersey will be modified as indicated. Is there objection?

There was no objection.

Mr. ALEXANDER. Mr. Chairman, I withdraw my amendment.

The CHAIRMAN. The gentleman from Missouri withdraws his amendment. Of course, that withdraws the substitute.

Mr. PARKER of New Jersey. I offer my amendment as an original amendment.

The CHAIRMAN. The Clerk will report the modified amendment offered by the gentleman from New Jersey.

The Clerk read as follows:

Amendment offered by Mr. PARKER of New Jersey: Page 17, line 12, after the word "If" insert "from a marriage contracted before 10 years after the injury."

The CHAIRMAN. The gentleman from Ohio [Mr. SWITZER] is recognized on the amendment.

Mr. SWITZER. Mr. Chairman, I oppose this amendment as I would have opposed the committee amendment for which it is offered as a substitute. There is a considerable attempt in this bill to mislead the people. It is heralded to the country as being more liberal than the existing law.

And when we point out that the pension of the soldier has been chopped down all the way along the line, from the blind to the man who is drawing perhaps \$2 or \$3 or \$4 a month, the answer is that this bill is more liberal to the widows of the soldiers. With this amendment in the bill, which it seems the members of the committee are willing to accept, I deny that it is as liberal to the widows of the soldiers of this and succeeding wars as the existing law. See what that first amendment would have done. The existing law is that if a man contracts disease in the service or receives an injury in the service and dies therefrom, although he may have married a woman 50 years after the war, she receives the pension as his widow. How many of the boys going into this army will have wives before the contracting of the disease or the occurrence of the injury from which they must die in order that the widow shall have a pension? Most of them will not be married until after they return from their army service, and thus their widows would receive no pension. I say that existing law would take twice as much money out of the Treasury. Although widows would receive only \$12 a month, there would be probably four or five times as many widows who would be pensioned.

Now, gentlemen, it is proposed to put on another limit. A 10-year limit is proposed. Why put on any? The 1,200,000 soldiers have gone into this army with the law so and so. That gives their widows pensions, whether they marry 10, 20, 30, or 40 years after they come back. That is the existing law.

Mr. McKENZIE. With reference to the amendment offered by the gentleman from New Jersey [Mr. PARKER], is it not a fact that if that amendment is adopted a soldier would have to be crippled or injured 10 years before he got married?

Mr. SWITZER. Why, certainly. The gentleman from Alabama pointed out the case of the mother and father. Of course, gentlemen, you can give widows higher pensions if you cut down the number of widows. That is very easy. You can put on a limit of five years before the war, and you can run the pensions up to \$60 a month, and claim that you are giving the widows of soldiers more liberal treatment, but how many will receive any compensation or any pension? It is just the old shell game, now you see it and now you do not see it. That is all there is to this proposition. Why, my friends, before you revolutionize a statute that has been on the books for years and years, before you change so materially this pension law that has been thought out in the past and that has been perfected as the years have gone by for the benefit of the soldiers and their widows and dependents, you had better stop

and think, you had better investigate and make some computation to see which is the more liberal, which is the more humane. Should not the widow of the soldier who comes back with one leg and marries 11 years after the war and dies from disability incurred in service be entitled to a pension as much as the widow who marries a one-legged or one-armed soldier within 10 years after the termination of that war? What reason can you give for that discrimination?

Mr. PARKER of New Jersey. Mr. Chairman, my amendment that I offered is not very plain, and therefore, yielding to the suggestion of gentlemen about me, I have put it in absolutely plain language. I ask unanimous consent to modify it.

The CHAIRMAN. The gentleman from New Jersey asks unanimous consent to modify his amendment by suggesting the language which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. PARKER of New Jersey: Page 17, line 12, after the word "If" insert the words "from a marriage contracted before or within 10 years after the injury."

The CHAIRMAN. Without objection, the amendment will be so modified. The question is on the amendment as modified.

Mr. MADDEN. Mr. Chairman, I did not hear the reading of the amendment.

Mr. JOHNSON of Washington. Let us have it read again.

#### MESSAGE FROM THE SENATE.

The committee informally rose; and Mr. Moon having taken the chair as Speaker pro tempore,

A message from the Senate, by Mr. Waldorf, its enrolling clerk, announced that the Senate had passed with amendments the bill (H. R. 4960) to define, regulate, and punish trading with the enemy, and for other purposes, in which the concurrence of the House of Representatives was requested.

The message also announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House of Representatives was requested:

S. J. Res. 84. Joint resolution to draft certain aliens into the military service of the United States, and for other purposes;

S. 2705. An act to create the aircraft board, and provide for its maintenance;

S. 2816. An act granting the consent of Congress to the Gainesville Red River Bridge Co. to construct a bridge across Red River;

S. 2813. An act to authorize the Gulf Ports Terminal Railway Co., a corporation existing under the laws of the State of Florida, to construct a bridge over and across the headwaters of Mobile Bay and such navigable channels as are between the east side of the bay and Blakely Island, in Baldwin and Mobile Counties, Ala.;

S. 2796. An act to permit American citizens to wear medals and decorations received from certain foreign countries on entering the military or naval service of the United States, and for other purposes; and

S. 2774. An act granting the consent of Congress to the Gilmer-Pittsburgh Coal Co. to construct a bridge across the Little Kanawha River.

#### WAR-RISK INSURANCE.

The committee resumed its session.

The CHAIRMAN. Without objection, the amendment will be again reported.

The amendment was again read.

The CHAIRMAN. The question is on the adoption of the amendment as read.

The question being taken, the Chairman announced that the ayes appeared to have it.

Mr. SWITZER and Mr. REAVIS demanded a division.

The committee divided; and there were—ayes 57, noes 16.

Mr. REAVIS. Mr. Chairman, I make the point of order that there is no quorum present.

The CHAIRMAN. The gentleman will reach what he desires by demanding tellers.

Mr. REAVIS. I demand tellers.

Tellers were refused, not a sufficient number seconding the demand.

Mr. REAVIS. A parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. REAVIS. Is it within the rule for me to make the point of order of no quorum on the vote on this amendment?

The CHAIRMAN. The committee was dividing. If the gentleman makes the point of no quorum, of course he can have a roll call, but the result will be this, that if the point of no quorum was made while the committee was dividing and before the result was announced, upon the presence of a quorum being determined the vote will be taken again.

Mr. REAVIS. A parliamentary inquiry, Mr. Chairman—

Mr. DOWELL. What the gentleman is trying to get is a roll call—

Mr. REAVIS. The gentleman will try to state it himself without assistance.

Mr. ADAMSON. He can not have a roll call on the motion.

Mr. DOWELL. He is not entitled to it.

Mr. ADAMSON. He can not get it.

The CHAIRMAN. The gentleman from Nebraska will proceed with his parliamentary inquiry.

Mr. REAVIS. What I am trying to ascertain is this: I want if possible to get a vote upon this amendment by a quorum of the committee, and I made the point of order under the impression that if a quorum were not present we would be entitled to a vote upon this amendment.

The CHAIRMAN. Does the gentleman mean a roll call vote?

Mr. REAVIS. Yes; that was my purpose.

Mr. ADAMSON. The gentleman can get that in the House.

The CHAIRMAN. Answering the gentleman's parliamentary inquiry, there could not be a roll call upon the amendment in the committee.

Mr. ADAMSON. We can have that in the House.

The CHAIRMAN. The gentleman can get that under the rule. Does the gentleman from Nebraska make the point of no quorum?

Mr. REAVIS. I withdraw it.

The CHAIRMAN. The point of order is withdrawn. On this vote the ayes are 57 and the noes 16, and the amendment is agreed to.

Mr. BLACK. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. BLACK: In lines 17 and 18, page 17, after the word "alone," on line 17, strike out the words "25 per cent, but not less than \$30," and insert in lieu thereof the figures "\$35," so that subdivision (a) as amended will read: "(a) For a widow alone, \$35."

Mr. ESCH. Mr. Chairman, I suggest that the whole amendment be read.

The CHAIRMAN. Technically, what has been read by the Clerk would be the first amendment. Does the gentleman from Texas ask unanimous consent that the series of amendments that he gave notice yesterday afternoon he would offer may be reported and considered as one amendment?

Mr. BLACK. Yes, Mr. Chairman; I do.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

The Clerk continued to read, as follows:

Also, in lines 19 and 20, after the word "child," in line 19, on page 17, strike out the words "35 per cent, but not less than \$40," and insert in lieu thereof the figures "\$45," so that subdivision (b) as amended will read: "(b) For a widow and one child, \$45."

Also, in lines 21, 22, and 23, after the word "children," in line 21, on page 17, strike out the words "40 per cent, but not less than \$50, 5 per cent additional, but not less than," and insert in lieu thereof the figures "\$52.50," so that subdivision (c) as amended will read: "(c) For a widow and two children, \$52.50, with \$5 for each additional child up to two."

Also, in lines 24 and 25, after the word "child," in line 24, on page 17, strike out the words "20 per cent, but not less than \$15," and insert in lieu thereof the figures "\$20," so that subdivision (d) as amended will read: "(d) If there be no widow, then for one child, \$20."

Also, in lines 1 and 2, page 18, after the word "children," in line 1, on page 18, strike out the words "30 per cent, but not less than \$25," and insert in lieu thereof the figures "\$35," so that subdivision (e) as amended will read: "(e) For two children, \$35."

Also, in lines 3 and 4, page 18, after the word "children," in line 3, on page 18, strike out the words "40 per cent, but not less than \$35, 5 per cent additional, but not less than," and insert in lieu of the language stricken out the figures "\$45," so that subdivision (f) as amended will read: "(f) For three children, \$45, with \$10 for each additional child up to two."

Also, in lines 6 and 7, on page 18, after the word "mother," in line 6, strike out the words "20 per cent, but not less than \$25," and insert in lieu thereof the figures "\$30"; and in lines 10 and 11, on page 18, after the word "exceed," in line 10, strike out the words "50 per cent of the pay, or \$60, whichever is the greater," and insert in lieu thereof the figures "\$75," so that subdivision (g) as amended will read: "(g) For a widowed mother, \$30. The amount payable under this subdivision shall not be greater than a sum which when added to the total amount payable to the widow and children does not exceed \$75. This compensation shall be payable for the death of but one child, and no compensation for the death of a child shall be payable if such widowed mother is in receipt of compensation under the provisions of this article for the death of her husband."

Also strike out all of lines 16 and 17 on page 18.

Mr. RAYBURN. Mr. Chairman, I was wondering if we could not fix some time for debate on this section and all amendments thereto.

Mr. BLACK. I shall want 10 minutes on my amendment.

Mr. STAFFORD. I desire to offer a substitute and would like to have 10 minutes.

Mr. BLACK. Mr. Chairman, I will say to the gentleman from Texas that there will be about 30 minutes asked for by those

in favor of the amendment. If we can get that time to be controlled by me in favor of the amendment, it will be sufficient.

Mr. KEATING. This is one of the most important sections of the bill.

Mr. IGOE. I have an amendment to the section that I want five minutes upon.

Mr. ESCH. I will say to the gentleman from Texas that we want 35 minutes on this side.

Mr. RAYBURN. Mr. Chairman, I ask unanimous consent that all debate on this section and amendments thereto close in 70 minutes, the gentleman from Wisconsin to control the time over there and I to control the time on this side.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that all debate on this section and all amendments thereto shall close in 70 minutes, one half of the time to be controlled by the gentleman from Texas [Mr. RAYBURN] and the other half by the gentleman from Wisconsin [Mr. ESCH].

Mr. BLACK. Reserving the right to object, probably that would make the time controlled by two gentlemen both opposed to the amendment.

Mr. HUDDLESTON. Reserving the right to object, I would like to inquire if the gentleman would not fix a time for this amendment alone, because there are other important amendments to this section.

Mr. RAYBURN. I thought I had made allowance for everybody who wanted to offer an amendment.

Mr. HUDDLESTON. Take the matter of the omission of the father from the benefits of this section.

Mr. RAYBURN. I have considered everybody that has suggested they wanted time.

Mr. HUDDLESTON. I think that others have the same idea. I was going to suggest that there was another aspect, and that is that the mother can not get a pension under the bill unless she is dependent.

Mr. RAYBURN. Has the gentleman an amendment?

Mr. HUDDLESTON. Some one will offer it if I do not, and I think 20 minutes, in addition to the time requested, ought to be allowed.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. HUDDLESTON. I object.

Mr. RAYBURN. Then, Mr. Chairman, I move that all debate on this section and amendments thereto be closed in 70 minutes.

The CHAIRMAN. The motion will not be in order until the amendment has been debated. The gentleman from Texas [Mr. BLACK] is recognized for five minutes.

Mr. BLACK. Mr. Chairman, it would be impossible for me to explain this amendment which I have offered in 5 minutes, and so I ask unanimous consent that I may proceed for 10 minutes.

Mr. ADAMSON. I suggest to the gentleman that he use five minutes and then allow the gentleman from Texas Mr. [RAYBURN] to make his motion.

Mr. BLACK. Very well. Now, gentlemen of the House, I do not desire to enter into any preliminary discussion on the amendment but to get right down to the question of what the amendment is designed to do. I explained on the floor of the House last Tuesday that section 301 of article 3 seeks to introduce a new policy on the part of the United States Government in regard to the payment of death benefits to the wives and children and other dependent relatives of the soldier or sailor who is killed while in the line of duty or dies from a disease contracted while in the service.

The purpose of my amendment is to remove distinctions and discriminations from the benefits conferred by the bill and will be illustrated by taking up subdivision (c), on page 17, of the pending bill. That subdivision as it now reads is as follows:

(c) For a widow and two children, 40 per cent but not less than \$50, with 5 per cent additional, but not less than \$5, for each additional child up to two.

If my amendment is adopted, then subdivision (c) would read as follows:

(c) For a widow and two children, \$52.50, with \$5 for each additional child up to two.

In the remarks I made last Tuesday I took up subdivision (a) and illustrated these discriminatory features by comparing the different benefits which would accrue under that subdivision, and now, in order that I may not repeat the comparisons which I made last Tuesday, I will take up subdivision (c) as it now appears in the bill. This comparison I am sure will be sufficient to convince any Member of the House that this bill should not pass in its present form.



Let us take the case of a private, a captain, a colonel, and a brigadier general, and suppose that each is killed in line of duty or dies from disease contracted in the service. Each one leaves a widow and two children. What will these beneficiaries receive under subdivision (c) as now written in the bill? Here is the answer: The widow and two children of the private will receive the sum of \$50 per month. The captain's widow and his two children will receive the sum of \$80 per month. The widow and two children of the colonel will receive \$133.33 a month, and the widow and two children of the brigadier general will receive the sum of \$200 a month. Now, then, when we go home and are asked the question as to why we make that distinction, what answer are we going to make? In fact, is there any answer that we could make which would be worthy of acceptance?

Mr. SWITZER. Will the gentleman yield for just one question?

Mr. BLACK. I can not yield now, because I have only five minutes. I will yield later.

Now, proceeding further along the same line which I was pursuing when interrupted, can we say to them that any deduction of pay is made from the salary or pay of the private soldier or captain, of the colonel or the brigadier general, to serve as a basis for these differences and discriminations? Not at all, because there is no deduction of pay for these benefits, and they are conferred by the United States Government without charge. What are the values of these benefits measured in insurance values? The answer is this: The private who has a wife and two children would have a policy from the United States Government equal to the sum of \$10,000, payable on the monthly installment plan.

The CHAIRMAN. The time of the gentleman has expired.

Mr. STAFFORD. Mr. Chairman, I would like to offer a substitute—

Mr. RAYBURN. Mr. Chairman, I wondered if we could not arrange for closing debate on this. I ask unanimous consent that debate on this section and all amendments thereto close in 70 minutes, half of that time to be controlled by the gentleman from Wisconsin [Mr. Esch] and the other half by myself.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that all debate on this section and all amendments thereto shall be closed in 70 minutes, one half of the time to be controlled by himself and the other half by the gentleman from Wisconsin [Mr. Esch]. Is there objection?

Mr. BLANTON. Mr. Chairman, reserving the right to object, I hope the gentleman will withhold that for a minute. This is a very important section.

Mr. RAYBURN. I realize that, and that is the reason I am giving so much time.

Mr. BLANTON. And I hope he will permit me to ask unanimous consent that the gentleman from Texas [Mr. BLACK] may proceed for 10 minutes.

Mr. RAYBURN. I am going to give him the time, if I can get this consent.

Mr. BLANTON. I think he ought to have 10 minutes on this amendment.

The CHAIRMAN. Is there objection?

Mr. HUDDLESTON. Mr. Chairman, reserving the right to object, I would like to ask the gentleman from Texas if he will not make some provision for other amendments to this section?

Mr. RAYBURN. They can be offered.

Mr. HUDDLESTON. But not debated within this time you have allotted. It has already been taken up by requests of gentlemen on this amendment.

Mr. STAFFORD. Will not the gentleman modify his request and confine it to this amendment and amendments already offered? There are some important amendments to be offered.

The CHAIRMAN. Is there objection?

Mr. HUDDLESTON. Mr. Chairman, I object.

Mr. RAYBURN. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 70 minutes.

The CHAIRMAN. The gentleman from Texas moves that all debate on this section and all amendments thereto close in 70 minutes.

Mr. SWITZER. Mr. Chairman, reserving the right to object—

The CHAIRMAN. The matter is not debatable.

The question was taken, and the motion was agreed to.

Mr. ADAMSON. Is it understood the time is to be equally divided between the two gentlemen?

Mr. STAFFORD. Mr. Chairman, I wish to offer a substitute—

Mr. HUDDLESTON. No; there was no such understanding.

The CHAIRMAN. The motion did not include that.

Mr. ADAMSON. I think the gentleman omitted that, and I would like for the Chair to put the other part of the motion, that the time be controlled by the gentleman from Texas and the gentleman from Wisconsin equally.

Mr. RAYBURN. I will control the time under that. I ask unanimous consent that half the time be controlled by myself—

Mr. HUDDLESTON. I object.

Mr. RAYBURN. And the other half to be controlled by the gentleman—

Mr. HUDDLESTON. Mr. Chairman, I make the point of order—

The CHAIRMAN. That motion is not in order.

Mr. RAYBURN. I thought I put it in the motion and that it was understood by everybody.

The CHAIRMAN. That would have destroyed the privileged character of the motion if it had been entertained. The gentleman from Texas.

Mr. BLACK. Mr. Chairman, as I was proceeding to say when my time expired, the benefits that would be given to the dependents of the private soldier really amount in effect to insurance of the value of \$10,000. That which would be given in the case of a captain would be \$16,000 or \$17,000; that which would be given in the case of a colonel would be equal to a policy of \$25,000, and that which would be given in the case of a brigadier general would be equal in effect to a policy of insurance of \$35,000. Fully that much, and possibly more. I am not an insurance actuary and therefore not an expert, but my figures are substantially correct. Now, I say, how are we going to justify a law of that kind? I have no disposition to discuss at this time the differences of pay between officers in our Army and Navy and our private soldiers and sailors. That subject is not up for discussion. Our officers are generously paid as compared to those of other nations, and our private soldiers and sailors are paid liberally as compared with the private soldiers and sailors of any other nation in the world. So far as I know, the Dominion of Canada and Australia are the only other countries whose schedule of pay to officers and enlisted men is comparable to our own.

I have no quarrel to make as to the pay which our officers and enlisted men are receiving. No, not a bit of it, but are we going to pursue this distinction of pay beyond the borders of the grave? That, gentlemen, is the question that now squarely confronts you. I thought that surely if there was any country in the world where the burning words of John J. Ingalls were applicable, it was in this great Republic of ours:

In the democracy of the grave all men at last are equal. There is neither rank nor station nor prerogative in the republic of the grave. At that fatal threshold the philosopher ceases to be wise and the song of the poet is silent. There Dives relinquishes his riches and Lazarus his rags. The poor man is as rich as the richest and the rich man is as poor as the poorest. There the politician forsakes his honors, the proud man his dignity, the invalid needs no physician, and the weary are at rest.

And yet in this land of the free and the home of the brave it remains for this committee to bring before us a bill that would preserve the distinction of rank and station beyond the borders of the grave. And this is being offered as a war measure in a war that the President of the United States says is being waged to make the world safe for democracy. The idea of such a proposition in the bill is incomprehensible to me.

Let us see how absurd this article 3 really is. Set your imagination to work and imagine standing here before us the widow and two children of a private soldier. Standing also here by their side are the widow and two children of a captain. Standing over here still farther are the widow and two children of a colonel. And at the end of the line are the widow and two children of a brigadier general. The husbands of these widows and the fathers of these children have fallen upon the far-flung battle fields of Europe. And after their death here comes along old Uncle Sam with his kindly old face, arrayed in the Stars and Stripes, which stand for liberty, equality, and justice, and he stops before the widow and two children of the private and says: "Under this law, Madam, I am permitted to give you a check for yourself and these two children in the sum of \$50. It may be, and probably is, true that you are just as refined and educated and just as worthy in every way as the wife and two children of the brigadier general who stands at the far end of the line, but I must give you only the check for \$50." And then he passes on that way, stopping before the wives and children of the captain and the colonel, giving to them their different checks, until he gets over here to the wife and children of the brigadier general, and he bows and says: "My dear Madam, it is true that you are refined and educated and worthy in every way, but I am bound to admit that you are not any more refined and educated and worthy than the widow and the two children of that private soldier that stands at the head of the line, but yet, under a law passed by the Congress of the United States, the



chosen representatives of the people, I turn over to you a check for \$200 per month." The proposition is absurd on its face and surely will not find acceptance here. [Applause.]

Mr. BLANTON. Will the gentleman yield for a question?

The CHAIRMAN. The time of the gentleman from Texas [Mr. BLACK] has expired.

Mr. BLANTON. I ask unanimous consent that he be permitted to answer this question.

Mr. STAFFORD. Mr. Chairman, I had intended offering a substitute to modify in some slight particular the amendment offered by the gentleman from Texas, but I intend not to press it and to center my efforts in advocacy of the very commendable amendment offered by the gentleman from Texas [Mr. BLACK]. [Applause.]

Never before in the history of the country have we made such distinction as is proposed in this committee report between the pension to be paid to the officer's widow and the pension to be paid to the widow of the enlisted man. The highest under existing law that the widow of any officer can receive is \$30, and that is in the grade above a colonel. Many and many a time have you of older service here seen forceful fights on the floor against granting even to the widow of a brigadier general the allowance of \$50 a month. And it ill becomes us now to recognize any such gradations as called for in this bill. Up to the present moment this bill has dealt exclusively with enlisted men. They are put entirely on one plane. The provisions for allotments and allowances just passed are limited to enlisted men. Those provisions have met with unanimous support. The objection raised here is to the unequal favor bestowed on officers and their widows in this pension provision and in the insurance section. The country will not approve granting to officers with their large pay the privilege of taking large insurance at the cost of hundreds of millions of dollars to the Government, and if the war lasts long of more than a billion, and this privilege being virtually denied the enlisted man because of his limited pay. The same vice of preference to the officer and his widow permeates the section under consideration. Who can go before the country and say, as has been eloquently said by the mover of this amendment, that there is any recognition or distinction between the widow of an enlisted man and the widow of an officer when the grave has closed the ranks of the enlisted man and the officer? They are the same in feeling, the same as to needs, the same in the generality of estimation. And particularly now, when we are drafting men to serve in the draft army, there should be no distinction as to rank or grade. Men of the same caliber, of the same ability, are found in the private ranks as are found in the grade of officers.

True, there may be some who happen to have a college education that has given them preferment so far as being designated for officers' training camps is concerned. But as far as the mettle of the men is concerned they are more on a par to-day under the existing system of draft than they have ever been before.

We should not at this time, when everyone is akin and all in unity in trying to bring this war to a successful end, recognize a distinction that will cause ill feeling, that will make the enlisted men feel that their widows are not receiving the same consideration as the widows of officers. And so I ask with all the emphasis in me that you do not for the first time, I may say, in the history of the Government recognize this distinction of segregation whereby you elevate the widow of an officer above the widow of an enlisted man. [Applause.]

Mr. SWITZER. Mr. Chairman—

The CHAIRMAN. Does the gentleman oppose the amendment?

Mr. SWITZER. I thought we could offer amendments now.

The CHAIRMAN. The gentleman can not offer an amendment, but if there is some one opposed to the amendment—

Mr. SWITZER. I favor it.

Mr. ALEXANDER. Mr. Chairman—

The CHAIRMAN. Is the gentleman from Missouri opposed to the amendment?

Mr. ALEXANDER. I am.

The CHAIRMAN. The gentleman is recognized.

Mr. ALEXANDER. Mr. Chairman, the argument of the gentleman from Texas [Mr. BLACK] is very persuasive and has great merit, and it depends on your viewpoint as to how you may regard the merits of the provisions written in the bill and which he seeks to amend. This bill is framed on the theory of compensation for services and is based on the pay received by the commissioned officers and enlisted men.

Now, I do not know how many share the sentiment expressed by the gentleman from Alabama [Mr. HUDDLESTON] that the major general in the Army ought to receive the same pay as the private. Men are taken from civil life into the service of the

Government in the Army. This bill is framed with a view of compensating them for service. That compensation to them and their families is based upon the pay they receive in the service.

Mr. BLANTON. Mr. Chairman, right there—

Mr. ALEXANDER. I must decline to yield to the gentleman at this time. Now, all our compensation laws are based upon a man's pay in the service and the compensation to his family is based upon the wage he received in his employment at the time of his injury. It may be that the officers' widows in the event of the death of the officers will get too much if they get \$200. We could cut that to \$100 or any other sum the committee reported as just. I would not make any such wide distinction between them. But time and again has the Congress of the United States passed special pension laws giving to widows of officers in the Army and Navy pensions far in excess of the pensions granted to the widows of privates. But this is not a pension bill. This bill is not framed on the theory of a bonus granted by the General Government to one who renders service to the Government, but, I say, it is on the theory of compensation. It may be equitable or it may not be equitable, but the pay or the compensation is framed in proportion to the service. I am undertaking to explain the theory on which the provision in the bill is framed.

Now, I doubt if the cost of the provision made in this bill will be very much different from the cost in the amendment offered by the gentleman from Texas [Mr. BLACK], except as to officers, and I say that if you think that \$200 per month to the widow of an officer is too much that can be reduced. But I do insist that when you come to analyzing the provisions in the bill you will find that it is not a bonus; it is not a pension in the ordinary sense of that term; it is called compensation. It is immaterial whether you call it a pension or compensation. A man is earning more money.

Now, if we are going to give it simply as a bonus, simply as a recognition of service, then, of course, this legislation might be framed along the line of the old pension laws. But, as I have said, it is framed on a different theory, and there is very little difference in the compensation to the one class and the other among the privates under the provisions of this bill.

In the Regular Army there are men who have served for many years. They receive longevity pay, and they may possibly receive more than a private who has just gone into the service or one who may not serve any longer period than during the war. There will be a difference between them, but it will be based upon their pay. The men in the Regular Army have withdrawn from all civil pursuits. They have given over all opportunity to earn money, to make provision for their families beyond the pay given them by the Government. Now, under this bill if they are killed or permanently disabled provision is made by the Government for their families upon the basis of pay they receive in the service.

It remains for the committee to take the view presented by the amendment proposed by the gentleman from Texas, if they regard that the more equitable view.

The CHAIRMAN. The time of the gentleman from Missouri has expired. The Chair desires to inquire if there are any other gentlemen who desire to be heard in opposition to the amendment offered by the gentleman from Texas [Mr. BLACK]. If so, the Chair is ready to give recognition.

Mr. HUDDLESTON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HUDDLESTON. Is the debate exhausted on the amendment?

The CHAIRMAN. It is fixed at 70 minutes on the section. Under the rule the debate would be exhausted on the amendment. Does the gentleman make that point of order?

Mr. HUDDLESTON. I do.

Mr. KEARNS. Mr. Chairman, may we have the amendment read again?

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

The Clerk read as follows:

Mr. BLACK offers the following amendment to section 301 of article 3: In lines 17 and 18, page 17, after the word "alone," on line 17, strike out the words "25 per cent, but not less than \$30," and insert in lieu thereof the figures "\$35," so that subdivision (a) as amended will read: "(a) For a widow alone, \$35."

Also, in lines 19 and 20, after the word "child," in line 19, on page 17, strike out the words "35 per cent, but not less than \$40," and insert in lieu thereof the figures "\$45," so that subdivision (b) as amended will read: "(b) For a widow and one child, \$45."

Also, in lines 21, 22, and 23, after the word "children," in line 21, on page 17, strike out the words "40 per cent, but not less than \$50, 5 per cent additional, but not less than," and in lieu thereof insert "\$52.50," so that subdivision (c) as amended will read: "(c) For a widow and two children, \$52.50, with \$5 for each additional child up to two."

Also, in lines 24 and 25, after the word "child," in line 24, on page 17, strike out the words "20 per cent, but not less than \$15," and



insert in lieu thereof the figures "\$20," so that subdivision (d) as amended will read: "(d) If there be no widow, then for one child, \$20."

Also, in lines 1 and 2, page 18, after the word "children," in line 1, on page 18, strike out the words "30 per cent, but not less than \$25," and insert in lieu thereof the figures "\$35," so that subdivision (e) as amended will read: "(e) For two children, \$35."

Also, in lines 3 and 4, page 18, after the word "children," in line 3, on page 18, strike out the words "40 per cent, but not less than \$35, 5 per cent additional, but not less than," and insert in lieu of the language stricken out the figures "\$45," so that subdivision (f) as amended will read: "(f) For three children, \$45, with \$10 for each additional child up to two."

Also, in lines 6 and 7, on page 18, after the word "mother," in line 6, strike out the words "20 per cent, but not less than \$25," and insert in lieu thereof the figures "\$30"; and in lines 10 and 11, on page 18, after the word "exceed," in line 10, strike out the words "50 per cent of the pay, or \$60, whichever is the greater," and insert in lieu thereof the figures "\$75," so that subdivision (g) as amended will read: "(g) For a widowed mother, \$30. The amount payable under this subdivision shall not be greater than a sum which when added to the total amount payable to the widow and children does not exceed \$75. This compensation shall be payable for the death of but one child, and no compensation for the death of a child shall be payable if such widowed mother is in receipt of compensation under the provisions of this article for the death of her husband."

Also, strike out all of lines 16 and 17 on page 18.

Mr. McKENZIE. Mr. Chairman, I desire to offer an amendment to the amendment offered by the gentleman from Texas [Mr. BLACK].

The CHAIRMAN. The gentleman from Illinois offers an amendment to the amendment, which the Clerk will report.

Mr. McKENZIE. On page 17, in subdivision (a), I move to amend the amendment offered by the gentleman from Texas [Mr. BLACK] by making the words in figures "\$30" instead of "\$35."

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Illinois.

The Clerk read as follows:

Amendment offered by Mr. McKENZIE as a substitute for the Black amendment: On page 17, line 18, strike out "\$35" and insert "\$30."

Mr. McKENZIE. Mr. Chairman, it certainly would be a very nice thing if it were possible in this country to have an army of soldiers without dependents. But that is impossible. We all know that prior to April 5 of this year, when we passed the resolution declaring that a state of war existed between our country and the German Empire, we had several hundred thousand men in the Military Establishment of this country, and that after we passed that resolution and the men of this country heard the clarion call to war several hundred thousand more of them volunteered, not stopping to think, perhaps, about the duties they owed to their families and dependents, but simply answering to the call of country. That gave us several hundred thousand more men in this country in the military service, many of whom had dependents.

But we, realizing the great struggle we were in, felt that we must provide for a still greater army, and therefore we passed what is known as the conscription law, a law based upon the idea that all men in this country are subject to military service in time of war. In passing that legislation we not only recognized the fact that this is a democracy, but we further recognized that in war we should endeavor to take out of it all of the sorrow and the suffering that is possible on the part of the dependents of the soldier, and accordingly we provided that men with dependents should, so far as possible, be excused. However in the administration of that law many men have been taken into the service who have dependents.

More than that, in the Regular Army of our country we have provided by law that the officers shall have higher salaries than the privates, and justly so, because of the greater responsibility and the greater amount of work that they perform. But we followed along the line of democracy when we summoned the great army, when we said, "We have got to educate thousands of officers," and we provided that a poor man's son could go into the training camp and receive \$100 a month while he was being trained as an officer in this great army. We recognized democracy in all of these things, and especially in the conscription law, which provides that the rich and the poor shall serve on an equality.

Now, what does this bill propose to do? This bill as it is written strikes a blow at the very foundation of democracy in this country, and it is the first attempt that I know of to create in this country classes, caste, preferred persons, preferred dependents. It is true that these officers should get more pay when in the service, but when this war is over the thousands of them that we are now making officers of and giving commissions to will go back home and become private citizens again, after having performed a patriotic and loyal duty to their country. [Applause.] But, after all, the women and children interested in this great bill are all citizens of our country.

Under the Constitution of this great free land the wife and the children of an officer have no more rights than the wife and the children of the private. [Applause.]

More than that, I want to say to you, gentlemen of the House, that this provision in this proposed law is in contravention of the very principles for which these boys are going forth to fight. [Applause.] I want to tell you something: If you want to destroy the morale of this great American Army that we are building, if you want to bring dissatisfaction into millions of homes in this country, stand by the committee report. But if you want to be true Americans, if you want to stand for that equality upon which our country was founded, and whose example has been a beacon light to all the other nations of the world, and is even at this time shaking the foundations of the German Empire, vote for the amendment offered by the gentleman from Texas and all similar amendments. [Applause.] Let us serve notice on all the world that this is a democracy, where we treat our citizens alike. [Applause.]

Mr. MADDEN. Mr. Chairman, I desire to offer an amendment as a substitute, to amend section (b) to read \$40 instead of \$45.

The CHAIRMAN. That is not in order at this time. There are two amendments pending, and that is all that can be pending at one time unless the amendment offered be by way of a substitute for the whole. The gentleman will be recognized later to offer that. The question is on the amendment to the amendment offered by the gentleman from Illinois [Mr. McKENZIE].

The question was taken, and the amendment was rejected.

Mr. MADDEN. Now, I offer my amendment.

The CHAIRMAN. It is not yet in order. The question now is on the amendment offered by the gentleman from Texas [Mr. BLACK].

Mr. RAYBURN. Mr. Chairman, a parliamentary inquiry. Is this vote on the series of amendments offered by the gentleman from Texas?

The CHAIRMAN. Under the unanimous-consent agreement it was provided that this amendment should be offered, considered, and voted upon as one amendment. The question is upon the series of amendments offered by the gentleman from Texas [Mr. BLACK].

The question was taken; and on a division (demanded by Mr. STAFFORD) there were—ayes 139, noes 3.

Accordingly the amendment was agreed to.

Mr. SWITZER. Mr. Chairman, I desire to offer an amendment.

The CHAIRMAN. The gentleman from Ohio offers an amendment which the clerk will report.

The Clerk read as follows:

Amendment offered by Mr. SWITZER to section 302 of article 3—

The CHAIRMAN. Section 302 has not yet been reached.

Mr. SWITZER. I withdraw the amendment. I thought it had been reached.

Mr. IGOE. Mr. Chairman, I move to strike out the last word. I wish to ask the gentleman in charge of the bill a question. Under section 301 it is provided that if the soldier leaves a widowed mother substantially dependent upon him for support, then this compensation shall be paid. What I want to ask the gentleman is, Is it the intention of the committee that at the time the soldier dies he must have a widowed mother? Suppose, for instance, he has a father and mother living at the time he dies. Subsequently the father dies. Is there any opportunity for that widowed mother to apply for compensation under this law?

Mr. RAYBURN. I have an amendment here that has been suggested, and I rather think it ought to be adopted. This language has been suggested to come in line 15, page 18, and I think it will cure the objection of the gentleman from Missouri:

Add after the word "husband," in line 15, page 18, the words "such compensation shall be paid whether her widowhood arises before or after the death of the person, and whenever her condition is such that if the person were living the widowed mother would have been substantially dependent upon him."

Mr. IGOE. I hope the gentleman will offer that amendment, because it meets the condition I have been speaking of. For instance, in section 311 of this bill the application must be filed within a year, and it occurred to me that under the language of section 301, unless that condition of widowhood existed at the time the soldier died, the mother afterwards, in case she became a widow by the death of her husband after the soldier died, was going to be cut off. May I ask the gentleman if he proposes to offer that amendment?

Mr. RAYBURN. I offer the amendment, Mr. Chairman, if I may do it in the gentleman's time.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn. Does the gentleman from Missouri yield the floor?

Mr. IGOE. For the purpose of allowing the gentleman from Texas to offer that amendment.

The CHAIRMAN. If the gentleman yields the floor, he yields it for all purposes.

Mr. IGOE. Then I yield the floor.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. RAYBURN: Page 18, line 15, after the word "husband," add the following:

"Such compensation shall be payable whether her widowhood arises before or after the death of the person, and whenever her condition is such that if the person were living the widowed mother would have been substantially dependent upon him for support."

Mr. RUCKER. A parliamentary inquiry. This whole paragraph to which this is offered as an amendment having been amended by the adoption of the amendment offered by the gentleman from Texas, the word "husband" will doubtless not come in line 15 any more. As I understand the gentleman, this is intended to be offered after the last word of the amendment of the gentleman from Texas.

Mr. RAYBURN. I ask unanimous consent that the amendment be changed to read so that it will come in after the last word in the paragraph. I rather think the wording of the amendment is all right, though.

The CHAIRMAN. The Chair will state to both gentlemen in answer to the parliamentary inquiry, that this is a clerical proposition. The amendment is offered in the correct form, and when it comes to the enrollment of the bill, under the rules and practice it will be properly enrolled.

Mr. RUCKER. I merely wanted to clear up any question about it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. RAYBURN].

The amendment was agreed to.

The Clerk read as follows:

SEC. 302. That if disability results from the injury—

(1) If and while the disability is total so as to make it impracticable for the injured person to pursue any gainful occupation, the monthly compensation shall be the following percentages of his pay:

(a) If he has neither wife nor child living, 40 per cent, but not less than \$40.

(b) If he has a wife but no child living, 50 per cent, but not less than \$55.

(c) If he has a wife and one child living, 55 per cent, but not less than \$65.

(d) If he has a wife and two or more children living, 60 per cent, but not less than \$75.

(e) If he has no wife but one child living, 50 per cent, but not less than \$50, with 5 per cent additional, but not less than \$10, for each additional child up to two.

(f) If he has a widowed mother substantially dependent on him for support, then, in addition to the above, 10 per cent, but not less than \$10.

To an injured person who is totally disabled and in addition so helpless as to be in constant need of a nurse or attendant, such additional sum shall be paid, but not exceeding \$20 per month, as the director may deem reasonable.

The maximum monthly compensation for total disability shall be \$200.

(2) If and while the disability is partial, the monthly compensation shall be a percentage of the compensation that would be payable for his total disability, equal to the degree of the reduction in earning capacity resulting from the disability, but no compensation shall be payable for a reduction in earning capacity rated at less than 10 per cent.

A schedule of ratings of reductions in earning capacity from specific injuries or combinations of injuries of a permanent nature shall be adopted and applied by the bureau. Ratings may be as high as 100 per cent. The ratings shall be based, as far as practicable, upon the average impairments of earning capacity resulting from such injuries in civil occupations and not upon the impairment in earning capacity in each individual case, so that there shall be no reduction in the rate of compensation for individual success in overcoming the handicap of a permanent injury. The bureau shall from time to time readjust this schedule of ratings in accordance with actual experience.

(3) In addition to the compensation above provided, the injured person shall be furnished by the United States such reasonable medical, surgical, and hospital services and supplies, including artificial limbs, trusses, and similar appliances, as the director may determine to be useful and reasonably necessary.

(4) The amount of each monthly payment shall be determined according to the family conditions then existing.

Mr. BLACK. Mr. Chairman, I have an amendment, which I send to the Clerk's desk.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. BLACK offers the following amendment to section 302 of article 3: Strike out the words "percentages of his pay," in line 20, on page 19, and insert in lieu thereof the word "amounts."

Also, in lines 21 and 22, on page 19, after the word "living," in line 21, strike out the words "40 per cent but not less than \$40" and insert in lieu thereof the figures "\$40," so that subdivision (a) as amended will read as follows: "(a) If he has neither wife nor child living, \$50."

Also, in lines 23 and 24, on page 19, after the word "living," in line 23, strike out the words "50 per cent but not less than \$55" and insert in lieu thereof the figures "\$50" so that subdivision (b) as amended will read as follows: "(b) If he has a wife but no child living, \$65."

Also, in lines 25 and 26, on page 19, after the word "living," in line 25, strike out the words "55 per cent but not less than \$65" and insert in lieu thereof the figures "\$75," so that subdivision (c) as amended will read as follows: "(c) If he has a wife and one child living, \$75."

Also on page 20, strike out all of line 2 and insert in lieu thereof the figures "\$85," so that subdivision (d) as amended will read as follows: "(d) If he has a wife and two or more children living, \$85."

Also, in lines 3, 4, and 5, on page 20, after the word "living," in line 3, strike out the following words: "50 per cent but not less than \$50, 5 per cent additional, but not less than," and insert in lieu of the words stricken out the figures "\$60," so that subdivision (e) as amended will read as follows: "(e) If he has no wife but one child living, \$60, with \$10 for each additional child up to two."

Also, in lines 7 and 8, on page 20, after the word "above," in line 7, strike out the words "10 per cent but not less than \$10" and insert in lieu thereof the figures "\$15," so that subdivision (f) as amended will read as follows: "(f) If he has a widowed mother substantially dependent on him for support, then in addition to the above, \$15."

Also strike out lines 13 and 14, on page 20.

Mr. BLACK. Mr. Chairman, I ask unanimous consent to modify that amendment so that in subdivision (a) the figures "50" will be stricken out and the figures "40" substituted, and in section (b) the figures "65" be stricken out and the figures "55" be substituted, and in subdivision (c) that the figures "75" be stricken out and the figures "65" inserted, and in subdivision (d) that the figures "85" be stricken out and the figures "75" inserted, and in the other places in the amendment to strike out the figures and restore the minimum amount in the section as now in the bill.

Mr. CANNON. The gentleman has the right to modify his amendment.

Mr. BLACK. Mr. Chairman, I would like to modify my amendment.

The CHAIRMAN. The gentleman has the right to modify it.

Mr. BLACK. Then, Mr. Chairman, I do modify it to the extent of the changes which I have just made. I am not going to make any speech on this amendment, because it carries out the same theory as the amendment already adopted to section 301 of article 3, and I have already spoken on that amendment, and will not repeat the arguments which I used in its behalf.

Mr. STAFFORD. Mr. Chairman, I ask that the amendment as modified be reported.

The CHAIRMAN. The Clerk will report the modification.

The Clerk read as follows:

Section (a), strike out "\$50" and insert "\$40."

Section (b), strike out "\$65" and insert "\$55."

Section (c), strike out "\$75" and insert "\$65."

Section (d), strike out "\$85" and insert "\$75."

Section (e), strike out "\$60" and insert "\$50."

Section (f), strike out "\$15" and insert "\$10."

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that paragraphs (e) and (f) may be read in full as modified.

The CHAIRMAN. The Clerk will report paragraphs (e) and (f).

The Clerk read as follows:

Also, in lines 3, 4, and 5, on page 20, after the word "living," in line 3, strike out the following words: "50 per cent, but not less than \$50, 5 per cent additional but not less than," and insert in lieu of the words stricken out the figures "\$50," so that subdivision (e) as amended will read as follows:

"(e) If he has no wife but one child living, \$50, with \$10 for each additional child up to two."

Also, in lines 7 and 8, on page 20, after the word "above," in line 7, strike out the words "10 per cent but not less than \$10" and insert in lieu thereof the figures "\$10," so that subdivision (f) as amended will read as follows:

"(f) If he has a widowed mother substantially dependent on him for support, then in addition to the above \$10."

Mr. ALEXANDER. Mr. Chairman, I would like to ask the gentleman what modification of subdivision 1 under section 302 is made?

Mr. BLACK. I strike out the words "percentages of his pay," in line 20, and substitute the word "allowances."

Mr. HUSTED. Will the gentleman yield?

Mr. BLACK. Certainly.

Mr. HUSTED. I will suggest to the gentleman that his amendment be further modified by striking out the words "the above," in line 7, and inserting in lieu thereof the words "what he would otherwise receive." It is not clear to me what "the above" refers to.

Mr. BLACK. I do not think there is any ambiguity about that; I think it ought to remain as it is.

Mr. REED. Will the gentleman yield?

Mr. BLACK. I will.

Mr. REED. Would the gentleman consider it advisable to change the phraseology of line 17, which reads "if and while the disability is total," and so forth?

Mr. BLACK. I do not think that needs any modification. I will say without any further argument that the amendment I



have offered cuts out percentages paid to the men, so that there will be no distinctions and discriminations in the benefits paid to the officers and privates for the same class of injuries.

Mr. CAMPBELL of Kansas. Will the gentleman yield?

Mr. BLACK. Yes.

Mr. CAMPBELL of Kansas. I understand, then, that for total blindness the pensioner would receive \$40 a month if he has no children, and so on.

Mr. BLACK. Yes; with \$20 for nurse hire, if that is necessary.

Mr. CAMPBELL of Kansas. And for the loss of both legs or the loss of both arms, and so on.

Mr. BLACK. Yes; and \$20 for a nurse if he needs it.

Mr. CAMPBELL of Kansas. I want to say that I am in hearty sympathy with the striking out of these percentages and making the allowance equal. I do think the rates now allowed for disability incurred in the service of \$100 a month for total blindness or the loss of both arms or the loss of both legs should be substituted for the figures in the bill, in view of the changes that have been made. I submit that if that is not done, if the bill by any sort of chance should never become a law, the gentleman will undoubtedly introduce a bill to give that soldier who applies to him \$100 for total blindness when by his side another soldier is drawing the same amount for the same kind of disability.

I want to ask the gentleman a further question. What age the child must be before it ceases to be a dependent child?

Mr. BLACK. Eighteen years. That is fixed in the bill.

Mr. CAMPBELL of Kansas. Yes; but is it so fixed in the bill as to make it understood to apply to this section?

Mr. BLACK. I think there is no sort of question about that. The bill is well drawn in that respect.

Mr. HUSTED. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment to the amendment by Mr. HUSTED: Page 20, line 7, strike out the words "the above" and insert in lieu thereof the words "what he would otherwise receive."

Mr. HUSTED. Mr. Chairman, I do not think the words "the above" are scientific or customarily used in statutes in the sense in which they are used here. Of course it means that he is to receive the amount provided in subdivision (f) in addition to what he would otherwise receive under any one of the foregoing subdivisions, but the words "the above" do not refer to any particular subdivision and are confusing, I think.

Mr. SWITZER. Mr. Chairman, can I offer a substitute at this time?

The CHAIRMAN. The gentleman can offer a substitute to the amendment or an amendment to the amendment or a substitute for the amendment.

Mr. SWITZER. I offer the following substitute.

The Clerk read as follows:

*Provided, however,* That for the loss of both feet or both hands or both eyes, or for becoming totally blind from causes occurring in the service of the United States, the rate of compensation shall be \$100 per month.

Mr. BLACK. Mr. Chairman, I make the point of order that that is not a substitute.

The CHAIRMAN. The Chair sustains the point of order, and the question is on the amendment to the amendment offered by the gentleman from New York [Mr. HUSTED].

The question was taken, and the amendment of Mr. HUSTED to the amendment was rejected.

The CHAIRMAN. The question now is on the amendment offered by the gentleman from Texas.

Mr. RAYBURN was recognized.

Mr. HUDDLESTON. Mr. Chairman, was the amendment voted upon?

The CHAIRMAN. The Chair was about to put the question when the gentleman from Texas rose and was recognized. The amendment has not been voted upon.

Mr. RAYBURN. Mr. Chairman, I did not resist the amendment offered by my colleague from Texas a while ago, but I fear that that vote will rise to plague Congress hereafter. Of course, that was for death of the soldier or compensation to the widow and children. I think that perhaps it is useless to oppose the amendment now offered by the gentleman from Texas to this section of the bill. However, if it is adopted, I think it will be very unfortunate. If the amendment applied only to the drafted army and officers in that army who are taken in at this time, it would be a different thing altogether. This part of the bill is based upon the idea of compensation. When you adopt this amendment you are absolutely destroying that principle in the bill. Now, in this instance, a man is totally disabled. Probably he has been getting a salary of a captain or a colonel or brigadier general for many years past. His family

has been getting the benefits of the use of that. In this you destroy all of that when you put him upon the flat basis of the private soldier in the ranks.

Mr. KEATING. Will the gentleman yield for a moment?

Mr. RAYBURN. Yes.

Mr. KEATING. Would not a general under these circumstances receive his retired pay? That is if he accepts the pension, but of course he would not accept the pension in place of retirement pay.

Mr. RAYBURN. I know this amendment is going to be adopted and I just want to say I believe it is unjust. I believe it throws the bill out of joint and I think the members of this committee who, with so much enthusiasm, voted for it are going to live to regret that they have done it. We have been generous with the private soldier and we have with everybody else I think, and I do not think we are justified in cutting off the family of some man under this bill as they will be cut off under compensation that would have been provided if the original section had been adopted.

The CHAIRMAN. The question is on the amendment proposed by the gentleman from Texas [Mr. BLACK].

The question was taken and the amendment was agreed to.

Mr. SWITZER. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amend section 802 of article 3 by inserting on page 20, at the end of paragraph 1, the following:

*"Provided, however,* That for the loss of both feet or both hands or both eyes, or if becoming totally blind by causes occurring in the service of the United States the rate of compensation shall be \$100 per month."

Mr. SWITZER. Mr. Chairman and gentlemen of the committee, I may appear to you to be over anxious and zealous about this matter, but when I first read over this new pension bill that had been introduced in this Congress, it struck me that there was certainly going to be a grave injustice done to this class of helpless men. Do you know—I am fearful that a great many members of this committee do not know what is on the statute books now. Do you know that in 1890, 36 or 37 years ago, the Congress of this country passed a law that gave a man who lost his hands \$100 a month?

That withstood the financial depression of all these years—of 1896 and of 1907. Nobody has had the audacity to propose to reduce the pension for that sort of helpless soldier until here comes this bill that renders nugatory the pension laws now upon the statute books, and thereby renders the pension of a man who has lost his legs, who has lost his hands, who has lost his eyes, and gives him but \$40 a month and \$20 if he needs an attendant. Whether or not that liberal-hearted individual who will be appointed to write out the rates of partial disability will say this man is only partially disabled, and only give him a per cent of \$40 in the latter part of this section, I do not know, but I want to forestall that. I do not want this injustice done. There are some 300 of these now upon the pension rolls of your country. If any soldier has lost his legs, has lost his hands, or has lost his eyes since this war commenced, there is a right accrued entitling him to \$100 a month, and if this bill becomes the law without carrying this amendment you reduce it to \$40 a month.

Mr. RUCKER. Will the gentleman yield?

Mr. SWITZER. I yield.

Mr. RUCKER. In view of the fact this bill provides an additional \$20 for hospital treatment or nurse, does not the gentleman—

Mr. SWITZER. Well, make it \$60.

Mr. RUCKER. If that provision stays in the bill, does not the gentleman think the provision ought to read \$80 instead of \$100, so as to put him on an equality with other soldiers?

Mr. SWITZER. I will modify the amendment, if I may be allowed, and say he shall receive not less than \$100 a month. That is the way I had it originally.

Mr. RUCKER. If the gentleman caught my idea. Existing law gives a soldier \$100 a month, as the gentleman has suggested, but there is no provision for the \$20 for nurse, as this law carries it.

The CHAIRMAN. The gentleman from Ohio asks unanimous consent to modify his amendment.

Mr. SWITZER. I will ask to modify the amendment so that the \$20 nurse fee—

The CHAIRMAN. The gentleman will have to draft it.

Mr. SWITZER. Provide it this way: \$100 a month and no more. Anybody can understand that.

The CHAIRMAN. The gentleman from Ohio asks unanimous consent to modify his amendment. Is there objection? The

Chair hears none. The Clerk will report the amendment as modified.

The Clerk read as follows:

*Provided, however,* That for the loss of both feet or both hands or both eyes or if becoming totally blind by causes occurring in the service of the United States the rate of compensation shall be \$100 per month and no more.

The CHAIRMAN. Is there objection to the modification of the amendment? [After a pause.] The Chair hears none.

Mr. BARKLEY. Do you intend by your modification to eliminate the provision later in the bill providing for \$25 a month as an insurance for those who are disabled?

Mr. SWITZER. It has nothing to do with the insurance feature. It is a pension article of this bill that we are working on at this time. So far as that insurance is concerned, it is nothing but a jack pot. It is so arranged—

The CHAIRMAN. The time of the gentleman has expired.

Mr. SWITZER. Mr. Chairman, I ask unanimous consent for three minutes more.

Mr. SIMS. Mr. Chairman, I object.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. SWITZER].

Mr. RUCKER. Mr. Chairman—

The CHAIRMAN. Does the gentleman wish to be recognized in favor of the amendment?

Mr. RUCKER. I desire to offer an amendment to the amendment.

The CHAIRMAN. The gentleman is recognized for that purpose.

Mr. RUCKER. Mr. Chairman, I move to amend the amendment of the gentleman from Ohio by striking out "\$100" and inserting "\$80," and by striking out the words "and no more."

The CHAIRMAN. The gentleman from Missouri offers an amendment to the amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. RUCKER to the Switzer amendment: Strike out "\$100" and insert in lieu thereof "\$80," and after the word "month" strike out the words "and no more."

Mr. RUCKER. Mr. Chairman, just a moment.

Under existing law a soldier who is totally disabled in line of duty by the loss of both eyes or both arms or both legs is pensioned at the rate of \$100 a month. This bill as reported by the committee would give him \$40 a month and \$20 extra for a nurse if he needs constant attention, which, in the total, would be \$60. And if the amendment as amended by the suggestion I have offered should be adopted it would then provide for the soldiers \$80 of so-called compensation plus \$20 for hospital services or for a nurse, which would put him on equality with soldiers under existing law.

Mr. SWITZER. Just one question. How do you know what the man who is to be in charge of administering this proposed law is going to figure on partial disability?

Mr. RUCKER. The language of this amendment is that if the soldier loses both eyes or both feet or both arms he shall receive the sum mentioned.

Mr. SWITZER. Suppose the man that is administering this law says that this man is only partially disabled, and he gets only a per cent of \$40 a month; then he does not get the \$20 nurse fee?

Mr. RUCKER. The amendment as offered by the gentleman provides that if a soldier in the line of duty loses both eyes, both arms, or both legs he shall be pensioned or compensated at the rate of \$100 a month. The amendment I offer places the sum at \$80 per month.

Mr. SWITZER. You say that he will get \$20 more. But how do you know he will get that?

Mr. RUCKER. He will if he is totally disabled, and if he is not totally disabled he ought not to have it. But a man who has both legs off or both arms off or both eyes out is totally disabled.

Mr. SWITZER. Does not the gentleman think that we ought to preserve the original pension as it is in the law to-day and as it has been for 40 years?

Mr. RUCKER. That is what I want. He would get \$100 a month under the present law, but your amendment provides for \$100 per month in addition to the \$20 per month which the bill allows for a nurse, which would give a soldier suffering the disability mentioned \$120 per month, or \$20 more than the pension allowed under existing law for such injuries. I want to make the law equitable and just to all soldiers suffering similar disability.

Mr. COOPER of Wisconsin. Mr. Chairman, I wish to say a word in favor of the amendment proposed by the gentleman from Ohio [Mr. SWITZER].

To have one's eyes shot out or to be stricken through any other cause with total blindness is to suffer an unspeakable

affliction. If any gentleman wishes to feel a little of how terrible it is, let him close his eyes now, shut out the light of this beautiful day, and think, if he can, of what that darkness would mean if he knew that it must follow until the grave shall close over him. And yet this section of the pending bill proposes that the United States of America, the richest of nations, raising money for war purposes by billions, shall pay to those of its defenders who in the line of duty are stricken blind the sum of only \$40 a month and \$20 for an attendant.

Mr. ALEXANDER. Do you think if he is married he should receive a larger compensation than if he is single?

Mr. COOPER of Wisconsin. Any man in the military service of this country who in the line of duty is stricken with total blindness, whether he has or has not a family, ought to receive not less than \$100 a month from the Government.

Mr. ALEXANDER. This amendment applies to hands and feet as well as eyes.

Mr. COOPER of Wisconsin. I believe that a man who loses both legs or both arms while defending his country should receive not less than \$100 a month.

Mr. ALEXANDER. Under the present existing pension laws if a man loses the total use of his hands he gets \$33.25 a month, and the same if he loses the total use of his feet.

Mr. COOPER of Wisconsin. But if both of his feet or his hands are shot off or amputated he gets \$100.

Mr. ALEXANDER. My thought is this, whether the single man or man without family obligations should receive as much as a married man. A man with a family under this bill gets \$75 plus \$20, with an attendant, which would be \$95.

Mr. COOPER of Wisconsin. To me that suggestion does not at all affect the justice of the proposition for \$100 a month. The man without a family endures suffering as awful and renders service as devoted and noble as does his companion who has a family. We ought to care for him because of what he undergoes in defense of the Nation. In supporting this amendment we are simply trying to do justice to every defender of the Republic, who in the line of duty is thus terribly afflicted. That is all.

Mr. COX. Mr. Chairman, will the gentleman yield there?

Mr. COOPER of Wisconsin. Yes.

Mr. COX. Ought we not to pay that man enough to enable him to get married and have a family of his own, if he is a single man?

Mr. COOPER of Wisconsin. Perhaps so. I want only to do justice to the man who suffers in his country's defense.

Mr. Chairman, our boys in France have gone there with knowledge of the existing pension law, which provides that if they are stricken with total blindness while doing their duty they shall have \$100 a month. But now, sir, after they have reached France and are close to the trenches and the field of death, should their eyes be shot out or their legs or arms be shot off, we are asked to reduce the amount to be paid them from \$100 to \$40 a month, with \$20 for help. And that we ought not to do. It would not, in my judgment, be at all just. [Applause.]

Mr. RUCKER. Mr. Chairman, I ask unanimous consent to amend my amendment to the amendment.

The CHAIRMAN. The gentleman from Missouri asks unanimous consent to modify his amendment to the amendment.

Mr. RUCKER. I now move, Mr. Chairman, to strike out the words "and no more" at the end of the amendment offered by the gentleman from Ohio [Mr. SWITZER] and to insert the words "but shall receive no allowance for nurse or attendance." That puts them on all fours with the existing law, and I think it ought to be accepted as a part of this amendment.

The CHAIRMAN. The gentleman from Missouri asks unanimous consent to modify his amendment so that it will read in the way the Clerk will report it.

The Clerk read as follows:

Strike out "\$100" and insert in lieu thereof "\$80," and after the word "month" strike out the words "and no more" and insert in lieu thereof the following: "but shall receive no allowance for nurse or attendance."

Mr. RUCKER. I would like to have the amendment read as it would read.

The CHAIRMAN. The Clerk will report it.

The Clerk read as follows:

*Provided, however,* That for the loss of both feet or both hands or both eyes, or becoming blind from causes occurring in the service of the United States, the rate of compensation shall be \$100 a month, but shall receive no allowance for nurse or attendance.

The CHAIRMAN. Is there objection to the modification of the amendment?

Mr. DYER. It says there "both arms and both feet." Does that mean that a man must have lost both eyes and both arms and both legs?



Mr. SWITZER. It is "or."

Mr. DYER. Not according to the way I understood it was read.

The CHAIRMAN. Is there objection to the modification?

Mr. DYER. I object unless the word "or" is included instead of "and." I ask unanimous consent that the word "or" be inserted.

The CHAIRMAN. Let us first get the parliamentary situation straightened out. Then we will make more progress. Without objection, the Clerk will again report the amendment as it would read if the modification requested by the gentleman from Missouri [Mr. RUCKER] should be adopted.

The Clerk read as follows:

*Provided, however,* That for the loss of both feet or both hands or both eyes, or becoming totally blind, from causes occurring in the service of the United States, the rate shall be \$100 a month, but shall receive no allowance for nurse or attendance.

The CHAIRMAN. Is there objection to the modification of the amendment as requested by the gentleman from Missouri?

Mr. MOORES of Indiana. I do not object, Mr. Chairman, but I suggest that the words "the injured person" should be inserted there in order to make it good grammar.

The CHAIRMAN. The Chair will state that if it is left so that it can go to the point where it can be presented to the committee for consideration, we can consider the matter.

Mr. CANNON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CANNON. There has been no amendment offered to this amendment, as I understand. Has the gentleman the right to modify?

The CHAIRMAN. The gentleman from Ohio [Mr. SWITZER] offered an amendment, and to that the gentleman from Missouri [Mr. RUCKER] offers an amendment—an amendment to the amendment—and now the gentleman from Missouri is asking unanimous consent to modify his amendment to the amendment. The question is, Is there objection?

There was no objection.

The CHAIRMAN. Now, the question is upon agreeing to the amendment offered by the gentleman from Missouri as modified.

Mr. FESS. Mr. Chairman, I would like to have Judge RUCKER's attention just a moment. It seems to me that it would be better language, since this is a proviso, to make a second proviso and make your limitation on the nurse in this way:

*Provided further,* That there shall be no allowance for nurse or attendance.

The language is not good the way we have it now.

Mr. RUCKER. I accept the suggestion of the gentleman.

The CHAIRMAN. Does the gentleman request that it be modified in that respect?

Mr. RUCKER. Yes.

The CHAIRMAN. The gentleman from Missouri asks unanimous consent that the amendment be still further modified by inserting the words "*Provided further,*"

Mr. RUCKER. It should be "*Provided further,* That no allowance shall be made for nurse or attendance."

Mr. STAFFORD. Reserving the right to object, Mr. Chairman, where is there a prior provision to which this is an amendment?

Mr. RUCKER. The amendment itself starts out with a proviso.

The CHAIRMAN. The question is upon the amendment offered by the gentleman from Missouri [Mr. RUCKER] as modified to the amendment offered by the gentleman from Ohio [Mr. SWITZER].

The amendment to the amendment was agreed to.

The CHAIRMAN. The question now is on agreeing to the amendment.

The question was taken, and the Chairman announced that the ayes appeared to have it.

Mr. ALEXANDER. A division, Mr. Chairman.

The CHAIRMAN. A division is demanded.

The committee divided; and there were—ayes 52, noes 15.

So the amendment as amended was agreed to.

The CHAIRMAN. The Clerk will read.

Mr. SIEGEL. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from New York offers an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. SIEGEL offers the following amendment: Page 20, line 11, after the word "sum," insert the words "of \$20 per month shall be paid." Strike out the balance of lines 11 and 12.

Mr. SIEGEL. Mr. Chairman, the amendment offered by me would provide for the payment of \$20, and would not leave it to the discretion of any particular person who might be the director. We all know that it is mighty hard these days to get

any nurse at \$20 a month. If the director is going to have power to allow only two or three dollars a month the whole provision might be useless.

The CHAIRMAN. The question is on the amendment proposed by the gentleman from New York [Mr. SIEGEL].

The amendment was rejected.

The Clerk read as follows:

Sec. 303. That every person applying for or in receipt of compensation for disability under the provisions of this article shall, as frequently and at such times and places as may be reasonably required, submit himself to examination by a medical officer of the United States or by a duly qualified physician designated or approved by the director. He may have a duly qualified physician, designated and paid by him, present to participate in such examination. For all examinations he shall, in the discretion of the director, be paid his reasonable traveling and other expenses and also loss of wages incurred in order to submit to such examination. If he refuses to submit himself for, or in any way obstructs, any examination, his right to claim compensation under this article shall be suspended until such refusal or obstruction ceases. No compensation shall be payable while such refusal or obstruction continues, and no compensation shall be payable for the intervening period.

Every person in receipt of compensation shall submit to any reasonable medical or surgical treatment furnished by the bureau whenever requested by the bureau; and the consequences of unreasonable refusal to submit to any such treatment shall not be deemed to result from the injury compensated for.

Mr. ALEXANDER. Mr. Chairman, I offer the following amendment: "In line 8, page 22, after the word 'compensation,' insert the words 'for disability,' so that it will read: 'Every person who receives compensation for disability'" and so forth. It is a formal amendment.

The CHAIRMAN. The gentleman from Missouri offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. ALEXANDER: Page 22, line 8, after the word "compensation," insert the words "for disability."

The amendment was agreed to.

Mr. SWITZER. Mr. Chairman, I have an amendment. I do not know whether we have passed the paragraph or not. If so, I should like to return to it. It is in conformity with the other amendment that I offered. I will ask unanimous consent to return.

Mr. ALEXANDER. We object to returning.

The CHAIRMAN. The gentleman from Ohio offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amend paragraph 2 of section 302 of article 3—

Mr. ADAMSON. We object to returning.

The CHAIRMAN. The gentleman from Ohio asks unanimous consent to return to section 302 for the purpose of offering an amendment. Is there objection?

Mr. ADAMSON. I object.

Mr. GRAHAM of Illinois. Mr. Chairman, I move to strike out the last word.

This section now under consideration provides for an examination by physicians to be designated or approved by the director. I have not offered any amendment except this formal one, but I simply take this occasion to call the attention of the committee and the majority party in this House to what I think might be done to help this bill and to assist toward the efficiency and economy of its administration. It occurs to me that we might well take advantage of some of the machinery that is already in existence in this Government of ours for the purpose of carrying out some of the provisions of this act. I well know that perhaps no one of us on our side of the House can offer any amendment that will be adopted and made a part of this law, but I submit a few facts to the consideration of this committee.

Mr. ADAMSON. I wish to disclaim the imputation just made by the gentleman. There is no partisanship in this committee and has not been in the House. Gentlemen on the other side of the House have offered amendments which have been agreed to. The gentleman from Wisconsin has had several adopted and so have others. There is no partisanship at all here.

Mr. GRAHAM of Illinois. I agree with the gentleman that so far there has been no partisanship exhibited, and I did not make the remark with any idea of that kind; but I am submitting these facts with the hope that from your side of the House there may come at some time during the consideration of this matter some suggestions that I think will render this more economical of administration.

I doubt whether many of us have stopped to consider what sort of an institution we are building here. In the present war-risk insurance bill, created by the act of 1914, I find on examination that at this time there are 48 officers and employees in that department of the Government. In our Pension Bureau at this time, handling 673,111 pensioners on the rolls of the Gov-

ernment, we have in the employ of the Government 958 clerks and employees for the purpose of handling that sort of business.

I take it that no one here will disagree with me when I say that neither the Government of the United States, nor any other Government for that matter, will ever conduct its business more efficiently than the great insurance companies of the United States conduct theirs, and I want to call your attention briefly to what it takes in the way of employees to run the business of some of our insurance companies. At this time there are about 1,561,942 men in our Naval and Military Establishments, including the first draft of the National Army. Before the year is over we will probably have 2,000,000. Suppose we have 2,000,000 enlisted men. If we assume that 50 per cent of that number will take insurance, we will have a million risks being carried by this War-Risk Bureau.

The New York Life Insurance Co. at this time has 1,000,000 policyholders, in round numbers. The figures which I am about to quote have been furnished me by the secretaries and presidents of these various companies. At the home office of the New York Life Insurance Co. there are 1,653 officers and employees. In the economical administration of that great life insurance company, to handle the business of a million policyholders, it requires 1,653 employees.

The Mutual Life Insurance Co., of New York, has approximately 600,000 policyholders. The officers of that company inform me that they have 2,000 employees in their home office and 11,000 solicitors and examiners.

The Prudential Life Insurance Co. has 10,500,000 policyholders, and it has 28,000 employees. Many of these are in the field force. But, taking the figures that I have given you, I have shown that to carry the business of a million policyholders it will require at least 2,000 clerks and employees if you do it as efficiently as the great life insurance companies of this country handle their business.

We have in this country medical examiners for the Pension Department of the Government to the number of 4,502. They are skilled, trained medical examiners. They are stationed at salient points all over the United States. Why not use these pension examiners for the transaction of some of the business that will necessarily have to be transacted in connection with this War-Risk Bureau?

The CHAIRMAN. The time of the gentleman has expired.

Mr. GRAHAM of Illinois. I desire two minutes to finish my statement.

Mr. ALEXANDER. I ask unanimous consent that the gentleman have two minutes additional.

The CHAIRMAN. The gentleman from Missouri asks unanimous consent that the gentleman from Illinois have two minutes additional. Is there objection?

There was no objection.

Mr. GRAHAM of Illinois. I am for this bill. I have voted with this administration on every great measure that it has proposed. I intend to continue to do it, because I believe it is my duty. I am for my country and not for any party in this matter; but I suggest to the committee that those upon whom rest the responsibility should try to use as much of the machinery of this Government that we already have as possible. We ought to use what we have instead of building a new bureau that will entail an expense to this Government of a new building and an immense department of the Government greater than any that is now in existence. We should try to use some of the machinery that we already have.

Mr. ADAMSON. Will the gentleman permit a suggestion?

Mr. GRAHAM of Illinois. Certainly.

Mr. ADAMSON. We use the surgeons of the Army and the Navy, and the law provides for the transfer from one department to another of any clerk needed.

Mr. GRAHAM of Illinois. Yes; but if the chairman will permit, this section provides that physicians shall be appointed by the director of this bureau, and everybody knows that a new set of examiners will be appointed all over the country, and before we know what we are doing we will have established an institution in this country that will take five, six, or seven thousand employees to run. I think it might be worth the consideration of those who have charge of this bill to take means to obviate some of the expense. While we are spending billions, let us not neglect to economize millions. There is no insinuation of any partisanship in this proposition, I am making the suggestion in the interest of economy.

Mr. ALEXANDER. I think the gentleman's suggestion is a plain common-sense proposition—that we should utilize whatever machinery we have. I think the bill is ample to utilize these agencies for that purpose. I thoroughly agree with the gentleman.

Mr. GRAHAM of Illinois. I hope that is true. I have talked with officials and employees in the Pension Department, and I am told by them that the Pension Department, with its present equipment and organization, can, without any considerable addition to its present force, handle the business necessarily created by the enactment of this proposed law. Through its corps of trained physicians and examiners throughout the country it could do this work at one-half the expense of this new bureau this act creates. The Pension Department is organized and going. It is housed in one of the best buildings of the Government; it has all the necessary equipment. Why not use it? However, the committee insists upon adding several thousand employees to our pay roll. The present Bureau of War-Risk Insurance, with its 48 clerks and officers, if this bill passes in its present form, must be extended, a new building must be built to house it, and a new organization perfected. I am heartily in favor of the principle of making for our soldiers and sailors the provisions contained in this bill. I am simply asking that extra and unnecessary expense be avoided in its administration.

The tendency is to multiply boards and commissioners. This tendency should be curbed. Government, to be efficient, ought to be centralized under as few heads as possible. If it is possible for us to avoid the creation of new offices and the multiplication of new boards and commissions, we ought to do it. In Illinois we have just seen the culmination of such a process of multiplication of governing boards. New commissions were created by successive legislatures until we found our State government inefficient and administered by 120 different boards, departments, and commissions. So inefficient did our State government become that during the last campaign Hon. Frank O. Lowden, a former Member of this House, made a campaign for nomination and election on a platform of reconstruction of our State government, and upon his election, by an immense majority, is now fulfilling his promises by a consolidation of all our inefficient, costly, and cumbersome boards and departments into nine centralized departments of the State government. We should avoid the same error here. The stress of war legislation ought not to distract our attention from possible measures of efficiency and economy.

In verification of my statements relative to the clerical help required in the handling of the business of our great life insurance companies I here insert the following telegrams:

NEW YORK, September 11, 1917.

Hon. W. J. GRAHAM, M. C.,

Washington, D. C.:

The New York Life Insurance Co. has in round numbers 1,000,000 policyholders, 1,600 home office employees, and 53 officers and junior officers.

JOHN C. MCCALL.

NEW YORK, N. Y., September 12, 1917.

Hon. W. J. GRAHAM,

Washington, D. C.:

Number of policyholders, 600,000; salaried employees, 2,000; solicitors and examiners, 11,000.

U. U. STEVENSON,

Comptroller Mutual Life Insurance Co. of New York.

NEWARK, N. J., September 11, 1917.

Hon. W. J. GRAHAM,

House of Representatives, Washington, D. C.:

The Prudential has nearly 15,000,000 policies in force, representing about ten and one-half million policyholders. The approximate number of employees in all branches of service is 28,000.

THE PRUDENTIAL INSURANCE CO.,

WILLARD I. HAMILTON, Secretary.

Mr. SWITZER. Mr. Chairman, I would like to have the attention of the gentleman from Missouri. I move to strike out the last word. Who is it under this law that appoints the director and commissioners in this new bureau that you are now creating? Does the President or the Secretary of the Treasury appoint the director and the two commissioners? It is not specified.

Mr. ALEXANDER. The Secretary of the Treasury did appoint the director of this bureau under the law which provided for it.

Mr. SWITZER. The Commissioner of Pensions must give a \$200,000 bond when charged with the disbursement of a much smaller amount of money than will the director under this bill.

Mr. ADAMSON. He does not disburse any money under this bill. He certifies it to the department.

Mr. ALEXANDER. The family pensions are disbursed through the War and Navy Departments.

Mr. SWITZER. But the Secretary of the Treasury will make these appointments.

Mr. ALEXANDER. Yes.

Mr. SWITZER. I withdraw the pro forma amendment.



The Clerk read as follows:

SEC. 304. That if the injured person be deemed competent and not likely to become a public charge, upon his application and evidence satisfactory to the director that it will be for his best interests and for the best interests of his dependents, if any, future compensation payments for disability may be commuted in whole or in part for a lump sum equal to the present value of such payments or the proportion thereof to be commuted, and such lump sum paid to the injured person in lieu of all further compensation or of the proportion so commuted of all future payments of compensation: *Provided, however,* That in case of partial disability rated at 30 per cent or more of total disability, or in case of total disability not more than 50 per cent of the compensation payments as for a man without a wife or child shall be so commutable. The basis for determining present values of future payments of compensation shall be prescribed from time to time by regulation.

Mr. MADDEN. Mr. Chairman, I move to strike out the last word. I can not conceive of any condition that could arise to justify the commutation of the compensation granted to any man under this act. The only thing that can result from commutation will be the loss in nine cases out of ten of every dollar that is received as the result of the commutation.

I know the authors of the bill believed that it might be wise to allow commutation under given circumstances. It is said that a man might want to buy a farm and that it would be of great advantage if he could commute a part of the compensation payable in monthly installments if not commuted; that he might invest the money in a farm and be able to live more comfortably than he could otherwise. Or he might want to go into the grocery business or the candy business or some other retail business.

Now, it is a well-known fact that 95 per cent of all men engaged in business fail. That is a large percentage, and many of these men who have been trained in a particular line of business and are experts in it fail, and the fair assumption is that if you commute the monthly compensation due to these men, that 95 per cent of them will lose every dollar you pay them in commutation.

I think if you want to conserve the comfort and happiness of the men who have been injured in the service, you will compel them to accept the monthly payments that are due under the act instead of giving them a lump-sum commutation of monthly payments.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. JOHNSON of Washington. Is it not likely to be a fact that after these men come back injured they will be made victims of unscrupulous persons who seek to get their commutation money?

Mr. MADDEN. Whether that is the case or not, if we are going to enact a law for the purpose of ministering to the comfort of the men who have been injured at the front, we ought to supervise the payment of the money and not allow any commutation. I think it would be much better for all concerned if we provide that those who have been injured in the service are sure of a certain monthly stipend rather than to allow them to commute and lose the money they get as commutation.

Now, we are going to educate the men who have been injured as far as we are able to do it, to make a man who is a cripple as nearly whole as it is possible to make him so by education. If while we are educating him and after we have educated him he is sure of a monthly compensation, together with the amount that may be added by what he can earn, and after he has been partially rehabilitated, he is more certain of comfort in the declining years of his life than he would be if you paid him one-half of the amount due in a lump sum and allowed him to lose it.

Now, what is the purpose of this compensation? The purpose is as nearly as may be to minister to the comfort of the men and to their families, and if we are going to act as conservators we ought to act as conservators to the limit of our power and should not, under any circumstances, allow any person to take a lump sum in part of the compensation we provide for in this bill. I know very well that I am talking to deaf ears.

The Committee on Interstate and Foreign Commerce pays no attention to any suggestion that anybody may make with respect to the comfort of these men. They want the lines in the bill and the words that they have reported and not any suggestion as to what may apply to the comfort of those who may be injured as the result of their service in the war.

Mr. ADAMSON. Mr. Chairman, my friend is mistaken. We would consider life to be a failure if we did not hear the gentleman's wise suggestions on all these different propositions.

Mr. MADDEN. But you do not hear them.

Mr. ADAMSON. Oh, yes, we do.

Mr. JOHNSON of Washington. Mr. Chairman, is there a motion to strike out this paragraph?

The CHAIRMAN. The gentleman made a motion to strike out the last word.

Mr. JOHNSON of Washington. I move to strike out paragraph 304.

The CHAIRMAN. The gentleman from Washington moves to strike out section 304.

The question was taken, and the amendment was rejected.

Mr. MADDEN. Mr. Chairman, I move to amend section 304 by striking out, page 22, section 304, line 18, after the word "compensation," down to and including the word "compensation" in line 24.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. MADDEN: Page 22, line 18, after the word "compensation," strike out the following language: "Payments for disability may be commuted in whole or in part for a lump sum equal to the present value of such payments or the proportion thereof to be commuted, and such lump sum paid to the injured person in lieu of all further compensation or of the proportion so commuted of all future payments or compensation."

The question was taken, and the Chair announced the noes appeared to have it.

On a division (demanded by Mr. MADDEN) there were—ayes 25, noes 35.

So the amendment was rejected.

Mr. MADDEN. Mr. Chairman, I move to strike out section 304.

Mr. ADAMSON. That has already been voted down.

Mr. MADDEN. Mr. Chairman, I ask unanimous consent that this section be passed over for future consideration, with a view of offering an amendment to perfect the text to meet the views I have tried to express here.

Mr. ADAMSON. When we finish the bill the gentleman can make his request to recur if he has an amendment ready.

Mr. MADDEN. I will have one ready.

Mr. ADAMSON. The gentleman does not have to agree now.

Mr. MADDEN. I think we should.

Mr. ADAMSON. The gentleman should get his amendment ready and make the request, and, if it is a reasonable amendment, we will not object.

Mr. MADDEN. The trouble is when we pass it now it will be passed and there will be no opportunity to return to it, because probably a man may say we have already passed this section, and I hope the gentleman will allow the matter to be passed over with a view of having an amendment prepared that will meet the situation.

Mr. ADAMSON. If the gentleman will prepare a proper amendment, he will have no trouble in getting his request granted at that time.

Mr. MADDEN. I submit to the Chair that what may be considered as a proper amendment will be passed up to the gentleman from Georgia—

Mr. ADAMSON. That is mighty good.

Mr. MADDEN. And he might not agree that any amendment would be proper. I think I am not asking an unreasonable thing. Unanimous consent has been granted on numerous occasions to pass over different sections of the bill in order to let the committee prepare an amendment.

Mr. ADAMSON. The gentleman is so amiable and speaks so beautifully I will not object.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent that this section may be passed over, with the right to recur to it to offer an amendment hereafter.

Mr. SIMS. Simply for the amendment offered by the gentleman from Illinois—not to be open for general amendment.

Mr. MADDEN. Of course I am going to offer the amendment, but it ought not to shut out all amendments by any other gentleman on the floor.

Mr. SIMS. I will object if everybody is to be at liberty to offer amendments.

Mr. MADDEN. I do not think it is right to preclude others.

Mr. SIMS. I am willing for the gentleman to offer his amendment along the line which he is asking, but not to leave it open for any other amendment that any Member may conjure up.

Mr. MADDEN. I ask unanimous consent that I may be allowed to offer an amendment.

The CHAIRMAN. Is there objection?

Mr. MEEKER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MEEKER. That will bar out amendments offered by the committee, will it not?

The CHAIRMAN. Unless offered through the gentleman from Illinois. Is there objection? [After a pause.] The Chair hears none.



Mr. FRENCH. Mr. Chairman, I would like also to have an opportunity to offer an amendment. I do not know what amendment the gentleman from Illinois will offer, but what I have in mind is to place the matter on an annuity basis instead of a lump-sum basis.

Mr. ADAMSON. I do not think there will be a particle of trouble about it.

The Clerk read as follows:

SEC. 305. That in cases of dismemberment, of injuries to sight or hearing, and of other injuries commonly causing permanent disability, the injured person shall follow such course or courses of rehabilitation, re-education, and vocational training as the United States may provide or procure to be provided. Should such course prevent the injured person from following substantially gainful occupation while taking same, a form of enlistment may be required which shall bring the injured person into the military or naval service. Such enlistment shall entitle the person to full pay as during the last month of his active service, and his family to family allowances and allotment as hereinabove provided, in lieu of all other compensation for the time being.

In case of his willful failure properly to follow such course or so to enlist, payment of compensation shall be suspended until such willful failure ceases and no compensation shall be payable for the intervening period.

Mr. CAMPBELL of Kansas, Mr. FESS, and Mr. ALEXANDER rose.

The CHAIRMAN. The gentleman from Missouri [Mr. ALEXANDER] is recognized.

Mr. ALEXANDER. In line 12, page 23, after the word "following," I think the letter "a" should be inserted, so that it should read "following a substantially gainful occupation."

The CHAIRMAN. Without objection, the amendment indicated will be agreed to.

There was no objection.

Mr. FESS. Mr. Chairman, I move to strike out the last word.

I should like to have the attention of all the members of the committee here as to what I believe is one of the most important features of this legislation, and were I writing the bill I would have placed it as a separate article on an equal or coordinate basis with the other three heads, all of which I think are very important. I might say that I am in entire sympathy with this sort of legislation, and I think that without doubt we can expect it to be when in operation one of the best pieces of constructive work that the special session has accomplished. While there have been heard many objections as to the manner of bringing it here, that does not go to the merits or demerits of the measure. I may say, also, I do not share the opinion of proponents of this measure as a substitute for the pension system.

I want to call the attention of the committee, however, to the fact that the law thus far, and also including the insurance feature yet to follow, is mostly remedial, looking simply to relief in the form of compensation, while this clause goes far beyond that. This clause is not a gratuity. It has not in it the element of compensation as interpreted in the third article. This clause is attempting a rational utilization of human capacity that may have been retarded by injury, or if totally lost, then a substitute of other capacities that up to this time were not used, through a course of training under the direction of the Government. This effort in legislation which will take the soldier who returns without eyes and restore not eyesight but the functioning power that will enable him to do without eyesight work that will be commendable and honorable and at the same time impossible to do if it were not for the training he will have to have, strongly appeals to us all as most wise and commendable. That is the purpose of this particular phase of rehabilitation or reeducation. I have gone somewhat extensively into what has been done in the European countries since the war on this subject.

I find that Great Britain in the onset, unaware of the awful fatalities of the war, made no provision, and nearly all the work of rehabilitation done in the early part of the war was done by private effort, or associations of altruistic men and women, and by no governmental activity. In more recent months there has been a great movement in Great Britain that has taken on an official or governmental activity. And what Great Britain has been able to do in the recent month is very suggestive of what we can do. Especial reference is due to what has been done by the Murray Commission.

To-day in France, in the splendid school of St. Maurice, near Paris, there are really miracles being performed in what has been and is being done in taking an armless man and by training causing the functional power of the muscles that otherwise would be atrophied or dead, to continue or preserve its psychomotor power under a system of orthopedic treatment; and then by the utilization of what they call the prosthetic appliances, namely the artificial limbs, we see men who were hopelessly crippled, who come home with the expectation of being doomed to a life of idleness, which to me is the most awful

fatality that could overcome any unfortunate, have the way pointed out by the aid of government training, in which they become, some of them, more useful in new lines than in lines in which heretofore they had not been disciplined. This is especially true in cases of the unskilled. That is being done right along in the schools, such as St. Maurice, which was originally a hospital, but which now has a splendid training school connected with it that is doing more valuable vocational work than even as a hospital.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. CAMPBELL of Kansas. Mr. Chairman, I ask unanimous consent that he may proceed for five minutes more.

The CHAIRMAN. Is there objection?

Mr. ESCH. I still have 15 minutes of the hour in general debate left to me, and I yield 10 minutes to the gentleman from Ohio.

Mr. FESS. I am grateful for this time, because I want to say some things from the floor of the House rather than to insert them in the RECORD.

In addition to St. Maurice, there is a school in Lyon that is doing work similar to the other I mentioned, so that now in France the work which at first was merely altruistic is now official, with the stamp of the Government upon the work. There is much work of this sort done in Italy, but very little of it is done in Russia. However, in Belgium great strides have been made in the work of rehabilitation. But the most advanced work up to date has been done and is being done in Canada, which I now want to speak of.

Mr. TOWNER. Before you leave France, will you not tell the committee in what manner these men are taken care of by the Government? That is, what part has the Government in the arrangement of committing them or sending them to those hospitals, and how are they paid by the Government?

Mr. FESS. In France, as I understand it, they are taken into the convalescent hospitals, still under military control, and are retained upon the pay they were receiving while in the service, and they get the additional training without any extra cost to them and are kept under military service for certain reasons even after they pass into the secondary hospital, or, more properly, the training school. The problem of reeducation demands such skill of application and such adherence to wise practice, as well as precept, that military authority is preserved for specific reasons too apparent to argue. Those reasons will apply to us and we ought to keep them in mind here. The first, as given, is that unless they are under military authority they might, on the one hand, be discharged as soon as the wounds healed with no training, and, on the other, be left to linger in the hospital unduly. It is stated that a long time in a hospital without special training for special purpose results in two very dangerous items, one is the atrophy of the faculty of the organs—that is, a loss of the power of functioning—and the other is that it requires a long system of training to take a muscle, for example, that has been stunned by amputation and is now only a stump and make it function—as an amputated arm, for example—as if it were in the fingers, so that when they attach an appliance of steel on the stub they can, by this sort of training, make it possible for these armless boys to run a typewriter or to run a machine-tool appliance. What has been done in the field of orthopedic and prosthetic arts, in both this country and Europe, especially France, is astonishing. In the latter field the United States has taken very high rank. European authorities declare that this country is a marvel in the production of artificial limbs. But the real science forbids custom-made limbs but demands the made-to-order articles.

Dr. Amar, the most advanced scholar in this line in the world, has given many graphic illustrations of what they have been able to do in his laboratory. He is a far-famed enthusiast upon this possibility of what the world calls hopeless cripple. He has widely spoken and written on the theme. Many articles have appeared in American journals, especially the Scientific American, like the copy of April 28, 1917, and also another copy of the Scientific American of November 25, 1916. In both of these his graphic illustrations point to wonderful successes. A very graphic description is contained in the American Journal for Cripples, all of which will be found in the Congressional Library. While Dr. Amar has demonstrated the wonders of this rehabilitation, the greatest field is the war cripples under the authority and direction of the Government.

Mr. TOWNER. So that the Government keeps on the list the enlisted soldiers?

Mr. FESS. It does.

Mr. TOWNER. And they are subject, therefore, to governmental control?



Mr. FESS. That is true. The Government must exercise this control to avoid temptations, which will undo the work, prevent vicious indulgences that might have been permitted, improper exercise or no exercise, and to insure the occupation of the mind as well as the body. The training must be supervised by medical experts. It must start soon, because crippled men rapidly degenerate by idleness. Brooding over misfortune soon develops disease. Self-confidence restored is the first step to recovery since one who thinks himself a helpless wreck will soon be one. Quite naturally the doctor is the one to provide the hopefulness so necessary. Overstrain must be avoided, and overfatigue defeats the purpose.

Mr. TOWNER. And the Government also pays whatever is required for their extra maintenance.

Mr. FESS. This does not reduce his Government allowance. He is kept during the period of training. The pay stops only on his discharge, and that is not until he is ready to take the position for which the Government trained him. This offers a big problem—one of wages—as will be perceived. It is no extra expense to the individual at all. I think that ought to be observed in this law that we are framing especially. I wanted to say that in England they have what is called the "in-patient" and the "out-patient"; that is, the hospital, primarily for in-patients, is for healing the wounds, and the hospital, secondarily for out-patients, is for removing the consequences.

All hospital work is primarily for healing the wound, and the patient then discharged. But to remove the consequences of the wound is vastly more important. Now, I take it that this legislation is not to heal the wounds. That will be done anyway. But this legislation is specifically designed to take care of the consequences of the wounds, so that when the individual comes back dismembered or sightless or nervously prostrated the disability may be compensated. But his organs may be useless; capacities are wasted by loss of organs of industry; they may be atrophied; and that will surely be the case if no care is taken of him under careful methods of discipline. Therefore the practice in all the European countries through the "in-patient" and the "out-patient" system would be that the one is to heal the wound and the other is to remove the consequences, so that the one is medical while the other is vocational. This at once suggests the character of authority needed, not only medical but technical as well.

Mr. BORLAND. Mr. Chairman, will the gentleman yield?

Mr. FESS. I yield.

Mr. BORLAND. What the gentleman says applies, I have no doubt, to a very large class of patients. But does he not think that the language of this bill covers the case, where it provides that if a patient or a man can not follow a substantially gainful occupation while he is taking this course of reeducation he shall be reenlisted under the pay that he got during his last month of service? Would not that fully cover the case?

Mr. FESS. I rather think it does. I am so anxious to insure sufficient authority to meet a grave problem that I raised the question at this time.

Mr. BORLAND. In other words, there must be a large number of cases where men need not be taken into enlistments, but are following an ordinary occupation, and yet the Government can provide them with additional vocational facilities; for instance, to turn a one-armed or one-legged man into a semioffice position or laboring position. It is a mental education instead of a muscular education.

Mr. FESS. Yes. It would not do to say to the man who is wounded, "We are going to put you in a position where you can achieve a reasonable living, in some cases better than you had before; but at the same time we are going to take away from you the compensation that is your due and which is carried in other parts of the law." I do not think that should be done. It would discourage if not totally dishearten him, a danger to be shunned. The only fear I have here is that this is so vastly important that the general authority given here, without specifying what the character or power of the commission is, might lapse and nothing might be done. It must have appeared to you all that whenever you undertake anything of a vocational character or of a spiritual nature there is not such a response in legislation as there is when there is a material element in it. That is the feature that I am much concerned about. I have not any amendment to offer, although I have given it the most careful study, but more largely to the character of the work to be done than the law under which it is to be carried on.

Mr. BORLAND. It seems to me this is vastly more important to the injured man than this question of compensation—this question of rehabilitating a man and making him a useful citizen.

Mr. FESS. Oh, yes. Here is a matter that appeals to us all wonderfully. We ought to assure every son who has gone to

the war such an existence when he comes back—if he does come back—that he will be just as honored in that existence as if he had never been dismembered. Even more, we ought to assure a career as honorable as his sacrifice was great. [Applause.]

If we in legislation can make it possible for a man who comes back, not whole, but with many of his facilities for making a living gone; if we can make it possible, through a system of training, for him to regain his usefulness as a citizen in his social and industrial position, we can assure him that he will not simply be cared for but will be put in a position to help himself, where he can be on his own feet and command his position in society and in the industrial world. We should not do anything short of that if that is in our power, and I think it is. When the Government enters this field, which prior to the war had invoked but fugitive efforts of a select number of choice spirits in the world, it will find if the war lasts long a work simply stupendous in possibilities.

Mr. BRUMBAUGH. Mr. Chairman, will my colleague yield?

Mr. FESS. Yes; I yield to my colleague.

Mr. BRUMBAUGH. I would like to have my friend's opinion as to whether he does not think, considering the great importance of this matter, that it could be better dealt with in a separate bill or measure rather than by incorporating it in this bill?

Mr. FESS. I will say to my colleague that I see no need of putting it in a separate bill, provided sufficient authority is granted to enable an achievement commensurate with the great needs as I see them. I do think, however, that it ought to have been made a portion of the bill equally important with any of these other features bearing headlines. It should not have been given such subordinate consideration as a mere section of an article which in itself is not comparable in importance to this subject. The unimportant classification in the present act as it is written makes me fear that it might be neglected. We must not await public opinion on such a matter as this where time is so imperative. That is what makes me wish that it should be set out prominently, to insure a wide-awake consciousness of this great problem of the war, as to how it is to be done. There should be no question when the soldier comes home crippled. I want to say that delay is dangerous in this, because it means wasted life.

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

Mr. CAMPBELL of Kansas. Mr. Chairman, did you include the five minutes' time that I asked that the gentleman should have, and which was granted by the House?

The CHAIRMAN. When the Chair was putting that, the gentleman from Wisconsin [Mr. Esch] gave him 10 minutes.

Mr. CAMPBELL of Kansas. Then I ask unanimous consent that the gentleman from Ohio may proceed for five minutes more.

The CHAIRMAN. Is there objection to the gentleman's request?

Mr. JOHNSON of Washington. Reserving the right to object, Mr. Chairman, I suggest that the gentleman lift his voice, so that all of us can hear him.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GRAHAM of Illinois. Mr. Chairman, will the gentleman yield?

Mr. FESS. Yes; I yield.

Mr. GRAHAM of Illinois. Is it not likely that there will necessarily have to be legislation, following the enactment of this act, if the war continues very long, and if there are many cases that come under treatment as specified in this section we will have to make provision by appropriation for patients of this kind?

Mr. FESS. Certainly; we will have to spend money, especially if we take the experience in Canada. It will require an outlay. The work can not be done by proxy or without governmental assistance. It comprehends various abilities, such as medical judgment, technical vocational skill, economic interests, and individual characteristics.

Medical judgment in control of the convalescent, the orthopedic treatment, and the prosthetic application.

Technical skill in the knowledge of the industries and the demands and possibilities of training.

Economic interests as a real producer in a community as related both to the labor and the product as well as supply and demand.

Individual bent in that a man can do better that which he likes or for which he has a taste than what becomes a drudge—a psychologic situation.

All this calls not only for most modern methods of hospital treatment but the best possible teachers as well as institutions, either existent or to be built.

And in Canada they have undertaken to utilize the existing institutions rather than to build up separate institutions, in order to avoid expense; and even in that case the expense is very large. In Canada the hospital commission has established a string of hospitals from Nova Scotia to British Columbia, organized and located in different parts of the country, some in private houses and some in Dominion schools, because these soldiers, returning wounded, are sent to the communities from which they came. So every Province of Canada, if I mistake not, has this sort of a convalescent hospital, added to which is the vocational feature. And it is going to entail considerable expense if we want to make it effective. Canada has a hospital commission, the result of a conference of all the heads of the Provinces, called together by the premier of Canada, and that commission has articulated itself with various local associations, so that there is a central authority in Canada, as there is not in any other country at war. And one of the biggest features of the war with reference to Canada is to take these convalescents and not simply care for them to put them back into the army, but so to remove the consequences of their injuries that when they go to their homes, too disabled to reenter the army, they can become effective civilians in this or that kind of work; sometimes the thing that they were doing, which is the rule of the skilled workman, but at other times taking them clear out of the former work that they were doing and starting them in other avenues of industry; and it is said that some of them in their crippled condition are to-day capable of getting a better wage than they were getting before they went. This is especially true of the unskilled man, who after government training often becomes more or less a skilled artisan, drawing a good wage.

Mr. MEEKER and Mr. TOWNER rose.

Mr. FESS. Before I yield to further interruption let me state Dr. Amar's finding as the result of his experience of three years. He makes this general statement: That of the war cripples, 85 per cent are capable of rehabilitation and reeducation, divided in this way: Forty-five per cent of them come back in their full capacity to do what they were able to do before they went, although it may be in different avenues.

As to 20 per cent, the consequences are partially removed and they are put in pretty good shape. Fifteen per cent are classed as fragmentary. Thus 80 per cent are cared for in professional schools with success. He says there are about 20 per cent all told out of the 100 per cent that are hopeless, noneducable, who can never be taught to help themselves, and must be cared for in homes where they are not expected to do anything at all for themselves. They become inmates of relief institutions, except a small percentage in special workshops. But fully 80 per cent are educated in what he calls the professional institutions, created either by the Government through utilizing existing institutions or by the Government building new institutions.

Here are these crippled men, legless and armless and sightless and deaf, some of them with other parts of their bodies maimed, others with their nerves shattered, so that, standing by a table, if a sound should occur, they would jump, because they have no control over themselves after coming out of the trenches and away from the explosions. How to take these unfortunate victims of this awful war and restore them is a Government problem as well as a duty. If 80 per cent of them under proper discipline can be brought back to the place where they can escape the awful consequences of modern warfare and where they can be honorable producers, it will be wicked if this Nation does not take the step immediately without a moment's hesitation. What has been done in Europe and Canada is but a suggestion of what we can and must do. [Applause.]

Mr. MEEKER. Will the gentleman yield?

Mr. FESS. Yes.

Mr. MEEKER. I simply want to ask this one question: I am sure that every Member of this House and everyone in this Nation is in heartiest accord with what the gentleman has said. Is the gentleman satisfied that this section of the bill as it now stands is sufficient to provide for the work of which he is now speaking?

Mr. FESS. I frankly state that I am not. My fear is the problem is not properly sensed as indicated by the section of the bill.

Mr. MEEKER. I ask unanimous consent that this section may be passed over for the time being.

Mr. FESS. Mr. Chairman, reserving the right to object, I have been studying on this section every day since it came in here, on the suggestion of some of the Members. I have not been able to word an amendment, and if some one else will assist I will be glad to see it left open for amendment. But the ques-

tion must be met by special legislation to follow. It is too important to pass it over lightly.

Mr. MEEKER. I ask unanimous consent that the section be passed over.

Mr. KEY of Ohio. Will the gentleman yield for a question?

Mr. FESS. Yes. I yield to my colleague.

Mr. KEY of Ohio. Some gentleman on the other side of the aisle offered the suggestion that this item was so important that it might be better to take it up in a separate bill. I do not believe that the Members of this House, realizing the importance of it, would delay a matter of that kind. I believe that legislation could be enacted speedily, and it seems to me that there are so many things to take into consideration that it would be much better to bring this up as special legislation.

Mr. FESS. I agree with the gentleman that it ought to have more attention. It must be thoroughly worked out in the light of possible needs and capability. I am not particular at all about it being in another bill. I think it would be all right in this bill, if the department to which we grant the power is fully alive to the situation bound to be developed if the war lasts.

Mr. KEY of Ohio. Just one word. The talk of my colleague has been highly illuminating, and he undoubtedly has given it a great deal of thought.

Mr. FESS. I have. I would say to my friend it is one feature of legislation that has claimed much of my sympathy.

Mr. KEY of Ohio. And I would like to ask him, in the event that the Federal Government takes this matter up, which I am sure it will—

Mr. FESS. It must. It is unthinkable that it will neglect such impelling duty.

Mr. KEY of Ohio. Does the gentleman think it would be advisable for the Federal Government to have sole control over these various hospitals, or does he think it would be well for the several States to take it up and have their own hospitals?

Mr. FESS. Well, that is a big question. Federal relations are and have always been with us. Central authority must be respected here.

Mr. KEY of Ohio. All of these questions come up.

Mr. FESS. This much is true, that while the convalescent is in the hospital he must be under military authority, but when he is out of the hospital he ought not to be. He ought to be in a vocational field. Now, the question is so elaborate, so comprehensive, that my only fear is that the Congress, and especially the department vested with authority herein specified, do not properly sense the far-reaching possibilities of this legislation.

If the ranks of the unemployed are to be augmented by the frightful waste of human effort, due to this war, it will produce not only an army of hopeless war victims but a dead weight upon the processes of industrial recovery. While industry is strained by the abnormal demand for labor by the war until it invites the crippled soldier, every man must see at the end of the war the need of retrenchment when our unfortunate war victim will not be wanted and he will be turned into the street perhaps to beg. To secure him against it, he must be trained. No employer can be faulted for superseding the impotent with the skilled. He does not run his business as a benevolent institution. The safety of the injured soldier must not depend upon the altruism of business. The solution is not to induce the employer to pay more, nor even to continue employment, but to train the disabled to earn more.

When we speak of trades or the choice of trades, it is apparent that the injured soldier should if possible be returned to the trade or one akin to the trade he left.

It is futile to attempt to train all for the highest trade. Every man has the right under the circumstances of war to have a training that will insure the best that is in him, the maximum of results.

Sentimentalism must not take the place of judgment. The few trades must not be overdone. In Canada the following trades have been entered successfully:

1. Light metal working.
2. Mechanical drawing.
3. Woodworking.
4. Clay modeling.
5. Automobile and internal-combustion engines.
6. Gardening.
7. Poultry raising.
8. Beekeeping.
9. Floriculture.

In the language of one of England's best thinkers I express my views:

Habits of idleness are not easily shaken off. If these men are allowed to sink into despondency and apathy they will soon degenerate into chronic unemployables. They have made great sacrifices, and we owe it to them as a debt of honor to save them from an intolerable future. To give them an interest in life, to make them feel they are



not useless wrecks, in short, to help them to help themselves, is the only way to give them a chance of the happiness they deserve. But there is no time to waste. Delay means wasted lives.

Mr. Chairman, the sacrifice our boys will make gives them the right to expect that their Government, for whose ideals they not only offer their lives, but, what is worse, an emasculated frame to be carried the balance of their lives, will omit no act or effort to place them back in a position of usefulness and independence. That is why I want to see this put in operation as quickly as possible, because what you do for these poor fellows who come back must not be delayed; if it is, the inevitable consequences of atrophy sets in and your opportunity is gone. If we take steps here and now to not only repair the shock of war, but to rehabilitate body and mind from that shock, this Congress will not in the days to come ever do a greater work.

The CHAIRMAN. The gentleman from Missouri asks unanimous consent that this section may be passed by without prejudice. Is there objection?

Mr. KEATING. Mr. Chairman, reserving the right to object, I am confident if the House understands the purpose of this section the gentleman from Missouri will withdraw his request and the section be passed. All that Dr. Fess has said is true. This subject of reeducating and rehabilitating the wounded soldiers who come back from France is of the greatest importance. The matter requires the most careful and exhaustive study, and that study is now being given to the subject. The Surgeon General of the Army and, I think, the Surgeon General of the Navy are both conducting investigations. The Red Cross has two men on the sea now. Studies have already been conducted in Canada and in France, and it is necessary to gather the results of that study and to formulate another bill, a comprehensive measure, and that is the intention of those who are interested in the subject. It is the intention of the administration to draft such a measure, but such a measure can not be formulated now.

Gentlemen connected with the Government who have given the most thought and study to this subject throw up their hands and say, "We can not formulate such a measure now. We must conduct further study and investigations," and these studies and investigations are being prosecuted as vigorously as it is possible to prosecute them.

This paragraph is merely intended to be a pledge from the Government of the United States to the men who are going into the Army that if injured the Government of the United States will see to it that they are rehabilitated and reeducated in so far as it is humanly possible to do that.

Furthermore, when they have been rehabilitated and reeducated the Government of the United States now pledges that however remunerative their future employment may be, the compensation from the Government will not be reduced. In other words, that the efforts of the Government will not be carried out for the purpose of effecting a saving for the Public Treasury but for the purpose of benefitting the injured men.

Mr. FESS. Will the gentleman yield?

Mr. KEATING. Yes.

Mr. FESS. I know that the gentleman is not only in sympathy with this sort of legislation, but that he has given the subject sufficient study to speak on it intelligently. I want the gentleman's opinion as to whether the bill as written will give the Government, without further legislation, sufficient power to meet these requirements.

Mr. KEATING. Further legislation must be had, but this paragraph is a pledge that such legislation will be enacted. I have no doubt that emergency cases may be taken care of pending permanent legislation. But how the reeducation and rehabilitation shall be carried out it is impossible now to formulate, and that statement is made on the authority of the men who have given a most exhaustive study to the subject and who are deeply interested in the question.

Mr. MEEKER. Mr. Chairman, if I may say one word. I am glad to say that for a number of months there has been in existence in St. Louis an organization known as the White Cross, the work of which I reported to Congress about three months ago. It was organized for doing this specific work long before the Government thought of or was in the work. I asked that the section be passed over temporarily in order that the gentleman from Ohio, in conference with others, might have more time to see whether this section could be improved upon for immediate action. That is all; it is not for writing a new section, but if it is found it could not be improved upon, let it remain as it is.

Mr. TOWNER. Mr. Chairman, reserving the right to object, I want to make the further suggestion in line with what the gentleman from Colorado [Mr. KEATING] has said. The very terms of this section contemplate the necessity for further legislation,

and I think the section as drawn is perhaps all that we ought to attempt to do at this time.

I want to state further, in the first place, the language of this section is very general and it will allow the Government to take care of any case that may arise until the time when we can effect or procure the legislation that may be finally required.

Now, to go into details, with the lack of information that we have, as the gentleman from Colorado suggests, would be unwise. We could not do it to-day or to-morrow, and this bill will be passed to-day or to-morrow. As I view it, the language of this section will allow the Government to carry out our purpose and intent, at least for the present.

I want to call the attention of Members to this fact: The provision of the section recites that the United States may provide or procure to be provided this assistance. We already have in the United States the best orthopedic institutions known in the world. It would be possible for the Secretary of the Navy or the Secretary of War to send any person who might be disabled in that regard to one of these orthopedic institutions for treatment. The next section provides a form of enlistment and contemplates further legislation. It will not be difficult to get such legislation as is contemplated, and until that is done the young man may be considered and will be considered as already in the service.

Mr. FESS. Will the gentleman yield?

Mr. TOWNER. Certainly.

Mr. FESS. I know that the gentleman from Iowa and I desire to get the same result. What I want to know of the gentleman as a lawyer is whether as it is written in this bill, without any further legislation, when this soldier would be returned and before the Congress meets again there is authority for the United States to care for him?

Mr. TOWNER. I think so, unquestionably; I do not think there is any doubt about it. Power is conferred directly on the Government of the United States, and the Secretary of War could order any maimed soldier who lost a leg or both legs or arms to one of these orthopedic institutions for treatment or to one of our splendid hospitals for the blind for treatment.

I think unquestionably we could do that. We have not, of course, governmental institutions to take care of these, but it is not necessary under the general terms of the bill. The Secretary of War or the Secretary of the Navy would have that power, in my judgment, under the provisions of this bill as it stands at present. Now, before I leave that, however, I want to say this: I do not believe that this is sufficient legislation by any means. I think that a special bureau or a special commission, perhaps an independent commission, should be provided to put into execution the provisions of the bill.

Mr. FESS. I think so.

Mr. TOWNER. But you and I, I do not think are ready, I will say to the gentleman from Ohio, to say how that should be stated now or to say how it should be operated. I could not sit down to-day or to-morrow with the information I have and draw a bill or a provision satisfactory to myself to take care of such persons, but my point is this: The general power is conferred on the Government that will take care of all those persons until we can provide better legislative machinery for the purpose of taking care of them, and that we can do and ought to do now.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. KEATING. Mr. Chairman, I reserve the right to object.

Mr. CAMPBELL of Kansas. Mr. Chairman, the importance of this measure must be apparent to everybody. This section, if enacted into law within the next few days or few weeks, would answer the purpose suggested by the gentleman from Ohio and the gentleman from Colorado, but suppose this section is weighted down by the other provisions of this bill and it does not become a law within the next three or four months. Then what are we going to do? The importance, therefore, is apparent of a separate bill, to be enacted into law as soon as possible and provision made for taking care of our wounded as they return.

Mr. MEEKER. Will the gentleman yield?

Mr. CAMPBELL of Kansas. Yes.

Mr. MEEKER. Am I misinformed? I have not heard it stated authoritatively, but is it the expectation that this bill will pass the Senate this session?

Mr. CAMPBELL of Kansas. I do not think it is.

Mr. MEEKER. That is my understanding.

Mr. IGOE. Mr. Chairman, I ask for the regular order.

The CHAIRMAN. The gentleman from Missouri demands the regular order. The regular order is, Is there objection to the request—

Mr. MEEKER. Mr. Chairman, I withdraw my request.

The CHAIRMAN. The gentleman withdraws his request, and the Clerk will read.

Mr. CAMPBELL of Kansas. Have I the floor?

The CHAIRMAN. Nobody has the floor now.

Mr. COOPER of Wisconsin. Mr. Chairman, I move to strike out the last word. I want to ask the chairman of the committee one question; that is, whether they do not think, in line 18, on page 23—first, I would like to ask what do they mean by the word "hereinabove"? Does that mean to this particular paragraph, section, or to all the bill preceding?

Mr. RAYBURN. That applies to allowances and allotments and, of course, it will have to apply back.

Mr. COOPER of Wisconsin. It ought to be, then, "hereinbefore," because "above" means on the same page.

Mr. RAYBURN. The gentleman can offer an amendment.

Mr. COOPER of Wisconsin. Mr. Chairman, I move to strike out the word "hereinabove" where it appears in line 18, page 23, and in lieu thereof insert the word "hereinbefore."

The CHAIRMAN. The Clerk will report the amendment. The Clerk read as follows:

Page 23, line 28, strike out the word "hereinabove" and insert in lieu thereof the word "hereinbefore."

The question was taken, and the amendment was agreed to.

Mr. TOWNER. Mr. Chairman, I call attention of the members of the committee and others interested to this amendment which I suggest. The language in the first sentence is that this reeducation and vocational training may be given as the United States may provide or procure to be provided. It is not expressly stated that authority is given to the United States to do this. Perhaps it will be wise—certainly it would do no harm—if we should strike out the period after the word "provided" and insert this sentence, "and authority is given to the Secretary of War and the Secretary of the Navy to make such provisions."

Mr. RAYBURN. I think that would be unfortunate, I will say to the gentleman. As I interpret this, we are simply laying a foundation here and giving this authority—to lay a basis, in other words, for future action upon this question and probable legislation.

Mr. TOWNER. Do not we want to make it so that the Secretary of War and the Secretary of the Navy could take care of these cases now?

Mr. ALEXANDER. I would say, of course, it will involve appropriations to carry out these provisions, and propositions are submitted to the Appropriations Committee as to the method in which this law may be carried out, and the cost and the agency, and all those matters, it seems to me, can be more wisely considered then than for us to undertake to enact now how it can be done. I would suggest, however, that as a foundation stone we could say that the United States may provide or authorize to be provided. That would be a foundation for such agencies as might be determined upon.

Mr. FESS. Will the gentleman yield?

Mr. TOWNER. Yes; I will yield.

Mr. FESS. My thought is that we could very easily pass a needed appropriation, if it is a needed appropriation, now, when we are discussing this bill and everybody knows its needs; but what about the Appropriations Committee at an off time of the year where everybody is asking for this, that, and the other? My thought is that they may not listen to it.

Mr. ALEXANDER. Oh, no; I think we can not do it.

Mr. RAYBURN. I will say to the gentleman from Iowa [Mr. TOWNER] that with the knowledge we have of this question, and with the further statement that it is being investigated in all its ramifications, that probably this goes as far as we ought to go at this time.

Mr. TOWNER. I will agree with the gentleman, as I have already stated on the floor. The only thought I had was that perhaps there might be given authority to the Secretary of War and Secretary of the Navy to take charge of cases that might arise before we perfected legislation such as we desire. However, I will not press the matter. I have not offered it.

The Clerk read as follows:

SEC. 307. That in this article the term "pay" means the monthly pay at the time of the injury, or in case of disability resulting from disease, at the time of the beginning of such disability, unless at such time he is not in the service of the United States, in which case it shall be taken to refer to the monthly pay at the time of his leaving such service.

Mr. PARKER of New Jersey. Is the gentleman from New York [Mr. GOULD] present? He had an amendment that he wished to offer.

Mr. RAYBURN. That was voted on yesterday.

Mr. ADAMSON. It was ruled out of order yesterday.

Mr. CAMPBELL of Kansas. Mr. Chairman, I move to strike out the last word for the purpose of asking if in view of the amendment already agreed to it is not necessary to amend this section or to strike it out. This goes upon the theory that the payments for disability are made in proportion to the pay received by the injured party at the time of the injury.

Mr. ALEXANDER. We have a provision for that in the family allowance section. It might cause some confusion.

Mr. RAYBURN. Furthermore, a soldier might be partially disabled the first time examined, and from that same cause might become totally disabled. The gentleman would not want to cut him off from a reexamination?

Mr. CAMPBELL of Kansas. I refer to the principle involved rather than to the manner of pay. The principle has been changed and payments are now to be made for injuries to individuals rather than upon the amount of pay they were receiving at the time the injury was incurred.

Mr. RAYBURN. We still call it compensation in the provisions of the bill.

Mr. CAMPBELL of Kansas. Suppose that is done. This refers to the pay that was received at the time of the injury and proposes to make a rating upon that pay, as I understand it.

Mr. RAYBURN. I was looking at section 306.

Mr. PARKER of New Jersey. We have not read section 307 yet.

Mr. CAMPBELL of Kansas. Yes; we have.

Mr. PARKER of New Jersey. I desire to move an amendment to section 307.

The CHAIRMAN. The reading of section 307 has not been concluded.

Mr. CAMPBELL of Kansas. I understood it had been concluded.

The CHAIRMAN. The Chair begs the gentleman's pardon. Section 307 has been concluded.

Mr. CAMPBELL of Kansas. I call the attention of the chairman of the committee or the gentleman in charge—

Mr. ADAMSON. There is still a provision in the bill to the effect that he shall give a part of his pay to his wife as an allotment.

Mr. CAMPBELL of Kansas. It would have to be amended, if it did not refer to his pay.

Mr. RAYBURN. I do not see any harm it would do to leave it in.

Mr. CAMPBELL of Kansas. I believe it would do harm to leave it in. I do not want to make a motion to strike it out. I think the gentleman in charge of the bill should do so.

Mr. RAYBURN. I ask that we pass it over, and I will look into it and ask unanimous consent to return to it, if necessary.

The Clerk read as follows:

SEC. 308. That no compensation shall be payable for death or disability which does not occur prior to or within one year after discharge or resignation from the service, except that where, after a medical examination made pursuant to regulations, at the time of discharge or resignation from the service, or within such reasonable time thereafter, not exceeding one year, as may be allowed by regulations, a certificate has been obtained from the director to the effect that the injured person at the time of his discharge or resignation was suffering from injury likely to result in death or disability, compensation shall be payable for death or disability, whenever occurring, proximately resulting from such injury.

Mr. PARKER of New Jersey. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from New Jersey offers an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. PARKER of New Jersey offers the following amendment: Page 24, line 18, after the word "obtained," strike out the words "from the director."

Mr. PARKER of New Jersey. When a man is really badly hurt in the Army or Navy and goes out, a certificate is given him by a physician in the Army or Navy, and that ought to be enough, if it is a disease that is likely to result in death or disability, and he ought not to be forced to go to a director of a new bureau within a year and get another certificate, and then, if he fails to get an extension for another year, fall of his rights. So I move to strike out the words "from the director." If a certificate is given him, that is enough.

Mr. RAYBURN. This is simply another amendment of the gentleman from New Jersey that would split up the administration of the bill, and I think it ought not to be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. PARKER].

The question was taken, and the Chairman announced that the yeas appeared to have it.

Mr. PARKER of New Jersey. I ask for a division, Mr. Chairman.



The committee divided; and there were—ayes 32, noes 34.

Mr. MADDEN. I ask for tellers, Mr. Chairman.

The CHAIRMAN. The gentleman from Illinois asks for tellers. All those in favor of taking the vote by tellers will rise and stand until they are counted. [After counting.] Twenty gentlemen have risen—a sufficient number. Tellers are ordered. The gentleman from New Jersey [Mr. PARKER] and the gentleman from Texas [Mr. RAYBURN] will please take their places as tellers.

The committee again divided; and the tellers reported—ayes 52, noes 55.

So the amendment was rejected.

The Clerk read as follows:

SEC. 311. That no compensation shall be payable unless a claim therefor be filed, in case of disability, within one year after discharge or resignation from the service, or, in case of death in the course of service, within one year after such death is officially recorded in the department under which he may be serving: *Provided, however*, That where compensation is payable for death or disability occurring after discharge or resignation from the service, claim must be made within one year after such death or the beginning of such disability.

The time herein provided may be extended by the director not to exceed one year for good cause shown. If at the time that any right accrues to any person under the provisions of this article such person is a minor, or is of unsound mind or physically unable to make a claim, the time herein provided shall not begin to run until such disability ceases or a guardian is appointed of the minor or insane person.

Mr. HOUSTON. Mr. Chairman, I wish to offer, on page 26, an amendment to strike out the word "or" on line 2, and all of line 3, embracing the words "or a guardian is appointed of a minor or insane person."

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Tennessee [Mr. HOUSTON].

The Clerk read as follows:

Amendment offered by Mr. HOUSTON: On page 26, line 2, after the word "ceases," strike out the word "or," and on line 3 strike out the words "a guardian is appointed of the minor or insane person."

Mr. HOUSTON. Mr. Chairman, I want to call attention to the fact that this provides that the claim for compensation must be filed within one year after the discharge or after the death of the soldier, and it provides that the statute shall not run against a minor or insane person until such disability ceases or a guardian is appointed. I do not think the minor should be precluded on the ground of the laches or negligence of a third party. It is not good legislation to bar a right to claim the compensation because of the fault of another. A guardian might be indifferent or negligent.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Tennessee.

The amendment was agreed to.

Mr. KEY of Ohio. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The gentleman from Ohio offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. KEY of Ohio: On pages 25 and 26 strike out all of section 311.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Ohio.

Mr. KEY of Ohio. Mr. Chairman, I would like to speak on that amendment.

The CHAIRMAN. The gentleman from Ohio is recognized.

Mr. KEY of Ohio. Mr. Chairman and gentlemen of the committee, I am of the opinion that it would be very unwise to allow the statute of limitation to run against these soldiers. In all the pension legislation in the history of this Government under the general law, where the soldier is pensionable for some disability, he is permitted to file his claim at any time.

Now, let us take a concrete example. For instance, some soldier loses his arm in the service. After the war is over he comes home and for certain reasons does not care to file an application. He may be an attorney and think by the practice of law he could make a fairly decent living in his profession. But misfortune and adversity might overtake him. He probably loses his health and feels that he needs the help of the Government, to which he is entitled. If he waited for two years, the doors would be shut, and he would be forever barred from making an application.

Now, gentlemen of the committee, I submit that if a soldier was wounded in line of service and has a hospital record in the War Department, what difference does it make whether he defers making application for 3 or 4 or even 10 years? It seems to me this is one of the most unjust sections in the bill. I think the whole section should be stricken from the bill.

Mr. ALEXANDER and Mr. DOWELL rose.

The CHAIRMAN. Is the gentleman from Iowa a member of the committee?

Mr. DOWELL. No.

The CHAIRMAN. Then the gentleman from Missouri [Mr. ALEXANDER] will be recognized first.

Mr. ALEXANDER. Mr. Chairman, section 308 of the bill provides—

That no compensation shall be payable for death or disability which does not occur prior to or within one year after discharge or resignation from the service, except that where, after a medical examination made pursuant to regulations, at the time of discharge or resignation from the service, or within such reasonable time thereafter, not exceeding one year, as may be allowed by regulations, a certificate has been obtained from the director to the effect that the injured person at the time of his discharge or resignation was suffering from injury likely to result in death or disability, compensation shall be payable for death or disability, whenever occurring, proximately resulting from such injury.

Now, if we should remove the limitation entirely as to when the application might be made upon the ground of disability of service origin, we would open the door to all sorts of fraud.

Mr. KEY of Ohio. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. In the case instanced by the gentleman from Ohio, if a soldier's arm is off, if we were confined to that class of cases, there would be no trouble about that, because that disability is apparent. But there are many diseases that might be contracted in the intervening years of a nature that might not be apparent, and an attempt might be made to connect them with his service. Under the bill as drawn he may go, during his service or within two years thereafter, to the medical examiner and be examined, and his disability, whatever it is, may be ascertained at that time; and if later it develops that it is permanent, or later if he dies of that disability, he is entitled to compensation under this provision of the bill.

But if you leave it open, without any limitation whatever, it will invite fraud; and it is to prevent that that this provision is inserted. If one year is not enough, we might say three years. That certainly would be time enough after the service is ended within which to determine whether a man is suffering from any disability of service origin. If three years are not ample, we should fix some time.

Mr. BORLAND. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. Yes.

Mr. BORLAND. I was going to suggest that possibly one year is too short, because that might lead to hastening into the bureau a large number of applications within 12 months—more than the bureau could conveniently and properly examine and discharge.

Mr. ALEXANDER. We might make it three years.

Mr. BORLAND. I think three years would be fair.

Mr. MADDEN. Make it five years.

Mr. BORLAND. I should like to ask the gentleman one more question. The provision in this section says that the time herein provided may be extended by the director not exceeding one year for good cause shown. Does my colleague understand this to mean that in a specific case it can be extended one year, or that he can make a general extension of one year for the filing of claims? It does not seem to me that the director ought to have the right in specific cases to show favoritism.

Mr. ALEXANDER. I think the gentleman is correct. I think it would be done by a general regulation under the bill.

Mr. BORLAND. It seems to me it ought to be.

Mr. DOWELL. Mr. Chairman, I am very much opposed to this limitation of one year for the filing of these claims. It occurs to me that this limitation will work a great hardship and in many cases do great injustice to the men in the service and in fact many claims can not be presented because of this limitation. The gentleman from Missouri [Mr. ALEXANDER], in his argument, has suggested that an extension of time for filing these claims will open the door to many frauds against our Government. In reply I want to say, that in my opinion a much greater injustice will be done the men in the service by placing this limitation in the law than can ever be done against the Government by the presentation of unjust claims under this act, because the Government is provided with all kinds of facilities and equipment for the investigation of these claims, and no claim will be paid which does not come within the provisions of this act. So far as I am concerned, I believe that every man in the service who has an honest claim, whether it be presented within 1 year or within 10 years from the time of his discharge from the service, ought to have an opportunity to present his claim to this commission, and if he is really entitled to it he should have his claim allowed. Should we adopt this section, as presented by the committee, and should we bar all claims not filed within one year, we will prevent many honest claims from being properly adjusted and paid. I believe that anyone in the service who has become dis-



abled while in the line of duty should have his claim allowed and paid whenever presented. And this Government ought not to say to him, While you have a just claim it can not be considered because it was not filed within the year provided by law. Many honest claims may not develop even within the year, and this Government should not be technical and cut out honest claims because not filed in time. I believe that whenever such disability is developed, whether within 1 year or 10 years, the claim should be presented and it should have proper investigation, and if found a just claim it should be allowed and paid. Every man in the service should have ample time and ample opportunity to present his claim to this department. This Government can not afford to bar just claims because not filed within the year.

These men have been called to the defense of their country. They are hazarding their health and their lives in a cause of patriotism. Do not be technical should they be compelled to present a claim for disability.

Mr. MADDEN. Mr. Chairman, I wish to offer an amendment.

Mr. ADAMSON. I was going to ask unanimous consent that debate on this amendment close. This would not cut off the right to offer other amendments.

Mr. MADDEN. I do not want to be cut off.

Mr. LITTLE. I should like to have a little time.

The CHAIRMAN. Does any gentleman desire recognition in opposition to the amendment offered by the gentleman from Ohio?

Mr. MADDEN. I have an amendment to offer.

The CHAIRMAN. An amendment to the amendment?

Mr. MADDEN. No.

The CHAIRMAN. The question is on the amendment of the gentleman from Ohio to strike out the section.

Mr. RUSSELL. An amendment to perfect the section comes first.

Mr. CAMPBELL of Kansas. I submit that if the gentleman from Illinois [Mr. MADDEN] has an amendment to perfect the section he should be allowed to offer it before the vote on the motion to strike out.

Mr. MADDEN. It will not interfere—

The CHAIRMAN. It would have had priority if it had been offered before the motion to strike out was offered and debated, but the motion to strike out having been offered and debated, it seems to the Chair that it does not have priority.

Mr. MADDEN. The amendment I offer would not interfere with the other in any way, so I do not raise that question.

The CHAIRMAN. The question is on the amendment proposed by the gentleman from Ohio.

Mr. LITTLE. I should like to say a word on that.

Mr. ADAMSON. I ask unanimous consent that at the end of five minutes debate on this section and amendments thereto close.

Mr. DYER. Will the gentleman make it 10 minutes?

Mr. SWITZER. Reserving the right to object, will the gentleman give me two minutes?

Mr. ADAMSON. I will have to make my request 10 minutes, then.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent that all debate on this section and all amendments thereto close at the end of 10 minutes. Is there objection?

There was no objection.

Mr. ADAMSON. Mr. Chairman, I want one minute of that time to say that I admit everything the gentleman says about wanting to hold the door open to honest claims, but the object of all laws of limitation of time is to preserve the truth, by demanding that the evidence be produced before time has obliterated it and rendered it uncertain and impossible of ascertainment.

Mr. MADDEN. I desire to offer an amendment.

The CHAIRMAN. The gentleman will send his amendment to the desk.

Mr. MADDEN. On page 25, line 12, strike out the word "one" and insert the word "ten"; in line 13, add the letter "s" to the word "year." In line 14, strike out the word "one" and insert the word "ten," and in the same line add the letter "s" to the word "year." In line 19, strike out the word "one" and insert the word "ten," and add the letter "s" to the word "year."

The CHAIRMAN. Without objection, the amendment will be considered as pending, and the gentleman will be recognized to discuss it. The amendment will be voted on after the motion of the gentleman from Ohio is disposed of.

Mr. MADDEN. Mr. Chairman, I do not care whether I speak now or after the vote on the other amendment.

The CHAIRMAN. The parliamentary situation is this, that the amendment of the gentleman from Ohio now has preference.

Mr. MADDEN. This would not interfere with that.

The CHAIRMAN. If his motion should be adopted, that would strike out the section.

Mr. MADDEN. I would not object to that. I would be glad to withhold my amendment and have it considered as pending, and let the vote be taken on the other motion.

Mr. LITTLE. Mr. Chairman, I have asked for recognition two or three times.

The CHAIRMAN. The Chair will recognize the gentleman.

Mr. ALEXANDER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. ALEXANDER. Is it not in order to perfect a section before the motion to strike out is put?

The CHAIRMAN. If the gentleman from Illinois [Mr. MADDEN] or any other gentleman had, at the time the gentleman from Ohio offered his amendment, asked for recognition for the purpose of perfecting the section, he would have been given preference in recognition for that purpose; but the gentleman from Ohio offered his motion to strike out. There was no suggestion of any motion to perfect, and the gentleman from Ohio was recognized and discussed his amendment for five minutes, and the gentleman from Missouri spoke in opposition to it for five minutes. It seems to the Chair that in that situation the motion of the gentleman from Ohio now has precedence. Ordinarily the gentleman's statement of the rule is correct.

Mr. ALEXANDER. Is it the opinion of the Chair that it depends on whether or not the offer of the amendment to perfect the section is made before the motion to strike out? I understand the rule applies without reference to the time when the motion is made to strike out, and that if the motion is made to strike out, then at any time before the question is put it is in order to offer an amendment to perfect the section, and that amendments to perfect the section are acted upon first.

Mr. MADDEN. Mr. Chairman, I should be glad to take the floor to discuss my amendment.

The CHAIRMAN. The Chair has this impression about the matter, although he may be in error. The practice is as stated. Where the gentleman moves to strike out and receives recognition, if no motion is made to perfect the text and the amendment is discussed, then it seems to the Chair that that is first in order.

Mr. ALEXANDER. I understand the rule to be that an amendment to perfect the section must be put before the motion to strike out.

Mr. RUSSELL. Will the Chair hear me on the point of order?

The CHAIRMAN. The Chair will be glad to hear the gentleman.

Mr. RUSSELL. The very purpose of the rule providing for a motion to perfect the section having precedence or putting the amendment to perfect the section before the motion to strike out is that it may be possible to avoid the striking out of the section. It might be that the motion would carry as the section now stands, but if the section should be perfected or amended it might not carry, as it might remove the objection. There is every reason why the vote should first be taken upon the amendment to perfect the section before the motion to strike out is put to a vote.

The CHAIRMAN. There is no doubt about that as a general rule. But there is no point of order pending here, and without stopping to look it up the Chair will recognize the gentleman from Illinois to discuss his amendment.

Mr. MADDEN. Mr. Chairman, under the provision of section 311 any man injured in the service of his country while defending its honor would be compelled to make an application for compensation within one year or forever be debarred from the right to do so. If a man be killed in the service, under the provisions of this section his family would not be permitted to make an application for compensation as the result of his death unless they did it within a year. It is true that the commissioner would have the right to extend the time for an additional year, if good cause was shown why the time should be extended. But that puts the matter within the power of a single man to determine whether a man's disability entitles him to compensation.

Now, I submit that this is not just. The men who offer their lives to their country and by reason of having done that fight to preserve the Nation's honor are entitled to everything the country can give them in decency, and I submit that it is not unreasonable to say that a man ought to have the right within a period of 10 years to make an application to his Government



to compensate him for the loss of an arm, or the loss of a leg, or any other injury that may be incurred as the result of service to his country.

The Government ought not to pretend to compensate these men and then cut them off from an opportunity to receive compensation, and that is exactly what this section of the bill does. It says that no man shall be compensated for any disability incurred as the result of his service to his country unless he makes an application within a year from that time. It also says that the family of no man who has served his country may apply after a year for compensation for his death.

The men who drew the bill pretend to be philanthropists; they advertise themselves all over the country as being in favor of doing justice to the citizens of the country, and yet when the question arises with respect to the injury of a man who has been drafted into the service of the Nation to fight the battles of the people of the country, to protect the honor of the Nation, and to preserve and to perpetuate American institutions, he is told that no matter how badly he may be injured in the service of the country that unless he applies within a year he has no claim against the Government.

This, gentlemen, is not in keeping with the spirit of American institutions. It is not fair to the man whose blood is spilled on the battle field, and I maintain that there ought not to be any limitation within which a man injured in the country's service should be to allowed to apply for compensation. But since the committee seems to be determined that there shall be but a single year allowed, I am willing to content myself by limiting the period to 10 years. If I had my way, there would be no limitation whatever.

Mr. McKENZIE. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. McKENZIE. Why limit it to 10 years?

Mr. MADDEN. I have just said that I would not limit it at all; I would strike out the section.

Mr. KEY of Ohio. Why not vote on the motion to strike out? Why compromise on this proposition? Why make it 10 years? If it is wrong to let the statute of limitations run, why not throw the doors open and give them an opportunity to come in at all times?

Mr. MADDEN. I am willing to do that.

Mr. ALEXANDER. Mr. Chairman, I desire to amend the amendment of the gentleman from Illinois [Mr. MADDEN] by inserting the word "three" where he has the figures "10," so that the limitation will be three years.

The CHAIRMAN. The gentleman from Missouri offers an amendment to the amendment, which the Clerk will report.

The Clerk read as follows:

Mr. ALEXANDER moves to amend the amendment offered by Mr. MADDEN by inserting the word "three" instead of "10," in lines 12, 14, and 19, page 25.

Mr. ALEXANDER. Mr. Chairman, the only effect of this amendment is to make the limitation 3 years instead of 10. Now, take the instance given by the gentleman from Kansas as the basis for his argument. He says if a man dies in a German hospital, why, his family should have 40 years in which to make their claim, because they could not otherwise have opportunity to do it. Now, I have no desire on earth to place unreasonable limitations upon the time when the application may be made. If a man dies in the service, of course, that will be known, and three years will be ample time in which to make the claim.

Mr. LITTLE. Will the gentleman yield?

Mr. ALEXANDER. In a moment.

If he is injured in the service, they certainly can ascertain the fact within three years, and the only effect of extending the time is to open the doors for fraud; and if you consult the Pension Bureau you will find that has been the fact in previous wars. A man 10, 20, 30 years after the war contracts rheumatism or other diseases. Well, he may claim that that was of service origin. He may be in good faith; he may think it is true; but after the lapse of years it will be impossible to ascertain the fact.

Mr. LITTLE. Will the gentleman yield before he gets away from the German prison?

Mr. ALEXANDER. Yes.

Mr. LITTLE. Is the German Emperor going to make report to us here that the man died there?

Mr. ALEXANDER. No.

Mr. LITTLE. Of course not.

Mr. ALEXANDER. Of course the fact of his death will not depend on the Kaiser for information.

The CHAIRMAN. The time of the gentleman has expired; all time has expired.

Mr. DYER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DYER. There was a time fixed of 11 minutes. The gentleman from Kansas had part of that, but there is other time remaining. I ask to be recognized.

Mr. KEY of Ohio. No one has spoken in opposition to the amendment.

The CHAIRMAN. The Chair will state that the motion of the gentleman from Georgia was that debate upon this section and all amendments thereto close in 10 minutes—

Mr. DYER. I did not so understand.

The CHAIRMAN. Which motion prevailed and the gentleman from Georgia himself occupied one minute, the gentleman from Illinois [Mr. MADDEN] occupied five minutes, and the gentleman from Kansas occupied three minutes, and the gentleman from Missouri occupied one minute; and all time has expired.

Mr. DYER. Mr. Chairman, I think there is a misunderstanding on the part of the gentleman from Georgia; that it was only on the amendment offered by the gentleman from Ohio [Mr. KEY] that that time was fixed. Since that time there have been two amendments offered, and I ask unanimous consent the time may be extended five minutes.

The CHAIRMAN. The gentleman from Missouri asks unanimous consent that the time for debate on this amendment may be extended for five minutes and then closed. Is there objection? [After a pause.] The Chair hears none.

Mr. DYER. Mr. Chairman and gentlemen of the committee, I consider the proposition in regard to this limitation of time in which a claim can be filed as one of the very great parts of this splendid bill. This bill has been drawn with the intention of guarding the honor of the men who must go to fight the battles of this great war. You gentlemen have shown that you are patriotic men here to-day. You have shown it in adopting the amendment of the splendid Representative from Texas [Mr. BLACK], and now, gentlemen, here is a proposition equally as important to say that the men who go out into France and fight for the honor and glory of this country, that the men who are brave enough to go, that you shall say to them and charge them in this bill impliedly with the fact that they may try to commit fraud upon this country in the years that are to come by presenting fictitious or false claims. That is the argument of my distinguished colleague from Missouri [Mr. ALEXANDER]. He would have you believe that these men in years to come may present fraudulent claims against the Government to which they have given up their lives for the glory of the flag. Many of these men will come home, gentlemen, wounded and disabled, and they will have property perhaps that would take care of them for the next half dozen years or more, but the time will come, however, when on account of their disability they will no longer be able to make a living, and then they will come and ask of the Government that to which they are entitled and are entitled by reason of their services and by reason of this splendid bill.

The amendment of the gentleman from Illinois [Mr. MADDEN] and the amendment of the gentleman from Missouri, my colleague [Mr. ALEXANDER], ought both to be voted down. It is wrong, it is not proper, it is dishonorable to have them written in such a splendid measure as this.

Mr. WALSH. Will the gentleman yield?

Mr. DYER. I will.

Mr. WALSH. Would not the putting of a brief limitation in the bill result, in the gentleman's opinion, in the filing of many special claims before Congress?

Mr. DYER. It would, no doubt, Mr. Chairman, result in many claims of that kind.

Mr. IGOE. If this limitation stays in here, will it not compel people to file claims now who are able to go on without calling on the Government?

Mr. DYER. Absolutely.

Mr. BORLAND. Does the gentleman say that the existence of the statute of limitations in all the States is a reflection upon every honest man that pays his debts?

Mr. DYER. No.

Mr. BORLAND. Where does he get any reflection upon any honest man?

Mr. DYER. It is a reflection on the honest soldiers who fight our battles. It is a reflection on the courage of the men who go out to fight those battles, and I will say to my colleague that there is no greater personal sacrifice that a man can make to this country than to go out now across the waters and face the armies of the central powers.

Mr. BORLAND. The gentleman does not have to say that to me. But does he say that the statute of limitations are wrong and a reflection upon men who pay their debts?

Mr. DYER. It is a reflection on the soldiers and sailors.

Mr. BORLAND. Do not dodge the question.



Mr. DYER. I am not talking about the statutes that pertain to civil matters and civil suits, but I am talking about claims presented against this Government in a bill that is written for patriotic men, women, and children. You say that this bill has been brought here in the interests of the soldiers and sailors of the Nation. I have taken the word of you gentlemen that it is true in every particular. I have said that the men who wrote this bill, the men who are responsible for it, and I care not who they are, are entitled to the credit of the Nation for bringing in so splendid a measure, in a general way.

Mr. RUSSELL. Does not the gentleman believe it would be economical for the Government not to require hasty presentations of these bills? And why require them to be filed in one year? Probably many will not be filed for many years afterwards. It would probably save the Government a good deal of money.

Mr. DYER. My colleague is absolutely right.

The CHAIRMAN. The time of the gentleman has expired.

Mr. DYER. Mr. Chairman, I ask unanimous consent that my time be extended for one minute.

The CHAIRMAN. The gentleman from Missouri asks unanimous consent that his time be extended for one minute. Is there objection? [After a pause.] The Chair hears none.

Mr. DYER. The gentleman from Kansas [Mr. LITTLE], who served brilliantly and bravely in the Twentieth Kansas as its lieutenant colonel in the Philippines knows something about matters of this kind. The gentleman from Missouri [Mr. RUSSELL], who is the senior member of the Committee on Invalid Pensions, knows about these things, and the gentleman from Ohio [Mr. KEY] knows that in many instances men will not present their claims until they are compelled to do so. Why? Because some gentlemen in this House and some people in this country say it is a disgrace for a soldier or sailor or a widow to come to the Government and ask for a pension. This bill provides for pensions, pensions that ought to be paid, pensions that ought to be allowed, and concerning which no time should be fixed. [Applause.]

The CHAIRMAN. The time of the gentleman has expired. The question is on the amendment of the gentleman from Missouri [Mr. ALEXANDER] to the amendment offered by the gentleman from Illinois [Mr. MADDEN].

The question was taken, and the Chairman announced that the yeas appeared to have it.

Mr. ALEXANDER. Division, Mr. Chairman.

The committee divided; and there were—ayes 54, noes 66.

Mr. ADAMSON. I demand tellers, Mr. Chairman.

Tellers were ordered, and Mr. ADAMSON and Mr. MADDEN took their places as tellers.

The committee again divided; and the tellers reported—ayes 68, noes 74.

So the amendment to the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. MADDEN].

The question was taken, and the Chairman announced that the yeas seemed to have it.

Mr. KEY of Ohio. We would like to hear the amendment read. What was the amendment which the gentleman from Illinois offered?

The CHAIRMAN. Without objection, the amendment will be again reported.

The amendment was again reported.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. MADDEN].

The question was taken, and the Chairman announced that the yeas appeared to have it.

Mr. KEY of Ohio. I demand tellers.

Tellers were refused.

So the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. KEY], to strike out the section.

The question was taken, and the Chairman announced that the yeas seemed to have it.

Mr. KEY of Ohio and Mr. DYER demanded a division.

Mr. RAYBURN. A parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. RAYBURN. What is this vote on?

The CHAIRMAN. On the Key amendment, to strike out the section.

The committee divided; and there were—ayes 58, noes 73.

Mr. KEY of Ohio. Tellers, Mr. Chairman.

The CHAIRMAN. The gentleman from Ohio asks for tellers. Those in favor of taking this vote by tellers will rise and stand until they are counted. [After counting.] Twenty-one gentlemen have risen; a sufficient number. Tellers are ordered.

The gentleman from Texas [Mr. RAYBURN] and the gentleman from Ohio [Mr. KEY] will act as tellers.

The committee again divided; and the tellers reported—ayes 66, noes 82.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 314. That compensation under this article shall not be paid while the person is in receipt of service or retirement pay. Existing pension laws and laws providing for gratuities or payment in the event of death in the service shall not be applicable after the enactment of this amendment to persons now in or hereafter entering the military or naval service, except in so far as rights under any such law shall have heretofore accrued.

Compensation because of disability or death of members of the Army Nurse Corps (female) or of the Navy Nurse Corps (female) shall be in lieu of any compensation for such disability or death under the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916.

Mr. ZIHLMAN. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Maryland moves to strike out the last word.

Mr. ZIHLMAN. Mr. Chairman, I am in entire sympathy with the compensation provisions of this bill, and I think, in view of the fact that this is a most revolutionary proposition, it is remarkable that so few of the minor features of this bill have been amended.

However, there are certain fundamental principles involved in this bill which should receive the careful and intelligent consideration of the membership of this House. One of those fundamentals was amended by the proposition of the gentleman from Texas [Mr. BLACK]. There are two others. One is, Is the Government ready to commit itself for all time to the life insurance business? Another is, Is the optional feature of this bill just and equitable to all the enlisted men and drafted men in the Army of the United States?

It is stated by the actuary of the War Department that only 25 per cent of the men in the armies of the United States will avail themselves of the insurance provided in this bill, and they in sums of from \$1,000 to \$2,500. If that is true, we are giving a gratuity—for that is what it amounts to—of \$50 a thousand to those men who have knowledge of life insurance and knowledge of business methods and would have the money to buy this insurance. We are giving, let us say, a gratuity of \$250 on a policy of \$5,000. But to some one who has not the business knowledge, or sufficient knowledge of this business, at least, to avail himself of this insurance we give only \$50; and if he does not apply for it we give him nothing.

Now, I am in favor of giving a life insurance policy to each soldier and sailor of the United States in the sum of \$3,000, enlisted men and officers alike. [Applause.] When they offer themselves to the service of the country, I am in favor of placing in their hands a policy for \$3,000, not waiting until the soldier or sailor applies for it, because, according to the figures of the actuaries of the War Department, not more than 25 per cent of the men in the Army and Navy of the United States will avail themselves of this insurance, and this is discriminatory and unfair.

I propose to offer an amendment to section 4, providing that the sum of \$3,000 shall be paid to every man who is killed or who dies from disease contracted while in the service of the United States. If I still have the time, Mr. Chairman, I would like to offer or to have read in my time an amendment to section 4 of this bill.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Maryland.

The Clerk read as follows:

Amendment offered by Mr. ZIHLMAN: Page 27, strike out all of section 400 and insert the following in lieu thereof:

"SEC. 400. That to a spouse, child, grandchild, parent, brother, or sister of every commissioned officer and enlisted man and of every member of the Army Nurse Corps (female) and of the Navy Nurse Corps (female) who dies during the present war or within two years after its termination, as the result of injury received or disability contracted while serving with the military or naval forces of the United States, in the line of duty, there shall be paid the sum of \$3,000 in monthly installments to be prescribed by regulations."

The CHAIRMAN. Is it to be read merely for information?

Mr. ZIHLMAN. Yes.

Mr. FESS. Mr. Chairman, we have not reached that yet.

The CHAIRMAN. The time of the gentleman from Maryland has expired. Without objection, the pro forma amendment will be withdrawn.

Mr. CAMPBELL of Kansas. Mr. Chairman, I move to strike out, on page 26, line 14, all the language beginning with the word "existing," in line 14, and ending with the word "accrued," in line 19.



The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Kansas.

The Clerk read as follows:

Amendment offered by Mr. CAMPBELL of Kansas: Page 26, line 14, strike out all of the language beginning with the word "existing," in line 14, and ending with the word "accrued," in line 19.

Mr. CAMPBELL of Kansas. Mr. Chairman, earlier in the day this motion would not have been in keeping with the provisions of the bill, but as the bill has been amended this language has now no place in it. I submit this to the gentleman in charge of the bill.

Mr. RAYBURN. I submit that that is the very heart of the bill that the gentleman proposes to strike out. We intend that this shall be in lieu of the pension.

Mr. CAMPBELL of Kansas. But we have already provided for pensions in this bill.

Mr. RAYBURN. We certainly have, and it will not interfere with them in the least. We want this law, as it says here, to apply to men now in the service or hereafter in lieu of pensions.

Mr. CAMPBELL of Kansas. But we have amended this bill so that the men now in the service will receive pensions.

Mr. RAYBURN. No; we have not. In this law are provisions whereby the soldier can receive this compensation.

Mr. CAMPBELL of Kansas. Oh, it is not compensation. You can not compensate men for the kind of service these men are rendering.

Mr. RAYBURN. Nobody expects that.

Mr. CAMPBELL of Kansas. Then let us not call it that.

Mr. RAYBURN. The one sole purpose of this bill is to try to get away from the pension system and substitute this for it. That is why this section is placed here as to the men in the Army now and hereafter in the Army.

Mr. CAMPBELL of Kansas. Mr. Chairman, you can not pay for military service, service in the face of shot and shell, service in the face of asphyxiating gases, service that takes the bravest of the brave, whether voluntary or service that is compelled under conscription, at \$30 a month. You can not pay for that kind of service by calling it compensation, as is done in this bill. [Applause.] You can not change the nature of military service and place it on the same level as service in the industries of the country.

This bill was drafted by a man who may know something about sociology, who has studied the question of compensation for those injured in industrial pursuits; but evidently he has no comprehension of military service or he would not have used the word "compensation" for such service as volunteer and conscripted men render at \$30 a month and then give them for total disability—total blindness, the loss of both legs or both arms—as he proposed, \$40 a month—

Mr. REAVIS. And under a one-year statute of limitation.

Mr. CAMPBELL of Kansas. And under a one-year statute of limitation. Why, if the gentlemen in charge of this bill think they are right when they say that the very purpose is from now on in this Republic to strike out the word "pensions" and insert the word "compensation," and place military service upon the same basis as service in a shoe factory, which is voluntary, they have misconstrued the nature of service in the military and naval forces of the United States. [Applause.]

Mr. RAYBURN. If the gentleman takes that position now, I have misconstrued the texture of his mind heretofore. Does the gentleman mean to say he wants a man to be paid under this law and under another law? That is all this part of the bill refers to.

Mr. CAMPBELL of Kansas. Oh, no; I am answering the gentleman's statement that it is the purpose from now on to place payments for disabilities in the military and naval service of the United States upon the same basis as compensation under existing laws for injuries incurred in shoe factories and woolen mills.

Mr. RAYBURN. I certainly was very candid when I made my remarks on this bill, in saying, as I now say, that we intend this to be in lieu of pensions.

Mr. CAMPBELL of Kansas. I understand that, but I do not believe the country is with the gentleman in charge of the bill.

Mr. RAYBURN. Well, we will have a roll call on this after a while to see whether the House is or not.

Mr. CAMPBELL of Kansas. Oh, there are some things in this bill that make it necessary that it should pass. There are many things in this bill that are objectionable that will be out of it before it becomes a law.

Mr. ALEXANDER. Mr. Chairman, I think there is confusion about the effect of the amendment of the gentleman from Kansas. He has argued many questions that are wholly irrelevant to the question at issue. I do not care whether you call

this compensation or pension. That is beside the question; but section 314 provides—

That compensation under this article shall not be paid while the person is in receipt of service or retirement pay.

Mr. CAMPBELL of Kansas. That ought to remain in.

Mr. ALEXANDER. It also provides that—

Existing pension laws and laws providing for gratuities or payment in the event of death in the service shall not be applicable after the enactment of this amendment to persons now in or hereafter entering the military or naval service, except in so far as rights under any such law shall have heretofore accrued.

For instance, since this war began rights may have accrued under the old pension laws; it is to save those rights that the provision quoted is written into the law; but, as to rights that may accrue hereafter, they shall be measured under this bill.

Mr. CAMPBELL of Kansas. May I ask the gentleman a question?

Mr. ALEXANDER. Yes.

Mr. CAMPBELL of Kansas. Just on the dead level, does the gentleman from Missouri believe that we ought to inaugurate here to-day a policy that would place those who in the future render military service, either voluntary or compulsory, for the United States on the same level as those who volunteer to work in a shoe factory and are injured there?

Mr. ALEXANDER. Why, no.

Mr. CAMPBELL of Kansas. That is what this bill is doing.

Mr. ALEXANDER. Oh, no. Let us talk about this amendment that you propose. You intend that the soldier who serves in this war shall not only receive a pension, if you please, under the provisions of this bill, but in addition to that the pension provided for by existing law.

Mr. CAMPBELL of Kansas. Oh, no.

Mr. ALEXANDER. That is just what your amendment would do, and I think in that you are laboring under a misapprehension.

Mr. ADAMSON. Mr. Chairman, I ask unanimous consent that all debate on this section and amendments thereto do now close.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent that all debate on this section and amendments thereto do now close. Is there objection?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas.

The amendment was rejected.

The Clerk read as follows:

SEC. 315. That if an injury or death for which compensation is payable under this act 's caused under circumstances creating a legal liability upon some person other than the United States or the enemy to pay damages therefor, the director, as a condition to payment of compensation by the United States, shall require the beneficiary to assign to the United States any right of action he may have to enforce such liability of such other person or any right which he may have to share in any money or other property received in satisfaction of such liability of such other person. The cause of action so assigned to the United States may be prosecuted or compromised by the director and any money realized thereon shall be placed to the credit of the compensation fund.

Mr. ADAMSON. Mr. Chairman, I move that debate on this section and all amendments thereto be now closed.

The CHAIRMAN. The gentleman from Georgia moves that debate on the section and all amendments thereto be closed.

The motion was agreed to.

The Clerk read as follows:

#### ARTICLE IV.

##### INSURANCE.

SEC. 400. That in order to give to every commissioned officer and enlisted man and to every member of the Army Nurse Corps (female) and of the Navy Nurse Corps (female) when employed in active service under the War Department or Navy Department the opportunity to secure upon equitable terms greater or broader protection for themselves and their dependents than is provided in Article III, the United States, upon application to the bureau and without medical examination, shall grant insurance against the death or total disability of any such person in any multiple of \$500, and not less than \$1,000 or more than \$10,000, upon the payment of the premiums as hereinafter provided.

The Clerk read the following committee amendment:

On page 27, line 23, strike out the words "the opportunity to secure on equitable terms."

The committee amendment was adopted.

The Clerk read the next committee amendment, as follows:

On page 27, line 24, strike out the words "or broader."

The committee amendment was agreed to.

The Clerk read the following committee amendment:

Page 28, line 4, strike out the figures "\$10,000" and insert "\$5,000."

Mr. ADAMSON. Mr. Chairman, I hope the committee will disagree to that amendment and allow it to stand as originally written in the bill at \$10,000.

Mr. HELM. Mr. Chairman, I want to ask a question in regard to a section which has just been passed over, section 315, which provides that if an injury or death occurs which is not the result of the fault of the United States, or the enemy, that the right of action shall be transferred to the United States.

Now, I wish to ask the gentleman in charge of the bill this question: Suppose the soldiers are being moved by rail from San Antonio to some cantonment, say, in Mississippi or elsewhere, and any number of them are killed by the gross negligence or carelessness of those engaged in the operation of the train. The railroad would clearly be liable for the injury or for the death. In some States of the Union compensation where death results from gross carelessness or negligence the recovery may be as large as \$30,000.

Mr. ALEXANDER. For death?

Mr. HELM. Yes.

Mr. ALEXANDER. I do not know of any State where there is any such sum recoverable.

Mr. HELM. Well, say, \$10,000, \$15,000, or \$20,000. Under such a case as that where the person has a clear, well-defined, clean-cut cause of action for death, under the provisions of this section that right would be transferred to the United States and the United States would prosecute and recover maybe \$10,000 or \$20,000, or whatever sum it may be. That sum would be placed to the credit of the compensation fund under the provisions of section 315. Now, I do not think it would be right or just or proper for a soldier who lost his life in such a manner as that, where the cause of action gave him a substantial right to recovery of a sum much larger and in excess of the provisions of this bill, to have it go into the compensation fund and credited to the United States instead of the family of the injured or deceased soldier. It looks to me like an unjust and unfair and unwise provision. In many cases it would operate as a substantial profit to the United States. Any excess amount accruing for such death or injury recovered by the United States should be paid to the soldier injured or, in case of death, to those entitled thereto by this act.

Mr. ALEXANDER. Mr. Chairman, I will say to the gentleman from Kentucky there may be instances where that would result in injustice, but this bill undertakes to compensate for the injuries received by the act for which he may have a cause of action. The party who claims under the provisions of the law for injury that may result in disability or death is required to assign his cause of action against the railroad company or against the enemy. Now, there are very few cases that I know where the party injured gets any \$10,000, \$15,000, or \$20,000.

Mr. HELM. Will the gentleman yield?

Mr. ALEXANDER. Yes.

Mr. HELM. Of course, I have not had the extended experience the gentleman from Missouri has in the practice of law.

Mr. ALEXANDER. Compensation for death under the law of Missouri is \$5,000, or was when I was familiar with the law. We will think about the suggestion of the gentleman from Kentucky. It seems to have much merit.

Mr. GREGG. I would like to ask the gentleman a question.

Mr. STAFFORD. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. GILLET].

Mr. GILLET. Mr. Chairman, the gentleman from Georgia did not tell us why the committee abandoned its amendment, but I think we can all guess, and I think this illustrates what I said at the beginning and which the gentleman from Georgia rather took umbrage at—that it is unfortunate for the House that we are not getting in this bill the independent and unbiased judgment of the committee.

But I wish to say a word about the financial result of this bill in connection with this amendment. Now, the provision for family allowances, according to the table which the committee gives us, will cost the second year \$190,000,000, and will not be less for many years. The compensation for death will cost \$22,000,000. The compensation for total disability will cost \$35,000,000, and the compensation for partial disability will cost \$21,000,000, making a total of \$268,000,000 for one year. Then we have our present pension bill, which this year is \$160,000,000. Suppose that falls off faster than we expect; suppose it goes to \$132,000,000. That will make, in round numbers, for the year after next \$400,000,000 which we will be paying for pensions or for compensation, call it what we please. Now, in addition to that comes this proposition of insurance. This proposition is in addition to the \$400,000,000 which the committee's own figures show we will have to pay. Now, can the Government afford to pay it? Of course, we all want to be liberal.

We would all like to give \$1,000 instead of \$100 to a man who loses his eyesight, and that would not be adequate compensation. We would all like to increase this compensation all through, for we know that no matter how large we make the payments we can not adequately compensate for what they lose; but in figuring the amount we must be governed by what the resources of the Government will allow on the one side and the deserts of the men on the other, which we know we never can meet, no matter how much we pay, and therefore we have got to compromise between the two; and it seems to me that with the \$400,000,000 that we are pledged under this bill it is unwise to add this additional insurance, because by these same figures that the committee give us, if the insurance is \$10,000, if every soldier in the Army took it—and if it is a good thing we want them all to take it; we do not want a few to get the benefit of it and not all—if every soldier in the Army took it out, according to the figures published by the committee it would cost in the second year \$1,800,000,000 in addition to the \$400,000,000.

Mr. LITTLE. Will the gentleman yield?

Mr. GILLET. I have not the time, otherwise I would be glad to do so.

Mr. LITTLE. That would be 10 per cent of what we have spent this year.

Mr. GILLET. On pensions?

Mr. LITTLE. No.

Mr. GILLET. We have got to pay that \$1,800,000,000 in addition to all we are paying now. That would keep growing from year to year, for, despite the statements in the hearings, it does not seem to me so much would be payable the second year. The fundamental trouble is that this is really a pension or compensation just as much as what we call our total disability or death allowance is a pension. There a man gets a certain amount a month, but the Government pays the premium.

In this case the Government only pays seven-eighths of the premium and the man pays one-eighth, so that this premium is really so much extra compensation and is a mere addition to that clause of the bill, and it seems to me we can not afford to pay \$1,800,000,000 a year more. The only argument they can make is that we will not have to pay that because all men will not elect to pay the premium. In my opinion all the soldiers should be treated alike. I do not think a shrewd provident man who sees it is a good investment should get it and a man who was not shrewd enough to see it be left out. That would produce a state of dissatisfaction which in a few years would probably compel legislation to put all on the same footing. Now, who would be apt to take out this insurance? In the first place, all the men of middle age would be so much more benefitted by such insurance than would the young men that they would practically all insure. There are in the Regular Army thousands of officers and men between 45 and 64, to whom this feature would be most attractive. They would get insurance for life far below its actual value. Then the men of means in the service and the officers to whom the monthly premiums would mean little would all be likely to insure; but when it comes to the great mass of the Army, the young men, hopeful, careless, improvident, liking their spending money, it is impossible to predict their course. It would probably depend somewhat upon the influence of their commanding officers. Those who had captains who would keep impressing on them the importance of insuring would follow the advice; those who were left to themselves would not. And thus it would be left largely to chance and after the war there would be disabled veterans and bereaved families in the same neighborhood receiving different compensations. Some would think they were discriminated against—they were treated unfairly and instead of the equality which it is our purpose to establish and which alone would permit future supplementary legislation there will be dissatisfaction and discontent. We must not forget that this insurance feature is in addition to the other compensation and that it is really supplementary compensation but is not applied equally. All compensation for death or total disability might be called insurance, the Government paying all the premiums. It appeared in these hearings that the minimum compensation to a widow is equivalent to \$6,500 of life insurance, while her maximum equals \$35,000. In case of disability from injury, a soldier's minimum allowance of \$40 has a present value of \$10,000 while the maximum is \$33,000. The only difference is that there the Government pays all the premiums and all the soldiers get the insurance, here the Government pays seven-eighths of the premiums and only a part of the soldiers get it. I think that while the bill as a whole is liberal and commendable the insurance feature as here presented is unfair, unequal, will strain the resources of the country, and is an unwise innovation in the interest of a part of the soldiers only.



Mr. ADAMSON. Mr. Chairman, can not we agree upon the time for debate on this section?

Mr. MOORE of Pennsylvania. Will not the gentleman from Georgia consent to the time of the gentleman from Massachusetts being extended five minutes?

Mr. ADAMSON. I want to agree first upon time for debate on this section. How much time can we agree on?

Mr. LITTLE. I want five minutes.

Mr. ADAMSON. Mr. Chairman, I ask unanimous consent that at the end of 30 minutes the debate close on this section and all amendments thereto.

Mr. STAFFORD. Mr. Chairman, there are many amendments which Members wish to propose and it would take a much longer time than 30 minutes.

Mr. LITTLE. Reserving the right to object, did the gentleman arrange five minutes for me on my amendment?

Mr. ADAMSON. Mr. Chairman, I ask unanimous consent that at the end of 40 minutes the debate on this section and all amendments thereto close.

Mr. REAVIS. Mr. Chairman, reserving the right to object, will the gentleman give me five minutes? I have been trying to get five minutes all day.

Mr. STAFFORD. Can not the gentleman make it an hour?

The CHAIRMAN. The gentleman from Georgia [Mr. ADAMSON] moves that all debate on this section and all amendments thereto close at the expiration of 40 minutes.

Mr. STAFFORD. Mr. Chairman, I wish to offer an amendment to the motion. I wish to amend, by moving that the debate close in one hour.

The CHAIRMAN. The gentleman from Wisconsin offers an amendment that all debate close in one hour.

The question was taken, and the amendment was rejected.

The CHAIRMAN. The question is on the motion of the gentleman from Georgia [Mr. ADAMSON].

The question was taken, and the Chair announced that the ayes seemed to have it.

Mr. STAFFORD. Division, Mr. Chairman.

The committee divided; and there were—ayes 79, noes 34.

So the motion was agreed to.

The CHAIRMAN. The motion pending before the committee is the committee amendment.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word.

Mr. BORLAND. Mr. Chairman—

The CHAIRMAN. The gentleman from Missouri [Mr. BORLAND] will be recognized on the amendment.

Mr. BORLAND. Mr. Chairman, I wish to speak in favor of the amendment. There seem to be two angles to the opposition to this insurance feature. One is from the gentlemen who believe that the insurance ought to be given to every soldier, whether he applies for it or not, and without any contribution or premium paid on his part; and the other is just exactly the opposite pole, who believe that there ought to be no insurance and ought to be no opportunity for insurance, and that no man ought to have more than that which is given in the way of compensation or death claims. Now, the committee, or the draftsmen of this bill, seem to have wisely steered between Scylla and Charybdis of these two objections. It would be as unwise as it is unnecessary to give every soldier in the million or two million of men who may be called to the colors \$5,000 or \$10,000 insurance without any contribution on his part. As the gentleman from Kansas pointed out a few minutes ago, a large number of those men will be single men, without any particular dependents, who leave parents behind amply able to take care of themselves—just the young men of the family, who go out without anything except their hats when they leave the family home.

The gentleman from Massachusetts [Mr. GILLET] has well said that this act will cost a great deal of money. Under the view that every soldier in the Army will be given insurance, it would certainly bankrupt any government on earth, and it seems to me amazing that men have gotten up seriously on the floor and suggested that kind of a proposition. But it is perfectly manifest there will be men in the Army, and possibly an increasing number of them as subsequent drafts occur, who will have special obligations upon them which will not be met by the ordinary compensation in this bill. They may be obligations in favor of dependent relatives who really are not within the legal classes of dependents, and yet they are real moral obligations upon the man.

Mr. LONERGAN. Will the gentleman yield?

Mr. BORLAND. For a brief question.

Mr. LONERGAN. In view of the spirit of guardianship running through this bill, does not the gentleman feel that the

United States Government should see to it that all enlisted men receive an equal amount of insurance under this Article IV?

Mr. BORLAND. No; unless I fail to make myself clear to the gentleman. I do not think it is necessary for every enlisted man to have an equal amount of insurance. The very science of insurance, to my mind, lies in the fact that gives a man a chance to protect particular obligations that are personal to him, and I do not think we could take any body of men, even the men in this House, and apply any ironclad, uniform, 6-foot rule to their obligations for insurance. We can do that as far as compensation laws are concerned and as far as pension laws are concerned, but they do not reach all of the obligations a man wants to protect.

We are taking away from a large number of these young men who are going out of offices and stores and other places of business not only the right they have to take insurance, the opportunity for them to take insurance, but in some cases we are actually cancelling the insurance for them. Now, those men have thought enough of the obligations they have had to take the insurance voluntarily before they went into the Army.

Mr. LITTLE. Mr. Chairman, I rise to a point of order. I make the point of order that debate on this amendment is exhausted.

The CHAIRMAN. Not until the end of the remarks of the gentleman from Missouri.

Mr. BORLAND. We are taking away from them the opportunity which they had to take insurance. Now, I think in fairness that we owe them the opportunity to take insurance under the regulations of this bill. I do not think gentlemen can seriously urge here that we ought to impose insurance upon every man who goes into the Army, either at his expense or without his expense, because there will be, I hope, 90 per cent who will not have any special obligation beyond what can be answered by the compensation features of this bill.

Mr. LONERGAN. Is not one of the chief purposes of article 4 to forestall service pension legislation?

Mr. BORLAND. I do not know whether it is or not. It is not, to my mind. But I think that anything that will discharge the obligations of the man who has to meet the real sufferings of the war ought to forestall pension legislation of the future. If we can meet the need of the war when the need occurs, we ought to forestall pension legislation, and we will have done a humane act in so doing. I simply want to say that the committee is right in placing this upon a voluntary basis and not placing it absolutely uniform upon all men in the service, and yet giving the man in some degree the opportunity when he is in the Army that he would have to protect his special obligations in private life.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The question was taken, and the amendment was agreed to.

Mr. IGOE. Mr. Chairman, I wish to offer an amendment.

Mr. PARKER of New Jersey. I thought the committee amendment substituted "\$5,000" for "\$10,000," and that that carried.

The CHAIRMAN. Yes; that carried. The gentleman from Missouri offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. IGoe, page 27, line 19, after the word "that," strike out the balance of the section and insert the following: "That in order to give to every commissioned officer and enlisted man and to every member of the Army Nurse Corps (female) and to the Navy Nurse Corps (female), when employed in active service under the War Department or Navy Department, greater protection for themselves and their dependents than is provided in Article III, the United States during war, without any charge and without medical examination, shall grant insurance against death or total disability of every person in the sum of \$5,000.

"Such insurance shall terminate 120 days after the war during which it is granted, or if the insured shall have been discharged or shall resign from the service prior to that time it shall terminate 120 days after such discharge or resignation: *Provided, however*, That a dishonorable or bad conduct discharge from the service shall immediately terminate such insurance: *And provided further*, That such termination shall not affect the liability of the United States to pay for death or total disability occurring prior to such termination.

"The United States, prior to the termination of such insurance as herein provided, upon the application of the insured to the bureau, and without medical examination, shall grant insurance against death or total disability of any such person in any multiple of \$500 and not less than \$1,000 or more than \$5,000, in such form or forms of insurance and with such provisions for premium payments as may be provided by regulation."

Mr. IGoe. Mr. Chairman—

Mr. ADAMSON. Mr. Chairman, I reserve a point of order on the amendment. I would like to understand what it is. A gentleman was talking with me and diverted my attention. I understand there is a provision in that to change this into the form of a bonus instead of paying some premium. Is that a fact?

The CHAIRMAN. The Chair understands not.



Mr. IGOE. Do I understand a point of order is made?

The CHAIRMAN. No. The gentleman from Missouri is recognized.

Mr. ADAMSON. I did reserve a point of order, Mr. Chairman.

Mr. IGOE. If a point of order is to be made, I want it to be made now.

Mr. ADAMSON. I understand there is no premium in it. Is that true?

Mr. IGOE. It is insurance.

Mr. MADDEN. Mr. Chairman, I make the point of order that the point of order from the gentleman from Georgia [Mr. ADAMSON] comes too late. The gentleman from Missouri [Mr. IGOE] had begun to debate.

The CHAIRMAN. The amendment is not subject to a point of order.

Mr. ADAMSON. If the amendment provides to give a bonus of any part of it, it seems to me it is subject to a point of order.

Mr. IGOE. The gentleman's proposition gives the insured \$50, and I want to give him \$57. That is the difference between us.

Mr. ADAMSON. That is the way I understood it.

Mr. IGOE. It gives insurance.

Mr. ADAMSON. It is the very contrary of insurance, no matter what the language is, if it proposes to make an additional gift to the soldier. It is not insurance at all. It is the very antipodes of insurance.

Mr. IGOE. What does the gentleman mean by insurance?

Mr. ADAMSON. It is a contract whereby for a certain stipulated premium you agree to insure men against certain contingencies. If you propose to give it to the soldiers, it is an additional bonus, and it is not insurance at all. It changes the entire form and substance of the matter, and it is not germane at all to this section. It changes the entire character and scheme of the insurance plan.

Mr. LONERGAN. Mr. Chairman, will the gentleman yield?

Mr. ADAMSON. Yes.

Mr. LONERGAN. Is not the same principle involved under the compensation feature in article 3?

Mr. ADAMSON. Not at all.

Mr. LONERGAN. Well, what is the difference?

Mr. IGOE. Mr. Chairman, in the bill itself it is provided that the soldier shall get, only 120 days after the passage of this act, this insurance that the gentleman speaks about without paying a cent. What is the difference between such a proposition as that and giving it to all of them? I extend the 120-day limit until 120 days after the war.

Mr. ADAMSON. If the Chair pleases, all the Government proposes in this bill to do is to undo the injury done these people by depriving them of their insurability to the amount of \$50. It proposes to make good and to restore the insurability only. The insurance companies charge a differential of an additional \$50 per thousand by reason of the war. The Government recognizes the obligation to remove the differential that it has inflicted on the man, and it insures him on the ordinary normal basis that would exist if he were not in the war. I understand the gentleman's amendment proposes to change the whole plan of that, and, in addition to restoring the soldier's insurability, the Government will give the soldier a certain amount.

Mr. GILLET. Mr. Chairman, if the Chair wishes to hear a word against the point of order, it seems to me the gentleman from Georgia [Mr. ADAMSON] gives away the whole case that this amendment is subject to a point of order when he says that under the present law the Government pays—I do not think he said what portion, but it is practically seven-eighths of the insurance, and the man pays one-eighth.

Mr. ADAMSON. I did not say a word about the present law. I said we were restoring what we had taken away from the man, what is not covered by the contract at all, and then, having restored the basis of insurability, we make a contract of insurance, just as though his insurability had not been affected by the war.

Mr. GILLET. That is exactly what I refer to. I meant under the bill as it now stands.

Now, under the bill as it now stands the Government pays seven-eighths of the insurance and the man pays one-eighth. That being so, it certainly would be in order to say that the Government should pay six-eighths or five-eighths or four-eighths, because it is right along the same line. The amendment of the gentleman from Missouri provides that the Government shall pay eight-eighths. He may have other provisions in his amendment.

Mr. IGOE. It is all in the same section. It provides that for a certain time there shall be no charge, and then it provides that there shall be a charge afterwards.

The CHAIRMAN. Has the gentleman from Georgia had an opportunity to examine the amendment?

Mr. ADAMSON. No; I have not. My understanding of the amendment is that in addition to restoring the soldier's insurability it is proposed to give him some benefit. That changes the entire character of the bill.

Now I will yield to the gentleman from Texas [Mr. RAYBURN].

The CHAIRMAN. If the gentleman will permit the Chair at this point, it seems to the Chair that the only difference between the amendment proposed by the gentleman from Missouri and the text of the act is in substance that the text of the act provides that the soldier shall have insurance on the payment of a premium, as hereinafter provided, while the gentleman's amendment provides that he shall have insurance without paying anything.

Mr. ADAMSON. The difficulty is that while you call it "insurance" it is not insurance at all. When you give it to him it is simply a donation. It changes the entire character of the transaction.

Mr. RAYBURN. Mr. Chairman, I do not want to speak on this amendment, except to say that—

Mr. TOWNER. Mr. Chairman, before the gentleman proceeds further I would like very much to have the amendment read again. I think the Members of the House would like to hear it.

Mr. IGOE. I will say, Mr. Chairman, that it is printed in yesterday's proceedings, on the last page of yesterday's proceedings.

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

The amendment was again read.

Mr. IGOE. Mr. Chairman, may I suggest that there is a word omitted in the copy which I gave to the Clerk, and that I should like to insert it. Where it says "every person in the sum of \$5,000" it should be "every such person."

The CHAIRMAN. Without objection, the amendment will be so modified.

Mr. RAYBURN. Mr. Chairman, in reply to the statement of the gentleman from Massachusetts [Mr. GILLET] as to the Government giving any part of this insurance, I wish to say that the Government is giving the men no part of this insurance. The Government is simply insuring the men at the rate of \$8 a thousand from the ages of 21 to 31; and upon the proposition about the Government giving seven-eighths of the premium, I want to say that that is incorrect, for the simple reason that the Government is giving him nothing. The Government simply says that it will insure him for an average rate of \$8 a thousand.

Mr. PARKER of New Jersey. Mr. Chairman, will the gentleman yield for a question?

Mr. RAYBURN. Yes.

Mr. PARKER of New Jersey. Does not experience show, as stated in the hearings, that the losses will be \$75 on each thousand for death and \$50 on each thousand for disability?

Mr. RAYBURN. Yes; it does that, of course.

Mr. PARKER of New Jersey. It is the same thing.

Mr. BARKLEY. Mr. Chairman, this bill is divided into various titles, one of which is compensation, and another of which is insurance. If the amendment of the gentleman from Missouri [Mr. IGOE] is adopted, it is relieved of the insurance feature and becomes compensation. In other words, it goes back to the compensation title, and adds so much to the compensation already fixed, if the man happens to die during the war, and certainly that would not be in order as a part of the insurance feature.

The CHAIRMAN. The Chair will make this inquiry—the Chair is very anxious to reach a right conclusion on this matter: Would it be in order to strike out the words "upon the payment of the premiums as hereinafter provided" in lines 4 and 5 on page 28?

Mr. ADAMSON. I do not think it would. I think it would destroy the character of the insurance entirely and make it something entirely different and not germane at all to this article.

The CHAIRMAN. The Chair does not agree with the gentleman on that proposition.

Mr. BORLAND. Mr. Chairman, I want to discuss the point of order a moment, and make one suggestion in that regard. As I caught the reading of this amendment, it proposes to give every soldier in the ranks insurance without payment on his part. That turns it into a species of pension on death. In another portion of the bill provision is made for the payment of compensation upon death in the service, and this would be cumulative compensation for death.

Mr. IGOE. May I ask the gentleman a question?

Mr. BORLAND. Yes.

Mr. IGOE. In this same article you provide that everybody who dies before 120 days after the passage of this law shall be



considered to have applied for this insurance. Now, is that a gift? Or is that insurance?

Mr. BORLAND. That is apparently a part of the contract.

Mr. IGOE. Who makes the contract?

Mr. BORLAND. The Government.

Mr. IGOE. The Government makes it with itself. The man does not have to do anything.

Mr. BORLAND. The Government could say in its contract of insurance that the insurance should continue a certain length of time after default in the payment, and that is a part of the terms of the contract.

Mr. LONERGAN. Will the gentleman yield?

Mr. BORLAND. Yes; I have not concluded my statement to the Chair.

Mr. LONERGAN. Does the gentleman notice that in the proposed amendment it is provided that this insurance may continue after the termination of the war on an optional plan, for the men who are discharged from the service?

Mr. BORLAND. In the proposed amendment?

Mr. LONERGAN. Yes.

Mr. BORLAND. Yes.

Mr. LONERGAN. That is what we would like to have the Chair bear in mind, that it is not any proposition to abolish the insurance feature of the bill. It is provided in this proposed amendment that the insurance be furnished during the period of the war to men and women in the service without the payment of any premium, and after the termination of the war that it be upon the optional insurance plan, as provided in article 4.

Mr. BORLAND. Then the gentleman admits that but for that option, and if the option is not exercised, it is a perfectly free donation. It is not insurance at all.

Mr. TOWNER. Mr. Chairman, I desire to make just one suggestion. We are not dealing with terms. It makes no difference whether this in effect would be compensation. It does not change the condition of affairs. The Chair was exactly right when he suggested a moment ago that this is equivalent to saying that an amendment providing for the omission of the payment of the premium would be germane. Of course, everybody knows that it would, and this is the proposition: Certainly it is germane to reduce the amount required, and if it is proper to reduce it in any sum, it is proper to reduce it entirely. If the thing is to be granted by the Government, a change of the terms on which it may be granted by the Government is always germane. There is no avoidance of the logic of that, as it seems to me.

The CHAIRMAN. The Chair is prepared to rule.

Mr. DEMPSEY. I was just going to say, is not the future service to be rendered by the soldier during the period that the insurance runs in and of itself a premium which he pays for the insurance which is afforded him?

The CHAIRMAN. The Chair will not go into any elaborate statement of the reasons for the conclusion that he will announce. It seems quite clear to the Chair that the proposition of the gentleman from Missouri [Mr. Igou], while it may change the purpose that the committee had in mind in reporting the bill, at the same time is not in violation of the rule of germaneness in any way. The Chair thinks the amendment is germane, and overrules the point of order. The gentleman from Missouri [Mr. Igou] is recognized for five minutes.

Mr. IGOE. Mr. Chairman, my only purpose in offering this amendment is to try to make this insurance feature one that will work justly and equitably. I feel satisfied that the proposition of the committee will not work out in that way. My colleague [Mr. BORLAND] urges as one objection against this provision that there are men in the service who have no families. Now, this proposition in this article is not only life insurance but it is total-disability insurance, in the committee proposition as well as in the proposition that I have suggested to the House.

Now, if a man pays insurance, or receives it, and has not a relative mentioned in the committee amendment, his people will not get it, either under my amendment or the committee amendment. But it surely is of interest to the soldier to know that the Government will provide every member of his family with insurance and provide himself with the total-disability insurance. I am afraid that the proposition the committee suggests will not work out equitably for this reason: In the very start it creates two classes; all those in the service and up to 120 days after the passage of the act are deemed to have taken this insurance, and I agree with that proposition, but I want to carry it further and carry it to the end of the war, and carry it after the war, so that when the men return home, if they want to take insurance, let them do so and pay a fair premium to the Government for it.

Suppose a man under the committee amendment does not take insurance in the 120 days, what can he do? He is absolutely

debarred from receiving insurance at any time during the service or after the service. Take the case of two men going into the war—

Mr. BORLAND. I am going to move to strike out the 120 days.

Mr. IGOE. I am talking about the proposition of the committee. These two men go into the trenches; both are killed; each one had a wife; and one of them took insurance and the other did not. The wife of the one who took insurance gets \$35 a month under the amendment of the gentleman from Texas [Mr. BLACK] and \$25 a month from the insurance, and the widow of the one who did not apply for insurance gets only \$35 a month. How can you explain that to these two widows in the same neighborhood? After all, will it not depend a good deal upon the officers as to whether the men are induced within the 120 days to take out insurance? The officer who is careful and considerate will advise the men to take insurance, but the officer who is engrossed in other things will not do so and the chances are that his men will not take insurance.

Now, take this case: We say that we deprive these men of insurability when we send them into the war. There are thousands of these men who when they come out, even though not disabled sufficiently to get compensation under the law, will be disabled enough so that they will not be able to get insurance from any of the old-line life insurance companies. Is it not the duty of the Government to see that the men who went into the war strong and able bodied shall have the right to take out insurance when they come home, even though they can not get it from the insurance companies? Should they not be permitted to take it from the Government?

Gentlemen argue that it will cost a great deal of money. The only difference is about \$3 a month, if their figures are correct. It amounts to an increase of about \$3 a month in the salary or pay of a soldier. Now, let me ask you this: Suppose a boy does take this insurance and pays the premium for several months and then forgets or neglects to pay another premium, are you going to deprive his people of insurance? I do not think so, and it will not be long before a special bill is introduced.

Suppose a man dies within 120 days and gets his insurance and another man dies within 150 days after the bill becomes a law and has not applied for it. They both live in the same neighborhood. One family gets the insurance and the other people are deprived of it. How are you going to explain it? I believe that we ought to give these men insurance in an equal amount, and to all of them. If you want to make it compulsory, deduct it from their pay. If you do not, give it to all alike; if you leave it optional you create classes and you create inequalities, and it will be followed in the future by a flood of special bills that you can not refuse to pass.

Mr. KEY of Ohio. Mr. Chairman, I ask to address the House for one minute.

The CHAIRMAN. The gentleman from Ohio asks unanimous consent to address the committee for one minute. Is there objection?

There was no objection.

Mr. KEY of Ohio. Mr. Chairman, I have just received a telegram calling me out of the city on an important matter. I regret that it will not be possible for me to be here on the final passage of the bill. I wish to state that while I am opposed to certain features of the bill, there are some features which I regard as wise and good, and had it been possible for me to be here on the passage of the bill I should have voted for it. [Applause.]

Mr. RAYBURN. Mr. Chairman, if I had gotten recognition before the vote was taken on the committee amendment I should have spoken in favor of the committee amendment to make the amount that a man could take of insurance \$5,000 instead of \$10,000. One of the reasons why I would have done that is in line with some of the arguments that have been made in the House on that proposition. Men have argued that we were setting up an insurance bureau in which a man would be discriminated against; that the private soldier would perhaps take a small amount and the rich soldier could take all of his insurance; that the private could only take \$1,000 or \$2,000 or, perhaps, \$5,000, while the officer could take \$10,000. For that reason I would have voted and did vote for the committee amendment.

Mr. ADAMSON. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. ADAMSON. What does the gentleman think of the converse of the proposition, an amendment to give the wealthy men all of it?

Mr. RAYBURN. I was coming to that. I know there will not be a private soldier in the Army who can not take \$5,000.



Why, it would cost him only \$40 a year; that will be \$3.33 a month. If he is in the foreign service he is required to send back home one-half of his pay. Deducting his insurance he has more than \$13 for spending money. They say that it is too much to take away from him; that it is too much to require that he pay this insurance policy, and yet that great leader in Europe, Gen. Pershing, says that \$13 per month for a soldier in the trenches over there is too much money for the morale of the Army, and that \$10 per month is the limit that a man ought to have to maintain the democracy in the Army that we should have. Therefore, I say that every man in the Army can take \$5,000 and not deny himself of anything that he ought to have. Now, what about the motion of the gentleman from Missouri? He said that he wants to do the soldier justice, that we take from him his insurability, and that we ought to restore that insurability. That is what we do in this bill. What does the motion of the gentleman from Missouri do? The motion of the gentleman from Missouri insures this man during the war and 120 days after the war and then turns him out—

Mr. IGOE. Oh, no.

Mr. RAYBURN. Yes; it does.

Mr. IGOE. Will the gentleman yield?

Mr. RAYBURN. The gentleman's amendment states that 120 days after the war the insurance shall terminate.

Mr. IGOE. But he may apply during that 120 days and the Government give insurance. This bill does so, too.

Mr. RAYBURN. Yet these young men will be mustered out of service all over America, maybe in some other parts of the world. They will forget they must apply for this insurance within 120 days. They have contracted some kind of disease, perhaps, perhaps so slight that he can not even get compensation under this law, and yet we have taken away from them this Government insurance, and that young man will be deprived of this insurance and will be deprived of the opportunity to take insurance in an old-line company, because he will be so impaired that they will not have him. That is the effect of the amendment of the gentleman from Missouri. I say that this insurance should not be a gratuity; that the Government should charge this man what he could have gotten this insurance for if we had not destroyed that insurability by taking him out of the regular walks of life and putting him into this hazardous employment. After the war, under this bill, the man can carry on this yearly-term insurance or convert that policy into another policy that can be paid up, or it will be extended for a number of years. I say you can not do the soldiers that we are sending to the battle fronts of Europe a greater injustice than to adopt the amendment of the gentleman from Missouri. We would be doing them an injustice, in that the military experts say that \$16.50 would be too much money for them associating alongside of men who are not getting half that much money when we are trying to fight for the democracy of the world, and yet we are destroying the democracy in the trenches. The gentleman's amendment would do worse than that. One hundred and twenty days after this war, if these young men do not stand here at this bureau ready to again apply for insurance, they would not have one dollar of insurance in the Government. It does not provide for a man coming back after insurance, when no other company will take him when he is impaired. This amendment, Mr. Chairman, is not well considered; it will not do the soldier justice, and I trust it will be voted down.

Mr. LITTLE. Mr. Chairman, I ask for the reading of the amendment which I send up.

The CHAIRMAN. The gentleman offers it as an amendment to the amendment?

Mr. LITTLE. Yes.

The Clerk read as follows:

Amendment offered by Mr. LITTLE as an amendment to the Igoe amendment: Page 28, line 5, after the word "provided," strike out the period and insert "but every enlisted man who has or shall have during the war a wife, a child or children, a parent or parents dependent or partially dependent upon him, is hereby granted, without charge and without application, an insurance of \$2,000 against total disability or death in or from injuries received in battle or in any attack by or engagement with the enemy; and this sum shall be paid to him in case of total disability and in case of death to his wife, and to his child or children if there be no wife, and to his parent or parents if there be neither wife nor children."

Mr. ADAMSON. Mr. Chairman, I make the same point of order on that.

The CHAIRMAN. The Chair makes the same decision.

Mr. BORLAND. That it is not an amendment to the substitute.

The CHAIRMAN. The Chair overrules the point of order.

Mr. MADDEN. Mr. Chairman, would it be in order to offer a substitute for the pending amendment?

The CHAIRMAN. Yes.

Mr. MADDEN. I offer a substitute for the pending amendment.

The CHAIRMAN. The gentleman from New York [Mr. DEMPSEY] really had a prior promise of recognition in order to offer a substitute.

The gentleman from New York [Mr. DEMPSEY] offers an amendment by way of a substitute, which the Clerk will report. The Clerk read as follows:

Mr. DEMPSEY offers the following substitute:

#### ARTICLE IV.—INSURANCE.

Sec. 400. That in order to give to every commissioned officer and enlisted man and to every member of the Army Nurse Corps (female) and of the Navy Nurse Corps (female) when employed in active service under the War Department or Navy Department greater protection for themselves and their dependents than is provided in Article III, the United States, without medical examination, shall grant insurance against the death or total disability of any such person in the active war service. Any person on or after the 6th day of April, 1917, who, while in such service becomes or has become totally disabled or dies, or has died, shall be deemed to have been granted insurance, payable to such person during his life in monthly installments of \$25 each. If he shall die before he shall have secured 120 such installments the balance of such 120 monthly installments shall be paid, but only if and while there survive him a wife, child, or widowed mother, and in that event the amount of the monthly installments shall be apportioned between them as may be provided by regulations. The insurance shall not be assignable and shall not be subject to the claims of creditors of the insured or of the beneficiary. The insurance shall be payable only in installments. Subject to regulations, the insured shall at all times have the right to change the beneficiary or beneficiaries of such insurance without the consent of such beneficiary or beneficiaries, but only within the classes herein or as in the regulations provided. The United States shall bear the expenses of administration and the mortality and disability cost.

Mr. DEMPSEY. Mr. Chairman, this amendment takes the language of the bill and simply eliminates certain of the words. The effect of it is this, that every man is insured in the amount of \$3,000, and the basis of the argument in favor of that is this, that a distinction is not to be made between men because one man is provident, one man is saving, one man is thrifty, and another—no matter how brave, how reckless he may be in the face of danger when his country is imperiled, is not saving and not thrifty—shall not be deprived of a benefit extended to his fellows. Now, it is estimated, as I understand it, that only one out of four men, on the average, will take this insurance. Perhaps the majority who do not take it may be, every one of them, better soldiers than the man who does take it. Perhaps every one of the three may be more daring, more resolute, and more devoted to their country, and yet they may not be thrifty or parsimonious or saving. Perhaps the three men may have dependents who claim a part of their earnings from month to month. Perhaps the one may have private means with no one dependent upon him at all. Are you going to say that you are going to pay to these men—for in the end it is all pay; it is compensation for risking life and limb, and that is all it is—are you going to say that you are going to measure their pay not by devotion to country, not by loyalty, not by service, but by two other things: by the question of whether the soldier is thrifty or saving, or the question of whether or not he has dependents and is unable to take this insurance?

Mr. LITTLE. Mr. Chairman, will the gentleman yield for a question?

Mr. DEMPSEY. Yes.

Mr. LITTLE. The gentleman will notice that the amendment that I offered provided only payment to men who were killed or injured in battle. There was no provision for anything except for men who fought and got killed or injured.

Mr. DEMPSEY. I do not know about the gentleman's amendment, but I know my amendment strikes out of this bill only the language that compels a contribution. I know that it leaves the language in the bill unaltered except in that particular. I know that it leaves all men alike; and I know that under this bill as drawn, when this war is over and when these men come back, the man who perhaps was the poorest soldier and who had no dependents will have obtained insurance, while the man who was the braver soldier and stood more resolutely in the face of danger will come to Congress and say "I served equally well, but I could not save the \$8 a month." I know that he would come to Congress with such force in his argument, such persuasiveness, that Congress will say, "These men fought equally well for their country and deserve equally well of their Government." We should not make this unjust and inequitable distinction. We should give them all an equal benefit from their imperiling life and limb.

Mr. JAMES. Mr. Chairman, will the gentleman yield?

Mr. DEMPSEY. Yes.

Mr. JAMES. As to the man who comes back from Europe diseased, but not disabled, is it the idea that the Government shall carry his insurance when the war is over?

Mr. DEMPSEY. It was not contemplated by my amendment, but it can easily be changed to take care of that situation. That



can easily be provided for by leaving in one sentence that I left out.

My whole idea, I am frank to say, is this, that the Government should not embark on the business of insurance beyond the period of the war. It should not embark on the insurance business except for total disability or death, which is what is in the heading and the first lines of this measure. That is what it is designed this measure shall protect against, and I think when the war is over, when a man has not been totally disabled and has not died, we should not continue this insurance business, generally speaking. It is my idea that the Government should not embark in business; that it should leave business to individuals. My idea is that you will have provided amply for the situation when you have provided for these two things that are in the contemplation of Congress during the period of the war.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. DEMPSEY. Yes.

Mr. ALEXANDER. I have read the contention of the private insurance companies, and I take it from the course of the gentleman's argument that that is his view.

Mr. DEMPSEY. I do not know about the argument of the private insurance companies, but I am entirely willing to have the insurance feature after the war substituted and made a part of my amendment. But I am not well enough versed in insurance law, and I am not sufficiently acquainted with insurance, either as to actuaries' figures or other details, to be sure whether we should continue the insurance after the war. But I am well enough versed in the matter to say this: You should not say to four men, one of whom is thrifty and prudent and the three others careless, who can not save anything, "I will give three of you men nothing, and to the other man I will give \$50 on every thousand of insurance he chooses to take." That does not require any particular knowledge of insurance law or any particular study of the question as to basic facts on which insurance stands. That requires only the application of common sense and equity and justice.

Mr. ALEXANDER. But the gentleman's view is that we should discriminate in favor of the one man; in other words, that the Government should not insure any one of them after the period of the war?

Mr. DEMPSEY. No. I said expressly that the Government should not take that position.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. LONERGAN. Mr. Chairman and gentlemen of the committee, this is the sixth legislative day that we have occupied our time in considering this bill. The attendance at the committee sessions has been larger in considering this bill than in the consideration of any bill that has been before the Congress in several months. We have carefully considered the bill in all its aspects and phases, and we find the spirit of governmental guardianship throughout the measure. We say to the men that if they allot a certain sum of money we will make a certain allowance, and we provide for them in case of partial and total disability, and we provide for their dependents in case of death.

We are considering the insurance article of this bill. The gentlemen who appeared before the committee when the bill was under consideration stated—at least, one man did—that only from 10 to 15 per cent of the enlisted men would take advantage of the optional insurance plan, and Actuary Wolfe said that not over 25 per cent would take advantage of the optional insurance plan, and that the insurance taken by each man would approximate \$2,500. Within a few months we will have in the neighborhood of 2,000,000 men in the Army and Navy. If only 25 per cent of those men take advantage of the optional insurance plan, we will have 1,500,000 men who will not have taken advantage of the plan, and it will mean, gentlemen, that the Sixty-seventh Congress or the Sixty-eighth Congress will be flooded with special pension bills.

If this article means anything, it means that we propose to forestall service-pension legislation by the giving of this insurance. If we are giving to the men \$50 on each \$1,000 worth of insurance, can not this great Government give the additional \$7.50 and thereby protect these 1,500,000 men and their dependents, coming from every walk of life, many of whom are unacquainted with business principles and many of whom will have aged parents and wives and children looking to them and to this Government for assistance? I claim it is our duty here as Members of this Congress to see to it, carrying out this spirit of guardianship, that these men are taken care of and that this insurance shall be given to the men ipso facto of their entrance into the service without the payment of any premium during the period of their service. Assuming that each man takes \$5,000,

one-half the amount authorized as a maximum, and assuming that each man pays \$40 per year for that insurance, having 2,000,000 men, you have \$80,000,000 in premiums; but if you take Capt. Wolfe's figures you have 500,000 men, and you have \$20,000,000 in premiums; and you have to offset that by the possible pension claims of 1,500,000 men upon the one side and a premium income of \$20,000,000 upon the other. Which will we choose? This is our day and this is our hour, and the responsibility is ours. The Government owes a great deal to the soldiers and sailors and their dependents. The children of a disabled or deceased enlisted man must have the assurance that the country for which the breadwinner is disabled or loses his life will secure for them surroundings to which they were accustomed and also provide advantages for education which would be theirs had the soldier not been disabled or had not lost his life. It must not come to pass that a man who offers his services for the United States subjects his family and dependents to the risks of poverty or pinched circumstances by this action.

In connection therewith, I might repeat what I stated a few days ago that under the plan as at present drawn "the men least requiring insurance protection would be the ones most likely to apply for it." We must arrange it so that the dependents of every soldier are safeguarded, and this can not be done more equitably than by providing insurance gratis in equal amounts to every enlisted man.

Nearly three weeks ago I offered the suggestion to some members of the committee in charge of the pending bill that if the Government was to provide insurance for the men and women entering the service, it be given without payment of premiums during the period of the war and in equal amounts.

During debate on this bill in the past week, I have advocated that such a plan be adopted, and I advocate it now.

In response to the argument advanced by the gentleman from Texas [Mr. RAYBURN] that at the close of the war these men would not be provided for under the amendment which we are considering, I shall read it and you will see that this is not so:

SEC. 400. That in order to give to every commissioned officer and enlisted man and to every member of the Army Nurse Corps (female), and to the Navy Nurse Corps (female), when employed in active service under the War Department or Navy Department, greater protection for themselves and their dependents than is provided in Article III, the United States during war, without any charge and without medical examination, shall grant insurance against death or total disability of every person in the sum of \$5,000.

Such insurance shall terminate 120 days after the war during which it is granted, or if the insured shall have been discharged or shall resign from the service prior to that time it shall terminate 120 days after such discharge or resignation: *Provided, however*, That a dishonorable or bad-conduct discharge from the service shall immediately terminate such insurance: *And provided further*, That such termination shall not affect the liability of the United States to pay for death or total disability occurring prior to such termination.

The United States, prior to the termination of such insurance as herein provided, upon the application of the insured to the bureau, and without medical examination, shall grant insurance against death or total disability of any such person in any multiple of \$500 and not less than \$1,000 or more than \$5,000, in such form or forms of insurance and with such provisions for premium payments as may be provided by regulation.

SEC. 401. Any person in active service on or after the 6th day of April, 1917, who, while in such service and before the passage of this act, has become totally disabled or has died shall be deemed to have been granted insurance in the sum of \$5,000, payable to such person during his life in monthly installments of \$25 each. If he shall die before he shall have secured 240 of such installments, the balance of such 240 monthly installments shall be paid, but only if and while there survive him a wife, child, or widowed mother, and in that event the amount of the monthly installments shall be apportioned between them as may be provided by regulations.

Mr. DEWALT. Mr. Chairman, of course, all of us at all times are very much delighted to hear speeches which sound in patriotism and which are laudatory of the soldiers who go to the front, and it is very popular to declaim from the pit of this House and from the seats that we occupy everything that sounds in laudation of their cause. But sometimes we become too extravagant, and because we are looking for applause at home and perhaps for congratulation here, or semiapplause from the galleries, we overshoot the mark. It seems to me that on this proposition the gentlemen who have favored this amendment, although they may not have been talking to the galleries purposely and may not have desired applause, have truly overshoot the mark.

Mr. LITTLE. Mr. Chairman, will the gentleman yield?

Mr. DEWALT. Certainly.

Mr. LITTLE. Do I understand that the gentleman stands on a higher plane morally than the rest of us who are offering these amendments? If so, I wish the gentleman would get a certificate to that effect.

Mr. DEWALT. I stand on the plane where I propose to do the right thing at the right time, without regard to applause. [Applause.]



Now, what is the concrete proposition as proposed by the gentleman from Missouri? He proposes to give insurance to every soldier and sailor and every male and female nurse, in a concrete sum, without any payment of premium at all by either him or her.

Now, that sounds very good in itself, and I do not doubt that it will meet with the approval of a great many people when they read his speech. But how is it as a matter of fact? When his whole amendment is taken into consideration he concludes the insurance 120 days after the termination of the war, or 120 days after the man has been discharged or resigned from the service. This bill provides that he shall have that insurance continually.

Mr. IGOE. Will the gentleman yield?

Mr. DEWALT. No; I have only a short time.

Mr. IGOE. The gentleman is making a misstatement.

Mr. DEWALT. The bill further provides that the sailor or soldier or nurse shall have an insurance of \$8 per month. In other words, for \$10,000 insurance he pays \$80, and for \$5,000 he pays \$40, or about \$3.33 a month. The bill provides the insurance shall terminate at the end of the war only, or by resignation or discharge, and he may continue it how? By applying to an insurance company or to the United States Government, or get it at a flat rate. What is a flat rate? According to the actuary's statement it will be \$15 a year. Or, if on account of increased age he desires to keep on the insurance he can pay the rate according to his age, if he does not take the flat rate. Where is there a better proposition?

Now, my friends, the gentleman from New York [Mr. DEMPSEY] proposes something else. He says give each man, sailor or soldier, or male or female nurse, \$3,000. What is his plea? His plea is that he wants to provide for the improvident. There are some men who are provident and other men who are not provident, and he proposes to take care by legislation of the improvident.

Mr. DEMPSEY. And also those who are dependent, making it impossible for them to save the amount to pay for the insurance. In the case where a man leaves no widow—

Mr. DEWALT. I am willing to be interrupted for a question but not for a speech.

Mr. DEMPSEY. I thank the gentleman.

Mr. DEWALT. My reply is that you can legislate to punish men for doing evil, but you can not legislate to make them do good. In other words, you can not make men good by legislation, but you can punish them for doing wrong. If men are improvident, give them some reason why they should be provident. Hold out the hope for them that if they are provident they will get insurance for \$8 a year, and then you give them a stimulation for saving money instead of squandering it. I never saw a man, no matter how improvident he might be, who did not appreciate a good bargain when you presented it to him. If you appeal to those men who go to war, that the best thing to do is to be provident and hold out the stimulating hope that they can get something in the shape of a bargain for insurance so that their families can get something in case of death or disability, they will appreciate it. [Applause.]

The CHAIRMAN. The time has expired on this section and all amendments thereto, and the question is on the amendment offered by the gentleman from Kansas to the amendment of the gentleman from Missouri.

Mr. HERSEY. Mr. Chairman, I ask unanimous consent to present an amendment to this section.

The CHAIRMAN. The gentleman from Maine can present his amendment.

Mr. HERSEY. And I also ask for five minutes on it.

Mr. SABATH. I call for the regular order.

Mr. LITTLE. Mr. Chairman, I ask to have the amendment again reported.

Mr. BARKLEY. I object.

The question was taken, and the amendment to the amendment was rejected.

The CHAIRMAN. The question now arises on the substitute presented by the gentleman from New York [Mr. DEMPSEY].

The question was taken; and on a division (demanded by Mr. DEMPSEY) there were 34 ayes and 78 noes.

So the substitute was rejected.

Mr. MADDEN. Mr. Chairman, I offer a substitute for the amendment of the gentleman from Missouri.

The Clerk read as follows:

Amendment offered by Mr. MADDEN: Page 28, lines 3, 4, and 5, strike out all after the word "person," in line 3, and insert in lieu thereof the following: "in the sum of \$3,000."

Mr. MADDEN. Now, Mr. Chairman, I would like to have the section reported as it would read if amended.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent to have the section read as it would read if amended.

Mr. BARKLEY. I object.

Mr. MADDEN. I can not see any reason why the gentleman should object.

The CHAIRMAN. The question is on the amendment offered by way of substitute by the gentleman from Illinois [Mr. MADDEN].

Mr. MADDEN. I ask unanimous consent that before the question is put the section be read as it will read when amended.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent that the section be read as it will read if amended. Is there objection?

There was no objection.

The Clerk read as follows:

SEC. 400. That in order to give to every commissioned officer and enlisted man and to every member of the Army Nurse Corps (female) and of the Navy Nurse Corps (female) when employed in active service under the War Department or Navy Department greater protection for themselves and their dependents than is provided in Article III, the United States, upon application to the bureau and without medical examination, shall grant insurance against the death or total disability of any such person in the sum of \$3,000.

The CHAIRMAN. The question is on the amendment by way of substitute offered by the gentleman from Illinois [Mr. MADDEN].

The question was taken; and on a division (demanded by Mr. MADDEN) there were 54 ayes and 96 noes.

So the amendment to the amendment was rejected.

The CHAIRMAN. The question now recurs upon the amendment proposed by the gentleman from Missouri [Mr. IGOE].

Mr. LONERGAN. Mr. Chairman, I ask that the amendment be again reported.

The CHAIRMAN. The gentleman from Connecticut asks that the amendment be again reported. Is there objection?

Mr. BARKLEY. Mr. Chairman, I object.

The CHAIRMAN. The question is upon the amendment.

The question was taken, and the Chair announced the noes appeared to have it.

On a division (demanded by Mr. IGOE) there were—ayes 46, noes 79.

So the amendment was rejected.

Mr. HERSEY. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. HERSEY: Page 27, line 19, strike out section 400.

The CHAIRMAN. The question is upon the amendment.

Mr. HERSEY. Mr. Chairman, I wish to be heard on the amendment.

The CHAIRMAN. All debate has been concluded upon the section and all amendments thereto by order of the committee.

Mr. HERSEY. Mr. Chairman, I ask unanimous consent to proceed for five minutes.

Mr. ADAMSON. Mr. Chairman, I object, and I give notice now that I am going to move to close debate on every section, and I ask the gentlemen to stay with us, because we are going to put it through to-night.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maine.

The question was taken, and the amendment was rejected.

Mr. AUSTIN. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Mr. AUSTIN offers the following amendment: At the end of line 5, page 28, add the following: "Provided further, That the United States shall furnish free such insurance to all soldiers or sailors who have dependents."

The CHAIRMAN. The question is on the amendment.

The question was taken, and the Chair announced the noes appeared to have it.

On a division (demanded by Mr. AUSTIN) there were—ayes 10, noes 55.

So the amendment was rejected.

Mr. SIEGEL. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report it.

The Clerk read as follows:

Amendment offered by Mr. SIEGEL: Page 27, line 20, after the word "officer," insert the words "and every Army field clerk."

The question was taken, and the Chair announced the noes appeared to have it.



On a division (demanded by Mr. SIEGEL) there were—ayes 15, noes 27.

So the amendment was rejected.

The Clerk read as follows:

SEC. 401. That such insurance must be applied for within 120 days after enlistment or after entrance into or employment in the active service and before discharge or resignation, except that those persons who are in the active war service at the time of the publication of the terms and conditions of such contract of insurance may apply at any time within 120 days thereafter and while in such service. Any person in the active service on or after the 6th day of April, 1917, who, while in such service and before the expiration of 120 days from and after such publication, becomes or has become totally disabled or dies, or has died, without having applied for insurance, shall be deemed to have applied for and to have been granted insurance, payable to such person during his life in monthly installments of \$25 each. If he shall die before he shall have secured 240 of such installments, the balance of such 240 monthly installments shall be paid, but only if and while there survive him a wife, child, or widowed mother, and in that event the amount of the monthly installments shall be apportioned between them as may be provided by regulations.

Mr. RAYBURN. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 28, lines 21 to 25, strike out the words: "If he shall die before he shall have secured 240 of such installments, the balance of such 240 monthly installments shall be paid, but only if and while there survive him a wife, child, or widowed mother," and insert the following: "If he shall die either before he shall have received any of such monthly installments or before he shall have received 240 of such monthly installments, then \$25 per month shall be paid to his wife, child, or widowed mother, if and while they survive him: *Provided, however*, That not more than 240 of such monthly installments, including those received by such person during his total disability, shall be so paid."

Mr. RAYBURN. Mr. Chairman, I do not care to be heard on the amendment. The amendment was prepared in answer to the inquiry made by the gentleman from Iowa [Mr. TOWNER] to clear up that language.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The question was taken, and the amendment was agreed to.

Mr. FIELDS. Mr. Chairman, I offer the following amendment.

Mr. ADAMSON. Mr. Chairman, there has been some debate under this section, and I move that all debate close in five minutes on this section and all amendments thereto.

The CHAIRMAN. The gentleman from Georgia moves that all debate on this section and all amendments thereto close in five minutes.

Mr. MADDEN. Mr. Chairman, I offer to amend by moving that debate close in 15 minutes.

The question was taken, and the amendment was rejected.

Mr. MADDEN. I move to amend by making it 10 minutes.

The CHAIRMAN. The gentleman from Illinois moves that all debate end in 10 minutes.

The question was taken, and the Chair announced the noes appeared to have it.

Mr. MADDEN. Mr. Chairman, I demand a division. If they are going to put the gag on here, they can have all they want.

Mr. ADAMSON. The gentleman can not say we are putting a gag on after six days' talk.

The committee again divided; and there were—ayes 45, noes 84.

Mr. MADDEN. Mr. Chairman, I demand tellers.

The CHAIRMAN. The gentleman from Illinois demands tellers.

Mr. ADAMSON. The gentleman may filibuster if he wants to, but we are going to stay here until we finish.

Mr. MADDEN. The gentleman can stay here and get all the filibustering he wants.

The CHAIRMAN. The question is not debatable. Twenty-two gentlemen have arisen, a sufficient number, and tellers are ordered.

The committee again divided; and the tellers [Mr. BARKLEY and Mr. MADDEN] reported—ayes 50, noes 81.

So the amendment was rejected.

The CHAIRMAN. The question is on the motion of the gentleman from Georgia [Mr. ADAMSON].

The motion was agreed to.

The CHAIRMAN. Debate will close in five minutes.

Mr. FIELDS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Kentucky offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. FIELDS: Page 28, line 6, after the figures "401," strike out down to and including "service," in line 13, and insert: "That all persons eligible, or who may hereafter become eligible, to insurance under the provisions of this act shall upon such eligibility automatically become insured under the provisions of this act, and all premiums for such insurance shall be charged against the salary account of the insured."

The question is on the amendment offered by the gentleman from Kentucky.

The question was taken, and the Chair announced that the noes seemed to have it.

Mr. FIELDS. Division, Mr. Chairman.

The committee divided; and there were—ayes 43, noes 92.

So the amendment was rejected.

Mr. FIELDS. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the Record.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. BORLAND. Mr. Chairman, I offer an amendment. I understand that the debate is closed, although I would like to discuss it.

The CHAIRMAN. The gentleman from Missouri offers an amendment, which the Clerk will report.

The Clerk read as follows:

Page 28, line 6, strike out lines 6 to 13, down to the word "service."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Missouri.

The question was taken, and the amendment was rejected.

Mr. BATHRICK. Mr. Chairman, I rise to ask the chairman of the committee a question.

The CHAIRMAN. All debate is closed, and the Clerk will read.

Mr. BATHRICK. Mr. Chairman, I ask unanimous consent that I may have permission to ask the chairman a question.

Mr. ADAMSON. Mr. Chairman, I suggest that the gentleman do it under the next section.

Mr. BATHRICK. That will be too late.

The CHAIRMAN. After the committee has closed its debate by vote it is asking too much to request that it be set aside by unanimous consent. The Clerk will read.

The Clerk read as follows:

SEC. 402. That the director, subject to the general direction of the Secretary of the Treasury, shall promptly determine upon and publish the full and exact terms and conditions of such contract of insurance. The insurance shall not be assignable, and shall not be subject to the claims of creditors of the insured or of the beneficiary. It shall be payable only to a spouse, child, grandchild, parent, brother, or sister of them, and to such other persons as may be provided from time to time by regulations. The insurance shall be payable only in installments during the life of the insured or beneficiaries, or both, for cash, loan, paid-up and extended values, and such other provisions for the protection and advantage of and for alternative benefits to the insured and the beneficiaries as may be found to be reasonable and practicable, may be provided for in the contract of insurance. Rights and privileges not provided for may be granted from time to time as may be prescribed by regulations. Subject to regulations, the insured shall at all times have the right to change the beneficiary or beneficiaries of such insurance without the consent of such beneficiary or beneficiaries, but only within the classes herein or as in the regulations provided.

With a committee amendment, as follows:

Amend, page 30, by striking out all after the word "insurance," in line 20, all of line 21, and the word "regulations" at the beginning of line 22.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. RAYBURN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment: Page 30, at the end of section 402, add the following: "If no beneficiary within the permitted class be designated by the insured, either in his lifetime or by his last will and testament, or if the designated beneficiary does not survive the insured the insurance shall be payable to such person or persons within the permitted class of beneficiaries as would under the laws of the State of the residence of the insured be entitled to his personal property in case of intestacy. If no such person survive the insured, then there shall be paid to the estate of the insured an amount equal to the reserve value of the insurance at the time of his death, calculated on the basis of the American Experience Table of Mortality, and 3½ per cent interest, in full of all obligations under the policy."

Mr. RAYBURN. Mr. Chairman, this amendment was spoken of the other day in the remarks of the gentleman from Illinois [Mr. MADDEN] and was read into the Record. It simply provides that where the man has no beneficiary living in this permitted class at the time of the death of the insured, whatever the accumulated insurance may be, it shall go to the estate.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Texas.

Mr. ADAMSON. Mr. Chairman, before a vote is taken on that amendment I move that all debate on this section and amendments thereto close in five minutes.

The CHAIRMAN. The gentleman from Georgia moves that all debate on this section and amendments thereto close in five minutes. The question is on agreeing to that motion.

The motion was agreed to.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Texas.

Mr. BATHRICK rose.

The CHAIRMAN. Does the gentleman from Ohio desire to ask the Chairman a question?

Mr. BATHRICK. Yes. In line 13, page 28, and on down, ending with line 21, on the same page, that part of this section is to the effect that in the event a person has not applied for insurance before 120 days after April 6 and is disabled or dies he will receive not only the compensation given to him in previous sections of the bill, but also \$25 a month. I want to ask the gentleman if he does not think that is discriminatory?

Mr. ADAMSON. No, sir. I do not think gentlemen here think anything is discriminatory—some of them. We have done the best we could, and we have made reasonable regulations, and I hope we will go on and pass the bill without delay.

Mr. BATHRICK. There has been no opportunity to discuss it.

Mr. ADAMSON. No; we have had seven days of discussion here, and nearly everybody admits that he knew more about it than the committee all the time. [Laughter.]

Mr. BATHRICK. Then we are acting like a lot of schoolboys here. [Laughter.] We are more like a crowd of millmen listening for the whistle to blow. When this House gets to the end of a bill, it arrives at the "no" stage and no one has a chance to amend or correct the bill. The chairman pulls the gad and we have a runaway. I am for the bill, but this should be changed.

Mr. LOBECK. Mr. Chairman, it has afforded me pleasure to be present during the discussion of this great measure, which is intended to take liberal care of the brave men and women who are risking their lives, their all if need be, in protecting and fighting for our flag, the Stars and Stripes, and all the flag stands for in this great warfare for the freedom of all the peoples of all the nations of the world.

This or any other Congress can enact into law no measure that will fully compensate the brave men and women who are offering their services and lives in defense of the principles of this great Republic, but this Congress can do this: It can enact into law a measure that will be helpful to the gallant and brave men and women who are now or soon will be on a foreign shore engaged in the awful strife that the world is engaged in.

I am sincerely interested in assisting to make this measure the best law for the protection of the men who are or will be on the field of action and to their dependents, for we as a people can never do too much for the brave men and women who are risking their all for our Nation.

We owe our appreciation and thanks to the committee in charge of the war-risk bill for the able manner in preparing and presenting the measure, for the courteous manner that the Members in charge of the bill have answered Members who have continuously inquired into the probable administration of the bill when it becomes a law, and who have so generously accepted any amendment that Members have offered that would make the law more helpful to the soldier, the sailor, and their dependents.

I have always since I have had the opportunity as a Member of Congress, by my voice and vote, favored a most liberal allowance or pension for the soldier and sailor who have fought for our country, and for their dependents.

It afforded me pleasure to vote for the Sherwood dollar-a-day pension, and I regret that the Sherwood law as introduced by the brave and gallant soldier, Gen. SHERWOOD, was not agreed to by the other body of this Congress; but the measure as it finally became a law has been very helpful in making the latter days of the brave veterans of former wars more comfortable.

I was glad to support and vote for the bill of September 8, 1916, that allowed the widows of veterans, when arriving at the age of 70, an increase of pension from \$12 to \$20 a month.

It gave me pleasure to support and vote for a pension for the widows of Spanish and Philippine War veterans, and I hope the day is not far distant when such a law shall be placed in the statutes.

I have a clear and distinct recollection of the Civil War. I remember when the brave boys enlisted, and I saw some of them return to peaceful occupations. No braver men ever offered their lives that the Union might be preserved, and it can be truly said that the men they faced in battle array were as brave soldiers as the world has ever known; and to-day these men, now old, both from the blue and the gray, are united in one common cause for the liberty of the nations, for the upholding of the flag that we all so dearly love and are willing to sacrifice our all for.

I shall never forget an incident that took place on the floor of the House when one day the gentleman from Illinois [Mr.

RODENBERG] had made an eloquent address to the memory of Lincoln, on the conclusion of which the Members congratulated him, and among those so doing there came Gen. SHERWOOD and Maj. STEDMAN, as brave soldiers as ever drew a sword, one from Ohio and the other from North Carolina, and congratulated the Member from Illinois on his eloquent message. I knew then that the blue and the gray were forever united in the defense of our country.

I am not so particular which bureau shall administer this measure. I want the law administered fairly and justly to all.

I believe that the Pension Bureau, with all its equipments and organization, would be better prepared to administer the law. The present pensioners will decrease in numbers, and for the present all the additional force needed would be clerks, stenographers and typewriters, and the additional stationery, all of which could be appropriated for; but this is no time to quibble what department shall have charge. So much for that.

Article I, providing for maintenance and organization and description of those entitled to benefits, shows the care and study of the committee in preparing the bill for enactment into law and seems to cover all the requirements as to administration.

Article II. I am glad to support Article II, which states specifically what the dependents shall be allowed. During the Civil War dependents on both sides had to depend on their communities, their State units, and their neighbors for sustenance.

The local townships and counties provided as best they could for dependent families, but the system was not complete, and had it not been for kind-hearted neighbors many a mother, wife, and child would have never had any assistance; but this article under its provisions makes a uniform system by which all dependents may be assisted while their loved ones are in the service.

Article III provides for compensation for death and disability. I am sincerely in favor of this portion of the measure. There are some items of compensation that I believe should be increased, for the present pension law in certain cases of injuries, such as the loss of both eyes, both arms, or legs, is more liberal for single men than the measure provides for, and I am glad it has been amended so those soldiers afflicted will receive the same sum as now provided by law. I had said during the debate I am in favor of more liberal compensation for injuries.

Article IV.—Insurance. This is also of utmost importance. I believe that every soldier who goes into service, especially in foreign service, should be required to take out insurance; certainly if he has dependents. If the soldier should lose his life in line of duty, it will not be easily explained to a dependent—mother, a wife—why they do not get the insurance which others receive, because soldiers who had the forethought to insure themselves for the benefit of their dependents at home had taken advantage of this provision of this law.

In conclusion I wish to say I am heartily and sincerely in favor of this measure. It may not be perfect in all details, but when once enacted into law, if not perfect, experience in administration will cause amendments to be offered and passed by future Congresses to remedy any defects. But the committee in charge has done wonderfully well in preparing the measure and it shall have my hearty support.

The people of America will approve our action. We have been very generous toward our allies, and as a people we should appropriate fully the amounts necessary to make the lives of our crippled soldiers and their dependents as comfortable as the broadest humanity will dictate.

The American heart and mind can always be depended upon in the cause of liberty of mankind. [Applause.]

Mr. ROSE. Mr. Chairman, I want to say, in a word, that I am in favor of this bill, and I am anxious to vote for it. I will not take up the time now to make a speech, but I ask unanimous consent that I may extend my remarks in the Record.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent to extend his remarks in the Record. Is there objection?

There was no objection.

Mr. LINTHICUM. Mr. Chairman, I make the same request.

The CHAIRMAN. The gentleman from Maryland makes the same request. Is there objection?

There was no objection.

Mr. WALSH. Mr. Chairman, I make the same request.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. RAYBURN. Mr. Chairman, I shall object to any further requests at this time.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Texas [Mr. RAYBURN].

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.



The Clerk read as follows:

SEC. 403. That the United States shall bear the expenses of administration and the excess mortality and disability cost resulting from the hazards of war. The premium rates shall be the net rates based upon the American Experience Table of Mortality and interest at 3½ per cent per annum.

Mr. PLATT. Mr. Chairman, I offer an amendment.

The CHAIRMAN: The Clerk will report the amendment offered by the gentleman from New York.

The Clerk read as follows:

Amendment by Mr. PLATT: On page 30, line 5, after the word "war," strike out the rest of line 5 and all of lines 6, 7, and 8, and insert in lieu thereof the following: "The premium rate shall be \$1 per month for each \$1,000 of insurance."

Mr. PLATT. Mr. Chairman, this amendment of mine strikes out the words "that the premium shall be based on the American Experience Table of Mortality," and simplifies the provision by making the rate \$1 a month. Every soldier will understand it. It will be perfectly easy, as every insurance man will say, to go to the soldier and say that every month he shall contribute \$1. You will get twice as many men to take it. It will not be based on age, and this arrangement will make it possible that every man, regardless of his age, will be able to understand it instantly. This will greatly simplify the bill and, in my judgment, it will make it more successful.

Mr. ADAMSON. Mr. Chairman, I move that all debate on this section be now closed.

The motion was agreed to.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from New York [Mr. PLATT].

The question was taken, and the amendment was rejected.

The CHAIRMAN. The Clerk will read.

Mr. DEWALT. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The gentleman from Pennsylvania offers an amendment, which the Clerk will report.

The Clerk read as follows:

On page 31, at the end of line 5, strike out the period and add the following:

"Provided further, That no other compensation or fee shall be charged or received by any person, except such as may be authorized by the commissioner, in regulations to be promulgated by him. Any person violating this act shall be deemed guilty of a misdemeanor, and upon conviction thereof shall, for each and every offense, be fined not exceeding \$500, or be imprisoned at hard labor not exceeding two years, or both, in the discretion of the court."

The amendment was agreed to.

Mr. COADY. Mr. Chairman, by authority of the committee I offer the following amendment.

Mr. ADAMSON. I ask unanimous consent to recur to the section.

Mr. MADDEN. I object.

Mr. COADY. I understand unanimous consent was granted the other day that we might return to this. It is to include field clerks, that is all.

Mr. MADDEN. All right.

The CHAIRMAN. The Clerk will report the amendment. The right to object will be reserved.

Mr. STAFFORD. Reserving the right to object, let the amendment be first reported.

The Clerk read as follows:

Page 9, line 4, after the word "officer," where it first appears in said line, add the following: "an Army field clerk, and a field clerk, Quartermaster Corps."

The amendment was agreed to.

Mr. ESCH. Mr. Chairman, I wish to offer an amendment, on page 8, line 17, in the same section that has just been amended, which is a committee amendment. After the word "and" insert "one, and in section 400 and."

That is necessary in order to perfect the wording.

The CHAIRMAN. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. ESCH: On page 8, line 17, after the word "and," where it first occurs in the line, insert the words "one, and in section 400 and."

The amendment was agreed to.

Mr. MADDEN. Mr. Chairman, I offer an amendment to section 304, page 22.

Mr. ADAMSON. We gave consent to recur to that when we were reading.

The Clerk read as follows:

Amendment by Mr. MADDEN: Page 22, line 9, after the word "computed," strike out the words "in whole or in part" and insert in lieu thereof the following: "to the extent of not more than 10 per cent," and on line 22 strike out the word "or," and on line 24 strike out the colon and insert a period, and also strike out the proviso.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. MADDEN].

The question being taken, on a division (demanded by Mr. MADDEN) there were—ayes 30, noes 72.

Accordingly the amendment was rejected.

Mr. RAYBURN. Mr. Chairman, by consent we passed over paragraph (d), on page 15. I move to strike out the letter "(d)."

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. RAYBURN: Page 15, line 15, strike out "(d)," at the beginning of the line.

The amendment was agreed to.

Mr. ADAMSON. Mr. Chairman, I move that the committee do now rise and report the bill back to the House with the amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. STAFFORD. Mr. Chairman, will the gentleman withhold that a moment? I believe there were some other paragraphs passed over that have not been covered.

Mr. ADAMSON. I think we have recurred to all of them.

Mr. STAFFORD. I beg the gentleman's pardon. We have not. There were certain paragraphs passed over without prejudice, to be returned to, which have not been returned to.

Mr. RAYBURN. There is one more.

Mr. ADAMSON. The gentleman from Texas thinks there is one more.

The CHAIRMAN. Does the gentleman from Georgia withhold his motion?

Mr. ADAMSON. I withhold the motion.

Mr. RAYBURN. On page 6, the gentleman from Wisconsin raised a point about a part of this being under the directors of these sections and the rest under the commissioner of military and naval insurance.

Mr. ESCH. I raised the point.

Mr. RAYBURN. The reason it was not all put under the director was that this proposition of family allowance is a technical routine matter, in finding the dependents of these people.

Mr. ESCH. It is of immediate necessity.

Mr. RAYBURN. It is of immediate necessity, and it was thought that the director would be so busy with other matters in connection with this bill that this ought to be taken off his hands.

Mr. STAFFORD. I wish to direct attention also to the paragraph on the top of page 7, which reads:

Such sum, including all premium payments, is hereby permanently appropriated—

And so forth. That was passed over on the gentleman's request.

Mr. RAYBURN. Mr. Chairman, that is true. We also passed the last paragraph in section 20, on page 7.

I move, Mr. Chairman, to strike out the words "permanently appropriated" and insert the words "made available."

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 7, line 2, strike out the words "permanently appropriated" and insert the words "made available."

The question was taken, and the amendment was agreed to.

Mr. RAYBURN. Now, Mr. Chairman, I offer the same amendment, in line 11, page 7, to strike out the words "permanently appropriated" and insert the words "made available."

The Clerk read as follows:

Page 7, line 11, strike out the words "permanently appropriated" and insert the words "made available."

The amendment was agreed to.

Mr. ESCH. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent to extend his remarks in the Record. Is there objection?

There was no objection.

Mr. CARAWAY. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record.

Mr. ALEXANDER. I make the same request.

Mr. SWITZER. I make the same request.

The CHAIRMAN. Is there objection?

Mr. WALSH. Mr. Chairman, I object to all these requests.

Mr. SIEGEL. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 31, line 6, insert a new section, as follows: "SEC. 406. That no person who is liable to military service under the selective-draft law shall be employed in the bureau."

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. SIEGEL) there were 73 ayes and 107 noes.

Mr. SIEGEL. I demand tellers.

The question was taken, and tellers were refused.

So the amendment of Mr. SIEGEL was rejected.

Mr. RAYBURN. Mr. Chairman, there is one amendment that ought to be adopted on page 25, section 310, where the language is clearly ambiguous, and I ask unanimous consent to return to that section.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RAYBURN. Now, Mr. Chairman, on page 25, line 6, I move to strike out the words "except by the enemy" and insert in line 7, after the word "offense," the words "except when inflicted by the enemy."

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 25, line 6, strike out the words "except by the enemy," and in line 7, after the word "offense," insert the words "except when inflicted by the enemy."

The CHAIRMAN. The question is on the amendment.

The question was taken, and the amendment was agreed to.

Mr. ADAMSON. Now, Mr. Chairman, I renew my motion that the committee do rise, report the bill with amendments to the House, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

So the committee determined to rise; and the Speaker having resumed the chair, Mr. GARRETT of Tennessee, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 5723) to amend an act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, and for other purposes, and had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. ADAMSON. Mr. Speaker, I move the previous question on the bill and all amendments to its final passage.

The motion was agreed to.

The SPEAKER. Is a separate vote demanded on any amendment?

Mr. SIMS. I demand a separate vote on the amendment reducing the amount in the bill from \$10,000 to \$5,000. At the request of the chairman, I will withdraw that request.

Mr. KEATING. I renew the request, because I do not believe the committee knew what it was voting on when it reduced the amount from \$10,000 to \$5,000.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will submit them in gross.

There was no demand for a separate vote.

The other amendments were agreed to.

The SPEAKER. The Clerk will report the amendments upon which a separate vote is desired.

The Clerk read as follows:

Page 28, line 4, strike out "\$5,000" and insert in lieu thereof "\$10,000."

Mr. KEATING. The amendment was to strike out \$10,000 and insert \$5,000.

The SPEAKER. In the bill as it was introduced it was \$10,000, and the Committee on Interstate and Foreign Commerce reduced it to \$5,000.

Mr. ADAMSON. And we adopted that amendment in the Committee of the Whole.

Mr. GILLET. The amendment was not adopted.

Mr. KEATING. It was adopted. The chairman wants \$10,000.

The SPEAKER. That is what the chairman wants.

Mr. KEATING. The committee inadvertently voted for \$5,000.

The SPEAKER. What the Chair wishes to know is whether the \$10,000 was voted into the bill by the Committee of the Whole.

Mr. ADAMSON. No, Mr. Speaker; the Committee of the Whole adopted the committee amendment reducing it to \$5,000. I want to defeat that amendment on a roll call and leave it at \$10,000.

The SPEAKER. The question is on agreeing to the amendment.

The question was taken; and on a division (demanded by Mr. BLACK) there were—ayes 77 and noes 141.

So the amendment was rejected.

Mr. MADDEN. Mr. Speaker, I demand a reading of the engrossed bill. [Cries of "Oh, no!"]

Mr. MADDEN. Yes.

The SPEAKER. The time has not yet arrived.

Mr. MADDEN. Then, when it has arrived I give notice.

The SPEAKER. The Chair will recognize the gentleman. The question is on the engrossment and third reading.

The bill was ordered to be engrossed and read the third time.

The SPEAKER. The gentleman from Illinois [Mr. MADDEN] demands the reading of the engrossed bill, and that is impossible at this time. There is no engrossed bill here. The Chair announces that there will be a meeting of Members of the House, not the House but the Members thereof, in this hall at 8 o'clock to-night to hear M. James Franklin Bouillon make a speech. Nobody is permitted to come in except Members.

Mr. ADAMSON. Mr. Speaker, because 40 or 50 gentlemen have secured transportation and desire to leave to-night I ask unanimous consent that the House take a recess until 9 o'clock so as to get the engrossed copy. I will make it half past 9.

#### LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. CLARK of Florida, indefinitely, on account of illness.

To Mr. GREENE of Massachusetts, indefinitely, on account of illness.

#### WITHDRAWAL OF PAPERS.

By unanimous consent, Mr. DENTON was granted leave to withdraw from the files of the House, without leaving copies, the papers in the case of Anderson against Pittman, second session Sixty-first Congress, no adverse report having been made thereon.

#### BUREAU OF WAR-RISK INSURANCE.

The SPEAKER. The gentleman from Georgia [Mr. ADAMSON] asks unanimous consent that the House stand in recess until half past 9 o'clock to-night.

Mr. MADDEN. Mr. Speaker, I object.

Mr. ADAMSON. Mr. Speaker, the gentleman from Virginia wants to make a request to have a bill printed and sent to conference and then I will make a motion if the Chair will recognize me.

#### TRADING-WITH-THE-ENEMY BILL.

Mr. MONTAGUE. Mr. Speaker, the bill H. R. 4960, entitled "An act to define, regulate, and punish trading with the enemy, and for other purposes," is on the Speaker's table, and I request that the same be printed with the Senate amendments numbered.

The SPEAKER. The gentleman from Virginia [Mr. MONTAGUE] asks leave to have printed the bill H. R. 4960 with Senate amendments numbered.

Mr. MONTAGUE. And that it lie on the Speaker's table, so that copies may be ready for distribution to Members.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

#### EXTENSION OF REMARKS.

Mr. HULL of Tennessee. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD on the subject of the bond bill. I inadvertently omitted to make that request.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

#### BUREAU OF WAR-RISK INSURANCE.

Mr. ADAMSON. Mr. Speaker, I move that the House stand in recess until 9.30 to-night.

Mr. MADDEN. Mr. Speaker, I desire to make a preferential motion that the House do now adjourn.

The SPEAKER. The question is on the motion of the gentleman from Illinois.

The question was taken, and the Speaker announced that the noes seemed to have it.

On a division (demanded by Mr. MADDEN) there were—ayes 45, noes 181.

Mr. MADDEN. Mr. Speaker, there are a great many gentlemen who say they have made arrangements to leave town to-night and I do not want to be in a position of embarrassing them. [Applause.] I will withdraw my demand for the reading of the engrossed copy of the bill. [Applause.]

Mr. ADAMSON. Then I withdraw my motion for a recess. [Applause.]

The bill was read the third time.

Mr. PLATT. Mr. Speaker, was not the motion carried?

The SPEAKER. What did the gentleman from New York say?

Mr. PLATT. Was not the motion for a recess carried?

The SPEAKER. No; it was never put. The question is on the passage of the bill.



Mr. RAYBURN. Mr. Speaker, I ask the yeas and nays on the passage of the bill. [Cries of "No!"]

The SPEAKER. The gentleman from Texas demands the yeas and nays. Evidently a sufficient number, and the yeas and nays are ordered.

The question was taken; and there were—yeas 319, answered "present" 5, not voting 109, as follows:

## YEAS—319.

Adamson	Fairfield	Knutson	Sabath
Alexander	Farr	Krauss	Sanders, Ind.
Ashbrook	Ferris	La Follette	Sanders, N. Y.
Aswell	Fess	Larsen	Sanford
Austin	Fields	Lazaro	Saunders, Va.
Ayres	Fisher	Lee, Ga.	Scott, Iowa
Bacharach	Fitzgerald	Lehlbach	Scott, Mich.
Bacon	Flood	Leshner	Scott, Pa.
Bankhead	Focht	Lever	Scully
Barkley	Fordney	Linthicum	Sears
Barnhart	Foss	Little	Shackleford
Bathrick	Foster	Littlepage	Shallenberger
Black	Francis	Lobeck	Sherley
Blackmon	French	London	Sherwood
Bland	Fuller, Mass.	Loneragan	Shouse
Blanton	Gallagher	Lundeen	Siegel
Boober	Gallivan	Lunn	Sims
Borland	Gard	McAndrews	Sinnott
Brand	Garland	McArthur	Sisson
Brodbeck	Garner	McClintic	Sloan
Browne	Garrett, Tenn.	McCulloch	Small
Bruckner	Garrett, Tex.	McFadden	Smith, T. F.
Brumbaugh	Glass	McKenzie	Snell
Burnett	Glynn	McKeown	Snook
Burroughs	Godwin, N. C.	McKinley	Stegall
Byrnes, S. C.	Goodall	McLaughlin, Mich.	Stedman
Byrns, Tenn.	Goodwin, Ark.	McLaughlin, Pa.	Steele
Campbell, Kans.	Gordon	Madden	Stevens, Miss.
Campbell, Pa.	Gould	Magee	Stevens, Nebr.
Candler, Miss.	Graham, Ill.	Mansfield	Sterling, Ill.
Cannon	Gray, Ala.	Mapes	Stevenson
Cantrill	Green, Iowa	Martin, La.	Stiness
Caraway	Greene, Vt.	Mays	Strong
Carter, Mass.	Gregg	Meeker	Summers
Carter, Okla.	Griest	Miller, Wash.	Sweet
Chandler, N. Y.	Hadley	Mondell	Swift
Clark, Pa.	Hamill	Montague	Switzer
Claxson	Hamilton, Mich.	Moon	Tague
Claypool	Hamlin	Moore, Pa.	Taylor, Ark.
Coady	Harrison, Miss.	Moore, Ind.	Taylor, Colo.
Collier	Harrison, Va.	Morin	Temple
Connally, Tex.	Hastings	Mudd	Thompson
Connolly, Kans.	Haugen	Neely	Tillman
Cooper, Ohio	Hawley	Nicholls, S. C.	Timberlake
Cooper, W. Va.	Hayden	Nichols, Mich.	Tinkham
Cooper, Wis.	Helm	Norton	Towner
Costello	Helvering	Oliver, N. Y.	Treadway
Cox	Hensley	Osborne	Van Dyke
Crisp	Hersey	O'Shaunessy	Vare
Crosser	Hicks	Overstreet	Vestal
Curry, Cal.	Hilliard	Paige	Vinson
Dale, N. Y.	Hood	Park	Voigt
Dale, Vt.	Houston	Parker, N. J.	Volstead
Dallinger	Howard	Peters	Waldow
Darrow	Huddleston	Phelan	Walker
Davidson	Hulbert	Polk	Walsh
Davis	Hull, Iowa	Pou	Walton
Decker	Hull, Tenn.	Pratt	Ward
Dempsey	Humphreys	Price	Watkins
Denison	Husted	Purnell	Watson, Pa.
Denton	Hutchinson	Quin	Watson, Va.
Dewalt	Igoe	Rainey	Weaver
Dickinson	Jacoway	Raker	Webb
Dill	James	Ramsey	Welling
Dillon	Johnson, S. Dak.	Ramseyer	Welty
Dixon	Johnson, Wash.	Rankin	Whaley
Dominick	Jones, Tex.	Rayburn	Wheeler
Dooling	Jones, Va.	Reavis	White, Me.
Doolittle	Juul	Reed	White, Ohio
Dowell	Kearns	Riordan	Williams
Drane	Keating	Robbins	Wilson, La.
Dunn	Kelly, Pa.	Roberts	Wingo
Dyer	Kennedy, Iowa	Robinson	Wise
Eagan	Kennedy, R. I.	Rodenberg	Wood, Ind.
Eagle	Kettner	Rogers	Woods, Iowa
Elliot	Kless, Pa.	Romjue	Woodyard
Ellsworth	Kincheloe	Rose	Young, N. Dak.
Elston	King	Rowe	Zihlman
Esch	Kinkaid	Rubey	The Speaker
Estopinal	Kitchin	Russell	

## ANSWERED "PRESENT"—5.

Gillett	Platt	Stafford	Winslow
Kehoe			

## NOT VOTING—109.

Almon	Church	Fairchild, G. W.	Heflin
Anderson	Clark, Fla.	Flynn	Heintz
Anthony	Copley	Frear	Hill
Baer	Crago	Freeman	Holland
Bell	Cramton	Fuller, Ill.	Hollingsworth
Bowers	Currie, Mich.	Gandy	Ireland
Britten	Dent	Good	Johnson, Ky.
Browning	Dies	Graham, Pa.	Kahn
Buchanan	Doremus	Gray, N. J.	Kelley, Mich.
Butler	Doughton	Greene, Mass.	Key, Ohio
Caldwell	Drukker	Griffin	Kreider
Capstick	Dupré	Hamilton, N. Y.	LaGuardia
Carew	Edmonds	Hardy	Langley
Carlin	Emerson	Haskell	Lea, Cal.
Cary	Evans	Hayes	Lenroot
Chandler, Okla.	Fairchild, B. L.	Heaton	Longworth

McCormick	Oliver, Ala.	Sanders, La.	Talbott
McLemore	Olney	Schall	Templeton
Maher	Overmyer	Sells	Thomas
Mann	Padgett	Slayden	Tilson
Martin, Ill.	Parker, N. Y.	Slemp	Venable
Mason	Porter	Smith, Idaho	Wason
Miller, Minn.	Powers	Smith, Mich.	Wilson, Ill.
Morgan	Ragsdale	Smith, C. B.	Wilson, Tex.
Mott	Randall	Snyder	Young, Tex.
Nelson	Rouse	Steenerson	
Nolan	Rowland	Sterling, Pa.	
Oldfield	Rucker	Sullivan	

So the bill was passed.

The Clerk announced the following pairs:

For the session:

Mr. CHURCH with Mr. RANDALL.

Mr. KEHOE with Mr. CARY.

For the balance of the session:

Mr. LEA of California with Mr. EMERSON.

On this vote:

Mr. PARKER of New York (for the bill) with Mr. PLATT (against).

Mr. GRAY of New Jersey (for the bill) with Mr. BENJAMIN L. FAIRCHILD (against).

Until further notice:

Mr. SNYDER with Mr. SANFORD.

Mr. TALBOTT with Mr. GILLET.

Mr. CANTRILL with Mr. LANGLEY.

Mr. HOLLAND with Mr. STEENERSON.

Mr. OLIVER of Alabama with Mr. BUTLER.

Mr. BELL with Mr. MILLER of Minnesota.

Mr. SLAYDEN with Mr. ANTHONY.

Mr. PADGETT with Mr. BROWNING.

Mr. THOMAS with Mr. GREENE of Massachusetts.

Mr. GRIFFIN with Mr. CRAMTON.

Mr. GANDY with Mr. CRAGO.

Mr. FLYNN with Mr. COPLEY.

Mr. EVANS with Mr. CHANDLER of Oklahoma.

Mr. McLEMORE with Mr. BRITTEN.

Mr. MAHER with Mr. BOWERS.

Mr. CHARLES B. SMITH with Mr. PORTER.

Mr. SCHALL with Mr. NOLAN.

Mr. SANDERS of Louisiana with Mr. MOTT.

Mr. RUCKER with Mr. MASON.

Mr. ROUSE with Mr. MANN.

Mr. RAGSDALE with Mr. LONGWORTH.

Mr. OVERMYER with Mr. KREIDER.

Mr. OLNEY with Mr. KELLEY of Michigan.

Mr. OLDFIELD with Mr. KAHN.

Mr. MARTIN of Illinois with Mr. IRELAND.

Mr. VENABLE with Mr. SLEMP.

Mr. WILSON of Texas with Mr. SMITH of Idaho.

Mr. YOUNG of Texas with Mr. SMITH of Michigan.

Mr. STERLING of Pennsylvania with Mr. TEMPLETON.

Mr. CLARK of Florida with Mr. FULLER of Illinois.

Mr. WILSON of Texas with Mr. ROWLAND.

Mr. DUPRE with Mr. EDMONDS.

Mr. DOUGHTON with Mr. WILSON of Illinois.

Mr. DOREMUS with Mr. WASON.

Mr. DIES with Mr. TILSON.

Mr. DENT with Mr. HILL.

Mr. CARLIN with Mr. HEATON.

Mr. CAREW with Mr. HAYES.

Mr. CALDWELL with Mr. HAMILTON of New York.

Mr. BUCHANAN with Mr. GRAHAM of Pennsylvania.

Mr. BAER with Mr. GOOD.

Mr. ALMON with Mr. FREEMAN.

Mr. KEY of Ohio with Mr. FREAR.

Mr. JOHNSON of Kentucky with Mr. GEORGE W. FAIRCHILD.

Mr. HEFLIN with Mr. DRUKKER.

Mr. HARDY with Mr. CURRIE of Michigan.

Mr. SULLIVAN with Mr. SELLS.

Mr. CANTRILL. The Clerk announced the pair of Mr. LANGLEY, of Kentucky, who is detained at home on account of illness in his family. I have a general pair with him. I have received a note from him that if he were here he would vote for this bill. Therefore I desire to recall my vote and be recorded for the bill.

The name of Mr. CANTRILL was called, and he voted "Yea."

Mr. HERSEY. Mr. Speaker, I wish to change my vote from "nay" to "yea."

The name of Mr. HERSEY was called, and he voted "Yea."

Mr. SANFORD. Mr. Speaker, I have a pair with my colleague, Mr. SNYDER. If he were here, he would vote "yea." So I will allow my vote of "yea" to stand.

Mr. PLATT. Mr. Speaker, I am paired with Mr. PARKER of New York. Therefore I change my vote from "nay" to "present."

Mr. WINSLOW. Mr. Speaker, on account of a pair I would like to change from "yea" to "present."

The name of Mr. WINSLOW was called, and he answered "Present."

Mr. GALLIVAN. Mr. Speaker, when my name was called I voted "yea." I had a pair with the gentleman from Ohio [Mr. KEY] who was suddenly called out of town. If he were here, he would vote "yea." Therefore, I desire to have my vote stand as announced.

Mr. WOODYARD. Mr. Speaker, my colleague, Mr. BOWERS, was suddenly called home this evening and he desired me to state that if he were present he would vote "yea."

Mr. KINCHELOE. Mr. Speaker, I desire to announce the unavoidable absence of my colleague, Mr. JOHNSON of Kentucky, and to further announce that if he were present he would vote "yea."

Mr. SIEGEL. Mr. Speaker, I wish to say that if my colleagues, Mr. HASKELL and Mr. LA GUARDIA, were here they would vote "yea."

The SPEAKER. The Clerk will call my name.

The name of Mr. CLARK of Missouri was called, and he voted "Yea."

The SPEAKER. The Chair desires, before he announces this vote, to say that our visitor this evening, M. James Franklin Bouillon, will speak in English, and he speaks very good English, too.

The result of the vote was announced as above recorded.

On motion of Mr. ADAMSON, a motion to reconsider the vote by which the bill was passed was laid on the table.

#### EXTENSION OF REMARKS.

Mr. NEELY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the bill which has just been passed.

The SPEAKER. The gentleman from West Virginia asks unanimous consent to extend his remarks in the RECORD. Is there objection?

There was no objection.

Mr. WALSH. Mr. Speaker, I ask unanimous consent that the gentleman from Arkansas [Mr. CARAWAY] be given leave to extend his remarks in the RECORD.

Mr. ADAMSON. There were several gentlemen who desired to discuss the bill. There are not many, and I hope the gentleman will not object to unanimous consent that all of them have leave to extend their remarks.

Mr. ROBBINS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. The gentleman from Georgia [Mr. ADAMSON] is asking that everybody be given unanimous consent to extend their remarks in the RECORD. Is there objection?

Mr. WALSH. I object.

The SPEAKER. The gentleman from Massachusetts [Mr. WALSH] asks unanimous consent that the gentleman from Arkansas [Mr. CARAWAY] and the gentleman from West Virginia [Mr. NEELY] and the gentleman from Arkansas [Mr. GOODWIN] have the right to extend their remarks in the RECORD on this bill. Is there objection?

There was no objection.

Mr. FOCHT. I would like to ask the same privilege for the gentleman from Pennsylvania [Mr. ROBBINS].

The SPEAKER. Is there objection to the gentleman from Pennsylvania [Mr. ROBBINS] extending his remarks in the RECORD on the bill? [After a pause.] The Chair hears none.

#### SENATE BILLS AND JOINT RESOLUTIONS REFERRED.

Under clause 2, Rule XXIV, Senate bills and joint resolutions of the following titles were taken from the Speaker's table and referred to their appropriate committees, as indicated below:

S. J. Res. 99. Joint resolution authorizing and directing the Secretary of the Treasury to permit the entry of distilled spirits into bonded warehouses under bond, conditioned for the export of such distilled spirits to some foreign country within three years from the date of entry into the United States; to the Committee on Ways and Means.

S. 2858. An act to defray expenses incurred by officers and enlisted men of foreign armies attached to the Army of the United States; to the Committee on Military Affairs.

S. 2623. An act defining the status of citizens of the United States who have entered the military or naval services of certain countries during the existing war in Europe; to the Committee on Military Affairs.

S. 2435. An act authorizing the counties of Itasca and Cass, Minn., to construct a bridge across the Mississippi River in said counties; to the Committee on Interstate and Foreign Commerce.

S. 2495. An act to amend section 1585 of the Revised Statutes of the United States; to the Committee on Naval Affairs.

S. 2134. An act to authorize the Secretary of the Interior to issue a deed to the persons hereinafter named for part of a lot in the District of Columbia; and

S. 2123. An act to regulate the practice of podiatry in the District of Columbia; to the Committee on the District of Columbia.

S. 1420. An act authorizing the Secretary of War to donate to the State of Tennessee two brass cannon with carriage; to the Committee on Military Affairs.

S. 1546. An act to permit the use of certain refined products of petroleum as stores on steam vessels carrying passengers; to the Committee on the Merchant Marine and Fisheries.

S. 1767. An act authorizing the Secretary of War to donate to Lewisburg, Marshall County, Tenn., three brass cannon, with carriage; to the Committee on Military Affairs.

S. 1549. An act to require numbering and recording of undocumented vessels;

S. 1547. An act to amend section 5 of the motor-boat law approved June 9, 1910;

S. 1544. An act to provide for appeals from decisions of boards of local inspectors of steam vessels, and for other purposes; and

S. 1545. An act to amend the act of March 3, 1913, entitled "An act to regulate the officering and manning of vessels subject to the inspection laws of the United States"; to the Committee on the Merchant Marine and Fisheries.

S. 746. An act to provide for the appointment of a district judge in the northern and southern judicial districts in the State of Mississippi, and for other purposes; and

S. 70. An act providing for an additional judge for the district of Montana; to the Committee on the Judiciary.

S. 291. An act authorizing the Secretary of War to deliver to the town of Murfreesboro, Tenn., two condemned bronze or brass cannon or fieldpieces and suitable outfit of cannon balls; to the Committee on Military Affairs.

S. 1836. An act to provide for the appointment of a district judge in the middle judicial district of the State of Tennessee, and for other purposes; to the Committee on the Judiciary.

#### Senate concurrent resolution 12.

Whereas the people and the Government of the United States are now engaged in the greatest war of history, which, in its determination is fraught with great results for good or evil, not only to the people of this country but to the people of the whole world, and which is the greatest undertaking upon which this country has ever embarked; and

Whereas this country is about to engage in preparing for war and will soon be sending abroad to the theater of war great numbers of our young men, there to take part in the sanguinary conflict and offer their lives in defense of their country's rights; and

Whereas it is in accordance with the customs and traditions of this country as a Christian Nation and has heretofore been the practice of this country upon engaging in war to set aside a day, by official proclamation, for prayer for the aid of the Almighty: Therefore be it

*Resolved by the Senate (the House of Representatives concurring), That the President of the United States be, and he is, requested by Congress to issue a proclamation designating a day of prayer and calling upon the people of this country on such day to assemble in their various places of worship, and there offer prayer to Almighty God for the success of our armies and victory for our cause in this great conflict—*

to the Committee on Military Affairs.

S. 2617. An act authorizing the restoration of John T. Melvin, a lieutenant (junior grade), to the active list of the Navy; to the Committee on Naval Affairs.

S. 2531. An act to prevent the publication of inventions by the grant of patents that might be detrimental to the public safety or convey useful information to the enemy, to stimulate invention, and provide adequate protection to owners of patents, and for other purposes; to the Committee on Patents.

S. 2777. An act providing for the appointment of an additional circuit judge in the first and fourth judicial circuit; to the Committee on the Judiciary.

S. J. Res. 84. Joint resolution to draft certain aliens into the military service of the United States, and for other purposes; to the Committee on Military Affairs.

#### ADJOURNMENT.

Mr. KITCHIN. I move that the House do now adjourn. The motion was agreed to; accordingly (at 6 o'clock and 55 minutes p. m.) the House adjourned until to-morrow, Friday, September 14, 1917, at 12 o'clock noon.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. CLARK of Florida: A bill (H. R. 6057) to provide for the exemption of certain persons from compulsory military service; to the Committee on Military Affairs.



By Mr. DAVILA: Resolution (H. Res. 141) to translate into Spanish and print as a public document for circulation in Porto Rico the speech of Senator Broussard on the war-revenue bill; to the Committee on Printing.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ASHBROOK: A bill (H. R. 6058) granting an increase of pension to William A. Beer; to the Committee on Invalid Pensions.

By Mr. AYRES: A bill (H. R. 6059) granting a pension to Noah P. Janes; to the Committee on Pensions.

By Mr. DENTON: A bill (H. R. 6060) to correct and complete the military record of Anderson G. Pittman; to the Committee on Military Affairs.

By Mr. ELLIOTT: A bill (H. R. 6061) granting an increase of pension to John A. Markley; to the Committee on Invalid Pensions.

By Mr. KETTNER: A bill (H. R. 6062) granting a pension to Bertha Smith; to the Committee on Pensions.

By Mr. KRAUS: A bill (H. R. 6063) granting an increase of pension to Hiram Harrell; to the Committee on Invalid Pensions.

By Mr. McKINLEY: A bill (H. R. 6064) granting a pension to Reuben I. Seibert; to the Committee on Invalid Pensions.

By Mr. MONTAGUE: A bill (H. R. 6065) for the relief of Passed Asst. Paymaster P. T. M. Lathrop, United States Navy; to the Committee on Claims.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By the SPEAKER (by request): Petition of the International Typographical Union, in session at Colorado Springs, Colo., protesting against any increase in the rates on second-class matter; to the Committee on Ways and Means.

Also (by request), petition of the International Typographical Union, in session at Colorado Springs, Colo., urging the freedom and independence of Bohemia; to the Committee on Foreign Affairs.

Also (by request), petition of the State Council of Pennsylvania Order of Independent Americans, condemning and deploring any ecclesiastical interference which would suggest or state the terms upon which peace should be arranged as inappropriate and against the welfare of the country; to the Committee on Foreign Affairs.

By Mr. ASHBROOK: Evidence to accompany House bill 5950, for special relief of Willis Elben; to the Committee on Invalid Pensions.

By Mr. CARY: Petition of the International Typographical Union, in session at Colorado Springs, Colo., urging the fixing of reasonable selling prices on all forms of paper supplies, and protesting against the imposition of any additional burden upon the printing industry of the United States; to the Committee on Ways and Means.

Also, petition of the Hollister Laboratories, Madison, Wis., protesting against a tax of 2 per cent on the gross sales of ready-made or proprietary medicines; to the Committee on Ways and Means.

Also, petition of George W. Rogers, South Milwaukee, Wis., urging the reduction of the whisky tax to \$2.20; to the Committee on Ways and Means.

Also, petition of the Cudahay Liquor Dealers' Association, Local No. 62, Milwaukee, Wis., urging a whisky tax of \$2.20; to the Committee on Ways and Means.

Also, petition of the Superior Telegram, Superior, Wis., in re the McKellar amendment to the war revenue bill; to the Committee on Ways and Means.

By Mr. DALE of New York: Petition of John S. Sils & Sons, of New York, urging the adoption by the House of the Hardwick amendment to the war revenue bill, eliminating any tax on any letter mail, and the McKellar amendment to the same, providing for a revision of the second-class rates on the zone system; to the Committee on Ways and Means.

By Mr. DRANE: Petition of 3,500 citizens of the first congressional district of Florida, praying for the enactment of legislation which will include aliens in the selective draft upon the same basis as citizens of the United States or, as an alternative, be returned to their respective countries; to the Committee on Military Affairs.

By Mr. ESCH: Papers in support of House bill 6037, granting an increase of pension to Oscar Bowen; to the Committee on Invalid Pensions.

By Mr. LINTHICUM: Petition of the Provident Savings Bank, Baltimore, Md., in re the shortage of \$1 bills; to the Committee on Coinage, Weights, and Measures.

By Mr. RAINEY: Petition of Col. Thomas A. Peters and others, Grand Army Veterans of Virginia, Ill., favoring larger pensions; to the Committee on Invalid Pensions.

#### SENATE.

FRIDAY, September 14, 1917.

The Chaplain, Rev. Forrest J. Prettyman, D. D., offered the following prayer:

Almighty God, we pray for wisdom and grace that we may seize every opportunity that comes to us for the development of our spiritual life, taking advantage of the regularly recurring opportunities that come in life to pause in the midst of life's confusion and toil and strife to lift our hearts to Thee and seek and implore the Divine guidance and blessing. Look Thou upon us to-day, O God of our fathers. Forgive our sins. Clear before us the vision of the way that Thou wouldst lead us; and give to us Thy spirit that we may follow in that way. Let Thy blessing rest to-day upon the labors of Thy servants in this Senate. For Christ's sake. Amen.

The Journal of yesterday's proceedings was read and approved.

#### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House had passed the joint resolution (S. J. Res. 93) for improving Willapa Harbor and River, Wash.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H. R. 4960) to define, regulate, and punish trading with the enemy, and for other purposes, asks a conference with the Senate on the disagreeing votes of the two Houses thereon, and had appointed Mr. ADAMSON, Mr. MONTAGUE, Mr. DEWALT, Mr. ESCH, and Mr. HAMILTON of Michigan managers at the conference on the part of the House.

The message further announced that the House had passed a bill (H. R. 5723) to amend an act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, and for other purposes, in which it requested the concurrence of the Senate.

#### ENROLLED BILL SIGNED.

The message also announced that the Speaker of the House had signed the enrolled bill (S. 2785) to authorize and empower the Southwest Louisiana Waterways Association, of the State of Louisiana, to construct a lock and dam in Mermentau River, in the State of Louisiana, and it was thereupon signed by the Vice President.

#### HOUSE BILL REFERRED.

The following bill of the House of Representatives was read twice by its title and referred to the Committee on Finance:

H. R. 5723. An act to amend an act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, and for other purposes.

#### EMBARGO ON COTTON.

Mr. SHEPPARD. Mr. President, a few days ago I had published in the RECORD a telegram relating to the placing of cotton in the food-control bill having the signatures of H. N. Polk and I. N. McCollister. Mr. McCollister has sent me a telegram stating that he did not sign the first telegram. I ask that his telegram be published in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered. The telegram referred to is as follows:

NEW ORLEANS, LA., September 10, 1917.

Senator MORRIS SHEPPARD,  
Washington, D. C.:

I did not authorize anybody to sign my name to any telegram to put cotton in the food-control bill. I am opposed to cotton being placed in the food-control bill, and also do not want any interference with the United States cotton-futures act of 1916. Our committee stands pat on this.

I. N. MCCOLLISTER,  
Chairman Marketing and Traffic Committee,  
Association of State Farmers' Union Presidents.

#### PETITION.

Mr. PHELAN presented a petition of the County Clare Association of San Francisco, Cal., praying for the freedom of Ireland and pledging the moral support of the United States, which was referred to the Committee on Foreign Relations.

## PRODUCTION OF GRAINS AND CEREALS.

Mr. MYERS, from the Committee on Public Lands, to which was referred Senate Resolution 129, directing the Secretary of the Interior to make an inquiry relative to the use of public land for the production of grains and cereals during the war, reported it without amendment and submitted a report (No. 129) thereon.

## BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HUSTING:

A bill (S. 2882) to grant citizenship to certain persons discharged from the military service of the United States; to the Committee on Military Affairs.

By Mr. UNDERWOOD:

A bill (S. 2883) to amend an act approved March 2, 1899, increasing the efficiency of the Army of the United States, and for other purposes; to the Committee on Military Affairs.

By Mr. BRANDEGEE:

A bill (S. 2884) to provide for the purchase of additional land for the enlargement of the site of the public building at Stamford, Conn.; to the Committee on Public Buildings and Grounds.

By Mr. MARTIN:

A bill (S. 2885) for the relief of the estate of Moses M. Bane; to the Committee on Claims.

By Mr. ASHURST:

A bill (S. 2886) for the relief of Albert O. Brown; to the Committee on Public Lands.

## WORLD LIBERATION.

Mr. OWEN. Mr. President, I submit certain data on the subject of world liberation through international government, prepared by George H. Shibley, and in support of Senate joint resolution 94, introduced by me. I desire to have it printed as a Senate document, and move that it be referred to the Committee on Printing for report.

The motion was agreed to.

## TRADING WITH THE ENEMY.

The VICE PRESIDENT laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 4960) to define, regulate, and punish trading with the enemy, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. FLETCHER. I move that the Senate insist upon its amendments and agree to the conference asked for by the Senate, the conferees on the part of the Senate to be appointed by the Chair.

The motion was agreed to; and the Vice President appointed Mr. FLETCHER, Mr. RANSDELL, Mr. VARDAMAN, Mr. NELSON, and Mr. FERNALD conferees on the part of the Senate.

## PRINT-PAPER PRICES.

The VICE PRESIDENT. The morning business is closed.

Mr. FLETCHER. Mr. President, I desire to submit a statement, as coming from the Joint Committee on Printing, on the subject of a fair and reasonable price for paper. It will take but a few minutes, and I think it is a matter of public importance.

## FAIR AND REASONABLE PRICES FOR PAPER.

[Statement by Senator FLETCHER, of Florida, chairman of the Joint Committee on Printing.]

In connection with the President's order fixing the price of news-print paper for the Government and the complaint docketed by the Federal Trade Commission charging 23 of the leading book-paper manufacturers with unfair methods of competition, I desire to submit a statement of the activities of the Joint Committee on Printing, which have been largely instrumental in bringing about the present situation, that bids fair to put an end to the exorbitant prices demanded for paper.

Mr. Carter, the efficient clerk of the joint committee has assembled this material from our files, and I believe it to be of public importance.

The Joint Committee on Printing, which fixes upon standards, awards contracts, and approves open-market purchases of paper for the Government Printing Office, has devoted much of its time for more than one year to a careful consideration of the paper situation, especially as it affects the Government. I am greatly gratified, therefore, as chairman of the joint committee, that its determined resistance to the demands of certain paper interests has been so fully sustained by the action of the President and the findings of the Trade Commission.

By its close supervision over the purchases of paper for the public printing and binding and its refusal to become "panicky" even when others, scared by the false cry of shortage, were urg-

ing the purchase of paper at grossly excessive prices and were commending such prices as "eminently fair and reasonable," the committee undoubtedly will save the Government more than one-half million dollars during the contract years from March 1, 1916, to March 1, 1918. But this saving to the Government, considerable as it is, will be small indeed when compared with the far greater benefit that, I believe, will come to the publishers of the country through the joint committee's efforts to have fair and reasonable prices restored in the paper market.

Of the broad interest in fixing a just price for news-print paper, I thus advised the President, in my letter informing him that the manufacturers of news print had arbitrarily undertaken to raise the price after having agreed with the joint committee to furnish news-print paper to the Government at the figure fixed upon by the Federal Trade Commission as a fair and reasonable price:

Aside from the substantial interest which the Government itself has in the purchase of news-print paper at a fair and reasonable price, the publishers of the country, as undoubtedly you are aware, are vitally concerned over the excessive prices they have had to pay for news print during the past year. The Federal Trade Commission, as you know, has made every effort to relieve this situation as it affects the publishers, but, not having the authority to enforce its findings as to price, has been unable to obtain any material relief from them as yet. I am inclined to believe that if the Government could compel the furnishing of news-print paper, even if only for its own use, at a fair and reasonable price, as has been obtained by this committee during the past three months, it would have a powerful influence in securing, without making additional legislation necessary, such a price for the American publishers, many of whom are facing financial ruin owing to the exorbitant prices that have been demanded for news-print paper.

Though the investigation of the book-paper industry, independent of its news-print inquiry, was undertaken by the Federal Trade Commission primarily for the information of the Joint Committee on Printing, pursuant to a resolution offered by me which the Senate adopted on September 7, 1917, the findings of the Trade Commission in regard to book-paper prices are likewise of vital concern to every user of book paper, which includes not only the large publishing houses engaged in the printing of schoolbooks, law books, and reports, and the vast output of popular fiction, but also affects the publishers of magazines and substantially all the agricultural, labor, educational, fraternal, and religious press, which, together with many weekly newspapers, use the better grades of paper, such as machine finished and supercalendered instead of news print. In fact, since this investigation was undertaken at the instigation of the joint committee the prices for paper have "softened" materially. For instance, machine-finish printing paper, for which 11 cents was demanded just prior to the action of the Senate in directing an investigation, can now be purchased for half that price; and if the Trade Commission can sustain its complaint of unfair competition there is good reason to believe that the price will further decrease to near the normal range of between 3 and 4 cents per pound.

With these preliminary observations as to the interest that the Joint Committee on Printing has taken in the paper situation, I present some detailed information as to the committee's work, which, by statutory enactment, relates largely to administrative matters connected with the Government Printing Office, over which Congress has always exercised more or less direct control, through the joint committee, ever since the days the printed records were substituted for the manuscript records of Congress that formerly had to be written by clerks employed for such purpose by the Senate and the House.

First, let me speak of the news-print-paper situation, not that it is of primary importance to the Government itself as a purchaser but owing to the vast interest that the public press has in the fixing of a just price for such material. News-print paper was not carried on the regular schedule of the Government Printing Office until five years ago, when the joint committee decided that it would be advantageous and economical to print certain governmental publications on paper of cheaper quality. Up to the beginning of the contract year 1916-17 the Government had paid around 2½ to 2¾ cents for standard news print, of which it buys small quantities as compared with the amount required by metropolitan newspapers. When proposals were invited for the contract year 1916-17 the lowest bid received on standard news print was 3 cents per pound, and the quantity limited to a six-months' supply. This did not appear especially excessive in view of the war conditions and the fact that the Trade Commission had not then undertaken its investigation of the news-print-paper industry. Accordingly a contract was awarded for furnishing news-print paper to the Government Printing Office at 3 cents per pound, the contractor being required to furnish such quantity as may be needed during the period of the contract from March 1 to September 1, 1916. The estimated quantity was stated at 300,000 pounds.



However, the contractor, the Republic Bag & Paper Co., of New York City, refused to furnish all the news-print paper needed during the six months' period and the Public Printer was forced to buy additional quantities of news-print paper during the remainder of the contract period at 5.9 cents per pound. Consequently the committee insisted that the defaulting contractor should be sued under his contract, and action has now been brought in the United States District Court in New York to recover \$11,792.32 from the Republic Bag & Paper Co. on account of the increased price which the Government had to pay for the news-print paper bought in the open market during the term of its contract. The action of the committee in urging that suit be brought against the Republic Bag & Paper Co. was based upon an opinion rendered by the Attorney General on June 13, 1916, in which he held that—

The contract in question was within the power of the Joint Committee on Printing and obligated the contractor to furnish the paper described to the limit of the Government's needs during the life of the contract.

Meanwhile the manufacturers of news print kept boosting the price higher and higher, and when the joint committee opened proposals on February 17, 1917, for the contract year 1917-18, only two bids were found on news print, the lowest being 7½ cents for paper which formerly cost the Government around 2½ cents per pound. The committee promptly rejected this bid as grossly excessive, and this action was soon after sustained by the finding of the Federal Trade Commission, which reported on March 3, 1917, that 2½ cents per pound f. o. b. mill was a fair and reasonable price for standard news print.

The Government Printing Office did not have any need to buy news print paper until May 3, 1917, when the Public Printer advised the committee that the President had authorized the publication of a daily national bulletin, requiring from one to three cars of news print per week. The Public Printer requested authority to purchase one car of news print of the International Paper Co. at 3.1 cents per pound, according to an arrangement which he had made with the president of that company, and also asked further authority to purchase an additional 400,000 pounds "at the lowest available price obtainable." Replying to the Public Printer, I wrote him that I did not feel justified in giving an unconditional approval of his request, in view of the finding of the Federal Trade Commission, and suggested that he invite new proposals on news print, fixing as a maximum price 2½ cents per pound f. o. b. mill, which the Federal Trade Commission had held to be a fair and reasonable price. The Public Printer, acting upon my suggestion, invited proposals on 400,000 pounds of news print from 33 concerns, received only three quotations, all from jobbers, the lowest being 4 cents per pound. In view of this result, the Public Printer recommended that the restrictions which I had imposed as to price be removed "until such time as the investigation by the Federal Trade Commission has been completed and remedial legislation enacted."

I was reluctant, however, to give up the effort to obtain news print at a fair and reasonable price until every means at my command had been exhausted, and I therefore appealed direct to the president of the International Paper Co., advising him that the paper was required as a military supply for the publication of the Official War Bulletin issued under the direction of the President and inviting his attention to section 120 of the national-defense act, which authorizes the President to purchase or procure military supplies in time of actual or imminent war at a reasonable price as determined by the Secretary of War. I then put the question squarely to the president of the International Co. as to whether he would furnish the paper required by the Public Printer for this purpose at a fair and reasonable price as fixed upon by the Federal Trade Commission and requested an immediate response. This message was sent to the president of the International Paper Co., of New York City, on May 11, 1917, and, so far as I know, appears to be the first time that the national-defense act was invoked to procure supplies for the Government at a reasonable price.

The president of the International Paper Co. replied by wire on the same day that "in view of the military situation we will manage to secure and will gladly supply the Public Printer with the emergency news-print paper in quantity named in your telegram for the time being at 2½ cents per pound." Believing that this action by the head of the International Paper Co. settled the price of news print for the Government during the war emergency, I thanked him for his generous and patriotic offer, and accordingly authorized the Public Printer to purchase news print as needed at not to exceed 2½ cents per pound, the price fixed upon by the Federal Trade Commission. Consequently, I was much surprised to be advised by the Public Printer on August 11 that the International Paper Co. had undertaken to

increase the price on an additional order for news print from 2½ to 3 cents per pound. I at once requested the Federal Trade Commission to advise the committee as to whether the proposed increase was justified, especially in view of the fact that the report of the International Paper Co. for 1916 shows net earnings for that year of \$3,836,492, and a net treasury surplus of \$16,238,743.

The Federal Trade Commission replied, under date of August 15, that in its opinion the increase proposed by the International Paper Co. was not justified, nor is the proposed price of 3 cents per pound a fair and reasonable one for news print. The Trade Commission's reply further stated that, even allowing for certain minor increases in the cost of manufacturing news print since its first finding of 2½ cents as a fair and reasonable price, "the commission's accountants are still of the opinion that the price of 2½ cents gives the International Paper Co. a fair, reasonable, average margin of about \$5 per ton, or over 10 per cent, or approximately the same profit per ton at which its sales were made prior to the recent period of increased cost and demand."

Upon receipt of this advice from the Federal Trade Commission, I decided to submit the matter to the President on behalf of the Joint Committee on Printing for his determination as to whether to exercise the authority vested in him by either the national defense act or the food-and-fuel-control act to procure news-print paper required for the printing of the Official Bulletin as a necessary war supply.

I submit herewith, and ask leave to have printed as a part of my remarks, the letter which I addressed to the President under date of August 22, 1917, and the accompanying appendices covering the correspondence with the Public Printer, the International Paper Co., and the Federal Trade Commission relating to the fixing of a price on news-print paper.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter referred to is as follows:

CONGRESS OF THE UNITED STATES,  
JOINT COMMITTEE ON PRINTING,  
August 22, 1917.

His Excellency the PRESIDENT OF THE UNITED STATES,  
The White House.

DEAR MR. PRESIDENT: Manufacturers of news-print paper having declined to continue furnishing paper to the Government at the price fixed upon by the Federal Trade Commission as fair and reasonable, I feel it to be my duty to submit the matter to you for determination as to whether the Government should now avail itself of the authority vested in the President by either section 120 of the national-defense act, approved June 3, 1916, or sections 10 and 12 of the food and fuel control act, approved August 10, 1917, to procure such paper as a necessary war supply.

News-print paper is required by the Public Printer for printing the Official Bulletin, and I have been advised that the expenses of this publication, issued by the Committee on Public Information under the order of the President, are paid out of the appropriation "for the national security and defense" in the deficiency act approved April 17, 1917. Paragraph 11 of Bulletin No. 29, issued by the War Department on May 17, 1917, states that the Official Bulletin is issued "for the purpose of disseminating official news during the present war," and that "commanding officers of military posts and stations will post copies of the Official Bulletin in conspicuous places for the information of all concerned." The first issue of the Official Bulletin, on May 10, 1917, page 2, also contains a similar statement signed by the Secretary of the Navy, under the heading "Order to Navy Men," which directs all commandants and commanding officers to have the Official Bulletin "placed in a conspicuous and accessible place and to notify the officers and men under their command of its existence and purpose."

It seems clear to me, therefore, that the Official Bulletin is devoted to "a public use connected with the common defense," and that consequently paper, which is a supply necessary for the publication of the Official Bulletin, comes within the provisions of the national-defense act or the food and fuel control act, to which I have already referred.

For your information in determining whether to direct the purchase of such paper as a war supply, I respectfully submit herewith copies of communications which, as chairman of the Joint Committee on Printing, I have had with the Public Printer, the International Paper Co. of New York, and the Federal Trade Commission, in regard to the purchase of news-print paper for the printing of the Official Bulletin.

In this connection, permit me to explain that the Joint Committee on Printing is vested by the printing act approved January 12, 1895 (28 Stat., 601), with numerous duties relating to the purchase of paper and other supplies required for the public printing and binding, including the annual award of contracts and the authorizing of open-market purchases. When the bids for annual contracts were submitted to the joint committee on February 17, 1917, the prices quoted seemed so excessive and unreasonable that the committee decided that most of the paper on its schedule, including news print, should be bought in the open market until such time as conditions might warrant the entering into contracts. The open-market purchases of all classes of paper since March 1, the beginning of the paper year, indicate a saving of considerably more than \$350,000 for the year, as compared with the bids for annual contracts, and fully justify the action of the committee in rejecting the proposals for annual contracts. The lowest bid submitted February 17 for news-print paper on annual contract was 7.25 cents per pound, there being only two bidders, both jobbers, though proposals had been formally requested from all the paper manufacturers and dealers. The action of the committee in rejecting these proposals has also been sustained by the subsequent reports of the Federal Trade Commission on its investigation of news-print and book-paper prices, as contained in Senate Documents Nos. 3, 45, and 49, Sixty-fifth Congress.

When the Public Printer was advised that the publication of an Official Bulletin was contemplated, requiring from one to three cars of news-print paper per week, he obtained a quotation of 3.1 cents per



pound f. o. b. mill, from the International Paper Co. for one car lot, and asked the committee on May 3, 1917 (see Appendix A), for authority to purchase this quantity and an additional 400,000 pounds "at the lowest available price," which, evidently, would not be less than 3.1 cents per pound.

To this request of the Public Printer I replied on May 4, 1917 (see Appendix B) calling his attention to the fact that the Federal Trade Commission had found 2.5 cents per pound f. o. b. mill to be a "fair and reasonable price" for standard news-print paper. This price was fixed upon by the Trade Commission in response to a formal request signed by the principal news-print manufacturers, including the International Paper Co., "to find, fix, and determine forthwith what price per 100 pounds at the mill would be a fair and reasonable price for the sale of such paper for use in the United States during the period of time from March 1, 1917, to September 1, 1917," and agreeing to "carry out and complete at the price fixed upon by the Trade Commission all existing contracts for the sale of such paper," and further agreeing "to cooperate with the Federal Trade Commission in carrying out any plan approved by the commission to bring about the distribution of news-print paper for the purpose of securing prompt and effective relief to the small publishers of the United States and which will enable such small publishers, through cooperative buying, to secure their news-print paper at practically the same price as that which is hereinafter to be enjoyed by the larger publishers," with the added provision that "new publishers shall not be charged more than said maximum price so found, fixed, and determined by the Federal Trade Commission during said period of time." This agreement, however, so far as it affects the publishers, was never carried out by the news-print paper manufacturers. (See News-print Paper Report, S. Doc. No. 49, 65th Cong., pp. 136-7.)

On account of the findings of the Federal Trade Commission I advised the Public Printer that I did not feel justified in giving an unconditional approval of his request and suggested that he invite competitive proposals for furnishing news-print paper, setting as a maximum price 2½ cents per pound f. o. b. mill, as fixed upon by the Trade Commission. I further advised the Public Printer that I did not believe it would be good policy for the Government Printing Office to purchase news-print paper at a price in excess of that which the Trade Commission declared to be a fair and reasonable one, and stated that if the manufacturers were not patriotic enough to furnish paper at such a price I believed the Government would be fully warranted in taking the necessary steps to purchase or procure such paper as provided for under the provisions of section 120 of the national-defense act.

Complying with my suggestion, the Public Printer issued a request for proposals, under date of May 5, 1917, on 400,000 pounds of news-print paper, stating that the price bid should not exceed 2.5 cents per pound f. o. b. mill, "under a recent ruling of the Joint Committee on Printing, based on the report of the Federal Trade Commission." Bids were invited of 33 concerns, including the International Paper Co., but the Public Printer received only three quotations, all from jobbers, the lowest bid being 4 cents per pound. This result was reported to the committee in the Public Printer's letter under date of May 10, 1917 (see Appendix C) in which he also stated that "it does not seem possible under the conditions above set forth to obtain news-print paper for the important work which we now have in hand at the price of \$0.025 per pound f. o. b. mill in car lots. . . . As the restrictions placed by the committee in your letter of May 4, limiting the price for the purchase of news-print paper to \$0.025 per pound f. o. b. mill, in carload lots, have not been productive of favorable results, I respectfully recommend that the restrictions be removed until such time as the investigation by the Federal Trade Commission has been completed and remedial legislation enacted whereby a more definite condition will prevail, so that I may be enabled to purchase paper for public printing and binding work without delay, such as is incident to an effort to do something which seems impossible under existing circumstances."

Upon receipt of the foregoing letter from the Public Printer I at once took the matter up by telegram with Mr. Philip T. Dodge, president of the International Paper Co., of New York City, advising him that the paper was "urgently needed for daily publication of Official War Bulletin, issued under direction of the President as Commander in Chief of Army and Navy" and that the committee desired to know the attitude of his company in regard to furnishing such paper at the price fixed upon by the Federal Trade Commission before taking steps to procure the paper as a military supply, inviting his attention to section 120 of the national-defense act. Mr. Dodge replied the same day, agreeing to furnish the necessary news-print paper "for the time being" at 2½ cents per pound, stating, however, that this price was "below market price and does not give us a fair profit, but we are anxious to aid the Government as far as possible." The Public Printer was accordingly advised under date of May 12, 1917 (see Appendix D) of the success of this negotiation and authorized to purchase the news-print paper required for the printing of the Official Bulletin of the International Paper Co. at not to exceed 2½ cents per pound.

Pursuant to its agreement, the International Paper Co. has furnished approximately 400,000 pounds of news-print paper at 2½ cents per pound, the price fixed upon by the Federal Trade Commission, but on August 11, 1917, (see Appendix E), the Public Printer advised the committee that he had received a letter from Chester W. Lyman, vice president of the International Paper Co., under date of August 9, 1917 (see Appendix F), increasing the price on an additional order for 400,000 pounds of news-print paper for the printing of the Official Bulletin from 2½ to 3 cents per pound, which increase, the vice president of the International Co. stated, was made necessary by the "steadily mounting cost of manufacture."

These letters were forwarded to the Federal Trade Commission by me on August 13, 1917 (see Appendix G), with a request for advice to the committee as to whether the proposed increase was justifiable, and whether the new price of 3 cents per pound was, in the opinion of the commission, a fair and reasonable one. In submitting its reply the Trade Commission was asked to especially consider the fact that the Canadian Government had issued an order in council fixing upon 2½ cents per pound as a fair and reasonable price for the sale of news-print paper in Canada. The attention of the Trade Commission was invited also to the report of the International Paper Co. for 1916 showing its net earnings for that year to have reached the enormous sum of \$3,836,492 despite the claim of greatly increased cost of manufacture, and that its net treasury surplus now amounts to \$16,238,743. The Trade Commission was further asked to consider a statement filed recently by certain minority stockholders of the International Co., in a suit to compel the distribution of this surplus, to the effect that the officers of the International Co. had joined with the officers of other corporations in an organization known as the Newsprint Manufacturers' Association "for the purpose of suppressing competition." This statement undoubtedly refers to the indictment of Philip T. Dodge, president of the International Paper Co., and six other news-print manufacturers

by the Federal grand jury in New York on April 11, 1917, for alleged violation of the Sherman antitrust law.

The Federal Trade Commission in its reply of August 15, 1917 (see Appendix H), answering the specific inquiry as to the proposed increase from 2½ to 3 cents per pound for news-print paper furnished to the Government, states that "the commission is of the opinion that neither is the increase justifiable nor the proposed price a fair and reasonable one." The letter from the Trade Commission concedes that there have been some increases in the cost of manufacturing news-print paper since it first fixed upon 2½ cents as a fair and reasonable price, but adds that "allowing for these several factors, the commission's accountants are still of the opinion that the price of 2½ cents gives the International Paper Co. a fair, reasonable, average margin of about \$5 per ton, or over 10 per cent, or approximately the same profit per ton at which its sales were made prior to the recent period of increased cost and demand."

In view of this opinion of the Federal Trade Commission, which has made a most exhaustive and painstaking investigation of the subject as indicated by its reports to the Senate (see Senate Documents Nos. 3 and 49, Sixty-fifth Congress) I am sure the Joint Committee on Printing would not feel justified in authorizing the Public Printer to purchase news-print paper at more than 2½ cents per pound, which has been determined by the Trade Commission to be a fair and reasonable charge. As the manufacturers of news-print paper have refused to furnish additional quantities at this price the only course available to the Government to procure such paper without the payment of excessive profits seems to be in the exercise of the authority vested in the President by the sections of either the national defense act or the food and fuel control act to which I have referred.

Aside from the substantial interest which the Government itself has in the purchase of news-print paper at a fair and reasonable price the publishers of the country, as undoubtedly you are aware, are vitally concerned over the excessive prices they have had to pay for news print during the past year. The Federal Trade Commission, as you know, has made every effort to relieve this situation as it affects the publishers, but not having the authority to enforce its findings as to price has been unable to obtain any material relief for them as yet. I am inclined to believe that if the Government could compel the furnishing of news-print paper, even if only for its own use, at a fair and reasonable price as has been obtained by this committee during the past three months, it would have a powerful influence in securing, without making additional legislation necessary, such a price for the American publishers, many of whom are facing financial ruin owing to the exorbitant prices that have been demanded for news-print paper.

The Public Printer advises me that he now has on hand only about a 10-day supply of news-print paper for continuing the publication of the Official Bulletin.

Respectfully, yours,

DUNCAN U. FLETCHER  
Chairman.

#### APPENDIX A.

OFFICE OF THE PUBLIC PRINTER,  
Washington, May 3, 1917.

SIR: The issue of a daily national bulletin under the personal direction of the President will require the use of from one to three cars per week of news-print paper in 48-inch rolls, the purchase of which is not provided for under existing contracts. The publication will begin on Monday next, and it is essential that an immediate purchase and shipment of this class of paper be made. I have therefore arranged with the president of the International Paper Co., without competition, as the most available source of supply able to meet the requirement within the short period of time allowed, to furnish immediately one car (approximately 40,000 pounds, with an allowance for a 10 per cent overrun) of 24 by 36 inch, 32 pounds to 500 sheets, of news-print paper at a price of \$0.031 per pound f. o. b. mill, and will doubtless be able to arrange with this company for a limited additional supply of the paper needed until satisfactory permanent arrangements can be made for regular weekly shipments from some mill able to meet the requirement at an acceptable price.

In accordance with section 11 of the act of January 12, 1895, relating to the public printing and binding, I respectfully recommend that you authorize and approve the purchase of the 40,000 pounds of news-print paper which I have already instructed the International Paper Co. to make and deliver at a price of \$0.031 per pound, and that you further authorize the purchase of an additional 400,000 pounds of the same class and description of paper at the lowest available price obtainable by competition or through negotiations, allowance being made for an overrun of approximately 10 per cent.

Respectfully,

CORNELIUS FORD,  
Public Printer.

CHAIRMAN JOINT COMMITTEE ON PRINTING,  
United States Senate, Washington, D. C.

#### APPENDIX B.

CONGRESS OF THE UNITED STATES,  
JOINT COMMITTEE ON PRINTING,  
May 4, 1917.

THE PUBLIC PRINTER,  
Government Printing Office.

DEAR SIR: I am in receipt of your letter of May 3, 1917, stating that you have arranged with the president of the International Paper Co., without competition, to purchase one car of news-print paper, 24 by 36 inches, 32 pounds, for immediate delivery at a price of 3.1 cents per pound f. o. b. mill, and requesting my approval of such purchase and also authority to purchase an additional 400,000 pounds of the same kind of paper at the lowest available price obtainable by competition or through negotiations.

In this connection I desire to call your attention to the fact that the Federal Trade Commission has found that 2.5 cents per pound f. o. b. mill, car lots, is a "fair and reasonable price for the sale of standard news-print paper in rolls," as set forth in its report on the news-print paper industry submitted to the Senate and printed as Senate document No. 3, Sixty-fifth Congress. This finding of the Trade Commission was made in response to a request of the manufacturers of news-print paper, including the International Paper Co. itself, who signed an agreement to accept whatever price might be fixed upon by the Federal Trade Commission as a fair and reasonable one. I understand that the news-print manufacturers have not as yet carried out that agreement, but that negotiations are now being conducted by the Federal Trade Commission with a view to putting its findings into effect in a few days. I have also been advised that in the meantime certain news-print manufacturers are charging publishers the contract or market price for paper and the price fixed upon by the Federal Trade



Commission will be refunded to such publishers whenever the latter price becomes effective.

In view of this situation I do not feel justified in giving unconditional approval of your request for authority to purchase news-print paper at a price of 3.1 cents per pound f. o. b. mill. However, as the carload already ordered by you appears to be urgently needed for beginning the issue of the Daily National Bulletin, you are authorized to purchase the same at the price agreed upon, provided the contractor agrees to refund to the Government whatever amount the purchase price may subsequently be found to exceed the price that may be put into effect through the Federal Trade Commission.

In regard to the purchasing of an additional 400,000 pounds of news-print paper, I would respectfully suggest that you ask for competitive proposals on the same, fixing as a maximum price 2.5 cents per pound f. o. b. mill, car lots, or whatever price the Federal Trade Commission may subsequently decide is a fair and reasonable one. I am of the opinion that it would not be good policy for the Government Printing Office to purchase news-print paper at a price in excess of that which the Federal Trade Commission has found to be a fair and reasonable one. In requesting such proposals it might be well to state that the paper is desired for the publication of a Daily National Bulletin under the personal direction of the President, as required by the present war emergency. If the news-print paper manufacturers are not patriotic enough to furnish paper at a fair and reasonable price in response to such an appeal, I believe the Government would be fully warranted in taking the necessary steps to purchase or procure the necessary paper, as provided for in section 120 of the national defense act approved June 3, 1916, which seems to make adequate provision for just such an emergency, particularly in view of the fact that the paper you propose to purchase is required for a publication to be issued under the direction of the Commander in Chief of the Army and the Navy.

Respectfully, yours,

DUNCAN U. FLETCHER,  
Chairman.

#### APPENDIX C.

OFFICE OF THE PUBLIC PRINTER,  
Washington, May 10, 1917.

SIR: I have the honor to acknowledge receipt of your communication of May 4, 1917, relative to my request for authority to purchase news-print paper for the Daily National Bulletin, which is to be issued under the personal direction of the President, and have carefully noted the views and attitude of the committee regarding the price to be paid for news-print paper, and also the conditional approval of the purchase of the carload of news-print paper from the International Paper Co. at \$0.031 per pound f. o. b. mill.

In reply thereto I have to advise that in accordance with the conditions set forth in your letter I have issued specifications covering 400,000 pounds of news-print paper, inviting 33 concerns interested in this class of paper to submit propositions. To date only 9 have responded, and only 3 of the 9 have submitted a price. Those bidding are:

	Per pound.
Birmingham & Seaman Co.	\$0.04
Smith, Dixon Co.	.0443
Maurice O'Meara Co.	.046

The Republic Bag & Paper Co. state that they can furnish 400,000 pounds of news-print paper, but not at the price of \$2.50 per hundred f. o. b. mill.

The Richmond Paper Manufacturing Co. state that they do not have their own pulp mill and are down and out, as far as the manufacture of news-print paper is concerned.

The Unity Paper Mills advise that they do not make news-print paper and are, therefore, unable to quote on same. This company was listed in the directory as a news-print mill, but have doubtless discontinued the manufacture of that class of paper.

The Cliff Paper Co. advise that our price limit of \$0.025 per pound is less than their cost of production at the mill without any overhead. While they would be glad to assist the Government in any way in its requirements, they do not think they should stand a decided loss. They further state that the Federal Trade Commission may have some information as to a body that they as manufacturers do not possess, and that they know what the material costs which goes into the paper and what it costs them to manufacture. They also express the hope that we will be able to obtain the paper at our price.

Finch, Pruyn & Co. advise that they are without a sulphite mill, and, under the necessity of purchasing all of their sulphite, they are unable to furnish paper at \$0.025 per pound f. o. b. their mill.

The Hartje Paper Manufacturing Co. advise that they are not in a position "on account of the fact that they are not manufacturing news print at present." They further state that the price of news print was so low a few years ago that they were compelled to discontinue it and take up other grades, principally wrapping.

It does not seem possible under the conditions above set forth to obtain news-print paper for the important work which we now have in hand at the price of \$0.025 per pound, f. o. b. mill, in car lots.

I have brought to the attention of the president of the International Paper Co. the conditional approval of the purchase of the carload of news print already delivered at \$0.031 per pound, requesting him to submit for the information of this office and the Joint Committee on Printing his views regarding the matter, stating also his attitude relating to the purchase of the car of news-print paper in question, indicating his acceptance or rejection of the conditional approval as stated by the Joint Committee on Printing.

The issue of the Daily National Bulletin is to begin to-day and I, therefore, feel compelled to use the news-print paper delivered by the International Paper Co. at \$0.031 per pound, f. o. b. mill, but as the quantity received is estimated to last for a period of approximately 10 days, and as the restrictions placed by the committee in your letter of May 4, limiting the price for the purchase of news-print paper to \$0.025 per pound, f. o. b. mill, in carload lots, has not been productive of favorable results, I respectfully recommend that the restrictions be removed until such time as the investigation by the Federal Trade Commission has been completed and remedial legislation enacted whereby a more definite condition will prevail so that I may be enabled to purchase paper for public printing and binding work without delay such as is incident to an effort to do something which seems impossible under existing circumstances.

For your information I am inclosing herewith copy of the specification with a list of the names of concerns to which it was sent.

Respectfully,

CORNELIUS FORD,  
Public Printer.

CHAIRMAN JOINT COMMITTEE ON PRINTING,  
United States Senate.

#### APPENDIX D.

CONGRESS OF THE UNITED STATES,  
JOINT COMMITTEE ON PRINTING,  
May 12, 1917.

The PUBLIC PRINTER,  
Government Printing Office.

DEAR SIR: I am in receipt of your letter of May 10, 1917, stating the result of your effort to obtain open-market quotations on news-print paper for the printing of the Official Bulletin issued under the direction of the President, and requesting to be relieved of the instructions contained in my letter of May 4 fixing a maximum price of 2½ cents per pound for news-print paper, f. o. b. mill, car lots, as determined upon by the Federal Trade Commission as a fair and reasonable price for such paper.

On yesterday I sent the following telegram to Mr. P. T. Dodge, president of the International Paper Co., 30 Broad Street, New York City:

"Public Printer advises Joint Committee on Printing that your company has failed to respond to his request of May 5 for quotation on news print based on findings of Federal Trade Commission. This paper is urgently needed for daily publication of official war bulletin issued under the direction of the President as Commander in Chief of Army and Navy. The committee desires to know attitude of your company before taking further steps to procure such paper as a military supply, and, in this connection, invites your attention to section 120 of the national-defense act. Will your company furnish news-print paper as Government may need for this publication, which Public Printer estimates will require from one to three cars per week, at a fair and reasonable price, as fixed upon by Federal Trade Commission? An immediate answer is requested."

The following telegram, under date of May 11, was received this morning from Mr. Dodge:

"Your telegram received. The Trade Commission arbitration not applicable to case of Government Printer. Nevertheless, in view of military situation, we will manage to secure and will gladly supply Public Printer with emergency news-print paper in quantity named in your telegram for the time being at 2½ cents per pound. This is below market price and does not give us a fair profit, but we are anxious to aid the Government as far as possible. Much paper is now costing more to make. Our entire news-print paper production is under contract and demands are exceeding our possible production. With difficulty we managed to secure and ship quickly one car of emergency paper ordered by Government Printer. We assume the Government will protect us from any liability to contract customers."

In response to the above telegram I wired Mr. Dodge to-day as follows:

"I desire to thank you for your generous and patriotic offer to furnish news-print paper to the Public Printer at 2½ cents per pound in accordance with my telegram of yesterday. I shall refer your message to the Public Printer for further communication with you in this regard. Of course, the Government can not assume any liability on account of your contracts with other consumers, but it does not seem at all probable, in view of the immense capacity of your mills and the comparatively small quantity of news print required by the Government, that you will have difficulty to fulfill existing contracts and at the same time supply the needs of the Government in the present emergency."

In accordance with these telegrams you are hereby authorized to purchase of the International Paper Co. such quantities of news-print paper as may be needed for the printing of the Official Bulletin, issued under the direction of the President, at a price of not to exceed 2½ cents per pound f. o. b. mill, car lots. As stated in my telegram to Mr. Dodge, the Government can not undertake to assume any liability on account of the other contracts which that company may have, but I do not believe Mr. Dodge will insist on this point in view of the fact that the International Mills have a daily capacity of 1,500 tons, compared with which your probable maximum requirement of 10 tons a day is quite insignificant.

Respectfully, yours,

DUNCAN U. FLETCHER,  
Chairman.

#### APPENDIX E.

OFFICE OF THE PUBLIC PRINTER,  
Washington, August 11, 1917.

CHAIRMAN JOINT COMMITTEE ON PRINTING,  
United States Senate, Washington, D. C.

SIR: I am sending you herewith a copy of a letter received from the International Paper Co. relative to furnishing an additional supply of news-print paper in 48-inch rolls for use in printing the Official Bulletin.

The inclosure is in reply to my effort to obtain a quotation from the International Paper Co. for furnishing an additional 400,000 pounds of news-print paper at the price of .025 per pound, f. o. b. mill, the rate at which the previous order was delivered.

As the supply on hand, together with the balance due on the outstanding order will only be sufficient for a period of about 30 days, I respectfully request that you direct the action to be taken in the matter.

Respectfully,

CORNELIUS FORD,  
Public Printer.

#### APPENDIX F.

INTERNATIONAL PAPER CO.,  
New York, August 9, 1917.

Mr. CORNELIUS FORD,  
Public Printer, Washington, D. C.

DEAR SIR: Your letter of the 31st ultimo has already been formally acknowledged, and we have also received your letter of August 3, and now write to inclose our formal proposal for supplying the Government with an additional 400,000 pounds of standard news-print paper, the same as already furnished you. You will notice that we have changed the price to 3 cents per pound f. o. b. mill. This step has been taken after

considerable reflection and in view of the figures showing cost of producing this paper. Without going into details, suffice it to say that the cost of production substantially exceeds 2½ cents, which the Government is now paying us, and that the price of 3 cents only gives us a very moderate profit. It is \$2 lower than we have sold any news print for during this calendar year and at least \$10 lower than we could obtain for the paper in the open market. Under the circumstances, therefore, we trust that the price will not only be accepted, but that you will appreciate that we are still desirous of furnishing paper to the Government on the basis of the lowest price at which we could afford to, and at considerable sacrifice. We feel sure that the Government officials do not wish to burden industries by placing orders at prices which do not yield some fair return to the manufacturers. Our cost of manufacture is steadily mounting, and we have already sold considerable news-print paper which has cost us more to make than even this price of 3 cents, and the probabilities are that our costs will go still higher. Since we are confronted with scarcity of labor and supplies, in furnishing paper to the Government we are taking chances on being able to fulfill all of our other contracts.

Yours, very truly,

CHESTER W. LYMAN,  
Vice President.

#### APPENDIX G.

CONGRESS OF THE UNITED STATES,  
JOINT COMMITTEE ON PRINTING,  
August 13, 1917.

FEDERAL TRADE COMMISSION,  
Washington, D. C.

SIRS: In connection with your investigation of the increase in prices of paper, as directed by Senate resolution No. 269, Sixty-fourth Congress, I desire to invite your attention to the inclosed letter from the Public Printer under date of August 11 and the accompanying communication from the International Paper Co., of New York, under date of August 9, 1917. You will observe that the International Paper Co. has quoted a price of 3 cents per pound f. o. b. mill for future deliveries to the Government of news-print paper, thereby declining to continue to furnish such paper to the Government at 2½ cents per pound in accordance with the negotiations of which I advised your commission under date of May 19, 1917.

Before acting upon the request of the Public Printer, the committee desires to be advised as to whether the increase is justifiable and whether the proposed price of 3 cents per pound f. o. b. mill is, in the opinion of your commission, a fair and reasonable one.

In this connection I invite your attention to the following statements, of which you are undoubtedly aware, but which I ask you to especially consider in determining whether the price proposed by the International Paper Co. is a fair and reasonable one for the Government to pay:

1. The Canadian Government is reported to have issued an order in council fixing upon \$2.50 per 100 as a fair and reasonable price at which news-print paper should be sold in Canada.

2. The International Paper Co. is reported to have had "unprecedented prosperity" during 1916, its balance sheet of December 31, 1916, showing net earnings for the year of \$3,836,492. The net surplus of this company is also reported to have increased from \$814,908 in November, 1908, to a total net surplus now in its treasury of \$16,238,743.

3. In a statement recently filed by certain minority stockholders of the International Paper Co. to compel a distribution of the foregoing surplus it is alleged by those stockholders that the officers of the International Paper Co. joined with the officers of other corporations in an organization known as the News-Print Manufacturers' Association "for the purpose of suppressing competition."

4. The following statement is contained on page 26 of the Editor and Publisher for August 4, 1917:

"Last Saturday John T. Carey, president of the executive council of the International Paper Makers, asserted in a statement made in Albany that there is no scarcity of the supply of news-print paper. According to Mr. Carey many of the news-print mills of the United States are either idle or are working on reduced time."

An early reply will be greatly appreciated, as you will observe from the letter of the Public Printer an order must soon be placed for the additional quantity of news-print paper for use in the printing of the Official Bulletin issued under the direction of the President.

Respectfully,

DUNCAN U. FLETCHER,  
Chairman.

#### APPENDIX H.

FEDERAL TRADE COMMISSION,  
Washington, August 15, 1917.

HON. DUNCAN U. FLETCHER,  
Chairman Joint Committee on Printing,  
United States Senate, Washington, D. C.

MY DEAR SENATOR: This is in acknowledgment of the 13th, inclosing copy of a letter of August 11 from the Public Printer and a letter of Chester W. Lyman, vice president of the International Paper Co., with reference to a proposed increase in price of news-print paper being furnished in printing Government publications from 2½ to 3 cents, f. o. b. mill.

This letter and inclosures have come to my desk. I am replying after consultation with Commissioner Davies.

Answering your specific inquiry "as to whether the increase is justifiable and whether the proposed price of 3 cents per pound f. o. b. mill, is, in the opinion of the commission, a fair and reasonable one," the commission is of the opinion that neither is the increase justifiable nor the proposed price a fair or reasonable one.

This opinion is based on the fact that under the signatory agreement, of which the International Paper Co. was a member, the price of news print for the period from March 1 to October 1, 1917, was fixed at 2½ cents, provided that no reexamination has been requested. That price, according to the finding of the commission's accountants, allowed a very reasonable margin on the average output of the International. The commission is informed and believes that there have been some increases to the International because of its difficulty in getting out its wood, necessitating to some extent purchase at increased costs. The increased costs, or what are known as the minor items, such as screens, clothing, etc., amount to so little per ton as to be negligible. The commission is also informed that the International has put on in the production of news print certain of its slower wrapping-paper machines in aid of the production situation, thereby, however, increasing its average cost to a small extent. Allowing for these several factors, the

commission's accountants are still of the opinion that the price of 2½ cents gives to the International Paper Co. a fair, reasonable, average margin of about \$5 per ton, or over 10 per cent, or approximately the same profit per ton at which its sales were made prior to the recent period of increased cost and demand.

Meantime the future as to the paper situation is not bright. About January 1 the majority of publishers must make new contracts. There is every indication that they will be plundered. The bill prepared in your committee at the time Mr. Davies and myself appeared before you is respectfully recalled to your attention.

Very truly, yours,

WILLIAM B. COLVER,  
Commissioner.

Mr. FLETCHER. The injustice of the price demanded for news print seems to have been at once apparent to the President, for he acted with characteristic promptness and energy in response to my communication. The President directed the Secretary of War to place an order with the International Paper Co. for news-print paper required by the Public Printer, fixing as the price which the Government will pay therefor the amount which the Federal Trade Commission had determined to be a fair and reasonable one.

The following is a copy of the telegram which the Secretary of War sent to the International Paper Co. on August 27, directing that news-print paper be furnished the Public Printer at the price of 2½ cents per pound for the printing of the Official Bulletin:

WASHINGTON, D. C., August 27, 1917.

INTERNATIONAL PAPER CO.,  
30 Broad Street, New York City:

Under and pursuant to the authority vested in him by section 120 of the act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916, the President hereby directs that you furnish to the Public Printer 400,000 pounds of news-print paper in 48-inch rolls, as per his proposal sheet No. 13194, at a price of 2½ cents per pound, such paper being for the use of the Official Bulletin, published by the Committee on Public Information, created by Executive order dated April 14, 1917. The deliveries upon this order will be made in times, amounts, and places as follows: Two cars per week at the Government Printing Office, first cars in eight days.

NEWTON D. BAKER,  
Secretary of War.

Mr. POMERENE. Mr. President—

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Ohio?

Mr. FLETCHER. I do.

Mr. POMERENE. The price of 2½ cents a pound, as I understand, was found by the Federal Trade Commission to be a reasonable price. Can the Senator from Florida state what profit the International Paper Co. would make on paper which is sold at that price?

Mr. FLETCHER. The Federal Trade Commission found that that price would give them a "fair, reasonable, average margin of about \$5 per ton, or over 10 per cent, or approximately the same profit per ton at which its sales were made prior to the recent period of increased cost and demand."

That was the finding of the Federal Trade Commission when we submitted the matter to them for reinvestigation after the first investigation had been made some months ago.

Mr. POMERENE. Can the Senator tell us what are the prevailing prices charged to publishers for news-print paper of the same quality?

Mr. FLETCHER. My understanding is that the price charged to the trade is about 4½ cents a pound. I think the newspapers generally pay about 4½ cents a pound for news-print paper.

Mr. SMOOT. Mr. President, the Senator, of course, means in quantities less than carloads?

Mr. FLETCHER. I presume that is so. I had in my hand some time ago certain resolutions of an association representing the purchasers, in which the price of 4½ cents per pound was quoted as the price agreed on by that association. Whether it was in carload lots or otherwise, I do not know.

Mr. SMOOT. It was in small quantities, Mr. President. I will say to the Senator from Ohio that I know of a number of contracts that have been made at \$2.50 per hundred and at \$2.76 per hundred; and they have been made within the last 60 days.

Mr. POMERENE. And with newspaper publishers?

Mr. SMOOT. Yes; with newspaper publishers; that is, the manufacturers of paper are charging the newspaper publishers to-day from \$2.50 to \$2.76 a hundred by carload lots. Wherever paper is sold in less than carload lots, the price, I think, is as high as, and in some cases higher than, the Senator from Florida has already stated.

Mr. POMERENE. That price is very much lower than the prevailing prices some months ago, if I am rightly informed.

Mr. SMOOT. Mr. President, I will say that newspapers which were purchasing large quantities of print paper did for a while pay as high as 3 cents a pound for it; those who had



contracts at that time were paying at the old contract price of about \$2.40 a hundred.

Mr. POMERENE. Does the Senator mean to say that he has knowledge of several instances of that kind, or is that the price generally to publishers in carload lots?

Mr. SMOOT. Mr. President, in answer to the Senator I will state that I know the western newspapers are paying the prices which I have just named; and I take it for granted that the eastern newspapers using print paper in large quantities would pay no more than the western papers are paying.

Mr. POMERENE. Then if these prices have been substantially reduced, I hope the Senator will bear in mind that one reason for keeping the prices of second-class postage down has vanished.

Mr. SMOOT. Mr. President, there is not any doubt but that even \$2.50 is higher than print paper has cost the newspaper people in the past. The magazine people, I will say to the Senator, however, use a better paper than the kind of paper we are discussing at this time.

The Senator is referring now to white print paper which is used by the newspapers of the country and not by the magazines.

Mr. POMERENE. May I ask the Senator, has there been a corresponding decrease in the price of paper which is used by the magazines?

Mr. SMOOT. There has been a large increase upon that class of paper on account of the extreme cost of materials entering into it. The claim made by the publishers is absolutely correct, that they are paying an extremely high price for the paper that they use in their magazines.

Mr. POMERENE. But the Senator has just spoken of the decrease in the price of news-print paper, and I am asking whether there has been a corresponding decrease in the price of paper of the kind used by the magazines?

Mr. SMOOT. I can not say as to that, because I have not come in contact with any contracts that have been made, nor have I heard from any of the publishers of magazines as to what they are paying to-day for that class of paper.

Mr. FLETCHER. I will say, Mr. President, that I do not question what the Senator from Utah has stated in regard to the rates at which the present contracts are being made; but when the joint committee called for bids from 33 concerns for supplying news-print paper, and only received bids from 3, the lowest price then offered being over 4 cents a pound, though we finally got them down to 3 cents a pound, and then, after considerable effort, reached a basis of 2½ cents a pound, after having referred the matter to the Federal Trade Commission to ascertain what would be a fair and reasonable price, and when they protested against the 2½ cents a pound rate I do not see how they can very well take that position and still make contracts at 2½ cents a pound to publishers elsewhere.

Mr. SMOOT. I will assure the Senator that the contracts are being made; I myself have seen the contracts, and I know they are being made at the prices I have named. For instance, take the newspapers of Salt Lake City. The Evening Telegram has contracts now that will run for nearly four years.

Mr. FLETCHER. May I ask the Senator if those contracts were made before war conditions arose?

Mr. SMOOT. They were made just a few months ago, and that concern is paying \$2.50 a hundred for their paper. I know of two other papers that have made contracts within 30 days, and they are compelled to pay \$2.76 by the same paper-making concern that sold paper to the Evening Telegram for \$2.50 a hundred. I take it for granted that all the eastern users of print paper—that is, the large newspaper companies—certainly would not pay any more than we are paying in the West.

Mr. POMERENE. Mr. President, may I ask the Senator from Florida how many bids the committee had?

Mr. FLETCHER. We had 3 bids, when we called for bids for news-print paper, out of 33 supposed suppliers.

Mr. POMERENE. Judging from the information I have received from newspaper publishers in Ohio, the Government is, then, four times as fortunate as the publishers are, because as a rule, no matter how many requests may be made for paper from different manufacturers, the newspapers usually get a quotation from just one manufacturer.

Mr. FLETCHER. I think there is no doubt about the fact that there has been an effort to prevent competition among these manufacturers. The Senator from California [Mr. PHELAN] suggests aside that perhaps the people on the Pacific coast get a better rate than those on the Atlantic coast. I do not know as to that.

Mr. SMOOT. Generally we have to pay a higher rate on the Pacific coast than is paid on the Atlantic coast.

Mr. PHELAN. Mr. President, the manager of the San Francisco Daily Post-Call, Mr. Kellogg, informed me that they had

no reasonable complaint; that the rates they received were more favorable than the eastern rates. That is the source of my information.

Mr. FLETCHER. At any rate, I think that what the Senator from Utah states but emphasizes the fact that 2½ cents a pound fixed by the Federal Trade Commission would allow a reasonable profit to the manufacturers when carload lots of their product are taken, as is true in the case of the Government.

Mr. SMOOT. I do not think there is any question about it, although I want to be perfectly fair in the matter, and state that the size of print paper used by the Government is different from the size of the paper generally used by newspapers; and I know that some of the manufacturers have stated that they would not bid on that account; that they did not make the sizes required and that the quantity used by the Government Printing Office for the printing of speeches—and that is about the only purpose for which that kind of paper is used—was so small that it would not justify them in changing their machinery in order to make the sizes required by the Government Printing Office. There is only that excuse; but in stating that I still believe, in fact I know, that 2½ cents a pound is all that ought to be charged for common white print paper, and there is a splendid profit at that price.

Mr. FLETCHER. Now, Mr. President, I will proceed.

P. T. Dodge, president of the International Paper Co., replied to the telegraphic order from the Secretary of War, which I had just read when interrupted, as follows, under date of August 28, 1917:

INTERNATIONAL PAPER CO.,  
New York, August 28, 1917.

HON. NEWTON D. BAKER,  
Secretary of War, Washington, D. C.

DEAR SIR: This company is in receipt of your telegraphic order of yesterday, demanding the shipment of 400,000 pounds of news-print paper to the Government Printing Office, at a price of 2½ cents per pound, under the authority of section 120 of the act entitled "An act for making further and more effectual provision for the national defense," etc.

As a matter of loyalty and patriotism, this paper will be furnished to meet the alleged needs of the Government.

Section 120 of the national defense act provides that "the compensation to be paid to any individual, firm, company, etc., for its products or material . . . shall be fair and just."

The price named by you—2½ cents per pound—is an arbitrary, unfair, and unjust price, and does not meet the requirement of the law.

It is not a proper price and is not a price which will give this company a profit.

I assume that your action in fixing this price is based on the finding of the Federal Trade Commission that 2½ cents per pound from March 1 to September 1, 1917, is a proper price for news-print paper.

The commission fixed that price only to the 1st of September, 1917, and their ruling does not cover the period in which the paper is to be furnished under your order.

As a matter of fact, the 2½-cent price was fixed on an investigation of costs of manufacture of the first half of the preceding year, 1916. The conditions to-day are vastly different from those then in existence. The cost of materials, labor, transportation and other elements entering into the manufacture of paper has enormously increased since the date on which the 2½-cent price was fixed.

This company is willing at all times to assist the Government and to furnish paper, as it offered to do in its recent bid, for less than the market price and less than the price it receives under contracts.

It protests most vigorously against the arbitrary action fixing 2½ cents per pound, and hereby gives notice that it reserves its right to appeal, if necessary, to the proper legal authority for the constitutional protection of its property against confiscation.

Feeling, however, that you have no intention of dealing unjustly with an American manufacturer, I beg that you will take under consideration the facts above stated and either make an order permitting us to be paid 3 cents for the paper in question or that some person or committee be authorized to take the matter up with us, so that we may present facts justifying the price named in our bid.

Respectfully submitted.

INTERNATIONAL PAPER CO.,  
P. T. DODGE, President.

Mr. Dodge followed up this letter with a telegram, under date of August 29, which reads as follows:

NEW YORK, August 29, 1917.

HON. NEWTON D. BAKER,  
Secretary of War, Washington, D. C.:

Your telegraphic emergency order for 200 tons of news paper for Government Printer received. Of course the paper will be furnished without question to meet the Government's requirements. We protest, however, against the price named as unfair and insufficient to give profit and not in compliance with the requirement of law. The price named by the Federal Trade Commission, never assented to, expires 1st of September, and therefore paper ordered by you is not covered by commission's finding of price.

INTERNATIONAL PAPER CO.,  
P. T. DODGE, President.

In fairness to the International Paper Co., I also submit a letter which I received from the president of that company under date of August 29, 1917, further protesting, in somewhat vigorous language, against the order for news-print paper placed by the Secretary of War at the price fixed upon by the Federal Trade Commission. This letter from Mr. Dodge reads as follows:



INTERNATIONAL PAPER CO.,  
30 Broad Street, New York, August 29, 1917.

HON. DUNCAN U. FLETCHER,  
Chairman Joint Committee on Printing,  
Congress of the United States,  
Capitol Building, Washington, D. C.

DEAR SIR: As you are aware, this company recently furnished paper to the Government Printing Office at 2½ cents per pound, although it was below the price received on contracts and insufficient to give a fair and just return.

Recently we made a bid for 200 tons additional paper at 3 cents per pound. Investigation shows that this price would not give us a profit. The reply to our bid was the accompanying brutal order from the Secretary of War. So that your committee may be advised as to the conditions, I send you herewith copy of my reply to the Secretary of War.

We will, of course, furnish the paper. The price is unfair and unjust, and we reserve our rights, whatever they may be. This corporation stands ready at all times to aid the Government in every reasonable way. It has contributed largely to the expense of sending troops abroad, aiding the allies, and otherwise, and it is to be subjected to very heavy taxation. It is certainly a monstrous wrong that we should be subjected to the treatment we are receiving.

Yours, very truly,

INTERNATIONAL PAPER CO.,  
P. T. DODGE, President.

P. S.—I also inclose herewith copy of telegram of August 29 sent to the Secretary of War.

It is to be observed that in his letter to the Secretary of War the president of the International Paper Co. assumes that the finding of the Federal Trade Commission as to a fair and reasonable price for news-print paper was limited to the period from March 1 to September 1, 1917. Evidently Mr. Dodge has not been advised of the report, which the Federal Trade Commission submitted to the Joint Committee on Printing on August 15, that the commission is still of the opinion that 2½ cents per pound is a fair and reasonable price for news-print paper and will give the International Paper Co. a "fair, reasonable, average margin of about \$5 per ton, or over 10 per cent, or approximately the same profit per ton at which its sales were made prior to the recent period of increased cost and demand."

In reaffirming its finding the commission states that it has taken into consideration the recent increased cost of manufacture, and that the price fixed by it was based upon present conditions and not upon the cost of manufacture of the first half of 1916, as claimed by Mr. Dodge.

It will be observed that in Mr. Dodge's telegram of August 29 to the Secretary of War he states that the price named by the Federal Trade Commission was "never assented to" by the International Paper Co. On this point I call attention to the proposal of certain news-print manufacturers, which is found on pages 136 and 137 of the report of the Federal Trade Commission on news-print paper industry, Senate Document No. 49, Sixty-fifth Congress, the first signature to which is that of the "International Paper Co., by P. T. Dodge, president." In this proposal the news-print paper manufacturers formally asked the Federal Trade Commission "to find, fix, and determine forthwith what price per 100 pounds at the mill would be a fair and reasonable price for the sale of such paper for use in the United States during the period of time from March 1, 1917, to September 1, 1917." In their proposal the news-print paper manufacturers also definitely agreed to carry out and complete at the price fixed upon by the Federal Trade Commission all existing contracts for the sale of news print, and that "new publishers shall not be charged more than said maximum price so found, fixed, and determined by the Federal Trade Commission during said period of time."

In accordance with the proposal of the news-print manufacturers, the Federal Trade Commission made a formal finding, as a result of its exhaustive investigation of the subject, that \$2.50 per 100 pounds f. o. b. mill, car lots, was a fair and reasonable price for the sale of standard news print and undertook, at the suggestion of the manufacturers, to have certain publishers release 5 per cent of the news-print tonnage they then had under contract for redistribution to the smaller publishers, so as to make an equitable distribution of news print at the price fixed upon by the Trade Commission.

The news-print manufacturers, however, failed to fulfill their agreement, and finally in May notified the Trade Commission that they had decided to withdraw from the proposed arbitration, stating as their reason for this action that since their proposal was submitted to the commission on February 15, indictments had been brought against a number of the signers of the proposal, including Mr. Dodge, president of the International Paper Co., for alleged violation of the Sherman Antitrust Act, and that as these indictments were unexpected when the agreement was entered into they "desire to give the matter further consideration."

The fact is, therefore, that the news-print manufacturers, including the International Paper Co., did ask the Federal Trade Commission to fix upon a "fair and reasonable price" for news-

print paper, and that in response to this request the commission formally fixed upon 2½ cents per pound as such fair and reasonable price.

The news-print manufacturers have not, so far as I know, furnished any paper to publishers at this price except the delivery to the Government Printing Office, which was made at 2½ cents per pound as a result of my negotiations with the president of the International Paper Co. on May 11. The effort of that company to modify its agreement with the joint committee increasing its price from 2½ cents to 3 cents has brought about the present situation from which I felt the only recourse was an appeal to the President to fix the price of news-print paper as a war supply.

It is extremely gratifying, therefore, that the Government is at last about to enforce the price fixed upon as fair and reasonable for news print through an agency of the Government which apparently has full authority to make its mandate effective.

This result is of particular importance in view of the fact that the Federal Trade Commission, in its report to the Senate on June 13—Senate Document No. 49—stated that "the efforts of the commission to restore competitive conditions in the news-print industry expeditiously and to arbitrate and effectively project a fair price for news-print paper have failed." I am hopeful that the enforcement of the Trade Commission's price for news print purchased by the Government will speedily bring about the fixing of that price for the newspapers of the country, to a large number of which, the Trade Commission reports, the increased price means a "difference between a living margin or complete ruin of their business and the suspension of their publications."

#### BOOK-PAPER SITUATION.

The Government itself is more largely interested in the prices of book paper than it is in the price of news-print paper, owing of course, to the much larger quantities of book paper used in the public printing and binding. The Public Printer's estimates for the contract year 1917-18 called for 26,800,000 pounds of paper, considerably more than one-half of which was book paper alone. The largest single item was approximately 13,000,000 pounds of machine-finish printing paper, which is used for the CONGRESSIONAL RECORD and the documents and reports of Congress. In addition to this, the Public Printer annually requires about 2,000,000 pounds of supercalendered paper, 1,000,000 pounds of coated paper, 5,000,000 pounds of writing paper, more than a million pounds of bond paper, almost a million pounds of ledger paper, 1,000,000 pounds of manila paper, 300,000 pounds of cover paper, 800,000 pounds of bristol board, and 1,500,000 pounds of binder's boards, together with numerous smaller items.

The advance in the price of paper bought by the Government under war conditions began with the contract year of March 1, 1916, to March 1, 1917. The bids for that year were submitted to the joint committee on January 24, 1916. In a number of instances they showed increases from 10 to 20 per cent above the prices paid the preceding year, and in a few cases the increases amounted to about 50 per cent. Such increases the committee did not regard as especially unusual under the circumstances.

In fact, the prices obtained by the committee were considerably lower than those quoted in the open market at that time.

However, soon after these awards were made the contractors apparently came to the conclusion that the Government was obtaining its paper too cheap and a number of them united in an effort to have the committee modify their contracts so as to permit an increase of price or a decrease in the quality of the paper to be furnished at the prices which they had bid for annual contracts.

The committee accorded these contractors a hearing, but declined to yield to their requests. The committee was of the opinion that the contractors had taken war conditions into consideration in submitting their proposals and that the prices bid by them assured at least a fair and reasonable profit, though the paper manufacturers were then making rapid advances in the prices charged the general public. There appeared to be such uniformity in these increases that the committee viewed with some suspicion the effort to impose similar prices upon the Government. Substantiating this view was the following letter which the American Paper & Pulp Association sent out to its members under date of March 14, 1916, urging them to make a "concerted petition" to the committee to allow them higher prices than they had bid on the annual contracts:

AMERICAN PAPER & PULP ASSOCIATION,  
New York, March 14, 1916.

GENTLEMEN: When the general Printing Office schedule was bid on in January no one could foresee absolutely the conditions that have arisen.

It is pretty certain that most of those who have bid on Government work will find themselves unable to fulfill their contracts during the coming year except with a loss.



It has appealed to some of the bidders that a concerted petition might be made to the Committee on Printing, which petition made in person before the committee would outline the existing conditions, rapidly getting worse, and point out that under these conditions a material loss would be put upon the mills, and requiring that the mills be allowed to make during such times as the present conditions prevail their contracts at actual cost prices to the Government?

Would you care to become one of the petitioners?

Please favor us with a reply so as to reach here not later than Friday morning, the 17th, if possible.

Yours, very truly,

A. D. NAYLOR,  
Secretary-Treasurer.

It is interesting to note in this connection that the bureau of statistics of book paper manufacturers, which the Federal Trade Commission cited in its formal complaint as "engaged in a concerted movement unduly to enhance the prices of book-print paper and to maintain said enhanced prices and to bring about a substantial uniformity of such prices," is closely identified with the American Paper and Pulp Association.

When the committee finally decided on June 5, 1916, not to authorize any modifications of its contracts or standard specifications for paper to be furnished the Public Printer, some of the contractors began refusing to deliver paper under their contracts in excess of the estimated quantities, although the Attorney General had held that the contractors were required to deliver whatever quantity of paper the Government might need during the term of their contracts. This resulted in the Public Printer being required to make open-market purchases of a considerable quantity of paper during the remainder of the contract year and, by direction of the committee, those contractors who failed to furnish paper as ordered by the Public Printer are now being sued by the Government to recover the extra expense it was put to in making these open-market purchases.

On September 7, 1916, the Public Printer appealed to the committee for authority to make an open-market purchase of a large quantity of machine-finish printing paper owing to the default of a certain contractor, and stated that he could obtain only two bids for this paper, one of which covered the full quantity at 11 cents per pound. This seemed to be a most exorbitant price in view of the fact that similar paper had been bought under contract for that year at 3.75 cents per pound, which was approximately the normal price. As the Public Printer was in immediate need of the paper, and it appeared impossible then to obtain a lower price, the purchase was authorized. At the same time, however, I submitted the resolution which was adopted by the Senate on September 7, 1916, directing the Federal Trade Commission to investigate the increases in prices in the various kinds of paper required for printing and binding and to report whether there had been any violation of the antitrust act by the corporations in connection with such advance in prices, with special reference to the prices demanded for book paper necessary for public printing and binding. This resolution, in the first instance, apparently enabled the Public Printer to obtain a reduction in the price asked for machine-finish book paper from 11 to 8 cents per pound, thereby saving more than \$11,000 to the Government on that order alone.

To show in further detail the efforts of the paper contractors to have the Joint Committee on Printing grant them an increase in price for the year 1916-17, I submit herewith and ask to have printed, without the accompanying exhibits, as a part of my remarks, the following letter which I addressed to the Federal Trade Commission under date of September 13, 1916, for consideration in connection with the resolution adopted by the Senate on September 7, directing an investigation of the prices of book paper.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

CONGRESS OF THE UNITED STATES,  
JOINT COMMITTEE ON PRINTING,  
Washington, September 13, 1916.

FEDERAL TRADE COMMISSION,  
Washington, D. C.

SIRS: In connection with Senate resolution No. 269, directing the Federal Trade Commission to investigate the increase in the prices of various kinds of paper required for printing and binding, which was adopted by the Senate on September 7, 1916, I desire to call your attention to the remarks on pages 14011-14012 of the CONGRESSIONAL RECORD of that date which I made when I offered the resolution in the Senate and to submit in addition thereto the following statement, which may be of service to your commission in conducting the investigation as directed by the Senate.

Shortly after the Joint Committee on Printing had awarded contracts for paper for the public printing and binding for the year beginning March 1, 1916, certain of the contractors began to request modifications of their contracts so as to cheapen the quality of paper they were required to deliver the Government or to increase the price at which they had agreed to furnish paper of the standards required by this committee. These contractors represented that there had been a sudden and unexpected rise in the cost of raw materials used in the manufacture of paper, and that the price of paper, therefore, has advanced far beyond their expectations at the time the bids were submitted to the committee on January 24, 1916. Within two weeks after the contracts became effective the committee received appeals for relief

from several of the contractors, including the Kalamazoo Paper Co., of Kalamazoo, Mich.; Champion Coated Paper Co., of Hamilton, Ohio; and the Hawthorne Paper Co., of Kalamazoo, Mich. The committee considered these appeals at its meeting on March 14, 1916, and the companies were advised at that time that the committee could not consent to any changes in the specifications or prices to be paid for paper under contracts which had just become effective on March 1, 1916. The committee was of the opinion that these requests for modifications of the new contracts were premature inasmuch as no paper had been delivered to the Public Printer under the contracts, and consequently the contractors had little or no accurate information at that time upon which to base their claims of possible losses.

It is interesting to note that upon the same day that the committee declined to modify the contracts in the interests of the paper manufacturers the American Pulp and Paper Association sent out a letter from New York under date of March 14, 1916, suggesting to the contractors that they present a concerted petition to the committee requesting that the mills be allowed to furnish paper to the Government at actual cost price instead of at the contract price. A copy of this letter, which was signed by A. D. Naylor, secretary-treasurer of the American Pulp & Paper Co., is attached hereto as Exhibit A.

Apparent corroboration of this activity of the American Pulp and Paper Association is found in a letter which the committee received from the Champion Coated Paper Co., under date of March 16, 1916, replying to communication from the committee that it had decided on March 14 to require paper contractors to comply with the terms of their contracts. In this letter the Champion Coated Paper Co. says: "We have therefore decided to make a request through the American Pulp and Paper Association for the privilege of taking this matter up further with your committee."

The American Pulp and Paper Association, however, never presented its proposed petition to the committee, and I have no information as to its further activities in regard thereto or the replies which were made to its letter of March 14. It is possible that the committee's action of that date may have discouraged any further presentation of the matter for the time.

Several weeks later Mr. H. A. Moses, president of the Strathmore Paper Co., of Mittleague, Mass., seems to have become active in proposing that the paper contractors present another request to the committee for modifications of their contracts. I understand that Mr. Moses personally visited a number of mills to urge their cooperation in this appeal. Under date of May 13, 1916, Mr. Moses wrote the committee, requesting a hearing to "representatives of four or five mills," that they might present the raw-stock market situation for the consideration of the committee. This request was granted and the hearing fixed for May 18, 1916.

At the hearing on May 18 the following paper contractors were present: Mr. H. A. Moses, president of the Strathmore Paper Co., Mittleague, Mass.; Mr. H. M. Knickerbocker, president of the Esleek Manufacturing Co., Turners Falls, Mass.; Mr. Peter G. Tomson, Jr., vice president Champion Coated Paper Co., Hamilton, Ohio; and Mr. R. P. Andrews, president of the R. P. Andrews Paper Co., of Washington, D. C. The committee also had before it letters from the following companies in regard to modifications of their contracts: Aetna Paper Co., Dayton, Ohio; Hawthorne Paper Co., Kalamazoo, Mich.; Kalamazoo Paper Co., Kalamazoo, Mich.; Knowlton Bros. Co., Watertown, N. Y.; Carew Manufacturing Co., South Hadley Falls, Mass. No stenographic report was made of the hearing, but I attach hereto, as Exhibit B, an extract from the minutes of the committee of that date, giving a substantial synopsis of the oral statements submitted.

Subsequently Mr. Moses submitted an additional statement, as requested at the hearing, a copy of which is attached hereto as Exhibit C. Several other contractors also requested reductions in the amount of rag stock to be used in the paper furnished the Government, claiming that the scarcity and high price of rags made it either impossible for them to comply with the Government's specifications or that in so doing they would incur a serious loss. I attach hereto, as Exhibit D, copies of telegrams in this connection received from the Champion Coated Paper Co.

It may interest you to know that the committee had the previous year reduced the quantity of rag required in certain writing papers from 50 to 25 per cent and in others from 75 to 50 per cent for the year beginning March 1, 1915, and that this reduction was carried in the specifications for the present year. The reductions had been made to meet possible increases in the cost of rag stock due to the European war. In this connection, however, I call your attention to the following letter which the committee received from True & McClelland, 127 Federal Street, Boston, Mass., under date of December 23, 1914:

"We see it announced that your committee has reduced the amount of rag paper, owing to the possibility of shortage of rags owing to the European war.

"We beg to advise, as importers of European rags, that this article is a drug at the present. We have an abundance, and find much difficulty in selling them, because the mills are overstocked.

"This condition is likely to continue."

This firm may be able to furnish you with information as to whether there has been such a shortage of rags as paper manufacturers represent.

At its meeting on June 5, 1916, the committee finally decided not to authorize any modifications in the standard specifications for paper to be furnished the Public Printer under existing contracts and the Public Printer was notified to require all contractors to comply with the terms and conditions of their contracts. This action was based largely upon the fact that the contractors had made a substantial increase on practically every lot of paper upon which they bid for the year beginning March 1, 1916, indicating that they must have given consideration at that time to the rise in the cost of raw materials. Some of the increases under existing contracts exceed 50 per cent, such increases being made by two of the companies, the Champion Coated Paper Co. and the Strathmore Paper Co., which were particularly active in urging that the committee grant them additional increases over and above their contract prices. In numerous instances increases under existing contracts run from 10 to 20 per cent above the prices paid last year.

That the bidders must have given some consideration to the increased cost is also shown by a letter which the committee received from the Carew Manufacturing Co., of South Hadley Falls, Mass., under date of May 16, 1916, in which that company stated: "We must frankly admit that we made our bid in January last with some idea at least that prices would rule higher, and we are willing, therefore, to take our medicine in spite of the serious condition of affairs."

The committee also took into consideration a petition filed with your commission by the executive committee of the News Print Manufacturers Association in which that association stated that "about 85



per cent of the news print manufactured in the United States and Canada is sold on annual contracts and these contract prices have not increased more than 1 per cent during the past 12 months, and will not average any higher than the price at which it was contracted and sold during the past 10 years."

The committee also had a copy of a letter written by the West Virginia Pulp & Paper Co., under date of April 4, 1916, stating that "We are carrying out and expect to carry out to the letter the contracts we have, and, in our opinion, other contractors should be obligated to do the same."

The following item from the Paper Trade Journal of April 20, 1916, under Kalamazoo, Mich., date of April 15, was also of interest to the committee in connection with a letter from the Hawthorne Paper Co., under date of March 14, 1916, stating that it would "sustain some very serious losses this year on our contract" and asking the Government to pay an advance price over and above the contract price for paper to be furnished the Public Printer:

"The Hawthorne Paper Co. increases its capital stock from \$400,000 to \$500,000, articles of incorporation at Lansing having been amended to show the change. The additional capital will be used to pay for the many improvements that are now being made at the mill. The company recently doubled the size of its power plant and it is also making many other improvements about the mill. Another new machine will soon be added and other necessary equipment installed. The Hawthorne Co. is finding it difficult to take care of all of the business that is coming its way at the present time."

In view of the foregoing facts the committee did not feel justified in granting any increase to the paper contractors, and it did not, therefore, go into the question as to whether it has any authority to modify its contracts, of which there may be serious doubt.

No further appeal has been made to the committee to cheapen the quality or increase the price of paper now under contract, but it is a significant fact that these companies have refrained from bidding on numerous open-market lots of paper since the committee's action of June 5. The result has been that the Public Printer has been forced to pay whatever noncompetitive price he could obtain for paper required to continue the necessary work of the Government Printing Office.

In addition to the apparent resentment over the committee's refusal to accede to their demands for an increase of contract prices the paper contractors seem to have taken serious exception to an opinion which the Attorney General has rendered at the request of this committee. That opinion construes the existing contracts as requiring the paper contractors to deliver whatever quantity of paper may be required for the public printing and binding during the term of the contract, regardless of the quantities as estimated in advance by the Public Printer. The opinion came about in this way: The Republic Bag & Paper Co., of New York City, entered into a contract to furnish news-print paper to the Government Printing Office for a period of six months, beginning March 1, 1916, estimated quantity being stated at 300,000 pounds, but the contract providing that "the contractor must furnish the quantity which may be needed, whether more or less than estimated." On March 24 the Public Printer advised the committee that he had already ordered in excess of the estimated quantity, and that the Republic Bag & Paper Co. declined to deliver any more paper on its contract for the six-month period. On April 10 the committee requested the President to obtain an opinion of the Attorney General construing the contract as to the quantity of paper that may be ordered thereunder. On May 9 an informal opinion was obtained from the Attorney General, a copy of which is attached hereto as Exhibit E, and this opinion was subsequently made formal by the Attorney General under date of June 13, 1916.

On May 18 the Champion Coated Paper Co. notified the Public Printer that it would not furnish any paper on certain lots in excess of the estimated quantities. As a result of this opinion the Champion Coated Paper Co. was declared in default of its contract on certain lots on June 9 and 10, 1916, and the Republic Bag & Paper Co. was declared in default of its contract for news-print paper on June 9, 1916.

There may be some significance in the fact that about the time (June 5) that the committee declined to grant paper manufacturers an increase in their contract prices two contractors were declared in default (June 9) for refusing to furnish paper in such quantities as might be ordered by the Public Printer under their contracts as construed by the Attorney General.

I have presented this rather lengthy recital of preliminary events that you may determine what influence, if any, they have had on subsequent developments. It may be that the paper manufacturers and dealers have entered into an agreement, informal or otherwise, to refrain from competitive bidding on paper required by the Public Printer on account of the Government's attitude toward their present contracts. If such an agreement has been entered into it would appear to be a violation of section 2 of the Clayton Antitrust Act, which prohibits price discrimination where the effect may be to substantially lessen competition or tend to create a monopoly. Of this I have no evidence further than the facts as related by the Public Printer in his efforts to obtain bids on open-market purchases of paper since June 9.

On June 7 the Public Printer requested open-market proposals on 36,000 pounds of white machine-finish printing paper. On this request he received three proposals, including one from the Champion Coated Paper Co., which seems to have been the last proposal submitted by that company since it was declared in default on certain lots of paper on June 9. The lowest bid on this paper was by the Jessup & Moore Co., of Philadelphia, Pa., at 7 cents per pound, the same paper having been bought the previous year under contract of the Jessup & Moore Co. at 3.49 cents per pound.

On June 15, 1916, the Public Printer requested open-market proposals on 220,000 pounds of white news-print paper and 603,800 pounds machine-finish printing paper. The Public Printer stated in his letter to the committee, under date of June 27, 1916, that he had "circularized and advertised among about 40 mills and dealers in papers of these descriptions soliciting quotations for furnishing the quantities of paper described" with a result that only one bid was received on furnishing the 220,000 pounds news-print paper, the price quoted being 3.75 cents per pound. On the machine-finish printing paper there were four items on which no bids were received, and on three items only one bid was received. None of the bids submitted was based on Government standards, all quotations being for a quality of paper represented by samples submitted with the quotations. The Public Printer further states that "the lack of interest on the part of manufacturers and dealers in the invitation to bid is suggestive that further efforts will not be productive of any better results." The prices quoted on the machine-finish printing paper range from 6.7 cents to 7.3 cents per pound, while the same paper was bought under contract the preceding year at from 3.34 to 3.75 cents per pound.

Again, on June 27, 1916, the Public Printer informed the committee that in response to his request of June 15 for open-market purchases on 152,000 pounds of white machine-finish printing paper he had received only one bid of 8.3 cents per pound. This paper was bought under contract last year at 3.74 cents per pound. The Champion Coated Paper Co. refused to furnish the paper in excess of 10,000 pounds under its blanket-lot contract for this year at 4.22 cents per pound.

On July 21 the Public Printer requested proposals on 400,000 pounds of news-print paper. Under date of July 29, 1916, the Public Printer advised the committee that "having repeatedly called for open-market proposals for this paper in various amounts I have either obtained no bids or those which we consider unsatisfactory, and as a last resort have called for proposals based on paper which might be furnished by the bidder, waiving the specifications for color, etc., and as a result of this effort have obtained only one bid from Weinstock & Son (Inc.), as per inclosed copy." The accepted order of Weinstock & Son was 5½ cents per pound for news-print paper, of which the Republic Bag & Paper Co., of New York, had declined to furnish additional quantities at its contract price of 3 cents per pound. Last year the contract price for the same paper was 2.25 cents per pound. Weinstock & Son are located in New York City, as is the Republic Bag & Paper Co.

On July 29, 1916, the Public Printer requested open-market proposals on 400,000 pounds white machine-finish printing paper, samples to be submitted by bidder. Under date of August 12, 1916, the Public Printer advised the committee that "in a recent effort to obtain quotations for furnishing this quantity and class of paper only one bid was received, the price being 8.3 cents per pound, submitted by O. H. Gore." A subsequent quotation was received from the New York & Pennsylvania Co., at 7.25 cents per pound, based upon acceptance within the week and delivery in October and November. This paper was purchased last year under contract at 3.55 cents per pound, the contractor being the New York & Pennsylvania Co., of New York City.

On August 24, 1916, the Public Printer invited open-market proposals on 310,000 pounds of white machine-finish printing paper, requesting the bidders to submit samples of their own paper. The Public Printer received only one bid on the 310,000 pounds, and that from a Washington broker at 11 cents per pound, totaling \$34,100. The same paper was furnished under contract last year at 3.75 cents per pound. Increase asked on this one lot alone amounted to \$22,475. In his letter to the committee of September 7, 1916, the Public Printer says:

"In view of the fruitless effort to interest manufacturers of paper in submitting quotations for Government requirements, I feel that the situation is imperative enough to request that some action be taken whereby the Government will be enabled to purchase paper for the public printing and binding work at a reasonable price."

It was this last observation of the Public Printer that induced me to offer the resolution directing your commission to investigate the increase in the price of paper with special reference to the prices demanded for paper necessary for the public printing and binding. Whether in prearranged plan or not, it is a fact, as clearly shown by the foregoing statements of the Public Printer, that paper manufacturers and dealers are refusing to bid on paper required for the public printing and binding. For more than three months now the Public Printer has been compelled to rely upon one or two Washington jobbers for the supply of paper that he is required to purchase in the open market. In the last month or two these bids have been received from practically only one local jobber. It appears to me, therefore, that an investigation ought to be made as to whether or not there is discrimination against the Government in the supply and prices of paper.

This seeming discrimination may be directed against the Government Printing Office alone on account of its contractors being required to comply with their contracts. It has been stated that other establishments of the Government, such as the Post Office Department, the General Supply Committee, and the Quartermaster Department of the Army, have been somewhat more successful in obtaining competitive proposals for furnishing paper required by them. I would suggest that inquiry be made of these establishments also to determine whether the Government Printing Office has been singled out to alone bear the brunt of the exorbitant and noncompetitive prices which paper manufacturers are demanding for their product.

The Public Printer can furnish detailed information in regard to the difficulties he has had in obtaining proposals for paper, and I would also suggest that you request him to submit such information to your commission.

I submit herewith as Exhibit F a copy of the proposal for furnishing paper for the public printing and binding for the year beginning March 1, 1916. This proposal shows the classes of paper required for the public printing and binding. The Senate resolution, as you will observe, directs a special inquiry to be made into the advance of prices of such paper. Most of the lots of paper included in the proposal are covered by annual contracts for the year beginning March 1, 1916, and I submit an abstract of such contracts as Exhibit G. A comparison of this abstract with the abstract for the year beginning March 1, 1915 (Exhibit H), will show the advance in prices on the contract lots. The Public Printer can make a direct comparison of these prices and show the percentage of increase in each instance if you so desire.

The greatest increase in prices, however, has been on the open-market purchases which the Public Printer has been required to make of certain lots of paper, particularly news-print and machine-finish printing papers, owing to the default of certain contractors, as I have already stated. I presume your present inquiry into the advance in the price of news-print paper will cover that particular kind of paper sufficiently for the purposes of the investigation I have proposed, except possibly as there may appear to be some special discrimination against the Government in the furnishing of news-print paper for its use.

Owing to existing contracts, many of which have been complied with in good faith by the present contractors, the Public Printer's difficulty has been confined chiefly to the purchase of machine-finish printing paper which is largely used by the Government Printing Office in the printing of the CONGRESSIONAL RECORD and the vast number of congressional and departmental documents and reports. An adequate and prompt supply of this paper is absolutely necessary for the operation of the Government Printing Office, and of this fact the paper manufacturers are well aware.

The necessity of large open-market purchases of news-print and machine-finish printing papers by the Public Printer was brought about by the default of three contractors for these items. The default of the Republic Bag & Paper Co., of New York, on news-print



paper has already been related. The National Contracting Co., of New York City, after submitting the lowest bid for furnishing approximately 6,000,000 pounds of machine-finish printing paper, failed to enter into a contract in accordance with the terms of its proposal. Subsequently the Champion Coated Paper Co., of Hamilton, Ohio, refused to furnish machine-finish printing paper on its two blanket lots, Nos. 20 and 21, in excess of 100 per cent above the estimated quantities for such paper. The defaults of these three companies have accordingly been reported to the Solicitor of the Treasury, and I understand that he is preparing to bring suit against them. Meanwhile the Public Printer is having the greatest difficulty to obtain paper required for the public printing, and according to trade reports there does not appear to be much prospect for a relief from the present high prices. In this connection I quote from the New York Market Review, published in the Paper Trade Journal under date of August 31, 1916:

"The general attitude of the trade is that all grades of paper will continue to rise in price for some months to come, owing to the great scarcity and the ever-increasing demand."

This situation is of special concern to the Joint Committee on Printing in view of the fact that it must award contracts on or before February 1, 1917, for paper required for the public printing and binding for the year beginning March 1, 1917, and it is especially in the interest of the Government that a report be had before that time, if possible as to whether the paper manufacturers are justified in maintaining the present high prices and continuing the same.

In connection with the investigation I presume, of course, that you will also look into the complaints of the paper manufacturers that they have had to pay excessive prices for wood pulp, rag stock, and other raw materials entering into their product. The paper manufacturers and jobbers appear to base their increase of prices upon the great advance in the cost of these materials due, as they assert, to the European war conditions. I notice in the Paper Trade Journal of August 31, 1916, that peeled pulp wood is quoted at Watertown, N. Y., at \$13.50 per cord, and that the general manager of the Somerville-Ellsworth Pulp Wood Co., of that city, believes the price will go to \$15, owing to the shortage in Canada. In the same issue of the Paper Trade Journal there is a very interesting article relating to pulp-wood opportunities in national forests, in which Chief Forester Graves is quoted as stating that the cost of pulp-wood timber delivered to the mill from the national forests would not often be more than \$3 per cord.

Under date of August 3, 1916, the Secretary of Agriculture addressed a letter to the President in regard to the print-paper situation. In this letter the Secretary of Agriculture makes the interesting statement that "the Forest Service has offered for sale at various times large amounts of timber on the national forests in logging chances favorable for pulp operations. These areas are located mainly in the Pacific Northwest and in Alaska, and offer combinations of suitable and cheap timber with large quantities of easily developed water power. Up to the present time it has not been possible to make such sales. The chief difficulty has been that the western markets have been fully supplied, and, in fact, mill capacity probably has been in excess of market demands."

In view of these statements I believe the advance in the price of pulp wood ought to be thoroughly investigated, particularly as the Government appears to have pulp wood available, at \$3 or less per cord, with no bidders, while pulp mills claim that they will soon have to pay from \$15 to \$17 per cord.

The rag market may also be a fruitful field of inquiry in connection with this investigation, as, you know, rags are used largely in the manufacture of the higher grades of paper. Paper manufacturers have contended for several months that it is impossible for them to obtain rags regardless of price. They contend that munition makers are now large consumers of rags. On the other hand, the Public Printer recently advised the committee that he had been informed by the manager of a big munition plant that such plants were using only a small quantity of rags in the production of explosives. There has been an inclination on the part of some jobbers, paper manufacturers, pulp-mill men, and rag dealers to each charge the other with demanding excessive prices and thereby making large profits out of the present paper situation. Whether the jobber, the manufacturer, or the pulp mills are being enriched at the expense of the others, I do not know, but this fact is certain, that the consumers of paper, including the Government have to pay the price. The committee was recently informed by a stockholder in a Kalamazoo company—the Paper Co., I believe—that he was receiving a dividend of \$400 a month on \$10,000 stock in that company. This tremendous profit hardly seems credible, but his statement was made freely and in apparent good faith. If such profits are general in the paper trade, I believe your investigation will prove of great benefit to the public.

Respectfully, yours,

DUNCAN U. FLETCHER,  
Chairman.

Mr. FLETCHER. The next serious situation that confronted the joint committee was in an effort to obtain contracts for paper for the year beginning March 1, 1917. Recognizing the probable inability of some manufacturers under war conditions to contract for furnishing paper for the full period of a year at a fixed price, the committee inserted a new paragraph in the proposal providing that whenever the fair and reasonable market price for any paper varies 20 per cent or more above or below the accepted price either party may annul the contract after 15 days' notice in writing on the expiration of either 3, 6, or 9 months from the beginning of the contract year. It was believed that such a provision would protect the paper contractors from any substantial loss due to any unexpected increase in the price of raw materials and at the same time protect the Government from exorbitantly high prices for paper.

However, when the bids were opened on January 20, 1917, it was found that there had been little or no compensation for the various lots of book paper included in the committee's schedule for the Government Printing Office.

Figuring on the estimated quantities at the lowest prices bid, the amount asked for the various classes of paper for the year beginning March 1, 1917, totaled \$2,542,458, which was an increase, based on the estimated quantities for the preceding year,

of \$1,136,280, and an increase over the year 1915-16 of \$1,438,561.17. The increases in the majority of the lots considerably exceeded 100 per cent, especially in the book papers. The committee accordingly rejected all the proposals except on some items of writing, bond, and ledger papers, for which there appeared to be fair competition and only moderate increases in prices as compared with the advances made on the book papers. The committee then called for new bids to be submitted on February 17, but again the prices seemed to be exorbitantly high, and all of the second proposals were rejected, the Public Printer being directed to purchase paper in the open market until such time as the committee might decide to call for contract proposals.

One of the bidders, the Champion Coated Paper Co., of Hamilton, Ohio, which claims to have submitted the lowest bids on paper amounting to \$1,787,784, under the committee's request for proposals on February 17, brought suit against the joint committee to enforce an award of contract at the exorbitant prices demanded by it. Justice Siddons, of the Supreme Court of the District of Columbia, in denying the application of the Champion Co. for a rule on the committee in re its application for a writ of mandamus to compel the committee to award it contracts on the basis of the Champion Co.'s bids, held:

To comply with the prayer of this petition would in effect call for a construction of the law under which this court would have to require the committee to award contracts to the lowest and best bidder, no matter what price was submitted in the proposal or bid. To so hold would be to place the Government completely at the mercy of bidders. No matter how outrageously high a price might be tested by market and other appropriate conditions to be considered, if it happened to be the lowest and best bid, the contract, nevertheless, must be awarded.

During the first two and one-half months of the present contract year a saving of \$68,991.75 was made by open-market purchases of paper at less than the lowest bids therefor which were rejected by the committee on February 17, 1917. At this rate the saving for the year will approximately be \$350,000, but it is quite likely to run close to \$500,000, in view of the continuing decrease in open-market prices and the larger quantities of paper which the Public Printer has been required to buy owing to unexpected war emergencies. A detailed statement of such open-market purchases was submitted to the Federal Trade Commission on May 19, 1917, for its consideration in connection with the investigation of book-paper prices, a copy of which I ask leave to have printed as a part of my remarks, without the appendices.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

CONGRESS OF THE UNITED STATES,  
JOINT COMMITTEE ON PRINTING,  
May 19, 1917.

FEDERAL TRADE COMMISSION,  
Washington, D. C.

SIRS: In connection with your investigation of the increase in prices of paper for the public printing and binding, as directed by a resolution of the Senate (S. Res. 269, 64th Cong.) of September 7, 1916, I am pleased to submit for your consideration a record of open-market paper purchases made by the Public Printer under the direction and with the approval of the Joint Committee on Printing from March 1 to May 15, 1917.

These open-market purchases were made necessary by the committee's action in rejecting as excessive most of the bids submitted to it on January 20 and February 17, 1917, in response to its request for proposals for furnishing paper for the Government Printing Office for the year beginning March 1, 1917. I inclose herewith a schedule of such proposals and an abstract of the contracts awarded by the committee for the year beginning March 1, 1917. This abstract shows that the committee accepted the proposals on only 92 out of the 222 lots included in its paper schedule. All of these awards are subject to the provisions contained in paragraph No. 13 of the proposal, a copy of which I inclose herewith. Paragraph No. 13 provides, in brief, that "whenever the fair and reasonable market price for any paper proposed for herein varies 20 per cent or more above or below the accepted proposal price" either party may annul the contract at the expiration of either three, six, or nine months from March 1, 1917. The conditions of this paragraph, therefore, add greatly to the interest which the committee has in the report that you may make in response to the resolution of the Senate.

I thought the inclosed record of open-market purchases might be of some interest or service to the commission in its investigation by indicating the trend of prices paid by the Government for paper bought in the open market during the first two and one-half months of its present contract year, which began March 1. During that period the Public Printer has bought paper in the open market to the amount of \$311,809.13, which would have cost the Government \$380,800.83 had the committee awarded annual contracts therefor to the lowest bidder on the basis of the proposals submitted to it on January 20 and February 17, 1917. In other words, the rejection of such bids by the committee has effected a net saving of \$68,991.75 for the first two and one-half months of the present contract year. On only three small lots—cover paper and binder's board—the Public Printer been required to pay in excess of the bids submitted to the committee on the annual schedule, and the increased cost in these instances totaled less than \$700. The committee's action in rejecting the annual proposals on all except certain coated book, writing, bond, and ledger papers appears, therefore, to have been materially to the advantage of the Government.

The commission may be specially interested in the purchases of white news-print paper for the Government, since you have made a separate and very valuable investigation of that subject. I inclose as "Appen-



dix A" to this letter certain communications with the Public Printer and the International Paper Co. relative to the purchase of white news print now required by the Government Printing Office in the publication of the Official Bulletin issued under the direction of the President. You will observe that the International Paper Co. has agreed to furnish news print at 2½ cents per pound f. o. b. mill, the price fixed upon by the Trade Commission as a fair and reasonable one. The Public Printer advised the committee that he had not been able to obtain a price of less than 3.1 cents per pound f. o. b. mill for news print, and that on only a single car lot. His requests for open-market proposals on 400,000 pounds of news print brought only three responses from jobbers, the lowest price quoted being 4 cents per pound. In view of the findings of your commission that 2½ cents per pound is a fair and reasonable price for news print, I did not feel like approving the purchase of news print at a higher price, and accordingly took the matter up direct with the president of the International Paper Co. The inclosed correspondence shows the success of my efforts in this regard and the generous and patriotic offer of the president of the International Paper Co. to furnish paper required by the present military situation at the price fixed upon by your commission. I am very glad, therefore, to tell you how helpful the work of the Federal Trade Commission has been in connection with the purchase of news-print paper for the Government Printing Office.

The following table shows the range of bids and prices for news print as considered by this committee during the past year:

*News-print prices.*

	Per pound.
Mar. 1-Sept. 1, 1916, contract price (Rep. B. & P. Co.)	\$0.03
Sept. 25, 1916, open-market purchase	.059
Jan. 20, 1917, rejected bid for contract	.0725
Feb. 17, 1917, rejected bid for contract	.0725
May 3, 1917, open-market purchase (International)	.031
May 10, 1917, open-market bid (three bidders)	.04
May 11, 1917, price quoted joint committee (International)	.025

I also submit as "Appendix B" correspondence with the New York & Pennsylvania Co. and the Oxford Paper Co., both of which have offices at 200 Fifth Avenue, New York City, in regard to their offer to furnish a limited quantity of machine-finish and sized and supercalendered printing paper at less than the market price. This offer was said to cover such paper as these companies did not have under contract, but they have recently advised the Public Printer that they can not continue to fill his orders on account of their limited supply. The Public Printer has therefore been compelled to again call for open-market proposals, which are somewhat higher than the prices quoted by the New York & Pennsylvania Co. and the Oxford Paper Co.

The following tables show the trend of price on white machine-finish and sized and supercalendered printing paper as quoted to and paid by the Government Printing Office during the past year:

*White machine-finish printing paper.*

[24 by 38 inches, 38 pounds, 48-inch rolls.]

	Per pound.
Mar. 1-Sept. 1, 1916, contract price (Rep. B. & P. Co.)	\$0.03
Jan. 20, 1917, rejected bid for contract (Champion)	.0816
Feb. 17, 1917, rejected bid for contract (New York & Pennsylvania)	.076
Apr. 3, 1917, open-market purchase (Gore)	.0698
Apr. 18, 1917, open-market bid (Champion)	.0695
Apr. 18, 1917, open-market bid (Oxford)	.0525
Apr. 18, 1917, open-market purchase (New York & Pennsylvania)	.0477
May 17, 1917, open-market bid (Champion)	.0647
May 17, 1917, open-market bid, 35-pound paper (Hopfenmaier)	.0625
May 18, 1917, open-market bid (Champion)	.0612
May 18, 1917, open-market bid (Rantoul)	.0579
May 19, 1917, open-market bid (Rantoul)	.0649
May 19, 1917, open-market bid (Champion)	.0548

*Sized and supercalendered printing paper.*

[38 by 48 inches, 96 pounds, flat.]

	Per pound.
Mar. 1, 1916-17, contract price (Champion)	\$0.0418
Jan. 20, 1917, rejected bid for contract (Kalamazoo)	.084
Feb. 17, 1917, rejected bid for contract (Rantoul)	.078
Mar. 3, 1917, open-market purchase (New York & Pennsylvania)	.0765
Apr. 16, 1917, open-market purchase (J. & M.)	.0745
Apr. 18, 1917, open-market bid (Rantoul)	.0765
Apr. 18, 1917, open-market bid (J. & M.)	.0745
Apr. 18, 1917, open-market bid (Champion)	.0725
Apr. 18, 1917, open-market purchase (Oxford)	.0575
Apr. 18, 1917, open-market purchase (New York & Pennsylvania)	.0481
May 19, 1917, open-market bid (Rantoul)	.0679
May 19, 1917, open-market bid (Champion)	.0617

The record of open-market purchases since March 1, 1917, will also show a very remarkable decrease in the prices quoted to the committee on January 20 and February 17, 1917, for certain paper as compared with the prices paid for similar paper bought in the open market since March 1, 1917. I invite your attention especially to the following lots:

	Open-market purchases.	Bid on contracts.
Lot 94. Light pink writing, loft dried	\$0.12	\$0.1999
Lot 162. Rope, manila	.1025	.14
Lot 170. Manila board	.08	.114
Lot 177. Bristol board	.065	.1025
Lot 182. Index Bristol board, colored	.144	.27
Lot 190. Plate wiping	.08	.123
Lot 192. Back lining paper	.042	.10
Lots 204-205. Lithograph comb paper (per ream)	9.50	20.00

Trusting that this information may be of some service to you in the investigation of paper prices and assuring you of the committee's hearty appreciation of the generous and helpful cooperation your commission has already rendered to the committee in its effort to obtain paper for the Government at a fair and reasonable price, I beg to remain,

Very sincerely, yours,

DUNCAN U. FLETCHER,  
Chairman.

Mr. FLETCHER. This brings me down to the final report on the book-paper industry that was submitted to the Senate by the Federal Trade Commission on August 21, 1917, in response to the resolution which I offered on September 7, 1916.

It is especially gratifying to the joint committee that the findings of the Trade Commission, in regard to the advance in book-paper prices and the unfair methods of competition adopted by certain paper manufacturers, fully justify the committee in the course which it has pursued in the purchase of paper for the Government Printing Office.

The book-paper report shows that during the first three months of 1917 the average profits of 24 leading book-paper mills amounted to \$37.21 per ton, or 261 per cent more than the average profits of the same mills for 1915, while the costs of manufacture increased only 38 per cent. The average profits of the same mills in 1916 was \$16.55 per ton and in 1915, \$10.31.

For the first three months of 1917 the average profits for mills with the lowest profits was \$17.06, and the average profits for mills with the highest profits was \$72.10 per ton. In 1916 the lowest average of profits was \$5.55 per ton and the highest average profits, \$46.53. For 1915 the lowest average of profits was \$4.78 per ton and the highest average profits, \$9.58.

The average profits on investments in 1915 was 8.7 per cent and for 1916 21.5 per cent, the increased average profit on investment for 21 mills amounting to 147 per cent.

In its conclusions on the book-paper industry the Federal Trade Commission states:

The foregoing findings of fact support the conclusion that the advance in the prices of book paper in 1916 was excessive and not justified either by the increase in cost or by the changes in conditions of supply and demand. The advance was brought about in part by the activities of the members and secretary of their bureau of statistics.

The book-paper report also contains some interesting observations in regard to the activities of the book-paper manufacturers through their bureau of statistics. This report has developed the fact that the members of the bureau of statistics held a general meeting in June, 1916, about the time that some of its members were urging the joint committee to increase their contract prices for book paper, at which meeting the representative of a prominent member concerned stated, referring to his own company, that "the public has ground them down for years and they are going to make the public pay now."

The correspondence of the bureau of statistics also shows that, somewhat earlier last year, another of its members stated, in a letter, that "opportunity should not be lost for making money that had not been made in the past." He suggested that customers be made to pay the price and "get it back from their customers."

It appears also that the bureau of statistics held a "general" meeting in New York City on January 7, 1916, which was shortly before bids were submitted to the joint committee for the paper-contract year beginning March 1, 1916, and that on January 22, 1916, two days before the opening of bids by the joint committee, one book-paper manufacturer wrote to another that he appreciated "that there is a tendency everywhere to try to force better prices."

In this connection the report of the Trade Commission states:

An effort to "force better prices" and to have the prices uniform as to all manufacturers during this period is clearly shown by the correspondence (of the bureau of statistics, book-paper manufacturers). Manufacturers were frequently notifying the trade and other manufacturers of price advances, and almost invariably giving as the reason the increasing cost of raw materials. That there was not cost justification for the prices charged there is abundant evidence. A member of the bureau (the only one who seems to have held off from joining the movement to unduly enhance prices), in answering a letter of February 25, 1916, from another member, stating that the latter had been compelled to advance prices again, as the advance of February 1 did not check the rush of orders, said that he was disappointed to see his correspondent "make extraordinary advances which could have no present cost justification," and among other letters he wrote one to another member who had notified him of an advance, and in the letter he said: "Many of the mills are merely taking advantage of the present abnormal conditions. There certainly could be nothing in your cost of doing business which could warrant these frequent advances, and they are obviously for one of two reasons, or both—either to stop orders or 'cash in' so far as possible on the present market."

The book-paper report, further discussing the activities of the members of the bureau of statistics, adds this interesting bit of information:

Indicative of common knowledge of and responsibility for proposed advances is a letter written on June 9, 1916, a little more than a week before one of the general price advances in book paper, by a prominent member to a wholesaler: "I want you to get under cover if you think you want any of our papers at this price," and on the margin of the letter he wrote: "Fireworks about to start. Get busy, either with me or elsewhere. Suit yourself, but consider service." This brought orders from the wholesaler, and on June 19, 1916, the date on which the manufacturer advanced his prices, the latter wrote the same wholesaler: "It is indeed a pleasure to see you get 'under cover.' Many have insisted that prices were going to drop, and have held off accordingly, and will have to take their 'medicine.' Prices will go higher."



This latter correspondence adds new light to the efforts of certain paper contractors to force higher prices on the Government and their refusal to deliver paper in excess of the estimated quantities, despite the fact that in previous years they had never questioned the right of the Government to order under its contracts such quantities of paper as might be needed during the year, whether more or less than the stated estimates, and, in fact, had heretofore been extremely anxious to sell the Government largely in excess of the estimated quantities.

The chairman and secretary of the bureau of statistics of the book paper manufacturers were in Washington at the time of the opening of paper bids by the Joint Committee for the year beginning March 1, 1917, and seemed to be much perturbed over the fact that the committee had rejected all the proposals. The chairman of the bureau submitted bids for several lots of paper, and there may be no significance attached to his presence at the opening of the proposals, in as much as all the bidders were invited to attend, but it might be of some interest whether the presence of the secretary of the bureau, who is charged by the Trade Commission with being the guiding spirit of the book-paper organization, had anything to do with the fact that a number of the more important proposals were submitted to the committee just prior to the hour set for the opening and whether these bidders had any mutual understanding as to their prices. Of this the committee has no definite knowledge, but the following statement from the report of the Federal Trade Commission is particularly significant in that connection:

The investigations of the commission disclosed that the book paper manufacturers, especially those belonging to their bureau of statistics, by correspondence, meetings, and in other ways have kept one another informed of market conditions, prices, etc., so that prices were advanced simultaneously without fear of competition.

While ostensibly the duties of the secretary of their bureau of statistics have been to compile and distribute certain statistical information, his principal efforts would appear to have been devoted to encouraging members to increase their prices. This was done by correspondence, use of telephone and telegraph, attending meetings, and holding personal conferences with members.

As a result of the investigation, which the Federal Trade Commission undertook at the instigation of the Joint Committee on Printing, the commission has filed a formal complaint against the bureau of statistics of the book paper manufacturers, Charles F. Moore, secretary of that bureau, and the following paper manufacturers, charging them with using unfair methods of competition in interstate commerce in violation of the provisions of section 5 of the act creating the Federal Trade Commission, approved September 26, 1914:

American Writing Paper Co., Holyoke, Mass.; Dill & Collins Co., Philadelphia, Pa.; Diana Paper Co., Harrisville, N. Y.; New York & Pennsylvania Co., New York City; M. & W. H. Nixon Paper Co., Manayunk, Philadelphia, Pa.; Oxford Paper Co., New York City; Ticonderoga Pulp & Paper Co., New York City; Tileston & Hollingsworth Co., Boston, Mass.; Wanaque River Paper Co., Wanaque, N. J.; West Virginia Pulp & Paper Co., New York City; Bardeen Paper Co., Otsego, Mich.; Berges-town Paper Co., Neenah, Wis.; Bryant Paper Co., Kalamazoo, Mich.; Champion Coated Paper Co., Hamilton, Ohio; Everett Pulp & Paper Co., Everett, Wash.; Kimberly-Clark Co., Neenah, Wis.; King Paper Co., Kalamazoo, Mich.; Lakeside Paper Co., Neenah, Wis.; Mead Pulp & Paper Co., Dayton, Ohio; Miami Paper Co., West Carrollton, Ohio; Monarch Paper Co., Kalamazoo, Mich.; Rex Paper Co., Kalamazoo, Mich.; and S. D. Warren & Co., Boston, Mass.

Seven of these companies submitted substantially all the bids that the joint committee received on book paper when proposals were invited for this year's contracts, and it was due to their exorbitant demands that the committee decided to reject nearly all the bids and directed the Public Printer to buy paper in the open market for the time being, which, as I have already stated, has resulted in a very large saving to the Government.

Hearing on the Trade Commission's complaint will be held on October 10. The specific complaint against the book-paper manufacturers is as follows:

That said respondents through said bureau of statistics and particularly through its secretary, Charles F. Moore, are now and for about two years last past have been engaged in a concerted movement unduly to enhance the prices of book-print paper and to maintain said enhanced prices and to bring about a substantial uniformity of such prices, due allowance being made for grades, brands, etc. As a result of such activities, prices of book-print paper in the United States have been unduly enhanced and such enhanced prices are being maintained. Such enhancement and substantial uniformity of prices have been effected and are being maintained through the medium of telephone communications, by correspondence, and by personal meetings between the secretary and various respondent members of said bureau of statistics, and by like communications between various members thereof, and by such communications between members and others engaged in the book-print paper industry.

Concluding its recent report on the book-paper industry, the Federal Trade Commission submitted these recommendations to

Congress as to legislative remedies for relief from excessive prices:

In its preliminary report of this investigation the commission recommended as a war emergency measure that all print-paper mills and distributing agencies operate on Government account during the continuation of the war and that the total product be pooled in the hands of a governmental agency so that it may be equitably distributed at a fair price based upon cost of production and a reasonable profit per ton. These recommendations the commission wishes to renew, since it believes that under existing abnormal conditions immediate relief to publishers can only be obtained by the adoption of some such legislation.

The commission also desires to call the attention of the Congress to the necessity for the enactment of legislation regulating the activities of trade associations. The print-paper and other investigations of the commission show that trade associations, although originally organized for legitimate purposes and often engaged in helpful activities which serve a useful purpose, nevertheless some of them indulge frequently in practices which tend to destroy competition and defeat the objects of the Sherman law.

The commission's print-paper investigations show that the activities of the trade associations connected with the news-print and book-paper industries have contributed to the rise in price of these commodities and that the effective regulation and supervision of such activities by some governmental agency would tend to restore healthy competition in these industries and thereby to reduce prices to a more normal basis.

A bill covering the commission's recommendations in regard to the pooling of print paper in the hands of a governmental agency as a war emergency measure is now pending with the Senate Committee on Printing. Whether Congress will enact such legislation depends, in my opinion, upon the attitude of the paper manufacturers themselves in speedily ending the necessity for such legislation.

I am hopeful that, in view of the order of the President in fixing the price of news-print paper at 2½ cents, as found by the Federal Trade Commission to be a fair compensation, the news-print manufacturers will at once recognize the justice of such action and make their product available to the newspaper publishers of the country at this figure without any further action on the part of the Government.

The report of the Trade Commission on the book-paper industry also ought to have a very salutary effect upon the book-paper manufacturers who have taken advantage of the war situation to exact excessive prices for their product, and I trust it will discourage any further efforts on their part to use unfair methods of competition.

#### WAR CREDITS.

Mr. STONE. Mr. President, I move that the Senate proceed to the consideration of House bill 5901, providing for an additional issue of bonds, and so forth.

The motion was agreed to; and the Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 5901) to authorize an additional issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign Governments, and for other purposes, which had been reported from the Committee on Finance with amendments.

Mr. STONE. Mr. President, I hope Senators will, so far as their convenience may permit, remain in the Senate during the day. I say this because I am anxious to have this bill disposed of to-day. I can not think that there will be a desire on the part of Senators to engage in any protracted debate during the consideration of this measure for the reason, among other things, that its earliest possible enactment is of paramount public importance.

The Secretary of the Treasury stated to the Committee on Finance that he could not take any definite step for the printing of the bonds or other securities provided for until this bill was passed. If the bill is passed, it will require the printing of a very great number of bonds and other forms of securities, running into many millions—into many more millions of forms than the millions stated in dollars as named in the bill, and this, of course, is evident. For example, where a certain amount of bonds in dollars is authorized to be issued, it will be necessary, in printing the bonds, to multiply that amount somewhat indefinitely. In addition to that, the Secretary is compelled to organize his movement or campaign in the way of offering these bonds for sale. That is a very great task, and it will take considerable time to complete that organization. The Secretary of the Treasury stated that he regarded the speedy passage of this bill as the most urgent thing now before the Congress. It is for reasons of this kind that I am anxious to have the bill disposed of during this day before adjournment; hence my request of Senators to remain at least in call as far as that is possible for them.

Mr. President, I ask that the formal reading of the bill be dispensed with.

Mr. LEWIS. May I ask the Senator for information?

The PRESIDING OFFICER (Mr. SUTHERLAND in the chair). Does the Senator from Missouri yield to the Senator from Illinois?



Mr. STONE. I yield.

Mr. LEWIS. I ask the Senator in charge of the bill if there is any minority report?

Mr. STONE. There is none.

Mr. LEWIS. Then there is no filed opposition to the measure whatever.

Mr. STONE. There is no filed opposition. One member of the Finance Committee stated in the committee, I think it is not improper to say this, that he reserved the right to offer amendments to the bill, but no formal minority report has been filed.

Mr. SMITH of Georgia. He did not indicate that he had any amendment to propose.

Mr. STONE. As the Senator from Georgia has said, the Senator making that announcement in the committee did not indicate that he had any amendments to propose, but he reserved the right, which, in my opinion, was not necessary, to offer amendments.

Mr. LEWIS. The Senator is quite confident that there are no minority Senators who could regard any advantage taken of them if the measure is pressed now?

Mr. STONE. There is not. The Senator who made the statement I have referred to is fully aware of my purpose to call up the bill at this time. He knows that, because I told him so within the last 30 minutes.

The PRESIDING OFFICER. The Senator from Missouri asks unanimous consent that the formal reading of the bill be dispensed with, and that the bill be read for action on the committee amendments. Is there objection? The Chair hears none.

Mr. STONE. Mr. President, before the reading proceeds I wish to detain the Senate for a short time to make a statement I think will be of interest and of some value to the Senate.

I hold in my hand a statement prepared by Mr. McCoy, of the Treasury Department, who for years has served as an expert of that department, and representing the department served in that capacity with great acceptability. I take pleasure in saying, before the Committee on Finance and the Committee on Ways and Means of the House while these committees were considering revenue or financial legislation. This statement is printed in the document entitled "Senate and House Hearings on Second Emergency Bond Issues," which has been laid on the tables of Senators this morning, and will be found at page 58 of that publication. This I will at this point incorporate in my remarks.

*Statement of bond issues for fiscal year 1918.*

Issued under act of Apr. 24, 1917.....	\$2, 000, 000, 000
Proposed issue under pending bill:	
Bonds not as yet authorized.....	\$4, 000, 000, 000
Bonds authorized by act of Apr. 24, 1917.....	3, 063, 945, 460
Bonds authorized by act of Aug. 5, 1909 (Panama Canal bonds).....	225, 000, 000
Bonds authorized by joint resolution Mar. 4, 1917 (for naval purposes).....	150, 000, 000
Bonds authorized by act Mar. 3, 1917 (miscellaneous).....	100, 000, 000
Total under pending bill.....	7, 538, 945, 460
Total authorized under act of Apr. 24, 1917, and pending bill for issue in 1918.....	9, 538, 945, 460
Certificates authorized under pending bill:	
Certificates of indebtedness payable within one year.....	4, 000, 000, 000
War-savings certificates (redeemable within five years).....	2, 000, 000, 000
Appropriated for as loans to allies:	
Under pending bill.....	\$4, 000, 000, 000
Loaned and appropriated for, to be loaned under act of Apr. 24, 1917.....	3, 000, 000, 000
Total loans to allies.....	7, 000, 000, 000
Total bonds issued and authorized.....	9, 538, 945, 460
Intended use of proceeds of bonds:	
Loans to allies.....	7, 000, 000, 000
To redeem loan of 1908-1918.....	63, 945, 460
Bonds sold to meet current expenditures.....	2, 000, 000, 000
Bonds authorized to meet current expenditures.....	475, 000, 000
Total.....	9, 538, 945, 460
Estimated expenditures for 1918 (not including postal appropriations).....	11, 782, 370, 929
Estimated revenues for 1918:	
Bonds.....	\$2, 475, 000, 000
War-savings certificates.....	2, 000, 000, 000
Revenues under H. R. 4280.....	2, 406, 500, 000
Revenue under present law (not including postal receipts).....	1, 333, 500, 000
Total revenue.....	8, 215, 000, 000
Balance to be provided for.....	8, 567, 370, 929

It is unnecessary to particularly analyze this statement. It is sufficient to say that it shows that the act of April 24, 1917, authorized the issue of five billion of bonds, and that two billion of that authorized issue have been offered by the Secretary of the Treasury and disposed of, leaving three billion of that authorization still undisposed of, which is dealt with in this bill.

The pending bill, as Senators can see by reading it, authorizes the issue of \$4,000,000,000 of additional bonds—that is, in addition to the authorization of April 24—at a rate of interest not to exceed 4 per cent per annum, whereas the act of April 24 limited the interest rate to 3½ per cent.

In addition to the \$4,000,000,000 authorized by this bill, the bill authorizes the Secretary of the Treasury to issue the remaining unissued \$3,000,000,000 authorized by the act of April last—the unissued part of the five billions authorized by that act—at the same rate of interest and on the same terms under which the \$4,000,000,000 of additional bonds authorized by this act are to be issued.

The bill also authorizes the Secretary of the Treasury to issue bonds of the same character for \$63,945,460, being the amount remaining unpaid of the Spanish War loan bonds issued in 1898 and maturing 20 years thereafter, or in 1918. They will fall due during this fiscal year, and must be taken up.

Mr. KING. Will the Senator permit me? Will they be refunded, or is it contemplated that they shall be paid in cash?

Mr. STONE. They are to be paid in cash, but the means for raising the cash to pay them will be from the sale of these bonds. Have I made that clear to the Senator?

Mr. KING. Very.

Mr. STONE. In addition the bill provides that unissued bonds known as Panama Canal bonds, authorized to be issued under the act of August 5, 1909, may be issued under the terms of this bill amounting to \$225,000,000.

The bill also provides that \$150,000,000 of bonds authorized by joint resolution of March 4, 1917, for naval purposes—that is, for the increase and betterment of the Naval Establishment—may be offered under the provisions of this bill.

The bill also authorizes the Secretary of the Treasury to offer the bonds authorized by the act of March 3, 1917, for miscellaneous purposes—that is, for the Alaskan Railroad, for the Mexican situation, for the purchase of the Danish West India Islands, and for one or two other items—making an aggregate of \$100,000,000.

That is the extent of the bond issues authorized by this act, the aggregate being \$7,538,945,460.

If the last sum just stated—\$7,538,945,460—which the bill authorizes to be issued shall be added to the \$2,000,000,000 of bonds already offered and sold under the act of April 24 last—widely known as the liberty bonds—it will be seen that the total of bond issues authorized by the two acts—that is, the act of April last and the pending bill—would amount to \$9,538,945,460. That, as I understand it, is the total of bond authorization incident to the war up to this date as covered by the laws so far enacted and by this bill.

This bill also would authorize the Secretary of the Treasury to issue what in the bill is denominated "war-savings certificates," redeemable within five years, to the extent of \$2,000,000,000. The character of these certificates appears in general terms on the face of the bill.

Mr. SMITH of Georgia. No one to purchase exceeding \$1,000.

Mr. STONE. I am obliged to the Senator for this suggestion. No one person can purchase exceeding \$1,000 of these war-savings certificates, and not exceeding \$100 at one time.

Mr. President, treating these war-savings certificates for the moment as being on a par—which in fact they are not—with bonds—and I do this because they are more or less a permanent indebtedness—and adding this \$2,000,000,000 of certificates to the \$9,538,945,460 of real bonds authorized under the act of April last and by this bill, the total of what might be called the permanent interest-bearing obligations of the Government up to this date would amount to \$11,538,945,460.

The bill also authorizes the Secretary of the Treasury to issue from time to time, in his discretion, what are denominated "certificates of indebtedness," bearing not to exceed 4 per cent interest. It is left to the discretion of the Secretary of the Treasury to fix the date of issue, the date of payment, and the rate of interest of these certificates.

Mr. KING. They will be called in and paid for out of money derived from the sale of bonds?

Mr. SMITH of Georgia. From current revenues in the Treasury.

Mr. STONE. These certificates of indebtedness constitute a shifting obligation. The Secretary of the Treasury is authorized to issue them merely to meet an emergency, and for the most part in anticipation of revenues that are to come in from the sale of bonds and from taxation, and they are payable out



of the funds in the Treasury, whether derived from the one source or the other. The policy is to use them as a bridge to cross an immediate and pressing emergency. Therefore I say they can not well be set down as a part of the standing indebtedness of the Government. If the Secretary of the Treasury should issue a thousand million dollars of them at a given time and should soon thereafter collect from the sale of bonds, for example, or from taxation, sufficient money, he would take them up, and so if the funds came from the sale of bonds the bonds would be substituted for the certificates of indebtedness. The general sum of the public debt would not, therefore, be increased. These certificates of indebtedness are only a sort of convenience to bridge over some immediate emergency.

Mr. President, as I have said, the total bond issues so far authorized under the acts referred to amount to \$9,538,945,460.

How are the proceeds of all these issues to be used? Of the proceeds of the sale of these bonds, \$7,000,000,000 are primarily intended to establish credits for the entente allies with whom we are cooperating in the war. The remainder of the \$9,538,945,460 of bonds is to raise funds with which to meet the current expenses of this Government—this Government; that is to say, out of the \$9,538,945,460 the sum of \$2,538,945,460 is for our domestic uses.

Mr. President, the estimated expenditures for 1918, for our domestic uses, not including postal receipts, amount to \$11,782,370,929. That is the estimate furnished by the Treasury Department up to August 23, 1917. To meet these expenses to which this Government is to be subjected, exclusive of foreign loans as furnished up to August 23 last, the following provisions for raising revenue are made, namely, bonds, \$2,475,000,000; war savings certificates, \$2,000,000,000; revenue raised by taxation under the pending House bill 4280, \$2,406,500,000, being the bill just passed by the Senate and which is now in conference. In addition to that, the present law—the law already in force and under which the Government is operating—provides, outside of postal receipts, for the collection by taxation of \$1,333,500,000. Therefore, what is provided for in pending legislation and in the existing law aggregates \$8,215,000,000. But, Mr. President, the Treasury estimate of the amount to be raised to meet the current expenses of our own Government for this fiscal year of 1918 is \$11,782,370,929. So it follows there must be a shortage or a deficiency of at least \$3,567,370,929. The sum which I have last stated is not provided for, and it will be a shortage which must be provided for hereafter. I suppose at the next session in December. How it will be provided for I do not know. It may be by an issue of bonds, or it may be by taxes, or it may be in some divided form between taxes and bonds. That is a question resting in the future, to come before us later.

Mr. President, I close with this statement, which I think is interesting—it should be interesting—to Senators, namely: The domestic revenue—that is, revenue for our own uses, already provided for, as I have shown—is as follows: Bonds and war-savings certificates, \$4,475,000,000; taxation under the bill now pending in conference and under previous legislation already enacted, \$3,740,000,000.

Mr. SMOOT. That does not include postal receipts.

Mr. STONE. No; it does not include postal receipts. So, Mr. President, of the actual collections thus provided for, amounting to \$8,215,000,000—\$4,475,000,000 bonds and \$3,740,000,000 taxes—the percentage by taxation is 45 and the percentage by sale of bonds is 55. I have maintained, and still do, that the burden of this war should be equitably divided between those of us of this generation and those who are to follow us. I think that is the wise economic policy to pursue, and I think so far we have closely approximated that standard in what we have done, as shown in the statement I have submitted. So far, taxation represents 45 per cent and bonds and other securities 55 per cent of the war's financial burden.

Mr. KING. Mr. President, will the Senator from Missouri yield?

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Utah?

Mr. STONE. I do.

Mr. KING. In the suggestion just made by the Senator from Missouri with respect to the proportion of this fund to be provided for by bonds and the proportion to be provided for by taxation, the Senator does not take into account the balance to be provided for as stated in the report of \$3,567,370,929.

Mr. STONE. I was just going to speak of that.

Mr. KING. If the Senator will pardon me, he has now shown, as I understood his figures, that of the expenditure of eight billion and some-odd hundreds of millions of dollars there is a balance to be provided for of \$3,567,370,929 even after we have provided from taxation the sum of \$2,406,500,000.

Mr. STONE. Let me see if I can make myself clear to the Senator.

Mr. President, the estimated total expenditures for domestic purposes made on August 23 for the current fiscal year were stated at \$11,782,370,929; that is the amount we have to raise; and we have provided, by laws already on the statute books and by the revenue bill now in conference, for \$8,215,000,000 of the \$11,782,000,000 estimated. The difference between these amounts we will have to provide for hereafter. I have no doubt we will have to provide for more than that; but I am now confining myself to the estimates already submitted. So it follows, having provided for \$8,215,000,000 out of the \$11,782,000,000, we must still provide for the sum of \$3,567,370,929, which is the remainder of the present estimates to be hereafter provided for. My statement therefore, of percentages as between taxation and bonds is based wholly upon the amount we have already provided and are now providing shall be raised, not upon what we may have to provide for raising hereafter. Up to date these are the relative proportions—45 per cent taxes and 55 per cent bonds.

Mr. SMOOT. Mr. President, will the Senator allow me to interrupt him?

Mr. STONE. The percentages are as I have stated them—45 per cent taxes and 55 per cent bonds.

Mr. KING. But, if the Senator will pardon me, that means we have got to tax the people to raise over \$3,000,000,000 more to meet these current expenses.

Mr. STONE. Oh, yes.

Mr. KING. Or issue bonds to that amount.

Mr. STONE. That we will have to do; but—

Mr. SMOOT. Mr. President, will the Senator yield to me?

Mr. STONE. Yes.

Mr. SMOOT. My colleague will remember that I showed in one of the speeches I delivered here on the revenue bill that the proportion to be raised by taxation and the proportion to be raised by the issuance of bonds, if we made all of the appropriations under all of the estimates, would be as follows: By direct taxation, 35.3 per cent; by bonds, 64.7 per cent. Since I made that statement upon the floor of the Senate the Senate struck out what is known as the consumption taxes. So if we take the figures as they are now, with estimated expenditures of \$11,782,370,929, and collect by taxation under House bill 4280, the bill now in conference, \$2,406,500,000, and collect under present revenue laws \$1,333,500,000, and from postal receipts \$325,000,000, our total receipts would be \$4,065,000,000, which would be 34.5 per cent of all of the appropriations already made and the expenditures which it is estimated will be made during the fiscal year.

Mr. KING. Those figures, if the Senator will pardon me, do not include the loans which have been made and will be made to foreign nations?

Mr. SMOOT. Certainly not.

Mr. STONE. That is a different question.

Mr. KING. I assume, if the Senator will pardon me further, that, unless we withhold from those nations to which we make the loans sufficient to meet the interest as it accrues, we will have to meet that indebtedness ourselves.

Mr. STONE. Mr. President, I wish I might be permitted to complete this brief statement without having it unduly interspersed with debate.

Mr. KING. I beg the Senator's pardon.

Mr. STONE. What I have been immediately trying to do is to show the relative proportions raised by taxation and raised by the sale of bonds and war-savings certificates up to a given time; and that time is August 23 last, when these estimates were sent in. Hereafter very large additional estimates may come in, but they are not now here; so that is in some sense conjectural, but a conjecture based on a probability likely to eventuate into a certainty. What I am trying to show now is that up to this time, as far as legislation has gone, of the amount of appropriations of \$8,000,000,000 and more in the various bills to which I have referred, 45 per cent is to be raised by taxation and the remainder by the sale of securities.

As to what may come hereafter, that is a problem that we will have to solve when we deal with it; that is a bridge we will have to cross when we reach it. Certainly over three and a half billion dollars of the estimates of August 23 are unprovided for, which will have to be provided for; and I anticipate those estimates will be largely increased when we meet here at the next session; but whatever the estimates may then be, the Congress will have to deal with that subject then and determine how the amount of money we must raise to meet the needs of the Government during the fiscal year shall be provided for. There are but two ways of doing this—one by taxes levied on the people and collected in the usual course of the law, and the



other by the sale of bonds or some form of securities. It would be idle for me to say that it lies within the province of the Congress to determine what proportion shall be raised by taxation and what proportion by other methods.

My friend from Utah spoke of the loans to the allies.

I cut that out of my statement as to the relative proportion of taxes to bonds because the \$7,000,000,000 authorized to be issued and used to establish credits for foreign Governments will be secured, every dollar of it, by bonds from the respective Governments, bearing the same rate of interest, the form of the bonds and all that to be approved by our Government, and held by our Government.

Mr. President, I assume that these Governments will pay these obligations they give to us. Certainly I can assume and assert that these foreign obligations are received and these credits are established by us on the theory that the foreign Governments will take care of the bonds they give us; that they will pay their interest; and if they do this, the interest on their bonds maturing at the same time that the interest on our bonds mature, the interest accounts from year to year will be taken care of in that way, and afterwards, in the end, the principal of these accommodations will be taken care of by the debtor Governments, and that the United States will suffer no loss on that account.

Mr. POINDEXTER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Washington?

Mr. STONE. I yield to the Senator.

Mr. POINDEXTER. The mere receipt of the bonds of the allies bearing the same rate of interest as the bonds which are issued by this Government for the purpose of loaning this amount to the allies would not square the account. I should like to ask the Senator what, if any, provision has been made to reimburse the Government of the United States for the considerable amount of money that it costs this Government to print and prepare and sell this large amount of bonds on which it raises the money for the allies?

Mr. STONE. The Senator means, the expense of selling them?

Mr. POINDEXTER. The expense of the transaction.

Mr. STONE. Mr. President, there is no provision for reimbursement of our expenditures. What we do is to loan these Governments cash, and we raise it in this way, and they send us their securities to indemnify us for the cash we loan them.

Mr. POINDEXTER. That is very true; and yet we issue these bonds not for our use at all, except in an ultimate and very indirect way. The Senator describes the simple proposition of loaning money to the allies. Now, really, a part of that transaction is the borrowing of the money in the first place ourselves, in order that we may have it to loan to the allies; and we are not made whole in the transaction until the entire cost to the Government of the United States is reimbursed.

I should like to ask the Senator if he knows the amount of money that the transaction will cost the Government of the United States?

Mr. STONE. No; I can not state what it will cost. I do not think anyone can state it. We are making an appropriation in this bill, as the Senator will see, as we did in the bill of April last, of a certain per cent for the sale of these securities. In this bill the House provision provided for one-seventh of 1 per cent for the sale of bonds and one-tenth of 1 per cent for the sale of the certificates of indebtedness. The Finance Committee has offered an amendment changing that to one-fourth of 1 per cent for the sale of the bonds and one-twentieth of 1 per cent for the sale of the certificates. Of course that will be an expense fund provided for the Secretary of the Treasury which he can expend at his pleasure. As I recall, it was stated in the committee that the total cost would be something like \$23,000,000 for the settlement of this expense account.

Now, I want to say this to the Senator: The department will be at an expense of some millions of dollars—estimated at about \$23,000,000. In marketing the \$2,000,000,000 of liberty bonds the expense amounted to about—can some Senator tell me the amount of that?

Mr. SMOOT. Two million dollars; one-tenth of 1 per cent.

Mr. STONE. The senior Senator from Utah says that the expense of selling the two billions of liberty bonds already offered was about \$2,000,000—one-tenth of 1 per cent. It is said that the expense of selling all of these bonds, the whole seven billions, will be approximately \$23,000,000; but then there is an expense in connection with these war-savings certificates and for the negotiation of these certificates of indebtedness, all of which is covered in this estimate.

Mr. SMOOT. I will say to the Senator that the \$23,000,000 covers all of the expense in making the sale of all that we expect to provide for, covering all of the appropriations, and also the sale of the bonds that have not yet been issued, and the certificates of indebtedness.

Mr. STONE. That is what I was trying to say; only the whole of it would not go to the negotiation of the bonds, but a part of it would go to the war-savings certificates and a part of it to the certificates of indebtedness.

Mr. SMOOT. That is right.

Mr. POINDEXTER. Mr. President, may I ask the Senator the total amount of our loans to the allies?

Mr. STONE. Mr. McCoy, the expert who sits by me here as a prompter, tells me that he has figured that the cost for negotiating all the loans to the allies would be about \$14,500,000.

Mr. POINDEXTER. Do I understand the Senator correctly to state that we are not to be reimbursed for any part of that by the allies?

Mr. STONE. I think not.

Mr. POINDEXTER. Mr. President, if the Senator will permit me, I want to say here that while I am heartily in favor of financial assistance to the allies to a most liberal extent, because it is our cause now that we are involved in the war, in these transactions inter-ally between ourselves there is no excuse whatever for the United States Government bearing that expense. The Government ought to be reimbursed for it. It may seem like a comparatively small sum when we are considering the total authorizations of these bills, but we know what we can do with \$14,000,000. I should like to have two or three millions of it to develop some irrigation enterprises in the West, and increase the food supply of the country—

Mr. STONE. Well, that is now mere pocket change.

Mr. POINDEXTER. And it should be either provided for altogether outside of the bonds that we receive from the allies, in an independent payment as the expense of the transaction, or else the interest on the bonds which we accept from the allies ought to be increased so as to provide for it in the ultimate payment.

Mr. SMITH of Georgia. Mr. President, will the Senator yield to me just a moment on that point?

Mr. STONE. Certainly.

Mr. SMITH of Georgia. So far it has cost us something over one-tenth of 1 per cent to dispose of bonds. If we go up to one-fifth or one-fourth, it would then make the cost to the Government of handling the bonds something over \$14,000,000 in a \$7,000,000,000 transaction.

Mr. STONE. Mr. President, I will say just a word in addition to what the Senator from Georgia has said on this point.

The United States is not generally engaged in the business of loaning money. That is no part of its business. It is making these advances to the allies as a matter of war emergency, as being in aid of the cause upon which this Nation is embarked, in common with the nations we are aiding. There is no need to extend my observations on that particular line, but, Mr. President, I think it is important to add this statement:

This money, these seven billions of dollars that we are raising by the sale of our bonds, is to establish credits for these foreign nations in the United States. The money is to be left here, and it will be expended here. It is not money that is taken from the United States. We do not turn over to them the gold to export to London or to Paris or to Rome. We establish credits here for them, and they draw upon those credits to meet expenditures they incur here in the United States in purchasing materials they need. Now, it is worth very much more than \$14,000,000 to the United States to have this money remain here in the way I have just stated instead of sending it abroad as a mere loan to Great Britain or France or Italy. To have this gold exported and put into the vaults of their treasuries would be a serious thing to us, and this Government, I assume, would not do that; for if they did, it might desperately embarrass the financial stability of our Government. So the money is kept here; and I think that that more than compensates for the pittance, so to speak—and it is a pittance when we consider the vast sums involved—the pittance that we are expending to sell the bonds and get the money to establish these credits.

Mr. POINDEXTER. Mr. President, the fact that they spend the money in the United States has no connection whatever with nor does it modify in any way at all the transaction of loaning them the money. They would spend this amount of money in the United States if they obtained the money from their own people instead of from the United States. The reason why they spend it in the United States is because the materials that they want to buy are in the United States. They spent their millions and billions in the United States before we



loaned them any money at all for the same reason; and in my judgment that circumstance does not in any way modify the situation between the two parties arising out of this loan. That is what it is. It is a loan of this amount of money by the Government of the United States to these allies; and purely for the sake of that loan, on account of it, and for no other reason, we issue our own bonds at an expense, as the Senator says, of \$14,000,000. Now, the Senator from Missouri says that is a mere pittance. That illustrates one of the dangers into which we fall, the danger of extravagance and of false appreciation of the value of money, when we talk about \$14,000,000 as being a mere pittance.

Mr. SHAFROTH. Mr. President, I should like to ask the Senator from Missouri a question for information. The Senator has referred several times to the securities which the allied countries will give to the United States for the repayment of this loan. Do I understand that they put up any collateral in addition to their own obligations?

Mr. STONE. No.

Mr. SHAFROTH. In the Senator's reference to securities, he means their own bonds?

Mr. STONE. I mean their bonds, exactly as provided for in the terms of the bill.

Mr. SHAFROTH. I thank the Senator.

Mr. STONE. Mr. President, I have occupied more time than I thought I would. I have been hammering away here for an hour and a little more, when I thought it would not take more than half that time. If agreeable to the Senate, I should like to proceed now to the consideration of the committee amendments.

The PRESIDING OFFICER (Mr. KENDRICK in the chair). The Secretary will proceed to read the bill for action on the amendments of the committee.

The Secretary proceeded to read the bill.

The first amendment of the Committee on Finance was, on page 2, line 1, after the words "United States," to insert "in addition to the \$2,000,000,000 bonds already issued or offered for subscription under authority of the act approved April 24, 1917, entitled 'An act to authorize an issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend credit to foreign governments, and for other purposes,'" so as to read:

That the Secretary of the Treasury, with the approval of the President, is hereby authorized to borrow, from time to time, on the credit of the United States for the purposes of this act, and to meet expenditures authorized for the national security and defense and other public purposes authorized by law, not exceeding in the aggregate \$7,538,945,460, and to issue therefor bonds of the United States, in addition to the \$2,000,000,000 bonds already issued or offered for subscription under authority of the act approved April 24, 1917, entitled "An act to authorize an issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend credit to foreign governments, and for other purposes."

Mr. KING. Mr. President, will the Senator from Missouri permit me to make an inquiry here? I presume it is the purpose of the Secretary of the Treasury to call in the two billions of bonds heretofore issued under the act of April 24, 1917, and to issue new bonds, bearing an increased rate of interest.

Mr. STONE. They can be converted into bonds at a higher rate of interest. If the Senator will turn to the section of the act—

Mr. KING. As I understand the situation, under the act of April, 1917, the bonds that were issued could be converted, and if there was a subsequent issue of bonds the issue would be subject of course to the terms of that issue; and this bill merely perpetuates that provision.

Mr. STONE. It perpetuates the right given by that act. I was looking for the provision in the act of April 24, but it is in substance what the Senator has said.

Mr. KING. I have had no opportunity to read the bill except since the Senator from Missouri began discussing it.

Mr. STONE. The Government does not call in the \$2,000,000,000 of 3½ per cent bonds issued under the act of April 24, but they are entitled to be converted at the option of the holders into bonds bearing a higher rate of interest.

Mr. KING. While I am on my feet, although it is not germane to the matter to which I just invited the Senator's attention, I should like to ask him why it was that the Government did not in some other way take care of the \$150,000,000 referred to in the report as bonds authorized by the joint resolution of March 4, 1917, for naval purposes? In other words, why was not that amount carried in the appropriation bill and treated as other expenditures are treated for war and naval purposes, transferring it from the bond column to the

war-expense column, if those terms may be properly employed to distinguish the matter?

Mr. STONE. The bonds have not been sold to get the money to meet the appropriation, and it has been thought wise since we were issuing these bonds under this act to have them all issued under the same terms, because there might be found difficulty in sending out different kinds of bonds when offering the bonds provided for in this bill to have different denominations with different dates of maturity and different rates of interest. The idea was to consolidate them.

Mr. KING. If the Senator will pardon me, in view of the fact that those bonds have not been issued, it occurs to me the wiser and better way of handling the subject, in view of the fact that an appropriation bill will, I understand, soon come before us, would have been to make an appropriation of \$150,000,000 to be met by taxation.

Mr. STONE. I think it has been appropriated for.

Mr. SMITH of Georgia. It has been appropriated.

Mr. KING. And then treat it as a part of the expenditures of the Government, and not issue any bonds under this provision, but repeal that provision of the act which authorizes the issuance of \$150,000,000 of bonds.

Mr. LA FOLLETTE. And meet it by taxation.

Mr. KING. And meet it by taxation instead of by a bond issue.

Mr. STONE. That would be one way of doing it, but the proposal here is to issue bonds so as to meet the appropriation. It was intended when the \$150,000,000 was first authorized in the joint resolution that the appropriation should be met by the sale of bonds, and that idea is contained here.

Mr. KING. This is not the proper occasion to make the observation, but it seems to me that it would have been the part of wisdom and a wiser financial policy to have treated that item as well as one or two other items referred to in the bill and the report submitted by the committee in a different manner and to have provided to meet them by taxation instead of by bond issues.

Mr. BRADY rose.

Mr. STONE. Does the Senator from Idaho desire to ask me a question?

Mr. BRADY. I desire to ask the Senator in charge of the bill whether or not the \$2,000,000,000 of bonds that have already been issued must be exchanged and called in, or whether the parties holding the bonds simply have the privilege of exchanging them?

Mr. STONE. I have just stated that they are not to be called in, but they may be converted into these 4 per cent bonds, or any other future issue of bonds, at a higher rate of interest at the option of the holder.

Mr. BRADY. It is at the option of the holder whether he exchanges for new bonds or retains the old bonds?

Mr. STONE. He can exchange them as they mature, if he wishes it, or he can exchange for new bonds of a later period.

Mr. BRADY. That was the information I desired.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee on page 2.

The amendment was agreed to.

The next amendment was in section 1, page 2, line 10, before the word "bonds," to insert "unissued"; in line 13, before the word "bonds," to insert "unissued"; in line 16, before the word "bonds," to insert "unissued"; and in line 18, before the word "bonds," to insert "unissued," so as to make the proviso read:

Provided, That of this sum \$3,063,945,460 shall be in lieu of that amount of the unissued bonds authorized by sections 1 and 4 of the act approved April 24, 1917, \$225,000,000 shall be in lieu of that amount of the unissued bonds authorized by section 39 of the act approved August 5, 1909, \$150,000,000 shall be in lieu of the unissued bonds authorized by the joint resolution approved March 4, 1917, and \$100,000,000 shall be in lieu of the unissued bonds authorized by section 400 of the act approved March 3, 1917.

The amendment was agreed to.

Mr. LA FOLLETTE. Mr. President, just that there may be no misunderstanding, I wish to inquire if the bill is now being considered for committee amendments, and if after the committee amendments have been disposed of the bill will then be open in all its sections and parts for such amendments as individual Senators may choose to offer?

Mr. SMITH of Georgia. Undoubtedly.

Mr. LA FOLLETTE. I had no doubt that was the understanding, but I wanted to be sure of it.

The PRESIDING OFFICER. That was the order of the Senate.

Mr. SMITH of Georgia. By unanimous consent, the formal reading of the bill was dispensed with and the amendments of the committee were to be considered as reached.



Mr. LA FOLLETTE. I was called off the floor just at the time consent was given, and I wanted to be quite sure.

Mr. BRADY. The bill will then be perfected as far as committee amendments are concerned, and it will then be open to any amendment any Senator may desire to offer.

The Secretary continued the reading of the bill, and read the next paragraph, as follows:

The bonds herein authorized shall be in such form or forms and denomination or denominations and subject to such terms and conditions of issue, conversion, redemption, maturities, payment, and rate or rates of interest, not exceeding 4 per cent per annum, and time or times of payment of interest as the Secretary of the Treasury from time to time at or before the issue thereof may prescribe. The principal and interest thereof shall be payable in United States gold coin of the present standard of value.

Mr. SHAFROTH. Mr. President, I wish to ask the Senator from Georgia, who has charge of the bill now, whether there was any consideration given to the exact phraseology here? It seems to me that it is inaccurate. The bankers always used, when agitation was on as to payable in gold, to say, "Payable in gold coin of the United States of the present weight and fineness." That is actually correct. There is no such thing as a standard of value of gold or anything else, because gold, measured in everything else in the world, varies from day to day, and particularly has it varied in the last year or two. I presume that language was suggested by the Treasury Department, was it not?

Mr. SMITH of Georgia. I do not know that that particular language was the subject of consideration; at least, it was not in my presence.

Mr. SHAFROTH. I do not desire to move an amendment, but it does seem to me that the accurate language would be "gold coin of the present weight and fineness" instead of "value," because value is a relative thing which changes continually. However, I have no amendment to offer.

The reading of the bill was continued.

The next amendment was, in section 2, page 4, line 11, after the word "act," to insert "or of such act approved April 24, 1917," so as to read:

SEC. 2. That for the purpose of more effectually providing for the national security and defense and prosecuting the war, the Secretary of the Treasury, with the approval of the President, is hereby authorized, on behalf of the United States, to establish credits with the United States for any foreign governments then engaged in war with the enemies of the United States; and, to the extent of the credits so established from time to time, the Secretary of the Treasury is hereby authorized to purchase, at par, from such foreign governments respectively their several obligations hereafter issued, bearing such rate or rates of interest, maturing at such date or dates, not later than the bonds of the United States then last issued under the authority of this act, or of such act approved April 24, 1917, and containing such terms and conditions as the Secretary of the Treasury may from time to time determine, or to make advances to or for the account of any such foreign governments and to receive such obligations at par for the amount of any such advances; but the rate or rates of interest borne by any such obligations shall not be less than the highest rate borne by any bonds of the United States which, at the time of the acquisition thereof, shall have been issued under authority of said act approved April 24, 1917, or of this act, and any such obligations shall contain such provisions as the Secretary of the Treasury may from time to time determine for the conversion of any such obligations into obligations bearing a higher rate of interest if bonds of the United States issued under authority of said act approved April 24, 1917, or of this act, shall be converted into other bonds of the United States bearing a higher rate of interest, but the rate of interest in such foreign obligations shall not be less than the highest rate of interest borne by such bonds of the United States; and the Secretary of the Treasury, with the approval of the President, is hereby authorized to enter into such arrangements from time to time with any such foreign governments as may be necessary or desirable for establishing such credits and for the payment of such obligations of foreign governments before maturity.

The amendment was agreed to.

The next amendment was, in section 3, page 6, line 15, after the word "prescribe," to insert "but the rate or rates of interest borne by any such obligations shall not be less than the highest rate borne by any bonds of the United States which, at the time of the acquisition thereof, shall have been issued under authority of said act approved April 24, 1917, or of this act," so as to read:

SEC. 3. That the Secretary of the Treasury is hereby authorized, from time to time, to exercise in respect to any obligation of foreign governments acquired under authority of this act or of said act approved April 24, 1917, any privilege of conversion into obligations bearing interest at a higher rate provided for in or pursuant to this act or said act approved April 24, 1917, and to convert any short-time obligations of foreign governments which may have been purchased under the authority of this act or of said act approved April 24, 1917, into long-time obligations of such foreign governments, respectively, maturing not later than the bonds of the United States then last issued under the authority of this act or of said act approved April 24, 1917, as the case may be, and in such form and terms as the Secretary of the Treasury may prescribe; but the rate or rates of interest borne by any such obligations shall not be less than the highest rate borne by any bonds of the United States which, at the time of the acquisition thereof, shall have been issued under authority of said act approved April 24, 1917, or of this act; and under such terms and conditions as he may from time to time prescribe, etc.

Mr. STONE. Let that amendment be passed over for the present.

The VICE PRESIDENT. The amendment will be passed over temporarily.

The next amendment was, on page 7, line 2, after the word "obligations," to strike out "at not" and insert "(but not at"; and in line 3, after the word "interest," to insert "unless otherwise hereafter provided by law)," so as to read:

and, under such terms and conditions as he may from time to time prescribe, to receive payment, on or before maturity, of any obligations of such foreign governments acquired on behalf of the United States under authority of this act or of said act approved April 24, 1917, and, with the approval of the President, to sell any of such obligations (but not at less than the purchase price with accrued interest unless otherwise hereafter provided by law), and to apply the proceeds thereof, and any payments so received from foreign governments on account of the principal of their said obligations, to the redemption or purchase, at not more than par and accrued interest, of any bonds of the United States issued under authority of this act or of said act approved April 24, 1917; and if such bonds can not be so redeemed or purchased the Secretary of the Treasury shall redeem or purchase any other outstanding interest-bearing obligations of the United States which may at such time be subject to redemption or which can be purchased at not more than par and accrued interest.

The amendment was agreed to.

The next amendment was, in section 4, page 7, line 22, after the words "and in," to insert "offering for subscription"; on page 8, line 7, after the words "German Government," to strike out, in parentheses, the words "(the date of such termination to be fixed by proclamation of the President of the United States)"; and in line 16, after the word "prescribed," to strike out "The bonds to be issued upon such conversion shall be in such form or forms, and subject to such terms and conditions of redemption, conversion, and maturity of principal, and of interest, and otherwise, as the Secretary of the Treasury shall prescribe in or pursuant to the convertible bonds, and such bonds shall be issued from time to time if and when and to the extent that the privilege of conversion so conferred shall arise and shall be exercised," and insert: "The bonds to be issued upon such conversion under this act shall be substantially the same in form and terms as shall be prescribed by or pursuant to law with respect to the bonds of such subsequent series, not only as to interest rate but also as to convertibility (if future bonds be issued at a still higher rate of interest) or nonconvertibility, and as to exemption from taxation, if any, and in all other respects, except that the bonds issued upon such conversion shall have the same dates of maturity, of principal, and of interest, and be subject to the same terms of redemption before maturity, as the bonds converted; and such bonds shall be issued from time to time if and when and to the extent that the privilege of conversion so conferred shall arise and shall be exercised. If the privilege of conversion so conferred under this act shall once arise, and shall not be exercised with respect to any convertible bonds within the period so prescribed by the Secretary of the Treasury, then such privilege shall terminate as to such bonds and shall not arise again though again thereafter bonds be issued bearing interest at a higher rate or rates," so as to make the section read:

SEC. 4. That in connection with the issue of any series of bonds under the authority of section 1 of this act the Secretary of the Treasury may determine that the bonds of such series shall be convertible as provided in or pursuant to this section, and, in any such case, he may make appropriate provision to that end in offering for subscription the bonds of such series (hereinafter called convertible bonds). In any case of the issue of a series of convertible bonds, if a subsequent series of bonds (not including United States certificates of indebtedness, war savings certificates, and other obligations maturing not more than five years from the issue of such obligations, respectively) bearing interest at a higher rate shall, under the authority of this or any other act, be issued by the United States before the termination of the war between the United States and the Imperial German Government, then the holders of such convertible bonds shall have the privilege, at the option of the several holders, at any time within such period, after the public offering of bonds of such subsequent series, and under such rules and regulations as the Secretary of the Treasury shall have prescribed, of converting their bonds, at par, into bonds bearing such higher rate of interest at such price not less than par as the Secretary of the Treasury shall have prescribed. The bonds to be issued upon such conversion under this act shall be substantially the same in form and terms as shall be prescribed by or pursuant to law with respect to the bonds of such subsequent series, not only as to interest rate but also as to convertibility (if future bonds be issued at a still higher rate of interest) or nonconvertibility, and as to exemption from taxation, if any, and in all other respects, except that the bonds issued upon such conversion shall have the same dates of maturity, of principal, and of interest, and be subject to the same terms of redemption before maturity as the bonds converted; and such bonds shall be issued from time to time if and when and to the extent that the privilege of conversion so conferred shall arise and shall be exercised. If the privilege of conversion so conferred under this act shall once arise, and shall not be exercised with respect to any convertible bonds within the period so prescribed by the Secretary of the Treasury, then such privilege shall terminate as to such bonds and shall not arise again though again thereafter bonds be issued bearing interest at a higher rate or rates.

The amendment was agreed to.



The next amendment was, in section 7, page 12, line 4, before the word "interest," to strike out "For the purpose of this act the" and insert "The," so as to make the section read:

Sec. 7. That none of the bonds authorized by section 1, nor of the certificates authorized by section 5, or by section 6, of this act, shall bear the circulation privilege. All such bonds and certificates shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (a) estate or inheritance taxes, and (b) graduated additional income taxes, commonly known as surtaxes, and excess profits and war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations. The interest on an amount of such bonds and certificates the principal of which does not exceed in the aggregate \$5,000, owned by any individual, partnership, association, or corporation, shall be exempt from the taxes provided for in subdivision (b) of this section.

The amendment was agreed to.

The reading of the bill was continued to the end of section 8.

Mr. BRADY. Mr. President, I should like to ask the Senator in charge of the bill a question relative to section 9, on page 13.

Mr. STONE. Let the section be first read, Mr. President.

Mr. BRADY. Very well; let the section be read.

The VICE PRESIDENT. The section will be read.

The Secretary read section 9, as follows:

Sec. 9. That in connection with the operations of advertising, selling, and delivering any bonds, certificates of indebtedness, or war-savings certificates of the United States provided for in this act, the Postmaster General, under such regulations as he may prescribe, shall require, at the request of the Secretary of the Treasury, the employees of the Post Office Department and of the Postal Service to perform such services as may be necessary, desirable, or practicable, without extra compensation.

Mr. BRADY. Mr. President, this section proposes to give a rather unusual authority to the Postmaster General, and it will bring into the service of the United States for the purpose of disposing of these bonds a very large force of men. I am wondering if that will not materially reduce the cost of selling the bonds.

Mr. SMOOT. Mr. President, the question of authorizing, under regulations to be made by the Postmaster General, the selling of bonds and the receiving of moneys for the sale of these bonds by the postmasters, will, of course, lessen the cost of the sale and distribution of the bonds. I will say to the Senator from Idaho that, in fixing the amount of expenses provided for, that matter has been taken into consideration. Further, it will only happen in sales of bonds of small denominations and of the war-savings bonds. It may happen in other instances, however; but in order that these war-savings bonds may be distributed throughout the country as widely as possible—and they will be in small denominations—some way had to be provided to sell the same to the purchaser with as little expense as possible. Under this provision, all that any person would have to do would be to go to a post office, subscribe for, say, a \$5 war-savings bond, or a \$10 one, or any other amount not to exceed \$1,000, and the postmaster can sell it to him and deliver it to him, and receive the money in exchange for it.

Mr. BRADY. This section places at the disposal of the Secretary of the Treasury, through the Postmaster General, all the employees of the Post Office Department and of the Postal Service in the United States.

Mr. SMOOT. That is correct.

Mr. BRADY. Can the Senator from Utah indicate about how many employees that would mean who would assist in the disposition of these bonds?

Mr. STONE. It would be all of them.

Mr. SMOOT. I should think there would be 40,000 or more.

Mr. BRADY. And the committee took that matter into consideration in figuring the cost of the sale of the bonds?

Mr. SMOOT. It did.

Mr. BRADY. And the committee feels that it would require one-fourth of 1 per cent to dispose of the bonds, including the services of these 40,000 employees?

Mr. SMOOT. Yes; and I will say to the Senator that in some foreign countries it has taken a great deal more than that, especially in the later sales of bonds. It would not have taken that much, and it did not take that much, for the first sale of bonds in the United States, but this legislation covers what will no doubt be three campaigns for the sale of bonds and certificates. We are now providing for that; and I am sure the Senator from Idaho will agree with me that after every campaign which passes the next campaign will be a little more expensive, and it will be a little harder to secure subscriptions for the bonds. The amount which we provide for here is to cover the sale of all of the bonds and all of the short-time and war-savings certificates that it is intended to issue during the fiscal year ending June 30, 1918.

Mr. BRADY. Referring to the one-fourth of 1 per cent for the selling of the bonds, if I read this bill correctly, it provides

for one-fourth of 1 per cent on this entire \$7,000,000,000 of bonds?

Mr. SMOOT. No matter what the amount of bonds may be, still if it is \$7,000,000,000 it is one-fourth of 1 per cent on \$7,000,000,000. If hereafter we provide for additional bonds, of course we shall have to provide for the same amount for advertising and selling of those bonds. But there is provided in the bill one-fourth of 1 per cent upon the sale of the bonds and one-twentieth of 1 per cent on the short-time certificates.

Mr. STONE. Mr. President, supplementing what the Senator from Utah [Mr. SMOOT] has very clearly said, which I think ought to be satisfactory to the Senator from Idaho [Mr. BRADY], I will read an extract from the statement of the Secretary of the Treasury which was made before the Committee on Ways and Means of the House of Representatives:

The cooperation of the Postmaster General and of the Post Office Department will be enlisted in connection with the financing of the war, particularly in the campaign for the sale of war-savings certificates, as the Post Office provides the United States with a representative in every community, whose services should be availed of in this connection. Similarly the assistance of numerous committees, agencies, and special assistants must be availed of in connection with the operations under the proposed act.

Mr. BRADY. Mr. President, I do not want to be understood as in any way antagonizing the issuance of these bonds or unduly criticizing the action of the committee. My only thought in making these suggestions is that it seems to me we have really provided an excessive amount for the sale of the bonds.

Mr. STONE. I will suggest to the Senator that we will come to that a little bit later.

Mr. BRADY. If I am mistaken in that, I am ready to be convinced. I desire in every way possible to assist, not only in the passage of this bill, but in the sale of the bonds at a reasonable cost.

Mr. STONE. I am sure of that; but the Senator is not discussing the particular clause of the bill relating to that, but he is discussing another question.

Mr. BRADY. But it has a bearing on that clause.

Mr. STONE. It does in a sense have a bearing upon it; but I wish to say to the Senator from Idaho that these war certificates—as no doubt he is well advised, being a very diligent and industrious Senator, and therefore has read the bill—are issued in a way through the Post Office Department. The postmasters sell the stamps to the people who desire to make investments of that kind, and it is entirely proper, it seems to me—I can not see how there can be any objection to it—to invoke the aid of all the postmasters and other people in furthering that project.

Mr. BRADY. It is a splendid thought, and good business; but I have been wondering, if availing ourselves of the services of these 40,000 employees might not enable us to reduce the amount we are providing to pay in this bill for negotiating the bonds.

Mr. SMOOT. I will say to the Senator that it is expected to distribute the war-savings bonds in denominations perhaps as low as \$5. England does the same thing; she has bonds of as low denomination as £1, which is equal to our \$5.

The Senator from Idaho knows that in order to get that kind of a bond engraved and ready for distribution, then to find a purchaser, and to provide that the money is to be paid in installments—because that is what we are going to provide under the regulations of the Treasury Department—it would be absolutely impossible to hire people to do the work necessary, for it would take nearly all, if not all, of what would be received from the sale of the bonds to pay for performing the work. So it is proposed to take this means of having that class of bonds sold to the people.

Mr. BRADY. I am not discussing at all the question of the warrants on savings certificates; I am talking merely of bond issues and the one-fourth of 1 per cent. I think one-twentieth of 1 per cent on the amount of the certificates in selling them is very reasonable. The only question I am raising is as to one-fourth of 1 per cent for the selling of the regular bonds. However, I will say nothing further on the subject at the moment, but when we come to that clause I desire to discuss the matter more at length, for I think we should thoroughly understand it at this time.

Mr. SMOOT. Then I shall not say anything further about it now.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, in section 10, page 13, line 22, after the word "exceeding," to strike out "one-seventh" and to insert "one-fourth," so as to read:

Sec. 10. That in order to pay all necessary expenses, including rent, connected with any operations under this act, except under section 12, a sum not exceeding one-fourth of 1 per cent of the amount of bonds and war-savings certificates.



The VICE PRESIDENT. The amendment is agreed to, without objection.

Mr. KING. Mr. President—

The VICE PRESIDENT. The Chair will wait to see if there is any objection.

Mr. BRADY. Mr. President, at this point I want to discuss the amendment, and if it is the proper place to offer an amendment to it.

Mr. STONE. I do not know exactly what the Senator from Idaho has in mind, but he said a moment ago that when we reached the point we have now reached, he desired to make some observations.

Mr. BRADY. On line 23, page 13, where the committee propose to insert "one-fourth of 1 per cent," at the proper time I desire to offer an amendment. Is it proposed that we shall perfect the bill now? Shall I offer my amendment afterward or shall I offer it at this time, Mr. President?

The VICE PRESIDENT. The Chair had announced that the amendment was agreed to without objection. The Chair waited and heard no objection.

Mr. STONE. Mr. President, I ask unanimous consent that the agreement to the committee amendment may be reconsidered.

The VICE PRESIDENT. Without objection, the vote whereby the amendment of the committee was agreed to is reconsidered. The amendment is now open for amendment or for discussion.

Mr. SMOOT. Mr. President, I wish the Senator would withhold his amendment for a moment, in order that I may make a brief statement.

Mr. BRADY. I will be glad to do so.

Mr. SMOOT. Mr. President, the act of April, 1916, allowed one-tenth of 1 per cent for the expenses for the sale of liberty bonds. It developed that one-tenth of 1 per cent was not enough to pay the expenses if all the work had not been donated, although that was the first issue of bonds and the effort was made to make it popular with the people. There was not a single dollar paid for advertising purposes in newspapers, magazines, farm journals, and other publications for the purpose of selling those bonds. The services of the press in that respect were given voluntarily. When, however, we stop to think that every billion dollars of bonds issued requires 4,000,000 engraved bonds, each one of which costs upon an average from 14 to 15 cents, and when we stop to consider the expense to which the Government will be put in order to place the next \$4,000,000,000 loan, I am quite sure that there must be provided for expenses in connection with the sale of the bonds the amount provided by the Senate committee.

Mr. STONE. It is proposed to issue more than \$4,000,000,000 of those securities.

Mr. SMOOT. I will explain what I mean by using the phrase "the next \$4,000,000,000 loan." I do not think the Secretary of the Treasury at any one time will undertake to sell more than \$4,000,000,000 worth of Government obligations. The amount that we will have to raise for the year no doubt will be offered in three or four campaigns. It is absolutely necessary that that course be followed, because it would upset trade in the United States if we undertook to shift credits to the amount of, say, \$8,000,000,000 at one time. We must take into consideration the fact that whenever one campaign closes and another campaign is undertaken, the preliminary expenses attaching to the first campaign must be again incurred.

Mr. BRADY. What is the necessity for having so many campaigns?

Mr. SMOOT. I will say to the Senator that we are compelled on account of business conditions to provide for successive campaigns. We can not take \$11,000,000,000 out of the regular channels of trade and transfer that amount from one section of the country to another without upsetting business in the country; it can not be done.

Mr. BRADY. How many bonds did we place in the first issue?

Mr. SMOOT. We placed \$2,000,000,000 of liberty-loan bonds, and we sold short-time certificates to cover loans to foreign countries to the amount of something over \$2,000,000,000.

Mr. BRADY. How much was the \$2,000,000,000 bond offering oversubscribed?

Mr. SMOOT. In the first campaign, Mr. President, the bonds were oversubscribed by something like 50 or 60 per cent.

Mr. BRADY. That would mean that applications were received for \$4,000,000,000 of bonds at the time \$2,000,000,000 were asked for.

Mr. SMOOT. No; not for \$4,000,000,000, but three billion and some odd-hundred million dollars. I have not the exact figures before me at the moment, but the subscriptions amounted to

over \$3,000,000,000. I will say to the Senator that the great proportion, not of the number of subscribers, but of the money subscribed came from the money centers of the country, from the banks. It is very doubtful whether the banks can make such an investment in the second, the third, or the fourth campaign as they did in the first; in fact, I know the Western banks can not do so. I know that they took from their capital, in purchasing the first issue of bonds, all that they could possibly take and remain on the safe side. Therefore every effort must be made to see that the bonds to be issued under this bill shall be distributed, if possible, in every home in the country. England not only has short-time certificates and war-savings bonds, but she provides five different characters of Government obligations for sale in small denominations.

Mr. KING. And Germany issues securities in small denominations also in order to popularize her loans.

Mr. SMOOT. As the campaigns succeed one another it will become increasingly harder to sell the bonds or the certificates of indebtedness. That has been the experience of foreign countries and it will be our experience.

Mr. President, on September 13 the Secretary of the Treasury addressed a letter to the Hon. WILLIAM J. STONE, acting chairman of the Finance Committee, United States Senate, in which he makes this statement in relation to the cost of the sale of bonds:

In view of the very limited appropriation carried by the act of April 24, it was necessary for me to limit the amount allotted to each Federal reserve bank for the expenses in its district and to require the banks to make their calculations on that limited basis. The Federal reserve banks, however, in view of this limited allotment were compelled to seek voluntary services. For instance, the Federal reserve bank of New York was required to have two or three hundred men in its clerical force and there was no adequate means of paying for such a force. The situation was met by banks and investment houses patriotically donating the services of their own clerks and employees for the period of the campaign. These men entered the service of the Federal reserve bank and the liberty-loan committees at the expense of their employers. In my judgment the repetition of this should not be thought of. The bankers will, of course, gladly give their own services again, but they should not be asked to pay the salaries of their clerks and employees who are engaged in the Government service. Aside from the fact that to do that is neither fair nor right, it is not conducive to the greatest efficiency because it is impossible for the Federal reserve banks to build up thoroughly effective organizations if in large measure they are limited to the services of volunteers during the period of the greatest pressure.

The banks of this country distributed millions of circulars.

Mr. BRADY. Will they not do so again?

Mr. SMOOT. I presume they will do so again; I have no reason to doubt that they will; but the banks of this country, Mr. President, paid even the postage upon the circulars. The Senator may ask, "Well, will they not do it again?"

Mr. BRADY. They will be just as loyal in the future as they have been in the past.

Mr. SMOOT. I think perhaps they will; but the Secretary of the Treasury feels that it will be impossible to bring about the efficiency necessary to secure sale of these bonds in the future unless he is given sufficient money to perfect an organization which he can absolutely control.

Mr. BRADY. I am perfectly willing to give the Secretary of the Treasury any organization which he may need for the selling of these bonds; but I do not want to create a great fund that will be spent extravagantly or unnecessarily. If we hold the amount down to a reasonable and proper limit, it will be spent more judiciously than if we place a great fund at the command of the Secretary of the Treasury—for certainly he can not have the time to oversee all of these details—but in the hands of men who have had no more business experience than the bankers of this country.

Mr. SMOOT. I am in sympathy, Mr. President, with what the Senator has just said; but I must call his attention to the fact that it would be disastrous to our country if we undertook to sell \$4,000,000,000 of bonds at this time, when all of the allies are depending upon us for assistance, and should fail in the sale of the same.

Mr. BRADY. It would certainly be a great disaster in itself; but it is one that I never expect to see in America.

Mr. SMOOT. It would not only be a disaster to our own cause and to our own country, but it would have a depressing effect upon the other nations engaged in the war with us.

Mr. STONE. We will have to place more than \$4,000,000,000 of bonds.

Mr. SMOOT. I have stated what the result would be even in case a \$4,000,000,000 issue should fail.

Mr. BRADY. Mr. President, if the Senator will permit me to ask him a question, I observe that the committee of the House placed the amount at a sum not exceeding one-seventh of 1 per cent per annum.

Mr. SMOOT. Yes.

Mr. BRADY. They had facilities for securing information, did they not, and does the Senator not think that they gave the



matter careful and serious consideration? Does he not believe that when they wrote "one-seventh of 1 per cent" in the bill they did it after very thorough and complete investigation?

Mr. SMITH of Georgia. And when we wrote "one-fourth of 1 per cent" we did the same.

Mr. SMOOT. I think that the House committee considered the question of expense when they provided a fund of one-seventh of 1 per cent for the selling of the bonds, and I think that they gave equal consideration, perhaps, when they provided one-tenth of 1 per cent for the sale of the short-time certificates. The Senator will notice that the Committee on Finance of the Senate has changed that "one-tenth" to "one-twentieth." I frankly say to the Senator that it is not going to cost one-twentieth of 1 per cent or anything like that amount to place the short-time certificates. Such certificates are placed generally with the banks. The most that is required is for the Secretary of the Treasury to go to Chicago or to New York or write a letter asking the banks to take, say, \$200,000,000 of these certificates, payable in four months or six months, as the case may be, and they are sold. It costs very little to do that. The House provided that the percentages allowed for the expense of selling the different kinds of securities should not be interchangeable; or, in other words, if one-tenth of 1 per cent provided for in the House bill for the sale of short-time certificates should be twice or three times or four times what was needed, that balance unexpended could not be used for the sale of bonds or for the sale of other certificates provided for in the bill. Your committee has stricken out that provision; we have amended the bill by making the allowance for the sale of certificates one-twentieth of 1 per cent, instead of one-tenth of 1 per cent, and making the allowance for the sale of bonds one-fourth of 1 per cent, instead of one-seventh of 1 per cent.

I wish to say to the Senator that if it does not take one-fourth of 1 per cent to cover the expense in connection with the sale of the bonds, the money will not be taken from the Treasury of the United States; but, so far as your committee are concerned, they did not want to run the risk of having the Secretary of the Treasury in the midst of a campaign, whether it be the second or the third one, fall short of sufficient money in order to make the bond issue a success.

Mr. BRADY. Mr. President, I understand from what the Senator says—

Mr. LA FOLLETTE. Mr. President—

The PRESIDING OFFICER (Mr. POMERENE in the chair). Does the Senator from Idaho yield to the Senator from Wisconsin?

Mr. BRADY. I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. If the Senator from Idaho will yield to me for a moment, I think perhaps that the attention of the Senate should be called to the fact that as this bill was prepared by the Treasury Department and submitted to the House it provided for one-fifth of 1 per cent as the amount that would be sufficient to carry on and conduct the campaign which the Secretary of the Treasury contemplated in order to bring about the sale of the bonds, and one-tenth of 1 per cent for the creation of a fund out of which to negotiate the sale of the Treasury certificates.

Mr. President, the Secretary of the Treasury appeared before the Ways and Means Committee of the House and presented his argument for the allowance of the rates stated—that is, one-tenth of 1 per cent for negotiating the Treasury certificates and one-fifth of 1 per cent for providing a fund sufficient to carry on the campaign to sell the bonds. The Ways and Means Committee cut down the Treasury estimate of the amount required to negotiate the sale of the bonds from one-fifth to one-seventh. When the bill came to the Senate and was referred to the Committee on Finance the Secretary appeared before the Committee on Finance, and I am sure I state the import of what he said when I say that he urged upon the Committee on Finance the advisability of giving to him the rate per cent which he had recommended in the bill as prepared and submitted to the Committee on Ways and Means of the House.

Mr. President, I think it is fair that the Senate should understand that at no time in the hearings before the Senate committee did the Secretary of the Treasury ever suggest the increase of the amount to one-fourth of 1 per cent. He did say, in response to interrogatories propounded to him, that one-fifth of 1 per cent would enable him to conduct such a campaign as he had conducted for the sale of the two billions of bonds, at which time, outside of the ordinary methods employed, there had been quite a large amount of circularization, printing of advertisements to be hung up in various places where they would receive the attention of the public; bill-board advertising, street-car advertising, and window advertising; and the Secretary of the

Treasury did say that he could conduct a like campaign if he were given one-fifth of 1 per cent.

There has been some talk about the Capitol of inaugurating in the next bond sale what is known as a newspaper-advertising campaign; and the Committee on Finance was appealed to by the representative of a large number of newspapers, who was here for the purpose of securing a large appropriation for conducting a paid newspaper-advertising campaign that would run into the millions. He sought a hearing before the Committee on Finance. That was denied, and there was some discussion in the committee as to the propriety of having any such advertising campaign conducted by the newspapers. The Secretary of the Treasury stated to the committee that he had not yet become convinced either as to the wisdom of the policy or as to the necessity of entering upon a widespread newspaper-advertising campaign.

Mr. POMERENE. Mr. President—

Mr. LA FOLLETTE. I will ask the Senator to pardon me for just a moment. While he said, Mr. President, that it might be found desirable or necessary to pay the newspapers for advertising the sale of the next bond issue he was not himself convinced that such a policy would be either wise or necessary.

The PRESIDING OFFICER (Mr. HUSTING in the chair). Does the Senator from Wisconsin yield to the Senator from Ohio?

Mr. LA FOLLETTE. Please let me proceed for a moment, if I am not trespassing too much upon the time of the Senator from Idaho.

Mr. BRADY. Not at all. I shall be glad to have the Senator conclude his statement.

Mr. POMERENE. I will not interrupt just now.

Mr. LA FOLLETTE. But the Secretary of the Treasury did say, in response to a question I asked him—in the course of stating the question I said that I did not believe it was wise public policy to enter upon a general newspaper-advertising scheme for the sale of these bonds—that while he had not made up his mind that such a campaign would be wise, one-fifth of 1 per cent would enable him to pay the expenses of the campaign which he contemplated making, and to use some newspaper advertising if he should find that it was necessary, but not to conduct a widespread general newspaper advertising for the sale of these bonds. He said, furthermore, that he believed that if such a policy were entered upon at all every newspaper in the United States ought to be given advertising; there ought not to be any discrimination.

Senators can readily see the reason for that without my going into it. The distribution of two or three million dollars among the newspapers of this country by an administrative officer raises questions of a grave character, unless by the terms of the law there is no discretion invested in the administrative officer as to where these favors are to be bestowed.

Mr. President, in the committee I took the position, and I take it here, that for the bond issue provided here I think the Secretary of the Treasury should be provided with all of the means required for the conduct of the campaign, as it is called, for negotiating the sale of these bonds, outside of entering upon this plan of—I will not say subsidizing—but this plan of nationwide newspaper advertising.

Furthermore, there is just one more thought, and then I will yield the floor back to the Senator from Idaho again, with my apologies for having kept it so long.

Mr. BRADY. I have no objection at all to the Senator proceeding.

Mr. LA FOLLETTE. That is this: I put this proposition to the Secretary—that as Congress, even if it adjourned, would meet again in December, and as the Secretary stated, in response to a question propounded to him by me, that but one campaign could be prosecuted for the sale of bonds between now and December, if the amount which he had first determined upon as ample for taking care of the negotiation of these bonds, to wit, one-fifth of 1 per cent, proved for any reason to be insufficient, he would have plenty of time at the convening of Congress in December to ask an additional appropriation. Notwithstanding this testimony presented by the Secretary of the Treasury, the committee, upon a divided vote, wrote into this bill one-fourth of 1 per cent instead of one-fifth of 1 per cent as the amount that should be allowed for negotiating the sale of these bonds and carrying forward the campaign.

Mr. BRADY. And I understand from the statement of the Senator from Wisconsin that the Committee on Finance had no direct statement from the Secretary of the Treasury recommending one-fourth of 1 per cent instead of one-fifth of 1 per cent.



Mr. LA FOLLETTE. That is true, Mr. President. In his hearing before the committee the Secretary of the Treasury at no time mentioned a figure higher than one-fifth of 1 per cent.

Mr. BRADY. Mr. President, I notice in a statement that has been issued, quoting from the Secretary of the Treasury, that the Secretary says:

I think any investment banker will say that to sell a great mass of securities requiring an intensive campaign like these Government issues require at a cost of not exceeding one-fifth of 1 per cent is a very large achievement.

In other words, he seems here to have based his statement upon the recommendation of one-fifth of 1 per cent; but since the committee have considered this matter, and have decided that they feel that it should be one-fourth of 1 per cent, I am not going at this time to raise objections to that particular amount. I do believe, however, that a part of this amount should be spent for newspaper advertising, and I am now going to offer an amendment along those lines.

The Secretary of the Treasury said before the Finance Committee:

I have felt all along, I am perfectly frank to say, that if the Government entered upon a campaign of advertising in the newspapers it ought to pay for it at reasonable rates, because the only commodity the newspapers have is advertising, and we ought not to ask them to give it for nothing any more than to ask the steel mills to give their product for nothing or the farmers to give their produce to the Government for the purposes of the war. We did not enter upon a paid campaign of advertising. Everything of that sort was done by voluntary subscription and voluntary effort.

Mr. POMERENE. Mr. President, may I ask whose statement it is that the Senator is reading?

Mr. BRADY. It is the statement of the Secretary of the Treasury.

Continuing, the Secretary of the Treasury says:

It is impossible for me to make any sort of accurate estimate of the total amount of money contributed by volunteers and spent by them in the efforts they made to sell liberty bonds in the different cities throughout the country. It was a very large sum, and without it this issue could not have been made successful.

Mr. POMERENE. May I ask whether there is any reference made in that statement to the fact that these newspapers and magazines are carried by the Government at 1 cent a pound, when it costs the Government 8 cents a pound?

Mr. BRADY. I did not discover anything of that character in the statement of the Secretary of the Treasury. On the other hand, I am not discussing at this time the postal laws. I am endeavoring to have this issue of bonds properly advertised, and sold under proper business methods.

I notice, in quoting here from another party whose name I do not have, that in speaking of the estimate of the cost of the bonds he says:

Those who have carefully studied the liberty-bond advertising compute that \$5,000,000 in advertising was gratuitously contributed.

If that be true, I presume that our newspaper friends paid back that much to the Government on this hauling of the mail.

Mr. President, I desire at this time to offer an amendment. I am not going to discuss it at length, for I think the Senate will know whether or not it feels that it should be adopted; but I at least want to have the newspapers of our country properly recognized and paid for what work they do on a reasonable basis.

I therefore move to insert, after the word "certificates," on page 13, line 24, the following:

Provided, That one-fourth of the one-fourth of 1 per cent herein provided shall be used under the control and direction of the Secretary of the Treasury for purchasing space in the newspapers and other periodicals of the United States for the purpose of advertising the bonds authorized under this act.

Mr. POMERENE. What portion of this fund does the amendment provide shall be spent in this way?

Mr. BRADY. One-fourth of the one-fourth of 1 per cent. That will make one-sixteenth of 1 per cent of the amount that we have authorized to be used for the sale of these bonds.

The Secretary of the Treasury is going to use newspaper space in advertising, and we might as well have it done under our authority and direction as to have him do it voluntarily, for he certainly says in his statement that that is what he is going to do. If that be so, I want to say further that I also fully agree with the Senator from Wisconsin that this money should be used fairly and equitably in all the papers, without regard to their political affiliations or their influence in the political world; and if there can be any safeguard of that kind thrown around this matter I should be only too glad to have it done, and I know that the newspapers of this country feel the same way.

Let me say just one word relative to this amendment, and then I am ready to have it submitted to a vote.

We are authorizing the payment of one-fourth of 1 per cent for the selling of these bonds. We are authorizing it on the entire \$7,000,000,000, and we have already marketed \$2,000,000,000 of bonds, with an oversubscription of over a billion dollars. That being the case, it demonstrates that we have marketed these bonds for less than one-fifth of 1 per cent. In my judgment, the bankers of this country would feel that they had received a good commission if they could receive one-fourth of 1 per cent for marketing \$7,000,000,000 of bonds. In addition to that, what do we have? We have every banker in the United States giving his services free, and, as the Senator from Utah says, using his own stationery and paying his own postage. In addition to that we have 40,000 postmasters and postal clerks and assistants doing their work free of charge. Never in the history of this world has there been the amount of work contributed free of charge that has been contributed in the selling of our last issue of bonds and that will be contributed in the selling of this issue of bonds.

We have, therefore, that much help without cost to the Government. Let us, through the medium of the newspapers, get this knowledge of the sale of these bonds and the advantage of buying small amounts diffused out through the entire country. I can not think that the Secretary of the Treasury, after this specific authorization, would use that for political purposes; and if he does not use it for political purposes he will give every paper in the country an equal opportunity, even if it is only a very small advertisement. Every paper in this country during the sale of the last issue of bonds contributed space free of charge, wrote editorials favoring the bonds in every way possible, gave space, many of them, for advertising without a cent of remuneration; and why not let us, if we are going to spend one-fourth of 1 per cent, spend one-fourth of that amount for advertising in the newspapers? It will make a smaller amount than \$5,000,000, and it will be distributed fairly throughout all the United States; and it seems to me that it is only just and fair that we should sell these bonds in accordance with regular business methods. If any banker or trust company or large concern were going to sell these bonds, they would not hesitate a moment to use the space in the newspapers for advertising purposes. Then why should not the Government do the same?

Mr. POMERENE. Mr. President—

The PRESIDING OFFICER. Before the Senator from Ohio begins his remarks, the Chair wishes to state that the question now before the Senate is the committee amendment. Is there any objection to considering the amendment of the Senator from Idaho at this time?

Mr. SMITH of Georgia. The amendment of the Senator from Idaho is an amendment to the committee amendment, is it not?

The PRESIDING OFFICER. No; the Chair will say to the Senator that it is not.

Mr. SMITH of Georgia. Then, of course, it would be out of order at this time.

The PRESIDING OFFICER. It is out of order unless unanimous consent is granted to have it considered at this time.

Mr. SMITH of Georgia. So far as I am concerned, I would be perfectly willing, while we are considering this committee amendment, to dispose of the newspaper-publication proposition at the same time; and I shall make no point of order on the amendment now offered by the Senator.

The PRESIDING OFFICER. Without objection, it will be so ordered.

Mr. POMERENE. Mr. President—

The PRESIDING OFFICER. The Senator from Ohio.

Mr. POMERENE. Mr. President, I am somewhat surprised at this amendment offered by my very good friend from Idaho [Mr. BRADY].

Some weeks ago the Treasury Department entered upon a campaign to sell \$2,000,000,000 worth of these bonds. There was an organization in every community. The great American people believed that this was their bond sale in behalf of America and in behalf of humanity. There was an organization in every community composed of business men, professional men, brave, patriotic, liberty-loving women and children, every one of them volunteering their time, their talents, their money to further the sale of this bond issue. Instead of getting subscriptions for \$2,000,000,000 the American people subscribed for over \$3,000,000,000.

My good friend from Idaho refers to the fact that the advertising columns of the newspapers were given for this purpose. Of all the volunteered effort on behalf of this bond issue, the only class of men that has come and asked for money, the only class that is favored by the Senator's amendment, is the publisher's lobby that has been frequenting the Marble Room here



for weeks in behalf of this very piece of legislation in its own behalf.

Mr. BRADY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Idaho?

Mr. POMERENE. Yes.

Mr. BRADY. For fear that some one might gain the impression that I have been lobbied with, I want to say to the Senator that I have not, directly or indirectly, discussed the subject of advertising in the newspapers with any newspaper man.

Mr. POMERENE. Oh, Mr. President, I would not even inferentially suggest that the Senator from Idaho was influenced in that kind of a way; but I want to call attention to a few of these things. Once in a while I get in earnest, and when a proposition comes up that is as offensive to me as this is, I propose to speak out.

Some of these men have come here and insisted that the Congress should do business according to business methods, and the business method they have suggested is that we shall pay for their advertising space; but not one word have they said about carrying their magazines and their newspapers on a business plane. While we are paying eighty or ninety millions, as the experts tell us, to carry the newspapers and the magazines, we get only about eleven millions for this service, and now they come in here and ask us, by additional legislation, to give them another \$5,000,000!

There are two ways to look at things which appear in the newspapers and the magazines. One is as reading matter, the other is as advertising matter; and will anyone tell me that the question of the sale of bonds is not reading matter in which a reading public is very greatly interested?

I was furnished the other day with a magazine in which there were very able articles written by some very able gentlemen, in which they condemned the unbusinesslike policy of selling these bonds by volunteer labor and insisted that the bonds should be sold in a campaign that is organized for their benefit, and that they should be paid for their advertising.

Mr. President, I want the Secretary of the Treasury to have every means possible to make this a success. If in his judgment it becomes necessary to pursue one course or another, he ought to be permitted to do it; but he ought to be the judge when it is necessary to advertise, and not the beneficiaries of this kind of legislation.

Mr. BRADY. May I ask the Senator a question?

Mr. POMERENE. Just one moment.

Mr. President, I have heard since I have been in the Senate much about pork-barrel legislation. I wonder what we shall call this? I want to say that the best newspapers of the country are opposed to it.

Mr. LA FOLLETTE. This is gravy.

Mr. POMERENE. It is somewhat putrefied. The distinguished Senator from Nebraska [Mr. HITCHCOCK] two or three weeks ago, in speaking upon this very subject, insisted to the Senate that the newspapers of the country would not want to be paid for this service. Imagine the banker, the lawyer, the preacher, the business man, the patriotic woman, the patriotic boy, the member of the Boy Scouts, asking to be paid for the service they render in the sale of the bonds of the country for the benefit of the country. I am glad they have not come here and put themselves in that class.

Mr. President, if it were necessary to pay 1 per cent to sell these bonds, I would be willing to pay it; if one-half of 1 per cent will suffice, I am willing to pay that; but it has not yet been shown to me that it is necessary to expend either one of these sums. The bill as passed by the House, it seems, provides one-seventh of 1 per cent, and my judgment is that it would be very much better if we would leave it at one-seventh of 1 per cent. We will be back here in a few weeks, provided we get away at all, and, if it is then necessary, we can vote an additional appropriation for the purpose.

Mr. SMOOT. Right in that connection I wish to call the Senator's attention to the fact that if the campaign is for two billions or for four billions the expenses of the sale of the bonds during that campaign at any time can not exceed whatever per cent we provide for, or, in other words, we can not take more than one-seventh or one-fifth or one-quarter, or whatever we provide, based upon the amount of bonds that are sold in the campaign.

Mr. POMERENE. I understand.

Mr. SMOOT. Therefore if our campaign began, as it will, about the 1st of November, and lasted 30 days, that campaign would be over before the next session of Congress meets. So we must provide enough to take care at least of the first campaign.

Mr. POMERENE. How many of these bonds are expected to be sold during the first campaign?

Mr. SMOOT. I think for the first campaign the amount will be between three and four billion dollars—\$4,000,000,000 more than likely. I mean with the war-savings bonds and certificates of indebtedness.

Mr. POMERENE. I have enough confidence in the American people to say that, in my judgment, those bonds will be sold without a paid advertising campaign.

Mr. SMOOT. I wish to say to the Senator that we are not providing in this for paying for newspaper advertising.

Mr. POMERENE. I understand that.

Mr. SMOOT. I want to call the Senator's attention to the testimony Secretary McAdoo gave before the House committee in relation to advertising in the papers and also the reasons why he asked the rate he did, and then made the statement at the same time that Canada provides three-eighths of 1 per cent, and that is 50 per cent more than we have provided in this bill, and that England provided a higher percentage for the sale of her bonds than we are providing in this bill.

Mr. POMERENE. That is now?

Mr. SMOOT. Yes.

Mr. POMERENE. Did England do that during the first issue?

Mr. SMOOT. The Secretary does not say.

Mr. VARDAMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Mississippi?

Mr. POMERENE. I yield.

Mr. VARDAMAN. I was called away from the Chamber on official business this afternoon and was not present when the Senator from Ohio took the floor. I desire to ask the Senator from Ohio if, under the terms of this bill, the power is not conferred upon the Secretary of the Treasury to spend this money for advertising in the newspapers if in his judgment the public interests demand it, and therefore the authority conferred by the amendment proposed by the Senator from Idaho [Mr. BRADY] is unnecessary?

Mr. POMERENE. It was my understanding that he was given carte blanche as to the method by which it could be spent.

Mr. VARDAMAN. That was my idea.

Mr. POMERENE. And that he could advertise if he saw fit. What I am objecting to is the special authorization here and a direction to advertise.

Mr. VARDAMAN. The Senator has no doubt but that the money will be used to advertise in the newspaper and in other ways?

Mr. POMERENE. I do not know how it will be used. I suspect if it was necessary to do it to make a success of this campaign he would do it.

Mr. VARDAMAN. Of course I think such methods should be employed as may be necessary to make the campaign for the sale of the bonds a success. The money must be raised to pay the expenses of this war, but I really do not see any reason why the newspaper, which is a business enterprise, should be asked to give its space any more than an individual should be asked to give his time or his money in the promotion of this campaign. It is the duty of every citizen to contribute in every way possible to the successful prosecution of this war, but it is no more incumbent upon the newspaper to give its space than it is for a lawyer to give his time or a banker his money. I am opposed to any measure that would compel the newspapers to give their space without compensation. And I want to say just in this connection that I am opposed to the improper use of this money in the purchase of newspaper space for the creation of political sentiment. That, of course, will not be attempted. The newspaper is a business venture. It makes its money selling its space for advertising, and the Government has no more right to take it than it would have to take 80 acres of land without compensation to the owner.

Mr. POMERENE. Yes; and in the ordinary avocations of life business men pay for the transportation of their wares, and publishers should do the same.

Mr. VARDAMAN. I think Congress is culpable for not making the newspapers pay for transmitting them through the mail. I am not at all chargeable with the failure to do that, for the reason that I voted to make the newspapers pay for their transportation. Congress failing in its duty in that regard is no justification for confiscating the property of the newspapers now. This is purely a matter of business with the newspapers, and the Government can not afford to do them an injustice by compelling them to contribute that which they do not desire to contribute.

Mr. POMERENE. Yes; it is a one-sided business proposition.



Mr. VARDAMAN. I do not think it is a one-sided proposition at all. The advertising space in a newspaper is a part of the newspaper's capital, and Congress has no more right to take it than it has to take the farmer's land or the lawyer's library.

Mr. POMERENE. I am quite willing that they shall pay the cost of transportation and then pay them for this advertising, and let it apply as credit upon their bill for transportation.

Mr. VARDAMAN. I agree with the Senator. I would make them pay for the transportation, and then I am in favor of the Government paying them for the service which they render to the Government.

Mr. SMITH of Georgia. Mr. President, the bill as it first went to the House, expressing the wishes of the Secretary of the Treasury, allowed one-tenth of 1 per cent for the certificates and one-fifth for the bonds. It allowed the Secretary to save what he could at any one place of these allowances and use it in another; he could save on the certificate sales from the one-tenth and add it to the one-fifth on the bond sales.

The Senate committee, instead of putting what we knew would not be needed on the certificates, reduced the allowance on sale of certificates to a twentieth of 1 per cent and increased the allowance on sale of the bonds to one-fourth of 1 per cent, so as to make an allowance for each of what we thought would really be used. Beyond that change, which was practically to carry out the wishes of the Secretary, we made no change.

But I wish the Senate to understand something of how the money is used. In the first place, it cost over a million dollars to prepare the bonds and certificates of this first issue. I want the Senate to understand something about what becomes of the money. It cost over \$1,112,000 to pay the expenses of the 12 reserve banks. So of the \$2,680,000 used, \$2,117,000 went to those two items.

Mr. BRADY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Idaho?

Mr. SMITH of Georgia. Yes.

Mr. BRADY. May I not suggest that it might have been well for the reserve banks to have been as generous as the newspapers were and to have given to the Government the million dollars' profit that they made in handling the bonds?

Mr. SMITH of Georgia. That was utterly impossible. The Federal reserve banks are not private institutions in the sense that its officers could make such a contribution, and the great burden of the work fell on the 12 reserve banks instead of being distributed over the United States to the very many.

Again, it cost \$190,000 insurance and other delivery charges on bonds and certificates. I just wish the Senate to understand that when it comes to what is supposed to be advertising by the Secretary of the Treasury he had no money for it. He spent on this first issue for publicity, including postals, buttons, and so forth, \$140,000.

Mr. POMERENE. May I ask the Senator a question there?

Mr. SMITH of Georgia. Yes.

Mr. POMERENE. I am not quite clear that I understand the Senator's position. Does not the language, "That in order to pay all the necessary expenses, including rent," cover any possible items of advertising?

Mr. SMITH of Georgia. Certainly. I am not questioning that; but I am letting the Senate understand where the cost was in this first issue—where the burden of expense was—and letting them see that the Secretary of the Treasury had no considerable fund for general use. He furthermore states in his testimony:

I should say that perhaps \$2,500,000 more might not be an excessive estimate of the additional cost contributed in the last campaign by patriotic people all over the country. That would be \$5,000,000 to sell \$2,000,000,000 of bonds. That would be more than one-fifth of 1 per cent. It would be one-fourth of 1 per cent to sell that issue on that basis.

So the money expended on the first issue for the \$2,000,000,000 of liberty bonds not only consumed the one-tenth allowed for the liberty bonds, but it consumed the large part of the one-tenth on the certificates. The certificates being short-time paper, running not over 12 months—usually less than that—were placed practically by sending them to large institutions. They were disposed of in large single transactions and cost very little. The one-tenth allowed for the bonds did not cover the cost. A part of the cost came out of the one-tenth on the certificates. Even then there was very little done by the Secretary for publicity. He only spent \$140,000 for publicity. That was for posters, buttons, and similar work. When we consider that the postage stamps of the Federal banks, their telegrams, their extra force, cost the reserve banks \$1,112,000, we realize the enormous extent of the work. The actual physical work of handling the sale was enormous.

Now, your committee thought we would seek to assign the privilege of expenditure where the cost came. We put one-fourth of 1 per cent on bonds. We put one-twentieth of 1 per cent upon the certificates. Really we do not think the certificates will cost over one-fortieth of 1 per cent, but we wanted, rather, to allow more than was necessary than to leave the campaign in progress with the Secretary hampered. We know he will act with judgment and spend wisely only what is necessary. In the sales he has already made there is a balance of \$178,889, which he could have used, that was turned back to the Treasury.

The suggestion that Congress will be in session and that we can then make another appropriation is, after a moment's thought, not advisable. The Secretary will at once inaugurate a campaign for the sale of from two to four billion dollars of bonds and certificates. He must plan the campaign. He must plan his expenditures; he must plan his force; and he ought to know in advance practically what he is authorized to spend.

The question was up before the committee as to what treatment should be given this almost demand from a certain class of newspapers for the expenditure of money with them. The Secretary very frankly was opposed to any requirement that we should spend money on the newspapers. He said also frankly that if a general newspaper campaign was to be conducted one-fifth or one-fourth of 1 per cent would not be sufficient; that if a general newspaper campaign was conducted, it ought to go to all the papers in every part of the United States, and it would take another fifth to bear the expense, and he did not think it necessary. He said he had not advertised at all in the newspapers before and he did not think he would not have to do it under any circumstances in this campaign. He said it might happen that for some reason there would be something somewhere unusual that he would want to publish as an advertisement, but he did not contemplate it, yet he preferred not to be restricted by being required to advertise or denied the privilege. He did not favor a general advertising campaign, but if for some particular reason he thought it was necessary to advertise some particular matter, which he did not expect he would be called on to do, he would like to have a free hand. He realizes the great importance of the work and the responsibility put upon him. He realizes the strain of the work.

Mr. President, a campaign of this sort for the sale of bonds is just as heavy a labor as conducting a campaign over the United States in a national election, and we can not overestimate the importance that it should be well and successfully managed.

So far as I am concerned as a member of the committee, I would be willing the figures should go back to the one-tenth and one-fifth.

The one-twentieth and the one-fourth make about the same amount. We have simply put more money where it will be spent, and reduced the amount where the money will not be spent, and we are leaving the Secretary all he asks for, expressing it in a little different language.

I am opposed to any kind of a provision with reference to the newspapers. I would not say we absolutely should not print a line in a newspaper and pay for it. I do not think the Secretary will do it. I would rather say he should not than that he should. I would rather put in a provision that he absolutely should not pay for a line in a newspaper than to say he had to go into a newspaper field with advertisements. I think if we leave it as it is, 99 chances out of 100 there will not be a nickel paid to a newspaper; but I hardly think we ought to say that he shall not spend any of this money on newspapers. He has no idea of spending it there. He conducted a prior campaign without spending it, and he has not asked for a fund which furnishes him the money to spend in that way.

Now, with reference to the newspaper space being their business, that is not strictly true. Their subscribers are entitled to something from the newspapers. Their subscribers are entitled to the news. The handling of liberty bonds and the proper presentation of the mode of handling is news that the subscribers are entitled to. The newspaper that suppresses it would soon be in a position where its advertising space would not be of much account, for its lists of subscribers would fall off, and nobody watches subscription lists closer than an intelligent advertiser.

If we are going to say anything about it, we ought to say that it shall not be done. I think that is unnecessary. I think it is rather a gratuitous fling that might be misunderstood. I think we can afford to leave the Secretary of the Treasury with his hands untied to handle this subject. He has shown great ability in handling it before, and I trust him to show great ability in handling it in the future.



Mr. SMOOT. Mr. President, I want to call the attention of the Senate to the testimony of the Secretary of the Treasury relative to the rate of allowance for the sale of bonds. Before the House committee the Secretary made this statement:

The Dominion of Canada, in offering its war loan under date of March 12, 1917, allowed a commission of three-eighths of 1 per cent on allotments made with respect to applications by recognized bond and stock brokers doing business in Canada. That is three-eighths of 1 per cent, you see, and that is just the commission to the bankers and brokers. Now, we understood that the last loan by Great Britain provided for a commission to the distributors of the bonds. Three-eighths of 1 per cent on a billion-dollar issue would require an expenditure of \$3,750,000 for that one item alone, which does not include, of course, the cost of printing and engraving the bonds and other expenses necessarily incurred by the department. I should like to reemphasize the point, gentlemen, that if the Government of the United States is to continue to sell its bonds by popular subscription, including the cost of engraving and of conversion and the other expenses that are inseparable from an operation of such magnitude, at a cost of not exceeding one-fifth of 1 per cent we will do a phenomenal thing.

I want Senators to remember that under this bill there is a conversion privilege of the bond issue that has already been made, and that every owner of a liberty bond who desires to convert it into a 4 per cent bond will have that privilege, and it will not cost him one cent, but it will cost the Government of the United States the cost of engraving every bond that is converted.

Mr. BRADY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Idaho?

Mr. SMOOT. I yield.

Mr. BRADY. Is it not a fact that only a very small portion of the present issue of bonds has been printed?

Mr. SMOOT. It is a fact that it has been absolutely impossible for the Bureau of Engraving and Printing to even engrave what we have already sold. We want the bureau to begin the engraving of the bonds provided for in this bill.

Mr. BRADY. I understood the Senator to be speaking about the great expense incurred by the Government on account of the bonds that have already been engraved, but they have not been engraved.

Mr. SMOOT. I know those bonds have not all been delivered; but they will be shortly. There is not any question about that.

Mr. BRADY. Not if the holder desired to exchange the 3½ per cent bond for a 4 per cent bond.

Mr. SMOOT. The large purchasers have not yet received their bonds, but the small purchasers throughout the country have. All the small denominations of bonds have been engraved and most of them delivered, if fully paid for. It is the small bondholder who is going to convert his bond. You will not find any large holder converting his 3½ per cent non-taxable bond into a 4 per cent partially taxable bond. They are not going to convert them when, under this bill, the surtaxes and excess-profits tax and income tax will be imposed upon the interest, but every purchaser of a bond who has an income of less than \$2,000 or who is not taxed under the existing law and under the revenue bill that passed the Senate last Monday is going to convert his 3½ per cent bond into a 4 per cent bond provided for in this bill.

I want to refer now to the testimony of the Secretary of the Treasury before the Senate Finance Committee. The Senator from Wisconsin [Mr. LA FOLLETTE] asked this question—

Mr. LA FOLLETTE. On what page?

Mr. SMOOT. On page 49.

Senator LA FOLLETTE. Under the one-fifth of 1 per cent would you have sufficient money to use the other forms of advertising, some of which were used on the first campaign which you conducted; that is, billboards and window cards and circulars, and all that sort of thing? You surely ought to have a liberal appropriation for that. That seems to be an entirely unobjectionable form of conducting your campaign, and I think you ought to have enough provided for that as a contingency, if you want to resort to it again.

Secretary McADOO. The one-fifth of 1 per cent is tentative. I can not tell in these succeeding campaigns what the cost is going to be. I think they are going to be increasingly more expensive, but in the one-fifth I have not taken into consideration the cost of billboard advertising. The last time all of that advertising was given free. If we have to resort to that, I might hold that we would have enough to pay a reasonable amount in that direction. I think if we engage in paid advertising at all it is going to require an additional appropriation from Congress besides the one-fifth.

Senator SMITH. At the start you only wish a fifth?

Secretary McADOO. I am willing to try one more campaign on the basis of one-fifth for the bonds and a tenth of 1 per cent for the short-time certificates of indebtedness. Now, if I find that is not going to be enough because we can not cover the ground fully or because we shall have to adopt new methods, I shall come back and ask for another appropriation.

Again, Mr. President, the Secretary of the Treasury—

Mr. BRADY. Before the Senator leaves that point—

Mr. SMOOT. Just a moment. Then the Secretary of the Treasury also made a statement in relation to the amount that would be required for newspaper advertisements. Speaking of

the publishers' association, which is asking \$3,000,000 for advertising, I had asked a question to that effect, to which this reply was made:

Secretary McADOO. The last figure I had was \$2,600,000. Obviously, I could not engage in an advertising campaign at that rate, even with an allowance of one-fifth of 1 per cent. But it may be necessary to use some advertising. I do not know whether it will be in the newspapers or in some other form, but whatever form it is going to take it would have to be paid out of the appropriation that you make. I think a fifth of 1 per cent would be enough to enable me to see daylight.

Mr. President, as I have already stated, I do not believe that it is wise for us to provide only for an appropriation which the Secretary of the Treasury has already intimated would not be sufficient. I believe that every Senator would condemn himself if such an appropriation were made, and, if for any reason it was not sufficient, so that the campaign would have to cease toward its close and the bond issue should prove to be a partial failure. I can not conceive of such a disaster as that being made possible. If we were compelled to spend the money, even if not wanted, it would be an entirely different proposition. I know that it may be said, and I will admit, that there are very few appropriations which are made where the full amount appropriated is not expended; it is the history of our departments that they spend every dollar appropriated; but this is such a vital question that I thought rather than take any chances, as a member of the committee, I should prefer to make the allowance one-fourth instead of one-fifth of 1 per cent for the expenses of the sale of the bonds, for that is where the great expense will occur, and one-twentieth instead of one-tenth for the certificates of indebtedness.

Mr. BRADY. May I call the Senator's attention to the statement which he made during the discussion to-day in the Senate relative to the one-twentieth of 1 per cent?

Mr. SMOOT. Yes.

Mr. BRADY. In reading the statement which the Senator has just read, quoting the Secretary of the Treasury relative to this matter, the Secretary of the Treasury says unqualifiedly that one-fifth of 1 per cent will suffice to handle the bonds and that he believes that one-tenth of 1 per cent would be sufficient to handle the certificates. The Senator from Utah said, in response to the question which the Senator from Idaho asked him some time ago that he was satisfied it would not take one-half of one-twentieth of 1 per cent to handle the certificates. If that is true, the department will be able to handle the certificates and have a considerable amount left to add to the one-fifth of 1 per cent which the Secretary of the Treasury says is sufficient to handle the bonds.

Mr. SMOOT. The Secretary of the Treasury does not say unqualifiedly that that will be sufficient.

Mr. BRADY. If the Senator from Utah can conveniently turn to the first statement from which he read, I should like to ask him to read it again. I may have misunderstood him, but my understanding is that the Secretary of the Treasury made that statement unqualifiedly.

Mr. SMOOT. He said it would be a phenomenal thing if that could be done; that is what he said.

Mr. BRADY. Read the statement, please.

Mr. SMOOT. I will read it. It is as follows:

I should like to reemphasize the point, gentlemen, that if the Government of the United States is to continue to sell its bonds by popular subscription, including the cost of engraving and of conversion and the other expenses that are inseparable from an operation of such magnitude, at a cost of not exceeding one-fifth of 1 per cent, we will do a phenomenal thing.

Mr. BRADY. That is quite true, but there was another statement just before that which the Senator read.

Mr. SMOOT. The Secretary of the Treasury also stated:

I think a fifth of 1 per cent would be enough to enable me to see daylight.

Mr. BRADY. No; there is still another statement, to which I refer.

Mr. SMOOT. I will read the other statement. There is only one other to which I have referred.

Mr. BRADY. That is the one I desire to have the Senator read.

Mr. SMOOT. Those are two statements that I read.

Mr. BRADY. There is still another statement, where the Secretary of the Treasury said that he could handle the bonds for one-fifth of 1 per cent, and the certificates for one-tenth of 1 per cent.

Mr. SMOOT. The first statement that I read, the Secretary of the Treasury made before the House committee.

Mr. BRADY. The first statement which the Senator read—

Mr. LA FOLLETTE. If the Senator from Utah, who has the floor, will yield, I think I can supply the statement to which the Senator from Idaho refers.



Mr. SMOOT. I have it here. It is on page 49, and is as follows:

Secretary McAnoo. The one-fifth of 1 per cent is tentative. I can not tell in these succeeding campaigns what the cost is going to be. I think they are going to be increasingly more expensive, but in the one-fifth I have not taken into consideration the cost of billboard advertising.

Mr. BRADY. That is not the statement I want, and it is not the statement which the Senator from Utah quoted a short while ago.

Mr. SMOOT. Wait a moment. I am going to read the whole of the statement.

Mr. BRADY. I shall be glad to have the Senator from Utah do so.

Mr. STONE. Let us not spend the whole day on these things.

Mr. SMOOT. The statement is as follows:

Secretary McAnoo. I am willing to try one more campaign on the basis of one-fifth for the bonds and a tenth of 1 per cent for the short-time certificates of indebtedness.

Mr. BRADY. If the Secretary of the Treasury is willing to try it, I think we ought to be perfectly willing to let him have the opportunity to do so.

Mr. SHAFROTH. Mr. President, I should like to ask the Senator from Utah if a larger amount is appropriated than is necessary, whether there will not be great pressure upon the Secretary of the Treasury to induce him to spend it all? Is not that the general result in the way of appropriations and as to getting them all expended?

Mr. SMOOT. Mr. President, I have just made the statement that the rule generally is that every department of the Government expends every dollar that is appropriated, although in the expenditure of the amount appropriated for the liberty bonds there was turned back an unexpended balance of \$178,889.

Mr. LA FOLLETTE. They could not expend it all.

Mr. SHAFROTH. Mr. President, the Senator from Utah says he is fearful we might not be able to finance the sale of these securities; but let me call his attention to the fact that the President has a fund of \$100,000,000 which he can put to any purpose whatever. To no better purpose could it be put than to be expended in the issuing of these bonds.

Mr. SMOOT. The Senator from Colorado says the fund which the President has is \$100,000,000. It was that sum at one time, but I desire to tell the Senator now that it is far from that amount to-day.

Mr. SMITH of Georgia. But, Mr. President, where we make a specific appropriation to be used for a particular purpose, a general fund could not be properly used to add to it. I should regard that as a gross breach of propriety.

Mr. SHAFROTH. It seems to me that that would depend entirely upon the wording of the act which gave that fund to the President. I think that we ought to give ample money for these purposes, but I do not think we ought to go beyond the estimate of the Secretary of the Treasury himself.

Mr. SMOOT. Mr. President, the Senator from Colorado is right. If the President desired to expend a part of that fund to be used for advertising in the newspapers, or for any other purpose, he could expend it. There was no string put upon it; it was a direct appropriation of \$100,000,000, to be expended by the President for any purpose he saw fit.

Mr. BRADY. Mr. President, I do not desire my amendment to be voted on without making a very short statement in response to the remarks which have been made by the Senator from Ohio [Mr. POMERENE]. I fully appreciate his earnestness and his patriotism on all occasions; but he seems to have a fear that the men who control the newspapers of this country are trying to take something away from the Government without giving a consideration therefor. I do not desire at this time to discuss that matter, but I do want to call attention to the fact that the Secretary of the Treasury is either deceiving the newspaper men of this country or else he favors paying them for space.

I was somewhat surprised at the statement of the Senator from Georgia [Mr. SMITH] to the effect that the Secretary of the Treasury had indicated that he was opposed to advertising in the newspapers. My purpose at this time is to place the Senate and myself on record as to what we think should be done with a part of these funds. There is nothing unreasonable about it; the fund will be under the control of the Secretary of the Treasury, and I do not want him, after we are giving him more money than he has asked for—he only asked for one-fifth of 1 per cent and we are very generously giving him one-fourth of 1 per cent—I do not wish him to say to the newspaper men of this country that he could not advertise because Congress would not give him the funds to do so. If he says that he does not advertise, I want him to say what the Senator from Georgia indicates that he did say before the committee, and that was that he was opposed to such advertising. Let us say

by our acts that we are perfectly willing that he shall have this surplus fund, and the amount which I propose to insert here is just about the surplus sum that we are adding to the amount which he says is necessary. In speaking of this matter before the committee the Secretary of the Treasury said:

Some of the newspapers offered space free and actually advertised the bonds free of their own volition. I felt that it was not fair for the Government to ask them to furnish their commodity for nothing.

Mr. LA FOLLETTE. Mr. President—

The PRESIDING OFFICER (Mr. FLETCHER in the chair). Does the Senator from Idaho yield to the Senator from Wisconsin?

Mr. LA FOLLETTE. Will the Senator permit an interruption at that point just for a moment?

Mr. BRADY. I should be very glad to yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. When the revenue bill was pending before the Committee on Finance a very liberal proportion of time was given to the proprietors of newspapers, who appeared before that committee to plead against the increase in postal rates and in fact against any taxes to be imposed upon them that could be suggested. They were always in favor of some tax that was not suggested at the moment—like most people—and nearly all of them, as a sort of preface to their argument that the particular thing that was under consideration in the committee should be eliminated, called attention to the fact that the newspapers were rendering a great deal of service to the Government in this war in carrying news regarding bond issues and things of that sort; and that for that reason the hand of taxation ought not to be laid upon them at this time; and while, after many propositions were sifted and the usual paring and cutting took place, the committee did report to the Senate something of an increase in rates and a small imposition of tax upon their net profits, all that, under some very persuasive arguments, went out of the bill as it passed from the hand of the Senate, and the newspapers go free of any tax being imposed upon them so far as the provisions in the revenue bill relating to their business are concerned. I think it worth while to call to the attention of the Senate at this time, while it is considering the question brought so pointedly before it by the amendment of the Senator from Idaho, of paying them for furnishing what the Senator from Georgia calls "real news" to their readers—and he is a good newspaper man himself, and knows news when he sees it afar off—that here is an amendment proposing to pay them for printing news when they plead with the committee to ease up on the proposition of taxation because they were going to do the very thing for which it is now proposed to pay them extra.

Mr. BRADY. Mr. President, I am perfectly willing—

Mr. POMERENE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Ohio?

Mr. BRADY. I yield.

Mr. POMERENE. There seems to be a very wide difference between the Senator from Idaho and the Senator from Wisconsin, and I desire to offer a suggestion, which, it seems to me, might enable them to get together, namely, that we modify the amendment of the Senator from Idaho and provide something like this: "That the Secretary of the Treasury shall pay for the advertising of these bonds at regular advertising rates: *Provided*, That the newspapers and the magazines shall pay to the Government 50 per cent of the cost of transportation of their newspapers and magazines," and let the Postmaster General determine that question. I think that would be a fair proposition and would be businesslike.

Mr. LA FOLLETTE. I suggest that the Senator from Ohio, who has pretty pronounced views on this subject, ought to be on the committee to determine the question.

Mr. BRADY. Mr. President, I might accept the amendment of the Senator from Ohio if he would have the extra charge of which he speaks paid from the excess profits of the newspapers. I have not heard of very many newspapers having any very great amount of excess profits—

Mr. POMERENE. Oh, Mr. President—

Mr. BRADY. I will yield in just a moment. Because some of the newspapers in the East have built up a great business and have made a large amount of money is no reason why we should try to injure the business of every little newspaper in the country. We ought to be at least fair with them; we ought to be at least just to them. The Secretary of the Treasury agreed with me in this matter, as I have indicated.

I again call attention to the fact that in speaking of advertising in the newspapers the Secretary says that the Government—

ought to pay for it—



That is, the advertising—

at reasonable rates, because the only commodity the newspapers have is their advertising, and we ought not to ask them to give it for nothing, any more than to ask the steel mills to give their product for nothing or the farmers to give their produce to the Government for the purpose of war.

Mr. President, I want to ask the Senator from Ohio whether he thinks that it is fair, reasonable, and equitable to ask the bankers of this country to give the use of their capital to this Government without any recompense or without any interest? If not, is it fair to ask a newspaper man to give his services to the Government free? The only stock in trade the newspaper man has on this earth is his newspaper, just as the stock in trade of the banker is his banking capital. We would not think for a single moment of asking the banker to give the use of his money to the Government without interest. The newspaper men are just as loyal as are the bankers, and I am glad to say the bankers are just as loyal as the newspaper men. They are not asking this; they are not demanding this; but they are entitled to it.

Mr. POMERENE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Ohio?

Mr. BRADY. I yield.

Mr. POMERENE. I am certain the Senator wants to be fair about this matter.

Mr. BRADY. I certainly do.

Mr. POMERENE. The newspaper men and the magazine men are now getting a bonus from this Government of seven-eighths of what it costs to transport their commodity. The steel man pays for the transportation of his steel; the banker pays for the transportation of his coin or his currency, as the case may be; and whenever the publishers will pay a substantial part of the cost of the service they receive from the Government I am willing to pay them for the service they are rendering to the Government.

Mr. BRADY. I know, Mr. President, that the steel corporations need a great deal of defending on the floor of the Senate, and I realize, further, that the Senator from Ohio is not the one who usually defends them; but, on the other hand, I want to call his attention to the fact that when he speaks of the newspapers getting this great subsidy he refers to a very few large publications in the East. What profit does the little country paper in Ohio secure from this privilege that is given to the great newspapers? Does the Senator mean to say that the country newspapers of the entire West, including the State of Ohio, receive any benefit from this bonus which he says the Government is paying to them? That bonus is paid to a few newspaper corporations, just as we are allowing the great Steel Trust to take war profits and to keep them.

Mr. SMOOT. Will the Senator yield to me for a moment?

Mr. BRADY. I yield to the Senator from Utah.

Mr. SMOOT. The Newspaper Publishers' Association, I understand, asked for not to exceed \$3,000,000 for paid advertising.

Mr. BRADY. What publications? Does that apply to the small newspapers in Utah and Idaho?

Mr. SMOOT. It applies to all newspapers in the United States.

Mr. BRADY. Would changing the law as the Senator suggests benefit the newspapers of Idaho or of Utah?

Mr. SMOOT. I am not referring to that matter. I am referring to the Senator's amendment, and I want to call his attention to what it really means. All that the newspapers have ever asked, so far as I have heard, is \$3,000,000 for advertising purposes. The amendment which the Senator has proposed here, making an allowance of one-fourth of one-fourth of 1 per cent for advertising space in newspapers will make a fund of \$5,061,000, or twice what they have ever asked for.

Again, Mr. President—and I will not interrupt the Senator further, but I should like to call his attention to the whole matter and then I will take my seat—comparing the amendment reported by the committee with the provision agreed to by the House, there is only a difference in dollars and cents of one-fiftieth of 1 per cent.

Mr. BRADY. I simply want to call the Senator's attention to the fact—

Mr. STONE. Will not the Senator let us vote on this amendment?

Mr. BRADY. In just a moment. I desire to call the attention of the Senator to the fact that the statement is made that—

Those who have carefully studied the liberty-bond advertising compute that \$5,000,000 in advertising was gratuitously contributed.

In conclusion, Mr. President, I desire to say that I will be satisfied with whatever action the Senate may take in the matter; but, at the same time, I believe that it is only reasonable

and fair that we should go on record here in favor of appropriating a reasonable amount for legitimate advertising.

Mr. STONE. Mr. President, we have spent about as much time on this amendment as on the entire bill up to the time the matter was taken up. I should like to have the amendment stated, and let us have a vote on it.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Idaho, which the Secretary will state.

The SECRETARY. On page 13, line 24, after the word "certificates," it is proposed to insert the following:

*Provided, That one-fourth of the one-fourth of 1 per cent herein provided shall be used under the control and direction of the Secretary of the Treasury for purchasing space in the newspapers and other periodicals of the United States for the purpose of advertising the bonds authorized under this act.*

Mr. LA FOLLETTE. Upon that I ask for the yeas and nays.

Mr. STONE. I am afraid we will not get a quorum.

Mr. LA FOLLETTE. Well, we can not dispose of it without a yeas-and-nays vote; it is too important a question. I will, however, withdraw the demand for the present, and see what develops.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Idaho.

The amendment was rejected.

The PRESIDING OFFICER. Without objection, the amendment reported by the committee, on page 13, line 22, striking out "one-seventh" and inserting "one-fourth," will be agreed to.

Mr. LA FOLLETTE. Mr. President, I think I will at this time reserve a vote in the Senate upon the committee amendment adopted increasing the amount from one-seventh to one-fourth of 1 per cent.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, in section 10, page 13, line 24, before the words "of one," to strike out "one-tenth" and insert "one-twentieth," and, on page 14, line 4, after the word "direct," to strike out "Provided, That the amount that may be expended for expenses for each said class of obligations shall not exceed the per cent herein stated for each total issue of said bonds, war-savings certificates, and certificates of indebtedness herein authorized," so as to make the section read:

Sec. 10. That in order to pay all necessary expenses, including rent, connected with any operations under this act, except under section 12, a sum not exceeding one-fourth of 1 per cent of the amount of bonds and war-savings certificates and one-twentieth of 1 per cent of the amount of certificates of indebtedness herein authorized is hereby appropriated, or as much thereof as may be necessary, out of any money in the Treasury not otherwise appropriated, to be expended as the Secretary of the Treasury may direct: *Provided, That in addition to the reports now required by law, the Secretary of the Treasury shall, on the first Monday in December, 1918, and annually thereafter, transmit to the Congress a detailed statement of all expenditures under this act.*

The amendment was agreed to.

Mr. LA FOLLETTE. Mr. President, the Secretary is reading so rapidly that I can not keep up with him. I desire, however, to call the attention of the Senate to some phraseology on page 13 which I think is contradictory of another portion of the bill. I may be wrong about it, but if it is contradictory it is time to call the attention of the committee to it. In section 10, on page 13, in line 24, the committee amendment strikes out "one-tenth" and inserts "one-twentieth of 1 per cent." To get the meaning of that I ought to read back perhaps a little.

Mr. STONE. Let me ask if the Senator has reference to the provision amending a former act on page 15?

Mr. LA FOLLETTE. Yes; it occurred to me that there is a contradiction there.

Mr. STONE. I expect to move an amendment to that.

Mr. LA FOLLETTE. Then the Senator in charge of the bill is aware of that discrepancy?

Mr. STONE. Yes.

Mr. LA FOLLETTE. I merely wanted to call attention to it.

Mr. STONE. I supposed that was what the Senator had in mind.

Mr. LA FOLLETTE. Yes; and I thought attention ought to be called to it.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, in section 11, page 15, line 3, before the word "bonds," to insert "the proceeds of the," so as to make the clause read:

Sec. 11. That bonds shall not be issued under authority of sections 1 and 4 of said act approved April 24, 1917, in addition to the \$2,000,000,000 thereof heretofore issued or offered for subscription, but bonds shall be issued from time to time upon the interchange of such bonds of different denominations and of coupon and registered bonds and upon the transfer of registered bonds, under such rules and regulations as the Secretary of the Treasury shall prescribe, and, if and to the extent that the privilege of conversion provided for in such bonds shall arise and shall be exercised, in accordance with such

provision for such conversion. No bonds shall be issued under authority of the several sections of acts and of the resolution mentioned in said section 4 of the act approved April 24, 1917; but the proceeds of the bonds herein authorized may be used for purposes mentioned in said section 4 of the act of April 24, 1917, and as set forth in the acts therein enumerated.

The amendment was agreed to.

The next amendment was, on page 15, after line 6, to insert:

That section 2 of an act of Congress approved February 4, 1910, entitled "An act prescribing certain provisions and conditions under which bonds and certificates of indebtedness of the United States may be issued, and for other purposes," is hereby amended to read as follows:

"SEC. 2. That any certificates of indebtedness hereafter issued shall be exempt from all taxes or duties of the United States (but, in the case of certificates issued after September 1, 1917, only if and to the extent provided in connection with the issue thereof), as well as from taxation in any form by or under State, municipal, or local authority; and that a sum not exceeding one-tenth of 1 per cent of the amount of any certificates of indebtedness issued is hereby appropriated, out of any money in the Treasury not otherwise appropriated, to pay the expenses of preparing, advertising, and issuing the same."

Mr. STONE. It is in this provision that the matter appears to which the Senator from Wisconsin has called attention. In line 20, on page 15 of the committee amendments, I move to strike out "one-tenth" and insert "one-twentieth," so as to make it correspond with the previous provisions.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Missouri to the amendment reported by the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The reading of the bill was resumed.

The next amendment was, in section 12, page 18, in subsection (d), line 6, after the word "appoint," to strike out "upon the nomination of the" and insert "an assistant"; in line 7, before the word "auditor," to insert "an assistant"; in the same line, after the word "auditor," to strike out "an assistant to each"; in line 8, before the word "fix," to insert "to," so as to read:

(d) That the Secretary of the Treasury is authorized to appoint an assistant comptroller and an assistant auditor and to fix their compensation, and to designate from among the persons to be employed hereunder one or more to act in the absence or disability of such assistant comptroller and assistant auditor.

The amendment was agreed to.

The next amendment was, in section 12, subsection (e), page 19, line 11, after the word "comptroller," to insert:

No administrative examination by the War Department shall be required of accounts rendered and settled abroad, and the time within which these accounts shall be rendered by disbursing officers shall be prescribed by the comptroller, who shall have power to waive any delinquency as to time or form in the rendition of these accounts.

So as to make the subsection read:

(e) That it shall be the duty of all contracting, purchasing, and disbursing officers to allow any representative of the comptroller or auditor to examine all books, records, and papers in any way connected with the receipt, disbursement, or disposal of public money, and to render such accounts and at such times as may be required by the comptroller. No administrative examination by the War Department shall be required of accounts rendered and settled abroad, and the time within which these accounts shall be rendered by disbursing officers shall be prescribed by the comptroller, who shall have power to waive any delinquency as to time or form in the rendition of these accounts. All contracts connected with accounts to be settled by the auditor abroad shall be filed in his office there.

The amendment was agreed to.

The next amendment was, at the top of page 22, to insert as a new section the following:

SEC. 13. That for the purposes of this act the date of the termination of the war between the United States and the Imperial German Government shall be fixed by proclamation of the President of the United States.

The amendment was agreed to.

The reading of the bill was concluded.

Mr. STONE. Mr. President, I desire to go back to page 4. I send to the desk an amendment to be inserted at that point, and ask that it may be agreed to.

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. On page 4, line 24, it is proposed to strike out "any" and insert "a proportionate part of."

The amendment was agreed to.

The SECRETARY. On page 5, line 5, after the word "obligations," it is proposed to insert "issued upon such conversion."

The amendment was agreed to.

Mr. STONE. Now, Mr. President, on behalf of the committee, I send to the desk another amendment, which I ask to have agreed to.

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. On page 5, line 1, beginning with the word "said," the last word in the line, it is proposed to strike out all through the word "of," in line 3, or the following words:

"said act approved April 24, 1917, or of," so that it will read: "issued under authority of this act"; also, on page 5, line 3, it is proposed to strike out the comma after the word "act."

The amendments were agreed to.

Mr. STONE. Mr. President, an amendment was passed over, at the request of some Senator, on page 6.

The VICE PRESIDENT. It was at the request of the Senator from Missouri.

Mr. STONE. I think so, possibly. I submit, as a substitute for that amendment, the matter which I send to the desk.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The SECRETARY. In lieu of the words proposed to be inserted by the committee on page 6, beginning on line 15, it is proposed to insert the following:

But the rate or rates of interest borne by any such long-time obligations at the time of their acquisition shall not be less than the rate borne by the short-time obligations so converted into such long-time obligations.

Mr. LA FOLLETTE. Mr. President, I wish the chairman of the committee would explain the purpose of the change suggested in this amendment. I could not quite follow it with the reading of the Secretary, not having the language before me.

Mr. STONE. Mr. President, the Secretary of the Treasury, through one of his assistants, Mr. Leffingwell, came down this morning and asked that that change should be made. He has sent to me the reasons for it, which I will read to the Senate:

The committee amendment appearing on page 6, lines 15 to 21, inclusive, would require the 3½ per cent short-time obligations which have already been acquired under the act of April 24 to be converted into 4 per cent bonds, even though none of the 3½ per cent liberty bonds, the proceeds of which were used to acquire such obligations, should be converted into 4 per cent bonds. This is contrary to the provision of the act of April 24, under which the foreign obligations were acquired. That act provides:

"If any of the bonds of the United States issued and used for the purchase of such foreign obligations shall thereafter be converted into other bonds of the United States bearing a higher rate of interest than 3½ per cent per annum under the provisions of section 5 of this act, then and in that event the obligations of such foreign Governments held by the United States shall be by such foreign Governments converted in like manner and extent into obligations bearing the same rate of interest as the bonds of the United States issued under the provisions of section 5 of this act."

The committee amendment in its present form purports to require the conversion of these 3½ per cent obligations into 4 per cent bonds, even though none of the 3½ per cent liberty bonds, which were issued and used for the purchase of such foreign obligations, should be converted into 4 per cent bonds. The present act can not change the contract with the foreign governments in this manner. The right to convert the foreign obligations acquired under the act of April 24 depends upon the extent to which the liberty bonds issued under the act of April 24 are converted and not upon the rate borne by the United States bonds issued under the present act.

Mr. SMITH of Georgia. Mr. President, I wish to say that I do not agree with the Treasury official that the language used by the committee does what he says it does, but I am perfectly satisfied with the changed language. I am sure our language did not do it. We knew we could not do it, but the language now suggested is perfectly satisfactory to me.

Mr. STONE. Anyhow, the Secretary of the Treasury was not certain, at least as to the construction of the bill if it should become a law.

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. STONE. Mr. President, so far as the committee is concerned, I think that is the last amendment we desire to propose.

The VICE PRESIDENT. The bill is in Committee of the Whole and open to further amendment.

Mr. POINDEXTER. Mr. President, I offer an amendment, which I ask to have inserted at the close of section 3.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. At the end of section 3, on page 7, after line 16, it is proposed to insert:

In case of a loan or credit or advance by the United States to any foreign country hereafter, the United States shall be reimbursed by such foreign country the cost of preparing, issuing, and selling the bonds of the United States in an amount equal to such loan, credit, or advance.

Mr. STONE. Mr. President, I hope that amendment will not be agreed to. I do not care to discuss it. It seems to me manifest that that ought not to be done.

Mr. POINDEXTER. Mr. President, I only desire to say, in connection with the matter I spoke of a while ago, that there is an appropriation in this bill of \$4,000,000,000 for the purpose of loans or credits or advances, as they are called, to the allies. That \$4,000,000,000 is to be used from the bond issues provided for in this bill. The minimum expense of the issuance of the



\$4,000,000,000 of bonds provided for in this bill would be \$4,000,000. One-fourth of 1 per cent would be in the neighborhood of \$10,000,000, which it would cost, at the maximum rate provided for in the bill, to dispose of the bonds of the United States in order to obtain this money to loan to foreign countries. I see no reason why the foreign countries should not bear that expense. It is for their benefit, not for ours. It seems to me that instead of the United States being out of pocket in the transaction, it should be made whole. That is the only purpose and the only effect of the amendment.

Mr. STONE. Let us have a vote upon the amendment, Mr. President.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Washington.

The amendment was rejected.

Mr. LA FOLLETTE. Mr. President, I have some amendments which I desire to offer to the bill. There are a number of them, and I have spoken to the acting chairman of the committee about them. I would suggest to him that I offer them all, and let them be printed, and that they be taken up to-morrow morning. They are somewhat important, as I view them, and I should like to have them considered by a quorum and voted upon by a quorum, if that is agreeable to the Senator.

Mr. STONE. I wish the Senator would have them offered, so that they can be printed.

Mr. LA FOLLETTE. I offer seven amendments, and ask to have them all read into the Record.

Mr. STONE. Can we not have them printed?

Mr. LA FOLLETTE. I will ask also to have them printed and laid upon the desks of Senators.

The VICE PRESIDENT. The amendments offered by the Senator from Wisconsin will be stated.

The SECRETARY. The Senator from Wisconsin proposes the following amendments:

Amend, on page 2, line 22, by striking out the words "denomination or" and inserting in lieu thereof the word "in"; and after the word "denominations," in said line, insert the words "of \$20 or some multiple of that sum."

Amend, on page 3, at the end of line 4, by striking out the period and inserting a colon and the words: "Provided, That such bonds shall be redeemable at the pleasure of the United States after five years from the date of issue, and payable 20 years from such date."

Amend, on page 3, line 20, by striking out the period after the word "interest" and inserting a colon and the words: "Provided, That such reduction or increase of allotments of such bonds shall be made under general rules to be prescribed by said Secretary, and shall apply to all subscribers similarly situated."

Amend, on page 10, after the word "prescribe," in line 4, by inserting the words "not exceeding 4 per cent per annum."

Amend, on page 10, line 23, after the word "rates," by inserting the words "not exceeding 4 per cent per annum."

In line 24, page 11, after the letter "(b)," insert the words "United States income taxes."

After the word "prescribe," in line 7, page 11, strike out the period and insert a colon and the words: "Provided, That if any such war-saving certificates be offered by the holder thereof for redemption, and upon such application be redeemed before maturity, there shall be deducted from the accrued interest an amount not in excess of 1 per cent per annum of the principal for the time such certificate has been outstanding."

Mr. STONE. Mr. President, let those amendments be printed so that they may be available to Senators to-morrow morning. The Senator from Wisconsin has stated that he desires to have the consideration and disposition of the amendments he offers go over until to-morrow. In the circumstances, I think we will make just as good progress by agreeing to his suggestion, although I had hoped that we might be able to complete the bill to-day.

Mr. LA FOLLETTE. Mr. President, if I may interrupt the Senator, I shall expect to take but a very brief time in explaining each of the amendments—not to exceed a few minutes—as to all except one or two of them, and as to those perhaps 15 or 20 minutes; so that I shall consume very little of the time of the Senate to-morrow, in discussion, at least, in presenting the amendments to the Senate; but I do regard them of considerable importance, and I should like the consideration of a reasonably full Senate upon them. That is the only reason why I ask that they be taken up to-morrow.

#### EXECUTIVE SESSION.

Mr. STONE. I hope the whips on each side will take notice of this situation and exert themselves with their usual activity to have a quorum present.

Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After 10 minutes spent in executive session the doors were reopened, and (at 5 o'clock p. m.) the Senate adjourned until to-morrow, Saturday, September 15, 1917, at 12 o'clock meridian.

#### CONFIRMATIONS.

*Executive nominations confirmed by the Senate September 14, 1917.*

#### UNITED STATES MARSHAL.

George F. Alexander to be United States marshal for the district of Oregon.

#### COLLECTOR OF CUSTOMS.

Will Moore to be collector of customs for customs collection district No. 29, with headquarters at Portland, Oreg.

#### REGISTER OF LAND OFFICE.

Perry James Lyons to be register of the land office at North Yakima, Wash.

#### CONSULS GENERAL.

##### CLASS 3.

Alphonse Gaulin.

##### CLASS 4.

Edwin S. Cunningham.

##### CONSULS.

##### CLASS 4.

Arminius T. Haeberle.

Calvin Milton Hitch.

John E. Kehl.

George H. Pickerell.

Charles S. Winans.

##### CLASS 5.

George E. Chamberlin.

Philip Holland.

William W. Masterson.

Frederick Simpich.

Adolph A. Williamson.

John Q. Wood.

##### CLASS 6.

Homer M. Byington.

Clarence Carrigan.

Harold D. Clum.

Alfred W. Donegan.

W. Roderick Dorsey.

Charles M. Freeman.

Ross Hazeltine.

Mahlon Fay Perkins.

##### CLASS 7.

B. Harvey Carroll, jr.

John K. Davis.

Oscar S. Helzer.

Theodore Jaeckel.

Wilbur Keblinger.

Milton B. Kirk.

Carl R. Loop.

Gaston Smith.

George K. Stiles.

James B. Young.

##### CLASS 8.

Charles H. Albrecht.

George F. Bickford.

Thomas D. Bowman.

John S. Calvert.

Harry Campbell.

Ralph F. Chesbrough.

Thomas D. Davis.

Hasell H. Dick.

Horace J. Dickinson.

Eugene H. Dooman.

Edward A. Dow.

George G. Duffee.

Maurice P. Dunlap.

Thornwell Haynes.

Paul Knabenshue.

Tracy Lay.

Thomas B. L. Layton.

Harry A. McBride.

Arthur McLean.

David B. Macgowan.

George S. Messersmith.

William A. Pierce.

Horace Remillard.

Elliott Verne Richardson.

Addison E. Southard.

G. Russell Taggart.

Alfred R. Thomson.

Henry T. Wilcox.

G. Carlton Woodward.

Baylor L. Agerton.  
Charles E. Asbury.  
Robert R. Bradford.  
John R. Bradley.  
Norton F. Brand.  
James P. Davis.  
Lockett C. Ely.  
Samuel B. Forbus.  
Harry F. Hawley.  
George D. Hopper.  
George L. Logan.  
Arnold A. McKay.  
Stewart E. McMillin.  
Vivian L. Nicholson.  
Maurice C. Pierce.  
Eugene C. A. Reed.  
John O. Sanders.  
Sydney Smith.  
Francis R. Stewart.  
James B. Stewart.  
William O. Thornton.  
Charles N. Willard.  
Gilbert R. Willson.

## APPOINTMENTS IN THE ARMY.

## CHAPLAINS.

*To be chaplains with rank of first lieutenant.*

Edward T. McNally.  
Francis C. Renier.  
Frank M. O'Reilly.  
Ward G. Meehan.  
J. Ralph Wright.  
Joseph F. Conway.  
John E. Chester.  
Harry C. Fraser.  
Charles Elmer Rudy.  
William Parcell Baird.  
Elmer Charles McFadden.  
Charles McDevitt Ryan.  
William J. Keane.  
Joseph F. Moisan.

## MEDICAL CORPS.

First Lieut. John P. Kelly, Medical Reserve Corps, to be first lieutenant.  
First Lieut. Edgar J. Farrow, Medical Reserve Corps, to be first lieutenant.  
First Lieut. Herbert L. Freeland, Medical Reserve Corps, to be first lieutenant.  
First Lieut. William M. Archer, jr., Medical Reserve Corps, to be first lieutenant.  
First Lieut. Henry F. Phillips, Medical Reserve Corps, to be first lieutenant.

## VETERINARY CORPS.

*To be assistant veterinarians with rank of second lieutenant.*

George Leslie Caldwell.  
George Francis Fenzell.  
Jacob Landes Hartman.  
Gordon Bancroft Huse.  
John Harold Kintner.  
Benjamin Scott Fritz.  
Walter Karl Herbott.  
Joseph Worth Timmons, jr.  
Arthur Dunlap Martin.  
Sidney David Stroly.  
Leo Vincent Murrian.  
Charles Arthur Wagner.

## TEMPORARY PROMOTIONS IN THE ARMY.

## SIGNAL CORPS.

Col. Charles McK. Saltzman to be brigadier general.  
Maj. Benjamin D. Foulis to be brigadier general.

## TRANSFER TO THE ACTIVE LIST OF THE ARMY.

## INFANTRY ARM.

Capt. Richard P. Rifenberick, jr., to the grade of major.

## PROVISIONAL APPOINTMENTS, BY TRANSFER, IN THE ARMY.

## FIELD ARTILLERY ARM.

First Lieut. Steele Wotkins to be first lieutenant of Field Artillery.

## CAVALRY ARM.

First Lieut. Wallace H. Gillett to be first lieutenant of Cavalry.  
First Lieut. David W. Barton to be first lieutenant of Cavalry.

## INFANTRY ARM.

First Lieut. George D. Coleman to be first lieutenant of Infantry.

First Lieut. George F. Bloomquist to be first lieutenant of Infantry.

First Lieut. Leo M. Daly to be first lieutenant of Infantry.

## PROVISIONAL APPOINTMENTS IN THE ARMY.

## COAST ARTILLERY CORPS.

David Cleveland Kelly to be second lieutenant.

## PORTO RICO REGIMENT OF INFANTRY.

Antonio Andres Vazquez to be second lieutenant.

## POSTMASTERS.

## TENNESSEE.

Eugene Blakemore, Shelbyville.

## UTAH.

Ewell C. Bowen, Hiawatha.

R. M. Woolley, Magna.

## HOUSE OF REPRESENTATIVES.

FRIDAY, September 14, 1917.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

O Thou, who art from everlasting to everlasting, whose mercy endureth forever, upon whom all our longings, hopes, and aspirations are stayed, cleanse us, we beseech Thee, from all guile, and hear us when we recommend ourselves and all our concerns to Thee; uphold us with Thy strong right arm and encourage us to every high and noble purpose, that we may reflect Thy glory in all our undertakings, now and evermore, in the spirit of the Master. Amen.

The Journal of the proceedings of yesterday was read and approved.

## MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Waldorf, its enrolling clerk, announced that the Senate had passed bills of the following titles, in which the concurrence of the House of Representatives was requested:

S. 2489. An act to create two additional associate justices of the Supreme Court of the District of Columbia;

S. 2527. An act authorizing appointment of chaplains at large for the United States Army;

S. 2334. An act to authorize absence by homestead settlers and entrymen, and for other purposes;

S. 82. An act to transfer Frederick W. Cobb from the list of chief machinists, United States Navy, to the list of chief pay clerk, United States Navy;

S. 2746. An act to authorize the recommissioning of former officers of the Regular Army;

S. 2380. An act granting to the legislature of the Territory of Hawaii additional powers relative to elections and qualification of electors; and

S. 2701. An act to provide for the awarding of campaign badges to the members of the Dental Corps, United States Army, and fixing the regulations for awarding same.

## PERSONAL STATEMENT.

Mr. RUCKER. Mr. Speaker, I ask unanimous consent for a minute and a half in which to make a statement.

The SPEAKER. The gentleman from Missouri asks unanimous consent for a minute and a half in which to make a statement. Is there objection?

There was no objection.

Mr. RUCKER. Mr. Speaker, when the bill known as the war-risk insurance bill was voted on yesterday evening I was, just before the vote, called temporarily out of the building, and I was not here to vote. The very efficient and courteous pair clerk, seeking to do me a kindness, no doubt, paired me with an absent Member. I mean no criticism against anyone, but under the circumstances, if the press conveys the truth to us at this particular time, if I had been consulted I would not have consented to the pair that was made by the pair clerk. I simply desire that to go into the Record.

## TRADING WITH THE ENEMY.

Mr. MONTAGUE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 4900, entitled "A bill to define, regulate, and punish trading with the enemy, and for other purposes," disagree with the Senate amendments, and ask for a conference.



The SPEAKER. The gentleman from Virginia asks unanimous consent to take from the Speaker's table the bill H. R. 4960, known as the trading with the enemy bill, disagree to all the Senate amendments, and ask for a conference. Is there objection?

There was no objection; and the Speaker announced, as the conferees on the part of the House, Mr. ADAMSON, Mr. MONTAGUE, Mr. DEWALT, Mr. ESCH, and Mr. HAMILTON of Michigan.

#### SELECTIVE DRAFT OF ALIENS.

Mr. BURNETT. Mr. Speaker, I ask unanimous consent to extend my remarks on the alien-slacker bill. I think the explanation of it should be in the RECORD in order that Members should have knowledge of it.

The SPEAKER. The gentleman from Alabama asks unanimous consent to extend his remarks in the RECORD on the alien-slacker bill.

Mr. BURNETT. It is the bill H. R. 5067.

The SPEAKER. Is there objection?

There was no objection.

#### EXTENSION OF REMARKS.

Mr. STEELE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing the address delivered before the judicial section of the American Bar Association at Saratoga Springs on September 4 last, by Hon. WARREN GARD, Representative in Congress from the third congressional district of Ohio.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent to extend his remarks in the RECORD by printing a speech made by Judge GARD, of Ohio, at the meeting of the American Bar Association. Is there objection?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, the other day the gentleman obtained consent to have printed the address of former Justice Hughes. I notice that on the same day a similar request was granted in the Senate.

Mr. STEELE. I noticed that also.

Mr. STAFFORD. May I inquire why it was printed twice in the RECORD?

Mr. STEELE. This address will not be.

Mr. STAFFORD. I thought perhaps the honor might be conferred on our distinguished colleague of having this address printed twice.

Mr. STEELE. I understand it will not be.

The SPEAKER. Is there objection?

There was no objection.

#### ORGANIZATION OF CAVALRY AS FIELD ARTILLERY OR INFANTRY.

Mr. DENT. Mr. Speaker, I ask unanimous consent to call up House bill 5918, a bill introduced at the request of the Secretary of War and unanimously reported by the Committee on Military Affairs, authorizing the President to transfer Cavalry regiments to either the Infantry or Artillery during the present emergency.

The SPEAKER. The gentleman from Alabama asks unanimous consent to call up House bill 5918, which the Clerk will report.

The Clerk read as follows:

A bill (H. R. 5918) to authorize the President to organize provisionally as Field Artillery or Infantry and to use as Field Artillery or Infantry during the existing emergency such regiments of Cavalry as he may designate.

Be it enacted, etc., That during the present emergency the President be, and he is hereby, authorized to organize provisionally as Field Artillery or Infantry and to use as Field Artillery or Infantry during the existing emergency such regiments of Cavalry as he may designate: *Provided*, That immediately after the termination of the existing emergency such regiments shall be reorganized as Cavalry regiments in accordance with the prescribed organization of such regiments.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. GILLET. Mr. Speaker, I would like to ask the gentleman if this has the unanimous report of the committee?

Mr. DENT. Yes; it has the unanimous report of the committee; and it is a bill about which I spoke to the gentleman myself the other day.

The SPEAKER. Is there objection?

Mr. NORTON. Mr. Speaker, might we not have the bill read first?

The SPEAKER. The bill has just been read.

Mr. NORTON. All right.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. DENT, a motion to reconsider the vote whereby the bill was passed was laid on the table.

#### STRENGTH OF THE ARMED FORCES OF THE UNITED STATES.

Mr. DENT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing an official statement showing the strength of the armed forces of the United States up to the 6th day of September last, both in the Army and Navy.

The SPEAKER. The gentleman from Alabama asks unanimous consent to extend his remarks in the RECORD. Is there objection?

There was no objection.

Following is the statement referred to:

#### ARMED STRENGTH OF THE UNITED STATES, SEPTEMBER 6, 1917.

"On the 6th day of September, 1917, there were in the Regular Army, National Guard, and Reserve Corps of the Army 78,828 officers and 741,053 enlisted men. In the Navy there were 141,867 enlisted men, 41,473 Naval Reserves, and 14,500 Naval Militia in the Federal service. There were 5,000 men in the Coast Guard and 6,500 in the Hospital Corps; a total of 209,340. On this date the enlisted strength of the Marine Corps was 29,971; reserves in this service, 1,070; National Naval Volunteers, 704; retired men on active duty, 14. There were approximately 12,000 officers in the Navy and 1,166 in the Marine Corps.

"In other words, on this date the Army had, including officers and enlisted men, 819,881, and the Navy 254,263, a total armed strength on that date of 1,074,146 men, all of whom are volunteers. Prior to this time there was not a drafted soldier in a single training camp. The draft law was approved on the 18th day of May, 1917.

"On September 6 the Regular Army was composed of 308,145 enlisted men and 7,022 officers; the National Guard of 377,421 enlisted men and 12,250 officers; the Reserve Corps of 55,487 enlisted men and 32,215 officers. There were also 27,341 officers turned out of the training camps.

"Since war was declared 1,300,000 men have volunteered their services in one form or another for the defense of the country. Since April 6, 207,882 men have enlisted in the Regular Army and 214,419 in the National Guard; 77,187 men have enlisted in the Regular Navy, 16,705 in the Marine Corps, and 31,473 in the Naval Reserve.

"The following table showing the strength of the Navy and the Army, authenticated by the committee on public information, will, it is believed, be interesting:

#### Navy.

	Strength on Apr. 6.	Strength on Sept. 6.	Increase since Apr. 6.
Regular Navy.....	64,680	141,867	77,187
Marine Corps (enlisted).....	13,264	29,971	16,705
Marine Corps (officers).....	426	1,163	747
Naval Reserve.....	10,000	41,473	31,473
National Naval Volunteers.....	10,000	14,500	4,500
Hospital.....	2,000	6,500	4,500
Coast Guard.....		6,500	11,433
Reserves in service.....		1,070	
National Naval Volunteers.....		704	
Retired men on active duty.....		14	14
Officers in Navy.....		12,000	

<sup>1</sup> Approximate.

#### Army.

	Strength on Apr. 6.	Strength on Sept. 6.	Increase since Apr. 6.
Regular Army (enlisted).....	100,263	308,145	207,882
Regular Army (officers).....	7,022	7,022	
National Guard (enlisted).....	163,003	377,421	214,418
National Guard (officers).....	12,250	12,250	
Reserve Corps (enlisted).....		55,487	
Reserve Corps (officers).....		32,215	
Reserve Corps from training camps.....		27,341	27,341

#### EXTENSION OF REMARKS.

Mr. WEBB. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a brief article by Dr. David Lubin, delegate from the United States to the International Institute of Agriculture, on food control.

The SPEAKER. The gentleman from North Carolina asks unanimous consent to extend his remarks in the RECORD by printing an article by Dr. David Lubin, the American representative of the International Agricultural Society, with headquarters at Rome. Is there objection?

Mr. BARNHART. Mr. Speaker, I object.

The SPEAKER. The gentleman from Indiana objects.

## IMPROVING WILLAPA HARBOR AND RIVER, WASH.

Mr. SMALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table for immediate consideration Senate joint resolution 93, for improving Willapa Harbor and River, Wash., and ask to have it read.

The SPEAKER. The gentleman from North Carolina asks unanimous consent to take from the Speaker's table for immediate consideration Senate joint resolution 93. The Clerk will report it.

The Clerk read the joint resolution, as follows:

*Resolved, etc.,* That the Secretary of War may proceed with the work of improving Willapa Harbor and River, Wash., in accordance with the authorization in the river and harbor act of July 27, 1916, provided he is assured that the city of Raymond and other local interests will contribute the sum of \$71,775, being one-half the actual estimated cost of dredging in the North and South Forks of the Willapa River above their junction and will comply with all the other conditions of cooperation imposed by the said act.

The SPEAKER. Is there objection?

Mr. STAFFORD. Reserving the right to object, I think some explanation should be made of this unheard-of action, in considering a Senate joint resolution which has never been referred to a House committee for consideration.

Mr. SMALL. Mr. Speaker, I will be glad to explain it. In the river and harbor bill approved July 27, 1916, there was an appropriation for the improvement of Willapa Harbor and River, in the State of Washington. Local cooperation was required, and by a clerical error made by the district engineer the amount of the local cooperation was stated as \$143,550, when it should have been only half that amount. It was not the fault of the committee or of the office of the Chief of Engineers, but was an unfortunate error committed by the district engineer, and thereby carried forward.

Mr. JOHNSON of Washington. Mr. Speaker, carrying out the gentleman's explanation further, the law of 1916 reads in two ways, the one half to be contributed by the local interests not being the amount which was estimated by the engineers. I have a letter from Gen. Black, the Chief of Engineers, which explains it, which I will ask unanimous consent to insert in the Record.

The SPEAKER. The gentleman from Washington asks unanimous consent to insert in the Record a letter from the Chief of Engineers on this subject. Is there objection?

There was no objection.

The letter is as follows:

WASHINGTON, August 21, 1917.

HON. ALBERT JOHNSON,  
House of Representatives.

MY DEAR MR. JOHNSON: 1. Referring to the letter from the city officials of Raymond, Wash., in reference to the improvement of Willapa Harbor, Wash., which was left at this office by your secretary a day or two ago, and also copies of certain correspondence between the city and the district engineer officer concerning the local cooperation to be required under the provisions of the river and harbor act of July 27, 1916, authorizing this improvement, I have the honor to state that the situation is substantially set forth in the accompanying letter of Maj. Hunt of July 25, 1917, to Mayor Little, of Raymond.

2. A regrettable mistake was made in the district officer's report on this improvement, whereby it was made to appear that local interests were to be required to contribute the sum of \$143,550 to the cost of the improvement, instead of one-half of this amount, which was what he really intended to recommend as their share of the work. Congress appropriated the Government's apparent share on this basis, and the department does not, therefore, feel warranted in proceeding with the improvement unless the local interests give necessary assurances that they will furnish the whole of this sum of \$143,550, if required for the prosecution of the work. It appears that local interests are not in a position to give this assurance, and the only apparent alternative is to await further legislation by Congress authorizing the work to proceed on the basis of local cooperation to the smaller extent originally intended.

3. A draft of a joint resolution concerning this matter was prepared by this office at the request of Senator Jones, and a copy is inclosed herewith for your information.

4. The correspondence left by your secretary is returned herewith.

Very truly, yours,

W. M. BLACK,  
Brigadier General, Chief of Engineers.

Mr. STAFFORD. So, if I understand the gentleman from Washington, it was designed by the House that the local interests should contribute one-half of \$143,550, and that is the amount proposed in this joint resolution.

Mr. JOHNSON of Washington. Exactly.

Mr. STAFFORD. And the purpose of this joint resolution is virtually to correct a clerical error?

Mr. SMALL. That is all.

Mr. STAFFORD. I have no objection, Mr. Speaker.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The question is on the third reading of the Senate joint resolution.

The joint resolution was ordered to a third reading, and was accordingly read the third time and passed.

On motion of Mr. SMALL, a motion to reconsider the vote by which the joint resolution was passed was laid on the table.

## DEFICIENCY APPROPRIATIONS.

Mr. FITZGERALD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 5949) making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1918, and prior fiscal years, on account of war expenses, and for other purposes; and pending that motion I ask unanimous consent that the time for general debate be equally divided, to be controlled by the gentleman from Massachusetts [Mr. GILLET] and myself.

The SPEAKER. The gentleman from New York moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 5949, and pending that motion he asks unanimous consent that the time be controlled half by himself and half by the gentleman from Massachusetts [Mr. GILLET]. Is there objection?

Mr. STAFFORD. Reserving the right to object, can the gentleman advise the House as to how much time is likely to be consumed in general debate?

Mr. FITZGERALD. I am unable to state. There are one or two gentlemen who wish to discuss this bill. It is difficult to state how much time they will take. I have in addition requests for several hours upon this side.

Mr. STAFFORD. It is certain that it will occupy all of to-day?

Mr. FITZGERALD. I think without any doubt. I am uncertain how much time I shall occupy myself, because I wish to discuss some features of the bill, and there may be inquiries that will necessitate my occupying more time than I have any desire to occupy.

The SPEAKER. Is there objection?

Mr. SEARS. Mr. Speaker, reserving the right to object, it is my intention to offer an amendment to this bill. I presume not many amendments will be offered. What will be the attitude of the chairman of the committee as to time on amendments? I would like to have about 15 minutes on the amendment, and not take up any time in general discussion.

Mr. FITZGERALD. I understand the matter in which the gentleman is interested, and, so far as I am concerned, I will not object to his occupying 15 minutes on his amendment.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The motion of Mr. FITZGERALD was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of Union for the consideration of the bill (H. R. 5949) making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1918, and prior fiscal years, on account of war expenses, and for other purposes, with Mr. CRISP in the chair.

Mr. FITZGERALD. Mr. Chairman, I ask unanimous consent to dispense with the first reading of the bill.

The CHAIRMAN. The gentleman from New York asks unanimous consent to dispense with the first reading of the bill. Is there objection?

There was no objection.

The CHAIRMAN. Under agreement of the House the gentleman from New York [Mr. FITZGERALD] and the gentleman from Massachusetts [Mr. GILLET] will control the time, to be equally divided. The Chair recognizes the gentleman from New York [Mr. FITZGERALD].

Mr. FITZGERALD. Mr. Chairman, this bill is unprecedented in amount. It carries appropriations essential for the proper conduct of the military operations contemplated by the American people in the present war. It makes adequate provision for the necessities of the Government, and it requires expenditures with resulting burdens unparalleled in the history of the world.

The fact that the United States is engaged in a war does not mean, and should not be the excuse for, gross extravagance and unbridled expenditure. The most important function that the House of Representatives has to perform at a time like the present is to exercise, to their full extent, the powers intended to be possessed by the House in the control of the public purse [applause] and to perform those duties in a manner that not only will reflect credit upon the House itself but will be of inestimable benefit to the country.

The Committee on Appropriations, unaffected by any question of partisanship, without prejudice or bias, without desire to embarrass, and with no intention to shirk any duty, undertook early in July the preparation of this bill. The estimates sub-



mitted for the consideration of the Congress aggregated \$5,615,455,000. The bill recommends appropriations of \$3,775,979,370, and authorizes contracts to be entered into by the Government in a sum aggregating \$1,035,000,000.

After the bill had been completed by the committee, additional estimates aggregating \$1,450,071,189, a sum larger than has been expended in any one year since the beginning of the Republic, were transmitted to Congress for its consideration. Since the bill has been reported the committee has been engaged in investigating those estimates in order to make their recommendations. Based upon those estimates, amendments will be proposed to the bill increasing the appropriations by \$993,604,000 and contract obligations authorized by the bill \$1,219,202,750. Considering the original and supplemental estimates, the total estimates submitted for consideration aggregate \$7,065,526,525.

The bill, with the proposed amendments, will carry appropriations of \$4,769,583,370 and authorized contract obligations of \$2,254,202,750, a total of \$7,023,786,130, or \$41,740,405 less than requested.

This total is explained somewhat by the fact, however, about which I shall go into details later, but which should be noted at this time, that in connection with the program submitted by the Shipping Board appropriations were requested aggregating \$915,000,000, and the committee, in order to enable the board to initiate the program for the acquisition of the ships deemed to be essential in the prosecution of the war, was compelled to make authorizations or give authority to enter into contract obligations of \$849,000,000 that were not actually requested but were contemplated in the request for the appropriation.

The Committee on appropriations spent practically eight weeks, in sessions aggregating seven to eight hours a day, in an attempt to secure information upon which to base the committee's judgment on this bill, and, so far as has been possible without divulging military information of a confidential character, the committee has had its hearings printed, and they are available for the Members of the House.

I undertake to say that the hearings will contain a fund of information of very great value, and if Members will take the trouble to read them, they will have the answer or explanation to some of the criticisms that have been made that we are acting without information and in the dark regarding these matters.

Mr. Chairman, the House will undoubtedly be interested in a somewhat comprehensive review of the financial situation of the United States, contrasted briefly with the situation of some of the principal countries engaged in this war.

The appropriations for the current fiscal year in the regular annual appropriation bills aggregate \$1,977,210,200. It has been estimated that approximately \$910,000,000 of that sum is for the Military Establishment and may be credited to the war situation.

In addition, the act of June 15, 1917, the emergency deficiency bill, carried \$3,281,094,451. The pending deficiency bill will carry \$4,769,583,370. The bill for aviation in the War Department carried \$640,000,000. The food-survey bill, \$11,346,400. The food-control bill, \$162,500,000. For the war-risk insurance bill \$45,150,000 is provided, and the expenses authorized in the first bond act amount to \$7,063,945.

It is estimated that the soldiers' insurance bill, which passed the House yesterday, will involve an expenditure this year of \$176,250,000. The trading-with-the-enemy bill, still pending, \$450,000. The expenses of the bond issue, the recent bill, \$17,927,064.

We have provided \$7,000,000,000 to be loaned to our allies, and the estimated interest on the public debt for the current year will be about \$200,000,000.

These several sums make a contemplated expenditure during the current fiscal year, without attempting to anticipate conditions that may arise before the end of the fiscal year requiring drafts on the Treasury, of \$18,288,643,452.

The estimated revenue from ordinary sources for the current year is \$1,333,500,000. It is estimated that the revenue bill as it passed the Senate will provide \$2,400,000,000, and I take these figures, although they are the highest estimate, so as to make certain there shall be no error in the conclusions I shall draw. The postal revenues will amount to about \$334,000,000.

The total estimated revenue is \$4,067,500,000. Our bond issue, considering both the financing of our operations and the advance to the allies under the two billions, aggregate \$11,538,945,460, or a total anticipated revenue from loans and revenue of \$15,006,445,460, or approximately \$2,682,198,092 less than we propose to spend during the current fiscal year, which ends June 30, 1918.

It is well for the House to bear that fact in mind—that there must be provided during the current fiscal year, either through additional taxes or through some form of revenue based upon

our present needs, without anticipating in any way the necessities that the future may occasion before the end of the fiscal year, approximately \$2,682,000,000 more than the amount for which provision has been made.

It was such information that prompted me to state only a short time ago that before the end of the current fiscal year we would be compelled to take at least 80 per cent of the excess profits, and probably 60 per cent of all incomes above a very ordinary amount.

Mr. STAFFORD. Would it embarrass the gentleman if I asked him one question?

Mr. FITZGERALD. I yield to the gentleman.

Mr. STAFFORD. I assume when the gentleman estimates the bond authorization at \$11,538,000,000 he includes the total authorization, comprising the two billion war-saving certificates and certificates of indebtedness of four billion, which can not be utilized all at once, and will not be available during the coming fiscal year.

Mr. FITZGERALD. No; if I recall correctly I did not include the four billions of one-year certificates of indebtedness. There are included, however, the \$2,000,000,000 five-year certificates.

Mr. STAFFORD. The two billion of war-saving certificates are included.

Mr. FITZGERALD. The war-saving certificates are included, and the money will be required in this fiscal year. The one-year certificates of indebtedness are excluded since they have a special temporary function of providing quickly funds in anticipation of revenue from tax laws or loans, the proceeds of which replace the funds from one-year certificates.

Mr. GREEN of Iowa. Will the gentleman yield further?

Mr. FITZGERALD. I should prefer to finish through the statement before I yield, but I yield to the gentleman.

Mr. GREEN of Iowa. The gentleman spoke of 80 per cent excess profits being taken.

Mr. FITZGERALD. I do not wish to go into that question at this time. I said that I expressed that opinion. It was based on the fact that I had this information at the time, but I do not wish to be diverted from this statement at this time by a discussion of that matter.

Mr. GARNER. Mr. Chairman, will the gentleman yield?

Mr. FITZGERALD. Yes.

Mr. GARNER. I just want to ask a question in connection with the gentleman's bond statement, so that the House may get with accuracy the amount of bonds that have been issued for domestic purposes. The gentleman includes of course the emergency certificates in his estimates. So far as the permanent bond issue is concerned there have been only \$2,000,000,000 worth authorized for war purposes. There is not included of course in this bond bill the post office, which is permanent in the nature of five-year bonds, and neither does it include the \$4,000,000,000 authorized, \$2,000,000,000 in the last bill and \$2,000,000,000 at this time of temporary certificates.

Mr. FITZGERALD. The figures I have given, as I stated, are very conservative. Our requirements will be much in excess of the sum stated by me. Only yesterday the Secretary of the Treasury estimated the additional revenue required prior to June 30, 1918, at a sum in excess of \$3,500,000,000.

Mr. LINTHICUM. Mr. Chairman, will the gentleman yield?

Mr. FITZGERALD. I yield to the gentleman.

Mr. LINTHICUM. I want to know what proportion of this money has been loaned to other nations for which we have securities?

Mr. FITZGERALD. I have not that information, and it is immaterial to the situation. We have authorized the loans to be made, and we expect them to be made during the current fiscal year.

Mr. Chairman, by an examination of a number of publications and seeking information from various sources, I have compiled some figures as to what has been expended by our allies since they have been engaged in this war. Those figures are based upon an examination of a very illuminating article by Mr. H. J. Jennings in the *Fortnightly Review*; from different publications issued by the *Mechanics & Metal National Bank of the City of New York*; from the *Economist*, of London; from figures compiled from official records of the French Government by the Library of Congress; from a publication entitled the *Statist*, which makes a specialty of such figures; and from the *Journal of the American Bankers' Association*. From those publications, all of which have to deal with these matters, while they distribute the moneys in different proportions to the different countries, the totals are approximately the same in all instances. It appears from available statistics and accurate estimates that Great Britain had expended until the 1st of August of this year \$21,385,000,000. That includes \$4,500,000,000



advanced to her allies, and deducting the \$4,500,000,000 from the estimated expenditure of Great Britain upon the theory that that sum is included in the statements of expenditure by the Governments to which it was advanced, Great Britain has expended \$17,750,000,000. In addition, there has been expended out of the advances made by India and the over-seas dominions approximately \$750,000,000. So that the total expenditure by Great Britain in the three years in which it has been engaged in the war is \$18,500,000,000.

Mr. GARNER. Mr. Chairman, will the gentleman yield?

Mr. FITZGERALD. Not at this time. The estimated expenditures of France during the three years are \$15,327,400,000. The estimated expenditures by Italy during the time she has been in the war, which has not been since the outbreak, but up to the 1st of August of the current year, is \$3,120,000,000. The estimated expenditure of Russia, which is more or less conjectural because of inability to get figures, but based upon studies of financial experts of the world, is \$15,000,000,000. So that the total expenditure of the entente allies since the beginning of the war aggregates \$51,947,400,000.

Germany, including the advances made to Turkey and Bulgaria, it is estimated, has expended \$21,300,000,000, and Austria-Hungary \$12,800,000,000, or a total of \$34,100,000,000.

The total expenditures by the nations engaged in war since it began three years ago are approximately \$90,000,000,000. The United States is proposing the first year it is engaged to expend about 23 per cent of the expenditures of all the nations in the three years they have been engaged in the war. The United States is proposing to expend the first year approximately as much as Great Britain has expended in three years, more than France has expended in three years, and about 65 per cent of the total expenditures of Germany and Austria-Hungary in three years. Mr. Chairman, I have presented—

Mr. GARNER. Will the gentleman yield?

Mr. FITZGERALD. I will now yield.

Mr. GARNER. Does the gentleman's totals include the expenses of those Governments or war expenses? Is there any difference made with reference to the amount spent for war and for all purposes?

Mr. FITZGERALD. I have taken the total expenditures of the British Government. I have been unable to ascertain whether the figures given for some of the other Governments include the normal peace expenditures, but the expenditures of the British Government, the normal peace expenditures of that Government, would have been less than \$3,000,000,000 unless their expenditures had been very greatly augmented by reason of new domestic policies.

Mr. SHERLEY. If the gentleman will permit, ought not it also to be stated, however, that a considerable portion of our expenditures for this year makes provision for two years for the Army?

Mr. FITZGERALD. That is true.

Mr. STERLING of Illinois. In the estimate of this country's expenditures—

Mr. FITZGERALD. Just a minute, just let me finish the answer, because I do not wish to get the record confused. We are proposing to expend this year very considerable sums of money for equipment to enable operations to be conducted in the future, but the British Government and the French Government and the other Governments during the past three years have been making expenditures anticipating the future, so that they balance one another. I now yield to the gentleman.

Mr. STERLING of Illinois. Our expenditures, as estimated by the gentleman, include the loans, I understand, to the allies?

Mr. FITZGERALD. I so stated, and in order to make the comparison accurate I deducted the amount of loans made by Great Britain to other governments. As the moneys we have been advancing have not in appreciable extent been expended by the allies, including them in these figures does not materially affect the result. I have presented these figures to the House, Mr. Chairman, at this time in order if possible to awaken the Members to the tremendous task that confronts the American people and to create a sentiment that will make it impossible to put a further burden upon the Public Treasury for any purpose whatever that is not absolutely essential. [Applause.]

Moreover, my purpose is not to arouse any doubt or suspicion as to the propriety of our action. Most fortunately, however slowly we may have begun, a comprehensive view has been taken of the situation and our military experts are anticipating the needs of the future. To what extent it is impolitic to discuss. It should suffice to say that a proper appreciation of our task resulting in the request for moneys to enable adequate preparation is to be made, and providing for operations of a magnitude essential for success is the most commendable feature of the policies adopted. Some matters were presented to the

Committee on Appropriations that are highly meritorious and which in normal or even somewhat strained conditions the members of that committee would readily and heartily recommended to the House for appropriation; but a consideration of the figures which I have reviewed and some consideration of what the future will develop convinced everyone that only the most rigid and careful elimination, not of the unnecessary things, not merely of the undesirable things, but an elimination of everything that was not of an imperatively necessary character could alone save the country from a yoke that would become intolerable.

Mr. Chairman, I did not have the opportunity to obtain information of a similar character about other countries, but the following figures relative to the British Government will be of very great interest to the Members of the House: The total expenditure of \$21,385,000,000 by Great Britain is met by obtaining from taxation \$5,410,000,000, and through loans \$15,975,000,000. The proportion of taxes to loans is \$1 of taxes to \$3.93 of loans. Excluding from their calculation the loans to their allies, which as it has been stated are to be returned and are expected to carry themselves, the proportion of taxation to loans is \$1 in taxes to \$2.56 in loans.

The financial publications of Great Britain and the speeches of her public men emphasize continually that the one thing that the country is to be congratulated upon is the fact that the taxing power has been utilized to such an extent that the stability of the credit of Great Britain is just as secure to-day as it was before the war began [applause] and that its security and stability in the future has been enhanced by the fact it has resorted so largely to the taxing power in undertaking to raise those necessary revenues. Its public debt has been increased by over \$15,000,000,000 since the war began, and my recollection is that before the war began its public debt had aggregated \$3,500,000,000, and it is estimated now that the public debt of Germany is about \$25,000,000,000.

Mr. LONGWORTH. Will the gentleman yield?

Mr. FITZGERALD. I yield.

Mr. LONGWORTH. In regard to Great Britain, the gentleman said awhile ago that he thought it would be necessary for us very largely to increase the rate on higher incomes. Now, the gentleman will realize that in our tax measure the normal tax is only 4 per cent, whereas in Great Britain the normal tax is 25 per cent. In other words, they raise a very large proportion if not the bulk of their taxes from taxation of the comparatively small incomes.

Mr. FITZGERALD. But the gentleman must remember that in Great Britain the system of taxation is so different that the absence of any tariff tax and the absence of certain local taxation to which people are subject here but are not subject in Great Britain accounts for the fact that they may make the initial tax much higher than can be done in this country.

Let me say to the gentleman from Ohio that if he wishes to discuss the relative percentage on incomes which should be included in a tax bill he should debate it with his colleagues on the Committee on Ways and Means.

Mr. LONGWORTH. The gentleman does not mean that Great Britain does not raise a very large sum annually from the tariff taxes?

Mr. FITZGERALD. Am I expected to answer that?

Mr. LONGWORTH. Yes.

Mr. FITZGERALD. I am not sufficiently familiar with the matter to know the extent to which its revenues are derived from its tariff.

Mr. LONGWORTH. The gentleman will doubtless be glad of enlightenment.

Mr. FITZGERALD. It is not in proportion to the percentage of our revenues obtained in the halcyon days of the protective tariff.

Mr. LONGWORTH. I wish to suggest to the gentleman, for information, that Great Britain raises half a billion dollars a year out of her tariff taxes—\$500,000,000.

Mr. GARNER. Will the gentleman yield?

Mr. FITZGERALD. I do.

Mr. GARNER. The gentleman a few moments ago was discussing the relative proportion of taxes and bonds raised by Great Britain, and attributed one reason of that country's credit being so firm now to the fact that it collected such a large proportion of the money raised to run this war from taxation. My recollection is that Great Britain's proportion of taxes raised, compared with the whole debt, is 27 per cent. Now, I agree with the gentleman from New York that all the taxes possible should be levied during this war, but I think he will agree with me that we ought not to go so high as to cripple for the next year the tax-producing power by which we must raise taxes.



Mr. FITZGERALD. I shall discuss how high we ought to go in different directions when the gentleman proposes his suggestion in a revenue bill.

Mr. GARNER. It is a question of how high you can go—

Mr. FITZGERALD. I gave this information to the House for what it may be worth. I stated my own view on the matter several months ago; that is, that the proper policy is to obtain all the money possible by taxation and the balance by loans. [Applause.] What the percentage should be can not be arbitrarily determined. After the amount of taxes that can be obtained is ascertained and the amount of money required is known, then it will be easy to tell the relative relation of the taxes and the loans; to fix arbitrarily any particular percentage in advance of determining what can be obtained through taxation, in my opinion, would be a policy that would be difficult to justify.

Mr. Chairman, before I refer to some items in the bill I wish to discuss another matter that has been discussed somewhat in the House and somewhat in the public press—the proposition to create what is known as a joint committee on war expenditures. The speech of the gentleman from Michigan [Mr. FORD] delivered in the House on the 8th of September is the most comprehensive statement put forth in advocacy of that proposition. He calls attention to the fact that the functions of the proposed committee are accurately defined in the various resolutions that have been introduced. They provide:

It shall be the duty of said committee to keep itself advised with regard to the expenditure of all appropriations bearing on the conduct of the war made by Congress and the contracts relating thereto made by officers of the executive departments, and it shall be the duty of the executive departments, on request, to keep said committee fully advised as to such expenditures and contracts.

Such committee shall confer and advise with the President of the United States and the heads of the various executive departments, commissions, voluntary boards, or other organizations connected with the conduct of the war, with a view to safeguarding expenditures.

The President of the United States, when a provision to create such a committee was proposed in the food bill in another body, wrote a letter to the gentleman from South Carolina [Mr. LEVER], in which he said:

The constant supervision of Executive action which it contemplates would amount to nothing less than an assumption on the part of the legislative body of the Executive work of the administration.

Mr. Chairman, after very careful consideration I believe that the President has more accurately stated the effect of that committee than has been stated by anyone else. The proposition to create that committee is not only a misunderstanding of what the functions of the House of Representatives are, but it would result in the abdication of the powers we possess and abandonment of the policy that should be pursued.

Under our policy, before the administration or the executive department of the Government can initiate any policy that involves public expenditure it must first submit its recommendations to the legislative body, and the authority to initiate the policy must be provided by legislative action. After the policy has been initiated by legislative action, the administration, or the Executive, must submit to the Congress the proposals of expenditure it proposes to make in order to carry the policies into effect. Before the policies can be carried into effect the Congress must, after investigation and consideration, determine the extent and the character of the work to be done by making appropriations as the result of legislative action. When the legislative has performed those functions, when it has authorized the policy, when it has defined and limited the extent of the policy, when it has provided the funds to enable the policy to be carried out, it has done all it should do in connection with the expenditure of the money, except such auditing or checking as may be appropriate after the expenditure is made. But the duty of carrying on the policy, of conducting the work, of making the expenditures, of doing all of the things connected with such work is purely an Executive function; and to attempt to hamper the Executive by the setting up of an espionage committee or an interfering committee or a meddling committee would do more to embarrass the proper administration of the Government than anything else that can be done by the Congress.

Anyone who is familiar with the difficulties that the officials of the Government have labored under in attempting to do the work essential to our proper preparation for war, because our organization has been such that it is practically impossible to find some individual who has the power, or if he had the power, is free to exercise it so as to accomplish something, will appreciate how grievous an error it would be to set up, as another instrumentality that had to be considered, that had to be consulted and had to be conferred with before any executive act could be done, a joint committee of the two Houses of Congress upon the theory that such supervision and regulation or

control of executive acts would be beneficial. Once the Congress created such a committee it would become indifferent to the performance of those more important functions which belong to it; that is, of not permitting the executive to have blanket authority to act in any way it pleases, and not to give it blanket authority to expend money in any way it pleases, not to give it enormous lump appropriations that could be expended without restriction in any way it might please the particular individual who had charge of the particular service for which the appropriation is made.

What the legislative body should continue to do is to insist that matters of policy should not be initiated without legislative authority, and to determine after full and complete investigation in advance the amount of money that shall be available to carry out any authorized policy; to prescribe any limitations that may be deemed proper and essential, and then to leave to the executive department of the Government the executive functions of the Government.

It is a peculiar coincidence that during the time this question has been discussed so much in this country, a question of very similar character should have occupied the attention of the British Parliament. A most illuminating and the most convincing debate that has ever been carried on, which demonstrates the immense superiority of the system in vogue in this country over the system in existence in Great Britain, is to be found in that discussion in the House of Commons. On the 6th day of July of the current year a motion was on the paper and debated—

That this house is of opinion that in view of the continued growth of expenditure, taxation, and debt a committee be appointed, consisting of members of this house, with power to review all national expenditures, examine ministers and officials, and report to the house.

In order to understand the meaning of that motion it is necessary to understand the system in vogue in the British Government. At the outbreak of the war the Government announced to the House of Commons that it was impossible to submit estimates of a definite character for the service of the departments; that the country was at war; that no one could anticipate what its needs would be, and that it had to be given practically blanket authority to expend as it pleased. So the system was adopted of submitting what have been referred to as token estimates, mere guesses of the moneys needed for the various services which are discussed in a general way, and then voted by the Commons.

It should be recalled that when the Government makes up its budget and submits it to the House of Commons there is no examination of ministers, there is no inquiry into the questions involved by the members of the house. There is a mere discussion of policy and a vote taken. Under the law within nine months after the expenditure is made the accounts are transmitted to the comptroller and auditor general, who is an officer of the House of Commons, who audits the accounts and subsequently submits them to the committee on public audits and accounts of the House of Commons, and within 14 months after the expenditures are made they for the first time inquire into the expenditures and ascertain whether the expenditures were made for purposes authorized by the law, and some 18 months after the expenditures are made the House of Commons gets for the first time a report which at all approximates the character of a report which we receive when bills are presented to the House for consideration.

I shall read from one of the speeches only—there are a number of interesting extracts—but this probably gives a better insight into the opinion prevailing in the House of Commons, of the situation prevailing there and in this country, than any other part of the debate. Sir T. Walters, in the course of his remarks, said:

What we feel at present is that the executive power of this House is falling into too small a number of hands, and that the executive is tending to ignore the proper function of the House, which is to control the executive. I do not say this in any critical or offensive sense. I am not for a moment suggesting that the Government, past or present, is conspiring in any way to deprive the House of Commons of its legitimate function, but I do say that, slowly but surely, the powers given to the House of Commons relating to finance are being reduced, are being whittled down until they are almost taken away from the house, and that the executive of the day, instead of being the servant of the house is becoming its master, and that ministers, instead of feeling that they must submit questions of policy to the house, that they must confer with the house, and consult the house and take their instructions from the house, have come to regard the House of Commons as a sort of necessary nuisance which they are quite justified in ignoring and neglecting. Some of us feel very strongly about this, and we know that in this particular criticism we have the support of the country behind us. Ministers must not imagine that when they are given a free hand for the prosecution of the war—that is a phrase which is becoming almost nauseous—the country desires that in all these important questions of expenditure and commitments in advance of expenditure the elected representatives in the House of Commons should be ignored—that they, the executive, are possessed of some



divine and supreme power and nobody has any right to control or criticize them.

Therefore, to make that point quite clear, and in order that there shall be no mistake as to what is in our minds and what is our policy, we ask for a specific and definite thing. We say that we want a committee of this House, not a sort of general purposes committee, not a sort of general accounts committee of that amiable and philanthropic description which the honorable gentleman who has just spoken has described, but that we want a committee of this House which shall be the guardians of and responsible for the privileges and responsibilities of this House that shall call ministers before it and say, "What is your financial policy? We see you have in your estimate a proposal to buy all the coffee and cocoa taverns. We want you to tell us what is your financial policy in that respect and to indicate what are the present and future commitments involved thereby." We want this committee not only to examine ministers, but if it is not quite satisfied with the information given by them—I live in perpetual fear of ministers, and I do not want to be disrespectful to them—the committee shall say, "We want to see the principal officials of your department and to know what they are doing, whether they are having private meetings and making commitments, whether they have any scheme for the acquisition of fried-fish shops all over the country." I do not think I need pursue the subject, which is merely by way of illustration. We want to restore to the House of Commons not merely the right to audit the expenses that are being incurred, but to control the financial policy and expenditure of the country. I can not conceive why the executive should ever dream that they really constitutionally possess the power that they have exercised. I will not refer to the French constitution, but I will take the case of the American Constitution. There, of course, the executive powers are not possessed either by the House of Representatives or by the Senate. They are vested in the President; but notwithstanding that fact, although the House of Representatives has not even the theory of executive responsibility, yet they feel it to be their duty to have their financial committees and actually call before them the members of the President's Cabinet and the great officials of the department. Though the House of Representatives has no power to dismiss the President or any of his ministers, or to dismiss even the humblest subordinate official in any department, yet as the House of Representatives has the power and duty and obligation to vote supplies, it has been deduced by an intelligent, enlightened, and free people that having to vote the money they also have the power to cross-examine as to what is the policy of the executive power of the State, even though that executive power is quite independent of the elected authority. When you come to examine the position in this country and find that the executive power is not based by a separate vote and election in the prime minister and the war cabinet, or any other cabinet; that all the executive power these ministers possess is power derived from this House of Commons; that they are subject to dismissal by an adverse vote of the House of Commons; that they have no power except what they have taken from the House of Commons, then, I say quite calmly and equably, that it is a piece of arrogant presumption on the part of any executive to adopt any financial policy and ignore the views of the House of Commons.

Mr. Chairman, that is a sample of the character of debate in the House of Commons. They have no power, nor do they exercise the right that the House of Representatives always exercises before it initiates any great policy, or any policy involving an expenditure of moneys, or the appropriation of a single dollar. We call the heads of departments; we call the officials in those departments familiar with the details; we compel them to furnish not only information as to their policy, but information that convinces the House of Representatives that the policy should be adopted and that the money requested should be provided in order to carry out the policy. No other method would be tolerated. Yet here is great, free, enlightened Great Britain, after three years of war, facing a commotion in the House of Commons which compels the Government, as the result of that day's debate, not to give a committee, which has the powers that the committees of the House of Representatives have and exercise, but a committee of much more limited powers, in order to satisfy the demand there that the House of Commons, the representatives of the people, should have control of the expenditures of the Government.

In the speech of the chancellor of the exchequer, Mr. Bonar Law, in stating that he was prepared to meet this demand, he stated—and it was conceded by those advocating the adoption of the motion that was presented—that no toleration would be given to a suggestion that that committee should in any way pass upon questions of policy that the Government would determine; that to permit any committee of the House of Commons to question matters of policy would be to diminish the responsibility that every minister must have and exercise, and that the only thing that they could do was to determine the extent of the expenditure to be made.

In this Government we have no such system. No head of a department can initiate any policy without previous legislative authority. Under very great emergencies of the war some things are done—contracts are made, purchases are proposed—which Congress is later requested to ratify. Such action has been acquiesced in by the Congress because of the tremendous, vital importance to the national security and defense; but no such course of conduct has ever been tolerated or ever will be tolerated as a permanent policy, and I hope that this House will not be misled into the creation of such a committee. One of the inevitable results will be what we are likely to face in the very near future, and one of the things that the Congress has not been giving the attention which it ought to give. Under the law the departments of the Government are to-day prepar-

ing the estimates to be submitted to Congress at the beginning of the next regular session, upon which appropriations for the fiscal year beginning the 1st of July, 1918, are to be made. No living man can at this time prepare an estimate that has any value as to what the expenditures for the War Department or the Navy Department will be for the fiscal year 1919.

There are two ways of overcoming it. The British Government adopted one, which created this uprising in the House of Commons. That was to tell the House of Commons that it was impossible to give any information, that they simply had to vote the moneys and let the Government spend them as they determine to be necessary. The French Government adopted a different system. It has the system of grand committees or commissions, some 23 or so, and they require the Government to submit estimates every three months for the moneys required for the conduct of the war, and do not attempt to anticipate the future to an appreciable extent.

Mr. Chairman, I have spoken a number of times in favor of one committee to control appropriations. The present situation emphasizes more than any other period in the history of this Government that all of the appropriations of the Government ought to be in the control of one committee, and so that there may not be any misunderstanding I do not say in the control of the Committee on Appropriations as it now exists; but all the appropriations ought to be in control of one committee, so that that one committee in the coming years will be able to hear and determine the relatively important or unimportant matters, and not put a burden upon the people because of lack of information that will exist and must exist if the eight or nine different committees are to make recommendations for appropriations, as they have been doing in the past.

That is a matter which ought to occupy the attention of the House, although I doubt that it will do so. I have endeavored very briefly to point out at various times the reason for so doing. Anyone at all familiar with the present existing situation knows that if we scatter appropriations to be made in the future among a number of committees there will be absolutely no way whatever for this House to exercise the proper control that it should.

There are some matters in the bill to which I wish to make brief reference at this time. This bill involves not only very extraordinary expenditures but it involves policies of the very first importance. The committee is called upon not only to determine whether certain amounts of money shall be recommended for certain specific purposes but it is called upon to determine in the first instance whether projects or policies which will involve very extraordinary appropriations shall receive initial approval and recommendation of the House as a basis of the appropriation.

In an amendment which will be submitted is a matter of the first importance. In the emergency deficiency bill, approved June 15, 1917, a building program for merchant ships involving the expenditure of \$750,000,000 was authorized. If the amendments recommended by the committee are adopted, it commits the Government to an expenditure during the next 24 months for this purpose of \$1,934,000,000. The committee had placed before it complete information as to the program, as to the necessities of the Government, as to the vital importance of the matter, in connection with the prosecution of this war, and in this matter, as I may say in connection with practically every matter of importance in this bill, there has been no difference of opinion among the members of the committee. Both the majority and the minority members have been in accord as to the necessity of initiating the policies and as to appropriations to be made. There may have been some differences of opinion as to whether the amounts carried were adequate for the purpose during the current fiscal year, but there was no radical difference about them, since it was realized that even if Congress adjourned, it would be in session in December, and that ample funds are provided in order to carry the work beyond the time when additional moneys will be available.

In amendments to be offered there will be one authorizing obligations to be incurred to the extent of \$350,000,000 for the purpose of obtaining torpedo boat destroyers, as the most effective weapons against the submarine menace.

One matter of considerable importance that was not recommended, although originally requested by the department, is as follows: The original intention was to have 32 cantonments for the training of our soldiers. Subsequently the program was modified so that there should be 16 cantonments and 16 camps for the National Guard. The estimates submitted to the Congress contain items aggregating \$74,000,000 for the purpose of converting the National Guard camps into cantonments, but upon investigation and upon a statement of the Secretary of War that proposed policy has been either abandoned or suspended, the committee determined that the necessity for that con-



version did not exist, and so eliminated \$74,000,000 that would otherwise have been expended for that purpose.

Perhaps the one matter of controversy in the bill—which I shall not discuss at this time but shall discuss later—is the question of providing a proving ground. To avoid a discussion at this time I shall leave the matter until the item is reached.

The bill carries appropriations for mounts for certain heavy guns that are to be used by our troops. A number of guns, which from the standpoint of our present scheme of coast defense are considered obsolete or which are not of a character of prime importance and can be readily replaced and the removal of which will not affect the effectiveness of our coast defense, are to be taken and sent abroad with our troops, because it is impossible to get guns of that character in any other way.

There is a recommendation that the Navy Department and the War Department at the present time be authorized to advance 30 per cent on contracts before materials are delivered, upon adequate security being taken. That is to enable the Government to aid in financing plants that otherwise could not carry on the work that it is essential should be done for the benefit of the Government.

There is a recommendation that the Ordnance Department may, in the absence of other specific authority, make contract obligations for ordnance material and supplies not to exceed \$100,000,000, the purpose being to obviate certain delays which are inevitable, but which can be readily obviated in this way. This provision is recommended in view of the fact that thus far the Congress has not declined to honor any request of the War Department for ordnance or munitions. And, so far as can be ascertained, there is no likelihood that any such request will be refused. So it is believed that with this limit and this authority, time would be saved in the acquisition of material that is essential for the proper prosecution of the war.

There are a number of other matters, but I have occupied more time than I had intended, and I shall only refer to one. Others will be discussed by other Members and myself when the items are reached.

It is very difficult to appreciate the tremendous expansion in the Government services connected with the war. The mere clerical force that is required to conduct the business is almost as staggering as the sums required to conduct the war. The committee had before it requests for approximately \$15,000 square feet of space to provide accommodations for the increased force needed by the Government. Those requests were submitted in the form of suggestions that authority be given to negotiate with various parties for the construction of buildings upon the basis of five-year leases. That would have resulted in emphasizing the unfortunate condition now existing by which various bureaus of the same department and some divisions of the same bureau, all of which for an efficient and economical conduct of the public business should be under one roof, would be more widely scattered than before. The Congress at its last session created a commission upon the housing of the permanent activities of the Government, which commission consists of six Members of the Senate, six Members of the House, the Supervising Architect, the Superintendent of Public Buildings and Grounds, and the Superintendent of the Capitol. The Members of the Houses are taken, three from members of the Committees on Appropriations and three from members of the Committees on Public Buildings and Grounds. I request the chairman of that commission to convene it and this matter was submitted to the commission. The three technical members of the commission were authorized to investigate and report upon a building with its cost, its location, and other matters.

As a result of the unanimous action of that commission, this bill, instead of carrying items of rent for various privately owned buildings, carries an item of \$2,000,000 to construct a temporary building to contain approximately 1,055,000 square feet, upon the reservation at Sixth and B, the site of the old Pennsylvania Station. This building will have a life of more than six years. If it is used for five years, the saving will be in excess of \$2,000,000, and the indications, so far as it is possible to judge, are that probably before the expiration of the present fiscal year the necessities of the Government, as they grow with this war, will require a building of equal size to accommodate the services that will be required. So the committee has unanimously made this recommendation. It is believed that it is not only a very economical provision but that the tremendous increase in the efficiency that will come from enabling the two great departments of the Government, the War Department and the Navy Department, to bring all of their services under one roof is something that can not be estimated in money value.

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. FITZGERALD. Yes.

Mr. COOPER of Wisconsin. I congratulate the committee upon having reached that conclusion and having one building instead of a number of small ones. Where did the gentleman say it is to be located?

Mr. FITZGERALD. Upon the site of the old Pennsylvania Station, at the corner of Sixth and B Streets, right off Pennsylvania Avenue, where there are ample transportation facilities.

Mr. COOPER of Wisconsin. And the building is to house just what bureaus?

Mr. FITZGERALD. The building is to house the War and Navy Departments.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. FITZGERALD. Yes.

Mr. STAFFORD. Did the committee consider as the site available for this temporary structure the property owned by the Government, which has been owned for a number of years, immediately to the south of Pennsylvania Avenue near Fifteenth Street?

Mr. FITZGERALD. Yes. That was one of the sites considered. There were objections to it of a serious character that made it impossible to get an agreement upon it. In the first place, the Government is deriving considerable revenue from the buildings now occupied there.

Mr. STAFFORD. I have in mind more the two squares to the south of the square fronting on Pennsylvania Avenue. That property is not occupied with any substantial buildings, but mostly rookeries and a building utilized for storage purposes.

Mr. FITZGERALD. That space would not give the accommodations required.

Mr. STAFFORD. Of course it would have the advantage of being much nearer to the present headquarters of the State, War, and Navy Building, which would be a great asset.

Mr. FITZGERALD. In view of the space that would be given, it was not believed that the additional distance would be any serious disadvantage.

Mr. GARNER. Mr. Chairman, will the gentleman yield?

Mr. FITZGERALD. Yes.

Mr. GARNER. Will this building be reserved exclusively for the War and Navy Departments?

Mr. FITZGERALD. It is provided exclusively for the War and Navy Departments.

Mr. GARNER. The gentleman realizes that with the proposed revenue to be raised as contemplated by the bill now in conference the Treasury Department is going to be compelled to have additional space. Did the committee take into consideration the question of providing quarters for that department?

Mr. FITZGERALD. This building has approximately 200,000 square feet more than the requests submitted. It is believed that the War and Navy Departments will find it advantageous to remove from some of the buildings which they now occupy some of their bureaus into this building, and that buildings of that character would be available for the Treasury Department. Then there is a proposal to erect upon the lot next to the Belasco Theater—the bill has already passed the Senate and is pending in the House—a modern office building, to cost one million and a quarter dollars, which would give the Treasury Department ample facilities, and which is a very desirable thing to do, in my opinion, from a business standpoint.

Mr. GARNER. I join the gentleman in that opinion, because I know the crowded conditions and the way the Treasury Department is at present hampered in its work, and I think this building ought to be constructed.

Mr. BARKLEY. Will the gentleman yield?

Mr. FITZGERALD. I will.

Mr. BARKLEY. Is it contemplated that the entire War and Navy Departments shall move into this new building, including the Secretaries?

Mr. FITZGERALD. No; it is not. That is a matter that is left entirely to the heads of the departments.

Mr. FESS. Will the gentleman yield for a question not along that point? There has been some complaint among certain officers because they were not able to get their money—to get their pay. I talked with one in the aviation—

Mr. FITZGERALD. What kind of officers?

Mr. FESS. Aviation officers. I was wondering why that is. Is it because there has been no appropriation?

Mr. FITZGERALD. There is no trouble about any officer getting paid because of lack of appropriations. I have heard of no such complaint and have no information that will enable me to answer.



Mr. FESS. One told me that he not had pay for three months, and he wondered why that occurred.

Mr. FITZGERALD. I do not know why an officer was without pay for three months. It is the only case of which I have ever heard of an officer being without pay for three months.

Mr. SHALLENBERGER. Will the gentleman yield?

Mr. FITZGERALD. I will.

Mr. SHALLENBERGER. I want information on another subject, if the chairman could give it to me. I listened to his statement objecting to the appointment of an advisory or regulatory congressional committee to attempt to investigate or control the executive departments. I agree with his position upon that matter, but there is an advisory committee authorized by legislation of Congress to advise the executives who have control of the conduct of war. I think it was first called the munitions board, and now its name is changed to the War Industries Board.

Mr. FITZGERALD. That is not a legislative committee.

Mr. SHALLENBERGER. That is an advisory committee.

Mr. FITZGERALD. It is part of the executive establishment.

Mr. SHALLENBERGER. I observe that the largest item in this bill is for the Ordnance Department. In the expenditure of this vast sum of money the authority at present is with the Chief of Ordnance, is it not?

Mr. FITZGERALD. Yes.

Mr. SHALLENBERGER. As I read the testimony of the chairman of the war industries board, Mr. Scott, before the gentleman's committee there was a question as to where final authority would lie. As I understood from that testimony, and I would like to have the opinion of the chairman, the final authority as to the disposition of this ordnance money is with the Chief of Ordnance and the recommendations of this advisory board are only recommendations and they have no authority to determine the actual expenditure of this money?

Mr. FITZGERALD. That is the theory; whether it is the fact I personally have some doubts. If the board were to make certain recommendations as to where contracts should be placed, unless there was some overwhelming reason that would be apparent to everyone why the Chief of Ordnance should disregard that recommendation and he placed it in another place, it is very apparent that he could never possibly justify his action if anything happened to delay the delivery of those materials in the event they were required. My opinion is that unless the recommendation of the board is so palpably irregular and improper the official would probably be compelled to follow the recommendation. I desire to say, however, so far as the committee could ascertain, those committees and those boards have been working in very close cooperation with the various bureaus. For instance, an ordnance officer is assigned to work with them and he supplies them with very considerable information that they could not otherwise obtain. I might add, and I should have said it, that the committee gave very considerable attention to the question of purchases and the methods and the terms of contracts and the operation of the advisory commission, the National Council of Defense, and the war-industries board. Any one who examines the hearings, I believe, will be convinced that the committee endeavored to obtain complete information upon the subject. I would not undertake to say that mistakes have not been made in the exercise of discretion, that some actions may not have been taken by those who exercised this discretion that others would differ from if in their place; but I have reached the conclusion that as a result of the cooperation of those different boards, although they may have made some mistakes, although some action may have been taken in a manner that some other individual in their place might have done in a different way, I reached the conclusion that their work has been of inestimable benefit to the Government; that our preparations for this war have been advanced in a manner that is impossible to describe, because of the cooperation which they have been able to give, and that those men, from patriotic and highly disinterested motives, have made very many and considerable sacrifices to help the Government. They have been subjected to a great deal of criticism that was unjust, and despite all of the difficulties that have surrounded the situation they have continued doing their work in a manner which entitles them to the commendation rather than the condemnation of the country at large.

That much should be said by me, because on several occasions when I differed somewhat radically with what had been done I did not hesitate to express my opinion, characterizing what I believed to be mistakes; and in the prosecution of these investigations I did not attempt in any way to act so as to avoid ruffling the feelings of any of those men if I believed it necessary

to suggest questions to bring the information that I thought to be important. Perhaps I have been looked upon as a severe critic and a suspicious observer of their operations. Under those circumstances the least that can be said is what I have said. I believe that they have been patriotic and disinterested in contributing very materially to the work of the departments and in the preparation of the country for the great task before it, and if it had not been for their help and cooperation we would be very far from the condition of preparedness in which the country is at this time.

Mr. SHALLENBERGER. The question in particular that I wanted to bring out, if I could, was, If in constituting this advisory commission have we surrendered the power to that commission to determine the action of our executive department? It was brought out in the testimony that some of the heads of the departments practically admitted to your committee that they followed almost absolutely the findings of this board in their actions, apparently surrendering to that board the direction of their actions. I want to bring out, if I can, if it is your opinion, that there has been no surrender to this board of the power of final decision by the different heads of the executive departments or bureaus.

Mr. CAMPBELL of Kansas. Do you refer to the board or to the Council of National Defense?

Mr. SHALLENBERGER. This Council of National Defense.

Mr. FITZGERALD. The gentleman is talking about the Advisory Commission?

Mr. SHALLENBERGER. Yes.

Mr. FITZGERALD. The gentleman has stated exactly the situation. In its practical working out, it may be the inevitable inference that it is impossible that they can exercise independent judgment, but when it is considered that all of those committees dealing with the various bureaus have been working in full cooperation and harmony, we think the situation is so understood.

Mr. CLARK of Missouri. Mr. Chairman, I would like to ask the gentleman a question or two for information. Is this building up on the Belasco Theater corner going to be a permanent building?

Mr. FITZGERALD. The proposed building is to be a permanent one.

Mr. CLARK of Missouri. And this one that they are going to erect down where the old station was is going to be temporary?

Mr. FITZGERALD. Yes.

Mr. CLARK of Missouri. Is it contemplated to finally send the War Department and the Navy Department down there permanently?

Mr. FITZGERALD. No. This is only to provide for that very extraordinary force, the employees who are required because of the emergency of this war. For instance, it is impossible to tell to what extent this service will grow. The munitions department of the British Government, which was created about a year or a year and a half after the war broke out, now has 8,000 employees in the city of London alone. And when it is considered that the Ordnance Department will expend in the neighborhood of more than \$3,000,000,000 in this fiscal year, the force that will be required to handle, inspect, and audit the infinite multitude of details connected with it can not be anticipated. In The Adjutant General's office alone the number of clerks required increased so rapidly that before the committee had been able to act upon the requests of The Adjutant General for clerks he came back and stated that he had already employed that number and that a thousand or so more would be needed.

The Secretary of War spends about 16 hours a day in his office. They are working the clerks in two shifts. It has been stated that a great number of those clerks freely work additional time. The hours of employment have been extended. They run now from half past 8 a. m., I think, to 5 p. m., where formerly they worked from 9 o'clock a. m. until half past 4 p. m. And despite all those measures, with this enormous volume of work unexpectedly thrown upon the department that did not have the organization to handle it, there has been embarrassment and delay. The result of two months' investigation on this bill and of five or six weeks' investigation in connection with the previous emergency bill led me to believe that we have been remarkably fortunate in having accomplished what has been done, in view of the handicaps under which the departments labored. I did not enter upon those investigations with any bias in favor of the departments or with any desire to shield them if errors existed. I entered the investigation in the belief that the most effective service that the House could render would be, if it found errors, if it found inefficiency, if it found incapacity, not merely to make that the basis of criticism to embarrass, but to make it the basis of recommendations to



eliminate inefficiency and incapacity. But, looking at the entire matter from that viewpoint, I am convinced, as I have already stated, and I believe that is the view of all who have been connected with the investigation, that the country is fortunate in having accomplished so much in the time and under the conditions that have existed since we entered the war.

Mr. SNOOK. Will the gentleman yield?

Mr. FITZGERALD. I yield.

Mr. SNOOK. The gentleman has indicated that the War Department recommends a very large estimate for the building of the camps for the National Guard, and that the item is not carried in the bill. Can the gentleman explain the difference in the character of the camps for the National Guard and the camps for the drafted men?

Mr. FITZGERALD. A cantonment is of a more permanent character. The men are housed in buildings—whereas in the National Guard encampment they are in tents—with buildings which provide accommodations that can be utilized during a period of three or four years. It is necessary to install a very much more extensive system of sewerage and watering and other things that add very materially to the cost.

Mr. SNOOK. It is contemplated, then, that the National Guard will not be in training so long in the camps?

Mr. FITZGERALD. And it was stated they would not be in them a sufficiently long period to require that permanent construction, and from the information that the committee had it believed they would not be required for the training of men in addition to the facilities that otherwise would exist after they ceased occupying them.

Mr. SNOOK. They are more of a temporary camp?

Mr. FITZGERALD. They are more of a temporary camp.

Mr. ROGERS. Will the gentleman yield?

Mr. FITZGERALD. I will.

Mr. ROGERS. I am told that certain portions of the Aviation Division have been obliged, owing to the natural expansion of that branch, to move six times within the last six months, each time to larger quarters. Can the gentleman indicate whether the Aviation Section of the War Department will be housed in this new building?

Mr. FITZGERALD. I can not. The space in the building is to be allotted by the Superintendent of Public Buildings and Grounds upon the joint recommendation of the Secretary of War and the Secretary of the Navy. The committee did not attempt in any way to control the heads of the departments in the location of the various bureaus of their respective departments.

Mr. GILLET. My recollection is that it appeared in the hearings that a new apartment house, which is just about being finished, had been taken for the aviation branch.

Mr. STAFFORD. As reference has been made to the apartment building at Fifteenth and M Streets, I wish to inquire whether it is planned that upon the completion of this temporary structure the Government will continue to occupy such buildings as the Hotel Gordon, which is occupied by the Food Conservation Commission, and this new apartment building, which is ill-suited, in my opinion, for office work, only two-thirds of the space, and that is a liberal estimate, being adapted to office purposes, because the building is divided into eight apartments to a floor, and each apartment has extensive bath arrangements, not available for Government clerks—whether those buildings will be surrendered at the completion of the temporary structure?

Mr. FITZGERALD. I do not know. The situation that confronted those who were charged with the administration of certain laws was that there was no office space to rent in the city of Washington. They had to obtain accommodations. Some old buildings that never were intended for office buildings were fitted up. The food administrator or director, as I understand, has taken the Gordon Hotel. Some one has rented an apartment house in course of construction. Efforts were made to locate space where employees could be put to do the work, and they could not be very particular about the character of the accommodations, since they were simply seeking to get accommodations that they could utilize.

Mr. STAFFORD. Does the estimate of the gentleman of 800,000 feet needed for the Government activities at the present time include the space occupied by the Food Conservation Commission and these other activities?

Mr. FITZGERALD. No. The Food Conservation Commission was authorized to rent quarters out of the appropriations that were previously made.

Mr. HICKS. Mr. Chairman, will the gentleman yield?

Mr. FITZGERALD. Yes.

Mr. HICKS. Is it a fact that some have gone down to the Union Station?

Mr. FITZGERALD. I have been unable to keep track of the journeyings of the aviation bureaus.

Mr. HICKS. The aviation section has flown around quite a little, has it not? [Laughter.]

Mr. FITZGERALD. I do not know, but I suppose they have shifted from place to place in order to obtain accommodations as the necessity of the service required.

Mr. LINTHICUM. Mr. Chairman, will the gentleman yield for a question?

Mr. FITZGERALD. Yes.

Mr. LINTHICUM. I wanted to ask why the recommendation of the Treasury Department for \$750,000 for the United States Bureau of Employment was omitted from the bill. I think that is a very necessary item.

Mr. FITZGERALD. I will state to the gentleman that the committee was not convinced of the necessity of it under the existing circumstances.

Mr. LINTHICUM. The gentleman knows there is a great demand for labor just now, especially in the shipyards. There are several over in Baltimore that want men and are unable to get them. Without funds the bureau is unable to get them for them. It seems to me this is a very important item if you want to carry on this shipbuilding program.

Mr. FITZGERALD. It depends on the view taken as to whether it is necessary to establish at this time a permanent employment bureau in the Government of the United States, when there is a greater demand for labor and a greater shortage of its supply than in any other time in our history. I have no doubt the service is doing valuable work; but, as I stated in the course of my remarks, the requests that were submitted to the Congress for money and the consideration of our financial situation were such that the committee did not recommend appropriations for any purposes that it was not convinced were absolutely imperative at this time. Desirable or useful or commendatory services which at other times would have received favorable consideration had to be eliminated, in view of the tremendous burdens we are about to ask the Congress to place upon the American people.

Mr. LINTHICUM. Does not the gentleman realize the great necessity of bringing the workmen and the employers in contact with one another?

Mr. FITZGERALD. The gentleman ought not to attempt to cross-examine me about the item. I have stated the facts. If he has any views to express about the matter, he can do it in the course of debate; but I decline to stand here as a witness and be examined by anybody about a matter that is not in the bill after I have stated the reasons that actuated the committee. My personal views, elicited by this system of examination, would contribute no light or information that would be of use or value to the House.

Mr. LINTHICUM. The gentleman has no idea that I would put him on the stand as a witness when he has decided against it. I merely wished to show the necessity for it.

Mr. FITZGERALD. The gentleman is asking questions evidently designed to elicit from me some statement that might be twisted or used later on in the course of the discussion of this matter. I have stated the facts and I have given the reasons that actuated the committee. If the matter is discussed later, I may discuss it more fully, but I do not wish to submit to an examination of that kind.

Mr. LINTHICUM. I have a high regard for the gentleman's opinion. That is why I was asking him these questions, not to use them against him at all.

Mr. FITZGERALD. I am frequently wrong, I admit, but I hope not intentionally.

Mr. Chairman, I have occupied more time than I intended. I simply wish to express to my colleagues on the committee my very great appreciation of the disinterested and devoted manner in which they have labored during seven weeks of the hottest period of the summer in the preparation of this bill. The desire was to do this work in a manner that would satisfy the House that the moneys recommended were justified. We have furnished the House such information as the House should have regarding these various items, and that will enable the Members to form their own conclusions about questions of policy and the appropriations recommended. Those men who have so unselfishly and generously labored and cooperated with me not only have my sincere thanks, but they deserve the commendation of the House and of the country at large for their unselfish, disinterested, and valuable work in the preparation of this bill. [Applause.]

I shall insert a somewhat detailed statement of the appropriations which have been made and are pending now for the current fiscal year:

Statement showing the appropriations for the fiscal year 1918, made during the Sixty-fourth Congress, second session (including appropriations made by the Army, Military Academy, Sundry Civil, and General Deficiency Acts passed during the Sixty-fifth Congress, first session).

Agriculture appropriation act.....	\$25,929,113.00
Army appropriation act.....	273,046,322.50
Diplomatic and Consular appropriation act.....	5,082,746.66
District of Columbia appropriation act.....	14,172,997.85
Fortification appropriation act.....	51,396,593.00
Indian appropriation act.....	11,589,736.67
Legislative, executive, and judicial appropriation act.....	39,894,592.42
Military Academy appropriation act.....	1,344,896.18
Naval appropriation act.....	517,273,802.08
Pension appropriation act.....	160,060,000.00
Post Office appropriation act.....	331,851,170.00
River and harbor appropriation act.....	27,826,150.00
Sundry civil appropriation act.....	147,363,928.77
<b>Total.....</b>	<b>1,603,832,049.13</b>
General deficiency appropriation act (including \$100,000,000 for the national defense).....	163,841,400.52
Urgent deficiency appropriation act.....	4,578,250.00
Miscellaneous public acts, including \$25,100,000 for Danish West Indies, \$10,000,000 <sup>1</sup> for war-risk insurance, \$2,000,000 for vocational education, etc.....	\$37,731,000.00
Miscellaneous public resolutions, including \$3,000,000 for Alaska railroad, etc.....	3,227,000.00
Miscellaneous private acts, including claims, etc.....	135,970.08
<b>Permanent annual and indefinite appropriations.....</b>	<b>41,093,670.08</b>
<b>Total.....</b>	<b>145,864,830.32</b>
<b>Increased compensation of 5 and 10 per cent to certain employees (estimated).....</b>	<b>\$1,962,210,200.05</b>
<b>Total, regular appropriations, Sixty-fourth Congress, second session.....</b>	<b>15,000,000.00</b>
<b>Appropriations for the fiscal year 1918, made during the Sixty-fifth Congress, first session (exclusive of Army, Military Academy, sundry civil, and general deficiency acts).....</b>	<b>\$1,977,210,200.05</b>
Expenses of Congress, incident to first session of Sixty-fifth Congress.....	\$68,023.00
Expenses of preparation and issuance of bonds and certificates of indebtedness under the act of Apr. 24, 1917.....	7,063,945.43
Bureau of War-Risk Insurance.....	45,150,000.00
Urgent deficiency act for Military and Naval Establishments, including \$2,351,217,522.39 for Military Establishment, \$514,805,033.87 for Naval Establishment, \$405,000,000 for the Shipping Board, and \$10,071,895.34 for other purposes.....	3,281,094,451.63
Increase of Signal Corps of the Army and development of Aviation Service.....	640,000,000.00
Expenses under the act to stimulate agriculture and facilitate the distribution of agricultural products (food control).....	162,500,000.00
Expenses under the act to encourage the production, conserve the supply, and control distribution of food products (food survey).....	11,346,400.00
<b>Loans to allies under act of Apr. 24, 1917.....</b>	<b>4,147,222,817.06</b>
<b>Total, Sixty-fourth Congress, second session, and Sixty-fifth Congress, first session.....</b>	<b>3,000,000,000.00</b>
<b>EXPENSES UNDER PENDING MEASURES.</b>	<b>7,147,222,817.06</b>
Interest on bonds and certificates authorized and pending (estimated).....	200,000,000.00
Expenses of issuance of additional bonds and certificates.....	17,927,054.93
Expenses under the bill to prevent trading with the enemy.....	450,000.00
Expenses under the bill to insure men in the Army and Navy.....	176,250,000.00
Amount of pending urgent deficiency bill, including \$3,477,115,735 for the Military Establishment, \$263,264,480 for the Naval Establishment, and \$35,599,155.29 for the War Department and other services.....	3,775,979,370.29
<b>Additional amounts to be loaned to the allies.....</b>	<b>4,170,606,435.22</b>
<b>TO BE OFFERED AS AMENDMENTS IN CONNECTION WITH THE PENDING URGENT DEFICIENCY BILL.</b>	<b>4,000,000,000.00</b>
Automatic machine rifles (Army).....	100,000,000.00
Field Artillery (Army).....	21,621,000.00
Small-arms target-practice ammunition (Army).....	11,000,000.00
Rock Island Arsenal.....	20,000.00
Watervliet Arsenal.....	15,000.00
Construction of torpedo-boat destroyers (Navy).....	225,000,000.00
Shipping Fund.....	635,000,000.00
State Department.....	938,000.00
Interior Department.....	10,000.00
<b>Total amount pending.....</b>	<b>993,604,000.00</b>
<b>RECAPITULATION.</b>	<b>9,164,210,435.22</b>
Amount of appropriations, 64th Congress, 2d session.....	1,977,210,200.05
Amount of appropriations, 65th Congress, 1st session.....	7,147,222,817.06
Amount of appropriations and amendments pending, 65th Congress, 1st session.....	9,164,210,435.22
<b>Total appropriated and pending.....</b>	<b>18,288,643,452.33</b>
<b>CONTRACTS AND AUTHORIZATIONS IN ADDITION TO APPROPRIATIONS FOR WHICH APPROPRIATIONS HAVE NOT BEEN MADE.</b>	
Fortification appropriation act.....	\$5,259,000.00
Naval appropriation act.....	86,145,532.00
Sundry civil appropriation act.....	900,000.00
Urgent deficiency act of June 15, 1917.....	16,550,000.00
Pending urgent deficiency bill.....	1,035,000,000.00
<b>To be offered as amendments to pending deficiency bill:</b>	<b>1,143,854,532.00</b>
Emergency shipping fund.....	\$849,000,000.00
Automatic machine rifles.....	68,020,000.00
Ordnance and ordnance supplies and materials.....	100,000,000.00
Field artillery ammunition.....	77,182,750.00
Navy—torpedo-boat destroyers.....	125,000,000.00
<b>Total.....</b>	<b>1,219,202,750.00</b>
<b>Total.....</b>	<b>2,363,057,282.00</b>
<b>Total.....</b>	<b>20,651,700,734.33</b>

<sup>1</sup>This sum includes an appropriation of \$10,000,000 for the War-Risk Insurance Bureau, which has been repealed by subsequent legislation.

Mr. GILLET. Mr. Chairman, I shall occupy but a very few moments of the time of the House. A member of the minority on the committee is in a peculiar position just at present. It has been customary for years on these large appropriation bills for the ranking member of the minority to take that occasion, using the same figures that the majority member

has in his statement, to draw from them deductions indicating whatever criticism he may find on the administration.

I myself in the past, with pain and regret, of course, have felt obliged at times to point out the delinquencies and extravagances of the administration. I think myself that that custom is wise. I think that it is well that the minority party



should keep an eye out for the derelictions of the administration, and I think few administrations are so pure that they will not be benefited by a consciousness that there are alert and active critics who are on their trail. But I shall not now attempt to follow that useful custom. I feel that at present the one supreme purpose of both sides of the House is that this war shall be efficiently prosecuted; that we are all alike devoted to its success, and that it is not wise to try now to detract from the popularity and standing of the administration by pointing out what it has done which would be apt to lessen public confidence.

I do not mean that there has been no occasion. I will not pretend that there have not come before me facts which it seemed to me gave cause for criticism; cases of extravagance, cases of application of money and office for patronage purposes. But those are inevitable, and probably will always increase in such prodigal times as this, and I think it is wise to defer criticism until the duty which is now before us all to prosecute this war relentlessly is performed. [Applause.] I believe I shall best meet the wishes of the minority if I drop all partisanship toward the administration even if we meet no reciprocity. So I unite with the majority in approving this bill and making no criticisms upon what has transpired in the hearings. The chairman has given such an accurate and lucid statement of our financial position that I shall not repeat it or repeat his analysis of this bill. I was surprised at what he said about a committee on public expenditures. I did not know he was going to allude to it. I differ from him entirely in his attitude on that subject. What he read from the proceedings in the English Parliament was very interesting, but apparently even there, under the pressure of war, under the great power which an executive always grasps in war times and with enormous expenditures, even there it seems that the members of the House of Commons are jealous, not of an outside cabinet but of their own officers, and think they have too much power and wish to limit and restrict them. Now, in the committee on expenditures which has been suggested here, there was not any attempt, as I understand it, to make a coexecutive body. There was not the purpose, nor I believe the desire, to hamper the administration. I confess it seemed to me the President, with all respect, was oversensitive upon the subject. My understanding of its purpose was that now, with these gigantic appropriations, it is impossible for the House to scrutinize them thoroughly as we make the appropriations. I think those of us on this committee will admit that with our two months' careful and close investigation we can not plume ourselves that we have gone to the bottom of these appropriations.

In fact, many of the heads of bureaus and departments that came before us themselves could not go to the bottom. The enormous demands came upon them and upon us so suddenly that a great deal of their estimates and a great deal of our conclusions is largely guesswork. Therefore under those conditions it seemed wise that there should be a committee of the House on expenditures, which should cooperate with the administration, and as the expenditures were made have an insight and knowledge about them. It could not be a partisan committee, because it would be of the same complexion as the administration. It was simply, in my view, one attempt to hold onto the power of Congress. Always in case of war, where this enormous patronage and these enormous expenditures are put into the hands of the Executive, the Congress necessarily must lose power. This House is constantly nowadays diminishing in importance compared with the Executive. And it seemed to me this was a wise endeavor somewhat to redress the balance, and to reinvest us with the power which we ought to have. When the Secretary of the Treasury was given the enormous power to issue to the nations of the world \$4,000,000,000 in bonds I suggested then that that power which was given to the Secretary, subject to the revision of the President, ought also to be subject to the revision of a small committee of Congress. It struck me that there was an occasion where no man ought to feel affronted if we said, "We should know something of the reasons which influence you before you give half a billion to that nation and half a billion to another." It seemed to me that was not an undue assumption of the power and control of Congress to say that in these enormous loans to foreign nations, Congress, which provides the money, ought to have knowledge and some power over its distribution, and should have a right to pass with the Secretary upon the question as to what nations the loans should be made to. But the majority party in the House was unwilling that this should be considered. So, as I say, it seems to me that in these war times it is not asking too much that Congress should maintain, as far as possible, its powers, and a committee on expenditures seems to me a reasonable, harmless, and wise attempt to accomplish it.

Now, in the hearings on this bill, which I agree with the chairman have been as exhaustive as possible, we did not pretend—

Mr. CAMPBELL of Kansas. Before the gentleman leaves that subject will he yield?

Mr. GILLETT. Yes.

Mr. CAMPBELL of Kansas. I drew the conclusion from the statement of the chairman of the Committee on Appropriations [Mr. FITZGERALD] that he thought the Committee on Appropriations really should take the place of the contemplated committee to supervise the expenditures during the conduct of the war. Now, did the Committee on Appropriations make inquiry into expenditures that might be deemed unwise or profligate?

Mr. GILLETT. Do you mean expenditures already made?

Mr. CAMPBELL of Kansas. Yes.

Mr. GILLETT. Why, in a certain measure we inquired about what had been done as a step to whether we should give further appropriations along those lines.

Mr. CAMPBELL of Kansas. For instance, much information comes in from different quarters of the country that profligate expenditures attend the establishment of these cantonments and camps. Probably the price to be paid is cost and 10 per cent profit to the contractor, and that the cost of the establishment or camp is enormously increased in order that the 10 per cent will amount to a considerable sum.

Mr. GILLETT. We asked the heads of departments about that. Of course we did not go—

Mr. CAMPBELL of Kansas. Criticism is coming in quietly—not in the newspapers. There is no disposition to hamper or throw anything in the way of the administration, but there is criticism upon the manner in which money is being expended.

Mr. FITZGERALD. If the gentleman will permit me, if he will read the hearings had on that particular question, he will find out that a large amount of misinformation is coming in. He will get the details of the contracts, and I think he will be convinced that a considerable amount of misinformation has been circulated that is not justified.

Mr. CAMPBELL of Kansas. I have procured a copy of the hearings.

Mr. GILLETT. I am disposed to agree with the chairman of the committee in that statement. As indicating how impossible it is to go to the root of things, take this very bill, in which we authorize an enormous lump sum. For the first time that I know of the Appropriations Committee have authorized a lump sum of \$100,000,000 for the Secretary of War to apply to contracts; and I think it is wise, because we recognize that in these times it is impossible for us to foresee and impossible for the department to foresee far enough in advance so that we can investigate beforehand. Therefore we must trust it to them entirely if there is no committee on expenditures.

Mr. LONGWORTH. If the gentleman will pardon me, I observe also that there is a lump appropriation of \$700,000,000 to make contracts for ammunition.

Mr. GILLETT. We had details as to what that was for; but this \$100,000,000 is just for anything that may come up which we do not know about.

Mr. FITZGERALD. It is confined, however, to ordnance.

Mr. GILLETT. Yes; it is confined to ordnance.

Mr. FESS. Will the gentleman permit a question?

Mr. GILLETT. Yes.

Mr. FESS. With reference to the expenditures of money on these various fields, is there any latitude at all above the written contract?

Mr. GILLETT. I do not know to what the gentleman refers.

Mr. FESS. Suppose the contractor has not been able to get help.

Mr. GILLETT. Is the gentleman speaking about the cantonments?

Mr. FESS. Cantonments and the aviation field. Suppose he has not been able to get help. Has he not the latitude to say we will give you so much beyond what is written in the contract?

Mr. GILLETT. The contract does not specify what he shall pay for help.

Mr. FESS. The chairman said that there was a good deal of misinformation coming in. I want to say that there is an immense amount of waste in these fields that anybody can see if he stands and looks a little while. It goes way above the estimates, and when the bill comes in here, will it be taken care of and virtual consent be given to the overcharge?

Mr. GILLETT. There will not be any overcharge; none of them are under any contract price; they are all to be paid expenses plus a percentage.



Mr. FESS. I know the contractor in one field, that said he had gone a half a million dollars above the estimate.

Mr. GILLET. Yes; above the estimate.

Mr. FESS. And he was greatly disturbed about what would take place, due to the fact that there was a good deal of talk about the immense waste of labor that could not be utilized.

Mr. FITZGERALD. What was the increased expense that he had to go to? The gentleman says he went half a million dollars beyond the estimate. Why did it cost half a million dollars more—because he was compelled to pay more for labor?

Mr. FESS. Yes; he was paying \$8.25 a day for teams, and he had 511 teams.

Mr. FITZGERALD. How could he help it?

Mr. FESS. That is the question I am asking.

Mr. GILLET. There is no limit to the price for labor.

Mr. FITZGERALD. Except they endeavored to keep the contract. The cantonments have been put in places where there was no great surplus of labor, and in order to get it they had to be diverted from occupations already engaged in, and higher prices had to be paid than ordinarily would be required, and, of course, it has increased the cost.

Mr. FESS. That was the argument—that they had to pay in order to get them. If the gentleman from Massachusetts will permit a further interruption, the party to whom I referred was considerably disturbed about his inability to do the work in the time that it was thought it could be done and in which it was specified it would be done.

Here is a group of labor over here in the officers' quarters, and another group over here on the hangars, and another group on the buildings for the machine and repair shop. He was urged to hold the labor, so as to finish it all and settle it at once, but the trouble was he would have a lot of labor on his hands unemployed, and he was disturbed about it and was concerned that there might be some trouble given him in Congress in getting the money under the contract, but he thought he was justified to try to carry out the contract even at that great expense.

Mr. GILLET. It will be for the department to pass on his contract.

Mr. FESS. It seems to me that it might have been justifiable, since we may not have had any other way; but there certainly is an enormous waste going on, which anybody can see who will stand and look at the performance.

Mr. GILLET. Unquestionably there is, and unquestionably there always is a waste in Government activities, and when there is suddenly precipitated upon us the necessity of doing these enormous pieces of work for which we are unprepared, of course the waste is far greater than ever. I have no doubt by the contractors and upon Government work there will during the first year be an enormous waste, and I expect it would be so even in autocratic governments.

Mr. GRAHAM of Illinois. Will the gentleman yield?

Mr. GILLET. Certainly.

Mr. GRAHAM of Illinois. Apropos to this discussion as to efficiency and economy, although it may not be pertinent, I want to ask the gentleman a question. I have been informed that the aviation work of the Government is being performed at this time through two departments—that is, that the aviation work of the Army is being done by the Signal Corps, and the aviation work of the Navy is being done from an aviation section in the Navy Department. Now, are they conducting their work separately and without any harmony and cooperation?

Mr. GILLET. I think not without harmony and cooperation. They are conducting it separately, it is true. I remember that we asked a representative of the Navy about that, and I remember his saying that their needs were so different from the Army that it was essential to have a different plant.

Mr. GRAHAM of Illinois. Why, along the lines of economy, could not some legislation be enacted which would combine the various activities under one bureau so that they will be under one head?

Mr. GILLET. That very question was asked the head of the Navy, and we were told that their needs were so different from the needs of the Army that it was not possible.

Mr. SHERLEY. If the gentleman will permit, I think the gentleman will recall that there is a single body where all the plans of both Army and Navy in aviation work are being worked out, and they are working in complete cooperation through a central body.

Mr. GILLET. That is for machines.

Mr. SHERLEY. No; beyond that. The whole matter is being discussed through a board, on which are Army and Navy representatives, and which is bringing out these matters and determining them.

Mr. GRAHAM of Illinois. I was asking for information; and if there is not such a body, there ought to be.

Mr. GILLET. I simply wish to say, in addition, that whatever I may think of partisanship in this administration—and I confess it does seem to me that our endeavor to put aside partisanship does not meet with much appreciation there—I am happy to say that in the Committee on Appropriations there has not been the slightest lack of entire harmony and cooperation. During my service there there has been less liability to partisan contests than on most of the committees, but certainly during the last two months when this subcommittee has been at work the minority has been treated by the majority with just as much consideration and apparently its opinions given just as much weight as if there were no distinction of party. Our decisions have been harmonious. While, of course, they have not been unanimous, and while this bill probably does not represent the views of the chairman or of any other single member of the committee, yet for myself I am glad to say that I can heartily indorse it, and I believe that it has been conscientiously and carefully studied and prepared, that it is as good a result as we could expect, and that throughout the deliberations there has been apparently no consciousness that we belonged to different parties. The problems before us were so stupendous that they seemed to dwarf and stifle small and selfish considerations. We were all unitedly trying to do the best we could do for the United States and to bring out the best bill possible, and this enormous sum of \$4,000,000,000 represents the best judgment of all of the combined membership of the committee. [Applause.]

#### MESSAGE FROM THE SENATE.

The committee informally rose; and Mr. FERRIS having taken the chair as Speaker pro tempore, a message from the Senate, by Mr. Crockett, one of its clerks, announced that the Senate had insisted upon its amendments to the bill (H. R. 4960) to define, regulate, and punish trading with the enemy, and for other purposes, disagreed to by the House of Representatives, had agreed to the conference asked by the House on the disagreeing votes of the two Houses thereon, and had appointed Mr. FLETCHER, Mr. RANDELL, Mr. VARDAMAN, Mr. NELSON, and Mr. FERNALD as the conferees on the part of the Senate.

#### URGENT DEFICIENCY APPROPRIATION BILL.

The committee resumed its session.

Mr. FITZGERALD. Mr. Chairman, I yield one hour to the gentleman from Missouri [Mr. BORLAND].

Mr. BORLAND. Mr. Chairman, events have shown beyond doubt that the only great nation in the world prepared for war in August, 1914, was the Empire of Germany. For half a century that country had been developing military science to the highest point of efficiency. Universal military training had made its man power available for immediate action. In the manufacture of artillery and other munitions it excelled the world. It was the gun merchant of the globe, and the Krupp cannon and Mauser rifles had made it the profit taker of every war. All of the auxiliaries which would aid in offense and defense had been carefully tended. Highways, bridges, fortifications, maps, the location of its railways, the condition of its rivers and harbors, and even its economic and trade arrangements had been carefully designed to free it as far as possible from dependence upon other nations and make it all-sufficient and self-sustaining when the hour struck for it to treat all treaties as mere scraps of paper. The United States, on the contrary, was of all the great nations of the world the least prepared for war of any great nation which has successfully maintained an independent existence.

Germany is a nation of less than 70,000,000 people, inhabiting a country of comparatively small extent and of limited resources. The United States is a nation of a hundred million, inhabiting a vast stretch of territory, with every variety of climate and soil, and with a wealth of resources hardly estimated. The population of the United States is fully as intelligent, resolute, and skillful as that of Germany. It is manifest that aside from the marvelous preparation which Germany had had, this country, single-handed, would have been more than its equal in any national conflict.

When the feudal autocracy of Germany felt that the hour had come when it was strong enough to make war upon civilization, in the dispensation of Providence the blow did not fall upon our country first. If it had, appalling damage and suffering would have followed before the equilibrium could have been restored. We had the advantage of seeing other nations first hurried into the struggle and reading in the record of their trials and failures the plain sentence of our own national duty. I will not stop to inquire who, if anyone, was to blame for our national flabbiness. The fact is, we had an Army of



less than a hundred thousand men, too small to police even our short international border on the Rio Grande. This Army had been allowed to grow in cost as it diminished in relative size and value, until the little Army of a hundred thousand men was costing us annually 50 per cent as much as the 5,000,000 armed defenders of Germany.

We had a Navy which had also been provided with funds more liberally than that of any other nation except England, the mistress of the sea, and yet it was said that our Navy was fourth or fifth in national rank and could not protect either the Atlantic or Pacific coasts. None of our economic conditions had been adjusted to the full poise and power of a vigorous and self-reliant nation. We were a debtor nation. Millions of our securities were held abroad and we must send annually our tribute to meet the interest of this indebtedness. If we could not pay in cash, we must send raw material at the lowest competitive price, draining our national resources to support the labor and capital of Europe.

We had no merchant marine. The Stars and Stripes had almost disappeared from the oceans of the world. The export trade upon which we depended to pay our foreign obligations was carried on in alien ships. The neutral markets of the world were closed to us except so far as we could serve as hewers of wood and drawers of water for our commercial masters in Europe. Marine insurance was a foreign monopoly, and our system of finance and currency gave way under every strain.

The strength of the giant was here, but he must be aroused from his indolence and lethargy, first, by a sense of danger, and then by the pride of accomplishment. The world conflict had been raging two full years before we had gotten past the point of discussing whether the National Army of a hundred million people should have 175,000 or 200,000 men. We had not awakened to the thought that every free man of military age is part of his country's defense. So overgrown in provincialism had we become and so inured to the shame of commercial nakedness that we did not realize that commerce upon the high seas, with its opportunity for free outlet of all the products of a people's energy and skill, is the very lifeblood of a nation, and that a nation that can not protect its commerce can not protect itself. Fortunately, some of the foundation stones for national reconstruction had been laid.

The Federal reserve bank act had secured to us financial strength and independence. The Shipping Board had been created and had entered in a hasty way upon the task of restoring the merchant marine. The Tariff Board had been provided to study intelligently economic problems in their relation to foreign trade, but the physical strength of the Nation was still dormant.

By the act of August 29, 1916, making appropriations for the support of the Army the first important step was taken in the creation of a Council of National Defense. This might have proved an opportunity merely for the appointment of useless officers or it might, as it did, prove, in the hands of a firm, far-seeing, and earnest President, a shining weapon of national honor.

When, in February, 1917, the Imperial Government of Germany threw off all masks and pretenses and boldly announced that it would sink all ships upon the ocean without mercy and without warning; when it became necessary for the President to declare to Congress that that Government in violating its repeated pledges to respect the rights of neutrals and the mandates of international law had declared war upon civilization, and when the supreme issue was drawn whether the world should be made free for democracy or whether it should be kept safe for the Hohenzollerns, it is a matter of national pride that we were not so unprepared—at least, in plan and purpose—as our enemy might hope and wish. The American conscience had been touched, the American spirit aroused, and it remained only for America to pull itself together and gird up its loins to test again the question whether a democracy can endure.

War was declared by Congress upon the Imperial Government of Germany on the 5th day of April, 1917. More than five months have elapsed since then. No effective blow has been struck at the enemy, but with what sureness of touch and resistless energy the great problems have been met and solved! The Council of National Defense, really a committee of the President's Cabinet, called to its aid some of the best product of the American business and industrial world as an advisory council. The work to be done was to create an Army worthy to be sent against the forces of Germany and its allies. This Army must be fully furnished and equipped with arms and munitions which would enable it to cope successfully with the best that science had placed in the hands of the enemy. It must be supplied with clothing, shelter, food, transportation, and medical facilities. The derangement of industry caused by

the transfer of large numbers of men from civil to military life must be minimized, the congestion of transportation avoided, the scandals of Government contracts caused by the sudden calling for enormous supplies must not occur, a check must be put to the rapid and inordinate rise in prices of the necessities of life, the civil population and those engaged in the productive industries of the country must be made secure, a sufficiency of food, fuel, and clothing obtained, and the production of the Nation must be stimulated and greater efficiency brought about.

I wish it were possible for me to grasp, let alone to expound, all of the various plans and projects which grew so rapidly under the skillful touch of this great patriotic committee. I can only cast a few high lights upon the subject. We know that the first result of war in every age and in all countries has been to send the prices of necessities of life suddenly upward out of the reach of the great masses, and that nameless horrors fall upon the industrious poor. We know that the opportunity for profit and the temptation to take advantage of human need arouses the worst passions of the sordid and unpatriotic. We know that the mere fact that the Government itself is in the market for large supplies increases the price and removes those common necessities from the reach of the laboring man.

Most Governments have looked upon this question coldly, matching the life of a government or of a dynasty against the life of a poor peasant; but democracy must approach the problem from a different point. To democracy the life, the happiness, and the opportunities of the humblest of its citizens are equal to those of its greatest.

Take another angle. All Governments, our own included, have been shamelessly and unmercifully robbed in the contracts made to supply its imperative needs during the time of national danger. In this war we must have no extortion by profiteers against the Government. Both the Government and the public must be protected from extortionate and unreasonable prices. We start with the plain fact that this country is able to produce all that the Government needs, all that its own population needs, and a substantial surplus to be furnished to our allies and neutral nations abroad. The only solution of the problem is to measure the full visible supply into the real needs, tempered by economy and prudence. If the demand be great and the supply limited, then the problem becomes one of the stimulation of production. Until such stimulation occurs an honest and unavoidable increase in price prevails, but all extortionate prices either to the Nation or its people, founded upon greed, speculation, or profiteering, must be rigidly curbed by the united power of the Nation.

To the honor and credit of our country be it said that no nation has ever met this inevitable problem, which lies at the very threshold of war, with a greater spirit of devotion and loyalty and with more unqualified success than our country has met it. The Council of National Defense called to its aid scores of the most successful business men of the land, who contribute their brains, their skill, and their energy in this hour of the Nation's need, not only without remuneration but with the actual loss of their own business and opportunities, and with an added expense out of their own pockets.

Subcommittees under the committees of the Council of National Defense were formed upon all of the principal branches of industry. In the hands of these men the specifications and requirements of the War Department and of the Navy—most of which had become archaic and wasteful—were revised and modernized. These men told us how to avoid enhancing the price of the needed articles by competition of one department against another or among several Government contractors. They showed us how to marshal the full assets of the Nation in such commodities as were needed in extraordinary quantities, and where the supply was not equal to the demand to find serviceable substitutes therefor. They brought the producers and manufacturers of the great staples needed into actual contact with the Government—in many cases by voluntary action, and in other cases by the pressure of commercial conditions or by public opinion—but in the last analysis by the latent powers of the Government itself prices were kept down to a reasonable basis. They pointed the way for legislation to safeguard the interests of the public and the consuming masses of the population so that a full supply of the real necessities of life might be within the reach of the workers at prices commensurate with their wages.

Mr. McKEOWN. Mr. Chairman, will the gentleman yield?

Mr. BORLAND. Yes.

Mr. McKEOWN. Does the gentleman from Missouri know whether there is any foundation at all for the statement in the papers this morning that there is a trust controlling the aeroplanes and that a combination has been formed by which all makers of aeroplanes who sell them to the Government must pay \$1,000 for each machine to this combine?



Mr. BORLAND. Mr. Chairman, I do not think that statement in the newspapers is well founded. All of the information which came before our committee indicated that the manufacture of aeroplanes and motors and parts therefor had already been correlated by this aerial navigation board and that they had impounded practically the manufacturing facilities of the country. The board has combined in some cases the manufacture of motors for automobiles with the manufacture of motors for aeroplanes, and has thus commandeered or impounded or correlated all possible sources of the manufacture of aeroplanes. I think they have the subject matter under full control. Not only that, but as I understand it, they have a pretty full inventory of the available supply of spruce and of other articles entering into the construction of these machines. They know where it is, how available it is for transportation, and how cheaply it can be gotten out. They have assembled, in other words, the maximum assets for the production of aeroplanes, because the needs of the Government are going to demand the maximum production.

Mr. MAPES. Mr. Chairman, will the gentleman yield?

Mr. BORLAND. Yes.

Mr. MAPES. I notice the morning papers state that no contracts have been let for fighting machines up to this time. Does the gentleman know about that?

Mr. BORLAND. I think that is true. The type of machines being used is what is known as school machines. Our American machines were not developed to the latest models, although the aeroplane is an American invention. We had not pursued its development as far as it has been pursued abroad. Our machines are of the slower variety and the smaller variety. They are not the large, the heavy, or the fast machines.

Mr. MAPES. Have we the plans and specifications on hand preparatory for letting contracts for fighting machines?

Mr. BORLAND. Yes; we have. I can say that without violating any confidence of the committee. There has been full correspondence between all of the allied Governments engaged in this war in regard to the highest and best type of fighting machines, and when the time comes, when we arrange for entering upon the manufacture of that type of machine, we will enter upon it fully equipped with the very best plans that our allies have.

I have no doubt it is possible for gentlemen to point out now, and hereafter it will be possible for them with the advantage of retrospect to point out with more success, alleged mistakes, failures, blunders, and oversights of the administration and of its aids under the Council of National Defense. I doubt not that some insinuations may be made and the cynical finger of suspicion pointed at some of their acts. It would be unusual if we could go through even the smallest war free from the breath of scandal. But in all fairness let it be said that the firm grappling with these problems has saved the Nation, and especially the industries of our people, untold suffering. The credit balance is already so large that I am almost willing to let them charge what they will in the debit column.

Upon the Shipping Board, newly created, fell also the full burden of this responsibility. A large measure of the commercial shipping of the world disappeared from the sea as a direct result of the war. First, the German vessels were swept away and the great tonnage formerly carried by the Hamburg-American and the North German Lloyd was left without facilities. Next the shipping of the belligerent countries, England and her allies, was largely commandeered for the purpose of those Governments and for the transportation of troops and supplies, and this withdrew it from the service of neutral nations, such as our own. Then the ruthless submarine warfare of Germany has destroyed—in most cases in sheer wantonness and without any possible military advantage—thousands of tons of shipping, both of the belligerent and neutral countries. This form of piracy is still violent. Each week was the shipping of the world depleted, and the wanton destruction of life and property still goes on.

One of the tremendous problems for America to solve is to replace the world shipping, and ultimately to own it and to dominate and become the carrying power of the globe. The Shipping Board has organized the Emergency Fleet Corporation, and is busily engaged in buying, building, and contracting for ships of all kinds, quality, and character. We must not only replace the shipping which has been lost; we must also provide for carrying supplies to the belligerent countries abroad, for the natural outlet for our own commerce and our surplus productions, and for all trade of neutral nations.

In addition to this, in order to meet the enemy that we fight, we must transport our troops and their supplies to the fighting front. Here again a problem looms so large that nothing like it has ever confronted the human mind since the dawn of his-

tory; but America can solve it, and will emerge from the test the greatest among the maritime nations of the world.

Yet many more problems present themselves in the evolution of modern science as applied to warfare. Motor transportation in these days has taken the place of the Army mule, and American ingenuity must supply the very latest and best of motor trucks, combining a triumph of mechanical skill and military efficiency. The submarine has introduced a problem for us to solve, and light, fast submarine destroyers are being equipped and sent to sea like a swarm of hornets. Submarine bases are under construction at strategic points on our coasts; our offshore points of importance are being patrolled night and day, and every gate is guarded.

Possibly the battle may shift from beneath the seas to the vaulted dome of heaven, and the aeroplane must be brought to a perfection of speed and efficiency scarcely dreamed of. This most modern of all inventions, American by birth, has under the lash of war found its highest development abroad. We Americans have been left far behind in the improvement of aerial navigation. We can, however, with our skill and ingenuity, with our capital and our intelligent labor, overtake all foreign developments on the subject and go far beyond them, leaving competitors in the rear.

In all of these matters we can not afford to approach the question from the standpoint of what will just barely answer for the emergency. We must have the best, the quickest, the strongest, and the most effective. We must excel the enemy in the accuracy of our plans, the sureness of their execution, and the sharpness of our weapons. It will not do to lag behind him or try simply to keep even with him. To win we must excel, for we are matching ourselves against an enemy who has followed this principle in his preparation for this struggle.

According to my belief, the essential thing in war is preparedness. We must have all that is necessary, at the right place, at the right time, or sooner if possible. If our forces are not sent to the front sufficient in number, sufficiently equipped, sufficiently supported, we had better not send them at all. Let men criticize and grow impatient as they will, the last argument to the world is success. In my thought three things are important: First, that we have what is needed at the right time; second, that it be of the best quality that we can procure; and, third, that it cost as reasonable a price as possible. These essentials bear a relative importance exactly in the order stated.

While I am not in the confidence of the Council of National Defense or any of its boards, I read upon the face of their action the application of these principles.

As the executive has pursued its plans through its chosen aids, the legislative branch of the Government has cooperated in the most energetic and effective manner, and with but few obscure exceptions with the most devoted loyalty. Congress assembled in extraordinary session and passed the declaration of war April 5, 1917. I wish I could give even a fragmentary glimpse into the tremendous labors of the congressional body during this extraordinary session. A recital of what has been done and what laws have been placed upon the statute books will throw but a feeble light upon the extent of the work. On April 17 the deficiency appropriation bill became a law. On April 24 the bill to authorize the issuance of \$5,000,000,000 of bonds and \$2,000,000,000 of certificates of indebtedness—the largest bond issue until then ever proposed by any country—was passed. This measure provided for extending credit to foreign Governments engaged with us in this war to the amount of \$3,000,000,000 for the purpose of enabling them to more efficiently and actively prosecute the war. Under this authority much of the credit which has been given to foreign Governments has been used for the purchase of supplies from the manufacturers and producers in the United States, and little if any of the real cash has left our own shores. And yet it has extended substantial aid to our allies, has strengthened their hands and upheld them against the time when our forces could be on the firing line, and has made us as a Nation the financial reservoir of the civilized world.

On May 12, 1917, the Army appropriation bill was approved, providing for the support of the increased forces and for the National Guard. On May 18, 1917, the whole military policy of the United States was remodeled and made universal and democratic by the draft or conscription law. It was an amazing spectacle to see such a great country as ours, composed of so many elements and peopled by immigrants from every country under the sun, adopt, with so little friction and opposition, a system of placing a share of the burden of national defense upon the shoulders of every free man of qualified age. It was a triumph of democracy, intelligence, and patriotism. History records no case where any nation by voluntary act of its citizens



has undertaken so large and important a step, and the manner in which it was responded to by the people is a splendid answer to the critics of democracy.

On May 22, 1917, an increase was made in the personnel of the Navy, more than doubling our effective fighting force. With the first week of June came the registration of the qualified men under the conscription act, and nearly 10,000,000 young Americans stepped forward to enroll the same day. By the sundry civil appropriation act of June 12, 1917, enlargements and increases were provided in all of the manufacturing arsenals of the Government. Provision was made for the erection of buildings, the installation of machinery and equipment for the making of artillery, small arms, cartridges, powder, belts, knapsacks, canteens, and camp supplies, thus making Uncle Sam as far as possible independent of manufacturers and contractors and taking the profits out of war. Men have said that war is only encouraged by those engaged in the business of supplying the munitions of war. But we determined that so far as was possible the Government should supply itself from its own manufacturing establishments and destroy both the profits and the pressure for war.

Mr. NORTON. Will the gentleman yield?

Mr. BORLAND. I will yield.

Mr. NORTON. Of the amount that is to be expended for war supplies during the present fiscal year, can the gentleman say as to what percentage of those supplies are to be manufactured by the Government and what percentage by private enterprise?

Mr. BORLAND. No. I think it would be very interesting to give the percentage, but I have not the figures at hand. As a matter of fact, the percentage to be manufactured by the Government is very much smaller than the percentage to be manufactured by private manufactories.

Mr. NORTON. Is the amount to be manufactured by the Government as much as 10 per cent?

Mr. BORLAND. Oh, yes; in almost every line it is as much as 10 per cent, and in powder it is much more than 10 per cent. It is enough. I will say to the gentleman to control practically in a very material way the price, because the Government is fully armed now with exact details of the cost of production of these munitions that it needs. As to other supplies, such as lumber and fabrics, and things of that kind, it is not so armed; but as to munitions, shells, field artillery, small arms, cartridges, and so on, the Government is fully armed with a very concise, detailed knowledge of the cost of production, by reason of the fact that it makes such articles in its own arsenals.

Mr. NORTON. We recently appropriated more than \$600,000,000 for aeroplanes and aviation. Is the Government manufacturing any aeroplanes on its own account?

Mr. BORLAND. The Government is not directly manufacturing aeroplanes, no, and it never manufactured any in its own Government arsenals. On the aeroplane features spoken of here a while ago we are still in the experimental stage. There is no standardization of aeroplanes. We are reaching out to create facilities for the manufacture of aeroplanes.

Mr. NORTON. I am making inquiry for this reason. The statement the gentleman has been making in his speech would give the impression that the Government is going quite extensively into the manufacture of its own war supplies.

Mr. BORLAND. That is correct.

Mr. NORTON. If it is not going in any more than to the extent of 10 per cent, I do not think the gentleman's position is well taken. This administration will have to do a great deal more than it has done so far during this war to be justly entitled to any credit for economy or for eliminating the huge profits in war supplies many great corporations are making.

Mr. BORLAND. The gentleman takes a different view from what I do. All of the sudden demands of this war can not be supplied from the Government arsenals. If the Government goes in to the extent of 10 per cent, I would say, if the gentleman had all the information before him, he would see that it controlled very largely the price which the Government has to pay if it has to buy from the manufacturers. As to staple supplies—harness, equipment of all kinds for cavalry and infantry, field artillery, mountain artillery, coast artillery, guns, shells, explosive torpedoes, and so on—all those things are standardized, and the Government has complete information as to the cost of manufacture, and does not let contracts in excess of that cost. It has complete control of the situation.

Mr. NORTON. Take the one item of gas masks. Does the gentleman know what exorbitant prices the Government is being charged for these?

Mr. BORLAND. Let me finish—and that control that the Government has is due to the enlargement of the Government arsenals, which I trust the gentleman is in favor of.

Mr. NORTON. The gentleman is very much in favor of the Government manufacturing a great deal more of its needed war supplies than it is now doing.

Mr. BORLAND. Now, for experimental things, such as gas masks and things like that, there is still a question as to how much they shall be purchased for and whether they can be made cheaper by improved methods.

Mr. FESS. Will the gentleman yield for a question right in line with that?

Mr. BORLAND. Yes.

Mr. FESS. I noticed, in yesterday's paper I think, the Secretary of War had given out a dispatch about a new standard engine which had been developed for the aeroplane. Is that to be manufactured by the Government or by private enterprise?

Mr. BORLAND. No; the Government, in its manufacturing arsenals, does not manufacture any portion of an aeroplane. These new types are being created by a correlation of private industry and Government control.

Mr. FESS. I understood that the plan is to have different parts of an aeroplane manufactured at different places so that one institution just manufactures one part and another another—

Mr. BORLAND. That is true.

Mr. FESS (continuing). In order to get a great accumulation very soon.

Mr. BORLAND. That is true. The manufacture of the aeroplane is divided up among several plants and the parts are assembled in assembling plants. The wings and body of the aeroplane can easily be made almost anywhere, but the engine is the important part and must be made in the establishment manufacturing the motor engine.

Mr. FESS. If the gentleman will permit there, at the Wilbur Wright field they are building now a concrete building as an assembling plant, 450 feet wide and 900 feet long, simply for assembling.

Mr. BORLAND. There has been a great extension in the last few months in those facilities in this country for the manufacture of aeroplanes. I remember when we had up the sundry civil bill in May we were discussing this same question, and then the maximum capacity of aeroplanes in this country was little above 3,000 in 12 months. It is vastly greater than that now. I would not undertake to say what it was, but with the application of skill and thought to the problem and with the correlating of different establishments our facilities have been greatly increased in the production of that material.

Mr. REED. Will the gentleman yield?

Mr. BORLAND. I will.

Mr. REED. The gentleman's discourse is very illuminating, and I want to ask if he will address himself to the question as to whether in our country's preparation we are taking into consideration the special facilities of England and France or any of the other allies for producing some things with which they could supply while we might be able to supply them with something else which we are much better equipped to produce or manufacture here?

Mr. BORLAND. Does the gentleman mean as to aeroplanes particularly or as to munitions?

Mr. REED. Munitions. Are we cooperating?

Mr. BORLAND. On munitions we are cooperating with them to a considerable extent. On aeroplanes, as I said a few moments ago about the question of plans and question of assembling, I think still more. We will ship abroad knocked-down parts for aeroplanes and have them assembled abroad.

At this particular point I might mention, to illustrate the thing to the gentleman, that when this war broke out we had, as he well knows, about 800,000 Springfield rifles. We regard the Springfield as the best rifle. It shoots farthest and shoots with most force. We had about 300,000 of the old Krag-Jorgensens, that we did not care to use because we did not care to continue that type. Those Krags have been largely distributed to home guards and State organizations that will do local work, or have been sent to the colonies. The 800,000 Springfields, of course, were in the hands of the Regular Army.

The question came upon the production of a largely increased quantity of new rifles. It was found that the manufacturing concerns of this country were fully equipped with the machines to make the Enfield, or British, rifle, and that by a slight change of the chambering of the rifle they could be adapted to American ammunition. In my judgment there was some doubt as to whether they ought to be changed to adopt the Springfield ammunition. I think we ought to drop the Springfield rifle altogether, so as to be uniform with the British Army in both rifle and ammunition. But it seems the machine guns use the same



ammunition as our rifles, and therefore it was better to maintain the standard of ammunition.

We are now engaged in taking over a large number of those British contracts made with American manufacturers for the production of Enfield rifles. The gentleman will find in the hearings a very interesting statement of how we acquired the facilities for this manufacture so as to be able to supply our need for increased numbers of rifles promptly. The British Government put in the machinery to manufacture Enfield rifles because the manufacturers would not buy the machinery. So the British Government put \$20,000,000 worth of machinery into American factories. We are going to fall heir to that machinery for less than fifty cents on the dollar, and then we are going to adapt it to Enfield rifles for our Army, with the chambering changed to suit ammunition. That is one of the circumstances that might be given as to the cooperation now occurring.

Mr. REED. The gentleman will recall that when the war broke out Germany astonished the world by those powerful siege guns that knocked down fortifications that were supposed to be absolutely impregnable. Now, are we going into the manufacture of guns equal to or superior to the great German guns? If we proceed with the allies toward Berlin, we will most certainly have to encounter strong fortifications requiring for the Army the mightiest guns that science can provide.

Mr. BORLAND. That is a matter I do not feel qualified to discuss, and the gentleman will see that we should not discuss it, even if our plans were better formed than they are. It is sufficient to say that the plans of the British for heavy siege artillery are fully at our command. The gentleman recognizes, I am sure, that this is the only answer that can be given to his question in the present state of public affairs.

June 15, 1917, the so-called espionage bill became a law, providing for the enforcement of neutrality, the protection of commerce, and the suppression of treason, latent and active. Under this bill there has been created in the last few days an Export Board to determine how much of the necessities of life can be safely exported from this country, and how much of that exportation shall be directed toward the belligerent countries allied with us in this country and how much can be safely sent to neutral countries. As is well known, there are some neutral countries adjacent to our enemy's lines whose position is such that there is grave danger that supplies sent to their ports may find their way into the enemy's lines to the support of the enemy himself. All these doors must be closed and no advantage taken of the generosity or good nature of Uncle Sam.

On the same day the urgent deficiency appropriation bill was enacted, still further providing for the national expenditures. On June 21 amendments were made to the Federal reserve banking act designed to enable the small banks and the State banks to align themselves with the great national system and provide a broader and firmer basis for the national credit. On July 28, 1917, the law was passed, providing that entrymen upon Government land and other homesteaders who entered the Army should not lose their homestead rights.

In the first week of August the two great food-control bills became laws. The larger one provided for the control by the Government over food, feed, and fuel, and was relentlessly fought by the special interests and selfish exploiters who hoped to wring profit from the distress of the people during the coming winter. The companion bill was the food-survey bill, under which the Secretary of Agriculture will take an accurate and practical inventory of all the food supplies of the Nation, so that, like the thrifty farmer, we may know as winter approaches how much we have stored up in the cellar. Already the beneficial effect of these acts has been seen in the firm control which has been exercised over the price of fuel for domestic use.

The House has passed, and there is now pending in the Senate, a bill to prevent trading with the enemy and the second bond bill, providing \$7,000,000,000. The soldier and his family have not been forgotten, for Congress is at work upon an extension of the war-risk program. We found it necessary early in the war to provide a bureau of war risk for marine insurance to encourage the movement of our products and prevent stagnation of our trade by providing indemnity for losses at sea. If we can apply that principle to our goods, we can apply it to our soldiers. Congress therefore proposes to give the soldiers ample insurance or an allowance to the families and dependents while the breadwinner is serving his country. It adds to that an indemnity or compensation for injury or death in the service similar to but much more prompt and effective than the old pension system. It adds also voluntary insurance in which the Government carries the greater part of the risk, and the cost to the soldier is nominal. By means of this he can provide additional indemnity where his obligations,

moral or legal, are heavier than those provided for in the ordinary compensation act.

Nothing could have exceeded the unanimity with which the American public took hold of the liberty-bond loan and oversubscribed the first issue of \$2,000,000,000 by more than 50 per cent. This not only shows the united spirit of the people and their deep devotion to the purpose of this war, but it shows a well-founded confidence in their Government. The same result was reached when the heart strings were touched by the appeal of the Red Cross. The conservatives gravely shook their heads when the Red Cross asked for a hundred million from the American people and said that, with all the burdens now upon them, the people could not respond. But they did respond to the amount of a hundred and twenty-five million before the subscriptions stopped coming in.

No more notable problem ever confronts any nation than securing the revenue and sinews of war under the extreme circumstances of national peril. It has become necessary for this Congress to impose the most extraordinary taxes ever imposed upon any nation in the history of the world. It is well that this is done by the deliberate voice of the representatives of a free people. The tax is the touchstone of national power. If a nation will pay taxes, and especially by its own voice and its own vote, that nation is strong, united, and unconquerable. This Nation is preparing to pay taxes amounting in a single year to two and a half billion dollars, but those taxes are being very wisely laid. We have laid them upon excess profits, large incomes, and other sources which do not demoralize business, which do not destroy any man's industry, and which do not kill the goose that lays the golden eggs. The country will continue to prosper and its industries to thrive in spite of this extraordinary taxation. I have no hesitation in conscripting wealth for the defense of the country. Wealth is no more sacred than human life, and if we can send American boys to the battle line we can send American dollars after them. We can not leave our soldiers unsupported in the field out of a tender regard for the rights of capital or the selfishness of greed.

A word must be said in regard to the success of the National Army. The first week of September witnessed the calling to the colors of that Army of universal service. For their reception it was necessary to build 16 cantonments—practically 16 cities of a population each of 50,000 soldiers. Exemption boards of local citizens existed in every community and district appeal boards in every district, who passed upon the question of which men could be spared to go to the front and which were needed to remain at home. Through the activities of the Y. M. C. A., the Knights of Columbus, and other organizations the moral conditions of the camps and the communities near them were made fit for the reception of the soldiers, and all wholesome outlet secured for their social instincts.

As witnessing the success of this democratic method of raising a force for national defense it may be pointed out that the cost of enrolling volunteers during the first two years of the Civil War was \$34 per capita. The cost of the combined volunteer and draft system during the last two years of war was \$24.15 per man. The cost of voluntary enlistment for our Army and Navy during the few months preceding the passage of the draft law, in which the advantage of large numbers of young men voluntarily joining from a spirit of patriotism was felt, was \$18.24 per man, but the cost of enrolling the new National Army under the selective conscription law will not exceed \$7.30 per man and may possibly fall as low as \$5. Never in our history has an army been gathered at such a moderate cost.

Through all of this mighty period of preparation, when the Nation was coming together and fusing itself into a solid mass, when the whole atmosphere was tingling with patriotism and with the desire to shake off the provincialism and lethargy which had kept us dormant so long, not only was the spirit of the business men and commercial classes admirable in every way, but the attitude of organized labor was so splendid as to be beyond all praise. The whole power of the influence and character of the leaders of labor in this country has been thrown on the side of industrial peace and united against strikes and other disturbances which might interfere with the full preparation of the Nation for its great task. They have not only foregone the advantage which the extraordinary demand for labor might give them to enforce new demands, but they have held in abeyance all matters of dispute and disagreement in a spirit of willing sacrifice for the good of the Nation. This spirit should be and will be recognized and rewarded by the American people by a large measure of social justice to all those who depend upon their daily wage for their living.



Every man in time of national peril must sink his private interests, his private wishes, and even his private rights for the supreme advantage of the country's welfare, but he retains in full measure his right to the reward which follows national success and national prosperity.

The period of preparation is rapidly drawing to a close. Some are impatient that so long a time has been needed to prepare, but they must have been of those who had too small comprehension of the magnitude of the problems. Some have thought that there were too many boards and committees and subcommittees, too much division of authority and separation of activities. To these it may be pointed out that it was necessary to enlist all lines of industry through their best representatives to finally consolidate and correlate them into one effective organization. The time is rapidly passing when these subcommittees will be needed, but they have cleared the road and cut out the jungle of antiquated methods and red tape. Their work has been invaluable.

Now there has been created, however, the War Industries Board, which will be directly under the control of the Council of National Defense and of the President, and which will gather the mass of reports of all of the advisory and subcommittees of the council. The order creating this board says, "the board will act as a clearing house for the war industry needs of the Government, determine the most effective ways of meeting them and the best means and methods of increasing production, including the creation or extension of industries demanded by the emergency, the sequence and relative urgency of the needs of the different Government services, and consider price factors, and, in the first instance, the industrial and labor aspects of problems involved and the general questions affecting the purchase of commodities."

Thus the far-reaching powers of this board, small and compact in its membership and highly skilled in its personnel, will enable it to reach out and control all factors—prices, supplies, methods of production, labor, and transportation—which affect the support of a modern army in the field. We are drawing to a head now, and under this board, if its powers be wisely and boldly exercised, our Army in France can feel behind it the strong arm and firm support of the mighty American Nation.

There is no weakness here, no vacillation, no division of powers, no question of authority. But this applies, as will be seen, only to the question of support and supply. It is the pinnacle of the period of preparation, but it does not touch yet the real question of every war—the conduct of the campaign in the field. We are just on the eve of that question. By the 30th of January it is probable that we shall have 2,000,000 or more men ready for the fighting line in Europe, and by that time or before they will have struck telling blows in the great world struggle for democracy. How, then, shall the war be conducted from the standpoint of a campaign? What shall be its policy? Primarily this heavy responsibility rests upon the shoulders of the President of the United States. He may commit it, and probably will commit it, to some properly equipped military or naval staff, retaining to himself, as he must retain, the larger questions of national policy and diplomacy. Success lies, as we know, not in the vacillating hesitancy of many minds, nor even in the wisdom of much counsel, but in the firm decision and quick action of a single purpose. Our purpose now is to strike ringing blows for democracy that a speedy peace may be enforced and feudalism with all of its train of debasing horrors may disappear from the earth.

We can not do this by temporizing nor by stopping every day to restate our plans and purposes and reexamine the path over which we have passed. We can look back with pride in our country and admiration for our vigorous administration over the record of the last year from the creation of the Council of National Defense in August, 1916, to the opening of the cantonments of the National Army in September, 1917. We see an almost magic transformation; not only of the military policy but of the industrial, social, and economic conditions of our country. The giant now is fully awake, fully aroused, and is a match for any foe in the field. By the work of the administration and by the work of its aids drawn from men of all political parties and all walks of life; by the untiring efforts of the National Congress; and by the patriotism of the American people, the full united force of democracy is now available to fight the battle of freedom and to crush feudalism wherever found. The American people are devoted to peace, but the present temper of the American Nation to-day is the response to President Wilson's ringing declaration that "the right is more precious than peace." [Applause.]

Mr. MONDELL. Mr. Chairman, I will take advantage of the fact that I am controlling the time on this side and will take the floor for about 30 minutes.

The CHAIRMAN. The Chair recognizes the gentleman from Wyoming.

Mr. MONDELL. Mr. Chairman, we are considering the greatest appropriation bill in all the world's history, an appropriation bill the magnitude of which we can not, any of us, possibly comprehend. If we were to count dollars at the rate of five a second—and that is about as fast as anyone can count—and should keep it up for 10 hours a day, it would take a little less than 100 years to count the number of dollars of the people's money we are proposing to appropriate and to authorize the expenditure of in this bill. It is a sum equal to one-sixth of the value of all the farms and ranches of the country and of all the live stock and all the agricultural machinery and all buildings on them. And yet, great as it is, stupendous as the sums are, we are so thoroughly impressed with the necessity of making these appropriations that there will be no opposition to the passage of the bill.

I listened with a very great deal of interest to the exceedingly interesting speech of the very able chairman of the Committee on Appropriations and the very interesting speech of the equally able ranking minority member of the committee relative to the care with which the committee had considered these appropriations. Six weeks! We used to spend three months going over the sundry civil bill, carrying \$140,000,000, and when we got through most of us would admit to ourselves, on personal cross-examination if we would not to others, that we did not know any too much about some of the items of the bill, even at that. And while six weeks is a long time, and the subcommittee gave earnest consideration to the items, none of them, I think, will say that it is possible for anyone to fully determine the necessity for the enormous sums asked and provided for in this bill.

While the House and the House committee are exercising their functions of endeavoring to carefully consider appropriation bills and to control in the matter of policy, yet, as a matter of fact, we are leaving these matters largely with the Executive, and properly so. For who is there in the House who cares to take the responsibility of withholding a dollar in money or a particle of authority which the administration, its advisers, and particularly its naval and military officers, say they believe to be essential for the successful conduct of the war?

We are trying to do our duty by considering, so far as we can in the limited time we have, the general purposes for which these enormous sums are to be used. But so far as being able to greatly control their totals, we can not in the nature of things well do it. Of course, it follows inevitably that in the expenditure of these enormous sums of money in a brief period of time there will be wastefulness and extravagance, and it has been suggested that Congress should appoint a committee whose business it would be to consult with the Executive with regard to these expenditures, with a view of minimizing, so far as may be possible, unwise and extravagant expenditures.

I am rather inclined to agree with the view that the President took of those matters. I am rather inclined to agree with the view taken by the chairman of the committee with regard to that proposed auditing committee. I think we have done our full duty when we have carefully examined the proposed purposes of the estimates and have reduced them, so far as we believe that they can be safely reduced or restricted or directed, as we believe it wise to restrict or direct them. Having done that, we have performed our whole duty; and, further, if we went beyond that and attempted to exercise a control over those expenditures within those limitations and for the purposes provided, we should become responsible through our committee for those expenditures when made.

We should not be so responsible. We should be entirely free from responsibility—free to criticize, properly and reasonably, and in good faith, the expenditures as they may be made. The duties of the legislative body and of the Executive are entirely separate in these matters, and should be kept entirely separate at all times and under all circumstances.

Now, on the other hand, it occurs to me that it would have been well—and I make this suggestion because it so happens that I was not here at the time the matter was under discussion—I think it might have been well for the Congress, in providing for loans to the allies, to have made some provision for a small congressional committee to consult with the Executive in the matter of those loans, because that is a matter not purely of expenditure, but of policy, and the Congress may very properly carry its fixing and determination of policy beyond the general provisions for loans provided in the bill to the point where the sums are actually to be expended in loans to our allies. I am inclined to think that it would have been well, not only from the standpoint of the Congress, but from the standpoint of the administration as well, if a small com-



mittee of the House and Senate had been appointed or provided for, to be consulted in connection with those great loans.

Now, there are bound to be, as I said a moment ago, extravagant expenditures, or at least expenditures that appear to be extravagant; expenditures that at least would be extravagant under any other circumstances and conditions. We all know that you can not rapidly expand business of any kind without doing it at an increased cost, and you can not organize and equip great armies and maintain a great military establishment in a world torn with war and filled with increasing demands for all classes of products on the basis of expenditures that would obtain in normal times of peace.

I myself have heard extraordinary stories in the lobbies of the House and hereabouts as to expenditures of money in connection with cantonments. I think any story of that kind reaching a Member of Congress should not be retailed about the House—certainly not given to the country—but should be carried to the men who are responsible for those expenditures, in order that they may know what is going on and prevent it, so far as they are able to do so. As to the truth of those stories, as to the necessity of making the expenditures, I do not pretend to know. I only know that those who are responsible for them should be informed if we have any knowledge.

It is true, in my opinion—and I refer to it again because I referred to it very early in the session—that it is nearly always a very great mistake to let contracts on the basis of a payment to the contractor of a percentage of the total cost. There never was a man so honest and there never was a man so careful of expenditures that he could be safely trusted with a large contract under those terms. Every increase in the cost means added compensation to the man controlling it. As wages go up, the percentage to the contractor increases; as prices advance, his profits grow; if pay rolls are padded by dishonest clerks, his profits are enlarged. When this is the condition under which contracts are let, it is not to be hoped or expected, and it never would be by men who have had business experience, that you would get cheap and satisfactory construction.

Mr. SHALLENBERGER. Mr. Chairman, will the gentleman yield?

Mr. MONDELL. Yes.

Mr. SHALLENBERGER. Has the gentleman information as to whether these large contracts that were let in this country by foreign nations were made on a percentage basis or not?

Mr. MONDELL. I know very little about that, but my impression is that they were not, so far as I know of them. I have not much knowledge of them; I am not familiar with the procedure, but I am under the impression foreign nations did not make such contracts.

It is a sort of contract that appeals to the man who has never had much experience in the contract business, but it is not the kind of contract that appeals to any man who is a good judge of human nature and knows how those things work out when a great work is to be carried on and large contracts are to be let.

Mr. SLOAN. What does the gentleman think about the necessity of submitting to these contracts? That is, does the gentleman believe that it was necessary as a national policy to place the Government, in the expenditure of its billions, at the mercy of the cupidity of every contractor who was furnishing material or doing work for the Government?

Mr. MONDELL. No, I do not, I say to my friend. I suggested very early in the session that it would be a mistake to make that sort of contracts, and if the stories we have heard are true, my fears were well founded. But those, after all, are incidents of the situation, of vast expansion and development, of rapid growth, and of tremendous expenditure. Our duty is to provide every man, every dollar, every particle of authority that those charged with duty and responsibility believe to be necessary for the successful prosecution of this great struggle in which we are engaged and can give a fairly plausible basis for their belief. When we have done that we have performed our duty, and until we have done that we have not performed our full duty.

Mr. SLOAN. Will the gentleman yield?

Mr. MONDELL. Yes.

Mr. SLOAN. Has not every Congress of the United States, in every other war that we have had, exercised its judgment as to how much should be given, rather than allow it to be measured by the request of the administration?

Mr. MONDELL. I think it is true that during the Civil War the administration was tremendously hampered by smelling committees, managing committees, meddling committees, and by men who, for one reason or another, were not willing to take the word of those who were responsible as to the men and means necessary for the carrying on of the great struggle. No-

where in history, however, or in the minds of men can you find a fragrant recollection or a kindly reference to those who thus stood in the way of their Government in its efforts to carry on the war. I feel confident that in the future, as in the past, there will not come from the Republican side of the center aisle, and I hope not from either side, any voice raised with intent of preventing the doing of anything that may be necessary to the successful carrying on of the great enterprise in which we are engaged. I think it is true that we have somewhat failed in our duty to scrutinize as carefully as we should some of the appropriations, not lest we should be misjudged, but lest we should be mistaken as to the necessity for the appropriation or the authority asked for. In order that we might not fall into harmful errors of judgment, we have erred, perhaps, but if so we have erred on the safe side—on the side of our country.

Whatever may have been men's views in the beginning, whether or not they held that our entrance into this great world struggle was necessary, wise, or inevitable, whatever their views were as to the manner in which we should raise the forces with which the war was to be carried on, however that may have been, the people of the country, with comparatively few exceptions, are now united in their determination that nothing shall be left undone to make effective our part in this great war which we at least hope, and most of us believe has become in these days, whatever it may have been in the beginning, a war, as the President has said, to make the world safe for democracy.

Mr. Chairman, how long have I spoken?

The CHAIRMAN. The gentleman has spoken 23 minutes.

Mr. SLOAN. Will the gentleman yield there?

Mr. MONDELL. Yes.

Mr. SLOAN. Following out my question, I want to call attention to the last foreign war we were engaged in, when Congress limited the amount of appropriations, even in the declaration itself, to \$10,000,000.

Mr. MONDELL. Well, I know that in the beginning of the Spanish War, even when our boys were exposed to hostile gunfire, the Democratic side of the House was inclined to withhold revenue. But that was not a very big war. I have been inclined to forgive them for their attitude, and the country after a while forgot it. If it had been a great war, and much had depended on it, the country would not have forgotten. When it came to the bill that was to raise the funds for carrying on that war, when the enemy's guns were thundering on land and sea, that side voted to withhold support. If it had developed into a great war, the country would not have forgotten it for many a long year.

Mr. SLOAN. I do not want to be misunderstood. I had reference to the Mexican War.

Mr. MONDELL. Oh, the Mexican war! I had forgotten that we had a war in Mexico. I thought we had only several years of disturbed peace with Mexico.

Mr. SHALLENBERGER. He means the old Mexican War of 1847, not the late Mexican war.

Mr. REED. Mr. Chairman, as I happen to be one of my distinguished colleague's hearers, present in Congress not because I expect to make a speech but that I may be enlightened and broadened by his wisdom and erudition, I hope he will pardon an interruption.

Mr. MONDELL. Under those circumstances I shall be very glad to yield to the gentleman.

Mr. REED. The gentleman has given us a graphic and startling picture of the burdens this war is placing upon the American people, of the stupendous sums of money that will be needed, and the unprecedented taxes that must be levied. Following this he has ventured a beautiful, hopeful, and I trust truthful prophecy of the future of civilization when the war has been prosecuted to a successful conclusion and "the world made safe for democracy."

What I desire to ask is my colleague's opinion of the proper proportion of these vast war costs he thinks might justly be passed on to the generations of our country who will live in a world made safe for democracy and enjoy its peace and prosperity.

Mr. MONDELL. Well, that is rather foreign to the matter under discussion. We are now making appropriations. The gentleman is discussing the raising of revenue. But I will say that I agree with what the House did in that matter in the main. I agree in the main with what the Senate did in the matter. I think we have gone quite as far as we should in laying burdens on the American people in the bill which is now in conference. I believe that future generations will benefit by these expenditures. Whether they do or not, if we are to con-



time this war for any length of time, we should not now bankrupt and impoverish the people from whom we must next year and the year after possibly secure the funds to carry on the war. It is all very easy for those of us who do not have to pay much in the way of income taxes to talk about taking all of the income of a man who has a large amount. But I have never been able to take the view that it is proper to confiscate, even though the man whose property you propose to confiscate may have a considerable amount of it. And viewing it from the practical standpoint of revenue for years to come and of a market for bonds we must sell, I think that if some gentlemen had their way we would get all some folks have this year, not have much of anything next year, and in the meantime have some difficulty in selling bonds. If the war continues, we may have to increase the burden; it is well to leave some margin to go on.

Now, Mr. Chairman, in the very few moments remaining to me I want to talk about a matter in no wise connected with the bill, a matter somewhat local, although it affects an enormous area of country.

On the 29th day of last December we passed what is known as the stock-raising homestead bill. I see the chairman of the Committee on the Public Lands, who is largely responsible for that legislation, has honored me with his presence here, perhaps because he expects to speak a little later. [Laughter.]

Almost immediately after the passage of this bill we provided an appropriation of \$150,000 for the classification of lands that were applied for under the bill. Unfortunately the bill which carried that appropriation failed in the Senate. It therefore became necessary at the beginning of this special session to reenact the sundry civil bill and the appropriations that it carried, and by reason of that delay the appropriation did not become available until the latter part of June. In the meantime, however, those responsible for the classifications that were to be made knew that the appropriations were coming, and it seems to me ought to have made preparation for the work.

Now we have reached nearly the middle of September, nine months after the passage of the bill. The frost is on the pumpkin and in many places the fodder is in the shock. In another six weeks it will be too late to look over the land in the northern States and determine their character as to whether or not they should be designated as enterable under the stock-raising homestead law.

A situation exists there with which I have become very familiar by reason of a visit home recently when the House was marking time—a situation that is exceedingly trying and unsatisfactory to everybody.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SLOAN. Mr. Chairman, I hope the gentleman in charge of the time, in this case, will grant an extension to the speaker of at least five minutes.

Mr. MONDELL. Mr. Chairman, at the suggestion of the gentleman from Nebraska, and with the consent of the Chair, I will yield myself five additional minutes.

The law in question provides that the Secretary of the Interior shall designate the lands that may be entered under the law in question; but in the meantime the entryman may make his application. Many thousands have made such applications, covering in the aggregate many millions of acres, but the law gives the entryman no right to possess himself of the land, and thus an intolerable condition exists, a condition satisfactory to no one. The homesteader seeking a location, particularly he who has made an original location, is not able to get a foothold on the land and hangs between heaven and earth, between Wyoming and Missouri, between Oklahoma and Montana, uncertain where his home and habitation is, undecided as to his future. The stockman who has utilized the land does not know how much of it will be designated, or when, and therefore what he can depend on—an altogether unsatisfactory situation and condition for everybody.

As time passes the situation grows worse and worse and is reaching a point where Congress will be compelled to take some drastic action relative to these designations unless they are hurried up, and hurried up more rapidly than under present plans and conditions, it seems to me, they can be. I am not disposed to criticize the men who have charge of doing this work, because I realize the difficulties under which they have been laboring, but the matter can not be allowed to drag through another year.

Mr. FERRIS. Will the gentleman yield?

Mr. MONDELL. Yes.

Mr. FERRIS. I approve of everything the gentleman is saying, and I am glad he has taken and is taking such an interest in the matter. There are 70,000 applications by men trying to

get some of these lands. They are and have been moving slowly, and if they are not careful another year will have elapsed with these applications not acted upon and nothing done.

Mr. MONDELL. Seventy thousand applications. That means 70,000 families, and five people in a family; 350,000 people affected directly in the matter of establishing a home and about 24,000,000 acres involved. I think that is an area two-thirds of the size of the great State of Iowa.

Mr. HAUGEN. Will the gentleman yield?

Mr. MONDELL. Yes.

Mr. HAUGEN. Can the gentleman give us the cause of the delay, in the estimation of the gentleman?

Mr. MONDELL. I think the department should have got to work earlier when it knew that funds would be available. They left the matter of securing men for the work, except as they could spare them from other work, to the Civil Service Commission, and the commission finds it difficult to find men that they are willing to certify for the work. The department tells me they have taken about every man certified to them for this work, and still they have comparatively few men in the field and the work is going very slowly.

So far they have something less than 50 men on the work in the field—one or two parties in each of the States of Idaho, Montana, Wyoming, North Dakota, and parties about to start in South Dakota, Colorado, and elsewhere. Under the policy pursued each party is expected to examine only a few sections a day, and even though the parties are largely increased a comparatively small area can be examined before the weather in the Northern States puts an end to the work for the season. I have no doubt those intrusted with this work have made an effort to get it going, and I realize the conditions have been unfavorable. I did not favor the provisions of the stock-raising homestead law, which made these detailed examinations necessary. I did my best to have the matter simplified, and I believe it will yet be necessary to do that. My own thought is that under these circumstances and conditions the department is not justified, and it is not necessary as a matter of fact, to have so careful and detailed an examination as they are proposing to make. I think I could easily classify a township a day. Practically all of this territory left unentered out there now is of the kind of land described in the bill. I can not believe that any special harm would be done. I believe the benefits would far outweigh any disadvantages if we said to-day that the unentered public lands of these States which do not contain timber and are not irrigable should be open to entry under this law. The lands now designated under the enlarged-homestead law could, at least, all be considered as enterable under the grazing-homestead law, and that would settle thousands of cases at once.

I now yield 20 minutes to the gentleman from Ohio [Mr. LONGWORTH].

Mr. LONGWORTH. Mr. Chairman, I would like to say at the outset to the gentleman from Wyoming that it was not because I desired to make a speech that I remained here, but on account of the intense interest I took in his very able remarks.

This bill appropriates something over \$40,000,000 for ammunition for small arms, and it authorizes the entering into contracts for \$700,000,000 worth of ammunition for small and large arms. It is of a matter directly connected with the ammunition question that I desire to speak for a few moments. My object in addressing the House is to call the attention of my colleagues and of the country to the very important action taken a few days ago by the War Department in regard to the production of nitrogen. This action has received, so far as I know, practically no comment in the newspapers. So far as I know, it has not been referred to on the floor of the House or the Senate. It deals, of course, with a matter very largely technical, of which people generally have little knowledge, and it is not surprising that it has been crowded out of journalistic comment by more sensational war news. Yet the action taken is of vast if not vital importance to the safety of the Nation and to our continuance as a potent factor in this war. I have two objects in calling this matter to the attention of the House. One is, I confess, of a rather personal nature, because it is based upon the satisfaction that few of us are big enough not to feel in being able to say, "I told you so," for the statement of the War Department as to its action, taken and contemplated in respect to the production of nitrogen, confirms in every detail what I have repeatedly said and other gentlemen have repeatedly said in opposition to the proposition for the expenditure of \$20,000,000 and more for the creation of a water-power site and the erection of a Government nitrate plant.

My other object, far more important, is to show that a situation has been brought about by the intelligent action of this Government, with the assistance of a number of prominent



American engineers and scientists and chemists, by which the country is assured during this war, no matter what may happen, regardless of whether or not we may by some chance be cut off from the Chile nitrate supply, of an absolutely sufficient and cheap supply of nitric acid, without which it is impossible to make ammunition or explosives of any kind, without which we would be impotent in the conduct of a war, either defensive or offensive, and without which the enormous amount of money appropriated in this bill would be absolutely useless. This happy situation is better summed up than I could sum it up in a letter written by Dr. Herty, formerly the president of the American Chemical Society, now the editor of the official organ of the American Chemical Society, known as the *Journal of Industrial and Engineering Chemistry*, and a member of the committee appointed by the Secretary of War to investigate this question. In a letter written to the editor of the *Manufacturers' Record* and published a few days ago he says:

I am sure you will rejoice with me that through the genius of American chemists the problem of nitrate supply has been solved in what I believe to be the most advanced and best way known to the world at the present day. Knowing your intense patriotism, I am confident that you will also rejoice in the fact that through this method this country will receive supplies of fixed nitrogen far more quickly than possible under the methods which would require time in the development of water power.

Note that, gentlemen—

Both agriculture and munitions need this supply as quickly as possible, and I believe that we have found the best, quickest, and cheapest way the world has known to date.

Commenting upon this question, this *Journal of the Chemical Society* says in its last number, published upon the 6th of this month:

The great advantage of the processes adopted lies in the fact that a large plant can be built near the fertilizer and consumption center, thus minimizing transportation charges in the distribution of the output. At the same time numerous small plants can be erected, if desired, in any part of the country in connection with plants now manufacturing or contemplating the manufacture of explosives.

Gentlemen who have heard me speak of this matter on previous occasions will remember that one of the reasons why I was so opposed to this \$20,000,000 nitrate scheme was that it contemplated only one plant in this country, a plant dependent for its success upon a dam, and we were asked—for it was equivalent to asking us to do so—to bet our national existence upon the continued existence of one dam. Since then the War Department has discovered that under the method proposed, the method which in substance I have been advocating for the past two years, we can have small munition plants, small nitrate plants, all over the country, so that there can be no possible danger, no matter what happens in this war, of our being shut off from an absolutely sufficient supply of explosives. If these statements are true—and their truth can not be doubted—it becomes apparent that we have succeeded in solving one of the most vexing and important problems that has faced the Nation. It offers absolute proof that American genius, spurred on by patriotism, has risen to the occasion, as it always rises to the occasion [applause], and this is an occasion, gentlemen, in which the Nation, I think, may well rejoice. The report upon which these comments were based was issued under the authority of the War Department on the 21st of last month.

As I say, few people have heard of it, because it has received practically no comment in the newspapers. That report gives in detail the action already taken and the action contemplated by the Government upon this question. I would like to take the time to read the report to the Members of the House, for it is intensely interesting, but it would be an undue waste of time and I shall now ask unanimous consent to publish it as a part of my remarks.

The CHAIRMAN. The gentleman asks unanimous consent to extend his remarks in the *Record* in the manner indicated. Is there objection?

There was no objection.

Mr. CRISP. Mr. Chairman, if it will not interfere with the gentleman, will he briefly state to the committee what the plan of the Government contemplates?

Mr. LONGWORTH. I will be glad later on to do so in a very brief way, but the gentleman can much better understand it by reading this report, which only covers about two pages, and it takes up in sequence the various methods upon which the department has decided.

Mr. CRISP. I am frank to say that I have seen nothing of that report, and I shall be very glad, indeed, to read it.

Mr. LONGWORTH. I think the gentleman will be much interested and much enlightened and that it will interest every Member of the House. Now, the action taken by the War Department was under authority of section 124 of the national-defense act, which, after providing for the expenditure of \$20,000,000, as gentlemen will remember, for the erection of a

water-power nitrate plant, provision for which we authorized in the last bond bill and in preceding bond bills, fortunately had this saving clause in that it authorized the President to make an investigation before spending this money in the way suggested as to the best, cheapest, and most available method for the production of nitrogen.

With this purpose in view, the president of the National Academy of Sciences, at the request of the Secretary of War, named a committee of prominent engineers and scientists to examine into this question, and agents were also appointed to go abroad to investigate the question in other countries. Among them was Dr. Charles L. Parsons, one of the great chemists of the country and the chief chemist of the Bureau of Mines, and he last fall visited a number of the European countries and made an extended report to the Secretary of War upon his return. Subsequent to this the Secretary of War appointed a committee on nitrate supply, headed by Gen. Crozier and a number of other gentlemen whose names appear in the report—I will not pause to enumerate them now—which committee, after considering the report of Dr. Parsons and others, rendered the opinion and made the recommendation upon which the department has taken action. The outstanding feature of the action officially taken is the postponement indefinitely of the proposition to make nitrogen in any form by the use of water power. This, thank goodness, gentlemen, sounds the death knell of that Muscle Shoals \$20,000,000 nitrate scheme. [Applause.]

Mr. GARNER. Will the gentleman yield?

Mr. LONGWORTH. I will.

Mr. GARNER. It also is a fair illustration of trusting the President in the handling of these problems, is it not?

Mr. LONGWORTH. I have nothing but commendation for the President in this case. I have not commendation for some gentlemen on this floor, though, who supported that proposition.

Mr. GARNER. I hope the gentleman does not refer to me.

Mr. LONGWORTH. I, of course, do not allude to the gentleman from Texas. The project involved the most uncalled for and indefensible waste of the public money that I have ever known since I became a Member of Congress. Most of you will recall that its abettors and supporters have been knocking at the doors of Congress for some years. First they tried to get in at the front door of Congress on the proposition for a \$60,000,000 expenditure to promote navigation and furnish water power. They at least were frank at that time. Being unsuccessful, they attempted to enter the side door, let us say, with the proposition of building a Government plant for the manufacture of fertilizer, and, being defeated in that effort, they finally succeeded in getting through the back door of Congress, under the plea of preparedness, with a proposition which, they said, was for the purpose of supplying this Government with nitrates in time of war.

Mr. GREEN of Iowa. Will the gentleman yield there?

Mr. LONGWORTH. With pleasure.

Mr. GREEN of Iowa. As I understand the gentleman, he considers that the death knell of this scheme has now been sounded.

Mr. LONGWORTH. Undoubtedly.

Mr. GREEN of Iowa. I wish I could have as much optimism as my friend from Ohio, but this scheme has been buried so often and resurrected so often that I have not the confidence of the gentleman. I wish to say, however, that I think the gentleman from Ohio should be commended as much as the President, because I have no doubt that it was his determined opposition to this scheme that led to the investigation.

Mr. LONGWORTH. I thank the gentleman for his very courteous remark, whether deserved or not; and I will say further to him that I do not believe there is a man in Congress, from wherever he may come, even if he lives on the banks of the Tennessee River, who would dare, in the face of this report, to advocate that scheme again on the floor of this House. Fortunately—

Mr. GARNER. May I interrupt?

Mr. LONGWORTH. I yield.

Mr. GARNER. Would that rule apply to any character of water power for the purpose of producing nitrates under this report?

Mr. LONGWORTH. I think so.

Mr. GARNER. And that same statement will apply to any other water-power proposition—

Mr. LONGWORTH. For the purpose of producing nitrogen cheaply and in ample quantity for the needs of the country, yes. I do not, of course, say that it is not possible to thus make nitrogen, because it can be made that way, but it is an expensive matter—it is very expensive—and there is probably no water-power site in this country, no matter how much money



we might spend on it, which could produce nitrogen in sufficient quantity and cheapness for our uses.

Now, fortunately, as I have said, the President, and again I commend him for it, took advantage of the saving clause of this act providing for an investigation, and the result has been the saving to the people of millions upon millions of dollars which would have been wasted in the erection of a plant which, as I have repeatedly said before, would have been obsolete before it had been finished. The fact is this \$20,000,000 was only an entering wedge. Do not overlook that fact. Speaking of the cost of such a plant, Dr. Parsons, after an examination of the Norway sites, the best in the world, and other water-power sites, wrote in his report, in opposition to the use of water power for this purpose, as follows:

An arc plant—

Such as the Muscle Shoals project proposed—

of sufficient size to meet the requirements of the war would probably have to remain idle for the most part during times of peace owing to the difficulty of disposing of the nitric acid that the plant would produce if in operation. On account of the large amount of horsepower required and the consequent extent of the necessary plant and tower-absorption capacity, the cost of installing an arc plant to meet the war-time requirements of the Government would be several times the total appropriation made for the purpose by Congress.

Several times \$20,000,000, gentlemen, forty, or sixty, or eighty, or one hundred millions run into money even in these times.

The CHAIRMAN. The time of the gentleman has expired.

Mr. LONGWORTH. Can the gentleman give me about 10 minutes?

Mr. MONDELL. There are quite a number of other gentlemen who want to speak, and I am only handling the time for the gentleman from Massachusetts. Could the gentleman conclude in five minutes?

Mr. LONGWORTH. I will try to do so.

Mr. MONDELL. I will yield five minutes to the gentleman.

Mr. LONGWORTH. I will not be able in that time, I fear, to answer the question of the gentleman from Texas [Mr. GARNER] or that of the gentleman from Georgia [Mr. CRISP].

Such an amount runs into money even if wisely expended, but we would have a hard time, my friends, in defending our action if we had spent twenty, or forty, or fifty million dollars for this purpose, and it would have turned out, as it surely would have, an absolute waste of the public money.

Mr. GARNER. I agree with the gentleman in that conclusion. But what I would like to know is this, namely, from the gentleman's investigation is there anything that leads him to the conclusion that the Government ought to produce nitrate under any condition?

Mr. LONGWORTH. Undoubtedly the Government will produce its nitrates by the use of another process, and if I had time I would like to discuss that a little bit.

Mr. SHALLENBERGER. Is this \$20,000,000 available for this new purpose?

Mr. LONGWORTH. Yes; and the President and the War Department have decided to use it for other purposes, but no part of it for a water-power nitrate plant.

Mr. MONDELL. Is the process now proposed a process of extraction from the air?

Mr. LONGWORTH. No. I think I can develop that in a few moments.

The question of the production of nitric acid is a comparatively new one, as we all know—new, at least, in the sense that it has only recently, just before the beginning of the war, in fact, been made the subject of national thought and action by any country. Every country until recently has relied entirely, to all intents and purposes, for its supply of nitrogen upon the nitrate of soda, which was produced only in Chile. Germany was the first country that fully realized that if a situation should be brought about by which they were cut off from this supply they would soon be absolutely helpless from a military point of view unless they could arrange for the production of nitrogen either at or near home; and so they immediately set out, with that forethought that Germany has shown throughout, devising means for the production of nitrogen at or near home.

There are two ways of extracting nitrogen, so far as known, I believe. One is directly from the air by the arc process, by the use of electricity, which makes necessary a tremendous energy produced cheaply. And Germany for a time produced their nitrogen by acquiring control, through the German syndicate, of the Norway water-power site, where water power is produced at less than \$5 per horsepower per year. There is not another water-power site in the world, there is not one in this country, that can furnish water power at anything like so cheap a price. Nitric acid was made there by Germany and imported into Germany for the purpose of making munitions. But in

the meantime their chemists were also experimenting upon other methods, and soon they discovered what is known as the Haber process, which makes nitric acid cheaply by the oxidation of ammonia. Accordingly the German syndicate sold its interest in the arc process in Norway, because they believed they had discovered, as it is shown they have, at home a better, cheaper, and more efficient means of making nitrogen.

So the consequence has been, gentlemen, that Germany, although cut off entirely from the supply from Chile, has been able since the war began to increase its nitrogen production from a little more than 100,000 tons to over 350,000 tons.

That is enough not only to supply her needs for explosives but also to furnish enough nitrogen for her agricultural needs. Thus, without the use of an ounce of water power, since the beginning of the war Germany, cut off practically from all outside sources of supply, has been able to feed her own people and to produce in practically unlimited quantities her own explosives. It is a lesson in long-headed preparedness by which other nations may well profit.

The method which the War Department proposes for the production of nitrogen is a development and improvement of the Haber process, fully described in the report of the War Department, which I hope that you all may read.

It proves that this great problem has now been solved and that whether or not the time may come when we shall be cut off from the Chile nitrate supply, we will find ourselves in a position as good or better than Germany, able, without any outside help, to produce all the explosives necessary for our guns and have a large and cheap supply left over for stimulating the fertility of our soil. It is a situation over which we may well rejoice, gentlemen of the House, and I think that you will pardon me for the time that I have occupied in bringing it to your attention.

Under the leave to print, I insert the same herewith:

A STATEMENT OF THE ACTION TAKEN AND CONTEMPLATED LOOKING TO THE FIXATION OF NITROGEN PURSUANT TO SECTION 124, "NITRATE SUPPLY," OF THE ACT OF CONGRESS APPROVED JUNE 3, 1916, GENERALLY KNOWN AS THE NATIONAL-DEFENSE ACT.

DIVISION T, ORDNANCE OFFICE, WAR DEPARTMENT,  
August 21, 1917.

The national defense act, in its section 124, provided for a supply of nitrogenous materials by authorizing and empowering the President to make or cause to be made such investigation as, in his judgment, might be necessary to determine the best, cheapest, and most available means for the production of nitrates and other products for munitions of war and useful in the manufacture of fertilizers and other useful products—this by water power or any other power as might be best not cheapest—to designate for the exclusive use of the United States such water-power sites as in his opinion might be necessary to construct and operate dams, etc., or other means than water power as in his judgment might be best and cheapest for the generation of power and for the production of nitrates as above; also to procure by condemnation or otherwise any lands, rights of way, materials, minerals, and processes, patented or otherwise. It was provided by this act that "the products of such plants shall be used by the President for military and naval purposes to the extent that he may deem necessary, and any surplus which he shall determine is not required shall be sold and disposed of by him under such regulations as he may prescribe."

The primary step required under these provisions of law was, therefore, an investigation to determine the best, cheapest, and most available means for the production of the desired nitrogenous materials, or "nitrates."

With this purpose in view, the president of the National Academy of Sciences, in cooperation with the American Chemical Society, and at the request of the Secretary of War, appointed a committee consisting of the following scientists and engineers:

Arthur A. Noyes (chairman), Leo H. Bakeland, Gano Dunn, Charles H. Herty, Warrane K. Lewis, Michael L. Pupin, Theodore W. Richards, Ellihu Thompson, Willis R. Whitney.

In addition to this committee's investigations special agents were appointed to acquire all possible further information. These agents had access to some quite unusual sources of information, and collected data, including detailed records of the costs of various processes employed at home and abroad, which have been most instructive, but which—on account of the sources from which they were obtained and the conditions under which they were given—can not be made public.

One of these agents was Mr. Eysten Berg, who visited Europe and submitted a report. Another of these agents was Dr. Charles L. Parsons, chief chemist of the Bureau of Mines, Interior Department, who, in the course of his investigations, visited the noted plants of Italy, France, England, Norway, and Sweden during the fall of 1916, and was able to give in his reports a most valuable summary and comparison of recent progress and conditions in the nitrogen-fixation industry at home and abroad, elaborated by extensive statistics of a confidential nature.

In his reports Dr. Parsons laid special emphasis upon the rapid development in the United States of processes for the direct synthesis of ammonia from nitrogen and hydrogen, for its synthesis through the formation of cyanides as an intermediate product, and for the oxidation of ammonia to nitric acid. He called attention to the process, developed by the General Chemical Co., for the synthesis of ammonia by the direct combination of nitrogen and hydrogen at lower pressures than those previously deemed necessary and contemplated by the Haber patents, and to the facts that this process had been in successful use on a large experimental scale, and that, indeed, one unit thus in use was larger than those supposed to be in use in Germany. He showed that this American company had also developed and brought to a commercial basis a method of producing the mixture of nitrogen and hydrogen required for the synthesis of ammonia at a cost lower than any theretofore attained in this country or probably even in Germany, and that this company had progressed so far that it had already made plans for a commercial plant using this process. Dr. Parsons also obtained from



the General Chemical Co. a tentative proposal of an agreement whereby that company would grant to the Government of the United States the use of its processes and designs for apparatus for the synthesis of ammonia and for the oxidation of ammonia to nitric acid, upon the following very liberal terms: Without compensation of any kind for products to be used exclusively for munitions of war, and with a royalty upon products to be used for fertilizers.

Dr. Parsons's reports also contained a summary of recent developments in the cyanide process and a confidential statement from the Nitrogen Products Co. of their estimated costs by that process, together with an offer of unrestricted use of their patents upon such processes, without any compensation for use in the manufacture of munitions of war, and subject to a royalty of \$5 per ton of fixed nitrogen for use of their processes for the production of fertilizer.

He was also able to report that under a cooperative arrangement between the Bureau of Mines and the Semet-Solvay Co. a small plant for the oxidation of ammonia to nitric acid had been constructed and was progressing successfully; also that an experimental plant for the same purpose was being operated by the General Chemical Co. and had developed some new features, thus showing that satisfactory progress was being made in this country toward the solution of the difficulties involved in the construction and operation of such a plant upon a large scale.

Finally, Dr. Parsons stated his belief that the processes using large quantities of power would be in this country displaced by these newer processes which require comparatively little power, and he recommended that the Government build a moderate-sized plant for production of ammonia by synthesis and undertake active experimentation with the cyanide process.

With the object of securing an opinion, based upon a comprehensive view of all the facts collected by the several agencies, the Secretary of War appointed the following "committee on nitrate supply":

Brig. Gen. William Crozier, Chief of Ordnance, United States Army, War Department; Rear Admiral Ralph Earle, Chief of Bureau of Ordnance, Navy Department; Brig. Gen. William M. Black, Chief of Engineers, United States Army, War Department; Mr. F. W. Brown, Bureau of Soils, Department of Agriculture; Dr. Leo H. Baekeland, Yonkers, N. Y.; Mr. Gano Dunn, 43 Exchange Place, New York; Dr. Charles H. Herty, 35 East Forty-first Street, New York; Dr. William F. Hillebrand, Bureau of Standards, Department of Commerce; Dr. Arthur A. Noyes, Institute of Technology, Boston, Mass.; Dr. Charles L. Parsons, Bureau of Mines, Interior Department; Dr. Willis R. Whitney, Schenectady, N. Y.

This committee gave careful consideration to all the information available, and duly weighed the several purposes stated by the language of the act, recommending the following action:

I. That the Government negotiate with the General Chemical Co. for the right to use its synthetic ammonia processes.

II. That, contingent upon satisfactory result of such negotiations, there be set aside from the \$20,000,000 appropriated such sum, estimated as about \$3,000,000, as should be necessary to build a plant to produce by that process about 60,000 pounds of ammonia per 24-hour day; location, southwest Virginia preferably.

III. That out of the same appropriation \$600,000, or as much more as needed, be set aside for building a plant for producing by oxidation of ammonia about the equivalent of 24,000 pounds of 100 per cent nitric acid per 24-hour day.

IV. That the War Department proceed at the earliest practical date with the construction of the oxidation plant and contingent upon satisfactory arrangements with the General Chemical Co. with the construction of the synthetic ammonia plant also.

V. That the Government negotiate with the Nitrogen Products Co. with the view to a contract for the right to use that company's patents and proceed with experimentation looking toward the industrial development of the Bucher process for production of ammonia through cyanide; and that contingent upon satisfactory arrangement as above a sum not over \$200,000 be allotted out of the nitrate supply appropriation.

VI. That out of the \$20,000,000 nitrate supply appropriation \$100,000 be allotted for active investigation of processes for the industrial production of nitrogen compounds useful in the manufacture of explosives or fertilizers—this under supervision of the War Department.

VII. That in order to increase the production of ammonia and to help the Government promote the installation of by-product coke ovens by directing priority in production and transportation of materials and parts.

VIII. That the decision as to more extensive installation of nitrogen fixation processes and water-power development in connection with them be postponed until the plants above recommended are in operation or until further need arises.

IX. That while the preceding recommendations include all the measures that can now judiciously be taken for the fixation of ammonia it is the opinion of the committee that the immediate accumulation and the permanent maintenance of an ample reserve not less than 500,000 tons of Chile saltpeter is the measure most urgently necessary.

The foregoing report having met with general approval, the Secretary of War has directed the Chief of Ordnance of the Army to proceed to carry out the first six of the recommendations of the nitrate supply committee and has announced that for the present the consideration of development of large water-power installations which had been begun by the Interdepartmental Board (Secretaries Baker, Lane, and Houston) appointed by the President would be suspended.

The outstanding feature of this program for action is the construction of the synthetic ammonia plant using the General Chemical Co.'s process, which was largely developed by their engineer, Mr. Frederick de Jahn. As has been indicated, this process has already had trial upon a sufficient scale to demonstrate its practicability and to indicate as most probable its ability to produce ammonia at a very favorable price. In fact, in the search of the nitrate supply committee for the best, cheapest, and most available means for the production of nitrates and other products that would be of use in the manufacture of munitions and in the manufacture of fertilizers, this process appeared to give more promise of affording relief from dependence upon foreign nitrates for the defense of the country and more promise of a reduction in the cost of the nitrogenous constituent of fertilizer than others. Furthermore, this process is one which can be put into operation in a much less time than would be required to develop such a large water power as would be needed for other prominent processes available. This process gives as its primary product ammonia, which may be used directly as a constituent of fertilizer or which can be converted into ammonium sulphate or ammonium phosphate in the same manner as ammonia from any other source may be so converted. Processes for such conversion are known and appear to require no special development under this particular act. The cost of ammonia is expected to be quite low by this process, and will not be increased when the am-

monia is used for munitions manufacture by any payments whatever for the rights to the processes, a satisfactory agreement to this effect having been made with the General Chemical Co. That same agreement provides that in so far as the General Chemical Co.'s processes shall be used in the manufacture of products for fertilizers a royalty of \$5 per ton of 2,000 pounds of fixed nitrogen in any form shall be paid. This extremely liberal arrangement will add but a very small amount to the cost of producing the nitrogenous portion of the fertilizer, amounting to a charge of something less than 25 cents per ton of the usual mixed fertilizer. From the tentative offer of the Nitrogen Products Co. it is expected that there will be formally ratified a like liberal agreement for the use by the Government of that company's processes. There thus appears at this time to be no necessity for the President to exercise the rights granted by the act for the acquisition of necessary processes by condemnation, all that it has been considered necessary to use having been freely granted upon liberal terms.

The Ordnance Department of the Army is proceeding as energetically as possible with the work intrusted to it, has made arrangements for taking over orders at cost which the General Chemical Co. had placed for apparatus for a considerable size plant for their own use, and thus gains considerable headway upon much of the apparatus, as well as favorable prices; the prominent engineering and construction firm, the J. G. White Engineering Corporation, has been engaged for the remaining engineering work and the actual construction; the plans for apparatus are essentially complete, and designs for all of the buildings are very nearly completed as a result of work done by the engineers of the General Chemical Co. There is thus at the present time every reason to expect that, notwithstanding the extreme difficulty and expense involved in any large construction work at this time, the plant will be not unduly delayed.

The construction of the oxidation plant is a less extensive work, and its commencement is being postponed for a short time in order to reap the full advantage of the important experimental work being carried on by the General Chemical Co., the Semet-Solvay Co., and the Bureau of Mines.

#### PROCEEDINGS OF THE NITRATE SUPPLY COMMITTEE.

WASHINGTON, D. C., May 11, 1917.

The nitrate-supply committee, constituted as follows: Brig. Gen. William Crozier, Chief of Ordnance, United States Army, War Department; Rear Admiral Ralph Earle, Chief of Bureau of Ordnance, Navy Department; Brig. Gen. William M. Black, Chief of Engineers, United States Army, War Department; Mr. F. W. Brown, Bureau of Soils, Department of Agriculture; Dr. Leo H. Baekeland, Yonkers, N. Y.; Mr. Gano Dunn, 43 Exchange Place, New York, N. Y.; Dr. Charles H. Herty, 35 East Forty-first Street, New York, N. Y.; Dr. William F. Hillebrand, Bureau of Standards, Department of Commerce; Dr. Arthur A. Noyes, Institute of Technology, Boston, Mass.; Dr. Charles L. Parsons, Bureau of Mines, Interior Department; Dr. Willis R. Whitney, Schenectady, N. Y.; and appointed by the Secretary of War to succeed and continue the work of a former committee, which was appointed by the National Academy of Sciences at the request of the War Department, met at 10 o'clock a. m., at the call of Gen. Crozier.

All of the members were present excepting Gen. Black, who was represented on the committee by Col. Charles Keller, of the Corps of Engineers. Col. C. B. Wheeler, Ordnance Department, also sat with the committee and took part in its proceedings, Gen. Crozier presiding at the meeting but not voting. The authority for Gen. Crozier to call the committee together and the object of the meeting is indicated by the following letter of the Secretary of War:

WAR DEPARTMENT,  
Washington, April 14, 1917.

Brig. Gen. WILLIAM CROZIER,  
Chief of Ordnance, United States Army.  
Member Nitrate Supply Committee.

SIR: Referring to my letter of March 9 last appointing you a member of the nitrate-supply committee, I desire that you shall act in calling the committee together at appropriate times for necessary action, and that you shall convey to it such communications as I may have to make.

The committee should now be called together as soon as practicable for the purpose of considering the reports and recommendations concerning the process which should be adopted for the manufacture of nitrates, which reference to the possibility of harmonizing the various views and reaching a common conclusion in regard to as many of the recommendations as possible.

Respectfully,  
NEWTON D. BAKER,  
Secretary of War.

After a preliminary statement by the chairman the committee proceeded to the matter in hand and considered previous reports and recommendations concerning the process which should be adopted for the manufacture of nitrates, which included the following papers:

I. Report on nitrate supply presented to the Secretary of War by the committee on nitrate supply of the National Academy of Sciences and of the National Research Council, dated January 20, 1917.

II. Preliminary report to the Ordnance Department of the War Department on the nitrogen industry, with recommendations regarding the methods to be used by the United States Government in procuring the necessary nitric acid required for munitions by the War and Navy Departments by Charles L. Parsons, chief chemist, Bureau of Mines, Department of the Interior, January 27, 1917 (see p. 833, this issue).

III. Report on the nitrogen industry, by Eysten Berg, C. E., dated January 15, 1917.

IV. Report on the nitrogen industry, by Charles L. Parsons, chief chemist, Bureau of Mines, Department of the Interior, dated April 30, 1917. This latter report included an offer of the General Chemical Co. granting to the Government, under certain conditions, the right to use its synthetic process for the production of ammonia, etc., and also an offer of the Nitrogen Products Co., granting to the Government under certain conditions the right to use the so-called Bucher process for the production of sodium cyanide and ammonia (see p. 833, this issue).

After a deliberate and careful consideration of all the matter and information at the disposal of the committee, it submits the following as its action:

The committee, appreciating the offer of the General Chemical Co., recommends:

1. That the Government enter into negotiations to acquire the rights to use the synthetic ammonia process of that company.  
2. That contingent upon satisfactory arrangements with the General Chemical Co., out of the \$20,000,000 nitrate-supply appropriation, such sum as may be needed, now estimated at \$3,000,000, be placed at the disposal of the War Department to be used in building a synthetic ammonia plant, employing the said process of the General Chemical Co., and of a capacity of 60,000 pounds of ammonia per 24-hour day,



said plant to be located in a region where land, water, coal, and sulphuric acid are cheaply available, where good transportation facilities exist, and where the proposed new powder plant of the Government can be properly located. In the opinion of this committee all of these conditions just enumerated are best fulfilled by a location in southwest Virginia or contiguous region.

3. That out of the \$20,000,000 nitrate-supply appropriation an amount now estimated at \$600,000, or as much as may be needed, be placed at the disposal of the War Department to be used in building a plant for the oxidation of ammonia to nitric acid and the concentration of nitric acid, of a capacity equivalent to 24,000 pounds of 100 per cent nitric acid in a 24-hour day, said plant to be located in the neighborhood of the aforesaid synthetic ammonia plant and the proposed new powder plant of the Government.

4. That the War Department proceed at the earliest practical date with the construction of the oxidation plant and contingent upon a satisfactory arrangement with the General Chemical Co., also with the synthetic ammonia plant, and that the Government give such priority orders as will secure from contractors prompt delivery of the materials and rapid construction of the structure and machinery needed for these plants.

The committee appreciating the offer of the Nitrogen Products Co. granting, in this country, to the Government under certain conditions the right to use the so-called Bucher process for the production of sodium cyanide and ammonia recommends:

5. That a form of contract drawn with the advice of the legal authorities of the Government, such as to give that company no guaranty or exclusive rights in the process, or in its future development, beyond those which the company's own patents give to it, be entered into with the Nitrogen Products Co., and that experimentation looking toward the industrial development of the Bucher process for the production of ammonia be at once proceeded with. And further that, contingent upon a satisfactory arrangement with the Nitrogen Products Co., a sum not to exceed \$200,000 be allotted for this purpose out of the \$20,000,000 nitrate-supply appropriation.

6. That out of the \$20,000,000 nitrate-supply appropriation \$100,000 be made available for the active prosecution of investigations of processes for the industrial production of nitrogen compounds useful in the manufacture of explosives of fertilizers, and that these investigations be planned and supervised by the War Department.

7. That, in order to increase the production of ammonia and toluol, the Government promote the installation of by-product coke ovens by directing that priority be given in the production, delivery, and transportation of the materials and parts needed in their construction.

8. That the decision as to more extensive installation of nitrogen-fixation processes and water-power development in connection with them, be postponed until the plants above recommended are in operation or until further need arises.

9. While the preceding recommendations include all the measures that can now judiciously be taken for the fixation of nitrogen and the oxidation of ammonia, it is the opinion of the committee that the immediate accumulation and the permanent maintenance of an ample reserve, not less than 500,000 tons of Chile saltpeter, is the measure most urgently necessary.

There being no further business before it, the committee then, at 6.15 p. m., adjourned to meet at the call of the chairman.

William Crozier (chairman), Brigadier General, Chief of Ordnance, United States Army; Ralph Earle, Rear Admiral, Chief of Ordnance, United States Navy; F. W. Brown; Leo H. Backeland; Gano Dunn; Charles H. Herty; Charles Keller, Colonel, Corps of Engineers, United States Army; Wm. F. Hillebrand; Arthur A. Noyes; Charles L. Parsons; Willis R. Whitney.

Mr. MONDELL. Mr. Chairman, I yield 15 minutes to the gentleman from Nebraska [Mr. SLOAN].

Mr. SLOAN. Mr. Chairman, I desire to address a few remarks to a piece of legislation which was completed yesterday afternoon, not that it may have any particular effect on the further progress of that piece of legislation, but it is due to a number of us who desired to express our views on that measure and were not given opportunity even to extend our remarks. I desire to give some of the reasons for our support of the measure, notwithstanding our criticism of objectionable, vicious features.

The legislation I refer to, of course, is the compensation and insurance bill provided for the new army. I desire to say this: The history of that legislation is probably unique in all the history of legislation of the American Congress. I presume it is the first time that ever a self-constituted organization of individuals came together under the direction of the head of a department of this Government and arrogated to itself the function of drafting a completed piece of legislation, and when that was done, instead of presenting it to the legislative body or some member thereof, presented it to the Executive of the Nation, whose constitutional function in legislation is to recommend legislation from this platform or by a written message, or, after it has been passed, to approve or veto it. Then after obtaining Executive approval in advance the bill was handed to a Member of the House for introduction.

Now, I mention these facts not so much in a spirit of criticism but as a matter of importance in legislative history. It was certainly the first time that the judiciary, as in this case, combined with the Executive to prepare and present legislation and to have it grooved through Congress. The judiciary, according to some of our old-fashioned notions, should always, whether it is the Supreme Court or any of the Federal courts or any judge thereof, hold itself ready with all its power of analysis to interpret the statutes and the construction of constitutions faithfully, as language is written and not as it may be in the mind of the draftsman who wrote it. Wisely in the beginning those

who framed our Constitution served notice in the Constitution itself that legislation should originate here, although it could be recommended by the Executive. The right of interpretation and construction was given to the judiciary.

Now, then, to have this piece of legislation presented to the Executive and to obtain his unqualified approval has an effect, as was exhibited here for several days, exceedingly remarkable. We know that the Executive of the United States, now and at all times, has a great influence upon the legislators on either side of the Chamber, Democratic and Republican. So that when a piece of finished legislation has been presented and the President says he approves of all of it we know what is liable to happen. Those who are his political supporters will feel bound to aid in its passage; others are disinclined in war times to vigorously oppose or criticize.

I was very much interested in the statement of the chairman of the Committee on Appropriations [Mr. FITZGERALD], who stood here this afternoon and with great eloquence and power defended the functions and prerogatives of the President of the United States. It would have been interesting had he with equal force defended the prerogatives of this House, which his leadership makes incumbent upon him and his coleaders to do. Among other things, the distinguished chairman said:

The President of the United States, when a provision to create such a committee was proposed in the food bill in another body, wrote a letter to the gentleman from South Carolina [Mr. LEVER], in which he said:

"The constant supervision of executive action which it contemplates would amount to nothing less than an assumption on the part of the legislative body of the executive work of the administration."

Under our policy, before the administration or the executive department of the Government can initiate any policy that involves public expenditure it must first submit its recommendations to the legislative body, and the authority to initiate the policy must be provided by legislative action. After the policy has been initiated by legislative action the administration, or the Executive, must submit to the Congress the proposals of expenditure it proposes to make in order to carry the policies into effect.

Well, the President, as soon as he heard we thought of encroaching upon his prerogatives, notified us to "keep off the grass"; but when the Secretary and a part of the judiciary combined to usurp the functions of legislation we did not see leadership here standing up for the functions and prerogatives of this House in the way that a good healthy realization of the situation would prompt it to be done.

The following is a history of this legislation:

On the 31st day of July, 1917, the Secretary of the Treasury addressed a letter to the President of the United States, accompanied by a completed draft of the bill, which later found its way in to this House.

The following is a copy of the introductory features of the letter:

THE SECRETARY OF THE TREASURY,  
Washington, July 31, 1917.

DEAR MR. PRESIDENT: In accordance with your direction, I have made a careful study of the question of compensation, indemnity, and insurance for the officers and enlisted men of the military and naval forces of the United States.

In this work the Treasury Department was represented by Assistant Secretary Rowe, Mr. William C. De Lanoy, Director of the War-Risk Insurance Bureau, and Mr. Hendon Chubb, chairman of the advisory board of that bureau.

I have had the cordial cooperation of the committee on labor of the advisory commission of the Council of National Defense, Mr. Samuel Gompers, chairman. Mr. Gompers appointed a special subcommittee on compensation for enlisted men and their dependents, of which the Hon. Julian W. Mack, United States circuit judge, was made chairman.

The bill which I am submitting for your consideration was drafted by Judge Mack. Capt. S. H. Wolfe, detailed by the Secretary of War both to the committee on labor and to this department for cooperation in the work, has been very helpful. Representatives from other departments, as well as an advisory draft committee of the committee on labor, have assisted. The Department of Commerce was represented by Assistant Secretary Edwin F. Sweet, the Navy Department by Maj. Henry Leonard, and the Department of Labor by Miss Julia C. Lathrop.

The advisory committee included Mr. P. Tecumseh Sherman, Mr. J. W. Sullivan, Mr. Frank Whiting, Mr. F. Spencer Baldwin, and Mr. D. L. Coase, and was aided by Mr. Everitt Macy, Mr. A. Parker Nevins, and Dr. Lee K. Frankel, members of the executive committee of the committee on labor, and others. The legislative drafting bureau, through Mr. Beeman, also rendered valuable aid.

After Judge Mack had completed a revision of the bill I submitted the measure to the advisory committee of insurance representatives appointed as a result of the insurance conference held July 2.

WILLIAM G. MCADOO,  
Secretary of the Treasury.

THE PRESIDENT,  
The White House.

The President's reply follows:

THE WHITE HOUSE,  
Washington, August 7, 1917.

MY DEAR MR. SECRETARY: I have examined the inclosed papers very carefully and take pleasure in returning them with my entire approval.

Faithfully, yours,

WOODROW WILSON.

HOB. WILLIAM G. MCADOO,  
Secretary of the Treasury.



Here is a draft of legislation prepared and presented to the Executive for approval before any Congressman was aware that such legislation was proposed. A propaganda throughout the country was started in favor of the legislation before the bill was actually introduced in the House of Representatives.

Concerning the persons named as having aided in drafting the measure, it can without impugning their motives or questioning their sincerity be said: First. Only one ever had any legislative experience, and he but a brief one; further, he is the only one who favored treating all men alike. Second. That although the measure was professedly drawn in the interest of the conscript army, no private soldier of this or any prior war participated in or was consulted in the drafting of the measure.

The first above-emphasized fact is important in this that the volunteer draftsman of legislation is under no oath or obligation to view the questions arising under all angles, and especially under the angle of the interested though absent and unrepresented conscript private. The duly obligated representative under his oath would have been impelled to consult the interest of the conscript nonopulent private as the large factor of the Army. It was for this reason that all our pension legislation, heretofore having been written by Congressmen and developed in congressional committees, recognized the democracy of the Army during the life of its members, and continued that democracy in the pension allowance to his surviving dependents after his death.

It was probably due—unconsciously, perhaps—to the absence from the committee of any man who had shouldered a musket or walked the picket line, to the presence in the committee of the two Army officers, and to the participation of three other members educated in Germany that the officers and soldiers of means were especially favored in the terms of the bill.

The Secretary in his letter speaks of the pension system as exceeding in cost the proposed plan. If that be approximately correct, then the important difference lies in the changed system of distribution. Assuming the disbursements during the life of the soldier or officer to be the same so far as pensions or compensations are concerned, then there remains but two principal features of difference.

These features are, first, compensation for death. The bill as drafted and presented, instead of recognizing the leveling of the grave, proposed to perpetuate the pay and the rank of the officer who entered the service voluntarily, who was highly paid, and who could practically resign at will by generous payments to his surviving dependents. On the other hand, the conscript, who was taken from his home and business against his will, with his employment, trade, or business left in disorder and to neglect, was given to understand that his surviving loved ones should receive a comparatively small allowance. This, of course, is the system followed by militaristic governments, such as the one against which we fight.

The way the House, having opportunity to debate this, fell upon it and removed the unrighteous discrimination made some of us think that we were going to make our own Army safe for democracy before it started upon its European quest for application of the same principle throughout the world. This amendment saved hundreds of votes for the measure upon its final passage.

The private's basic pay is \$30 per month. The officer's pay runs up into the hundreds, but nothing over \$200 per month need be considered here.

The following is the section as provided in the bill, but whose inequalities were cut out by the Black amendment:

Sec. 301. If death results from injury:  
If the deceased leaves a widow or child, or if he leaves a widowed mother substantially dependent upon him for support, the monthly compensation shall be the following percentages of his pay:

- (a) For a widow alone, 25 per cent, but not less than \$30.
- (b) For a widow and one child, 35 per cent, but not less than \$40.
- (c) For a widow and two children, 50 per cent, but not less than \$50, with 5 per cent additional, but not less than \$5, for each additional child up to two.
- (d) If there be no widow, then for one child 20 per cent, but not less than \$15.
- (e) For two children, 30 per cent, but not less than \$25.
- (f) For three children, forty per cent, but not less than \$35, with 5 per cent additional, but not less than \$10, for each additional child up to two.
- (g) For a widowed mother, 20 per cent, but not less than \$25. The amount payable under this subdivision shall not be greater than a sum which, when added to the total amount payable to the widow and children, does not exceed 50 per cent of the pay, or \$60, whichever is the greater. This compensation shall be payable for the death of but one child, and no compensation for the death of a child shall be payable if such widowed mother is in receipt of compensation under the provisions of this article for the death of her husband.

The maximum monthly compensation for death shall be \$200.

The second fundamental injustice in the bill is found in the insurance section. Now, this section is the one in the bill that is wholly novel and the one which should have received the

most complete and searching investigation and debate. Yet when this section was reached debate was practically shut off.

As the compensation feature would perpetuate rank beyond the grave, the insurance feature establishes an aristocracy of rank and wealth in the Army making 25 per cent aristocrats and 75 per cent plebeians. I use the 25 per cent as that seems to be the general estimate of the experts as to the number who will probably take this insurance.

To make up this 25 per cent there will be, first, the officers of advanced age who could not get insurance anywhere else; second, the officers generally who can afford to pay for the insurance; third, the forehanded, thrifty soldier who will want to buy as many thousand dollars of insurance as he can get, paying \$8 in money for \$58 in insurance value.

This would leave the conscript soldier, generally representing 75 per cent, without the insurance, after being forced into the Army and without power of resignation, while the officer of greater age, who went in as a matter of choice, drawing a large salary and with general right to resign any time he saw fit, would be paying \$30 to the Government for insurance which was worth \$580 to him.

Would it not be better to divide that \$500 gift up among four men than give it to a person not needing it? A policy of \$2,500 granted each man in the Army would be better and more democratic than to let one-fourth of them have \$10,000. The theory of the bill is to give to him who does not need and withhold from him who does.

#### REASON FOR TALK NOW.

The Fitzgerald defense of presidential prerogative.

Somebody should defend our own.

The bill was necessary on account of an enlarged Army and forced foreign service.

What should have been the policy the President recommended.

We had the machinery in the Pension Office; we should have used it.

But it seems that for reasons with which all are familiar for the last 50 years the Pension Office should be discredited. Hence they are not going to be left to the uncertain chances of future legislation or to the scandals of our old legislation.

Mr. HERSEY. Mr. Chairman, will the gentleman yield right there?

Mr. SLOAN. I yield.

Mr. HERSEY. When we have passed a compensation law it is simply a pension law, and we have attempted to do it in a liberal manner; and I assume the gentleman approved the amount of the compensation as reasonable?

Mr. SLOAN. I did not disapprove it. It came near enough to meeting my approval.

Mr. HERSEY. Then, in addition to that, we gave an insurance policy in case of death or injury, in installments. We were simply increasing the pension when we did that, were we not?

Mr. SLOAN. I think so.

Mr. HERSEY. And when we took away from the private and commandeered of his wages \$20 a month, to be sent to his family, and did not touch a cent of the pay received by the commissioned officers of the Army, but gave them all their salary, and gave them also the right to take out \$10,000 insurance, does not the gentleman think this bill is in the interest not of the rank and file of men who serve as privates but of the commissioned officers only?

Mr. SLOAN. Yes, I think that is well stated. And that is one of the main points in my speech, that this bill was drafted by men who knew nothing about the subject from the soldier's standpoint and seemed to care less.

If you will go to Who's Who, and follow their careers there, you will find that at least three of them were educated in Germany, but not one of them was educated on the picket line. These men drafted a bill of which they were not under oath to consider every side and every phase. Every Congressman here in drafting a bill, whether he had ever been a soldier or not, would have endeavored to place himself in the position of a private soldier first and the officer afterwards.

Mr. McKEOWN. I will ask the gentleman from Nebraska if it was not explained that the bill as introduced was based on the idea of a compensation bill? And I will ask if it is not a fact that all compensation measures regulate the amount of money to be received according to the earning capacity of the party injured? That is to say, a foreman receives a larger compensation than a laborer in the works.

Mr. SLOAN. Yes; if we put it on the sordid, ordinary commercial and laboring basis, and not on the high and soldierlike basis that we should in such a measure as this.

Mr. PLATT. Will the gentleman yield?

Mr. SLOAN. I do.



Mr. PLATT. To some extent I agree with what the gentleman has said; but at the same time the men in the ranks in the Army have everything found. The money they get is clear. They can do anything they want to do with it. They can spend the whole \$30 on insurance if they want to, while the officers have to buy a variety of expensive uniforms, their food and everything, and support their families besides; and as a matter of real fact, if you knew their families, many of them are worse off than the men are, because they have to spend their money while the men have nothing that they are obliged to spend money on. The soldiers do spend money, of course, some of them to their own harm. Some of them buy extra food, but they do not need to. A man in France can send home \$30 a month if he wants to. I talked only day before yesterday with an officer who had returned from France, and he told me he had put on deposit for his company—he was a captain when he went over there—something like \$2,500, which shows that a good many of the soldiers are thrifty and saving, and have money for insurance.

Mr. SLOAN. I presume that is true, but the officer has a large salary compared with the others, and if he is in hard straits it is due to a special misfortune or his own improvidence. The very fact that every man desires to be an officer on account of the rank and the money answers the gentleman from New York. Men who are given the opportunity to take this insurance, confined to the 25 per cent of all of them, as the actuary said it would be, would be first the officers who have the foresight, and then the thrifty men. If I was in the Army and I could get a hundred thousand insurance at \$8 per thousand, as a matter of business I would take it, and so would every other man. The Government would not be out any more if it would furnish a \$2,500 policy to every soldier from what it would be to furnish a \$10,000 policy to every one of this preferred class who desires to take it, and the purpose of the insurance would be subverted. If the Senate will radically amend this insurance provision which gives favor to rank and wealth, as the House smashed the attempt to carry rank beyond the grave in compensation following death, the measure will be vastly improved, and this hope prompts me to vote for it. [Applause.]

Mr. MONDELL. Mr. Chairman, I yield to the gentleman from California [Mr. ELSTON].

Mr. ELSTON. Mr. Chairman, I asked for recognition in order to request unanimous consent to extend my remarks in the Record by inserting a speech by the Hon. William Kent, an ex-Member of Congress, now a member of the Tariff Commission, delivered at the Washington conference on the high cost of living.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. SHERLEY. Mr. Chairman, I yield to the gentleman from Oklahoma [Mr. FERRIS] one hour.

Mr. FERRIS. Mr. Speaker and gentlemen of the Congress, this war session of Congress began April 2. This is the sixth month of its duration. It has been a trying session for every one of the Members. Good men have had honest differences. Some men have talked too much; some have not talked at all. Some have made the sessions hideous and the country weary with their toilsome speeches; others have contented themselves with studying their conscience, studying the interests of our country, and doing rather than speaking. No thoughtful Member of either branch of the Congress could have enjoyed this session. Each and every man here would have been glad to have been spared the bitter cup of launching a great Nation into war. Peace has ever been a passion with this Nation. It has been our hope by day and our dream by night. It was the hope of our President during the toilsome two and a half years that Germany made warfare upon us; it was the hope of the Congress that the country might remain at peace and that Germany might cease her hostilities toward us. It was the hope of the teeming millions of the Republic that peace, good will, and prosperity might go on uninterrupted, that our boys might remain at home, that our Treasury might not be drained. But it was an honorable peace and a lasting peace that we sought, not a momentary or dishonorable one. But it was of no avail.

Theaters and churches for two and a half years next preceding the war were opened with prayers, supplications, and appeals for neutrality and avoidance of war. Still all of this met deaf ears. Insolence, outrageous and continued indignities, were the only replies.

In the short time I will engage your attention it will be free from any effort at oratory, rainbow rhetoric, or high-sounding phrases. It is too serious a matter to do more than deal with sturdy facts. It will be an effort to make plain, first, the causes of the war; second, the conduct of the war; and, third, the

trouble, disaster, humiliation, and disintegration that would have ensued from a course of submission.

First. I assert the war to be an unavoidable and just war. Second. I assert it has been efficiently and intelligently carried on by Woodrow Wilson and the Congress. Third. I assert this Nation would have been bowed down in shame and dishonor had we pursued any other course than the one pursued.

#### CAUSES OF THE WAR.

Prior to our advent into the war and before the passage of the war resolution Germany by her submarine warfare sank 1,276 merchant ships. Of these, 425 were neutral ships; 19 were American ships. These ships were sunk while they were going where they had the right to go, doing what they had the right to do, carrying on legitimate errands on the sea, and only asking to be let alone. These ships were carrying the products of America's fields, forests, mines, and factories to the markets of the world. Nineteen of these ships carried the starry banner of the Republic. The sorrowful part of it all is that when these ships were torpedoed without warning and ended up to take their last plunge to the bottom they could not go alone.

They did not go alone. They carried with them thousands of lives of unsuspecting citizens who had not offended, who were engaged in legitimate business transactions, and 225 of whom were our own American citizens, who were asking only to be protected in their undoubted rights and that they be allowed to do the thing that under the laws of land and sea they had a perfect right to do. When our forefathers declared war on England in the stormy days of the Revolution England had sunk none of our ships, England had murdered none of our citizens. Still, our forefathers, who loved liberty, loved freedom, and were jealous of their undoubted rights, declared their independence, went to war, won the war, because England sought to tax us and oppress us without allowing us to have representation. We were not then confronted with a closed sea, a congested commerce, 19 American merchant ships willfully sunk, 225 American citizens torpedoed—drowned, murdered without warning and without a chance.

#### GERMANY'S CLOSING OF THE SEA TO AMERICAN COMMERCE.

On January 31, 1917, Germany issued a formal warning and notice that a zone 1,200 miles long and 1,000 miles wide along the west coast of Europe should thereafter be closed to us, and that any ship entering the same would be torpedoed and sunk without warning. The President, the Congress, and the American people could not believe Germany intended to carry out this threat. Through this zone last year three-fifths of our export commerce passed. Through this zone last year passed two-thirds of our export wheat products, five-sixths of our hog products, six-sevenths of our cotton products, seven-eighths of our beef products, three-fifths of our tobacco products—

Mr. BLACK. Will the gentleman yield on that point?

Mr. FERRIS. Yes.

Mr. BLACK. Does not the situation as to Russia show the hardship in closing the seas to exports?

Mr. FERRIS. It certainly does. We were told the farmers have no interest in the war, but they do not tell the truth. If the seas are closed, the farmers' market is closed. If the market is closed, the price of farm products goes down.

What was true of farm products was likewise true of manufactured products. What was true of manufactured products was likewise true of mining products. This meant practically a closing of the sea to American commerce, a stifling of American institutions, depression to the six and a half million farmers, loss of employment to 20,000,000 toilers, bankruptcy to business, and general disaster and humiliation to our country. Thoughtful men in and out of Congress did not believe that Germany would carry out this dastardly program. They did carry it out; they are carrying it out. The order still stands. It has never been recalled.

#### NAMES OF AMERICAN SHIPS SENT TO BOTTOM.

Under this program, America prior to the declaration of war has lost the following citizens and ships: *Armenian*, with 23 Americans; *Iberian*, with 3 Americans; *Anglo-Californian*, with 2 Americans; *Hesperian*, with 1 American; *Arabic*, with 3 Americans; *Persia*, with 2 Americans; *Ancona*, with 7 Americans; *Englishman*, with 6 Americans; *Sabota*, with 1 American; *Marina*, with 8 Americans; *Russian*, with 17 Americans; *Eveston*, with 1 American; *Vedamore*, with 10 Americans; *Turino*, with 1 American; *Athos*, with 1 American; *Lacona*, with 8 Americans; *Sjostad*, with 1 American; *Vigilancia*, with 5 Americans; *Haldton*, with 7 Americans; and the *Crispin*, with 19 Americans.

#### NEUTRAL AND BELLIGERENT NATIONS ALIKE ARE DRIVEN FROM THE SEA.

Under this program, prior to our declaration of war, the following nations have lost the following ships:



Norway, 410; Italy, 137; France, 90; Denmark, 44; England, 369; Holland, 61; Greece, 50; Sweden, 111; Spain, 33; Russia, 24; United States, 18; Portugal, 6; Belgium, 5; Peru, 1; Brazil, 1; Japan, 1; Argentina, 1.

Was it the wish of the six and a half million farmers of the Republic, who produce more each year than they themselves consume, that their President and their Congress submit to a closing of the sea and a corresponding depression of prices for farm products? Was it the wish of the American farmer that the President and the Congress allow the sea to be closed and the American Republic to be humiliated, depressed, disintegrated, and destroyed? Was it the wish of the 20,000,000 toilers of the Republic who work for daily or monthly wage that their Government refuse to protect not only their commerce but their brother workmen both on land and sea? Was it the wish of the throbbing, teeming millions of the Republic that we grab our hats and run from duty when duty seemed so plain? Would they want it to be written in history that America dare not protect its citizens anywhere and everywhere? Were they willing for the peace and quietude of the moment to abandon their hopes for a lasting and permanent peace? Would they feel that such a course would be honorable and worthy of a Republic conceived in liberty, where every man is free? No; I can not believe it! I do not believe it!

I believe it was the wish of the American producer, the American toiler, the American manufacturer that the President and the Congress first plead for peace, pray for peace, argue for peace, insist upon peace, but failing in that to stand erect to duty unflinchingly, unflatteringly until liberty, justice, democracy, equality is able to travel anywhere on land and sea without impediment, without interruption, without submarining, without torpedoing, without drowning, without murder, and without death.

ZIMMERMANN PLOT—SEEKING TO DISMEMBER REPUBLIC—GERMAN INTRIGUES TO INVOLVE THE UNITED STATES IN WAR WITH MEXICO AND JAPAN.

The Government of the United States is in possession of instructions addressed by the German minister for foreign affairs to the German minister to Mexico concerning a proposed alliance of Germany, Japan, and Mexico to make war on the United States. The text of this document is as follows:

BERLIN, January 19, 1917.

On the 1st of February we intend to begin submarine warfare unrestricted. In spite of this it is our intention to endeavor to keep neutral the United States of America.

If this attempt is not successful, we propose an alliance on the following basis with Mexico: That we shall make war together and together make peace. We shall give general financial support, and it is understood that Mexico is to reconquer the lost territory in New Mexico, Texas, and Arizona. The details are left to you for settlement.

You are instructed to inform the President of Mexico of the above in the greatest confidence as soon as it is certain there will be an outbreak of war with the United States, and suggest that the President of Mexico on his own initiative should communicate with Japan suggesting adherence at once to this plan; at the same time offer to mediate between Germany and Japan.

Please call to the attention of the President of Mexico that the employment of ruthless submarine warfare now promises to compel England to make peace in a few months.

(Signed) ZIMMERMANN.

This discloses beyond any doubt, this discloses beyond contradiction that Germany was seeking by intrigue, sinister motives, fraud, deceit, and wantonness to dismember our very Republic and carve from our very boundaries the States of Texas, Arizona, and New Mexico. This shows conclusively that Germany was holding up a portion of our Republic as a prize to induce supposedly hostile nations to fight us, to make war upon us, and join them in an attack upon us. The fact that their efforts along this line aborted does not relieve them of the viciousness of their intent; it does not lessen the gravity of their offense. It merely shows that Germany intended by concerted action not alone to crush and rule all Europe but America as well, and to ram down the throat of liberty and democracy everywhere Prussianism and Kaiserism.

How long, pray tell, has it been since the sons of liberty can sit pacific while hostile powers offer three sovereign States of the Republic as a prize to induce other nations to attack us? How long was this proud Republic expected to follow the dim and flickering lamp of pacifism, inaction, submission, and no preparation, which was counseling no action, no resentment, no objection to such infamous conduct? If Germany is permitted to offer three sovereign States of the Union as a prize to accomplish our undoing, pray tell what her next offering may be. No one knows if we submitted to partial vivisection to-day of our Republic that to-morrow the vivisection and disintegration may not be complete.

DEMOCRACY IN DEATH GRAPPLE WITH MILITARISM, PRUSSIANISM, AND KAISERISM.

Prussianism as carried on by the Kaiser threatens civilization from turret to foundation stone. Germany began the war;

Germany has continued the war; Germany has been the aggressor every day. Every protestation of a desire for peace has been fraudulent and untrue; every protestation or proffer of peace has been to disrupt, defraud, take advantage, and without good faith. What principle of public law, public property, public morals, treaty stipulations, or sacred family relations has escaped his mailed fist and iron heel? What citizen of any country has escaped his tyranny and abuse? What right of neutral nations has he not abrogated and invaded in his three years of warfare, that is crimson with crimes hitherto unheard of? In all wars of recorded history civilized nations have shown respect for art and religion. All Europe and her ancient cities and institutions are replete with corroboration of this statement. All of them bear solemn witness that they have escaped both the ravages of time and war until now.

Not so with poor, pleading, bleeding Belgium; not so with poor, invaded northern France. Churches of God were burned to the ground and left in ashes. Chaste women were murdered, ravished, and destroyed; children were left cringing, to die untended, mutilated, and alone; homes were left in ashes; children were left with severed hands; communities were left with hopes blasted; citizens were torpedoed, submarined, and drowned. All this was inflicted upon citizens whose only crime consisted of their desire to be let alone, to live, to be industrious, and worship God according to the dictates of their own conscience. Let your sympathy, for well you may, reach out to the fallen cities of Liege, Louvain, and Rheims. Can there be such another page in all history? Poor, cringing, poverty-stricken, hunger-stricken Armenia; her citizenship slaughtered by the thousands because they dared to worship their meek and lowly Savior in their humble way. They died because they dared to follow their own conscience.

Was it the wish of America's citizenship that their President and their Congress turn a deaf ear to this wantonness and crime? Was it their wish that we longer plead for neutrality and abstain from resentment? Was it written in the patriotic hearts of 100,000,000 freemen that their President and their Congress would submit to this conduct and continue to hope that liberty and free government may not perish? Was it their wish that America—the second oldest of the 26 republics of the world—should not stand erect, take a man's part in the battle for liberty and justice of mankind? Was it their thought that by avoiding trouble to-day we could have peace to-morrow? Were the peace and comforts of the day greater in their eyes than a lasting, honorable peace—not alone for us, but for those that succeed us? No; I can not believe this was the verdict of more than a few. No; I can not believe this was the verdict of the patriotic and the thoughtful citizen. I would prefer to believe that such a verdict could not long find lodgment in the minds of thoughtful, patriotic men who respect their Government, their flag, their country, their institutions, and their traditions. [Applause.]

TAFT, ROOSEVELT, WILSON—ALL RECOGNIZED THE NECESSITY OF WAR WITH GERMANY.

Ex-President William H. Taft, ex-Governor General of the Philippines, ex-Secretary of War, ex-Federal judge, ripe in experience, thoughtful, patriotic, just, appealed not once but many times to his country to awake from its slumbers and be up and doing. His recent speeches, his writings all embody urgent appeals to his country to act, long before President Wilson or the Congress did act. [Applause.]

A short paragraph embracing his views taken from a speech on February 5, 1917, may not be out of place:

We have no desire for difficulty with Germany and have done her no wrong, yet she, in violation of our rights, proposes to do that which, if we value our honor and our vital interests, we must resist by force. There is nothing else for a self-respecting nation of moral principle to do.

Ex-President Roosevelt, who served the Republic seven years as its President; Vice President; colonel of the Rough Riders in the late war; always brave, militant, and gallant, and whose hold on the American people is without parallel in the history of the world, felt that America had waited too long to avenge the wrongs that were heaped upon American liberty and the world. By his every word, by his every writing during this war he has plead for action. His fears were of our waiting, not of our acting. His fears were for his country. A single paragraph from him and the necessity of war may not be out of place. On March 23, 1917, he said:

We have stood for peace up to the point—and beyond the point—where peace parted company with fealty to our national honor and with our performance of international duty. As things are now any man who is a pacifist is false to the honor and the interest of the United States and of mankind.

President Woodrow Wilson, the brave, gallant, courageous, daring, intrepid President, with pale face and drawn features for two and a half years plead almost with hat in hand on



bended knee that Germany might spare us the calamities of war, after two and a half years of invaded rights; submarining, closing of seas, treachery, humility, arson, outrages, rape, and shame. His appeals and prayers for neutrality will go down in history as the most earnest and persistent of all time. President Wilson, among other things, came before the Congress on April 2, 1917, upon the convening of the extraordinary war Congress, and in words loud and clear said:

It is a distressing and oppressive duty, gentlemen of the Congress, which I have performed in thus addressing you. There are, it may be, many months of fiery trial and sacrifice ahead of us. It is a fearful thing to lead this great peaceful people into war, into the most terrible and disastrous of all wars, civilization itself seeming to be in the balance. But the right is more precious than peace, and we shall fight for the things which we have always carried nearest our hearts—for democracy, for the right of those who submit to authority to have a voice in their own Governments, for the rights and liberties of small nations, for a universal dominion of right by such a concert of free peoples as shall bring peace and safety to all nations and make the world itself at last free. To such a task we can dedicate our lives and our fortunes, everything that we are and everything that we have, with the pride of those who know that the day has come when America is privileged to spend her blood and her might for the principles that gave her birth and happiness and the peace which she has treasured. God helping her, she can do no other.

#### WAR DECLARED—CONDUCT OF THE WAR.

Senate joint resolution No. 1, Sixty-fifth Congress, first session, passed Senate April 4, 1917. (See CONGRESSIONAL RECORD, p. 261.) Forty-five Democrats voted yes, 3 Democrats voted no; 37 Republicans voted yes, 3 Republicans voted no. Passed House April 5, 1917; 373 Members voted yes, 50 Members voted no; 196 Democrats voted yes, 16 Democrats voted no; 177 Republicans voted yes, 32 Republicans voted no. (See p. 412 CONGRESSIONAL RECORD.) Signed by President Wilson April 6, 1917.

When this resolution was passed and signed it was not a question of peace or war. We already had war. For 2½ years Germany had not only made constant warfare against us, but against liberty, democracy, humanity, and the world. President Wilson had been patient, Congress had been patient, the American people had been patient; but even patience at last had its terminal facilities. [Applause.]

#### MONEY REQUIRED TO CONDUCT WAR.

Your Congress at once began the task of financing the war. H. R. 2762, Sixty-fifth Congress, first session, was introduced. It obligated this Government to the payment of \$7,000,000,000 indebtedness for the conduct of the war. This bill passed the House April 14, 1917. Three hundred and eighty-eight Congressmen voted for it and not a single Member voted against it. (See p. 690 CONGRESSIONAL RECORD.) Passed Senate April 17, 1917. Eighty-four Senators voted yes; not a single Senator failed to support it. (See p. 769 CONGRESSIONAL RECORD.)

This was the largest appropriation bill ever passed by any country during all time. It was the conscripting of dollars and wealth to pay for the war and to carry on a successful war. Not a single dissenting vote. It is the law. The money is being used to raise, train, and equip an army. At the outbreak of the war we had, including all organizations and branches of service, 300,000 men, while Germany had 10,000,000 men.

#### INSURANCE BILL.

H. R. 5723. Passed House September 13, 1917. Vote—319 voted "yea"; not a single vote against. (See p. 7104, CONGRESSIONAL RECORD.)

This legislation makes it certain to every boy that enters the service that in the event he falls in defense of his country his family will be provided for and free from want. It does more than that. It affords him also an accident insurance, so if he is maimed or disabled it is made certain for him that he will not be left penniless and alone. That he may begin anew. That he may again enter society and business instead of the almshouse. Is this too much to do? Will there be those who will begrudge our defenders this much? We are proud there was not one vote against it. This is but common justice from a great and generous Government to the brave boys who are going across 3,000 miles of a sea to defend us and do a man's part toward upholding liberty throughout the world. They have the hardest part. They offer their lives. We can only offer such comforts, safety, and assurance as taxes and dollars will buy. [Applause.]

#### ELEVEN-BILLION-DOLLAR BOND BILL.

H. R. 5901. Passed House September 6, 1917. No roll call. (See p. 6708 CONGRESSIONAL RECORD.)

This vast sum was the largest amount of revenue ever provided for in one bill by any country in all history to afford every comfort and security both at home and abroad to our Army. There was no partisanship or quibbling. It was necessary. It was duty. No one enjoys voting taxes and burdens on the citizen, but war is never pleasant—it is duty. It is not pleasant for judges, juries, and prosecutors to inflict prosecutions, penalties,

and sentences, but it is often necessary. It is often duty. It is seldom pleasant. [Applause.]

#### INCREASE OF THE ARMY.

At the close of President Roosevelt's last administration there were, including all military organizations of every sort and kind, including Reserve Corps and all, 207,067 men in the Army. At the close of the Taft administration there were 211,914 men in the Army. At the close of the first four years of the Wilson administration the Army numbered 323,171 men. To-day in our three armies, the Regulars, the National Guard, and the National Army, we have more than a million men under colors and in training to defend us. It was not pleasant to raise this army from our brave boys, but it was necessary. An army of 300,000 men could not fight an army of 10,000,000 men. Some were willing to fight, some unwilling; but it was duty—it was necessary. [Applause.]

#### INCREASE OF THE NAVY.

At the close of the last Roosevelt administration we had in the Navy 55,548 men; at the close of the Taft administration we had 55,056; at the close of President Wilson's first administration we had 96,427. At the present time there are 163,184 men in the Navy, including 21,000 reserves. The authorized strength of the Navy is 162,462, exclusive of reserves. We were gaining slowly.

#### FIGHTING SHIPS OF ALL SORTS.

At the close of the Roosevelt administration we had 96 ships of all sorts and kinds. At the close of the Taft administration we had 197. At the close of President Wilson's first term we had 259, with countless hundreds under course of construction in all the navy yards of the country. [Applause.]

#### METHOD OF RAISING AN ARMY—SELECTIVE-DRAFT LAW.

H. R. 3545, Sixty-fifth Congress, first session; passed House April 27, 1917; yeas 397, nays 24. (See p. 1557, CONGRESSIONAL RECORD.) Passed Senate April 28, 1917; yeas 81, nays 8. (See p. 1501, CONGRESSIONAL RECORD.) Signed by President Wilson May 18, 1917.

Wars can not be fought without men. The Congress was confronted with the duty of raising an army. We had an Army of 116,000 Regulars and a few scattering National Guardsmen, while Germany had an army of 10,000,000 men.

Mr. QUIN. I think the gentleman wants the record clear. We had 140,000 men additional in the shape of militia.

Mr. FERRIS. I said we had 116,000 Regulars, and then we had guardsmen. The gentleman knows more about it than I, and I am perfectly willing to say that they were seasoned and trained. But even so, what does that small number amount to and what do you expect of them as against a foe that has 10,000,000 soldiers under the colors and in reserve?

Conscription is not new; it is as old as the Republic itself. The first conscription law was advocated by George Washington. He made no less than five separate and distinct appeals that it be enacted. Both North and South, under Lincoln and Lee, resorted to it in the Civil War. It was not pleasant then, but it was necessary.

Thomas Jefferson was for the draft; former President Taft was ardently for the draft; former President Roosevelt was for the draft; President Wilson was for the draft; the Secretary of War was for the draft.

Out of a total of 435 Congressmen, on a final vote only 24 voted against selective-draft service. Out of a total of 96 Senators, only 8 voted against selective draft on final vote. This was after full consideration. This was after able men had ably presented both sides. This was not a hasty opinion, but a mature one. It is now in process of raising an efficient and adequate army, which was both necessary and indispensable.

#### GOVERNORS OF STATES FOR DRAFT.

Practically every one of the 48 governors declared themselves in favor of the selective-draft service. It seemed the fairest. It treated all alike. It was necessary. They were close to the people. They knew of the frailties of the voluntary plan in working with the guard. They knew it was necessary. They knew we were without an Army and that we must have one.

Good men in and out of Congress halted and were in doubt at first at the advisability of the draft, but when it was observed that it provided that each community should furnish their pro rata part and that it had the support of every student of the subject, and when it was remembered that it was not quite right to let the warm-hearted patriots do all the fighting and the laggards none, it was finally seized upon by your Congress as the most equitable, just, and efficient manner to aid your President to lead the Republic against the mightiest military force in all the world.

Good men in and out of Congress had a perfect right to differ about its enactment. That was clearly their right. But to continue to oppose it and encourage agitation against it is but to



hamper your President, your Congress, and your country—a thing no good man ought to do. To oppose it and obstruct it is to say that you are unwilling to abide by a law that your Congress has passed and that your President has signed. This can but breed dissension within; this can but lend aid to the enemy without; this can but obstruct your President, your Congress, your country, while it is in peril and in the balance.

Some people in and out of Congress are seeking to obstruct and break down this law. But some of them would seek to break down and obstruct any law. Some people in and out of Congress are bringing about riots and disturbances concerning this law. But these same people would obstruct and create disturbance about any law that did not meet their fancy. Certain of society are rebellious of this law, but they would be rebellious of any law of which they did not approve. This is but the course of any law violator in any clime at any time, and I can not believe there can be many such violators or that the Nation will look with much toleration upon their several violations of it. [Applause.]

I shall not say that it was a pleasant task for the Congress to enact a conscription law. I shall not say that it is ever pleasant to force citizens to perform any act either for themselves or for their Government by compulsion, but what I do say is that it was a necessary thing to do. There are also unpleasant things attendant to the voluntary system, as well as to the selective-draft system. For example, under the volunteer system during the civil war youths of tender years neglected their education, neglected their all, to enlist in the war. The War Department has compiled a list of men who served in the Civil War, by groups, and they are as follows:

10 years and under	25
11 years	13
12 years	187
13 years	75
14 years	1,223
15 years	104,464
16 years	125,064
17 years	613,840
18 years	306,547
19 years to 21 years	1,008,380
22 years to 24 years	571,855
25 years to 43 years	80,555
44 years and over	16,071

I shall not by word or thought cast one aspersion upon the volunteer soldier. The volunteer soldier is the salt of the earth—God bless him and increase his tribe. But what I will say is that the volunteer system is not without its impedimenta, objections, and hardships. For example, the War Department has compiled a list of bounties paid by the several States that became necessary to secure soldiers to fight the cause of the Union. The list by States is no less than astounding. It is as follows:

Maine	\$7,837,000
New Hampshire	9,600,000
Vermont	4,500,000
Massachusetts	22,900,000
Rhode Island	820,000
Connecticut	6,800,000
New York	89,600,000
New Jersey	23,868,000
Pennsylvania	43,000,000
Delaware	1,000,000
Maryland	6,000,000
District of Columbia	134,000
West Virginia	864,000
Kentucky	692,000
Ohio	23,500,000
Indiana	9,000,000
Illinois	17,000,000
Michigan	9,600,000
Wisconsin	5,800,000
Iowa	1,600,000
Minnesota	2,000,000
Missouri	1,200,000
Kansas	57,000

#### LINCOLN'S ELOQUENT LETTER TO MRS. BIXBY.

During the progress of the Civil War that great man in the White House, the lamented Lincoln, wrote this letter to a mother up in New England. It is dated Executive Mansion, Washington, November 21, 1864, and is written to Mrs. Bixby, Boston, Mass.:

DEAR MADAM: I have been shown in the files of the War Department a statement of the adjutant general of Massachusetts that you are the mother of five sons who have died gloriously on the field of battle. I feel how weak and fruitless must be any word of mine which should attempt to beguile you from the grief of a loss so overwhelming. But I can not refrain from tendering you the consolation that may be found in the thanks of the Republic they died to save. I pray that our Heavenly Father may assuage the anguish of your bereavement and leave you only the cherished memory of the loved and lost and the solemn pride that must be yours to have laid so costly a sacrifice upon the altar of freedom.

Yours, very sincerely and respectfully,

A. LINCOLN.

Who is there by word or thought that believes that this widowed mother should furnish five boys to give up their lives in defense of their country while the next-door neighbor keeps

their boys at home, refuses to let them serve, thereby enabling them to profit by the going of the widow's sons? [Applause.]

It has been charged that this war with Germany is an unjust war because a large percentage of the registered men have applied for exemption. The facts are that all wars are unpopular. Duty is often unpopular, though none the less necessary; compulsory education is often unpopular, but who would abolish it? Courts of justice are often unpopular and do unpopular things that society and good government may be secure, yet who would abolish them? It became necessary not only in the Civil War for both the North and the South to pass draft legislation, but in addition to that pay bounties that are unseemly and improper.

#### FOOD BILL.

H. R. 4961, Sixty-fifth Congress, first session. Conference report agreed to in the House on the 3d day of August, 1917; 359 voted "yea," none voted "nay." (See p. 5768, CONGRESSIONAL RECORD, Aug. 3, 1917.) Passed Senate on the 8th day of August, 1917; 66 voted "yea," 7 voted "nay." (See p. 5927 CONGRESSIONAL RECORD.) Signed by President Wilson August 10, 1917.

Congress has just enacted and the President has just signed a bill appropriating \$150,000,000 to aid the President in ridding the country of food gamblers and gamblers in food products. Under that a food administrator has just been appointed, who, in turn, has fixed the price of wheat at \$2.20 per bushel for the 1917 crop.

Mr. McKEOWN. Mr. Chairman, will my colleague yield?

Mr. FERRIS. Certainly.

Mr. McKEOWN. I desire to ask my colleague if, when he speaks of legislation fixing prices, he means to convey the idea that the \$2 fixed by Congress is the maximum price?

Mr. FERRIS. No; that is the minimum price by legislation. The board appointed by the President fixed it at \$2.20 for the 1917 crop.

The act itself for the 1918 crop fixes the minimum price at \$2 per bushel. The 20,000,000 toilers of the country who are consumers and not producers think this price too high. Some of the producers of the country think it is too low. The consumer is insisting that the average price of wheat for the last 51 years, as shown by the Agricultural Yearbook, from 1866 up to 1917, has been 86.41 cents per bushel. The food administrator is justified in this marked increase in the average price for the last 50 years on two grounds. First. Every implement the farmer uses has greatly increased in cost; the labor the farmer hires has greatly increased; the price of production has undoubtedly increased. Second. The war has inflated the price of everything, and while I am perfectly sure the farmer does not want to practice extortion upon American consumers who buy his products due to temporary shortage and war, it is no more than right that the price of his products be not reduced below the cost of production and a reasonable profit to the producer. The fixing of an arbitrary price has and will to some extent disarrange business; it has and will to some extent displease some producers and some consumers, but it is felt certain by those who have given thought to the subject that both producer and consumer are safer and will be more certain of an open, honest, and stable market on which to buy and sell when the matter is being administered by the Government, rather than by unscrupulous food speculators, who have an eye single to percentage and profiteering. [Applause.]

#### NOT A SINGLE VOTE AGAINST FOOD BILL.

When this bill passed the House, 355 voted for it; not a single vote against it. When it passed the Senate, 66 voted for it, 7 against it. This legislation was made necessary by the war. Hungry families, on one hand, were asking Congress to relieve them from the extortionate prices. On the other hand, grasping, penurious speculators were holding up the bony hand of protest and objecting to its passage. They had forgotten their patriotism. They had forgotten their country. They had become involved in percentage and profiteering. The fuel speculators preferred to go and buy coal in midsummer at \$5 a ton and sell it to shivering families in midwinter at \$10 a ton. Wheat speculators preferred to go on buying the farmers' wheat from the thrashing machine at 75 cents a bushel, holding it, hoarding it, juggling it, and selling it back to the farmer and the consuming public throughout the year in the form of flour at two and three dollars a bushel. This proceeding was intolerable enough in peace times and surely unjustifiable in war times. [Applause.]

I have long thought both the producing and consuming public in peace times were entitled to an honest and an open market on which to buy and sell food, feed, and fuel. Surely it is not too much for the teeming millions of the Republic to ask that



a great and a just Government afford them this in war times. [Applause.]

If a million and more brave boys are to make their last offer in defense of their Republic; if they are to cross 3,000 miles of submarine-infested deep that democracy may live; if they are to have it written in history that we are not the puny sons of noble sires, it is not too much to ask that a great and just Government do not allow speculators and gamblers in farm products to practice extortion on their families while they are gone and reap harvests of extortion as a result of their going. For me and mine, I shall take my stand with President Wilson, with the Congress, and the teeming millions of the Republic, and do what I can to make men forget percentages during this war and bring about its early and successful conclusion. [Applause.]

For me and mine, I shall do what I can that justice be meted out to the selfish food gamblers of the Republic, and that at the earliest possible date. For me and mine, I shall pray and hope that President Wilson is equal to the great task he has undertaken of eliminating speculation, stimulating production, and furnishing an open and an honest market to both producer and consumer throughout the war. [Applause.]

#### AEROPLANE BILL.

House bill 5326 passed House July 14, 1917, without a roll call (p. 5143, CONGRESSIONAL RECORD); passed Senate July 21, 1917, without a roll call (p. 5372, CONGRESSIONAL RECORD); signed by President Wilson July 24, 1917.

Under this Congress appropriated \$640,000,000 with which the United States is seeking to construct 30,000 aeroplanes to defend us on land and sea. None doubted the wisdom of this enactment. It is our best chance to conserve human life and win the war. [Applause.]

#### AMERICA HAS NEVER BEEN A MILITARY NATION.

We have preferred to build homes, hospitals, and schoolhouses with our earnings rather than to expend it for armament and military equipment. This course has made us rich in dollars, but poor in military preparedness. We are rich in natural resources, rich in dollars. The Comptroller of the Currency's report shows the resources of the national banks to be greater than the combined resources of the national banks of England, France, Germany, Netherlands, Japan, Russia, and Switzerland. Among the natural resources are our 700,000,000 acres of public land, 165,000,000 acres of forest reserves, 53,000,000 acres of coal land, 5,000,000 acres of oil land, 3,000,000 acres of phosphate and potassium land, and 35,000,000 horsepower of hydroelectric energy. Who is there that will not rejoice at this princely estate still our own, free from monopoly, free from taxation. [Applause.]

#### RELATIVE STRENGTH OF THE NATIONS AT WAR.

The World Almanac gives the following figures regarding the 26 countries which have either declared war against Germany or have severed diplomatic relations with her. The populations and areas given are accurate. It also shows an estimate of the numerical armed strength, which, of course, must of necessity be unofficial and inaccurate, and which from time to time is modified according to war or the absence of war. The figures will, however, have some value in showing the relative strength and importance of the several countries.

Twenty-six nations have either declared war or severed diplomatic relations with Germany. The population of the combined allied nations is 1,439,759,105; the combined population of the central powers is 144,084,000. The combined area, in square miles, of the allied nations is 39,549,767; the combined area of the central powers is 2,249,858. The armed strength of the allies is 23,285,603; the armed strength of the central powers is 10,600,000.

Nation.	Population.	Area.	Armed strength.
The following countries are at war with the Central Powers:			
1. Serbia.....	4,547,000	34,000	335,455
2. Russia.....	175,130,000	8,647,657	5,400,000
3. France.....	37,000,000	4,746,086	5,300,000
4. Belgium.....	22,571,000	911,373	350,000
5. Great Britain.....	439,959,000	13,153,721	3,000,000
6. Montenegro.....	516,000	5,650	35,000
7. Japan.....	73,807,000	258,000	1,500,000
8. Italy.....	37,398,000	706,623	3,380,000
9. San Marino.....	12,000	38	.....
10. Portugal.....	12,208,000	867,757	260,000
11. Roumania.....	7,508,000	54,000	580,000
12. United States.....	113,168,000	3,741,828	993,000
13. Cuba.....	2,500,000	46,000	44,405
14. Panama.....	427,000	32,381	None.
15. Greece.....	4,821,000	46,522	450,000
16. Siam.....	8,149,000	220,000	80,000
17. China.....	413,000,000	1,851,000	700,000

Nation.	Population.	Area.	Armed strength.
Countries at war with the Central Powers—Continued.			
18. Brazil.....	24,000,000	3,242,000	140,000
19. Guatemala.....	2,119,000	42,891	85,535
20. Liberia.....	2,060,000	41,000	200,000
21. Albania.....	825,000	11,000	.....
22. Costa Rica.....	420,000	23,000	52,208
Total.....	1,435,581,180	38,726,797	23,285,603
The following have broken off diplomatic relations:			
23. San Domingo.....	710,000	19,325	.....
24. Honduras.....	600,000	46,250	55,284
25. Bolivia.....	2,267,925	708,195	88,153
26. Nicaragua.....	600,000	49,200	35,000
Grand total.....	1,439,759,105	39,549,767	23,464,040

#### CENTRAL NATIONS.

Nation.	Population.	Area.	Armed strength.
Germany.....	67,810,000	1,226,600	5,400,000
Austria-Hungary.....	50,000,000	260,034	3,600,000
Turkey.....	11,274,000	710,224	1,100,000
Bulgaria.....	5,000,000	43,000	500,000
Total.....	144,084,000	2,249,858	10,600,000

#### OVER-SEA FIGHTING.

Certain of our citizens, both in and out of Congress, are objecting to taking soldiers across the sea, even to defend our honor. This may or may not be the excuse of the citizens who prefer not to fight at all and who are in favor of peace at any price. This may or may not be the excuse of men who would measure the honor of the family, the home, and the country in dollars and cents. This may or may not be the excuse of men who would for the comforts of the present abandon a permanent peace. This may or may not be the excuse of men who are willing to have it written in history that our only claim to distinction is that we were born of honored sires. But be that as it may, this question of over-sea fighting is not one of theory or rhetoric. It is one of necessity. For me and mine, I would prefer to have my country fight while we have the aid of six and a half million English soldiers now trained and in the field; while we have the aid of three and a half million French soldiers now in a death grapple for existence. For me and mine, I prefer to have my country avail itself of the service of these 10,000,000 men while they are now able to fight and before they are conquered, to the end that we may not be compelled to fight Germany alone. [Applause.] I have feared that but for our intervention and assistance France and England would have been brought to their knees. Germany would have gained control of the English Navy. America would have been her objective point and through Canada on the north, which she would then control, and through poor wavering Mexico on the south, we would be confronted with an invasion that would call to arms every able-bodied man of the Republic from youth to old age. The feasibility of this view is only strengthened, corroborated, and made certain by the Zimmermann note, wherein Texas, Arizona, and New Mexico were held up as prizes to induce Japan and Mexico to join them in our undoing. The fact that Mexico and Japan stood firm and the effort at our undoing abortive in no way lessens the gravity of their offense.

#### AMERICA ENTERED THE WAR FOR NO SELFISH PURPOSE.

We entered the war not for dollars, not for empire, not for conquest, nor for hope of reward, but only for the preservation of our modest and undoubted rights. Could any nation enter a war so completely without selfishness and without guile? Ours is a war against crime, submarining, murder, autocracy, militarism. Ours is a war to prevent a war-mad militarist in his onward rushing tide of seeking to first crush the world and then rule it. Ours is a war to preserve liberty, freedom, our institutions, and that free government may not perish. Ours is a war of democracy, for justice, and that not only this Republic but the Republics of the world may live and endure. If we win the war to-morrow, we neither ask nor receive one farthing; if we win the war to-morrow, we neither receive nor ask one acre of land. Is it not, therefore, our bounden duty to obstruct the slanderers, object to the propagandist, and refuse aid and comfort to those who would impede the progress of the country when it is in peril? [Applause.]

## PACIFISM.

An old doctrine with a new name has sprung into existence called pacifism. Euphonious in syllables, attractive in its exterior, but unsound at the core. Pacifism means peace at any price. Pacifism is to-day what toryism was during the Revolution. Pacifism is to-day what copperheadism was during the Civil War. Pacifism emerges from the darkness we know not where, while the country is in peril, strikes, and returns to its hidden lair. Pacifism means that the honor of the family, home, and country may be measured in dollars. Such a doctrine shall not find lodgment here, where every man is free and no man dares to wear a crown. The Republic can not successfully follow the dim and flickering light of pacifism. It will but lead us in the pathway of dishonor, to disaster, disintegration, and shame. Let us hope, let us pray, that it will soon return to the darkness whence it came, never again to inject its slimy form into the body politic. [Applause.]

## WE MUST WIN THE WAR.

Prussianism, kaiserism, and militarism as conducted by the present German Government threaten civilization itself. They began the war; every day they have been the aggressors. Every peace proposal they have made has been conceived in treachery, fraud, hypocrisy. If Germany succeeds, it will be written in history that democracies are too weak to grapple with monarchy. There are but two sides to this controversy. We must this day choose between the two.

We must win the war, for to lose it is not alone to lose our country but to lose our liberty. [Applause.] To lose the war is to let freedom and liberty welter in the blood of the fathers and to say that free government can not survive. To lose the war is to say that the soldier and not the citizen will make the state. To lose it will mean that liberty will go cringing out the back door, while militarism comes in at the front. To lose it is to say that the battle for liberty is to receive no word of hope from us. It would mean that America is unwilling to defend her citizens in their undoubted rights on land and sea. It would mean that patriotism was not dying but dead.

## PEACE.

Peace has always been a passion with me. It has always been a passion with the Republic. But it has been an honorable peace we have sought as distinguished from a dishonorable one. [Applause.]

It has been a lasting peace not a temporary one that our forefathers fought and died for. Peace can not be when war is constantly made upon us. Peace can not be amidst the death groans of the murdered and mutilated. Peace can not be amidst the gurgling sounds of the drowning. Peace can not be when the Starry Banner of the Republic is assaulted, fired upon, submarined, and sunk. Peace can not be when Kaiserism reigns and the very Deity is proselyted and disdained. Peace can not be when democracy is making her last stand and is in a death grapple with autocracy. Peace! There can be no peace but an honorable peace. Peace! There can be no peace but a lasting peace.

Patriotism, the Republic itself rests with you. Kindle it anew! Kindle anew your smoldering embers that patriotism may stalk among us to-day as it did of yore. Kindle anew the patriotism that will defend our liberty, perpetuate our Republic, and preserve our institutions, for we are in the right and they are in the wrong! [Applause.]

Mr. MONDELL. Mr. Chairman, I yield 10 minutes to the gentleman from South Dakota [Mr. DILLON].

Mr. DILLON. Mr. Chairman, I was one of the number who voted against the war resolution and did what I could to keep my country out of this war. In voicing my opposition to the war resolution I said when this war resolution is passed "it will become the duty of every citizen to uphold the hands of the Executive. Their loyalty, their Americanism, will not be questioned. We will all remain a unit in giving support to the war and will remain a united people with common purposes and common aspirations."

The big revenue bill passed the House on May 23 and the Senate passed it on September 10 and it is now in conference. I desire at this time to make a few comments on this important measure. The greatest problem now before Congress is how to finance the war successfully. It is especially important that all mistakes be avoided in the problem that confronts us. If we blunder now, we impede the progress of our course. If we make mistakes now, they will multiply as we go forward with our plans, and we must pay the penalty for all our blunders.

Under the revenue bill as passed by the House it was estimated that \$1,868,000,000 of revenue would be raised. At that time the Secretary of the Treasury's demand for revenue from taxes was only \$1,800,000,000. The House bill as reported by

the Senate Finance Committee was expected to raise approximately \$1,650,000,000. Then came new demands from the Treasury Department. So the bill was referred back to the committee and was reported with amendments which would bring the total amount it would raise up to \$2,000,000,000, and the bill as finally passed by the Senate is expected to raise \$2,406,670,000.

The Secretary of the Treasury estimates that it will require \$19,005,583,107 to care for the expenditures of the Government and the loans to our allies for the fiscal year ending June 30, 1918. The Secretary of the Treasury estimates that, after deducting the amount to be loaned to our allies, \$7,000,000,000, the postal and other receipts that are to be turned back into the Treasury, \$11,782,371,000 will be required for the fiscal year ending June 30, 1918.

The revenue laws now on the statute books will raise an amount estimated at \$1,333,500,000. Adding that to the amount estimated to be raised by the new revenue bill, \$2,406,670,000, we have a total of \$3,740,170,000. Deducting this latter amount from the estimated needs, \$11,782,371,000, we have \$8,042,201,000 to be raised from sources other than the taxes now provided.

Mr. Chairman, it seems to me that the careful, prudent business man must reach the conclusion that the revenue bill fails to raise the revenue necessary in this hour of peril. A few days ago the Speaker of this House made a forceful presentation of something like the half-and-half plan, viz, 50 per cent by taxes and 50 per cent by bonds, exclusive of the bonds covering the loans to our allies. To this plan I give my hearty approval.

The facts he presented have not been disputed; his arguments remain unanswered. If this plan should be adopted, the taxes provided for in the revenue bill should be increased to the extent of about \$2,000,000,000.

The estimated profits of corporations in this country are more than \$4,000,000,000 in excess of their normal profits. It is estimated that the tax on these excess profits amounts to a little less than 32 per cent. Great Britain takes 80 per cent of the excess profits. If we levied 60 per cent, we would increase the receipts provided by the bill \$2,400,000,000.

Likewise an additional levy could be made on excessive incomes without producing any real sacrifice. If England can raise \$947,700,000 from incomes alone, with a population of 46,000,000 people, we could easily raise double that amount from incomes without disturbing business in any way.

If we levied the British rates of taxation on incomes, we could from that source alone raise \$2,000,000,000. It will readily be seen that if we would increase the revenue from incomes \$1,000,000,000 and the revenue from excess profits \$2,000,000,000 our revenues under existing law and the pending revenue bill would be approximately six and one-half billion dollars, which would take care of the half-and-half plan.

In my judgment the Senate has greatly improved the revenue bill by eliminating the tax on cocoa, coffee, tea, and sugar. The common necessities of life ought not to bear heavy burdens of taxation when the burden can be shifted on those making unheard-of profits because of the war.

Under the estimates given by the Secretary of the Treasury we will at the end of the fiscal year ending June 30, 1918, have a bonded and certificate indebtedness amounting to over \$15,000,000,000, including our loans to the allies. But these estimates are evidently too low. It will probably reach \$17,000,000,000.

If the present rate of speed in making appropriations and in making loans to our allies is maintained for three or four years, we will find the Nation badly crippled financially, unless we increase the tax levies. The time may soon come when we will be compelled to sell our bonds at a discount or to pay excessive interest rates.

Business is now good, immense war profits have accumulated in the past three years and will continue to accrue as long as the war lasts. The time to levy the taxes is now while these war profits are being reaped. In doing so we will conserve our resources against the evil day that may follow. Wisdom would suggest that we avoid the pitfalls, the dangers of inflation, the dangers of debt, by increasing the tax levies. Everyone knows that money is the motive power in the lawsuit, in the business world, and in the battles upon land and sea, while debts and insolvency bring defeat and ruin.

The continued bond issues will increase interest rates, while the bond dealers will hammer the bonds below par. During the Civil War bonds reached the low level of 41.49 cents on the dollar. We paid the debt in full. The interest charges and the depreciation penalized the Government as much as three times the amount received for the bonds. Our liberty bonds are now slightly under par and many of the Government bonds are now selling on the market for less than par. During these trying



times we ought to guard zealously the financial resources and credit of the Government.

The Congress recognized the necessity of having an efficient Army and did not hesitate to say to the youth of the land, "We need you to fight the Nation's battles." The mother's tears, the happiness of the homes, love's companionships were all pushed aside because of the Nation's needs in an hour of peril.

We need money to carry on the war until an honorable peace can be secured. There is but one place to go for it, and that is to those who have it. The drafted boy may be a farmer, a laborer, a lawyer, a doctor, or business man, with an earning capacity of \$2,000 or more per year. Yet he must give up his income, his business, and his home. He must assume all the perils of the battle fields and all the horrors that await him in the slaughter trenches of Europe. If he should be so fortunate as to return, he will be without money, without practice, without business, and must commence all over again.

In this hour of peril money is just as necessary as men in our supreme effort to win the war. We find the taxpayers pursuing a lucrative business, making immense profits out of the war, and living in fine homes in safe places. The same powers that took the boy from the home now asks the taxpayer to give up only a portion of his excess profits. He should be asked to contribute a far greater amount, for, compared with the sacrifice of the conscripted man, his sacrifice is inconsiderable. Some must fight and some must pay, so men and money must be impressed for service together. [Applause.]

Mr. MONDELL. Mr. Chairman, how much time has been used in debate on either side?

The CHAIRMAN. The gentleman from New York [Mr. FITZGERALD] has used 3 hours and 10 minutes and the gentleman from Massachusetts [Mr. GILLET] 1 hour and 50 minutes, so that the gentleman from New York [Mr. FITZGERALD] has used 1 hour and 20 minutes more time than has been used by the gentleman from Wyoming [Mr. MONDELL].

Mr. MONDELL. I yield 10 minutes to the gentleman from New York [Mr. PLATT].

Mr. PLATT. Mr. Chairman, I have asked for a few minutes' time just to call attention to some things in the revenue bill as it passed the Senate and is now before the conference committee which it seems to me are unwise and ought to be changed. I mean that the conferees ought to stand for the House provisions and not the Senate provisions.

I want to call attention chiefly to the changes in the administrative features of the income tax. After having had an income tax four years, ever since the first bill was passed, October 3, 1913, with certain administrative features, it seems to me it is very unwise, when we are greatly increasing the taxes, to change the administrative features so as to mix the thing all up.

In the latter part of the bill, beginning on page 102, you will find a great many changes in the administrative features. One of the most notable changes is the fact that in making up your net income returns you are not allowed to deduct the income tax paid to the National Government. Just as a striking illustration and not because it makes any serious difference to any of us, take our own salaries. I mention this partly also because the people at large in the country do not seem to know that we have taxed our salaries. They seem to think that Congress has been canny enough, or something of that sort, to exempt the salaries of its own Members, as we have exempted the salary of the President. This year the Government is taking from our salaries, if we are married, \$70, deducted at the source. We never shall see that \$70. We do not get it. It is not income to us at all, and it certainly is not "net" income. This bill as it passed the Senate requires us to include that \$70 that we never had in our net incomes, on which we are to pay a tax next year. I think that is about as unjust as anything can be. Of course it is exactly the same thing in principle whether we receive the money and pay it back to the Government or whether it is deducted and we do not get it at all.

It seems to me there is no excuse for that sort of thing. If I am correctly informed most other countries allow a deduction of income taxes paid. Taxes paid to States and municipalities are still allowed as a deduction in the Senate bill in making up net income, and I can see no reason why Federal taxes should not also be deducted. Local taxes vary greatly, according to local conditions. In some places they are only 1 per cent, in other places 2 per cent, and in some places 3 per cent. The Federal Government has no control over them. The first income-tax law we passed October 3, 1913, as a part of the revenue bill of that year, provided that benefits assessed, such as the cost of paving, sidewalks, and so forth, are not to be a deduction, and that provision still stands. But some cities to not assess benefits, but include them in the tax rate. Where that is done they are deducted. So that great inequalities are inevitable in

allowing the deduction of local taxes, though the local taxes paid, and all taxes paid ought to be deducted, I think, in making up a return of net income.

It seems to me as almost axiomatic, almost beyond the possibility of argument, that taxes paid to the Federal Government itself ought to be deducted. Now, the excuse that has been made at the other end of the Capitol for this change in the present law is that if you allow the deduction of the tax paid there will be somewhat less revenue next year at the given rates, but that seems to me unworthy of consideration. There is a scientific way to fix rates so that the revenues may be constant or increased as desired up to the point of safety to the business of the country. The rates should be raised a little the second year. The deduction of the tax paid will, to a certain extent, prevent the "conscription of incomes," taking 50, 60 or 80 per cent, but such confiscatory rates ought not to be made and can not be made without destroying the sources of revenue. Very large incomes are generally not regular annual incomes from investments, but are individual profits from taking great risks in new enterprises or from speculation. To increase so enormously the rates of taxation will make impossible the taking of the risks and will destroy the incomes and check the business of the country. So far as incomes such as our congressional salaries of \$7,500 are concerned, I think they might well be taxed at a higher rate than in either the House or the Senate bill, and I say this though I have very little income beyond my salary. This year \$70 is taken from our salaries in income taxes. Next year, if the rates now fixed in the bill are adopted, the amount of tax will be \$135 in the case of married men. I think the rate might well be high enough to take \$500 from our salary. But whatever it does take, it seems to me that we should be allowed to deduct, in making our returns of net income, in all fairness and justice, and no income-tax payer, no matter how large or how small his tax, should be compelled to return as "net income" any sum he has paid to the Government in taxes. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. FITZGERALD. Mr. Chairman, I yield 20 minutes to the gentleman from South Carolina [Mr. STEVENSON].

Mr. STEVENSON. Mr. Chairman and gentlemen, I am entirely in sympathy with the statement of the gentleman from Oklahoma [Mr. FERRIS] as to the necessity for this war, but I do not intend to engage in any discussion as to that.

My desire is to use the few minutes allotted to me in calling attention to the fact that under the manipulation of some of the departments of the Government more of the burdens of this war are to be laid upon certain sections of our people coming from the Southland country than they are entitled to bear. In other words, as the testimony shows on page 765 of the hearings on this bill, there is a statement made by the officer there testifying before the committee that the powder is being bought for 10 cents a pound cheaper than it can be manufactured by the Government in its arsenals.

It is said that it is being bought for 10 per cent less, and perhaps more than that, cheaper than it has been sold to our allies abroad. That sounds very patriotic from the standpoint of Mr. Du Pont, who is furnishing the powder, but when we come to look into it we find this situation: Mr. Du Pont has contracted with what is known as the members of the Cottonseed Oil Trust in the South, who control 45 per cent of the seed, and of the linters that go into the manufacture of explosives, to buy their entire output at \$12.50 a bale less than he paid for it last year; that is, reducing it from an average of 7½ cents to 5 cents. Having made that arrangement, he secured 50 per cent of the necessary material for manufacture of these explosives for the Government. The independent companies are all at sea, because they do not know what they can do. They come up here in a panic to get next to Mr. Du Pont's men, and then many of them sell out at \$12.50 a bale on their output cheaper than they were paid last year.

The Government, according to the testimony here, is saving about \$30,000,000 on its 10 cents a pound deduction for explosives, and after they have made this arrangement the cottonseed crushers yesterday reduced the price of cotton seed \$11 a ton all over the country. They say the Government has interfered with the price in the market and proposes to regulate the price, and all over the South, as I gather from telegrams that have come in, the price of the cotton seed has been reduced \$11 a ton.

Let us look a minute to see how much, to save the Government the \$30,000,000 on explosives, they have taken out of the hide of the southern farmer. You will find that it will cost the southern farmer \$61,875,000 to reduce the price of explosives to the Government \$30,000,000. That is a pretty good slice of profit. They say the Government has reduced this. The Government



has gone into the regulation of matters, and therefore they reduce it. That is the excuse they have given. I went up to see Mr. Hoover, who is supposed to be the general administrator of all matters pertaining to food products, because I want to call attention to the fact that an acre of land that produces a bale of cotton in the United States produces more foodstuffs outside of the cotton than an acre of land producing 40 bushels of corn. If you will figure the units of nourishment gotten from the oil and the meal produced you will find that that is a fact. I went up to see Mr. Hoover, and Mr. Hoover said no, they had not regulated the price of cotton seed and did not intend to, but he said that they had told the manufacturers that they are going to squeeze the speculative profits out of the business. That is what they are doing. They have done and they have not done. They have done that which has furnished the excuse for the manufacturers of cottonseed products to arbitrarily take away from the southern planter, who has borne the brunt—because he lost one crop of cotton since this war began, having to sell it at 6 cents when it cost 12 cents to make; they have absolutely taken away from him at one stroke \$60,000,000, because, forsooth, the administrator of food says he has not the power to regulate the price of cotton seed, but he is going to take out the speculative profit and let the consumer have the stuff at what it cost the producer plus a reasonable profit.

You can not hold up that kind of a stick over the manufacturers and not have them unload upon the man who produces, and by that one method our great governmental department has hit the poorest people in this country, the tenant cropper, who is obliged to sell his cotton seed and cotton on the market. If that is going to be the result of our food regulation it is going to take bread out of the mouth of the man who needs it and furnish the manufacturer a stick with which to hammer down the raw product from the producer below what it is worth. Not only that, but in the course of the proceedings the Government has in the last few days made insinuations that there will be an embargo placed upon the exporting of cotton. There is less cotton than the manufacturing world will need, as I shall show before I get through. What has been the result? In 30 days they have reduced the price of cotton \$30 a bale. Let us see what these two items, which are only in process of anticipation—not actually in force—is costing the cotton farmer of the South. A reduction of \$30 a bale on the 12,500,000 bales that the Agricultural Department estimates will be made this year in the South amounts to \$375,000,000, and a reduction, which was put into effect yesterday, of \$11 a ton on cotton seed makes a reduction of \$61,875,000, which makes a grand total of \$436,875,000 that the threatened action of our Government is taking out of the pockets of the farmers of the South; and yet we are expected to pay taxes heavily in the maintenance of this war, and we expect to do it. Let us see where that is going. Who is getting it? There has been no reduction yet.

The cotton manufacturers all over this country are boasting that they have sold their product for months ahead, and they have sold it largely to the Government on the basis of 30-cent cotton, and they are buying their cotton to-day at 20 cents and are expecting to put it down to 18 cents. That is where it is going, and the Government is not getting any consideration for it. The product is being sold to the Government on the basis of 30-cent cotton (and in many instances 35), and they are buying it at 20 cents. I submit that we are getting a rather raw deal on that proposition. Where is the other going? As I said a moment ago, Mr. Du Pont for his patriotism, and the seed crushers of the country, are taking \$61,000,000 out of the farmer in order to give the Government a concession of \$30,000,000, and the other \$30,000,000 is to be profits, I take it, to the seed crushers and Mr. Du Pont. While I do not want to talk local troubles, and all that kind of thing, it strikes me that the activities that are denied, because they publish in the newspapers that there is no necessity for this talk about an embargo upon cotton affecting the price of cotton, are costing the farmers of the South a pretty penny.

The mischief has been done, while there is no embargo to amount to anything. It has been done, and done for the benefit of the people who are already getting money out of this war world without end, and who are now in a position to make more and more if they can hammer down the products of the country. Let us look for a minute to see if there is any necessity for it. I omitted to mention, in addition to the manufacturer, the speculator upon the future markets of this country. The manufacturer and the speculator are the fellows who are going to make \$375,000,000 that the farmers will lose if this is consummated. Last year the cotton that was consumed in the world was 20,180,000 bales. The production was 18,365,000 bales. Therefore there was a shortage of more than 1,815,000 bales coming over from last year. This year the estimate is only 12,500,000

bales in this country, and the production will not reach 18,000,000, and yet we find the product that is sold to the Government and that is sold to everybody else on a basis of 30 cents—we find that just the talk of an embargo and the talk of interference with the product and putting it on the skids goes to the extent of reducing the price of cotton \$30 a bale for 30 days, or, in other words, it goes down a dollar a bale every day. Where is the necessity for it? There is none, except for the fact that the speculators and the officious intermeddling apparently of somebody is an excuse. Let us see about the oil part of it and the seed cake. The production of seed this year will go to 27,500,000 gallons of oil.

It is an enormous product; it is one of the enormous food products of this country, and they are calling on us to make it; and yet, by officiously saying to the manufacturers "We are going to squeeze you," the manufacturers are going to turn around before they have bought their seed and squeeze the fellow who makes it. Are we to be encouraged that way; are we to be encouraged to make the food products they are crying out for if this is to be taken away from us? Not only that, but the 2,500,000 tons of cottonseed meal. That makes one of the greatest food products, and the excuse that is being offered is that the Government will not allow that to go to Sweden to be fed to cows to be sent to Germany. Well, that is all right. Is that any excuse for saying to them that what it is bringing is more than it is worth, and we are going to squeeze you that much in order to enable us to force so much less for the raw product? Now, I am a supporter of this administration with all my might. I have always stood by Mr. Wilson since the time he was first a candidate, and I stood by him when people were very much against him in my State, and I stand for him to-day; but I say that the method that is being put forth by this officious interference with what they assume in the food department to be a fictitious or exorbitant profit, and thereby give the Executive the power to tax the people who are trying to carry out the dictates of the food-products bill, is an officious and unwarranted interference that is going to be disastrous to the interests of the administration and to the administration of our food bill whenever it becomes known all over the South that our great food bill that we passed here and the powers we have given to Mr. Hoover are to be used for the purpose of hammering down the products that are produced by the people who have at last an opportunity for once in their lives to come out whole and to come out with a profit on the year's transaction. It would be time enough when the crushers had bought the seed at the market price and tried to sell the product at a speculative profit to interfere, and not give them notice beforehand, so that they could take it out of the producer instead of the consumer.

Mr. Chairman, I ask unanimous consent to revise my remarks and extend them.

The CHAIRMAN. Is there objection to the request of the gentleman? [After a pause.] The Chair hears none.

Mr. FITZGERALD. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. CHASE, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 5949) making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1918, and prior fiscal years, on account of war expenses, and for other purposes, and had come to no resolution thereon.

#### SENATE BILLS REFERRED.

Under clause 2 of Rule XXIV, Senate bills of the following titles were taken from the Speaker's table and referred to their appropriate committees, as indicated below:

S. 2774. An act granting the consent of Congress to the Gilmer-Pittsburgh Coal Co. to construct a bridge across the Little Kanawha River; referred to the Committee on Interstate and Foreign Commerce.

S. 2796. An act to permit American citizens to wear medals or decorations received from certain foreign countries on entering the military or naval service of the United States, and for other purposes; referred to the Committee on Military Affairs.

S. 2813. An act to authorize the Gulf Ports Terminal Railway Co., a corporation existing under the laws of the State of Florida, to construct a bridge over and across the headwaters of Mobile Bay and such navigable channels as are between the east side of the Bay and Blakely Island, in Baldwin and Mobile Counties, Ala.; referred to the Committee on Interstate and Foreign Commerce.



S. 2816. An act granting the consent of Congress to the Gainesville Red River Bridge Co. to construct a bridge across Red River; referred to the Committee on Interstate and Foreign Commerce.

#### ADJOURNMENT.

Mr. FITZGERALD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock p. m.) the House adjourned until to-morrow, Saturday, September 15, 1917, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, a letter from the Secretary of the Navy, transmitting tentative draft of bill to increase the amount of clothing allowance in the case of enlisted men of the Navy on first enlistment (H. Doc. No. 367), was taken from the Speaker's table, referred to the Committee on Naval Affairs, and ordered to be printed.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. TIMBERLAKE, from the Committee on the Public Lands, to which was referred the bill (H. R. 5082) providing for an amendment to section 2293 of the Revised Statutes allowing homestead and other public-land affidavits to be taken before the military commander of any person engaged in military or naval service of the United States, reported the same without amendment, accompanied by a report (No. 144), which said bill and report were referred to the House Calendar.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. HADLEY: A bill (H. R. 6066) to establish the Mount Baker national park in the State of Washington; to the Committee on the Public Lands.

By Mr. NORTON: Joint resolution (H. J. Res. 153) to authorize the appointment of a committee of Members of the House of Representatives and Senate to visit Europe for the purpose of investigating and examining into the conditions and progress of the war being waged by Germany and her allies against France and her allies; to the Committee on Rules.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. FIELDS: A bill (H. R. 6067) granting an increase of pension to George C. Smith; to the Committee on Invalid Pensions.

By Mr. RODENBERG: A bill (H. R. 6068) to remove the charge of desertion standing against the record of Stephen McKenzie; to the Committee on Military Affairs.

Also, a bill (H. R. 6069) to correct the military record of Lauritz S. Rasmussen; to the Committee on Military Affairs.

Also, a bill (H. R. 6070) for the relief of William J. Rosselot; to the Committee on Claims.

Also, a bill (H. R. 6071) for the relief of Bruce J. Syarse; to the Committee on Claims.

Also, a bill (H. R. 6072) granting a pension to Jacob Herpin; to the Committee on Pensions.

Also, a bill (H. R. 6073) granting a pension to John H. Wagner; to the Committee on Pensions.

Also, a bill (H. R. 6074) granting a pension to Sarah L. Truck; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6075) granting a pension to Marie M. Meyer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6076) granting a pension to Kate Orba Larrabee; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6077) granting a pension to Susan C. Johnson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6078) granting a pension to Edward Dzen-golewski; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6079) granting a pension to Ezekial P. Clayton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6080) granting a pension to Violet Dauphin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6081) granting an increase of pension to Byron Truesdell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6082) granting an increase of pension to La Fayette Barnes; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6083) granting an increase of pension to Samuel Burrows; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6084) granting an increase of pension to William J. Coleman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6085) granting an increase of pension to Clark K. Denny; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6086) granting an increase of pension to James J. Ferguson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6087) granting an increase of pension to Mary E. Grove; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6088) granting an increase of pension to Lytle McCracken; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6089) granting an increase of pension to William Neely; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6090) granting an increase of pension to William J. Rogers; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6091) granting an increase of pension to Henrietta N. Rose; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6092) granting an increase of pension to Charles A. Sugg; to the Committee on Invalid Pensions.

By Mr. STEELE: A bill (H. R. 6093) for the relief of Jacob W. Moyer; to the Committee on Military Affairs.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By the SPEAKER (by request): Petition of the delegates of the Illinois conference branch convention of the Young People's Alliance of the Evangelical Association, urging national prohibition; to the Committee on the Judiciary.

Also (by request), petition of the Iowa conference of Seventh-day Adventists, Nevada, Iowa, protesting against the passage of Sunday laws for the District of Columbia; to the Committee on the District of Columbia.

By Mr. CARY: Petition of the Pompeian Co., Baltimore, Md., in re foreign-exchange banking; to the Committee on Banking and Currency.

Also, petition of the Forty-second Street Association, New York, urging a provision in the war-revenue bill exempting rents or profits arising from rents from such proposed war-profits tax; to the Committee on Ways and Means.

By Mr. GOODWIN: Petition of the executive committee of the Farmers' Union of the State of Arkansas, urging the passage of the Federal amendment enfranchising women; to the Committee on the Judiciary.

By Mr. JAMES: Petition of the Swedish-Finnish Benevolent Association, pledging its support to the President and Congress; to the Committee on Military Affairs.

By Mr. STEENERSON: Petition of the Minnesota State Pharmaceutical Association, E. L. Newcomb, secretary, protesting against the 2 per cent gross sales tax on ready-made medicines; to the Committee on Ways and Means.

By Mr. WOODYARD: Petition of Huntington Lodge, No. 104, International Association of Machinists, favoring free speech; to the Committee on Labor.

#### SENATE.

SATURDAY, September 15, 1917.

The Chaplain, Rev. Forrest J. Prettyman, D. D., offered the following prayer:

Almighty God, our times are in Thy hands. Thou dost order our way. We thank Thee that to-day we can look up to the hills from whence cometh our strength and that the Lord God Almighty, the God of hosts, is with us; that the God of Jacob is our refuge. We bless Thee that as we move forward in the midst of the perplexing problems of the day we can move forward with unity of ideals born of the strife of the past but inspired in us by the constant ministry of Thy spirit. Oh, lead us in unity of effort and with a desire to establish a brotherhood of men, and to exalt the name of the God of all men. Bless us this day in the discharge of our duties. For Christ's sake. Amen.

The Journal of yesterday's proceedings was read and approved.

#### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House had passed a bill (H. R. 5918) to authorize the President to organize provisionally as Field Artillery or Infantry and to use as Field Artillery or Infantry during the existing emergency such regiments of Cavalry as he may designate, in which it requested the concurrence of the Senate.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H. R. 3932) to prohibit

the manufacture, distribution, storage, use, and possession in time of war of explosives, providing regulations for the safe manufacture, distribution, storage, use, and possession of the same, and for other purposes; asks a conference with the Senate on the disagreeing votes of the two Houses thereon; and had appointed Mr. FOSTER, Mr. TAYLOR of Colorado, and Mr. GARLAND managers at the conference on the part of the House.

#### ENROLLED JOINT RESOLUTION SIGNED.

The message further announced that the Speaker of the House had signed the enrolled joint resolution (S. J. Res. 93) for improving Willapa Harbor and River, Wash., and it was thereupon signed by the Vice President.

#### WOMAN SUFFRAGE.

Mr. JONES of New Mexico, from the Committee on Woman Suffrage, to which was referred the joint resolution (S. J. Res. 2) proposing an amendment to the Constitution of the United States conferring upon women the right of suffrage, reported it without amendment and submitted a report (No. 130) thereon.

#### BILL INTRODUCED.

A bill was introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BORAH:

A bill (S. 2887) granting a pension to Mary K. Plowman (with accompanying papers); to the Committee on Pensions.

#### MANUFACTURE OF EXPLOSIVES.

The VICE PRESIDENT laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 3932) to prohibit the manufacture, distribution, storage, use, and possession in time of war of explosives, providing regulations for the safe manufacture, distribution, storage, use, and possession of the same, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. SHAFROTH. I move that the Senate insist upon its amendments and agree to the conference asked for by the House, the conferees on the part of the Senate to be appointed by the Chair.

The motion was agreed to; and the Vice President appointed Mr. PITTMAN, Mr. SHAFROTH, and Mr. POINDEXTER conferees on the part of the Senate.

#### HOUSE BILL REFERRED.

H. R. 5918. An act to authorize the President to organize provisionally as Field Artillery or Infantry and to use as Field Artillery or Infantry during the existing emergency such regiments of Cavalry as he may designate, was read twice by its title and referred to the Committee on Military Affairs.

#### WAR CREDITS.

The VICE PRESIDENT. There being no further routine business, the morning business is closed.

Mr. SMOOT. I move that the Senate proceed to the consideration of House bill 5901, the unfinished business.

The motion was agreed to; and the Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 5901) to authorize an additional issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign governments, and for other purposes.

The VICE PRESIDENT. The bill is as in Committee of the Whole and open to amendment.

Mr. SMOOT. Mr. President, we might just as well learn at this time whether there is a quorum in the city, and I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	James	Norris	Sheppard
Brady	Johnson, Cal.	Page	Smith, Ariz.
Brandeggee	Jones, N. Mex.	Penrose	Smoot
Culberson	Jones, Wash.	Pomerene	Swanson
Curtis	La Follette	Ransdell	Trammell
Fall	Lewis	Robinson	Underwood
Harding	Lodge	Saulsbury	Vardaman
Husting	McNary	Shafroth	Williams

Mr. CURTIS. I desire to announce the absence of the senior Senator from New Hampshire [Mr. GALLINGER]. I will let this announcement stand for the present.

I wish also to announce that the Senator from Indiana [Mr. NEW] is absent on official business.

Mr. SHAFROTH. I desire to announce the unavoidable absence of my colleague [Mr. THOMAS] on account of illness. I will state that he is paired with the senior Senator from North

Dakota [Mr. McCUMBER]. I will let this announcement stand for the day.

Mr. LEWIS. I wish to announce the necessary absence of the senior Senator from South Carolina [Mr. TILLMAN] and say that he is paired with the senior Senator from West Virginia [Mr. GOFF]. I will have this announcement stand for the day.

Mr. HUSTING. I wish to announce the unavoidable absence of the senior Senator from Kansas [Mr. THOMPSON].

The VICE PRESIDENT. Thirty-two Senators have answered to the roll call. There is not a quorum present. The Secretary will call the roll of absentees.

The Secretary called the names of the absent Senators, and Mr. GERRY, Mr. KIRBY, Mr. POINDEXTER, Mr. SIMMONS, Mr. SMITH of Georgia, Mr. STONE, and Mr. SUTHERLAND answered to their names when called.

Mr. SUTHERLAND. I desire to announce that my colleague, the senior Senator from West Virginia [Mr. GOFF], is detained on account of illness.

I wish also to announce that the junior Senator from Indiana [Mr. WATSON] is detained by official business at a committee meeting.

Mr. KENDRICK, Mr. BECKHAM, Mr. DILLINGHAM, Mr. FRANCE, Mr. KENYON, Mr. STERLING, Mr. KING, Mr. MCKELLAR, Mr. BORAH, Mr. BROUSSARD, Mr. MARTIN, Mr. WARREN, Mr. NEW, and Mr. GORE entered the Chamber and answered to their names.

Mr. NEW. I wish to announce that the senior Senator from Oregon [Mr. CHAMBERLAIN] and the senior Senator from Maryland [Mr. SMITH] are detained in the Committee on Military Affairs at a hearing.

The VICE PRESIDENT. Fifty-three Senators have answered to the roll call. There is a quorum present.

Mr. LA FOLLETTE. I will offer as the first amendment not the one appearing first in the Record, but because of the difficulty we have had in securing a quorum, and as we now have a quorum present, I shall select an amendment which I regard as of sufficient importance to wish to have a quorum pass upon it.

Mr. STONE. Mr. President, if I may be pardoned—

Mr. LA FOLLETTE. Certainly.

Mr. STONE. In this connection I should like to announce to the Senate that if we are to complete this bill to-day, it is very important that Senators remain in the Chamber and keep a quorum here, for the reason that there are likely to be record votes called for; and if a quorum can not be had, then we can not go on with the bill.

Mr. LA FOLLETTE. Mr. President, I call up the amendments not in the order in which they were printed in the Record, but I call up the second amendment because I think it is more important than the others and because upon that amendment I do want a record vote.

Mr. STONE. Which amendment is that?

Mr. LA FOLLETTE. It is the amendment which fixes the term within which the bonds may be redeemed.

Mr. SMITH of Georgia. On which page of the bill is the amendment proposed to be inserted?

Mr. LA FOLLETTE. On page 3, at the end of line 4, I propose to strike out the period and to insert a colon and the words:

*Provided, That such bonds shall be redeemable at the pleasure of the United States after five years from the date of issue and payable 20 years from such date.*

I offer that amendment, which I now send to the Secretary's desk.

The VICE PRESIDENT. The amendment proposed by the Senator from Wisconsin will be stated.

The SECRETARY. On page 3, at the end of line 4, it is proposed to strike out the period, and to insert a colon and the words:

*Provided, That such bonds shall be redeemable at the pleasure of the United States after five years from the date of issue and payable 20 years from such date.*

Mr. LA FOLLETTE. Mr. President, so far as I have been able to ascertain, no bonds have been issued in the history of our Government, particularly in a time of war, in the legislation providing for the issue of which Congress did not fix, not only the maximum rate of interest, but also the time within which the bonds might be redeemed and the time within which they must be redeemed. I have been unable to find in all the history of the Government any instance where Congress, if I may use the word, shirked its responsibility on so important a matter as the financing of a war, and handed over to the Secretary of the Treasury the discretion of saying when the



obligations incurred under the authority provided should terminate, and the Government pay its bonds.

It will, of course, be said, Mr. President, that this is an extraordinary situation, that the amount of money to be raised is very large, and that it is not easy to anticipate the conditions under which it should be raised at the time the legislation passes Congress.

Mr. POMERENE. Mr. President, may I ask the Senator from Wisconsin a question?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Ohio?

Mr. LA FOLLETTE. Certainly.

Mr. POMERENE. Can the Senator give the limit within which the bonds issued during the Civil War were to mature?

Mr. LA FOLLETTE. I shall do so in just a few moments.

Mr. President, I was merely saying, preliminary to taking up that question, that it seems to me that in proportion to the magnitude of this undertaking and to the immense responsibility which it carries with it, and to the tremendous influence which it must have in the future of the life of our people, that the obligation is all the more binding upon us to regulate this matter, in so far as we are able to do so.

I do not know that it can be said that in proportion to the wealth of the country and the population of the country at this time that the obligations which we are assuming, so far as legislation before us is concerned, are any larger relatively than the obligations which we assumed in the Civil War. Considering the conditions that confronted the country at that time, I do not believe that the obligations which we are assuming now impose upon Congress any obligation to invest an executive officer with such an extraordinary discretion.

Conditions change, Mr. President. In all of the loans that have been negotiated heretofore it has been a fundamental consideration that the Government should put itself in a position at the time that it makes its loans to avail itself of the conditions, which change invariably regarding interest rates and everything pertaining to the loans. So that the bond owner shall not be able to reap altogether the advantages that come from the changed conditions and the Government may avail itself of the right to call in the loan and, if need be, to renegotiate the loan upon the better terms that prevail at that time.

Loans will always be made, Mr. President, in an emergency upon very favorable terms to those who furnish the money. That is inevitable. The Government wants the money; it does not want to be humiliated by any failure in negotiating the loan, and therefore it makes the conditions attractive to investment and the loan is consummated.

Mr. President, when you pass out from those conditions and come down to 5, 10, 15, or 20 years later, upon an entirely different set of conditions, it has invariably been held by all authorities in Government finance that the Government should be in a position at such time to readjust conditions and make them fair both to the Government and to those who want to carry the loan any longer. That is all this amendment means; it proposes to give the Government the opportunity after a period of a certain number of years, say 5, and not beyond a certain number of years, say 20, to readjust or to pay, as the condition of the Public Treasury and the finances of the country may permit, either to discharge the obligation altogether or to readjust it upon terms that are absolutely fair to both the money lender and the Government at the time.

Consider, Mr. President and Senators, if this were a personal obligation and you were negotiating a loan at a time when money was perhaps rather tight, and you had to make the conditions such that they were very favorable to the investor, if you could do so, it would surely be to your interest as a borrower, and it would surely be just to the lender as well, that at not too remote a period there should be an opportunity to revise the contract and readjust the conditions of the contract between the borrower and the lender. That is all this means.

Mr. President, I beg to say—and I shall be very brief—

Mr. SHAFROTH. Mr. President—

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Colorado?

Mr. LA FOLLETTE. I do.

Mr. SHAFROTH. There is no doubt in my mind that it is a desirable thing that an option be given to the Government, unless it would interfere with the success of the loan. I should like to ask the Senator whether he has made inquiry in regard to what are the more desirable bonds? We have a regular bond market in which bonds varying in length as to the time which they run are sold, and there ought to be some general opinion as to the benefit of time-limit provisions as compared with bonds

intended to run a long time. Has the Senator looked into that question?

Mr. LA FOLLETTE. In the first place, Mr. President, we have negotiated a bond issue of \$2,000,000,000 at 3½ per cent; and it has been the complaint of the business interests of the country that desired to secure money for carrying forward large enterprises that the competition of the Government upon the terms of that bond issue was such as to preempt the money market and place them at a disadvantage in comparison with the opportunity that the Government offered to investors. It is proposed to make this loan upon a somewhat different basis. While the first loan was nontaxable, this loan is to be partially taxable; but as an offset to that, while the first loan was at 3½ per cent interest this loan is to be at 4 per cent interest.

Mr. President, I take it that while the Secretary of the Treasury, in drafting this bill and fixing the rate of interest at 4 per cent, did not provide for any fixed term within which the bonds might be paid and for an outside limitation of the time at which they would have to be paid, he did go to the extent of saying in the draft which he prepared and submitted to the Ways and Means Committee of the House that the rate of interest should not exceed 4 per cent, and he did prescribe certain regulations with respect to the taxation of the bonds.

As modified by the Ways and Means Committee of the House, it was made more attractive to investors than in the form in which the Secretary of the Treasury presented it. So that it is fair to say that the Secretary of the Treasury blocked out this bond proposition, upon which he proposes to go to the country in a campaign, upon terms more favorable to the Government than the terms presented here. But there was one provision—and it is the limitation which I seek to impose by this amendment—which was omitted from the draft made by the Secretary of the Treasury.

Mr. President, I trust that we have not reached such a point in the history of this Government and of congressional action that it is to be regarded as offensive to suggest some modification in a bill which comes to us from the executive department of the Government. Mr. President, in the last three or four years we have drifted away beyond anything ever before known in the history of this Government. Congress has acquired the habit of divesting itself of all responsibility as to legislation, except to put its votes on record in favor of whatever is prepared for it. I think we are dealing with a matter now so supremely important to the people of this country, who will have to shoulder and meet these obligations of indebtedness, surpassing anything in the history of this or of any other Government, that we should not depart from the established precedents and clothe any one mortal with the discretion sought to be conferred by this proposed legislation.

I am saying nothing that ought to be construed as criticism of the Secretary of the Treasury, but I say that this is a matter of stupendous and fundamental importance, and that it belongs, according to all precedent and, as I believe, according to correct reasoning, to the Congress itself, in which alone, by the Constitution, is reposed the power to provide all the means for conducting a war; and, therefore, Congress should also provide the terms upon which the means shall be furnished. If the Secretary of the Treasury, now some weeks ahead of the time when he proposes to offer these bonds upon the market, can foretell, so as to put it into the law, that the rate of interest shall not be above a certain amount, why can not Congress supply that which, as I shall show in a moment, has always been in legislation of this kind, namely, the length of time that the bonds are to run?

Is it any less important to the negotiation of these bonds to fix the time limit within which they may be paid by the Government—as I have proposed in this amendment, not sooner than 5 years and not later than 20 years—is it any less important to the negotiation of these bonds to fix that element before we start the campaign than it is to fix the rate per cent? The rate per cent is fixed in the draft of the bill, as prepared by the Secretary of the Treasury, within these wide limits; and if they are not wide enough, it is within the province of Congress to say that it shall be at a more extended period than 20 years. I have named 5 and 20 because it seems to me that the obligations of this war ought to be taken care of much more largely by taxation than they have been; but, as to the bond issue, that we ought not to postpone that indefinitely, as we do by the terms of this bill.

You may have a bond issued by the Secretary of the Treasury payable 40 years hence under the terms of this bill, or, for that matter 80 years hence. You have taken your hands off, if you pass the bill as it is drawn, and clothed him with the power to make the time limit just as extended as he pleases.



I undertake to say that when we were discussing the first bond authorization here there was no suggestion made by anybody that those bonds would be issued for as long a period of time as 30 years; and yet, as I understand, they were. They can not be redeemed for 15 years. Do you understand, Senators, what those bonds, nontaxable, issued at  $3\frac{1}{2}$  per cent, mean to a man who has a million dollars of income and takes advantage of escaping taxation upon that income by investing his money in those bonds? It means  $9\frac{1}{2}$  per cent interest to him on those bonds.

Was it necessary, Mr. President, to tie the hands of this Government so that it could not change that contract for a period of 15 years, as has been done? Not one of those bonds—in which Rockefeller has invested, I think, some \$15,000,000, and upon which he is going to realize  $9\frac{1}{2}$  per cent—can be paid for a period of 15 years, and the Government has got to pay that interest. Who has got to pay it? I said the Government has got to pay it. All the people have got to pay it, Mr. President. The interest is going to be paid right along at  $9\frac{1}{2}$  per cent on an investment like that, with the Government back of it. It is going to be paid, Mr. President, to Mr. Rockefeller at  $9\frac{1}{2}$  per cent, by all the people, by the levying of consumption taxes when this war is over; and the men who have done the fighting will have to shoulder their part of it by the higher prices that they pay for the things they eat and wear and use.

Mr. President, just take that first bond issue as an example of what this looseness of legislation means. I do not believe there was a Member of this body at the time that first bond issue was authorized who knew that that was what it meant. I know that I try to do my work as diligently as I can, as I am sure other Members do, and I did not know it. You remember that the bill providing for that bond issue came here and was passed in just a few hours, and we enacted legislation which permitted the negotiation of the  $3\frac{1}{2}$  per cent bonds that were sold as liberty bonds, as nontaxable, and at a period for first payment and ultimate payment to be fixed by the Secretary of the Treasury; and he exercised the discretion that Congress had given him, and made the bond issue not payable for 15 years, or until 1932. You can not touch it until that time; and yet it became common knowledge a few weeks after the terms had been fixed that the men of large incomes who invested their money there would make  $9\frac{1}{2}$  per cent!

I will undertake to say that if Congress had understood that, if the Senate had understood that, I do not believe they would have permitted that bond issue to have been made in that way; and, Mr. President, I am inclined to believe that the Secretary himself did not understand it. I am not sure about that; but the fact that he comes back here now and proposes a 4 per cent bond issue, with some taxation imposed upon the money invested, shows that he at least is willing to change somewhat the conditions as to the interest charges and the taxes.

Mr. SHAFROTH. Mr. President—

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Colorado?

Mr. LA FOLLETTE. I do not want to take too much time, Mr. President.

Mr. SHAFROTH. I should just like to call the attention of the Senator to the statement made by Mr. McAdoo in his testimony before the House committee, and ask the Senator's views upon that statement, in which Mr. McAdoo goes a little into this question and suggests that he contemplates issuing bonds which will end at different periods. I will read it, if the Senator please.

Mr. LA FOLLETTE. Oh, I am familiar with it, Mr. President. I will ask the Senator not to read it now. What I object to is Congress divesting itself of the responsibility that rests upon Congress of fixing the term itself, and I want to call the attention of the Senate to the fact that never before has such a thing been done.

Mr. STERLING. Mr. President, will the Senator permit a question?

Mr. LA FOLLETTE. Certainly.

Mr. STERLING. This has occurred to me as a possible reason for giving such discretion to the Secretary of the Treasury; namely, the possible necessities and abilities of our allies. I suppose, of course, that out of the proceeds of these bonds the bonds of the allied governments will be purchased, and the question is as to whether or not we could very well limit the time after which these bonds may be redeemed, and the time at which they may be payable, on that account. I wondered whether or not the Senator had considered that question.

Mr. LA FOLLETTE. Mr. President, this Government is empowered to take the obligations of foreign governments, and it is taking the obligations of foreign governments, expressed in

very general terms. I will say that. I can say that much. The Secretary of the Treasury went into it somewhat fully before the committee, and his testimony upon that point was not taken down; but it is expected that from time to time whatever securities the foreign governments furnish for the time being may be exchanged so as to meet the changing conditions. It is to be remembered, Mr. President, that we are only contemplating here negotiating four billions of bonds. We are not in any sense meeting the obligations that rest upon us, so far as appropriations and expenditures are concerned, by this bill. I hope that is already in the minds of Senators here. The Senator from Missouri [Mr. STONE], in presenting the bill, spent considerable time in making deductions from which it could be shown that in proportion to the amount of money raised by taxation and the amount of money to be raised by bonds, the rates were 45 and 55 per cent, respectively. You can make any sort of percentages in that way if you just take a portion of the obligations that you have to meet and offset against it a portion of the taxes that are to be raised.

The calculation made left out of consideration altogether the great appropriation that is covered by the bill that is now on the way over to us and that must be passed before we adjourn, appropriating as it will before it is passed between four and five billions of money. That is not covered at all, or provided for at all, here.

Mr. President, we are not foreclosing ourselves against changing these conditions in a subsequent bond issue that we may be called upon to authorize when we meet in December, and we will be called upon either to authorize a subsequent bond issue to take care of the deficiencies that are not covered at all here by the provisions of this bill, or else, as I hope, to impose higher taxation upon war profits and surplus incomes instead of making a bond issue. But if we are driven by the majority to a bond issue, we can at that time impose other conditions. It is only three or four months away, and it is not expected by the Secretary of the Treasury, as he testified before the committee, that he will be able to prosecute more than the campaign contemplated by this bill for four billions; that is, I mean, of course, for four billions of new issue. The other three billions and some hundred millions are to take up bonds that are already provided for, but not yet issued. So that, Mr. President, at any time when a bond issue is contemplated we, the Senate and the House of Representatives, can make any change in the conditions that are important to be made at the time just as well as the Secretary can.

Now, Mr. President, I am going to call attention briefly to some of the things we have done in the past.

In the Spanish-American War loan, by the act approved June 13, 1898, it was provided:

That the Secretary of the Treasury is hereby authorized to borrow on the credit of the United States from time to time, as the proceeds may be required to defray expenditures authorized on account of the existing war (such proceeds when received to be used only for the purpose of meeting such war expenditures), the sum of \$400,000,000, or so much thereof as may be necessary, and to prepare and issue therefor coupon or registered bonds of the United States in such form as he may prescribe and in denominations of \$20 or some multiple of that sum, redeemable in coin at the pleasure of the United States after 10 years from the date of their issue and payable 20 years from such date, and bearing interest payable quarterly in coin at the rate of 3 per cent per annum.

That is the provision under which we negotiated the bonds necessary to enable us to carry on the Spanish-American War.

The same provision is found in the Panama Canal bonds. I pass that because that was a bond issue in time of peace.

I go back now to the war immediately preceding the Spanish-American War.

By the act of March 2, 1861, the President was authorized to borrow not to exceed \$10,000,000. The act contained a prohibition against any stipulation or contract to prevent the United States from reimbursing any sum borrowed under the act after the expiration of 10 years, and provided that no contract should be made to prevent the redemption of the same after the expiration of 20 years from July 1, 1861.

Mr. President, I beg to remind Senators that when these loans were provided for the whole future of this Government was threatened. We were in the midst of a civil war at that time; and yet, as hard a strain as that condition put upon Government credit, at no time during those dark days did this Government ever consider authorizing the borrowing of money and leaving to the discretion of a single executive officer the terms and the limitations of the obligation that was to be incurred.

Every time the Congress of the United States fixed the interest rate, fixed the period for which the loan was to run, and held its guiding hand upon the financing of the great sums—and they were great sums at that time—necessary to carry on the war for the preservation of the Union.



Under the act of July 17, 1861, the President was authorized to borrow \$250,000,000 and to issue coupon and registered bonds or Treasury notes in such proportions as he might deem advisable, the interest on the bonds not to exceed 7 per cent annually, payable semiannually, irredeemable for 20 years, and after that period redeemable at the pleasure of the United States. I am going to call your attention in just a moment to the very sound opinion of John Sherman—one of the greatest financiers, I think, that this Government has produced in all its history—commending this course.

I pass now to the third issue.

Under the act of March 3, 1863, the Secretary of the Treasury was authorized to borrow \$300,000,000 for the current fiscal year and \$600,000,000 for the next fiscal year, and to issue bonds in denominations of not less than \$50 and at a rate not exceeding 6 per cent, and to dispose of such bonds upon such terms as he might deem most advisable for lawful money of the United States, or for any of the certificates of indebtedness or deposits that might at any time be unpaid, or for Treasury notes thereafter issued, such bonds to be payable at the pleasure of the Government after such period as might be fixed by the Secretary, not less, however, than 10 years nor more than 40 years from date. I undertake to say that you can not find a precedent for what Congress has been doing or what Congress proposes to do in this legislation.

Under the act of March 3, 1864, the Secretary of the Treasury was authorized to borrow not exceeding \$200,000,000 and to issue bonds for same "redeemable at the pleasure of the Government after any period not less than five years and payable at any period not more than 40 years from date, \* \* \* bearing interest not exceeding 6 per cent a year."

Under the act of June 30, 1864, the Secretary of the Treasury was authorized to borrow \$400,000,000, to issue bonds of the United States "redeemable at the pleasure of the Government after any period not less than 5 nor more than 30 years, or if deemed expedient made redeemable at a period not more than 40 years from date, \* \* \* and bear annual interest not exceeding 6 per cent."

This act also authorized the Secretary of the Treasury to issue in lieu of these bonds not exceeding \$200,000,000 of Treasury notes, payable at any time not exceeding three years, and bearing interest at 7½ per cent, payable in lawful money.

The act of March 3, 1865, authorized the Secretary to borrow not to exceed \$600,000,000 and to issue bonds or Treasury notes, the bonds payable at any period not more than 40 years from date of issue, or redeemable at the pleasure of the Government at or after any period not less than 5 years nor more than 40 years from date. The bonds were to issue at a rate of interest not exceeding 6 per cent, payable in coin.

Mr. President, John Sherman, of Ohio, spoke in the Senate on May 22, 1866, upon the bill to reduce the interest on the national debt and funding the same. Now, mark you, this occurred in 1866, as soon as the war was over. The Civil War, down to that time the greatest in history, had put a heavy strain upon the finances of the world. A great war makes a drain not only upon the finances of the country involved, but is a tax more or less, through disturbance of business and through readjustment, upon the finances of the world. Yet, Mr. President, one year after the war conditions changed, the interest rate dropped, and the Government, through the wisdom and foresight of the statesmen of that war period, was in a position to avail itself of those changed conditions.

Mark you, Mr. President, that is a point not to be lost sight of. When the money is borrowed it must be borrowed upon the terms of the lender. Even the Government must pay at such a time whatever it pleases the lender to demand. Otherwise the money will not be loaned. So Congress or any other governmental authority in fixing the terms upon which the money is to be borrowed in war time will make the terms liberal enough to insure the securing of the loan. The Government can not afford to fail in negotiating the loan, and that imposes a greater obligation upon those charged with the responsibility of authorizing the loan, since the loan must be negotiated under conditions which enable the lender to very nearly fix the terms, to see that there shall be in that contract the opportunity for the Government, after the crisis shall have passed and when the Government should have in fairness to the people, who must pay, an opportunity to readjust on terms that are fair to the lender and to the borrower, and that the conditions of the contract shall be such that the readjustment can be made.

So you see here we have the striking precedent and example of this Government in 1866, one year after the Civil War closed, availing itself of the important provision, which had been enacted during the war, for a readjustment of interest rates, so

that the people were not obliged to go on paying the high interest rates; so that they might discharge any part of the principal that they were able to pay and stop the interest altogether or as to any amount of the principal which they were not prepared to discharge; that they might readjust interest rates.

John Sherman, speaking in the Senate May 22, 1866, upon a bill to reduce the rates of interest on the national debt and funding same, said:

I do not arraign the policy that was adopted during the war of making short loans. It was proper to do it; it was necessary to do it. It is not proper for this Government to stipulate to pay these high rates of interest for a long period of time.

Remember, Senators, that in peace we negotiated the Panama Canal bonds at 3 per cent, and I am not sure but that at a lower rate than that; but certainly not higher than 3 per cent. When this world shall have happily found peace and interest rates go down, let us not now by any remissness on our part make it possible for the high interest rates that are being fixed in this legislation—4 per cent, only partially taxable—being continued for an indefinite period. Before it leaves our control let us not leave it without having written into the legislation that which will give us a chance to revise the conditions.

Continuing, Senator Sherman said:

It is not proper for this Government to stipulate to pay these high rates of interest for a long period of time, and therefore during the war it was necessary to make short loans at a high rate of interest, but it was always done in view of reducing the rate of interest after the war was over, and with a view of consolidating the whole debt. The policy, so far as I know, of those connected with the finances of the country has been to keep ever in view the principle of redeemableness in every form of security issued during the war. Therefore the five-twenty bond was payable or might be paid after five years. The seven-thirties and the various forms of securities that have been issued are within the reach of the Government in a short time.

So, Mr. President, we have not only the precedent of legislation, but we have the admonitions of one of the wisest statesmen, one of the most eminent financiers, this country ever produced. I think if my time had permitted I could have collected volumes of like authority upon this subject.

The quotation I have just read was May 22, 1866. I read another short quotation from Senator Sherman. Speaking on the funding bill February 27, 1868, Senator Sherman said:

There is another way in which I suppose we might negotiate a bond at a low rate of interest, and that is by postponing the payment of the principal to an indefinite period—

As far as Congress is concerned, that is what we are doing here. According to the authority, there is a class of Government obligations that are called indefinite, they are so remote in the period of time fixed for their redemption, and Senator SHERMAN said:

There is another way in which I suppose we might negotiate a bond at a low rate of interest; and that is by postponing the payment of the principal to an indefinite period. That, however, is against the American notions of finance. Our people have always looked upon a debt as a burden to be paid off as rapidly as possible, and public opinion and good policy would not tolerate the making of a very long loan; and I for one would not, under any circumstances, vote for one which it would not be within the power of the Government to redeem within 20 years.

Mr. KING. Mr. President—

Mr. LA FOLLETTE. I yield.

Mr. KING. I was called from the Chamber, and I did not hear the opening remarks of the Senator from Wisconsin. I am very deeply interested in the phase of the subject he is now discussing. Was the subject in the committee considered; and if so, if it is not revealing the secrets of the committee, what is the reason assigned for not placing a limitation upon the time issue of the bonds?

Mr. LA FOLLETTE. Mr. President, I brought the matter to the attention of the committee and reserved the right to present upon the floor precisely the amendments which I have offered. At the same time I made inquiry of the members of the committee who are much older in service upon the Committee on Finance of the United States Senate than I am. My position upon that committee, because of my more recent appointment upon the committee, is at the foot of the table. I asked the older members of the committee if they could advise me as to whether there had ever been legislation of this sort passed by Congress in which the conditions of the bond as to payment, as to time of payment, and all the other conditions were not fixed by Congress itself. Nobody about the committee was able to advise me, and I reserved the right to offer such amendments on the floor after I should have time to look the matter up.

I will say to the junior Senator from Utah that the bill was before the committee, considering its magnitude, but a very brief period of time. We disposed of it in two days, with partial sittings, with the Senate in session at the same time. To sum it up, I did not have time to go into that matter at all, and I am placing before the Senate the information which I would have



placed before the committee had I, from the time I received the first notice that the meeting of the committee for the consideration of the bill, had a chance to examine all the acts to which I am now calling the attention of the Senate. Now, Mr. President—

Mr. STERLING. Before the Senator from Wisconsin passes on I should like to ask him if our financial history discloses any hesitation or delay in taking such bonds as he speaks of, bonds running for a short period, the five-twenties, for example? Was there hesitation and delay in negotiating the sale or the taking of the bonds by the public because of the short period?

Mr. LA FOLLETTE. I have found no reference to anything of the kind in any of the financial works that cover the period in a historical way which I have examined.

Mr. NORRIS. If the Senator will permit an interruption, I suggest, in answer to the query of the Senator from South Dakota, that I noted the acts while the Senator was reading. I think nearly all, if not all, the later acts provided for a five-year period in which the bonds would run.

Mr. LA FOLLETTE. I think there is the answer to the Senator's interrogatory.

Mr. NORRIS. It seems to me that is a complete answer to the question.

Mr. LA FOLLETTE. A time-limit contract would not have been repeated as it was in the later issue legislation if there had been any difficulty whatever in negotiating the bonds.

Mr. STERLING. I will simply say I never heard any objection or any delay in negotiating those bonds because of the short time.

Mr. LA FOLLETTE. I have not found any.

Mr. President, I am not going to take the time of the Senate or the time of the Senators who are present to read the issue of bonds in the other years which I have collected here. I will just ask leave to make such extracts from these accounts of that legislation as I have gathered and to incorporate it without reading.

The VICE PRESIDENT. Without objection, it is so ordered. The matter referred to is as follows:

The act of May 7, 1800 (6th Cong., 1st sess., ch. 42), provides:

"That the President of the United States shall be, and hereby is, authorized to borrow on behalf of the United States, from the banks of the United States, which is hereby authorized to lend the same, or from any other body or bodies politic or corporate, or from any person or persons, and upon such terms and conditions as he shall judge most advantageous for the United States, a sum not exceeding \$3,500,000 in addition to the moneys to be received into the Treasury of the United States from taxes, for making up any deficiency in any appropriation heretofore made by law, or to be made during the present session of Congress, and defraying the expenses which may be incurred by calling into actual service any part of the militia of the United States, or by raising, equipping, and calling into actual service any regular troops or volunteers, pursuant to authorities vested or to be vested in the President of the United States by law: *Provided*, That no engagement nor contract shall be entered into which shall preclude the United States from reimbursing any sum or sums borrowed at any time after the expiration of 15 years from the date of such loan."

The act of May 2, 1811 (11th Cong., 3d sess., ch. 32), provides:

"That the President of the United States be, and he is hereby, empowered to borrow, on the credit of the United States, a sum not exceeding \$5,000,000 at a rate of interest, payable quarterly yearly, not exceeding 6 per cent per annum, and reimbursable at the pleasure of the United States or at such periods as may be stipulated by contract, not exceeding six years from the 1st day of January next, to be applied in addition to the moneys now in the Treasury or which may be received therein from other sources during the present year to defray any of the public expenses which are or may be authorized by law."

The act of March 14, 1812 (12th Cong., 1st sess., ch. 41), provides:

"That the President of the United States be, and he is hereby, authorized to borrow on the credit of the United States a sum not exceeding \$11,000,000, at an interest not exceeding 6 per cent per annum, payable quarterly yearly, to be applied, in addition to the moneys now in the Treasury or which may be received from other sources, to defray any of the expenses which have been or may during the present session of Congress be authorized by law and for which appropriations have been or may during the present session of Congress be made by law: *Provided*, That no engagement nor contract shall be entered into which shall preclude the United States from reimbursing any sum or sums thus borrowed at any time after the expiration of 12 years from the 1st day of January next."

"SEC. 2. *And be it further enacted*, That the President of the United States be, and he is hereby, authorized to cause to be constituted certificates of stock signed by the Register of the Treasury or by a commissioner of loans for the sum to be borrowed by virtue of this act, or for any part thereof, bearing an interest of 6 per cent and reimbursable as aforesaid," etc.

The act of February 8, 1813 (12th Cong., 2d sess., ch. 21), provides:

"That the President of the United States be, and he is hereby, authorized to borrow on the credit of the United States a sum not exceeding \$16,000,000, to be applied, in addition to the moneys now in the Treasury or which may be received from other sources, to defray any of the expenses which have been or during the present session of Congress may be authorized by law and for which appropriations have been or during the present session of Congress may be made by law: *Provided*, That no engagement nor contract shall be entered into which shall preclude the United States from reimbursing any sum or sums thus borrowed at any time after the expiration of 12 years from the 1st day of January next."

"That the President of the United States do cause to be laid before Congress on the first Monday in February, 1814, or as soon thereafter as Congress may be in session, an account of all the moneys obtained

by the sale of the certificates of stock by virtue of the power given him by the preceding section, together with a statement of the rate at which the same may have been sold."

"That the Secretary of the Treasury be, and he is hereby, authorized to employ, with the approbation of the President of the United States, an agent or agents for the purpose of obtaining subscriptions to the loan authorized by this act or of selling any part of the stock created by virtue thereof. A commission not exceeding one-quarter of 1 per cent on the amount thus sold or for which subscriptions shall have been thus obtained may be by the Secretary of the Treasury be allowed to such agent or agents; and a sum not exceeding \$40,000, to be paid out of any moneys in the Treasury not otherwise appropriated, is hereby appropriated for paying the amount of such commission or commissions as may be thus allowed and also for defraying the expenses of printing and issuing the subscription certificates and certificates of stock and other expenses incident to the receiving of subscriptions and completing the loan authorized by this act," etc.

The act of August 2, 1813 (13th Cong., 1st sess., ch. 51), provides: "That the President of the United States be, and he is hereby, authorized to borrow, on the credit of the United States, a sum not exceeding \$7,500,000, to be applied in addition to the moneys now in the Treasury or which may be received from other sources, to defray any expenses which have been or which may be authorized for the service of the years 1813 and 1814 and for which appropriations have been or may be made by law during those years: *Provided*, That no engagement or contract shall be entered into which shall preclude the United States from reimbursing any sum or sums thus borrowed at any time after the expiration of 12 years from the 1st day of January next."

"SEC. 2. *And be it further enacted*, That the Secretary of the Treasury, with the approbation of the President of the United States, be, and he is hereby, authorized to cause to be constituted certificates of stock, signed by the Register of the Treasury or by a commissioner of loans, for the sum to be borrowed by this act or for any part thereof, and the same to be sold: *Provided*, That no such certificate shall be sold at a rate less than 88 per cent, or \$88 in money for \$100 in stock. And the Secretary of the Treasury shall cause to be laid before Congress, on the first Monday in February, 1814, or as soon thereafter as Congress may be in session, an account of all the moneys obtained by the sale of the certificates of stock in manner aforesaid, together with a statement of the rate at which the same may have been sold," etc.

The act of July 22, 1846 (29th Cong., 1st sess., ch. 64), provides:

"That the President of the United States is hereby authorized to cause Treasury notes to be issued for such sum or sums as the exigencies of the Government may require; and, in place of such of the same as may be redeemed, to cause others to be issued; but not exceeding the sum of \$10,000,000 of this emission outstanding at any one time, and to be issued under the limitations and other provisions contained in the act entitled 'An act to authorize the issue of Treasury notes,' approved the 12th of October, 1837, except that the authority hereby given to issue Treasury notes shall expire at the end of one year from the passage of this act."

"That the President, if in his opinion it shall be the interest of the United States to do so, instead of issuing the whole amount of Treasury notes authorized by the first section of this act, may borrow on the credit of the United States such an amount of money as he may deem proper, and issue therefor stock of the United States for the sum thus borrowed, in the same form, and under the same restrictions, limitations, and provisions, as are contained in the act of Congress, approved April 15, 1842."

"*Provided, however*, That the sum so borrowed, together with the Treasury notes issued by virtue of this act, shall not in the whole exceed the sum of \$10,000,000; *And provided further*, That no commission shall be allowed or paid for the negotiation of the loan authorized by this act; and also that the said stock shall be redeemable at a period not longer than 10 years from the issue thereof."

"That the Treasury notes and the stock issued under the provisions of this act shall not bear a higher rate of interest than 6 per cent per annum, and no part thereof shall be disposed of at less than par."

The act of January 28, 1847 (29th Cong., 2d sess., ch. 5), provides:

"That the President of the United States is hereby authorized to cause Treasury notes, for such sum or sums as the exigencies of the Government may require, but not exceeding in the whole amount of notes issued the sum of \$23,000,000, and of denominations not less than \$50 for any one note, to be prepared, signed, and issued in the manner hereinafter provided."

"That the said Treasury notes authorized to be issued by the first section of this act shall be reimbursed and redeemed by the United States, at the Treasury thereof, after the expiration of one year or two years from the dates of the said notes, respectively; from which said dates they shall bear such interest until they shall be respectively redeemed, as shall be expressed upon the face of the said notes, which rate of interest upon each several issue of the said notes shall be fixed by the Secretary of the Treasury, by and with the advice and approbation of the President, but shall in no case exceed the rate of interest of 6 per cent per annum," etc.

The act of March 31, 1848 (30th Cong., 1st sess., ch. 26), provides:

"That the President of the United States be, and he is hereby, authorized, at any time within one year from the passage of this act, to borrow, on the credit of the United States, a sum not exceeding \$16,000,000, or so much thereof as in his opinion the exigencies of the Government may require, at a rate of interest not exceeding 6 per cent per annum, payable quarterly or semiannually, which loan shall be made reimbursable at any time after 20 years from the 1st day of July next after the passage of this act."

"That the Secretary of the Treasury be, and he is hereby, authorized, with the consent of the President of the United States, to cause to be prepared certificates of stock. *Provided*, That no part of said stock be sold below par."

"That the Secretary of the Treasury be, and he is hereby, authorized to receive proposals for the taking of such loan, or any part or parts thereof; and that before disposing of the said stock issued for such loan the Secretary of the Treasury shall cause to be inserted in one or two public newspapers printed in the city of Washington and in one or two public newspapers printed in the principal city or capital of each State an advertisement stating that bids and proposals for such loan will be received until a certain day, to be specified in such advertisement, not more than 60 days or less than 20 days from the time of the first insertion of said advertisement in one or two newspapers in the city of Washington, and stating the amount of the loan required, and in what installments, and when and where it will be required to be paid," etc.

The act of June 22, 1860 (36th Cong., 1st sess., ch. 180), provides:

"That the President of the United States be, and hereby is, authorized, at any time within 12 months from the passage of this act, to



borrow, on the credit of the United States, a sum not exceeding \$21,000,000, or so much thereof as, in his opinion, the exigencies of the public service may require. \* \* \*

"That stock shall be issued for the amount so borrowed, bearing interest not exceeding 6 per cent per annum, and to be reimbursed within a period not beyond 20 years and not less than 10 years. \* \* \*

*Provided*, That no certificate shall be issued for a less sum than \$1,000. \* \* \*

"That before awarding said loan the Secretary of the Treasury shall cause to be inserted in two of the public newspapers of the city of Washington, and in one or more public newspapers in other cities of the United States, public notice that sealed proposals for such loan will be received until a certain day, to be specified in such notice, not less than 30 days from its first insertion in a Washington newspaper. \* \* \*

*And provided*, That no stock shall be disposed of at less than its par value; and the sum of \$5,000 is hereby appropriated, out of any money in the Treasury not otherwise appropriated, to pay for engraving and printing the certificates and other expenses of executing this act," etc.

The act of February 5, 1861 (36th Cong., 2d sess., ch. 25), provides: "That the President of the United States be, and hereby is, authorized, at any time before the 1st day of July next, to borrow, on the credit of the United States, a sum not exceeding \$25,000,000. \* \* \*

"That stock shall be issued for the amount so borrowed, bearing interest not exceeding 6 per cent per annum, and to be reimbursed within a period not beyond 20 years and not less than 10 years. \* \* \*

*Provided*, That no certificate shall be issued for a less sum than \$1,000. \* \* \*

"That before awarding said loan the Secretary of the Treasury shall cause to be inserted in two of the public newspapers of the city of Washington, and in one or more public newspapers in other cities of the United States. \* \* \*

And the said Secretary shall report to Congress at the commencement of the next session the amount of money borrowed under this act, and of whom and on what terms it shall have been obtained, with an abstract or brief statement of all the proposals submitted for the same, distinguishing between those accepted and those rejected, with a detailed statement of the expense of making such loans," etc.

Mr. LA FOLLETTE. With that, Mr. President, I leave this matter to the sound consideration of the Senate.

Mr. STONE. Mr. President, when the Senator from Wisconsin asked on yesterday to have the bill go over until to-day, stating in substance that he had several amendments to offer, but expressing the opinion that only a comparatively brief time would be occupied in discussion, I agreed to the request to have the bill go over. I hoped that we would be able to take up the bill this morning and dispose of it without prolonged debate, although I was at the time doubtful about a realization of that hope. However, I still indulge the hope that debate may not be unduly protracted.

The Senator from Wisconsin is a member of the Committee on Finance. This bill came to the Senate from the House on September 7 and was referred on that day to the Senate Finance Committee. It was reported by the Finance Committee to the Senate on September 13. So the bill was here in charge of the Senate for a week before it was reported back by the committee, and Senators had ample opportunity to examine it if they desired to do so.

I regret that the Senator from Wisconsin did not present his amendments to the Committee on Finance while the bill was being considered there. He was present at the committee meetings, as he has stated. The Secretary of the Treasury was present at those meetings for the greater part of two days, as were two other gentlemen connected with the Treasury Department, as I have said heretofore.

The Committee on Finance has had no opportunity to discuss the amendments which the Senator proposed on yesterday; they have not been considered by the committee. I regret that the Senator from Wisconsin did not bring his suggestions, which are now made to the Senate, before the committee in the first instance, that they might have been first considered there. It is true that at the conclusion of the committee hearings the Senator stated that he reserved the right to present amendments in the open Senate; that he did not know at that time what amendments, if any, he would present; but that he reserved the right to present amendments; that is true.

The Senator from Wisconsin says that he asked the committee when in session what were the terms of previous bond issues, and that no one seemed able to give him the information he sought. I accept the Senator's statement that he made that inquiry, although I have no personal remembrance of it; and, even if I had heard the inquiry, I for one could not, on the spur of the moment, have been able to answer the Senator's question any more than the Senator could have answered it for himself. The Senator from Wisconsin is an able and experienced public man; he has served in the two Houses of Congress as long as almost any of us; he is now holding a commission authorizing him to sit in the Senate, a position he adorns with his exceptional abilities, and the matter he desired to know about could have been examined by him as well as by any man, during the week the bill was pending in the Senate and before it was acted on by the Senate committee. No Senator could know better how to find the information he desired, no Senator knows better the

avenues through which information can be obtained than does my distinguished friend from Wisconsin.

Mr. LA FOLLETTE. Mr. President—

The PRESIDING OFFICER (Mr. POINDEXTER in the chair). Does the Senator from Missouri yield to the Senator from Wisconsin?

Mr. STONE. I do not wish the Senator from Wisconsin to feel any offense at what I am saying, for I am not indulging, nor is it my purpose to indulge, in captious or offensive criticism of him. I am merely saying that the Senator had the opportunity as complete as that of any other Senator or any member of the committee to secure the information he wanted. He had the same opportunity as others to read the bill, to criticize it, and to submit amendments to it. He could have done that as well as any of his committee colleagues.

Mr. LA FOLLETTE. I will answer the Senator in my own time.

Mr. STONE. Mr. President, I yield to the Senator. The Senator can take time now if he desires to do so.

Mr. LA FOLLETTE. No; I do not care to do so.

Mr. STONE. Very well.

Mr. President, as I have stated, the Senator from Wisconsin reserved the right to offer amendments. He submitted none to the committee, but he brings his amendments here and offers them in the open Senate, and it seems the day is to be taken up in debating them. I think he should have given the committee a chance to consider them. There may be merit in some of these amendments; there may not be; but I do think they ought to have been submitted to the Committee on Finance by the Senator, who is a distinguished member of that committee, and who attended the hearings before the committee and had the bill in his hands for days before the committee took it up. So much for that.

Mr. President, the language of the bill as it came from the other House and as it came from the Committee on Finance of the Senate, as to the provision now under discussion, is as follows:

The bonds herein authorized shall be in such form or forms and denomination or denominations and subject to such terms and conditions of issue, conversion, redemption, maturities, payment, and rate or rates of interest, not exceeding 4 per cent per annum, and time or times of payment of interest, as the Secretary of the Treasury from time to time at or before the issue thereof may prescribe. The principal and interest thereof shall be payable in United States gold coin of the present standard of value.

To that the Senator from Wisconsin offers an amendment, to come in after what I have read, to this effect:

*Provided*, That such bonds shall be redeemable at the pleasure of the United States after five years from the date of issue and payable 20 years from such date.

In other words, to make these bonds five-twenty bonds.

Mr. President, on April 24, 1917, Congress passed a law, which was approved on that date, authorizing the issue of \$5,000,000,000 of bonds similar to the bonds authorized in the pending bill and for the same general purposes, which contained this language:

The bonds herein authorized shall be in such form and subject to such terms and conditions of issue, conversion, redemption, maturities, payment, and rate and time of payment of interest, not exceeding 3½ per cent per annum, as the Secretary of the Treasury may prescribe.

That is almost the exact language of the bill before the Senate, and that was passed with practical unanimity by the Senate and by the House.

Mr. President, what the House and the Senate committees have done was to adopt substantially and almost in the same words what we did in the act of April 24 last. Under that act of April 24, and under the authority that act conferred upon the Secretary of the Treasury, he issued \$2,000,000,000 of the \$5,000,000,000 of bonds authorized, making them payable at the pleasure of the Government at any time between 15 and 30 years from date, the Government having the right to exercise the option of paying the bonds at its pleasure during that period, but being obliged to take all of them up at the end of 30 years.

What is the situation confronting us? We are proposing to issue seven and one-half billion dollars of bonds. We all know that the probability is that before the war ends we may have to issue another seven and a half billions, and even more than that. No man can tell to what extent this war may impose financial obligations upon this Government. The Senator from Wisconsin would require the Secretary of the Treasury to put out these seven and a half billion dollars of bonds as five-twenty bonds. Do you think he could do it? Considering the vastness of the proposition, do you think he could do it? Do you not at least think there is a great difficulty confronting the Secretary in this task, even with the authority conferred upon him by the bill to exercise discretion as to the maturity of the bonds?



Remember, these seven and a half billion dollars of bonds must be put out during this fiscal year, of which only nine and a half months remain.

Mr. President, my distinguished friend, the Senator from Illinois [Mr. LEWIS], who is especially looking after quorums, advises me sub rosa that I am endangering the presence of a quorum by the talk I am making. I am more anxious to have a vote than I am to make a speech.

Mr. LEWIS. Mr. President, I can not have the Senator leave the record as his statement might leave it.

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Illinois?

Mr. STONE. Sure, I yield.

Mr. LEWIS. I beg to say that the Senator is not endangering a quorum. His addresses are always informing and illuminating. I only desired to call attention to the fact that this being Saturday afternoon many Senators have come to me and stated that they wanted to get away for certain reasons, and I simply informed the Senator of that fact, feeling that if he did not consider that his address was necessary to the occasion there was that reason why he should not prolong it, not that his address interferes with anything, for he always adds to any subject which he discusses.

Mr. STONE. Not feeling that what I am saying is necessary, I am willing to quit right now and call for a vote. Above all things, I want a vote. Knowing Senate conditions as I do, I thank my friend from Illinois for his timely suggestion.

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Utah?

Mr. STONE. Yes.

Mr. KING. I submit to the Senator from Missouri that perhaps if he would call for a vote immediately he might have some votes against him that otherwise, because of his illuminating address, might be in favor of the position which he has assumed. I therefore suggest to him, if it meets with his approval, that he continue his very able and very interesting discussion of this question, because, I will say to him now frankly, if he calls for a vote, I shall vote against the committee and for the amendment of the Senator from Wisconsin.

Mr. STONE. Mr. President, I am sorry that the Senator has that opinion, but I fear I should not convince him by continuing.

Mr. ROBINSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Arkansas?

Mr. STONE. I yield.

Mr. ROBINSON. I merely wish to ask the Senator from Utah how long he thinks it would require for the Senator from Missouri to convince him?

Mr. STONE. I seem not to have made much progress in that direction so far.

Mr. LEWIS and Mr. KING addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Missouri yield; and if so, to which Senator does he yield?

Mr. STONE. To either of them.

Mr. LEWIS. I do not desire to interfere. I was merely about to make a suggestion, which, however, may not be necessary.

Mr. KING. Mr. President, if the Senator will pardon me, in what I said there was perhaps some facetiousness; but I do submit in all seriousness to my distinguished friend from Missouri that this is a very important phase of a very important question. That the issue of these bonds is necessary can not be denied; but in view of the past financial history of our country and the fact that there was a limit placed upon the bonds in the acts under which they were authorized, it seems to me that it would have been a wise idea to have limited the life of the bonds, not to 20 years, for I am not in sympathy with that feature of the provision of the amendment of the Senator from Wisconsin, nor am I in sympathy with the five-year limit; but it occurred to me that a limit of ten-thirty or ten-forty would be proper and would be infinitely better than to leave it as it is. Of course, we all have supreme confidence in the present Secretary of the Treasury; no more able man ever filled that position; but I think it would be unwise legislation to pass this bill without a time limit on the bonds. The fact that we passed one bill does not foreclose us, if there was a mistake or an omission in it, from curing the defect in subsequent legislation.

Mr. STONE. Oh, to be sure. Mr. President, I am not going to proceed with the discussion, except to this extent: I wish to read what Secretary McAdoo stated on this subject, which is not very long, and, so far as I am concerned, I shall then leave

the matter to the Senate. On page 28 of the House hearings on this bill Secretary McAdoo said:

The liberty bonds, as you know, were issued as 15-30 year bonds. They are what we call 15-30 year bonds. The Government has the right to call them at any time after 15 years, and they mature absolutely at 30 years. I believe that it was well to have that sort of option for the Government to take them up after 15 years.

Now, this is what I wish to call the attention of the junior Senator from Utah and others to:

I am contemplating issuing—I can not say just when, but before we get through with the whole operation—I contemplate issuing bonds with such maturities that they will in effect become serial issues ultimately. The difficulty is this: If we were issuing bonds to the limited number of experienced investors in this country, you would issue them with varying maturities; but if you are dealing with the great mass of the people, who are not familiar with investments, it is important to simplify as much as you can the provisions of the bonds, not only as to the maturities but as to taxation and everything else. We might say, for instance, that under a 5-year loan the total amount required might be \$1,000,000,000. We might issue that as a 5-year loan, so that everybody could buy 5-year bonds. Then we might issue another loan at 6 years, another at 7 years, another at 9 years, and another at 10 years, as the case may be. I would rather do it that way than to issue \$2,000,000,000 of bonds at one time, with maturities ranging from 5 to 10 years, because that would lead to some confusion. Then you might have all your subscriptions for the short installment and practically no subscriptions for the 10-year installments, or vice versa. Therefore I think it would be better to adjust the maturities, by making each issue have one maturity different from the others, so that they will become in effect a serial issue, without the inconvenience incident to issuing bonds of serial maturities at one time.

Mr. President, I understand it to be the policy of the Secretary, in handling this vast loan, to put out as far as possible short-time serial bonds; at least, to make that effort and do the very best he can along that line. But, sir, do not forget we are in this war. We must have money; we must finance the war; and suppose—just suppose—that the Secretary should fail to negotiate a certain character of loan. Suppose he should fail, if this amendment of the Senator from Wisconsin should be adopted, to put these five-twenties on the market and sell them, how would you run the war? The Treasury might be compelled to close for the lack of means to operate.

Conditions now are so different from what they have ever been before in the history of the Nation that I deem it wise to allow the Secretary to exercise the discretion authorized by this bill. I do not think that discretion will be abused. No one does.

Mr. SMOOT. Mr. President, it may be wise to limit by law the time for which a bond shall run, but it certainly will not be wise to place a minimum time on the issue of bonds provided in this bill.

We must remember that of the bonds provided in this bill, \$4,000,000,000 are to be sold for the purpose of purchasing foreign bonds. The foreign bonds are to have the same provisions in them that our bonds have that we sell to raise the money to purchase the foreign bonds. Now, we know very well that the foreign countries can not pay their bonds in five years. Even if the war were to cease within a few months, there is no one country whose bonds we are purchasing to assist them in fighting the present war that would be able to take them up in five years.

Again, the Senate ought to take into consideration the fact in this bill we have started to follow the practice of England and the other countries now involved in war in issuing short-time obligations. For instance, to-day England is issuing five different kinds of short-time obligations and utilizing them all.

She is issuing war-savings certificates in denominations from £1 to £500. In the bill that is before the Senate to-day we are providing for war-savings certificates, and we are providing that they shall not be issued for a longer period than five years; and they will be issued in small denominations. In other words, Mr. President, it would be impossible from a financial point of view to have these \$5 war-savings certificates issued and undertake to pay the interest either semiannually or annually, or at any given period within the five years. The expense of it would be so great that it would eat up the most of the certificates. Therefore, the way these war-savings certificates will be issued will be by an issue of the certificate upon the payment of about \$4.17, upon which the certificate will be issued to the purchaser, and at the end of the five years' time the Government of the United States pays \$5 for that certificate. In other words, the interest is deducted at the beginning at the rate of 4 per cent, and when the purchaser purchases it he does not pay the interest but simply pays about \$4.17 and receives a certificate for \$5 payable by the Government of the United States in five years. That does away with all of the expense of collecting interest at specified periods.

We expect to be just as successful in this country in placing that kind of certificate with the people of the United States as England has been in placing the same sort of Government security with the English people.



Next, England issues exchequer bonds, beginning with a denomination of £5, or in round numbers \$25.

The next short-term issue she denominates as war-expenditure certificates. They are only issued for the term of two years in England. We have not gone that far in this bill.

Next, she has a short-time issue denominated ways and means advances. Those consist of temporary advances by the Bank of England.

The next is what they term their treasury bills, sometimes issued for a few months only, but in no case for more than two years.

All of these issues are used for the purpose of more universally distributing the Government obligations to the people in general.

Mr. President, at times England has had out \$7,000,000,000 of different classes of obligations. I am speaking now of the treasury bills and the short-time certificates of indebtedness. When the amount gets so large that she feels that it is necessary to issue a long-term bond, then she provides for that issue. That is exactly what the Secretary of the Treasury expects to do in this country, Mr. President; and if these short-time certificates and these war-savings certificates are taken generally in the United States, I will assure the Senate that we will have all we can do to meet the payments for them, for there is not one of them that will be issued for a period of over five years. So, why now undertake to say that a bond shall have the privilege of redemption in 5 years and that it shall be paid within 20 years?

Mr. President, if the Senate wants to vote for the amendment offered by the Senator from Wisconsin, if he were present I would suggest that he amend that amendment so that it would read in this way:

*Provided, That such bonds shall be redeemable and payable at the pleasure of the United States after five years—*

and so forth. The mere fact of providing that they shall be redeemable and not providing that they shall be payable of course would hardly be sufficient.

Mr. SHAFROTH. Mr. President, I should like to ask the Senator a question.

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Colorado?

Mr. SMOOT. Certainly.

Mr. SHAFROTH. I should like to ask the Senator whether his experience has enabled him to determine what is the most favored bond, the kind most readily sold—whether you should have a minimum and a maximum period of payment or not, and how much of a minimum and how much of a maximum is most favored?

Mr. SMOOT. Mr. President, regular bond buyers, people who deal in bonds as a business—and that is where a great proportion of bonds are sold—would very much prefer to have a fixed time at which the bonds would be payable.

Mr. KING. Mr. President—

Mr. SHAFROTH. Does not the fixing of a minimum and a maximum period, as to the favored time, depend very much upon the bond market, which can not with any certainty be anticipated by Congress in passing a fixed law?

Mr. SMOOT. I should have no objections to a maximum time or a minimum time if the conditions were normal. Conditions are not normal and we are not selling our bonds at the rate of interest at which England is issuing her bonds to-day. Our first bond issue was at 3½ per cent. This bond issue is at 4 per cent, partially taxable. I say "partially" because State taxation and some of the Federal taxes imposed do not apply to the bonds that are to be issued.

The PRESIDING OFFICER. Does the Senator from Utah yield to his colleague?

Mr. KING. Mr. President, if my friend will pardon me, he has passed the matter to which I was about to refer. I was only going to state to the Senator from Colorado, in connection with what my colleague stated, that in the case of bonds with which I have had something to do as counsel that were issued and sold by corporations, as much as 1 per cent interest has been differentiated between a long-time bond and a short-time bond. That is to say, as between a bond that is not redeemable within 20 years and one redeemable in 5 years, the 20-year bond would sell for a very much lower rate of interest.

Mr. SHAFROTH. I think, Mr. President, that to fix in the law a maximum and a minimum period might not suit these times, for I believe the condition of the market has to be taken into consideration, and the condition to-day is not the same as it probably will be even two months from now. For that reason I think it would be better to have it subject to the discretion of the Secretary of the Treasury.

With relation to this testimony that the Secretary gave before the Committee on Ways and Means of the House of Rep-

resentatives, I am in great hopes that he will attempt in some way to have serial bonds issued, if the market will justify it, because that will obviate and avoid to a large extent the accumulation of a fund for the purpose of redeeming them, which is always a loss to the Government. I know that in the city of Denver we issue bonds in this way: We make them payable in 10 years, and then provide that they shall be paid in the following five successive years—that is, one-fifth of the amount is paid in the eleventh year, one-fifth in the twelfth year, one-fifth in the thirteenth year, one-fifth in the fourteenth year, and one-fifth in the fifteenth year. That makes it so that we do not have to have an accumulated sinking fund; and a sinking fund is always a very undesirable thing. Denver levies a tax each year after 10 years for one-fifth of the bonds, and thereby it wipes out the bonds without any great hardship to anyone; and that, I understand, is somewhat the principle that the Secretary has indicated he might adopt in his testimony before the House committee. I hope he will be given the opportunity to try it.

Mr. SMOOT. No one is more opposed to conferring unlimited power upon any Government official than I am; but, Mr. President, the Secretary of the Treasury has told the committee of the House, and he repeated it to the Finance Committee, what policy he intended to follow in issuing these bonds.

Speaking of the Civil War and how bonds were issued at that time, let me say that no one thought of serial bonds at that time. They are of later origin. Cities and counties and States are becoming accustomed to it, and they are issuing serial bonds and saving millions and millions of dollars of interest to the people.

The policy the Secretary of the Treasury is going to follow out will be virtually issuing a serial bond, and it is to be sold at the time and in such amount that in effect it will be a serial bond, but in reality the bond itself will not provide for other than one date of payment.

Mr. STONE. Will the Senator let me interpolate—

Mr. SMOOT. Yes.

Mr. STONE. The Civil War bonds were issued at a high rate of interest, reaching as high as 7.30 per cent, and they sold below par, sometimes as low as 83. Hence I have said the situation is so entirely different that there is no room for comparison, and not for that reason alone, but there are other reasons as well.

Mr. SMOOT. Mr. President, I believe the Senate would like to pass this bill to-day. I did intend to answer the statement made by the Senator from Wisconsin as to what a 3½ per cent bond meant to a man who had an income of a million dollars as compared with an investment in some other security that was taxable. I called attention to that very fact when the revenue bill was before the Senate, but I do not think it ought to be taken into consideration in issuing these bonds, because the tax imposed under the revenue bill is not, we hope, to be imposed on the country longer than the close of the war, or at least not at the rates that are imposed in that measure.

Mr. President, I shall take no further time of the Senate now.

Mr. NORRIS. Mr. President, I had not intended to take any time on this bill, but I have listened to most of the discussions so far, and it seems to me that I ought to offer one or two observations that occur to me as a member of the jury; I am not a member of the committee. I am satisfied that I am like the other Senators here who have listened to the debate. I have had no other purpose in view than to get the best kind of a law that could be secured for the Government. So I listened for a considerable length of time to a discussion as to whether the Senator from Wisconsin [Mr. LA FOLLETTE] ought to have offered these amendments in committee or whether he was wrong in waiting to offer them here on the floor of the Senate. Those who have been so anxious that no time be taken have devoted more time to a discussion of that question than I shall take to discuss the entire proposition. To me, while that might be important as a matter of courtesy by one Senator to the committee of which he is a member, it has nothing whatever to do with the case before the Senate, any more than flowers that bloom in the springtime. It seems to me, Mr. President, that the one question that is important is, How can the Government save the most money?

We are going to issue bonds during the war, and while the Senator from Missouri [Mr. STONE] has very truly said the times can not be compared with the times of the Civil War, when we paid a much higher rate of interest and when the bonds sold below par, at the same time these times are different from what they would be if we had no war, and everybody knows it. We have to pay a higher rate of interest to borrow money now than we did before the war and a higher rate than



we will have to pay after the war. It always increases the rate of interest that must be paid for borrowed money when we get into a war. That always has been the case, and I presume it always will.

The reason that to me is appealing why we should fix as short a time as possible when the Government should have a right to pay these bonds is that when peace comes again we can borrow money for a lower rate of interest. In five years from now, unless the history of all the past is to be reversed, we will be able to borrow money at 3 per cent, at least; probably at 2½ per cent. Then, why should we not retain the right to pay the bonds off in five years, not with the expectation now of actually paying them, but to do like we did after the Civil War—issue refunding bonds at a lower rate of interest and then take up the bonds that we have issued at a higher rate of interest. If you exclude from these bonds the right of the Government to do that, you make it impossible to do it, because the bonds will constitute a contract between the bondholder and the Government that nobody would want to violate, of course.

Therefore, unless there is some reason to the contrary, we ought to be able to refund these bonds with new bonds just as soon after the war as we possibly can. They put such a provision in practically all of the issues of the bonds in the Civil War, and they did that very thing. We have not paid some of them yet, but we have refunded all of them at a much lower rate of interest than we had to pay then. Why should we not safeguard the interests of the Government now as they did then? Even if they had not done it, why should we not do it now? Why is it not a good proposition?

We provide in this bill for the issuing of \$7,000,000,000 of bonds and they are going to draw 4 per cent. The interest will be \$280,000,000 a year. Assuming that they will run 30 years and that on the other hand we shall change the law and redeem them in five years, how much money would we save? We would save 1 per cent on \$7,000,000,000 for 25 years, and 1 per cent on \$7,000,000,000 is \$7,000,000. It would be a little over, I think. I have not figured it out, but figuring it in my head as I go it would be in round numbers \$2,000,000,000 that we would save for the taxpayers of the country. Now, why should we not do it?

Somebody says the bonds would not sell as well. When we had the other bond issue up I listened to a very able discussion of the question of serial bonds and I voted then to make them serial bonds. What did the men in the Senate who are recognized as the financiers then say? I do not say that they are any better financiers than any of the others, but they are recognized as financial experts. That means that they claim to know and no one has disputed them, and everybody assumes they do know. They said then that serial bonds would sell better than other bonds. If that is true, then we would not have to pay a higher rate of interest if we had the five years redemption proposition in them. But suppose we did. Let us say that we would have to pay 5 per cent instead of 4. Figure it out for yourself. That would mean 1 more per cent that you would have to pay for five years, and 1 per cent that you would save if the bonds were to run for 25 years, and the amount we would save even then would almost stagger the imagination. I do not believe there is anyone here who doubts but that these bonds would sell at par if we had the five years proposition in them; that is, making them redeemable at the pleasure of the Government after five years. Everybody would understand that they would be redeemed at the end of five years, because in all human probability we could borrow money for 3 per cent, perhaps for 2½ per cent, at that time, and we would issue other bonds and take them up.

The Senator from Utah [Mr. Smoot] says the modern way is to issue serial bonds. I agree with that statement. The Senator from Colorado [Mr. Shafroth] has just told us how they issue bonds in the little city of Denver.

I want to apologize to the Senator when I call it a little city, but I am using that in a comparative sense. I am comparing it with the great United States. I suppose he would probably admit, blushing perhaps, that in that sense it would be little. They issue serial bonds and are doing well with them.

The Senator from Utah says that he is opposed as much as anybody can be to giving such wonderful power to any one man. Then he says the Secretary of the Treasury has it in mind now to issue serial bonds. Yet the Senator from Utah would not dare vote for an amendment that would put it in the law, or anything near like it. If the Secretary of the Treasury is going to issue that kind of bonds, what objection is there to putting something like it in the law. I would be the last man to put anything in the bill that in my judgment could in any possible way interfere with the sale of these bonds in such a

way that the Government would lose any money by them; but if we had that five-year proposition in the bill, if we had to pay 6 per cent for the money and could borrow it in five years from now at 3 per cent, and nobody doubts that we can, we would save hundreds of millions of dollars even at that proposition.

The Senator from Wisconsin has referred us to what happened in the liberty bonds we have already issued at 3½ per cent. They must run 15 years. They can not run for more than 30 years without becoming due; but the Government has no right to pay them off until the expiration of 15 years. If what the Secretary of the Treasury did then is a criterion of what he will do under this bill, then he would save 15 years at 4 per cent. Now, take your pencil and a piece of paper and just figure out how many hundreds of millions of dollars the difference to the taxpayers of the United States would be between taking those bonds up at the end of five years and paying them at the end of 15 years.

There is not any doubt but that all of us want to do what it is for the best interest of the Government to do, and therefore I do not believe that we are much interested, so far as this proposition, at least, is concerned, as to whether this amendment ought to have been offered in committee or whether it ought to be considered now. Without any criticism of the amendment because it was not offered in the committee, to my mind it seems perfectly plain that it is to the financial interest of the Government to put this five-year proposition in the bill. I do not believe it ought to be more than five years. If it would be injurious and hurt the sale of bonds on the market, Congress in the Civil War period never would have repeated that error over and over again to the close of the war. As I said, even if they would not sell to within 2 per cent of what they would sell the other way, there would still be millions of profits if we would take them up in time of peace and borrow money at the rate we would have to pay at that time.

Mr. LA FOLLETTE. Mr. President, I trust Senators will not be led to disparage the amendment which I have offered because forsooth upon the criticism of the Senator from Missouri I ought to have offered that amendment in the committee. Senators will recall here that we finished the consideration of the revenue bill upon the 10th of September about 7.30 or 8 o'clock in the evening.

The Senator from Missouri has referred to the fact that this bill had been messaged from the House to the Senate prior to that time, that it had been received by the Senate on the calendar day of the 7th of September, and that was three days before we concluded the consideration of the revenue bill. I do not know how it was with other Senators, but I do know that as for myself I had found it impossible, even if my attention had been called to the fact that that bill had been sent over from the House to the Senate, even to read the bill at the time it was received here. I do believe that no Member of this body had an opportunity during those days to look at the bill. We were in the midst of a great debate here upon the revenue bill. It had been before the Senate for a month. We had been meeting at 11 o'clock in the morning and continuing our sessions without interruption until close to 6 o'clock every single day, and all of the time, I think, of Senators between the hour of recess at about 6 o'clock and the time of meeting the next morning at 11 o'clock was taken up with the consideration of amendments and the preparation necessary for the work upon the floor of the following day in order to meet our obligations here.

I will say that I spent every single night during that month in my office in the Senate Office Building laboring upon that revenue bill. I reached my home, I think, on no single night earlier than 2 o'clock in the morning during that month, and I know, incidentally, that many other Members of the Senate were spending long hours upon the revenue bill.

We finished the revenue bill on the evening of the 10th of September at about 7.30 o'clock, and I was somewhat surprised to be advised that at 10 o'clock the next morning the Committee on Finance would be called together to consider this bond bill. We did meet at 10 o'clock on the morning of the 11th of September. I think I am safe in saying that not a member of the committee when we assembled in the committee room on the morning of the 11th had had an opportunity to read the bill at that time, and we took up the reading of the bill. We barely finished the reading of the bill, not with a view of considering it for amendments but just to inform ourselves as to the text of the bill, when the Senate met at 12 o'clock, and we adjourned and came upon the floor, to meet, when? At 2.30 o'clock in the afternoon of that 11th day of September, the same day, at which time the Secretary of the Treasury was scheduled to come before us to make a statement.



Just consider for a moment, Senators, I am not pleading for extenuation for I think I have been guilty of no remisses, but we remained in session from 2:30 o'clock until after the Senate adjourned, until nearly 6 o'clock on the 11th, listening to the statement the Secretary of the Treasury had to make and adjourned to meet the next morning at 10 o'clock. The next morning at 10 o'clock the Secretary of the Treasury returned with some of his assistants and occupied the time of the committee during the morning session, and we resumed at 2:30 the consideration of the bill for a report upon it. We concluded at about 5:30 o'clock on the 12th day of September, when a motion was made to report it out.

Mr. President, up to that point I had found no time in which to go back and delve into the history of the legislation of bond issues from the year 1800 down to 1899, but I did have the forethought to say to the committee as we were drawing near the conclusion of our consideration of the bill that it had occurred to me that there might be some question as to whether the Secretary of the Treasury should be invested with the wide discretion of fixing the time limit for these bonds to run, and I asked members of the committee who were older in service upon that committee than I if they were informed as to whether Congress in other wars had written into the legislation providing for bond issues specific terms with respect to the issuing of those bonds, or as to whether they had issued them under legislation similar to that which was before the committee. Though many of the members of that committee were on the committee at least when the Spanish War bonds were issued and when the Panama Canal bonds were issued, no one upon that committee was able to advise me with reference to the matter. So out of abundant caution, and with a view of dealing fairly by the committee, I said I should like to reserve the right, if upon investigation it seemed wise to do so, to offer amendments upon the floor with regard to that particular feature of the bill.

Mr. President, I completed my investigation of that matter and it took all of the time that I had to spare from the sessions of the Senate up to the time when I offered the amendments. I barely got the amendments in time to offer them last night.

So it does seem to me, Mr. President, that it is hypercritical to seek to prejudice the amendments which I have offered here or the amendment in particular which is now before the Senate by any criticism that I was negligent of my duties as a member of the committee. I treated the committee with the utmost of courtesy. I was not prepared to offer the amendments in the committee, because I did not know, and I had not had time to ascertain, what had been the previous legislation on the subject, covering over a hundred years in the history of this Government, but as soon as I could complete my investigation I brought these amendments into the Senate in the session of yesterday and submitted them.

Mr. President, I asked that they be not considered and disposed of yesterday late in the session when I was able for the first time to present them, because we had not to exceed 15 Members of the Senate present at that time, and it seemed to me too important a matter for the interest of the Government and the people of this country that those amendments should be considered and disposed of with a mere handful of the Senate here. I said that I regarded it of such great importance that I did wish to have, at least with respect to some of them, a quorum present when they were considered.

So, Mr. President, with some observations on the part of the acting chairman of the committee that he had hoped to dispose of this great bond bill in one single session of the Senate, he added that in view of the position which I had taken, and as I wanted a quorum to consider those important amendments, it would be necessary for the bill to go over. But this morning in the press of the country from one end of it to the other, from ocean to ocean, you will find in the headlines of every great newspaper the statement that "LA FOLLETTE held up the bond-issue bill."

We have reached a stage with respect to legislation pertaining to this war when if any Member of the Senate, following his duty as he conscientiously sees it here to safeguard the interests of the public, even asks that there shall be a constitutional quorum present when legislation involving billions of dollars is enacted, he is put in the position of being an obstructionist. It deters many Members of this body, I have no doubt, from discharging their full obligations to the public.

But whatever position the press of the country and Senators who are driving legislation through here under the whip and the spur may take as to the course that I deem it my duty to pursue regarding this legislation and legislation of like character, I shall not be swerved from what I regard as the right course.

Is a matter of one day's delay so important in the passage of a bill that is to obligate the people of this country on interest charges and on the details of bond issues running up into seven billions of money? Shall it come to be, Mr. President, that no Senator can ask for even 24 hours' time in which to have consideration in this body by a majority of its Members of such an important matter but that he is to be arraigned and criticized and put before the public as an obstructionist?

I think, Mr. President, that it is unfortunate. I think, Mr. President, that it is the introduction of a precedent into this great body which destroys its usefulness as a representative body to the people of the country.

I believe, Mr. President, that those who are taking that position, and who are forcing Senators here to submit to legislation which they conscientiously may question the wisdom of in some of its details, to remain silent in their places, are not serving not only the interests of the public but that they are not serving the interests of the Government in the prosecution of this war.

Now, Mr. President, I have placed before the Senate this amendment. I consider it one of paramount importance to the public interest and to the interests of the Government that this legislation should be safeguarded in the respects covered by the terms of the amendment.

Mr. CURTIS. Mr. President, may I ask the Senator from Wisconsin a question?

THE PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Kansas?

Mr. LA FOLLETTE. I do.

Mr. CURTIS. I agree with the Senator from Wisconsin that there should be a time limit as to the bonds, but I wonder whether five-twenty is not too short a time. Would it not be better to make it five-thirty?

Mr. LA FOLLETTE. Mr. President, while I do not think so, and I wrote in the time limit according to my best judgment, I should be willing to take the sense of the Senate upon any modification of the amendment. I do, however, want to make one change in the amendment to perfect it, and that is that there shall be written in after the word "redeemable" the words "and payable." That will make the proposed legislation conform, I think, in terms to the phraseology of previous legislation. My attention has been called to that by the Senator from Utah [Mr. SMOOT]. The amendment as I would modify it in that respect in order to perfect it before it is voted on is to amend the bill on page 3, at the end of line 4, by striking out the period and inserting a comma and the words:

*Provided*, That such bonds shall be redeemable and payable at the pleasure of the United States after 5 years from the date of issue, and payable 20 years from such date.

If the Senator from Kansas suggests that instead of "20 years" there should be substituted "30," I would not object to that. Mr. President, I do not want to do anything to hamper, retard, or embarrass the sale of these bonds.

Mr. CURTIS. Mr. President, I think fixing the time limit at 30 years would help the sale of the bonds, and I should like to offer that amendment to the amendment; but I understand that the Senator from Ohio is going to propose an amendment to the amendment making the time 7 years instead of 5 years and 30 years instead of 20 years.

Mr. LA FOLLETTE. Well, Mr. President, I will accept those suggestions.

Mr. CURTIS. If the Senator from Ohio offers that amendment, I should rather have the two propositions offered as one amendment.

Mr. LA FOLLETTE. I will accept those suggestions, and will modify my amendment by striking out the word "five" where it occurs and inserting the word "seven" before the word "years," and substituting the word "thirty" in the last line, where it occurs before the word "years," instead of "twenty," making the bonds payable at the option of the Government in 7 years, and payable in any event in not less than 30 years.

Mr. President, as I see some Senators on the floor who were not here when I previously addressed the Senate upon the amendment, I do want to remind them of the words of John Sherman in discussing this very subject. This is an extract from his address which was made on the 27th of February, 1868, when we were proposing to refund the bond issues of the Civil War in order to make better terms, as we had a right to do, under the terms upon which those bond issues had been made during the Civil War. Mr. Sherman said:

Our people have always looked upon a debt as a burden to be paid off as rapidly as possible, and public opinion and good policy would not tolerate the making of a very long loan; and I for one would not, under any circumstances, vote for one which it would not be within the power of the Government to redeem within 20 years.

Of course he was speaking of the conditions that then existed. Mr. President, I do not want to take up any more time of the Senate, and I ask for a ye-a-and-nay vote upon the amendment. Preliminary to that, I will suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll. The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Husting	New	Smith, Ariz.
Beckham	James	Norris	Smith, Ga.
Borah	Johnson, Cal.	Page	Smith, Md.
Brady	Jones, N. Mex.	Penrose	Smoot
Brandeggee	Jones, Wash.	Phelan	Sterling
Broussard	Kendrick	Polindexter	Stone
Culberson	Kenyon	Pomerene	Swanson
Curtis	King	Ransdell	Trammell
Dillingham	La Follette	Robinson	Vardaman
Fall	Lewis	Saulsbury	Warren
France	Lodge	Shafroth	Williams
Gerry	McKellar	Sheppard	
Harding	McNary	Simmons	

Mr. BROUSSARD. I desire to announce that the Senator from Florida [Mr. FLETCHER] is absent on official business.

Mr. HUSTING. I desire to announce the unavoidable absence of the senior Senator from Kansas [Mr. THOMPSON] on important business. This announcement may stand for the day.

The VICE PRESIDENT. Fifty Senators have answered to the roll call. There is a quorum present.

Mr. STONE. Mr. President, may we now have a vote?

Mr. LA FOLLETTE. Upon this amendment I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CURTIS (when his name was called). I have a pair with the junior Senator from Georgia [Mr. HARDWICK]. By an arrangement with the junior Senator from Rhode Island [Mr. GERRY], who is paired with the junior Senator from New York [Mr. CALDER], the junior Senator from Georgia and the junior Senator from New York will stand paired, which will leave the Senator from Rhode Island and myself free to vote. I vote "yea."

Mr. LA FOLLETTE (when Mr. GRONNA's name was called). The Senator from North Dakota [Mr. GRONNA] is unavoidably absent from the Senate. If present, upon this question he would vote "yea."

Mr. JAMES (when his name was called). I have a general pair with the junior Senator from Massachusetts [Mr. WEEKS], which I transfer to the Senator from Oklahoma [Mr. OWEN] and vote "nay."

Mr. ROBINSON (when his name was called). I have a pair with the Senator from Michigan [Mr. TOWNSEND]. I transfer that pair to the Senator from Nevada [Mr. NEWLANDS] and vote "nay."

Mr. STERLING (when his name was called). I transfer my pair with the Senator from South Carolina [Mr. SMITH] to the Senator from Maine [Mr. HALE], and vote "yea."

The roll call was concluded.

Mr. GERRY (after having voted in the negative). I inquire if the junior Senator from New York [Mr. CALDER] has voted?

The VICE PRESIDENT. The Chair is informed that he has not voted.

Mr. GERRY. I have a general pair with the junior Senator from New York, which I transfer to the junior Senator from Georgia [Mr. HARDWICK] and will let my vote stand.

Mr. BROUSSARD. I am requested to announce the necessary absence on official business of the Senator from Florida [Mr. FLETCHER]. I ask that this announcement stand for the day.

Mr. MCKELLAR. I desire to announce the unavoidable absence of the senior Senator from Tennessee [Mr. SHIELDS]. I ask that this announcement stand for the day.

Mr. HARDING (after having voted in the affirmative). I note the absence of the junior Senator from Alabama [Mr. UNDERWOOD], with whom I have a general pair. I transfer that pair to the senior Senator from New York [Mr. WADSWORTH] and will allow my vote to stand.

Mr. REED (after having voted in the negative). I am informed that my pair, the Senator from Michigan [Mr. SMITH] is out of the city. Therefore I transfer that pair to the Senator from New Jersey [Mr. HUGHES] and will allow my vote to stand.

Mr. CURTIS. I have been requested to announce the following pairs:

The Senator from Maine [Mr. FERNALD] with the Senator from South Dakota [Mr. JOHNSON];

The Senator from New Hampshire [Mr. GALLINGER] with the Senator from Florida [Mr. FLETCHER];

The Senator from West Virginia [Mr. GOFF] with the Senator from South Carolina [Mr. TILLMAN];

The Senator from Connecticut [Mr. MCLEAN] with the Senator from Montana [Mr. MYERS];

The Senator from Illinois [Mr. SHERMAN] with the Senator from Kansas [Mr. THOMPSON];

The Senator from Minnesota [Mr. NELSON] with the Senator from Alabama [Mr. BANKHEAD];

The Senator from Pennsylvania [Mr. KNOX] with the Senator from Oregon [Mr. CHAMBERLAIN];

The Senator from Minnesota [Mr. KELLOGG] with the Senator from New Hampshire [Mr. HOLLIS];

The Senator from North Dakota [Mr. McCUMBER] with the Senator from Colorado [Mr. THOMAS]; and

The Senator from Indiana [Mr. WATSON] with the Senator from Delaware [Mr. WOLCOTT].

Mr. LEWIS. I am requested to announce the unavoidable absence of the senior Senator from Montana [Mr. MYERS]. He is paired with the Senator from Connecticut [Mr. MCLEAN]. I also desire to announce that the Senator from Oregon [Mr. CHAMBERLAIN] is necessarily detained from the Senate on official business.

The result was announced—yeas 15, nays 39, as follows:

#### YEAS—15.

Borah	Husting	King	Pomerene
Brady	Johnson, Cal.	La Follette	Sterling
Curtis	Jones, Wash.	Norris	Vardaman
Harding	Kenyon	Polindexter	

#### NAYS—39.

Ashurst	Jones, N. Mex.	Penrose	Smith, Ga.
Beckham	Kendrick	Phelan	Smith, Md.
Brandeggee	Kirby	Ransdell	Smoot
Broussard	Lewis	Reed	Stone
Culberson	Lodge	Robinson	Sutherland
Dillingham	McKellar	Saulsbury	Swanson
Fall	McNary	Shafroth	Trammell
France	Martin	Sheppard	Warren
Gerry	New	Simmons	Williams
James	Page	Smith, Ariz.	

#### NOT VOTING—42.

Bankhead	Gronna	Myers	Thompson
Calder	Hale	Nelson	Tillman
Chamberlain	Hardwick	Newlands	Townsend
Colt	Hitchcock	Overman	Underwood
Cummins	Hollis	Owen	Wadsworth
Fernald	Hughes	Pittman	Walsh
Fletcher	Johnson, S. Dak.	Sherman	Watson
Frelinghuysen	Kellogg	Shields	Weeks
Gallinger	Knox	Smith, Mich.	Wolcott
Goff	McCumber	Smith, S. C.	
Gore	McLean	Thomas	

So Mr. LA FOLLETTE's amendment was rejected.

Mr. LA FOLLETTE. I now offer the amendment which I send to the Secretary's desk.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 10, line 4, after the word "prescribed," it is proposed to insert the words "not exceeding 4 per cent per annum."

Mr. LA FOLLETTE. Mr. President, the bill authorizes the issuance of certificates of indebtedness of the United States, but does not prescribe the rate of interest; it leaves that entirely to the discretion of the Secretary of the Treasury. So far as my investigation goes, that has never been done before; and even this Congress, when it authorized the issue of \$2,000,000,000 of certificates on the 24th of April, 1914, fixed the rate of interest at which certificates should be issued. The amendment which I have proposed conforms to the bill passed by this Congress when we made our first bond issue and authorized the first issue of Treasury certificates. In section 6 of that act, passed on the 24th of April, we prescribed that the certificates to be issued by the Secretary of the Treasury should draw interest "not exceeding 3½ per cent per annum." Either by oversight or otherwise the pending bill, which in section 5 authorizes the issue of \$2,000,000,000 of additional certificates, or \$4,000,000,000 of certificates in all, neglects to prescribe the maximum rate of interest beyond which the Secretary of the Treasury shall not go in issuing those Treasury certificates.

As that violates not only all the precedents in the issuing of evidences of debt against the Treasury heretofore enacted in the history of this Government, but also violates the precedent that this Congress itself established when it authorized the first issue of Treasury certificates, I have seen fit to offer this amendment.

I have made the limitation 4 per cent instead of 3½ per cent, the rate of interest fixed in the authorization of the first \$2,000,000,000 Treasury certificates under the act of April 24, 1917, and I have fixed upon this maximum rate, because this bill increases the maximum rate for the bond issue over the amount fixed in the act of April 24, 1917, from 3½ per cent to 4 per cent; in other words, this bill itself prescribes that the Secretary of the Treasury can not exceed a 4 per cent rate of interest in the



selling of the bonds or the negotiation of the bonds provided for in this measure, and I think, in accordance with all precedents not only before this war, but in this war, we ought to fix the same limitations upon the interest rate of these certificates of indebtedness.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Wisconsin.

Mr. STONE. Mr. President, I will take only a few minutes. I wish to read a statement made by the Secretary of the Treasury, which I think should appeal to the Senate, and which, of course, relates to the matter immediately in hand. Secretary McAdoo said:

Secretary McAdoo. In answer to that question I should like to refer to my discussion of the subject in the record yesterday and to repeat what I then said. It is very necessary for the Secretary to have the power to borrow on these short-time certificates at such rate of interest as may be certain to guarantee the sale of the certificates in the intervals between bond issues or until taxes are paid in. The present certificates can only be sold on a 3½ per cent basis. I can conceive that a condition might arise in the money market—we sometimes have tight money, due to crop moving or other cause, and it might not be possible to borrow money at 3½ per cent on the short-time Government obligations—a transient condition. It seems to me that we are taking a great risk in tying the hands of the Secretary in carrying forward these colossal operations if he has not some latitude as to the rate of interest on the short-term certificates.

Mr. MOORE. I brought that question forward again merely to ask this question: Suppose a general bond issue is authorized at a 4 per cent rate and you offer to pay, or are willing to pay, within your discretion, a higher rate on these certificates of indebtedness, what effect will that rate on these certificates have upon the bonds?

Secretary McAdoo. I do not think it would have any. Of course, it would require explanation. We should have to explain it. The average man would understand that for temporary loans you are always committed to the condition prevailing at the time you make the loan, the Government as well as an individual.

If you fixed an arbitrary rate on these short-time loans, and the condition of the money market should happen to be such that you could not place them at that rate, the operations of the Treasury Department would absolutely stop. We could not meet the situation.

Mr. President, it is not difficult to conceive that a situation might arise when, as the Secretary says, there is a close or tight money market. Bonds are being offered for sale and taxes have been levied which are in process of collection, but the actual money is not in hand, and so, owing to the enormous expenditures the Government is being daily put to, a condition might arise when the Secretary would be compelled to go into the money market with these short-time certificates to borrow money to bridge over an immediate emergency; and if it so happened that at that time money was difficult to get, and bearing high rates of interest, bankers and other capitalists who had money to loan would not loan it to the Government at 4 per cent if for the time being they could get 5 per cent, for example. So, as these certificates of indebtedness are issued only as short-time emergency securities, to be taken up as soon as money flows into the Treasury from the sale of bonds or taxation, it seems to me that it would be wise to leave a discretion of the kind proposed in the Secretary.

Mr. LA FOLLETTE. Mr. President, I am not going to ask for the yeas and nays upon any of the other amendments that I have to present, either the one that is pending or those that I shall offer following this one. The Senate has already voted upon much the most important amendment which I shall propose, and in my view has taken its position with regard to safeguarding the public interest. I am content to accept the situation as I find it here, and therefore I simply ask for a viva voce vote.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin.

The amendment was rejected.

Mr. LA FOLLETTE. Mr. President, I now offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 2, line 22, it is proposed to strike out the words "denomination or" and insert in lieu thereof the word "in," and, after the word "denominations," in said line, it is proposed to insert the words "of \$20 or some multiple of that sum."

Mr. LA FOLLETTE. Of course, the purpose of this amendment is that the bonds issued shall be of small denominations and within the reach of small purchasers. I do not ask for the yeas and nays, Mr. President, but will take the sense of the Senate by a viva voce vote.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin.

The amendment was rejected.

Mr. LA FOLLETTE. I now offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 3, line 20, it is proposed to strike out the period after the word "interest" and insert a colon and

the words: "Provided, That such reduction or increase of allotments of such bonds shall be made under general rules to be prescribed by said Secretary, and shall apply to all subscribers similarly situated."

Mr. STONE. Mr. President, as far as I am able to do so, representing the Finance Committee, I consent that that amendment may be agreed to and go to conference.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin.

The amendment was agreed to.

Mr. LA FOLLETTE. Now, Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 10, line 23, after the word "rates," it is proposed to insert the words "not exceeding 4 per cent per annum."

Mr. STONE. Mr. President, I should be glad if the same disposition would be made of that amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin.

The amendment was agreed to.

Mr. LA FOLLETTE. Mr. President, I now offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 11, line 24, after the letter "(b)," it is proposed to insert the words "United States income taxes," so that, if amended, it will read:

or by any local taxing authority, except (a) estate or inheritance taxes, and (b) United States income taxes, graduated additional income taxes—

And so forth.

Mr. LA FOLLETTE. The effect of that amendment is to make the bonds taxable to the extent of their being subject to income taxes as well as surtaxes.

Mr. STONE. In other words, the bill subjects these bonds to what are called surtaxes. The Senator from Wisconsin would subject the bonds to normal taxes as well as the surtaxes.

Mr. LA FOLLETTE. Yes, sir.

Mr. STONE. Mr. President, I can not but think that if that were done it would very seriously embarrass the marketing of the bonds.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin.

The amendment was rejected.

Mr. LA FOLLETTE. I now offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 11, line 7, after the word "prescribe," it is proposed to strike out the period and insert a colon and the following words:

Provided, That if any such war-saving certificates be offered by the holder thereof for redemption and upon such application be redeemed before maturity there shall be deducted from the accrued interest an amount not in excess of 1 per cent per annum of the principal for the time such certificate has been outstanding.

Mr. LA FOLLETTE. Mr. President, I wish to say in explanation of that amendment, in order that it may appear in the RECORD, that section 6, providing for these war-savings certificates, contains this language:

Each war-saving certificate so issued shall be payable at such time, not exceeding five years from the date of its issue, and may be redeemable before maturity, upon such terms and conditions as the Secretary of the Treasury may prescribe.

It has been stated in the public press that the Secretary intends to issue these war-savings certificates on a basis of 4 per cent, but that if the holders of such certificates who may be pressed for money desire to have them redeemed prior to the period of maturity, then the rate of interest upon such certificates will be reduced to 2 per cent. Indeed, according to my recollection, the Secretary made that statement before the Ways and Means Committee. I believe this to be an excessive reduction, and that if it is adhered to it will materially reduce the subscription to these war-savings certificates; so I have prepared an amendment the effect of which is to limit the reduction that may be made for premature redemption to 1 per cent per annum of the principal of the certificates.

Mr. STONE. Mr. President, I call attention to the fact that these certificates do not bear interest. The interest is discounted in advance. The Secretary, under the authority here conferred, would require books to be issued, as in other countries where substantially the same policy is pursued, to a purchaser, who would buy stamps of a certain value from the postmaster and put them on successive pages of the book until he had paid by these stamps the full amount required to be paid. If it were a \$100 bond he would, through these stamps, pay about \$83—the Senator from Utah [Mr. Smoot] whispers to me the amount

would be \$83.40—and at the maturity, five years after the issuance of the book, he would be paid \$100. So that the interest is discounted in advance; and I think the proposal of my friend from Wisconsin, if put into the statute, would be confusing if not impossible of successful administration.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin.

The amendment was rejected.

The bill was reported to the Senate as amended.

The VICE PRESIDENT. The following amendment has been reserved for a separate vote in the Senate.

The SECRETARY. On page 13, the amendment to be found on line 23, where, after the words "not exceeding," the words "one-seventh" are stricken from the bill and the words "one-fourth" are inserted.

The VICE PRESIDENT. The question is upon concurring in all other amendments save the reserved amendment.

The amendments not reserved were concurred in.

The VICE PRESIDENT. The question now is upon concurring in the reserved amendment.

The amendment was concurred in.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The VICE PRESIDENT. The question is, Shall the bill pass?

The bill was passed.

Mr. STONE. Mr. President, I move that the Senate request a conference with the House of Representatives upon the bill and amendments and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. STONE, Mr. SMITH of Georgia, and Mr. SMOOT conferees on the part of the Senate.

Mr. STONE. I move that the Senate adjourn until 10.30 o'clock to-morrow morning.

The motion was agreed to; and (at 3 o'clock and 15 minutes p. m.) the Senate adjourned until to-morrow, Sunday, September 16, 1917, at 10.30 o'clock a. m.

## HOUSE OF REPRESENTATIVES.

SATURDAY, September 15, 1917.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

We bless Thee, Almighty God, our Heavenly Father, for the history of our past, for the auspices of the present, in spite of the pessimists, and for the hopes and ever-widening promises of our future as a Nation. Impress, we beseech Thee, every American citizen with the great responsibility resting upon him, especially these, Thy servants, the lawmakers of the Nation, and guide us evermore by Thy counsels in Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

### SENATE BILLS REFERRED.

Under clause 2 of Rule XXIV, Senate bills of the following titles were taken from the Speaker's table and referred to their appropriate committees, as indicated below:

S. 2380. An act granting to the Legislature of the Territory of Hawaii additional powers relative to elections and qualification of electors; to the Committee on the Territories.

S. 2527. An act authorizing appointment of chaplains at large for the United States Army; to the Committee on Military Affairs.

S. 2334. An act to authorize absence by homestead settlers and entrymen, and for other purposes; to the Committee on the Public Lands.

S. 2701. An act to provide for the awarding of campaign badges to the members of the Dental Corps, United States Army, and fixing the regulations for awarding same; to the Committee on Military Affairs.

S. 2489. An act to create two additional associate justices of the Supreme Court of the District of Columbia; to the Committee on the Judiciary.

S. 82. An act to transfer Frederick W. Cobb from the list of chief machinist, United States Navy, to the list of chief pay clerks, United States Navy; to the Committee on Naval Affairs.

S. 2746. An act to authorize the recommissioning of former officers of the Regular Army; to the Committee on Military Affairs.

### ENROLLED JOINT RESOLUTION SIGNED.

The SPEAKER announced his signature to enrolled joint resolution of the following title:

S. J. Res. 93. Joint resolution for improving Willapa Harbor and River, Wash.

### CONTROL OF EXPLOSIVES.

Mr. FOSTER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 3932, disagree to the Senate amendments, and ask for a conference with the Senate.

The SPEAKER. The gentleman from Illinois asks unanimous consent to take from the Speaker's table House bill 3932, disagree to the Senate amendments, and ask for a conference. Is there objection?

Mr. GILLETT. Mr. Speaker, will the gentleman please tell us what the bill is?

The SPEAKER. The Clerk will report it.

The Clerk read as follows:

A bill (H. R. 3932) to prohibit the manufacture, distribution, storage, use, and possession in time of war of explosives, providing regulations for the safe manufacture, distribution, storage, use, and possession of the same, and for other purposes.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I notice the Senate amendments have departed entirely from the original theory of the bill as introduced and passed by the House.

Mr. FOSTER. That is the reason why we want to put it in conference.

Mr. STAFFORD. If the bill should be adopted in the form in which it is returned to the House, I shall feel constrained to object, for the reason that it virtually duplicates the service and takes away from the control of the export division some of its work and places it in charge of the Director of the Bureau of Mines.

Mr. FOSTER. I will say to the gentleman that I am very much in favor of the House bill. I do not want to adopt the Senate bill as it is.

Mr. STAFFORD. Then there is assurance that nothing of that sort will be agreed to when the bill is returned from conference?

Mr. FOSTER. Yes; and get a better bill.

Mr. STAFFORD. I am glad to have that assurance.

Mr. FOSTER. I think we shall have a better bill.

Mr. STAFFORD. I think so, because the bill as passed by the Senate has duplicated what is now being performed by another department under the direction of the President.

Mr. WALSH. What committee has reported this?

Mr. FOSTER. The Committee on Mines and Mining.

Mr. WALSH. There was a bill on another calendar dealing with the storage and transportation of explosives. I wondered if this measure was designed to take the place of that other bill.

Mr. FOSTER. I do not know that it is; but I think if we pass this bill, covering the control of the storage of explosives, we would not want another to do the same work.

Mr. WALSH. I wondered how this measure came in and was given priority over the measure heretofore passed by the Senate.

Mr. FOSTER. I could not answer that; but this bill came into the House as the result of requests of the War Department and the Navy Department, and they thought it was necessary that during the time of war there should be some control over these explosives.

Mr. WALSH. That was the very reason given for reporting to the House the other measure that I have in mind. I wanted to know if there was any conflict between the two.

Mr. FOSTER. I do not think we ought to have two.

The SPEAKER. Is there objection?

There was no objection; and the Speaker announced as the conferees on the part of the House Mr. FOSTER, Mr. TAYLOR of Colorado, and Mr. GARLAND.

### DEFICIENCY APPROPRIATIONS.

Mr. FITZGERALD. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the urgent deficiency appropriation bill; and, pending that request, I ask unanimous consent that the general debate be concluded in two hours, the time to be equally divided between the gentleman from Massachusetts [Mr. GILLETT] and myself.

The SPEAKER. Pending the motion, the gentleman from New York asks unanimous consent that the general debate be limited to two hours, one half to be controlled by himself and the other by the gentleman from Massachusetts [Mr. GILLETT]. Is there objection?



There was no objection.

The SPEAKER. The question is on agreeing to the motion that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the urgent deficiency appropriation bill.

The motion was agreed to.

The SPEAKER. The gentleman from Georgia [Mr. CRISP] will please take the chair.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 5949) making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1918, and prior fiscal years, on account of war expenses, and for other purposes, with Mr. CRISP in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5949, the urgent deficiency appropriation bill, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 5949) making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1918, and prior fiscal years, on account of war expenses, and for other purposes.

The CHAIRMAN. Under the order of the House, the general debate is limited to two hours, one-half to be controlled by the gentleman from New York [Mr. FITZGERALD] and the other by the gentleman from Massachusetts [Mr. GILLET].

Mr. FITZGERALD. Mr. Chairman, I yield 30 minutes to the gentleman from Kentucky [Mr. SHERLEY].

The CHAIRMAN. The gentleman from Kentucky is recognized for 30 minutes.

Mr. SHERLEY. Mr. Chairman and gentlemen of the committee, the House is under, as it usually is, a particular debt to the very able and industrious chairman of the Committee on Appropriations, and he gave to the House yesterday a detailed statement of receipts and expenditures that might make it seem unnecessary for anyone else to undertake to cover the same field. And yet we are engaged in events of such tremendous magnitude that there can not be too often stated and restated the tremendous financial burden that this country is being called upon to carry in order that there may be a growing appreciation of our undertaking—I say a “growing appreciation” because that man is rare who is able now to appreciate the extent and magnitude of present world events—and the one fact that needs to be borne in upon the people of America is the tremendous undertaking that these United States entered upon when they became one of the belligerents in this world war.

Day after day, as the members of the committee sat hearing the details of estimates running into the billions, did we have to enlarge our view and our conception of events that are transpiring and that are to transpire. So I am sure the House will pardon me if I undertake again to give somewhat of the totals of receipts and expenditures that are contemplated for the fiscal year 1918. I shall print with my remarks the details of all appropriations that have been made, but I shall not endeavor to detain the House now by an enumeration of all the details, which in speaking would only cause confusion in following the conclusions I draw and which I desire the House to appreciate.

There will have been a total of appropriations if the bill as now proposed is enacted into law and if those bills that are pending in the Senate should be enacted into law substantially as they have passed the House of \$11,288,643,452.33. From that can be eliminated—and in this regard only do my figures differ from similar figures presented by the chairman touching this phase of the financial question—there can be eliminated \$164,167,650, made up of sixty-odd millions for the sinking fund, which, while it is a legal liability, is one that has always been ignored by the Government for many years past; ten millions that was in the war-insurance bill, but has been subsequently repealed; \$68,419,650, which represents deficiencies on account of the year 1917, and which, therefore, should not be included in the consideration of the financial statement for the fiscal year 1918; and the sum paid for the West Indian Islands before June 30, 1917, of twenty-five million, making a total of \$164,167,650, which, subtracted from the figures I have given, would leave a total appropriation that has been authorized and probably will be expended during the fiscal year of \$11,124,475,802.33.

Against that is to be put the following statement of estimated revenue. The ordinary revenues obtained from various bills for the conduct of the Government irrespective of war are \$1,333,500,000. The postal revenues are \$334,000,000; from the new revenue bill about \$2,400,000,000, a total of \$4,067,500,000.

The amount of revenue from bonds, exclusive of those for financing the loans to the allies—and I am, for the most of this statement, excluding those loans for obvious reasons, because I am undertaking to show the situation that faces the country touching its own expenditures and assuming for the present that the liabilities it assumes for bond issue for the purpose of financing the allies will be offset by the liability of the allies to this Government for such sum, which liability in due course will be paid—under the first bond issue of \$2,000,000,000, bonds authorized to meet expenses of the Danish West Indian Islands, Panama Canal, Alaska Railway, and so forth, \$475,000,000; war-saving certificates of five-year term under the pending bond bill, \$2,000,000,000, or a total bond issue of \$4,475,000,000, which, added to the estimated revenues, would give you a total revenue from taxation, bonds and war-saving certificates, of \$8,542,500,000. That leaves as an amount yet to be financed, in order to take care of expenditures that will have been authorized when this bill now before the committee shall have become a law, of \$2,581,975,802.33.

Now, the Treasury Department has recently given out a statement, which was put in the RECORD by one of the Senators, which shows that they estimate a deficit of \$3,567,370,000. That represents a difference between the figures I have just given you of a little less than a billion dollars. The reason for that difference is not because of a mistake in calculation, but is because of the different basis upon which the total was arrived at.

I have presented to you a deficit of about \$2,600,000,000, based upon the actual appropriations that have been made and will have been made, including this bill for the fiscal year 1918 and the estimated revenues, as I have stated, whereas the Treasury Department's statement is based upon an estimated expenditure for the fiscal year of 1918, irrespective of what has been appropriated or is now proposed to be appropriated. In other words, they estimate roughly a billion dollars more of expenditure than we are now providing for by appropriation. The explanation of that is found in the fact that in a number of instances, where the committee felt that later on we could obtain more accurate information touching the detailed needs of the department, we did not give the full sum that it was stated would be spent during the fiscal year 1918, and knowing that Congress would be in session in the winter and in the spring, and knowing that we had provided sums more than sufficient to carry the Government past that time, we left for consideration when we might have more detailed information a number of matters that evidently the Treasury Department have figured in their statement as a probable expenditure in 1918.

Mr. MADDEN. Will the gentleman yield?

Mr. SHERLEY. Yes.

Mr. MADDEN. So the Committee on Appropriations deemed it wise to cut \$1,000,000,000 of estimates made by the Treasury Department out until information could be obtained as to the necessity of it.

Mr. SHERLEY. In point of fact, the Committee on Appropriations has cut out something like \$900,000,000, or nearly a billion dollars. But I assume that the statement made by the Treasury Department has been made upon estimates given by departments as to their probable expenditures during 1918 and does not take into consideration whether or not those expenditures have or will be authorized and provided for.

Mr. MADDEN. There is no certainty but that there will be estimates for a larger amount than the Treasury suggests?

Mr. SHERLEY. I grant the gentleman that none of us here are wise enough in this emergency to span the future by any thought by which we are able to say what will be the actual needs of the Government.

Mr. STAFFORD. Has the gentleman made any estimate, in his deductions, as to the percentage of total appropriations which will not be utilized during the fiscal year?

Mr. SHERLEY. I have not. Manifestly there will be, as there always is, a certain percentage of moneys that are appropriated that can not be and is not expended; but I have thought it simpler and better that I present to the committee a statement of actual liabilities that the Government was prepared to assume as the result of appropriations made, together with a statement of estimated revenues; and I only mentioned the statement of the Treasury in order that the House might have an understanding as to why there seemed to be a difference of \$1,000,000,000 between the estimated deficit, on the part of the Committee on Appropriations and the Treasury Department.

Now, using the figures that I have given you, of a total appropriation of \$11,124,000,000, and of estimated revenues from taxation of \$4,067,500,000, and assuming that the deficit that



we now contemplate of approximately \$2,600,000,000 is met by bond issue exclusively and not by additional taxation and revenue thereby raised, the percentage of revenues raised by taxation to the total of appropriations—always excluding bond issues to provide funds for loans to allies—is 36.5+ per cent. In other words, eliminating our loans to the allies and including the ordinary expenses of the Government and the ordinary revenues by ordinary taxation for that purpose, we will have financed the war by providing through taxation for 36.5+ per cent of the amount, and the balance by bond issue. If you exclude \$1,000,000,000 as the ordinary expenses of the Government exclusive of war expenditures, and if you exclude \$1,000,000,000 derived from taxation to take care of that ordinary expenditure of the Government, you will then have a percentage of taxation to bond issue of 30.2 per cent as against 69.8 per cent by bond issue.

Mr. LONGWORTH. I did not catch the final percentage given by the gentleman from Kentucky.

Mr. SHERLEY. I want the House to bear in mind what is excluded, because that changes the percentages.

Mr. LONGWORTH. I wish the gentleman would state the percentages again.

Mr. SHERLEY. Excluding \$1,000,000,000 of expenditure for ordinary governmental purposes and excluding \$1,000,000,000 of money raised by taxation to take care of those ordinary expenditures, you would then have a relationship of 30.2 per cent of revenues raised by taxation as against 69.8 per cent raised by bond issues.

Mr. LONGWORTH. The gentleman differs about 5 per cent from the estimate given by the Senator from Utah.

Mr. SHERLEY. No; the Senator from Utah [Mr. SMOOT], in making his estimates, figured that the percentage of revenue to total appropriations was about 35 per cent; and he figured that, as far as I can gather from an examination of his remarks in the Senate, by including all expenditures of the Government for 1918 and all revenues of the Government. When I use that basis I arrive at a percentage of 36.5 per cent of revenue from taxation and the balance from bond issue.

Mr. LONGWORTH. Then the gentleman and Senator SMOOT agree, when the deductions are made?

Mr. SHERLEY. I think, as we come within about 1½ per cent, when we are dealing in these huge figures, it may properly be said that there is no great difference between us as to the facts.

Mr. MADDEN. We are issuing about \$2.80 of bonds to \$1.20 of cash, according to the figures the gentleman has given.

Mr. SHERLEY. I have not worked it out in that form.

Mr. MADDEN. And I would like to know if the gentleman can tell what is the ratio of tax revenues to the bond issues in England, excluding her loans to the allies?

Mr. SHERLEY. I think Senator SMOOT in the speech to which both the gentleman from Ohio [Mr. LONGWORTH] and myself have referred, figured that in England the percentage raised by taxation was 26 per cent; in France, 14.5 per cent; Germany, 14.5 per cent; and Canada, 8 per cent. That, however, would include, in the case of England, I assume, her liabilities as measured not only by her own expenditures but by her financing of her allies, and I am now going to give you the percentage which would include the \$7,000,000,000 that we are proposing to loan to our allies.

Mr. COOPER of Wisconsin. Will the gentleman permit one question?

Mr. SHERLEY. Certainly.

Mr. COOPER of Wisconsin. The gentleman a moment ago excluded \$1,000,000,000 for ordinary expenses. I did not understand what the other \$1,000,000,000 which he excluded was.

Mr. SHERLEY. I excluded \$1,000,000,000 of expenditures, and I also excluded \$1,000,000,000 of revenue raised by taxation. Manifestly if you are going to make such exclusion, you must do it on both sides of the ledger; and the result of that is to reduce the percentage, because it takes from the \$4,067,500,000 of revenue that we raise by taxation \$1,000,000,000, and leaves to be raised by taxation about \$3,067,500,000, and it reduces the total of estimated expenditures by \$1,000,000,000.

Mr. SLOAN. Do the figures submitted of England's expenditures and the percentage obtained by taxation and by bond issue include the ordinary expenses of England for the year, or do they exclude ordinary expenditures?

Mr. SHERLEY. I am not able to answer the gentleman definitely. I have not personally verified the statement. The Senator from Utah, Mr. SMOOT, simply stated:

Now, let me call the attention of the Senate to the percentages raised by direct taxation by other countries involved in the present great war. They have been in this war for three years, and we are just entering it.

He then gives the percentage; but there is nothing that definitely states whether there are included the ordinary expenses of the respective Governments that he subsequently enumerates.

Mr. SLOAN. Then you presume that the basis of the English figures is the same basis as that which the Senator from Utah used as to the United States?

Mr. SHERLEY. I assume so.

Including loans of \$7,000,000,000 to our allies, and including all expenditures and receipts for all purposes, and that the deficit that is estimated of about \$2,600,000,000 is to be met by a subsequent bond issue of that amount, the percentage of taxation to total appropriations will become 22.4+ per cent of taxation as against 77.5+ per cent of bonds. In other words, if you take the liabilities of the Government without regard to any offset by virtue of the liability of our allies to us for loans made to them, but consider that as a complete liability of this Government, we would have, to finance it under the present program, assuming that the deficit of two and a half billions is to be met by a new bond issue of that amount, a percentage of 22.4+ per cent of taxation and the percentage of 77.5+ per cent of bond issue.

Mr. LONGWORTH. Is not that about the relative proportion of taxes to bonds, or an even larger relative proportion, than has maintained in the case of financing the war by other countries? England, as I understand it, has the highest percentage of taxation, it being about 25 per cent, and all other countries much less.

Mr. SHERLEY. I think that is true; and yet I do not think we ought to lull ourselves into a false position or false sense of security. There is to-day in England a very considerable and reputable class of people who are criticizing the financial management of the British Empire because it is claimed they are not raising a sufficient proportion by taxation and are depending too much upon bond issues.

This is what I desire to say to the House. I have no desire to arbitrarily fix percentages. The man who undertakes to do it and who believes in the finality of his percentages displays his ignorance of the problem more than anything else; but this I do desire to impress, that the credit of a nation, as is the case with the credit of an individual, is always best maintained by paying cash whenever it can. [Applause.] If you are to maintain the credit of this Nation at its highest point, you must show a willingness to actually provide, as far as you properly can, for the current expense, and to the extent that you can not that you provide by taxation for the meeting of the interest upon that indebtedness and the early retirement of the principal. I have twice before called attention to the fact that the fatal mistake of the Civil War financing was that the Congress did not until the third year of the war undertake to really tax the people, and as a result the constant issuing of bonds and the bringing in of fiat-money issues served to weaken tremendously the credit of the Government and prolonged the war many months, and it was only later on that the hard lessons learned in the early financing of that war forced the Government to levy real taxes upon the people, and from that time on the credit of the Government improved.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. SHERLEY. Yes.

Mr. KEATING. I would ask the gentleman if in his judgment it is not true that in determining the amount of revenue that a nation should raise by taxation we must necessarily consider the wealth of the nation? In other words, when we are about to determine how much money we shall take, we must determine how large a reservoir we have to draw upon?

Mr. SHERLEY. Unquestionably.

Mr. KEATING. And so a comparison between this country and other countries should perhaps be made upon the basis of the wealth of this country as compared with that of other countries?

Mr. SHERLEY. It is manifest that a man of limited means can not pay the same amount of cash out that a man of greater means can, both confronted by the same kind of expenditures.

Mr. DOWELL. Mr. Chairman, will the gentleman yield?

Mr. SHERLEY. Yes.

Mr. DOWELL. Is it not true also that we are getting back in this investment a large part of the money appropriated by the Government, and is not the Government getting in return a large part of this appropriation?

Mr. SHERLEY. I do not know just what the gentleman means by his question.

Mr. DOWELL. I mean that most of the appropriations that we are making are expended in our country.



Mr. SHERLEY. Oh, yes; that is always true; but I have never given much weight to the argument that you could afford to spend money because it went back among the people. It does go back, but it does not always go back on the same basis that it came from them.

Mr. DOWELL. But should not the ones who receive it make the contributions to carry on this war?

Mr. SHERLEY. Unquestionably; but I want to say this to the House, and repeat what I said the other day: I have no desire to in any way remove from the backs of those who are making great profits out of the war the burden of paying great taxation, and I do not think there is much fear of that happening, because their number numerically is not very great, but after you have taxed them all that you can legitimately, if you are not to cripple some of the necessary activities that they carry out for the Government, you must then have the courage to tax the great mass of the people. I do not mean by that that the taxation should be upon the same ratio. I have repeatedly said that mathematical equality is not necessarily equity, but that the true theory of taxation is to place the burden with an appreciation of the ability to bear.

And therefore it necessarily follows that men of great income can pay a very much larger percentage of their incomes in taxation than the men of small incomes, and you finally get to a point where a man's income so nearly represents his living expenses that any added burden of taxation placed upon him would prove a very great hardship. We ought always to bear in mind that distinction. But I also realize the frailty of human nature; I realize that the average legislator is very much quicker to vote a full proportion of taxes on a limited number of men of great incomes than they are to vote the proper proportion upon the average man, because the average man has the greater voting strength; and what I want to see in this day, when men are being called upon to give their lives, to make the supreme sacrifice, is that we who are charged with great responsibility should have the courage, irrespective of our own political fortunes and our own political fears, because they are frequently distinct—the American voters have more belief and faith and courage than we sometimes credit them with—that we should have the courage to levy also the proper proportion of taxes upon the great mass of the people, and I believe that these people desire that we should do it. They want to feel that they are carrying their proper burden of this war.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FITZGERALD. Mr. Chairman, I yield 10 minutes additional to the gentleman.

Mr. REAVIS. Will the gentleman yield?

Mr. SHERLEY. I do.

Mr. REAVIS. I agree with the gentleman entirely, but does not the gentleman believe it is quite as important to consider how much we are going to leave with the individual as to consider how much we are going to take?

Mr. SHERLEY. Unquestionably, and it is because I so believe that I stated I did not believe in a mathematical ratio of taxation, that I believed it ought to be based with a consideration of the ability to bear, which is but another way of stating what the gentleman has just inquired of me.

Mr. CANNON. Will the gentleman yield?

Mr. SHERLEY. Certainly.

Mr. CANNON. From the census statement of the wealth of the country of \$185,000,000,000, if I recall properly, I find that the farm property—real estate—is \$110,000,000,000?

Mr. SHERLEY. If the gentleman will permit, I think I anticipate his inquiry. I am not confusing in my mind I hope what so many men seem to confuse, the difference between wealth and liquid wealth. The wealth of a nation is made up in great part of what is not liquid and therefore is not immediately available for taxation purposes, and the man who assumes that because the wealth of a nation is so much that he can necessarily take a certain amount in taxation without seriously disturbing the economic situation assumes what is frequently untrue.

I recognize that you can not undertake to so tax the liquid wealth of this country as to bring about stagnation in business and in the financing of enterprises, and that when you do you simply make future returns to the Government more difficult and require more and more that the Government should finance enterprises necessary for the war that otherwise might have been financed by private capital.

Mr. CANNON. Precisely; I quite agree with the gentleman in his statement, and yet the multiplied millions of people in this country owning two-thirds of the wealth of the country have not been largely taxed so far by revenue legislation. Take Iowa—

Mr. SHERLEY. I agree with the gentleman in a sense, and yet there must always be carried in mind along with his statement a realization of the fact that the people of moderate means bear by indirect and direct taxation a burden that leaves them but little leeway. So that it is unfair simply to estimate the burden that they carry by the amount of taxation that you can point to that the Federal Government places upon them.

Mr. CANNON. To illustrate what I mean, take the State of Iowa, take the State of Nebraska, take the State of Kansas, all represented, and properly so, for their greater per capita wealth, and I think, considering our population, they have a greater per capita wealth than any similar population to be found in the United States. They have not so far been reached by excise provisions, by income provisions, and so on. I merely speak of that because there seems to be from time to time gentlemen who are uneasy about these burdens.

Mr. SHERLEY. If the gentleman will permit, I have tried to emphasize, and I trust I have, the need of Congress levying a proper tax upon the mass of the people, and where there is any group that is not bearing its fair proportion, rich or poor, it ought to be made to bear its fair proportion; but I again say that fair proportion can not be measured by a mathematical ratio. Now, further than that I can not go.

Mr. SLOAN, Mr. POWELL, and Mr. MADDEN rose.

Mr. CANNON. I agree with the gentleman. I merely wanted to call his attention to it.

The CHAIRMAN. To whom does the gentleman now yield?

Mr. SHERLEY. I yield to the gentleman from Illinois [Mr. MADDEN], as I was unable a moment ago to yield to him.

Mr. MADDEN. In other words, the gentleman believes that the percentage of taxation levied against the people must be based on the total expenditures rather than upon any given percentage and division; that is to say, that if we have a large expenditure the rate of taxation would be smaller than if we have a small expenditure?

Mr. SHERLEY. I will put it in another form. I would tax the people heavily enough to make them feel the weight of taxation without unduly crippling those activities that ought to continue during these times. Now, I qualify by saying "those activities that ought to continue during this time," because no man could have sat in the Committee on Appropriations week after week and week after week and heard the estimates of quantities of things needed for the Government without realizing the Government can not obtain them and at the same time have the energy of the American people engaged in activities the same as if no war was going on. With a shortage of steel, with a shortage of lead, of all the basic metals, with a shortage of lumber, it becomes almost a crime for men to use those things in unnecessary production, no matter whether it means an expansion of that particular man's business or not. And one of the things that has always to be borne in mind and stated and restated is that, unfortunately, in dealing with the need of the Nation you must lose sight of—aye, and do apparent injustice in many instances—to the individual as such. But that will happen all along the line.

As I said, some men will give lives, other men will give money, other men may give nothing. The burden is not going to be equal, but we ought to try to make it as equal as we can. But if we stop to listen to the complaints of a particular man who says, "Your program, necessary though it be for the Government, will curtail my activities, and I have a right to go along and expand my business, and therefore you ought not to do this," we can never go forward with this war. We must consider the Nation. We dare not stop to hear the complaint of the individual.

Mr. SLOAN. Will the gentleman yield for a moment there?

Mr. SHERLEY. I will.

Mr. SLOAN. The gentleman from Illinois [Mr. CANNON] used some perfectly proper liberties with Kansas, Nebraska, and Iowa, and I want to remark that, taking the bill of the other body as a basis, the States of Iowa, Kansas, and Nebraska will increase their number of taxpayers to the Treasury of the United States in a greater proportion than any other States in the Union—

Mr. SHERLEY. If the gentleman will permit, my time is running.

Mr. SLOAN. One is the reduction of exemptions and the other is shifting the taxes from the automobile manufacturers to the owners themselves.

Mr. SHERLEY. I am perfectly willing to leave the quarrel between Illinois and the States of Kansas, Nebraska, and Iowa to the able Representatives of those respective States.

Mr. FESS. Will the gentleman yield for one question?

Mr. SHERLEY. I will.



Mr. FESS. Has the gentleman gotten his figures in shape so that he can tell us what the bonded indebtedness of the country will be at the end of the year as here specified?

Mr. SHERLEY. I do not know. I can not tell the gentleman that without taking into calculation the existing bonded indebtedness of the United States, which I have not now before me.

I can tell the gentleman what has been authorized in the way of new bond issues since the war started.

Mr. FESS. That is what I wanted to know, excluding the loans to the allies.

Mr. SHERLEY. There have been authorized bond issues for the allies to the extent of \$7,000,000,000, and there have been authorized bonds for our own use of \$2,000,000,000, and war-saving certificates of \$2,000,000,000, which would make \$11,000,000,000, and then there is an authorization for a reissue under changed form of \$475,000,000 of bonds, which would make a total of \$11,475,000,000 of bonds.

Mr. FESS. Then you would exclude from that—

Mr. SHERLEY. I exclude from that those certificates for a year which might be called "till" money, to meet expenditures from day to day, and are expected to be taken care of by the proceeds of bond issues, but I do not exclude certificates of five years, because they go beyond mere till money.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CANNON. Mr. Chairman, I ask unanimous consent that the gentleman may proceed until he concludes what he wishes to say.

Mr. FITZGERALD. I yield five minutes to the gentleman.

Mr. SHERLEY. I think I can conclude in five minutes.

Mr. GILLET. I yield five minutes to the gentleman.

Mr. SHERLEY. Now, I desire to make but one further statement touching this financial phase of the question before going to the bill itself.

Taking the bond issues that have now been authorized and certificate issues for use for ourselves, excluding the bond issues to provide loans to the allies and also including the revenues that are to be raised from all sources, the ratio at present is 47.6 of tax revenue to 52.3 of bond issues. Of course, that does not make provision for the two billion six hundred million of deficit, that I assume, nor the three and one-half billions that the Treasury estimates. It only represents the actual situation now. At this moment we have only issued for our own use, in the way of bond issue, bonds to the extent of \$4,475,000,000.

Now, I desire very briefly to call attention to the summary of the bill that is before the House. The amount in the pending bill, as reported, of cash expenditure is \$3,775,979,370, and the amount it is proposed to offer as amendments, due to the fact that after the hearings had been completed, there were sent in additional estimates, is \$993,604,000, making a total of \$4,769,583,370.

The contract authorizations in the bill as reported to the House total \$1,035,000,000, and the contract authorizations that will be proposed as amendments to the bill total \$1,219,202,750, or a total of contract authorizations of \$2,254,202,750, or a grand total of cash and contract authorizations of \$7,023,786,130.

Mr. LONGWORTH. Mr. Chairman, will the gentleman yield for a brief question at that point?

Mr. SHERLEY. Yes.

Mr. LONGWORTH. Am I right in assuming that a very large portion of that money will not really in fact be expended in this fiscal year?

Mr. SHERLEY. Of course the contract authorizations are not expected to be expended in 1918; and I will say, in passing, that they were not included at all in my totals of expenditures.

Mr. LONGWORTH. I understood that.

Mr. SHERLEY. Now, as to how much of the eleven-odd billion dollars will be expended, no man can tell. Usually there is a small percentage of annual appropriations that are not expended. But we must appreciate that in this year there will be, and there ought to be, an effort to expend all of it; and for my part I hope we will not try to make a saving in that way, by not spending moneys that have been appropriated for necessary purposes, because right now time is more important than money to this country and to the success of this war. [Applause.]

Now, of the estimates that were submitted both in the pending bill originally and subsequently they total \$7,065,526,525, so that there is an apparent decrease made by the committee of only \$41,740,000. But there is an actual reduction very much beyond that, because we are carrying into the bill a provision of \$849,000,000 in connection with the emergency shipping fund, and \$100,000,000 for ordnance which was not estimated for at all, and therefore is not included in the figures of estimates that I have given, so that there actually has been made a reduction over estimates submitted of \$990,740,000.

The CHAIRMAN. The time of the gentleman from Kentucky has again expired.

Mr. SHERLEY. I would like to have two or three minutes more.

Mr. FITZGERALD. Mr. Chairman, I yield to the gentleman five minutes more.

The CHAIRMAN. The gentleman from Kentucky is recognized for five minutes more.

Mr. SHERLEY. This reduction does not necessarily mean that that amount of money will be permanently saved. It represents, as I said a while ago, in a number of instances a declination on the part of the committee to appropriate moneys for the whole year, because we realized that later we would get more accurate information that would enable us the better to judge of the actual needs. For instance, quite an amount has been cut in regard to the pay, and in some instances in regard to transportation and subsistence, because it was perfectly apparent to the committee that the estimates that were submitted, based upon the given number of men for a given period of time, could not in point of fact be realized; that there would not be that number of men for that period of time to be paid, or to be transported, or to be fed, as the case might be. But in no instance has the committee made a cut that ought in any way to embarrass the Government in doing those things that are necessary.

The committee also carries a provision here, referred to by the chairman, which I consider to be of very great importance, though it marks a departure from anything heretofore done. We authorize an indebtedness to the extent of \$100,000,000 to be incurred in connection with ordnance matters, for things not appropriated for or authorized. Now, the purpose of that was simply this: There are coming up almost every day and almost every hour of every day new projects, not heretofore contemplated and which could not be anticipated. This war is developing from day to day; our information is becoming fuller and fuller as the result of the active assistance of our allies. If the department, before beginning what may be a tremendous undertaking in connection with ordnance, is forced to come to Congress and get an approval of their plans, much valuable time is lost, and that much hurt done to our cause, because the one thing that will in the last analysis determine the fighting force that we can put on the front is going to be field artillery and ordnance of lighter character, but chiefly the former, because it takes a longer time to prepare, and anything that can be done to speed up the procurement of field artillery is of the utmost vital importance. For that reason the committee believed it was warranted in giving the War Department a leeway of \$100,000,000. It is a great sum, as we used to think of sums, but it is negligible compared with the importance of getting this work done.

We had brought to our attention during the hearings a delay that would probably occur of several months until this bill could be passed, in financing certain private corporations for the enlargement of their plants or the creation of new ones, for the building of certain field artillery, and a plan was worked out by which we were enabled to use for that purpose money in advance of the actual appropriations carried in this bill. If that method had not been worked out it would have resulted in a delay of two or three months in starting, and a delay greater than that in completing, because there is a growing congestion all the time in getting supplies and materials, and any delay now is measured in greater delay later on in the process of manufacturing.

Now, these vast sums that are carried in this bill are due to two or three main causes. First, we are enlarging the building program for ships tremendously. We had authorized a program that contemplated an expenditure of \$750,000,000. We are now authorizing a program that contemplates finally an expenditure little short of \$2,000,000,000. Then the ordnance people came with estimates that ran up to something over one and three-quarter billion dollars. Part of that was represented in an increased need of equipment for the first million men, not anticipated at the time that the first estimates were submitted, and, I ought to say in fairness, which could not be well anticipated.

Part of it was due to an increased price in obtaining these things, and, of course, the larger part of it was due to making provision for the equipment of a second million men. When I speak of equipment for a million men, I mean not only equipment for the million men in the field, but I mean the 25 per cent reserve at the bases abroad, a 25 per cent reserve that will have to be provided to take care of the wastage of men.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SHERLEY. I am much indebted to the committee, and will not further detain them. [Applause.]



## RECEIPTS AND EXPENDITURES, FISCAL YEAR 1918.

Statement showing the appropriations for the fiscal year 1918, made during the Sixty-fourth Congress, second session (including appropriations made by the Army, Military Academy, sundry civil, and general deficiency acts passed during the Sixty-fifth Congress, first session).

Agriculture appropriation act.....	\$25,929,113.00	
Army appropriation act.....	273,046,322.50	
Diplomatic and consular appropriation act.....	5,082,746.65	
District of Columbia appropriation act.....	14,172,997.85	
Fortification appropriation act.....	51,396,593.00	
Indian appropriation act.....	11,589,736.67	
Legislative, executive, and judicial appropriation act.....	39,894,592.42	
Military Academy appropriation act.....	1,344,896.18	
Naval appropriation act.....	517,273,803.03	
Pension appropriation act.....	160,060,000.00	
Post Office appropriation act.....	331,851,170.00	
River and harbor appropriation act.....	27,826,150.00	
Sundry civil appropriation act.....	147,363,928.77	
Total.....	1,605,832,049.13	
General deficiency appropriation act (including \$100,000,000 for the national defense).....	163,841,409.52	
Urgent deficiency appropriation act.....	4,575,250.00	
Miscellaneous public acts, including \$25,100,000 for Danish West Indies, \$10,000,000 <sup>1</sup> for war-risk insurance, \$2,000,000 for vocational education, etc.....	\$37,731,000.00	
Miscellaneous public resolutions, including \$3,000,000 for Alaska railroad, etc.....	3,227,000.00	
Miscellaneous private acts, including claims, etc.....	135,670.05	
Permanent annual and indefinite appropriations.....	41,093,670.03	
Total.....	145,864,833.32	
Increased compensation of 5 and 10 per cent to certain employees (estimated).....	\$1,962,210,200.05	
Total, regular appropriations, Sixty-fourth Congress, second session.....	15,003,003.00	
Total, regular appropriations, Sixty-fourth Congress, second session.....	\$1,977,210,200.05	
APPROPRIATIONS FOR THE FISCAL YEAR 1918, MADE DURING THE SIXTY-FIFTH CONGRESS, FIRST SESSION (EXCLUSIVE OF ARMY, MILITARY ACADEMY, SUNDRY CIVIL, AND GENERAL DEFICIENCY ACTS, INCLUDED ABOVE).		
Expenses of Congress, incident to first session of Sixty-fifth Congress.....	\$68,023.00	
Expenses of preparation and issuance of bonds and certificates of indebtedness under the act of Apr. 24, 1917.....	7,033,945.43	
Bureau of War-Risk Insurance.....	45,153,000.00	
Urgent deficiency act for Military and Naval Establishments, including \$2,351,217,522.39 for Military Establishment, \$511,835,033.87 for Naval Establishment, \$435,000,000 for the Shipping Board, and \$10,071,835.34 for other purposes.....	3,281,094,451.60	
Increase of Signal Corps of the Army and development of Aviation Service.....	640,000,000.00	
Expenses under the act to stimulate agriculture and facilitate the distribution of agricultural products (food control).....	162,500,000.00	
Expenses under the act to encourage the production, conserve the supply, and control distribution of food products (food survey).....	11,346,400.00	
EXPENSES UNDER PENDING MEASURES.....	4,147,222,817.03	
Interest on bonds and certificates authorized and pending (estimated).....	200,000,000.00	
Expenses of issuance of additional bonds and certificates.....	17,927,004.93	
Expenses under the bill to prevent trading with the enemy.....	450,000.00	
Expenses under the bill to insure men in the Army and Navy.....	176,250,000.00	
Amount of pending urgent deficiency bill, including \$3,477,115,735 for the Military Establishment, \$263,264,480 for the Naval Establishment, and \$35,599,155.29 for the War Department and other services.....	3,775,979,370.29	
TO BE OFFERED AS AMENDMENTS IN CONNECTION WITH THE PENDING URGENT DEFICIENCY BILL.....	4,170,693,435.22	
Automatic machine rifles (Army).....	103,033,033.03	
Field Artillery (Army).....	21,631,033.03	
Small-arms target-practice ammunition (Army).....	11,033,033.03	
Rock Island Arsenal.....	20,033.03	
Watervliet Arsenal.....	15,033.03	
Construction of torpedo-boat destroyers (Navy).....	225,033,033.03	
Shipping fund.....	633,033,033.03	
State Department.....	908,033.00	
Interior Department.....	10,033.03	
Total of appropriations (exclusive of loans to allies).....	903,604,033.03	
Amounts to be deducted which will not be a charge upon the revenues:	11,283,643,452.33	
Sinking fund (which has not been expended for many years).....	\$63,743,033.03	
War-Risk Insurance Bureau (which was repealed and superseded by an appropriation made during the Sixty-fifth Congress, first session).....	10,033,033.03	
Deficiencies on account of fiscal year 1917 which were a charge upon the revenues of that year.....	68,419,650.00	
Danish West Indies (paid during the fiscal year 1917).....	25,033,033.03	
Total of appropriations that may be expended during the fiscal year.....	164,167,653.00	
Amount of revenue from taxation (including postal revenue):	11,124,475,802.33	
Ordinary revenue.....	\$1,333,500,000	
Postal revenue.....	834,000,000	
New revenue bill.....	2,400,000,000	
Amount of revenue from bonds, exclusive of those to finance loans to allies:	4,037,533,033	
Bonds issued under act of Apr. 24.....	2,000,000,000	
Bonds reauthorized to meet expenses of Danish West Indies, Panama Canal, Alaska R. R.....	475,000,000.00	
War savings certificates of 5-year term under pending bond bill.....	2,000,000,000.00	
Total of revenue from taxation, bonds, and war-saving certificates.....	4,475,033,033.03	
Amount of appropriations to be financed.....	8,542,503,003.00	
Assuming estimated deficit of \$2,531,975,832 is supplied by a subsequent bond issue and using totals which include ordinary as well as war-receipts and expenditures, the per cent of taxation to total appropriations is.....	36.5	
Excluding \$1,000,000,000 estimated as normal expenditures, exclusive of war needs and excluding a similar sum of \$1,000,000,000 raised by taxation to meet such expenditures, and assuming the deficit to be met by a subsequent bond issue, the ratio of taxation to total appropriations for war purposes is.....	30.2+	
Including loans of \$7,000,000,000 to allies and including all expenditures and receipts for all purposes and deficit to be met by a subsequent bond issue, the per cent of taxation to total appropriations becomes.....	22.4+	
And of loans.....	77.5+	

<sup>1</sup>This sum includes an appropriation of \$10,000,000 for the War-Risk Insurance Bureau, which has been repealed by subsequent legislation.

Mr. GILLET. I yield 15 minutes to the gentleman from Maine [Mr. HERSEY].

Mr. HERSEY. Mr. Chairman, I do not desire for one moment to discuss the bill under consideration. I concur most heartily in the able report of the Committee on Appropriations and the very luminous explanation made by the members of that committee upon this floor.

I do desire for a few moments to have your indulgence under the privilege given me of speaking in explanation of the strange

defeat of woman suffrage in Maine last Monday, and to answer, if possible, the question that is being forced upon me as one of its Representatives, "What brought about this strange and amazing result?"

On Monday last the men of Maine, by a vote of 2 to 1, defeated an amendment to our constitution giving equal suffrage to the women of Maine. The enemies of suffrage have seen in that defeat the future failure of suffrage in the Nation. The friends of suffrage everywhere have been too dazed to give an

explanation of that defeat. Six months ago such a result was impossible in Maine. Six months ago two great political parties in my State stood a unit for woman suffrage, recommending it in their political platforms. The legislature of my State by almost a unanimous vote submitted suffrage to the people of Maine. The great press of my State were almost a unit in favor of suffrage. The voters of Maine six months ago were almost unanimous for woman suffrage in my State. And here let me say that the men of Maine are intelligent, they are patriotic, and, while they are conservative, they always stand for progress in government. But the men of Maine will never forgive the man or the woman who in this time of war and peril and danger in this Government will attempt to lay a single extra burden upon or obstruct the President in carrying on this great war. [Applause.] The men of Maine stand with the President at the present time in his great war policies. Regardless of political party, they are with him to a man for the success of this war. [Applause.]

Mr. GORDON. Will the gentleman yield?

Mr. HERSEY. I would rather not. It will break the line of my thought. I have no prepared speech.

Mr. GORDON. That is the reason I wanted to interrupt the gentleman.

Mr. HERSEY. During the brief recess of this House last month I paid a visit to my State. I spoke at the University of Maine. I spoke at a great many patriotic meetings. I met the men of Maine everywhere, and I put to them always the question, "What about woman suffrage in this State?" And men who had always been for woman suffrage, men who to-day stand for woman suffrage, said to me, "I have up to the present time favored woman suffrage, but at this election I am going to vote against it to rebuke the women who placed upon their banners at the White House gate the words 'Kaiser Wilson.'" [Applause.] And those men of Maine who favor suffrage, who respect their women, who believe in woman suffrage, 75,000 of them, refused to vote, and the remainder, a few of them, went to the ballot box and rebuked the pickets at the White House gates. [Applause.] To show that I am not wrong in my statement, the press of my State that supported woman suffrage is unanimous as to what brought about the result. The Portland Press, a great daily paper in my State, said two days after the election:

The defeat of the constitutional amendment providing for woman suffrage does not come as a surprise to most people. \* \* \* Maine people, as a whole, entirely disapproved of the action of the women agitators for suffrage in Washington. They did not like the methods of campaigning which these women adopted. Especially did they disapprove of the display of banners and placards in front of the White House which conveyed the impression that the people of America were not united in their support of the President when this country was about to embark upon a war. Many a voter in yesterday's election expressed his disapproval of these Washington suffragists by voting against the amendment giving Maine women the right to vote, and had this particular thing in mind when entering the polling place.

Every man that I met on my visit home had only one argument, and this was the argument: "If we approve woman suffrage at this election, it will be an indorsement of the methods of the pickets at Washington, and an invitation for them to continue these disgraceful actions"; and it was sufficient to defeat suffrage in Maine. I wish to insert in my remarks two extracts from the Washington Post bearing upon the opinion of the Nation.

The extracts referred to are as follows:

[From the Washington Post, Sept. 14, 1917.]

Under more favorable circumstances woman suffrage probably would have carried Maine. The defeat of the suffrage proposal in that State was by a vote of nearly 2 to 1, but the list of supporters of the proposal shows that the most eminent men in the State have been converted to the cause. Not only did President Wilson and Col. Roosevelt advocate the suffrage amendment in Maine, but former Senators Johnson and Gardiner and Gov. Milliken made personal efforts to advance the movement.

Suffrage advocates, as well as those opposed to suffrage, admit frankly that the chief contributing cause to the defeat of suffrage in Maine was the general resentment against the picketing of the White House by the militant suffragettes. The attempt to embarrass the President while the Nation is engaged in war was repudiated by the State suffragists, but it seemed to have no effect on the voters, who apparently made up their minds that if women were to pursue such tactics after they went into politics it would be better to keep them out.

NEW YORK TO REBUKE PICKETS.

"New York will follow Maine in defeating equal suffrage," remarked Mercer Moorman, a physician of New York City, at the Shoreham. "The Empire State, in my judgment, will give a greater majority against suffrage than it did two years ago. Republicans and Democrats alike put the blame for this situation on the suffragists themselves, particularly upon those that have been picketing the White House. The opinion seems to be almost universal in New York that the White House pickets have blocked equal suffrage in the State for from 5 to 10 years.

"Woman suffrage, of course, is coming in New York, as everywhere else in the country, and, in my opinion, there is no good reason why the ballot should not be given to women when the majority of them want it, but the sentiment in New York among political leaders is

that men who vote are determined to rebuke the women responsible for the Washington disgrace by voting down the constitutional amendment."

Mr. HERSEY. I am, and always have been, a most earnest, ardent, and enthusiastic advocate of woman suffrage. I am to-day, and I always expect to be. Since I came to Washington last March I have, during the sessions of this House, twice a day in going between my home and the Capitol passed the pickets at the White House gates. I have watched those women standing there at their post of duty, with their banners day after day, in storm and rain, and under the hot southern sun, standing with firm-set lips, with the courage of Joan of Arc, holding their banners at the east and west gates.

Mr. DUPRÉ. Will the gentleman yield?

Mr. HERSEY. I can not.

Mr. DUPRÉ. I just wanted to ask the gentleman if he had made that speech before the election in the State of Maine?

Mr. HERSEY. I refuse to yield.

Mr. DUPRÉ. The question is a simple one.

The CHAIRMAN. The gentleman refuses to yield.

Mr. HERSEY. I have for those women the utmost respect. I know their character, which is the best. I know their motives, which are the highest. They believe sincerely that by making themselves martyrs, by going to prison, they can forward the cause of woman in this Nation; but I do not forget that in this Nation and here in this Capital we have given a home to the President, and that the White House is just as sacred to him as my home in this city is to me; the White House is his castle for the time being, and no one has a right to picket the gates of the White House any more than they have the right to picket my home or yours. If for an argument for suffrage anyone has a right to picket the White House, they have a right to picket the home of every Member of this Congress, and the home of every man who is for suffrage could be picketed by the antis, and there would be a picket at the home of every Member of this House. Gentlemen, there are two statues in this city which I wish to call to your attention. One is a statue, a living one, at the White House gate, standing erect, brave and courageous, with a banner on which is inscribed "Kaiser Wilson." It is repelling the votes of men in this Nation for suffrage.

There is another statue attracting the votes of men. That is a statue in the Halls of this Capitol where the men of Illinois have honored their State and themselves by placing there the magnificent statue of Frances Willard, who spent her life in the cause of woman suffrage. Down at the White House there is the inscription on a banner "Kaiser Wilson," the greatest insult that could be offered to an American citizen. There on the statue from Illinois in this Capitol, inscribed on the pedestal, are the last words of Frances Willard, uttered when a thousand men hung on her lips. Let me read it to you:

Oh, it is women who have given the costliest hostages to fortune. Into the battle of life they have sent their best beloved with fearful odds against them. Oh, by the dangers they have dared, by the hours of patient watching over beds where helpless children lay, by the incense of 10,000 prayers wafted from their gentle lips to heaven, I charge you, give them power to protect along life's treacherous highway those whom they have so loved.

The pickets at the White House gate build up a wall against the progress of woman's suffrage, but the gentle influence of Frances Willard will beat it down.

This is not the death of woman suffrage, it will triumph in days to come; but the men of this Nation will never be won to woman's cause by the hatchet of Carrie Nation, the bricks of the English militant, or the pickets with "Kaiser Wilson" banners at the White House gates.

To-day a few misguided fanatical women—

With hands unwise  
Close all the gates to Paradise.

To-morrow woman, free, unfettered, and enfranchised, will pass in triumph through those gates and enter into her rightful kingdom, there to go no more out forever. [Applause.]

Mr. SHERLEY. Mr. Chairman, will the Chair state the time remaining to each side.

The CHAIRMAN. The gentleman from Kentucky has 15 minutes, and the gentleman from Massachusetts 40 minutes.

Mr. GILLET. Mr. Chairman, I yield 10 minutes to the gentleman from Vermont [Mr. DALE].

Mr. DALE of Vermont. Mr. Chairman, I most cordially agree with the gentleman from Kentucky [Mr. SHERLEY], who has in his very clear style impressed upon this committee the necessity of raising revenue to prosecute this war even though there are objections from some sources.

I have asked the House to indulge me for just a few minutes in touching upon a phase of this great warfare that has been brought very keenly to our attention during the past few days.



That is the attack upon the American base hospitals, in which the first among our forces in France have been killed—four men killed, four others seriously wounded and maimed for life, and five others moderately wounded.

Mr. Chairman, this organization in which they were serving represents the most effective effort of humanity to lessen the horror of war. It is a branch of the military establishment based on the broadest sense of compassion in these recent times. To its insignia no human heart has ever responded in hate. Under the banners of battling foes its international flag had passed on the pledge of civilized nations that the red cross in the white field must not be rent by shot or shell. Any belligerent who at this time attacks that system not only ignores the common ethics of war but violates the rules of a fair fight, strikes below the belt, and becomes contemptible. [Applause.]

Why, gentlemen, this organization was established by 12 great European nations. At its creation its articles were signed by Prussia and later Germany pledged its faith to it. The first liberal donor was that beneficent woman, still living, at thought of whom one seems to hear a pure tone among all these sweet bells jangled out of tune—Louise of Baden, daughter of Wilhelm I, once King of Prussia and Emperor of Germany.

In the Franco-Prussian War the first blood that flowed from German soldiers was staunchly by Red Cross nurses, and over all the magnificent castles of the grand duchess, turned by her into hospitals, floated with the scarlet and gold of Baden the red and white of that great international society. To these fields and hospitals, to help care for these soldiers as the patron of the grand duchess, went that incomparable American woman, Clara Barton. [Applause.] In 1887, when Miss Barton went again to Germany as president of the American Red Cross and as the appointed delegate of the United States to the International Red Cross Convention at Karlsruhe, she was received by the aged Emperor with the assurance that Germany welcomed all those who were engaged in the great work of humanity.

These are some of the reasons—and I have time to mention only a few—why the Red Cross had a particular confidence in the protection of the German Government, a confidence akin to that which a faithful child bears toward its natural parent. The ruin of that confidence was an insane price to pay for a little wider spread of frightfulness. And there is a deep significance in the fact that the first to die among our troops in France fell under the emblem that the assailing foe was pledged by international covenant to pass unharmed. It is because of acts like this, because of the violation of all international covenants by the Imperial Government many times repeated, on sea and land, that she has lost the one-time deep friendliness of this Government toward her. That is a reason why we are in this war, and it is a madman's price for any nation to pay for a little wider spread of frightfulness.

It has been proclaimed that we have no enmity toward the German people. That is true respecting them in common with all peoples of the earth. But by its conduct of affairs a nation makes a character, a personality, and by that created essence takes its place in civilization. From its once high and honorable estate, by its own infamous use of strength and very culture, Germany has sunk herself in the ranks of humanity till the kindest word that may be spoken of her is pity. The glory inherited from the past this generation has flung away and left but odium for its children. It surrendered to frightfulness at the price of reason, and thereafter hideous madness drove it on. Because of this, the one place at which cruelty paused before agony and the majesty of war perceived in helplessness a right divine has been defiled, and the red cross, emblem of the immortal soul in the white field of civilization, once the mark of immunity, is now the target for assault, and for the safety of those whom it would protect it must be blotted from the sight of the nameless ingnominy that spies upon it.

Does there exist somewhere a notion that brave men and women will fail in their devotion to stricken soldiers because the emblem of their service is no longer a shield from infamy? I saw a few weeks since a complete refutation of that in the determined faces of a contingent of young men leaving our shores for one of these very hospitals that have recently been attacked. There was no demonstration; there was no excitement. The gates to the piers were closed and guarded as the boat that brought them down the river quietly docked, and those strong, courageous, scholarly fellows, substantially all university men, marched silently up one pier and down the next to the boat on which they were to cross the sea. They understood that submarines waited for them in the ocean, that certain peril menaced the place to which they were going. They realized that they were going to trying, sickening scenes on the field and in the hospital, and they sensed the fact that some among their number were marked for death in the hu-

mane service on which they were bound. But they went of their own volition, and there was no doubt in their decision or their loyalty. No dastardly act of frightfulness can check that spirit in American manhood. [Applause.] It was no place for us who had no part in the service upon which they had already entered, and who were there, a few of us, because our own boys were in that contingent, and so we came away.

And now, Mr. Chairman, the first among our forces to die in France have been killed in these hospital units, and the manner of their killing, the atrocity with which they were assailed, ought to stir this Nation to a keener sense of its responsibility. It may be that with less patience will be endured this flabby talk of an immature peace. It is possible that the act and word that are a positive peril to our soldiers and a menace to our Government will become intolerable. This act of depravity, without element of justice or quality of mercy, brings home to us the duty we can not avoid. There is but one course for this Nation to pursue now. There is only one way open to it. It must help teach the world that no institution that would enforce its own will by repudiation of all maritime laws and international rights and equitable treaties and solemn covenants and humane customs—that no such institution has a place in this state of civilization. [Applause.] You can not accomplish that if you allow frightfulness to win peace. Do not place on German madness the victor's laurel. A peace imposed by Berlin would be the crowning horror of this ghastly war. These young men have died to help save civilization and to move it a little further forward. It is for us to make sure the cause in which they enlisted. We can have no more holy desire now than the welfare of future generations, and—

We fail  
Our oaths if we forsake  
To-morrow.

[Applause.]

Mr. SHERLEY. Mr. Chairman, I yield 15 minutes to the gentleman from Ohio [Mr. GORDON].

NEWSPAPERS, PERIODICALS, THE CONGRESS OF THE UNITED STATES AND THE CLEVELAND PLAIN DEALER, LEADER, AND NEWS.

Mr. GORDON. Mr. Chairman, the annual urgent deficiency bill, which we are now considering, has carried a Post Office deficiency during the years 1885 to 1916, inclusive, in every single year but four of that period. That is my reason for asking the indulgence of the House for the consideration of the question of the 1 cent a pound rate on second-class mail, which is now under consideration by the conferees of the House and the Senate on the revenue bill, and the total amount of these annual post-office deficiency appropriations during the period aforesaid, from 1885 to 1916, inclusive, is \$219,721,129.71.

Since March 4, 1885, newspapers and periodicals have been carried, for the publishers, to all parts of the United States at the present second-class postage rate of 1 cent per pound, and newspapers have been delivered free in the county in which they are published, except to offices having free-delivery service. This has been done by the Government at a cost to the people of the United States of more than twelve hundred million dollars, most of which has been paid by those who send letter mail; every time you lick a 2-cent postage stamp and attach it to a letter you contribute 1 cent toward the payment of this subsidy.

The distinguished chairman of the House Committee on Post Offices and Post Roads, Judge Moon, of Tennessee, has justly denounced this scandalous subsidy on the floor of the House as a "loathsome, larcenous graft," and Chairman KIRCHIN, of the Ways and Means Committee, fully and completely exposed the scandalous iniquity of this legalized subsidy in his recent speech in support of the war-revenue bill. Like every other Government subsidy, this graft has grown enormously by "what it feeds upon."

For five years beginning June 30, 1911, and ending June 30, 1916, the actual loss to the Government in handling and transporting second-class mail, over and above what it received from the newspapers and magazines, is estimated by the Post Office Department to have been \$399,713,007, or an average of almost \$80,000,000 per year, and the figures show that the annual loss is now increasing at a rate of about \$7,000,000 per year. The bulk of this subsidy, now amounting for the year ending June 30, 1916, to \$88,060,794, goes to a comparatively few newspaper and magazine corporations, which have an extensive circulation throughout the country. The cost of handling and transporting all second-class mail matter is estimated by the latest official investigation and report of the Post Office Department to be 8.27 cents per pound, so that for every dollar the Government collects for this service it pays out \$8.27.

The loss in handling and transporting newspapers is somewhat less than magazines, although newspapers are transported to points in the county of their publication free of cost; but the

average longer haul of magazines and their greater bulk, most of which is advertising matter, results in a greater loss to the Government.

The latest available official figures upon the cost to the Government of transporting and handling newspapers were furnished by the commission on second-class mail matter, composed of Charles E. Hughes, A. Lawrence Lowell, and Harry A. Wheeler, appointed by President Taft pursuant to an act of Congress approved March 4, 1911. This commission in its report dated February 22, 1912, approved and adopted the estimated cost to the Government made by the Post Office Department of 6.91 cents per pound for handling and transporting daily newspapers.

For the purpose of determining the extent of the financial interest which the four leading English-language newspapers of Cleveland, Ohio, have in perpetuating this graft I recently directed a letter of inquiry to Gov. Dockery, Third Assistant Postmaster General, requesting him to give me a statement showing the service rendered to each of these newspapers for the past fiscal year ending June 30, 1917, and the amount collected by the Government for such service. I am in receipt of a reply to my inquiry, in which he says:

The weights and mailings of the publications referred to by you, and the amount of postage paid thereon during the fiscal year 1917, are given below:

	Weight in pounds of free-in-county mailings.	Weight in pounds of mailings at cent-a-pound rate.	Amount of postage paid.
Cleveland Leader.....	29,414	1,578,463	\$15,784.69
Cleveland News.....	6,053	888,903	8,889.03
Cleveland Plain Dealer.....	136,496	2,801,035	28,010.35
Cleveland Press.....	9,937	1,026,347	10,263.47

Computing the cost of this service to the Government at the rate approved by the Hughes Commission, 6.91 cents per pound, we find that the people and the Government of the United States donated for the past year toward the maintenance and support of these four Cleveland newspapers the following-named sums of money over and above what it received from them for services rendered:

Cleveland Leader.....	\$95,320.02
Cleveland Press.....	61,343.75
Cleveland News.....	52,952.77
Cleveland Plain Dealer.....	174,973.04

Total loss for the past fiscal year..... 384,589.58

This sum of \$384,589.58 is the amount which the Government of the United States actually paid to the railroads and Government employees for handling and transporting by mail these four newspapers in excess of what was paid by them for the fiscal year ending June 30, 1917, and this same rate of postage has been in effect since March 4, 1885.

It is but justice to say that the management of the Cleveland Press has recommended to Congress that the rate of postage on second-class mail be increased to a point which will pay cost of service. The Leader and News have defended this graft in their news and editorial columns, and the Plain Dealer has done the same thing; and during the present session of Congress Elbert H. Baker, president, general manager, and principal owner of the Plain Dealer, has been in Washington lobbying to perpetuate this scandalous and conscienceless graft, and he and his associate publishers of large newspapers and magazines actually induced the Senate Finance Committee to reduce the very moderate increase imposed by the House revenue bill to one-fourth of a cent per pound.

On August 29 last, upon a call of the roll in Committee of the Whole, the United States Senate, by a vote of 40 to 35, adopted the McKellar amendment to the report of the Finance Committee, which approved the zone system, previously adopted by the House, and fixed the rate in the first three zones, a distance of 300 miles, at 1 cent per pound; in the fourth zone, between 300 and 600 miles, at 2 cents per pound; in the fifth zone, between 600 and 1,000 miles, at 3 cents per pound; in the sixth zone, between 1,000 and 1,400 miles, at 4 cents per pound; in the seventh zone, between 1,400 and 1,800 miles, at 5 cents per pound; and in the eighth zone, more than 1,800 miles, at 6 cents per pound.

The amendment proposed by the Senate Finance Committee would have produced additional revenue of \$3,000,000, and the McKellar amendment increased this sum to \$12,600,000. On September 10, upon the final passage of the revenue bill in the Senate, the McKellar amendment was defeated upon a roll call by a vote of 34 to 40.

#### RESULT OF VOTE ON M'KELLAR AMENDMENT ON AUGUST 29, 1917.

##### YEAS—40.

Ashurst	Husting	Martin	Sheppard
Bankhead	James	Myers	Shields
Beckham	Johnson, S. Dak.	Norris	Smith, Ga.
Broussard	Kendrick	Overman	Smith, S. C.
Chamberlain	Kenyon	Owen	Sterling
Culberson	Kirby	Pittman	Sutherland
Curtis	La Follette	Pomerene	Swanson
Fletcher	Lewis	Ransdell	Trammell
Gronna	McKellar	Robinson	Underwood
Hollis	McNary	Shafroth	Vardaman

##### NAYS—35.

Borah	Hale	New	Smoot
Brady	Hardwick	Newlands	Stone
Brandegee	Hitchcock	Page	Townsend
Calder	Johnson, Cal.	Penrose	Wadsworth
Colt	Jones, N. Mex.	Phelan	Watson
Curtis	Jones, Wash.	Polindexter	Weeks
Fernald	Knox	Saulsbury	Williams
France	Lodge	Sherman	Wolcott
Frelinghuysen	Nelson	Simmons	
Gerry			

##### NOT VOTING—21.

Cummins	Harding	Reed	Tillman
Dillingham	Hughes	Smith, Ariz.	Walsh
Fall	Kellogg	Smith, Md.	Warren
Gallinger	King	Smith, Mich.	
Goff	McCumber	Thomas	
Gore	McLean	Thompson	

#### RESULT OF VOTE ON M'KELLAR AMENDMENT ON SEPTEMBER 10, 1917.

##### YEAS—34.

Bankhead	La Follette	Pomerene	Sutherland
Beckham	Lewis	Reed	Swanson
Broussard	McKellar	Robinson	Thompson
Gronna	McNary	Shafroth	Trammell
Hardwick	Martin	Sheppard	Underwood
James	Myers	Shields	Vardaman
Johnson, S. Dak.	Norris	Smith, Ga.	Warren
Kenyon	Overman	Smith, Md.	
Kirby	Pittman	Smith, S. C.	

##### NAYS—40.

Borah	Gerry	Lodge	Sherman
Brady	Hale	Nelson	Smith, Mich.
Brandegee	Hollis	New	Smoot
Calder	Husting	Newlands	Sterling
Colt	Johnson, Cal.	Owen	Stone
Curtis	Jones, N. Mex.	Page	Wadsworth
Dillingham	Jones, Wash.	Penrose	Watson
Fall	Kellogg	Polindexter	Weeks
Fernald	Kendrick	Ransdell	Williams
France	King	Saulsbury	Wolcott

##### NOT VOTING—22.

Ashurst	Gallinger	Knox	Thomas
Chamberlain	Goff	McCumber	Tillman
Culberson	Gore	McLean	Townsend
Cummins	Harding	Phelan	Walsh
Fletcher	Hitchcock	Simmons	
Frelinghuysen	Hughes	Smith, Ariz.	

As this bill passed the House it left unchanged the present law authorizing free delivery in the county of publication, where free carrier service is not provided, and the present rate where carrier service is furnished free. It then provides for the application of the zone system now provided for parcel post to second-class mail and fixes gradually increasing rates which, on March 1, 1918, will be 1½ cents per pound, or fraction thereof, for delivery within the first zone; 2 cents per pound, or fraction thereof, for delivery within the second and third zones; 3 cents per pound, or fraction thereof, for delivery within the fourth and fifth zones; 4 cents per pound, or fraction thereof, for delivery within the sixth zone; 5 cents per pound, or fraction thereof, for delivery within the seventh zone; and 6 cents per pound, or fraction thereof, for delivery within the eighth zone.

These rates proposed in the House bill, if enacted into law, will, when fully effective, produce a revenue of about \$19,000,000 more than that derived from the present law of 1 cent per pound on second-class mail, and yet it will only pay about one-third of the cost to the Government for handling and transporting the same. Other patrons of the Postal Service will still be required to contribute two dollars for every dollar paid by the newspapers and periodicals, who have the exclusive benefit of this service. The present cost to the Government of handling and transporting second-class mail matter is about \$100,000,000 per annum, and for this service at 1 cent per pound the sum of about \$11,000,000 is collected, leaving an annual deficit to be made up from first-class mail and by "deficiency appropriations" of about \$89,000,000 per year.

Much can be said in support of the contention that publishers, having had the benefit of this 1 cent rate for more than 32 years, their business has been adjusted and arranged in conformity to it, and to impose cost of service at once would result in a violent wrench to the business of many publishing houses, and might result in bankruptcy and ruin to a few of them. As a practical proposition, it also may be fairly said that an act imposing a rate which would require newspapers and maga-



zines to pay the cost of transporting and handling their product would be defeated, and therefore this moderate increase can be defended at this time upon the theory that "one-third of a loaf is better than no bread."

This is a humiliating confession for a Member of Congress to make, but candor compels the admission, and the political history of this Nation for the past 32 years establishes beyond controversy the fact, that by enacting this legislation, imposing upon the Government the burden of handling and transporting magazines and newspapers at less than one-eighth of the actual cost, Congress has built up a political Frankenstein which now threatens to ruin and destroy those Members of Congress who dare to vote to reduce their Government subsidy by even a fraction of one-fourth. Since the House voted last spring to impose this slight increase in second-class postal rates there has been a cold-blooded, deliberate, and concerted effort on the part of those newspapers and magazines which still refuse to consent to the reduction in any degree of the graft they have so long enjoyed at the expense of their fellow citizens, to vilify, malign, and defame and thereby to discredit and disgrace those Members of Congress who voted for this moderate increase.

It is the old, old cry of Demetrius, the silversmith, who defended the sanctity of the heathen temples for which he made shrines and idols, when he said, "Sirs, know ye not that by this craft we have our wealth?" The three Cleveland newspapers which are supporting and defending this graft have, through the operation of the law, forced their fellow citizens to contribute to their profits since 1909, as shown by the official records in the Post Office Department, and down to and including 1917, the following sums: For the period of nine years ending June 30, 1917, the three Cleveland daily newspapers, which are defending the present second-class postage rate of 1 cent per pound and defaming and traducing those Members of Congress who voted to increase it from one-sixth to one-third of the cost of service, sent the number of pounds of their papers through the mails hereafter specified, to wit:

The Cleveland News sent through the mails under the privilege of the free-in-county mailings 99,186 pounds, for which it paid nothing, and 7,618,966 pounds for which it paid 1 cent per pound, or \$76,189.66. If the News had paid what this service cost the Government during these nine years, it would have paid \$533,324.30; so that the net loss to the Government on the service furnished the Cleveland News was \$457,134.64, or an average loss of \$50,792.74 per year.

The Cleveland Leader sent through the mails during this period of nine years, under the privilege of free-in-county mailings, 257,621 pounds, for which it paid nothing, and 13,007,360 pounds for which it paid 1 cent per pound. If the Leader had paid what this service cost the Government, it would have paid during this period of nine years \$916,610.18; so that the net loss to the Government on the service furnished the Cleveland Leader was \$786,536.58, or an average loss of \$87,393.95 per year.

The Cleveland Plain Dealer sent through the mails during this period of nine years ending June 30, 1917, under the privilege of free-in-county mailings, 1,018,164 pounds, for which it paid nothing, and 20,327,647 pounds for which it paid 1 cent per pound. If the Plain Dealer had paid the Government what this service cost, it would have paid \$1,474,995.54 during the period of nine years; so that the net loss to the Government on this service furnished the Plain Dealer was \$1,271,719.07, or an average loss of \$141,302.12 per year.

The Plain Dealer Publishing Co., a corporation, owns and publishes the Plain Dealer, and the Leader-News Co., a corporation, owns and publishes the Leader and the News. These two corporations are "organized for profit," and as "corporations have no souls" it is not surprising that their news and editorial columns should be used to defend this graft, which in nine years has added to the net profits of the Leader-News Co. \$1,243,671.22, or more than \$138,000 per year, and to the profits of the Plain Dealer Publishing Co. \$1,271,719.07, or more than \$141,000 per year, at the expense of the Government and the people of the United States.

The Leader and the News were originally purchased by one of the largest owners of stock in the Cleveland street car lines for the purpose of conserving the value of that investment by extolling the beauties of 5-cent street car fare to the people of Cleveland, and to that end these newspapers vilified, maligned, and abused every public official and citizen of Cleveland who refused to vote for legislation that would increase the value of this street railway stock. The people of Cleveland understood the motives actuating these newspapers, however, and continued to elect Tom L. Johnson mayor and a council to support him, until the fare was finally reduced to 3 cents as a re-

sult of his efforts, which is the present existing rate in spite of the Leader and the News, thereby leaving to date \$25,000,000 in the pockets of the Cleveland car riders which would have otherwise been paid as dividends on the watered stock of this street car corporation. The stock in the Leader-News Newspaper Corporation descended, along with the street railway stock, under the Ohio statutes of descent and distribution, to the present owner, and they have been run "true to form" to date. They continued their malignant abuse of Tom L. Johnson until after he was dead and in his grave.

As a matter of fact, the attitude of the Cleveland Leader and News, under their present management, toward public men and measures, is precisely the same as that of the butchers' dogs, that feed upon the garbage and fatten upon the offal of the shambles; they are always ready to howl and bark and growl, and snarl and snap at whoever approaches, interferes with, or threatens the profits of their master's trade or business; and as the owner of the stock in the Leader and News also owns stock in the street car and other corporations, these newspapers are kept very busy promoting these different interests through their columns.

The Plain Dealer, not having a direct financial interest to do otherwise, has usually taken the side of the public upon public questions, although during a critical period of the street-railway fight, it opposed Mr. Johnson and seemed to be doing all in its power to deprive the public of all it had gained by years of warfare, but this was doubtless due to ignorance, the Tory lawyers for the street car company no doubt having convinced Mr. Baker, president of the Plain Dealer Co. that they were working in the public interests instead of for the street-car corporation, which had employed and was paying them.

The court records of Cleveland disclose fights between the circulating managers of these two newspaper corporations which would bring disgrace upon any civilized community; newsboys 10 and 12 years of age have been beaten into insensibility and permanently injured because they refused to be driven off the streets by the thugs, plug-uglies, and gunmen employed and paid for this sort of work for the purpose of reducing the circulation of the rival publication and increasing that of the newspaper which employed them. At least one death has been directly caused by these assaults. The Plain Dealer management contend, and the testimony seems to support their contention, that the Leader-News Co. first resorted to this strong-arm method of "stimulating" the circulation of the Leader and News and reducing that of its rival, but that these criminal methods have been used by agents of both these corporations is beyond dispute.

This method of "molding" public opinion is certainly not a part of the authority conferred by their charters on either of these corporations, but it is only a few degrees more disgraceful than the willful, deliberate, and malicious misrepresentation and assassination of character and reputation to which they have resorted for the purpose of controlling the official action of the Representatives in Congress from Cleveland, failing in which, the same methods have been used to discredit and disgrace two of them in the eyes of their constituents. These newspapers are conspicuous examples of those "organs of public opinion" throughout the country which, since the declaration of a state of war with Germany, have charged Members of Congress who do not vote and talk on public questions in accordance with orders from the newspapers with attempting to aid Germany in this war and with disloyalty to the United States. That wise old philosopher, Dr. Samuel Johnson, gave utterance to a great and profound truth when he said, "Patriotism is the last refuge of a scoundrel," and the Leader-News and Plain Dealer appear from their columns to have in their service an undue proportion of this class of "patriots" to whom Dr. Johnson referred. Prussian and all other arbitrary governments and officials, as well as some newspapers, in time of war, call every man a traitor who refuses to be a slave.

The representatives of the newspaper publishing associations have recently been conferring upon the questions of the methods which the Government should adopt to float the next bond issue to raise money to carry on the war. They unanimously decided that the newspapers should be paid \$3,000,000 out of the Public Treasury as compensation for advertising the coming bond issue.

Every man in public life naturally desires to avoid a course of official conduct which is likely to incur the enmity of so powerful a force in creating public opinion as the newspapers and magazines, and to this fact is undoubtedly due the longevity of this stupendous graft upon the public revenues, resulting from handling, carrying, and delivering second-class mail at 1 cent per pound. Every Postmaster General for about 25 years has thundered against it and pointed out its injustice in his annual reports; at least six commissions appointed to investigate the



subject have done the same thing without inducing action by Congress, and the constantly growing iniquity of the graft has been so fully exposed by the debates in the present Congress that failure to substantially increase this rate now will be ascribed to personal dishonesty on the part of a majority of the Members of the House and Senate.

As a direct result of the subsidy provided by this rate of 1 cent a pound, and due solely to its operation as an incentive, there has been an enormous increase in the production and distribution of cheap magazines and newspapers, most of which increase may be fairly denominated "trash," and there has been a corresponding decrease during the same period in this country of valuable literature, especially of good books. There are to-day more magazines and newspapers published in the United States than in all the rest of the world combined, and the production of books has steadily declined during this period until we produce fewer good books annually in proportion to the population than any other civilized country except Spain. This scandalous and iniquitous graft and subsidy has debauched the literature of the Nation, has debased the literary taste of its people, and has driven out of business thousands of book stores, the beacon lights of truth and of mental and moral progress in the communities in which they exist.

If this Congress does not take a substantial step forward in the direction of abolishing this larcenous graft and subsidy, it will earn and deserve the contempt of every decent American citizen. In this great crisis of our country's history, when the Nation is at war and resorting to nearly every source of taxation available, is no time to continue this legalized steal for the benefit of a few publishing houses, and the House should adhere to the action previously taken and support its conferees. [Applause.]

Mr. GILLETT. Mr. Chairman, I yield five minutes to the gentleman from North Dakota [Mr. YOUNG].

Mr. YOUNG of North Dakota. Mr. Chairman, I desire to reflect briefly the sentiment of my State in respect to the revenue bill, which will be back to us now within the next few days.

Mr. GILLETT. Few weeks.

Mr. YOUNG of North Dakota. Not that long, I hope. I have a letter to-day from a very thoughtful gentleman who lives in the northern portion of my district, and who has made it his business to interview a very large number of people going through his town by rail and otherwise upon this subject.

It is difficult for us here at the Capital to understand how thoroughly aroused the people of the West are upon the subject of taxation of war profits and incomes. The letter referred to, from Mr. Matt Johnson, of Omeme, N. Dak., will give a good idea of what is in the minds of the overwhelming majority of the people. I believe we in the House should take a decided stand for a genuine conscription of wealth, not the make-believe passed by the Senate. Mr. Johnson says:

OMEMEE, N. DAK., September 12, 1917.

Hon. GEORGE M. YOUNG,  
Washington, D. C.

DEAR FRIEND YOUNG: It is with some diffidence that I write this letter to you. Although I have always taken a deep interest in public affairs in the lesser spheres, I have never ventured writing to a Congressman or Senator on matters concerning national affairs; but I feel, Mr. YOUNG, that there are elements in the present situation which will serve to vindicate me from the charge of being too presumptuous.

The immediate cause of my writing is the Senate vote on excess profits. I want to tell you that the Twin City dailies and every daily in North Dakota, with possibly one exception, misrepresents the situation and the sentiment in this State. Two or three war fans in every town can do more to misrepresent the real sentiments than even the daily papers. The feeling in North Dakota is nearly all one way. The feeling is that La Follette, Johnson, Borah, and Kenyon were, if anything, too conservative. I have made it my business to talk with people concerning this matter. I live in a cross-roads town, where quite a few people every day switch from one road to the other. The sentiment expressed is always the same; that is, that excess war profits should be taken. No amount of oratory can ever convince the people that 80 per cent of excess war profits is unjust. And it is surprising how much attention they give to the question. They know what happened during and after the Civil War. Personally, I know that my father served in the Civil War for \$13 per month but was paid in shinplaster money worth about \$7. Then when the war was over he came home and for 25 years he helped to pay the war debt every time he bought matches, tobacco, etc. Every other soldier did the same thing. But houses like Gould and Vanderbilt profited enormously. It seems that the same thing is about to happen, only on a still more disgraceful scale. A 31 per cent excess tax will be looked upon as a joke—a serious one, but a joke nevertheless.

I believe I know something about the situation in North Dakota. Now, Mr. YOUNG, I am not an alarmist. I am not a Socialist, nor an anarchist. But my honest opinion is that out here we are sitting on a volcano. The surface indications are not so bad, but the undercurrent is alarming. The people here can't see why they should be blindly patriotic when the people of the East and South are so mercenary and methodical. No amount of newspaper talk or oratory will convince them; congressional action will.

I hope that this letter will be taken in the spirit in which it is written and sent.

With best wishes and kindest regards, I am,  
Yours, truly,

MATT JOHNSON.

Mr. GILLETT. Mr. Chairman, I yield five minutes to the gentleman from Washington [Mr. JOHNSON].

Mr. JOHNSON of Washington. Mr. Chairman, in these days, when persons who do not know the exact situation are making charges that great grafts have been taking place with respect to the construction of cantonments, I think it will be refreshing to the membership of the House to know that all of the 16 general cantonments for the National Army, now at the point of completion, have come under the War Department's estimate of cost per man, and the American Lake cantonment leads them all in lowness of cost and time of completion.

Mr. Chairman, I would not refer to these charges at all were it not for the fact that they were brought up yesterday on this floor during the discussion of the deficiency bill now pending. The public, of course, deserves information. The public has a right to know all about these cantonments—these 16 new cities where our great National Army is to receive the best training ever given to any army in all the world.

The district which I have the honor to represent, Mr. Chairman, was honored by having placed within its confines—adjoining the beautiful city of Tacoma and under the shadow of the greatest and most inspiring mountain on the continent—a cantonment. It is called Camp Lewis, and is at American Lake, a site which for 20 years past has been recommended as an assembly place, a parade place, and a training place for the American Army—recommended by Gen. Funston, Gen. Bell, former President Taft when he was Secretary of War, former President Roosevelt, and dozens of others. It is the ideal spot; healthful, beautiful, and without a single objectionable feature.

This cantonment, Mr. Chairman, has been constructed at the lowest cost of them all. It is ready first. When the War Department called for the construction of these places—each to hold from 40,000 to 50,000 soldiers, to say nothing of thousands of men outside of the Army but necessary to its existence—the Army officials thought three things would count. These were:

Time of construction.

Quality of work.

Cost of construction.

In writing I pledged Col. Littell, constructing quartermaster in charge of all the work, that Tacoma and Pierce County would excel in all three.

Why did I feel so sure?

Because, Mr. Chairman, the people of Tacoma and Pierce County had performed a great patriotic act when, last fall, feeling that the war was inevitable, they bonded themselves in the sum of \$2,000,000 to finish the purchase of the American Lake tract of land, nearly 15 miles square, and made a present of that land to the United States Government for cantonment purposes. [Applause.]

That was patriotism, and it was patriotism combined with efficiency of the highest order, that set that cantonment up, complete, at the lowest cost per capita of all the cantonments.

The fact that the land was given without price and without rental or the least charge was not considered in estimating these costs.

Efficiency prevailed all along the line from Charles B. Hurley and his construction company on down to the last man who helped with the work. In the Army, too, proficiency was shown in every step taken by the great construction division created to meet an emergency to work out an unprecedented problem—that of housing within 70 days an Army of more than a million and a half of men. It took a great deal of help and generous cooperation on the part of all citizens. Everything was needed, and needed quickly. For instance, when the first contingent of engineer officers arrived they went to a manufacturer of mattresses in the city of Tacoma and asked him, "How many mattresses can you furnish at once?" He said, "I can furnish 2,000." "Well," they said, "We'll take them, but we want 10,000 more immediately. How soon can we have them?" He said, "In two weeks."

And so on through the entire line of construction of that cantonment. The people went as far as they could to assist in the preparation. About 30 miles of sewer pipe had to be purchased and laid, some of it as deep as 13 feet. More than 270 miles of electric-light wiring was strung, 30,000 drop-lights installed, and 300 large street lamps. Electric current is furnished by the Tacoma city government at about 1½ cents per kilowatt hour—probably as low a price as anywhere in the United States. Something more than 10,000 civilian workmen were employed and were fed on the grounds by the contractor's civilian quartermaster, whose work was such that an effort is being made to enroll him in the Army service in that capacity.

A fund is being raised to provide for the flying over Camp Lewis of the largest American flag that can be bought, from the tallest flagstaff in the world. And why not? That's the way they do things out there!



But, Mr. Chairman, if it took a quick organization of civilians to get the American Lake cantonment ready, then it took sixteen times as much to get the constructing quartermaster's organization going for 16 such cantonments.

In the preparation of the American Lake cantonment I had quite naturally to be of some service at this end of the line, and my work placed me in contact with Col. I. W. Littell, the chief officer in charge; with Maj. Preston Brown, in charge of information; with Capt. R. C. Marshall, assistant to Col. Littell; with Maj. Evan Shelby, legal adviser; with Maj. A. W. Starrett, of the construction committee; with Maj. Gunby, chief of the engineering branch; and Maj. Wheaton, chief of architectural construction and design. In this connection I may say that it is hoped to make the Tacoma cantonment the most beautiful of them all, in keeping with nature's surroundings in that God-favored country, and I hope that Congress will make at once an appropriation which will provide for the painting of the buildings. I also gained the acquaintance of Maj. R. E. Hamilton and his assistants, in charge of materials, and numerous other Army officers in charge of the buying of wood, cement, and iron pipe, of ranges, stoves, lumber, screens, hardware, electrical supplies, transportation, and, in fact, all of the things that go to build almost overnight a fully equipped, sanitary, and comfortable city of 50,000 souls.

One can hardly imagine a more efficient organization than Col. Littell gathered under him. Do not take my word for it. Read his statements strung along in the hearings on this bill all the way from page 374 to page 910 in a book of about 1,000 pages. Notice his keen insight and firm hold of the situation, and then perhaps grumblings will cease. Of course it cost money to build these cantonments, and lots of it. Labor was well paid, but materials were close bought, and the 10 per cent contracts were a myth. They did not exist. Even those contractors who started on a 10 per cent profit basis on some of the smaller constructions—like officers' temporary quarters at Fort Myer, for instance—were signed up to accept the official "contract for emergency work," and under that contract this much-heralded 10 per cent fell to as low as 3 per cent.

The American Lake cantonment was built on an unset price, out of which the contractor paid all of his overhead and many other charges, including the keeping of a well-known and highly efficient State of Washington man—Mr. George B. Kittinger—here to look after details, expedite the procuring of materials, and the like.

With prices as they are these days at the leading Washington, D. C., hotels, it costs money to stop long in this town, and if I felt like complaining about extortion and robbery I most certainly should direct it at these hotels in the National Capital rather than at any price paid for either material or labor in these great cantonments. [Applause.]

I have not seen the great Tacoma cantonment or any other, and I am anxiously awaiting the time when I can visit my district, see what has been accomplished at American Lake, and get in close communion with the real and true patriotism which prevails in western Washington, and, in fact, throughout all the State of Washington, in spite of a small number of treasonable outbursts on the part of a few. While there has been some little feeling and some outbursts on the part of some who should be good citizens, aided and abetted by agitators who, unfortunately, are Americans, but who are not working for the interests of this Government, I am convinced that a true patriotic spirit prevails throughout the body of the State of Washington. Our people know why we are at war, and they know that we must and shall win. Our State of Washington young men are in every branch of the Army and Navy service in great numbers. Our people are accepting the draft in the true spirit and have come to understand it thoroughly as an equitable way of quickly providing a great army. In short, our people are for the Government. Minor problems can wait until the war is won.

In conclusion may I be permitted to assure the Congress and the people generally that all of the men in the National Army who have been sent to this American Lake cantonment—and that will include men of the National Army selected in all the Northwestern States and Alaska—will find themselves during this fall and winter and spring, and perhaps part of next summer, in the most delightful and equable climate in all the United States, and surrounded by a loyal, patriotic, and upright citizenry and good moral conditions?

Gentlemen, I thank you. [Applause.]

Mr. SHERLEY. Mr. Chairman, I desire to yield five minutes to the gentleman from Montana [Mr. EVANS].

Mr. EVANS. Mr. Chairman, I desire to submit a few observations upon this bill and some other questions, but the time allotted being so brief I am going to ask permission to extend my remarks in the Record. However, I want to say this, that

I think I reflect the sentiment of the people of my State when I say that I shall personally vote for this bill, and I shall vote for any other bill appropriating any amount of money necessary to carry this war to a successful termination.

The amount of money carried by this bill surpasses any appropriation ever made by any government in the history of the world, and while we are all ready and willing to vote for it because we think it is needed, I think it will not be charged that it is an extravagant appropriation but the expenditure made to meet the necessities of the Government in times of great stress. The question that is interesting the people of the country is not so much what the appropriation amounts to as how the money thus appropriated is to be obtained, and the brief remarks that I have to submit might better apply to the revenue bill than the appropriation bill.

The estimates submitted by the departments for this bill aggregate more than \$7,000,000,000, and this bill carries approximately five and a half billion dollars. It is estimated that when the revenue bill now in conference becomes a law and raises by taxation a sum many times greater than was ever raised by this Government by a system of taxation that there will still be a deficit of at least \$2,000,000,000. It is, therefore, manifest that the question of taxation must engage the profoundest thought of the profoundest students of the country. No system of taxation can be exactly just. The burden is bound to be unequal. The taxation should, however, be laid with a keen appreciation not alone by what it takes from a man, but also by what it leaves a man. In times like this everybody must contribute, and, so far as possible, they should contribute in proportion to their capacity to pay.

One of the questions that is interesting the people of the country is what proportion of this immense burden is to be borne by taxation and what proportion by a bond issue. If the President is correct, and we believe he is, that this war is fought to make the world safe for democracy, then it appeals to me that a larger per cent of this burden should be borne by those who come after us than many of my colleagues are willing to admit. As near as I can ascertain, England, who has now been engaged in the war for three years and has expended about \$20,000,000,000, has raised about one-fourth of that amount by taxation and financed the other three-fourths by a system of bonding. Many of you believe that we should meet 50 per cent of the expense of the war by taxation. In that I do not agree. We are furnishing the men—the young men of to-day will shed the blood to carry this war to a successful termination—and it appeals to me that a large portion of the money should be paid by those who come after us.

It is reported in financial journals, and maintained by financiers of the world, that the credit of England is to-day as stable as it was when war began, and that her huge bonding system has not in the slightest degree affected her credit. If that be correct, then surely this Government can afford to bond at least upon the ratio equal to that of Great Britain. If too great a part of the cost of this war should be laid upon the people by a system of taxation it would absorb the whole potential savings of the present day. So long as it lasts all internal and domestic improvements and progress would cease, not a mile of railway would be built, not another mill or factory would be erected except those engaged in the production of war munitions. No man would improve his farm; streets and roads would no longer be developed; and if the war should last a number of years absolute stagnation would prevail at home. This is one of the great questions that must be met and mastered in financing this war. To me it is exceedingly doubtful if any system of taxation could be devised which would provide revenue sufficient to pay even one-half of the cost of this war during its progress. My personal conviction is that not to exceed one-fourth of the money should be raised by taxation, and that tax should be so laid that every man and woman in the United States should know and realize that it is being paid for war purposes and that they are doing their bit and bearing their just share of the burden. How to lay such a tax is the great problem confronting us.

At the risk of being considered radical, it is my judgment that at least 75 per cent of the excess profits of every man should be taken, and that at least 50 per cent of the income should be taken. The country has everything at stake. Millions of men, both rich and poor, will bare their breasts to bullets and bloody bayonets on European soil. Many of them will give their lives—their all—and those who remain at home should be willing to give a large part of their annual income. Of course there comes a point in the lives of many people at which little or nothing can be done because they have but little or nothing to give in the way of financial support. But when a man has been left the reasonable necessities of life he



should in such an emergency as this be willing to contribute a considerable part of any excess of the reasonable necessities. This, I know, in quarters will be denominated as conscription of wealth. Well, let them call it what they will. In my judgment it is necessary to win the war, and in times like this everything and anything that is necessary should and will be done.

Income taxation must, under the present war conditions, constitute the principal source of revenue, and the rates should of necessity be progressive. They should not absorb all the savings of any class, but they should increase and be made to apply in proportion to the ability of the individual to pay. No man should be allowed to make a dollar out of this war, and if he is engaged in business of furnishing supplies, materials, or manufacturing articles for the Government, everything in excess of what his normal profits would be if we were not engaged in war should be taken by the Government to replenish the Treasury for this great struggle.

At this point, Mr. President, permit me to digress briefly to say that there is another bill pending in this House of vast importance to the American people. I refer to several bills introduced with the view of compelling aliens in our country to be brought within the provisions of the draft. I have not figures of the whole country, but the State of Montana is called upon under the draft law to furnish about 10,000 men, and the registration shows that there are about 12,000 aliens of draft age in the State of Montana who will be exempt. And our people can not reconcile themselves to the belief that it is right and just that our American-born boys should go to the trenches of Europe while these aliens remain at home and take the jobs as soon as our boys are drafted into the Army. Most of these aliens are citizens of our allies and owe allegiance to some flag and some country. They enjoy the benefits of our flag. They doubtless came here in the hope of bettering their conditions. If our country and their country is now engaged in a struggle for existence, they should be called upon to bear their share of that burden. Draft laws exist in nearly every country allied with us, but our laws will not permit a foreign Government to come to our shores and draft their citizens. I realize that treaty stipulations and other obstacles stand in the way of including these men within our own draft, but this Government must overcome those obstacles. Either our laws must be changed so that we may draft these aliens, or authority must be given our allies to come here for man power among their citizens. Personally I should go further. I should even include alien enemies in the draft, and when so drafted I should utilize them as noncombatants in doing necessary and productive work on behalf of the Government. On this latter phase, however, I am led to believe our people have not fixed opinions, but on the question of citizens of our allies residing in this country and falling within the draft age, the opinion of the American people is so fixed and certain that for my part I beg to say now that until these men are called upon to bear their just share of the burdens of this world war I shall not cast another vote for the draft of American boys.

The Clerk read as follows:

#### INTERSTATE COMMERCE COMMISSION.

For compensation of the two additional commissioners, authorized by the act approved August 9, 1917, from September 1, 1917, until June 30, 1918, inclusive, at the rate of \$10,000 per annum each, \$16,666.66.

Mr. FITZGERALD. Mr. Chairman, I offer the following committee amendment.

The CHAIRMAN. The gentleman from New York offers a committee amendment, which the Clerk will report.

The Clerk read as follows:

On page 2, after line 7, insert as new paragraphs the following:

#### EMERGENCY SHIPPING FUND.

The cost of purchasing, requisitioning, or otherwise acquiring plants, material, charters, or ships now constructed or in the course of construction and the expediting of construction of ships thus under construction, authorized by the urgent deficiency appropriation act approved June 15, 1917, is increased from \$250,000,000 to \$515,000,000, and there is appropriated for this purpose the sum of \$200,000,000.

The cost of construction of ships authorized by the urgent deficiency appropriation act approved June 15, 1917, is increased from \$500,000,000 to \$1,234,000,000, and there is appropriated for this purpose the sum of \$250,000,000.

For the purchase of ships, other than those heretofore or herein authorized, \$150,000,000.

For the acquisition or establishment of plants suitable for shipbuilding, or of materials essential thereto, and for the enlargement or extension of such plants as are now or may be hereafter acquired or established, \$35,000,000.

The CHAIRMAN. The question is on agreeing to the amendment.

Mr. FITZGERALD. Mr. Chairman, this amendment is to provide the program for the ships to be obtained by the Shipping Board in accordance with the statement made by me yesterday in my remarks upon the bill. These moneys are neces-

sary if the Government is to undertake the program necessary to furnish the ships essential to the national defense. If they are to be furnished, it is imperative that the program be authorized at this time.

The CHAIRMAN. The question is on agreeing to the amendment.

Mr. STAFFORD. Mr. Chairman, the appropriations that are carried in the supplemental amendments offered by the committee provide for a shipping fund that makes, with the prior appropriation of over five hundred millions, a grand total of over \$1,700,000,000. The Shipping Board purposes to utilize to the maximum every shipbuilding yard, both public and private, in the country, and to have them operated at their maximum efficiency for the next 24 months. It not only purposes to utilize the existing yards, but it is contemplated to have the Government establish three additional Government yards, which will be utilized for the assembling of fabricated steel in the construction of completed hulls.

The hearings before the committee disclose that the program as outlined by the late manager of the Emergency Fleet Corporation, the renowned, capable, energetic Lieut. Gen. Goethals, has been almost in every particular approved of and carried out by his present successor. The unfortunate squabble that caused the severance of the relations of this great canal builder and constructive engineer from the Government shows, as far as the testimony discloses, that his idea of the necessity of building steel ships, if we were going to have a real merchant marine to carry the increased tonnage and to take the place of the tonnage that is being sunk and will continue to be sunk until the submarine menace is checked, was the proper one.

The new board has virtually abandoned the policy of building wooden ships. It may be fair to say that that is partly due to the inability of securing the necessary lumber. But any mechanical engineer—and he does not have to be an engineer—but any large manufacturer would know that where you are building ships of a certain model, when you once get the model established it is only a question of manufacturing in large numbers the same forms in fabricated steel in order to turn out the necessary hulls that will result in expedition in the building of a large fleet of ships.

Another practical reason that appeals to any business man is that when this war is over and the United States Government will have this immense fleet that it is building for its use in carrying the merchandise of our country the world over, that if we are going to have a practical merchant marine to cope with the conditions then existing, a steel-ship fleet of large tonnage such as is contemplated in the steel ships now building and designed, running from 6,000 up to nearly 10,000 tons displacement, will be much more serviceable than the slow-going and smaller 3,500-ton wooden ships. That has been demonstrated by the evolution of transportation on the Great Lakes.

It was only 25 years ago when the wooden ship was the prevailing character of vessel carrying the wheat and the ore from Lake Superior down the Lakes to Buffalo and returning with cargoes of coal up the Lakes. But that character of ships has given way, first, to the so-called "pig," or steel "whale-back," carrying a great amount of tonnage in the way of ore and wheat, until now we have these large 10,000, 11,000, and 12,000 ton steel ships with a draft of, say, 14 or 16 feet, that have supplanted the old style of wooden ships entirely.

The CHAIRMAN. The time of the gentleman has expired.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent for five minutes more.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent for five minutes more. Is there objection? [After a pause.] The Chair hears none.

Mr. STAFFORD. So it was good business policy for Gen. Goethals, in view of the demand to put on the high seas as quickly as possible as many ships as we could, to utilize small shipyards for the building of wooden ships; but Gen. Goethals was absolutely right in his primal position, that if we are going to cope with the enemy so far as shipping facilities are concerned, and get the greatest output in the shortest time, to have steel ships in greatest number, and not only to have them serviceable during the war but to have an effective means of transportation on the high seas and which would not be mere junk after the war.

Mr. REAVIS. Will the gentleman yield?

Mr. STAFFORD. I will.

Mr. REAVIS. As I understand it, Gen. Goethals's plan comprehended the building of wooden ships to the extent that we had seasoned lumber for them, but that the ships built of raw lumber or sappy lumber would go down quickly when put on the sea. Is that correct?



Mr. STAFFORD. The gentleman is correct in that statement.

Mr. REAVIS. And there have been a good many unpleasant rumors in regard to that. Did I understand the gentleman to say that the plan of steel ships as promulgated by Gen. Goethals has now been adopted by the Shipping Board?

Mr. STAFFORD. Virtually by the successor of Gen. Goethals. The program as outlined by Gen. Goethals is being executed substantially by his successor.

Mr. REAVIS. So that those vessels that we will have at the conclusion of this war can be the nucleus, at least, of the merchant marine?

Mr. STAFFORD. Yes. That is one argument in favor of the Government spending this immense sum of one billion seven hundred million, so that when the war comes to a close—and who can predict when it will come to a close?—although at the present time there is only one policy for the Government to follow, and that is to utilize all its activities at their maximum in order to be prepared for any contingency. I say when that time comes we shall have effective means to carry on our merchant trade the world over.

As I was saying just prior to the gentleman's interruption, these wooden ships at the close of the war and the shipping facilities returned to the normal will be abandoned, because in the cost of operation it costs as much to operate a ship, so far as the overhead charges are concerned—such as the personnel of the officers and a large part of the crew—of a 3,600-ton ship as it does a 9,000-ton ship. That is why on the Great Lakes the ten and twelve thousand ton ships have supplanted the wooden ships that I sailed on 15 or 18 years ago that carried only 3,000 tons. Those old wooden hulks, although serviceable, have been confined to the docks and are tied up there because they could not be operated in competition with ships that have a larger tonnage.

It was a far-seeing policy on the part of Gen. Goethals when he advocated the policy of utilizing all the small shipyards in turning out a limited number of wooden ships, but at the same time recognizing that if we were going to multiply our merchant marine in the coming months to cope with an enemy we would have to adopt the policy of building steel ships, and that is the policy that this enormous program of \$1,700,000,000 contemplates.

The CHAIRMAN. The time of the gentleman from Wisconsin has again expired.

Mr. CANNON. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Illinois moves to strike out the last word.

Mr. CANNON. I approve of this amendment, but I approve of it purely and simply as a war measure. If we were at peace, I would not vote for it. And yet I wish we had a merchant marine—when we get out upon the world's highway and peace comes again—that will carry our products to foreign markets, monopolizing, as we ought to where we can monopolize, the coastwise trade.

If it had not been for that we would have been absolutely helpless, so far as ships and shipyards are concerned. For that reason I do not desire to detain the committee in the consideration of this bill by what I have to say. But you might give to the United States a merchant marine complete, and on the world's highway, where we must compete with the world, we would be driven out of business, unless by grants from the Treasury we made up the difference between the cost of operating ships on the world's highway, under our flag, in competition with the other nations of the world. Hence I wanted to say just that. I am for this bill because I believe it to be necessary, under stress, for the protection of ourselves and our allies that we should have these ships as a war measure. [Applause.]

Mr. ROBBINS. Mr. Chairman, before the gentleman takes his seat I want to ask him a question.

Mr. CANNON. Very well.

Mr. ROBBINS. Is not a bill pending before the Committee on the Merchant Marine and Fisheries to open up to the coastwise trade, of which the gentleman spoke, all the ships of the world—a trade which heretofore has been protected for the use of American ships only?

Mr. CANNON. I do not know whether such a bill is pending or not. If it is pending, I hope it will not be enacted into law.

Mr. BANKHEAD. Such a bill is pending, if you will allow me, before the Committee on Interstate and Foreign Commerce, but no action has been had on it.

Mr. CANNON. It has not been reported?

Mr. BANKHEAD. No; it has not been reported. It is being considered, but no action has been taken on it.

Mr. CANNON. I hope it has not been favorably reported, and if it should be favorably reported I would like to have about five minutes to talk about it.

Mr. ROBBINS. And against it?

Mr. CANNON. Yes; against it, because, I say again, without our monopolization of the coastwise trade we would be absolutely helpless.

Mr. FESS. Mr. Chairman, will the gentleman yield for one question?

Mr. CANNON. Yes.

Mr. FESS. After the war, if the Government continues with this fleet as a merchant marine, will the coastwise trade be open to the Government ships—these that we are building now?

Mr. CANNON. They will be our ships and sailing under our flag, and, of course, they could engage in the coastwise trade. But if all the world could engage in that coastwise trade we would be put out of business in the coastwise trade, as we will be put out of business on the world's highway when we have to compete with the world unless we make grants from the Treasury to equal the difference between the cost of running our ships and the world's cost of operating its ships.

Mr. FESS. Is there the same danger in the Government becoming a competitor and putting out of business those engaged now in the coastwise trade? Does not that danger exist?

Mr. CANNON. If you open the coastwise trade to all the world, yes. As I am correctly informed, we have so far amended the law that we let ships built by the balance of the world, if owned here and flying our flag, engage in our coastwise trade, but that is all. It might put our shipyards out of business. That is another question. What I wanted to call attention to was the difference in cost of operating the ships.

Mr. FESS. Yes. I appreciate that point.

Mr. CANNON. The difference in the cost of operating our ships on the world's highway and the cost to Japan, Great Britain, Germany, France, and all the balance of the world in operating their ships.

Mr. FESS. My query was leading to this: Is it not possible that the time will come when all the shipping, as far as our country is concerned, will be carried on by the Government, including the coastwise trade? Is not that involved in the step we are taking now?

Mr. CANNON. As to the coastwise trade, we can monopolize that trade, and I do not believe as a permanent policy that the world will be allowed to engage in our coastwise trade.

Mr. FESS. I hope not.

Mr. BANKHEAD. Not under existing law. Foreign nations can not engage in the coastwise trade now.

Mr. CANNON. I understand; but prior to the amendment, as I recollect it, a ship engaged in the coastwise trade must have been constructed in our shipyards.

But now we can buy ships constructed in the shipyards of Japan to enter our coastwise trade. But that is not so important; because while it might and would put our shipyards out of business, in my judgment, I am calling attention to the larger question, and what will happen when this war is over is that this great fleet that we are creating and must create to prosecute this great war successfully will disappear like the dew in the morning, unless we make grants from the Treasury equal to the difference between the cost to us of operating that fleet and the cost of the world in operating their fleets in competition. [Applause.]

Mr. FESS. Mr. Chairman, I move to strike out the last word. What has been said emphasizes what most of us here recognize, that under the emergency of war we are setting out in legislation that in character is quite different from what it would be if we were in normal times, and much of this legislation doubtless will inevitably be permanent. We are taking steps that we will not retrace. We are taking them under the stress of emergency, and I have no doubt this very amendment supplies one case, where we are building a great number of ships primarily for war purposes, but which will serve as the beginning of a Government merchant marine. Everybody wants to see the ships built, and wants the Government to build them, since private companies can not be secured to do it, and these ships will serve as the beginning of the building of a great merchant marine, which we probably will not modify from the standpoint of governmental activity. And if that merchant marine proves successful—that is, if it proves an economic success, either by subsidy in the way of making up a loss of operation or otherwise—there is not the slightest doubt in my mind that it will be extended as a Government merchant marine to the coastwise trade. In that case, the individual transporting companies now having that monopoly, not able to compete with the Government, because the expense will be entirely different, I have no doubt the time will come when we will have no private transportation along the coast, and that the Government will be doing it all. This will have a great result, not only on the coastwise transportation companies but, in addition, the



private shipyards will probably become governmental shipyards. I call attention to that tendency in legislation, which is forced upon us by the stress of war, and have not the slightest doubt that it will become permanent later on. However, that is no reason why we should not vote for the measure when it is necessary, and I shall vote for it. But I do so because there is no choice to us in the face of the impending crisis.

The CHAIRMAN. The question is on the amendment proposed by the committee.

The amendment was agreed to.

The Clerk read as follows:

FEDERAL BOARD FOR VOCATIONAL EDUCATION.

The appropriation provided by section 7 of the act creating the Federal Board for Vocational Education, approved February 25, 1917, is also made available for printing and binding, law books, books of reference and periodicals, and postage on foreign mail.

Mr. FITZGERALD. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment proposed by the gentleman from New York.

The Clerk read as follows:

Committee amendment: On page 2, after line 16, insert the following:

"For additional employees in the Department of State, \$85,000: *Provided*, That not more than two persons shall be employed hereunder at a rate of compensation exceeding \$1,800 per annum.

"For stationery, furniture, fixtures, typewriters, repairs, and material for repairs, and miscellaneous items, including expenses of the passport office in New York, \$25,000.

"FOREIGN INTERCOURSE.

"For the employment of necessary clerks at the embassies and legations, who, whenever hereafter appointed, shall be citizens of the United States, \$88,000.

"For allowance for clerk hire at consulates, to be expended under the direction of the Secretary of State, \$325,000.

"To enable the President to provide, at the public expense, all such stationery, blanks, records, and other books, seals, presses, flags, and signs, as he shall think necessary for the several embassies and legations in the transaction of their business, and also for rent, repairs, postage, telegrams, furniture, typewriters, including exchange of same, messenger service, compensation of kayasses, guards, dragomans, and porters, including compensation of interpreters, and the compensation of dispatch agents at London, New York, San Francisco, and New Orleans, and for traveling and miscellaneous expenses of embassies and legations, and for printing in the Department of State, and for loss on bills of exchange to and from embassies and legations, and payment in advance of subscriptions for newspapers (foreign and domestic) under this appropriation is hereby authorized, \$132,000.

"Expenses of providing all such stationery, blanks, record and other books, seals, presses, flags, signs, rent (so much as may be necessary), repairs to consular buildings owned by the United States, postage, furniture, including typewriters and exchange of same, statistics, newspapers, freight (foreign and domestic), telegrams, advertising, messenger service, traveling expenses of consular officers and consular assistants, compensation of Chinese writers, loss by exchange, and such other miscellaneous expenses as the President may think necessary for the several consulates and consular agencies in the transaction of their business, and payment in advance of subscriptions for newspapers (foreign and domestic) under this appropriation is hereby authorized, \$28,000.

"To pay the actual and necessary expenses of transportation, under such regulations as the Secretary of State may prescribe, of diplomatic and consular officers and clerks in embassies, legations, and consulates, in going to and returning from their posts or when traveling under orders of the Secretary of State, but not including any expense incurred in connection with leaves of absence, \$75,000.

"To enable the President, in his discretion and in accordance with such regulations as he may prescribe, to make special allowances by way of additional compensation to consular and diplomatic officers in China, including the officers at Hongkong, Saigon, Tsingtau, Dairen, and Vladivostok, in order to adjust their official income to the ascertained cost of living at the posts to which they may be assigned, \$100,000.

"For the relief of American citizens in Germany or German occupied territory and American prisoners of war who may be taken by German forces, \$80,000."

Mr. McKENZIE. I would like to ask the chairman of the committee or some one on the committee a question.

Mr. COOPER of Wisconsin. One moment. Before the discussion begins I reserve a point of order upon that amendment. That is a complete Diplomatic and Consular appropriation bill, or about two-thirds of one. I do not think it is germane to this bill, and under the rules of the House legislation of that kind comes properly from the Committee on Foreign Affairs.

Mr. FITZGERALD. The amendment makes provision for a number of items in the Consular and Diplomatic Service for the current fiscal year. Any appropriation made for the Consular and Diplomatic Service for this fiscal year at this time belongs in the deficiency bill, and in no other bill could it properly be considered. There is an item here which is legislation, in that it extends to the employees of the Consular and Diplomatic Service in China the same relief that was afforded in the diplomatic bill to consular and diplomatic employees in belligerent and contiguous countries, due to peculiar conditions now existing in China. But, outside of that item, every other part of this amendment is not only germane and relevant, but properly belongs in this bill and is not subject to any point of order.

Let me say to the gentleman from Wisconsin that after the committee had concluded the preparation of the deficiency bill, as I stated yesterday, additional estimates were transmitted to the Congress aggregating \$1,450,000,000. Among the estimates transmitted were estimates from the Department of State aggregating in excess of \$900,000. There were a number of items. The committee investigated the estimates and reached a conclusion. The subcommittee reported to the full committee, and after consideration they were adopted, and they have been offered in the form of one amendment merely to save the time that would otherwise be taken in offering one after another. But, outside of the one provision to which I have referred, not one of these provisions of the amendment, so far as I recall it, is obnoxious to the point of order.

Mr. COOPER of Wisconsin. Mr. Chairman, of course I have had no opportunity to see the amendment, which is very long. In listening to it I thought there was something in the way of new legislation in the amendment. Will the gentleman please state once more just what there is in the amendment that is legislation?

Mr. FITZGERALD. That part of the amendment?

Mr. COOPER of Wisconsin. Yes.

Mr. FITZGERALD. On page 4 of the printed amendment the gentleman will find this provision:

To enable the President, in his discretion and in accordance with such regulations as he may prescribe, to make special allowances by way of additional compensation to consular and diplomatic officers in China, including the officers at Hongkong, Saigon, Tsingtau, Dairen, and Vladivostok, in order to adjust their official income to the ascertained cost of living at the posts to which they may be assigned, \$100,000.

The Mexican dollar has increased in value from 40 cents to about 80 cents—I do not recall just the exact figures—so that the American gold with which our diplomatic and consular officers are paid has been reduced 50 per cent in value in purchasing power in the countries where the Mexican dollar is the standard of value. Those officials serving in China have found that their income has practically been cut in half because of the unprecedented rise in the value of the Mexican dollar.

In the Consular and Diplomatic bill for the current year extraordinary conditions existing in the belligerent countries and countries contiguous thereto were recognized by the Committee on Foreign Affairs, and they included authority of this character, so far as applicable to belligerent countries and countries contiguous thereto. China is not in either category, and the State Department requested this authority in order to make provision for the employees in China along lines identical with the authorized policy in the belligerent and contiguous countries.

Mr. COOPER of Wisconsin. Is that the only bit of new legislation?

Mr. FITZGERALD. The next provision is:

For the relief of American citizens in Germany or German occupied territory and American prisoners of war who may be taken by German forces, \$80,000.

There are still some American citizens in Germany, and it is anticipated that there may be some American soldiers taken prisoners of war before the end of the fiscal year. The Government is still extending some relief to American citizens in Germany through intercession of the Spanish ambassador. All of the belligerent countries have adopted the practice of permitting little comforts to be sent prisoners of war from the countries of their nativity. So that if American soldiers should be taken prisoners of war our Government can permit to be furnished either commodities or money in order to provide certain comforts for them—tobacco, food, and some slight luxuries that under the usages of war would not be furnished, particularly under the existing conditions in the world, by the country which has possession of the prisoners.

Then in one of the provisions a limitation which is usually contained in the diplomatic bill is eliminated. At the top of page 4 is an appropriation to pay the actual necessary expenses of transportation. The diplomatic bill has for some years contained a provision limiting the expense of transportation to 5 cents a mile, computed by the most direct route.

The Secretary of State explained that in the first place, under the prevailing prices for over-sea travel, it is impossible to obtain accommodations within that amount. But a much more serious difficulty arises. The diplomatic and consular officers, for instance, coming on the continent to France may be directed to come to this country. There was one instance where an officer, directed to come here, went from Switzerland to Paris. He wished to proceed to a French seaport in order to take passage to the United States. He was detained in Paris for several weeks. Under the regulations he was not permitted to proceed



to the seaport where he was to take passage. When he was permitted to go to the seaport he was detained there several weeks until arrangements could be made to furnish him with passage.

The result is that it is impossible to anticipate the time, the difficulties, or the expense to which officials of the Government are subjected when traveling abroad under existing conditions. It was suggested in the committee that perhaps it would be advisable to put some higher limitation on the total, but the Secretary of State, however, expressed the opinion that it would be difficult to state what particular limitation would be proper, and he thought it much more desirable not to put a limit at this time because of the difficulty of anticipating what the expense would be, and for the further reason that if the limit were once raised it would be very difficult to ever bring it back to the original restriction of 5 cents a mile, which he thinks is wise and desirable to be retained in normal times.

With these modifications and authorizations the other provisions are merely to furnish moneys to maintain the Diplomatic and Consular Service beyond the funds available by the Diplomatic bill.

Mr. COOPER of Wisconsin. During the consideration of the Diplomatic bill I remember to have heard the last-mentioned subject discussed. I appreciate the difficulties that our diplomatic and consular officers have in traveling. Mr. Chairman, I withdraw the point of order.

Mr. McKENZIE. Mr. Chairman, I desire to ask a question of the gentleman from New York for information. In connection with the appropriation to take care of the consuls and diplomats in China, did the State Department make any request for an appropriation to also take care of to some extent the consuls in other countries in Europe?

Mr. FITZGERALD. Provision was made for that in the Diplomatic and Consular bill of \$200,000. It provided that additional compensation and allowance should be made in belligerent countries and countries contingent thereto, and the only necessity for its being put in here is that China is not a belligerent and is not a contingent country.

Mr. McKENZIE. It was my understanding that the appropriation made some time ago was not going to be anywhere near sufficiently large to take care of this matter, and I was under the impression that there would be an item in this bill to do justice to the Americans who are taking care of our interests in the foreign countries at this time. There is no question but that the difference in exchange, and many other items of expense, make it impossible for these men to live on the salaries they are receiving, and I hoped it would be taken care of in the bill.

Mr. FITZGERALD. The State Department, judging from the estimates submitted, anticipated every possible contingency. They did not ask additional money for the purpose indicated by the gentleman from Illinois, which leads me to the conclusion that the funds available are ample at this time. If during the course of a year a situation develops that there is not enough, the Congress will be prepared to furnish the funds that should be provided.

The CHAIRMAN. The question is on the committee amendments.

The committee amendments were agreed to.

Mr. FITZGERALD. Mr. Chairman, I ask unanimous consent that the amendment be inserted after the title "Department of State."

The CHAIRMAN. Is there objection?

There was no objection.

The Clerk read as follows:

Benning Road Viaduct and Bridge: For an additional amount for the objects set forth in the appropriation contained in the District of Columbia appropriation act for the fiscal year 1915, for constructing a suitable viaduct and bridge to carry Benning Road over the tracks of the Philadelphia, Baltimore, & Washington Railroad Co., \$50,000.

Mr. COOPER of Wisconsin. Mr. Chairman, I move to strike out the last word. Is there anything in this bill relating to the Aqueduct Bridge?

Mr. SHERLEY. No; there is not. That was carried in the sundry civil appropriation bill, and there is nothing in this bill relating to it.

Mr. BORLAND. There is an item of \$400,000 which was put in by amendment by the Senate in the sundry civil appropriation bill for commencing the construction of the Aqueduct Bridge at Georgetown.

Mr. COOPER of Wisconsin. That is now the law?

Mr. BORLAND. Yes.

Mr. COOPER of Wisconsin. I withdraw the pro forma amendment.

Mr. McKEOWN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Page 8, line 8, strike out lines 8, 9, 10, 11, 12, 13, and 14.

Mr. McKEOWN. Mr. Chairman, I would like to ask the committee about this item. I understand \$135,000 have been appropriated for this project, and this is an additional \$50,000 for the viaduct bridge. What is the necessity for the \$50,000?

Mr. FITZGERALD. The original appropriation was \$110,000. The bids to do the work were very much in excess of the authorization, so much so that an additional \$35,000 was appropriated. In the meantime prices had gone up so much that it was impossible to obtain the assent of the original bidders, and upon a readvertising it was found that this additional sum would be necessary in order to do the work. The committee considered very seriously whether in view of the increase in the prices it would authorize the work to be done at this time rather than to wait some time until conditions had become normal. This, however, is the most dangerous grade crossing in the District. A number of very serious accidents have occurred there and the necessity for eliminating the grade crossing is so great that the committee believed that in spite of the very greatly increased cost it should make the recommendation. This work is paid for, I believe, one-third by the Government, one-third by the District of Columbia, and one-third by the railroad company.

Mr. McKEOWN. I notice in the hearings that the chairman hesitated about this appropriation, and I personally think that all of these building matters should be deferred if possible.

Mr. FITZGERALD. The elimination of this grade crossing is deemed to be very necessary, and it is simply because of the very great menace to the traveling public through the continuation of that crossing that the committee believed it would be desirable even at the increased cost to have the work done as quickly as possible.

Mr. McKEOWN. I withdraw the amendment, Mr. Chairman.

The CHAIRMAN. The gentleman withdraws the amendment, and the Clerk will read.

The Clerk read as follows:

For the temporary employment of such additional force of clerks and other employees as in the judgment of the Secretary of War may be proper and necessary to the prompt, efficient, and accurate dispatch of official business in the War Department and its bureaus, to be allotted by the Secretary of War to such bureaus and offices as the exigencies of the existing situation may demand, \$4,261,232: *Provided*, That the Secretary of War shall submit to Congress on the first day of its next regular session a statement showing by bureaus or offices the number and designation of the persons employed hereunder and the annual rate of compensation paid to each: *Provided further*, That no person shall be employed hereunder at a rate of compensation in excess of \$1,800 per annum.

Mr. BORLAND. Mr. Chairman, I move to strike out the last word. Mention has been made to me repeatedly lately of an abuse that is supposed to exist, and I think it is possible does exist, in the War Department in regard to these employees. Under the present extraordinary circumstances we ought to give to the War Department all of the temporary employees that they need, and I have no doubt that we will have to enlarge the permanent force. The work of the department has certainly been extraordinary under this emergency. The work has come with a rush, and it has been work usually that had to be taken care of promptly without the slightest delay. Unfortunately, I suppose they have been working down there with green hands. They have had to bring in green men, inexperienced people, and under any aspect the difficulties of the department have been great and the inconvenience to the public has been great. We ought to relieve it as much as possible. My attention has been called to the fact that the liberal provision made in the Military Affairs Committee bill of \$100 per month for men taking training in the Officers' Reserve Corps and the proximity to the training camp to Washington furnished facilities for a large number of these Government clerks to go out there and take the training. Naturally, a great many of them succeeded in becoming officers and have been commissioned. Complaint is subsequently made by department officials that that has depleted their force and taken away a good many of their men. But now comes the statement that some of these men after they get their uniforms and their shoulder straps and are drawing from \$1,800 to \$3,600 a year as officers are detailed back to the same desks which they occupied as stenographers and clerks. That is an abuse. There is not the slightest reason why men who are trained for officers, supposed to go with an army to the front, supposed to be trained for that purpose, given commissions for that purpose, should be detailed back to occupy a desk or an office anywhere in the War Department.

Mr. BYRNS of Tennessee. Does the gentleman know to what extent that rule prevails?

Mr. BORLAND. No; I do not know to what extent it prevails, but it prevails. I was recently told a gentleman had his picture published in the newspaper to announce the fact that he had been appointed a major in the Judge Advocate General's Department, and the article gave his entire career. He has been a Government clerk in the department here since 1888, and the only thing that has happened to him since that time was that he has taken a two-year law course at Georgetown University.

Mr. BYRNS of Tennessee. Now, does the gentleman know whether or not he was sent back to perform the identical work he performs as a clerk or as a legal clerk in the department, or whether or not he was put on the Reserve Corps with the intention of detailing him to the Army?

Mr. BORLAND. He is sent to a desk in the Judge Advocate General's office; that appeared in the statement, that he was detailed to the Judge Advocate General's office when he had only been out of the department for a month.

Mr. BYRNS of Tennessee. I happen to know that question was raised in the committee.

Mr. SHERWOOD. Did the officer have any previous military experience?

Mr. BORLAND. Absolutely none, and his autobiography shows none.

Mr. SHERWOOD. Was he a second lieutenant?

Mr. BORLAND. No; he was a Government clerk.

Mr. SHERWOOD. And appointed a major?

Mr. BORLAND. He was appointed a clerk under civil service in 1888 and has served continuously since that time to this and had taken a two-year course of law at Georgetown University. That appears from his autobiography.

Mr. SHERWOOD. And made a major?

Mr. BORLAND. And made a major. He must have been a clerk at \$2,000 or less—

Mr. COOPER of Wisconsin. What is the salary of a major?

Mr. BORLAND. Three thousand dollars.

Mr. BYRNS of Tennessee. The question I was about to put to the gentleman from Missouri was raised in the committee, and one of the heads of the Quartermaster's Bureau, I remember, was asked specifically whether or not any such practice prevailed in his department, and he denied emphatically that there was any such practice being carried on in the quartermaster service, and I am surprised to hear the gentleman make the statement with reference to the Judge Advocate General's Department.

Mr. BORLAND. Members of Congress have brought the matter to my attention as well as others.

Mr. BYRNS of Tennessee. I will say to the gentleman the denial was made with reference to the Quartermaster's Department.

Mr. BORLAND. Which is one department, of course. There are repeated complaints of that thing being done, and it seems to have been brought to the attention of other Members of Congress besides myself.

Mr. COX. Will the gentleman yield?

Mr. BORLAND. I will.

Mr. COX. When these men are detailed back to various departments, do they draw double salary?

Mr. BORLAND. No; here is the circumstance. Here is the civil-service employee who goes to one of these camps. He may be a good lawyer and they may want him back, but he could not draw a double salary if it was over \$2,000. They walk out of the office as civil-service employees, and then they walk back again as a detailed officer. Then, of course, the department comes before the committee and says, "We have lost," and technically they have, "a certain number of our civil-service employees, who have either been drafted into the Army or obtained commissions, and we want a sufficient number of men to supply the places of those lost, as well as to do additional work."

Mr. DYER. Will the gentleman yield?

Mr. BORLAND. In a moment. So that they have not, in fact, lost any man, and we ought to take that fact into consideration. At all events, we ought not to permit men who are qualified as officers and drawing a salary as officers to be detailed back to a purely clerical position in a department. I yield to the gentleman now.

Mr. DYER. I understand this case of which my colleague speaks is in the Judge Advocate General's Office?

Mr. BORLAND. Yes.

Mr. DYER. And, of course, the experience required for such position is a legal knowledge in military law?

Mr. BORLAND. I suppose so.

Mr. DYER. Does the gentleman think they will be detailed to some camp or some cantonment for duty pertaining to the Judge Advocate General's office?

Mr. BORLAND. I suppose they will say that, if it was possible for—

Mr. DYER. I will say to the gentleman, which he knows to be a fact, that many civilians have been appointed majors in the Judge Advocate General's office without any military training whatever.

Mr. BORLAND. I do not know of any civilian being appointed major, but I know of one man who was appointed a major in the Judge Advocate General's Department, but he had been an officer in the Philippines and been judge of the court of the first instance over there.

Mr. DYER. I know of other cases—

Mr. BORLAND. Maj. Whitsett was appointed a major, and another man, Arthur Black, son of the late chief justice of Missouri, was appointed a captain. He was the man who had drawn the official code of Morocco and was engaged in compiling consular law.

Mr. McKENZIE. Will the gentleman yield?

Mr. BORLAND. Yes.

Mr. McKENZIE. Does the gentleman know whether or not the particular gentleman he speaks of submitted to any examination before he was commissioned, or was he just simply commissioned?

Mr. BORLAND. It was in one of the evening papers several days ago, where his biography and picture were given. His biography stated that he had been appointed a major, and the biography went on to say that he had entered the civil service as a clerk in 1888 and had been there continuously ever since, and that at some date there stated he had taken a two-year course at Georgetown University.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BORLAND. Mr. Chairman, I ask unanimous consent for five minutes additional.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. SHALLENBERGER. Will the gentleman yield?

Mr. BORLAND. I will.

Mr. SHALLENBERGER. Do not the hearings of the gentleman's committee further show that a large number of commissions were granted men working in the Coast and Geodetic Survey and who are commissioned as captains and majors and lieutenants and then kept at the same work they were performing before at increased pay because of the fact that they had been commissioned?

Mr. BORLAND. I was not on the subcommittee that drew the bill and I do not recall any such testimony.

Mr. SHALLENBERGER. The testimony does show.

Mr. BORLAND. The gentleman may be right.

Mr. COX. Will the gentleman yield for a question?

Mr. BORLAND. I will.

Mr. COX. I see that this bill proposes an appropriation or authorizes an appropriation of \$4,261,323 for temporary extra work. I observe by the press every day that the clerks in the various departments are making a determined fight before the various departments, and later on intend to carry it to the President, to have a full Saturday evening for every Saturday of the year. If that prevails, does not the gentleman think that this appropriation will be a very meritorious appropriation? We would very likely have to double it up before the year expired.

Mr. BORLAND. The gentleman and I are in full accord about that matter. I believe the taxpayer is entitled to a square deal. We have to put a heavy burden on him under any circumstances, and I think there is such a thing as an honest day's work. I believe that a man in the District of Columbia working for the Government, and drawing down taxes instead of paying them, ought to be willing to give a full day's work in this time of the country's need. If they want 239 additional half days off, I am going to oppose it. I regret to have to do so, but I will have to do it.

Mr. McKENZIE. Will the gentleman permit an interruption?

Mr. BORLAND. I will.

Mr. McKENZIE. The gentleman has brought out a very serious charge, it seems to me, against the Military Establishment of our country, and it ought to be distinctly understood just what the facts are, if we can get at the facts. Now, there is no objection to any man who may be employed in any of the governmental departments taking the examination for a commission in the Officers' Reserve Corps?

Mr. BORLAND. None at all.



Mr. McKENZIE. And he may take the examination and be commissioned, and he may go right back to his work in the department, and he simply works there as a clerk until he is called or ordered to service in the line of service in which he was commissioned.

Mr. BORLAND. Let me understand the gentleman. When he is commissioned and begins to draw his pay as an officer?

Mr. McKENZIE. He does not, though.

Mr. BORLAND. You say then he can go back to his desk and draw pay as a clerk?

Mr. McKENZIE. The gentleman does not understand. A man may get a commission in the Officers' Reserve Corps and not be assigned to duty, and therefore he would not draw the salary as a commissioned officer, but would go back to his ordinary vocation until called by the Secretary of War to take up the duty for which he was commissioned.

Mr. BORLAND. In that case he would not wear a uniform, would he?

Mr. McKENZIE. No; he would not be entitled to wear a uniform. He would not be entitled to wear the uniform until he was ordered to duty. And I simply bring out this point in order that the gentleman may look into this case and present all the facts to the House, and not bring up a proposition that would throw a cloud over the head of the Secretary of War or some other officer of our Government unless the facts warrant it. If the facts warrant it, then we ought to know the truth.

Mr. BORLAND. I do not think, Mr. Chairman, that there is any cloud thrown over anybody's head, but it is our duty in this crisis to be absolutely as watchful as we can. We know that there is going to be a great deal of money spent, we might say wastefully, or at least in waste that possibly could have been prevented; but that is one of the inevitable results of war. War requires that hastily we must get together large equipment and large supplies, and it must be done under circumstances where the usual safeguards surrounding the expenditure of money can not be obtained. But even under those inevitable circumstances we ought to try to throw around the expenditure of money all the safeguards that we can, and if any of these leakages are likely to occur, the duty of any man who knows them and receives complaint that they exist is to bring them to the attention of this House.

Now, I do not think men ought to be detailed back to the desk they occupied in the War Department and the Navy Department. I do not think, if they are not needed as officers, they ought to be commissioned as officers. If it is the plan simply to raise the pay of a certain number of clerks from \$1,800 to \$2,000 that they get as clerks to \$2,400 or \$3,000 that they would get as commissioned officers, I do not think that ought to be tolerated. I do not think if it were thoroughly examined into by the heads of the departments, and that condition found to exist, it would be tolerated. My colleague says that the Quartermaster General's Office denies that that condition exists there. I am glad that is true. But it must exist in other offices or there would not be the complaint of its existence.

Mr. SLOAN. Is not this the case of using the time and energy of these men who were under appointment, but who by reason of the lack of organization of the Army had not been assigned to their permanent stations? Now, I talked with a man who received an appointment recently as captain, and he objected very much to not being sent to France but being set temporarily to do clerical work in the office of The Adjutant General; and, as he understood it, they were simply utilizing his services there until his assignment could be made. I assume there is a good deal of raw material in the officer-appointment ranks that could be used that way for a good while.

Mr. BORLAND. It might be wise administration to use the time of the men in the offices until they were needed in the war, but they ought not to be detailed there permanently. Now, if we need more employees in the Government—

Mr. GILLETTE. May I ask how much time the gentleman has remaining?

The CHAIRMAN. The time of the gentleman from Missouri has again expired.

Mr. COOPER of Wisconsin. Mr. Chairman, I ask that the gentleman have five minutes more.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent that the gentleman from Missouri have five minutes more. Is there objection?

There was no objection.

Mr. GRAHAM of Illinois. Mr. Chairman, will the gentleman yield there for a question?

Mr. BORLAND. Yes.

Mr. GRAHAM of Illinois. I have been interested in what the gentleman has said about the assignment of people who might be used in clerical work. Did not Congress pass at the present session a bill for the assignment of naval officers to clerical work? Did it not pass such a bill in the present session—a bill that was proposed and passed?

Mr. BORLAND. I have forgotten the details of the bill, but we did pass a bill, as I understand it, to permit naval officers to be detailed to certain technical work in the department.

Mr. GRAHAM of Illinois. Map-making work?

Mr. BORLAND. Yes; map-making work, but it was not strictly clerical work.

Mr. GRAHAM of Illinois. Was the gentleman informed of that?

Mr. BORLAND. Yes; but it was to the matter of clerical work that I called attention.

I have had my attention called also as to the matter of men in the Army doing clerical work. I understand we have 141 admirals on the retired list. I think that men on the retired list of the Army or of the Navy can do a good deal of the detailed technical work required in the departments in Washington and in the Government activities elsewhere. That would relieve younger men who ought to go to the front.

Mr. MADDEN. They have been called in, in a large measure, have they not?

Mr. BORLAND. Yes; they have been called in in a large measure, so far as the law permits. My qualification as to the naval bill was that I thought that work ought to be confined, as far as possible, to the men on the retired list.

Mr. GRAHAM of Illinois. I agree with you.

Mr. BORLAND. And thereby relieve the same number of younger men for active service at the front.

Mr. GRAHAM of Illinois. I agree with the gentleman as to that, but does he know whether there have been any assignments of naval officers to do that work?

Mr. BORLAND. No. I have no familiarity with the details of the Naval Establishment.

Now, I am opposed to exempting Government employees as a class from military duty. I think that all of the countries have found that they have got to utilize their man power in such a way as to send the younger, quicker, abler men to the trenches at the front, and that they will then have a large reserve of men who are not qualified for military service, but who are well qualified for all the clerical and other work necessary at home. I think we will make a mistake if we enforce the present rules of the Civil Service Commission in such a way as to shut out a large number of available men from clerical work who are not available for military service. I think that men who are available for military service, whether they are in Government employ or private employ, ought to stand an equal show of going to the front. They ought to be under equal obligations of going to the front, and they ought not to be excused on the ground that they can be used at home, because we know that, so far as the vast number of these clerical services are concerned, there are very few, if any, indispensable employees. Their places can just as well be filled by men who can not pass the requirements of military service.

Mr. COX. A large number of those positions can be filled by women, can they not?

Mr. BORLAND. Yes; a large number of those places can be filled by women and a large number can be filled by men who would be rejected for military service.

Mr. MADDEN. Does the gentleman wish to be understood as stating that they are being excused from military service?

Mr. BORLAND. No. The order was issued, I am glad to say, by every Cabinet officer that there should be no excuses in his department except for those who are indispensable, and that they should be certified by the Cabinet officer himself as indispensable.

Mr. MADDEN. And that order is being carried out?

Mr. BORLAND. Yes; I understand that order is being carried out quite rigidly. That was by suggestion of the Judge Advocate General, and he further suggested that nobody be appointed outside of the classified service to take positions as inspectors in the Department of Justice and in the Secret Service and in these other places who would be qualified for military service. So far as possible, the men qualified for military service should be rejected in favor of those not qualified for military service. So that I say this thing of taking men qualified for officers and putting them into clerical positions would be indefensible.

The CHAIRMAN. The time of the gentleman from Missouri has expired. The Clerk will read.



The Clerk read as follows:

Benicia Arsenal, Cal.: For an addition to the main issuing and receiving storehouse, \$18,000.

Mr. MONDELL. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Wyoming moves to strike out the last word.

Mr. MONDELL. Mr. Chairman, the gentleman from Missouri [Mr. BORLAND] complains of certain practices in the War Department in the matter of utilizing men who have been commissioned as clerks. I wonder if the gentleman has noticed the article in the first column of the Washington Post of this morning, under the caption "War supply tangles"? It is a very interesting article, and it would seem to indicate that it would be a very good idea if the War Department would utilize some of the very good men whom it has in its employ in carrying on its business rather than some of the new men it has brought in as officers from the outside. I repeat, it is a very interesting article, quite long, covering a couple of columns. I simply cite the last paragraph as a delightful illustration of the alleged splendid ability of some of the new employees. It says:

HE "LIVED IN A BRICK HOUSE."

The mix-up over the purchase of automobiles and motorcycles through bids opened in Chicago and then sent to Washington to be photographed and acted upon is too long a story to go into now.

A classic example of present methods is contained in a telegram from a purchasing officer of the War Department to various lumber dealers asking them to quote a price on "boards." When he was informed that it was necessary for him to stipulate what kind of boards and what sizes he needed and what kind of wood he wanted he simply said: "I didn't know that was necessary. I've been a clerk in a bank all my life and we live in a brick house." The fact that he thought boards were sold like bricks made no particular difference to him, but it cost the Government more useless delay.

Mr. COOPER of Wisconsin. Somebody ought to have told him that they were wooden boards. [Laughter.]

Mr. MONDELL. Well he seemed to have grasped the fact that they were not bricks. That is as far as he had gotten. [Laughter.]

Now, I hope this article in the Post is largely imaginary. I hope it is largely rumor. I am inclined to think it is. I have simply quoted this facetious reference to certain alleged goings on to illustrate the Post article. It is quite full of generalities. There may be some considerable basis of fact in it, and then again there may be very little. It would be very strange indeed if in times like these there were not some mix-ups and tangles in the departments of the Government when they are expanding as they are. But I hope and trust for the good of the country that there is no such condition in the War Department as is indicated by the article in question, and if there is, I hope that these additional clerks that the committee is proposing to give to the department will, in a certain measure at least, relieve the situation down there, and to some extent clear up this unfortunate tangle, if it exists.

Mr. FITZGERALD. Mr. Chairman, I do not know where the information originated which has just been read by the gentleman from Wyoming. The advisory committee of the Council of National Defense has a lumber committee which is headed by a man who is universally conceded to be one of the best-informed men in the country on lumber, and it consists wholly of men engaged in the lumber business.

It is very easy to write and publish and circulate statements making the administration of the Government ridiculous. An examination of the hearings held before the Committee on Appropriations, however, where information was obtained from those in charge of the conduct of the Government's business and who knew just how it was being conducted, will disclose that too much credence should not be given by gentlemen from the country to fiction originating in the vivid imaginations of certain writers on the public press.

Mr. MONDELL. Mr. Chairman, I move to strike out the last two words. If the gentleman from New York listened to the gentleman from Wyoming, he noted that the gentleman from Wyoming expressed the hope that this article was largely fiction. I hope it is, and if it is fiction it is the kind of fiction that I think we can easily have too much of in these times. There are other references to mix-ups or alleged mix-ups in the War Department, which, if they are true, would indicate a condition little short of scandalous. The gentleman from New York has referred to the fact that the Council of National Defense has a lumber-purchasing committee. Well, the article in question refers to a mix-up between the committee of the Council of National Defense and the purchasing officers of the War Department. It refers, among other things, to an alleged attempt on the part of the War Department to secure blankets for our soldiers, something that they need very badly indeed. It seems that a contractor was invited down here, who offered

to sell to the department at a fair price 6,000 blankets for immediate delivery and 10,000 for delivery a little later, but he was told that the department could not purchase the blankets because it was necessary to have them purchased through this other committee.

"We need the blankets badly!"—

I am quoting now—

"and must have them," Gen. Sharpe, the Quartermaster General, said, in effect; "but I can not purchase them. You must go to the War Industries Board."

This the contractor refused to do, on the ground that this organization had no legal authority. He left Wednesday evening, and with him left the chance of getting 16,000 badly needed blankets.

I hope that is not true.

Mr. GILLET. If he would not go to the proper authorities, it was his own fault.

Mr. MONDELL. The gentleman from Massachusetts [Mr. GILLET] suggests that if he would not go to see the proper authorities, it was his own fault. His position was that this committee was not legally organized, could not make contracts and purchases, and therefore he did not care to do business with them.

The article further refers to contractors being sent first from the purchasing officers of the department to the board, and then from the board back to the purchasing officers of the department, and not getting much satisfaction at either place. It says that this board assumed authority to make purchases without calling for bids, and cites cases in which purchases were made on prices fixed by the board, supposed to be low and in the interest of the Government, which prices developed to be much above the ordinary market price. Now I trust these things are not true. Even in a condition of very bad mix-up and disorder we should not be making purchases in that way, and I hope this is fiction, as the gentleman from New York suggests. It would seem, however, that there must be some foundation for these statements, and if there is any considerable foundation for them there is a condition of affairs that should be cured and must be cured speedily if we are to get on in our preparations for and prosecution of this war.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn, and the Clerk will read.

The Clerk read as follows:

For an additional amount for an oil storehouse, \$1,500;  
In all, \$82,500.

Mr. SISSON. Mr. Chairman, I move to strike out the last word, for the purpose of making a statement in reference to a contract which the Government has entered into for the manufacture of rifles. When I state the principle involved in this contract, the same principle runs practically through all the contracts that the War Department has entered into in reference to the manufacture of munitions of war.

The contract for the manufacture of a million rifles was entered into some months ago by the War Department with three separate concerns, the Remington Arms Co., the Eddystone Arms Co., and the Winchester Arms Co. The Eddystone Co. was awarded the contract for the manufacture of about two-thirds of a million rifles, and each of the remaining companies was awarded about half of the other third.

The contract is this: The Government agrees to pay 6 per cent interest on the value of the part of the plant which is actually used in manufacturing the rifles during their manufacture. In addition to that the Government agrees to pay to the manufacturers 10 per cent on the cost of the rifles. The 6 per cent is paid only on the amount of the plant actually used in the manufacture of the rifles. It was developed before our committee that there was no one who knew or had ascertained the value of the part of the plant that would be used in the manufacture of the rifles. I asked if a million dollars of the plant would be used, and it was stated that more than that would be used. I asked if \$10,000,000 would be used, and they did not think so much. Then we were informed by Gen. Crozier that Mr. Scott, of the advisory board, was the expert who gave advice in reference to that contract and that he could give us that information.

Mr. Scott came before the committee, and Mr. Scott knew absolutely nothing on earth about the value of the plant, and when asked about it stated that he did not know. Then he was asked if it was as much as \$1,000,000 or \$2,000,000, and he said, "Yes; I think it is \$18,000,000." I wanted to know facetiously if the Government had bought a pig in a sack. Nobody seemed to know anything definite about the matter.

Another feature of the contract which I think the House ought to know is this: Without going into details—because I will not have time to do that—the English Government, in order to get these three factories to manufacture for them a million and a quarter rifles, bought for the three factories



\$20,000,000 worth of machine tools, or those particular appliances needed for manufacturing the rifles, because the manufacturers, perhaps justly, were unwilling to purchase the amount of plant necessary to manufacture that many rifles and then have that machinery on their hands when the war was over.

They completed the contract for the English Government. Our Government then entered into negotiations with the British Government to take over that machinery. About \$2,000,000 worth of that machinery, bought by the British Government, was never used by the factories, and that left about \$18,000,000 worth of their machinery actually in use in the three plants. Our Government purchased, in round numbers, this machinery for \$9,000,000, and for the purchase of material, odds and ends, ran it up to \$500,000 more; so in round numbers our Government pays the English Government for the \$18,000,000 worth of machinery, \$9,500,000, or a little more than half of the value of the machinery being used.

I am not criticizing that at all, because under all the circumstances that was a wise step for our Government to take if it got quickly the rifles needed. What I complain about is this: The maximum value of the plant used in the manufacture of rifles by the three companies, according to Gen. Crozier, would be about eight million, although Mr. Scott seemed to think it would be eighteen millions, and he was the expert adviser of the contract. If the plant is worth \$8,000,000—that is, the plant used during the life of the contract, which will be not more than a year—these companies will make 50 per cent on their investment in the plant.

That would be 50 per cent plus 6 per cent on the value of the plant, making 56 per cent. Now, of course that is a mere estimate, but I have accepted the highest figures Gen. Crozier placed as the value of the plant. It will probably be very much less, and, if less, the percentage on the investment increases.

Now I want to ask why it was that, after the Government furnished \$18,000,000 worth of machinery, which cost the Government \$9,500,000—why it was that the Government made this contract when it was apparent that such a profit would be made and no chances taken by the companies to lose a cent.

Mr. COOPER of Wisconsin. Will the gentleman yield?

Mr. SISSON. Yes.

Mr. COOPER of Wisconsin. How did they fix the value of the machinery purchased for \$9,500,000; was there a board of appraisers, or did Gen. Scott do the estimating?

Mr. SHERLEY. The \$18,000,000 was exactly what it cost the English Government, and they took it on a half basis because England had made a million rifles.

Mr. SISSON. A million and a quarter rifles. The English Government bought \$20,000,000 worth of machinery and at the time it bought the machinery the labor was cheaper than it is now, and so was material. So they bought \$20,000,000 worth of that character of machinery cheaper than it could be bought at the time our Government took it over.

Mr. COOPER of Wisconsin. Did not England want the machinery any longer, or did England get new machinery?

Mr. SISSON. England bought entirely new machinery when they contracted for a million and a quarter rifles. Their contract had just been completed.

Mr. COOPER of Wisconsin. And we bought second-hand.

Mr. SISSON. We did. The Army officers inquired into the condition of the machinery at the time we took it over, and the testimony was that the machinery was in good condition, and nearly all of it practically as good as new.

I do not want to go into the details and dwell on that longer. Whatever they have done that is meritorious I want Congress to commend and I want to commend myself.

Then I asked Gen. Crozier what control the Government has of the purchase of material and fixing the price of wages. For example, if you pay a man \$3 a day or \$5 a day wages under the old régime, and that factory that employs him after he gets the contract pays him \$10 a day, the company manufacturing the rifles makes \$1 out of that expenditure of \$10, whereas if it only paid \$5 it would not make but 50 cents. If he buys the material in quantities where he would get a certain quantity for \$100, and after he gets the contract he agrees to pay \$200, or twice as much, he would get \$20 profit instead of \$10.

We finally got copies of the contract, and the Government has the right under the contract to purchase the material. Now, to what extent they have exercised that right the hearings do not show, nor do I believe that the Congress or the people ever will know.

Three big companies are manufacturing all the million rifles. What is puzzling me is to know why a great many of the small concerns capable of turning out twenty-five or fifty thousand rifles each could not have been given an opportunity to bid for

the rifles. When I asked that question of Gen. Crozier his reply was, "We want rifles and not forfeited contracts."

Mr. MONDELL. Will the gentleman yield?

Mr. SISSON. Yes.

Mr. MONDELL. What is it estimated that these rifles will cost us under the contract?

Mr. SISSON. When Gen. Crozier was on the stand he first stated \$40. During the course of his examination it was said that if the rifles cost to manufacture \$40 that would make \$4 profit on each rifle. There was some protest about that. Some one said the General has not said that \$40 would be the cost. I asked what it would be, and he said he did not know. I asked if it would be \$30. He said more than that, then said that for the purposes of these questions \$40 was about proper. So, under the testimony as you will read it, you will find that they expect the rifles to cost the people about \$44.

Mr. MONDELL. That gives \$40 per rifle in addition to our investment of \$9,000,000 for machinery for the manufacture of approximately a million rifles?

Mr. SISSON. Yes.

Mr. MONDELL. So they would cost us then, if that machinery had no value after the rifles were manufactured—which it would not have in time of peace, for we do not make that kind of a rifle—\$48?

Mr. SISSON. Yes.

Mr. MONDELL. We have been manufacturing Springfield rifles—

Mr. SISSON. Well, \$48—a million rifles, \$9,000,000, and \$9 and \$44 would make it \$53.

Mr. MONDELL. We have been manufacturing rifles for about \$13.50.

Mr. SISSON. My recollection is that the contracts made prior to this war were about \$17.90.

Mr. MONDELL. And the estimated cost in the armories was between \$13 and \$14?

Mr. SISSON. I understand something like that, but I do not speak by the card, because I have not looked it up. When I was interrupted a moment ago I was preparing to tell you what they said they were paying the dividend or profit upon; that it was not upon the money invested. It was upon a going concern; that these people had what they claimed going concerns; that is, an organization fitted to turn out these rifles. It struck me that the going concern and the organization was paid for out of the \$40 it was costing the people. In other words, if you have an experienced foreman and experienced workmen and you pay them fancy salaries, the salaries make up the cost of the rifle to the companies, and the people pay for the going concern in the \$40, and pay too much.

In fact, we were and are paying for the organization, when we pay the \$40 and then pay 10 per cent on the \$40. But still this is the justification for entering into such a contract.

But the people of the United States, in addition to all of these advantages to the contractor, advances to the contractor every 30 days approximately one-tenth of the cost of the rifle. That is to say, the Government pays the labor and material costs by the month, so that the contractors actually execute their contract with the people's money and not their own. In fact, the people are called upon to furnish the plant, the operating capital, pay 6 per cent interest on the value of a plant not yet determined, and to stand in addition to that the loss of depreciation to the plant. Is there a business man in the world that would agree to such a hold-up? Yet the contractors would have the world look upon them as patriots.

Mr. MONDELL. Does the gentleman know what the English Government paid for the Enfield rifle manufactured in these same factories?

Mr. SISSON. My recollection is, without the exact figures being given, that the English Government rifles cost them more than the rifles are going to cost us. That was the testimony of Mr. Scott, who stated that we would get cheaper rifles. Whether they took the \$9,000,000 overhead charge off the English rifle I am not prepared to say.

Mr. MADDEN. Who is Mr. Scott?

Mr. SISSON. He is chairman of a subcommittee of the National Defense Advisory Board.

Mr. MONDELL. I had heard it stated that the English contract was for \$27 a rifle, but I have nothing for that except hearsay.

Mr. SISSON. That information did not come to our committee. In fact I do not know that any of our people could tell with absolute accuracy what these rifles did cost the English Government, except in a general way that they cost more than ours will.

Mr. MADDEN. Who is Mr. Scott?



Mr. SISSON. He is the chairman of one of these advisory boards of the Board of National Defense.

Mr. MADDEN. A civilian board?

Mr. SISSON. Yes.

Mr. MADDEN. The civilian board did not have the power to take the letting of a contract out of the jurisdiction of the War Department, did it?

Mr. SISSON. It did not.

Mr. MADDEN. Why do they do that?

Mr. SISSON. I asked particularly about that. All of these boards are purely advisory. The right to make the contract and sign the contract rests now where it did before.

Mr. MADDEN. The gentleman means the right to ratify the thing after it is done? The bureau heads in the departments have the same right to sign a contract that they always have had?

Mr. SISSON. Yes.

Mr. MADDEN. But they have nothing to do with letting it?

Mr. SISSON. Oh, yes.

The CHAIRMAN. The time of the gentleman from Mississippi has again expired.

Mr. SISSON. I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GRAHAM of Illinois. Speaking of the rifle business, in what arsenals were the Springfield rifles made?

Mr. SISSON. They were made at Frankford.

Mr. GRAHAM of Illinois. And at Rock Island?

Mr. SISSON. Yes.

Mr. SHALLENBERGER. And at Springfield also?

Mr. SISSON. Yes.

Mr. GRAHAM of Illinois. Does the gentleman know that for a year before the outbreak of the present war the making of Springfield rifles at the Rock Island Arsenal had been discontinued?

Mr. SISSON. I do not know that.

Mr. GRAHAM of Illinois. I am advised that that is a fact; that for over a year before this war broke out, although appropriations had been made for that purpose, no rifles were being made in that institution.

Mr. SISSON. I have information that they did quit making rifles and did other work there, but I was not on the subcommittee and can not speak advisedly about it.

Mr. COOPER of Wisconsin. Where was this machinery which England owned and with which these rifles were manufactured?

Mr. SISSON. In the three respective plants when we took them over.

Mr. COOPER of Wisconsin. In this country?

Mr. SISSON. Yes.

Mr. COOPER of Wisconsin. Do I understand that the English Government had purchased machinery and fitted up factories in this country?

Mr. SISSON. Before we declared war. In other words, they made contracts with these three concerns in this country and purchased \$20,000,000 worth of these machine tools for them.

In my judgment the tendency of these contracts is to increase the price of material and labor, entirely eliminates all source of competition, and, however good and patriotic and honest a munition maker may be, costs the people many millions, for there is that desire in every heart to make money, and this leaves the matter of profits entirely in the hands of three concerns, and unless our officials act with more business judgment in the future the people will pay dearly for this lack of efficiency.

There is every encouragement for extravagance in labor, extravagance in materials, and there is no incentive to be saving, except the miserable milk-and-cider sentiment urged by some, that these men will continue business after the war is over and will not want unreasonably to increase the price of labor or unreasonably to increase the price of materials. I have no sort of sympathy as a business man for that sort of proposition; and I do not believe there is a Member of this House, in the transaction of his own business, who would have entered into this sort of contract for the purpose of manufacturing anything for himself. I believe in competition; and if we had permitted members of these smaller concerns to put in bids for 25,000, 30,000, or 50,000 rifles we would not have impeded the progress at all in the million rifles and the Government then would have had the opportunity to determine whether or not it got just as good rifles and got them as promptly as under this contract, and whether this method would have been a proper method to have been pursued by the Government, even though they wanted to make contracts with these large concerns.

Mr. MADDEN. Will the gentleman yield for a question?

Mr. SISSON. I do.

Mr. MADDEN. Has the gentleman any information that he can give to the committee showing the reason we discontinued the manufacture of rifles in our own arsenals, where we were making them at \$13 apiece, and, instead of that, we let a contract at \$53 apiece?

Mr. SHERLEY. If the gentleman will permit, it is only fair to say we are using the entire capacity of the arsenals now in making rifles; and at the time the gentleman from Illinois refers to when he stated that money had been appropriated for the purpose of manufacturing rifles and yet they were not used to their full capacity at Springfield and Rock Island to make rifles, Gen. Crozier testified some years ago, I think, when that matter was up, he had used part of the moneys which were appropriated for small arms for the purpose of manufacturing pistols, for which the country was shorter of its supply than of rifles.

Mr. MADDEN. If I may be permitted—

Mr. SISSON. My time is limited.

Mr. COOPER of Wisconsin. Mr. Chairman, the gentleman is making an exceedingly interesting statement. He is a member of the committee, and I ask that his time be extended for 10 minutes.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent that the time of the gentleman from Mississippi may be extended 10 minutes. Is there objection. [After a pause.] The Chair hears none.

Mr. MADDEN. If the gentleman will allow me now—

Mr. SISSON. Yes.

Mr. MADDEN. I was just going to say that perhaps the arsenals were occupied with other work which was thought to be more essential than the making of rifles, and that they were forced to make contracts with outside companies for rifles.

Mr. SISSON. My information in reference to that is that we use our own arsenals to manufacture those things which we thought we were shortest of and needed most. I want to state I have no criticism on earth to offer of Gen. Crozier in reference to this matter because I happen to know Gen. Crozier's attitude in reference to certain features of this contract. Now, I want to make one statement—

Mr. BORLAND. If the gentleman will yield for a suggestion, I want to suggest to the gentleman from Illinois that at the time he speaks of when the manufacturing of rifles was discontinued at Rock Island Arsenal we had 800,000 Springfield rifles on hand and less than 100,000 soldiers in the Regular Army. There was no demand at that time for an increased manufacture.

Mr. PLATT. I want to ask the gentleman whether Gen. Crozier gave him any opinion as to why the Enfield rifles which we obtain by contract are to be chambered out to use our ammunition instead of making them as they did the English? The cost is increased by having to rebores them, otherwise we can not use the ammunition the English use.

Mr. SISSON. That was because our Army board adopted the Springfield rifle. There was a slight difference in the ammunition and they wanted the ammunition for all American guns, and I think that is wise, to be interchangeable so as not to get the ammunition mixed, which would be a very hazardous thing to happen if it should become mixed up.

Mr. PLATT. Why not arm the whole Army with the Enfield rifle?

Mr. SISSON. That is a matter that is absolutely with the board. The matter is within the province of the Committee on Military Affairs and with the Army Board, and the Committee on Appropriations would have no right—

Mr. SHALLENBERGER. Will the gentleman yield on that point?

Mr. SISSON. I will.

Mr. SHALLENBERGER. I can say Gen. Crozier makes the explanation that we should have the same ammunition for the machine guns as we have for the rifles. We have so many machine guns building to use the same ammunition, and therefore it is dangerous to use different ammunition for the rifles from that which we use for the machine guns.

Mr. SISSON. In other words, we want to make all the American ammunition as interchangeable as possible, and I think that is wise.

Now, gentlemen, the committee has been kind to me. My purpose in calling this to the attention of the committee is that you gentlemen may know as much about the contracts as do the members of our committee. You are entitled to know all that we know about the matter.

Now, personally, I am offering no criticism so far as the honest intention of the War Department is concerned. I do not believe that these gentlemen are intending to do anything ex-



cept that which they believe to be right and that which they believe to be for the best interests of the country. But I do think that it is most unbusinesslike, it is most unwise, and the result will be that we are going to pay enormously more for munitions in this country than we would pay if we had some honest competition. And I understand that they started out with the purpose that during this war time we are going to eliminate competition. But when you do that you will find that these people who get the contracts will make enormous profits. I do not object to a man taking care of his own business. We are all going to do that. But we ought to understand at this time, when the war has hardly begun, so far as we are concerned, that we are the conservators of the purse strings of the country. The burden is upon us to see that this money is spent and properly spent. We turn it over to the War Department and Navy Department, and I should not put a single restriction upon the lines used in expending the money. Let them spend the money as they see fit and proper. But I do think that it is the duty of Congress to ascertain whether or not they have economically and honestly spent the money. And I do not see how you are going to do it without making some kind of an inquiry into it.

I do not want to put any sort of hamper on these Army officers in the expenditure of money. I want them to have all the leeway they now have, but in the expenditure of these stupendous sums that stagger the imagination of man, we, who are the guardians to safeguard the Treasury, should do our duty to the taxpayers of this country and see that when we do appropriate this money the officers of the Army and Navy have expended it in the manner for which it was appropriated, and that it has been spent honestly and economically and in a businesslike manner. [Applause.] And if you do not do that now you will find when it is too late, when the horse is gone, to lock the stable.

Mr. ROBBINS. Before the gentleman leaves that interesting part of his discussion, will he please state what plan he would suggest in order to keep track of the expenditure?

Mr. Sisson. There is only one way that Congress can do it, and that is to have a committee appointed by the House, and if able to agree with the Senate, a joint committee, to make inquiry into the expenditures of money, and, if anything was wrong, that it might be reported to Congress.

Mr. COOPER of Wisconsin. Does not the gentleman think that would interfere and be a reflection upon Mr. Scott?

Mr. Sisson. I do not think it would be a reflection upon anybody. On the contrary, in our private business we have men who check up other men on the same board of directors. We have men who check up items of expense in our business. We are the guardians of the Treasury, and I do not believe there is a Member of Congress who would want to hamper the Army or the Navy in the expenditure of money. I do not believe it would be wise to embarrass them in any way. But I do feel that Congress ought to have some of the strongest Members of each branch of Congress and let them employ some splendid experts in whom they could rely, experts who could be sworn to secrecy, experts who would be able to go through the books and contracts and be able to determine whether or not the money was being wisely expended. I hope that nothing the departments do could be criticized for will ever be found. I hope there will be no dollar dishonestly spent. I hope that there will be no graft. I hope that in this great struggle the Army and Navy may be able to avoid it, and that they will be able to have a clean sheet, if there is anything wrong done, that it may be only that of a degree of extravagance. But the mere appointment of such a committee would in itself and of itself be a restraint and influence upon any man that happened to be in the service and who desired to do wrong. [Applause.]

I think it is simply the part of wisdom, I think it is simply the part of justice, that we should ourselves have some way of ascertaining whether the vast sums we are expending have been spent wisely and honestly. God knows, I do not want to hamper them in any activity that will bring this war to a successful conclusion. But since we are spending all this money, it is the highest duty of Members of Congress to see to it that this money is honestly, economically, and well spent. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. SHERLEY. Mr. Chairman, I have no desire to go into any detail as to the contracts that have been made with three companies for the manufacture of the modified Enfield rifle. I have no desire to do that, because I believe more accurate information will be obtained by a reading of the hearings than could possibly be had by men trusting their memory of the hearings. Those contracts are set out in full; also all of the facts that we were able to ascertain in connection with the making of the contracts.

There were two matters concerning which it seemed to most members of the committee there might be considerable difference of opinion. One was that there had not been obtained by the Government information as to the value of the plant owned by these private concerns that was to be used in the making of these rifles, although there was an agreement in the contracts that 6 per cent should be allowed on the valuation of such plants. And in the absence of a knowledge of the amount of investment that was represented in that portion of the plant that would be used in the making of these rifles, there was no way to tell how large an investment these men had, and therefore, whether or not a 10 per cent profit upon an output of 1,000,000 rifles would represent a large percentage upon their capital invested or a small one. There was also some difference, I think, perhaps, in the minds of men as to whether 10 per cent represented a fair profit.

I really took the floor to state three facts which I think the record will bear me out in. One is that there will be found on page 867 of the hearings a statement by Gen. Crozier to the effect that the Enfield rifles cost the English Government \$42 a rifle, or above that.

Another statement by Gen. Crozier is found on page 878 of the hearings, in which he says that he desired the record to show, "I am not on record as stating that I think these rifles will cost \$40 apiece."

Mr. MADDEN. Mr. Chairman, will the gentleman yield right there?

Mr. SHERLEY. In just a moment. In other words, I believe it is the belief of the War Department that they will succeed in making rifles at considerably under \$40 a piece, and it is the testimony that the English paid over \$42 per rifle.

Now I yield to the gentleman.

Mr. MADDEN. What I wanted the gentleman to tell the House, if he can, is whether the United States Government reimbursed the English Government for the eighteen or twenty million dollar investment which they made in equipping the plants which are now making rifles, and whether we are paying a percentage on the investment on the assumption that it was privately owned by the concern that operates them?

Mr. SHERLEY. Not at all. We paid the English Government on the basis of 50 per cent of the original cost, because there was a certain amount of machinery which they retained, and which the United States did not acquire. What we acquired remains the property of the United States, with the right to do what we please with it. We made a contract with the English Government that seemed to be equitable because of the fact that the machinery, which was in good working condition, had made for the English something over a million rifles, and it was contemplated to make about a million for us, and the machinery under present conditions would have cost considerably more than what we paid for it.

Mr. MADDEN. The point I wanted to get at was this: The investment which the Government of the United States made is no part of the investment that a private institution has the right to make a profit on?

Mr. SHERLEY. Not at all. The contract expressly provides that the private corporation shall be paid 6 per cent on their investment—that investment that they have in that part of their plant that is used in this work—because in some instances all of their plant will not be used in this work and, of course, they get nothing on the value of the property of the Government that they bought from the British Government in the way of this machinery.

Mr. MADDEN. How do you segregate that?

Mr. SHERLEY. It is segregated by the fact that they are now making an inventory of the value of the plant that is now being used by these manufacturers in making these rifles, and only as that valuation shows will they be allowed to charge 6 per cent on that.

Mr. MADDEN. The private institution uses the Government's machinery?

Mr. SHERLEY. Yes.

Mr. MADDEN. How do they estimate the value of that, and the power, with respect to the capital invested?

Mr. SHERLEY. That is simply a matter of valuation. Personally I do not know how it is to be done, but it will be done by experts of the Government who know how to do it.

Mr. FITZGERALD. They have engaged experts in that matter.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. SHERLEY. Mr. Chairman, I ask for five minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. SHERLEY. I want to make another statement, because I think it is only fair, and I want to repeat that I hope the gentlemen who are interested will read the whole testimony, and read it with care, in order that my failing memory or anyone else's failing memory will not cause them to reach conclusions that perhaps an accurate reading of the testimony will not bear out. The reason that these men were given the contract for making these rifles was not with the idea of excluding anybody else. Any concern in America that was in a position really to make rifles—not to think it could make them, but really to make them—could have gotten a proper contract with the Government for making them. But here were going concerns, just finishing their work—not in every instance having entirely finished the making of rifles for the British Government—and it was possible with very little change in the machinery, so as to fit the new rifle for the American ammunition instead of the English, to go right into a large output for America. I submit that, while that fact does not warrant the making of any contract which is not equitable, it is a plain explanation of why these people should have been considered for contracts to the extent of the capacity that this machinery would meet, because time is of the essence.

Now, as to whether they should get a 10 per cent profit or not, I do not express an opinion. It has not been my lot in life to be a business man and to engage in manufacturing processes.

Mr. MADDEN. Mr. Chairman, will the gentleman yield right there?

Mr. SHERLEY. In just a moment. I am personally inclined to think that, whether they should get 10 per cent upon what would amount to a \$40,000,000 output—which would be \$4,000,000 in the way of profit—would depend largely upon the value of the investment that they have in these plants; not entirely upon the amount of the investment, because that is but one factor. One of the valuable factors that must be considered is the ability of a going concern to do a given thing, of an organization that can be used for this purpose, and which if not used for this purpose might make a good deal of profit in some other activity. So that it is not possible arbitrarily to dismiss the value of an organization by saying it is taken care of by paying the salaries of the men who are in it. There has also got to be considered its earning capacity in various fields of activity.

Now I yield to the gentleman.

Mr. MADDEN. Now, what I wanted the gentleman from Kentucky to tell me, if he can, was this: First, they are allowed 6 per cent interest on the value of the plant?

Mr. SHERLEY. That is used in making these rifles.

Mr. MADDEN. Yes. Now, I want to know whether the 10 per cent profit is also allowed on the 6 per cent as a part of the capital invested as well as upon the investment itself?

Mr. SHERLEY. I will answer the gentleman by saying that the contract sets out how the cost of making these rifles is to be arrived at; and one of the elements that go into determining the cost is an allowance of 6 per cent on the investment that this concern has in that portion of the plant used in making the rifles.

Mr. MADDEN. I suppose that is on the theory that there is about 6 per cent depreciation in the machinery that is to be used.

Mr. COOPER of Wisconsin. No; the Government owns that.

Mr. MADDEN. We do not pay interest on the machinery that we own.

Mr. SHERLEY. Oh, no.

Mr. MADDEN. But only on that which is owned by the private concern.

Mr. FITZGERALD. Depreciation is also allowed.

Mr. MADDEN. Depreciation and 6 per cent also?

Mr. SHERLEY. I am not sure whether it is or not. The contract will show. The 6 per cent, however, I think, was based on the money that was represented by the plant.

Mr. MADDEN. But they are getting the profit on the money value when they get 10 per cent, because, as I understand it, all of their overhead charges are included in the cost allowed and charged up against the manufacturer of the rifles.

Mr. SHERLEY. The gentleman now is discussing the wisdom of the contract.

Mr. MADDEN. No; I am just asking for information.

Mr. SHERLEY. But inferentially.

Mr. MADDEN. I really do not know enough about the facts in the case to justify the conclusion, and I am asking the gentleman for information.

Mr. SHERLEY. I am trying to give it as best I can, though again I prefer to have gentlemen read the contract rather than trust to my memory. All I want to say is this, that I am not undertaking to express an opinion as to the wisdom of this

contract. Perhaps I have some opinion about it, but I hesitate to express a definite conclusion about a matter when the information I have does not fully warrant me in coming to a determination. I think that the testimony of Mr. Scott and Gen. Crozier will lead you to the conclusion that they endeavored to make as good a bargain for the Government as they could, that they realized the importance of undertaking the work, and that they did not find it easy even to arrive at the present contract. That does not necessarily justify the contract. I say that in fairness to those men and because I believe that whether their judgment has been faulty or not, they brought to a difficult task, where time was pressing, the best and most disinterested judgment of which they were capable.

Mr. PLATT. Will the gentleman yield?

Mr. SHERLEY. Yes.

Mr. PLATT. Is not this true: That if any improvements were made in the processes of manufacture while these concerns were carrying out this contract under the 10 per cent system the benefits would go to the Government?

Mr. SHERLEY. Oh, entirely.

Mr. PLATT. While if any improvements were made under the contract system greater profits would inure to the company.

Mr. SHERLEY. Provided the contract was at a fixed price and with no variations. The Government would get the benefit of any cheapening of cost, and it is believed by Gen. Crozier that they will make these rifles for less than \$40 apiece. And this also is to be said in fixing that price: That it was not fixed by guesswork. The Government has considerable information as to the cost of making rifles, having made them for many years; and while the old cost would not now represent what the Government can make these rifles for, yet, knowing the factors that enter into them and knowing the cost of labor and of material, the Government should have been and, I assume, was able to figure reasonably close as to what the cost of these rifles would be.

Mr. GILLETTE. Is it not also true—perhaps the gentleman has already stated it, but I was not here—that this was apparently the only way by which the Government could get a million rifles by next spring?

Mr. SHERLEY. I stated as much.

Mr. GILLETTE. I was not here when the gentleman made that statement.

Mr. SHERLEY. That it was exceedingly desirable that the facilities of these people for the rapid production of these rifles be availed of.

Mr. COOPER of Wisconsin. Will the gentleman permit a question?

Mr. SHERLEY. Yes.

Mr. COOPER of Wisconsin. When was this contract made? Mr. SHERLEY. The contract will show. I find July 12, 1917, to be the date of one of the contracts. It may be the date of all of them.

Mr. Sisson. Does the gentleman feel at liberty to make public the number of rifles which the Government has received under the contract?

Mr. SHERLEY. At this time?

Mr. Sisson. Yes.

Mr. SHERLEY. I do not know. I doubt very much whether they have begun to get rifles from these factories. Some little time would have to ensue in installing the machinery that would turn out a rifle of the caliber of our ammunition rather than the English ammunition.

Mr. COOPER of Wisconsin. Will the gentleman please state why it was deemed necessary to change the caliber?

Mr. SHERLEY. I will answer the gentleman briefly, though there is considerable testimony on that point in the hearings.

Mr. COOPER of Wisconsin. Was not the English rifle satisfactory to England?

Mr. SHERLEY. The reason for that is this: We have in America ample capacity in Government and private plants for making all the ammunition of the American kind that we can use. Now, by a slight change, not resulting in any long delay, we shall get rifles that, while differing from the Springfield in their mechanism, will use the same ammunition, and it was believed it would result in less of confusion and less of trouble to have all our rifles carry our ammunition than to hasten by perhaps a few months only the delivery of the rifles and then require two different kinds of ammunition. That was a matter that was fully considered by the War College and by the War Department, and that conclusion was reached.

Mr. MADDEN. Will the gentleman from Kentucky yield for a question?

Mr. SHERLEY. Yes.



Mr. MADDEN. I should like to ask the gentleman if he can state to the House what percentage of depreciation is allowed on the machinery employed in the manufacture of these rifles, if he knows?

Mr. SHERLEY. Most of the machinery is Uncle Sam's, and that was not figured at all. The investment that these concerns have in the way of plant is largely in power plants, buildings, and land; but the actual machinery for making the rifles was purchased, as I stated, by the United States Government from the British Government, and is owned by the United States.

Mr. MADDEN. But there must be some provision for depreciation, and I wondered if the gentleman could tell the percentage.

Mr. SHERLEY. I could not without running through the contracts.

Mr. FITZGERALD. The percentage is not stated, but it provides that a reasonable sum shall be allowed for depreciation.

Mr. MADDEN. But no one knows what a reasonable amount is.

Mr. SHERLEY. It will be done by adjustment, and it is fair to say that the Government will have the benefit of advice from the best experts in the valuation of plants and the determination of these questions.

Mr. COOPER of Wisconsin. Will the gentleman tell us how many rifles we had at the outbreak of the war?

Mr. SHERLEY. We had, in round numbers, 600,000 Springfield and 300,000 Krag-Jørgensens in complete shape for immediate use. There were quite a number of other Springfields undergoing repairs that had been used in the Mexican border trouble.

Mr. COOPER of Wisconsin. Do the Springfield and the Krag use the same ammunition?

Mr. SHERLEY. I think not.

Mr. COOPER of Wisconsin. If we are going to make new ammunition—

Mr. SHERLEY. It is not contemplated that the Krags will be used by the soldiers in the field. They will be used for training purposes.

Mr. COOPER of Wisconsin. Will men trained with the Krag have any difficulty in afterwards using the new Springfields?

Mr. SHERLEY. Practically none. While the Krag is being spoken of as obsolete, it is a breech-loading bolt rifle, and on the same basic principle as the Springfield and other modern rifles. That direct question was asked of Gen. Crozier, and he stated that they would require but little additional training to familiarize the men with the Springfield who had been trained to the use of the Krag. I knew that of my own knowledge of the two rifles, but I asked him in order that the record might show it.

Mr. FESS. Will the gentleman yield?

Mr. SHERLEY. Yes.

Mr. FESS. Is there anything in the statement that the Springfield will be used by the National Guard and the Enfield by the new National Army?

Mr. SHERLEY. I think this is what will happen: The troops as they go abroad will be supplied with the Springfield rifle, and when they are exhausted they will be supplied with the modified Enfield rifle.

Mr. FITZGERALD. Mr. Chairman, just one word. Members interested in these contracts should read the testimony, because the committee has obtained exhaustive information about them. I was one of those who raised the question as to the propriety of including in the cost of the rifle the item of 6 per cent on the value of the plant utilized by the companies in production. I raised the question because the contract provided for an allowance for depreciation. I know that no manufacturer who ever undertook business or engaged in business was assured that there was no possible chance of any loss in the enterprise, who was assured of 10 per cent on the cost of the output of his plant, and had included in the cost of the output upon which the calculation was based 6 per cent return of all the money invested in the plant. But that matter may be discussed later, when the matter is reached.

I wish to emphasize that this particular transaction demonstrates that the creation of a so-called joint committee on war expenditures would not have been of the slightest service unless it was given power to control the Executive's action; unless that committee had the power to say that such a contract could not be executed, that its terms must be modified, which would be an exercise of executive function, would have accomplished nothing that has not been accomplished by the Committee on Appropriations.

I may differ as to the wisdom of some of the details of these contracts, but after all the chief thing was to provide for the manufacture of rifles with which to arm the troops that are

being raised. Some one must have the discretion and the power to determine what the terms of the contracts will be.

I have not seen in my service in this House anything to justify the belief that Members of Congress, if charged with the responsibility of executive functions, would discharge the resulting duties in any more capable manner than men taken outside of Congress for the same purpose.

Mr. MADDEN. Will the gentleman yield?

Mr. FITZGERALD. Yes.

Mr. MADDEN. I agree with the gentleman from New York to the fact that the Congress ought not to assume executive functions and ought not to enter upon the question of letting contracts; but the question I would like to ask the gentleman is whether he thinks it is wise to enter into a contract one of the provisions of which is the allowance of 6 per cent interest on the investment involved and a certain amount of depreciation, which will probably reach as high as 25 per cent; also 10 per cent profit on the capital invested. My own judgment is that no contract ought to be entered into to pay a profit and the interest allowed on the capital involved, and that no profit ought to be allowed on the depreciation. That depreciation should be allowed to some extent for the wear and tear on machinery there can be no question of doubt, but the contract ought not to provide both for depreciation and interest on the capital and profit on both.

Mr. FITZGERALD. I agree with the gentleman from Illinois that in fixing the cost of production, from my standpoint, interest on the capital invested in the plant utilized, in view of the fact that an allowance is made for depreciation, is not a proper element in the cost. Some years ago when the Committee on Appropriations made an investigation as to the relative cost of the manufacture of powder in private and Government plants, when the statement of the Du Pont people was submitted showing the cost of manufacture in the Du Pont plant, the committee refused to consider the interest on the capital invested as an element of the cost.

But this is the form of contract which has been approved, and which it is insisted upon by representatives of the great business world who have been called into cooperation, is a proper charge. Of course the difficulty is that the very successful business man looks upon those matters from an entirely different viewpoint than does the man trained in public life; but Congress created the Council of National Defense with its advisory commission, it arranged the machinery by which the officials of the Government would have the advice and the cooperation of successful business men in the conduct of government, and it hardly lies with us now to find fault with their recommendation and advice when they do not happen to coincide with our own notions. The point I am making is that if a joint committee had been in existence of the character proposed, all that it could have done would have been to ascertain the facts that have been presented to the House. Unless it had devolved upon it executive functions, executive powers, or authority to control or to regulate, or requiring approval before the Executive could act, it would not have served a useful purpose.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. HAUGEN. Mr. Chairman, I ask unanimous consent that the time of the gentleman be extended for five minutes in order that I may ask him a question.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HAUGEN. Mr. Chairman, in ascertaining the cost of rifles, are the overhead charges included—salaries of officers?

Mr. FITZGERALD. Yes. In the first deficiency appropriation bill, because of the very extensive contracts that were to be made by the Ordnance Department and the necessity for making a large number of contracts upon some other basis than the usual lump-sum basis, cost-plus basis, authority was given to the Ordnance Department to obtain the services of expert accountants, and a division has been organized which probably is known as the cost-accounting division, in which a system is worked out and is to be applied by which the cost of manufacture in those plants on Government account is to be determined by this division. That force will pass upon the question of the propriety of the compensation paid. Gen. Crozier stated, and it should be said at this time, that while there was no definite knowledge as to the value of the plants the probability was that with the three companies utilized in the manufacture of these rifles, from his knowledge of a plant required for this purpose, an investment in plant necessarily utilized in the work of at least eighteen or twenty million dollars. So that the companies would have an investment in the plant of about two dollars to one for the investment of the Government.



Mr. HAUGEN. Just one more question. I understand from the statement made that, first, the overhead charges are included, and 6 per cent upon the investment and the deterioration, which makes a doubling up all along the line. First, they draw a large salary and add 10 per cent to the salary, and they invest capital and get 6 per cent on the capital and add the 10 per cent and the 6 per cent and draw 10 per cent for deterioration of their plant, and it is a doubling up all along the line.

Mr. FITZGERALD. I am not an expert on cost accounting. I have some views about the elements that should be considered in ascertaining cost, and depreciation of a plant certainly enters into it, and allowance for insurance and the overhead charges, and a number of other items.

Mr. DALLINGER. Mr. Chairman, will the gentleman yield?

Mr. FITZGERALD. I have expressed the opinion that from my standpoint the allowance of interest upon capital invested is not a proper charge. I yield to the gentleman.

Mr. DALLINGER. I want to ask the chairman of the committee if he thinks it is a usurpation of the Executive power for the Congress of the United States to prescribe some of the conditions under which Government contracts may be let and prohibiting certain other methods of letting contracts?

Mr. FITZGERALD. Not at all; and the place to do it is in this bill. The way to do it is by legislation. We have before us now a bill which carries money to enable the Government to obtain materials essential to the conduct of the war, and it is not only the function but it is the duty of the Congress in making these appropriations to put such restrictions upon their expenditures as in its opinion should be placed there; but after the appropriation is made, after the sphere is defined within which the money may be expended, then the expenditure of the money is a matter of Executive action and discretion, and to attempt to have sitting around as an overseeing committee, as an interfering committee, another outfit, although composed of Members of Congress, would be merely to add to the delays and hamper the action of the Executive. There is another function that belongs to the Congress, and that is after the money has been expended to audit the expenditure.

But we can not, if we are to keep distinct the various departments of the Government, undertake to perform the executive functions of the Government; and whether we believe that some particular official or individual is the wisest or the most distinguished or the best equipped to do the particular function is not the question. The executive power of the Government lodges some place else and the responsibility for its exercise is there, and a failure properly to exercise it or a disclosure of incapacity or incompetency or corruption is to be taken care of by the power that is lodged in the Congress of the United States. But this suggestion that a committee of Congress shall confer with officials every time they are to make a contract and to set their judgment up against department officials, to enter into discussion and wrangles, would mean that we would never commence to prepare for this war; and a committee of the size that has been proposed—some 11 or 12 Members of Congress—based upon my experience in dealing with Members of Congress and upon my own peculiar disposition and qualifications, convinces me we might better attempt to abolish the executive departments of the Government than to hamstring them by such an appendage.

Mr. COOPER of Wisconsin. Will the gentleman permit a question?

Mr. FITZGERALD. I yield to the gentleman.

Mr. COOPER of Wisconsin. These are unusual times, and, of course, there are reasons that might be applicable in times of peace before an enormous war like this that might not be now so strictly applicable. The gentleman says if there was a committee of Congress to see about these contracts—

Mr. FITZGERALD. What does the gentleman mean by "see" about them?

Mr. COOPER of Wisconsin. Just what that advisory commission has done. Mr. Scott, who the gentleman from Mississippi [Mr. Sisson] says is the chairman of the committee to advise on certain things—and the gentleman from Mississippi says he asked him whether the cost was \$2,000,000 or \$18,000,000, and this adviser answered he did not know—urged the making of the contract, but he did not know whether the amount was \$2,000,000 or \$18,000,000.

Mr. FITZGERALD. I think, in justice to Mr. Scott, it should be stated that when the inquiry was made about that he said that he had not been informed; that inquiries were to be made about these particular contracts and the details of the matter were not fresh in his mind, but that if the committee desired he would look up the records in his office and return with more complete information than he was then able to present.

Mr. Sisson. If the gentleman will yield for one moment, Mr. Scott, the gentleman knows, stated that he had not made any investigation as to the value of the plant.

Mr. FITZGERALD. That is true, but that was also accompanied by the statement of Gen. Crozier, who had worked with him, that he knew from his knowledge of these plants, because he has manufactured rifles and knows what rifle plants would require, that plants of that capacity to turn out this number of rifles within the time fixed would require an investment of at least \$18,000,000 or \$20,000,000, exclusive of machinery.

Mr. COOPER of Wisconsin. The gentleman said a moment ago that if a committee of Congress were appointed there would be endless wrangling with the executive departments and nothing done. Now, let me give an illustration: Suppose three Democratic members of that committee were the gentleman from North Carolina [Mr. KITCHIN], the gentleman from New York, the chairman of the Committee on Appropriations [Mr. FITZGERALD], and the gentleman from Kentucky [Mr. SHERLEY]. Does the gentleman think that if those three gentlemen were consulted as Mr. Scott is consulted, who is himself a manufacturer of rifles, there would be any more wrangling or any greater opportunity for postponement or delay than there is now, if we still leave with the executive departments the exclusive right to make contracts, as they now have, and sign them? The three Members of this House would not sign any contract any more than Mr. Scott does.

Mr. FITZGERALD. Let me say to the gentleman from Wisconsin that from my intimate knowledge of one of the Members named by the gentleman from Wisconsin I am quite convinced that there would be very considerable delay and wrangling and difficulty if such a committee had to be consulted and informed and given all the information that would qualify them to express any opinion worth while, and by the time that particular Member was furnished with information that would satisfy him that he was in a position to render an intelligent opinion very considerable time of essential value would have elapsed.

At least this contract, after negotiations lasting weeks and months, was made early in July. If that particular committee suggested by the gentleman from Wisconsin had also been consulted, it probably would have been September before an agreement could have been reached.

After all, there will be a difference of opinion as to what the terms of a contract should be. But if we have men who, because of their training, their experience, their occupation, their reputation and standing in the community, are men in whom it is proper to repose confidence, unless there is evidence either of corruption or gross incapacity, we must be satisfied with the discretion exercised and with what they do in the discharge of executive functions. Of course, they will be criticized. Discussions of this character are not without benefit. It puts those men upon notice that all of their actions will be carefully scrutinized and discussed, and that they must exercise in the wisest manner the discretion reposed in them.

But those advisory committees are part of the executive department of the Government. They have been called in because it is believed they possess experience and information gained by their experience in business matters not possessed by men in the military service of the Government. After they have reached their conclusions and have acted, assuming, as we must assume, that they are acting in the best interests of the Government and trying to do the things essential to be done at this time for the successful prosecution of the war, we should not make an attempt to hamper the administration by unjustly criticizing men because we differ from them in regard to their acts.

We may differ because of many things done in the executive departments, but, as was stated in a debate in the House of Commons a short time ago, and it is peculiarly applicable at this time here, a critic has a supreme advantage over an administrator. The administrator can only take his mistakes as guides by which to avoid similar ones in the future, while the critic has the unparalleled advantage of being able to assert that if he had occupied the administrative position the mistake would not have happened, and no one can successfully challenge the statement.

What we should do is to see that there is no incapacity, that there is no inefficiency, that there is no incompetency, that there is no corruption, and then we must rest content in the exercise of the executive power in the discretion possessed by the executive. Only when gross abuses are shown is it proper for us to interfere. But to have a committee of Congress, even if it consists of the brainiest, the most patriotic, most courageous, and most competent men that ever existed, to sit back in the shadow, as a perpetual menace to the official who is charged



with the responsibility of doing something, and because fearful of acting until he had satisfied this committee, would be, in my opinion, the most grievous mistake that could be committed at this time in advancing the important work in which the country is engaged. [Applause.]

Mr. CANNON. Mr. Chairman, I make the pro forma amendment to strike out the last word.

I was present with the committee when this examination was made. I paid close attention to the hearing. Now, my recollection is, and my belief is, from the evidence, that there was a plant and it is owned by the party that has the contract.

It cost something—the capitalization of the plant. In addition to that, it was a going concern. I will speak of the going concern in connection with the profit a little later on.

The plant cost so much. The owner is entitled to 6 per cent interest, I think, upon the cost of the plant.

Mr. MADDEN. That is, under this contract?

Mr. CANNON. I think they are entitled to the 6 per cent interest. I am not much of a business man, but I would not take the best plant in the world unless I hoped to get my 6 per cent on the cost of the plant, because money is worth 6 per cent. That is No. 1.

Now, No. 2. There is a depreciation upon that plant. Now, if you count the depreciation and the interest upon the plant, you do not get any profit.

Now, No. 3. You have the plant; you have the depreciation, and you are entitled to be made whole, because so far you can come out of the same hole that you went in. Now, then, how much profit are they entitled to? My recollection is—

Mr. MADDEN. Before my colleague goes further—

Mr. CANNON. Let me get through.

Mr. MADDEN. Right there, I think, is an appropriate place.

Mr. CANNON. I want to state my case, and then if my friend wants to ask a question, all right. I want to complete my statement.

Now, my good friend and colleague, who is a successful contractor—a successful business man, with plenty of good, hard common sense—I think will not dispute the two factors. And I think he will not dispute the value of the organization. Now, then, come the operation and the product. Throw in the organization. In my judgment, after listening to this evidence, I have come to the conclusion that a 10 per cent profit was a reasonable profit for this Government to pay; and when I came to that conclusion I was satisfied with it, and I agreed to this provision in the bill and quite generally with all that is in the bill.

Now I yield to the gentleman.

Mr. MADDEN. The thought that I had in my mind was this: That there is no justification for allowing 6 per cent interest on the investment.

Mr. CANNON. Why not?

Mr. MADDEN. Wait a moment and I will finish my statement.

Mr. CANNON. You could loan money at 6 per cent without cost or risk or depreciation.

Mr. MADDEN. That is true, but that would be the profit. When you loan at 6 per cent, that would be your profit. Now, I maintain that when you allow 6 per cent on the investment you have no right to add to that 6 per cent an additional 10 per cent on the investment, because that is what it means.

Mr. CANNON. My friend is one of the most successful business men and contractors in Illinois, and a man of good hard sense and enterprise. He would not be worth three hoorays in that place that burns with fire and brimstone if he had done business on the theory that when you run your factory you get only 6 per cent. [Laughter and applause.]

Mr. MADDEN. What I want to say to my colleague is this, if my colleague will allow me—

Mr. CANNON. I will yield to the gentleman.

Mr. FITZGERALD. Let me say right here this 10 per cent on the output may be very much more than 6 per cent on the investment.

Mr. MADDEN. Yes. It may be many times more.

Mr. FITZGERALD. I do not think you ought to allow interest on the capital and the depreciation both, and then allow 10 per cent on the output.

Mr. MADDEN. I will say to the gentleman that I have investments on which I do not make 6 per cent.

Mr. CANNON. Yes. We all make losses. [Laughter.]

Mr. MADDEN. And I would not ask any more than that I should get 6 per cent on every dollar that I have invested. I do not think I ought to get 10 per cent on top of the 6 per cent.

Mr. GARNER. The fault of the argument of the gentleman from Illinois [Mr. CANNON] is this, that when he gets his 6 per cent he does not count that as any profit. You charge off de-

preciation. Now, if you charge off all depreciation in any business, then 6 per cent must be a profit.

Mr. CANNON. But you have got to have something for a going concern. You have got to have something for the organization. You have got to have something for the risk, and with the change in the machinery when the style of the weapon changes a part of the machinery becomes old junk.

Mr. FITZGERALD. There is no risk in this.

Mr. GARNER. If you charge off depreciation, you have got everything, and the 6 per cent stands.

Mr. CANNON. I am glad the gentleman has discovered that there is no risk in running a manufacturing establishment. [Laughter.]

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. MONDELL. Mr. Chairman, I entirely agree with the gentleman from New York [Mr. FITZGERALD] that Congress has no business in attempting to regulate expenditures made by the Executive under congressional appropriations.

After our committees have carefully considered the estimates and the Congress has agreed to make the appropriations, believing them wise, it is the business of the Executive to expend the money. It is not only his business to expend the money, but the responsibility is that of the Executive. If Congress, after making the appropriations, should appoint a committee to be consulted in the expenditure of the money the probability is that that committee would hamper and delay expenditures, add to the red-tape already too difficult in its unwinding, confuse things, and inevitably it would make Congress through its committees responsible for the way in which expenditures were made, and our mouths would be closed in the matter of the criticism of expenditures.

Mr. Sisson. Mr. Chairman, will the gentleman yield?

Mr. MONDELL. Yes; I yield.

Mr. Sisson. Would the gentleman object to a committee the purpose of which was not to interfere in the least with the executive department in the expenditure of the money, but solely for the purpose of making inquiry as to how the money was spent and the character of contracts entered into?

Mr. MONDELL. I could not object to that kind of a committee without objecting to committees that we already have. We have such committees, and it is the duty of those committees from time to time, whenever there would appear to be any necessity for it to examine into these expenditures, to inquire how they are made and to present the matter to Congress.

Mr. FITZGERALD. We have such committees.

Mr. MONDELL. Yes; and if those committees would exercise their proper functions more frequently and more regularly than they do, it would be a very excellent thing, because they could inform the regular appropriating committees and the Congress with regard to the way expenditures are made.

But while it is true that the Congress should not attempt to share in the responsibility of the manner of making the contracts, it is the business of the Congress to make inquiries in proper ways, through these investigating committees, through its regular appropriating committees and otherwise, as to how the moneys have been spent.

Not only is it the duty of Congress to do that, but it is the duty of every good citizen to do it.

Mr. SEARS. Will the gentleman yield?

Mr. MONDELL. I yield to the gentleman from Florida.

Mr. SEARS. Is it not a fact, however, that this Congress, by record vote, when the proposition was put up to us to provide clerks for these committees in order that they might secure this information, said it did not care to have any information?

Mr. MONDELL. I do not think the Congress said that. I did not hear anyone say that. I suppose that those who voted against giving these committees clerks did so under the impression—and I was not one of them—that the committees had not been active, and that they might not be any more active if they had these clerks, and therefore no considerable benefit would be secured. But I did not agree with that. I thought those committees ought to have clerks, and, furthermore, I thought they ought to do business.

Mr. SEARS. Does not the gentleman believe that if the chairman of the committee or the committee fails to do its duty after we furnish the committee with a clerk, the chairman should be removed, but that we should not refrain from giving them the necessary clerical assistance to enable them to do this work?

Mr. MONDELL. I do not care to express any opinion on a matter of discipline of that sort.

Mr. FESS. Will the gentleman yield for a question?

Mr. MONDELL. Yes.

Mr. FESS. Some of us wonder whether there would be any impropriety or unwisdom in publishing in the Official Bulletin contracts like the one we have been listening to. Would it be dangerous? Why not publish them?

Mr. MONDELL. I presume there is nobody who would object to having that contract published in the Official Bulletin. Certainly the officers who made it should not object.

Mr. FITZGERALD. The contract is set forth in the hearing.

Mr. MONDELL. But, of course, all the contracts of the Government can not be published in the Official Bulletin. It would require an exceedingly voluminous bulletin, and this particular contract is set forth here in the printed hearings.

Mr. FITZGERALD. Let me suggest to the gentleman from Wyoming that under the law copies of all these contracts must be deposited in the office of the Secretary, where they are public records and are open for inspection. If any Member of Congress wants to keep track of them, he can spend his time over there examining them.

Mr. FESS. If the public had access to the contents of these documents, there would be no suspicion lurking in the public mind.

Mr. MONDELL. That would depend on the contract. The publication of the contract might increase the suspicion. That would depend on what view one took of the contract, its wisdom and propriety.

Mr. FESS. The suspicion could be avoided by the ignorance of the public in not knowing anything about it.

Mr. MONDELL. It is said that "where ignorance is bliss 'tis folly to be wise." In this case the contract is published, and he who runs may read, and here is a volume that contains it.

Mr. BORLAND. The bare publication of the contract, with no surrounding circumstances under which it was made, might not lead to much information.

The CHAIRMAN. The time of the gentleman from Wyoming has expired.

Mr. MADDEN. Mr. Chairman, I want to ask the gentleman from New York if he does not think, in view of the fact that we have had a pretty strenuous week and that it is Saturday night and 5 o'clock, that we ought to take a little rest?

Mr. MONDELL. I hope the gentleman from Illinois will not take me off the floor.

Mr. FITZGERALD. After the gentleman from Wyoming concludes—

Mr. MADDEN. He has concluded, for the Chair has decided that his time is up.

Mr. FITZGERALD. I understand the gentleman from Wyoming wants a little more time, and after he concludes the gentleman from Mississippi [Mr. Sisson] wants to make a two-minute statement. In the preparation of the bill the committee spent the whole summer, and I hope that some of these gentlemen who were not here during that time—not the gentleman from Illinois, who was here, but some others—will not object to staying two minutes longer on Saturday night.

Mr. MADDEN. I am willing to withhold a point of no quorum for two minutes.

Mr. FITZGERALD. The gentleman from Wyoming wants five minutes and the gentleman from Mississippi two minutes.

Mr. MADDEN. Not to exceed seven minutes, then—the gentleman from Wyoming to have five and the gentleman from Mississippi two.

The CHAIRMAN. Is there objection to the time of the gentleman from Wyoming being extended five minutes?

There was no objection.

Mr. MONDELL. While it is true that it is the duty of the Executive to expend this appropriation, and that Congress should have no part in attempting to guide the expenditure, it is also true that it is the duty of Congress to consider these expenditures, and if they deem them unwise to criticize them. I have on several occasions criticized this kind of a contract, but I do it with some hesitancy, due to the fact that men who are well known in the country as successful business men are making these contracts on behalf of the Government. I had some experience in business before I came to Congress, and I know something about these cost-plus contracts. I never knew any business man who did not consider them exceedingly dangerous, and only to be entered upon under the most extraordinary conditions.

A contract that takes from the man who spends the money every incentive to economy and efficiency, every incentive to keep down the cost, and, on the other hand, increases his compensation, increases his income, increases his profits as the cost advances and inefficiency increases, is bound to be a delusion and a snare. It can not help being expensive. In nine cases out of ten it is more expensive than any contract that would

be likely to be entered into under competitive bidding, even when prices are increasing and costs mounting, because when you take from a man the incentive to keep down costs in labor, material, and overhead charges added costs do not interest him except as they advantage him in the matter of increased profits. In this case it would seem that in addition to the contractor receiving 6 per cent income on his investment, full recompense for all the wear and tear of his machinery, a certain amount for overhead charges, he is to get 10 per cent on the cost of the output. Such a contract does not strike me as being likely to result in economy, as being wise or judicious, or one that the Government ought to enter into. It had been entered into before the committee took the matter up, but I, for one, hope that in the future in the expenditure of these vast sums of money the Government may find better forms of contract and pursue better business methods in the expenditure of the money than seems to have been pursued in this particular case.

Mr. Sisson. Mr. Chairman, I want to state that when I brought this matter to the attention of the House it was because I thought every Member of Congress ought to fully understand this matter. As the gentleman from Wyoming [Mr. MONDELL] just stated, this is a contract which was made prior to the beginning of the hearings upon this particular subject. Congress can not now remedy the contract. We can in this bill make provision for the future. The expenditure committee that I favor is not one to hamper the administration but to help it. I believe that the present committees of the House, if they would get busy, could do this very thing. I am not in favor of any committee that would have to be consulted before money is expended or that would in any way interfere with executive functions of the Government; but these expenditure committees have opportunities to do a vast service to the country if they were given the proper amount of money to organize and equip themselves with experts to look into the expenditures of the Government.

I want to call attention also to the fact that in addition to what the chairman of the committee has said about these people having this contract not being liable to lose any money and having an absolute guarantee against loss, they are not using any of their own money, because when the contracts commenced they were paid every 30 days for the labor, and for the amount of work done. An arrangement has now been made whereby they are paid every 15 days. They are doing business with the Government machinery and with the Government money, and if they turn this contract over a few times they are bound to make enormous and unconscionable profits, and I do not believe the people of the country will stand for that, especially when we are calling upon everybody else to serve the country at this particular time without enormous profits. Everybody is called upon to be patriotic except munition manufacturers. Why can not these people who manufacture munitions be patriotic? They connived for war and had more to do with bringing on the war than any other class. Now let Congress force them to exercise that degree of patriotism that we ask of others who get no profit but get all the burden. [Applause.]

Mr. FITZGERALD. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. Crisp, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 5949, the urgent deficiency appropriation bill, and had come to no resolution thereon.

#### INVITATION TO MEMBERS OF CONGRESS TO VISIT THE BRITISH FRONTS.

The SPEAKER laid before the House the following telegram, which was read:

LONDON.

The SPEAKER OF THE HOUSE OF REPRESENTATIVES,  
Washington:

We have the honor to convey through you to the Senate and the House of Representatives a cordial invitation to send as many delegates as may be willing to come on a visit to Britain and the British fronts. We are authorized by the Government to say that such visitors would be the guests of the British people, and every effort would be made to show them all sides of our work in the war. As Parliament is not in session it is unfortunately impossible for us to obtain the direct authority of the members of the British Parliament for this invitation, but we feel sure that they would most warmly welcome the opportunity of meeting our colleagues of the Legislature of the United States.

FINLAY,

Lord Chancellor.

J. W. LOWTHER,

Speaker of the House of Commons.

#### LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted to Mr. HASTINGS indefinitely, on account of illness in his family,



## BRIDGE ACROSS ARKANSAS RIVER.

Mr. JACOWAY. Mr. Speaker, I call up from the Speaker's table the bill S. 2830, extending the time for the construction of a bridge across the Arkansas River between the cities of Little Rock and Argenta, Ark., a similar bill being on the House Calendar.

The Clerk read the bill, as follows:

*Be it enacted, etc.*, That the times for commencing and completing the construction of a bridge, authorized by act of Congress approved August 7, 1914, to be built across the Arkansas River between the cities of Little Rock and Argenta, Ark., are hereby extended one and three years, respectively, from the date hereof.

Sec. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

Mr. GILLET. Has this been passed upon by the Committee on Interstate and Foreign Commerce?

Mr. JACOWAY. Yes; favorably reported upon and is on the House Calendar.

Mr. COOPER of Wisconsin. Does this provide one and three years for commencement?

Mr. JACOWAY. For commencement and finish.

Mr. ADAMSON. The general bridge law provides that.

Mr. COOPER of Wisconsin. This is an extension outside allowing them three years more?

Mr. ADAMSON. It just allows them the same time originally allowed.

Mr. BORLAND. One year for commencing and three years for completion.

Mr. JACOWAY. Both times having expired.

The SPEAKER. The question is on the third reading of the Senate bill.

The bill was ordered to be read a third time, was read the third time, and passed.

A similar House bill—H. R. 5649—was ordered to lie on the table.

## BRIDGE ACROSS TUG RIVER, W. VA.

Mr. ADAMSON. Mr. Speaker, the gentleman from West Virginia [Mr. COOPER] has a bill in the same condition (S. 2663) granting the consent of Congress to the Wolf Creek Lumber Co. to maintain a bridge already constructed across Tug River, which I ask the Speaker to lay before the House.

The SPEAKER. The Clerk will report the bill.

The Clerk read the bill, as follows:

*Be it enacted, etc.*, That the consent of Congress is hereby granted to the Wolf Creek Lumber Co., and its successors and assigns, to maintain and operate, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906, a bridge and approaches thereto already constructed across the Tug River at or near Wolf Creek near Kermit, W. Va., in the county of Mingo, in the State of West Virginia, which bridge is hereby declared to be a lawful structure.

Sec. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

Mr. ADAMSON. Mr. Speaker, I move to amend by striking out in lines 11 and 12 the words "which bridge is hereby declared to be a lawful structure."

The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

Amend the Senate bill by striking out of lines 11 and 12, after the word "Virginia," the words "which bridge is hereby declared to be a lawful structure."

Mr. COOPER of Wisconsin. Has that the approval of the War Department?

Mr. ADAMSON. This bridge was constructed without the consent of Congress under the supposition that Mr. Hughes, who was sick at the time, had secured the passage of the bill, and the War Department approved the bridge after it was constructed, and this bill is to legalize it.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The bill as amended was ordered to be read a third time, was read the third time, and passed.

The House bill—H. R. 5267—of similar tenor was laid on the table.

On motion of Mr. ADAMSON, a motion to reconsider the vote by which the bill was passed was laid on the table.

## EXTENSION OF REMARKS.

Mr. ADAMSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by printing a short editorial from one of my constituents bidding farewell when he starts to the war in France.

The SPEAKER. The gentleman from Georgia asks unanimous consent to extend his remarks in the Record. Is there objection? [After a pause.] The Chair hears none.

The editorial is as follows:

## TO THE PEOPLE OF MARION COUNTY.

I am about to bid farewell to you, possibly forever. Our country is at war with German autocracy, which must be crushed if democracy exists in peace. Our homes and our loved ones are in grave danger.

It is a time which tries the souls of men. It is a time when all able-bodied men must fight to maintain their right to live in the pursuit of peace and happiness. They must fight to hold their freedom and to uphold the Government which protects it.

The man whom we have selected as the head of our Government has formed and promulgated a plan whereby a fair and impartial selection of an army to maintain our freedom is now being made. Under this plan I am called to the colors. I reported to Camp Gordon Sunday for military service.

I was ready to go. I believe the war is just and necessary. I believe that under our Government a man can enjoy more rights than under any other in the world. I believe that our President is not only the greatest who ever occupied that position in our fair land but the greatest ruler in the world to-day. I believe that our Congress is composed of the highest order of intelligence in the world, and that they would never consider plunging our country into this war had it not been absolutely necessary to maintain our place at the head of the nations of the earth. The stars and stripes of Old Glory stand for justice and freedom, and it is for this that we are fighting—freedom for the world as well as ourselves.

If I have made any enemies, it was not my intention, for I harbor no bitterness in my heart against any man. I hope that my enemies will always be in front of me, and that some day, when victory is ours, I may return from the battle field with a clean record.

The day of our return is uncertain in the extreme. The war may last 5 or 10 years or it may close within a year. Victory will not be ours until, as one editor expressed it, "a long-limbed, tan-checked southern gentleman walks arrogantly down the broad streets of Berlin, strikes a match on Hindenberg's monument, and throws a quid of tobacco in the stony face of the Kaiser's statue; not until then will we or the soldier lads be entirely satisfied." I hope I will be that man.

Your friend,

T. A. D. WEAVER.

Mr. ZIHLMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by inserting an address delivered by Hon. HENRY W. TEMPLE, of Pennsylvania, at the annual meeting of the Maryland State Bar Association, held at Atlantic City, June 21, 1917, on "Our war for law and civilization."

The SPEAKER. Is there objection to the request of the gentleman from Maryland? [After a pause.] The Chair hears none.

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by printing a memorial on the life and character of former United States Senator Patterson, of Colorado.

The SPEAKER. The gentleman from Colorado asks unanimous consent to extend his remarks in the Record by printing a memorial address on the life and character of the late Senator Patterson, of Colorado. Is there objection? [After a pause.] The Chair hears none.

## ORDER OF BUSINESS ON MONDAY.

Mr. FITZGERALD. Mr. Speaker, I ask unanimous consent that the deficiency bill have the same privilege on Monday as on other days.

The SPEAKER. The gentleman from New York asks unanimous consent that the deficiency bill have the same status on next Monday that it has on any other day. Is there objection?

Mr. FOSTER. Mr. Speaker, reserving the right to object, I would like the gentleman to couple with that that the business in order on Monday may be in order immediately after the completion of this bill.

Mr. MADDEN. Mr. Speaker, I think I shall have to object to that.

Mr. FITZGERALD. Mr. Speaker, I am interested—

Mr. MADDEN. I thought we were to adjourn three days at a time.

Mr. FOSTER. Mr. Speaker, the reason I ask that is that there is a bill or two that we have been trying to get up by unanimous consent, and if there is still objection I think they ought to have a chance to pass.

Mr. FITZGERALD. Mr. Speaker, there are no bills pending in either House of Congress more imperatively needed than the one under consideration in the House now. This is the only bill I am interested in pressing for consideration—

Mr. MADDEN. Mr. Speaker, I hope there will be no conditions—

The SPEAKER. The Chair will take the liberty of jogging the memories of gentlemen by stating that the gentleman from Alabama [Mr. BURNETT] got his alien slacker bill, or whatever the title of it is—

Mr. MADDEN. He did not get any consent on that, Mr. Speaker.

The SPEAKER. The Clerk says he did not get it, so the Chair was mistaken. The gentleman from New York asks unanimous consent—

Mr. TAYLOR of Colorado. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman from Colorado rise?

Mr. TAYLOR of Colorado. Mr. Speaker, reserving the right to object, I do not feel that the gentleman from New York ought to ask entirely to dispense with unanimous-consent day and put

it off for two weeks when we might not have a quorum here at the time any of these bills—

Mr. FITZGERALD. Notice has been served that objection will be made for some day to be fixed in regard to those bills. This is a bill that should be considered, and it is my duty to make the request to enable it to be considered.

Since objection will be made to setting that business down after consideration of the bill, I can not make a request that I know will not be granted.

The SPEAKER. The gentleman from New York [Mr. FITZGERALD] asks unanimous consent that the present pending deficiency bill have the same right for consideration on next Monday as it would have on any other day.

Mr. TAYLOR of Colorado. Unless there can be some understanding that the entire unanimous consent of Monday is not going to be wiped out at this session of Congress in some way, I must object.

Mr. FITZGERALD. Mr. Speaker, I give notice to the gentleman that if objection is made no bill will pass on Monday by unanimous consent.

Mr. ADAMSON. The gentleman from Colorado [Mr. TAYLOR] will just waste a day if every bill is going to be objected to, as it will be under these circumstances.

Mr. GARNER. Mr. Speaker, I want to suggest that probably the gentleman who gave notice that he would not permit unanimous-consent day to follow this bill might reconsider.

Mr. GILLETT. We may when the time comes.

Mr. MADDEN. When the time comes, when this bill is completed, if the gentlemen who are interested in unanimous-consent bills wish to make the request, I will not object to it then, but I will object to having it coupled with this.

Mr. GARNER. The gentleman does not propose, then, to take the stand now that he will not have unanimous-consent day, but will wait until the time comes?

The SPEAKER. Is there objection?

Mr. TAYLOR of Colorado. Reserving the right to object, I would like to know whether some gentleman is going to make objection.

Mr. MADDEN. I think unless the gentleman wants to assume the responsibility of objecting to the consideration of this bill, the money in which is being appropriated for the Government, he ought not to object.

Mr. TAYLOR of Colorado. I have not objected to unanimous consent in nine years on the floor of this House. I have permitted everything to go on here, but I do feel as a Representative from the West that when we have some bills here that are certainly important to our section of the country, while I do not want to interfere with this bill at all, at the same time I certainly feel that we must object to any attempt to entirely cut off the unanimous-consent day. All I ask is that the gentleman should allow us, when this bill is concluded, to take up the Unanimous Consent Calendar. It seems to me it is perfectly fair.

Mr. MADDEN. Mr. Speaker, I am going to object to having the gentleman's request coupled with the request of the gentleman from New York. When the time comes for him to make that request, when this bill is out of the way, I do not think he will have much trouble about it. At least he will not have any from me.

Mr. ADAMSON. Mr. Speaker, I have some interest in the Unanimous Consent Calendar, but under the circumstances, if we object to the request of the gentleman from New York, the call of the Calendar Monday will be a farce and our bills will be stricken off and we will gain nothing by it. I think we had better let the gentleman have his request granted and trust to the fairness of the gentleman afterwards.

Mr. TAYLOR of Colorado. That is all right; but I do not propose to be bluffed.

Mr. MONDELL. Mr. Speaker, reserving the right to object, there are several bills on the Unanimous Consent Calendar that are of some importance, and particularly of importance to the West. And I do not think gentlemen should take the air they have in this matter and insist that if objection is made now to unanimous-consent day being set aside there will be no unanimous consent allowed. I do not think that is quite the proper attitude. I am of the opinion that we ought to go on with this appropriation bill Monday, and I hope the gentleman from Colorado [Mr. TAYLOR] will not object, but, at the same time, gentlemen must understand that the men from the region affected by these important bills can not allow the day of grace to go by without at least suggesting that they expect an opportunity within a reasonable length of time to have their matters considered.

Mr. MADDEN. Mr. Speaker, reserving the right to object, I think the gentleman is perfectly right, but they did more than

suggest that they would like to have an opportunity. They threatened to object to this bill.

Mr. TAYLOR of Colorado. Oh, no.

Mr. MONDELL. I thought the threat was on the other side.

Mr. FITZGERALD. I made the statement. Let there be no misunderstanding about it, Mr. Speaker. If the House is unwilling to proceed with this bill, which it is imperatively required should be passed for the proper conduct of the operations of the war, then the House will do no business by unanimous consent while the consideration of the bill is held up.

The SPEAKER. Is there objection?

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent that on the Monday following next Monday—

Mr. FITZGERALD. Mr. Speaker, I insist—

Mr. GILLETT. I object to any particular day being set now.

Mr. FITZGERALD. I insist, Mr. Speaker, that the request I have submitted be passed on first.

The SPEAKER. Is there objection to the request of the gentleman from New York? [After a pause.] The Chair hears none.

#### ADJOURNMENT.

Mr. FITZGERALD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 25 minutes p. m.) the House adjourned until Monday, September 17, 1917, at 12 o'clock noon.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. FERRIS, from the Committee on the Public Lands, to which was referred the bill (S. 2156) to authorize exploration for and disposition of potassium, reported the same with amendment, accompanied by a report (No. 145), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. CARTER of Oklahoma: A bill (H. R. 6094) amending the act to increase the limit of cost of certain public buildings, etc.; to the Committee on Public Buildings and Grounds.

By Mr. SWIFT: Concurrent resolution (H. Con. Res. 21) providing for the printing and binding of the messages and papers of the Presidents for the period of 1897 to 1917; to the Committee on Printing.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. COOPER of Wisconsin: A bill (H. R. 6095) granting a pension to Esther A. Weeks; to the Committee on Invalid Pensions.

By Mr. FAIRFIELD: A bill (H. R. 6096) granting a pension to Sanford T. Chapman; to the Committee on Invalid Pensions.

By Mr. FERRIS: A bill (H. R. 6097) granting an increase of pension to Elbridge H. Benham; to the Committee on Invalid Pensions.

By Mr. GALLAGHER: A bill (H. R. 6098) for the relief of John Marks; to the Committee on Naval Affairs.

Also, a bill (H. R. 6099) granting a pension to Ellen A. Cardenas; to the Committee on Pensions.

By Mr. KRAUS: A bill (H. R. 6100) granting an increase of pension to Thomas Lloyd; to the Committee on Pensions.

By Mr. OSBORNE: A bill (H. R. 6101) to correct the military record of the late Allen M. Stratton; to the Committee on Military Affairs.

Also, a bill (H. R. 6102) granting an increase of pension to Sarah J. Wood; to the Committee on Pensions.

Also, a bill (H. R. 6103) granting a pension to Joseph C. Betancue; to the Committee on Pensions.

Also, a bill (H. R. 6104) granting a pension to George E. Lawrence; to the Committee on Pensions.

By Mr. SLAYDEN: A bill (H. R. 6105) granting a pension to Charles W. Anderson; to the Committee on Pensions.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By Mr. GRIEST: Petition of Henry C. Meyer, John Baechle, F. J. Jarosch, Otto W. Schaefer, Charles Hiemer, and Adolf F.



Woerner, of Lancaster, Pa., favoring the exchange of censored news between parties living in the United States and those within the territory of the central powers; to the Committee on the Post Office and Post Roads.

By Mr. KENNEDY of Rhode Island: Resolution of Washington Council, No. 2, Junior Order United American Mechanics, of Providence, R. I., favoring passage of House bills 4852 and 5369 respecting enforcement of immigration law; to the Committee on Immigration and Naturalization.

By Mr. PETERS: Petition of H. B. Frost and 36 others, residents of Monmouth, Me., urging action on the food bill; to the Committee on Agriculture.

Also, petition of Samuel Adams and 31 other citizens of Belfast, Me., urging the passage of the purple-cross bill, House bill 5410; to the Committee on Military Affairs.

## SENATE.

SUNDAY, September 16, 1917.

The Senate met at 10.30 o'clock a. m.

The Chaplain, Rev. Forrest J. Prettyman, D. D., offered the following prayer:

Almighty God, we come before Thee in the quiet hour of the holy Sabbath Day to worship and to make mention of the character and service of one whom Thou hast called to his final reward. We memorialize the name of a comrade in service who by Thy grace measured up to the responsibility of this office.

We bless Thee that Thou hast ever laid Thy hands upon men who have come up from every part of the country to the central council of the Nation inspired with the ideals of freedom and justice, and that Thou hast kept them true to the traditions of a Nation founded upon the precepts of Thy Holy Word.

We bless Thee for the life and character of the late Senator whose name is mentioned this day, whose service on earth closed with his labors in this Senate. We praise Thee that he leaves behind him a sacred memory that will be cherished as long as the country endures. His name will be on the scroll of honor as one pure and steadfast in principle and unyielding in devotion to the truth and to God.

Now, we pray Thee to give to us a solemn sense of the reality of life. Lead us all in the path of duty and prepare us for the final issues for which we must answer before the judgment seat of God. For Christ's sake. Amen.

### MEMORIAL ADDRESSES ON THE LATE SENATOR HARRY LANE.

Mr. CHAMBERLAIN. Mr. President, pursuant to notice heretofore given I offer the resolutions which I send to the Secretary's desk, and ask for their adoption.

The VICE PRESIDENT. The resolutions will be read.

The resolutions were read, considered by unanimous consent, and unanimously agreed to, as follows:

#### Senate resolution 131.

*Resolved*, That the Senate has heard with profound sorrow of the death of the Hon. HARRY LANE, late a Senator from the State of Oregon.

*Resolved*, That as a mark of respect to the memory of the deceased the business of the Senate be now suspended to enable his associates to pay proper tribute to his high character and distinguished public services.

*Resolved*, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Mr. CHAMBERLAIN. Mr. President, we are here to-day to pay the last sad tribute of respect to our late colleague and friend, HARRY LANE, of Oregon. The best testimonial to his worth, however, is to be found in the love which was entertained for him by his friends and neighbors of a lifetime in the State of his birth, and which he in part represented at the time of his death.

HARRY LANE was the product of pioneer days in the West. His grandfather, Gen. Joseph Lane, after participating with marked distinction in the Mexican War, went to Oregon in 1848 as Territorial governor by appointment of President Polk, and remained there when the war was over. In 1859, after having served a number of terms as a Delegate in Congress, Gen. Lane was elected to represent his State in this body, and in the presidential election of 1860 was a candidate for the Vice Presidency on the ticket with the late John C. Breckinridge, of Kentucky. Like his grandson, he was possessed of great physical as well as moral courage, and those traits were inherited by and strongly emphasized in our late colleague.

The life of the early pioneer was calculated to develop vigorous minds as well as strong bodies, and HARRY LANE was no exception to the rule. Surrounded as he was by the adventurous spirits of those early days, he imbibed their modes of independent thought and action. As they blazed a trail across miles of desert

wastes, over rugged mountains and dangerous and swollen streams, without chart or compass to guide them, in order to establish a civilization in the western wilds, so they were accustomed to reason for themselves and untrammelled by precedent to formulate rules and ways of life to suit the new conditions and a strange environment. There were no slackers in that new world of theirs. Every man and every woman had a part to play in the economy of things, and well, indeed, they played it, finally bringing the Oregon country under the American flag, establishing a government of their own in advance of any act of Congress creating a Territorial form of government. Amongst such a people and in such an environment HARRY LANE was born 62 years ago. His birthplace was the then little town of Corvallis, on the banks of the beautiful Willamette, in speaking of which and in portrayal of its beauty a pioneer poet of Oregon said:

Spring's green witchery is weaving  
Braid and border for thy side;  
Grace forever haunts thy journey,  
Beauty dimples on thy tide;  
Through the purple gates of morning  
Now thy roseate ripples dance,  
Golden then, when day, departing,  
On thy waters trails his lance.  
Waltzing, flashing,  
Tinkling, splashing,  
Limpid, volatile, and free—  
Always hurried  
To be buried  
In the bitter, moon-mad sea.

Looking out from his humble boyhood home upon the landscape, whether to the east or to the west, his youthful eyes beheld the lofty mountains of the Cascade and Coast Ranges, snow-capped and sun-crowned, clad from base to summit in perpetual green.

I have sometimes thought that much of the rugged honesty of character, thought, and disposition of HARRY LANE was but a reflection of these scenes and of the mountains that were the companions of his youth. For he was the very soul of honor, and in the struggles he encountered through life, in the political contests he waged, no one ever at any time questioned the integrity of his motives nor the loftiness of his purposes. Honest, generous HARRY LANE!

O good, great heart that all men knew,  
O iron nerve, to true occasion true;  
Fallen at length, that tower of strength,  
Which stood foursquare to all the winds that blew.

Since his death I heard a distinguished gentleman and acquaintance say "Senator LANE was a most lovable character, but I was never quite able to calculate his orbit." That summed up his character in a sentence. No man could, but all who knew him could safely say that whatever his orbit might be, his direction, his aim, his purpose was toward the right, toward honesty, toward justice and equality of opportunity to all, to the humblest as to the most exalted.

I first came to know Senator LANE well while he was superintendent of the Oregon Hospital for the Insane, to which position he was appointed by Gov. Sylvester Pennoyer. At the time of his appointment he was practicing his profession as a physician at Portland. He immediately set to work to bring about a change in conditions at that institution. He was then, as he always was, restive under restraint. He followed no rule because it was of long standing unless it had merit. He did not believe in the doctrine that what was good enough for the father is good enough for the son. His practice was to follow a general scheme because it was right, and his purpose always was to reach higher ideals and loftier standards. He could never be patient to reach an end by slow degrees. He wanted to reach it at once. For that reason it was hard for him to compromise, and hence he could not do what is usually denominated as team work. With the exception of a few occasions when he first came to the Senate he did not attend the conferences of his Democratic colleagues, and was therefore at variance with them much of the time. Yet no one questioned his integrity of purpose. Because he saw but one way to accomplish an end he thought everyone ought to see it and reach it by the quickest route. He did not like circumlocution and would not stand for it even if by it he would eventually reach the same goal for which he was striving. So in his conduct of the State hospital he broke through the regulations of a generation of his predecessors and made things unpleasant for the sticklers for precedent. The general result of his incumbency of the position of superintendent was beneficial, and many of the plans formulated by him are still in force. Upon his retirement from this position he resumed the practice of medicine in his home city. He always commanded a large practice, but he never made any money for the simple reason that he would not charge the poor either for services or medicines which he furnished. "His hand was open as the day, and



his heart was a great temple in which thronged all the kindly emotions." No man, woman, or child ever came to him suffering or in want that he did not give aid and comfort without money and without price. He was ever ready to give his last penny to one in need or in distress. Is it any wonder, then, that he could not save money at his profession? There are thousands of people living in the West who have benefited by his kindness and generosity and who rise now to call him blessed.

Senator LANE served two terms as mayor of the city of Portland. In one of his contests his opponent was a gentleman who had served as Attorney General of the United States during Gen. Grant's administration and was later appointed Chief Justice of the Supreme Court, failing, however, of confirmation. The contest was a bitter one, but Senator LANE's popularity with the masses and his promises to reform conditions of municipal life won him a victory. During both his terms he devoted all his energies to carrying out his prelection pledges, and he did make Portland a better place to live in. He drove out the thugs and gamblers and purified districts which prior to his administration had been given over to every form of vice. He made no compromises, but hewed to the line with the sole aim and purpose to correct evils in municipal government, to make the lot of the laboring man easier, to cut out every form of graft, and to see to it that everyone received a square deal at the hands of those in authority. No administration was ever more stormy, and none ever so fruitful of beneficent results.

Speaking of his record as mayor and of him as a man, one of the local papers of Portland, shortly after his death, said:

As mayor of Portland he was quick to sense the harmonious relation between powerful figures and the vice ring. With equal celerity he comprehended the inside hold that big institutions maintained in the city and out of which they profited at the expense of the public and the masses.

He was as quick to realize the illegitimate traffic in public contracts, in gambling, and the ruinous effect which invisible government was working in the city. Fearless and free, as courageous as he was honest, Mayor LANE, with these abuses once visualized, was instantly in action, and it was an action from which no friend, no groups of friends, or other human power could stay his hand. With him it was a fight with public wrong, and a fight without compromise, a fight to the death.

The effect of his conflicts with invisible government is beheld in Portland to-day. He opened the closed eyes of the public to what was going on. He threw the searchlight of a pitiless publicity on abuses and practices of whose existence the people had not dreamed. Wherever he found wrong in the municipal structure he smote it and exposed it. Without a LANE, Portland might still be in the mire of those rotten times. His work of reform in the chief city of the State was heard of in rural and remote Oregon and exercised factorship in the great conflict for redeeming and reclaiming the Commonwealth from the vicious and corrupt influences of the old politics and politicians.

Information that a great conflict was going on to reform its chief city was of psychological value in stimulating reform in the State's public life; for with knowledge that they had an ally waging war at the fountain head of corruption, the reform forces in the country were encouraged to arm for State-wide struggle.

LANE saved to the people many a public right and a deal of public property that was gradually slipping into the hands of private interests. He turned the mood and movements of the community into new plans and purposes.

He organized and captained forces for assaulting the citadels of plunderbunds and for squaring government with the ideals of conscience and honesty.

His two administrations as mayor stand out in Portland annals. They were not inane administrations. They were not, as many administrations have been, forgotten because they stood for nothing. Other mayors came and passed unproclaimed and unobserved because unworthy of comment.

There would have been a third mayoralty for HARRY LANE, had he desired it. The people were ready to elect him and many an appeal fell upon his ears for renewal of his candidacy. But he was worn and spent with the incessant, unflinching resistance and assaults of entrenched privilege. He was weary with it all, just as he became wearied and lay down and died amid the pressing responsibilities of the senatorship. He refused the proffered distinction and retired to that privacy of endeavor to which many a public man often turns with keen delight.

Times and events offered HARRY LANE as Senator no such opportunity as came to him as mayor. That he carried into the upper branch of Congress the same innate honesty and fearless conviction that distinguished his public life on lower levels, we all know from his independence of action and from his votes on the momentous issues of armed neutrality and a state of war.

It was his alone to pass judgment according to his conscience on those great questions. It was his alone, under his oath, to decide on those tremendous alternatives because it was his alone to assume responsibility for his action.

HARRY LANE chose his course, and proof of how tremendously he viewed the issue is in the fact that he paid for his choice with his life. He acted as he believed and acted in the face of an overwhelming opposition.

A country or a people could not ask him to do more. A country or a people can not in honor ask any man to violate his conscience or be dishonest with his convictions. For that reason, Senator LANE in the slings and arrows of a partisan and persecuting press encountered an injustice that he did not deserve and it was an injustice that, in the stress of the time, was followed by a nervous breakdown from which there was no deliverance.

It is a good thing for communities to have Lanes in public life. Straddle-bug politicians who lay low and follow the drift are of no value.

It is men with ideals and spirit and purpose and honesty that make a real career and that leave a lasting impress upon the civic life. That impress is Senator LANE's monument and it is a nobler monument than can be raised in bronze or marble.

Senator LANE was elected to the Senate at the fall election in 1912. He showed upon his entrance here the same disregard of precedents that characterized his whole life. He immediately took part in the discussion of great public questions, and upon all occasions showed an intimate acquaintance with men and affairs. He made no pretensions to eloquence and claimed no distinction as an orator. He plunged into the middle of a subject and always contributed to the sum of information upon it. Possessed of a happy way of expressing his views, there was frequently a vein of humor in him that attracted attention and gave pungency to the point he was endeavoring to make. Fearless at all times, he did not hesitate to differ from his warmest personal and political friends. His record here is so recent and so well understood that I do not deem it necessary to discuss it. His attitude with respect to armed neutrality and the war with the Imperial German Government proved more than any of his public acts his great moral courage. He was at variance with the great majority of his colleagues, and did not fear to give expression to his views. He hated war, and his tender heart and the horror of bloodshed led him to hope that a crisis might be averted. But his motives were misunderstood by enemies and friends alike, with the result that he was most brutally and unjustly assailed by many of the public journals throughout the country. The injustice of these attacks, in my opinion, made acute a disease that was lurking in his system, and unquestionably hastened his death. He was charged with engaging in a filibuster against the armed neutrality bill, which was wholly unmerited. He was charged with treachery to his country, which was entirely untrue, for there was never a man whose heart was more truly loyal than HARRY LANE's, and after war was once declared he would have contributed the weight of his influence and his every vote to the making of American arms successful. No one will ever know what anguish he suffered under these unjust charges, and I really believe they almost broke his noble, generous heart.

I beg the indulgence of the Senate while I read a sketch of HARRY LANE by one of his warmest personal and political friends, Hon. R. W. Montague of Portland, Oreg. It is so true to life that this record would not be complete without it. He says:

No one can forget HARRY LANE who ever came close to that unique and vivid personality. A mind leaping, swift, intuitive, sudden and unpredictable in its way of attack on the commonest questions, a pungent wit, abundant zest of life, genial readiness in intercourse with all sorts and conditions of men, all these were apparent at once, but these were not all, nor was all comprised in these as modified by the human defects, of which he had full share.

His physical appearance contributed no little to the sum of the impression he made. Plain yet very striking features, a prominent, almost aquiline nose, firm, straight, thin-lipped mouth, and keen steel-blue eyes gave rather a grim expression to his face when not lit up by the habitual look of animation that gave it a characteristic charm. His face was finely set off by abundant wavy hair and a peculiar elate carriage of the head that drew the eye at once. Of only middle size, he possessed remarkable muscular strength and activity, and his bearing had an alert readiness that reminded one irresistibly of a swordsman of Dumas and left an impression of perfect physical competence.

I remember that once when a man named Lane was hurt in a street accident the rumor ran that it was Dr. LANE. A shrewd friend of his remarked to me, "They told me Harry was run over by a street car, but I said, 'No, not that fellow. Some other Lane, maybe, but no street car will ever run over HARRY.'"

He was an ardent lover of nature, and was never so happy as when pursuing some inquiry into her secrets. One year he began hunting mushrooms, and before his curiosity was satisfied had made himself a real expert and learned mycologist in the local field, finding and describing many new species, and all in the midst of the day's work which left no leisure to less ardent spirits.

Once, a few hours after the close of a hard political campaign in which he had been defeated, I found him studying a strange bird through his field glasses. "You see, I have returned to my proper interests in life," he said, with the look of grave sweetness that unlocked all hearts to him. That look was reserved for his rare moments of sheer friendliness; for the most part he had a cheerful smile which exasperated his enemies, to whom he wore it most gaily, almost beyond endurance. Indeed, he was never in higher spirits than when he went into a fight, and it was a forlorn hope so much the better cheer. His courage was undoubted and dauntless, yet he was highly organized and acutely sensitive to pain, and his racing imagination took him through all the suffering before he met it. That kind of physical courage is moral courage, too, and the abuse and accusation which he bore so uncomplainingly, and often returned with such excellent interest, cut him to the quick and brought him home to his family with drawn face and eyes that showed the torments he had gone through.

It was a real genius for friendship that bound so many to him, from the humblest to the highest. The human quality was what his eager feeling sought, and he found and cherished it everywhere. Men such as Judge Bellinger and Asahel Bush, at opposite poles of opinion and character save that both had distinguished intellect and trenchant wit, counted him quite their nearest friend. Children loved him, and I have seen a little boy looking up at him during a cruelly painful minor operation without a wriggle or a murmur while the tears streamed down his little face like rain. And the abundant wealth of return he gave no one who received it will ever cease to treasure. His delight in talk, his power of picturesque, dramatic, humorous realization of scene and circumstance and character made companionship with him an unending joy.



The most notable characteristic of his mind was its unshakable grasp of a few elementary principles of justice and humanity and the sudden and surprising aptness with which he applied them to the case in hand; if to the breaking down of ancient conventions or the shattering of ancient idols, so much the better. From this power of holding fast to the essence amid all the tangle and welter of accident came his flashes of insight as an administrator, when he denied his advisers and defied his enemies—and proved in the end, "in the teeth of all the schools," that he was right. A fighting man with an ingrained love of humanity and of basic, uncomplicated justice is pretty sure to be a success in politics, and he was a fighting man in every fiber.

These simple and obvious qualities were the sole source of his political success. Of the arts of the politician he had none, nor any love of wealth or power. For intrigue and combination he had absolutely no aptitude, and for the complicated team play and strategy necessary to carry through large political programs little enough. But the plain people could not be deceived as to the perfect absence in him of acquisitiveness or any disloyalty to them, the depth and utter sincerity of his feeling for common humanity, and his detestation of privilege and power based on privilege; and for these things they gladly ignored any deficiencies in sustained reasonings or far-reaching programs and elevated him again and again to high place in the face of overwhelming majorities.

It may be that here we come nearest to his inmost secret. As the joy of battle faded with his youth, there grew up beneath the fierce gaiety of the paladin spirit a human kindness and compassion, a yearning over the unfortunate and oppressed, over all mankind, over every living thing, that at last became his master passion. The unwillingness to suffer the human sacrifice to be made was the ground of that last grave decision which seemed so fatally wrong to many of us. Who shall say that it was not best, after all, for some one to overlook the grim and hateful necessities of the hour and fix his gaze on the better things of the future which to us it seems can come only through this sacrifice; that he did not choose for himself a more perfect way when, in this time of "confused noises and garments rolled in blood," he chose rather than applause, rather even than wisdom, to be written down as one who loved his fellow men?

"For life is only a small house . . . and love is an open door."

HARRY LANE, the kindly, courteous gentleman, has gone from among us. He will be long remembered by his friends here, but longest at his home, for—

That best portion of a good man's life,  
His little nameless, unremembered acts  
Of kindness and of love.

He sleeps peacefully under his native skies, and by his grave there stands as sentinel a mammoth evergreen, as if from the mountains he was wont to look upon and love in his boyhood days.

He is not dead, he has but gone to that—

Country bordering on the land  
Sealed in eternal silence here, where all  
Are journeying—a region which we call  
The empire of the dead. No mortal hand  
Hath ever mapped its coast. Upon its strand  
Discovery's anchor ne'er hath been let fall.

Mr. JONES of Washington. Mr. President, the changes wrought by the Grim Reaper in this body are swift and startling. They bring home to us the unerring truth that "As for man, his days are as grass; as a flower of the field so he flourisheth. For the wind passeth over it, and it is gone; and the place thereof shall know it no more." Nor does his heavy hand fall alone upon the aged and feeble but often upon the strong and middle aged. Why those whose usefulness seems to have just begun are so often taken we know not. This is one of the mysteries we may solve in the Great Beyond, but now it seems past our finding out.

HARRY LANE—that is what we soon began to call him—came to the Senate unknown to most of us. When he was taken away every heart felt the piercing arrow of sorrow. He had a free, earnest, hearty, sympathetic way about him that commanded not only your confidence but your affection. My acquaintance with him began with his services here. Coming from a neighboring State with interests much in common with those of my own, I soon came to honor and admire his devotion to duty, his earnestness and sincerity, even though I often disagreed with his views.

He was one of the most earnest and sincere men I have ever known, and of rare political courage. He loved humanity. His highest aim seemed to be to serve the poor, the weak, and the lowly and to promote their comfort, welfare, and happiness. His vision of legislation was their wants and needs. His views were often considered radical, but his sincerity of purpose was never doubted.

Although a political partisan he measured all legislation by the people's good and never hesitated to condemn in vigorous and picturesque language party measures which did not meet his views as to what was for the real interests of the people.

Men of his stamp and courage are essential to a republic. The success of representative government depends not only upon the wisdom but upon the courage of those intrusted with authority. A representative should be something more than the mere registrar of an apparent public sentiment. The people at home want something more than this. They want a representative who will think for himself, investigate for himself and have the courage to do what he believes to be for their best interests,

even though they may for the moment have a different view from his. They know that they may not have all the information necessary to form a correct judgment as to what ought to be done or as to what ought not to be done. While they, under the impulse of excitement and statements not founded upon fact, may condemn a representative, in their calmer moments they will respect him all the more if they feel that he has acted conscientiously. The man who does his duty as he sees it despite a contrary public sentiment, will have the respect and admiration of all those who admire courage and despise self-seeking. The people expect a representative to study, investigate, and inform himself upon the issues that come before him for action and they expect him to act upon such issues in accordance with his mature and conscientious judgment formed with a due regard for public sentiment and with a knowledge of the many facts and conditions which the people may not know and which, if known, might produce a different sentiment. Such a representative was HARRY LANE. He felt his responsibility as a Senator. He realized his duty as a representative. He wanted to please the people, but above all he was anxious to maintain his own self-respect and do that which was for the people's good and for the welfare and honor of his country. No higher eulogy could be paid any representative. HARRY LANE deserves it. We are better for his life; posterity will be helped through his record of courage and devotion to duty made here.

Mr. PHELAN. You will recall, Mr. President, that William Cullen Bryant, writing in the early part of the nineteenth century and desiring to express the common character and the universality of death, drew his imagery from Oregon. He said:

All that tread  
The globe are but a handful to the tribes  
That slumber in its bosom. Take the wings  
Of morning, pierce the Barcan wilderness,  
Or lose thyself in the continuous woods  
Where rolls the Oregon, and hears no sound  
Save his own dashings—yet the dead are there!

In order to properly estimate this occasion, we must recall the overwhelming fact that one generation has succeeded and driven out another generation during the entire history of the world, and that death and succession are so common that for the most part they should awaken no surprise. This very body has been decimated by death. I am told that of the 96 men who were Senators 6 years ago, as many as 53 are now numbered among the dead.

We are in the midst of war, which one might suppose would also accentuate the subject of mortality, but, apart from that, it is also true that while war slays her thousands, peace slays her tens of thousands. We all, on reflection, appreciate this fact, and yet, because of the uncertainty of the approach of death—though every man thoughtlessly holds all others mortal except himself—and contrary to what we might suppose to be something of universal acceptance, surprise is constantly experienced. We know from the poet, and the poets are the interpreters of truth and of nature, that the unexpectedness of death is what alarms and astonishes.

Leaves have their time to fall,  
And flowers to wither at the north wind's breath,  
And stars to set; but all—  
Thou hast all seasons for thine own, O Death!

We know when moons shall wane,  
When summer birds from far shall cross the sea,  
When autumn's hues shall tinge the golden grain—  
But who shall teach us when to look for thee?

Ignorant as we were of the imminence of his fate, it seems that our late colleague had some premonition of death. He departed this Chamber in the midst of his labors to lay his tired bones in his native soil, but it was ordained that he should never reach there. He lingered on the way in California and there he died, and the men and women of California paid due honor to his memory.

While it was not fated that he should die in his own State, yet I am sure that were he to be consulted he would feel that in California, dying, he would not at any rate die among strangers, because his association and his State's associations with California had always been intimate and cordial. As a young man he came to San Francisco to study the profession of medicine, and there in the office of my friend and sometime physician, the late Dr. A. F. Sawyer, he practiced the healing art. After he had perfected himself in his profession he went back, naturally, to his native Oregon to minister to the wants of his own people.

I say there is an intimate association between these two States bordering upon the Pacific. They are contiguous, and it is natural that it be so; but more than that, the common hardships of the pioneers have welded them together and there



has been an exchange of courtesies of such a cordial character that it has wedded their fortunes and mingled their fate.

Perhaps the most illustrious man who came out of the West and who sat in this Chamber was Gen. Edward Dickinson Baker, who for many years practiced his profession of the law in San Francisco, and then, looking for a larger field of usefulness where conditions were more favorable and perhaps men more appreciative of his genius and character, he went to Oregon. After a residence there of six months he was elected a Senator of the United States; and this man of wonderful eloquence, marvelous talent, sent by Oregon to this Chamber during the crisis of the Civil War, again felt that his usefulness might be enhanced by laying down the toga and taking up the sword. Commissioned a colonel, he went into the field of death and glory; and very early in his career as a soldier he fell fighting at the battle of Balls Bluff, not far from the National Capital. We of California felt that we had made a contribution to Oregon, as Oregon had made a contribution to the country, in the person of Edward Dickinson Baker. On the other hand, the great singer of the Sierras, Joaquin Miller, spent his early days in Oregon, but for residence chose California; hence his memory is a heritage of the two States. Edwin Markham, "the man with the hoe," also belongs to both Commonwealths. So Oregon and California have been linked not only by their geographical situation and the pioneer strain which bound them both together but also by the public service and poetic achievement of their sons.

Do not mistake this sentiment for provincialism. It is not. Full of that confidence in himself, which often betokens genius, when described by some one in complimentary phrase as "The poet of the Sierras," Miller said, "No, I am the poet of the world." He felt that his services were for humanity just as Baker and LANE felt and Markham feels.

The name of Lane has been a household word in my family, because my parents were thrown in close personal association with Gen. Joseph Lane, HARRY LANE's grandfather, to whom the Senator from Oregon [Mr. CHAMBERLAIN] has just referred in such eloquent terms, as soldier and statesman. They regarded him always as a chivalrous, brave, and exalted personage, the ideal type of an American. Hence, when I came to the Senate and met for the first time our late colleague, Senator LANE, I felt that there was an old time relationship, coming down from our ancestors, which would, as it turned out to be, incline him favorably to my acquaintance and to a better understanding of all matters which might come before us for consideration. He received me most courteously and kindly. Hence, I am here to-day to pay a tribute to his memory, brief and inadequate though it be.

I not only had this association, but I had other relations with Senator LANE, which endeared him to me and illustrated his character. If his judgment ever failed, I am sure that his heart never faltered.

At the time of the great disaster in San Francisco, just 11 years ago, HARRY LANE was the mayor of Portland, Oreg., and when I called on him, after my election to the Senate, I had his own words for this experience: He raised, he said, as I knew, a very large fund through a committee of his own appointment for the relief of the people of San Francisco. At that time there were 250,000 men and women in the bread line, practically without shelter, and the suffering was very great. One morning he said that it was reported to him that on top of the earthquake and fire there had come a storm, and these poor people, outcasts, their habitations destroyed, and their means of subsistence entirely gone, were exposed to the severity of the elements. When a friend of his came and said, "Why do you not send that money you raised to San Francisco; have you not read of the plight of these people?" He replied, "The money has been sent." This was denied. He then called for his committee, who were invested with the trust, and they said, "No, we have not sent the money, because we do not believe there is an emergency, and we might possibly divert it to some other and better purpose." It was then that Mayor LANE spoke, "This money is in your hands as trustees, contributed by the people of Oregon for a specific purpose; it must be used for that purpose and no other." Then I recalled that he had telegraphed me to know of the emergency, I being the administrator of the relief fund in San Francisco at the time, and on my assurance that there was real need, he demanded, and reiterated his demand, while his reluctant committee hesitated. Finally he said, "Unless this money is remitted to the suffering people of San Francisco at 10 o'clock in the morning, I shall issue a call to the contributors—to the mechanics in their shops and the farmers in their fields, to come with their tools—with their tools, which I shall convert, if necessary, into weapons—and so you gentlemen of smug respectability have a

care." The next morning at 10 o'clock the money was remitted to San Francisco.

HARRY LANE was a man who, when he made up his mind that a thing was right, had the courage of his convictions and, though his ways may have been rude, still, as I have said, his heart was always true. He resented the attitude of this committee of his own appointment in deciding that there was no emergency when the world rang of the news of San Francisco's distress.

I went with him just before his departure from Washington to the President of the United States to ask for a pardon for a citizen of Oregon with whose affairs I was thoroughly familiar, and of whose innocence he and I were convinced. When the Attorney General said, "There is no adequate reason for pardon on the face of the record," it seemed as though the matter might well be abandoned as hopeless; but, in examining the case—Senator LANE, Senator CHAMBERLAIN, the senior Senator from Oregon, and I—we found that even the record revealed, what we knew, that there was no turpitude in the offense; that it was a jury's blunder. A loving father of happy children, a man guiltless of crime but technically enmeshed by the law, was in peril.

Senator LANE told the President that it would be an insult to the law to hold the man under the color of law, and that justice was more important than legality. Quoting Burke, he said, in effect, the meanest creature who crawls the earth, calling for justice, is an object respectable in the eyes of God and man. The President, let me say to the credit of his generous understanding, yielded to that plea.

So my associations with Senator LANE have been of such a character that I sincerely mourn his loss. With that great train of pioneers, led by his illustrious ancestor, Gen. Joseph Lane, he has gone to his final account. The poet, so identified with both our States, California and Oregon, sings of the fatalism of the pioneer, always hoping against hope, until he dimly saw "outcroppings of gold in the stars." Just as our colleague, through the dreary debates of this body, hoped against hope possibly that some good would come out of it all. He was impatient of delay; he loved to be direct. He contributed his criticism, if you please, of some of our proceedings, and which we must, as the senior Senator from Oregon has told you, regard as the sincere expressions of the man and, indeed, helpful in the final determination of questions under consideration, because where there is unanimity in a deliberative body the truth is rarely evoked. Senator LANE, with honest purpose, precipitated discussion and forced deliberation.

He was weary and, perhaps, disappointed in many things, but was always, like his pioneer comrades, confident and cheerful.

We have worked our claims, we have spent our gold,  
Our barks are astrand on the bars;  
We are battered and old, yet at night we behold  
Outcroppings of gold in the stars.

May HARRY LANE realize, and may those outcroppings of gold in the stars lead him to his eternal treasure and heavenly reward. His vexed spirit is now at rest, and—

"After life's fitful fever he sleeps well."

Mr. KENYON. Mr. President, my relations with HARRY LANE were so close, my affection for him so great, my grief at his taking off so intense, that I speak with difficulty concerning him. As has been suggested by the Senator from Washington [Mr. JONES], the great Reaper seems especially busy in the Halls of Congress. So often have we met to offer our tribute to departed brethren that it no longer is an unusual event.

Life is a strange affair after all. Whether we dwell upon the mountain peaks of aspiration, in the valleys of despondency, or in the yesterdays of our sorrows, we understand it not, and the strangest fact of life is death.

Our flowers are generally reserved for death, and the thorns are bestowed in life. And so we come to speak the words of love and praise for him who needed them yesterday, but needs them not to-day.

To those who knew not HARRY LANE what is uttered here to-day by his friends may seem an exaggeration. To them all words seem feeble to portray his virtues. I know of him in private life only by what has been told me, and therefrom I gather that the characteristics of this wonderful man were the same in private as in public life, namely, kindness and courage.

Sometimes we seem to think that courage and kindness can not walk hand in hand as common virtues. Sometimes one would think that braggadocio was an indication of courage. But it will always remain true that

The bravest are the tenderest;  
The loving are the daring.



Balzac has painted the character of the country doctor and his goodness. True it is, that to the physician is given more opportunity for kindness possibly than to others.

HARRY LANE was the poor folks' doctor. They loved him. He was kind to them. There was no horizon to his charity.

The great Teacher of men loved the poor and they "heard Him gladly."

Lincoln once said "God loved the common people. That is why He made so many of them."

HARRY LANE knew them, their wants, hopes, desires, lives, and it was his great ambition to minister unto them. He was to them a brother man.

I have been told of the incident when his body lay in state in the Masonic Temple at Portland and little ragged newsboys came in to pay him their last tribute. One little, dirty, ragged fellow said to the other: "Boy, he was sure good to us; he was the best friend we kids ever had."

A story of human trouble, of suffering, of fallen women trying to rise, brought the tears to his eyes and from him an offer to help.

He was ever ready to throw the rope to the girl going down, without inquiring as to her character.

He believed there was goodness in the souls of the fallen.

He had the tenderness of a child and the courage of a lion.

He, of all men, would not want us to exaggerate his virtues.

In his simple, honest way, he would shrink from praise.

He had faults, of course, as he was a human being.

He loved little children. One who loves and is kind to children is fit for the immortal home. "For of such is the kingdom of heaven."

The Recording Angel must have been busy writing in the great Judgment Book the kindly deeds of HARRY LANE, and if now and then was recorded a fault, looking down upon all his devotion to humanity, he must have blotted out the record of those faults with his tears.

In public life he typified courage to the extent that few men have in our Nation's history.

He was the uncompromising foe of graft, great or small; likewise of greed.

He despised those who, in Congress or elsewhere, voted to assist special privilege. The representatives of special privilege despised him, and he was rather proud that they did, but they despised him not one bit more than he did them. They had no difficulty in understanding his attitude. Hypocrisy did not dwell in his nature. Candor was ever present with him.

No one questioned his fidelity to those whom he represented. He was no trimmer and no quitter in a fight. No one accused him of talking at home for the things the people wanted and voting here for the things they did not want.

He did not spend five years of his term serving "invisible government" and one year before election serving the people.

He was not a forward-looking man when a candidate, and a backward-looking man after election. The HARRY LANE after election differed not a particle from the HARRY LANE before election.

He did not consider it a great honor to carry the incense jars and burn incense for those who sneered at all reform and all battles for the general welfare of the everyday people.

He despised the lick-spittle sycophantism so often seen in Congress.

No caucus bound him. No one told him how to vote. He had only one master—his conscience. One desire—service for his country.

He did not know that the word "coward" was a part of our language.

I have believed the strength of HARRY LANE's character was due somewhat to his love of nature. He had lived in God's glorious out of doors; out where there are

Sermons in stones,  
Books in babbling brooks,  
And good in everything.

Living in that great Golden West he loved to roam by the streams, along the trails with the rod and the gun, and, as daylight melted into darkness, to smoke his pipe at the camp fire with no canopy but the starlighted heavens. From such scenes he drew inspiration and a certain homely philosophy of life.

He learned from the dizzy mountain heights and from the mighty deep. The mountains gave him wide vision; the sea much understanding. Little wonder that those things developed character and courage. Such a character as his would lead him to death for his convictions, and in fact he died for them, crucified by that part of the press devoted to invisible government aided by some of the very people he loved, and for whom

he would have given his life, and who understood him not, he went to his death a martyr to his fixed convictions.

Such lives, however, do not really die. They live on in the hearts of thousands left behind. Wherever the songs of the sweet singer of Israel are read, David still liveth. To those who venerate law, Moses is not dead. Nor in the lives of free men who have come from darkness into light can the memory of Abraham Lincoln ever pass away. And so, in the hearts of the many who have been cheered and helped by his life, HARRY LANE will live on.

Truly can we say of him, this world is a little better place because he lived.

He approached death with the same courage that sustained him through life, and well he might. For him death had no terror. He met it with a smile.

When the bark of his life loosed its moorings and floated out with the tide upon that sea where no sail is ever homeward bound, it carried to that beautiful isle of somewhere—that isle where the sun always shines, where sorrow knoweth no home—as true a soul as God ever sent to earth.

I have in vision sometimes pictured that soul as the Judgment Book was opened and the Master read and told him what he had done in life for Him, and in astonishment he must have exclaimed, "Lord, when did I this," and then the glorious response: "Here is the record of help to little children, of service unmeasured to the poor, of pains alleviated, of kind words spoken to the fallen, of encouragement given to the man steeped in crime, of the ropes thrown to those sinking in a sea of trouble, of financial help to the mother bending her back over the washtub, of work secured for strong but unfortunate fathers, of meat given to the hungry, of drink given to the thirsty, of refuge given to the stranger, of clothing given to the naked, of visitation to the sick and to those in prison"; and then I can, in a vision, hear the King say unto him, "Inasmuch as ye have done it unto one of the least of these, my brethren, ye have done it unto Me"; and with the righteous such a soul passes on into life eternal.

It was hard for those of us who loved him as a friend to have him part from us. It seemed as if we could not let him go. The only comfort to me was in that hope of immortality, firm in my heart, that somewhere, some place, on some other shore, he would be waiting with outstretched hands to greet and welcome us. And there came to me, as some consolation, the beautiful words of the Christian's prayer:

Good night, beloved; blessed be thy rest.  
Come lay thy head upon the Savior's breast.  
We loved thee well, but Jesus loved thee best.  
Good night, good night, good night.

The VICE PRESIDENT. The Chair is about to call to preside the Senator from Utah [Mr. KING]. In leaving, it must not be misunderstood that I go other than as compelled to go to meet an engagement which was made before I knew of these memorial services. Everybody knows that I was HARRY LANE's friend and that HARRY LANE was mine. Our friendship did not depend on his views or on my views; I knew he was an honest man, and he thought I was one. So long as the Senate of the United States shall be composed of honest men and men we think are honest, thank God, the Republic will be safe and the memory of LANE will be secure.

He has gone like a morsel of incense burned in the halls of eternity, but the odorous cloud wafted ever upward to the rafters of Heaven. Rest to his ashes and peace to his soul.

Mr. KING assumed the chair.

Mr. HUSTING. Mr. President, when death laid its inexorable hand upon the arm of HARRY LANE and led him to his final resting place, it took from the Senate a unique figure and a good, useful, and able Senator.

I was denied the privilege of knowing Senator LANE until shortly before my term of office began and so my all too brief acquaintance with him spans only two years. I know that I, whose acquaintance with him has been so short, can but inadequately give testimony to his character, accomplishments, and life attainments. This must be left to others who were privileged to know him longer and, therefore, are more familiar with his worth and works than I could possibly be. I can only speak of him as I saw and knew him here in the Senate. But in those two years I learned to know him well enough to warmly appreciate his fine qualities of mind and heart and to conceive for him a warm affection and a high respect.

Senator LANE died in the afternoon of life. And his was a busy and eventful one. He died rich in accomplishments, rich in attainments, and rich in service. Of such a life much history



could and, no doubt, will be written by others. But in turning to the Congressional Directory all that we find of self-recorded testimony of himself is simply this: "HARRY LANE, Democrat;" silent as to the deeds of his own busy and successful career and absent all self-laudation or self-praise. He bequeaths to us but his own characterization of himself as an index to his inner self. These words might well serve for his epitaph.

HARRY LANE was indeed a Democrat in the truest and highest sense of the word. He was a Democrat politically, but there are none in the Senate upon whom the cloak of party regularity hung more loosely. He did not hesitate to oppose his party or to vote against its measures when his conscience or his sense of duty bade him do so. He was independent in thought and action, and never hesitated to support what he thought was right and to oppose what he thought was wrong, and this without regard to what others thought or as to whether it was for or against the interests of his party or of his own political welfare. He was fearless as well as independent. All that he feared was doing wrong and all that he ever reached and strove for was doing right. Whatever errors he may have committed—and these were fewer, I believe, than those ordinarily chargeable against most men—were of the head and not of the heart. I doubt not he was so in everything. He was democratic in his manners and in his mental and spiritual make-up. Like Henry George, he was for men. He was intensely human himself. None was more approachable, more unassuming, more affable, more genial, or more kindly. Within a very short time I felt as though I had known him for years. He was candid and ingenuous and his mind and his heart were as an open book. He had nothing to conceal and concealed nothing. He was a man of the broadest of sympathies and he loved his fellow men. I served with him on the Committee on Indian Affairs and had full opportunity to become familiar with this phase of his disposition and nature. He was jealous of the rights of the Indians, and opposed with all the power within him everything that to him smacked of wrong or injustice to them. His speeches in the Senate on Indian affairs evidence that his jealous care and solicitude for the welfare of the Indians amounted to a passion. By his death the Indians have lost one of their most loyal and devoted friends.

He was the implacable foe of wrong, injustice, and oppression no matter when or where or in what manner or shape it might appear. He could not help it. It was ingrained in the very fiber of his being. He was a friend of the poor and the helpless and the oppressed, and withal free from demagoguery of any sort. He hated sham, fraud, and hypocrisy. With rare skill in debate, he uncovered and exposed at every opportunity these to the eye in all their nakedness. His speech on the oleomargarine bill, delivered on February 22 of this year, ranks, in my opinion, with the best speeches made in the Senate since I have been a Member. It bristles with wit, wisdom, and logic, and, while attacking what he conceived to be the vices in the measure, his genial and lovable personality shines through it all and takes away the sting of what he says.

HARRY LANE was spiritually democratic. He was charitable toward all men and harbored malice toward none. His heart was incapable of cherishing personal hatred or meanness. His love for his fellow men was all absorbing and all embracing. Underlying and around everything that he did or said was the unselfish motive of helping and uplifting his fellow men.

Senator LANE was a most interesting conversationalist. He was well read and possessed a fund of interesting information. He possessed the saving grace of humor, which was as delightful as it was infectious. His entire absence of love of self or vanity in any form was best illustrated by the fact that he enjoyed a joke on himself. He frequently related, with a great deal of evident pleasure and gusto, ridiculous and laughable incidents in which he was the central figure, never failing to arouse at his own expense the mirth of his auditors.

Senator LANE was patriotic. He loved his country; he loved its institutions; he loved its democracy. Just a few days before he left on what was to be his final earthly journey, his last thought was in regard to legislation calculated to relieve the poor people of the country, and to increase the supplies of the Nation. His last thought, as expressed to me, was his desire that something should be done to prepare the country more adequately in the way of food supplies during this war.

Mr. President, I believe that the atmosphere of the Senate has been purer and sweeter because of his membership. I believe the world is better because of HARRY LANE. When he died his State and his country lost an honest, able, and patriotic Senator and his death is sincerely mourned by all who were associated with him in this Chamber. We miss his

cheery presence, his kindly handclasp and his pleasant word. His country and his State will miss a man who may be called without exaggeration a thoroughly good man; a man whose heart was without guile, whose thoughts were pure and noble, whose purposes were patriotic, lofty, and unselfish; a man whose passion was to serve his fellow men; a man who demanded nothing for himself, but only wished to give to others; a man who looked for no opportunity to serve himself, but who only sought the opportunity to serve others. All will sorely miss and mourn HARRY LANE, Democrat.

Mr. NORRIS. Mr. President, the death of Senator LANE is almost a tragedy. His life was devoted to the relief of those who are unfortunate, to the purification of governmental affairs, and to the elimination of graft and dishonorable practices from public office. He had great respect and often admiration for those who honestly disagreed with him on public questions, but he despised with a hatred that was intense the public official or the private citizen who was untrue to his own conscientious convictions. He never compromised with what he believed to be false or wrong. To the policy of partisan political control of governmental action he gave no heed. He decided from such information as he had and such investigation as he could make what was the proper thing to do, and then he adhered to that course with a steadfastness and an energy that knew no cessation or deviation.

When the war broke out in Europe he was extremely anxious that our Government should remain strictly neutral. He was opposed to any step being taken that might by any possibility entangle us in the great conflict. He believed it was America's duty to hold aloof, although he often said that if we wanted to be technical we could find sufficient excuse to get into the controversy on either side. He was bitterly opposed to the passage of a law giving to the President the right to arm merchant ships with guns and gunners from our Navy. He believed that such a course must inevitably plunge us into the war, and according to his judgment no sufficient cause existed for the taking of such a step. He believed also that undue Executive influences were being used for the purpose of the passage of such a law, and he thought that the evil of Executive coercion over functions of the Legislature were nearly as great as participation in the war itself. With him there was nothing personal in this judgment. To him it was a fundamental proposition and upon it he refused to compromise in any degree.

He had almost unlimited confidence in the President. His faith in him was unbounded. While he sometimes disagreed with the Chief Executive as to the policy to be pursued by our Government, his love and admiration for the President were unshaken. He had given to him great credit for marking the course of our ship of State along a neutral channel, which he believed was the only safe and honorable course to pursue. In the campaign which had just preceded he had taken an active interest. He had campaigned among the great masses of his people on the Pacific coast, and pleaded with them for the reelection of the President, principally on the ground that he had kept our country out of the terrible war, and that his reelection meant continued neutrality and peace for our people. When Congress was asked to pass the bill providing for so-called "armed neutrality," by giving the President the authority to use the guns and men of our Navy upon merchant ships, his sensibilities were terribly shocked. He readily recognized that there were two sides to the question, and he found no fault with the conscientious man who disagreed with him on this proposition. He felt, however, that such a course, for him at least, would be deceptive, and that such action on his part would not be fair to the people whom he knew had confidence in him, and who had listened to his plea for continued peace; and when, after that memorable fight ended, he was denounced by men in public life whom he loved, by friend and foe alike, as an enemy to his country, it well-nigh broke his heart. He knew that in his opposition to that measure he had carried out the promptings of his own soul, to remain true to the doctrines he had proclaimed, and in which he honestly believed. Following this, he was criticized and condemned unmercifully by a large portion of the press of the country, and particularly by the leading newspapers of his own State. So bitter was this denunciation, and so far was it carried, that not only was his own patriotism denied but the loyalty of his ancestors was without cause, without reason, and regardless of truth vehemently and persistently questioned.

Many of his former friends joined in his condemnation, and because of the unanimity of the press, controlled, he believed, by the enemies of good government, he was unable to reach the great masses of the people whom he believed he was properly representing, and whose interests alone he had nearest to his heart. He was used to criticism, and he never objected to it



as long as it was fair and emanated from sources and from people honestly believing that such criticism was just, but when the sources of communication between him and those he served were controlled, and he was unable to make any defense before his own people, and when his motives and his patriotism were questioned, especially by those whom he loved and in whom he had unbounded confidence, the despair of his honest heart was so great and the agony of his blighted hope so severe that he never recovered his former self.

Within a few weeks he was a physical wreck. Those who knew him best became alarmed at his condition. He alone remained tranquil and serene. Before he came to the Senate he had been a physician for many years and had reached an eminent position among his associates in that profession. His trained mind told him that death was near, but during those few weeks that followed he never once expressed a fear or showed any hesitancy to meet the end that he knew was but a few steps in advance. During those days, after he had become so weak that he could scarcely walk, and when it was not safe for him to ride in a street car, I often rode with him in a taxicab from his office to his home.

At his request, I spent many evenings alone with him in his home. He talked of the approaching end in the same half-humorous way that he met all the serious questions that confront us all. There was at no time any hesitancy or any fear. He talked of death in the same humorous vein in which he often spoke in the Senate,—a humor that his friends knew was always pointed, and always conveyed an idea and a lesson. He approached the end with the same demeanor, the same calmness, and in the same spirit that he went about his daily work. He looked death in the face with calmness and with a smile, the same as he met his friends in daily life. He never knew fear, either moral or physical, during his long busy life, and he walked as it were, to his open grave, with the same serenity and the same calmness that marked his every act. There was no thought of self, but only a fervent hope that the poor and unfortunate, for whom he had lived his entire life, might be relieved of all possible suffering and distress. I think he was satisfied with his life's work. In his last hours, nothing gave him more pleasure than to tell of some poor unfortunate, whom he had helped and whom he had placed on the road to happiness and success. Of him it can truly be said that he approached his grave

Like one that wraps the drapery of his couch  
About him, and lies down to pleasant dreams.

Senator LANE as I have said, had attained eminence in his profession. He had been elected and served with distinction as President of the Oregon Medical Association. He had gained a reputation as a physician that extended far beyond the city where he lived. The making of money, however, was one of his least thoughts. He loved his profession for the good it enabled him to do for those who were sick and unfortunate. He had a very large clientele among the poor, and as illustrating the man's heart and character, it might be related that after he knew his days were numbered and that life's span was about over, he took his accounts and books containing evidences of indebtedness amounting to several thousands of dollars against people, the majority of whom were poor, and threw them into the fire, remarking as he did so, that while many of them could well afford to pay, there were hundreds who could not do so without hardship, and he wanted no administrator of his estate annoying those whose poverty made it difficult for them to live and support those dependent upon them in comfort and happiness.

He was known among the poorer classes as the "Little Doctor." There were many who did not even know his name, hundreds who did not even know him by sight, who knew that in the "Little Doctor" suffering humanity had a true and unfaltering friend. But his reputation extended to other classes also, and his absolute fearlessness and his ability to turn a serious situation into one of humor is well illustrated by one of the many incidents that happened in his busy professional life where he was called upon to attend a professional gambler who was in an extremely dangerous condition. The gambler had sent for the "Little Doctor" because he had faith in his professional ability. He knew that he had always fought against gambling and all other forms of vice and that he was a bitter enemy of corruption and sin. The sick man did not improve as he thought he ought to. Some of his associates who visited him suggested that the "Little Doctor" would probably not do his utmost to save the life of a professional gambler and that his hatred of their business might even induce him to take a professional course with such a patient that would ultimately bring about certain death. The next time the doctor called on his patient the gambler pulled a revolver out from under

the covering, pointed it at the doctor, and calmly told him that if he did not promise on his honor to use his professional skill to the very utmost to cure him he would shoot him on the spot; and to impress the doctor with his desperate character and the firmness of his determination he said, "I want you to understand, Doctor, that I have already killed two men." The cold, gray eyes of Dr. LANE looked into the muzzle of the revolver, the firm lines around his mouth relaxed as a smile spread over his countenance, and without hesitancy he replied, "You claim to be a desperate man and can boast of having killed but two men. Why, that is nothing; I have killed hundreds of them."

The funeral of Senator LANE, in the city of Portland, demonstrated the love and affection in which he was held by the great mass of common people, who knew him and knew of him. For miles, the funeral procession slowly wound its way through streets that were crowded and packed with the saddened faces of those who knew best of his life's work. Their admiration for him seemed to be unbounded, the sorrow that was manifested can not be measured. Men and women came from all over the State of Oregon to attend this funeral. In the few moments that I had to mingle with the crowd, I talked with three different people who came 150 miles to be present on this occasion. Not one of them had ever seen Senator LANE. They knew him by reputation only. They knew that he always stood for what in his own heart he believed to be right, and that during his whole life, he had always been fighting an uphill fight for those who were oppressed. They knew that when they attended his funeral, they would not be able to gain admission to the temple where the services were held. They knew that in all likelihood, they would not be able even to look upon the face of the man whom they honored and loved. They knew that all they could do would be to stand on the sidewalk, and with bowed heads, watch the procession as it passed by. They knew that no gain could come to them in a material or a financial way by making the sacrifices necessary to make the trip, but they wanted to do something to show their love and admiration for the man who had lived and died for humanity's cause. They were satisfied to be permitted to visit the last resting place of the man in whom they had unbounded confidence, and for whose memory they had unmeasured love.

And so it was, that beneath the spreading branches of the ancient cedar, in Lone Fir Cemetery, we laid to rest all that was mortal of HARRY LANE. Hundreds of his admirers whom he never knew visited this spot day after day, for weeks after the funeral, and brought fragrant flowers of remembrance to deposit upon the fresh mound. The spot where he lies is almost sacred in the true hearts of many thousands, who knew his work and loved him for it.

It is said that in ancient times the old warrior Abou Ben Adhem was once awakened in the night, and as he opened his eyes, he saw an angel writing in a book. The brave old warrior asked the angel, "What are you writing there?" The angel replied, "I am writing the names of those who love the Lord."

"Is my name written there?"

The angel replied, "No," and then spake Ben Adhem:

"I pray you write my name as one who loves his fellow man."

The angel wrote and vanished, and the next night Ben Adhem was again awakened by the presence of the same angel, and in his hand he bore a flaming scroll, containing the names of those who love the Lord, and behold Ben Adhem's name led all the rest.

If men are to be recompensed in the great beyond for the good they do here, if deeds of kindness are to be rewarded there, if conscientious action and honest conviction of heart are in the life beyond to be rewarded, and if those who serve man best are in reality those who serve God best, then high up on the list of honor in the eternal book of fame, shining with a glory and a luster that shall continue undimmed through all eternity, will be the name of HARRY LANE, and around that new-made grave in that ancient and beautiful cemetery, if there could be assembled that unnumbered multitude, each of whom has through some act or some deed of Senator LANE been relieved of some burden or has been taught by him the way to a higher and a nobler life, there would be a unanimous voice repeating the immortal words that were said of him who died on Strato's sword:

His life was gentle, and the elements  
So mix'd in him, that Nature might stand up  
And say to all the world, "This was a man!"

Mr. VARDAMAN. Mr. President, this is a solemn moment and calls for serious thought. It is a time set apart by the Senate to take an inventory, as it were, of a well-spent life and to pay the tribute of our love and respect to the memory of an honored Member of this body. The value of the tribute which has been paid to Senator LANE by the Senators who have



spoken can not be measured in gold or earthly honors. It is the priceless reward which a brave, free people always give to the man who under all circumstances dares to do that which he believes to be right.

Mr. President, I believe the most useful lessons are the lessons learned from other lives. The most valuable assets in the business of a nation are the moral qualities and the intellectual acquirements of the men and women who compose its citizenship. I also believe in the immortality of good deeds and the moral potentiality of a noble example. There is nothing that the present generation should preserve and guard more carefully than the memory of heroic achievements, the self-sacrifices and patriotic efforts of those who have directed the Nation's affairs and contributed to the formation of that compelling force called public sentiment, to which we are indebted for the preservation of American institutions.

As the beacon light that flashes across the turbulent waters of the trackless sea marks the way and enables the mariner to follow the channel and avoid the breakers, so the conduct and character of those who precede us along the highway of life point the way of duty and enable us to avoid the pitfalls into which other peoples have fallen.

I shall not, on this occasion, undertake to give a biographical sketch of our distinguished late colleague who has felt the chill of the world's disaster, loitered for a while in the valley between the peaks of two eternities, and then permitted the privilege of moving on to the realm of unchanging Verities, where Truth is the law and immutable Justice sits enthroned. It was not my privilege to know Senator LANE intimately. My acquaintance with him dates from the time I became a member of this body four years ago, and my relations with him were almost exclusively of an official character. I did not agree with him on some of the public questions which engaged the attention of this body, but there was something so ruggedly honest, so unselfishly patriotic, so splendidly altruistic in every act of his official and private life that came under my observation, that I was soon drawn close to him in admiration and love.

I was also impressed with the unique fact that he was endeavoring always to serve others, rather than himself. When a public question came up for consideration he never asked whether it was popular or unpopular. All he desired to know was: Is it right—is it best for the Nation—best for the great silent, slow-thinking multitude whose interests legislators are especially commissioned to protect. His love for the lowly was a divine passion. When he determined upon a course of duty he never faltered. There was a sublime pertinacity of purpose which characterized his official conduct that challenged the admiration even of his political opponents. The shafts of slander did not deter him—the poisoned dagger in the hands of the literary assassin had no terror for him—and the sneers of the ranting verbal snobs and vicious official sycophants rather amused him. He was strong enough to stand alone, which is the acid test of true greatness.

I am told, however, that in his last days, on account of physical illness, and when his dauntless spirit lagged in sympathy with his dying body, that the cruel criticisms heaped upon him by a mercenary press wounded deeply his sensitive soul. But it did not swerve him from his course. He did his duty as God gave him the power to understand his duty.

Mr. President, there was a moral magnitude in the make-up of this man which was an inspiration to me. I wish the youth of America might know him as I understood him. His life would be an inspiring example, a tonic, a moral stimulant to those who find it difficult under the stress of an emergency, and the influence of sordid selfishness, to do right.

I do not think that one could form a correct estimate of Senator LANE's character by the larger things, measured by the world's standard, which he did. But it was rather by the smaller, the apparently inconsequential, everyday things that make up one's life. It was in those little things that he appeared at his best, and from that sphere of life he received the inspiration which took form in deeds.

When the prophet Elijah stood on the mountain side to look for some token of divine will, he did not get it in the tempest or the earthquake or the fire of conflict. But he heard it in the "still, small voice" which reached his ears after those had passed. We have heard the storm of political debate, the vitriolic utterances of the war-mad statesmen; we have felt the earthquake and shock of a world war; we have seen the fire of legislative persecution—indeed, we are in the midst of it all to-day. And in this vortex of blood and plunder, with the voice of the "patriotism of hate" ringing in our ears and the lust for gain poisoning the souls of our people, we should, above all things and above all times, hearken to the "still, small voice"

which speaks to our consciences in the articulate words of the Constitution, from the graves of our fathers, who sealed their faith with their sacred blood. From that high source alone we shall receive the truth of sufficient potency to save the Nation. The ears of Senator LANE were ever sensitive to such a call. His great, big, patriotic, loving heart always responded to such a demand.

The difference between the real statesman and the timeserver will be shown by the power to look through the mist and smoke arising from the conflict which rages in the unhappy present, into the quiet and peaceful state which marks the restoration of order.

Our war is not only with a foreign enemy, but there is a war raging within our own hearts.

Man who man would be  
Must rule the empire of himself: in it  
Must be supreme, establishing his throne  
On vanquished will, quelling the anarchy  
Of hopes and fears, being himself alone.

We can not fathom the infinite mind or understand the dispensation of Providence. I have thought that Senator LANE would have been a safe counselor in the hour of reconstruction, after the whirlwind of war shall have passed over our beloved country. There are times when I would rather trust the promptings of a loving heart than the processes of the keenest intellect. But "He who doeth all things well" has ordered otherwise, and I shall not question the works of Providence.

In the shadow of a great national sorrow and a world catastrophe, I have hope that,

Out of the twilight of the past  
We move to a diviner light;  
For nothing that is wrong can last;  
Nothing's immortal but the right.

It may cost enormously in blood and treasure, but truth and justice will ultimately triumph.

For those who by the ties of a close kinship are called upon to suffer the pangs of an eternal separation, I have not words with which to express the depth of my love, sympathy, and condolence. Peace to his ashes and rest to the immortal soul of this noble man.

Mr. LA FOLLETTE. Mr. President, at the request of the Senator from North Dakota [Mr. GRONNA], who has been called away at this time and is unable to be present, I will read to the Senate the tribute which he has prepared, and which he has asked me to present at this time.

Senator GRONNA says of former Senator LANE:

"I first became acquainted with Senator LANE after he had taken his seat in the Senate some five years ago. It so happened that Senator LANE and I were assigned to serve on the Committees on Claims and on Indian Affairs, and I think I may say that it is generally known among members of Congress that the work of these two committees is not only the most arduous, but perplexing, of any of our standing committees. This is especially true with reference to the Committee on Indian Affairs. There seems to be a feeling among the Indians of the country, both those who are still the wards of the Nation and those who have been declared competent, that this is a forum where they have the right to be heard. The members of that committee constantly hear complaints and protests from helpless people, and especially from the Indians who are still the Nation's wards.

"The members of the Senate, as well as the members of the House, in making up their choice of committees, as a rule do not select the Committee on Indian Affairs, and I have heard it stated that the reason why the members are reluctant to serve on this committee is the fact that one must always deal with the unfortunate and oppressed Indian. But Senator LANE did not seem to look at it from that viewpoint. To him it seemed a real pleasure, because before that committee he had the opportunity to work out great problems in the interest and for the benefit of a helpless class of people; and very soon after he had been assigned to this committee he showed not only his love for all mankind, but his hatred against granting special privileges to the strong for the oppression of the weak and unfortunate.

"HARRY LANE was an earnest student of nature. He loved to delve into its secrets. It soon became manifest that Senator LANE was intensely interested in the welfare of these helpless people. He knew the Indian as very few men know and understand him. He had studied his characteristics, good and bad, his strong as well as his weak points. He had the courage to champion the cause of these oppressed people, even to the extent of breaking with his party friends, if that were necessary.



"Although my first experience with Senator LANE was rather puzzling, I soon discovered his powerful intellect, his pungent wit, and his ability to judge men. No one could fail to observe his pleasing characteristics, and, although he was plain in his appearance, his features were striking. During my services in Congress I have never met a man more genial, witty, and humorous than Senator LANE. But while he possessed wit and humor, he was also intensely earnest in his work. He fearlessly fought against oppression wherever he found it. He believed that the natural resources should belong to the people, and that any law enacted which would deny them this right, was not a good law.

"Senator LANE was industrious and very attentive to his duties, and few men in the Senate have rendered more efficient service, or accomplished more, if as much, during the first years of their service, as was accomplished by him. He possessed an indomitable will, unflinching courage, and an earnest desire to do right; and while his natural temperament was that of valor, gallantry, and firmness, he possessed a heart as sympathetic and tender as that of a child.

"For a new Senator, he made a number of speeches, but he never spoke except upon subjects in which he was deeply interested. His speeches upon child labor, pure food, and Indian affairs are classics, and will perhaps be more appreciated in the future than they are now.

"He always insisted that public officials were but servants of the people, and should be compelled to act accordingly.

"He hated sham and pretension; despised flattery, and was quick to discern the real from the unreal, the true from the false. He was one of those gallant and brave warriors who have struggled throughout the centuries to make a better world for the common people to live in, and it is in the memory of the common people that he will stand out as one of God's noblemen.

"During my acquaintance with HARRY LANE I never saw him despondent or discouraged over anything affecting himself, or his own interests; but he was deeply concerned and often worried about legislation which he believed would be beneficial to his people, and especially to the poor.

"No man will be able to preach a eulogy such as the deeds of HARRY LANE deserve. His dauntless courage, his unselfish, humane, and beneficent work in the interest of humanity will be the most conspicuous and lasting monument to him; his own deeds enshrined in the hearts of his people will be the real living memorial sacred to his memory."

Mr. CHAMBERLAIN. Mr. President, the Senator from South Dakota [Mr. JOHNSON] prepared a few remarks which he intended to deliver, but he has been called away from the city, and it was impossible for him to attend this morning. I should like to comply with his request to have them printed in the Record.

The PRESIDING OFFICER. Without objection, it will be so ordered.

Mr. JOHNSON of South Dakota. Mr. President, in accordance with a time-honored custom of the Senate, we have met here to-day to give expression of our respect and love for a departed Member and co-worker, Hon. HARRY LANE, late of the State of Oregon. While I do not know of anything that I could say which would add to his memory, willingly do I respond to the call to say a few words at this time, weak though they may be, in regard to his life as I knew him.

My acquaintance with Senator LANE began in the winter of 1914, when I came to Washington to assume my official duties. That is not a long time as marked by years; but I have worked many days and months with him on the Senate floor and various committees, and, I believe, learned to know him well. My admiration and respect for him increased as time passed. He was a consistent and tireless worker, possessed of that strong and rare quality of always having the courage of his convictions. He loved sincerity, hated hypocrisy, and had no place in his conception of the ideals of men for the demagogue. He lived a simple, homely life, yet he lived a life of luxury—the luxury of doing good for others. He was the champion of the rights of mankind, a true friend of the oppressed, the poor, and the needy; and yet, in the midst of his usefulness, he was taken away. We can seek his counsel and advice no more.

The Scriptures tell us that all who live must die and those who die will live again. I do not know what reward awaits him in the next world for the good things he has done here, but I do know that for all good deeds performed on this earth we have our just reward—the reward of having conscientiously done our duty as we see it, and I am sure he had his.

Senator LANE was a man who always gave freely of his knowledge and means to all in need. He will be greatly missed by

those of us who knew him. He possessed to a marked degree the three greatest precepts of man—obedience to God, loyalty to friends, and fidelity to family. He never knowingly did an act that was intended to deceive or injure anyone, while his life, as we knew him, was marked with candor and sincerity.

My friends, the loss of such a man in public life is a real misfortune to the Nation. At home his death is looked upon by his friends and neighbors with genuine sorrow and regret, and to his wife and family, whose happiness he had ever in mind, his departure is most distressing and almost unbearable, and as we assemble here to-day to honor and pay tribute to his memory our hearts go out to them who were left behind, those who were so dear to him.

May the Great Ruler in His divine wisdom comfort them and be with them always.

Mr. McNARY. Mr. President, as a mark of respect to the memory of the late Senator, I move that the Senate adjourn until Tuesday, September 18, at 12 o'clock meridian.

The motion was unanimously agreed to; and (at 1 o'clock and 25 minutes p. m.) the Senate adjourned until Tuesday, September 18, 1917, at 12 o'clock meridian.

## HOUSE OF REPRESENTATIVES.

Monday, September 17, 1917.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

We thank Thee, our Father in heaven, for that irresistible influence which is ever drawing us to Thee, that the Holy of Holies is always open to Thy children where they may receive light, strength, courage, to guide, uphold, and sustain them in the duties Thou hast imposed upon them. Hence we come to Thee in faith and confidence, praying for the things Thou seest we need, that Thy benediction may be upon us, that we may be faithful servants unto the duties of this day, in the Spirit of the Lord Jesus Christ. Amen.

The Journal of the proceedings of Saturday, September 15, 1917, was read and approved.

### MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Waldorf, its enrolling clerk, announced that the Senate had passed with amendments the bill (H. R. 5901) to authorize an additional issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign governments, and for other purposes, had insisted upon its amendments, had requested a conference with the House of Representatives upon the bill and amendments, and had appointed Mr. STONE, Mr. SMITH of Georgia, and Mr. SMOOT as conferees on the part of the Senate.

The message also announced that the Senate had insisted upon its amendments to the bill (H. R. 3932) to prohibit the manufacture, distribution, storage, use, and possession in time of war of explosives, providing regulations for the safe manufacture, distribution, storage, use, and possession of the same, and for other purposes, had agreed to the conference asked for by the House, and had appointed Mr. PITTMAN, Mr. SHAFROTH, and Mr. POINDEXTER as the conferees on the part of the Senate.

The message from the Senate also announced that the Senate had passed the following resolutions:

*Resolved*, That the Senate has heard with profound sorrow of the death of the Hon. HARRY LANE, late a Senator from the State of Oregon.

*Resolved*, That as a mark of respect to the memory of the deceased the business of the Senate be now suspended to enable his associates to pay proper tribute to his high character and distinguished public service.

*Resolved*, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

### INVITATION TO MEMBERS OF CONGRESS TO VISIT THE BRITISH FRONTS.

The SPEAKER. Last Saturday, when the Chair laid before the House a telegram from the Speaker of the House of Commons and the Lord Chancellor, he neglected or forgot to refer it at all. It is referred to the Committee on Foreign Affairs.

### DEFICIENCY APPROPRIATIONS.

Mr. FITZGERALD. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5949.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the further considera-



tion of the bill (H. R. 5949) making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1918, and prior fiscal years, on account of war expenses, and for other purposes, with Mr. CRISP in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5949, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 5949) making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1918, and prior fiscal years, on account of war expenses, and for other purposes.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Frankford Arsenal, Philadelphia, Pa.: For additional amount for a primer shop and planning room, \$35,000.

Mr. DALLINGER. Mr. Speaker, I move to strike out the last word.

The CHAIRMAN. The gentleman from Massachusetts moves to strike out the last word.

Mr. DALLINGER. Mr. Chairman, just before adjournment on Saturday there was a very interesting discussion in regard to these 10 per cent commission contracts. Now, there has been a good deal of talk floating around about these contracts. I myself have heard several specific instances cited; and while they are hearsay, nevertheless it is perfectly true that this sort of a contract gives every temptation to the sort of thing that is being talked about.

For instance, a physician here in Washington told me that he was talking with another physician, and the second physician told him that a patient of his said to him, "Doctor, I have got the softest snap I ever had. I am getting \$60 a week from a contractor who has a contract with the Government." The doctor said, "That is pretty good. What are you doing?" He said, "I do not do anything except keep out of the way of the Government inspector, and that is not very hard."

Another case that came to my attention was that of a man who was not a carpenter by trade, but who was more or less handy with tools. He got a position as carpenter on one of these cantonments at \$7.50 a day as carpenter and \$15 a day on Sundays and on holidays, and while they were working some one came along and said, "Don't hurry, boys."

Now, as the gentleman from Wyoming [Mr. MONDELL] said, as the result of what was brought out by a member of the committee, the gentleman from Mississippi [Mr. Sisson], while this is all hearsay evidence, and while we all trust that there are few, if any, such cases that elude Government inspection, nevertheless this sort of contract does offer every inducement and temptation to the contractor to put unnecessary men on the pay roll if it is going to help him to make it easier for himself in the community in which he lives or works and to pay an excessive price for supplies and labor.

Now, Mr. Chairman, there is no doubt whatever but that there has been an honest effort made by the administration generally to do away with inordinate war profits and to obtain supplies for the Government at the lowest possible price. Take the case of clothing. I was talking with an officer who visited me the other day, and he was telling me what he paid for his overcoat. It is an overcoat that any Member of this House would have to pay \$35 or \$40 for, and yet he bought it at the commissary department for a little over \$9. The shoes which have been furnished to the soldiers for \$2.50 or \$2.60 are a kind of shoes that Members of this House would have to pay \$5 or \$6 or even \$7 for in the open market. Now, the manufacturers who are making clothing and shoes for our Army are not getting inordinate profits. In some of our manufacturing cities manufacturers have taken contracts to supply clothing for the Army at very reasonable prices, but their men are being bought away from them by contractors who have these cost-plus-commission contracts. The manufacturers are honestly trying to do the best they can for the Government in this crisis, but their men are being bought away from them by these contractors who are offering them all kinds of wages for temporary jobs, and the men who thus leave seldom come back. It is not fair, Mr. Chairman, to the manufacturers of this country who are trying to give the Government supplies at a fair price to have this system go on.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. DALLINGER. I ask for five minutes more, Mr. Chairman.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent to proceed for five minutes more. Is there objection?

There was no objection.

Mr. BARNHART. Mr. Chairman, will the gentleman yield? The CHAIRMAN. Does the gentleman from Massachusetts yield to the gentleman from Indiana?

Mr. DALLINGER. Certainly.

Mr. BARNHART. What specific information has the gentleman from Massachusetts that these contractors are paying such wages as he indicated in his remarks here?

Mr. DALLINGER. Mr. Chairman, as I stated, the two instances I gave at the commencement of my remarks are based on hearsay. But I understand from my colleague from Massachusetts [Mr. ROGERS], who represents the Lowell district, that the manufacturers in Lowell who are furnishing supplies for the Army have been seriously handicapped by having their men bought away from them by some of the contractors there who have been working under these cost-plus-commission contracts.

Now, Mr. Chairman, in regard to the munitions matter, which is much more important for the reason that the manufacture of munitions will continue during the entire duration of the war. It is not my purpose to criticize Gen. Crozier, for whom I have the very highest regard, or the War Department, in regard to the contract for rifles to which reference has been made. It may be that it was necessary at that time to make that kind of a contract in order to get those rifles quickly. It does seem to me, however, that something ought to be done by the Committee on Appropriations in regard to future contracts, to limit, and, if possible, prohibit wherever possible, the system of awarding contracts without competition on the cost-plus-commission basis.

Now, the gentleman from Illinois [Mr. CANNON] attempted to defend this particular kind of contract, but to my surprise other members of the committee proceeded to criticize him. When he spoke about the 6 per cent allowance for interest as being no part of profits there was a loud dissent. I think they criticized him justly, and if they criticized then they ought to do something to remedy the situation. It is true that the old classical school of economists in defining profits divided them into three parts—first, interest or reward for abstinence, as they called it; second, insurance or remuneration for risk; and third, wages of superintendence, which would include the possession of the personnel and organization sufficient to carry on any particular kind of business. In the case of the kind of contract criticized by the gentleman from Mississippi, a Democratic member of the committee, however, there is no reason why any allowance should be made for interest in addition to a 10 per cent profit. These men own their own plants; the Government furnishes the machinery, tools, and implements, and pays them every month one-tenth of the contract price, so that they do not have to borrow any money. As it stands, these men will reap a profit if they turn over their output only twice a year—and I believe they will turn it over oftener than that—of 26 per cent without any risk whatever. As the gentleman from Mississippi well says, whatever may have been the necessity of making the first contract, in future contracts the smaller manufacturing concerns of this country who are capable of making a large amount of rifles ought to be given a chance to compete.

The only excuse for making a contract of this kind, giving a monopoly without competition to a few big concerns, is that they alone are able to carry out the contract. It would seem that if the Government is going to continue to make monthly and even fortnightly cash advances to the contractor then the smaller concerns without a large amount of capital can successfully undertake some of the work and by competition greatly reduce the price paid by the Government for all its future work.

Mr. SHERLEY. Will the gentleman yield?

Mr. DALLINGER. I will.

Mr. SHERLEY. I want to ask the gentleman two questions. One is if it is his understanding that the contracts for building the cantonments are paid on a basis of cost plus 10 per cent?

Mr. DALLINGER. That is what I understand.

Mr. SHERLEY. Then the gentleman ought to read the contract, because he will find that that is not the fact. Ten per cent is paid only on a certain sum, and when the amount runs higher it scales down to 6 per cent and below.

Mr. DALLINGER. Is it not a fact that at the beginning when the first contracts were let there was not such a provision in the contract?

Mr. SHERLEY. No; at the beginning these men took the work without any contract at all but with the understanding that they were willing to trust the Government to make a fair contract, and 10 per cent plus was talked of as a basis for the contract. When the contracts came to be formally entered into they were entered into on a sliding scale which, as the volume of work increased, the amount of compensation plus the cost di-



minated, and finally there is a provision that when it reaches a certain sum then the compensation should be, I think, limited to \$250,000 as a maximum.

I want to suggest to the gentleman one other thing, if he will permit me, and that is he is quite in error in the assumption that there are many small concerns in this country that can make rifles. I wish it was true, but it is not true. It is not true that you can get the machinery quickly. It would take a great deal of time to get the tools, the jigs, dies, and so forth, to equip the manufacturer even if he is familiar in a general way with the work of making rifles.

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

Mr. DALLINGER. I ask for two minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. NORTON. Will the gentleman yield for me to ask a question about the cantonments?

Mr. DALLINGER. The gentleman can do that in his own time. I want to say to the gentleman from Kentucky that I know perfectly well, without having the figures before me, that there are more than three concerns in this country able to manufacture rifles, particularly when the Government furnishes the machinery and tools. If the Government, after the completion of the present contract, wants to get the rifles quickly and get them out at a fairly reasonable price, there is no reason whatever why they can not give that work to more than three concerns.

Mr. SHERLEY. Will the gentleman yield?

Mr. DALLINGER. Certainly.

Mr. SHERLEY. Will the gentleman tell me where the tools are which we can procure to make the rifles?

Mr. DALLINGER. I will refer the gentleman to the testimony before the committee, that they bought the tools and implements necessary to manufacture these rifles from the British Government for nine and a half million dollars.

Mr. SHERLEY. Then it is the gentleman's theory that you could have dismantled these plants and scattered these tools around over the country and yet successfully have made rifles?

Mr. DALLINGER. I certainly believe that a sufficient number of the tools and machines could be removed to enable some of the smaller concerns to carry on the manufacture if the large concerns are not willing to treat the Government fairly. However, I understand that the testimony is that there were \$2,000,000 worth of these tools that had not been used at all.

Mr. SHERLEY. The British Government did not sell us those \$2,000,000 worth, but the gentleman's idea is that we could take them by force of arms?

Mr. DALLINGER. The Government could easily obtain the \$2,000,000 worth as they obtained the rest. Now, Mr. Chairman, there has been a great deal of criticism about the exorbitant profits of munition manufacturers and a great deal of feeling about it among the people at large. When other manufacturers doing business for the Government are making their products at a reasonable profit, and when all our people are preparing to make every sacrifice to win this war, I believe that the munition manufacturers should be content with a reasonable profit. If they are not willing voluntarily to do their share in this great struggle, they should be compelled to do so by legislation. [Applause.]

Mr. FITZGERALD. Mr. Chairman, the most difficult criticism to meet is that of the anonymous liar. When John Jones states that Richard Doe was informed by John Smith that Peter Brown was receiving \$60 a week on a Government contract and had nothing to do but to keep out of sight the statement on its face is such that it should not receive credit or attention.

Mr. DALLINGER. Mr. Chairman, will the gentleman yield?

Mr. FITZGERALD. The Committee on Appropriations investigated every report, every rumor, every criticism that came to its attention. A number of statements were called to my attention of instances in which it was stated improper prices were being paid or improper compensation paid to labor. A number of those matters were referred directly to the War Department and investigated under direct supervision of the Secretary of War, and I do not know of any instance in which it has been possible to justify any of the criticisms made.

Mr. DALLINGER. Mr. Chairman, will the gentleman yield?

Mr. FITZGERALD. Yes.

Mr. DALLINGER. I would like to ask the chairman of the committee if he does not believe that the system of letting contracts on cost plus a commission offers every inducement to the contractor to pay more for his labor and materials than he otherwise would pay, and whether he believes it is an economical way of letting contracts for the Government?

Mr. FITZGERALD. If every contractor who is to do work for the Government were an unmitigated scoundrel, I have no

doubt it would be very difficult to prevent excessive costs, but I assume that the building contractors are just as honest as the average business man. The mere fact that a manufacturer happens to be manufacturing clothing does not put him on a moral plane so superior to the man who is building cantonments that there is any difference either in their desires or their methods.

Mr. DALLINGER. Mr. Chairman—

Mr. FITZGERALD. No; I wish to make this statement first. Mr. Chairman, it is easy to criticize costs plus contracts when not possessed of information or when no consideration is given to the situation. The important thing at this time was to have the cantonments built in time to house the army that was being conscripted. It was necessary to have cantonments that would house approximately 750,000 men built within an average of approximately 90 days. Many of those cantonments were located in sections of the country where there was not only no surplus labor, but where there was no adequate supply of the particular character of labor required. To obtain the labor necessary the contractors had to take from their customary and fixed occupations the labor required. As the task was to be a temporary one, to induce men to give up permanent employment in order to take this temporary employment it was necessary to make concessions in the way of compensation in excess of what would be the normal market rate. In many instances, because of the emergency character of the work, because of the inadequate supply of labor, because in some instances of the almost impossibility of obtaining the required supply of labor, prices have been paid for labor that ordinarily could not be justified and would not be tolerated. This was a factor that neither the contractor nor the Government itself could control, because the Government was not in position to conscript men to labor at a price to be fixed by it.

So far as the materials were concerned, however, a different situation existed. Schedules of the materials required for the cantonments were prepared by experts called in to assist those charged with the doing of the work.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. FITZGERALD. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FITZGERALD. Arrangements were made in many instances whereby the materials would be furnished at less than the then market rate. The contractor was informed that he could obtain the schedule of lumber or other materials required at certain places at certain prices. He could purchase his lumber or materials where he pleased, but he was not permitted to charge the Government in excess of the price at which the Government had indicated he could obtain the material.

Mr. DALLINGER. Mr. Chairman, will the gentleman yield?

Mr. FITZGERALD. Yes.

Mr. DALLINGER. I would like to ask the chairman of the Committee on Appropriations if it is not a fact in regard to clothing and shoes and things of that kind that contracts were let to the lowest bidders? There were bids.

Mr. FITZGERALD. I shall come to that in a moment. So that as far as the cantonments were concerned the one thing that had to be done was to provide the accommodations for the Army that was being called together in the quickest possible time, and necessarily the work was more expensive than it would have been under normal conditions, if long periods of time could have been taken. I shall insert in the Record at this place article 3 of the cantonment contracts:

#### ARTICLE III.

Determination of fee: As full compensation for the services of the contractor, including profit and all general overhead expense, except as herein specifically provided, the contracting officer shall pay to the contractor in the manner hereinafter prescribed a fee to be determined at the time of completion of the work from the following schedule, except as hereinafter otherwise provided:

If the cost of the work is under \$100,000, a fee of 10 per cent of such cost.

If the cost of the work is over \$100,000 and under \$125,000, a fee of \$10,000.

If the cost of the work is over \$125,000 and under \$250,000, a fee of 8 per cent of such cost.

If the cost of the work is over \$250,000 and under \$266,666.67, a fee of \$20,000.

If the cost of the work is over \$266,666.67 and under \$500,000, a fee of 7½ per cent of such cost.

If the cost of the work is over \$500,000 and under \$535,714.29, a fee of \$37,500.

If the cost of the work is over \$535,714.29 and under \$3,000,000, a fee of 7 per cent of such cost.

If the cost of the work is over \$3,000,000 and under \$3,500,000, a fee of \$210,000.

If the cost of the work is over \$3,500,000, a fee of 6 per cent of such cost.



*Provided, however,* That the fee upon such part of the cost of the work as is represented by payments to subcontractors, under subdivision (b) above, shall in each of the above contingencies be 5 per cent and no more of the amount of such part of the cost.

The cost of materials purchased or furnished by the contracting officer for said work, exclusive of all freight charges thereon, shall be included in the cost of the work for the purpose of reckoning such fee to the contractor, but for no other purpose.

The fee for reconstructing and replacing any of the work destroyed or damaged shall be such percentage of the cost thereof, not exceeding 7 per cent, as the contracting officer may determine.

The total fee to the contractor hereunder shall in no event exceed the sum of \$250,000, anything in this agreement to the contrary notwithstanding.

It provides that if the cost of the work is under \$100,000 a fee of 10 per cent is paid, and then as the cost increases the allowance decreases, until if the cost of the work is over \$3,500,000 a fee of 6 per cent of such cost; but in no instance is a fee in excess of \$250,000 to be paid for the work. The gentleman spoke about the rifle contracts. There is no plant in the United States to-day outside of the two Government arsenals and the three concerns which have the contracts for the manufacture of the Enfield rifle modified to use the American ammunition which can make a modern service Army rifle of the three kinds that are in contemplation. It is not possible to convert any other plant in the United States so that it can turn out rifles of the character required inside of a period of from one year to 18 months. The only plants that could furnish the rifles needed, and essential for the army that was being raised, are the three plants with which the Government has made the contracts. The gentleman is in error in assuming that either the United States or any other government or any private concern has stored away in a warehouse or a safety deposit vault the jigs and dies and machinery to the extent of two or three million dollars that could be utilized in any plant. Long ago the British Government made contracts with those three plants to turn out a million and a quarter rifles. They encountered difficulties that were not anticipated, because the turning out of those rifles required skilled work of the highest order. The British Government was compelled to put \$18,000,000 into those concerns in order to have the contracts filled, and it took over in return the title of the machinery in the three plants. There is about \$2,000,000 worth of machinery which has never been unpacked, and it is in those plants now; but in the contract that was made the British Government reserved that machinery out of the contract, so that it was not available to the United States. In connection with contracts for clothing a somewhat different situation arose. It must be considered from two standpoints; one is the purchase or acquisition of the raw materials out of which the clothing is made and the other is the manufacture of the garments themselves. When the United States entered this war the khaki cloth out of which the Army uniform is made was not a commercial article in the United States. There was none in the market. The only cloth of the character manufactured was manufactured for the Government of the United States, except insignificant quantities that were manufactured in the garments that can be found in sporting-goods houses in the various large cities.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FITZGERALD. Mr. Chairman, I ask for five minutes more because, perhaps, I can complete at this time the statement about contracts and not be compelled to do it again.

The CHAIRMAN. Is there objection to the request of the gentleman from New York? [After a pause.] The Chair hears none.

Mr. FITZGERALD. So that the situation that confronted the Government was, not to go into the open market and obtain the khaki cloth necessary for those garments, but to go into the market and induce mills to make khaki cloth of the character that they had never made previously. The Government made the contract for the cloth itself and certain other materials, and concerns that manufacture the cloth into garments submitted bids and the Government distributed the work throughout the country in accordance with the bids. It is not true that we are obtaining shoes at \$2.95 a pair. We did buy shoes about two years ago for less than \$3 a pair. We are now paying over \$5 a pair. Any shoe manufacturer in the United States who desired to manufacture a portion of the shoes required for the Army was given a contract for them to the extent for which he had capacity to manufacture. Some of the difficulties in supplying the Army may be appreciated when it is stated that it is necessary to carry 90 different sizes of shoes to outfit the Army, and to obtain shoes for an army of a million men does not mean to obtain a million pair of shoes, but, based upon calculation resulting from years of experience, the Quartermaster Department is able to compute the allowance in excess of the number of men it must have of shoes. Over 30 sizes of coats are necessary, and corresponding numbers of

garments of various kinds must be carried. For instance, Mr. Chairman, for tenting purpose alone, in connection with the National Guard camps, it was estimated that 19,000,000 yards of canvas ducking would be required. The output of the mills of the United States was only 16,000,000 yards a year, and in addition to the canvas ducking required for the tents the Navy Department and other departments of the Government made demands for very considerable quantities. It was necessary to induce carpet mills to abandon the weaving of carpets and take up the weaving of canvas ducking. In many other and in innumerable ways it was required to adapt the facilities of the United States to furnishing the materials required for the conduct of the war.

The cost plus 10 per cent contracts have been criticized. One of the difficulties that confronted the Government at the time was that no reputable contractor, no contractor who understood his business and who was not attempting to get a contract merely to finance it and to turn it over at a profit, in view of the conditions of the labor market and the material market, was willing to enter a contract on a very large scale which did not make provision for a constantly increasing cost, both of materials and labor. No one can predict from day to day what labor will bring, and unless the Government had taken the measures it did take to control and obtain the materials to be utilized, in many of those enterprises it would have been impossible to determine what the cost of material would be. The Government was not in the position of a private citizen to go into the market where there was an ample supply and ample competition, but the Government was in the position of having requirements that far exceeded not only the visible supply but were far in excess of existing facilities to furnish materials. Under such circumstances the contracts had to be made and business had to be done, and the Government work had to be carried on under conditions and in ways that in normal and ordinary times would not have been attempted. I just suggest to the gentlemen that if they will take the public hearings of the Committee on Appropriations and read them carefully they will find that many of these criticisms are without foundation and should not be used here as the basis of criticism for which there is no justification.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. COOPER of Wisconsin. Will the gentleman yield for a question?

The CHAIRMAN. The time of the gentleman has again expired.

Mr. COOPER of Wisconsin. Mr. Chairman, I ask that the time of the gentleman from New York may be extended for two minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin? [After a pause.] The Chair hears none.

Mr. COOPER of Wisconsin. Mr. Chairman, did the testimony taken before the committee to which the gentleman from New York has just referred change his mind absolutely as to the propriety of letting the contract for cots about which he complained here some weeks ago?

Mr. FITZGERALD. No; it did not, and I shall state now to the gentleman from Wisconsin and to the committee what I have stated before. We are proposing to expend \$11,000,000,000 in the course of a year, excluding the \$7,000,000,000 that we are to loan to the allies. No man nor any set of men who have lived since the beginning of the world could spend that money without making mistakes, without doing unwise things, without doing things that are subject to criticism, and without having some of the money frittered away in a manner that it should not be.

But we must not seek out as a criterion of how the work is being done the occasional mistake or the accidental fault. We must judge of the work from a broad standpoint, and we must determine whether upon the whole the conduct of the Government's business has been marked by capacity, competency, and integrity upon the part of those charged with the doing of it. [Applause.] If that be done, it does not lie with us to condemn the entire administration of affairs, because there will crop out from time to time mistakes and errors. The remedy is, when an error has been made, to accurately ascertain the facts and then criticize the action. I criticized the cot contract, but not publicly until I had obtained from those who had charge of the awarding of the contract complete information that justified the criticism. I did not indulge in criticism here based upon rumors, vague whisperings, and repeated conversations running through numerous people, so that the originator could not be located. I based my criticisms upon ascertained facts. If other Members of the House, when rumors reach them or when alleged information



reaches them, will take the time to ascertain the truth of the matter before indulging in criticism, they will be performing their duty in the most effective and most patriotic manner. But to give circulation to every idle rumor, to every anonymous lie, that has circulated either by unpatriotic men or by those who wish to embarrass the Government at this time, is not to do our duty in the manner the country expects or the situation demands. [Applause.]

Mr. SISSON. Mr. Chairman, the statement I made on yesterday in reference to the rifle contract is borne out by the record. Every statement that I made is borne out by the hearings. In the examination of the two principal witnesses, Gen. Crozier and Mr. Scott, you will find that every statement made is borne out by the hearings that lasted over several days. I do not believe that you will find a member of the Committee on Appropriations—if so, he certainly is in a great minority—who justifies, on the whole, the rifle contract which the Government entered into. I doubt whether if a member of the committee had been placed in a position where he would have been called upon to sign the contract he would say now that he would do so; because, instead of that contract being one where 26 per cent may be made, it is a contract where perhaps at least 46 per cent will be made.

The chairman of the Committee on Appropriations well states, as I stated in my original remarks, that it was one contract entered into where the contractor had no chance to lose. Nor did I believe, Mr. Chairman and gentlemen of the committee, that always in entering into contracts you can determine whether men have done the best they could until you know the mental attitude with which the men representing the Government approach the contractor. The mental attitude has a great deal to do with it. And the criticism I made of the contract was not criticism of a single officer in the Government. I do not question their motive or their sincerity. But I do not yield to them all the business wisdom in making contracts. But I felt it my duty to the House to call to the attention of the House and to the country the character of the contract, with this 6 per cent first upon an unascertained amount of plant involved in making rifles, with a 10 per cent on the cost of the contract, an allowance for plant depreciation, without knowing the amount of capital that would actually be used in manufacturing the rifles. In addition to that the machinery especially fitted for manufacturing rifles is owned by the Federal Government. Perhaps the only thing, practically, that the contractor will furnish will be the building in which the rifles are made and the power. The balance of the machinery is furnished by the Government. And I felt and I feel now that under that contract, according to the testimony in this record, these contractors must make something like 46 per cent on their investment. Because if the contractors have \$10,000,000 of their own property, to be ascertained and the value fixed in the future, that was the highest amount, and a higher amount than was fixed by Gen. Crozier, because he put it at \$8,000,000.

In the examination Mr. Scott himself said that he had made no investigation of the amount, but that it was simply his knowledge of the amount of machinery necessary to carry out the contract. Mr. Scott was the gentleman, Gen. Crozier stated, who had given his advice to his committee that warranted him in entering on the contract. I think it is fair to Gen. Crozier to say—while it did not go into the record, and I did not intend to say it—that he said to me that there are many features of the contract that he himself did not indorse, but he was simply one member of the board that passed upon it. I say that in fairness to him, because it was his testimony, and he was endeavoring to defend his committee, and the contract was one that could not, in my judgment, be defended. We expect to ask men in every department of life to do a patriotic service to the country and to render service at the lowest possible profit consistent with good business judgment. Why do we not demand the same sacrifice of the munitions makers? And I am responsible, and wholly responsible, for bringing this matter to the attention of the committee. I did it because I thought it was my duty to do it and your right to know. And in the future, if there is any wisdom in what I have said, or if the House in the future should want the control of the contracts or even in this bill, or suggest any amendment that might cure the defects which they might find in this contract, then they may do so.

Mr. COOPER of Wisconsin. Will the gentleman permit a question?

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. COOPER of Wisconsin. I ask that the gentleman have five minutes more.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. COOPER of Wisconsin. The gentleman is a member of the Committee on Appropriations. Do I understand his statement to be this: That Gen. Crozier entered into a contract for the manufacture of arms for the Government and that he was advised to enter into that contract by Mr. Scott, the chairman of the committee authorized?

Mr. SISSON. That is the testimony.

Mr. COOPER of Wisconsin. Then, does the gentleman mean to say that when Mr. Scott was brought before the chairman of the committee to give advice he was asked upon what he had based that advice, and he admitted that he had never seen the plant?

Mr. SISSON. I will not say that he went that far, but he said he had never investigated absolutely the value of all of the plant. His testimony was that, from his knowledge of manufacturing, the power and the buildings and the equipment to turn out these rifles would require an investment of something like \$18,000,000. That was a mere estimate; but you will find, if you will look at the hearings, that Gen. Crozier, when I endeavored to ascertain the value of the plant from him used in the manufacture of the rifles, admitted candidly that he did not know, and then I asked him, with a view to asking him more questions, whether it would be a million dollars, and Gen. Crozier answered, "Yes; it would be very much more than a million dollars." I am not quoting his language exactly; but I then asked him if it would be \$10,000,000, and he said he did not think it was quite that much.

Mr. FITZGERALD. The gentleman is mistaken. Mr. GILLET inquired—

Have you any idea whether the investment of these people on which they are going to get, we will suppose, \$4,000,000—whether it is \$1,000,000 or \$20,000,000?

Gen. CROZIER. I am inclined to think it will be somewhere between \$10,000,000 and \$20,000,000.

Mr. SISSON. But you will find elsewhere in the hearings that I examined him at length on the \$10,000,000 proposition, when Gen. Crozier had stated that he thought it would be about \$8,000,000, and I then took \$10,000,000 as the amount for the basis for my examination, and if you will look through the testimony carefully you will find on that basis of 10 per cent on a million rifles it would amount to \$4,000,000, and adding 6 per cent it amounts to 46 per cent. I do not say that independently Gen. Crozier made that exact statement, but I do know that was his answer to the question I asked him, and I took what would be a maximum amount, and he said he himself did not know. Then in order that the matter might be fairly placed before the House, Gen. Crozier suggested that if we got Mr. Scott before the committee he could tell us, because he was the man who advised the contract, and from him we would get all the information as to the value of the plant. Mr. Scott was sent for; he did not know. The chairman himself manifested some surprise, because he said, "Mr. Scott, we were told that you could give us the information." But Mr. Scott did not know. So that there is not in that record anywhere any positive statement about the value of the plant being used.

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman yield again?

Mr. SISSON. Yes.

Mr. COOPER of Wisconsin. What was the company to be allowed? What was the percentage on the cost on the actual amount invested in the business?

Mr. SISSON. Six per cent.

Mr. COOPER of Wisconsin. And nobody who testified before your committee, who advised the making of that contract, or who signed that contract, knew what that amount was?

Mr. SISSON. They did not. They said they were going to have it investigated in the future by experts; so much so, that if you will look at the hearings—unless they have stricken it out, because my recollection is perfectly accurate in this statement—I asked the witness then, "Has the Government bought a pig in a sack?"

Now, I have no criticism to make of the cantonment contracts, although I believe the principle at the bottom of it is wrong. I believe there is no business in it. But if it is the best the Government could do, I am not criticizing it, because they did have a sliding scale in the cantonment contract. The only criticism I had made was not so much at the time in the nature of a criticism as calling to the attention of the Members of this House the information which I, as a servant of the House on the committee, thought you were entitled to know.

Now, just one moment and I am through. That 6 per cent is certainly 6 per cent on the amount to be agreed upon in the future. The 10 per cent is not calculated, mark you, on the



amount of capital invested. The 10 per cent is calculated on the gross cost of these rifles to the manufacturer. In other words, if a rifle costs \$40, they get \$4 profit on a rifle; if it is \$30, they get \$3. If they have \$18,000,000 invested, and the rifles shall cost \$36,000,000 as the gross cost, then they have turned that capital over twice. Then their profit would be 26 per cent on the 1,000,000 rifles. Then \$18,000,000 is the wildest sort of a high estimate on plant investment. At any rate, no one connected with the Government knew the value.

Mr. HULL of Iowa. Mr. Chairman, I move to strike out the last three words.

The CHAIRMAN. The gentleman from Iowa moves to strike out the last three words.

Mr. HULL of Iowa. Mr. Chairman, I do not at this time want to offer any criticism of the contract that has been made, but I simply want to rise at this time and in a very friendly way call the attention of the House briefly to this one thing, so that in future it will not happen again.

Time and again during the last two years we have called the attention of the other side to the fact that this country was unprepared in munitions of war; that you had arsenals that were standing idle and that you ought to put into your appropriation bills money enough to start them up; and we were always met with this proposition—that we could depend upon the private manufacturer at any time to produce the goods at a reasonable profit.

Gentlemen, I want to call your attention to this fact, that you are now paying from three to five times the price for a rifle that it could have been manufactured for in our own arsenals if you had only listened at the time your attention was called to it. [Applause.]

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. HULL of Iowa. Yes.

Mr. SABATH. The gentleman, if I am not mistaken, represents a district adjoining the Rock Island Arsenal.

Mr. HULL of Iowa. Yes, sir.

Mr. SABATH. And you have made the statement that the plants were idle?

Mr. HULL of Iowa. Yes, sir.

Mr. SABATH. Is it not a fact that in the last two years the Rock Island Arsenal has been in full blast and working with all the force they could secure?

Mr. HULL of Iowa. Absolutely not. You are mistaken.

Mr. BORLAND. Mr. Chairman, will the gentleman yield?

Mr. HULL of Iowa. Yes.

Mr. BORLAND. The gentleman knows I am in thorough sympathy with him in the plan of having as much Government work done as possible at the arsenals?

Mr. HULL of Iowa. You are in sympathy now, but it is too late. [Applause.]

Mr. BORLAND. Now, let me call the gentleman's attention to this fact: Does he mean to say that the Government would have exercised wisdom when it had an Army of less than 100,000 men if it had invested enough money in arsenals to produce the supplies and equipments for an Army of 2,000,000 men?

Mr. HULL of Iowa. I am not arguing that. I am arguing that you did not have to invest it; you had it standing idle and did not put the money in the bills when we asked you to.

Mr. BORLAND. The gentleman is mistaken.

Mr. HULL of Iowa. I am not mistaken.

Mr. BORLAND. The Rock Island Arsenal has been running at its full capacity and producing more equipment than we had use for with the Army we had.

Mr. HULL of Iowa. The Rock Island Arsenal is not running to its full capacity now.

Mr. GILLETTE. Will the gentleman allow me a question?

Mr. HULL of Iowa. Certainly.

Mr. GILLETTE. Was not the Rock Island Arsenal absolutely closed as to the making of small arms for several years?

Mr. HULL of Iowa. Absolutely closed, and we were pleading and trying to get enough money out of your committee to manufacture these arms. After the Villa raid on Columbus we did get \$5,000,000 for the manufacture of the rifles, but the Senate committee and the Senate itself struck it out. Why was that done? Senator CUMMINS, of my State, made an able plea for the retention of this item in the bill, and it was afterwards restored. As late as February 21 of this year you refused to adopt an amendment offered by myself to give the Ordnance Department the amount of money that they asked for to be used for manufacture of rifles; now you must pay \$50 for what would have cost you \$15 if you had started up your arsenals instead of depending on private manufacture.

Mr. CANNON. Mr. Chairman, this is a very different condition from that which existed five years ago or six years ago or eight years ago. It would be impossible now for substantially

any of the supplies for 1,000,000 men or 2,000,000 men or more to be had as the statute provides in a time of peace, namely, by advertising for bids with specifications, getting the bids after advertising, having them tabulated at great delay as to time, and then letting the contracts to the lowest and best bidder.

Now, I am not going to enter at this time a criticism of the Congress on the one hand or the administration upon the other hand in the past. I have got my views about it. What is the use of criticizing in the present condition or as the condition has been since the declaration of war, the making of war in fact, by the Executive and the formal declaration by the Congress?

We were totally and substantially unprepared on land and on sea when we entered this contest, and we had to do it quickly. We passed a draft law. Men were drafted and they had to be trained. We had to have the tents and the cantonments and clothing, and we had to have light artillery and heavy artillery; we had to have the rifles; and we had to have everything that was necessary to enable us to do our part in assisting our allies.

In my judgment the hasty preparation of the war for the last few months and for the coming 12 months, if this war does not close, will cost Uncle Sam at least one-third, if not double, the amount it would have cost him if we had been prepared fairly well at the entrance of the United States into the contest. Who is to blame?

Each man may have his own idea and the country may have its ideas. It does not make any difference who is to blame so far as the present emergency is concerned. We have to have our cantonments; we have to have our rifles; we have to have explosives; we have to have heavy and light artillery. The war having progressed on the other side by the time we entered it, the wages of this class of labor had very greatly increased, and in fact the wages of all classes of labor had increased. The price of gold had lessened compared with what we had to buy. A man that had a million dollars of gold two years ago, if he kept it for its buying capacity, is not worth to exceed \$600,000 to-day.

Now, touching the specific matter we have been talking about. I listened to the evidence. I am not a manufacturer; I do not hold a brief for the defense of any man connected with the Government, for the defense of any man that makes one of these contracts or for any commission. I know very few of them. I think I need not assure the House when I make that statement that I do not know or even recall the names of the three concerns that got these contracts for the manufacture of rifles. I do know from the evidence that the Government owns the factories for the production of rifles, for the production of light and heavy artillery, to make any considerable contribution to the supply we must have. Munitions of all kinds and explosives were comparatively nil, and if we got ready for the contest, we had to get ready as we have been getting ready.

Now, you speak of these parties that have the contracts for the rifles. They might have been commandeered; the Government might have taken possession, making compensation, if you please, for the plants, sending the owners thereof to the courts. If we had followed that policy, you could see at once that the Government, now having its hands full, would have been swamped, because to undertake to make explosives, to construct such heavy and light artillery, to manufacture clothing, if it was all thrown on the Government, if you had commandeered the whole thing, you would have absolutely swamped it. So we had to do the practical thing.

I never was inside of a factory that made rifles, and I suppose I never will be. I am a tenderfoot, but I do know as an individual that when you take the whole of a plant, when it loses its ordinary business and you set it at work for 6 or 12 months upon something else, it throws it out of joint. I know that the investment in the plant depreciates. It is said that it depreciates 6 per cent. But after all, when the contract is completed, I undertake to say that while there is some guess as to this or that or the other, with these great concerns on their hands with all that means, under all the circumstances I would not give one-half of the investment for it.

I do not believe there is a Member of Congress, including the gentleman from Mississippi [Mr. Sisson], who would give one-half or one-third of the worth of the manufactory.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. CANNON. Mr. Chairman, I desire to proceed for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CANNON. Mr. Chairman, I think that we are fortunate under all of the conditions in having great establishments to make explosives, creating a city here and a city there, and making explosives and selling them to the Government at from 3



to 4 cents a pound, if I recollect right, less than the Government can produce them for in its own factories.

I said yesterday and I repeat, according to my best judgment, whatever anybody else may say—and I am only responsible for my own judgment—this contract is a reasonable contract under all the conditions. Gentlemen may disagree. They do not have to agree with me. I am giving you only my own judgment in the premises, and I hold no brief for the defense of the administration. I am one Member of Congress responsible to my constituency, and we here represent all of the constituencies. We have to act according to our best judgment in the performance of the duty under the Constitution. We are the legislative body. The executive body is at the other end of Pennsylvania Avenue. Without hunting for criticisms at this time—and I have no desire to ever hunt for criticisms in this condition that we are in—without hunting for criticisms, I think that we would better make these appropriations, and if we find that it is necessary to limit the cost of what we buy, as we have done heretofore in time of peace occasionally, why, let us do it. But I am not ready to limit the cost by legislation of anything that we do buy at this time, because who knows what the cost is going to be, with the I. W. W., with strikes that exist in so many States. It is perhaps natural, as civilization rests upon the self-interest of the unit and governments rest upon a combination or a cooperation of individuals, to look out for our own interests, so that I am not making an attack on labor or on capital. I am not making an attack upon anyone. I will say, however, as to capital and labor, that in peace and in war one man's liberty ceases where another man's liberty begins, and I do say that, so far as I am concerned, I am inclined to think under all of the conditions, as to cantonnements, as to clothing, as to boots and shoes, as to explosives, as to heavy and light artillery, including rifles, that we have done fairly well. [Applause.]

Mr. LONDON rose.

Mr. FITZGERALD. Mr. Chairman, I ask that the bill be read. This rifle provision comes later on in the bill. We have been an hour and 10 minutes here to-day and have not yet read any of the bill.

Mr. LONDON. I shall take only five minutes.

Mr. FITZGERALD. Then I shall withhold my objection for five minutes.

Mr. LONDON. Mr. Chairman, these idle rumors of which the distinguished chairman of the Committee of Appropriations has complained will come back again and again to annoy and pester the administration. The difficulty with the situation seems to be that the business world has interpreted in its own way the slogan of the President that profits and patriotism should not be mentioned together. The business world says that wherever profits and patriotism come in conflict, patriotism must give way. Commercialism is always the same. It never changes. It is sordid, whether in time of peace or in time of national stress, in time of international calamity, in time of the worst form of misfortune that can befall the Nation, in time of war—business exists for profits, and the business man in most cases will be selfish.

Mr. CANNON. Mr. Chairman, will the gentleman yield?

Mr. LONDON. Yes.

Mr. CANNON. We have many people in the country scattered all over who are engaged in striking for better wages, many of them engaged in striking for recognition of the union, and many of them with increasing wages. Does the gentleman call those people business men or patriotic men?

Mr. LONDON. The only difference between the selfishness of the two is this: That while the worker strikes for higher wage in order to meet the higher cost of living, he strikes for a necessity, he strikes for bare existence; the business man who makes a million dollars profit, who strikes against the Government for two millions, is a traitor to the Government and a traitor to the people, and the two things can not be compared at all. One strikes to continue his existence, which is the law of nature, and the other strikes the Government by trying to exact inordinate profits. However, if the President's proclamation that patriotism and profit ought never to be mentioned together is to hold good, there is only one remedy, and I am compelled to suggest that one remedy. If there are but three factories in the entire country that can manufacture rifles, the only solution is to seize those three factories and to put their superintendents and every member of their board of directors and their foremen and every worker upon the same basis on which you put your Army in the field. Seize those factories, take possession of them, squeeze out the element of profit. But this is a solution that the business men, chairmen of the advisory committees, will never suggest, you may rest assured.

Mr. SHERLEY. Do I understand the gentleman to favor the Government commandeering all labor?

Mr. LONDON. I favor the Government commandeering these three plants where these plants are the only ones in the country that can manufacture the rifles, instead of our permitting those three plants to hold up the Government. I would use the power of the Government to take possession of those three plants?

Mr. SHERLEY. And to compel the laborer to work there? Would the gentleman do the same as to all other industrial plants where he does not like the terms of contract?

Mr. LONDON. I would do that exactly with every industrial plant.

Mr. SHERLEY. Including labor?

Mr. LONDON. When you come to the individual, when you come to personal service—

Mr. SHERLEY rose.

Mr. LONDON. One moment, I can take care of myself.

Mr. SHERLEY. I am sure of it.

Mr. LONDON. When it comes to using the individual, it is good sense to permit the largest possible latitude for full play of individual action, and you can not use a million human beings and turn them into a machine, but if you are intelligent, if you are true leaders, you will inspire those million men with the desire to do the very best.

Mr. SHERLEY rose.

Mr. LONDON. One moment—

Mr. SHERLEY. But will the gentleman answer my question?

Mr. LONDON. Yes.

Mr. SHERLEY. Is the gentleman in favor of commandeering labor?

The CHAIRMAN. The time of the gentleman has expired.

Mr. LONDON. Mr. Chairman, I would ask for another five minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. FITZGERALD. I will not object now, but at the end of the five minutes I will insist upon the reading of this bill.

Mr. LONDON. I will not use all of the five minutes. Now, there must be a distinction drawn between the commandeering of men and property. Let us not run away from it—

Mr. SHERLEY. I am not going to run away from it. Men are instrumentalities through which property is used, and I want to know whether the gentleman is in favor of going to the logic of his position and commandeering not only plants but all forms of labor?

Mr. LONDON. I should certainly say that men who have voted for conscription are in that position.

Mr. SHERLEY. I am not saying whether they should be or not. I am trying to find out the position of the gentleman.

Mr. LONDON. My position is this: When you deal with the individual, you must inspire him to act along the line on which you want him to act—

Mr. SHERLEY. Why should you inspire one individual and not another?

Mr. LONDON. You can inspire the great masses if you convince them you are right, and if you can not convince them that you are right you have no right to commandeer their activities.

Mr. SHERLEY. Let us see. Where would the gentleman start to commandeer the activities of individuals?

Mr. LONDON. Let us first take up the commandeering of property; that is the easier proposition.

Mr. SHERLEY. I am going to the proposition exactly. Here are three plants. They have as a part of their human factors the managers, the clerks, the superintendents, the wage earners, the daily laborers, and so forth, skilled and unskilled. Where would the gentleman begin to commandeer the human element of those plants and where would he stop?

Mr. LONDON. Let us see. Here are three plants. I would declare that property the property of the people and take over the plants. I would tackle the easier proposition first—the property part. Then you come to the men. I would say, "We want your help; we want to be fair; we want to establish a committee on industrial adjustments through the war. If you have any complaints, we will hear your complaints and your grievances; we will establish a court of grievances in the industry, so that you may bring in any complaint and not be punished for presenting a complaint." That is what I would want to say and do. In other words, I believe you should treat them as human beings and not reduce the individuality of each of them to nothing. I would give full play to their individuality, so that it would be an inspiration to them.

Mr. SHERLEY. Suppose some of the men are not like the balance and say that they do not want to work, what would you do then?

Mr. LONDON. Those men have the right not to work.

Mr. SHERLEY. So the gentleman answers finally my question by saying he is not in favor of commandeering men?



Mr. LONDON. I say the commandeering of men must be applied in a different way to the commandeering of property. If the gentleman does not understand the difference between property and a living human being I am helpless.

Mr. SHERLEY. The gentleman may be helpless for other causes than my ignorance upon that particular matter.

Mr. LONDON. I do not know; the gentleman is not ignorant, but he will not admit the difference—

Mr. SHERLEY. I not only admit it but freely state it, and what I am trying to find out is where the gentleman would stop. Now here are three plants which are necessary to be operated. Would he go ahead and say to the organization "You can work or not"?

Mr. LONDON. Let us reason it out. You are certainly not at a disadvantage by making the plants public property.

Mr. SHERLEY. That is a matter that may or may not be so.

Mr. LONDON. Exactly; you have gained this much, you have made the plants public property, you have commandeered them, you have taken the plant. Now you tackle the human problem, and I say the most sensible way to tackle the human problem is to treat it as a human problem in a way that will give full play to the individual, which will appeal to the individuality of the man. That is my way of dealing with human beings.

Mr. SHERLEY. Suppose some people might think that by the same sort of appeal you could keep these organizations engaged on this work for the Government and get the result as economically and as cheaply or cheaper?

Mr. LONDON. The people and we who represent them here will be confronted at the end of the war, justly or unjustly, with the greatest scandal in the history of this Republic.

The Clerk read as follows:

For an addition to the fuse-shop building, \$30,000; in all, \$1,145,000.

Mr. DALLINGER. Mr. Chairman, I move to strike out the last word. Mr. Chairman—

Mr. FITZGERALD. I will say to the gentleman that if he is not going to discuss this provision at this time I will make a point of order.

Mr. DALLINGER. I am going to discuss this provision. This is an appropriation for Government arsenals. I believe that the Government ought, if it can not get the munition manufacturers to make rifles at somewhere near a reasonable price, to take that machinery which it purchased from the British Government, make additions to the Government plants, and manufacture all the rifles in Government arsenals. Some time ago the Bethlehem Steel Co. was holding up the United States Government in regard to armor plate, and this Congress, although I do not suppose a majority of the Members believe in Government ownership on general principles, passed a bill for the construction of a Government plant for the manufacture of armor plate, and since that time the Bethlehem Steel Co. has assumed a very different attitude toward the Government of the United States.

Now, Mr. Chairman, I do not propose to have the chairman of the Committee on Appropriations or any other Member of this House misconstrue what I say. I expressly stated in my opening remarks this morning that the instances which I cited were based on hearsay evidence, and that I only mentioned them as examples of the sort of abuse which, in spite of every precaution, is inevitable to a greater or less extent in a cost-plus-commission contract. I was not criticizing the good faith or the honesty of any Government official. I was simply criticizing a kind of contract which, however necessary it may have been in the past, is unbusinesslike and wasteful and which, if possible, ought to be avoided in the future.

Mr. Chairman, if there is a Member of this House that has stood by this administration in this war through thick and thin, in season and out, it is myself. Now, the President of the United States wants the Members of this House, and rightly so, to go back to their districts in a week or two and explain to their constituents the situation in which this country finds itself and to urge all of our citizens to do everything in their power to support the Government at Washington and to make every sacrifice in this great war to make the world safe for democracy. Now, one of the things that we will be confronted with is the tremendous profits which a few people are making out of the war. Although I believe with the members of the Appropriations Committee that the War Department on the contracts already made for cantonments and for rifles has done the best that it could under all the circumstances, because the officials having the matter in charge were confronted with a condition and not a theory; nevertheless I believe that it is the duty of this Committee on Appropriations and of this House when it is passing a bill appropriating almost \$5,000,000,000 to carry on this war, to make some provision in it to protect the administrative part

of this Government against being held up by men who want to make extortionate profits out of the crisis in which their country finds itself.

I wish it to be distinctly understood that I am making no criticism of what the War Department has been compelled by the exigencies of the situation to submit to in the past. I am simply contending that now, when all these great manufacturing plants are equipped, when the material is forthcoming, when we are appropriating almost \$5,000,000,000 more, something should be done so that the manufacturers who put profits above patriotism should be compelled to be satisfied with a reasonable return upon their investment.

On Saturday the chairman of the Committee on Appropriations, in reply to a question of mine, admitted that it was the province of this House and the duty of this House, to prescribe how contracts should be let. But there is nothing in this bill in any way limiting the rate of profit or even suggesting that the Government should commandeer plants and should manufacture in its own armories if these men are not willing to do it at a reasonable price.

Mr. FITZGERALD. The gentleman knows, of course, that that is already the law.

Mr. DALLINGER. Mr. Chairman, while the gentleman is correct in saying that the law already authorizes the Government to manufacture in its own arsenals and to commandeer private plants, if in this bill we should make a lump-sum appropriation and make it immediately available for this express purpose, in case private concerns should be unwilling to make future contracts on reasonable terms, the result would be most salutary. Something should be done to protect the Government against extortion. Even cantonment contracts now provide for a sliding scale. Why should not at least some such provision apply to contracts for munitions?

The CHAIRMAN. The time of the gentleman has expired, and the Clerk will read.

The Clerk read as follows:

Proving ground: For increasing facilities for the proof and test of ordnance material, including necessary buildings, equipment, and land, \$3,000,000.

Mr. SISSON. Mr. Chairman, I reserve a point of order on the paragraph.

Mr. SHERLEY. Mr. Chairman, I suggest the gentleman better make the point and we can get that behind us.

Mr. SISSON. I want to suggest an amendment, and I thought I would discuss the amendment while I was reserving the point of order.

Mr. SHERLEY. If the point of order lies the whole paragraph will go out.

Mr. SISSON. I think there will be no question about the point of order.

Mr. FITZGERALD. I do not know. Before the gentleman proceeds, if the item is subject to a point of order and it is to go out of the bill on the question of order, I do not propose that the committee shall take up any considerable time in the discussion of matter that will not be in the bill.

Mr. SISSON. If we can agree upon an amendment, I am willing to withdraw the point of order.

Mr. SHERLEY. I will say to the gentleman frankly that I am not willing to agree to the amendment that I think he has in mind, namely, to exclude Kent Island from consideration as a proving ground. I therefore suggest that the gentleman make the point of order. And I would like to be heard on the point of order.

Mr. SISSON. Mr. Chairman, I make the point of order, because the item is not provided for by law. It contemplates the purchase of land, and the chairman of the committee himself, I do not think, will seriously contend that the point of order will not lie. This is certainly not authorized by law, and it has been universally held that on an appropriation bill, unless authorized by law, you have no right to acquire land. And that is contemplated in this item.

Mr. SHERLEY. Mr. Chairman—

The CHAIRMAN. The Chair will be glad to hear the gentleman from Kentucky.

Mr. SHERLEY. If the Chair will permit, this item would under ordinary circumstances be carried in the fortification bill, and the fortification bill is a bill that has its right not dependent upon any act of Congress or any legislation undertaking to define the activities in connection with fortifications, but it rests upon the broad, basic power conferred by the Constitution to provide for the defense of the country, and has been so held in a number of cases.

Now, a proving ground is an absolute requisite for the conduct and the necessary work in connection with heavy ordnance or with light ordnance.



We have carried for years provisions in regard to proving grounds. We are carrying in this bill provisions for the enlargement of proving grounds. All of our arsenals have proving grounds. Some of them are very small. Some of them consist simply of buildings where, with a very short range, small arms are proved and tested. Some of them have larger proving grounds. We have also a proving ground now situated on Sandy Hook that was created in connection with the ordinary appropriations for the national defense.

It has never before to my knowledge been suggested that in connection with work of this character the proponent of a paragraph like this must put his finger upon a particular law specifying the right to provide for a proving ground. But it follows inevitably from the right to provide for the common defense. The gentleman would be just as well within the rules if he contended that we could not bring in on the fortifications bill or in this bill a provision for the fortification of one of our seaports because there was no basic law which declared that that particular seaport should be fortified.

I had no idea that the point would be made, or I would have been glad—

Mr. Sisson. The gentleman will remember that I reserved the right in the committee to make the point of order.

Mr. SHERLEY. I do not recall that, but the gentleman is well within his rights to make what point of order he desires. But otherwise I would have been prepared to present to the Chair some direct rulings on the matter.

This proving ground is necessary in order to carry out work that is already undertaken by the Government in connection with both coast fortifications and heavy field ordnance, and I insist on the broad basic ground that I have laid down—of the obligation as well as the right of Congress to provide for the defense of the country—that it has the right to provide a proving ground in connection with the proving of seacoast and mobile artillery.

I do not want to delay the Chair, but I have sent the clerk for a reference. I have not been able to find it myself. I have no right to ask that the Chair delay the matter until it can be found, but I think there are a number of decisions that will bear out the basic statement I have made.

The CHAIRMAN. Does the gentleman from New York [Mr. Fitzgerald] wish to be heard on the point of order? If not, the Chair is ready to rule.

Mr. SAUNDERS of Virginia rose.

The CHAIRMAN. Does the gentleman wish to be heard?

Mr. SAUNDERS of Virginia. I have no desire to take up the time of the Chair or the committee. I was just going to speak in support of the point of order.

The CHAIRMAN. If the gentleman is with the gentleman from Mississippi [Mr. Sisson], the Chair does not care to hear him.

As to the merits of this proposition the Chair has nothing to do. It is the duty of the Chair to execute the rules of the House as he understands them. Clause 2 of rule 21 provides that—

No appropriation shall be reported in any general appropriation bill, or be in order as an amendment thereto, for any expenditure not previously authorized by law, unless in continuation of appropriations for such public works and objects as are already in progress.

The Chair, of course, understands the contention of the gentleman from Kentucky that this is in continuation of a project already authorized by law. The Chair desires to call attention to section 3736 of the Revised Statutes, which provides that—

No land shall be purchased on account of the United States, except under a law authorizing such purchase.

Mr. SHERLEY. If the Chair will permit, I do not recall a single instance in which there has been a basic law passed authorizing the Government to purchase land for coast defenses. Yet we have repeatedly purchased land as the result of provisions made on appropriation bills.

The CHAIRMAN. The Chair does not think the gentleman from Kentucky will contend that repeals the statute read by the Chair.

Mr. SHERLEY. The Revised Statutes simply provide that money shall not be expended on the purchase of ground unless it is specifically authorized. This complies with a statute. What the Chair is considering is the point of order whether we have the right to make provision for the purchase of land.

The CHAIRMAN. That is what the Chair was proceeding to rule on. The Revised Statutes provide that no land shall be purchased on account of the United States except under a law authorizing such purchase. The purchase of land for a proving ground is not authorized by existing law, and it is clearly new legislation. The Chair happens to have at hand a decision which seems to be absolutely on all-fours with this case, which negatives, the Chair thinks, the proposition of the gentleman

from Kentucky that this item is in continuation of a project already authorized. The Chair refers to Hinds' Precedents, volume 4, section 3776, which reads as follows:

A proposition to purchase a separate and detached lot of land for an Army target range was held not to be in continuation of a public work. On June 11, 1906, the sundry civil appropriation bill was under consideration in Committee of the Whole House on the state of the Union, when Mr. Francis W. Cushman, of Washington, proposed an amendment:

Land for target range: For the purchase of a tract of land, of 3,000 acres or less, at American Lake, near Tacoma, State of Washington, for a target range, \$30,000.

Mr. Edgar D. Crumpacker, of Indiana, made the point of order that the amendment involved legislation.

After debate, the Chairman ruled:

"The gentleman from Indiana [Mr. Crumpacker] has raised a point of order. The Chair thinks it is clearly obnoxious to the rule and subject to the point of order. The Chair thinks you might purchase land next to an Army post and that it would probably be a continuation of a public work, but it is evidently not in order to purchase a separate piece of land, as this amendment proposes. It is no more in order, in the opinion of the Chair, than it would be to provide on an appropriation bill for the erection of a hospital building or the construction of an Army post without a previous authorization of law therefor. The Chair therefore sustains the point of order."

The Chair thinks that is identical with the case at bar and the Chair is constrained to sustain the point of order. The Clerk will read.

The Clerk read as follows:

For increasing railroad transportation facilities, \$90,000.

Mr. SHERLEY. Mr. Chairman, I am too old in the service of the House to quarrel over losing on a point of order, and particularly when the presiding officer of the House is as able a parliamentarian as the distinguished occupant of the chair. But I want to enter a protest so that it may be a part of the Record, against the broad ground of the decision of the Chair that in order to purchase land in connection with the defense of the country there must have been a previous authorization for the purchase of that land.

Mr. FITZGERALD. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Committee amendment: On page 14, after line 19, insert as a new paragraph the following:

"For enlargement and repair of the filtration plant, \$20,000."

The amendment was agreed to.

Mr. FITZGERALD. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Committee amendment: Page 14, line 20, strike out the sum of "\$1,420,200," and insert in lieu thereof the sum of "\$1,440,200."

The amendment was agreed to.

The Clerk read as follows:

Watertown Arsenal, Mass.: For replacing roof and floors of machine shop, \$160,000.

Mr. DALLINGER. Mr. Chairman, I would like to ask the chairman of the committee if this appropriation carries all that is asked for by the War Department in connection with the Watertown Arsenal.

Mr. FITZGERALD. No; it does not. We gave all that was asked by the Chief of Ordnance in the modified form in which it was submitted, except some additional money for the repair of roads and sidewalks, and some money for officers' quarters. As to the money required in the manufacturing facilities, the bill carries all that was recommended by the Chief of Ordnance.

Mr. DALLINGER. May I ask why the committee did not see fit to grant the appropriation for roads and sidewalks and officers' quarters?

Mr. FITZGERALD. The \$40,000 requested for two sets of officers' quarters was to enable certain officers to live within the reservation rather than to live outside and have the quarters commuted. The committee did not believe that it was wise at this time to divert the energies of the Ordnance Department to building quarters when quarters could be obtained outside. The committee did not think that the money asked for roads and sidewalks was imperatively necessary.

Mr. DALLINGER. I want to state to the gentleman that that item has been asked for before.

Mr. FITZGERALD. Oh, yes; when once requested it never disappears, in the hope that Congress some time in a moment of absent-mindedness may grant the request. [Laughter.]

Mr. DALLINGER. The last time I was at Watertown it was perfectly evident that some repairs ought to be made to the roads and sidewalks. They have a good deal of teaming in and out of the Arsenal gates, and it seems to me that something ought to be done.

Mr. FITZGERALD. The committee recommended an appropriation of \$682,000. It did not think that the \$46,000 ought to be provided. Upon that statement, it is apparent that the committee made recommendations that were ample to meet the



request of the Chief of Ordnance. Moreover, ample funds will be provided for road repairs in all arsenals.

The Clerk read as follows:

For a railroad crane, \$5,000.

Mr. FITZGERALD. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Committee amendment: On page 16, after line 17, insert as a new paragraph the following:

"For rebuilding main roads inside the arsenal grounds, \$15,000."

The amendment was agreed to.

The Clerk read as follows:

In all, \$789,500.

Mr. FITZGERALD. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Committee amendment: On page 16, in line 18, strike out the sum "\$789,500" and insert in lieu thereof the sum "\$804,500."

The amendment was agreed to.

Mr. CAMPBELL of Kansas. Mr. Chairman, I move to strike out the last word for the purpose of asking the gentleman from New York a question. I have tried to find in this bill some authorization of the use of money in preparing shelter for the men who are guarding bridges, now that winter is coming on. Was that matter discussed, and is there in contemplation any shelter for the soldiers who are detailed as guards on the bridges?

Mr. FITZGERALD. The matter was not discussed. My recollection is, and my understanding is, that the men of the Regular Army and the National Guard will not be detailed to that work.

Mr. CAMPBELL of Kansas. Even the conscripted man is a human being.

Mr. FITZGERALD. I said that I understood that no one in the Army is to be detailed to that work.

Mr. CAMPBELL of Kansas. They are. Every large bridge, every road bridge is now guarded by our soldiers, and in some instances they are within the sweep of the storm.

Mr. FITZGERALD. Not in my State. The railroad bridges and conduits are guarded by members of the Home Defense Guard, who are rendering very efficient service. The War Department, however, has ample funds to provide all the shelter that is needed for troops in the field.

Mr. CAMPBELL of Kansas. Does the gentleman from New York know whether or not it is contemplated before the winter comes on to make preparation for the shelter of these men?

Mr. FITZGERALD. My understanding is that they are not to be engaged in the work. The men who were detailed to guard the Conduit Road here have been taken away, and provision has been made to enable watchmen to be employed in their place.

Mr. CAMPBELL of Kansas. Practically every railroad bridge in the country is guarded by soldiers who are detailed for that work.

Mr. FITZGERALD. Mr. Chairman, I understand they are to be taken from that work. We can not raise an army for service in the field and detail them to guard the bridges all over the United States.

Mr. CAMPBELL of Kansas. But they are there now.

Mr. FITZGERALD. They have been assigned temporarily, but they are not to continue, according to the information furnished to me.

Mr. MCKENZIE. Mr. Chairman, will the gentleman yield?

Mr. CAMPBELL of Kansas. Yes.

Mr. MCKENZIE. Has it not been a part of the policy of the War Department in sending these various squads of soldiers—I shall not call them companies—around to guard bridges that it was to give the soldier some training during the summer months, and while getting that training he has been guarding public property, and that when the weather becomes cold they will be taken off that work, as the gentleman from New York [Mr. FITZGERALD] suggests?

Mr. CAMPBELL of Kansas. If that is true, then there is no necessity for building shelters; but I know that men have stood out in the storm and rain without any kind of shelter whatever.

Mr. FESS. If the gentleman will permit, the various tunnels between here and the West are guarded by soldiers, but I think in every case they have tents. I think they have shelter provided by the Government.

Mr. CAMPBELL of Kansas. I have seen them very recently standing out in the open—standing out without any shelter of any kind whatever.

Mr. ROBBINS. That is when they are on guard duty.

Mr. FITZGERALD. You can not put soldiers in a box when they are on guard duty.

Mr. CAMPBELL of Kansas. It is the easiest thing in the world. They are guarding these public buildings from boxes.

Mr. ROBBINS. The Pennsylvania National Guard was detailed to that work. They took their tents and sent them to the various places, and they had them at the tunnel or near the bridge, and of course these soldiers have to walk through the tunnels and under the bridges. That is a part of the soldier's duty. He does that in all kinds of weather. The gentleman has been a soldier, and so have I. There is no difficulty about that at all. They are properly protected, so far as the State of Pennsylvania is concerned, as I have observed between here and Pittsburgh on both the Baltimore & Ohio and the Pennsylvania.

Mr. CAMPBELL of Kansas. I can take the gentleman within an hour to bridges where there is absolutely no shelter of any kind whatever.

The CHAIRMAN. The time of the gentleman from Kansas has expired, and the Clerk will read.

The Clerk read as follows:

Barracks and quarters, seacoast defenses: For construction of temporary barracks and quarters at seacoast posts for the accommodation of officers and enlisted men of the Coast Artillery, \$2,000,000.

Mr. SEARS. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read:

The Clerk read as follows:

After line 2, on page 17, insert the following:

"Enlargement and reclamation of Fort Taylor, Key West, Fla.: For the acquisition of additional land, for the filling in of such parts of land so purchased and other parts of the reservation as may be necessary, and for the construction of a sea wall, Fort Taylor, Key West, Fla., \$350,000."

Mr. FITZGERALD. Mr. Chairman, on that I reserve the point of order.

Mr. SEARS. Mr. Chairman, I ask unanimous consent to proceed for 15 minutes.

The CHAIRMAN. The gentleman from Florida asks unanimous consent to proceed for 15 minutes. Is there objection?

There was no objection.

Mr. SEARS. Mr. Chairman, this is an amendment seeking an appropriation for Key West, Fla., and I think the wisest thing that I could do would be to read to the Members of the House what occurred at the hearings before the committee and also some of the reports. Beginning on page 587 of the hearings, I read from the testimony of Capt. Crain:

Capt. CRAIN. This request is due to the fact that all the armament at Key West is now located at Fort Taylor, and the tract on which the garrison has been located in the past and is now located is Key West Barracks, which is about a mile and a half distant from Fort Taylor, the town of Key West lying in between. The reservation of Key West Barracks is too small for the development of the garrison, and also the Florida East Coast Railway obtained submerged land on the outside of this reservation and filled it in so that Key West Barracks is situated right on the inner edge of this railroad yard. In 1909 a hurricane destroyed most of the buildings, and rather than rebuild in an unsuitable location the garrison was reduced to one company for a number of years. The project has been to increase the area at Fort Taylor and locate the barracks and quarters that are necessary on the Fort Taylor Reservation. An appropriation was obtained in 1906, I believe, of \$100,000, and a part of the desired tract was purchased. This tract, however, was not sufficiently large to meet the requirements, so that this item is introduced to provide the additional land necessary to complete the filling in that should be done and to provide a sea wall.

The CHAIRMAN. How large a tract of land have you there now?

Capt. CRAIN. About 72 acres, all told, at Fort Taylor and about 23 acres at Key West.

The CHAIRMAN. How much do you propose to buy?

Capt. CRAIN. About 12 acres. But it is subdivided into blocks, being right on the edge of the city of Key West.

The CHAIRMAN. That is about \$12,500 an acre?

Capt. CRAIN. Yes, sir; it is town property. It is right on the edge of the city of Key West.

Mr. SHERLEY. Have you stated how much of the \$350,000 is for the fill and how much for the land?

Capt. CRAIN. About \$150,000 is for the land, about \$100,000 for the sea wall, and about \$100,000 for the fill.

The CHAIRMAN. How much of a sea wall do you expect to build?

Capt. CRAIN. I do not know the exact length of it, but I believe it will be about 4,250 feet long.

The CHAIRMAN. Now, with the acquisition of this 12 acres, what would then be the situation at Fort Taylor?

Capt. CRAIN. They will then be able to provide quarters and barracks and storehouses for the garrison which it is contemplated will be put there, which will be about 600 regular Coast Artillery men, and when the militia are called out about 400 additional militiamen, making a total of about 1,600 men.

The CHAIRMAN. Have we any reservation right near there?

Capt. CRAIN. None, except Key West Barracks, which is on the other side of the city of Key West, about a mile and a half away, and which I have described to you, and which is really unsuitable for the purpose, and a small reservation of about 18 acres, which is equally distant from Fort Taylor and Key West Barracks, about 1½ miles from each, and which now contains fire-control stations, a searchlight, and a battery.

On page 22 of the report from the Secretary of War under a footnote I find the following:



This estimate is submitted in accordance with instructions of the Secretary of War. The acquisition of the land, the construction of the sea wall and the filling in of the land are imperatively necessary to prepare accommodations for the troops to be stationed at Fort Taylor, Key West, Fla.

Mr. Chairman, with the strongest recommendation from the Secretary of War that it is possible to secure, I come before the members of this committee appealing to them to vote for this proposition as a worthy one. I have no desire to criticize the Committee on Appropriations, and what I may say in my few remarks will not be intended with that purpose in view. A few weeks ago when the river and harbor appropriation bill was before this House for consideration, in discussing an appropriation for Key West, I was told by some of the Members they could not support it because it did not have the unqualified indorsement of the War and Navy Departments. I could not get that indorsement and I lost that appropriation by a few votes. Now it seems that I meet myself coming back, for when I get this strong indorsement of the War Department saying this sea wall should be built and this land purchased and filled, that it is imperatively necessary to properly provide for the troops, I am informed by the Committee on Appropriations that they must cut down their expenses, and therefore Key West can not get a dollar. So that really I do not know whether I am coming or going. It seems to me, and I hope I am not too severe, that perhaps Key West is not appreciated by the committee and they have forgotten it is a part of the United States.

Therefore, they have begun their cut in that section. Let me call attention to the fact that—and, as I said, without any criticism—Philadelphia, Frankford Arsenal, is getting in this bill \$1,145,000 for the purpose of establishing target ranges, putting new roofs on the buildings, building new buildings, improving it, and so forth.

Rock Island is getting \$1,420,200 for the purpose of getting new rooms, increasing railroad transportation facilities, and so forth, in the sum of \$90,000 of said amount. Massachusetts gets \$682,000 for extension of office buildings, light equipment, buildings, stores, and so forth. I find that West Troy, N. Y., is getting \$789,500, and the War Department said it was necessary; and we have just increased it, upon the motion of the chairman of this committee, making it something over \$800,000. I voted for the amendment because I think the War Department thinks it is wise. But when it said it is imperatively necessary to have an appropriation to take care of the troops at Key West, Fla., it is absolutely impossible to get one dollar in this bill. I am not opposed to the Philadelphia appropriation; I am not opposed to the appropriation in Massachusetts; nor am I opposed to the one for New York. I have repeatedly said to the Members of this House that I trust the day will never come when I will be so small as to vote against an appropriation simply because it does not affect my district. On this same broad ground I appeal to the members of this committee to give to Key West that to which she is entitled and that which she has been unable to get, for no appropriation has been made to Key West since 1906.

One of the generals of the War Department, who is up on coast artillery and an expert on the proposition, stated to me that in his opinion there was not a post in the United States more important from a coast artillery standpoint than was the post at Key West, Fla. There, stuck out at the extreme point of that State of which I am proud—Florida—extending into the Gulf of Mexico and the ocean as it does, protecting the Florida East Coast Railway, over which all of your shipments must be made to Cuba and South America, if a German raider should get over here at the present time unless you give this port the proper protection you will wake up to find, too late, you have delayed the appropriation to which she is entitled. Now, that members of this committee may exactly understand the situation I have here a map. This is Fort Taylor on the map. They reach Fort Taylor by going across a bridge here. Here are the Key West Barracks, or rather what was left of them after the hurricane of 1909. These buildings which were not destroyed have not been remodeled because, as stated in the report, the department realized it would be absurd to have your men a mile and a third away on so small an area, and one too small to make the necessary improvements for the men they contemplate. These men are forced to walk through the city of Key West every time they are called out to drill. Of course that is immaterial—a mile and a third to walk for the purpose of drilling. This space is limited, and the department now desires to build a sea wall running over here down to this point marked in black and from there over to about that point, four thousand two hundred and some-odd feet, filling that all in, so that they will have a drill ground of a proper size, and then purchase 12 acres here and provide for a reservation and suitable proper permanent improvements that should be made. I read an article the

other day, written by some critic of the foreign situation, which it seems to me is in point and applies to this appropriation, and that was that if the allies would wake up and study the map in order to realize the importance of Italy's charge that was being made and advances they had made they would realize the importance of same and would keep them supplied with guns and ammunition, and by so doing possibly this war could be brought to a speedy conclusion.

I am almost compelled to say to the Members of Congress and to my colleagues, if you would wake up and realize that Florida is a part of the United States, and that we are entitled to some appropriations, especially when the department says they are imperative and necessary, that you would give to us these appropriations without my continually having to appear on the floor of the House and make these fights for them. The people of Key West wrote me some time ago that it seemed to them it would almost take a calamity to Key West and that magnificent railroad, which has come to be one of the eight wonders of the world, would have to be swept from the map before Congress would realize that they were a part of the United States. I do not believe, Mr. Chairman, that that condition really exists; but when I tell you that Jacksonville, Fla., has a population of over 100,000, and they can not even get two cannon to protect the city; when I tell you Miami, the magic city that has grown 25,000 in population in 15 years, and one of whose citizens has about completed a residence that will cost approximately \$7,000,000, has not a single gun to protect it, and down at Key West, this island city, with antiquated barrack buildings, and this fort with no parade ground and no drill ground, is unable to secure \$350,000 in a bill carrying approximately \$5,000,000,000, it does seem to me there are some grounds for their fears. I read to you before a letter from the Secretary of the Navy stating he realized the importance of Key West from a military and a naval standpoint, and that all of their plans contemplated improvements at Key West. I read to you a letter, when the rivers and harbors bill was up, from the Secretary of War telling you then in the strongest terms possible that he appreciated the importance of Key West from a strategic standpoint, from a defensive and offensive standpoint, and I come to you to-day, my colleagues, with their indorsement that it is imperatively necessary that the appropriation be made that suitable buildings may be built and that these men may be suitably housed and have suitable training grounds. Only one company was left there for a number of years, and the War Department desires this appropriation in order that they may provide suitable quarters and barracks for 800 or more men.

Unless these improvements are made it will be impossible for them to properly care for the number of men which it is necessary for the department to have at Key West.

I appeal to your fairness when you vote on this amendment. I do not think it worth while to take up more of your time. The mere fact that in this bill they are appropriating in one place \$12,000,000 for land and for building houses would not justify this appropriation unless we are entitled to it. The mere fact that there was in the bill \$3,000,000 for the purchase of Key Island, which went out on a point of order, would not justify me in seeking this appropriation unless you feel I am entitled to it. But I do appeal to my colleagues, in view of the testimony, in view of the report of the War Department, regardless of what State you come from, to give to Key West this appropriation, if I have convinced you they are entitled to it.

Let me say to the distinguished gentleman from Kentucky that I believe no one is better informed concerning appropriations and fortifications than he, and I do not believe he will oppose it. It is not in a spirit of complaint that I have referred to the committee. As I say, I am glad these other States were given their appropriations, because I feel they are as justly entitled to it as is Key West.

Now, Mr. Chairman, just in conclusion. I know the Members are going to vote one way or the other as each one sees it, and I believe every man who wants to do justice will vote for this appropriation. It will not increase the bill—because it has been cut \$3,000,000—and besides it only gives us what we are entitled to.

Let me say with some degree of pride that my State is one of the few States when war was declared that gave to the defense of the flag over her quota of men for the Regular Army. My State, I am proud to say, is one of the few States that gave to the National Guard more than her quota of the National Guard. My county, where for 36 years I have lived, and it is with a degree of pride that I tell you this, was not called upon for a single drafted man, but furnished more than her quota to fight for the Stars and Stripes and our country. It is with more pride that I tell you that the city of Key West, that is appealing to you that it may be protected, has had one of the



largest Naval Reserves, or Naval Militia, in the country, in proportion to population, and that for the past 8 or 10 or 12 years they have kept up this Naval Militia, and they are to-day ready to fight for their country.

With these facts before you, I believe you will agree with me that we are entitled to this appropriation. I believe that the Members will give it to us. I simply ask you to vote, as you would ask me to vote, on the merits of the appropriation. [Applause.]

Mr. FITZGERALD. Mr. Chairman, this is one of the items that was not included in the bill, because there is no necessity for it at this time. It involves an expenditure of \$350,000, which, if made at this time, would be of no value whatever to the Government in the conduct of this war. The defenses at Key West are located at Fort Taylor. The barracks are at the Key West Barracks, about a mile and a half or a mile and a quarter from the guns. Accommodations are there for 600 men. At Fort Taylor there are 72 acres of land, which was purchased in about 1905 for \$100,000. This amendment proposes to buy additional land at a price of \$12,500 an acre and for filling certain swamp lands and building a sea wall, and then later to provide for the erection of accommodations for 1,000 men to man the defenses.

One thing that has been impressed upon the committee during the investigations has been the fact that during this war our coast defenses will not be called into action. The situation relative to the possible naval attack is such that no one anticipates the German fleet will escape; but if it should escape, one place that every one would be perfectly certain would not be subject to any assault would be Key West, where Fort Taylor is the main defense.

Mr. SEARS. Will the gentleman yield?

Mr. FITZGERALD. Yes.

Mr. SEARS. I have implicit confidence in the gentleman's wisdom, but not in his ability to see into the future. Can you give a guaranty that that will not happen? Do you rather think that they would overlook Florida, with no defense, and Key West, with inadequate defense, and go to New York, where they have the strongest fort there is in the country?

Mr. FITZGERALD. If the fleet were to come here, if the gentleman could point out any particular end that would be accomplished by the bombardment of Key West and the wasting of munitions that would be so valuable and essential, perhaps he could justify his belief. There is ample land at Fort Taylor at present upon which can be provided a temporary cantonment for which money is appropriated in the bill in the additional men required for the Coast Artillery in order to furnish a full complement for the manning of all the guns. So that we have a situation where within a mile and a quarter, just across the town, are ample facilities for 600 men. The Government owns 72 acres of land where the guns are located, upon which it can very easily and with the money provided erect the temporary cantonment for the 400 men additional. So it would be an indefensible waste of public money at this time, in view of the extraordinary burden that the people are called upon to bear, to expend \$350,000 in acquiring land, building a sea wall, and erecting the permanent structures contemplated. Under the circumstances, I trust that the committee will not agree to the amendment proposed.

Mr. SEARS. Will the gentleman yield for a question?

Mr. FITZGERALD. Yes.

Mr. SEARS. As I just read to the members of the committee, the War Department says that this increase is imperatively necessary at Fort Taylor. Of course the chairman is conversant with that report of the War Department?

Mr. FITZGERALD. I am, but, as I pointed out at the Key West Barracks, at the other side of the town of Key West, are permanent barracks for a number of men. At Fort Taylor we have 72 acres of land, and in the pending bill there is carried an item of \$2,000,000 out of which it is proposed to build additional temporary quarters at every seacoast defense in the United States. With that money and with the land that is there available, ample facilities will be provided for the necessary additional 400 men.

Mr. SEARS. Mr. Chairman, will the gentleman yield there?

Mr. FITZGERALD. Yes.

Mr. SEARS. Capt. Crain has gone out of the Army. His report says that if this appropriation is made they will then be able to provide for the storehouse and garrison contemplated to be put up there, which will accommodate about 600 coast artillerymen.

Mr. FITZGERALD. That is what I said.

Mr. SEARS. On page 18, covering the West Troy, N. Y., proposition, I see that the War Department said that was imperatively necessary.

The CHAIRMAN. The time of the gentleman has expired. The gentleman from New York reserved a point of order on the amendment. Does the gentleman desire to recall that?

Mr. FITZGERALD. I made it on the ground that it is not authorized by law.

The CHAIRMAN. The gentleman makes the point of order. Does the gentleman from Florida want to sustain his amendment?

Mr. SEARS. I hope the gentleman will not press his point of order. The bill is practically full of similar propositions. I have not studied that. I thought it was germane to the bill. It is in continuation of a project already under way. It is not a new project. This Fort Taylor has been established; the Government owns it; this is an improvement in that fort. I hope the gentleman will not insist on his point of order.

Mr. FITZGERALD. If it is subject to a point of order, I certainly must insist upon it.

The CHAIRMAN. The point of order is sustained. The Clerk will read.

The Clerk read as follows:

For a set of quarters, single family cottage for armament machinist at Fort Grant, \$2,700.

Mr. FITZGERALD. Mr. Chairman, it is only fair to say that the chairman of the committee is not a free agent in these matters. In the discharge of his functions as chairman it is his duty to protect the bill from amendments that are not in order. Oftentimes he is greatly embarrassed because of his position and the necessity to protect the bill by the interposition of a point of order. While it may be embarrassing to the gentleman not to have the vote taken, yet his position is not nearly so difficult as frequently is the position occupied by myself.

The CHAIRMAN. The pro forma amendment is withdrawn. The Clerk will read.

The Clerk read as follows:

Signal Service of the Army: For expenses of the Signal Service of the Army, as follows: Purchase, equipment, and repair of field electric telegraph, radio installations, signal equipments and stores, binocular glasses, telescopes, heliostats, and other necessary instruments, including necessary meteorological instruments for use on target ranges; motorcycles and motor-driven vehicles used for technical and official purposes; professional and scientific books of reference; pamphlets, periodicals, newspapers, and maps, for use in the office of the Chief Signal Officer; war balloons and airships and accessories, including their maintenance and repair; telephone apparatus (including exchange service at mobile army posts) and maintenance of the same; electrical installations and maintenance at military posts; fire-control and direction apparatus and material for Field Artillery; maintenance and repair of military lines and cables, including salaries of civilian employees, supplies, general repairs, reserved supplies, and other expenses connected with the duty of collecting and transmitting information for the Army by telegraph or otherwise, \$3,000,000.

Mr. FESS. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Ohio moves to strike out the last word.

Mr. FESS. I want to ask the chairman of the committee whether this \$3,000,000 appropriation is in addition to the large appropriation made the other day of \$640,000,000?

Mr. FITZGERALD. The \$640,000,000 is available exclusively for aviation purposes. This money is to supply the equipment essential for the conduct for the Signal Service of the Army in the field. It consists of all classes of material required for telegraph and telephone lines and other methods of providing and transmitting information. It takes in field glasses and matters of that kind.

Mr. GRAHAM of Illinois. Mr. Chairman, I move to strike out the last two words.

The CHAIRMAN. The gentleman from Illinois moves to strike out the last two words.

Mr. GRAHAM of Illinois. Mr. Chairman, I want to ask a question. I notice an item here, "Binocular glasses." I presume it is the idea of the appropriation to purchase those for the use of officers in the Signal Corps, perhaps, or in the Aviation Section?

Mr. FITZGERALD. Yes.

Mr. GRAHAM of Illinois. As a matter of fact, I am advised by men who are in the service as officers that the commissioned officers in the line are obliged to buy their own binoculars—the glasses which they use while on duty. Do you know whether it is the idea to furnish these to the officers of the Signal Corps?

Mr. FITZGERALD. The officers buy these glasses from the Quartermaster's Department. The officer has to pay for his own equipment. The enlisted man is supplied with his equipment. The officer pays for his equipment. The War Department obtains the glasses and the officers purchase them.

Mr. GRAHAM of Illinois. Yes. They have a special arrangement so that they pay about \$33.50 for their glasses. But what is this item for? Is it for glasses for the privates, the enlisted men, or what?



Mr. FITZGERALD. This is to get the glasses that are sold to the officers.

Mr. GRAHAM of Illinois. The idea, then, is that the Government will get this money back?

Mr. FITZGERALD. Yes.

Mr. GRAHAM of Illinois. I see.

Mr. FITZGERALD. The Government gets the glasses, and at present it is developing the manufacture of the lenses, because prior to the war all of the lenses came from Germany.

Mr. GRAHAM of Illinois. Yes.

Mr. FITZGERALD. The Government obtains the glasses and then the officers buy them through the Quartermaster's Department.

Mr. GRAHAM of Illinois. Then, as regards this item, the money will ultimately get back to the Treasury?

Mr. FITZGERALD. Yes; that part that is devoted to glasses. That is relatively a small portion of the \$3,000,000.

The CHAIRMAN. The pro forma amendment will be withdrawn, and the Clerk will read.

The Clerk read as follows:

#### PAY OF THE ARMY.

Officers of the line: For pay of officers of the line, including staff corps of the National Guard, \$5,410,377.

Enlisted men of the line: For pay of enlisted men of all grades, including recruits, \$244,370,622.

Mr. PARKER of New Jersey. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Mr. PARKER of New Jersey offers the following amendment: After line 25 on page 19 insert:

#### "FAMILY ALLOWANCES TO ENLISTED MEN.

"For the payment of family allowances by the Secretary of War and the Secretary of the Navy, respectively, under such rules and regulations as they may respectively provide, for the benefit of the family of every enlisted man, meaning thereby a person, male or female, enlisted, enrolled, drafted, or ordered into active service during the continuance of the war, including noncommissioned and petty officers, whether in the Army, Navy, Marine Corps, Coast Guard, Naval Reserves, National Naval Volunteers, or any other branch of the United States service, while serving pursuant to law with the Army or Navy, \$50,000,000. The word 'family' shall include only wife, children, or issue, and dependent mothers, and said regulations may allot and order paid for their support not more than half the pay of the enlisted man according to grade and length of service, excluding all allowances, and that whenever said allotment is insufficient the United States will add thereto and pay a family allowance which shall not exceed \$50 a month: *Provided also*, That the enlisted man, subject to such regulation, may allot his pay to such persons and for such purposes as he may direct, and if less than half his pay be allotted such regulations may require that the rest thereof shall be held to his credit during any required period and bear interest at 4 per cent per annum, with semiannual rests, and be payable after such period to the enlisted man or his executors, administrators, or assigns."

Mr. FITZGERALD. Mr. Chairman, I make the point of order that the amendment is new legislation.

Mr. PARKER of New Jersey. Mr. Chairman, I am perfectly sure that it is subject to a point of order, but I ask the gentleman from New York to reserve his point of order for three minutes.

Mr. FITZGERALD. This matter was debated practically for a week when the insurance bill was under consideration.

Mr. PARKER of New Jersey. And because it was subject to debate for weeks, it is a condition and not a theory that confronts us. These men are now in the Army; most of them are married men with families. The most of them are going to France within a few weeks. The evidence is being taken away and the chance of providing for these men easily and promptly is being destroyed.

This is only a temporary matter until the bill goes through that will provide for it permanently. But even if it is only for a week or so, this provision ought to be made for the men now in, to be taken care of as it was at the border, by Army regulation, so that when they are enlisted or drafted they can find out exactly what the families are, so that the evidence may be preserved.

In this bill it will pass right away, and it ought to be provided for without being mixed up with disputed questions in reference to how much insurance men shall take out or what pensions in the name of compensation shall be granted. I submit to the gentleman that if it was right to do this in this way during the troubles at the border it is right to do it in this way as a temporary measure now, as it was temporary then. I appeal to the gentleman not to make the point of order.

Mr. FITZGERALD. Mr. Chairman, the gentleman ought not to put me in the position of interfering with this legislation. My recollection is that he proposed the same subject matter as this when the soldiers' insurance bill passed the House by a unanimous vote, or when it was under consideration last week. This matter has not been called to my attention as something that ought to be put in this bill. The Committee on Appropriations was eight weeks in its consideration, and it is unfair to

ask me, without being able to take time to ascertain what is in the provision, to permit him to have such legislation of this character put upon the bill.

Mr. PARKER of New Jersey. May I interrupt the gentleman a moment? This was proposed to the Committee on Appropriations; it was handed in through the gentleman from Massachusetts [Mr. GILLET]. It was printed in the Record with notice that I was going to bring it up at this time, and I gave notice on the floor in a speech, and I really tried to do all that I could.

Mr. FITZGERALD. If the gentleman had been as busy during the past eight weeks as I have been he would not have had time to read the Record and find out what gentlemen propose to offer as amendments. It is only about 40 or 50 feet from where the gentleman stands to the committee room.

Mr. PARKER of New Jersey. I want to say that I did all that I could. I ask the gentleman now to consider it and see whether it ought not to go into the bill as a temporary measure before the bill is passed.

The CHAIRMAN (Mr. SAUNDERS of Virginia). Does the gentleman from New York withdraw his point of order?

Mr. FITZGERALD. No, Mr. Chairman; I insist on the point of order.

The CHAIRMAN. The point of order is sustained.

The Clerk read as follows:

Headquarters of the several territorial departments, territorial districts, tactical divisions and brigades, and service schools: For additional clerks, from October 1, 1917, to June 30, 1918, inclusive, at annual rates of compensation, as follows: Fifteen at \$2,000 each, 32 at \$1,800 each, 120 at \$1,600 each, 318 at \$1,400 each, 895 at \$1,200 each, 370 at \$1,000 each; in all, \$1,626,600.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word. Is it the idea of the committee in placing this limitation as to availability until June 30 next that these clerks shall be included in the regular appropriation bill for the ensuing fiscal year?

Mr. FITZGERALD. The gentleman refers to the clerks at headquarters of the several departments. Provision for such clerks belongs in the Army bill. The force required for the transaction of business of a mobile army belongs there, and their number depends entirely upon the size of the army. For every additional number of men or units a certain number of additional clerks are required.

Mr. STAFFORD. These are not Army field clerks; these are civilian clerks, I presume.

Mr. FITZGERALD. These are clerks assigned at field headquarters known as Army field clerks. Every brigade has headquarters, every division has headquarters, every corps has headquarters, every army has headquarters. The more troops, the larger the organization, the larger the number of headquarters. It is impossible to state with accuracy the number required, but the committee had to provide liberally so that the essential paper work of the Army in the field could be conducted without any delay.

The gentleman also recalls that the system is to be perfected by which a complete record is to be kept of every man in the Army, and in order to have that information available upon call in Washington it will require a very large force of men in the field so that the information can be collated, arranged, and transmitted promptly.

Mr. STAFFORD. Mr. Chairman, I assume that these clerks are also to perform the work contemplated by the department in ascertaining from the conscriptive force the various vocations and avocations they have pursued, so as to place them into the arm of the service for which they are best suited.

Mr. FITZGERALD. The War Department is attempting immediately on the assembling of these men in the camps to gather accurate information regarding the qualifications, professions, and occupations of every man in the Army.

So that when it shall become necessary to organize a force of men with special qualifications, that data will be all available, and it can be quickly gathered, and these clerks will do the clerical work for every purpose connected with the Army.

Mr. REED. Are some of these Army clerks to be selected from the drafted men that go to the cantonments?

Mr. FITZGERALD. No.

Mr. MADDEN. They are not enlisted men at all.

Mr. FITZGERALD. They are not selected from the drafted men. My information is that men eligible for the draft and physically qualified are not accepted for these positions.

Mr. REED. An inquiry comes to me to know whether or not some men drafted who have special qualifications for clerical work could be designated by the commanding officer or those having authority to select such clerks for service in line with the special qualifications of such enlisted men.



Mr. FITZGERALD. The effort is made by the department to obtain men for these positions who are above the draft age. No drafted men, if they are physically qualified to be soldiers, will be accepted for this work. If physically qualified for soldiers, they will have qualifications for soldiers which are not required of men to do this clerical work.

Mr. ROBBINS. Are these clerks known as civilian employees selected from the civil-service eligible list, or are they appointed because of political reason or through favoritism?

Mr. FITZGERALD. They are not appointed from any patronage list of mine.

Mr. ROBBINS. Nor from mine; but I have heard of the 15,000 clerks, and I know that I never got any of them as a Republican, and I thought probably the Democrats did.

Mr. FITZGERALD. The gentleman need not feel lonesome. He has distinguished company. I am enrolled under the banner.

Mr. ROBBINS. To be serious, I ask for information.

Mr. FITZGERALD. I understand that these clerks are not intended to be from the classified service. Gen. McCain stated that they are selected, except the temporary ones—the men who had to be obtained at once—after written examination, which is similar to that in the civil service, with the changes made necessary by their status as field clerks, and that they are subject to court-martial and the like. They are not in the classified service.

Mr. ROBBINS. That is what I wanted to know, because I was in the Army myself in 1898, and we had a class of people known as civilian clerks.

Mr. FITZGERALD. These are the clerks.

Mr. ROBBINS. These are the same class?

Mr. FITZGERALD. Yes.

The CHAIRMAN. The time of the gentleman has expired, and the Clerk will read.

The Clerk read as follows:

For one year's pay to beneficiaries of officers and enlisted men who die as the result of aviation accidents, \$495,000.

Mr. ROBBINS. Mr. Chairman, I move to strike out the last word. I want to ask the chairman of the Committee on Appropriations a question with reference to this sum of \$495,000 to pay beneficiaries of officers. Is not that covered by the insurance proposition which we passed the other day? Would not this item be unnecessary if that becomes a law?

Mr. FITZGERALD. This is to carry out existing law. I am not sufficiently familiar with the details of the soldiers' insurance bill as it passed to know whether it supplants this provision. The gentleman is aware that special provision was made for men in the aviation section, and as long as that law continues if any accidents occur resulting in injuries or death of those whose relatives would be entitled to benefit we must make provision for them. I have not examined the insurance law sufficiently carefully to know whether it substitutes provisions for the special provision for the Aviation Service, but even if it did, until that becomes a law we must make provision for the beneficiaries under the existing law. This sum of \$495,000 is not based on any accurate information. Five thousand dollars had been appropriated, and all the department could say was that if we had many men engaged in aviation during the year with resulting casualties there should be a fund available to make prompt settlements with the beneficiaries. The committee believed this was an instance in which it was desirable to put at the disposal of the department a sufficiently large sum to enable it to meet any liabilities arising under that law.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. ROBBINS. Yes.

Mr. STAFFORD. As the gentleman will recall, there was a provision in the soldiers' relief bill that specially provided that the soldier or officer or their beneficiaries in order to receive the benefits of the bill as passed by the House should not be the recipient of any funds by reason of any other allowance. If the beneficiaries of the deceased officer or soldier should receive benefits under this provision they would not be entitled to the emoluments and privileges under the bill we passed last week.

Mr. ROBBINS. That answers the question. If they had relief here under this provision they could not obtain it under the bill we passed last week.

Mr. STAFFORD. They would not be eligible under the bill we passed last week to any privilege under that bill.

Mr. FESS. Mr. Chairman, I desire to ask the chairman of the committee a question. On pages 20 and 21 I notice that the officers' allowances are in five departments and that there is about \$50,000,000 for officers alone. This is a deficiency bill. Is that the case of an increase of officers over the Regular Establishment or why would it be in a deficiency bill?

Mr. FITZGERALD. The act providing for the creation of an army of a million necessitates about 46,000 officers. There

were available, if I recall correctly, in the neighborhood of 17,000, so that it was necessary to obtain 27,000 or 28,000 additional. We are anticipating to some extent the calling out of troops that are not already called out. In addition the officers required for the troops necessary to replace wastage have to be provided. In the last deficiency bill we appropriated for officers and men upon the basis of an estimate of a million men in the service eight months of the year. This bill provides additional funds upon the theory that we shall have a million and a half men in service a full year. That is due to the fact that about the 1st of August or September we then had nearly 800,000 men. The number of officers is determined by the number of men. The pay is a matter of computation, and the Regular Army appropriation act only provided for the Regular Military Establishment, and in the National Army we have all the additional officers. We have now all the additional officers required by the increase of the Regular Army to its full authorized strength. We have all the officers of the National Guard, who have been taken into the Federal service, and we will have all the officers drafted into the service, so that makes a number of officers no one contemplated when the Regular Army bill became a law.

Mr. FESS. Have we any figures to show the percentage of the total cost that would be paid to the officers in comparison with the enlisted men of the Army? There is a good deal of talk about there being so much paid to the officer. I do not share in that feeling, but I would like to know.

Mr. FITZGERALD. The reason why the officers are paid more is, of course, it has always been recognized he has commissioned rank, and there is another matter that ought to be stated in connection with it, and that is that the officer has to provide all his own equipment, and the cost of outfitting and maintaining themselves is a very considerable item.

Mr. FESS. The chairman misunderstood me. I do not share in that criticism, but I was just wondering whether we had any figures on that.

Mr. SHERLEY. Mr. Chairman, if the gentleman will permit, the gentleman will find on page 375 of the hearings a statement showing the amount of money necessary to pay 86,158 officers and 2,033,345 men for one year.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FITZGERALD. I might say, Mr. Chairman, that the gentleman from Kentucky will put a statement in the Record which shows the amount paid for a certain number of officers and a certain number of men.

Mr. FESS. All right.

Mr. FITZGERALD. So it will be available for the information of Members. The statement is as follows:

86,158 officers, 2,033,345 men, one year.

	Needed.	Appropriated.	To be provided.
85,976 officers, at \$2,313 each (not including Philippine Scouts).....	\$198,862,488.00	\$92,167,612.00	\$106,694,876.00
Service pay.....	3,758,625.00	3,258,636.00	500,000.00
Aviation increase.....	1,500,000.00	.....	1,500,000.00
2,027,612 enlisted men (not including Philippine Scouts).....	798,258,652.00	321,803,816.00	476,440,236.00
Service pay.....	5,000,000.00	4,703,519.92	296,480.08
Marksmanship, mess sergeant, etc.....	2,000,000.00	2,000,000.00	.....
Aviation increase.....	400,000.00	50,000.00	350,000.00
Clerks, office Chief of Staff.....	150,240.00	137,190.00	13,050.00
Army field clerks.....	5,834,080.00	1,496,480.00	4,337,600.00
Foreign-service pay.....	7,600.00	7,600.00	.....
Heat and light.....	53,742.00	53,742.00	.....
Fieldclerks, Quartermaster Corps.....	70,000.00	70,000.00	.....
Reserve veterinarians.....	700,000.00	700,000.00	.....
Contract surgeons.....	75,000.00	75,000.00	.....
Superintendent Nurse Corps.....	1,800.00	1,800.00	.....
Nurses (female).....	9,494,560.00	751,622.00	8,742,938.00
Military laws.....	5,000.00	5,000.00	.....
Acting judge advocates.....	15,000.00	4,000.00	11,000.00
Retired officers.....	2,762,420.00	2,762,420.00	.....
Service pay.....	486,990.00	486,990.00	.....
Increase for active service.....	900,000.00	500,000.00	400,000.00
Other retirement items.....	71,842.20	71,842.20	.....
Retired enlisted men.....	3,179,356.00	3,179,356.00	.....
Active duty.....	100,000.00	50,000.00	50,000.00
Regular Army Reservists on active duty.....	125,000.00	108,000.00	17,000.00
Hospital matrons.....	3,600.00	3,600.00	.....
Courts-martial.....	250,000.00	250,000.00	.....
Officer in charge public buildings and grounds.....	500.00	500.00	.....
Commutation quarters, heat and light.....	2,500,000.00	1,500,000.00	1,000,000.00
Interest on soldiers' deposits.....	150,000.00	150,000.00	.....
Expert accountant.....	2,500.00	2,500.00	.....
Extra-duty pay.....	62,892.55	62,892.55	.....
Mileage.....	2,000,000.00	1,250,000.00	750,000.00
Foreign-service pay:			
Officers.....	10,206,055.70	250,000.00	9,956,055.70
Men.....	46,242,858.00	800,000.00	45,442,858.00



86,153 officers, 2,033,345 men, one year—Continued.

	Needed.	Appropriated.	To be provided.
Computer.....	\$2,500.00	\$2,500.00	.....
Exchange.....	75,000.00	600.00	\$74,400.00
Reenlistment bounty.....	150,500.00	150,500.00	.....
6 months' gratuity.....	25,000,000.00	75,000.00	24,925,000.00
1 year's gratuity.....	500,000.00	5,000.00	495,000.00
Pay for mounts.....	250,000.00	250,000.00	.....
Pensions.....	4,200.00	4,200.00	.....
Philippine Scouts:			
Officers.....	471,712.32	471,712.32	.....
Men.....	660,766.22	660,766.22	.....
Total.....	1,122,344,881.08	440,339,387.30	682,005,493.78

The Clerk read as follows:

The appropriations of the Quartermaster Corps shall be available for the pay of 1 captain, 1 first lieutenant, and 43 enlisted men of Troop A, North Carolina Cavalry, for one day in April, 1917, and the subsistence of the enlisted men at 40 cents each for one day.

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman please explain that provision in lines 1 to 5, page 23?

Mr. FITZGERALD. Troop A of the North Carolina Cavalry had been in the service on the Mexican border. It returned and was mustered out. The commanding officer of the department in which North Carolina is located, I think it is now the Southeastern, and it was then the Eastern division, not knowing that they had been mustered out ordered them on some special duty and they responded. It was then ascertained that they were not in the Federal service; they were immediately directed to quit. Having been mustered out of the Federal service there was no authority to pay their subsistence. This merely authorizes the allowance of the subsistence for one day for which they rendered service although not in the Federal service. In view of the fact they had responded to order, although not in the service and had rendered the service they were called upon to render, the committee felt it is only proper that the regular allowance for the ration for subsistence for that day should be authorized to be paid.

The Clerk read as follows:

Subsistence of the Army: Purchase of subsistence supplies: For issue as rations to troops, including enlisted men of the Regular Army Reserve and retired enlisted men when ordered to active duty, civil employees when entitled thereto, hospital matrons, nurses, applicants for enlistment while held under observation, general prisoners of war (including Indians held by the Army as prisoners, but for whose subsistence appropriation is not otherwise made), Indians employed with the Army as guides and scouts, and general prisoners at posts; for the subsistence of the masters, officers, crews, and employees of the vessels of the Army transport service; hot coffee for troops traveling when supplied with cooked or travel rations; meals for recruiting parties and applicants for enlistment while under observation; for sales to officers, including members of the Officers' Reserve Corps, while on active duty, and enlisted men of the Army. For payments: Of commutation of rations to the cadets of the United States Military Academy in lieu of the regular established ration, at the rate of 40 cents per ration; of the regulation allowances of commutation in lieu of rations to enlisted men on furlough, enlisted men, and male and female nurses, when stationed at places where rations in kind can not be economically issued, including enlisted men of the Regular Army Reserve and retired enlisted men when ordered to active duty, and when traveling on detached duty where it is impracticable to carry rations of any kind, enlisted men selected to contest for places or prizes in departments and Army rifle competitions while traveling to and from the places of contest, male and female nurses on leaves of absence, applicants for enlistment, and general prisoners while traveling under orders; of commutation of rations in lieu of the regular established ration for members of the Nurse Corps (female) while on duty in hospital, at 40 cents per ration, and for enlisted men, applicants for enlistment while held under observation, and general prisoners sick therein, at the rate of 40 cents per ration (except that at the general hospital at Fort Bayard, New Mexico, 50 cents per ration and at other general hospitals 40 cents per ration are authorized for enlisted patients therein), to be paid to the surgeon in charge; advertising; for providing prizes to be established by the Secretary of War for enlisted men of the Army who graduate from the Army schools for bakers and cooks, the total amount of such prizes at the various schools not to exceed \$900 per annum; for other necessary expenses incident to the purchase, testing, care, preservation, issue, sale, and accounting for subsistence supplies for the Army, \$175,000,000.

Mr. WINGO. Mr. Chairman, I should like to ask the chairman of the committee to explain the provision contained in lines 20 and 21, page 23, "for sales to officers, including officers of the Officers' Reserve Corps, while on active duty, and enlisted men of the Army." What does that provision mean? Now, that is in the subsistence section of the Army.

Mr. FITZGERALD. Officers have to subsist themselves, and this permits them to purchase from the quartermasters the food, and the fund is then reimbursed.

Mr. WINGO. In other words, this language is simply for the purpose of authorizing sales to the officers, and the proceeds are returned to this fund?

Mr. FITZGERALD. That is my understanding.

Mr. WINGO. Well, now, what provision is made for the rationing of those men on their way, for instance, to these different posts; reserve officers sent, for instance, to Fort Logan Root; what provision is made for their rationing?

Mr. FITZGERALD. The gentleman means drafted men?

Mr. WINGO. I have in mind some men who were sent on a long trip who had absolutely no provision made for them whatever for supplies, and the women in one town had to get up at 3 or 4 o'clock in the morning to take care of these men and give them food.

Mr. FITZGERALD. My recollection, from reading hastily the directions and regulations of the provost marshal, is that these district boards assemble the men and they select one man to have charge of a squad or group, and he is given authority to buy—

Mr. WINGO. But these are not drafted men I had in mind; they were men already in the service, and I think they were officers or noncommissioned officers and enlisted men about which there was complaint, and they were sent on a train where no provision was made for them.

Mr. FITZGERALD. If they are officers, they get a mileage allowance.

Mr. WINGO. Do the noncommissioned officers get a mileage allowance?

Mr. FITZGERALD. A noncommissioned officer, if he is traveling on orders, gets his transportation and he gets his allowance for subsistence.

Mr. WINGO. The majority of these were either commissioned or noncommissioned officers, although there were some enlisted men with them.

Mr. FITZGERALD. I am not sufficiently familiar with how it would work out. It may be at times some men will be sent from one place to another where, through some mix up, they might be found without subsistence. If these men traveled without money—

Mr. WINGO. They had money, but there had been no arrangements made, and they could not get any arrangements made at hotels or eating houses. And the ladies of the Red Cross in one town were advised of their predicament and got up before day and prepared food for them.

Mr. FITZGERALD. I am not sufficiently familiar with the operations of the military forces to know just how such a situation would be taken care of.

Mr. WINGO. I have not found anybody else that could tell me.

The Clerk read as follows:

Regular supplies, Quartermaster Corps: Regular supplies of the Quartermaster Corps, including their care and protection; construction and repair of military reservation fences; stoves and heating apparatus required for heating offices, hospitals, barracks and quarters, and recruiting stations, and United States disciplinary barracks; also ranges, stoves, coffee roasters, and appliances for cooking and serving food at posts, in the field, and when traveling, and repair and maintenance of such heating and cooking appliances; and the necessary power for the operation of moving-picture machines; authorized issues of candles and matches; for furnishing heat and light for the authorized allowance of quarters for officers, including members of the Officers' Reserve Corps when ordered to active duty, and enlisted men, including enlisted men of the Regular Army Reserve and retired enlisted men when ordered to active duty; contract surgeons when stationed at and occupying public quarters at military posts; for officers of the National Guard attending service and garrison schools, and for recruits, guards, hospitals, storehouses, offices, the buildings erected at private cost, in the operation of the act approved May 31, 1902; for sale to officers, and including also fuel and engine supplies required in the operation of modern batteries at established posts; for post bakeries, including bake ovens and apparatus pertaining thereto, and the repair thereof; for ice machines and their maintenance where required for the health and comfort of the troops and for cold storage; ice for issue to organizations of enlisted men and offices at such places as the Secretary of War may determine, and for preservation of stores; for the construction, operation, and maintenance of laundries at military posts in the United States and its island possessions; for the authorized issues of laundry materials for use of general prisoners confined at military posts without pay or allowances, and for applicants for enlistment while held under observation; authorized issues of soap; for hire of employees; for the necessary furniture, textbooks, paper, and equipment for the post schools and libraries and for textbooks for noncommissioned officers' schools, including subscriptions for newspapers, periodicals, and magazines for use of enlisted men, as may be authorized by the Secretary of War; for the purchase and issue of instruments, office furniture, stationery, and other authorized articles for the use of officers' schools at the several military posts; for purchase of relief maps for issue to organizations, commercial newspapers, market reports, etc.; for the tableware and mess furniture for kitchens and mess halls, each and all for the enlisted men, including recruits; for forage, salt, and vinegar for the horses, mules, oxen, and other draft and riding animals of the Quartermaster Corps at the several posts and stations and with the armies in the field, and for the horses of the several regiments of Cavalry and batteries of Artillery and such companies of Infantry and scouts as may be mounted; for remounts and for the authorized number of officers' horses, including bedding for the animals; for seeds and implements required for the raising of forage at remount depots and on military reservations in the Hawaiian and Philippine Islands and for labor and expenses incident thereto, including, when specifically authorized by the Secretary of War, the cost of irrigation; for straw for soldiers' bedding, stationery, typewriters and



exchange of same, including blank books and blank forms for the Quartermaster Corps, certificates for discharged soldiers, and for printing department orders and reports, \$100,000,000.

Mr. COOPER of Wisconsin. Mr. Chairman, will the chairman of the committee please explain what is meant by the use of the term "general prisoners," at the end of line 11 and at the beginning of line 12, on page 26? What is meant by the expression "general prisoners"?

Mr. FITZGERALD. I understand they are the ordinary prisoners of the Army. This is the term used in the appropriating provision of the Army act, and in making appropriations for deficiencies we carry the exact language of the original law. My understanding is that the term "general prisoner," however, relates to the ordinary military culprit. That is the technical, common method of describing him. There may be a prisoner who would be a prisoner of war, but if he is a general prisoner they distinguish him in this way.

Mr. COOPER of Wisconsin. Then, Mr. Chairman, do I understand that the expression "general prisoner" would mean one of our own soldiers or sailors, men in the military or naval service of the Government, who was in prison?

Mr. FITZGERALD. One of our own soldiers. This is the Army item.

Mr. COOPER of Wisconsin. I mean one of our own soldiers.

Mr. FITZGERALD. Mr. Chairman, in line 7, page 26, I ask unanimous consent to change the word "offices" to "officers."

The CHAIRMAN. Without objection the amendment as indicated will be agreed to.

There was no objection.

The Clerk read as follows:

Incidental expenses, Quartermaster Corps: Postage; cost of telegrams on official business received and sent by officers of the Army, including members of the Officers' Reserve Corps, when ordered to active duty; extra pay to soldiers employed on extra duty, under the direction of the Quartermaster Corps, in the erection of barracks, quarters, and storehouses, in the construction of roads, and other constant labor for periods of not less than 10 days; as additional school-teachers during the school term at post schools, and as clerks for post quartermasters at military posts, and for overseers of general prisoners at posts designated by the War Department for the confinement of general prisoners, and for the United States disciplinary barracks guard; of extra-duty pay at rates to be fixed by the Secretary of War for mess stewards and cooks at recruit depots, who are graduates of the schools for bakers and cooks, and instructor cooks at the schools for bakers and cooks; for expenses of express to and from frontier posts and armies in the field; of escorts to officers or agents of the Quartermaster Corps to trains where military escorts can not be furnished; authorized office furniture, authorized issues of towels; hire of laborers in the Quartermaster Corps, including the care of officers' mounts when the same are furnished by the Government, and the hire of interpreters, spies, or guides for the Army; compensation of clerks and other employees to the officers of the Quartermaster Corps, and clerks, foremen, watchmen, and organist for the United States disciplinary barracks, and incidental expenses of recruiting; for the apprehension, securing, and delivering of deserters, including escaped military prisoners, and the expenses incident to their pursuit, and no greater sum than \$50 for each deserter or escaped military prisoner shall, in the discretion of the Secretary of War, be paid to any civil officer or citizen for such services and expenses; for a donation of \$5 to each dishonorably discharged prisoner upon his release from confinement under court-martial sentence involving dishonorable discharge; for the following expenditures required for the several regiments of Cavalry, the batteries of Field Artillery, and such companies of Infantry and Scouts as may be mounted, the authorized number of officers' horses, and for the trains, to wit, purchase of picket ropes, blacksmith's tools and materials, horseshoes, and blacksmith's tools for the Cavalry service, and for the shoeing of horses and mules; chests and issue outfits; and such additional expenditures as are necessary and authorized by law in the movements and operations of the Army, and at military posts, and not expressly assigned to any other department, \$8,000,000.

Mr. COOPER of Wisconsin. Mr. Chairman, I would like to ask the chairman of the committee one question. In line 10, page 29, is the language, "for a donation of \$5 to each dishonorably discharged prisoner upon his release from confinement under court-martial sentence involving dishonorable discharge." He might be 2,000 miles from home, and \$5 would do nothing for him. If you are going to give anything to him, why do you not give him enough so that he can get home?

Mr. FITZGERALD. My recollection is that the discharged soldier who is in prison is transported to the place of his enlistment upon his discharge. He is given a suit of civilian clothing and \$5 in cash in order to start him in life.

Mr. COOPER of Wisconsin. Mr. Chairman, the gentleman will note from that language that he is to be paid \$5 upon his release from confinement. For example, he might be confined at Fort Leavenworth, Kans. If he were released from that confinement, they would hand him \$5?

Mr. FITZGERALD. No. I stated upon his discharge from confinement under court-martial sentence involving dishonorable discharge. If he has been convicted of an offense which results in his dishonorable discharge, it is accompanied by a penalty by which he forfeits all pay and allowance. Therefore, when he is discharged he has no money coming to him from his pay

account. So he is furnished with transportation from the place of his confinement to the place of his enlistment. He is given a suit of civilian clothes, which costs about \$10, and he is given \$5 in cash with which to provide any little luxury that he may require on his trip.

Mr. STAFFORD. If the gentleman will permit, I ask the chairman's attention to the appropriation for travel allowance for such discharged soldiers from disciplinary barracks or other place of confinement, as found at the bottom of page 30 of the bill.

Mr. FITZGERALD. I stated that they were transported.

Mr. WINGO. Mr. Chairman, does the chairman of the committee recall at the moment what allowances are made to the enlisted man when he is given an honorable discharge?

Mr. FITZGERALD. No allowances are given to him when he has an honorable discharge.

Mr. WINGO. Is he given transportation back home?

Mr. FITZGERALD. My recollection is that he is entitled to transportation to the place of his enlistment.

Mr. WINGO. Now, the man who gets a dishonorable discharge gets this \$5 donation, which is more than a man receives who gets an honorable discharge?

Mr. FITZGERALD. The fact is this, that the man who has a dishonorable discharge has been usually confined for a considerable period in a military prison. All of his pay and allowances have been forfeited, so that at the time of his discharge he has no account which has to be adjusted by the payment to him of a certain sum in settlement of his account. He is discharged without anything. And it has become the practice to give him this gratuity.

The enlisted man who terminates his service by the termination of his enlistment, or by reason of some physical disability, when his accounts are adjusted usually has coming to him a considerable sum.

Mr. WINGO. So that is the reason why this \$5 donation is given to the dishonorably discharged man?

Mr. FITZGERALD. Yes; because he is absolutely without means.

Mr. WINGO. Because when he is dishonorably discharged he forfeits his accumulated allowances?

Mr. FITZGERALD. Yes; that is all that he will have.

Mr. COOPER of Wisconsin. Mr. Chairman, if the gentleman will permit, I want to call the attention of the gentleman from Wisconsin [Mr. STAFFORD] to the provision to which he refers on line 21, page 30, for traveling expenses:

For travel allowance to persons on their discharge from the United States disciplinary barracks or from anywhere in which they have been held under a sentence of dishonorable discharge and confinement for more than six months.

But suppose he is not in confinement for more than three months?

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. COOPER of Wisconsin. Yes.

Mr. STAFFORD. I venture the suggestion that their pay and emoluments are only forfeited when they are sentenced for imprisonment more than six months.

Mr. FITZGERALD. Evidently he does not get his transportation. I do not know why this particular period was determined upon, but it is the practice.

Mr. COOPER of Wisconsin. But if the statute in precise terms gives to a man who has been in confinement for six months a traveling allowance, no man who has not been confined for six months would, under this statute, get any traveling allowance, because the mention of one thing is the exclusion of the other in statutory construction.

Mr. FITZGERALD. As to that I shall agree with the gentleman.

Mr. COOPER of Wisconsin. I thought the gentleman would agree to it. Now, then, what becomes of the man who has been in confinement for three or four or five months?

Mr. FITZGERALD. I do not know.

Mr. COOPER of Wisconsin. He is handed \$5 on his discharge, to indulge in those luxuries that the gentleman spoke of awhile ago, but he can not go home.

Mr. FITZGERALD. I am not sufficiently familiar, let me say to the gentleman from Wisconsin, with the ways of unfortunate men who have dishonorable discharges to be able to discuss their situation, and I am not familiar with the practice of the department.

Mr. COOPER of Wisconsin. That is an important point the way this statute reads.

Mr. FITZGERALD. It is a matter that has been settled by years of practice. The reason for this particular distinction I do not know.



The CHAIRMAN. The pro forma amendment will be withdrawn. The Clerk will read.

The Clerk read as follows:

Transportation of the Army and its supplies: For transportation of the Army and its supplies, including transportation of the troops when moving either by land or water, and of their baggage, including members of the Officers' Reserve Corps, enlisted men of the Enlisted Reserve Corps, and retired enlisted men when ordered to active duty, including the cost of packing and crating; for transportation of recruits and recruiting parties; of applicants for enlistment between recruiting stations and recruiting depots; for travel allowance to officers and enlisted men on discharge; for payment of travel allowance as provided in section 126 of the act approved June 3, 1916, to enlisted men of the National Guard on their discharge from the service of the United States, and to members of the National Guard who have been mustered into the service of the United States and discharged on account of physical disability; for payment of travel pay to officers of the National Guard on their discharge from the service of the United States, as prescribed in the act approved March 2, 1901; for travel allowance to persons on their discharge from the United States disciplinary barracks or from any place in which they have been held under a sentence of dishonorable discharge and confinement for more than six months, or from St. Elizabeth's Hospital after transfer thereto from such barracks or places, to their homes (or elsewhere as they may elect), provided the cost in each case shall not be greater than to the place of last enlistment; of the necessary agents and other employees, including per diem allowances in lieu of subsistence not exceeding \$4 for those authorized to receive the per diem allowance; of clothing and equipment and other quartermaster stores from Army depots or places of purchase or delivery to the several posts and Army depots and from those depots to the troops in the field; of horse equipment; of ordnance and ordnance stores, and small arms from the foundries and armories to the arsenals, fortifications, frontier posts, and Army depots; for payment of wharfage, tolls, and ferriages; for transportation of funds of the Army; for the hire of employees; for the payment of Army transportation lawfully due such land-grant railroads as have not received aid in Government bonds (to be adjusted in accordance with the decisions of the Supreme Court in cases decided under such land-grant acts), but in no case shall more than 50 per cent of full amount of service be paid: *Provided*, That such compensation shall be computed upon the basis of the tariff or lower special rates for like transportation performed for the public at large and shall be accepted as in full for all demands for such service: *Provided further*, That in expending the money appropriated by this act a railroad company which has not received aid in bonds of the United States, and which obtained a grant of public land to aid in the construction of its railroad on condition that such railroad should be a post route and military road, subject to the use of the United States for postal, military, naval, and other Government services, and also subject to such regulations as Congress may impose restricting the charge for such Government transportation, having claims against the United States for transportation of troops and munitions of war and military supplies and property over such aided roads, shall be paid out of the moneys appropriated by the foregoing provision only on the basis of such rate for the transportation of such troops and munitions of war and military supplies and property as the Secretary of War shall deem just and reasonable under the foregoing provision, such rate not to exceed 50 per cent of the compensation for such Government transportation as shall at that time be charged to and paid by private parties to any such company for like and similar transportation; and the amount so fixed to be paid shall be accepted as in full for all demands for such service: *And provided further*, That nothing in the preceding provisions shall be construed to prevent the accounting officers of the Government from making full payment to land-grant railroads for transportation of property or persons where the courts of the United States have held that such property or persons do not come within the scope of the deductions provided for in the land-grant acts; for the purchase and hire of draft and pack animals in such numbers as are actually required for the service, including reasonable provision for replacing unserviceable animals; for the purchase, hire, operation, maintenance, and repair of such harness, wagons, carts, drays, other vehicles, and motor-propelled and horse-drawn passenger-carrying vehicles, as are required for the transportation of troops and supplies, and for official, military, and garrison purposes; for drayage and cartage at the several depots; for the hire of teamsters and other employees; for the purchase and repair of ships, boats, and other vessels required for the transportation of troops and supplies and for official, military, and garrison purposes; for expenses of sailing public transports and other vessels on the various rivers, the Gulf of Mexico, and the Atlantic and Pacific Oceans, \$350,000,000.

Mr. STAFFORD. Mr. Chairman, I reserve a point of order on the paragraph.

The CHAIRMAN. The gentleman from Wisconsin reserves a point of order on the paragraph.

Mr. STAFFORD. I wish to inquire whether the phraseology of this paragraph, which consists of three pages and a half, is identical in language with that of the existing law?

Mr. FITZGERALD. The language of this provision is identical with the language of the Army appropriation bill, with two slight changes. The title of the Government Hospital for the Insane is carried in its proper form—"St. Elizabeth's Hospital," and the provision for the transportation of supplies furnished to the militia for the permanent equipment thereof is eliminated, because there is no such transportation at this time.

Mr. STAFFORD. Then, as I understand the gentleman the limitation which is found on page 32, lines 12 to 20, "not to exceed 50 per cent for transportation charged to private parties," is now existing law?

Mr. FITZGERALD. This language is identical, and payment up to 50 per cent is made under a decision of the Supreme Court. Land-grant roads brought some suits a great many years ago—40 years ago—and the Supreme Court held that they were entitled to compensation for the use of the rolling stock and equipment up to 50 per cent of the charges made to the general public, and

these are the provisions that are carried in the Army appropriation bill.

Mr. STAFFORD. Did the subcommittee make any inquiry as to the means and the railroads that are utilized in the transportation of the Army from northern camps to southern camps and cantonments?

Mr. FITZGERALD. No. Some of the Members knew that the facilities of the railroads would be overtaxed in transporting these men, and that the railroads themselves, by means of a committee, were attempting to so arrange matters that the men could be transported without inconvenience. I had that information because of conversations with men in charge of the work.

Mr. STAFFORD. Is the Government utilizing the land-grant roads for the transportation of the troops wherever it is possible and obtaining the reduced rates, or is the Government sending troops indiscriminately over any roads that may be favorably situated?

Mr. FITZGERALD. I have no information on the subject.

Mr. WINGO. Were any representations made to the committee with reference to claims of the railroads that the extraordinary demands upon them by reason of the present emergency were beyond those contemplated at the time of these grants, and did they ask for relief? Was there any representation made by the railroads to get relief?

Mr. FITZGERALD. The committee had one matter presented to it. The Missouri Pacific has obtained control of roads 180 miles long in Illinois. Its original grant in 1853 was identical with the grant under which the land-grant railroads are now being compensated. In 1866 the grant was revived and extended and a provision inserted that made it somewhat different, and the War Department has held that under the wording of their grant they are entitled to no compensation. A cantonment has been established on their line, where 40,000 men will be assembled. An extraordinary service will be imposed on the road, and a service, in my opinion, that would not be contemplated and that would be very unusual. It may be that this road has very considerable equitable claims for some relief under those circumstances.

Mr. WINGO. But you do not attempt to meet that equitable claim in this bill at all?

Mr. FITZGERALD. We have not, because we believed it was a matter that should be taken up and adjusted after a more thorough consideration than it would be possible for the Committee on Appropriations to give. It involves a question as to whether or not Congress contemplated any conceivable service that might be imposed, and it involved a question as to the wisdom and desirability of modifying the terms of a land grant, and there were so many other questions of very grave public policy that I was not willing to enter seriously into the consideration of the matter.

Mr. WINGO. I agree with the gentleman that if taken up it should be as a separate proposition.

Mr. FITZGERALD. I might add that my position was fortified by the fact that the matter was not presented by the department, but by a representative of the Missouri Pacific Railroad. It seemed to the committee that if relief of this character was granted, it ought to come before Congress in the form of a recommendation from the department.

Mr. WINGO. And it ought to go as an original proposition to be considered separately. There is nothing in this bill to change the status of the land-grant proposition?

Mr. FITZGERALD. There is nothing in this bill which changes the present situation. The War Department, under an arrangement which has been made with railroads other, I assume, than land-grant railroads, gets a 5 per cent reduction on passenger transportation.

Mr. WINGO. But that does not affect the question of the land-grant act?

Mr. FITZGERALD. It does not.

Mr. WINGO. That was my sole purpose to ascertain whether any effort had been made and whether you attempted to meet it in this bill.

Mr. FITZGERALD. The only attempt is the one which I have called attention to, and no change was made in the language that has been carried for some time.

Mr. STAFFORD. Mr. Chairman, I withdraw the reservation of the point of order.

The clerk read as follows:

*Provided*, That all the money heretofore appropriated under the titles Subsistence of the Army; Regular supplies, Quartermaster Corps; Incidentals, Quartermaster Corps; Transportation of the Army and its supplies; Water and sewer at military posts; and Clothing and camp and garrison equipment shall be disbursed and accounted for by officers and agents of the Quartermaster Corps as "Supplies, services, and transportation, Quartermaster Corps," and for that purpose shall constitute one fund.



Mr. COOPER of Wisconsin. Mr. Chairman, I would like to ask the gentleman from New York if the officers or persons who disburse this fund are any different from the officers who disbursed the funds before the arrangement was made. This provides that it shall constitute one fund. Do the same disbursing officers control all of the other expenditures?

Mr. FITZGERALD. This is not a new proposition. The practice is, in the Army appropriation bill, after specific appropriations are made for the pay of officers of various grades and enlisted men, to put in a provision which makes all of these amounts one sum to be disbursed by the officers. In the appropriation for transportation of the Army, water, sewers at military posts, clothing, camp and garrison equipage, which are all made specifically for the quartermaster's department, the Army bill carries the provision that they shall constitute one fund and be disbursed as such.

As to the wisdom of that provision there may be some room for argument, but unless these deficiency appropriations are made disbursable in the same manner, then it would be necessary for the quartermaster's department to open new accounts, change their whole system of disbursement and of accounting for the moneys carried in this bill.

Mr. COOPER of Wisconsin. What I want to know is this. Such appropriations are made for specific purposes. Can the disbursing officer use any of the money appropriated for one specific purpose for a different purpose than that specifically mentioned?

Mr. FITZGERALD. What happens is this. A disbursing officer will have to his credit money for barracks and quarters, water and sewers, and other matters like transportation. He may not have enough money for water and sewers to meet the vouchers that come to him, but he has funds in the appropriation for barracks and quarters.

Mr. COOPER of Wisconsin. That is exactly the answer I want.

Mr. FITZGERALD. And under this particular appropriation for the purpose of disbursements it constitutes one fund.

Mr. COOPER of Wisconsin. Precisely, so if there is an appropriation for a specific purpose he could, in his discretion, use the money appropriated for another specific purpose to meet the expenditure?

Now, there is, as the gentleman from New York has said, an opportunity for very serious doubts as to the wisdom of any such provision.

Mr. FITZGERALD. I have never commended this practice, but that is the form in which the appropriations were carried in the Army appropriation bill. The Committee on Appropriations has jurisdiction only when deficiency appropriations are to be made; however, unless the same language were carried it would so upset and disarrange the system in force that it is much more desirable to have the one system than to have two systems governing the same period.

Mr. COOPER of Wisconsin. I will say to the gentleman from New York that it is obvious that in making the general deficiency bill, which this is, you must follow the language of the Military Committee, but there are State constitutions which expressly prohibit the expenditure of one penny of money appropriated for a specific purpose for another purpose. There ought not to be any discretion left in the disbursing officer to take money appropriated by Congress for a specific purpose and employ it to meet another expenditure. You put them all into one fund, and it leaves him the whole discretion.

Mr. FITZGERALD. It in effect nullifies the segregation of the fund. Congress has been doing it for a great many years. I have called the attention to it at different times of the members of the Committee on Military Affairs, who give these matters more immediate attention than I do, but both Houses acquiesce in it, and I do not feel that I am in a position to set my judgment up against theirs.

Mr. COOPER of Wisconsin. I am free to say that my attention was never called to it until I was reading this provision. I remember that when we enacted the Philippine organic act I took occasion myself in helping to draw that up to take from the constitution of the State of Wisconsin a provision which absolutely prohibits the expenditure of any money appropriated for a specific purpose for another purpose, and that ought to be the law here.

Mr. SNOOK. Mr. Chairman, I want to call the attention of gentlemen to the language in line 16, page 34, issuing housewives to the Army. Will the gentleman explain what that means?

Mr. FITZGERALD. A housewife is a very necessary essential incident to the soldier. It is a kit consisting of sewing material—a seamstress's outfit—needles, pins, thread, buttons,

and other accessories with which I am not intimately acquainted—for the convenience of the soldier.

Mr. ROBBINS. Mr. Chairman, I would like to ask if the gentleman from New York will explain lines 22, 23, and 24, for extending the right to collect for clothing destroyed back to the years 1898, covering a period of 19 years? Why has not the item been cared for annually? What proof would there be of clothing lost 19 years ago? That seems to be an unusual provision in this bill, and I would like to ask the gentleman what is the purpose of it?

Mr. FITZGERALD. The act of April 22, 1898, authorized the reimbursement to officers and enlisted men for clothing and bedding which the medical officers, for sanitary reasons, for the protection of the health of officers and men of the Army, ordered destroyed; and since the passage of that act authority has been contained in this appropriation to make that reimbursable. Sometimes these accounts take some time in going through, but it does not amount to a very considerable sum; and this is not intended to make reimbursements of unsettled accounts in the past to any considerable number, but the bill follows the wording originally adopted, which has enabled the department to keep the settlements of the accounts current.

Mr. WINGO. Mr. Chairman, I move to strike out the section. I would like to ask the gentleman from New York if any part of the \$23,000,000 for water and sewers is to be used at Fort D. A. Russell, Wyo.; and if so, how much? Is it contemplated to put an extensive new water system there to bring water a distance in order to meet the failure of the water supply at that fort?

Mr. FITZGERALD. This is mostly for the cantonments and the National Guard camps.

Mr. WINGO. This, as I understand it, is limited to water and sewer for military posts already established and not for the cantonments.

Mr. FITZGERALD. The detailed statements furnished the committee showed that the water—

Mr. WINGO. Does it show how much is for that particular fort?

Mr. FITZGERALD. There is no statement showing what is for each particular post, and the money is not intended for the Regular Army posts. This money is the money required for sewer and water accommodations that are being provided for the new army that is being assembled.

Mr. WINGO. The gentleman states that this is not for the purpose I have stated, for a new water system for Fort Russell?

Mr. FITZGERALD. I do not believe that any of it is intended to be expended at Fort D. A. Russell, in Wyoming; the money is requested for the expenditure in connection with the national cantonments and the National Guard camps. About \$19,000,000 are for the National Army cantonments and about \$4,000,000 for the National Guard camps.

Mr. WINGO. The gentleman recognizes the fact that under the language used here they could take every cent of the \$23,000,000 and use it at present existing military posts. As a matter of fact, there is no provision at all for cantonments in this section.

Mr. FITZGERALD. They could do it, but if they did so they would not provide the water and sewer facilities absolutely essential for those places where the Army is to be assembled, and there is very little likelihood that the money would be diverted.

Mr. WINGO. Of course, the greater part of this sum would be used for water systems. I take it that the great bulk of the \$23,000,000 is to be used for the water system.

Mr. FITZGERALD. The sewer system is expensive, too.

Mr. WINGO. Yes; the sewer and water systems would probably be constructed jointly.

Mr. FITZGERALD. But the water supply would be the larger part, probably, because the same extent of sewer system does not exist in the National Guard camps, although considerable provision must be made for the water supply.

Mr. WINGO. Here is the point that I had in mind. This does not provide that this money shall be expended at these cantonments, nor even are the cantonments provided for except by necessary implication.

Mr. FITZGERALD. It is not entirely for that purpose.

Mr. WINGO. Did the hearings show they were going to use this at existing forts?

Mr. FITZGERALD. This money was required to complete—

Mr. MONDELL. Mr. Chairman, will the gentleman yield?

Mr. WINGO. One at a time is all that I can yield to.

Mr. FITZGERALD. The money was requested to enable the department to furnish sewers and water needed for cantonments and camps. There is available for expenditure during this fiscal year at the Regular Army posts, in addition to the sums requested



and recommended because of this emergency construction, \$2,000,000. If it were determined by the War Department to be desirable or necessary or expedient to expend a considerable sum at Fort D. A. Russell, in Wyoming, or at any other Regular Army post, the funds are available for that purpose.

Mr. WINGO. Does not the gentleman think that if they wanted to go to the expenditure of three and a quarter million dollars for a new water system for any fort they should go into detail and disclose the fact to the committee so that the committee could disclose that fact to the House?

Mr. FITZGERALD. I think they should, and as they have indicated to the committee pretty thoroughly—

Mr. WINGO. They have spent vast sums out of appropriations before without calling the attention of the Committee on Appropriations to it.

Mr. FITZGERALD. I do not think there is that danger, but the gentleman asked me if I could give assurance that this money would not be expended at Fort Russell, and as I would have no control over this expenditure after it becomes a law I decline to be a guaranty to that extent.

Mr. WINGO. The gentleman does not think that a large part of this is to be used on that one fort?

Mr. FITZGERALD. No.

Mr. WINGO. I now yield to the gentleman from Wyoming.

Mr. MONDELL. The gentleman made inquiries as to whether any part of this appropriation was to be used for a water supply at Fort D. A. Russell, Wyo. I am wondering why the gentleman made that inquiry. Would it not be entirely proper to so use it if it were needed?

Mr. WINGO. The gentleman asked a question, and I want to answer it. I made the inquiry because, as a member of the Committee on Expenditures in the War Department, I have literature from both sides of the question as to the water supply at Fort D. A. Russell, and I understand that the citizens out there are very much gratified at the prospect of having a considerable portion of the \$23,000,000 expended there, which, of course, must be gratifying to the gentleman from Wyoming, and, if it is true, I am sure the gentleman from Wyoming knows whether it is or not, and I will ask him whether or not it is contemplated—

The CHAIRMAN. The time of the gentleman has expired.

Mr. WINGO. Mr. Chairman, I would ask for five more minutes.

The CHAIRMAN. Is there objection? [After a pause.] The Chairs hears none.

Mr. MONDELL. I will be glad to reply in my own time.

Mr. WINGO. I want to ask the gentleman whether or not he is advised if there is a probability of a considerable sum of this being used for the water supply at Fort D. A. Russell?

Mr. MONDELL. Mr. Chairman, I shall reply to that, if I may have the time.

Mr. WINGO. No; I am exceedingly anxious that this bill should pass.

Mr. MONDELL. The gentleman has said that this is a question—

Mr. WINGO. The gentleman can answer whether he has information or not to throw light on this.

Mr. MONDELL. I take it for granted if any is needed there it will probably be used.

Mr. WINGO. Has the gentleman been advised that there is a large amount needed?

Mr. MONDELL. No; I have not been advised that any very large sum is needed.

Mr. WINGO. Well, I am satisfied because I want to say if there is anything needed there for that purpose that the very diligent gentleman from Wyoming would have found it out first.

Mr. MONDELL. I assume what may be needed for any purpose at that or any other post will be used there. I shall take it for granted that the War Department will do its duty in the expenditure of this money.

Mr. WINGO. Judging from what investigation I have been able to make, I doubt not at all that that fort will be able to get everything it needs and I fear everything it thinks it needs. It has in the past I understand and some things it did not need measured from the standpoint of public necessity.

Mr. MONDELL. Mr. Chairman, I move to strike out the last two words.

Mr. WINGO. My motion was to strike out the section.

The CHAIRMAN. The gentleman from Arkansas moved to strike out the section and the Chair will recognize the gentleman from Wyoming in opposition.

Mr. MONDELL. Mr. Chairman, I would not take up the time of the committee at this time to discuss the matter that had been referred to by the gentleman from Arkansas if it were not for

the fact that the gentleman has stated that his committee has been bombarded by parties, as he says, on both sides of the question of the water supply at Fort D. A. Russell.

Mr. WINGO. Will the gentleman yield? I know the gentleman wants to be accurate.

Mr. MONDELL. Yes.

Mr. WINGO. The gentleman misquoted me. I did not say that. I said that as a member of the committee I had been bombarded with literature, newspaper clippings, and other information, both pro and con, on this question.

Mr. MONDELL. I think if the gentleman will carefully examine what he has received on this subject he may find it is from one source, and these newspaper clippings are old and have no reference to any condition that now exists at Fort D. A. Russell or its water supply.

Mr. WINGO. Will the gentleman yield there?

Mr. MONDELL. In just a moment.

It is unfortunately true there is an individual or individuals who, for some reason that nobody seems to be able to understand, seem to be possessed of a spirit of eternal criticism of Fort D. A. Russell and its water supply.

The facts relative to the water supply at Fort D. A. Russell are briefly these: That fort is one of the very largest and one of the very best military posts in the United States. It is a brigade post accommodating all branches of the service. It is splendidly located geographically and with regard to railway transportation, east and west and north and south, main continental lines passing right through it. There is a very large reservation, and adjacent to it there is the Pole Mountain Reserve, covering about a quarter of a million acres of what I believe to be the best maneuvering ground in the United States—plain and mountain and valley, prairie and timber—an endless variety of topography admirably adapted to maneuvering purposes.

The water supply of Fort D. A. Russell in a very early period was not overabundant, because it was taken from the ordinary flow of what was known as Crow Creek. But some years ago the city of Cheyenne, 4 miles from Fort D. A. Russell, in cooperation with the Government, undertook the development of a water supply in the mountains for Fort D. A. Russell and the city of Cheyenne. At a large cost, the major portion of which was borne by the city of Cheyenne and its citizens, a magnificent water supply was provided, water coming right out of the granite hills, stored in one of the finest reservoirs in all the intermountain country, water as pure as crystal and in large quantity. That water reaches Fort D. A. Russell before it reaches the city of Cheyenne, so that the fort has the first command of that magnificent water supply.

Now, so far as I know, no very large additional expenditure is required in connection with that water supply. It is proposed, I think, to make some changes at this time that will improve the post supply, but I do not understand the expenditure for those purposes will be heavy.

The CHAIRMAN. The time of the gentleman from Wyoming has expired.

Mr. MONDELL. I ask unanimous consent for two minutes more.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. MONDELL. There is no proposition on foot, so far as I know, for any immediate large expenditure for water supply. There is a fine supply, one of the finest water systems in the world, and, by the way, it is one of the finest Army posts in the world, I will say to my friend. They are now training there the men of several new regiments of Artillery and the Wyoming regiment—by the way, as fine a body of young Americans as one ever saw. They are utilizing this splendid post and the adjacent reservations for the training of those troops. Of course, if there is a greatly increased number of troops above what the post was intended to accommodate, more water will be needed, and, fortunately, it can be had at an outlay much less than we are now making for some of the new camps and cantonments.

Now, I hope the gentleman, when he hears in the future about the water supply of Fort D. A. Russell, will remember the facts as I have stated. No question can properly be raised with regard to either the quality or quantity of the water supply of that splendid post. [Applause.]

The CHAIRMAN. The time of the gentleman has expired. The question is on the amendment proposed by the gentleman from Arkansas [Mr. Wingo].

Mr. WINGO. Mr. Chairman, I withdraw the amendment to strike out the section.

The CHAIRMAN. Without objection, the amendment will be withdrawn; and the Clerk will read.



The Clerk read as follows:

Horses for Cavalry, Artillery, and Engineers: For the purchase of horses of ages, sex, and size as may be prescribed by the Secretary of War for remounts, for officers entitled to public mounts for the Cavalry, Artillery, Signal Corps, and Engineers, the United States Military Academy, service schools, and staff colleges, and for the Indian scouts, and for such Infantry and members of the Medical Department in field campaigns as may be required to be mounted, and the expenses incident thereto, and for the hire of employees: *Provided*, That the number of horses purchased under this appropriation, added to the number now on hand, shall be limited to the actual needs of the mounted service, including reasonable provisions for remounts, and, unless otherwise ordered by the Secretary of War, no part of this appropriation shall be paid out for horses not purchased by contract after competition duly invited by the Quartermaster Corps and an inspection under the direction and authority of the Secretary of War. When practicable, horses shall be purchased in open market at all military posts or stations, when needed, at a maximum price to be fixed by the Secretary of War: *Provided further*, That no part of this appropriation shall be expended for the purchase of any horse below the standard set by Army Regulations for Cavalry and Artillery horses, except when purchased as remounts or for instruction of cadets at the United States Military Academy: *And provided further*, That no part of this appropriation shall be expended for polo ponies except for West Point Military Academy, and such ponies shall not be used at any other place, \$30,000,000.

Mr. WINGO. Mr. Chairman, I move to strike out the last word.

The gentleman from Wyoming was in error about the things that I had heard about this proposed expenditure at Fort D. A. Russell. I am familiar with the old controversy to which he refers and the gentleman to whom he refers. I may be mistaken, but I was under the impression that the newspaper clippings that were sent to me were for the purpose of trying to forestall any criticism of the proposed expenditure, and they were along the line of trying to show the necessity for it and the wisdom of the Government making the expenditure proposed. But with the assurance of the members of the committee that they know of no proposition to spend vast sums of money for water supply at Fort D. A. Russell, and the assurance of its representative on the floor that he knows of no such proposal, of course I will be satisfied not to pursue the inquiry further. But my past information with reference to the expenditures at that fort caused me to think it wise to make inquiry about any proposition that might permit expenditures under general authorization without specifically authorizing the appropriation for that particular place. I gather that the object of this appropriation is to furnish water supply for the cantonments, although the language does not provide for that. I presume by necessary implication they would say the language used here authorized that, although it is limited to Army posts that now exist and known in legal phraseology as "military posts," as stated under the old existing law. The cantonments under existing law are not military posts, as I understand, in the technical sense of the word.

I hope the assurance the gentleman has given that they do not need any additional expenditures out there will be accepted by the War Department and that there will not be any extraordinary expenditure within the next 12 months at that splendid post to which the gentleman refers. My investigation shows that it should be a splendid post; enough money has been spent on it to make it one.

Mr. Chairman, I withdraw the pro forma amendment.

Mr. MONDELL. Mr. Chairman, I move to strike out the last two words.

The CHAIRMAN. The gentleman from Wyoming moves to strike out the last two words.

Mr. MONDELL. Mr. Chairman, I give no assurance on my own part, or on any one's behalf, that the War Department will not spend whatever is necessary for the further development of the water supply of Fort D. A. Russell if further development is necessary. Of course the department will do its duty and spend such sums as may be necessary in view of the enlarged use of that post. It is claimed we are spending money lavishly, wastefully on camps and cantonments.

Mr. WINGO. That is the gentleman's justification for wasting money elsewhere?

Mr. MONDELL. I am not justifying waste anywhere, but I am surprised that when it is proposed to put reasonable sums into the proper development of a permanent military establishment, well located and first class in every respect, the gentleman from Arkansas wants to have somebody's assurance that it will not be done.

Mr. WINGO. I did not ask for any assurance. I asked for information which gentlemen are entitled to, but so far I have not gotten any information.

Mr. MONDELL. I have been content to leave it to the officers of the War Department to say where and how these moneys shall be spent. I do not know whether the gentleman from Arkansas can say the same or not, or other gentlemen on that side.

Mr. WINGO. I can. If I had the same experience as the gentleman has had I would take the same position as the gentleman adopts.

Mr. MONDELL. I think we can rely on the War Department to spend this money properly and legitimately and wisely, and if a considerable portion of that should be found to be needed for the further development of the water supply of that fine post, I expect it to be expended. But I am not lobbying for it.

Mr. WINGO. Nobody has accused the gentleman of lobbying for it. But does the gentleman resent a Member of Congress inquiring into the origin of a \$23,000,000 appropriation?

Mr. MONDELL. I do rather object to a Member of Congress in whose particular section many millions have been spent, it is claimed lavishly—

Mr. WINGO. Oh, that is not a statement of fact—

Mr. MONDELL. Raising a question as to proper expenditure for the proper development of a permanent piece of Government property.

The CHAIRMAN. The time of the gentleman from Wyoming has expired.

Mr. FITZGERALD. Mr. Chairman, allow me to conclude this discussion.

Mr. WINGO. Will the gentleman permit me about three minutes?

Mr. FITZGERALD. Allow me to conclude this discussion by saying that I am not from the South, but I have some information, such as an industrious Member of this House can acquire, about the expenditures for these cantonments, and it is not a fact that money is being expended lavishly and wastefully upon cantonments in the South, whether at places recommended or not recommended by persons in or out of this House. Money is being expended in large sums, and the cost of doing certain work will be higher than in normal times; but that is a different matter from charging that money is being expended either lavishly or wastefully or indefensibly or in any other way that is not proper and commendable.

I hope that every time a controversy arises about a particular matter in which any Member of the House may be specially interested I shall not be called upon to prevent the impression being created—although perhaps there may be some justification—to reiterate what I have had occasion to say several times, that, so far as it has been possible to ascertain as the result of considerable industry, there has not been waste or extravagance in these matters.

I will ask the Members of this House, just out of consideration for me, if for no other reason, not to assert that here is an extravagance or waste or profligate expenditure, or that somebody has asserted it, or that there is a rumor to that effect, or that they heard it from some unknown source, because every time it is charged I intend to deny it. I shall be very glad to investigate it or help investigate any of these rumors, but I know how rapidly these statements travel and how they lodge in the public mind, to the detriment of the official reputation of men unless promptly denied. I am going to undertake to be the official denier of these vague and anonymous whispered assertions that somebody told somebody who was informed by some one else that somebody who had a contract was employing some one under that contract without the knowledge of some one in the War Department in a manner that no one could justify. [Laughter.] Whenever that kind of a statement is made I am going to occupy the position not of the ordinary gentleman from Missouri, but of the historic gentleman from Missouri; I am going to ask to have the charge or the assertion substantiated by something more than that "Somebody told me," and I believe if the Members will think of it a minute they will realize that the most effective way of circulating slander is to state that they heard an atrocious thing about somebody and express the hope that it is not true. [Laughter.] It is much better to keep that character of information to one's self.

With these brief observations, I trust that the committee will proceed with the further consideration of the urgent deficiency bill. [Applause.]

Mr. WINGO. Mr. Chairman, I ask unanimous consent to proceed for five minutes.

The CHAIRMAN. The gentleman from Arkansas asks unanimous consent to proceed for five minutes. Is there objection?

There was no objection.

Mr. WINGO. Mr. Chairman, I regret very much that my genial friend from Wyoming [Mr. MONDELL] should have resented an inquiry on my part as to the expenditure of \$23,000,000. I simply asked for information. Of course I am aware that sometimes it is not in keeping with the proprieties in this House to seek information, especially on expenditures.



I know that some men are exceedingly sensitive about expenditures in their districts, but I had no desire to stir up a hornet's nest or hurt anyone's feelings. I congratulate the gentleman from Wyoming on the fact that he has such a magnificent post, and it ought to be, for we have spent enough money on it. If they do need additional money out there to supplement the already incomparable water supply of the post, as he describes it, if it is necessary to make it superlatively better than it now is—and I do not see how it can be any better than that described in the panegyric of the gentleman—if it is necessary to appropriate three or four millions more to increase it, I shall not object.

However, in all seriousness, I do trust that in the future when he is asked for information the gentleman will not flare up, as he has just done, and charge extravagant expenditures of money in the South by the very same men who have been doing so well for the gentleman at his post.

Some would think that the gentleman regretted that the South was in the Union. Some gentlemen regret that any part of public expenditure is being made in that part of the country. I shall not answer that at all or go into it, but let me make this suggestion. The gentleman says vast sums are being wasted in the South. I, with the gentleman, want to prevent waste, and if the gentleman will undertake to specify the particular cantonment where there has been waste, and who it is responsible for the waste, he can certainly get action before the proper committee, and I will assist him. But I trust the gentleman will not get up in answer to an inquiry for information as to expenditures in his State and denounce expenditure in my part of the country, because that is not an answer to the question and gives no information. I know it is a favorite retort for gentlemen when questioned in regard to a matter and who can not answer the inquiry to abuse the section from which the inquiring Member comes, but the gentleman from Wyoming is too genial, too good natured, he has too great a regard for the proprieties of this House to resort to that kind of an answer, and I am sure he will not do so in the future. I am sure that he will be delighted if I ask him some questions, which I shall do in private, for I do not want to inflict another such situation on the House, and the next time I want information in regard to this wonderful fort I shall go to the gentleman and give him a chance to sing again the praises of its wonderful, incomparable, and inexhaustible water supply.

The Clerk read as follows:

Storehouse for field medical supply depot, from October 1, 1917, to June 30, 1918, inclusive, \$36,000; in all, \$37,875.

Mr. COOPER of Wisconsin. Mr. Chairman, I move to strike out the last word. Will the gentleman state where the storehouse which is mentioned on page 40, lines 2 and 3, is situated?

Mr. FITZGERALD. It is over here on the line of the railroad coming into the city at 21 M Street NE., just east of North Capitol Street. There is now a medical supply depot at that place. Because of the very large quantity of supplies for the medical department, which will be distributed from Washington, it was necessary to obtain additional facilities.

Mr. COOPER of Wisconsin. It impressed me when I read it that \$36,000 was considerable rent for one building.

Mr. FITZGERALD. The lease was made under a statute which authorizes the War Department to make a lease for a period of not exceeding six years of a fireproof warehouse, with facilities for storage purposes, at a rate not in excess of 35 cents a square foot. The lease that has been made is for \$48,000 a year for 192,000 square feet, and the \$36,000 is for nine months' rent. The building is expected to be completed and occupied from the 1st of October. This appropriation is the sum required to meet the terms of the lease for the balance of this fiscal year.

Mr. COOPER of Wisconsin. Thirty-six thousand dollars is 4 per cent on \$900,000, which the Government can borrow easily at 4 per cent.

Mr. LONGWORTH. Let me call the gentleman's attention to the fact that this lease is for only nine months.

Mr. COOPER of Wisconsin. Yes; \$36,000 for only nine months. I do not wish to be captious at all, but there is nobody on earth that would think of paying any such rent as that except the Government of the United States. It is time that the Government should erect its own buildings in this District. The Democratic Party and the Republican Party, but principally the Democratic Party, has had in its platform for years a demand for economy and the granting of special privileges to none. I think that the acceptance of some of these leases that the Government of the United States has accepted in the District of Columbia is granting a very special privilege to the owners of much of the real estate. We are putting up about \$700,000 for

rent in this District. Some of them pay for their buildings in 10 years out of the rent and have the buildings clear.

Mr. FITZGERALD. Mr. Chairman, the Government needed storehouse facilities. The Republicans in Congress passed a statute authorizing the making of a lease for fireproof warehouses at a rate not in excess of 25 cents a square foot. The lease was made under that statute. The department had no authority to construct the building, but it had authority to make such a lease. While the rental represents 4 per cent upon a certain sum of money, the owner of this building pays taxes. If it is owned by an individual, he pays an income tax; and if it is a corporation it pays a corporation tax. I am not certain what the owner will get out of the rent by the time we get through levying all sorts of taxes on what he will receive. It may be that when we finally finish legislating that he will owe us money because he has made that lease with the Government. [Laughter.]

Mr. COOPER of Wisconsin. I do not think there is any danger of anybody being overtaxed in the District of Columbia. I do not think there is any complaint yet of that kind. If so, the complaint is not serious.

Mr. FITZGERALD. The same law will apply to him that applies to me.

Mr. COOPER of Wisconsin. But the gentleman lives in Brooklyn.

Mr. FITZGERALD. I have not felt it yet, but some of my constituents think I am overtaxing myself by supporting the various tax laws.

Mr. COOPER of Wisconsin. Forty-eight thousand dollars a year represents an interest of 4 per cent upon an investment of \$1,200,000, and there is not any man who has any building worth \$1,200,000 which he rents to the Government of the United States up here in the location just mentioned by the gentleman from New York.

Mr. LONGWORTH. Mr. Chairman, I did not catch where that location is.

Mr. COOPER of Wisconsin. It is rather indefinite. I do not think it has ever been located exactly—at least in this debate—just where this building is.

Mr. FITZGERALD. At 21 M Street NE., just east of North Capitol.

Mr. FOSTER. Is that among those warehouses located up there?

Mr. FITZGERALD. It is adjacent to the present medical depot.

Mr. COOPER of Wisconsin. Mr. Chairman, I will state also that I do not think we ought to have upon the books any statute which leaves any bureau chief or any department head the option to rent buildings—

Mr. FITZGERALD. But we have in this instance.

Mr. COOPER of Wisconsin. I know we have, but such a statute ought to be repealed.

Mr. FITZGERALD. That may be true, but I have all of the trouble I desire now trying to furnish money to carry out the things that are done under such authorizations without spending any of my leisure time trying to repeal the ones I think undesirable.

Mr. COOPER of Wisconsin. The gentleman knows very well that there is a well-organized business in this city which consists in inducing the Government to rent buildings upon favorable terms.

Mr. FITZGERALD. I think the most profitable industry in the city of Washington has been the business of renting accommodations for the Government service. The Committee on Appropriations has tried to curtail the extension of that business by providing for a temporary building with approximately 1,055,000 square feet of floor space for the emergency needs of the Government. In my opinion it is desirable, whenever with reasonable certainty we know that a department is in a fairly settled situation relative to its size, to provide accommodations of a permanent character. The only disadvantage is that it seems almost impossible for the Government to build an ornamental and at the same time highly utilitarian structure for the transaction of public business, although every private concern that requires accommodations can do so and does so. If it were possible to reform the peculiar type of architecture which characterizes the structures of the Federal Government and to adopt a style of architecture that would provide buildings that while chiefly useful would at the same time not be offensive to our esthetic sense, then we could very easily and properly go into a very extensive building program. I hope in time that my views upon this subject will so impress themselves upon everyone connected with the Government service that that result will be accomplished.



Mr. FOSTER. Mr. Chairman, I would like to ask the Chairman a question. Are these warehouses in the neighborhood of these other warehouses? I think the gentleman has said that they are.

Mr. FITZGERALD. Twenty-one M Street, over on the line of the railroad.

Mr. FOSTER. What I am getting at is this. Does the railroad go up to this warehouse?

Mr. FITZGERALD. It runs past it.

Mr. FOSTER. So that it will not require any extension of track to meet the requirements?

Mr. FITZGERALD. Accompanying this request was a request that authority be given to permit the railroad company to run a spur into this building, authorizing an extension of the railroad tracks over any public streets, squares, and so forth, but the committee thought that was too valuable a right to attach to a lease.

Mr. FOSTER. A law was passed that tracks there should not extend beyond a certain limit, but there has been an effort, a bill introduced in the last Congress to provide for an extension of these tracks out there into these warehouses.

Mr. FITZGERALD. Yes.

Mr. FOSTER. But in this case if these tracks were extended it would ruin some hospital property in that neighborhood, and they were trying to get a repeal of that provision.

Mr. FITZGERALD. They were trying to get specific authority, and the committee declined to recommend it.

Mr. WALSH. Mr. Chairman, will the gentleman yield?

Mr. FITZGERALD. Yes.

Mr. WALSH. Has not the Government abandoned this super-ornamental style of architecture in the case of the structure it is building now, the new Interior Department Building?

Mr. FITZGERALD. It has, and the result is very satisfactory from every standpoint.

The Clerk read as follows:

#### MEDICAL DEPARTMENT.

Medical and Hospital Department: For the purchase of medical and hospital supplies; gas masks; motor ambulances and motorcycles for medical service, their maintenance, repair, and operation: *Provided*, That the Secretary of War may, in his discretion, select types and makes of motor ambulances for the Army and authorize their purchase without regard to the laws prescribing advertisement for proposals for supplies and material for the Army; disinfectants; typewriting machines for military posts, camps, hospitals, hospital ships, and transports; supplies required for mosquito destruction in and about the military posts in the Canal Zone; veterinary supplies and hire of veterinary surgeons; expenses of medical-supply depots; medical care and treatment not otherwise provided for, including care and subsistence in private hospitals of officers, enlisted men, and civilian employees of the Army, of applicants for enlistment, and of prisoners of war and other persons in military custody or confinement when entitled thereto by law, regulation, or contract: *Provided*, That this shall not apply to officers and enlisted men who are treated in private hospitals or by civilian physicians while on furlough; for the proper care and treatment of epidemic and contagious diseases in the Army or at military posts or stations, including measures to prevent the spread thereof, and the payment of reasonable damages not otherwise provided for, for bedding and clothing injured or destroyed in such prevention; pay of male and female nurses, not including the Nurse Corps (female), and of cooks and other civilians employed for the proper care of sick officers and soldiers, under such regulations fixing their number, qualifications, assignment, pay, and allowances as shall have been or shall be prescribed by the Secretary of War; pay of civilian enlistment and enlisted men, and to render other professional services from time to time under proper authority; pay of other employees of the Medical Department; payment of express companies and local transfers employed directly by the Medical Department for the transportation of medical and hospital supplies, including bidders' samples and water for analysis; supplies for use in teaching the art of cooking to the enlisted force of the Medical Department; for the supply of the Army and Navy hospital at Hot Springs, Ark.; for advertising, printing, binding, laundry, and all other necessary miscellaneous expenses of the Medical Department, \$100,000,000.

Mr. DILL. Mr. Chairman, I ask unanimous consent to insert in the RECORD some remarks by Hon. CHARLES SULZER, the Delegate from Alaska, who has been called away by the death of his brother. These remarks are upon the Alaska Railroad, the item in this provision of the bill.

The CHAIRMAN. The gentleman from Washington asks unanimous consent to extend his remarks by inserting in the RECORD some remarks by the Delegate from Alaska, Mr. SULZER. Is there objection?

There was no objection.

The Clerk read as follows:

Engineer operations in the field: For expenses incident to military engineer operations in the field, including the purchase of material and a reserve of material for such operations, the construction or rental of storehouses within and outside the District of Columbia, the purchase, operation, maintenance, and repair of horse-drawn and motor-propelled passenger-carrying vehicles, and such expenses as are ordinarily provided for under appropriations for "Engineer depots," "Civilian assistants to Engineer officers," and "Maps, War Department," \$100,000,000.

Mr. COOPER of Wisconsin. Mr. Chairman, I move to strike out the last word. I want to ask the chairman of the com-

mittee, reading lines 13, 14, and 15, "and such expenses as are ordinarily provided for in appropriations for 'Engineer depots,' 'Civilian assistants to Engineer officers,' and 'Maps, War Department,' \$100,000,000." That appears to be in a lump sum and leaves it discretionary with the disbursing officer to use it for any purpose he sees fit. There are no specific appropriations, are there?

Mr. FITZGERALD. The appropriation is to cover a great variety of matters. This particular appropriation is for all expenses incident to engineering operations of an army in the field. No one has any adequate knowledge of what possibly will be required or what sum will be required for particular items. It is known that for the operations that are contemplated a very large amount of equipment of all kinds and materials of various characters must be purchased. Some of them will have to be purchased abroad, some will have to be purchased in the United States, and it is one of the peculiar appropriations at this time that is absolutely impossible for anyone to determine for what it shall be expended or the amount required.

Mr. COOPER of Wisconsin. Will the gentleman permit an interruption there? I had in mind that discussion we had a little while ago about the proviso at the top of page 35.

Mr. FITZGERALD. This is different. Under this heading of "Engineer operations in the field" that is all under the Chief of Engineers, and the expenditures are all of a character that properly harmonize. Part will be for steel rails, part for rolling stock, and part for road materials—bridge equipment—and they can not forecast what road material or rolling stock or steel rails they want for an army of a certain number of men.

Mr. COOPER of Wisconsin. The gentleman does not get the point to which I wish to direct his attention. Has this appropriation been made heretofore for specific purposes?

Mr. FITZGERALD. The wording to which the gentleman refers does this: This appropriation is carried in the Army bill in several paragraphs; and in this bill, instead of repeating the language of those paragraphs, this language is used for all purposes enumerated under the same heading in the bill, and in that way the necessity of reprinting the whole paragraph is avoided. It is different from the other matter to which the gentleman called attention.

The Clerk read as follows:

Ordnance stores, ammunition: For manufacture and purchase of ammunition for small arms and for hand use for reserve supply, \$39,520,000.

Mr. FITZGERALD. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Committee amendment: Page 45, line 8, strike out the sum "\$39,520,000" and insert in lieu thereof the sum "\$36,000,000."

The question was taken, and the amendment was agreed to.

The Clerk read as follows:

Small-arms target practice: For manufacture and purchase of ammunition, targets, and other accessories for small-arms, hand, and machine-gun target practice and instructions; marksmen's medals, prize arms, and insignia for all arms of the service; and ammunition, targets, target materials, and other accessories which may be issued for small-arms target practice and instruction at the educational institutions and State soldiers' and sailors' orphans' homes to which issues of small arms are lawfully made, under such regulations as the Secretary of War may prescribe, \$2,000,000.

Mr. FITZGERALD. Mr. Chairman, I offer the following amendment:

The CHAIRMAN. The Clerk will report it.

The Clerk read as follows:

Committee amendment: Page 45, line 18, strike out the sum "\$2,000,000" and insert in lieu thereof the sum "\$15,000,000."

Mr. FESS. Mr. Chairman, I want to ask the chairman of the committee whether in this increase proposed by the amendment he is making it possible for the various colleges that are not military, primarily, but who want to create a military department so as to have military training among their students, to do so?

Mr. FITZGERALD. It will not. All of this money is to be used in training the men who are actually in the Army to shoot accurately.

Mr. FESS. There are many communications—

Mr. FITZGERALD. I know; but the most important thing and the only thing upon which it is essential to concentrate our energies is to train this army we are raising.

Mr. FESS. Certainly.

Mr. FITZGERALD. College training is desirable, but just now, when we are taxing all the resources of the country to acquire money for the army to be put in the field, there can not be much consideration of training boys in colleges to shoot.

Mr. FESS. Will the chairman state whether there are any old guns that are not in use that might be utilized by colleges?



Mr. FITZGERALD. Not at the present time. For the men who are to be called into the training camps and for the equipment of the men who are now abroad it is necessary to utilize all the rifles that the Government has. We have, all told, something over 900,000 rifles—six hundred and odd thousand Springfields and over 300,000 Krag-Jörgensens. They are all modern rifles. We call the Krag-Jörgensen an obsolete type because it has been discarded for what is considered a much superior rifle—that is, the latest Springfield—but Gen. Crozier states that it is a very good rifle and can be utilized. In order to provide rifles, with the necessary allowances for wastage, it is necessary to utilize all the rifles now in hand, so that at the present it is impossible for the Government to supply rifles to colleges or rifle clubs or to anything of that character.

Mr. ROBBINS. Mr. Chairman, will the gentleman answer a question?

Mr. FITZGERALD. I might say, however, this is not the particular target practice which the gentleman has in mind. It is another item. This provides practice with hand and rifle grenades.

The money or the small-arms practice, while carried in the same language, is something in the neighborhood of \$100,000,000.

Mr. ROBBINS. Will the gentleman yield for a further question?

Mr. FITZGERALD. Yes.

Mr. ROBBINS. This increase from \$2,000,000 to \$13,000,000 is very large, and I notice in lines 15 and 16 it provides for this:

And instruction at the educational institutions and State soldiers' and sailors' orphan homes—

And so forth.

Now, I have a number of inquiries from western Pennsylvania—and I presume other Congressmen are in the same fix—from home guards that are being organized to take the place of the National Guard called into the United States service. I would like to know if this provision is intended to furnish guns for such new organizations?

Mr. FITZGERALD. It is not. This particular provision is to provide the necessary quantity of supplies to train this army in the handling of hand and rifle grenades.

Mr. ROBBINS. What does it mean, then, by "instruction at the educational institutions"? What is that to cover?

Mr. FITZGERALD. The language of the deficiency appropriation act is always in the wording of the original, or the regular, appropriation. We do not change the language, because to do so would require the opening of a new account in the department and in the Treasury Department. And while this money could be utilized for the purpose indicated, it will not be so utilized, because it is required, and imperatively required, in order to obtain the necessary munitions to train this army that is now being assembled into camps.

Mr. FESS. Will the gentleman yield there?

Mr. FITZGERALD. Yes.

Mr. FESS. We passed a law some time ago that said any college with a hundred male students could have attached to it an officer. That was what I had in mind—whether or not this fund goes to that?

Mr. FITZGERALD. The probabilities are there will be very few, if any, officers available to detail to schools and colleges to train these men. Practically every officer in the Army and Navy on the retired list who is capable of rendering service has been called to active duty. The necessity for providing qualified officers for an army that will be from a million to two million men is so much more important than the detail of officers to colleges and schools that that law will have to be ignored and that work for the time neglected. Those young men will have their chance when they reach the draft age. Until then they will have to be drilled through the efforts of such persons as are qualified and who can not be utilized for military service.

Mr. FESS. My concern, I would say to the chairman, is due to a good many letters from presidents of institutions asking why they can not put that particular item of the law in force.

Mr. FITZGERALD. The reason they can not put it into effect is that the demand for officers qualified to perform services in the field exceeds the available supply. Until there is a surplus of officers it will be impossible to assign officers under the law referred to by the gentleman from Ohio.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. FITZGERALD].

The question was taken, and the amendment was agreed to.

The Clerk read as follows:

Ordnance stores and supplies: For overhauling, cleaning, repairing, and preserving ordnance and ordnance stores in the hands of troops and at the arsenals, posts, and depots; for purchase and manufacture

of ordnance stores to fill requirements of troops; for Infantry, Cavalry, and Artillery equipments, including horse equipments for Cavalry and Artillery, \$70,000,000.

Mr. FITZGERALD. Mr. Chairman, I offer another amendment.

The CHAIRMAN. The gentleman from New York offers an amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment: On page 45, line 25, strike out the sum "\$70,000,000" and insert in lieu thereof the sum "\$73,520,000."

The CHAIRMAN. The question is on agreeing to the committee amendment offered by the gentleman from New York.

The question was taken, and the amendment was agreed to.

The Clerk read as follows:

Automatic machine rifles: For the purchase, manufacture, test, repair, and maintenance of automatic machine rifles, including their mounts, sights, and equipments, and the machinery necessary for their manufacture, \$120,277,000: *Provided*, That the Chief of Ordnance, United States Army, is authorized to enter into contracts or otherwise to incur obligations for the purposes above mentioned not to exceed \$50,000,000 in addition to the appropriations herein and heretofore made.

Mr. FITZGERALD. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report it.

The Clerk read as follows:

Committee amendment: Page 46, line 8, strike out the sum "\$50,000,000" and insert in lieu thereof the sum "\$118,020,000."

The CHAIRMAN. The question is on agreeing to the committee amendment.

Mr. ROBBINS. Mr. Chairman, I would like to have some explanation of that increase. Why so much of an increase, if the learned chairman will let us have some explanation?

Mr. FITZGERALD. It is for two purposes. In the first place, on information received from abroad, the number of automatic rifles, or machine guns, which troops are using is very greatly in excess of the number upon which the original estimate was based. Secondly, it is due to the fact that we are attempting to anticipate, by placing orders for manufacture, the automatic rifles or machine guns that may be required for troops that may be called into the service later.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The question was taken, and the amendment was agreed to.

Mr. FITZGERALD. Mr. Chairman, I offer another amendment.

The CHAIRMAN. The gentleman from New York offers another amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment: On page 46, in line 4, strike out the sum "\$120,277,000" and insert in lieu thereof the sum "\$220,277,000."

Mr. COOPER of Wisconsin. Mr. Chairman, that last raise somewhat disconcerted me for a moment, but the question I want to ask is this: I have never before seen the expression "automatic machine rifle." Is there any difference between the machine rifle and machine gun?

Mr. FITZGERALD. The terms are used somewhat interchangeably, but perhaps they are, as Gen. Crozier stated, gradually settling down to assume a distinction, and that is, the "automatic machine gun," being applied to the heavier type, and the "automatic rifle" being applied to the lighter type that the man carries himself.

Mr. COOPER of Wisconsin. Then they can not make the old-fashioned machine guns or any machine guns if there is a distinction between machine guns and machine rifles? This limits them to machine rifles?

Mr. FITZGERALD. The expression covers both terms. Gen. Crozier said that in order to distinguish them, in discussing them, the military men are by degrees commencing to use them in this particular way, so as to distinguish the type of gun. But this language, "automatic machine rifle," covers both the light and the heavy types.

Mr. COOPER of Wisconsin. It occurred to me when I saw that, that if there was a distinction, they could not under this appropriation make the Lewis machine gun, which was once rejected by the War Department?

Mr. FITZGERALD. The "automatic machine rifle" is a technical expression that covers all guns of that type, whether they are of light or heavy type.

Mr. COOPER of Wisconsin. The Lewis machine gun was once rejected by the War Department. Would they be permitted under this language to make Lewis machine guns?

Mr. FITZGERALD. Yes. They have been buying them in immense quantities, and of different types, because it is impossible to get sufficient of one type to meet the needs of the Army.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The amendment was agreed to.



The CHAIRMAN. The Clerk will read.  
The Clerk read as follows:

Armored motor cars: For the purchase, manufacture, test, repair, and maintenance of armored motor cars, \$16,750,000: *Provided*, That the Chief of Ordnance, United States Army, is authorized to enter into contracts or otherwise to incur obligations for the purposes above mentioned not to exceed \$5,000,000 in addition to the appropriations herein and heretofore made.

Mr. FITZGERALD. Mr. Chairman, I offer the following committee amendment.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from New York.

The Clerk read as follows:

On page 46, after line 16, insert as a new paragraph:  
"The Secretary of War is authorized, during the present emergency and in addition to the appropriations and obligations specifically authorized by law, to incur obligations for ordnance and ordnance supplies and materials: *Provided*, That the aggregate amount of such obligations outstanding at any one time shall not exceed the sum of \$100,000,000."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows.

The Chief of Ordnance of the United States Army is authorized to employ in the District of Columbia, out of the appropriations made in this act for designing, procuring, caring for, and supplying ordnance and ordnance stores to the Army, such services, other than clerical, as are necessary for carrying out these purposes.

Mr. FITZGERALD. Mr. Chairman, I offer the following committee amendment.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from New York.

The Clerk read as follows:

On page 46, after line 22, insert as a new paragraph the following:  
"Not to exceed \$11,000 of the appropriations herein or heretofore made for the Ordnance Department may be expended for rent of space in the District of Columbia for the use of the Office of the Chief of Ordnance, United States Army."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Machinery for rifles: For the purchase or manufacture of machinery and other facilities for the manufacture of rifles, including the necessary buildings, range, and other expenses incident thereto, \$9,500,000.

Mr. WALSH. Mr. Chairman, will the gentleman from New York state briefly the reason for the amendment that was adopted, providing \$100,000,000 to be expended in the discretion of the Secretary of War?

Mr. FITZGERALD. Yes. Under the law the Secretary of War can not purchase or enter into obligations for ordnance or ordnance stores and supplies unless either appropriations have been made or specific authority has been given to enter into obligations. Owing to the emergent character of the present situation, immediately upon the outbreak of the war the War Department did, without any authority, contrary to the existing statutes, enter into obligations to obtain for the Government very large quantities of ordnance and munitions that were essential for the Army, and it made those acquisitions in advance of authority, because it takes so long to get these particular things that the belief was that they would be severely condemned, even by Congress, if under the existing circumstances they waited until specific authority had been granted.

In the urgent deficiency bill of June 15, all of those actions were practically ratified by providing that the moneys appropriated should be available for the obligations incurred prior to that date without authority. It developed in the course of investigation that, based upon information that now comes from abroad—but very little of which was obtained by our military experts until the United States actually became involved in the war—a necessity for all kinds of ordnance supplies of a character never used in war before is arising; that as a result of operations abroad, quantities of guns and ammunition and implements of every conceivable character are required upon a scale that nobody ever contemplated would be reached, so that when this information is received and examined by committees of the War College and by the General Staff, and a project determined upon and the Ordnance Bureau works out the estimate and it is then approved by so many different officials and transmitted to Congress and they are compelled to wait for the necessary action by Congress, in the procurement of these materials considerable time that is very essential is lost. It was ascertained that the Congress thus far has declined to honor no request that has been made by the War Department for ordnance or ordnance material. Whatever guns

or ammunition or equipment the military experts determine to be necessary for our troops, Congress provides the money.

Then this difficulty has arisen, that after a project had been determined upon and in anticipation of action by Congress, attempts were made to negotiate with concerns to enlarge their facilities or convert their plants so that they might undertake the manufacture of certain things determined to be essential. It was impossible to get beyond a certain point, because an individual could have no assurance of a legal character that if he made arrangements to undertake what was desired by the Government the money would afterwards be available, and inasmuch as no authority existed to make a valid contract he would be without redress. In order to obviate these delays and make it possible for the War Department to proceed with expedition upon such matters the situation was discussed, and it was decided to recommend that authority be given to incur obligations in excess of appropriations, or specific authority to incur obligations, to the extent of \$100,000,000 for ordnance and ordnance supplies and munitions, and the officials of the War Department admitted that such a provision would practically relieve the department of all the difficulties and embarrassments that were encountered in the work of preparation. The committee limited the authority to the existing emergency.

Mr. FESS. Mr. Chairman, will the gentleman yield further?

Mr. FITZGERALD. Yes.

Mr. FESS. Would it be proper for the chairman of the committee to state our ability or our capacity to make such guns as are now used on the front in the heavy artillery?

Mr. FITZGERALD. It would and it would not.

Mr. FESS. I do not want it unless it would be proper.

Mr. FITZGERALD. It is necessary for the Government in order to obtain the ordnance required to provide for the extension of many existing plants and for the establishment of plants not now in existence, and it will tax the resources of the country to the utmost to provide the ordnance of the character required for the number of men that it is proposed to be put in the field. If our men are delayed in engaging in the operations on the other side it will be due more than anything else to the inability to obtain the ordnance required, and that was the controlling feature in having the committee recommend this provision for this authority.

Mr. BORLAND. Mr. Chairman, I move to strike out the last word. Mr. Chairman, I want to give the House some information upon this point that came to me, not through the hearings before the committee but entirely through my own investigations.

Ordnance supplies cover a great deal besides guns and munitions strictly so-called. There are a great many accessories to them. One of the chief is the harness and saddle and accoutrements for the Artillery. Just at the present time there is going to be an enormous demand for Field Artillery for the peculiar character of fighting in Europe. Practically all of our Cavalry is being turned into Field Artillery.

One of the greatest difficulties we find is in providing harnesses for the Field Artillery. It so develops that within the last few years the trade of harness making has been one of the dying trades. Very few young men have gone into the business of harness making. They would rather go into the garage and learn to repair automobiles; there is more chance for the acceptance of work and more chance for business. The number of harness makers has been falling off in the last decade until, as I say, it is one of the dying trades.

A large number of saddletrees and harnesses were necessary. It is almost impossible to find establishments that could either turn out the necessary amount in a reasonable time, or even promise to extend the facilities to turn them out within a reasonable time. It was necessary to induce them to increase their facilities and take a large number of employees, girls and others, and train them to machine work. They had to have a guaranty of a certain amount of business before we could get them to even start. They had to know that they could be assured of a certain amount of business to be handed over to them. That work has been going on. This part of the work is being done for the Ordnance Department in the War Department, in this particular line at least with which I am familiar, in order to stimulate the possibilities of American production.

Mr. BARNHART. Will the gentleman yield?

Mr. BORLAND. I will.

Mr. BARNHART. Is it not a fact that previous to the declaration of war by us most of the harness makers and saddle makers had extended contracts with the allied powers, and that as rapidly as these contracts expire they will be ready to take up the work for the United States?



Mr. BORLAND. I have no doubt that element entered into it, but there is the other element which enters into it, as I say; the harness business as a trade has rapidly decreased so that the supply of harness makers is limited—like the supply of shipbuilders. A new organization had to be created to meet the demand.

Mr. WALSH. Does the gentleman know of any reason why harness makers working for the War Department should receive less wages or compensation than those working for some other branches of the Government?

Mr. BORLAND. No; I do not know of any reason, but there may be many of which I am not aware.

Mr. WALSH. Does the gentleman know what the compensation of the harness makers is?

Mr. BORLAND. I do not; but my understanding is that the Ordnance Department has called to its aid some practical men in the harness-making business, and after careful estimates upon the necessary cost of material and labor, they have fixed a price above which they will not go. They say if the manufacturers will not accept contracts at those prices, with this authority they will create harness factories and therefore they will get the work for the Government at what they think is a fair price.

Mr. GALLAGHER. Will the gentleman yield?

Mr. BORLAND. Yes.

Mr. GALLAGHER. Is not the harness maker to-day like other artisans? The harness maker is the man that finishes the strap in a harness factory to-day, and another harness maker makes another strap, and so on, and then they are assembled into a harness.

Mr. BORLAND. That is true; most of the trades have been subdivided so that they are doing a small division of the work.

The Clerk read as follows:

#### FORTIFICATIONS.

For purchase, manufacture, and test of mountain, field, and siege cannon, including their carriages, sights, implements, equipments, and the machinery necessary for their manufacture, \$676,213,000: *Provided*, That the Chief of Ordnance, United States Army, is authorized to enter into contracts or otherwise to incur obligations for the purposes above mentioned not to exceed \$225,000,000 in addition to the appropriations herein and heretofore made.

Mr. FITZGERALD. Mr. Chairman, I offer an amendment to the paragraph.

The Clerk read as follows:

On page 47, in line 12, strike out the sum "\$676,213,000" and insert in lieu thereof the sum of "\$695,100,000."

Mr. COOPER of Wisconsin. Mr. Chairman, I do not know as this is a subject which the gentleman will want to discuss, but I suppose the difficulty to which I am about to refer, if it ever existed, has been done away with.

Before the war began, sometime last summer, I was talking with a man who had been in one of the coast fortifications and he told me about the difficulties that we have had with gun carriages generally in being unable to elevate them.

Mr. SHERLEY. Perhaps I can answer the gentleman by saying that while this is carried under the head of fortifications it does not relate to seacoast defenses. The gentleman will recall that the fortification bill is much wider in scope than its title would indicate. This is really for field artillery, and the reason is this: The estimates, as regularly submitted to Congress, contemplated field artillery for an army of a million men. The additional estimates were made necessary because of unforeseen things that were needed for that army, increase both in caliber and in number of guns, and also for a new army of a million men, due to the fact that there is nothing that takes so long to create as heavy ordnance; and if we were to have an additional army in the field it would be necessary now to make provision for the field artillery to accompany them, otherwise they would be held back many, many months until such artillery could be supplied. So that the provisions carried in the appropriation bill that became a law June 15, taken with these amounts, are supposed to equip an army of a million men and also a reserve army of a million men, and when I say equip I mean with guns that shall accompany the army in the field and 25 per cent reserve for the bases abroad and 25 per cent reserve for the troops that are necessary to make up the wastage that would result from these troops being actually in the field. In other words, we are providing 150 per cent of artillery for the 2,000,000 men. Also it is proper to say that some of the amount was made necessary by the increased cost of manufacture now as compared with the cost at the time the figures were made by the Treat Board, that the gentleman will recall presented a report about a year ago touching the equipment of an army with heavy field guns.

Mr. COOPER of Wisconsin. I asked the question I did because the caption of this paragraph is "Fortifications."

Mr. SHERLEY. I understand, and it would naturally mislead the gentleman; but the fortification bill deals not only with seacoast defense but also with mobile artillery,

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The Clerk read as follows:

For purchase, manufacture, and test of ammunition for mountain, field, and siege cannon, including experiments in connection therewith, machinery for its manufacture, and the necessary storage facilities \$663,000,000: *Provided*, That the Chief of Ordnance, United States Army, is authorized to enter into contracts or otherwise to incur obligations for the purposes above mentioned not to exceed \$700,000,000 in addition to the appropriations herein and heretofore made.

Mr. SHERLEY. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Page 47, line 24, strike out the sum "\$700,000,000" and insert in lieu thereof the sum "\$777,182,750."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

For alteration and maintenance of the mobile artillery, including the purchase and manufacture of machinery, tools, and materials necessary for the work and the expenses of the mechanics engaged thereon, \$155,600,000: *Provided*, That the Chief of Ordnance, United States Army, is authorized to enter into contracts or otherwise to incur obligations for the purposes above mentioned not to exceed \$50,000,000 in addition to the appropriations herein and heretofore made.

Mr. SHERLEY. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Page 48, line 4, strike out the sum "\$155,600,000" and insert in lieu thereof the sum of "\$158,334,000."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman please state why these increases are made?

Mr. SHERLEY. That particular increase was made necessary in order to provide for the alteration of certain guns that we are taking from here and sending abroad. I prefer not to go into more detail than that statement. The increase ahead of that related to ammunition for trench mortars.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. SHERLEY. Yes.

Mr. SABATH. Mr. Chairman, in view of these tremendously large amounts which we are appropriating, I would like to ask a question as to the price of steel, because the major portion of these appropriations no doubt is due to the cost of steel and raw material. Has any evidence been given before the committee as to the price of steel that this Government is going to pay to the Steel Trust?

Mr. SHERLEY. There was not. The matter was not gone into. It is my understanding that the question of steel prices generally is a matter now engaging the attention of the Government, and they have not yet arrived at a program fixing those prices.

Mr. SABATH. Is an effort being made to secure a reasonable price from the steel manufacturers or the Steel Trust for the Government?

Mr. SHERLEY. I think there is, and I think it is going to be a successful effort, but the details of it I do not know.

Mr. SABATH. The gentleman realizes that we have been endeavoring to fix the prices of other commodities, and, in view of the tremendous profits which the steel manufacturers have been making, I was wondering whether a program is on foot to bring the steel trust and the steel manufacturers to a position whereby they will be precluded from charging the Government the prices they desire.

Mr. SHERLEY. It is my understanding that unless what the Government considers to be a fair price should be voluntarily agreed to by the steel people, the Government will exercise the power it has and control the situation.

Mr. SABATH. To commandeer the plants? I think that would be a very wise thing to do.

The Clerk read as follows:

For purchase of submarine mines and nets and necessary appliances to operate them for closing the channels leading to our principal seaports, and for continuing torpedo experiments, \$700,000.

Mr. MADDEN. Mr. Chairman, I wish to ask the gentleman from New York, in charge of the bill, whether he does not think, in view of the fact that we can not finish the bill tonight, that it is time to rise?

Mr. FITZGERALD. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. CRISP, Chairman of the Committee of the Whole House on the state of the Union, reported that that com-



mittee had had under consideration the bill H. R. 5949, the urgent deficiency appropriation bill, and had come to no resolution thereon.

#### WITHDRAWAL OF PAPERS.

By unanimous consent leave was granted to Mr. BLAND to withdraw from the files of the House, without leaving copies, papers in the following cases, no adverse reports having been made thereon:

Edward L. Dodd, Sixty-second Congress;  
John Mallet, Sixty-fourth Congress;  
Virgil O. Adams, Sixty-third Congress;  
John P. Kennan, Sixty-fourth Congress; and  
Thos. E. Whisenand, Sixty-fourth Congress.

#### HOUR OF MEETING TO-MORROW.

Mr. FITZGERALD. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock a. m. to-morrow.

The SPEAKER. Is there objection?  
There was no objection.

#### ADJOURNMENT.

Mr. FITZGERALD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 30 minutes p. m.), in accordance with the order heretofore made, the House adjourned until to-morrow, Tuesday, September 18, 1917, at 11 o'clock a. m.

### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1. A letter from the Secretary of War, transmitting tentative draft of a proposed amendment to the sundry civil act approved March 3, 1915 (H. Doc. No. 368; to the Committee on Appropriations and ordered to be printed.

2. A letter from the chief clerk of the Court of Claims, transmitting findings of fact, conclusions of law, and opinion of the court in the case of *State of Massachusetts v. The United States* (H. Doc. No. 369); to the Committee on Appropriations and ordered to be printed.

### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. JONES of Texas: A bill (H. R. 6106) establishing a marketing system for the purpose of facilitating the distribution of farm products and the promoting of the economic distribution and sale of the same; to the Committee on Agriculture.

By Mr. ADAMSON: A bill (H. R. 6107) to regulate the interstate use of automobiles and all self-propelled vehicles which use the public highways in interstate commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. PADGETT: A bill (H. R. 6108) to increase the amount of the clothing allowance in the case of enlisted men of the Navy on first enlistment; to the Committee on Naval Affairs.

By Mr. GRAY of New Jersey: A bill (H. R. 6109) providing certain regulations in respect to the circulation through the United States mails and otherwise of newspapers, magazines, periodicals, and other printed matter published in the language of any country with which the United States is now or may hereafter be at war, or any ally of such country; to the Committee on the Post Office and Post Roads.

By Mr. McLEMORE: Resolution (H. Res. 142) proposing that each State train its own negro soldiers and in separate camps from the white soldiers; to the Committee on Military Affairs.

By Mr. TINKHAM: Resolution (H. Res. 143) providing that no public building shall be erected except as a war emergency and upon the approval of the Fine Arts Commission; to the Committee on Public Buildings and Grounds.

By Mr. KENNEDY of Rhode Island: Joint resolution (H. J. Res. 154) authorizing the erection of a memorial in Washington to the memory and in honor of the members of the various orders of sisters who gave their services as nurses on battle fields, in hospitals, and on floating hospitals during the Civil War; to the Committee on the Library.

### PRIVATE BILLS AND RESOLUTIONS.

Under clause 3 of Rule XXII,

Mr. HOUSTON submitted a concurrent resolution (H. Con. Res. 22) authorizing the printing of the report of the Alaskan Engineering Commission for the year ended December 31, 1916, which was referred to the Committee on Printing.

### PETITIONS, ETC.

Under clause 1 of Rule XXII,

Mr. LONERGAN submitted a petition of the Hartford Division, Amalgamated Association of Street and Electric Railway Employees of America, asking for a Federal investigation of the explosion during the preparedness parade in San Francisco July 22, 1916, which was referred to the Committee on Labor.

### SENATE.

TUESDAY, September 18, 1917.

The Chaplain, Rev. Forrest J. Prettyman, D. D., offered the following prayer:

Almighty God, we thank Thee for the splendid unity that characterizes our national life. In the time that is testing all things we gain inspiration and certainty as we go forward out of the unity of counsel and purpose and ideals that animate a great people. We pray Thee to draw us nearer to Thyself that we may see clearly before us the path in which the Divine Providence would lead us. We pray that Thou wilt give us great success in all our enterprises. For Christ's sake. Amen.

The Vice President being absent, the President pro tempore [Senator WILLARD SAULSBURY] assumed the chair.

The Secretary proceeded to read the Journal of the proceedings of Saturday last.

Mr. VARDAMAN. I ask unanimous consent that the further reading of the Journal be dispensed with.

The PRESIDENT pro tempore. If there be no objection, the reading of the Journal of the proceedings of both Saturday and Sunday will be dispensed with. The Chair hears none, and the Journals will stand approved.

STATE OF MASSACHUSETTS AGAINST THE UNITED STATES (H. DOC. NO. 369).

The PRESIDENT pro tempore laid before the Senate a communication from the chief clerk of the Court of Claims, transmitting a certified copy of the findings of fact and conclusion of law filed by the court in the case of the *State of Massachusetts v. The United States*, which, with the accompanying paper, was referred to the Committee on Claims and ordered to be printed.

DEFICIENCY APPROPRIATIONS FOR THE WAR DEPARTMENT (S. DOC. NO. 88).

The PRESIDENT pro tempore laid before the Senate a letter from the Secretary of the Treasury, transmitting a copy of a letter from the Secretary of War submitting additional estimates of deficiencies in appropriations amounting to \$287,416,000 required for the service of the War Department for the fiscal year ending June 30, 1918, which was ordered to be printed.

#### CALLING OF THE ROLL.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Frelinghuysen	Martin	Shafroth
Beckham	Hale	New	Sheppard
Brandegee	Johnson, Cal.	Norris	Smith, Ga.
Chamberlain	Jones, N. Mex.	Overman	Smoot
Culberson	Jones, Wash.	Page	Sterling
Cummins	Kendrick	Phelan	Swanson
Curtis	Kenyon	Pomerene	Underwood
Dillingham	Kirby	Reed	Vardaman
Fletcher	McNary	Saulsbury	Williams

Mr. FRELINGHUYSEN. I wish to announce that my colleague [Mr. HUGHES] is unavoidably absent on account of illness.

Mr. CURTIS. I desire to announce the unavoidable absence of the Senator from New Hampshire [Mr. GALLINGER]. I will let this announcement stand for the present.

I wish also to announce the absence of the Senator from Michigan [Mr. TOWNSEND] on account of illness in his family. I will let this announcement stand for the present.

Mr. SHAFROTH. I desire to announce the unavoidable absence of my colleague [Mr. THOMAS] on account of illness. I will state that he is paired with the senior Senator from North Dakota [Mr. McCUMBER]. I will let this announcement stand for the day.

The PRESIDENT pro tempore. Thirty-six Senators have answered to their names. The Secretary will call the roll of absentees.

The Secretary called the names of the absent Senators, and Mr. HARDING, Mr. POINDEXTER, Mr. RANDELL, and Mr. SUTHERLAND answered to their names when called.



Mr. SHIELDS, Mr. STONE, Mr. LODGE, and Mr. HUSTING entered the Chamber and answered to their names.

Mr. HUSTING. I desire to announce the unavoidable absence of the senior Senator from Kansas [Mr. THOMPSON] on official business.

Mr. SUTHERLAND. I wish to announce that my colleague, the senior Senator from West Virginia [Mr. GORF], is unavoidably absent owing to illness. I will let this announcement stand for the day.

Mr. KING and Mr. SMITH of Arizona entered the Chamber and answered to their names.

The PRESIDENT pro tempore. Forty-six Senators have answered to their names. There is not a quorum present.

Mr. BRANDEGEE. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDENT pro tempore. The Sergeant at Arms will execute the order of the Senate.

Mr. MCKELLAR, Mr. BRADY, Mr. PENROSE, Mr. SMITH of Maryland, and Mr. WATSON entered the Chamber and answered to their names.

The PRESIDENT pro tempore. Fifty-one Senators have answered to their names. There is a quorum present.

Mr. BRANDEGEE. I ask unanimous consent that the order just made be vacated.

The PRESIDENT pro tempore. Without objection, the order will be vacated.

#### BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SUTHERLAND:

A bill (S. 2888) granting a pension to Arch Linthicum; and

A bill (S. 2889) granting an increase of pension to Mary E. Cheuvront; to the Committee on Pensions.

By Mr. WATSON:

A bill (S. 2890) to provide quarters or commutation therefor to commissioned officers of the Army who have dependents to support; to the Committee on Military Affairs.

By Mr. PAGE:

A bill (S. 2891) granting a pension to Mary Jedowin (with accompanying papers); to the Committee on Pensions.

By Mr. NORRIS:

A bill (S. 2892) granting a pension to Mary Snow; to the Committee on Pensions.

#### AMENDMENTS TO DEFICIENCY APPROPRIATION BILL.

Mr. BRANDEGEE submitted an amendment proposing to appropriate \$103,000 for the acquisition of additional land in Groton, Conn., for the New London submarine base, intended to be proposed by him to the urgent deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

Mr. REED submitted an amendment providing that land-grant railroads organized under the act of July 29, 1866, chapter 300, shall receive the same compensation for transportation of property and troops of the United States as is paid to land-grant railroads organized under the land-grant act of March 3, 1863, etc., intended to be proposed by him to the urgent deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

#### THE BIRTH OF AMERICAN THRIFT.

Mr. STERLING. Mr. President, I have here a pamphlet entitled "The Birth of American Thrift," by John Muir. The pamphlet is evidently suggested by the sale of liberty bonds. Emphasis is placed upon the sale under the partial-payment plan, and it is particularly suggestive as to the sale of bonds to workmen. Tables are given showing subscriptions by workmen to the liberty bonds. I think it may be of such importance in regard to the sale of future issues of bonds that it ought to be printed as a public document, and I therefore ask unanimous consent that this pamphlet be referred to the Committee on Printing for report.

The PRESIDENT pro tempore. Without objection, the matter will be referred to the Committee on Printing.

#### ADJOURNMENT UNTIL THURSDAY.

Mr. MARTIN. Mr. President, in order to enable committees to devote their time continuously to a number of very important matters that are under consideration I think time will be saved by an adjournment of the Senate. I move that the Senate adjourn until 12 o'clock Thursday.

The motion was agreed to; and (at 12 o'clock and 15 minutes p. m.) the Senate adjourned until Thursday, September 20, 1917, at 12 o'clock meridian.

## HOUSE OF REPRESENTATIVES.

TUESDAY, September 18, 1917.

The House met at 11 o'clock a. m.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

We bless Thee, our Father in heaven, for every fraud unearthed, for every injustice brought to light, for every act of dishonesty and perfidy uncovered throughout the world, and we most fervently pray that speedy retribution may follow the wrongdoer, both for his sake and for the sake of humanity. But we rejoice with exceeding great joy that for every fraud there are a thousand genuine acts, for every injustice a thousand deeds of justice and kindness, for every deed of dishonesty a thousand acts of honesty; that there is more good in the world than evil, in spite of the terrible conditions which confront us; that the trend of civilization is upward not downward, forward not backward; that God reigns and the star of love is in the ascendancy; that the ties of brotherhood are strengthening and widening day by day; and with an optimism born of faith in Thee and in humanity we look forward with confidence in the coming of Thy kingdom in all its sweetness and fullness and the reign of Thy love in every heart; for Thine is the kingdom, and the power, and the glory for ever and ever. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. DALE of New York, for three days, on account of important business.

To Mr. BRUCKNER, indefinitely, on account of illness.

#### EXTENSION OF REMARKS.

Mr. FESS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing some further observations upon the rehabilitation and reeducation of the wounded soldier.

The SPEAKER. The gentleman from Ohio [Mr. FESS] asks unanimous consent to extend his remarks in the RECORD by adding some further literature on the subject of the rehabilitation of the wounded soldier. Is there objection? [After a pause.] The Chair hears none.

Mr. ROGERS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a speech on "Why we are at war," by the gentleman from New York [Mr. PLATT].

The SPEAKER. The gentleman from Massachusetts [Mr. ROGERS] asks unanimous consent to extend his remarks by printing a speech made by the gentleman from New York [Mr. PLATT] on "Why we are at war." Is there objection? [After a pause.] The Chair hears none.

#### DEFICIENCY APPROPRIATIONS.

Mr. FITZGERALD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5949, the urgent deficiency bill.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5949, the urgent deficiency bill, with Mr. CRISP in the chair.

The CHAIRMAN. The House is in the Committee of the Whole House on the state of the Union for the further consideration of the bill the title of which the Clerk will report.

The Clerk read as follows:

A bill (H. R. 5949) making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1918, and prior fiscal years, on account of war expenses, and for other purposes.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

For purchasing and supplying uniforms to park, monument, and bridge watchmen, \$950.

Mr. BORLAND. Mr. Chairman, I move to strike out the last word. I want to ask the chairman of the committee a question with reference to the item "For purchasing and supplying uniforms to park, monument, and bridge watchmen, \$950." My recollection is that is an item which has been in the bill for a good many years, has it not?

Mr. FITZGERALD. It is for the purchase of uniforms for these men.

Mr. BORLAND. It has been the custom for us to purchase uniforms for them?

Mr. FITZGERALD. They get \$70 a month, and it was because of the low compensation they received that we believed it proper to purchase their uniforms.



Mr. BORLAND. That was my recollection, and I also recall that there was a proposition made and urged upon the committee at different times to supply this increasing army of chauffeurs around here uniforms and gloves and all sorts of their accouterments. Nothing has been done about that, has there?

Mr. FITZGERALD. Not so far as I have any knowledge.

Mr. BORLAND. It does seem we ought not to buy gloves and these other accouterments for the chauffeurs, who are increasing very rapidly in number and most of whom are very well paid.

Mr. FITZGERALD. Well, most men who can afford a chauffeur buy the necessary accouterments to make them presentable and attractive looking.

Mr. BORLAND. They ought to; but it is an item which, I take it, could very easily grow into considerable proportions.

The CHAIRMAN. Without objection, the pro forma amendment will be considered as withdrawn and the Clerk will read.

The Clerk read as follows:

For a temporary office building, including heating and lighting, for the use of the War and Navy Departments, to contain approximately 1,055,000 square feet, to be erected in Henry Park, reservation No. 4, Sixth and B Streets, \$2,000,000. Space in said building shall be allotted by the officer in charge of Public Buildings and Grounds upon the joint order of the Secretary of War and the Secretary of the Navy.

Mr. COOPER of Wisconsin. Mr. Chairman, I reserve a point of order on the paragraph, lines 16 to 23, inclusive, page 49. Will the gentleman from New York, in charge of the bill, consent that that shall go over until later? I will explain, Mr. Chairman, the reason why I make that request. The other day when the attention of the committee was directed to this proposed new building by the chairman, the gentleman from New York [Mr. FITZGERALD], I congratulated him and the committee on their having decided to erect one Government building; rather than to rent a number of smaller buildings to be erected by private persons and located here and there, without regard to the plan for the improvement of the city and without provision against its disfigurement. It is a fact that many such structures have been put up within the last three or four years that for generations to come will disfigure the appearance of the National Capital.

Mr. SHERLEY. If the gentleman will permit, I was just going to say to the gentleman the character of this building is such as to make it certain that it would not remain there more than a very few years.

Mr. MADDEN. And it is right back of the market, anyway.

Mr. SHERLEY. And it is away from any place where it could be considered objectionable because of its locality.

Mr. COOPER of Wisconsin. Mr. Chairman, instead of that being an out-of-the-way place, it is, in my judgment, with all respect to the gentlemen who differ from me, a very prominent place.

Mr. SHERLEY. Well, it is prominent in the sense it is within the Mall. It is not on the Avenue, and it is not contemplated that the building should be there permanently. I will say to the gentleman that this was done not with the idea of having something there forever, but as the result of a very elaborate effort on the part of not only the Committee on Appropriations, but the commission that was appointed in the last Congress, composed of Members of the House and Senate, the Acting Supervising Architect, Col. Harts, and the Superintendent of the Capitol, and it presented the most feasible, simple, and practical plan that we could work out to take care of this very pressing need of the departments.

Mr. COOPER of Wisconsin. I always have great respect for the gentleman from Kentucky [Mr. SHERLEY] and for his opinions in discussions on this floor. There is no Member for whose judgment I have more regard. But in looking at this I will say, by way of introduction—

Mr. SHERLEY. I was just going to suggest to the gentleman that I would trade the compliment for the "but." [Laughter.]

Mr. COOPER of Wisconsin. While I respect the gentleman and his judgment, I do not agree with him at this particular time. The other day when I congratulated the committee that they had decided to build one building rather than to lease several, I had not then read this paragraph.

Mr. FITZGERALD. I stated what it would be.

Mr. COOPER of Wisconsin. I know the gentleman stated it, but I did not get that clear comprehension which I now have. I can not understand how a "temporary" office building, as we ordinarily understand the word "temporary," is going to cost \$2,000,000.

Mr. SHERLEY. I will tell you how the gentleman can understand it, if he will permit.

Mr. COOPER of Wisconsin. Just a minute. Two millions of dollars, with the number of square feet that are to be provided for, indicates absolutely within narrow limits what the character of the material must be to carry out that provision.

Mr. MADDEN. How many cubic feet?

Mr. COOPER of Wisconsin. One million fifty-five thousand square feet.

Now, I am not a contractor, but I know enough to know that when a contractor is required for \$2,000,000 to put up a building containing so many square feet he is limited in his choice of material.

Mr. MADDEN. Will the gentleman yield to me?

Mr. COOPER of Wisconsin. I yield to the gentleman.

Mr. MADDEN. I think about the average cost of a well-constructed building would be \$5 per square foot. Of course the construction cost per cubic foot is a totally different proposition. So it must be evident that if this building is going to cost only \$2,000,000, and it has more than 1,000,000 square feet, it is not a very highly constructed building.

Mr. COOPER of Wisconsin. It is to cost \$2,000,000, a very considerable outlay. I understand that the new building in which the Interior Department is located cost about \$2,000,000, and that is a permanent structure. I do not know how many square feet it contains, but there are a good many.

Mr. STAFFORD. I can give the gentleman the information. It has 781,000 square feet.

Mr. FITZGERALD. There are 14½ acres of floor space in the Interior Department Building.

Mr. STAFFORD. It has 781,000 square feet.

Mr. COOPER of Wisconsin. It has 781,000 square feet. Is it square feet or is it cubic feet?

Mr. STAFFORD. Square feet. It has 781,000 square feet of all available space from the cellar to the top floor.

Mr. COOPER of Wisconsin. That is three-fourths as many square feet as this proposed building is to contain. And that building of the Interior Department cost \$2,000,000, or a little short of it. It is evident to me that this building, which it is proposed to put up in the Mall for \$2,000,000, is to be a substantial structure.

Mr. FITZGERALD. The gentleman knows that if the Interior Department Building was erected to-day instead of the time it was contracted for it could not be built at double that price. Labor and materials have increased in some cases over 100 per cent.

Mr. COOPER of Wisconsin. They entered it only two months ago.

Mr. FITZGERALD. It was started three or four years ago. The contracts were made three or four years ago, before any of this excessive cost for labor and material.

Mr. SHERLEY. If the gentleman will permit, the answer to his speculation is found in the fact, and the fact is, that they are going to build a temporary frame structure there, and they could not build a structure with that many square feet for the price indicated with the present cost of labor and material that was anything but a temporary structure. You could not touch it.

Mr. COOPER of Wisconsin. That is a very important suggestion. But in connection with the Interior Department Building I am reminded that the very persons who probably will draw the plans for this building are those who made the original plans providing that red brick should be used for the new Interior Department Building, and it was only because the Arts Commission insisted that a great structure of red brick in that location would permanently disfigure that part of Washington that finally it was agreed to use stone for the exterior. But if the newspapers are to be relied upon it took a long and persistent campaign to effect this very important and necessary change.

Mr. SHERLEY. I simply desire to say again that the fact is that the building that will be put up there will be a frame building, will be white, and be made to be as pleasant to the eye as a temporary building of that character can be made.

Mr. COOPER of Wisconsin. Two millions of dollars will build considerable of a frame building.

Mr. SHERLEY. Yes; and this is to be considerable of a building. Now, there is no need of our speculating on the floor about it.

Mr. COOPER of Wisconsin. It is to be only one-quarter larger than the Interior Department Building.

Mr. SHERLEY. We had the best advice of the men who ought to know, and among them was Col. Harts, who is secretary of the Fine Arts Commission.

Mr. COOPER of Wisconsin. This building is to go up in the Mall. I remember the struggle that took place not many years



ago about the proposed location of a certain other structure in the Mall on this very site. The gentleman from Kentucky will remember that the Pennsylvania Railroad Co. had had its station there for many years. They were forced out only a few years ago when the Union Station was provided for. But at the time to which I referred, a bill was introduced in the House which not only permitted that railroad company to retain the land they were then using for a station and tracks, but gave them also 14 additional acres in that Mall, clear across it. They were to use it for car trackage, for anything of the sort they wanted, and for a new station, so that forever between the National Capital and the monument to George Washington there would be a great roach-back station and tracks crowded with smoking locomotives. The park, a very large section of it, would have been destroyed for park purposes, and an irreparable wrong done to the people of this city and to all of the people of the United States. For this is the Capital City of all of the people. And yet that bill went through the House and became a law, and we never could get it changed until the President of the United States, at the request of Daniel Burnham, then at the head of the Arts Commission, sent for Mr. Cassatt, president of the Pennsylvania Railroad, and after a consultation in which those three distinguished men took part, the company finally agreed to help build the present Union Station on the site it occupies and which was fixed for it in the commission's plan for the improvement of the city. This plan, the commission said, and the President agreed, was necessary and ought to be carried out. And yet the Government had to contribute about \$4,000,000 before it could get the railroad company out of the Mall. I will never forget my surprise when the proposition was brought in here permanently to locate that station there and to give that company 14 additional acres of land in that beautiful park.

Mr. FITZGERALD. Mr. Chairman, I hardly think the gentleman should take the time of the committee in rehearsing ancient history that has no relation to this matter.

Mr. COOPER of Wisconsin. It has this relation to it—

Mr. FITZGERALD. It has none whatever.

Mr. COOPER of Wisconsin. I believe I have the floor.

Mr. FITZGERALD. The gentleman has not the floor for that purpose. The gentleman is talking about something that happened in the early days of my service in the House, for which I was not responsible and which I voted against. If the gentleman wants information about this building, very well.

Mr. COOPER of Wisconsin. This proposed building, to cost \$2,000,000, is to go up on the same site—

Mr. FITZGERALD. Well, if the gentleman wants information about it, I will be pleased to give it to him. If he is just speculating about things that might happen, I can not furnish him with information. I will make a statement about the matter, and if he does not want to consider it at this time he can exercise his rights and have it go out of the bill. I want the bill completed sometime, and before it is completed I want to point out—

Mr. FESS. I will ask the gentleman from Wisconsin if the Washington Memorial Association has not an option on that ground upon which to erect a convention hall?

Mr. COOPER of Wisconsin. Yes. I also recall, Mr. Chairman, that the Washington Memorial Society, organized to erect a memorial to George Washington, was by an act of Congress given permission to put up a building on that exact site.

Mr. FITZGERALD. Certainly.

Mr. COOPER of Wisconsin. And I understand they have raised between \$500,000 and \$600,000 for that purpose.

Mr. FITZGERALD. No. The Congress has extended the time on several occasions in which that building could be constructed, and I was instrumental in the last Congress in having that original authority modified so as to require a smaller initial sum to be fixed in order to construct the building. They are not in a position to construct the building at this time, and even if they were, they are not able to do it because of the existing prices.

Mr. COOPER of Wisconsin. Will not this paragraph, if it becomes a law, amount, in effect, to a repeal of the law granting them the use of that land?

Mr. FITZGERALD. It will defer the use of this particular property for that purpose probably for five years, or during the continuation of this war. I have been a Member of this House 19 years, and the gentleman longer than that, and I think when I first came here the proposition about that memorial hall was under discussion, and the necessities of the Government at this time justified deferring a few years longer such a memorial. I will be pleased to give the gentleman information about the matter if he desires.

Mr. COOPER of Wisconsin. The society, if newspaper reports are to be relied upon, has already in hand about half a million dollars or a little more.

Mr. FITZGERALD. I understand that, but—

Mr. COOPER of Wisconsin. The plans for the Washington Memorial Building—

The CHAIRMAN. The time of the gentleman has expired. Does the gentleman reserve a point of order?

Mr. COOPER of Wisconsin. Yes; the gentleman reserves a point of order.

The CHAIRMAN. When a point of order is reserved, under the rules of the House the gentleman reserving it is entitled under the five-minute rule to five minutes.

Mr. FITZGERALD. I wish to be recognized.

The CHAIRMAN. The gentleman from New York is recognized.

Mr. FITZGERALD. The committee has before it requests for space from the various services of the Government intimately connected with the conduct of the war aggregating \$15,000 square feet. The annual expenditure for rent in the propositions submitted to the committee amounted to \$427,800. It was proposed to repair one building at an expense of \$15,000 and to erect a small temporary structure at a cost of \$300,000. Four hundred and twenty-seven thousand dollars, according to the calculation of the gentleman from Wisconsin, which he emphasized yesterday when there was a provision to lease a building at \$48,000 a year, is the annual interest on \$10,720,000 at 4 per cent.

An examination of the proposals submitted by the representatives of the Government disclosed the fact that with one exception it was necessary in order to obtain the accommodations to enter into five-year leases. The one exception is the Arlington Hotel site property. The owners of that building are willing to rent from year to year at an annual rental of \$210,000, which is 4 per cent, if I figure correctly, upon an investment of \$5,000,000. I hope the gentleman from Wisconsin will listen to what I am saying.

Mr. DALLINGER. Mr. Chairman, will the gentleman yield?

Mr. FITZGERALD. Not until I finish the statement. The Arlington Hotel site property is offered and is to be taken by the Government at an annual rental of \$210,000, which is equivalent to a 4 per cent return upon an investment of \$5,000,000. One of the propositions submitted provided for a five-year rental of a building to be erected adjoining the present Interstate Commerce Building. A proposal is submitted by the same persons who erected the Interstate Commerce Building. It was based upon a five-year lease proposal. The promoters of that project have hunted every financial center in the United States, and it is impossible for them to obtain the money to finance that operation unless the Government is willing to enter into a 10-year lease.

It appeared upon investigation that buildings erected at this time will cost approximately from 33 to 100 per cent in excess of what they would cost in normal times; that those approached to finance such a building insist that such provision be made for rental to the Government that the estimated shrinkage in value that will result when the war ends, of probably 33 per cent, must be amortized in the rent to be paid by the Government in the initial lease.

It also is apparent from knowledge obtained in the preparation of this bill that the probabilities are that within a year it will be necessary to provide accommodations of approximately a million square feet additional for the service of the Government. The Bureau of Ordnance alone is obtaining in this bill appropriations of two billions and a half, and they have already had more than a billion dollars. The munitions department of the British Government, which had to be organized since the war originated, and which now, because of the effectiveness of its organization, is making possible the present success of the allies, has more than 8,000 employees in the city of London alone. It is necessary for the proper conduct and prosecution of this war to organize the bureaus and departments upon a scale never contemplated and commensurate with the amount of work undertaken.

What was the committee to do? Let the Government be at the mercy of real estate promoters that have been denounced by the gentleman from Wisconsin [Mr. COOPER] every time a proposition is made here to rent or endeavor to do something that will expedite and promote and provide facilities for the Government.

There are not in existence in Washington office facilities for employees who must be obtained if the war is properly conducted. Facilities must be provided. Should they be provided by private enterprise and the Government amortize the excessive



costs in rental, or should we provide some sensible scheme for the emergency and assume whatever risk may be the result of it?

Four hundred and twenty-seven thousand dollars on the basis of a five-year lease amounts to two million one hundred and odd thousand dollars in rental alone. It would result in the various services of the Government being scattered in all sorts of indefinite and unsuitable places. The Bureau of Ordnance to-day that ought to have all its force in one building and under one roof is scattered in seven different buildings in Washington. Loss in efficiency and effectiveness can not be measured in money. The most important thing is to have an effective organization, and so as a member of the commission provided by Congress to provide for the permanent housing of the departments of the Government, I had the commission called together. It consists of three members of the Appropriations Committee of the Senate, three members of the Senate Committee on Public Buildings and Grounds, three members of the Committee on Appropriations of the House—myself, the gentleman from Kentucky [Mr. SHERLEY], and the gentleman from Massachusetts [Mr. GILLET]—three members of the Committee on Public Buildings and Grounds, the gentleman from Florida [Mr. CLARK], the gentleman from Tennessee [Mr. AUSTIN], and I do not recall the name of the other member, the Supervising Architect of the Treasury, the Superintendent of Public Buildings and Grounds, Col. Harts, who is a member of the Commission of Fine Arts, and the Superintendent of the Capitol, Mr. Woods.

That commission met, took the requests submitted to Congress, and directed the three technical members of the commission to prepare estimates for a building, to contain approximately a million square feet of space, and to investigate and report upon an available site for such a building in the city. After two weeks spent in repeated meetings, repeated discussions and consideration, that commission unanimously agreed upon this proposition; 15 members of the commission unanimously agreed upon this proposition as imperatively needed for the service of the Government.

Upon the adoption of a resolution by the commission, which was transmitted to the Committee on Appropriations, the Committee on Appropriations submitted this recommendation to the House.

This is not to be a permanent building. A permanent building could not be erected within the amount provided. This building will be of a temporary character, equipped with a sprinkler system, and, as the bill provides, must be provided with heat and light. The heating of the building alone will be considerable because of the temporary character and extensive area that will be covered.

If this building is authorized, within 60 days parts of it will be available for the Government to utilize, and it is expected to be completed within 90 days. We can not wait 10 or 12 months for this space. The operations of the Government are now being delayed because there is no place to put employees who must be had in order to expend this money. It is idle for Congress to make these appropriations, it is a waste of time, unless we provide the places for the employees to carry on the work.

I know, because these things come to me, everybody who hopes to get a contract to put up buildings to be occupied by the Government looks with grave alarm at this proposed temporary building. It is the first move to kill the golden calf. It is the first sensible scheme to let the Government get the benefit of building operations and not to enrich a coterie of men who feed on the needs of the Government. But just as soon as a proposition like this is presented under the circumstances I have stated, the gentleman from Wisconsin, who has been continually clamoring and denouncing the transactions with real estate operators, stands up and leads the opposition and is the chief objector to it.

The other day the Washington Post had a news item, as follows:

OFFICE BUILDING IN MALL OPPOSED—MEMBERS OF FINE ARTS COMMISSION BROUGHT UP OVER PLAN.

Representative FITZGERALD, chairman of the Appropriations Committee of the House, has stirred the wrath of the members of the Fine Arts Commission by sponsoring an appropriation for the erection of a huge frame building in the Mall to provide offices for expanding Government departments.

The bill, as framed by Mr. FITZGERALD, requires that the nondescript building be erected on a certain site not far from the National Museum, where it will loom up to break the vista from the Capitol to the Virginia shore, for which the Fine Arts Commission has made a long and persistent fight. It is held that the mushroom structure will be a glaring anomaly within the shadow of the Washington Monument, and members of the commission fear that once it is built it will not be removed for years to come.

I suspected the origin of that when I first read it, because I know the financial interests that do not wish this building

erected. My impression was confirmed when the same morning that this article appeared in the Washington Post—yesterday—Col. Harts, the secretary of the Fine Arts Commission, handed me the following letter:

THE COMMISSION OF FINE ARTS,  
Washington, D. C., September 17, 1917.

HON. JOHN J. FITZGERALD,  
House of Representatives, United States.

MY DEAR SIR: I desire to say to you that the inclosed newspaper statement has no basis in fact. The members of the Commission of Fine Arts know that you were one of the most efficient supporters of the McCall bill creating the Commission of Fine Arts, and that you have consistently supported the principles of the commission, although not always agreeing with its conclusions. They have the highest respect for you personally and appreciate your repeated and consistent efforts for the development of Washington.

The members of the commission realize the war needs of the Government and desire to do everything in their power to assist in the exacting work now in progress. They have ever exerted themselves to further and never to retard such work. Furthermore, they see in this emergency work opportunities to advance the general plan for Washington, and their only concern is to conserve all efforts to that end without in any measure delaying its accomplishment.

Respectfully,

CHARLES MOORE, Chairman.

The Fine Arts Commission is not at the bottom of this opposition, and I repeat that I know the general source of the opposition because I know how I have been pestered and urged and pleaded with to help authorize contracts for leases of property to be erected by private individuals. What are we to do? This lot has been set aside by act of Congress for the erection of the George Washington Memorial Hall, set aside upon condition that there shall be raised before anything is done \$1,000,000 by the association to construct a building to cost \$2,000,000. That act was passed on the 4th of March, 1913. Nothing has been done toward commencing the building, and in the sundry civil appropriation bill enacted at the last session of Congress, upon the representation of those interested in the proposed memorial, Congress modified the act so as to permit work to be begun when \$500,000 had been raised, and extended the time within which to commence the building.

This was the one site upon which it was possible to get an agreement among men who had spent considerable time in investigating the available sites. It was believed that in view of the war needs of the Government it would not be at all out of place to defer the erection of that particular memorial until at least the war is ended. That conviction was strengthened by the fact that no one would undertake the construction of a memorial such as is proposed when the market for materials and labor is the highest in our history and the shortage of materials is seriously affecting the Government. This is a time when all private desires, all private inclinations, the wishes of all individuals, must be subordinated to the imperative needs of the Government. This provision has been put here after the most mature consideration and careful investigation. It is essential to provide these facilities if the work of the Government is to be done. For that reason I purpose, if this provision goes out on a point of order, to ask the Committee on Rules for a rule to make it in order upon this bill. I am determined to do everything in my power to give this House an opportunity to determine for itself whether the Government shall be held up by any coterie of private interests seeking to profit out of its necessities at a time like the present. I shall not propose any amendments providing for rent aggregating nearly half a million dollars, with a knowledge that similar requests must be met in a very short time, with a knowledge that the facilities that would be provided by such rental items could not be furnished inside of from 9 to 18 months, when within 90 days or 100 days at the outside we may have a building in which we could put all of these services of the Government, by means of which we could increase the efficiency of the services to an extent that can not be measured in money, by means of which we can promote the tremendous work the Government is now engaged in. I shall now be very glad to answer any questions.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. FITZGERALD. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. DALLINGER. Mr. Chairman, I want to ask if this floor space includes all the additional space that the War and Navy Departments will probably need during the next year?

Mr. FITZGERALD. Not at all. It is a little in excess now of the apparent needs. My own opinion is that the probabilities are that within a year, if this war does not cease, the Government will require a million square feet additional.

Mr. DALLINGER. May I ask the chairman of the committee if it is still proposed or if it is probable that they will take



the Arlington site when the building is completed and lease that also?

Mr. FITZGERALD. They will not unless Congress votes the money to rent it, and there is no proposal in this bill to do that.

Mr. DALLINGER. As I understand it, the proposition is to put up this temporary building and make it appear something like the World's Fair buildings.

Mr. FITZGERALD. Not exactly.

Mr. DALLINGER. I mean so that it will not be obnoxious to the eye.

Mr. FITZGERALD. A building has been designed or proposed with a main structure 50 feet wide, with a 10-foot hall and rooms 20 feet wide, and running out from it at every 20 or 30 feet wings, so that it will afford the greatest amount of light within the space provided. It is to be a three-story building, without elevators, equipped with a sprinkler system; and the opinion of the three technical members of the commission is to the effect that such a building would afford adequate protection against fire risk. It is in a section of the city where I have no hesitancy in stating that the average visitor to Washington would never know it existed, because unless he goes out of his way to go through the Mall he will not see it. It will be barely visible from Pennsylvania Avenue, and will not be offensive to the esthetic sense of the particular visitor. More than that, it is in a place where there are ample transportation facilities, and that is an important matter, because it is not possible to provide for accommodations of this character and require a very large number of employees to walk from a quarter to a half mile to cars. So we considered all the various places proposed, and this was the one that met the universal approbation of the men who were charged especially with the duty of investigating.

Mr. CLARK of Missouri. Will the gentleman yield for a question?

The CHAIRMAN. Does the gentleman from New York yield?

Mr. FITZGERALD. I do.

Mr. CLARK of Missouri. Solely for information, because the gentleman knows more about it than anybody else. What greater percentage does it take to put up a permanent building of a given size than a temporary building?

Mr. MADDEN. Let me give the Speaker some information on that from my practical knowledge of the situation.

Mr. CLARK of Missouri. Certainly.

Mr. MADDEN. If you put up a reasonable, decently constructed building in normal times it would cost \$5 a square foot, and maybe \$8, depending upon the character of the construction. It would cost anywhere from 35 to 50 cents a cubic foot. Under the present circumstances it costs \$9 a square foot to put up a reasonably decently constructed building.

Mr. CLARK of Missouri. How much would it cost for a temporary building?

Mr. MADDEN. This is going to cost less than \$2 a square foot, so anybody can see it is only a temporary building.

Mr. CLARK of Missouri. How much longer will it take to put up a permanent building of a given kind than a temporary building?

Mr. MADDEN. It would take about a year and a half to two years to put up a well-constructed, permanent building, and this can be put up anywhere from 60 to 90 days.

Mr. FITZGERALD. Ninety days.

Mr. CLARK of Missouri. One other question that has got nothing to do with this bill. I have asked the gentleman from New York two or three times in days gone by, What is the reason the Government does not build all its buildings and quit renting from Tom, Dick, and Harry?

Mr. FITZGERALD. Congress at the last session created, in the sundry civil act, a commission on the permanent housing of Government activities. One consideration in the selection of this site was that if this were not selected another site would have to be selected which has already been set aside for a permanent building. Some members of the commission were reluctant to put up a temporary structure there lest it might delay the beginning of the work of permanently housing Government activities.

Mr. CLARK of Missouri. Now, that building that is going to be put up here by the theater—

Mr. FITZGERALD. On what is known as the Belasco lot?

Mr. CLARK of Missouri. That is going to be a permanent building?

Mr. FITZGERALD. That is a permanent building for the needs of the Treasury Department and so conveniently located that it is proposed to connect it by a tunnel with the Treasury Department and practically be an annex to it.

Mr. CLARK of Missouri. Is it going to be a modern office building or one of these monumental concerns?

Mr. FITZGERALD. The proposition is to put up a modern office building, with the front so designed as to harmonize with the structures around the building.

Mr. DYER. Will the gentleman yield for a question?

Mr. FITZGERALD. I yield.

Mr. DYER. Does the Government still own the old Census Office Building?

Mr. FITZGERALD. The Government never owned the Census Building. It is owned by an estate. It is now occupied partially by the Supreme Court of the District of Columbia. Last year Congress authorized a remodeling and reconstructing of the courthouse, which is an historic building and which also provides accommodations for the courts during the time that work is under way. Sufficient accommodations were rented in the old Census Building to enable the courts to continue their business. I think there are five parts of the District Supreme Court with the necessary attendants and employees occupying practically a third to one-half of the old Census Building.

Mr. DYER. Will the Government use the balance of that building for its activities?

Mr. FITZGERALD. It can not be used very well, I am informed, because of the way in which it has been necessary to divide it up for the courts. If that building had not been utilized in that way, it would have been a very desirable building and the rental of it would have been very low.

Mr. COOPER of Wisconsin. Mr. Chairman, I ask unanimous consent to address the committee.

The CHAIRMAN. For five minutes?

Mr. COOPER of Wisconsin. Yes, and perhaps another five minutes, although I do not know that I shall wish it all.

Mr. FITZGERALD. Mr. Chairman, I ask that the gentleman may have five minutes.

The CHAIRMAN. The gentleman from New York asks unanimous consent that the gentleman from Wisconsin may proceed for five minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. COOPER of Wisconsin. Mr. Chairman, the gentleman from New York [Mr. FITZGERALD] has made a speech which, when read in the RECORD by one not familiar with the proceedings on the floor, would lead the most honest reader to believe that, in making this point of order, I had been influenced by real-estate interests in the city of Washington. The gentleman from New York knew better when he made the insinuation—

Mr. FITZGERALD. Well, the gentleman might be the innocent tool of those people. I have seen that happen in Congress.

Mr. COOPER of Wisconsin. Innocent tool! Mr. Chairman, upon my honor as a Representative, I declare now that absolutely no person has either directly or indirectly said a word to me on the subject of this proposed building, nor in my presence said anything to any other person on the subject, nor in any manner, at any time, directly or indirectly, communicated with me concerning it. My reservation of the point of order is strictly in accordance with what always has been my openly declared attitude on this general subject. This attitude was made plain when the other day I congratulated the gentleman from New York [Mr. FITZGERALD] that the Committee on Appropriations had decided to recommend that the Government itself erect one building rather than pay rent for a number of buildings privately owned all over the city. That was not the first time I had expressed a similar view on this floor.

Mr. Chairman, no person knows that fact better than does the gentleman from New York, but he knows also that outside of the city of Washington are readers of the RECORD who do not know it. No man knows better than does the gentleman from New York that in previous Congresses I have been as vigorous as my humble abilities would permit me to be in opposing the indiscriminate renting, by the Government, of privately owned buildings in the city of Washington. I have done this Congress after Congress, but I have never heard the gentleman from New York say a word about it until to-day.

In the RECORD, page 7277, first session, Sixty-fourth Congress, is the report of a speech during which, in support of my views, I read from an article in the Evening Star, of this city, as follows:

Let us see what happens in these cases. The Bieber Building and the Navy Building are two of the more recent buildings erected in this manner. The financial process is simple. Preliminary estimates prepared by real estate interests lead the Government to believe that the building is to cost a certain sum of money. The rental is then fixed at 10 per cent of the supposed cost. In the case of the two buildings above cited the buildings were sold after completion at a price equal to ten times the rental paid by the Government, and the buildings are currently reported to have taken a cash profit of \$100,000 in each case. Thus the Government actually pays about 15 per cent per annum on the cost of the investment for rental alone, since the leases provide that heat, light, janitor, and elevator service are provided by the Government. What really happens is that the leases are capitalized at 10 per cent and sold, the building being thrown in.



No more ruinous policy could possibly be pursued. Strong efforts in Washington are now centered upon preventing the erection by the Government of any new buildings. Real estate owners know that they never could rent the buildings now occupied by the Government if they are vacated by the Government.

After thus reading from the article in the Star, I took occasion in my own language to approve the writer's protest against this practice of mulcting the Government. Referring to a proposed renting of certain buildings not then constructed, I said (RECORD, p. 7277):

They will doubtless be located without regard to the general plan for the development and beautification of Washington. This haphazard locating of these boxlike, ungainly structures will surely result—has in some places already resulted—in the gross architectural disfigurement of this great Capital City. Unless stopped this practice will mean the ruin of the city's beauty. The people of the United States want the Capital of the Nation to be in all respects a model municipality. It is their Capital City.

Every public building in the city of Washington ought to be located in accordance with the general plan for the harmonious development of the city.

In speaking of buildings being erected to rent to the Government, I said:

It is altogether wrong for us to permit the promiscuous construction at random here and there in the Capital City of the Nation of buildings of the type going up and rented to the Government. I do not know why these things are perpetually and insistently being done, unless, as the writer of that article declares, there are interests in the city determined to see to it that no more Government buildings shall be erected in Washington. Unless this be true, why is it that these magnificent sites on Fifteenth Street fronting that park, easily accessible from every part of the city to every resident of the city and to every visitor who comes here, are not utilized?

I pause to say that the Government has owned that very fine site from Pennsylvania Avenue down to the Mall, along Fifteenth Street, ever since 1906—11 years—but the real estate interests in Washington in some way have prevented the location of a building on that land now occupied by those old rookeries. During the same debate in May, 1916, I called attention to this fact, and to the fact that the land was bought for the express and only purpose of using it as a site for Government buildings.

What I said in that debate and in other debates on this general subject shows forcefully how unjust the gentleman from New York was in referring to me in such a way as to convey to the casual reader the impression that I, in raising this point of order at this time, sir, had been influenced by real estate interests.

Mr. DUPRÉ. Will the gentleman from Wisconsin yield?

Mr. COOPER of Wisconsin. I can not yield right now.

Mr. DUPRÉ. I wish the gentleman would.

May I say to the gentleman that I think he is building up a man of straw. Nobody in this House who listened to the remarks of the gentleman from New York, and nobody who knows the gentleman from Wisconsin, construed the remarks of the gentleman from New York in any sense as the gentleman from Wisconsin interprets them.

Mr. COOPER of Wisconsin. I thank the gentleman from Louisiana for his very kind suggestion. But I expressly said that I rose at this time primarily because people outside of the Chamber who read the CONGRESSIONAL RECORD, but do not know the "gentleman from Wisconsin," could put but one interpretation upon the remarks of the gentleman from New York. He made them with an accent and a vigor that those who know the gentleman as I do understand how to interpret.

Then I said, in speaking of those squares of land:

Why is it that we let them stand idle, occupied by a few poor, cheap buildings, while we give to private people the right to erect in their discretion anywhere in this magnificent Capital City these disfiguring buildings and have our promise that they shall be leased to the Government of the United States? We already pay between six and seven hundred thousand dollars for rent here, and I repeat what I have said at other times, that it is our duty as legislators to put a stop to this practice of having the Government contract with private parties to erect buildings for it to lease and occupy.

The CHAIRMAN. The time of the gentleman has expired.

Mr. COOPER of Wisconsin. Mr. Chairman, I ask unanimous consent for five minutes more.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent for five minutes more. Is there objection? [After a pause.] The Chair hears none.

Mr. COOPER of Wisconsin. The RECORDS show that in May, 1916, I was only reiterating in effect what I had said on this floor in previous Congresses.

The statement of the gentleman from New York [Mr. FITZGERALD] conveyed a false impression. I will not violate the proprieties of this place by saying that it was deliberately so intended. For years I have protested against the continued leasing of private buildings by the Government—never successfully, it is true, but doing what I could to direct the attention of the

House and the country to the abuse which so long has obtained here. Therefore, the other day when it was announced that, although the Committee on Appropriations had been importuned to recommend the leasing by the Government of more privately owned buildings, it had at last brought in a bill providing that the Government itself erect its own building, I congratulated the gentleman from New York. And I should have done nothing except congratulate him had I not later ascertained that the proposed building is to be located in the Mall and to cost \$2,000,000. It did not occur to me, not being an expert in the erection of great buildings, that a \$2,000,000 building would in any sense of the word be temporary. I thought also that unless care were taken in advance as to the location, the character, and the height of the building, possibly a great, red-brick structure would be put into that portion of the park and stand for long years a disfiguring object between the Washington Monument and the Capitol. I felt it a part of my duty to see that the disfigurement did not take place with my vote; that is all.

But the expert builder, the gentleman from Illinois [Mr. MADDEN], says that they can construct a building three stories high—and the gentleman from New York [Mr. FITZGERALD] has just informed the House that it is to be a frame building only three stories high—in 90 days. That is the first time during this debate that this has been said. All this important information has been elicited since I entered my notice of a reservation of a point of order.

The Members of the House ought to be thankful that at last they have some rational ground upon which to permit the putting up of a \$2,000,000 building between here and the Washington Monument. If that is to be put up in 90 days as a war necessity, if it is to be of frame, if it is to be only three stories high, and temporary, I shall not object. And yet a large frame building on that location in Washington will look very greatly out of place. We all wish the Government service to be properly housed. But it is the duty of Congress always to be on guard against any possible disfigurement of the Capital City of the Nation.

Mr. DYER and Mr. WALSH rose.

The CHAIRMAN. The time of the gentleman from Wisconsin has again expired.

Mr. COOPER of Wisconsin. These gentlemen want to talk to it.

Mr. FITZGERALD. Mr. Chairman, I ask for the regular order. I want to find out whether the item will remain in the bill.

Mr. AUSTIN. Mr. Chairman, I ask permission to make a statement. I am a member of the commission.

Mr. FITZGERALD. I withhold it for that purpose.

Mr. COOPER of Wisconsin. One moment, Mr. Chairman. On the statement of the gentleman from New York and somebody else that this is to be a three-story structure and frame, to be put up in 90 days, although it is to cost \$2,000,000, it will be of a temporary character, and upon the statements that have been made here I will not care to press the point of order. I reserved the point of order simply because in my inexperience I did not know that a temporary building would be put up to cost \$2,000,000. It is a most extraordinary statement, but it would cost \$9,000,000, according to the statement of the gentleman from Illinois [Mr. MADDEN], if it were a permanent structure.

The CHAIRMAN. The point of order is withdrawn. The Chair will recognize the gentleman from Tennessee [Mr. AUSTIN].

Mr. FITZGERALD. One moment. I wish to say, Mr. Chairman, that the gentleman from Wisconsin [Mr. COOPER] misunderstood me. I did not intend to attribute to him the rôle of acting in behalf of real estate interests. In view of the statement in the Washington Post, however, I saw how easy it would be for men to be misled into doing something that would very seriously militate against the Government's needs at this time through suggestions that might be of a proper character. I knew the influences that were at work against this building. If, from a reading of what I said, as the gentleman from Wisconsin believed, it would be understood that I imputed anything to him in the way of an improper motive, I wish to have the RECORD show that I did not intend to do so. [Applause.]

The CHAIRMAN. The gentleman from Tennessee [Mr. AUSTIN] is recognized.

Mr. AUSTIN. Mr. Chairman, as stated by the chairman of the Committee on Appropriations, the last Congress created a Commission on Public Buildings and Grounds, composed of three members of the Committee on Appropriations of the Sen-



ate, three members of the Committee on Appropriations of the House, three members of the Committees on Public Buildings and Grounds of the Senate and of the House, the Supervising Architect of the Treasury, the Superintendent of the Capitol, Mr. Elliott Woods, and Col. Harts, the Superintendent of Public Buildings and Grounds.

Now, I happen to be a member of that commission. We had three meetings on this proposition, ordered a thorough investigation made as to available sites in this city on Government reservations, the White House lot, the lot opposite the Treasury, and the New Willard Hotel, and a number of other locations, and we came to a unanimous agreement that the most suitable place for a temporary building was the lot formerly occupied by the Pennsylvania Depot, on Sixth Street. It was more convenient for the various activities to be housed in the proposed building than any other point except that opposite the Treasury Department, where we would practically disfigure the Treasury Department and Pennsylvania Avenue locations, although it would be more accessible to the clerks who would be housed in the building. We also considered the emergency of the various departments and their immediate requirements and the available space for the necessary forces incident to carrying on the war. A permanent and a temporary structure were considered, and the time it would take to complete them, and the cost, and the final result was that the commission, by a unanimous vote, decided that the proposition carried in the pending bill was the most suitable and favorable for the Government needs. I am pleased to know the gentleman from Wisconsin has withdrawn his point of order.

Mr. TOWNER. Mr. Chairman, I move to strike out the last word. I am sure that this discussion has been of benefit to us all. I think there is no one perhaps who, without knowledge, would not have been surprised, as the gentleman from Wisconsin was surprised, that \$2,000,000 should be appropriated for building a temporary structure. However, we now know that the immense size of this building will be such as to justify this tremendous expenditure. Of course, we know also that the salvage on a wooden building of this kind will be very large if it shall only be used for a short time. And when the gentleman from Illinois [Mr. MADDEN] informs us that this same building would cost \$9,000,000 if of a permanent nature, and could not be built, as we know, for two or three years, then it seems to me all objections ought to give way because it will be of immense advantage to the Government that we have consolidated as much as possible the activities we are creating to meet the demands of this war emergency. I certainly hope there will be no objection raised on the part of the committee to the expenditure of the item contained in the bill.

Mr. ROBBINS. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 49, line 23, after the word "Navy," insert:

"Provided, That none of the trees now growing inside the park shall be cut down or removed in the erection of said building."

Mr. ROBBINS. Mr. Chairman, the amendment I have offered is for the purpose of directing the attention of the committee to the fact that this park is now occupied for about half its space by tennis courts and the other half by a growth of trees—very beautiful elms—that have been growing there for 50 years, planted by those who wished to beautify Washington. This is to be only a temporary building, and there is no use in removing these trees when the ground is to be used ultimately as a permanent memorial for George Washington.

The part that is cleared is probably 300 feet wide by 1,000 feet long, which is ample room on which to erect a three-story temporary building such as is contemplated here. I have offered this amendment for the purpose of directing the committee's attention to this fact.

Mr. FITZGERALD. Mr. Chairman, I hope the amendment will not be adopted. If there should be one single tree in the space where this building is to be placed we could not erect it. We had better not authorize the building. No one will unnecessarily destroy the trees. This building is to be under the control—or the construction of it—of the engineer officer who is the secretary of the Fine Arts Commission. The Fine Arts Commission is more interested in preserving the Mall than anyone else, and it is quite likely that in the construction of the building there may be some trees that will have to be cut down. To have an arbitrary provision of this character might prevent the erection of the building.

Mr. ROBBINS. Is it contemplated to use the tennis courts as the site for the building?

Mr. FITZGERALD. They are to be used, and more, too. They are to take out the railroad embankment, and the building will

go within a relatively short distance of the Fisheries Building. I do not know just the dimensions or the extent, but the building is very large.

Mr. ROBBINS. Mr. Chairman, in view of the statement of the gentleman from New York that this is to be under the direction of the Commission of Fine Arts and that the trees are not to be destroyed further than necessary, I withdraw my amendment.

Mr. OVERSTREET. Mr. Chairman, I move to strike out the last word.

I desire to speak for a few moments only.

I shall support this bill as I have supported all legislation asked for by the administration from the declaration of war to the present time. The time to differ among ourselves as to the causes and necessity for this war has passed. No one here wished to plunge this peaceful and peace-loving people into war. All that persuasion, reasoning, and diplomacy could do to prevent our entrance into this conflict was done. Every honorable means at its command was employed by this Government to avoid it. No one, except an enemy of this Government, can any longer criticize the President and Congress for declaring war nor speak against the laws that have been passed for its prosecution.

It has been charged upon this floor time and again, and I repeat it, that gentlemen in this Chamber who, directly or indirectly, speak against this war and the means employed to carry it on are rendering to the German Government a greater service than by taking up any themselves. There can be but two excuses for such conduct. Either they desire that our cause shall fail or they imagine they are rendering themselves popular at home. If they are actuated by the former motive they are disloyal to the Government and have no right to sit in this Hall. If they are seeking popularity at home they should resign their seats and let their places be filled by men worthy of the office. [Applause.]

The people of this Nation have implicit confidence in the wisdom of President Wilson, and it is our duty as representatives of the people to give to the Executive of this Republic, who is charged with the duty and responsibility of conducting the war, our whole-hearted and loyal support. It seems very strange and remarkable that any Member of this House, especially any Democratic Member, should continue to obstruct and hamper the passage of any war measure proposed by the Administration. When such eminent and distinguished men as Col. Theodore Roosevelt, Hon. William H. Taft, Judge Charles E. Hughes, and Mr. Elihu Root, all men of the opposite political faith, stand squarely behind the President and set the example for loyal patriotic service to the country, it is time for some of our Democratic brethren to quit prating about their wisdom and knowledge of constitutional law.

We can not take time now to figure on the cost of a battleship. That must be left to that branch of the Government charged with that duty. We have got to think not in millions but in billions. We have got to understand that fast destroyers to cope with German submarines must be built in great numbers; that aviators by the thousands must be trained and prepared for service; that cargo ships and transports must be constructed by the hundreds; that railroads must be built and cars and locomotives furnished; that aeroplanes must be built, so many and so fast that it will make your head swim to think about it; huge armies must be transported across the Atlantic to fight our battles. And all this only gives a faint idea of the tremendous tasks that confront our Government. Ten thousand things of immense magnitude are under way, and Congress can not falter or hesitate one minute in passing this huge measure. The trouble is too much time has been consumed during the past five months in useless and fruitless discussion. I believe in full and free debate. Broad latitude should be allowed in discussing all matters coming before this House. But all will agree that there are members here who every day occupy the floor in needless debate. They are occupying time that is especially valuable to the country in this hour, and I appeal to them to let us have less oratory and more action. [Applause.]

The Clerk read as follows:

STATE, WAR, AND NAVY DEPARTMENT BUILDING.

For the installation of an additional boiler in the State, War, and Navy Department Building for heating and lighting the Mills Building, \$15,000.

Mr. DUPRÉ. Mr. Chairman, I move to strike out the last word. This debate has recently taken a rather wide and some of us think a somewhat amusing range, so I ask permission to submit two or three observations which I desire to make upon the present conditions. What I should like to say primarily is this, that most of the trouble that we are having here in Wash-



ington about the conduct of the war is due to this avalanche of patriots who have come here to tender their services to the Government, these gentlemen who are working for a dollar a year, and apparently they are working about one-third of a day. If you have any dealings with them, you find that about Thursday they must leave town and possibly return about Tuesday of the subsequent week. In the intervening days if you try to get in touch with them you will find that they have gone to lunch. I think if the Government had men who were paid a fixed salary, men who knew that they would be subject to criticism for not attending to the work they were employed to do, we would get better results; but we have this avalanche, this plague of volunteers here who are doing their "bit"—how little a bit I do not know.

Another observation that I am compelled to make is because of matters that have come to my attention and possibly to the attention of my colleagues. It is this: If Germany could be whipped overnight by the Quartermaster Corps, there would be no trouble in doing it to-morrow. That is all I have to say. [Applause and laughter.]

Mr. GILLET. Mr. Chairman, I hate to take the time of the House, but I do not like to have the slur which the gentleman from Louisiana [Mr. DUPRÉ] has just cast upon the men who are coming here and volunteering their services for a dollar a year go without some response. Personally I believe it is what is saving this administration, that the services of these men are infinitely more valuable to the country than those of the paid "deserving Democrats" who could not carry the country through without them. I do not doubt the gentleman would like everybody to be paid a large salary, so that he could get his friends places with what he thinks proper remuneration.

Mr. DUPRÉ. I had no such intention in what I have said. I have asked nobody successfully to give anyone any place in this Government since I have been a member of it.

Mr. GILLET. Mr. Chairman, I wish to say that I believe these gentlemen at whom the gentleman sneered are giving valuable services to the Government in this time of stress and are contributing largely to help us conduct the affairs of the Nation as well as we are doing.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

#### AVIATION.

For aviation, to be expended under the direction of the Secretary of the Navy for procuring, producing, constructing, operating, preserving, storing, and handling aircraft; maintenance of aircraft stations; and for experimental work in the development of aviation for naval purposes, \$35,000,000. *Provided*, That the sum to be paid out of this appropriation under the direction of the Secretary of the Navy for drafting, clerical, inspection, and messenger service for aircraft stations shall not exceed \$175,000.

#### NAVAL EMERGENCY FUND.

To enable the President to secure the more economical and expeditious delivery of materials, equipment, and munitions and secure the more expeditious construction of ships authorized, and for the purchase or construction of such additional torpedo-boat destroyers, submarine chasers, and such other naval small craft, and for each and every purpose connected therewith, as the President may direct, to be expended at the direction and in the discretion of the President, \$100,000,000.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word. I take it this \$100,000,000 appropriation is similar in its purposes to the \$100,000,000 item we passed yesterday granting unlimited authority to the Secretary of War for the purchase of arms and munitions. Is this supplemental to the \$100,000,000 which we placed in the hands of the President at the outbreak of the war to be utilized for any purpose that he saw fit in advancing its cause?

Mr. FITZGERALD. No; this \$100,000,000 is to be used for specific purposes. It is to be used to obtain additional torpedo destroyers. It anticipated the larger program for destroyers, for which provision is specifically made, and it was carried in this form because other destroyers had been contracted for, and some have been contracted for out of the previous appropriation.

Mr. STAFFORD. But this item is not limited only to destroyers.

Mr. FITZGERALD. It is the purpose to use it for destroyers.

Mr. STAFFORD. Of course, under the phraseology the Secretary of the Navy, with the approval of the President, can utilize it for the purchase of materials, equipment, and munitions needed for the naval program—

Mr. FITZGERALD. The specific purpose for which it is to be expended was pointed out to the committee. The advisability was considered for a time of consolidating it with the \$325,000,000 authorization, but because appropriations had been previously made in this form, out of which allotments had been

made for destroyers, and this was a continuation of that particular work, we thought it more desirable to keep it in this form.

The Clerk read as follows:

Batteries and outfits for vessels: For batteries and outfits for naval vessels, auxiliaries, patrols, aircraft, naval stations, and merchantmen, \$22,000,000.

Mr. FITZGERALD. Mr. Chairman, I offer an amendment to the preceding paragraph.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 52, line 2, strike out the sum "\$25,000,000" and insert in lieu thereof the following: "\$40,146,120: *Provided*, That the Secretary of the Navy is authorized to enter into contract or otherwise to incur obligations for the purposes above mentioned not to exceed \$15,146,120 in addition to the appropriations herein and heretofore made."

Mr. LONGWORTH. Mr. Chairman, I do not recall that the gentleman from New York referred to this particular item in his introductory remarks and I think we should have a brief explanation.

Mr. FITZGERALD. This is one of the matters which had been transmitted to the committee after the bill had been completed, and upon investigation made subsequent to the reporting of the bill it was agreed upon as a committee amendment. It is part of the project to obtain the necessary ammunition for the guns that are being provided for the one group of torpedo destroyers which are being built out of the emergency fund and for which the allotment for guns and ammunition was insufficient to supply, and for the additional ammunition required for the guns that are also authorized to be placed upon merchant ships. The gentleman is aware that the bill contains provision for a program of acquiring 1,172 merchant vessels. All of those vessels are to be armed and those amendments are to supply the money to enable the Navy Department to begin the work of procuring the guns and ammunition to supply all the ships as they are built.

The question was taken, and the amendment was agreed to.

Mr. FITZGERALD. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 52, line 5, strike out "\$22,000,000" and insert in lieu thereof the following: "\$50,059,523.50: *Provided*, That the Secretary of the Navy is authorized to enter into contract or otherwise to incur obligations for the purposes above mentioned not to exceed \$28,059,523.50 in addition to the appropriations herein and heretofore made."

Mr. STAFFORD. Mr. Chairman, I think some explanation ought to be given of this amendment, as it was not considered by the committee—

Mr. FITZGERALD. Yes; it was considered by the subcommittee.

Mr. STAFFORD. But it was not submitted in the printed total of new amendments submitted to the full committee.

Mr. FITZGERALD. What happened was this, that when the committee made this investigation the information about those items was not sufficiently satisfactory to induce the committee to recommend the amendment, and the officials of the Navy Department were requested to furnish additional information. Yesterday morning the representatives of the Navy Department appeared before the committee, and, upon the information being furnished, members unanimously agreed on these items. This is a companion amendment to the previous one. It is to provide the ammunition and guns for the torpedo destroyers that are authorized in the \$100,000,000 emergency fund, and to supplement the allotment out of which the emergency fund for the ordnance for the torpedo destroyers are constructed, and also to enable the Navy Department to obtain the necessary guns and ammunition for the merchant ships that have been authorized in this bill. The proposal is to arm every ship. It requires a very large number to arm the 1,172 ships. We originally placed 3-inch guns upon those merchant ships, but the submarine boats are now carrying a heavy type of gun, which outranges the 3-inch gun, so a heavier type of gun has to be provided to give these ships adequate protection.

The question was taken, and the amendment was agreed to.

The Clerk read as follows:

Reserve ordnance supplies: For reserve and miscellaneous ordnance supplies, \$30,000,000.

Mr. FITZGERALD. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The gentleman from New York offers an amendment, which the Clerk will report.



The Clerk read as follows:

Page 52, line 7, strike out "\$30,000,000" and insert in lieu thereof the following: "\$47,500,000: *Provided*, That the Secretary of the Navy is authorized to enter into contracts or otherwise to incur obligations for the purposes above mentioned, not to exceed \$17,500,000, in addition to the appropriations herein and heretofore made."

The CHAIRMAN. The question is on agreeing to the amendment.

Mr. ROBBINS. Mr. Chairman, I want to ask the chairman of the committee if this statement that appears in the public press this morning in reference to this ordinance is true, namely, that millions of bad cartridges have been discovered, testimony to that effect being given by Col. Montgomery yesterday before the committee, and is this appropriation to replace that bad ammunition?

Mr. FITZGERALD. That is the investigation being conducted by the Committee on Military Affairs relative to the alleged defective ammunition. The Committee on Military Affairs of the Senate has made an inquiry regarding it and the Committee on Appropriations of the House has made an inquiry regarding it. I do not wish to anticipate the report that will be made by the Committee on Military Affairs. But these facts are in our possession:

For some time there was difficulty with the primer in the cartridge. The first complaint was received, my recollection is, in May, and subsequently some additional complaints. The Ordnance Bureau immediately upon receipt of these complaints began investigation to ascertain the cause of the defect in the primer. The complaint was that the cartridges hung fire. And subsequent investigations developed to such a point that it was determined to recall all of the cartridges that had been manufactured between certain dates, a very large quantity of which were in possession of the troops. Word was sent to Gen. Pershing of what had been discovered regarding this ammunition, and instructions given to him as to what to do regarding it. It did not interfere in any way with the supply of ammunition, as, excluding the amount of this particular ammunition, he had more than he really needed.

Mr. CAMPBELL of Kansas. Will the gentleman yield?

Mr. FITZGERALD. In just a minute. Let me make this statement. There was considerable difference of opinion as to whether the ammunition should be recalled or whether it was necessary to do what it is proposed shall be done. The Ordnance Bureau has determined to "break" the ammunition up, as it is called, and take out the primer and put in a primer made under a different formula. One matter was submitted to the Committee on Appropriations from a colonel of a regiment that was using this ammunition. His regiment had already expended 30,000 rounds. They had no complaint of any kind to make about it. They still had 170,000 rounds of the same ammunition, and he requested that he be permitted to retain it, as their experience with it had proved thoroughly satisfactory. The Bureau of Ordnance, however, determined that, in view of the suspicious character of the ammunition—that is, these complaints of the cartridges hanging fire, and having ascertained the reason for it—it was more desirable to withdraw it, break it up, and rebuild it. The Committee on Military Affairs is now engaged in a more exhaustive investigation to ascertain not only the causes but whether the particular fault could have been ascertained earlier than it was ascertained and just what precautions were taken, and whether other precautions should have been taken. But I have given the facts as they have been ascertained so far.

Mr. CAMPBELL of Kansas. I do not care to have the gentleman from New York anticipate in any way any findings that may be made by the committee now investigating the matter, but from the testimony given yesterday the question arises in my mind whether or not this defective ammunition is due to incompetency or carelessness on the part of our employees?

Mr. FITZGERALD. Without attempting to base an opinion upon the statement contained in the press, I wish to say to the gentleman from Kansas that from the information that the Committee on Appropriations received in its investigation of the matter I have reached the conclusion, so far as the information has been obtained, that it has not been due to our fault.

In the manufacture of ammunition there is continual trouble and difficulty experienced. The private manufacturers have it, the Government has it, and these difficulties are of innumerable kinds. The composition of the ammunition is of elements highly sensitive, difficult to handle, and subject to modification by chemical change due to change of temperature and innumerable other reasons, so that in the manufacture of ammunition in ordinary normal times considerable troubles and difficulties are arising. And I would doubt if the meager statement contained in the press is of such a character that anyone would be justified in forming a conclusion. But my experience has been, when

these investigations take place and the statement is published, which on its face looks very damaging, that if the entire testimony was read it would show that there was a complete explanation of the situation.

Mr. CAMPBELL of Kansas. But this statement was very clearly made, that private concerns pay more for the services of chemists and therefore get better chemists than the Government.

Mr. FITZGERALD. Private concerns pay more for services of every character.

Mr. CAMPBELL of Kansas. That leaves the inference that we have incompetent chemists.

Mr. FITZGERALD. I doubt it. I think we have in our various services of the Government, employed at less compensation than private concerns pay, as competent men as are found in private industries. And there are a great many reasons within the gentleman's own knowledge that men will frequently prefer a Government position at a very less compensation to a private position.

I might cite a very striking case. I suppose the most notable man in his line is the Director of the Bureau of Standards. His compensation, I think, is \$6,000 a year. Within a very recent time he was offered by one of the leading universities of the country a position with a compensation almost double his salary.

The Director of the Bureau of Engraving and Printing, whose compensation is \$6,000 a year, was offered a position upon one of the leading newspapers of the country, to take charge of the mechanical equipment, at a compensation far in excess of his compensation. But he went into the Bureau of Engraving and Printing in a very minor capacity, and by years of industry and by the exhibition of exceptional talent he came to the head of the bureau. He probably is regarded as the foremost man in the manufacture of currency in the entire world. He has been consulted by the representatives of foreign nations in the organization of Government establishments in those countries, and that man naturally has a pride in his work, and would prefer to continue in the service of the Government with the plant with which he is so intimately identified, even though it may involve a financial sacrifice. So that the statement in the press, in my opinion, can hardly be taken as a true criterion of the situation of the Government in relation to private interests.

Mr. ROBBINS. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Pennsylvania moves to strike out the last word.

Mr. ROBBINS. Mr. Chairman, I referred to the matter of the newspaper reports because the allegation was that these cartridges were made at the Frankford Arsenal. I do not represent the district in which this arsenal is located, but I do come from the State of Pennsylvania. The statement was made that the cartridges were defective from two causes—first, defective primers; and, second, defective chemicals.

I have no doubt the gentleman from New York [Mr. FITZGERALD] is correct when he says the chemicals will deteriorate, and on that account the munitions become worthless. But when millions of these cartridges deteriorate there must be something wrong, and much worse than the mere deterioration of the chemicals.

Mr. FITZGERALD. No. I stated to the gentleman that there was very serious question as to whether all of these cartridges should be called in and broken up, and I mentioned the communication from the colonel of one regiment as to his experience.

Mr. ROBBINS. Yes.

Mr. FITZGERALD. One of the chemicals that was used in the manufacture of these primers until very recent times, if I recall correctly, was obtained in Germany, and after we were unable to get the chemical from Germany we suffered considerable difficulty in obtaining as pure an ingredient as it had been possible to obtain from the German element, and that has happened in many instances. The cutting off of our supply from Germany of some things has seriously affected a number of industries, and this chemical affected the manufacture of these primers.

Mr. ROBBINS. It is so serious a matter that I thought it proper to call the attention of the committee to it.

Mr. FITZGERALD. It is a serious matter, and the House has appreciated its seriousness by ordering a thorough investigation and appointing a special committee to conduct the investigation. That committee is now at work, and these statements from day to day as to what is disclosed there can not be relied on, in view of the fact that the committee is not holding public hearings, for the reason that in the course of this investigation there necessarily must be stated some matters so intimately connected with the public defense that they can not be made public, and only fragments of what transpires there reach the press,



It is impossible, therefore, to form any accurate conclusion as to what is happening or what has happened in regard to ammunition.

Mr. ROBBINS. I am glad to hear that, because no greater calamity could befall the American forces in France than to confront the enemy with defective ammunition.

Mr. FITZGERALD. As I stated, while some of this ammunition was sent to France, the fact of its defects was noticed here and instruction was given to Gen. Pershing as to the destruction of that ammunition, and inasmuch as he has more ammunition in addition to this particular class, it in no way interferes with the necessary supply that he has.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Ordnance stations: For improvements at stations under the jurisdiction of the Bureau of Ordnance, \$2,250,000.

Mr. FITZGERALD. Mr. Chairman, I offer the following committee amendment.

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: Page 53, after line 8, insert as a new paragraph the following:

"The appropriation of \$10,000 for expenses of the commission of naval officers to investigate the question of navy yards and naval stations contained in the naval appropriation act for the fiscal year 1917 is continued and made available during the fiscal year 1918."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Repairs of barracks: For repairs of barracks, Marine Corps, including the same objects specified under this head in the naval appropriation act for the fiscal year 1918, \$500,000.

Mr. FITZGERALD. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Committee amendment: On page 54, after line 8, insert as a new paragraph the following:

"INCREASE OF THE NAVY.

"Toward the construction of additional torpedo-boat destroyers and for acquiring and providing facilities for their expeditious construction, to cost complete, including armor and armament and such other expenses as may be incidental thereto, not exceeding \$350,000,000, the sum of \$225,000,000: *Provided*, That the Secretary of the Navy is authorized to enter into contracts or otherwise to incur obligations for the purposes above enumerated not to exceed \$125,000,000 in addition to the appropriations herein and heretofore made."

Mr. SABATH. Mr. Chairman, may I inquire what the total amount is in this amendment?

Mr. FITZGERALD. This amendment carries \$225,000,000 in cash, with authority to incur direct obligations to the extent of \$125,000,000 in addition. It is the provision which I mentioned in my opening remarks on the bill to initiate the program of constructing 150 additional torpedo-boat destroyers.

Mr. FOSS. Mr. Chairman, I would like to ask the gentleman if it would be proper for him to tell us whether these are of the large size torpedo-boat destroyers or of the smaller size?

Mr. FITZGERALD. They are of the larger size, and it is hoped that they will all be of the high speed. One of the difficulties that will be encountered, however, will be in the obtaining of turbines. The intention is to make these of the larger size that have heretofore been constructed.

Mr. FOSS. Presumably of the size that was authorized a year ago?

Mr. FITZGERALD. Yes, sir.

Mr. FOSS. I want to say to the gentleman that I am heartily in favor of this authorization. I believe that the torpedo-boat destroyer will prove to be the most effective weapon in this submarine struggle. We now have a number of them in our Navy. A number of years ago we authorized torpedo-boat destroyers of about 400 tons. Since that time we have tripled them in tonnage, so that now we are building them of 1,200 tons, and they prove to be very effective vessels. I am heartily in favor of this proposition.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

PUBLIC-LAND SERVICE.

The appropriation of \$25,000 for the protection of lands involved in the Oregon and California forfeiture suit, contained in the sundry civil appropriation act for the fiscal year 1918, is also made available for the protection of the lands known as the Coos Bay Wagon Road lands involved in the case of Southern Oregon Co. v. United States.

Mr. FITZGERALD. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Committee amendment: On page 55, line 17, after the word "States," insert the following: "together with the additional sum of \$10,000."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Authority is granted to expend from the appropriations for the construction and operation of railroads in Alaska, not exceeding \$750, for the purchase, maintenance, repair, and operation of one motor-propelled, passenger-carrying vehicle for official use of the Alaskan Engineering Commission at Seattle, Wash.

Mr. SLOAN. Mr. Chairman, I move to strike out the last word for the purpose of asking the chairman of the committee how much money has been spent at this time on the new Alaskan Railroad, to which reference is made in this paragraph.

Mr. FITZGERALD. There has been appropriated \$21,000,000.

Mr. SLOAN. How much of that has been expended?

Mr. FITZGERALD. I can not say how much has been expended, except of the money heretofore appropriated a very large proportion was spent in the acquisition of supplies that were required, and this \$4,000,000 is money essential to enable them to utilize those supplies. A different system had to be adopted for the construction of the Alaskan Railway than is usually adopted elsewhere. Because of the distance from market, supplies had to be accumulated far in advance of the progress of the work. Taking advantage of the favorable market at the time considerably larger quantities were purchased than were needed on a particular portion of the road in contemplation. These supplies are all in Alaska, and unless the additional money is appropriated, the force would be disbanded and great deterioration would result in some supplies from the lack of utilization. It was thought desirable to push the work at this time, because during the coming season it is expected to complete the connection with Matanuska coal fields and Seward, which will be of considerable importance to the west coast if the coal situation becomes at all menacing, provided that bottoms can be obtained to carry the coal.

Mr. SLOAN. Approximately how much more money will it take after this appropriation to complete the Alaskan Railway as originally contemplated?

Mr. FITZGERALD. In the original estimate of the road from Seward to Fairbanks, the limit of cost was \$35,000,000. My recollection is that the estimate of acquiring the road from Seward to Mile 71, and then for constructing the road from Mile 71 to Fairbanks, including a spur of 35 miles from Matanuska coal fields, was \$28,000,000. The early work was done within the estimates. I am inclined to think now that in view of the increased cost of labor the cost may be running over the estimate.

Mr. NORTON. Will the gentleman yield?

Mr. FITZGERALD. Yes.

Mr. NORTON. How many miles of road have been constructed and already in operation?

Mr. FITZGERALD. We first purchased the Alaskan Northern from Seward to Mile 71, and we have rehabilitated and strengthened that so as to enable it to take heavy equipment.

Mr. NORTON. That was an old road already constructed?

Mr. FITZGERALD. Yes; but the culverts, bridges, and roadbeds were all inadequate. The track has also been laid from Anchorage to Rabbit Creek; that is, along Turnagain Arm, connecting Anchorage with Mile 71. The most difficult part of the work is the heavy construction north of the main line toward Fairbanks, 61 miles, and on the branch leading to Matanuska coal fields, Matanuska Junction, and King River, on the western edge of the coal fields, a distance of 24 miles. All these stretches aggregate 166 miles, which are now being operated.

Since that time further progress has been made as that statement was made several months ago. There is a gap between the old Alaskan Northern from Mile 72 to Anchorage of about 30 miles. When that 30 miles is completed there will be rail communication from Seward to the Matanuska coal fields; they have already reached the edge, but it is intended to go farther in.

Mr. NORTON. How far is the terminus of the road from Fairbanks?

Mr. HOUSTON. Four hundred and seventy miles.



Mr. FITZGERALD. Four hundred and seventy miles from Seward to Fairbanks, but the chief thing that was attempted to be accomplished speedily was to get into the Matanuska coal fields. There has been, in addition, work done along other portions of the main line beyond 61 miles from Anchorage northward.

Mr. NORTON. The most difficult part of the construction is that near Seward, about 100 miles north.

Mr. FITZGERALD. The stretch along the Turnagain Arm, which is heavy rock formation and consists all of heavy blasting work, is the most difficult.

Mr. HOUSTON. If the gentleman will allow me, there are 189 miles of rail laid and in operation, with a gap in it of about 30 miles. In addition, there is a road completed from Fairbanks toward the Nenana coal fields, which makes in operation to date 192 miles, including 9 miles going out from Nenana.

Mr. NORTON. The 9 miles at Fairbanks is in operation.

Mr. HOUSTON. Yes; 9 miles from the end of the road as now laid from Nenana.

The Clerk read as follows:

#### NATURALIZATION SERVICE.

For an additional amount for allotment to clerks of courts for clerical assistance in naturalization proceedings in accordance with the provisions of the sundry civil appropriation act for the fiscal year 1918, \$30,000: *Provided*, That all mail matter, of whatever class, relating to naturalization, including duplicate papers required by law or regulation to be sent to the Bureau of Naturalization by clerks of State or Federal courts, addressed to the Department of Labor, or the Bureau of Naturalization, or to any official thereof, and indorsed "Official business," shall be transmitted free of postage, and by registered mail if necessary, and so marked: *Provided further*, That if any person shall make use of such indorsement to avoid payment of postage or registry fee on his or her private letter, package, or other matter in the mail, the person so offending shall be guilty of a misdemeanor and subject to a fine of \$300, to be prosecuted in any court of competent jurisdiction.

Mr. FITZGERALD. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

On page 63, in line 3, after the word "*Provided*," insert: "That the allotment for the foregoing purpose heretofore made from the appropriation of \$275,000 for naturalization expenses for the fiscal year 1918 shall not be reduced during the said fiscal year."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

To pay the widow of Daniel W. Comstock, late a Representative from the State of Indiana, \$7,500.

Mr. RUCKER. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amend by inserting at the end of line 4, page 64, a new paragraph, as follows:

"Authority is hereby given to expend not to exceed \$250 of the appropriation of \$35,000 to pay the necessary expenses of the inaugural ceremonies, made in the act approved February 3, 1917, regardless of the provisions of section 1765 of the Revised Statutes."

Mr. FITZGERALD. Mr. Chairman, on that I reserve the point of order.

Mr. RUCKER. Mr. Chairman, I desire to be entirely frank with the committee and say that this same matter was brought to the attention of the committee during the last session of Congress, and at that time I believe the point of order was made; at least, a similar provision was defeated. Let me make a brief statement: During the time of the last inauguration and preceding that a joint committee composed of three Senators and three Members of the House, the three Members of the House being the gentleman from Tennessee, Mr. GARRETT, the gentleman from Illinois, Mr. MCKINLEY, and myself, had charge of the inaugural ceremonies. We followed the course which the same committee had previously followed and secured the services of Mr. McGrain, a Deputy Sergeant at Arms, to assist us in preparing for distribution the very large number of tickets which were distributed to Members of the House and Members of the Senate. As on the occasion of other inaugurations this service was performed by an employee of the Government and heretofore has been paid for. Your committee believed we had authority to contract for this work and to pay for it. I will say frankly, so far as I am concerned, that I knew nothing about that statute, an old statute, which prohibits the payment of money for extra services rendered by an employee of the Government; but even if we had known of that statute, I feel that we would have been justified in entering into a stipulation to pay for this service, for the reason that there is an abundance of precedents for it.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. RUCKER. Yes,

Mr. STAFFORD. As I understand it, this matter was the subject of considerable debate in the House during the closing days of the last Congress?

Mr. RUCKER. Some debate; yes.

Mr. STAFFORD. It is for an emolument to some Senate employee. This bill is going to the Senate. Why not let the Senate look after their own employees rather than establish a dangerous precedent by having the House do it?

Mr. RUCKER. Let me say this to the gentleman in response, I am perfectly content to pursue that course, except that when the Senate inserted this item once before by way of amendment, the House conferees struck it out in conference, though at the same time the conference committee left in some other matters identically on all fours with this amendment. I will say further that each member of our committee—the gentleman from Tennessee [Mr. GARRETT], the gentleman from Illinois [Mr. MCKINLEY], and myself—received a letter recently from Senator OVERMAN asking us to pursue this course. There is no question but that a similar amendment will be agreed to in the Senate if this fails. The question now is what the House will do. I want to say before the point of order is finally insisted upon that we are not personally responsible for this debt, but your committee, in good faith, believing that we were doing that which the House would fully indorse and approve, agreed to pay this man \$250 for his services, and he ought to be paid.

Mr. DYER. How much is asked?

Mr. RUCKER. Two hundred and fifty dollars.

Mr. WALSH. Mr. Chairman, will the gentleman yield?

Mr. RUCKER. Just one other statement I desire to make. If we had not engaged this party, who had had experience and who is quite proficient, the House would have gladly permitted your committee to employ some other person to help us, and we could not have secured the services of a competent man to do the work for less than the sum proposed in this amendment.

Mr. WALSH. This is to pay a Senate employee for doing a little extra work outside of his ordinary employment?

Mr. RUCKER. I will say to the gentleman that he does not state the matter quite fairly. It was more than a little extra work. It was considerable work, requiring very great care and accuracy.

Mr. WALSH. Some considerable extra work. The members of the House committee did a great deal of extra work, did they not; and why is it not just as fair to pay the members of the committee extra compensation?

Mr. RUCKER. I will say to the gentleman that we were so glad to serve our colleagues and hoped that we were serving them so well—

Mr. WALSH. Which the committee did.

Mr. RUCKER. That we thought you would permit us to expend the amount of money we were authorized to expend and obtain such assistance, within the appropriation as we needed; but the gentleman knows we could not think of accepting compensation for our poor services.

Mr. SLOAN. Mr. Chairman, I happen to know something about the large amount of work the committee had to do under the circumstances, and I know something about the additional services rendered; but apart from that, it seems to me that objection should not be raised. We have been undergoing the experience of passing through this House millions, tens of millions, hundreds of millions, and billions of dollars, and I think, I know I would, I believe the rest of the House would, enjoy the sensation of permitting a \$250 item to pass through without objection.

Mr. RUCKER. Well, it has not grown any since the work was done. Let me say to the gentleman the work was well done by the gentleman to whom this \$250 is due, and, in my judgment, it could not have been performed so well by anybody else we could have gotten, because in securing him we brought into requisition his experience, which was of great value to our committee. I believe another member of this committee is here [Mr. MCKINLEY], and he can speak for himself. I know I speak for Mr. GARRETT and am sure the gentleman from Illinois [Mr. MCKINLEY] concurs in what I have said.

The CHAIRMAN. Is the point of order withdrawn? The Chair will consider the point of order to be withdrawn—

Mr. FITZGERALD. Mr. Chairman, in view of the fact that this request comes from the joint committee of the two Houses on a matter they were charged with looking after by concurrent resolution of the two Houses, I am willing to let the House determine the matter without insisting upon the point of order.

Mr. STAFFORD. I make the point of order, Mr. Chairman.

The CHAIRMAN. The Chair did not understand the gentleman.

Mr. STAFFORD. I make the point of order.



Mr. RUCKER. I wish the gentleman would withdraw it.

The CHAIRMAN. The Revised Statutes prohibit a Government employee from receiving extra compensation, and this amendment changes that law, and therefore is obnoxious to it, and the Chair sustains the point of order.

The Clerk read as follows:

For folding speeches and pamphlets, at a rate not exceeding \$1 per thousand, \$3,000.

Mr. RUCKER. Mr. Chairman, I move to strike out the last word. Mr. Chairman, I will not impose upon the committee and plead with gentlemen, but I do want to say, speaking for myself and those who helped me to perform an arduous duty and service to the membership of this House, that it comes with really poor grace, after the chairman of the committee has waived the right to make the point of order, which I concede was proper—

Mr. MONDELL. Will the gentleman yield for a question?

Mr. RUCKER. I will.

Mr. MONDELL. Did I understand the gentleman to say on the occasion of a former inauguration these services were performed by the same employee or some other employee?

Mr. RUCKER. Not by the same employee, but by another employee holding the same position this man now holds.

Mr. MONDELL. And they were paid?

Mr. RUCKER. They were paid; and not only that, but in every session of Congress gentlemen knowingly vote for items carried in bills that are upon the same footing as this item is.

Mr. MONDELL. Then your committee employed this man, whom you believe to be efficient, and he did perform the work efficiently?

Mr. RUCKER. I stated that.

Mr. MONDELL. In view of former precedents and with the understanding that he could be paid?

Mr. RUCKER. I do not want to make that statement without qualification. We employed him because of his known efficiency. He performed a service that no one will criticize. I think everybody will concede it was superbly well performed. This \$250 is within the amount appropriated for inaugural expenses. After paying this \$250 there would still be something like \$1,000 going back into the Treasury unexpended.

Mr. GRAHAM of Illinois. Will the gentleman yield?

Mr. RUCKER. Yes, sir.

Mr. GRAHAM of Illinois. The thing I would like to know is whether the gentleman thinks it desirable for Congress to pass a law of this kind, that seems to me in direct conflict with the Federal statute on the same subject. In other words, while I believe the allowance should be made, if it can be done legally and would not interpose any point of order, the question in my mind is whether it is a good thing for us to violate our own laws.

Mr. RUCKER. Well, I will say to the gentleman it is not a good thing to violate law, and yet at this very session of Congress we will vote for appropriations to pay extra compensation to certain gentlemen who help committees of the House. I think at every session of Congress an extra allowance is made over and above their salaries to pay the expert examiners who assist the Committees on Pensions and Invalid Pensions, as well as in numerous other cases. I have a memorandum of the number of such instances, but I will not abuse the courtesy and patience of the committee. I regret the gentleman from Wisconsin feels that he is constrained to make the point of order.

The Clerk read as follows:

To reimburse the Official Reporters of debates \$500 each and the official stenographers to committees \$300 each for moneys actually and necessarily expended by them to August 31, 1917, \$4,200.

Mr. CANNON. Mr. Chairman, I desire to offer the following amendment.

The CHAIRMAN. The Clerk will report it.

The Clerk read as follows:

Amendment offered by Mr. CANNON: Page 64, after line 16, insert as a new paragraph the following:

"For the procurement of an oil portrait of CHAMP CLARK, Speaker of the House of Representatives, \$2,000."

[Applause.]

The question was taken, and the amendment was unanimously agreed to.

The Clerk read as follows:

Government Printing Office.

Mr. FITZGERALD. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Committee amendment: Page 64, line 17, insert a new paragraph, as follows:

"To pay Samuel Robinson, William Madden, and Joseph de Fontes, messengers on night duty during the Sixty-fifth Congress, first session, for extra services, \$700; in all, \$2,100."

The question was taken, and the amendment was agreed to.

The Clerk read as follows:

For pay, etc., of the Army, \$5,349.05.

Mr. GRAHAM of Illinois. Mr. Chairman, I move to strike out the last word for the purpose of asking a question.

On page 68, line 21, I find that which is to me rather unusual language. I do not think I ever saw it in a bill before. It is, "For pay, and so forth." What does that mean?

Mr. FITZGERALD. Where it is an audited claim and the wording of a provision is quite lengthy, this is sufficient description to enable the appropriation to be available, and the practice has been in vogue a great many years to print it in this way and save the necessity of printing a very lengthy description.

Mr. GRAHAM of Illinois. Has it been stated in that way in former legislation?

Mr. FITZGERALD. It has been customary.

Mr. GRAHAM of Illinois. The reason I ask is, I never saw anything of this kind before.

Mr. FITZGERALD. It is only in an item of this character, where it is an audited claim and money could not possibly be used for any other purposes, that that expression is used.

The Clerk read as follows:

Sec. 3. That the appropriations contained herein under the Military and Naval Establishments shall be available for the payment of obligations on account of the existing emergency incurred prior to the passage of this act and which are properly chargeable to such appropriations.

Mr. GREEN of Iowa. Mr. Chairman, I move to strike out the last word for the purpose, if I may temporarily have the attention of the gentleman from New York, of asking whether there are certain definite items to which it is expected to apply this provision—that is, certain contracts that have heretofore been made—or whether this is a sweeping provision intended to cover almost anything?

Mr. FITZGERALD. Anticipating favorable action by Congress, both the military and naval services have proceeded with plans deemed essential for the conduct of the war without waiting for either the authority or the appropriation. There was one matter of very vital concern that, had it not been done, would have very seriously affected the situation. Most of these estimates—at least 70 per cent of them—were submitted to Congress early in July. The Appropriation Committee began investigations the 16th of July and worked continuously during July and August, until we were able to present the bill to the House. The committee was informed about a number of these matters, and it was apparent the bill would not become a law until in the vicinity of the 1st of October. There was a sort of tacit agreement that it was desirable to immediately enter into obligations so as to avoid very serious delay that otherwise would have been incurred. It is a practice that ordinarily is not tolerated, but it was one at this time that seemed to be inevitable.

Mr. GREEN of Iowa. Mr. Chairman, I think the explanation given by the chairman of the Committee on Appropriations is quite sufficient to justify this provision, and it seems to me needful and proper at this time. But I hope that at some future date, in some way—I can not just imagine how, if the same opposition continues as it has heretofore—we may learn something as to what these items are and for what this money has been spent, as it doubtless will be spent, under this provision.

Mr. FITZGERALD. I will say to the gentleman that the information is contained in the hearings.

Mr. GREEN of Iowa. I will have to differ slightly from the gentleman from New York and say that this provision is so broad that all of this information can not be given in the hearings; that this money can be used for matters which are not provided for in the hearings and are not mentioned in them.

Mr. FITZGERALD. But the gentleman understands this makes the moneys appropriated in this bill available for payments upon contracts for the purposes which the bill authorized prior to the enactment of the bill into law. So that this ratification is of action anticipating the authority and appropriations conferred in this bill, and the information I have, as I have said, is all contained in the hearings.

Mr. GREEN of Iowa. The gentleman from New York misunderstands me if he thinks I am objecting to it.

Mr. FITZGERALD. No; I am not. I understood the gentleman to say he hoped the time would come when we could get information about the particular contracts that were being ratified. All that this does, and all that has been done is this: For instance, in the plans to procure heavy ordnance not only is it necessary to make the contract—and it takes very considerable time to manufacture the ordnance—but it is necessary in order to obtain ordnance and other materials for the Government to create facilities that do not exist. Negotiations were commenced with different concerns, and it was difficult to get



an individual or a corporation to agree to start to expend money when there was no authority and no appropriation. But some were induced to do so, and contracts were made, and concerns have gone on with the carrying out of the contracts. This provision in effect legalizes those contracts and makes it possible for the accounts to be passed by the auditor, when otherwise they would not be. The same situation arose when the first deficiency bill came up. As soon as war was declared the War Department and Navy Department placed very extensive orders for various matters, and then when the inquiry was made their action was ratified, because it was realized that to have waited three or four months would have very seriously delayed them. And the inquiry was made regarding the matters and purposes, and they are set forth quite fully in the hearings. The point that I wish to make is that this is not to cover up or to ratify some contract about which it was not desired to furnish information. It was merely to expedite the delivery by making the contract three months in anticipation of the time when the money would actually be provided.

Mr. GREEN of Iowa. Mr. Chairman, because of the careful management and attention which the gentleman from New York has given to the provisions of the bill—as he always does—I had every reason to presume, without asking my question, that this provision was justified and necessary.

My inquiry was really intended to lead up to some other matters. I had not supposed for a moment that the gentleman from New York desired to cover up anything. I know perfectly well that, so far as his own work is concerned, there is no gentleman in the House that is more ready than he to have every portion of it exposed to the light, but for that same reason I have been somewhat surprised that he and some other gentlemen have been somewhat unwilling that the transactions of other parties should not also be exposed to the light. I am not very much concerned over the blunders and mistakes which have already been made in this war, because I know that blunders and mistakes are inevitable in such an emergency as this, but I am concerned that they should not be made again, and that the country should know when they are made and how they happened to have been made.

For that reason I have favored the creation of a committee to in some way supervise these accounts.

The nations that have been at war have all, possibly with the exception of Germany, whose thrift and efficiency are so well known, made mistakes and blunders innumerable. We have an opportunity to profit by these errors to some extent, but we will not be able to profit by them to the extent we should unless such a committee as I have referred to is established, to correct our own mistakes and blunders.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. GREEN of Iowa. Mr. Chairman, I ask for five minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. BYRNS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. BYRNS of Tennessee. A committee such as the gentleman refers to would have no executive functions and would have no authority to exercise in the making of these contracts. Does not the gentleman think that the committees on expenditures in the Senate and House, particularly the Committees on Expenditures in the War Department and the Navy Department, now have the authority and possess all the necessary functions to make these investigations and ascertain whether the money has been honestly and properly expended, and also to ascertain whether or not it has been expended in the most effective way possible?

Mr. GREEN of Iowa. It must be conceded, of course, that such a committee should have no executive functions, but it does not therefore follow that it should have no useful functions. On the contrary, there is nothing that would tend to prevent inefficiency and waste so much as to turn on the light.

Mr. SLOAN. Mr. Chairman, will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. SLOAN. Will the gentleman say whether there has been a single meeting of any one of these several committees on expenditures in all the five months of this session of Congress?

Mr. GREEN of Iowa. I am unable to say definitely, but my information is that they have not met.

Mr. SLOAN. Does the gentleman see any indication of a gathering together by any of these committees mentioned by the gentleman from Tennessee?

Mr. GREEN of Iowa. No. On the contrary, there is every indication that the committees not only have not met, but do not intend to meet.

Mr. BYRNS of Tennessee. That is no argument that these committees do not have the power and the authority to make just such investigations as the gentleman refers to. I must say that I heartily agree with the gentleman. Every particle of light possible ought to be turned on these transactions. But to say that these committees on expenditures have not thus far made these investigations is not an argument against their performance of the duties for which they are constituted, and the remedy is in this House if any committee of this House has failed to perform its duty.

Mr. GREEN of Iowa. Now, if my friend from Tennessee will kindly permit me to resume, I beg to differ with him on that. There is every reason why there should be a special committee whose express duty would be to look after these matters, so that there would be no failure to perform that duty.

I want to call the attention of the House to the experience of other countries in this respect, and particularly with reference to England. There was recently published an article called "Kitchener's mob" by a young man of my own State who was a member of the first army organized under the direction of Gen. Kitchener. In that article he describes at some length the great amount of waste that occurred in the camp that was then formed and of the money that was needlessly squandered in connection with it.

But that was not the most serious trouble with reference to the conduct of the war by England. It was discovered not long after the war had progressed—in fact, as soon as the English troops got fairly into the fighting line and in the operations—that their finest regiments were being slaughtered without any effect except to reduce the strength of the English Army. There was no investigation of the matter. Apparently, as was stated by some gentleman, their procedure over there was very much like what ours is over here. There was great opposition to investigation. Thereupon some newspaper men instituted investigations on their own behalf and discovered the causes of the failure of the war at that time, with the result that incompetent generals were removed, a new supply of artillery and ammunition was furnished to the army, new methods were undertaken, and the army after that made some progress.

At the opening of the war on the part of the French the French Army suffered one series of defeats after another, and as the result of it Gen. Joffre shortly before the Battle of the Marne—and very fortunately for the success of the French Army—removed some 22 French generals for incompetence and mismanagement. But we, it seems, are not to learn by our failures, by our mistakes, and ascertain the cause of our want of success. These matters are not to be brought before the public for fear it will in some way interfere with the management of the war.

Mr. Chairman, I can not believe that that will be the case. I do not believe it was the case during the Civil War, but, on the contrary, the committee that was appointed at that time, which had far broader powers than it is now proposed to be conferred on any committee, was of vast service to the country in pointing out the cause of failures on the part of the Union armies in that war and needless waste of the public money and property.

The CHAIRMAN. The time of the gentleman from Iowa has again expired.

Mr. BYRNS of Tennessee. Mr. Chairman, I was going to ask that the gentleman's time be extended.

Mr. GREEN of Iowa. I do not care to go on further.

Mr. BYRNS of Tennessee. Mr. Chairman, I would like to proceed for five minutes. I have not taken time heretofore.

Mr. DYER. The matter is not before the House.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BYRNS of Tennessee. Mr. Chairman, I quite agree with the gentleman from Iowa [Mr. GREEN] as to the importance of every possible publicity being given to contracts and to expenditures made by the Government, not only during this war and in the present emergency but at all times.

I believe that every contract that is made, every dollar of the money that is being appropriated by Congress, the manner of expenditure of the immense sums carried in this and previous bills, should be scrutinized most carefully by all of the Government officials, and particularly by Congress and its committees having jurisdiction of such matters. But I have not been able to bring myself to the conclusion that any good purpose could be served by the creation and appointment of a committee such as that to which the gentleman from Iowa refers.



I know that from time to time, both here and elsewhere, the statement has been made that unfair contracts have been entered into, and in some cases money improperly expended. As a matter of fact these statements have been based on rumor as was demonstrated at the time, or possibly disclosed after the statements were made. For my part, I believe that every Member of this House will concur with me when I say that I feel sure there is no head of an important bureau, either in the War or the Navy Department, who is not anxious to subserve the public interest. It is true that some of them, in my judgment, are not as economical in expenditures as we would like them to be. It is true that possibly in the making of some of these contracts and in the expenditure of some of this money, they may be more anxious to quickly attain the ends for which they are striving than they are to save the public money; but I repeat, and I am sure no Member of this House is prepared to charge, that the head of an important bureau in any of these departments has or will hereafter make a contract or expend the public money in a knowingly improper way.

Mr. CAMPBELL of Kansas. Will the gentleman yield?

Mr. BYRNS of Tennessee. I yield.

Mr. CAMPBELL of Kansas. It has been charged in a Cleveland newspaper that a contract was made for aeroplanes that ought to be looked into; that the contract was made with a firm which had among its members a brother of the Secretary of War. That has not been mentioned on the floor of this House in any investigation that has been made.

Mr. FITZGERALD. Is that the only criticism of the contract?

Mr. CAMPBELL of Kansas. That is one.

Mr. FITZGERALD. Is that the only criticism, that a member of the firm was a brother of the Secretary of War?

Mr. CAMPBELL of Kansas. No; that is not the only criticism. The criticism was that the contract was for grossly high prices.

Mr. FITZGERALD. Who made the charge?

Mr. CAMPBELL of Kansas. A Cleveland newspaper.

Mr. FITZGERALD. The Secretary of War was mayor of Cleveland for three years.

Mr. CAMPBELL of Kansas. That is no answer.

Mr. FITZGERALD. It might make some people somewhat anxious to make the charge without intelligent knowledge of the relations that exist between the newspaper and the former mayor of the city. The mere fact that a person doing business with the Government is related to some Government official does not require investigation and does not justify charges of impropriety in the making of a contract. It seems to me that unless the gentleman from Kansas is anxious to assume the responsibility for the correctness of the newspaper charges, he should not repeat them.

Mr. CAMPBELL of Kansas. I do not know anything about them; I only know that there has been a refusal to make investigation.

Mr. FITZGERALD. It is unfair to use that as a basis. If the Congress is to attempt to investigate every statement of a newspaper of some impropriety existing in the conduct of the war, it would not complete useless investigations that would be ordered in a hundred years. The gentleman from Kansas recently had some experience in an investigation into which the House was stampeded, and he knows what the result was.

Mr. BYRNS of Tennessee. Mr. Chairman, I understand the gentleman from Kansas to say that he is not prepared to state that the newspaper publication relative to some contract for the construction of aeroplanes having been improperly let is correct.

Mr. CAMPBELL of Kansas. All I say is that the newspaper published the fact that the contract was for grossly high prices, and that we could not get aeroplanes enough for the needs of the Government for the appropriations that were made on account of these high prices that were to be paid.

Mr. BYRNS of Tennessee. I know nothing about any contract for building aeroplanes, but if there are contracts that have been improperly let, if contracts have been made giving inordinate profits to those who are to fulfill the contracts, the Congress and this House have authority to remedy the matter without the necessity of appointing a special committee such as has been advocated, a committee which would undoubtedly hamper the arm of the Executive, who is charged with the duty and responsibility under the Constitution of conducting the war.

It may be true that in this great emergency and on account of the vital necessity of quick action, contracts have been made which would be subject to the most serious criticism if made in normal times, and I am not sure that I would have given my approval to some of the contracts heretofore made, even in these times. The cost plus percentage contract has never appealed to me because I recognize the possibility of padding against the

Government by a contractor who might be disposed to unduly increase his profits. But we must not overlook the fact that our Government has been confronted by an abnormal situation. These contracts had to be made in a hurry. There was not always that time for deliberation essential for the making of the most desirable contracts possible. We are engaged in a war which is fraught with the gravest consequences. Time is a most important factor. The beginning of the war found us unprepared in so far as our Army and supplies were concerned. If, therefore, in the hurry incident to a necessary and quick preparation, contracts have been made which will bring about inordinate war profits to the holders of any of these contracts, then I am in favor of passing a revenue bill which will heavily tax these excess profits and put them back into the Treasury of the people, where they belong.

Mr. CAMPBELL of Kansas. The Committee on Appropriations has been dealing with appropriations for aviation.

Mr. FITZGERALD. Oh, no.

Mr. BYRNS of Tennessee. The aircraft bill came from the Committee on Military Affairs. The Committee on Appropriations has had nothing to do with it. But I will say to the gentleman that during all the long, hot days of summer, when most of the Members were away from the city, and properly so, certain members of the Appropriations Committee have been sitting day after day for the purpose of investigating and holding hearings upon expenditures which are proposed to be made by the Government. I have not taken a particularly conspicuous part in these hearings, although I was constant and regular in my attendance, and I think, therefore, that I may be permitted to say that the Committee on Appropriations has rendered a great service to the House and the country in these investigations which have been made and which are set forth in these hearings. [Applause.] Gentlemen of the House may take these hearings, covering as they do more than a thousand pages, and may see for themselves such contracts as have been made and what these officials propose to do with the money appropriated in this bill. All of the items and matters covered in this immense appropriation bill have been inquired into in the most careful, exhaustive, and painstaking way, and there is no reason for any Member not knowing just what those charged with the responsibility of expending this money have stated concerning their purposes if he will only have the patience to read this large volume of hearings. More than this the committee could not do at this time. Neither can Congress do more, for it is not charged with the duty or responsibility of expending these sums. It does have the power of investigating the manner of expenditure, and it should exercise this power.

As I said a while ago in my colloquy with the gentleman from Iowa, there are other committees which also have duties to perform in this House. The committees on expenditures in the departments, and particularly those in the departments which have to do with the war, have a great opportunity for service to the House and to the country, because they have the authority to follow up these appropriations and to investigate not only how the money is expended but also to investigate and report as to whether or not the money appropriated has been used in the most effective possible way.

And while I am on this subject let me say that these hearings which have been held by the Appropriations Committee have demonstrated the fact that it is not necessary to appoint what the gentleman from California [Mr. KAHN] some time ago characterized as a snooping committee for the purpose of interfering in matters which under our form of government are vested solely in the President of the United States. Congress has no executive functions. Congress makes the appropriations and it is the duty of the executive branch of the Government to expend the appropriations so made in the best possible manner, and I do not believe that Congress ought to put itself in a position where it might be charged with undertaking to appoint a committee which might hamper the executive branch of the Government in the conduct of this war, and, more than that, afford an opportunity, if expenditures are improperly made, for a division of responsibility. We ought to hold those who are charged with this duty strictly responsible for what they do under these appropriations which are placed in their hands. [Applause.]

Mr. Chairman, this bill carries the largest appropriation ever carried in any bill during the entire history of the Government. The committee, as a result of a long and patient investigation, has been able to reduce the estimates submitted by a very considerable sum, but in no case has there been a reduction when it was apparent that the money asked for was necessary to the successful carrying on of the war. Your committee has had in mind as its paramount purpose the winning of the war, and while it has very earnestly sought to reduce the appropriations



just as much as it was possible to do so, it has not sought to bring about this result in a manner which would cripple and hamper the administration in the prosecution of the war or at the expense of the brave boys who are going to fight in the trenches. I am quite sure that every Member of the House and that every loyal American is in accord with this view. I am not prepared to say that every single dollar of the immense sum carried in this bill is absolutely necessary at this time, and I am sure that no member of the committee which had to do with the preparation of this bill is willing to make such a statement. In peace times and under normal conditions the committee might be able to make such a statement with a reasonable degree of certainty, but not so with the immense sums carried in this bill for war purposes. In such cases we have been compelled in a large measure to rely on the judgment and estimates of those whose business it is to prosecute this war, and we have allowed such sums as were asked for strictly war purposes when reasonable arguments were presented showing the necessity. Less than this we could not do without running the risk of hampering the administration, prolonging the war, and causing a greater loss of life among those who will bravely fight our battles.

But let me say that it is not only the duty of Members of Congress but of every one connected with the Government, particularly those whose duty it is to submit estimates, to remember that the vast sums of money already appropriated and which will be needed in the future if this war continues must be paid by taxes gathered in one form or another from the people. With the immense burdens which the people must carry during this war, it would be no less than a crime to unduly increase those burdens by extravagant and unnecessary appropriations. I regret to say that one can not follow these hearings without coming to the conclusion that there is in some quarters a disposition, under the plea of war emergency, to ask for largely increased appropriations for not strictly war measures, although they may have an indirect but not important relation thereto. These your committee have not recommended. I hope that in the future and during the continuance of this war none such will be asked. I do not wish to see any proper activity of the Government unduly hampered by a want of the necessary funds, but I do believe that everything should be subordinated for the time being to the early and successful winning of this war in which we are now engaged, and that not only should there be no increases, but that every other expense not absolutely necessary should be eliminated while the people are being called upon to pay the heavy price, both in lives and money in the conduct of the war. The people are willing to pay the price of victory and a permanent peace, heavy though the burden may be. They certainly should not be taxed with unnecessary expenditures at this time, however beneficent the object, or however advantageous they might be in normal times.

Mr. Chairman, in this bill and in previous appropriation bills, Congress has responded freely to the needs of the administration in providing all the money necessary to carry on the war. It will continue to do so, for such is its plain duty. It would not be justified in doing otherwise. We are in this war to win, and every dollar necessary for that purpose will be furnished, however great may be the sum required. But the strictest scrutiny should be given to every sum that is asked and appropriated and every expenditure that is made. Less than this we can not do and fulfill our duty to those whom we represent.

The Clerk read as follows:

Sec. 5. That section 6 of the legislative, executive, and judicial appropriation act approved May 10, 1916, as amended by the naval appropriation act approved August 29, 1916, shall not apply to teachers in the public schools of the District of Columbia who are also employed as teachers of night schools and vacation schools.

Mr. BORLAND. Mr. Chairman, I make the point of order against the paragraph.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. BORLAND. Mr. Chairman, this is a provision designed to give the higher priced teachers in the District of Columbia an opportunity to collect a second salary. There is a statute on the books forbidding any employee of the Government who draws compensation based upon a rate of \$2,000 a year or more from receiving any additional compensation or emolument. The express wording of this provision is to repeal that provision so far as the teachers of the District of Columbia are concerned. Therefore, it is new legislation, and has no place in this bill. It is subject to the point of order.

Mr. SISSON. Mr. Chairman, this matter was considered by the subcommittee, and the gentleman from Tennessee [Mr. BYRNS] and myself were appointed to draft an amendment to correct some defects in some legislation which was discovered by the decision of the comptroller. In the last legislative, executive, and judicial appropriation bill, in charge of a subcommittee which is presided over by the gentleman from Tennessee

[Mr. BYRNS], we drafted a provision to prevent any one person in a department drawing two salaries where one salary was \$2,000 or more. The committee did not at the time think it would affect the teachers in the District of Columbia. The Comptroller of the Currency in figuring upon the salary of a school-teacher, however, applied the statute to them and figured the amount received for each day of work. Therefore a school-teacher getting as much, say, as \$1,200 per session of 10 months could not under the decision of the comptroller in the summer-school and night-school work draw any additional pay. A certain amount of night-school work is done, for example, where the young men are trained for employment in the navy yards; and if a member of the navy yard should be detailed or volunteer to go and do some work at night and teach in the night schools, training the young men who wanted to take that training, he could draw no pay for the school work if his rate of pay was more than \$2,000 in the navy yard. This greatly hampers this work of fitting young men who desire places in the navy yard, because all of them are poor and have to work in the daytime and therefore can not go to school.

Mr. FITZGERALD. This refers to school-teachers.

Mr. SISSON. I mean in the technical training they do here in the night schools or in the summer schools. They take men from the navy yards to train these young men in this technical training in the schools.

They are working in the navy yard, and although they may be working piecework or on regular pay in the navy yard, if their rate of pay is \$2,000 they can not get any of this pay out of the money appropriated for night-school work and summer-school work. Not only that, but the higher and better grade of teachers in the normal-school work in the summer time are excluded from teaching in the summer schools in the District of Columbia, and if the normal-school work continues they are compelled to take the lower grade of teachers. I state to the committee that it was not the intention of the subcommittee of the House or the Senate that considered the question of people in the Government drawing \$2,000 to in any way disturb this work in the District of Columbia. It was foreign to the minds of the committee, it was foreign to the minds of the members of the subcommittee in the Senate; and I am not criticizing the decision of the comptroller, for the language is perhaps broad enough to reach those in the employment of the Government as teachers. That not being the intention of the committee or of Congress, when the attention of the subcommittee was called to it this amendment was offered. Unquestionably it is legislation upon an appropriation bill. I had hoped that the gentleman from Missouri would not make the point of order, because they figured the rate of pay that a teacher gets, and if he is getting a rate that exceeds \$2,000, although the salary actually received might be very much less than \$2,000, they can not do this work that would supplement their salaries in the summer time and enable them to give the benefit of their counsel. Therefore your subcommittee felt that this amendment ought to be put in this bill, especially when it will not cost the Government a cent. The money is appropriated for this purpose and will be spent. But the school authorities are compelled to take the least experienced teachers, who are getting small salaries and have the least experience, to do normal-school work, which is ridiculous and was never intended by Congress. Of course, if the gentleman from Missouri [Mr. BORLAND] wishes this state of affairs to continue, he can insist upon his point of order. But I assure you that he is saving no money and is simply making it impossible to get the best teachers, even though in the summer and night school pay the very best teachers are excluded by him when they would receive no more pay than the experienced ones. He simply does the school work injury and does not save a penny.

The CHAIRMAN. The Chair is ready to rule. The Chair will sustain the point of order.

The Clerk read as follows:

Sec. 6. That section 5 of the act of June 22, 1906, prohibiting the transfer of employees from one executive department to another shall apply with equal force and effect to the transfer of employees from executive departments to independent establishments and vice versa and to the transfer of employees from one independent establishment to another: *Provided*, That the United States Shipping Board Emergency Fleet Corporation shall be considered a Government establishment for the purposes of this section.

Mr. CAMPBELL of Kansas. Mr. Chairman, I reserve a point of order on that section for the purpose of giving the chairman of the committee an opportunity to explain the reason for the legislation.

Mr. FITZGERALD. The existing statute prevents these transfers of employees from executive departments. This provision extends it to cover the independent services which are not executive departments.



Mr. CAMPBELL of Kansas. If these transfers are made, then, these new departments will be filled just as the head of the department sees fit to fill them?

Mr. FITZGERALD. The committee is attempting to correct what has developed into a very grave abuse. To provide the necessary employees because of this war situation it is necessary to provide large lump-sum appropriations to pay them. Investigation disclosed that it is proposed in some services to utilize the money intended for additional employees to increase compensations very extensively of the existing organizations, and then the situation developed where the various governmental services commenced to bid against one another for the services of some particular individual. An instance was called to our attention when in a period of about two months one employee who was in the Government service at \$1,800 a year had two transfers and is now getting \$4,000 a year. It seems to the committee that when Congress was providing in a very liberal manner for the additional employees needed to conduct the Government that there should not be permitted abuses of that kind, and that provision should be made in order to prevent a system under which one of the grossest kinds of favoritism could possibly exist.

Mr. CAMPBELL of Kansas. Mr. Chairman, I withdraw the point of order.

The Clerk read as follows:

SEC. 7. That no civil employee in any of the executive departments or other Government establishments, or who has been employed therein within the period of one year next preceding his proposed employment in any other executive department or other Government establishment, shall be employed hereafter and paid from a lump-sum appropriation in any other executive department or other Government establishment at an increased rate of compensation. And no civil employee in any of the executive departments or other Government establishments or who has been employed therein within the period of one year next preceding his proposed employment in any other executive department or other Government establishment and who may be employed in another executive department or other Government establishment shall be granted an increase in compensation within the period of one year following such reemployment: *Provided*, That the United States Shipping Board Emergency Fleet Corporation shall be considered a Government establishment for the purposes of this section: *Provided further*, That this section shall not be construed to repeal section 5 of the act of June 22, 1906, which prohibits the transfer of employees from one department to another.

Mr. SABATH. Mr. Chairman, I offer this amendment as a new section.

Mr. SCOTT of Michigan. Mr. Chairman, I make the point of order against this section.

The CHAIRMAN. The Chair thinks the point of order comes too late. The Chair has recognized the gentleman from Illinois to offer an amendment which he has sent to the Clerk's desk.

Mr. SCOTT of Michigan. I was attempting to obtain recognition of the Chair.

Mr. DYER. The gentleman was on his feet.

The CHAIRMAN. The gentleman might be on his feet, but the Chair will state that gentlemen are on their feet all the time in the Hall, and unless the gentleman addresses the Chair the Chair could not recognize him. The Chair desires to be fair to all the Members of the House and has no disposition to hold that the point of order comes too late, and unless there is some one who does, the Chair will recognize the gentleman.

Mr. SCOTT of Michigan. I addressed the Chair. I did not know what more I could do unless I came up.

The CHAIRMAN. The gentleman did not address the Chair sufficiently loud to be heard by the Chair. The gentleman will state his point of order.

Mr. SCOTT of Michigan. Mr. Chairman, I make the point of order that this is new legislation, is extraneous to the purposes of the bill, and is not germane. I withhold my point of order temporarily if the gentleman from Illinois desires to be heard on his amendment.

Mr. FITZGERALD. Mr. Chairman, I wish to explain what this section does, and to hope the gentleman will not insist upon the point of order. The purpose of this provision is to prevent the very great abuse I have pointed out. Employees of these departments who are in positions at fixed statutory salaries have been taken out of those positions and transferred to other departments at an increased compensation, and in some instances have been transferred a second time with another increase of compensation, and then transferred a third time with an increase of compensation. What the committee has endeavored to do is to prevent a situation existing under which the grossest favoritism can be shown and the grossest abuse in expenditure of money which is provided for the temporary needs of the Government. As I have already stated, Congress very liberally has provided lump sums of money in very large amounts to enable the department to obtain the additional employees required, and when it is found that with these funds available men are taken out of positions with a fixed salary and simply

put on the roll on these lump sums in order to increase their compensation without any resulting benefit to the Government, it is an abuse which should not be tolerated. Now, if this proposition were coming from members of the minority of this House it might be suspected that some one had endeavored to hamper the administration in their work. This proposition originated with me as the result of an investigation which the Committee on Appropriations has made. [Applause.] I have no desire to hamper this administration. I have done everything in my power to help it, but I am unwilling for either a Democratic or Republican administration to have the power and to exercise the power to such an extent in such an abusive manner as has been disclosed before the committee. [Applause.] A member of the Cabinet came to me and asked to have such a provision put in this bill. He told us that the representatives of other departments had been approaching men who were content in his department and endeavoring to take them away from him with an increased compensation over what it would be possible for him to offer under the law. That should not be permitted. Men in executive departments are human and if we do not at this time put in this provision and stop this competition among the various services of the Government for the services of employees, within a very short time the Members of this House will be rising up in the greatest indignation on account of scandals that are bound to result. I hope the gentleman will not, under these circumstances, interfere with this provision.

Here is the Emergency Fleet Corporation. We are proposing to put at its disposal \$1,900,000,000 without any restriction whatever upon what they can do in the way of paying compensation. The Bureau of Lighthouses, with a trained technical force necessary in the conduct of its work, has had every draftsman taken out of that bureau into other service, where they are paid larger compensation, under lump appropriations. The office of the Comptroller of the Treasury, probably the most important office of the country at this time from the standpoint of safeguarding the public funds, has had experienced men, trained in that work, law clerks, taken out of his office by other departments offering inducements and paying them higher compensation. If these provisions are not incorporated the whole Government service will be so completely demoralized that it will be a disgrace to the country.

We have been talking about a committee to supervise expenditures. This is a character of work Congress ought to do, namely, that when we find the possibility of abuse, to place restrictions upon the expenditure of the money and curtail the action of the executive department in that manner. But it is idle to talk about controlling them if we find a situation that demands the remedy and we fail to exercise our power to correct the abuse.

I hope the gentleman will not, in view of the statement I have made, insist upon his question of order. There is another way of reaching it, but only temporarily, in a manner that will be in order. I can offer this amendment so as to apply only to the appropriations contained in this bill, but that will only partly cure the abuse, because of the appropriations that were made in the first deficiency bill and other preceding appropriation acts. This is a matter that there was no controversy over. As soon as the facts were disclosed and the Members ascertained what was happening, and realized the possibilities of what might occur, without any difference of opinion of men because of difference in political faith, but in the best interests of the Government service, this provision was agreed upon. And to insist that it be eliminated from this bill because it proposes legislation is to nullify, to a very considerable extent, the result of the labors of the Committee on Appropriations during the eight weeks of the summer months, when other Members were able to leave the city in order to take needed, necessary, and proper recreation.

Mr. SCOTT of Michigan. Mr. Chairman, of course that does not apply to me, because I have been here ever since last November.

Mr. FITZGERALD. I did not say that it applied to the gentleman.

Mr. SCOTT of Michigan. Well, inferentially.

Mr. FITZGERALD. The gentleman may have had as equally laborious tasks imposed upon him as the members of the committee that framed this bill have had.

Mr. SCOTT of Michigan. I would like to ask the chairman of the committee whether or not in his opinion section 5 of the act that was passed in 1906 is not sufficient to cover the purpose as intended in this section?

Mr. FITZGERALD. No; it is not. And that is why it was necessary to provide a new law. Section 5 provided that it should be unlawful hereafter for any clerk or other employee in the classified service in any of the Government departments to be transferred from one department to another department



without such clerk or other employee should have served a term of three years in the department from which he desired to be transferred. And what is done now is that the clerk or employee to be transferred gets the classified status which would make him eligible to be taken into a different service, and he resigns the position he has and is taken in as a new employee; and in that way evades the law designed by Congress to prevent that abuse.

If we were at a time now where we were proposing to organize and build up a service, there might be a different situation. But we are to take on a force of temporary employees, and to use the money provided for that purpose to increase compensation is absolutely indefensible and it ought to result in remedial legislation.

Mr. SCOTT of Michigan. I am not attempting to hamper the administration; on the contrary, I have voted to sustain its recommendations.

Mr. FITZGERALD. I call the attention of the gentleman to the fact that this proposition might very properly have originated on the minority side of the House. There is nothing that might permit a more unjust action than the existing situation.

To permit executive officials to be in a position to single out men or employees for some special reason—and of course some one may be interested—and give them increased compensation for doing practically the same duties out of sums provided to enable the departments to get additional employees is an abuse that should not be possible.

Mr. SCOTT of Michigan. Why do you place the limitation at one year?

Mr. FITZGERALD. Because it is possible that persons have been employed in the Government service in the past whose services would be highly desirable, and they might wish to be recalled into the service; and anybody who has been out of the service more than a year, if he is called in, would not be for the purpose merely of increasing his compensation.

For instance, I can call attention to a case that is a very important one. The War Department, of course, has had an enormous burden of work placed upon it. The office of the Secretary has had a volume of business imposed on it that has made it absolutely impossible for the regular force to handle it, and it had to be very greatly extended. Now, if it were possible in the Secretary's office to obtain the services of some one who had been in that office before and was familiar with the departmental work it would be of immense service. The Secretary of War was able to employ in the office of the Secretary, according to my recollection, a man who had been in the office in a previous administration. That is a case of attempting to seek a qualified man and taking him in. But as to some one who has been in the service of the Government during this past year there is no special reason at this time to permit him to be taken in and his compensation increased out of a lump appropriation.

Mr. BORLAND. I will suggest to the chairman also that one year is the limitation during which an employee can be taken back into the civil service after he has been out of it. After he has been out of the civil service one year he is not eligible to reinstatement.

Mr. SCOTT of Michigan. I will say to the chairman that my real objection to the provisions of this section is directed to the provision "or other Government establishments." You make a blanket proposition here that covers everything.

Mr. FITZGERALD. There is a reason for that.

Mr. SCOTT of Michigan. I would like to have it.

Mr. FITZGERALD. The expression "executive departments" covers only the regular departments, such as the Department of State, the Post Office Department, the War Department, the Navy Department, and so on. The Library of Congress, for instance, is not in an executive department, but is an independent Government establishment.

Mr. MADDEN. The Interstate Commerce is not.

Mr. FITZGERALD. Yes; the Interstate Commerce Commission is not; so that in order to cover this situation it is necessary to use language that will reach them. If the expression "executive departments" covered all these governmental activities it would be all right, but it does not cover them. The Interstate Commerce Commission, the Alaska Railway Commission, Commission on the Physical Valuation of Railroads—

Mr. MADDEN. The Federal Trade Commission—

Mr. GILLET. The Civil Service Commission—

Mr. FITZGERALD. Yes; and there is the Federal Farm Loan Board and a hundred and one other independent governmental activities that are not under any regular executive department of the Government. It would be unfair to have this law apply only to employees of the regular departments and leave

all the others out. That is the reason why that expression was used.

Mr. SCOTT of Michigan. I will say to the chairman of the committee that frequently the Post Office appropriation bill comes in and various other appropriation bills come in, and hitched onto the tail end of nearly every one of them is some provision that is absolutely extraneous to the subject matter of the measure. Nobody outside has ever had any notice of its presentation to Congress or opportunity to be heard on it; the first notice of its being in the bill appears when the measure itself appears on the desk here for consideration. That does not appeal to me as a fair way to legislate.

Mr. FITZGERALD. That is true; but I think it can be said of the Committee on Appropriations, however, that in the great bulk of instances the legislation that it recommends on appropriation bills is legislation designed either to improve the efficiency of the service or to eliminate abuses which the investigations of the committee have disclosed exist. There is no other method by which the remedial legislation can be proposed, and all the restrictive legislation which eliminates or corrects abuses in the conduct of the executive departments and which is quite unpopular and severely condemned in the departments originates in the Committee on Appropriations and is enacted and carried on appropriation bills, because it is there alone that the information is obtained which discloses the necessity for such legislation.

Mr. SCOTT of Michigan. Yes; but I will say this to the chairman: This is the only way I could reach the proposition. It could not be considered on its merits. At the present time in some of the departments of the Government they have an unwritten or written rule, which I understand is actually in force, that precludes any Government employee from complaining to anybody except his superior officer of anything concerning his surroundings, including his salary. I have had that particularly brought to my attention. They can not come directly and complain of their surroundings or the salary they are getting; and under this provision, if they should become dissatisfied and want to be transferred, it might be agreeable to the supervisor or the chief of their division to make the transfer, but if this provision goes through they can not make the transfer even if it is agreeable to both departments.

Mr. FITZGERALD. I do not know the rule to which the gentleman refers. My constituents come to me with their grievances, and when they do I present them to the departments. Congress passed a few years ago what is known as the "anti-tag law," and I had supposed there were no complaints of that matter. I have not heard of any. Of course, no general provision can be drawn to effect a situation that will not work injustice in individual cases. What it is designed to accomplish, however, is to prevent that which will grow into a very grave abuse.

Now, I have found by investigation that both in Germany and in Great Britain one of the things about which the most serious complaint is made at this time is the alleged unnecessary multiplication of government employees.

No matter how careful Congress is, it can not keep the number of employees within the strict number that may be required, but we can prevent some of the other abuses that will result from this very large increase in the force, and that is to eliminate the abuses of favoritism and improprieties that can exist and which have occurred, in my opinion, because there was no restrictive legislation.

Mr. SCOTT of Michigan. Mr. Chairman, in view of the gentleman's statement, I withdraw the point of order.

The CHAIRMAN. The gentleman from Michigan withdraws his point of order.

Mr. SABATH. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 75, add a new section as follows:

"Sec. 7a. That to provide, during the fiscal year 1918, for increased compensation at the rate of 20 per cent per annum to employees who receive salaries at a rate per annum less than \$1,200, for increased compensation at the rate of 10 per cent per annum to employees who receive salaries at the rate of not more than \$1,800 per annum and not less than \$1,200 per annum, and for increased compensation at the rate of 5 per cent per annum to employees who receive salaries at a rate not more than \$2,400 per annum and not less than \$1,800 per annum, so much as may be necessary is appropriated."

Mr. FITZGERALD. Mr. Chairman, I make a point of order to the amendment.

Mr. SABATH. Mr. Chairman, this is really an amendment to section 7 of the act of March 3, 1917. In that act we provided an increase of 5 to 10 per cent for Government employees, and I am trying to amend it by increasing it to 20, 10, and 5 per cent.



I believe it is in order because it is not new legislation, but merely an amendment to the present law.

Mr. CAMPBELL of Kansas. It changes existing law, does it not?

Mr. SABATH. It increases the compensation of the underpaid employees. I hope the gentleman does not contend that any proposition for increased compensation of employees is always out of order.

Mr. CAMPBELL of Kansas. It changes existing law?

Mr. SABATH. In so far that it will provide a higher compensation for the employees of the Government.

Mr. FITZGERALD. Mr. Chairman, before the Chair rules, I wish to state that when the 5 and 10 per cent increase was before the House last session it thrashed out the question of whether the increase should be 5 and 10 per cent or 10 and 20 per cent. That question was then settled. In my opinion, this is not the time to start in and double the increased compensation which was determined upon at that time.

Mr. SABATH. Mr. Chairman, I desire to make this observation—

Mr. FITZGERALD. My recollection is that it was estimated the proposed provision would add about \$50,000,000 to the bill.

Mr. SABATH. In view of the billions we have been appropriating for the last few days, it would not amount to very much.

Mr. FITZGERALD. That is no reason why we should add forty or fifty million dollars to this.

Mr. SABATH. That is not the reason why I offer the amendment. It was early in March this year, before the declaration of war, when we increased the wages 5 and 10 per cent. I was then endeavoring to secure an increase of 10 and 20 per cent. Since that time we have had a declaration of war, and, due to other reasons and other causes, instead of the price of necessities being reduced they have steadily increased. I was in hopes that the new food administrator would bring about a reduction in the high cost of living; so far I have not seen any favorable result. It seems to me that the only thing I have been able to observe was that the prices have been guaranteed to the farmer and prices to the consumer have increased. I noticed only in this morning's paper that they have agreed on the price of potatoes at \$1.50 a bushel. What applies to potatoes applies to nearly all the necessities of life. It is in view of these tremendously high prices of the necessities of life that I have introduced this amendment, believing that it is impossible for people to make both ends meet at the present compensation they are now receiving.

Mr. STEPHENS of Nebraska. If the gentleman will allow me, wheat has been reduced practically a dollar a bushel since the advent of the food administrator.

Mr. SABATH. The price of wheat has been reduced to some extent from the unreasonable, unjustifiable, gambling-made price of some time ago; in fact, from the 15th of May, on which day I introduced a resolution prohibiting gambling in food products, and the simultaneous restricting of that practice on the Chicago Board of Trade, was, in a great measure, responsible for the reduction. I believe that the price which has been fixed for wheat is too high, because I feel satisfied that \$1.50 or \$1.75 would have been a fair price for wheat. [Applause.] I believe that the price of potatoes at \$1.50 a bushel is also altogether too high. [Applause.] I have no objection to the farmer receiving a fair price for his product, but I am opposed and protest against the unreasonable high prices that are being forced upon us. I do not believe that the laboring people residing in the large centers should be held up and be forced to pay these unjustifiably high prices that now prevail; and I sincerely hope that Mr. Hoover will not only have in mind the protection of the farmer but also the consumer. I realize that he has before him a hard task, but the power given him is so broad that it should enable him to bring about the relief which was in the minds of the President and the Congress when the legislation was enacted. [Applause.]

The CHAIRMAN. The Chair is ready to rule. Under the statement of the gentleman from Illinois he admits that he seeks to amend existing law by adding new legislation, giving an increase to those that are not now by law entitled to it. The conclusion can not be escaped that it is legislation, and changes existing law, which is not in order on an appropriation bill. The Chair therefore sustains the point of order.

Mr. NORTON. Mr. Chairman, I move to strike out the last word. I desire to say that in my judgment the provisions of this section are among the best provisions of this bill. Much criticism, and just criticism, has been made on the floor of the House during the past few weeks relative to the desire and the attempts of great commercial interests of the country to make

excessive profits out of the present war. However, it can not be fairly said that the great business interests or the multimillionaires of the country are the only ones subject to criticism in this respect. To the least observant it is most evident that an insatiable greed is prevalent throughout the country on the part of a certain class of labor agitators to gouge the Government for higher wages. I noted in the Washington Post of yesterday morning an item to the effect that 2,400 union employees in the shipyards of San Francisco had struck for higher wages. I am advised that on the Pacific coast to-day they are paying in the shipyards for ordinary skilled labor \$8 a day for an eight-hour day, and I am advised that similar and as efficient skilled labor is being employed in foreign countries, like in Japan, for \$2.40 a day.

I observe in this same paper which I hold in my hand, and I ask that I may be permitted to extend my remarks in the Record by inserting these articles in the Record, an account of the meeting in this city of Federal employees from all parts of the country, convened for the purpose of effecting the organization of a national Federal employees' union. It is very patent upon its face that the real purpose of this national organization is in the end to gouge the Government out of higher wages for its members. The gentleman from Michigan [Mr. SCOTT] said that he was under the impression that Federal employees were not permitted to make complaint of their working conditions or of the wages paid to them. During the time that I have been in Congress I have not observed anything of that kind. On the contrary, I have personally found whenever any of my constituents who were in the Government employ have had anything to complain of or when any of them even imagined there was a ground for complaint they have not hesitated to write or to speak to me concerning their grievances.

I have seen on several different occasions Government employees gathered here in the galleries of this House like flocks of blackbirds in a ripening field of grain to urge the enactment of legislation being considered by the House for the further increase of their wages and for the further shortening of their already short hours of labor. I have seen them here in droves lobbying for grossly excessive wages, as compared with those wages paid for like employment in private industries throughout the country. The fact that present legislation permits the head of a bureau or department to raise the wages of some particularly favored employee simply because the head of the bureau or department has a lump-sum appropriation into which he may grab without any restriction or restraint, and the fact that this privilege and freedom given to the heads of bureaus and departments during this war emergency has been grossly abused calls loudly for this legislation and calls for it at once. I for one am pleased that no point of order has been made against this meritorious new legislation, and I trust that it will soon be incorporated into law. [Applause.]

The CHAIRMAN. The gentleman from North Dakota asks unanimous consent to extend his remarks in the Record in the manner indicated. Is there objection?

Mr. WALSH. Mr. Chairman, reserving the right to object, does the gentleman intend to reprint these articles to which he has alluded in his extension of remarks?

Mr. NORTON. I will say to the gentleman that I desire to call to the attention of the House and to the country—particularly to the country—these articles, so that the country may know the fact of the unreasonable demands for higher wages that are being made during this war by certain classes of men employed in the Government service, and so that the country may know of the work that is being done, and of the men who are doing it, to organize a national Federal employees' union. When farm laborers and when the farmers of this country are asked—and, in fact, compelled by law—to take for their products less than the cost of production they are entitled to know what is taking place along other lines in this Nation.

Mr. WALSH. Mr. Chairman, I object.

The CHAIRMAN. The gentleman from Massachusetts objects.

Mr. BORLAND. Mr. Chairman, I move to strike out the last two words. I want to comment upon the argument of the gentleman from Illinois [Mr. SABATH]. I do not think any impression ought to go out from this floor unanswered that the Government employees in the city of Washington are underpaid. The gentleman ought to compare the salaries paid to Government employees in the city of Washington with the commercial salaries paid in the great city of Chicago, and he would arrive at a very good notion as to whether the Government employees in the city of Washington are underpaid.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. BORLAND. In a minute.

Mr. SABATH. I did not have reference merely to employees in the city of Washington, but to all Government employees.



Mr. BORLAND. I am going to answer the gentleman upon that, but before I do so I want to call attention also to the fact that if he will compare the scale of prices paid by the Government in the city of Washington with that paid by the Southern Railroad in its general offices, with the American Federation of Labor in its general offices, or any other institution in its general offices here that has a force of employees, he will find that the Government employees are not underpaid according to the scale in the city of Washington. This 5 and 10 per cent increase, I am sorry to say, after all the dust that was kicked up on the floor of the House, in the last analysis applies only to the employees in the city of Washington. There is no provision extending that 5 per cent and 10 per cent increase to the great army of postal employees and others throughout the United States, and to-day the customhouse custodians and other men of that kind are still complaining that they are at great disadvantage as compared with the employees in the city of Washington.

Mr. FITZGERALD. Oh, they get it. Every employee within the classified service comes within the 5 and 10 per cent clause except those provided for in the Post Office appropriation bill.

Mr. SABATH. Whether in Washington or any other city?

Mr. FITZGERALD. Everywhere.

Mr. BORLAND. I know that the postal employees do not get it. With regard to the question of the underpaid employees in the District of Columbia, I was down town recently talking to a merchant whom I have known for a great many years—a very shrewd merchant, too. I asked him whether anyone in the District of Columbia was economizing this year, and he said no. He said, "Mr. BORLAND, they are not. Last spring, when war broke out, I was in grave doubt whether to order a stock of goods, because I saw that prices were going to be so high in comparison with the ordinary prices that I doubted whether people would buy the goods, and I thought they would be left on my shelves. I therefore ordered much less than I ought to have ordered. The fact is that the well-to-do people and the people to whom I ordinarily sell my better class of goods are not buying them; they are doing without. But," he said, "the working girls are coming in here and buying without asking the price." He said, "I have never seen such a condition before," and he said, "I am selling more goods of the better class to the employees of the Government than I ever sold to the well-to-do people of Washington." I do not comment upon the question of how a lady should dress or how handsomely she should provide for her clothing. Nobody likes to see ladies better dressed than I do [applause], but I do comment upon it as showing to the country and to the outside cities that there are no underpaid clerks in the Government employ in Washington. [Applause.]

The Clerk read as follows:

SEC. 8. That in determining the right of employees to increased compensation as heretofore authorized by law at rates of 5 and 10 per cent per annum for the fiscal year 1918, such employees as are employed on piecework, by the hour, or at per diem rates shall be entitled to receive, from July 1, 1917, to June 30, 1918, inclusive, the increased compensation at the rate of 10 per cent when the fixed rate of compensation for the regular working hours and on the basis of 312 days in said year would amount to less than \$1,200, and at the rate of 5 per cent when not less than \$1,200 and not more than \$1,800: *Provided*, That this method of compensation shall not apply to any per diem employees regularly paid a per diem for every day in the year.

Mr. FITZGERALD. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report it.

The Clerk read as follows:

Committee amendment: Page 76, line 14, strike out the word "compensation" and insert in lieu thereof the word "computation."

Mr. MONDELL. Mr. Chairman, now that we are about to vote upon a bill appropriating nearly \$5,000,000,000 and providing for appropriations and authorizations of more than \$7,000,000,000, it is perhaps well to emphasize the fact that while this bill will be passed unanimously, it is true that as members of the committee who reported the bill or as Members of the House we can not under the circumstances, and we do not, feel absolutely certain that all of these great sums are needed or required. I think ordinarily in reporting an appropriation bill in times of peace the committee reporting it and its members are reasonably certain and satisfied that the amounts carried in the bill are necessary and essential for the purposes for which they are provided; but we can not have any such assurance in times like these. As a matter of fact, we have but one fixed policy in the matter of appropriations, and that is the policy of winning this war. That being the case, we must resolve every doubt we have with regard to the necessity of appropriations, with regard to the amount of appropriations, in favor of the opinion of those charged with responsibility as to the amount of money that is necessary for the various purposes. I am of the opinion that even the officials who

make the estimates, the officers who appear before the committees, do not, can not, under present conditions, know definitely or have better than a reasonably sound opinion as to the amounts which may be necessary for each or any one of these purposes for which we are asked to appropriate. They are taking no chances, I assume, by asking for smaller sums than may be needed, and we can not afford to deny the appropriations asked when backed by statements based on the judgment of those who are to expend the money that the sums asked are necessary. When we go home to our constituents some of them may be inclined to criticize the very great appropriations we have made. We can not truthfully meet such a criticism with the statement that we knew or that we had sound reasons for believing that the sums appropriated were all necessary. We can, however, meet any such criticism with the statement that we are giving our country and the administration the benefit of the doubt. We can defend our action on the ground that we can not afford to withhold any sum that may be needed, and that therefore, although these sums seem to be very great, although some of them are possibly larger than will be necessary, some of them beyond the amount that will be actually expended, the Congress is justified, in fact it is the duty of the Congress, to meet every request presented with reasonable argument by the officials of the administration. We are in this conflict to win and the Congress will not withhold a dollar necessary for that purpose, although the sums asked for and provided are stupendous beyond all precedent. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The question was taken, and the amendment was agreed to.

Mr. FITZGERALD. Mr. Chairman, I ask unanimous consent that the Clerk may renumber the sections, one section having been stricken out.

The CHAIRMAN. Is there objection to the request of the gentleman from New York? [After a pause.] The Chair hears none.

Mr. FITZGERALD. Mr. Chairman, I move that the committee do now rise and report the bill with the amendments to the House with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. CRISP, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 5949, and had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. FITZGERALD. Mr. Speaker, I move the previous question on the bill and amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

The question was taken, and the amendments were agreed to.

The bill was ordered to be engrossed and read the third time, was read the third time, and passed unanimously. [Applause.]

On motion of Mr. FITZGERALD, a motion to reconsider the vote by which the bill was passed was laid on the table.

#### ADDITIONAL BONDS.

Mr. HULL of Tennessee. Mr. Speaker, I ask unanimous consent that the bill H. R. 5901, the bond bill, be taken from the Speaker's table, that the Senate amendments be disagreed to, and the conference asked for by the Senate be agreed to.

The SPEAKER. The gentleman from Tennessee [Mr. HULL] asks unanimous consent to take from the Speaker's table the bill H. R. 5901, the bond bill, to disagree to all Senate amendments, and agree to the conference asked for by the Senate. The Clerk will report the bill by title.

The Clerk read as follows:

An act (H. R. 5901) to authorize an additional issue of bonds to meet expenditures for the national security and defense, and for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign governments, and for other purposes.

Mr. CANNON. Mr. Speaker, are there many amendments to the bill?

Mr. HULL of Tennessee. There are only two or three of any importance, and they are of minor importance, I will say to the gentleman.

Mr. DYER. Why does not the gentleman move to concur, then?

Mr. HULL of Tennessee. That was suggested, but on account of the disposition of certain Members who have examined one or two of the amendments in detail, that course was abandoned.

Mr. CANNON. I would like to see what the amendments are that are in question.



Mr. STAFFORD. The bill has been printed with amendments. I will say to the gentleman from Illinois, and has been available to Members to-day.

Mr. LONGWORTH. Let me ask the gentleman from Tennessee if the only essential amendment is not the one which increases the amount of money which the Secretary of War may spend in financing the bonds?

Mr. HULL of Tennessee. I think that is the only amendment about which there is any controversy.

Mr. STAFFORD. If the gentleman will permit, I wish to direct the attention of the gentleman from Illinois [Mr. CANNON] to the amendment just referred to by the gentleman from Ohio [Mr. LONGWORTH] authorizing additional moneys that may be at the disposal of the Secretary of the Treasury in the disposition of these bonds and certificates. That in effect is the only substantial amendment that has been put on in the Senate.

Mr. MADDEN. That amounts to \$6,000,000 more.

Mr. LONGWORTH. The increase is from one-seventh to one-fourth of 1 per cent?

Mr. STAFFORD. The original House bill was one-fifth, and the Senate has, so far as the bond and war certificates are concerned, authorized the expenditure of one-fourth. As to certificates of indebtedness, the Senate has reduced it from one-tenth, as authorized by the House, to one-twentieth.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

The SPEAKER announced the following conferees: Mr. HULL of Tennessee, Mr. GARNER, and Mr. GREEN of Iowa.

ADJOURNMENT UNTIL FRIDAY, SEPTEMBER 21.

Mr. HULL of Tennessee. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet on Friday next.

The SPEAKER. The gentleman from Tennessee asks unanimous consent that when the House adjourns to-day it adjourn to meet on Friday next. Is there objection?

Mr. DYER. Reserving the right to object, does the gentleman mean to intimate there will be nothing for the House to do until Friday?

Mr. HULL of Tennessee. Some few delegations, I think, will be called home to-morrow in connection with the primary election; and I understand that the conferees on the revenue bill will not be ready to report progress before Friday. And in view of the necessary absence of quite a large portion of the membership, it was thought advisable to adjourn until Friday. No business will be transacted until that time.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

ANNEX TO TREASURY BUILDING.

Mr. CLARK of Florida. Mr. Speaker, I ask unanimous consent for the present consideration of the bill S. 2477, a bill to construct an annex to the Treasury Building.

The SPEAKER. The gentleman from Florida asks unanimous consent for the present consideration of the bill S. 2477, to build an annex to the Treasury Building. Is there objection?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I would like to have the attention of the gentleman from Tennessee [Mr. HULL], who is representing the majority leader. I was informed that if we adjourned to-day over until Friday that we would adjourn from Friday over until Monday. There are a good many bills on the Unanimous Consent Calendar that were necessarily put over by reason of the pressing consideration of the war deficiency bill that has just been considered. I wish to inquire of the gentleman whether he has any authority to say that we will not transact any business on Friday of this week when we meet?

Mr. HULL of Tennessee. I am not advised as to that, I will say to the gentleman, by the floor leader. I only know this, that it is a matter of great urgency to dispose of the conference report on both the bond bill and the revenue bill, and probably each of those reports will be forthcoming on Friday.

Mr. MADDEN. You can not dispose of them the day the reports come in.

Mr. HULL of Tennessee. We can undertake to make such progress as we can.

Mr. STAFFORD. There are a great number of Members out of the city at present, and more would leave the city if there were no business to be taken up on Friday. I would like to know if it is possible to enter into a unanimous consent, with the approval of the gentleman from Massachusetts [Mr. GILLET], as I understand, that is the understanding he had with the gentleman from North Carolina [Mr. KITCHIN], to adjourn from Friday to next Monday or Tuesday and not to take up any business on Friday. I will say that I had a talk with the gentleman from Massachusetts, in company with the gentleman

from North Carolina [Mr. KITCHIN], and he was of the opinion at that time that it could be arranged.

Mr. HULL of Tennessee. I trust the gentleman will not do that now, in view of my limited knowledge of the intentions of the gentleman from North Carolina.

Mr. STAFFORD. There are a great many bills on the Unanimous Consent Calendar. This bill is on the Unanimous Consent Calendar. We should not play favorites in the consideration of any of these bills, and I think there should be some day set when we could consider the Unanimous Consent Calendar.

Mr. McARTHUR. Do these unanimous-consent bills refer to war?

Mr. GARRETT of Tennessee. Mr. Speaker, I make the point of order there is no quorum present.

The SPEAKER. The gentleman from Tennessee makes the point of order that there is no quorum present.

Mr. GARRETT of Tennessee. Is there a bill pending?

Mr. CLARK of Florida. Yes.

Mr. GARRETT of Tennessee. Then I beg the gentleman's pardon. I will withdraw my point, Mr. Speaker.

Mr. STAFFORD. Mr. Speaker, I think there should be some agreement as to taking up bills on the Unanimous Consent Calendar instead of considering them piecemeal.

Mr. HULL of Tennessee. We want to deal with conference reports on Friday.

Mr. FOSTER. I suggest, Mr. Chairman, that the gentleman ask unanimous consent to do that; that next Monday be taken up with bills on the Unanimous Consent Calendar. There are a few bills on that calendar—not great bills, but bills that ought to be passed now.

Mr. MADDEN. The revenue bill will be taken up on Monday.

Mr. STAFFORD. Not to interfere with conference reports and privileged business.

Mr. TAYLOR of Colorado. Mr. Speaker, I would like to see if we can not agree upon some day—I tried the other day—to be set apart as unanimous-consent day in lieu of yesterday. It does seem to me we ought not to ignore these bills on the calendar. We have time now to consider them, and why should we not do it?

Mr. MADDEN. We could agree, say, on next Tuesday, to take up the consideration of these conference reports, including that on the revenue bill, and immediately after the disposition of those we could fix upon a day for the consideration of Unanimous Consent Calendar bills.

The SPEAKER. The Chair will state that all this discussion is out of order.

Mr. TAYLOR of Colorado. Mr. Speaker, I want to ask unanimous consent—

The SPEAKER. The gentleman can do that if he wants to.

Mr. TAYLOR of Colorado. I want to ask unanimous consent that next Monday be set apart as unanimous-consent day in lieu of yesterday.

The SPEAKER. Does that request embrace shoving out of the way conference reports?

Mr. TAYLOR of Colorado. Not at all.

Mr. GILLET. It should be subject, it seems to me, to all privileged business.

Mr. TAYLOR of Colorado. Yes.

The SPEAKER. The gentleman from Colorado [Mr. TAYLOR] asks unanimous consent that next Monday—

Mr. TAYLOR of Colorado. Some gentlemen near me suggest Tuesday—

The SPEAKER. The gentleman from Colorado asks unanimous consent that on next Tuesday bills on the Unanimous Consent Calendar shall be considered, not to interfere with conference reports, privileged matters, and matters on the Speaker's table. Is there objection?

Mr. MADDEN. Reserving the right to object, Mr. Speaker, if that could be coupled with a unanimous-consent agreement that the conference reports from the Ways and Means Committee should not be considered on Monday, I would not object. A number of Members want to go away on Monday, and—

The SPEAKER. This request does not cut out the consideration of the revenue bill.

Mr. MADDEN. But it cuts out an opportunity for those who want to go away and who want to consider the revenue bill if it should come up on Monday.

Mr. FOSTER. You can not tell about that now.

Mr. MADDEN. Then I will object to all unanimous-consent requests until that matter is disposed of.

The SPEAKER. Is there objection?

Mr. MADDEN. I object to all unanimous-consent requests until that is arranged.

The SPEAKER. Does the gentleman from Illinois object?



Mr. MADDEN. Yes; I object.

Mr. STAFFORD. Mr. Speaker, if we can not have unanimous consent as to other bills on the Unanimous Consent Calendar, I shall object to having them taken up piecemeal.

Mr. GARRETT of Tennessee. Mr. Speaker, I make the point that there is no quorum present.

The SPEAKER. The gentleman from Wisconsin [Mr. STAFFORD] objects.

Mr. CLARK of Florida. Mr. Speaker, this measure is of great public importance. I ask leave to proceed for one minute.

The SPEAKER. The gentleman from Florida asks unanimous consent to proceed for one minute. Is there objection?

There was no objection.

Mr. CLARK of Florida. This is not a private bill. It is a matter of great public importance, to provide room for the Treasury Department, so that it can discharge its functions.

Mr. STAFFORD. I will say to the gentleman that I think there are other bills on the Unanimous Consent Calendar that are more important than this one.

The SPEAKER. Does the gentleman from Wisconsin object?

Mr. STAFFORD. I do.

The SPEAKER. The gentleman from Tennessee [Mr. GARRETT] makes the point that there is no quorum present. The Chair will count.

#### ADJOURNMENT.

Mr. CLARK of Florida. I move that the House do now adjourn.

The SPEAKER. The gentleman from Florida moves that the House do now adjourn. The question is on agreeing to that motion.

Mr. McCLINTIC. Mr. Speaker, will the gentleman recall that motion?

Mr. CLARK of Florida. No.

The SPEAKER. The gentleman from Florida moves that the House adjourn. The question is on agreeing to that motion.

The question was taken, and the Speaker announced that the ayes seemed to have it.

Mr. DYER and Mr. McARTHUR asked for a division.

The SPEAKER. A division is demanded.

The House divided; and there were—ayes 76, noes 29.

Mr. WINGO. Mr. Speaker, I demand the yeas and nays.

The SPEAKER. The gentleman from Arkansas demands the yeas and nays. Those in favor of taking this vote on adjournment by yeas and nays will rise and stand until they are counted. [After counting.] Fifteen Members have risen, not a sufficient number, and the House stands adjourned until Friday at noon.

Thereupon (at 3 o'clock and 30 minutes p. m.) the House adjourned, under the previous order, until Friday, September 21, 1917, at 12 o'clock noon.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. WEBB: A bill (H. R. 6110) to extend protection to the civil rights of members of the Military and Naval Establishments of the United States engaged in the present war; to the Committee on the Judiciary.

By Mr. WATKINS: A bill (H. R. 6111) to appropriate \$1,380,000 to pay for advertising liberty-loan bonds; to the Committee on Ways and Means.

By Mr. STEENERSON: Resolution (H. Res. 144) requesting the President of the United States to furnish to the House of Representatives certain information relative to administration of the law governing the control of food and food products; to the Committee on Agriculture.

By Mr. DILLON: Joint resolution (H. J. Res. 155) to provide further for the national security and defense by insuring increased production of agricultural products; to the Committee on the Public Lands.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DICKINSON: A bill (H. R. 6112) for the relief of St. Ludgers Catholic Church at Germantown, Henry County, Mo.; to the Committee on War Claims.

By Mr. GARD: A bill (H. R. 6113) granting a pension to Myrtle M. Dunham; to the Committee on Pensions.

Also, a bill (H. R. 6114) granting a pension to Benjamin F. Dunkley; to the Committee on Pensions.

Also, a bill (H. R. 6115) granting a pension to George Hayman; to the Committee on Pensions.

Also, a bill (H. R. 6116) granting a pension to William H. Heller; to the Committee on Pensions.

Also, a bill (H. R. 6117) granting a pension to Harriet A. Porter; to the Committee on Pensions.

Also, a bill (H. R. 6118) granting a pension to William A. Keating; to the Committee on Pensions.

Also, a bill (H. R. 6119) granting a pension to Milton L. Stover; to the Committee on Pensions.

Also, a bill (H. R. 6120) granting a pension to William S. Head; to the Committee on Pensions.

Also, a bill (H. R. 6121) granting a pension to Laura Wachtel; to the Committee on Pensions.

Also, a bill (H. R. 6122) granting a pension to Joseph B. Ohr; to the Committee on Pensions.

Also, a bill (H. R. 6123) granting a pension to William Shafer; to the Committee on Pensions.

Also, a bill (H. R. 6124) granting a pension to James Skelton; to the Committee on Pensions.

Also, a bill (H. R. 6125) granting a pension to Wesley Cox Adkins; to the Committee on Pensions.

Also, a bill (H. R. 6126) granting a pension to Cevilla Wise; to the Committee on Pensions.

Also, a bill (H. R. 6127) granting a pension to Lucy Wells; to the Committee on Pensions.

Also, a bill (H. R. 6128) granting a pension to Charles W. Van Scoyk; to the Committee on Pensions.

Also, a bill (H. R. 6129) granting a pension to William S. Smith; to the Committee on Pensions.

Also, a bill (H. R. 6130) granting a pension to Fred C. Sawin; to the Committee on Pensions.

Also, a bill (H. R. 6131) granting a pension to Robert B. Smith; to the Committee on Pensions.

Also, a bill (H. R. 6132) granting a pension to Frank Robertson; to the Committee on Pensions.

Also, a bill (H. R. 6133) granting a pension to Jessie Parsons; to the Committee on Pensions.

Also, a bill (H. R. 6134) granting a pension to Patrick H. Madigan; to the Committee on Pensions.

Also, a bill (H. R. 6135) granting a pension to John Lambertson; to the Committee on Pensions.

Also, a bill (H. R. 6136) granting a pension to James F. Kelley; to the Committee on Pensions.

Also, a bill (H. R. 6137) granting a pension to Paul Kroll; to the Committee on Pensions.

Also, a bill (H. R. 6138) granting a pension to Peter J. Huber; to the Committee on Pensions.

Also, a bill (H. R. 6139) granting a pension to Ida M. Hammon; to the Committee on Pensions.

Also, a bill (H. R. 6140) granting a pension to Fred Hoppe; to the Committee on Pensions.

Also, a bill (H. R. 6141) granting a pension to George W. Johnson; to the Committee on Pensions.

Also, a bill (H. R. 6142) granting an increase of pension to William J. Light; to the Committee on Pensions.

Also, a bill (H. R. 6143) granting an increase of pension to Richard W. Webb; to the Committee on Pensions.

Also, a bill (H. R. 6144) granting an increase of pension to Edward E. Curran; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6145) granting an increase of pension to Marion S. Day; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6146) granting an increase of pension to James Mossey; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6147) granting an increase of pension to Chauncey W. Young; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6148) granting an increase of pension to John Golden; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6149) granting an increase of pension to Obadiah Stines; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6150) granting an increase of pension to Milton Ross; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6151) granting an increase of pension to Walter E. Hantch; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6152) granting an increase of pension to Alexander Hanley; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6153) granting a pension to Thomas J. Mullin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6154) granting a pension to Sarah E. Webster; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6155) granting a pension to Albert T. Staught; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6156) granting a pension to Isaac H. Richey; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6157) granting a pension to Annie O'Neil; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6158) granting an increase of pension to Lionelle Gottschall; to the Committee on Pensions.



Also, a bill (H. R. 6159) for the relief of Samuel B. Faulkner; to the Committee on Military Affairs.

Also, a bill (H. R. 6160) for the relief of Jacob Ehla, alias Jacob Eby, alias John Ihle; to the Committee on Military Affairs.

Also, a bill (H. R. 6161) for the relief of William Martin; to the Committee on Military Affairs.

Also, a bill (H. R. 6162) for the relief of James H. Tucker; to the Committee on Military Affairs.

Also, a bill (H. R. 6163) for the relief of Garrett M. Martin; to the Committee on Military Affairs.

Also, a bill (H. R. 6164) for the relief of Allen Moore; to the Committee on Military Affairs.

Also, a bill (H. R. 6165) for the relief of John M. V. Dutton; to the Committee on Military Affairs.

Also, a bill (H. R. 6166) for the relief of Herman Wagner, alias Henry Burnett; to the Committee on Military Affairs.

Also, a bill (H. R. 6167) for the relief of William L. Spivey; to the Committee on Military Affairs.

Also, a bill (H. R. 6168) for the relief of Michael Ryan; to the Committee on Military Affairs.

Also, a bill (H. R. 6169) for the relief of Dock Leach; to the Committee on Military Affairs.

Also, a bill (H. R. 6170) for the relief of James Kane; to the Committee on Military Affairs.

Also, a bill (H. R. 6171) for the relief of Edward C. McGonigal; to the Committee on Claims.

Also, a bill (H. R. 6172) for the relief of Perry E. Borchers because of losses suffered due to destruction of property and termination of contract for services because of smallpox, while in the employ of the Navy Department in Cuba; to the Committee on Claims.

By Mr. KIESS of Pennsylvania: A bill (H. R. 6173) granting a pension to Mary E. Mincer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6174) granting a pension to Stephen Hill; to the Committee on Pensions.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

The SPEAKER (by request): Memorial of the St. Louis (Mo.) Chamber of Commerce, approving the law to draft for military service all aliens residing in this country; to the Committee on Military Affairs.

By Mr. BURROUGHS: Petition of Molly Stark Council, Daughters of Liberty, of Manchester, N. H., in favor of the passage by the House of Senate joint resolution No. 84; to the Committee on Military Affairs.

By Mr. ELSTON: Memorial of the Berkeley (Cal.) Chamber of Commerce, recommending increased pay in the United States Lighthouse Service; to the Committee on Appropriations.

By Mr. LONERGAN: Petition of Chamberlain Council, No. 2, Junior Order United American Mechanics, in favor of the enactment of House bill 4852; to the Committee on Immigration and Naturalization.

By Mr. MEEKER: Resolution of the St. Louis Chamber of Commerce in favor of the proposed law to draft for military service all aliens residing in this country on the same basis as American citizens; to the Committee on Military Affairs.

By Mr. RAINEY: Petition of Harry E. Wright and 53 other citizens of Murrayville, Ill., favoring the purple cross bill; to the Committee on Military Affairs.

By Mr. SNYDER: Petition of the Travelers' Club of Ilion, N. Y., praying for the moral protection of the Army; to the Committee on Military Affairs.

#### SENATE.

THURSDAY, September 20, 1917.

The Chaplain, Rev. Forrest J. Prettyman, D. D., offered the following prayer:

Almighty God, we would take no steps in our preparation for national defense and for the carrying out of our plans of government without Thy guidance and Thy blessing. We come before Thee this morning lifting up our hearts to Thee, praying Thee to look upon us with Thine infinite tenderness and love. Bless us in our divine enterprise. We are standing as a Nation with the ideals that are born in our hearts out of Thy Holy Word and we pray Thee to grant us the strength, the courage, the patience, the divine passion that will carry us forward speedily to a successful issue. For Christ's sake. Amen.

The VICE PRESIDENT resumed the chair.

The Journal of the proceedings of Tuesday last was read and approved.

#### ESTIMATES OF APPROPRIATIONS.

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Treasury, transmitting an estimate of appropriations for an additional clerk of class 4 and one of class 3 in the office of the disbursing clerk, Treasury Department (S. Doc. No. 98), which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

He also laid before the Senate a communication from the Secretary of the Treasury, transmitting a letter from the Secretary of War submitting supplemental estimates of appropriations required by the War Department for the fiscal year 1918, Signal Service of the Army, Frankford Arsenal, Philadelphia, Pa., and San Antonio Arsenal, Tex., \$40,756,060.51 (S. Doc. No. 99), which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

He also laid before the Senate a communication from the Secretary of the Treasury, transmitting a supplemental estimate for an additional clerk of class 1 in the section of surety bonds, Treasury Department (S. Doc. No. 100), which was referred to the Committee on Appropriations and ordered to be printed.

He also laid before the Senate a communication from the Secretary of the Treasury, transmitting, pursuant to law, schedules of claims amounting to \$220,673.17 allowed by the several accounting officers of the Treasury Department under appropriations the balances of which have been exhausted or carried to the surplus fund under the provisions of section 5 of the act of June 20, 1874, etc. (S. Doc. No. 89), which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

He also laid before the Senate a communication from the Secretary of the Treasury, transmitting a letter from the Secretary of War submitting supplemental estimates of appropriations required for the fortifications of the Panama Canal for the fiscal year 1918 (S. Doc. No. 102), which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

He also laid before the Senate a communication from the Secretary of the Treasury, transmitting a letter from the Treasurer of the United States submitting supplemental estimates of appropriations for the temporary employment of clerks, purchase of furniture, etc. (S. Doc. No. 101), which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

He also laid before the Senate a communication from the Secretary of the Treasury, transmitting a letter from the president of the Board of Commissioners of the District of Columbia submitting an estimate of appropriations in the sum of \$2,710 required for the fiscal year 1918 for salaries of employees, municipal court of the District of Columbia, etc. (S. Doc. No. 90), which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

He also laid before the Senate a communication from the Secretary of the Treasury, transmitting a communication from the Treasurer of the United States submitting supplemental estimates of appropriations for salaries of additional employees for the office of the Treasurer of the United States, etc. (S. Doc. No. 96), for the fiscal year ending June 30, 1918, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

He also laid before the Senate a communication from the Secretary of the Treasury submitting an estimate of appropriations for the rent of public buildings at Charlotte, N. C., and Muskegon, Mich. (S. Doc. No. 97), which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

He also laid before the Senate a communication from the Secretary of the Treasury, transmitting a letter from the Postmaster General submitting an estimate of appropriations to continue rental of buildings at First and K Streets NE., Washington, D. C., known as the Post Office Department Annex (S. Doc. No. 92), which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

He also laid before the Senate a communication from the Secretary of the Treasury submitting an estimate of appropriation required for the Internal-Revenue Service in the sum of \$4,583,000 for the remainder of the fiscal year 1918, etc. (S. Doc. No. 91), which, with accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.



He also laid before the Senate a communication from the Secretary of the Treasury, transmitting, pursuant to law, a list of judgments rendered by the Court of Claims amounting to \$7,428.71, which have been presented to the department and require an appropriation for their payment (S. Doc. No. 93), which, with accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

He also laid before the Senate a communication from the Secretary of the Treasury, transmitting an estimate of appropriation in the sum of \$100,000 for repairs and alterations of buildings belonging to the United States to fit them for temporary use by the Treasury Department (S. Doc. No. 94), which, with accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

He also laid before the Senate a communication from the Secretary of the Treasury, transmitting a supplemental estimate of appropriation for two additional Assistant Secretaries of the Treasury (S. Doc. No. 95), which, with accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

#### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House had passed the bill (S. 2830) extending the time for the construction of a bridge across the Arkansas River between the cities of Little Rock and Argenta, Ark.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H. R. 5901) to authorize an additional issue of bonds to meet expenditures for the national security and defense, and for the purpose of assisting in the prosecution of the war to extend additional credit to foreign Governments, and for other purposes; agrees to the conference asked for by the Senate to the disagreeing votes of the two Houses thereon, and had appointed Mr. HULL of Tennessee, Mr. GARNER, and Mr. GREEN of Iowa managers at the conference on the part of the House.

The message further announced that the House had passed the bill (S. 2663) granting the consent of Congress to the Wolf Creek Lumber Co. to maintain a bridge already constructed across Tug River with an amendment in which the House requested the concurrence of the Senate.

The message also announced that the House had passed a bill (H. R. 5949) making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1918, and prior fiscal years, on account of war expenses, and for other purposes, in which it requested the concurrence of the Senate.

#### SENATOR GALLINGER'S COMMUNICATION.

The VICE PRESIDENT. The Chair presents a communication from the senior Senator from New Hampshire [Mr. GALLINGER], which the Secretary will read.

The Secretary read the communication, as follows:

CONCORD, N. H., September 20, 1917.

The VICE PRESIDENT OF THE UNITED STATES,  
Washington, D. C.:

My attention having been called to the fact that my name, as well as that of many other public men, is being used in connection with a certain paper found in the possession of one Gaston Means I wish to say that if anyone thinks it of sufficient importance to have the matter investigated I trust that the Senate will take prompt action to look into it. I know nothing whatever that can possibly throw light on the subject, but nevertheless will court an investigation if one is thought necessary or desirable. Please have this read in open Senate.

J. H. GALLINGER.

The VICE PRESIDENT. The communication will be referred to the Committee on Privileges and Elections.

#### PETITIONS AND MEMORIALS.

The VICE PRESIDENT. The Chair lays before the Senate a telegram, which will be inserted in the RECORD.

The telegram is as follows:

KANSAS CITY, KANS., September 19, 1917.

HON. THOMAS R. MARSHALL,  
Washington, D. C.:

Delegates from every State in the Union representing 50,000 boiler makers and iron-ship builders in convention assembled wish to protest against the proposed establishment of the zone system for second-class mail matter and the proposed increases in this class of mail and respectfully petition our Congressmen and Senators to defeat this measure.

J. A. FRANKLIN,  
International President.

The VICE PRESIDENT. The Chair lays before the Senate a communication, which will be inserted in the RECORD and referred to the Committee on Foreign Relations.

The communication is as follows:

NEW YORK CITY, September 18, 1917.

To the VICE PRESIDENT,  
United States Senate, Washington, D. C.

SIR: At a meeting held at the First Swedish Baptist Church of Brooklyn on the 14th instant, called for the purpose of permitting

American citizens of Swedish birth and descent to voice their loyalty to the country of their adoption and attended by about 175 representatives of Swedish churches and societies with a membership of approximately 20,000 and by representative business and professional men, the enclosed address to the American people was unanimously adopted, and it was resolved that a copy of the same be sent to you as presiding officer of the United States Senate.

The meeting was held on very short notice, but notwithstanding this there were present representatives from the 65 societies and associations which compose the United Swedish Societies of Greater New York, and from the 35 Swedish churches of different denominations which exist in the same territory, as well as from many other associations and societies.

It was further determined to call a meeting to be held in the city of New York as soon as it can be arranged to enable the thousands of citizens of Swedish birth or descent to bear witness of the loyalty they feel toward the United States—a loyalty which never has been questioned.

The meeting was concluded with a prayer for the President and people of the United States and by the singing of "America."

Very respectfully,

AXEL JOSEPHSSON, Secretary.

ADDRESS TO THE AMERICAN PEOPLE, ADOPTED AT A SPECIAL MEETING OF REPRESENTATIVES OF SWEDISH CHURCHES AND SOCIETIES AND BUSINESS AND PROFESSIONAL MEN HELD AT BROOKLYN, N. Y., ON THE 14TH DAY OF SEPTEMBER, 1917.

The authorized publication of certain messages from the German chargé d'affaires at Buenos Aires and letter from the German minister in Mexico, forwarded through the medium of Swedish legations, has caused a feeling of profound concern among us, who are citizens of the United States of Swedish birth or parentage, which feeling has become more pronounced as it has become apparent that the publication of such messages has directed unfavorable attention to us and has caused, in some quarters, feelings of distrust regarding our loyalty to this country.

The Swedes have always been liberty loving. They were American in spirit before they left Sweden and on their arrival here they became a part of the country with astonishing rapidity. Their history from the commencement of immigration indicates as great fidelity to their adopted country as is possessed by the native born. The roll of heroes of the Civil War and the Spanish-American War is punctuated with the names of thousands of Swedes, who willingly gave their lives and their services for liberty and for this country. In the making of its history, in the breaking of the wilderness from the Alleghenies to the Pacific coast, the Swedes have given themselves unsparingly, with no other thought than the upbuilding of this country, where freedom more fully conformed to their ideals than anywhere else and where opportunities for material, intellectual, and social advancement are constantly beckoning them on. Through industry and intelligently applied effort they have prospered and have become thoroughly amalgamated with the people of the United States and have become useful members of society. They have willingly performed the laborious work devolving upon them. They have entered the engineering and construction fields and have contributed largely toward the advancement of science. They have entered business and have built up magnificent commercial and manufacturing enterprises. They have cleared the forests and tilled the fields of our great West. They have brought with them the culture and the training of their schools and have contributed materially to the upbuilding of our great institutions of learning. They have taken part in the political life of our country and have filled with distinction offices of trust in the various States and in the Nation.

In the present world conflict they stand firmly on the side of the United States. They have given freely of their best manhood through voluntary enlistment in the recruiting of its armies for democracy and against autocracy. They have given freely of their treasure, as is indicated by the fact that one Swedish-American bank has purchased for itself and its customers, who are in the main of Swedish extraction, more than \$2,000,000 of liberty-loan bonds. We refer proudly to all of the foregoing and urge the same as unassailable proof of our loyalty.

But as our loyalty may be questioned, an expression from us seems to be called for; and we, the pastors of the Swedish churches of Greater New York, representatives of the various Swedish societies and institutions of Greater New York, and business and professional men, representing in thought and feeling the thousands of our citizens, who were born in Sweden or who were born in the United States of Swedish parents, hereby affirm our unwavering and undivided loyalty to the United States. This is our country and we owe allegiance to none other. Our homes, our families, our hearts, and all our interests are here, and we stand ready to defend that which is ours, no matter what the cost. But more than that, we believe in the principles so eloquently enunciated by the President of the United States that "the world must be made safe for democracy." That principle is our confession of faith, and we will make any sacrifice, however great, that it may be achieved. To that end we have pledged our support to the President of the United States without limit or restriction and have given our fathers, our brothers, and our sons, who have gone across the Atlantic or have mobilized in the United States. They have offered their lives for the cause they have espoused and we will support them to the limit of our resources. In the belief that what we have done and are doing entitles us to the confidence of every true American, we renew our pledge of allegiance and affirm our loyalty to the United States.

CHARLES K. JOHANSEN, Chairman,  
AXEL JOSEPHSSON, Secretary,  
GUST HARALDSTADT, Assistant Secretary,  
CHARLES A. OGBEN,  
CHAS. RESALESTON,  
Committee.

Mr. PHELAN presented a petition of the Santa Clara County Woman's Committee of State and National Defense, of San Jose, Cal., praying for the passage of the so-called soldiers' and sailors' insurance bill, which was referred to the Committee on Finance.

He also presented a petition of Occidental Lodge, No. 2484, Grand United Order of Odd Fellows, of Oakland, Cal., praying for a congressional investigation of the East St. Louis riot, which was ordered to lie on the table.



## NATIONAL DEFENSE.

Mr. CHAMBERLAIN, from the Committee on Military Affairs, to which was referred the bill (H. R. 4897) to amend section 10 of the national-defense act, approved June 3, 1916, and for other purposes, reported it with amendments and submitted a report (No. 131) thereon.

## WACCAMAW RIVER BRIDGE.

Mr. SHEPPARD. From the Committee on Commerce I report back favorably with amendments the bill (S. 2878) granting the consent of Congress to the Whiteville Lumber Co. to construct a bridge across Wacamaw River, and I submit a report (No. 132) thereon. I ask unanimous consent for the present consideration of the bill.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The amendments were, in line 6, before the word "River," to strike out the name "Wacamaw" and insert "Waccamaw," and in line 10, before the word "construction," to insert "the," so as to make the bill read:

*Be it enacted, etc.,* That the consent of Congress is hereby granted to the Whiteville Lumber Co. and its successors and assigns to construct, maintain, and operate a bridge and approaches thereto across Waccamaw River at a point suitable to the interests of navigation at or near Pireway Ferry, in the counties of Columbus and Brunswick, in the State of North Carolina, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The amendments were agreed to.

The bill was reported to the Senate as amended and the amendments were concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill granting the consent of Congress to the Whiteville Lumber Co. to construct a bridge across the Waccamaw River."

## REPORTS FROM THE COMMITTEE ON PRINTING.

Mr. SMITH of Arizona. Mr. President, I ask unanimous consent of the Senate that I may be indulged for a few moments to present certain reports from the Committee on Printing.

The VICE PRESIDENT. The reports will be received.

## ADDRESS BY SENATOR HARDWICK (S. DOC. NO. 106).

Mr. SMITH of Arizona, from the Committee on Printing, reported the following resolution (S. Res. 132), which was read, considered by unanimous consent, and agreed to:

*Resolved,* That the address submitted by the Senator from North Carolina [Mr. OVERMAN] on September 10, 1917, entitled "The regulation of commerce between the States under the commerce clause of the Constitution of the United States," by Hon. THOMAS W. HARDWICK, United States Senator from Georgia, be printed as a Senate document.

## TRADING WITH THE ENEMY (S. DOC. NO. 107).

Mr. SMITH of Arizona, from the Committee on Printing, reported the following resolution (S. Res. 133), which was read, considered by unanimous consent, and agreed to:

*Resolved,* That the article submitted by the Senator from Kentucky [Mr. BECKHAM] on September 11, 1917, entitled "Trading with the Enemy," prepared by Theodore H. Thiesing, of the Legislative Reference Bureau, Library of Congress, be printed as a Senate document.

## ADDRESS OF HON. CHARLES E. HUGHES (S. DOC. NO. 105).

Mr. SMITH of Arizona, from the Committee on Printing, reported the following resolution (S. Res. 134), which was read, considered by unanimous consent, and agreed to:

*Resolved,* That the address submitted by the Senator from Virginia [Mr. MARTIN] on September 11, 1917, entitled "The Fighting Powers of the United States under the Constitution," by Hon. Charles E. Hughes, former Justice of the Supreme Court of the United States, be printed as a Senate document.

## THE BIRTH OF AMERICAN THRIFT (S. DOC. NO. 104).

Mr. SMITH of Arizona, from the Committee on Printing, reported the following resolution (S. Res. 135), which was read, considered by unanimous consent, and agreed to:

*Resolved,* That the pamphlet submitted by the Senator from South Dakota [Mr. STERLING] on September 18, 1917, entitled "The Birth of American Thrift," by John Muir, be printed as a Senate document.

## IMPERIAL VALLEY, CAL. (S. DOC. 103).

Mr. SMITH of Arizona. Mr. President, I ask unanimous consent for the present consideration of Senate resolution 127, being calendar No. 119, which was reported from the Committee on Printing by the Senator from Florida [Mr. FLETCHER] on the 11th instant, authorizing the printing of the manuscript entitled "Colorado River in its Relation to the Imperial Valley," as a Senate document.

There being no objection, the Senate, by unanimous consent, proceeded to consider the resolution.

The resolution was read, considered, and agreed to, as follows:

*Resolved,* That the manuscript submitted by the Senator from California (Mr. PHELAN), on June 1, 1917, entitled "Colorado River in its relation to the Imperial Valley, Cal.," by C. E. Grunsky, consulting engineer, to the Secretary of the Interior, be printed as a Senate document with accompanying illustrations.

## BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CHAMBERLAIN:

A bill (S. 2893) for the relief of George W. Mellinger; to the Committee on Military Affairs.

A bill (S. 2894) granting an increase of pension to George W. Dusenberry (with accompanying papers); to the Committee on Pensions.

By Mr. JONES of New Mexico:

A bill (S. 2895) for the relief of Ellen B. Walker; to the Committee on Claims.

By Mr. STERLING:

A bill (S. 2896) for the relief of Elizabeth Marsh Watkins; to the Committee on Claims.

By Mr. SHEPPARD:

A bill (S. 2897) for a survey of Neches River above Beaumont, Tex.; to the Committee on Commerce.

By Mr. SHIELDS:

A bill (S. 2898) to provide for the erection of a public building at Knoxville, Knox County, Tenn.; to the Committee on Public Buildings and Grounds.

By Mr. PENROSE:

A bill (S. 2899) granting an increase of pension to Charles Woodall; to the Committee on Pensions.

By Mr. PHELAN:

A bill (S. 2900) granting a pension to Maurice T. Comstock (with accompanying papers); to the Committee on Pensions.

## WAR-RISK INSURANCE.

Mr. STERLING submitted an amendment intended to be proposed by him to the bill (H. R. 5723) to amend an act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

## CANADIAN MILITARY-SERVICE ACT.

Mr. CHAMBERLAIN. Mr. President, I ask unanimous consent to have printed in the RECORD what is known as the Canadian military-service act of 1917, which was assented to August 29, 1917. It is the selective-draft act of Canada. I endeavored to get it some time ago, and only a day or two ago the law librarian, Mr. Thompson, of the legislative reference service of the Library of Congress, furnished me with a copy, taken from an authenticated copy of the law. It is a matter of such general importance that I thought it ought to be printed. It is largely, I think, taken from the selective-draft act in this country.

Mr. BRANDEGEE. Mr. President, I think there will likely be quite a demand for copies of that act, and I should like to have it printed also as a public document. It will be in much more mailable shape. I know the view of the Senator from Utah [Mr. SMOOT] as to printing matter both in the RECORD and as a public document, but this is such an important matter concerning the war that I think it ought to be printed as a public document.

Mr. CHAMBERLAIN. I should be very glad to have that done, Mr. President. I think, however, if the Senator will wait a few days, I shall be able to have printed in parallel columns the selective-draft act of this country and that of Canada as well.

Mr. BRANDEGEE. That would be more useful, and I withdraw my suggestion.

Mr. CHAMBERLAIN. If I do not obtain that matter, I will say to the Senator from Connecticut that I shall be glad to see his request complied with.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

## CANADA—MILITARY SERVICE ACT, 1917.

## An act respecting military service.

Whereas by section 10 of the militia act, chapter 41 of the Revised Statutes of Canada, 1906, it is enacted as follows:

"All the male inhabitants of Canada, of the age of 18 years and upwards, and under 60, not exempt or disqualified by law, and being British subjects, shall be liable to service in the militia: *Provided*, That the Governor General may require all the male inhabitants of Canada capable of bearing arms to serve in the case of a levée en masse."

And whereas by section 69, of the said act, it is further enacted as follows:

"The governor in council may place the militia, or any part thereof, on active service anywhere in Canada, and also beyond Canada, for the



defense thereof at any time when it appears advisable so to do by reason of emergency."

And whereas by the said act it is further enacted that if at any time enough men do not volunteer to complete the quota required the men so liable to serve shall be drafted by ballot; and

Whereas to maintain and support the Canadian expeditionary force now engaged in active service overseas for the defense and security of Canada, the preservation of the Empire and of human liberty, it is necessary to provide reinforcements for such expeditionary force; and Whereas enough men do not volunteer to provide such reinforcements; and

Whereas, by reason of the large number of men who have already left agricultural and industrial pursuits in Canada to join such expeditionary force as volunteers, and of the necessity of sustaining under such conditions the productivity of the Dominion, it is expedient to secure the men still required, not by ballot as provided in the militia act, but by selective draft; therefore His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

1. (1) This act may be cited as the military-service act, 1917.

(2) In this act, unless the context otherwise requires—

"Certificate" means a certificate of exemption from military service under this act.

"The militia act" means the militia act and all regulations and orders made under the authority thereof.

"The army act" means the army act for the time being in force in the United Kingdom and all regulations and orders made under the authority thereof.

"Regulations" means regulations made by the governor in council under the authority of this act and directions made under such regulations.

"Minister" means the minister of justice.

"Tribunal" means a tribunal constituted under this act.

2. (1) Every male British subject who comes within one of the classes described in section 3 of this act, and who, (a) is ordinarily resident in Canada; or (b) has been at any time since the 4th day of August, 1914, resident in Canada, shall be liable to be called out as hereinafter provided on active service in the Canadian expeditionary force for the defense of Canada, either in or beyond Canada, unless he (a) comes within the exceptions set out in the schedule; or (b) reaches the age of 45 before the class or subclass to which he belongs, as described in section 3 is called out.

Such service shall be for the duration of the present war and of demobilization after the conclusion of the war.

(2) Nothing in this act shall prevent any man from voluntarily enlisting in the Canadian expeditionary force, so long as voluntary enlistments in such force is authorized.

3. (1) The men who are liable to be called out shall consist of six classes, described as follows:

Class 1. Those who have attained the age of 20 years and were born not earlier than the year 1883, and are unmarried or are widowers but have no child.

Class 2. Those who have attained the age of 20 years and were born not earlier than the year 1883, and are married or are widowers who have a child or children.

Class 3. Those who were born in the years 1876 to 1882, both inclusive, and are unmarried or are widowers who have no child.

Class 4. Those who were born in the years 1876 to 1882, both inclusive, and are married or are widowers who have a child or children.

Class 5. Those who were born in the years 1872 to 1875, both inclusive, and are unmarried or are widowers who have no child.

Class 6. Those who were born in the years 1872 to 1875, both inclusive, and are married or are widowers who have a child or children.

(2) For the purposes of this section any man married after the 6th day of July, 1917, shall be deemed to be unmarried.

(3) Any class except class 1 shall include men who are transferred thereto from another class as hereinafter provided, and men who have come within class 1 since the previous class was called out.

(4) The order in which the classes are described in this section shall be the order in which they may be called out on active service, provided the governor in council may divide any class into subclasses, in which case the subclasses shall be called out in order of age, beginning with the youngest.

4. (1) The governor in council may from time to time by proclamation call out on active service as aforesaid for the defense of Canada, either in Canada or beyond Canada, any class or subclass of men described in section 3, and all men within the class or subclass so called out shall from the date of such proclamation be deemed to be soldiers enlisted in the military forces of Canada and subject to military law for the duration of the present war and of demobilization thereafter, save as hereinafter provided.

(2) Men so called out shall report and shall be placed on active service in the Canadian expeditionary force as may be set out in such proclamation or in regulations but until so placed on active service shall be deemed to be on leave of absence without pay.

(3) Any man by or in respect of whom an application for exemption is made as hereinafter provided shall, so long as such application or any appeal in connection therewith is pending and during the currency of any exemption granted him, be deemed to be on leave of absence without pay.

(4) Any man who is called out and who, without reasonable excuse, fails to report as aforesaid, shall be guilty of an offense and shall be liable on summary conviction to imprisonment for any term not exceeding five years with hard labor.

5. (1) There shall be established in the manner hereinafter set out the following tribunals:

(a) Local tribunals.

(b) Appeal tribunals.

(c) A central appeal judge.

(2) Any tribunal may hear evidence on oath or otherwise, as it may deem expedient, and for the performance of its duties shall have all the powers vested in a commissioner under Part I of the Inquiries act.

(3) The governor in council may, upon the recommendation of the central appeal judge, make regulations with respect to the establishment, constitution, functions, and procedure of the said tribunals and such regulations may contain provisions for securing uniformity in the application of this act.

(4) In so far as provision is not otherwise made, the procedure of the tribunal shall be such as is determined by the tribunal.

(5) No member of any tribunal shall be responsible at law for anything done by him in good faith in the performance of his duties under this act, and no action shall be taken against any member of a local tribunal or an appeal tribunal in respect of the performance or non-

performance of his duties under this act, except with the written consent of the central appeal judge.

(6) No proceeding authorized or pending before any tribunal, and no decision of any tribunal, shall by means of an injunction, prohibition, mandamus, certiorari, habeas corpus, or other process, whether of the like kind or otherwise, issuing out of any court, be enjoined, restrained, stayed, removed, or subjected to review or consideration, upon any ground whether arising out of alleged absence of jurisdiction in the tribunal, nullity, defect, or irregularity of the proceedings or any other cause whatsoever nor shall any such proceeding or decision be questioned, reviewed, or considered collaterally in any action or proceeding, civil or criminal.

#### LOCAL TRIBUNALS.

6. (1) The minister may from time to time, by proclamation or otherwise, establish local tribunals at such places as he deems necessary, and give each an appropriate designation.

(2) The minister may, after a local tribunal is established, order, by proclamation or otherwise, the removal of such local tribunal from place to place within the same province.

(3) Each local tribunal shall consist of two members. One member shall be appointed by a board of selection to be established by joint resolution of the senate and house of commons; the other member shall be appointed by the following authority:

1. In those provinces in which there are county courts or district courts the county court judge or district court judge, or, if more than one, the senior judge for the county or district in which the local tribunal is established, or when the place at which a local tribunal is to be established is not within the territorial limits of any county court or district court, then by such judge as may be determined by the minister.

The judge making the appointment may appoint himself or any other judge having jurisdiction in the county or district.

For the purposes of this section "county court judge" or "district court judge" includes any deputy judge authorized by law to act for the time being for any such judge, and also includes any acting judge so authorized.

II. In the Province of Quebec:

(a) In the judicial districts of Montreal and Quebec any judge of the superior court of the Province of Quebec who is authorized by the chief justice of the said court or authorized by the judge appointed to perform the duties of chief justice in the judicial district.

(b) In the other judicial districts the judge of the superior court of the Province of Quebec assigned to the judicial district within which the local tribunal is established.

III. In the Yukon Territory:

The judge of the territorial court or the person appointed under the provisions of the Yukon act to act in place of such judge; and

IV. In the northwest territories:

The commissioner of the royal northwest mounted police—

(4) (a) The names and addresses of all persons appointed on a local tribunal shall, as may be provided by regulations, be communicated to the minister.

(b) The minister may by telegraph or otherwise appoint one or both members, as the case may be, of any local tribunal if he has not received, within such period before the tribunal is to sit as may be fixed by regulation, the names and addresses of members duly appointed.

(c) Any vacancy occurring shall be filled by the authority who appointed the member vacating, and if not so filled or if communication of same as aforesaid has not been received by the minister within such period as may be fixed by regulation, the minister may fill such vacancy.

(5) Each member of a local tribunal shall, unless he be a judge, make oath or affirmation that he will faithfully and impartially perform his duties as such member. Such oath or affirmation may be made before a judge, a justice of the peace, a commissioner for taking affidavits, or before such other person as in any special case the minister may direct.

(6) Any person duly appointed a member of a local tribunal shall, unless relieved in writing by the authority appointing him, perform his duties as such member, and any person who, without reasonable excuse, fails so to do shall be guilty of an offense and liable to summary conviction to imprisonment for any term not exceeding two years and not less than three months.

(7) Each local tribunal shall hear and decide applications for certificates of exemption made to such tribunal as provided in section 11.

#### APPEAL TRIBUNALS.

7. (1) The chief justice of the court of last resort in each Province, or in case of his absence or failure to act, then a judge of that court designated by the minister, shall establish for such Province a sufficient number of appeal tribunals, and shall assign to each such tribunal in the Province of Quebec one judge of the court of king's bench or superior court of said Province, and in the other Provinces one judge of any court of such Province, and shall distribute among such tribunals all appeals from and cases stated under subsection 2 of section 10 by local tribunals of which the registrar has notice, and such appeal tribunals shall severally hear and decide the same: *Provided*, That appeals from a local tribunal on which sits one or more judges shall be heard and decided by an appeal tribunal constituted of a judge of a higher court.

(2) The judge of the territorial court or the person appointed in the place of the said judge, under the provisions of the Yukon act, shall constitute the appeal tribunal for the Yukon territory.

#### FINAL TRIBUNAL.

8. The governor in council may appoint one of the judges of the supreme court of Canada to be the central appeal judge.

#### REGISTRARS.

9. A registrar for each Province may be appointed by the governor in council.

#### APPEALS.

10. (1) Any person aggrieved by the decision of a local tribunal and any person authorized by the minister of militia and defense may appeal against any such decision.

(2) If the two members of a local tribunal can not agree as to any decision to be made by them, they shall forthwith state in writing the case to be decided and cause the statement to be sent to the registrar for the Province in which the tribunal is established.

(3) (a) Subject to the provisions of paragraph (b) of this subsection, there shall be an appeal from any appeal tribunal to the central appeal judge.

(b) The governor in council, on the recommendation of the central appeal judge, may make regulations governing the right to and fixing the conditions of appeal from an appeal tribunal to the central appeal judge.



(4) The central appeal judge shall be the tribunal of last resort, and the governor in council may, on his recommendation, appoint one or more other judges of any superior court to assist the said central appeal judge in the discharge of his duties and define their powers.

#### EXEMPTIONS.

11. (1) At any time before a date to be fixed in the proclamation mentioned in section 4, an application may be made, by or in respect of any man in the class or subclass called out by such proclamation, to a local tribunal established in the Province in which such man ordinarily resides, for a certificate of exemption on any of the following grounds:

(a) That it is expedient in the national interest that the man should, instead of being employed in military service, be engaged in other work in which he is habitually engaged;

(b) That it is expedient in the national interest that the man should, instead of being employed in military service, be engaged in other work in which he wishes to be engaged and for which he has special qualifications;

(c) That it is expedient in the national interest that, instead of being employed in military service, he should continue to be educated or trained for any work for which he is then being educated or trained;

(d) That serious hardship would ensue if the man were placed on active service owing to his exceptional financial or business obligations or domestic position;

(e) Ill health or infirmity;

(f) That he conscientiously objects to the undertaking of combatant service and is prohibited from so doing by the tenets and articles of faith in effect on the 6th day of July, 1917, of any organized religious denomination existing and well recognized in Canada at such date and to which he in good faith belongs;

And if any of the grounds of such application be established, a certificate of exemption shall be granted to such man.

(2) (a) A certificate may be conditional as to time or otherwise, and if granted solely on conscientious grounds shall state that such exemption is from combatant service only.

(b) A certificate granted on the ground of the continuance of education or training, or on the ground of exceptional financial or business obligations or domestic position, shall be a conditional certificate only.

(c) No certificate shall be conditional upon a person to whom it is granted continuing in or entering into employment under any specified employer or in any specified place or establishment.

(d) A certificate may transfer a man to the class next in numerical order.

(e) When a conditional certificate is granted the conditions shall be stated on the certificate.

(f) It shall be the duty of any man holding a conditional certificate within three days after the conditions stated therein cease to exist, or after his exemption terminates, to give notice in writing of such fact to the registrar of the Province in which he ordinarily resides, and if he fails without reasonable excuse to do so, he shall be guilty of an offense and liable on summary conviction to a penalty not exceeding \$250.

(3) (a) Subject to such conditions as to application and notice as may be provided by regulations and subject also to paragraph (b) of this subsection, a certificate may, during the currency thereof, be renewed, varied, or withdrawn at any time by the local tribunal issuing the same.

(b) Where a decision of a local or appeal tribunal has been varied on appeal to an appeal tribunal or to the central appeal judge, a certificate granted upon such variation shall thereafter, subject to such conditions as to application and notice as may be provided by regulations, be renewed, varied, or withdrawn, but only during the currency thereof and only by the appeal tribunal or judge who granted the certificate.

(4) Any person who, for the purpose of obtaining a certificate or a condition in a certificate for himself or for any other person, or for the purpose of obtaining the renewal, variation, or withdrawal of a certificate, makes any false statement or representation, shall be guilty of an offense and liable on summary conviction to imprisonment for any term not exceeding 12 months with or without hard labor.

(5) (a) Any man who, having applied to any local tribunal for the issue to him of a certificate, applies without the leave of the minister to any other local tribunal for a certificate, and any person who, knowing or having reason to believe that an application for a certificate has been made or is being made by or in respect of a man to a local tribunal, makes or aids or abets in the making or establishing of an application without such leave by or in respect of such man to another local tribunal, shall be guilty of an offense and shall be liable on summary conviction to a penalty of not less than \$100 and not more than \$1,000.

(b) All applications and all proceedings taken on applications for certificates, made without the leave of the minister, by or in respect of a man before a local tribunal other than the local tribunal before which the first application by or in respect of such man was made, shall be null and void.

(c) Notwithstanding anything in this section contained, the governor in council may by regulations abolish any local tribunal and transfer its duties and powers to any other local tribunal.

(6) Any person who alters or tampers with a certificate or, for the purpose of evading this act, falsely represents himself to be a person to whom a certificate has been granted, or, if granted a certificate, allows, for like purpose, any other person to have possession thereof, shall be guilty of an offense and liable on summary conviction to imprisonment for any term not exceeding six months.

(7) When a certificate is lost, destroyed, or defaced, the tribunal by whom it was granted shall, upon the application of the man to whom it was granted, and upon payment of a fee of 50 cents, issue to him a duplicate of such certificate.

#### REGULATIONS.

12. (1) The governor in council may make regulations to secure the full, effective, and expeditious operation and enforcement of this act, and in particular, but not to limit the generality of the foregoing, may—

(a) Define the duties of registrars and fix their remuneration;

(b) Authorize officers and tribunals to give directions not inconsistent with this act;

(c) On the recommendation of the central appeal judge prescribe the conditions as to time or otherwise under which applications for certificates may be made, deferred applications received, appeals entered and heard and rehearings had, and prescribe forms;

(d) Prescribe for the keeping and transmission of records;

(e) Appoint such peace officers or other officers and give them such powers and impose on them such duties as may be deemed necessary;

(f) Make provision for expenses and the remuneration of officers;

(g) Prescribe penalties for peace officers or other officers appointed under the authority of this act, who are convicted of neglect or refusal to perform duty without reasonable excuse.

(2) All proclamations and regulations shall be published forthwith in the Canada Gazette and in such other manner, if any, as the governor in council may think necessary to insure knowledge thereof by all persons concerned, and shall forthwith be laid before Parliament if then in session, and if not in session within 10 days after the next meeting thereof.

(3) All regulations shall have the same force and effect as if they formed part of this act.

#### GENERAL PROVISIONS.

13. (1) The militia act, the army act, and the King's regulations and orders for the army shall, so far as not inconsistent therewith, apply to and form part of this act.

(2) Section 12 and subsection 2 of section 40 and the proviso to section 45 of the militia act shall not apply to men liable to be called out under this act.

(3) The minister of militia and defense may transfer to the naval service any man who has reported for duty under the provisions of this act.

(4) Unless further authorized by Parliament the reinforcements provided under this act shall not exceed 100,000 men.

(5) Nothing in this act contained shall be held to limit or affect the punishment provided by any other act or law for the offense of assisting the enemy nor the powers of the governor in council under the war-measures act, 1914.

14. If in any prosecution under this act any question shall arise in respect of the matters hereinafter mentioned, the burden of proof shall be upon the person charged to establish by satisfactory evidence—

(a) That he does not come within any specified class called out.

(b) That he has duly reported in accordance with section 4.

(c) That he comes within any of the exceptions set out in the schedule hereto.

(d) That he has been duly exempted under section 11.

And in the absence of such evidence the contrary shall be conclusively presumed.

15. (1) Every man within the classes described in section 3 shall, after his class or subclass is required to report, as provided in section 4, whenever required by a peace officer or by any person who has authority for the purpose, produce his certificate, if he has one, and shall answer truthfully all inquiries bearing on the question of his compliance or noncompliance with any provision of this act.

(2) Any such man who fails to comply with this section shall, in respect of each failure, be guilty of an offense, and liable on summary conviction to a penalty not exceeding \$100 or to imprisonment for a term not exceeding one year.

16. (1) Any person who comes within any of the classes set out in section 3, and who contravenes any of the provisions of this act or of regulations for which contravention no other penalty is herein provided, shall be guilty of an offense, and shall be liable upon summary conviction to a penalty of not less than \$10 nor more than \$500 or to imprisonment for a term not exceeding 12 months, or to both fine and imprisonment.

(2) Any person who by means of any written or printed communication, publication, or article, or by any oral communication or by any public speech or utterance

(a) Advises or urges that men described in section 3 shall contravene this act or regulations; or

(b) Willfully resists or impedes, or attempts willfully to resist or impede, or persuades or induces or attempts to persuade or induce any person or class of persons to resist or impede the operation or enforcement of this act; or

(c) For the purpose of resisting or impeding the enforcement or operation of this act, persuades or induces or attempts to persuade or induce any person or class of persons to refrain from making application for certificates of exemption or submitting evidence in respect thereof shall be guilty of an offense, and shall be liable upon indictment or upon summary conviction to imprisonment for a term not less than one year nor more than five years.

(3) Any newspaper, book, periodical, pamphlet, or printed publication containing matter prohibited by subsection 2 of this section may, whether the printer or publisher thereof be previously convicted or not, be summarily suppressed and further printing or publication thereof and of any future issue of a newspaper or periodical which has contained such matter may be prohibited for any term not exceeding the duration of the present war: *Provided*, No action shall be taken under this subsection or under subsection 2 of this section without the approval of the central appeal judge.

(4) No conviction in a court of criminal jurisdiction for an offense against this act or the regulations made thereunder shall be had unless the prosecution has been consented to or approved by the attorney general of Canada.

17. All expenditure under or for the purposes of this act shall be paid out of such moneys as Parliament may appropriate for the purpose.

#### SCHEDULE—EXCEPTIONS.

1. Men who hold a certificate granted under this act and in force other than a certificate of exemption from combatant service only.

2. Members of His Majesty's regular, or reserve, or auxiliary forces, as defined by the army act.

3. Members of the military forces raised by the governments of any of His Majesty's other dominions or by the Government of India.

4. Men serving in the royal navy or in the royal marines, or in the naval service of Canada, and members of the Canadian expeditionary force.

5. Men who have since August 4, 1914, served in the military or naval forces of Great Britain or her allies in any theater of actual war and have been honorably discharged therefrom.

6. Clergy, including members of any recognized order of an exclusively religious character, and ministers of all religious denominations existing in Canada at the date of the passing of this act.

7. Those persons exempted from military service by order in council of August 13, 1873, and by order in council of December 6, 1898.

#### RELIEF FROM ASSESSMENT WORK.

Mr. KING. Mr. President, I desire to invite the attention of the Senate, and particularly of the chairman of the Committee on Military Affairs, to a telegram which I have just received from Hon. Perley L. Williams, chairman of the district military board of the State of Utah. I ask that the telegram be read and referred to the Committee on Military Affairs.



The VICE PRESIDENT. Is there objection? The Chair hears none, and the Secretary will read the telegram.

The Secretary read as follows:

SALT LAKE, UTAH, September 19, 1917.

Senator WM. H. KING,  
Washington, D. C.:

In a large number of cases of men held to service by this district board there has been revealed a condition of indebtedness of a serious nature to the individual suddenly taken from his business. A large number of men who were squatters upon public land are affected; a large number of men developing mining claims are affected, because no provision has been made by the Government to protect their interest. These men entered the service unduly worried and can not respond as they should. This board feels keenly this situation and regrets that in the exercise of its duty no consideration could be given such conditions, and now most respectfully and emphatically urges that Congress enact protective legislation covering such cases of men ordered to service, and asks your best efforts to bring about such legislation before adjournment. Because of its close knowledge of these facts this board feels such legislation is vital to the proper morale of the new Army.

DISTRICT BOARD OF THE STATE OF UTAH,  
By P. L. WILLIAMS, Chairman,  
LAFAYETTE HANCHETT, Secretary.

Mr. KING. Mr. President, just a word in connection with the telegram to which attention has been invited. The Senators from the West appreciate the very great importance of the questions referred to in the telegram just read. There are thousands of men in the West who have entered the Army or the Navy since the war began who have entered, under the homestead and other laws of the United States, tracts of land. There are also thousands who are locators upon the mineral lands of the United States. The mineral as well as the general land laws require that certain steps shall be taken in order to perfect title and in order to preserve legal possession of the property. As stated by Mr. Williams, who is a man of integrity and of great ability, and who has a thorough knowledge of the situation in the West, some additional legislation is required to fully protect the valiant men who have offered themselves in defense of our country and its institutions. By the 1st day of January the assessment work will have to be done upon all unpatented mining claims. However, I think the rights of those engaged in the military or naval service of the United States have been protected by a recent resolution passed by Congress.

Mr. SHAFROTH rose.

Mr. KING. I yield to the Senator from Colorado.

Mr. SHAFROTH. I will state to the Senator from Utah that we have passed a law which exempts from assessment work all those who have enlisted in the Army, and we have also passed a law providing that service in the Army shall constitute the equivalent of residence upon a homestead. So far as those two points are concerned their rights are protected, but it may be that there are some other rights that ought also to be protected. A bill has just passed the Senate and is pending in the House of Representatives, and they are endeavoring to pass it there, by which assessment work shall be waived as to all persons who will do other productive work, so as to keep the miners in the mines who are producing ore instead of having them do dead work, as it is called, in the way of assessment work upon new mining claims.

Mr. KING. Can the Senator from Colorado give any assurance that the bill which has passed the Senate will be passed by the other House?

Mr. SHAFROTH. I will state to the Senator that I have seen the leader, Mr. KITCHIN, who says he will authorize the chairman of the committee to call it up. I have seen the chairman of the committee and he said he would call it up. The Interior Department is thoroughly in sympathy with the matter. There are some amendments, though, that have changed it a little, but something in the nature of relief will be given.

Mr. KING. The cases that I have instanced are not the only ones that ought to be protected by appropriate legislation. The act with reference to homesteads, referred to by the Senator, is not broad enough, I fear, to fully protect our soldiers and sailors who have rights inchoate and titles incomplete to parcels of the public domain.

Mr. CHAMBERLAIN. Will the Senator allow me to interrupt him?

Mr. KING. I shall be very glad to yield to the Senator from Oregon.

Mr. CHAMBERLAIN. I will state to the Senator that I introduced in the Senate a few days ago a bill for the protection of civil rights of members of the Military and Naval Establishments who are engaged in the present war. It is in the nature of a general stay bill enlarging the previous laws which have been enacted in some of the States but more general in its terms. I think, taken in connection with the measure to which the Senator from Colorado refers, it covers everything.

Mr. KING. I hope that some comprehensive measure will be reported that will afford the fullest protection to those who are called upon to make such great sacrifices for the Nation. It was for the purpose of challenging attention to the general question of legislation of this character that I had the telegram read. I talked with officials of the War Department this morning, and they expressed great interest in respect to the bill to which the Senator from Oregon has just referred. I sincerely hope that the committee of which he is chairman, if the bill is before that committee, will report it at the earliest possible moment. I do not mean to say in advance that I shall support the bill referred to in all of its details. Not knowing the terms and provisions of the bill, except as just stated by the Senator from Oregon, I am unable to determine whether it is sufficient to meet all conditions.

Mr. REED. Mr. President, I wish to make a suggestion to the Senator from Utah. The bill the Senator speaks of is before the Judiciary Committee and has been referred to a subcommittee, of which I have the honor to be one. I have no doubt the members of the subcommittee will be glad to have the assistance of Senators like the Senator from Utah, who is a very able lawyer, in considering the questions that are raised by that bill.

Mr. OVERMAN. If the Senator will allow me, I will state that as chairman of the subcommittee a meeting has been called for Saturday morning, and some able lawyers will appear before the subcommittee on that occasion to argue the constitutionality of such a bill and other matters pertaining to it. It was in response to that request that I called a meeting for Saturday morning at half past 10, and we will then give the lawyers a hearing.

Mr. REED. The lawyers are all on one side?

Mr. OVERMAN. I think they are all on one side, in support of legislation on the subject.

Mr. KING. Are they for or against the bill, I will ask the Senator?

Mr. OVERMAN. The lawyers who will appear before the subcommittee favor the passage of the bill.

Mr. KING. That is all right. But the other side should be presented.

Mr. REED. The question I wanted to raise is this: I wish to say in the first place that I am in most hearty sympathy with all efforts that can be properly made to relieve the men who are being sent to the front. The bill is characterized by an earnest effort in that direction. There are certain things that, of course, the Government can do. It is undoubted that the Government can give relief in the character of cases that have just been referred to, because men entering on the Government land find their rights are prescribed by Federal statutes, and we can change those statutes at will.

There is no question either in my mind that within reasonable bounds and limits as long as we do not impair the obligations of contracts and when we apply ourselves merely to the legal remedy we can in the Federal courts regulate the proceedings there. But there is in the bill a proposal to send to jail any officer of a State court, which would of course include the judges of a State court, who shall render a judgment against a soldier or sailor.

I repeat, I desire to go just as far as we can go in justice to relieve these men. I also want to emphasize the fact that if we go to a point where in seeking to relieve them we violate the fundamental law of the land we will do injury instead of good.

I am suggesting this point to the Senator from Utah, and I am suggesting it to all other Senators, and particularly to those who have had extensive experience in the law. I hope Senators may give the bill their consideration now, without waiting for a report of the committee, and that any Senator who has any suggestions along the legal phases involved will make them so that the subcommittee may have the benefit. I trust the chairman of the subcommittee will not think I am trenching upon his prerogatives in making the suggestion.

Mr. OVERMAN. Oh, no; I am very glad to have the Senator do it. I realize that it is one of the most important bills before Congress.

Mr. REED. I confess myself to be seriously troubled over these problems, and I think they demand the best thought of the Senate.

Mr. SMOOT. Mr. President, in reading the telegram carefully I notice that it refers to two classes of citizens who may be affected by being drafted into the Army. First, it says, "a large number of men who were squatters upon the public land are affected." I will say that on July 28, 1917, an act was approved for the relief of homestead entrymen or settlers who enter the military or naval service of the United States in time of war;



also on August 7, 1917, an act for the protection of desert-land entrymen who enter the military or naval service of the United States in time of war. The second statement is that "a large number of men developing mining claims are affected, because no provision has been made by the Government to protect their interest." The joint resolution approved July 17, 1917, relieves the owners of mining claims who have been mustered into the military or naval service from performing assessment work during the term of such service. The Senate has also passed a bill exempting locators of mining claims from assessment work on certain conditions, even if not called into the Army.

Mr. SHAFROTH. I will state to the Senator that it extends further than that. Every man who has enlisted or who is called into the service does not have to pay a particle of attention to his assessment work, but simply has to file a statement of his claim under the laws for the preservation of his rights.

Mr. SMOOT. The Senator from Colorado has just stated what I was going to state, and I shall therefore not repeat it. I have taken the question up with the members of the Public Lands Committee of the House, asking them to see that the bill passes this session of Congress. There has been a question as to whether the bill the Senate passed providing for the exemption of work upon mining claims would be passed in the House at this session. A week ago I was assured that every effort would be made to pass it before the present session of Congress comes to a close.

I suppose I have answered a thousand or more letters and telegrams upon this subject, which have come to me from all parts of the country. This matter is vital to locators of mining claims and the country generally, and legislation certainly should pass, and I believe it will pass before the close of this session.

Mr. President, if there was anything more the Senate could do to relieve the situation I am quite sure that the Public Lands Committee of the Senate would attend to it promptly. I know also that the Public Lands Committee of the other House entertain the same view. Therefore I feel quite sure and still hope that such legislation will be enacted.

Mr. KING. Apropos of the suggestion made by the Senator from Missouri [Mr. REED], I desire to call his attention and the attention of the Senator from North Carolina [Mr. OVERMAN] to the case of *Stewart v. Kahn* (11 Wall., 493), which discusses legislation that was passed during the period of the Civil War. This case was referred to by the distinguished Senator from Montana [Mr. WALSH] in the address delivered by him recently before the Bar Association of the State of North Carolina. He uses this language:

Not only the rights of individuals but the rights of the States may be restricted in the exercise of the war power by Congress.

The right of a State to make laws regulating the procedure in its courts, and particularly to enact statutes of limitation, is recognized as fundamental in our system. Equally indisputable is the proposition that in normal times the Federal Government has no right to prescribe rules for the conduct of business in State courts, to enact statutes of limitation to be observed by them, or laws that operate to toll those the State commands its courts to observe. Yet the Supreme Court, in the case referred to, in an opinion assented to by all the judges, sanctioned an act of Congress passed in 1864, which provided that any statute of a State resisting the Federal authority by force of arms, to the contrary notwithstanding, no suit should be denied a recovery in its courts because of delay in bringing his action occasioned by conditions growing out of the state of war.

That there should be legislation in the nature of a general moratorium, for the protection of those who have been called into the military and naval service, seems clear to me. What power Congress has in the premises, and I am now speaking more particularly as to contractual obligations, is not beyond cavil. The decision just referred to goes much beyond the views of many as to the authority of the Federal Government to deal with these and cognate questions. It is not agreed by all lawyers that Congress may go into the States and repeal the statutes of limitation and modify or impair the obligations of private contracts even under its war powers.

Mr. OVERMAN. Mr. President, I desire to state that I am somewhat familiar with that case. The brief before us set forth that no legislation had been passed during the Civil War on either side interfering with the rights of the States in regard to civil process; but the Senator from Montana [Mr. WALSH], by his diligence, found this case, and in a speech he made before the Bar Association at Asheville, N. C., he cited it. However, I think, Mr. President, if the Senator from Utah will investigate the matter he will find a subsequent decision in which the Supreme Court of the United States rather expresses a doubt of the correctness of that decision. That decision was based upon a certain state of facts. In regard to matters concerning public lands, of course we have the power to act; but the question that I think should be considered is as to whether we can take charge of the courts of a State. I do not, however,

believe there is a court in the United States—there was not one during the Civil War on either side—but that would protect the boys at the front without any legislation.

The VICE PRESIDENT. The telegram presented by the Senator from Utah will be referred to the Committee on Military Affairs.

#### WAR CREDITS—CONFERENCE REPORT.

Mr. STONE. Mr. President, I desire to report an agreement in conference between the conferees on the part of the two Houses on the bill (H. R. 5901) to authorize an additional issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign governments, and for other purposes, and I ask for its immediate consideration.

The VICE PRESIDENT. Is there objection to the immediate consideration of the conference report? The Chair hears none. The Secretary will read the report.

The Secretary read the conference report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5901) to authorize an additional issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign governments, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 18 and 21.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 19, 22, 23, 25, 26, 27, 28, 29, and 30, and agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows: In lieu of the word "one-fourth" inserted by said amendment insert "one-fifth"; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows: In lieu of the matter proposed by the Senate amendment insert the following: "That section 2 of an act of Congress approved February 4, 1910, entitled 'An act prescribing certain provisions and conditions under which bonds and certificates of indebtedness of the United States may be issued, and for other purposes,' is hereby amended to read as follows:

"SEC. 2. That any certificates of indebtedness hereafter issued shall be exempt from all taxes or duties of the United States (but, in the case of certificates issued after September 1, 1917, only if and to the extent provided in connection with the issue thereof), as well as from taxation in any form by or under State, municipal, or local authority; and that a sum not exceeding one-tenth of 1 per cent of the amount of any certificates of indebtedness issued is hereby appropriated, out of any money in the Treasury not otherwise appropriated, to pay the expenses of preparing, advertising, and issuing the same."

And the Senate agree to the same.

WILLIAM J. STONE,  
HOKE SMITH,  
REED SMOOT,

*Managers on the part of the Senate.*

CORDELL HULL,  
JOHN N. GARNER,  
WILLIAM R. GREEN,

*Managers on the part of the House.*

Mr. STONE. Mr. President, I move that the Senate agree to the conference report.

The VICE PRESIDENT. The question is on agreeing to the conference report.

Mr. WEEKS. Mr. President, before acting upon the motion of the Senator from Missouri I should like to ask a question or two in reference to the conference report.

Mr. STONE. Very well.

Mr. WEEKS. Mr. President, I regret that public business required my absence from the Senate while this bill was under consideration last week. Had I been able to have been here I should have made some comments on the bill and should have asked that suggestions which I had in mind be considered. Of course I recognize that it is too late now for suggestions or recommendations to have any effect or receive consideration, but I do want to ask the chairman of the committee one or two questions relative to the appropriations carried in this bill.



There is a provision in the bill for the issuing of \$4,000,000,000 of bonds, which money is to be loaned to foreign countries. I am disturbed, as I assume every other thinking man is, about the amounts of money we are appropriating for all kinds of purposes. Every messenger in Washington apparently is on his way to the Capitol with a message asking for additional money. What I am concerned about is what is to be done with this money. Is it to be expended wisely, and is there a concerted plan governing these expenditures, military and otherwise?

Take the item of \$4,000,000,000, provided for in this bill to be loaned to foreign countries. What I want to ask the chairman of the committee is—and I do not expect him to make public the details of any particular plan—is he satisfied, from the testimony that was submitted to the Finance Committee, that there is a definite plan for the distribution of this money, and that that plan is to be followed? Furthermore, is he satisfied that this plan is for the best interests not only of this country but of the countries with which we are allied?

Mr. STONE. Mr. President, the policy that we have entered upon in Congress has been to extend loans to the entente allied nations. The Senator knows that several billion dollars of such loans have been already authorized by the act of April 24, 1917, and that \$2,000,000,000 of that much larger authorization have already been offered for sale as "liberty bonds" to the people of this country, and that they have been disposed of.

Mr. WEEKS. Mr. President, can the Senator from Missouri tell the Senate, without violating any secrecy which should be maintained, what has been the policy in the distribution of this money? Has it been done because somebody asked for it, or has there been a well worked out plan about what we should do in connection with the entente allies?

Mr. STONE. The only plan worked out, so far as I know, is that it has been deemed necessary by this Government—that is, by the President and the Congress—to extend loans to the entente allied Governments—that is, the Governments with whom we are associated in the conduct of the war. The Senator knows how these loans have been extended and how authorized. Does he desire me to go into that?

Mr. WEEKS. I do not know how they are extended. I know that from time to time loans have been made by the Secretary of the Treasury. I do not expect the Senator to stand in his place on the floor and explain the details of any plan; but what I want to know is, is there a plan and is there a reason for every one of these advances which is made to a foreign country—a substantial reason, I will put it in that way.

Mr. STONE. Representatives of the various allied or entente Governments have been here in Washington in conference with the executive branch of the Government—that is, with the President and his immediate advisers—as to loans. We have authorized these executive agencies to make these loans—

Mr. WEEKS. And we have done so without any information—

Mr. STONE. To make loans, to establish credits here in America for these foreign Governments out of the proceeds of the sale of our bonds. That has been done. Somebody must do the work, as the Congress sanctioned the loans, with the approval, I assume, of the Senator—I am not saying that definitely as to the Senator—but certainly with a practically unanimous vote of both Houses; and therefore the Congress agreed to this form of doing this great business. We have authorized the President to make these loans, and we have not, as the Senator knows as well as I know, told him just how or to whom or in what amounts he should make the loans. That was left to him. He has loaned a certain amount to Great Britain, so much to France, so much to Italy, and so on. The Congress has had nothing to do with that. We told the President to attend to this. It has been the exercise of an executive function. Now, we propose here again to authorize an additional \$4,000,000,000 by this bill, which, added to the undisposed of part of that authorized by the act of April 24 last, aggregates \$7,000,000,000 to be loaned to the allies. How loaned? The President of the United States, acting in the first instance through the Secretary of the Treasury—but whatever is done is done by the order of the President—can make loans and establish credits with these various Governments out of these vast appropriations. That is all there is to it.

Mr. WEEKS. Mr. President, I do not expect the Senator to divulge any committee matter which should not be made public on the floor of the Senate; but what I ask him is, is he satisfied that there is a definite understanding and reason for every one of these loans made to foreign countries?

Mr. STONE. Why put it up to me as a personal matter? Mr. President, if the Senate committee and the House committee had not been satisfied, it must be assumed that these committees would not have favorably reported the bill; and it is

further to be assumed that the House would not, in the first instance, or the Senate, in the second instance, have passed the bill. It is too late, Mr. President, to now bring up the policy of these loans. The Congress has determined upon the policy of making them; we have already authorized them to a very great extent by the act of April 24 last, and we are extending these authorizations by this bill. If the Senator is opposed to this policy, which I assume he is not; but if he is, it is too late now to raise the question unless he purposes to seek to reject the conference report and thus open the whole question again.

Mr. WEEKS. Mr. President, I have explained to the Senator why I am making this inquiry at this time. I am not opposed to anything that will promote the vigorous prosecution of this war, but I have some curiosity to know what is being done with the \$21,000,000,000 which Congress is in one way or another appropriating for its prosecution. I am willing to stand on the judgment of the Senator from Missouri, and if he is satisfied that the method which is being followed in the loaning of this money is for the best interests of the prosecution of the war, I have nothing more to say.

Mr. STONE. I suggest that the Senator consult the President and the Secretary of the Treasury as to the manner in which this fund is being administered, without subjecting me to a cross-questioning.

Mr. WEEKS. May I ask the Senator one more question?

Mr. STONE. The policy being pursued has been agreed to by the Congress, and the Senator has participated in the legislation authorizing it.

Mr. WEEKS. That is true. Now, was there any testimony submitted to the committee relative to a plan of any kind in regard to the amount of money which should be loaned to any one country or to any several countries? In other words, what should be our terminal?

Mr. STONE. I think I may answer the question by saying that no defined plan was laid before the Finance Committee by any executive official of the Government appearing before the committee; and there were several such officials, the Secretary of the Treasury and the Postmaster General being the two highest among them. No specific and definite plan was laid before the committee as to the amount of these authorizations which would be or should be appropriated as loans to one or another of these foreign Governments. There was no such plan presented.

Mr. WEEKS. Does the Senator think there is such a plan or such an agreement?

Mr. STONE. Let the Senator go to the executive department and find out. I can not answer him.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to.

#### STOCK-GRAZING HOMESTEADS.

Mr. JONES of New Mexico. Mr. President, I ask unanimous consent to take up for consideration Senate bill 2776, Order of Business 117.

Mr. JAMES. Mr. President—

Mr. JONES of New Mexico. I yield to the Senator from Kentucky.

Mr. JAMES. Mr. President, I do not care to object. The majority leader, the Senator from Virginia [Mr. MARTIN], has asked me to make a motion to adjourn when the morning business was concluded; but personally I have no objection to the bill referred to by the Senator from New Mexico.

The VICE PRESIDENT. The morning business is not closed yet.

Mr. JONES of New Mexico. I had an understanding with the majority leader on the day of our last adjournment that on to-day this measure might be taken up. I do not think it will require any extended discussion. It seems to me it might be passed in an hour or two, in any event, and I ask unanimous consent that we may take it up for consideration.

Mr. HUSTING. Mr. President—

Mr. BRANDEGEE. Reserving the right to object, I should like to hear the title of the bill. I ask to have the title read.

Mr. HUSTING. I will state that I am going to object.

Mr. JONES of New Mexico. Then I move to take up the bill for consideration.

The VICE PRESIDENT. The motion is out of order at this time. The morning business is not concluded.

Mr. JONES of New Mexico. Very well.

#### THE MOBILIZING OF AMERICA.

Mr. SHEPPARD. Mr. President, I present a request by the Senator from Oklahoma [Mr. OWEN], and ask that it be referred to the Committee on Printing, with a view to having the matter printed as a public document, if the committee think it advisable.



The VICE PRESIDENT. The matter will be referred to the Committee on Printing.

ADDRESS BY HON. ELIHU ROOT.

MR. JAMES. Mr. President, I ask to have printed in the RECORD a speech by Hon. Elihu Root before the American Bar Association, in session at Saratoga this month, on "Russia and our part in the war."

The VICE PRESIDENT. Without objection, it is so ordered. The matter referred to is as follows:

[From the New York Times.]

ROOT TALKS OF RUSSIA AND OF OUR PART IN WAR—THIS COUNTRY HAS TAKEN SIDES AGAINST "CONTEMPT FOR MORALS AND COLD-BLOODED DISREGARD OF HUMANITY," HE DECLARES.

The American Bar Association, in session at Saratoga this month, heard Elihu Root deliver an address which was among the most effective of his many masterly public utterances. But the hour was so late at night that only a few paragraphs found their way into print. The convention's stenographer did not even make a copy of it until a few days ago. The major part of the address, dealing with Russian conditions as Mr. Root saw them when he headed the American mission and ending with an eloquent analysis of this country's attitude in helping to win the world war against Prussianism, is presented here:

"Who can think of his own personality amid the tremendous issues that confront us and the terrible responsibility that rests upon us? Men are nothing. From out of the dead level of ordinary humdrum life, from ease and comfort, the struggle for place and fortune, the common things of every day, the rising feelings of duties and passions and ideals and devotion sink all the past and all the personality.

"There are no persons now; there is only a country. There are no countries now; there is only a world in which the great conflict has come between right and wrong, between the angels of light and the angels of darkness, and we are, each one of us, but an indistinguishable particle of the great conflict that is to determine the future of mankind. \* \* \*

"Let me say something about Russia, poor, haggard, bleeding, agonizing Russia. In March last the Government of the Czar had brought Russia to the verge of bankruptcy. The Czar was dethroned, not merely because he was an autocrat—that would have waited until the war was over—but because his government was incompetent and dishonest; because the men who were controlling in that government were bought with German money and were traitors to their country, to the great cause in which Russia had enlisted.

"The Duma was in session; and wise and able men in that body, perceiving that the bureaucratic government was making its arrangements for a separate peace, in violation of the pledged faith of Russia—a peace which would have inflicted intolerable shame upon their country through desertion of those other people who had come to the aid of Russia in her struggle—wise and able men threw off that government and charged the government with the purpose to make a separate peace. The Czar issued an order that the Duma dissolve, and the Duma refused to dissolve, and that precipitated the revolution.

"Upon that the great body of socialists in Petrograd who had been attacking the government, had been forming their plans ultimately to overthrow the government, arose, took to the street, called upon the Petrograd garrison whom they had won over to their views, and had them in secret opposition to the government, and they drove out the police of the bureaucracy. The agents of the new government, Milukoff and the others, called upon the Czar for his abdication and he abdicated. The Duma immediately appointed new heads of all the departments, who took possession of the machinery of government.

"The socialists formed themselves into a body which was known as the council of workingmen's and soldiers' delegates, some 2,500 in number, and they had adhering to them the Petrograd garrison. And then, with the Czar's government disposed of, in a night disappearing, as it deserved to disappear, there were left in Russia the heads of these two departments, the heads of the executive committee who controlled the machinery of administration, and the council of workingmen's and soldiers' delegates, who had the control and leadership of the Petrograd garrison—that is to say, the physical force in their control. The provisional council of ministers reported by the Duma had the machinery of government, but they had no power to execute their decrees. The council of workingmen's and soldiers' delegates, a purely voluntary body, had the physical power, as they had the garrison with them, but they had no competence for government, and they did not undertake to carry on government; and so the country stood with no effective government, a government with moral suasion alone, and that vast people of 180,000,000, covering one-sixth of the habitable globe, looked about in bewilderment and confusion, and began to discuss their rights,

their powers, and duties; began to rejoice in the new freedom from oppression.

"Four months ago, when the special commission landed at Vladivostok there were thousands of committees which had been formed in every town and in every city and almost every village, in every garrison and camp and division and regiment of the great Russian Army. These thousands of committees undertook to regulate their local affairs. They had no relation to each other, and they had no subordination to any general government. Seventy-five per cent of the people could not read and write. With a very few exceptions they had no knowledge and no experience in self-government. They had no institutions through which to govern, and we all know there can be no self-government except through institutions of government. Yet in that extraordinary condition there was as perfect order in Russia as existed in the United States.

"In Petrograd not a policeman was to be found, the old police of the bureaucracy of the country had been chased away, gone into hiding or into the council, and no police had taken their place. But there was no time during that period when a young woman could not have walked from one end of Petrograd to the other, at any hour of the day or night, in perfect safety.

"Then they proposed—they addressed themselves to the novel subject of forming a government to take the place of the old autocracy. There were two elements—the Socialists, who, of course, desire a government of socialism, with the great body of the Russian people, most of them landowning peasants, with a small proportion of business men and a small proportion of large landowners—and these two elements stood and looked at each other in doubt as to what they should do, wholly inexperienced, and they began to take the first steps toward the creation of government.

"The Socialists had two wings—the moderate and reasonable Socialists of the American type, the same kind who run a candidate for President every four years now with cheerful hope, and the extreme Socialists of the German type, those who determine immediate or full application of the theory of socialism.

"They proposed that there should be an immediate destruction of all capital. They proposed to destroy the industrial organization of Russia, and they proposed to destroy the nationalism of Russia in the expectation of substituting for nationalism throughout the world the universal brotherhood of the proletariat, which should immediately usher in the millennium. Their idea was they would have no national Government in Russia, and they would immediately destroy the National Governments of the United States, England, France, Italy, and finally Germany. Between these two there was an irreconcilable conflict. The key of all that went on in Russia through months was the desire to separate the modern and reasonable Socialists, who sought to obtain the fruition of their theories through building up national democracies, and the extreme German type of Socialists, who sought immediately to apply their wild and vague theory.

"Then there came a tremendous German propaganda. Thousands of German agents came across the border at the revolution, and they spent money like water—no one can tell how much they spent for stirring up all the German sympathizers in Russia. They purchased newspapers, established these newspapers, and printed the newspapers and printed other literature; they went up and down the front, talking to the soldiers in the trenches and in the reserve camps. They said to the Russian soldier:

"'Why do you fight? This was the Czar's war. The Czar is gone now. Why do you keep on fighting?' They said also to them, 'Why do you kill us? We are your friends. Why do you kill? It is very unpleasant. You had better go home and take part in the division of the land, and all the land in Russia is to be divided, and if you do not hurry home you will be left.'

"And those of the millions of men who did not read were talked to in this way, and when it was said this was not their war they were compelled to realize that it was not. Nobody had told them what the war was to be; they had never been instructed about it; they had no knowledge of the great issues involved, and accordingly, by the millions, the Russians left the trenches and the camps and wandered all over the country, finding their way back to their homes, and all through the Russian Army the idea ran that peace had come and that there was no further occasion for war. And so that Government stood without any power in the Government to enforce a decree, with an army wearied of war, as all Europe is wearied of war to-day; tired of sacrifice and suffering, glad to have the killing and maiming put to an end, glad that no more lives were to be added to the millions who had been lost in Russia, and peace and order were to reign.

"There they were, with Germany at the gates. Discipline in the army, of course, then disappeared. The officers who had been severe in their treatment of the soldiers were dismissed



and sent away, the soldiers' committee took charge, and the condition existed in which the successful prosecution of war was impossible, and there was no government which had the power to enforce law. Indeed, the law had lost its sanction as law, it had died with the Czar. It was not like our laws, which were made by the people; those were made by the Czar, and the Czar had gone, and men had no further authority. There was no law, no power, and there was no money, and the great body of the people, with little or no understanding of the great questions confronting them, delighted in the sense of freedom, but with all they respected each other's rights, and they maintained order.

"The German agents made good cause with the extreme and unreasonable Socialists, and to them were added those secret agents of the bureaucratic Government, unknown—the personnel of that secret police was unknown—and the extreme wing of violent destructive socialism, which corresponds to the I. W. W. in our own country. And the agents of the old secret police and the agents of Germany made common cause in attempting to destroy all industry, all property, all capital, and all effectiveness of government in Russia.

"Now, in that condition a few men—very few at first—stood up and spurned the offer of a separate peace from Germany. They said, 'We will not stain our country by this disgraceful conduct. We will maintain the war; we will fight for the liberty which we have newly won; we will begin the career of a new democracy of Russia with faith and honor. We will save the people of Russia from the disgrace which these men seek to put upon it.'

"They were the provisional government of Russia. Patiently, wisely, they separated the reasonable Socialist from the extremist. They finally won them over, and when they had won them over they had won the Petrograd garrison also. And when they had won the Petrograd garrison, with the moderate Socialists, they were ready to govern \* \* \*"

At this point Mr. Root talked about Kerensky and the apparent restoration of discipline in the army at the time when the United States mission left Russia.

"The newspapers are filled with accounts of disputes, of political conflict, but how is it possible for a nation which began its beginning with no government at all, with no institutions, with no habits of thought or action adapted to the exercise of the powers of government, how is it possible for them to avoid disputes and controversies? When you read the newspapers about what happens in Russia, I beg you to remember how the people of Europe looked upon the Army of America for many a long year after peace that ended the American Revolution. How certain they were that the new experiment in democracy was a failure. How they sneered and laughed at the presumptuous farmers who sought to govern themselves.

"I beg you to remember what Europe thought of the condition in America in those long dark years of civil war, when it was believed that the American experiment had failed at last. I beg you to consider, if a true statement were made and communicated by cable to Russia, of all that has been happening in these United States during the last four months, of the riots, of the pacifists' meetings, of the seditious press, of the unblushing effrontery of treason throughout this land, consider what effect that would have upon Russia.

"I beg you to consider whether it would not seem, if that were sent over to Russia, whether it would not seem worse to the Russians than the story which comes to us from Russia.

"A terrible task they have undertaken. Often their hearts must faint; often it must seem as if they were fighting to accomplish the impossible; but they have one thing upon which they can rely, that is the character of the people of Russia. Why was it that when no police and no government was there, order was maintained in Russia? It was because the Russian people have in the highest degree all the qualities that are necessary to successful self-government.

"They have self-control. They are naturally law-abiding. They have natural consideration for the feelings and the interests of others. They have a natural sense of justice. They would not willingly do injustice to any one in the world; and their justice is enlarged and ennobled by beautiful charity. They are the kindest people toward the unfortunate and the erring that I know of on earth. With all that, they have persistence and rugged continuance of purpose, and they have an extraordinary capacity for concerted action, which has been shown in their local self-government. In their village communities they long have managed their own affairs in their little town meetings with the mayor presiding, and they would discuss and take the will of the majority, and everybody agreed to it. They have done the same in their zemstvos, \* \* \*

"I am glad to have gone to Russia because it has put into my heart a sympathy for those struggling people which makes me a better man. This war has done many things already. I know that it has dissolved for one battered old campaigner, who has been through the rude buffets of life for one-half a century, it has dissolved that hardness of the heart which brings indifference to the dreams of youth. It has brought sympathy, ennobling sympathy, to us all—sympathy for poor, struggling, pleading Russia; sympathy for little Belgium, like a ravished child trodden down by brutal and bestial force; sympathy for the noble patriotism and lofty character of beautiful France; sympathy for the patriotism that leads the Italians to the mountain summits for the recovery of Italia Irredenta. In place of the mild and complacent surface kindness which we once professed for all the world, there has come a deep and real sympathy of the heart with all these nations that have become our allies.

"We are growing real instead of superficial. We are substituting reality for pretense. But there is something more than mere sympathy that this war has already done. We have been talking in this country of free lives and liberty and justice, of freedom and opportunity, of American institutions, of the mission of democracy, about the ideals of our fathers, and we have been talking from the teeth outward. We have not felt it. I won't say we were dead in trespasses or sins; but we were dead or sleeping in wealth and ease and comfort.

"The brutal power of Germany, which has repudiated everything that civilization has accomplished for the century past, which has repudiated the law of morals and declared the German State to be superior to all morality, which has repudiated the law of humanity, and has without quivering committed the most dreadful outrages in order that she might have the benefit of inspiring terror in the world—the brutal power of Germany has revealed at last to our comfort-loving people the unreality of our lives, and has shown, bare and naked, the dreadful, horrid truth of human nature unrelieved by morals or religion or humanity. It has shown to us as we never realized before what liberty and justice, what humanity and compassion, what morality and right really are.

"We need not talk about the whys and wherefores of the war. It is here, and the issue is drawn so clearly that a child could see. It is for the American people to determine whether they have the manhood to maintain the liberty that their fathers gained for them through sacrifice, the manhood to maintain the justice upon which we have prided ourselves, the manhood to defend those institutions of liberty and justice which we would hand down to our children, or whether we shall submit and abandon them all.

"The issue is clear and distinct between the maintenance of the American Republic, free and independent, American justice to the rich and poor alike, American opportunity for the boy and the girl—whether we are so craven that we will leave our children to be subjected to the power of evil that ravished Belgium and Serbia; whether falsehood and faithlessness and cynical contempt for morals, and cold-blooded disregard of humanity, and utter absence of mercy and compassion, and denial of human right shall be the portion of our children, or whether the liberty which our fathers won shall be handed down to them by the manhood of our fathers' sons and the love of our children's fathers.

"Ah! It has come not too soon. It was at the eleventh hour that we came into the vineyard. The great opportunity of the American people was slipping away before they could grasp the opportunity to make themselves into the image of our fathers and of our Maker; the opportunity to die, if need be, and to give our dearest ones to death that our country may live; that its liberty may live; that its justice may endure; that its opportunity for those who toil and endure may continue. We have grasped the opportunity for that sacrifice and suffering through which we shall find our souls again.

"I thought, as I listened to-day to that sad story of Edith Cavell, that it could not be that an infinite God would permit such a dreadful injustice to overcome the world. I did not know. We can not measure the providence of God; but I have faith in the power of God's people, and God's people are the democracies of the earth. They are not the czars or the kaisers or the emperors or the autocrats or the aristocracies of the earth; they are the democracies of the earth. And I have faith in the power of democracy triumphant.

"I believe that struggling Russia and downtrodden Belgium and awakened England, and enduring France, and aspiring Italy, and renewed America, fighting in God's name for the principles of His religion; for that compassion; that moral; that justice which Christ preached upon earth, will overcome the forces of a dark and wicked past and bring the world into a new day of



brighter light and happier life. And in that faith I live—with all the sorrows, the disappointments, and the loss—I live a brighter and prouder American than I have ever been before."

ADDRESS BY HON. WILLIAM J. BRYAN.

Mr. JAMES. Mr. President, I have a copy of a speech of William Jennings Bryan delivered at Fort Benjamin Harrison, Ind., August 3, 1917, which I ask to have printed in the RECORD. There being no objection, the matter was ordered to be printed in the RECORD, as follows:

SPEECH OF WILLIAM JENNINGS BRYAN.

[Delivered at Fort Benjamin Harrison, Ind., Aug. 3, 1917.]

If chance could fashion but a little flower,  
And furnish it with perfume for each tiny leaf,  
And furnish it with sunshine and with shower,  
Then chance would be creator with the power  
To build a world for unbelief.

—Fred Emerson Brooks (in the Grave Digger).

"Gen. Glenn, gentlemen, this is, in some respects, the most remarkable audience that it has ever been my pleasure to address in the course of a life 37 years of which have been largely devoted to public speaking.

"In the first place, this assemblage carries me back 19 years, to the time when I was for a little while a soldier. I do not mention my service to make a comparison between that war and this. We had few called to the colors compared with the number that have already been summoned for service in this war. We entered the war against Spain in order that a little republic on a little island might be made secure. You entered this larger war that democracy may be made safe on this big, round world of ours. Your work, therefore, is a very different and a much larger work.

"My experience in the Army covered about five months. My offer of service was sent on the day war was declared; my resignation as colonel was accepted the day the treaty was signed; so that my constructive service covered the entire period of the war. I was in the Army long enough to learn more about men than I had ever learned before. I became better acquainted with men in the Army than I had outside, and I reached the conclusion that Army life brings out the best and the worst in man. I have cherished among the inner circle of my friends some men whom I learned to know in the Army.

"This audience differs from any other audience I have ever addressed in several respects. A few years ago I had an occasion to deliver an address when it was not proper for me to make a political speech.

"In looking for a subject I happened to run upon the word 'civilization.' I thought that might be a subject upon which to make a speech general enough not to be regarded as political. So I began to look up the word to see what had been said on the subject; if you have never made the investigation, you will be surprised to find how little can be found that has been said on this subject. What surprised me more was that I could find no definition that seemed to be adequate. I found several things spoken of as entering into civilization, but a definition, in order to be a real definition, should include every essential element of the thing defined and exclude everything else. Finding no such definition, I ventured to make one. I am not sure it is a perfect one. If you think it is not, make a better one and see how difficult the subject is to handle.

"This is my definition of civilization: Civilization is the harmonious development of the human race, physically, mentally, and morally. I would count that civilization the highest in which there was among the people the highest development of the threefold man. Now, if that is a fair definition of civilization, then every citizen has his part in establishing the standard of his nation's civilization; for just in proportion as the citizen can present as his contribution the highest development of body, of mind, and of heart, he makes the largest possible contribution to the civilization of his nation and his age.

"If that is correct, then, I ask you where, among all the audiences that I have addressed, have I stood face to face with an equal number of men who represent a higher average development than the men whom I have the honor to address to-night?

"Now, let me lay before you the facts upon which I make the statement. You have passed a physical examination. I know of nowhere else in this country, or, for that matter, in the world, where I could find higher perfection of physical development than I find in this select audience to-night. So the first part of your contribution to civilization is a large and sufficient part, for were you not examples of health and types of physical development you would not be among the chosen few who are assembled here.

"What about your mental development? They tell me that 85 per cent of you are college men. Do you know what that means? Have you ever examined the statistics of this country?

We claim—and I think we are entitled to the claim—that we have in this country the highest standard of education—the highest average education to be found in all the world. But in spite of all we do to educate our people, do you know how many take advantage of our colleges? Less than 2 per cent of the boys and girls who enter the graded schools ever enter a college or university—less than 1 in 50.

"Now, when you know that 85 per cent of your membership are men who have been in college, you can see that you represent a very small percentage of the Nation. You represent the less than 2 per cent who carry education as far as the university or college. Where, then, could I find in this country or in the world a higher average measured by intellectual standards? Where could I find so many men who have contributed so largely to the lifting of the level of our Nation's intelligence, and thus contributed to the standard of civilization?

"But that is not the thing that interests me most. I find another thing that is even more gratifying, namely, that about 85 per cent of the men who are registered here give their connection with some church organization. Now, I believe that of the three the heart is the most important. The head is more important than the body, and the heart is more important than the head. If man is developed in body only, he may be a perfect brute and nothing more. If a man is developed only physically and mentally, he may be simply an influential scoundrel. If I had to choose between development of the head and development of the heart, I would much prefer the development of the heart. A good heart can take a dull brain and make it useful for society, but a bad heart can not make a good use of any brain, no matter how trained or brilliant.

"Young men, I speak for your fathers and your mothers (and I can speak as a parent, for I have passed through the child-raising period and have reached the age when a parent becomes a grandparent, and thus interested in two generations). I can speak as parent and grandparent, and for your parents, and tell you that the burden of your mother's prayer and of your father's wish is that you shall be good rather than that you shall be smart.

"Out of the heart are the issues of life.' 'As a man thinketh in his heart, so is he.' I am more gratified to find that you measure high by religious standards than I am gratified by your intellectual measurement. You never know what a man is until you measure him in units of spiritual power. Measure him in units of horsepower and he is not as strong as some beasts. Measure him in units of intellectual power and you soon reach his limitations, but measure him in units of spiritual power and there is no ratio that can describe the difference between man at his best and man at his worst.

"Men, I do not flatter you, therefore, when I tell you that in the last four decades I do not know when I have stood in the presence of so many men who average so high in their contribution to what I describe as civilization. I appreciate the privilege. I thank your commanding officer for the honor extended me in inviting me here. I am glad to use the time given me to say—

"I shall not exhort you to be brave—it is not necessary. In all this audience there is not a man who will ever turn his back to the foe, not one who will fail to measure up to the requirements of a soldier or lack of courage in time of danger. Nor will I spend any time encouraging you to believe that your country will stand behind you. It would be a reflection on the country to occupy one minute of your time in assuring you that you will not be deserted by the American people. We live in the best country on earth, under the best form of government that man's mind ever conceived—a government which rests upon great fundamental principles, principles which are essential to a government like ours. One of these principles is freedom of speech; but every man should know that discussion ends when the country renders its decision and the people announce their will. 'Acquiescence in the will of the people,' as Jefferson declared, 'is the vital principle of a republic, from which there is no appeal except to force.'

"So, to-day, our Nation is one. If there is a discordant voice in this Nation to-day it must come from one who either does not understand the genius of our institutions or whose heart is not with his country. I think I know the American people; I believe I am as well acquainted with them as any other citizen; I have been among them now for a generation, and I know that the American people will stand back of the President and Congress and furnish the Government whatever it needs in men and money to win this war.

"People ask me every day how long this war will last. My answer is that I do not know; and I do not know anybody who does know. When anybody tells me he thinks he knows I lose confidence in his judgment. I know of nothing upon which any



human being is able to predicate a guess that is of any value as to the length of this war. But I can state a fact that is worth more than any guess, prediction, or prophecy, and that is that no matter whether the war be long or short, the shortest road to peace is the road straight ahead, with no division among our people. We can not afford to allow anybody in this world to think for one minute that there is any division among the American people when once our Nation has decided to enter a war. The more earnestly one desires peace, the more loyally he should support the Government as the only way to hasten peace.

"But, my friends, I think I can render you a better service than to spend some time giving you assurance that the Nation appreciates the sacrifice that you are ready to make. About a month ago I heard one of the greatest sermons to which it has been my privilege to listen. It was by accident that I heard it—that is, I happened to be in Georgetown, Ky., on Sunday, and heard Dr. Truitt, of Dallas, Tex. The text was one I had never heard used. In fact, familiar as I am with the Bible, it was one that had never attracted special attention. I hope that when you get to your tents, or at least on Sunday, if not before, you will turn to the eighth chapter of Second Corinthians and read the first few verses. You will find a tribute paid by the greatest of the apostles to the Macedonian churches. It is one of the most eloquent tributes ever uttered by any man. I do not know where there is elsewhere such a wealth of praise condensed into so few words. Paul tells those churches that they had given money beyond their power to give, that they had given of their own accord, and that 'they first gave their own selves.'

"What better text could I take for to-night than this? 'They first gave themselves.' Young men, you are giving yourselves to your country, and it is the highest proof you can give of your love for your Nation, for your Government, and for its principles. 'Greater love hath no man than this, that he lay down his life for his friend.' When a body of men, reaching the highest development in body, mind, and heart, step forward and as one man says, 'Here am I, send me,' you have given evidence of your love and loyalty. It is sacrifice that measures love. We show our love by what we are willing to give, not by what we are willing to receive. It is easy enough to find men who are willing to receive, but not easy to find those who give and who give themselves.

"The part of the ordinary citizen seems hard when he is asked to pay high taxes. At Washington they are having difficulty in deciding just how high they should put the rate on incomes, and we hear many protests. Some think it is unjust for the Government to take one-third or one-half of the income, but when taxes are collected on incomes the owner keeps the property on which the tax is levied, only a part of the income is surrendered.

"But you, my friends, when you give, give yourselves. You give your all; what would not a man give in exchange for his life? High taxes may take all the income of a property, but taxes can not take as much as the Government takes from the man who gives his life.

"You give yourselves; but men I can not stop here. I am not satisfied to tell you that you are giving yourselves as evidence of your patriotism. You have to give something more than your life; before you have a chance to die you have a work to do. You are the men picked by the Government to lead the others. The duty of a leader is not merely to tell his men what to do. The leader's duty is to show them what to do.

"A former governor of Illinois, Gov. Oglesby, a man of great native wisdom, who described a leader, said, 'A leader is a man who is going in the same direction as the people and a little bit ahead.' You can not lead unless you are going in the same direction, and you can not lead unless you are a little bit ahead. You are selected as leaders to go in front of your men, to show your men how to fight. But that is not all. According to the reports from France only one soldier in fourteen has had to give up his life.

"You are not only to die for your country, if necessary, but you are to live for your country. You are not only to lead men in battle, but you are to give while you live an example that will be worth following. The Bible tells us that good is to be propagated by example. Our Master Himself enjoins us to so live that others, seeing our good works, may be constrained to glorify the Father.

"Officers to be, I would not be doing my duty to my country if I did not enjoin upon you the performance of a very solemn duty. You are to be given charge of men who are gathered from among your countrymen. No boy will go back home just as he was when he came into the Army. Its members can not stand still. Every human being is moving every day and every hour up toward the highest plane to which man can attain or down toward the lowest level to which a man can fall.

"You are going to have much to say and much to do with the futures of these men intrusted to your care. When the Government turns over to you a certain number of muskets it requires that you keep account of them. When it turns these men over to you it has a right to demand an account of every soul that has been put into your keeping. What are you going to do for these men who come from the homes that make ours the greatest Nation in the world? Back home are women who are proud of their sons because they have answered to their country's call, but their hearts are sore; every waking hour these mothers will be thinking of their boys.

"When they go back home, if they have lost a limb, or an arm; if they go back shattered in health or feeble in body, the loved ones at home will nurse them back to strength. They will love them back to life; and they will not complain. But if they have yielded to temptation, if their spiritual life is dead, if they go back with lower ideals, the mother's heart will be broken. And, officers, it rests largely with you to say whether these boys go back stronger or weaker.

"This is not the end of the world; this is not the end of your work. Lincoln, in that wonderful oration at Gettysburg, appealed to those present to consecrate themselves to an 'unfinished work.' Every generation finds work unfinished when it comes upon the stage and leaves work unfinished when it departs. No matter how much you accomplish in this war, great problems will press for solution when you return. This Nation is putting into your hands the priceless citizenship of the land and, if God spares the lives of these men and permits them to return, your country will demand of you that these men shall come back better and not worse for their association with you.

"Our schools will have failed in their work for you, 85 per cent of whom are college men, if your influence upon the enlisted men is not a blessing and a benediction. Our churches will be disgraced if you, 85 per cent of whom are connected with religious organizations, do not return the men under you improved by the association with you.

"I have talked to you a long while, my friends, but my heart is in what I say to you. I owe a great deal to this country. More than any other man. Other men may have received more, but they have been more deserving. If I can measure what has been done for me, I know of no man in history who has as much reason to be grateful.

"How can I repay my country? I can, I think, pay one installment by helping my country through you. I love this country. God has made us 'heir of the ages.' We are 'a city set upon a hill,' we can not hide our light. You are going to carry our names and reputations into the lands into which you may be sent. I am not afraid that you will fail to measure up to expectations. We shall not hear of any immoralities practiced by your men in foreign lands, or of brutality toward those who are helpless. I am confident that you will do nothing that will bring criticism upon our Nation's name.

"But, how are you going to deal with these boys? Are you going to love them and care for them and bring them back to mothers and country stronger for the work that lies before them? I expect to visit other camps. On the day that our Nation declared a state of war to exist I notified the President that my services were at his disposal, and there is no position too lowly if I can help my country.

"I do not know that a man 57 years can be of much service walking or even riding, but until they need me, until they call me to the colors, I may be able to talk to the soldiers; if any word of mine can strengthen these officers to set an example to their men so that when they go back home they will make their families happier, I shall feel that I am serving my country.

"Men, there is only one thing to build upon. Let no one tell you that you can build a moral code upon a materialistic foundation. It is not true; there never was one and there can not be one. There is only one basis upon which to build a moral code, and that is that back of all and above all and beyond all is God. This world was made according to a plan, and every human life is a part of God's plan. If one believes that, then he recognizes that the highest duty, as it ought to be the greatest pleasure, of every human being is to try to learn the will of God concerning himself, and to do it. If every officer will every day attempt to measure up to the responsibilities of a man who believes that God will hold him responsible for every thought, word, and deed, that man can not fail to be a blessing to those about him.

"This is the message that I bring to you. I am not a preacher; I am a man of the world, and have spent most of my life in the rough and tumble of politics, but I know men. I have seen many start with bright prospects and fall, and I have yet to know a real failure in life that was not traceable to a breakdown in the moral conceptions of the man. Therefore I improve this, my



first and only opportunity to speak to you, to remind you of the moral responsibility that rests upon you, intrusted as you will be with the bodies, minds, and souls of men.

"Men, I am cheered by your presence; I am encouraged by the attention you have given me, and I thank those who have made it possible for me to add this experience to my life. I know that if death comes to you, you will die as brave soldiers; but I shall join your loved ones in the prayer that your country may, instead of requiring your death, have use for your lives when this war is over and the end has been accomplished—when, as I trust it may be, arbitrary power shall have vanished from the earth and democracy be known around the world.

"When you come back I hope to be among those who will greet you and thank you for what you have done, and my joy will be full if I can meet you with the assurance that each officer can turn the men under him back to the country and say truly, 'Here are the soldiers you intrusted in my keeping. Every soul is whiter and every man is stronger for the work that is yet to be done.'"

#### WOMAN SUFFRAGE.

Mr. CUMMINS. Mr. President, on the 1st of August I submitted a motion for the discharge of the Committee on Woman Suffrage from the consideration of Senate joint resolution No. 2. The joint resolution has now been reported and is on the calendar, and the purpose of the motion which I made has been accomplished. I therefore move that Senate resolution 109, Order of Business No. 101, be indefinitely postponed.

The VICE PRESIDENT. The resolution will be postponed indefinitely.

#### PRESIDENTIAL APPROVALS.

A message from the President of the United States, by Mr. Sharkey, one of his secretaries, announced that the President, on September 19, 1917, had approved and signed the following act and joint resolution:

S. 2785. An act to authorize and empower the Southwest Louisiana Waterways Association, of the State of Louisiana, to construct a lock and dam in Mermentau River, in the State of Louisiana; and

S. J. Res. 93. Joint resolution for improving Willapa Harbor and River, Wash.

#### HOUSE BILL REFERRED.

H. R. 5949. An act making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1918, and prior fiscal years, on account of war expenses, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

The VICE PRESIDENT. The morning business is closed.

#### STOCK-GRAZING HOMESTEADS.

Mr. JONES of New Mexico. Mr. President, I move that the Senate proceed to the consideration of Senate bill 2776, Order of Business 117.

Mr. OVERMAN. Mr. President, I hope that the Senator will not insist on that motion, because there is a general understanding that all such matters are to go over for the present.

Mr. VARDAMAN. Let the title of the bill be read.

Mr. OVERMAN. I think we will have to obtain a quorum. Senators who are interested in this bill are probably in attendance on various committees, and it would be necessary to have a quorum to take up the bill for consideration.

The VICE PRESIDENT. This question is not debatable.

Mr. BRANDEGEE. Mr. President, I ask that the title of the bill be stated. I want to know what I am to vote upon.

The VICE PRESIDENT. The Secretary will state the title of the bill.

The SECRETARY. The Senator from New Mexico moves to proceed to the consideration of the bill (S. 2776) providing for the classification of lands under the stock-grazing homestead act in certain States, and for other purposes.

Mr. HUSTING. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Gerry	Martin	Sheppard
Beckham	Hale	Myers	Shields
Brady	Husting	New	Simmons
Brandegee	James	Norris	Smith, Ariz.
Calder	Johnson, Cal.	Overman	Smoot
Chamberlain	Jones, N. Mex.	Page	Sterling
Culberson	Jones, Wash.	Penrose	Stone
Cummins	Kendrick	Phelan	Swanson
Curtis	Kenyon	Polindexter	Trammell
Dillingham	Kirby	Pomerene	Underwood
Fall	Lewis	Ransdell	Vardaman
Fletcher	Lodge	Reed	Warren
France	McKellar	Robinson	Weeks
Frelinghuysen	McNary	Shafroth	

Mr. FRELINGHUYSEN. I desire to announce the absence of my colleague [Mr. HUGHES] on account of illness.

Mr. SHAFROTH. I desire to announce the unavoidable absence of my colleague [Mr. THOMAS]. He is paired with the senior Senator from North Dakota [Mr. McCUMBER]. I will let this announcement stand for the day.

Mr. LEWIS. I desire to announce the absence of the senior Senator from South Carolina [Mr. TILLMAN] on account of illness and that he is paired with the senior Senator from West Virginia [Mr. GORF]. This announcement may remain for the day.

Mr. STONE. I desire to announce the unavoidable absence of the senior Senator from Georgia [Mr. SMITH] on account of serious illness in his family.

Mr. HUSTING. I desire to announce the unavoidable absence of the senior Senator from Kansas [Mr. THOMPSON] on official business.

The VICE PRESIDENT. Fifty-five Senators have answered to the roll call. There is a quorum present. The pending question is the motion of the Senator from New Mexico [Mr. JONES] that the Senate proceed to the consideration of Senate bill 2776.

Mr. JAMES. I move that when the Senate adjourns to-day it be until Saturday next at 12 o'clock.

Mr. BRANDEGEE. That motion is not in order at the present time.

The VICE PRESIDENT. Not while there is a pending question.

Mr. JAMES. We have a quorum present.

The VICE PRESIDENT. Yes; but there is a pending question. The question is on the motion of the Senator from New Mexico to proceed to the consideration of the bill (S. 2776) providing for the classification of lands under the stock-grazing homestead act in certain States, and for other purposes.

Mr. JAMES. I understood that the Senator from New Mexico had withdrawn his motion.

Mr. JONES of New Mexico. Mr. President, I understand that committees are very anxious to keep up their work to-day, and it is the desire of those in charge of the principal measures before the Senate that there shall be no business transacted to-day. I therefore withdraw my motion.

#### TUG RIVER BRIDGE.

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 2663) granting the consent of Congress to the Wolf Creek Lumber Co. to maintain a bridge already constructed across the Tug River.

Mr. SHEPPARD. I move that the Senate disagree to the amendment of the House and request a conference with the House on the disagreeing votes of the two Houses thereon.

The motion was agreed to; and the Vice President appointed Mr. SHEPPARD, Mr. SHIELDS, and Mr. CALDER conferees on the part of the Senate.

#### ADJOURNMENT UNTIL SATURDAY.

Mr. JAMES. I move that the Senate adjourn until 12 o'clock meridian on Saturday next.

The motion was agreed to; and (at 1 o'clock p. m.) the Senate adjourned until Saturday, September 22, 1917, at 12 o'clock meridian.

### HOUSE OF REPRESENTATIVES.

FRIDAY, September 21, 1917.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

Our Father in heaven, we lift up our hearts to Thee in fervent prayer for all the Members of this legislative body, that Thy blessing may be upon them; especially for those who are sick and afflicted, that Thy healing hand may touch them and restore them to health and strength, that they may be able to take up their duties in the needed work which waits upon them; and for the members of their several families who are afflicted, that they may be restored to health, and relieve the anxiety which must necessarily attend them, that their minds may be free to meet the tasks which loom before them; and Thine be the praise, through Jesus Christ, our Lord. Amen.

The Journal of the proceedings of Tuesday, September 18, 1917, was read and approved.

#### ADJOURNMENT UNTIL MONDAY NEXT.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet on Monday next.



The SPEAKER. The gentleman from North Carolina asks unanimous consent that when the House adjourns to-day it adjourn to meet on Monday next at noon. Is there objection?

There was no objection.

#### REQUESTS TO EXTEND REMARKS.

Mr. STEPHENS of Nebraska. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the war situation.

The SPEAKER. The gentleman from Nebraska asks unanimous consent to extend his remarks on the war situation. Is there objection?

Mr. WALSH. Mr. Speaker, I object.

The SPEAKER. The gentleman from Massachusetts objects.

Mr. LONERGAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on H. R. 5556, a bill which I introduced in the House on July 30 last, providing for the free use of the mail to soldiers, sailors, and marines in the service of the United States during the existence of the present war, the substance of which has been incorporated in section 1000 of the pending revenue bill, now in conference.

The SPEAKER. The gentleman from Connecticut asks unanimous consent to extend his remarks in the RECORD. Is there objection?

Mr. WALSH. Mr. Speaker, I object.

#### DONATION OF PILOTS' SERVICES TO THE GOVERNMENT.

Mr. HICKS. Mr. Speaker, I ask unanimous consent to address the House for two minutes, to make a statement in which I think all the Members will be interested.

The SPEAKER. The gentleman from New York asks to address the House not exceeding two minutes. Is there objection?

Mr. WALSH. Mr. Speaker, reserving the right to object, on what subject?

Mr. HICKS. On the subject of men who are contributing to the Government their services as pilots.

The SPEAKER. Is there objection?

There was no objection.

Mr. HICKS. Mr. Speaker, when the history of this great war is written in the perspective which shall come in the years that are to follow, the historian of the time, in addition to relating the movements of armies and of ships, and the victories on the sea and on the land, will record also the splendid heroism, devotion, and self-sacrifice of the Nation itself. [Applause.]

Time does not permit to record all the acts of devotion and all the sacrifices and all the contributions which our citizens are making in the cause of liberty. One incident I desire to mention. In the recent trip of the Naval Committee it came to my attention that the pilots on the lower Mississippi were donating their services to the Government of the United States, and this morning I desire to bring to the attention of the House the splendid contributions which those men, earning at best a precarious livelihood, are offering to their Government. The Bureau of Navigation has kindly furnished me with a list giving the names of the different pilotage associations in this country who are to-day giving their services to the Nation in piloting the naval ships of the United States Government. [Applause.] They are the Brunswick Journal Bar Pilots' Association, of Brunswick, Ga.; the Pilot Association, of New Orleans; the Cape Fear Pilots' Association, of North Carolina; the Neptune Association, of New York City; the Mercantile Marine Association, of Liverpool, England; the Boston Pilots' Association, of Boston, Mass. [Applause.]

In addition to that, Mr. Speaker, there is another matter I desire to speak of in my two minutes' time which I think worthy of the highest commendation. When the Cuban Government declared war upon the German Government they found within their harbors five German ships, which they seized. One of those ships they took for their own use, and the other four vessels, aggregating 20,000 tons, they turned over as a gift to the Government of the United States [applause], with the understanding that our Government assume all responsibility for them, both during the war and after the war. [Applause.] While this action may be considered a transfer of use rather than an absolute gift, yet the friendly feeling which prompted it deserves our praise and our thanks. It is an additional bond of sympathy between two sister Republics. [Applause.]

#### TRADING WITH THE ENEMY.

Mr. MONTAGUE. Mr. Speaker, the conferees on House bill 4960, to define, regulate, and punish trading with the enemy, and for other purposes, have agreed; but there is some work to be done in connection with writing out the report and the statement of the House conferees, and I ask unanimous consent that the conferees may be permitted to file the report and statement, to appear in the RECORD of to-day.

The SPEAKER. The gentleman asks leave to file the report and statement on House bill 4960 at any time to-day. Is there objection?

Mr. LONDON. Reserving the right to object, I want to propound this parliamentary inquiry: Does that mean that it can be taken up to-day?

The SPEAKER. No; it means that they may file it out of time to-day. Is there objection to the request of the gentleman from Virginia [Mr. MONTAGUE]?

There was no objection.

#### MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Waldorf, its enrolling clerk, announced that the Senate had disagreed to the amendment of the House of Representatives to the bill (S. 2663) granting the consent of Congress to the Wolf Creek Lumber Co. to maintain a bridge already constructed across the river, had insisted upon its disagreement to amendment of the House, had requested a conference on the disagreeing votes of the two Houses thereon, and had appointed Mr. SHEPPARD, Mr. SHIELDS, and Mr. CALDER as the conferees on the part of the Senate.

The message also announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5901) to authorize an additional issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign governments, and for other purposes.

The message also announced that the Senate had passed bill of the following title, in which the concurrence of the House of Representatives was requested:

S. 2878. An act granting the consent of Congress to the Whiteville Lumber Co. to construct a bridge across Waccamaw River.

#### ENROLLED BILL SIGNED.

The SPEAKER announced his signature to enrolled bill of the following title:

S. 2830. An act extending the time for the construction of a bridge across the Arkansas River between the cities of Little Rock and Argenta, Ark.

#### SENATE BILL REFERRED.

Under clause 2 of Rule XXIV, Senate bill of the following title was taken from the Speaker's table and referred to its appropriate committee, as indicated below:

S. 2705. An act to create the aircraft board and provide for its maintenance; to the Committee on Military Affairs.

#### DRAFTING OF CERTAIN ALIENS.

Mr. ROGERS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing Senate joint resolution 84, to draft certain aliens into the military service of the United States, and for other purposes, with certain amendments which I have proposed to that resolution in order to perfect it.

The SPEAKER. The gentleman asks unanimous consent to extend his remarks in the RECORD by printing the document to which he refers. Is there objection?

Mr. WALSH. Mr. Speaker, reserving the right to object, I could not understand the gentleman's statement as to what resolution he refers to. Is it one which has passed the Senate?

Mr. ROGERS. It is the Chamberlain resolution, which passed the Senate, with certain proposed amendments.

Mr. GARRETT of Tennessee. Mr. Speaker, I hope the gentleman will not insist upon that. There are several other bills that have been passed which are in a like situation.

Mr. ROGERS. I will say to the gentleman that there has been considerable interest expressed in having available for ready examination the text of the Chamberlain resolution, with certain proposed amendments.

I thought it would be of interest to the membership of the House if that were done, and I can see no objection.

Mr. GARRETT of Tennessee. Does the gentleman ask to print it as a document or print it in the RECORD?

Mr. ROGERS. Printed in the RECORD, where it will be more convenient for all the Members. The bill is not long, as the gentleman knows.

The SPEAKER. Is there objection?

Mr. GARRETT of Tennessee. Will the gentleman from Massachusetts withhold that request until the next meeting of the House?

Mr. ROGERS. Of course.

Mr. SEARS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by having printed two resolutions, one relating to the raising of live stock and the other



relating to the naval stores in the State of Florida and the South.

The SPEAKER. The gentleman from Florida asks unanimous consent to extend his remarks in the Record by printing the two resolutions referred to. Is there objection?

Mr. WALSH. I object.

Mr. SEARS. Mr. Speaker, I ask unanimous consent to proceed for five minutes.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

Mr. WALSH. Reserving the right to object, does the gentleman intend to read the resolutions in the five minutes?

Mr. SEARS. Frankly, I will say to the gentleman, that I intend to call the attention of the House to one resolution and read it.

Mr. WALSH. I object.

Mr. McCLINTIC. Mr. Speaker, I ask unanimous consent to address the House briefly.

The SPEAKER. The gentleman from Oklahoma asks unanimous consent to address the House. Is there objection?

There was no objection.

Mr. McCLINTIC. Mr. Speaker, it was a novel sight, one long to be remembered by the citizens of Washington, when Mr. Wilson, the President of the United States, the Commander in Chief of the Army, came marching down Pennsylvania Avenue followed by the Members of the United States Senate, the House of Representatives, 10,000 soldiers, and those who had been selected from the District of Columbia to perform military service.

Thousands of people lined the streets, they were there to bid Godspeed to a husband, a brother, a sweetheart, or a friend, and when they saw the great leader of this Nation marching on foot ahead of this great parade it caused an inspiration to spread over the thousands as they realized that your President and my President had patriotically performed his duty, and a cheer went up all along the line as they wished him Godspeed in his efforts for humanity.

The people of the country are with the President, the Members of the United States Congress are standing behind him, and when I marched on this day behind my leader and read the inscriptions on the banners waved from the crowds, telling the soldiers "Good-by and God bless you," it caused me to realize as never before the patriotism and loyalty of our people for the Stars and Stripes that wave over the land of the free and the home of the brave.

The example set by our President on this occasion by marching in honor of every mother's son who is to perform service in the new army, is one long to be remembered by the American people. I know that his heart is heavy because of the struggle that is to be made in the interest of humanity, yet when I recite the atrocities committed by the military powers of Germany, who is it can say that any other step could be taken without destroying the freedom and liberty of our people? [Applause.]

#### THE GERMAN ARMY AND HER WARS.

At the beginning of this war it is estimated that Germany had 12,000,000 trained soldiers. It is now estimated that one and a half million have been killed, one-half million disabled, and one-half million taken as prisoners. According to this statement there still remains some 9,000,000 trained fighting men. When we realize that the central powers are still occupying captured territory, and that the combined armies of the allies have not been able to reoccupy but little of the lost ground, it can be readily seen that the conquest ahead of us may run for many months yet to come. The morale of the German people has not been impaired to any great extent and they are sacrificing their lives in the belief that the military authorities are fighting a defensive war. The common people of this nation are not to blame, for their training is such that they know no better than to listen and to believe the propaganda issued under the direction and supervision of the military dictators of their country.

Germany has always been a fighting nation. Her past history is filled with bloodshed, death, and desolation. Her leaders have ruled with an iron hand and the grim reaper Death has mowed down millions of fighting men on the bleak, barren plains of that country. In 1648, after what was known as the Thirty Years' War, her population had decreased from 20,000,000 to 4,000,000. Something had to be done to repopulate the country and for this reason polygamy was recognized and legalized.

During the war of Frederick the Great one-tenth of the population was killed. Conditions became so bad and the people became so tired of war that many of them moved to isolated sections of the country in order that they might live in peace and happiness. An incident is told where a peasant moved out to

what was practically a desert island. When asked why he did not return to the interior where he could have better land and more privileges, he replied that he preferred to live where there was no fighting, no murdering, and where he would not be called to participate in another war. The rulers of Germany, because of their successes in the past, were intoxicated with the belief that the armies of all other countries would crumble when attacked by their splendid military fighting forces. It was believed that when this war was declared that it would be of short duration and end in such a way as to allow the central powers to reach out and annex a great deal of additional territory and at the same time collect huge sums of money as indemnities. Germany fought three wars in the nineteenth century, all of which were of short duration. In 1864 war was declared on Denmark, and after two days' fighting this country sued for peace. The war of 1866, with Austria, only lasted two weeks. The war with France, in 1870, was concluded after two months' fighting, France losing Alsace-Lorraine, and having to pay a huge war indemnity. A rather amusing incident is told of Col. Roosevelt's last visit with the Kaiser. After reviewing the military units of the German Army Roosevelt, in American style, slapped the Kaiser on the shoulder and said, "Bill, you can lick the world," and the Kaiser took him at his word. But there's a different story yet to be told, for this war has involved four-fifths of the entire world, and the gods will decree that the rights of humanity must be protected and upheld.

#### ORIGIN OF THE WAR.

June 28, 1914, will go down in history as one of the dark, eventful days of this period, for it was on this date that a Serbian by the name of Gavrilo Princep assassinated Archduke Francis Ferdinand, the Crown Prince of Austria. He was tried and finally sentenced to 20 years of imprisonment. Prior to the declaration of war Austria made 10 separate demands on Serbia, all of which were agreed to, with one exception, and an offer was made to allow this one demand to be decided by The Hague. It will be of interest to know that Austria demanded that Serbia allow Austrian judges to preside over the courts that were to decide the fate of Ferdinand's assassin and any person who might be implicated with him. This would have established an unheard-of precedent, and of course no nation with any dignity or respect for its citizens would agree to such a proposition.

The die had already been cast, for a secret meeting had been held at Potsdam on the 5th of July, at which the representatives of Austria and Germany were present, and it was here that Germany had promised to assist her ally in the event war was commenced. At a later date, according to a report recently published, Von Jagow, the foreign minister of Germany, corroborated this fact. One of the most interesting statements that has ever been given the American people is the Kaiser's letter to President Wilson, under date of August 10, 1914, which shows that Germany had a full knowledge of all of the incidents leading to this war, and that the Kaiser labored under the impression that this could be brought about without causing England to participate in the same.

#### KAISER'S MESSAGE TO PRESIDENT WILSON, AUGUST 10, 1914.

H. R. H. Prince Henry was received by His Majesty King George V in London, who empowered him to transmit to me verbally that England would remain neutral if war broke out on the Continent involving Germany and France, Austria and Russia. This message was telegraphed to me by my brother from London after his conversation with His Majesty the King, and repeated verbally on the 29th of July.

My ambassador in London transmitted a message from Sir E. Grey to Berlin, saying that only in case France was likely to be crushed England would interfere.

On the 30th my ambassador in London reported that Sir Edward Grey, in course of a "private" conversation, told him that if the conflict remained localized between Russia—not Serbia—and Austria England would not move, but if we "mixed" in the fray she would take quick decision and grave measures; i. e., if I left my ally Austria in the lurch to fight alone England would not touch me.

This communication being directly counter to the King's message to me, I telegraphed to His Majesty on the 29th or 30th thanking him for kind messages through my brother and begging him to use all his power to keep France and Russia—his allies—from making any warlike preparations calculated to disturb my work of mediation, stating that I was in constant communication with His Majesty the Czar. In the evening the King kindly answered that he had ordered his Government to use every possible influence with his allies to refrain from taking any provocative military measures. At the same time His Majesty asked me if I would transmit to Vienna the British proposal that Austria was to take Belgrade and a few other Serbian towns and a strip of country as a "main-mise" to make sure that the Serbian promises on paper should be fulfilled in reality. This proposal was in the same moment telegraphed to His Majesty the Czar the same as an idea of mine before I received the two communications from Vienna and London, as both were of the same opinion.

I immediately transmitted the telegrams vice versa to Vienna and London. I felt that I was able to tide the question over and was happy at the peaceful outlook.

While I was preparing a note to His Majesty the Czar the next morning to inform him that Vienna, London, and Berlin were agreed about the treatment of affairs, I received the telephones from his excellency the chancellor that in the night before the Czar had given the order to mobilize the whole of the Russian Army, which was, of course, also



meant against Germany, whereas up till then the southern armies had been mobilized against Austria.

In a telegram from London my ambassador informed me he understood the British Government would guarantee neutrality of France and wished to know whether Germany would refrain from attack. I telegraphed to His Majesty the King personally that mobilization being already carried out could not be stopped, but if His Majesty could guarantee with his armed forces the neutrality of France I would refrain from attacking her, leave her alone, and employ my troops elsewhere. His Majesty answered that he thought my offer was based on a misunderstanding, and as far as I can make out Sir E. Grey never took my offer into serious consideration. He never answered it. Instead he declared England had to defend Belgium's neutrality, which had to be violated by Germany on strategical grounds, news having been received that France was already preparing to enter Belgium, and the King of the Belgians having refused my petition for a free passage under guarantee of his country's freedom. I am most grateful for the President's message.

WILLIAM, I. R.

#### GERMAN HATRED.

A rather amusing incident was recently told by the United States ambassador, in which he said that on one occasion, in a conversation with Von Jagow, he apparently lost his head and stated that Germany had 500,000 reserves in the United States. The ambassador replied that in this country we had 501,000 lamp-posts, and it would be a very easy matter to bring them into use at the proper time. Prior to the severing of diplomatic relations President Wilson asked Col. E. M. House to visit the different European countries, in order that a personal report might be received as to actual conditions. In June, 1916, Col. House was told by Zimmermann, chancellor of Germany, that his country was ready to go to war with the United States, and, according to recent developments, it is shown that military preparations were made with the view of engaging this country at any time. A rather remarkable statement, showing the enmity and hate of the people of Germany for the United States, was published in the *Frankfurter-Zeitung*, which is as follows:

After England and the other countries have been conquered their navies will be taken over, and then we will sail on to America, overpower that country, and collect sufficient indemnities from their people to pay the entire cost of the war.

Similar statements were made by the Kaiser and other officials of the Government, all of which go to show that those in control of the affairs of Germany had full confidence in their ability to spread their military oligarchy over the entire world. For a long time there were two separate factions in Germany; the one headed by the chancellor tried in every way possible to avoid a break with the United States. On the other hand, the military authorities, who were in league with the conservatives, did everything in their power to bring about a ruthless submarine campaign. Conditions grew from bad to worse, until finally the fatal note was sent to this country, which stated that on March 1 a submarine warfare would be made against every ship entering a certain zone, 1,000 miles wide and 1,200 miles long, on the west coast of England and the Mediterranean Sea. It was then that the death knell of the friendship between our country and this nation was sounded, and our ambassador was instructed to call for his passports. Before these were issued to him he was confronted with a rather peculiar incident. He was asked to sign a treaty which was to the effect that certain rules and regulations, different from those prescribed in international law, would govern the relationship existing between the United States and Germany in the event of hostilities. This affront by the military authorities of Germany irritated him very much, and he made the following reply: "Even if I had authority to sign it, I would stay here until hell froze over before I would put my name to such a paper." This firm stand taken by him was so shocking to the officer in charge that in leaving he forgot to take the proposed treaty, and this is now an interesting document in the Department of State.

Those in charge of the affairs of Germany and Austria have poisoned the minds of their people against the United States by charging that we, as a Nation, were furnishing the allies munitions of war, which were being used to destroy their people. It is true that the United States did furnish not only the allies but any country that desired to purchase munitions of war as long as they were able to pay for the same. The representative of this Government when confronted with this statement and asked for an explanation, replied that it had always been the policy of practically every neutral nation to furnish any country engaged in war such supplies as they cared to purchase. It was shown that during the Boer War Germany not only supplied the Boers but at one time sold England 100 cannons. It was also shown during the Mexican trouble, when it looked as though the United States would have to deal with Huerta, that his army received supplies from Germany. I am sure that those posted on international law realized that the United States had remained neutral, yet it was necessary to have some good reason to incite the people's hatred against this country, and this method was very forcibly used. At the beginning of hostilities

the United States, following the usual custom, asked to have the privilege of having military attachés accompany the German Army, in order that the modern methods used in warfare might be studied. We were finally allowed to have six officers attached to the German Army, but the treatment accorded them was so severe and insulting that it was only a little while until they were withdrawn. Every act of the military authorities proves their confidence in their ability to conquer the world, and it is very apparent that no efforts were made to keep peace with the United States.

#### DESTRUCTION OF COMMERCE.

On the 7th of May, 1915, the world was startled with the report that the gigantic passenger ship *Lusitania* had been torpedoed and sunk without warning by a German submarine, resulting in the death of more than 100 American citizens. This act was in direct contravention of the solemn warning previously given by our Government, and it shows that the military authorities of Germany had no respect for our treaties or international law. It was as cruel and shameless an act of murder as was ever perpetrated, and it proved to the world that Germany had already decided to put into effect a ruthless submarine campaign.

The records of our Government show that 19 American ships had been destroyed up to April 1, 1917, and that more than 225 American citizens had lost their lives. It shows that 425 neutral ships had been sunk and that thousands of lives of citizens of other countries had gone to a watery grave because of this death-dealing invention. Who is it will say that our country should submit to these atrocities? Did you know that we have some six and a half million farmers who depend on their labor and the products of the farm for a livelihood; that two-thirds of the exported wheat, five-sixths of pork, three-fourths of beef, and five-sixths of our cotton passes through the zone which Germany has said she would sink every ship entering same? If a condition of this kind is allowed to prevail and that time comes when we can not export the products of the American farmer, we have only to refer back to the beginning of this war to know the prices that were paid when shipowners refused to accept cargoes because of the submarine peril. Cotton sold in 1914 as low as 5 cents, broom corn as low as \$30 per ton, and wheat as low as 70 cents per bushel. Ports of entry were congested with freight, railroads were blocked with traffic, and this condition was not cured until the United States Congress passed remedial legislation. The seas must be kept open, proper protection must be given the industries of this country. Ships must be built faster than they are being destroyed, and who is it can say that Germany has a right to destroy our commerce and at the same time bring about desolation and ruin to every producer in our country?

#### GERMAN ATROCITIES.

Germany, and her spies have done everything in their power to spread strife, discontent, and dissatisfaction among our people. Millions have been spent in the United States in an effort to educate our people to revolt against the Government. Bombs have been exploded in our Capitol. Officers of interned ships have violated their word of honor and escaped. German officials duly accredited to the United States have been detected in using fraudulent passports, to enable spies to enter and operate in foreign countries at peace with us. Counterfeit passports have been found on German agents. German officials have assisted in organizing forces to wreck bridges and destroy important industries. German officials have sought to control employment in the munition industries, thus crippling or destroying them wherever possible.

One of the greatest insults to the citizens of this country was the attempt to form an alliance with Japan and Mexico in order that the United States could be attacked on the south. Fortunately this note, under date of June 17, 1917, addressed to the officials of Mexico, was intercepted before it reached that country, and the contents of same show that Texas, Arizona, and New Mexico were offered on the altar as a prize if this coalition had been agreed to. The following is a copy of the communication:

ZIMMERMANN PLOT—SEEKING TO DISMEMBER REPUBLIC—GERMAN INTRIGUES TO INVOLVE THE UNITED STATES IN WAR WITH MEXICO AND JAPAN.

The Government of the United States is in possession of instructions addressed by the German minister for foreign affairs to the German minister to Mexico concerning a proposed alliance of Germany, Japan, and Mexico to make war on the United States. The text of this document is as follows:

BERLIN, January 19, 1917.

On the 1st of February we intend to begin submarine warfare unrestricted. In spite of this it is our intention to endeavor to keep neutral the United States of America.

If this attempt is not successful, we propose an alliance on the following basis with Mexico: That we shall make war together and together make peace. We shall give general financial support, and it is



understood that Mexico is to reconquer the lost territory in New Mexico, Texas, and Arizona. The details are left to you for settlement.

You are instructed to inform the President of Mexico of the above in the greatest confidence as soon as it is certain there will be an outbreak of war with the United States, and suggest that the President of Mexico on his own initiative should communicate with Japan suggesting adherence at once to this plan; at the same time offer to mediate between Germany and Japan.

Please call to the attention of the President of Mexico that the employment of ruthless submarine warfare now promises to compel England to make peace in a few months.

(Signed) ZIMMERMANN.

In addition to the long list of atrocities on file in the Department of Justice, I want to call your attention to the conduct of the military authorities while occupying captured territory in Belgium. Everyone knows that a respectful civilized nation, even in time of war, pays some attention to the rules of international law. However, the reports that have come to my ears relative to the treatment of innocent women and children in captured territory under the German military authorities is so terrible that one could hardly believe that humanity could stoop so low. I have been told by persons who have seen service in the trenches that more than 25,000 infants have been taken away from Belgian mothers when 3 days old and sent back into Germany. It is only natural to ask why. But when you remember the statement published in this country, giving an account of a French mother killing her child because it had an unwelcome German father, you can understand that in order to replenish the population of Germany every precaution is taken to rear every child born.

In addition to the inhumane treatment given the defenseless citizens of Belgium, many were deported into the interior and there made to perform a class of labor that was intolerable. A very interesting collection of the proclamations issued by the German military authorities is now in the possession of Hodder & Stoughton, New York, N. Y., and the reading of these bear out the statements made as to the conditions existing in that country.

#### SEVERING OF DIPLOMATIC RELATIONS.

After the historical note was received which gave to the world the information that Germany, without regard to treaties or international law, would destroy every ship entering a certain zone, it was then forcibly brought home to the American people that the time had come to take such steps as would be necessary to protect the rights of our people. A few days ago, when the Japanese delegation was given a reception in the United States Senate, I heard Count Ishii make the statement that his country considered a treaty something more than a mere scrap of paper. This remark was cheered by the Senate and the gallery, as those present on that occasion realized that there was no other course to pursue, and the severing of diplomatic relations with Germany caused us to become an ally of those who were fighting for a principle.

Those in charge of the affairs of this country have never expressed a desire to increase our territory by the use of the sword. The United States has always been a haven of refuge for those who have been oppressed and persecuted in foreign countries. Our citizens have the right of free speech. They can worship God in any manner they choose. The right of a trial by a jury is accorded every man, and the principles of our Government have caused this country, in a few years, to rise from infancy to a position second to none in the estimation of the entire world.

Our past wars have been fought in the interest of humanity, and it is rather remarkable that April has been a momentous month in the history of our country. In April, 1775, the sturdy farmers of Lexington and Concord struck the first blow for liberty. In April, 1812, the Congress of the United States protested to England against the invasion of our rights on the sea. In April, 1898, we signed the decree declaring that Cuba should be free. In April, 1916, our great President made the first declaration to Germany, which, in my opinion, will result in the death knell to Prussianism.

During the discussion of the joint resolution which called for the severing of diplomatic relations with Germany, Chairman FITZGERALD, on the floor of the United States Congress, arose and pledged the resources of this Nation to the cause of the war in the following language:

I regret that we are to have war; but if we are to maintain our self-respect, if we are to encourage the cultivation and development of those virile and patriotic virtues among our citizens, without which our Government can not and should not survive, if we are not to become the laughing stock of mankind, mocked at and reviled by every other nation of the world, if we are not to be derided and sneered at as a Nation of degenerates, of money changers, and of cowards, is anything left to do consistent with a decent self-respect than to acknowledge the unquestioned fact that the German Government has waged war against us, to accept the challenge that has been so recklessly repeated in continued acts of war and aggression against us, and to meet it like and in the only manner befitting a great and a patriotic and a manly Nation?

I shall vote for the pending resolution. But more will be necessary. I am ready to pledge to the administration, in the words of the resolution, all of the resources of the country in order to bring this conflict to a successful termination.

#### OTHER PATRIOTIC STATEMENTS.

In the discussion of the joint resolution declaring this country in a state of war with Germany Congressman VARE, of Pennsylvania, made a very patriotic statement, in which he called attention to the fact that he represented a Republican district, which had given to Hon. C. E. Hughes some 40,000 majority at the last election, and that a few days ago 5,000 men marched behind the picture of Woodrow Wilson, testifying their loyalty to the President in this crisis. I think he and his people are to be commended for their loyalty and the eliminating of party lines when the interest of the entire country is at stake.

I represent in this House the most stalwart Republican district in this whole country, a district in what is known as the southern part of Philadelphia, which gave Charles E. Hughes nearly 40,000 Republican majority as candidate for President of the United States. Last Saturday a Republican club, of which I have the honor to be a member, paraded upon our streets, and 5,000 men marched behind a picture of Woodrow Wilson, testifying their loyalty to the President in this crisis. We have heard much about peace. We are all for peace. God grant it might be possible to secure it, but we are beyond that stage. Our country is in a state of war now, and we will be officially in a state of war to-morrow.

Joint resolution (S. J. Res. 1) declaring that a state of war exists between the Imperial German Government and the Government and the people of the United States and making provision to prosecute the same.

Whereas the Imperial German Government has committed repeated acts of war against the Government and the people of the United States of America: Therefore be it

*Resolved, etc.,* That the state of war between the United States and the Imperial German Government which has thus been thrust upon the United States is hereby formally declared; and that the President be, and he is hereby, authorized and directed to employ the entire naval and military forces of the United States and the resources of the Government to carry on war against the Imperial German Government; and to bring the conflict to a successful termination all of the resources of the country are hereby pledged by the Congress of the United States.

Congressman LUNN, formerly elected as the Socialist mayor of the city of Schenectady, N. Y., now a Democrat, standing up as a patriot, urging and fighting as never a man fought before for the adoption of this resolution, used the following language in the support of same:

Mr. LUNN. Mr. Chairman, after eight years in which I have gone up and down this country talking against war, being opposed to war under any form or for any reason when after that position a man can come to the place where he is willing to admit that there are occasions when war is the only arbitrament and makes that decision, it takes as great or greater courage than it would take at this time to vote against this resolution. I say that it would be easier for me a thousand times to vote "no" than to vote "aye."

But, Mr. Chairman, we are facing the greatest national crisis in our history, and we have only two ways open to us. One is to accept a war thrust upon us by the repeated aggressions of a power which recognizes no law but its own imperial will. The other is to defeat the resolution and adopt the policy of absolute submission.

The latter course to my mind is unthinkable. We simply can not and must not submit. Let anyone on the other side persuade me that we can preserve our principles, that we can stand by the ideals of our fathers and not forfeit anything in the way of national honor or sacrifice the principles of democracy in government, and I will vote "no," because I do not want to vote "yes."

Over in the Senate we have other stalwart, strong Republicans who realized this was not a matter of politics, but the time when every patriotic citizen should do his duty toward the country, and probably one of the strongest statements ever made in the United States Congress was that by Senator SMITH of Michigan, in which he used the following language:

If any Senator had told me a year ago that our country would to-day be involved in the European war I would have thought him a madman. At no period in this discussion have I, by word or act, encouraged the present deplorable situation. I have been the critic of the President many times. I have disagreed with him in almost everything he has done since he became the official head of our Government. Perhaps I have been wrong and the President has been right; but, Mr. President, from this moment I bow in loyalty to the President of the United States, and never again, while this burden rests upon him, will I lay even a feather's weight upon his shoulders. He is carrying our burden for us and I pray God to give him strength to bear it; he has responsibilities enough; and he understands the delicacy and the importance of our country's position better than we do. The fathers of the Republic specially enjoined upon him the conduct of our foreign affairs. Henceforth with me politics and factionalism, discord and sectionalism, will be strangers to my public code, while my heart shall beat responsive to his every need.

When President Wilson came before the United States Congress it was known that one of the greatest moments in the history of the entire Nation was at hand. He had struggled patiently for over two years trying to avoid difficulties with those countries across the sea. He knew the time had arrived when the rights of the American people had to be protected, and he advised Congress to—

declare the recent course of the Imperial German Government to be in fact nothing less than war against the Government and people of the United States.



Not only was this recommendation made, but the President began his message with the following sentence:

I have called the Congress into extraordinary session because there are serious, very serious, choices of policy to be made, and made immediately, which it was neither right nor constitutionally permissible that I should assume the responsibility of making.

In giving an account of the grievances against Germany, the President used the following words in declaring the position of the United States:

There is one choice we can not make—we are incapable of making—we will not choose the path of submission and suffer the most sacred rights of our Nation and our people to be ignored or violated.

The feasibility of passing this resolution was discussed from every angle. Every event that had transpired for the past two years was carefully reviewed, and when it was found that there was no other step to take and the roll was called there were 373 yeas and 50 nays in the House and 86 yeas and 6 nays in the Senate. I do not see how any man who will take the time to ascertain all of the facts on both sides of the question can successfully defend the attitude of Germany in her violation of treaties and international law. I do not see how any person can point out any other course that this Nation could have taken under the circumstances. I know that every person who is posted on this question will realize that our President has done that which he thought best for the people of this country, and inasmuch as he is our leader—the Commander in Chief of the Army—I have felt it was my duty to stand with him and support such legislation as he has asked for in behalf of the American people.

#### OUR ALLIES.

Soon after diplomatic relations were severed with Germany our allies sent to the United States commissions in order that the representatives of our Government might know the actual conditions that existed with relation to the war. When it was learned that the submarine warfare had wrought terrific havoc in shipping circles and that the food supply was not sufficient to maintain the army for a much longer period, the positive statement can be made that, unless some country had stepped in and brought assistance, it would have been possible for Germany to have won the war. I remember I happened to be present at the Union Station when the Hon. Arthur Balfour, heading the British delegation, arrived in the city of Washington. Hundreds of people were lined up to see the representative of our mother country.

It was not a gala event, for they came as a representative of a people bent with care and sorrow. Then the French delegation came to this country, headed by Gen. Joffre, the grand old patriot of France, the hero of the battle of the Marne, and the man who stopped the onward rush of the Germans and saved the city of Paris. He told our President a wonderful story of the sacrifices made by his people. We remembered our struggle for existence and knew that had it not been for France the Stars and Stripes would not have been waving over this country to-day. We could not see the Germans win this war, so it was decided to loan the allies a sufficient amount of money to be expended in this country for supplies so that they could carry on the struggle until we could prepare an army to assist them across the sea.

More than 20 nations are to-day banded together to destroy Prussianism so that peace can reign forever in the world. One billion people are on the side of the allies; 140,000,000 million are with Germany and the central powers. There can be but one solution to the problem, and that will be the destruction of the Hohenzollerns and the Hapsburgs, the reigning dominant factions responsible for this terrible conflagration.

#### SELECTIVE DRAFT.

The foreign representatives of the various governments visiting this country convinced the United States that men must be had to win the war. For a period of over a year the enlistment stations throughout the country had sought to secure volunteers for the Army. The President had made it known to the 100,000,000 people living in this country that a certain number of men were desired for this purpose. Response was slow. Something had to be done, as, according to the way men were being obtained, it would have taken more than three years to collect an army of a million men. The Committee on Military Affairs found that we had less than 200,000 trained fighting men at the beginning of the war. It was absolutely necessary that some more effective plan be worked out so as to enable this country to be in a position to protect itself. Finally a bill was reported to the United States Congress which would require every person of a certain age to be subject to military duty. When this legislation was first presented I was of the opinion that the volunteer plan would produce the proper results, but when I examined into the facts I found that a suffi-

cient emergency existed that something must be done to provide an army at once. I do not believe that any question ever confronted any legislative body in the history of the world which has caused as much discussion and as much anxiety in the hearts of the Members of Congress as this one particular subject. I find, upon making investigation, that certain authorities are bold in making the statement that the progress of this country had been seriously retarded because of the methods used in training our armies in the past. In support of this statement I wish to read a few facts which show that if the United States had had a compulsory military system in the War of 1812 that Canada to-day might have been a part of the United States:

In October, 1812, a body of troops, less than 1,000 in number, crossed the St. Lawrence River to attack a British force. An engagement took place, which would have resulted in a victory for the Americans had the militia on the New York side of the river crossed to their aid. What was the result? Let McMaster, the historian, tell the story:

"No sooner did the militia behold a real battle, no sooner did they see the dead brought back in the boats and hear the groans of the wounded, than fear overcame them and they refused to cross. Soldiers who the day before were clamorous to be brought face to face with what they called the British hirelings now stood on their constitutional rights and refused to help their countrymen. They were, they said, militia, and the only services for which the militia could be called out were to uphold the laws, to put down insurrection, to repel invasion. The Constitution did not give the President power to send them out of the United States, and they would not go.

"Holding such views, they stood quietly on the American side, saw the British gather in force and march up the hill, saw their countrymen, overwhelmed by numbers, driven back foot by foot to the edge of the cliff and down the side of the river bank, where, as no one would row a boat across, the little band of 600 threw down their arms and surrendered. With them were captured some 300 skulkers and cowards, who had been crouching at the river edge all day."

I also desire to call your attention to the fact that if compulsory military training and equal liability for service had been in effect when Gen. Scott made his expedition into Mexico it would not have been necessary for him to wait for volunteers, and it is the opinion of the best authorities that Mexico would to-day be a part of the United States.

Concerning the War with Mexico, let us quote from a modern writer, who, after commenting upon some early successes of our arms, says:

"About one month later at Pueblo, his [Gen. Scott's] progress came to a sudden halt because the terms of enlistment of 7 out of his 11 best regiments were on the eve of expiring, and Scott discovered that most of the men intended to exercise the alternative offered to them upon enlistment, and to terminate their services at the end of 12 months. In the midst of a hostile country and only three days' march from the capital, with virtually no enemy to oppose him, Scott was unable to budge for more than three months until he had been joined by reinforcements—all of them raw by comparison with the troops which had left him. For three months his situation was very precarious, and it was only good luck that averted a calamity. When he did fight his way into Mexico, in August, 1847, it was at a loss for which there was no justification."

We have another interesting account of the inefficiency of a volunteer army when those charged with the responsibility of defending the Capital in 1812 shamefully fled at the approach of the British and allowed our Capitol to be destroyed by fire.

Concerning the lamentable happenings in and about Washington in 1813 we need say little. It is a black page in American history. The Volunteer Army defending the city was routed with a loss of only 8 killed and 11 wounded. The Capitol was destroyed and the White House was sacked. The invading forces, it is said, comprised only 1,500 British troops.

So much for the "efficiency" of the volunteer system in the War of 1812!

#### WASHINGTON, JEFFERSON, AND OTHERS ON THE DRAFT.

Washington, Jefferson, Lee, Davis, Lincoln, and practically all of those who have played an important part in the making of history in this country have been in favor of every person being subject to perform equal military service. Ex-President Roosevelt, ex-President Taft, Gen. Wood, the Secretary of War, the present administration, and the governors of practically every State in the Union favor the selective-draft plan for raising an army. All of our adjutant generals and all of those posted on military affairs come forward with the statement that to have an efficient fighting army they must be properly trained, and to bring this about a sufficient number of men must be made available at the earliest moment possible. Under the old volunteer system the best citizens of the nations always went forward when the country was in need. The loafer, the transient, and the slacker always remained behind. The rich in the past have been able to secure substitutes, but the new law is so worded as to cause every person, regardless of his position in life, to perform when selected equal service for the Nation, conditioned that those who are needed to keep up certain industries and who have dependents may be exempted. After taking into consideration the unprepared condition of the United States and the emergency that was confronting our citizens, I felt that it was my duty to follow Woodrow Wilson and vote for a law that would put our boys on the same plane with the sons of the millionaire.



On October 22, 1780, Washington made the following statement relative to the military condition in the United States:

If we mean to continue our struggle, we must do it upon an entirely new plan. We must have a permanent force, not a force that is constantly fluctuating and sliding from under us, as a pedestal of ice would do from a statue on a summer's day, involving us in expense that baffles calculation—an expense which no funds are equal to. It is idle to suppose that raw and undisciplined men are fit to oppose regular troops.

In March, 1781, Thomas Jefferson indorsed compulsory military service. In a letter written by him in 1813 he made the following statement on this subject:

I think the truth must be obvious that our people are too happy at home to enter into a regular military service, and that we can not be defended but by making every citizen a soldier, as the Greeks and Romans, who had no standing army; that do do this all must be marshaled, classed by their ages, and every service ascribed to its competent class.

Jefferson Davis, President of the Southern Confederacy, was in favor of the compulsory military service, and during the war with the States the entire army was converted into the service by one legislative act. The southern soldiers enlisted for a period of one year. It was thought that this would be a sufficient time to defeat the Northern States, and had it not been that they were selected to perform military service by a legislative act their terms of enlistment would have expired and the war would have ended. The brave southern soldiers who fought under that great general, the gallant Lee, were those who were drafted into service. The following statement describes the conditions at that time:

A month more, or two months at the furthest, and the gigantic Rebellion, organized to establish the sovereignty and independence of the States, would be a thing of the past, its leaders fleeing from the wrath of a loyal and outraged people. The situation was desperate; the crisis had arrived: the triumph of the Union was at hand.

At this juncture it was reserved for a Confederate Congress to explain for all time the meaning and extent of the power to raise and support armies. Appalled, but not unmanned, it rose to the occasion and setting an example that was followed a year later by the National Congress, resolved to meet the emergency by declaring every man between the ages of 18 and 35 a soldier. Had it been the object of the law to force reluctant citizens into the ranks, the experiment might not have seemed hazardous, but going far beyond, to conscript armies numbering more than 100,000 soldiers who had faithfully fulfilled their engagements and were already turning their affections homeward, the temerity of this legislation finds no parallel in the history of the world. But the end justified the means; the reorganization which was languishing was immediately completed; the ranks were filled up and given the strength of increasing numbers; the Confederate armies again took the field to baffle and resist the onset of the Union hosts until, dwindling to the former shadows of themselves, they were finally compelled to lay down their arms at Appomattox Court House.

Within a year after the Confederacy had declared every man of a certain age liable for military duty the Federal Government was likewise forced to resort to this method, and Abraham Lincoln made the following statement in this connection:

The republican institutions and territorial integrity of our country can not be maintained without the further raising and supporting of armies. There can be no army without men. Men can be had only voluntarily or involuntarily. We have ceased to obtain them voluntarily, and to obtain them involuntarily is to draft—the conscription. If you dispute this fact and declare that men can still be had voluntarily in sufficient numbers, prove the assertion by yourselves volunteering in such numbers, and I shall gladly give up the draft. Or if not a sufficient number but any one of you will volunteer, he for his single self will escape all the horrors of the draft and will thereby do only what each one of at least a million of his manly brethren have already done. Their toil and blood have been given as much for you as for themselves. Shall it all be lost rather than that you, too, will bear your part?

#### REFERENDUM.

Since I have been in Washington several communications have been received by me in favor of allowing the people of this country to vote as to whether or not we should engage in the present war. I am of the opinion that a propaganda of this kind must have been started by individuals who were not posted as to the international situation, or those who would prefer some other government to take over the reins of this country. Prior to voting on this legislation I endeavored to find out the true conditions that existed in my congressional district, as I wanted the people to be informed as to the provisions of this bill. I am pleased to say that out of more than 100 telegrams received, all of them, with the exception of 5, strongly urged that I stand with the President by voting for such legislation as would cause the rich as well as the poor to do their part in protecting our country. There are those who always seek to delay every good movement. There are those who feel that we can defeat any country on earth without making any preparation. We have in Washington a War College, which seeks to obtain and furnish information as to the relative strength of the various countries.

According to a recent report made by this institution, it is said that England and Japan could land in the United States 2,750,000 men in 45 days. When it is taken into consideration that prior to the beginning of this war we had less than 200,000 trained soldiers, it can be readily seen that it was up to this country to make such preparation as was necessary to

give to the American people the proper protection. Everyone knows that a short time ago a German submarine entered the port of Baltimore; later another entered the port of New York, and in coming out sunk six or seven ships of the allies, turned its nose down into the sea, and was heard of no more. I merely call your attention to this to show you that if it was possible for a German submarine to cross the sea in time of peace that it would be possible for the same thing to happen in time of war. If the United States did not make special preparation, then it would be possible for the enemy by concerted action to capture or destroy practically all of the seaports of this country, and an army could be landed before it would be possible to send out literature and put into operation such machinery as would be necessary to conduct a referendum for the purpose of obtaining the opinion of the people as to whether or not we should enter this war. I want to call your attention to a condition that existed in 1863, when the governor of New Jersey asked President Lincoln to postpone the draft; also a letter of Gov. Seymour's, asking that it be postponed until the constitutionality of the law could be decided. In other words, they wanted to bring forward a subterfuge, something to delay, just as a referendum would do at this time. But President Lincoln, that great statesman and patriot, replied in the following language:

I do not object to abide a decision of the United States Supreme Court, or of the judges thereof, on the constitutionality of the draft law. In fact, I should be willing to facilitate the obtaining of it, but I can not consent to lose the time while it is being obtained. We are contending with an enemy, who, as I understand, drives every able-bodied man he can reach into his ranks, very much as a butcher drives bullocks into a slaughter pen. No time is wasted, no argument is used. This produces an army which will soon turn upon our now victorious soldiers, already in the field, if they shall not be sustained by recruits as they should be. It produces an army with a rapidity not to be matched on our side, if we first waste time to reexperiment with the volunteer system already deemed by Congress, and palpably, in fact, so far exhausted as to be inadequate, and then more time to obtain a court decision as to whether a law is constitutional which requires a part of those not now in the service to go to the aid of those who are already in it, and still more time to determine with absolute certainty that we get those who are to go in the precisely legal proportion to those who are not to go. My purpose is to be in my action just and constitutional, and yet practical, in performing the important duty with which I am charged, of maintaining the unity and the free principles of our common country.

Your obedient servant,

A. LINCOLN.

It is true that many will now be called on to make sacrifices, but the history of our country shows some wonderful examples of patriotism, none of which, in my opinion, shows any more loyalty than the mother who gave five sons to the Union. Lincoln, the great martyred President, wrote her as follows. It is dated Executive Mansion, Washington, November 21, 1864, and is written to Mrs. Bixby, Boston, Mass.

DEAR MADAM: I have been shown in the files of the War Department a statement of the adjutant general of Massachusetts that you are the mother of five sons who have died gloriously on the field of battle. I feel how weak and fruitless must be any word of mine which should attempt to beguile you from the grief of a loss so overwhelming. But I can not refrain from tendering you the consolation that may be found in the thanks of the Republic they died to save. I pray that our Heavenly Father may assuage the anguish of your bereavement and leave you only the cherished memory of the loved and lost and the solemn pride that must be yours to have laid so costly a sacrifice upon the altar of freedom.

Yours, very sincerely and respectfully,

A. LINCOLN.

Why should that mother in New England have been permitted to make such a sacrifice to the Republic while somebody living near her probably made no sacrifice at all? Under the selective-draft system advocated by the administration that would not be possible; and it ought not to be possible in these days. [Applause.] Why should these five men have been allowed to do the fighting for shirkers and cowards who refused to volunteer? [Applause.]

#### ENEMIES OF THE GOVERNMENT.

The history of this country shows that in every struggle in the interest of humanity there have been those who sought to give aid to the enemy. There are those who do everything in their power to spread discontent and strife. There are those who quietly spread seditious statements, and I find we have at this time an element of people who are enemies of our Government and who prefer to censure and criticize those who are doing that which they think best for all of the people. Instigators of riots and disturbances throughout the country always give comfort to the enemy, and one of the truest statements ever made in this connection is as follows:

Tell the traitors all around you that their cruel words, we know, In every battle kill our soldiers, by the aid they give the foe.

In my State a movement was launched to oppose the Federal authorities by resisting the selective-draft plan for raising an army. It was found that those at the head of this movement did not represent the representative citizens of the community in which they resided, but on the other hand they were those who



were affiliated with certain organizations which opposed the Government and all of its functions. I am very happy that the Federal authorities have acted promptly and that those who came into Oklahoma for the purpose of starting a movement of this kind have been apprehended and no doubt will receive their just reward. It is impossible for a person to carry water on both shoulders. He must either stand loyally behind our President, the Commander in Chief of the Army, or he will oppose the administration in its present program. The person who is guilty of spreading seditious criticisms in time of war is a more dangerous citizen than the rankest anarchist. The man who quietly spreads dissatisfaction and discord is more dangerous than the deserter who leaves the Army in the midst of the night. The man who prefers that some other flag wave over this land has no right to the privileges of this Government and should be ostracized to some foreign land. During the Civil War our great martyred President Lincoln made a wonderful statement in this connection, in which he compared a soldier boy who had deserted with the public agitator, who was trying to work up sentiment against the administration, in the following language:

Must I shoot a simple-minded soldier boy who deserts, while I must not touch a hair of a wily agitator who induces him to desert? This is none the less injurious when effected by getting a father or brother or friend into a public meeting and there working upon his feelings till he is persuaded to write the soldier boy that he is fighting in a bad cause for a wicked administration of a contemptible Government, too weak to arrest and punish him if he shall desert. I think that in such a case to silence the agitator and save the boy is not only constitutional but withal a great mercy.

#### THE FOOD BILL.

When Herbert C. Hoover, director of the food supply of this country, was in charge of the American commission for relief in Belgium he gave out an interview which was published in the New York Tribune, under date of April 22, 1917, in which he stated that "the food situation is one of the utmost gravity, which unless solved may cause us to loose the war; that if America continued its present rate of consumption the total stock of food in the allied world is not sufficient to last until September; that the allies will need a minimum of 90,000,000 bushels of wheat from North America, more than twice the apparent surplus on a normal export basis." This statement to the American people was made at a very opportune time for it caused the people to realize that certain sacrifices must be made if the United States was to do its part in the war. A very unfortunate condition was brought about by the hoarding and the forming of combinations by food speculators, who, realizing that the opportunity to make enormous profits was at hand, brought about a condition in this country which made this legislation absolutely necessary. The food bill in substance contains the following:

Gives the President control over the foods, feeds, fuel, including fuel oil and natural gas, fertilizer ingredients, farm machinery and tools.

Allows the President to license business and plants and to revoke these licenses, farmers and stock raisers being exempt from this section.

Authorizes and empowers the President through the Federal Trade Commission to control, take over, and operate coal and coke mines, and to fix the price.

Directs the President, when an emergency exists, to fix a minimum price of wheat, making the minimum \$2 for No. 1 northern for the 1918 crop, and allows him to enhance the duty on foreign wheat to bring it to the American price.

Prevents the use of foods, fruits, food materials, or feeds in the manufacture of distilled spirits and allows the President to limit the alcoholic contents of malt or vinous liquors.

Authorizes and directs the President to commandeer distilled spirits as far as necessary for war use, the courts to determine the price.

Directs the President to spend \$10,000,000 for nitrates and sell them to farmers at cost.

Prevents members of the advisory committee on the Council of National Defense from participating in Government contracts.

Punishes hoarding and destruction of foodstuffs and speculation.

Allows the President to close grain exchanges, boards of trade, etc., in order to prevent speculation.

Authorizes the President to requisition supplies for the Army and the Navy.

Authorizes him to buy, store, and sell wheat, flour, meat, beans, and potatoes.

Allows him to take over factories, packing houses, pipe lines, mines, or other plants and operate them.

The sum of \$2,500,000 is provided for running expenses and \$150,000,000 to carry out the work of the whole food administration. The food control ceases at the expiration of the war.

#### WHEAT AND FLOUR.

The people of the United States consume about 600,000,000 bushels of wheat, in addition to the amount of rye which is used in making bread. The allies expect to import 600,000,000 bushels for their use during the present year. The crop reports show that the condition of the wheat crops is such that the yield for the present year will be lower than the average. This being the case, conservation in the use of flour has become necessary, and the food dictator has already performed great service in bringing this to the minds of the American people. In the food bill a price of \$2 per bushel for wheat was set for the crop of 1918. A committee composed of those representing the various occupations was appointed for the purpose of fixing the price for this year's crop, and after carefully considering every phase of the situation it was agreed that \$2.20 would be just to the producer and the consumer. It is absolutely impossible to adjudicate any proposition so as to meet the approbation of all of those interested; however, when you take into consideration that there are some six and one-half million farmers in this country, all of whom do not raise wheat, and some 20,000,000 laborers, all of whom use wheat, then it can be readily seen that inasmuch as the average price of wheat for the past 20 years has been less than 90 cents per bushel, those charged with this responsibility took into consideration the demands made on them by the consumers as well as the producers. I am, indeed, pleased that the farmers of our country are given this protection, as if the 20,000,000 laborers could have had their way we would only be receiving to-day a price of \$1.86, as this is the approximate figure agreed on by those representing the labor interests. It is Mr. Hoover's desire to bring the price of flour down so that the people can have a 5-cent loaf of bread, and while this may not be possible, yet the adjudication of the price of wheat will, in the opinion of those who are posted on economic conditions, bring great relief to the majority of the people.

#### GRAIN FOR LIQUORS.

A great deal of discussion has been made as to whether or not it would be wise to prohibit the use of grain in the manufacture of liquors. I have studied this proposition and I find that more than 110,000,000 bushels of grain, 450,000,000 pounds of grapes, and 152,000,000 pounds of molasses are used each year in the production of alcoholic beverages. This makes a total of 7,500,000,000 pounds of food used in this manner, and it is estimated that this amount is sufficient to supply a 1-pound loaf of bread every day to an army of 11,000,000 men. I do not see how any man can successfully argue that we should in time of peril allow this amount of food to be diverted into channels which do not produce any real good. I believe that every person who desires the opportunity of taking a drink will be willing to make a patriotic sacrifice in order that food may be supplied to the needy, and I am very glad that the United States Congress has delegated a sufficient amount of authority to the Commander in Chief of the Army to regulate the use of grain in the manufacture of light beverages; also has prohibited the use of grains in the manufacture of whisky after the 8th of September, this year.

#### SPECULATION IN FOODSTUFFS.

One of the greatest evils allowed to remain in this free country is the privilege to speculate and gamble in the different commodities of life. I can not see why there is not a sufficient amount of public opinion in this country to bring about legislation that will absolutely prohibit this kind of speculation. On May 16, 1917, I introduced a bill to prohibit gambling in grain and food products, which was brought to the attention of those in charge of the food legislation, and I am constrained to believe that they saw the necessity for this kind of regulation, for included in this new law is a section which gives authority to the President to regulate conditions of this kind. It will probably be interesting to you to know that Mr. Leiter, who became famous because of the corner he was successful in obtaining on wheat some years ago, has made a statement which was published in the Washington Times, May 12, 1917, which reads as follows:

"I can not imagine a more treasonable, unprincipled thing than for an American citizen to speculate in any grains or foodstuffs at this time," said Mr. Leiter. "The action of the Chicago Board of Trade in stopping all trading in wheat futures should have been taken months ago."

"Similar action should be voluntarily applied by every exchange in the country on which there is any kind or form of speculation in foodstuffs."

"As for myself, I haven't turned a speculative penny in the grain market—one way or the other—in 17 years. I did my last operations of that nature in 1900."

"There ought to be a law providing for hanging high any man who speculates in food products of any kind at this precarious time."

I am sure there is not a single person in the hearing of my voice but will say that his statements are correct, and that my



action in introducing a bill along this line was proper, and that the authority for regulation in the food bill will produce good results.

#### SAVING OF FOODSTUFFS.

The saving of 1 pound of bread per week for each person, according to Mr. Hoover, will increase the export supply of wheat 100,000,000 bushels per year, and that 100,000,000 bushels of wheat may win the war. The problem of properly feeding our allies in order to keep their armies going and to assure satisfaction back of the lines is stupendous. The population of England is 45,000,000; of France, 40,000,000; Italy, 35,000,000; and Belgium, 10,000,000; a total of 130,000,000 men, women, and children who are practically dependent on the United States for certain necessities of life. The bulk of the foodstuffs for this tremendous population, aside from the local productions, in the past came from Argentina, Australia, India, Russia, Roumania, and Bulgaria. All of these resources of supply are practically cut off because of crop failures and embargoes of the various countries involved in the present war. The price of practically everything that is used in the production of food has likewise increased. Wire shows an increase of 100 per cent; binder twine, 100 per cent; cultivators, 100 per cent; iron and help, 68 per cent; steel, sold before the war at \$30 per ton, now sells for \$130. In addition to this the prices of various foodstuffs have increased from 10 per cent to 300 per cent. Because of war conditions certain manufacturers and corporations in this country, who have no regard for anything or anybody, have formed unholy alliances and raised the prices of the necessities of life to a figure that is unreasonable and incomparable.

I am so pleased that Mr. Hoover has collected around him good, strong, patriotic men who are willing to give their time without pay for the purpose of performing this kind of service, and already steps have been taken to destroy certain of those monopolies. As an illustration of what has transpired in the past, a few days ago the Federal authorities in Boston indicted and fined 80 corporations and individuals on the charge that they had conspired to monopolize the price of onions. Evidence showed that the annual crop is 200,000,000 pounds, and that the defense had gobbled up 75 per cent of this crop. They held the supply, raised the prices, and then, in order to eliminate opposition so they could better rob the people, divided the profits. The mere finding of these tyrants, in my opinion, is too light. I think they should be placed behind the walls of the Federal prison for a sufficient length of time as to put the fear of God in the hearts of those who are acting in a like capacity.

#### FINANCES.

At the beginning of the extraordinary session, when the United States severed diplomatic relations with Germany, it was found absolutely necessary that this country loan to the allies money in order that they might purchase such supplies as were necessary to successfully carry on the war. We all know that our country is the richest on the globe. Our bank deposits are more than the combined deposits of England, France, Germany, Austria, Russia, Italy, and several other small European countries. The comparison of the actual condition of our allies and our country show that they had competent, efficient, trained armies, while with us we had an abundance of wealth but few fighting men. This being the case it was thought far better to furnish the allies the kind of aid we were in a position to give, and at the beginning of this session we authorized our Government to issue \$7,000,000,000 of bonds. This is the largest authorization that was ever made by any Government. However, there was such an emergency existing that there was not a single vote against this legislation, either in the House or the Senate. Apparently this legislation received the approval of the entire American people, for when the news was sent out that a \$2,000,000,000 issue would be offered for sale on a certain day the people rose up and with outstretched arms embraced the opportunity of rendering loyal and patriotic aid to the Government in the time of need. I have not the exact figures as to the amount this issue was oversubscribed, but it is generally known that the response made to this call by the Government was the greatest demonstration of patriotism ever made from a financial standpoint. Later on as the war progressed it was found that the expenditures made by this country would call for a great deal more money, and a new authorization was made, which provides that a bond issue of \$11,000,000,000 may be issued and sold for the purpose of furnishing funds to carry on the war. Inasmuch as this legislation repeals the authority for the issuing of \$5,000,000,000 authorized at the beginning of this session in reality this authorization is only for \$6,000,000,000. Occasionally I receive communications from some well-meaning citizens asking why it is necessary for our country to spend so much money. This can be very easily understood when it is known that the allies, prior to the time the United

States entered the war, were practically down on their knees and defeated. The submarine warfare conducted by Germany had reached enormous proportions. Ships were sunk faster than they could be constructed, insurance rates had increased in leaps and bounds, until many countries considered commerce on the sea practically prohibited.

#### CONSCRIPTION OF WEALTH.

Those publications which seek to poison the minds of the American people, those who take pleasure in issuing seditious statements, have said that this was a rich man's war and a poor man's fight. A greater untruth was never heralded to the public, for in this struggle we are fighting for the interest of humanity. We are fighting because we wish to give protection to our posterity; we are fighting because we do not wish to see a military oligarchy control the world; we are fighting to protect the Monroe doctrine and international law. We are not fighting for indemnities; we are not fighting for additional territory, and when this fight is over and peace has been restored a sufficient object lesson will be taught to civilization so that, in my opinion, the people never again will be called on to participate in a world's war. This great struggle will cost enormous sums of money. I have figured that the more fortunate in life should be called on to pay the greatest amount toward maintaining our Government during this struggle. Before any legislation was adopted along this line I addressed a communication to the chairman of the Ways and Means Committee, in which I made certain statements relative to this matter. This was given wide publicity and the following statement was carried in the daily Oklahoman, which expressed my view on this subject:

I feel that the tax on excess profits should be very much increased; that the tax on incomes should be raised on a graduated scale so as to make this item take care of the major portion of the expenditures necessary to successfully carry on the war. A proper tax should be levied on the luxuries of life, and the inheritance tax can be increased without working a hardship on any person.

Legislation has been passed providing for the conscription of men in order to preserve this Nation. If a sufficient emergency exists to make it right to conscript humanity, who is it can say it is wrong under the same conditions to conscript wealth? I hope your committee will propose such legislation as will result in properly equalizing conditions in this country so that in the event of a long-drawn-out war, we can emerge from same with the realization that the wealth of this country has gone hand in hand with the rank and file in doing its part.

Enormous profits are being made by large corporations; they should be sufficiently patriotic to be willing to do their part. Examine this list of names and note the profits made in 1916. Who is it can say that it is wrong to shoulder the greater part of the cost on their shoulders?

United States Steel Corporation	\$207,945,953
Bethlehem Steel Corporation	53,715,041
Anaconda Copper Mining Co.	39,087,187
Utah Copper Co.	32,174,480
American Smelting & Refining Co.	11,158,084
E. I. du Pont de Nemours & Co.	76,581,729
General Chemical Co.	9,700,191
Central Leather Co.	12,016,397
American Sugar Refining Co.	4,211,403
Republic Iron & Steel Co.	11,687,863
Standard Oil Co. of New York	20,425,510
Corn Products Refining Co.	3,798,892

#### SOLDIERS' INSURANCE.

Some time ago my attention was called to an article published in one of the local papers, which gave an account of the wearing apparel and the many conveniences furnished the soldiers of the new Army. The statement was made that some of them were given much more than they were used to at their homes and that it would take them some time to get accustomed to the luxurious change. The United States Government never does anything by halves. It is the intention of those in charge of our affairs to give every protection possible, not only to the soldier, but to those who are dependent on him for a livelihood, and during this war new legislation providing for soldiers' insurance has been passed, thus enabling every soldier and sailor to take out a Government insurance policy at a cost less than one-half that charged by the old-time insurance companies. It will furnish protection to his dependents in case he is injured or killed. This legislation is said to be more equitable than the old system of pensions. It is arranged so that a graduate scale of pay comes to the dependent person, child or parents, each month, and a sufficient amount is allowed so as to keep the wolf away from the door. I think this is one of the most important bills ever passed by any Congress. To a certain extent it will do away with the old system of pensions and at the same time it will give every soldier an opportunity to make provision for those who depend on him for a livelihood in after years. The following statement covers the general provisions of the law as it passed the House of Representatives:



Financial help is given the Nation's defenders under three headings: First. Direct payments to dependents up to \$50 a month while the breadwinner is at the front.

Second. A lifelong pension to every man injured or diseased in service, or to the dependents of a man killed.

Third. A life insurance policy, far below cost, to every man.

#### FAMILY AID PLAN.

Under family aid, the following payments are to be made by the Government:

To a wife, \$15 a month; with one child, \$25; with two children, \$32.50; each additional child, \$5.

To a motherless child, \$5 a month; two children, \$12.50; three, \$20; four, \$30; each additional child, \$5.

One parent, \$10; two, \$20; for each dependent brother, sister, or grandchild, \$5.

To insure this Government aid to his family the soldier must pay \$15 a month to their support himself. A divorced wife will not be paid to exceed her alimony.

For the soldier who is killed, or incapacitated for work by injury or disease, these payments are guaranteed for life:

#### DEATH ALLOWANCES.

In case of death: To widow, \$30 a month; with one child, \$40; with two children, \$50, and \$5 for each additional child. To motherless child, \$15; two children, \$25; three, \$35, and \$10 for each additional child until they are 18. To widowed mother, \$25.

Total disability: To single man, \$40 a month; with wife, \$55; wife and one child, \$65; with two or more children, \$75; with one motherless child, \$50; for each additional child, \$10. If there is also a widowed mother, \$20 a month goes to her; if a nurse or attendant is required, \$30 a month additional.

Partial disability: Amounts proportionate to those given for total disability, according to the seriousness of the injury.

#### PROVISION FOR TRADE ACQUIRING.

Men in this class may go to a school, on their regular soldier's salary, and learn trades at which they can work.

If they die from the injury after leaving the Army, funeral expenses of \$100 will be paid.

The insurance section of the bill entitles a man to take out life insurance up to \$10,000 a year, at \$8 a year. This may be paid by the man or his named beneficiaries.

#### CROSSING THE SEA.

The President of the United States has said to the Navy Department that every protection possible must be taken in carrying our soldiers across the sea. He is determined that the German submarines shall not cause a single life to be lost, and to be successful in this every available ship is being used to convoy our vessels. During the first voyage five submarines attempted to destroy and sink the ships carrying the soldiers. But thanks to his wisdom in causing certain preparations to be made, it was not possible for this to be done, and it is believed by those in charge of this squadron that three of these submarines were sent to a watery grave. In a conversation I had a few days ago with a well-posted Member of Congress the statement was made that it was absolutely impossible for German submarines ever to reach the ships carrying our soldiers, and when it is understood that we have a small mosquito fleet, armed with fast machine guns, practically surrounding the ships carrying our soldiers, and between this mosquito fleet and the ships we have torpedo destroyers, it makes it practically impossible for a submarine to approach close enough to fire a torpedo with any degree of accuracy. I am very happy that every precaution possible is being taken to bring about this kind of a result, and I am hoping that, if it becomes necessary to send our boys who live here in our midst across the sea, they can be landed on the shores of our allies without the loss of a single life.

#### AEROPLANES.

It has been my privilege to know and converse with that noted Frenchman who was given the name of the "Blue Devil of France" because he had been the victor of more than a score of duels fought thousands of feet in the air. When it is taken into consideration that trench warfare has superseded practically all other methods it can be easily understood why the necessity of having a well-equipped aeroplane squadron. The battle lines between the central powers and the allies have not changed to any marked degree. Some new method or contrivance of war must be used before the present struggle can be brought to an end. It is believed by the highest authorities that the solution of the present world's war will be given to that nation who is able to furnish a superior aero squadron in sufficient numbers to destroy the opposing forces. We have appropriated a sufficient amount of money to build 10,000 flying fighting machines. We have established training camps at different places in the United States, and every ounce of energy possible is being put forth to train our aviators. When the supreme test comes we hope to be ready with this branch of the service, in order that peace may be soon restored to the world.

#### WAR MUST BE WON.

If Germany and the central powers could win this war; then take Canada, on our north; then go down and take Mexico, which is torn asunder with international strife; then, with her submarines on the Atlantic coast and her armies on the north and south of us, we would be brought face to face with a trench

warfare and a marine warfare that would call practically every man of fighting age into service. If that condition should be brought about, then it will not be those between the ages of 21 and 31 that would be called on to fight our battles, but it might be necessary to call every boy and man between the ages of 17 and 50 to shoulder a gun in defense of this Nation, and we would fight a war such as has never been fought before.

I am proud to stand under the banner with Woodrow Wilson. He has been criticized because he did not declare war on Mexico. But who now can say he was wrong? He has been criticized because the United States did not rush into the present war more than one year ago, but his far-seeing eye, his cool, deliberate judgment has caused him to weigh all things well before taking action, and every student of the present time now heralds him as one of the greatest defenders of the rights of the people. He is as kind as the kindest, as loyal as the most loyal, as strong as the strongest, and as brave as the bravest. No more conscientious person ever administered the affairs of any Government. His eloquent messages to the people, his words of wisdom to the enemy, and his utterances to the American Congress will go down in history as the greatest appeals ever made in the interest of humanity. [Applause.]

#### WITHDRAWAL OF PAPERS.

Mr. BLAND, by unanimous consent, was given leave to withdraw from the files of the House, without leaving copies, papers in the case of John P. Kinman (H. R. 7022, 64th Cong.), no adverse report having been made thereon.

#### LEAVE OF ABSENCE.

Mr. HULBERT, by unanimous consent, was given leave of absence indefinitely.

#### REQUEST TO ADDRESS HOUSE.

Mr. CLARK of Florida. Mr. Speaker, I ask unanimous consent to proceed for five minutes.

The SPEAKER. The gentleman from Florida asks unanimous consent to address the House for five minutes. Is there objection?

Mr. WALSH. Reserving the right to object, will the gentleman from Florida state upon what topic he wishes to speak?

Mr. CLARK of Florida. The gentleman will know that when I speak.

Mr. WALSH. I object.

#### WAR CREDITS—CONFERENCE REPORT (NO. 156).

Mr. HULL of Tennessee. Mr. Speaker, I desire to present the conference report on the bill H. R. 5901, the bond bill, and ask unanimous consent for its present consideration.

The SPEAKER. The gentleman from Tennessee presents the conference report on the bill H. R. 5901, and asks unanimous consent for its present consideration. Is there objection?

Mr. MONDELL. Reserving the right to object, which I shall not do, in view of the fact that the conference report has not been printed, and in view of the further fact that none of the Members have copies, I suggest to the gentleman from Tennessee that he give the House briefly a statement as to the effect of the conference report and what are the changes made in the bill as it passed the House. I think we ought to have a brief statement of that kind for the RECORD, in view of the fact that there is no printed report in the RECORD.

The SPEAKER. Does the gentleman from Wyoming object?

Mr. MONDELL. No, Mr. Speaker; I simply reserved the objection to make the statement I have made.

The SPEAKER. The Clerk will read the conference report. The Clerk read the conference report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5901) to authorize an additional issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign governments, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 18 and 21.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 19, 22, 23, 25, 26, 27, 28, 29, and 30, and agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows: In lieu of the word "one-fourth" inserted by said amendment insert "one-fifth"; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an



amendment as follows: In lieu of the matter proposed by the Senate amendment insert the following: "That section 2 of an act of Congress approved February 4, 1910, entitled 'An act prescribing certain provisions and conditions under which bonds and certificates of indebtedness of the United States may be issued, and for other purposes,' is hereby amended to read as follows:

"Sec. 2. That any certificates of indebtedness hereafter issued shall be exempt from all taxes or duties of the United States (but, in the case of certificates issued after September 1, 1917, only if and to the extent provided in connection with the issue thereof), as well as from taxation in any form by or under State, municipal, or local authority; and that a sum not exceeding one-tenth of 1 per cent of the amount of any certificates of indebtedness issued is hereby appropriated, out of any money in the Treasury not otherwise appropriated, to pay the expenses of preparing, advertising, and issuing the same."

And the Senate agree to the same.

WILLIAM J. STONE,  
HOKE SMITH,  
REED SMOOT,

*Managers on the part of the Senate.*

CORDELL HULL,  
JOHN N. GARNER,  
WILLIAM R. GREEN,

*Managers on the part of the House.*

Mr. HULL of Tennessee. Mr. Speaker, it is true that the statement has not been printed in the Record, but the report of the conferees was printed in the Record of this morning, having been adopted yesterday by the Senate.

The amendments of the Senate, while numbering something like 30, are virtually all either of a clerical nature or of a minor character, inserted in the interest of what was termed clarity. There are two or three amendments of some little importance, and they were specially considered and dealt with by the conferees.

The first amendment, on page 2, is one intended to make more clear the provisions of the House bill on that subject.

The sixth amendment, which is the next one, apart from some purely clerical amendments, provides that when the Secretary comes to make allotment among subscribers for bonds, if he should increase or reject the allotments in any given cases, his action shall apply uniformly to the particular class affected by such ruling. There was no objection, of course, to that provision.

Amendment No. 7, on page 4, simply made section 2 of the bill applicable to the \$2,000,000,000 of bonds issued under the act of April 24 as well as to the bonds authorized under the pending bill. There was no objection to that. On pages 8 and 9 certain provisions of the House bill were stricken out, and a substitute provision was inserted. The bond act of April vested in the Secretary of the Treasury the authority to prescribe terms of maturity, redemption, and so forth. The Secretary in exercising that authority issued his prospectus or circular, which contained the supplemental provisions or terms under which bonds would be sold to the public. It therefore required the combined prospectus and the law itself to ascertain the full terms offered to the purchaser. By this amendment, No. 17, it is merely proposed to insert in the law what has heretofore been contained in the prospectus of the Secretary of the Treasury rather than to require him to continue to insert it in his circular or prospectus issued to the public. This is manifestly to the advantage of the Government and the public, because it would require any purchaser of bonds with one conversion privilege to exercise that privilege in connection with the next flotation of bonds with the higher rate of interest rather than to postpone his conversion rights until some future prospective issue should be made bearing a still higher rate of interest. That, in a few words, is the purpose of that amendment.

Mr. GREEN of Iowa. Mr. Speaker, will the gentleman yield?

Mr. HULL of Tennessee. Yes.

Mr. GREEN of Iowa. That last provision which the gentleman mentioned limiting the conversion to the next issue is new?

Mr. HULL of Tennessee. Yes; that is a new provision.

Mr. GREEN of Iowa. The remainder of the provision is really simply a rewording in different form?

Mr. HULL of Tennessee. The gentleman is correct.

Mr. RUSSELL. Mr. Speaker, will the gentleman yield?

Mr. HULL of Tennessee. Yes.

Mr. RUSSELL. The bill as it passed the House exempted \$5,000 in bonds in the hands of any one person from any sort of taxation. Is that preserved in the bill?

Mr. HULL of Tennessee. I understand so. There was no amendment made upon that subject. Amendment No. 18, about which there was some difference of opinion, prescribed a limitation of 4 per cent interest upon war-saving certificates. The House conferees were of the opinion that that restriction would in all probability be too severe, and would result in a handicap to the Government in its efforts to float this class of new Government paper. Upon that representation it was agreed that that limitation should go out and that the House provision should stand as it originally left this body.

The next amendment of any consequence related to the allowance of expenditures to the Secretary of the Treasury which he might incur in the flotation of these bonds and certificates. The House limitation on expenses for selling the bonds was one-seventh of 1 per cent. The Senate substituted a provision increasing it to one-fourth of 1 per cent. The conferees agreed upon one-fifth of 1 per cent. This resulted in a reduction of \$3,769,473.

Mr. LONGWORTH. Mr. Speaker, will the gentleman yield?

Mr. HULL of Tennessee. Yes.

Mr. LONGWORTH. What amount would be in fact raised by this one-fifth of 1 per cent?

Mr. HULL of Tennessee. One-fifth of 1 per cent on the sale of the bonds would be \$15,077,890.

Mr. LONGWORTH. Was the gentleman and his colleagues satisfied that that increase was justified under the circumstances?

Mr. HULL of Tennessee. The House conferees took pains to read the Senate hearings upon this subject, and the entire showing made there by way of supplement to the showing made in the hearings of the Treasury officials before the Committee on Ways and Means of the House, and took into consideration the facts offered during the consideration of the bill in the House, and they felt constrained to agree to that adjustment of the matter in the light of all the facts as they were made to appear to them.

Mr. EMERSON. Mr. Speaker, will the gentleman yield?

Mr. HULL of Tennessee. Yes.

Mr. EMERSON. What was the expense for printing and selling the first issue of bonds?

Mr. HULL of Tennessee. Those figures were brought out during the discussion here and brought out during the discussion in the Senate. I have them, but I have not them immediately before me. I think they were about \$2,000,000, or near one-tenth of 1 per cent.

Mr. EMERSON. Would it be as much as one-fifth of 1 per cent?

Mr. HULL of Tennessee. They did not amount to that much, I will say to the gentleman, for this, among other reasons: The bankers, newspapers, and business people generally donated their services and the services of their entire business forces to this work of exploiting and propagating the late bond proposal, so that really no fair comparison can be made in view of representations that have come up from these same people with respect to the undue burdens which they voluntarily assumed in that connection, and which they represent they do not feel justified in assuming to such full extent in connection with successive bond flotations in the future.

Mr. EMERSON. Is it intended to pay these publications for this publicity?

Mr. HULL of Tennessee. The matter of formulating the business methods of publicity has been left to the Treasury Department. I only know what I see in the press in that connection. The press reports that the Secretary has been disinclined thus far to accept a proposal for universal publicity among the newspapers and other periodicals of the country. I assume that in line with his past methods he will work out, after full conference with the best expert advisers that are available, the most desirable and economical and effective methods of conducting this campaign, and will adopt them.

The Senate receded from its amendment which reduced the House rate for the selling of certificates of indebtedness from one-tenth to one-twentieth of 1 per cent. That was the original House view of the matter, and it was the request of the Treasury Department all the time. That made a change in the way of \$2,000,000 with respect to the expenses of issuing the certificates. Deducting that from the \$3,769,000 reduction on the bond phase of the expenditures leaves a net reduction from the Senate allowances under the agreement of the conferees of \$1,769,473. Now, these, Mr. Speaker, constitute the changes which I consider of any real importance, and unless some gentleman desires some time, I shall ask for a vote.

Mr. MOORE of Pennsylvania. Will the gentleman yield to me for a question?



Mr. HULL of Tennessee. I will.

Mr. MOORE of Pennsylvania. Is the allowance to the Secretary of the Treasury for promotion and advertising of certificates of indebtedness in the amendment, in addition to the one-fifth of 1 per cent and the one-twentieth allowed in the preceding paragraph of the bill?

Mr. HULL of Tennessee. Each rate relates to a separate subject matter. The one-fifth relates to the proposed expenses of selling the bonds and war-savings certificates.

Mr. MOORE of Pennsylvania. Is that the amount the House provided for in the bill—one-fifth?

Mr. HULL of Tennessee. The House bill was one-seventh for bonds and war-saving certificates—

Mr. MOORE of Pennsylvania. And the Senate raised that to one-fourth?

Mr. HULL of Tennessee. To one-fourth.

Mr. MOORE of Pennsylvania. And the conferees took it back to one-fifth, which is the amount the Secretary originally asked for?

Mr. HULL of Tennessee. It is.

Mr. MOORE of Pennsylvania. So, then, the House gained one point over the Senate and comes back to the Secretary's original proposition?

Mr. HULL of Tennessee. Yes.

Mr. MOORE of Pennsylvania. Now that is clear. But the one-tenth of 1 per cent for promoting the issue of certificates of indebtedness as proposed in the amendment?

Mr. HULL of Tennessee. The one-tenth was the original House provision, and that was agreed to in conference.

Mr. MOORE of Pennsylvania. The conferees' report of the amendment in the Record, on page 7271, says that not exceeding one-tenth of 1 per cent shall be allowed for advertising, promotion, and so forth, of certificates of indebtedness. I want to know if that one-tenth is in addition to the other one-tenth?

Mr. HULL of Tennessee. There is only one rate of allowance of one-tenth which relates to the certificate of indebtedness. The one-fifth embraces only bonds and the war-saving certificates.

Mr. MOORE of Pennsylvania. Has the gentleman made an estimate of the total amount that will be allowed to the Secretary for advertising and promotion?

Mr. HULL of Tennessee. I have the figures, which I shall be glad to insert in the Record.

Mr. MOORE of Pennsylvania. Is it \$17,500,000 or \$23,000,000?

Mr. HULL of Tennessee. The amount authorized for the sale of bonds, one-fifth per cent, is \$15,075,000. One-fifth per cent for the sale of war-saving certificates is \$4,000,000, and one-tenth per cent for the sale of certificates of indebtedness is \$4,000,000. In the aggregate that would be \$23,075,000.

Mr. MOORE of Pennsylvania. And that brings it back exactly to where the Secretary wanted it in the first instance?

Mr. HULL of Tennessee. It does.

Mr. MOORE of Pennsylvania. Then the reduction made by the House is wiped out and we come back to the Secretary's original proposition and allow him the amount for which he asked to promote and advertise these bonds and certificates of indebtedness? That is correct?

Mr. HULL of Tennessee. It is.

Mr. JOHNSON of Washington. If the gentleman will permit, it does not mean advertising in the sense of paid advertising.

Mr. HULL of Tennessee. I was not undertaking to give the House any information on that point.

Mr. JOHNSON of Washington. The inference through the questions just asked would be carried, as it has been in the past—

Mr. HULL of Tennessee. We leave that to the Secretary of the Treasury.

Mr. JOHNSON of Washington (continuing). That the percentage agreed on is for promoting and advertising, thereby leading those who have space to sell to think that this means paid advertising. If the gentleman will permit a short statement, which I think will be of interest, I have ascertained that one reason that many newspaper owners, and particularly owners of the smaller papers, expect to be paid for some part of the publicity which they will give to the Government's efforts to sell these bonds is because they were absolutely promised that advertising would be paid for in this bond sale at the time they were giving free space to the last one; but the gentleman, a very clever and well-meaning man, who had the publicity part of that bond issue in hand, and who made that promise, has now resigned and is not now in the position, and there is no one to carry out that promise. In the meantime the Treasury Department is now asking all the publicity associations, billboard

concerns, sign writers, poster men, daily and weekly newspaper men, to give their space free. And on top of that the Food Administration Bureau is asking for a big free-advertising campaign—billboards, posters, newspaper space, and all—to carry its message to the people. As I said before, there is danger of riding the gift horse to death.

Mr. MOORE of Pennsylvania. If the gentleman will permit, the bill leaves that matter to the discretion of the Secretary of the Treasury. Advertising is still an open question, and it is up to the Secretary; and this amendment which I have just quoted provides for one-tenth of 1 per cent of the amount of any certificates of indebtedness issued, or appropriates it out of any money not otherwise appropriated, for "preparing, advertising, and issuing the same." So the Secretary of the Treasury is given the discretion which the gentleman from Washington [Mr. JOHNSON] seems to want him to have.

Mr. GARNER. Will the gentleman yield? I just wanted to call the attention of the gentleman from Pennsylvania [Mr. MOORE] to the fact that the statement he read from is not a part of the law but a mere outline on the part of the clerk that prepared the conference report. All the method of selling these bonds, the question of advertising, is left entirely to the Secretary of the Treasury. He can spend it for whatever purpose he sees proper in the selling of these bonds.

Mr. MOORE of Pennsylvania. What I read is the part of the amendment that goes into this bill.

Mr. GARNER. If the gentleman will take up the bill itself he will not find anything in it about advertising other than discretionary with the Secretary of the Treasury.

Mr. MOORE of Pennsylvania. The Secretary clearly has the discretion to advertise if he sees fit.

Mr. GARNER. Certainly.

Mr. MOORE of Pennsylvania. And he left that question open in all the hearings with which I am familiar. He indicated that that is an unsettled question.

Mr. LONGWORTH. All the House did the other day was to defeat an amendment compelling the Secretary to spend a certain amount of money.

Mr. MOORE of Pennsylvania. Exactly. He can advertise if he wants to.

Mr. FESS. Will the gentleman yield?

Mr. HULL of Tennessee. I will.

Mr. FESS. The bonds under the liberty issue have not yet been delivered, have they?

Mr. HULL of Tennessee. I understand not.

Mr. FESS. I am sure they have not been delivered. I noticed the suggestion—I do not know whether it comes from the Department of the Treasury or not—not to insist on the receipt of those bonds until after these are issued.

Mr. HULL of Tennessee. If that is true, it is a wise suggestion.

Mr. FESS. I saw that in the press. Is that the situation? It is not law or a regulation, is it?

Mr. HULL of Tennessee. Not at all. It would be entirely optional with the bond purchaser; and the suggestion is made, if made at all, for the purpose of avoiding duplication and expense in the printing of the bonds.

Mr. FESS. I think that is wise, and what I wanted to know was if the purchaser does not insist upon this it will allow these particular bonds to be held back until after the new bonds are issued?

Mr. HULL of Tennessee. I am not authoritatively advised in that respect. My best understanding, however, is that all purchasers of the recent \$2,000,000,000 of bonds who desire to convert will have the opportunity, and perhaps be requested to refrain from asking that this present delivery of the bonds already authorized be made to them, but in the meantime to retain their allotment certificates, and this suggestion relates alone to those who may desire to convert. They can then take the new bond rather than the old one and not subject themselves to the trouble of handling, and the department to the expense of printing, the two bonds.

Mr. FESS. So the conversion must come through the suggestion of the purchaser?

Mr. HULL of Tennessee. Yes.

Mr. CANNON. If the gentleman will yield, the first interest payable on these bonds is, I believe, payable about the 1st of November, is it not?

Mr. HULL of Tennessee. The 15th of December.

Mr. CANNON. Now, as I understand, many of these bonds have been printed? I mean of the two billion—the first issue?

Mr. HULL of Tennessee. I so understand.

Mr. CANNON. If it is not so, a subscriber to those bonds, if he elects to do so, ought to have his bonds at once; otherwise



he will not get his interest the 1st of October or the 1st of November.

Mr. HULL of Tennessee. I understand that all due diligence has been exercised in the work of printing these bonds with a view of making the earliest possible distribution of them. But while this is going on and while the new bond sale is practically pending, it has been thought, and wisely so, in the interest of economy and convenience, both to the Government and to the purchasers, that those who might desire to convert their bonds into new bonds could simply retain their allotment certificates for the present and pursue that course.

Mr. CANNON. That is perfectly proper. But it ought not to shut off the man who desires to retain the 3½ per cent bond from getting his bond.

Mr. HULL of Tennessee. I do not understand that it is the plan or purpose of the department in any sense to delay the delivery to those who want them.

Mr. GARNER. Will the gentleman yield?

Mr. HULL of Tennessee. I will.

Mr. GARNER. I will say to the gentleman from Illinois [Mr. CANNON] that I think he will find in the hearings before the Ways and Means Committee a statement from the Secretary of the Treasury that he was going to deliver the bonds to those who insisted upon delivery. For those who wanted to convert their bonds, he did not want to print the 3½ per cent and go to that expense. In the meantime the interest will be paid on the certificates, and those who hold the interim certificates will get their interest when the date comes for its payment.

Mr. HULL of Tennessee. Mr. Speaker, I ask for a vote.

The SPEAKER. The question is on agreeing to the conference report.

The question was taken, and the conference report was agreed to.

On motion of Mr. HULL of Tennessee, a motion to reconsider the vote by which the conference report was agreed to was laid on the table.

#### ONE-DOLLAR NOTES.

Mr. GLASS. Mr. Speaker, I ask leave to print in the RECORD a letter from the Secretary of the Treasury having reference to the scarcity of \$1 notes in circulation.

The SPEAKER. The gentleman from Virginia asks unanimous consent to print in the RECORD a letter from the Secretary of the Treasury in reference to the scarcity of \$1 notes. He might as well put in \$2 notes, too, because there is also complaint about them. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The following is the letter referred to:

TREASURY DEPARTMENT,  
Washington, September 20, 1917.

MY DEAR CONGRESSMAN:

There is an urgent demand at this time from nearly all sections of the country for a larger supply of one and two dollar notes, especially of the \$1 notes. To help meet this situation I am, in accordance with the law, issuing instructions authorizing the conversion of United States notes of \$5 and upwards, of which there were outstanding July 31, 1917, approximately \$324,000,000, into one and two dollar bills. Under authority provided by law I am also taking steps to facilitate the conversion of silver certificates of \$5 and upwards into one and two dollar bills when presented at the Treasury.

But to provide an adequate supply of one and two dollar bills it will be absolutely necessary to increase very greatly the note-producing capacity of the Bureau of Engraving and Printing by a larger utilization of the power presses, and it is hoped the Bureau of Engraving and Printing will be placed, by appropriate legislation, in a position to meet this demand for small notes which is daily becoming more urgent.

The conversion, however, of a large amount of \$5 United States notes and silver certificates into notes of a smaller denomination is likely to produce a scarcity of \$5 bills. To meet this deficiency I respectfully recommend that the national-bank act be amended so as to remove the present restriction which prevents the issuance to any national bank taking out a circulation of more than one-third of its total circulation in notes of a denomination of \$5.

I also respectfully recommend that every national bank shall be authorized to issue circulation to the extent of not exceeding \$25,000, to be secured as provided by law, in notes of the denominations of one and two dollars. I have taken the liberty of having prepared a suggested form of bill to amend the national-bank act to carry out these recommendations and inclose it herewith.

I trust it may be possible to obtain early action on this matter, which is of considerable importance at this time.

Respectfully,

W. G. MCADOO.

Hon. CARTER GLASS,

Chairman Banking and Currency Committee,

House of Representatives, Washington, D. C.

SUSPENSION OF WORK ON MINING CLAIMS (H. REPT. NO. 157).

Mr. FOSTER. Mr. Speaker, I offer a privileged report from the Committee on Rules.

The SPEAKER. The Clerk will report it.

The Clerk read as follows:

House resolution 147.

Resolved, That upon the adoption of this resolution the House shall immediately proceed to the consideration of Senate joint resolution 78,

as amended by the Committee on Mines and Mining; that the consideration shall be in the House as in Committee of the Whole; that this shall be the continuing order of the House until such resolution is finally disposed of: *Provided*, That this order shall not interfere with sending bills to conference, consideration of conference reports, or other privileged matters.

Mr. FOSTER. Mr. Speaker, this is a resolution for the consideration of Senate joint resolution 78, as amended by the Committee on Mines and Mining, which provides for the year 1917 to suspend assessment work on mining claims.

Mr. MONDELL. Mr. Speaker, will the gentleman yield?

Mr. FOSTER. Yes.

Mr. MONDELL. Is this a unanimous report from the Committee on Rules?

Mr. FOSTER. Yes; this is a unanimous report from the Committee on Rules, and a unanimous report from the Committee on Mines and Mining on Senate joint resolution 78. It only provides that this work shall be suspended this year.

The committee, after the consideration of the resolution pretty thoroughly, and in talks with men who reside in the West, thought the scarcity of labor during this year made it impossible for these men to do this work, which is largely dead work—not all of it—but a great deal of it is dead work, and men would have to leave the employments which they are now engaged on, where they are doing something valuable for the Government and themselves, and go out and do this \$100 worth of work.

The Government loses nothing. I think the resolution ought to pass.

Mr. TIMBERLAKE. Mr. Speaker, will the gentleman yield?

Mr. FOSTER. Yes.

Mr. TIMBERLAKE. Does this provide for a release of this year?

Mr. FOSTER. Yes.

Mr. WALSH. Mr. Speaker, I make the point that there is no quorum present.

The SPEAKER. The gentleman from Massachusetts makes the point that there is no quorum present. The Chair will count. [After counting.] One hundred and sixty-eight Members are present—not a quorum.

#### CALL OF THE HOUSE.

Mr. FOSTER. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The SPEAKER. The Doorkeeper will close the doors, the Sergeant at Arms will notify the absentees, and the Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

Anderson	Fitzgerald	Kitchin	Rose
Anthony	Flood	Kreider	Rowland
Bacharach	Flynn	LaGuardia	Sanders, N. Y.
Baer	Francis	Lea, Cal.	Sanford
Borland	Frear	Lehibach	Saunders, Va.
Bowers	French	Lenroot	Schall
Britten	Fuller, Ill.	Littlepage	Scott, Pa.
Brodbeck	Fuller, Mass.	McCormick	Scully
Buckner	Gandy	McCulloch	Sherley
Buchanan	Garland	McKinley	Sherwood
Butler	Gillett	Madden	Sims
Caldwell	Godwin, N. C.	Maher	Slayden
Capstick	Good	Mann	Slemp
Carew	Goodall	Martin, Ill.	Smith, C. B.
Cary	Gould	Martin, La.	Snell
Chandler, Okla.	Graham, Ill.	Mason	Stafford
Church	Graham, Pa.	Meeker	Stafford
Connelly, Kans.	Gray, N. J.	Miller, Minn.	Sterling, Pa.
Cooper, Ohio	Greene, Mass.	Morin	Stiness
Cooper, W. Va.	Griest	Mott	Strong
Copley	Griffin	Mudd	Sullivan
Costello	Hamill	Neely	Summers
Crago	Hamilton, N. Y.	Nelson	Swift
Cramton	Harrison, Miss.	Nolan	Switzer
Crosser	Haskell	Oliver, N. Y.	Templeton
Currie, Mich.	Hastings	O'Shaunessy	Thompson
Curry, Cal.	Hayes	Overmyer	Tilson
Dale, N. Y.	Heaton	Paige	Tinkham
Darrow	Heintz	Parker, N. Y.	Treadway
Davis	Hill	Peters	Van Dyke
Dempsey	Hollingsworth	Platt	Vare
Dewalt	Huddleston	Polk	Ward
Dies	Hulbert	Powers	Wason
Dooling	Hutchinson	Pratt	Watson, Va.
Doremus	James	Price	White, Me.
Dunn	Johnson, Ky.	Ragsdale	White, Ohio
Elston	Jones, Va.	Randall	Williams
Estopinal	Juhl	Rankin	Wilson, Ill.
Evans	Kahn	Reavis	Winslow
Fairchild, G. W.	Kelley, Mich.	Riordan	Woodward
Fairfield	Kennedy, R. I.	Robbins	Young, N. Dak.
Farr	Kless, Pa.	Robinson	Young, Tex.
			Zihman

The SPEAKER. On this vote 261 gentlemen, a quorum, voted. The Doorkeeper will open the doors. The gentleman from Illinois [Mr. FOSTER] is recognized.

Mr. FOSTER. Mr. Speaker, I move to suspend further proceedings under the call.

The motion was agreed to.



## SUSPENSION OF WORK ON MINING CLAIMS.

Mr. FOSTER. Mr. Speaker, I yield to the gentleman from Kansas [Mr. CAMPBELL] 10 minutes.

The SPEAKER. The gentleman from Kansas is recognized for 10 minutes.

Mr. CAMPBELL of Kansas. Mr. Speaker, there was no division in the committee on this resolution. After a statement had been made as to the parliamentary status of the bill which it makes in order, it appeared to all the members of the committee that the bill should be passed and become a law at the earliest date possible.

Mr. FOSS. Mr. Speaker, will the gentleman yield?

Mr. CAMPBELL of Kansas. Yes.

Mr. FOSS. Has not this been done in previous years?

Mr. CAMPBELL of Kansas. Yes. This is not an unusual thing, and it was thought, in view of the war and the difficulty in getting labor and the difficulty in doing the things that these men are required to under the law, it was but just that this action should be taken at this time.

Now, I yield five minutes to the gentleman from Wyoming [Mr. MONDELL].

The SPEAKER. The gentleman from Wyoming is recognized for five minutes.

Mr. MONDELL. Mr. Speaker, while I represent a mining State, I have had no considerable number of requests for the passage of an act relieving for this year the locators of mining claims from the necessity of expending at least \$100 during the year on and for the development of each claim. While that is true with regard to Wyoming it is also true that there has been a very great demand from the surrounding mining States, where there is a large amount of metalliferous mineral development, asking for this relief under the conditions that now exist. The men who hold these metalliferous mining claims—and in the main it will be metalliferous mining claim holders who will be relieved—are largely men of limited means. This year, by reason of the extraordinary demand for labor, they have been called down from the mountains very largely to do needed work elsewhere. It would be a great hardship to require of them that they do their assessment work in every case this year in order to hold their claims. It would not in some cases be in the public interest to require it. I shall, however, at the proper time offer an amendment which I believe will not be objected to by anybody—I hope it will not—excepting from the operation of this act oil placer mining claims. I do not think those responsible for the act intended that oil placer claims should be included in its provisions. Nevertheless they are, under the broad terms of the bill. Oil placer mining claims differ very widely from the ordinary metalliferous mining claims. While conditions exist under which it is perhaps wise that we should relieve the metalliferous miner, the oil-placer locator should this year be at work. This year of all years the oil locator, in the public good, should be developing his claim. There has been, so far as I know, no request or demand—at least none has reached me—from the locators of oil placer claims that they be relieved from the necessity of doing their assessment work. It is important that that work go on, that that development continue; in fact, to attempt to relieve from the necessity of doing assessment work where there is a lively development might complicate the situation badly; and therefore this class of claims should not be included in the general provisions of the bill. I hope the amendment I propose to offer will be accepted.

Mr. FOSTER. Mr. Speaker, I move the previous question on the rule.

The previous question was ordered.

The SPEAKER. The question is on the adoption of the rule.

The motion was agreed to.

The SPEAKER. The Clerk will report the joint resolution.

The Clerk read Senate joint resolution 78, to suspend, during the present war with Germany, the requirement that not less than \$100 worth of labor shall be performed or improvements made on each mining claim during each year for all owners who, in lieu of such assessment work, expend the sum of \$100 in the raising or manufacturing of products necessary for the maintenance of the Army, Navy, or people of the United States, or shall perform 25 days of labor in any beneficial occupation, or pay into the Treasury of the United States \$100, as follows:

*Resolved, etc., That in order that labor may be most effectively used in raising and producing those things needed in the prosecution of the present war with Germany, that provision of section 2324 of the Revised Statutes of the United States which requires on each mining claim located, and until a patent has been issued therefor, not less than \$100 worth of labor to be performed or improvements to be made during each year, be, and the same is hereby, suspended during the present war with Germany: Provided, That the owner of each mining claim desiring to avail himself of the suspension hereby extended shall during each year expend, in lieu of such assessment work, the sum of \$100 in the raising, producing, or manufacturing of products necessary for the maintenance and support of the Army, Navy, or people of the United States, or shall*

*perform 25 days of labor in any beneficial occupation, or pay into the Treasury of the United States the sum of \$100: Provided further, That on or before the 31st day of December of each year of said period of the war the owner of each of such mining claims shall file in the office of the county clerk and recorder of the county in which such mining claim is situated an affidavit that he has expended or paid such sum or performed such labor as is required herein, describing same, since the 1st day of January of that year.*

*This act shall not be deemed to amend or repeal S. J. Res. 33 of the Sixty-fifth Congress.*

With the following committee amendments:

Page 1, line 5, after the word "that," insert the word "the."

The amendment was agreed to.

Page 2, beginning with the word "present" in line 5, strike out all down to and including the word "year," in line 21.

The amendment was agreed to.

Page 2, line 21, beginning with the word "year," insert the following: "year 1917: *Provided*, That every claimant of any such mining claim in order to obtain the benefits of this act shall file or cause to be filed in the office where the location notice or certificate is recorded on or before December 31, 1917, a notice of his desire to hold said mining claim under this act."

The amendment was agreed to.

Mr. MONDELL. Mr. Speaker, I offer the following amendment.

The SPEAKER. The gentleman from Wyoming offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. MONDELL: On page 3, line 3, after the word "act," insert: "*Provided*, That this act shall not apply to oil-placer locations or claims."

The SPEAKER. The question is on agreeing to the amendment offered by the gentleman from Wyoming [Mr. MONDELL].

The question being taken, the Speaker announced that the yeas appeared to have it.

Mr. TAYLOR of Colorado. Mr. Speaker, if the Chair will withhold the announcement just a moment, I want to say that probably this amendment ought to have been inserted into the resolution by the committee, and I feel now that it would be wise to accept it. On behalf of the Committee on Mines and Mining and the Members generally from the West, I feel justified in accepting this amendment.

I therefore hope the amendment offered by the gentleman from Wyoming will be adopted.

The question was taken, and the amendment was agreed to.

Mr. WALSH. Mr. Speaker, I am opposed to the passage of this measure. It is possible, and I presume it will be thought very probable, that my opposition is due to my ignorance of mining laws and mining conditions; but it is proposed by this bill, by a special act, to relieve men who have entered upon mining claims from the terms of the conditions which were imposed upon them when they entered upon those claims, namely, that they should perform work to the amount of \$100 in each year; and if they failed to do that their claim should then cease, and such claim or location would be open for entry by any other person who might care to perform the requirements of the law and make entry thereon.

I am opposed to this because it is not a war measure. We have passed two or three special acts relieving the settlers and the worthy pioneers who are prospecting and assisting in the development of these great Western States from the terms and conditions of the statutes where the relief was desired because of absence from home and active participation in the war. They say they can not get men to work upon these claims, and that therefore they should be relieved of the obligation which they assumed when they entered upon the location. That is no sufficient excuse for setting this dangerous precedent. The report states that a large percentage of the work done—I think 90 per cent in some cases—amounts to dead work. I am somewhat unfamiliar with the proper interpretation of the phraseology "dead work," but I assume that it means work that does not really accomplish much, nor does it show the value of the claim or the presence of any valuable metal or ore within the ground.

Mr. RAKER. Will the gentleman yield right there?

Mr. WALSH. I prefer not to yield just now. I say that to pass this act at this time, particularly with the amendment that has been adopted, which was offered by the gentleman from Wyoming [Mr. MONDELL], is unwise. It is late in the year. There are not many more months or weeks when work can be done this year, and if this act is passed, undoubtedly early in the next session we will be asked to pass another special bill relieving the same men for the same reason from performing work next year, because the holders of claims can not get men to do the work. It is well known that a great many of these mining locations are owned and operated by corporations having quite a considerable bit of capital; and in those instances, if the owners of such claims cared to pay a proper rate of wage,



in view of existing conditions in this country, they could get this work performed. I have no doubt of that. But if they want to relieve these men from the necessity of expending \$100 or performing \$100 worth of work, I submit to the House that it would have been more proper to have provided that they should have been required to do only \$25 worth of work, or some nominal sum, but require the prospectors who entered into this agreement and took out these claims and agreed to do this work to perform some sort of work in return.

There is such a thing as good faith, and we ought not to be petitioned by any special class to dispense with men evidencing it when they are practically given claims worth, in many instances, thousands of dollars.

We are tending toward a repeal of this provision. If that is done we will relieve them from it. There will be many claims which people other than those who have now filed upon them may believe to be of considerable value. We are saying to them that if John Jones is about to throw up his claim on a certain location, we are going to allow him to keep that claim during the remainder of this year, and presumably all of next year, without doing any work upon it, and so preclude John Smith, the honest prospector who may have waited years for a chance to secure a chance to try his luck and who may have greater faith in the same claim, from filing upon it and keeping the bargain he has made with the Government, namely, to perform this work.

Another reason which I feel is a good one for not passing this measure is that it is not a war measure, and also because of the manner in which the committee has amended the bill. As originally drawn these men who had these claims were obliged to give an equivalent in work or labor or production, either directly to the Government or indirectly to the Army or Navy or the people of the United States, and who are obliged to perform 25 days of labor in such beneficial occupation.

Now, that language would have required these men in lieu of the work upon these claims far up in the lonely mountain, where it is expensive and arduous to get materials and labor and subsistence—it would have required them to furnish an equivalent in labor and materials or production to the Government or the people of the Army or the Navy.

The SPEAKER. The time of the gentleman has expired.

Mr. WALSH. Mr. Speaker, I ask for three minutes more.

The SPEAKER. Is there objection?

There was no objection.

Mr. WALSH. With that requirement in the bill we would not have been making, so to speak, a present of these claims during the remainder of this year and during the future. I fear the enactment of this legislation will lead to a repeal of that provision requiring \$100 worth of work on these claims and virtually make a present of this land to the men who may happen to file on the location.

Nobody can contend that the Government of the United States has not been fair and most generous to the men who go out into that far western country and engage in this sort of work. The laws that have been passed have been such as to encourage them to go into these occupations, and the statutes have been passed giving them every protection. The Federal Government is expending much money for the benefit of the favored few, and the day seems still far distant when the great West will be willing to get down to earth on a plane with the rest of the common people.

Now, I say it is unfair, by a measure such as this, to relieve men of their obligations and make them a privileged class, and result in not improving the development of the country, but will result in hindering the development of the mining country, because the people will file on the claims, allow them to go without any work week after week and month after month, keeping those who are in earnest and in good faith from filing upon them and complying with the requirements of the law.

Mr. RAKER. Will the gentleman yield?

Mr. WALSH. I will.

Mr. RAKER. Does the gentleman realize that the men who file on mining claims at any time between now and the 1st of January, 1918, do not have to do any assessment work at all, and therefore the men now relieved will be in the same position as a man who could go in and file between now and January 1, 1918?

Mr. WALSH. The men now relieved are men who have had claims for a year, and the argument is that because they did not do the work the Government should go in and relieve them and save what money they have expended. In other words, they have taken and entered into an agreement, and because they did not see fit to keep their part of the agreement they should be relieved for the balance of this year, and probably it will be during the term of the war. They will be able to keep these claims despite the wording of the statute which was in effect

at the time they filed on them. It does not only affect the men who file now, and there will be very few of them, but those who have filed heretofore and who have been waiting during all this session of Congress to have the Committee on Rules report a special rule to save them from performing this work. If they had been in good faith, if they had wanted to do as they agreed to do, they would have had the work done long ago, and we should not have had to consider this measure as a part of the war program, but would take it up at the regular session of Congress. I trust the House—although I know it probably will not do so—will defeat this measure. We will probably be shown when a war measure is not a war measure.

Mr. TAYLOR of Colorado. Mr. Speaker, on the 18th of last June I introduced House bill 5081, providing for the suspension during this year of that provision of the mining law requiring \$100 worth of work to be annually performed upon mining claims, which is known as annual-assessment work.

Along about that time, or possibly earlier, several similar bills were introduced in the Senate. The resolution under consideration—Senate joint resolution 78—was passed by the Senate on July 9 and was referred to the Mines and Mining Committee of the House. The Senate committee had not submitted the matter to the Interior Department or the Bureau of Mines for report, and the Mines and Mining Committee of the House deemed it of sufficient importance to warrant obtaining the opinion of the Interior Department upon the subject.

Both my bill and the Senate resolution were referred to the Interior Department, and three reports obtained thereon. As a result of these reports and the consideration by the committee, it was deemed advisable to substitute my bill for the Senate resolution. The Senate resolution, as it passed the Senate, covers the period during the war, whereas my bill only extends it for this year. But the Senate resolution provided for a showing as to the claimants doing a hundred dollars' worth of work in certain other capacities, which the Interior Department reported was impracticable and inadvisable and unnecessary. For that reason the committee asked the adoption of this substitute and very earnestly recommended the passage of this bill.

The gentleman from Massachusetts [Mr. WALSH] is entirely in error in assuming that this measure is solely in the interest of the large corporations. As a matter of fact, it is of very little concern to the mining corporations generally, excepting that they would be injured by losing the services of a large number of good miners during the time that they would be required to do their own assessment work on claims.

The fact is that there is such a scarcity of labor throughout the mining sections of the West at this time that it is impossible for people to secure miners to do their assessment work, and the result is the assessment work will have to be left undone very largely—at least, a large per cent of what is not already done—because of the inability of the owners of claims to secure the labor necessary to perform this work.

I will not go into this matter in detail, but will call attention to my report upon this bill, a portion of which is as follows:

After obtaining those reports from the Interior Department your committee received a number of urgent requests from various mining sections of the Western States urging Congress to suspend the operation of the annual assessment law during the war, or at least during this year. This appeal came from nearly all portions of the mining regions of the West, and was very urgently asked for throughout Alaska. These requests are based principally upon the grounds—

First. On account of scarcity of labor and the actual inability to procure men to do this year's assessment work.

Second. Because a great many prospectors and miners have enlisted in the Army and Navy and many others are being drafted.

Third. Because mining development, especially in the way of prospecting and new discoveries, is practically at a standstill at the present time, and the exceeding high cost of powder, steel, and other materials makes assessment work almost prohibitive.

Fourth. Because approximately 90 per cent of all the assessment work done is virtually dead work; that assessment work does not bring about practical development; and during these times it is looked upon as unreasonable and wrong to require any useless or unproductive expenditure of either labor, money, or materials, and that wasted energy in any direction should not be required in these war times.

During times of peace annual assessment work on mining claims performs a beneficial service in preventing mining ground from being held for speculative purposes and has the merit of occasionally leading to important mineral discoveries. Annual assessment work also provides labor and a livelihood to a small but deserving class of pioneer people. But it is thoroughly well known throughout the mining sections of the West that to a very large extent annual assessment work is to all practical extents and purposes an economical loss and utter waste of money, labor, and material.

The general custom for many years throughout many of the mining sections of the West has been to estimate mining work at \$10 a foot in sinking shafts or driving tunnels, and that the extension of a tunnel of the ordinary size 10 feet or the sinking of a shaft the ordinary size 10 feet is an expenditure of \$100 in assessment work; and when that work is done and that expenditure is made and an affidavit thereof filed, that holds the claim for another year. But it is only in rare cases where this small amount of extension work ever actually brings about any useful development or the opening up of a mine. It is usually performed primarily for the purpose of holding the claim and



keeping it from being "jumped," or, in other words, located by some one else.

The owner of a claim either goes out and does that work himself, probably spending two or three weeks or a month in performing the work, or he hires some one else to do so, and furnishes the powder, tools, and provisions necessary for the work. Usually the work is done by hiring some one to do it, and in ordinary times there are men around every mining camp who are glad to get this work to do. But at the present time that condition is entirely changed. There are scarcely any available men in any mining camps or communities, as all men capable of doing that kind of work are very busily engaged in some other capacity. They have either gone to the war or have good positions. Miners and men familiar with the mining industry are in very great demand in all mining fields in the country. They are working in developing, extending, and operating actual mines, doing their utmost in the production of mineral, and there is no available labor, practically speaking, anywhere to do this assessment work this year. It is looked upon, as above stated, as an unnecessary waste to require these men to spend their time and resources doing work on mining claims or prospect holes, only a very small per cent of which will ever turn out to be mines, and when a much more infinitesimal per cent will be developed in any practical way by this annual labor.

In view of this situation, your committee again took up the consideration of these bills, and decided to amend the Senate resolution by substituting in lieu thereof the Taylor bill, providing for an exemption from all annual assessment work during this year, instead of during the war, and making no requirements as to showing of labor in other capacities, and the committee authorized a favorable report upon the Senate joint resolution as amended in that form.

After the committee had come to that determination it also authorized Mr. Taylor to again take the matter up with the Interior Department for further consideration, in view of the status of the mining situation throughout the West, as shown by petitions and letters of appeal asking to be relieved from this annual work. In response to a request for further consideration of the subject, the Secretary of the Interior made an additional or supplemental report thereon approving the action of your committee, as follows:

DEPARTMENT OF THE INTERIOR,  
Washington, August 1, 1917.

MY DEAR MR. TAYLOR: In accordance with your request that I submit further advice upon S. J. Res. 78, with amendments suggested thereto by the House Committee on Mines and Mining, I have to advise as follows:

S. J. Res. 78, as passed by the Senate, proposes to relieve owners of mining locations from performing the annual assessment work required by existing law during the existing war, provided that each such claimant shall spend each year the sum of \$100 in raising, producing, or manufacturing products for the Army, Navy, or people of the United States, or shall perform \$25 worth of labor in any beneficial occupation, or shall pay into the Treasury the sum of \$100.

I submitted an unfavorable report upon this measure to the chairman of the Committee on Mines and Mining, House of Representatives, July 19, 1917, suggesting that the production of minerals is important, as well as the growing of agricultural crops, and that, in my opinion, the exemption from performance of assessment work should not extend further than to claims owned by officers and enlisted men of the United States Army and Navy, which exemption is provided for by an act recently passed.

The House committee's substitute for S. J. Res. 78 is substantially to the effect that owners of mining locations shall be relieved from the performance of annual assessment work during the year 1917, upon condition that each claimant shall file in the office of the proper county recorder on or before December 31, 1917, notice of his intention to claim the benefits of the measure.

Upon further consideration of the matter, I am inclined to favor the resolution as proposed by the House Committee on Mines and Mining. It is more simple and will be easier to administer than would the Senate resolution.

Cordially, yours,

FRANKLIN K. LANE,  
Secretary.

HON. EDWARD T. TAYLOR,  
House of Representatives.

There is far greater reason now for the enactment of this law than there was in either 1893 or 1894. In those years there were amply sufficient idle men to perform the work, and they needed the work. It was to a certain extent a hardship to deprive them of the opportunity of obtaining that kind of employment. But at the present time there are, practically speaking, no men available, and the work can not be done. A large per cent of the claimants of these mining locations will be compelled to allow their assessment work to go undone, and take chances of their claims being jumped. It is a hardship upon them with no corresponding benefits to the Government or to the States or mining locations, or any individual, to require them to do this work during this year. On the contrary, the labor, and powder, and steel, and provisions that would be thus needlessly consumed and expended in this annual dead work would be worth very much more to the country if used in the production and development in which it will otherwise be used.

Therefore, your committee urgently recommends the passage of this bill in the amended form as a public necessity, and as an emergency war measure.

I have received quite a large number of letters and telegrams and resolutions in support of this measure. Of course, the Members of the House will remember that we some time ago passed a bill relieving locators who had joined the Army or Navy or other branches of the service from performing annual assessment work during their period of service. But that is not sufficient to meet conditions in the West at this time. The poor prospector does his own work, and the man of means hires men away from producing properties for that purpose.

In times of distress like these, when it is important to produce as much mineral as possible, it is of the utmost importance for the Government itself to temporarily waive the requirements of this annual labor. A law of this kind generally in effect is fair to everybody and will be beneficial to the whole country. It will obviate the necessity of taking men away from

producing mines, and thereby increase the production of mineral; and, as I stated in my report on the bill, there is ten times more reasons why this law should be passed than there was for the similar acts of 1893 and 1894.

The present high price of metals has brought about great prosperity to the large mines. But small operators, with narrow and variable ore bodies, are not so fortunate. To them the proportion of expenses, represented by labor and explosives, have risen so high that it has very greatly offset the increased value of their products. In fact, many mines are so short of men that they are prevented from taking advantage of a favorable market. Throughout the West generally the labor situation was never so adverse as it is in the mines at this time.

The joint resolution as amended and now agreed upon reads as follows:

Joint resolution to suspend the requirements of annual assessment work on all mining claims, excepting oil locations, during the year 1917.

*Resolved, etc.,* That in order that labor may be most effectively used in raising and producing those things needed in the prosecution of the present war with Germany, that the provision of section 2324 of the Revised Statutes of the United States which requires on each mining claim located, and until a patent has been issued therefor, not less than \$100 worth of labor to be performed or improvements to be made during each year, be, and the same is hereby, suspended during the year 1917: *Provided*, That every claimant of any such mining claim in order to obtain the benefits of this act shall file or cause to be filed in the office where the location notice or certificate is recorded on or before December 31, 1917, a notice of his desire to hold said mining claim under this act: *Provided*, That this act shall not apply to oil placer claims or locations.

This act shall not be deemed to amend or repeal S. J. Res. 33 of the Sixty-fifth Congress.

MR. WALSH. Will the gentleman yield?

MR. TAYLOR of Colorado. Certainly.

MR. WALSH. Will the gentleman state how or why it is that they can get labor, which is very scarce out in that country, according to the terms of the report, to work on oil wells, but can not get them to work on mines?

MR. TAYLOR of Colorado. I will try to answer that. The drilling for and location of oil claims is, generally speaking, a rich man's proposition; it is usually done by corporations. Developing oil wells is very seldom within a poor man's reach. Poor men do not develop oil claims. For that reason we say that the corporations engaged in speculating in or developing oil lands can and ought to do this annual work. The amendment offered by the gentleman from Wyoming [Mr. MONDELL] simply provides that oil claims shall not be relieved, because, as he says, there are very few poor men who would be benefited by relieving them from the annual assessment work on oil claims; but so far as the metalliferous mining claims are concerned nearly all those locators are poor people, laborers, very often men who have got jobs in productive mines somewhere else. Railroad men, clerks, and farmers very often have a mining claim somewhere. The miners are now getting from four to six dollars a day, and they can not afford to leave their work in the productive mines and go off into the mountains and put in two or three weeks at this time and spend a considerable amount of money on powder, which is very high, and on steel and provisions to do their annual assessment work. As I say in my report, 90 per cent of that assessment work does not develop a paying mine. In many cases they might just as well take that money and throw it into the river for all the actual practical mining development it produces, and this is no time for waste of labor, time, food, steel, powder, or anything else.

MR. WALSH. The gentleman does not contend that most of the locations for mines out there in that mining country are not owned by corporations to a very large extent, does he?

MR. TAYLOR of Colorado. Oh, no; the big paying mines—the producing properties—are very largely owned by corporations. But the corporations do not bother much with the prospect holes. They wait until there is a mine, or until there has been sufficient development to satisfy their experts that they can make a mine, and then they go and buy it and develop it. It is these locations made by the prospectors that the law requires a hundred dollars' worth of work on each year that we seek to protect. This bill is in reality a great conservation measure. It prevents waste, useless expenditure, and loss of time, labor, food, and materials, and also augments the actual production of the country, and the measure ought to meet with the approval of every Member of this House, and I hope and believe it will pass practically unanimously.

MR. RAKER. Mr. Speaker, I am heartily in favor of this legislation as it has been reported by the Committee on Mines and Mining of the House. It should pass, so it can be approved by the President at the earliest moment. It is entirely just and proper legislation. I desire to call the attention of the House to one or two things in respect to the objection made by the gentleman from Massachusetts [Mr. WALSH], that it will



affect the men and women who have mining claims this year, and that somebody will get the benefit. A man who files on a mining claim between now and the 31st day of December, 1917, does not have to do any work on his claim for this year but can do it all in 1918, up to December 31, 1918, and as a matter of history in the mining countries, and the district that I represent is the greatest in the world in these mining matters, I want to say that 95 per cent of these claims on this kind of work are by men who have been developing the mines of the West and who spend this amount of money for the purpose of developing the country to the end that the mines may be discovered. They are real prospectors and miners. They are the men who have developed the western country. Early in the spring the snows are deep, and it is hard to get out water claims in many cases, and then they use the water of the streams in early spring and summer for the purpose of washing and sluicing and for actual mining on developed mines. Then comes the seed time and then the harvest, and these men work in the seeding and harvest, and then in the fall they help to gather the crops, and during the months of October, November, and December is the time when 90 per cent of the assessment work is done on the mines. Then they do the prospecting and assessment work. After the spring, summer, and fall work is over they have gathered together a few dollars—they have got a grub stake—and they have their powder and steel and a little burro, and then they go up into the mountains to develop the mine—do the assessment work and mine these prospects. Of course, some work all times of the year; others whenever they can get the money to put into the mining operations. Some get the money out of the prospect or mine; but a great number do as I have just stated. All of that thing has turned out to the advantage of the country every time and under every occasion. These miners who have the energy to do that are very much in demand in the harvest field, in the gathering of potatoes, hops, wheat, and harvest generally, and in all other necessary work that should be done now, and they ought to finish this work and then go into their mines and develop and do this assessment work. Why compel them to throw away, in a great many instances, this hundred dollars' worth of labor that ought to be expended in liberty bonds, and that ought to be expended in assisting their families and in helping the country in other ways at the present time?

I have received letters from women who own mining claims. Their boys are gone and the boy's claim is protected, but the mother's claim is not protected. The boy is gone from the farm and the father has got to look after his own claim. The boy's claim is protected, and why compel the man to give up his time and take his money and go 10 or 15 or 20 miles into the mountain and spend a hundred dollars on this mining claim when the same can just as well wait until next year, and he may be allowed to expend that hundred dollars in defense and development of what we need in this country so much at the present time. Many miners have written and telegraphed me about this legislation. They all want it. It is needed at the present time.

Mr. WALSH. Mr. Speaker, will the gentleman yield?

Mr. RAKER. Yes. I yield.

Mr. WALSH. Does the gentleman contend that if these claims were allowed to lie for three years that they are being developed or that there would be any development of them?

Mr. RAKER. This bill simply provides that he need not expend the hundred dollars between now and the 31st of December, 1917, at midnight. If he does not do this assessment work of \$100 for the year 1917 at that hour, at 12 o'clock midnight, January 1, 1918, the claim is jumpable. Why put this man to this trouble, why compel him to go out and spend this hundred dollars, when you can give him the right to say that his claim will be protected; that it will be looked after; and that the Government is getting the benefit of the man's labor in other fields?

Mr. WALSH. If it is jumpable at 12 o'clock midnight, it is just as easy for the man who has it to jump it again as some stranger.

Mr. RAKER. Oh, no.

Mr. WALSH. Why not?

Mr. RAKER. The gentleman never jumped a mining claim.

Mr. WALSH. No.

Mr. RAKER. You do not want to go out at midnight, as many a fellow has, and never come back again.

Mr. TIMBERLAKE. Will the gentleman yield?

Mr. RAKER. I yield.

Mr. TIMBERLAKE. Is it the desire to have this law passed on the part of those people holding these claims because of the fact they do not wish to expend the \$100?

Mr. RAKER. No, sir; the desire is that this assessment work be relieved, so that they might take this \$100 and take their time for the purpose of giving it to the benefit of this country, so that it may successfully conduct this war.

Mr. TIMBERLAKE. Is it not a further fact that another reason is that it is impossible on account of labor conditions there to employ the labor?

Mr. RAKER. Ah—

Mr. TIMBERLAKE. I have received telegrams—

Mr. RAKER. Surely—

Mr. TIMBERLAKE (continuing). Saying that they were offering \$15 a day for men to do this assessment work for them and it was impossible to procure this labor.

Mr. RAKER. The gentleman is correct about labor being scarce, and that it being scarce you have to pay two or three times for the labor, and a man can give his time better to looking after his family and looking after conditions than by using it upon a mining claim at this particular critical period.

Mr. WALSH. Can they get labor for these oil fields?

Mr. RAKER. I think the oil amendment is wrong.

Mr. FOSTER. Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

Mr. MONDELL. Will the gentleman withhold that for two minutes? [Cries of "Regular order!"]

The previous question was ordered.

The joint resolution was ordered to be read a third time and was read the third time.

The SPEAKER. The question is on the passage of the joint resolution.

The question was taken, and the Speaker announced the ayes seemed to have it.

Mr. WALSH. Mr. Speaker, I ask for a division, the result of the vote not having been announced.

The House again divided; and there were—ayes 83, noes 3.

So the joint resolution was passed.

The title was ordered to be amended to conform to the text.

On motion of Mr. FOSTER, a motion to reconsider the vote by which the joint resolution was passed was laid on the table.

#### THE PRESIDENT'S REPLY TO THE POPE.

Mr. JONES of Texas. Mr. Speaker, I am heartily in accord with the sentiments heretofore expressed by the gentleman from Oklahoma [Mr. FERRIS], and I unreservedly indorse his speech.

The greatest of all of the President's state papers is his reply to the Pope. Its meaning is plain, its language is simple, and its logic irresistible. With a force that is staggering it exposes in a single sentence the terrible crimes of the German ruling classes, and at the same time points unmistakably to the only pathway out of the darkening storm. It satisfies those Americans who thought there should be a restatement of our war aims. It satisfies those who, notwithstanding the President had in his message to the Senate outlined what he conceived to be the basis of a lasting peace, nevertheless believed that since our recognition of an existing state of war, there should be a concrete statement of our war aims as a party to that war.

Taking advantage of the state of affairs some had assumed to believe that the President had abandoned the high ideals and motives which had first inspired him and was endeavoring to commit this country unreservedly to any war aims that any of our allies might purpose to achieve. Of course no one who knew the facts was deceived, but there was danger of some good people being misled. A great many therefore were anxious that occasion should arise for a definite statement of our war purposes. The peace offer furnished this opportunity. The President arose to the occasion, and in an address, magnificent in form and crowded with substance, stated our aims so clearly and so cogently that no sane American can doubt the lofty patriotism which impels him nor the ideals to which he clings. After that statement no one can doubt the duty of an American. All true citizens have united in a common purpose to fight this war to a successful conclusion, and to weave that conclusion into the fabric of a just and lasting peace.

There can be no cessation of the present strife until a peace shall have been secured by guaranties that will prevent, without question, a repetition of present conditions. This being the end to be attained, everything standing in the way of its accomplishment must be swept aside. The way is blazed. The pathway leads forward, not backward, and we can not stop until that ultimate end shall have been attained. No true American wants the struggle to continue one minute longer.

The note in effect tenders peace to the German people on the following basic conditions:

First. No punitive damages.

Second. No dismemberment of empires.

Third. No establishment of selfish and exclusive economic leagues.



Fourth. The rights of peoples, great and small, to freedom and security and self-government, and to participation upon fair terms in the economic opportunities of the world.

No great nation has ever before offered such terms while yet it possessed fighting strength. Heretofore, the successful nation has always imposed harsh terms. Treaties of peace therefore have always sown the seed of a future strife. The defeated nation, embittered, has nursed its wrongs and sought an opportunity to retrieve its fortunes. But the spokesman of this great country, lifting up his eyes, has caught a vision of earth's tribes and peoples freed from the dangers of ambitious and designing monarchs. After this war "there must be no next time."

One of the great obstacles has been the seeming desire on the part of those engaged in the war to establish exclusive economic leagues and the consequent fear of national ruin. Another obstacle in the pathway has been the fear of dismemberment through which the Kaiser has been able to keep his people deceived and misled. But any seeming confusion has been swept away. The ringing declaration of America's position is as clear as the tolling of a bell. The President has not rejected peace. On the contrary, the door is left wide open and the German people might have peace on terms the fairest that were ever offered, and guaranteed by themselves. Could an American ask for a finer statement than has been given? Until the German people are in a mood to accept such conditions it can not be safe to stop or falter. Every loyal American will press forward.

We all wish the struggle might have been avoided. When the resolution recognizing a state of war was up for disposition our minds instinctively longed for a different solution. If faith by delaying could have seen a bow of promise through a rift in the clouds, or if hope by lingering could have seen a star in the far East to lead us out of the depression, we would have welcomed its light. But Prussianism had decreed otherwise and no choice was left. Prior to the passage of the resolution 19 American ships were sunk and many lives were lost. These ships were going where they had a right to go and doing what they had a right to do. They were laden with the products of American fields, factories, and mines. In the War of 1812 we fought and defeated England for interfering with our rights on the high seas, when no ships were sunk and no American lives lost, and we can not afford to surrender those rights, which we inherited after tremendous sacrifice, to Germany or any other nation.

This is an American war to enforce and protect American rights. In the complex makeup of modern life access to the high seas is essential. Otherwise our products will stagnate on our hands, our people will starve, we will grow weak, and liberty will perish at the hands of autocracy.

Mr. DYER. Will the gentleman yield for a question at this time?

Mr. JONES of Texas. I will.

Mr. DYER. The gentleman has said that the people of his district are heartily in accord with the President. That is in reference to the war, I take it.

Mr. JONES of Texas. Yes.

Mr. DYER. I will ask him if it is not a fact that the whole people, if they are worth their salt, are with the President all over the country?

Mr. JONES of Texas. Undoubtedly. The American people are solidly behind the greatest of all American Presidents, our Commander in Chief, Woodrow Wilson. The people have laid aside their differences and are now determined to back the President in whatsoever measures he may find necessary. He is our only star of hope amid all this gloom, and there is no choice but to follow him to the end of the struggle.

With the passage of time I am more and more convinced that we must all unite in a supreme struggle to secure the end to which our Government is pledged and for which our hearts long. This country from Lakes to Gulf and from sea to sea is fighting to the goal of victory, whose effect will tend to unite all peoples of the world. In view of these facts I have recognized the need of the hour and have never withheld my support from measures proposed by the executive head of our matchless Nation as touching the emergencies now pending.

We know not how near nor how far may be the accomplishment of our hopes, but we are conscious of the righteousness of our cause, and we know that it must ultimately prevail. The vision of this country is broadening. We are being molded into a new relationship just as surely as in the Revolutionary War the Thirteen Colonies were being cast in a new form, which was afterwards slowly but none the less surely and gradually wrought out. Inspired by the sacredness of the cause of human liberty, inspired by the wisdom and foresight of the founders of this Nation, inspired by the industry and frugality of a generation of

builders, and assisted by the guardians of liberty everywhere, we can trust, with a glorious hope, that when the smoke of battle has lifted a new luster shall shine in the faces of the peoples of earth—their purposes purified and refined as by fire. With these motives accomplished and these ends attained, human liberty will in the future be guarded by the common desire for a lasting peace secured by guaranties to all peoples.

We can hope with a hope that is fast ripening into faith that the time may soon come when, by international agreement, all armament and all military preparation may be reduced to a minimum, when all this economic waste may be avoided; when the governments of earth shall be governments of the people; when the rights of nations, great and small, to the great common highway of the seas will be recognized; when the "reeking tube and iron shard" will become relics of a passing struggle, never again to be invoked; and when liberty, equality, manhood, and fair play shall be the ruling passions of men. The pathway to this hope leads through the darkness and storm of conflict, but surely the glory of the end will justify the struggle and faith of the present.

#### BUILDING FOR USE OF TREASURY DEPARTMENT.

Mr. NORTON. Mr. Speaker, I ask unanimous consent to address the House for five minutes.

The SPEAKER. The Chair will put the request as soon as he gets through with the gentleman from Florida [Mr. CLARK].

Mr. CLARK of Florida. Mr. Speaker, I ask unanimous consent for the present consideration of the bill S. 2477.

The SPEAKER. The gentleman from Florida asks unanimous consent for the present consideration of the bill S. 2477. Is there objection?

Mr. WALSH. Let the bill be reported.

The SPEAKER. It is the Treasury Annex. The Clerk will report the bill.

The Clerk read as follows:

An act (S. 2477) to authorize the construction of a building for the use of the Treasury Department.

*Be it enacted, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized and directed to cause to be constructed, upon land belonging to the United States at the northeast corner of Pennsylvania Avenue and Madison Place, in the city of Washington, D. C., a suitable building, complete, for the use of the Treasury Department, and to cause an underground connection of said building with the Treasury Building to be constructed; and the Secretary of the Treasury is hereby authorized and empowered to enter into the necessary contracts at a total limit of cost for said building and underground connection of not to exceed \$1,250,000. The plans for such public building to be approved by the Commission of Fine Arts.

Sec. 2. That the Secretary of the Treasury is hereby further authorized, without regard to civil-service laws, rules, or regulations, to obtain such special architectural or other expert technical services as he may deem necessary and specially order in writing, and to pay for such services such prices or rates of compensation as he may consider just and reasonable from the appropriation for said building, any statute to the contrary notwithstanding.

The SPEAKER. Is there objection?

Mr. COOPER of Wisconsin. Mr. Speaker, reserving the right to object, I think the gentleman from Florida would have no difficulty in securing unanimous consent, nor in passing this bill by unanimous vote, if he would agree not to insist upon that amendment. The corner where it is proposed to locate this building, Mr. Speaker, is, without exception, the most prominent, unoccupied corner in the city of Washington. It is diagonally across from the White House, and immediately in front of the Treasury Building. The White House and the Treasury Building are recognized masterpieces of architecture. This building is also to be just across the street from Lafayette Park, one of the most beautiful places in the city.

Now, in this connection, I desire to say a word to the gentleman from Florida about the Fine Arts Commission. It includes among its members some of the Nation's foremost architects. One of them—and I mention him merely by way of example—is the architect of the remarkably fine customhouse in New York City, of the beautiful State capitol of Minnesota, and of the great Woolworth Building, the most remarkable business structure in the world. The members of the commission are not visionary theorists but practical builders, artists, and architects of the very highest rank.

Mr. POUL. Will the gentleman yield?

Mr. COOPER of Wisconsin. In one moment. I am addressing my remarks particularly to the chairman of the Committee on Public Buildings and Grounds.

Mr. CLARK of Florida. I think I can save the gentleman the time.

Mr. COOPER of Wisconsin. In a moment. I desire to direct the attention of the gentleman and of every other Member of the House to the following order, issued in 1910 by President Taft:



Plans for no public buildings to be erected in the District of Columbia for the General Government shall be hereafter finally approved by the officer duly authorized until after such officer shall have submitted plans to the Commission of Fine Arts, created under the act of Congress of May 17, 1910, for its comment and advice.

And I now direct their especial attention to the following, issued by President Wilson in 1913 and never rescinded:

It is hereby ordered that whenever new structures are to be erected in the District of Columbia under the direction of the Federal Government which affect in any important way the appearance of the city, or whenever questions involving matters of art with which the country or Government is concerned are to be determined, final action shall not be taken until such plans and questions have been submitted to the Commission of Fine Arts, designated under the act of Congress of May 17, 1910, for comment and advice.

President Wilson thus expressly directs that no public building shall be erected under the direction of the General Government in the city of Washington which may affect in any important way the appearance of the city until the plans have been submitted to the Fine Arts Commission designated under the act of Congress.

It does appear to me, Mr. Speaker, that we are in danger of doing a very serious and irreparable wrong to the people of the city of Washington and to all the people of the country should we adopt this committee amendment. We should remember our responsibility. The Constitution of the United States grants to the Congress the sole power to legislate for the District of Columbia, and it is therefore our duty not, by our votes, to permit any architectural disfigurement of the Capital City of the Nation. [Applause.]

The SPEAKER. Is there objection? [After a pause.] The Chair hears none. This bill is on the Union Calendar.

Mr. CLARK of Florida. Mr. Speaker, I ask unanimous consent that this bill be considered in the House as in the Committee of the Whole.

The SPEAKER. The gentleman from Florida asks unanimous consent that the bill be considered in the House as in the Committee of the Whole. Is there objection? [After a pause.] The Chair hears none. The Clerk will report the amendment.

The Clerk read as follows:

Committee amendment: Page 2, line 3, strike out the following: "the plans for such public building to be approved by the Commission of Fine Arts."

Mr. COOPER of Wisconsin. Mr. Speaker, I am opposed to the committee amendment; and on that I wish to say a word more, if the House will pardon me.

This Fine Arts Commission has, I think, rather an unfortunate name. It suggests to many people an utterly wrong idea of the character and qualifications of its members. Some of them are, as I said, among the very foremost architects of the United States. Mr. Frederick Law Olmstead is a very distinguished landscape artist. One of the original members of the commission was Augustus St. Gaudens, now dead, a sculptor of world-wide fame. These distinguished men give their services to the people of the United States absolutely free of charge.

Mr. DOWELL. Will the gentleman yield?

Mr. COOPER of Wisconsin. Yes.

Mr. DOWELL. I notice in the bill a provision for the employment of architects. In view of this service that the gentleman has suggested, and from the further fact that we have a department presided over by specialists in that line, what necessity is there for the employment of architects aside from what the Government already has and this commission to which the gentleman has referred?

Mr. COOPER of Wisconsin. I will be very glad to answer my distinguished friend from Iowa. These department specialists erected that noble red brick shed in Judiciary Square, known as the Pension Building.

Mr. CANNON. That was Gen. Meigs.

Mr. COOPER of Wisconsin. But it was erected under the sanction and supervision of the department specialists of whom the gentleman from Iowa spoke. They also erected the old Post Office Building on the Avenue, that towering architectural monstrosity which Gen. Hawley, of Connecticut, said was a cross between a cathedral and a cotton factory.

These gentlemen—department "specialists"—also located the new Interior Department Building in as inconvenient and out-of-the-way place as could be found—a place without any relation whatever to the great plan which provides locations for Government buildings with a view to the harmonious development of the city—and then, after thus locating it, they decided that it should be made of red brick. They ignored the Fine Arts Commission entirely, as the act was so worded that they needed not to consult the commission. But the commission earnestly insisted that—

The SPEAKER. The time of the gentleman from Wisconsin has expired.

Mr. COOPER of Wisconsin. Mr. Speaker, I ask unanimous consent for three minutes more.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. COOPER of Wisconsin. The commission insisted that the building should be built of stone. No one now regrets that it was not made of red brick.

Now, Mr. Speaker, the interior of the building can be made in any form regardless of the exterior, but the Art Commission would absolutely insist that the exterior shall not be constructed of red brick. Do you want your constituents to come here and see near the White House, and facing Lafayette Square and the beautiful granite Treasury Building, an unsightly Government building of red brick?

President Wilson in 1913 in effect prohibited the erection in Washington of any Government building calculated in any important way to affect the appearance of the city until the plans had been submitted to the Commission of Fine Arts. I have just read the order. That order of President Wilson is unrescinded by him, and we ought not to repeal it or disregard his plain wishes by now saying that in erecting this extremely important building on that most slightly corner the commission may be ignored.

Mr. CAMPBELL of Kansas. Mr. Speaker, will the gentleman yield there?

Mr. COOPER of Wisconsin. Yes.

Mr. CAMPBELL of Kansas. I will ask the gentleman from Wisconsin if the effect of this amendment will not be to rescind the order of the President?

Mr. COOPER of Wisconsin. It will, in effect, rescind the order of President Wilson made in 1913.

Mr. WALSH. Mr. Chairman, will the gentleman yield?

Mr. CANNON. Can the President legislate by order?

Mr. COOPER of Wisconsin. I will yield to the gentleman from Massachusetts.

Mr. WALSH. Is it possible for these experts in the Treasury Department to design post offices that are constructed throughout the entire country and not a building in the Capital City?

Mr. COOPER of Wisconsin. President Wilson's order gives the Arts Commission no authority concerning buildings outside of the city of Washington.

Mr. CLARK of Florida. Mr. Speaker, will the gentleman yield?

Mr. COOPER of Wisconsin. Yes.

Mr. CLARK of Florida. The gentleman thinks this action would repeal the Executive order. Does not the gentleman know that in order to repeal the Executive order we should have to expressly provide that these plans should not be submitted to the Fine Arts Commission? If we pass it in this form, we leave it just as it is, with the Executive order outstanding.

Mr. COOPER of Wisconsin. But there is this difficulty about that: You would leave it to one officer to say how much it would affect the appearance of the city. The language of the order is, "which affects in any important way the appearance of the city." Some department specialist wishing to build that of certain material might say that if thus constructed it would not "in any important way affect the appearance of the city." President Taft's order was absolute, but President Wilson's order is in that respect qualified.

Mr. SLOAN. Mr. Speaker, will the gentleman yield?

Mr. COOPER of Wisconsin. Yes.

Mr. SLOAN. I suppose there is legislative authority, but where is the legislative authority upon which the order of President Taft and the order of President Wilson were based?

Mr. COOPER of Wisconsin. The Congress of the United States conferred the authority upon the President to appoint the commission. That act of Congress has never been repealed. In pursuance of that authority President Taft and President Wilson both, in the interest of the preservation of the architectural beauty of the National Capital, made these orders.

Mr. CANNON. If the gentleman will allow me, I would like to see the legislation that authorizes President Taft or President Wilson or any other President to make an order which it would require an act of Congress to repeal.

Mr. COOPER of Wisconsin. Well, for the benefit of the gentleman from Illinois, I will again read President Wilson's order:

It is hereby ordered that whenever new structures are to be erected in the District of Columbia under the direction of the Federal Government which affect in any important manner the appearance of the city, or whenever a question involving matters of art in which the Federal Government ought to be concerned is determined, final action shall not be taken until such plans in question shall have been submitted to the Commission of Fine Arts, designated under the act of Congress of May 17, 1910, for comment and advice.



Mr. CANNON. Let us send out and get that act and see what it says.

Mr. COOPER of Wisconsin. There is no question about it.

The SPEAKER. The time of the gentleman from Wisconsin has again expired.

Mr. BURNETT. Mr. Speaker, I have been for quite a while a member of the Committee on Public Buildings and Grounds, and a few years ago, within the recollection of many Members of this House, we had quite an experience with a controversy that arose between the Fine Arts Commission and one of the departments in regard to the construction of the new building for the Bureau of Engraving and Printing. Both sides said they were right. Neither side would yield its views in regard to the construction. The result of it was that for years that old Bureau of Engraving and Printing was a slaughter pen for the people who were working in it, because we could not get action on the new building that was authorized.

The Executive order of the President that the gentleman from Wisconsin [Mr. COOPER] has read does not go nearly to the extent of the amendment that was put in by the Senate, and here permit me to say that the bill that came down from the Treasury Department and that was introduced in the Senate did not contain any such language as that which our committee struck out, but it was put on by an amendment, as I understand, in the Senate Committee on Public Buildings.

What does it do? The Executive order merely said that such buildings in Washington must be referred to the Fine Arts Commission for their comment and advice. This amendment goes further and says that the plan for such building shall be approved by that commission, and it puts it in the hands of that commission to do what somebody did in holding up for years the construction of the new Bureau of Engraving and Printing. Some members of the Fine Arts Commission did me the honor of discussing the matter this morning, and they said it was not their fault, that they did not hold up for a minute the construction of the new building. Well, possibly they did not, and if their views had been accepted it would not have been held up perhaps and it would have gone on, but there was a controversy between them and some others in regard to the matter that resulted in holding up that building for several years.

Mr. DENISON. Who were "the others" of whom the gentleman speaks?

Mr. BURNETT. The Treasury Department.

Mr. NORTON. What views were finally accepted?

Mr. BURNETT. The views of the Treasury Department were principally finally accepted, as I was informed.

Mr. CLARK of Florida. And the result is a very beautiful building.

Mr. BURNETT. Yes; because we took the matter up in the Committee on Public Buildings and Grounds and passed a resolution, which was adopted by Congress, demanding and requiring that they should go on and finish the construction of that building. But for that action the controversy might have gone on until this day, and men and women would continue to be slaughtered as they were in the old building.

Mr. MONDELL. Is it not true that the views of the Fine Arts Commission relative to the Bureau of Printing and Engraving Building were finally adopted in the main?

Mr. BURNETT. In some respects they were, but in the principal points of controversy, as I recall it, they were not.

Mr. MONDELL. The principal point of controversy was whether or not there should be a row of pillars along the side and the end of that building.

Mr. BURNETT. That was one of the points of controversy.

Mr. MONDELL. The pillars were put there.

Mr. BURNETT. If that was contended for by the Fine Arts Commission it certainly does not reflect much credit upon them, for these gentlemen this morning were complaining because some pillars were put in that are there now. They said they obstructed the light. So I hope the gentleman is mistaken when he says that their view was adopted, because they desire now to wash their hands of that.

Mr. MONDELL. Whoever is complaining about the architecture of that building of course is entitled to his own opinion, but most of us think it a very handsome building.

Mr. BURNETT. I think so, but I doubt if we would ever have gotten it constructed if Congress had not taken some action and if the Committee on Public Buildings and Grounds had not taken some action.

One gentleman on the other side a little while ago made what seems to me to be a wise suggestion. He said we provide in section 2 of our bill that the Secretary of the Treasury is hereby authorized, without regard to the civil-service law, rules, or regulations, to obtain such special architectural or other ex-

pert technical services as he may deem necessary and specially order in writing. Now, does anybody believe that the Secretary of the Treasury would employ inefficient architects, who would recommend the construction of a red brick building there? It is to be an annex to the Treasury Department, for which we are proposing to pay \$1,250,000. We have in the Treasury Department the Supervising Architect, who ought to be competent to attend to these matters. Whether they are or not, they attend to a great many such things all over the country. But out of abundance of precaution we have provided in this bill that the Secretary may secure outside architectural and other expert service without regard to the civil-service laws.

A gentleman told me this morning that the plans had progressed to a very great extent already. No doubt the Treasury Department has already advised with the Fine Arts Commission; but what I am objecting to is putting it in the power of this Fine Arts Commission to obstruct this building by making it dependent upon their approval. The executive order does not even squint at anything of that kind. I understand they have already been getting the advice of these people.

Mr. GREEN of Iowa. It gives them the veto power.

Mr. BURNETT. As the gentleman says, it gives them the veto power absolutely.

Mr. CAMPBELL of Kansas. Is it not true that the Secretary of the Treasury has in mind an eight-story building on that corner?

Mr. BURNETT. I do not know. He has never told me.

Mr. CLARK of Florida. The Secretary of the Treasury tells me he wants a building about the height of the Belasco Theater and the other buildings in that section.

Mr. CAMPBELL of Kansas. That will be higher than an eight-story building.

Mr. CLARK of Florida. No; it will be less than an eight-story building.

Mr. CAMPBELL of Kansas. No; I have understood that it is in contemplation to put up a building that will be as high as the building regulations of the District of Columbia will permit.

Mr. CLARK of Florida. Mr. Speaker, I call for the previous question on the amendment and on the bill to the final passage.

Mr. CAMPBELL of Kansas. I hope the gentleman will not press that motion just now.

Mr. CLARK of Florida. Mr. Speaker, if the gentleman will permit me, we have had two or three speeches. There is only one question in controversy here. The House wants to act—

Mr. CAMPBELL of Kansas. I hope the gentleman will not press his motion.

The SPEAKER. The motion for the previous question is not debatable.

Mr. CAMPBELL of Kansas. I understand the gentleman has not made the motion.

Mr. CLARK of Florida. How much time does the gentleman want?

Mr. CAMPBELL of Kansas. Five minutes.

Mr. GREEN of Iowa. I should like three minutes.

Mr. CLARK of Florida. Does anybody else want any time? I want to reach a conclusion as soon as possible.

Mr. CANNON. Does the gentleman in charge of the bill favor the amendment?

Mr. CLARK of Florida. Certainly. The committee adopted it, and I am here to represent the committee.

The SPEAKER. Is the gentleman moving the previous question or not?

Mr. CLARK of Florida. I wanted to see if we could reach an agreement. I do not want to cut off anybody.

Mr. CANNON. We have plenty of time; nothing else to do to-day.

The SPEAKER. If the gentleman extends invitations to Members to make speeches, he will not get through with his bill to-day.

Mr. CLARK of Florida. Does the gentleman from Illinois want time?

Mr. CANNON. I think I could say all I want to say in five minutes.

Mr. CLARK of Florida. Mr. Speaker, I ask unanimous consent that debate on the amendment and the bill close in 15 minutes.

The SPEAKER. The gentleman asks unanimous consent to close debate on the amendment and the bill in 15 minutes. Is there objection?

There was no objection.

Mr. CAMPBELL of Kansas. Mr. Speaker, what the gentleman from Wisconsin [Mr. COOPER] has said about the architectural beauty of Washington has a special significance just now in the consideration of this bill. I know that there is a



disposition, when buildings are put up here by men interested in housing large numbers of employees, to get space at the expense of architectural design and something that will be pleasing to the eye and not hit you in the face, as the Pension Building does.

I recall that when the Union Station was authorized there was a great controversy here as to what that building should be, and it was finally agreed in this House and in the Senate that that building, though not erected by the Congress, must pass the judgment of the Fine Arts Commission. I submit to every Member here and to every traveler who comes to Washington, whether he comes from abroad or from the United States, that architecturally the Union Station in Washington is a credit to the architect and to the Fine Arts Commission. It is a beautiful building.

Now, here on this corner just across from the White House, just across from the Treasury Building, which is a beautiful building architecturally, we ought not to permit the placing of a business structure. Business buildings were erected on that corner at great expense. They wanted them for room there, but the Fine Arts Commission and the gentleman who owns the corner yielded to the necessity of maintaining the architectural beauty of Washington rather than to put up an eight-story building under the building regulations.

Now, shall we permit a seven or eight story building to be put up by the side of that and enable the bank buildings on the corner to put up seven or eight story buildings right across from the Treasury, as they could do?

The only way to make sure of this is to strike out this amendment. This is not a matter that ought to appeal to the pride of the committee or anything else. I think we ought to take into account here in considering this matter the necessity for not marring the beauty of that corner.

Mr. GORDON. Will the gentleman yield?

Mr. CAMPBELL of Kansas. Yes.

Mr. GORDON. Does the gentleman propose to delegate to this Fine Arts Commission the absolute veto power over the construction of public buildings so that they may absolutely prevent their erection?

Mr. CAMPBELL of Kansas. I would rather have that than to leave it to a fine commercial architect.

Mr. GORDON. Does not the gentleman suppose that the Treasury Department would take care of that?

Mr. CAMPBELL of Kansas. Who is the Treasury Department?

Mr. GORDON. It is under the Executive.

Mr. CAMPBELL of Kansas. Who is the Executive?

Mr. GORDON. The President.

Mr. CAMPBELL of Kansas. Is he an architect?

Mr. GORDON. The Executive order will cover this case.

Mr. CAMPBELL of Kansas. Not if you put in this amendment, because this amendment would allow the erection of a seven or eight story building.

Mr. GORDON. The amendment does not say so, but the bill as it passed the Senate would give the Fine Arts Commission the absolute veto power.

Mr. CAMPBELL of Kansas. The Fine Arts Commission had the veto power on the Union Station.

Mr. GORDON. This Congress voted \$3,000,000 toward that Union Station.

Mr. CAMPBELL of Kansas. And we vote all the money toward this building.

Mr. GORDON. I do not think this Congress ought to accept a provision which would give the Fine Arts Commission the absolute power.

Mr. CAMPBELL of Kansas. It is not taking half as much risk as it would be to give final judgment to the architects of the Treasury Department.

Mr. GORDON. We do not give them final judgment.

Mr. HUSTED. Will the gentleman yield?

Mr. CAMPBELL of Kansas. Yes.

Mr. HUSTED. Was not the Fine Arts Commission created for the very purpose of protecting the interests of the city in a case of this sort?

Mr. CAMPBELL of Kansas. It was.

Mr. GREEN of Iowa. Mr. Speaker, I concur entirely in all that the distinguished gentleman from Wisconsin, Mr. COOPER, has so well said, but he omitted to state one objection that has been made to the Pension Building, which I have heard stated elsewhere, and that is that the hideous thing is fireproof and will probably last forever. [Laughter.]

I am unable to agree with my friend from Alabama as to the effect of the provision contained in the bill and which the commission now seeks to strike out. Instead of giving rise to

controversy I think it will eliminate controversy. The controversy which arose over the construction of the Bureau of Engraving and Printing, if I am correctly informed, arose because it was not expressly provided that the Commission of Fine Arts approve of the plans of the buildings. Here, under the provisions of this bill, if it has any meaning at all, it means that the plans shall be submitted in accordance with the views and recommendations of the Fine Arts Commission. They must be prepared in that form. The Fine Arts Commission has the final determination under this bill, and if the architect's plans, whoever may prepare the plans for the building, do not conform to the views of the Fine Arts Commission they must be made otherwise under the provisions of the bill.

If we are to have a Fine Arts Commission at all, if we are to make any use of it, why not use it in this case. The building will probably stand there long after all of us are dead and gone, either to the credit of the city and the country, or else a blot on its appearance in an architectural and ornamental way.

Mr. EMERSON. Will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. EMERSON. Does not the gentleman think the building ought to be high enough to conceal the Belasco Theater Building?

Mr. GREEN of Iowa. I think that ought to be left to the Commission on Fine Arts.

Mr. EMERSON. Any building would be an improvement on that.

Mr. TOWNER. Will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. TOWNER. Certainly there can be no use for the Fine Arts Commission unless it shall be used as it is attempted to be used in this case.

Mr. GREEN of Iowa. None that I know of.

Mr. TOWNER. In the first place, with every one of these public buildings for any one of the departments the plans are first drawn by a department from a utilitarian standpoint, and then they are submitted to the Fine Arts Commission for its approval, because of the fact that we need the approval of the Fine Arts Commission or of some one in authority in order that we may have unity and beauty of design and appearance that shall be commensurate with the Capital of the Nation. Is not that the object?

Mr. GREEN of Iowa. Always; but if the commission is deprived of that authority we might as well abolish it entirely. I think the committee amendment should be defeated.

Mr. CANNON. Mr. Speaker, I do not know that I can say very much in five minutes time. Much has been said about the Fine Arts Commission. They have been very useful, and still, if I understand right, much of the work that they have outlined has been so expensive, as it seemed to Congress, that it has not been entered upon. Twelve years ago, if I am right, at least that long ago, we commenced to get a site for the Department of Justice and the State Department and the Navy Department, from Pennsylvania Avenue down to the Monument Grounds, and from the White Lot over to Fourteenth Street, and at great expense we condemned that property, and then the architects commenced, and they not only bossed the architectural part outside, but they divided it up, and when it came to the Committee on Appropriations to report a bill, or to the Committee on Public Buildings and Grounds—and I think it was the Committee on Appropriations, because it was authorized, if I recollect right—the plans for the buildings were so expensive that the appropriations were not made.

Mr. TOWNER. Mr. Speaker, will the gentleman yield?

Mr. CANNON. Oh, I can not in five minutes. I would like to yield if I could have more time. Let me get down to this proposition. It was about the close of the Roosevelt administration or at the beginning, I am not sure which, and I think at the beginning of his second administration. The Department of Justice was housed on this lot adjacent to the Riggs Bank, and they complained, you know, that the building in which it was housed was going to fall down. Well, they had to dynamite it almost to get it down, but the building where the Department of Justice was was torn down. The United States acquired the balance of the property and was going to build a practical building that would look well architecturally in comparison with the Riggs Bank Building and the other buildings along there, and the cost was to be \$400,000. Lo, and behold, it was not built!

I think I shall vote for this amendment. I am not afraid that the Treasury Department or the President, who first issued the order the gentleman speaks of, and who could ask the resignation of the Secretary of the Treasury at any time, will sanction the construction of a building there that will be unsightly. Under this provision—otherwise I would not vote for it—I think



that we shall be able to have speedy plans for this building and that we can have constructed there a practical office building inside, with such architectural design outside as will correspond with the Riggs Bank Building and the surroundings. Let us do something practical and let us do it now!

Mr. BURNETT. Mr. Speaker, gentlemen are altogether wrong in their contention that adopting the House committee amendment would be antagonistic to the Executive order of the President. The Fine Arts Commission will have the right to go on and advise, and that is what the Executive order says—shall advise with the Fine Arts Commission; but it is here proposed to legislate into this bill—and if you vote for it you are setting a precedent that they will call upon you to follow hereafter, something that the Executive order never contemplated—that the Fine Arts Commission shall have the power to put a veto upon the construction of all buildings in Washington. If you vote for such a proposition, you say that the plans for this building shall be approved by the Fine Arts Commission, and they will be able to hold it up indefinitely, and when you do that you are going to arm them with more power than the Executive order ever gave them or than it was ever intended they should have. If you do that, you gentlemen who remain in Congress for some years will have the same proposition often put up to you—not to permit them to advise, for they have already advised, as they have a right to do, but you will grant them the veto power. The gentleman from Illinois [Mr. CANNON] is correct in his statement. As a member of the Committee on Public Buildings and Grounds for years I have had experience in regard to these matters and they have been holding up—

Mr. DOWELL. Mr. Speaker, will the gentleman yield?

Mr. BURNETT. I have only two minutes. They have been doing it heretofore. You are asked now to give them greater power than the Executive order ever gave them or than I believe either Mr. Taft or Mr. Wilson would have given them by Executive order. If you do this, you set a precedent by which all Government buildings in Washington may be held up until after the conclusion of the war, when possibly they would not need the annex so badly as they need it now, and you will establish a precedent that will rise to vex you for all time.

The SPEAKER. The time of the gentleman has expired; all time has expired.

The question was taken, and the Speaker announced the ayes seemed to have it.

On a division (demanded by Mr. CAMPBELL of Kansas and Mr. LONGWORTH) there were—ayes 65, noes 37.

Mr. COOPER of Wisconsin. Mr. Speaker, I was going to make the point of no quorum.

The SPEAKER. The gentleman has a perfect right to make it. Does the gentleman make it?

Mr. COOPER of Wisconsin. Mr. Speaker, I do. I would like to have a yea-and-nay vote on it.

The SPEAKER. The Chair will count to see if there is a quorum here. [After counting.] One hundred and nineteen gentlemen are present, not a quorum.

Mr. CLARK of Florida. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CLARK of Florida. I understand the House is proceeding as in Committee of the Whole House on the state of the Union?

The SPEAKER. Yes.

Mr. CLARK of Florida. Now, does it require over 100 to make a quorum?

The SPEAKER. Of course it does.

Mr. CLARK of Florida. And only 100 in committee?

The SPEAKER. The Doorkeeper will lock the doors, the Sergeant at Arms will notify absentees, and the Clerk will call the roll.

The question was taken; and there were—yeas 163, nays 86, answered "present" 5, not voting 178, as follows:

## YEAS—163.

Adamson	Burnett	Dent	Gallagher
Alexander	Byrnes, S. C.	Denton	Gallivan
Almon	Byrns, Tenn.	Dickinson	Gard
Ashbrook	Candler, Miss.	Dill	Garner
Aswell	Cannon	Dixon	Garrett, Tenn.
Ayres	Cantrill	Dominick	Garrett, Tex.
Bacon	Caraway	Doolittle	Glass
Bankhead	Carlin	Doughton	Glynn
Barkley	Carter, Mass.	Drane	Goodwin, Ark.
Barnhart	Carter, Okla.	Dupré	Gordon
Bell	Clark, Fla.	Eagan	Gray, Ala.
Black	Claypool	Eagle	Greene, Vt.
Blackmon	Coady	Ellsworth	Gregg
Blanton	Collier	Ferris	Hamlin
Booher	Connally, Tex.	Fields	Hardy
Brand	Cox	Fisher	Harrison, Va.
Browning	Crisp	Flood	Hayley
Brumbaugh	Decker	Foster	Hayden

Heflin	Leshner	Pou
Helm	Linthicum	Quin
Helvering	Littlepage	Rainey
Hensley	Lobeck	Raker
Hillhard	London	Rayburn
Holland	Loneragan	Romjue
Hood	Lunn	Rouse
Houston	McAndrews	Rubey
Howard	McClintic	Rucker
Hull, Tenn.	McKenzie	Russell
Humphreys	McKeown	Sabath
Igoe	McLemore	Sanders, La.
Jacoway	Mansfield	Saunders, Va.
Jones, Tex.	Mays	Sears
Keating	Miller, Wash.	Shackleford
Kelly, Pa.	Moon	Shallenberger
Kettner	Morgan	Shouse
Key, Ohio	Nicholls, S. C.	Sinnott
Kincheloe	Oldfield	Sloan
King	Oliver, Ala.	Small
Larsen	Overstreet	Snell
Lazaro	Padgett	Snook
Lee, Ga.	Park	Steagall

## NAYS—86.

Austin	Foss	McLaughlin, Pa.	Scott, Mich.
Bland	French	Magee	Sells
Browne	Gould	Mapes	Smith, Idaho
Burrongs	Green, Iowa	Mondell	Smith, Mich.
Campbell, Kans.	Hadley	Montague	Snyder
Campbell, Pa.	Hamilton, Mich.	Moore, Pa.	Steenerson
Clark, Pa.	Haugen	Moore, Ind.	Sterling, Ill.
Classon	Hersey	Norton	Sweet
Cooper, Wis.	Hicks	Osborne	Temple
Dale, Vt.	Hull, Iowa	Parker, N. J.	Timberlake
Dallinger	Husted	Porter	Towner
Davidson	Ireland	Pratt	Vestal
Denison	Johnson, S. Dak.	Purnell	Voigt
Dillon	Kearns	Ramsey	Walsh
Dowell	Kennedy, Iowa	Ramsayer	Watson, Pa.
Dyer	Kinkaid	Reed	Wheeler
Edmonds	Knutson	Roberts	Williams
Elston	Kraus	Rodenberg	Wood, Ind.
Esch	La Follette	Rogers	Woods, Iowa
Fairchild, B. L.	Longworth	Rowe	Woodyard
Fess	Lundeen	Sanders, Ind.	
Focht	McFadden	Scott, Iowa	

## ANSWERED "PRESENT"—5.

Butler	Kehoe	Lever	Tague
Emerson			

## NOT VOTING—178.

Anderson	Flynn	Lea, Cal.	Sanders, N. Y.
Anthony	Fordney	Lehlbach	Sanford
Bacharach	Francis	Lenroot	Schall
Baer	Frear	Little	Scott, Pa.
Bathrick	Freeman	McArthur	Scully
Borland	Fuller, Ill.	McCormick	Sherley
Bowers	Fuller, Mass.	McCulloch	Sherwood
Britten	Gandy	McKinley	Siegel
Brodbeck	Garland	McLaughlin, Mich.	Sims
Bruckner	Gillett	Madden	Sisson
Buchanan	Godwin, N. C.	Maher	Slayden
Caldwell	Good	Mann	Slomp
Capstick	Goodall	Martin, Ill.	Smith, C. B.
Carew	Graham, Ill.	Martin, La.	Smith, T. F.
Cary	Graham, Pa.	Mason	Stafford
Chandler, N. Y.	Gray, N. J.	Meeker	Steele
Chandler, Okla.	Greene, Mass.	Miller, Minn.	Sterling, Pa.
Church	Griest	Morin	Stevenson
Connelly, Kans.	Griffin	Mott	Stines
Cooper, Ohio	Hamill	Mudd	Strong
Cooper, W. Va.	Hamilton, N. Y.	Neely	Sullivan
Copley	Harrison, Miss.	Nelson	Swift
Costello	Haskell	Nichols, Mich.	Switzer
Crago	Hastings	Nolan	Talbott
Cramton	Hayes	Oliver, N. Y.	Templeton
Crosser	Heaton	Olney	Thompson
Currie, Mich.	Heintz	O'Shaunessy	Tinkham
Curry, Cal.	Hill	Overmyer	Treadway
Dale, N. Y.	Hollingsworth	Paije	Van Dyke
Darrow	Huddleston	Parker, N. Y.	Vare
Davis	Hulbert	Peters	Volstead
Dempsey	Hutchinson	Phelan	Ward
Dewalt	James	Platt	Watson
Dies	Johnson, Ky.	Polk	Watson, Va.
Dooling	Johnson, Wash.	Powers	White, Me.
Doremus	Jones, Va.	Price	White, Ohio
Drukner	Juul	Ragsdale	Wilson, Ill.
Dunn	Kahn	Randall	Wilson, Tex.
Elliott	Kelley, Mich.	Rankin	Winslow
Estopinal	Kennedy, R. I.	Reavis	Young, N. Dak.
Evans	Kless, Pa.	Riordan	Young, Tex.
Fairchild, G. W.	Kitchin	Robbins	Zihman
Fairfield	Kreider	Robinson	
Farr	LaGuardia	Rose	
Fitzgerald	Langley	Rowland	

So the amendment was agreed to.

The Clerk announced the following pairs:

Until end of session:

Mr. LEA of California with Mr. EMERSON.

Mr. KEHOE with Mr. CAREY.

Mr. CHURCH with Mr. RANDALL.

Mr. HASTINGS with Mr. CHANDLER of Oklahoma.

Mr. MILLER of Minnesota with Mr. HARRISON of Mississippi.

Mr. STEELE with Mr. BUTLER.

Until further notice:

Mr. TALBOTT with Mr. BROWNING.



Mr. LEVER with Mr. ANDERSON.  
 Mr. TAGUE with Mr. KENNEDY of Rhode Island.  
 Mr. RAGSDALE with Mr. BACHARACH.  
 Mr. RIORDAN with Mr. CRAMTON.  
 Mr. ROBINSON with Mr. COSTELLO.  
 Mr. SCHALL with Mr. COOPER of West Virginia.  
 Mr. SCULLY with Mr. COOPER of Ohio.  
 Mr. SIMS with Mr. BOWERS.  
 Mr. BAER with Mr. McCULLOCH.  
 Mr. BATHRICK with Mr. LEHLBACH.  
 Mr. BORLAND with Mr. LANGLEY.  
 Mr. BRODBECK with Mr. KIESS of Pennsylvania.  
 Mr. BRUCKNER with Mr. HUTCHINSON.  
 Mr. BUCHANAN with Mr. HOLLINGSWORTH.  
 Mr. CAREW with Mr. HEATON.  
 Mr. CONNELLY of Kansas with Mr. HAYES.  
 Mr. CROSSER with Mr. HAMILTON of New York.  
 Mr. DALE of New York with Mr. GRIEST.  
 Mr. DEWALT with Mr. GREENE of Massachusetts.  
 Mr. DIES with Mr. GRAY of New Jersey.  
 Mr. DOOLING with Mr. GRAHAM of Pennsylvania.  
 Mr. DOREMUS with Mr. GOODALL.  
 Mr. ESTOPINAL with Mr. GOOD.  
 Mr. EVANS with Mr. GARLAND.  
 Mr. FLYNN with Mr. FULLER of Massachusetts.  
 Mr. GANDY with Mr. FREAR.  
 Mr. GODWIN of North Carolina with Mr. DUNN.  
 Mr. GRIFFIN with Mr. DEMPSEY.  
 Mr. HAMILL with Mr. DAVIS.  
 Mr. HUDDLESTON with Mr. CURRY of California.  
 Mr. HULBERT with Mr. STAFFORD.  
 Mr. JONES of Virginia with Mr. SANFORD.  
 Mr. LONERGAN with Mr. ROWLAND.  
 Mr. MAHER with Mr. REAVIS.  
 Mr. MARTIN of Illinois with Mr. POWERS.  
 Mr. MARTIN of Louisiana with Mr. DARROW.  
 Mr. NEELY with Mr. PETERS.  
 Mr. OLIVER of New York with Mr. PARKER of New York.  
 Mr. OLNEY with Mr. PAIGE.  
 Mr. O'SHAUNESSY with Mr. NOLAN.  
 Mr. OVERMYER with Mr. MUDD.  
 Mr. PHELAN with Mr. MORIN.  
 Mr. POLK with Mr. McLAUGHLIN of Michigan.  
 Mr. PRICE with Mr. McKINLEY.  
 Mr. CALDWELL with Mr. SLEMP.  
 Mr. YOUNG of Texas with Mr. ZIEHLMAN.  
 Mr. CHARLES B. SMITH with Mr. WINSLOW.  
 Mr. THOMAS F. SMITH with Mr. WILSON of Illinois.  
 Mr. STERLING of Pennsylvania with Mr. WASON.  
 Mr. STEVENSON with Mr. WARD.  
 Mr. SULLIVAN with Mr. TINKHAM.  
 Mr. THOMPSON with Mr. TILSON.  
 Mr. VAN DYKE with Mr. TEMPLETON.  
 Mr. WATSON of Virginia with Mr. SWITZER.  
 Mr. WHITE of Ohio with Mr. STRONG.  
 Mr. WILSON of Texas with Mr. STINESS.  
 Mr. SHERWOOD with Mr. KAHN.  
 Mr. SISSON with Mr. MADDEN.  
 Mr. KITCHIN with Mr. MANN.  
 Mr. SHERLEY with Mr. GILLET.  
 Mr. FITZGERALD with Mr. FORDNEY.  
 Mr. SLAYDEN with Mr. ANTHONY.

Mr. BROWNING. Mr. Speaker, I have a pair with the gentleman from Maryland, Mr. TALBOTT. I think if he were present he would vote the same as I voted, and therefore I will let my vote stand.

Mr. BUTLER. Mr. Speaker, I have a regular pair with the gentleman from Pennsylvania, Mr. STEELE. I do not know how he would have voted on this soul-stirring question, and therefore I withdraw my vote of "nay" and answer "present."

The name of Mr. BUTLER was called, and he answered "Present."

Mr. EMERSON. Mr. Speaker, I have a pair with the gentleman from California, Mr. LEA. I voted "nay," but I wish to withdraw it and answer "present."

The name of Mr. EMERSON was called, and he answered "Present."

The result of the vote was announced as above recorded.

The SPEAKER. A quorum is present. The Doorkeeper will open the doors. The question is on the third reading of the Senate bill.

The bill was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

On motion of Mr. CLARK of Florida, a motion to reconsider the vote by which the bill was passed was laid on the table.

Mr. CLARK of Florida. Mr. Speaker, I wish to make one other motion. I move that the House insist on its amendment and ask for a conference.

The SPEAKER. The gentleman from Florida asks that the House insist on its amendment and ask for a conference. Is there objection?

There was no objection.

The SPEAKER announced the following conferees: Mr. CLARK of Florida, Mr. BURNETT, and Mr. AUSTIN.

#### COMMITTEE ON SUFFRAGE.

Mr. POU. Mr. Speaker, I ask unanimous consent to address the House not to exceed one minute.

The SPEAKER. The gentleman from North Carolina asks unanimous consent to address the House not to exceed one minute. Is there objection?

There was no objection.

Mr. POU. Mr. Speaker, the Committee on Rules earlier in the session instructed me to present to the House whenever the war legislation was out of the way a resolution providing for the change of the rules of the House so as to establish a committee on suffrage. I had intended to present that resolution to the House this afternoon. In view of the fact that I am informed that a number of gentlemen have left the city, I shall not present it this afternoon, but I shall give notice now that if I can get opportunity to do so, which I think I can, the resolution will be presented on Monday as early as practicable.

Mr. MONDELL. Will the gentleman yield? In view of the fact that it has just been developed that there is a quorum present, is that not enough to consider this resolution?

Mr. POU. That is true. But the gentleman knows how inquiries are made by gentlemen who contemplate leaving the city. A great many of them were made earlier in the day, and at that time I thought it would not be possible to reach this matter during the day. Upon the opinion that was expressed at that time I am informed that a number of gentlemen have left the city who will be here Monday.

Mr. MONDELL. I trust the consideration of the matter will not be prejudiced by putting it over at this time.

Mr. POU. I trust so, too. I trust those who are absent now will be present Monday and vote for the resolution of the committee.

#### LEAVE TO ADDRESS THE HOUSE.

Mr. NORTON. Mr. Speaker, I ask unanimous consent to address the House not to exceed five minutes.

Mr. WALSH. Reserving the right to object, what is it about?

Mr. NORTON. I desire to address the House in reference to House joint resolution No. 153, which I have introduced, providing for the appointment of a committee of Members of the House of Representatives and the Senate to visit the European battle fronts for the purpose of examining into the conditions and progress of the war being waged by Germany and her allies against France and England and their allies. I also wish to briefly discuss the question of accepting the invitation extended to Members of Congress by the Speaker of the House of Commons.

Mr. GARRETT of Tennessee. Mr. Speaker, for the time being I shall have to object.

Mr. NORTON. Mr. Speaker, I ask unanimous consent that I may be permitted to address the House on the same subject for 10 minutes on Monday.

Mr. GARRETT of Tennessee. Mr. Speaker, for the time being I hope the gentleman will not insist upon that request. It is not pleasant to make these objections—

Mr. NORTON. All right. I will not.

Mr. GARRETT of Tennessee. I have a reason for it which is not personal.

#### POTASSIUM.

Mr. FERRIS. Mr. Speaker, I ask unanimous consent for the present consideration of the bill S. 2156, and pending that I wish to make a short statement about it, if I may.

The SPEAKER. The gentleman from Oklahoma [Mr. FERRIS] asks unanimous consent for the present consideration of the bill S. 2156, the potash bill. Is there objection?

Mr. MONDELL. Mr. Speaker, reserving the right to object—and I shall not object—I wish to say that while I do not approve the form of the bill in all respects, and shall expect to offer one or two amendments to it, and would object to the consideration now if there was hope of getting it in little different form, in view of the fact that there is no such hope and that the matter



is one of vital importance and interest at this time, I shall not object to consideration of the legislation.

The SPEAKER. Is there objection?

Mr. NORTON. Reserving the right to object, let the Clerk report the bill.

The SPEAKER. The Clerk will report the bill by title.

The Clerk read as follows:

An act (S. 2156) to authorize exploration for and disposition of potassium.

Mr. NORTON. May we not have the bill read first?

The SPEAKER. The Clerk will read the bill.

The Clerk read as follows:

*Be it enacted, etc.*, That the Secretary of the Interior is hereby authorized and directed, under such rules and regulations as he may prescribe, to grant to any applicant who is a citizen of the United States, an association of such citizens, or a corporation organized under the laws of any State or Territory thereof, a prospecting permit which shall give the exclusive right to prospect for chlorides, sulphates, carbonates, borates, silicates, or nitrates of potassium on public lands of the United States, except lands in San Bernardino County, Cal., for a period of not exceeding two years: *Provided*, That the area to be included in such permit shall not exceed 2,560 acres of land in reasonably compact form.

SEC. 2. That upon showing to the satisfaction of the Secretary of the Interior that valuable deposits of one of the substances enumerated in section 1 hereof have been discovered by the permittee within the area covered by his permit, the permittee shall be entitled to a patent for 640 acres of the land embraced in the prospecting permit, to be taken in compact form and described by legal subdivisions of the public-land surveys, or if the land be not surveyed, then in tracts which shall not exceed 2 miles in length, by survey executed at the cost of the permittee, in accordance with rules and regulations prescribed by the Secretary of the Interior. All other lands described and embraced in such a prospecting permit from and after the exercise of the right to patent accorded to the discoverer, and not covered by leases, may be leased by the Secretary of the Interior, through advertisement, competitive bidding, or such other methods as he may by general regulations adopt, and in such areas as he shall fix, not exceeding 2,560 acres, all leases to be conditioned upon the payment by the lessee of such royalty as may be specified in the lease and which shall be fixed by the Secretary of the Interior in advance of offering the same, and which shall not be less than 2 per cent on the gross value of the output at the point of shipment, which royalty, on demand of the Secretary of the Interior, shall be paid in the product of such lease, and the payment in advance of a rental, which shall be not less than 25 cents per acre for the first year thereafter; not less than 50 cents per acre for the second, third, fourth, and fifth years, respectively; and not less than \$1 per acre for each and every year thereafter during the continuance of the lease, except that such rental for any year shall be credited against the royalties as they accrue for that year. Leases shall be for indeterminate periods, upon condition that at the end of each fifty-year period succeeding the date of any lease such readjustment of terms and conditions may be made as the Secretary of the Interior may determine, unless otherwise provided by law at the time of the expiration of such periods, and a patentee under this section may also be a lessee: *Provided*, That the potash deposits in the public lands in San Bernardino County, in the State of California, may be operated by the United States, or may be leased by the United States upon satisfactory terms.

SEC. 3. That in addition to areas of such mineral land to be included in prospecting permits or leases the Secretary of the Interior, in his discretion, may grant to a permittee or lessee under this act the exclusive right to use, during the life of the permit or lease, a tract of unoccupied nonmineral public land not exceeding 40 acres in area for camp sites, refining works, and other purposes connected with and necessary to the proper development and use of the deposits covered by the permit or lease.

SEC. 4. That the Secretary of the Interior shall reserve the authority and shall insert in any preliminary permit issued under section 1 hereof appropriate provisions for its cancellation by him upon failure by the permittee or licensee to exercise due diligence in the prosecution of the prospecting work in accordance with the terms and conditions stated in the permit.

SEC. 5. That no person shall take or hold any interest or interests as a member of an association or associations or as a stockholder of a corporation or corporations holding a lease under the provisions hereof which, together with the area embraced in any direct holding of a lease under this act, or which, together with any other interest or interests as a member of an association or associations or as a stockholder of a corporation or corporations holding a lease under the provisions hereof, exceeds in the aggregate in any area 50 miles square an amount equivalent to the maximum number of acres allowed to any one lessee under this act; that no person, association, or corporation holding a lease under the provisions of this act shall hold more than a tenth interest, direct or indirect, in any agency, corporate or otherwise, engaged in the sale or resale of the products obtained from such lease; and any violation of the provisions of this section shall be ground for the forfeiture of the lease or interest so held; and the interests held in violation of this provision shall be forfeited to the United States by appropriate proceedings instituted by the Attorney General for that purpose in any court of competent jurisdiction, except that any such ownership or interest hereby forbidden which may be acquired by descent, will, judgment, or decree may be held for two years and not longer after its acquisition.

SEC. 6. That said Secretary, in his discretion, in making any lease under this act may reserve to the United States the right to dispose of the surface of the lands embraced within such lease under existing law or laws hereafter enacted, in so far as said surface is not necessary for use of the lessee in extracting and removing the deposits therein: *Provided further*, That if such reservation is made it shall be so determined before the offering of such lease; that the said Secretary, during the life of the lease, is authorized to issue such permits for easements herein provided to be reserved.

SEC. 7. That each lease shall contain provisions deemed necessary for the protection of the interests of the United States, and for the prevention of monopoly, and for the safeguarding of the public welfare.

SEC. 8. That any lease issued under the provisions of this act may be forfeited and canceled by an appropriate proceeding in a court of competent jurisdiction whenever the lessee fails to comply with any of the provisions of this act of the lease, and the lease may provide for resort to appropriate methods for the settlement of disputes or for

remedies for breach of specified conditions thereof: *Provided*, That no provision or limitation shall be inserted or included in any lease waiving or requiring the waiver of the right of the lessee or of the United States to resort to the courts.

SEC. 9. That the provisions of this act shall apply to all lands of the United States which may have been or may be disposed of under laws reserving to the United States the potassium with the right to prospect for, drill, mine, and remove the same, subject to such conditions as to the use and occupancy of the surface as are or may hereafter be provided by law.

SEC. 10. That 50 per cent of all moneys received from royalties and rentals under the provisions of this act, excepting those from Alaska, shall be paid by the Secretary of the Treasury after the expiration of each fiscal year to the State wherein the leased premises are situated. The remaining 50 per cent shall be paid into, reserved, and appropriated as a part of the reclamation fund created by act of Congress approved June 17, 1902, known as the reclamation act.

SEC. 11. That the Secretary of the Interior is authorized to prescribe necessary and proper rules and regulations and to do any and all things necessary to carry out and accomplish the purposes of this act.

SEC. 12. That the deposits herein referred to shall be subject to disposition only in the form and manner provided in this act, and except as herein otherwise provided all laws or portions of laws in conflict herewith are hereby repealed, except as to valid claims existent at date of the passage of this act and thereafter maintained in compliance with the laws under which initiated: *Provided*, That nothing in this act shall prevent any State or Territory wherein the lands or deposits leased are located from levying and collecting taxes on improvements upon or the output or product from any lands or minerals leased under this act.

SEC. 13. That the Secretary of the Interior is hereby authorized and directed to incorporate in every lease issued under the provisions of this act a provision reserving to the President the right to regulate the price of such mineral extracted and sold from the leased premises, which stipulation shall specifically provide that the price or prices fixed shall be such as to yield a fair and reasonable return to the lessee upon his investment and to secure to the consumer the product at the lowest price reasonable and consistent with the foregoing: *Provided*, That such lease issued under this act shall also stipulate that the President shall have authority to so regulate the disposal of such mineral produced under such lease as to secure its distribution and use wholly within the limits of the United States or its possessions.

The SPEAKER. Is there objection?

Mr. NORTON. Reserving the right to object, Mr. Speaker, I would like to ask the chairman of the committee a question as to the amount of land, if the chairman knows, now being operated for potassium in this country.

Mr. FERRIS. There is a very little in Wyoming and a very little in Nebraska, and they are getting some from the washing of wool and other sources, but practically none is being developed in this country. We formerly bought our entire supply from Germany, and the country has been used to a consumption of 237,000 metric tons a year, and in consequence of the stoppage of the supply the price has risen from \$20 a ton to \$480. It is very important that something be done in the way of legislation along this line.

Mr. NORTON. And this is to stimulate the search for potassium in this country?

Mr. FERRIS. Yes; and the immediate relief that we have in mind is to get Searles Lake developed. There is a lake in San Bernardino County, Cal., covering about 39,000 acres, and from that source we hope to get potash for the use of farmers and for the manufacture of munitions and for the manufacture of soap and glass and other products in the manufacture of which potash is being used. We have been buying practically every pound we use from Germany, and of course the supply there being cut off we can not get it at all, and the Interior Department and the Council for National Defense and everyone who has given attention to the matter has pleaded that Congress do something in the most earnest fashion at the very earliest possible moment for the relief of the industries I have named.

The following is a carefully digested analysis of each and every one of the paragraphs of this bill. It will be of aid to the House Members and any other readers of the Record in explaining the sections, their purport, and purpose:

#### THE POTASH BILL.

Section 1 of the bill as reported by the House committee authorizes the Secretary of the Interior to issue prospecting permits to citizens of the United States covering areas of not to exceed 2,560 acres in any one case for the purpose of exploring for potash on public lands. The life of such a permit is not exceeding two years. Land in and adjacent to Searles Lake, Cal., a very large known deposit of potash is excepted from the provisions of this section because of the fact that it is well known and is ready for development and requires no prospecting work to be done.

Section 2 authorizes the prospector under the permit described in section 1, upon his discovering a valuable deposit of potash, to obtain a patent for not exceeding one-fourth of the land in the permit. This provision is designed to induce exploration for this valuable substance which might otherwise not be had, as these deposits, if found, are likely to be in arid desert basins, the prospecting of which is an arduous and expensive matter. Section 2 also provides that all the lands in any prospecting permit not so patented shall be subject to lease by the Secretary of the Interior in areas not exceeding 2,560 acres, conditioned upon the payment of moderate royalty. The leases are to be indeterminate, but the Secretary of the Interior is authorized to readjust the terms and conditions of such leases at the end of each 20-year period. Specific reference is made to the known deposits of potash in and adjacent to Searles Lake, and it is provided that they may be operated by



the United States or may be leased by the Secretary under the terms and provisions of the act. There are now two small plants for the manufacture of potash located on the shores of this lake, and several other persons or corporations have indicated a willingness to take leases should this bill become a law. Railroad facilities are already provided, and early development of this deposit seems assured should the bill become a law. Provision is also made in this section for the leasing of certain known potash deposits in rock in Sweetwater County, Wyo. These lands also contain valuable deposits of coal, and the bill provides that the potash may be leased under the provisions of the act on condition that the coal be reserved to the United States.

Section 3 authorizes the Secretary to permit the use by any permittee or lessee of not exceeding 40 acres of unoccupied nonmineral public lands for camp sites or refining works in connection with any permit or lease.

Section 4 directs the Secretary of the Interior to place in each permit appropriate provisions for its cancellation should the permittee fail to exercise due diligence in the prosecution of work.

Section 5 is designed to prevent monopoly or interlocking stock-holding interests; limits any lessee from holding more than one-tenth interest in any other agency engaged in the sale or resale of potash products, and provides for appropriate forfeiture proceedings in the United States court for violation of the provisions of the section.

Section 6 directs the reservation in any permit or lease of a right for joint or several use of rights of way through lands permitted or leases for those persons working or developing other lands for similar deposits or for shipping or treating the products under authority of the United States, its lessees or permittees, or any other public purpose. The section also authorizes the Secretary, in his discretion, to dispose of the surface of the lands embraced in any lease under any applicable existing law, providing, however, that this must be determined before the offering of a lease.

Section 7 directs that each lease shall have in it provisions necessary for the protection of the public interest and prevention of monopoly.

Section 8 authorizes the forfeiture of any lease through appropriate proceedings in the United States court whenever the lessee fails to comply with the provisions of the act, of the lease, or of general regulations in force at date of the lease.

Section 9 permits of the leasing of potassium deposits in lands of the United States disposed of under nonmineral laws, with a reservation of the potassium deposits.

Section 10 provides for the disposition of royalties and rentals under the act. They are to constitute a part of the reclamation fund for the irrigation of arid lands in the Western States, and upon return to the reclamation fund after such use 50 per cent is to go to the Treasury of the United States, the other 50 per cent to be paid to the State within the boundaries of which the deposits are or were located, the money to be used by the State for the construction and maintenance of public roads and schools.

Section 11 authorizes the Secretary of the Interior to make necessary rules and regulations to carry out the purposes of the act.

Section 12 protects existing valid claims made and maintained in compliance with the old placer-mining laws, and also stipulates that nothing in the act shall prevent the States or other local authorities from exercising any rights which they may have to levy and collect taxes upon improvements, outputs of the mine, or other rights or assets of any lessee.

Section 13 directs the Secretary of the Interior to incorporate in every lease issued a provision reserving to the President the right to regulate the price of all minerals extracted or sold from the leased premises, the price to be fixed so as to yield a fair and reasonable return to the lessee and to secure to the consumer any of the products at the lowest reasonable consistent price. A proviso to the section also vests in the President authority to regulate the disposal of the potassium products so as to secure their distribution and use wholly within the limits of the United States or its possessions.

For a number of years chemical experiments have been under way for the purpose of securing potash from the brines of Searles Lake at the lowest possible cost with the greatest maximum extraction of potash, and it is stated that the process now in use in a small way will effect this result; that should this bill be passed it is probable that a number of lessees will at once engage in the business of extracting potash from this brine, producing a supply which will meet to a large extent the demands of the United States for agricultural, commercial, and munition purposes, and that at a cost far below existing prices and more nearly consistent with the price obtaining prior to the war. The present time is peculiarly favorable for the creation of a potash industry in the United States and this bill offers a golden opportunity for the utilization of known potash deposits in the time of urgent need.

Mr. NORTON. Does this bill follow the line of the legislation of the last Congress?

Mr. FERRIS. It follows it quite closely; yes. We struck out some Senate amendments and inserted almost verbatim some of the provisions of the bill of the last session which twice passed the House almost by unanimous consent.

Mr. NORTON. Section 13 is in addition to that?

Mr. FERRIS. Yes. Section 13 is in addition to that. That is something new, along the line of the food-control bill that we recently passed, and it gives to Congress the power to fix prices, so that this natural monopoly can not be used to oppress the farmers and others who use potash.

Mr. NORTON. I will say to the gentleman that my objection is confined only to section 13.

As has been stated, the passage of this bill is strongly urged by the Government departments, is strongly urged by Secretary Lane and the Geological Survey, and I will print at length at this point a communication from the Director of the Geological Survey, addressed to myself, as chairman of the committee, for further information on the subject. It is as follows:

DEPARTMENT OF THE INTERIOR,  
UNITED STATES GEOLOGICAL SURVEY,  
Washington, September 21, 1917.

Hon. SCOTT FERRIS,  
Chairman Committee on Public Lands,  
House of Representatives.

MY DEAR MR. FERRIS: I have sent to each member of your committee copies of the latest report on potash, which fortunately was issued just

this week, in time for your use. In accordance with your suggestion I take pleasure in making the following comments on S. 2156 as reported out by your committee:

Section 1: The exception of Searles Lake from the action of the prospecting provisions of this act would seem to need no special explanation. This lake as a source of potash was first brought to public attention in 1912 by the Geological Survey, and the presence of potash in the brines had been known by chemists who had analyzed samples of the brines. Plainly no further discovery is needed in the area described on page 2, lines 1 to 5.

Section 2: The reward placed upon discovery following prospecting under this law is placed at a patent of not to exceed one-fourth of the area embraced in the prospecting permit. Of course the House amendment in line 13, page 2, has as its purpose the protection of the Government in case a permittee should apply for only 640 acres in his prospecting permit, in which case he plainly should not receive the whole tract under the patent, else the Government would fail to have any adjacent land available for leasing under the provisions of the subsequent sections of the act.

Page 3, line 16: The interests of the public are best protected by the indeterminate period. The expensive installation of plant that is necessary for efficient production makes any short-time lease certain to involve an involuntary hazard. The readjustment of terms and conditions at the end of the 20-year period fully protects the public. The correctness of the indeterminate term is, in a way, indicated by the practice that is becoming more common of oil-land owners leasing their lands for a fixed period "and so long thereafter as oil or gas may be produced therefrom."

The reference in the second proviso, page 4, lines 7 to 12, is to the leucite hills in Wyoming, where there are especially rich potash volcanic rocks, which have been repeatedly referred to as a valuable source of potash and which were especially described in a publication of the United States Geological Survey in 1912. The 1916 potash report, pages 132 and 133, also refers to the experimental work that is being done on this peculiar rock from Sweetwater County. This rock ranges from about 8 per cent to nearly 12 per cent of potash, and 10 per cent is a moderate average of the potash content of the leucite-bearing rocks of this area. The Geological Survey report referred to gives a description of the Government land, including the mesas and buttes formed by these lavas, and estimates the available rock at nearly 2,000,000,000 tons, which would represent a potash content of 197,000,000 tons. These areas of volcanic rock are closely associated with the underlying and later coal-bearing rocks of the Rock Springs coal field. The noteworthy points with regard to these rocks is that they contain a somewhat larger percentage of potash than any other known igneous rocks, and the potash-bearing silicate is more easily broken down for the purpose of potash recovery than are the other silicates like feldspar.

Section 5: This type of limitation of stock holding in several corporations holding leases is common to much of the public-land legislation that has been before Congress within the past 10 years. It is plain that limiting a stockholder to an interest in only one corporation is unwise, and it has been thought necessary simply to limit his maximum holding in a number of companies to the ownership in the several leaseholds equivalent to what as an individual he could hold in a single lease.

Section 9: This is important as providing for such separation of the various mineral estimates as may be provided for in either the past or the future. This is complimentary, of course, to the last provision in section 2.

Section 13: The House amendments to this section simply provide that in price fixing which it is specified must be such as to yield a fair return upon the lessee's investment, all of the mineral products shall be considered. It seems evident that the price of the potash salts derived from the Searles Lake brine, for instance, could not be fixed with a view of allowing such a fair profit without taking into consideration and, indeed, controlling the price at which the by-products like borax and soda are sold.

This section is most important, because it absolutely insures that such development of Searles Lake as may be undertaken by the strong companies that are needed to make a success of the operation will be wholly in the public interest. The efficiency and resultant low-cost operation that can be obtained only by large units of operation will be secured and at the same time the President can control the situation to the end that the people, including both the agricultural and the manufacturing interests of the country, may secure the needed potash at low price. The proviso also gives the President power to limit the distribution of this essential mineral to the home market.

A description of the Searles Lake situation is given on pages 90-94 of the 1916 potash report.

If the question arises as to the possibility of the application of this law to deposits other than Searles Lake or the leucite hills, reference can be made to a number of undeveloped projects listed in the survey report, in New Mexico, Colorado, Wyoming, Utah, Nevada, Oregon, and California (see pp. 104-108), and, of course, the legislation also applies to the alunite deposits such as are already outlined in Utah, alunite being the sulphate of potash and thus coming within this act. (See sec. 1, line 10.) The alunite deposits of several States are also described on pages 108 to 116.

In conclusion, I can not make a better statement of the present conditions of the demand and supply of potash than the statement of fact that the 14,000 tons just reported as produced in the United States in the first six months of 1917 exceeds by nearly 50 per cent the domestic output for the whole of last year, which in turn was ten times the production reported for 1915. This may seem a marvelous growth of an infant industry in time of unusual demand, but the unfortunate part is that the expected potash output for the present year, large as it is in terms of past production, does not, however, represent more than about 10 per cent of what this country annually used before the war. I see no way to increase this output, therefore, on anything like the scale needed, and especially from a source that may be expected to permit competition with the German potash, except by opening up Searles Lake under the best possible conditions, which I consider provided in the measure reported by the House committee.

Yours, very cordially,

GEO. OTIS SMITH, Director.

The SPEAKER. Is there objection?

Mr. SMITH of Michigan. Mr. Speaker, will the gentleman yield?

Mr. FERRIS. Yes.

Mr. SMITH of Michigan. I see by the report that two mills or plants are already established on Searles Lake. The ques-



tion I want to ask is, Why is congressional action necessary to allow those to operate?

Mr. FERRIS. They are only experimental, and they have no title to the lake. The only way they can use it is to acquire the right by lease through this bill. They can not get the control or use of the land in any other way.

In fairness to the Committee on Public Lands of the House, in fairness to the House of Representatives, I must say that we have not been negligent in providing for the development of potash in the Western States. Four years ago, during the early part of the Sixty-third Congress, the House Public Lands Committee brought to this House as a part of the conservation program practically this same bill, providing for the development of potash on the public lands. It passed the House, was referred to the Senate, was not acted on by the Senate, and died with the ending of the Congress. Again, at the opening of the Sixty-fourth Congress, I introduced H. R. 406, which dealt with this particular subject and in practically this same fashion. This bill was reported from the House Public Lands Committee, brought into the House, considered early, and passed. It, too, laid in the Senate during the remainder of the Sixty-fourth Congress without action thereon and died with the ending of the Congress. The Senate is to be congratulated upon finally taking up this matter and dealing with it, and I am glad that both the Committee on Public Lands and the House have been willing to aid in its consideration and help get it up and pass it at this time. It is of intense importance to the Government at this particular time; it is intensely important to the six and a half million farmers of the Republic, many of whom need potash for the replenishment of their soil; it is intensely important to those interested in the conduct of the war, who need potash in the manufacture of munitions; it is intensely important to the manufacturers of soap, glass, and other material of everyday use, of which potash forms a part. Secretary Lane explains the importance of this legislation in his letter to me of August 31, 1917. It is short, to the point, and I shall print it at length at this point. It is as follows:

DEPARTMENT OF THE INTERIOR.  
Washington, August 31, 1917.

MY DEAR Mr. FERRIS: I direct your attention to S. 2156, entitled "A bill to authorize exploration for and disposition of potassium or sodium," which measure was passed by the Senate August 10, 1917, and, as I am informed, has been referred to your committee for consideration.

In reports upon this and other measures I endeavored to emphasize the importance of legislation which will make these deposits available for use at once. In a letter addressed to the Senate Committee on Public Lands, I pointed out that according to a pamphlet entitled "Potash Industry," published by the German Kall Works, Chicago, Ill., practically all of the potash produced prior to the war came from the mines of Germany, and that in the year 1911 the consumption of potash by the principal countries of the world was: Germany, 422,341 metric tons, or 49.8 per cent of the total production; and the United States, 237,453 metric tons, or 28 per cent of the entire production. Examples of increase in production of agricultural crops cited in this pamphlet show yield of corn on an acre in Indiana fertilized with potash 75.7 bushels, without fertilizer 32.1 bushels; sweet potatoes in South Carolina, with potash fertilizer 250 bushels per acre, without fertilizer 122.1 bushels; beans in Michigan with potash fertilizer 22.7 bushels per acre, unfertilized 5 bushels per acre.

The foreign supply of potash is not now available, and the United States is suffering in an agricultural way from the lack of this important fertilizer. This is particularly true with respect to the cotton crop of the Southern and Southeastern States. As you are aware, the known deposits of potash in the public lands are withdrawn from entry awaiting legislation, the withdrawal including Seales Lake, Cal., one of the largest known deposits in the world. I am informed that two experimental plants for the production of potash, located on the shores of this lake, have been recently completed. They have direct outside railroad connections, and it is alleged that they can not only start work at once, but that their capacity can be largely increased if legislation be had and leases granted.

I regard this bill as an important war measure and believe that the public interests require its prompt enactment. If this potash is to be available for next year's crop, the legislation should be had within the next two months. I have therefore to request that same be taken up by your committee and, with any amendments that may be deemed advisable, reported to the House, with recommendation for immediate enactment.

Cordially, yours,

FRANKLIN K. LANE, Secretary.

HON. SCOTT FERRIS,  
Chairman Committee on Public Lands,  
House of Representatives.

The SPEAKER. Is there objection?

Mr. LONGWORTH. Mr. Speaker, will the gentleman yield?

Mr. FERRIS. Yes.

Mr. LONGWORTH. I observe in the committee report the following:

The bill is strongly urged as an emergency measure and as a war measure by the Secretary of the Interior and the several bureaus of his department. It is strongly urged by the Council of National Defense as being urgent, and I must request that it be passed at the earliest possible date.

May I ask the gentleman if he was the only member of the committee present who took this action?

Mr. FERRIS. No. All the members of the committee were present and voted in favor of the bill.

Mr. LONGWORTH. I knew the gentleman had great influence, but I thought perhaps the word "we" should have been used there instead of the word "I." [Laughter.]

Mr. FERRIS. The gentleman is correct in that. That is a typographical error. The word "we" would have been better.

Mr. LONGWORTH. I know that the gentleman is the leader of his committee. I want to ask another question. I am very much in favor of the object sought by this bill. It is one way of determining a merchantable method of making potash in this country. However, there are others than that provided in this bill.

Mr. FERRIS. I am aware of that.

Mr. LONGWORTH. And I trust, of course, that if this bill passes it will not serve to retard in any way the investigations of the Government in regard to producing potash out of kelp and other substances.

Mr. FERRIS. Not at all. It is the hope of every arm of the Government, so far as I know, and of every member of the Committee on Public Lands that we should get potash from every source that we can. It is going to be difficult to compete with Germany even then, as the gentleman knows.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. This bill is on the Union Calendar.

Mr. FERRIS. I ask unanimous consent, Mr. Speaker, that this bill be considered in the House as in Committee of the Whole.

The SPEAKER. The gentleman from Oklahoma asks unanimous consent that this bill be considered in the House as in Committee of the Whole. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: Page 1, line 5, after the word "to," strike out the word "grant" and insert in lieu thereof the word "issue."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The Clerk will report the next committee amendment.

The Clerk read as follows:

Amend, page 1, line 9, by inserting, after the word "right," the words "for a period not exceeding two years."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 1, line 12, after the word "in," strike out the words "San Bernardino County, Cal., for a period of not exceeding two years" and insert the words "and adjacent to Seales Lake, which would be described if surveyed as townships 24, 25, 26, and 27 south, of ranges 42, 43, and 44 east, Mount Diablo meridian."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. FERRIS. Mr. Speaker, it is called to my attention by the gentleman from Arizona [Mr. HAYDEN] that in the committee amendment on page 1, line 12, we struck out the word "California," and that it ought to be incorporated on page 2, line 5, after the word "meridian." I therefore move that after the word "meridian," on page 2, line 5, the word "California" be inserted.

The SPEAKER. The question is on agreeing to the motion of the gentleman from Oklahoma.

The motion was agreed to.

The SPEAKER. Now, the question is on the committee amendment which was read.

Mr. MONDELL. Mr. Speaker, I desire to be heard on the amendment.

The SPEAKER. The gentleman is recognized for five minutes.

Mr. MONDELL. Mr. Speaker, I am in favor of this legislation. At least I am in favor of the purposes of the legislation. One may be in favor of the purposes of a bill and not be in favor of the bill itself in the form presented. That is the situation in which I find myself with regard to this legislation. The principal provisions of this bill may not prove to be particularly important so far as they relate to potash, because from examinations that have been made it does not seem very probable that we shall discover any considerable amount of potash salts on public lands except in certain localities where they



have been somewhat developed. The particularly important feature of the bill is that which relates to Searles Lake, in California, where potash salts have been developed to some extent, and where in all probability it will be possible very greatly to increase their production. There are also some deposits of leucite in Sweetwater County, in Wyoming, which it may be possible to utilize in the production of potash, although up to this time difficulty has been found in the development of a workable process for its extraction from the rock. But these are the sections—and they are specifically referred to in the bill—that are hopeful in the matter of potash development. So far as the remainder of the public domain is concerned to which the bill refers, it seems doubtful whether we shall ever be able to develop considerable deposits of potash. We hope that we may.

My objections to the bill are to the provisions other than those which refer to Searles Lake. They are to the character of this so-called leasing legislation, which is in harmony with general leasing legislation that has been presented and which is subject to the same objections from my viewpoint. I want to say a few words with regard to those general provisions now, not because they are so important as affecting this bill, but because they are important as a general proposition of legislation.

This is called a leasing bill. It seems to provide for the leasing of public lands. In fact, most of those who have examined it and most of those who have examined the general leasing legislation, so called, seem to assume that there is no other disposition of the public lands provided for except that of leasing. As a matter of fact this bill and similar provisions in the general leasing bill, so called, provide very largely for patents in fee. If I had the time and the House was sufficiently patient—I shall not ask the House to listen to me at the length that would be required—I think I could demonstrate that under this bill it might occur that little land would ever be leased except the Searles Lake and Sweetwater County lands, and that a large part of the remainder might be patented.

In this particular argument I am not assuming that it may not be wise to continue to patent public lands containing such deposits; but my contention is that when we assume to pass from a policy of patenting in fee, and so passing lands into private ownership, to one of leasing, we should do so, and we should not retain in bills purporting to provide for leasing provisions under which a large portion of the land may pass into private ownership under fee title, without cost to the patentee and without control by the public after the title has passed.

Mr. ELSTON. Will the gentleman yield?

Mr. MONDELL. Yes.

Mr. ELSTON. The gentleman has just said that the Searles Lake deposits are practically the only known deposits of potassium in the country. It will be noticed that Searles Lake is excepted from the provisions of the bill providing for a patent, and under this bill Searles Lake can only be leased.

Mr. MONDELL. That is just what I said, that, with the exception of the Searles Lake region, which is the important region from the standpoint of this bill, a system is provided under which the lands may largely be patented.

Mr. ELSTON. One-fourth of them may be patented.

Mr. MONDELL. It would take some little time for me to elucidate the processes whereby one-fourth of one prospecting permit being patented, a prospecting permit might be secured for the remaining lands and one-fourth of those lands be patented, and so on indefinitely until the land was all patented. That could happen under legislation of this kind. I grant you that it would not be likely to happen that all or even a major portion of the lands would thus pass into private ownership, but this is the point I desire to make in connection with all this legislation: If it is wise to pass from a system of private ownership in fee on lands containing potash to one of leasing under control, as provided in this bill, even to the matter of fixing prices—if that is a wise thing to do, as I have been inclined to believe, if it is wise to do that, we should adopt that policy to the exclusion of the policy of ownership in fee. We do not do it in this bill. We do not do it in the other bills. The theory is that the wildcatter, the first prospector, must be given some peculiar incentive, and that a sufficient incentive can only be found in the ownership in fee. I do not think that is sound.

The SPEAKER. The time of the gentleman has expired.

Mr. MONDELL. Mr. Speaker, I ask unanimous consent for five minutes more.

The SPEAKER. The gentleman from Wyoming asks unanimous consent to proceed for five minutes. Is there objection? There was no objection.

Mr. MONDELL. The men who are prospecting the public domain and who are interested in its development, with whom I have talked, have not in the main agreed with that contention. They would very generally prefer to lease a considerable area under control than to obtain the ownership in fee of a small tract, with little hope of securing interest in a larger acreage. That statement has been made to me by operators with whom I have talked.

Mr. RAKER. Is it not a fact that practically all the testimony before the Public Lands Committee in the last six years has been in consonance with what the committee have reported in this bill as to the disposition of the permit and the patenting of one-fourth, if a man discovered valuable mineral?

Mr. MONDELL. I have read quite a bit of the hearings before the committee, and while I may have missed some of them, I will say to the gentleman that I do not recall having read anywhere where that subject was clearly and definitely dissociated from all other questions discussed at any length by anybody.

The gentleman knows the peculiar conditions under which these hearings have been had, that the time has been taken up largely by people who had little interest in the general legislation but whose interest was in remedial legislation. Gentlemen of course were content not to dispute with the committee on the general provisions of the bill offered by the committee, they had other fish to fry and were not disposed to jeopardize their own peculiar interests by arousing the antagonism of the committee by objecting to provisions of the bill that did not immediately interest them.

Mr. RAKER. I think the gentleman is referring to the hearings before the Senate committee and not the House committee, because it is just the other way in the House committee. This trouble in regard to the oil situation has centered around the Senate committee. The House committee adopted these provisions.

Mr. MONDELL. If the gentleman wants it that way I am willing to admit that many are in favor of it. I am not. I do not believe that it is wise. If we are to have a potash-leasing policy let us have a leasing policy, not a mixture. Now, let me follow that a little further. It has been claimed to be wise to establish a mineral-leasing policy, because through it we may secure larger revenues for the reclamation fund and for local development. That advantage gained under a leasing system is lost under a system of ownership in fee.

It is urged that we should go into the leasing system because it provides public control over and economy and safety in the operation of the mines. That advantage is lost under a system of private ownership, except as the private mines are controlled by local and State authority.

It has been insisted that leasing legislation is wise because under it you may and do confine individuals or corporations to one not overlarge leasehold. If there is advantage in that, which I doubt, if that is wise we lose all such advantages of limited holding when we retain the system of private ownership. The committee has gone so far in this bill under section 13 as to provide control over the price of the product, but that control relates wholly to land held under leases and not to the land that may pass into private ownership. If that is wise the benefit is lost as to the land patented.

Now, as I said at the beginning of my remarks, this bill will probably not affect a sufficient part of the public domain to make these provisions very important one way or the other, but they are tremendously important when we come to these other and larger measures that will affect millions of the public domain. I may have constituents who like that sort of provision, but my view of it as a responsible official is that if we are to pass a system of mineral leasing we should do so without mixing it up with these very seemingly liberal provisions in regard to leaseholdings. Put everybody on the same basis; treat all alike. And right there is a very important question. Will these seemingly liberal provisions with regard to fee title really be worth much, after all, in the practical administration of the law? It would be entirely possible under the bill for a large proportion of the land to go into private ownership under fee title. It would be entirely possible for the Secretary to limit to the very smallest per cent imaginable the opportunity for patents in fee seemingly extended by the provisions of the bill. My objection is that the bill does not do what it assumes to do—establish a leasing policy, and, further, that the opportunities apparently offered for titles in fee may be almost wholly denied.

There is a further objection which I shall meet in a moment by an amendment which I shall offer. The bill provides that the receipts from rents and royalties shall go into the reclamation fund, leaving the localities in which the mines are located



without any opportunity to secure funds for local improvement, maintenance of school buildings, roads, and so forth. I shall at the proper time urge the Senate provision in the bill under which one-half of the funds will go to the community and one-half to the reclamation fund.

Mr. FERRIS. Mr. Speaker, I want only a word in reply to the gentleman from Wyoming. I think it is due that a word of reply should be made. The facts are these: Under the placer law and all existing mining laws every miner who goes on the public domain gets title in fee to all of it if he complies with the law. Under this provision a man that just goes out and mines and hunts for minerals, if he discovers them, gets a patent of one-quarter of his lease permit and three-quarters of the developed land becomes the property of the Government. We are saving three-fourths for the Federal Government while under the old law we did not save any. Whether this law is good or bad, it is three-quarters better than any preceding law.

The position of the gentleman from Wyoming is very well known in this House.

Mr. MONDELL. Will the gentleman yield? I introduced a coal and oil leasing bill in the House more than four years ago, and at a time when it was not entirely popular. I urged leasing legislation a number of years ago, but it was a genuine leasing policy, not one of this sort.

Mr. FERRIS. Has not the gentleman been opposed to leasing legislation from the day that we went to work on it?

Mr. MONDELL. The gentleman knows that that is not so. I have objected continually to this sort of legislation that pretends to be leasing legislation when, as a matter of fact, it is not leasing legislation with regard to one-quarter at least of the area affected.

Mr. FERRIS. Mr. Speaker, I will just test the gentleman's good faith. If the gentleman will move to strike out the 640-acre patented land that is to go as a reward for the settler doing the prospecting, I shall do as much as I can to accept the amendment and help him, and we shall see who is in good faith. I have worked at this matter too long to have any side issues or any prehistoric matters brought in here. I have struggled with this legislation for five years, and we put it through the House. Each time it has died in the Senate, because they were opposed to legislation, as the gentleman has been, of a leasing character. I am not in favor now, nor ever will be, of legislation to lease homesteads or Government agricultural lands, but I am in favor of leasing mineral lands, oil lands, potash lands, that are within themselves almost natural monopolies, because I believe in that way we can better conserve the interests of the Government. I do not wish to misstate the gentleman's position—

The SPEAKER. The time of the gentleman from Oklahoma has expired.

Mr. FERRIS. Mr. Speaker, I ask unanimous consent to proceed for two minutes more.

The SPEAKER. Is there objection?

There was no objection.

Mr. FERRIS. Mr. Speaker, I do not wish to misstate the gentleman's position. We have been trying to conserve 165,000,000 acres of forest reserve, 53,000,000 acres of coal lands, 5,000,000 acres of oil lands, and 35,000 horsepower in water-power development, and we have been trying to develop the West, and develop it well, so that the Government could get the advantage. This has been done not through the efforts of myself but of the Public Lands Committee, made up of Republicans, Democrats, and Progressives, and we have had the support of every Democrat and many on the Republican side. The gentleman from Illinois [Mr. MANN] and other gentlemen over there have been helpful with this legislation that has twice passed the House.

Mr. TOWNER. Mr. Speaker, will the gentleman yield?

Mr. FERRIS. Yes.

Mr. TOWNER. I was interested in the statement made by the gentleman from Wyoming [Mr. MONDELL], and I want to know whether I understand it or not. As I understand the bill, the first section provides for a prospecting permit, and the prospecting permit must be definitely determined—that is, as to its area?

Mr. FERRIS. Certainly.

Mr. TOWNER. The second section provides that not to exceed one-fourth of that land may be patented?

Mr. FERRIS. That is right.

Mr. TOWNER. How is it possible, as I understood the gentleman from Wyoming to say, that that would permit the land practically to be absorbed by patents that may be issued?

Mr. FERRIS. It could not. The greatest amount of land that could be patented in any case would be one-fourth, and three-fourths of the remaining land would be the property of

the Government, which the Government could develop or lease upon a royalty basis, or sell, or do with it whatever it desired. There is no way in which that evil could result which the gentleman from Wyoming suggests may result. It then becomes, instead of wildcat territory—worthless, undeveloped territory—real territory, developed territory, of value to the Government and to the people.

Mr. TOWNER. I want to ask the gentleman another question. The SPEAKER. The time of the gentleman from Oklahoma has again expired.

Mr. FERRIS. Mr. Speaker, I ask unanimous consent to proceed for two minutes more.

The SPEAKER. Is there objection?

There was no objection.

Mr. TOWNER. I want now to ask the gentleman whether he thinks that it is important that this one-fourth clause by which the land may be patented entirely be retained for the immediate development of the potash prospects?

Mr. FERRIS. I am very glad the gentleman has asked that, and I will answer him frankly. This bill is a compromise. Four years ago during the very early part of the Sixty-third Congress, as the gentleman will recall, we passed in this House a bill dealing not only with potash but with phosphates, oil, gas, coal, and mineral lands. The Senate killed it, because they were not in favor of a leasing policy. Again, in the last Congress we duplicated the performance. We passed it and sent it over to the Senate early in the beginning of the Sixty-fourth Congress. It laid there for two years and no action was taken. This year I was appealed to to submit it again and have it passed by the House. I said I would take no further action in the committee or in the House, or at least assist in passing anything, until I could be convinced that the Senate was willing to do something. They came forward and passed a pretty good bill here. They put in section 13, which provides for a price fixing, so that a natural monopoly can not be used to extort high prices, and they provide for a leasing policy and offer as the only reward one-fourth of the discovery, which is three-fourths better than we have ever had before.

Mr. TOWNER. I will say to the gentleman, as he knows, I am sympathetic with the idea of the leasing policy.

Mr. FERRIS. The gentleman helped us put it through.

Mr. TOWNER. But I do believe that if it was necessary to make this much of a sacrifice to secure the important development of this land we ought to make the sacrifice.

Mr. FERRIS. I think that is probably true.

Mr. SMITH of Michigan. Will the gentleman yield?

Mr. FERRIS. I yield to the gentleman from Michigan.

Mr. SMITH of Michigan. I would like to inquire about the supply. How much is there in this lake? Is it inexhaustible?

Mr. FERRIS. It is almost. There are 25,000 acres of it, and we are assured by the geologists, Dr. Smith and others who came before us, as can be ascertained by an examination of the printed hearings, that it will last for a great many years.

Mr. SMITH of Michigan. The country being greatly interested in the subject, that will be good information for the country. I see here they have given a statement as to the effect of the use of potash and the nonuse of it and one effect is upon the bean crop up in Michigan.

Mr. FERRIS. I noticed that.

Mr. SMITH of Michigan. It says where the crop was made by the use of this fertilizer it yielded 22.7 bushels of beans per acre, which is a pretty good yield, but not an extraordinary yield.

Mr. FERRIS. No. That is Secretary Lane's letter.

Mr. SMITH of Michigan. And that on unfertilized land it yielded 5 bushels per acre, which I think any acre of land would produce, or even more than that. I wondered whether or not the statement was based upon any hearings or upon absolute test, or was it simply a guess?

Mr. FERRIS. The letter came to the committee in response to a request for a report on the bill, but we did not go into that very extensively in the hearings, as the great value of potash was patent to all men in and out of Congress. Whether that is correct or not I do not know.

Mr. SMITH of Michigan. Did the committee believe that the use of potash makes a difference of 400 per cent in the crop?

Mr. FERRIS. I presume it depends upon the character of the crop and the character of the soil. Perhaps that is an overestimate; however, I do not know, but in any event it is of very great use in agriculture.

Mr. SMITH of Michigan. Oh, yes; its use is really good.

Mr. SHALLENBERGER. Will the gentleman yield for a question?

Mr. FERRIS. I will.



Mr. SHALLENBERGER. Why is it, with potash at such a tremendously high price, this great supply has not been worked before?

Mr. FERRIS. Because of the great question as to whether the placer law applied to it at all, and for the further reason it has been withdrawn from entry, and for the further reason that last year the consumption of potash was 237,453 metric tons, and that was brought from Germany at \$48, which was cheaper than we could produce it.

Mr. SHALLENBERGER. Nebraska has produced some potash—I think more than any other State in the Union; something like 20,000 tons—and because its price has been so enormously increased ought to be an inspiration for an increased production. I understand potash sold for \$500 a ton, and I can not understand why, if potash has not been produced, where it will be under this bill.

Mr. FERRIS. As the gentleman knows, only a very small proportionate part was produced in Nebraska. There was some in Wyoming and all over the country.

Mr. SHALLENBERGER. The fact that it was at such an enormous price was a reason for its being produced. That is an inspiration for men to produce it.

Mr. FERRIS. The real reason for its being produced and the greater activity now is the fact that we can no longer buy it at \$48 a ton from Germany, but must pay \$480 a ton to get it at all.

Mr. SHALLENBERGER. The potash that brought \$48 a ton was sold for that price and then resold at \$300 or \$400 a ton?

Mr. FERRIS. No.

Mr. SHALLENBERGER. It has been for the last two years?

Mr. FERRIS. That is because of the war?

Mr. SHALLENBERGER. Certainly.

Mr. FERRIS. But prior to the war the price of potash in this country to the farmer, sold on the Atlantic coast, where the freight rates are not so heavy and where they have water transportation, was about \$48 a ton.

Mr. SHALLENBERGER. Since the war began, with this enormous price, I was wondering why, if a greater production of potash was not stimulated, how it was going to be under this bill?

Mr. FERRIS. I am very glad that the gentleman from Nebraska asked that.

The SPEAKER. The time of the gentleman has again expired.

Mr. FERRIS. Mr. Speaker, I ask unanimous consent to proceed for a couple of minutes more. I do not want to take up too much time, but—

The SPEAKER. The gentleman from Oklahoma asks unanimous consent to proceed for two minutes more. Is there objection? [After a pause.] The Chair hears none.

Mr. FERRIS. The reason is simply this: The House committee has not been recreant in regard to this matter. Four years ago the purport of this bill was introduced as part of the general conservation or leasing bill. It went to the Senate and failed. Two years ago we passed this same provision. This was the leasing bill—H. R. 406—which passed two years ago and four years ago and went to the Senate, and the Senate was opposed to any kind of a leasing proposition. Their theory was to let the land go to patent outright to the men who discovered it. The Senate and House were at loggerheads over the policy. Now the Senate has passed this measure and the House is endeavoring to take advantage of it so as to pass it at the earliest possible moment so as to develop these potash deposits.

Mr. SHALLENBERGER. Have not there been two plants operating there producing this potash?

Mr. FERRIS. No; there are two small experimental plants, but not producing it. They have not any title. Let me say to the gentleman—

The SPEAKER. The time of the gentleman has again expired.

Mr. HEFLIN. Mr. Speaker, I move to strike out the last word.

The SPEAKER. The gentleman from Alabama moves to strike out the last word.

Mr. STEPHENS of Nebraska. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. The gentleman from Nebraska asks unanimous consent to extend his remarks in the RECORD. Is there objection? [After a pause.] The Chair hears none.

Mr. KINKAID. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. On what subject?

Mr. KINKAID. Potash. I know a great deal about it.

The SPEAKER. The gentleman from Nebraska asks unanimous consent to extend his remarks in the RECORD on the subject of potash. Is there objection? [After a pause.] The Chair hears none.

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. On what subject?

Mr. TAYLOR of Colorado. I desire to insert in the RECORD a speech of a former governor of Colorado, Alvah Adams, on the Belgian Commission to this country. It is the most eloquent and most beautiful presentation of the matter that I have seen anywhere in the United States.

The SPEAKER. The gentleman from Colorado asks unanimous consent to extend his remarks by printing a speech of ex-Governor Adams. Is there objection?

Mr. WALSH. Mr. Speaker, I object.

The SPEAKER. The gentleman from Alabama [Mr. HEFLIN] moves to strike out the last word.

Mr. HEFLIN. Mr. Speaker, I am heartily in favor of the bill reported by the gentleman from Oklahoma [Mr. FERRIS]. It will be the means of furnishing more potash to our farmers, and I am glad to see that there is no serious opposition to it.

I rise to address the House briefly upon the contents of a telegram sent from Washington to Germany by Count Von Bernstorff in January of this year and published in the Washington papers this afternoon.

This telegram was given out at the State Department to-day. It contains insinuations and reflections upon the integrity of Congress, and presents a situation that deserves our serious consideration and investigation. In the telegram sent by Von Bernstorff, the representative of the German Government, he asks permission "to pay out \$50,000, as on former occasions, to influence Congress," and so forth.

Mr. Speaker, Germany by her utter disregard of her treaty obligations to us, and by her failure to respect our rights as a neutral nation, forced me to the conclusion that she was of the opinion that we were too cowardly to fight, but I did not know before that the impression prevailed in Germany that we were a corrupt people and that Germany believed that the Congress of the United States could be bribed by German money.

Do you wonder now that after the Kaiser obtained this last impression from Von Bernstorff's telegram that he determined to break his promises to the President and to practically declare war upon the United States, as he did one week after this slanderous telegram was sent? The President, in his war message, mentioned certain foreign, corrupt, and sinister influences at work in our country, and the telegram sent by Von Bernstorff is an admission that Germany had a corrupt fund in the United States and that money from that fund had been used on former occasions to influence Congress and to carry on the German propaganda in this country.

It is true, Mr. Speaker, that certain men and certain newspapers have changed their positions completely in the last few months. Before Germany made war upon us some of them were quarreling with the President because he would not go to war with Germany. They urged that the United States send men and money to France, but later, and I fear under the baneful influence of Von Bernstorff's evil organization, they reversed their positions and have been giving aid and comfort to the enemy. But, Mr. Speaker, Congress does not deserve the dastardly insinuations made against it by Von Bernstorff in his telegram of January 22, 1917.

I do not know what Members of Congress, if any, impressed the slanderous Bernstorff with the idea that Congress could be influenced by German money, but I do know that this telegram presents an ugly and a serious charge against the Congress of the United States and that it deserves attention at our hands.

Gentlemen of the House, we are honored with places in the greatest lawmaking body in the world, and the Constitution confers upon us the power to act when war threatens or when war is forced upon the country. We have exercised that power, and before we were called upon by the President to exercise that power to do what was best for this country Von Bernstorff, the representative of the German Government, sitting here in the Capital City, was carrying on a corrupt propaganda trying to influence the lawmaking body of this Nation against its own interest and in the interest of the German Government.

I do not know what Members of Congress, if any, have been influenced by this mysterious German organization. If I were permitted to express my opinion, I could name 13 or 14 men in the two bodies who, in my judgment, have acted in a suspicious manner. If Members have acted in a suspicious manner by the introduction of resolutions or bills or by speeches in the Congress or out of it, that leads to the conviction that they are not loyal to this Government in the hour of its peril—they ought to be investigated, and if found guilty they ought to be expelled from the House and from the Senate of the United States. If



there is a man in either body who is not giving whole-hearted support to the Commander in Chief of our Army and Navy in this war, he is not entitled to a seat in either branch of Congress.

Gentlemen, we are at war with the most desperate and the most brutal monarch in the world, and sedition and treason must not be tolerated in anybody now. Even Members of Congress must not do things that smack of sedition and disloyalty.

Count von Bernstorff suggested that Germany express friendship for Ireland. He said it would aid him in getting certain influences over here. Germany did express that friendship for Ireland immediately. She declared in favor of home rule for Ireland.

The SPEAKER. The time of the gentleman has expired.

Mr. HEFLIN. Mr. Speaker, I ask unanimous consent for two minutes more.

The SPEAKER. The gentleman asks unanimous consent for two minutes more. Is there objection?

There was no objection.

Mr. HEFLIN. So it seems, Mr. Speaker, that the German Government carried out that part of Von Bernstorff's suggestion.

Now, then, Von Bernstorff said that he wanted to use \$50,000 more. For what purpose, Mr. Speaker? Why, to influence the Congress of the United States, he said. Now, then, what was done in that regard? Where was that money spent? I must admit that the conduct of some that I know has been suspicious and an investigation ought to be had. But I do want to say in conclusion that, as a Member of this House, I denounce the Bernstorff telegram as a slanderous insult against the great body of clean, honest, and loyal Americans who compose the two bodies of Congress. For the few who have acted suspiciously I have no word to say. They have my supreme contempt and they deserve the contempt of the American people; and in the name of the decent and loyal membership of this Congress, I ask for an investigation of the slanderous charges of Count von Bernstorff, of Germany. [Loud applause.]

Mr. LEVER. Mr. Speaker, I do not desire to take more than a few minutes of the time of the House, but this matter of a potash supply for this country is of such supreme importance to agriculture that I feel the House should have it brought to its attention.

I want to congratulate the Committee on Public Lands for its work in reporting out this bill. If the testimony before that committee is at all accurate—and we have no reason to doubt it—as to the supply of potash in Searles Lake, Cal., then we have almost immediately available as much as 5,000,000 tons of that mineral which is so essential in the production of a certain kind of agricultural crop, and which is likewise so necessary in the production of munitions of war.

Mr. QUIN. Will the gentleman yield right there?

Mr. LEVER. For a question.

Mr. QUIN. How many tons do we need a year for normal times?

Mr. LEVER. The normal consumption of potash in this country before the outbreak of the war was between 230,000 and 240,000 tons a year. So that if the experts who testified before the Committee on Public Lands as to the quantity at Searles Lake are correct, we should have on hand in the neighborhood of 20 years' supply in that one spot, if through this bill we shall make it available to development.

I am glad also that the chairman of the Committee on Public Lands has made it entirely plain that the lower House of Congress has not been negligent in the matter of undertaking to supply this country with potash. Older Members of the House will recall that about 1909, on account of some rather suspicious breaking of contracts between the German Government and certain of our own citizens who were buying potash, there was inserted in the Agricultural appropriation bill an item for ascertaining the sources of potash and other fertilizer ingredients in this country, if any. The Department of Agriculture discovered the kelp beds of the Pacific, and has done its work largely along the line of undertaking to develop them. The last appropriation bill carried a sum sufficient to undertake to develop or demonstrate on a commercial scale the feasibility of manufacturing potash out of the giant seaweed or kelp. I have no report—

Mr. SMITH of Michigan. Mr. Speaker, will the gentleman yield?

The SPEAKER. Does the gentleman from South Carolina yield to the gentleman from Michigan?

Mr. LEVER. I will yield in a moment. I have had no report within the past month or more from the Department of Agriculture on the progress they were making, but about six weeks ago I went over the matter very carefully with the gentleman who has charge of that work, and he informs me that the ma-

chinery is being put down and that they are now about in position to make the actual demonstration that these ocean weeds contain sufficient potash to supply our country for all time, if it can be extracted on a commercial scale.

If these gentlemen in the Department of Agriculture are correct in sizing up the situation we should in the course of a few years be on an absolutely self-sustaining basis with respect to potash, because their testimony has been that we could manufacture—their hope has been, at least, that we could manufacture—potash out of kelp, send it by way of the Panama Canal and deliver it upon the Atlantic seaboard in competition with the German Government under normal conditions. Whether they can do that or not is a matter of demonstration. I believe that they may accomplish that hope. But, gentlemen, the statement that I have made, backed by the statement of the chairman of the Committee on Public Lands, the gentleman from Oklahoma [Mr. FERRIS], proves beyond any shadow of a doubt that those of us who have served heretofore in this body have been exceedingly active since 1909, when the first acuteness in the potash situation took place.

Now I will yield to the gentleman from Michigan for a question.

Mr. SMITH of Michigan. Has there been any estimate made by the committee or otherwise which shows how much it will cost to manufacture this potash out in Searles Lake when they once undertake it?

Mr. LEVER. I have not looked into the testimony before the Committee on Public Lands as to that, except to see a general statement in the testimony of some witness to the effect that it was thought that they could develop this Searles Lake potash to supply our needs in competition with German salts under normal conditions. If I am mistaken in my recollection of the statement I will be glad to have some member of the committee correct me.

The SPEAKER. The time of the gentleman from South Carolina has expired.

Mr. LEVER. Mr. Speaker, I would like to have two minutes more.

The SPEAKER. Is there objection to the gentleman's request?

There was no objection.

Mr. KETTNER. Mr. Speaker, will the gentleman yield?

Mr. LEVER. I yield for a question.

Mr. KETTNER. For the benefit of the House I wish to say that the Hercules Powder Co., in the last year and a half, has been employing from 800 to 1,000 men in the manufacture of potash from kelp. Besides that plant there are four plants in San Diego working day and night, and have been for over a year.

Mr. LONGWORTH. Is there not a Government plant there, too?

Mr. KETTNER. It is not the Government plant. That is farther up the coast.

Mr. LEVER. I want to say this, gentlemen: Under normal conditions potash salts sell in the market at \$48 a ton. The kind of salt we use for agricultural purposes does not cost so much. It is something between \$10 and \$12 per ton. But potash salts to-day sell for \$48 a ton. In fact, they can not be had for agricultural purposes at all, and it is up to us, as far as possible, to undertake to supply our country with this absolutely necessary ingredient of fertilizer, because there are kinds of crops that you can not produce unless you have some potash. That is not entirely true of cotton; but, as a practical observer of farming conditions, I know that in the sand belt of the South, where cotton can be grown very successfully with potash, the yield, because a lack of it this year, will be reduced, I should calculate, from one-half to one-third.

Mr. STEENERSON. What other crop is it used for?

Mr. LEVER. For potatoes and tomatoes and vegetables generally; practically all crops of that character. I felt I ought to say that much, as chairman of the Committee on Agriculture, in support of this bill. [Applause.]

The SPEAKER. The time of the gentleman from South Carolina has again expired.

Mr. RAKER. Mr. Speaker, I desire to say just a few words in regard to this bill now pending before the House, words that possibly have not been said up to the present time. All of the provisions of this bill that is now before the House were considered four years ago by the Committee on Public Lands, and extensive hearings had. The bill was taken up before the House and passed. The bill went to the Senate, but it did not become a law, because the Senate did not even report it or favorably dispose of it.

At the beginning of the Sixty-fourth Congress the chairman of the Committee on the Public Lands again introduced the bill.



Hearings were again had, because there were new members upon that committee, and the bill was again taken up and thoroughly gone into by the committee, to see wherein there might have been any mistakes or imperfections, so that those mistakes or imperfections might be supplied or eliminated. That bill was H. R. 406 of the Sixty-fourth Congress. It passed the House and went to the Senate, and died during the Sixty-fourth Congress.

The chairman of the Committee on the Public Lands, Mr. FERRIS, reintroduced the bill in the Sixty-fifth Congress. The provisions relating to potash are practically the same as this bill, with one exception, as to Searles Lake and a small piece of territory in Wyoming. In addition this bill contains section 13, which gives the President the power to fix the price of potash and its products, and so forth.

The Senate bill which we are now considering, which was passed by that body and that came before the Committee on the Public Lands of the House, had a number of imperfections in it.

Mr. QUIN. Will the gentleman yield there?

Mr. RAKER. I had rather not yield until I make the consecutive statement which I have in my own mind. In this Congress the Committee on the Public Lands again took up this legislation and considered the bill now before the House and amended it so that it would carry out the provisions of House bill 406 of the Sixty-fourth Congress, to the end that after so much had been done by the committee and the House the labor would not be lost. The Department of the Interior, the Geological Survey, the Department of Agriculture, and, in fact, all the various departments of the Government, in addition to the best other information we could obtain, have assisted, that there might be proper legislation whereby potash might be discovered and developed, and every one who desired to prospect for this mineral be given an opportunity to do so, giving him 2,560 acres to prospect on, with a proper permit for two years, under approved rules and regulations, with the additional opportunity that when he had discovered potash he might patent one-fourth of the land upon which he held a prospecting permit, so that he might go on uninterruptedly, while the other three-fourths would not be opened again for prospecting or for patenting, but would be opened for leasing under the general provisions of this bill. The remainder of the tract would then be immediately available for the purpose of leasing and obtaining more potash.

Now, I want to call the attention of the committee to Searles Lake. There are only 160 acres of Searles Lake upon which there is a patent. All the rest of the land covered by this lake is withdrawn. Notwithstanding that, every foot of it has filings upon it by private individuals. These filings have been under contest before the Land Department, and there have been many contests in the courts to determine who was entitled to the possession of this lake. We believe, and the department believes, that facts have been developed whereby it can be shown that practically all of these filings were made for foreign interests. If these facts be true and properly established, the claims will be held void and this country will not be deprived of the benefit of that valuable deposit of potash.

The SPEAKER. The time of the gentleman has expired.

Mr. RAKER. I ask unanimous consent for two minutes more.

The SPEAKER. The gentleman asks unanimous consent for two minutes more. Is there objection?

There was no objection.

Mr. RAKER. This bill reserves Searles Lake, to the end that the Government may utilize it in establishing a plant itself if it desires to do so, or may lease the land. It is expected that these pending contests will be disposed of in a short time and in favor of the Government and its citizens. They believe the evidence shows beyond all question that these filings on the lands covered by Searles Lake were made on behalf of aliens or in the interest of aliens. It will take in the neighborhood of \$4,000,000, as it was stated before the Committee on the Public Lands, to put in a proper plant by which this mineral can be developed. Further, we were told by those who know that the moment this bill becomes a law these parties, or others to take their place, will be on hand with the money and the means to lease the deposits of Searles Lake and put up a proper plant to develop potash, so that there will be an ample supply each year for the Government of the United States, irrespective of our being unable to obtain any of the German supply of potash. There is no doubt but what this bill will pass the House without a dissenting vote. It is emergency legislation, and so recognized by all who are familiar with its provisions.

Mr. QUIN. Mr. Speaker, I move to strike out the last word.

The SPEAKER. Debate on that amendment has been exhausted.

Mr. QUIN. I move to strike out the last three words.

The SPEAKER. The gentleman from Mississippi is recognized.

Mr. QUIN. Mr. Speaker, it is my judgment that this is a very important bill. Not only is there almost a potash famine in this country for agricultural purposes but also for the manufacture of munitions of war. It is commonly understood that the principal source of supply for potash is in the Black Forest of Germany. Every citizen of this country knows that we are at war with Germany, and that we can not now get any potash from that source. That is the reason why the fertilizer factories of this country can not supply the potash in fertilizer that the farmers of this country must have, and that is one of the reasons why the munitions makers, including our Government itself in its arsenals, have had to pay such an enormous price for the potash that they must use in the manufacture of explosives, and so forth. This bill will fix it so that our Government can have all the potash necessary at a reasonable price. It fixes it so that the fertilizer factories of this country can have all the potash necessary to manufacture fertilizer. We get the kelp out of Pacific waters—Lake Searles—and ship it through the Panama Canal to the Gulf of Mexico and along the Atlantic coast. It is also true that nitrogen is scarce. The Congress passed a law by which \$20,000,000 was appropriated for the purpose of establishing a great nitrate factory, but to my utter amazement nothing has ever been done except to appoint a commission who selected four different sites for plants, I believe, at \$1,000,000 each, which we know means nothing so far as fertilizer for commercial purposes is concerned. That nitrogen proposition that the American Congress believed was going to be worth so much to the American farmer is a dead issue. Why it was not carried out I can not say, but this Congress ought to inquire into that fact and see why nothing has been done.

According to the gentleman from South Carolina [Mr. LEVER], chairman of the great Agricultural Committee of this House, 5,000,000 tons of potash can be secured from the source mentioned in this bill—Lake Searles—and that, too, at a very small price as compared to what we now pay. That is sufficient to last for 20 years. Shall we fail in our duty to the farmers and the Government? He stated that it could be produced at about \$48 a ton. I believe the price is now \$500 or \$600 a ton, and one officer from a Government arsenal testified before our committee the other day that this Government for the manufacture of munitions of war would give \$900 a ton if it could get all of the potash that it needs.

So with the facts staring us in the face that potash is becoming scarcer every day and that the farms of this country must produce agricultural products, we know that without a proper supply of potash and nitrogen there will be a scarcity of agricultural products.

The farmer can not afford to pay the exorbitant price now demanded because of the scarcity. The Government must come to his rescue with cheaper potash and nitrogen.

The SPEAKER. The time of the gentleman has expired.

Mr. QUIN. I ask unanimous consent for two minutes more.

The SPEAKER. The gentleman asks unanimous consent to proceed for two minutes. Is there objection?

There was no objection.

Mr. QUIN. We can get nitrogen into the soil by legumes and other plants whose roots penetrate the soil, such as peas, velvet beans, soy beans, and various kinds of clover. They take the nitrogen from the atmosphere and deposit it in the soil. But we can not get potash into the soil in that manner. There is no way we can get potash into the soil except through commercial fertilizers and the excrement from live stock. That is one of the essential reasons why this bill should become a law, and become a law as soon as possible. If the American farmers are to have the fertilizer to carry on farm operations, Congress must provide the means. If the American Government is to have the potash necessary to make munitions of war to carry on the war and win it, Congress must make the necessary provision and secure the potash. This bill will do it, and for one I am heartily in favor of it. This bill will locate all of the potash on the public lands in the United States, as well as utilize the kelp potash in the waters described. I think the gentleman who is chairman of the committee has done a fine piece of work in bringing it forth, and I hope that it will pass this afternoon. [Applause.]

The SPEAKER. The pro forma amendments are withdrawn, and the question is on the amendment offered by the gentleman from Oklahoma.

The amendment was agreed to.

The SPEAKER. The Clerk will read the next committee amendment.



The Clerk read as follows:

Page 2, line 9, after the word "one," insert the words "or more."

The committee amendment was agreed to.

The Clerk read the next committee amendment, as follows:

Page 2, line 13, strike out the words "640 acres" and insert the words "not to exceed one-fourth."

The committee amendment was agreed to.

The Clerk read the next committee amendment, as follows:

Page 3, line 17, strike out the words "50-year" and insert in lieu thereof "20-year."

The committee amendment was agreed to.

The Clerk read the next committee amendment, as follows:

Page 3, lines 22, 23, 24, and 25, strike out the following:

"Provided, That the potash deposits in the public lands in San Bernardino County, in the State of California, may be operated by the United States, or may be leased by the United States upon satisfactory terms."

And insert in lieu thereof the following:

"Provided, That the potash deposits in the public lands in and adjacent to Searles Lake in what would be, if surveyed, townships 24, 25, 26, and 27 south of ranges 42, 43, and 44 east, Mount Diablo meridian, California, may be operated by the United States or may be leased by the Secretary of the Interior under the terms and provisions of this act: *Provided further*, That the Secretary of the Interior may issue leases under the provisions of this act for deposits of potash in public lands in Sweetwater County, Wyo., also containing deposits of coal, on condition that the coal be reserved to the United States."

Mr. MONDELL. Mr. Speaker, I rise in support of the amendment. I would like to ask the chairman of the committee if it is his opinion that under the last paragraph in this amendment which refers to the potash deposits in Sweetwater County—the leucite hills deposits—the prospecting provisions of the bill would apply, or was it the intention of the committee to put them on all fours with the Searles Lake land and deposits?

Mr. FERRIS. The latter is the idea as it was worked out by the committee.

Mr. MONDELL. If the gentleman's interpretation of the provision is correct, it is in line with the view that I have taken of the policy that we should follow in all these matters.

Referring to some discussion had a little earlier, I regret that the chairman of the committee takes so much to heart observations I made in regard to the policy of this bill. We certainly all have a right to our own view of the proper policy to pursue. It is no answer to a criticism of a certain policy to criticize the man who opposes the policy, and certainly no answer to misstate his position in regard to the matter.

I introduced coal and oil leasing bills in this House when the gentleman from Oklahoma was a fledgling. I am inclined to think I introduced such leasing bills before he came to Congress. I have been in favor of a proper policy of that kind for many years, and at a time when it was not wholly popular in the West. I am not against this legislation, I am against some features of the plan which have been adopted.

Now, as to the question as to how much of this land might pass into fee ownership, let me call the gentleman's attention to the fact that section 2 does not provide that after the lands have been embraced in a prospecting permit and a certain portion of them have been patented that thereafter the remaining lands shall be reserved for leasing purposes. There is no provision of that kind in the bill. The provision simply is that the lands once embraced in a prospecting permit may thereafter be leased under competitive bidding, but under the terms of the bill the lands embraced in a prospecting permit left after the patented area is eliminated could at some future time and might very properly, under the theory of the bill, be again subject to a prospecting permit. It does not always follow that lands in close proximity to those prospected and developed are by reason of the discovery then made necessarily developed into proven territory. Conditions are such that sometimes you have a new wildcat or speculation proposition in very close proximity to a fairly well-developed mineral field.

Now, as to the suggestion of the gentleman from Oklahoma that I offer an amendment striking out the provision of the bill which provides that the prospecting licenses shall ripen into a patent to one-fourth of the land, he knows very well that the only logical amendment that could be offered would be one under which the prospecting permit would ripen into a lease. It would follow that the form of lease provided in the bill under competitive bidding would be eliminated. In other words, the entire character of the legislation would be changed. The gentleman could not and would not accept the responsibility of approving such an amendment or series of amendments off-hand. I offered such amendments when the general mineral-leasing bill was before the last Congress, but the committee was pledged to the other plan, as they are now.

The SPEAKER. The time of the gentleman has expired.

Mr. MONDELL. I ask for two minutes more.

The SPEAKER. Is there objection?

There was no objection.

Mr. MONDELL. I am very much in hopes that under this bill we shall have large developments in potash. I am in hopes that we shall secure the development of the so-called leucite hills, in Sweetwater County, in my State. Heretofore, while considerable sums have been expended with a view of developing processes for the extraction of the potash in these rocks, it has been difficult to develop any process that would extract the potash at a reasonable cost; but with the present high price there is every incentive to further development along those lines, and I am very much in hopes that under the opportunities this bill will afford that these deposits may be developed.

Mr. TOWNER. Mr. Speaker, I move to strike out the last word. Let me call the attention of the chairman of the committee to the fact that if it is intended to have this provision refer to Sweetwater, Wyo., under the same terms as that with respect to Searles Lake, the language ought to be changed, because the language used there would only allow the general provisions of the bill to apply, and not the exceptional provisions. I suggest to the chairman that an amendment ought to be offered by inserting after the word "under," before the word "provisions," the word "like," and strike out the words "of this act," so that it would read:

That the Secretary of the Interior may issue leases under like provisions for deposits of potash in public lands in Sweetwater County—

And so forth.

Mr. FERRIS. May I call the gentleman's attention to the absence in that second proviso of any words for permits, but I have no objection to that. It was the object of the Interior Department and the committee intended to let the Secretary of the Interior make concessions to those parties who had expended \$40,000 in trying to develop forests, but who found themselves on coal lands and who under the law could not operate for potash on coal lands. They could not go any further.

Mr. TOWNER. I suggest the difficulty to the gentleman. Perhaps there is nothing in the suggestion.

Mr. FERRIS. There may be.

Mr. TOWNER. But the trouble with that proposition is that while the difficulty with regard to coal, and perhaps conflicting rights that would arise under coal and potash may be relieved, it would not relieve the Sweetwater County project from the general terms of the bill so that they might take the one-fourth of the land—

Mr. MONDELL. That one-fourth provision applies only to permits of undeveloped land, so that I do not think the gentleman's amendment is necessary, but if he thinks so I shall accept it.

Mr. TOWNER. I would defer to the gentleman's judgment in that regard.

Mr. FERRIS. We went into that thoroughly. In the first part of the bill the Secretary of the Interior is authorized to issue permits on undeveloped land, and this provision authorizes a lease of land where it has already been discovered, both in Searles Lake and in Sweetwater County.

Mr. TOWNER. This has received the approval of the Interior Department?

Mr. FERRIS. The Interior Department drafted it.

Mr. TOWNER. As they will have to interpret it, I suppose it is safe.

Mr. FERRIS. They drafted it and brought it to us.

The SPEAKER. The pro forma amendment is withdrawn. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. RAKER. Mr. Speaker, a parliamentary inquiry. In the next section there is no amendment offered by the committee, but there should be one. May I offer it now?

The SPEAKER. The Chair thinks the best practice is to take up the committee amendments first. The Chair will recognize the gentleman later. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 5, line 12, after the word "hereof," insert the words "or otherwise."

The SPEAKER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The SPEAKER. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 5, line 17, after the word "any," insert the word "other."

The SPEAKER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.



The SPEAKER. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 5, line 24, after the word "in," strike out the words "any court of competent jurisdiction" and insert in lieu thereof "the United States district court for the district in which the property or some part thereof is located."

The SPEAKER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The SPEAKER. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 6, line 5, after the figure "6," insert: "That any permit, lease, occupation, or use permitted under this act shall reserve to the Secretary of the Interior the right to permit for joint or several use such easements or rights of way upon, through, or in the lands leased, occupied, or used as may be necessary or appropriate to the working of the same, or of other lands containing the deposits described in this act, and the treatment and shipment of the products thereof by or under authority of the Government, its lessees, or permittees, and for other public purposes: *Provided*."

The SPEAKER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The SPEAKER. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 7, line 7, after the word "in," strike out the words "a court of competent jurisdiction" and insert in lieu thereof the words "the United States district court for the district in which the property or some part thereof is located."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 7, line 11, insert the following: "or of the general regulations promulgated under this act and in force under the date of the lease."

Mr. RAKER. Mr. Speaker, before that amendment is voted upon I ask unanimous consent in the last amendment to change the word "hereof" to "thereof."

The SPEAKER. The gentleman from California asks unanimous consent to change the word "hereof" to "thereof" in the last amendment just adopted. Is there objection?

Mr. GARRETT of Tennessee. Mr. Speaker, reserving the right to object, may I ask the attention of the gentleman from Oklahoma, the chairman of the committee, for a moment? Just what is the purpose of striking out those words, "any court of competent jurisdiction," and inserting "the United States district court"?

Mr. FERRIS. Mr. Speaker, I am very glad the gentleman asked that, for I think the record ought to show why. In considering this same legislation in the two preceding Congresses, it being then part of the so-called conservation leasing bill, after thrashing it over and over again, it was the thought of the committee that these controversies over Government leases ought to be tried out in a Federal court rather than in the local or State courts. Let me give an additional reason to that, as that standing alone probably would not be sufficient. Out in the West there is extensive litigation going on over oil wells on Government lands, and in some instances millions of dollars of property is impounded in money and in oil awaiting the action of courts and what not to determine the relative rights of the parties. The difficulties arise and the litigation arises due to two withdrawal orders—one by ex-President Roosevelt and one, I think, by ex-President Taft—and those people are litigating to-day in the courts, and also prosecuting their claims before the Congress, to determine what the real interests of the Government were, which are large, or might be large, pertaining to the leasing of these oil wells. It was thought that we had better try them out in the Federal courts rather than for it to go to the local courts, which might be influenced by local sentiment, and we felt that some provision should be made with reference to these controversies, and therefore incorporated it in this bill in an abundance of caution.

Mr. GARRETT of Tennessee. Is the litigation to which the gentleman refers pending in the State courts now?

Mr. FERRIS. Some of it has been, but the bulk of it is in the United States courts. Some of it has been in State courts through restraining orders, injunction proceedings, applications for relief, and so forth. The gentleman from California [Mr. RAKER] says that it is all in the Federal courts now.

Mr. GARRETT of Tennessee. Then, if I understand the gentleman correctly, that which lies fundamentally at the bottom of it is the fear that the local courts might be influenced by local prejudices?

Mr. FERRIS. It almost amounts to that; yes. For instance, in the West the litigation and the matter in controversy is of such transcendent importance and the amounts are so large—I had those amounts at my hand and I remember some of them—there was an instance where a single oil claim goes up into the millions of dollars and the money was impounded, the oil impounded, awaiting decision whether that belonged to the Federal Government or the claimant, growing out of these withdrawal orders.

Mr. GARRETT of Tennessee. I would not like to agree to the proposition that just because the amount involved is large that therefore it is necessary to go into the Federal courts to the exclusion of the jurisdiction of the State courts, certainly not in my State, but I defer to the superior judgment of the gentleman on this proposition—

Mr. FERRIS. These are Government leases we are dealing with. We are dealing with Government property and Federal questions and Federal matters, and while in the main I do not want to cast any slander on any State courts—

Mr. GARRETT of Tennessee. I will say to the gentleman it seems to me that is the ground really upon which this ought to be justified, that you are dealing with Federal property, and therefore you should try it in the Federal courts.

Mr. FERRIS. I desire to say in all frankness—

Mr. TOWNER. If the gentleman will permit a suggestion, certainly the very desirable object would be to prevent a conflict of jurisdiction between the State and the United States courts, and if this amendment is adopted it will prevent any possible conflict of jurisdiction.

Mr. MONDELL. Mr. Speaker, is it not true that those cases that involve Federal issues should be taken by the Federal Government to the Federal courts, and therefore it is better to have them initiated in the Federal courts. They will be taken to the Federal courts ultimately in any event, and I think it would be more satisfactory to the people to have them taken to the Federal courts. If the gentleman will recall the legislation which his committee reported with regard to reserved rights of land where mineral is retained by the Government where there are certain issues between rival claims, the committee very properly provided those cases go to a court of competent jurisdiction, to which many, if not a majority, of the cases would be referred.

Mr. FERRIS. That is controversy between two citizens. We anticipate most of those controversies.

Mr. MONDELL. And evidently these cases would go to the Federal court.

Mr. GARRETT of Tennessee. By the removal of the Federal Government.

Mr. MONDELL. Yes.

The SPEAKER. The question is on the amendment offered by the gentleman from California.

The amendment was agreed to.

The following committee amendment was read:

Page 7, line 11, after the word "lease," insert the words "or of the general regulations promulgated under this act and in force at the date of the lease."

The SPEAKER. The question is on agreeing to the committee amendment.

The question was taken, and the amendment was agreed to.

The following committee amendment was read:

Page 7, line 14, after the word "thereof," strike out the colon and the following language:

"*Provided*, That no provision or limitation shall be inserted or included in any lease waiving or requiring the waiver of the right of the lessee or of the United States to resort to the court."

The SPEAKER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The following committee amendment was read:

Page 7, line 19, after the word "shall," insert the word "also."

The SPEAKER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The following committee amendment was read:

Page 7, line 20, after the word "all," insert the words "deposits of potassium salts in the."

The SPEAKER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The following committee amendment was read:

Page 8, after the figure "10," in line 1, strike out all of the language down to and including the word "act," in line 9, and insert in lieu thereof the following:

"That all moneys received from royalties and rentals under the provisions of this act, excepting those from Alaska, shall be paid into, reserved, and appropriated as a part of the reclamation fund created by the act of Congress approved June 17, 1902, known as the reclamation



act, but after use thereof in the construction of reclamation works and upon return to the reclamation fund of any such moneys in the manner provided by the reclamation act and acts amendatory thereof and supplemental thereto, 50 per cent of the amounts derived from such royalties and rentals so utilized in and returned to the reclamation fund shall be paid by the Secretary of the Treasury after the expiration of each fiscal year to the State within the boundaries of which the leased lands or deposits are or were located, said moneys to be used by such State or subdivisions thereof for the construction and maintenance of public roads or for the support of public schools.

Mr. MONDELL. Mr. Speaker, I desire to be heard in opposition to the committee amendment.

The Senate bill provided that 50 per cent of the royalty and rentals should be paid to the States where they accrued and 50 per cent should go into the reclamation fund. The committee amendment provides that all of the royalties and rentals shall flow into the reclamation fund, and after they are repaid 50 per cent shall then be paid to the States and local communities for schools and roads. It occurs to me that it is compelling the local communities to wait a long time for their share in the benefits of this legislation to ask them to wait until the money shall have been paid into the reclamation fund and then repaid. I do not believe you could ever tag the dollars that come from these sources in such a way as to ever identify them when again, after the lapse of many years, they might emerge in repayments to the reclamation fund.

It is altogether too uncertain and nebulous a proposition to hold out any real, substantial hope to the communities of benefit from the law. We are taking from these communities the benefits that would accrue to them from taxation on the values in the lands when owned in fee, leaving them nothing on which to raise funds, except the opportunity to tax the improvements and possibly the sums derived through a mine-output tax. This legislation has been approved largely in the West, at least, because of the fact that there is hope that through it we may secure larger returns to the public than we do under private ownership, as our mineral resources are exhausted and as our deposits are depleted; and the communities should not be disappointed in their hopes of benefit through laws like this. The day when they are to be benefited should not be put off to so distant a time that there is little hope of the present generation getting any benefit. Therefore I hope that the amendment will not be adopted, but that the communities will immediately receive 50 per cent of the rents and royalties. I want to say my expectation is that ultimately this plan of equal division of funds between the States and the reclamation fund will be agreed upon. I have seen signs on the street cars at one time and another saying, "Some time this, that, or the other. Why not now?" I commend that slogan to the House now.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. GARRETT of Tennessee. Mr. Speaker, I hope the gentleman from Oklahoma will pardon me for trespassing. I move to strike out the last word.

The SPEAKER. The gentleman from Tennessee moves to strike out the last word.

Mr. GARRETT of Tennessee. I want to refer back to a provision that was passed, because I think really there ought to be some explanation of it. On page 7, beginning with line 15, striking out the proviso, the bill says: "Provided, That no provision or limitation shall be inserted or included in any lease," and so forth. Do I understand that amendment was suggested by the department?

Mr. FERRIS. This proviso that was stricken out?

Mr. GARRETT of Tennessee. Yes.

Mr. FERRIS. No.

Mr. GARRETT of Tennessee. I mean, was the striking of it out suggested by the department?

Mr. FERRIS. They were in favor of it, and so were the committee.

Mr. GARRETT of Tennessee. You did not think it was necessary? Or did you strike it out because you did not think that ought to be provided in the contract?

Mr. FERRIS. My point is this: There is always clamor in the West that claimants for public lands, claimants for mineral lands, claimants for forest lands, should have a right to come in and sue the Government. I have never been in favor of turning citizens of my own State or of any other State loose to sue the Government. It may work a hardship upon individuals, but the interest of the Government is most important, and we have required everyone else to come in and secure their claims through the Committee on Claims, which is a very circuitous route.

In each instance where I have observed authority was being given or attempted to be given to any class of citizens to sue

the Government I have been against it. I thought that was what this proposed to do. If the claims were unimportant out there we might not have to be so cautious, but the fact is the claims of the oil people are so extensive and so vast that scarcely any Member of Congress knows what is going on out there. These oil people have interests out there that are mountain high, and the Government has rights and interests out there which are technical and hard to preserve. I did not know what that was put in for. It has never been in any other legislation, and it was not clear who was responsible for it, and I thought it was an attempt to allow the people to sue the Government promiscuously and bring down a shower bath of trouble on our heads, and therefore I proposed to strike it out.

Mr. GARRETT of Tennessee. Has there been any leasing before?

Mr. FERRIS. We have had leasing on Indian lands, but not on the Government domain. On the Indian lands the leasing system has been going on successfully. We have never had leasing on the Government domain because at the other end of the Capitol we have never been able to get through a proposition for leasing. What they want to do over there is to give away the land. I have been striving, and the committee has been striving, to preserve the land to the Government. We have not been able heretofore to get any legislation on the subject of leasing as far advanced as this is. The Senate has finally decided to allow the Government to lease its own property, and I am trying at least to help make that first step in that direction.

Mr. GARRETT of Tennessee. I do not want to take up more time here—

Mr. FERRIS. I should be glad if the gentleman would take time.

Mr. GARRETT of Tennessee. Well, accepting the gentleman's suggestion, I do not think it would interfere with the individual leases, but if the Government makes itself a party to a business contract and we put in a provision there that you can not go into the courts, by striking that language out you could leave it where the administrative authorities can put into the lease, if they choose to, a provision that they shall not resort to the courts.

Mr. FERRIS. That is true, but they have to grapple with a lot of wary old birds out there, and the Government's hands ought not to be tied, and the Government should have its rights preserved. I may be a little overcautious, but I believe that should be kept in, and the committee so believed.

The SPEAKER. The Clerk will report the next amendment.

The Clerk read as follows:

Amend, page 9, by striking out all after the figures "12," on page 7, down to and including the word "act," on line 17, and inserting the following:

"That the deposits herein referred to, in lands valuable for such minerals, shall be subject to disposition only in the form and manner provided in this act, except as to valid claims existent at date of the passage of this act and thereafter maintained in compliance with the laws under which initiated, which claims may be perfected under such laws: *Provided*, That nothing in this act shall be construed or held to affect the rights of the States or other local authority to exercise any rights which they may have to levy and collect taxes upon improvements, output of mines, or other rights, property, or assets of any lessee."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The Clerk will report the next committee amendment.

The Clerk read as follows:

Amend, page 10, line 8, by striking out the word "such" and inserting in lieu thereof the word "all."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The Clerk will report the next committee amendment.

The Clerk read as follows:

Amend, page 10, line 12, by striking out the words "the product" and inserting in lieu thereof the words "any of such products."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The Clerk will report the next committee amendment.

The Clerk read as follows:

Amend, page 10, line 16, after the word "of," by striking out the words "such mineral" and inserting in lieu thereof the words "the potassium products."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.



Mr. RAKER. That disposes of the committee amendments. I move to strike out the word "grant," in line 15, page 4, and insert the word "issue."

The SPEAKER. The gentleman from California offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. RAKER: Page 4, line 15, strike out the word "grant" and insert in lieu thereof the word "issue."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, and was accordingly read the third time and passed.

On motion of Mr. FERRIS, a motion to reconsider the vote by which the bill was passed was laid on the table.

Mr. FERRIS. I move that the House insist on its amendments and ask for a conference with the Senate, in order to facilitate the consideration of the amendments.

The SPEAKER. The gentleman moves that the House insist on its amendments and ask for a conference.

The motion was agreed to; and the Speaker announced as conferees on the part of the House Mr. FERRIS, Mr. TAYLOR of Colorado, and Mr. LENROOT.

#### BRIDGE ACROSS TUG FORK OF BIG SANDY RIVER, KY.

Mr. LANGLEY. Mr. Speaker, I ask unanimous consent for the present consideration of a bridge bill which will take but a minute. It has been pending a good while, and there is no objection to it. And I am anxious to get it through the House today, so that there will be plenty of time to get it through the Senate before adjournment.

The SPEAKER. The gentleman from Kentucky asks unanimous consent for the present consideration of a bill which he sends to the Clerk's desk.

The bill (H. R. 5335) to extend the time for constructing a bridge across the Tug Fork of the Big Sandy River near Warfield, Ky., and Kermit, W. Va., authorized by an act approved January 28, 1916, was read by title.

The SPEAKER. Is there objection?

Mr. WALSH. Mr. Speaker, reserving the right to object, is this bill on the Unanimous Consent Calendar?

Mr. LANGLEY. It is.

Mr. WALSH. I do not think we ought to take up a bill that is on the Calendar for Unanimous Consent.

Mr. LANGLEY. The bridge is in process of construction, but the time limit has expired. Unless the time is extended the work can not, of course, legally proceed, which would result in irreparable injustice to gentlemen who have put their money into it. I hope my friend from Massachusetts will not object.

Mr. WALSH. All right.

Mr. HULL of Tennessee. Is this a unanimous report of the committee?

Mr. LANGLEY. It is; and the War Department recommends the extension of the time. I assure my friend from Tennessee that the bill is all right and ought to pass.

The SPEAKER. The Chair would like to make a very short statement about the Unanimous Consent Calendar. We have been running here at loose ends about it, so to speak, during this whole session. The Unanimous Consent Calendar has been called only once; and while the Chair is as much in favor of maintaining the integrity of that calendar as anybody else can be, it seems to the Chair that it is an imperative necessity to pass such things as these bridge bills. Consequently when the leaders of the two parties and the gentleman from Wisconsin [Mr. COOPER], who has the calendar specially in charge, do not object, the Chair will recognize gentlemen. Is there objection to the present consideration of this bill?

There was no objection.

The bill was read as follows:

Be it enacted, etc., That the time for completing the construction of a bridge authorized by the act of Congress approved January 28, 1916, to be built across the Tug Fork of the Big Sandy River near Warfield, Ky., and Kermit, W. Va., is hereby extended one year from the 28th day of January, 1916.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendments:

Page 1, line 3, after the word "the," strike out the word "time" and insert in lieu thereof the word "times."

Page 1, line 3, after the word "for," insert the words "commencing and."

Page 1, line 7, strike out the word "is" and insert the word "are."

Page 1, line 8, after the word "extended," insert the word "to."

Page 1, line 8, after the word "year," insert the words "and three years respectively."

Page 2, line 2, strike out "sixteen" and insert in lieu thereof the word "seventeen."

Mr. LANGLEY. The date 1916 was a typographical error. As I drew the bill it read "1917." The other amendments proposed by the committee are, so the chairman informs me, in line

with the phraseology which they have adopted in similar cases recently, and they are satisfactory to me.

The committee amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, and was accordingly read the third time and passed.

On motion of Mr. LANGLEY, a motion to reconsider the vote by which the bill was passed was laid on the table.

#### GERMAN PHILOSOPHY IN THE WORLD WAR.

Mr. VENABLE. Mr. Speaker, I ask unanimous consent to proceed for five minutes on the subject of German philosophy in the world war.

The SPEAKER. The gentleman asks unanimous consent for five minutes to speak on German philosophy in the world war. Is there objection?

There was no objection.

Mr. VENABLE. Mr. Speaker, for three years the world has seen a war heretofore beyond the imaginings of man. Death and destruction have walked the earth, and heartbreak, sorrow, and the devastation of passions run riot have been the rule and not the exception.

At last we have entered the conflict. The overwhelming vote of the American Congress was for war. Representatives coming from all parts of the Union, representing the people of every walk of life, being themselves representative of every class, selected presumptively for the confidence that the people had in their ability, integrity, and judgment, have decided that the United States shall become a participant in the European struggle. Why?

I shall seek to answer this question, or at least give the reasons why I believe that our participation is imperatively necessary and righteous. Behind every act lies its philosophy, the motives, emotions, and will that brought it into being. To grasp its meaning one must have grasped its philosophy. Its significance lies in the reasons for its doing.

A few years ago Europe was a smiling land, the seat of learning and culture; the genius of the artist had builded well, and building and monument sought to express in molded form the ideals of the human soul; the riches of years, the collection of the toil of centuries expressed itself in painting, fresco, and cathedral, and in the smiling face of a garden-like land. War! And under the battering of cannon shot the fair land of France and Belgium became a ruin. Ancient cathedral and humble cottage became brethren in destruction. Where the devotee once knelt before his sacred altars and where happy children prattled and played with childish glee around the cottage hearth, bat and reptile alike have their home. The earth is rotten with the decaying flesh of men, the quiet of peaceful landscape has given place to the braying of war, thousands go to exile and as slaves work under the will of military masters, the cry of the woman in travail through force and not through love fills the land, and the moans of outraged womanhood and childhood can be heard in hamlet, city, and field.

More than this, violence has stretched its hand from the land to the sea and from the floors of dark ocean caves the skeleton fingers of baby hands wave with the movement of the waters, and skeleton arms of dead motherhood still clasp skeleton babies to fleshless breasts, rocking them to quietness with the movement of the waves. Outrage with the war cross has visited our own shores, and men and women shattered with dynamite have died in a hell of shock and flame. Spies fill the land even in times of peace, and plotting and intrigue are the order of the day.

We have seen these things and we have wondered. We have seen heroic little Belgium overrun and devastated contrary to the laws of nations, the laws of humanity, and solemn treaty obligations; we have seen the law of nations flung to the winds by the Imperial German Government, and innocent men, women, and children—neutrals and noncombatants—ruthlessly murdered on the high seas; we have seen the harmless, inoffensive civil population of Belgium and France given over to outrage, slavery, and the wanton destruction of private property, and we have asked ourselves why Germany has no regard for treaties, no regard for law, no regard for the accepted rules of civilized warfare. We have seen her plotting to involve us in war with Mexico and Japan if we should dare to insist upon our legally acknowledged rights to sail the seas, promising to give to Mexico a portion of our territory—Texas and New Mexico; we have seen her, through her accredited representatives in this country, busily engaged in plots to destroy our factories, violate our neutrality, and destroy the lives of our citizens. We have seen her prohibit us the right to sail the sea, calmly telling us that if we exercised this right, our citizens and our ships would be sunk without warning. These are the facts. What is their philoso-



phy? If we can determine it, we will have an explanation of what has been done and also a criterion of future conduct.

Von Bernhardt, a Prussian general, in his work *Germany and the Next War*, which appeared in 1913 in the first two chapters, "The right to make war and the duty to make war," sums up the philosophy of the German autocracy. Speaking of war, he says:

War is a biological necessity of the first importance, a regulative element in the life of mankind which can not be dispensed with, since without it an unhealthy development will follow, which excludes every advancement of the race, and therefore all civilization.

Again:

The law of the stronger holds good everywhere.

Again:

No power exists which can judge between States and makes its judgments prevail. Nothing in fact is left but war to secure to the true elements of progress the ascendancy over the spirits of corruption and decay.

Again:

Lastly, in all times the right of conquest by war has been admitted. It may be that a growing people can not win colonies from uncivilized races, and yet the State wishes to retain the surplus population which the mother country can no longer feed. Then the only recourse left is to acquire the necessary territory by war.

Having reached the conclusion that war is desirable in itself, he says:

From this point of view efforts to secure peace are extraordinarily detrimental to the national health so soon as they influence politics—

And—

the efforts directed toward the abolition of war must not only be termed foolish but absolutely immoral, and must be stigmatized as absolutely unworthy of the human race.

Again, speaking of the argument that war could be condemned on Christian grounds, he says:

Christian morality is personal and social and in its nature can not be political. Its object is to promote morality of the individual in order to strengthen him to work unselfishly in the interests of the community.

In short, the ordinary moral considerations which restrain individuals in their acts toward one another have no application to governments.

In another place he says:

Reflection thus shows that war is not only an unqualified necessity, but that it is justifiable from every point of view.

Claus Wagner also subscribes to these views. Treitschke taught that the morality of the State can not be judged by the standard of individual morality; that the morality of the State must be judged by the nature and reason of existence of the State; and that the end all and be all of a government is power. Treitschke again observes:

Among all political sins the sin of feebleness is the most contemptible; it is the political sin against the Holy Ghost.

Haeckle taught that "force takes priority over right."

Clausman states:

All idea of philanthropy in war is a pernicious error.

Marshal von Hoesseler was quoted as saying:

If a people have the right of dominion its power of conquest constitutes the highest moral law, and before it the vanquished must bow.

Gen. Hartman said:

When the national war breaks forth terrorism becomes a necessary military principle.

Erzberger is quoted as saying in the Reichstag:

This war ought to be as pitiless as possible.

Von Moltke said:

War is an ordinance set by God.

In 1913, in the year prior to the war, an official German report reads in part as follows:

Neither ridiculous shriekings for revenge by French chauvinists, nor the Englishman's gnashing of teeth, nor the wild gestures of the Slav will turn us from our aim of protecting and extending German influence all over the world. It is our sacred duty to sharpen the sword that has been put into our hands and to hold it ready for offense as well as for defense. We must accustom them (our people) to think that an offensive war on our part is a necessity. We must stir up troubles in the north of Africa and in Russia. In the next European war it will also be necessary that the small States shall be forced to follow us or be subdued. In certain conditions their armies and their fortified places can be rapidly conquered or neutralized. This would probably be the case with Belgium and Holland.

The SPEAKER. The time of the gentleman has expired.

Mr. HEFLIN. Mr. Speaker, the gentleman from Mississippi is making a very interesting speech, and I want to hear more of it. I ask unanimous consent that his time be extended for 10 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. VENABLE. A few years before the war the Pan Germanic League published a manifesto under the name of "Universal Empire." In it was stated:

Progressive effort will be carried on until our batteries can be unmasked without danger. Europe will then find herself confronted by a situation already prepared, even to the minutest details, and against which she will be powerless.

Gen. Wrochem at a meeting of the German Defense League at Danzig, March, 1913, said:

A developing, onward-striving people like ourselves requires new land for its energies; and if peace will not secure it, then war only remains.

J. L. Reimer, in a work entitled "Ein Pandermanisches Deutschland" (A Pan German Germany), writes in 1905:

It is precisely our craving for expansion that drives us into the paths of conquest, and, in view of which, all chatter about peace and humanity can and must remain nothing but chatter.

Klaus Wagner, in his work *Krieg or War*, in 1906 writes:

Let us bravely organize great forced migrations of the inferior peoples. Posterity will be grateful to us. We must coerce them. This is one of the tasks of war; the means must be superiority of armed force. Superficially such forced migrations and the penning up of inconvenienced peoples in narrow "reserves" may appear hard, but it is the only solution of the race question that is worthy of humanity. \* \* \* Thus alone can the overpopulation of the earth be controlled; the efficient peoples must secure themselves elbow room by means of war, and the inefficient must be hemmed in and at last driven into reserves where they have no room to grow \* \* \* and where, discouraged and rendered indifferent to the future by the spectacle of the superior energy of their conquerors, they may crawl slowly toward the peaceful death of weary and hopeless senility.

Again:

Every great people needs new territory; it must expand over foreign soil; it must expel the foreigner by the power of the sword.

Albrecht Wirth, in his book *Orient und Weltpolitik*, published in 1913, writes:

One thing alone can really profit the German people—the acquisition of new territory.

Maximilian Harden, writing in his paper August 12, 1911, says:

Since the western powers restrict our right to life, it is necessary that we should attach one of them to us or that we should sweep them out of our way by force.

Again, July 29, 1911:

The hostile arrogance of the western powers releases us from all our treaty obligations \* \* \* and forces the German Empire, resolutely defending her vital rights, to revive the ancient Prussian policy of conquest.

C. L. Poehlmann, writing in 1914 in his book, *The Good of the World War*, states:

If every representative, rising to the height of the great time in which he lives—

And so forth—

we shall be an unconquerable people, capable of ruling the world.

In a book, *Germany at the Beginning of the Twentieth Century*, which appeared in 1900, it is written, speaking of the method of conduct of war:

Even if there were no question of vengeance, even if we were not demanding reparation for ancient wrongs \* \* \* the crime of opposing the development of Germany is so great that the most trenchant measures are scarcely a sufficient punishment for it.

Again:

Whoever enters upon a war in future will do well to look only to his own interests and pay no heed to any so-called international law. He will do well to act without consideration and without scruple.

Nietzsche in his work *The Joyous Wisdom* writes:

Hatred, delight in mischief, rapacity, and ambition, and whatever else is called evil, belong to the marvelous economy of the conservation of the race.

Again—

In reality the evil impulses are just in as high a degree expedient, indispensable, and conservative of the species as the good, only their function is different.

Gen. Hartman states in the thirteenth volume of his work on *Military Necessity and Humanity* that—

Terrorism is seen to be a relatively gentle procedure, useful to keep in a state of obedience the masses of the people.

Reimer, from whom I have already quoted, writes in his *Pan German Germany*:

If the nations in question have nothing Germanic in them, and are therefore foreign to our kultur, the question at once arises, Do they stand in the way of our expansion, or do they not? In the latter case let them develop as their nature prescribes; in the former case it would be folly to spare them, for they would be like a wedge in our flesh, which we refrained from extracting only for their own sake. If we found ourselves forced to break up the historical form of the nation in order to separate its racial elements, taking what belongs to our race and rejecting what is foreign to it, we ought not therefore to have any moral scruples or to think ourselves inhuman.

In a series of pamphlets by the professors of Berlin University and a few others appears a sermon by Pastor D. Baumgarten (1914-15), his subject being the Sermon on the Mount, and his statement is as follows:

Whoever can not prevail upon himself to approve from the bottom of his heart the sinking of the *Lusitania*, whoever can not conquer his sense of the gigantic cruelty to unnumbered perfectly innocent victims \* \* \* and give himself up to honest delight at this victorious exploit of German defensive power, him we judge to be no true German.

Eduard von Hartmann in his *The Philosopher of the Unconscious* says that—



Belligerent states are always and exclusively in a pure state of nature, in which there can not possibly be any question of right.

In a publication which appeared in 1914, "Was uns der Krieg bringen muss" (What the war must bring us), appears this statement:

Treaties under international law are no more than the formulated expression of the existent relations of power between states. If these relations of power have so far changed that a real or imaginary vital interest of one of the States demand and render possible the alterations of such treaties, it is the simple duty of the leader of that state to effect the alteration by all conceivable means, so long as the risk does not appear greater than the anticipated advantage.

Gen. von Bernhardt, from whom I have already quoted, states in his book *Germany and the Next War*:

The law of the strong holds good everywhere. Might is the supreme right, and the dispute as to what is right is decided by the arbitrament of war. War gives a biologically just decision.

Reimer states in his work:

Let it not be said that every people has a right to its existence—

And so forth.

By making play with this principle one may put on a cheap appearance of civilization, but only so long as the people in question \* \* \* does not stand in the way of a more powerful people.

Prof. von Seyden declared in the *Frankfurter Zeitung*:

Germany should and wishes to be let alone. The Germans are the elect people of the earth. They will accomplish their destiny, which is to govern the world and to direct other nations for the welfare of humanity.

Gen. von Disfurth stated in a published interview:

Germany stands as the supreme arbiter of her own methods, which in time of war the world must be compelled to accept.

Mr. Speaker, from the above quotations, which might be multiplied almost indefinitely, the philosophy of German autocracy is apparent. Summed up, this is the reasoning: It is a great law of nature that the highest development of each species of creature is worked out through the survival of the fittest; that throughout all the animate world the stronger grow stronger by preying upon the weaker; that this, being a law of nature, is a law of God and is right; that human beings are creatures, and so the law applies to them; that nations or States being but aggregations of human beings; it applies to governments, and so it is right that nations should expand and grow strong at the expense of weaker peoples; that since weaker peoples will resist and wars will come as a necessary accompaniment of this righteous expansion and growth, wars are right, and since wars are right anything that makes war effective or more effective is right; that the moral considerations which restrain individuals have no sort of application to governmental action or to men acting for their governments.

In view of this philosophy the acts of Germany are ruthlessly logical. Holding to it for 40 years she diligently prepared herself for war.

The opportunity presented itself. An Austrian prince was assassinated by a Serbian, and Austria-Hungary, bound by treaty with Germany and under German influence, made such demands upon Serbia as were never made before by one sovereign State upon another, and which no State could accede to without becoming a vassal. Even in this contingency Serbia acceded to all demands but one in her desire to avoid war, and this one was that Austrian judges and officers should try Serbian citizens in Serbian courts. Within 48 hours war was declared and the world plunged into a sea of blood.

Germany, France, and England each had a treaty with the little country of Belgium whereby they pledged themselves to preserve and defend the integrity of Belgian territory in the event of a European war. Because the frontier between Germany and France was heavily fortified, it was considered expedient to attack France through Belgium. Heroic little Belgium refused to permit her territory to be used in an attack upon a neighbor with whom she was at peace and refused to break her treaty with France. Contrary to the law of nations, contrary to solemn treaty obligations, contrary to the laws of humanity, the German armies were hurled across her borders, her country devastated, her citizens killed, her men and women enslaved and forced to work for German masters. What mattered the treaty? What mattered the destruction of property? What mattered the law of nations and the rules of humanity? Was not Germany living and acting according to the great, divine, biological law?

The German chancellor called the treaty a "scrap of paper," and the Kaiser excused the international highwaymanship on the grounds of military expediency. "War being right, anything that makes it effective is right."

To the German military mind terrorism is a legitimate means of warfare in that it breaks down the morale of a people and

renders their conquest the more easy. Says the German war code:

A war conducted with energy can not be directed merely against the combatants of the enemy State and the positions which they occupy, but will in like manner seek to destroy the total intellectual and material resources of the latter.

Poor Belgium! Poor France! If the sworn testimony of your citizens and soldiers be true, your daughters have been ravished before the eyes of their mothers; your babies impaled upon the spikes of bayonets, stretching their little arms in their agony, appealing to a philosophy which knows no pity; your young women have been mutilated with the sword of officers and the bayonets of private soldiers; your homes destroyed through sheer wantonness; and your land made a desert waste. But what are these things but incidents in the operation of a great biological law? And who would say that there was guilt since these things were done in behalf of the State?

Is this all? Since war is right and what makes it more effective is right, we find that rules of civilized warfare are thrown to the winds, undefended towns and cities are attacked by airship and old men, women, and children killed because it is thought that thus the people may be made to long for peace and to surrender the sooner. Contrary to her own solemn agreements with other nations, cruel methods of warfare have been resorted to; men gurgling, die from poison gases, or shrieking, die from liquid flames first used by the Germans.

In view of this philosophy, what man can fail to see that a nation whose ruling power subscribes to it, constitutes a standing menace to the peace of the world, boldly declaring that she purposes to make war upon any nation at any time she believes that by so doing she can gain territory or power; that this is not only her right but her duty? And in view of it, how fallacious is the statement that the outrages committed by her are the acts of a war-crazed people! We all have longed for the time when wars should cease and nations might be relieved of the tremendous burdens of huge armies and navies. As long as a government exists believing in and acting upon the philosophy of the German Government there remains nothing for nations to do except to arm themselves against that day when they may be attacked. The destruction of, or the rendering impotent of, German autocracy is the only remedy.

But we did not go to war to correct a philosophy but because this philosophy resulted in the making of warfare upon us.

We are all familiar with the facts as to how Germany, throwing aside all rules of international law and all rules theretofore prescribed by herself, instituted the practice of sinking merchant ships by submarines without warning and without an opportunity for neutrals and noncombatants to reach a place of safety. It is the rule, according to international law and the practice of nations, to which Germany subscribed prior to this war, that while a belligerent has the right to sink the ship of its enemy, it has not the right to do so unless it does afford and can afford an opportunity for neutrals and noncombatants to escape; that the vessels of neutrals carrying contraband of war can not be sunk until, after search, it is determined that contraband is in fact carried and until an opportunity is afforded for neutrals and noncombatants to escape to a place of safety.

Germany, however, because it suited her military purpose, violated this rule to which she herself had subscribed and sank hundreds of the ships of neutrals without warning and without an opportunity for women, children—neutrals and noncombatants—to escape. Ship after ship was sent to the bottom of the sea without warning—torpedoed without notice—and thousands of innocent men, women, and children, contrary to all law, all the rules of humanity and the custom of nations, were sent, all unshriven and untimely, to their graves.

We remember with what horror we awakened one morning to learn that the great ship *Lusitania*, without warning and without the poor boon of a second's notice, had been sent to the bottom of the sea by a German submarine, carrying with her in her mad plunge to the ocean deeps the bodies of 116 American citizens, men, women, and babies—all killed without sanction of law and without the slightest compunction of conscience.

We remember how our Government, loath to plunge into the European struggle, after lengthy negotiations elicited a promise from the Imperial German Government that thereafter no ship would be sunk without warning and without an opportunity being given for neutrals and noncombatants to escape, and yet a few months thereafter we were formally notified that after a certain date the Imperial German Government proposed to sink without warning and without notice all vessels of all nations, friends or enemies, going to an enemy country or to the port of a friendly one loaded with contraband or loaded with noncontraband, or, indeed, even if empty, provided it came



within certain zones of the sea, including the ocean around Great Britain, the North Sea, and the Mediterranean, we being granted, however, the right to send one or two ships a week into certain ports if we decorated them in a definite way with certain stripes and signs after the verisimilitude of a barber's pole. And true to her warning, Germany is daily sending to the bottom of the sea without warning ships of all countries, friends and enemies alike, and excuses the violation of law, human and divine, on the theory that it is necessary to the waging of a successful war, and that in doing it she is but living according to the divine law of the survival of the fittest. "Anything that makes war effective is right" is her doctrine.

To submit to the German decree and the ukase of the Kaiser to stay off the seas meant that the commerce of the United States would have been ruined, for not only under this decree were we prohibited from trading with the enemies of Germany but also with any country, for to reach them we would have had to pass through these prohibited ocean zones and our ships would have been sunk. Obedience meant the abandonment of American commerce; it meant that the products of our farms and factories would have had no market; that southern cotton and western and northern wheat would have rotted in the fields; that the factories of the country would have lain idle; that thousands of workmen would have been thrown out of employment and their families suffer for the necessities of life. But it meant more than this. It would have meant the sacrifice of national honor; that we had sunk so low in quality of courage from the days when we battled for our rights on the sea in the war with the Tripoli pirates and with the English in 1812 that we, like beaten hounds, would have obeyed the unlawful order of a foreign potentate. Obedience meant financial and industrial ruin for the people of our country, and in addition to this it meant the loss of national self-respect and honor.

The sea is the common highway of all mankind and has been so recognized from time immemorial. Neutrals at all times have had the right to carry on their commerce on the seas. I am frank to say that I have been unable to grasp the point of view of the few Members of this Congress who take the position that we should have submitted to this unlawful decree of the Kaiser. It was submit or fight, and a vote against war meant a vote to submit.

I am one of those who believe that it is the duty of the Government to protect the citizen in his rights wherever he may be, on land or sea. As I see it, government has only one excuse for existence, and that is the protection of the citizen in his property, his life, and his liberty, and when a government fails or refuses to do that it fails in its only function.

I believe that that flag which hangs there with its stripes of white emblematic of the purity of our national motives, its red emblematic of the virility of our national purposes, and its field of blue binding in a common field the stars of the States emblematic of our Union in a common cause for the promotion of our purposes and the attainment of our ideals, should be truly a token of the protection which this Nation affords to the rights of its citizens whether at home or abroad. Under its folds the citizen should be able to stand with a proud consciousness that behind him is a proud Nation of a hundred million of his fellows ready to protect him in the exercise of his just rights.

But there be those who profess to believe that we should have waived our rights in this instance and have obeyed the imperious command of German autocracy. They say that Germany is mad and we could afford to waive our rights until she had gained her sanity. In the first place, I have shown that these acts are not the result of desperation but are true to her philosophy—the cold, deliberate acts of calculating policy.

Again, in insisting upon the observance of international law, our Government is rendering the high service of preserving law in the world, for if it be once admitted that a supposed military necessity or that expediency can change the well-understood rules of international law, these rules would cease to exist, for each nation would reserve to itself the right to say what constituted necessity and what made a certain course expedient.

The Imperial German Government practically blockaded our ports and prohibited us from trading with the European world, because to do so we would have had to pass through the prohibited territory. There be some who apparently profess to believe that we should have admitted the right of Germany to do this or else the Government should have waived the right.

As I have indicated, this meant the industrial ruin of the country. The southerner's cotton would have been worth but a few cents a pound, since we only use five or six million bales in this country, less than half of the amount raised; the wheat and corn would have rotted in the fields for lack of a market, and factories would have been forced to close because of the

lack of a market for their product, resulting in thousands being thrown out of employment. But more than this, the Government could not have submitted to the Kaiser's order to get off the seas without a complete loss of national honor, the forfeiture of the respect of the citizens of other countries and that of our own. Each nation has a right of way or easement across the seas. It is the great national highway, just as the citizen has a right of way along the public roads of his State. Suppose that I should serve notice on a farmer of my State that, if he exercised his right to go along the public highway from his farm to his market, I would kill him, and kill him, too, in the most cowardly way, by assassination from ambush, and he should go to the sheriff or the governor of the State and state the case to him, and the governor or sheriff would reply that it was true that he had the right to travel the highway, but that I was a desperate man and if he was protected in his right and the right defended that someone might get hurt, and so the best thing for him to do was to go home and resign himself to bankruptcy and his family to possible starvation and want—what would you say of the position of the governor or sheriff? You would say that they should be impeached; that the Government must protect its citizens in their rights; and that there was but one answer that Government could make, regardless of costs, and that was that the law must be enforced and the citizen protected if anarchy was not to come and right cease to exist.

If I can not prohibit the use of a highway by threats of or actual assassination, why can the Imperial German Government do it? If the State can not take the position of sending its citizen home undefended, how can the United States Government do it? Our citizens have a right of way across the seas as truly as the Mississippi farmer has a right of way along the public highways of that State, and if the State government must protect him in the exercise of the one right, why must not the Federal Government protect him in the exercise of the other?

When the citizens of the United States, our brethren, were being and are being sent to the bottom of the seas, feebly assassinated, and our shores blockaded contrary to all law and right, I say that there is but one answer that the Government can or should make to the citizen whose rights have been invaded, and that is to fight for the vindication of the right until lawlessness is driven out and right is firmly established. To do this is necessary, or else the name of America will become a hiss and a byword the world over; we will bear the name of cowards, and Americans will have no rights either on land or sea; our farmers will face ruin for lack of markets, and our industrial establishments will close and their employees will face want, penury, and starvation, while the owners will probably face financial ruin and bankruptcy. But aside from this, what man is there with iron in his blood and courage in his soul who would wish to tamely submit to this decree of the Kaiser, and who could do so without feeling that the fire of courage was burning low and that ghosts of fear had shaken his soul?

There be those in this Congress that have so voted. I do not question their motives, but I can not grasp their point of view. I hate war as the devil hates righteousness. I shrink from its sorrow, its heartbreak, its suffering, and its death; but there are some things worse than these—a loss of national and individual honor and self-respect and the driving out of international law and the setting up of international anarchy.

There be those that have said that we should, during the continuance of the war, retire within our shores, abandon our trade with the belligerent countries, and wait until peace should again come to the earth. Aside from the practical ruin that such a policy would have brought to our citizens and the economic revolution that it would have worked, it can be said with all soundness that even though we might have done this voluntarily, we would never have consented to do so at the imperious and unlawful order of German autocracy. But the Imperial German Government goes further and says that we shall not trade with any part of the world, enemy or friend, provided that our ships sail certain portions of the sea.

There be those who say that they would be willing to fight if our own shores were invaded and outrage were committed here, but that we should not go to war for the loss of life of Americans at sea; that they should stay at home. I can not see the difference between a right on land or a right on water. One is as sacred as the other. But let us examine this contention on its merits. I know of no principle why a right to life, liberty, and property which exists on shore should cease as soon as water is reached. Surely there is nothing in the chemical constitution of water that can work this nullification, and it would be a dastard Government which would adopt such a dastardly doctrine in respect to the rights of its citizens,



I have heard it stated that this country should not defend its citizens on the seas, and that if a man were fool enough to sail the seas and were killed in consequence it was his own fault and that no patriotic citizen would do so and thus run the risk of plunging his country into war; that if some young fool, looking for a new sensation, sought this method of gratification his death should be on his own head. In the first place, there are not such fools; if they desired this sensation so keenly it could be obtained so much cheaper by sitting on a keg of powder and lighting a fuse. The men who sail the seas in ships, entitled to the protection of the law, do so because they must in order to carry on the commerce of our country and earn a livelihood for their dependents. Does any farmer believe that his cotton, his wheat, or his corn jumps of its own accord to foreign countries? Is there any man who does not realize that the good price he gets for his product is because it is needed by the European world as well as our own and that men must transport the products and look after the business of transportation if the products are to bring this price? Is there any farmer in this land who does not realize that if the policy indicated were carried out that it would mean that cotton and corn would be worth but a few cents per pound or bushel and that ruin would come to all classes, the farmer included? Surely not.

But did the German philosophy of her right to make war for power and pelf and according to her own methods regardless of law, treaty, and solemn agreement result only in invasion of American rights on the seas? It is a well-established fact that Germany filled our country with spies when we were at peace with her, and through her accredited diplomatic agents in this country busily plotted to plant bombs in our ships, and while using our country as a base to plot to destroy her enemies, also used it to blow up and destroy our factories with dynamite, thus killing in our own land our men, women, and children.

Is this all? No. While still at peace with us, but intending to announce to us that she would prohibit our use of the seas and paying us the compliment of believing that there was still manhood and courage in the land, 15 days before her note was sent she sought to obtain a promise from our southern neighbor—Mexico—by which Mexico, in conjunction with Japan, would make war upon us if we should resist unlawful submarine warfare, and in the event of a German victory Mexico would receive as her reward our States of Texas, Arizona, and New Mexico.

Is this all? No. German agents with German gold have corrupted some of our citizens and have endeavored to stir up civil war in the land. I have it on reliable authority that an effort was made to organize the negroes in the South to rise against the whites, and in the event of a German victory the southern country was to be given to the negroes for their own. Fortunately, the negro who received this flattering offer sent it to his Congressman, and the letter was turned over to the secret service of the Department of Justice.

A short time ago a citizen of this country who was convicted of endeavoring to stir up insurrection in Kentucky stated, according to press reports, that he had been paid several thousand dollars by certain strangers to finance the movement.

You men, if any there be, who will not fight to defend rights at sea answer me this question: Will we fight when, through the machinations of German autocracy, our factories are blown to the ground with dynamite and our men, women, and children incased with sheets of flame, blister, and gurgle and die in horrid pain? Will we fight when plots are afoot, foolish and futile as they may be, to rouse the dead fires of race animosity and turn the women and children of the South over to the tender mercies of a race war? Will we fight when, through the German ambassador's office in Washington, while yet at peace with Germany, a proposal is made to have a friendly neighbor make war upon us and the promise is made to take from us the sacred soil that holds the bones of our sires; to dismember our country and by violence and bloodshed blot from the flag the stars that shine to the glory of three of the sisterhood of States? Will sister look on complacently at the proposed rape of sister? Will Mississippi bear with complaisance the plots for the murder of her fellows? God forbid! It is not true. As long as the fires burn on the altars of patriotism, as long as courage is a manly virtue, as long as love of country, of righteousness, and of law well up as a living water to cleanse the hearts of men in time of national stress, no!

If these be not acts of war against us, what are they? We did not declare war against Germany, but recognizing that she was waging war against us, both on land and sea, we voted to dedicate, if necessary, the last man and the last dollar to the defense of our citizens.

It has been said that England violated our rights on the seas and we did not go to war with her. True, she probably did and

will doubtless be made to compensate for the injury done. But England has only done injury to property, and this can be fully compensated for by money; but Germany has done injury to life, that can not be replaced, recalled, or the loss of which can not be compensated for in any adequate manner. True, England has, in the past, seized certain of our ships, but she has not torpedoed them. She has taken them into a prize court, where the rights of the parties can be eventually determined. Germany has sent them to the bottom of the sea. As has been well said, there is a vital difference between a prize court and a torpedo.

We can afford to wait for compensation in money which will be adequate, but we can not wait when a practice is being followed which results in the loss of hundreds of the lives of our citizens.

It is urged in some quarters that this war was caused by the wealthy men and munition manufacturers of the country. Horrible thought and horribly false!

Did the munition makers and wealthy men of America cause the world war?

Did they induce Germany to sink the *Lusitania* and send our men, women, and children to die like trapped rats?

Did they sink American ship after ship and hundreds of ships of other countries upon which Americans were lawfully traveling, sending our countrymen to untimely graves?

Did they order themselves, together with the whole mass of the producers of America, from off the seas, prohibiting them from trading with the world?

Did they blow up their own factories with dynamite, killing their helpless employees?

Did they induce Germany to sink their own ships?

Did they try to induce Mexico to make war upon us if we should resist aggression and promise to give away a part of their own country?

Did they fill the country with spies, with German gold to secretly encourage all elements of discontent with the hope of creating insurrection and unrest and so paralyze the arm of our country?

Did they endeavor to stir up race riots and insurrections in the South?

To state the cast is to refute any such absurd contention.

These were the things that were done by Germany and these were the things that forced us into war. I do not know whether the rich men and munition makers of America will profit more or less since our entry. The American Congress was not concerned with wealthy men when it declared that a state of war existed. It declared that a state of war existed because of what Germany had done and was doing and because defense was a necessity. This much I know, that before the war the munition makers were selling their wares to the countries of Europe at their own price and without their profits being taxed. Since our entry into the war their profits are taxed and prices largely fixed. They will make less now than before.

The only way that Americans could have caused the war was to have caused Germany to commit the outrages against our rights. Of course, the American munition maker who was selling munitions to the allies to shoot at Germans had a great deal of influence (?) with the German Government, and so it can be reasonably argued (?) that the munition maker caused the war, as some seem to think.

I have heard it said that our citizens would be willing to fight on our own shores, but were not willing to go abroad. Such a contention springs either from an unwillingness to fight at all or from a failure to appreciate the facts of the case. It is a God-given privilege that we can fight 3,000 miles away. From the graves of Napoleon and Alexander German autocracy has dug the rotted corpse of the idea of world dominion, and the military and ruling class of Germany have dreamed dreams of seeing the banners with the imperial eagle floating in sovereignty in every part of the world. It was fight Germany now with the aid of the other countries arrayed against her or fight her later alone. I verily believe that without the intervention of the United States that she would have been victorious over France, England, and Italy through submarines. Conjure up the prospect and its possibilities. How would we like to have Germany, with her peculiar doctrines, take Canada from a beaten England and be our neighbor on the north? If so, every dollar in the country must be spent for armament and every man be a trained soldier. Or suppose that Germany, having conquered her enemies had taken over their navies and had looked with envious eyes upon the riches of this country. With the combined navies of England, France, Italy, and her own she could have swept our Navy from the ocean as a housewife sweeps the dust from the hearth and landed troops unhindered on our shores, to reenact here the scenes of murder, destruction, and rapine which Belgium has witnessed. Or assume that these countries would have sunk their navies



rather than have them fall in her hands, still with the resources of these countries at her disposal and with their shipyards in her hands, in a few years she would have a navy before which we would be powerless, or at least so formidable that we would have to put our entire national energy into ships and armaments. Does anyone believe that with her philosophy she would have been any more tender with America than she was with Europe? She wants colonies, money, power, and she believes that it is her right and duty to take them by force, if need be. Does anyone believe that she would fail to challenge the Monroe doctrine and force us either to fight in its defense or else do as some urge us to do now, relinquish our rights and permit her to colonize and dominate South America, postponing only the day when she would seek to place the yoke upon our necks? As for me, I believe that this is as truly a war of self-defense as any that has been waged by any nation; that when we fight we fight for the integrity of our soil, the honor of our women, the lives of our children, and the freedom and the institutions that were purchased by the blood of our fathers. What they won we defend. Defend we must, here or abroad, and blessing it is that the issue can be decided far from our women, our children, our homes, and our firesides.

Mr. Speaker, I was one of those who voted to fight. In this I believe that I was right. I do not impugn the motives of those who voted otherwise. The grave question was to be decided by each man as he saw it. We were actually at war, and fight we must.

But the question has been decided. Now, it only remains to achieve the victory, and what a call to victory there is!

From the caverns of the sea childish hands wave us on; dead mothers, with seaweed in their hair, hold out their dead babes so that, seeing them so foully done to death, our souls will arm themselves with righteous resolution. Old Glory, fast in the rotting wreckage of some torpedoed hulk, never intended to have sheltered in its folds the crawling sea snail and slimy snake, but to flutter, all untrammelled, in the breeze, tugs at its yard, striving to take its rightful place within the air; our dead intently watch to see whether their boasted right to live and love and work were but a figment of the brain, a thing to laugh at by the living.

Babies, old men, women, and tender maidens point here and there to show the wounds of bayonet thrust and pistol ball; ghosts of soldiers burnt by fire and choked by poisoned gas whisper in our ears, asking whether there be no law or sacredness of treaty; the air is full of the cries of outraged childhood and violated women; from the spirit world Lafayette—he who gave us liberty and the rule of law when, bled white and reeling from the blows of an English-ruling but a German king, we staggered to a fall—stretches forth his hands, asking us if gratitude be dead. Our sires rise up to know if they, heroic soldiers of freedom in the early days, are sires of a dastard brood who think so lightly of what they earned with blood that we would toss it to a Prussian king.

Righteous indignation because of violated rights on sea and land, the destruction of life, the plotting of war, and the intrigue which would fill our land with strife strengthens our arms and inspires our souls for the fight.

The realization that when we fight we fight for the preservation of our liberties, the sanctity of our home, the honor of our women, and the preservation of our right to live and work according to our national ideals urges us to increased endeavor. More than this, we realize that in fighting we are helping to strike down a false system of thinking which has filled the world with strife, sorrow, and suffering, and in the presence of which liberty, whose very life is freedom and absence of fear, must weight herself with armor and carry a sword in her hand.

The die has been cast. There is but one place for the American citizen. Either he must stand beneath his flag, with heart and soul and strength and might, doing all he can for the victory of his country, or else he must take his place in work, if not in heart, with the enemies of his land. He who, by word or deed, precept, or example, palsies the arm of his country in this struggle may be honest in intent, but, as far as results are concerned, he renders as effective aid to Germany as though he were an avowed enemy of his country. What matter it to dead Cæsar whether done to death by the dagger of the envious Cassius or the well-beloved Brutus? [Applause.]

Mr. LONERGAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the subject of giving free use of the mails to the enlisted men during the period of the war.

The SPEAKER. The gentleman from Connecticut asks unanimous consent to extend his remarks in the RECORD on the free use of the mails for the enlisted men during the war. Is there objection?

Mr. EMERSON. Reserving the right to object, are the selected men to have that privilege?

Mr. LONERGAN. All soldiers in the service.

The SPEAKER. Is there objection?

There was no objection.

#### COMMUTATION OF NAVAL RATIONS.

Mr. PADGETT. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 5646) increasing the commutation value of the naval rations from 30 cents to 40 cents.

The SPEAKER. The gentleman from Tennessee asks unanimous consent for the present consideration of the bill (H. R. 5646) increasing the commutation value of the naval rations. Is there objection?

Mr. MONDELL. Reserving the right to object, I think we have done a pretty good day's work. A good many Members have left the Chamber with the understanding that nothing further was to be taken up this afternoon. I think it is not fair to take up legislation at this late hour of the day after they have gone with the understanding that there will be nothing more done. These matters can be disposed of on Monday without any difficulty.

Mr. PADGETT. I would be very glad to dispose of it to-day. The SPEAKER. The Chair will recognize the gentleman as soon as possible on Monday.

Mr. MONDELL. Personally, I have no objection to the consideration of the bill and would be glad to have it disposed of, but a number of gentlemen have asked me if there is to be any further legislation this afternoon; and thinking there would be nothing further done, I said that there would be nothing, and they have left upon that understanding.

#### ADJOURNMENT.

Mr. HULL of Tennessee. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 20 minutes p. m.) the House, under its previous order, adjourned until next Monday, September 24, 1917, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, together with copies of reports from Lieut. Col. W. B. Ladue, Corps of Engineers, on reexamination of the project for improvement of St. Lucie Inlet, Fla. (H. Doc. No. 370); to the Committee on Rivers and Harbors and ordered to be printed.

2. A letter from the Acting Secretary of War, transmitting tentative draft of a bill to authorize the Secretary of War to contract for the care and treatment, at any public hospital under the control of any State or Territory of the Union, of certain insane patients (H. Doc. No. 371); to the Committee on Military Affairs and ordered to be printed.

3. A letter from the Secretary of the Navy, transmitting tentative draft of suggested amendments to S. 82, to transfer Frederick W. Cobb from list of machinists to list of chief pay clerks, United States Navy (H. Doc. No. 372); to the Committee on Naval Affairs and ordered to be printed.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. ESCH, from the Committee on Interstate and Foreign Commerce, to which was referred the bill (H. R. 5839) extending the time for the construction of a bridge across the Mississippi River, in Aitkin County, Logan Township, State of Minnesota, reported the same with amendment, accompanied by a report (No. 146), which said bill and report were referred to the House Calendar.

He also, from the same committee, to which was referred the bill (S. 2435) authorizing the counties of Itasca and Cass, Minn., to construct a bridge across the Mississippi River in said counties, reported the same without amendment, accompanied by a report (No. 147), which said bill and report were referred to the House Calendar.

Mr. DECKER, from the Committee on Interstate and Foreign Commerce, to which was referred the bill (S. 2688) to extend the time for constructing a bridge across the Missouri River near Kansas City, Mo., authorized by an act approved June 17, 1914,



reported the same without amendment, accompanied by a report (No. 148), which said bill and report were referred to the House Calendar.

Mr. RAYBURN, from the Committee on Interstate and Foreign Commerce, to which was referred the bill (S. 2816) granting the consent of Congress to the Gainesville Red River Bridge Co. to construct a bridge across Red River, reported the same without amendment, accompanied by a report (No. 149), which said bill and report were referred to the House Calendar.

Mr. SNOOK, from the Committee on Interstate and Foreign Commerce, to which was referred the bill (S. 2774) granting the consent of Congress to the Gilmer-Pittsburgh Coal Co. to construct a bridge across the Little Kanawha River, reported the same without amendment, accompanied by a report (No. 150), which said bill and report were referred to the House Calendar.

Mr. DECKER, from the Committee on Interstate and Foreign Commerce, to which was referred the bill (S. 2710) granting the consent of Congress to Webbers Falls Railroad Co., a corporation, its successors and assigns, to construct a bridge across the Arkansas River between the towns of Webbers Falls and Gore, in the State of Oklahoma, reported the same without amendment, accompanied by a report (No. 151), which said bill and report were referred to the House Calendar.

Mr. ADAMSON, from the Committee on Interstate and Foreign Commerce, to which was referred the bill (S. 2813) to authorize the Gulf Ports Terminal Railway Co., a corporation existing under the laws of the State of Florida, to construct a bridge over and across the headwaters of Mobile Bay and such navigable channels as are between the east side of the bay and Blakely Island, in Baldwin and Mobile Counties, Ala., reported the same with amendment, accompanied by a report (No. 152), which said bill and report were referred to the House Calendar.

Mr. DOREMUS, from the Committee on Interstate and Foreign Commerce, to which was referred the bill (H. R. 2298) to authorize aids to navigation and for other works in the Lighthouse Service, and for other purposes, reported the same with amendment, accompanied by a report (No. 153), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. CLARK of Florida, from the Committee on Public Buildings and Grounds, to which was referred the bill (H. R. 6094) amending the act to increase the limit of the cost of certain public buildings, etc., reported the same without amendment, accompanied by a report (No. 154), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. ALEXANDER: A bill (H. R. 6175) giving the United States Shipping Board power to suspend present provisions of law and permit vessels of foreign registry and foreign-built vessels admitted to American registry under the act of August 18, 1914, to engage in the coastwise trade during the present war and for a period of 120 days thereafter, except the coastwise trade of Alaska; to the Committee on the Merchant Marine and Fisheries.

By Mr. NEELY: A bill (H. R. 6176) to authorize the city of Fairmont to construct and operate a bridge across the Monongahela River at or near the city of Fairmont, in the State of West Virginia; to the Committee on Interstate and Foreign Commerce.

By Mr. VESTAL: A bill (H. R. 6177) to amend certain sections of an act entitled "An act for making further and more effectual provisions for the national defense, and for other purposes," approved June 3, 1916; to the Committee on Military Affairs.

By Mr. THOMAS: A bill (H. R. 6178) to regulate the sale of unstemmed leaf tobacco in the hand; to the Committee on Ways and Means.

By Mr. MAYES: A bill (H. R. 6179) providing that forfeiture provisions of land laws shall not apply in the case of persons in the military or naval service during the present war; to the Committee on the Public Lands.

By Mr. GLASS: A bill (H. R. 6180) to amend the laws relating to the denominations of circulating notes by national banks and to permit the issuance of notes of small denominations, and for other purposes; to the Committee on Banking and Currency.

By Mr. AUSTIN: A bill (H. R. 6181) for the retirement of employees in the classified service of the United States Government; to the Committee on Reform in the Civil Service.

By Mr. CLARK of Florida: A bill (H. R. 6182) to suspend the operations of the civil-service law during the existence of the war between the United States and Germany; to the Committee on Reform in the Civil Service.

Also, a bill (H. R. 6183) to repeal the age limit in civil-service examinations; to the Committee on Reform in the Civil Service.

By Mr. THOMAS: A bill (H. R. 6184) for the benefit of railway postal clerks; to the Committee on the Post Office and Post Roads.

Also, a bill (H. R. 6185) to erect a statue of Jefferson Davis in the Jefferson Davis Home Park, at Fairview, Ky.; to the Committee on the Library.

By Mr. SEARS: A bill (H. R. 6186) to fix and establish a legal or standard crate and a legal or standard basket for tomatoes; to the Committee on Interstate and Foreign Commerce.

By Mr. WALSH: A bill (H. R. 6187) to authorize the drafting of aliens domiciled or resident in this country by foreign nations or the United States; to the Committee on Military Affairs.

By Mr. SLOAN: A bill (H. R. 6188) making an appropriation for the control and eradication of tuberculosis in live stock; to the Committee on Agriculture.

By Mr. PARK: A bill (H. R. 6189) to increase the limit of cost for the purchase of a site and the erection thereon of a public building at Moultrie, in the State of Georgia; to the Committee on Public Buildings and Grounds.

By Mr. FRENCH: A bill (H. R. 6190) relating to the limitation of hours of daily service of laborers and mechanics employed in lumber and woodworking industries whose products enter into interstate commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. EDMONDS: Resolution (H. Res. 145) to amend standing rules of the House; to the Committee on Rules.

By Mr. CANTRILL: Resolution (H. Res. 146) providing for immediate consideration of S. 2477; to the Committee on Rules.

By Mr. DOOLITTLE: Resolution (H. Res. 149) providing for the appointment of a committee to investigate whether Members of Congress profited financially by reason of funds furnished by the German Government, or any official thereof; to the Committee on Rules.

By Mr. ROGERS: Joint resolution (H. J. Res. 156) to draft certain aliens into the military service of the United States, and for other purposes; to the Committee on Military Affairs.

By Mr. EMERSON: Joint resolution (H. J. Res. 157) authorizing and directing the food administrator to fix the price of farm machinery; to the Committee on Agriculture.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALEXANDER: A bill (H. R. 6191) granting an increase of pension to John McComas; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6192) granting a pension to Mrs. Thomas H. Loyd; to the Committee on Invalid Pensions.

By Mr. ASHBROOK: A bill (H. R. 6193) granting an increase of pension to Seymour Stiles; to the Committee on Invalid Pensions.

By Mr. BACON: A bill (H. R. 6194) granting an increase of pension to Burton Parker; to the Committee on Invalid Pensions.

By Mr. DOREMUS: A bill (H. R. 6195) granting an increase of pension to Earle F. Chase; to the Committee on Pensions.

Also, a bill (H. R. 6196) granting an increase of pension to Lewis W. Carlisle; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6197) granting a pension to Daniel O'Brien; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6198) granting a pension to Charles Bruder; to the Committee on Pensions.

Also, a bill (H. R. 6199) granting a pension to Sarah J. Donaghy; to the Committee on Pensions.

By Mr. NEELY: A bill (H. R. 6200) granting an increase of pension to John William Cox; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6201) granting six months' pay to Fanny L. Appleby, mother of Robert Appleby, deceased, who served in the Eighth Ohio Infantry, National Guard, border defense; to the Committee on Military Affairs.

By Mr. ROBERTS: A bill (H. R. 6202) granting a pension to Daniel Stewart; to the Committee on Pensions.

By Mr. SEARS: A bill (H. R. 6203) for the relief of J. N. Lummus and C. L. Huddleston; to the Committee on Claims.

By Mr. SHOUSE: A bill (H. R. 6204) granting an increase of pension to Amos Mardis; to the Committee on Invalid Pensions.



Also, a bill (H. R. 6205) granting an increase of pension to George Saunders; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6206) granting an increase of pension to Samuel Dir; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6207) granting an increase of pension to George S. Winans; to the Committee on Invalid Pensions.

By Mr. THOMAS: A bill (H. R. 6208) granting a pension to Cleveland Shive; to the Committee on Pensions.

Also, a bill (H. R. 6209) granting a pension to Samuel R. Smith; to the Committee on Pensions.

Also, a bill (H. R. 6210) granting a pension to Carrie A. Stillions; to the Committee on Pensions.

Also, a bill (H. R. 6211) granting a pension to Americus Watt; to the Committee on Pensions.

Also, a bill (H. R. 6212) granting a pension to Rosco Wilkins; to the Committee on Pensions.

Also, a bill (H. R. 6213) granting a pension to Ellen Whalin; to the Committee on Pensions.

Also, a bill (H. R. 6214) granting a pension to Smith Webb; to the Committee on Pensions.

Also, a bill (H. R. 6215) granting a pension to George M. Cooper; to the Committee on Pensions.

Also, a bill (H. R. 6216) granting a pension to Frederick Bailor; to the Committee on Pensions.

Also, a bill (H. R. 6217) granting a pension to Oliver Freeman; to the Committee on Pensions.

Also, a bill (H. R. 6218) granting a pension to Ulysses G. Hunt; to the Committee on Pensions.

Also, a bill (H. R. 6219) granting a pension to John M. Judd; to the Committee on Pensions.

Also, a bill (H. R. 6220) granting a pension to Decatur D. Kinser; to the Committee on Pensions.

Also, a bill (H. R. 6221) granting a pension to Thomas G. Lewis; to the Committee on Pensions.

Also, a bill (H. R. 6222) granting a pension to Trigg Lewis; to the Committee on Pensions.

Also, a bill (H. R. 6223) granting a pension to Daniel B. Norris; to the Committee on Pensions.

Also, a bill (H. R. 6224) granting a pension to William Raymer; to the Committee on Pensions.

Also, a bill (H. R. 6225) granting a pension to Sarah E. Tally; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6226) granting a pension to William W. Cravens; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6227) granting a pension to Margaret Ann Carr; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6228) granting a pension to Samuel Burgess; to the Committee on Pensions.

Also, a bill (H. R. 6229) granting a pension to Ward Houchin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6230) granting a pension to Sarah J. Hiser; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6231) granting a pension to Edith A. Hill; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6232) granting a pension to Margaret E. Hazel; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6233) granting a pension to Elizabeth Hampton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6234) granting a pension to Angeline E. Nourse; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6235) granting a pension to Henry C. Neal; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6236) granting a pension to John H. Perry; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6237) granting a pension to Amanda Riley, formerly Amanda Carter; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6238) granting an increase of pension to Percy H. Allen; to the Committee on Pensions.

Also, a bill (H. R. 6239) granting an increase of pension to A. G. Long; to the Committee on Pensions.

Also, a bill (H. R. 6240) granting an increase of pension to Frank R. Porter; to the Committee on Pensions.

Also, a bill (H. R. 6241) granting an increase of pension to James Vaughn; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6242) granting an increase of pension to Robert B. Woods; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6243) granting an increase of pension to John W. Weaver; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6244) granting an increase of pension to Johnathan C. Huffman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6245) granting an increase of pension to King A. Bowman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6246) granting an increase of pension to Isaac Bell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6247) granting an increase of pension to C. M. Brown; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6248) granting an increase of pension to Charles H. Austin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6249) granting an increase of pension to J. W. Grubb; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6250) granting an increase of pension to John W. B. Huntsman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6251) granting an increase of pension to William Jessee; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6252) granting an increase of pension to Abner J. Johnson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6253) granting an increase of pension to Richard H. Kirby; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6254) granting an increase of pension to Isaac T. Lee; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6255) granting an increase of pension to Isaac N. Mahan; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6256) granting an increase of pension to Perry Morgan; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6257) granting an increase of pension to John T. Murray; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6258) granting an increase of pension to P. T. Martin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6259) granting an increase of pension to James A. Phelps; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6260) granting an increase of pension to John E. Spillman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6261) for the relief of Kate Oakes Smith; to the Committee on War Claims.

Also, a bill (H. R. 6262) for the relief of George M. Smith; to the Committee on War Claims.

Also, a bill (H. R. 6263) for the relief of Joseph Woosley; to the Committee on War Claims.

Also, a bill (H. R. 6264) for the relief of P. W. Whitlow; to the Committee on War Claims.

Also, a bill (H. R. 6265) for the relief of W. S. Dickinson; to the Committee on War Claims.

Also, a bill (H. R. 6266) for the relief of Fielding M. Chelf; to the Committee on Claims.

Also, a bill (H. R. 6267) for the relief of J. D. Campfield; to the Committee on War Claims.

Also, a bill (H. R. 6268) for the relief of R. P. Breeding; to the Committee on War Claims.

Also, a bill (H. R. 6269) for the relief of Sallie J. Broady; to the Committee on War Claims.

Also, a bill (H. R. 6270) for the relief of Francis M. Decker; to the Committee on War Claims.

Also, a bill (H. R. 6271) for the relief of James R. Evans; to the Committee on War Claims.

Also, a bill (H. R. 6272) for the relief of Samuel A. Jones; to the Committee on War Claims.

Also, a bill (H. R. 6273) for the relief of E. F. Miles; to the Committee on War Claims.

Also, a bill (H. R. 6274) for the relief of Josiah Morris; to the Committee on War Claims.

Also, a bill (H. R. 6275) for the relief of J. M. Phelps; to the Committee on War Claims.

Also, a bill (H. R. 6276) for the relief of Benjamin F. Proctor; to the Committee on War Claims.

Also, a bill (H. R. 6277) for the relief of Morton B. W. Camp; to the Committee on War Claims.

Also, a bill (H. R. 6278) for the relief of Mrs. Repsaw Rowan; to the Committee on War Claims.

Also, a bill (H. R. 6279) for the relief of David Speakman; to the Committee on War Claims.

Also, a bill (H. R. 6280) for the relief of W. H. Denham; to the Committee on Military Affairs.

Also, a bill (H. R. 6281) for the relief of the heirs of John C. Browder; to the Committee on Military Affairs.

Also, a bill (H. R. 6282) for the relief of the Tolle Tobacco Co.; to the Committee on Claims.

Also, a bill (H. R. 6283) for the relief of the heirs of Wilson Ryan; to the Committee on War Claims.

Also, a bill (H. R. 6284) for the relief of the heirs of Zachariah Thomas; to the Committee on War Claims.

Also, a bill (H. R. 6285) for the relief of the heirs of Phlegmon W. Willis; to the Committee on War Claims.

Also, a bill (H. R. 6286) for the relief of the heirs of George Wright; to the Committee on War Claims.

Also, a bill (H. R. 6287) for the relief of the heirs of Edmund P. Lee; to the Committee on War Claims.

Also, a bill (H. R. 6288) for the relief of the estate of Mrs. O. F. Moore, deceased; to the Committee on War Claims.



Also, a bill (H. R. 6289) for the relief of the estate of Rev. James Breeding, deceased; to the Committee on War Claims.

Also, a bill (H. R. 6290) for the relief of the estate of Tabitha Dickey, deceased; to the Committee on War Claims.

Also, a bill (H. R. 6291) appropriating \$300 to the heirs of Howard Newman, deceased; to the Committee on War Claims.

Also, a bill (H. R. 6292) appropriating \$4,500 to the heirs of Campbell Glover, deceased; to the Committee on War Claims.

Also, a bill (H. R. 6293) for the relief of the county court of Allen County, Ky.; to the Committee on War Claims.

Also, a bill (H. R. 6294) to correct the military record of James Mesker; to the Committee on Military Affairs.

Also, a bill (H. R. 6295) to correct the military record of J. A. London; to the Committee on Military Affairs.

Also, a bill (H. R. 6296) to correct the military record and provide for the granting of pensions to survivors of certain battalions of Kentucky militia; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6297) to remove the charge of desertion from the military record of G. W. Lovell; to the Committee on Military Affairs.

Also, a bill (H. R. 6298) to remove the charge of desertion from the military record of John H. Winkfield; to the Committee on Military Affairs.

Also, a bill (H. R. 6299) to remove the charge of desertion from the military record of Robert N. Stewart and to grant him an honorable discharge; to the Committee on Military Affairs.

Also, a bill (H. R. 6300) to remove the charge of desertion from the military record of James Westbrook, sr.; to the Committee on Military Affairs.

Also, a bill (H. R. 6301) to remove the charge of desertion from the military record of T. J. Caskey; to the Committee on Military Affairs.

Also, a bill (H. R. 6302) to remove the charge of desertion from the military record of J. C. Dukes; to the Committee on Military Affairs.

By Mr. WASON: A bill (H. R. 6303) granting an increase of pension to Perley M. Cummings; to the Committee on Invalid Pensions.

By Mr. WILSON of Illinois: A bill (H. R. 6304) for the relief of Ellen McNamara; to the Committee on Naval Affairs.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By the SPEAKER (by request): Petition of delegates from every State in the Union, representing 50,000 boiler makers and iron-ship builders, Kansas City, Kans., protesting against the proposed establishment of a zone system for second-class mail matter and the proposed increase on this class of mail; to the Committee on Ways and Means.

Also (by request), petition of the Swedish Churches of Greater New York, the representatives of the various Swedish societies and institutions of Greater New York, and business and professional men, representing thousands of citizens of Swedish descent, pledging their unswerving and undivided loyalty to the United States; to the Committee on Military Affairs.

Also (by request), petition of the New York State Federation of Labor, Utica, N. Y., protesting against the proposed increase in second-class postage; to the Committee on Ways and Means.

Also (by request), petition of the Boise Trade and Labor Council, Boise, Idaho, favoring the conscription of excess war profits and incomes and protesting against consumption taxes; to the Committee on Ways and Means.

By Mr. CARY: Petition of the Metal Mine Workers' Union, of Butte, Mont., proclaiming their devotion to the Nation and calling upon our Government forthwith to assume the control and management of every mine in their district; to the Committee on Mines and Mining.

Also, petition of Garfield Lodge, No. 83, Knights of Pythias, Milwaukee, Wis., urging the passage of the purple-cross bill; to the Committee on Military Affairs.

Also, petition of the National Automobile Chamber of Commerce and Motor and Accessory Manufacturers' Association, New York, protesting against the proposed 3 per cent gross-sales tax on automobiles; to the Committee on Ways and Means.

Also, petition of Wisconsin Oakland Co., Milwaukee, Wis., protesting against the proposed 3 per cent gross-sales tax on automobiles; to the Committee on Ways and Means.

Also, petition of S. A. Eckstein, G. H. Kesten, J. J. Possehl, H. Wussow, B. Leidel, E. G. Raeuber, and H. Lambeck, Milwaukee, Wis., protesting against increase to 5 per cent on poor men's medicines, etc.; to the Committee on Ways and Means.

Also, petition of the Newspaper Writers' Union, No. 9, Milwaukee, Wis.; the New York State Federation of Labor, Utica, N. Y.; and the Milwaukee Typographical Union, Milwaukee, Wis., opposing the proposed increase in second-class postage rates; to the Committee on Ways and Means.

By Mr. DRUKKER: Petition of Lakeview Council, No. 217, Sons and Daughters of Liberty, Clifton, N. J., in favor of the drafting of aliens, except alien enemies, into the military service of the United States; to the Committee on Military Affairs.

By Mr. GALLIVAN: Petition of James Moran, Owen Gallagher, Michael Spillane, and members of Division No. 57, Ancient Order of Hibernians, of Boston, Mass., pledging the loyal support of all the members to the President and country in the present war, etc.; to the Committee on Foreign Affairs.

Also, petition of Stanislaus Norkunis, Michael Verslacky, and members of the Boston Lithuanian Association, calling upon the President of the United States to make provisions that the dependents of the United States soldiers in Lithuania or elsewhere be not discriminated against and that they be accorded the same pensions and other privileges as the dependents of other soldiers residing in the United States; to the Committee on Military Affairs.

By Mr. JOHNSON of Washington: Petition of 25 tribes of the Improved Order of Red Men in the State of Washington, favoring the passage of Senate joint resolution 84; to the Committee on Military Affairs.

By Mr. KAHN: Petition of the Constitutionallists, of San Francisco, Cal., urging favorable action on the Pope's peace proposal; to the Committee on Foreign Affairs.

Also, petition of the County Clare Association of California, urging the United States Government to take speedy action in the matter of Irish freedom; to the Committee on Foreign Affairs.

By Mr. KENNEDY of Rhode Island: Petition of 400 citizens of Woonsocket, in the State of Rhode Island, favoring passage of legislation for drafting or deportation of aliens; to the Committee on Military Affairs.

Also, resolution of Winona Council, No. 1, Junior Order of United American Mechanics, of Woonsocket, R. I., favoring further restriction of immigration; to the Committee on Immigration and Naturalization.

By Mr. McCLINTIC: Petition of the Evangelical Lutheran Congregation, of Lone Wolf, Okla., urging an amendment to the present laws allowing the mails to carry such mailing matter as is unconditionally necessary to enable churches, one and all, to secure the wine needed for sacramental purposes; to the Committee on the Post Offices and Post Roads.

#### SENATE.

SATURDAY, September 22, 1917.

The Chaplain, Rev. Forrest J. Prettyman, D. D., offered the following prayer:

Almighty God, we come before Thee in the hour of supreme need for Divine guidance and blessing, an hour which is to try to the utmost the forces of Christian civilization. And as we face conditions that call for unity of counsel and for sacrifice and suffering we would not pray that Thou wouldst deliver us from the hour, for for this cause Thou hast brought us to the hour, but we pray Thee to save us from the evil of it, that we may be enabled to conserve in the day of our trial the spiritual forces of a great Nation, and in the end to accomplish the Divine will in us as a Nation. For Christ's sake. Amen.

The Journal of the proceedings of Thursday last was read and approved.

#### ORDNANCE AND ORDNANCE STORES (S. DOC. NO. 108).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Treasury, transmitting a letter from the Secretary of War submitting an estimate of additional appropriation in the sum of \$4,000,000 required for the service of the fiscal year 1918 for increasing the facilities for the proof and test of ordnance material, etc., which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

#### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House had passed the bill (S. 2477) to authorize the construction of a building for the use of the Treasury Department with an amendment, in which it requested the concurrence of the Senate.



The message also announced that the House had passed the bill (S. 2156) to authorize exploration for and disposition of potassium with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House insists upon its amendments to the bill (S. 2156) to authorize exploration for and disposition of potassium, asks a conference with the Senate on the disagreeing votes of the two Houses thereon, and had appointed Mr. FERRIS, Mr. TAYLOR of Colorado, and Mr. LENROOT managers at the conference on the part of the House.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5901) to authorize an additional issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign governments, and for other purposes.

The message further announced that the House had passed a bill (H. R. 5335) to extend the time for constructing a bridge across the Tug Fork of the Big Sandy River near Warfield, Ky., and Kermit, W. Va., authorized by an act approved January 28, 1916, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the joint resolution (S. J. Res. 78) to suspend, during the present war with Germany, the requirement that not less than \$100 worth of labor shall be performed or improvements made on each mining claim during each year for all owners who, in lieu of such assessment work, expend the sum of \$100 in the raising or manufacturing of products necessary for the maintenance of the Army, Navy, or people of the United States, or shall perform 25 days of labor in any beneficial occupation, or pay into the Treasury of the United States \$100, with amendments, in which it requested the concurrence of the Senate.

#### ENROLLED BILL SIGNED.

The message further announced that the Speaker of the House had signed the enrolled bill (S. 2830) extending the time for the construction of a bridge across the Arkansas River between the cities of Little Rock and Argenta, Ark., and it was thereupon signed by the Vice President.

#### PETITIONS.

Mr. BRANDEGEE. Mr. President, I have received several petitions of the same nature if not expressed in the same words, and I should like to have one of them read by the Secretary. I shall not ask to have any more read.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Secretary will read.

The Secretary read as follows:

NEW BRITAIN, CONN., August 31, 1917.  
HON. FRANK B. BRANDEGEE,  
Washington, D. C.

DEAR SIR: At a regular meeting of Chamberlain Council, No. 2, Junior Order of United American Mechanics, the following resolution was unanimously adopted:

"Resolution title: Immigration restriction.

"Whereas Congress wisely enacted by over a two-thirds vote, notwithstanding the veto of the President, a 60-page immigration law, February 5, 1917, containing much of the legislation recommended by the Congressional Immigration Commission; and

"Whereas the proper enforcement and administration of this needed patriotic legislation has been weakened and most dangerous and unfortunate precedent set by an order of the Commissioner General of Immigration, approved by the Secretary of Labor, authorizing the admission of certain contract laborers and illiterate aliens, specifically excluded by the law, under the authority alleged to be conferred by a clause authorizing the admission of 'otherwise inadmissible aliens' for 'temporary' stay; Therefore be it

"Resolved, That we urge the effective enforcement of the splendid new immigration law; ask for the repeal of any such clause as that under which it is claimed that the Secretary of Labor and the Commissioner General of Immigration have authority to admit illiterates, contract laborers, insane aliens, and even criminals when such is in flat contradiction of the whole spirit and letter of the law; and be it further

"Resolved, That we urge the enactment of other legislation recommended by the Immigration Commission, such as the numerical limitation based on percentage of naturalized aliens coming from the various countries; and be it further

"Resolved, That we request the Senators and Congressmen of Connecticut to support H. R. 4852 and H. R. 5369."

Trusting that you will give this matter your careful consideration and support, we remain,

Yours, very truly,

[SEAL.]  
Attest:

JOHN W. HEMINGWAY, *Councilor.*

HARRY E. SMITH,  
*Recording Secretary.*

The VICE PRESIDENT. The petition will be referred to the Committee on Immigration.

Mr. PHELAN presented a petition of the City Federation of Parent Teachers of San Bernardino, Cal., praying for the estab-

lishment of a moral zone around all military camps, which was referred to the Committee on Military Affairs.

#### CALLING OF THE ROLL.

Mr. OVERMAN. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Brady	James	Norris	Smith, Md.
Brandeggee	Johnson, Cal.	Overman	Smith, S. C.
Chamberlain	Jones, N. Mex.	Page	Smoot
Colt	Jones, Wash.	Phelan	Sterling
Culberson	Kellogg	Pittman	Swanson
Cummins	Kendrick	Poinceter	Trammell
Curtis	King	Pomerene	Underwood
Fletcher	Kirby	Ransdell	Vardaman
Gerry	McKellar	Saulsbury	Warren
Hale	Martin	Sheppard	Watson
Husting	New	Smith, Ariz.	Weeks

Mr. JAMES. My colleague [Mr. BECKHAM] is absent on account of illness in his family. I will allow this announcement to stand for the day.

Mr. CURTIS. I desire to announce the unavoidable absence of the senior Senator from New Hampshire [Mr. GALLINGER]. I will let this announcement stand for the present.

I wish also to announce that the junior Senator from Michigan [Mr. TOWNSEND] is absent on account of illness in his family. I will let this announcement stand for the present.

Mr. HUSTING. I wish to announce the unavoidable absence of the senior Senator from Kansas [Mr. THOMPSON] on official business.

Mr. CHAMBERLAIN. I desire to announce that my colleague, the junior Senator from Oregon [Mr. McNARY], is detained on official business.

The VICE PRESIDENT. Forty-four Senators have answered to the roll call. There is not a quorum present. The Secretary will call the roll of absentees.

The Secretary called the names of the absent Senators.

Mr. HOLLIS, Mr. FRANCE, Mr. SHIELDS, Mr. WADSWORTH, Mr. CALDER, Mr. LODGE, Mr. PENROSE, Mr. WILLIAMS, Mr. SIMMONS, and Mr. REED entered the Chamber and answered to their names.

Mr. CURTIS. I desire to announce the unavoidable absence of the junior Senator from West Virginia [Mr. SUTHERLAND] on account of illness in his family.

The VICE PRESIDENT. Fifty-four Senators have answered to their names. There is a quorum present.

Mr. MARTIN. I move that the Senate adjourn until 12 o'clock on Monday.

Mr. SMITH of Arizona. I hope the Senator will withhold that motion for a moment, until I can introduce a joint resolution.

Mr. MARTIN. I am willing to withhold the motion if there is business to present.

#### TRADING WITH THE ENEMY—CONFERENCE REPORT (S. DOC. 110).

Mr. FLETCHER. Let me say to the Senator from Virginia that the conferees on the trading-with-the-enemy act are ready to report, and I think we ought to consider that report. It is a very important matter. The conferees on the part of the House are exceedingly anxious to have it disposed of, and went so far as to submit the report yesterday in the House, and it is printed in the RECORD.

Mr. MARTIN. I knew of no business that was requiring the attention of the Senate. I withdraw the motion for an adjournment.

Mr. FLETCHER. I desire to submit the conference report on what is known as the trading-with-the-enemy act, and I ask unanimous consent for its consideration.

Mr. NORRIS. I shall object to its consideration to-day. I think the report ought to be printed. I have just had an opportunity to glance at it a little. It seems to me to be a very important proposition. I will ask that it go over under the rule.

Mr. FLETCHER. I will say to the Senator that it is printed.

Mr. NORRIS. I just learned an hour or so ago that it had been printed, and I have glanced over it hastily. I want to consider it.

The VICE PRESIDENT. It will go over under the rule and be printed.

The conference report is as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4960) to define, regulate, and punish trading with the enemy, and for other purposes, having met, after full and free confer-



ence have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 68, 128, and 129.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 9, 13, 15, 16, 17, 20, 21, 22, 23, 24, 25, 26, 28, 30, 31, 32, 33, 34, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 66, 69, 71, 72, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 103, 104, 106, 107, 108, 110, 111, 112, 113, 114, 117, 119, 121, 122, 124, 125, and 126, and agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment as follows: In the last line of the Senate amendment strike out ", and private bankers"; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: In lieu of the matter proposed by the Senate amendment insert the following:

"Sec. 3. That it shall be unlawful—

"(a) For any person in the United States, except with the license of the President, granted to such person, or to the enemy, or ally of enemy, as provided in this act, to trade or attempt to trade, either directly or indirectly, with, to, or from, or for, or on account of, or on behalf of, or for the benefit of, any other person, with knowledge or reasonable cause to believe that such other person is an enemy or ally of enemy, or is conducting or taking part in such trade, directly or indirectly, for, or on account of, or on behalf of, or for the benefit of, an enemy or ally of enemy.

"(b) For any person, except with the license of the President, to transport or attempt to transport into or from the United States, or for any owner, master, or other person in charge of a vessel of American registry to transport or attempt to transport from any place to any other place, any subject or citizen of an enemy or ally of enemy nation, with knowledge or reasonable cause to believe that the person transported or attempted to be transported is such subject or citizen.

"(c) For any person (other than a person in the service of the United States Government or of the government of any nation, except that of an enemy or ally of enemy nation, and other than such persons or classes of persons as may be exempted hereunder by the President or by such person as he may direct), to send, or take out of, or bring into, or attempt to send, or take out of or bring into the United States, any letter or other writing or tangible form of communication, except in the regular course of the mail; and it shall be unlawful for any person to send, take, or transmit, or attempt to send, take, or transmit out of the United States, any letter or other writing, book, map, plan, or other paper, picture, or any telegram, cablegram, or wireless message, or other form of communication intended for or to be delivered, directly or indirectly, to an enemy or ally of enemy: *Provided, however,* That any person may send, take, or transmit out of the United States anything herein forbidden if he shall first submit the same to the President, or to such officer as the President may direct, and shall obtain the license or consent of the President, under such rules and regulations, and with such exemptions, as shall be prescribed by the President.

"(d) Whenever, during the present war, the President shall deem that the public safety demands it, he may cause to be censored under such rules and regulations as he may from time to time establish, communications by mail, cable, radio, or other means of transmission passing between the United States and any foreign country he may from time to time specify, or which may be carried by any vessel or other means of transportation touching at any port, place, or territory of the United States and bound to or from any foreign country. Any person who willfully evades or attempts to evade the submission of any such communication to such censorship or willfully uses or attempts to use any code or other device for the purpose of concealing from such censorship the intended meaning of such communication shall be punished as provided in section 16 of this act."

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: On page 4, in line 2 of the Senate amendment, strike out the word "other"; on page 4, in line 9 of the Senate amendment, after the word "otherwise," insert a comma; on page 4, in line 10 of the Senate amendment, after the word "time," insert a comma; on page 4, in line 13 of the Senate amendment, after the word "company," insert

a comma, and in the same line, after the word "enemy," where it occurs the second time, insert a comma; on page 4, in line 15 of the Senate amendment, after the words "United States," strike out the comma and insert a semicolon; on page 5, in line 4 of the Senate amendment, strike out the words "or treaty"; in line 7 strike out the words "or treaty"; and in line 9 strike out the words "or treaty"; in line 11, after the word "act," insert a comma; in line 12, after the word "President," insert a comma; and in line 13, after the word "enemy," strike out the comma; on page 6, in line 5 of the Senate amendment, after the word "company," insert a comma; in line 6, after the word "granted," insert a comma; in line 13, after the word "act," insert a comma; in line 14, after the word "President," insert a comma; and in line 22 strike out "fifteen" and insert the word "sixteen"; on page 7, in line 9 of the Senate amendment, strike out "fifteen" and insert the word "sixteen"; in line 10, after the word "or," insert "to any"; in line 18, after the word "company," insert a comma; and in line 20, after the word "pay," strike out the comma; on page 8, in line 5 of the Senate amendment, after the word "custodian," insert the words ", hereinafter provided for,"; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment as follows: On page 7, line 3 of the bill, after the word "That," insert ", during the present war,"; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In line 1 of the proposed amendment after the word "Whenever" insert ", during the present war,"; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: On page 9, line 21 of the proposed amendment as engrossed, strike out "suspension" and insert "postponement"; on page 9, after line 23 of the proposed amendment, strike out the balance of the amendment and insert the following:

"(b) That the President may investigate, regulate, or prohibit, under such rules and regulations as he may prescribe, by means of licenses or otherwise, any transactions in foreign exchange, export or ear-markings of gold or silver coin or bullion or currency, transfers of credit in any form (other than credits relating solely to transactions to be executed wholly within the United States), and transfers of evidences of indebtedness or of the ownership of property between the United States and any foreign country, whether enemy, ally of enemy or otherwise, or between residents of one or more foreign countries, by any person within the United States; and he may require any such person engaged in any such transaction to furnish, under oath, complete information relative thereto, including the production of any books of account, contracts, letters or other papers, in connection therewith in the custody or control of such person, either before or after such transaction is completed."

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment as follows: On page 7, line 25 of the bill, after the word "President," strike out the comma; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment as follows: On page 9, line 13 of the bill, after the word "President," strike out the comma; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment as follows: In lieu of the matter proposed by the Senate amendment insert the following: "known to be, or whom the representative of such corporation, association, company, or trustee has reasonable cause to believe to be"; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment as follows: On page 13, in line 11 of the amendment, after the word "act," insert a comma; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows: On page 11, in line 19 of the bill, after the word "President," strike out the comma; and the Senate agree to the same.



That the House recede from its disagreement to the amendment of the Senate numbered 52, and agree to the same with an amendment as follows: In line 10, page 19, of the amendment strike out the words "the laws of the State" and insert: "law"; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 65, and agree to the same with an amendment as follows: On page 19, in line 10 of the bill, after the word "may," insert: ", when duly authorized by the President"; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 67, and agree to the same with an amendment as follows: On page 19, in line 21 of the bill, strike out "who desires" and insert: "desiring"; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 70, and agree to the same with an amendment as follows: On page 20, line 4 of the bill, after the word "as," strike out "it" and insert the word "he"; on the same page, in line 5 of the bill, after the word "Provided," strike out "it" and insert the word "he"; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 73, and agree to the same with an amendment as follows: In lieu of the matter proposed by the Senate amendment insert the following: ", including the fixing of prices of articles and products necessary to the health of the military and naval forces of the United States or the successful prosecution of the war,"; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 89, and agree to the same with an amendment as follows: On page 21, line 23 of the bill, after the word "expiration," strike out "the" and insert "one"; in the same line, after the word "thereafter," insert a comma; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 102, and agree to the same with an amendment as follows: On page 24, line 16 of the bill, after the word "President," strike out the comma; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 105, and agree to the same with an amendment as follows: On page 25, in line 3 of the bill, strike out the word "such"; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 109, and agree to the same with an amendment as follows: In line 6, page 29 of the amendment, strike out the words "in like manner as though he were the absolute owner thereof," and insert the following: "If and when necessary to prevent waste and protect such property and"; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 115, and agree to the same with an amendment as follows: On page 26, in lines 19 and 20 of the bill, strike out the word "(or such other officer as the President shall direct)"; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 116, and agree to the same with an amendment as follows: On page 26, in line 23 of the bill, insert the following: ", during the present war,"; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 118, and agree to the same with an amendment as follows: On page 27, line 23 of the bill, insert the following: ", during the present war,"; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 120, and agree to the same with an amendment as follows: In the first line of the amendment proposed by the Senate, after the word "shall" insert "during the present war,"; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 123, and agree to the same with an amendment as follows: On page 28, line 23 of the bill, after the word "Stationery," insert the following: "typewriters and exchanges thereof,"; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 127, and agree to the same with an amendment as follows: In lieu of the matter proposed by the Senate amendment insert the following:

"Sec. 19. That 10 days after the approval of this act and until the end of the war, it shall be unlawful for any person, firm, corporation, or association, to print, publish, or circulate, or cause to be printed, published, or circulated in any foreign language, any news item, editorial or other printed matter, re-

specting the Government of the United States, or of any nation engaged in the present war, its policies, international relations, the state or conduct of the war, or any matter relating thereto: *Provided*, That this section shall not apply to any print, newspaper, or publication where the publisher or distributor thereof, on or before offering the same for mailing, or in any manner distributing it to the public, has filed with the postmaster at the place of publication, in the form of an affidavit, a true and complete translation of the entire article containing such matter proposed to be published in such print, newspaper, or publication, and has caused to be printed, in plain type in the English language, at the head of each such item, editorial, or other matter, on each copy of such print, newspaper, or publication, the words "True translation filed with the postmaster at \_\_\_\_\_ on \_\_\_\_\_ (naming the post office where the translation was filed, and the date of filing thereof), as required by the act of \_\_\_\_\_ (here giving the date of this act)."

"Any print, newspaper, or publication in any foreign language which does not conform to the provisions of this section is hereby declared to be nonmailable, and it shall be unlawful for any person, firm, corporation, or association, to transport, carry, or otherwise publish or distribute the same, or to transport, carry or otherwise publish or distribute any matter which is made nonmailable by the provisions of the act relating to espionage, approved June 15, 1917: *Provided further*, That upon evidence satisfactory to him that any print, newspaper, or publication, printed in a foreign language may be printed, published, and distributed free from the foregoing restrictions and conditions without detriment to the United States in the conduct of the present war, the President may cause to be issued to the printers or publishers of such print, newspaper, or publication, a permit to print, publish, and circulate the issue or issues of their print, newspaper, or publication, free from such restrictions and requirements, such permits to be subject to revocation at his discretion. And the Postmaster General shall cause copies of all such permits and revocations of permits to be furnished to the postmaster of the post office serving the place from which the print, newspaper, or publication, granted the permit is to emanate. All matter printed, published and distributed under permits shall bear at the head thereof in plain type in the English language, the words, "Published and distributed under permit authorized by the act of \_\_\_\_\_ (here giving date of this act), on file at the post office of \_\_\_\_\_ (giving name of office)."

"Any person who shall make an affidavit containing any false statement in connection with the translation provided for in this act shall be guilty of the crime of perjury and subject to the punishment provided therefor by section 125 of the act of March 4, 1909, entitled 'An act to codify, revise, and amend the penal laws of the United States,' and any person, firm, corporation, or association, violating any other requirement of this act shall, on conviction thereof, be punished by a fine of not more than five hundred dollars (\$500), or by imprisonment of not more than one year, or, in the discretion of the court, may be both fined and imprisoned."

And the Senate agree to the same.

DUNCAN U. FLETCHER,  
JOSEPH E. RANDELL,  
JAMES K. VARDAMAN,  
KNUTE NELSON,  
BERT M. FERNALD,

*Managers on the part of the Senate.*

W. C. ADAMSON,  
A. J. MONTAGUE,  
ARTHUR G. DEWALT,  
JOHN J. ESCH,  
E. L. HAMILTON,

*Managers on the part of the House.*

#### BILLS AND JOINT RESOLUTION INTRODUCED.

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BRANDEGEE:

A bill (S. 2901) concerning the Judge Advocate General of the Army; to the Committee on Military Affairs.

By Mr. WEEKS:

A bill (S. 2902) for the relief of the owner of the steamer *Mayflower* and for the relief of passengers on board said steamer; to the Committee on Claims.

By Mr. PENROSE:

A bill (S. 2903) granting an increase of pension to Anthony Wilkinson; and



A bill (S. 2904) granting an increase of pension to George W. Gilbert; to the Committee on Pensions.

By Mr. SHEPPARD:

A bill (S. 2905) to establish a branch Federal land bank in west Texas; to the Committee on Banking and Currency.

A bill (S. 2906) authorizing the Secretary of War to donate to Mount Vernon, Tex., three brass cannon, with carriages; to the Committee on Military Affairs.

A bill (S. 2907) for rural sanitation under supervision of Public Health Service; to the Committee on Public Health and National Quarantine.

By Mr. CALDER:

A bill (S. 2908) to amend the act approved December 23, 1913, known as the Federal reserve act, as amended by the acts of August 4, 1914; August 15, 1914; March 3, 1915; and September 7, 1916; to the Committee on Banking and Currency.

By Mr. CHAMBERLAIN:

A bill (S. 2909) granting an increase of pension to McHenry Smith; to the Committee on Pensions.

By Mr. PHELAN:

A bill (S. 2910) providing for an additional judge for the northern district of California; to the Committee on the Judiciary.

By Mr. WARREN:

A bill (S. 2911) to repair damage by floods to the bridge constructed by the Reclamation Service across Snake River, in Jackson Hole, Wyo.; to the Committee on Irrigation and Reclamation of Arid Lands.

By Mr. KING:

A bill (S. 2912) to cede unreserved public lands to the several States; to the Committee on Public Lands.

By Mr. SMITH of Arizona:

A joint resolution (S. J. Res. 101) to provide further for the national security and defense by insuring to the Government of the United States an adequate supply of paper at a fair price and by insuring a supply and equitable distribution at fair prices to the industries of the United States; to the Committee on Printing.

#### AMENDMENTS TO DEFICIENCY APPROPRIATION BILL.

Mr. SHEPPARD submitted an amendment proposing to appropriate \$155,400 for the acquisition of land for mobilization, aviation, maneuver, training, and supply purposes in El Paso County, Tex., intended to be proposed by him to the urgent deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

He also submitted an amendment proposing to appropriate \$316,941 for the acquisition of land as an addition to the Leon Springs Military Reservation, Tex., intended to be proposed by him to the urgent deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

#### WAR-RISK INSURANCE.

Mr. WATSON submitted an amendment intended to be proposed by him to the bill (H. R. 5723) to amend an act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

#### JULIA P. TURNER.

Mr. COLT submitted the following resolution (S. Res. 136), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

*Resolved*, That the Secretary of the Senate be, and he hereby is, authorized and directed to pay from the miscellaneous items of the contingent fund of the Senate to Julia P. Turner, widow of George M. Turner, late a folder in the folding room of the United States Senate, a sum equal to six months' salary at the rate he was receiving by law at the time of his death, said sum to be considered as including funeral expenses and all other allowances.

#### THE ZONE SYSTEM.

Mr. McKELLAR. On August 31 the senior Senator from Ohio [Mr. POMERENE] received a telegram from the Literary Digest about the zone system, and he has written a reply. I ask unanimous consent to have the telegram and the reply of the Senator from Ohio printed in the RECORD without reading.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

NEW YORK, N. Y., August 31, 1917.

Senator ATLEE POMERENE,  
United States Senate, Washington, D. C.:

When you voted in favor of zone system you were probably unaware of the injustice it would mean to a hundred thousand boys and girls throughout the country who are studying current events and history in Literary Digest. To 170 high schools in Ohio we are sending thousands of copies weekly of the Literary Digest at half price, exactly the same price as pupils in New Jersey pay. Under the zone system the price will be 6 cents in Ohio and 5 cents in New Jersey. It does not seem to

us a wise policy to adopt a system which compels a citizen of Ohio or California to pay more for his reading matter than the citizen of New York. As citizens we realize that the tremendous strain under which every Senator has been working in trying to equitably adjust the many sides of the war-revenue measure during the recent months, and do not wish in any way to be understood as criticizing any man's judgment, but we respectfully urge you to carefully reconsider the zone system, for we feel sure it has in it the seed which may easily develop a sectional spirit and at a time when unity of purpose and action are essential to our country's safety.

#### THE LITERARY DIGEST.

SEPTEMBER 13, 1917.

GENTLEMEN: Your telegram criticizing my vote in favor of the zone system as involved in the McKellar amendment received. I submit that it is not quite fair that you place between yourself and the fire of public criticism "a hundred thousand boys and girls throughout the country." The public is not asking and will not ask, when fully informed, that the Government pay the expense of the delivery of the magazines and newspapers of the country.

I have been a subscriber to and a reader of the Literary Digest for more than 20 years. That fact alone will indicate my estimate of it.

If it is necessary to increase the subscription price in order to meet the additional postage, increase it.

Let me be perfectly frank with you. The Literary Digest is your business proposition. You are publishing it to make money. You are prompted by the same motives that actuate every other publisher. Of course you desire to serve, and you are serving, the public, but it is not primarily for that purpose that you are printing the magazine. Every business man engaged in a legitimate enterprise is serving the public, but that is no reason why the Government should afford him free transportation.

Publishers are the only class of people in this country that I know of who are receiving a bonus from the Government. Why should they have it rather than anybody else? Why should they not pay the expenses of the service they get from the Government as well as those who use first-class postal privileges? There is no defense in good morals that you can make of the present situation. Students of the subject may vary in their estimate as to whether magazines and newspapers are costing the Post Office Department forty or fifty millions of dollars or seventy or eighty millions of dollars more than it receives from them. No one whose judgment is worthy of serious consideration denies that it costs the Government less than three or four times the amount it receives. Postmasters General, from Mr. Bissel to Mr. Burleson, agree upon the subject that the Government all these years has been the loser.

In my judgment good political morals require that publishers should pay for the service they receive from the Government, and that Congress should not be required to tax the drinkers of tea and coffee or the public generally in order to get sixty or seventy millions of dollars from them to offset the bonus paid the publishers. I realize very fully that this is not a very politic thing for me to write, but it is the truth, and neither you nor I should fear the truth.

Allow me to say to you in all candor that it has been a very great disappointment to me to know that the leaders of educational thought in this country are constantly serving in the capacity of a lobby here in Washington, or through the mails, in order to intimidate Congressmen and Senators so that they may get a continuance of the financial favors which they have been enjoying at the hands of the Government for so many years. Has it come to this—that our moral standards are based upon our financial interests?

Your splendid magazine would have a greater influence if you were courageous enough to take the stand that you want to pay for the favors you are getting from the Government and want everybody else to do likewise. It comes with poor grace from publishers to criticize Senators and Congressmen because of mistakes they make here in Washington—and when they make mistakes they ought to be criticized—while these same publishers insist that a bonus or a subsidy of millions be voted to them annually.

Think of it. The publishers have been enjoying these special privileges for years and years, and now when we are in the throes of war a large number of them are conducting a campaign through the mails and the press, not only to get a continuation of second-class mailing privileges, but to urge legislation authorizing an expenditure of \$3,000,000 to advertise the coming issue of bonds. It is a very great disappointment to me that publishers assume this attitude.

My judgment is that if you will put both sides of this proposition up to your readers in the columns of your magazine the vast majority of them will say that they want to pay the expense of the delivery of your paper.

Publishers increased the price of their advertising to meet the increased cost of paper. Why can not they increase the subscription price and further increase their advertising rates, if necessary, in order to meet the actual cost of delivery?

Very sincerely,

ATLEE POMERENE.

The LITERARY DIGEST.

New York City.

#### DEVELOPMENT OF WATER POWER.

Mr. WEEKS. Mr. President, I ask unanimous consent that there be printed in the RECORD a statement made by the senior Senator from Washington [Mr. JONES], which I have taken from the Brooklyn Eagle of September 15, relating to water-power legislation.

The VICE PRESIDENT. Without objection it is so ordered. The statement referred to is as follows:

PASSAGE OF THE SHIELDS BILL URGED TO DEVELOP NATION'S WATER POWER.

[By WESLEY L. JONES, United States Senator from Washington.]

"It is vitally important to the economic and commercial welfare of this Nation that Congress no longer delay the enactment of laws under which our wasting water powers may be developed. The following brief statement shows the importance of the immediate passage of such legislation to the State which I have the privilege of representing in part in the United States Senate:



"Of the 9,700,000 water horsepower in the State of Washington requiring Federal consent before it can be utilized, but 96,000 horsepower, or 1 per cent has been developed, and the remaining 99 per cent, or 9,600,000 horsepower is going to waste. Meanwhile we are importing coal from Canada; vast areas of silent desert lands, which, given water, would yield great harvests in these days of food shortage, are held back from reclamation through lack of cheap electric energy for operation of pumping plants; three transcontinental railroads are unable to electrify their systems across the State, and industrial plants, the establishment of which would give us the diversity of industry so badly needed to further our progress and prosperity, are prevented from building.

"By provisions in the river and harbor act of 1890 and 1899 Congress has prohibited the placing of dams in navigable streams without the consent of Congress in each case. No executive authority, unless the stream lies wholly within a single State, in which case the State legislature may grant the authority, subject to approval of plans by the Secretary of War. As navigable streams almost invariably touch or traverse more than one State, the exception is unimportant.

"An existing statute passed by Congress in 1910, known as the general dam act, prescribes the terms under which dams may be placed in navigable streams when Congress grants specific consent. This statute, even if made operative by an enabling act, makes requirements which render investment unsafe and effectually prevents development. During the first two years after the passage of this statute Congress granted its consent to the development of 12 water-power projects in navigable streams, of which but two have been developed, and their financing was only made possible because they were adjuncts to existing systems.

"The other 10 could not be financed under the restrictive terms of the permits granted. Not a single water-power project has been developed in a navigable stream during the past five years. During these years water-power projects actually formulated and ready for development, located in 17 Southern and Western States, aggregating 2,122,000 horsepower, have been prevented from development, as no responsible banker, trustee, or business man would invest a dollar upon the security afforded by such permits. The production of this energy through utilization of water horsepower now wasting would save annually 8,427,000 tons of coal, would allow the labor of 7,000 men to be used for other much-needed purposes, and would permit the use of thousands of cars for carrying merchandise instead of coal. Furthermore, by these river improvements 1,160 miles of inland waterways would be opened to navigation without the appropriation of Government money.

"The importance of action is realized by Congress, which has had the enactment of a new navigable stream water-power law under consideration for the past four years. A bill drawn and introduced by Senator JOHN K. SHIELDS, of Tennessee, was passed by the Senate at the last session by a vote of 46 to 22, after a discussion covering a period of five weeks, during which time every phase of the question was carefully considered. The bill was amended by the House and sent to conference, was not reported out, and died with the close of the last Congress.

"Senator SHIELDS reintroduced the bill (No. 1419) at the present session, and it has been reported without amendment to the calendar by the Commerce Committee, of which I am a member, and will undoubtedly again be passed by the Senate when its consideration is reached. The bill has been criticized by so-called conservationists for reasons which I shall not attempt to controvert because, to my mind, they are manifestly impracticable and, if adopted, would effectually prevent development.

"The bill appeals to me as an orderly, masterly product of high-class statesmanship. It safeguards every public interest, and yet its terms are fair toward those who would engage in the naturally hazardous business of development of water powers. Senator JOHN K. SHIELDS, the author of the bill, is one of the most respected Members of the United States Senate. He was formerly chief justice of the Supreme Court of Tennessee, and the development of its water powers is of greatest importance to his State. I am glad to be able to say that this important national question was not made a party issue in its consideration by the Senate, and I am glad, as a Republican Senator, to be able to line up alongside the great Democratic Senator from Tennessee in approval of his views upon this subject.

"The Shields bill authorizes the Secretary of War to issue permits to develop water powers in navigable streams to properly qualified applicants who, in his judgment, are best fitted, in the public interest, to develop the water resources. The bill sets forth at length general terms and stipulations, and the Secretary

of War is made the administrative authority to carry them into effect. The bill provides for a permit period of 50 years, at any time after which the Government may, on two years' notice, take over the property for itself or for a subsequent grantee by paying the fair value of the property, not including the rights granted by the Government. The bill provides for protection of the public interests as follows:

"(a) Water-power projects for which permits are issued must be such as in the judgment of the Secretary of War shall be best adapted to a comprehensive plan for the improvement of waterways for all uses and produce the highest practicable power development.

"(b) The public-service commissions of the States in which the water powers are located are given control of rates and service when the business is intrastate, and the same regulatory authority is conferred upon the Interstate Commerce Commission when the business is interstate.

"(c) The Secretary of War is given authority to examine the books of the grantee and to require them to submit sworn statements of every detail of their business transactions.

"(d) Provision is made for cancellation of the grant in case the grantee fails to comply with the terms.

"(e) Unlawful trust or monopoly or restraint of trade is forbidden.

"(f) The grantee is required to install, at his own expense, locks, booms, sluices, lights, signals, or other structures in aid of navigation purposes, and furnish, free of cost, power for operation of same.

"(g) The grantee must reimburse the United States for the cost of investigation and supervision incidental to the transaction.

"(h) The grantee is required to pay reasonable charges to the United States for benefits accruing from headwater improvements established and maintained by the United States and for the use of any Government land used in power development.

"The bill provides that work must be begun within two years from the date of the permit and completed within such time as may be specified by the Secretary of War, and provides for diligent, orderly, and reasonable development and continuous operation of the water power, subject to market conditions. The bill provides that contracts extending beyond the life of the permit for sale of energy may not be made with permission of the public-service commission of the State in which the water power is located.

"The Shields bill is distinctly a compromise measure. It is the product of the long conflict of views and of the efforts of the Senate to deal intelligently with the subject. Like all compromise measures, it is probably not completely satisfactory to anyone, but as a whole it concededly does safeguard the public interests and concededly is fair enough to capital to secure investment in water powers. In my judgment, it is not at all subject to the objections which have been most vehemently urged against such proposed legislation in the past. Consequently it can and should be supported both by those who have been chiefly interested in insisting upon public safeguards and also by those whose chief interest has been to secure development of the great resources. It is to be hoped that, in the public interest, this bill may be accepted by both Houses of Congress, be signed by the President, and speedily become a law."

ADDRESS BY THE VICE PRESIDENT (S. DOC. NO. 109).

Mr. SWANSON. Mr. President, I ask unanimous consent to have printed as a public document a very eloquent, able, and patriotic speech which was made by the Vice President of the United States before the Supreme Council of Scottish Rite Masons at New York City, Monday, September 17. It is a very fine and splendid address.

The PRESIDING OFFICER (Mr. STERLING in the chair). Is there objection? The Chair hears none, and it is so ordered.

HOUSE BILL REFERRED.

H. R. 5335. An act to extend the time for constructing a bridge across the Tug Fork of the Big Sandy River near Warfield, Ky., and Kermit, W. Va., authorized by an act approved January 28, 1916, was read twice by its title and referred to the Committee on Commerce.

PROMOTION OF EXPORT TRADE.

The VICE PRESIDENT. The morning business is closed.

Mr. POMERENE. I ask unanimous consent to proceed to the consideration of the bill (H. R. 2316) to promote export trade, and for other purposes.

The VICE PRESIDENT. Is there objection?

Mr. CUMMINS. Mr. President, I do not intend to object, but I want it to be understood before the bill is taken up that it will require some time in its consideration. It relates to a very



important matter, and there is some difference of opinion among the members of the committee which reported the bill. I say in fairness to the Members of the Senate who are here that it will require a quorum and some discussion.

Mr. SMOOT. Mr. President, I also want to say to the Senator asking the unanimous consent that there are at least two Senators who are interested in this measure, one of whom is now acting as a conferee on the revenue bill and the other is engaged on the great appropriation bill that is before the Committee on Appropriations. It is absolutely essential that the conferees shall agree, and also that that bill shall be reported to the Senate at the earliest date possible. If they are to be taken away from that work, I believe it will not hasten the adjournment of Congress.

Mr. POMERENE. Mr. President, I think all Senators will agree that this is a subject matter of very great importance. It has already passed the House twice, the second time in the form it appears here, with slight amendments made by the majority of the Senate committee. The bill was twice favorably reported to the Senate by the Committee on Interstate Commerce. I recognize the fact that there is some difference of opinion about certain provisions of it and I assumed, of course, that there would be some debate. While I would be very glad to have final action upon the bill to-day I can understand that the discussion may be so prolonged that that would be impossible or, at least, impracticable. I have no desire to unduly force it to a conclusion, but I have felt that it ought to be taken up and considered by the Senate and be made the unfinished business so that it could be disposed of at this session. I do not believe that it is going to take an unusual length of time, though I appreciate the importance of the issues presented to the Senate.

The VICE PRESIDENT. Is there objection to the request of the Senator from Ohio?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 2316) to promote export trade, and for other purposes, which had been reported from the Committee on Interstate Commerce with amendments.

The first amendment was, in section 2, page 3, line 1, before the word "prices," to insert "or depresses," so as to make the section read:

SEC. 2. That nothing contained in the act entitled "An act to protect trade and commerce against unlawful restraints and monopolies," approved July 2, 1890, shall be construed as declaring to be illegal an association entered into for the sole purpose of engaging in export trade and actually engaged solely in such export trade, or an agreement made or act done in the course of export trade by such association, provided such association, agreement, or act is not in restraint of trade within the United States, and is not in restraint of the export trade of any domestic competitor of such association: And provided further, That such association does not, either in the United States or elsewhere, enter into any agreement, understanding, or conspiracy, or do any act which artificially or intentionally and unduly enhances or depresses prices within the United States of commodities of the class exported by such association.

The amendment was agreed to.

The next amendment was, in section 5, page 5, line 18, after the word "unduly," to strike out the word "affects," and to insert "enhances or depresses"; and, on page 6, line 1, after the word "its," to strike out "business, in order that it may thereafter maintain its organization and management and conduct its business in accordance with law"; and to insert "organization, business, conduct, practices, or management in order that they may comply with the law," so as to read:

Whenever the Federal Trade Commission shall have reason to believe that an association or any agreement made or act done by such association is in restraint of trade within the United States or in restraint of the export trade of any domestic competitor of such association, or that an association, either in the United States or elsewhere, has entered into any agreement, understanding, or conspiracy, or done any act which artificially or intentionally and unduly enhances or depresses prices within the United States of commodities of the class exported by such association, it shall summon such association, its officers, and agents to appear before it, and thereafter conduct an investigation into the alleged violations of law. Upon investigation, if it shall conclude that the law has been violated, it may make to such association recommendations for the readjustment of its organization, business, conduct, practices, or management in order that they may comply with the law.

The amendment was agreed to.

The VICE PRESIDENT. The bill is before the Senate as in Committee of the Whole and open to further amendment.

Mr. REED. Mr. President, I want to inquire, with due respect, if this bill is to be passed here with a purely perfunctory reading, without any consideration? In the first place, this bill ought not, in my judgment, to be brought forward at this time at all. It has been understood that this session of Congress should be devoted to the enactment of war legislation, and that other legislation would not at this time be considered. This bill is not a war measure. This legislation was proposed before the European war broke out, and long, long before the United States became involved in that controversy. We are

almost at the close of the war legislative program. It has been generally understood that Congress would adjourn, at least for a short time, before the December session. The impression has been to the effect that we would probably be able to close up the program that had been discussed and get away about the first week of October. In order to accomplish that very-much-to-be-desired object, discussion has been limited to an extraordinary degree with reference to a number of important measures. Perhaps some of them suffered for lack of full discussion.

Now, with that situation, the pending bill is brought forward. I did not object to its consideration at this time; the truth is that I did not know that unanimous consent was being asked for that, although I was in the Chamber. I do not want to be in the position of an obstructionist, but it is impossible that this bill shall have full consideration at this time, in my judgment; and if it is given full consideration, I am quite sure the session is going to be prolonged.

Let me illustrate the situation. Here is the distinguished Senator from Louisiana [Mr. RANSDELL] pressing for the consideration of the trading-with-the-enemy act, still undisposed of in its final form. We have now under consideration in the Judiciary Committee, and are conducting hearings upon it, what is known as the civil-rights bill, a bill of great importance and involving many very doubtful and difficult propositions of law and of fact. If that bill can be brought forward and diligently discussed and disposed of at this session, in addition to all the other business that is pressing for attention, it seems to me this session of Congress will have done very well.

I am not prepared to discuss this bill, and I certainly am not prepared to consent to its passage without a full understanding of its provisions. I do know that it proposes to annul in part that system of law which we have been building up in this country for 25 years, and which is generally known by the term of antitrust legislation; and I do know that when we undertake a thing of that kind we ought to do it at a time when Congress is in a position to deliberate coolly regarding the whole question.

If I understand the import of this bill, it most radically changes the policy which has been accepted as the fixed policy of this country by every President of the United States, by every Congress, and by every political party for the past 25 years. It may be possible that some change of these great laws is necessary; but we ought to consider the question at a time when we can do so in a cool, deliberate, and careful manner.

There is less necessity for this legislation to-day, in my humble opinion, than there has been at any time during the past 25 years, and for this reason—that our foreign commerce is to-day all practically under the control of the Government under what is known as the embargo power. Whatever goes abroad to-day goes abroad because it is permitted to go by the President. He can stop all traffic with foreign countries, and the power entirely to stop traffic carries with it the power to regulate the traffic which is permitted.

So I hope this bill can go over until the next session of Congress, when we may give it careful thought and attention and when we can have an attendance in the Senate to consider it. A few minutes ago, when the bill was read, there was more than a quorum of the Members of the Senate present. Before the reading of the bill had been completed the membership had drifted away until there were not to exceed probably 15 or 16 Members of the Senate in the Chamber. This is not because Senators are not interested, but it is because, in the press and crush of work at this time, it is necessary for them to be in their offices or in their committee rooms.

I appeal to the Senator in charge of this bill, for whom I have the utmost respect and the kindest feeling, not to ask that this bill shall be forced forward at this time.

Mr. POMERENE. Mr. President—

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Ohio?

Mr. REED. I do.

Mr. POMERENE. I am sorry that I can not always agree with my distinguished friend from Missouri. I must take issue with his position in several respects.

It is true that it was our purpose at the beginning of this session, and is now, to give our attention principally to the war measures. I differ from him when he takes the position that this is not, in one sense of the word, a war measure. It is one of those bills, it is true, that have been before the Congress for a considerable time. It has been the subject matter of a vast deal of discussion by the business men and the business organizations of the country for a number of years. It affects our export trade only. It does not affect our domestic trade, save and except incidentally. Of course, the two classes of trade can not be divorced from one another to such an extent



that we may say that neither affects the other. No one could take that position, but they are essentially separate and distinct; and now, at this very time, when we are dealing not only with our allies but with neutral countries, the feeling is still extant that we ought to pass legislation of this kind for the purpose of enabling our business men to get their fair share of the foreign trade.

I realize that there is much force in what the Senator says when he takes the position that our export trade at the present time is largely controlled by the President through the medium of the embargo act, but that affects immediately our war conditions, our war powers. This has reference not only to what may be war conditions, but to our peace conditions quite as well. For a period of two years or more there have been constant conferences between the allies themselves, even before we declared war, looking to the trade of the future, and I dare say that the Senator will not contend for a moment that we ought not at the present time to have an eye to our trade of the future.

I have purposely not brought up this bill when there were measures pending before the Senate such as the trading-with-the-enemy act, the revenue measures, and the different military and naval bills, but it has so happened that we have been adjourning here from day to day without anything to do because there was not anything else of very prime importance on the calendar which was demanding the attention of the Senate.

I may say that in conference with those members of the Government who have been more or less conversant with our foreign trade I have been advised by gentlemen in whom I am sure the Senator has the greatest confidence that there never was a more pressing time for legislation of this character than this particular moment, and I can not agree with my friend when he suggests that there is a possible disposition to press this matter on without consideration. That is not our purpose. I think Senators generally are familiar with the purport of this bill. I do not agree with him when he says the purpose is to make fundamental changes in our present antitrust laws. That is not the case. I take it that as a general proposition Senators will agree that, for instance, the Sherman law has an intraterritorial effect. It is not extraterritorial in its jurisdiction. I realize that there is a certain so-called twilight zone in which Senators and lawyers may differ as to just what the scope of the Sherman law is. I think the judgment of the best lawyers is generally that it does not embrace those acts that are extraterritorial; but there may be certain phases of foreign commerce which may be affected by it, and I do not think it would profit us very much to go into that discussion and endeavor to point out the dividing line. Suffice it to say that the business public have had some considerable doubt as to the extent to which they might form associations for the purpose of engaging solely in what may be called extraterritorial or foreign trade.

It is to a desire to set aside these doubts, to give a certain amount of reassurance to those who are seeking foreign trade, that we owe the origin of this bill. I think that when the Senator carefully reads the bill he will find that we have not in anywise affected the operation of the Sherman law, so far as it relates to intraterritorial or domestic business. It seeks only to make it perfectly clear that these associations may be organized for the sole purpose of our foreign trade. Beyond that we do not care to go; and then we have provided particularly that all the operations of these associations shall be subject to the jurisdiction and control of the Federal Trade Commission; and if in anywise they may be interfering with what may be regarded as fair competition, or if they may be violating the laws of the land—trust laws or others—then the Federal Trade Commission can investigate and make orders respecting the conduct of their business; and if they fail to comply with these orders, then these matters may be certified over to the Department of Justice for such action as they may think proper.

Mr. REED. Mr. President—

The PRESIDING OFFICER (Mr. STERLING in the chair). Does the Senator from Ohio yield to the Senator from Missouri?

Mr. POMERENE. I do.

Mr. REED. If they are certified to the Department of Justice for such action as it may see proper to take, what action can it take when we have repealed the only laws under which it has authority to act?

Mr. POMERENE. No, Mr. President; we have not repealed them.

Mr. REED. You have repealed them as to foreign trade. That is the purpose of this act.

Mr. POMERENE. No. These associations may attempt to do certain acts which may materially affect our domestic commerce, or they may affect the business or commerce of domestic competitors in this trade. They may be violating the law

in that respect; but if so, that is a matter for investigation, and these acts thus performed will not be permitted by this legislation. It is quite true that we want to make perfectly clear the fact that the Sherman law does not apply to that particular kind of business which may be denominated strictly foreign business to the extent that we allow associations to be organized and to act under the pending bill.

Mr. REED. And if these associations do things that are inimical to the welfare of this country, their act goes to the Federal Trade Commission; and if the Federal Trade Commission can not deal with them, they are then to be reported to the Attorney General. Now, what is the Attorney General going to do after you have repealed the law that gives him authority to act?

Mr. POMERENE. Mr. President, it may be that these acts may relate to domestic commerce. The Senate must bear in mind that by the very terms of the bill it is limited to export trade, and this is defined as follows:

That the words "export trade" wherever used in this act mean solely trade or commerce in goods, wares, or merchandise exported, or in the course of being exported, from the United States or any Territory thereof to any foreign nation.

But it goes further, and provides the acts which shall not be included in export trade. The first section reads in part—

but the words "export trade" shall not be deemed to include the production, manufacture, or selling for consumption within the United States or any Territory thereof of such goods, wares, or merchandise, or any act in the course of such production or manufacture.

Mr. CUMMINS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Iowa?

Mr. POMERENE. I do.

Mr. CUMMINS. I beg to ask a question of the Senator from Ohio at this time. If we continue the consideration of this bill, I intend to discuss it at some length and with some care before we have concluded the matter; but just at this point I should like to direct the attention of the Senator from Ohio to something he said a few moments ago, or something that I understood him to say, namely, that we were not seriously interfering with the antitrust law.

We are either doing something here or we are not. We are either repealing a part of the antitrust law and the Clayton Act or we are not. If we are not, no legislation is necessary. If we are, then the inquiry is, What part of it are we repealing? And I am sure the Senator from Ohio will agree with me that what we are repealing or trying to repeal—because I am in some doubt as to what the effect of this bill will be, as I shall presently show—what we are apparently trying to do is to repeal the antitrust law and the Clayton Act so far as either of them relates to foreign trade. That is what we are trying to do, and I think it ought to be fully understood. Now, I know the Senator from Ohio, in charge of the bill, has very carefully and sedulously tried to prevent that repeal from having any effect upon trade among the States; but we must face squarely the proposition that the proposal is that both these laws shall be repealed, so far as our foreign trade is concerned.

Mr. POMERENE. Mr. President, I want to express myself as accurately as I can. I made the statement in the earlier part of my remarks that there was some uncertainty as to just what effect the provisions of the Sherman law had upon the so-called export trade. I think we would be expressing the situation more accurately if we were to say that we expect to make perfectly clear by this legislation the fact that the Sherman law does not extend to certain acts specifically pointed out in the bill which may be regarded as foreign trade.

Mr. CUMMINS. May I add another word there, so that there may be no obscurity between the Senator from Ohio and myself? There were certain things which the exporters who appeared before our committee said they wanted to do, and I am of the opinion, and I think the Senator from Ohio agrees with me, that most of the things which they said they wanted to do can be done under the law as it is now, without offense. The difficulty is that the bill, in my opinion, will authorize the exporters to do a great many things which they did not say they wanted to do when they came before the committee.

Mr. POMERENE. Will the Senator be more explicit and indicate what, in his judgment, may be done which they did not want to do under the bill?

Mr. CUMMINS. I think there can be a combination among manufacturers in the United States under the bill for the production of goods which are alleged to be for export without any possibility whatever of differentiating between the things that are produced for export and the things that are produced for domestic use or consumption. That is one of the things that I think can be done under the bill.

Mr. POMERENE. May I interrupt the Senator to say that by the very terms of the bill it is expressly provided that the



production and manufacture of these goods shall not be regarded as a part of the export trade?

Mr. CUMMINS. For home consumption?

Mr. POMERENE. No.

Mr. CUMMINS. That is the way I construe the bill. I know the Senator does not agree with me about that interpretation.

Mr. POMERENE. Because of a remark which the Senator made to me yesterday with respect to this very matter, I have read the language more carefully, and I am still more firmly convinced than ever that the Senator is wrong in his construction.

Mr. REED. Where is the language?

Mr. POMERENE. On lines 7, 8, 9, and 10 on the first page. However, assuming that the Senator is right in his contention in that behalf, the language can be readily made so clear that there could be no doubt about it by a transposition of these clauses, as, for instance, if we were to say, "it shall not be deemed to include the selling for consumption within the United States or any Territory thereof of such goods, wares, or merchandise, or the production or manufacture," and so forth. So I am quite sure that, differ as the Senator from Iowa and I may as to the framing of this legislation, we ought to have no difficulty so far as that particular point is concerned.

Mr. CUMMINS. There is another point that the Senator from Ohio might consider. The inference of one of the provisos of section 2 is that the combination is permitted if it does not artificially and unduly increase or depress the price of commodities within the United States. I think that the introduction of the word "unduly" in that connection is very unfortunate. I do not want to give anyone the opportunity to combine to either increase or decrease the prices artificially, and I think it would be very deplorable if every such inquiry must run into an investigation as to whether the increase or the depression in price has been due or undue. I think the Senator from Ohio must agree with me about that.

Mr. POMERENE. I am perfectly frank to say that, so far as the word "unduly" is concerned, there may be some room for a difference of opinion, but I desire to call the Senate's attention to the reason for this last proviso. Of course, it is the purpose of the bill to allow associations for the purpose of meeting our foreign competitors, for the purpose of advancing our foreign trade. We must all agree that, no matter how small the amount of sales abroad or how large the sales may be, to some extent they will have some effect upon conditions at home. If we were to refuse the sale of any of our surplus products abroad, necessarily that act would reflect in its effect upon the prices domestically. If we sell our entire surplus abroad, that will have some effect.

If we sell more than our real surplus abroad, that must have some effect here. It was with that thought in mind that this language was chosen.

But let me suggest this thought further to the Senator. Let us assume for the sake of the argument that the meat packers of the country should combine for the purpose of making sales in the foreign market. We recognize that to the extent that we sell abroad it is going to affect the market here somewhat. But if they should associate themselves together under the provisions of this law for that purpose and buy up a vast quantity of cured meat and place it in warehouses within the United States and then, instead of selling these products abroad, as they pretended to want to do, they should hold it for the purpose of the effect that it might have on the local market here, and perhaps depress prices to a point where it would seriously affect the financial status of some of the smaller concerns that were not engaged with them in foreign trade, and perhaps unload a part of the product thus purchased in the domestic market, thereby depressing it, artificially, as I believe, and not in accordance with the demands of the trade, to a point where they would force some of these competitors to the wall, and then begin to boost prices again—

Mr. REED rose.

Mr. POMERENE. Just pardon me for a minute. In my judgment that would be an artificial effect upon the prices or the market. It would be unduly affecting the prices in the domestic market. It is to meet such a situation as that that this language was employed. I recognize the fact that it is exceedingly difficult to employ language which may meet every particular instance that may arise.

Mr. POINDEXTER. Mr. President—

Mr. POMERENE. Pardon me just one minute. But I recognize the fact also that if these exporters were to engage in the conduct which I have indicated they would be subject to the provisions of the Sherman law. It was to avoid any question about it that caused us to place this limitation upon their conduct and the things which these associations might do.

Mr. CUMMINS. If the Senator will permit me—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Iowa?

Mr. POMERENE. I yield to the Senator.

Mr. CUMMINS. My idea in regard to that proviso has been to apply it to actual conditions. According to its terms any combination or conspiracy relating to the foreign trade will be valid unless it both artificially and unduly enhances the price of commodities in the United States.

Mr. POMERENE. Does the Senator object to the conjunction?

Mr. CUMMINS. It would help it some if it was in the disjunctive instead of the conjunctive; but still it would be objectionable, because it has seemed to me when you ask the court to enter into an inquiry as to the effect produced by artificial means we do not know what "artificial means" would comprehend or include, and when you also ask the court to enter into an inquiry as to whether the price had been enhanced unduly, I take it that means too much—whether it should be 1 cent a pound increase or 2 cents a pound in the case of meat, or any other particular sum. I believe that when the Senator reflects upon it further—and I know he has reflected upon it a good deal—he will reach the conclusion that the administration of such a provision as that would become practically impossible, and that the combination would have free range and would not be subject to any punishment whatever.

Mr. POMERENE. No, Mr. President.

Mr. CUMMINS. I want to ask the Senator from Ohio another question, which he can answer whenever it is convenient: Will the bill, if it passes in its present form, authorize a combination in the United States for the purpose of buying up all of any particular commodity for export, so that it will have in this country a complete monopoly of that commodity for export to foreign countries?

Mr. POMERENE. No, Mr. President; I do not think it would.

But let me answer the first question. I am afraid that my very able friend from Iowa is a little too extreme in his criticisms of the word "unduly." I recognize the fact that before we can give to the word "unduly" its proper legal judicial construction we must have the facts in each particular case before us. If the Senator is asking for a mathematical definition of the word "unduly," it is going to be exceedingly difficult to give it. But the Senator has been a practitioner of the law for many years, and there has never been a week in all his experience when he has not come in contact with difficulties of this kind. To illustrate, What is undue restraint of trade? Who has defined it with such a nicety that we can use it as a measuring yard for every particular matter that comes up? We know in a general way what it means.

Let us take another expression. What is a reasonable doubt? What is an unreasonable doubt? Courts define in a very general way what it means, but the question always is a question of fact for the jury, under the instruction which the court may give to the jury.

Mr. KING. A doubt for which you can give a reason.

Mr. POMERENE. Yes; as my friend says, a doubt for which you can give a reason.

Mr. CUMMINS. To whose satisfaction?

Mr. POMERENE. It is a matter which addresses itself to the satisfaction of the jurors, who are the triers of the facts; and if we are going to be very critical with reference to that particular word, we would have to be likewise critical with respect to many phrases and clauses with which we come in contact every day as lawyers. It is somewhat like an attempt to define fraud.

Ever since the civil law or the common law had its origin courts have constantly had before them certain statements of fact which were believed to be fraud. Legislative bodies have attempted to define what is fraud. They have never been able to define it. Neither have the courts been able to define what is fraud so as to meet the variety of complicated facts which may constantly be brought before it.

I recognize the fact that when it comes to the question as to the effect which sales may have upon prices there is a general law of supply and demand, and when this law of supply and demand is permitted to operate we know what is the natural effect of sales or the withholding of property from sale. But when men resort to certain sorts of acts or combinations or unfair practices, these combinations or acts or unfair practices have an effect upon trade. It is not a natural effect, but it is an artificial effect. If there is any other language which is more specific, I would be glad to have it suggested.

Mr. SWANSON. I should like to interrupt the Senator from Ohio.

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Virginia?



Mr. POMERENE. I yield to the Senator.

Mr. SWANSON. I am very anxious to have an executive session to dispose of some nominations. Is it the purpose of the Senator to push the bill for very prolonged consideration to-day?

Mr. POMERENE. I judge from the course the debate has taken and from the disposition manifested by several of my very good friends that we probably can not get a vote on the bill within the next few minutes at least.

Mr. REED. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Missouri?

Mr. POMERENE. I yield to the Senator.

Mr. REED. I think it will take some time for all of us to understand fully and completely the explanation the Senator has given us of the word "unduly."

Mr. POMERENE. No, Mr. President.

Mr. REED. I imagine it may be as hard for a court to interpret the law afterwards as it is for the Senator to define the bill before passage. It is going to take a good deal of time for some of us to digest this matter.

Mr. POMERENE. Oh, Mr. President, if my good friend from Missouri will simply apply his acute intellect to this bill for a very few minutes he will understand it quite completely.

Mr. REED. Mr. President, if the Senator from Ohio will give me a very few minutes I can tell him my opinion of the bill. I will apply whatever intellect I have to it.

Mr. SWANSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Virginia?

Mr. POMERENE. I do.

Mr. SWANSON. It is evident, I think, that more progress will be made if Senators are given an opportunity to examine this bill privately, to meditate upon it, and then come in later and discuss it. I do not think any progress in its consideration will be made to-day. I desire simply to make that suggestion, because at the proper time I wish to move an executive session.

Mr. POMERENE. Mr. President, I am anxious to defer to the wishes of Senators in the matter.

Mr. SWANSON. I understand the Senator from Louisiana [Mr. RANSDELL] has given notice that he desires to make a short address on a certain subject, and after he has done so I should like, if it be agreeable to the Senator from Ohio, to move an executive session.

Mr. RANSDELL. Mr. President, I hope the Senator from Virginia will not make a motion for an executive session until I can deliver a brief address, which I desire to make on the present unwarranted low price of cotton, which is one of the most important products of the farm.

Mr. POINDEXTER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Washington?

Mr. POMERENE. I yield to the Senator from Washington.

Mr. POINDEXTER. Mr. President, I hope that the Senator from Ohio, who is in charge of the pending bill, whatever he may decide to do in regard to proceeding with it to-day—and I am not commenting upon the immediate disposition of the matter—will not abandon his purpose of pressing the bill for a final vote and decision at this session of Congress on account of the fact that there is going to be some debate about it.

Mr. SWANSON. Mr. President—

Mr. POINDEXTER. Just a moment. I should like to say a word as to the disposition of the bill.

I concur in a good many of the criticisms of the form of the bill, which have been expressed by the Senator from Iowa [Mr. CUMMINS]. I shall not take time now to point out what seem to me to be obvious inconsistencies in the bill. For instance, the bill says that the Sherman Antitrust Act shall not apply to certain agreements, and then it says that those agreements shall not violate the Sherman Antitrust Act. That is the effect of the bill in its most vital part, and I think is utterly contradictory and inconsequential; but the purpose of the bill is a most important one.

If we are going to carry on foreign commerce our merchants must have the same opportunities and the same freedom that their competitors in foreign markets have. There ought to be some legislation upon the subject. If it is to be confused, ill-expressed, if that is the best that Congress can do, the sooner we dispose of the matter, notwithstanding that, and let the courts start out on the difficult task of construing it, the better it will be.

I hope that there may be some amendments to the bill; but I certainly also hope that the Senator from Ohio will not abandon his purpose of bringing the bill up for final disposition.

Mr. POMERENE. Mr. President, I can assure the Senator from Washington that I have no intention whatever of abandon-

ing this bill. I think I realize its importance, and I do not agree that many of the criticisms are well-founded. I hope, however, that I am not wedded to any particular form of language so long as we can attain the purpose which those who are friendly to this character of legislation may have in mind.

Mr. CUMMINS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Iowa?

Mr. POMERENE. I do.

Mr. CUMMINS. I make this appeal to the Senator from Ohio: The bill is important; it deserves very careful consideration. The Senator from Ohio has given much thought to it and he is entitled to a full hearing by those who are to vote upon it. It is very embarrassing for all of us, I am sure, who have given study to this subject, to conduct a discussion with a motion for an executive session or a motion to adjourn impending over our heads—it is not fair. We either ought to reach a conclusion to go on with the bill with reasonable continuity and seriously, or we ought to wait until the time comes to so consider it. So far as I am concerned, I never intend to lay one single obstruction in the way of the consideration of the bill, and I am ready to debate it now, and have been so for a long time.

Mr. POMERENE. Mr. President—

Mr. SWANSON. If the Senator will permit me, the suggestion that I desired to make was that under the rule when the hour of 2 o'clock arrived this matter would not remain before the Senate unless a motion was made to take it up and it was made the unfinished business. I am satisfied if such a motion were made it would disclose the lack of a quorum, which would prevent other business from being done to-day. Consequently my suggestion was made, because I thought nothing would be gained by continuing this discussion until 2 o'clock, when a motion would have to be made to make the bill the unfinished business.

Mr. CUMMINS. I have been appealing to the Senator from Ohio to recognize that situation and to take some other time for the consideration of the bill.

Mr. SWANSON. After 2 o'clock, if the motion were made and agreed to, the bill would become the unfinished business. That is the reason I made the suggestion to the Senator from Ohio.

Mr. POMERENE. Mr. President, I certainly want this matter to be kept before the Senate until such time as it may be disposed of, unless it shall appear, after full discussion, that there is some other measure of greater importance to be pressed.

The PRESIDING OFFICER. Let the Chair state that the understanding of the Chair is that there is no other unfinished business before the Senate; so when the hour of 2 o'clock arrives this bill will be the business then before the Senate, and it would not require a motion to make it the unfinished business.

Mr. SWANSON. As I understand, a motion would be required to take up the bill.

Mr. POMERENE. If the bill may be regarded as the unfinished business, I shall be content.

Mr. SWANSON. Mr. President, I should like to know what is the desire or the purpose of the Senator from Ohio in reference to this bill. We are anxious to have an executive session.

Mr. POMERENE. Mr. President, it is quite apparent that Senators have decided that they do not care to consider this matter further just at this time. I have not gone into the discussion of the reasons for this legislation, because they were presented, in part at least, some time ago when the same bill was before the Senate. However, I realize that the bill ought to be fully and fairly discussed, and if, in the wisdom of the Senate, there should be some amendments made to it, well and good; but I think the matter is of such very grave importance that we ought to take up the bill for final action in the very near future.

#### DECLINE IN PRICE OF COTTON.

Mr. RANSDELL. Mr. President, I desire to address the Senate briefly this afternoon on the present unwarranted decline in the price of cotton.

The present price of cotton is entirely too low when compared with other products of the farm, with everything the farmer has to buy, and with the general cost of producing cotton. I do not believe it wise to advocate price fixing, but deem it my duty to say with all the force there is in me that the present price of 21 to 22 cents a pound for cotton to the producer is entirely too cheap, and it should bring him a minimum of not less than 25 cents. Last week the grower was selling his cotton at 19 cents on the farm, and to-day he could realize about 22 cents. What the speculators may do to the market in the harvesting period of the next 90 days no one can predict. My discussion



is based on an average farm price of 20 cents—1 cent higher than the prevailing price of cotton on the farm for several weeks prior to the rise during the past six days.

Taking the average of the price of cotton for the three years—1911, 1912, and 1913—prior to the war, the producer received 11.17 cents a pound, and for the year 1913, the last normal year prior to the outbreak of the war, his price was 12.48 cents. It is true the price dropped to an average of 7.33 cents in 1914, but everything else was completely demoralized that year owing to the war, and that price is not a fair criterion of value. The average price in 1915 was 11.22 cents, and in 1916 it was 17.28 cents.

Mr. President, at this point I ask to attach a table which I will designate as "Appendix A."

The PRESIDING OFFICER. Without objection, it is so ordered.

The table referred to follows:

#### APPENDIX A.

Average price obtained by producers for cotton and cotton seed, by States, 1911 to 1916.

[Compiled by the Bureau of Crop Estimates, Department of Agriculture.]

State.	Yearly average price obtained by producers for—											
	Lint cotton per pound, in cents, crop of—						Cotton seed per ton, in dollars, crop of—					
	1916	1915	1914	1913	1912	1911	1916	1915	1914	1913	1912	1911
United States..	17.28	11.22	7.33	12.48	11.48	9.56	50.50	33.60	17.90	22.40	19.20	17.10
Alabama.....	17.71	11.08	7.29	12.86	11.44	9.52	54.56	36.90	18.90	23.50	19.50	18.20
Arkansas.....	17.59	11.64	7.03	12.08	11.78	9.32	50.26	34.10	17.00	19.40	20.00	16.70
Florida.....	24.45	14.81	10.74	14.57	14.65	12.95	47.63	31.60	17.30	21.00	17.50	17.30
Georgia.....	18.04	11.30	7.44	12.90	11.60	9.55	55.66	36.90	20.20	24.20	20.50	16.90
Louisiana.....	16.85	10.94	7.63	12.24	11.38	9.60	49.45	32.00	18.60	18.50	19.70	18.00
Mississippi.....	18.22	11.51	7.29	12.59	11.87	9.82	52.18	34.30	18.70	22.40	21.80	17.50
Missouri.....	16.93	11.02	6.82	12.50	11.80	9.00	52.18	31.20	22.00	21.20	20.22	10.22
North Carolina.....	17.36	11.20	7.65	12.73	11.48	9.44	53.74	37.00	21.60	26.00	22.10	19.20
Oklahoma.....	17.05	11.13	6.81	11.78	11.12	8.90	51.82	30.60	14.60	20.50	17.50	16.00
South Carolina.....	17.63	11.21	7.76	12.86	11.70	9.48	54.98	36.50	20.80	25.70	21.20	17.20
Tennessee.....	17.56	11.40	7.00	12.82	11.94	9.23	51.59	35.00	18.30	24.50	22.90	18.10
Texas.....	16.63	11.02	7.22	12.19	11.29	9.75	45.80	29.30	15.30	20.60	17.10	16.20

Mr. RANSDELL. Mr. President, corn and wheat, the other two really great products of the farm, have risen considerably more than 100 per cent since 1913, the rise in corn being about 133 per cent and in wheat about 180 per cent. Cattle and hogs have also gone up very much since 1913. On September 15 of that year good steers on foot were quoted on the Chicago market at 6.75 to 9.60 cents, while on the same date this year they were quoted at 7.15 to 16.40 cents. Hogs were valued at 7.90 to 8.40 cents on September 15, 1913, and 17.20 to 18.40 cents on the same date this year—an average of over 100 per cent increase. Nearly every article of human food has increased more than 100 per cent since the war began. There has been an enormous rise in the price of clothing, shoes, hats, lumber, farm implements, fertilizer, bagging, ties, seed sacks, wire, nails, wagons, work animals, and every article which the farmer is obliged to use. Moreover, there has been both scarcity of labor and increase in the wages of laborers. It will be seen from the foregoing that, while other products of the farm have increased 100 per cent and upward, cotton at 20 cents to the producer is considerably less than 100 per cent. Taking the average, 11.17 cents, of the three years prior to the war, an increase of 100 per cent would be 22.34 cents, and taking the price for the last normal year prior to the war of 12.48 cents, 100 per cent increase would be 24.96 cents—practically 25 cents per pound.

I ask at this point to annex as Appendix B a table which I have prepared.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table referred to follows:

#### APPENDIX B.

Cash prices at Chicago.

[Daily Trade Bulletin, Chicago, Ill.]

On or about September 15—	Corn per bushel, contract.	Wheat per bushel, No. 1 northern.	Cattle per 100 pounds, poor to good steers.	Hogs per 100 pounds, bulk of sales.
	Cents.	Cents.	Dollars.	Dollars.
1913.....	74 - 74½	92½ - 93½	6.75 - 8.60	7.90 - 8.40
1914.....	76 - 76½	113 - 114	6.75 - 8.60	8.25 - 8.75
1915.....	74½ - 75	107½ - 111½	6.30 - 8.90	7.00 - 7.90
1916.....	86½ - 86½	157 - 163	6.80 - 11.25	10.35 - 11.35
1917.....	210 - 211	220 - 220	7.15 - 16.40	17.20 - 18.40

#### APPENDIX B—Continued.

Average prices paid to producers.

[Bureau of Crop Estimates, United States Department of Agriculture.]

Year.	Corn, per bushel.		Wheat, per bushel.		Cattle, per 100 pounds.		Hogs, per 100 pounds.	
	Sept. 1.	Oct. 1.	Sept. 1.	Oct. 1.	Aug. 15.	Sept. 15.	Aug. 15.	Sept. 15.
1913.....	\$0.754	\$0.753	\$0.771	\$0.779	\$5.91	\$5.92	\$7.79	\$7.63
1914.....	.815	.782	.933	.935	6.47	6.33	8.11	8.11
1915.....	.773	.705	.950	.909	6.18	6.06	6.61	6.79
1916.....	.839	.823	1.312	1.363	6.51	6.55	8.61	9.22
1917.....	1.755		2.097		8.17		14.24	

Mr. RANSDELL. Mr. President, prices and values are relative. Money is valuable only for what it will buy, and if a bale of cotton at 20 cents per pound, or \$100, will buy less now than the same bale at 12 cents per pound, or \$60, of five years ago, cotton is cheaper now at 20 cents than it was then at 12 cents. Let us take a \$60 bale of five years ago and compare its purchasing power of ordinary necessities with the \$100 bale of today, as shown in the following table:

The \$60 bale would buy—	The \$100 bale will buy—
89 bushels potatoes, at 70 cents per bushel.	57 bushels potatoes, at \$1.75 per bushel.
750 pounds lard, at 8 cents per pound.	312 pounds lard, at 32 cents per pound.
13 barrels flour, at \$4.50 per barrel.	6½ barrels flour, at \$15.50 per barrel.
375 pounds bacon, at 16 cents per pound.	250 pounds bacon, at 40 cents per pound.
6 tons hay, at \$10 per ton.	5 tons hay, at \$20 per ton.
30 pairs shoes, at \$2 per pair.	23 pair shoes, at \$4.25 per pair.
750 yards cotton cloth, at 8 cents per yard.	645 yards cotton cloth, at 15½ cents per yard.
100 bushels corn, at 60 cents per bushel.	50 bushels corn, at \$2 per bushel.

From this it will be seen that the present purchasing value of cotton on a basis of 20 cents per pound is nothing like as much as it was at 12 cents; and while 20 cents may seem high, it is really much cheaper than the former price of 12 cents.

Mr. SMITH of South Carolina. Mr. President—  
The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from South Carolina?

Mr. RANSDELL. I am delighted to yield to the Senator.

Mr. SMITH of South Carolina. I do not know whether the Senator has incorporated further on in his remarks on this subject the suggestion I am about to make, but I think it nothing but fair to the producer of cotton, in considering the purchasing power of his product, to say that in 1915 and 1916 there was about a two-thirds crop, and the prospect for 1917 is also about two-thirds of an average crop, showing that even at 20 cents a pound the producer only has two-thirds of the volume of currency expressed in cotton that he had previous to the war. We made 11,060,000 bales in 1915, and 11,363,000 bales of lint cotton in 1916, exclusive of linters, and, according to my judgment—and I am just back from the cotton fields of South Carolina and North Carolina—cotton is as dead now as it will be in the middle of December, and I believe that the crop this year will not exceed eleven and a half million bales. Therefore, even at 20 cents a pound the basis of the producer's revenue is cut one-third, so that his purchasing power is decreased by want of the thing to get the currency as well as because of the conditions indicated by the comparison the Senator has made.

Mr. RANSDELL. Mr. President, I thank the Senator for his valuable contribution to my remarks. I have adopted the figures compiled by the Agricultural Department, estimating the crop at about 12,500,000 bales, exclusive of linters. Including the linters they indicate that the crop will probably be in the neighborhood of 14,000,000 bales as the total. If the Senator, however, is correct, the situation is really very much worse than I thought it was. It is bad enough, even with a total of lint and linters of 14,000,000 bales, because the world needs a great deal more; and as I shall show later on, in spite of the fact that we had a shortage in the last two crops of 5,740,000 bales in comparison to the consumption, my estimate is that there will be a shortage in comparison with consumption this year of upward of 2,000,000 bales, so that we are very, very near the point where there is no surplus left.

Mr. SMITH of South Carolina. Mr. President, if the Senator will allow me—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from South Carolina?

Mr. RANSDELL. I yield, with pleasure.

Mr. SMITH of South Carolina. I think that the condition report, which will come out on the 25th, if it reflects accurately the deterioration in the South Atlantic States, will show that



from the 25th day of August to the 25th day of September there has occurred the greatest deterioration in the cotton crop of the South Atlantic that has ever been known in its history. Speaking for my own farm, since I have been observing cotton production I have never seen such universal deterioration as appears. What we call rust, a disease peculiar to cotton when potash is not used as an ingredient of the fertilizer, has manifested itself over the magnificent farms throughout the entire State; and the most ideal weather conditions that could prevail from now until frost time would not add one pound to the production of cotton.

The Senator is basing his estimate correctly on the agricultural forecast on conditions of August 25. If the conditions to which I refer are prevailing elsewhere—and I understand that Texas is in worse condition than the South Atlantic States—my prediction is that we will make in the United States this year the smallest crop of cotton that has been made in the last 15 years.

Mr. RANDELL. Mr. President, I hope the prediction of the Senator from South Carolina is not correct. He is a very safe man, however, and I fear that it is. If it be correct, it emphasizes everything that I am saying and makes my argument a great deal stronger, because I am saying that there will be a shortage of at least 2,000,000 bales in what the world must have. I use the term "must have" advisedly. Now, if he is correct, there will be a shortage of between three and four million bales, and necessarily the price will go up much higher than I have indicated.

Mr. VARDAMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Mississippi?

Mr. RANDELL. I yield, with pleasure.

Mr. VARDAMAN. I want to say that the observation just made by the Senator from South Carolina with reference to the condition of the cotton crop in the Atlantic States is identical with the information I have received from Mississippi. I have heard from every part of the State with reference to the condition of the crop, and the disastrous falling off since the 1st of August but substantiates what the Senator from South Carolina has said. To one who feels an interest in the material welfare of the masses of the people engaged in agriculture in the Southern States the prospects are alarming.

Mr. RANDELL. Mr. President, I thank the Senator from Mississippi, and am very sorry, indeed, to hear that the conditions in both of those States, South Carolina and Mississippi, are so much worse than indicated by the Government report. Again I will say that I was taking the last Government report, made, I believe, on the 25th of last month; and if these Senators are correct in their estimates—and I am sure they are basing what they say upon reliable information—the cotton shortage is going to be very much greater, and the price should be considerably higher than I have indicated.

Articles manufactured from cotton, such as drillings, sheetings, calicoes, and so forth, have increased in price from 104 to 133 per cent. There seems to have been some proportion between the price of raw cotton and the manufactured article in former years, but not now. Present prices were made several months ago when cotton was 25 to 27 cents per pound, and they show an abnormal profit to the manufacturer even at that price.

Wool, the principal competitor of cotton, has increased about 170 per cent over the average price of the three years prior to the war, both as to the raw and the manufactured products. The present price for raw wool, scoured, is \$1.69, and the average price prior to the war was 62 cents.

I ask leave to annex, as Appendix C, to my remarks a table which I have prepared.

The PRESIDING OFFICER. Without objection, it will be so ordered.

The table referred to follows:

#### APPENDIX C.

Wholesale prices of raw materials and manufactured products of cotton and wool.

[Compiled by Tariff Commission.]

	Yearly average price.			Price per pound Sept. 1, 1917.	Per cent of increase, 1917, over—			Average price 3-year period.	Per cent increase Sept. 1, 1917, over 3-year average.
	1911	1912	1913		1911	1912	1913		
Raw cotton, middling upland (New York quotations from Journal of Commerce) (per pound).....	\$0.1304	\$0.1150	\$0.1279	\$0.2205	69.10	91.74	72.40	\$0.1244	77.25

#### APPENDIX C—Continued.

Wholesale prices of raw materials and manufactured products of cotton and wool—Continued.

	Yearly average price.			Price per pound Sept. 1, 1917.	Per cent of increase, 1917, over—			Average price 3-year period.	Per cent increase Sept. 1, 1917, over 3-year average.
	1911	1912	1913		1911	1912	1913		
Cotton manufactured goods (per yard):									
Drilling, brown pepperell (2.82 yards per pound).....	\$0.0823	\$0.0802	\$0.0823	\$0.175	112.64	118.21	112.64	\$0.0816	114.46
Gingham, Amoskeag (5.80 yards per pound).....	.0681	.0625	.0650	*.145	112.03	132.00	123.05	.0652	121.39
Brown sheeting, 4-4 ware shoals (4 yards per pound).....	.0575	.0605	.0614	.1225	113.05	102.48	99.52	.0598	101.85
Bleached, Fruit of the Loom (3.72 yards per pound).....	.0865	.0825	.0870	.1800	103.10	117.13	105.90	.0854	110.77
Calico, American standard print (8 yards per pound).....	.0499	.0499	.0511	.1175	135.48	135.48	122.95	.0503	133.60
Wool, Ohio, fine fleeces, X and XX scoured (per pound).....	.6472	.6472	.5837	1.6957	162.00	162.00	183.04	.6277	170.14
Manufactured woolen goods (per yard):									
Worsted 16-ounce clay diagonal.....	1.2731	1.4063	1.3819	3.650	186.70	159.54	164.13	1.3537	163.63
Cashmere woolen goods, cotton warp, 36-inch Hamilton.....	.1895	.1862	.1862	.4043	113.35	117.13	117.13	.1873	115.86
Raw materials summarized:									
Raw cotton (per pound).....	.1304	.1150	.1279	.2205	69.10	91.74	72.40	.1244	77.25
Raw wool, scoured Ohio XX (per pound).....	.6472	.6472	.5837	1.6957	162.00	162.00	183.04	.6277	170.14

\* Sept. 4, 1917.

\* August, 1917.

Source of price quotations, United States Bureau of Labor Statistics. Wholesale prices of commodities, 1890 to 1917, obtained regularly from authoritative sources.

Mr. RANDELL. A helpful comparison in this connection is found in the cases of iron and coal. In 1913 steel billets were quoted at \$25.79 per ton, while now they are selling at \$95 to \$100 per ton, an increase of \$70 to \$75 per ton, or about 400 per cent in gross cost. It is estimated that this country made last year about 40,000,000 tons of steel ingots, and as the purchasers and users now have to pay \$70 to \$75 per ton more for the same than in 1913 the increased cost in the price of steel will amount to the colossal sum of \$2,800,000,000 for the current year. It is said that the net profits of the United States Steel Trust will be fully \$750,000,000 this year, the net earnings of this one company being equal to one-half the entire gross value of the cotton crop of the South, including seed.

In 1915 bituminous coal sold at the mines at an average of \$1.15 per ton. Within the past 12 months it reached about \$4 per ton at the mines—an increase of 350 per cent—and so universal was the complaint that the Government intervened and fixed the price a few weeks ago at an average of \$2 per ton at the mines, nearly 100 per cent advance on the price of five years ago.

Every human being in the country uses coal and iron, and the increase in price of both these absolute necessities of life was far in excess of 100 per cent until coal was reduced by the President. I do not say that these increases were right; indeed, I think they were outrageous and believe the strong hand of the Government should reach out and force steel down just as it did coal. A fair valuation should in some way be arrived at on all commodities, reducing them to not more than 100 per cent increase over the values of 1913, and cotton should bring the same proportionate price.

There is no doubt that either the prices of other things are too high or that of cotton too low. In my opinion, all need adjustment, most others down and cotton up. I think it very unfortunate that the prices of everything in this country are so highly inflated. There is bound to be a reaction, and I fear



when the drop comes it will be fatal in many ways to our national peace and prosperity. It would be infinitely more fortunate if the general range of prices prevailing in the years prior to the war could hold now, but it seems this can not be, and my contention is that cotton should be treated on terms of parity with everything else. I do not advocate nor wish to see exorbitant prices for cotton, such as have prevailed for coal and steel, and to a great extent for the articles manufactured out of cotton and wool, but I must insist that it sell for a fair price when compared with the other products of the farm and other articles of everyday use.

An element to be given careful consideration in discussing the cotton situation is its great and rapidly growing use for explosives. A bulletin issued by the Census Bureau on April 25 last showed that for the three months of this year ending March 31 there were used in the manufacture of explosives 257,394 bales of cotton, including linters and hull fiber. At that rate the annual consumption will equal 1,029,576 bales; but when we consider that the United States did not declare war until the 6th of April last, and that there has been a marked increase in the production of all war materials since then, it is fair to assume that the consumption of cotton for explosives during the next calendar year will be at least double that of the current year, or fully 2,000,000 bales. Indeed, I have no doubt it will be greatly in excess of 2,000,000 bales unless the war should come to a sudden and unexpected close.

Another very important element is the following: In 1915 the total world production of cotton was 18,685,000 bales, while the world consumption the next year, 1916, equaled 22,350,000 bales, or an excess of consumption over production of 3,665,000. In 1916 the world production was 19,635,000 bales, while the consumption the following year, 1917, was 21,720,000 bales, or 2,075,000 bales in excess of the previous crop. Adding the excess of consumption over production for these two years, we have 5,740,000 bales, which means that the world actually consumed in the two years, 1916 and 1917, a total of 5,740,000 bales of cotton in excess of the amount produced in the two preceding years, 1915 and 1916. This was a terrific strain on the world's stock of cotton on hand July 31, 1915, and reduced it nearly 2,000,000 bales below its normal surplus stock. The cotton crop of the United States for the current year ending July 31, 1918, is estimated by the Department of Agriculture at 12,500,000 bales, exclusive of linters, which indicates an ultimate crop, including linters, of about 14,000,000, and the crop of the remainder of the world will be about 6,000,000, or a total of approximately 20,000,000 bales for the entire cotton output of the world. The consumption for the last two years averaged 22,035,000 bales a year. Hence if the consumption of the next year is as great as for the past two years it will exceed the production by 2,035,000 bales, making a further heavy inroad on the surplus stock and reducing it to a dangerously small amount.

I ask to annex as a part of my remarks, as Appendix D, a table which I have prepared.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table referred to follows:

#### APPENDIX D.

[Prepared by Census Bureau, Department of Commerce.]  
Production of American cotton (running bales).

Growth year.	Total.	Lint.	Linters.
1913.....	14,613,964	13,982,811	631,153
1914.....	16,738,241	15,905,840	832,401
1915.....	12,012,813	11,068,173	944,640
1916.....	12,032,407	11,363,915	1,328,492

<sup>1</sup> Equivalent 500-pound bales, gross weight.

#### Consumption of domestic cotton in the United States (running bales).

Year ending July 31—	Total.	Lint.	Linters.
1914.....	5,690,424	5,383,099	307,325
1915.....	5,787,150	5,375,305	411,845
1916.....	6,961,534	6,080,618	880,916
1917.....	7,350,281	6,482,972	867,309

#### World's production of cotton (500-pound bales, net weight).

Growth year.	Total.	United States, including linters.	All other countries.
1913.....	22,229,000	14,156,000	8,073,000
1914.....	24,656,000	16,258,000	8,398,000
1915.....	18,685,000	11,599,000	7,086,000
1916.....	19,635,000	12,226,000	7,409,000
Total.....	85,205,000	54,239,000	30,966,000

#### APPENDIX D—Continued.

#### World's consumption of cotton (500-pound bales, net weight).

Year ending July 31—	Total.	American cotton and linters.	All other kinds.
1914.....	22,020,000	14,080,000	7,940,000
1915.....	20,660,000	13,390,000	7,270,000
1916.....	22,350,000	14,340,000	8,010,000
1917.....	21,720,000	13,590,000	8,130,000
Total.....	86,750,000	55,400,000	31,350,000

Mr. RANDELL. A further element worthy of very careful thought is that there will probably be much reduction in the cotton yield next year, owing to the following causes, to wit:

First. A large number of farm laborers drafted in the Army. Second. A further shortage of labor, owing to the continued exodus of negroes from the Southern States into northern and western factories with the hope of securing higher wages.

Third. The unusually high price of corn, hogs, sheep, and cattle, which, coupled with scarcity of labor, will cause many cotton fields to be planted in corn or converted into grazing lands.

Fourth. The great shortage and abnormally high price of fertilizer, which has materially decreased the yield of the present crop and will doubtless be a potent factor in reducing that of next year.

Fifth. The present low price of cotton, which will not prove profitable when the high prices of labor and everything the farmer uses are considered.

Everything points to an increased demand for cotton next year and a decreased production. It therefore behooves those who have cotton to appreciate it at its true value and not allow their golden harvest to slip away from them without proper compensation.

The recent drop in the price was caused, in my opinion, by rush of cotton to the market and eagerness to sell on the part of the producer. I do not believe the embargo on cotton had any appreciable effect on the price. England has for more than a year enforced a practical embargo against cotton to the neutral countries adjacent to Germany, such as Holland, Denmark, Norway, and Sweden, and the total amount of cotton shipped to these countries during the past year was only 180,662 bales, including linters. Our embargo will have no more effect than the British embargo, and will practically be confined in its operations to the cotton destined to those four neutral nations. We must seek closer home to find a reason for the unwarranted decline in the price of cotton, and my firm conviction is that it was caused by rushing it to market and willingness on the part of the producer to accept any price offered, regardless of the real value of his product. This course is suicidal in the extreme and should be stopped at once.

The cotton grower is in command of the situation. All he needs do is to hold his cotton until the buyers come to him and beg him for it. The world is bound to have our cotton. It can not exist without the cotton of our Southern States. We are in a position to dictate our own terms and force compliance therewith. I would not under any circumstances advise asking more than the fair value of our commodity, but I again insist that we must have a reasonable price, and in fixing that price the cost of other farm commodities, of manufactured goods of all kinds, of labor, and of everything that enters into the life of the southern cotton grower must be considered so that cotton may be placed on equality with everything else.

The people of the South were never so independent and so well able to hold their cotton as now. Fortunately for them, they have been practicing intelligent diversified agriculture, and most of them have raised on the farm the bulk of things needed for home consumption. The world believes that the South depends solely upon cotton, but Government statistics show that in 1915 the value of the entire cotton crop of the South was only \$750,000,000, while the corn crop of that year was \$785,000,000. No one can predict what these crops will sell for this year. Cotton and cotton seed will surely bring a minimum of \$1,500,000,000. The Department of Agriculture estimates that the Southern States will produce 1,227,967,000 bushels of corn, which, if figured at the low estimate of \$1.25 per bushel, would give \$1,534,958,750—about the same value as the cotton. The South has become a large producer of every kind of live stock, and her crops of wheat, oats, sugar, rice, potatoes, beans, soy beans, hay, etc., aggregate very large amounts. Her people are by no means dependent upon cotton. A few years ago cotton seed had small value; now it is worth \$50 per ton, or \$25 worth of seed for every bale of cotton—almost as much for the seed in a bale as the bale itself was worth during a part of the season of 1914. The cottonseed crop



of the present year will aggregate 6,250,000 tons and be worth at least \$312,500,000, which will give an average to each of the 12 principal cotton-growing States of \$26,040,000 for seed alone.

My advice is for the cotton growers, the commission merchants and dealers in cotton, and the bankers in the Southern States to cooperate and work together in order to secure a fair and legitimate price for cotton. They should make up their minds that to sell cotton at the present time for less than 25 cents per pound would be an unnecessary sacrifice. They should, without excitement or flare of trumpets or unlawful combinations in restraint of trade, each and every one in his own way do his bit toward seeing that the South is not robbed of at least \$25 per bale on its cotton by selling at 20 cents—a colossal sum amounting in the aggregate to \$312,500,000.

The farmer can aid by storing his cotton at home when it is ginned, or in warehouses like the great storage warehouse at New Orleans, by shipping it slowly and in small quantities, and by refusing positively to sell unless a satisfactory price is offered. He should not seek buyers, but when they come to him should say, "I will take such a price for my cotton, which you can give if you wish, but I will not sell unless my price is paid." The old way was for the buyer to fix the price, but the seller should do so with this crop.

The merchant who has made advances on the cotton can assist by extending payment of the debts due him, either wholly or partially; by aiding the grower to borrow 75 per cent of the value of his cotton, estimated at 25 cents per pound; and by counseling the producers to stand firm in demanding a just price.

Mr. KING. Will the Senator yield for just a question?

Mr. RANSDELL. I shall be very glad to yield to the Senator.

Mr. KING. I am very much interested in the observations of the Senator, but it occurs to me that if similar advice to that which he is giving to the cotton growers of the South were to be given to the producers of the articles and commodities required by the American people and by our country in the prosecution of the war—if the Senators and Representatives from various other States gave such directions to those who grow wheat and corn and those who produce the various commodities entering into the daily life of the people, to those who produce copper and lead and coal—the result would be a combination, or rather a series of combinations, under which prices would be raised to such towering heights that the people and the Government would experience difficulty in obtaining these commodities imperative to life and to success in the war. Unquestionably, without governmental intervention, the cost would be almost prohibitive, and in the end the burden would rest upon the consuming public. Does not the Senator think that the advice just referred to will prove harmful, and that if he gives it as his deliberate judgment to influence the cotton growers of the South other Senators would be justified in urging those who produce in their States and who manufacture articles essential for the people and the Government, to hold their products for higher prices, as a result of which ultimately we would have such staggering prices, prices so high that the consuming public would be unable to meet them, and the cost of the war would be increased so stupendously that the resources of the Government would be severely taxed if not exhausted before Prussian militarism is overthrown?

Mr. RANSDELL. If the Senator had listened carefully to what I have said he would have observed that I have distinctly said that I did not wish to get any unfair price for cotton. I have reiterated two or three times that I desire to have cotton placed upon an equality with everything else. I have shown that the price of other things has gone up enormously, very much higher than cotton. Cotton has increased on an average of about 77 per cent. Steel has increased over 400 per cent. Coal increased 350 per cent, until it was put down by order of the President a few days ago, and it is now in the neighborhood of 100 per cent increase over the price prior to the war. For wheat the price has been fixed by the Food Conservation Commission, or by a compromise, I do not just know how, for the present year at \$2.20 per bushel. It was between 80 and 90 cents a bushel prior to the war, and it has increased in price to about 180 per cent. The price of corn has gone up to an average, as I showed, of 133 per cent. The price of everything on earth the farmer uses, that the producer of cotton uses, has gone up very much more than 100 per cent.

I decried, sir, and I do so again, the present high prices. I would glory in seeing the prices prior to the war prevail. I have introduced a table—and I ask the Senator please to read that table carefully—showing that the purchasing power of a bale of cotton prior to the war, \$60, its value then at 12 cents a pound was infinitely more than its present value of 20 cents per pound; and all in the world I am doing now—and I say to

the Senator I do it after the most mature consideration—is to invite my people to a consideration of what they have, to make them understand that they have a most valuable product, and to suggest to them not to sell any cheaper in proportion than other products are being sold.

Mr. VARDAMAN. Mr. President—

Mr. RANSDELL. I would be glad to see other things go down and to see cotton coming down likewise, but if other things are to stay up, then I wish cotton to go up in the same proportion, and if I can make my people bring up the price in the same proportion I intend to do it. I yield to the Senator from Mississippi.

Mr. VARDAMAN. Mr. President, further replying to the argument of the able Senator from Utah [Mr. KING], let me say that the Senator from Louisiana is not asking for an extraordinary price for the staple product of the South. He asks only for equality of price; that is all.

Mr. RANSDELL. That is all, absolutely.

Mr. VARDAMAN. Equality. When the price of cotton goes up and the prices of other things go down, of course, the cotton farmer has greatly the advantage of the producer of wheat and other farm products. It would be an injustice to raise the price of cotton under those circumstances. It would be an injustice to the wheat grower and the producers of other articles embraced in the necessities of life. We do not ask for anything of that kind. All that we desire is to give the cotton farmer an equal show with the other vocations and classes of people of this country. If the price of other products goes up a hundred per cent, let the price of cotton go up a hundred per cent—that is, if the law of supply and demand would carry it up a hundred per cent. Preserve the equality of prices and you will promote justice between all classes. I would not sacrifice one class of laborers in order to promote the interests of another class of laborers. It is not best for the Government. It is not best for all the people. Just at this time, as shown by the able argument made by the Senator from Louisiana, the cotton growers are not getting justice; and therefore it is the duty of the cotton grower—he is simply acting in obedience to the law of self-preservation—to see that the things which he has devoted his energy to produce shall bring a living price. I believe in the wisdom and sound principle involved in that character of selfishness which works primarily for the good of the individual while at the same time it promotes the well-being of all.

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Utah?

Mr. RANSDELL. I yield.

Mr. KING. I know of no man in public life who has a higher reputation for fairness and integrity than the distinguished Senator from Louisiana, but I confess that the argument which he is making, and I have listened to the part to which he has just referred, seems to me to be one that is fraught with danger, and if followed by the people will lead to industrial paralysis and economic ruin, and is not calculated to bring about the results which he says he desires. By that I mean if the great desideratum is high prices and each producer and manufacturer clamors for advancing prices, our country will be brought to financial ruin.

It seems to me, Mr. President, if the Senator will pardon me, that if he insists that the people of the South shall demand higher prices for their products, when I understand they are getting now an advance of 70 per cent upon the price of cotton over prewar prices, and they follow such advice, the result is going to be that there will be combinations in other parts of this land to increase the prices of all other products, so that everything that enters into the daily consumption of the people and into the requirements of the Government will reach such dangerous and dizzy heights that our whole business and producing system will sink beneath its own weight. Everywhere under such a policy of holding productions and commodities for higher prices, avarice and cupidity and selfishness would rule and extortion and profiteering would go on until the people of moderate means and those who are not producers—the middlemen, the clerks, the employees, the great army of labor—will be "bled white" by the producers and those following a course so sordid and deadly.

According to my view I feel that patriotic Senators will now say to the people of their States, whether they produce cotton or wheat or copper or sugar or wool or beets or manufactured products, we ask you to reduce prices in the interest of the public, in the interest of the millions of toilers of our land, in the interest of peace and domestic tranquility and general prosperity, in the interest of our brave allies who are fighting with us for liberty and for the cause of civilization, and in the



interest of and for the good of our beloved country, engaged as it is in the greatest war of all time.

If the Senator will pardon me just a moment, there was a meeting a few days ago of the beet-sugar men of the West.

I had the opportunity of participating for a moment in their deliberations and of speaking to a number of them. I urged that in this crisis, even if they had the power to charge 10 or 12 cents a pound for sugar—and my State is a sugar-producing State; it produces millions of pounds—they ought to reduce the price to the lowest possible point, allowing only a margin of profit sufficient to efficiently produce the requirements of the people. I feel now is a time for patriotism and not for profit. The sugar men voluntarily abated several cents a pound and agreed to sell their product at 7½ cents per pound.

It seems to me if Senators would send out the word everywhere to the people of their States, "We think you ought to be patriotic and lower prices instead of raising prices," they would be doing a public service and making lighter the burdens of the Government in this hour of trial and sacrifice. If in Louisiana and the South the cotton producers are not getting as high a price relatively as others are getting for their products, they ought to be pointed to as patriotic people, whose example ought to be followed.

I hope the Senator will pardon me and not misjudge me, but it seems to me he ought to rise here on the floor of the Senate and point to the people of his section of the country and to their patriotism and indicate what they are doing for their country and for the world in this supreme crisis.

Mr. NEWLANDS. Mr. President—

Mr. RANDELL. Let me answer the Senator from Utah and then I will be glad to yield. The Senator has made a very beautiful, patriotic speech which I listened to with intense interest. The Senator's colleague [Mr. Smoot] was on the floor of the Senate a few days ago insisting that the State of Utah—and I have not a doubt the junior Senator from Utah, now present, joined him in it—should be singled out and made to pay an excise tax of half a cent a pound on sugar. I said at that time that I wished Louisiana to pay the same proportionate tax that every other part of the Union pays, but that I would fight with all the power there was in me against the imposition of a tax on a Louisiana product which was not put upon the products of other States. I said it was outrageous to single out a product of my State, sugar, and make it pay a tax of \$3,000,000 per annum, and that if the Senator from Utah was so altruistic as to wish his people to pay that tax when other people were not paying it he could do it if he desired; I was not built on such lines. I say the same thing to the Senator from Utah who has just spoken. If he desires the people of Utah to sell their sugar to people cheaper in proportion than other agricultural products are sold, he can do so; I shall not give my people any such advice.

Now, I know nothing about what went on in the Food Conservation Board, but it is suspected around this Capitol and by the people of America that the price of sugar would not have been fixed at 7½ cents a pound unless it had been known that the Food Commission was going to insist upon that price. Does anyone believe that the price of coal would have been fixed at \$2 per ton at the mines if we had listened to the coal barons? Oh, no, Mr. President; the price of these commodities was fixed and agreed to because there was no way to resist the price fixing.

Now, I shall not be placed in a false position by the Senator. I have insisted that I do not desire the prices of cotton and other things to go up, and have said that I would like to see them stay down. I should like to see the prices prior to the war prevail. But it seems that can not be, and what I ask is that cotton be treated like everything else.

The Senator says that my advice will bring about combinations. My reply to that is that there seems to have been combinations in practically everything else in this country except cotton, at least prices have gone up enormously. Does the Senator think that the price of manufactured articles made of cotton should be allowed to stand at 133 per cent and the price of cotton not go up; that the price of both raw and manufactured wool that come in competition with cotton should go up enormously—170 per cent—and cotton not go up? Is there any fairness in that? All I ask is fairness, and I deem it, sir, not only my privilege but my duty to call to the attention of my people the fact of the great increase in the price of all those other commodities.

Mr. President, I yield to no man in my feeling of patriotism and my State yields to none in its patriotism and its loyalty in the prosecution of this war. But when a matter of this kind comes up we desire to be treated like everyone else. That is our position. I now yield to the Senator from Nevada.

Mr. NEWLANDS. Mr. President, the Senator from Utah [Mr. KING] has called attention to the most interesting and important question of the time, and that is the effect of rising prices upon the cost of the war, and incidentally upon the vigor of its prosecution. It is a very natural thing for a Senator situated as is the Senator from Louisiana, who views the product of his State and realizes that that product is not rising as are the prices of other products throughout the country, to endeavor to do what he can to secure equality of conditions. But as the Senator from Utah points out, if we all engage in such activity the result will be a constantly increasing scale of prices in all the commodities that are essential to life, and we not only will have a war that will cost two or three times as much as it ought to cost, but we will also have a race between the price raising of commodities and the wage raising of labor. The wage earner who finds his dollar of to-day will only purchase one-half of the cotton or wheat or iron and steel or coal that it would a year or two years ago will insist upon an increase in his wages, and we will find that the rising scale of prices in commodities will be followed by a rising scale in the price of labor, and the end of the war will find us suspended in the air with skyrocket prices both as to commodities and wages. The prices of commodities will undoubtedly fall, but all know the resisting power of labor, for it has courage and intelligence behind it. The result will be that we shall have serious industrial conditions at the close of the war as the result of these constantly increasing prices.

So I share with the Senator from Utah the view, without reflecting upon the natural zeal of every Senator to look out after the interest of his particular section, that we should address ourselves to an effort both in the way of shaping public opinion and in the way of legislating to prevent these constantly increasing prices, and that instead of urging communities and people interested in particular vocations to join in this movement for a raise of prices all our energies should be directed in the line of a reduction of prices and of bringing every intellectual, moral, and legislative force to bear upon the country to that end.

Mr. SMITH of South Carolina. Mr. President—

Mr. RANDELL. I yield to the Senator from South Carolina.

Mr. SMITH of South Carolina. Mr. President, I can not agree with the position taken by Senators here who ought to be advised on economic questions. It is only necessary for me to call the attention of the Senator from Utah to the fact that it is unfair and unjust to attempt to compare the profits made by a corporation which represents only a few men, who take the product of millions of producers in the country and extract from it a per cent pound for pound greater than the millions of producers get. Take the cotton producers of the South from the little five-bale man to the thousand-bale man. There are millions of them. I wish I had the statistics showing exactly the number directly engaged in cotton production.

I have here a table furnished me by a wholesale house in Charleston, S. C. I want to call the Senator's attention to the profit of the producer of this universally necessary article and the profits made by the little handful of cotton manufacturers in this country, pound for pound. I will never advocate the decrease of price to the great body of unorganized producers. That is a natural, normal, healthy distribution of wealth, which finds its way readily in all the channels of commerce and promotes industry; but when trusts and combinations take the raw material, the product of millions, and extract unholy profits, that is the domain for criticism and that is the domain for legislation.

What is the percentage of wealth among the sugar producers as compared with the staggering wealth of your sugar refiners? What is the per capita wealth of the cotton producers of the South in comparison with the staggering fortunes made in the cotton factories? When we are going to compare and find where the wealth is going, we must have some economic and statesmanlike view of the natural distribution of the wealth, educating the children, bettering the homes, putting pictures on the walls, carpets on the floors, raising the standard of living, and disseminating intelligence among millions, or have the price put so low as to have the floors bare and heads empty, while the manufacturers, even at a moderate so-called profit, are pouring all the proceeds of millions into their pockets.

If the Senator from Louisiana will allow me, let me use an illustration. One concern manufactures, let us say, 100,000 bales of cotton. There are only a thousand stockholders. They make \$5 a bale, or a cent a pound. There is a half million dollars of profits to be divided among a thousand people. A thousand cotton growers, with five to seven in the family, will not produce that amount of cotton. Go and look at the homes of the farmers and the homes around the cities. Look at the



domestic surroundings which characterize this Capital. Let me read some figures as to the per cent. Common bed ticking in 1915, 2 yards to a pound, sold for 10 cents a yard; in 1916 it sold for 16 cents a yard, and in 1917 for 42 cents a yard. Common bleached cotton sold in 1915 at 8½ cents a yard, in 1916 at 12 cents a yard, and in 1917 at 20 cents a yard. In 1915 drilling sold at 7½ cents a yard, in 1916 at 10 cents a yard, and in 1917 at 18 cents a yard.

The Senator from Louisiana, in using comparative figures, referred to the average price of cotton before the war. I have taken the war years and the price this wholesale house sent to me. With the Senator's permission, I will read them into the Record.

Mr. RANDELL. I would be very glad to have the Senator do so.

Mr. SMITH of South Carolina. The price of ticking was 20 cents a pound in 1915; in 1916, 32 cents a pound; and in 1917, 84 cents a pound. Without reading the other figures, I will ask to have this table incorporated. The point I wish to make is that cotton has only advanced 37.97 per cent since 1915, while ticking has advanced 162½ per cent, and other articles in like proportion.

The matter referred to is as follows:

	Yards to pound.	Wholesale price Sept. 10, 1915.	Wholesale price Sept. 10, 1916.	Wholesale price Sept. 10, 1917.
		Cents.	Cents.	Cents.
A. C. A. ticking .....	2	10	16	42
4/4 F. of L. bleached .....	3½	8½	12	20
7/8 drilling .....	3	7½	10	18
Price middling cotton, per pound .....		9½	14½	20

Above price cotton goods per yard.

	Increase, 1917.	Per cent.
A. C. A. ticking .....	162½	
4/4 bleached .....	66½	
7/8 drilling .....	80	
Cotton .....	37.97	

Price per pound.

	1915	1916	1917
	Cents.	Cents.	Cents.
A. C. A. ticking .....	20	32	84
4/4 bleached .....	28	42	70
7/8 drilling .....	22½	30	54

Mr. SMITH of South Carolina. Now, according to the patriotic effusion and deliverances of the Senator from Utah, he will call on 10,000,000 cotton growers to give up a reasonable amount to educate their children and support their families and pay their debts and leave 162½ per cent to the man who gets all the bales and converts them into bed ticking.

Mr. KING. Will the Senator from Louisiana permit me just one observation?

Mr. RANDELL. Certainly.

Mr. KING. I apologize to my friend for having broken into his excellent and illuminating address.

Mr. RANDELL. I am very glad that the Senator did so.

Mr. KING. If it were proper, I should be very glad to reply to the distinguished Senator from South Carolina and show what I conceive to be a fallacy as to one position which he takes.

Mr. SMITH of South Carolina. If the Senator from Louisiana will allow me—

Mr. RANDELL. I yield to the Senator.

Mr. SMITH of South Carolina. The great fallacy that "the Senator from South Carolina" and his colleagues from the cotton-growing States on this floor have been guilty of is to sit here and see the producers of a world-wide necessity from the time we have been in the Senate mulcted of their just rights in this matter, because it is impossible to organize them and it is possible to organize the others.

Mr. KING. Mr. President, just one observation, if my friend from Louisiana will yield.

Mr. RANDELL. I yield to the Senator.

Mr. KING. I agree with much of what the Senator says; but I think the Senator from South Carolina has no occasion to be so greatly concerned in regard to the condition of the farmers of the United States. I appreciate their hardships and their contributions to the prosperity of the Nation; but I beg of him to think of the multitude of employees with fixed salaries, so inadequate for happiness and progress, of the millions of

people who inhabit cities, and the wage earners of this Republic who are bound beneath the yoke of poverty. The policy suggested by my good friend from South Carolina and my good friend from Louisiana, if that shall be the preaching of the Senate, and those views shall be accepted by the agriculturists and the producers of this Republic, will bear so heavily upon the wage earners and the multitude who inhabit our cities that we will see starvation and famine and riot and industrial depression and demoralization that will make the prosecution of this war difficult and strengthen the hands of the powerful enemy across the seas.

For months the cry has been for a reduction of the cost of living. The people demanded food control in order that starvation might not invade our industrial centers. We have legislated in order that the level of prices might be lowered. The law of supply and demand breaks down in a world war such as this, and new conditions demand new remedies. It seems to me that every Senator now should be lifting his voice in behalf of a reduction of prices. The copper men have had the price of copper reduced to 23½ cents per pound. I am advised that some miners can not produce copper at that price at a profit, but I should be glad to see in every avenue of production prices maintained at as low a level as possible to the end that the millions who are dependent upon wages for their livelihood shall not be oppressed and burdened; that the wage earner may be properly cared for; and that the Government may go forward in the prosecution of the war without having to place upon the shoulders of the people to-day and upon unborn generations billions and billions of dollars of indebtedness, the result of extortionate prices and the unjustifiable profiteering that is to-day being engaged in by some of the American producers and manufacturers. Of course, there must be a fair margin of profit in business, in the efforts of the farmer, and in all the activities of the people, but we must realize that this hour calls for sacrifice, and no man should seek to profit out of his country's needs or distress.

Mr. SMITH of South Carolina. If the Senator from Louisiana will allow me just one word, and then I am done—

Mr. RANDELL. I yield to the Senator.

Mr. SMITH of South Carolina. I will join with the Senator from Utah in a righteous campaign against the unholy pirates who raid our markets, but he should draw the distinction, when he is making his eloquent plea for the wage earner, between the real producers and those who are, par excellence, the wage earners of this country. The most helpless and hopeless wage earners in America to-day are the agricultural producers. They have nothing to say in fixing the prices of the things they sell and nothing to do with the fixing of the prices of the things which they have to buy, while the labor organizations are as powerful in this Government to-day as any political party could possibly be. I need not cite the Senator to illustrations of the power of organized labor in America. They make demands, and they have them granted because they are organized; while, just as the Senator from Louisiana stated, a few days ago cotton was 19 cents a pound, to-day it is 23 cents a pound, and it may be that next Monday or Monday week it will be again down to 19 cents a pound—

Mr. RANDELL. And possibly to 15 cents a pound.

Mr. SMITH of South Carolina. As the result of the manipulations and cooperation of these organized pirates. Yes; I will start with the Senator from Utah to lower the cost of living, but I desire to start at the right end.

Mr. KING. Mr. President, if the Senator from Louisiana will again permit me to trespass upon his time—

Mr. RANDELL. All right. I am delighted to yield to the Senator.

Mr. KING. You would start at the right end; but, Mr. President, the Senator from South Carolina, than whom there is no stronger debater or stronger and more forceful character upon the floor of the Senate, advocates what I conceive to be a combination upon the part of the agriculturists of the South. Of course if they combine for the purpose of maintaining—

Mr. SMITH of South Carolina. Just a word. I did not advocate their combination. I simply advocated the operation of the law of supply and demand. Let me say to the Senator right here and now, that upon the operation of the law of supply and demand one thing is absolutely essential, and that is equality of bargaining power between buyer and seller. The average agriculturist has a weight of debt on his back, and when he comes to the market his obligations are pressing him, while the buyer has the unrestricted resources of the finances of the country on his side. We have no equality of the bargaining power.

When the banking and currency law was up for consideration in the Senate I wrote at my desk with my own pen the amendment to section 13 of the bill, making the staple farm products



the basis of the issuance of Federal reserve notes, in order that the farmer, when he went to market, might in the things which he had to sell at least have the same financial backing as the man who had to buy.

I am not advocating a rise in the price of cotton because other things have risen. Cotton on its merits to-day, regardless of the war, is worth 25 cents a pound, taking into consideration the cost of its production, the education, and the well-being of those who produce it and the world-wide demand for it, there being 900,000,000 people demanding American cotton; but when converted into the finished product the difference between 12½ and 25 cents goes into the pockets of the favored few who can organize; and yet the man who makes the cotton is at the mercy of the juggling of the market by those who sit around a table and who scarcely know a cotton stalk from a Jimson weed.

Mr. KING. Mr. President, there is no doubt but that the Senator from South Carolina has indorsed the position of the distinguished Senator from Louisiana, and the position of the latter Senator is that the cotton producers should not sell their cotton, but that they should combine and hold it for higher prices. His contention is that, inasmuch as steel has risen 300 or 400 per cent and other products are rising, the producer of cotton should receive a higher price than he is to-day receiving; but the point that I am making—it is not against cotton; it is not against the farmer—the point I am attempting to make is that the Senators here and public-spirited and patriotic men everywhere in our country to-day should be lifting their voices against profiteering, whether it be by the farmer or whether it be by the steel manufacturer. I have no sympathy with the demand of any farmer that he should receive three and four dollars per bushel for wheat; I am not in sympathy with the demand for \$150 per head for beef cattle; I have no sympathy with extortionate demands of those who produce—I do not care whether they are farmers or miners or oil producers or manufacturers.

I have no sympathy with the idea that we should advocate a rise in prices in order to bring about equality in prices. I think we should bring about equality by advocating a reduction in some of the extortionate demands made by those who have products and commodities for sale. If there be men—and I concede that there are, as suggested by the Senator from South Carolina—sitting around tables in the stock markets who juggle prices, who “do not know a Jimson weed from a cotton stalk”—if there be that class of men that are rigging the market and causing fictitious prices and robbing the farmers and the consuming public, by criminal statute or otherwise they should be dragged down from their high places; and those men who are practicing extortion in the prices of the things which the Government buys, whether it be coal or steel or munitions of war, ought to be taken hold of in some proper and effective manner. They should have a fair and reasonable profit, but the Government should not be held up by the throat and the people should not be the victims of illegal combinations and extortionate demands. Once again I say this is a time for sacrifice. The patriotic people of our Nation should see to it that justice and fair dealing shall be the rule of the hour.

Mr. SMITH of South Carolina. But the trouble is that you do not put your hands on them, whereas as to that timid, helpless, defenseless poverty in the form of the farmer, the minute you talk about even a shower in Louisiana it breaks the price of the market a cent a pound. You have on the statute books, to be sure, the Sherman antitrust law and the Clayton amendment to it; yet prices have soared, and those men have laughed you to scorn. You can get hold of the poor devil on the farm simply by intimating that adverse circumstances may develop. The gamblers will take care of the balance. All you have got to do is to threaten an embargo and cotton goes down \$30 a bale.

All you have got to do is to have the Weather Bureau indicate that there will be a shower in Texas in September, that would not add a pound of cotton in a thousand years, and the price breaks a cent a pound; whereas the men who rig the market laugh you to scorn and set your Federal statutes at naught.

Yes; I am ready to lower the cost of living if you can get some kind of a law and the kind of men who have the grit in their craws to go and take hold of these multimillionaires and see that they disgorge some; but I am not going to lift my voice against that vast horde of men, those millions who produce the clothing you wear, the shoes you wear, and the food you eat, and yet have got to go hungry and barefooted and naked because they are helpless. No; I will not do it.

Mr. KING. Mr. President, will the Senator from Louisiana yield one minute further?

Mr. RANDELL. I yield.

Mr. KING. I do not have the opinion of the farming and agricultural classes of the United States which is suggested by the Senator from South Carolina.

Mr. SMITH of South Carolina. I do not have to have their opinion, if the Senator will allow me. I have chewed the bag myself. I have seen my mother, with her hands distorted in her hand-to-hand conflict with poverty, raising cotton at a starvation price; I have seen my brothers and sisters laboring and trying to keep belt and buckle together, while those who were manufacturing cotton were having an abundance. No; I do not have to theorize; I do not have to put my impressions on the basis of speculation. I have trodden the wine press myself.

Mr. KING. Mr. President, the farmers and the agricultural classes of the United States are sturdy, virile, strong, and patriotic. They represent the best there is in this land, and in all ages they have been the foundation of the State.

Mr. SMITH of South Carolina. If they were not, they would be dead.

Mr. KING. They are not the cringing class of people that the Senator from South Carolina would indicate they are.

Mr. KIRBY. I want to ask the Senator—

Mr. KING. Let me complete my statement.

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Arkansas?

Mr. KING. I am trespassing upon the time of the Senator from Louisiana.

Mr. RANDELL. I yielded to the Senator from Utah, and he has the floor.

Mr. KIRBY. Is it not a fact that the average wage of the farmer and his family is \$600 or less a year?

Mr. KING. Oh, Mr. President, we have various figures that the average wage of clerks and of the laboring men in cities and in factories throughout the United States is between \$600 and \$700 a year. I submit that, man for man—and I am not saying a word against the farmers and the agricultural classes; indeed I would defend them against the tyranny of the manufacturers, from which they have so often suffered, because in this country, as in every other country, the agricultural classes are the bone and sinew of the Nation and those who bear upon their shoulders the great affairs of State and determine the progress and the prosperity of the Nation—they rank with any other class of our citizens. But, Mr. President, the point I am trying to emphasize is this: I am seeking to establish a formula and to promulgate a general rule, rather than an exception, and to say, not as against farmers or against any producing class, that there ought to be an effort everywhere, not alone in the Halls of Congress, but through the columns of the press and in all parts of our country, to reduce prices from their pyramided condition until it will be possible for the people of this country to live without distress and for our Government to prosecute the war without incurring indebtedness that will stagger this and succeeding generations.

I have sympathy with the farmers; I have sympathy with the wage earners; I have sympathy with those who by their toil and effort have built this great Republic; but I have no sympathy with the great corporations which have made merchandise out of the souls of men and have unduly profited by the honest toil of the laboring men of the United States. I plead now with my good friend from Louisiana and urge him to engage in a great service and to say to the people of his State and to the people of the United States, whether they be farmers or manufacturers or produce anything that enters into the consumption of the people, that there should be a concerted effort to stabilize prices, to reduce them to a proper level, to the end that there may be peace and contentment in our land and a prosperity uniform and general. We want all classes satisfied and protected. We want equality and fair dealing. We shall hold up to execration the man who seeks to profit out of the distress of the people or the need of his country.

Mr. RANDELL. Mr. President, I have said in substance exactly what the Senator says in his closing remarks. I repeat it. I have not urged the southern people to go into any unlawful combination in restraint of trade or to do anything which is unpatriotic; I have simply tried to point out the true situation in the commercial world, and, giving to my constituents a knowledge of the situation, have suggested to them that they ought to be treated like others are being treated. I have said, and I repeat, that the present high scale of prices is most unfortunate. I should like very much to see it reduced, but I see no chance to have it reduced, and I am not altruistic and unselfish enough to ask the farmers, the cotton producers of Louisiana and the other Southern States, to take very low prices for their products when all others are receiving very high prices for theirs. It is the duty, sir, of a Senator to point out the exact condition of the country. We have superior advantages here for ascertaining the facts, and we would be recreant in duty to our constituents if we did not lay all the facts before them and advise them properly.



Mr. President, I will gladly enter into an arrangement or understanding with any Senators to do what we can to reduce prices. I took an active part in the passage of the food conservation measure; I think it was a wise measure; I will gladly assist in other legislation of that kind; but until we can have general legislation fixing a level of prices I must call to the attention of the farmers of Louisiana—men who can not combine, men who can not be represented here by lobbyists, as some organizations and businesses are represented, but who can only be represented by their Senators and Members in the House—I say, sir, that I must call to their attention what, in my opinion, they should do in a great crisis like this. That is all I have done. I hope all prices may go down to the level that existed prior to the war, and no one will be more glad than I to see the price of cotton go down along with the price of all other products. Other products have gone up; cotton has gone down; and I simply ask that it be placed on terms of parity with the others.

Now, Mr. President, I will conclude in a very few words. Returning to the line of my thought, the banker can turn the scale, as he did in 1914, by lending money freely on cotton valued at a minimum of 25 cents. In 1914, when cotton was down to 6 cents, the banker insisted it was worth a minimum of 8 cents, and immediately it rose to 8 cents. Let the southern banker say now that cotton is worth a minimum of 25 cents, act accordingly, and it will go to 25 cents. When cotton was worth 10 to 12 cents in former years bankers freely loaned 7 to 8 cents per pound, or 65 to 70 per cent of its value. Let them do likewise now and lend 17 to 18 cents per pound on cotton. They would be perfectly safe, for there is no better security on earth than a loan of 17 to 18 cents a pound on cotton at the present time.

If our people will only realize how essential cotton is to the needs of mankind, what a mint of wealth they have in their cotton, and how completely they control its price, I am sure they will all stand together and secure fair value before parting with it.

#### CONFIRMATION OF HON. WILLIAM C. ADAMSON.

Mr. SWANSON. Mr. President, I have been requested by the Senator from North Carolina [Mr. SIMMONS] to report favorably for him, from the Committee on Finance, the nomination of Hon. WILLIAM C. ADAMSON, of Georgia, to be general appraiser of merchandise at the port of New York, to fill an existing vacancy.

Judge ADAMSON has served in the other House about 20 years. We all know him and are familiar with the services he has rendered the country as a Member of that body. I am about to ask the Senate to confirm his nomination in open session as in executive session. There have been several precedents for such a course. I might cite the cases of Judge Clayton and others, whose nominations were confirmed by the Senate in open session as in executive session. The nomination of Judge ADAMSON has been approved by the two Senators from Georgia and has been reported upon favorably by the committee. I therefore ask unanimous consent that the nomination of Hon. WILLIAM C. ADAMSON to be general appraiser of merchandise at the port of New York be confirmed in open session as in executive session and that the President be notified.

The VICE PRESIDENT. Is there any objection? The Chair hears none; and the Senate advises and consents to the nomination. The President will be notified.

#### GERMAN INTRIGUE AND PROPAGANDA.

Mr. KING. Mr. President, we have from time to time heard statements made, and there have been various publications to the effect, that there has been a German propaganda in this country for the purpose of influencing not only the press and public sentiment, but for the purpose of influencing the Senate and the House of Representatives. A day or two ago the State Department gave out a publication to the effect that the former German ambassador at Washington had asked for a large sum of money for use in this country to influence public sentiment and affect congressional action. No one who is familiar with current affairs and has followed the sinister and slimy course of Germany and German diplomacy here and elsewhere was at all surprised at the revelations. I will say, and I am confident that I am within the limits of the facts, that additional revelations will soon be made public indicating more fully the intrigues, the cabals, and the criminal conspiracies of Germany and Austria in this country against the tranquillity and peace of our Nation and for the purpose of embroiling this country in war with other nations.

The Imperial German Government, both before and since the war began in 1914, has conducted its diplomatic relations with an utter disregard of the conventions and usages that obtain

among civilized nations. She has betrayed the confidences and hospitality of nations with whom she was at peace, and has plotted against their domestic peace, and in some instances against their territorial integrity and national sovereignty, while professing to entertain friendly sentiments toward them. She has shown a cynical contempt for international law and for the principles of justice and honesty which should govern the conduct of nations. The same indifference manifested as to the rights of small nations she has exhibited as to large nations. Her entire conduct has conclusively demonstrated that the sacred obligations, including responsibilities arising from treaties, were "scraps of paper," to be ignored whenever supposed advantage would accrue to her. I affirm that Germany is a moral bankrupt.

Evidence which is incontrovertible has accumulated conclusively demonstrating that Germany has attempted to stir up sedition among our own people and to arouse public sentiment in this country against the execution of our laws and the carrying out of national policies. The dislocation of our industrial system and the paralysis of our business was attempted by the representatives and agents of Germany. Strikes were fomented, incendiarism was encouraged, munition plants and bridges were destroyed, and other efforts made to interrupt the industrial peace and activity of the American people. Many suspected that Germany and German gold and German spies were at the bottom of these intrigues and crimes. There is no question that Germany's hand directed many of these criminal acts and these deeds of violence.

And some of these nefarious acts were performed at a time when we were at peace with Germany and her representatives were enjoying the hospitality of our shores and the protection of our Government. Under such circumstances they were plotting against the peace of our country and attempting to embroil our Nation in war with friendly powers. When the history of this war is written and there shall be disclosed to the world the full record of the German propaganda and Germany's crimes here and in other nations it will present a case of treachery, violations of the laws of neutrality and of international obligations that obtain among civilized nations unparalleled in all the annals of the world.

It has already been revealed that Germany sought to embroil our Nation in war with Mexico. The relations between the United States and Mexico were strained and there was a strong feeling upon the part of many of the people of our country that a *casus belli* existed against Mexico and that our Nation should engage in war with our sister republic; but the patience and forbearance and broad statesmanship of the President of the United States led us into peaceful paths, and there is to be credited to the President and to his wise diplomacy and his Christian forbearance a great moral victory, the result of which will unite in the bonds of friendly amity this Republic and the Republic of Mexico.

It has been known for a number of years that efforts have been made to excite the hostility of the people of the United States against Japan and to provoke the anger of the Japanese against this Republic. It has not been known to all the source of the numerous publications tending to embitter the American people against our allies across the Pacific. Senators will recall that certain newspapers published in the United States have exhibited from time to time a bitterness against Japan that was wholly unjustifiable, and indicated to dispassionate observers that honest journalism did not prompt the publication. I think we will soon have conclusive evidence that German gold and German intrigues led to these publications. It is time all Americans should know the true character of the Prussian military power with which we are at war. They should understand we have a foe unscrupulous, cruel, treacherous, and possessed of a mad ambition to rule by the law of force the civilized world. To preserve our liberties and to transmit to posterity a world in which freedom and justice can survive is the stupendous task to which this Nation has consecrated itself.

Mr. President, I desire to place in the RECORD at this time some evidences of the activities of Germany corroborative of the statements which I have made. Germany has expended large sums of money in this country for the purpose of influencing the press and the American people; and there is evidence that Austria, too, has been involved in the same character of intrigues and conspiracies as those in which Germany participated.

I might say in passing that the relations between our Government and Austria, Bulgaria, and Turkey are of an anomalous character. Technically we are at peace with these nations, but it is now reported that Austria is sending troops to the western front, where they will soon be employed against the armed forces of this Republic; and Turkey has soldiers with the Aus-



trian forces fighting to turn back the valorous Italians, led by one of the greatest military geniuses of the war—Gen. Cadorna. Austria is fighting against our ally, Italy, and Italy is gallantly struggling against Germany and Austria and the forces which are arrayed against this Republic. Indirectly, if not directly, Austria, Turkey, and Bulgaria are at war with the United States; they are aiding Germany, and to that extent are opposing us. Whatever contribution they made to Germany's success is a blow against this Nation.

The German Emperor is now hastening to Bulgaria and Austria and Turkey to secure aid and support from them and bring about greater unity of effort in order that he may hurl additional forces against the western front, and to be more strongly fortified to meet the American troops when they shall join with our allies in an effort to drive the German forces from France and Belgium. Therefore Austria, Bulgaria, and Turkey become our foes, and the support they give to Germany is force used against us. This peculiar situation can not long continue; and, in my opinion, the day is not far distant when we will be compelled to recognize a state of war between this country and the Imperial Kingdom of Austria and the Kingdoms of Bulgaria and Turkey. We will not be able longer to treat them as friends, but will be constrained to regard them as enemies who are aiding the powerful and implacable foe with whom we are at war.

But I did not arise, Mr. President, for the purpose of entering into a discussion of our relations with the central powers. I intended only to call attention to a number of interesting documents, photographic copies of which I have, which throw some light upon the activities of Germany and Austria in this country.

I have here a photographic copy of a check that was drawn upon the Riggs National Bank of this city for the sum of \$2,000, dated April 16, 1915, and made payable to the "Printing and Publishing Co.," a company that was publishing a newspaper called "Fair Play" in the United States. Across the left margin of the check are printed the words "German Embassy, Washington," and the check is signed by Z. Schmid. It is indorsed as follows: "Printing and Publishing Co., Fair Play Printing and Publishing Co. (Inc.), J. P. Bryan." Doubtless the money was obtained upon that check, as the copy shows that the original was paid by the bank. The following is a true copy of the check with the indorsements thereon:

No. 1326. *GERMAN EMBASSY, Washington, D. C., April 16, 1915.*  
The Riggs National Bank. Pay to the order of Printing & Publishing Co., two thousand dollars.  
J. SCHMID.  
(Indorsed on back:) Printing & Publishing Co. Fair Play Printing & Publishing Co. (Inc.). J. P. Bryan.

I have here a photographic copy of the receipt given by the manager of the paper, which is as follows:

Received \$1,500 (one thousand five hundred dollars) from German Embassy, Washington. Washington, D. C., May 3, 1915.

MARCUS BRAUN.

I have here, Mr. President, a photographic copy of a letter acknowledging receipt of check for \$1,000. It reads as follows:

MARCUS BRAUN,  
EDITOR OF FAIR PLAY, N. Y.,  
New York, April 20, 1915.

His Excellency COUNT VON BERNSTORFF,  
German Embassy, Washington, D. C.

YOUR EXCELLENCY: I beg to acknowledge the receipt of your kind letter of the 16th instant, together with the inclosure of check for \$1,000, etc., etc.

(Signed) MARCUS BRAUN.

And as a part of the instrument or document there are a number of German words evidently written by the German consular agent at New York, and it is countersigned by him, and the imperial seal of Germany is affixed thereto.

I have a photographic copy of a letter, dated New York, April 19, 1915, which reads as follows:

FAIR PLAY,  
New York, April 19, 1915.

His Excellency Count JOHANN VON BERNSTORFF,  
Imperial German Embassy, Washington, D. C.

DEAR SIR: We are very pleased to acknowledge receipt of your check this morning for \$2,000 and to thank you for the same, together with the other subscription of \$1,000 given some time ago—

Evidently not the amount referred to in the receipt for \$1,500 which I have just read—

Thanking you again, we are,  
Yours, very truly,

FAIR PLAY,  
Per J. P. BRYAN.

Upon this document and above the English words are a number of German words, which I shall not attempt to read, and below, as a part of the document, are found additional German

words, indicating that the paper was filed with the embassy at Washington. It is countersigned by Prince von Hatzfeldt, who was imperial counsellor, and, as I understand, the secretary of the embassy, and to it is attached the imperial seal of Germany.

Mr. STONE. Mr. President, will the Senator state what this Fair Play publication was or is?

Mr. KING. I only know from hearsay.

Mr. STONE. Has the Senator any familiarity with it or knowledge about it?

Mr. KING. Only limited information derived from hearsay.

Mr. STONE. I do not know anything about it, and I think Senators generally do not know. I thought the Senator might put into the RECORD, in connection with his statement, some definite information as to just what the publication was, or, if it is still in existence, what it now is.

Mr. KING. My information, Mr. President, is not very full in respect to that matter, and I am, therefore, unable to state more fully concerning the paper referred to.

Mr. President, I have here a photographic copy of a letter emanating from the Austro-Hungarian secretary, which is as follows:

[Copy.]

IMPERIAL AND ROYAL AUSTRO-HUNGARIAN EMBASSY,  
Washington, January 10, 1916.

No. 32/11.  
Subject: Illustrovani list.  
To report from January 3, 1916.  
No. 20152/Confidential.

To the IMPERIAL AND ROYAL CONSULATE GENERAL,  
New York City:

With regard to the motives cited in the above report—

I have not the report—

for the benefit of Mr. Radočaj the imperial and royal embassy feels to be induced to subsidize the "Ill. list" for February and March with \$100 for each month. Should Mr. Radočaj not be able to become self-sustaining by April 1 the embassy would be eventually willing to advise him \$100 per month up to July 1 of this year. Before, however, the latter circumstance would be known to Mr. Radočaj, corresponding inquiries should be made regarding his further results and his financial condition.

A further support of the "Ill. list" from April 1 should be possible on the ground that the plan for the fusion of the Croatian papers referred to is meeting with unexpected difficulties.

The imperial and royal chargé d'affaires,

E. ZWIEDINEK.

Mr. STONE. Is that a German?

Mr. KING. An Austrian. He was the Austrian chargé d'affaires, as I am advised.

Mr. President, I have a photographic copy of another communication from the imperial and royal vice consulate, signed by Ritzweidowski:

NEW YORK, N. Y., den 5. November 1915.

Telegram Codzienny.  
Subvention.

AN DIE K. UND K. BOTSCHAFT,  
Washington, D. C.:

Ich beehre mich zu berichten, dass die den Eigentümer des polnischen Blattes "Telegram Codzienny," W. Mazur, seinerzeit bewilligte Subvention von \$700—demselben bereits zur Ganze ausgezahlt wurde.

Der "Telegram Codzienny" hat allen auf ihn gesetzten Erwartungen entsprochen. Das Blatt erscheint bereits im Umfange von 6 Druckseiten und in einer täglichen Auflage von 12,000 Exemplaren. Nachdem auch die Annoncenzahl grösser geworden ist, hat sich die finanzielle Lage des Blattes derart gebessert, dass es derzeit bereits auf einer soliden Basis ruht.

Das Blatt wird vom Eigentümer W. Mazur mit grosser Umsicht redigiert, weshalb sein politischer Einfluss sich sehr vergrössert. Zwei Konkurrenzblätter, die seitens der Russophilen gegründet wurden, sind beide eingegangen.

Der k. und k. Vizekonsul.

I also have a photographic copy of what purports to be a translation of the document just referred to. It reads as follows:

IMPERIAL AND ROYAL EMBASSY,  
Washington, D. C.

I beg to inform you that the subsidy of \$700 granted some time ago to the proprietor of the Polish paper Telegram Codzienny, W. Mazur, has already been paid to him in full.

Telegram Codzienny fulfilled all that has been expected of it. The paper is being printed at present on six pages and in 12,000 copies daily. As the number of advertisements has also increased, the financial condition of the paper improved so that it already has a solid foundation.

The paper is being published by the proprietor, W. Mazur, with great care, for which reason its political influence is becoming always greater. Two competition papers established by Russophiles both ceased to exist.

(Signed) THE IMPERIAL AND ROYAL VICE CONSULATE,  
RITZWEIDOWSKI

I have another photographic copy here, Mr. President, of a letter written by the representative of Austria, reading as follows:



LENOX, MASS., *am 26. September 1913.*

Rumaenische Zeitung "Desteapate Romane."  
zum Bericht Z. 14470/res. vom 16. September 1915.  
Check per \$400.

AN DAS K. UND K. GENERALKONSULAT,  
New York, N. Y.:

Mit Bezugnahme auf obigen Bericht erhält das k. und k. Generalkonsulat in der Anlage einen Scheck per \$400 (vierhundert Dollars), mit dem Ersuchen die Quittung über den nachträglich erfolgten Betrag von \$200 anher in Vorlage zu bringen.

Für die k. und k. Botschaft:

(Sgd.) E. ZWIEDINEK.

No. 146. Washington, D. C., September 27, 1915.

The Riggs National Bank.  
Pay to Austro-Hungarian Consulate General in New York  
Four Hundred Dollars

\$400.

(Sgd.) E. ZWIEDINEK.

This letter was evidently translated into English by the imperial and royal embassy and signed by the Austrian chargé d'affairs.

The following is the translation made at the embassy and is transcribed verbatim from such photographic copy:

LENOX, MASS., *Sept. 26, 1915.*

Roumanian newspaper  
"Desteapate Romane."  
To report No. 14470/confidential.  
From Sept 16th, 1915.  
Check for \$400.

TO THE IMPERIAL AND ROYAL CONSUL GENERAL,  
New York, N. Y.:

In reference to the above report, the imperial and royal consulate general will please find enclosed a check for \$400 (four hundred dollars), with the request to send here a receipt for the supplementary amount of \$200.

FOR THE IMPERIAL AND ROYAL EMBASSY,  
E. ZWIEDINEK.

I have a photographic copy of the check, which I have just called the attention of the Senate to.

Mr. President, I have here the English translation as well as the original—that is, a photographic copy of the original—and I ask that the photographic copy of the original be printed in the Record, and likewise the English translation of the documents to which I have referred.

The VICE PRESIDENT. The Chair is under the impression that the photographic copies can not go into the Record. The action is a little hazy now in the mind of the Chair, but there was some action taken by the Joint Committee on Printing which prevents all sorts of illustrations going into the Record. Of that the Chair is quite sure.

Mr. NORRIS. Mr. President, I am not sure I can throw any light on it, but it seems to me that these photographic copies ought to be printed as the Senator has requested; and I think, as I remember, that the proper procedure is to have an order from the Committee on Printing. I think there is something of that kind, but I do not believe there will be any objection to it. It has been done in the past. Illustrations have been printed. It is possible in some way; I know that these should be printed just as the Senator has offered them, and I hope that will be done.

Mr. KING. If we had the originals, there is no question, it seems to me, but that they could be printed in the Record.

Mr. NORRIS. They could be printed, of course, as they are; there is not any doubt about that; but to get the illustration in as the Senator wants, and as I think he ought to have—

The VICE PRESIDENT. The Chair remembers very well when the question came up. Who decided it, the Chair does not know, whether it was decided by action of the Senate or by action of the Joint Committee on Printing; but it came up when "Senator TILMAN'S COW" appeared in the Record, and there was a distinct order made that from that time forward nothing should appear in the Record except in print; that I know. But may the Chair suggest that these originals be referred to the Joint Committee on Printing so that they may be inserted, if possible, in the Record?

Mr. NORRIS. Mr. President, I think the order the Vice President mentions, made by the Senate at that time, was that in future no illustrations should be inserted in the Record without the consent of the Committee on Printing. It would probably require their consent.

Mr. KING. I am not quite sure what the order of the Vice President is. I can readily understand that there might be objection to printing illustrations, photographic copies of buildings, or intricate and complicated drawings that would involve considerable expense in the production of the necessary plates in order to produce them in the Record, but I am only asking, and I shall limit my request accordingly, that the text of the documents be printed.

The VICE PRESIDENT. In ordinary type?

Mr. KING. In ordinary type.

The VICE PRESIDENT. There is no question about the right to that, and that is granted. The Chair would be glad to see them printed exactly as they appear in the document; but the Chair is quite clearly of the opinion that there has been some ruling that that can not be done, at least without the consent of the Joint Committee on Printing.

Mr. KING. If the Chair is of that opinion, I shall not make the request broader than I have indicated; but I shall ask that after they have served the purpose just embodied in the request, these letters and documents then be referred to the Committee on Printing for such action as they may deem advisable in the premises.

The VICE PRESIDENT. That action will be taken.

Mr. CURTIS. I move that the Senate adjourn.

The motion was agreed to; and (at 3 o'clock and 7 minutes P. M.) the Senate adjourned until Monday, September 24, 1917, at 12 o'clock meridian.

#### NOMINATION.

*Executive nomination received by the Senate September 22, 1917.*

#### GENERAL APPRAISER.

William C. Adamson, of Georgia, to be general appraiser of merchandise, to fill an existing vacancy.

#### CONFIRMATION.

*Executive nomination confirmed by the Senate September 22, 1917.*

#### GENERAL APPRAISER.

William C. Adamson to be general appraiser of merchandise.

#### SENATE.

*Monday, September 24, 1917.*

The Chaplain, Rev. Forrest J. Prettyman, D. D., offered the following prayer:

Almighty God, we worship Thee. The good things of this life come to us from no other hand than Thine, and our delight is in those who keep Thy commandments and who walk in Thy ways. Thou hast committed to us the task not only of preserving our own liberties but of passing on to future generations a world in which peace and righteousness and justice are permanently established. We pray that Thou wilt smile upon our undertakings, guiding us by Thine own unerring counsel to the completion of our task to the glory of Thy name and the benefit of all Thy people. For Christ's sake. Amen.

The Journal of the proceedings of Saturday last was read and approved.

ADDITIONAL CLERKS IN ORDINANCE DEPARTMENT (S. DOC. NO. 111).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Treasury, transmitting a letter from the Secretary of War submitting an estimate of appropriation in the sum of \$1,429,500 for the employment of additional clerks and other employees in the Ordnance Department, War Department, etc., which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

#### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by G. F. Turner, one of its clerks, announced that the House insists upon its amendment to the bill (S. 2477) to authorize the construction of a building for the use of the Treasury Department, asks a conference with the Senate on the disagreeing votes of the two Houses thereon, and had appointed Mr. CLARK of Florida, Mr. BURNETT, and Mr. AUSTIN managers at the conference on the part of the House.

#### ENROLLED BILL SIGNED.

The message also announced that the Speaker of the House had signed the enrolled bill (H. R. 5901) to authorize an additional issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign Governments, and for other purposes; and it was thereupon signed by the Vice President.

#### PETITIONS AND MEMORIALS.

Mr. JONES of Washington. I have several telegrams protesting against the proposed 3 per cent tax on gross automobile sales. I understand it relates to a provision in the revenue bill, which is now in conference. There is no method by which such matters can be referred to a committee of conference, so I simply call the attention of the Senate to it. I do not ask to



have the telegrams printed in the Record, but simply that they be referred to the Committee on Finance.

The VICE PRESIDENT. The telegrams will be so referred. Mr. JONES of Washington. I present also several telegrams urging that in the revenue bill provision be made under which quarterly or semiannual payments of excess profits taxes may be made over a period of not less than five years. I take this means of calling this matter to the attention of the conference committee. I present the telegrams for reference to the Committee on Finance.

The VICE PRESIDENT. The telegrams will be so referred.

Mr. FRELINGHUYSEN presented petitions of Allentown Grange, No. 98, Patrons of Husbandry, of Allentown; of Egg Harbor Grange, No. 146, Patrons of Husbandry, of Egg Harbor City, and of Blue Anchor Lodge, No. 166, Patrons of Husbandry, of Blue Anchor, all in the State of New Jersey, praying for the enactment of legislation to secure an adequate supply of nitrate of soda for agricultural purposes, which were referred to the Committee on Agriculture and Forestry.

Mr. PHELAN presented a petition of the Chamber of Commerce of Wapa, Cal., praying for the enactment of legislation to provide for the development of water power from the navigable streams and public lands of the country, which was referred to the Committee on Public Lands.

#### DRAINAGE IN NEW MEXICO AND TEXAS.

Mr. MARTIN, from the Committee on Appropriations, to which was referred the joint resolution (S. J. Res. 89) to authorize the Secretary of the Interior to expend funds in New Mexico and Texas for drainage purposes, reported it without amendment.

#### BIG SANDY RIVER BRIDGE.

Mr. SHEPPARD. From the Committee on Commerce I report back favorably without amendment the bill (H. R. 5335) to extend the time for constructing a bridge across the Tug Fork of the Big Sandy River near Warfield, Ky., and Kermit, W. Va., authorized by an act approved January 28, 1916, and I submit a report (No. 133) thereon. I ask for the immediate consideration of the bill.

There being no objection, the bill was considered as in Committee of the Whole.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

#### JULIA P. TURNER.

Mr. JONES of New Mexico, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which was referred the Senate resolution 136, submitted by the Senator from Rhode Island [Mr. COLLIER] on the 22d instant, reported it favorably without amendment, and it was considered by unanimous consent and agreed to, as follows:

*Resolved*, That the Secretary of the Senate be, and he hereby is, authorized and directed to pay from the miscellaneous items of the contingent fund of the Senate to Julia P. Turner, widow of George M. Turner, late a folder in the folding room of the United States Senate, a sum equal to six months' salary at the rate he was receiving by law at the time of his death, said sum to be considered as including funeral expenses and all other allowances.

#### BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JONES of Washington:

A bill (S. 2913) to prevent interstate commerce in timber products upon which labor has been permitted to work more than eight hours in any day, and for other purposes; to the Committee on Interstate Commerce.

A bill (S. 2914) granting an increase of pension to Wilder Rice (with accompanying papers); to the Committee on Pensions.

By Mr. DILLINGHAM:

A bill (S. 2915) granting a pension to John Acton (with accompanying papers); to the Committee on Pensions.

#### A GERMAN GIRL'S LETTER.

Mr. ROBINSON. I have a brief editorial recently published in the Arkansas Gazette, embracing a letter or alleged letter from a Prussian girl to a friend, giving the viewpoint of the people of Germany concerning the superiority of Prussia over other peoples. I ask unanimous consent that it may be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

#### THE LETTER OF A PRUSSIAN GIRL.

"Katie Hamel is a young Prussian woman, possibly still a schoolgirl, and is the daughter of the State councilor of architecture. She wrote a letter a year ago to a friend in Switzer-

land, and this remarkable epistle, which was first published in the Edinburgh Scotsman, is republished here:

"FRANKFORT ON ODER, July 20, 1916.

"MY DEAR LOUISE: The contents of your last letter would have hurt me had I not known that your thoughts of our glorious war resulted from sheer ignorance.

"You are in a country rendered effeminate by the influence of old-fashioned ideas of liberty, a country which is at least two centuries behind ours. You are in need of a good dose of Prussian culture.

"It is evident that you, a Swiss girl, with your French sympathies, can not understand how my heart, the heart of a young German girl, passionately desired this war. Speaking of it some years ago, my father said to us: 'Children, Germany is getting too small for us, we shall have to go to France again in order to find more room.' Is it our fault if France will not understand that more money and land are necessary for us?

"And you reproach us that our soldiers have been very cruel to the Belgian rabble, and you speak also of the destruction of Rheims, and of the burning of villages and towns. Well, that is war. As in every other undertaking, we are past masters in the making of war.

"You have a great deal to learn before you can come up to our standard, and I can assure you that what has been done so far is a mere bagatelle compared with what will follow.

"As a matter of fact, there is but one race worthy of ruling the world, and which has already attained the highest degree of civilization. That race is ours, the Prussians; for though we Germans in general are the lords of the world, the Prussian is undoubtedly the lord par excellence among the Germans.

"All other nations, and among them, unfortunately, the Swiss, are degenerate and of inferior worth. That is why I have always been so proud of being a true Prussian.

"Yesterday, again, our pastor explained to us convincingly that our first parents, Adam and Eve, were also Prussian. That is quite easy to understand, because the Bible tells us that the German God created us all after his own image. If, then, all men are descended from Adam and his wife, it follows that only Prussians, or at least Germans, ought to exist in the world, and that all who push on and prosper ought to belong to us. You must admit that that is logic, and that is why our motto is, 'God with us, Germany above everything.'

"You know now why we wished this war. Is it not shameful that other nations, who have no right to existence on the earth, wish to diminish our heritage? We are the divine fruit and the others are only weeds. That is why our great emperor has decided to put an end to all these injustices and to extirpate the weeds. Do you understand that now?

"I remain, your school friend,

"KATIE HAMEL."

"It is probable that the Swiss would not agree that their country is in need of 'a good dose of Prussian culture,' because they have before their eyes the dose that Belgium got. The heart of this Prussian girl 'passionately desired this war.' That is of interest in connection with the formula which so many Americans would fain believe, that 'we are not making war on the German people.' So Katie Hamel's father, who is a Government official, told his children some years before the war broke out that Germany was getting too small and that 'we shall have to go to France again in order to find more room.' But Emperor William continually says that 'the war was forced upon us' and this is echoed by the bureaucratic parrots. Yes, Switzerland—and other nations—have 'a great deal to learn' before they can come up to the Prussian standard. They will have to learn to torpedo passenger ships without warning and send to graves in the ocean a thousand men, women, and children. They will have to learn to destroy cathedrals, to drop bombs on women and children, and to kill wounded men in hospitals.

"We feel safe in saying that Katie Hamel is a sweet, amiable, well-mannered girl. But she has absorbed and she breathes forth the Prussian spirit of ruthlessness and frightfulness. She expresses, in the gentle words one might expect to find in a young girl's letter, the remorseless creed that Nietzsche wrote for Germany. She has come under the spell of the monomania that Germany has a divine commission to conquer and dominate the world."

#### LEASE OF POTASH LANDS.

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 2156) to authorize exploration for and disposition of potassium, which were, on page 1, line 5, to strike out "grant" and insert "issue"; on page 1, line 9, after "right," to insert "for a



period not exceeding two years"; on page 1, line 11, to strike out "San Bernardino County, Cal., for a period of not exceeding two years" and insert "and adjacent to Searles Lake, which would be described if surveyed as townships 24, 25, 26, and 27 south of ranges 42, 43, and 44 east, Mount Diablo meridian, California"; on page 2, line 2, after "one," to insert "or more"; on page 2, in lines 5 and 6, to strike out "640 acres" and insert "not to exceed one-fourth"; on page 3, line 9, to strike out "50-year" and insert "20-year"; on page 3, line 14, after "lessee," to strike out all down to and including "terms" in line 17 and insert "Provided, That the potash deposits in the public lands in and adjacent to Searles Lake in what would be if surveyed townships 24, 25, 26, and 27 south of ranges 42, 43, and 44 east, Mount Diablo meridian, California, may be operated by the United States or may be leased by the Secretary of the Interior under the terms and provisions of this act: *Provided further*, That the Secretary of the Interior may issue leases under the provisions of this act for deposits of potash in public lands in Sweetwater County, Wyo., also containing deposits of coal, on condition that the coal be reserved to the United States"; on page 3, line 20, to strike out "grant" and insert "issue"; on page 4, line 18, after "hereof," to insert "or otherwise"; on page 4, line 23, after "any," to insert "other"; on page 5, line 5, to strike out "any court of competent jurisdiction" and insert "the United States district court for the district in which the property or some part thereof is located"; on page 5, line 9, after "Sec. 6," to insert "That any permit, lease, occupation, or use permitted under this act shall reserve to the Secretary of the Interior the right to permit for joint or several use such easements or rights of way upon, through, or in the lands leased, occupied, or used as may be necessary or appropriate to the working of the same, or of other lands containing the deposits described in this act, and the treatment and shipment of the products thereof by or under authority of the Government, its lessees, or permittees, and for other public purposes: *Provided*,"; on page 6, line 1, to strike out "a court of competent jurisdiction" and insert "the United States district court for the district in which the property or some part thereof is located"; on page 6, line 3, after "lease," to insert "or of the general regulations promulgated under this act and in force at the date of the lease"; on page 6, line 5, after "thereof," to strike out all down to and including "courts" in line 8; on page 6, line 9, after "shall," to insert "also"; on page 6, line 10, after "all," to insert "deposits of potassium salts in the"; on page 6, line 12, after "potassium," to insert "deposits"; on page 6, line 16, after "Sec. 10," to strike out all down to and including "act" in line 24 and insert "That all moneys received from royalties and rentals under the provisions of this act, excepting those from Alaska, shall be paid into, reserved, and appropriated as a part of the reclamation fund created by the act of Congress approved June 17, 1902, known as the reclamation act, but after use thereof in the construction of reclamation works and upon return to the reclamation fund of any such moneys in the manner provided by the reclamation act and acts amendatory thereof and supplemental thereto, 50 per cent of the amounts derived from such royalties and rentals so utilized in and returned to the reclamation fund shall be paid by the Secretary of the Treasury after the expiration of each fiscal year to the State within the boundaries of which the leased lands or deposits are or were located, said moneys to be used by such State or subdivisions thereof for the construction and maintenance of public roads or for the support of public schools"; on page 7, line 5, after "Sec. 12," to strike out all down to and including "act" in line 15 and insert "That the deposits herein referred to, in lands valuable for such minerals, shall be subject to disposition only in the form and manner provided in this act, except as to valid claims existent at date of the passage of this act and thereafter maintained in compliance with the laws under which initiated, which claims may be perfected under such laws: *Provided*, That nothing in this act shall be construed or held to affect the rights of the States or other local authority to exercise any rights which they may have to levy and collect taxes upon improvements, output of mines, or other rights, property, or assets of any lessee"; on page 7, line 19, to strike out "such" and insert "all"; on page 7, lines 23 and 24, to strike out "the product" and insert "any of such products"; on page 8, line 2, to strike out "such mineral" and insert "the potassium products."

Mr. PITTMAN. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

#### SUSPENSION OF MINING CLAIMS.

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the joint resolution

(S. J. Res. 78) to suspend, during the present war with Germany, the requirement that not less than \$100 worth of labor shall be performed or improvements made on each mining claim during each year for all owners who, in lieu of such assessment work, expend the sum of \$100 in the raising or manufacturing of products necessary for the maintenance of the Army, Navy, or people of the United States, or shall perform 25 days of labor in any beneficial occupation, or pay into the Treasury of the United States \$100.

Mr. ASHURST. I move that the Senate disagree to the amendments of the House of Representatives and request a conference with the House on the disagreeing votes of the two Houses thereon, the conferees on the part of the Senate to be appointed by the Chair.

The motion was agreed to; and the Vice President appointed Mr. ASHURST, Mr. SHAFROTH, and Mr. POINDEXTER conferees on the part of the Senate.

#### TRADING WITH ENEMY—CONFERENCE REPORT.

The VICE PRESIDENT. The morning business is closed.

Mr. FLETCHER. I move that the Senate proceed to the consideration of the report of the committee of conference on the disagreeing vote of the two Houses on the amendments of the Senate to the bill (H. R. 4960) to define, regulate, and punish trading with the enemy, and for other purposes.

The motion was agreed to.

The VICE PRESIDENT. Does the Senator from Florida desire to have the report read? It has been laid on the desks of Senators.

Mr. FLETCHER. The report has been printed, and I ask it be not read.

The VICE PRESIDENT. Is there objection to dispensing with the reading of the report?

Mr. BRANDEGEE. We could not on this side hear the request of the Senator from Florida.

The VICE PRESIDENT. It is that the report be not read, it having been laid on the desk of every Senator and printed in the Record. Is there objection? The Chair hears none. The question is, Shall the report be agreed to?

Mr. NORRIS. Mr. President, I wish the attention of the Senate for a very few minutes in the consideration of this conference report. In my judgment, if the conference report is agreed to it places absolutely in the hands of the Postmaster General the power to discontinue the publication of every magazine and every newspaper in the United States, not only through the mails, but prohibits the circulation of such matters as do not meet his approval in any other way by any other means or any other instrumentality.

The so-called King amendment that was adopted in the Senate on this bill provided for certain regulations in regard to German newspapers. The conferees have revamped that amendment and made it apply to newspapers in a foreign language and added to it one or two provisions that it seems to me the Senate would not agree to if they understood it, at least in the same light that it appears to me. It is Senate amendment numbered 127. As printed in the Record, it is found on page 7322, commencing near the bottom of the left-hand column. It is section 19. The amendment is quite long. I do not know that I care to read all of the amendment, but over in the next column, where the amendment is continued, I wish to read.

Mr. POMERENE. May I ask the Senator the date of the Record he is reading from?

Mr. NORRIS. September 22, 1917.

Mr. FLETCHER. On page 7 of the printed report.

Mr. McKELLAR. What part is the Senator reading?

Mr. NORRIS. I am going to commence near the top of page 7322.

I wish to explain, without reading the first part of the amendment, that it is to a certain extent the same as the King amendment which was adopted in the Senate. The conferees have broadened it somewhat. It provides how the publication of newspapers making any comment on our Government or any other Government on either side of the present war, making any comment in regard to anything in relation to the war or the act of any Government, must be printed in the English language as well as in the foreign language, and then it provides as follows:

Any print, newspaper, or publication in any foreign language which does not conform to the provisions of this section is hereby declared to be nonmailable, and it shall be unlawful for any person, firm, corporation, or association to transport, carry, or otherwise publish or distribute the same, or to transport, carry, or otherwise publish or distribute any matter which is made nonmailable by the provisions of the act relating to espionage, approved June 15, 1917: *Provided further*, That upon evidence satisfactory to him that any print, newspaper, or publication printed in a foreign language may be printed, published, and distributed free from the foregoing restrictions and conditions without detriment to the United States in the conduct of the present



war, the President may cause to be issued to the printers or publishers of such print, newspaper, or publication, a permit to print, publish, and circulate the issue or issues of their print, newspaper, or publication free from such restrictions and requirements, such permits to be subject to revocation at his discretion.

Mr. JONES of Washington. Mr. President—

Mr. NORRIS. I yield to the Senator.

Mr. JONES of Washington. I understand the Senator intended to read all the paragraph beginning "any print, newspaper, or publication in any foreign language," and as I followed him he omitted the clause to transport, carry, or otherwise publish or distribute any matter.

Mr. NORRIS. Let me read it again. I did not intend to omit anything, I will say to the Senator, but the print is fine and the light is not very good. I will read it again:

Any print, newspaper, or publication in any foreign language which does not conform to the provisions of this section is hereby declared to be nonmailable, and it shall be unlawful for any person, firm, corporation, or association to transport, carry, or otherwise publish or distribute the same, or to transport, carry, or otherwise publish or distribute any matter which is made nonmailable by the provisions of the act relating to espionage, approved June 15, 1917:

Mr. President, you will note from language which I have just read that not only is it unlawful to send such publications through the mails but that it is unlawful to use any other means of distribution such as sending them by express or by personal delivery or in any other way. The language to which I particularly object is this clause, which is contained in the matter I have just read:

Or to transport, carry, or otherwise publish or distribute any matter which is made nonmailable by the provisions of the act relating to espionage, approved June 15, 1917.

That applies to every newspaper and to every magazine which is printed in any language, the English language included. On the face of it, Mr. President, it does not look so bad as it really is and as it will in practical application work out. It shall be unlawful to distribute or carry or otherwise publish any matter which is made nonmailable by the provisions of the espionage act. In practice that will mean, Senators, that the Postmaster General, arbitrarily, without giving any particular reason for his action, may exclude from the mails any newspaper which, in his judgment, ought to be excluded, and he can give as his reason that the publishers have violated the espionage act. Such publications will be excluded from the mails the moment the order is made, and there will be in practice no relief; no way in which the publisher of such a newspaper will ever be able to get any hearing at any time anywhere which will save the destruction of his business.

Mr. KING. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Utah?

Mr. NORRIS. I yield.

Mr. KING. I am very much interested in what the Senator from Nebraska has stated. I desire to call his attention to section 3 of the espionage act, and to inquire whether or not the Senator believes that any serious hardship, indeed, any hardship at all, would be suffered by any fair and properly conducted newspaper from the enforcement of the provisions of this proposed legislation to which the Senator is now referring? Before replying will the Senator permit me to occupy the floor for a moment, in order to call his attention to section 3 of the espionage act?

Mr. NORRIS. Very well.

Mr. KING. Section 3 of the espionage act provides:

Whoever, when the United States is at war, shall willfully make or convey false reports or false statements—

Mr. NORRIS. Will the Senator tell me from what title he is reading? There are a half dozen sections 3 in the act.

Mr. KING. I am reading from Title I, section 3. To resume:

SEC. 3. Whoever, when the United States is at war, shall willfully make or convey false reports or false statements, with intent to interfere with the operation or success of the military or naval forces of the United States or to promote the success of its enemies, and whoever, when the United States is at war, shall willfully cause or attempt to cause insubordination, disloyalty, mutiny, or refusal of duty, in the military or naval forces of the United States, or shall willfully obstruct the recruiting or enlistment service of the United States, to the injury of the service or of the United States, shall be punished by a fine of not more than \$10,000 or imprisonment for not more than 20 years, or both.

The point I was about to make was that the section to which I have just called the Senator's attention makes certain acts whether performed by the publishers of newspapers or others offenses, and prescribes punishment for the same. Another section of the espionage act makes publications of the character to which I have just referred nonmailable: First, the publication of false reports with intent to interfere with military operations, and so forth, constitutes an offense; secondly, the attempt to mail such a publication is an offense, and the paper containing the denounced matter is made nonmailable. The conference

report which the Senator is discussing provides that the distribution of the offending publication by any other instrumentality than the mail is an offense. If it is an offense to publish articles of the character referred to, which are defined as offenses in section 3, I submit the inquiry if such articles are made nonmailable, is there any sufficient reason why the Government should not interdict the distribution of the publications? If it is an offense to publish a certain thing which is calculated to prevent the success of military or naval operations, or to cause insubordination or mutiny in the military or naval forces of the United States, and such a publication is made nonmailable, why should not the Government go a little further and prohibit the circulation and dissemination of the newspaper by any other instrumentality, such as express companies, that might be selected by the publisher or any other person?

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

Mr. NORRIS. I should like first to answer the question of the Senator from Utah, but I will yield to the Senator from Florida.

Mr. FLETCHER. I merely want to supplement what the Senator from Utah [Mr. KING] has said by calling his attention to the particular title headed "Use of mails" in the espionage act—Title XII, if the Senator will turn to that—and to ask him to read section 2 of that title, and to see if his inquiry does not obtain as well to that as to the portion of the act which he has read? Let me read section 2.

Mr. NORRIS. Section 2 of Title XII?

Mr. FLETCHER. Section 2 of Title XII, which reads as follows:

SEC. 2. Every letter, writing, circular, postal card, picture, print, engraving, photograph, newspaper, pamphlet, book, or other publication, matter or thing, of any kind, containing any matter advocating or urging treason, insurrection, or forcible resistance to any law of the United States, is hereby declared to be nonmailable.

I ask the Senator if he does not agree that such publications ought to be declared nonmailable, and that the prohibition ought to be enforced against the circulation and distribution of that sort of matter?

Mr. NORRIS. Mr. President, the Senator from Utah and the Senator from Florida have saved me the trouble of reading extracts from the espionage act which I intended to read, and I am very much obliged to them. On the face of it, it looks very reasonable, as the two Senators have pointed out from these two sections, and there are other sections in the espionage act which make such publications unlawful, and this would apply as well as those, but those illustrate it; they go far enough. I intended to read both those sections. The acts they prohibit ought to be punished, and the espionage act does punish them by fine and imprisonment and makes such publications nonmailable.

Let us see how the nonmailability of these publications will be carried out in actual practice. If there were no punishment fixed for the crimes that these sections define, then there would be some excuse for the provision contained in the conference report; but it is already provided in the espionage act that anyone guilty of such acts shall be punished by both fine and imprisonment. What happens? What is the modus operandi when the Postmaster General wants to exclude a newspaper from the mails? He issues an order; he excludes it; there is not any trial before a court or a jury. In effect, he charges the publishers with a crime, because they must be guilty of a crime or else their publications could not be excluded from the mails; but, contrary to all jurisprudence of every civilized country, instead of trying them for the crime, which he ought to do and for which they ought to be punished if they are guilty, he takes away their business before there is a trial; the newspaper or the magazine is excluded on the ipse dixit of the Postmaster General, and there is no way for the man who is publishing a newspaper to maintain himself until he can get, if he ever can get, an adjudication of what is charged against him. He may claim that he has not violated the law; he may say, "I am innocent of any violation of the law," but his newspaper is excluded from the mails. In the meantime he resorts to other means to keep on its feet a business to which perhaps he has given his life; he uses other means of circulation, but every time he does so, no matter what means he uses, if he has committed a crime he is liable not only to pay a fine but to go to prison I think for as long a time as 10 years.

Mr. FLETCHER. Mr. President—

Mr. NORRIS. I will yield in just a moment. But the provision to which I am objecting to here does not permit him even to do that. Under it his business is gone. Every man knows that when a newspaper is put out of business for two or three months, while the publisher of that newspaper may be seeking an adjudication of his right to remain in business, he is out of business for good.



If, as I have heretofore said, his act was not made a crime and no provision was made for its punishment, there might be some reason for this desperate method of putting a newspaper out of business, but when the law provides that when he does any of the acts enumerated in the sections of the espionage act referred to—and there are also several other sections bearing on the same matter—he must go to jail or to the penitentiary and must pay a fine, it seems to me that we ought not to prohibit the man, which we do in effect if we adopt this proposition, from ever having a day in court until the day in court will do him no good. Now I yield to the Senator from Florida.

Mr. FLETCHER. The Senator's argument, I submit, is largely directed against the provisions of the espionage act.

Mr. NORRIS. No; it is not.

Mr. FLETCHER. That act partially covers the matter and imposes the hardships to which the Senator refers.

Mr. NORRIS. The Senator must not misquote me; the Senator is wrong. I voted against the espionage act. I think there are lots of bad things in it, but it is a law now, and it is all right to enforce it, and I am not opposed to anybody honestly and fairly enforcing it; but let me submit to the Senator that when a man has violated the espionage act, then why not try him, as the law provides, before a judge and in a court, to determine whether or not he is guilty when the charge is made that he has violated that act? This provision goes further and says: "You shall not keep up your business while you are endeavoring to secure a trial, but you have got to quit now; you will have no means of maintaining your paper." If the omission of such a provision from the espionage act permitted a man to do anything contrary to the law, I would not be here contending against it, but all the time the law is in force. While he is distributing his paper by express or through delivery boys or by any other means that he may employ, expensive though it may be, all the time he has the law over him, and if in any way he violates it he must go to prison and must pay a fine. That is right; that is the law now; but this provision says he shall not even be allowed to try to maintain his business while he is making what I can conceive to be an honest attempt to secure vindication when he is not guilty of any crime against the United States.

Mr. FLETCHER. Mr. President, the espionage act endeavors to reach this evil by forbidding the use of the mails for the circulation and distribution of this kind of material, nonmailable matter, and it punishes the offender for the use of the mails in violation of the act. Now, this provision does go further. I am perfectly frank to admit that it is intended by this provision to prevent the distribution of the material denounced in that act by any other means than by the use of the mails—that is, matter printed in foreign languages without a corresponding certificate, and so forth, as required by this act and the material declared to be nonmailable by the espionage act. It is intended to stop the distribution of that sort of material in any manner, not only through the mails but in any other way. I submit to the Senator that, whereas there may be a hardship occasionally such as he suggests in enforcing the act, inasmuch as the Postmaster General can prohibit the use of the mails to newspapers under the espionage act, this does not enlarge or increase that hardship to any extent. It simply says that that same unlawful material, illegitimate material, nonmailable material, shall not be distributed by express companies or through any other agency, because it is the material itself which is harmful, its distribution and its publication, and not merely the use of the mails. Forbidding it the use of the mails is merely a means of preventing the injury which would be caused and the evil effects of distribution.

Now, this provision proposes not only to continue the operation of the espionage act forbidding the use of the mails, but also proposes to forbid any other method of distribution of that offensive, seditious, nonmailable material denounced by the law.

Mr. NORRIS. Mr. President, there is no dispute between the Senator and myself as to what the particular language to which I am objecting does, and there is no dispute that it does what the Senator says it is intended to do. My objection to it is that it will do that upon the simple order of the Postmaster General that a publisher has committed a crime. He may be as innocent as an unborn child of any crime, but he is put out of business. The criminal character of the act is fixed in the espionage law; we do not change that; I am not asking to change that; that is the law. This provision is directed at a man's business. It simply puts the man out of business without a hearing, whether he is guilty or whether he is innocent; that is the practical effect of it. There is no means of trial afforded, as there is under the espionage act. Under that act a man can be tried, and he ought to be tried and convicted, if he is guilty. I am not trying to shield any man who is guilty;

that is not my purpose; but I am trying to protect the innocent man; I am trying to protect the press of the country from an arbitrary order of the Postmaster General, who, without reason, without evidence, without anything but his own will, can put every newspaper and every publication in the United States out of business. Heretofore, without this provision, he could go quite a long way, but the man who is put out of business could continue in his own way, expensive and hard though it might be, to keep his newspaper or his magazine in print and deliver it, through some expensive means of his own, until he could secure some judicial determination of the question.

Mr. KING. Mr. President—

Mr. NORRIS. I will yield to the Senator in just a moment.

Another reason why it seems to me that this is not a proper thing to do is that the Postmaster General, as I understand, has already under the espionage act put out of business some 38 or 40 newspapers. With the exception of one or two copies that I have seen, I have no knowledge as to whether or not his action was just, but he put them out of circulation. I know that in some instances the claim is made that not a single statute or law of the United States has been violated. The Postmaster General has never in an instance, so far as I have ever heard, had one of those men arrested for the violation of the espionage act; and yet, if his order putting them out of business is based on fact, every one of them is guilty of a crime and ought to be sent to the penitentiary. The means now provided do not seem to be sufficient for the Postmaster General to carry out the purpose desired. Evidently—I can not come to any other conclusion—he fears that he can not successfully prosecute these men, and I can not resist the conclusion that in many instances he himself does not believe they have committed a crime; but the only reason he can give for putting them out of business under the espionage act is to say that they have violated its terms. If they have violated its terms, they are guilty of a crime. If the Postmaster General has always acted in these matters in the best of faith, why is it that these men are not arrested and sent to prison?

I can easily see how a man publishing a newspaper might say something that was very displeasing to the administration. He might go a good way, probably, in criticizing it, and it might be claimed by the Postmaster General that in the extent of his argument, the distance he had gone in his criticism of the administration, he had violated the law; and the man who published the paper might, on the other hand, be just as honest in his belief that he had not violated the law. Now, that is the kind of a man who ought to be protected, it seems to me. At least, he ought to have a day in court for a hearing before the business of a lifetime is thrust aside and made worthless.

But what happens? The Postmaster General puts the man's newspaper or his magazine out of business. The man says, "Well, I will get back in time. I will get into court. It will take me some time; it will cost me lots of money, and in the meantime, in order that my publication may be worth something when I get through, I must deliver the publication to my subscribers"; and he delivers it through the express to the various cities and places where he has subscribers and hires men or boys at those places to distribute it, to carry it on in the meantime. All the time during that time, if he has violated the law, he can be sent to the penitentiary just the same. He has always got that staring him in the face, as every man has. If he violates the law, he can be punished, and he ought to be punished. But now comes this amendment and says that when you have that kind of a man in that kind of a position, you will make it illegal for him to deliver his newspaper in an automobile; you will make it illegal for him to send it by express; you will make it illegal for him to have it delivered by newsboys; and every newsboy or every man who handles it is liable to be sent to jail and to pay a fine.

Mr. RANSDELL. Mr. President—

The PRESIDING OFFICER (Mr. PITTMAN in the chair). Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. NORRIS. I do.

Mr. RANSDELL. I want to ask the Senator what law would be violated if a man were to publish a newspaper that was declared to be nonmailable and not allowed the use of the mails and were to distribute that paper through the aid of newsboys or by the express office or by messengers of any kind other than the mail? What law would be violated? Will the Senator kindly point out the statute?

Mr. NORRIS. Yes; the espionage act.

Mr. RANSDELL. Where? What feature of it?

Mr. NORRIS. The section that the Senator from Utah read, and several other Senators.



Mr. RANDELL. I beg pardon; I do not so understand that. Perhaps I am wrong. The one which we were just discussing here, section 2 of Title XII, reads in this way—

Mr. NORRIS. That is the one that the Senator from Utah read.

Mr. RANDELL. The Senator from Florida [Mr. FLETCHER] read that. The Senator from Utah read another.

Mr. NORRIS. Yes.

Mr. RANDELL. Let us see.

Mr. NORRIS. It is section 3 of Title I.

Mr. RANDELL. Section 3 of paragraph 1:

Whoever, when the United States is at war, shall willfully make or convey false reports or false statements with intent to interfere with the operation or success of the military or naval forces of the United States or to promote the success of its enemies and whoever, when the United States is at war, shall willfully cause or attempt to cause insubordination, disloyalty, mutiny, or refusal of duty, in the military or naval forces of the United States, or shall willfully obstruct the recruiting or enlistment service of the United States, to the injury of the service or of the United States, shall be punished by a fine of not more than \$10,000 or imprisonment for not more than 20 years, or both.

Mr. NORRIS. Now the Senator has answered his own question. He will be punished by a fine of not more than \$10,000 or imprisonment for 20 years, or both fine and imprisonment. It does not make any difference how he is distributing it. Why, Mr. President, if the particular provision that we are talking about here goes into the law, it does not apply only to newspapers, it does not apply only to magazines that heretofore have circulated through the mails. It applies to a poster or a bill; it applies to the speech that the Senator from Louisiana, or any other Senator, may make on the floor of the Senate; and if this goes into effect, the Postmaster General could make it illegal for him to take a copy of that speech home and deliver it to his own wife!

Mr. POINDEXTER. Mr. President—

Mr. RANDELL. Mr. President, I hope the Senator will allow me to pursue my inquiry.

Mr. NORRIS. Yes; I thought the Senator was through.

Mr. RANDELL. Section 3 of paragraph 1 relates to false reports or false statements with intent to interfere with the operation or success of the military forces of the United States.

Mr. NORRIS. Yes.

Mr. RANDELL. Now, the section 2 referred to in the bill under discussion is evidently section 2 of Title XII. That relates to any publication, matter, or thing of any kind containing any matter advocating or urging treason, insurrection, or forcible resistance to any law of the United States.

Mr. NORRIS. Yes.

Mr. RANDELL. It is very different from the other. You might urge insurrection and not, as I construe the law, come under this section.

I want to ask the Senator this question: If a publication urges insurrection, treason, or forcible resistance to any law, does the Senator from Nebraska think a publication of that kind ought to be distributed in any way, shape, or form?

Mr. NORRIS. No, no; I have not said so. I do not claim so.

Mr. RANDELL. I understood that from the Senator's argument.

Mr. NORRIS. No; the Senator can not get that understanding from anything I said.

Mr. RANDELL. I know that the Senator is a patriotic man, and I could not believe that he intended to convey any such impression as that.

Mr. NORRIS. No. Now let me reply to the Senator's question, that I said had been answered by reading the extract from the espionage act. He asked me this question: Suppose the publication is excluded from the mails and the publisher resorts to the express to distribute it, what law would he be violating? I said he would be violating the same law.

Mr. RANDELL. Yes.

Mr. NORRIS. Then the Senator read section 3 of Title I of the espionage act, and, as I said, that answered his own question. It does not have to go through the mails.

Mr. RANDELL. I do not understand—

Mr. NORRIS. This applies to the same section that the Senator from Utah read. This particular amendment does not apply only to section 2 of Title XII of the espionage act.

Mr. RANDELL. I admit that.

Mr. NORRIS. It applies to the whole espionage act.

Mr. RANDELL. That is true.

Mr. NORRIS. And there are other provisions in it besides those that have been read that would be violated.

Mr. RANDELL. That is absolutely true; it applies to the whole espionage act; but I do not know any provision of the espionage act that would comprehend the case which I cited to the Senator. Now, perhaps section 2 of Title I has that effect. I do not so construe it. I think it is necessary to put

in the provision which we have here in order to protect the patriotic people of this country against the unlawful, or certainly wrongful, dissemination of these insurrectionary and treasonable utterances other than by the mail. Now they can be sent by express; they can be sent by newsboys; they can be sent by men hired to distribute them in big centers of population. A great deal of harm might be done by such publications, and never reach the mails, and it is that which we are seeking to avoid and to overcome in this act.

Mr. NORRIS. Still the Senator does not seem to get the idea about which he asked me a specific question, and I want to ask him now if the section that he has read does not answer his specific question? I want to ask him now if I was not right when I said that while the man was excluded from the mails with his publication, and was distributing it through the express office, he was liable under the same act as though he distributed it through the mails, and could be punished and sent to prison for 20 years and would have to pay a fine of \$10,000?

Mr. RANDELL. This section applies to making or conveying false reports or false statements with intent to interfere with the operation or success of the military or naval forces.

Mr. NORRIS. Why, yes.

Mr. RANDELL. There might not be any false statement, there might not be any misrepresentation, and at the same time the article might teach treason; it might advocate treason; it might advocate insurrection. It might do all those things and yet not make any false statement or false report of any kind as set forth in section 3 of paragraph 1.

I can understand that the publication might be very vicious and yet not come under the terms of section 3. Perhaps I am obtuse, but that is my understanding of it.

Mr. NORRIS. Mr. President, the Senator from Utah and the Senator from Louisiana ought to have a joint discussion on that proposition, because the Senator from Utah, I think very properly, called my attention to the particular section to which I called the Senator's attention, and he asked me whether I did not think anybody that was guilty of that ought to be punished. I frankly said "yes," and the law itself provides for a punishment. Why should they not be punished? Why are they not punished if they are guilty of a violation of that statute? And if the sending of a newspaper through the mails is a violation of that statute—which the Senator from Utah believes, and I do, and I think the Senator from Louisiana will when he thinks about it—if that is a violation of that statute, then the sending of the same newspaper through the express will likewise be a violation of that statute.

Mr. RANDELL. Mr. President, the Senator does not seem to draw a distinction between the spoken and the printed word. Section 3 refers to the spoken word, and, of course, it might refer also to the printed word; but when a man conveys false reports or makes false statements you do not have to print them in any shape or form to come under the provisions of section 3. You might say that in a speech which would not be printed, and yet several thousand people might hear your speech.

You might tell Tom, and he would tell Bill, and Bill would tell John, and so on, and this report would be carried around and do an immense amount of harm without ever getting it printed, and all of that would come under section 3. It is altogether a different proposition from the printed word, which is covered and intended to be covered by section 2 of Title XII. One is entirely different from the other. They answer different purposes, and are intended to answer different purposes. Now, I ask the Senator, if they were not intended to be different, why are they both put in here?

Mr. NORRIS. I have not said they were the same. The Senator is misconstruing me again. I do not claim that they are the same. I know they are not the same. Now, I want to read again section 3, which the Senator from Utah so kindly read:

Whoever, when the United States is at war, shall willfully make or convey false reports or false statements with intent to interfere with the operation or success of the military or naval forces of the United States or to promote the success of its enemies; and whoever, when the United States is at war, shall willfully cause or attempt to cause insubordination, disloyalty, mutiny, or refusal of duty, in the military or naval forces of the United States, or shall willfully obstruct the recruiting or enlistment service of the United States, to the injury of the service or of the United States, shall be punished by a fine of not more than \$10,000 or imprisonment for not more than 20 years, or both.

It does not make any difference whether he does it by word of mouth, whether he does it by letter, whether he does it by newspaper, whether he does it by a magazine, or whether he does it by the CONGRESSIONAL RECORD. It does not make any difference whether it goes through the mails or whether it is distributed by express. It does not make any difference whether it is second-class matter or whether it is delivered in an automobile by the man who uttered or wrote the words. It is a



crime just the same, and he can be punished for it. Those who are favoring the particular provision to which I am objecting seem to go on the theory that those things are not crimes now; that they can not be punished now; and that the only way to reach them is to give to the Postmaster General authority to say, arbitrarily, "This newspaper shall not be published; it shall not circulate through the mails," and when he does say so, that this provision says "neither shall it be distributed in any other way." If that were done in regard to a newspaper, if you handed me a copy of it you would be liable to 20 years' imprisonment in the penitentiary and to pay a fine of \$10,000.

Now, Mr. President—

Mr. KING. Mr. President, whenever there is a convenient place, I should be glad if the Senator would yield to me.

Mr. NORRIS. All right; I would just as lief yield now.

Mr. KING. I want to put a concrete case to the Senator from Nebraska. To see just how far he thinks this legislation goes.

Take a case of this character: There is an act of Congress, as I recall, that prohibits the transmission through the mails of obscene, lewd, lascivious, and blasphemous publications. Some of the States have statutes making it an offense to circulate or distribute obscene literature or publications by any means whatever, so that if one should hand the publication to another, or if he should send it by express, such act would be an infraction of the statute enacted under the police power of the State. These same States, as far as I know, also have statutes making it an offense to publish or print obscene, lascivious, and blasphemous articles. They do not content themselves with denominating the printing and publication a crime, but they make it a crime to circulate or distribute it, to hand it from one person to another or to send it through an express company. Does the Senator think that because it is made a crime to print or publish the obscene matter that the States ought not to go further and that they ought not to endeavor to prevent the distribution of the same, though in so doing it is declared to be an offense to circulate or distribute the same?

Now, if that is legitimate and proper legislation—and it seems to me no one can complain about that legislation—

Mr. NORRIS. I wish the Senator would let me answer the question he has asked. He is going to ask so many that I fear I will forget his first question. Will he let me answer the one he has just asked?

Mr. KING. I am trespassing upon the Senator's time, and of course—

Mr. NORRIS. No; I am glad to have the interruption. It always enlightens, and I am not objecting at all. I should like to answer that question, however, and then I will yield again to the Senator if he wants me to.

The Senator asks whether I think the distribution ought to be made a crime, and I answer, to be sure it ought to be made a crime. He says there are many States that make it a crime. Let us see, when I offend against the law, what happens to me. I am arrested. I am tried before a court and before a jury, and I may claim to be innocent. I may be innocent. I can imagine that a man is not always guilty of a crime because he is charged with a crime, and I have my day in court. If I am found guilty, I am punished. I say, yes; I want that kind of a law; and if you came in here with a law—which would not be necessary, because we already have it—and said that if I distributed seditious or treasonable literature by the express company or by the use of an automobile or any other method I should be punished, I should say "Amen" to that. But when I do it, when you claim I have violated the law, you have to bring me before a court, and I have my day in court before I am condemned. You may charge me with a crime when I am innocent. I do not think the Senator from Utah would do that, but I would not even intrust him with the arbitrary authority to say in advance, "This man has committed a crime; therefore his business shall cease." If there were a provision here for a hearing, if there were some provision by which these men could have an opportunity to be heard in their own defense, you would not hear me objecting to it.

Mr. POINDEXTER. Mr. President—

Mr. NORRIS. But in effect they have that privilege taken away from them.

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Washington?

Mr. NORRIS. I will yield first to the Senator from Utah, who was not quite through.

Mr. KING. It occurs to me, if the Senator will allow me, that when he concedes that legislation of that character is proper, that men may be and should be punished for distributing a lewd, lascivious, obscene, and blasphemous article or publication, he justifies this legislation, which he is now criticizing, because it merely provides that if there shall be publications of the charac-

ter denounced in the espionage act, and the publication of which is an offense, they shall not be distributed, or the act of distribution shall constitute a crime. It seems to me, if I properly interpret the Senator's position, he must admit that it would be consistent and rational legislation for Congress to go further and say, "We have made it a crime to publish certain treasonable matter and have made the same nonmailable; we will proceed further and say that if such publications are distributed we will enact laws that those who distribute them, if done with knowledge, shall be guilty of an offense."

Mr. NORRIS. Let me answer that.

Mr. KING. And by way of illustration, just as it might be an offense to publish an obscene book it might consistently and properly be made a wrong and an offense for a person to circulate the same, knowing it to be obscene, whether among his friends or among his enemies.

Mr. NORRIS. Taking the Senator's own words, he will not be in dispute with me. He says it is not wrong to make it a crime. My dear sir, it is now a crime to do that very thing. It is already a crime. If you want to enact it over again and make it a crime again, I will not object to that; but the particular clause I am objecting to does try a man in advance. It does not add to the criminal part of it; that is left as it is now; but it simply says you shall not do business when the charge is made. It does not wait to see whether he is guilty or innocent. The case the Senator puts is already in the law. To distribute these things among your friends or your enemies that contains treasonable matter is a violation of law now, for which anyone guilty of it after he has been found guilty in the legal tribunals of the country would be sent to the penitentiary for 20 years. That is all right, but this does not add a criminal provision. It does not make a thing a crime that is not already a crime. It simply interferes with a man's right to have a trial, and although he may never be tried, as soon as he is charged by the Postmaster General, he has, in effect, to cease business; that is all.

Mr. KING. Let me see if I understand the Senator from Nebraska. As I understand the Senator's last statement it is to this effect. He does not object to the Government of the United States or Congress making certain acts referred to in the espionage law crimes. He does not object to Congress passing a law stating that if a man shall publish something that is treasonable he shall be guilty of an offense. He does not object to Congress enacting a law that the treasonable publication shall be nonmailable. But he does object, as I understand him, to Congress going further and saying that while the publication of such matter is an offense, and it is therefore not mailable and that legislation is proper, he does not think Congress should prohibit the distribution by other instrumentalities than the mail of those publications which are treasonable, and the publishing of which is made a crime.

Mr. NORRIS. No; that is not the point I make at all. The facts are that everything that the Senator propounds as being illegal is illegal now. I am objecting to an ipse dixit of the Postmaster General that shall put a man out of business without a trial.

Mr. KING. Will the Senator pardon me?

Mr. NORRIS. Let me go along further on that point. As I have said twice already, so that the answer may not be misunderstood let me say again, when the publisher has been denied the mails and the man resorts to any other means to distribute his paper he is liable to the same law absolutely and to the same punishment if he violates the law. In every one of the cases the Senator has put he presupposes that a man has been guilty of a crime and that he has violated the law. Whenever that is true I have no objection to almost any punishment that you have a mind to provide by statute. But I do claim and I do think that it is a fundamental principle of common, ordinary justice, much more a fundamental principle of American jurisprudence, that before any man should be ruined, put out of business, he should have a trial. If this provision had in it anything that would give the man a trial, I would not object to it.

Mr. SMITH of South Carolina. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from South Carolina?

Mr. NORRIS. The Senator from Washington tried to interrupt me a while ago, and I yield first to him.

Mr. POINDEXTER. I understand the Senator from Nebraska contends that this objectionable matter can not now be circulated by private means without violating the law; in other words, this objectionable matter may be declared nonmailable by the Postmaster General and excluded from the mails under the present law. Also the Senator from Nebraska says it may be kept from circulation by the prosecution of anyone trying to circulate it, through messengers or otherwise.



I should like to know from the Senator from Nebraska what this conference report adds to that situation if his construction of the existing law is correct. I add this to my question, that the conference report he objects to does not provide that matter declared nonmailable by the Postmaster General shall not be circulated by other means. That is not what the conference report says, but it says that matter which is made nonmailable by the provisions of the act relating to espionage shall not be circulated by other means. So it is not the ipse dixit of the Postmaster General, as I understand it, but the question is to be determined by a court.

Mr. NORRIS. Who is to decide it?

Mr. POINDEXTER. The court before whom it is presented. Mr. NORRIS. If that was correct, I would not be objecting to this language; but the Senator can not possibly, as I understand it, put that construction on it. This is the language:

or to transport, carry, or otherwise publish or distribute any matter which is made nonmailable by the provisions of the act relating to espionage, approved June 15, 1917.

In that act "every letter, writing, circular, post card, picture, print, engraving, photograph, newspaper, pamphlet, book, or other publication, matter, or thing of any kind" in violation of any of the provisions of the act is declared to be nonmailable.

Now, let us take a case. Who is going to say it is nonmailable except the Postmaster General? That is what he has already said in the newspaper he has put out of business. He said, "You have violated the espionage act. You can not be admitted to the United States mails." That is the decree of the Postmaster General.

Mr. POINDEXTER. If I may interrupt the Senator just at that point—

The PRESIDING OFFICER. Does the Senator from Nebraska yield further to the Senator from Washington?

Mr. NORRIS. I yield.

Mr. POINDEXTER. I will agree with the Senator if the conference report said any matter excluded from the mail by the Postmaster General should not be circulated in any other way. Then the man's guilt would be established by the ipse dixit of the Postmaster General. But it does not say that. Every criminal act has to be strictly construed. No court can convict a man unless upon the strictest construction of the criminal statutes he is found to be guilty. When the law says that the offense consists in circulating matter which is made nonmailable by the provisions of the espionage act, then the court is compelled to establish, and there is no court in the United States that would not, before it finds a man guilty, establish beyond reasonable doubt that the matter was nonmailable by the provisions of the espionage act.

Mr. KING. Will the Senator permit me a moment?

Mr. NORRIS. I yield to the Senator.

Mr. KING. An express company to which was tendered a publication to be carried to a distant point that the Postmaster General had held to be nonmailable would not be bound by the decision of the official named, and must receive it or fail to receive it at its own risk, and if it should refuse to receive it for transmission, when it should do so under the law, it is quite likely an action for damages could be maintained against it by the person tendering the publication.

Mr. NORRIS. You can rest assured the express company will not receive it if the Postmaster General has excluded it from the mails. In that case you can rest assured that you will not get anybody else to distribute it.

Mr. POINDEXTER. I suggest that that situation exists now. The reluctance of the express company or agent of any kind to distribute matter would not be increased by this act, because the Postmaster General already has power to exclude the matter from the mails. If his exclusion of it prevents an express company from accepting it for transportation, or an agent or messenger from distributing it, that is the result of the espionage act, the act of June 15, 1917, and not the result of the pending act.

Mr. NORRIS. Mr. President, the result of this legislation will be to practically coerce every newspaper publisher in the United States who can be coerced. It will mean that the Postmaster General will say to a newspaper publisher, "You have violated the espionage act; your paper is excluded from the mails." He will see that he can not get into the mails to distribute his paper and he will find he can not distribute it anywhere else. As I understand it, the very object of this language is to do that very thing. As has been argued by the Senator from Utah and the Senator from Florida, that ought to be sufficient. If you assume to begin with that the man is guilty, then that is right, and there is no answer to that argument, and I am not trying to answer it as to a guilty man. But

what would be the effect to say to one man you shall have the power to practically exclude from the mails and to exclude from circulation any magazine, any newspaper, any bill, anything that the man to whom is given the power says is a violation of the espionage act?

Mr. VARDAMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Mississippi?

Mr. NORRIS. I yield to the Senator.

Mr. VARDAMAN. If the Senator will permit an interruption, I wish to say that I am very much in sympathy with what he has said regarding the subject matter of the pending question. Amendment 1 of the Constitution of the United States is as follows:

Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.

I thought we were going a long ways toward the abridgment of free speech and interfering to an almost unconstitutional degree, with the freedom of the press when the espionage bill was passed. I spoke against the section of the bill under consideration and I voted against it. It ought to have been defeated. But the Senate passed it by an overwhelming vote. It is now the law of the land, and I always endeavor to obey the law.

The Postmaster General under the terms of the espionage law is made practically the censor of the press. He is vested with the almost absolute power of excluding from the mail, or denying certain publications the privileges of the mail, if he believes they are not under the terms of the said law fit for publication. And he has not hesitated to exercise that power to the fullest extent. I think that some papers have been excluded from the mail that ought not to have been excluded. More harm will result from the exercise of such autocratic authority than could possibly result from the circulation of the censored periodical. A good deal has been said about the necessity of protecting the people against the pernicious effect of seditious publications or the unpatriotic utterances of certain newspapers. I do not in any way share the anxiety which honorable Senators manifest for the helpless people. I still have faith in the wisdom and the patriotism of the masses. I believe they are amply able to take care of themselves if permitted to do so. Really I think the people need protection against Congress quite as much as the Congress seems to think it is necessary to protect the Government against the lack of wisdom on the part of the people. Lack of confidence in the ability of the people to govern themselves is the foundation upon which autocracies are built. With all my heart I believe with Thomas Jefferson that a lie is impotent and harmless so long as truth is free to combat it. Those ripe old truths are well understood by Senators but I am sorry to say that they are not practiced very much in these abnormal times.

But coming back to the point the Senator is discussing. The provision to which the Senator objects in this report does not give the Postmaster General the power to exclude from the mail anything he has not already the power to exclude. It does not make anything unlawful that is not already unlawful. It simply prohibits the use of the express company, the freight, or any of the other instrumentalities of commerce for the distribution of something which the Postmaster General has declared ought not to be distributed or what the law provides should not be distributed through the mails.

The thing which the law seeks to deal with is seditious matter; to prevent the circulation or distribution of a newspaper whose columns were used for an unlawful purpose. The purpose of this legislation was not to protect the mail but, rather, to prevent the use of the mail to the injury of the man. Now, if the matter prohibited from passing through the mail was of such a nature that it should not go to the people through the medium of the Post Office Department it is equally dangerous to send it by the express company. I am not apprehensive myself about the bad effect of such publications upon the people, but the law has been written, and it becomes the duty of every patriotic citizen to obey the law. If it is a bad law, and I think it is, the best and quickest way to get rid of it is to enforce it.

I know the hardship it is going to work, and I do not approve the principle or the policy of such legislation and, in my judgment, nothing but harm will result from it. But Congress has declared it to be the law, the courts have upheld it, the Postmaster General, as I have said, has been given the power to judge whether a thing is right or wrong and whether it ought to be withheld from the people, and when he shall do that I do not see any reason why if he determines that it should not go



through the Post Office Department it should be permitted to go by other means of transportation. I expressed opposition to this amendment in committee, but since I realize that it does not give to the Postmaster General or the censor, whoever he may be, any power that he did not already have, nor does it add anything to the present law except with reference to transmitting the newspapers through the mail I can not see why any special harm can result from it. Therefore I signed the report of the conference committee. If I could have my way about it I would not have any legislation of this character at all on the statute books. I do not think it correct in principle or safe in policy. If it does not violate the letter of the Constitution it most assuredly does violate the genius and the spirit of American institutions.

Mr. HUSTING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Wisconsin?

Mr. NORRIS. I hope the Senator will allow me to proceed.

Mr. HUSTING. I merely wish to clear up something that the Senator from Mississippi said. I wish to ask him a question.

Mr. NORRIS. All right.

Mr. HUSTING. The Senator from Mississippi said—at least I understood him to say—that the purpose of this act was to make nonshippable that which the Postmaster General declared nonmailable. I do not understand it that way. If the Senator please, it seems to me it declares nonshippable, if I may use that term, not the things declared nonmailable by the Postmaster General, but the things declared nonmailable by the statute; and there is nothing in the enactment which makes the Postmaster General censor of the express company.

Mr. VARDAMAN. I think the statute makes the Postmaster General the officer who declares whether it is nonmailable or not.

Mr. HUSTING. Is not that only for the purpose of mail matter?

Mr. VARDAMAN. This refers to the statute. It is made nonmailable by order of the Postmaster General, and it is not nonmailable until the Postmaster General holds it so. The Postmaster General is the court that passes on the question first.

Mr. NORRIS. I hope I may be allowed to conclude. I would have concluded long ago had it not been for the interruptions.

Mr. VARDAMAN. I beg the Senator's pardon. I thought I was answering the Senator from Wisconsin with his permission.

Mr. NORRIS. The Senator's remarks are very illuminating, but I should like to finish. It will take me only a few moments. I want to refer to what the Senator from Mississippi has said. It seems to me he makes the same mistake that other Senators do in assuming always that the man charged is guilty. It is said that if a man is circulating through the mails newspapers containing treasonable utterances he ought to be punished, and he ought to be denied the use of the mails. I say amen. Then it is said such a man ought not to be allowed to distribute such utterances through any other means; and I am willing to agree to that; but we do disagree when it comes to the method of the ascertainment of that fact. If we are going to leave that to the Postmaster General, and the publisher is not to have the right to be heard anywhere in his own defense until it is too late to do his business any good, then, I say it is wrong; it is striking at the fundamental principle of a free press and of free speech—something that our forefathers thought so much of that they put a provision for its protection in the fundamental law of the land, in the first amendment, I believe, to the Constitution of the United States.

As the Senator from Mississippi [Mr. VARDAMAN] says, the people need protection, and we ought to give them protection by rejecting this conference report, for the reasons that I have pointed out. Never yet, Mr. President, in any great war where it was necessary to place in one man's hands an enormous power have rights thus taken away from the people and placed in the hands of one man, when the controversy was all over been restored to the people intact.

It seems to me it is something we want to guard with jealous care; it seems to me that the very fundamental principle of our Government is to a certain extent at issue here and now. Those who favor this proposition ask, if a man is printing treasonable matter should he not be punished just the same if he sends such matter through the express companies as though he sends it through the mail? Again I answer, yes; he should; and there is a law now on the statute books which thus punishes him; but he must be tried by a jury and in the court where he has an opportunity to be heard in his own defense. Whenever you place in an executive officer the right to decide in advance, the right to interfere with my speech or with your speech, and with this magazine and that magazine, you are

striking at the very liberties of the people, something that our fathers and all of us have always contended we ought to keep inviolate.

What would it mean if one man had this wonderful power? What would be the condition of the newspapers and of the magazines of the country? Would not they all be more or less in a continual state of turmoil lest, even innocently, they might offend the censor, whose will was law, and whose dictum, in effect, gave the publishers no appeal and no right to be heard?

Mr. STERLING. Mr. President, just a word or two with reference to some of the views which have been expressed by the Senator from Nebraska [Mr. NORRIS] and others. The complaint of the Senator from Nebraska is to the effect that in the exercise of power on the part of the Postmaster General in excluding certain matter from the mails there is no chance on the part of the publisher to be heard; but this is a present evil, and there must be a remedy for it at once. Somewhere there must be the power to repress and prevent the evil. The evil is the sending through the mails of such publications, and they may be sent from day to day, from week to week, doing injury meanwhile, while the individual publisher waits six months or a year before he is heard and before it is determined whether or not he is guilty. So in a case of this kind there must be the power, which may be immediately exercised, to exclude from the mails.

Mr. President, in statute and in court decisions we have precedents and authority for a law like the one which is now proposed in the conference report. In the case of the sale of lottery tickets and of literature promoting lotteries we have an example of a law of this kind. The Postmaster General may exclude from the mails obscene literature. In both instances the Postmaster General is authorized to exclude from the mails, and there is no trial in advance in either case, but there may be a trial thereafter upon a charge duly made. So, with regard to matter intended to defraud, the mails can not be used for the promotion of schemes meant to defraud the public. The power, as I have said already, must reside somewhere to exclude from the mails such matter as will work injury to the morals or general welfare of the people.

There has been some confusion, I think, in regard to section 3 of Title I of the espionage act. First, however, before proceeding to that, I desire to call attention to section 2 of Title XII of that act, which provides:

SEC. 2. Every letter, writing, circular, postal card, picture, print, engraving, photograph, newspaper, pamphlet, book, or other publication, matter, or thing of any kind containing any matter advocating or urging treason, insurrection, or forcible resistance to any law of the United States is hereby declared to be nonmailable.

The power must reside somewhere, as I said a while ago, and necessarily, in this case, in regard to whether matter is mailable or nonmailable, it must be with the Postmaster General. Should we allow treasonable matter, matter promoting insurrection, matter advising forcible resistance to law, to be still carried in the mails while we wait six months for the trial of the publisher to determine whether or not he is guilty, and that, too, when a war is on, the most desperate and dreadful that ever afflicted mankind? It seems to me that the contention is preposterous that there must be had a hearing and a trial before the Postmaster General shall have power to exclude such matter from the mails.

How does the conference report amendment read in this regard? I want to show now just what the relation is to section 3 of Title I of the espionage act. Remember, the Senator from Nebraska and others say, at the instance and suggestion, in the first place, of the Senator from Utah [Mr. KING], that there might be a prosecution under section 3 of Title I of the espionage act. The conference report amendment is as follows:

Any print, newspaper, or publication in any foreign language which does not conform to the provisions of this section is hereby declared to be nonmailable, and it shall be unlawful for any person, firm, corporation, or association, to transport, carry, or otherwise publish or distribute the same—

Now, note this language—

or to transport, carry or otherwise publish or distribute any matter which is made nonmailable by the provisions of the act relating to espionage, approved June 15, 1917.

If the publisher has not complied with the provisions of the act with regard to the translation of the matter which is in a foreign language and made his affidavit accordingly, he has failed to comply with the act, and the publication is nonmailable. The only question, then, is as to whether or not its distribution by any other means than through the mails is prevented. I turn to the espionage act, and I find there, when you properly construe section 3 of Title I, that if the nonmailable matter is of a certain type and character, then and then only will it come within the provisions of section 3 of Title I of the espionage law. I read that title, as follows:



SEC. 3. Whoever, when the United States is at war, shall willfully make or convey false reports or false statements with intent to interfere with the operation or success of the military or naval forces of the United States or to promote the success of its enemies and whoever, when the United States is at war, shall willfully cause or attempt to cause insubordination, disloyalty, mutiny, or refusal of duty, in the military or naval forces of the United States, or shall willfully obstruct the recruiting or enlistment service of the United States, to the injury of the service or of the United States, shall be punished by a fine of not more than \$10,000 or imprisonment for not more than 20 years, or both.

If he has violated that section he ought to suffer that penalty. He may violate that section when he attempts to distribute the matter contained in his publication by express, by freight, or by any other means of conveyance. If so, he is then liable, because of the particular nature of the matter published, to prosecution under section 3, of Title I, of the espionage law. Whatever the means, if he has disobeyed that law, if he has not made the affidavit required, and sends forth in his publication seditious matter for the purpose of causing disloyalty or mutiny in the military or naval forces of the Government, to prevent which is the object of section 3 and of this part of the conference report, I do not care what the means, whether it be express, whether it be freight, or whether it be by delivery boy, he ought to suffer the penalty, severe as it is.

Mr. President, we are in a great war and under peculiar conditions, with newspaper publications, many of them printed in foreign languages—some in the language of the enemy, seeking to interfere with the efforts of the United States to bring the war to a successful conclusion. Examples, indeed, have already been furnished, as I am informed and believe, to the effect that sedition has been advised, that resistance to law has been advised through publications of this kind. What is the difficulty? When there is no translation the editorial advising such action may go to a foreign-language speaking community. The English-speaking residents of that community, not accustomed to reading papers in a foreign language, never note it and never know what mischief is done; or, knowing that mischief has been done, are unable to trace it to its source or know how it has been accomplished. So, Mr. President, I think in a time like this and under conditions such as we are now living in this is a wholesome, safeguarding provision, and should become the law.

Mr. POINDEXTER. Mr. President, I want to say merely a word or two. I have in mind a publication called the "American Weekly." It is un-American, and ought not to be called the American Weekly; it ought to be called the German Weekly; but it is printed in the English language. It has been excluded from the mails, and yet it is being circulated all throughout the United States. The entire burden of the matter which it contains is discouragement and attack upon the efforts of the United States in the conduct of this war for the preservation of the country. It is perfectly obvious that it is inconsistent and illogical for us merely to declare such matter nonmailable and keep it out of the mails and yet make it lawful for it to be distributed wholesale in any other way. I have no doubt at all that the funds to meet the expense of distributing this paper—and I refer to it only in illustration of a general situation—through the express companies, to newsboys, and at news stands come from German sources, and very likely from the German Government. I think that this conference report strengthening the law for the purpose of suppressing matter of that kind and meeting on our own soil these insidious and sinister attacks, which we have dealt with in a flabby sort of a way, ought to be enacted, and it is very important that it should be enacted.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. HUSTING and Mr. CURTIS addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. HUSTING. Mr. President, I wish merely to clear up the question that I propounded to the Senator from Mississippi [Mr. VARDAMAN] a little while ago. I will say that I have in my hand the act of June 15, 1917. Section 1 of Title XII of that act declares what is unmailable. I will read it. It is as follows:

#### USE OF MAILS.

SECTION 1. Every letter, writing, circular, postal card, picture, print, engraving, photograph, newspaper, pamphlet, book, or other publication, matter or thing, of any kind, in violation of any of the provisions of this act is hereby declared to be nonmailable matter and shall not be conveyed in the mails or delivered from any post office or by any letter carrier: *Provided*, That nothing in this act shall be so construed as to authorize any person other than an employee of the Dead Letter Office, duly authorized thereto, or other person upon a search warrant authorized by law, to open any letter not addressed to himself.

Section 2 of Title XII provides:

SEC. 2. Every letter, writing, circular, postal card, picture, print, engraving, photograph, newspaper, pamphlet, book, or other publication, matter or thing, of any kind, containing any matter advocating or urging treason, insurrection, or forcible resistance to any law of the United States, is hereby declared to be nonmailable.

Section 3 of Title XII reads:

SEC. 3. Whoever shall use or attempt to use the mails or Postal Service of the United States for the transmission of any matter declared by this title to be nonmailable, shall be fined not more than \$5,000 or imprisoned not more than five years, or both. Any person violating any provision of this title may be tried and punished either in the district in which the unlawful matter or publication was mailed, or to which it was carried by mail for delivery according to the direction thereon, or in which it was caused to be delivered by mail to the person to whom it was addressed.

That is all that I can find in that law in regard to declaring what is nonmailable. The point I want to make is that the particular section under discussion provides against—

Any print, newspaper, or publication in any foreign language which does not conform to the provisions of this section is hereby declared to be nonmailable—

And to this portion that I am now coming to I want to refer particularly—

and it shall be unlawful for any person, firm, corporation, or association to transport, carry, or otherwise publish or distribute the same, or to transport, carry, or otherwise publish or distribute any matter which is made nonmailable by the provisions of the act relating to espionage approved June 15, 1917.

The act approved June 15, 1917, does not give the Postmaster General any right to declare what is unmailable or unshippable. Of course, as applied to the United States mails, the Postmaster General, being at the head of the department, necessarily passes on the matter and declares it to be nonmailable, so that the department is forbidden to carry it; but in extending this to express companies there is nothing in the proposed provision which gives the Postmaster General any right to censor what the express company, for instance, shall carry. It depends upon the construction of the law, and the express company or any other carrier touched by this provision is not bound by what the Postmaster General says, but must construe the law himself, and refuse to carry the matter only when it is contrary to the provisions of the law. Now, being contrary to a finding by the Postmaster General is not enough. It has got to be a finding that it is contrary to the provisions of the law. So that the effect of the provision is not to declare unshippable by express, for instance, what the Postmaster General says is nonmailable, but to declare that it shall not be shipped by the express company when it is contrary to the provisions of the law.

So there is a vast difference between this provision and forbidding express companies to carry those things which the Postmaster General says are unmailable. This prohibition or inhibition goes to the extent of prohibiting the express company from carrying anything which the law says is nonmailable. So that whatever the practice may be—and we are not talking about that now; we are talking about what the effect of the law is—this is merely to prohibit express companies and other carriers from carrying those things which, by the facts and circumstances surrounding them, are in themselves nonmailable. That does not put it within the jurisdiction of the Postmaster General, however. That just defines the offense; and the offense is defined by the provisions of the law, not by what the Postmaster General says.

So this is merely carrying the law a little further, and prohibiting men who are publishing nonmailable stuff from evading the law and being able to distribute their treasonable stuff or illegal and unlawful matter through the express companies instead of the mails. It is not extending the offense any further. It is not giving any wider discretion to anybody. It merely closes one more avenue to those who are violating the law. It is just one more protection to the Government of the United States in this war in the way of stopping stuff which Congress has declared to be unlawful—not which the Postmaster General declares to be unlawful, but which Congress declares to be unlawful.

Mr. CUMMINS. Mr. President, I feel sure that no one condemns more severely than I do the utterances of various men and the publication of matter which tends to interfere with the successful prosecution of the war; but I believe that we ought to preserve, if we can, some little part of the right of free speech and a free press. There is certainly a little of it to which we can hold fast without injuring the country or impairing our efficiency and strength in the war. There is some point between absolute silence on the part of every human being, and absolute license, at which we can safely rest. I believe we will do this country more harm in an unreasonable attempt to suppress the right of speech and the right of publication than we will in permitting the publication of many things which seem to us unwise.

I do not agree with the Senator from Nebraska [Mr. NORRIS] with respect to his construction of this report, although I am opposed to the insertion of this particular paragraph in the law. I do not understand what jurisdiction the conference commit-



tee had over the subject, anyhow. I think it is a pure and unjustifiable assumption of authority on the part of the conference committee to make any report upon this subject. It is one that was not considered either by the Senate or by the House. There was nothing in the House bill upon the matter; there was nothing in the Senate bill upon the matter; and how the conference committee—which is, I assume, charged with the duty of reconciling the differences between the House and the Senate—could venture upon legislation of this kind, I am unable to understand.

Mr. FLETCHER. Mr. President, may I interrupt the Senator there?

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Florida?

Mr. CUMMINS. I yield to the Senator from Florida.

Mr. FLETCHER. Section 19 was added to the bill in the Senate. It was entirely a new section. It had relation to publications in foreign languages—in the German language, in fact. That placed the whole matter of the section, the whole of that new matter, in conference.

Mr. CUMMINS. It did, Mr. President.

Mr. FLETCHER. The House disagreed to it. Then an arrangement was reached between the conferees whereby not the precise language of the amendment as it passed the Senate, but that language, together with this, should constitute the real amendment.

Mr. CUMMINS. Precisely. Section 19—which was added, as I understand, upon the motion of the Senator from Utah—relates to the publication of matter in a foreign language. The amendment itself was confined to publications in the German language, and I agree that it was within the jurisdiction of the conference committee to enlarge the legislation so that it would include publications in any foreign language. In so far, I have no objection whatever to it, because I think it is better as reported by the conference committee than as it was passed by the Senate. But when the committee attempted to go further and to declare that it should be a crime to circulate in any manner whatsoever matter that might be in violation of the espionage law, it assumed the jurisdiction of a subject which was not connected in any way, either directly or indirectly, proximately or remotely, with the amendment offered by the Senator from Utah; and if we had any rule on the subject which was entitled to respect—we have none, I agree, or, if we have any, nobody respects it—if we had any rule on the subject that was capable of enforcement, this part of the report could be excluded, and it ought to be excluded, upon a point of order. But, as I have observed in times past, we are substantially lawless with regard to the action of conference committees, and we are gradually permitting these committees to organize new legislation upon new subjects, and it is brought before the Senate without any opportunity for amendment or change.

I make that complaint against the action of the conference committee. I am entirely in sympathy with the general object sought to be accomplished by the committee; but the Senate ought not to enact legislation that it has no chance to consider, no chance to change, no opportunity to amend; and I hope that at some time the Senate will be sufficiently jealous of its prerogatives, and have sufficient discernment with regard to the proper function of a conference committee and its own privileges to condemn the introduction into a report of matter entirely foreign to the subjects which were committed to its care.

Mr. President, I agree with the Senator from Florida [Mr. FLETCHER] with regard to his interpretation of this proposed new legislation, rather than the interpretation of the Senator from Nebraska [Mr. NORRIS]. We have made certain things criminal in the espionage law. I do not intend to review that statute. There are a great many things in it to which I gave my assent with great reluctance, and there are some things in it to which I could not give my assent at all. But it has become the law. It creates many additional offenses against the United States. Section 3, to which reference has been had, is simply a part of its general supervision. It defines certain crimes against the United States; but the whole act is full of definitions of new crimes, and when we came to section 1 of Title XII we said that any publication, newspaper, print, and so forth, in violation of any of the provisions of the espionage law, should not be carried by the United States in its mail. It is a very comprehensive, far-reaching statute, and I make no objection to it. My complaint against that statute—and I simply repeat what I said when the law was upon its passage—is that it gives no fair opportunity for those responsible for a publication, the character of which is brought into question, to have an impartial trial before a tribunal appointed for the purpose.

But that is neither here nor there. The law is a part of our new regulations, and I have no disposition to challenge it at this time. It covers the whole of the espionage act and excludes from the mails everything that is in violation of the act; and, while it is not entirely clear, if a person is violating, for instance, section 3 of Title I through the instrumentality of a newspaper or a magazine, it possibly may be said that the newspaper or magazine is in violation of that section. That is not very clear to my mind, but I do not pause to discuss it at this time. It is sufficient to say that we gave ample, full authority to the Postmaster General to exclude from the mail everything that was or is in violation of the provisions of the espionage law.

Let us see what remedy one has who is charged with a violation of the law through the publication of a newspaper or a magazine.

The Postmaster General rules that a given publication is in violation of the law, and therefore excludes it from the mail. There is a qualified, limited, imperfect appeal to the courts. The person interested may bring his suit to enjoin the postmaster or the Postmaster General from the execution of the order. That is to say, he may apply for what is termed a mandatory injunction in order to compel the admission of the newspaper or the magazine to the mail. What is open to inquiry in a suit of that character? Not the broad, general merits of the publication; not the question of whether its publisher is or is not guilty of an offense under the espionage law. The court has practically the same jurisdiction in such a case as it has when it comes to review an order of the Interstate Commerce Commission or any other body that is created for the purpose of applying to the particular case the law that we announce. The court must find that the Postmaster General acted without evidence, acted arbitrarily, which is but a synonym for saying that he acted without authority of the law. It is a very unsatisfactory review so far as the court is concerned; but I am stating what the law is, rather than criticizing it.

We now come to the present statute; that is, the one that is sought to be added through this conference report. What is it? It says that it shall be unlawful to carry, circulate, or transport any matter which is made nonmailable by the espionage act. I do not think that the espionage act covers the offenses that are named in this particular provision. I do not think that an express company or any other transportation company would be criminally liable under the espionage act for carrying literature that might be conclusive evidence of wrongdoing on the part of the publisher.

The PRESIDING OFFICER. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, which will be stated.

The SECRETARY. A bill (H. R. 2316) to promote export trade, and for other purposes.

Mr. POMERENE. I ask that the unfinished business be temporarily laid aside pending the consideration of the conference report.

The PRESIDING OFFICER. Is there objection? The Chair hears no objection, and it is temporarily laid aside. The Senator from Iowa will proceed.

Mr. CUMMINS. Mr. President, it is true, as said by the Senator from Nebraska [Mr. NORRIS], that the publisher or author of the statements or sentiments which are denounced and condemned by the espionage act still remains liable to criminal prosecution and can be prosecuted, as stated by the Senator from Nebraska, and heavily fined and imprisoned; but I know what was in the minds, I think, of the conferees. They desired to punish the instrumentalities through which the matter reached the public ear or the public eye. They wanted to make it a crime for an express company or any other transportation company to transport this material, even though it might be entirely ignorant of its character. They wanted to make it impossible for a publisher whose publication had been condemned by the Postmaster General to resort to any other channel through which to reach the public, and they have done it effectually in this provision.

Let us see what the effect would be in a given case. Suppose the Postmaster General were to examine a publication, magazine, or newspaper and declare it was nonmailable. The law does not provide for any trial whatever, and even if the publisher desires to challenge the correctness of the Postmaster General's decision, as I have pointed out, his rights of review is so limited that it is a practical denial of justice.

Mr. KING. Will the Senator permit me?

Mr. CUMMINS. Just a moment until I finish this thought. Then I will be glad to yield. The publisher resorts, we will assume, to the express company. Not at all admitting that



the decision of the Postmaster General is correct, but as an alternative he resorts to the express company or to the railroad company or whatever other instrument of transportation he may select, and puts his publication in its hands for circulation. He is, I assume, endeavoring to get the decision or the view of an impartial court upon the character of his publication. He is trying to find out whether he has violated the law or whether he is an innocent citizen. What will the express company do, or the railroad company, or any other general instrument of distribution or carriage do? It will say to the publisher: "I will not accept your publication. I do not intend to incur the hazard of becoming a criminal. I refuse to distribute the paper. The Postmaster General has said it was nonmailable, and if it was nonmailable it is in violation of the espionage law and there is not sufficient compensation or sufficient inducement for this company to accept the paper or the magazine." In that way a publisher who is in good faith entirely innocent is absolutely precluded from any opportunity to secure the judgment of any tribunal upon the character of his publication, except the Postmaster General.

I am appealing to the distinguished Senators who have spoken for this conference report and who are, I understand, largely responsible for it. Do you believe that that is in harmony with free institutions? Do you believe that it secures by proper guaranties the safety of the citizen according to the traditions of the forefathers?

Mr. RANDELL. Mr. President—

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Louisiana?

Mr. CUMMINS. I yield to the Senator. But I ought to yield first to the Senator from Utah [Mr. KING].

Mr. RANDELL. Does the Senator contend that the courts are not open to this man whose material is declared nonmailable by the Postmaster General?

Mr. CUMMINS. If the Senator heard what I said a few moments ago—

Mr. RANDELL. I have listened with great attention.

Mr. CUMMINS. Then the Senator knows my view on that question.

Mr. RANDELL. I certainly think you believe that the courts are open, and yet you have just said there was absolutely no appeal, that there was nothing for this man to do when the Postmaster General declared against him. It differs entirely from what the Senator said a few moments ago.

Mr. CUMMINS. There is no difference at all. I said there was no practical or efficient remedy. I said a few moments ago what I say now, and if the Senator from Louisiana differs from me with regard to the law on the subject I hope he will make it perfectly clear. I am not suggesting that the decision of the Postmaster General with regard to the nonmailability of a particular publication could have under this law any weight as evidence in a prosecution against a person who was alleged to have violated the provision you have reported. I am saying, however, that when the Postmaster General holds that a given publication is not mailable and those who are injured by his ruling appeal to the court there is just one way in which they can appeal, and that is by instituting a bill in equity for an injunction against the department or some officer of the department, and that the inquiry there is not as to the merits of the ruling but as to the transgression of authority upon the part of the Postmaster General. If the court finds that the Postmaster General had some evidence upon which to found his judgment, and did not act in an arbitrary way, it will refuse to interfere with the order of the department, no matter what its judgment might be with regard to the essential fundamental merits of the proposition itself.

Mr. VARDAMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Mississippi?

Mr. VARDAMAN. I wish to ask the Senator what would be the remedy for the publisher if he should not go to the Post Office Department, but offered his paper to the express company, and the express company should decline to carry it, without reference to any action on the part of the Postmaster General?

Mr. CUMMINS. So far as this particular provision is concerned, it does not depend upon any action or order of the Postmaster General; but if the publisher goes to the common carrier and tenders the paper for transportation and the carrier refuses to transport it, the person who offers it has no remedy, except possibly an action in mandamus to compel the carrier to accept it. But if the carrier does accept it in the ordinary course of its business, and then it was afterwards found that the matter was nonmailable under the espionage act, the carrier becomes liable criminally for the transportation, and that without regard to knowledge upon its part or participation upon its part other than the mere acceptance of the commodity itself.

Mr. FLETCHER. Of course the Senator does not question but that the ordinary rules of procedure in criminal cases would attach in that case as in the other. The question of intent would be involved, and the question of reasonable doubt would also be involved.

Mr. CUMMINS. Entirely; I think that is true; but what is intended here, through a rather devious and ingenious method, is to prevent the publisher from having any opportunity to try his case in the regular and the ordinary way.

Mr. KELLOGG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Minnesota?

Mr. CUMMINS. I yield to the Senator.

Mr. KELLOGG. Under Title XII of the espionage law, section 2, publications "urging treason, insurrection, or forcible resistance" to the law are "declared to be nonmailable," and the next section makes it an offense to attempt to use the mails for such a purpose. I should like the opinion of the Senator as to whether there ought not to be some law that would prohibit circulars or publications urging treason from being circulated among the people in any other way.

Mr. CUMMINS. There certainly should be.

Mr. KELLOGG. Is not that what this provision accomplishes?

Mr. CUMMINS. Who is to determine whether the circulars are of that character? That is the whole question here.

Mr. KELLOGG. The Senator asks who is to determine it.

Mr. CUMMINS. The effort is to prevent a trial. The effort is to give to a departmental officer the right to pass upon the character of all sayings and all writings concerning public affairs. The Senator has quoted one sentence of the espionage law. There are 20 other provisions under which the Postmaster General can act. He has quoted the one which is the plainest. I suppose there could not be much difference of opinion with regard to the publications that would come under section 3 of Title I of the espionage act, but there are a score of others upon which there is the widest difference of opinion and opportunity for the widest difference of opinion.

Mr. KELLOGG. Under sections 2 and 3 of Title XII of the espionage act the same question would arise, if a man is tried for attempting to mail a letter urging treason, that would arise under this provision of the trading-with-the-enemy act.

Mr. CUMMINS. Yes; so far as punishment of the individual is concerned, and we need no additional law for the punishment of individuals. The Lord knows we have enough penalties now to prevent the commission of these crimes, if penalties will prevent them. But this is not intended to impose penalties. It is not intended under it to accuse express companies and railroad companies and other public instrumentalities of the commission of a crime. It is intended that they shall refuse to carry these things because they are afraid of the action of the Postmaster General or the ex parte conclusion or decision of a purely administrative officer.

Mr. KING. Mr. President—

Mr. CUMMINS. I yield now to the Senator from Utah.

Mr. KING. I asked a similar question of the Senator from Nebraska [Mr. NORMAN] to the one I am about to propound to the Senator from Iowa. In practically every State of the Union there are statutes making it an offense to transmit or to distribute or to carry or to circulate any obscene or lascivious matter. If I tender to an express company in a State having a statute of that character a book which is obscene and lascivious, and the express company knows it and transmits it, it would commit an offense. If it did not know the character of the publication it would not be guilty of an offense in receiving and transmitting it.

Now, what is the difference in principle between the case which I have just suggested and the question which the Senator is now discussing? The Government of the United States declares that it is an offense to publish certain matter that is treasonable, and as I understand the Senator from Iowa he concedes that such legislation is proper. That is the matter which is referred to in section 3 and in the other section of the espionage law which has been referred to by the Senator from Nebraska [Mr. NORMAN]. The law declares that it is an offense, as the Senator from Minnesota just stated, to attempt to mail matter of that character. Now, what is there wrong or improper in Congress declaring the publication of that matter to be an offense? We prohibit its transmission through the mails, and if individuals or express companies knowingly—and that is the intent and meaning of this statute—transmit or distribute this matter, the publication of which has been made an offense, they shall be guilty of an offense. What is the difference in principle between this legislation of Congress and a State statute of the character to which I have just referred?



Mr. CUMMINS. I have been trying to point it out, and I will try again. In the first place, I differ from the view of the Senator from Utah with regard to the interpolation of the word "knowingly" in the criminal provision of this report. I do not believe that word would be a part of the statute if we adopt the conference report. We have a great many offenses against the United States in which the intent is not a part. We have, I suppose, hundreds of crimes which are committed without an intent to violate the statute at all, and this would be one of them in my judgment.

However, that is not really a part of the question asked by the Senator from Utah, and I desire to answer his question in perfect candor and good faith. There is just the same difference between imposing penalties of this kind upon publications by reason of their character that is illustrated in these two extremes. Suppose we pass a statute making it an offense to transmit through the mails, or through any other channel of distribution, pictures of nude women. Everybody can understand that; there is no opportunity for variety of opinion; and if that be the sentiment of the community which has enacted the law it is perfectly proper to punish not only the one who deposits the forbidden print in the mail or the express office or with the railway company but the carrier of such a print as well. Suppose, however, we were to say that any publication which tends to make democracy unsafe throughout the world should not be circulated or transported by either the Post Office Department or an express company or a railway company. I am not saying that we will not come to a time when it will be perfectly proper to declare that anyone is a criminal who does attempt to make democracy unsafe throughout the world. We may reach that point; but I am saying that there is a vast deal of difference between the opinions of men concerning the subject matter. What makes democracy unsafe throughout the world? What argument? What illustration? The Senators from Florida and Louisiana may think one thing will insure the safety of free institutions throughout the world. I may think that an entirely different course of argument is necessary to accomplish that purpose.

Mr. POINDEXTER. Mr. President—

Mr. CUMMINS. I yield to the Senator.

Mr. POINDEXTER. I should like to ask the Senator from Iowa a question there. He is now urging that a certain character of publications ought not to be prohibited; that is, at least in such general language as that which he describes, publications which some administrative officer might, in his opinion, tend to make democracy unsafe with the world. I assume we will all agree with him upon that proposition, but does the Senator argue that the publications which are described in this bill ought not to be prohibited from circulation?

Mr. CUMMINS. As I interpret the bill, all of them should be prohibited; but if the Senator from Washington should interpret the bill as I gather his general views there are a great many of them that he would prohibit that I would not. Such is the general character of the language used.

Mr. POINDEXTER. That would be a matter of interpretation of the language. I understand, however, that the Senator is not urging that the publications described in the bill should not be prohibited from circulation either by the mail or otherwise, as he construes it.

Mr. CUMMINS. I would make the penalty quite as severe for circulating through other channels as through the mails. I do not think there is any difference in that respect at all. If the thing is wrong it ought not to be circulated.

Mr. POINDEXTER. Then, may I ask the Senator to state briefly what is his objection to it?

Mr. CUMMINS. I want somebody to determine whether it is wrong or not before the penalty of \$10,000 or 20 years in the penitentiary is incurred.

Mr. POINDEXTER. Does the Senator believe that anybody could incur such a penalty under this act unless a court of competent jurisdiction determined it after a trial?

Mr. CUMMINS. Has the Senator heard the argument I have made?

Mr. POINDEXTER. Yes.

Mr. CUMMINS. I have been trying to make perfectly clear the great variety of opinion with regard to some of the provisions of the espionage law. I was very much opposed to some of those provisions; I am not taking any new attitude; but we have enacted the law and there is a widespread difference of judgment with regard to what the law embraces. I do not want to make a disinterested man or company a criminal until there is opportunity to investigate and determine the subject. That is all.

Mr. POINDEXTER. In what way does the Senator argue that the bill would make a man a criminal before there was an opportunity for a trial?

Mr. CUMMINS. I have stated that, but I will state it again. The newspaper or magazine goes to the Post Office Department and the publisher finds that the paper has been excluded from the mails.

Mr. POINDEXTER. That is what I thought—

Mr. CUMMINS. Just wait until I finish. I think I can make my own view anyhow perfectly clear. It is excluded from the mails on the ground that it is in violation of some of the many provisions of the espionage law. There is no appeal from the decision of the Postmaster General. There is, however, under the common law a right to attack the order of the Postmaster General, not upon the ground that the evidence fairly considered would lead to another conclusion, but upon the ground that the Postmaster General exceeded his authority under the law and decided the case without any evidence or in a way so arbitrary that it was clear he gave no heed to the evidence. There is no trial upon the merits, broadly speaking. But the publisher must accept that inadequate remedy. He comes to the conclusion that he will circulate his paper through the express company.

All the time, mark you, he is claiming that there is no violation of the statute; that he does not contravene any provision of the espionage law. He goes to an express company and tenders his paper for circulation or for transportation. The express company says to him, "For the meager compensation that we receive for transporting these papers we can not incur the hazard of becoming a criminal under the law and being prosecuted and fined under the statute. Therefore we refuse to distribute and to circulate your paper." What remedy has the publisher then? Where does he secure his opportunity to have an impartial tribunal to pass upon the quality and character of the things he has been saying or writing?

Mr. POINDEXTER. May I ask the Senator does he argue that an express company or the agencies used in the distribution of publications ought not to be prohibited by law from distributing them?

Mr. CUMMINS. What I was about to say is that the publisher, the person who is responsible for the utterance or the writing, whatever it may be, must take his chance, and I am not appealing for him. If he is convicted he must suffer the penalty that the law prescribes. But before we create a system that will prevent him from circulating his magazine or newspaper through the refusal of the ordinary instrumentalities of distribution to accept the paper, the Government ought to be required to institute a suit for an injunction to restrain those instrumentalities from taking and circulating his paper, and there the question as to whether it was in violation of the espionage law or not could be fairly and fully determined. In that way we would not find it necessary to condemn the accused before he had the privilege of a trial.

I give you an illustration; and I, of course, largely accept what the newspapers, the general press, have given to the public about it. Here is a magazine published in New York called *The Masses*. I never read a copy of it in my life. If it is what it is generally reputed to be, I have probably less sympathy with it than has any Senator upon this floor. It was excluded from the mails on the ground that it was in violation of the espionage law. Its publisher sought a mandatory injunction before a very eminent judge of the district court of the United States in New York. After full hearing the judge indicated, through his opinion, that he was about to issue, and he did issue, a mandatory injunction, which forbade the postmaster of the city of New York refusing to receive the publication to the mails. I judge from the reports that it was solely upon the ground that in the view of the judicial department of the Government the publication was not in violation of the espionage law.

What happened? Representatives of the Post Office Department of the United States or the postmaster in New York—I do not know who or which—appeared before a judge of the circuit court of appeals and secured in a formal way, without any trial, as I understand, an order staying the issuance or execution of the mandatory injunction. Mark you, the judge of the circuit court of appeals did not attempt to pass on the propriety of issuing the injunction, but in the ordinary course of affairs issued a stay. That left the order of the Postmaster General in full force and effect; and the case is now in the circuit court of appeals.

I do not know what the result will be; whether the judgment of the district court will be affirmed or reversed; I do not know whether the Supreme Court of the United States will finally affirm or reverse the judgment; nobody can tell; but what



happens in the meanwhile? The newspaper or magazine, deprived of the use of the mails, goes to the express companies as a channel of distribution; the express companies distribute it. Then comes this statute, and I have reason to believe, I do believe, that this proposed new provision of the law has come into the conference report simply to meet that individual case, so that the express companies or other transportation companies will refuse to transport the magazine, being in fear of the law, in fear of the consequences, for nothing can make it sure to them what the outcome will be. Thus, although the only judge who has ever passed upon the matter has decided that the material complained of was not in violation of law, this publication is absolutely put out of business. What has occurred in this instance may happen in a score of others.

I do not believe that any such drastic law is either necessary or that it will promote the public good. I think that any such legislation will have a much greater tendency to create sedition and to sow discord than it will have to bring about harmony and unity among the people of this country. I have hoped that a fair discussion of the subject might lead to its amelioration in some way; that it might induce those who are responsible for it to reconsider what they have done. Joining them and all other Senators in the belief that we ought by prompt and decisive enactment to punish those who are disloyal, I repeat the sentiment with which I began, that there must be left in this country some room for difference of opinion. It can not be that the Senator from Florida believes that the successful prosecution of this war depends upon suppressing all controversies with regard to every subject which pertains to the war; it can not be that we have reached a point in which it is necessary to padlock the lips of the people; it can not be that we are in that position which makes it necessary to appoint one spokesman for all the people of the country and to declare that any dissent from the views uttered by that censor shall be condemned as treason. Those who take that position, those who are moving along those lines, will, in my judgment, do much more to weaken the United States in the great struggle in which it has engaged even than those who inadvisedly and indiscreetly and improperly criticize the conduct of the war or criticize the character of our legislation.

I think that the overwhelming majority of the people of this country are of one mind. No matter what they may have believed a few months ago, they now know that we are involved in the mightiest struggle of all time; they know that we have undertaken to do what no other nation ever tried to do and what no other nation save our own could do. They intend to do this vast thing, and they intend to do it successfully; they intend to carry forward this war to a victorious end; there is no dissent among the people with regard to that general determination; but if, through provisions of the kind I am now considering, the Congress of the United States, little by little, insidiously grasps and carries away the last remnants of free speech and of a free press, they will finally awaken such indignation on the part of a free people that the object which they seek to accomplish will not only not be attained, but our last condition will be worse than our first.

I conclude by saying that, in so far as I am personally concerned, I condemn in the most emphatic way every utterance and every publication that tends to weaken our country in this titanic conflict. There is just one thing that the people of this country will not tolerate or forgive; it is the addition of a single unnecessary peril to those already confronting the gallant boys whom we have sent across the sea. No one feels more keenly than do I that phase of the great problem before us, for—although it may be a mere personal matter and probably it is not appropriate for me to speak of it, but as it is on my lips I may give it utterance—every near male relative I have in the world between the ages of 21 and 31 is in this war and each one of them gave his service to his country without any compulsion of the law. To me the thought, the statement, the publication of anything that will add to the danger of these boys, some of whom have gone and all of whom are about to go to foreign shores, is so abhorrent to me that I am utterly unable to give it adequate expression; but I hope that those who feel as I do about it will not destroy their own high object by imposing upon the people of this country so unreasonable a provision as the clause to which I have referred.

Mr. FLETCHER. Mr. President, I shall not take the time of the Senate in giving reasons or offering excuses for getting after people who are throwing obstacles in the way of their own Government and who are directly and indirectly offering aid and comfort to its enemies.

The Senator from Iowa [Mr. CUMMINS] has just said that he has relatives across the ocean, I understand, or who may cross

the ocean. What we want to say to our boys who are in France and to our boys who are going to France is "We are not going to leave you in the lurch; every man and every dollar in this country is behind you and will be behind you to the bitter end of this mighty contest." Yet there are people in this country who are stirring up adverse sentiment, who are publishing stuff which they are distributing throughout the country which shows they are not of that spirit, who are throwing obstacles in the way, who are discouraging that patriotic spirit and patriotic enthusiasm and that loyalty which ought to obtain in this country. That has been made perfectly plain to the conference committee, and I shall not go into details about it.

This amendment, I will say to the Senator from Iowa, was in nowise intended to meet some particular or individual case. I never heard of the case the Senator mentioned until he called attention to it here on the floor. This is a general provision which is intended to meet a situation which the present espionage act does not meet. I have before me here, to which I may refer briefly for the purpose of indicating the need of such legislation, two very notable addresses, one delivered by Mr. Root to the American Bar Association at Saratoga this month. Let me read just an extract from Mr. Root's speech. He said:

I beg you to remember what Europe thought of the condition in America in those long dark years of civil war, when it was believed that the American experiment had failed at last. I beg you to consider, if a true statement were made and communicated by cable to Russia, of all that has been happening in these United States during the last four months, of the riots, of the pacifists' meetings, of the seditious press, of the unblushing effrontery of treason throughout this land, consider what effect that would have upon Russia.

Mr. Root went on further to say:

We need not talk about the whys and wherefores of the war. It is here, and the issue is drawn so clearly that a child could see.

I may mention that there can be no difference between us in regard to the importance of preserving the freedom of the press as properly understood; there can be no question that legitimate, fair, proper publications and discussion and argument ought to be permitted and ought to continue; but, as Mr. Root has said, the issue here is so plain that a child can see it. It is perfectly plain what is seditious and what is not seditious in these circumstances and under the conditions as they obtain. I quote further from Mr. Root:

It is for the American people to determine whether they have the manhood to maintain the liberty that their fathers gained for them through sacrifice, the manhood to maintain the justice upon which we have prided ourselves, the manhood to defend those institutions of liberty and justice which we would hand down to our children, or whether we shall submit and abandon them all.

The issue is clear and distinct between the maintenance of the American Republic, free and independent, American justice to the rich and poor alike, American opportunity for the boy and the girl—whether we are so craven that we will leave our children to be subjected to the power of evil that ravished Belgium and Serbia; whether falsehood and faithlessness and cynical contempt for morals, and cold-blooded disregard of humanity, and utter absence of mercy and compassion, and denial of human right shall be the portion of our children, or whether the liberty which our fathers won shall be handed down to them by the manhood of our fathers' sons and the love of our children's fathers.

And it is a fortunate thing, when we have to deal with people who have the record that our enemies have in Belgium and in France, that we are able to make that battle line 3,000 miles away from our home. We must maintain our boys there and let them know that we are going to stand behind them.

I desire now to read a brief extract from an address delivered by Hon. William J. Bryan at Fort Benjamin Harrison on August 3, 1917, in which he said:

We live in the best country on earth, under the best form of government that man's mind ever conceived—a government which rests upon great fundamental principles, principles which are essential to a government like ours. One of these principles is freedom of speech; but every man should know that discussion ends when the country renders its decision and the people announce their will. "Acquiescence in the will of the people," as Jefferson declared, "is the vital principle of a Republic, from which there is no appeal except to force."

So, to-day, our Nation is one. If there is a discordant voice in this Nation to-day it must come from one who either does not understand the genius of our institutions or whose heart is not with his country. I think I know the American people; I believe I am as well acquainted with them as any other citizen. I have been among them now for a generation and I know that the American people will stand back of the President and Congress and furnish the Government whatever it needs, in men and money, to win this war.

People ask me every day how long this war will last. My answer is that I do not know; and I do not know anybody who does know. When anybody tells me he thinks he knows I lose confidence in his judgment. I know of nothing upon which any human being is able to predicate a guess that is of any value as to the length of this war. But I can state a fact that is worth more than any guess, prediction, or prophecy, and that is that no matter whether the war be long or short, the shortest road to peace is the road straight ahead, with no division among our people. We can not afford to allow anybody in this world to think for one minute that there is any division among the American people when once our Nation has decided to enter a war. The more earnestly one desires peace, the more loyally he should support the Government as the only way to hasten peace.



It is to meet conditions like these, to accomplish what is indicated here as important to accomplish that this legislation is proposed.

Mr. LEWIS obtained the floor.

Mr. CUMMINS. Mr. President, I should like to ask the Senator from Florida a question.

Mr. LEWIS. I yield to the Senator for the purpose of interrogating the Senator from Florida.

Mr. CUMMINS. I think I can illustrate the question by reference to history. Of course, I agree entirely with all that has been said by the distinguished citizen of New York, Mr. Root, as well as his great fellow citizen, Mr. Bryan, of Nebraska, in their generalizations; but now I ask the Senator this question: Suppose this statute had been in force in 1864, would the platform of a great political party that met that year and issued its declaration have been a violation of the espionage act?

Mr. FLETCHER. I think, Mr. President, in all fairness and candor, it should be said that if a person is charged with a violation of this proposed law as it has been framed in this conference report—an express company, if you please, or any other agency—that person would have his day in court under this law, and the question would be presented upon his arrest for punishment whether or not as a matter of fact—or, it may be said, as a matter of mixed law and fact, if you like—the material which he was transporting or distributing was in violation of the espionage act or in violation of the provisions of this bill. That question would be determined at a regular trial legally, properly, and regularly conducted, and to be decided by the jury upon proper instructions from the court. So we need not theorize as to what would or would not be a violation of the espionage act. It would be a question which the defendant charged with the violation of it would have a right to have determined by the tribunal before which his trial takes place.

That is all we can accomplish in any statute, it seem to me. There is nothing arbitrary, nothing to be settled by any individual in connection with this proposed statute. The whole of the proposition is that any defendant charged with a violation of the law has his trial in court, precisely as an individual charged with a violation of any other statute of the United States.

Mr. LEWIS. Mr. President, as I have been informed that there is a desire on the part of certain Senators who oppose the provisions of the conference report that there shall be no vote until 4 o'clock, in order that some Senators who are now absent may be present, I will take the liberty to suggest at this time some views which I might have added earlier or would have added subsequently.

Mr. President, in the first place, I should like to express for myself my understanding of this proposed law. The Senator from Iowa [Mr. CUMMINS] apprehends that it would permit the conviction of a person without any hearing beforehand; the Senator from Nebraska [Mr. NORRIS] apprehends that it would take his property and render it useless without a hearing. The junior Senator from Washington [Mr. POINDEXTER] propounded a query that I thought met the situation, and that was, "Is there not some one to determine when there is a violation?" The Senators, from my viewpoint, take the position that you must convict a man before you arrest him; that you shall have a judgment affirming as a judicial act the facts before you shall ever act upon them. In that event I am clearly of the opinion we could never arrest anybody; the one sought would fly before he was arrested. There would be no way in the world that a justice of the peace could ever decide whether a warrant should ever be issued upon the mere complaint of a complainant. I do think, however, that if there is an absence in this proposed law—and the junior Senator from California [Mr. JOHNSON] has attracted my attention to that feature of the provision—of any method by which a person may have a hearing upon his demand, that should be promptly remedied. Senators, however, may find great relief in all their observations on this law if they will find it convenient to read the case of *School of Magnetic Healing v. McAnnulty*, in One hundred and eighty-seventh United States, beginning at page 106. Nearly everything presented by distinguished Senators seems to have been answered by counsel in that cause, and the court makes such reply as, I think, would be very interesting to Senators, if not convincing, that it is within the power of the Government to do the very thing which is now contemplated by the pending measure.

Mr. President, the Senator from Florida [Mr. FLETCHER] tells me that he thinks we could have a vote now on the conference report. I should not like, however, to lose the floor. If it can be arranged that the vote may be had and that at its conclusion I may still hold the floor, I will be very glad to accommodate the Senator.

The PRESIDING OFFICER (Mr. HUSTING in the chair). The present occupant of the chair will state to the Senator from Illinois that he will be glad to recognize the Senator immediately after the vote is taken, if he still occupies the chair.

Mr. NORRIS entered the Chamber.

Mr. LEWIS. I will say to the Senator from Nebraska that the Senator from Florida is of the opinion that if I should yield at this time we could have a vote at once on the conference report, and when that is out of the way, then I could continue.

Mr. NORRIS. I am willing to vote, I will say to the Senator, but I desire a roll call on the adoption of the conference report.

Mr. LEWIS. But the Senator does not wish to debate it further?

Mr. NORRIS. No; I am ready to vote.

Mr. LEWIS. Then, with the understanding that the Senator desires a roll call, and that I may continue the floor immediately following the roll call, I am willing to yield the floor, with the understanding that I will not be taken from my feet.

The PRESIDING OFFICER. The Chair will state that he can not give the Senator any assurance that he will be recognized, except that the present occupant of the chair will be glad to recognize the Senator if he still occupies the chair after the vote is taken.

Mr. FLETCHER. I suggest the absence of a quorum.

Mr. LEWIS. I yield for the purpose of enabling the Senator from Florida to suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Florida suggests the absence of a quorum. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Johnson, Cal.	Page	Shields
Brandeggee	Jones, N. Mex.	Penrose	Smith, Ariz.
Calder	Kellogg	Phelan	Smoot
Cummins	Kendrick	Pittman	Underwood
Curtis	Kenyon	Poin Dexter	Vardaman
Fall	King	Pomerene	Wadsworth
Fletcher	Lewis	Ransdell	Watson
France	McKellar	Reed	Williams
Frelinghuysen	McNary	Robinson	Wolcott
Gerry	New	Saulsbury	
Hale	Norris	Shafroth	
Husting	Overman	Sheppard	

Mr. McNARY. I desire to announce that my colleague, the senior Senator from Oregon [Mr. CHAMBERLAIN], is detained on official business.

Mr. CURTIS. I desire to announce the necessary absence of the junior Senator from Idaho [Mr. BRADY] on account of illness in his family. I desire also to announce the unavoidable absence of the senior Senator from New Hampshire [Mr. GALLINGER]. I will let this announcement stand for the present.

Mr. FRELINGHUYSEN. I wish to announce the absence of my colleague [Mr. HUGHES] on account of illness.

Mr. CURTIS. I desire to announce the absence of the junior Senator from West Virginia [Mr. SUTHERLAND] on account of illness in his family. I will let this announcement stand for the present.

Mr. SHAFROTH. I wish to announce the unavoidable absence of my colleague [Mr. THOMAS] on account of sickness, and to state that he is paired with the senior Senator from North Dakota [Mr. McCUMBER]. I will let this announcement stand for the day.

The PRESIDING OFFICER. The Chair has been requested to announce the unavoidable absence of the senior Senator from Kansas [Mr. THOMPSON] on official business.

Mr. LEWIS. In this connection, I desire to announce the absence of the senior Senator from South Carolina [Mr. TILLMAN] on account of illness. He is paired with the senior Senator from West Virginia [Mr. GOFF]. I will let this announcement stand for the day.

Mr. CURTIS. I desire to announce the unavoidable absence of the junior Senator from Michigan [Mr. TOWNSEND] on account of illness in his family. I will let this announcement stand for the day.

The PRESIDING OFFICER. Forty-five Senators have answered to their names. There is not a quorum present.

Mr. LEWIS. I ask that the names of the absentees be called.

The PRESIDING OFFICER. The Secretary will call the roll of the absentees.

The Secretary called the names of the absent Senators, and Mr. KIRBY, Mr. MARTIN, and Mr. SWANSON answered to their names when called.



Mr. LODGE, Mr. STONE, Mr. SIMMONS, Mr. MYERS, and Mr. SMITH of South Carolina entered the Chamber and answered to their names.

The PRESIDING OFFICER. Fifty-three Senators having answered to their names, there is a quorum present.

Mr. FLETCHER. I move that the conference report be agreed to.

The PRESIDING OFFICER. The question is on the adoption of the conference report.

Mr. NORRIS. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. LODGE (when his name was called). I have a general pair with the senior Senator from Georgia [Mr. SMITH]. As I understand that he would vote as I am about to vote, I vote "yea."

Mr. MYERS (when his name was called). I have a pair with the junior Senator from Connecticut [Mr. McLEAN], who is necessarily absent on account of illness. I transfer that pair to the senior Senator from New Jersey [Mr. HUGHES] and vote "yea."

Mr. REED (when his name was called). I transfer my pair with the senior Senator from Michigan [Mr. SMITH] to the junior Senator from Oklahoma [Mr. OWEN] and vote "yea."

The roll call was concluded.

Mr. CURTIS. I transfer my pair with the junior Senator from Georgia [Mr. HARDWICK] to the junior Senator from Michigan [Mr. TOWNSEND] and vote "yea."

Mr. FRELINGHUYSEN (after having voted in the affirmative). I have a general pair with the junior Senator from Montana [Mr. WALSH]. I see that he is not in the Chamber. I transfer that pair to the senior Senator from New Hampshire [Mr. GALLINGER] and will allow my vote to stand.

Mr. McNARY. I desire to announce the necessary absence of my colleague [Mr. CHAMBERLAIN] on official business.

Mr. OVERMAN (after having voted in the affirmative). I inquire if the senior Senator from Wyoming [Mr. WARREN] has voted?

The PRESIDING OFFICER. He has not.

Mr. OVERMAN. I have a general pair with that Senator. I transfer that pair to the junior Senator from New Hampshire [Mr. HOLLIS] and will let my vote stand.

Mr. SAULSBURY (after having voted in the affirmative). I neglected to announce that my pair with the senior Senator from Rhode Island [Mr. COLT] does not apply to this vote. It does not apply to any votes on war measures during the war. This announcement may stand for the session.

Mr. CURTIS. I desire to announce the unavoidable absence of the senior Senator from Vermont [Mr. DILLINGHAM]. I will let this announcement stand for the afternoon. He is paired with the senior Senator from Maryland [Mr. SMITH].

Mr. FLETCHER (after having voted in the affirmative). I voted without announcing my pair with the senior Senator from New Hampshire [Mr. GALLINGER]. I have a general pair with that Senator; but I am advised that he would vote as I do, and therefore I will allow my vote to stand.

Mr. VARDAMAN (after having voted in the affirmative). I voted inadvertently. I am paired with the junior Senator from Idaho [Mr. BRADY]. I transfer that pair to the senior Senator from Nevada [Mr. NEWLANDS] and will let my vote stand.

Mr. CURTIS. I have been requested to announce the following pairs:

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Maryland [Mr. SMITH];

The Senator from Maine [Mr. FERNALD] with the Senator from South Dakota [Mr. JOHNSON];

The Senator from West Virginia [Mr. GOFF] with the Senator from South Carolina [Mr. TILLMAN];

The Senator from North Dakota [Mr. McCUMBER] with the Senator from Colorado [Mr. THOMAS];

The Senator from Pennsylvania [Mr. KNOX] with the Senator from Oregon [Mr. CHAMBERLAIN];

The Senator from Massachusetts [Mr. WEEKS] with the Senator from Kentucky [Mr. JAMES];

The Senator from Minnesota [Mr. NELSON] with the Senator from Alabama [Mr. BANKHEAD];

The Senator from Illinois [Mr. SHERMAN] with the Senator from Kansas [Mr. THOMPSON]; and

The Senator from West Virginia [Mr. SUTHERLAND] with the Senator from Kentucky [Mr. BECKHAM].

The result was announced—yeas 48, nays 6, as follows:

## YEAS—48.

Ashurst	Colt	Fletcher	Hale
Brandeggee	Curtis	Frelinghuysen	Harding
Calder	Fall	Gerry	Husting

Jones, N. Mex.	Martin	Ransdell	Smoot
Kellogg	Myers	Reed	Sterling
Kendrick	New	Robinson	Stone
Kenyon	Overman	Saulsbury	Swanson
King	Page	Shafroth	Underwood
Lewis	Phelan	Sheppard	Vardaman
Lodge	Pittman	Shields	Wadsworth
McKellar	Poin Dexter	Simmons	Williams
McNary	Pomerene	Smith, S. C.	Wolcott

## NAYS—6.

Cummins	Johnson, Cal.	Norris	Watson
France	Kirby		

## NOT VOTING—42.

Bankhead	Gore	McCumber	Sutherland
Beckham	Gronna	McLean	Thomas
Borah	Hardwick	Nelson	Thompson
Brady	Hitchcock	Newlands	Tillman
Broussard	Hollis	Owen	Townsend
Chamberlain	Hughes	Penrose	Trammell
Culberson	James	Sherman	Walsh
Dillingham	Johnson, S. Dak.	Smith, Ariz.	Warren
Fernald	Jones, Wash.	Smith, Ga.	Weeks
Gallinger	Knox	Smith, Md.	
Goff	La Follette	Smith, Mich.	

So the report was agreed to.

## URGENT DEFICIENCY APPROPRIATIONS.

Mr. LEWIS obtained the floor.

Mr. MARTIN. Mr. President, I ask the Senator from Illinois to yield to me to make a report.

Mr. LEWIS. I yield to the senior Senator from Virginia.

Mr. MARTIN. Mr. President, I desire to report from the Committee on Appropriations the bill (H. R. 5949) making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1918, and prior fiscal years, on account of war expenses and other purposes, and I submit a report (No. 134) thereon. I desire to give notice that to-morrow morning, after the morning business, I shall ask the Senate to proceed to the consideration of the bill.

The PRESIDING OFFICER. The bill will be placed on the calendar.

Mr. CURTIS. Mr. President, I did not understand the announcement made by the Senator from Virginia in reference to taking up this bill. Do I understand that he desires to take it up to-morrow?

Mr. MARTIN. Yes; I shall ask that the deficiency bill be taken up to-morrow.

Mr. CURTIS. The first thing after the morning hour?

Mr. MARTIN. The first thing after the morning business.

Mr. SWANSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Virginia?

Mr. LEWIS. I yield to the junior Senator from Virginia, with the understanding that he has a matter which will occupy only a moment, and that if it calls forth any debate or discussion he will withdraw it, so as not to take me from the floor.

## TREASURY DEPARTMENT BUILDING.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 2477) to authorize the construction of a building for the use of the Treasury Department, which was, on page 2, to strike out lines 1 and 2.

Mr. SWANSON. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

## PROMOTION OF EXPORT TRADE.

Mr. POMERENE. Mr. President, will the Senator from Illinois yield to me for just a moment?

Mr. LEWIS. I yield.

Mr. POMERENE. I ask that the unfinished business be laid before the Senate. It was temporarily laid aside.

The PRESIDING OFFICER. The Senator from Ohio asks to have the unfinished business laid before the Senate. Is there objection?

There being no objection, the Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 2316) to promote export trade, and for other purposes.

## PRUSSIAN PEACE HYPOCRISY.

Mr. LEWIS. Mr. President, I have yielded to different Senators to bring forth their measures, because some things that I purpose saying are a little extraneous to either of the bills under discussion, and I did not desire to obstruct the vote on the one or interfere with the program with regard to the other. I desire to continue my observations as they were begun under the report of the trading-with-the-enemy act.

At this point I wish to present some views to the Senate under the subject matter of "Prussian peace hypocrisy." I present, sir, for the consideration of the Senate that does me the compliment to hear this discussion what I deem to be the affront



to our President and the insult to the United States of America in the announcements from the Emperor of all the Germans in what purports to be his response to the petition for peace of His Holiness the Pope of Rome. I refer to that particular petition addressed to all the warring nations concerning the availability of peace terms and asking for a cooperation to this noble object of peace on earth.

Mr. President, I invite the attention of the Senate to the fact that the proposition that came from the Pope was a suggestion to the warring nations, first, that they should state upon what terms peace could be had; second, in what way those terms could be enforced; and, third, to suggest a basis upon which a peace with justice might be permanent. Upon this the Pope asked a full and frank response. The President of the United States, in behalf of America, made reply pointing out the way, setting forth in detail how this commendable result could be achieved, and in what manner and upon what conditions the United States of America would cooperate to that end. Notable in the presentation by the President of the United States was the statement that past experiences of the United States with the Imperial Princes of Germany had clearly established to America that it could not accept the assurances of the ruling powers of Prussia. The United States had been deceived and trapped by indulging in the belief that these Prussian agencies could be truthful or intended to be fair. The President of the United States, for America, stated, however, that when the German people found it agreeable, through any arrangement they cared to make, to take up the subject by themselves, for themselves, their assurances would be received, their promises confided in. The President expressed his wish that this hope could be consummated.

Mr. OVERMAN. Mr. President, did the President of the United States speak for America or for the United States of America?

Mr. LEWIS. Mr. President, the eminent Senator from North Carolina invites my attention to the difference in the terms America and the United States of America. I say to the Senator that literally the President of the United States, of course, speaks only for the United States of America; but it has been the custom for a long time now to designate the United States as America and the other half of our continent as South America. Such is why I indulged that technical, syntactical error. Nevertheless, my eminent friend from North Carolina is ever welcome to call to my attention even an error such as that, because at this particular time it is well to be accurate in the least of things.

Mr. President, after the reply of the United States, everyone who hoped for peace and would have avoided this necessary war was literally upon the tiptoe of expectancy as to what would be the reply of the principal actor in the drama, Prussia. It was believed that Prussia, which had previously by expressions indicated to the world a desire for peace, would avail itself of such opportunity as was tendered. That Prussia would embrace the chance to set forth clearly and frankly the terms upon which this peace could be had, and would cooperate with whatever Government agencies had been set afoot to bring about this result. Sir, by all just people it was dreamed that Prussia's reply would disclose a spirit that would express some willingness for immediate just peace and would suggest terms as to herself concerning which the nations involved could at least negotiate. For myself, sir, I was one of those who harbored the belief that there was a real sincerity on the part of the Prussian princes when they pretended for peace. I was one of those anxious that we should have peace if it could be secured consistently with the high purposes for which we entered this war. I had indulged the hope that the dream of the German people for peace and quiet, their needs for food and comfort, their distresses in their dead and dying might appeal to the Prussian Emperor—the Emperor of the Germans—and through such influence some expressions might come that would show a sincere desire to cooperate in this Godly enterprise—the peace of nations. But, sir, we are compelled now to note, if we do justice to the record, that notwithstanding the pretenses which had come to us from official sources in Germany but a few weeks past professing of a desire for peace; that when the opportunity came for Prussia to express definitely the terms upon which peace might be had, Prussia was the only nation involved—the German Emperor, for Prussia, the only official addressed, who declined to make a statement of any terms upon which any peace, under any circumstances of the present war, could be had. I call the attention of the Senate to the revelation with the object that the hypocrisy of past pretensions should be now unclonked; the mask should be torn aside, and the real character of things should be betrayed as they stand in official Prussia. I demand that the real falsity and established per-

fidy be exposed. I do this that no Senator occupying a seat on this floor hereafter, however well disposed his heart, however noble his nature, who in the past having felt that the Prussians were fair according to their own ideas, sought to give them a just hearing and presumptions of honesty; will not now see that the contribution of friendship he made has been abused, that the encouragement to Prussian contentions he gave has been abused, and all friendship he extended betrayed. The time has now come when, from this response of the Prussian Caesar—as I shall unfold it—every Senator, without regard to any former position he had taken; every American, without reference to any past declaration—indeed every citizen of the United States of every station must behold that this reply had for its deliberate object, first, ignoring the United States as though it had no existence; second, an affront to the President for his presumption, as they would term it, in assuming that the German people were an entity at variance from the German princes. Lastly, a deliberate declination to suggest a single concrete thing upon which any peace whatever would be accepted and a flouting of all propositions of President Wilson for the United States and a contemptuous ignoring of all conditions laid down by the Pope.

Mr. President, there has gone through the press the idea that the Emperor of the Germans has told the world that peace could be accepted upon a plan of disarmament, and that open seas would also at once be afforded as a basis of peace. Sir, I am compelled to bring to your attention that never was that concession even intimated as a concrete yield as a basis for peace. To the contrary, no terms were accepted, none stated. All were avoided with trickery of words. Sir, I prefer to read. Says the Emperor of Germany, replying to the Pope:

Appreciating the importance of his holiness's declaration, the Imperial Government has not failed to submit the suggestion contained therein to earnest and scrupulous examination. Special measures, which the Government has taken in closest contact with representatives of the German people for discussing and answering the questions raised prove how earnestly it desires, in accordance with his holiness's desires and the peace resolution of the Reichstag on July 19, to find a practical basis for a just and lasting peace.

We now, sir, would expect a statement of something as the basis for that "just and lasting peace."

Then proceeds the Emperor, saying:

We share his holiness's view that definite rules and a certain safeguard for a simultaneous and reciprocal limitation of armaments on land, on sea, and in the air, as well as for the true freedom of the community and high seas, are the things in treating which—the new spirit that in the future should prevail in international relations—should find first hopeful expression. \* \* \*

The Imperial Government will in this respect support every proposal compatible with the vital interest of the German Empire and people.

Noticeable indeed; a more skillful paper has seldom gone out from the hands of a literary alienist. The suggestion of disarmament, made by the Pope—open seas, suggested by the Pope—these the Emperor of Germany only exclaims should find a "hopeful expression in the future period of international relations." But how carefully do we see avoided any expression that it should find any spirit now in the present conflict, no promise for now or the future offered by the Emperor for open seas or disarmament now as a condition of peace. No guaranty of any kind whatever made to any issue now involved. No suggestion to the world that Prussia is ready with any present tender to enter into any understanding upon any of the propositions presented by the Pope or suggested by the President or named by the allies. It suffices for the Emperor of Germany to dismiss the Pope with coquettish diplomacy, saying that these things are to be "considered in the international relations of the future, measured by the spirit suggested." Indeed—how bewilderingly abstract, how delusively indefinite. How bowing to the future—it laughs its intangible, nebulous, and deceiving mixture of confusing phraseology—yet under no circumstances a promise to yield open seas, disarmament of army and navy, aerial warfare, or on the land, or cease one assault upon human rights. Nor, Mr. President, is there in any respect whatever any promise suggested for the future as a stated thing, even upon a condition.

Mr. President, I bring to the attention of the United States of America in my humble place this deception practiced upon the American heart, this delusion of the mind. We all recall that time and time again Prussia gave to the world her assurance that she was ready for disarmament at present and for the freeing of the high seas at present. But Senators will now note that when the opportunity was given to do these, nowhere is there stated any such promise, any such suggestion, or any such hope.

Mr. McCUMBER. Mr. President—

Mr. LEWIS. I yield to the Senator from North Dakota.

Mr. McCUMBER. I will ask the Senator what nation on the face of the earth has ever denied the freedom of the seas or ever assumed to control any part of the seas except during a period of war in defense of itself or in asserting its rights to



keep goods out of an enemy's hands? Is there anything in the proposition of the freedom of the seas except some nebulous idea that casts a doubt upon whether the seas heretofore have been free?

Mr. LEWIS. I answer the Senator, where would there be any freedom of the seas if it is to be conceded that whenever it is to the advantage of any one contestant they can close the seas? Must freedom of the seas mean freedom only up to the time when it becomes to the interest of any one of the parties to shut that freedom off from its enjoyment? I answer the Senator that when Prussia threw its zone around the sea and said to the United States of America, "Thus far and no farther shall you go," and made it impossible that we should enjoy the seas, there was no freedom. I say to the able Senator that even though there be war between nations in Europe it does not license those nations to say to us, "You shall not enter here and enjoy the freedom which previously was yours, even though you are not in the war." We were not at war at that hour when we were barred out on penalty of death. Therefore, it is perfectly plain in this assurance of statement made by the Emperor of Germany that no intent is disclosed that during the war any form of freedom of the seas is to be permitted contrary to the barrier that has been created against the United States of America, and from this document of defiance we may expect the sea to be barred by submarines against us after the war—

Mr. McCUMBER. Mr. President—

Mr. LEWIS. I again yield to the Senator.

Mr. McCUMBER. In other words, the only time the freedom of the seas has been denied has been when a death zone was fixed by our enemy and a declaration that any ship with any kind of goods going to any section of the world traveling through that zone would be sunk without notice. Has there been any other time when any nation in the world has assumed to so control the seas?

Mr. LEWIS. The Senator well states the proposition, and I am content in that to accept his definition, that such is the only condition of that kind which our present civilization has confronted.

Therefore, I ask you, sir, and ask the Senate to note what this reply had for its real object. First, Mr. President, the real purpose of the reply was to flout the United States. Its main object was to cast an affront upon the President of the United States. It was to ignore his every suggestion touching needed freedom of the German people and respect to their cry for peace—made to the world. It was to ignore, sir, the demand for the freedom of the seas in so far as our rights to such were established, but more, sir, it was for the purpose of certifying to the world that it did not recognize the distinction set forth by the President of the United States to his holiness the Pope, stating the rights of the German people as against the assumptions of the German princes. In the reply sent from the Emperor we behold two principal objects: First, it was to inform the contesting forces in the conflict, as well as the whole earth, that Germany felt no reason for yielding to anything upon the demands of any nation. Second, it would not concede that the German people had any right which the President of the United States had any privilege to speak for. Nor would it admit the right to the German people as a people to enjoy liberties apart from that granted as a privilege or favor by the Prussian princes. On this reply the Kaiser says he will submit himself to history. The Germans have a saying, "Die Weltgeschichte ist das Weltgericht." So say we now to the Kaiser, "World history is the world tribunal."

Therefore, Mr. President, it was the complete ignoring of anything the United States had said of any nature whatsoever upon any basis stated by the United States as condition of world peace. The Kaiser boldly asserts that only such propositions would be considered as basis for peace as were consistent with the interests of the German Empire. Sir, behold that no interest of the world for peace, no interest of the rights of the Republic of America for justice, if you please, no interest whatever of humanity, no interest of civilization was to be considered. Only, sir, "the interests of the German Empire" as seen by the Kaiser. Only that would he suggest to His Holiness as worthy of any consideration as a basis of peace to the world. What mockery, what confession of falseness to professions of world welfare.

Here, sir, we have the spectacle of a statement broadly and brazenly made that the terms whether suggested by the Pope of Rome, from the President of the United States, from the allies, or from any other source in the world must be wholly consistent with the object of the German Empire. That only such would be the ones that would be received, or, if you please, even to be the basis of consideration for a convention of world peace by this imperial Czar of the Germans. "My will

or his life" was the declaration of the first William as to his political opponent. Prussia to dictate or civilization to die, is the edict of the successor of William, the now Kaiser of the Germans.

Clearly it must be, Senators and Mr. President, that the real object of that reply, as is apparent to many of us who, being lawyers, can analyze the actions of men and the declarations of papers, and clear to all of us, being public men, is that if here had been the object on the part of the Kaiser to aid peace for humanity it would have found expression when the time came and opportunity was offered. These expressions would have been in terms that all men could read. There would not have been the brazen defiance, the audacious ignoring and confusing qualification in this reply to the proposals of the Pope. All said, all expressed, is but to convey the final bold demand that only terms that would serve the interests of the German Empire would be basis upon which peace could be had. Let there be no further delusion.

Mr. President, I am strongly moved to call the attention of the Senate to this disclosure of truth from the record, because I fear that up to this time many of us have indulged a dream that these master murderers in warfare were sincere in their plea for intervention for peace. Many of us believed that we could have cooperation from them in an undertaking that was honorable and laudable to this end. Many of us gave voice on this floor and in other places seeking such a cooperation as we felt would not be inconsistent with the welfare of the United States. Yet, sir, when the President of the United States gave his expression pointing a way to success in response to the plea of the Christian Pontiff, sceptered in the authority of his holy church; let the world understand the reply of the German Kaiser was that which denied to mankind consideration, refused to civilization a hearing, and flouted with contempt the pleas of state and church, while it announced to the world that, so far as it is concerned, it will not consider even from the head of a church of God a proposition that is not wholly consistent with the objects of the German Empire.

Surely hereafter American citizens need not be blind to the peril of their land. They need never let the dream of peace dull their ardor for conflict. It is only conflict that is now left them, or ignominious surrender to the interests of the German Empire. Then, Senators, we will not be indifferent to the fact that for four weeks this reply of the Kaiser has been in preparation. We who are accustomed to public documents of this kind recognize a composite hand of many contributors in this proclamation. It was not sudden nor single in its creation. It is the voice of the Prussian military dynasty. Mr. President, we pause then to ask ourselves what does this document mean in its final effect. Sir, it means that a new element has seized Prussia; that is, the element of merciless power. It is that element that proposes to ignore the German people and defeat the cause of humanity in Germany as well as in America. It is that new element that demands that the power of Prussia shall oppress and overcome the world.

Mr. President, I stood on this floor after the speech of Michaelis, the chancellor, was addressed to the German Parliament and assumed to translate that German address and gave it an interpretation, pointing out that from it was seen a bid for peace. I said it was an expression of anxiety and one of hope that the United States would take up the issue, and upon such fundamental basis as it deemed just, tender measures upon which peace could be had consistent with our doctrine of humanity and liberty. Eminent Senators around me—I see now the Senator from North Dakota [Mr. McCUMBER] and the Senator from Utah [Mr. KING], Mr. LODGE, of Massachusetts, Mr. BORAH, of Idaho—called attention to its specious language. They could not even agree that its words were sincere. I differed from these Senators. I felt, sir, that an opportunity should be had to try the sincerity.

I had two objects. One was, I would not have my Government charged before the world with carrying on a war that would mean the decimation of her children, the destruction of families, and the desolation of the land as long as there was an opportunity to avoid it by any honorable peace and just arbitration. Nor should any other civilization have justification ever to indict this body by having disclosed our denial of an honorable peace consistent with the purpose for which we entered the war where such could have been secured.

It was because of that that I would allow no opportunity to pass without calling the plea for peace to the attention and consideration of the eminent men who occupy the floor. But, sir, I find now that I must concede that, however Michaelis, the chancellor, was sincere and anxious in his desire for immediate peace, he has been overcome by Prussian war mania. All the peace spirit he represented is beaten down. That other power of Prus-



sia, which holds as the only policy of state, blood and iron, has again attempted to subjugate the world against which it has drawn its sword. Mr. President, Herodotus, the ancient historian, tells us that the Scythians worshiped as their god the naked sword. It now seems as though that is now to be the deity to be installed in the temples of Prussia.

Mr. President, the imperial house of Germany took its origin from the first William and from his creed of conquer by power. From that on until the time that Bismarck laid down the doctrine as one of statecraft for its rulers, such creed ruled Prussia, and now is to dominate the world if Prussia can conquer mankind. This policy is described in Germany as the *traufschlagen*—the beating down. If opposition arises, beat it down; let no time be lost with reasoning. Mr. President, when this movement for peace came to the German rulers from their people, and the demand arose calling to reconcile differences of nations by concessions; there appeared from the voice of German rulers the expressed desire for peace and the purpose to yield to those things which were just, whether to America or any other element in the world. But, sirs, new happenings occurred in Europe, and upon these there promptly arose in the Prussian mind a new possibility. It was the feeling that if they yielded to the demand of peace from their people or from the Pope it would be taken by the world as a concession to the German people as against the military power. That such would be construed as a surrender to the German people and a yielding to their desire for peace. It was feared that this would lead to further demands from the German people for justice as opposed to the military oppression of the military rulers in civil as well as in martial government. This might mean an abdication by the Kaiser, or a civil revolution for reform of German government.

The Prussian princes then proceeded at once to carry out to the fullest extent of their power the doctrine of beating down that opposition, and with such power at their hands they proceeded to first intimidate their own people, then suppress their press and jail any editors who sought by expression even-handed justice for the German people. This was ever done under the imperial charge of sedition or treason against German masters.

Now, sir, I must arouse the attention of the Senate to the true spirit that was behind the proposals of peace. I must awaken the Senate to the falsity of the pious pretense. Senators, when these proposals of peace came to us we had a right to assume they spoke for peace and humanity, but, sirs, now let the civilization of man know that if the valorous people of the United States can not see the virtue in the professed cry of peace coming from well-known Prussian powers it is because that on the very day when President Wilson was beseeching the contending nations to state the terms in detail for which they were fighting, that it may be possible for the United States to serve as mediator to obtain peace on a just compromise, Prussia deliberately resumed her submarine assaults on American commerce and the murder of American citizens.

Let it be remembered that even after this diabolical ingratitude was condoned by us, and the President again came to his people with the proposal of "peace without victory," that Germany might not be a vanquished nation and her people suffer the degradation of defeat, these mad Prussian murderers, in the very week while our efforts in her behalf were pending with the allies, turned in ferocity upon three American ships, each bearing the Stars and Stripes, blazoning to the world that they were not enemies but friends, and these harmless American vessels were splintered by the submarine shot in the night, stolen upon as the midnight assassin steals upon his unguarded victim, and without word of hailing, that reply might show their innocence in all things of enmity; without warning to the humble lives on board, that they might take to their lifeboats, these American ships were shot to pieces, their freight of lives sent to the death as the submarine murderers scurried off in the darkness, leaving their victims dying in the blood-reddeened seas.

Yes; how can we who would love to trust, forget that again, when Michaelis, the German chancellor—but a short while past delivered his speech of proposed peace to the Berlin Parliament—and following it, when the Senator from Illinois—myself—had brought its professed purpose to the attention of the United States Senate for its judgment, in order that no man could say we ignored any just opportunity for a just peace, these Prussian marauders of murder and sea assassins, as reward for our generosity, turned upon a helpless little American bark then in Mediterranean waters, shot it to shatters, and with its poor, helpless sailors sinking to the sea, seized the lifeboats and broke them into splinters, that the floating American seamen should be helpless for life and die the saddest of slow deaths, where wife and children, helpless and homeless, would haunt their

dying eyes. Was there ever such invention of cruelty in civilization's annals? Who asks that such as these America shall trust again? And, sirs, this all when Michaelis was confessing to the world that his speech was meant as a bid for peace; when the Austrian foreign minister was telling the world that he aided in the speech, and that it was meant for peace, and Copenhagen, Denmark; and Amsterdam, Holland, told us they had the assurances that peace was the purpose.

And now we call to Europe, to Asia, to the earth, to behold the latest proof of the refusal of Prussia to withhold the hand of murder upon America. But a few weeks since there came from the heart of the Christian director of the world's Roman Catholic Church the proposal to all the warring nations to consider what terms of peace could be entered upon. In response to this benign source, America, as a Christian people, through her Commander, the President of the United States, responded, pointing out where there was a way. Prussia saw—Prussia understood. These Prussian military masters read, re-read, and then from them came the response in misrepresentation of our aims and slander of our purposes. Men, who are Christians of America, I appeal to you now that you hear, and to you who are for a just peace, and you who are for your country, I call upon you to mark that though this pontiff came to the world with his efforts sceptered in the authority of his holy church these Prussian military masters have never to this day commissioned this agency of peace, this Pope of Rome, to assure the United States that Prussia was willing even to cease her submarine warfare on American commerce or would end her murder of American men and women. Prussia refuses now, even through this head of a church of God, promise as condition of peace the end of her attacks on America or the rights of her children. No word of promise to restore to us our rights on the sea and ending the attacks on our people in the ocean. To the contrary, not only no promise through the Prussians, nor any assurance of ceasing their efforts for our destruction, but while the President of the United States and the Pope of Rome and the Governments of the allies and the true people of Germany were taking heed of the prospect of peace on some honorable basis, the Prussian military murderers, to show their defiance of the President of the United States, and to the Pope of Rome and of the heads of the allied Governments, set their engines of death upon the American ships carrying our American soldiers to France that they might be shot to death in the waters of the sea, hoping that they may die, all with each other, "without leaving a trace." And this while the world was pausing to present some possible relief from the continuance of this necessary war. Was there ever such brutal disregard and barbarous treatment of a Christlike proposal as the Prussian princes have given to the Pope of Rome for Europe and to the President of the United States for America? In the face of this history of degrading insult to America, to the President, to a Christian church, what man calling himself an American will now confess himself a Prussian puppet to persuade his people to endure further ignominy without resentment? Surely judgment has not flown to brutish beasts and men have not lost their reason.

Then, Senators, it is not difficult for you now to understand that this paper has now come forth as the deliberate result of the study, of results and consequences, that it might flout the United States and show disdain to our undertaking, while it now betrays the real character it represents of one who desires warfare carried to every point of murder and destruction until the object of the German Empire shall be attained and its interests to the full extent of its oppressive policies be entrenched.

What are these interests? Clearly, now, we see that they are those opposed to all interests of peace, those against all interests of civilization and in violation to all interests of humanity. This exhibition of indifference to the needs of mankind and to the cry of misery in this hour must startle the soul of America. If there are those in the United States who have heretofore felt it was their duty to stand against the United States and to lend by their voice encouragement to oppose their country's action, let them behold this document and ask whether they can now continue their opposition lest they bring themselves to be considered as deliberate cooperators with this conspiracy of the Prussian master not only against America, but against civilization of the world and the Christianity of earth.

Mr. President, what do you think, sir, is the real motive of this change of heart of Prussia from beseeching peace to defiant war? Sir, it is that some form of victory lately had in Russia, combined with the discordances as are seen in the United States have encouraged the Prussian Emperor to believe that at last the hour is really upon them when they may realize the dream long cherished—a world conquest. Sir, may I call to your attention that in the record of Admiral Dewey we find a statement of startling information. We find that Admiral von Goetzen, in 1898, during



the Spanish-American War, at a time when we were not without certain difficulties with a certain element of the German Navy, and while Officer von Goetzen was a guest of the United States as a military observer for Germany of our war with Spain in Cuba—he boldly proclaimed to the officers of our Government, saying:

About 15 years from now my country will start her great war. She will be in Paris about two months after the commencement of hostilities. Her move on Paris will be but a step to her real object—the crushing of England. \* \* \* Some months after we finish our work in Europe we will take New York, and probably Washington, and hold them for some time. We will put your country in its place, with reference to Germany. We do not propose to take any of your territory (?), but we do intend to take a billion or so of your dollars from New York and other places. The Monroe doctrine will be taken charge of by us, as we will then have to put you in your place, and we will take charge of South America, as far as we wish to. \* \* \* Don't forget this, and about 15 years from now remember it, and it will interest you. (Naval and Military Record, No. 33, Vol. LII, p. 578.)

This is a part of the communication which Admiral Dewey thought so ominous as to have it submitted to this country. It is to be found in the Naval and Military Records, No. 33, volume 52, page 578. I am at loss to understand why my Government has never allowed this to be published. I now marvel why it was never sent broadcast to our countrymen, that they who heretofore had been in doubt as to their duty might now know the certainty of their sure future course.

Let us not misunderstand the real object of this Prussian war. It was begun to subjugate the world powers wherever possible. In the seas we were found ever in the path of this Behemoth. Then it was that the shock of murder and death was put upon us. These assaults on our lives, our property, and our Nation were on the assumption that we were not prepared to oppose them. Many of us recognized the deplorable condition we were in for national defense. This state of ease was because we were a land of peace; we had not been educated as a people to war. Then there was the other assumption indulged by Prussia, which was that if we were prepared to resent the assault they were powerful enough to overcome our opposition and subjugate us to the full extent of this threat, now produced from their military representative.

Mr. President, therefore it is because Prussia has become of late renewed in its audacity that we have this reply of the Kaiser in the specious and brazen words uttered to one who is an apostle of peace and a spokesman of Christ. This reply, be it remembered, is from one who ever speaks in the name of God when he speaks for his country and for his crown. Yet when he responded to the one who as a preacher represented the peace on earth and good will to men; this that I bring to you is the manner in which the Kaiser flouts the object, and this reply is the method by which he tricks the purpose.

Sir, after this I want to see the face of an American who, now confronting this confession, whether he is here in the Senate or elsewhere, who will hereafter lend himself, directly or indirectly, to the purposes which the Kaiser has set forth to serve only the interests of the German Emperor and crush the noble objects of America. I know that to the contrary will be the resolve of any Senator. It will ring with the cry—

No parleying now—in America is one breath;  
We are all with you now, from shore to shore;  
Ye men of the Republic, 'tis victory or death.

Then, sirs, let us revive to mind the cause of this war—this just resentment of the United States against nameless wrongs. Hear it, sirs. It is that your America, while in peace with all the world, wronging no nation, injuring no man, has been set upon by Prussia and by Prussian military murderers, your ships shattered in mid-ocean, their commerce drowned, your innocent men blown to fragments, your helpless women shot to death, and your little children cast into the sea, to be crunched and eaten by the animals of the deep.

And all this for no cause but that your United States dared to be a part of the world and in fulfillment of Heaven's law to enjoy the earth and the sea and the fruits thereof, as ordained of God. What other reason is offered anywhere from anyone as justification for the drowning of our property, the pillage of our ships, and the butchery of our people? What wrong is charged to America as done to any man or nation as an excuse for the heinous conspiracy of Prussia to dismember our Republic—to give Nevada, New Mexico, and Arizona to Old Mexico and California to Japan?

What offense has ever been charged to America as the excuse for setting our people against each other in conspiracy to burn their business houses, tear down their homes, and murder in darkness their families? What act of wrong has ever been charged against us, committed against any people on earth, as justification for the world conspiracy set afoot against us in Argentina and Brazil of South America; Sweden, Norway, Holland, and Denmark in Europe? What wrong have we ever

done Prussia? What kindness have we ever withheld from her? We have taken Prussia's children to our arms, educated her little ones, welcomed her men to our gates, received her saddened women to our souls. We have given liberty to her oppressed, homes and happiness to their people, nor asked aught in return. We made their people our people, their children our children; where they lived, we lived; where their children were buried, there, too, were ours buried and mourned also. And for all this we are rewarded by the vow to kill our people and destroy our Nation.

Where is the American who will not answer this ingratitude and barbarity with his vow to the world that so long as breath shall be his, love shall be his, and life be his, Prussia shall not prevail? Yes; where is he that shall not swear by the spirit of loved ones gone by, by the hope he has for the boy on his way to duty, by the religion of his Christ and by his faith in Heaven, will he not swear that never, never until Prussia surrenders American rights, makes just restitution for her cruel wrongs, and gives inviolable guaranties of peace and justice for all the future will America ever lay down her arms? Prussia forced America to draw her sword against Germany. America shall now force Prussia to sheathe her sword that is drawn against the world.

And now again I turn to this ancient Senate—yea, to its noble Members—and I say to that Senator who occupies a seat on this floor, wherever he is, that so long as that reply of the Kaiser remains, as it is now, with that daring to America and the audacity to civilization, the man who now raises his voice in America in any assemblage of any kind condemning any measure of his own country, criticizing the undertaking of the United States in its own defense, lends himself deliberately to the interest of the German Empire. Nor can he hide, sir, behind the privileges of prated free speech. Let there be no misunderstanding. This country guarantees free speech. Its patriots inscribed with their very blood the guaranty of that bulwark of liberty. Yet, sir, who are they in America that demand the right to argue against this war of America? Who are those who ask to debate the righteousness of their own country; to dispute the honor of their own men and question the virtue of their own women? Who are those who demand to denounce their country's cause while they praise the purpose of her destroyers? Who are these who cry for constitutional free speech to befool their own land, betray their own citizens, and surrender their own country?

Let us now reply to all these, saying, "Yes; your country guarantees free speech to every American, but that man who uses free speech against America is not the American to whom free speech is guaranteed. In this land there can be no free speech to any man to destroy the freedom of his fellow man. There can never be liberty of speech to an American citizen to destroy the liberty of the American Nation. Let this meaning of our Constitution be now proclaimed as fixed to all mankind." Any other meaning would be—

The scorn of every patriot's name,  
Thy country's ruin, and her council's shame.

Mr. President, while the fact that the German Emperor and his advisers exaggerated the differences in the United States and fancied them so great in their chasm and so broad in their widening as to justify the belief that there were elements in the United States that encouraged the war of Germany and discouraged the war of the United States, and while such has done a great deal to revive the belligerent spirit of Prussia since the address for peace of Chancellor Michaelis on the 19th day of July and contributed to the new expression of the Kaiser of bravado and audacity, yet, sir, it is not the only thing that has inspired this new resolve of death to men—destruction to country.

The meek and humble position which Germany took when Michaelis addressed his speech to the Reichstag compared to the insolence and self-glorification that comes from the Kaiser now in the reply to opportunity for peace must have a sinister meaning to every reflective man. We ask what is the other significance than the one disclosing encouragement from divisions and opposition in the United States of certain citizens of the United States? It is, sir, that something had happened in Europe, something transpired in German spheres; it is well for us to consider it now. Prussia assumed, as did the Prussian military princes, that the defeat of the Russians in Riga, along the Rigan Bay and along the Dvina border, meant a success to them and one that strengthened their arms everywhere—one that strengthened their people at home and gave their Prussia a new source of supply to carry them through the conflict. The Prussians dreamed that Russian victories would make up whatever loss might have been suffered by Prussia in any other territory, barricaded by the armies of the allies.



Mr. President, no one more than the Members of the Senate, I am sure, deploras the unhappy situation of Russia, and no one more than ourselves more wholly appreciates what the situation of Russia really means to herself and warns to us. Sir, I fear we in America do not understand what we have to contend with in Russia. There are many distinct Russias in the Russian land of Russia. It fell to my lot upon two occasions, if I may be pardoned a personal reference, in traveling through Russia to spend some time in different portions of that country. There is what is called Bessarabia. That country is an ancient biblical country. It is a land referred to in the Holy Bible. It was afterwards settled by a people called Zamos, and then an ancient people went up of a Latin origin called Bessi. After that there was the converging of those who were part Israelite, part Judean, and part Arabian. They established a country for themselves, which took the name when it was captured by the armies of Russia—or the Cossacks—of Bessarabia, after the words Bessi and Arabia. These people, sir, feel little interest and have felt little interest in what was the general rule of central Russia.

If I may be pardoned, I think I can offer an illustration that will aptly define what I mean. They were as indifferent to central Russia as were the people of Ireland to the welfare of the Crown of England. They felt they were held by the subjugating power of arms from the time of Peter.

Mr. President, there is another part of Russia which we speak of as Crimea, the southern part of Russia, which is as California is to the United States, or, as we may say, as is Italy to Europe; it is the tropical portion of Russia. I recall, which will be of some little interest to Senators who probably have not had time or occasion to consider these distinctions, that in the month of December the lemons, oranges, bananas, pineapples, and other tropical fruits were growing in that land—as beautiful and to the perfection as you find them in California or Florida—in the same month. Those people, therefore, have no interest in central Russia. They feel strangers to the Frigid Zone, along the River Neva, where sits Petrograd, once the St. Petersburg of the Czars. Riga is another border. On that border are Germans, and that we in the Senate may not misunderstand the history of Riga, fancy, if you please, Virginia or Maryland having an opportunity to surrender in a conflict to the District of Columbia as against a yielding to Ohio and Pennsylvania, if you please. You can readily understand that the spirit of those who came from Virginia and Maryland who live here in the District of Columbia in thousands would readily yield more quickly and gladly to the call of Virginia and Maryland than to that of Ohio, Pennsylvania, Minnesota, or Illinois. So this part of Riga was inhabited by the Germans. When it fell to my lot to have to write something upon this subject matter, this much I was compelled to record, that I saw both at St. Petersburg and afterwards at Moscow that people of that section of Riga were in constant internal conflict, and that conflict was to retake the business from the Germans. Their complaint was that Germany had come into their land and had practically monopolized and appropriated all their business opportunities. So strongly intrenched were the Germans in Riga that through that whole territory there were elected at every election, such as they had, in their municipalities—their zemstvos—only German officials, while the business houses and banking establishments of Riga were all officered by German officers. When the Duma was created one could go as a member from Riga to the Duma only when he was a German by birth or offspring, though professing Russian interests, as an amalgamated Russian. Riga was a German city, Riga Bay a German water, and it was Germany surrendering to Germany, with no Russia to oppose Prussia in all Riga.

So let it be understood that when Riga was captured it was not Russia that was conquered; it was a country that made no fight against the German advance. It was a land that had no interest in Petrograd. It had no hope of welfare from Moscow. It had neither sympathy for the Russian in his fight for liberty nor the hope for a new Russia in the coming Republic. These, sir, were, after all, but the Germans who had gone from Germany yielding to their own Prussia.

Sir, I think you see, as do we all, this new inflated Prussia, however it cried for peace when in distress and when Michaelis sent out his declaration for peace now fancied because of this victory in Riga that it had become strengthened for complete power to crush. Then the once cry of humanity faded upon its lips. The interest of civilization melted as the vapors before the sun. New power having been drawn to it by which it could subjugate humanity and subvert the principles of justice, all the prayers to God which had been sent up before in the voice of the Kaiser were now as an echo that is dead. All the past professions of peace, love, and justice were now shown to be hypocrisy, pretense, and

falsehood before the world—all this new presumption of daring and destruction on the assumption of having gathered new strength and reinforcements, giving full power. Then the cry arises, shouting to the world, "Beat down." This was their text in the beginning. It is to slay. It was their purpose at the outset, and to murder opposing mankind. Hear their call to their army. It is a command that Prussian soldiery ravage mankind and decimate civilization. Therefore, sir, I do beseech my comrades in this body that they hereafter shall look to this record, and from this record behold the real truth.

Sir, I have no desolation as to the future of Russia; I have no pessimism as to it. Once a people become fired with the desire of freedom, once they become inspired with the dream of liberty, once they become conscious of these blessings, while they may have many setbacks and repulses, they are never defeated. Time and time again they will return to the conflict, till victory be theirs. They are as those who have touched Paradise; they will never remain in the darker sphere.

Russia may meet obstacles in attaining the acme of mankind—liberty—but freedom will soon be hers. I feel, sir, that the advance on Riga and the capture of that locality was one of the most advantageous circumstances that have transpired in the Prussian war. Do you ask me how I can so reason? Germany had always professed up to that time that she was but beating back Russian armies of the Czar. That she, under no circumstances, sought to take any territory. She moved upon Riga in violation of her pledges; she seized Riga and announced, through the imperial master of the house, "Riga eternally ours." Russia awakened, and then recognized that the enemy's foot was upon her soil and that out of his lips there came flaming a threat to appropriate her land, and thereafter that which was Russian Russia, was to be Prussian Russia, perhaps forever.

To my thinking, sir, there is not a moujik upon his humble little farm, living upon black bread and sleeping upon a bed of straw, but what will be aroused now to a new meaning of that which before no teaching could impart to him and no education inspire. This example of invasion and scene of desolation of the land where his children were born and where his fathers are sleeping, all before his eyes, tell him that the invaders have come for his hearthstone, for his home, for his children, for his sacred places where are buried his dead. I feel, sir, that this will mean a rejuvenation of spirit, the infusing of courage. Sir, it will give life to Russia and bring new Russia before the world conscious of the peril that confronts her. It will bring her armies together, every woman in oath to protect her children, the men in common vow to rescue their land, and the new Republic to march in common step to the music of unity with the Republic of the United States, all in a glorious and victorious fight for liberty of man and freedom of country. Therefore, sir, that which appeared in the beginning a darkness to some men to my reasoning, sir, means the brightness of the future. Sir, such experience was our own. The advance upon us toward Trenton of the forces of the King brought our people in their dark day to a realization of what it all meant, and then came Washington with the new spirit of America, and the result was victory and the surrender of Cornwallis at Yorktown.

Sir, there is France. When she came to her birth as a republic she severed in parts on her doorway; she sundered herself on prejudice and in distraction despaired; but as Austria moved upon her border and she realized that Austria was really advancing upon her soil to possess France, differences were laid down, disputes forgotten, France came together, the true Republic was reborn, and the tricolor floated against heaven as her standard. There it is to-day, waving over her new-born free land, the ensign of a won liberty. I contemplate these scenes, sir, not in despair; I behold them with encouragement. Yet I am not blind to the fact that it is this evidence which Prussia has taken to herself as a new license of power, a new encouragement of authority and despotism.

Sir, the effect in Russia, I feel, will be continued for the good of that nation, as the new developments which have been brought to the attention of our people must redound to the good of the United States. This revelation at Riga will act on new Russia as the Zeppelins sent by Germany to England acted on England, as the revealed corruption of Bernstorff in the United States and the Prussian conspiracy against the United States in Scandinavia and South America has acted upon the citizens of the United States—to awaken every man to the presence of the foe, unite every man against the enemy, and call up in Russia what Prussia has now called up in America—union and unity.

Sir, I have adverted to the attempts by Prussia to corrupt the avenues of truth in America to serve Prussian vengeance on us. Sir, I do not understand this. You scholars of the classics



recall that Cato of the Roman Senate was wont every morning to behold the stars as he saw them glittering in the early morn after the night, and watch the sun to rise, then exclaim: "The gods are with us," and then proclaim his curse on Carthage, crying out that Carthage, for its sins against the stranger within its gates—Carthage must go—*Delenda est Carthago*. But, sir, I do not know what we have done for which Prussia should register her vow in hell that America must be destroyed! Surely, Mr. President, I need not dwell longer to point out that never again need there be any fear of any citizen of America failing now to see what all this means, nor, sir, failing to understand this reply and appreciate its defiance to us. Each American will stand amazed as he sees it in its breathing of destruction to all we love and all we have lived for.

Mr. President, the Senator from Iowa [Mr. CUMMINS] in his address proclaimed that our soldiers had gone forth to France to fight. Truly, sir, such is the sublime event. Our children from all our land moved out but yesterday to the command of their country. Many are now and more to be in foreign lands. Our boys stand in thousands upon the battle ridge of murdering Prussia. From their souls stretch invisible the threads woven from the hearts of American mothers. From every fireside and field of our dear land these chords throb with the love of man and the prayers of women. From these cometh the voice crying unto Heaven, "Oh, God, they are ours; give victory to their arms and give them back to the arms of their country."

Who is there among us that pleads for destruction of our children and would have death to our sons and dishonor to our land? If such craven can be, may his head never be seen to blacken the light or his guilty face be known to American civilization. For it is of such as he that it is written:

They shall be cast into outer darkness, where there shall be weeping and gnashing of teeth.

Mr. President, Chatham, standing in the English Parliament, contemplating the persecution of America by the Hanoverian King of England, cried out, "If I were an American, I never would lay down my arms—never, never." So, sir, in the spirit of the soul of freedom, crying to us for justice—for humanity—we this day send our greeting to the world, and unto it proclaim that when lying and deceit of kings and emperors has ceased, and when through the efforts of a liberty-loving German people justice shall again be restored to America, American rights on land and sea secured before all the world, and the holy cause for which America has entered this war has been established, peace—God's peace with righteousness—shall be welcomed by America, welcomed for herself and for the earth. But until these guaranties for the future justice and right to America are established, the sons and daughters of this sacred land, recalling the sacrifices of their patriotic dead to found here on this continent a land of freedom, a country of justice, a people of righteousness, and remembering their children who this night rest on arms, awaiting the call of the to-morrow, these, our Americans in all America and all over America, have but one course, one purpose, one cry—our country, our whole country, and nothing but our country!

The PRESIDING OFFICER (Mr. JONES of New Mexico in the chair). House bill 2316 is before the Senate as in Committee of the Whole and open to amendment.

Mr. POMERENE. Mr. President, the Senator from Missouri [Mr. REED] indicated that he would like to be present during the further consideration of this bill. He is not able to be present to-day. If no other Senator cares to address the Senate upon the measure, I ask that the unfinished business be laid aside until to-morrow.

The PRESIDING OFFICER. Without objection, the unfinished business will be laid aside.

#### EXECUTIVE SESSION.

Mr. MARTIN. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After five minutes in executive session the doors were reopened, and (at 4 o'clock and 30 minutes p. m.) the Senate adjourned until to-morrow, Tuesday, September 25, 1917, at 12 o'clock meridian.

#### NOMINATIONS.

*Executive nominations received by the Senate September 24, 1917.*

#### ASSISTANT SECRETARY OF THE TREASURY.

James H. Moyle, of Utah, to be Assistant Secretary of the Treasury, vice Byron R. Newton, resigned.

#### COMMISSIONER OF INTERNAL REVENUE.

Daniel C. Roper, of South Carolina, to be Commissioner of Internal Revenue, in place of William H. Osborn, resigned.

#### COLLECTORS OF CUSTOMS.

Byron R. Newton, of New York, to be collector of customs for customs collection district No. 10, with headquarters at New York, N. Y., in place of Dudley Field Malone, resigned.

John B. Elliott, of Los Angeles, Cal., to be collector of customs for customs collection district No. 27, with headquarters at Los Angeles, Cal. (Reappointment.)

#### CONFIRMATIONS.

*Executive nominations confirmed by the Senate September 24, 1917.*

#### ASSISTANT SECRETARY OF THE TREASURY.

James H. Moyle to be Assistant Secretary of the Treasury.

#### COMMISSIONER OF INTERNAL REVENUE.

Daniel C. Roper to be Commissioner of Internal Revenue.

#### POSTMASTERS.

##### ILLINOIS.

Howard L. Scott, Fox Lake.  
Charles J. Wightman, Grayslake.  
Nellie S. Cowing, Homewood.  
William T. Robinson, Kenilworth.  
Hugh C. Smith, Lake Forest.  
Lillian M. Dilg, Morton Grove.  
Daniel A. Grady, Waukegan.

##### SOUTH DAKOTA.

Harriet Pope, Delmont.

#### HOUSE OF REPRESENTATIVES.

*Monday, September 24, 1917.*

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

Almighty God, our heavenly Father, in whose sacred presence we dwell, come now in all the fullness of Thy power and possess our minds and hearts.

Open Thou the crystal fountain  
Whence the living waters flow;  
Let the fiery, cloudy pillar  
Lead us all the journey through;  
Strong Deliverer,  
Be Thou still our strength and shield—

That we may worship Thee in spirit and in truth, by the thoughts that we think, the words that we speak, and the deeds that we do, and thus exalt ourselves and glorify Thy Holy Name in the spirit of the Master. Amen.

The Journal of the proceedings of Friday, September 21, 1917, was read and approved.

#### AMERICAN PATRIOTISM.

Mr. McKENZIE. Mr. Speaker, I ask unanimous consent to proceed for one-half minute.

The SPEAKER. The gentleman from Illinois asks unanimous consent to proceed for half a minute. Is there objection? There was no objection.

Mr. McKENZIE. Mr. Speaker, those of us who had the pleasure of serving in this House with the Hon. Nathan Kendall, of Iowa, remember well what a forceful and eloquent orator he is. On Labor Day he delivered a patriotic address at Boone, Iowa, and I ask unanimous consent to extend in the RECORD a short extract from that speech.

The SPEAKER. The gentleman from Illinois asks unanimous consent to extend his remarks in the RECORD by printing an excerpt from a speech made by Mr. Kendall, at one time a prominent Member of the House, at Boone, Iowa, on Labor Day. Is there objection?

There was no objection.

The extract referred to is as follows:

EXTRACT FROM AN ADDRESS ON "AMERICAN PATRIOTISM," DELIVERED BY N. E. KENDALL, AT BOONE, IOWA, ON LABOR DAY, 1917.

What an inheritance for all of us, the patriotism of '76, of '61, of '98! Do we fully and thoroughly appreciate it—all the unmatched sacrifices it has sustained, and all the unbounded blessings it has secured? Are we ready to emulate the unflinching devotion which our predecessors always have evinced for the weal of our own country and to exemplify that wider humanitarianism which shall comprehend the welfare of all the countries of mankind? Have we hearts enkindled by that almost divine benevolence which commiserates the afflictions of all peoples everywhere, and whose unselfish ministry shall



glorify beyond comparison the international philanthropy of 1917? As I speak to you to-day the world is on fire with the fierce flames of war, and the red sparks of ruin are falling in every direction. We prudently avoided all entanglement in the mad debauchery, even while grievance accumulated upon grievance to affront an ingenious but self-respecting people; and we patiently restrained our just intervention until it became obvious to the dullest discernment that every bright prospect of free institutions was in imminent jeopardy. When that overwhelming disaster was threatened we could not continue at the same time unallied and unashamed. We had to be courageous or craven; and since our fathers in their weakness marched erect, breast forward, against a British King, their sons in their strength could not crawl supinely, necks bowed, before a German Kaiser. And so we fight again—fight that the maxims of the Magna Charta may not be relaxed; fight that the Declaration of Independence may not be rescinded; fight that the guaranties of the Constitution may not be repealed; fight that the indefeasible rights of men may not be revoked; fight that the Sermon on the Mount may not be reviled!

"In the beauty of the lilies Christ was born across the sea,  
With a glory in His bosom that transfigures you and me;  
As He died to make men holy, let us die to make men free!"

The cause is worthy of us; God help us to be worthy of the cause. Heretofore we spoke softly but without avail; hereafter we strike sternly and without reserve. And now that we are in the deplorable business, it must be understood in every chancellery under the sun that we will not withhold our heavy hand until the monstrous menace of Prussian militarism is utterly obliterated from the earth. That consummation so devoutly desired will not be easy, but it will not be impossible, for

"Thrice armed is he who hath his quarrel just!"

And our quarrel is just. For atrocities innumerable we arraign the Emperor Wilhelm before the quickened conscience of this Christian age. The ravishment of Belgium! The spoliation of Serbia! The dismemberment of Poland! The devastation of France! The coalition with the unspeakable Turk! The conspiracy with the treacherous Carranza! The brutal murder of Edith Cavell! The relentless massacre of neutral noncombatants on the open ocean! And all for the wicked aggrandizement of one man, with mailed fist uplifted everywhere, intoxicated with ambition for unbridled power. This carnival of outlawry must stop, and we intend to stop it! The undertaking which must engross our unremitting energies is no holiday escapade, but we shall conclude it nobly, because every American at home and abroad and aloft and afield will acquit himself in this urgency as becomes a patriot. Perhaps I ought not to advert to the critical difficulty of our over-seas situation, but I think I may properly say this: For 25 years we have tolerated the visionary enthusiast in his romantic dream of an ideal day when the brotherhood of man shall be as real as the fatherhood of God; when every mortal shall love his fellow mortal better than he loves himself; and when the artillery of modern warfare shall be displayed as curiosities in the antiquity museums of the universe. Fascinated by that agreeable hallucination we have serenely pursued the even tenor of our way, beating our swords into plowshares and our spears into pruning hooks, while the most implacable antagonist of popular government in recorded history has been steadily preparing to subjugate the Caucasian race. And now that the frightful cataclysm is upon us we suddenly recover our sanity to perceive two things: First, that the millennial dawn of our fanciful dreamer has not only not arrived, but is not yet within sensible prophecy; and second, that we forthwith need for our own immunity the best ships and the best guns that can be contrived by the ingenuity of man. We awake at last from the demoralizing delusion which so long enthralled us, and while we still reprobate violence and advocate conciliation, we know now that the temporal salvation of any State of first consequence is contingent upon an ample army supplemented by an adequate navy; never for the prosecution of aggressive or unwarranted war, but always as a prerequisite to uninterrupted and abiding peace. Men, money, munitions—Congress must provide them all abundantly and without delay. And every man of us must help to the uttermost, no matter where he happened to be born, nor how he has hitherto voted. This is no time for internal indecision, much less domestic discord. If we are to make any substantial contribution toward overthrowing the merciless Moloch who is now deluging the elder hemisphere with blood, it is incumbent upon us immediately to interpose an unbroken array of bayonets against his satanic activities. We must rally to the world's rescue at once and unanimously; not as partisans, but as Americans! I apprehend everybody knows, who is familiar with newspaper comment, that in the balloting which occurred in November I was not an adherent of Woodrow Wilson, and that in three States I exerted myself with unwearied diligence to prevent his reelection. If it shall be intimated that my labors were not particularly effective it will likewise be conceded that I cried aloud and spared not infirmities which appeared to me incurable. I think I love my party, and I was against the Democratic leader in the last campaign as candidate for President; but I know I love my country, and I am with the present Executive in the pending emergency as Commander in Chief of the Armies of the United States! American rights have been invaded, American blood has been spilled, American lives have been extinguished, and we are at war—not with the proletariat of Germany, but with the autocracy of Germany. It is the age-old conflict between right and justice and liberty on the one hand, and wrong and oppression and absolutism on the other. To remain isolated and aloof when these fundamental forces are in a death grapple would be too base, too cowardly, too infamous to be contemplated. And so we unfurl again the flag which always symbolizes rectitude, and unsheathe again the sword which always enforces freedom. We battle now, as in the past, for the extirpation of despotisms and the establishment of democracies; for the expulsion of monarchs and the enfranchisement of men. And at this vital juncture I say to you to-day, as Otis said to his Massachusetts neighbors after Bunker Hill: "No man can be passive while right is on the scaffold and wrong is on the throne!" And as Douglass said to his Springfield constituents after Sumter: "Whoever is not for the Government is against it, and whoever is against the Government is a traitor!" Oh, my dear friends, in the great tribulation which is before us may we recall every sacred battle field and every patriot grave, and may that memory keep us true and steadfast to the end.

"Lord God of hosts, be with us yet;  
Lest we forget, lest we forget!"

#### ENROLLED BILL SIGNED.

Mr. LAZARO, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bill of the following title, when the Speaker signed the same:

H. R. 5901. An act to authorize an additional issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign Governments and for other purposes.

ENROLLED BILL PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. LAZARO, from the Committee on Enrolled Bills, reported that this day they had presented to the President of the United States for his approval the following bill:

H. R. 5901. An act to authorize an additional issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign Governments and for other purposes.

#### MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Crockett, one of its clerks, announced that the Senate had agreed to the amendments of the House of Representatives to the bill (S. 2156) to authorize the exploration for and disposition of potassium.

The message also announced that the Senate had passed without amendment the bill (H. R. 5335) to extend the time for constructing a bridge across the Tug Fork of the Big Sandy River near Warfield, Ky., and Kermit, W. Va., authorized by an act approved January 28, 1916.

The message also announced that the Senate had disagreed to the amendments of the House of Representatives to the joint resolution (S. J. Res. 78) to suspend, during the present war with Germany, the requirement that not less than \$100 worth of labor shall be performed or improvements made on each mining claim during each year for all owners who, in lieu of such assessment work, expend the sum of \$100 in the raising or manufacturing of products necessary for the maintenance of the Army, Navy, or people of the United States, or shall perform 25 days of labor in any beneficial occupation, or pay into the Treasury of the United States \$100, had asked a conference with the House on the disagreeing votes of the two Houses thereon, and had appointed Mr. ASHURST, Mr. SHAFBOTH, and Mr. POINDEXTER as the conferees on the part of the Senate.

#### QUESTION OF PRIVILEGE.

Mr. FORDNEY. Mr. Speaker, I ask unanimous consent to address the House for five minutes.

Mr. NORTON rose.

The SPEAKER. The gentleman from Michigan will suspend for a moment. The Chair will recognize him in a short time. The gentleman from North Dakota [Mr. NORTON] is recognized.

Mr. NORTON. Mr. Speaker, I rise to a question of the highest privilege, upon which I desire to address the House.

The SPEAKER. The gentleman will state the question of privilege.

Mr. NORTON. Mr. Speaker, on Friday of last week, September 21, 1917, the gentleman from Alabama [Mr. HEFLIN] addressed the House in reference to a note that had been sent by former Ambassador Bernstorff from this country to his Government in Germany. This note as it is reported is in the following terms:

I request authority to pay up to \$50,000 in order as on former occasions to influence Congress through the organization you know of, which can perhaps prevent war.

I am beginning in the meantime to act accordingly.

In the above circumstances a public official German declaration in favor of Ireland is highly desirable, in order to gain the support of Irish influence here.

The gentleman from Alabama [Mr. HEFLIN] in the course of his remarks said in reference to this, among other things, as appears on pages 7305 and 7306 of the RECORD:

If I were permitted to express my opinion, I could name 13 or 14 men in the two bodies who, in my judgment, have acted in a suspicious manner.

On Saturday morning the Washington Post of this city reported Mr. HEFLIN as making this statement:

The Alabama Member demanded an immediate investigation late yesterday of the Von Bernstorff matter, using the phrase above, and continued:

"I demand that this matter be investigated and that the guilty Members be expelled from Congress in disgrace.

"I believe some of this money has reached some Members of Congress I know. Bernstorff's telegram was an insult to Congress and to the country." He continued:

"I have heard a story that there is a gambling room in Washington where pro-German and peace-at-any-price Members of Congress get their pay by being extraordinarily lucky at cards."

Mr. HEFLIN. Mr. Speaker, will the gentleman yield?

The SPEAKER. Does the gentleman from North Dakota yield to the gentleman from Alabama?

Mr. NORTON. Just a moment. The gentleman from Alabama, the paper says, continued:

I could name 13 or 14 Members of this House and the Senate who have acted in a very suspicious fashion, and I feel that this matter should be very fully investigated.



The SPEAKER. Does the gentleman yield?

Mr. NORTON. Not now.

The SPEAKER. The gentleman declines to yield.

Mr. NORTON. I desire to say—

Mr. HEFLIN. Mr. Speaker—

The SPEAKER. The gentleman from North Dakota declines to yield.

Mr. HEFLIN. Mr. Speaker, I make the point of order that there is no quorum present, in order that we may have a full House to hear this matter discussed.

The SPEAKER. The gentleman from Alabama makes the point of order that there is no quorum present. The Chair will count. [After counting.] One hundred and ninety-two Members present; not a quorum.

Mr. GARRETT of Tennessee. Mr. Speaker, I move that the House do now adjourn.

The SPEAKER. The question of on the motion of the gentleman from Tennessee that the House do now adjourn.

The question was taken, and the motion was rejected.

Mr. KITCHIN. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The SPEAKER. The Doorkeeper will lock the doors, the Sergeant at Arms will notify the absentees, and the Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

Anderson	Fairchild, G. W.	Kreider	Rouse
Anthony	Fairfield	La Follette	Rowe
Baer	Fitzgerald	La Guardia	Rowland
Bell	Flynn	Lea, Cal.	Sanders, N. Y.
Borland	Frear	Lee, Ga.	Sanford
Brodbeck	Fuller, Mass.	Leibach	Schall
Bruckner	Gallivan	Lenroot	Scott, Pa.
Buchanan	Gandy	McCormick	Sherley
Butler	Gard	McCulloch	Sherwood
Caldwell	Garland	McKinley	Sims
Capstick	Gillett	McLaughlin, Pa.	Slayden
Caraway	Godwin, N. C.	Maher	Sloan
Carew	Good	Martin, Ill.	Smith, Charles B.
Cary	Goodall	Mason	Smith, Thomas F.
Chandler, N. Y.	Graham, Pa.	Miller, Minn.	Snell
Chandler, Okla.	Gray, N. J.	Montague	Steele
Church	Greene, Mass.	Griest	Steenerson
Connelly, Kans.	Griest	Mott	Stiness
Cooper, W. Va.	Griffin	Mudd	Sullivan
Copley	Hamill	Neely	Swift
Costello	Hamilton, N. Y.	Neelson	Switzer
Crago	Harrison, Miss.	Nolan	Tague
Currie, Mich.	Haskell	O'Shaunnessy	Templeton
Curry, Cal.	Hastings	Overmyer	Tinkham
Dale, N. Y.	Hayden	Paige	Treadway
Darrow	Hayes	Phelan	Van Dyke
Dempsey	Heaton	Polk	Vare
DeWalt	Helntz	Powers	Waldow
Dies	Hill	Price	Walton
Dooling	Hollingsworth	Ragsdale	Ward
Doremus	Husted	Randall	Welty
Drukker	James	Reed	Williams
Dunn	Jones, Va.	Riordan	Wilson, Ill.
Dupré	Juhl	Robinson	Winslow
Dyer	Kahn		Young, Tex.
Egan	Kennedy, R. I.		
Edmonds	Kless, Pa.		

The SPEAKER. On this roll call 283 Members, a quorum, answered to their names.

Mr. KITCHIN. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The SPEAKER. The Doorkeeper will unlock the doors. Now, this is likely to be a rather exciting day for more reasons than one, and the Chair announces that he is going to keep order here to-day, and if any gentleman disturbs the proceedings he will harness him up by the Sergeant at Arms. [Applause.]

Mr. NORTON. Mr. Speaker, the statement reported in the Record and in the newspapers as having been made by the gentleman from Alabama [Mr. HEFLIN], charging the membership of this House with being corrupt, I maintain involves a question of the highest privilege of the House, and I desire to be recognized.

The SPEAKER. The gentleman is recognized.

Mr. HEFLIN. Mr. Speaker, I desire to have an opportunity to reply.

The SPEAKER. Now, that is this way. The gentleman will wait a minute. The gentleman has a right to raise the question of the privilege of the House and if the gentleman from Alabama has any question of privilege when the gentleman from North Dakota concludes his statement the Chair will recognize him, and if he has not a question of privilege he will not. [Applause.]

Mr. NORTON. Mr. Speaker, this House of Representatives is the greatest legislative body in the world. It is in this country the one legislative branch of the Government that is most representative of all the people. Anything that tends

to destroy the confidence of the American people in the House of Representatives or in its membership tends to break down and destroy our form of government. [Applause.] It is very evident to any student of history that in this country during the past few years there has been a clear purpose and studied attempt by certain selfish interests and by certain newspaper publications to destroy in the minds of the people of this country confidence in the House of Representatives and the membership thereof. [Applause.]

Few, if any, accusations of dishonesty have been made against any individual Member of the House by these interests and these publications, but from one end of the country to the other general incompetency, dishonesty, and corruption has been insinuated against the entire Congress. I have never seen where any Member, or any particular number of Members, have been specifically singled out by any of these publications or any of these interests. The insinuations and charges made have always been indefinite but none the less effective in spreading the poison of distrust. The people throughout this country for several years, due to this sort of propaganda, have had some doubts as to the integrity and honesty of the membership of this body. But now, gentlemen of the House, what will the people henceforth think and what will they say since on last Saturday morning there was heralded all over this country, from the Atlantic to the Pacific, from Canada to the Gulf of Mexico, in every newspaper of importance, the statement that the gentleman from Alabama [Mr. HEFLIN], a Member of this great body, said that he could point out 13 or 14 Members of this Congress who have acted suspiciously and, inferentially, who have received part of this \$50,000 reported to have been asked from the German Imperial Government by Count von Bernstorff.

Mr. BRITTEN. Will the gentleman yield?

Mr. NORTON. No; I can not yield now. Gentlemen, we may talk of disloyalty, we may talk of men who are traitors to this country, and we may talk of pacifists, but I do not know of any greater crime that can be committed against this country and its people; I do not know of any greater injury that can be done our form of representative government than for a Member of this body, of this great legislative body, to charge against his fellow Members falsely that they have been corrupt, and that they have been taking money to influence them in their actions in this House. [Applause.] Gentlemen, if that charge is true—and I can say for myself, having been in this House now for nearly five years, that I do not believe there is a scintilla of truth in it—but if it be true there is no punishment severe enough to deal out to such a man or such men if they can be found. [Applause.]

On the other hand, gentlemen, if it is false, apologies on the part of the Member of this body who made that statement will not undo the evil that has been done. [Applause.] Having willfully made that false statement and having given it out to the press of this country, having caused it to be heralded from ocean to ocean, and having caused it to sink down deep into the minds and the hearts of the people of this country, if he knelt down on his marrowbones in humblest apology before this House, he could not undo the evil he has done. No sentence and no punishment severe enough can be dealt out to that kind of a character. [Applause.]

Gentlemen, the best friend the American people have in this country, the greatest safeguard the American people have in this Nation to-day, is the American House of Representatives. [Applause.] There should not be permitted to exist a condition where even the faintest suspicion of dishonesty can lie against any Member of this House. If I had a suspicion against the honesty or integrity of any man in this House, I would not insinuate it, but I would be man enough to investigate it and find out if it were true, and if it were true, then I would present the facts to this House. [Applause.]

The Washington Post says that the gentleman from Alabama [Mr. HEFLIN] said:

I believe some of this money has reached some Members of Congress I know. I could name 13 or 14 Members of the House and the Senate who have acted in a very suspicious fashion, and I feel that this matter should be very fully investigated.

I, too, now feel that it should be very fully investigated, and that the gentleman from Alabama should be obliged, should be required, to prove his statement to this House and to the country or accept the punishment, in so far as it can be given, that a false statement of that kind richly deserves. [Applause.]

Gentlemen of the House, in fairness to the American people, in fairness to our splendid form of government, this body can not permit such accusations as this to go unchallenged and unpunished.



Further, gentlemen, I wish to call attention to a reported statement in the Washington Post of the gentleman from Georgia [Mr. HOWARD]. This is reported in the Washington Post of Saturday, September 22, 1917. The Post in its write-up of the House of Representatives says:

Representative HOWARD of Georgia, said that "he could point to the men in this House who, he believed, received money. Their actions certainly indicate it, and they are certainly more prosperous now than they ever have been before."

Then, in reported interviews on page 11 of the Washington Post of Saturday, September 22, 1917, the gentleman from Georgia [Mr. HOWARD] is quoted as follows:

Mr. HOWARD. This money was not all used for telegrams. Some was used directly, and I think I can pick out the men who got it. They look a whole lot more prosperous than they ever did before.

Gentlemen, I shall offer a resolution later to-day requiring these two Members to appear before a committee of the House and substantiate the truth of these statements or submit themselves to the punishment that they well deserve for making these statements if they can not substantiate them to be true. [Applause.] I desire to say further, gentlemen, that it clearly devolves on the membership of this body to maintain before the country its self-respect, its honor, its integrity, and its good character. It seriously devolves upon it to maintain its character and reputation for the highest honor and the highest integrity, so that it may have the fullest confidence of every good man and every good citizen of this great Republic.

I have been grievously surprised, I have been deeply shocked, to think that there could be any man in this body so small, so mean, so thoughtless, on account of high ambition or otherwise, as to make the false charges that were made last Friday in the House against the membership of this House. No love or aspiration that any man may have for publicity over this country, no desire that he may have to reach the United States Senate or some other position [applause] would warrant him to make such a false and infamous charge against this House. [Applause.] And no apology that he can make now or from now until his dying day will ever atone for the wrong that he has done the membership of this House and the country. [Loud applause.]

Mr. HEFLIN. Mr. Speaker, I rise to a question of personal privilege.

The SPEAKER. The gentleman will state his question.

Mr. HEFLIN. The gentleman from North Dakota has read remarks attributed to me from the Washington Post which I did not make. I desire to discuss that question and to reply to the remarks made against me by the gentleman from North Dakota [Mr. NORTON].

The SPEAKER. The Chair is rather inclined to think it is a question of privilege. It is a very close shave. Still the gentleman is recognized.

Mr. HEFLIN. Mr. Speaker and gentlemen of the House, it is not a pleasant thing to me to have to criticize the men with whom I serve. It is very unpleasant. I regret that things have happened to cause me to have the views that I have expressed on one or two former occasions about the conduct of certain men who sit with me in this body. But, gentlemen, the soldiers are going off to fight; they are going to do unpleasant things—

Mr. CAMPBELL of Kansas. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman rise?

Mr. CAMPBELL of Kansas. A point of order.

The SPEAKER. The gentleman will state it.

Mr. CAMPBELL of Kansas. The gentleman is not discussing a question of personal privilege or privilege of the House, nor laying the foundation to do so, nor stating a question of personal privilege or privilege of the House.

The SPEAKER. The gentleman from Alabama [Mr. HEFLIN] will confine himself entirely to the matter on which he claims he has a question of privilege.

Mr. HEFLIN. I had hoped that the gentleman from Kansas would be willing to permit me, after the charges that have been made against me, to speak fully and freely anything that I feel is pertinent on this occasion.

The SPEAKER. The gentleman will confine himself to his question of privilege.

Mr. HEFLIN. Mr. Speaker, the gentleman from North Dakota [Mr. NORTON], reading from the Post, attributes to me a statement saying that I had expressed the opinion that this money had reached certain Members of Congress. I made no such statement. I stated in my speech on this floor that I did not know of any Member who had been influenced by the fund that Bernstorff is said to have used in his efforts to influence Congress. I tried to interrupt the gentleman [Mr. NORTON] when he first started his speech to tell him that, but he would

not permit me to do so. I did not know then why so many Republicans had been assembled on that side so early in the day. It seems now that he wanted to take snap judgment upon me in this matter. And I recall, Mr. Speaker, that I had a controversy with him on one occasion when he referred to the allies as our "so-called allies."

Mr. REAVIS. Mr. Speaker—

The SPEAKER. The gentleman from Alabama will confine himself to the question of privilege.

Mr. HEFLIN. I am trying to do that.

The SPEAKER. Well, the gentleman is digressing.

Mr. HEFLIN. Now, Mr. Speaker, I have not said that any Member has been influenced by German money. I have made no such charge. But I did say that I could mention some Members whose conduct, according to my judgment, had been suspicious.

Mr. CARAWAY. Mr. Speaker, will the gentleman yield?

Mr. HEFLIN. I will.

Mr. CARAWAY. Will you name them? [Applause and cries of "Name them!"]

The SPEAKER. The gentleman will suspend until I get order. I announced that the first man I caught disturbing these proceedings I will have the Sergeant at Arms get him. I propose to keep order here to-day. [Applause.] The gentleman will proceed.

Mr. HEFLIN. I said, Mr. Speaker, that if I were called upon or permitted I could name some gentlemen whose conduct, according to my way of thinking, had not been loyal to our country since the war with Germany commenced. I remember a former occasion here when remarks of the gentleman from Massachusetts, Mr. Gardner, were up for consideration by the House, and I voted to let his remarks remain in the Record because I thought that they were true. Mr. Speaker, I am trying to bear my part of the burden of this war, and I am willing to do my duty, although it be unpleasant, in order to serve my country in this critical time.

Mr. CAMPBELL of Kansas. Mr. Speaker, I renew my point of order.

The SPEAKER. What point of order?

Mr. CAMPBELL of Kansas. That the gentleman is not proceeding to state a question of personal privilege or the privileges of the House.

The SPEAKER. The Speaker passed on that; that he did have a question of privilege, and that it was a very close shave whether it was or not. If the gentleman rises to the point that the gentleman from Alabama is not sticking to his question of privilege, the Chair will—

Mr. CAMPBELL of Kansas. That is the point I am insisting on.

The SPEAKER. The Chair admonished the gentleman to stick to his question of privilege without these digressions.

Mr. HEFLIN. Mr. Speaker, I am trying to discuss the question of privilege, and I would like to do it in my own way.

Mr. GOODWIN of Arkansas. Mr. Speaker, will the gentleman yield there?

Mr. HEFLIN. Yes.

Mr. GOODWIN of Arkansas. Did you have an interview with the reporter of the Washington Post?

Mr. HEFLIN. I did not know that I was being interviewed by a reporter of the Washington Post.

Mr. GOODWIN of Arkansas. That was last Friday. Did or did you not say what was reported to have been said by you in the issue of the Washington Post last Saturday, wherein you are reported to have stated that there was a gambling house down town where Members of Congress go and earn easy money if they were on the German side of the controversy? Did you or did you not?

Mr. HEFLIN. Oh, I do not yield any further.

Mr. GOODWIN of Arkansas. That was a part of the charges.

Mr. HEFLIN. I did not say anything of the sort. I made no such statement on the floor of the House or elsewhere. I was talking out in the lobby about rumors of spies being here in Washington. They are here now. They are doubtless in the gallery right now. They have been here all the winter.

Mr. GOODWIN of Arkansas. Mr. Speaker, will the gentleman yield again?

The SPEAKER. Does the gentleman from Alabama yield to the gentleman from Arkansas?

Mr. HEFLIN. Not now.

The SPEAKER. The gentleman declines to yield.

Mr. MOORE of Pennsylvania. Mr. Speaker, I demand that the words of the gentleman be taken down, in that he has just stated that there are spies here.

Mr. HEFLIN. Not on the floor. I did not say that.



Mr. MOORE of Pennsylvania. The gentleman denies the statement, and I demand that that part of his remarks be taken down in which he said, "They are here now."

Mr. HEFLIN. I had no reference to the floor of the House.

The SPEAKER. The gentleman from Pennsylvania moves that the words of the gentleman from Alabama be taken down.

Mr. HEFLIN. I did not say that.

Mr. MOORE of Pennsylvania. The gentleman denies it, and denies it openly. I withdraw my demand.

The SPEAKER. The gentleman from Alabama will proceed with his question of personal privilege.

Mr. HEFLIN. Mr. Speaker, I did not mean on the floor of the House. If I thought that there were spies in here, I could not prove it, and I would not make a statement of that sort. But my opinion is that every day there are German spies in the gallery of this House. That is what I had in mind.

Mr. CAMPBELL of Kansas. Mr. Speaker, I make the point of order that the gentleman from Alabama is not addressing himself to the question of personal privilege.

The SPEAKER. The Chair sustains that part of the point of order so far as the last remarks of the gentleman are concerned.

Mr. DENT. Mr. Speaker, I ask unanimous consent that the gentleman from Alabama may be allowed to proceed in order to explain his position.

The SPEAKER. That is exactly what the Chair recognized him to do.

Mr. HEFLIN. I would like to have the opportunity to explain in my own way.

The SPEAKER. But the rules about personal privilege are so stiff that—

Mr. DENT. I ask unanimous consent that he may proceed in his own way.

The SPEAKER. The gentleman from Alabama [Mr. DENT] asks unanimous consent that his colleague [Mr. HEFLIN] be allowed to proceed in his own way. Is there objection?

Mr. MEEKER. I object.

The SPEAKER. Objection is made.

Mr. COOPER of Wisconsin rose.

The SPEAKER. For what purpose does the gentleman from Wisconsin rise?

Mr. COOPER of Wisconsin. I rise to inquire just what the question of personal privilege is to which the gentleman from Alabama has risen to address himself?

The SPEAKER. The question of personal privilege, as the Chair understood it, is based on statements in the Washington Post as to what the gentleman from Alabama said. That is what he based his request on.

Mr. COOPER of Wisconsin. Mr. Speaker, then does not any legitimate discussion of that question of personal privilege involve this, and this only: Is the statement of the Washington Post, as reported in that paper and which purports to have been made by the gentleman from Alabama to a reporter or somebody else, true or false? The gentleman's question of privilege then can be settled by his rising before this body and denying the statement in the Washington Post. It does not involve his going into the fact that the boys are going into the trenches, or 40 other things calculated to start the tears in a miscellaneous audience.

The SPEAKER. The Chair has ruled on that.

Mr. HEFLIN. Will the gentleman yield to me?

Mr. COOPER of Wisconsin. I have no question of personal privilege with the gentleman from Alabama. I am not called upon to yield.

Mr. HEFLIN. Nobody interrupted the gentleman [Mr. NORRIS] who was speaking against me. He was permitted to say anything that he wished to say. Now, you want to prevent me from replying as I want to reply.

Mr. COOPER of Wisconsin. Mr. Speaker, in reply to the gentleman's statement when he asked me to yield, I will say that the gentleman from North Dakota [Mr. NORRIS] addressed himself to the question of personal privilege, and only to that. He read what the gentleman from Alabama said on the floor of this House.

He read what the gentleman is reported to have said as his statements were printed in the Washington Post of this city. He characterized those statements as unjust to the membership individually and as a whole. He said nothing else, and the gentleman should confine himself to proving whether the statements against him were true or false.

The SPEAKER. The Chair is doing his everlasting best to confine the gentleman from Alabama to his question of privilege and will continue to do so, and every time he strays off the reservation he will call him to order. [Applause.]

Mr. CLARK of Florida. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman from Florida rise?

Mr. CLARK of Florida. Will the gentleman yield to me just a moment? I just want to suggest, Mr. Speaker, that this is a matter of very great importance, and I think gentlemen are pursuing the wrong course right now. I wanted to suggest that the gentleman from Alabama be allowed in his own way to make his defense to this charge.

The SPEAKER. The gentleman from Alabama—

Mr. CLARK of Florida. If we shut him off, the American people are going to say we do not want the facts.

The SPEAKER. The gentleman from Alabama [Mr. DENT] not five minutes ago made that same request, and it was objected to.

Mr. MEEKER. Mr. Speaker, I objected.

Mr. MONDELL. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is the request of the gentleman from Florida [Mr. CLARK] that the gentleman from Alabama [Mr. HEFLIN] be allowed to proceed in his own way. Is there objection?

Mr. MEEKER. I object.

Mr. MONDELL. The regular order is the question of privilege.

Mr. LANGLEY. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman from Kentucky rise?

Mr. LANGLEY. Mr. Speaker, may I be permitted to offer a suggestion. The question seems to be not only what the gentleman said to newspaper men but what he actually said on the floor. If there is a question as to what the gentleman said on the floor, why not read the stenographer's notes and see what he said—the original notes—and that would expedite that part of the controversy.

The SPEAKER. The gentleman from Alabama will proceed in order.

Mr. HEFLIN. Mr. Speaker, it is very evident that some gentlemen on the Republican side do not want me to have my say in response to the speech made against me by the gentleman from North Dakota. They talk of how fair I ought to be in my expressed views of certain Members of this House, but they show their spirit of fair dealing in their unfair treatment of me this morning, in denying me the opportunity to answer the charges and the speech made against me by the gentleman from North Dakota [Mr. NORRIS].

Mr. LITTLE. Mr. Speaker—

The SPEAKER. For what purposes does the gentleman from Kansas rise?

Mr. LITTLE. I rise to ask unanimous consent that the gentleman be allowed to proceed out of order for 10 minutes, providing he answers first the question of the gentleman from Arkansas [Mr. CARAWAY].

The SPEAKER. The gentleman from Kansas [Mr. LITTLE] asks unanimous consent that the gentleman from Alabama be allowed to proceed in his own way for 10 minutes, provided he answers the question of the gentleman from Arkansas [Mr. CARAWAY].

Mr. MEEKER. Reserving the right to object—

The SPEAKER. The gentleman from Missouri [Mr. MEEKER].

Mr. MEEKER. I have made, and will make, my objections on the ground that once in a while the gentleman from Alabama should obey the rules of the House.

The SPEAKER. Does the gentleman object?

Mr. HEFLIN. Mr. Speaker, I do not yield to the gentleman from Missouri.

The SPEAKER. The Chair hears no objection.

Mr. HEFLIN. Mr. Speaker, the charge made against me—

Mr. LITTLE. The consent was on condition that he answer Mr. CARAWAY first.

The SPEAKER. He has not answered the question of the gentleman from Arkansas [Mr. CARAWAY].

Mr. HEFLIN. Mr. Speaker, I want to say in reply to that—

Mr. RUCKER. I understood the gentleman over there objected to that request.

The SPEAKER. He did not. Nobody objected. The gentleman from Alabama will proceed in order.

Mr. HEFLIN. Mr. Speaker, I have my opinion as to whether men have been loyal or not, and I will not accept the 10 minutes under those circumstances. Probably gentlemen would move to strike my words from the RECORD if I should name them. I have in my mind Members—a few—who, in my judgment, have not been loyal to our flag.

Mr. CAMPBELL of Kansas. Mr. Speaker, I make the point of order that the gentleman is not proceeding to answer the



question of the gentleman from Arkansas [Mr. CARAWAY], and that he is not confining himself to the question of privilege.

The SPEAKER. The gentleman from Alabama does not have to answer the question of the gentleman from Arkansas unless he wants to.

Mr. CAMPBELL of Kansas. And he is not proceeding to confine himself to the question of privilege.

The SPEAKER. He has the floor on the question of personal privilege.

Mr. CAMPBELL of Kansas. He is not addressing himself to the question of privilege.

The SPEAKER. The Chair has listened very closely, and whenever the gentleman from Alabama has strayed from the question of privilege the Chair has been trying to get him back to it.

Mr. HEFLIN. I repeat, Mr. Speaker, that it appears to me that some gentlemen on the Republican side do not intend to permit me to say what I would like to say on the question of personal privilege. They must have had an understanding that certain ones would rise and continue to make points of order to keep me from saying what I wanted to say.

The SPEAKER. The Chair thinks the gentleman is not addressing himself to the question of personal privilege.

Mr. HEFLIN. Well, Mr. Speaker, as I said in the beginning, I have not said that I thought any Member got money from the Bernstorff fund. I have not made that statement anywhere, in private conversation or upon the floor of this House. I would like to be permitted to proceed as the Chair permitted the gentleman from North Dakota to proceed, without interruption. And again, I said nothing about knowing of a place where gambling was going on in the city, but I will tell you what I did say about that. It has been rumored around here for months that there was a gambling place in Washington run by a German, where pacifists and slackers played cards, and where those favorable to the German Government won money easily.

Mr. GORDON. Mr. Speaker, I rise to a point of order.

The SPEAKER. The gentleman will state it.

Mr. GORDON. The gentleman is not confining himself to the question of privilege, but to repeating false charges already made.

The SPEAKER. The gentleman from Alabama rose to a question of privilege on what was accredited to him in the Washington Post as being said by him. The gentleman from Alabama raises the question of privilege on what was printed in the Washington Post outside of what he said on the floor of the House. It is the Chair's recollection that a part of the statement in the Washington Post accredited to the gentleman from Alabama was that he said there was a gambling house somewhere in this city frequented by pro-Germans—

A MEMBER. And Members.

The SPEAKER. And Members, may be, where it was easy for them to win money.

Mr. HEFLIN. I did not say Members.

Mr. MOORE of Pennsylvania. Will the gentleman yield?

Mr. HEFLIN. I decline to yield.

Mr. MOORE of Pennsylvania. I am kindly disposed toward the gentleman.

Mr. HEFLIN. I decline to yield to the gentleman from Pennsylvania. The gentleman has shown a disposition to be unfair to me, and I decline to yield to him.

Mr. Speaker, this is a serious charge made against me by the gentleman from North Dakota, and he was permitted to speak as long as he wanted to and say anything that he desired to say. Nobody interfered with him or interrupted him, but when I ask the opportunity to make reply to the charges against me half a dozen or a dozen Republicans rise and make points of order to interrupt me and keep me from making reply.

But, Mr. Speaker, what I said is printed in the Record; action by the House can not take from me impressions that men make upon my mind by their conduct. Why not say that a Member's conduct is suspicious if it is suspicious? I could recite the things that some have done, but you would not permit me to do it; you would strike it out of the Record. I never said that any of the Members had been corrupted by money. I do not know what influenced them, but I do know that some have not, according to my way of thinking, been loyal to this Government since the war began.

Mr. GORDON. Name them.

Mr. HEFLIN. I do not yield to the gentleman from Ohio for any purpose.

Mr. MADDEN. Will the gentleman yield?

The SPEAKER. Does the gentleman from Alabama yield to the gentleman from Illinois?

Mr. HEFLIN. No, sir; I do not.

Mr. GOODWIN of Arkansas. Will the gentleman yield to me?

Mr. HEFLIN. No; I will not. I know what the gentleman is driving at. Mr. Speaker, if this House shall decide that a committee shall be appointed to make some investigation, and if it is the judgment of this House that I express my opinion of the men who have not been loyal, and who are not loyally supporting the Government and standing by the Commander in Chief, I will name them. [Applause.] Of course I can not prove anything. [Applause.] No; I can not prove anything, because the mysterious workings of the Bernstorff organization can not be found out very easily, but the Bible tells us that "the tree is known by its fruits," and I judge these men by what they do and say. That is the way to judge whether they are loyal or disloyal. A man can not be for and against his Government at one and the same time.

If I know my own heart, I am trying to serve my country. I deny the insinuation of the gentleman from North Dakota. I do not want any publicity. I have no ambition that I desire to serve by doing these unpleasant things. I am doing my duty as God gives me the light to see it. It is unpleasant, gentlemen, it is unpleasant for the boys who are fighting, but I promised the Ohio and Alabama troops in a speech in the capital of my State that I would do all that I could to keep anybody from shooting them in the back.

The SPEAKER. The gentleman from Alabama will confine himself to the question of privilege.

Mr. HEFLIN. Mr. Speaker, if I were permitted to continue my remarks as I would like to, and if I could speak to the American people on this subject, I might make some disclosures that would lead to something interesting to every loyal American citizen. But some gentlemen do not want me to speak thus freely and frankly. They want to confine me to a question that they consider is the privileged question and nothing else. They let one man proceed and say all that he wants to say about every phase of the question, but they refuse to allow me to say what I would like to say.

Mr. MONDELL. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman rise?

Mr. MONDELL. Mr. Speaker, I rise to a point of order that the gentleman is not proceeding in order; that he is not discussing the question of privilege.

The SPEAKER. The Chair does not think that he is sticking very close to it.

Mr. MONDELL. And that he is repeatedly violating the rules.

The SPEAKER. If the gentleman from Alabama grossly offends the rules about privilege the Chair will stop him, but he was not doing it then.

Mr. HEFLIN. No, Mr. Speaker; and I do not want to grossly offend against the rules, nor to offend against them in the slightest way. I owe a duty to this House and I owe a duty to my country, and I am trying to perform those duties as best I can, and I have judged Members here by what they have done and said, and that is what I meant when I said the conduct of some had been suspicious. I did not say that they had received money. I made no such statement. I said in my speech here Friday that I did not know of any Member who had been influenced in that way.

As to the gambling house, that was something that was said outside in the lobby, and in this way: We were talking about women spies who had been in the city and men spies who had been here—

Mr. COOPER of Wisconsin. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman rise?

Mr. COOPER of Wisconsin. I rise for two purposes. The gentleman is talking about women spies in this city, and is not addressing himself to any question of personal privilege.

Mr. HEFLIN. I was stating what occurred in that conversation.

Mr. COOPER of Wisconsin. I call attention to this language in Jefferson's Manual:

The arraignment of the motives of Members is not permitted, and the speakers have intervened to prevent it in the early practice, preventing even the mildest imputations.

The gentleman is arraigning the motives of the membership of 13 or 14 by practically insinuating that they are traitors to their country. He is called upon to name them, and does not do it, but digresses and talks about female spies.

The SPEAKER. If the gentleman from Wisconsin will permit, the Chair is familiar with that rule—that one Member must not reflect upon the motives of another—but frequently it is done so quickly that no one, the Speaker nor anyone else, can intervene and stop it, and sometimes there is a little of it that the Speaker can not stop; but no one, of course, ought to reflect



upon the motives of anyone else, although in the heat of debate it is frequently done. The gentleman from Alabama will proceed in order.

Mr. HEFLIN. Mr. Speaker, I was referring to one of the things that the gentleman from North Dakota [Mr. Norton] read from the Washington Post, a statement attributed to me. I was telling what occurred, and the gentleman from Wisconsin [Mr. Cooper] made a point of order against me. That is a part of the thing that was read. What I said in that conversation was, when this talk about rumors of spies and the activities of German spies in Washington, and so on, was under discussion, that it had been rumored that there was a gambling house run by a German where slackers and pacifists played, and that those who were friendly to Germany won easily at the game. That is all that I said. I do not know where such a gambling house is, if it exists. I was talking about what the rumor was, and so on.

Mr. GOODWIN of Arkansas. Did the gentleman also say in that connection that there was a gambling house in Washington—

where pro-German and peace-at-any-price Members of Congress get their pay by being extraordinarily lucky at cards?

Mr. HEFLIN. I did not. I said nothing of the kind—where peace-at-any-price Members got their pay. I used no such expression.

Mr. GOODWIN of Arkansas. That is the way the Washington Post has it.

Mr. HEFLIN. I stated what I said, and I do not know that I have committed any crime by stating that. There may be such a place, and I may believe that there is such a place, and if I knew where it was I would say so. If this House requires that I name the men who have, according to my judgment, done disloyal acts I will name them. Gentlemen, I am willing to take the test in any way that you want to put it. I have consecrated myself to my country and its cause and so help me God I am going to serve her as faithfully as I know how. I am going to stand by the Commander in Chief. I am going to be faithful to the boys who are going off to fight and to die for our rights and liberties, and I do not propose that any Member shall carry on a propaganda which appears to me to be against my country without denouncing it and branding it as I think it ought to be denounced and branded. I am going to do that, gentlemen. I think that the House ought to encourage me in doing that. I owe it to the House and I owe it to the country to do that. Let us stand together, gentlemen, in this trying hour, and if there are 13 or 14 men who are acting in a suspicious manner let the light of publicity fall upon them. They have already been talked about in the newspapers. I have referred to some of them in a speech on the floor of this House. They know who they are. Let us be fair and honest with one another and faithful to the country; let us have the courage to do our duty.

I did say in my speech that there were 13 or 14 in Congress whose conduct, according to my judgment, had been suspicious. It has, gentlemen of the House, and you can not take that impression out of my mind. They made that impression upon me by their own conduct and I am not going to get up here and tell you now that I have no such opinion on this matter, because I have it. They have not been loyal according to my way of thinking. You can not take that impression out of my mind. They know who I am talking about. But if this House wants me to name them I will do so. That is all that I can say. Mr. Speaker, I wish that you had given me an opportunity to discuss this matter fully and fairly. I never thought that the time would come when a Member of this House could not speak fully and freely under a charge like this, but that opportunity has been denied me to-day.

Mr. FORDNEY. Mr. Speaker, I ask unanimous consent to proceed for 10 minutes.

The SPEAKER. The gentleman from Michigan asks unanimous consent to speak for 10 minutes on a business matter. Is there objection? [After a pause.] The Chair hears none.

Mr. FORDNEY. Mr. Speaker and gentlemen of the House, I have been greatly honored, as you have been honored, by the good people of this country in representing an intelligent Christian people on the floor of this House. The people of the eighth congressional district of Michigan have honored me now for nearly 20 years in that manner; but after reading in the Record and after obtaining a copy at my request of the original notes taken down by the stenographer of the gentleman's speech on last Friday, if I am one of the 13 or 14 men that he mentions I am entirely unfit to represent an honorable people on the floor of this House.

Mr. HEFLIN. Mr. Speaker, I raise the question of order.

The SPEAKER. For what purpose does the gentleman from Alabama rise?

Mr. HEFLIN. The gentleman from Michigan, whom I am very fond of, is undertaking to discuss this matter, when I understood that he got the 10 minutes to discuss a business proposition.

The SPEAKER. Maybe the Chair was mistaken in putting that in.

Mr. HEFLIN. Mr. Speaker, I will not permit anybody here or there to speak if I can help when I can not get the opportunity to speak myself against the charge.

Mr. FORDNEY. Mr. Speaker, I ask unanimous consent to speak on the question of personal privilege and will confine my remarks to the question of personal privilege, if I am in order.

The SPEAKER. If the gentleman has a question of personal privilege, he will state it.

Mr. FORDNEY. Mr. Speaker, I feel that the gentleman's remarks on Friday reflect upon my honor as a Member of this House.

The SPEAKER. How?

Mr. COOPER of Wisconsin. Mr. Speaker—

The SPEAKER. What is the gentleman's basis of whether or not it is a question of privilege?

Mr. COOPER of Wisconsin. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman rise?

Mr. COOPER of Wisconsin. As I understood it, the original question of privilege raised by the gentleman from North Dakota reflects on the whole membership of the House.

The SPEAKER. The gentleman from North Dakota rose to the question of the highest privilege, not a question of personal privilege.

Mr. COOPER of Wisconsin. Exactly.

Mr. HEFLIN. If I can aid the gentleman from Michigan any I will tell him he is not one.

Mr. FORDNEY. Mr. Speaker, I raise the question of the privilege of the House.

The SPEAKER. The gentleman will please state it.

Mr. FORDNEY. Will the gentleman permit me to read from the gentleman's remarks?

The SPEAKER. That is just exactly what the Chair wants the gentleman to do.

Mr. FORDNEY. I read from the remarks of the gentleman from Alabama as furnished me by the stenographer at my request. He said:

If I were permitted to express my opinion, I could name 13 or 14 in the two bodies who, in my judgment, have acted in a suspicious manner.

Further on the gentleman said:

It seems to me, Mr. Speaker, that the German Government carries out that part of his suggestion. Now, then, Count von Bernstorff said he was proceeding—to do what?—to use that \$50,000. For what purpose? To influence the Congress of the United States. Now, then, has that been done? Where was that money spent? Whose pocket did it reach? I must admit that the conduct of some that I know has been suspicious.

Am I one of those whom the gentleman says have acted suspiciously? That is a direct reflection upon every Member of this House, Mr. Speaker.

Mr. LONGWORTH. Will the gentleman yield for a question?

The SPEAKER. Does the gentleman yield to the gentleman from Ohio [Mr. Longworth].

Mr. FORDNEY. I will.

Mr. LONGWORTH. Those words do not appear in the reported speech in the Record.

Mr. FORDNEY. No; but there are many remarks in the original that do not appear in the CONGRESSIONAL RECORD.

Mr. HEFLIN. The phraseology is just straightened out; that is all. The subject matter is the same.

The SPEAKER. Does the gentleman yield to the gentleman from Alabama?

Mr. FORDNEY. I do, for that. Let me give one point of that phraseology. At the conclusion of the remarks the stenographer's record shows "Applause." As it appears in the Record, "Loud applause." Now, that is—

Mr. HEFLIN. Will the gentleman yield?

Mr. FORDNEY. Yes.

Mr. HEFLIN. It did not show enough. There was applause in the galleries.

The SPEAKER. The gentleman from Alabama, and everybody else, when they want to interrupt the man who has the floor must first address the Chair.

Mr. HEFLIN. I ask him if he would yield.

Mr. FORDNEY. I will.

The SPEAKER. The Chair knows, but he is not the Chair.

Mr. FORDNEY. I will yield, Mr. Speaker.

Mr. HEFLIN. The stenographer's notes did not contain the applause in the gallery, which were all around in the gallery, so that the people indorsed what I said. [Laughter.]



The SPEAKER. Gentlemen standing will take their seats, and everybody will refrain from laughter.

Mr. FORDNEY. Then, Mr. Speaker and gentlemen of the House, I take it that the gentleman from Alabama did not address the House, but the galleries, as he usually does. [Laughter.]

I hold the gentleman in high esteem. He has been my friend. I regret exceedingly that in a great burst of eloquence he should impugn the motives of Members of both Houses of Congress. It is an exceedingly serious matter. It is very easy for any man to impugn the motives of another, but it is another question when you come to prove your assertions. I will, before I conclude, offer and have the Clerk read from the desk a resolution that I have prepared, calling upon those gentlemen who made those scathing remarks about those Members of Congress to prove the correctness of their assertions. [Applause.] I do not want the people of this country to believe that the Members of Congress are a pack of gamblers. The statements published in the newspapers, that have been heralded from one end of this country to the other, and as shown in the CONGRESSIONAL RECORD, would lead the good people of this country to believe that Members of Congress are dealing with German spies. The gentleman from Alabama speaks of lady spies—women spies. I never saw a woman spy. [Laughter.] I hope I never will. I never have, knowingly, met a German spy, man or woman. I hope to God there are none in this country, although much is being said about them. I have both my eyes open and one ear, being a little deaf in the other, but I am listening all the time for what I hear in the papers to come true, that there are spies on every corner. We are engaged in a great world war. I would not impugn the motives of a single man, a Member of Congress, to say that he is not loyal to the Stars and Stripes when this country is at war with any nation in the world, no matter what his nationality may be. [Applause.] The gentleman, in copying or correcting in the RECORD his speech—

Mr. HEFLIN. Mr. Speaker, will the gentleman yield?

Mr. FORDNEY. Yes, sir.

Mr. HEFLIN. After the Congress has declared war and the President has issued his proclamation and a Member of Congress goes out speaking against the act of Congress and the proclamation of the President and saying that it is unconstitutional and that we had no business in the war, and things like that—would you say that was loyal conduct?

Mr. FORDNEY. Oh, my friend, your interpretation of a situation you gave a moment ago, as between the House and the gallery, so bedimmed me that I can not correctly answer this question as to just what your purpose was and what your purpose is. [Laughter.] I think now you regret exceedingly making those remarks, and I am heartily sorry for you, my friend. But I do believe that this thing should be investigated from beginning to end, so that if there are 13 or 14 men of the House of Representatives and the Senate of the United States that are disloyal and who have been gambling and accepting German money and dealing with the blood of the boys of this Nation—oh, I tell you you can not deal out too severe justice to men of that kind.

Mr. HEFLIN. The gentleman from Michigan should bear in mind that I did not make such a statement.

The SPEAKER. The gentleman from Alabama must not interrupt.

Mr. FORDNEY. You said in the RECORD that there are 13 or 14 men that you could point out that acted suspiciously to you, in your judgment.

Mr. REAVIS. Mr. Speaker, will the gentleman yield?

Mr. FORDNEY. Yes.

Mr. REAVIS. The statement that 13 or 14 were acting suspiciously was in connection with the slush fund of \$50,000, was it not?

Mr. FORDNEY. Yes, sir; and if 435 Members of the lower House of Congress can be purchased with \$50,000 to sell out our Government to a foreign foe, I want to know it right now. [Applause.]

We are fighting Germany. We have many German-born citizens in this country, and there are no better citizens in any country in the world—those that are loyal, and I believe most of them are, if not all, and just as good citizens as any other nationality—and it is a slur upon them to say that this country is full of German spies who are trying to overthrow our Government. We are at war with them, and it is customary at all times that nations at war have spies in the enemy's camp, if they can land them there, and get valuable information by which to take advantage of the enemy, but if we have them on the floor of this House or on the floor of the Senate, I want you,

my good friend, to name them. And I now introduce this resolution and ask the Clerk to read it. [Applause.]

Mr. HOWARD rose.

The SPEAKER. For what purpose does the gentleman from Georgia rise?

Mr. HOWARD. Before the resolution of the gentleman from Michigan has been read I desire to rise to a question of personal privilege, if I may.

The SPEAKER. With the distinct understanding that the resolution is assumed to be privileged.

Mr. HOWARD. All right.

Mr. GARRETT of Tennessee. Of course, Mr. Speaker, we do not know whether the resolution that the gentleman wishes to offer is privileged. We do not want to waive any point of order on its being privileged.

The SPEAKER. No. You do not want to waive any point of order. We assume simply that it is privileged, and the gentleman from Michigan [Mr. FORDNEY] agrees to postpone its reading until the gentleman from Georgia [Mr. HOWARD] has been heard. The gentleman from Georgia will state his question of personal privilege to begin with, if he has any.

Mr. HOWARD. Mr. Speaker, I think I understand the rule of personal privilege, and I think that I can and will stay within it. So far as the article read from the desk by the gentleman from North Dakota [Mr. NORTON] is concerned, as having been printed in the Washington Post, that was the first time that the matter in its entirety had been called to my attention. On Saturday last the House was not in session, and I was sick in my home the major portion of the day.

Mr. FORDNEY. Will the gentleman yield to me?

Mr. HOWARD. Certainly.

Mr. FORDNEY. Is it proper for me to ask the Speaker to have something printed in connection with my resolution?

Mr. HOWARD. That will be all right. That interruption will not disturb me at all.

Mr. FORDNEY. Mr. Speaker, I ask unanimous consent to have printed in connection with the resolution that I offer a copy of the exact words of the gentleman from Alabama as taken down by the stenographer and given to me.

The SPEAKER. The gentleman from Michigan asks leave to print, in connection with the resolution which he offered but which has not been considered, a copy of the notes of the stenographer of the speech of the gentleman from Alabama as the stenographer delivered it to him. Is there objection?

There was no objection.

The matter referred to is as follows:

Mr. HEFLIN. Mr. Speaker, I am heartily in favor of the bill reported by the gentleman from Oklahoma [Mr. FERRIS], but I want to speak to the House just a few minutes about a telegram sent by Count von Bernstorff on the 23d of January of this year to the German Government, asking for permission to spend \$50,000 more to influence Congress. He wanted to use this money as money had been used on former occasions.

Gentlemen of the House, I was forced to the conclusion that Germany thought that we were a cowardly people and afraid to fight, but I did not know that they had reached the conclusion that we were a corrupt people and would betray our own country for German money. The President in his message upon the war mentioned alien influences, sinister influences, at work in our Government, and the telegram sent by Count von Bernstorff is an admission of the fact that Germany had a corrupt fund in the United States for the purpose of carrying on the German propaganda. The telegram that he sent is a reflection upon and an insult to the Congress of the United States and the country. The representative of the German Government admits that he has used of a fund prior to this time to influence Congress. I do not know what he refers to, Mr. Speaker, but I know that this is a serious charge made against the Congress. I know that it is a serious reflection upon the Congress.

We gentlemen are honored with places in the greatest lawmaking body in the world, and the Constitution confers upon us the power to act when war threatens or when war is forced upon the country. We have exercised that power, and before we were called upon by the President to exercise that power, to do what was best for this country in that hour, the representative of the German Government, sitting here in the Capital, was carrying on a corrupt propaganda to influence the lawmaking body of this Nation against the best interest of this Nation and in the interest of the German Government.

I do not know what Members of Congress have been influenced. If I were permitted to express my opinion I could name thirteen or fourteen in the two bodies who in my judgment have acted in suspicious fashion. But I would not do that. I think, however, that this much ought not to go unnoticed. I believe that it ought to be investigated by this Congress. If Members have acted in suspicious fashion by the introduction of resolutions or bills or by speeches in the Congress or out of Congress that lead to the conviction that they are not loyal to this Government at this time, they ought to be investigated, and, if found guilty, they ought to be expelled from the floor of this House and from the floor of the Senate of the United States. If there is a man in either body who is not giving whole-hearted support to the Commander in Chief of our Army and Navy, he is not entitled to a seat in either branch.

Gentlemen, we are at war with the most desperate brute that ever appeared upon the earth and we must act like we are in war. We must not permit Members of Congress to do things that are not in keeping with the highest and best interests of our country when we are in war. Count von Bernstorff suggested that they express friendship for Ireland.



He said it would aid them in getting certain influences over here. I do not know to what he refers. But the paper says shortly after that telegram was sent Germany did express friendship for Ireland, for home rule, and for home rule in India. So it seems the German Government carried out—

The SPEAKER. The time of the gentleman has expired.

Mr. HEFLIN. Give me two more minutes, Mr. Speaker.

The SPEAKER. The gentleman from Alabama asks unanimous consent for two minutes more. Is there objection?

There was no objection.

Mr. HEFLIN. It seems to me, Mr. Speaker, that the German Government carried out that part of his suggestion. Now, then, Count von Bernstorff said he was proceeding—to do what? To use that \$50,000. For what purpose? To influence the Congress of the United States.

Now, then, has that been done? Where was that money spent? Whose pocket did it reach? I must admit that the conduct of some that I know has been suspicious. And I want to say in conclusion, as a Member of this Congress I repudiate the insult against the great body of clean, honest, loyal Americans who compose the two bodies of Congress. The few who have acted suspiciously, in my mind, I have no word for. They have my supreme contempt and deserve the contempt of the American people. And in the name of the Congress and the honor of my country, I ask for an investigation of the charges of Bernstorff to see who is corrupt in this matter. [Applause.]

Mr. HOWARD. On Saturday evening about 8 o'clock a young gentleman, a member of the press gallery, called me at my home and made a general statement, practically the crux of what was read by the gentleman from North Dakota [Mr. NORRIS], and asked me if I had anything to say in reference to it. I told him then that I was utterly astounded that such a statement should have been published as emanating from me. I made no such statement, I want to state to this membership, with whom I have very pleasantly associated for seven and three-quarter years. Our relations, I think, in their entirety have been most cordial. The only gentleman who interviewed me was a splendid young gentleman for whom I have the very highest personal regard, Mr. Plummer, of the New York World. Mr. Plummer came to me when I was on my way to the restaurant for lunch and asked me about the Von Bernstorff exposure.

I said to Mr. Plummer that I did not know what the exposure was, and asked him to state what the contents were. He said that the State Department had disclosed some evidence that Von Bernstorff had been authorized, or had asked for authorization from the Imperial German Government, to spend \$50,000 for a corruption fund or some other fund to be used among Members of Congress, or to influence Congress. I told him that I had not heard anything about it, which I had not up to that time. He said, "What do you think about it?" I said, "Well, if that is all he is going to spend in corrupting Members of Congress the Kaiser is a cheap skate"; that I did not think that would get him very far. He laughed, as I said it in a jocular way. Then he asked me whether or not I was in favor of an investigation of it. I have not seen his published report of that interview. I said, "Yes; if it is authoritatively and officially stated from the State Department that this is true, and if it will not turn out to be another 'leak investigation,' I will most heartily support a resolution calling for a sifting and searching investigation."

That is practically verbatim what I said to him. Now, since the gentleman from North Dakota [Mr. NORRIS] has made his statement here, I have racked my brains to remember everything I said, because I do not think I am a "shot dodger." I believe I am courageous enough to assume the responsibility for any statement that I make anywhere on this earth. I have got no political ambition to further by trying to reflect upon the membership of a body who have been universally courteous and considerate of me, and I do not propose to start any reflections upon them now without more to base those reflections on than I have had in the years gone by.

Mr. MOORE of Pennsylvania. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman from Pennsylvania rise?

Mr. MOORE of Pennsylvania. To ask the gentleman if he will yield to me for a question.

Mr. HOWARD. I do.

Mr. MOORE of Pennsylvania. The gentleman made no speech upon the floor of the House?

Mr. HOWARD. I did not make any, and did not know that anybody else made one until I saw it in the Record.

Mr. MOORE of Pennsylvania. May I read to the gentleman what the Washington Post quoted him as saying?

Mr. HOWARD. I have just stated that my good friend from North Dakota [Mr. NORRIS] read it here this morning, and it was the first time that I had ever heard the statement. I never saw the Post on Saturday morning, and I never saw that statement in print, but I heard him read it, and I know what he said. I have got a pretty good recollection of it all.

Mr. MOORE of Pennsylvania. I will say to the gentleman that it goes a little further—I say this for the gentleman's own benefit—

Mr. HOWARD. I should like to have the gentleman read it. Mr. MOORE of Pennsylvania. It goes a little further than statements attributed to other gentlemen, and I want to ask the gentleman if he said it or did not say it. What he says as to the fact would have a great deal to do with any vote that I may cast hereafter.

Mr. HOWARD. I would be very glad if the gentleman would read it.

Mr. MOORE of Pennsylvania. It says:

Representative HOWARD, of Georgia, said he could point—

The SPEAKER. What is the gentleman reading from?

Mr. MOORE of Pennsylvania. The Washington Post of Saturday, September 22.

Representative HOWARD, of Georgia, said he could point to the men in this House—

This is quoted—

"to the men in this House who, I believe, received money. Their actions certainly indicate it, and they certainly are more prosperous now than they have ever been."

If the gentleman said that, he can not wonder that all of the gentlemen of the House should resent it.

Mr. HOWARD. I want to say to the gentleman from Pennsylvania that I never said that or anything like that. [Applause.]

Mr. MOORE of Pennsylvania. That is a fair statement.

Mr. HOWARD. Now, in conclusion—because I do not want to trespass upon the time of this House any further—I am not at all excited about this thing. I am just as cool as the proverbial cucumber. As I started to say a moment ago, I have racked my brain from the time the gentleman from North Dakota [Mr. NORRIS] took the floor until he sat down, in trying to remember everything I said on that day; and I remember that out in the Speaker's lobby some of the Members were discussing this Von Bernstorff matter. I have forgotten who were in the crowd, but I think there were probably two or three of my Republican friends sitting there, and I said the exact opposite of what is in the paper—that I knew a good many of my friends on the floor of the House who did not look as prosperous now as they did when they came here, and I am one of them. [Laughter.]

Now, I want to say this, in conclusion: I know that the world is suspicious of public officials, and you know it. I know that there are thousands of people on this earth that if they had the choice to make out of themselves anything on the face of the earth they would choose to make of themselves a bird—they would by choice convert themselves into a buzzard rather than a hummingbird. I know that public officials are under very great suspicions by many people. I know that there are some gentlemen in public life at both ends of the Capitol, the Senate and the House, who differ materially with me about public questions for the conduct of the war. They have a right to do it; that is for them, their God, their conscience, and their constituents to settle. I have no criticism to make of it, except that I might say that, as a loyal American citizen, I think it would be indiscreet to say or do anything that would give room for doubt that we are a solidly united people. I would go that far. I have no charge or innuendo to make against any Member of this House for his conduct at any place except upon this floor. And I do not believe from what I know now after my service of seven and three-quarters years in this body that there is one man out of any five thousand that ever finds his way to a seat in this body who is not absolutely incorruptible. [Applause.] Now, that is all that I have had to do with this thing, as far as human recollection can state it, and I have made a plain, frank statement to the House. That is all I want to say. [Applause.]

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

House Resolution 148.

Whereas the CONGRESSIONAL RECORD of September 21, 1917, pages 7305 and 7306, contained a statement by the Hon. THOMAS J. HEFLIN, Member of Congress from Alabama, commenting upon the contents of a telegram sent from Washington to Germany by Count von Bernstorff, the representative of the German Government, in which he (Von Bernstorff) asked permission "to pay out \$50,000, as on former occasions to influence Congress," Mr. HEFLIN used the following language:

"I do not know what Members of Congress, if any, have been influenced by this mysterious German organization. If I were permitted to express my opinion, I could name 13 or 14 men in the two bodies who, in my judgment, have acted in a suspicious manner. If Members have acted in a suspicious manner by the introduction of resolutions or bills or by speeches in the Congress or out of it that leads to the conviction that they are not loyal to this Government in the hour of its peril, they ought to be investigated and, if found guilty, they ought to be expelled from the House and from the Senate of the United States."

And



Whereas the Washington Post and other newspapers of September 22, 1917, reported the following interview with or statement furnished by Congressman HEFLIN concerning the said telegram of Count von Bernstorff, to wit:

"I have heard a story that there is a gambling room in Washington where pro-German and peace-at-any-price Members of Congress get their pay by being extraordinarily lucky at cards. \* \* \* I demand that this matter be investigated and that the guilty Members be expelled from Congress in disgrace. I believe some of this money has reached some Members of Congress. I know I could name 13 or 14 Members of the House and the Senate who have acted in a very suspicious fashion."

And

Whereas in the Washington Post of September 22, 1917, Hon. WILLIAM SCHLEY HOWARD, a Member of Congress from Georgia, is reported to have said upon the subject of said telegram that he could point to men in this House who, "I believe, received money. Their actions certainly indicate it and they are certainly more prosperous now than they have ever been."

Therefore be it

Resolved, That the Speaker of the House of Representatives appoint a select committee of seven Members of the House, with instructions to inquire into the charges made in the statement of the said Hon. THOMAS J. HEFLIN, Member of Congress from Alabama, as inserted by him in the CONGRESSIONAL RECORD of September 21, 1917, pages 7305 and 7306, respecting the said telegram of Count von Bernstorff, and also to inquire into the statement of said HEFLIN which appears in the Washington Post of September 22, 1917, and also the statement of said HOWARD in said paper and of said date, and all other statements, matters, or things pertaining to such telegram of said Von Bernstorff and comments of Members of Congress thereon. Said committee shall have the power to enforce attendance of persons in Washington or elsewhere, to administer oaths to such persons, and to require the production of such books and papers as may be pertinent to the inquiry. Said committee shall report to the House within 20 days the results of its inquiry and its recommendations, if any, as to appropriate action to be taken by the House against any person or persons involved in this inquiry. To pay the expenses of said committee the sum of \$10,000, or so much thereof as may be necessary, is hereby ordered to be paid out of the contingent fund of the House, on vouchers approved by the Committee on Accounts.

Mr. FORDNEY. Mr. Speaker, I move the previous question on the resolution.

Mr. GARRETT of Tennessee. Mr. Speaker, I make the point of order that the resolution is not privileged.

The SPEAKER. The Chair thinks the resolution is not privileged and ought to go to the Committee on Rules. The Chair makes that ruling because the resolution ought to be carefully and elaborately drawn, so that the whole question, from top to bottom, can be investigated. [Applause.]

Mr. STAFFORD. Has the Chair decided the question without giving Members an opportunity to be heard?

The SPEAKER. The Chair will hear any gentleman.

Mr. STAFFORD. When a similar resolution was presented to the House relating to the Lawson charges on January 3 last, the Speaker, if I recollect aright, held that resolution privileged.

The SPEAKER. The Speaker held that the person who rose to the question of privilege had a question of the highest privilege.

Mr. STAFFORD. The charges here are of a similar character.

The SPEAKER. The Chair held that the gentleman from North Dakota [Mr. NORTON] had a right to raise the question of the highest privilege.

Mr. STAFFORD. The gentleman from North Dakota rose to a question of the highest privilege, as the gentleman from Michigan did. The latter presented this resolution, involving the privileges of the House, the highest privileges, and that resolution does involve, in my judgment, a question of the highest privileges of the House. I want to ask the Speaker wherein it does not involve the question of the highest privilege, because it reflects on the membership of the House, as did the Lawson resolution?

The SPEAKER. The Chair recognized the gentleman from North Dakota to rise to a question of the highest privilege and ruled that he had a question of the highest privilege. He was heard on it, the gentleman from Alabama was heard upon it, and the gentleman from Michigan was heard upon it, and also the gentleman from Georgia.

Mr. STAFFORD. If the Chair will permit me to correct the statement of the Chair, when the gentleman from Michigan rose for recognition he asked for recognition on the ground of personal privilege. If he was to be recognized on the ground of personal privilege he would have been then and there obliged to set forth those grounds. Then he said he rose to a question of the highest privilege, and that is the privileges of the House, and he based his ground for rising to a question of the privileges of the House on the grounds that have been charged. He has a right now, under the precedents of the House, to present a resolution, because the precedents of the House make it necessary for him to present a formal resolution. The gentleman from Michigan has presented the formal resolution.

The SPEAKER. The Chair will ask the gentleman from Wisconsin a question. Is every question of privilege followed by a resolution?

Mr. STAFFORD. Every question of the highest privilege to gain recognition must be predicated on a formal resolution.

The SPEAKER. No; the formal resolution is predicated on the question of the highest privilege.

Mr. STAFFORD. I can cite the Chair to a ruling by Speaker Carlisle that sustains my position.

Mr. COOPER of Wisconsin. If the Chair will pardon me, it seems to me, with all respect to the Chair, that the whole controversy can be settled by answering this question. The privilege of the House is a question of the highest privilege: Is it possible that a resolution to investigate a question of the highest privilege is not a privileged resolution?

Mr. GARRETT of Tennessee. Mr. Speaker, has the gentleman from Wisconsin yielded the floor?

Mr. STAFFORD. No; I shall be glad to yield temporarily, but I desire to call the attention of the Speaker to a ruling by Mr. Speaker Carlisle. First, Rule IX provides—

Questions of privilege shall be, first, those affecting the rights of the House collectively, its safety, dignity, and the integrity of its proceedings; second, the rights, reputation, and conduct of Members, individually, in their representative capacity only; and shall have precedence of all other questions, except motions to adjourn.

In the Manual, at page 285, subsection 660, we find the following:

In presenting a question of personal privilege, a Member is not required in the first instance to offer a motion, but he must take this preliminary step in raising a question of general privilege.

And there is cited Hinds' Precedents, volume 3, section 2546. I read now from Hinds' Precedents, volume 3, section 2546:

In presenting a question of personal privilege the Member is not required in the first instance to make a motion or offer a resolution; but such is not the rule in presenting a case involving the privileges of the House.

A paper offered as involving a question of privilege should be read to the House rather than privately by the Speaker before a decision is made regarding its privilege.

A mere proposition to investigate, even though impeachment may be a possible consequence, does not involve a question of privilege.

On February 1, 1886, Mr. Lewis Hanback, of Kansas, rising to a question of personal privilege, asked that a paper which he sent to the desk be read. The reading having proceeded for a time, Mr. Clifton R. Breckinridge, of Arkansas, made the point of order that no question of privilege was raised.

The Speaker said: "The Chair thinks the practice has been for a gentleman who rises to a question of privilege and asks to have a paper read to at least state that there is something in the paper which involves a question of that character. The Chair does not yet know what is contained in the paper which the gentleman from Kansas [Mr. Hanback] has sent to the desk. \* \* \* The Chair desires the gentleman from Kansas to state whether or not there is anything in this paper which in his judgment involves a question of personal privilege on the part of that gentleman. Unless that were the rule, any gentleman might rise to a question of privilege and have anything that he might choose read at the Clerk's desk."

I pass now to paragraph 2547, a more recent ruling by Mr. Speaker CANNON, in which Mr. Livernash, of California, claimed the floor for a question of privilege and proceeded to discuss a question as to whether or not the President of the United States, in his dealing with the revolution on the Isthmus of Panama, had invaded a constitutional prerogative of the House and to comment on the length of time which had elapsed since the House had called on the Executive for information thereto. I read now from Hinds' Precedents:

Mr. Sereno E. Payne, of New York, having raised a question of order, the Speaker said:

"The Clerk will read a passage from the manual bearing upon this question."

The Clerk read as follows: "In presenting a question of personal privilege a Member is not required in the first instance to make a motion or offer a resolution, but such is not the rule in presenting a case involving the privileges of the House."

The Speaker then said: "If the gentleman will offer his resolution in writing under the rules, he will then conform to the rules; and then, for the first time, the Chair can make a ruling as to whether the gentleman is in order. The point of order being made, the rule is perfectly plain."

"If the gentleman is so unfortunate as not to be able to embody in a resolution in writing for the information of the House, his question of privilege he is unable to conform to the rules of the House, as the Chair understands the matter."

What is before the House? There is no question but what there has been presented to the House, subject to the point of order of the gentleman from Tennessee [Mr. GARRETT], a resolution demanding an investigation of these omnibus charges that have been made by the gentleman from Alabama and which have not been withdrawn. The previous question has been moved upon the adoption of that resolution, and the gentleman from Tennessee makes the point of order that it is not privileged. I call attention to the fact that the charges made by the gentleman from Alabama have not been withdrawn. In fact, his statement upon the floor this morning reaffirms the charges as contained in the preamble of the resolution. That makes the matter privileged, and of the highest privilege. It is of the highest privilege of the House, because, as the Speaker held



when a like question of order was raised on the omnibus charges of the notorious Thomas W. Lawson, it involved not a personal privilege, but the invasion of the dignity and privileges of the House, and therefore it is privileged.

The SPEAKER. The Chair rules exactly in this question as he did on the Lawson resolution.

Mr. GARRETT of Tennessee. Mr. Speaker, does the Chair desire to hear further upon the point of order?

The SPEAKER. The Chair will hear the gentleman.

Mr. GARRETT of Tennessee. I do not care to be heard unless the Chair desires to hear me. I think the Speaker has ruled correctly. There are three elements in this resolution that would destroy its privileged character. One of the very simple elements is the matter of carrying an appropriation, but I do not care to place it upon that ground. That destroys its privileged character absolutely. Further, it contains on the first page of the resolution as drawn language in which the gentleman from Alabama expressed a certain opinion. Perhaps the gentleman from Alabama was unfortunate in expressing an opinion, but nevertheless it is an opinion, and there is a provision of the Constitution, as I recall it, that provides that a Member shall not be held to account for words spoken on the floor of the House.

Mr. GORDON. And elsewhere.

Mr. GARRETT of Tennessee. Or elsewhere. The matter is not privileged. The Speaker's ruling is correct; but, passing from that for a moment, I wish to express my regret that gentlemen should be so insistent now upon a hurried consideration of this particular resolution. How far-reaching this proposition is we do not know. How much is involved in it we do not know. Certainly gentlemen ought to be willing that this matter should go to a committee, to be there considered and to be put in proper form before considering it seriously. The gentleman from Wisconsin [Mr. STAFFORD] has referred to the resolution presented in regard to the Lawson charges. Does the gentleman from Wisconsin recall how many times the Committee on Rules had to come back to the House before it finally got the resolution on the Lawson proposition in form to be considered and reach results?

Why is it gentlemen are so insistent upon a resolution hurriedly drawn at the desk touching a vital matter to our international relations being immediately considered without its even being printed where Members can reach it? I think gentlemen are making a mistake in doing that. Even if the resolution were privileged, it certainly ought to be referred in order that it might be considered. Gentlemen will approach the consideration of it in a fair and proper spirit, but, Mr. Speaker, the resolution is not privileged and the Speaker has ruled correctly. Two elements in it destroy its privileged character and the resolution ought to be referred.

Now, Mr. Speaker—

Mr. NORTON rose.

Mr. GARRETT of Tennessee. Mr. Speaker, I took the opportunity of inquiring whether gentlemen had concluded their argument on the point of order before I undertook to argue it. I understood they had.

Mr. NORTON. Mr. Speaker, this resolution, in my judgment, is fraught with the greatest importance to the House and to the country. As I interpret the rules of the House, it seems to me that the resolution is of the highest privilege. It is just possible the fact that it carries an appropriation deprives it of a privileged status, although I do not think that contention can be successfully sustained. I would be inclined to offer the resolution with that part of it stricken out, but I quite agree with the gentleman from Tennessee [Mr. GARRETT] that it may be just as well that the resolution go to the Committee on Rules. I trust, for the honor, integrity, and dignity of this House, that the resolution when it does go to that committee will be promptly reported back to the House in approved form, so that this inquiry may be made and disposed of without delay.

Mr. MONDELL. Mr. Speaker, up to the time the Speaker ruled on this question I was of the opinion that a question of the highest privilege having been stated and the Chair having ruled that such a question was before the House a resolution based on the proposition was in order. That was my opinion before the Chair ruled. The gentleman from Tennessee [Mr. GARRETT] has presented nothing to change that opinion. However, it is important that this resolution be in proper form, and if the gentlemen of the Committee on Rules will see that this resolution is put in proper form and immediately returned to the House for prompt action no one will have any objection, except some of us may regret the precedent established in regard to the matter.

Mr. POUL. Mr. Speaker, I offer a privileged report from the Committee on Rules.

The SPEAKER. The Chair knows; but wait until we get through with this.

Mr. POUL. I thought the Speaker had ruled; I may have been mistaken.

The SPEAKER. The Chair desired to hear these gentlemen if they had any argument to make, one way or the other. Of course this resolution is absolutely nonprivileged for the reason that it has an appropriation in it. There is no question in the world about that. The Chair supposes that has been ruled on a hundred times. The Chair refers this resolution to the Committee on Rules.

#### WOMAN SUFFRAGE.

Mr. POUL. Mr. Speaker, I offer the following privileged resolution from the Committee on Rules.

The SPEAKER. The Clerk will report it.

The Clerk read as follows:

House resolution 12 (H. Rept. No. 163).

Resolved, That the rules of the House of Representatives be amended as follows: Amend Rule X by adding thereto a new subdivision, to be numbered 51a, to read as follows: "51a. On Woman Suffrage, to consist of 13 members"; and amend Rule XI thereof by adding thereto a new subdivision to be numbered 51a, to read as follows: "51a. All proposed action touching the subject of woman suffrage; to the Committee on Woman Suffrage."

Mr. POUL. Mr. Speaker, I ask unanimous consent that debate on this resolution be limited to two hours, one hour to be controlled by those who favor the resolution, and that hour to be equally divided between myself and the gentleman from Kansas [Mr. CAMPBELL], he to control a half hour and the other hour to be controlled by the gentleman from Tennessee [Mr. GARRETT], who opposes the resolution. At the end of that time the previous question to be considered as ordered.

The SPEAKER. The gentleman from North Carolina [Mr. POUL] asks unanimous consent that the time on this resolution be limited to two hours, one-half of the time to be controlled by those favoring the rule and the other hour by the gentlemen opposed to it, and that the gentleman from North Carolina is to have 30 minutes of one hour and the gentleman from Kansas 30 minutes, and the gentleman from Tennessee [Mr. GARRETT], a member of the Committee on Rules, control the other hour, and at the end of the two hours the previous question shall be considered as ordered.

Mr. MOON. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman rise?

Mr. MOON. I want to ask the gentleman from North Carolina if he will not yield for half a minute to make a request that will not take more than a second.

The SPEAKER. Let us get through with this request first. Is there objection?

Mr. CAMPBELL of Kansas. Mr. Speaker, reserving the right to object, I hope the gentleman from North Carolina will include in his request for unanimous consent that the debate shall be confined to the resolution.

Mr. POUL. Well, I include that.

The SPEAKER. The gentleman includes in his request that the two hours' debate shall be confined to the resolution. Is there objection to either one of these requests, or both?

Mr. STAFFORD. Mr. Speaker, reserving the right to object—

The SPEAKER. Object to what?

Mr. STAFFORD. To the request of the gentleman from North Carolina. The control of the hour in favor of the resolution is to be controlled jointly, one-half by the gentleman from North Carolina and one-half by the gentleman from Kansas [Mr. CAMPBELL]. I think there ought to be some understanding as far as the hour in opposition is concerned as to whether one-half of the time will be parceled out to Members on this side.

Mr. POUL. I think I can assure the gentleman, though it remains with the gentleman from Tennessee [Mr. GARRETT].

Mr. STAFFORD. I think some of the time for the opposition should be controlled on this side.

Mr. GARRETT of Tennessee. Mr. Speaker, the gentleman from Wisconsin [Mr. STAFFORD] of course is asking an entirely superfluous question. He knows very well that whenever I control time I divide it absolutely in a fair and equitable manner between the two sides of the House—

Mr. STAFFORD. I do not recall in my service in the House when the gentleman has had control of the time in a similar situation.

Mr. GARRETT of Tennessee (continuing). And I shall do so at this time. If the gentleman desires to object, I have no objection.

Mr. STAFFORD. I do not desire to object, but I wish to have some understanding, because the minority is deserving of time and recognition.



Mr. GARRETT of Tennessee. Less time will suit me, I will say.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina [Mr. Pou]? [After a pause.] The Chair hears none. The gentleman from North Carolina [Mr. Pou] is recognized for 30 minutes.

#### MINORITY VIEWS—MOTOR-TRUCK DELIVERY.

Mr. MOON. Will the gentleman yield to me to present some minority views?

Mr. POU. I can not do so without losing some of the time.

The SPEAKER. The Chair will protect the gentleman in regard to that.

Mr. MOON. Mr. Speaker, the gentleman from Minnesota [Mr. STEENERSON] is absent, but he has requested me to present his views to the House and ask that they be printed on the bill (S. 2718) to authorize experiments in motor-truck delivery, on which the Committee on the Post Office and Post Roads have filed a report.

The SPEAKER. The gentleman from Tennessee asks unanimous consent to file for the gentleman from Minnesota [Mr. STEENERSON] minority views on the bill S. 2718. Is there objection? [After a pause.] The Chair hears none.

The following are the minority views:

[Dissenting views of Mr. STEENERSON on the bill S. 2718, 65th Cong., 1st sess.]

This is a Senate bill appropriating \$100,000 for a proposed experimental motor vehicle truck service in the Post Office Department for the fiscal year 1918.

Section 7 of Article I of the Constitution of the United States provides as follows:

"All bills for raising revenue shall originate in the House of Representatives, but the Senate may propose or concur with amendments as on other bills."

Whether the term "bills for raising revenue" includes appropriation bills has been the subject of debate between the two Houses ever since the foundation of the Government, and it can not be as yet regarded as definitely settled. It is the subject of a very exhaustive report by the House Judiciary Committee in the third session of the Forty-sixth Congress (Rept. No. 147). So far as general appropriation bills are concerned, it has been the unbroken practice that they should originate in the House of Representatives. A very able argument in support of this uniform practice was made by Senator William H. Seward, of New York, in the first session of the Thirty-fourth Congress (printed in the Congressional Globe, pp. 160, 161, 162, 375, and 376).

Aside from the merits of the proposition contained in the bill, I think the House should refuse to consider it, because it is a violation of the uniform practice and an infringement of the prerogatives of the House. (Hinds' Precedents, vol. 2, secs. 1483-1501, pp. 942-974.)

Hearings were held, and the Fourth Assistant Postmaster General made statements in support of the original bill, part of which have been printed. It is difficult to see how the original bill can be considered as a war measure which it was necessary to take up at the extra session. As amended the department proposed to expend \$300,000 in putting motor trucks upon rural routes and in the larger cities for the transportation of farm products to city customers. The Senate bill was accompanied by a report, in which it was stated that for every parcel transported from the country to the city eight parcels were now carried from the city to the country. The Fourth Assistant was asked the question: "If it be true that eight parcels move from city to farm to one from the farm to the city, how will this be remedied by putting on more vehicles?" His answer was: "If the number of vehicles be increased, the number of parcels will increase; and whether the ratio be eight to one or some other, the patron will benefit and the revenues of the Postal Service increase in proportion."

It is difficult to understand how this can be true. If a railroad company should ascertain that for every eight cars moving from the city to the country loaded only one car had a return load, would it propose to remedy this by putting on extra cars? Putting on extra cars might possibly increase the movement from the city to the country; but seeing that the accommodations are already eight times more than required, it is difficult to see how the traffic will be greatly increased by increasing the facilities not required. The estimated cost for each route is \$2,940 and the appropriation asked is \$300,000, so that it will probably mean the establishment of 100 new routes. When asked how many new employees would be required, the answer was, "One per vehicle per route." And when asked whether they would be under civil service, the answer was, "Probably not during the period of the experiment."

When asked what was the plan for disposing of the supplies, the answer was:

"The additional direct supervision of a rural agent—employee of the post office or the postmaster—who will be expected to encourage direct commercial relations between producer and consumer; to increase the quantity of mailable matter carried," etc.

This would necessitate the appointment of 100 additional employees, also, it is to be presumed, outside of the civil service.

There does not appear to be any difficulty in carrying the traffic on any of the rural routes with present employees and equipment, and to spend this large sum of money at a time when the country has to meet such heavy war burdens seems unwise. The claim that this effort would lower the cost of living is chimerical. If the extraordinary advance in the cost of living can not be dealt with through the extraordinary war measures already adopted, it is futile to expect that the expenditure of this appropriation of \$300,000 will accomplish it. Before this experiment could be fairly tried out it is certain that hundreds of useless offices would be created, which it would be difficult to abolish, and that the Postal Service would not be materially benefited.

If this bill were otherwise unobjectionable, I would favor the aeroplane provision, but certainly there is no emergency that requires us at this extra session of Congress to provide for the disposal of aeroplanes or motor trucks that have been so worn as to be unsuitable for further use by the War Department. Actual military operations have

not yet been begun, and are not likely to be begun until after the regular session convenes in December, and we can provide for this matter in the annual Post Office appropriation bill.

H. STEENERSON.

#### A MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Tulley, one of its clerks, announced that the Senate had agreed to the amendment of the House of Representatives to the bill (S. 2477) to authorize the construction of a building for the use of the Treasury Department.

The message also announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4960) to define, regulate, and punish trading with the enemy, and for other purposes.

#### WOMAN SUFFRAGE.

Mr. POU. Mr. Speaker, the question before the House should not be confused with the larger question of national woman suffrage. The proposition before the House is simply the creation of a committee. In times past various new committees have been created by the House. Within the last few years the Committee on Good Roads has been created and also the Committee on Flood Control. The Committee on Rules decided that the question of woman suffrage was of such importance as to justify the creation of a committee charged with the duty of considering that particular question.

In my own mind there is but one argument that can be advanced against the creation of this committee and that is the trifling expense involved. It is very true that at this time the Judiciary Committee has jurisdiction of this question. It is very true that the Judiciary Committee can consider it again as it has been considered in the past. If that point is to be fatal to the resolution offered by the Committee on Rules, then no new committee could ever be created, now or hereafter. And it is no reflection upon any committee of the House, above all the Committee on the Judiciary, made up of able lawyers as it is and presided over by the distinguished gentleman from my State [Mr. WEBB].

Now, Mr. Speaker, the request for this is Nation wide. I have here a petition signed by more than 80 Members of the House of Representatives, gentlemen of both political parties, men from various States of the Union, men from the East, men from the West, and men from the Mississippi Valley, asking that this committee be created. I shall read a short extract from the communications of two very distinguished women. I pause here to say, Mr. Speaker, it seems to me it would be a most gracious thing to do in this hour, when the life of this Republic is at stake and when American women are responding to the call to duty equally with the men, to say to the women of America, "You are at least of importance enough to entitle you to have a committee created in the House of Representatives to consider your claims." [Applause.]

Mrs. Carrie Chapman Catt, president of the Woman's Association of America, addressed to the Speaker of this House a letter in which these words were used:

May I remind you that the national Governments of Great Britain, France, and Russia have promised woman suffrage in the near future, and that the greater part of Canada has already established it within a few months. The leaders of these Governments have announced that the vote has been or will be given to their women in recognition of the devotion, sacrifice, skill, and endurance of women in their varied service to their country under the strain of war. Our Republic stands upon the threshold of what may prove the severest test of loyalty and endurance our country has ever had. It needs its women; and they are ready—as fearless, as willing, as able, as loyal as any women of the world.

I supplement this by an extract from a letter addressed to the Committee on Rules by another very distinguished woman, Dr. Anna Howard Shaw, as follows:

It is not much that we ask of you. Surely the women of America—half of the population—have the right to one committee whose duty shall be to hear with patient care, sift with skill and real interest the place, the requests, the needs of the women of the Nation.

We are not arguing here, Mr. Chairman, the question of our right to the suffrage. We are merely asking you to give us a committee, as you have given the Indians, as you have given the people of our insular possessions, which committee shall look after, investigate, and report back to the House on the claims which we make, as well as upon the claims which are made against us.

Mr. Speaker, I read this extract from a letter of President Wilson, dated May 14, 1917, addressed to myself. Speaking of the resolution now under consideration the President wrote:

On the chance that I may be of some slight service in this matter, which seems to me of very considerable consequence, I am writing this line to say I would most heartily approve. I think it would be a very wise act of public policy and also an act of fairness to the best women who are engaged in the cause of woman suffrage.

I would be willing to rest the case upon the statement of these distinguished women, supported by the recommendation



of the President. A word to the wise is sufficient. This is a question, Mr. Speaker, which will not down. We have as a Member of this body the first woman Representative in the American Congress. [Applause.] She will not be the last, Mr. Speaker. There will be others who will be elected to this body, and it seems to me the time has come and is here now when the House of Representatives ought to respond to this Nation-wide demand and to give to these women the committee to which they appear to be entitled, and I say this as one who has never voted for a suffrage amendment to the Constitution.

I want to say in conclusion, Mr. Speaker, that this is no proposition to pack the committee for a particular purpose. The friends of this resolution have distinctly stated time and again that they do not expect action at this session of Congress. The appointment of a committee only is asked; but after this committee is appointed, in the next Congress, they expect to go before the people of America, and, if the returns justify, then in the Sixty-sixth Congress they will ask for congressional action.

Mr. GORDON. Mr. Speaker, will the gentleman yield?

Mr. POUL. How much time have I consumed, Mr. Speaker?

The SPEAKER pro tempore (Mr. MOON). The gentleman has consumed 10 minutes.

Mr. POUL. I would be glad to yield to my friend, but I have used all of my time. I hope the gentleman from Tennessee [Mr. GARRETT] will use some of his.

Mr. GARRETT of Tennessee. I yield four minutes to the gentleman from Alabama [Mr. BLACKMON].

Mr. BLACKMON. Mr. Speaker, the chairman of the Rules Committee, who has just preceded me and who presents this resolution (H. Res. 12) for consideration at this time, among other things, says that we now have a Congress woman and are going to have more. I do not feel disposed to take issue with him on this subject. It may be that there will be many women in the next Congress, and unless the present House settles down to business and follows the well-settled rules of procedure that govern or ought to govern this body, it might not be surprising if we had a lot of children elected to the next Congress. [Laughter.]

The question now before the House is a resolution creating an additional committee of the House to be known as the suffrage committee, the evident purpose of which is to create a committee that will report a resolution proposing woman suffrage.

This resolution is brought forward notwithstanding the fact that when this Congress was called into extraordinary session to consider the greatest problems that any Congress may ever be called upon again to consider it was agreed in caucus that there should be no legislation on any subject other than war measures. This was wise and proper. I take it, Mr. Speaker, that the country at large is far more interested in seeing legislation enacted that will tend to a speedy termination of this war rather than to see the House throwing away its time creating a committee that will insure the reporting of a resolution providing for woman suffrage. If the House is to adopt the resolution to-day brought in by the Rules Committee, caucus action hereafter is a farce unless the personnel of the Rules Committee is ascertained and their views sought rather than the views of a majority of the Members of the House.

For myself, I feel bound by the action of the caucus, notwithstanding the fact that the chairman of the committee reporting the resolution says that woman suffrage is coming and we might as well get ready for it. I take issue with his statement that in order to have the cooperation of the good women in this great war that it is essential that the House suspend consideration of important legislation and take up such a resolution as this.

What is the necessity for this committee? Are we prepared to say that the great Judiciary Committee of the House is unable to deal with this question? There is not a Member of the House that can not draw a resolution proposing a constitutional amendment. Who of you can not do that? What Member of this House is there that can not draw a resolution proposing a constitutional amendment?

You say it is necessary now to create a woman-suffrage committee. Should you do so, and they should report a resolution proposing an amendment to the Constitution, then the services of such a committee is ended forever. It is not contemplated that there will be further legislation to come before this committee. It is proposed to create it for the sole and only purpose of reporting a resolution for one purpose only. The Judiciary Committee of the House has since the organization of this Government been intrusted with all legislation that affects or seeks to change the organic law of this country. The only criticism that the proponents of this resolution have of the Judiciary Com-

mittee is that they have had resolutions before proposing constitutional amendments on this subject, but have failed to act. If this be a proper reason for passing this resolution, then every Member of Congress, when he introduces a bill or a resolution and it goes to a committee and that committee fails to report it—then it would be proper for such a Member to create him a committee that would report his bills or resolutions. For myself, I would regret to see such a state of affairs. It is hard enough for a Member to inform himself and prepare to vote on the great questions that are presented even after full consideration by committees composed of the most valuable Members of this body.

Mr. Speaker, the amending of the Federal Constitution is a matter always of the gravest importance to the people, and to argue that the Constitution of the United States should be amended because it would be pleasing to the advocates of woman suffrage, and to say that it is necessary to do this to have their loyalty in this great world war to my mind is unsound. The Judiciary Committee of the House was created at the beginning of the American Congress and has handled a number of perplexing problems that have been presented to it, and in most instances, I am convinced, have handled them well.

There is now pending before the Judiciary Committee several resolutions proposing amendments to the Constitution, and the Judiciary Committee has held hearings on them, or some of them, and have gone to great expense to report these hearings.

Women favoring suffrage in great numbers have appeared before the committee and given testimony. An equal number of women have also appeared opposing woman suffrage and given testimony, and we might reasonably expect action on some one of these resolutions early in December. Why, then, should this proposed new committee be created? Its advocates all say that they do not expect legislation at this time, but want to have the committee so that a woman-suffrage amendment may be considered at the December session and reported to the House for action.

The question of woman suffrage was submitted to the people of Maine a few days ago, and the people of the State of Maine voting at this election overwhelmingly defeated the effort to authorize woman suffrage in that State. The Constitution of the United States now leaves the qualifications for suffrage to the respective States, and in this as in many other instances the wisdom of the framers of the Constitution is clearly demonstrated.

Mr. Speaker, I am firmly convinced that any cause too weak to stand the test of the judgment of a majority of the people of a State is not worthy of serious consideration. When the people of my State shall have determined that the right of suffrage shall be extended to the women of Alabama I shall acquiesce, but I do protest against the people of Vermont and Massachusetts and other States of this Union saying who shall or who shall not participate in our elections in the State of Alabama. The people of my State have struggled with the suffrage question for years and years, and I am proud to say that they have solved the question and have done so in such way as to reflect credit upon the great men of our State who gave a portion of the best part of their lives to its solution. There may be those, and no doubt there are, who, in order to have the approval of a limited number, are willing to advocate and support universal suffrage, but I am not one of them. I am and have always been earnest in my desire to please, but when I see a question presented fraught with so many dangers for the people of my State, I must stand for what I conceive to be best for their present and future welfare.

Mr. Speaker, there is not a home in this country to-day where there are not heartaches and sadness, and this is not occasioned by failure on the part of this Government to enfranchise the women. Then is it not of more importance that this body should proceed with legislation that may be instrumental in successfully bringing this country out of war and thereby restore peace, happiness, and contentment in the homes of our people? After this is done, if the Congress of the United States chooses to take up its time in idle ceremonies such as creating committees for the specific purpose of considering woman-suffrage legislation and similar questions, then it may be well; but until then let us go forward with the work of this Congress that is so essential to a restoration of peace and contentment, and in the meantime the States of this Union who want woman suffrage can proceed under the law as did the people in the State of Maine.

Mr. CANTRILL. Mr. Speaker, will the gentleman permit a question right there?

Mr. BLACKMON. Yes.

Mr. CANTRILL. I would like to ask the gentleman if he is willing to permit the voters of Maine to settle a question for him?



Mr. BLACKMON. No. I am willing for the voters of every State in the Union to pass upon this question as they may see proper. This can be done without amending the Constitution of the United States and thereby bring on a thousand more issues than we are forced to contend with at this time. I want to ask the Democrats if caucus action means anything, and if so, is it binding on Members who take part therein?

Mr. POUL. Mr. Speaker, will the gentleman yield?

Mr. BLACKMON. Yes.

Mr. POUL. As I said before, this is simply a change in the rules of the House. The Democratic caucus did not pass a resolution providing that the rules of the House should not be changed.

Mr. BLACKMON. No; but it said very plainly that we would take up no legislation except war measures, and while this is not legislation in the strict sense of the word, still our considering this resolution at this time shows us to be a lot of babies. That is all there is to it. [Laughter.] It is an admission on our part that the great Judiciary Committee of this House can not intelligently pass upon a resolution proposing an amendment to the Constitution.

The merits or demerits of woman suffrage I am not going to discuss, but I believe that the women of this country who want suffrage—and I do not mean the crowd, gentlemen, that have been picketing the White House, for they are not entitled to anything—but as to those women who honestly believe in and want suffrage, ought to be willing to risk their own States, and if they are not, then I do not think we ought to go through the farce of creating an extra committee of the House to deal with the subject.

I am not willing to go on record as saying that the great Judiciary Committee of this House is not capable of considering this and all similar resolutions. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Alabama has expired.

Mr. GARRETT of Tennessee. Does the gentleman from Missouri [Mr. MEEKER] desire time?

Mr. MEEKER. Yes.

Mr. GARRETT of Tennessee. Mr. Speaker, I yield six minutes to the gentleman from Missouri [Mr. MEEKER].

The SPEAKER pro tempore. The gentleman from Missouri is recognized for six minutes.

Mr. MEEKER. Mr. Speaker, as to the talk of the chairman of the committee, that the desire for this resolution is Nation-wide, I want to say that the opposition is just as wide as the desire to have this rule adopted. Women in all parts of this Nation—and they are probably as intelligent as some who are insisting upon this rule—are opposed to it, although they do not make the same kind of a noise. Whenever we insist that because people coming from certain sections of the country demand a thing that it is a Nation-wide movement, we make a mistake. The Nation is just as broad for those who do not want this as it is for those who do.

So far as the establishment of this committee is concerned, the only reason for the request is the fact that up to date those who have been in favor of it have not been able to prove their case before the Committee on the Judiciary. They have been in court a number of times; they have had hearings. We have had them on our hands around here ever since I have been in Congress, and the Committee on the Judiciary has heard their claims time and time again. A number of States have heard them.

Now, so far as the amendment itself is concerned, the people who are advocating this national amendment, the amendment to our Constitution, are in this very peculiar position: In a number of their States they have already obtained the vote. Some of them have used it and some have not. But the courts of the United States have never said that when a State granted them the vote they were not entitled to it. It has never been declared unconstitutional where any State has granted them the franchise, and their coming in for a constitutional amendment on a proposition that has never been declared unconstitutional and that always has been recognized when it was brought here by a State—that is the habit of some women, of asking for what they already have and insisting that they get it. [Laughter.]

Here is a law that is on the statute books of a score of States, and it has never been carried to a court to decide its constitutionality, but still those folks come here and want a constitutional amendment as to whether it is constitutional as coming from the different States. I think it is a reflection on the constitutional judgment of the people who are advocating this amendment. It is about the way men would keep house. [Laughter.] That is the way they are coming into these governmental affairs. I think we have had up to the present time

about all the feminist movement that we can stand—not all from those who wear dresses, either. [Laughter.]

Now, gentlemen, there is a deeper question than this, and I am going to state briefly and frankly my views about it. I am talking to the men on this side of the House that had a suffrage proposition put on them that nearly destroyed their governments locally. This Nation is so big and so broad that there are some things that people in their communities can decide for themselves better than the folks who live 2,000 miles on the other side of the continent can decide for them. The queer thing about it is that the advocates of democracy, of local self-government, are in the saddle in this House, and local self-government is only a thing of the past.

There is absolutely no safeguard for a free people except to preserve for them those matters for local decision to which they are entitled; and when you reduce the proposition to its lowest terms the only reason this is being asked for is to assist the propaganda for woman suffrage. I should imagine that the wife of the honorable Secretary of State probably stands as high in the confidence of the people of America as the ladies mentioned in that letter. I fancy that the good wife of an honorable Senator, who is the president of the organization to oppose woman suffrage, has the confidence of the American housewives and homes as much as either of the ladies mentioned in that letter. And when we come onto the floor of this House trying to give the impression that because women who are opposed to this are not willing to get into some sort of gear and walk up and down the street and make nuisances of themselves, the demand is only on one side, we are not representing the facts in the case by any manner of means, and it is not fair either to the country or to ourselves to try to persuade ourselves that this is a one-sided question so far as the women of the country are concerned. I think that in my own district I put up a perfectly fair proposition to the women who are advocating this resolution. They got something over 3,600 petitioners out of something over 150,000 women. They wanted me to promise to vote for them. I said, "I will tell you what I am willing to do. Suppose we let the women of the district vote on the proposition." They would not consent to that. There is a vast difference between a woman on the street with a tin horn and a woman in her home looking after home affairs.

Mr. RAKER. Will the gentleman yield for a question?

Mr. MEEKER. Yes.

Mr. RAKER. Just what does that have to do with the question whether or not this House will amend its rules so as to give both sides—those in favor and those against woman suffrage—an opportunity to be heard?

Mr. MEEKER. I will answer that. Both sides have been heard before the Judiciary Committee time after time, and, as was suggested by the chairman, it is nothing more nor less than this Congress yielding to the nagging of a certain group. We are nagged here and at home and everywhere else. He says it is coming, and that you had just as well surrender. If the American Congress has come to the time when a proposition which belongs absolutely to the Committee on the Judiciary, a proposition that has been submitted to them and discussed, shall be turned over to a new committee to give these propagandists a hearing on either side, then we might as well discharge the Judiciary Committee. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Missouri has expired.

Mr. CAMPBELL of Kansas. Mr. Speaker, I yield five minutes to the lady from Montana [Miss RANKIN]. [Applause.]

Miss RANKIN. Mr. Speaker, I believe we should have a woman-suffrage committee in the House, as we have one in the Senate. Everyone admits that the question of woman suffrage is a vital question before the American people to-day; that all of the women are divided, either for or against woman suffrage; and that the great body of women who were undecided are now vitally interested in this question. So we believe this is a question that should take all of the time of one committee. There is no other question concerning a certain group of people that is receiving the attention that the woman-suffrage question is receiving from the American people. The Judiciary Committee has all it can do in attending to the regular business that comes before that committee, and we would like to have a committee that would discuss the merits of the question and would report either favorably or unfavorably on the woman-suffrage question.

Some have told us to go to the States. Of course we have always known that woman suffrage was constitutional according to the Federal Constitution, but some of the State constitutions disfranchise the women. Perhaps it is news to you to know that some of the women of the United States can never



be enfranchised except by a Federal amendment, for the constitutions of some of the States are such that it is practically impossible to amend them. Take, for instance, the constitution of New Mexico, a State where the men would give the women a chance to vote on the question of woman suffrage at the earliest opportunity if they could; but according to their State constitution it is necessary to have a three-fourths majority of all the votes cast at the election and to have a two-thirds majority in every county. Now, no matter how great the sentiment for woman suffrage would be in a State with that kind of a constitution or how great the sentiment in favor of any question, it would be impossible to amend that constitution. The constitution in New Mexico will remain in that form for 25 years.

Then there will be a little change, but it will still be practically impossible to amend it.

Take the constitution of the State of Indiana, where it is still a question whether or not it is necessary to have a majority of all the electors or of all those casting votes at the election.

Some of our State constitutions make it very difficult to get a proposition through the legislature. For instance, take the State of Alabama, where the legislature meets only once in four years.

Some of the States require the ratification of two legislatures. Such are the States of New York, Pennsylvania, and New Jersey. Some require the ratification before it goes to the people and again after it goes to the people. Some States require a majority of all the votes cast at the election, and that is very difficult to obtain. We are simply asking that you give the sanction of your opinion on this question of whether or not woman suffrage is a question of vital enough concern for the House of Representatives to consider seriously and bring before the House a report that will make the people of the United States realize that this body has come to the conclusion that the women must either ask the men in their own States or whether it can be done in the dignified way of making it unconstitutional for the States to disfranchise women. I believe we should have this woman suffrage committee, in order that this question may be discussed in an intelligent and dignified manner.

Of course we are not asking for anything unusual, since they have had a Committee on Woman Suffrage in the Senate for many years.

Mr. HARDY. Will the lady permit an interruption?

Miss RANKIN. I shall be glad to yield.

Mr. HARDY. I should like, for my own satisfaction, to ask about the constitution of New Mexico. The conditions that the lady spoke of were embodied in that constitution as it was first submitted, but the Committee on the Territories modified the provision relating to amendments to the constitution of that State, and I think the lady will find that she is mistaken about the difficulty of amendment.

Miss RANKIN. It is still very difficult.

Mr. RAKER. I think my distinguished friend [Mr. HARDY] is mistaken, because there is no constitution of any State so difficult or almost impossible to amend as that of New Mexico, and investigation will determine that fact.

The SPEAKER pro tempore. The time of the lady from Montana has expired.

Mr. POUL. Mr. Speaker, I yield 10 minutes to the gentleman from Kentucky [Mr. CANTRILL].

Mr. CANTRILL. Mr. Speaker, when the Raker resolution for the formation of a committee on suffrage in the House of Representatives was considered by the Committee on Rules, it was my pleasure to move a favorable report. That the motion received a majority vote of the Committee on Rules is, of course, evident, else the matter would not be up for consideration to-day. It will be my pleasure to vote for a committee on suffrage in the House. I can find no real argument against the establishment of such a committee.

The question before the House to-day is confined to the one question of establishing a committee on suffrage. The broad question of woman suffrage by constitutional amendment is not considered in the resolution before the House. I can not understand why even the most active opponents of woman suffrage would oppose the establishment of a standing committee to consider the question. I hope that we all desire to be fair and we should welcome a committee in this House which would gather information and facts on the great question of suffrage. To-day 20 States of the Union have presidential suffrage for women and 36 States of the Union permit women to vote on various questions. Surely a question which has been recognized as just in 36 States is worthy of a committee in the House of Representatives to consider that question. [Applause.] I am in favor of a committee on suffrage, which committee should be elected by the House to make a full and complete study of

suffrage questions and present their views to the House for its consideration. Heretofore I have not favored an amendment to the Federal Constitution for woman suffrage, but I am not afraid of information on the subject, and if a study of conditions in the Nation in the great crisis which now confronts us as a people leads me to believe that woman suffrage is a good thing for the United States, I would not hesitate to favor it. [Applause.]

This is not a partisan question, but it is not out of place to say to the Democratic side of the House that of the 12 States having woman suffrage in the last presidential election, 10 of them voted for President Wilson. [Applause.] There can certainly be no valid objection from the Democratic side of this House for the consideration of a great public question, which gave us control in a political way of this House and of the affairs of the Nation. The Democratic side of the House can not afford to consider this question from the local standpoint of the political welfare of a few of its Members. We have been busy passing legislation which denies many of our citizens their individual rights and liberties. It is high time that we were enacting some legislation that would give at least consideration to granting rights and liberties to half of our population. [Applause.] I have heard but one argument advanced against the resolution before the House, and, in my opinion, that is not an argument in reality. I have heard some Members of this House say that they did not favor the establishment of a committee on suffrage because of pickets at the White House gates. I do not favor "picketing" either, but I would not insult my intelligence by voting against this resolution because some few women held banners on the streets of Washington. It would be just as consistent to say that men should be denied the ballot because some few men on soap boxes in some of our large cities have been criticizing the President and the entire administration, which is working so nobly to bring victory to American armies. Millions of Christian women in the Nation should not be denied the right of having a committee in this House to study the problems of suffrage because of the mistakes of some few of their sisters. [Applause.] One had as well say that there should be no police force in Washington because the police force of this city permitted daily thousands of people to obstruct the streets and impede traffic and permitted almost the mobbing of women without arresting the offenders. There was a lawful and peaceful way in which the police of this city could have taken charge of the banners of the pickets without permitting the women carrying them to be the objects of mob violence. To see women roughly handled by rough men on the streets of the Capital of the Nation is not a pleasing sight to Kentuckians and to red-blooded Americans, and let us hope that the like will never again be seen here. [Applause.]

Everyone of average intelligence knows that one of the greatest questions before the country to-day is that of woman suffrage. This being true, why not establish a committee in this House, as the Senate has done, to carefully study the question and report its findings to the House? I will note with much interest the votes of some of the Members of the House, who have always been so insistent on prohibition legislation. It is generally believed that woman suffrage means prohibition legislation. In my opinion, no real and earnest advocate of prohibition could vote against such a simple proposition as forming a committee in this House to study the problems of suffrage, and I sincerely hope that my prohibition friends in the House will join with me in supporting the Raker resolution. [Applause.]

Mr. Speaker, millions of noble American women are doing just as much as the men of the Nation to-day to bring victory to our armies. They are meeting with hearty patriotic response every demand that is being made by Congress and by our great President. When victory comes, as it surely will, to that flag which has never known defeat, it will be the victory of American women as much as of American men. These same millions of Christian and patriotic American women are to-day asking this House to grant them a committee on suffrage. In my opinion, they have the right to ask that, and I deem it the duty of the House to grant the request. I sincerely hope the House will adopt the report from the Committee on Rules, so that a committee on suffrage can be established in the House.

Mr. WOODYARD. Mr. Speaker, will the gentleman yield. In reference to prohibition, my State of West Virginia voted 92,000 in favor of prohibition and during the last election something over 100,000 against woman suffrage. How does the gentleman reconcile that?

Mr. CANTRILL. What I said was that the general impression was that the two went together.

Mr. WOODYARD. But we had a vote of 92,000 for prohibition and a vote of 100,000 against woman suffrage.



Mr. FIELDS. Does not the gentleman from West Virginia think the women of West Virginia would have voted for prohibition the same as the men did?

Mr. WOODYARD. Yes; but the gentleman said that the prohibition vote reflected the views of the State on woman suffrage.

Mr. GARRETT of Tennessee. Mr. Speaker, I yield 10 minutes to the gentleman from North Carolina [Mr. WEBB].

Mr. WEBB. Mr. Speaker, I am one prohibitionist who does not favor the creation of a committee on woman suffrage. I want to say to my friend from Kentucky that we had prohibition in the South when the woman-suffrage question was in its swaddling clothes; and, so far as I am able to gather, woman suffrage has never distinctly aided prohibition in any fight that I know anything about.

When this war Congress began, we held a Democratic caucus and passed a resolution which by common consent the Republican side has agreed to—that we would take up nothing except war emergency measures during this session. I, as one chairman, have tried to represent what I thought the House wanted. I have held in my hand for a long time a number of "hot poker," so to speak, because I have had a lot of legislation pending before the committee, some of which has passed the Senate, and which the advocates of this legislation were urging me to report out the bills and resolutions and let them pass this House. Instead of doing that I have obeyed the dictates of this House on both sides. I obeyed your orders and did my best to carry out what you wanted done—to report and pass nothing in the House except war-emergency measures. I say it is unfair to the Members of the House who have acted in good faith on this understanding in the House so long at the end of the session now to practically deify the woman-suffrage proposition, put it on a pedestal, and shove it through the House to the exclusion of all other important matters.

I do not have to defend the Judiciary Committee. I know it needs no defense in the eyes of this House on either side. But in the Sixty-third Congress we gave the ladies a vote, and they not only did not carry the amendment but it lost by 30 majority. In the Sixty-fourth Congress, last December, we voted to report it out of the committee and bring it on the floor of the House, put it on the calendar, and I offered to go to the Committee on Rules and ask them for a rule to take up the resolution for a vote in the House; but no, the suffragists did not want it and did not ask it. Your Judiciary Committee now is ready to report the resolution out on the first meeting in December, and I am authorized by the members of the committee to say so, and you can have a vote. As far as having it carefully considered, the Judiciary Committee has sat over there in the committee room days, weeks, and months, letting everybody who was for woman suffrage come in and express themselves fully, and printed every word that was said; and not only that, but we have trebled the number of copies of their arguments and sent them out to everybody who wanted a copy. It can not be asserted and ought not to be assumed that that committee has not carefully considered the woman-suffrage proposition—not only last year but every year. No man can say that we have been unfair to them. And, as I say, we are ready to report in December.

Mr. MONDELL. Will the gentleman yield?

Mr. WEBB. Yes.

Mr. MONDELL. Did I understand the gentleman to say that his committee is ready to report favorably on the constitutional amendment in December?

Mr. WEBB. No, I did not say favorably; I mean to say that the majority of the Judiciary Committee is opposed to woman suffrage, as is also a majority of the House against it.

Mr. MONDELL. We want to take the jurisdiction away from them.

Mr. WEBB. Yes; you want to pack the new committee; that is your object. You are not satisfied to have a committee represent the sentiment of this House on woman suffrage. The last vote taken shows 30 majority against it. This whole movement is an effort to get a committee which will make a report contrary to the wishes of the majority of this House, and that is the bottom of this whole business, and it ought not to be allowed. True, you will create a new chairman and a new secretary and a new assistant clerk and a new janitor and all those perquisites, but you will not get any more results, except that you may get a favorable report from the committee if you pack it, and it is just as bad to pack a committee in this House for a good cause as it is for a bad cause.

Mr. MONDELL. Mr. Speaker, will the gentleman yield?

Mr. WEBB. No; I can not now. If you create this committee and do not pack it with a majority of woman suffragists, they will be just as mad with you as if you had not created the committee at all, and if you do pack it with a majority of

woman suffragists, then you are violating the spirit of American government, and I contend it is just as wrong to pack it on behalf of a good cause as it is on behalf of a bad cause.

Mr. ADAMSON. Mr. Speaker, will the gentleman yield?

Mr. WEBB. Not now.

Mr. ADAMSON. But I want to ask the gentleman a good question. [Laughter.]

Mr. WEBB. I yield for a question.

Mr. ADAMSON. There is no committee in this House on male suffrage?

Mr. WEBB. No.

Mr. ADAMSON. Why should there be one on female suffrage?

Mr. WEBB. There should not. The Committee on the Judiciary takes care of both.

Mr. ADAMSON. If Congress is to take up the question of suffrage, why not have a committee on the question of suffrage?

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. WEBB. I have only 10 minutes; I can not yield.

Mr. BLANTON. I would like only to state that the reason we have not a committee on male suffrage is because males have suffrage.

Mr. ADAMSON. They did not get it from Congress.

Mr. WEBB. No. If you propose to create this committee, everyone knows the object of it. The object is to get a committee on woman suffrage that is in favor of woman suffrage, although a majority of this House is against it and three-fourths of the voters of the United States are against it; and it is baldly proposed to create a committee here that will deliver a report in keeping with what the minority of the country and the House want. We went through all of that packing-committee matter when they charged our distinguished friend, Mr. CANNON, with packing committees.

Mr. POUL. Mr. Speaker, will the gentleman yield?

Mr. WEBB. Yes.

Mr. POUL. I am sure my friend is not going to assume that the Ways and Means Committee, made up of Democrats and Republicans, will do anything that is wrong?

Mr. WEBB. No; but I will say this, that you are going to get in more hot water than you are in now unless you do pack that committee. [Laughter.] If you do pack it, then you are going back to the days of Cannonism, when it was charged that he used to pack committees. No "packed" juries for me. If you are not going to "pack" the new committee, why create it?

Mr. RAKER. Mr. Speaker, will the gentleman yield?

Mr. WEBB. Not now. I would like to if I had the time. I say again that we are going to give these suffragette ladies a vote on their resolution in December, and we have printed all the literature that they have been able to scrape together. We will not give them a favorable report, but we will report out the Susan Anthony resolution and give them a vote; but they do not ask for a vote in December. They want a committee; and if you do not pack that committee they will abuse you and criticize you all over the country. [Laughter.]

Besides that, Mr. Speaker, the creation of this committee is contrary to the spirit of the platforms of both parties, on which every man in this House was elected except Mr. LONDON, the Socialist.

The Republican platform declaration in 1916 upon this question of woman suffrage was that it was a question for the States, and the Democratic platform of the same year declared the same thing. I deny that the President of the United States is in favor at this time of creating a committee on woman suffrage. He has never said so, so far as I know.

Mr. POUL. He said that he would be glad to see a committee created.

Mr. WEBB. I would like to see the letter in which he said that and have it put into the Record. He stated over and over again that he was bound by and standing by the Democratic platform, and that it was a State matter, and I have never heard him vary an inch from that platform declaration. If every Republican and Democrat wants to strike these two planks out of their platforms and say that their national conventions did not know what they were talking about, and that they are going to make this a national matter now and create a committee, why, they can go ahead and do it. The Democratic platform says:

We recommend the extension of the franchise to the women of the country by the States upon the same terms as the men.

The Republican platform had this plank:

The Republican Party, reaffirming its faith in government of the people, by the people, for the people, as a measure of justice to one-half of the adult people of this country, favors the extension of the suffrage to women, but recognizing the right of each State to settle this question for itself.

If these platform planks mean anything, why should you have a national committee to set those planks aside? If woman suf-



frage is a State matter, as the two great party national platforms say it is, then what has Congress got to do with it?

The country is against woman suffrage by national amendment. In the last 20 years a big majority of the population of the country have voted in the States and have overwhelmingly defeated it, and but a fraction of our population is in favor of it. Yet this Congress is called upon to go in the teeth of the public sentiment of the voters of the country and make this a national matter. South Dakota defeated it the first time by 3,286 and the second time by 11,914. Ohio defeated it the first time by 87,455 and the next time by 182,905. Michigan defeated it the first time by 760 and the next time by 96,144. Wisconsin defeated it by 91,478, Nebraska by 10,104, Missouri by 140,206, North Dakota by 9,139, New Jersey by 51,108, New York by 194,984, Pennsylvania by 55,686, Massachusetts by 133,447, Iowa by 10,341, West Virginia by 50,000, South Dakota by 4,934, and Maine by 2 to 1.

The SPEAKER pro tempore. The time of the gentleman from North Carolina has expired.

Mr. WEBB. I will ask the gentleman to yield me one minute more.

Mr. GARRETT of Tennessee. I yield the gentleman one minute more.

Mr. WEBB. In other words, 14 of the great States of this Union have killed this proposition overwhelmingly at the polls, and 19 States have killed it in their legislatures, and yet with all that, 33 of the great States killing this proposition, not only in Congress as a national measure, but killing it in the States, here an effort is made to force it upon the country in order to get a little political advantage. I hope this House will not play politics in that fashion. I hope you will stand up for the caucus's solemn agreement in reference to this matter; I hope you will stand up for the Democratic and Republican platforms; I hope you will obey the sentiment of this country, that is democracy. The country does not want woman suffrage or a new committee, and I hope this House will not give it to them. [Applause.]

Mr. CAMPBELL of Kansas. Mr. Speaker, I will yield 10 minutes to the gentleman from Wyoming [Mr. MONDELL].

Mr. MONDELL. Mr. Speaker, it will be noticed that while gentlemen opposing the creation of the committee may begin their remarks by urging against the creation of the committee as being unwise or unnecessary in itself, they always close by strongly presenting their arguments against suffrage. In other words, those who are opposed to the creation of this committee are opposed to it apparently not because it is not proper to create a committee to consider the subject, but because they are opposed to woman suffrage, and they have a notion in some way or other the creation of the committee will help the cause.

Mr. MEEKER. Will the gentleman yield?

Mr. MONDELL. Just briefly.

Mr. MEEKER. Is the gentleman in favor to-day of creating a committee to do useless work when he does not believe in it?

Mr. MONDELL. Well, I am not in favor of having useless work done, and if I thought a certain thing was useless I would be opposed to the creation of a committee to do it. The peculiar thing about it is that none of the gentlemen have discussed the question of the creation of the committee from the viewpoint from which we should consider such a question. They are discussing the merits of suffrage.

Mr. GORDON. Will the gentleman yield?

Mr. MONDELL. I will yield to the gentleman.

Mr. GORDON. The point I want to ask the question about is what legislative question will this committee have to consider if you create it?

Mr. MONDELL. The very important question presented in various ways, as to whether the better half of mankind in these United States is going to have something to say about the laws and the Government of the land. [Applause.]

Mr. GORDON. If the gentleman will yield once more, I will show the sophistry of that—

Mr. MONDELL. Now, the only question before the House is, Should there be a committee on woman suffrage? Is the question important enough to justify the formation of a committee to consider the subject? Well, we have a Committee on the Disposition of Useless Papers, created possibly in a prophetic hour by some one who wanted to get a place to put the printed arguments of those who are against suffrage. We have committees on some fifty-odd different subjects, no one of which can in the nature of things be more important than the question of whether or not one-half of the race, and the better half, are to have anything to do with the affairs of government. That is a reasonably important question, in my opinion.

Mr. HARDY. Will the gentleman yield for a question?

Mr. MONDELL. And that is the only question you are called upon to decide here. Yes; I yield.

Mr. HARDY. Since the Committee on the Judiciary have stated they are going to report this matter out for a vote in the House the very first of next session, is not that all that such a committee as the gentleman is seeking to have appointed could do?

Mr. MONDELL. So far as I am concerned, I am not favoring the formation of this committee primarily because I believe such a committee would hurry the decision on the question of the constitutional amendment, but because the question is so important, so many people have asked for the creation of the committee that the Congress should meet their demand and expectation in that regard.

Mr. OLIVER of Alabama. Will the gentleman yield for a question?

Mr. MONDELL. Whenever any large number of people have asked for the creation of a committee for the examination of any tremendously important and controlling matter, it has been granted, and that is all we ask in this case. Yes; I yield.

Mr. OLIVER of Alabama. Does the gentleman feel that the request or demand from a large number for the creation of the committee has been due to the fact that many have felt that there was an effort made to suppress a vote on it, and does it not now appear from the statement of the chairman of the Committee on the Judiciary that that committee is ready to report it for action early in December?

Mr. MONDELL. Well, it would seem from what some gentlemen have said that some gentlemen of the Committee on the Judiciary in order to retain jurisdiction over this highly important subject are at last beginning to see the light, and that they are willing to do in the future what they should have done in the past. If gentlemen of the Judiciary Committee believe that it is proper to present this matter to the Congress, they should have presented it months ago, but they have not done so; they have failed and failed utterly, and it is not extraordinary that under that condition of affairs a very considerable number of people should have asked for the formation of a new committee to consider the subject. The Committee on the Judiciary need not be disturbed over creating new committees.

Other honored and honorable committees have been deprived of a part of their jurisdiction in the past without injury to them, and, judging from the way some members of the Committee on the Judiciary seem to have been piqued and peeved over this question in the past, I should think they would be very glad to be relieved from the consideration of it and pass it on to some other committee. The gentleman from Georgia, who, since he acquired high honors elsewhere, seems to have taken a curious view of things, suggests we should not have a committee on woman suffrage because we have not a committee on male suffrage. We have no committee on the formation of a Constitution for the United States of America. We have no committee on the promulgation and adoption of a bill of rights. There are a great many other important things heretofore accomplished for the consideration of which we have not been foolish enough to appoint and establish committees after the thing was done. We have no committee having to do with things done, accomplished, and established. We may not need a committee on woman suffrage after women are enfranchised; probably we shall not. We do have committees for the consideration of those splendid purposes which we seek to accomplish in the future, of which this is one.

Mr. HUDDLESTON. Will the gentleman yield?

Mr. MONDELL. Yes.

Mr. HUDDLESTON. I would like to vote for this committee out of deference to the wishes of the women who want it. But I oppose Federal intermeddling with the suffrage question. Does the gentleman think I could consistently vote for this committee?

Mr. MONDELL. I think the gentleman ought to do so, whatever his opinion may be on the question of woman suffrage. I think when a very large number of the good women of America ask for a committee to consider the question of woman suffrage, whether or not it shall be provided for by Federal amendment, that so chivalric a gentleman as my friend would certainly not live up to his splendid record if he did not vote them the opportunity to present their case to such a committee; not a committee having a thousand other important matters to consider, but a committee established for the express purpose of considering this one vital and important question. Of course, my friend will vote for such a committee, because my friend is a chivalrous man and he believes in giving consideration to any widespread and general demand of the people of the Nation, particularly the better half of the people of the Nation.

Mr. ROGERS. Will the gentleman yield?

Mr. MONDELL. I will.



Mr. ROGERS. I represent what may be called the converse of the position of the gentleman from Alabama. I am favorable to suffrage by constitutional amendment. On the other hand, I do not like to vote for the establishment of a useless committee. The gentleman from North Carolina [Mr. WEBB], as I understand it, has stated that his committee was ready to report out the work that will be the only big thing which the new committee would have to do. I want to ask the gentleman from Wyoming if there is any other bill which would come before this committee?

Mr. MONDELL. That was a very clever dodge on the part of the gentleman, the chairman of the Judiciary Committee, to avoid, if possible, the judgment of the House about to be pronounced on this subject. We are no longer concerned with what the Judiciary Committee may propose to do some time in the future in regard to this matter. We shall, without any reflection on the Judiciary Committee, relieve them of further consideration of the suffrage question.

The SPEAKER pro tempore. The time of the gentleman from Wyoming has expired.

Mr. MONDELL. It is too late for that appeal to save the Judiciary Committee.

Mr. GARRETT of Tennessee. Mr. Speaker, I yield four minutes to the gentleman from North Carolina [Mr. SMALL].

Mr. SMALL. Mr. Speaker, the merits or demerits of the resolution to create this committee are not to be determined by its cost or the fact that 12 States have established woman suffrage or any other number of States. Neither is it to be determined by the attitude of any Member upon the advisability or merit of woman suffrage. There are higher grounds than that upon which to consider this resolution. The resolution is unnecessary, it is inappropriate, it is an impairment of the dignity of this House. [Applause.]

The gentleman from Ohio [Mr. GORDON] asked a very pertinent question a moment ago, as to what legislation the committee would have to consider. Absolutely no legislation, because Congress has not the power to legislate. The only possible question which could come before this committee, if created, is the resolution to amend the Constitution of the United States. If there is any committee in this House entitled to consider and to give the most careful, deliberate consideration to an amendment to our organic law, it is the Committee on the Judiciary.

Mr. Speaker—

Mr. RAKER. Will the gentleman yield?

Mr. SMALL. Just for a question.

Mr. RAKER. Is it not a fact that neither one of the last two constitutional amendments went to the Committee on the Judiciary?

Mr. SMALL. Well, this Committee on the Judiciary has jurisdiction of this proposed amendment. It is appropriate it should have it and it ought to continue to keep it.

Mr. RAKER. Let me call the gentleman's attention to this—

Mr. SMALL. I can not yield. That is only an incident in the case.

This resolution purports to create a committee to consider an amendment to the Constitution of the United States. The Committee on the Judiciary have already had jurisdiction, have reported it once, reported it twice, and are ready to report it again at the next session of Congress. What does such an amendment imply? It implies taking away from the State the right of local self-government. From the beginning of this Government the States have exercised the right to fix the qualifications of suffrage, and that right has only been questioned one time, namely, by the adoption of the fifteenth amendment. And if a vote were taken in every State in this Union to-day upon that question I verily believe that the seal of disapproval of the American people would be against the wisdom of that amendment. [Applause.]

Yet I am not discussing that, because I realize it was the aftermath of a great civil war. But here now, in a time of war, when we ought to be considering questions affecting the protection of our dignity and our national rights, we are called upon to create a committee to consider a resolution to amend the Constitution of the United States whose only purpose is to violate a fundamental principle of government and take away from the States that ancient right to regulate the qualifications for suffrage which they have always enjoyed.

Mr. Speaker, we have gone too far and we are considering too lightly this matter of amendments to the Constitution in violation of the fundamental right of local self-government. The prohibitionists have come forward and they are seeking to amend. Shall we have a committee on prohibition? There are some who believe that the Federal Government by constitutional amendment should be given jurisdiction over insurance.

Shall we have a committee on that? There are others who believe that Congress should be given the jurisdiction of marriage and divorce. Shall we have a committee and propose a resolution to amend the Constitution in that respect?

No one for a moment would favor such a suggestion, and no one should favor a suggestion for a committee to consider an amendment to our Constitution upon the question of woman suffrage. I am opposed to Congress, upon any of these questions involving the right of local government, surrendering its functions, our legislative integrity, our capacity, and our right to consider the merits and demerits of proposed amendments to the Constitution, and upon the specious plea that we shall act simply as the spokesman of some propagandists here and there who favor this reform or that reform.

The SPEAKER pro tempore. The time of the gentleman from North Carolina has expired.

Mr. SMALL. Mr. Speaker, may I have two minutes more?

Mr. POU. I yield two minutes more to the gentleman.

Mr. SMALL. And because, forsooth, they encountered the obstacle of delay, because the right rests with the State to determine this question, they come to Congress and tell us that we should surrender our functions and our dignity and propose any amendment to the Constitution of the United States which any set of men and women throughout the country may desire. The jurisdiction of a resolution to amend the Constitution for woman suffrage ought to remain where it is, with that committee, carefully selected, of eminent lawyers on both sides of the House, who, appreciating their oath to defend the Constitution and the fundamental rights of the States, will give that consideration to all these vital questions which their importance deserves. [Applause.]

Mr. POU. Mr. Speaker, I yield three minutes to the gentleman from Texas [Mr. BLANTON].

The SPEAKER pro tempore. The gentleman from Texas is recognized for three minutes.

Mr. BLANTON. Mr. Speaker, the distinguished gentleman from Georgia has given the strongest reason of any yet that I have heard why this resolution should not be passed, and that is, forsooth, because there is no committee on male suffrage there should not be one on female suffrage. That reason has no strength whatever, because we men have suffrage already.

The distinguished gentleman from North Carolina says that it is beneath the dignity of this House to have a committee on suffrage. I submit, Mr. Speaker, that a question that gives to women any rights is not beneath the dignity of this House. [Applause.] The distinguished gentleman from North Carolina [Mr. WEBB], the chairman of the Committee on the Judiciary, says that it is against our caucus agreement that there should be any legislation during this extra session upon this question. This is not legislation which is proposed at this time. The creation of a committee is not legislation. The legislation, as I understand it, will come afterwards. It will come at the next session.

Mr. GORDON. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. GORDON. Just what legislation now will this committee consider?

Mr. BLANTON. Well, the legislation has to be considered by some committee at some time, and why can not a committee be at work now upon the question? Why can there not be a committee at this time, carefully considering the thousands of petitions which are coming into this Nation's capital every day upon the subject? [Applause.] Is there not plenty of work for the committee to do? Some committee should be at work upon it at this time, and I say that the time is ripe when a committee should be considering this question.

In the great Lone Star State, 58 counties of which it is my honor to represent, a State which is the largest in this Union, every person over 21 years of age may vote except a convict, a lunatic, and a woman. [Applause.] I am not willing that woman shall be placed in the same class and category in the Lone Star State with a convict and a lunatic. [Applause.]

We are grossly inconsistent in being willing to permit our good women of the United States to faithfully toil in Red Cross service during war times, to nurse our maimed and wounded, to lovingly provide clothes and bandages for their wounds, to materially assist in conserving the food supply of the Nation, to run the public elevators of the country, to drive trucks and automobiles in service on the front, to enter daringly the aircrafts upon which now we so largely depend; in short, to do every kind of service and bear every kind of sacrifice—we are willing to permit them to do all of these things for the good of their country, but when they ask us to graciously confer upon them a God-given, inherent right it is beneath our dignity to give such request any serious consideration. I intend to sup-



port the resolution. We owe it to the womankind of America. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Texas has expired.

Mr. CAMPBELL of Kansas. Mr. Speaker, I yield five minutes to the gentleman from New York [Mr. LONDON].

The SPEAKER pro tempore. The gentleman from New York is recognized for five minutes.

Mr. LONDON. Mr. Speaker, I would like to get rid of the woman-suffrage business if for no other reason than to get rid of the silly arguments that are used on both sides of the question. [Laughter.]

The proposition is so elementary: A woman is either a human being or she is not. She is either a member of the community or she is not. If she is a member of the community, she has a right to vote, as to vote means to participate in the making of those rules which are binding upon the community.

As to this suggestion of a committee, I am going to vote for it, but not with any particular enthusiasm, because it looks to me like a miserable sop which politicians give to would-be politicians. [Laughter.]

Mr. GORDON. That is all it is. [Laughter.]

Mr. LONDON. That is all it is. But, on the other hand, it is a concession to the existence of a demand for woman suffrage. It is a cowardly, timid concession that the right of suffrage should be extended gradually, unwillingly, reluctantly, politicianlike, not statesmanlike; but because of the value of that concession I shall have to vote for the creation of a committee. Of course the committee can not do any more than the Committee on the Judiciary has done up to now.

What I dislike about it is the avoidance of the big issue—the question of an amendment to the National Constitution. Nothing seems to be more absurd, more grotesque, more indefensible than the appeal by Democrats to the States' rights idea to-day. In time of war they dare talk of States' rights! How would you like to permit every State to organize a little army of its own? How would you like every State to vote on the question of appropriations for the Army and Navy? States' rights!

Mr. HARDY. Mr. Speaker, will the gentleman yield for a question?

Mr. LONDON. Yes.

Mr. HARDY. Does the gentleman think that war blots out the States?

Mr. LONDON. I think that the States have been blotted out long ago. A million men died on the battle field to destroy artificial State lines. There is an American people, one people, one and indivisible, and the States are mere geographical conveniences. If they are not conveniences, they are nothing else. [Applause.]

Mr. HARDY. The gentleman does not believe in any local self-government at all?

Mr. LONDON. I believe in local self-government so far as it is limited by geographical needs. But when you come to consider the rights of human beings, these can not be limited by geographical considerations. [Applause.] When the gentleman from Texas talks of local self-government he uses a geographical term. What does "local" mean? It relates to space, to place, to the ground.

Mr. HARDY. Mr. Speaker, will the gentleman yield again?

Mr. LONDON. Yes.

Mr. HARDY. Is not the gentleman just carried away by his enthusiasm when he says the State lines are all blotted out?

Mr. LONDON. Oh, I manage to combine enthusiasm with good sense. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. LONDON. Will the gentleman from North Carolina kindly give me five minutes?

Mr. POUL. I regret I have no time left.

Mr. LONDON. Will the gentleman from Kansas [Mr. CAMPBELL] give me three minutes? I want to rap the Democrats. [Laughter.]

Mr. HARDY. Mr. Speaker, I ask unanimous consent that the gentleman be given one minute in which to answer seriously the question whether he believes that the States should be wiped out.

Mr. CAMPBELL of Kansas. If my friend from New York can use the time I give him for the purpose named, I will yield to him two minutes more. [Laughter.]

Mr. LONDON. Very well. Nothing is more absurd than the claim of State rights to-day by a party which has federalized the State militia, and so has done away with the last refuge of the States. The State militia was supposed to be an army organized by the State and existing for the purpose of protecting the State against the encroachments of the Federal Gov-

ernment. Now they have federalized the State militia. They talk about national insurance, about national road commissions, and national road appropriations; but when it comes to the rights of the human being, to the rights of the individual, then they raise the question of State rights. Many of them will vote for national prohibition, or in favor of submitting an amendment which will allow the farmers of Texas to vote on the question of prohibiting a man in New York from drinking a glass of beer. They would allow people in one end of this country to regulate the personal habits of people in the other end of this country; they see no objection to that, but when it comes to a question involving an extension of human liberty they raise the question of State rights. It is untenable. I wish they could face the real issue, and now is the time; and if the women would be energetic enough and brave enough, and not try to play a political game, and not imitate the vices of the men in politics, and compromise and practice the art of political trimmers they would get an amendment to the Constitution. Those who do not ask surely will not receive. [Applause.]

I submit that the country is ready for an amendment to the National Constitution conferring the franchise upon woman.

The right of woman to shape national legislation is a national concern. The Federal Government is ever extending its sphere of activity into fields of legislation heretofore held as exclusively belonging to the States.

Industry, commerce, trade, finance, the principal activities of modern society have overcome all artificial State barriers.

Of course, there is a great deal of frivolous argument used on both sides of the woman-suffrage question.

There is the exaggerated pretension of the suffrage partisan that with the political enfranchisement of woman there will immediately come a regeneration of the human race; that poverty will disappear; vice will be here no more; temperance will become the rule; the child will be taken out of the factory and mine and restored to its mother; in short, that all that is necessary to bring about a complete change of society is to grant woman the vote.

The opponent of the extension of the franchise, notwithstanding the fact that the vote has already been obtained by woman in 12 States of the Union and in some European countries occupying the foremost position among the civilized nations of the world, still continues to repeat the old, worn-out contention that the enfranchisement of woman will destroy the home, pollute political life, degrade woman, and that neither as a matter of right nor expediency is it desirable or advisable to confer upon her political equality.

The great difficulty with both the defenders and opponents of the extension of the franchise is that they lack a social philosophy.

What does the franchise mean? What does the right to vote signify? Is it a privilege or a right? Is it a favor to be granted by the State, or is it an inalienable right of every human being? Is it not more than a right? Is it not a duty?

The study of the struggle for the franchise and its gradual extension from the upper classes to the lower classes of society will furnish the answer to the question.

Democracy means the right to participate in the making of laws.

We have long ago rid ourselves of the doctrine that government is a divine institution, imposed upon society from above, and that the governing power has the special sanction of God.

We have long ago abandoned the theological idea of government and the theological State.

To us government is not an institution by itself, independent and outside of the people whom it governs, but a mere agency giving expression to the collective will and the collective conscience of the community.

As we study the struggle of democracy and for democracy we find the assertion of the right to limit the power of kings declared in the Magna Charta by the barons of England who refused to concede to the Crown the exclusive right to govern the land and to control the imposition of burdens upon property.

Property and liberty were then considered almost synonymous. The landlords or the owners of land were the only ones who claimed the right to participate in governing and in the making of laws.

The law was primarily designed to protect their rights to own and control the land and to compel observance by the rest of the community of the laws which involved submission to the rules imposed upon the nation by the landowning class.

Law and order then stood for the law and order as made by the owners of property, or by the owners of land; no one else dreamt of asking for participation in the making of those laws.



With the growth of commerce and industry, the commercial and industrial classes increasing in importance and in power, finding themselves in possession of enormous sums of money and capital which was needed by the kings and barons in their numerous wars, asserted their right to participate in the making of laws, their right to have a say on the question of the extent and burden of taxation. Again the right to participate in the making of laws and in the Government meant the right to control the laws regulating the acquisition and protection of property.

It is only when you come down to the beginning of the nineteenth century that the principle of taking part in the making of laws assumes the popular form, and the right to share in the government is no longer made dependent upon the possession of property, but is based upon the right of every individual to legislate those rules of conduct which shall be compulsory for all.

In other words, the right to govern, which meant the right to vote, was based prior to the nineteenth century upon property, and property was recognized only either in land or capital. The principle that every human being owes an allegiance to the law only when he participates in its making began to gain ground only in the last century.

We find that at the time the American Constitution was framed almost every State of the Union required of the voter some property qualification, the old principle still being retained.

It was not that every human being was entitled to participate in the government, but it was only the human being who had property that had a share in the government.

The famous struggle in Rhode Island in 1842, the so-called Dorr rebellion, introduced a substantial change and liberalized the law of Rhode Island. Up to that time the constitution of Rhode Island followed the charter of 1663, according to which only landlords and their first-born sons had a right to vote.

A study of the franchise in European countries, with their classes and their curiae and their plural voting point to property as the source of the franchise.

Until very recently they had in Austria-Hungary a complicated curia system with five classes of electors—the large landowners, the cities, chambers of commerce, rural communes, and the rest of the male population constituting the fifth class. The system was devised so as to give to the great masses the minimum representation. The curia system still prevails in several Austrian Provinces.

In Prussia they have a three-class system based upon the amount of taxes each class pays, calculated to give to the majority of the people the least of representation.

The plural system of voting has survived in England, where the owner of several parcels of property votes in the several counties in proportion to and on the basis of the property he holds.

In the Netherlands the ownership of a fishing boat of a certain size carries with it the right to vote.

The propertyless individual who could only contribute his work to the community was not taken into account. He had nothing to say as to how society should be governed.

Law and order meant the law and order of the propertied classes imposed upon the propertyless.

Analyzing history in the light of the struggle of men for the franchise, we understand the full significance of the woman's struggle for the vote.

It is something more than granting the vote to woman as distinguished from man.

The enfranchisement of woman means the placing of human society upon a higher basis than that which has heretofore formed the foundation of our law; it is no longer a question of property right, but a question of human rights.

The unit of the community is no longer the individual who pays a certain amount of taxes for land or who owns a certain amount of capital, but the human being, the human being who contributes his or her share of work to the welfare of the community, whether it be in factory, mine, counting room, or university; whether it be by the practice of a profession or of a trade, the individual is the unit of society to-day.

The principle of the vote as inseparable from property was recognized to such an extent in the past that many decades ago, irrespective of the broad question of woman's emancipation, widows and spinsters who had property were given the right to vote on questions of taxation.

In other words, there was the same theory—property had the right to vote and not the human being.

If the woman had property, she had the right to vote.

The extension of woman's suffrage means a contribution to genuine democracy. It will mean that for the first time in

history the individual will be recognized as the basis of the community.

We can recognize only one basis for legislation—that which comes from a free expression of the will of all the individuals who compose society.

The unit of civilized life is the individual.

That is why woman suffrage has so much significance for the men who dream of a better society.

We are on the threshold of a nobler civilization.

The past is undergoing merciless scrutiny. We are revising our laws and our codes of morals.

The mere fact that a notion or a theory is old has no special significance for us, but, on the contrary, stimulates us to a more thorough analysis and scrutiny.

There are great evils to be eliminated.

There are many wrongs to be righted.

We can not rest content; and while the world can not be changed by the lawmaking power only, the participation of every human being in the making of a better world can not be denied.

The extension of the franchise to woman means the extension of democracy. It means an opportunity to every human being to contribute his or her share to the building of a better world.

Mr. POUL. I believe I have seven minutes remaining.

The SPEAKER pro tempore. The gentleman has seven minutes remaining.

Mr. GARRETT of Tennessee. Mr. Speaker, I think I have 34 minutes remaining.

The SPEAKER pro tempore. The gentleman has 38 minutes remaining.

Mr. GARRETT of Tennessee. Would the gentleman from North Carolina [Mr. POU] like to have me use some time?

Mr. POU. Yes.

Mr. GARRETT of Tennessee. I yield to the gentleman from Oklahoma [Mr. MORGAN] five minutes.

Mr. MORGAN. Mr. Speaker, this is not a question of the rights of men or the rights of women. It is not a question of woman suffrage. It is not a question of the propriety or the wisdom of giving the right of suffrage to the women of the United States. It is not a question whether woman suffrage shall be determined by State laws or by national laws, or whether women shall secure the right to vote from the States or from the Federal Government. It is simply a question whether or not there is any real, substantial, valid reason why a special committee shall be created to consider bills and resolutions relating to woman suffrage. This question must be answered in the negative.

I do not agree with some of the gentlemen who have opposed this rule. For instance, the honorable chairman of the Judiciary Committee, the gentleman from North Carolina [Mr. WEBB], says that a majority of the Judiciary Committee are against woman suffrage. In this I think he is mistaken. He may speak correctly as to how the committee has stood, but I do not think he has authority at the present time to state the attitude of that committee. I do not know, neither do I think he knows, how that committee stands if a vote were taken to-day. I do not think he is correct in asserting that a majority of this House are against woman suffrage to-day. In my opinion, if we should take a vote to-day, a majority of this House would vote for woman suffrage. [Applause.] For myself, even before I became a Member of Congress, I went to the polls as a citizen of Oklahoma and voted to amend our constitution so as to confer the right of suffrage upon the women of our State. At every opportunity that I have had as a member of the Judiciary Committee I have voted to report the woman-suffrage amendment favorably. At every opportunity, in the committee room or in the House of Representatives, or as a citizen of my State, I have stood for woman suffrage. But that is not the question we have here to-day. You propose by this resolution to create a new committee. To create that committee means that you are to take jurisdiction away from the Judiciary Committee. That ought not to be done unless there is some good, solid, substantial reason for so doing. I submit no such reason has been given here to-day, and in my judgment can not be given.

Woman suffrage is a disputed question, a question that is in controversy here in this House, in the Senate, and everywhere throughout the Union. You propose here to appoint a special committee. As suggested by the chairman of the Committee on the Judiciary, Mr. WEBB, are you going to appoint a committee that is favorable to woman suffrage? Is that to be the test? Is no man to go on that committee unless he is favorable to woman suffrage? Are you going to line up the Members of the House and ask them to state their position before you select that committee? The probabilities are that the advocates of woman suffrage will try to see that this new committee shall be



in favor of woman suffrage. Otherwise they would not be in favor of creating the new committee. Is that the way the great committees of this House should be appointed? I think not. The members of the Judiciary Committee were appointed not with regard to their views on woman suffrage, prohibition, or any other question. They were appointed impartially, without regard to their views on national questions. They were all supposed to be good men, ready to do what is right. This is the way committees should be appointed. If this new committee shall be created, men will be appointed thereon because they are for or against the proposition. I do not think that is wise.

As to whether or not the creation of this new committee is a reflection upon the Judiciary Committee, I do not think that should have any great weight with any of us in our vote. It is natural for members of the Judiciary Committee to feel that it would be a reflection, but that should not control any man in his vote upon this rule. I hope this motion will be defeated. [Applause.]

The SPEAKER. The time of the gentleman has expired.

Mr. GARRETT of Tennessee. Mr. Speaker, I yield five minutes to the gentleman from Massachusetts [Mr. WALSH].

Mr. WALSH. Mr. Speaker, I am opposed to this resolution not because I am a member of the Judiciary Committee but because I think the issue is much larger than the transferring of jurisdiction from one committee of this House to another. The question here is whether in the closing days of a special session of Congress we are to take action which will seem to yield to the demands of some iron-jawed angels who have been picketing the gateways to the Executive Mansion and flaunting in the face of the Chief Magistrate of this Nation banners seemingly treasonable and seditious in character and which if used by a poor workingman in an attempt to get his rights would speedily have put him behind the bars for treason or sedition; and these poor, bewildered, deluded creatures, after their disgusting exhibition, can thank their stars that because they wear skirts they are now incarcerated for misdemeanors of a minor character. Why should we submit to this demand at this time when you have been told the attitude of the Judiciary Committee? When the hearings closed, even during this special session of Congress, I stated that I was willing to vote to report out the resolution submitting to the people this question at this session, and I am willing to do so now; and if it be submitted before we adjourn I am willing also to report out the other resolution to submit to the people the other question of a national constitutional amendment, namely, that of national constitutional prohibition, because both these measures have been pending before the Judiciary Committee and the demand for the submission of one is just as insistent as for the other.

Now, as has been pointed out, if this special committee is appointed just before we adjourn, no great benefit will inure to the cause of suffrage, because the chairman of the Rules Committee says that he does not intend that this special committee shall report a resolution before we adjourn, but that they will wait until December. The Committee on the Judiciary, that has always had jurisdiction, intends to report out a resolution in December, and has made no attempt to hide such intention.

The gentleman from New York—the lone representative of the Socialist Party in this body—has given his views, and talks of greater democracy. We had a representative of that party before the committee, who coincided practically with the views expressed by some of the principal suffrage proponents who appeared before the committee, to the effect that if they were not given suffrage the American people need not expect that the women of America would do their patriotic duty during this war. Are we by any subsidiary action, even though it means only the transfer of jurisdiction, to take action here which will say to the great American people, and to all the women of America, and to the hundreds of thousands of women who are opposed to having suffrage put upon them, particularly in a time of stress and strife under which this country is now passing—are we to say that we can be driven into this mere incidental action by an exhibition that we have been witnessing in Washington during the past few months, when the Chief Magistrate of the Nation has been wrestling with war problems, and say we supinely yield to your unpatriotic antics to a certain class of women picketing the gates of his official residence—yes, even posing with their short skirts and short hair within the view of this very Capitol and our office building, with banners which would seek to lead the people to believe that because we did not take action during this war session upon suffrage, if you please, and grant them the right of the ballot, that we were traitors to the cause of the American Republic?

It is a matter of congratulation in the great question that confronted this country at the beginning of this session that the majority of this House of Representatives did not hold the views that are held by the gentleman from New York [Mr. LONDON]. [Applause.]

The SPEAKER. The time of the gentleman from Massachusetts has expired.

Mr. GARRETT of Tennessee. Mr. Speaker, I yield five minutes to the gentleman from Wisconsin, Mr. STAFFORD.

Mr. STAFFORD. Mr. Speaker, of all times, this is the most inopportune for the Congress of the United States to pass any such resolution condoning the outlawry that has been going on the past several months here in Washington. The judgment of this House in passing this resolution will be construed by the country at large with one purpose in mind, and that is that it is a premium and sop to those militants who have been disgracing themselves, disgracing Washington, disgracing the President by hovering around the White House carrying banners inscribed, in some instances, with insulting phrase. What other purpose have the supporters of this resolution except to bolster up their waning cause when they were defeated, and righteously defeated, in Maine, where the electorate of that great State, although a large number were sympathetic to the suffrage cause, repudiated such practices? But, after that defeat, the leaders of the suffrage cause said, On to Washington and force recognition by Congress. What else can our action here to-day mean to the country at large? And what advantage can be gained by the creation of this committee? No action will be taken by the committee at the present session. The Judiciary Committee, framed substantially as it was when this resolution was presented in the Congress before last, is ready to present the only proposition that will be considered by this committee, a resolution for an amendment to the Constitution at the next session of Congress.

If it were a question of suffrage, if the National Government were going to abolish State lines altogether and create one great national sovereignty to pass on all questions, then there might be some necessity in creating a committee on suffrage to determine the qualifications of both male and female suffrage; but the question alone is a constitutional amendment providing for woman suffrage, but at this time for us to take this up with these glaring instances of abuse on their part is most ill timed. The militant class will exclaim, "Ah, see how we have driven the great House of Representatives to recognize our rights. If we keep up the same sort of practices we will compel the House, when they come to vote on the constitutional amendment, to surrender obeisantly likewise."

Gentlemen, there is only one question before the House to-day, and that is, if you look at it from a political aspect, whether you wish to approve the practices of these women who have been disgracing their cause here in Washington for the past several months. [Applause.]

The SPEAKER. The time of the gentleman from Wisconsin has expired.

Mr. GARRETT of Tennessee. Mr. Chairman, I would like to inquire how the time now stands?

The SPEAKER. The gentleman from Tennessee has 23 minutes, the gentleman from Kansas has 4 minutes, and the gentleman from North Carolina has 7 minutes.

Mr. GARRETT of Tennessee. Mr. Speaker, I yield four minutes to the gentleman from New York [Mr. MAGEE].

Mr. MAGEE. Mr. Speaker, I have no prejudice against woman suffrage. If it were legally possible for the women to settle this great question themselves, that would be perfectly satisfactory to me.

I am opposed to this resolution for two reasons:

First. Because the majority in this House notified us early in the session—last April—that only war measures would be considered at this extra session of Congress. You intimate now that this resolution is not legislation and therefore does not come within the understanding. I do not concur in that view. I have consistently voted during this session for every bill demanded by the Executive and deemed necessary for the vigorous and successful prosecution of the war. I propose to continue to do that, and the consideration of war measures ought to be our sole business during this extra session of Congress.

Second. Because this question of woman suffrage is now pending before the Committee on the Judiciary, of which I have the honor to be a member. We have heard extended arguments for and against woman suffrage. I assume that a decision will be given by the committee at the next regular session of Congress and a report made to the House. Tell me one reason why you should take away from the Judiciary Committee this ques-



tion now pending before it and under consideration by its members.

There is not any reason why this resolution should come before the House at this time. It means the creation of a useless committee. What on earth could it do? You admit that there is only one thing which it could do, and that is to frame up a proposed amendment to the Federal Constitution for submission to the House.

Mr. MONDELL. Mr. Speaker, will the gentleman yield?

Mr. MAGEE. No; I have not the time. Do you not think that the members of the Judiciary Committee are competent to submit to the House a resolution for the Members to vote upon? No one can give any substantial reason why the Judiciary Committee should be deprived of jurisdiction in the premises, particularly at a time when the question of woman suffrage is pending before it.

Mr. GARRETT of Tennessee. Mr. Speaker, I yield two minutes to the gentleman from Minnesota [Mr. VOLSTEAD].

Mr. VOLSTEAD. Mr. Speaker, in two minutes I hardly have time enough to say that I am in favor of woman suffrage and against this committee. Many reasons pro and con have been repeated upon this floor to such an extent that further argument may seem unnecessary. I desire only to say a few words to explain my vote. It seems to me to be ridiculous to appoint a special committee to make a report on the woman suffrage amendment. The proposition the women want passed is the Susan B. Anthony amendment. No one disputes that fact. Everyone who is interested in this committee simply desires this one proposition submitted to a vote in the House. There is nothing then for a committee to study, as the form of the legislation is agreed on. The question of policy is for the House and not for the committee in matters of this kind. As bearing upon the question of policy the Judiciary Committee has had repeated hearings. Ample opportunity has been afforded each side to present facts and arguments. The question now is simply this: Shall we create this committee purely for political purposes? Let me call to the attention of the friends of suffrage this one thing. Whenever the enemies of legislation want to delay a thing they appoint a committee, do they not, to study the proposition? That is the practice in legislative bodies not only to delay, but to defeat action. You know as everyone who has taken any interest that the Judiciary Committee is going to report the suffrage amendment next December. That will be done if you leave it with the Judiciary Committee; but if you appoint another committee you do not know whether it is going to be reported at all? You can not know unless you know that the new committee is to be packed for the purpose of making a report.

The creation of this committee will not help woman's suffrage but will be used as an argument against those who urge it. It will be pointed to as a concession that, in a measure, should satisfy its advocates for a time at least. You will notice that it will be voted for very largely by those who are opposed to equal suffrage. I am not going to vote to hazard a chance for its consideration at this time.

In this discussion some very unfair comments have been made upon the women who picketed the White House. While I do not approve of picketing, I disapprove much more strongly the hoodlum methods pursued in suppressing the practice. I gather from the press that this is what took place: Some women did, in a peaceable and perfectly lawful manner, display suffrage banners on the public street near the White House. To stop this the police allowed the women to be mobbed, and then because the mob obstructed the street the women were arrested and fined, while the mob went scot-free. This occurrence reminds one of the disgraceful attack made on the suffrage parade in this city a few years ago. Does not such shameless conduct argue that women do need the vote to protect themselves? If the guardians of peace and those who boast of their chivalry to women have no more regard for woman's rights than this argues, it is high time that something besides cheap politics be demanded.

I was sorry to note that several speakers made disparaging remarks about the women who ask a right to vote. Heat of debate can not justify this. No better women can be found anywhere than can be found among the hundreds of thousands enlisted in this cause. One of the unkindest cuts of all was an insinuation that certain women demanded as a condition for their patriotic support of the Government in this war that suffrage be granted to them. Though I have been present at all the suffrage hearings had before the Judiciary Committee during the last four or five years, no organization and no individual has urged anything that by any fair construction could be tortured into any such attitude. Such a suggestion is not only without foundation, it is cruel. It is ruthless warfare.

Mr. GARRETT of Tennessee. Mr. Speaker, I yield two minutes to the gentleman from Mississippi [Mr. VENABLE].

Mr. VENABLE. Mr. Speaker, I think some larger questions are involved in this proposition than woman suffrage. Esau sold his birthright for a mess of pottage, and I do not doubt that the pottage was very good, and he has many spiritual descendants to-day. Every departure from old lines and standards has been upon the plea that the purpose sought to be accomplished was a good one. That is natural, because otherwise the inherent merits of the proposition would defeat it. We have a committee with ample jurisdiction to consider the question of woman suffrage, and as a matter of fact it has been considered. The moral effect is the only purpose for the creation of this special committee. It is an instruction to that committee to bring in a favorable report. In addition, Mr. Speaker, it would be well nigh impossible in the election of that committee—to use a slang phrase—not to “salt it,” because the views of every Member of the House upon the question of woman suffrage are very well known, and the Members going upon that committee where you already have a committee with ample jurisdiction which has been considering the question—this special committee being appointed would feel quite naturally that the appointment was an instruction by the House to bring in a favorable report. Personally, whenever the women of Mississippi wish to vote I am perfectly willing that they should do so, but I believe in the sanctity of campaign pledges. I believe that our platform is specific. Aside from that, I believe that the franchise question should be left to the States. The gentleman from New York [Mr. LONDON] is rather impatient with the form of government which was created by the fathers. He is not alone in his impatience, but I believe that the Federal Government should not enter upon the business of fixing the franchise qualifications. I think this can be wisely left to the States, and that was the doctrine taught by Thomas Jefferson.

The Judiciary Committee of the House has ample authority to consider the question of the submission of an amendment to the Federal Constitution, and the fact is that it has been considering it for several terms. The real complaint is that it has not seen fit to bring in a favorable report, and so now it is sought to have the House constitute a special committee on woman suffrage, with the hope that the very adoption by the House of the plan to have such a committee will act as instructions to its members to bring in a favorable report. Why have such a committee otherwise? It is not needed; it is not required, for no one has been denied a hearing by the Judiciary Committee, which now has jurisdiction. But, as I have said, a larger question is involved than that of woman suffrage.

I am opposed to such a committee, in the first place, because our Democratic platform, which is the party pledge to the people, expressly states that the question of woman suffrage is a question for the States. This being true, why create a committee for the submission of a constitutional amendment to the Federal Constitution and thus impliedly say that it is national in character? Why create such a committee, if its purpose be not to furnish the recommendation upon which we will break party fealty and the solemn pledge made to the American people?

The same observations are pertinent to the attitude of the Republican Members of the House, for their platform was practically the same as that of the Democrats.

It is argued, however, that the creation of such a committee would not pledge the membership voting for it to vote for a resolution submitting an amendment of the Constitution to the legislatures of the States, but, on the contrary, would be simply affording an opportunity to hold hearings and obtain more information on the question.

To begin with, this argument is false as to fact. We have been holding hearings for several years, and every argument for and against such an amendment to the Federal Constitution has been made and made again, until every Member of the House is familiar with them, and this fact is known of each Member and of those proposing the creation of this committee. No added facilities are needed to get the merits of the proposed amendment before the membership of the House.

Again, if those Members voting for the creation of this committee do not do so with the implied understanding that the question is an open one with them and that they will vote for the submission of such a constitutional amendment if they become convinced by the committee hearings and by a favorable report of the committee that such a step is wise and right, they are doing an idle and futile thing. So it follows that those who vote for this resolution are doing either an idle thing or else are taking the position that the platform of their party does not bind them and that they will cheerfully repudiate one of the things upon which the party asked for power and authority.



In the second place, I am opposed to the creation of such a committee with its creation being a practical instruction to bring in a favorable report for a further and more fundamental reason.

I believe that the fathers of the country were acting with wisdom when they decreed that local conditions were to be legislated upon by the local communities who lived under them; that the institution of local self-government was in fact a condition of local freedom. They decided that matters of franchise were to be left with the States, for they thought that with the varying conditions in each State it could be best left with those communities which best knew conditions. Now, it is proposed that the Federal Government shall go into the business of setting up standards for the exercise of the franchise. Can there be any man who has watched the course of national legislation who does not know that when once the Federal Government begins to exercise authority in a given field it eventually occupies the whole field?

Congress was wisely given the right to regulate commerce between the States and foreign nations. Has it stopped at this? No; true to its tendency, under the guise of regulating commerce, it has passed laws which if upheld as constitutional will take from the States all right to regulate their local affairs where the activities of the people result in a product which is shipped in interstate commerce.

Everything can be so regulated—the size, shape, and structure of factories; the labor of men and women; what they shall work for and what they shall demand; hours of labor; and every conceivable thing connected with the growing, the creation, or the manufacture of any article which is to be shipped in interstate commerce. Many of these things may be good, but in this realm the people of the States were intended to be left to say what was good and to have it or not as they pleased, and were not intended to be forced to accept the congressional standard of goodness.

Now it is proposed that Congress should enter upon franchise matters and fix standards, taking this from the States.

Of course if Congress fixes standards it will see, or at least pretend to see, that these standards are observed. Federal supervision of elections is the next step which will follow fast.

Heaven help the South when ignorance, race hatred, and political corruption are again marshaled to do the bidding of political exigency.

Some may say that my fears are groundless and my objections are far-fetched. Maybe so. This I know, that the course upon which we are about to enter contains these possibilities. The course mapped out by the great political thinkers who founded the Government and placed the safeguards of the liberties of the people in the great fundamental law contain no such dangers. The old paths are well known and safe; the new ones are blind and maybe are filled with gins and pitfalls.

Mr. GARRETT of Tennessee. Mr. Speaker, I have 10 minutes remaining, have I not?

The SPEAKER. Yes.

Mr. GARRETT of Tennessee. There will be two more speeches on this side.

Mr. CAMPBELL of Kansas. Mr. Speaker, I yield three minutes to the gentleman from Idaho [Mr. FRENCH].

Mr. FRENCH. Mr. Speaker and gentlemen of the House, the opponents of this proposition seem to be limited for the most part, first, to the members of the Committee on the Judiciary, and, second, to those who are opposed to woman suffrage on the merits of the proposition. Regarding the first, may I say the supporters of the resolution cast thereby no reflection upon the Committee on the Judiciary. That great committee has the confidence and respect of the Members of the House. But from the beginning of the Government this legislative body, as all legislative bodies, has acted through committees. Committees are mere agencies for the consideration and expedition of business of the House. They are the servants of the House, and are called into being as the business of the country from time to time demands consideration.

We had no Committee on Elections except special committees until 1794. We had only one committee until 1895, and then we provided for three. We had no Committee on Appropriations until 1865 and no Committee on Banking and Currency until the same year. The Ways and Means Committee, which had been a special committee until 1802, performed for more than 60 years the work of the two other great committees of this body, the Appropriations Committee and the Committee on Banking and Currency. The Interstate Commerce Committee was created in 1795 and did the work that it now does and, in addition, the work of the Committee on Rivers and Harbors. We had no Committee on Rivers and Harbors until 1883, when the work of this country, through the demand for greater river and harbor

improvements and the time upon the Committee on Interstate and Foreign Commerce made it necessary for us to create a Committee on Rivers and Harbors. In turn that committee not only handled river and harbor work but the question of flood control until a comparatively recent date. Then we created a Committee on Flood Control. The Irrigation Committee, the Committee on Mines and Mining were both split off from the Committee on Public Lands, and so it has been with the organization of other committees of this body. There was no reflection upon the parent committees, but rather the recognition of some great problem to be specially cared for. So here there is no reflection upon the Judiciary Committee, but rather a recognition of the proposition that before us is a great question that the American people ought to be given the opportunity to have considered in all its ramifications through a committee appointed for that particular purpose.

The passage of this resolution does not mean that the question shall be decided one way or the other; it does not mean that women shall have the right to vote; that an amendment to the Constitution shall pass; but, rather, it does mean that the question that involves the rights of one-half of the people of the United States shall, on coming before this body, have a hearing before a committee constituted for the purpose of dealing with so important a question.

And, gentlemen, if the business of the country demanded the appointment of many other committees of this House, what shall we say of a question that involves the political status of 20,000,000 people?

You have a Committee on Mines and Mining, yet the sacred rights of a free people are more than the wealth of all the mines. You have a Committee on Insular Affairs, yet here is a committee that would have to do with the people at home. You have a Committee on Indian Affairs, and that handles the problems of a people we are leading on to splendid citizenship; yet here is a committee that would have to do with the franchise of the women of our country, who always have been the peers of those to whom suffrage has been granted during the days of the Republic.

The gentleman from Georgia said we have no committee on man suffrage, his inference being that because of that we need none on woman suffrage.

Why, the very words of opposition are the strongest argument. Does the gentleman forget that lack of man suffrage was what caused our Revolution? Do we forget that we had not one committee but committees in every hamlet from Cape Cod to the Colony of Georgia, all of them working for manhood suffrage? Do we forget that the very fact that manhood suffrage is Nation wide removes all necessity for a committee on man suffrage?

Another speaker says it is beneath our dignity to create this committee. But why? It was not beneath the dignity of our fathers to fight for liberty a hundred years ago. It has not been beneath our dignity to stand for freedom for the down pressed of other lands. It is not beneath our dignity to-day to support as we believe in the world war the side that stands for human rights, for liberty, for suffrage in a large sense, if you please.

May I now turn for a moment to those who oppose this resolution because they are opposed to woman suffrage.

Again I ask, Why? Are they not in favor of fair play? Do they want all the facts, or are they afraid that further inquiry and further consideration will strengthen the cause of suffrage? For my part I believe it will. Some of our opponents urge that suffrage is being repudiated in elections that are being held. If so, why should they oppose the creation of a committee that would accentuate this deplorable condition? Rather, gentlemen, I believe that the more this question is debated, the more it is discussed in Congress and on the platform and by the fireside, the stronger must be the claim of those for suffrage, who at all times and under all circumstances have been loyal to our country. I remember well the words of a dear mother of two sons who have already gone to France to do their "bit." She said to me, as the tears filled her eyes, "I am proud of my boys, but I am living in Gethsemane." Gentlemen, the women of our land are not only living in the garden of sorrow, but they are doing their full share in carrying forward the great work upon which our Nation is engaged.

Surely it is not asking too much to ask for a committee that will give its time to the question of woman's full share in government.

Mr. GARRETT of Tennessee. Mr. Speaker, I yield five minutes to the gentleman from Alabama [Mr. BURNETT].

Mr. BURNETT. Mr. Speaker, I differ just a little from some of the gentlemen who have said that this was not a war measure. I am inclined to think it is a war measure; that the war on the Committee on Rules has gotten so warm that they want



to transfer it to the Committee on Ways and Means, who will name the Democratic members of the proposed committee.

Mr. Speaker, I am not going to argue the merits of the proposition as to whether a constitutional amendment should be adopted or not. I feel, coming from the South, we could set forth one good reason why the great question of suffrage ought not to be taken away from the States, as memory carries us back to the end of the Civil War, when the smoke of conflict had been raging and the outrageous fifteenth amendment was put upon our people, and it seems to me that we ought to be very careful when we undertake to give other States the right to say who shall have suffrage among the people in the several States.

But, Mr. Speaker, there is no necessity for this proposed committee, and those who are contending for it can not say and do not say that there is. I am not a member of that great Judiciary Committee, but there is no man or woman living who can say that the committee has ever dealt unfairly with the suffragettes. Then what reason can there be for the committee other than to secure a stacked committee? I am not charging any such reason to the splendid members of the Rules Committee that favor this resolution, because I believe a greater motive, perhaps, may have prompted them, and that was the way to get rid of the war these women were making on them. But, Mr. Speaker, what other motive could have prompted the propaganda that has been forcing itself on the Committee on Rules and trying to force itself on the House except the hope of getting a packed committee? And when this House transfers the nagging from the Committee on Rules, mark my prediction, the members of the Ways and Means are going to suffer that same nagging. They have shown their purpose in the Senate. We do not need any better evidence that that is the purpose of this resolution. Woman suffrage has the personnel and the sympathy and the sentiment of all those who constitute the Suffrage Committee in the Senate.

I am going to read in my time a short portion of a letter written by Mrs. Richards, a most excellent correspondent of a number of newspapers in New England, in a recent article to the Woman's Protest, a correspondent who has looked very carefully into this matter, and this is what she says:

There is but one committee in Congress composed of hand-picked Members whose avowed convictions before appointment were all on one side of the vital question which their committee had been expressly organized to consider. That is the Senate Committee on Suffrage. All of the other 133 committees of Congress are bipartisan, not only on political questions, but represent varying sentiments on the specific topics which it is the duty of each committee to consider. But the Senate Committee on Suffrage, with its nine members, provides no representation for the millions of women throughout the country who oppose suffrage and who are urging Congress to protect them from the threatened invasion of militant women. The committee is composed of Senators JONES (chairman), New Mexico; OWEN, Oklahoma; RANSDELL, Louisiana; HOLLIS, New Hampshire; JOHNSON, South Dakota; JONES, Washington; NELSON, Minnesota; CUMMINS, Iowa; and JOHNSON, California. Each of these Senators had, prior to his appointment, expressed himself by voice or vote as favoring woman's suffrage. The full import of this lack of representation for the women who opposed suffrage can be best realized when it is recalled that every petition, resolution, or proposed Federal law relating to suffrage must be first placed in the hands of this committee, which considers it behind closed doors, and later reports to the full Senate its findings as to the merits of the case. And the committee report often sways the vote of the Senate.

Mr. Speaker, does any Member of the House believe those gentlemen who are insisting upon this resolution would be willing to accept an amendment to the resolution that the personnel of that committee should be divided in the proportion that the Members of the House of Representatives stand on that question? It would be a fair thing to do, but the Committee on Ways and Means, when they come to pass on this question, I hope will stand up and do what is fair, and if they do it against the pressure that is brought they have got twice as much iron in them and a little more strength than some have. We all know how powerful is the influence and tenacity of a woman when fully aroused. I have been working in double harness, Mr. Speaker, for the last 30 years, and I learned a long time ago that when she says "Go" he goeth and when she says "Come" he cometh. And I think that other men are the same. [Applause.]

Mr. POU. Mr. Speaker, I yield two minutes to the gentleman from Tennessee [Mr. AUSTIN].

Mr. AUSTIN. Mr. Speaker, I do not regard this movement as a reflection upon the Judiciary Committee of this House. If I entertained seriously that thought, I would certainly vote against the resolution. When a similar committee was created in the Senate, members of the Judiciary Committee of that august body did not resent it and did not regard it as a reflection upon themselves. I hope the members of this committee will permit us to give the women of this country a day in court. [Applause.] Give them a committee, with a chairman in full sympathy with their aspirations.

Mr. GORDON. Do you want a hand-picked committee?

Mr. AUSTIN. No. I consider that statement a reflection upon the honor of this House, to say it will be a hand-picked committee. We are not selecting committees in that way under the splendid administration of our honored and impartial Speaker.

I hope there will be chivalry and fairness enough in this House to elect the Member from Montana [Miss RANKIN] as chairman of this proposed committee, who so well, efficiently, and faithfully represents the great State of Montana on the floor of this House. Mr. Speaker, there are two great public questions which will be settled only in one way in America, and they will be settled right. The prohibition question is fast being settled. There comes hand in hand with and directly back of it this question of suffrage for the American women. Just as sure as to-morrow's sun will rise, it is coming. You may stop it here to-day. You might block it in this Congress, but the sentiment in favor of it grows with the days and the hours. There will be fairness enough, justice enough, honor enough among the thinking American people to give them the rights which they deserve and to which they are justly entitled. [Applause.]

The SPEAKER. The time of the gentleman has expired. Each of the three gentlemen has five minutes remaining. If nobody wants to speak, the Chair will put the question.

Mr. POU. Mr. Chairman, I yield five minutes to the gentleman from Pennsylvania [Mr. KELLY].

Mr. KELLY of Pennsylvania. Mr. Speaker, we have listened to many and varied arguments by those who oppose the organization of a Woman Suffrage Committee in the House. They may be all right in their way, but most of them do not weigh much.

It has been argued that the "picketing of the White House" by the so-called militant suffragettes is sufficient reason for refusal to authorize this committee. I heartily agree that the conduct of these misguided individuals has been unreasonable, but I maintain that it is vastly more unreasonable for any Member here to make their universally repudiated tactics his excuse for voting against a committee for the consideration of the political freedom of millions of the patriotic, loyal, right-thinking, and right-acting women of America. [Applause.]

My friend from Alabama [Mr. BURNETT] argues that because he believes a majority of the House is opposed to woman suffrage he will vote against this proposal to have a vote upon it. If that idea is carried to its logical conclusion, no question could ever be voted on until it was absolutely certain that it would be passed. I am one of those who believe that the American people have a right to know how their Representatives stand on questions of this importance. I have an idea that the very roll call itself, the requirement that Members stand up and be counted for or against this measure, will have a vast influence upon its success. The people themselves have a way of compelling their Representatives to really represent them when they know the exact situation as to the attitude of their Representatives. [Applause.]

It has also been stated that this resolution should not be passed because it takes a question from the jurisdiction of the Judiciary Committee. Carry that argument to its conclusion and no new committee could ever be established, regardless of the changed conditions that might arise. It is simply a declaration that everything old is necessarily sacred, and that everything new is necessarily dangerous. In the light of a new era in American history, with old customs and habits and creeds going down before actual conditions, that kind of argument will scarcely avail.

The State rights argument has also been called upon to do duty in this discussion. Surely the question of whether it is just to consider fairly the right of women to vote is not affected by State lines. If a thing is wise and just in Illinois, it is equally wise and just in Kentucky. The women citizens of this country are not so different on opposite sides of an imaginary line that some are fit to govern themselves and others are unfit. This is a national question and must be so considered. The State rights advocates forget their misgivings in the consideration of appropriations and matters dealing with property. We insist that they can not shackle within State lines the questions dealing with human liberties and human rights.

The gentleman from Wisconsin [Mr. STAFFORD] makes the argument that consideration of this resolution is ill timed; that this extra session of Congress is not the proper time for action upon it. I hold that this is exactly the time for it and that delay would have been inexcusable. In fact, when the question was voted upon in the Rules Committee on June 6 I advocated a vote on that day and voted against delaying it three months to the present date. The House adjourned that day without transacting business, and the question of this committee could have been and should have been settled finally then.



But surely this session should not be adjourned without action. We are fighting a war to make democracy safe in the world. While doing that we must take every means possible of making democracy sure in America. And there can not be real democracy, true government by the people, when half of the adult, intelligent citizenship do not have the right to vote. There can not be real expression of the national will in America unless the womanhood of the Nation has the right to express her will in the only way that expression really counts in the end, and that is with the pencil in the voting booth on the day of election. [Applause.]

One of the best definitions of democracy ever given was that of Pasteur, the great scientist. He said:

The true democracy is that which permits each individual to put forth his maximum effort.

Now, we have been calling upon the women of this Nation to serve in a multitude of ways during the conduct of this great war in which we are engaged. I maintain that simple justice demands that they be given the power to make those efforts really effective.

I hold in my hand a red, white, and blue circular issued by the American League for National Unity. It makes exactly the same appeal that is made by every patriotic organization and by the Nation itself. It is as follows:

The country needs women—  
To give their sons to defend the Nation.  
To force the "slacker" to do his "bit."  
To encourage their children to save their pennies for the Red Cross.  
To sew and knit for the men who are at "the front."  
To produce their own vegetables in their back yards.  
To keep a watchful eye on the family pocketbook.  
To serve as Red Cross nurses.  
To work in munition factories.  
To teach classes in American citizenship in the schools and churches.  
To display the American flag from their homes.  
To teach their sons and daughters to salute the national emblem.  
To remember the President and the men of the fighting forces in their prayers.  
To urge a new spirit of national unity.

Does any Member mean to say that the women should give their sons to defend the Nation and yet have no voice as to their protection? Shall the women encourage their children to save their pennies and to keep a watchful eye on the family pocketbook and yet have no voice in protecting that money from the hands of unscrupulous profiteers? Shall the women work in munition factories and yet remain dumb as to working conditions in those factories? Shall they teach citizenship in schools and churches and yet be denied the vital rights of citizenship? Shall they remember the President and the fighting forces in their prayers and yet be unable to help make their prayers come true? Shall they urge the new spirit of national unity, while at the same time they are prevented from realizing their own membership in the Nation? [Applause.]

Gentlemen of the House, I insist that the women of this country have the biggest stake in this war. In the current issue of the Official Bulletin, issued by the Government, I find 28 separate articles. Of these 12 are direct appeals to the women of America, while those dealing with the assignments of soldiers are of heart concern to mothers above all others. These articles deal with "Sugar supply and prices," "Red Cross activities," "Grain and foodstuffs," "Food value of potatoes," "Municipal markets," "Milk prices," "Retail delivery methods," and so forth.

Surely in this day of direct governmental appeal to the women of the land to serve their country these women have a right to a committee which shall give full and free consideration to their claims to the franchise.

Mr. Speaker, not only have the women a right to ask the creation of this committee for the consideration of the question of equal suffrage, but it is a matter of wise policy. The keynote of American thought to-day is cooperation. This war, with its hideous possibilities, has awakened the Nation to the fact that the supreme need of the hour is close cooperation between all classes for the safety of the Republic.

President Wilson's phrase, "We must all speak and act and serve together," has been heeded by this Congress, and every measure passed has had as its foundation principle the obligation of all classes of citizens to serve the Nation in its time of need.

But still it takes more than a splendid phrase and legislative enactments to secure the unity which is essential at this time. This cooperation must be based on justice and consented to in liberty. It must come through the people and not be forced on them from the outside. American unity must be that of co-ordination, not subordination. It must be the unity not of obedience but of agreement, not of followers but of fellows.

We must first make every citizen realize membership in the Nation before we can expect responsibility for the Nation.

One of the greatest tributes that could be paid the womanhood of America is that, in spite of the denial of her right to a voice in government, she has never hesitated or faltered for a moment in giving her whole-hearted, enthusiastic devotion to the Nation. Never yet have American women been slackers when America went to war, and they have won and will win new laurels in this latest and greatest struggle. They have answered every call nobly. They have served and sacrificed. They have waited vainly since 1869, when the Susan B. Anthony amendment was first introduced in the Senate. Two generations of women have pleaded with Congress for a declaration that the rights of citizens shall not be denied or abridged on account of sex.

Surely they have been law-abiding, fair, and patient. Now when they ask for the creation of a committee in the House which shall give especial and exclusive consideration to their great question, the very least this House can do is to grant it willingly and whole-heartedly.

I ask you to pass this resolution and send out to the 20,000,000 unenfranchised women of America the glad news that their rights are to be considered by a committee created for that purpose alone, and you will add to the spiritual unity of this Nation in splendid fashion; you will help to mobilize and unify the public mind of America in a way which will mean much in the days which are to come. [Applause.]

The SPEAKER. The time of the gentleman from Pennsylvania has expired. The gentleman from Tennessee [Mr. GARRETT] has five minutes.

Mr. GARRETT of Tennessee. Mr. Speaker and gentlemen of the House, this proposition has been approached from every possible angle during the discussion of the last two hours, and there is really nothing that I can add that has not already been expressed by those who have preceded me in the discussion.

That which struck me so forcefully from the beginning of the agitation for the creation of this committee, which began, by the way, in 1913, up to the present time, is the utter uselessness of such a committee. There was a time when the great majority of my colleagues of the Committee on Rules agreed with me on that proposition. For reasons satisfactory to themselves they have ceased to agree with me on that, and so to-day—

I feel like one  
Who treads alone  
Some banquet hall deserted.

One thought, if I may be permitted to suggest it in response to the remarks made by the gentleman from Pennsylvania [Mr. KELLY], who immediately preceded me, and in response to similar remarks made by other gentlemen, is with respect to what lies back of this proposition. It is not to create the committee simply to have a committee. The proposition is to create a committee in order that a Federal amendment may be brought before the body. That committee can perform no other function. When it shall have brought that resolution before the body its functions will be ended, and it can be dismissed as a useless thing.

But gentlemen speak of democracy in the world and in the United States being promoted by the agitation of a Federal amendment to the Constitution. Is that true? Let us see. I do not antagonize woman suffrage through State action. I do not oppose it in Tennessee. But in Tennessee, in order to amend the constitution of my State, the question must be submitted to a popular vote. That is democracy. This amendment of a Federal character will not have to be submitted to a popular vote. It will be submitted to the legislatures of the several States. And yet the gentleman from Pennsylvania [Mr. KELLY] and the gentleman from New York [Mr. LONDON] speak of it as spreading democracy.

Mr. Speaker, there is no necessity for the creation of this committee, from whatever angle you approach this question. The fact remains that there exists absolutely no necessity, practical, sentimental, or otherwise, for creating this committee. And yet a number of very sensible gentlemen here are going to vote for it. They will be picketing the White House themselves before long. [Laughter.]

The Committee on the Judiciary has handled this subject from the very beginning of the agitation concerning it for more than 50 years. This question has been sent to that committee because it was a proposition to amend the Constitution of the United States. That committee has never failed to respond to the wish and will of this body. That committee will not in the future fail to respond to the wish and the will of this body. We have that assurance, not only by their spoken word but by reason of our knowledge of the processes of legislative activities in this House; not only through our own experience but through



all the experience of the past. It is proposed to create a committee that can have but one function to perform, a function which has heretofore been performed by another committee, which we know will be again performed by that committee; and when this committee that we are now creating shall have performed that function, its utility will be gone and there will be no other duties for it to perform. [Applause.]

The SPEAKER. The time of the gentleman from Tennessee has expired.

Mr. LONERGAN rose.

The SPEAKER. For what purpose does the gentleman from Connecticut rise?

Mr. LONERGAN. I ask unanimous consent to extend my remarks on the pending resolution.

The SPEAKER. The gentleman from Connecticut asks unanimous consent to extend his remarks in the Record. Is there objection?

There was no objection.

The SPEAKER. The gentleman from Kansas [Mr. CAMPBELL] is recognized for five minutes.

Mr. BLACKMON. Mr. Speaker, I ask unanimous consent to extend my remarks on the resolution.

Mr. JOHNSON of Washington. Mr. Speaker, I make the same request.

Mr. LANGLEY. I make the same request, Mr. Speaker.

Mr. TIMBERLAKE. Mr. Speaker, I make the same request.

Mr. TAYLOR of Colorado. And I make the same request.

Mr. MAGEE. Mr. Speaker, I make the same request.

The SPEAKER. Is there objection to the request of the gentleman from Alabama [Mr. BLACKMON], the gentleman from Washington [Mr. JOHNSON], the gentleman from Kentucky [Mr. LANGLEY], the gentleman from Colorado [Mr. TIMBERLAKE], the gentleman from Colorado [Mr. TAYLOR], and the gentleman from New York [Mr. MAGEE]?

There was no objection.

Mr. FARR. Mr. Speaker, I shall vote for the resolution favoring the naming of a special committee on woman suffrage. I shall do this not only for the reason that the importance of the question of equal suffrage deserves this consideration, but frankly because of the stimulus it will prove to be in giving to women the privilege of direct participation in our Government. The interests of the women are equal to those of the men. They are as much concerned in the welfare of the country. They are as intelligent and honest as the men, and there is no substantial reason for discrimination against them. And particularly at this time I want to show in part my appreciation of the splendid services that the women in so many ways are rendering.

Millions of mothers and wives are giving their boys and husbands for the preservation of the liberty which they, in its fullness, do not enjoy. Their heroism in this sacrifice to patriotism commands our veneration. Practically without a murmur, though their hearts bleed, they are answering the call of their country in its hour of peril.

Mr. CAMPBELL of Kansas. Mr. Speaker, the wide range that the discussion upon this resolution has taken has been somewhat surprising, but as a matter of fact there is nothing very serious before the House.

It is the creation of a new committee to handle an important matter. This ought not to have taken 10 minutes of discussion in the House. It has taken two hours here, and it has been discussed indefinitely before the Committee on Rules and in other ways. Everything has been dragged into this discussion, from State rights to the question as to whether or not this is a great Nation that has obliterated State lines.

Mr. GORDON. Will the gentleman yield?

Mr. CAMPBELL of Kansas. No. Why gentlemen who have voted for appropriations to exterminate the boll weevil down in Georgia and Texas and Alabama should raise the question of State sovereignty and State rights when the question of the right of women to vote is under consideration is something that I can not understand. [Applause.] Is the boll weevil of more importance in Georgia and Alabama than woman suffrage? You did not raise the question of State rights then, or assert the question of the duty of a State. You insisted that the Federal Government should cross the State line and do the thing that the planter theretofore had done for himself, or that the county might well have done, or that the State might have done. But, oh no, you lost sight of all these questions and went to the Federal authority. You have been doing it upon so many questions that it is most natural that those of us who have always believed that this was a Nation spelled with a big "N" did not have the cold chills when we saw another question of Nation-wide importance forcing itself for consideration upon the Federal Congress. [Applause.] We believe that this question

rightly belongs to the Nation, to the Federal Government, and that the creation of this committee is a mere incident in the consideration of that great subject.

Of course the resolution will be agreed to. The committee will be appointed, and in due time a resolution will be reported out of the Committee on Woman Suffrage, granting woman suffrage to the people of the several States. Then gentlemen can vote their sentiments upon that subject here in this House.

Now, that is all there is before the House. The fact has been referred to that some of the advocates of woman suffrage have been doing things that have not appealed to the best sentiment of the country. It was not asserted by these gentlemen that the large majority of the women who believe in woman suffrage frown upon these actions of a small faction who believe in woman suffrage, and that this majority are as much opposed to the conduct of that faction as are the gentlemen who have criticized them here upon this floor to-day. In the conduct of great affairs we can not take notice of the mistakes that are made by the advocates of a great principle. The merit of this question is the only thing to be considered.

What substantial argument has been made against the creation of this committee? None. No more argument has been made against this than was made against the creation of a Committee on Good Roads, and no more than was made against the creation of the many committees that have been created in this House.

It is said that this committee will be useless after this resolution has been submitted to the States for their adoption or rejection. Suppose it is. The great Committee on Improvement of the Mississippi River is dead—has had its last meeting. It no longer has a chairman, a secretary, or a janitor. It died because there was nothing more for it to do.

This resolution should be agreed to. [Applause.]

The SPEAKER. The time of the gentleman has expired. All time has expired. The question is on agreeing to this rule.

Mr. TAYLOR of Colorado. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 180, nays 107, answered "present" 3, not voting 142, as follows:

#### YEAS—180.

Alexander	Ellsworth	Jones, Tex.	Roberts
Austin	Elston	Kearns	Rodenberg
Lyles	Emerson	Keating	Romjue
Bacharach	Esch	Kelley, Mich.	Rose
Bacon	Evans	Kelly, Pa.	Rubey
Barkley	Farr	Kennedy, Iowa	Russell
Barnhart	Ferris	Kettner	Sabath
Bathrick	Fess	King	Sanders, Ind.
Bland	Fields	Kinkaid	Scully
Blanton	Fisher	Knutson	Sears
Boehrer	Focht	Kraus	Shackelford
Bowers	Foss	La Follette	Shallenberger
Browne	Foster	Langley	Shouse
Brumbaugh	Francis	Little	Sinnott
Burroughs	French	Littlepage	Sloan
Byrns, Tenn.	Fuller, Ill.	Lobeck	Smith, Idaho
Campbell, Kans.	Gallagher	London	Smith, Mich.
Campbell, Pa.	Garrett, Tex.	Lundeen	Stedman
Cannon	Glass	Lunn	Sterling, Ill.
Cantrill	Goodall	McAndrews	Strong
Caraway	Goodwin, Ark.	McArthur	Summers
Carter, Mass.	Graham, Ill.	McClintic	Sweet
Carter, Okla.	Gregg	McFadden	Taylor, Ark.
Chandler, N. Y.	Hadley	McKenzie	Taylor, Colo.
Claypool	Hamilton, Mich.	McLaughlin, Mich.	Temple
Connally, Tex.	Hamlin	Madden	Thomas
Cooper, Ohio	Harrison, Va.	Mapes	Thompson
Cooper, Wis.	Haugen	Mays	Tillman
Cox	Hawley	Miller, Wash.	Timberlake
Cramton	Hayden	Mondell	Towner
Crosser	Helvering	Oldfield	Vestal
Dale, Vt.	Hensley	Oliver, N. Y.	Walton
Dallinger	Hersey	Osborne	Watson
Davidson	Hicks	Phelan	Watson, Pa.
Davis	Hilliard	Porter	Weaver
Decker	Hood	Pou	Welling
Denison	Huddleston	Pratt	Wheeler
Dickinson	Hulbert	Purnell	White, Me.
Dill	Humphreys	Rainey	White, Ohio
Dillon	Hutchinson	Raker	Williams
Dixon	Ireland	Ramseyer	Wingo
Doolittle	Jacoway	Rankin	Wood, Ind.
Doughton	Johnson, Ky.	Reavis	Woods, Iowa
Dowell	Johnson, S. Dak.	Reed	Young, N. Dak.
Elliott	Johnson, Wash.	Robbins	Zihlman

#### NAYS—107.

Adamson	Classon	Fairchild, B. L.	Holland
Almon	Coady	Flood	Houston
Ashbrook	Collier	Freeman	Howard
Aswell	Crisp	Garner	Hull, Iowa
Bankhead	Dent	Garrett, Tenn.	Igoe
Black	Denton	Glynn	Key, Ohio
Blackmon	Dewalt	Gordon	Kincheloe
Browning	Dominick	Gould	Larsen
Burnett	Drane	Gray, Ala.	Lazaro
Byrnes, S. C.	Dupré	Greene, Vt.	Lee, Ga.
Candler, Miss.	Eagle	Hardy	Leshner
Carlin	Estopinal	Helm	Linthicum



Lonergan	Olney	Saunders, Va.	Venable
Longworth	Overstreet	Scott, Iowa	Vinson
McKeown	Padgett	Scott, Mich.	Voigt
Magee	Park	Sells	Volstead
Mansfield	Parker, N. J.	Siegel	Walker
Martin, La.	Parker, N. Y.	Sisson	Walsh
Meeker	Peters	Small	Watson, Va.
Montague	Platt	Snook	Webb
Moon	Polk	Snyder	Welty
Moores, Ind.	Quin	Stafford	Whaley
Morgan	Ramsey	Stegall	Wilson, La.
Nicholls, S. C.	Rayburn	Steele	Wilson, Tex.
Nichols, Mich.	Rogers	Stephens, Miss.	Wise
Norton	Rowland	Stevenson	Woodyard
Oliver, Ala.	Sanders, La.	Talbott	

## ANSWERED "PRESENT"—3.

Hull, Tenn.	Kehoe	Lever
		NOT VOTING—142.

Anderson	Edmonds	Kahn	Rowe
Anthony	Fairchild, G. W.	Kennedy, R. I.	Rucker
Baer	Fairfield	Kieess, Pa.	Sanders, N. Y.
Bell	Fitzgerald	Kitchin	Sanford
Borland	Flynn	Kreider	Schall
Brand	Fordney	LaGuardia	Scott, Pa.
Britten	Frear	Lea, Cal.	Sherley
Brodbeck	Fuller, Mass.	Lehlbach	Sherwood
Bruckner	Gallivan	Lenroot	Sims
Buchanan	Gandy	McCormick	Slayden
Butler	Gard	McCulloch	Slomp
Caldwell	Garland	McKinley	Smith, C. B.
Capstick	Gillett	McLaughlin, Pa.	Smith, T. F.
Carew	Godwin, N. C.	McLemore	Snell
Cary	Good	Maher	Steenserson
Chandler, Okla.	Graham, Pa.	Mann	Stephens, Nebr.
Church	Gray, N. J.	Martin, Ill.	Sterling, Pa.
Clark, Fla.	Green, Iowa	Mason	Stiness
Clark, Pa.	Greene, Mass.	Miller, Minn.	Sullivan
Connelly, Kans.	Griest	Moore, Pa.	Swift
Cooper, W. Va.	Griffin	Morin	Switzer
Copley	Hamill	Mott	Tague
Costello	Hamilton, N. Y.	Mudd	Templeton
Crago	Harrison, Miss.	Neely	Tilson
Currie, Mich.	Haskell	Nelson	Tinkham
Curry, Cal.	Hastings	Nolan	Treadway
Dale, N. Y.	Hayes	O'Shaunessy	Van Dyke
Darrow	Heaton	Overmyer	Vare
Dempsey	Heflin	Paige	Waldow
Dies	Helntz	Powers	Ward
Dooling	Hill	Price	Watkins
Doremus	Hollingsworth	Ragsdale	Wilson, Ill.
Drukker	Husted	Randall	Winslow
Dunn	James	Riordan	Young, Tex.
Dyer	Jones, Va.	Robinson	
Eagan	Juul	Rouse	

So the resolution was agreed to.

The Clerk announced the following pairs:

For the session:

Mr. SNELL with Mr. CALDWELL.

Mr. KEHOE with Mr. CARY.

Mr. HASTINGS with Mr. CHANDLER of Oklahoma.

Mr. MILLER of Minnesota with Mr. HARRISON of Mississippi.

Mr. STEELE with Mr. BUTLER.

Mr. LEA of California with Mr. EMERSON (commencing August 2 for balance of session).

Until further notice:

Mr. DIES with Mr. GRAY of New Jersey.

Mr. VAN DYKE with Mr. LEHLBACH.

Mr. SLAYDEN with Mr. ANTHONY.

Mr. GRIFFIN with Mr. DEMPSEY.

Mr. GODWIN of North Carolina with Mr. DUNN.

Mr. KITCHIN with Mr. MANN.

Mr. SHERLEY with Mr. GILLETT.

Mr. DALE of New York with Mr. GRIEST.

Mr. LEVER with Mr. ANDERSON.

Mr. HAMILL with Mr. GOOD.

Mr. DOREMUS with Mr. FREAR.

Mr. NEELY with Mr. GREENE of Massachusetts.

Mr. RIORDAN with Mr. MCCULLOCH.

Mr. SIMS with Mr. SCOTT of Pennsylvania.

Mr. FLYNN with Mr. MASON.

Mr. GARD with Mr. COOPER of West Virginia.

Mr. MAHER with Mr. DARROW.

Mr. THOMAS F. SMITH with Mr. WALDOW.

Mr. SHERWOOD with Mr. MCKINLEY.

Mr. STERLING of Pennsylvania with Mr. MUDD.

Mr. YOUNG of Texas with Mr. WINSLOW.

Mr. PRICE with Mr. HAMILTON of New York.

Mr. FITZGERALD with Mr. FORDNEY.

Mr. HEFLIN with Mr. LA GUARDIA.

Mr. SULLIVAN with Mr. WILSON of Illinois.

Mr. BRODBECK with Mr. DRUKKER.

Mr. GANDY with Mr. SWITZER.

Mr. STEPHENS of Nebraska with Mr. MOORE of Pennsylvania.

Mr. ROUSE with Mr. TINKHAM.

Mr. BRUCKNER with Mr. CRAGO.

Mr. JONES of Virginia with Mr. GRIEST.

Mr. MARTIN of Illinois with Mr. GREEN of Iowa.

Mr. SCHALL with Mr. TILSON.

Mr. CAREW with Mr. TREADWAY.

Mr. DOOLING with Mr. MORIN.

Mr. GALLIVAN with Mr. CURRIE of Michigan.

Mr. CLARK of Florida with Mr. SANDERS of New York.

Mr. MCLEMORE with Mr. PAIGE.

Mr. OVERMYER with Mr. BRITTON.

Mr. BORLAND with Mr. POWERS.

On this vote:

Mr. EGAN (for) with Mr. HASKELL (against).

Mr. CURRY of California (for) with Mr. BRAND (against).

Mr. BAER (for) with Mr. COSTELLO (against).

Mr. CLARK of Pennsylvania (for) with Mr. GRAHAM of Pennsylvania (against).

Mr. ROWE (for) with Mr. SWIFT (against).

Mr. CONNELLY of Kansas (for) with Mr. EDMONDS (against).

Mr. CHARLES B. SMITH (for) with Mr. WATKINS (against).

Mr. HILL (for) with Mr. HULL of Tennessee (against).

Mr. MOTT (for) with Mr. GEORGE W. FAIRCHILD (against).

Mr. STEENERSON (for) with Mr. TEMPLETON (against).

Mr. KIESS of Pennsylvania (for) with Mr. GARLAND (against).

Mr. HAYES (for) with Mr. SANFORD (against).

Mr. O'SHAUNESSY (for) with Mr. BELL (against).

Mr. LENROOT (for) with Mr. GOULD (against).

Mr. CHURCH (for) with Mr. HEATON (against).

Mr. FULLER of Massachusetts (for) with Mr. TAGUE (against).

Mr. RANDALL (for) with Mr. McLAUGHLIN of Pennsylvania (against).

Mr. KAHN (for) with Mr. WARD (against).

Mr. KENNEDY of Rhode Island (for) with Mr. HUSTED (against).

Mr. NOLAN (for) with Mr. ROBINSON (against).

Mr. STINESS (for) with Mr. RAGSDALE (against).

Mr. DALLINGER. Mr. Speaker, I desire to state that my colleague, Mr. FULLER, is unavoidably absent. If he were present, he would vote "aye."

The result of the vote was then announced as above recorded.

On motion of Mr. RAKER a motion to reconsider the vote was laid on the table.

## SUSPENSION OF WORK ON MINING CLAIMS.

Mr. FOSTER. Mr. Speaker, I move that the House insist on its amendments to Senate joint resolution 78 and agree to the conference asked for by the Senate.

The SPEAKER. The gentleman from Illinois moves that the House insist on its amendments to the Senate joint resolution 78 and agree to the conference asked for by the Senate.

The motion was agreed to.

The SPEAKER appointed as conferees on the part of the House Mr. FOSTER, Mr. TAYLOR of Colorado, and Mr. DENISON.

## SERVICE FLAG.

Mr. EMERSON. Mr. Speaker, I ask unanimous consent to address the House for two minutes.

The SPEAKER. The gentleman from Ohio asks unanimous consent to address the House for two minutes. Is there objection?

There was no objection.

Mr. EMERSON. Mr. Speaker and gentlemen of the House, on my house in Cleveland hangs a service flag given me by Capt. R. L. Queisser, the designer of this flag.

The flag may be of any size, with a red border and a white center, with stars in the center to indicate the number from that household or place of business that are in the service of the United States during this war.

This service flag has been adopted by Hon. Harry L. Davis, mayor of Cleveland, the Cleveland Chamber of Commerce, East Cleveland City Council, and by the governor of Ohio. The flag is displayed in many homes and factories in Cleveland and all over the United States.

The Cleveland Trust Co. and the Guardian Trust Co., two of the largest banks in Cleveland, have this service flag displayed. There is nothing to do but to have Congress ratify what has been accepted by the people of this country as a proper service flag.

I am certainly proud of the fact that my only son is now in the service of the United States, not as an officer but as a private. I know that every family in Cleveland and all over the United States that have a member of the family in the service would be proud to display this flag. The Government should give one to every family that have sons or daughters in the service.

In these closing days of this extra session let us pass this resolution and give the fathers and mothers of this country who give their sons and daughters freely to this great cause, some recognition, so that the world may know as it passes



those families who gave to this great cause of liberty. We give a button to those who buy a liberty bond. Why not give a flag to those who are willing to give their own flesh and blood; the dearest thing in all the world to a father and mother—their children? [Applause.]

#### EXTENSION OF REMARKS.

Mr. REED. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting in the RECORD a speech made by my colleague, Mr. HARRY C. WOODYARD, at the twenty-eighth annual reunion of the Society of the Blue and the Gray at Ripley, W. Va., on September 20, 1917.

The SPEAKER. The gentleman from West Virginia asks unanimous consent to extend his remarks in the RECORD by printing the speech by his colleague, Mr. HARRY C. WOODYARD, at the twenty-eighth annual reunion of the Society of the Blue and the Gray at Ripley, W. Va. Is there objection?

There was no objection.

#### CONDITIONS IN ILLINOIS AND MISSOURI.

Mr. JOHNSON of Kentucky. Mr. Speaker, I ask unanimous consent for the present consideration of the following resolution, which I send to the desk.

The Clerk read as follows:

House resolution 150.

*Resolved*, That all expenses that may be incurred by the special committee under House resolution 128, adopted September 11, 1917, authorizing said special committee to make certain investigations set out in said resolution, to an amount not exceeding \$7,500, shall be paid out of the contingent fund of the House of Representatives on vouchers ordered by the committee, signed by the chairman thereof, and approved by the Committee on Accounts, evidenced by the signature of the chairman thereof.

The SPEAKER. Is there objection to the present consideration of the resolution?

There was no objection.

The resolution was agreed to.

On motion of Mr. JOHNSON of Kentucky, a motion to reconsider the vote whereby the resolution was agreed to was laid on the table.

#### EXTENSION OF REMARKS.

By unanimous consent Mr. RAKER and Mr. KEATING were given leave to extend remarks in the RECORD on the resolution creating a Committee on Woman Suffrage.

#### ADJOURNMENT.

Mr. HULL of Tennessee. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 8 minutes p. m.) the House adjourned until to-morrow, Tuesday, September 25, 1917, at 12 o'clock noon.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. DECKER, from the Committee on Interstate and Foreign Commerce, to which was referred the bill (H. R. 6045) to authorize the construction, maintenance, and operation of a bridge across Little River, in Poinsett County, Ark., at or near the section line between sections 35 and 36, township 11 north, range 6 east, reported the same with amendment, accompanied by a report (No. 158), which said bill and report were referred to the House Calendar.

Mr. GARRETT of Texas, from the Committee on Military Affairs, to which was referred the resolution (S. Con. Res. 12) providing for the setting aside of a day of prayer for the success of the American Armies in the pending war, reported the same without amendment, accompanied by a report (No. 160), which said resolution and report were referred to the House Calendar.

Mr. MOON, from the Committee on the Post Office and Post Roads, to which was referred the bill (S. 2718) to authorize experiments in motor-truck delivery, reported the same with amendment, accompanied by a report (No. 159), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. SHALLENBERGER, from the Committee on Military Affairs, to which was referred the bill (S. 2705) to create the aircraft board and provide for its maintenance, reported the same with amendment, accompanied by a report (No. 161), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. ALEXANDER, from the Committee on the Merchant Marine and Fisheries, to which was referred the bill (H. R. 6175) giving the United States Shipping Board power to suspend

present provisions of law and permit vessels of foreign registry and foreign-built vessels admitted to American registry under the act of August 18, 1914, to engage in the coastwise trade during the present war and for a period of 120 days thereafter, except the coastwise trade with Alaska, reported the same without amendment, accompanied by a report (No. 162), which said bill and report were referred to the House Calendar.

#### CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, the Committee on Claims was discharged from the consideration of the bill (H. R. 4269) for the relief of Henry I. Stockstill, and the same was referred to the Committee on War Claims.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. OSBORNE: A bill (H. R. 6305) for the further relief of soldiers of the Civil War pensioned for wounds or injuries received in the line of duty; to the Committee on Invalid Pensions.

By Mr. PADGETT: A bill (H. R. 6306) to provide for the payment of six months' gratuity to the widow, children, or other previously designated dependent relative of retired officers or enlisted men on active duty; to the Committee on Naval Affairs.

By Mr. WALSH: A bill (H. R. 6307) to authorize the drafting of aliens domiciled or resident in the United States by the countries of which they may be citizens or subjects or by the United States; to the Committee on Military Affairs.

By Mr. HADLEY: A bill (H. R. 6308) to prevent interstate commerce in timber products upon which labor has been permitted to work more than eight hours in any day, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. MANSFIELD: A bill (H. R. 6309) to amend an act entitled "An act to authorize the President to increase temporarily the Military Establishment of the United States"; to the Committee on Military Affairs.

By Mr. COOPER of Ohio: A bill (H. R. 6310) granting the consent of Congress to the Trumbull Steel Co., its successors and assigns, to construct, complete, maintain, and operate a bridge and approaches thereto across the Mahoning River, in the State of Ohio; to the Committee on Interstate and Foreign Commerce.

By Mr. FORDNEY: Resolution (H. Res. 148) providing for the appointment of a select committee to inquire into certain charges made in the statement of Hon. Thomas J. Heslin on the floor of the House and inserted in the Congressional Record of September 21, 1917; to the Committee on Rules.

By Mr. FLOOD: Joint resolution (H. J. Res. 160) authorizing and directing the food administrator to fix prices on farm machinery and fertilizers; to the Committee on Agriculture.

By Mr. EMERSON: Joint resolution (H. J. Res. 161) to provide a service flag; to the Committee on the Judiciary.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CARTER of Massachusetts: A bill (H. R. 6311) granting an increase of pension to James W. Beasley; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6312) granting a pension to Lebbeus H. Brockway; to the Committee on Invalid Pensions.

By Mr. CRAMTON: A bill (H. R. 6313) granting an increase of pension to Joseph Harris; to the Committee on Pensions.

By Mr. HAMLIN: A bill (H. R. 6314) granting an increase of pension to William R. Cramer; to the Committee on Invalid Pensions.

By Mr. KIESS of Pennsylvania: A bill (H. R. 6315) granting a pension to William Washburn; to the Committee on Pensions.

By Mr. KRAUS: A bill (H. R. 6316) granting a pension to Wayne L. Dickey; to the Committee on Pensions.

By Mr. OSBORNE: A bill (H. R. 6317) granting a pension to Joseph C. Whittington; to the Committee on Invalid Pensions.

By Mr. PLATT: A bill (H. R. 6318) for the relief of Antranik Aprahamian; to the Committee on Immigration and Naturalization.

By Mr. EMERSON: Joint resolution (H. J. Res. 159) to pay W. L. Baker the sum of \$1,000 in lieu of rent; to the Committee on Appropriations.



## PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By the SPEAKER (by request): Petition of the National Woman's Party, Pennsylvania Branch, Philadelphia, Pa., urging the passage of the Susan B. Anthony amendment, and protesting against the arrest of the pickets; to the Committee on the Judiciary.

Also (by request), petition of the Utah Branch of the National Woman's Party, urging the passage of the Susan B. Anthony amendment and protesting against the arrest of the pickets; to the Committee on the Judiciary.

By Mr. CRAMTON: Petition of J. L. Frostick and 34 other citizens of Sanilac County, Mich., in behalf of the Purple Cross bill; to the Committee on Military Affairs.

By Mr. CARY: Petition of the Milwaukee Newspaper Web Pressmen's Union, Milwaukee, Wis., protesting against the zone increases in second-class mail matter; to the Committee on Ways and Means.

Also, petition of Achen Motor Co., Milwaukee, Wis.; Hoppe-Hatter Motor Co., Milwaukee, Wis.; and Packard Motor Car Co., of Chicago, Milwaukee branch, Milwaukee, Wis., protesting against the gross-sales tax on automobiles; to the Committee on Ways and Means.

Also, petition of D. Lewandoski and S. Skoniski, Milwaukee, Wis., favoring the provision of the war-revenue bill to reduce the whisky tax to \$2.20; to the Committee on Ways and Means.

Also, petition of Lehmaier, Schwartz & Co., New York City, urging an amendment to the child-labor law to prohibit the products of child labor of foreign lands; to the Committee on Ways and Means.

By Mr. FOCHT: Petition of the seventeenth congressional district of Pennsylvania, protesting against the gross-sales tax on automobiles; to the Committee on Ways and Means.

By Mr. GALLIVAN: Memorial of Stanislaus J. Norkunis, Michael J. Verslacky, and members of the South Boston Lithuanian Citizens' Association, calling upon the President of the United States to see that the rights of Lithuania and Lithuanians shall be equally championed and protected at the peace conference as well as the rights of other small nations; to the Committee on Foreign Affairs.

By Mr. LINTHICUM: Petition of Baltimore Typographical Union, No. 12, Baltimore, Md., protesting against the proposed zone increases on second-class matter; to the Committee on Ways and Means.

Also, petition of Swindell Bros. and the Baltimore Drug Exchange Bureau of Merchants and Manufacturers' Association, of Baltimore, Md., protesting against further tax on alcohol used in flavoring extracts, etc.; to the Committee on Ways and Means.

Also, petition of Der Deutsche Correspondent, Baltimore, Md., urging an amendment to the trading-with-the-enemy bill that will enable the German-language papers to print news stories in one language only; to the Committee on Interstate and Foreign Commerce.

Also, petition of the Monumental Motor Car Co., the International Motor Co., the Standard Motor Co., and the Franklin Motor Car Co., all of Baltimore, Md., protesting against the 3 per cent gross-sales tax on automobiles; to the Committee on Ways and Means.

Also, petition of sundry citizens of Baltimore, Md., protesting against the tax on all admissions to theaters under 25 cents; to the Committee on Ways and Means.

## SENATE.

TUESDAY, September 25, 1917.

The Chaplain, Rev. Forrest J. Prettyman, D. D., offered the following prayer:

Almighty God, Thou hast thrice armed us with the justice of our cause. We bless Thee that as we face the uncertain conditions that are before us we have the inspiration and power of coming before Thee, God of infinite wisdom, and love, and power, to present our plans and to ask Thy guidance. This day we pray Thee to look upon us as we further plan for the campaign that is before us, and we pray that Thou wilt smile upon all our endeavor and give to us the consciousness of having in all things done the will of God. For Christ's sake. Amen.

The Secretary proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. VARDAMAN and by unanimous consent, the further reading was dispensed with and the Journal was approved.

## INTERNATIONAL PARLIAMENTARY CONFERENCE OF COMMERCE.

The VICE PRESIDENT laid before the Senate the following communication, which was read:

DEPARTMENT OF STATE,  
Washington, September 24, 1917.

Hon. THOMAS R. MARSHALL,  
Vice President of the United States.

Sir: Referring to my letter of May 4 last, communicating to you the invitation extended by the secretary general of the International Parliamentary Conference of Commerce to Congress to participate in that meeting, which was held in Rome in May last, I now have the honor to inform you that a telegram has been received from the American ambassador in Paris, in which he states that the conference is desirous that the United States send delegates to the coming meeting to be held in Paris from the 11th to the 14th of October and requests to be informed what decision has been reached by Congress.

Since the receipt of the telegram above referred to a second message has been received from the American ambassador in Paris, in which he states that he has been advised that Belgium, England, Italy, Japan, Portugal, Roumania, and Serbia will be represented.

The ambassador is further advised that England is to send a delegation from the House of Lords and the House of Commons; Italy to be represented by Mr. Tittoni, some time Italian ambassador at Paris, and by Mr. Ferrari, who was former minister of state. It appears from Ambassador Sharp's message that discussions of a private character will be held with the presidents of the tariff commissions, and should the United States conclude to participate a solemn session will take place in the Senate in honor of the American delegates.

The coming International Parliamentary Conference will be presided over by Mr. Doumer, who is minister of state in the French Cabinet.

According to the statement of the secretary general, the conference was founded in the year 1914, at the suggestion of the commercial commission of the House of Commons under the patronage of the Belgian King, before the declaration of war, and is purely an economic organization and is quite distinct from the political congress in behalf of which Mr. Franklin Bouillon is now in the United States for the purpose of extending an invitation to both Houses of Congress.

I am, sir, your obedient servant,

ROBERT LANSING.

The VICE PRESIDENT. While this communication has to do with the commercial relations of the United States, in view of the fact that the Committee on Foreign Relations is considering the advisability of sending a commission abroad, the Chair is inclined to refer the communication to that committee.

Mr. SMITH of Arizona. I move that it be referred to the Committee on Foreign Relations.

The motion was agreed to.

The VICE PRESIDENT. The Chair may be permitted to suggest that this being the second communication, it should receive prompt consideration at the hands of the committee, and some response ought to be made to the invitation.

## MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House insists on its amendments to the joint resolution (S. J. Res. 78) to suspend, during the present war with Germany, the requirement that not less than \$100 worth of labor shall be performed or improvements made on each mining claim during each year for all owners who, in lieu of such assessment work, expend the sum of \$100 in the raising or manufacturing of products necessary for the maintenance of the Army, Navy, or people of the United States, or shall perform 25 days of labor in any beneficial occupation, or pay into the Treasury of the United States \$100, agrees to the conference asked for by the Senate on the disagreeing votes of the two Houses thereon, and had appointed Mr. FOSTER, Mr. TAYLOR of Colorado, and Mr. DENISON managers at the conference on the part of the House.

## ENROLLED BILLS SIGNED.

The message also announced that the Speaker of the House had signed the following enrolled bills, and they were thereupon signed by the Vice President:

S. 2477. An act to authorize the construction of a building for the use of the Treasury Department; and

H. R. 5335. An act to extend the time for constructing a bridge across the Tug Fork of the Big Sandy River near Warfield, Ky., and Kermit, W. Va., authorized by an act approved January 28, 1916.

## PETITIONS AND MEMORIALS.

Mr. BRANDEGEE. I send to the desk a petition from two New England cities and ask the Secretary to read it.

There being no objection, the Secretary read the petition, as follows:

CITY CLERK'S OFFICE,  
New Britain, Conn., September 21, 1917.

Hon. FRANK B. BRANDEGEE,  
Washington, D. C.

DEAR SIR: Your attention is called to the following:

"Resolved by the Common Council of the City of Stamford, That—  
Whereas the people of this city and other New England communities are unable, under present conditions, to obtain anthracite coal adequate to their needs; and



"Whereas the prices of anthracite coal have advanced within the past two years to a point which causes real hardship to consumers of such coal, particularly to those numerous small consumers on whom the advanced cost of living entails a diminution of the necessities of life: Therefore be it

*Resolved*, That the honorable Senate and House of Representatives of the United States, in Congress assembled, be, and they hereby are, petitioned to cause an investigation to be made of conditions existing in the production and distribution of anthracite coal with a view to determining a reason for the aforesaid conditions, and with a further view to determine, if possible, some remedy therefor."

The above resolution as adopted by the city of Stamford and received by the Common Council of the City of New Britain, September 19, 1917, was indorsed by said common council and voted to cooperate with the city of Stamford in relation to the same. A copy of said resolution to be sent to each Senator and Congressman of Connecticut; also a copy to the Clerk of the United States Senate and Clerk of the House of Representatives.

Attest:  
[SEAL.]

ALFRED L. THOMPSEN, *City Clerk.*

Mr. KELLOGG. I send to the desk a petition for reference, which I ask may be printed in the RECORD.

There being no objection, the petition was ordered to be printed in the RECORD, as follows:

DETROIT, MINN., September 11, 1917.

To Hon. KNUTE NELSON,

*United States Senator, Washington, D. C.:*

Resolution passed by F. C. Scholts Post, No. 67, Department of Minnesota, Grand Army of the Republic.

To YOUR HONOR: We would ask you to favor legislation along the same lines as Abraham Lincoln adopted with Vallandigham, who was sent by Abraham Lincoln over into the Southland to remain during the period of the Civil War. We think all the agitators that are agitating any question that is against this Government at this time when we are in trouble are to be classed with the followers of the Kaiser.

We think they ought to be dealt with on the same lines that Lincoln adopted with Vallandigham. They should be loaded onto boats and shipped to the country from which they came. If the submarine saw fit to sink them on the high seas, that would be something that we would not be responsible for.

The American people would not stand to have these people backed up against the stone wall, nor would they stand to have them poorly fed; and we think it would be cheaper for our Government to ship them out of the country. A couple of shiploads would do more to kill copperheads than anything else, and give them the privilege of fighting in the front.

We know what we had to contend with for the four long years when the copperheads at home were stabbing us in the back. We knew where to find rebels, but never knew where to find the copperheads.

Yours, in F., C., and L.,

JOHN J. MERRITT,

*Commander.*

PETER MITCHELL,

*Adjutant, Post 67.*

W. R. MORTON,

*George Weller,*

*Officer of the Day.*

JOHN O. FRENCH,

WM. W. ROOF,

E. L. JORDAN.

Mr. PHELAN presented a petition of Planet Lodge, No. 1, Associated Railway Employees of California, praying for an investigation of the East St. Louis riot, which was ordered to lie on the table.

#### ALLOTMENT OF PAY IN THE ARMY.

Mr. WARREN. I am instructed by the Committee on Military Affairs, to which was referred the bill (S. 2883) to amend an act approved March 2, 1899, increasing the efficiency of the Army of the United States, and for other purposes, to report it favorably with an amendment, and I submit a report (S. No. 135) thereon. It is a short bill. It provides that a part of the payment to officers and men in the Army serving abroad may be left here at home with their families through regular apportionment. It ought to pass immediately in order to receive consideration in the other House. I ask, therefore, for its present consideration.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The amendment was to strike out all after the enacting clause and to insert:

That section 16 of the act of Congress approved March 2, 1899, entitled "An act for increasing the efficiency of the Army of the United States, and for other purposes," as amended by the act of March 2, 1901, be, and the same is hereby, amended as follows:

"The Secretary of War is hereby authorized to permit, under such regulations as he may prescribe, any officer or enlisted man on the active list of the Army, any retired officer or enlisted man of the Army on active duty, and any permanent civilian employee under the jurisdiction of the War Department on duty outside the continental limits of the United States, to make allotments of his pay for the support of his wife, children, or dependent relatives, or for such other purposes as the Secretary of War may deem proper. All allotments of pay of officers, enlisted men, and civilian employees that have been or shall be paid to designated allottees previous to the receipt by disbursing officer of notice of discontinuance of the same from the officer required by regulations to furnish such notice shall pass to the credit of the disbursing officer who has made or shall make such payments, and if erroneous payment is made because of the failure of an officer to report, in the manner prescribed by the Secretary of War, the death of the grantor, or any fact which renders the allotment not payable, then the amount of such erroneous payment shall be collected by the Quartermaster General from the officer who fails to make such report, if such

collection is practicable. Nothing herein shall be construed to invalidate allotments now in force."

The amendment was agreed to.

The bill was reported to the Senate as amended and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill making further provision for the allotment of pay of officers, enlisted men, and civil employees of the Army, and for other purposes."

Mr. WARREN. I ask that the report be printed in full in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

[Senate Report No. 185, Sixty-fifth Congress, first session.]

Mr. WARREN, from the Committee on Military Affairs, submitted the following report:

The Committee on Military Affairs, to which was referred the bill (S. 2883) to amend the act of March 2, 1899, having had the same under consideration, report it back to the Senate with amendment in the nature of a substitute, and recommend that the bill as amended do pass.

The object of the bill as originally drafted was to extend to commissioned officers the permission to make allotments of their pay for the support of their families or relatives, or for other purposes, during such time as they may be absent on distant duty. Civilian employees of the War Department when on duty beyond the continental limits of the United States have been embraced within the provisions of the amended bill.

The permission to allot a portion of their salary was extended to enlisted men in the service by section 16 of the act of March 2, 1899. The act of March 2, 1901, restricted the time of payment of the allotment until one month subsequent to the month in which such allotment accrued.

The bill as amended extends permission to allot salary to any officer or enlisted man on the active list of the Army, any retired officer or enlisted man of the Army on active duty, and any permanent civilian employee under the jurisdiction of the War Department on duty outside the continental limits of the United States. The provision as amended embraces practically all men in the military service who will be called on foreign duty for whom a necessity exists for providing that an allotment system be established.

The bill as amended also eliminates the provision in existing law which provides that the allotments shall not be paid until after the expiration of one month subsequent to the month in which such allotments accrued. The effect of this provision of law was to impose unnecessary suffering and hardship upon the dependents of the men at the front by withholding from them for the period of one month the pay to which they were entitled.

The other provisions of the bill as amended reenact the provisions of existing law (1) in reference to the payment of allotments by the disbursing officer previous to the receipt of notice of discontinuance of the same, and (2) fixing the liability of officers who fail to report the death of the grantor or any fact which renders the allotment not payable when such negligence leads to the erroneous payment of an allotment.

#### BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JOHNSON of California:

A bill (S. 2916) to amend sections 24 and 256 of the Judicial Code, relating to the jurisdiction of the district courts, so as to save to claimants the rights and remedies under the workmen's compensation law of any State; to the Committee on the Judiciary.

By Mr. CHAMBERLAIN:

A bill (S. 2917) to amend section 15 of the act approved June 3, 1916, entitled "An act for making further and more effectual provision for the national defense, and for other purposes," as amended by the act approved May 12, 1917, entitled "An act making appropriations for the support of the Army for the fiscal year ending June 30, 1918, and for other purposes"; to the Committee on Military Affairs.

By Mr. KING:

A bill (S. 2918) prohibiting the forfeiture of entries on the public lands on account of an absence in the military service of the United States; to the Committee on Public Lands.

By Mr. SMOOT:

(A bill (S. 2919) granting a pension to Olive R. Grow (with accompanying papers); to the Committee on Pensions.

#### PRICE OF SUGAR.

Mr. RANDELL. Mr. President, in behalf of my colleague, the Senator from Louisiana [Mr. BROUSSARD], who is absent from the Chamber, I ask unanimous consent to have printed in the RECORD an important letter in regard to sugar written by him on the 24th instant to Mr. Herbert Hoover, Federal food administrator.

SEPTEMBER 24, 1917.

HON. HERBERT HOOVER,

*Federal Food Administrator, Washington, D. C.*

MY DEAR MR. HOOVER: As you have shown no less concern for the producer of our supplies of food than for the consumer, and as you have frequently expressed your desire of protecting both classes from the rapacity of the middlemen, who prey upon them alike, I deem it advisable to bring to your notice a matter that has probably escaped you in the multitude of difficult subjects that have been pressing for your consideration.



My attention has been called to the fact that the seaboard refiners are preparing to purchase the Louisiana crop of raw sugar at 10 points under the New York price as fixed by the national food administration. It has not been disclosed just how they expect to accomplish this, but I assume that it will be through the medium of private contracts with the producers.

While there is no way to prevent the individual farmer from contracting for the disposal of his crop at any price, or upon any terms he may see fit, yet the farmers as a whole, who object to this deduction, must not be coerced or intimidated by the refining combine into surrendering this year's crop at a less price than they are expected to receive for it.

In enacting the food-control legislation Congress purposed to prevent this very practice, and I understand that you have been in thorough accord with Congress on this subject. The Agricultural Committee, which reported the bill, used this language: "The Government guarantees the receipt of the price by the domestic producers who rely upon the guaranty and comply with the President's regulations."

I had that guaranty in mind when I supported this legislation, and I propose to see that it is not violated. I believe that this statement will apply with practical unanimity to the membership of both Houses of Congress who supported the bill. If the farmers of this country are to be securely bound by the regulations of the Food Control Bureau, then I think you will agree with me that they shall not be preyed upon by a group of men who neither toll nor spin.

The New York quotation for raw sugar is the price paid the grower in Cuba. When our people are called upon as a war measure to sell their crop at an arbitrary figure, the least that should be guaranteed them is that they will receive the same price protection from the Government of which they are a part as that Government guarantees to their foreign competitor.

The refiners are seeking to justify this last piece of sharp practice in the Louisiana sugar district by calling attention to the fact that this 10-point reduction will be only one-fourth the amount they have frequently mulcted the Louisiana farmer in the past. We don't propose to be mulcted one penny by the refiners. We don't propose that they shall plead their own past turpitude in order to justify this injustice. The present conduct of the refiners calls for greater condemnation when their course during the past few weeks is considered. They have been the recipients of special consideration at the hands of the food administration. They have been privileged to name their own figure as the proper margin to be allowed for refining.

A few years ago when they were engaged in a malicious assault upon the domestic industry, which they were seeking to root out and destroy, they solemnly swore before the committees of Congress that if given sugar raised by pauper labor in the Tropics they could refine it at from 50 cents to 65 cents a hundred pounds and make a fair profit. Fortunately for the American consumer, they failed in that plot and the domestic crop has been the only factor that has saved the American consumer from the rapacity of these refiners in the present crisis.

Instead of a refiner's differential of 63 cents it is proposed to allow them an increase of more than 100 per cent above that figure. In fact, it is reported that they will probably be allowed a margin of about 135 cents more than twice the figure named by some of the best-known members of their craft as reasonable during the free-sugar agitation a few years back.

We make no complaint about that. Their expenses have increased in common with the expenses of all other industries. But their expenses have not increased nearly as much proportionately as the expenses of the farmer.

Any one familiar with the history of the eastern seaboard sugar-refining industry knows that when they named the cost of their operations for refining the coming crop they guarded against any possible loss. The price they named was good measure, pressed down, shaken together, and running over. That being the case, they will have to be content with it. If they pay the Cuban 6.25 for his sugar in New York, they are not going to hold up the Louisiana farmer to the tune of 10 points and pay him only 6.15. Do they propose to sell their refined product to the consumer in New Orleans for 10 points less than they charge the consumer in New York, or do they propose to pocket the 10 points out of which they are planning to wheedle the Louisiana farmer?

Congress never intended that the sugar-cane farmers should be discriminated against in this manner. On the contrary, the war has created a condition which demands that the domestic sugar production be increased and protected or we will be confronted with a sugar famine next year infinitely worse than the present shortage. Unless their plans are frustrated the present conspiracy provides for a clean-up by the refiners, over and above what the Government proposes to guarantee them of more than half a million dollars on the Louisiana crop; of more than a million on the Porto Rican crop, and a like sum on the output of the Hawaiian Islands. If the American consumer was to receive this domestic sugar at a cheaper price after it has passed through the hands of the refiners than he would be compelled to pay for Cuban-grown sugar there might be some argument for grinding down the American farmer. But that is not part of the plan. The consumer will not be allowed to buy the domestic refined sugar for one penny less than he pays for the Cuban product. These two and a half million dollars which the refiners are conspiring to extort from the American farmers is to be used in expanding their already swollen dividends, but I very much fear that the American farmer will show his resentment at such treatment by abandoning the cultivation of sugar for some more profitable crop. The refiner should therefore be warned by the food administration that any deviation from the prices agreed upon will not be tolerated. If this is not done, I think I am safe in predicting that Congress will find it necessary to so amend the food-control act as to make such practices a misdemeanor punishable by fine and imprisonment.

This matter is of such intense importance to producers and consumers alike that I shall take the liberty of making this letter public, to the end that all may be advised, and to prepare public sentiment to support you in preventing this imposition, should it be attempted by the refiners.

Yours, very truly,

ROBERT F. BROUSSARD.

#### URGENT DEFICIENCY APPROPRIATIONS.

The VICE PRESIDENT. The morning business is closed.

Mr. MARTIN. I ask unanimous consent that the Senate proceed to the consideration of House bill 5949, the urgent deficiency appropriation bill, reported yesterday.

The VICE PRESIDENT. Is there objection?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 5949) making appropriations to supply urgent deficiencies in appropriations

for the fiscal year ending June 30, 1918, and prior fiscal years, on account of war expenses, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. MARTIN. I ask unanimous consent that the formal reading of the bill be dispensed with, that the bill be read for amendment, and that the committee amendments be first considered.

The VICE PRESIDENT. The Senator from Virginia asks unanimous consent that the formal reading of the bill be dispensed with, that the bill be read for amendments, and that the committee amendments be first considered. Is there any objection? The Chair hears none.

Mr. KENYON. Mr. President, I think we deserve a quorum before we commence on this measure, and I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Husting	Martin	Shafroth
Brandegge	Johnson, Cal.	New	Sheppard
Calder	Jones, N. Mex.	Norris	Smith, Ariz.
Chamberlain	Jones, Wash.	Overman	Smith, Ga.
Colt	Kellogg	Page	Smoot
Cummings	Kendrick	Phelan	Trammell
Curtis	Kenyon	Polindexter	Underwood
Fall	King	Pomerene	Wadsworth
Fletcher	Kirby	Ransdell	Warren
Frelinghuysen	McCumber	Robinson	Welcott
Hale	McNary	Saulsbury	

Mr. FRELINGHUYSEN. I wish to announce that my colleague [Mr. HUGHES] is unavoidably absent owing to illness. I will let this announcement stand for the day.

Mr. SHAFROTH. I desire to announce the unavoidable absence of my colleague [Mr. THOMAS] on account of illness. I will state that he is paired with the senior Senator from North Dakota [Mr. McCUMBER]. I will let this announcement stand for the day.

Mr. ROBINSON. I desire to announce that the junior Senator from Kentucky [Mr. BECKHAM] is detained by illness in his family. I will let this announcement stand for the day.

The VICE PRESIDENT. Forty-three Senators have answered to the roll call. There is not a quorum present. The Secretary will call the roll of absentees.

The Secretary called the names of the absent Senators, and Mr. CULBERSON, Mr. HOLLIS, Mr. McKELLAR, and Mr. SMITH of South Carolina answered to their names when called.

Mr. STONE, Mr. BRADY, Mr. PENROSE, Mr. STERLING, Mr. REED, Mr. POMERENE, and Mr. DILLINGHAM entered the Chamber and answered to their names.

The VICE PRESIDENT. Fifty-four Senators have answered to the roll call. There is a quorum present. The Secretary will proceed with the reading of the bill.

The Secretary proceeded to read the bill.

The first amendment of the Committee on Appropriations was, under the head of "Emergency shipping fund," on page 3, line 1, before the word "extension," to strike out "of," and insert "or"; so as to make the clause read:

For the acquisition or establishment of plants suitable for shipbuilding, or of materials essential thereto, and for the enlargement or extension of such plants as are now, or may be hereafter acquired or established, \$35,000,000.

The amendment was agreed to.

Mr. SMITH of Georgia. Mr. President, are we proceeding under an agreement to first consider committee amendments?

The VICE PRESIDENT. We are.

Mr. SMITH of Georgia. I have an amendment to the paragraph the Secretary is about to read, but I will wait until the committee amendments are disposed of.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, under the head of "Department of State," on page 3, line 15, after the words "per annum," to insert "and not exceeding \$2,400 per annum each," so as to make the clause read:

For additional employees in the Department of State, \$85,000; *Provided*, That not more than two persons shall be employed hereunder at a rate of compensation exceeding \$1,800 per annum and not exceeding \$2,400 per annum each.

The amendment was agreed to.

The next amendment was, on page 3, after line 19, to insert:

That portion of the act making appropriations for the Diplomatic and Consular Service for the fiscal year ending June 30, 1918, which provides "that no more than 50 cents per day for the keeping and feeding of each prisoner while actually confined shall be allowed or paid for any such keeping and feeding" shall not be operative during the fiscal year 1918.

The amendment was agreed to.

The next amendment was, under the head of "Treasury Department," on page 6, after line 11, to insert:



## OFFICE OF THE SECRETARY.

For two additional Assistant Secretaries of the Treasury, to be appointed by the President, by and with the advice and consent of the Senate, at a salary of \$5,000 per annum each, from the date of this act to the close of the present war and six months thereafter, so much as may be necessary is hereby appropriated.

The amendment was agreed to.

The next amendment was, on page 6, after line 18, to insert:

Section of Surety Bonds: For one clerk of class 1, from October 1, 1917, to June 30, 1918, both dates inclusive, \$900.

The amendment was agreed to.

The next amendment was, under the subhead "Public buildings," on page 8, after line 10, to insert:

Charlotte, N. C., rent of buildings: For additional for rent of temporary quarters for the accommodation of Government officials and moving expenses incident thereto, \$1,500.

The amendment was agreed to.

The next amendment was, on page 8, after line 19, to insert:

Muskegon, Mich., rent of buildings: For additional for rent of temporary quarters for the accommodation of Government officials and moving expenses incident thereto, \$3,000.

The amendment was agreed to.

The next amendment was, at the top of page 9, to insert:

Washington, D. C., Treasury Department buildings: For repairs and alterations of buildings and their equipment belonging to the United States, on square 226 in the city of Washington, D. C., to fit them for temporary use by the Treasury Department, \$100,000.

The amendment was agreed to.

The next amendment was, on page 9, after line 6, to insert:

## INTERNAL REVENUE.

For expenses of assessing and collecting the internal-revenue taxes, as provided in an act entitled "An act to provide revenue to defray war expenses, and for other purposes," approved September 1, 1917, including the employment of necessary officers, attorneys, experts, agents, inspectors, deputy collectors, clerks, janitors, and messengers in the District of Columbia and the several collection districts, to be appointed as provided by law, telegraph and telephone service, rental of quarters, postage, and the purchase of such supplies, equipment, mechanical devices, printing, stationery, law books and books of reference, and such other articles as may be necessary for use in the District of Columbia and the several collection districts, \$4,583,000: *Provided*, That not more than \$375,000 of the total amount appropriated herein may be expended by the Commissioner of Internal Revenue for detecting and bringing to trial persons guilty of violating the internal-revenue laws or conniving at the same, including payments for information and detection of such violations: *Provided further*, That not more than \$850,000 of the total amount appropriated herein may be expended in the Bureau of Internal Revenue, in the District of Columbia, including payment of additional compensation to the following: Increase compensation of two deputy commissioners from \$4,000 to \$4,500 each, and increase compensation of one deputy commissioner from \$3,600 to \$4,500.

The Commissioner of Internal Revenue is authorized to assign to deputy commissioners such duties as he may prescribe, and the Secretary of the Treasury may designate any one of them to act as Commissioner of Internal Revenue during the commissioner's absence.

The appropriation of \$2,200,000 for salaries and expenses of agents and subordinate officers of internal revenue for fiscal year 1918, made in the act of March 3, 1917, for the employment of revenue agents, storekeepers, storekeeper-gaugers, and gaugers is hereby made available also for the salaries and expenses of deputy collectors and inspectors in assessing and collecting internal-revenue taxes, as provided by the act entitled "An act to provide revenue to defray war expenses, and for other purposes," approved September 1, 1917.

The amendment was agreed to.

The next amendment was, under the subhead "Bureau of Engraving and Printing," on page 11, after line 22, to insert:

The Secretary of the Treasury is hereby authorized, during the continuance of the war with Germany, to have all bonds, notes, checks, or other printed papers, now or hereafter authorized to be executed by the Bureau of Engraving and Printing of the Treasury Department, printed in such manner and by whatever process and on any style of presses that he may consider suitable for the issue of such securities and other papers in the form that will properly safeguard the interests of the Government, except that such presses as are used in printing from intaglio plates shall be operated by plate printers: *Provided*, That in the execution of such work only such part of it shall be transferred from the present method of executing it as will permit of the retention in the service of such permanent plate printers as are now engaged in the execution of such work, or such temporary plate printers, similarly employed and who can qualify under civil-service regulations for permanent appointment, and all acts or parts of acts heretofore enacted relative to the use of power and hand presses in the printing of securities of the Government are hereby suspended and declared to be not in effect during the continuance of said war, and at the termination of the war such acts or parts of acts shall be in effect and force as heretofore.

The Secretary of the Treasury is hereby authorized, if in his judgment the Bureau of Engraving and Printing is unable to execute any of the internal-revenue stamps, checks, or certificates which it now or may hereafter have orders to print, or any bonds or certificates of any character required under the authority now or which may hereafter be vested in the Secretary of the Treasury to issue bonds and other securities for the purpose of procuring funds for the purposes of the war with Germany, to have such work printed under contract with private printing establishments and to make payment for such work from the appropriation for "Materials and miscellaneous expenses for the Bureau of Engraving and Printing for the fiscal year ending June 30, 1918," unless there be now, or may hereafter be, available other specific appropriations covering the cost of such printing, in which case payment may be made from such specific appropriation.

The amendment was agreed to.

The next amendment was, under the head of "War Department," subhead "Temporary employees," on page 19, line 7, after the word "each," to strike out "*Provided further*, That no person shall be employed hereunder at a rate of compensation in excess of \$1,800 per annum," and insert "*Provided further*, That not more than 30 persons shall be employed hereunder at a rate of compensation in excess of \$1,800 per annum each and not exceeding \$2,400 per annum each," so as to make the clause read:

For the temporary employment of such additional force of clerks and other employees as in the judgment of the Secretary of War may be proper and necessary to the prompt, efficient, and accurate dispatch of official business in the War Department and its bureaus, to be allotted by the Secretary of War to such bureaus and offices as the exigencies of the existing situation may demand, \$4,261,232: *Provided*, That the Secretary of War shall submit to Congress on the first day of its next regular session a statement showing by bureaus or offices the number and designation of the persons employed hereunder and the annual rate of compensation paid to each: *Provided further*, That not more than 30 persons shall be employed hereunder at a rate of compensation in excess of \$1,800 per annum each and not exceeding \$2,400 per annum each.

The amendment was agreed to.

The next amendment was, under the subhead "Armories and arsenals," on page 21, line 12, after the words "dry houses," to strike out "\$36,000" and insert "\$65,000," so as to make the clause read:

For additional dry houses, \$65,000.

The amendment was agreed to.

The next amendment was, on page 21, line 17, after the word "ammunition," to strike out "\$125,000" and insert "\$205,000," so as to make the clause read:

For increasing facilities for the manufacture of small-arms ammunition, \$205,000.

The amendment was agreed to.

The next amendment was, on page 21, line 20, after the words "In all," to strike out "\$1,145,000" and insert "\$1,254,000," so as to make the clause read:

In all, \$1,254,000.

The amendment was agreed to.

The next amendment was, at the top of page 22, to insert:

Proving ground: For increasing facilities for the proof and test of ordnance material, including necessary buildings, construction, equipment, land, and damages and losses to persons, firms, and corporations, resulting from the procurement of the land for this purpose, and also the salaries and expenses of any agents appointed to assist in the procurement of said land or damages resulting from its taking, \$7,000,000: *Provided*, That if the land and appurtenances and improvements attached thereto, as contemplated under the foregoing appropriation, can not be procured by purchase, then the President is hereby authorized and empowered to take over for the United States the immediate possession and title, including all easements, rights of way, riparian and other rights appurtenant thereto, or any land selected by him to be used for the carrying out of the purpose named in the aforesaid appropriation. That if said land and appurtenances and improvements shall be taken over as aforesaid the United States shall make just compensation therefor, to be determined by the President, and if the amount thereof so determined by the President, is unsatisfactory to the person entitled to receive the same, such person shall be paid 75 per cent of the amount so determined by the President and shall be entitled to sue the United States to recover such further sum, as, added to the said 75 per cent, will make up such amount as will be just compensation therefor, in the manner provided for by section 24, paragraph 20, and section 145 of the Judicial Code. Upon the taking over of said property by the President as aforesaid the title to all such property so taken over shall immediately vest in the United States.

The amendment was agreed to.

The next amendment was, on page 23, line 9, after the word "equipment," to strike out "\$795,200" and insert "\$1,295,200," so as to make the clause read:

Rock Island Arsenal, Ill.: For additional amount for increasing facilities for the manufacture of field artillery matériel, including the necessary buildings and equipment, \$1,295,200.

The amendment was agreed to.

The next amendment was, on page 23, after line 16, to strike out:

For an extension to the carpenter shop, \$60,000.

The amendment was agreed to.

The next amendment was, on page 23, after line 17, to insert:

For increasing facilities for woodworking and for manufacturing equipments, \$360,000.

The amendment was agreed to.

The next amendment was, on page 24, line 1, after the words "In all," to strike out "\$1,440,200" and insert "\$2,240,200," so as to make the clause read:

In all, \$2,240,200.

The amendment was agreed to.

The next amendment was, on page 24, after line 3, to insert:

For addition to office building, \$12,000.

The amendment was agreed to.



The next amendment was, on page 24, line 6, after the words "In all," to strike out "\$30,000" and insert "\$42,000," so as to make the clause read:

In all, \$42,000.

The amendment was agreed to.

The next amendment was, on page 26, after line 3, to insert:

Repairs of arsenals: For repairs and improvements at arsenals, and to meet such unforeseen expenditures as accidents or other contingencies during the year may render necessary, including \$200,000, or so much thereof as may be necessary, for machinery for manufacturing purposes in the arsenals, \$500,000.

The amendment was agreed to.

The next amendment was, under the head of "Military posts," on page 26, line 13, after the word "devices," to strike out "\$150,000" and insert "\$300,000," so as to make the clause read:

St. Louis, Mo., Quartermaster's Depot: For the construction of buildings for additional storage, including the necessary mechanical equipment and handling devices, \$300,000.

The amendment was agreed to.

The next amendment was, on page 26, after line 14, to insert:

Bridge across the Republican River near Fort Riley, Kans.: For the completion of the bridge across the Republican River near Fort Riley, Kans., according to the terms and upon the conditions of the act making appropriations for the support of the Army for the fiscal year ending June 30, 1917, \$15,000, and the \$30,000 heretofore appropriated for said purpose is continued and made available for the fiscal year 1918.

The amendment was agreed to.

The next amendment was, on page 27, line 2, after the words "Coast Artillery," to strike out "\$2,000,000" and insert "\$3,462,000," so as to make the clause read:

Barracks and quarters, seacoast defenses: For construction of temporary barracks and quarters at seacoast posts for the accommodation of officers and enlisted men of the Coast Artillery, \$3,462,000.

The amendment was agreed to.

The next amendment was, on page 27, after line 2, to insert:

Repairs to buildings, etc., at Gulf forts: For repairs to buildings, wharves, roads, etc., at Forts Barrancas, McRee, and Pickens, Fla., and Forts Morgan and Gaines, Ala., damaged by the hurricanes of October 17 and 18, 1916, \$89,962.60.

The amendment was agreed to.

The next amendment was, under the head of "Military Establishment," on page 28, line 25, after the words "military service," to strike out "\$4,000,000" and insert "\$6,000,000: *Provided*, That the appropriations herein and heretofore made for the purposes herein named shall only be available for the examination and selection of the 1,000,000 qualified soldiers as provided in paragraphs 3 and 4 of 'An act to authorize the President to increase temporarily the Military Establishment of the United States,' approved May 18, 1917," so as to make the clause read:

Registration and selection: For additional amount for all expenses necessary in the registration of persons available for military service and in the selection of certain such persons and their draft into the military service, \$6,000,000: *Provided*, That the appropriations herein and heretofore made for the purposes herein named shall only be available for the examination and selection of the 1,000,000 qualified soldiers as provided in paragraphs 3 and 4 of "An act to authorize the President to increase temporarily the Military Establishment of the United States," approved May 18, 1917.

Mr. MARTIN. Mr. President, on page 29, following the amount "\$6,000,000," I ask that the balance of the committee amendment be rejected, and I send to the desk an amendment to be substituted for it.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The SECRETARY. It is proposed to strike out the proviso recommended by the committee and to insert:

*Provided*, That the appropriations herein and heretofore made for the purposes herein named shall not be available for the examination or selection of men as provided in the act entitled "An act to authorize the President to increase temporarily the Military Establishment of the United States," approved May 18, 1917, in excess of the number that can be clothed and armed and equipped for service in the Army.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment was, on page 29, after line 8, to insert:

#### OFFICE OF THE CHIEF OF STAFF.

Military information section: For contingent expenses of the military information section, General Staff Corps, including the purchase of law books, professional books of reference; periodicals and newspapers; drafting and messenger service; and of the military attaches at the United States embassies and legations abroad; and of the branch office of the military information section at Manila; the cost of special instruction at home and abroad and in maintenance of students and attaches; and for such other purposes as the Secretary of War may deem proper; to be expended under the direction of the Secretary of War, \$489,000.

The amendment was agreed to.

The next amendment was, under the subhead "Office of the Chief Signal Officer," on page 30, line 17, after the word "otherwise," to strike out "\$3,000,000" and insert "\$40,164,060.51," so as to make the clause read:

Signal Service of the Army: For expenses of the Signal Service of the Army, as follows: Purchase, equipment, and repair of field electric telegraph, radio installations, signal equipments and stores, binocular glasses, telescopes, heliostats, and other necessary instruments, including necessary meteorological instruments for use on target ranges; motorcycles and motor-driven vehicles used for technical and official purposes; professional and scientific books of reference, pamphlets, periodicals, newspapers, and maps, for use in the office of the Chief Signal Officer; war balloons and airships and accessories, including their maintenance and repair; telephone apparatus (including exchange service at mobile Army posts) and maintenance of the same; electrical installations and maintenance at military posts; fire-control and direction apparatus and material for Field Artillery; maintenance and repair of military lines and cables, including salaries of civilian employees, supplies, general repairs, reserved supplies, and other expenses connected with the duty of collecting and transmitting information for the Army by telegraph or otherwise, \$40,164,060.51.

The amendment was agreed to.

The next amendment was, on page 30, after line 18, to insert:

The President in time of war or when war is imminent is authorized, through the head of any department of the Government, to sell any war materials used in the construction of airplanes which may have been or may hereafter be acquired by the United States for the purpose of the Army or Navy, or for the prosecution of war, to any person, firm, or corporation, or to any foreign state or government engaged with the United States Government in the prosecution of war against a common enemy or its allies, in such manner and upon such terms as he in his discretion may deem best: *Provided*, That any moneys received by the United States hereunder shall become available as part of the appropriation by which said property was purchased by the United States.

The amendment was agreed to.

The next amendment was, under the subhead "Quartermaster Corps—Pay of the Army," on page 31, line 15, after the words "National Guard," to strike out "\$5,410,377" and insert "\$18,822,403," so as to make the clause read:

Officers of the line: For pay of officers of the line, including staff corps of the National Guard, \$18,822,403.

The amendment was agreed to.

The next amendment was, on page 31, line 18, after the words "including recruits," to strike out "\$244,370,622" and insert "\$262,218,261," so as to make the clause read:

Enlisted men of the line: For pay of enlisted men of all grades, including recruits, \$262,218,261.

The amendment was agreed to.

The next amendment was, on page 31, line 19, after the words "enlisted men," to strike out "\$4,825,350" and insert "\$7,249,169," so as to make the clause read:

Ordnance Department: For pay of enlisted men, \$7,249,169.

The amendment was agreed to.

The next amendment was, on page 31, line 21, after the words "enlisted men," to strike out "\$8,104,700" and insert "\$16,246,618," so as to make the clause read:

Quartermaster Corps: For pay of enlisted men, \$16,246,618.

The amendment was agreed to.

The next amendment was, on page 31, line 23, after the words "enlisted men," to strike out "\$21,179,025" and insert "\$28,460,927," so as to make the clause read:

Medical Department: For pay of enlisted men, \$28,460,927.

The amendment was agreed to.

The next amendment was, on page 32, line 16, after the word "Engineers," to strike out "\$5,493,492" and insert "\$7,806,492," so as to make the clause read:

Corps of Engineers: For pay of officers of the Corps of Engineers, \$7,806,492.

The amendment was agreed to.

The next amendment was, on page 32, line 18, after the word "Department," to strike out "\$8,877,225" and insert "\$11,652,825," so as to make the clause read:

Ordnance Department: For pay of officers of the Ordnance Department, \$11,652,825.

The amendment was agreed to.

The next amendment was, on page 32, line 20, after the word "Corps," to strike out "\$3,469,500" and insert "\$6,939,000," so as to make the clause read:

Quartermaster Corps: For pay of officers of the Quartermaster Corps, \$6,939,000.

The amendment was agreed to.

The next amendment was, on page 32, line 24, after the word "Department," to strike out "\$19,243,398" and insert "\$29,206,716.50," so as to make the clause read:

Medical Department: For pay of officers of the Medical Department, \$29,206,716.50.

The amendment was agreed to.

The next amendment was, on page 33, line 19, after the words "foreign service," to strike out "\$3,000,000" and insert "\$6,000,000," so as to make the clause read:

For additional 10 per cent increase of pay of officers on foreign service, \$6,000,000.

The amendment was agreed to.



The next amendment was, on page 33, line 21, after the words "foreign service," to strike out "\$10,000,000" and insert "\$25,000,000," so as to make the clause read:

For additional 20 per cent increase of pay of enlisted men on foreign service, \$25,000,000.

The amendment was agreed to.

The next amendment was, on page 36, line 2, after the word "orders," to strike out "of commutation of rations in lieu of the regular established rations for members of the Nurse Corps (female) while on duty in hospital, at 40 cents per ration, and for enlisted men, applicants for enlistment while held under observation, and general prisoners sick therein, at the rate of 40 cents per ration (except that at the general hospital at Fort Bayard, N. Mex., 50 cents per ration, and at other general hospitals 40 cents per ration are authorized for enlisted patients therein), to be paid to the surgeon in charge," and insert "for payment of the regulation allowances of commutation in lieu of rations for members of the Nurse Corps (female) while on duty in hospital, and for enlisted men, applicants for enlistment while held under observation, civilian employees who are entitled to subsistence at public expense and general prisoners sick therein, to be paid to the surgeon in charge"; and in line 24, after the word "Army," to strike out "\$175,000,000" and insert "\$321,985,357," so as to make the clause read:

Subsistence of the Army: Purchase of subsistence supplies: For issue as rations to troops, including enlisted men of the Regular Army Reserve and retired enlisted men when ordered to active duty, civil employees when entitled thereto, hospital matrons, nurses, applicants for enlistment while held under observation, general prisoners of war (including Indians held by the Army as prisoners, but for whose subsistence appropriation is not otherwise made), Indians employed with the Army as guides and scouts, and general prisoners at posts; for the subsistence of the masters, officers, crews, and employees of the vessels of the Army transport service; hot coffee for troops traveling when supplied with cooked or travel rations; meals for recruiting parties and applicants for enlistment while under observation; for sales to officers, including members of the Officers' Reserve Corps, while on active duty, and enlisted men of the Army. For payments: Of commutation of rations to the cadets of the United States Military Academy in lieu of the regular established ration, at the rate of 40 cents per ration; of the regulation allowances of commutation in lieu of rations to enlisted men on furlough, enlisted men, and male and female nurses, when stationed at places where rations in kind can not be economically issued, including enlisted men of the Regular Army Reserve and retired enlisted men when ordered to active duty, and when traveling on detached duty where it is impracticable to carry rations of any kind, enlisted men, selected to contest for places or prizes in departments and Army rifle competitions while traveling to and from places of contest, male and female nurses on leaves of absence, applicants for enlistment, and general prisoners while traveling under orders; for payment of the regulation allowances of commutation in lieu of rations for members of the Nurse Corps (female) while on duty in hospital, and for enlisted men, applicants for enlistment while held under observation, civilian employees who are entitled to subsistence at public expense and general prisoners sick therein, to be paid to the surgeon in charge; advertising; for providing prizes to be established by the Secretary of War for enlisted men of the Army who graduate from the Army schools for bakers and cooks, the total amount of such prizes at the various schools not to exceed \$900 per annum; for other necessary expenses incident to the purchase, testing, care, preservation, issue, sale, and accounting for subsistence supplies for the Army, \$321,985,357.

The amendment was agreed to.

The next amendment was in the item of appropriation for "Regular supplies, Quartermaster Corps," on page 39, line 13, after the word "reports," to strike out "\$100,000,000" and insert "\$163,917,925," so as to read:

For the purchase and issue of instruments, office furniture, stationery, and other authorized articles for the use of officers' schools at the several military posts; for purchase of relief maps for issue to organizations, commercial newspapers, market reports, etc.; for the tableware and mess furniture for kitchens and mess halls, each and all for the enlisted men, including recruits; for forage, salt, and vinegar for the horses, mules, oxen, and other draft and riding animals of the Quartermaster Corps at the several posts and stations and with the armies in the field, and for the horses of the several regiments of Cavalry and batteries of Artillery and such companies of Infantry and Scouts as may be mounted; for remounts and for the authorized number of officers' horses, including bedding for the animals; for seeds and implements required for the raising of forage at remount depots and on military reservations in the Hawaiian and Philippine Islands and for labor and expenses incident thereto, including, when specifically authorized by the Secretary of War, the cost of irrigation; for straw for soldiers' bedding, stationery, typewriters and exchange of same, including blank books and blank forms for the Quartermaster Corps, certificates for discharged soldiers, and for printing department orders and reports, \$163,917,925.

The amendment was agreed to.

The next amendment was in the item of appropriation for "Incidental expenses, Quartermaster Corps," on page 41, line 19, after the word "department," to strike out "\$8,000,000" and insert "\$10,023,271.50," so as to read:

For expenses of expresses to and from frontier posts and armies in the field; of escorts to officers or agents of the Quartermaster Corps to trains where military escorts can not be furnished; authorized office furniture, authorized issues of towels; hire of laborers in the Quartermaster Corps, including the care of officers' mounts when the same are furnished by the Government, and the hire of interpreters, spies, or guides for the Army; compensation of clerks and other employees to the officers of the Quartermaster Corps, and clerks, foremen, watchmen, and organist for the United States disciplinary barracks, and incidental

expenses of recruiting; for the apprehension, securing, and delivering of deserters, including escaped military prisoners, and the expenses incident to their pursuit, and no greater sum than \$50 for each deserter or escaped military prisoner shall, in the discretion of the Secretary of War, be paid to any civil officer or citizen for such services and expenses; for a donation of \$5 to each dishonorably discharged prisoner upon his release from confinement under court-martial sentence involving dishonorable discharge; for the following expenditures required for the several regiments of Cavalry, the batteries of Field Artillery, and such companies of Infantry and Scouts as may be mounted, the authorized number of officers' horses, and for the trains, to wit, purchase of picket ropes, blacksmith's tools and materials, horseshoes and blacksmith's tools for the Cavalry service, and for the shoeing of horses and mules; chests and issue outfits; and such additional expenditures as are necessary and authorized by law in the movements and operations of the Army, and at military posts, and not expressly assigned to any other department, \$10,023,271.50.

The amendment was agreed to.

The next amendment was in the item of appropriation for "Transportation of the Army and its supplies," on page 45, line 10, after the words "Pacific Oceans," to strike out "\$350,000,000" and insert "\$413,567,777.92," so as to read:

That nothing in the preceding provisos shall be construed to prevent the accounting officers of the Government from making full payment to land-grant railroads for transportation of property or persons where the courts of the United States have held that such property or persons do not come within the scope of the deductions provided for in the land-grant acts; for the purchase and hire of draft and pack animals in such numbers as are actually required for the service, including reasonable provision for replacing unserviceable animals; for the purchase, hire, operation, maintenance, and repair of such harness, wagons, carts, drays, other vehicles, and motor-propelled and horse-drawn passenger-carrying vehicles, as are required for the transportation of troops and supplies, and for official, military, and garrison purposes; for drayage and cartage at the several depots; for the hire of teamsters and other employees; for the purchase and repair of ships, boats, and other vessels required for the transportation of troops and supplies and for official, military, and garrison purposes; for expenses of sailing public transports and other vessels on the various rivers, the Gulf of Mexico, and the Atlantic and Pacific Oceans, \$413,567,777.92.

The amendment was agreed to.

The next amendment was, on page 45, after line 11, to insert:

During the present emergency the appropriations for mileage for officers of the Army shall be available for the purpose of paying mileage at the statutory rates to officers of the armies of the allies of the United States who may be on duty in the various bureaus of the War Department or at other places within the continental limits of the United States for travel performed by them under competent orders.

Mr. WADSWORTH. Mr. President, may I ask the chairman of the committee if he believes that the first paragraph of this committee amendment, commencing at line 12 and ending at line 18, would conflict with the purpose or spirit of the bill which has already passed the Senate which authorizes the Secretary of War to use a portion of the appropriations made for the transportation of the Army to meet the necessary expenses incurred by foreign officers and enlisted men serving with the Army of the United States in this country?

Mr. MARTIN. I will say to the Senator that I see no possibility of conflict; and this is the exact language sent to us by the War Department for insertion in this bill. They felt that it was necessary to enable them to pay these officers of our allies in traveling in this country.

Mr. WADSWORTH. This refers only to the mileage?

Mr. MARTIN. That is all.

Mr. WADSWORTH. I had it in mind to call the Senator's attention to that, because the bill which has passed the Senate already, and I believe has been reported to the House by the Military Affairs Committee of the House, does not prescribe the rate of pay for mileage, but leaves it entirely to the discretion of the Secretary of War. It is immaterial which bill passes, but I did not want a conflict between the two.

Mr. MARTIN. I do not think there will be any conflict. I have in my hand, and will read it if the Senator desires, a letter from the Secretary of War asking that this language be inserted in the bill. It was put in exactly in accordance with the request of the War Department.

Mr. WADSWORTH. I will say to the Senator that the bill which has already passed the Senate was urgently requested by the Secretary of War in a letter.

Mr. MARTIN. I am sure there will be no conflict. There will be no difficulty in executing the law.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment was, on page 45, after line 18, to insert:

Land-grant railroads organized under the act of July 28, 1866, chapter 300, shall receive the same compensation for transportation of property and troops of the United States as is paid to land-grant railroads, organized under the land-grant act of March 3, 1863, and the act of July 27, 1866, chapter 278.

The amendment was agreed to.

The next amendment was, on page 47, line 10, after the word "reasons," to strike out "\$350,000,000" and insert "\$357,506,097.85," so as to make the clause read:



Clothing and camp and garrison equipage: For cloth, woollens, materials, and for the purchase and manufacture of clothing for the Army, including enlisted men of the Regular Army Reserve and retired enlisted men when ordered to active duty, for issue and for sale at cost price according to the Army Regulations; for payment for clothing not drawn due to enlisted men on discharge; for altering and fitting clothing and washing and cleaning when necessary; for equipage, including authorized issues of toilet articles, barbers' and tailors' materials, for use of general prisoners confined at military posts without pay or allowances and applicants for enlistment while held under observation; issue of toilet kits to recruits upon their first enlistment, and issue of housewives to the Army; for expenses of packing and handling, and similar necessities; for a suit of citizen's outer clothing, to cost not exceeding \$10, to be issued upon release from confinement to each prisoner who has been confined under a court-martial sentence involving dishonorable discharge; for indemnity to officers and men of the Army for clothing and bedding, etc., destroyed since April 22, 1898, by order of medical officers of the Army for sanitary reasons, \$357,506,097.85.

The amendment was agreed to.

The next amendment was, on page 48, line 14, after the words "when needed, at," to insert "not exceeding," so as to make the clause read:

When practicable, horses shall be purchased in open market at all military posts or stations, when needed, at not exceeding a maximum price to be fixed by the Secretary of War.

The amendment was agreed to.

The next amendment was, in the item of appropriation for "Horses for Cavalry, Artillery, and Engineers," on page 48, line 23, after the word "place," to strike out "\$30,000,000" and insert "\$48,591,220," so as to read:

When practicable, horses shall be purchased in open market at all military posts or stations, when needed, at a maximum price to be fixed by the Secretary of War: *Provided further*, That no part of this appropriation shall be expended for the purchase of any horse below the standard set by Army Regulations for Cavalry and Artillery horses, except when purchased as remounts or for instruction of cadets at the United States Military Academy: *And provided further*, That no part of this appropriation shall be expended for polo ponies except for West Point Military Academy, and such ponies shall not be used at any other place, \$48,591,220.

The amendment was agreed to.

The next amendment was, under the subhead "Civilian military training," on page 53, line 24, after the date "nineteen hundred and sixteen," to strike out "\$440,000" and insert "\$1,240,000," so as to make the clause read:

For the expense of maintaining, upon military reservations or elsewhere, camps for the military instruction and training of such citizens physically capable of bearing arms as may be selected under such terms of enlistment and under such regulations as may be prescribed by the Secretary of War, and for furnishing said citizens, at the expense of the United States, uniforms, subsistence, transportation by the most usual and direct route within said limits as to territory as may be prescribed; for such expenditures as may be deemed necessary for water, fuel, light, temporary structures, not including quarters for officers nor barracks for men, screening, and damages resulting from field exercises, and other expenses incidental to maintaining said camps and the theoretical winter instruction in connection therewith, including textbooks and stationery; for furnishing such equipments, tentage, field equipage, and transportation belonging to the United States as may be deemed necessary as authorized by section 54 of the act of Congress approved June 3, 1913, \$1,240,000.

The amendment was agreed to.

The next amendment was, under the subhead "Engineer Department," on page 56, line 14, after the word "equipment," to strike out "\$4,300,000" and insert "\$12,100,000," so as to make the clause read:

Engineer equipment of troops: For pontoon material, tools, instruments, supplies, and appliances required for use in the engineer equipment of troops, for military surveys, and for engineer operation in the field, including the purchase, maintenance, operation, and repair of the necessary motorcycles; the purchase and preparation of engineer manuals and procurement of special paper for same, and for a reserve supply of above equipment, \$12,100,000.

The amendment was agreed to.

The next amendment was, on page 56, line 24, after the words "Maps, War Department," to strike out "\$100,000,000" and insert "\$186,000,000," so as to make the clause read:

Engineer operations in the field: For expenses incident to military engineer operations in the field, including the purchase of material and a reserve of material for such operations, the construction or rental of storehouses within and outside the District of Columbia, the purchase, operation, maintenance, and repair of horse-drawn and motor-propelled passenger-carrying vehicles, and such expenses as are ordinarily provided for under appropriations for "Engineer depots," "Civilian assistants to engineer officers," and "Maps, War Department," \$186,000,000.

The amendment was agreed to.

The next amendment was, under the subhead "Ordnance Department," on page 57, line 14, after the word "vehicles," to strike out "\$1,825,000" and insert "\$11,825,000," so as to make the clause read:

Ordnance Service: For the current expenses of the Ordnance Department in connection with purchasing, receiving, storing, and issuing ordnance and ordnance stores, comprising police and office duties, rents, tolls, fuel, light, water, advertising, stationery, typewriters, adding machines, office furniture, tools, and instruments of service; incidental expenses of the Ordnance Service and those attending practical trials and tests of ordnance, small arms, and other ordnance stores; publica-

tions for libraries of the Ordnance Department, including the Ordnance Office; subscriptions to periodicals; mechanical labor in the office of the Chief of Ordnance; and for purchase, maintenance, repair, and operation of motor-propelled or horse-drawn passenger-carrying vehicles, \$11,825,000.

The amendment was agreed to.

The next amendment was, on page 57, line 18, after the word "supply" to strike out "\$36,000,000" and insert "\$73,270,000," so as to make the clause read:

Ordnance stores, ammunition: For manufacture and purchase of ammunition for small arms and for hand use for reserve supply, \$73,270,000.

The amendment was agreed to.

The next amendment was, on page 58, line 3, after the word "prescribe," to strike out "\$13,000,000" and insert "\$89,676,000," so as to make the clause read:

Small-arms target practice: For manufacture and purchase of ammunition, targets, and other accessories for small-arms, hand, and machine-gun target practice and instructions; marksmen's medals, prize arms, and insignia for all arms of the service; and ammunition, targets, target materials, and other accessories which may be issued for small-arms target practice and instruction at the educational institutions and State soldiers' and sailors' orphans' homes to which issues of small arms are lawfully made, under such regulations as the Secretary of War may prescribe, \$89,676,000.

The amendment was agreed to.

The next amendment was, on page 58, after line 4, to insert: Manufacture of arms: For manufacturing; repairing, procuring, and issuing arms at the national armories, \$32,690,000.

The amendment was agreed to.

The next amendment was, on page 58, line 14, after the word "Artillery," to strike out "\$73,520,000" and insert "\$113,520,000," so as to make the clause read:

Ordnance stores and supplies: For overhauling, cleaning, repairing, and preserving ordnance and ordnance stores in the hands of troops and at the arsenals, posts, and depots; for purchase and manufacture of ordnance stores to fill requirements of troops; for Infantry, Cavalry, and Artillery equipments, including horse equipments for Cavalry and Artillery, \$113,520,000.

The amendment was agreed to.

The next amendment was, on page 59, line 1, before the word "Provided," to strike out "\$16,750,000" and insert "\$36,750,000," and in line 4, after the word "exceed," to strike out "\$5,000,000" and insert "\$75,550,000," so as to make the clause read:

Armored motor cars: For the purchase, manufacture, test, repair, and maintenance of armored motor cars, \$36,750,000: *Provided*, That the Chief of Ordnance, United States Army, is authorized to enter into contracts or otherwise to incur obligations for the purposes above mentioned, not to exceed \$75,550,000 in addition to the appropriations herein and heretofore made.

The amendment was agreed to.

The next amendment was, on page 60, after line 7, to insert:

Hereafter, under such regulations as may be prescribed by the Secretary of War, officers of the Ordnance Department accountable for public moneys may intrust moneys to other officers for the purpose of having them make disbursements as their agents, and the officers to whom the money is intrusted, as well as the officers who intrust it to them, shall be held peculiarly responsible therefor to the United States.

The amendment was agreed to.

The next amendment was, on page 62, after line 8, to insert: NATIONAL HOME FOR DISABLED VOLUNTEER SOLDIERS.

So much of the act making appropriations for the sundry civil expenses of the Government for the fiscal year ending June 30, 1916, and for other purposes, so far as it designates the classes of persons entitled to the benefits of the National Home for Disabled Volunteer Soldiers, is amended so as to read as follows: The following persons only shall hereafter be entitled to the benefits of the National Home for Disabled Volunteer Soldiers, and may be admitted thereto upon the order of a member of the board of managers, namely: All honorably discharged officers, soldiers, and sailors who served in the regular, volunteer, or other forces of the United States in any war in which the country has been or may be engaged, including the Spanish American War, the Provisional Army (authorized by act of Congress approved Mar. 2, 1899), in any of the campaigns against hostile Indians, or who have served in the Philippines, in China, or in Alaska, or in the Organized Militia or National Guard when called into the Federal service to enforce the laws, suppress insurrection, or repel invasion, who are disabled by disease, wounds, or otherwise and have no adequate means of support, and who are not otherwise provided for by law, and by reason of such disability are incapable of earning their living.

The amendment was agreed to.

The next amendment was, under the head of "Public buildings and grounds," at the top of page 64, to strike out:

For a temporary office building, including heating and lighting, for the use of the War and Navy Departments, to contain approximately 1,055,000 square feet, to be erected in Henry Park, reservation No. 4, Sixth and B Streets, \$2,000,000. Space in said building shall be allotted by the officer in charge of public buildings and grounds upon the joint order of the Secretary of War and the Secretary of the Navy.

And insert:

For temporary office buildings in which to house activities of the Government, including heating and lighting, to contain approximately 1,055,000 square feet of floor space, to be erected in Henry Park, reservation No. 4, Sixth and B Streets, \$2,000,000.



Mr. WADSWORTH. Mr. President, I offer an amendment to the committee amendment, which I ask the Secretary to read.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The SECRETARY. It is proposed to insert at the end of the committee amendment the following proviso:

*Provided, however,* That within two years after the conclusion of the existing war the land above referred to shall again be reserved for the erection of the George Washington Memorial Hall, unless in the meantime some other site in the city of Washington be reserved for such purpose.

Mr. MARTIN. Mr. President, on behalf of the committee I accept that amendment.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

The next amendment was, under the head of "Naval Establishment," subhead "Aviation," on page 64, line 24, after the word "stations," to insert "including the acquisition of land by purchase, donation, or condemnation"; and on page 65, line 1, after the word "purposes," to strike out "\$35,000,000" and insert "\$45,000,000," so as to make the clause read:

For aviation, to be expended under the direction of the Secretary of the Navy for procuring, producing, constructing, operating, preserving, storing, and handling aircraft; maintenance of aircraft stations, including the acquisition of land by purchase, donation, or condemnation; and for experimental work in the development of aviation for naval purposes, \$45,000,000: *Provided,* That the sum to be paid out of this appropriation under the direction of the Secretary of the Navy for drafting, clerical, inspection, and messenger service for aircraft stations shall not exceed \$175,000.

Mr. KING. I desire to ask the chairman of the committee whether the expenses provided under the head of the Naval Establishment for Aviation are in addition to the appropriation heretofore made of \$600,000,000 or thereabouts for aeronautic purposes?

Mr. MARTIN. It is in addition, and it has no relation to that appropriation. This is for the Navy. That was for aviation under the charge of the War Department. This is for the Naval Establishment entirely.

Mr. KING. It is estimated for?

Mr. MARTIN. It is estimated for, and the department insists that it is essential to the conduct of the war.

Mr. KING. I was under the impression that the appropriation of six hundred and odd million dollars included the demands of the Navy as well as those of the Army, in part at least.

Mr. MARTIN. No; the War Department has entire charge of that appropriation.

The amendment was agreed to.

The next amendment was, on page 65, after line 6, to insert:

National Advisory Committee for Aeronautics: Such portion of the appropriation "National Advisory Committee for Aeronautics" carried in the act making appropriations for the naval service for the fiscal year ending June 30, 1918, approved March 4, 1917, as may be necessary, not to exceed \$40,000, is made available for the completion of the committee's research laboratory now under construction, and for the construction of additional buildings necessary in connection therewith.

The amendment was agreed to.

The next amendment was, under the subhead "Civilian Naval Consulting Board," on page 66, line 6, after the words "Naval Consulting Board," to strike out "\$25,000" and insert "\$75,000," so as to make the clause read:

For actual expenses incurred by and in connection with the Civilian Naval Consulting Board, \$75,000.

The amendment was agreed to.

The next amendment was, under the subhead "Bureau of Ordnance," on page 67, after line 23, to insert:

Fuel lands for armor and projectile plants: For the investigation and acquisition of options to mineral rights on about 26,000 acres of gas and oil lands in the State of West Virginia, located within reasonable distance of the Government armor plant, \$25,000.

The amendment was agreed to.

The next amendment was, under the subhead "Bureau of Yards and Docks," on page 68, line 11, after the word "stations," to strike out "\$1,000,000" and insert "\$1,750,000," so as to make the clause read:

Contingent: For contingent expenses and minor extensions and improvements of public works at navy yards and stations, \$1,750,000.

The amendment was agreed to.

The next amendment was, under the subhead "Public works, Bureau of Yards and Docks," on page 68, after line 12, to strike out:

Hospital construction: For temporary hospital construction and repairs, as may be necessary, at points not provided with suitable hospital facilities, and for buildings for naval medical supplies, \$1,000,000.

And insert:

Hospital construction: For temporary hospital construction and repairs, as may be necessary, at points not provided with suitable hospital facilities, and for buildings for naval medical supplies, and for the purchase of land, \$3,575,000: *Provided,* That not exceeding \$250,000 of this appropriation may be used in the acquisition of land.

The amendment was agreed to.

The next amendment was, on page 68, after line 22, to insert:

New London, Conn., submarine base: For the acquisition, by purchase or condemnation, of the tract of land, comprising approximately twenty-six and eighty-eight one-hundredths acres, owned by the C. M. Shay Fertilizer Co., in the immediate vicinity of the property now owned and occupied by the United States as a submarine base at New London, Conn., including all easements, rights of way, riparian and other rights appurtenant thereto, \$90,000.

The amendment was agreed to.

The next amendment was, on page 69, after line 9, to strike out:

Training camps: For construction and equipment of training camps, including the rental of land, \$6,000,000.

And insert:

Training camps: For construction and equipment of training camps, including the rental of land, \$12,600,000, and the accounting officers of the Treasury are hereby authorized to transfer from this appropriation to the appropriations "Naval operating base, Hampton Roads, Va.," and "Schools or camps of instruction for recruits and Naval Reserve Forces," contained in the act approved June 15, 1917 (Public No. 23), and to the appropriation "Naval emergency fund," contained in the naval appropriation act approved March 4, 1917, the amounts expended from said appropriations for the construction and equipment of training camps, including the rental of land.

The amendment was agreed to.

The next amendment was, on page 70, line 4, after the words "Bureau of Ordnance," to strike out "\$2,250,000" and insert "\$3,592,500," so as to make the clause read:

Ordnance stations: For improvements at stations under the jurisdiction of the Bureau of Ordnance, \$3,592,500.

The amendment was agreed to.

The next amendment was, on page 70, after line 11, to insert:

Repairs and preservation at navy yards and stations: For repairs and preservation at navy yards, fuel depots, fuel plants, and stations, \$500,000.

The amendment was agreed to.

The next amendment was, on page 70, after line 14, to insert:

Naval operating base, Hampton Roads, Va.: For cold storage, \$650,000.

The amendment was agreed to.

The next amendment was, on page 70, after line 16, to insert:

Temporary storage: For temporary storage, \$1,000,000.

The amendment was agreed to.

The next amendment was, on page 70, after line 17, to insert:

Land for ordnance storage: For the acquisition of additional land for ordnance stations by purchase or condemnation in the vicinity of the Naval Torpedo Station, Newport, R. I., for storage of explosives, \$100,000; in the vicinity of Fort Mifflin Ammunition Depot, Philadelphia, Pa., for the stowage of explosives, \$360,000; in all, \$460,000.

The amendment was agreed to.

The next amendment was, under the subhead "Naval Academy," on page 71, line 17, after the word "librarian," to strike out "\$18,000" and insert "\$25,000," so as to make the clause read:

For pay of professors and instructors, including one professor as librarian, \$25,000.

The amendment was agreed to.

The next amendment was, under the subhead, "Marine Corps, Quartermaster's Department," on page 71, line 21, after "\$2,650,000," to insert: "*Provided,* That the Secretary of the Navy is authorized to accept all garments which may be supplied or furnished, without compensation, by the comforts committee of the Navy League and other patriotic organizations," so as to make the clause read:

Clothing: For noncommissioned officers, musicians, and privates, authorized by law, \$2,650,000: *Provided,* That the Secretary of the Navy is authorized to accept all garments which may be supplied or furnished, without compensation, by the comforts committee of the Navy League and other patriotic organizations.

Mr. OVERMAN. I offer the following amendment to the committee amendment.

The VICE PRESIDENT. The amendment to the amendment will be read.

The SECRETARY. After the word "accept," in line 22, insert the following: "through the American National Red Cross."

Mr. CURTIS. Mr. President, I hope that amendment to the amendment will not be agreed to. About six months ago, at the request of the Secretary of the Navy and with his approval, the members of the comforts committee of the Navy League sent out an appeal to the women of the country asking them to join in the efforts of the comforts committee to secure knitted garments for the Navy. In response to that request or appeal over 300,000 loyal, patriotic women throughout this country joined the comforts committee. They have 700 units in the different States and a membership of over 300,000. They have made over 440,000 garments. Nearly all of those garments were sent to the Navy Department through the comforts committee and they have been accepted. All the garments tendered



were accepted until about the 15th day of August. Since that time the Secretary of the Navy has refused to receive the garments sent in through the comforts committee of the Navy League.

The members of the comforts committee have appeared before the Secretary time after time. They have gone so far as to offer to disassociate their committee from the Navy League and work as an independent association, to work as advisors, but they do want to maintain their organization, because they are now well organized and well equipped and comprise over 300,000 women in this country. The Secretary of the Navy refuses to accept the garments they have offered, and the amendment offered by the Senator from North Carolina is an attempt to transfer this organization to another body.

I wish to say to the Senate now that I have in my possession letters from the Red Cross addressed to the comforts committee asking the comforts committee to supply garments which the Red Cross have been unable to supply. The Secretary of War has accepted garments from this committee; different members of the Army have accepted them; and I appeal to the Senate not to agree to an amendment that will cause a disorganization of the women's comforts committee. They are willing to work independently; they are willing to work with the Secretary; but they do want to keep up their organization throughout the country.

In connection with my remarks I wish to submit first the bulletin that was sent out with the approval of the Secretary. I want to insert the letter of the Secretary of the Navy thanking the comforts committee for the garments they had sent to the Navy and I desire to insert other letters of thanks and of acceptance of the garments and materials.

The matter referred to is as follows:

#### WHAT WOMEN CAN DO FOR THE UNITED STATES NAVY.

[Comforts committee of the Navy League of the United States.]

##### NEED OF KNITTED ARTICLES IN THE NAVY.

The men of the United States Navy could gladly use certain articles of comfort which are not supplied by the Government. These are principally knitted articles to keep them warm during severe weather and when engaged in exposed work in small boats, such as picket duty, mine laying, submarine service, patrol-boat service, etc.

In time of war the value of these articles is greatly accentuated. Peace maneuvers in winter are held in warm southern waters, but in time of war there is no choice of time or place, while work in small boats above described is greatly increased, and is frequently performed under conditions of considerable hardship.

##### ARTICLES APPROVED BY THE NAVY DEPARTMENT.

The Navy Department has definitely approved the furnishing of the following articles, if made according to its specifications:

1. Sleeveless jacket, gray wool.
2. Mittens, gray wool.
3. Mufflers, blue, or preferably gray wool.
4. Wristlets, gray wool.
5. Helmets, gray wool.
6. Arctics.

Specifications and full knitting directions are printed on a separate circular, which will be furnished without charge by the comforts committee to anyone interested.

##### COMFORTS COMMITTEE.

A comforts committee has been formed at Washington for the inauguration and supervision of this work. They will furnish literature, directions, and advice without charge of any kind. They will also receive finished articles and attend to their packing and distribution.

##### INDEPENDENT UNITS.

Independent units may be formed by groups of women anywhere in the United States. Chapters of patriotic societies, preparedness organizations, and the like, are particularly urged to join in this work.

##### HOW THE WORK IS DONE.

1. Form a unit or organization. (Bulletin 132 gives the details.)
2. Write to the comforts committee at Washington, stating how many articles or sets you will undertake to furnish in three months.
3. The comforts committee will send you knitting directions, samples if desired, and general advice as to procedure, purchase of wool, etc.
4. The comforts committee will keep in communication with the Navy Department and will notify you from time to time where the garments are most needed. At present the needs of the smaller craft are greatest.
5. Finished articles should be sent to Washington, where the comforts committee will deliver them to the Paymaster General of the Navy for prompt distribution. (As the whereabouts of the fleet must be kept secret, it will not be practicable for local organizations to send the garments direct to the ships.) The Navy Department expects the comforts committee to inspect and vouch for the contents of packages before they are sent to the vessels. They will, however, be sent with the name and address of your organization.

Address all communications to Comforts Committee, Navy League, Southern Building, Washington, D. C.

Mrs. JAMES CARROLL FRAZER,  
Chairman.  
Mrs. SIDNEY BALLOU,  
Vice Chairman and Treasurer.  
Mrs. JOHN CALLAN O'LAUGHLIN,  
Secretary.

The comforts committee may issue this bulletin.

JOSEPHUS DANIELS,  
Secretary of the Navy.

U. S. S. E-1.

DEAR SIR: I have received your circular, and wish to state that it will meet a very real and serious condition, particularly on submarines, where the men have no adequate clothing even for peace time. My crew have asked permission to buy gloves with their entertainment fund, which, of course, had to be refused. \* \* \* Knitted caps, socks, and mufflers, and in addition a mitten with separate index finger will be much in demand.

(Signed) ERIC L. BARR,  
Lieutenant, United States Navy, Commanding.

U. S. S. GEORGIA.

DEAR SIR: I beg to inform you that I am very much in sympathy with the movement of the Navy League. \* \* \* If called upon to campaign in the North Atlantic in winter both officers and men, who depended upon the regular uniform to protect them against the bitter weather experienced at sea, and in particular during this season, would not only suffer serious hardships but their attention would necessarily, and in a large measure, be distracted from their duty by the suffering which such weather inflicts upon those exposed to its rigors for long periods when improperly clad.

Yours, very truly,

(Signed) W. E. KITTELLE,  
Captain, United States Navy, Commanding.

MAY 7, 1917.

From: Bureau of Navigation.

To: Commander in Chief, Atlantic Fleet, Pacific Fleet, Asiatic Fleet, Chief of Bureau of Supplies and Accounts.

The acceptance, and wearing of the following articles under such restrictions as commanding officers may prescribe, is authorized:

- (a) Sleeveless jacket, gray wool.
- (b) Mittens, gray wool.
- (c) Mufflers, blue, or preferably gray wool.
- (d) Wristlets, gray wool.
- (e) Helmets, gray wool.
- (f) Arctics.

(Signed) L. C. FARLEY  
(By direction).

NAVY DEPARTMENT,  
Washington, May 18, 1917.

MY DEAR MRS. FRAZER: The enlisted men on board the American destroyers now in European waters were generously furnished by your comforts committee with sweaters, mufflers, and wristlets prior to their departure from the United States, and I am sending this letter to let you know that the same were most acceptable and genuinely appreciated.

Yours, sincerely,

JOSEPHUS DANIELS,  
Secretary of the Navy.

Mrs. JAMES CARROLL FRAZER,  
1316 Sixteenth Street, Washington, D. C.

U. S. S. "NICHOLSON"  
Navy Yard, New York, May 12, 1917.

Will you please convey to the members of the Navy League the sincerest thanks of the crew of the Nicholson for their great kindness in sending the warm outfits.

We appreciate their patriotic efforts and will endeavor to show that we are worthy of them.

You are further assured that these clothes will be used within 24 hours and probably will remain in use during the greater part of our service in — (word deleted by censor).

With best wishes and many, many thanks for the kindly interest of the Navy League in our welfare.

Very sincerely,

FRANK W. HEIMS, Chief Boatswain's Mate.  
JAMES CALLAN, Chief Gunner's Mate.  
IRA SIKES, Chief Carpenter's Mate.  
J. FRANK WELCH, Chief Machinist's Mate.  
ROY W. FAUST, Chief Water Tender.  
THEODORE M. HYATT, Chief Yeoman.  
(In behalf of the entire crew.)

To the NAVY LEAGUE OF AMERICA:

The package of sweaters, mittens, and scarfs sent to us at — by the Navy League has been distributed, and I want to thank you for sending it. The clothing is appreciated very much and is something destroyers have long needed.

Very truly,

G. F. NEAL,  
Lieutenant Commander, United States Navy.

Many thanks for your trouble in supplying the ship with such a good supply of articles which will add so materially to the crew's comfort and consequently to their efficiency.

The articles arrived safely and were fully appreciated, and I beg to thank you most heartily for the interest and generosity shown both by yourself and the good people who furnished us with such practical outfits.

Very sincerely, yours,

S. W. BRYANT,  
Lieutenant Commander, United States Navy.

Mr. OVERMAN. Mr. President, this amendment does not propose to disorganize any organization. There are other organizations in the country besides the comforts committee of the Navy League. There are dozens of associations of good women in the country making garments for soldiers and sailors. I wish to say that the Secretary of the Navy has not declined to receive any of these garments, but has ordered all to go through the Red Cross Association.

How does this amendment that provides that all these things shall be sent through the Red Cross disorganize any association? I do not think the Senator from Kansas understands it. It proposes that the comforts committee, which is recognized by



this amendment, and all other organizations, shall send their garments through the Red Cross Association, because the Red Cross Association is a national organization recognized by the Government. How sending these things through the Red Cross will disorganize any association I do not see. The Senator will remember that the amendment recognizes the comforts committee of the Navy League. That does not disorganize it. How could it? It recognizes it and not only recognizes it, but it recognizes other good women's associations, and I know there are other associations making garments.

In order to do it systematically why should not the comforts league and every other league, as the Secretary has ordered, send and distribute their garments through the Red Cross Association, which is a national organization recognized by Congress? That is all my amendment does.

Mr. CURTIS. I wish to suggest that the last three words of the committee amendment provide that garments may be received from "other patriotic organizations." That would permit the Red Cross to distribute any garments that might be sent to them. We all realize the great work the Red Cross has done and is doing, but the comforts committee was organized for the specific purpose of making garments for the sailors.

But I want to call the Senator's attention to the fact that he is mistaken when he says they have not refused to accept garments sent by the comforts committee. On the 13th day of September, 1917, the following letter was forwarded to the proper officer of the department with a truck load of garments. The letter was addressed to the supply officer of the Navy Department:

NAVY LEAGUE OF THE UNITED STATES,  
Washington, D. C., September 13, 1917.

SUPPLY OFFICER, Navy Yard.

DEAR SIR: We are sending one truck load of sweaters, mufflers, wristlets, and helmets for the men in the naval service. Will the supply officer please see that these goods are distributed to the men free of charge as gifts of the comforts committee of the Navy League.

Thanking you for your kindness in this matter, I beg to remain,  
Very truly, yours,

ELIZABETH VAN RENSSLAER FRAZER,  
Chairman Comforts Committee.

Here is a photograph of the truck loaded with garments [exhibiting].

On the same day that truck load of garments was offered it was refused by the supply officer in the following words:

No more to be received until further instructions.

So the Senator from North Carolina will realize that the department has refused to accept supplies tendered by the comforts committee.

Letters have gone out to individual members of the committee that garments sent in by the committee would be refused. I have received from my constituents letters saying that the goods were going to be sent to me by express or by freight and I have been requested to deliver them to the Navy Department. I will gladly receive them, and it will give me pleasure to deliver them to the department, but it does seem to me that these women, loyal and patriotic as they are, should be permitted to deliver to the Secretary of the Navy the garments that have been prepared under their instruction and supplied without cost to the Government.

Mr. SHAFROTH. Mr. President, there is no desire on the part of anyone to refuse to accept articles made for our soldiers and sailors, but it is necessary in order to determine what is most useful and to distribute the gifts and the garments that there be some system adopted. Such a system should have entire control of all means and agencies relating thereto.

It can readily be seen that if the Navy League auxiliary sends garments to the Secretary of the Navy or to anyone else, or distributes them among sailors on the ships, inevitably there will be thousands of other organizations that will want to do the same thing. All of the large societies have their women's auxiliary organizations and they are knitting now, and I hope that their efforts will do great good.

Mr. HARDING. Mr. President—

Mr. SHAFROTH. I yield to the Senator.

Mr. HARDING. Does the Senator see any objection to the Secretary of the Navy turning these things over to the Red Cross for distribution?

Mr. SHAFROTH. Here is the difficulty with that. The Red Cross has an organization in every town in the United States, and instead of expressing the goods to the Secretary of the Navy and the Secretary sending them to the ships those kindly disposed persons who have gifts to send can right in their own home town deliver the goods to the local Red Cross organization. Thus there is effected a great saving to the people who want to send the goods, and there is also valuable time gained in the distribution of them.

The difficulty with different organizations arranging for shipment of goods to the various vessels is in the fact that some vessels will have a superabundance and others will not have any of the articles. Consequently there ought to be some kind of an organization to attend to this matter. The Secretary of the Navy is busy; he has not a bureau for this purpose; but the Red Cross has a bureau for this particular purpose, and that organization is one that is recognized by the Government, as the Senator from North Carolina [Mr. OVERMAN] has said. Its accounts are audited by the War Department, and all expenditures can be checked over by the Government officials.

Mr. CURTIS. Mr. President—

Mr. SHAFROTH. I yield to the Senator.

Mr. CURTIS. May I suggest that the supply department of the Navy knows full well where garments are needed? Another thing, in regard to accounting the women of the country are donating these articles free, and there is no need of an accounting officer.

Mr. SHAFROTH. There ought to be, because there has to be a great number of express charges and expense of that kind, and there must be a large bureau that will keep track of the transactions. The Red Cross has made this the special work of a part of its organization. Having an organization, and the Secretary having written to them concerning the matter and they having replied creating such a bureau, it seems to me it is better to accept their management than to divide this business among numerous organizations that might want to be recognized in the distribution of the goods.

Then again, we know that the Red Cross has a fund of \$100,000,000, and they are able not only to maintain a bureau but to indicate what garments are needed. Otherwise their uniform work would be duplicated, and there would be cross purposes upon the part of the various organizations that might want to send particular kinds of garments, too numerous in one direction or not enough in another.

Mr. HARDING. Mr. President—

Mr. SHAFROTH. I yield to the Senator.

Mr. HARDING. I wish to ask the Senator if this amendment has anything to do with the controversy between the Secretary of the Navy and the Navy League.

Mr. SHAFROTH. I should like to ask whether the Curtis amendment has anything to do with it.

Mr. HARDING. I can not speak of that.

Mr. CURTIS. Mr. President—

Mr. HARDING. Just a minute. I want to say to the Senator from Colorado that it seems to me rather an unseemly thing for the United States Senate to take part in that controversy between the Secretary of the Navy and the Navy League and slap in the face the patriotic efforts of thousands of women throughout the country when there has not yet been made an argument to show why the Red Cross should not make this distribution, even after the Secretary of the Navy has received the articles.

Mr. SHAFROTH. I do not see that there is any more slap in one way than in the other, so far as that is concerned.

The amendment does not properly belong to this bill and probably could be ruled out on a point of order. It is injected here without any reason, so far as the bill is concerned.

Mr. President, we all recognize that there ought to be one bureau for the purpose of distributing articles to our soldiers and sailors; for the purpose of directing what character of garments should be made by the ladies and how they should be disposed of. We all recognize that by the establishment of such a bureau we will obtain the most economical distribution, and that the garments will be sent where they are most needed. That was recognized by President Wilson in a statement he made to the effect "that multiplicity of relief agencies tends to bring about confusion, duplication, delay, and waste." If we recognize organizations which will direct how garments shall be made and what garments shall be made, and where they shall be distributed there will be solicitations for contributions from the public; but if the work is centered in the Red Cross there is no likelihood that there will be, to any extent, such solicitations, the Red Cross having a large fund, it being an organization with perfect machinery for the distribution of such materials, and having facilities of communication throughout the United States. There is in each town in the interior of the United States a Red Cross organization. It seems to me, therefore, they can decide as to what it is best to make, how the things made should be sent, and can save an enormous amount in bringing proper organization and direction to the work in the various towns in the country where the garments may be made.

Mr. CURTIS. Mr. President—



The PRESIDING OFFICER (Mr. WOLCOTT in the chair). Does the Senator from Colorado yield to the Senator from Kansas?

Mr. SHAFROTH. I yield to the Senator.

Mr. CURTIS. I want to ask the Senator if he does not know that the Secretary of War is receiving these garments direct from the comforts committee, and has not asked that they shall come through the Red Cross.

Mr. SHAFROTH. I do not know whether that is so or not.

Mr. CURTIS. I know it to be a fact.

Mr. SHAFROTH. But I want to say that some kind of an organization will have to be perfected to do this work. The committee referred to has not the machinery for that purpose now, and when they send a lot of bundles to the Secretary of War they will have to be readdressed and shipped to places where they are needed, when the cost of transportation could be saved and they could be sent to the proper places in the first instance direct from the towns where they are made. It seems to me there would unquestionably be a saving, and even an economy, with respect to that situation if the work were done by the Red Cross.

Mr. CURTIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Colorado yield further to the Senator from Kansas?

Mr. SHAFROTH. I yield.

Mr. CURTIS. How could the Red Cross, through their local committees, send garments direct to a ship any better than could the comforts committee of the Navy League, which has over 700 units and over 300,000 members, with an organization and a head here, familiar with the situation, in touch with the Navy Department, who know what is needed and where to send the garments?

Mr. OVERMAN. Mr. President, if the Senator will yield to me, I want to say that in many instances the Secretary of the Navy has requested the comforts committee to have the materials sent to the Red Cross, which has been distributing them. That is what is being done, except in the case of the people of Kansas, as it seems.

Mr. CURTIS. Other Senators have told me that they have received similar letters and that they expect to receive goods in the same way, and no Senator, I think, will object to delivering them. The Senator from Kansas believes that these loyal and patriotic women are entitled to recognition.

Mr. OVERMAN. They are entitled to recognition.

Mr. CURTIS. And I believe that they are entitled to have received by the department the garments which they have sat up nights to make.

Mr. OVERMAN. I tried to keep this controversy off the floor of the Senate. I did not think this amendment belonged in this bill, but it is here, and that being the case, the best way to dispose of the matter is to provide for carrying out the directions of the great Secretary of the Navy according to the plan he has laid down, and not follow the method suggested by some Member from Kansas or from any other State. I want to say that these goods are being delivered, and they have been delivered from this very association through the Red Cross, in accordance with the orders of the Secretary of the Navy.

Mr. CURTIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Colorado yield further to the Senator from Kansas?

Mr. SHAFROTH. I yield to the Senator.

Mr. CURTIS. The Senator from Kansas has not asked that his advice be followed. I did not mention the controversy between the Secretary of the Navy and the Navy League; I purposely omitted doing so because I did not care to take sides in that controversy. The comforts committee offers to withdraw from the league; but I want to say to the Senator from North Carolina that if the Senator from Kansas were at the head of the Navy Department, these garments would be accepted regardless of any feeling he might have against any individual or any organization.

Mr. SHAFROTH. Now, Mr. President, I want to direct the attention of the Senate to the organization which the Red Cross has for the purpose of handling this business.

Mr. LEWIS. Mr. President—

Mr. SHAFROTH. I yield to the Senator.

Mr. LEWIS. I desire to ask a question of the Senator who offered the amendment. In reading the amendment I am impressed with the thought that it is a mere discretionary amendment—that it simply authorizes the delivery of these goods to the Navy Department—but there is nothing mandatory or compulsory as to the Secretary of the Navy receiving them. Is there anything in this amendment which the Senator thinks will re-

quire the Secretary of the Navy to accept these articles unless he regards them as of availability to our sailors?

Mr. OVERMAN. In answering that question I will ask the Senator to listen to the amendment. The original bill as it came from the House had no such provision, but the amendment was submitted in the committee by the Senator from Kansas [Mr. CURTIS]. Let us see where it appears. It has been added as a proviso to this provision of the bill:

Clothing: For noncommissioned officers, musicians, and privates, authorized by law, \$2,650,000.

Now, what is that? That is an appropriation for the Navy Department to buy clothing for the musicians, noncommissioned officers, and privates; and now there comes the amendment introduced in this place. It does not belong here; it has no business here, but it is introduced here; and it provides that the Secretary of the Navy is authorized to accept garments, and so forth. My amendment authorizes him to accept them through the Red Cross, thus carrying out the plan and the organization of the Navy Department. That is all there is to it.

Mr. LEWIS. Then, does the Senator, if I may ask him the question, think, the Secretary of the Navy being authorized to accept the goods through the Red Cross, that therefore he would be prevented from accepting them through any other source than the Red Cross? Is that the Senator's construction?

Mr. OVERMAN. I do not construe it in that way. I say that under the language of the amendment the Secretary is authorized to accept the goods through the Red Cross, but he is not prevented from accepting them from any other source.

Mr. SHAFROTH. Mr. President, I wish to read, so that the Senate can be informed exactly as to the organization which has been inaugurated with respect to the distribution of such goods, a statement issued through the news service of the American Red Cross:

"[American Red Cross, Washington, D. C.]

"NEWS SERVICE.

"WASHINGTON, September 10, 1917.

"The formation of naval auxiliaries of the American Red Cross throughout the country is announced to-day by H. P. Davison, chairman of the Red Cross War Council. The action of the war council in establishing this new division of activities is taken in compliance with the wishes of Secretary of the Navy Daniels.

"Mrs. E. T. Stotesbury, of Philadelphia, has been named as chairman of the naval auxiliary of the Red Cross, and an advisory committee of women is to be named by Secretary Daniels this week.

"Secretary Daniels in a letter to Chairman Davison declares that the cooperation of the Red Cross with the Navy is especially desired, owing to President Wilson's wish that all American war-relief agencies be centralized under the Red Cross. His letter is as follows:

"DEAR MR. DAVISON: For some months a large number of patriotic women of the country, animated by a desire to add to the comfort of the fine body of youths who have enlisted in the Navy, have been sending useful gifts of their own make. Some of these good women have done this work through the Red Cross and others through different organizations. It has been suggested that it would be wise if the Red Cross, the only national relief organization having official recognition, be asked to extend its large sphere of usefulness by taking over entirely the direction of this laudable work of sending tokens of good will from willing workers to the men in the Navy by creating a naval auxiliary of the Red Cross.

"I am sure the country fully approves the statement of the President that "recent experience has made it more clear than ever a multiplicity of relief agencies tends to bring about confusion, duplication, delay, and waste." In every European country volunteer aid has been rendered "under a well-organized central body." The Red Cross is the body to which the whole country looks. To its appeals the people are ready to respond generously, because, as President Wilson recently said: "With its catholicity and its democracy the Red Cross is broad enough to embrace all efforts for the relief of our soldiers and sailors, the care of their families, and for the assistance of any other noncombatants who may require aid." With this broad foundation, with a record of efficiency, I feel sure the workers of the country who are particularly interested in the men who wear the naval uniform will be glad if the Red Cross will increase its benefactions by this natural and proper addition to its noble service.

"If your organization can do this, the Navy Department and the Navy in all its units, and the 100,000,000 Americans who are proud of their Navy, will give cordial aid and hearty cooperation.



"Trusting that this suggestion will meet your favorable consideration, I am,

"Sincerely, yours, "JOSEPHUS DANIELS."

Mr. CURTIS. Mr. President—

Mr. SHAFROTH. Let me finish reading this letter and then I will yield to the Senator:

"In response to Secretary Daniels, Mr. Davison sent the following letter outlining plans for the naval auxiliaries:

"MY DEAR MR. SECRETARY: Your favor of the 1st instant, in which you express the hope that we can favorably consider that the Red Cross extend its present organization for the purpose of creating naval auxiliaries, to bend their efforts particularly to Navy work, duly received.

"The Red Cross, as you know, makes no distinction between the Navy and the Army in its work, our entire facilities being alike at the present time, at the disposal of both branches of our Government. We have given your letter a great deal of thought, desiring to carry out your wishes in every way possible, and the following plan suggests itself to us as the most practical for accomplishing the results indicated in your letter as desired by the Navy Department:

"In all communities where Red Cross chapters are organized ladies who desire to work especially for the Navy shall be invited to organize and become an auxiliary of the Red Cross under the following conditions:

"1. The name of such auxiliary shall be in each community the ——— Naval Auxiliary of the American Red Cross.

"2. In each community the naval auxiliary shall affiliate with the present local organized unit of the Red Cross, and shall report to and be responsible to the executive committee of the chapter of the Red Cross or the branch, as the case may be.

"3. Naval auxiliary may maintain separate headquarters or they may combine with the headquarters of the local Red Cross work in any manner that may be determined upon by the chairman of the naval auxiliary in question and the executive committee of the chapter or the branch under whose jurisdiction it is.

"4. The rules governing naval auxiliaries shall be the same as the rules governing the present Red Cross auxiliaries.

"The name of the auxiliary shall be descriptive of its membership and affiliation, and shall not be that of a person.

"The purpose of the auxiliary shall be to carry out one or more specific lines of Red Cross work as prescribed in the certificate of organization.

"The auxiliary must have at least 10 members. All officers and members of committees shall be members of the American National Red Cross and of the chapter or branch within whose jurisdiction the auxiliary is located.

"The auxiliary may be affiliated with the branch to which it is tributary or may be placed directly under the jurisdiction of the chapter.

"What Red Cross chapters and branches shall do for naval auxiliaries:

"(a) Transmit to them information and instructions received from the central committee through the division offices.

"(b) Keep them supplied with literature, blank forms, and other equipment necessary for their work.

"(c) Assist them in obtaining raw materials for supplies.

"(d) Establish a uniform system of accounting and records.

"(e) Centralize the assembling and shipping of supplies.

"(f) Give them full credit for work accomplished when reporting to the central committee.

"An advisory committee of women particularly interested in naval affairs, nominated by you, would no doubt be helpful and would be welcome to us.

"Kindly advise if this method of procedure would, in a manner satisfactory to you, meet the situation you have in mind. It is needless for me to repeat that the Red Cross wishes to render any service within its power desired by the Department of the Navy.

"Yours, very truly,

H. P. DAVISON,

"Chairman War Council."

Mr. CURTIS. Mr. President—

Mr. SHAFROTH. I yield to the Senator.

Mr. CURTIS. I should like to state first that I am very glad that letter has been read. It shows that the Red Cross has not been organized to do this work. In this connection I desire to have read from the Secretary's desk the letter which caused the Secretary of the Navy to write the letter which has just been read by the Senator from Colorado.

Mr. SHAFROTH. I hope the Senator will wait until I get through my statement. I do not want a speech interjected into mine.

Mr. CURTIS. I think the letter to which I refer ought to follow the letter which has been read, because it is the letter which brought forth the one which has been read.

The PRESIDING OFFICER. Does the Senator from Colorado yield further?

Mr. SHAFROTH. Very well; I will allow the letter to be read. I have no objection to that.

The PRESIDING OFFICER. The Secretary will read as requested.

The Secretary read as follows:

SEPTEMBER 5, 1917.

HON. JOSEPHUS DANIELS,

Secretary of the Navy, Washington, D. C.

MY DEAR MR. SECRETARY: The comforts committee of the Navy League of the United States, which has served as the medium through which over 200,000 garments have been supplied to the personnel of the Navy, is extremely anxious to avoid any misinterpretation of your attitude with reference to the patriotic work in which it is engaged.

It has manifested its anxiety in this regard by the several conferences which its officers have sought with you and which you have been good enough to grant. The last of these conferences occurred on Tuesday, September 4, the committee being represented by Mrs. James Carroll Frazer and Mrs. Thomas F. Bayard, chairman and member of the executive committee, respectively.

Your attitude at these conferences, and particularly the last, was set forth by you as follows:

First. Because of the controversy in which you are engaged with the Navy League of the United States you stated that no further garments would be received for Navy use from the comforts committee of the Navy League of the United States.

Second. You rejected a proposal that the comforts committee disassociate itself from the Navy League of the United States and act as an independent receiving and advisory committee, such committee to receive the work of patriotic women and turn it in to the Navy.

It follows that it is your view that the comforts committee of the Navy League of the United States, with its organization of 700 units distributed throughout the United States, disband and cease work.

In justice to the committee your attention is recalled to your warm endorsement of its activity and is invited to the enthusiastic letters of thanks from the commanding officers of numerous ships' companies.

You suggested that in the future only through the Red Cross would you be willing to permit the acceptance of sweaters and other garments by the Navy, though you added that this would not bar the acceptance of garments from church and other charitable and patriotic societies save the comforts committee of the Navy League of the United States.

The comforts committee of the Navy League of the United States is earnest in the purpose to leave no stone unturned to continue its efforts to aid in alleviating the discomforts and hardships of the men who are so gallantly striving in defense of our common country.

It asks you, therefore, to state to it, and through it to the 300,000 women associated with it in its activities, whether the attitude above set forth is that which you have finally determined to adopt.

I have the honor to be, Mr. Secretary,

Very respectfully, yours,

MABEL O'LAUGHLIN, Secretary.

Mr. SHAFROTH. Mr. President, I understand that various organizations have presented garments made for sailors, and the Secretary of the Navy requested that they should tender them through the Red Cross, that this has been done, and that everybody else seems to be satisfied.

Mr. President, if there is to be a number of organizations attempting the distribution, and as the Navy Department has not the help and has not the bureau through which it will be necessary to make the distribution, it can readily be seen that confusion must follow. No matter what might have been the reason or the cause of the organization of the receiving and distributing bureau of the Red Cross, everybody must concede that it is eminently proper that it should have been organized. There should be one organization to receive and distribute these garments and only one. It can readily be seen that some ships might have twice or three or four times as much as was needed of a given article, which might be sent to a point where there would be lack of communication with any other ship, and another ship might have absolutely nothing given to it, unless there was one central organization.

That central organization has been designated by the Red Cross. As I said, its accounts are audited by the War Department of the United States Government. It has been recognized by acts of Congress. Its president is the President of the United States. The chairman of its board of directors is ex-President William H. Taft. There is no politics in an organization such as the Red Cross. If there are to be some other organizations that are perfectly independent, you can see what confusion must result. It will not be long before the ladies' auxiliary of the Masons, of the Knights of Columbus, of the Odd Fellows, of the Young Women's Christian Association, Daughters of the Revolution, and various other organizations running up to the thousands, will be sending to the Secretary of the Navy these garments. The Secretary of the Navy is here in Washington, and the ships land only at seaports. He has to express the garments to the particular ship and Congress has made no appropriation for a bureau to undertake the task. The work involved is no easy task, but hundreds of persons will be needed to carry it on.

Here is an organization that has had \$100,000,000 given to it by the people of the United States of all denominations and of all classes. It is absolutely nonpartisan. It has the direction of the relief of our soldiers in the field. It has complete and reliable information, and will through its agencies have a system of reporting better than any other organization. While the Navy



League is a most excellent organization, and the ladies themselves no doubt are doing most patriotic work, yet they are not established over the United States like the Red Cross.

I have been told that the Red Cross has 4,000,000 members and has an organization in every town in the United States. Now, the Navy League or the Navy League Auxiliary no doubt has some organizations along the Atlantic and the Pacific and the Gulf coasts; but when you go into the interior as a usual rule it does not extend there. You ought to have one organization, and that organization ought to reach to every town in the United States, and then if there are too many garments of a certain kind being made they can send them in a certain other direction. It is just as in case of war; you can not have a dozen people conducting it. It must be all under one head. In the same way the manufacture and distribution of these articles is better under one control.

I do not care what the disputes have been. There has been a Red Cross organization for this very work, and the Navy Department, not having any such organization and not having been provided by the Congress of the United States with any means for undertaking this great work, it seems to me it is folly to distribute these garments except through the Red Cross. Secretary Daniels deserves great credit for devising such an excellent organization for this work.

For these reasons I hope the amendment offered by the Senator from North Carolina, which says "through the Red Cross," will prevail. Then you will have a complete organization, complete method of manufacture, complete harmony of design as to what shall be manufactured, and perfect distribution.

Under those circumstances it seems to me the amendment ought to be adopted.

Mr. SWANSON. Mr. President, I had hoped that this controversy would not be projected into the Senate. I had hoped that people had enough love for the Navy and enough patriotic sentiment not to project this controversy into the Senate.

What is this controversy? I am going to state it to the Senate plainly and clearly. There is no difficulty about all of the relief that anybody will furnish the sailors being given to them and received by them. Every gift, all clothes, all money, all tobacco, all relief which the patriotic and generous people of America will give to the Navy through any agency to be provided or that is already provided will be received by the Navy.

Now, what is the issue that is projected here? It is an issue between the Secretary of the Navy and the officials of the Navy League—not the Navy League itself but its officials.

How was this fight precipitated? Who is at fault in this fight between the Secretary of the Navy and the officials of the Navy League? Now, let us see.

Mr. LA FOLLETTE. Mr. President, will the Senator name the officials of the Navy League?

Mr. SWANSON. I do not know all the officials.

Mr. LA FOLLETTE. Will the Senator name those that he knows there is a contest between?

Mr. SWANSON. There is a contest between Col. Thompson and the Secretary and the directors.

Mr. OVERMAN. Col. Thompson—that is the man.

Mr. LA FOLLETTE. I did not get the name.

Mr. SWANSON. Col. Thompson and others. I do not know all of them.

Now, what is this issue? I want to appeal to the Senate to do what is right in this matter, if it loves its Navy. What is this issue?

There was an unfortunate incident at Mare Island. There was a conspiracy by—

Mr. OVERMAN. Mr. President will the Senator yield to me?

Mr. SWANSON. Yes.

Mr. OVERMAN. I want to suggest the absence of a quorum. I think this discussion ought to be heard. I therefore suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from North Carolina suggests the absence of a quorum. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Johnson, Cal.	Overman	Smith, Ga.
Brady	Jones, N. Mex.	Page	Smith, S. C.
Brandegee	Jones, Wash.	Phelan	Smoot
Calder	Kellogg	Pittman	Sterling
Chamberlain	Kendrick	Poinexter	Stone
Culberson	Kenyon	Pomerene	Swanson
Cummins	Kirby	Ransdell	Trammell
Curtis	La Follette	Reed	Underwood
Dillingham	Lewis	Robinson	Wadsworth
Fall	McCumber	Saulsbury	Warren
Frelinghuysen	McKellar	Shafer	Watson
Hale	McKellar	Sheppard	Williams
Harding	Martin	Shields	Wolcott
Hollis	New	Simmons	
Husting	Norris	Smith, Ariz.	

Mr. UNDERWOOD. I desire to announce the unavoidable absence of the junior Senator from Mississippi [Mr. VARDAMAN] on account of important business.

Mr. FRELINGHUYSEN. I announce the unavoidable absence of my colleague [Mr. HUGHES] on account of illness.

The PRESIDING OFFICER. Fifty-eight Senators have answered to their names. There is a quorum present.

Mr. HOLLIS. Mr. President—

The PRESIDING OFFICER. The Senator from Virginia has the floor.

Mr. HOLLIS. Will the Senator yield to me for the purpose of raising a point of order on this amendment?

Mr. SWANSON. Yes; at the proper time; but I should like to discuss it first. I will yield later.

Mr. HOLLIS. It seems to me useless to discuss this matter all the afternoon if it is out of order. The amendment offered by the Senator from Kansas, to which the Senator from North Carolina offers an amendment, is clearly out of order under Rule XVI, on page 18, section 3, which provides:

No amendment which proposes general legislation shall be received to any general appropriation bill.

The precedents are full of cases of this kind. The very first one in Gilfr's Precedents, on page 71, was a very similar amendment to the Army bill, and was a proviso, as follows:

And provided further, That during the existence and operation of the foregoing restrictions upon any United States soldier appearing at the polls to keep the peace it shall not be lawful for any other man to carry a deadly weapon—

And so forth. That was ruled out of order as being general legislation on an appropriation bill.

This bill is to appropriate money for the support of the Government. The amendment is general legislation that will operate long after these appropriations have been spent. It is a general provision compelling or authorizing the Secretary of the Navy, from this time forth until the statute is repealed, to receive these articles. In the interest of saving time, I raise the point of order and ask that it be passed upon.

Mr. SWANSON. Mr. President, I am satisfied that the point of order is well taken. I am willing to withhold my speech until the point of order is ruled upon. If it is not sustained, then I shall wish to state the position of the Naval Committee on this question, which I think is absolutely right. At the conclusion of my remarks I contemplated making the point of order. This is certainly a condition which does not now exist. It seems to me that with the amendments venturing on a field of conditions which do not now exist in the Navy the amendment offered by the Senator from Kansas is clearly out of order, and the point of order is therefore well taken, and the amendment should be declared not in order. I will yield in order to permit the question to be decided by the Senate.

Mr. CURTIS. Mr. President, I do not see how this amendment can be declared general legislation. It is not general in its nature at all. It simply authorizes the Secretary to receive certain gifts that may be made. It was considered by the committee, and it has been reported here from a standing committee of the Senate.

Mr. SWANSON. Mr. President, will the Senator permit me to interrupt him?

Mr. CURTIS. Certainly.

Mr. SWANSON. It is general legislation, because it appertains to the entire Navy. It is general as far as the Navy can be general. There is no special legislation as to the Navy. It includes the entire Navy.

Mr. CURTIS. There is only one Navy Department.

Mr. SWANSON. Of course there is only one Navy Department, and if legislation can be general, this is general.

Mr. CURTIS. Instead of being general, it is more likely to be special legislation.

The PRESIDING OFFICER. The Chair sustains the point of order.

Mr. OVERMAN. The whole amendment goes out, then, as I understand?

The PRESIDING OFFICER. It goes out on the point of order.

The reading of the bill was resumed.

The next amendment was, under the subhead "Increase of the Navy," on page 72, after line 3, to strike out:

Toward the construction of additional torpedo-boat destroyers and for acquiring and providing facilities for their expeditious construction, to cost complete, including armor and armament and such other expenses as may be incidental thereto, not exceeding \$350,000,000, the sum of \$225,000,000: *Provided*, That the Secretary of the Navy is authorized to enter into contracts or otherwise to incur obligations for the purposes above mentioned not to exceed \$125,000,000 in addition to the appropriations herein and heretofore made.

The amendment was agreed to.



The next amendment was, on page 72, after line 12, to insert:

For acquiring and providing facilities for the expeditious construction of additional torpedo-boat destroyers, and for each and every purpose connected therewith, and toward their construction, to cost in all not more than \$350,000,000, \$225,000,000, or so much thereof as may be necessary, to be expended at the direction and in the discretion of the President.

The amendment was agreed to.

The next amendment was, on page 72, after line 19, to insert:

The President is hereby authorized and empowered to acquire or provide facilities additional to those now in existence for the construction of torpedo-boat destroyers, their hulls, machinery, and appurtenances, including the immediate taking over for the United States of the possession of and title to land, its appurtenance and improvements, which he may find necessary in this connection.

The amendment was agreed to.

The next amendment was, at the top of page 73, to insert:

That if said lands and appurtenances and improvements shall be taken over as aforesaid, the United States shall make just compensation therefor, to be determined by the President, and if the amount thereof, so determined by the President, is unsatisfactory to the person entitled to receive the same, such person shall be paid 75 per cent of the amount so determined by the President and shall be entitled to sue the United States to recover such further sum as added to said 75 per cent will make up such amount as will be just compensation therefor, in the manner provided for by section 24, paragraph 20, section 145, of the Judicial Code.

Upon the taking over of said property by the President, as aforesaid, the title to all property so taken over shall immediately vest in the United States.

The amendment was agreed to.

The next amendment was, under the head of "Department of the Interior," subhead "Contingent Expenses," on page 74, after line 12, to insert:

Capitol Grounds and Buildings: For the repair, equipment, and furnishing of the Maltby Building and other buildings owned by the United States fronting on B and C Streets, Arthur Place, and New Jersey Avenue NW., with a view to utilizing them for office purposes, including labor and material and each and every item incident thereto, said work to be done under the supervision of the Superintendent of the Capitol Building and Grounds, \$75,000: *Provided*, That the space fitted up for office purposes herein authorized shall be allotted and assigned by the Public Buildings Commission authorized in the sundry civil act for the fiscal year 1917: *Provided further*, That hereafter all public buildings and all space in the several public buildings owned or buildings leased by the United States in the District of Columbia, with the exception of the Capitol Building, the Senate and House Office Buildings, the Capitol power plant, and the Congressional Library, shall be from time to time assigned and allotted for the use of the several activities of the Government by the said Public Buildings Commission.

Mr. MARTIN. After that estimate was made Mr. Elliott Woods came to see me with a correction. He does not think the improvement can be made for \$75,000, and he simply desires to increase the amount to \$85,000. I send the amendment to the desk and ask that it be read.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The SECRETARY. In the committee amendment, line 20, page 74, strike out "\$75,000" and insert "\$85,000."

The amendment to the amendment was agreed to.

Mr. MARTIN. In line 4 on page 75, after the word "Library," the word "Building" ought to be inserted, so to read "Congressional Library Building." I move that amendment to the amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment was, under the subhead "Territory of Alaska," on page 76, after line 18, to insert:

Care and custody of insane, Alaska: For care and custody of persons legally adjudged insane in Alaska, including transportation and other expenses, \$29,000.

The amendment was agreed to.

The next amendment was, under the head of "Postal Service," subhead "Out of the postal revenues," on page 78, after line 21, to insert:

#### OFFICE OF THE POSTMASTER GENERAL.

The Postmaster General is authorized to continue the rental of the buildings at First and K Streets NE., Washington, D. C., known as the Post Office Department Annex, for the use of the Post Office Department, including the mail-bag repair shop and lock-repair shop, at the rate of \$32,000 per annum, until such time during the fiscal year ending June 30, 1918, as the new equipment shops building now being constructed is ready for occupancy, and such sum as may be necessary for that purpose is hereby appropriated.

The amendment was agreed to.

The PRESIDING OFFICER. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, which will be stated.

The SECRETARY. A bill (H. R. 2316) to promote export trade, and for other purposes.

Mr. POMERENE. I ask that the unfinished business be temporarily laid aside pending the consideration of the present appropriation bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The reading of the bill was continued.

The next amendment was, under the subhead, "Naturalization Service," on page 83, line 20, after the word "years," to strike out:

*Provided further*, That all mail matter, of whatever class, relating to naturalization, including duplicate papers required by law or regulation to be sent to the Bureau of Naturalization by clerks of State or Federal courts, addressed to the Department of Labor, or the Bureau of Naturalization, or to any official thereof, and indorsed "Official business," shall be transmitted free of postage, and by registered mail if necessary and so marked: *Provided further*, That if any person shall make use of such indorsement to avoid payment of postage or registry fee on his or her private letter, package, or other matter in the mail, the person so offending shall be guilty of a misdemeanor and subject to a fine of \$300, to be prosecuted in any court of competent jurisdiction.

So as to make the clause read:

For an additional amount for allotment to clerks of courts for clerical assistance in naturalization proceedings in accordance with the provisions of the sundry civil appropriation act for the fiscal year 1918, \$30,000: *Provided*, That the allotment for the foregoing purpose heretofore made from the appropriation of \$275,000 for naturalization expenses for the fiscal year 1918 shall not be reduced during the said fiscal year.

The amendment was agreed to.

The next amendment was, under the head of "Legislative," on page 84, after line 17, to insert:

#### SENATE.

To pay Lola A. Lane, widow of Hon. Harry Lane, late a Senator from the State of Oregon, \$7,500.

The amendment was agreed to.

The next amendment was, on page 84, after line 20, to insert:

To enable the Secretary of the Senate to pay from the appropriation for 1917 for compensation of officers, clerks, messengers, and others: Russell Wrede, messenger to the Committee on Expenditures in the Department of Commerce, from March 13 to April 3, 1917, at the rate of \$1,200 per annum.

The amendment was agreed to.

The next amendment was, on page 85, after line 4, to insert:

For miscellaneous items, exclusive of labor, fiscal year 1917, \$15,000.

The amendment was agreed to.

The next amendment was, on page 85, after line 6, to insert:

Senate Office Building: For maintenance, miscellaneous items and supplies, and for all necessary personal and other services for the care and operation of the Senate Office Building, under the direction and supervision of the Senate Committee on Rules, fiscal year 1917, \$2,000.

The amendment was agreed to.

The next amendment was, on page 85, after line 12, to insert:

Authority is hereby given to expend not to exceed \$250 of the appropriation of \$35,000 to pay the necessary expenses of the inaugural ceremonies made in the act approved February 3, 1917, regardless of the provisions of section 1765 of the Revised Statutes.

The amendment was agreed to.

The next amendment was, on page 85, after line 18, to insert:

For the Capitol: For repairs, improvements, and equipment for Senate kitchens and restaurants, Capitol Building and Senate Office Building, including personal and other services, to be expended by the Superintendent of the Capitol Building and Grounds, under the supervision of the Committee on Rules, United States Senate, fiscal year 1917, \$2,500.

The amendment was agreed to.

The next amendment was, on page 86, after line 2, to insert:

For payment to Joseph S. McCoy for expert services as actuary and statistician rendered the Senate Committee on Finance during the first session of the Sixty-fifth Congress, \$1,600.

The amendment was agreed to.

The next amendment was, on page 86, after line 6, to insert:

To reimburse the Official Reporters of the proceedings and debates of the Senate for moneys actually and necessarily expended by them from March 5, 1917, to September 15, 1917, \$3,905.82.

The amendment was agreed to.

The next amendment was, on page 86, after line 11, to insert:

The joint subcommittee heretofore appointed under Senate joint resolution No. 60 (public resolution No. 25, Sixty-fourth Congress), approved July 20, 1916, entitled "Joint resolution creating a joint subcommittee from the membership of the Senate Committee on Interstate Commerce and the House Committee on Interstate and Foreign Commerce to investigate the conditions relating to interstate and foreign commerce, and the necessity of further legislation relating thereto, and defining the powers and duties of such subcommittee," be, and the same is, continued and is authorized to make its report to Congress on or before the first Monday in December, 1918.

The amendment was agreed to.

The next amendment was, under the head of "Government Printing Office," on page 87, after line 22, to insert:

To pay Charles C. Allen, messenger on night duty during the Sixty-fifth Congress, first session, for extra services, \$700.

The amendment was agreed to.

The next amendment was, under the subhead "Printing and binding," on page 88, after line 9, to insert:

For printing and binding for the War Department and its bureaus and offices, \$374,500.

The amendment was agreed to.

The next amendment was, under the head of "Judgments, Court of Claims," on page 89, line 5, after the words "session



in," to insert "Senate Document No. 93 and," and in line 8, after the words "of the," to strike out "State of Massachusetts and the judgment in favor of the," so as to make the clause read:

For payment of the judgments rendered by the Court of Claims, reported to Congress at its present session in Senate Document No. 93 and House Document No. 298, except the judgment in favor of the Louisville & Nashville Railroad Co., namely:

The amendment was agreed to.

The next amendment was, on page 89, line 12, after the words "War Department," to strike out "\$43,060.01" and insert "\$936,878.40," so as to make the clause read:

Under the War Department, \$936,878.40.

The amendment was agreed to.

The next amendment was, on page 89, line 15, after the words "In all," to strike out "\$53,995.60" and insert "\$947,813.99," so as to make the clause read:

In all, \$947,813.99.

The amendment was agreed to.

The next amendment was, at the top of page 97, to insert:

#### AUDITED CLAIMS.

SEC. 3. That for the payment of the following claims, certified to be due by the several accounting officers of the Treasury Department under appropriations the balances of which have been exhausted or carried to the surplus fund under the provisions of section 5 of the act of June 20, 1874, and under appropriations heretofore treated as permanent, being for the service of the fiscal year 1914 and other years, unless otherwise stated, and which have been certified to Congress under section 2 of the act of July 7, 1884, as fully set forth in Senate Document No. 89, reported to Congress at its present session, there is appropriated as follows:

#### CLAIMS ALLOWED BY THE AUDITOR FOR THE TREASURY DEPARTMENT.

For care of seamen, Public Health Service, \$83.  
For field investigations of public health, \$5.  
For salaries and expenses of agents and subordinate officers of Internal Revenue, \$44.  
For refunding taxes illegally collected, \$146,729.16.  
For redemption of stamps, \$4,886.89.  
For payment of judgments against internal-revenue officers, \$3,424.94.  
For pay of crews, miscellaneous expenses, etc., Life-Saving Service, \$172.20.

#### CLAIMS ALLOWED BY THE AUDITOR FOR THE WAR DEPARTMENT.

For pay, etc., of the Army, \$1,613.37.  
For extra-duty pay to enlisted men as clerks, etc., at Army Division and Department Headquarters, \$964.80.  
For mileage to officers and contract surgeons, \$77.50.  
For incidental expenses, Quartermaster Department, \$23.45.  
For transportation of the Army and its supplies, \$26,530.16.  
For medical and hospital department, \$120.42.  
For headstones for graves of soldiers, 1916, \$5.27.  
For National Home for Disabled Volunteer Soldiers, Northwestern Branch, \$1.

#### CLAIMS ALLOWED BY THE AUDITOR FOR THE NAVY DEPARTMENT.

For pay, Marine Corps, \$131.32.  
For gunnery exercises, Bureau of Navigation, \$20.  
For maintenance of naval auxiliaries, Bureau of Navigation, 1916, \$45.88.  
For ordnance and ordnance stores, Bureau of Ordnance, \$5,574.75.  
For pay of the Navy, \$4,484.75.  
For maintenance, Bureau of Supplies and Accounts, \$95.03.  
For freight, Bureau of Supplies and Accounts, \$95.34.  
For indemnity for lost clothing, \$148.76.  
For indemnity for lost property, Naval Service, \$1,587.57.

#### CLAIMS ALLOWED BY THE AUDITOR FOR THE INTERIOR DEPARTMENT.

For Geological Survey, \$1.75.  
For General Grant National Park, 1917, 45 cents.  
For Rocky Mountain National Park, 1917, \$2.43.  
For purchase and transportation of Indian supplies, 1916, \$1,043.40.  
For purchase and transportation of Indian supplies, \$158.80.  
For support of Sioux of different tribes, subsistence and civilization, South Dakota, \$20.09.

#### CLAIMS ALLOWED BY THE AUDITOR FOR THE STATE AND OTHER DEPARTMENTS.

For transportation of diplomatic and consular officers, 1917, \$1,925.37.  
For contingent expenses, foreign missions, 1917, \$55.  
For contingent expenses, United States consulates, \$46.33.  
For relief and protection of American seamen, 1917, \$11,055.93.  
For support of convicts, District of Columbia, 1917, \$2,183.90.  
For general expenses, Forest Service, \$19.  
For general expenses, Bureau of Standards, \$87.38.  
For general expenses, Lighthouse Service, \$153.98.  
For contingent expenses, Department of Commerce and Labor, 10 cents.  
For inspection of prisons and prisoners, 1917, \$144.70.  
For fees of clerks, United States courts, 1917, \$7,399.80.  
For fees of commissioners, United States courts, \$91.60.  
For miscellaneous expenses, United States courts, \$32.20.  
For supplies for United States courts, 1917, \$99.80.  
For United States penitentiary at McNeil Island, Wash., 1917, \$76.46.

#### CLAIMS ALLOWED BY THE AUDITOR FOR THE POST OFFICE DEPARTMENT.

For indemnities, international registered mail, \$117.57.  
For freight on stamped paper and mail bags, \$148.94.  
For shipment of supplies, \$43.01.  
For star-route service, \$19.91.  
For compensation to postmasters, \$135.41.  
For railroad transportation, \$528.73.  
For inland-mail transportation, \$197.29.  
For Rural Delivery Service, \$1.31.  
For rent, light, and fuel, \$184.66.  
For twine and tying devices, \$21.11.

For power-boat service, \$15.  
For special-delivery service, fees, \$1.04.  
For reimbursement for amount paid for loss of two boxes of supplies, and covered into the Treasury, \$18.

Mr. MARTIN. In line 9, page 97, there was an error. I move that "1914" be stricken out and in lieu thereof that "1915" be inserted, so as to read "for the fiscal year 1915."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment was, on page 101, line 7, to change the number of the section from 3 to 4.

The amendment was agreed to.

The next amendment was, on page 101, line 12, to change the number of the section from 4 to 5.

The amendment was agreed to.

The next amendment was, on page 101, line 22, to change the number of the section from 5 to 6.

The amendment was agreed to.

The next amendment was, on page 102, line 5, to change the number of the section from 6 to 7.

The amendment was agreed to.

The next amendment was, on page 103, line 1, to change the number of the section from 7 to 8.

The amendment was agreed to.

The next amendment was, on page 103, after line 15, to insert:

SEC. 9. That section 6 of the legislative, executive, and judicial appropriation act, approved May 10, 1916, as amended by the naval appropriation act, approved August 29, 1916, shall not apply to teachers in the public schools of the District of Columbia who are also employed as teachers of night schools and vacation schools.

The amendment was agreed to.

Mr. ROBINSON. Are the committee amendments concluded?

Mr. MARTIN. That is the last committee amendment.

Mr. SMITH of Georgia. I ask the Senator from Arkansas if he will yield to me.

Mr. ROBINSON. I yield to the Senator from Georgia.

Mr. SMITH of Georgia. I may have to leave the Hall, and I desire to offer an amendment at this time to come in on section 3, with reference to the Federal board for vocational education. Before the amendment is read I wish to say that there is no appropriation. We have in the general vocational law an appropriation of \$200,000 to be used by the board for certain administrative purposes. This amendment broadens a little the administrative purposes. The House broadened it somewhat, but this makes it more specific. It is absolutely essential that they shall rent their own quarters now, because while originally it was supposed that they would be furnished quarters in existing space everything is crowded. We add nothing to the \$200,000 which is carried in the general appropriation, but liberalize somewhat the use of the money.

Mr. MARTIN. I have no objection to the amendment offered by the Senator from Georgia.

The PRESIDING OFFICER. It will be read.

The SECRETARY. On page 3, line 9, after the word "periodical," strike out the word "and," and, in line 10, before the period, insert a comma and the following:

rental of quarters in the District of Columbia, from September 1, 1917; traveling expenses, including attendance at meetings of educational associations, societies, and other organizations, and all other necessary miscellaneous expenses, not included in the foregoing; and the Federal Board for Vocational Education is hereby authorized to expend out of such appropriation such amounts as may be necessary for studies, investigations, and reports in cooperation with other Government agencies, or otherwise, in regard to the vocational training of disabled soldiers and sailors, and in regard to the vocational training of mechanics and technicians for war service. In any State the legislature of which met in 1917 and failed for any reason to accept the provisions of the vocational education act, as provided in section 5 of said act, if the governor of that State, so far as he is authorized to do so, shall accept the provisions of said act and designate or create a State board of not less than three members to act in cooperation with the Federal Board for Vocational Education, and shall designate the State treasurer as custodian for all moneys allotted to that State under said act, the Federal board shall, if such legislature took no adverse action on the acceptance of said act in 1917, recognize such State board for the purposes of said act until the legislature of that State meets in regular session in due course and has been in session 60 days.

The amendment was agreed to.

Mr. ROBINSON. I offer an amendment and ask to have it read.

The PRESIDING OFFICER. It will be read.

The SECRETARY. On page 84, after line 16, insert the subhead "United States Employment Service" and the following:

To enable the Secretary of Labor to carry into effect the purpose specified in the act approved March 4, 1913, entitled "An act to create a Department of Labor" by advancing the opportunities of wage earners for profitable employment, to wit: For salaries of officers and employees in the District of Columbia and elsewhere, per diem in lieu of subsistence at not exceeding \$4, traveling expenses, rental of quarters in the District of Columbia and elsewhere, including repairs and alterations thereto, contingent expenses, fuel, heat, light, telephone and tele-



graph service, purchase of typewriters, adding machines, and other labor-saving devices, and all other miscellaneous items and necessary expenses not included in the foregoing, \$500,000, to be expended under the direction of the Secretary of Labor: *Provided*, That the officers, clerks, and employees of the Division of Information in the Bureau of Immigration are hereby transferred to the United States Employment Service, at Washington, D. C.

Mr. ROBINSON. Mr. President—

Mr. HOLLIS. This is a matter of very great importance and there are less than 20 Senators in the Chamber. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from New Hampshire suggests the absence of a quorum. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Brady	Johnson, Cal.	Norris	Shields
Chamberlain	Jones, N. Mex.	Overman	Simmons
Culberson	Jones, Wash.	Page	Smith, Ariz.
Cummins	Kellogg	Penrose	Smith, S. C.
Curtis	Kenyon	Phelan	Smoot
Dillingham	King	Pittman	Sterling
Fletcher	La Follette	Polindexter	Swanson
Frelinghuysen	Lewis	Pomerene	Trammell
Gerry	McCumber	Ransdell	Underwood
Hale	McKellar	Reed	Wadsworth
Harding	McNary	Robinson	Warren
Hollis	Martin	Shafroth	Williams
Husting	New	Sheppard	Wolcott

Mr. UNDERWOOD. I desire to announce the unavoidable absence of the junior Senator from Mississippi [Mr. VARDAMAN], on account of important business.

The PRESIDING OFFICER. Fifty-two Senators have answered to their names. There is a quorum present. The Senator from Arkansas will proceed.

Mr. ROBINSON. Mr. President, I realize that many Senators are compelled to be absent from the floor on account of conferences on important bills which have not yet been disposed of. I express the hope that as many Senators as find it practical to do so will remain in the Chamber for a few minutes while the purposes and importance of this amendment are disclosed.

I regard it as one of the most important items to be considered in connection with the pending legislation. It is in every proper sense an emergency measure appropriate to be carried in the pending bill. It contemplates providing a fund of \$750,000 for the use of the Employment Bureau in the Department of Labor, primarily for the purpose of carrying out the provisions of the act of March 4, 1913, creating the Department of Labor. That act declares its fundamental purpose to be as follows:

The purpose of the Department of Labor is to foster, promote, and develop the welfare of wage earners of the United States, to improve their working conditions, and to advance their opportunities for profitable employment.

The measure is important at this time and possesses an emergency character by reason of the fact that in many of the industries necessary for the prompt and efficient conduct of the war there is now an enormous shortage of laborers. Take, for instance, the shipbuilding industry. In one shipyard alone there is a shortage of 30,000 laborers; in two other shipyards soon to begin construction work there will be, within a few days, a shortage of 30,000 more, and in all probability in this industry there is a shortage of more than 100,000 laborers.

I use this merely as an illustration, for the Employment Bureau has not confined and will not confine its activities to the securing of employment in any one important branch of industry. Its activities extend to all of them, including agriculture as well as manufacture.

The item has so far not received favorable consideration by those charged with the direct responsibility for this legislation on what I regard as erroneous theories. It has been stated that the purpose of the amendment or the provision contemplated by the amendment is to create a new bureau, and it has also been stated that it is not desired by anyone save the Secretary of Labor and his subordinates. I call to this subject the attention of the chairman of the committee in charge of the bill, and I propose to show during the course of this debate that the legislation is supported and advocated by the Civil Service Commission, by the War Department, the Navy Department, the Shipping Board, the Council of National Defense, and by unofficial organizations, including the American Federation of Labor and the Chamber of Commerce of the United States. I shall not take the time of the Senate to read all the indorsements and requests for this legislation. I repeat the statement that the letters which I ask to have inserted in the RECORD are unqualified indorsements of the amendment and express many and varied reasons why the amendment should be adopted.

Mr. KENYON. Mr. President—

Mr. ROBINSON. I yield to the Senator from Iowa.

Mr. KENYON. I should like to ask the Senator from Arkansas if the requests are as to the amount also?

Mr. ROBINSON. No, sir.

Mr. KENYON. How does the Senator arrive at the amount, which seems to me to be very large?

Mr. ROBINSON. I shall be very glad to answer the question of the Senator from Iowa. The letters from the Civil Service Commission, the War Department, the Navy Department, the Shipping Board, the Council of National Defense, the American Federation of Labor, and the Chamber of Commerce of the United States do not undertake to determine the amount necessary for the purposes involved in the amendment. The Secretary of Labor, however, reached a conclusion as to the amount necessary by the following calculation:

The cost of the United States Employment Service's work in the previous fiscal year was 65 cents per person found employment. The minimum rate charged by private employment agencies is \$2, more than three times as great. Estimating that an expanded business might permit reducing this rate to 50 cents per person found employment—the estimated needs of the Government and certain basic industries essential for war needs, which were known to approximate 1,500,000 workers—indicated a necessity for \$750,000 as a fund to carry on the service during the fiscal year.

That is the only information I am able to submit to the Senate concerning the amount that is required to carry on this work. The Secretary of Labor has estimated that there are required 1,500,000 additional workers necessary to carry on the various industries in which the Government is directly interested in order to properly and efficiently conduct the war, and that to accomplish that end and secure the 1,500,000 additional laborers it will require on an average 50 cents per person found employment, making a total of \$750,000.

Mr. President, I have a statement read before the Chamber of Commerce of the United States on September 20, 1917, when that body was in session at Atlantic City, N. J., by Admiral Bowles, heartily commending the Department of Labor for its activities in securing employment in connection with the Government service and particularly the shipping industry, and expressing also an opinion as to the necessities for this legislation. I ask that that statement be printed in the RECORD without reading, unless some Senator wishes to hear it read in detail.

The letter referred to is as follows:

[Statement from Admiral Bowles to be read by Meyer Bloomfield, Sept. 20, 1917, United States Chamber War Convention, Atlantic City.]

This notable convention, organized by the business men of America to consider the serious issues arising from the world war and ways to bring to the United States Government the support of organized business and industry, affords an unusual opportunity to make a statement which is pertinent to the purposes of the convention.

Only those who have been situated so as to follow the exertions of the United States Department of Labor in organizing the labor market, through its system of employment offices, so as to help farm, factory, railroad, and shipyard, employer and employee alike, with the opportunity to connect worker and work can appreciate in due measure the value and success of these efforts.

But for the far-reaching help of this department both our Government and private persons would have been obliged to create a war-time agency, costing probably millions of dollars to administer (to say nothing as to the adequacy of such an instrument), all for the purpose of bringing information, order, and proper help distribution in the employment field.

The vital national need of speedy shipbuilding has nowhere received a more telling support than it has from the officials of this department and its agents scattered throughout the Union. Such support has been beneficial in equal measure to the Government, the shipbuilder, and the worker, both skilled and unskilled.

It is due the United States Department of Labor to make this public acknowledgment of its large contribution in a time of national emergency.

Mr. ROBINSON. I have a copy of a resolution adopted by the Chamber of Commerce of the United States approving and recommending the legislation, which I ask be inserted in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution referred to is as follows:

#### XVII. EMPLOYMENT SERVICE.

Whereas in considering employment problems raised by the war the Chamber of Commerce of the United States finds imperative need for a common agency whereby employers may be connected with workers seeking employment; and

Whereas the evidence of business men who have used it agrees that the United States Employment Service of the Department of Labor as such an agency is lacking for war emergencies only because too limited in extent: Therefore be it

Resolved, That the Chamber of Commerce of the United States approves the usefulness of the United States Employment Service and recommends that Congress sustain the said service by ample appropriation and direct its immediate extension as a war measure.

Mr. ROBINSON. I have also a letter from the president of the Civil Service Commission, Hon. J. A. McIlhenny, discussing the subject in detail and expressing his favorable opinion concerning the importance of the legislation and the necessity for it. I ask that the letter of Mr. McIlhenny be inserted in the RECORD.

The PRESIDING OFFICER. Without objection, it will be so ordered.



The letter referred to is as follows:

UNITED STATES CIVIL SERVICE COMMISSION,  
Washington, D. C., September 17, 1917.

The honorable the SECRETARY OF LABOR.

SIR: This commission has received from the local offices of the United States Employment Service valuable assistance in locating men available for employment in mechanical trades and similar positions in navy yards and arsenals. It is believed that the Department of Labor can render a further assistance to the commission in its effort to obtain a sufficient number of stenographers and typewriters to meet the war needs of the Government. The demand for stenographers and typewriters is unprecedented in private business as well, and if the commission is to keep abreast of the increasing requisitions of the departments every agency which might help to increase the available supply must be employed.

The publicity which could be secured for the commission's examinations through the offices of the United States Employment Service would be of the greatest value to the commission in its work. The commission has literature describing its examinations for stenographers and typewriter positions, which can be furnished for distribution in any reasonable quantity. When inquiry is made at an office of the United States Employment Service concerning employment as a stenographer and typewriter, if the needs of the Government in this line were brought to the attention of the inquirer and his mind relieved of any impression it may have received concerning the difficulty of the examination and supposed "red tape," it is believed that a number of additional applicants for stenographer and typewriter examinations would result. The commission requests that the department instruct its agents along this line.

The commission appreciates the assistance the Department of Labor has given it, and will be grateful for its further cooperation.

By direction of the commission.

Very respectfully,

J. H. McILHENNY, *President.*

Mr. ROBINSON. I next offer a letter of Secretary of War Baker, who signs a communication as chairman of the Council of National Defense. This letter was written September 13, 1917. It is brief and is as follows:

COUNCIL OF NATIONAL DEFENSE,  
Washington, September 13, 1917.

MY DEAR MR. SECRETARY: There was brought to the attention of the Council of National Defense at its meeting yesterday your plan for the expansion of the existing employment exchange system in the United States, and its details were given careful consideration.

The council heartily indorses the undertaking, and is of the opinion that it is essential as a war measure that such a project be inaugurated and an adequate appropriation provided as early as possible.

Very truly, yours,

NEWTON D. BAKER,  
*Chairman Council of National Defense.*

Hon. WILLIAM B. WILSON,  
*Secretary of Labor.*

I next read a letter from the Secretary of the Navy, dated September 24, 1917, and addressed to me:

THE SECRETARY OF THE NAVY,  
Washington, September 24, 1917.

MY DEAR SENATOR: In response to your request as to the value of the employment service of the Department of Labor, I desire to state that the exigencies of the war have called for a very large increase of skilled and unskilled workers in our navy yards and at naval stations. The Navy's demands have been much larger than can be obtained by the ordinary sources of supply. We have called upon the Labor Department, which has been effective, to secure for us labor of the character needed in the work the Navy is called upon to perform in making adequate preparations for the war in which we are engaged.

I should like the chairman of the committee to hear this communication. I ask his attention. The statement has been made elsewhere that no one desires or urges this legislation save the Secretary of Labor. I have already read into the Record the unqualified advocacy of the legislation from the president of the Civil Service Commission, the Secretary of War as chairman of the Council of National Defense, and the resolution adopted by the Chamber of Commerce of the United States, and I am now reading a letter from the Secretary of the Navy who gives the proposed amendment equally unqualified indorsement with that of the others I have already read. He proceeds:

The Navy Department has no organization comparable to that of the Labor Department for doing this work, and the officers of that department have responded with such alacrity to our request that I feel at liberty to suggest that such appropriation as may be necessary be made for them to continue that work, certainly during the war.

Sincerely, yours,

JOSEPHUS DANIELS.

Hon. JOSEPH T. ROBINSON,  
*United States Senate.*

I ask the attention of the Senate to a communication from Rear Admiral W. L. Capps, general manager of the Shipping Board. This communication is dated September 24, 1917, and is addressed to me:

EMPLOYMENT SERVICE OF THE DEPARTMENT OF LABOR.  
UNITED STATES SHIPPING BOARD,  
EMERGENCY FLEET CORPORATION,  
Washington, September 24, 1917.

Hon. JOSEPH T. ROBINSON,  
*United States Senate, Washington, D. C.*

MY DEAR SENATOR: In response to your inquiry as to the value of the employment service of the Department of Labor, I beg to say that the Emergency Fleet Corporation has entered into contracts for the construction of vessels under the authority of Congress, which, to accomplish the best results, require in the near future an increase of approximately 100,000 skilled and unskilled workmen in shipyards.

The Emergency Fleet Corporation has accordingly felt it absolutely essential to organize an "Industrial service department" for cooperation with its own contractors and all the shipyards of the United States

which are now completing the requisitioned vessels on behalf of the Government. This industrial service department is largely dependent upon the cooperation of the Department of Labor and its employment service. The situation is an exigency of the first importance, and I earnestly request that the Department of Labor may be supplied with ample funds for this purpose as a war measure.

Very truly yours,

W. L. CAPPS, *General Manager.*

Mr. President, that letter is from one who is in a position to know something of the necessity for this legislation as it will affect the shipbuilding plans of the United States. The statement is contained that there is now a necessity for an additional number of skilled and unskilled laborers in that industry alone of 100,000 men, and that it is necessary that the shipbuilding program be carried forward through cooperation with this bureau in the Department of Labor. The situation he states is an emergency and requires prompt action on the part of Congress.

I have also a letter from the Secretary of Labor, Hon. W. B. Wilson, which is addressed to a member of the Committee on Appropriations, which I ask to have inserted in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter referred to is as follows:

SEPTEMBER 24, 1917.

Hon. FRANCIS E. WARREN,  
*United States Senate, Washington, D. C.*

MY DEAR SENATOR: It is with a feeling of genuine regret that I have observed the omission by the House from the pending urgent deficiency bill of the item of \$750,000 which was requested for the maintenance of the United States Employment Service.

I am conscious of the desire of Congress to restrict the scope of this bill to items that have a distinct and vital bearing upon the Government's participation in the war, and it is in an effort to persuade you of the fact that this item comes clearly and precisely within that category that I address you on the subject.

May I not, in the first place, invite your particular attention to the accompanying copy of a communication from the Secretary of War in his capacity as chairman of the Council of National Defense, certifying to the fact that this item is "essential as a war measure"?

That there is, generally speaking, an abundance of employment for all available workers at the present moment may be freely conceded, but without that guiding influence which the Federal Government alone is able to exercise it is highly probable that available man power in one community may not be brought into touch with opportunities for employment in another. Take, for instance, the situation which exists in the Middle West during the harvest season. There the demand for men greatly exceeds the supply. At the same time at many points along the Atlantic seaboard there are large numbers of men out of work. It is in the bringing together of these two factors that the United States Employment Service has been particularly effective. Obviously the agencies of the several States are unable to carry on this work beyond the jurisdiction of their own boundaries. It has been the aim of the department, therefore, to take up the work where the different States leave off and by a system of hearty cooperation to work out a closely knit organization which will prevent large numbers of workers remaining in idleness in one State of the Union while in another there is profitable employment to be had for the asking.

In accordance with that provision of the act creating the Department of Labor which authorizes it to advance the opportunities of wage earners for profitable employment, and the terms of section 40 of the immigration act, there has been developed, as an adjunct of the Immigration Service, the nucleus of a Federal Employment Service. Without recounting in detail the achievements of this branch of the department, I wish to submit for your information a few of its undertakings that are particularly relevant to the production of foodstuffs and other supplies for the maintenance of our people and the troops on the other side.

It placed some 290,000 persons in profitable employment during the fiscal year ending June 30, 1917, in addition to several thousand who were directed to agricultural pursuits during the harvest season.

It made a complete canvass of the Nation's available supply of shipwrights at the request of the Shipping Board, and registered 17,000 competent workers within four days. There was no other agency known to the Federal Government which was in a position to handle this matter with equal facility and dispatch.

It has provided sufficient labor to handle the entire crop in the principal wheat-growing States of the Middle West without loss, notwithstanding a serious shortage of help for this purpose was estimated to exist.

It is supplying necessary help to contractors engaged in the construction of Army cantonments and training camps.

It is directing labor to navy yards, factories, and shops that are working upon supplies for our Army and Navy.

It is cooperating with the Civil Service Commission in supplying office help to the various departments of the Government.

The War and Navy Departments, the War Industries Board, the Shipping Board, and the Food and Fuel Administrations are placing large contracts which can be completed only in the event that the available labor supply is forthcoming. The United States Employment Service is the only branch of the Federal Government to which the contractors and the departments can turn for the necessary assistance.

It is apparent that if the wants of our soldiers and sailors are to be supplied, the maximum production must be attained on the farms and in the factories of this country. Real efficiency here is essential to our successful prosecution of the war. It is the aim of the department to prevent any stoppage of work in war industries because of a shortage of labor.

Upon a further consideration of this matter I trust that the Senate may be disposed to accept as an amendment to the pending bill the item proposed for the maintenance and extension of this most important work.

Respectfully, yours,

W. B. WILSON, *Secretary.*

Mr. ROBINSON. I now produce a letter of September 25, 1917, from Samuel Gompers, who, as everyone here knows, is the president of the American Federation of Labor, and who is also



chairman of the committee on labor of the advisory commission of the Council of National Defense. I ask that the Secretary may read his letter.

The PRESIDING OFFICER. Without objection, the Secretary will read as requested.

The Secretary read as follows:

WASHINGTON, D. C., September 23, 1917.

Hon. JOSEPH T. ROBINSON,  
United States Senate, Washington, D. C.

DEAR SIR: I very greatly regret that the deficiency bill now before your committee does not carry the item appropriating \$750,000 for the United States Employment Service, which the Secretary of Labor requested. However, the failure of the House Committee on Appropriations to include this item does not preclude your committee from taking this greatly needed constructive action.

The American Federation of Labor is deeply interested to have the system of employment exchanges in the Department of Labor made completely national and increasingly efficient. The members of the American Federation of Labor have pledged and are giving their loyal service to the Government. To enable them with the slightest delay and economic waste to place their energies and trained abilities at productive effort a perfectly adjusted machine is vitally and fundamentally necessary, and the United States employment service is potentially such an agency.

I have been familiar with the splendid development of this service through several years. It has become invaluable to the best interests of industry. Now that the regular course of orderly events is disturbed by the pressure of war demands, such an employment service is as vitally necessary to our people as the similar service in England has proven to be to their industries.

Plans may be drawn for ships, but it must be realized that ships will not be built unless men are found to build them. Industries will be projected in vain unless behind the lathes and furnaces and at every guiding lever stands a trained and loyal American workman. The members of the Federation offer their services unreservedly; but in order to make their services freely and fully effective liberal support by Congress of this employment work of the Department of Labor is imperative.

In the interest of our Government in this crucial time, I trust you will bring this matter to the favorable attention of the committee. Small as it is, the appropriation meets as important a war need as anything your honorable body has acted upon this session. Unless adequate provision is made for this purpose, as president of the American Federation of Labor as well as chairman of the committee on labor of the advisory commission of the Council of National Defense, I shall be deeply concerned for the success of the Government's construction program. My apprehension is shared by many.

Very respectfully, yours,

SAML. GOMPERS,  
President American Federation of Labor.

Mr. ROBINSON. Mr. President, I have a number of other letters from quasi-official organizations strongly urging and advocating this legislation, but the statements already read into the RECORD emphatically disclose that everyone connected with the public defense who is in a position to know the needs of the Government for additional men in the industries indispensable in connection with the carrying on of war strongly urges and advocates this legislation. It is not, Mr. President, an effort to create a new bureau. The service is already in existence, and has been in operation for a period of about 10 years. There are now in the United States something like 100 offices, located in various portions of 32 of the States; it is a well-organized service of national extent. The business men have used it, the Chamber of Commerce of the United States has declared it a beneficial organization, and the heads of the Navy Department, of the War Department, and of the Civil Service Commission have declared in favor of an adequate appropriation to enable it to properly carry on its functions.

Mr. President, it has been said, and no doubt will be repeated, that there are other departments that may, if they have need for this service, set up bureaus of their own. Funds which are given to the other departments are appropriated, Mr. President, for specific uses. We have given liberally to the War and Navy Departments for the war needs of the Nation—it is right that we should be liberal in providing for these purposes—but the sums we have given and are giving are all limited to special uses and can not be legally used for employment bureaus. But granting, for the sake of the argument, that other departments may employ their funds for such purposes, what would happen if they each undertook to set up an employment service?

Four competing bureaus, four sets of officers, four allotments of travel expense, printing, office rents, and four new bureaus, each having to learn a new trade. Gentlemen who wish to prevent the starting of new bureaus have a fine opportunity to do so by simply meeting the war emergency, declared by all these departments to exist, through an appropriation to carry on the United States Employment Service. The other course certainly does not mean economy, efficiency, or saving for the taxpayers.

If you rely on all of the various departments, whose demands for additional men are imperative in order that the war may be efficiently conducted, to establish employment agencies, you will not only have competition between them in securing the necessary results, but you will have an immense amount of duplication of work and a great increase in the cost of the

work. The sensible and the intelligent thing to do—and nobody can answer the argument—is to employ an agency which is already in existence and to develop and strengthen it so that it may accomplish the ends that are desired by all those who are charged primarily with the responsibility of carrying on the war.

It has been said that the appropriation is too great. That is a question for the Senate to determine. I challenge Senators now to say whether it is their purpose to deny the Shipping Board, the War Department, and the Navy Department, and the Civil Service Commission this useful utility, which has shown its value in the past by securing the men necessary to carry on the work which is indispensable that the United States may disclose to the world its ability to stand firmly and fight efficiently before the greatest enemy that ever arrayed itself against mankind. You have an opportunity now to do a practical thing, a thing that will result in great benefit to the service, something that will not result in needless waste of money. I appeal to the Senate to adopt this amendment.

Mr. HOLLIS. Mr. President, will the Senator from Arkansas yield to a question?

Mr. ROBINSON. I yield.

Mr. HOLLIS. Will the Senator state whether the appropriation which he recommends has been estimated for by the proper department?

Mr. ROBINSON. It has been. In reply to a question by the Senator from Iowa earlier in the debate, while the Senator from New Hampshire was temporarily called from the Chamber, I stated the way in which the conclusion was reached as to the amount necessary.

Mr. President, if it be admitted that this is a necessary service, my next proposition is that the present organization can not meet the demands of the existing exigency. Last year the employment service had about \$135,000. It has been operating in the Bureau of Immigration on a limited scale, on a peace footing. Its high-water mark of service was reached last fall. It was then placing about 20,000 persons in industry monthly. Because of the war demands of the Government largely, its work has increased to about 35,000 placements a month; 175 per cent.

Its funds have not increased a penny. Senators can readily calculate how long its funds will last. It will, in all probability, break down about the time the need for its services become the greatest, unless given funds now, even if it is not allowed to increase its personnel and make ready to really serve the national demands.

In addition to this, Mr. President, the public safety, as I have already indicated, demands this service. The shipyards especially need a Governmental employment service, able to guard against the irresponsible or the unfriendly. An example may illuminate the situation:

One shipyard, having about 6,000 workers, has now close to 2,500 in it of foreign birth. About 60 per cent of these men do not speak English. How many of them are loyal to American ideals nobody knows. How many of them are members of the I. W. W., nobody knows.

The United States Employment Service can aid greatly in guarding against such situations as that. On all accounts, this is a war measure of greatest importance, and should be adopted.

Mr. ASHURST. Mr. President, I ask that the Secretary may read the amendment which has been proposed by the Senator from Arkansas.

The PRESIDING OFFICER (Mr. Wolcott in the chair). The Secretary will read the amendment.

The SECRETARY. On page 84, after line 16, it is proposed to insert the following:

#### UNITED STATES EMPLOYMENT SERVICE.

Miscellaneous expenses, United States Employment Service: To enable the Secretary of Labor to carry into effect the purpose specified in the act approved March 4, 1913, entitled "An act to create a Department of Labor," by advancing the opportunities of wage earners for profitable employment, to wit: For salaries of officers and employees in the District of Columbia and elsewhere, per diem in lieu of subsistence not exceeding \$4, traveling expenses, rental of quarters in the District of Columbia and elsewhere, including repairs and alterations thereto, contingent expenses, fuel, heat, light, telephone and telegraph service, purchase of typewriters, adding machines, and other labor-saving devices, and all other miscellaneous items and necessary expenses not included in the foregoing, \$750,000, to be expended under the direction of the Secretary of Labor: *Provided*, That the officers, clerks, and employees of the Division of Information in the Bureau of Immigration are hereby transferred to the United States Employment Service, at Washington, D. C.

Mr. ASHURST. Thus, Mr. President, we observe that the Secretary of Labor, in the estimates which have been submitted to Congress, has estimated the sum of \$750,000 as being a requisite sum for this purpose. It would seem unnecessary for me or any other Senator to say anything on this subject after



the forceful and illuminating speech of the Senator from Arkansas [Mr. ROBINSON], the proponent of the amendment; but it so happens that for some days I have been giving special attention to this particular subject, and to the energies and activities of the Department of Labor generally, and have collated some data which I believe may be pertinent to the amendment.

#### PUBLIC-SERVICE RESERVE.

A most encouraging evidence of the patriotism of America when Congress declared war was the flood of offers, from every State, that poured into Washington from citizens who wished to be given some work to do for their country. They wrote, they telegraphed, they rode to the Capital on every train. They besieged every department, they bombarded the President, stormed the Capitol, and cannonaded the Council of National Defense. They were in earnest and were very welcome; but the Department of Labor did not know how to find what particular work they could do or find the right man when a job appeared and a man was needed. The department finally solved the puzzle and absorbed the congestion. The Public Service Reserve was organized—a real democratic organization. Equipped simply with a director, a staff of workers, and a set of files, the reserve has already taken over thousands of offers from the files of departments and is classifying them and rendering them available for every need of the Government. Now that it has been done, the mystery is that no one thought of doing it before. Instead of citizens going home feeling depressed and disheartened because they can find nowhere to serve the country, this service of the Department of Labor has provided a meeting place for needs and supply—a common ground where men of all degrees of capacity and attainments may unite in devoting themselves to the service of our country in winning the great war.

The utility of the Public Service Reserve will be very great. It is registering men, ascertaining their experience, training, capacity, and aptitudes for service. It is in touch with all the agencies of the Government likely to need men, whether volunteers or for compensation. It can supplement the regular employment agencies and the work of the Civil Service Commission by preparing reserves of competent workers against the time of need. Men once registered may thereafter go contentedly about their own affairs, knowing that the Department of Labor is seeking their niche and will advise them when their opportunity comes. In France, in England, in the lands of our other allies there scarcely may be found to-day a man who is not devoting his all to the cause of his country. The powers of resistance of our common foe is due in large measure to the complete consecration of the individual to the service of the State. If the United States is to win the war, it can not be done solely through superior resources in material and in numbers of men. To win an enduring triumph democracy must show its capacity to light the world with a purer and a whiter flame of patriotic devotion than autocracy can inspire.

#### UNITED STATES EMPLOYMENT SERVICE.

Ten years ago, as a phase of the Immigration Service's care of foreign homeseekers appearing at our ports, an office was opened in New York purposed to direct aliens to interior localities promising profitable employment and to prevent them from sinking into the city's slums. Little was accomplished until the newly created Department of Labor was given charge of immigration. Secretary Wilson saw in the toy Division of Information an opportunity for real public service. He blew into it the breath of life. He galvanized it into a reality. He made it a real tool for the benefit of society. To-day the United States Employment Service has 93 offices in 36 States and the District of Columbia, being unrepresented in only New Hampshire, Vermont, Connecticut, West Virginia, North Carolina, Kentucky, North Dakota, South Dakota, Iowa, Kansas, Oklahoma, and Wyoming. By agreement official cooperation is carried on with many State employment services. This is being done in the States of Maine, New York, New Jersey, Delaware, Louisiana, Arkansas, Illinois, Michigan, Wisconsin, Minnesota, Missouri, Nebraska, Texas, New Mexico, Oregon, Nevada, Arizona, and Washington. Similar cooperation is carried on with Connecticut, South Dakota, and Iowa from the nearest office of the service in contiguous States. In New Hampshire, Vermont, Rhode Island, District of Columbia, West Virginia, Ohio, Kentucky, North Dakota, Wyoming, and Montana cooperative agreements are under discussion.

As part of the service the administration undertook in 1915 to assist the harvesters in the corn and wheat belt of the Middle West. Last season about 75,000 workers were directed to the harvest fields. This year the demand for workers from every industry, the pressure upon farmers to plant an increased acreage, and the generally diminished labor supply in the wheat

belt combined to cause great national anxiety regarding the prospect of saving the crop. The Department of Agriculture made preliminary surveys, indicating an inadequacy in the labor reserve for farm work. Unless the United States Employment Service could rise to the occasion it seemed probable that the patriotic labor of the farmers who at the President's call had seeded the greatest grain acreage ever known would go for naught. The Employment Service called on the National Farm Labor Exchange, in which the service cooperates with the State employment offices in Oklahoma, Kansas, Nebraska, Missouri, Iowa, North Dakota, South Dakota, and with the railway commissioner within that territory and other interested agencies. Realizing the serious emergency, Commissioner General Caminetti placed a special agent in the field, with headquarters at Kansas City, put special assistants at work to aid him, and by arrangement with the Post Office Department, which gave splendidly effective cooperation, instituted a dragnet search for the necessary farm workers. Telegrams recently received from the affected States, which were published in the Official Bulletin, indicate the results achieved.

Missouri—"Labor conditions quite satisfactory." Nebraska—"Labor demand and supply about equal." Iowa—"Farm labor sufficient." Kansas—"Few calls for farm help now." Utah—"All right on farm help until September 25, at least."

The regular business of the service has grown at an amazing pace. The annual reports are as follows:

	Referred to employment.	Actually placed.
Fiscal year 1915.....	18,883	11,871
Fiscal year 1916.....	84,963	75,156
Fiscal year 1917.....	361,417	276,949

<sup>1</sup> May and June only.

The figures for the latter year are incomplete.

The monthly returns of placements in the service now show a ratio indicating that the fiscal year 1918 may total 400,000 wage earners placed in employment through this agency. When it is considered that production everywhere depends upon the labor supply and that a worker's sole capital is his skill and labor in production, the value of the service is manifest. No substitute for its aid exists. While manufacture, mining, transportation, and finance are well organized, the business of connecting workers and jobs has never been given general attention, and is utterly haphazard, disorganized, and without operating mechanics. The United States Employment Service supplies the needed machine. It is the vehicle that gives the employer skilled service in finding competent workers and assures the workers a job, if jobs exist. In the present national emergency such a service is beyond valuation. Without it our whole national structure may be endangered. It is useless to send men to the trenches of France if we can not assure a constant flow of weapons, ammunition, food, and clothing to sustain them. That assurance can not be given unless our supply of workers is so organized, trained, and mobilized that the best results shall be obtained from the effort of each worker. No days must be lost between jobs. No worker must be so overworked that he shall have to drop out of the race for production. Comprehensive, intelligent husbanding of our man power is essential if we Americans mean business. Such husbanding is entirely practical, thanks to the foresight of Secretary Wilson. The United States Employment Service is the instrument which assures a steady supply of workers in our manifold industries.

Mr. HOLLIS. Mr. President, I have had occasion recently to notice the value of the work done by the Department of Labor in the field of furnishing employees to employers who actually need them in this war period. There has been established in my own State, in Manchester, by the Department of Labor, a Federal employment office. I feared there might be some clash between the Federal department and the State department. So I communicated with the State commissioner of labor, a man of ability, who conducts his office in an entirely nonpartisan way, and placed him in touch with the Department of Labor. I have seen him within the last few days and he is very much pleased with the way in which the employment bureau of the Government has started out in New Hampshire and the good that it is likely to accomplish.

The time has gone by when laboring men should be left to drift around over the country or to stay at home where there is no employment, when there are jobs actually looking for the men, as there are to-day, and the Government would be very remiss if it did not undertake to bring the men and the jobs together. The case made out by the Senator from Arkansas [Mr.



ROBINSON], supplemented by the Senator from Arizona [Mr. ASHURST], seems to be so plain that I can hardly understand how the Senate can fail to adopt the amendment.

Mr. KENYON. Mr. President, I voted against this amendment in the committee because of the size of the appropriation. With the general purpose and plan I am in entire accord, but with the amount of the appropriation I am not. It seems to me, if we are going to commence anywhere at any time to cut down appropriations, we can commence on this one without in anyway injuring the efficiency of our country during the war; and I propose as an amendment to the amendment of the Senator from Arkansas to strike out "\$750,000" and insert "\$400,000."

Mr. ROBINSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Arkansas?

Mr. KENYON. I do.

Mr. ROBINSON. I think that the amount carried in the amendment is scarcely adequate; but, if the Senator from Iowa will modify his amendment so as to make it \$500,000, I will accept it, so far as I am concerned.

Mr. KENYON. Well, Mr. President, while that would seem a little excessive, I will do that, and I will modify my amendment to the amendment so that it will propose to strike out "\$750,000" and insert "\$500,000."

Mr. ROBINSON. So far as I am authorized to do so, I accept the amendment to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Iowa to the amendment of the Senator from Arkansas.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment as amended.

Mr. SMOOT. Mr. President, this question was brought to the attention of the subcommittee, and that committee, after giving the closest attention to it, arrived at the decision that this amendment was absolutely unnecessary and should not become a part of the law.

There is an agency in the Bureau of Labor, Mr. President, that has been organized for a number of years, for placing the unemployed in profitable positions, and, in passing, I want to pay tribute to the man who conceived the idea and who asked for the first appropriation, for he has spent the money wisely and has through his labors and the labors of those engaged with him brought about favorable results.

The original idea was to take the immigrant as well as the unemployed of our country and to put them in touch with institutions and individuals who desired to employ help. Commissioner Caminetti, of the Immigration Bureau, began this work; he studied the question very carefully; he communicated with State organizations which were doing similar work in a small way, and from all the information he gathered he outlined a plan of assisting the unemployed of this country and of assisting the immigrants as they landed upon our shores, both men and women, in securing employment in the line of work that they had been accustomed to.

Now, Mr. President, we are asked for an appropriation of \$750,000, which amount has been cut down by the amendment offered by the Senator from Iowa [Mr. KENYON] and accepted by the Senator from Arkansas [Mr. ROBINSON] to \$500,000, for the purpose of securing men to do certain work for the Government or institutions working for the Government—not to find employment for them, for that, Mr. President, is unnecessary, for there is no man and no woman in the United States who desires employment to-day who can not get it and at wages unheard of.

Mr. President, I think if the truth were known that it would develop the fact that there is a jealousy existing between two divisions of the Department of Labor. The Commissioner of Immigration has made a success of this activity, and is still carrying on the work successfully; but another division of the department desires now that all of that work shall be transferred to it.

There is no department in the Government where there is so much duplication of work as there is in the Department of Labor. That has been called to the attention of the Senate time and time again. I remember the Senator from Florida [Mr. FLETCHER] placing in the RECORD a statement showing the duplication of work done not only by the Department of Labor but by other departments of our Government. I know, Mr. President, that this is not the time to talk economy; I know that we are not scanning the appropriations as we should, and I want now to say that this session of Congress is the last one where appropriations will be made by the billions without more information as to the necessity of the appropriations.

I recognize that we have been making initial appropriations with a view of creating a great Army and Navy. I recognize that they have got to be large. I recognize that the heads of the departments can not give an itemized statement of each appropriation asked for, because they are beginning the building up of a great Army and the extension of our Navy, and as conditions develop in Europe cables are sent to the heads of those two great departments and requests are made almost daily for unforeseen requirements or additional men needed to carry on the war in Europe. As far as I am concerned, I want to confess that I have not investigated the actual need for the huge appropriations asked for. I have taken the word of the heads of the departments that they are absolutely necessary in order to carry out the war program as mapped out.

There is only one thought in my mind, and that is to win the war; and under present conditions I am not going to haggle or to criticize those that are responsible for directing our Army and our Navy for appropriations asked for, no matter if they do run into the billions of dollars; but when we are asked for \$500,000 to duplicate the work that is being already done in the same department it seems to me we ought to object, and we ought not to make an appropriation of any sort at this time that can be got along without.

A great deal has been said about how much this appropriation, if it is made, would assist the Shipping Board in securing the necessary help and assistance in building ships so necessary to carrying on the war. Why, Mr. President, we have appropriated already \$1,090,000,000 for the Shipping Board. It is in close touch with all the organizations or institutions of this country that build ships, that purchase all the material that goes into the ships. They know exactly where to secure the labor, if the labor is in the United States, for the purpose of producing the material and constructing the ships themselves. The Shipping Board has ample money, with no restrictions whatever upon its expenditure, to secure all the help that is necessary, if the help is in the United States.

Another thing, Mr. President: Wherever labor is taken from one section of this country to another, the section from which the labor is taken suffers and production is interfered with. There is a shortage of labor all over the United States, and every man who is capable of work ought to be compelled to work. If this war continues a year or two longer, we will not only have to resort to the draft law to secure the soldiers necessary for our Army, but we will be compelled to draft people to work in order to produce sufficient food and materials to carry on the war.

Mr. President, if this appropriation were necessary, or if it assisted in any way in carrying on the war, or if it would help the industries or producers of the country, I would never object to it for a moment. But, Mr. President, I think it is a waste of money, and I want now to ask the Senate of the United States, as soon as this war is over, to assist the Committee on Appropriations to weed out all the duplicate work that is going on in all the departments of our Government.

Therefore, Mr. President, I hope the committee will be sustained in the position they took that this appropriation should not be placed upon this urgent deficiency appropriation bill.

Mr. ROBINSON. Mr. President, I appeal to Senators not to be frightened, notwithstanding the vehemence of the Senator from Utah. I wish he would take occasion to repeat a part of this speech the next time he delivers himself upon the virtues and benefits of the protective-tariff system, and tell the people of the United States then that there is more work in the United States now than we can secure laborers to perform.

Mr. President, the Senator from Utah made some statements to which I think I should reply, in order that the Senate may not be misled by his address. If there is any controversy in the Department of Labor as to where this work should be performed, a knowledge of that controversy has not reached me; and I think if the Senator from Utah has any information concerning the effort of anyone to unfairly take away from the Commissioner of Immigration functions that should be discharged by him, and to discharge them themselves, he ought to give the Senate a little fuller information upon the subject, rather than seek to have us reach the conclusion by innuendo.

The fact of the matter is that the provision in this amendment transferring these clerks in the Division of Information is a very proper one; and even the Senator from Utah will see it when I make the simple declaration that when this work was begun it was applied solely to procuring labor for aliens in the United States, and was therefore properly placed in the Bureau of Naturalization; but when Congress reached the conclusion that the function was a beneficial one, and that American citizens, as well as aliens, should have the benefit of it, the reason for placing it in the Bureau of Naturalization, or for keeping



it there, terminated. There is not a reason on this earth, and I challenge the Senator from Utah now to say why any part of this work should be done in the Bureau of Naturalization since it has been extended to citizens of the United States generally. The proper place for it is where this amendment seeks to put it; and there is no quarrel in the Department of Labor about it, notwithstanding the innuendoes of the Senator from Utah.

The statement has been made by the Senator from Utah that this amendment contemplates a duplication of work. His argument is fallacious in this respect: If the amendment is adopted, it will prevent duplication of work. Instead of having four, five, or six bureaus employed in these various departments of the Government, as would be contemplated by his plan, we will have one bureau cooperating with all the departments. Instead of having the competition which would naturally arise if four or five of these bureaus were created in the various departments, we will have a systematic distribution of the benefits of the service, and the Government will be able to assist in securing the employment of laborers where they are most needed.

The Senator from Utah, Mr. President, struck the keynote of the opposition to this amendment when he said that it arose out of the desire of some Senators to prevent taking away laborers from some localities and transporting them into others. I maintain that in the great crisis which is now confronting the United States, laborers ought to be permitted to go and ought to be provided with information necessary to enable them to arrive at the point where they can best serve the Government's requirements. That is one of the most beneficial results to be obtained from this amendment.

The Senator from Utah has characterized this as a useless extravagance. I am not going to attempt to repeat the arguments that I made in the beginning, in which I think I showed to the Senate that instead of being extravagant it would save millions of dollars, and, perhaps, in the end, result in the saving of millions of lives, because it will enable the War Department and Navy Department and these great shipbuilding industries to promptly and efficiently carry on their work. That can not be done unless some adequate provision is made by the Congress to enable them to secure the men necessary to perform the toil. You can not build ships without labor, skilled and unskilled. There is already a shortage in shipbuilding industries of 100,000 men, and God knows how great the shortage will be within the next six months, unless we marshal all our resources and bring from industries where they are little needed men who are capable of performing these duties. With regard to the resultant hardship to some of the industries of the country, we can console ourselves with the consideration that the great good of the country will have been conserved by it.

Mr. JONES of Washington. Mr. President, the Senator from Utah says this will be a waste of money, and therefore he hopes the amendment will be defeated. If I thought it would be a waste of money, I would be against it, just as he is; but I do not think it will be a waste of money. As a matter of fact, Mr. President, I do not believe there is any more important item in this bill than that covered by the amendment of the Senator from Arkansas.

While it may be true that this branch of the Department of Labor was originally established with the purpose of securing employment for idle men, it is just as important now, when the industries of the country and especially the activities of the Government are so greatly in need of men, that there should be some agency to bring those men where they are most needed.

The Senator from Arkansas has shown, by letters from different agencies of the Government carrying on this war, that in their opinion we need this service, and we need it now. I want to refer especially to the statement made by the Shipping Board with reference to the shipbuilding industry. They have recognized the importance of something of this kind, and according to the letter they found it necessary to establish in that service itself what they call the industrial-service department.

The Senator from Utah suggests that the Shipping Board has an almost unlimited amount of money, and that at any rate it has unlimited authority with the money that is put at its disposal. In other words, he would encourage what he condemns; he would encourage a duplication of work. He would have the Shipping Board establish a service bureau to go out over the country to hunt labor, instead of allowing it to be done by the department that properly has that work in charge.

Mr. President, as the Senator from Arkansas suggested, in the interest of not duplicating work and service I am in favor of this amendment. I do not want to see the Shipping Board establish an industrial service bureau to send agents and inspectors and men all over the country hunting a certain class of labor to go into employment. I want to see that work done and performed through the department and through the agency

that Congress has already established and that is better acquainted with labor conditions throughout the country than any other agency in the country.

Mr. President, the Government, in carrying on this war, must have men to do certain classes of work. It needs men more than anybody else at the present time. The supply of labor along these lines is more important than any other one thing. We are told that the most essential thing in the conduct of this war at the present time is shipping transportation, and I think that that is true. An ample supply of ships rests at the very foundation of success in this war. We are not fighting this war in this country. We are not fighting it on our own territory. We must get our armies with all their supplies, their ammunition, their guns, their equipment, and everything that they need to enable them to fight battles across the seas, 3,000 miles away. We can not do this without ships. It is the only way to do it. We need these ships just as quickly as we can possibly get them. If it is necessary, in order to have these ships constructed with the greatest expedition, to take men from other classes of employment, to take men from other sections of the country into the sections where these ships are built, it is our imperative duty to do it. Wherever men that are trained or that can be used in connection with the building of ships can be found they ought to be gotten and taken to those places to be used in the construction of ships for the Government. While many of these contracts are let to private parties, they are for the construction of ships that the Government needs and that the Government must have.

Mr. President, on the Pacific coast the Government has requisitioned over 800,000 tons of shipping that was under construction when the war began. It has let contracts for over 700,000 tons more. We must have shipping constructed as soon as possible. We have not an ample supply of labor to carry on that work at this time; or, at any rate, when these contracts are under way it is estimated that there will be a shortage of from eighteen to twenty thousand laborers for this work alone.

Now, Mr. President, the officials of the Department of Labor, through this bureau, are in touch with various classes of labor all over the country. They know where former shipbuilding plants may have been. They are in touch with men who have had some training or some experience along the line of the construction of ships. They know this as no other department of the Government knows it. They can find these men at far less expense than the Shipping Board or any other new branch of the Government service, and I want to give them every possible facility to perform this most important function at this most important time and in this most important work.

Mr. President, when the Department of Labor was established I considered it one of the most important departments of the Government. I still think so. I have thought that Congress has been just a little bit niggardly, that Congress has been just a little bit penurious, with reference to the needs and estimates of that department in order to do the work that it was intended to do. I think we ought to be more liberal with it, but, at any rate, at this time we ought to do anything and everything that will make it most efficient in performing its function in connection with carrying on this war, and right at this time we can afford to appropriate too much money rather than too little money.

The amount involved in this amendment is \$500,000. I do not know whether that is too much or whether it is too little, but I do feel that there is a most important service to be performed and that it is imperative that we should appropriate an ample sum of money in order that it may be efficiently performed. So I was prepared to vote for the \$750,000, and I am prepared to vote for this \$500,000, and I hope the amendment will be adopted.

Mr. WARREN. Mr. President, I hope this amendment, offered by the Senator from Arkansas [Mr. ROBINSON], will not be adopted, because I think it is unnecessary. I have contributed by my vote to the establishment of the Department of Labor and to its support always, but in the condition we are in just now I do not believe we need to add anything to that which this bill carries without that amendment.

If there were a great quantity of labor seeking employment it would, of course, be an immediate necessity for us to correct that condition as far as possible, but to-day every man in the country who wants labor can find it either near at home or far away. All of the labor markets are open. It needs no incentive and it needs no appropriation in order to bring the laborers and the employers of labor together. If we were appropriating for the manufacture of something that we needed more of in times of scarcity it would be all right to do that, but we can not make men. This appropriation will not make two men where there was one before. It will not add at all to the volume of labor.



We are restricted by legislation which it has been thought wise to enact as to immigration. Now, if this means that we are to sit back supinely as employers of labor and ask the Government to bring labor to our doors, knowing that they must rob some other employer of labor to bring it to us, then we are really doing damage.

So it seems to me that with what the Labor Department has to work upon it is unnecessary to appropriate \$750,000 more, to be spent largely here in Washington in hiring more clerks that ought to be doing something else. They ought to be producing something through regular productive labor. We do not need more buildings and rentals and more desks and more furniture and more clerks at the present time for the purpose proposed. It is true that we want shipping, but we also want food for the men that contribute to the shipping. We do not want to rob the farms of this country through agencies of the Government to furnish men to certain employments of the Government. Let supply and demand govern this proposition.

I hope the amendment will not be adopted.

Mr. UNDERWOOD. Mr. President, before this amendment is voted upon I want to say just a word.

The committee gave very careful and full consideration to the estimate sent down in reference to this particular item. This division in the Department of Labor was created for the purpose of finding employment for men out of employment. I think the legislative bill this year carried \$19,000 for the clerical force in Washington; and out of the funds of the Immigration Bureau I think they spent or had available \$135,000 for the purpose of finding employment for men out of employment.

That condition in the country has changed now. There are, practically speaking, no men out of employment to-day who want jobs. There may be some men out of employment because they do not want jobs, or there may be some men out of employment because they are physically or otherwise unfit to do the work, but in the case of the capable man, physically fit, who wants to work, there is no difficulty whatever in finding work to do, in finding it himself, in having hundreds and thousands of men finding the place for him. So the purpose is to turn this division over and not find work for the unemployed, but to make it an agency to find men to fill Government places. That is the only justification for this appropriation of \$750,000. It was less than \$200,000 when it came here for the purpose of finding employment for idle men, but it is proposed now to spend \$750,000 to employ men who are not idle.

Of course the basis of the argument to sustain this appropriation is the proposition that the Government needs men, and that it is necessary for the Congress to make this appropriation in order that we may have the men to carry on the Government work. Now, as a matter of fact, the Government is getting all the men that it needs up to the present time, because the Government is paying higher wages for men, offering more attractive positions, and it is getting the men.

The question of the Shipping Board, the Shipping Fleet Corporation, having enough money to do this work has been advanced here as an argument why this appropriation should be passed. As a matter of fact, this Congress has either appropriated or carries in the folds of this bill, which will ultimately pass, appropriations amounting to \$1,090,000,000 for the Shipping Board, and \$1,090,000,000 unrestricted. If they want to get men, they have a fund of \$1,090,000,000 with which they can employ agents to go from one end of the United States to the other to employ all the men they need for their own service.

That is true of practically all the governmental war agencies. These appropriations are not restricted; they are unrestricted appropriations. It may not be the best way to do business in time of peace, but war exigencies have driven your committee and the departments to appropriate money in that way. The Ordnance Bureau have unrestricted funds with which they can get labor, and all the other war functions of the Government have the funds within the folds of the pending bill to do this work themselves at the present time.

Of course it is for the Senate to say. I think myself that the gentlemen who have been doing this work in the past, and I know some of them personally, are very capable men, men who are acting from a high purpose and endeavor to work efficiently; but the Committee on Appropriations would not have turned down an appropriation of \$750,000 to secure men to work for the Government in this emergency unless they knew, not that they were satisfied, but they knew that there was money within the folds of this bill sufficient to secure employment in every function of the Government.

Therefore if you pass this appropriation, to a large extent you are going to duplicate the expenditure of your money. You have bureaus created doing the work that have the money to

employ labor, and they are doing it now and getting the labor. Then, in addition to that, it is proposed to spend \$750,000 to establish another division of the Government for the purpose of aiding in the functions that are already being properly and efficiently carried out.

I only say that in defense of the committee's position. The committee carefully heard and investigated this question and considered it from all the angles. I do not think there is a real Government purpose that can be accomplished at this time by the appropriation and expenditure of this money.

Mr. MARTIN. Mr. President, I ask the indulgence of the Senate for just a few moments, rather because, being the chairman of the committee, I did not wish it to appear that I am indifferent to the expenditure of so large a sum as three-quarters of a million dollars. It has been my purpose, and I am sure it has been the purpose of every member of the Appropriations Committee, to appropriate every dollar that is necessary for the successful prosecution of the war.

It has not been six months since Congress declared war on Germany. The resolution declaring war passed on the 6th day of April. Since that time, speaking from memory, in a general way, I believe Congress has appropriated about \$20,000,000,000. Twenty billion dollars have been appropriated in about five months for the prosecution of the war. No such outlay has been made by the European countries whose very life is involved in the struggle. We have appropriated and expended money with an extravagance, or at least with a liberality, that is unknown to our allies in Europe.

It is appalling to me to see the freedom with which money is being called for by our administrative departments and is being appropriated by Congress. This bill came here from the House, and it had not been here more than three days before we received over \$400,000,000 of additional estimates that had not even been presented to the House. Although the House had passed the bill carrying over \$7,000,000,000, I say, in less than three days we received estimates for over \$400,000,000 in addition; and I do not think I hazard anything when I say there has not been a day from that time down to this moment when additional estimates have not come to us from the administrative departments of the Government.

Mr. President, I am willing to consider all the estimates, and I am determined, so far as my vote goes, to appropriate every dollar that is necessary; but the time has come for us to scrutinize most closely the extravagant—I am almost tempted to say the reckless—estimates that are pouring in on us from the administrative departments of the Government.

There is no doubt about the desire of Congress to meet all reasonable demands. There is no doubt about the fact that even when we scrutinize the estimates we can not form a very intelligent judgment about many of them. We are compelled to shut our eyes and appropriate a great deal rather than take the hazard of denying to our soldiers something that may be necessary for the defense of the country on the battle fields in France.

But it is our duty to scrutinize them as closely as we can, and that duty becomes more intense every day and every hour that the war proceeds. We have attempted in the preparation of this bill to be guided by that principle—to give every dollar that is necessary, but to scrutinize as closely as we could and not to make any useless and extravagant appropriations. We have turned down many appropriations that have been pressed upon us by Senators who thought they were wise and proper, but exercising our judgment as fairly as we could, I say we have had to turn down quite a number of them.

This appropriation of \$750,000 is among that number. After careful consideration the Committee on Appropriations did not believe and do not believe now that it is essential for the successful prosecution of the war. We have tried as far as we could to hold this bill to that single purpose. We have not undertaken to meet all the things that are desirable, but we have endeavored to appropriate every dollar that is necessary for the successful prosecution of the war, and little else. There may be a very few instances when appropriations might not come within that definition, but they are to meet some peculiar and exceptional conditions that were controlling, and we had to yield to them; but they are few and far between.

It was the opinion of the Committee on Appropriations that this appropriation of \$750,000 is not necessary for the successful prosecution of the war; and I have never been more certain of anything in my life than I am here to-day when I say that it would not have a particle of influence on the prosecution of the war. It is not necessary; we do not need to appropriate the \$750,000 in order that the war may be successfully prosecuted. All the departments of the Government have the power to employ labor, and they have money and use agencies for the purpose



of employing labor. If we are going to set up an independent department to do everything, to perform each and all the several duties that are confided to them, they had better go out of business, and we had better have a general agency to do everything that is devolved upon them by the laws of the land.

In my opinion, Mr. President, it is not necessary. We must call a halt in extravagance. We must keep within due bounds and we must not appropriate money that is not essential. We have had quite a number of deficiency bills during this session of Congress. I hope to God this is the last. If we keep on, we had better turn the whole resources of the country without anything more than three lines over to the administrative departments of the Government and let them take what they need and spend what they choose. It has come to be a perilous situation. Over \$20,000,000 in five months! At the pace we are going, if the war lasts another year \$50,000,000 will be required. And where is it to come from? Is our country to be impoverished for generations? Yes; if it is necessary to prosecute the war. But in God's name do not let us do it unless it is absolutely necessary. This is an item which in my judgment is not absolutely necessary. It can be dispensed with. Its loss will not be materially felt. I hope the Senate will vote down the amendment.

The PRESIDING OFFICER (Mr. KING in the chair). The question is on agreeing to the amendment of the Senator from Arkansas [Mr. ROBINSON] as amended. [Putting the question.] The noes seem to have it.

Mr. ROBINSON. I call for a division.

Mr. SMOOT. Let us have the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. FLETCHER (when his name was called). I have a general pair with the senior Senator from New Hampshire [Mr. GALLINGER], which I transfer to the Senator from Oklahoma [Mr. GORE] and vote "yea."

Mr. FRELINGHUYSEN (when his name was called). I have a general pair with the junior Senator from Montana [Mr. WALSH]. Not knowing his position on this question, I withhold my vote.

Mr. McCUMBER (when his name was called). I announce my general pair with the senior Senator from Colorado [Mr. THOMAS] and withhold my vote.

Mr. MYERS (when his name was called). I have a general pair with the Senator from Connecticut [Mr. McLEAN], who is necessarily absent on account of illness. I transfer that pair to the Senator from New Jersey [Mr. HUGHES] and vote "yea."

Mr. REED (when his name was called). I am paired with the Senator from Michigan [Mr. SMITH]. I transfer that pair to the Senator from Oklahoma [Mr. OWEN] and vote "yea."

Mr. STERLING (when his name was called). I have a pair with the Senator from South Carolina [Mr. SMITH], who is absent, and I withhold my vote.

The roll call was concluded.

Mr. CHAMBERLAIN. I have a general pair with the junior Senator from Pennsylvania [Mr. KNOX]. He is absent and I withhold my vote.

Mr. DILLINGHAM. May I inquire if the Senator from Maryland [Mr. SMITH] has voted?

The PRESIDING OFFICER. He has not.

Mr. DILLINGHAM. I withhold my vote, having a general pair with that Senator.

Mr. CURTIS (after having voted in the affirmative). I transfer my pair with the junior Senator from Georgia [Mr. HARDWICK] to the junior Senator from Michigan [Mr. TOWNSEND] and let my vote stand.

Mr. DILLINGHAM. I am informed that the Senator from Maryland [Mr. SMITH] would vote in the negative on this question and I therefore feel at liberty to vote, and do vote. I vote "nay."

Mr. LEWIS. I wish to announce the absence of the senior Senator from South Carolina [Mr. TILMAN], caused by illness. He is paired with the Senator from West Virginia [Mr. GOFF].

Mr. SMITH of South Carolina (after having voted in the negative). I did not notice the absence of the Senator from South Dakota [Mr. STERLING], with whom I am paired, when I voted. I withdraw my vote.

The result was announced—yeas 28, nays 26, as follows:

## YEAS—28.

Ashurst	Hollis	La Follette	Pomerene
Calder	Husting	McKellar	Reed
Culberson	Johnson, Cal.	McNary	Robinson
Cummins	Jones, Wash.	Myers	Sheppard
Curtis	Kendrick	Norris	Shields
Fletcher	Kenyon	Phelan	Smith, Ariz.
Hale	Kirby	Polindexter	Trammell

## NAYS—26.

Dillingham	New	Shafroth	Vardaman
France	Newlands	Simmons	Wadsworth
Harding	Overman	Smith, S. C.	Warren
Kellogg	Page	Smoot	Watson
King	Penrose	Stone	Williams
Lewis	Pittman	Swanson	
Martin	Ransdell	Underwood	

## NOT VOTING—42.

Bankhead	Gallinger	Knox	Sterling
Beckham	Gerry	Lodge	Sutherland
Borah	Goff	McCumber	Thomas
Brady	Gore	McLean	Thompson
Brandegge	Gronna	Nelson	Tillman
Broussard	Hardwick	Owen	Townsend
Chamberlain	Hitchcock	Saulsbury	Walsh
Colt	Hughes	Sherman	Weeks
Fall	James	Smith, Ga.	Wolcott
Fernald	Johnson, S. Dak.	Smith, Md.	
Frelinghuysen	Jones, N. Mex.	Smith, Mich.	

So Mr. ROBINSON's amendment was agreed to.

Mr. FRELINGHUYSEN. I offer the following amendment.

The PRESIDING OFFICER. The Secretary will read the amendment.

The SECRETARY. After line 15, on page 51, insert:

The Secretary of War is hereby authorized to construct or to improve existing roads outside National Army cantonment and National Guard camp reservations now in existence, to connect systems of roads constructed within such reservations with the paved streets of nearby cities or with important State or county highways, and for this purpose he is authorized to contract obligations in an amount not to exceed \$5,000,000.

Mr. MARTIN. I make a point of order on the amendment. It is general legislation.

Mr. FRELINGHUYSEN. I should like to be heard on the point of order.

Mr. MARTIN. The point of order is not debatable. I ask for the ruling of the Chair on the point of order.

The PRESIDING OFFICER. The point of order is well taken, and the Chair sustains the point of order.

Mr. FLETCHER. Mr. President, I desire to offer the following amendment.

The PRESIDING OFFICER. It will be stated.

The SECRETARY. On page 23, after line 8—

Mr. FRELINGHUYSEN. I appeal from the ruling of the Chair.

Mr. FLETCHER. Another amendment has been offered.

The PRESIDING OFFICER. The Chair is of opinion that the request of the Senator from New Jersey comes too late. We have proceeded to the consideration of another amendment. Another Senator was recognized for that purpose.

Mr. FRELINGHUYSEN. That amendment has not been stated. I ask the chairman of the committee to consider the amendment. This is a very important question, and I should like to be heard on the point of order.

Mr. MARTIN. Mr. President, I am compelled to ask that the rule be enforced.

The PRESIDING OFFICER. The Chair has ruled, and the Chair is satisfied with his ruling. The Senator from Florida is recognized, and the Secretary will state the amendment which has been tendered by him.

The SECRETARY. On page 23, after line 8, insert the following:

Enlargement and reclamation of Fort Taylor, Key West, Fla.: For the acquisition of additional land, for the filling in of such parts of land so purchased and other parts of the reservation as may be necessary, and for the construction of a sea wall, Fort Taylor, Key West, Fla., \$350,000.

Mr. FLETCHER. Mr. President, I wish to say in reference to this amendment that the language is precisely the language used in the estimate of the department. This is an important fort at Key West. The department has recommended that this appropriation be made \$100,000 for the purpose of building a sea wall, \$100,000 for filling in the reservation that exists now, and \$150,000 for the purchase of additional land. The fort, of course, fronts on the Gulf. The reservation now is not sufficient to accommodate the men who are needed there to man the garrison.

Mr. PENROSE. Will the Senator permit me?

Mr. FLETCHER. Certainly.

Mr. PENROSE. I have just entered the Chamber and would like to inquire whether this is an appropriation for construction in some location in Florida or not? I wish to know where it is located.

Mr. FLETCHER. It is for the purchase of land, for filling in the land, and for building a sea wall at Key West.

Mr. PENROSE. Yes; I suspected it, but I wanted to be sure.

Mr. FLETCHER. The Senator's suspicions are very well founded. I make no apology for offering the amendment. The amendment has been urged before. In 1906 the War Depart-



ment recommended an appropriation of \$200,000 to buy land adjoining the reservation to accommodate the needs of that fort. Congress appropriated only \$100,000. They spent \$100,000 in the purchase of land there, but that was not enough. Naturally they could not purchase with \$100,000 the land which it required \$200,000 to buy there.

In 1910 the department recommended an appropriation for the purpose of acquiring the additional land which it needs. Congress has never paid any attention to it. That recommendation has been repeated. It was a need before the war began. The need has increased. The necessity exists to-day and it is imperative, according to the report of the Quartermaster General and the War Department. You need not take my word for it. Look at the record. If you want to treat it as a joke or as a matter of indifference, you can proceed to do it. I say it is a very little business to be engaged in here in these critical times to undertake to treat these matters as ludicrous or as humorous. This is serious business.

On that island there are 20,000 people connected with the mainland by an important railway. It lies close to Cuba. It lies close to the Panama Canal. It lies close to Guantanamo, the naval base of this country.

It is important from a strategic standpoint. It is important for the Navy and the Army, and it ought to be looked after as recommended by those departments. The Quartermaster General says it is imperatively needed. The coast-defense people claim the same thing. They have asserted it before.

There are to-day only 328 men at that fort, 219 Regulars and 109 militia. Seven hundred and thirty-four men are necessary to man the fort. There are the largest guns at that fort that can be found at any post in the country along the coast anywhere. The department says it is important to train men there in the use of heavy armament. I am not an expert on that subject. I am being governed by what the heads of these departments say, the men who are charged with the responsibility of successfully conducting the war. I am basing my observations on what they say. They tell me that it takes 734 men to man that fort. We have not accommodations for more than 574, and even as to those 191 are living in tents. They have not the accommodations because they have not the land. They have been asking for this land ever since 1906. Speaking for them you can intensify it, because they want to train units there to the number of 750 men. They need to train for the use of heavy armament 750 additional men. They need accommodations for 1,346 at that fort. It is imperatively required not only for the purpose of manning the fort but for the purpose of training these units in the use of heavy armament.

I realize that under the provisions of this bill certain temporary cantonments can be constructed to accommodate the units that need to be trained there, but why construct those cantonments on rented ground or reservations where they are already cramped for room?

A part of this reservation, it may be said, is unfit for use, because it is swampy and it needs to be filled in. That is one of the items in this appropriation. It is low and swampy and needs to be filled in. The reservation would be sufficient in area if it was all available, but it is not. The department proposes to add to the reservation on the side fronting the town of Key West, taking in some buildings and improvements right up to the streets and blocks in the city, so as to give room to build proper barracks and cantonments to house the men needed in the fort.

You can disregard it if you like and take the responsibility for it. I am putting it up to you to say whether you are going to let it go or not. I understand the committee say it is not a war necessity, that it can wait. I suppose it is true of almost anything, that it can wait. It is possible that this sea wall might be postponed. I would concede to let the sea wall wait and appropriate \$150,000 to acquire the absolute and necessary space of ground upon which to take care of the men; that is, \$150,000; and then \$100,000 to fill in this reservation on these grounds. Those items are especially urgent and necessary now; they can not wait if you are going to make use of this fort. It is an old fort; it has been there for a good many years; there is nothing the matter with it in any way; it simply needs additional ground.

As I have said, I am willing to leave out the appropriation for the sea wall, if that is thought desirable, and to make the appropriation \$250,000 instead of \$350,000, because the sea wall can probably wait, though the sea wall is needed, because it affords protection against storms and protection to the fort and the other Government property located there. However, the department says that this land is needed in order that they may put up the barracks and afford accommodations for the men who are needed to man the fort. The present

accommodations are not sufficient to provide quarters for more than 400 men. One hundred and ninety-one of the men there now are in tents on the reservation. Accommodations are needed for 1,346 men.

I appeal to the Senate to give consideration to this matter. Let it go to conference anyway. The amendment went out in the other House on a point of order. It seems to me to have been an absurd proposition, but there was some statement made over there that these barracks on the island can accommodate 600 men. They can accommodate but 328 men. That is the situation. I hope the Senate will adopt the amendment.

Mr. MARTIN. Mr. President, of course, if the Senate wants to appropriate all the money that is needed for all purposes in this country, it has the power to do it; but the committee thought that it was its duty to keep this bill down to the purposes for which it was intended—a war emergency measure. We tried to avoid appropriations unless they were necessary for the conduct of the war. The representative of the department who came before the Committee on Appropriations told us that this appropriation had nothing to do with the war. I asked him this question:

It has no relation to the present emergency? It has nothing to do with the present war?

The witness replied:

Oh, no. It has been asked for before, and not granted.

That is what the expert from the War Department said—that it had nothing to do with the present emergency or the present war. We left it out of the bill, not because we did not think it a desirable improvement under ordinary circumstances, but we thought when we had to use \$8,000,000,000 of taxes of the people for a war emergency this matter which has been waiting for years, and which the expert of the War Department stated had no relation whatever to the war, might well be left out of the bill. We left it out for that reason.

Mr. FLETCHER. Mr. President, I was not present at the time the committee had the hearing, but I finally secured about two minutes' time. I know that in the recommendation for this item in the Book of Estimates there is this language used:

This estimate is submitted in accordance with instructions of the Secretary of War. The acquisition of the land, the construction of the sea wall, and the filling in of the land are imperatively necessary to prepare accommodations for the troops to be stationed at Fort Taylor, Key West, Fla.

That is the report which is signed by the war authorities.

Mr. MARTIN. I read from the testimony of the witness.

Mr. FLETCHER. The witness before the committee probably did not quite appreciate the question that was put to him, or its significance; but I know that no longer ago than this morning a representative was sent here from the War Department to tell me that unless provision of this kind were made it would be impossible for them to train the units which they wanted to train there; that otherwise it would be impossible for them to man the guns in that fort. That is what I am told, and that is the situation to-day.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida.

The amendment was rejected.

Mr. MYERS. Mr. President, I shall offer an amendment in a minute, and I sincerely hope that no objection will be made to it and that no point of order will be raised against it. The amendment was introduced as a separate bill in the Senate; it was unanimously recommended favorably by the Senate Committee on Military Affairs; and it unanimously passed the Senate. It has had the sanction of this body, but it is impossible to get it through the other House at this session. It is an urgent and important matter. As I have stated it was a bill, and is now offered as an amendment, to authorize the President to restore Harry Graham, formerly a captain of Infantry, to his former rank in the Army.

Briefly stated, the nature of the case is that Mr. Graham was a captain in the United States Army. He entered as a private in the Spanish-American War, and he rose by his own merits to the rank of captain. He was court-martialed and discharged from the Army on some charge of using unfair means in passing an examination. He always contended that he was innocent, and a bill was introduced in the Senate in his behalf. The Senate Committee on Military Affairs examined the matter closely; a subcommittee heard evidence on it, and came to the conclusion that Mr. Graham was right. They accepted his version of the matter that he had been unjustly removed from the Army. The full committee accepted the unanimous report of the subcommittee, the full committee unanimously voted that way, and, as I have stated, the bill passed the Senate.

Now, it seems to me almost criminal to deprive the country of the services of an efficient Army officer when we so badly need trained officers. I am sure the bill will in time pass the



other House; but it may be six months or a year from now. However, the war is now on and we want officers immediately. If Mr. Graham is to be restored, it ought to be done now, and not six months or a year later.

Of course, the amendment is not mandatory, but merely proposes to authorize the President, in his discretion, to restore this man to his former rank in the Army.

If there is no point of order made, I am sure that the amendment will be unanimously adopted by the Senate, and I hope that that will be the case.

Mr. MARTIN. Mr. President, I am compelled to make the point of order against the amendment, that it is legislation on an appropriation bill.

The PRESIDING OFFICER. The Chair sustains the point of order.

Mr. MYERS. I should like to have the amendment read in order to get it into the Record and let the Senator from Virginia know what he is making a point of order against.

Mr. MARTIN. I have read the amendment.

The PRESIDING OFFICER. The Chair understood from the statement made by the Senator from Montana what the amendment was.

Mr. MYERS. Then I accept the ruling; but I am asking unanimous consent in this connection that the amendment may be printed in the Record in order that the matter may be properly presented.

The PRESIDING OFFICER. The Chair thinks that that should be done, and it will be done on the direction of the Chair.

The amendment referred to is as follows:

That the President of the United States, in his discretion, be, and he is hereby, authorized to appoint, by and with the advice and consent of the Senate, Harry Graham, formerly a captain of Infantry, a captain of Infantry, to take rank at the foot of the list of captains of Infantry; and that no back pay or allowances shall accrue as a result of the passage of this act, and there shall be no increase in the total number of captains of Infantry now authorized by law by reason of the passage of this act.

Mr. PHELAN obtained the floor.

Mr. MYERS. Mr. President, I offer—

The PRESIDING OFFICER. The Senator from California has been recognized.

Mr. PHELAN. Mr. President, I desire at this time to offer an amendment. I must say, in justice to myself and to the committee, that I brought the matter, which I consider of very great importance, to the attention of the Treasury Department last June, and the Treasury Department, I have just learned, did not formally submit it to the committee.

The amendment relates to the question of the Government assuming the payment of premiums on fidelity bonds given by collectors of internal revenue. The fact, which is eloquent, is simply that by the legislation which we have been passing, particularly during this session, the duties imposed upon the collectors of internal revenue have greatly increased, while, as a matter of fact, their compensation has diminished, because they are required to give additional bonds; and with the addition of every new bond imposed by every new piece of legislation their nominal salary is reduced.

I have in my mind a collector of internal revenue who is receiving \$4,500 a year, through whose office millions and millions of dollars pass and are collected for the Government, and yet during the time of peace, when there was no income and other legislation, he enjoyed approximately his nominal salary, whereas now his salary is reduced to about \$4,000 by reason of the fact that he has to pay the growing premiums upon the fidelity bonds which are required by law. Nearly all of the States and cities—I think most of the banks of the country and also industrial concerns—pay the premiums upon the fidelity bonds which are required of their employees. My amendment relates only to the collectors of internal revenue and their chief deputies, for the very reason that it is upon that branch of the Government service that the burden has most heavily fallen.

I have here a letter, which I ask unanimous consent to insert in the Record, from the Assistant Secretary of the Treasury, Mr. Newton, under date of June 11, 1917. I will read the following paragraph from the letter:

Undoubtedly the policy of requiring Federal officials to pay the premiums on fidelity bonds imposes an increasing hardship upon them because while their salaries are not increasing, the amount of Government work, their responsibilities, their disbursements, and bonds are all the time increasing with the growth of the Government's activities. In the calendar year of 1914 the premiums paid on fidelity bonds required from Government officials was \$22,499.48. This was on a total of 2,274 bonds. In 1915 the premiums paid amounted to \$61,141.04, and in 1916 the premiums amounted to \$57,104.34.

My amendment simply provides for the addition of \$75,000 for that purpose. I ask that the Secretary report the amendment.

The PRESIDING OFFICER. The Secretary will state the amendment offered by the Senator from California.

The SECRETARY. It is proposed to insert on page 10, after line 8, the following:

*Provided further,* That not more than \$75,000 of the total amount appropriated herein shall be used by the Secretary of the Treasury for the payment of premiums on fidelity bonds required by law from district collectors of internal revenue and their chief deputies.

Mr. MARTIN. I make the point of order that the amendment is legislation on an appropriation bill and that it proposes an appropriation that has not been estimated for.

The PRESIDING OFFICER. Under Rule XVI, the Chair sustains the point of order.

Mr. PHELAN. I submit the letter of the Assistant Secretary of the Treasury of the United States as intimating an estimate.

Mr. MARTIN. Of course the Senator from California does not consider that an estimate.

The PRESIDING OFFICER. The Chair sustains the point of order. Does the Senator from California desire the letter published in the Record, or did he send it to the desk merely for the information of the Chair to guide the Chair in his ruling?

Mr. PHELAN. I have read the principal part of the letter, and therefore I do not ask that the remainder be published in the Record.

Mr. JONES of Washington. Mr. President, I desire to propose an amendment to the bill on page 75. I could take the time of the Senate to discuss the amendment now and point out the reasons that I have for submitting it, but the chairman of the committee has informed me that he will have to make the point of order against it, and so I am not going to take the time of the Senate to discuss it. I ask, however, that the amendment be read.

The PRESIDING OFFICER. The Secretary will state the amendment offered by the Senator from Washington.

The SECRETARY. On page 75, after line 20, it is proposed to insert:

Indian Service: For continuing construction and enlargement of the irrigation and drainage system, increase the food supply of the country, and to make possible the utilization of the water supply provided for 40 acres of each Indian allotment on the Yakima Indian Reservation, Wash., and such other water supply as may be available or obtainable for the irrigation of a total of 120,000 acres of allotted Indian lands on said reservation, \$2,000,000, or so much thereof as may be necessary, to remain available until expended: *Provided,* That the entire cost of said irrigation and drainage system shall be reimbursed to the United States under the conditions and terms of the act of May 18, 1916.

Mr. MARTIN. I make the point of order against the amendment that it is legislation on an appropriation bill.

Mr. JONES of Washington. I desire to change the amount from \$2,000,000 to \$750,000, which is the amount recommended by the department.

The PRESIDING OFFICER. The Senator from Washington desires to perfect his amendment?

Mr. JONES of Washington. Yes.

Mr. MARTIN. I raise the point of order against the amendment. It is plainly out of order.

The PRESIDING OFFICER. The Chair sustains the point of order.

Mr. WADSWORTH. Mr. President, if I may have the attention of the chairman of the committee for a moment, I desire to call his attention and that of the Senate once more to the language of the committee amendment in the middle of page 45, and I have in mind offering a substitute for that paragraph, which lies between lines 12 and 18. The Senate will note that the paragraph to which I refer reads:

During the present emergency the appropriations for mileage for officers of the Army shall be available for the purpose of paying mileage at the statutory rates to officers of the armies of the allies of the United States who may be on duty in the various bureaus of the War Department or at other places within the continental limits of the United States for travel performed by them under competent orders.

On September 13, Mr. President, I introduced a bill which had a very similar purpose. My attention had been called by officers of the War Department to the fact that at least one of the allied Governments had agreed very generously to send some officers and enlisted men to the United States, chosen for their qualifications as instructors based upon their experience in this war, to assist in instructing the men in our cantonments and mobilization camps, but that the War Department hesitated to send for them to come—

Mr. MARTIN. I ask the Senator to send the amendment to me and let me read it. I may be willing to accept it.

Mr. WADSWORTH. I will send it to the desk. I have no intention of occupying the time of the Senate, but I had understood that the Senator from Virginia was not ready to accept the amendment.

Mr. MARTIN. Instead of having the Secretary read the amendment I will ask the Senator a question: Does he simply propose to add to the amendment recommended by the Senate committee a provision for the pay of the enlisted men of foreign armies attached to the Army of the United States?



Mr. WADSWORTH. I desire to move to amend the committee amendment by substituting the text of the bill which I introduced on September 13, and which passed this body I think on September 14, which covers all the ground, as contrasted with the amendment of the committee which only makes allowance for mileage.

Mr. MARTIN. It makes allowance for other things. I will have to read the amendment to understand its full purport.

The PRESIDING OFFICER. The Secretary will state the amendment offered by the Senator from New York.

The SECRETARY. In lieu of the committee amendment on page 45, between lines 12 and 18, it is proposed to insert the following:

The Secretary of War is hereby authorized, under such regulations and in such manner as he may prescribe, to employ such portion of the appropriations made for transportation of the Army and its supplies as in his judgment may be necessary to defray the expenses incurred by officers and enlisted men of foreign armies attached to the Army of the United States during the present emergency, and that those officers and enlisted men, who may have been performing duties in this connection, be reimbursed from this appropriation for the expenditures they have already been obliged to make.

Mr. MARTIN. Mr. President, although I have had no opportunity to consider the amendment and I do not mean to give it unqualified approval until I think more about it, it seems to me to be all right, and I am very willing for it to be adopted and to go to conference.

Mr. WADSWORTH. I may say, in conclusion, that the Secretary of War recommended the passage of that legislation in a letter addressed to the chairman of the Committee on Military Affairs under date of September 7.

Mr. KIRBY. Mr. President, I should like to ask the Senator a question.

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Arkansas?

Mr. WADSWORTH. I do.

Mr. KIRBY. Does the amendment relate only to foreign officers and men who come to this country, or does it cover also foreign officers and enlisted men with our Army on the other side? I can not tell from the reading of the amendment at the desk.

Mr. WADSWORTH. The amendment relates to officers and enlisted men of foreign armies attached to the Army of the United States.

Mr. KIRBY. In this country?

Mr. WADSWORTH. I think it is not confined to this country.

Mr. MARTIN. The amendment can be perfected in conference if it shall prove necessary. I am willing that it be adopted and go to conference.

Mr. WADSWORTH. It is exactly what the Secretary of War wants.

The PRESIDING OFFICER. The Senator from New York moves to reconsider the vote by which the amendment of the committee found on page 45, between lines 12 and 18, was agreed to. Without objection, the vote whereby the amendment was agreed to will be reconsidered. The question now is on the amendment offered by the Senator from New York as a substitute for the amendment reported by the committee.

The amendment was agreed to.

Mr. WADSWORTH. Mr. President, do I understand the bill is now open to amendment generally, the committee amendments having been finished?

The PRESIDING OFFICER. It is open to amendment, the committee amendments having been disposed of.

Mr. WADSWORTH. On page 53 of the bill I desire to call attention of the Senate to an item carrying \$1,240,000, under the heading of "Civilian military training." The Senator from Virginia has stated—and I think the principle which he sets forth is entirely correct, as a theory at least—that this bill is for the purpose of meeting war emergencies, but this item under the heading of "Civilian military training" meets no war emergency whatever. As I read it, it is a continuation, by means of the appropriation provided, of the old-time Plattsburg civilian military training camps, not to be confused with the officers' training camps that are now being held at the city of Plattsburg, at Fort Myer, at Fort Benjamin Harrison, and at other places, but to be identified as a continuance of the old military training camps for whatever citizens of the United States may agree to attend upon those camps for a period of four or five weeks, and who at the end of that period are under no obligation whatsoever for further military service.

The training camps held at Plattsburg and elsewhere prior to 1917 were, in my judgment, of tremendous value to the country in arousing the interest of the public generally in the necessity for preparedness; but now that we are at war and straining every effort to instruct the men who are to be actu-

ally officers in the Army, and to instruct something like 1,200,000 enlisted men who are gathered in cantonments and mobilization camps, and, furthermore, in view of the fact that the shortage of officers competent to train either officer candidates or enlisted men is so very great as to be an exceedingly heavy handicap in our war preparations, it seems to me to be upon the edge of folly to attempt to hold these semiofficial, as it were, civilian military training camps, to which a man may go for four or five weeks, and be clothed and fed by the Government and given some instruction for that short period, with no further military obligation, as I understand, held over him.

In the first place, Mr. President, we have not the clothing; we have not the rifles; we have not the shoes; we have not the ammunition; and we have not the officers to do the instructing; and yet this bill carries \$1,240,000 for that purpose, when every article of clothing, every rifle, every cartridge, every instructor should be devoted solely and entirely to training the Army of the United States. It was my purpose, unless the chairman of the committee could tell the Senate of a genuinely good reason for the continuance of this policy and for the appropriation of this large sum of money, to move to strike out the entire paragraph; and I make that motion, Mr. President.

The PRESIDING OFFICER. The Senator from New York moves to strike out from the bill on page 53 the matter found between lines 5 and 24, inclusive.

Mr. UNDERWOOD. Mr. President, the language used in this paragraph is the same as the language used in the act of June 13, 1915, making provision for this same purpose, although it is headed "Civilian military training." The following language was added to the language originally used in establishing Plattsburg camps:

Under such terms of enlistment and under such regulations as may be prescribed by the Secretary of War.

At the Plattsburg camps the men instructed were not enlisted men; they had a right, after the term of training, to go back home; but when the matter came up in connection with the great appropriation bill of last June words were inserted requiring them to be enlisted men.

It is true that the Secretary of War, under the rules prescribed, requires them to enlist for the purposes of the camp, and if they are selected as officers they have to remain in the service; while if they are not selected as officers, they are discharged; but the Secretary can, under rules and regulations prescribed, make the enlistment permanent if he so desires. So the young men who have been recently trained in the camps at Fort Myer and other places to become officers of the new army have been trained under the appropriation in the act of June last, and the men who are now in those training camps are being trained under the appropriation of June last. This clause in the pending bill follows the language identically of the clause under which the training in the present camps is being carried on.

The reason for this appropriation, as indicated by the Secretary of War, is that it is desired to have further training camps for officers. My understanding from the testimony is that the department will probably to a large extent limit those to go to the next training camp to enlisted men in the Army; but the Senator from New York is mistaken when he says that this item is for the purpose of carrying on the Plattsburg camps for civilian training. It is not for that purpose; it is for the purpose of furnishing officers for the Army that is now being prepared for the field, and the men in these camps are required to be enlisted.

Mr. KIRBY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Arkansas?

Mr. UNDERWOOD. I do.

Mr. KIRBY. Is the Senator in possession of the regulations prescribing that that is what this appropriation is to be used for? Is there any regulation already made?

Mr. UNDERWOOD. That is the statement; that the authorization was for that purpose. The committee was requested to insert it for the purpose of having another training camp, and, as I have said, my understanding is, although I do not state that definitely, it is proposed probably to have the next training camps largely filled by men taken from the ranks; that is, men from the enlisted force of the Army are to be sent to these training camps for officers, and not men appointed from civil life.

Mr. JONES of Washington. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Washington?

Mr. UNDERWOOD. I yield.

Mr. JONES of Washington. I want to ask the Senator if he does not think it would be well to word this provision a little



differently? According to the language of this appropriation it does not apply to the training of officers.

Mr. UNDERWOOD. The original provision was amended by the Senate earlier in the session. The language of the original Plattsburg training-camp provision was retained in the bill of June last, with the intention of training officers for the Army under that appropriation, but the Senate changed the language so as to require the men to enlist in the United States Army. That is the only change, and that is in this provision.

Mr. WADSWORTH. Mr. President, I think that the Senator's use of the term "enlisted" in that respect is not quite accurate. I think the Senate put in the word "enlisted" with the idea that the men should be enlisted in the camp and not in the Army.

Mr. UNDERWOOD. No. As I myself took part in framing the amendment when it was added, I recall very clearly the purpose of the amendment.

Mr. WADSWORTH. Mr. President, you can not enlist men in the Army of the United States for only five weeks.

Mr. UNDERWOOD. A man can be enlisted under such rules and regulations as the Secretary shall prescribe; and, as a matter of fact, the young men—and it was so stated before our committee—who have gone to these camps and the men who are there now occupy the status of enlisted men, except that the Secretary of War has adopted a rule that if a man is not chosen for an officer—and, of course, if the Secretary does choose a man for an officer he can not get away from the enlistment—but if he does not choose a man to become an officer he is then discharged. However, I will say to the Senator from New York that I happen to know that the men in the training camps do occupy the status of enlisted men, for I had the matter investigated technically. A young man from my section of the country, serving in the camp at Fort McPherson, near Atlanta, went to town and was accidentally run over by a street car. I made inquiry as to what his status was, because he or his family wanted to know whether or not he had a pensionable status, and I was advised that the question as to whether he was entitled to a pension under the circumstances was an indeterminate fact at this time, but that his status in the Army was that of an enlisted man. So that I am satisfied there can be no question about that, as in a case involving a pension they held that he was an enlisted man.

Mr. WADSWORTH. Mr. President, of course it would be farthest from my desire to attempt to cripple the officers' training camps now being conducted; but I still believe that this language is applicable only to what might be termed the old-fashioned Plattsburg summer camp. For instance, there is nothing here which authorizes the payment of these officers \$100 per month.

Mr. UNDERWOOD. I will say to the Senator that that was a subsequent statute. Subsequently to the enactment of the appropriation bill of June last there was a statute passed authorizing the payment of \$100 a month to them during the time of service, and that is still on the statute books.

Mr. WADSWORTH. That is not to be taken out of this appropriation?

Mr. UNDERWOOD. Whether it comes out of that appropriation of the pay of the Army, I am not sure; but I think it comes out of the pay of the Army.

Mr. WADSWORTH. Will the Senator from Alabama explain this language, also? I have read it hastily, and I may be utterly mistaken. I refer to the language commencing on line 14, reciting the purposes for which this money may be used:

for such expenditures as may be deemed necessary for water, fuel, light, temporary structures, not including quarters for officers nor barracks for men, screening, and damages resulting from field exercises, and other expenses incidental to maintaining said camps.

The thing is very much mixed up.

Mr. UNDERWOOD. I agree with the Senator about that.

Mr. WADSWORTH. Are they not to have quarters?

Mr. UNDERWOOD. To be sure. This legislation, like Topsy, just grew up. It was originally intended for the Plattsburg camp; and when the appropriation came along last June in the large bill for training officers, the department sent in an estimate along the same lines as the original wording for the Plattsburg camp, but for a larger sum, stating that they desired to train officers for the Army; and then it was that the Senate injected the language requiring them to be enlisted, but otherwise adopted the old Plattsburg language. With the exception of the change of language requiring them to enlist, the Senator from New York is correct about the language being the same as used in the Plattsburg camp legislation; but under the act of June last the appropriation was used for the training camps that are now being run, and the purpose of this appropriation is for the training camps that will come hereafter for officers in the United States Army.

I confess that the language is not as clear as it might be; but so far as the appropriation is concerned, we know the purpose of the appropriation—that it is going to carry on just exactly the same kind of training camps that we have had for the last two or three months.

Mr. WADSWORTH. Then, with the assurance of the Senator from Alabama that this is not to apply to what might be termed an old-fashioned Plattsburg summer camp, I withdraw my motion to strike out the paragraph; but I also desire to make a motion to strike out the word "not" at the end of line 15, and the word "nor," after the word "officers," on line 16, and to insert a comma after "officers," in order that these men will have some barracks to live in when they are gotten together.

Mr. UNDERWOOD. They are provided for. The barracks have already been built and they have the barracks now. That has been provided for in other provisions of the law.

Mr. WADSWORTH. How about the screening?

Mr. UNDERWOOD. That has all been done. The old language is not affected, but it has been provided for at each one of these training camps. The barracks have been built, they have been screened, and they have been properly cared for, as the Senator knows himself. Of course, he has been out at Fort Myer and has seen the papers.

Mr. WADSWORTH. Oh, yes.

Mr. UNDERWOOD. This money will be expended in those camps.

Mr. WADSWORTH. Then no part of the \$1,240,000 can be used for barracks or screening or damages to property in the neighborhood?

Mr. UNDERWOOD. No; but that has already been done. The camps are built. These new camps will just take the place of these old forts, where the other camps have been.

Mr. WADSWORTH. It is a rather dangerous situation not to make any appropriations for barracks, for if one burned down we could not build another one.

Mr. FALL. Mr. President, I have listened with a good deal of interest to the explanation made by the Senator from Alabama, but his explanation, while it may embody the intention of the department thus requesting this appropriation, is not only not borne out by the wording of the paragraph itself, but is directly contradicted by it.

Mr. UNDERWOOD. I stated to the Senator the reason of that. I stated to the Senator from New York that the department had originally sent down the language of the old Plattsburg camp provision, expecting to train the officers under that. The only change made by the Senate was to require them to be enlisted men, and the purpose of this language is to carry on these camps.

Mr. FALL. Yes; the purpose of it is evidently, under the language itself, to carry on the old camps, because an enlisted man is enlisted under the law, not under regulations adopted by the Secretary of War. Whether he is a voluntarily enlisted man in the Regular Army of the United States or whether he is a conscript, it is under the terms of the law. The people who are to be trained here are citizens who are to be enlisted, and, of course, voluntarily, necessarily, under rules and regulations to be adopted by the Secretary of War.

Mr. UNDERWOOD. Oh, no.

Mr. FALL. Pardon me a moment. Let me explain my interpretation. Not only that, but under the terms of this provision itself it would preclude teaching the enlisted man at any such camp, so that you could not take the enlisted man and use one dollar of this \$1,240,000 appropriation for teaching him in the training camps to be established under this paragraph. Now, to me, and I think to the Senate itself, that is clearly the construction of the paragraph; but the Senator says the paragraph does not mean what it says.

Mr. UNDERWOOD. No; it is not clear to me. I did not prepare the original language, nor is the committee responsible for the language that was carried in the bill heretofore. I do not agree with the Senator at all that this will exclude an enlisted man, and it is not the purpose of the department to exclude an enlisted man. It is really their purpose, as I understand, to give an opportunity in this appropriation for an enlisted man to get the training necessary to become an officer. That is the purpose of this amendment.

Mr. FALL. May I ask the Senator if he knows of any provision of law which will allow the Secretary of War to enlist any enlisted man in any other service than that for which he was enlisted or conscripted under the law itself? If so, then the Secretary of War can change the law of Congress.

Mr. UNDERWOOD. No; but the Secretary of War can discharge any enlisted man when he gets ready. It is entirely optional with him. He has some rules and regulations.



Mr. FALL. I was not speaking of the discharge. I spoke of the enlistment of an enlisted man and not the discharge of an enlisted man.

Mr. UNDERWOOD. Well, of course; but these men, under the law, are enlisted like other soldiers, as soldiers of the United States Army. They occupy the status of enlisted men at these training camps. Now, the Secretary has agreed, as I understand, that although heretofore these civilians have enlisted regularly in the Army, if they are not selected as officers then they are discharged by his order, as he has a right to discharge them; and he has given them to understand in the beginning, when they go in, that if they do not pass and become officers they shall be discharged. Of course, that is according to his rules and regulations, which he can do. He has a right to discharge them; but the enlistment, as he construes it under this law that requires them to be enlisted, is the enlistment in the Regular Army.

Mr. FALL. Then the language of this provision precludes the expenditure of this money for teaching such men in these camps. Just let me read it a moment:

For the expense of maintaining, upon military reservations or elsewhere, camps for the military instruction and training—

Of whom?—

of such citizens—

Not enlisted men—

of such citizens physically capable of bearing arms as may be selected under such terms of enlistment—

Not as provided by law—

and under such regulations—

Not as provided by law—

as may be prescribed by the Secretary of War.

Clearly, to my mind, that excludes the enlisted man, enlisted under the terms of the law, from any training at this camp; and, if you propose to use this money for such training, then you must change the wording of this paragraph.

Mr. UNDERWOOD. I do not construe the paragraph as the Senator does, and I do not construe it to mean that it excludes an enlisted man. I am sure that the War Department do not construe it in that way, or they would not have asked this appropriation on the terms they desire it.

I am free to say, as I said to the Senator from New York, that the adoption of the old Plattsburg amendment really is not apt to the appropriation that we have in hand, nor was it apt to the appropriation last June; but the purpose of the appropriation is to train citizens and enlisted men to be officers. As to the language, if the Senator has a suggestion that will improve it, it might be agreed to by the committee. I have not consulted with the chairman.

Mr. FALL. I have no desire to attempt to improve on anything that is presented by the committee further than to give them an opportunity to make the improvement themselves and carry out the purpose which they say is the purpose of the appropriation.

I therefore renew the motion of the Senator from New York to strike out the paragraph on page 53, under the head of "Civilian military training," from lines 5 to 24, inclusive. That will let it go to conference, and they can arrange it there.

Mr. UNDERWOOD. Mr. President, I merely desire to say to the Senate, as to striking out this provision, that there is now an \$800,000 deficiency. Part of this item is carried to make up that \$800,000 deficiency from the existing camps.

Mr. FALL. Mr. President, if it had not been for the explanation made by the Senator from Alabama to the Senator from New York as to the purpose of this, I should have said that it must undoubtedly have been intended, in a deficiency bill, to pay a deficiency incurred under the old appropriation for the Plattsburg training camp.

Mr. UNDERWOOD. It is not for a deficiency in the Plattsburg training camp, but it is for a deficiency in the training camps that have been in operation this last summer.

Mr. FALL. I mean what we have known as the Plattsburg camps, whether held at Plattsburg or not.

Mr. UNDERWOOD. The deficiencies are for the first training camp and the second training camp; but part of it is for a future training camp.

Mr. FALL. Then it is all the more necessary—that is, from my standpoint—that the language should be changed so as to convey the meaning which is given to it by the committee or by the Senator representing the committee, because it undoubtedly does not convey any such meaning at this time. It is neither for the payment of a deficiency already incurred nor is it for any other purpose under heaven than to continue the old Plattsburg civilian training camp.

Mr. WADSWORTH. Mr. President, may I remind the Senator from Alabama that of course there is no one on the floor of the Senate that wants to destroy this legislation; but it can be arranged in conference with proper language, and then we will legislate for what we want. I am still of the opinion, although I yielded my opinion to the Senator from Alabama, that this does not do anything, more or less, than continue the old-fashioned Plattsburg camp; and I know, from knowledge of simple English, that it forbids the use of any of this money for the building of a barrack or the placing of screens in a barrack; and if a barrack should burn down at Fort Myer you could not put it up again. Now, you do not want to do that.

Mr. UNDERWOOD. I will say to the Senator from New York, as far as barrack purposes are concerned, that there are other appropriations in this bill to cover that matter. This is not intended for barracks anyhow, nor for screens. All those items, if they be necessary, are carried in another appropriation, and an appropriation without limitation, that could be used for that purpose. This money is only intended to take care of the soldiers in barracks that have already been erected, that are already provided for; and there is nothing to do with the additional amount over and above the deficiency except to provide for their keep, their board, and whatever are the incidental expenses.

The committee had before it from the Quartermaster General's office a statement on the subject of attendance at officers' training camps that referred to this item, in which Gen. Sharpe, the Quartermaster General, said:

For the purpose of furnishing data for hearings on the urgent deficiency bill for the years 1917-18, about to be submitted to the Secretary of War, it is requested that this office be furnished at the earliest possible moment with information as to the attendance at the officers' training camps, listed in your circular of May 22, 1917, as follows:

Camps at Plattsburg Barracks, Madison Barracks, Fort Niagara, Fort Myer, Fort Oglethorpe, Fort McPherson, Fort Benj. Harrison, Fort Sheridan, Fort Logan H. Roots, Fort Snelling, Fort Riley, Leon Springs, Tex., Presidio of San Francisco; also the Engineer officers' training camps at Belvoir, Va., Fort Leavenworth, and Vancouver Barracks.

Showing that the department, in asking for this appropriation, clearly had no other purpose than to carry on the training camps, or a third edition of the training camps, that are now going on for officers in the United States Army. Therefore I do not think anything can be hurt by continuing this language.

As the two sets of training camps we have had heretofore have been conducted under this language, the third undoubtedly will be, although I am free to say and confess to both the Senator from New York and the Senator from New Mexico that the language is not clearly worded as to the subject for which the money is going to be used. That is because it is old language, used for a new purpose.

Mr. FALL. Mr. President, the object of my motion is simply that the matter may be sent back to the committee, in order that the language may be made appropriate. I have no desire to interfere with the object the committee desires to accomplish.

The VICE PRESIDENT. The question is on the amendment of the Senator from New York.

The amendment was agreed to.

Mr. MYERS. Mr. President, I desire to offer an amendment which relates to a matter which has very often had the approval of the membership of this body. It relates to the claim of Mrs. Katherine Macdonald, of Butte, Mont., to compensation for her outlay of time and money and supplies in connection with the construction of the Corbett tunnel, a part of the Shoshone reclamation project in Wyoming.

I will state in just a very few words why I offer this amendment, and I hope it will not be objected to. This body has many times, and sometimes unanimously, gone on record in favor of all of Mrs. Macdonald's claims to compensation for her time and labor here in getting legislation through, as well as her claim for money paid out and services rendered; but the House never would agree to it, and Mrs. Macdonald has never yet been compensated in any just degree for the just claim that she holds on account of the construction of this tunnel. She never has been compensated to the extent of one penny for her thousands of dollars of time and labor in getting the legislation through Congress for the benefit of other claimants. She has really received no compensation of any consequence. The little compensation she has received is a small percentage of the claims for money that is due her.

A few weeks ago, when another bill was before the Senate, I offered an amendment to require the Secretary of the Treasury to pro rate, out of the allowance of claims paid by him, sufficient money to compensate Mrs. Macdonald for her time and efforts in getting legislation through Congress for the benefit of other claimants. The Senate adopted that amendment unanimously. There was not a word against it. It was subject



to a point of order, too, if it had been made, but it was not made. The Senators, in the goodness of their hearts, recognized the justice of the amendment, and no objection was made to it, and it was adopted unanimously; but it proved to be too late, because just a few days before that time the last of the money had been paid out by the Secretary of the Treasury, and there was no money there to pro rate. I did not know it at the time I offered the amendment, but I found it out the next day.

Mrs. Macdonald had a large number of claims filed with the Secretary of the Interior, in the sum of nearly \$10,000, which were disallowed because they were claims which were held originally by other claimants, and which had been assigned for bona fide consideration to Mrs. Macdonald, and she was unable within the time allowed by law to get the affidavits of these claimants to the verity of the claims, to the fact that they were true and just claims, and therefore could not come within the rules laid down by the Secretary of the Interior, and more than \$9,000 of just claims held by Mrs. Macdonald were rejected on account of that technical ruling. Now, this is an amendment requiring the Secretary of the Interior to allow those claims on the proof now filed with the department, without further proof.

I ask that the amendment may be read first, and I hope no point of order will be made against it. There never has been a point of order made against any of Mrs. Macdonald's amendments on the floor, and I hope it will not be made this time.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. It is proposed to add to the bill a new section, to read as follows:

SEC. —. The Secretary of the Interior is hereby ordered to audit and approve, on the proof now before him, without further evidence, and the Treasury Department and its officials are directed to pay to Katherine Macdonald, of Butte, Mont., claims heretofore filed by her in the Interior Department in the sum of \$9,819 on account of work and labor done and performed, supplies furnished, and other services rendered in connection with the construction of the Corbett Tunnel, a part of the Shoshone reclamation project in the State of Wyoming.

Mr. UNDERWOOD. Mr. President, of course I do not know what the real claims of Mrs. Macdonald are, or what rights she really has; but I never have known a claim case to be passed through Congress without some consideration. This is purely a claim against the Government. It has not been considered by the Appropriations Committee. It has not gone to the Committee on Claims. It is clearly new legislation, and there is no estimate for it, so that it is against the rules.

Mr. MYERS. Mr. President, I desire to make a statement on that subject, if the Senator will yield to me for a minute.

Mr. UNDERWOOD. Certainly.

Mr. MYERS. It has been passed upon by the Department and by committees many times in substantially the same form, but not this identical paper.

Mr. UNDERWOOD. No; I mean this particular claim.

Mr. MYERS. Yes; I beg the Senator's pardon; it has been. This particular claim has been allowed by the Senate. It has passed the Senate with its approval a number of times, but it has not been paid because Mrs. Macdonald at the time was not able to produce the technical proof required to get affidavits from men in Alaska and Asia and Europe. It has been recommended by committees and passed by the Senate before.

Mr. UNDERWOOD. The Senator wants to pass it, then, without the proof that was required. That makes it a new claim. I understand from the Senator's statement that there was certain proof required.

Mr. MYERS. That may be the case as to a part only; but as to many of these claims I think the affidavits have now been procured, but they were procured too late.

Mr. UNDERWOOD. I am sure the Senator would not expect the Senate to pass on a matter of this importance, where the claimant heretofore had failed to make the proof required, and pay a \$9,000 claim, without looking into the proof or considering the merits of the claim. It is not in order on this bill, of course, because it is against the rules of the Senate to put a claim on an appropriation bill.

Mr. MYERS. It has been considered many times on its merits. Of course it comes under the rule—

Mr. UNDERWOOD. For that reason I am constrained to make the point of order that it is a claim, and it is an attempt to pass it on an appropriation bill.

The VICE PRESIDENT. The point of order is sustained.

Mr. MYERS. I desire to offer another amendment relating to the same matter in a different shape, Mr. President.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. It is proposed to amend by inserting a new section to read as follows:

SEC. —. There is hereby appropriated, out of any moneys in the Treasury of the United States not otherwise appropriated, the sum of \$9,819 to Katherine Macdonald, of Butte, Mont., on account of claims

held by her for work and labor performed, supplies furnished, and other services rendered in connection with the construction of the Corbett Tunnel, a part of the Shoshone reclamation project, in the State of Wyoming.

Mr. UNDERWOOD. Mr. President, I make the same point of order for the same reason.

The VICE PRESIDENT. The point of order is sustained.

Mr. FRELINGHUYSEN. Mr. President, I desire to offer an amendment to that section contained on page 51, between lines 10 and 15, and I wish to state my reason for doing so.

At the present time, I understand, a serious state of affairs exists in and about many of the other camp sites and cantonments throughout the country. The question of transportation to these cantonments during the coming winter means a great deal for their success.

There is a cantonment at Wrightstown, N. J., in my State, which was located there by the War Department, in a remote rural district, miles away from any city. It is in a section where it is impossible for the State to build roads, because under the taxation system in operation the State pays only a portion, 33 per cent, and the county and local district or township pay 67 per cent.

This is a farming district; and to compel the local taxpayers to build the  $\frac{1}{2}$  miles of dirt roads necessary to furnish a military outlet to the nearest improved or stone road, would be a burden that that section could not bear and should not be compelled to bear.

In addition to that, there is a division or embarkation camp at Tenafly, N. J. This is located 15 miles from the ferry, the point of embarkation, at Hoboken. These roads are in very poor repair. They run through many municipalities, and it is impossible at this time for the localities in question to reconstruct and improve those highways.

Through this camp will pass hundreds of thousands of men of the National Guard and National Army who are to go to Europe. These camps must be provisioned and equipped, and the transportation must be by means of quartermasters' trucks.

This matter has been brought to the attention of the Secretary of War, and he has written a letter, addressed to the Speaker of the House of Representatives. I understand a similar letter has been sent to the chairman of the Senate Committee on Appropriations, but he states to me that he has not received it. I ask that the letter to the Speaker be read.

The VICE PRESIDENT. The Secretary will read as requested.

The Secretary read as follows:

SEPTEMBER 24, 1917.

THE SPEAKER,  
House of Representatives.

MY DEAR SIR: It is desired to call attention to a most serious condition existing in connection with the National Army cantonments and National Guard camps, namely, the improvement of roads exterior to these cantonments and camps. The roads connecting the camp system of roads either with the paved streets of near-by cities or with important State or county highways are in many cases simply dirt roads and will, in bad weather, be practically impassable for heavy truck traffic necessary in the supply and maintenance of the cantonments and camps.

In many cases the cantonments and camps are located at a considerable distance from cities or main highways, and it is essential to the proper operation of the cantonments and camps and to assist in a considerable degree in supplying them that the roads connecting with roads therein be placed in a proper condition to adequately meet necessary military traffic requirements.

It is considered an urgent military necessity that authority of the Congress be given to improve and maintain these roads during the occupancy of the cantonments and camps by troops of the United States, and it is therefore recommended that the following provision be incorporated in the urgent deficiency bill now pending in the Senate:

"The Secretary of War is hereby authorized to construct or to improve existing roads outside National Army cantonments and National Guard reservations to connect systems of roads constructed within such reservations with the paved streets of near-by cities or with important State or county highways, and for this purpose he is authorized to contract obligations in an amount not to exceed \$5,000,000."

Similar letter has been addressed to the chairman Committee on Appropriations, United States Senate.

NEWTON D. BAKER,  
Secretary of War.

Mr. FRELINGHUYSEN. Mr. President, I offered that amendment and it was ruled out on a point of order. It is extremely necessary that something be done in regard to these roads. Fifty thousand of the young men of New Jersey and adjacent States will be at the Wrightstown encampment, and unless there is some provision made it practically means that there will be a breakdown there the coming winter.

Under the circumstances some power should be given, and at once, whereby the War Department may correct existing conditions before the coming winter. Therefore I offer the following amendment to the present section providing for the repair of roads. It changes in no way the appropriation, but permits the Secretary of War to use a part of that appropriation for these roads and new construction. I make this offer solely from a sense of public duty.



The VICE PRESIDENT. The Secretary will read the amendment.

The SECRETARY. On page 51, line 14, after the word "at" insert the words "or adjacent to," so as to read:  
improvement of ground at or adjacent to military posts and stations.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from New Jersey.

Mr. MARTIN. I make a point of order on it. This is a very large appropriation. I never heard of it until it was brought in here to-day. No estimate has been sent to the committee—not a line or a word. I do not know what this money will be used for. I know there is ample provision for building this road if they want to build it.

The VICE PRESIDENT. There is no money appropriated by the amendment.

Mr. MARTIN. I thought it asked for \$5,000,000.

Mr. FRELINGHUYSEN. No; I simply ask that a part of the appropriation be used for the building of roads outside of the cantonments.

The VICE PRESIDENT. It is proposed to read "improvement of ground at or adjacent to military posts and stations."

Mr. MARTIN. That takes money that is necessary for other purposes.

The VICE PRESIDENT. It is not subject to a point of order. There is not any doubt about that. It can be voted down, but can not go out on a point of order.

Mr. FRELINGHUYSEN. This appropriation is made for the purpose of building roads within the cantonments. My amendment enlarges the scope of the authority of the Secretary of War and allows him with that money appropriated to build roads outside of cantonments where it is necessary. It is a very important amendment, and I hope the chairman will accept it.

Mr. MARTIN. Mr. President, I think it is one of the most vicious and dangerous amendments that I have ever known to be offered, but it is not subject to a point of order, and the Senate can do what it pleases and let it go to conference. I am sure it will not live there five minutes.

Mr. FRELINGHUYSEN. The Senator from Virginia has evidence from the Secretary of War in the letter that has just been read that it is necessary.

Mr. MARTIN. I think the Secretary of War ought to have informed the committee at an earlier day. He has never informed it up to this hour. The Senator produces a letter here that never has been received by me or by the Committee on Appropriations of the Senate on this subject.

Mr. FRELINGHUYSEN. The War Department made a statement to me over the phone to-day that a copy of that letter was sent to the chairman of the committee.

Mr. MARTIN. Then they should have called up and found to whom it was delivered. I never received it, and the clerk of the committee says it never came to the committee room.

The VICE PRESIDENT. The question is on agreeing to the amendment.

On a division the amendment was rejected.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

#### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by G. F. Turner, one of its clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4960) to define, regulate, and punish trading with the enemy, and for other purposes.

The message also announced that Mr. DENISON had been appointed in the place of Mr. GARLAND on the committee of conference on the part of the House on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3932) to prohibit the manufacture, distribution, storage, use, and possession in time of war of explosives, providing regulations for the safe manufacture, distribution, storage, use, and possession of the same, and for other purposes.

The message further announced that the House had agreed to a concurrent resolution authorizing the Clerk to strike out the word "it" on page 21, line 20, of the bill (H. R. 4960) to define, regulate, and punish trading with the enemy, and for other purposes, and to insert in lieu thereof the word "him," in which it requested the concurrence of the Senate.

#### TRADING WITH THE ENEMY.

The VICE PRESIDENT laid before the Senate the following concurrent resolution (H. Con. Res. 23) of the House of Representatives, which was read:

*Resolved by the House of Representatives (the Senate concurring). That in the enrollment of the bill (H. R. 4960) entitled "An act to define, regulate, and punish trading with the enemy, and for other purposes," the Clerk be, and he is hereby, authorized and directed to strike out the word "it" on page 21, line 20, and to insert in lieu thereof the word "him."*

Mr. FLETCHER. I move that the Senate concur in the resolution of the House.

The motion was agreed to.

#### DRAINAGE IN NEW MEXICO AND TEXAS.

Mr. JONES of New Mexico. Mr. President, in the sundry civil appropriation act of June 12, 1917, there was a sum appropriated for the purpose of continuing the work of reclamation and drainage on the irrigation project in New Mexico and Texas. Attached to that appropriation was a proviso which reads as follows:

That no part of this appropriation shall be expended for drainage except in irrigation districts formed under State laws and upon the execution of agreements for the repayment to the United States of all project investments.

It has been impracticable to form the irrigation districts for the purpose of complying with that proviso and it is necessary that the drainage work which has been going on there shall continue. For that purpose I introduced a joint resolution providing that that may be done notwithstanding the proviso attached to the previous appropriation act. This joint resolution was referred to the Committee on Appropriations and was reported yesterday with the approval of that committee and it appears upon the calendar. I ask unanimous consent that the joint resolution may be taken up for present consideration. It is the joint resolution (S. J. Res. 89) to authorize the Secretary of the Interior to expend funds in New Mexico and Texas for drainage purposes.

There being no objection, the joint resolution was considered as in Committee of the Whole, and it was read, as follows:

*Resolved, etc., That in order to provide for immediate and necessary drainage of lands in the Rio Grande reclamation project, New Mexico and Texas, the provisions of the sundry civil act, approved June 12, 1917, so far as applicable to said project, are hereby modified and amended so as to authorize and permit the Secretary of the Interior to expend not exceeding \$15,000 in drainage work upon that portion of the project located within the State of New Mexico pending the formation of an irrigation district covering the lands within New Mexico under this project, and to expend upon that portion of the project located within the State of Texas such amount, within the limit of available appropriations, as the existing irrigation district may obligate itself to repay.*

The joint resolution was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### PROMOTION OF EXPORT TRADE.

Mr. FLETCHER. Mr. President—

Mr. POMERENE. Will the Senator yield to me for a moment?

Mr. FLETCHER. Certainly.

Mr. POMERENE. I ask that the unfinished business, the bill (H. R. 2316) to promote export trade, and for other purposes, be laid before the Senate.

The VICE PRESIDENT. It is before the Senate as the unfinished business for to-morrow.

#### EXECUTIVE SESSION.

Mr. FLETCHER. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were reopened, and (at 5 o'clock and 15 minutes p. m.) the Senate adjourned until to-morrow, Wednesday, September 26, 1917, at 12 o'clock meridian.

#### NOMINATIONS.

*Executive nominations received by the Senate September 25, 1917.*

##### ASSISTANT TREASURER OF THE UNITED STATES.

William J. McGee, of San Francisco, Cal., to be assistant treasurer of the United States at San Francisco, Cal. (Reappointment.)

##### FEDERAL TRADE COMMISSIONER.

John Franklin Fort, of New Jersey, to be a member of the Federal Trade Commission for a term of seven years. (Reappointment.)

##### COLLECTOR OF CUSTOMS.

John O. Davis, of San Francisco, Cal., to be collector of customs for customs collection district No. 28, with headquarters at San Francisco, Cal. (Reappointment.)



## NAVAL OFFICER OF CUSTOMS.

James H. Barry, of San Francisco, Cal., to be naval officer of customs in customs collection district No. 28, with headquarters at San Francisco, Cal. (Reappointment.)

## CONFIRMATIONS.

*Executive nominations confirmed by the Senate September 25, 1917.*

## COLLECTOR OF CUSTOMS.

John B. Elliott to be collector of customs for customs collection district No. 27, with headquarters at Los Angeles, Cal.

## POSTMASTER.

## ILLINOIS.

Eber E. Bassett, West McHenry.

## HOUSE OF REPRESENTATIVES.

*Tuesday, September 25, 1917.*

The House met at 12 o'clock noon.

Rev. W. J. Darby, of Evansville, Ind., offered the following prayer:

Thou, who art the giver of all good, with infinite wisdom Thou has guided Thy people through the ages to the fulfillment of their appointed mission. Believing that we have a mission as a people, we rejoice that Thou hast been our guide and helper thus far. Unto Thee we commit all our ways, that we may be divinely guided and abundantly prospered in the things whereunto Thou hast appointed us; and to this end fill these, Thy servants, with wisdom from on high, that they may do the things that are best and that will work out the purposes of Thine own will among the nations of the earth. Grant unto us Thy continual guidance and grace and blessing in all the work of our lives as a people and as individuals, through Him who has loved us and saved us by His infinite grace. Amen.

The Journal of the proceedings of yesterday was read and approved.

## BRIDGE ACROSS SALINE RIVER, ARK.

Mr. GOODWIN of Arkansas. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 5431) to authorize the construction, maintenance, and operation of a bridge across the Saline River, at or near Suttons Ferry, Ark., which I send to the desk and ask to have read.

The SPEAKER. The gentleman from Arkansas asks unanimous consent for the present consideration of the bill (H. R. 5431), of which the Clerk will report the title.

The Clerk reported the title of the bill.

The SPEAKER. Is there objection?

Mr. MONTAGUE. Mr. Speaker, reserving the right to object, I desire to inquire how long this will take?

Mr. GOODWIN of Arkansas. About half a minute.

Mr. GILLET. Reserving the right to object, has this been reported by a committee?

Mr. GOODWIN of Arkansas. Yes; the bill was reported on the 26th of July last, but owing to the recesses that we have had the bill could not come up until now.

The SPEAKER. The Clerk will report the bill.

The Clerk read the bill, as follows:

*Be it enacted, etc.,* That the county of Bradley, a corporation organized and existing under the laws of the State of Arkansas, its successors and assigns, be, and they are hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the Saline River, at or near Suttons Ferry in the southwest quarter of the northwest quarter of section 15, township 13 south, range 9 west, of the fifth principal meridian on the Warren and Monticello Road, at a point suitable to the interests of navigation, in accordance with the provisions of the act entitled, "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

Sec. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendments:

Page 1, line 6, strike out "contract" and insert "construct."

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to authorize the construction, maintenance, and operation of a bridge across the Saline River at or near Suttons Ferry, Ark."

## ENROLLED BILLS SIGNED.

Mr. LAZARO, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bill of the following title, when the Speaker signed the same:

H. R. 5335 An act to extend the time for constructing a bridge across the Tug Fork of the Big Sandy River near Warfield, Ky., and Kermit, W. Va., authorized by an act approved January 28, 1916.

The SPEAKER announced his signature to enrolled bill of the following title:

S. 2477. An act to authorize the construction of a building for the use of the Treasury Department.

## SENATE BILL REFERRED.

Under clause 2, Rule XXIV, Senate bill of the following title was taken from the Speaker's table and referred to its appropriate committee, as indicated below:

S. 2878. An act granting the consent of Congress to the Whiteville Lumber Co. to construct a bridge across Waccamaw River; to the Committee on Interstate and Foreign Commerce.

## LEAVE OF ABSENCE.

Mr. ELSTON. Mr. Speaker, my colleague, Mr. CURRY of California, has been ill for 10 days. I ask an indefinite leave of absence on his behalf.

The SPEAKER. The gentleman from California asks indefinite leave of absence for his colleague, Mr. CURRY, on account of sickness. Is there objection?

There was no objection, and it was so ordered.

## EXPLANATION OF A VOTE.

Mr. EMERSON. Mr. Speaker, on the roll call yesterday on amending the rules I voted "yea." I was paired with the gentleman from California, Mr. LEA, and would have withdrawn my vote of "yea" and answered "Present" had it not been for the fact that Mr. LEA, if he had been present, would have voted "yea."

## TRADING WITH THE ENEMY.

Mr. MONTAGUE. Mr. Speaker, I call up the conference report on the bill (H. R. 4960) to define, regulate, and punish trading with the enemy, and for other purposes.

Mr. WALSH. Mr. Speaker, I desire to reserve a point of order on amendment No. 127.

The SPEAKER. The gentleman from Massachusetts reserves a point of order on amendment No. 127.

Mr. LONDON. Mr. Speaker, I desire to reserve a point of order on the same amendment.

The SPEAKER. The gentleman from New York also reserves a point of order on amendment No. 127.

Mr. DEWALT. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. DEWALT. Is it in order to reserve a point of order on a particular section or amendment in the bill? Must the conference report not stand or fall together? Must not the gentlemen reserve a point of order as to the entire conference report? It can not be segregated.

The SPEAKER. The rule provides that the conference report shall be considered and passed on as a whole.

Mr. DEWALT. That is the point that I am making.

The SPEAKER. But each gentleman has a right to reserve points of order.

Mr. DEWALT. But they make the point of order and reserve it as to one specific thing.

The SPEAKER. If the point of order which they raise to one specific thing is sustained, the whole conference report fails. You can not take it piecemeal.

Mr. DEWALT. That is what I am aiming at—not to have it taken piecemeal.

The SPEAKER. If a point of order against any one part of the conference report is sustained, the whole thing fails. Whether it would be better form for them to say that they reserve a point of order against the conference report or against the particular thing is another matter.

Mr. LONDON. Mr. Speaker, I reserve a point of order against the conference report in its entirety.

The SPEAKER. That covers all points.

Mr. DEWALT. Mr. Speaker, the gentleman from New York having reserved the point of order as to the conference report, must he not state what his point of order is?

The SPEAKER. We want to have the report read first, so that gentlemen will know what they are doing.



Mr. WALSH. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman from Massachusetts rise?

Mr. WALSH. Mr. Speaker, I desire to withdraw my reservation on the point of order.

The SPEAKER. The gentleman has a right to do it.

Mr. MONTAGUE. Mr. Speaker, I ask unanimous consent that the statement on the part of the managers of the House may be read in lieu of the conference report.

The SPEAKER. The gentleman from Virginia [Mr. MONTAGUE] asks unanimous consent that the statement be read in lieu of the report. Is there objection? [After a pause.] The Chair hears none.

Mr. LONDON. Mr. Speaker, reserving the right, if it is not too late, that does not affect the point of order in any way?

The SPEAKER. Not a bit in the world.

The statement was read.

The conference report and statement of the House conferees are as follows:

#### CONFERENCE REPORT (NO. 155).

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4960) to define, regulate, and punish trading with the enemy, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 68, 128, and 129.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 9, 13, 15, 16, 17, 20, 21, 22, 23, 24, 25, 26, 28, 30, 31, 32, 33, 34, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 66, 69, 71, 72, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 103, 104, 106, 107, 108, 110, 111, 112, 113, 114, 117, 119, 121, 122, 124, 125, and 126, and agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment as follows: In the last line of the Senate amendment strike out "and private bankers"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: In lieu of the matter proposed by the Senate amendment insert the following:

"SEC. 3. That it shall be unlawful—

"(a) For any person in the United States, except with the license of the President, granted to such person, or to the enemy or ally of enemy, as provided in this act, to trade, or attempt to trade, either directly or indirectly, with, to, or from, or for, or on account of, or on behalf of, or for the benefit of, any other person, with knowledge or reasonable cause to believe that such other person is an enemy or ally of enemy, or is conducting or taking part in such trade, directly or indirectly, for, or on account of, or on behalf of, or for the benefit of, an enemy or ally of enemy.

"(b) For any person, except with the license of the President, to transport or attempt to transport into or from the United States, or for any owner, master, or other person in charge of a vessel of American registry to transport or attempt to transport from any place to any other place, any subject or citizen of an enemy or ally of enemy nation, with knowledge or reasonable cause to believe that the person transported or attempted to be transported is such subject or citizen.

"(c) For any person (other than a person in the service of the United States Government or of the Government of any nation, except that of an enemy or ally of enemy nation, and other than such persons or classes of persons as may be exempted hereunder by the President, or by such person as he may direct), to send, or take out of, or bring into, or attempt to send, or take out of, or bring into the United States, any letter or other writing or tangible form of communication, except in the regular course of the mail; and it shall be unlawful for any person to send, take, or transmit, or attempt to send, take, or transmit out of the United States, any letter or other writing, book, map, plan, or other paper, picture, or any telegram, cablegram, or wireless message, or other form of communication intended for or to be delivered, directly or indirectly, to an enemy or ally of enemy: *Provided, however,* That any person may send, take, or transmit out of the United States anything herein forbidden if he shall first submit the same to the President, or to such officer as the President may direct, and shall obtain the license or con-

sent of the President, under such rules and regulations, and with such exemptions, as shall be prescribed by the President.

"(d) Whenever, during the present war, the President shall deem that the public safety demands it, he may cause to be censored under such rules and regulations as he may from time to time establish, communications by mail, cable, radio, or other means of transmission passing between the United States and any foreign country he may from time to time specify, or which may be carried by any vessel or other means of transportation touching at any port, place, or territory of the United States and bound to or from any foreign country. Any person who willfully evades or attempts to evade the submission of any such communication to such censorship or willfully uses or attempts to use any code or other device for the purpose of concealing from such censorship the intended meaning of such communication shall be punished as provided in section 16 of this act."

And the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with amendments as follows: On page 4, in line 2 of the Senate amendment, strike out the word "other"; on page 4, in line 9 of the Senate amendment, after the word "otherwise" insert a comma; on page 4, in line 10 of the Senate amendment, after the word "time" insert a comma; on page 4, in line 13 of the Senate amendment, after the word "company" insert a comma, and in the same line after the word "enemy" where it occurs the second time insert a comma; on page 4, in line 15 of the Senate amendment, after the words "United States" strike out the comma and insert a semicolon; on page 5, in line 4 of the Senate amendment, strike out the words "or treaty"; in line 7 strike out the words "or treaty"; and in line 9 strike out the words "or treaty"; in line 11, after the word "act" insert a comma; in line 12 after the word "President" insert a comma; and in line 13 after the word "enemy" strike out the comma; on page 6, in line 5 of the Senate amendment after the word "company" insert a comma; in line 6 after the word "granted" insert a comma; in line 13 after the word "act" insert a comma; in line 14 after the word "President" insert a comma, and in line 22 strike out "fifteen" and insert the word "sixteen"; on page 7, in line 9 of the Senate amendment, strike out "fifteen" and insert the word "sixteen"; in line 10 after the word "or" insert "to any"; in line 18 after the word "company" insert a comma; and in line 20 after the word "pay" strike out the comma; on page 8, in line 5 of the Senate amendment after the word "custodian" insert the words "thereafter provided for"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment as follows: On page 7, line 3 of the bill, after the word "That" insert "during the present war"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In line 1 of the proposed amendment after the word "Whenever" insert "during the present war"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: On page 9, line 21, of the proposed amendment as engrossed, strike out "suspension" and insert "postponement"; on page 9, after line 23, of the proposed amendment strike out the balance of the amendment and insert the following:

"(b) That the President may investigate, regulate, or prohibit, under such rules and regulations as he may prescribe, by means of licenses or otherwise, any transactions in foreign exchange, export or ear-markings of gold or silver coin or bullion or currency, transfers of credit in any form (other than credits relating solely to transactions to be executed wholly within the United States), and transfers of evidences of indebtedness or of the ownership of property between the United States and any foreign country, whether enemy, ally of enemy or otherwise, or between residents of one or more foreign countries, by any person within the United States; and he may require any such person engaged in any such transaction to furnish, under oath, complete information relative thereto, including the production of any books of account, contracts, letters or other papers, in connection therewith in the custody or control of such person, either before or after such transaction is completed."

And the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and



agree to the same with an amendment as follows: On page 7, line 25 of the bill, after the word "President," strike out the comma; and the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment as follows: On page 9, line 13 of the bill, after the word "President," strike out the comma; and the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment as follows: In lieu of the matter proposed by the Senate amendment insert the following: "known to be, or whom the representative of such corporation, association, company, or trustee has reasonable cause to believe to be"; and the Senate agree to the same.

Amendment numbered 35: That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment as follows: On page 13, in line 11 of the amendment, after the word "Act," insert a comma; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows: On page 11, in line 19 of the bill, after the word "President," strike out the comma; and the Senate agree to the same.

Amendment numbered 52: That the House recede from its disagreement to the amendment of the Senate numbered 52, and agree to the same with an amendment as follows: In line 10, page 19 of the amendment, strike out the words "the laws of the State" and insert "law"; and the Senate agree to the same.

Amendment numbered 65: That the House recede from its disagreement to the amendment of the Senate numbered 65, and agree to the same with an amendment as follows: On page 19, in line 10 of the bill, after the word "may," insert "when duly authorized by the President"; and the Senate agree to the same.

Amendment numbered 67: That the House recede from its disagreement to the amendment of the Senate numbered 67, and agree to the same with an amendment as follows: On page 19, in line 21 of the bill, strike out "who desires" and insert "desiring"; and the Senate agree to the same.

Amendment numbered 70: That the House recede from its disagreement to the amendment of the Senate numbered 70, and agree to the same with an amendment as follows: On page 20, line 4 of the bill, after the word "as," strike out "it" and insert the word "he"; on the same page, in line 5 of the bill, after the word "provided," strike out "it" and insert the word "he"; and the Senate agree to the same.

Amendment numbered 73: That the House recede from its disagreement to the amendment of the Senate numbered 73, and agree to the same with an amendment as follows: In lieu of the matter proposed by the Senate amendment insert the following: "including the fixing of prices of articles and products necessary to the health of the military and naval forces of the United States or the successful prosecution of the war"; and the Senate agree to the same.

Amendment numbered 89: That the House recede from its disagreement to the amendment of the Senate numbered 89, and agree to the same with an amendment as follows: On page 21, line 23 of the bill, after the word "expiration," strike out "the" and insert "one." In the same line, after the word "thereafter," insert a comma; and the Senate agree to the same.

Amendment numbered 102: That the House recede from its disagreement to the amendment of the Senate numbered 102, and agree to the same with an amendment as follows: On page 24, in line 16 of the bill, after the word "President," strike out the comma; and the Senate agree to the same.

Amendment numbered 105: That the House recede from its disagreement to the amendment of the Senate numbered 105, and agree to the same with an amendment as follows: On page 25, in line 3 of the bill, strike out the word "such"; and the Senate agree to the same.

Amendment numbered 109: That the House recede from its disagreement to the amendment of the Senate numbered 109, and agree to the same with an amendment as follows: In line 6, page 29 of the amendment, strike out the words "in like manner as though he were the absolute owner thereof" and insert the following: "if and when necessary to prevent waste and protect such property and"; and the Senate agree to the same.

Amendment numbered 115: That the House recede from its disagreement to the amendment of the Senate numbered 115, and agree to the same with an amendment as follows: On page 26, in lines 19 and 20 of the bill, strike out the words "(or such

other officer as the President shall direct)"; and the Senate agree to the same.

Amendment numbered 116: That the House recede from its disagreement to the amendment of the Senate numbered 116, and agree to the same with an amendment as follows: On page 26, in line 23 of the bill, insert the following: "during the present war."; and the Senate agree to the same.

Amendment numbered 118: That the House recede from its disagreement to the amendment of the Senate numbered 118, and agree to the same with an amendment as follows: On page 27, line 23 of the bill, insert the following: "during the present war."; and the Senate agree to the same.

Amendment numbered 120: That the House recede from its disagreement to the amendment of the Senate numbered 120, and agree to the same with an amendment as follows: In the first line of the amendment proposed by the Senate, after the word "shall," insert "during the present war."; and the Senate agree to the same.

Amendment numbered 123: That the House recede from its disagreement to the amendment of the Senate numbered 123, and agree to the same with an amendment as follows: On page 28, line 23, of the bill, after the word "Stationery," insert the following: "Typewriters and exchanges thereof"; and the Senate agree to the same.

Amendment numbered 127: That the House recede from its disagreement to the amendment of the Senate numbered 127, and agree to the same with an amendment as follows: In lieu of the matter proposed by the Senate amendment insert the following:

"SEC. 19. That 10 days after the approval of this act and until the end of the war, it shall be unlawful for any person, firm, corporation, or association, to print, publish, or circulate, or cause to be printed, published, or circulated in any foreign language, any news item, editorial or other printed matter, respecting the Government of the United States, or of any nation engaged in the present war, its policies, international relations, the state or conduct of the war, or any matter relating thereto: *Provided*, That this section shall not apply to any print, newspaper, or publication where the publisher or distributor thereof, on or before offering the same for mailing, or in any manner distributing it to the public, has filed with the postmaster at the place of publication, in the form of an affidavit, a true and complete translation of the entire article containing such matter proposed to be published in such print, newspaper, or publication, and has caused to be printed, in plain type in the English language, at the head of each such item, editorial, or other matter, on each copy of such print, newspaper, or publication, the words 'True translation filed with the postmaster at \_\_\_\_\_ on \_\_\_\_\_ (naming the post office where the translation was filed, and the date of filing thereof), as required by the act of \_\_\_\_\_ (here giving the date of this act).'

"Any print, newspaper, or publication in any foreign language which does not conform to the provisions of this section is hereby declared to be nonmailable, and it shall be unlawful for any person, firm, corporation, or association, to transport, carry, or otherwise publish or distribute the same, or to transport, carry or otherwise publish or distribute any matter which is made nonmailable by the provisions of the act relating to espionage, approved June 15, 1917: *Provided further*, That upon evidence satisfactory to him that any print, newspaper, or publication, printed in a foreign language may be printed, published, and distributed free from the foregoing restrictions and conditions without detriment to the United States in the conduct of the present war, the President may cause to be issued to the printers or publishers of such print, newspaper, or publication, a permit to print, publish, and circulate the issue or issues of their print, newspaper, or publication, free from such restrictions and requirements, such permits to be subject to revocation at his discretion. And the Postmaster General shall cause copies of all such permits and revocations of permits to be furnished to the postmaster of the post office serving the place from which the print, newspaper, or publication, granted the permit is to emanate. All matter printed, published and distributed under permits shall bear at the head thereof in plain type in the English language, the words, 'Published and distributed under permit authorized by the act of \_\_\_\_\_ (here giving date of this act), on file at the post office of \_\_\_\_\_ (giving name of office).'

"Any person who shall make an affidavit containing any false statement in connection with the translation provided for in this act shall be guilty of the crime of perjury and subject to the punishment provided therefor by section 125 of the act of March 4, 1909, entitled 'An act to codify, revise, and amend the penal laws of the United States,' and any person, firm, corporation, or association, violating any other requirement of this



act shall, on conviction thereof, be punished by a fine of not more than five hundred dollars (\$500), or by imprisonment of not more than one year, or, in the discretion of the court, may be both fined and imprisoned."

And the Senate agree to the same.

W. C. ADAMSON,  
A. J. MONTAGUE,  
ARTHUR G. DEWALT,  
JOHN J. ESCH,  
E. L. HAMILTON,

*Managers on the part of the House.*

DUNCAN U. FLETCHER,  
JAS. K. VARDAMAN,  
JOS. E. RANDELL,  
KNUTE NELSON,  
BERT M. FERNALD,

*Managers on the part of the Senate.*

#### STATEMENT.

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4960) to define, regulate, and punish trading with the enemy, and for other purposes, submit the following statement in relation to the action agreed upon by the conference committee as to the amendments of the Senate:

On amendment No. 1: This amendment strikes out (1) all of the House provision relating to enemy insurance companies, and (2) also the definition of enemy or ally of enemy found in the proviso of the amendment; but the former portion of the amendment finds a substitute in Senate amendment No. 11, hereafter to be noticed.

On amendments Nos. 2, 3, 5, and 6: More clearly define the meaning of the word "citizen" used in the bill.

On amendment No. 4: Strikes out the same definition referred to in amendment No. 1.

On amendment No. 7: Defines more clearly what is meant by the words "end of the war."

On amendment No. 8: The definition of the words "bank or banks" is accepted by the House conferees, with an amendment excluding therefrom "private bankers."

On amendment No. 9: Enlarges the definition of "trading" to include "loans or extension of credits."

On amendment No. 10: The House recedes from its disagreement and agrees to the same with an amendment, which—

(a) Includes, comprehensively, such persons as are prohibited from trading as defined in the act, with knowledge or reasonable cause to believe that the person with whom the trade is carried on is an enemy or ally of enemy, except with license. It should be especially noted that the President is generally substituted by the Senate amendments to perform directly or indirectly the functions assigned to the Secretary of Commerce, the Secretary of the Treasury, the Federal Trade Commission, and other officers.

(b) This is substantially an enlargement of the House provision forbidding any person to transport or attempt to transport into or from the United States, or for any owner, master, or other person in charge of a vessel of American registry to transport or attempt to transport from any place to any other place any subject or citizen of an enemy or ally of enemy with knowledge or reasonable cause to believe that such person transported or attempted to be transported is such subject or citizen.

(c) This paragraph contains two substantive provisions: (1) It is unlawful to send or attempt to send, take out, or bring into the United States any letter, writing, or other tangible form of communication except in the regular course of the mail, or to send, take, or transmit or attempt to send, take, or transmit out of the United States any letter or other writing, book, map, plan, or other paper, picture, or telegram, cablegram, or wireless message, or any other form of communication intended to be delivered directly or indirectly to the enemy or ally of enemy: *Provided, however,* That the act or acts forbidden may be performed if first submitted to the President, or to such officers as he may direct, and license or consent therefor obtained.

(d) This paragraph gives the President authority during the war, when the public safety demands it, to censor, under appropriate rules and regulations, communications by mail, cable, radio, or other means of transmission between the United States and any foreign country which he may from time to time specify, or which may be carried by vessel or other means of transportation, and prescribing pains and penalties for violations thereof. It should be noted, however, that the censorship does not extend in this paragraph in any way to newspapers or other publications.

On amendments Nos. 11, 12, 14, 15, and 17: Are formal in character and tend to clarify the text.

On amendments Nos. 13 and 16: Substitute the President for the Secretary of Commerce.

On amendment No. 18: (a) Elaborates the provisions of the House bill containing prohibitions against trade save and except in pursuance of licenses, and gives the President full authority over the same.

(b) This amendment contains a new subject matter, giving the President authority to investigate, regulate, or prohibit, under appropriate rules and regulations, transactions in foreign exchange, export, or earmarkings of coin, or bullion, or currency, and generally the subject of transfers of indebtedness or ownership of property between the United States and any foreign country whether enemy or neutral, or between residents of one or more foreign countries and any person in the United States; and the President may require any information in relation thereto, including the production of books, accounts, letters, etc.

On amendments Nos. 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, and 31: Are unimportant save for the substitution of the President for the Secretary of Commerce, and with the exception of No. 24, which forbids acceptance of voluntary official service.

On amendments Nos. 32 and 33: Fix February 3, 1917, as the date from which disclosures and reports of enemy stock, shares, and property shall be made.

On amendment No. 34: Empowers the President to extend the time in which such reports shall be made, as well as the inquisitorial jurisdiction of the alien property custodian and the President.

On amendment No. 35: Enlarges the scope of the invalidity of conveyances, transfers, assignments, etc., contemplated by subsection b, section 7, of the House bill.

On amendment No. 37: Expands and carries into detail the provisions of subsection c, section 7, of the House bill.

On amendments Nos. 36, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, and 51: Do not materially change the House bill save to bring the amended sections into conformity with the text of the bill.

On amendment No. 52: Is receded from and concurred in with an amendment which elaborates section 8 of the House bill, and perhaps consummates the purpose designed by the original text.

On amendments Nos. 54, 55, 56, 57, 58, 59, and 60: Revise the interpleader rights of interested parties as provided in section 9 of the House bill.

On amendment No. 61: Is wholly stricken out.

On amendments Nos. 62, 63, 64, 65, 66, 67, 69, 70, 71, and 72: Are mainly necessary for uniformity and clarity.

On amendment No. 68: Is wholly receded from by the Senate.

On amendment No. 73: Concurred in by the House conferees with an amendment confining the fixing of prices to articles and products necessary to the health of the Army and Navy or the successful prosecution of war.

On amendment No. 74: Provides that licenses shall be defense to suits in relation to the subject matter of such licenses.

On amendments Nos. 76 to 98, inclusive: Are necessitated by reason of the changes heretofore referred to, and to preserve unity and clarity in the text.

On amendment No. 99: Authorizes the President to keep secret and withhold publication of inventions or patents until the end of the war if the publication of such inventions may assist the enemy or endanger the successful prosecution of the war.

On amendment No. 100: Authorizes the President to place an embargo upon all imports into the United States, in pursuance of proclamation and under such regulations as he may prescribe, giving no preference, however, to the ports of one State over those of another.

On amendments Nos. 101 to 108, inclusive: Relate to the substitution of the President for the heads of the departments, and punctuation and slight verbal changes necessary for the continuity of the text.

On amendment No. 109: Deals with the powers to be exercised by the alien property custodian, and the duty of corporations, associations, companies, and trustees within the United States to transfer shares and certificates upon their books to the alien property custodian upon his demand, and under certain conditions.

On amendments Nos. 110 to 119, inclusive: Are formal in character and intended to perfect the text. The same may be said of any other amendments not specifically noted in this statement.

On amendment No. 120: Requires the collector of customs to report to the President the amount of gold or silver coin, or bullion, or other monies contained in any cargo for export, the purpose being to safeguard the delivery of such property directly or indirectly to an enemy or ally of enemy.



On amendments Nos. 121 and 122: Increase the sum of appropriation from \$250,000 to \$450,000.

On amendment No. 124: Strikes out section 15 of the House bill relating to penal provisions, inserting in lieu thereof section 16, covering the same subject more in detail.

On amendments Nos. 125 and 126: Relate to renumbering sections.

On amendment No. 127: This amendment is in relation to printing, publishing, or circulating in any foreign language matter respecting the Government of the United States, etc.

Its provisions are operative 10 days after the approval of this act and until the end of the war, during which time it shall be unlawful for any person, firm, corporation, or association to print, publish, or circulate, or cause to be printed, published, or circulated, in any foreign language, news items, editorials, or other printed matter respecting the Government of the United States, or of any nation engaged in the present war, or their policies, international relations, state or conduct of the war, or any matter relating thereto. This section shall not apply where the publisher or distributor, on or before mailing or distributing the article, has filed with the postmaster at the place of publication a true and complete translation of the entire article, as provided more in detail in the amendment.

Any print, newspaper, or publication which does not conform to the requirement as to translation, etc., makes the matter nonmailable, and it becomes unlawful not only to mail but to transport, carry, or otherwise publish or distribute such matter.

But the President is authorized to issue permits for such publications, which, however, are subject to revocation.

On amendments Nos. 128 and 129: Are receded from by the Senate conferees.

W. C. ADAMSON,  
A. J. MONTAGUE,  
A. G. DEWALT,  
JOHN J. ESCH,  
EDWARD L. HAMILTON,  
*Managers on the part of the House.*

The SPEAKER. The gentleman from New York [Mr. LONDON] will state his point of order.

Mr. LONDON. Mr. Speaker, I will make an effort to adhere strictly to the parliamentary issue and not digress into a discussion of the merits of the proposition. I contend that the House conferees have exceeded their authority and have violated the rules of the House by consenting to Senate amendment No. 127 in the form in which it is presented to the House.

The SPEAKER. Now, the Chair would like to ask in what manner did the House conferees violate the rules of the House?

Mr. LONDON. That is what I intend to prove.

The SPEAKER. All right.

Mr. LONDON. It is a well-settled rule that the conferees can not go beyond the scope of the bill as it passed either House, that they can not assume to legislate, that they must confine themselves to the subject matter in difference between the two Houses. Now, the subject matter in difference between the two Houses, so far as amendment 127 is concerned, was the following: The Senate added an amendment, a new section, section 19, which provided:

SEC. 19. That during the pendency of the present state of war and until peace shall be concluded and the fact declared by proclamation of the President it shall be unlawful for any person, firm, or association to print or publish, or cause to be printed or published in the German language any comments respecting the Government of the United States, or of any nation with which Germany is at war, its policies, international relations, the state or conduct of the war, or of any matter relating thereto, without printing or publishing in a column parallel to such matter a true and complete translation of the same in the English language.

Any print or publication in the German language which does not conform to the provisions of this section shall not be admitted to the mails, and it shall be unlawful for any person to transport, carry, or otherwise publish or distribute the same.

Then it provides a penalty for a violation of this section. Now, the House conferees have agreed to amendment No. 127, with an amendment so that the entire section has been changed in scope and in character. Instead of the section applying to publications in the German language, the language of the country with which we are at war, the section is made applicable to all languages except English, so that it will strike every newspaper published in every language except the English language. Section 127, or amendment 127, as agreed to by the conferees, provides that it shall be unlawful to distribute any publication published in a language other than English, again extending the operation of the original amendment 127 so that it changes it not quantitatively but qualitatively and in substance. It changes the entire character of the section. Furthermore, the way section 19 reads now it provides that it shall be unlawful, after a publication has been excluded by the Postmaster Gen-

eral under the espionage law—that is, a publication in the English language—that it shall be unlawful to deliver such a publication, to transport it from place to place, to circulate it, in other words, to distribute it otherwise than by mail, thereby adding a section to the espionage law modifying the espionage law, which was not before the House and which was not before the conferees. The House conferees thus disregarded the rules of the House in three essential respects. There is nothing in the bill as it passed the House relating to publications in the German language, but on the theory that they had the right to deal with the Senate amendment which provided for certain regulations relating to publications in the language of the enemy country, they had the right to deal with this section and consent to it, but they have no right to extend the operation of that section to languages other than the language of the enemy country, and they had no right to prohibit the circulation or distribution of those publications; and the third and most important point I am raising is they had no right to add a section to the espionage law prohibiting the circulation and distribution of printed matter after the Postmaster General has excluded it from the mail. Mind you, not after a court decree, not after it had been declared by a court of competent jurisdiction that the law has been violated, not after an indictment has been brought against the person. The mere administrative act of the Postmaster General or a clerk in the Postmaster General's office makes it a crime to distribute and circulate certain publications if this section 19 is to become law. And it is on these grounds that I contend that the conferees have exceeded their authority, that they have assumed the functions of legislators outside of the legislation which was before them. They have attempted to add a section to the penal code; they have attempted to modify existing law—the espionage act—which was not properly before the conferees. I contend, therefore, that my point of order should be sustained.

The SPEAKER. The Chair would like to ask the gentleman a question.

Mr. LONDON. Yes.

The SPEAKER. Now, this criminal section that the gentleman complains about is not in the Senate amendment?

Mr. LONDON. No. That is just the point.

Mr. MONTAGUE. Will the gentleman yield?

Mr. LONDON. I will.

Mr. MONTAGUE. If the gentleman will read on the top of page 53, he will find it is in the Senate amendment in the very words of the two sets of conferees.

Mr. LONDON. Section 53 prohibits it—

Mr. MONTAGUE. Pardon me. The gentleman does not seem to understand the Speaker's inquiry.

Mr. LONDON. I think I do.

Mr. MONTAGUE. He asked you if the criminal provision was in the original Senate amendment. You said it was not.

Mr. LONDON. That was not the Speaker's question. It so happens that I can understand the Speaker. He asked me whether the criminal section that was added to 127 was in the original Senate amendment.

The SPEAKER. I asked you if the criminal statute complained of is in the Senate amendment.

Mr. LONDON. Exactly. There was nothing in the Senate amendment which would make it a crime to distribute publications after they had been excluded from the mail by the Postmaster General. There was no reference to the espionage act or any attempt to modify it in any way. That is the point I am making. There was a provision in the original Senate amendment which made it a misdemeanor to circulate newspapers in the German language unless the publication was accompanied by an English translation. That was all there was in the Senate amendment as it emerged from the Senate originally.

The SPEAKER. Does the gentleman from Virginia [Mr. MONTAGUE] wish to be heard?

Mr. MONTAGUE. Not unless the Speaker desires to hear me.

The SPEAKER. The gentleman had better make up his mind about that. [Laughter.]

Mr. MONTAGUE. Then, at the suggestion of the Speaker I will ask his attention for a moment or two.

The amendment put upon the House bill by the Senate, found in section 19, page 52, was aimed at one great, substantive object. It was intended to prevent hostile comments upon our Government, its home policy, its foreign policy, whereby its efficiency in the conduct of the war would be impaired, and the respect and loyalty of the citizens of America would be diminished. That is the general object of this section. This is the paramount purpose of the section. But the hostile criticisms



were confined to German newspapers by the Senate amendment and the conferees extended the prohibition to papers in any and all foreign languages.

The gentleman from New York contends that the action of the conferees is qualitative. In my judgment the converse is the case. It is quantitative pure and simple, I hold, to enlarge the inhibition from the German to any other foreign-language paper.

Second, to repeat, the chief object of the whole amendment is to prevent hostile and seditious criticisms, to prevent disloyal expressions, to prevent the stirring up of a propaganda in America that tends to give aid and comfort to the enemy and destroy American institutions. That is the general purpose. So the Senate amendment makes comments of that character nonmailable. But the conferees went further, we will assume for argument. The conferees adhered to the quantitative theory and added another quantity to it, namely, prevention of the distribution of this hostile matter not only by the mails but by any other instrumentality. In other words, Mr. Speaker, we are not to be half loyal and half disloyal. We would prevent not only access to the mails of such offending publications in foreign languages, but the Senate amendment and the conferees amendment would declare such matter nondistributable by any other means.

What further matter, if you please? Any matter which is made nonmailable by the provisions of the act relating to espionage. The same identical general subject matter that was in the minds of the drafters of the original Senate amendment. Now, what is that? It is found in section 2 of title 12 of the espionage act:

Every letter, writing, circular, postal card, picture, print, engraving, photograph, newspaper, pamphlet, book, or other publication, matter, or thing of any kind containing any matter advocating or urging treason, insurrection, or forcible resistance to any law of the United States is hereby declared to be nonmailable.

Mr. BUTLER. Will the gentleman yield?

Mr. MONTAGUE. In a moment. That sort of matter is declared to be nonmailable in the espionage act. The Senate amendment declares it to be nondistributable. Why not? We embrace another method of distribution. Why prohibit the mails to carry this disloyal, treasonable language and yet turn it over to individuals or other agencies to be carried into the minds and hearts of the people of this country? [Applause.]

Mr. BUTLER. The Senate, as I understand, dealt with the subject of transportation.

Mr. MONTAGUE. By mail and otherwise.

Mr. BUTLER. Yes, sir; communication. Why is it not within the power of the conferees to enlarge upon it?

Mr. MONTAGUE. I am contending for that now. As I suggested to the gentleman from New York, it is a mere matter of quantity, a mere matter of degree in the same general process. I maintain that if it is legitimate to forbid mail transportation, it is likewise legitimate to forbid express companies to transport the same offensive matter.

Mr. BARKLEY. Will the gentleman yield for a suggestion?

Mr. MONTAGUE. Yes; I will.

Mr. BARKLEY. I desire to suggest to the gentleman from Virginia that at the bottom of page 52 the Senate amendment specifically prevents the transportation in any form of printed matter that does not conform to this amendment.

Mr. MONTAGUE. That relates to the German language. But I submit to the Speaker that there can be no question that if we can forbid the transportation of such matter in the German language we can also forbid it in another language.

The SPEAKER. The Chair would ask the gentleman why?

Mr. MONTAGUE. That is not a matter of principle but of detail, dealing with the same subject matter, an addition of like matter to like matter.

The SPEAKER. The Chair knows; but that is exactly what the Speaker has to pass upon in passing upon the competency of the conference report. It is a matter of detail.

Mr. MONTAGUE. I submit with great deference that that is a field that the Speaker will enter upon with exceeding reluctance.

The SPEAKER. Suppose we do enter upon it with reluctance?

Mr. MONTAGUE. Permit me to complete my sentence. Every time the Speaker undertakes to decide what is within the province of the conferees and what is not he necessarily exercises a legislative function.

The SPEAKER. The Chair suggests to the gentleman that for a hundred years—for 105 years—Speakers have decided upon conference reports to see whether they come within the rules or not. That is the only function the Speaker has with respect to conference reports.

Mr. MONTAGUE. Hinds' Precedents states this:

It is only in later years that Speakers have assumed the authority of determining whether or not the managers of a conference have transcended their powers.

The SPEAKER. Where is that citation?

Mr. MONTAGUE. Volume 5, section 6414 and section 6416.

The SPEAKER. It does not make any difference what Hinds' Precedents says. On the 28th day of June, 1812, Henry Clay knocked a conference report out and laid down the limit of the conference report. All the Speakers have followed it since, and the only thing for the Speaker to pass upon in this or any other conference report is to see whether it comes within those lines that have been laid down by the greatest Speakers this House has ever had and followed by all the rest of the Speakers, big and little. [Laughter.]

Mr. MONTAGUE. Well, Mr. Speaker, I will not enter into the field of parliamentary history with the Speaker. I simply submit it to the judgment of the Speaker that if there is an amendment prohibiting the publication of offending language in one foreign language, it is germane and competent to prohibit such matter in another foreign language. It appears to me, if I may so say with great deference, to be so obvious as to be almost axiomatic.

Mr. HUDDLESTON. Mr. Speaker, will the gentleman yield?

Mr. MONTAGUE. Yes.

Mr. HUDDLESTON. Would it not be as legitimate to deal with the spoken word as well as the printed word? The gentleman says the subject matter of the bill is to suppress seditious utterances. Does it make any difference in principle whether it is printed or spoken?

Mr. MONTAGUE. We are dealing with written language.

Mr. HUDDLESTON. Then it would be possible for this conference committee to have brought in a report which would have forbidden seditious spoken utterances under the scope of their authority?

Mr. MONTAGUE. I am not now dealing with moot questions; I must deal with what is before the House.

Mr. STAFFORD. Mr. Speaker, will the gentleman yield?

Mr. MONTAGUE. I do.

Mr. STAFFORD. Do I understand the gentleman to hold that the conferees would have the power, in view of the King amendment, limited only to papers published in the German language, to include not only foreign-language papers but English-language papers, so as to extend provisions of the espionage act under its provision which the House of Representatives rejected on a vote of this House? Have the conferees power to that extent that they can, on their own volition, include English-language papers under the provision of the espionage act after the House itself rejected it?

Mr. MONTAGUE. It did not reject it in the act now under consideration.

Mr. STAFFORD. When the House had the privilege of voting directly upon it in the espionage act it did reject it; and I ask the gentleman now the direct question whether or not he contends that the conferees would have the power to include English language papers under the purview of this provision?

Mr. MONTAGUE. The gentleman is now dealing with the merits of another bill, and not with the merits of the point of order.

Mr. STAFFORD. I am now dealing directly with the merits of the point of order as to the extent of the power of the conferees to include English as well as foreign-language papers.

Mr. MONTAGUE. I think the conferees had the right to deal with all languages. If they had the right to deal with one language, they had the right to deal with all languages. There is no wide divergence; there is no dissimilarity in principle. There is dissimilarity only in the form of the language. And again I would answer the gentleman from Wisconsin: What are we dealing with in this espionage act?

Mr. MADDEN. Mr. Speaker, will the gentleman yield there?

Mr. MONTAGUE. One moment. What are we dealing with in this espionage act? We are simply prohibiting the distribution of a class of matter already embraced in the Senate amendment. Written matter, published matter, printed matter advocating or urging treason, insurrection, or resistance to the laws of the United States. Such matter is "declared to be nonmailable." Is it possible that any Member of this House should desire that that matter should be only nonmailable, but should be distributed otherwise than through the instrumentality of the mails?

Mr. MADDEN. Mr. Speaker, will the gentleman yield now?

Mr. MONTAGUE. Yes.

Mr. MADDEN. I want to call the attention of the gentleman from Virginia to the fact that under the rules of the House—



it is not a matter affecting the merits of the question now—but under the rules of the House it has been repeatedly held that if an amendment was offered to a single subject on the floor of the House it would be a violation of the rules of the House and subject to a point of order; but if offered to more than two subjects, other subjects could be added under the rules. Now, the action taken by the conferees, if offered in the House on the floor by a Member to the bill, would be subject to a point of order.

Mr. MONTAGUE. Only if the Speaker ruled that they were not germane.

Mr. MADDEN. Oh, no; not at all. It is not permissible under the rules of the House to add, even if germane, other items to one item.

Mr. MONTAGUE. It is perfectly permissible in the consideration of a bill prohibiting publications in the German language to add the Austrian or Turkish or any other language.

Mr. MADDEN. If offered to a bill while pending in the House, it would not be permissible, and therefore it would be beyond the jurisdiction of the conferees to do the thing in conference which they would not be allowed to do on the floor of the House.

Mr. COOPER of Wisconsin. Mr. Speaker, will the gentleman permit an interruption?

Mr. MONTAGUE. Yes.

Mr. COOPER of Wisconsin. If the gentleman will pardon me, what is done on the floor of the House and what is done on the floor of the Senate are different things. It might not be subject to a point of order in the House. When it becomes legislative matter by addition in the Senate, it then comes within the jurisdiction of the House.

Mr. MADDEN. I agree that if the Senate offered an amendment which would be repugnant to the rules of the House we would not have the right to make a point of order against that amendment when it reached the House. But this did not get in in the Senate. It went in in conference, by the action of the House conferees, the servants of the House, and they could not do any more than what the House itself could do, and would have no greater jurisdiction than the House; and consequently I think that they overstepped their jurisdiction when they increased the scope of this language.

Mr. COOPER of Wisconsin. Will the gentleman from Virginia permit me right there?

Mr. MONTAGUE. I will. I did not intend to occupy the floor so long.

The SPEAKER. The Chair hopes that gentlemen will discuss this fully, because he wants this thing argued out.

Mr. COOPER of Wisconsin. Mr. Speaker, I would suggest at this point a text for the gentleman from Virginia [Mr. MONTAGUE] to discuss in this connection. As I understand the rule of parliamentary law which is invoked here to sustain this point of order, it is that the conferees must confine themselves to differences between the two Houses.

Mr. MONTAGUE. Nobody disputes that.

Mr. COOPER of Wisconsin. Then on this question of germaneness the lady from Montana [Miss RANKIN] has just handed me a very pertinent citation in the notes of Mr. Hinds to Jefferson's Manual:

The managers of a conference must confine themselves to the differences committed to them, and may not include subjects not within the disagreements, even though germane to a question in issue.

That seems to dispose of the argument of the gentleman from Virginia [Mr. MONTAGUE] on this question of germaneness.

Mr. MONTAGUE. I will say to the gentleman from Wisconsin that that particular clause had not escaped my attention. I have a memorandum of it under my hand, but I do not think it militates in any way against the argument which I have submitted to the Speaker.

Mr. COOPER of Wisconsin. This cites Fifth Hinds' Precedents and gives the different sections. It is found on page 233 of the House Manual.

The SPEAKER. What section is referred to?

Mr. COOPER of Wisconsin. Hinds' Precedents, volume 5, sections 6417, 6418, 6407, 6408, and 6419, the last citation being the one relating to the question of germaneness.

Mr. MONDELL rose.

The SPEAKER. Does the gentleman from Wyoming desire to argue the question?

Mr. MONDELL. Briefly, Mr. Speaker.

The SPEAKER. Proceed.

Mr. MONDELL. Mr. Speaker, the gentleman from Virginia [Mr. MONTAGUE] in defending the conference report has confined himself almost exclusively to one criticism of the report on which the point of order was predicated, to wit, the question as to whether a provision relating to a certain class of news-

papers may be enlarged in conference to include a much larger class of newspapers, and practically all newspapers. In the House there was no reference to any newspapers of any sort in this connection. The Senate legislated on the subject of German newspapers. The conferees seek to legislate on the subject of all newspapers, including those published in English. The gentleman from Virginia [Mr. MONTAGUE] argues that the conferees have the power and authority to do that. I believe he is in error. The provision would have been subject to a point of order if presented as an amendment in the House. It is subject to a like objection as presented by the conferees. But there is another very important point raised by the gentleman from New York [Mr. LONDON], and that is that the conferees seek to legislate on a subject not touched upon or affected by the Senate amendment.

The SPEAKER. Now, what is that subject?

Mr. BUTLER. That is the most important of all.

Mr. MONDELL. That is the prohibition of the transmission in any way, by express or otherwise, of prints, articles, or publications denied the use of the mails by certain provisions of the espionage act.

The SPEAKER. The trouble is that down at the bottom of page 52 of the bill, does not the Senate amendment involve that particular subject?

Mr. MONDELL. The Senate amendment does seek to prevent the distribution of German newspapers which do not have parallel columns in English and in German of articles dealing with certain subjects; but the act thus made unlawful is an entirely separate and distinct thing from the violation of the provisions of another act having to do with an entirely different matter.

The intent of the Senate amendment was to prevent the publication in the language of our enemy of statements that might be objectionable or otherwise without giving the public an opportunity to judge by having those statements set forth in the language that practically all our people can read. That was the only thought in the minds of the Senate. That is what the Senate proposed to do. That is what the Senate did. The House has not legislated on that subject at all and has not touched it. Now the conferees assume that they may make a different provision with regard to these publications. I think the conferees had the authority to do that. Instead of providing for parallel columns, the conferees provide that the editor shall file with the postmaster a translation of the article before it is published. They undoubtedly have the power to do that.

But the conferees went beyond that and prohibited the transportation of papers published in English, and then, departing entirely from what was in the minds of the Senate, and what was provided for in the Senate amendment, the conferees proceeded to legislate relative to the transmission of printed and other matter relating to an entirely different subject, and printed in English or any other language.

So far as the merits of the question are concerned, Mr. Speaker, I realize that we may perhaps agree as to the wisdom of what the conferees attempted to do; but, as the Speaker has well said, the only question is, Have the conferees exceeded their authority? Have they attempted to legislate outside of the field in which the two Houses have legislated, hence have exceeded their authority?

Mr. COOPER of Wisconsin. Mr. Speaker, I would like to direct the attention of the Speaker to what, in my judgment, is the crux of this whole matter. The Speaker, in interrupting the gentleman from Wyoming a moment ago, mentioned the concluding lines—21 to 24—of the bill on page 52, as the bill came from the Senate and before it went to conference. I will read them:

Any print or publication in the German language which does not conform to the provisions of this section shall not be admitted to the mails, and it shall be unlawful for any person to transport, carry, or otherwise publish or distribute the same.

Those four lines, being the last paragraph on page 52, relate exclusively to publications in the German language and to their distribution. That was the way in which the bill came to us from the Senate. That was the provision to which the House disagreed. It disagreed to those four lines.

Mr. MONDELL. Will the gentleman yield?

Mr. COOPER of Wisconsin. I will.

Mr. MONDELL. Does it not also relate only to the publication of papers in the German language where they have failed to publish their editorials with the translation in parallel columns?

Mr. COOPER of Wisconsin. Yes; the paragraph relates exclusively to publications in the German language which do not conform to the provisions of this section. Now, I will read it once more:



Any print or publication in the German language which does not conform to the provisions of this section shall not be admitted to the mails, and it shall be unlawful for any person to transport, carry, or otherwise publish or distribute the same.

This paragraph refers only to prints or publications in the German language, and it was this paragraph to which the House disagreed before it consented to a conference.

Now, the conferees have done two things; first, they have enlarged the provision so as to include not only publications in the German language, but also those in any other language, and if the Speaker will turn to page 7 of the conference report, about the middle of the page, he will find that they have done this in the following language:

Any print, newspaper, or publication in any foreign language which does not conform to the provisions of this section is hereby declared to be nonmailable, and it shall be unlawful for any person, firm, corporation, or association to transport, carry, or otherwise publish or distribute the same—

And so forth.

This part of the conference report changes or enlarges the scope of the bill as it came from the Senate so as to make it include publications in any foreign language, makes certain of these publications nonmailable, and provides that it shall be "unlawful for any person to transport, carry, or otherwise publish or distribute the same." That does not, in substance, differ from the four lines of the bill as it came from the Senate except that it now includes publications in any foreign language instead of only those in the German language. But the conferees did another thing, and again exceeded their jurisdiction when they reported a provision declaring that it shall be unlawful to transport, carry, or otherwise publish or distribute any matter which is made nonmailable by the espionage act of June 15, 1917. That is wholly a new provision relating to an act not before the conference.

Mr. ALEXANDER. Will the gentleman yield?

Mr. COOPER of Wisconsin. Yes.

Mr. ALEXANDER. The amendment 127, section 19, which we are now discussing, was written into the bill in the Senate and is a new section and involves new subject matter?

Mr. COOPER of Wisconsin. Yes.

Mr. ALEXANDER. The House disagreed to the Senate amendments, did it not?

Mr. COOPER of Wisconsin. Yes; but the gentleman is slightly in error—

Mr. ALEXANDER. Did not the House disagree to all the Senate amendments and agree to a conference?

Mr. COOPER of Wisconsin. Yes.

Mr. ALEXANDER. Did not the conferees have a right to consider that entire subject matter?

Mr. COOPER of Wisconsin. But not under the usage of the House to add wholly new matter. In replying to the gentleman from Missouri, I will reply also to the statement made by the gentleman from Virginia [Mr. MONTAGUE], which received so much applause on the floor. The gentleman from Virginia pleaded for legislation by conference committees. But experience amply demonstrates that conference committees should be strictly prohibited from considering subjects not committed to them. Every two years, on the 4th of March, a Congress expires by limitation. The Speaker knows that time after time conference reports have been held up until a day or two before final adjournment while the conferees were in secret session, no Member of the Senate, no Member of the House, no person in the Press Gallery, no person except those in the secret session knowing what would be brought forth. The committee comes out in the hurried hours of the closing session and sometimes we are compelled to accept their report or not pass the appropriations needed to maintain the Government.

Mr. ALEXANDER. But the gentleman does not answer my question.

Mr. COOPER of Wisconsin. Yes; I do. We should not permit any violation of the practice which limits conferees to the differences between the two Houses. We do not want them to go into secret session, hold the bill as long as they please, and then report proposed legislation on a subject not committed to them.

I can answer the gentleman from Missouri by inviting his attention to language which shows that the conferees exceeded their authority. They report a provision making it unlawful to transport, carry, or otherwise publish or distribute "any matter which is made nonmailable by the espionage act." In other words they propose to amend an act with which they had nothing to do. They propose that matter which the espionage act prohibits from being carried in the mails shall not be carried in any manner, for some of this matter is neither printed nor published.

The SPEAKER. That is in the Senate amendment.

Mr. COOPER of Wisconsin. Not at all; that only relates to papers published in the German language, and their transportation, distribution, and so forth.

The SPEAKER. One of the points in dispute is whether we have got to confine the conferees to papers published in the German language; whether the other languages can come in or not. That is one point. The Chair understands that the Senate amendment prohibits any kind of circulation for anything inimical in papers published in the German language. The only question left, unless there is some other objection to the report, is whether the conferees had the right to lug in papers in other languages.

Mr. COOPER of Wisconsin. If they had a right to bring in publications in other languages and make them nonmailable, they nevertheless had no right to amend the espionage law, an entirely separate act which includes not only publications in all languages but also other things which are neither prints nor publications in any language.

Mr. DEWALT. Mr. Speaker, I desire to confine my remarks entirely to this point of order and in no way to transgress the rules of the House by referring to the merits of the bill. I recognize, even with my limited experience in parliamentary law in this body, that the rule quoted by the gentleman from Wisconsin is entirely apropos. But there is a rule also laid down in the Precedents, which reads as follows:

Whilst the managers may perfect by germane amendments provisions submitted to them, they may not, under later practice, go beyond the differences of the two Houses in so doing.

I quote this from volume 5 of Hinds' Precedents, sections 6409 and 6413. In order to approach this subject, at least to my mind, logically, we must first determine what were the points of difference between the House and the Senate. The Senate introduced an entirely new section, which is here numbered amendment No. 127, known otherwise as section 19. When the bill came over from the Senate the House did what? It disagreed to that amendment. Therefore it follows clearly, and beyond all peradventure of doubt, that the point of difference between the House and the Senate was this amendment No. 127. Applying this rule that I have just spoken of, to wit, that whilst the managers may perfect by germane amendments provisions submitted to them they may not under later practice go beyond the differences of the two Houses in so doing; the question then confronts us, Did they go beyond the difference? What was the difference? Repeating what I have said, the difference was the introduction of this new section. The House disagreed to the introduction of that new section, and then what followed? Upon the disagreement there was a conference. When the conferees met then what followed? Then this subject of difference was taken up, this section 19, amendment No. 127. That being the point of difference, then what followed? The House insisted upon its disagreement, but finally concurred in the amendment with an amendment, and what was that amendment?

In other words, they adopted the section introduced by the Senate and added thereto, what? They added thereto a prohibition in regard to any foreign language and broadened the scope of the section. Further than that, they included in the prohibition, what? Anything that was prohibited under the provisions of the espionage act. Did they go beyond the points of difference between the two Houses? I think, with due deference to the opinion of the gentlemen who have argued against this proposition, and with deference to the Speaker's opinion, for which I shall always have the greatest respect, that I can show clearly that they did not transcend their powers and that they did not go beyond the point of difference which was then in dispute. How do I propose to prove it? First, the subject matter in section 19 was for printing or publishing or causing to be printed or published in the German language any seditious matter, or any matter in regard to the policies of the Government or the State or the conduct of the war, or any matter relating thereto. What, then, was the purpose of the section? In other words, what was the gravamen of the legislation? The gravamen, the meat of the legislation, was the prohibition of the publication of seditious matter, either by printing or in any other way. That being the meat of the matter, and the point of difference being raised between the House and the Senate as to whether or not the section should be included at all—because the House had disagreed to the inclusion of the section—the whole subject matter was open in the conference. What was the subject matter? The subject matter was the dissemination of this matter by any means whatever, because the whole matter was thrown open by the disagreement of the House to concur in the Senate amendment and by the proposition to amend section 19 by the subject matter introduced by the House in the conference. Is that true? Following the provision in regard to the German language, as the Speaker has well said,



you find, on lines 21, 22, and 23, that any print or publication in the German language which does not conform to the provisions of the section shall not be admitted to the mails, and further—

and it shall be unlawful for any person to transport, carry, or otherwise publish or distribute the same.

Pardon me if I repeat what I have said, because I desire to emphasize this point, that the disagreement occurred upon the introduction of a new section by the Senate and the House refusing to concur. Then the House in conference, by the action of its conferees, agreed in part to the Senate amendment, but substitutes new matter by including other foreign languages instead of just the German language, and including also matters which are forbidden under the espionage act, and I hold it as a matter of law and as a matter of clear reasoning, under the rule, that while we may not transcend our powers, that we may amend by germane matters in regard to points of difference, and that we were within our rights and within our powers when we introduced the new matter, always providing that the matter was germane. Is it germane? When we speak of the gravamen of the section we say it is the prohibition of the dissemination and publication of seditious matter in any way.

Mr. MONDELL. Mr. Speaker, will the gentleman yield?

Mr. DEWALT. In just a moment, after I finish this, and then I shall be glad to answer any question that I am capable of answering.

Mr. MONDELL. I want to ask the gentleman a question in respect to the statement that he has just made.

The SPEAKER. The gentleman declines to yield.

Mr. DEWALT. Mr. Speaker, I decline to yield at this time. If, then, my premise is correct, that the point of difference was this section, and if the further portion of the premise is also correct, that there being this point of difference the whole subject matter, to wit, the dissemination of this information, was before the conferees, then I take it as a matter of clear reasoning, following this precedent the conferees had a right to extend the powers of the section and that they were simply doing what? They were simply amplifying and enlarging the prohibition. They were not restricting the prohibition. They were amplifying and enlarging the prohibition by extending it from the German language to any other foreign language.

As to the other point, the conferees also inserted this, "that there should not be any transportation of any matter which was prohibited by the provisions of the espionage act."

Now, were the provisions of the espionage act germane to this subject? Then the query follows, as a matter of argument, What are the provisions of the espionage act? The provisions of that act in reference to this subject are as follows—

The SPEAKER. What does the gentleman say about the espionage act having anything to do with this?

Mr. DEWALT. Mr. Speaker, I am trying to enforce upon the Speaker's attention this: That while this section would be just as valid without any reference to the espionage act, it does no harm to have the espionage act mentioned, because the subject referred to in the espionage act is the very same subject referred to in this section, and therefore germane.

The SPEAKER. Has the gentleman the act there?

Mr. DEWALT. Yes, sir; and I want to quote from it.

Title XII, section 2:

Every letter, writing, circular, postal card, picture, print, engraving, photograph, newspaper, pamphlet, book or other publication, matter, or thing of any kind, containing any matter advocating or urging treason, insurrection, or forcible resistance to any law of the United States, is hereby declared to be nonmailable.

Now, what are the provisions of this section 19? The provisions we have incorporated in conference are these:

That it shall be unlawful for any person, firm, corporation—

The SPEAKER. Where is the gentleman reading from?

Mr. DEWALT. I am reading from the bottom of page 6 of the report and at the top of page 7, the annotation covering section 19:

That it shall be unlawful for any person, firm, corporation, or association to print, publish, or circulate, or cause to be printed, published, or circulated, in any foreign language, any news item, editorial, or other printed matter.

Now, following are the words of the espionage act:

Every letter, writing, circular, postal card, picture, print, engraving, photograph, newspaper, pamphlet, book or other publication, matter, or thing of any kind, containing any matter advocating or urging treason.

Following are the words in this section:

Any news item, editorial, or other printed matter respecting the Government of the United States, or of any nation engaged in the present war, its policies, international relations, the state or conduct of the war, or any matter relating thereto.

That is the provision in the section. Now, afterwards, in the middle of page 7 of the report, you will notice:

Any print, newspaper, or publication in any foreign language which does not conform to the provisions of this section is hereby declared to be nonmailable.

The following are the provisions relating to the espionage act:

And it shall be unlawful for any person, firm, corporation, association, to transport, carry, or otherwise publish or distribute the same, or to transport, carry, or otherwise publish or distribute any matter which is made nonmailable by the provisions of the act relating to espionage, approved June 15, 1917.

Now, to epitomize, Mr. Speaker, I take the ground that under these citations that I have referred to, to wit, that we have the privilege and power to perfect by germane amendment anything that is submitted to us, but we may not go beyond the points of difference of the two Houses, that this section 19 was the point of difference between the two Houses, and when the Senate introduced a new matter we refused to accept it and went into conference upon the whole subject, and it made germane what? It made germane the subject of the publication and dissemination of traitorous and seditious matter. That being so, I take it as a matter of clear reasoning that we were within our rights, and that in this the conferees did not transcend their power. [Applause.]

Mr. STAFFORD. Mr. Speaker, two questions present themselves for consideration by the Speaker as to whether this report is in order. The first is whether the conferees transcended their power by including other than German-printed newspapers, namely, foreign-language papers; and, second, whether they transcended their power by extending the scope of the espionage act. Permit me at the outset to take decided issue with the gentleman from Pennsylvania [Mr. DEWALT] that this so-called King amendment as brought over to the House related to the printing of seditious matters. Mr. Speaker, read the King amendment, section 19, as closely as you will, and you will find that it did only one thing. It did not prohibit the printing of seditious matter. There is not a line in it, from line 10, page 52, to line 5, on page 53, that prohibits the printing of any seditious matter. What does it do? It merely requires newspapers printed in the German language—and I ask the gentleman or anyone in the House to contradict this statement—it requires newspapers printed in the German language when they contain matter commenting on the war, its policies, international relations, or any matter relating thereto, to print in parallel columns an English translation. If it had in parallel columns a translation then that paper, no matter how seditious the articles might be, it would not come within the purview of the criminal provision of this section.

Mr. HUDDLESTON. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. HUDDLESTON. So that the purpose of the law was not, as interpreted by the gentleman from Virginia and the gentleman from Pennsylvania, to suppress sedition, but was to deal with language?

Mr. STAFFORD. Its purpose is obvious, and no one can gainsay that it was to require a disclosure to the Post Office Department as to the character of articles which were being published in German-printed papers. You can read it as closely as you will, you can comb it as closely as you will with a fine-toothed comb, and you will not find that it relates in any way to preventing the printing of seditious matter.

Now, Mr. Speaker, having passed that phase to one side, I take up for consideration the question of whether the conferees have power, in view of the fact—

Mr. STEVENSON. Will the gentleman yield?

Mr. STAFFORD. I wish to continue to the end of my argument, and I decline to yield.

That the amendment was limited only to papers printed in the German language, whether they have power to include all foreign-language papers. Mr. Speaker, it has been held as recently as the food-conservation bill in this House that in a bill providing for supervision of food, fuel, and feed, reported by the Agricultural Committee, it was not in order to add by amendment in the House cotton, iron, and other commodities.

The SPEAKER. Now, was that in the House or in the conference report?

Mr. STAFFORD. That was in the House.

You will not hold for one minute that on questions of germaneness, if the House would not be permitted to pass upon kindred subjects, that the conferees have greater latitude to pass upon extraneous questions than the House itself has.

The SPEAKER. The rules of the House do not apply to a conference report.



Mr. STAFFORD. But the rules of the House do apply, under the decisions of the House, that the conferees are limited to germane amendments.

The SPEAKER. Of course.

Mr. STAFFORD. And the holding of the occupant of the chair, when the food-conservation bill was under consideration, was that even though they brought in matters relating to three subjects, namely, food, fuel, and feed, it was not germane to include iron, steel, shoes, and other commodities.

The SPEAKER. That was in the House, was it not?

Mr. STAFFORD. That was in the House.

The SPEAKER. The present occupant of the chair has held that half a dozen times when the bill was in the House, but this bill was not up in the House.

Mr. STAFFORD. The holdings uniformly are that the conferees are limited to germane amendments, and "germane amendments" applies, in my opinion, in a more restricted sense to the conferees than to the action of the House when amendments are proposed. Because we have no power now, if we reject the conference report, to amend it, except by a germane amendment to the original Senate amendment, whereas in the House, when we are debating how extensive the bill shall be, we should have greater latitude, so far as germaneness is concerned, than the conferees have when passing upon this question.

But passing now from that point—and I am not arguing the merits, because naturally, Mr. Speaker, if I argued the merits I would argue that all foreign-language papers should be included, and not the German papers singled out, but I am not arguing that; but passing from that point, here is one question that I do not think the Speaker grasps as fully as my colleague, the gentleman from Wisconsin [Mr. COOPER], tried to present; that is, extending the powers of the espionage act by excluding not only from the mail all publications set forth in section 1 and section 2 of that act, but absolutely prohibiting their circulation entirely by any means at all.

Mr. ADAMSON. Will my friend yield for a question?

Mr. STAFFORD. After I have concluded my remarks I will be glad to yield.

Mr. ADAMSON. I may forget it by that time.

Mr. STAFFORD. The gentleman has a very happy memory and he will not forget it.

Mr. Speaker, emphasis has been laid on the fact that in the King amendment the German-printed papers which did not print parallel columns in English would not only be prohibited from the mails but would be prohibited from being transported by any means at all. The Speaker is acquainted with that language, and I wish to especially direct his attention to this phraseology as found on page 7 of the conference report. If the conferees had stopped in their recommendation in the second paragraph, at the end of the word "same," which follows almost identically the language of the Senate amendment—I will read that language—then no objection could be made.

The SPEAKER. Where is that?

Mr. STAFFORD. I will read it, Mr. Speaker. It is on page 7, the first paragraph.

Any print—

And you will notice the language follows very substantially the last paragraph on page 52 of the bill down to the word "same"—

Any print, newspaper, or publication in any foreign language which does not conform to the provisions of this section is hereby declared to be nonmailable, and it shall be unlawful for any person, firm, corporation, or association to transport, carry, or otherwise publish or distribute the same.

That is the language, substantially, of the last paragraph of the King amendment as found on page 52. But here is the covert purpose of the conferees in the language that follows, which transgresses their authority—and mark you:

Or to transport, carry, or otherwise publish or distribute any matter which is made nonmailable by the provisions of the act relating to espionage approved June 15, 1917.

Why, Mr. Speaker, that language does not refer to the exclusion by all methods of conveyance of those publications that are referred to in this amendment. That has a much broader extent and involves, what? It extends the scope of the espionage act. The espionage act was not under consideration by the conferees in this conference. That extends the espionage act so that any English-printed newspaper would not only be prohibited from the use of the mails, as the espionage act provides, but they would be denied all means of conveyance.

Does anyone claim that the conferees had the power to extend the purview and scope of the espionage act? What was the espionage act? I have it here. Title XII, section 1, forbids matter only from transportation in the mails:

Every letter, writing, circular, postal card, picture, print, engraving, photograph, newspaper, book, or other publication, matter, or thing—

I am going to read it in full, Mr. Speaker—

of any kind, in violation of any of the provisions of this act is hereby declared to be nonmailable matter and shall not be conveyed in the mails or delivered from any post office or by any letter carrier: *Provided*, That nothing in this act shall be so construed as to authorize any person other than an employee of the dead-letter office, duly authorized thereto, or other person, upon a search warrant authorized by law, to open any letter not addressed to himself.

That limits the matter to the use of the mails. But this provision, this clause I call the Speaker's attention to, says:

Or to transport, carry, or otherwise publish or distribute any matter which is made nonmailable by the provisions of the act relating to espionage approved June 15, 1917.

That extends the power so that not only it is not mailable, but it is not able to be conveyed or transported. That is the great addition to this bill, whereby they seek to extend the provisions of the espionage act so that the matter referred to is not only nonmailable but is not allowed to be conveyed at all.

The SPEAKER. The Chair will ask the gentleman this question: Is there substantial difference between the language in the espionage act and the paragraph from the end of page 52—

Mr. STAFFORD. Oh, Mr. Speaker—

The SPEAKER (continuing). Except that the espionage act referred entirely to the mails and this part of amendment 127, the last paragraph on page 52, extends it to every other method of transportation known to man?

Mr. COOPER of Wisconsin. Mr. Speaker, if my colleague will permit, the Speaker has just asked my colleague from Wisconsin if there is any substantial difference between the espionage act and the paragraph at the end of page 52 of the bill as it came from the Senate. There is, in my judgment, Mr. Speaker, a vital difference. The espionage act provides, among other things, that certain photographs, engravings, and pictures shall not be carried in the mails. But the paragraph on page 52 relates only to printed publications; that is, publications in a language. Now, pictures, photographs, and engravings are not printed or published in any language.

The SPEAKER. I do not suppose that a photograph has any language special to itself.

Mr. COOPER of Wisconsin. One moment. That is new legislation. And the conferees further exceeded their jurisdiction when they incorporated in their report the language next following that which I last read. It is as follows, and provides that it shall be unlawful "to transport, carry, or otherwise publish or distribute any matter which is nonmailable by the provisions of the act relating to espionage, approved June 15, 1917." That is absolutely new matter. A photograph is not in any language. A picture is not printed in any language. An engraving is not printed in any language. And yet this conference report provides that the espionage act, which forbade the carrying of certain photographs, pictures, or engravings in the mails, shall be amended.

The gentleman from Pennsylvania [Mr. DEWALT], if my colleague [Mr. STAFFORD] will permit me a moment, said that the two Houses disagreed on one subject. That is true, but he did not correctly state the subject. The House, when it disagreed to the last four lines of the bill, as it came from the Senate, had nothing in mind except publications in the German language. It disagreed to these four lines. Grant for the sake of the argument that the conferees could extend it so as to include publications in any language, yet the conferees could not rightfully say that the House had in mind any thought of amending the bill so as to include objects not printed in any language. Indeed, not printed at all. It is new legislation, Mr. Speaker.

Mr. STAFFORD. I have read section 1 of the espionage act. Section 2 is limited exclusively to the prohibition of the transmission of these matters through the mails.

Mr. Speaker, if this language to which I am now directing attention was left out of the conference report, these matters covered by this report, namely, newspapers printed in foreign languages, would not only be forbidden from the mails if they did not conform to the requirements but they would be absolutely excluded from all character of transportation. But, Mr. Speaker, this clause to which I direct your attention is for one purpose, and for one purpose alone, and that is not to keep from transportation the character of matter that is covered by this amendment when printed in a foreign language, but it is to extend the provisions of the espionage act so that the matters designated in sections 1 and 2 of Title XII may not only be nonmailable but prohibited from transportation of any kind. That is the one purpose. They sought to extend the purposes of the espionage act.

Why, under that clause, Mr. Speaker, they go beyond extending the King amendment to newspapers printed in foreign languages, and extend it to all newspapers, because the espionage



act is not restricted to publications alone in foreign languages. It includes all languages, and that is the vice of this conference report.

Granted that they had authority to extend it to all newspapers printed in foreign languages, they did not have the authority to extend the purpose of the espionage act so as not only to deprive the character of the matter excluded by the espionage act from the use of the mails, but from all other methods of conveyance. That can not be considered as having been in disagreement or as having been under proper consideration in any way by the conferees of the two Houses.

Mr. CANNON. Mr. Speaker, will the gentleman yield there for a question?

Mr. STAFFORD. Certainly.

Mr. CANNON. As I understand the gentleman's position, the conferees did not have jurisdiction to make this agreement. The gentleman will concede, I take it, that if the bill was for the first time under consideration in the House this amendment would have been germane?

Mr. STAFFORD. Absolutely not. The gentleman could not have been following the argument, else he would not hold, after his long years of service in the Chair and his long experience, that on a bill relating only to newspapers printed in foreign languages we had the right to include an amendment amending the espionage act, which related to all character of publications, letters, and postal cards, by prohibiting them from all character of transportation.

Mr. CANNON. I can conceive how it might have been germane in the House as an original proposition to have agreed to the Senate amendment with an amendment; and still in conference—

Mr. STAFFORD. Go to the extent they have done?

Mr. CANNON. I think so.

Mr. STAFFORD. Well, the former Speaker confirms the argument that I made previously, that in the House we have a greater latitude, so far as germane amendments are concerned, than the conferees have.

Mr. CANNON. Well, the gentleman says "the former Speaker." That does not make it any more binding and it does not shed any light on it.

Mr. STAFFORD. The gentleman had eight years of experience.

Mr. BUTLER. He is entirely within his own precedents.

Mr. CANNON. After all, the gentleman must recollect that when I was Speaker I had for clerk at the Speaker's table the best parliamentarian on earth. [Applause.]

Mr. BUTLER. The gentleman is undoubtedly right.

Mr. STAFFORD. I differ with the former Speaker that even in the House an amendment extending the scope of the espionage act, which is purposed here and which was not in any wise under consideration in the original Senate amendment, would have been considered for one moment. Neither have the conferees the power to legislate on a subject that was in no wise before them for consideration. They usurped power, the initiative as to which would have to be first presented formally in either House.

Mr. MONDELL. Mr. Speaker, if the Speaker will bear with me for just a moment, I want to emphasize one thought, and that is the wide difference between the acts and the articles dealt with and legislated on by the Senate amendment and those referred to in part by the legislation as presented by the conferees, that part being in the following language:

or to transport, carry, or otherwise publish or distribute any matter which was made nonmailable by the provisions of the act relating to espionage—

And so forth.

The gentleman from Pennsylvania [Mr. DEWALT] erroneously, apparently through failure to read carefully the language of the Senate amendment, stated that the gravamen of the Senate amendment was a prohibition against the publication of seditious utterances. There is nothing of the sort in the Senate amendment at all. The Senate amendment is not a prohibition of any kind, except a prohibition against doing a thing unless it is done in a certain way. The Senate amendment prohibits the publication in the German language of the most patriotic utterances that it is possible for men to pen unless at the same time there be in a parallel column a translation in English of the statements so made. It is not aimed against sedition. There is no reference to sedition. There is no reference to improper language, harmful language, injurious language. The reference is to statements of any sort or kind referring to the President, the Government, or the nations at war, unless wide and general publicity is given to those utterances by an English translation in a parallel column. That is what the Senate intended. The Senate was seeking publicity, seeking to have all statements made in

foreign papers printed so that all those who read and understand English might know just what was said. Let me emphasize again that this applied as well to the most patriotic, hopeful, and helpful utterances which might be printed, as to those that might be objectionable.

The conferees have assumed to legislate touching an entirely different and dissimilar matter. What is that? Touching the dissemination and transmission of those articles and publications that are denied the use of the mails in the espionage act. What are they? Photographs, printed matter, sketches, statements relative to fortifications, or containing information that might be useful to the enemy—a thousand and one things to which the Congress deemed it wise to deny the use of the mails. They are articles not treated of in the Senate amendment, not thought of in connection with the Senate amendment, the transmission of which through the mails in any form, not in a particular form, is prohibited.

I am not arguing that the proposition presented by the conferees might not be wise as a matter of legislation if it were properly presented to the House. But that is not the question. The question is whether we shall have legislation by conferees, contrary to the rules; whether the Congress itself, the House and the Senate, shall pass upon these matters or a conference committee.

The SPEAKER. The practice of the House, ever since the 23d day of June, 1812, has been that the Speaker has a right to declare a conference report bad if the conferees transcend the powers granted to them. Gov. Montague cited a footnote by Mr. Hinds. I agree with what Mr. Speaker CANNON has said, that Mr. Hinds knew more about parliamentary law than anybody else that ever lived, perhaps. Mr. Hinds said in that footnote that it is only in the later days that Speakers have passed on this question of whether the conferees have exceeded their powers or not. But in that same footnote Mr. Hinds refers to section 6407 and 6409 of the Precedents; and lo and behold, section 6407 is the very section in which Henry Clay knocked out a conference report because the conferees had exceeded their authority. That was done a good while ago. Surely that was not in the later days. So far as I have been able to find out, Henry Clay was the first Speaker of the House who gave any consistency to the rules and practices of the House. Anyhow, he is more frequently quoted than any of the others.

Of course, it is a very serious proposition for the Speaker to knock out a conference report on a big bill. I have done it half a dozen times since I have been Speaker, and once a couple of days before the end of a short session; but in that case four points of order were raised. One of them was that one proposition of the conferees was unconstitutional. Of course I had nothing to do with that. The Speaker does not pass on the constitutionality of laws or bills. But two others were so grave that I could not with any self-respect or sense of duty to the House let them go through.

The tendency of conferees has been, is, and always will be, to reach out and do things that they have no business to do. Macaulay said that Sir Robert Walpole was "avaricious of power." That is a fine phrase, and it applies to everybody on the face of the earth as well as to Sir Robert Walpole. So much for that.

The ordinary rules and precedents of the House have not a thing to do with a conference report. If I had been in the chair—which I would not have been because it would have been in the Committee of the Whole—if the question had come to me in the House whether an amendment could be offered to section 19 taking in all the newspapers in addition to the German newspapers, I would have unhesitatingly ruled it out of order. Speaker CANNON ruled out such amendments, Speaker Carlisle did it, and everybody else who has ever passed on the question has done it. I have done it three or four times. I know once the House was considering a bill to prevent gambling in cotton on the exchanges, and some gentleman arose and offered an amendment extending that prohibition to wheat, corn, and so forth. In the part of the country in which I live they are a great deal more interested in wheat, corn, and similar agricultural products than they are in cotton, but under numerous decisions of eminent Speakers I could not hold that amendment to be in order and I ruled it out.

So much for these preliminary remarks. It might just as well be understood once for all that the Speaker does have jurisdiction of conference reports for the purpose of determining whether the conferees have exceeded their powers, and for that one purpose only.

Now, what is this thing? What is the object of section 19? Whether it is wise or unwise, I am not called upon to say. If I were called upon to say, I would have a very strong opinion



about it. The object of this legislation is to prohibit the publication in this country of unfriendly criticism on the President, the administration, and everybody else in authority in the conduct of this war.

Mr. KEATING. Will the Speaker permit me?

The SPEAKER. Yes.

Mr. KEATING. The Speaker is in error in that statement, I submit in all deference. The Senate amendment is not to prevent the publication of unfriendly sentiments, but if the Speaker will bear with me the object is to prevent the publication of any sentiment unless there is printed with it a translation.

The SPEAKER. I understand that; but that is not the main object of this section 19 and Senate amendment 127. The reason for the requirement in this bill for the translation of editorials in the foreign language seems to be that the most of us can not read foreign languages. Evidently some of these papers are absolutely friendly. The object of the whole thing is to prevent unfriendly criticism of any part of the Government pending the war with Germany. The Chair does not suppose that there is a district attorney or assistant district attorney in this country so dense that he would undertake to harness up anyone for printing a friendly comment upon the Government. That is inconceivable. That being the case, the conferees, for some reason unknown to the Chair, and it is no part of the Chair's business to inquire into the reason why, or whether they acted wisely or unwisely, have included along with the German-language papers other foreign-language papers. In the House if that had been offered as an amendment, the Chair would have ruled it out without any ceremony, but we are not operating under the rules of the House as applied to House bills, when originally considered in the House, on conference reports.

They have lugged in the espionage bill, and the Chair's own judgment about it is that they would have done better to have shut out the reference to the espionage bill and to have inserted the words desired, but that is a question of taste. Whether the legislation is wise or unwise the Chair thinks that the conferees' substitute for Senate amendment 127 is germane and that the conferees did not exceed their authority in that regard, and overrules the point of order. [Applause.]

The question is on agreeing to the conference report.

The question was taken, and the conference report was agreed to.

On motion of Mr. MONTAGUE, a motion to reconsider the vote whereby the conference report was agreed to was laid on the table.

#### EXPLOSIVES.

The SPEAKER. The other day the Chair appointed conferees on the bill (H. R. 3932) to prohibit the manufacture and use of explosives in time of war.

In naming the conferees the Chair appointed the gentleman from Pennsylvania [Mr. GARLAND]. He is not in the city, and the Chair appoints Mr. DENISON, of Illinois, in his stead.

#### ADMITTING FOREIGN SHIPPING TO COASTWISE TRADE.

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to address the House for two minutes for the purpose of submitting a request.

The SPEAKER. The gentleman from Missouri asks unanimous consent to address the House for two minutes in order to submit a request. Is there objection?

There was no objection.

Mr. ALEXANDER. Mr. Speaker, I desire to submit a request for unanimous consent that the bill H. R. 6175, a bill giving the United States Shipping Board power to suspend the present provisions of the law and admit foreign-built vessels to the coastwise trade may be made a special order, not to interfere with conference reports or other privileged matters that may come up in the House. I would like to have it considered to-morrow. The hearings have not yet been printed. The bill, with the report, is before the House. The bill comes to the House with unanimous report from the Committee on the Merchant Marine and Fisheries. As far as I know there is no objection to it from any quarter, even not from the shipping interests that might be affected by this legislation.

The SPEAKER. The Chair will ask the gentleman if he names any particular date.

Mr. ALEXANDER. To-morrow; after the reading of the Journal.

The SPEAKER. Is there objection?

Mr. JOHNSON of Washington. Reserving the right to object, I did not quite hear the statement of the gentleman from Missouri. Did he say that the hearings would be printed and ready for the Members to-morrow?

Mr. ALEXANDER. Yes; to-morrow.

Mr. JOHNSON of Washington. It is not the desire to have the bill brought up before the Members are given time to read the hearings?

Mr. ALEXANDER. I would like to have it brought up to-morrow, because I think the bill should become a law before Congress adjourns, and we want to hasten that time if we can.

Mr. JOHNSON of Washington. In a broad way, just what does the bill do?

Mr. ALEXANDER. The bill provides:

That during the present war and for a period of 120 days thereafter the United States Shipping Board may, in its judgment the interests of the United States require, suspend the present provisions of law and permit vessels of foreign registry and foreign-built vessels admitted to American registry under the act of August 18, 1914, to engage in the coastwise trade of the United States: *Provided*, That no such vessel shall engage in the coastwise trade except upon a permit issued by the United States Shipping Board, which permit shall limit or define the scope of the trade and the time of such employment: *Provided further*, That in issuing permits the board shall give preference to vessels of foreign registry owned, leased, or chartered by citizens of the United States or corporations thereof: *And provided further*, That the provisions of this act shall not apply to the coastwise trade with Alaska or between Alaskan ports.

Mr. JOHNSON of Washington. Alaska is exempt. Does that mean that foreign ships shall come into the coastwise trade with foreign crews—Japanese and Chinese and the like?

Mr. ALEXANDER. The intent of this bill is that vessels under a foreign register may be admitted into the coastwise trade in order to meet the emergency created by the present war. Preference is given, of course, to vessels under foreign register chartered by American corporations or associations or individuals.

Mr. DILL. Reserving the right to object, does this bill give the Shipping Board power to change the regulations regarding the Panama Canal?

Mr. ALEXANDER. It does not. The committee submitted the bill to the Shipping Board for an opinion as to whether or not it would meet the present emergency. In its scope it is much narrower than the original bill which I introduced in the House. The Shipping Board are of the opinion that it will meet the emergency and it has their approval, as it has the approval of the Committee on Merchant Marine and Fisheries. It has the approval also of the coastwise shipping interests.

Mr. HOUSTON. Will the gentleman yield?

Mr. ALEXANDER. Yes.

Mr. HOUSTON. Did I understand that the provisions of the bill are not applicable to the coast of Alaska?

Mr. ALEXANDER. It does not apply to the coast of Alaska.

Mr. HOUSTON. Why is that exception made?

Mr. ALEXANDER. Because the hearings disclosed that there was no shortage of ships in that trade, that there is no present emergency there.

Mr. JOHNSON of Washington. In addition to that, it means the admission of foreign shipping and the permission of that shipping to go into the coastwise trade between Pacific ports and Alaska, and it would at once destroy the established trade that is there.

Mr. ALEXANDER. There is no emergency, in the opinion of the committee, that would warrant the extension of this privilege to the Alaskan trade.

Mr. HOUSTON. Does not the gentleman think there is more need for competition in the waters approaching the coasts of Alaska, in the shipping business there, than in any other part of the American seacoast?

Mr. ALEXANDER. I would not say that is true. Under the provisions of the shipping act the Shipping Board has the power to regulate rates in our coastwise trade, and if there is any discrimination, if there is any abuse or unreasonable rates, the Shipping Board have the power to correct those abuses and regulate the rates.

Mr. HOUSTON. When can we get those hearings?

Mr. ALEXANDER. They will be available in the morning.

Mr. HOUSTON. And the gentleman wants to set this for hearing to-morrow?

Mr. ALEXANDER. I would prefer to do that, if Calendar Wednesday can be dispensed with.

Mr. CANNON. I would be very glad to suggest to the gentleman, as the report has just been made, that he make his request to-morrow.

Mr. ALEXANDER. I shall make it for Thursday.

Mr. CANNON. I would like to see the bill and the report. For instance, I would like to know, in my ignorance, whether or not a Swedish ship or a Chinese ship could come over and enter into our coastwise trade with Chinese sailors; and I would like to know further whether or not our own ships, that are officered, as I understand it—I may be wrong about it—under what we may call the Furuseth Act, that being the name of the



man at the head of the Seamen's Union, would be in any way affected by this bill?

Mr. ALEXANDER. The seamen's act applies to all ships coming into our ports by its express provisions.

Mr. CANNON. And under this act it would apply to all of these ships?

Mr. ALEXANDER. This act would not interfere with the operation of the seamen's act at all.

Mr. CANNON. I wish the gentleman would ask this on Thursday morning.

Mr. ALEXANDER. I shall ask it for Thursday morning.

Mr. COOPER of Wisconsin. Let me ask one question. What foreign shipping can come here? Certainly not any from England or France or Italy. It can come from Japan and China. Are those the ships that are to compete in our coastwise traffic?

Mr. ALEXANDER. They are not. If the gentleman would do me the honor to read the report—and I am not saying that he should have heretofore read it, for it has just come in—he will find the purpose of this legislation clearly stated. Under it ships coming into our ports from Europe, our allied ships, discharge their cargo, say, in New York. Under our coastwise laws they must proceed to Gulf ports empty, if it is necessary for them to go there to load return cargo. They may not carry cargo from New York to New Orleans or to Galveston, although they are going there to load with cotton or grain for Europe; or, if they come from a Central American or South American port to a Pacific or Gulf port and discharge their cargo they can not carry a cargo from one American port to another, and it is to relieve that situation that we seek to have this bill passed, because we have already withdrawn more than 10 per cent of our ships from the coastwise trade.

Mr. COOPER of Wisconsin. Will the gentleman permit an interruption right there?

Mr. ALEXANDER. It is estimated that in the near future we will withdraw a million tons more. The purpose is simply to make our shipping and the shipping of our allies available to meet the emergency of the war.

Mr. JOHNSON of Washington. Does it permit coastwise ships loading at Pacific coast ports to go through the Panama Canal and finish loading in Atlantic ports or to unload?

Mr. ALEXANDER. Of course, under existing law, if they load for a foreign port they can load anywhere and go from the Pacific to the Atlantic, and they may carry cargo from a foreign port on the Pacific to the Atlantic or from the Atlantic to a foreign port on the Pacific.

Mr. JOHNSON of Washington. Say that a Vancouver, British Columbia, vessel loaded at that port, could it finish loading at San Francisco and go through the Panama Canal and unload at New York City?

Mr. ALEXANDER. They could not do that; that is, they could not carry cargo from San Francisco to New York under existing law.

Mr. JOHNSON of Washington. They could not pick up intermediate cargo, but they could under a suspension of these rules?

Mr. ALEXANDER. They could if there was any emergency demanding it.

Mr. CANNON. I wish the gentleman would let the request go over until Thursday until we can have time to read the report and the bill.

Mr. ALEXANDER. I am sure that the gentleman will not object to it if he will read the hearings and the report.

Mr. CANNON. Probably not; but the gentleman says he would like to take it up on Thursday, and it can be taken up on Thursday by unanimous consent just as well as by unanimous consent now.

Mr. ALEXANDER. I would like to have those who would like to be present when the bill is considered have notice, at all events.

Mr. CANNON. Suppose the gentleman gives notice now that he is going to ask unanimous consent to take the bill up on Thursday.

Mr. ALEXANDER. Well, I will accept the gentleman's suggestion. I have no desire whatever to press the matter until the Members have opportunity to read the report and hearings. The need for coal and cotton in the New England industries is one of pressing importance now, and they are urgent in their demand for relief. Our interests on the Great Lakes demand consideration. Mr. Speaker, I will now give notice that on Thursday, after the reading of the Journal, if the Chair will recognize me, I shall ask unanimous consent for the present consideration of the bill H. R. 6175.

The SPEAKER. Did the gentleman ask unanimous consent?

Mr. ALEXANDER. I withdraw that request and simply give notice that I will renew my request then for the consideration

of the bill immediately after the reading of the Journal and action on conference reports, if any are pending for consideration.

#### CORRECTION IN ENROLLMENT.

Mr. MONTAGUE. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman rise?

Mr. MONTAGUE. To ask for the present consideration of concurrent resolution 23, which I send to the Clerk's desk and ask to have read.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

*Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill (H. R. 4960) entitled "An act to define, regulate, and punish trading with the enemy, and for other purposes," the Clerk be, and he is hereby, authorized and directed to strike out the word "it," on page 21, line 20, and to insert in lieu thereof the word "him."*

The SPEAKER. Is there objection?

Mr. MONDELL. Mr. Speaker, reserving the right to object, I would like to ask the gentleman if he would have any objection to my discussing this matter for about 10 minutes. I had hoped to have an opportunity to discuss briefly the bill itself, but the conference report was agreed to and I did not have that opportunity. There is no objection to the concurrent resolution so far as I know.

Mr. MONTAGUE. Mr. Speaker, I will state the purpose of the concurrent resolution is that the President is substituted here in place of the Federal Trade Commission, and the grammatical pronoun should not be "it," but should be "him." That is the reason for asking the correction. I do not care to take up any time of the House, and I would be very glad to accommodate the gentleman, but I do not know that I have the authority.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I would like to inquire whether the gentleman knows that the resolution describes the line according to the engrossed copy or according to the printed copy?

Mr. MONTAGUE. The enrolling clerk went over the matter, prepared the resolution at my request, and this is the manner in which he has submitted it.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

Mr. MONDELL. Mr. Speaker, I desire to be heard on the resolution.

The SPEAKER. The gentleman from Wyoming.

Mr. MONDELL. Mr. Speaker, we have just heard quite a considerable discussion on the point of order raised against the conference report on the trading with the enemy act. The conference report as adopted very widely extended the provisions of the so-called espionage act relative to the dissemination and distribution of certain articles and publications. This raises in the House the question of control over newspapers, over the press. This is the situation at the present time. The Congress has given to the President of the United States broader authority, wider jurisdiction, more power, than ever heretofore granted in a free country to an executive officer; wider authority, more power, than has heretofore been suggested or proposed as wise, necessary, or proper under our form of government. We have granted to the President possibly more absolute power and authority than is legally and lawfully lodged in the hands of any king or potentate of the earth. That is a pretty broad statement, but I believe it to be a true statement. We have done all these things almost by unanimous vote. Some of the propositions have been exceedingly startling when first presented to us, and a great many gentlemen have had to readjust their views of the limitations of our Constitution, many gentlemen have had to consider and reconsider very carefully, and in some cases I think almost prayerfully not only their views of what it is wise to do but what we have the power to do, the authority to do, as representatives of the American people. But after full consideration a very great majority of the representatives of the people in this body and Members of the Senate have come to believe that under present conditions of world-wide war, conditions affecting not only the military power and strength of the Nation but involving in a very acute way all industrial life and processes, all commerce and enterprise, every citizen, whether engaged in war or not, tremendously and vitally, it was our duty to give to the President and the executive departments generally tremendous, far-reaching power and authority.

I hope and believe we have in the main acted wisely. I hope and trust that the power and authority thus given and granted will be used wisely. We all realize, however, that we are all mortal and that men do not lose any mortal faults and frailties they may have when they become officials of the Government, when they reach high places of power and authority. The weaknesses and faults of mortal man are shared by Presidents, Sec-



retaries, and Cabinet members as well as the balance of the world. While we have confidence in the men in high places, we realize that it has been the universal verdict of history that men intrusted with great power, vast authority, even those having the very best intent and purpose with regard to the discharge of that power and authority, are prone to fall into grievous errors, frequently make unfortunate mistakes, may even be tempted to abuse their power. It has been said, and said wisely and truthfully, that a free press and free speech are absolutely necessary and essential to the maintenance of liberty and of free institutions. If this be true in times when conditions are normal, when executive officers are not granted extraordinary power, when the representatives of the people are exerting the usual check and balance over the acts and expenditures of the executive departments, how much more clearly is it true, how much more important are these truths when applied to a condition under which the Executive and the executive authorities have vast power and authority conferred upon them.

The Congress was so convinced of the truth of this axiom with regard to free speech and a free press that when the matter was presented squarely, when it was brought before House and Senate, Congress refused to add to the other power and authority of the Executive, power and authority to control free speech and the press through a censorship. Congress acted wisely. But in former legislation, and in the espionage act, the section that was referred to frequently a short time ago, we did grant authority to deny the use of the mails under certain conditions to certain articles, certain varieties of information, certain literature and classes of publications. Under those provisions the Postmaster General has arbitrary power.

It was not intended under these provisions of law to in anywise establish a press censorship to interfere with the free expression of opinion relative to acts or policies; Congress definitely declined to do that; but under that power, under the authority assumed or claimed to have been thus conferred my understanding is that some twenty and odd papers have been denied the use of the mails. I am not personally acquainted with the character of any of them. I do not know the names of any of them, with one or two exceptions. I have nothing but a hazy notion as to where some of them are published.

The SPEAKER pro tempore (Mr. SHACKLEFORD). The time of the gentleman has expired.

Mr. MONDELL. Mr. Speaker, I ask that I may have five minutes more.

The SPEAKER pro tempore. The gentleman from Wyoming asks unanimous consent that he may proceed for five minutes more. Is there objection? [After a pause.] The Chair hears none.

Mr. MONDELL. I am not raising the question of the authority of the Postmaster General to do what he has done with regard to these publications, or as to the wisdom or propriety of it. I shall assume until I have further information that he has acted within his authority and for the good of the country. But many people seem to be of the opinion that the Postmaster General has acted arbitrarily and beyond his authority. There has been considerable complaint of the raiding of newspaper offices. There has been quite a bit of criticism of acts on the part of special agents of the Government in connection with meetings and publications claimed to be in the nature of acts of intimidation. I know little of the truth of these claims and complaints. I simply rise to make this observation and suggestion:

The Congress gave the President all of the power and authority he asked, save alone control over a free press and free speech. The Congress has appropriated practically every penny that has been asked for by the administration. The Congress has, by almost unanimous vote, granted men, money, means, and authority, as requested by the executive departments, in order that we may successfully bear our part in the great war in which we are engaged. And the Congress, representing the people, hopes and expects that, having withheld and declined to grant authority and control over the press and for the suppression of free speech, no legislation which it has placed on the statute books may be so used or utilized, may be so interpreted, as to give power over the press and in the suppression of free speech which the Congress did not intend. It is tremendously important that we should be successful in this war. It is tremendously important that our forces shall be victorious. It is tremendously important that we shall do our part heroically in the great enterprise upon which we are entered; and the Congress stands to a man firmly behind the administration in granting, giving, and providing all those things that may be necessary to that end. But it is also tremendously important that we shall preserve in this land of the free and home of the brave

free speech and a free press, to the end that while we are fighting for democracy the world round, while we are fighting, as we hope and believe, for freedom and for the establishment of a better condition among men everywhere, we shall not be deprived of our liberties at home. Repression of the expression of opinion, repression of criticism of methods and policies, never won any victories for any people. I am one of those who believe that in times like these it is the duty of everyone to abstain from criticism, to withhold judgment, to remain silent when one can not approve, but I realize there are those who think differently, who seem to require a vent, a safety valve. I further realize that the time may come when he is the best patriot who calls public attention to what he considers excesses and abuses. Let us therefore not fall into the grievous error as a Government of attempting to muzzle free speech and arbitrarily control the press. [Applause.]

Mr. MONTAGUE. Mr. Speaker, I ask for a vote on the resolution.

The SPEAKER pro tempore. The question is on agreeing to the resolution.

The question was taken, and the resolution was agreed to. On motion of Mr. MONTAGUE, a motion to reconsider the vote by which the resolution was agreed to was laid on the table.

#### INCREASE OF NAVY RATION.

Mr. PADGETT. Mr. Speaker, I ask unanimous consent for the present consideration of the bill H. R. 5646, and that it may be considered in the House as in Committee of the Whole.

Mr. MADDEN. Mr. Speaker, reserving the right to object, I would like to ask the gentleman what it is.

Mr. PADGETT. It is to increase the commutation value of a Navy ration from 30 cents, at which it was fixed by law in 1876, to 40 cents.

Mr. MADDEN. Mr. Speaker, I would like to ask unanimous consent that when the bill which the gentleman from Tennessee has before the House for disposition and the bill which I understand the chairman of the Committee on Military Affairs suggests he is going to offer are disposed of the gentleman from Ohio [Mr. FESS] be allowed to address the House for 30 minutes.

The SPEAKER pro tempore. On this bill?

Mr. MADDEN. No; after they have finished those bills to-day.

The SPEAKER pro tempore. The question now before the House is one of unanimous consent for the present consideration of the bill H. R. 5646.

Mr. MADDEN. I am asking unanimous consent that when this bill and the other bills that the gentleman from Tennessee has, and the bill of the gentleman from Alabama [Mr. DENT], are disposed of the gentleman from Ohio [Mr. FESS] may be permitted to address the House for 30 minutes.

The SPEAKER pro tempore. Does the gentleman wish to put it as one request?

Mr. MADDEN. Yes. I do not think anybody will object to it.

The SPEAKER pro tempore. The gentleman from Tennessee [Mr. PADGETT] asks unanimous consent for the present consideration—

Mr. PADGETT. Mr. Speaker, I ask that you put the request of the gentleman from Illinois [Mr. MADDEN], that when I have finished the three bills that I have, and the gentleman from Alabama [Mr. DENT] has finished the consideration of his bill, the gentleman from Ohio [Mr. FESS] may have permission to address the House not exceeding 30 minutes.

The SPEAKER pro tempore. The House has heard the unanimous request stated by the gentleman from Tennessee [Mr. PADGETT]. Is there objection to it? [After a pause.] The Chair hears none.

Mr. PADGETT. Is there objection to the consideration of the bill?

Mr. STAFFORD. Let the bill be reported, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report it.

The Clerk read as follows:

A bill (H. R. 5646) to amend section 1585 of the Revised Statutes of the United States.

*Be it enacted, etc.,* That section 1585 of the Revised Statutes of the United States be, and it is hereby, amended to read as follows:

"Sec. 1585. Forty cents shall in all cases be deemed the commutation price of the Navy ration: *Provided, however,* That after January 1, 1918, the commutation price shall not exceed the average cost of the ration during the preceding six months, not to exceed 40 cents."

Mr. STAFFORD. Mr. Speaker, I wish to inquire of the gentleman from Tennessee whether he can inform us what the ration is in the Army?

Mr. PADGETT. The price of it?

Mr. STAFFORD. Yes.

Mr. PADGETT. I do not know. The Navy ration is costing about 41½ cents now.



Mr. STAFFORD. I am fully aware of the report which discloses that fact. I thought perhaps the gentleman could inform the House as to what the Army ration was.

Mr. PADGETT. The gentleman from Alabama [Mr. DENT] no doubt can answer that question.

Mr. STAFFORD. Can the gentleman from Alabama inform us what the Army ration is?

Mr. DENT. It is 40 cents to-day; raised to about 40 cents.

Mr. FOSS. Mr. Speaker, may I ask the gentleman a question?

Mr. PADGETT. Certainly.

Mr. FOSS. In view of the fact that the cost of the ration is 40 cents now, would it not be better to raise this a little, so as to have sufficient margin?

Mr. PADGETT. The Government furnishes the ration prescribed by law, regardless of its cost. This is only a question of commutation, where the man does not get the ration in kind.

Mr. FOSS. The difference is paid by the Government?

Mr. PADGETT. The Government furnishes the ration, regardless of its cost.

The SPEAKER pro tempore. Is there objection to the consideration of the bill?

There was no objection.

Mr. PADGETT. I ask unanimous consent, Mr. Speaker, that the bill be considered in the House as in Committee of the Whole.

The SPEAKER pro tempore. Is there objection to the gentleman's request?

There was no objection.

Mr. PADGETT. Mr. Speaker, I do not suppose there is any desire for further discussion. I ask for a vote on the bill.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. PADGETT, a motion to reconsider the vote whereby the bill was passed was laid on the table.

#### NEW RATINGS IN THE UNITED STATES NAVY.

Mr. PADGETT. Mr. Speaker, I ask for the present consideration of the bill (H. R. 5648) to establish certain ratings in the United States Navy, and for other purposes.

The SPEAKER pro tempore. The gentleman from Tennessee asks for the present consideration of the bill H. R. 5648, which the Clerk will report.

Mr. MADDEN. Mr. Speaker, for the purpose of ascertaining what the bill is, we would like to have the gentleman state its purpose to the House.

Mr. PADGETT. It is to establish new ratings in the United States Navy, to be known as engineman, first class, and engineman, second class.

Mr. MADDEN. Does that mean engineer?

Mr. PADGETT. Yes, sir. At the present time the engines are operated by what is known as the machinist's mate, and the regulations require that the machinist's mate shall not only be qualified to operate the engine, but must be qualified as a machinist or mechanic sufficiently to repair the engine.

Now, we need a great many men to operate engines without the ability to repair them, and this is to create this subordinate rating, so that we shall have a force to operate the engines without requiring that they shall also have the capacity to repair them.

Mr. MADDEN. All these so-called enginemen are really engineers?

Mr. PADGETT. Yes, sir.

Mr. MADDEN. Are they required also to obtain a license from the Government of the United States before they are permitted to operate an engine?

Mr. PADGETT. No.

Mr. MADDEN. They ought to be.

Mr. PADGETT. They are enlisted men in the Navy.

Mr. MADDEN. Private individuals throughout the United States operating steam plants, or at least steamboats, are not permitted under any circumstances to employ anybody as an engineer until he has passed an examination before a board of examining engineers and obtained a Government license, and the purpose of that is that a man in order to be qualified to do the work, which is in itself dangerous to the public unless it is done by qualified men, must demonstrate not only that he knows how to open and close the throttle of the engine, but—

Mr. PADGETT. He has to be qualified and pass an examination, but he does not have to pay a license fee.

Mr. MADDEN. He should have a license, although he may not pay the fee.

Mr. PADGETT. He has to pass an examination in order to be qualified, and when he goes from second class to first class he passes another examination. He does not pay a license fee.

Mr. MADDEN. I do not know anything about the payment of a license fee, but I think that all men employed on steamboats in American waters and foreign waters operating American ships are compelled by the law of the land to obtain a license, after having taken an examination before a board of engineers, and over 99 per cent of the men who operate these engines in the United States, in fact all such men, have licenses. The truth is they must have a certain amount of experience, not only to prove their qualifications, but they must also have had a certain number of years' experience as assistant before they are allowed to prove their qualifications to take the place of the principal.

Now, are we going to do with enlisted men what we are not doing with any other men? Not that I have any objection to giving enlisted men positions. On the contrary, I would like to see them get the best positions they can obtain. What I want to know is, Are they safe?

Mr. PADGETT. Yes. They have to go through very strict and rigid examinations and demonstrate their qualifications.

Mr. BUTLER. What is the pay of these grades?

Mr. PADGETT. Forty dollars for the second grade, and \$45 for the first class.

Mr. MADDEN. Why, we do not employ stokers for that.

Mr. PADGETT. They get their subsistence.

Mr. MADDEN. We pay \$100 a month and subsist them besides. It seems to me the Government of the United States ought not to take the skill and experience such as these men have and pay them the trifle that this indicates.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Reserving the right to object, Mr. Speaker, as I understand this bill, it is to provide increase of pay for a large number of the personnel on board our battleships and cruisers, and the like.

Mr. PADGETT. No; it is not. It increases the present pay of machinist's mate from \$55 a month for the first class and \$40 for the second class, and the proposed pay in this bill for the engineman is \$40 for the second class and \$45 for the first class.

Mr. STAFFORD. The rate for machinist's mate at present is as stated by the gentleman. Will the gentleman state what the pay will be under the proposed bill?

Mr. PADGETT. Yes. It is set out here. I do not think that is changed. The base pay of machinist's mate, second class, and water tenders is increased from \$40 to \$45.

Mr. STAFFORD. What is the increase of the first class?

Mr. PADGETT. That is left as it is, at \$55.

Mr. STAFFORD. Then the gentleman claims that this is not a bill to increase the pay of the personnel?

Mr. PADGETT. It does not. The hearings show—

Mr. STAFFORD. I would like to read from the report, if the gentleman will permit, a letter from the Paymaster General, addressed to the gentleman from Tennessee, in which he says:

Based on the foregoing, it is believed that the additional cost for the present personnel will probably not exceed \$250,000 per year.

What does that increased cost comprise, except for pay?

Mr. PADGETT. He puts that in, that it might do it; yet the officers in their testimony before the committee said that by using these enginemen instead of machinists' mates they did not believe the total cost would be increased at all, but the paymaster puts an outside limit of \$250,000 that it might cost.

But if you will read the hearings you will see that the officers who appeared before us said they did not believe there would be any increase at all by substituting enginemen at \$40 and \$45 to operate engines where we are now using machinists at \$55.

Mr. STAFFORD. I direct the attention of the gentleman to a new classification found on page 2, "chief special mechanic, at \$127 a month." The report shows that these positions are now being filled by chief machinists and machinists' mates who receive \$55 and \$40 a month.

Mr. PADGETT. Yes.

Mr. STAFFORD. Will the gentleman advise the House what is the reason for such a large increase of pay, in some instances more than double that which they now receive?

Mr. PADGETT. Because of the large increase in the Navy and the large increase in the engines and the machinery of our ships, requiring a higher class of men than have heretofore been assigned to that duty.

Mr. STAFFORD. The men to fill these position are now in the service, in the grades of machinists' mates, first and second class.

Mr. PADGETT. I understand that, but this is for a chief special mechanic at \$127 a month. He is to be a kind of a



supervisory man, a man of high capacity in that service, to supervise and overlook.

Mr. STAFFORD. What allowances do these men receive besides the pay that is here provided, in the way of rations?

Mr. PADGETT. They get their rations and their quarters. On first enlistment they get an outfit of \$60.

Mr. STAFFORD. Then, as I understand, they also get increases of pay on reenlistment?

Mr. PADGETT. Yes.

Mr. LONGWORTH. Can the gentleman state what men in similar grades get in the British Navy and our navies?

Mr. PADGETT. They get less than our men receive.

Mr. LONGWORTH. Very much less?

Mr. PADGETT. Yes. In the German Navy they get practically nothing. It is conscription there.

Mr. STAFFORD. Can the gentleman give us the proportionate amount of pay received by British seamen as compared with ours?

Mr. PADGETT. I could not give it to you definitely; but before the beginning of the war I made some investigation into that, and they received about 60 or 65 per cent of the pay received by our men.

Mr. STAFFORD. Can the gentleman give us any information as to what would be the maximum pay on successive reenlistments, of say for instance a special mechanic whose base pay is stated in this bill at \$80?

Mr. PADGETT. I think that under the existing law upon each four-year reenlistment they get an increase of \$5 a month. I have not looked it up for years.

Mr. STAFFORD. Does that continue as long as they are eligible for service?

Mr. PADGETT. I am not certain whether it is limited to four reenlistments or not.

Mr. FOSS. Did the hearings disclose how many men would be affected by this?

Mr. PADGETT. I think only a small number. I do not remember how many.

Mr. FOSS. It would mean an increase in pay to most of them, would it not?

Mr. PADGETT. It creates a new rank, and it will substitute men at \$50 and \$45 for men who are now getting \$55.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The SPEAKER. The Clerk will report the bill.

The bill (H. R. 5648) to establish certain new ratings in the United States Navy and for other purposes, was read as follows:

*Be it enacted, etc., That the ratings of engineman, first class, engineman, second class; blacksmith, first class, blacksmith, second class; coppersmith, first class, coppersmith, second class; pattern maker, first class, pattern maker, second class; molder, first class, molder, second class; chief special mechanic and special mechanic, first class, be, and they are hereby, established in the artificer branch of the Navy with the following rates of base pay per month: Engineman, first class, \$45; engineman, second class, \$40; blacksmith, first class, \$65; blacksmith, second class, \$50; coppersmith, first class, \$65; coppersmith, second class, \$50; pattern maker, first class, \$65; pattern maker, second class, \$50; molder, first class, \$65; molder, second class, \$50; chief special mechanic, \$127; special mechanic, first class, \$80: *Provided*, That the base pay of machinists' mates, second class, and water tenders be, and it is hereby, increased from \$40 to \$45 per month: *Provided further*, That all the aforesaid rates of pay shall be subject to such increases of pay and allowances as are, or may hereafter be, authorized by law for enlisted men of the Navy: *And provided further*, That appointments or enlistments in the said ratings may be made from enlisted men in the Navy or from civil life, respectively, and the qualifications of candidates for any of said ratings shall be determined in accordance with such regulations as the Secretary of the Navy may prescribe.*

Mr. WALSH. Mr. Speaker, I move to strike out the last word. Will the chairman of the Naval Affairs Committee state whether these new ratings or ranks that have been created are to apply to men in the service who are to operate craft propelled by gasoline motors?

Mr. PADGETT. This applies anywhere where they can be assigned.

Mr. WALSH. Was that one of the reasons for creating this new position?

Mr. PADGETT. Yes; I think so.

Mr. WALSH. To assign them to craft now being operated under the control of the naval reserve?

Mr. PADGETT. Yes; that is a part of it.

The SPEAKER. This bill is on the Union Calendar.

Mr. PADGETT. I ask unanimous consent that it may be considered in the House as in the Committee of the Whole.

The SPEAKER. The gentleman asks unanimous consent to consider it in the House as in Committee of the Whole. Is there objection?

There was no objection.

Mr. GORDON. Mr. Speaker, on May 31 last I made a few remarks on the subject of freedom of speech and of the press, which I desire to supplement by a few authorities, and will therefore ask leave to extend my remarks made upon that occasion.

The SPEAKER. The gentleman from Ohio [Mr. GORDON] asks unanimous consent to extend his remarks made in May last on the freedom of the press, and to cite certain authorities. Is there objection?

There was no objection.

Mr. NORTON. Mr. Speaker, I desire to be recognized for about two minutes.

The SPEAKER. The gentleman from Tennessee has the right to the first five minutes, if he wants to use it.

Mr. PADGETT. I do not care to occupy the time.

The SPEAKER. The gentleman from North Dakota [Mr. NORTON] is recognized for five minutes.

Mr. NORTON. Mr. Speaker, I desire to take just a few moments to call the attention of the House to House joint resolution 153, which I introduced some days ago, to authorize the appointment of a committee of Members of the House of Representatives and Senate to visit Europe for the purpose of investigating and examining into the conditions and progress of the war being waged by Germany and her allies against France and her allies. This resolution provides for the appointment of a committee by the Speaker of the House and the President of the Senate, consisting of 50 Members of the House and 25 Members of the Senate. There is already before the House an invitation from the Speaker of the British House of Commons, inviting all the Members of Congress to visit the western battle fronts of Europe, so that they may obtain better information as to the actual conduct and progress of the war. There is also before the House an invitation that was extended personally by Deputy Henri Franklin Bouillon some days ago. That is an invitation to the House to send 17 Representatives to the Interparliamentary Union. This union is made up at the present time of representatives of France, England, and Italy. The purpose of this Parliamentary Union is to co-operate and advise as to the best methods of financing and conducting the war. The union is to have only to do with the work and progress of the present war and is to dissolve at the close of the war.

My idea and object in introducing this resolution and proposing the committee of the House was that Members, as many as can conveniently accommodate their business to join this committee, should go over to Europe and go out on the battle front and observe the actual war conditions. I think what we need more than any other one thing in this country in order to have the war carried on enthusiastically and effectively is first-hand information as to the progress of the war in Europe.

The President, it is said, recently proposed to have the Members of Congress after the adjournment of this session to make a series of addresses in their respective districts, and in this way disseminate information concerning the war to the people in the various congressional districts. I believe that such is a splendid idea. I know that conditions exist in this country at the present time that indicate that people are not as enthusiastically in support of the war as they would be if they had fuller information in regard to its progress and its purposes. Personally I am heartily and unreservedly in favor of the war program being carried on by our Government. I want to do everything I can in and out of Congress to aid my country to conduct this war vigorously and to bring it speedily to a successful conclusion. I do not know of any better plan that can be carried out to secure the enthusiastic interest and support of all the country for this war than to have a large number of Members of this House and the Senate first go over to Europe and view the real war conditions there, and then to come home and tell of these conditions to our people and explain fully to the people of this country the conditions and the things needed for the most vigorous and successful prosecution of the war.

I recall that a few days ago at Atlantic City, N. J., Lord Northcliffe, in speaking to representatives of the commercial organizations of the country, emphasized his words and prefaced his remarks by the statement that he was speaking as a man who had been at the front, that he had seen how the war was actually being conducted, and that he had seen the needs of the officers and soldiers in the camps and in the trenches. With that explanation of his personal experience at the front he was able to more effectively impress his audience by his address than he would have been had he not personally observed the things and conditions of which he spoke.

Mr. LONGWORTH. Will the gentleman yield?



Mr. NORTON. I will.

Mr. LONGWORTH. I am entirely in sympathy with the object which the gentleman seeks to accomplish, but does not the gentleman think that we ought not to pass any resolution unless we first accept the invitation extended by M. Bouillon?

Mr. NORTON. I believe the invitation should be accepted, because I feel that body is a very important and useful body of men in the conduct of this war.

Mr. LONGWORTH. If we were to refuse to accept that invitation it would hardly seem proper to send Representatives abroad in any official capacity, especially after having declined to accept an official invitation.

Mr. NORTON. I do not agree with the gentleman as to that. I believe that the House and Senate, this Congress, has the right within itself to send an official committee of its membership to the battle fronts of Europe.

Mr. LONGWORTH. We could hardly ask from the French and English Governments the courtesies of being shown the battle fronts if we had refused to accept their official invitation and join them.

Mr. NORTON. I do not think the proposition of refusal to accept the invitation extended by Monsieur Bouillon and the sending of an official committee of the Congress to Europe to examine into the conduct and progress of the war are at all incompatible.

Mr. LONGWORTH. I do not think there is anything more important for this House to do than to make it possible this next winter to have on the floor of the House and the Senate men who are personally qualified to talk about the conditions on the battle fronts.

Mr. NORTON. I am not so much interested to have men on the floor of the House or of the Senate as I am to have Members of Congress who have visited the war scenes and conditions in Europe to go out through the country and carry first-hand information to the people concerning this war. That is why I believe it is highly important.

I have here a newspaper clipping taken from the Washington Post of last Sunday, speaking of Representative McCormick's visit to Europe. Representative McCormick has written a letter to the Foreign Affairs Committee of the House, in which he says that he has enjoyed a wonderful experience over there. In the 15 days he had then spent in Europe he said he had gained a great deal of valuable information as to the war which he could not have gained in any other way. He strongly advised in favor of a committee from Congress being sent to Europe at this time.

Mr. Speaker, I do not want to take up the time of the House further on this at this time. I merely wish to emphasize the importance as I view it, of having an official committee of the Members of the House and Senate sent not only to the Interparliamentary Union, but sent to Europe to view and examine into the real conditions of the countries and the people where the war is being actively carried on. [Applause.]

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. PADGETT, a motion to reconsider the vote whereby the bill was passed was laid on the table.

#### REIMBURSEMENT OF OFFICERS AND MEN IN NAVAL SERVICE FOR PROPERTY LOST.

Mr. PADGETT. Mr. Speaker, I ask unanimous consent for the present consideration of the bill H. R. 5647, to reimburse officers and men in the naval service for property lost.

The SPEAKER. The Clerk will report the bill by title.

The Clerk read as follows:

A bill (H. R. 5647) to provide for the reimbursement of officers, enlisted men, and others in the naval service of the United States for property lost or destroyed in such service.

The SPEAKER. This bill is on the Union Calendar.

Mr. WALSH rose.

The SPEAKER. For what purpose does the gentleman from Massachusetts rise?

Mr. WALSH. To object to the unanimous consent for consideration.

Mr. HICKS. Will the gentleman reserve his objection for a moment?

Mr. WALSH. I will.

Mr. HICKS. I was going to ask the gentleman to reserve his objection in order that I may send to the desk a proposed amendment to the bill. I merely want to get it into the Record; and, Mr. Speaker, I will ask unanimous consent to have it printed in the Record.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The proposed amendment is as follows:

Mr. HICKS offers the following amendment: At the end of line 3, on page 5, add:

"And provided further, That the provisions of this act shall apply to the personnel of the Coast Guard in like manner as to the personnel of the Navy, whether the Coast Guard is operating under the Treasury Department or operating as a part of the Navy, and all of the duties, which, under this act, devolve upon the major general commandant of the Marine Corps with reference to the personnel of that corps, shall devolve upon the captain commandant of the Coast Guard, and in cases involving persons in the Coast Guard reimbursement in money shall be made by a disbursing officer of the Coast Guard from the appropriation 'Coast Guard' and reimbursement in kind shall be made by the captain commandant from the appropriation 'Coast Guard.'"

The SPEAKER. Does the gentleman from Massachusetts object?

Mr. WALSH. I think this matter had better be deferred, and for the present I object.

#### AIRCRAFT BOARD.

Mr. SHALLENBERGER. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 2705) to create the Aircraft Board and provide for its maintenance, which I send to the desk and ask to have read.

The SPEAKER. The gentleman from Nebraska asks unanimous consent for the present consideration of the bill S. 2705. Is there objection?

Mr. MADDEN. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from Nebraska to be kind enough to explain the scope of the bill before we consent to its consideration.

Mr. SHALLENBERGER. The bill proposes to constitute by legislative enactment an Aircraft Board and have it constituted and empowered practically as the board is operating at present under Executive order.

Mr. MADDEN. How many men are there to be on the board?

Mr. SHALLENBERGER. Nine members; three to be officers of the Army, three to be officers of the Navy. The Army officers are to consist of the Chief Signal Officer of the Army and two other officers to be appointed by the Secretary of War, and the naval officers to consist of the Chief Constructor of the Navy and two naval officers to be appointed by the Secretary of the Navy, and three civilians to be appointed by the President, a civilian to be chairman of the board.

Mr. MADDEN. How much do the civilians get?

Mr. SHALLENBERGER. The civilian officers serve without pay.

Mr. MADDEN. Will there be any addition to the compensation paid to the Army and Navy officers?

Mr. SHALLENBERGER. No additional pay.

Mr. MADDEN. This board is in existence—in effect now?

Mr. SHALLENBERGER. Yes.

Mr. ROBBINS. Is not this board under the general-defense act now in existence in control of aeronautics?

Mr. SHALLENBERGER. Only by Executive order and without legislative authority, which they consider it desirable to have.

Mr. ROBBINS. Does it not have the same authority that all of these boards that are sitting down here in the Munsey Building and other places have?

Mr. SHALLENBERGER. It has the position and authority of an advisory board only, but it is the opinion of the Military Committee and those who are associated in this work that it would give this board a great deal of additional prestige and authority in dealing not only with matters in this country but also in dealings with foreign nations to have this board constituted by act of Congress.

Mr. STAFFORD. What is the necessity for dignifying this board when we are not recognizing the War Munitions Board and other boards in this same way, which have control of a number of the activities of the Government so far as its war affairs are concerned?

Mr. SHALLENBERGER. The Aircraft Board and the production of aircraft has become such a tremendous part of the efforts of this Nation in this war that it has been thought by some people that a separate department of government might well be constituted to deal with this matter of aircraft.

Mr. STAFFORD. The gentleman does not mean to claim that it has greater authority or more need than the War Munitions Board?

Mr. DENT. Mr. Speaker, will the gentleman from Nebraska permit me to answer that question?

Mr. SHALLENBERGER. Yes.

Mr. DENT. It was stated before the committee, I will state to the gentleman from Wisconsin [Mr. STAFFORD], that this board has been dealing with similar boards in England, France, and Italy; that the boards in England, France, and Italy are



creatures of law, whereas this board is simply an advisory committee of the Council of National Defense, and therefore they were greatly embarrassed, and have been, in dealing with these boards of other countries because not a creature of law, with the same dignity as the boards over there. I do not think the same situation applies to the other advisory committees connected with the Council of National Defense.

Mr. STAFFORD. Does not the gentleman believe that the War Munitions Board deals with boards representing other countries?

Mr. SHALLENBERGER. Not in the way that this board does.

Mr. STAFFORD. Not in the identical line, but still in matters pertaining to activities of the Army.

Mr. DENT. That is done through the Secretary of War, and the Chief of Ordnance, and the Secretary of the Navy, and the chief of that department. The board has no power to act finally without the approval of the Secretary of War and the Secretary of the Navy, but its dealings are had directly with those that are created in England, France, and Italy by law.

Mr. STAFFORD. Without intending in any way to have any secrets divulged, is it the purpose of this board to visit foreign countries and confer with other boards or that those other boards come here and confer with this board?

Mr. DENT. That is the purpose. They intend to do that before they finish their work.

Mr. STAFFORD. Is there any provision in the bill limiting the existence of this board to the war?

Mr. DENT. Six months after the termination of the war.

Mr. STAFFORD. Mr. Speaker, as this bill has just been reported and was not available I ask that before consent is given it be read.

Mr. SHALLENBERGER. I would like to state also that the bill has already passed the Senate.

Mr. MONDELL. Mr. Speaker, I reserve the right to object.

Mr. STAFFORD. The bill has already passed the Senate, but the committee of the House has stricken out all of the Senate bill and substituted a new provision, although it may be largely similar to the Senate provision.

Mr. DENT. Largely similar, but I might state to the gentleman that the bill as reported by the House Military Committee is the bill as recommended in a letter to me by the President of the United States, the Secretary of War, and the Secretary of the Navy, with this exception, that they ask for a board of 11 members and the committee thinks that 9 are sufficient.

Mr. STAFFORD. I notice in the Senate bill provision was made for the salary of the civilian members at \$7,500 per annum. Did I understand the gentleman to say a moment ago that each civilian member is to serve without pay?

Mr. DENT. That is true under the House bill, and that is the recommendation of the Secretary of War, the Secretary of the Navy, and the President.

Mr. STAFFORD. Of course their expenses will be paid undoubtedly, if they are obliged to go abroad or while serving in this capacity?

Mr. SHALLENBERGER. That is contemplated.

The SPEAKER. Is there objection?

Mr. STAFFORD. Mr. Speaker, I wish to reserve the right to object until the bill is read.

Mr. MONDELL. Mr. Speaker, further reserving the right to object, I want to ask the chairman of the Committee on Military Affairs a question. Do I understand that section 5 is inserted in order to authorize this board to employ necessary clerks and assistants. It carries an annual appropriation not to exceed \$100,000 for clerks and other employees which may be necessary for the conduct of the business of the board. Has the board no authority now to employ any such clerks?

Mr. DENT. It has not. As I understand it, the board now is using the clerical force of the War and Navy Department, and it has depleted that force to a very large extent.

Mr. MONDELL. Then a rather important feature of the legislation is an appropriation of \$100,000 under section 5, authorizing the building up of quite a bureau.

Mr. SHALLENBERGER. The gentleman will observe that the \$100,000 is not appropriated, but it only authorizes them to use \$100,000 of money already appropriated for this department. It is not a new expenditure.

Mr. MONDELL. It makes it available for purposes for which it is not now available for the employment of such clerks and other employees as the board may desire?

Mr. SHALLENBERGER. That is the point.

Mr. MONDELL. If we are to do that in regard to this board, will it not become necessary to take the same action relative to all the other boards that are now dealing with various matters of construction?

Mr. DENT. Well, I will state to the gentleman that I do not think so. I think this board occupies a peculiar position. At first I was not inclined to favor this bill, which has been pending before the committee for some time, until I was finally convinced that this board occupies a peculiar position in dealing with our international relations in this war different from any other board that has been called to the attention of the Committee on Military Affairs. Of course I can not speak for all the different boards that are in existence down there. It is certainly different from any other board that has been called to the attention of the Committee on Military Affairs of the House.

Mr. ROBBINS. Will the chairman of the Committee on Military Affairs answer a question I would like to ask on section 5? This section authorizes the employment of experts and fixes their salaries. Now, we voted \$640,000,000 for the construction of aeroplanes. Why do they want to employ more experts, which calls for the payment of more salaries, when we have made provision for the whole matter of aeroplanes in that appropriation?

Mr. DENT. I will state to the gentleman that it is not the purpose of this bill to employ any more than are already being used by this board, and I will state, furthermore, for the benefit of Members of the House, that when the \$640,000,000 appropriation bill was pending we had a provision similar to this in that bill in order to take care of this situation. The chairman of the Appropriations Committee asked that it be stricken out of the bill on the idea that it would be taken care of in the deficiency bill which is still pending in Congress, and we put it in this bill now because we do not know when that bill is going to be passed. I really think it ought to have passed in the \$640,000,000 bill which was passed some months ago.

Mr. HELM. Will the gentleman yield?

Mr. DENT. I will.

Mr. HELM. There is now in existence a section of the Signal Corps in which there is an aviation organization in the Army, is there not?

Mr. DENT. Yes.

Mr. HELM. And the same applies to the Navy, does it not?

Mr. DENT. Yes.

Mr. HELM. Is it the purpose to create a third organization now?

Mr. DENT. No; the purpose of this is to coordinate in the beginning the aviation work in the Army and the Navy so that when the Chief Signal Officer gets a proposition he does not have to go through red tape and go around to the Chief of the Bureau of Naval Construction and wait for a week or 10 days before they get anything done. This board meets every day, practically, I am told, and the Chief Signal Officer and the Chief of the Bureau of Naval Construction, who are members, meet with them each day and they practically work out these things without going through the red tape. The board itself has no power.

Mr. HELM. I understand this is a consolidation of two branches or sections of the Aviation Service in the Army and Navy.

Mr. DENT. It is a coordination, I would say, rather than a consolidation, because, after all, the Secretary of War and the Secretary of the Navy must act independently in approving the contracts that they make, and must be individually responsible.

Mr. HELM. And this has the approval of the Secretary of the Navy?

Mr. DENT. It has the approval of the Secretary of the Navy, the Secretary of War, and the President of the United States in a letter to me.

The SPEAKER pro tempore (Mr. HULL of Tennessee). The Clerk will report the bill.

The Clerk proceeded with the reading of the bill.

Mr. DENT. Mr. Speaker, I ask unanimous consent that the substitute as reported by the Committee on Military Affairs of the House be read instead of the Senate bill.

The SPEAKER pro tempore. The gentleman from Alabama asks unanimous consent that the substitute be read in lieu of the Senate bill. Is there objection? [After a pause.] The Chair hears none. The Clerk will read the substitute.

The Clerk read as follows:

Be it enacted, etc., That for the purpose of expanding and coordinating the industrial activities relating to aircraft, or parts of aircraft, produced for any purpose in the United States, and to facilitate generally the development of air service, a board is hereby created, to be known as the Aircraft Board, hereinafter referred to as the board.

Sec. 2. That the board shall number not more than nine in all, and shall include a civilian chairman, the Chief Signal Officer of the Army, and two other officers of the Army, to be appointed by the Secretary of War; the Chief Constructor of the Navy and two other officers of the Navy, to be appointed by the Secretary of the Navy; and two addi-



tional civilian members. The chairman and civilian members shall be appointed by the President, by and with the advice and consent of the Senate.

SEC. 3. That said board and tenure of office of the members thereof shall continue during the pleasure of the President, but not longer than six months after the present war. The civilian members of the board shall serve without compensation.

SEC. 4. That the board is hereby empowered, under the direction and control of and as authorized by the Secretary of War and the Secretary of the Navy, respectively, on behalf of the Departments of War and Navy, to supervise and direct, in accordance with the requirements prescribed or approved by the respective departments, the purchase, production, and manufacture of aircraft, engines, and all ordnance and instruments used in connection therewith, and accessories and materials therefor, including the purchase, lease, acquisition, or construction of plants for the manufacture of aircraft, engines, and accessories: *Provided*, That the board may make recommendations as to contracts and their distribution in connection with the foregoing, but every contract shall be made by the already constituted authorities of the respective departments.

SEC. 5. That the board is also empowered to employ, either in the District of Columbia or elsewhere, such clerks and other employees as may be necessary to the conduct of its business, including such technical experts and advisers as may be found necessary, and to fix their salaries. Such salaries shall conform to those usually paid by the Government for similar services: *Provided*, That by unanimous approval of the board higher compensation may be paid to technical experts and advisers. The board may rent suitable offices in the District of Columbia or elsewhere, purchase necessary office equipment and supplies, including scientific publications and printing, and may incur necessary administrative and contingent expenses, and for all of the expenses enumerated in this paragraph there shall be allotted by the Chief Signal Officer of the Army for the fiscal year 1917 and 1918 the sum of \$200,000, or so much thereof as shall be necessary, from any appropriation now existing for or hereinafter made to the Signal Corps of the Army, and such appropriation is hereby made available for these purposes: *Provided further*, That except upon the joint and concurrent approval of the Secretary of War and the Secretary of the Navy there shall not be established or maintained under the board any office or organization duplicating or replacing, in whole or in part, any office or organization now existing that can be properly established or maintained by appropriations made for or available for the military or naval services.

Mr. SHALLENBERGER. Mr. Speaker, I ask that the bill be considered in the House—

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. MAPES. Mr. Speaker, reserving the right to object, I would like to ask the gentleman in charge of the bill in what way it affects the aviation section of the Advisory Council of National Defense?

Mr. SHALLENBERGER. It simply creates them by legislative enactment rather than by Executive order. It changes the number in the Senate bill from 11 to 9.

Mr. MAPES. The Advisory Council of National Defense has an organization—

Mr. SHALLENBERGER. Which they call the Aircraft Board.

Mr. MAPES. The Aircraft Board. Does this bill add to or supplement or take the place of that Aircraft Board?

Mr. SHALLENBERGER. It takes the place of it and practically gives them no additional power but gives them the dignity and status of existing by authority of legislative enactment, which they feel would assist them greatly in dealing with foreign nations.

Mr. MAPES. The last proviso of the bill, I notice, says:

There shall not be established or maintained under the board any office or organization duplicating or replacing, in whole or in part, any office or organization now existing.

Mr. SHALLENBERGER. The object of that particular part of the bill is to prevent duplication and additional expense to the Government in the expenditure of this \$100,000. It does not refer to taking away from the present board any authority, because it is by the special request of the board that we are passing this bill, to give them the authority that they think they ought to have.

Mr. MAPES. Does the Aircraft Board, headed by Mr. Coffin, request it?

Mr. SHALLENBERGER. He indorses it, and he was before our committee, and it was at his request largely that we reported the bill.

It is also indorsed by the Secretary of War and by the President. I will say to the gentleman that the members of the Aircraft Board, Mr. Coffin, himself, as chairman, the Chief Constructor of the Navy, and the Chief Signal Officer of the Army, Gen. Squiers, appeared before us in a long hearing, urging the adoption of this bill, and it meets with their approval.

Mr. MAPES. I understand that there was a reorganization of the Aircraft Board in the last few weeks and that certain civilians who were working with it were given commissions. Would this affect them in any way?

Mr. SHALLENBERGER. This bill provides that the three members shall be civilian members. Mr. Coffin is a civilian. It may be that some of those members who are now commissioned officers would be affected by that.

Mr. MAPES. Was not Mr. Coffin given a commission as colonel?

Mr. SHALLENBERGER. No, sir; he has not been given a commission. He specifically stated to the committee that he thought it inadvisable.

Mr. DENT. I would like, if the gentleman from Nebraska will allow me to interject a remark, to make this statement, that there have been some civilians drawn into this aircraft board, and they have been appointed reserve officers of the United States Army, but under this bill they would be appointed as officers of the United States Army. Under this bill there would have to be three civilian officers. The commissions have hitherto been issued to—

Mr. MAPES. To some of those who are working under the general jurisdiction of Mr. Coffin?

Mr. DENT. Working with this aircraft board. Those commissions have already been issued. Those that hold them are in the Army, and they can only be members of this board as military members and not as civilian members.

Mr. MAPES. This bill would not affect them in any way?

Mr. DENT. This bill would not take away their commissions, if that is what the gentleman means.

Mr. MAPES. Does it affect their status on the aircraft board?

Mr. DENT. Not at all, because they are appointed under the general law authorizing the appointment of reserve officers of the United States Army. They may remain as members if the appointing power so desires.

The SPEAKER pro tempore. Is there objection?

Mr. NORTON. Mr. Speaker, reserving the right to object, it seems to me that this is a very large appropriation for overhead expenses for the aviation branch of the Signal Corps. Can the gentleman tell the House about what this board is now costing the Government per month?

Mr. SHALLENBERGER. The civilian members of the board are serving without any pay whatever, and of course military and naval officers serve without additional expense to the Government. The additional pay that is caused in the way of clerk hire is very negligible, for the reason, as the chairman has stated, they have drawn from the different departments of the Army and Navy the clerk hire they needed, and thereby depleted the force there, and it was the opinion of the committee that it would be well to authorize them to engage their own clerks.

Mr. NORTON. The appointment of this board would release a good deal of work of the Army and Navy. They would take over practically absolutely the supervision of aviation and the buying of all things necessary for aircraft.

Mr. SHALLENBERGER. I will say to the gentleman, if he will permit, the bill does not contemplate changing the number of members of the board in any way. It gives them no additional authority. They can not make a contract either for the Army or Navy without submitting it to those departments, and it must be perfected and ratified and signed by the naval or the military authorities. The only power it gives them would be the one the gentleman suggests, that they might engage clerks out of this authority and pay them out of this fund, rather than to take them from the Army and Navy.

Mr. NORTON. That would give for the Army and Navy for additional clerks, or distribute in other departments, \$100,000?

Mr. SHALLENBERGER. Yes, sir.

Mr. NORTON. That means that \$100,000 more is available for clerk hire?

Mr. SHALLENBERGER. No.

Mr. NORTON. I have no disposition to be penurious in this matter, but there seems to be quite a mania for increased clerical forces in the various departments. They are building up tremendous forces, and in some cases giving it out to the country that they are doing the work gratuitously. The most part that I have investigated—and I am free to say that I have not made a thorough investigation—but where I have investigated they are all receiving very good compensation. I have no objection to having a sufficient force, but I do not want to have all of the strength of the country centered in clerical forces and only a small amount of it stationed at the front.

Mr. SHALLENBERGER. I will state to the gentleman that the activities of this board have been tremendous, and the Committee on Military Affairs is satisfied that they have accomplished great things for this Nation in a short time, and this money that we have set aside here is not a new appropriation, but it provides only that out of the tremendous sums of hundreds of millions that have already been appropriated they shall be allowed to use for clerical and similar purposes an amount up to \$100,000.

One of the reasons for authorizing this somewhat generous appropriation was the fact that it was brought to the attention of the committee that there was no provision at present



whereby men of talent and ability who could not afford to donate their services, as some of these men have done, could be reimbursed for their services.

Mr. NORTON. I am in favor of having the work done, but I am opposed to a multiplicity of clerks where they are not needed. We provided \$640,000.000 for aviation. Here is \$100,000 additional made available.

Mr. SHALLENBERGER. It is not additional, but we simply authorize that they can use \$100,000 of the money already appropriated for this specific purpose.

Mr. NORTON. That is, to be made available?

Mr. SHALLENBERGER. Yes, sir.

Mr. NORTON. I find in connection with my work on Indian affairs that some time ago—two years ago—\$10,000 was appropriated to purchase some land for Indians out in California, and that it cost about \$9,000 to purchase a thousand dollars' worth of land. Of course, that condition, or any condition approaching that, will not, I hope, exist here.

Mr. STAFFORD. Is it proposed to take over the entire service now employed in the aviation branch of the National Council of Defense, and housed largely in the Southern Building, and put that service under the jurisdiction of this board?

Mr. SHALLENBERGER. Yes, sir.

Mr. STAFFORD. Is it the purpose that this \$100,000 will be all that will be required to pay the clerical force during the fiscal year 1917 and the fiscal year 1918, as provided in this bill for the force now employed in the Southern Building in connection with the Aviation Service?

Mr. SHALLENBERGER. We were assured, I will say to the gentleman from Wisconsin, that this will probably be a great deal more than they will have to use for that purpose. But we gave them this sum for the additional reason that I started to explain to the gentleman from North Dakota. As the Senate bill proposed \$7,500 a year to pay the civilian members of the board, we thought that if we gave them blanket authority to pay this money to experts and civilians whose services were essential to the Government, and yet could not afford to donate their services to the Government, as some wealthy men have done, we could accomplish the same thing, and perhaps not uniformly pay that salary, but only when it is necessary.

Mr. STAFFORD. Then the gentleman has received the assurance that the entire personnel and the office expenses and all the overhead charges connected with the aviation branch of both the Army and Navy will be less than \$100,000?

Mr. SHALLENBERGER. No; not the personnel in the Army and Navy, but the clerk hire and the office force and all the incidental expenses incident to this particular Aviation Board will not exceed that amount.

Mr. STAFFORD. Let us have an understanding. Is there going to be any clerical force engaged in the Aviation Service other than in connection with this administrative board?

Mr. SHALLENBERGER. There certainly will be in the service of aviation. There will be a hundred thousand men in the field engaged in the Aviation Service.

Mr. STAFFORD. I am speaking of the clerical force in Washington in connection with the Aviation Service.

Mr. SHALLENBERGER. Not in the Aviation Board. Men will be assigned to the Signal Corps.

Mr. STAFFORD. Is this to be confined to clerks now detailed from the War and Navy Departments in the Aviation Service, or are these clerks to be relieved, so that they can go back to their original employment and have other clerks assigned to this work?

Mr. SHALLENBERGER. All Army and Navy clerks now assigned to the Aviation Board will be relieved to go back to the Army and the Navy, and it is believed that this sum will furnish all the clerks necessary for service with the Aviation Board.

Mr. STAFFORD. So that all the clerks now in the Southern Building under the jurisdiction of the Aviation Service will be paid out of this sum?

Mr. SHALLENBERGER. As to those who are employed by the board constituted by this bill, it is contemplated that the \$100,000 will pay them.

Mr. STAFFORD. I would like to get some idea as to whether we are going to have one central administrative board for the Aviation Service or whether we are just singling out a little, small board and dignifying it by law as differing from other military boards, and then allowing other branches of the Aviation Service to have clerks that will be detailed from the Navy and War Departments.

Mr. SHALLENBERGER. The gentleman will understand that this Aviation Board is a board constituted for a special purpose, not for the handling of the aviation forces of the Army and Navy in the field, but for purposes of conducting and promoting

and purchasing and manufacturing—a great aviation department, to arm the Army and the Navy with these machines—and the particular part of purchase and manufacture of the machines is in the hands of this board.

Mr. STAFFORD. And the \$100,000 will be the maximum that will be utilized for the upkeep of that special board?

Mr. SHALLENBERGER. Exactly.

Mr. FOSS. Mr. Speaker, I want to ask the gentleman if this bill has the approval of the department?

Mr. SHALLENBERGER. Yes. It has the approval of the War Department, and there is a letter of the Secretary of the Navy in the report.

Mr. FOSS. Was the Chief Constructor, Admiral Taylor, there?

Mr. SHALLENBERGER. Yes. He agreed to this board as it is drawn in the bill.

Mr. CANNON. Mr. Speaker, will the gentleman allow a question?

Mr. SHALLENBERGER. Yes.

Mr. CANNON. In this \$100,000 is there anything to prevent the employment of somebody at \$10,000 or \$15,000 a year? Is there any limitation?

Mr. SHALLENBERGER. No; that is left to the discretion of the board.

Mr. STAFFORD. I direct the attention of the gentleman to lines 11 and 12, on page 5:

Such salaries shall conform to those usually paid by the Government for similar service: *Provided*, That by unanimous approval of the board higher compensation may be paid to technical experts and advisers.

Mr. SHALLENBERGER. With the limitation that the gentleman from Wisconsin has read, it is practically left to the discretion of the board.

Mr. CANNON. That is the only limitation?

Mr. SHALLENBERGER. That is the only limitation.

Mr. CANNON. Can the board give us a roster? Was any inquiry made as to how high these salaries might go in the employment of experts, real or alleged?

Mr. SHALLENBERGER. The general statement was that the pay would be similar to the pay given to men in similar departments of the Army and Navy, and the permission, with the unanimous consent of the board, to pay higher rates to experts was to meet the one point which I have explained here, that it was thought there might be men of talent, ability, and expertness who could not afford to devote their time to this work without higher compensation, and therefore the board should be allowed discretion to pay them more liberally, if found necessary, in a new business like this.

Mr. STAFFORD. Mr. Speaker, following out the suggestion of the gentleman from Illinois [Mr. CANNON], I wish to say that in the deficiency bill where we authorize the employment of clerks, it is required that the heads of the departments shall report at the opening of Congress the salaries that are paid to the respective clerks and employees. Would the committee consider such a limitation in this bill, requiring a report to be made to Congress, so that we may know whether these salaries are reasonable or whether they are extravagant?

Mr. SHALLENBERGER. I will say to the gentleman that we did not consider that part of it, but I presume that rule would apply.

Mr. STAFFORD. That rule would not apply unless there is a special provision in this bill, because this will be a law by itself, and the limitation in the war-deficiency appropriation bill applies only to clerks paid out of the lump-sum appropriations carried in that bill.

Mr. SHALLENBERGER. When this particular point that you are making was brought to the attention of the Chief Signal Officer he stated to us that he considered that the amount of money they were asking was very modest, very small, in proportion to the tremendous amount of money that they are expending, and the great work that they are doing for the Government.

Mr. CANNON. What limit is there on the \$640,000.000 that has already been appropriated, as to its expenditure?

Mr. SHALLENBERGER. There was no permission to use it for the purpose that is now asked for in this bill.

Mr. CANNON. I should like to know whether that \$640,000.000 can be used to pay salaries and to employ scientists?

Mr. SHALLENBERGER. It can not.

Mr. CANNON. What is the limitation?

Mr. SHALLENBERGER. It is to be used only for the production, manufacture, and purchase of aeroplanes and for the personnel of the Army.

Mr. CANNON. Is there any other appropriation available now for the employment of experts or the payment of a clerical force?



Mr. SHALLENBERGER. Not for this board, so we are told.

Mr. CANNON. For the whole Aviation Service?

Mr. SHALLENBERGER. There is for the Aviation Service; yes; for that part of the personnel that has to do with the Navy.

Mr. CANNON. There is a Bureau of Aviation in the Army.

Mr. SHALLENBERGER. Yes.

Mr. CANNON. And one in the Navy also.

Mr. SHALLENBERGER. Yes.

Mr. CANNON. And it is thought important now to organize this board, in addition to the bureaus in the respective departments, with power to contract—

Mr. SHALLENBERGER. They have no power to contract.

Mr. CANNON. You do not propose to authorize these people to contract?

Mr. SHALLENBERGER. No; we do not propose to authorize them to contract.

Mr. CANNON. The Army and Navy do the contracting, the Secretaries being responsible, so that they have the real power. Frankly, I am not going to object, but I do not see why this additional machinery is necessary. Still, it may be. I am pretty modest about objecting after a great committee like the Committee on Military Affairs has investigated a subject. There is an old maxim that fools rush in where angels fear to tread; but I do not know. I am just a tenderfoot, and I do not know the necessity for it. [Laughter.]

Mr. DENT. If the gentleman will allow me, I do not think he was here when the purpose of the bill was explained. It is to coordinate the work between the Army and the Navy, so as to prevent all the red tape of the Chief Signal Officer of the Army sending communications to the Chief of the Bureau of Naval Construction. These two men are members of the board, and they meet daily with the board and transact the business right there. In addition to that, they deal with some boards in England, in France, and in Italy that are creatures of law in those countries. This board now is merely an advisory committee of the Council for National Defense, and is dealing with boards abroad that have higher dignity.

Mr. CANNON. Then this is a question of dignity?

Mr. SHALLENBERGER. Partially.

Mr. CANNON. I do not object to the Regular Army and Navy officers meeting daily and having an understanding. They do not have to exchange formal notes and all that kind of thing, and so far as meeting foreign Governments is concerned, I was under the impression that in those relations the State Department, which I think is very efficient, would carry on all the diplomatic work that was required.

Mr. DENT. The gentleman certainly does not mean to say that this board is to carry on diplomatic negotiations. It is to carry on contractual negotiations for the purpose of coordinating the work of our allies and ourselves in this particular branch of the service.

Mr. CANNON. Oh, no; if I understand it aright, they can not make any contracts.

Mr. DENT. They can suggest contracts, and they can suggest what ought to be done in the way of aircraft production, and they can suggest what new contracts should be made. In other words, they lead up to the contracts. They have dealings with similar boards in other countries for the purpose of determining what is best for all these nations to do.

Mr. GREENE of Vermont. May I suggest, unless the gentleman from Illinois wants to continue his thought—

Mr. CANNON. It seems to me that, with the billions of dollars that we are appropriating and which I am for, this \$100,000 is a mere bagatelle, and yet I would like to know how it is to be used. I suggest that the gentleman add to his bill a direction that this board, which is created and becomes an official board for some purpose—just what its jurisdiction would be I do not know—that it be required to report to Congress once a year as to the roster of the civil employees, what the civil employees get, what the experts get, what the clerks get, and how much is paid for rent. We are constituting a great many organizations for the expenditure of money. I wish that that provision, or a similar one, could be put on every bill that creates a new set of officers to expend Government money.

Mr. GREENE of Vermont. May I suggest to the gentleman from Illinois that after all this bill does not create any new function or agency of functioning in the conduct of the aircraft business or the industrial aspects of aviation in the present war. All the agency contemplated by the bill, all authority granted apparently in the bill are now exercised under Executive order, under the blanket provision in the national-defense act, which provided for a Council of National Defense. As the gentleman knows, there is a certain unavoidable looseness about that designation by Executive order and the formation of committees,

one dependent on another. It is found to be peculiarly embarrassing when these men make contracts with other agencies of foreign countries, when it is found that they are not recognized and identified with a positive legal status.

Mr. CANNON. In other words, it gives them—

Mr. GREENE of Vermont. "A local habitation and a name."

Mr. CANNON. A local habitation and a name, without any additional power. I say it with the highest respect that it gives them a status in society.

Mr. GREENE of Vermont. If the gentleman from Illinois will permit me, the word "dignity" can be grossly abused, either facetiously or otherwise. The word "dignity" as recently employed on the floor was to signify that recognized identity of a legal status which in and of itself is dignity. It is not for formal effect, but practical effect, in order that there may be assurance between the parties to the contract that there is reciprocity not only in authority but in power to carry it into effect.

Mr. NORTON. Will the gentleman yield?

Mr. GREENE of Vermont. Yes.

Mr. NORTON. Is not the Committee of National Defense a committee under authority of law?

Mr. GREENE of Vermont. Yes.

Mr. NORTON. It is a committee under actual authority of the statute.

Mr. GREENE of Vermont. Yes; as far as the words "Committee of National Defense," but as far as the bureaus or committees and their functions and agencies into which it has resolved itself, they were not named in the statute, but are changed from time to time as the exigencies of the situation require. The personnel also changes with them. The foreign Governments do not want to deal with intangible things, although based on the law and made with men acting in good faith.

Mr. NORTON. The men in the Aviation Department in the Council of National Defense go to foreign countries and have back of them a council of the national defense. It seems to me that this is what the legislation does for the most part. Does the gentleman know the number of men at the present time who have been assigned from the Army or the Navy to work in the Aircraft Section?

Mr. GREENE of Vermont. I do not.

Mr. NORTON. Well, let us say there are a hundred men down there in the Aviation Section.

Mr. GREENE of Vermont. I hope the gentleman does not confuse this with the regular administrative agency in the Department of War, which has in charge the Aviation Section of the Signal Corps?

Mr. NORTON. No; I mean the section that Mr. Coffin is in charge of. About how many men are there in the bureau that is to take the place of this?

Mr. GREENE of Vermont. I can not tell the gentleman.

Mr. NORTON. For illustration, we will say there are 100.

Mr. DENT. There is nothing like that number.

Mr. NORTON. Well, make it 50. When this legislation is enacted these 50 men are sent back to the Army and the Navy, and under this appropriation 50 other men are placed in their stead.

Mr. GREENE of Vermont. It is if the gentleman's hypothesis is correct, but I do not like to argue a question upon hypothesis.

Mr. NORTON. But the gentleman can not give us any information, and somebody ought to have it.

Mr. GREENE of Vermont. That question is not altogether involved here. There was to be no particular change in the constituted identity of the people. These committees will exist whether we enact this legislation or not. The President has authority to administer these functions in the Navy and War Departments in such a manner as occasion requires for the practical needs of the service. We are only putting the legal approbation upon a certain body which up to this time has been of a desultory character, and any change in the personnel hinges upon such considerations as the necessities seem to demand.

The work is already being done and authority is already being exercised, and no more authority is being granted by this statute.

Mr. NORTON. If there is no change in the personnel a number of these men employed by the Navy and the other bureau will be employed by this new board?

Mr. GREENE of Vermont. No; I think I am quite safe in stating to the gentleman that they do not contemplate either a change in policy or, doubtless, with practically the same effect, any change in personnel, except the incidental changes. Without wearying the House any more, I think the general effect is, after all, simply in substance the same as putting a twin coupler on a hydrant, so that the water out of one stream can be put to two uses much better than to try to draw from two hydrants



for the purpose. The Army and the Navy can buy together, can contract together, and can make arrangements together in this kind of way, and the two streams will be put to their separate uses, having been drawn from one source. It is a standardization, a systematization. One of the functions which this board is to exercise abroad, which was rather lightly touched upon here as being diplomatic, is a practical one and one that I know our business experience would suggest must have some basis in real authority. Our Government is trying to standardize the aircraft used in its European work as much as may be possible under the circumstances, and to do that means entering into not only official but business relations in which, as the gentleman and I know, every man sitting down at the table inquires right off what the other man's authority is and how far it is binding and whether he can trust to it. That is the only reason.

Mr. DENT. Mr. Speaker, in order to meet the suggestion, which I think is a good one, made by the gentleman from Illinois [Mr. CANNON], I ask unanimous consent to amend section 5 by striking out the period after the word "services," in line 8, on page 6—

The SPEAKER pro tempore. The Chair will suggest that the gentleman might offer his amendment for information in advance of consent being secured.

Mr. KELLEY of Michigan. Mr. Speaker, I demand the regular order.

Mr. DENT. Mr. Speaker, I ask unanimous consent to amend the bill so that at the end of section 5 strike out the period after the word "services" and insert a semicolon in its place and add the following proviso:

*Provided:* That said board shall annually report to Congress the expenses incurred or contracted under this section.

Mr. NORTON. Would the gentleman have any objection to putting in there the words "in detail"?

Mr. STAFFORD. Would the gentleman have any objection to this amendment:

*Provided,* That a report shall be made to Congress on the first day of each regular session of the salaries paid from this appropriation to clerks and employees by grades and the number in each such grade.

Mr. DENT. I have no objection to that, but I think it ought to go further and show how much rent is paid and how much other expenses. I thought my language covered it all.

Mr. STAFFORD. The only question is whether it would require them to make a report in detail.

Mr. DENT. I have no objection to that, and I have no pride of opinion about my language.

The SPEAKER pro tempore. Is there objection to the consideration of the bill? [After a pause.] The Chair hears none. This bill is on the Union Calendar.

Mr. SHALLENBERGER. Mr. Speaker, I ask unanimous consent that the bill be considered in the House as in the Committee of the Whole.

The SPEAKER pro tempore. The gentleman from Nebraska asks unanimous consent to consider the bill in the House as in the Committee of the Whole. Is there objection?

There was no objection.

The SPEAKER pro tempore. The Clerk will report the bill. The Clerk read as follows:

*Be it enacted, etc.,* That for the purpose of expanding and coordinating the industrial activities relating to aircraft or parts of aircraft produced for any purpose in the United States and to facilitate generally the development of air service, a board is hereby created to be known as the Aircraft Board, hereinafter referred to as the board.

The board shall be composed of the Chief Signal Officer of the Army, the Chief Constructor of the Navy, and not more than seven other members of recognized capacity and achievement along industrial lines, to be appointed by the President, by and with the advice and consent of the Senate.

The board shall elect one of its civilian members as president thereof, and said board and tenure of office of the members thereof shall continue during the pleasure of the President, but not longer than six months after the present war. The civilian members of the board shall receive a compensation of \$7,500 each per annum.

The board is hereby empowered to supervise and direct, in accordance with the requirements prescribed or approved by the Departments of War and Navy, respectively, the purchase, production, and manufacture of aircraft, engines, and all ordnance and instruments used in connection therewith, and accessories and materials therefor, including the purchase, lease, acquisition, or construction of plants for the manufacture of aircraft, engines, and accessories.

The board is also empowered to employ, either in the District of Columbia or elsewhere, such clerks and other employees as may be necessary to the conduct of its business, including such technical experts and advisers as may be found necessary, and to fix their salaries. Such salaries shall conform to those usually paid by the Government for similar service: *Provided,* That by unanimous approval of the board higher compensation may be paid to technical experts and advisers. The board may rent suitable offices in the District of Columbia or elsewhere, purchase necessary office equipment and supplies, including scientific publications and printing, and may incur necessary administrative and contingent expenses, and for all of the expenses enumerated in this paragraph there shall be allotted by the Chief Signal Officer of the Army for the fiscal year 1917 and 1918 the sum of \$100,000, or so much thereof as shall be necessary, from any appro-

priation now existing for or hereinafter made to the Signal Corps of the Army, and such appropriation is hereby made available for these purposes: *Provided,* That, except upon the joint and concurrent approval of the Secretary of War and the Secretary of the Navy, there shall not be established or maintained under the board any office or organization duplicating or replacing, in whole or in part, any office or organization now existing that can be properly established or maintained by appropriations made for, or available for, the military or naval services.

With the following committee amendment:

Strike out all after the enacting clause and insert:

That for the purpose of expanding and coordinating the industrial activities relating to aircraft, or parts of aircraft, produced for any purpose in the United States, and to facilitate generally the development of air service, a board is hereby created, to be known as the Aircraft Board, hereinafter referred to as the board.

Sec. 2. That the board shall number not more than nine in all, and shall include a civilian chairman, the Chief Signal Officer of the Army, and two other officers of the Army, to be appointed by the Secretary of War; the Chief Constructor of the Navy and two other officers of the Navy, to be appointed by the Secretary of the Navy; and two additional civilian members. The chairman and civilian members shall be appointed by the President, by and with the advice and consent of the Senate.

Sec. 3. That said board and tenure of office of the members thereof shall continue during the pleasure of the President, but not longer than six months after the present war. The civilian members of the board shall serve without compensation.

Sec. 4. That the board is hereby empowered, under the direction and control of and as authorized by the Secretary of War and the Secretary of the Navy, respectively, on behalf of the Departments of War and Navy, to supervise and direct, in accordance with the requirements prescribed or approved by the respective departments, the purchase, production, and manufacture of aircraft, engines, and all ordnance and instruments used in connection therewith, and accessories and materials therefor, including the purchase, lease, acquisition, or construction of plants for the manufacture of aircraft, engines, and accessories: *Provided,* That the board may make recommendations as to contracts and their distribution in connection with the foregoing, but every contract shall be made by the already constituted authorities of the respective departments.

Sec. 5. That the board is also empowered to employ, either in the District of Columbia or elsewhere, such clerks and other employees as may be necessary to the conduct of its business, including such technical experts and advisers as may be found necessary, and to fix their salaries. Such salaries shall conform to those usually paid by the Government for similar service: *Provided,* That by unanimous approval of the board higher compensation may be paid to technical experts and advisers. The board may rent suitable offices in the District of Columbia or elsewhere, purchase necessary office equipment and supplies, including scientific publications and printing, and may incur necessary administrative and contingent expenses, and for all of the expenses enumerated in this paragraph there shall be allotted by the Chief Signal Officer of the Army for the fiscal year 1917 and 1918 the sum of \$100,000, or so much thereof as shall be necessary, from any appropriation now existing for or hereinafter made to the Signal Corps of the Army, and such appropriation is hereby made available for these purposes: *Provided further,* That except upon the joint and concurrent approval of the Secretary of War and the Secretary of the Navy there shall not be established or maintained under the board any office or organization duplicating or replacing, in whole or in part, any office or organization now existing that can be properly established or maintained by appropriations made for or available for the military or naval services.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment to the committee amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Insert at the end of the amendment the following:

*"Provided further,* That a report shall be made to Congress on the first day of each regular session of the salaries paid from this appropriation to clerks and employees by grades and the number in each such grade."

Mr. DENT. Mr. Speaker, I shall withdraw my proposed amendment, and I accept the amendment of the gentleman from Wisconsin.

The SPEAKER pro tempore. The question is on agreeing to the amendment to the amendment.

Mr. NORTON. Mr. Speaker, I offer as a substitute the following:

*Provided,* That such board shall make a detailed itemized report to Congress of its expenditures under the appropriation hereby authorized on the first Monday of December of each year.

The SPEAKER pro tempore. The gentleman will have to reduce his amendment to writing.

Mr. GREENE of Vermont. Mr. Speaker, will the gentleman permit a suggestion?

Mr. NORTON. Yes.

Mr. GREENE of Vermont. If we use the language suggested and compel a detailed report, there may be some item that for military necessity it would be unwise to print. I think the gentleman better specifically enumerate the kind of items he wants reported upon.

Mr. STAFFORD. Mr. Speaker, I ask for recognition upon my amendment to the amendment. It is desired, I believe, by the chairman of the committee that there should be some report as to the expenditure of this \$100,000. All that we have attempted in prior bills is to have a report made as to the amounts paid to clerks and employees. The amendment I propose covers that purpose, no more, no less. It is not a burden upon the board to make that report, and it will safeguard the



Government to make the report so that we may know whether any extravagant salaries have been paid.

Mr. DENT. I have stated to the gentleman I am perfectly willing to accept his amendment.

Mr. Sisson. Will the gentleman yield?

Mr. STAFFORD. I will yield.

Mr. Sisson. I do not care to whom I direct the inquiry, either to the gentleman who offers the amendment or the chairman of the committee, but in this particular case the amount of money expended will be very much greater in other lines than in the classified service employees. The gentleman's amendment is all right in so far as it goes, but in the expenditure of this vast amount of money that will be spent by this board Congress would like to have—

Mr. LONGWORTH. This only applies to the \$100,000.

Mr. Sisson. Oh, it only applies to the \$100,000. I suppose most of that would go to salaries?

Mr. STAFFORD. It would be largely used in the employment of salaried employees, including technical experts. The phraseology is broad enough to bring them into those positions.

Mr. Sisson. Well, the only one suggestion I have to make is that the gentleman should put in the words "and rents paid."

Mr. STAFFORD. We get that information anyway, without any provision, and I do not think it is really essential.

Mr. NORTON. Mr. Speaker, I offer a substitute, which I send to the Clerk's desk.

The SPEAKER pro tempore. The Clerk will report it.

The Clerk read as follows:

Amendment offered by Mr. NORTON as a substitute to the amendment offered by Mr. STAFFORD: After the period, line 8, page 6, insert the following:

"Provided, That said board shall annually make to Congress a detailed itemized report of the expenditures made under the appropriations authorized for said aircraft board."

Mr. NORTON. Mr. Speaker, it seems to me we all agree that the report should be made. I find that in many of the departments, unless a detailed report is required to be made, the report is made in gross of the total amount expended. Such a report gives little or no information to the Members of Congress or to the committees to which the subject is usually referred. I believe this report, if made at all, should be made in detail.

Mr. HULBERT. Will the gentleman yield?

Mr. NORTON. I will.

Mr. HULBERT. What provision is made for a detailed report respecting the \$640,000,000 carried in a previous bill for aviation?

Mr. NORTON. Well, there was not any.

Mr. HULBERT. Does the gentleman feel it is more important to require a detailed statement of an item involving \$100,000,000 than it was to provide for a comprehensive report in regard to the expenditure of \$640,000,000?

Mr. NORTON. I think it is well Congress should know in detail how this \$100,000 is spent for clerical work and hire.

Mr. HULBERT. Even though no provision is made as to how the \$640,000,000 is spent?

Mr. NORTON. I do not think there is any analogy between that case and the one under discussion.

Mr. DENT. May I ask the gentleman a question?

Mr. NORTON. Certainly.

Mr. DENT. I have no objection either to the amendment offered by the gentleman from North Dakota or the gentleman from Wisconsin, except that I would suggest to the gentleman from North Dakota that his amendment should be limited to expenditure under section 5, because that is the only appropriation carried in this bill?

Mr. STAFFORD. If the gentleman will permit, the phraseology might require a report of expenditures under the \$640,000,000 appropriation, which would certainly not be to the interest of the Government.

Mr. NORTON. If the gentlemen think that the amendment offered by the gentleman from Wisconsin will bring to the Congress the report that all seem to agree we should have, and I feel we should have it, I will move to withdraw my substitute.

The SPEAKER pro tempore. Without objection, the gentleman from North Dakota withdraws his substitute, and the question is on agreeing to the amendment offered by the gentleman from Wisconsin.

The question was taken, and the amendment was agreed to.

The SPEAKER pro tempore. The question now recurs on the committee amendment as amended.

The question was taken, and the committee amendment as amended was agreed to.

The bill as amended was ordered to be engrossed and read the third time, was read the third time, and passed.

On motion of Mr. SHALLENBERGER, a motion to reconsider the vote by which the bill was passed was laid on the table.

#### EXTENSION OF REMARKS.

Mr. HULBERT. Mr. Speaker, as the author of House bill 7615, which is the counterpart of the bill just passed, I ask unanimous consent to extend my remarks in the Record upon this bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York? [After a pause.] The Chair hears none.

The gentleman from Ohio [Mr. Fess] is recognized for 30 minutes.

Mr. FESS. Mr. Speaker, under general debate on the soldiers' insurance bill the gentleman from New York [Mr. Landon] expressed his belief that the war in Europe would soon end. He gave as his reasons the attitude of the Reichstag toward peace as reported in the press. To an interrogatory which I propounded as to what significance should be attached to an expression by resolution of that body of a well-defined desire for peace, his reply was that recent events in Germany showed that the Government did not dare to prevent the people from discussing international questions.

Mr. Speaker, this interrogatory and its answer must be judged in the light of the German system of government. It at once accentuates the President's reference to the Imperial Government as an irresponsible government, a statement from the standpoint of political science entirely true, but which is not generally understood. There is no parallel in the past from which we can study this system. It is unique, or as the logician would call it, *sui generis*. It is called a constitutional government because its organic law is the lengthy constitution of 78 articles proclaimed the last day of the year 1870. Yet its authority is neither from the people, nor from the States, but from the monarchs of the States composing the confederation. It is spoken of as the German Confederation, but in reality it is not a confederation at all, nothing more than a union of rulers, not one of whom holds his position by the will of the people over whom he rules, and held together not so much by any instrument of government as by the cementing influence of personal necessity.

The German Empire, as it has been known since 1871, is composed of 25 States, 22 of which are purely monarchical, and 3 free cities called Republics.

Political thinkers are not agreed on the historical evolution of the Empire. One school contends the Empire was established by act of the people. Another, by act of the States. It is nearer the exact fact to declare it the act of the hereditary sovereigns of the people, acting as heads of the States. In thinking of the Empire we do not think of citizens, but of States, and in thinking of the government of the Empire we think neither of the citizens nor the States, but of the heads of the States totally irresponsible to the people over whom they reign. While some authorities hold that the Empire is not a league of princes, but a confederation of States, it will not be seriously contended that the government is expressed in the will of the princes, and neither by the people of the confederation nor of the States.

A study of the confederation raises the question age old, whether there is a double sovereignty here. The Empire must be sovereign in some matters if not all. Are the States individually sovereign in any matters? Here is the speculative field that produced in our own country in its early days Hamilton and Jefferson, and later Webster and Calhoun. It is generally conceded that Imperial German sovereignty is lodged in the Empire to the total exclusion of State sovereignty. However, national sovereignty in Germany is but an evolution of State sovereignty in Prussia, since the Empire is but an overgrowth of Prussianism, as will be noted. As Bismarck declared, Germany is but an expanded Prussia. The basis of confederation was neither national nor federal, although it is a make-believe of both. It is not national since the people are not the source of authority. It is not federal in that the States are unequal, the 24 subject to the rule of Prussia.

The Constitution recognizes the three functions of government—legislative, executive, and judicial—but does not separate them either in function or organization, as is done in this country. As is well understood by all students of political science, the difference in forms of governments is not in the functions recognized, since in function all are alike, but in the authority permitted or assumed by the various departments exercising the function. All governments exercise what Blackstone was pleased to designate intelligence, good will, and power; intelligence to make the laws, good will to interpret them, and power to enforce them. The despotisms combine all these pow-



ers, legislative, judicial, and executive, in the monarch. The pure democracies concentrate them in the people, while the republican governments, like our own, zealously maintain a separation of functions. This one feature is the most distinguishing item in the American system, which differentiates us from all other governments in the world.

Germany has the three functions, but not the three separate organizations. There is no such thing as the President, the Congress, or the Supreme Court.

There is an executive, the Prussian King, the German Kaiser, who is vastly more than a mere executive.

There is no congress or parliament, but there are two entirely separate bodies, the Bundesrath and Reichstag, as separate in both organization and function as are the President and Congress in this country.

There is no such thing as a separate constitutional judiciary as the Supreme Court of this country, but there is a statutory institution called the imperial court, created by law six years after the constitution was proclaimed.

A study of the American republican system will throw little, if any, light upon the study of the German monarchical system. First in importance will come the Kaiser, who is not the Emperor of Germany in the sense that he was selected by the Empire as its head, or has any authority as the Kaiser over the various States which make up the confederation. He is King of Prussia, with the title of German Kaiser, to represent the Empire before the world with specific powers specified in the constitution, which make him responsible to no one. These powers were all found in the head of the North German Confederation of 1866, of which Prussia was the chief and dominant State. In 1871, when the Southern Confederation joined the Northern to form the present German Empire, the powers of the King of Prussia were given to the German Kaiser by virtue of making the King of Prussia the Kaiser of Germany.

As such the head of the German Government dominates the upper and lower houses of the imperial scheme by possessing the power incorporated in the constitution, article 12, to convene, to open, to prorogue, and to close both the Bundesrath and the Reichstag. He has the additional power continued from the Prussian régime to engross and publish the imperial law, to appoint and dismiss the chancellor, the heads of the various departments under the chancellor, to supervise the administration of the laws of the Empire. He has plenary control over both the purse of the nation in matters of taxes and customs, as well as the sword of the nation in his absolute control of both the army and the navy. He even has the power of carrying out what is called an "execution" when a State refuses to accede to imperial decrees by using the military and naval forces against the State.

Mr. MADDEN. Will the gentleman yield?

Mr. FESS. I will.

Mr. MADDEN. Does the Kaiser have control of the army and navy in time of peace or only in time of war?

Mr. FESS. He has control in time of peace the same as in time of war, so far as the constitution names him.

Mr. MADDEN. I understood that he had no jurisdiction over the army and navy under the constitution of Germany except after the declaration of war, and that the army and navy were under the kings of the various States.

Mr. FESS. I think not. There is no such thing in Germany as a State army. There is an army, which is really the Prussian Army, but in the name of the Empire, and the Kaiser has the power not only over the army but he can declare war, providing that it is a defensive war, and whether it is a defensive war or not will be entirely due to his judgment. In one sense the gentleman from Illinois is correct. In times of peace he is somewhat restricted by special military treaties. He has at all times as commander in chief the right of inspection and may declare a state of siege, mobilize the army, and appoint all the officers, high and low. All legislation for the army is imperial.

All these monarchical powers appertaining to the Prussian King under the North German Bund are exercised by the German Kaiser, since the Empire is but Prussia expanded. To give them the semblance of constitutional sanction, these powers are enumerated in the constitution of 1870, but it must not be understood that they emanate from that instrument. If they did not antedate that organic law they are at least coeval with it and do not depend upon it.

One school of German writers claim that since the Kaiser is not monarch of the Empire he can not exercise any power not granted to him by the constitution of the Empire. Technically this is correct. The Kaiser is defined in the constitution and must remain within its limits. But that does not limit him as the real monarch of the Empire, whose position comes not from the constitution but from his position as head of Prussia, who

is made by the constitution the head of the Empire. The King of Prussia for all imperial purposes antedates the constitution.

It is claimed that the constitution did not give Prussia as such any authority over the Empire or over the other German princes or their States. It is claimed the German Empire is a nation whose sovereignty is not in the Kaiser but in the allied States, 25 in number. It is also claimed that the voice of these allied governments is heard in the Bundesrath, which is co-ordinate with the Kaiser in the imperial scheme. In that case it is urged the Kaiser can not exercise power from his own right, but must be limited to such power as is granted him by the constitution. In other words, his powers are not original, but derivative. While this theory is technically correct, it is logically incorrect and practically untrue.

The Kaiser is neither appointed nor elected by any power. He is therefore not subject to removal. He is responsible to no one—absolutely irresponsible if not irresponsible. He is subject in no wise to any power above him. His position is supreme by virtue of his kingship in Prussia. The question of succession is not within the domain either of the people of the various kingdoms and principalities or the States which make up the confederation or the Empire itself, but wholly within the domain of Prussia, which is and has been under the house of Hohenzollerns for centuries, over which even the people of Prussia have no control. Over this house the States of the confederation have taken collectively no power. On the other hand, the constitution is so framed as to forbid any sort of interference with the ruling régime in Prussia, and expressly stipulates the right of Prussia to prevent any amendment to the constitution by allowing 14 votes to negative any amendment to the constitution.

Prussia's dominance is guaranteed in double authority; first by giving her complete control of the Bundesrath, the nearest coordinate power with the Kaiser, and to her King complete control over the purse and the sword of the Empire.

The first result is accomplished by giving Prussia 17 votes in addition to the 3 from Alsace-Lorraine under the King in the Bundesrath.

In the second place by requiring the president of the Bundesrath to be a Prussian, which makes it necessary for the chancellor likewise to be a Prussian. Again, by requiring all the chairmanships of committees, save the foreign relations committee to be Prussian, and even in the latter committee, which goes to Bavaria, Prussia is supreme, since all of its work must pass through the hands of the chancellor, who is the head of the Bundesrath, and must therefore be Prussian.

Mr. LONGWORTH. Mr. Speaker, will my colleague yield for a question?

Mr. FESS. Certainly.

Mr. LONGWORTH. Do I understand that the Reichstag has no power in amending the constitution; only the Bundesrath?

Mr. FESS. Only the Bundesrath, and it can be defeated by 14 votes. The Reichstag has absolutely no power over the constitution or practically speaking over legislation. I will get to that later on.

Then, again, by permitting 14 votes in the Bundesrath to defeat any amendment to the constitution, as well as by allowing the Prussian vote to be decisive in certain financial and military legislation without reference to the votes of other members of the Bundesrath, no matter how numerous.

In other words, in certain matters of legislation the Prussian representation in the Bundesrath can prevent any modification in legislation, no matter how many votes are cast from the representatives of the other States.

All these Prussian guarantees and powers are embodied in the constitution of the Empire. It was Bismarck's theory of irresponsible government exercised by the monarch in whom was concentrated power necessary to maintain order and development. Prussia was his ideal, and the Empire was to be merely an expanded Prussia, an ideal many times officially declared by Germany's first and greatest chancellor.

As was said, the constitution recognizes the three functions of government—legislative, executive, and judicial—but does not separate them as in this country.

The legislative is ostensibly bicameral, but really unicameral. It is bicameral in that it recognizes an upper and a lower body in legislation. It is unicameral since the lower house (Reichstag) is totally subservient to the upper (Bundesrath).

The upper body pretends to be federal, representing entities of a confederation, but it is not so in the sense that it is either equality of influence of the States or deliberative in character. It neither represents the people nor the States, but is the puppet of the princes of the States whose delegates they are, and whose instructions they must obey in all matters of legislation.

Mr. PLATT. Mr. Speaker, will the gentleman yield?



Mr. FESS. Yes; I yield.

Mr. PLATT. The Bundesrath and the Reichstag do not meet together as the two Houses of Parliament in Great Britain?

Mr. FESS. The Bundesrath can be in session when the Reichstag is in vacation, but the Reichstag can not be in session while the Bundesrath is in vacation, and, in addition, the Bundesrath members have seats in the Reichstag assembly, so that any member of the Bundesrath can go down to the Reichstag, speak in his place, and press an issue in the lower house—a very unusual performance from the standpoint of our system.

The upper chamber of the German Empire, the Bundesrath, is composed of 61 members, selected by the princes, save those from the free cities, which are selected by the cities, and the three from Alsace-Lorraine, which are selected by the Emperor.

The three members from Alsace-Lorraine since 1911 have seats in the Bundesrath, but have no opinions of their own, because they are selected by the German Kaiser.

These members are chosen from the 25 States which compose the German Empire—four kingdoms, six grand duchies, five duchies, seven principalities, and the three free cities. The representation is as follows:

Kingdoms—Prussia 17, Bavaria 6, Saxony 4, Wurttemberg 4, or a total of 31.

Grand Duchies—Baden 3, Hesse 3, Mecklenburg-Schwerin 2, Saxe-Weimar 2, Mecklenburg-Schleitz 1, Oldenburg 1, or a total of 12.

Duchies—Brunswick 1, Saxe-Meiningen 1, Saxe-Altenburg 1, Saxe-Coburg-Gotha 1, Anhalt 1, or a total of 5.

Principalities—Schwarzburg-Sonderhausen 1, Schwarzburg-Rudolstadt 1, Waldeck 1, Reuss Alterer Seine 1, Reuss Jungerer Seine 1, Lippe 1, Schaumburg-Lippe 1, a total of 7.

Free cities—Hamburg 1, Lubeck 1, Bremen 1, total 3.

In this total of 58 members should be added the three members appointed by the Kaiser from the imperial domain of Alsace-Lorraine.

This house of 61 members, it must be kept in mind, are chosen by the princes of the respective States, except those from the free cities and Alsace. They are instructed and are therefore bound in their votes. This body is not therefore deliberative, is not popular in that the people have no voice whatever. It is neither national nor federal. It allows the States to express themselves as dominated by the princes. It is not State equality as in our Senate, but each State's vote is cast as a unit. That is, Prussia's vote will never count less than 17, even though only one member is present. It will never be divided, as the unit rule prevails. This feature, in addition to the three votes selected by the Emperor and two others under his absolute control, makes Prussia supreme in the upper house.

The head of this body is the imperial chancellor, appointed by the Kaiser. He must, therefore, not only be a member of the Bundesrath but must be a Prussian member.

The chancellor is subject to removal, but only by the Kaiser. He appoints the various heads of the departments which in other countries would be called the cabinet or ministry. These appointments are made under the direction of the Kaiser, and with the chancellor are all subject to removal by the Kaiser. The constitution gives the Kaiser power over the Bundesrath to summon, open, and close it. However, in practice it has become a continuous body. The Kaiser does not initiate legislation as the Emperor, but as King of Prussia he can and does direct legislation in the upper body. As the head of this house is the chancellor, the imperial minister, the Kaiser virtually dictates legislation in this body. While a majority vote of those present carries legislation, there is one significant exception—on legislation on military and naval affairs, tariff and taxation matters, the vote of Prussia decides, no matter how few there be present or how many from other States, Prussia decides if her vote is in favor of the status quo.

That gives Prussia absolute control over the money of the country, the taxes, and the army and navy of the country. The Bundesrath has three functions. We have but one function here. But there the Bundesrath has three. It makes laws, helps to administer them, and executes them.

It is the chief legislative branch of the Government. As such it initiates most of the measures and has plenary authority in granting the sanction of the law. That is, it always gives final action, no matter whether the measure originated in the Bundesrath or the Reichstag. In either case it must be finally acted upon by the upper house. If, for example, a measure originated in the Bundesrath, went to the Reichstag, was passed with or without amendment, it must go back to the Bundesrath, which may reject it. The final action, therefore, in all legislation lies with the Prussian princes through their representatives.

Mr. MADDEN. Mr. Speaker, will the gentleman yield?

Mr. FESS. Yes. I gladly yield to my friend from Illinois.

Mr. MADDEN. If the Bundesrath originates legislation and it goes over to the Reichstag and they amend it, is it in the power of the Bundesrath to strike out the amendment when it comes back and pass the law as originally passed by the Bundesrath?

Mr. FESS. It is.

Mr. MADDEN. So that the action of the Reichstag is nullified?

Mr. FESS. Yes. I might say to the membership that really that is why I am giving this study. There has been some misconception uttered often in this country, to the effect that the Reichstag in Germany is a legislative body of great consequence.

Mr. PLATT. Mr. Speaker, will the gentleman yield again?

The SPEAKER. Does the gentleman from Ohio yield to the gentleman from New York?

Mr. FESS. Yes; I yield.

Mr. PLATT. The Reichstag sitting, with members of the Bundesrath sitting in their seats in the Reichstag, can pass the legislation without its going to the Bundesrath as a separate body?

Mr. FESS. No. It must go to the Bundesrath, because, as I understand it, the members of the Bundesrath sitting in the Reichstag are not regarded as constituting a session of the Bundesrath.

Mr. PLATT. Do they vote in the Reichstag?

Mr. FESS. They speak and press their measures, but the vote can not be overcome by adding the Bundesrath vote to that of the Reichstag. The vote is left with the Reichstag members.

Mr. PLATT. Their votes are separate?

Mr. FESS. Yes. So I understand it in practice.

Mr. LONGWORTH. Mr. Speaker, will my colleague permit another question?

Mr. FESS. Yes.

Mr. LONGWORTH. Has not the Reichstag certain powers with reference to the appropriation of money?

Mr. FESS. Not as in our case. They do not originate the bills for raising revenue nor have the control over appropriations. The laws having connection with the army and navy, taxes and customs are under the control of the Bundesrath. The Reichstag has no such powers as we have in this House; just the opposite to ours.

Mr. LONDON. Mr. Speaker, will the gentleman yield?

Mr. FESS. I yield.

Mr. LONDON. I think it would be in place to ask here whether the population of Prussia does not constitute a majority of the population in Germany?

Mr. FESS. Yes; 65 per cent.

Mr. LONDON. So that in the ordinary course of events, if the people of Prussia were united they would control in legislation?

Mr. FESS. Yes. If they could get rid of the German Kaiser, the people would have some chance.

Another very significant feature of the privileges of the members of this house is the right of each member at any time to present his measure in person in the Reichstag. The latter body has no authority to deny or even qualify this right. Thus the House of Princes under the domination of Prussia reaches down into the house of the people, so called. The competence of this upper house is not based upon the constitution, but is independent of its provisions in many respects, since it does not owe its creation to the constitution. It can not be reduced by imperial law so long as Prussia declines to allow it.

Mr. Speaker, recently much has been said about parliamentary reforms. The Emperor has been quoted as promising them. Much has also been said of the will of the German people as voiced in the Reichstag. Indeed, no mention is made in the press of the powerful Bundesrath; it is always the hopes from the Reichstag. Even in the Emperor's reply to the Pope he mentions the wish for peace as expressed in the resolution of the Reichstag of last July.

This naturally leaves the American citizen under the impression that the Reichstag is in character like the House of Commons, or the Chamber of Deputies, or the House of Representatives. This is not true. The Reichstag represents neither the States nor the people of the States. It represents the people of all the States in the sense that every citizen of the Empire who has the right of suffrage may participate in the composition of this legislative body. The citizen of Prussia may vote in any one of the 25 States in which he may be on election day. In this body no State lines are respected. Even the representative does not necessarily have to come from the State which elected him. However, that is the general practice.



It is the popular body which answered to the general demands of the forties of the last century when all Europe was in a democratic commotion.

It consists of 397 members chosen by subdistricts or election circles. Two hundred and thirty-two of the members come from Prussia. These election districts are outgrown and are consequently very inequitable.

In parts of East Prussia the average number of votes in a district is 121,000, while in Berlin it is 345,000. Twelve of the most populous districts contain nearly 2,000,000 votes, while the same number of the least populous contain less than one-sixteenth of that number.

The same inequality is shown in the character of party division which appears in the Reichstag, the only place it does appear. While there are no less than 10 groups or parties represented in the Reichstag, the normal or rational line of demarkation is that which differentiates the conservative from the radical. The latter is shown in the growth of the Social Democrats, which have exercised a powerful influence since the dissolution of the Reichstag in 1906.

The election in 1907, brought about by the recent dissolution, returned a marked increase of the more radical element in the electorate. The Reichstag elected that year terminated in 1912, when the Social Democrats increased their membership from 50 to 110. Their popular vote was considerably over one-third of the entire vote of the Empire. One of the issues in the growth of this element is that of militarism, which the Socialists opposed.

The Social Democrats and the Conservatives stand at the extremes of party divisions. The Clericals and National Liberals stand between and hold the balance of power.

You never hear of party division in the Bundesrath. There is no chance for division of opinion. They are the spokesmen of the princes who selected them to speak for them, and there is no such thing as party division in that body.

The political composition of the Reichstag as it now appears, which may be changed in the elections which are soon to occur, is as follows: Liberals, 92; Clericals, 123; Conservatives, 72; Social Democrats, 110. Of the 397 members, 243 are rural and 154 urban. As to profession, 88 are agricultural, 5 industry, 17 commerce, 21 trade, 3 unskilled labor, 250 professional, and 13 men of leisure.

Two hundred and six of the 397 have an academic education, 180 are Protestant in religion, 130 Catholic, 70 Dissidents, mostly Socialists, and 7 Jews.

This body is fairly representative, and did it possess power it would be significant. But as a body it is little more than an expression of diverse opinion with no power to embody it in legislation.

The membership of this House is elected for a term of five years. The electorate is made up of males who have reached the age of 25, with certain specified exceptions. Membership is terminated by expiration of term, by dissolution of Reichstag by Emperor, by voluntary resignation, or by accepting salaried office. Prior to 1906 there was no salary attached to this office. In that year \$750, or one-tenth that of the membership of this House, was fixed by law as the salary of members, in addition to free transportation on Government railroads.

The Reichstag can not come together on its own motion. It must be summoned by the Emperor. It must be called together at least once every year. It can not sit in the vacation of the Bundesrath. The Emperor can prorogue and close the Reichstag.

Mr. STAFFORD. Will the gentleman yield in that particular?

Mr. FESS. I will gladly yield.

Mr. STAFFORD. In what respect is the prorogation of the Reichstag different from that of the English Parliament?

Mr. FESS. There is no difference in the prorogation, but there is another step, I will say to my friend from Wisconsin. The English King can not dissolve the House of Commons, but the Emperor can dissolve the Reichstag. That is a vast difference.

Mr. STAFFORD. Can not the King of England prorogue the Parliament?

Mr. FESS. But prorogation is not dissolution. Prorogation is just simply giving the decree that it must desist, and if it wants it can go to the country and be reelected or defeated.

Mr. STAFFORD. Yes. But when the King exercises that prerogative of proroguing, the same Parliament can not come into existence again unless the King convenes it.

Mr. FESS. Whenever the Government presents a Government measure, the prime minister, who presents it either in person or through the chancellor of the exchequer, knows that he will stand or fall by that measure. If the opposition to him

is so powerful that the measure is defeated, then the prime minister has his choice. He can either resign—and if he resigns that is the end of it, for a new ministry will then be formed by the opposition—or he can ask the King to prorogue Parliament, which is equivalent to his doing it, for the King never refuses. And then by the prorogation he goes to the country to have a vote of indorsement or rejection, and when he comes back, if his cause is sustained by the people on the election of a majority in his support, he comes back not for seven years, but for the term simply that was unexpired when the Parliament was prorogued. In the German system, if it is prorogued it is in the same way, only it is not prorogued by the Reichstag or by the request of the Reichstag, but by the Emperor. But when it is dissolved it is totally different. Then they can never come back as members of the old Reichstag. It must be a new Reichstag, and the term is five years from election.

Mr. LONDON. Does not the law provide an election must be held within 60 days after the dissolution of the Reichstag?

Mr. FESS. Yes; and they can come back within 90 days; that is, the Reichstag must be summoned within that time.

Mr. MADDEN. And the King of England would not dare to prorogue Parliament unless asked to do so by the prime minister?

Mr. STAFFORD. History discloses where the King has prorogued Parliament without the call of the prime minister.

Mr. FESS. That was true in the past, but it has not been true since 1688.

The SPEAKER. The time of the gentleman has expired.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that the gentleman may continue for twenty minutes more.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

Mr. FESS. I am very much obliged to my friend for the time. I wanted to refer to some things that I have here.

Mr. PLATT. Will the gentleman yield?

Mr. FESS. Yes; I yield to the gentleman from New York.

Mr. PLATT. Just to emphasize what the gentleman just said, is it not a part of the English constitution that the King has no power to prorogue Parliament at the present time?

Mr. FESS. Practically that is true. In other words, in England the power is the Commons as represented by the prime minister. The King is a nondescript; while he is the ruler in name, Lloyd-George is the real ruler just now.

Any business transacted after the prorogation of the Reichstag is void. When the Emperor dissolves the Reichstag it must be by consent of the Bundesrath, which is never refused. When once dissolved it can not again be summoned. The members can not appeal to the country for indorsement. The responsible ministry, so well known in parliamentary countries, especially in England, is unknown in Germany.

A new election will be ordered by the Emperor within two months after dissolution. The newly elected body must be called together within three months.

In recent years the power of dissolution has been frequently exercised, and in many cases to get rid of meddlesome agitators, judged from monarchical standards.

While I admit that the constitution declares that the assent of both the Bundesrath and the Reichstag is necessary for legislation, it must be conceded that the superior power of the Bundesrath in legislation and the authority of the Emperor over the Reichstag leave the latter body little more than a popular debating club, a mere outlet for attenuated enthusiasm, through popular discussion, with no final authority in the law-making function of the Government.

The composition of the Reichstag is colored by the dominance of Prussia, the same as in the Bundesrath. Of the 397 members from the 25 States, 232 come from Prussia, leaving 165 to represent 24 other States, if such can be called representation.

The Prussian idea of government therefore thoroughly permeates this lower house. The Prussian landtag is based upon the tripartite foundation—one-third of its members are chosen by the heaviest taxpayers, beginning with the highest. The second third by the next highest, and the last third by the great mass of voters.

In not fewer than 2,214 precincts a third of the direct taxes were paid by a single individual. In 1,703 precincts the first class consists of but two persons, while in most cases the last third consists of the masses. In 1907 it was stated that 3 per cent of the electorate chose the first three, less than 10 per cent the second, and the last third by 87.5 per cent. That means that at least two-thirds of the representatives were chosen by less than 10 per cent of the voters. That plan insures the control in legislation to the wealth of the Empire.

This is Prussianism as it now obtains and is sweeping over Europe, sword in hand. It is the Bismarck idea, which was in-



augurated in the Empire in 1871, when King William I of Prussia was made Emperor of Germany. It was the same idea when William II, the present King of Prussia, and under the constitution, the German Kaiser, in the second year of his reign, dismissed the iron chancellor who had directed imperial affairs under William I and Frederick III, from the birth of the Empire, and who ordered Caprivi to embody his will in a continuance of this imperial régime. It is the same irresponsible theory which was carried on by Prince Hohenlohe, as chancellor, from 1894 to 1900, by Prince Buelow, his successor, from 1900 to 1908, by Dr. Bethmann Hollweg, from 1908 to 1917, and is now being enforced by the present chancellor, who at the most promises to be nothing more than an animated register.

It should not be overlooked that all the chancellors the German Empire has known have served the present German Kaiser, with whom we are at war, and whose Prussian views of government are well embodied in the system of irresponsible government as expressed in the Prussian landtag, the imperial Bundesrath, as well as in the power of the nullification of the legislative function of the nondescript Reichstag, and imperial dominance of army and navy, as well as the administration through the chancellors.

In other words, the power of the Emperor is embodied in the fact that he has not only control of imperial legislation but that he is virtually the head of the Bundesrath and nullifies the possibility of legislation in the lower house.

All of these chancellors have been his subservient agents, so well illustrated in the career of Hollweg and the present Michaelis.

All the delegates in the Bundesrath have been rendered mere babes in toy land, manipulated without interruption by an imperial hand to whom they must respond with the regularity of a Punch and Judy performance.

The representatives of the popular branch, the Reichstag, occupy positions without decisive action. Theirs is form without substance, name without reality. Their constitutional right of interpellation signifies nothing, since neither the Kaiser nor his imperial representative, the chancellor, is under any obligation to reply. When our President has come to speak to us from the desk here we have frequently heard Members discuss among themselves the question whether he would submit to interrogatories from the floor. That was not intended as an ugly reference. That was simply referring to the custom of responsible ministers, when a speech is delivered from the throne, that the membership are permitted to present leading questions for answer, and upon which action might be had by resolution. Now, as that is not done in Germany, the right of interpellation in the German Reichstag amounts to nothing, because the chancellor is not required to answer, and if he says, "I will answer next week," or refuses to answer, he is acting wholly within his authority. The power is in name only, not in reality. This technically closes the right of resolution, which is the real purpose of interpellation. The privilege of discussion of international questions such as indicated by the gentleman from New York [Mr. LONDON], for whose ability I have great admiration, goes no further than a mere empty privilege. When I asked my friend what importance we should attach to any resolution that the Reichstag might pass, his reply was that the German Government would not dare deny to that body the discussion of international questions.

Mr. LONDON. Will the gentleman yield?

Mr. FESS. I yield to the gentleman.

Mr. LONDON. I do not recall the exact language that I used, but I wish the gentleman would get it and quote it in his printed speech. It seems to me the substance of my answer was that when judged by German standards the assumption by the Reichstag of the right to dictate terms in international matters was revolutionary, that it was of the greatest importance, because of the fact that they had theretofore exercised no such power or prerogative. In other words, I took that very fact, that the Reichstag had assumed to speak in international relations, as being of the utmost significance, and if the gentleman will be kind enough to put in his remarks my exact answer I will be glad to have him do so. I think that was the substance of it.

Mr. FESS. If the gentleman will be satisfied, I will allow what he says now to go into my remarks as his position intended to be conveyed. I did not fully interpret what the gentleman said. I think, too, that if it is revolutionary it might lead to something, but my knowledge of the German character does not give me any hope that there is much revolutionary spirit in Germany.

Mr. CANNON. Will the gentleman yield?

Mr. FESS. I yield to the gentleman from Illinois.

Mr. CANNON. If in point of fact they have no real power to legislate and the only power is to organize revolutions, as I

judge from what the gentleman from New York has said, why that power exists anyway without regard to the Reichstag.

Mr. FESS. Certainly. Members of the House of Representatives are apt to confuse the Russian idea with the English idea.

Mr. MADDEN. With the army under the control of the Kaiser and the revenues under the control of the Kaiser, a revolution by the 397 members of the Reichstag would not amount to much.

Mr. KELLEY of Michigan. It would not get very far.

Mr. FESS. I agree with that statement. Now, if the membership will permit me to continue, the Reichstag contains no element of authority, but on the other hand the Emperor may, as in the past, dissolve the body to avoid embarrassing discussion, even though it is of no consequence, as I think my good friend from Wisconsin [Mr. STAFFORD] did a while ago. They are apt to judge German development in the light of British history. They may be prone to think of the Reichstag in terms of the House of Commons.

It must not be overlooked that English constitutional development has been an evolution of centuries. For 600 years the real power was the King. It is doubtful whether any King in England ever ruled the British people as the present Kaiser rules the German people. Then, for 200 years it was the House of Lords. But for the last 300 years it has been increasingly the Commons. When I say that I mean the effectiveness of his influence over his people. This last stage, the control of the House of Commons in English history has to its credit the revolution of 1688, the great state papers, such as the bill of rights, the petition of rights, and the agreement of the people; the great events, such as the American Revolution, the best expression of which was the Declaration of Independence, and the numerous reforms since 1776.

Mr. STAFFORD. Will the gentleman yield?

Mr. FESS. I yield to the gentleman from Wisconsin.

Mr. STAFFORD. I recall that about five or six years ago a struggle took place in the Reichstag for the responsibility of the chancellor to the Reichstag. As I recall it, it came very near being successful. I can not recall the details, but perhaps the gentleman may refresh my memory more fully as to what occurred on that occasion. There has been a struggle going on in the Reichstag for the recognition of the principle of the responsibility of the chancellor to the Reichstag rather than to the Kaiser.

Mr. FESS. Of course, there is no possibility of that except through revolution, because the chancellor is appointed by the Kaiser, and as such he is the head of the Bundesrath and also a member of it, as well as a Prussian. He is not a member of the Reichstag, but simply goes down to the Reichstag as the mouthpiece, not of the Bundesrath, but of the King, whose imperial representative he is.

Mr. STAFFORD. I recall quite distinctly, although I do not remember the detailed facts, of the struggle going on in Germany for the recognition of the primary right to have the chancellor responsible to the Reichstag.

Mr. FESS. There is a vast amount of discussion among the Social Democrats and out among the people.

Mr. STAFFORD. It came very near to development in fulfillment.

Mr. FESS. It was because the parties were so nearly divided. There are 110 Social Democrats and the antipodes, the Conservatives, 72, and between them the Liberals and the Nationals, and each one of these parties can make terms with the middle ones. I know to what the gentleman refers, and it was at a time when it appeared that the Social Democrats would get enough support to elect one of their own members president.

Mr. LONDON. Mr. Bebel.

Mr. FESS. Yes; Mr. Bebel. They were about to elect him the head of the Reichstag, and would have done it if it had not been for the influence of the chancellor working on other parties. Before the election the Government majority was 89; after the election the opposition had 14 majority.

Mr. MADDEN. Suppose they had elected him?

Mr. FESS. It would not have amounted to anything. The peculiar constitution of parties offers a wide field for imperial influence in forming a coalition. In this way, the will of the people may be thwarted. In any case, so long as the present régime continues there is no hope from proposals in the Reichstag.

This democratic movement has seen kings beheaded, rulers dethroned, successions determined, lords decapitated, and commons enthroned. But this evolution must not be confused with modern Prussianism. Whatever be the mollifying and remedial legislation in Germany for the people, and candor must admit it has been stupendous, it has always proceeded from above whatever be the motive back of it. It has ever kept to the forefront the kingly idea, "Kaiser William I not only reigns, but he



rules." He is the head of the Nation, the overlord of the Bundesrath, the dissolver of the Reichstag, the head of imperial legislation, with plenary power over tax and finance; the head of the army, to whom every soldier takes a personal oath; the head of the navy; and in all things responsible to no one save his will.

It must not be forgotten that every soldier in the German Army takes an oath of allegiance to the Kaiser and not to the German Empire. His position was expressed in a speech at Bremen in 1897, seven years after his accession. At least this gives the world the conception of German imperial authority as understood by the head of the German Empire. This conception is impressed upon the individual soldiers and sailors when the oath of personal allegiance to the Kaiser is administered.

In the Bremen speech in 1897 the Kaiser said:

If we have been able to accomplish what has been accomplished it is due above all things to the fact that our house possesses a tradition by virtue of which we consider that we have been appointed by God to preserve and direct for their own welfare the people over whom he has given us power.

As late as 1910 at Königsberg he said:

It was in this spot that my grandfather in his own right placed the crown upon his head, insisting once again that it was bestowed upon him by the grace of God alone, and not by parliaments and meetings and decisions of the people. He thus regarded himself as the chosen instrument of Heaven, and as such carried out his duties as a ruler and lord. I consider myself such an instrument of Heaven and shall go my way without regard to the views and opinions of the day.

Mr. LONDON. Going direct to heaven in his own way or in the opposite direction? [Laughter.]

Mr. FESS. Mr. Speaker, it was upon this theory the Kaiser acted when in 1914, in August, without waiting for any legislative sanction, he declared war and mobilized the mighty German Army. It is upon this basis he has ruled since that day with a rod of iron. His conception of his position has been repeated dozens of times since his impetuous nature opened the world war in addresses to his soldiers and sailors. The people of Germany may not be with him in heart, but most probably they are. If they are not, they are certainly helpless to be against him effectively.

This country in this hour should not, as in the days prior to the war, when it lulled itself into sleep by repeated assurances that there was no ground to "become nervous," proceed upon the oft-repeated statements that the war will break down by the weakness of Germany. This assurance, so oft repeated, is but a wish becoming father of the thought. The promised revolutionary uprisings have about as much significance as the strikes on the Pacific coast or in the Norfolk Navy Yard. They have no such significance as the I. W. W. movements in recent times.

Mr. PLATT. Will the gentleman yield? I do not like to interrupt the gentleman's thought, and I should have asked this question before. The British House of Commons won liberty for the British people through the fact that the King had to come to it for money. Does not the Kaiser have to go to the Reichstag to get additional appropriations for the army?

Mr. FESS. No; while that is the theory, in reality the Bundesrath is supreme in all matters pertaining to taxes, customs, appropriations for the army and the navy.

Mr. PLATT. Taxes can be levied without consent of the Reichstag?

Mr. FESS. If the Reichstag does not do it, it would probably be dissolved and another elected.

Mr. PLATT. If the people are against certain increases?

Mr. FESS. No; there can be no change; the vote of the Reichstag is final if its vote is to maintain the status quo.

Mr. PLATT. But suppose an additional amount of money is wanted, it has to go through the Reichstag. It has to be got through some way; it may be prorogued, but it can not be put through if the people are against it.

Mr. FESS. That matter has never reached that point. It may have it in theory but not in reality. Just as it has two houses. The gentleman will recall a few years ago when the Kaiser was opposed by this body in his efforts to secure an increase of the Navy the opposition was militant, but the increase was made without delay.

Mr. PLATT. That is illustrated by what the gentleman said about the German people. The German people do not stand up as the British people did in the House of Commons and insist.

Mr. STAFFORD. Will the gentleman yield?

Mr. FESS. Yes.

Mr. STAFFORD. Is not that the basis of the proposed electoral reform in Prussia so as to grant the people a larger privilege in the election of their representatives in the Reichstag, so that their will may be carried out in matters of fiscal and national policy?

Mr. FESS. The difficulty is that we are talking about a theory that is not at work in practice.

Mr. GILLETT. Mr. Speaker, if I recollect rightly the difference is this, that whereas in England and here the House has to make appropriations and to levy taxes; in Germany, if the Reichstag does not vote any appropriations, then the previous existing appropriations remain indefinitely.

Mr. FESS. That is true, absolutely. The gentleman from New York [Mr. PLATT] wanted to know whether, if they wanted an increase—

Mr. PLATT. As they must have if there is a war.

Mr. FESS. It would be necessary for the Reichstag to act. In theory I will say to my friend that the Reichstag's assent is necessary for every measure, but in practice it is not. In theory a law may be initiated in either body and must get the consent of the other body, but that is not true in practice, since the body that refuses is subject to dissolution by the Kaiser.

Mr. LONGWORTH. In practice are the legislative acts signed by the presiding officers?

Mr. FESS. The sanction of the law is always given by the Bundesrath, and it is published by the Emperor. It would be signed by the head of the upper house and proclaimed by the Emperor.

Mr. LONGWORTH. It is not signed by the presiding officer of the Reichstag at all?

Mr. FESS. It is signed either by the chancellor, who is the presiding officer of the Bundesrath, or some one deputized by him to sign it, who must be a Prussian.

Mr. LONGWORTH. The chancellor is the presiding officer of the Bundesrath?

Mr. FESS. He is the head of the Bundesrath.

Mr. LONGWORTH. So that a legislative act is not in fact signed by the presiding officer of the lower house?

Mr. FESS. Just as it passes through that body up to the other body. No signature of the lower body is required to give sanction to the law. That is by the upper body.

Mr. LONDON. In other words, a law is proclaimed by the Emperor and signed by the chancellor, who is the president of the Bundesrath, the upper body.

Mr. FESS. That is it.

Mr. LONDON. And every act of legislation must pass through the Reichstag and through the Bundesrath?

Mr. FESS. In theory that is true.

Mr. LONDON. That is true in practice. The Reichstag and the Bundesrath pass on every law, and it is promulgated by the Emperor, who has not the veto power.

Mr. FESS. The power of the Emperor to publish the law would carry with it probably the power to refuse to publish it, although that is a mooted question. The sanction of the law is given by the upper house, not the lower, and the publication of the law by the head of the nation.

The fugitive peace demands in Germany should be put on a par with the recent slogan "Out of the trenches before Christmas," the last echo of which was heard when Mayor Thompson permitted the remnant to meet in order to adjourn. The outbreaks in the Reichstag are not more significant than scenes in this Chamber when a Member differing from his colleagues on some governmental policy charges treason and demands an investigation to determine the loyalty of its membership. Personally I can see no symptoms of such weakness as is promised from day to day. The promised starvation by cutting off all imports does not materialize, and so far as it appears there is small hope of it succeeding. While Americans can not appreciate the docility of the German population toward Prussianism, the German people have not shown any symptoms of internal revolution. This fact invites caution among those of us who declare that Germany must take on more democratic principles by throwing off their monarchical practices.

Whatever be our goal in this war, this country must not make the mistake of depending upon the weakness of Germany for us to win the war. We must sooner or later awake to the fact that victory lies in our superior forces, rather than in revolution in the enemies' country. It means a fight to the finish against the most powerful foe the world has yet witnessed. The easy manipulation of the German machine, with all the appertaining methods of brutal warfare which has for three years held the world at bay, is but an intimation of its possibilities if left unrestrained to widen its sphere of operations. An understanding of this possibility points the way of duty. Whatever else may be our demands, now since we have been forced into the world conflict we must make it plain that we can not quit until the world is assured that such a thing as this world tragedy can never again take place, otherwise our loss of life and treasure is in vain.

This goal can only be reached by America aroused, united, armed, and in action in the arena of war, there to remain until our rights are restored, our ideals respected, our honor vindicated.



cated, and our future assured. To this end we are committed, to the accomplishment of which we have devoted our entire resource of man power and money power. Peace will come when we command it in the name of humanity, not only to-day but for the days to come. Until this stage is reached ambiguous peace proposals are of no avail. [Applause.]

Mr. GORDON. Mr. Speaker, I will ask the gentleman to yield to me before he takes his seat.

Mr. FESS. Very well.

Mr. GORDON. I trust that the gentleman in revising his very interesting address will not omit the little incident at Runnymede about 1215, as I recall it—

Mr. FESS. In the time of King John.

Mr. GORDON. Yes; when they rung from him the great charter. The gentleman omitted that, as I recall it.

Mr. FESS. I did not go back beyond 1688, and that was in 1215.

Mr. GORDON. That is a very important incident in the history of England?

Mr. FESS. Yes; and the establishment of the House of Commons 50 years later is another important matter. I repeat, Mr. Speaker, Germany's discussion of questions in the Reichstag gives us no assurance that there is going to be any weakening in power in that country.

#### EXTENSION OF REMARKS.

Mr. ROMJUE. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record upon the subject of the war revenue.

The SPEAKER. The gentleman from Missouri asks unanimous consent to extend his remarks in the Record upon the subject of the war revenue. Is there objection?

There was no objection.

#### ADJOURNMENT UNTIL THURSDAY.

Mr. HULL of Tennessee. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet on Thursday next.

The SPEAKER. The gentleman from Tennessee [Mr. HULL] asks unanimous consent that when the House adjourns to-day it adjourn to meet next Thursday. Is there objection? [After a pause.] The Chair hears none.

#### ADJOURNMENT.

Mr. HULL of Tennessee. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 20 minutes) the House, under its previous order, adjourned to meet on Thursday, September 27, at 12 o'clock noon.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. ESCH, from the Committee on Interstate and Foreign Commerce, to which was referred the bill (H. R. 5819) granting the consent of Congress to the city of Elgin, Ill., to construct, maintain, and operate a bridge across the Fox River at Elgin, reported the same with amendment, accompanied by a report (No. 164), which said bill and report were referred to the House Calendar.

Mr. GORDON, from the Committee on Military Affairs, to which was referred the bill (S. 2623) defining the status of citizens of the United States who have entered the military or naval services of certain countries during the existing war in Europe, reported the same with amendment, accompanied by a report (No. 165), which said bill and report were referred to the House Calendar.

Mr. NICHOLLS of South Carolina, from the Committee on Military Affairs, to which was referred the bill (S. 2858) to defray expenses incurred by officers and enlisted men of foreign armies attached to the Army of the United States, reported the same without amendment, accompanied by a report (No. 166), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred, as follows:

By Mr. JOHNSON of Washington: A bill (H. R. 6319) to provide for the construction of a road across Point Grenville on the Quinault Reservation, Wash.; to the Committee on Indian Affairs.

By Mr. SHALLENBERGER: A bill (H. R. 6320) authorizing appointment of chaplains for the United States Army; to the Committee on Military Affairs.

By Mr. JONES of Texas: A bill (H. R. 6321) granting the consent of Congress to the Gainesville Red River Bridge Co. to construct a bridge across Red River; to the Committee on Interstate and Foreign Commerce.

By Mr. GLYNN (for Mr. HILL): A bill (H. R. 6328) to provide for the purchase of additional land for the enlargement of the site of the public building at Stamford, Conn.; to the Committee on Public Buildings and Grounds.

By Mr. NORTON: Resolution (H. Res. 151) providing for the appointment of a select committee to inquire into certain charges made in the statement of Hon. Thomas J. Heflin on the floor of the House and inserted in the CONGRESSIONAL RECORD of September 21, 1917, and into certain charges made by Hon. Thomas J. Heflin and Hon. William Schley Howard in newspaper reports contained in the Washington Post and other papers on Saturday, September 22, 1917; to the Committee on Rules.

By Mr. DAVILA: Resolution (H. Res. 152) to translate into Spanish and print as a public document for circulation in Porto Rico the speech of Senator Broussard on the war-revenue bill; to the Committee on Printing.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. SNYDER: A bill (H. R. 6322) granting a pension to Anna B. Evans; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6323) granting a pension to Frances Watches; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6324) granting a pension to Rev. George W. Craig; to the Committee on Pensions.

Also, a bill (H. R. 6325) granting a pension to Nicholas Hamersmith; to the Committee on Pensions.

By Mr. WILSON of Illinois: A bill (H. R. 6326) granting a pension to Anna Kennedy; to the Committee on Pensions.

Also, a bill (H. R. 6327) for the relief of Anna Kennedy; to the Committee on Naval Affairs.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By the SPEAKER (by request): Petition of United Spanish War Veterans, Department of California, protesting against the order of the board of managers of National Homes for Disabled Volunteer Soldiers, making inmates under 62 years of age subject to detail to work two days each week upon the home farm, without pay; to the Committee on Military Affairs.

By Mr. CARY: Petitions of Mrs. H. Waldeck and Charles E. McLenigan, of Milwaukee, Wis., favoring creation of a woman's suffrage committee in the House of Representatives; to the Committee on Rules.

By Mr. GRAHAM of Illinois: Petition of 52 residents and citizens of Augusta, Ill., urging the enactment of House bill 4510, "A bill to render possible the return of the bodies of our soldier dead to their home burying grounds in a sanitary and recognizable condition"; to the Committee on Military Affairs.

Also, petition signed by 112 men, citizens and residents of McDonough County, Ill., for the immediate submission of a Federal suffrage amendment to the legislatures of the several States in order that the women of the United States may become the political equals of those of Great Britain, Australia, New Zealand, Canada, and the Scandinavian countries; to the Committee on Woman Suffrage.

Also, petition signed by 90 women, residents of McDonough County, Ill., for the immediate submission of a Federal suffrage amendment to the legislatures of the several States in order that the women of the United States may become the political equals of those of Great Britain, Australia, New Zealand, Canada, and the Scandinavian countries; to the Committee on Woman Suffrage.

By Mr. WATSON of Pennsylvania (by request): Memorial of the National Woman's Party in convention at Philadelphia, Pa., protesting against the arrest of women for asking for liberty at the gates of the White House and calling upon the President to use his influence to secure the passage of the Susan B. Anthony amendment; to the Committee on the Judiciary.



## SENATE.

WEDNESDAY, September 26, 1917.

The Chaplain, Rev. Forrest J. Prettyman, D. D., offered the following prayer:

Almighty God, we seek Thy divine favor for the business of this day. Guide us by Thine own unerring counsel. Prevent us by Thy grace. Go before us in all the plans that we project for the welfare of the Nation. Let Thy favor rest upon Thy servants and Thy blessing upon the labor of their hands. For Christ's sake. Amen.

The Journal of yesterday's proceedings was read and approved.

## MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by G. F. Turner, one of its clerks, announced that the House had passed the bill (S. 2705) to create the Aircraft Board and to provide for its maintenance with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 5431. An act to authorize the construction, maintenance, and operation of a bridge across the Saline River at or near Suttons Ferry, Ark.;

H. R. 5646. An act to amend section 1585 of the Revised Statutes of the United States; and

H. R. 5648. An act to establish certain new ratings in the United States Navy, and for other purposes.

## AMENDMENT OF NATURALIZATION LAWS.

Mr. SMITH of South Carolina, from the Committee on Immigration, to which was referred the bill (S. 2854) to amend the naturalization laws, reported it with amendments and submitted a report (No. 136) thereon.

## MONUMENT TO JAMES R. MCCONNELL.

Mr. OVERMAN. Mr. President, I introduce a bill and ask unanimous consent for its present consideration. I will say that the bill has not been before a committee. It provides for the donation of two condemned cannon to be placed at the grave of James R. McConnell, the French-American flier, a North Carolina boy, who was killed March 19 in a fight with three German flying machines. The people of his native county and native town in North Carolina and other citizens of the United States have subscribed a large fund to erect a monument to this American hero boy. I ask unanimous consent that the bill be considered at once without reference to a committee.

The VICE PRESIDENT. The Senator from North Carolina asks unanimous consent, without referring it to a committee, for the consideration of a bill, which will be read.

The bill (S. 2920) authorizing the Secretary of War to donate to the State of North Carolina two brass cannon, with carriage, was read the first time by its title and the second time at length, as follows:

*Be it enacted, etc.,* That the Secretary of War be, and he is hereby, authorized and directed to donate to the State of North Carolina two brass or bronze cannon, with carriage and suitable outfit of cannon balls, condemned or not needed for present service, to be placed at the foot of the monument now being erected at Carthage, N. C., in honor of James R. McConnell, an American aviator, who was killed while flying for France.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered as in Committee of the Whole.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

## BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. OWEN:

A bill (S. 2921) to amend the act approved July 17, 1916, entitled "An act to provide capital for agricultural development, to create standard forms of investment based upon farm mortgage, to equalize rates of interest upon farm loans, to furnish a market for United States bonds, to create Government depositaries and financial agents for the United States, and for other purposes;" and

A bill (S. 2922) to amend the laws relating to the denominations of circulating notes by national banks, and to permit the issuance of notes of small denominations, and for other purposes; to the Committee on Banking and Currency.

## PRINTING OF MATTER IN THE RECORD.

Mr. ASHURST. Mr. President, yesterday I spoke for a few moments in support of the amendment proposed by the Senator from Arkansas [Mr. ROBINSON]. I overlooked at that time that it was my intention to ask unanimous consent to insert in the Record as a part of my remarks copious data I had prepared relating to the energies and activities of the Department of Labor. I ask consent now.

Mr. JONES of Washington. Was that statement prepared by the Senator himself or by some one else?

Mr. ASHURST. It was prepared by me with documents and papers supplied by the Department of Labor and the Bureau of Immigration.

Mr. JONES of Washington. I would have no objection in the world to putting any data prepared by the department and matters of that kind in the Record, but my understanding always has been that it has been the custom of the Senate to require matters prepared by a Senator to be delivered here. We have not followed here the custom of extending remarks in the Record.

Mr. ASHURST. I do not think the Senator understands me. I delivered a short speech of four or five minutes yesterday upon the amendment of the Senator from Arkansas [Mr. ROBINSON]. It was my intention, as an appendix to my remarks, which I had a right to ask, to insert in the Record certain copious data with reference to the activities and energies of the Department of Labor.

Mr. JONES of Washington. I do not like to object to a request of that kind, yet I do not like the idea of matters being prepared in that way and printed in the Record. If the Department of Labor—

Mr. ASHURST. I object to the Senator's remark about its being prepared. Prepared in what way? What does the Senator refer to?

Mr. JONES of Washington. Prepared by the Senator himself in the nature of a speech. That is what it amounts to. Of course if it is data furnished by the Department of Labor, no one would object to having it printed in the Record.

Mr. ASHURST. I ask the Senator where would I get such documents and data, and where would he in his omniscience get any such data and documents, unless he obtained it from the reports of the Department of Labor? Where would he get it?

Mr. JONES of Washington. Mr. President, if I go to books and documents—

Mr. ASHURST. Mr. President, I withdraw the request.

Mr. JONES of Washington. Very well.

Mr. ASHURST. I will read it for about three hours, and I invite the attention of the Senator from Washington to it. I think he will be illuminated if he listens to it.

Mr. JONES of Washington. I hope the Senator will not feel offended. I remember some time ago when the Senator from New York [Mr. CALDER] asked that matter he had prepared be printed in the Record I objected. I have heard other Senators object upon the ground that they did not desire the Record, so far as the proceedings of the Senate are concerned, to be made up like they are in another body, which I probably would not be permitted to mention here. I would have no objection whatever to have printed in the Record quotations and extracts, and all that sort of thing, and, personally, anything the Senator prepared I would be very glad to see in the Record—

Mr. ASHURST. As evidenced by this objection.

Mr. JONES of Washington. Because I know it would be good. I hope the Senator will not take my opposition to be personal at all. Of course, if older Senators here think this is a proper proceeding, I do not know that I am disposed to object, yet I do want to say I do not think we ought to inaugurate in the Senate the custom or practice of printing in the Record that is followed in another body.

Mr. ASHURST. It was my idea—

Mr. JONES of Washington. So I withdraw the objection.

Mr. ASHURST. I thank the Senator. I hope in my opposition to his objection I have not betrayed any feeling.

Mr. OVERMAN. I understand the Senator from Arizona does not desire to put a speech in the Record?

Mr. ASHURST. I withdraw the request.

Mr. OVERMAN. I think the Senator did not hear what I said.

Mr. BRANDEGEE. I ask for the regular order.

The VICE PRESIDENT. The regular order is the introduction of bills.

Mr. ASHURST. I ask for recognition.

The VICE PRESIDENT. The Senator will have recognition for the purpose of introducing a bill or joint resolution.

Mr. ASHURST. I do not wish to do that.



Mr. MARTIN. No one is objecting to the request of the Senator from Arizona. The Senator from North Carolina merely made an inquiry.

The VICE PRESIDENT. If there are no further bills or joint resolutions, concurrent and other resolutions are in order.

#### AIRCRAFT BOARD.

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 2705) to create the Aircraft Board and provide for its maintenance, which was to strike out all after the enacting clause and insert:

That for the purpose of expanding and coordinating the industrial activities relating to aircraft, or parts of aircraft, produced for any purpose in the United States, and to facilitate generally the development of air service, a board is hereby created, to be known as the Aircraft Board, hereinafter referred to as the board.

SEC. 2. That the board shall number not more than nine in all, and shall include a civilian chairman, the Chief Signal Officer of the Army, and two other officers of the Army, to be appointed by the Secretary of War; the Chief Constructor of the Navy and two other officers of the Navy, to be appointed by the Secretary of the Navy; and two additional civilian members. The chairman and civilian members shall be appointed by the President, by and with the advice and consent of the Senate.

SEC. 3. That said board and tenure of office of the members thereof shall continue during the pleasure of the President, but not longer than six months after the present war. The civilian members of the board shall serve without compensation.

SEC. 4. That the board is hereby empowered, under the direction and control of and as authorized by the Secretary of War and the Secretary of the Navy, respectively, on behalf of the Departments of War and Navy, to supervise and direct, in accordance with the requirements prescribed or approved by the respective departments, the purchase, production, and manufacture of aircraft, engines, and all ordnance and instruments used in connection therewith, and accessories and materials therefor, including the purchase, lease, acquisition, or construction of plants for the manufacture of aircraft, engines, and accessories: *Provided*, That the board may make recommendations as to contracts and their distribution in connection with the foregoing, but every contract shall be made by the already constituted authorities of the respective departments.

SEC. 5. That the board is also empowered to employ, either in the District of Columbia or elsewhere, such clerks and other employees as may be necessary to the conduct of its business, including such technical experts and advisers as may be found necessary, and to fix their salaries. Such salaries shall conform to those usually paid by the Government for similar service: *Provided*, That by unanimous approval of the board higher compensation may be paid to technical experts and advisers. The board may rent suitable offices in the District of Columbia or elsewhere, purchase necessary office equipment and supplies, including scientific publications and printing, and may incur necessary administrative and contingent expenses, and for all of the expenses enumerated in this paragraph there shall be allotted by the Chief Signal Officer of the Army for the fiscal year 1917 and 1918 the sum of \$100,000, or so much thereof as shall be necessary, from any appropriation now existing for or hereinafter made to the Signal Corps of the Army, and such appropriation is hereby made available for these purposes: *Provided further*, That except upon the joint and concurrent approval of the Secretary of War and the Secretary of the Navy there shall not be established or maintained under the board any office or organization duplicating or replacing, in whole or in part, any office or organization now existing that can be properly established or maintained by appropriations made for or available for the military or naval services: *Provided further*, That a report shall be made to Congress on the first day of each regular session of the salaries paid from this appropriation to clerks and employees by grades, and the number in each such grade.

Mr. SHEPPARD. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

#### HOUSE BILLS REFERRED.

The following bills were severally read twice by their titles and referred to their appropriate committees, as indicated below:

H. R. 5646. An act to amend section 1585 of the Revised Statutes of the United States; and

H. R. 5648. An act to establish certain new ratings in the United States Navy, and for other purposes; to the Committee on Naval Affairs.

H. R. 5431. An act to authorize the construction, maintenance, and operation of a bridge across the Saline River, at or near Suttons Ferry, Ark.; to the Committee on Commerce.

#### DISTRIBUTION OF EXPORTS.

Mr. FERNALD. I introduced some time since the bill (S. 1867) to authorize the President in time of war to give direction to exports from the United States so as to insure their wise, economical, and profitable distribution to other countries. This has been covered entirely by another bill, and I move that Senate bill 1867 be indefinitely postponed.

The motion was agreed to.

The VICE PRESIDENT. The morning business is closed.

#### EMPLOYMENT SERVICE.

Mr. ASHURST. The Department of Labor was created by act of Congress March 4, 1913. The purpose, as expressed by Congress in the act, is to "foster, promote, and develop the welfare of the wage earners of the United States, to improve their working conditions, and to advance their opportunities for profitable employment." While there is, of course,

no authority in the expression "to foster, promote, or develop for wage earners" any special privileges, the inference, nevertheless, is irresistible that Congress did intend to conserve the just interests of the wage earners by means of the executive department specially devoted to their welfare.

Nor is there any implication that the wage earners in whose behalf this department was created consist of such only as are associated together in labor unions. It was created in the interests of the welfare of all the wage earners of the United States, whether organized or unorganized. The Department of Labor sustains intimate and friendly relations with labor organizations as in the interest of all wage earners and of the general welfare it ought to do; nevertheless this attitude is not exclusive. Similar relations with unorganized wage earners, and also with employers and their organizations to the extent to which they themselves permit, are likewise a duty of this department.

How significant it is that whenever we talk about the rights of labor objection is raised, and I am sorry to see the Senator from Washington object.

Mr. JONES of Washington. Mr. President—

Mr. ASHURST. I do not yield. I decline to yield.

Mr. JONES of Washington. I heard the Senator refer to me and—

Mr. ASHURST. I expect to refer to the Senator a good many times before I finish this speech. I hope he will remain in the Chamber.

Mr. JONES of Washington. I have been here all the time. I am glad to hear the Senator. Anything the Senator has to present to the Senate is always interesting.

Mr. BRANDEGEE. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Harding	New	Smith, Ga.
Brady	Hollis	Norris	Smoot
Brandeggee	Husting	Page	Sterling
Calder	Johnson, Cal.	Phelan	Sutherland
Calderson	Jones, Wash.	Pittman	Swanson
Curtis	King	Poindexter	Trammell
Dillingham	Kirby	Pomerene	Wardman
Fernald	La Follette	Reed	Wadsworth
Fletcher	McKellar	Robinson	Weeks
Frelinghuysen	McNary	Shafroth	Williams
Gerry	Martin	Sheppard	
Hale	Myers	Smith, Ariz.	

Mr. KING. I desire to announce that the Senator from Illinois [Mr. LEWIS] and the Senator from Delaware [Mr. SAULSBURY] are detained on official business.

Mr. FRELINGHUYSEN. I wish to announce the absence of my colleague, the senior Senator from New Jersey [Mr. HUGHES], on account of illness.

Mr. SHAFROTH. I desire to announce the unavoidable absence of my colleague [Mr. THOMAS] on account of illness, and to state that he is paired with the senior Senator from North Dakota [Mr. McCUMBER]. I will let this announcement stand for the day.

Mr. SUTHERLAND. I announce the absence of the senior Senator from West Virginia [Mr. Goff] on account of illness.

Mr. McNARY. I desire to announce the unavoidable absence of my colleague [Mr. CHAMBERLAIN].

The VICE PRESIDENT. Forty-six Senators have answered to the roll call. There is not a quorum present. The Secretary will call the names of absentees.

The Secretary called the names of the absent Senators, and Mr. KENDRICK, Mr. OWEN, Mr. RANDELL, Mr. JONES of New Mexico, Mr. FRANCE, Mr. FALL, Mr. SMITH of South Carolina, and Mr. WATSON answered to their names when called.

Mr. HUSTING. I have been requested to announce the unavoidable absence of the senior Senator from Kansas [Mr. THOMPSON] on business.

I desire also to announce the absence of the junior Senator from Kentucky [Mr. BECKHAM] on account of illness in his family.

The VICE PRESIDENT. Fifty-four Senators have answered to the roll call. There is a quorum present. The Senator from Arizona will proceed.

Mr. ASHURST. Mr. President, as I was proceeding to say when a quorum was called for, previous to the institution of the Department of Labor nine other great departments were successively created by Congress, each assuming the duty of caring for some aspect of property rights and interests. It was left for the Department of Labor to be organized especially to conserve human interests as distinguished from the interests of property. This distinction presents a master key to the activities of the department, and if borne in mind will make clear the peculiar relations which the department sustains to



the general public interest and to the many human activities upon which its relations impinge.

#### MEDIATION AND CONCILIATION.

Primarily the Department of Labor must conserve in industrial disputes the interests of the wage earners of the United States. Such is its duty under the law of its creation, the first section of which charges it with responsibility for their general welfare, while the eighth makes this responsibility specific as to labor disputes. Those interests are exceptional in their magnitude. Not only do wage earners constitute in number more than a third of our total population but in financial respects also their aggregate interests are vast. It is doubtful if any vocational interests represented in our governmental system exceed in volume or public importance those of the wage earners of the United States.

But though the Department of Labor represents primarily the wage-earning interests in labor disputes, its ideal is to make its representation similar in character to that of the Department of State, which, while representing the interests of this country in disputes between it and other countries, does so with fairness toward all countries. Accordingly the policy of the Department of Labor, though it executes its mediation and conciliation functions as the governmental representative of wage-earning interests, is to do so without partisanship or prejudice, but with fairness to every interest concerned. The great specific duty devolving upon the Secretary of Labor is to act as mediator in trade disputes or to appoint conciliators when, in his judgment, it is wise to do so. During the brief time the new department has been in existence it has been called upon to intervene and use its good offices in adjusting scores of trade disputes, involving many thousands of workmen and very extensive property rights. In handling these cases it has been the policy of the department not to undertake to impress its viewpoint or the viewpoint of its officers upon either of the contending parties, but rather to seek some common ground upon which both may stand and which in the heat of controversy they may have overlooked. In over 90 per cent of the cases the department has been successful in bringing about a mutual understanding between employer and employee, thereby promoting their welfare and the welfare of the people at large.

In handling trade disputes the efforts of the Department of Labor have been centered in endeavoring to bring employers and employees together in order that they might mutually work out their own difficulties to a successful conclusion. That is by far the best method, if it can be accomplished. Employers and employees have a mutual interest, not an identical interest—mark the distinction—in securing the largest possible production with a given amount of labor. The more there is jointly produced the more there is to divide between them. Their interests only diverge when it comes to a division of their joint production. When that state is reached how much better it would be for both sides and for all parties concerned if, instead of strikes and lockouts, thereby cutting off all of production and leaving nothing to divide, they would, like sensible business men, sit down around the council table together and work out on as nearly correct a mathematical basis as possible the share that each is entitled to. If the Secretary fails to get trade disputants to adjust their difficulties themselves, he appoints a mediator to pass between the differing parties, get their various propositions, and make suggestions in an effort to find a basis of settlement. If that fails, the next step is to propose arbitration upon a basis for arbitration laid down in advance.

During the past 60 days the mediation service has adjusted 58 trade disputes and strikes, of which 35 arose during last month. Many thousands of workers have been restored to productive activity; some adjustments have been made without work ceasing. The service has conserved the labor of perhaps a hundred thousand workers to industry during a single month. It has saved the country in this crisis the production which means so much in the preparation for national defense, and which would have been totally lost had these strikes and lockouts not been satisfactorily adjusted. Many other cases are pending, and the good offices of the department are gradually bringing about a better feeling between employer and employees.

#### AMERICANIZATION.

Some 200,000 foreigners annually are inducted into American citizenship through naturalization. Until the Bureau of Naturalization of the Department of Labor recognized the necessity for inculcating into these new citizens a substantial understanding of their new estate no organized effort to train naturalized aliens for the responsibilities of American citizenship was undertaken. The Americanization service of the bureau is carried on in cooperation with the public-school systems

throughout the United States. The bureau's connection with the intending citizen begins with his filing his "declaration of intention," commonly known as his "first papers." In more than 1,700 cooperating, patriotic communities special school courses are conducted, using textbooks prepared by the Bureau of Naturalization, training these new citizens in English, in our American system of government, and in the simpler educational requirements most likely to be useful to them as citizens. When it is understood that more than 90 per cent of the seekers after American citizenship are wage earners it will be realized that this bureau is executing one of the important trusts of the Department of Labor in dealing in a fundamental and practical way with conditions among our working people.

What is this campaign of cooperation which the public schools and the Bureau of Naturalization are carrying on? When an alien takes that solemn oath to become an American citizen, his name is sent by the Bureau of Naturalization to the public schools of the community in which he resides. The name of his wife also has been sent to the public-school authorities. A personally addressed form letter has been sent to each of them, telling them that the United States Government is interested in their behalf because they are soon to become American citizens; that it desires to aid them to establish themselves as such citizens and to form an American home. It points out to them the advantage that will be theirs by an attendance upon the public schools and the classes in citizenship which the schools have organized. This work has gone to communities where the public-school authorities never dreamed of teaching adults, let alone adult aliens who are candidates for citizenship.

Insistent calls came to the Bureau of Naturalization for something to teach these candidates whom the school-teachers were so eager to instruct. An outline course in citizenship was prepared in the Bureau of Naturalization. A syllabus of the naturalization law was also prepared, and these were sent out to the public schools. This outline course in citizenship has also been furnished to the War and Navy Departments for use at Army posts, naval stations, and on shipboard, to the Attorney General, and, through the Department of Justice, to Federal penal institutions and also to State penal institutions in large numbers.

Two citizenship conventions have been held under the auspices of the Bureau of Naturalization. The first was held in Washington in July, 1916, and there President Wilson commended this gigantic Federal administrative undertaking. The second convention was held in Portland, Ore. Both of these have been followed by the greatest enthusiasm by those in attendance and increased interest throughout the United States.

Mass meetings have been held by many cities for the purpose of stimulating attendance upon night classes already established and securing a greater enrollment of aliens.

For two successive years the doctrine of citizenship preparedness has been proclaimed throughout the country from the pulpits of churches of all denominations on the Sabbath nearest Independence Day. This solemn and patriotic observance was the direct result of an appeal made by the bureau to the clergy of the United States, and it is now a fixed annual institution.

A most striking feature of this humanitarian work is the amazing fact that all this vitalizing expansion of governmental administration has been accomplished without taking any additional money for the coffers of the Treasury, thus injecting the most modern business methods of money saving, if not money-making, into governmental operation. Indeed, the Bureau of Naturalization, by reason of its high efficiency and measures of economy, has turned an otherwise costly system of administration into a revenue-producing machine. This bureau is not supported from the general taxes collected by the Government. In fact, the citizens of the United States do not bear one penny of the expenses of this governmental agency. It is all paid for by the foreigner who is admitted to citizenship. In other words, from the \$5 paid by each applicant for a good administration of the naturalization law all the expenses of his Americanization are paid and an average of over \$65,000 a year for every year of the 10 years of Federal supervision has been turned into the United States Treasury.

#### WORK FOR THE CHILDREN.

One of the important bureaus in the department deals with the welfare of children. The intimate connection between wages and the infantile death rate has been impressively demonstrated by two investigations conducted by this bureau in Manchester, N. H., and Johnstown, Pa. It was found that the death rate among babies in poor families was more than four times as high as among those in the higher wage groups. Where fathers earned less than \$450 a year almost three-fourths of the mothers were compelled to seek employment to aid in the support of the family, as a result of which the death rate was dire-



fully increased. The bureau has concerned itself with studies upon child labor, and in the recent adoption of the Federal child-labor law the data compiled by the bureau was a most important element.

Upon the declaration of war by the United States the Children's Bureau commenced a study of the condition of children in the warring countries, that we might learn from their experience. Several brief articles have been presented through the press on the subject, and a bulletin on Child Labor in the Warring Countries is now in the Government Printing Office. Investigations show that where abroad school-attendance laws and regulations limiting the hours of labor for children were relaxed at the beginning of the war to meet the extraordinary demands for labor it is now widely recognized as a mistake, both from the point of view of the health of the workers and of efficient management. The tendency abroad at present, therefore, is toward the restoration of prewar standards or the introduction of higher standards than those attained before the war.

The European experience makes emphatic the necessity of a full realization of the provisions of the Federal child-labor law passed by the Sixty-fourth Congress, which went into effect September 1, 1917. Its enforcement has been entrusted by the Secretary of Labor, the executive under the act, to the Children's Bureau. For this purpose an appropriation of \$150,000 was made for 1917. The rules and regulations for its carrying out were approved on August 14 by the Board of Secretaries, consisting of the Attorney General, the Secretary of Commerce, and the Secretary of Labor. Issuing officers from the Children's Bureau are now at work in several States examining children for employment certificates. These rules have been prepared with a view to securing the objects of the law without injuring legitimate business interests. It is not the intention of the Department of Labor to administer the law unfairly or to embarrass the reasonable course of business. A number of conferences were held at which representatives of every affected business interest were given full opportunity to examine the proposed regulations. It is a testimonial to the patriotic spirit of American manufacturers that practically no adverse criticism of the law was heard and generally a helpful spirit of constructive suggestion shown.

In the study of the conditions of children in the warring countries four principal subjects were considered: (1) Child labor and school exemptions; (2) infant and maternity care; (3) delinquency; and (4) dependency. The relation of all these questions to the living conditions behind the lines is clear. These in turn depend in large measure upon the provisions made by the respective Governments for the care of soldiers and their dependents. Realizing that with the creation of a large army similar problems must be met by the United States, special studies were made of governmental provisions for the care of the dependents of members of the military forces. It was found that the Canadian system had been worked out in a way to be of particular practical interest to the United States, and Mr.—now Capt.—S. Herbert Wolfe, a New York actuary of recognized authority, generously went to Canada and made the report upon the "Care of Dependents of Enlisted Men in Canada," which was published by the bureau last May. A further report upon the governmental provisions in the United States and foreign countries for members of the military forces and care of their dependents, prepared under Capt. Wolfe's direction at the special request of the Secretary of Labor, is about to go to press.

The Children's Bureau is studying infant mortality and maternal and child welfare with a view to their economic and social factors.

In the course of the past four years the bureau has conducted a number of very careful studies into the conditions of the family and has published several most important bulletins conveying information of vital importance to mothers, some of which have been very widely distributed throughout the country. Recently the bureau has been studying the conditions brought about in England by the war and the result of these studies is now available for public information.

#### BOYS' WORKING RESERVE.

The Council of National Defense announced at the beginning of the war that labor standards should be maintained as then existent until the public interest made their alteration necessary. Explaining this policy, the Secretary of Labor stated that where "open shops" were being conducted organized labor should not during the war undertake to bring pressure to bear upon an employer to institute a "closed-shop" agreement; that where a "closed shop" was being operated the employer should not attempt to enforce an "open shop" because of the war emergency, but that all parties should be free to carry on their organizations in the ordinary manner within the limitations outlined. Great pressure early developed for a broader supply of workers. In

numbers of States a lowering of the age limit at which children could be employed in industry was urged. The Department of Labor did not take the negative position that a sufficient supply of workers existed nor merely oppose a change in the established standards regarding the employment of children, feeling that affirmative action rather should be taken.

The department organized the United States Boys' Working Reserve under a national director coordinating organizations through the States, with the cooperation of the State councils of defense. The Boys' Working Reserve is now flourishing in 38 States. While exact figures can not be furnished at this time, those which I have prepared upon the basis of data furnished me by the Department of Labor indicate that there are approximately 120,000 boys in the organization. No boy can be a member who is under 16 years. There are rigid requirements as to physical condition, parental consent, oversight, guidance and protection, and health. By so organizing the Boys' Working Reserve the Department of Labor virtually established the standard for children's work in industry, constituting a reserve of labor ready to answer the call of employers and obviating any supposed necessity for lowering established standards in the effort to find such workers.

#### SHIPPING BOARD WORK.

When the United States Shipping Board announced its plan to construct a number of vessels to carry supplies across the Atlantic, the Department of Labor offered its services to secure shipyard workers. A representative was detailed to the Shipping Board to aid both in case of labor disputes and in supplying workers. The Mediation and Conciliation Service of the department and the regular United States Employment Service thus have been constantly utilized. At the very beginning the board desired a survey to locate skilled ship carpenters. The employment service was given two days for the preliminary and four days for a final report. By a telegraphic order to the 93 offices of the service scattered over 27 States the service in four days secured lists totaling 15,400 such workers; and within a week the actual names and addresses were in the files of the department ready for use. However, it was learned that the supply of skilled men for the different shipbuilding vocations is entirely too small; so the Department of Labor projected emergency training courses to prepare men for the essential processes. A tentative arrangement has been made with the newly created Vocational Education Board and plans are now being worked out between that board, the Department of Labor, and the Shipping Board for the installation of training schools at shipyards and in trade and technical schools, which will facilitate the training of a sufficient number of additional workers, not in theory but in practical doing of the most-needed work.

#### STATISTICAL ANALYSES.

Passing through numerous mutations of title and successively of departmental and of independent allegiance, the Bureau of Labor Statistics has since 1886 been a most valuable fact-gathering agency of the Government. It began by making general and special investigations upon various phases of the labor problem. The annual report carried the result of some general investigation. Bimonthly bulletins reported partially upon special subjects. On the whole the system was unsatisfactory. The preparation of a general report often consumed so much time that publication frequently actually took place long after the occasion calling for it had passed, and its value became mainly historic and not an economic and contemporaneous contribution. The briefer reports in the bulletins were too hurriedly prepared and too fragmentary to carry the authority of breadth and accurate analysis.

Recognizing the possibilities of the bureau service, it was determined to reform and modernize its procedure. A new system has therefore been adopted. Eleven series of general investigations are now carried on, as follows:

Wholesale prices.

Retail prices and cost of living.

Wages and hours of labor.

Employment and unemployment.

Women in industry.

Workmen's insurance and compensation, including laws relating thereto.

Industrial accidents and hygiene.

Conciliation and arbitration, including strikes and lockouts.

Labor laws of the United States, including decisions of courts relating to labor.

Foreign labor laws.

Vocational education.

Bulletins within these series are published as often as material is gathered and digested. A maximum of accuracy, of analysis, and scholarship, with a minimum of delay in making the facts available to the interested public, is thus secured. Important



special subjects not falling within the 11 regular investigations are treated in special bulletins issued as need arises. Besides this, a monthly review has been issued since July, 1915. Investigations too brief for monographic treatment; advance notices of important legislation and of court decisions affecting labor; information concerning current work of the bureau, the department generally, and other agencies dealing with labor matters are made available by this publication. The bureau now publishes 25 to 30 monographs and 12 numbers of the review annually.

At present a special study is being made of trade agreements, which will shortly be completed. The emergent problem of the turnover of labor employed in industry, the shifting of workers into and out of employment, and the particular effect thereon of war conditions, is being given careful analysis. The forthcoming report on the subject will be especially valuable to plant executives and the employment offices in large industrial establishments, but will have great value also to all classes of employers. Preliminary figures obtained disclose the existence of a most astounding and generally unsuspected economic waste due to the shifting of workers and the cost of training workers in their room. It is hoped that this projected study may point out remedies and provide constructive suggestions looking toward reducing our present need for a supply of trained workers in industry.

#### THE IMMIGRATION LAW.

The new immigration law which became effective May 1 last is administered by the Department of Labor. The provisions of this act should be better understood. In broad humanity, in essential fairness, and practical protection both to the interests of the people of the United States and for the helpless strangers landing upon our shores this new law presents a wonderful advance over previous legislation. Its provisions make transportation companies largely responsible for the character and fitness of intending immigrants, and by a system of "administrative fines" means are found to prevent the importation of persons morally dangerous, mentally disqualified, or having contagious diseases. By a series of special provisions immigrants are assured hospital treatment when necessary. If refused landing, their passage money must be refunded. On return passage when rejected they have comforts equal to those enjoyed on the voyage out. While detained waiting examination comfortable and sanitary quarters are given them. Mothers are no longer separated from their children. If a bond be required of those waiting for deportation, the alien may deposit cash at the post office and draw interest thereon, instead of being compelled to pay heavy premiums to carry a penal bond. These and other humane provisions greatly ameliorate the immigrant's condition. The law strictly protects the United States from the unfit or those we can not assimilate. By geographical lines a large area of Asiatic territory is mandatorily excluded. By a simple literacy test—the mildest of such tests that are imposed by the seven countries now requiring intending immigrants to pass an educational examination before landing—many of the clearly unfit are eliminated. Taken with the seamen's law, provisions of this law care for the health and sanitation of quarters for seamen and greatly improve their conditions. The new immigration law in most of its features is one of the great remedial legislative achievements of recent years.

#### IMMIGRATION SERVICE.

1. Internment: As soon as Congress declared a state of war to exist it became the duty of the Bureau of Immigration to assume charge of all of the officers and seamen aboard German merchant vessels in ports of the United States. There were over 2,000 of these alien enemies to be cared for. They were cared for under the immigration law as if they were applicants for entry and also under the President's proclamation concerning alien enemies and excluded. Thereupon they were detained in immigration stations, pending the establishment of a permanent internment camp. About 600 of them have since been removed to where quarters are now being erected for the accommodation of all.

It has also been necessary to hold in internment alien enemies arrested by officers of the Department of Justice under the President's proclamation and aliens who happen to be alien enemies, arrested in regular immigration proceedings and who could not, because of their enemy status, be released under bond or paroled.

2. Arrests: It has been necessary as a measure of public safety to exercise special diligence and caution in causing the arrest of aliens of German nationality within the country in violation of the immigration law and to cause the rearrest of all such as had been released under bond or upon their personal recognizance during the time that the United States was a neutral Nation in the war.

3. Exclusions: By reason of the President's proclamation a new ground for excluding aliens from the United States has been created. No alien who is an enemy may enter this country without first obtaining from the Attorney General a permit to enter. It has been the duty of the immigration officers to detain all such applicants until their cases could be submitted, through the bureau at Washington, to the Attorney General and decided. Those refused permits are deported or interned, according to circumstances and instructions given by the Attorney General.

4. Departures: The President's proclamation also prohibits the departure of alien enemies from the country without a permit. While the conduct of the work arising from this circumstance has not been directly placed upon the immigration officers, they are under instructions to cooperate with other Government officials to the fullest extent possible.

5. Red Cross: To the full extent that the American Red Cross is charged with duties concerning the interned alien enemies, the Bureau of Immigration has been called upon to cooperate with that organization. This includes keeping the Red Cross advised with respect to the health of the interned and delivering to the interned persons money, and so forth, sent them through Red Cross channels.

6. Spies: All immigration officials since the entry of the United States into the war have been discharging the duty of rendering active aid to officers of other departments in the apprehension of spies and in preventing the entry into the United States of persons suspected of espionage.

7. Slackers: Immigration officers have also the duty of assisting the other branches of the Government in the prevention of the departure from the country of persons who are attempting to evade the selective draft.

8. Passports: With respect to the passport requirements made necessary by the war, immigration officials have had important and extensive duties to perform, both as to persons going out of the country and with regard to those attempting to enter, cooperating with the Departments of State and Commerce in innumerable ways. Another branch of this supervisory work consists of the duty imposed directly upon immigration officers of inspecting the crew of every neutral vessel leaving ports of the United States and determining whether the members thereof are entitled to depart, or whether they are suspicious characters whose departure should be prevented. This is referred to here because the plan was evolved in connection with the making of arrangements.

#### NEGRO MIGRATION.

For about two years there has been a steady drain of negro laborers from the South to the munitions plants and other manufacturing industries of the North and Northwest; by the resultant labor shortage, agriculture and industries in the Southern States have been dislocated. Because the negroes were not accustomed to conditions in the North there has also been much embarrassment to these migrant workers and to the population into which they have obtruded. Public disorder has followed, as at East St. Louis, Ill.; Chester, Pa.; and other points. To ascertain the facts and the cause of the very extensive movement reported, the Secretary of Labor appointed the well-known Dr. James H. Dillard, trustee of the Jeanes Fund for the Improvement of Negro Rural Schools, who, with four assistants, for several months has been making an investigation of actual conditions in the South and through the northern manufacturing regions in which the noted disturbances occurred. This investigation is about completed, and the report, which will shortly be prepared, is expected not only to reveal a vast deal of information as to what actually has occurred, but to suggest definite remedial courses where the need of improvement is shown.

#### PUBLIC-SERVICE RESERVE.

A most encouraging evidence of the patriotism of America when Congress declared war was the flood of offers, from every State, that poured into Washington from citizens who wished to be given some work to do for their country. They wrote, they telegraphed, they rode to the Capital on every train. They besieged every department, they bombarded the President, stormed the Capitol, and cannonaded the Council of National Defense. They were in earnest and were very welcome; but the Department of Labor did not know how to find what particular work they could do or find the right man when a job appeared and a man was needed. The department finally solved the puzzle and absorbed the congestion. The Public Service Reserve was organized—a real democratic organization. Equipped simply with a director, a staff of workers, and a set of files, the reserve has already taken over thousands of offers from the files of departments and is classifying them and rendering them available for every need of the Government. Now that it has been done, the mystery is that no one thought of



doing it before. Instead of citizens going home feeling depressed and disheartened because they can find nowhere to serve the country, this service of the Department of Labor has provided a meeting place for needs and supply—a common ground where men of all degrees of capacity and attainments may unite in devoting themselves to the service of our country in winning the great war.

The utility of the Public Service Reserve will be very great. It is registering men, ascertaining their experience, training, capacity, and aptitudes for service. It is in touch with all the agencies of the Government likely to need men, whether volunteers or for compensation. It can supplement the regular employment agencies and the work of the Civil Service Commission by preparing reserves of competent workers against the time of need. Men once registered may thereafter go contentedly about their own affairs, knowing that the Department of Labor is seeking their niche and will advise them when their opportunity comes. In France, in England, in the lands of our other allies there scarcely may be found to-day a man who is not devoting his all to the cause of his country. The power of resistance of our common foe is due in large measure to the complete consecration of the individual to the service of the State. If the United States is to win the war it can not be done solely through superior resources in material and in numbers of men. To win an enduring triumph democracy must show its capacity to light the world with a purer and a whiter flame of patriotic devotion than autocracy can inspire.

#### UNITED STATES EMPLOYMENT SERVICE.

Ten years ago, as a phase of the Immigration Service's care of foreign homeseekers appearing at our ports, an office was opened in New York purposed to direct aliens to interior localities promising profitable employment and to prevent them from sinking into the city's slums. Little was accomplished until the newly created Department of Labor was given charge of immigration. Secretary Wilson saw in the toy Division of Information an opportunity for real public service. He blew into it the breath of life. He galvanized it into a reality. He made it a real tool for the benefit of society. To-day the United States Employment Service has 93 offices in 36 States and the District of Columbia, being unrepresented in only New Hampshire, Vermont, Connecticut, West Virginia, North Carolina, Kentucky, North Dakota, South Dakota, Iowa, Kansas, Oklahoma, and Wyoming. By agreement official cooperation is carried on with many State employment services. This is being done in the States of Maine, New York, New Jersey, Delaware, Louisiana, Arkansas, Illinois, Michigan, Wisconsin, Minnesota, Missouri, Nebraska, Texas, New Mexico, Oregon, Nevada, Arizona, and Washington. Similar cooperation is carried on with Connecticut, South Dakota, and Iowa from the nearest office of the service in contiguous States. In New Hampshire, Vermont, Rhode Island, District of Columbia, West Virginia, Ohio, Kentucky, North Dakota, Wyoming, and Montana cooperative agreements are under discussion.

As part of the service the administration undertook in 1915 to assist the harvesters in the corn and wheat belt of the Middle West. Last season about 75,000 workers were directed to the harvest fields. This year the demand for workers from every industry, the pressure upon farmers to plant an increased acreage, and the generally diminished labor supply in the wheat belt combined to cause great national anxiety regarding the prospect of saving the crop. The Department of Agriculture made preliminary surveys, indicating an inadequacy in the labor reserve for farm work. Unless the United States Employment Service could rise to the occasion it seemed probable that the patriotic labor of the farmers, who at the President's call had seeded the greatest grain acreage ever known, would go for naught. The Employment Service called on the National Farm Labor Exchange, in which the service cooperates with the State employment offices in Oklahoma, Kansas, Nebraska, Missouri, Iowa, North Dakota, South Dakota, and with the railway commissioner within that territory and other interested agencies. Realizing the serious emergency, Commissioner General Caminetti placed a special agent in the field, with headquarters at Kansas City, put special assistants at work to aid him, and by arrangement with the Post Office Department, which gave splendidly effective cooperation, instituted a drag-net search for the necessary farm workers. Telegrams recently received from the affected States, which were published in the Official Bulletin, indicate the results achieved.

Missouri—"Labor conditions quite satisfactory." Nebraska—"Labor demand and supply about equal." Iowa—"Farm labor sufficient." Kansas—"Few calls for farm help now." Utah—"All right on farm help until September 25, at least."

The regular business of the service has grown at an amazing pace. The annual reports are as follows:

	Referred to employment.	Actually placed.
Fiscal year 1915.....	18,883	11,871
Fiscal year 1916.....	84,963	75,156
Fiscal year 1917.....	361,417	276,949

May and June only.

The figures for the year 1917 are, of course, incomplete.

The monthly returns of placements in the service now show a ratio indicating that the fiscal year 1918 may total 400,000 wage earners placed in employment through this agency. When it is considered that production everywhere depends upon the labor supply and that a worker's sole capital is his skill and labor in production, the value of the service is manifest. No substitute for its aid exists. While manufacture, mining, transportation, and finance are well organized, the business of connecting workers and jobs has never been given general attention, and is utterly haphazard, disorganized, and without operating mechanics. The United States Employment Service supplies the needed machine. It is the vehicle that gives the employer skilled service in finding competent workers and assures the workers a job, if jobs exist. In the present national emergency such a service is beyond valuation. Without it our whole national structure may be endangered. It is useless to send men to the trenches of France if we can not assure a constant flow of weapons, ammunition, food, and clothing to sustain them. That assurance can not be given unless our supply of workers is so organized, trained, and mobilized that the best results shall be obtained from the effort of each worker. No days must be lost between jobs. No worker must be so overworked that he shall have to drop out of the race for production. Comprehensive, intelligent husbanding of our man power is essential. Such husbanding is entirely practical, thanks to the foresight of Secretary Wilson. The United States Employment Service is the instrument which assures a steady supply of workers in our manifold industries.

Mr. JONES of Washington. Mr. President, I am inclined to think that the practice which I understand has always been followed by the Senate in requiring speeches to be delivered on the floor is a wise one, and it has been fully justified by the splendid speech to which I have just had the pleasure of listening. I withdrew my objection to the request of the Senator because he seemed to take it so much to heart; and I do not know why he felt that he was required to go on and read it. Yet I am very glad indeed that he did, because I want to say that the facts set out in his address are very interesting, they are very important, and the splendid diction and the eloquence with which it was delivered make a speech that every Senator here ought to have heard. I regret that all Senators did not hear it. I am glad that I had the opportunity to hear it. I want to congratulate the Senator upon the research that he has shown by gathering these facts. I am glad to say that every splendid act of legislation to which he has referred in his magnificent address has had my very hearty support.

I hope the Senator does not feel that I made the observations I did when he made his request out of any personal feeling toward him, because there is not a Senator on this floor whom I think more of than the Senator from Arizona, and there is not a man whom I admire more; but I simply made those suggestions because I did feel, and I still feel, that matters of this kind should be delivered in the Senate.

Now, Mr. President, I want to say, while I did withdraw my objection to the request of the Senator, and the RECORD will show it, I will not hereafter consent to what is equivalent to an extension of remarks in the RECORD, no matter by whom requested or under what circumstances.

Mr. ASHURST. Mr. President, I think I ought to say something in explanation of my belligerent attitude. It is very easy to lead me, but there is no man in the Senate or out of it who can lecture me or drive me, and I thought the Senator was attempting to lecture me or drive me, and that can not be done by anyone.

I thank him for his generous words, and it will save trouble in the future if no one attempts to lecture or drive me. I thank the Senator for his kind remarks.

Mr. JONES of Washington. I never thought about trying to lecture the Senator or drive him in any way. That was the least in my thoughts. I did it largely because in the case of the Senator from New York [Mr. CALDER], to whom I referred,



I raised a similar objection when he made a request of that kind some time ago. That was indeed the only reason.

Mr. MARTIN. I move that the Senate adjourn.

The motion was agreed to; and (at 1 o'clock and 12 minutes p. m.) the Senate adjourned until to-morrow, Thursday, September 27, 1917, at 12 o'clock meridian.

## SENATE.

THURSDAY, September 27, 1917.

Right Rev. William Lawrence, of Boston, Mass., offered the following prayer:

Almighty God, Father of all, Source of light and life, pour Thy Spirit upon us, we beseech Thee. May the Lord of all truth guide us; may the sense of justice move us; and in all our deliberations may Thy Holy Spirit so direct and govern that we may do our duty here, and at the last receive Thy word, "Well done." We ask it in the name of Christ our Savior. Amen.

The Journal of yesterday's proceedings was read and approved.

### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House had passed a concurrent resolution authorizing the Clerk in the enrollment of the bill (H. R. 4960) to define, regulate, and punish trading with the enemy, and for other purposes, to strike out the word "act," where it first occurs in the third paragraph of section 19 of the bill, as the same was agreed upon in conference, and to insert in lieu thereof the word "section"; also to strike out the word "act," where it last occurs in said paragraph, and insert in lieu thereof the word "section," in which it requested the concurrence of the Senate.

### MANUFACTURE AND STORAGE OF EXPLOSIVES.

Mr. PITTMAN submitted the following report:

#### CONFERENCE REPORT.

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3932) to prohibit the manufacture, distribution, storage, use, and possession in time of war of explosives, providing regulations for the safe manufacture, distribution, storage, use, and possession of the same, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1, and agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter proposed by the Senate insert the following:

"Sec. 2. That the words 'explosive' and 'explosives' when used herein shall mean gunpowders, powders used for blasting, all forms of high explosives, blasting materials, fuses, detonators, and other detonating agents, smokeless powders, and any chemical compound or mechanical mixture that contains any oxidizing and combustible units, or other ingredients, in such proportions, quantities, or packing that ignition by fire, by friction, by concussion, by percussion, or by detonation of, or any part of the compound or mixture may cause such a sudden generation of highly heated gases that the resultant gaseous pressures are capable of producing destructive effects on contiguous objects, or of destroying life or limb, but shall not include small arms or shotgun cartridges: *Provided*, That nothing herein contained shall be construed to prevent the manufacture, under the authority of the Government, of explosives for, their sale to, or their possession by, the military or naval service of the United States of America.

"Sec. 3. That the word 'ingredients' when used herein shall mean the materials and substances capable by combination of producing one or more of the explosives mentioned in section 1 hereof.

"Sec. 4. That the word 'person,' when used herein, shall include States, Territories, the District of Columbia, Alaska, and other dependencies of the United States, and municipal subdivisions thereof, individual citizens, firms, associations, societies, and corporations of the United States and of other countries at peace with the United States.

"Sec. 5. That from and after 40 days after the passage and approval of this act no person shall have in his possession or purchase, accept, receive, sell, give, barter or otherwise dispose of or procure explosives, or ingredients, except as pro-

vided in this act: *Provided*, That the purchase or possession of said ingredients when purchased or held in small quantities and not used or intended to be used in the manufacture of explosives: *Provided further*, That the superintendent, foreman, or other duly authorized employee, at a mine, quarry, or other work, may, when licensed so to do, sell or issue, to any workman under him, such an amount of explosives, or ingredients, as may be required by that workman in the performance of his duties, and the workman may purchase or accept the explosives, or ingredients, so sold or issued, but the person so selling or issuing same shall see that any unused explosives, or ingredients, are returned, and that no explosives, or ingredients, are taken by the workman to any point not necessary to the carrying on of his duties.

"Sec. 6. That nothing contained herein shall apply to explosives or ingredients while being transported upon vessels or railroad cars in conformity with statutory law or Interstate Commerce Commission rules.

"Sec. 7. That from and after 40 days after the passage of this act no person shall manufacture explosives unless licensed so to do, as hereinafter provided.

"Sec. 8. That any licensee or applicant for license hereunder shall furnish such information regarding himself and his business, so far as such business relates to or is connected with explosives or ingredients at such time and in such manner as the Director of the Bureau of Mines, or his authorized representative, may request, excepting that those who have been or are at the time of the passage of this act regularly engaged in the manufacture of explosives shall not be compelled to disclose secret processes, costs, or other data unrelated to the distribution of explosives.

"Sec. 9. That from and after 40 days after the passage and approval of this act every person authorized to sell, issue, or dispose of explosives shall keep a complete itemized and accurate record, showing each person to whom explosives are sold, given, bartered, or to whom or how otherwise disposed of, and the quantity and kind of explosives, and the date of each such sale, gift, barter, or other disposition; and this record shall be sworn to and furnished to the Director of the Bureau of Mines, or his authorized representatives, whenever requested.

"Sec. 10. That the Director of the Bureau of Mines is hereby authorized to issue licenses as follows:

"(a) Manufacturer's license, authorizing the manufacture, possession, and sale of explosives and ingredients.

"(b) Vendor's license, authorizing the purchase, possession, and sale of explosives or ingredients.

"(c) Purchaser's license, authorizing the purchase and possession of explosives and ingredients.

"(d) Foreman's license, authorizing the purchase and possession of explosives and ingredients, and the sale and issuance of explosives and ingredients to workmen under the proviso to section 5 above.

"(e) Exporter's license, authorizing the licensee to export explosives, but no such license shall authorize exportation in violation of any proclamation of the President issued under any act of Congress.

"(f) Importer's license, authorizing the licensee to import explosives.

"(g) Analyst's, educator's, inventor's, and investigator's licenses authorizing the purchase, manufacture, possession, testing, and disposal of explosives and ingredients.

"Sec. 11. That the Director of the Bureau of Mines shall issue licenses, upon application duly made, but only to citizens of the United States of America, and to the subjects or citizens of nations that are at peace with them, and to corporations, firms, and associations thereof, and he may, in his discretion, refuse to issue a license when he has reason to believe, from facts of which he has knowledge or reliable information, that the applicant is disloyal or hostile to the United States of America; or that, if the applicant is a firm, association, society, or corporation, its controlling stockholders or members are disloyal or hostile to the United States of America. The director may, when he has reason to believe on like grounds that any licensee is so disloyal or hostile, revoke any license issued to him. Any applicant to whom a license is refused or any licensee whose license is revoked by the said director may, at any time within 30 days after notification of the rejection of his application or revocation of his license, apply for such license or the cancellation of such revocation to the Council of National Defense, which shall make its order upon the director either to grant or to withhold the license.

"Sec. 12. That any person desiring to manufacture, sell, export, import, store, or purchase explosives or ingredients, or to keep explosives or ingredients in his possession, shall make



application for a license, which application shall state, under oath, the name of the applicant; the place of birth; whether native born or naturalized citizen of the United States of America; if a naturalized citizen, the date and place of naturalization; business in which engaged; the amount and kind of explosives or ingredients which during the past six months have been purchased, disposed of, or used by him; the amount and kind of explosives or ingredients now on hand; whether sales, if any, have been made to jobbers, wholesalers, retailers, or consumers; the kind of license to be issued, and the kind and amount of explosives or ingredients to be authorized by the license; and such further information as the Director of the Bureau of Mines may, by rule, from time to time require.

"Applications for vendor's, purchaser's, or foreman's licenses shall be made to such officers of the State, Territory, or dependency having jurisdiction in the district within which the explosives or ingredients are to be sold or used, and having the power to administer oaths as may be designated by the Director of the Bureau of Mines, who shall issue the same in the name of such director. Such officers shall be entitled to receive from the applicant a fee of 25 cents for each license issued. They shall keep an accurate record of all licenses issued in manner and form to be prescribed by the Director of the Bureau of Mines, to whom they shall make reports from time to time as may be by rule issued by the director required. The necessary blanks and blank records shall be furnished to such officers by the said director. Licensing officers shall be subject to removal for cause by the Director of the Bureau of Mines, and all licenses issued by them shall be subject to revocation by the director as provided in section 11.

"SEC. 13. That the President, by and with the advice and consent of the Senate, may appoint in each State and in Alaska an explosives inspector, whose duty it shall be, under the direction of the Director of the Bureau of Mines, to see that this act is faithfully executed and observed. Each such inspector shall receive a salary of \$2,400 per annum. He may at any time be detailed for service by said director in the District of Columbia or in any State, Territory, or dependency of the United States. All additional employees required in carrying out the provisions of this act shall be appointed by the Director of the Bureau of Mines, subject to the approval of the Secretary of the Interior.

"SEC. 14. That it shall be unlawful for any person to represent himself as having a license issued under this act, when he has not such a license, or as having a license different in form or in conditions from the one which he in fact has, or without proper authority make, cause to be made, issue or exhibit anything purporting or pretending to be such license, or intended to mislead any person into believing it is such a license, or to refuse to exhibit his license to any peace officer, Federal or State, or representative of the Bureau of Mines.

"SEC. 15. That no inspector or other employee of the Bureau of Mines shall divulge any information obtained in the course of his duties under this act regarding the business of any licensee, or applicant for license, without authority from the applicant for license or from the Director of the Bureau of Mines.

"SEC. 16. That every person authorized under this act to manufacture or store explosives or ingredients shall clearly mark and define the premises on which his plant or magazine may be and shall conspicuously display thereon the words 'Explosives—Keep Off.'

"SEC. 17. That no person, without the consent of the owner or his authorized agents, except peace officers, the Director of the Bureau of Mines and persons designated by him in writing, shall be in or upon any plant or premises on which explosives are manufactured or stored, or be in or upon any magazine premises on which explosives are stored; nor shall any person discharge any firearms or throw or place any explosives or inflammable bombs at, on, or against any such plant or magazine premises, or cause the same to be done.

"SEC. 18. That the Director of the Bureau of Mines is hereby authorized to make rules and regulations for carrying into effect this act, subject to the approval of the Secretary of the Interior.

"SEC. 19. That any person violating any of the provisions of this act, or any rules or regulations made thereunder, shall be guilty of a misdemeanor and shall be punished by a fine of not more than \$5,000 or by imprisonment not more than one year, or by both such fine and imprisonment.

"SEC. 20. That the Director of the Bureau of Mines is hereby authorized to investigate all explosions and fires which may occur in mines, quarries, factories, warehouses, magazines, houses, cars, boats, conveyances, and all places in which explosives or the ingredients thereof are manufactured, transported, stored, or used, and shall, in his discretion, report his findings,

in such manner as he may deem fit, to the proper Federal or State authorities, to the end that if such explosion has been brought about by a willful act the person or persons causing such act may be proceeded against and brought to justice, or, if said explosion has been brought about by accidental means, that precautions may be taken to prevent similar accidents from occurring. In the prosecution of such investigations the employees of the Bureau of Mines are hereby granted the authority to enter the premises where such explosion or fire has occurred, to examine plans, books, and papers, to administer oaths to, and to examine all witnesses and persons concerned, without let or hindrance on the part of the owner, lessee, operator, or agent thereof.

"SEC. 21. That the Director of the Bureau of Mines, with the approval of the President, is hereby authorized to utilize such agents, agencies, and all officers of the United States and of the several States, Territories, dependencies, and municipalities thereof, and the District of Columbia, in the execution of this act, and all agents, agencies, and all officers of the United States and of the several States and Territories, dependencies, and municipalities thereof, and the District of Columbia, shall hereby have full authority for all acts done by them in the execution of this act when acting by the direction of the Bureau of Mines.

"SEC. 22. That for the enforcement of the provisions of this act, including personal services in the District of Columbia and elsewhere, and including supplies, equipment, expenses of traveling and subsistence, and for the purchase and hire of animal-drawn or motor-propelled passenger-carrying vehicles, and upkeep of same, and for every other expense incident to the enforcement of the provisions of this act, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$300,000, or so much thereof as may be necessary: *Provided*, That not to exceed \$10,000 shall be expended in the purchase of motor-propelled passenger-carrying vehicles."

And the Senate agree to the same.

KEY PITTMAN,  
JOHN F. SHAFROTH,  
MILES POINDEXTER,

*Managers on the part of the Senate.*

MARTIN D. FOSTER,  
EDWARD T. TAYLOR,  
EDWARD E. DENISON,

*Managers on the part of the House.*

The report was agreed to.

#### DENTAL SURGEONS IN THE ARMY.

MR. BRANDEGEE. Mr. President, I have received a great many letters from students in dental colleges. I send two to the desk and ask the Secretary to read them, in the hope that the matter will be called to the attention of the War Department.

THE VICE PRESIDENT. The Secretary will read as requested.

The Secretary read as follows:

WILLIMANTIC, CONN., September 25, 1917.

Hon. Senator BRANDEGEE,  
Washington, D. C.

DEAR SIR: I am a senior student in the Baltimore College of Dental Surgery, and wish to call to your attention the fact that no provision was made for dental students in the order issued on August 29 by Gen. Crowder permitting drafted medical students to enlist in the Enlisted Reserve Corps. The War Department has thus failed to show its appreciation of the importance of dental service.

I have no desire to evade serving my country, but hope to have the opportunity to do so in the professional capacity for which I am partly trained.

May I urge you to use your personal influence with the Secretary of War to the end that action be taken?

Very truly, yours,

HARRY JOSEPH COTTER.

NEW BRITAIN, CONN., September 25, 1917.

Hon. FRANK B. BRANDEGEE,  
Washington, D. C.

DEAR SIR: I hereby appeal to you to write or, better still, to see Secretary of War Baker and urge him to use his influence in obtaining temporary furloughs for dental students, the same privileges as that accorded medical students, so that they can finish their courses.

England, France, and Canada have seen their folly in placing their young undergraduate medical and dental students on the firing line, and as a result there is a great scarcity of physicians and dentists, which will take a great many years to replace.

I am an eligible senior in the Thomas W. Evans Museum and Dental Institute, University of Pennsylvania, and expect to go to Camp Devens, Ayer, Mass., October 4, 1917, and therefore solicit your aid in obtaining the necessary furlough.

Trusting that you will give this appeal your earnest attention, I am,  
Yours, very truly,

JOSEPH P. MEEHAN,  
99 Garden Street.

MR. BRANDEGEE. In order that students similarly situated throughout the country may know what the status is, I will



say that I have sent a similar letter to Surg. Gen. Gorgas and a similar letter to Gen. Crowder, calling their attention to this situation, and asking them whether they contemplate recommending any legislation to correct it. I make this statement so that students throughout the country may be saved the trouble of writing thousands of such letters, which I suppose other Senators and Representatives continue to get and would have to answer.

#### SALINE RIVER BRIDGE, ARKANSAS.

Mr. FLETCHER. From the Committee on Commerce I report back favorably without amendment the bill (H. R. 5431) to authorize the construction, maintenance, and operation of a bridge across the Saline River, at or near Suttons Ferry, Ark., and I submit a report (No. 137) thereon. The Senator from Arkansas [Mr. ROBINSON] is interested in the bill, and I ask unanimous consent for its present consideration.

There being no objection, the bill was considered as in Committee of the Whole, and it was read, as follows:

*Be it enacted, etc.,* That the county of Bradley, a corporation organized and existing under the laws of the State of Arkansas, its successors and assigns, be, and they are hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the Saline River, at or near Suttons Ferry in the southwest quarter of the northwest quarter of section 15, township 13 south, range 9 west, of the fifth principal meridian on the Warren and Monticello Road, at a point suitable to the interests of navigation, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

Sec. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

#### BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and were referred as follows:

By Mr. SHIELDS:

A bill (S. 2923) for the relief of Charles M. Gourley; to the Committee on Military Affairs.

A bill (S. 2924) granting a pension to Margaret Howell Butler; to the Committee on Pensions.

By Mr. NEW:

A bill (S. 2925) granting a pension to Susan A. Hickman (with accompanying papers);

A bill (S. 2926) granting an increase of pension to Amanda J. Hunt (with accompanying papers);

A bill (S. 2927) granting an increase of pension to Adrian J. Hayward (with accompanying papers);

A bill (S. 2928) granting an increase of pension to Ransom D. Ridge (with accompanying papers); and

A bill (S. 2929) granting a pension to Lawrence Fox (with accompanying papers); to the Committee on Pensions.

By Mr. NORRIS:

A bill (S. 2930) granting a pension to Emma A. Hoskins; to the Committee on Pensions.

By Mr. SMOOT:

A bill (S. 2931) for the relief of Thomas Sevy; to the Committee on Public Lands.

#### NITROGEN AND NITROGENOUS MATERIAL.

Mr. SHIELDS. I submit a resolution and ask that it be read. The resolution (S. Res. 137) was read, as follows:

*Resolved,* That the Secretary of Agriculture be, and he is hereby, directed to furnish the United States Senate with all information available to the Department of Agriculture concerning ammonia, nitrogen, and nitrogenous materials manufactured, imported, and used in the United States during the years, 1912, 1913, 1914, 1915, 1916, and the first six months of 1917, as follows:

1. The extent of the fields where nitrate of soda is found in the Republic of Chile and the probable unexhausted quantity there remaining; who owns and controls those fields, and the output mined from them and exported from that country.

2. Who owns and controls the ships and other vessels transporting Chilean nitrate of soda to the United States.

3. Who imports and purchases from the importers of Chilean nitrate of soda brought to the United States, and for what purpose and how used by such owners.

4. What number of tons have been imported in each of the years above named, what cost laid down in the ports of the United States, and what has the same sold for per ton in the markets of the United States each of said years.

5. What atmospheric nitrogen or ammonia has been manufactured in the United States for each of said years, and what has been the market value of the same.

6. The several foreign countries from which atmospheric nitrogen there produced was imported into the United States for each of said years, the quantity imported from each country, and the price for which it was sold upon the markets of the United States, and the available supplies in those countries.

7. The cost price of Chilean nitrate of soda, atmospheric nitrogen, and nitrogenous materials in the country where produced, and the cost of transportation to the United States in each of said several years, and the causes for the great increase of prices for which the same are now sold in the United States.

8. What proportion of nitrates and nitrogenous materials of all kinds imported into the United States are used for agricultural purposes in the manufacture of fertilizers, or otherwise, and what proportion is

used in the manufacture of explosives for military, mining, and construction purposes.

9. What the Department of Agriculture, if anything, has done toward supplying the shortage in the supply of ammonia, nitrates, and nitrogenous materials now existing in the United States and required for agricultural purposes.

10. Whether Chilean nitrate of soda, atmospheric nitrogen, and nitrogenous materials, and the sale and disposition thereof, intended and used for agricultural purposes in the manufacture of fertilizers, and otherwise, are monopolized or attempted to be monopolized, in whole or in part, by any firms or corporations in the United States or other countries controlling the importations to the United States, and the names and residences of such parties.

The Secretary of Agriculture will, with the information herein called for, transmit to the Senate copies of all documents in his office necessary or convenient for a full explanation and understanding of all the various matters concerning which he is required to furnish information.

Mr. SHIELDS. Mr. President, the subject matter of this resolution is one in which the entire country, especially that east of the Mississippi River, is now intensely interested. It is one of vast importance to the agricultural interests of that section and demands immediate attention.

Nitrogen and nitrogenous materials constitute about 40 per cent of the well-balanced fertilizer. It is absolutely necessary in the production of the great cotton and grain crops of the South. This fertilizer is used more or less all over the United States, but especially in the Southern States.

The Senate has passed a bill providing for a supply of potash, the next most important element, but nothing has been done so far to relieve the great distress upon the part of the country using fertilizers, resulting from the high cost of nitrogenous material. The cost since the war began has risen from \$37 a ton to \$105 a ton, and unless something is done to supply this necessity within the next year I do not think I am overestimating the case in stating that the crop of certain sections of the country will be decreased at least 50 per cent.

In view of the importance of it to the agricultural interests of the country I ask unanimous consent for the immediate consideration of the resolution.

Mr. SAULSBURY. I am not opposing the resolution of the Senator from Tennessee, but before unanimous consent is given I should like to know whether the information asked for would give any valuable military information to the enemy in the present war. I suggest that possibly the reply regarding the use of nitrogen demanded in the resolution might give information which we would not like to disclose.

Mr. SHIELDS. The information is really available to everyone who will investigate the subject; but what we want is the definite information that the Department of Agriculture has or should have. The resolution relates to the supply for agricultural purposes, and it is introduced in the interest of agriculture, to obtain facts upon which to predicate legislation to reduce the cost of fertilizers and destroy the trusts and monopolies now believed to control them.

Mr. SAULSBURY. I understand that the resolution is in the interest of agriculture, but I did not know whether it was broad enough to cover information which might be of military service to the enemy.

Mr. SHIELDS. There is no intention of any disclosure of that kind, and none that is necessary in furnishing the information desired.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

The resolution was considered by unanimous consent and agreed to.

#### TRADING WITH THE ENEMY.

The VICE PRESIDENT laid before the Senate the following concurrent resolution (H. Con. Res. 24) of the House of Representatives, which was read, considered by unanimous consent, and agreed to:

*Resolved by the House of Representatives (the Senate concurring),* That in the enrollment of the bill (H. R. 4960) entitled "An act to define, regulate, and punish trading with the enemy, and for other purposes," the Clerk be, and he is hereby, authorized and directed to strike out the word "act" where it first occurs in the third paragraph of section 19 of the bill, as the same was agreed upon in conference and to insert in lieu thereof the word "section," also, strike out the word "act" where it last occurs in said paragraph and insert in lieu thereof the word "section."

The VICE PRESIDENT. Is there further morning business?

#### MERCHANT MARINE TERMINALS.

THE IMPERATIVE NECESSITY OF ADDITIONAL TERMINALS FOR OUR GREAT MERCHANT MARINE.

Mr. RANDELL. Mr. President, I wish to call attention to a matter of supreme importance to the country in the present war emergency. It has been decided, I understand, as a matter of governmental policy, to divert to Gulf and south Atlantic ports virtually all movement of foodstuffs destined for export to Europe to relieve congestion of railroads and points in the East. The published reports are to the effect that the plan will



be worked out by the Shipping Board in cooperation with shippers, shipowners, and port authorities; that the Shipping Board will appoint, at an early date, a general traffic director who will be put in charge of the program; and it is said the Shipping Board hopes to have the plan working by winter, before snows and bad weather have made transcontinental freight traffic still harder to move. Officials who have given the subject thought declare the proposal will add from 25 to 30 per cent to the efficiency of American railway systems and will do away with the present congestion of freight in northeastern ports. The chief advantage claimed for the arrangement suggested is that export food, largely southern, western, and middle western products, will get a shorter railroad haul, and that munitions and other manufactured products, turned out largely in the East, will not be delayed in shipment while awaiting their turns with raw products. It is further stated that under a traffic director the Shipping Board will name three shipping directors, one for trans-Atlantic trade, another for South American trade, and a third for the Pacific. In all the important ports it is planned to appoint voluntary terminal committees to assist the traffic director in expediting the loading and sailing of vessels.

I also notice in the New York Herald, of the 20th instant, page 4, column 1, an account of an inspection of the port of New York, made by the governors of New York and New Jersey in company with the New York-New Jersey Port Development Commission. The statement is made that the authorities of this great port, and the chief executives of these States declared that the improvement of the port of New York was not only a local but a national duty, since it served a national purpose. I concur in that view so forcibly expressed in the Herald. I believe that now, more than ever, Congress should recognize that the improvement of the ports of the country, in cooperation with the local authorities at the different ports, is a national duty. I go further, and I say that the Government should cooperate with the authorities at producing centers in the interior, like Kansas City, St. Louis, St. Paul, and others, so that there may be established through such cooperation, and so as to efficiently serve the people in this great national crisis, a comprehensive system of storage warehouses and terminal facilities covering the entire country.

This matter was ably presented in a leading article published in the Washington Post on the 19th instant, and, Mr. President, I ask permission to insert this article in the RECORD without reading, as a part of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered. The article referred to is as follows:

[Washington Post, Sept. 19, 1917.]

**LACK SHIP TERMINALS—UNITED STATES AND ALLIES' SUPPLY SYSTEM NEEDS MORE PORT WAREHOUSES—CALLED TO HURLEY'S NOTICE—DEFENSE COMMITTEE FORESEES FACILITIES NECESSARY TO OPERATE NEW FLEET—POWERFUL INTERESTS AT WORK HERE TO INDUCE GOVERNMENT TO ESTABLISH COMMERCIAL BASES AT PRINCIPAL HARBORS—PART OF GIANTIC PLAN TO SYSTEMATIZE TRANSPORTATION WHEN ADDED SHIPS ARE READY.**

[By Albert W. Fox.]

Realizing the danger of a breakdown in the Nation's supply system to Europe, which will be under an increasingly greater strain as American forces in Europe are augmented, powerful interests here are urging the Government to take advance steps toward establishing commercial bases at the principal ports and cooperating with the local authorities at various producing centers.

The possibility of having no adequate means for properly making use of the increased merchant tonnage, for which Congress has appropriated \$2,000,000,000, already looms up to leading men on the terminal committee of the Council of National Defense and has been called to the attention of Chairman Hurley, of the shipping board. The facilities for handling even the present limited shipping are inadequate.

The problem of keeping up a steady flow of supplies to our allies and providing perhaps 2,000,000 American troops in Europe can not be solved by simply turning out a great fleet of cargo ships.

#### HANDLE INCREASED TRAFFIC.

Provision must be made for handling the enormously increased traffic which these ships are to take care of by building up supply bases at the ports, providing warehouses and storage facilities at the producing and terminal centers and otherwise systematizing the whole gigantic plan of transportation. This preparatory work will take months and it is generally felt that it should be begun immediately.

Nothing is more vital to the Nation's war aims than to have assurance that there will be not even temporary collapse of our provisioning system to Europe after we are deeply involved in the struggle. No excuses such as had to be made when the trans-Atlantic transportation system broke down in New York last year can be considered. President Wilson's slogan is to be "sustained effort" when the time comes for the supreme task of the United States and the allies in Europe, and this implies a perfect and guaranteed system of supplies.

#### COORDINATE ALL ELEMENTS.

The President's basic idea is that all elements involved in getting supplies from the United States to Europe must be so coordinated as to begin with the man on the farm and continue automatically to the railroads, producing centers for ships, warehouses, etc. If we have terminal facilities for 600 ships which are twice as efficient as facilities for 1,200 ships the net result so far as getting supplies off to Europe is in each case the same.

A ship that can be loaded in 48 hours is worth two ships that take 96 hours to load. The efficiency or inefficiency of these facilities will

depend on what the Government makes them, but the Government can not afford to wait until the ships are here and then think about building great warehouses which will take months to build.

Apparently the President's advisers on this matter are divided into two groups with men like Chairman Hurley, Morris L. Cook, Francis Lee Stuart, J. Devereux O'Reilly, and C. F. Stannford, the latter all on the terminal committee, advocating action now. The other group sees legal obstacles in the way of the plan and seems to believe that local authorities at the ports and producing centers can be depended upon to "have things ready" when the big merchant fleet puts the real test of efficiency up for trial.

#### MAJOR POINTS INVOLVED.

The major points involved are whether the President should have the Federal Government cooperate actively with the local authorities and even take charge of building up the necessary facilities itself and, secondly, whether the President has the legal authority for spending money in providing warehouses, storage houses, etc., to take care of the shipping that will be handled by the new merchant marine.

Under the emergency deficiency bill, passed June 15, the President is authorized "to build and operate ships." Does this authorize the President to build warehouses and other vitally necessary accessories at New York, Boston, Philadelphia, Baltimore, and New Orleans? On one hand, opinion is advanced that it does not, while the advocates of immediate action maintain that it does. They base this on the Supreme Court decision in the case of the Philadelphia & Southern Steamship Co. v. Pennsylvania (122 U. S. Rept., 326), which sustained the opinion delivered by Mr. Justice Field (Gloucester Ferry Co. v. Pennsylvania, 114 U. S., 196), "that the business of landing and receiving passengers and freight at the wharf in Philadelphia was a necessary incident to and part of their transportation across the Delaware River to New Jersey; that without it transportation would be impossible."

#### NECESSARY TO TRANSPORTATION.

On the basis of this decision, it is now contended that the United States Government's business of landing and receiving freight at the wharves in the various ports is a necessary incident to and part of their transportation across the ocean and without it that transportation would be impossible. The President having the power to build and operate ships, it necessarily follows, it is contended, as an inevitable consequence of that grant that he has the right and the duty to provide proper terminal facilities at the ports.

A preliminary survey of ports and consideration of work which might be done under Government supervision at producing centers like St. Louis, St. Paul, Chicago, etc., indicates that the facilities for putting the transport service to Europe on efficient basis and permitting it to care for rapidly expanding needs would total approximately \$200,000,000.

#### DEPENDS ON TERMINALS.

The concrete steps which the Government may take in putting the plan into operation will be first to call attention to the vital fact that the usefulness of the new merchant fleet will largely depend on the terminal facilities of the Nation. With 50 per cent terminal facilities we will get only 50 per cent of the maximum usefulness out of the plan.

The Government may then call upon the local authorities at the principal ports and in big producing centers to make report as to what is needed while at the same time offering to cooperate on work which must necessarily be done.

#### RESPONSIBILITY ON GOVERNMENT.

There are already evidences that many cities believe the Government should take from them the responsibility and the burden of necessary rush construction work incidental to the prosecution of the war. If a big warehouse and other construction work are needed by the Government at Baltimore, for example, it is contended that the Government should bear the responsibility and the expense, as a matter of this kind would be strictly in line with the national business of prosecuting the war and would be a national matter.

It is now definitely known that the Government's original idea of throwing the entire business of the country on the Atlantic seaboard as a war-emergency measure has had to be abandoned. It is likewise understood that the idea of throwing the responsibility for the Nation's vitally important supply system to Europe on various localities has been given up.

Mr. RANDELL. Mr. President, in the Baltimore Manufacturers' Record of to-day's issue there is a very interesting interview on the same subject with Mr. Arthur McGuirk, special counsel of the board of commissioners of the port of New Orleans, and the proposition which he suggests is indorsed in a very strong editorial. I ask permission to insert that editorial as a part of my remarks.

The VICE PRESIDENT. It is so ordered, without objection.

The editorial referred to is as follows:

#### GREATER UTILIZATION OF SOUTHERN PORTS AS A HELP TO WIN THE WAR.

A vastly greater utilization of southern ports for the shipment of supplies to the American forces in Europe is of obvious necessity at this time. The terminal facilities of northern ports are inadequate for ordinary commerce, as frequent embargoes have shown. What will be the situation, then, when the hundreds of additional ships under construction by the emergency fleet commission of the United States Shipping Board are ready to take on cargoes of war supplies for delivery on the other side? In warfare continuous, enormous, and prompt shipments of food are not less vital than munitions, and with present export ports choked up, with trains unable to promptly deliver goods either to vessels or to storage warehouses, a situation may well be developed that would imperil the effectiveness of the American troops, even before the 2,000,000 men or more who will eventually form the United States expeditionary forces abroad have landed on European soil.

At the great war convention of American business men at Atlantic City last week a resolution was presented by Mr. T. C. Powell, vice president of the Southern Railway, of Cincinnati, proposing Government supervision and distribution of shipments, so that every port of the Atlantic and the Gulf might be utilized to the utmost extent. Mr. Powell's resolution recited that "the free movement of commodities to France for our own armies and to England and the Continent for our allies is a prime necessity at this time; that the concentration of these commodities and foodstuffs at a few ports leads to congestion and delay; that the movement to the ports is governed by the ships available at said ports; that it is within the jurisdiction of the Government of the United States of America to so direct and distribute available ship tonnage as to maintain free and uninterrupted movement of munitions and supplies through



each one of the Atlantic and Gulf ports; that there is not now, nor has there been, any congestion on the railroads of the South, or at any of the ports on the South Atlantic or Gulf coast; that to bring back from the South to the North, East and West supplies of lumber, iron, steel, cotton needed in the manufacture of munitions of war, locomotives, cars, tools, construction of cantonments, etc., it has been necessary for the railroad war board to arbitrarily direct thousands of empty freight cars to be moved to the South for this loading northbound; that this economic loss of transportation capacity could be largely reduced and offset by opening up more freely the southern ports by sending ships to said southern ports, and that the problem of providing temporary shelter and storage space prior to the transshipment for the immense stores of food, clothing, and munitions needed in ever-increasing volume by our own troops would be largely solved by this distribution of tonnage and goods among all the Atlantic and Gulf ports, Boston to Galveston, inclusive, and by the use of the large warehouses at said ports and adjacent thereto," under which circumstances it was urged that the proper governmental authority be requested to take action on this situation.

The necessity for governmental action along these lines is further urged by Mr. Arthur McGuirk, special counsel for the board of commissioners of the port of New Orleans, in an interview printed elsewhere in this issue of the Manufacturers' Record. Mr. McGuirk takes the position that the operation of ocean shipping should be directed by the Shipping Board, just as the railroads of the country are now operated by a railroad board of five men, so that vessels would be distributed among the ports which may at the moment be the freest from congested conditions. Just now southern ports would meet the situation, if the Shipping Board, sitting as on an observation tower, were to survey the entire field and allot cargoes and distribute ships in accordance with local conditions that were found to exist.

But when the ships of the emergency fleet are put into service, and the demands for ever-increasing quantities of supplies become a seriously perplexing problem, vitally affecting the fighting strength of the armies abroad, there will be necessity for enormously increased storage capacity at the ports of the South as well as in those of the North. The situation will be so serious and the urgency so immediate, Mr. McGuirk contends, that communities will be unable to provide adequate terminals—large storage warehouses, wharves, and adjuncts—within the time required to keep the flow of food and munitions supplies up to the necessary volume. He therefore urges that the Government itself undertake the construction of warehouses, and he quotes Supreme Court decisions to prove that in empowering the Shipping Board to operate ships authority was necessarily conferred to provide adequate terminals, without which the complete operation of a fleet could not be attained.

In making a plea that New Orleans be given Government aid in storage warehouse construction Mr. McGuirk relates that after spending some \$20,000,000 in recent years on grain elevators, cotton warehouses, wharves, and sheds the facilities of the port are hard pressed by shipping demands, which go hand in hand with the expansion as it occurs, so that "terminals act as trade magnets," he declares.

As an illustration Mr. McGuirk states that California made New Orleans a tender of 10,000,000 bushels of barley as soon as announcement was made of intention to double the elevator capacity.

Undaunted it would take New Orleans many years to provide the terminals that should be ready by the time the emergency fleet is in operation, Mr. McGuirk declares.

High prices of materials and inability to get deliveries impede progress at this time, and so it is urged that the Government, with its power to commandeer materials and activities, should set aside \$200,000,000 or so to supplement the present terminals at various important ports of the country. These warehouses, instead of being temporary structures, as some have suggested, should be permanent, for use in building up and holding foreign trade, and for the utilization of our new merchant marine after the war. The expansion of terminals by the Government should not be an expedient, but a principle," Mr. McGuirk maintains.

A plan is suggested for amortization of bonds issued for this purpose, if the Government wishes to handle the matter on the basis of a loan, although, as in the case of land grants and bond issues to aid in the construction of transcontinental railroads, and in appropriations for the improvement of rivers and harbors, and the construction of levees and of good roads, the Government might with propriety, it is maintained, look on moneys spent for terminals as a benefit to the Nation as a whole, especially as "if victory rests on ships to be built by the United States, victory then ultimately rests upon the terminals, without which the operation of the ships will be impossible."

An interesting point is made as to the demoralization that would come to the submarine campaign of Germany if traffic were to be diverted to the ports of the South instead of continuing on the well-known lanes between New York and Liverpool and New York and Havre, for there could be no mass attack on a scattered fleet of ships sailing outside of present traveled lanes. The present bases of submarines would be useless and none could be established in the West Indies or on the Mexican Gulf.

The element of safety is thus added to all other reasons why southern ports should be utilized to the greatest possible extent.

In the emergency that exists vigorous action should be taken by the Shipping Board and local institutions in cooperation, so that the most feasible plan for insuring supplies for the troops may be worked out, and without a moment of unnecessary delay, now or in the future.

Mr. RANDELL. Mr. President, an extensive shipbuilding and port terminal program for this country is not merely imperative now but it will be an economic necessity after the war. Congress has recognized the necessity for terminal facilities for the Army. In the urgent deficiency bill, just passed, I read, for example:

Terminal facilities: For terminal storage and shipping buildings and other facilities, including rentals and purchase of land, \$10,000,000: Provided, That the Chief of Ordnance, United States Army, is authorized to enter into contracts or otherwise to incur obligations for the purposes above mentioned not to exceed \$5,000,000 in addition to the appropriation herein made.

This makes a total of \$15,000,000 for terminals, and so forth, for use of the Army. Under the head of "Transportation of the Army and of supplies" there is provision in the \$350,000,000 appropriation "for payment of wharfage, tolls, and ferriages." Again, in the same bill, under the heading "Barracks and quarters," expenditures are authorized for "storehouses," and under the title "Roads, walks, wharves, and drainage" an ap-

propriation of \$12,000,000 is provided "for the construction and repair by the Quartermaster Corps of roads, walks, and wharves." A large part of this \$12,000,000 will doubtless go into terminals.

In the rivers and harbors bill approved August 8, 1917, we created a Waterways Commission "to bring into coordination and cooperation the engineering, scientific, and constructive services, bureaus, boards, and commissions of the several governmental departments of the United States and commissions created by Congress \* \* \* with a view to uniting such services" with respect, among other things, to the "promotion of terminals and transfer facilities," and it is provided that there shall be "cooperation between the United States and the several States, political subdivisions thereof, municipalities, communities, corporations, and individuals within the jurisdiction, powers, and rights of each, respectively, and with a view to assigning to the United States such portion of such development, promotion, regulation, and control as may be undertaken by the United States, and to the States, political subdivisions thereof, municipalities, communities, corporations, and individuals such portions as belong to their respective jurisdiction, rights, and interests."

This is a declaration of sound public policy. It looks to coordination of effort and of facilities. Its purpose is to prevent duplication. This policy should be applied in an intelligent solution of our transportation problems by land and water. Of course a system of terminals and storage warehouses on the seaboard, on the Great Lakes, and on the great rivers of our country is a vital necessity to our success in the tremendous task we have undertaken. No half measures will suffice. The issue must be met boldly. From the Atlantic to the Pacific, from the Canadian line to the Gulf of Mexico, the network of storage warehouses and proper terminals must be spread and constitute a general system. The activities of all the departments of the Government must be intelligently directed to that end, and in the expenditure of the money provided and to be provided in the establishment of this great national terminal system the rights of all concerned, both public and private, should be respected. This can readily be brought about by an observance of the rule of policy established by Congress in the rivers and harbors bill from which I have just read.

Mr. President, we have found no difficulty in times past, and we find no difficulty now, in cooperating with the local authorities in the building of good roads, levees, and other permanent improvements, and the same policy should be followed with respect to the system of storage warehouses and port terminals, so indispensably necessary to the proper service of our emergency fleet, upon which we are spending \$1,749,000,000. Once again a truly American merchant marine will sail the seas, carrying the flag to every port on the globe. Our fleet will be the greatest and the best in the world. It will symbolize freedom—the freedom of the seas so inseparable from the freedom of the land. We are breathing into it the true, unconquerable American spirit. We have a clear conception of our duty to provide all things necessary for its service, and we will not fail in that duty.

Mr. President, I notice that at the great war convention of the business men at Atlantic City last week a resolution was presented and adopted which recited "the free movement of commodities to France for our own armies and to England and the Continent for our allies, is a prime necessity at this time; that the concentration of these commodities and foodstuffs at a few ports leads to congestion and delay; that the movement to the ports is governed by the ships available at said ports; that it is within the jurisdiction of the Government of the United States of America to so direct and distribute available ship tonnage as to maintain free and uninterrupted movement of munitions and supplies through each one of the Atlantic and Gulf ports; that there is not now, nor has there been, any congestion on the railroads of the South, or at any of the ports on the south Atlantic or Gulf coasts; that to bring back from the South to the North, East, and West supplies of lumber, iron, steel, cotton needed in the manufacture of munitions of war, locomotives, cars, tools, construction of cantonments," and so forth, "it has been necessary for the Railroad War Board to arbitrarily direct thousands of freight cars to be moved to the South for this loading northbound; that this economic loss of transportation capacity could be largely reduced and offset by opening up more freely the southern ports by sending ships to said southern ports, and that the problem of providing temporary shelter and storage space prior to the transshipment for the immense stores of food, clothing, and munitions needed in ever-increasing volume by our own troops would be largely solved by this distribution of tonnage and goods among all the Atlantic and Gulf ports, Boston to Galveston, inclusive, and by the use of the large warehouses at said ports and adjacent thereto," and so forth.



This resolution was offered by Mr. T. C. Powell, vice president of the Southern Railway, who is an authority upon terminals, and in the resolution the Government is urged to take action along the lines set forth. I quite agree with the spirit of the resolution, but I go a step further and say that the shelter and storage space to be provided for prior to transshipment should be permanent and not temporary in character. We have not been appalled by the gigantic expenditures we have been called upon to authorize. At the same time in all this waste of war, in all this destruction, some attention should be paid to our future after the war, and out of all these colossal expenditures some brand should be saved from the burning and some construction should be made permanent. We must, in some way, repay all the money that is now being expended, and we should, as far as possible, preserve the tools with which we must earn it. It would be improvident indeed not to build permanently when we can just as well do so.

It seems to be generally agreed that some such storage and terminal system as I have outlined is needed. It remains for us to say whether that system shall be of permanent value to the Nation or a mere temporary expedient. It seems to me that as between a permanent system and a temporary one there can be little choice, and that it is our patriotic duty to require all the departments of the Government to cooperate with the local authorities so that the system to be established shall be permanent and serve us efficiently, both during and after the war.

#### STOCK-RAISING HOMESTEADS.

Mr. JONES of New Mexico. Mr. President, in December of last year the Congress passed what is known as the stock-raising homestead law. That act provided in section 1 as follows:

That from and after the passage of this act it shall be lawful for any person qualified to make entry under the homestead laws of the United States to make a stock-raising homestead entry for not exceeding 640 acres of unappropriated unreserved public land in reasonably compact form: *Provided, however*, That the land so entered shall theretofore have been designated by the Secretary of the Interior as "stock-raising lands."

#### Section 2 provided:

Sec. 2. That the Secretary of the Interior is hereby authorized, on application or otherwise, to designate as stock-raising lands subject to entry under this act lands the surface of which is, in his opinion, chiefly valuable for grazing and raising forage crops, do not contain merchantable timber, are not susceptible of irrigation from any known source of water supply, and are of such character that 640 acres are reasonably required for the support of a family.

The bill provided further that until the lands were classified the intending entryman should not have the right to maintain exclusive possession. The result is that throughout the West a large number of people have gone upon lands which would be subject to entry under this act provided they were classified. My information is that something over 70,000 people have made entry of these lands, but under the terms of the act can acquire no legal right to maintain possession or use the lands and develop them to make them productive. In these times it is important that wherever anyone is willing to go upon lands and make them productive he should have an opportunity to do so.

There was no appropriation made during the last session of Congress which would enable the Secretary of the Interior to classify these lands, and funds for that purpose were not made available until the 1st of July of this year.

It is exceedingly important that these lands be classified at once, or, at any rate, within the next six months, so that next spring, at least, people who desire to go upon these lands may go there with some legal right.

A few weeks ago the Senate adopted an amendment to one of the food-control bills which would have remedied the situation in certain of the Western States, but the bill to which that amendment was attached was considered by the Committee on Agriculture, and that committee did not feel that it had sufficient knowledge of the situation to justify retaining it upon the bill in conference. So the amendment, which had been formally submitted by the Senator from New Mexico [Mr. FALL], and which was agreed to by the Senate almost unanimously, did not remain upon the bill as it came out of conference. So it became necessary to introduce a new bill, which I did some weeks ago. That bill was referred to the Committee on Public Lands and is now before the Senate with a favorable report from that committee, the committee suggesting two amendments, so as to include two additional States which were not named in the bill as originally introduced.

This is a matter of vital importance to many sections of the West, and is an essential measure if we intend to increase the food production of the country. It will develop the country

and tend to bring about the results for which we are all seeking at this particular time. In view of the situation, I ask unanimous consent that the Senate now take up for consideration the bill (S. 2776) providing for the classification of lands under the stock-grazing homestead act in certain States, and for other purposes, which is No. 117 on the calendar.

The VICE PRESIDENT. Is there objection?

Mr. HUSTING. I object, Mr. President.

Mr. JONES of New Mexico. Then, Mr. President, I move that the Senate proceed to the consideration of the bill.

The VICE PRESIDENT. The Senator from New Mexico moves that the Senate proceed to the consideration of Calendar No. 117, being Senate bill 2776.

Mr. HUSTING. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Harding	New	Smith, Ariz.
Brady	Husting	Norris	Smith, Ga.
Brandee	Johnson, Cal.	Overman	Smith, Md.
Calder	Jones, N. Mex.	Page	Smith, S. C.
Culberson	Jones, Wash.	Phelan	Smoot
Cummins	Kellogg	Pittman	Sterling
Curtis	Kenyon	Polindexter	Swanson
Fernald	King	Pomerene	Trammell
Fletcher	La Follette	Ransdell	Wadsworth
France	McCumber	Robinson	Weeks
Gerry	McKellar	Shafroth	Williams
Gore	McNary	Sheppard	
Hale	Martin	Shields	

Mr. SHAFROTH. I desire to announce the unavoidable absence of my colleague [Mr. THOMAS] on account of sickness and to state that he is paired with the senior Senator from North Dakota [Mr. McCUMBER]. I will let this announcement stand for the day.

Mr. SMITH of South Carolina. I have been requested by the junior Senator from Mississippi [Mr. VARDAMAN] to announce that he is temporarily unavoidably detained.

Mr. HUSTING. I have been requested to announce the unavoidable absence of the senior Senator from Kansas [Mr. THOMPSON]. I wish also to announce the absence of the junior Senator from Kentucky [Mr. BECKHAM] on account of illness.

Mr. ROBINSON. I desire to announce the unavoidable absence of my colleague, the junior Senator from Arkansas [Mr. KIBBY], who has been called home on account of illness in his family. I ask that this announcement may stand for the day.

Mr. McNARY. I wish to announce the unavoidable absence of my colleague [Mr. CHAMBERLAIN].

The VICE PRESIDENT. Fifty Senators have answered to the roll call. There is a quorum present. The Senator from New Mexico [Mr. JONES] has moved that the Senate proceed to the consideration of a bill the title of which will be stated.

The SECRETARY. A bill (S. 2776) providing for the classification of lands under the stock-grazing homestead act in certain States, and for other purposes.

The VICE PRESIDENT. The question is on the motion of the Senator from New Mexico.

The motion was agreed to; and the Senate, as in Committee of the Whole, proceeded to consider the bill (S. 2776) providing for the classification of lands under the stock-grazing homestead act in certain States, and for other purposes, which had been reported from the Committee on Public Lands with amendments.

The VICE PRESIDENT. The Secretary will read the bill.

The Secretary read the bill, as follows:

*Be it enacted, etc.*, That the Secretary of the Interior is hereby authorized and directed to complete the classification or designation of lands within the States of New Mexico, Arizona, Colorado, Wyoming, and South Dakota, as provided in the stock-grazing homestead act in cases in which application has heretofore been made to enter land under said act, within six months of the enactment of this act; and that the Secretary of the Interior is hereby authorized and directed to complete the classification or designation of lands within the aforesaid States as provided in the stock-grazing homestead act in cases in which application may hereafter be made to enter land under said act, within six months from date of the filing of application therefor: *Provided further*, That if the Secretary of the Interior shall fail to so classify or designate the said lands within the time as directed in the foregoing proviso, then and in such event such lands shall be deemed *prima facie* classified in the manner and to the effect following, to wit:

(a) All applications for entry of public lands under the provisions of the act of December 29, 1916, known as the 640-acre homestead act, heretofore or hereafter made in the States of New Mexico, Arizona, Colorado, Wyoming, and South Dakota, which contain in substance a verified statement by the applicant, corroborated by the affidavits of two disinterested parties, that said lands do not contain merchantable timber suitable for lumber purposes, are not susceptible of irrigation from any known source of water supply, do not contain any water hole or other body of water needed by the public for watering purposes, that the land is chiefly valuable for grazing or raising forage crops, are hereby directed to be received, if otherwise regular, by the respective land officials and given the same force and effect as if such lands embraced within such application had been classified by the Secretary of the Interior as lands subject to entry under said act prior to the date of the filing of such application: *Provided, however*, That the filing



of any such application shall be only prima facie evidence of the facts therein stated, and that an individual or the Government may, within one year after the allowance of such application, institute a contest against such application upon the ground that such facts so stated are not true, and if upon such contest it shall appear that such statements are not true, then and in such case said application and any entry which may be allowed upon such application shall be canceled: *Provided further*, That if any application heretofore or hereafter filed for entry of lands under said act shall not contain a statement of all of said facts, they may be declared defective by any land-office official authorized to pass upon the sufficiency of such applications, and in such event the applicant shall have the right to correct his application by the filing of additional affidavits showing any or all of said facts within 30 days after he shall receive notice of any such defect in his application, and upon the filing of such additional affidavits duly corroborated showing such of said facts as were omitted from the application the said application shall then be allowed with the same force and effect as if said facts had appeared in the said application; and

(b) All applications for additional entries of public lands under the provisions of said act, heretofore or hereafter made in said States, which contain in substance a verified statement by the applicant, corroborated by the affidavits of two disinterested parties, that the land within the original filing or entry does not contain merchantable timber suitable for lumber purposes; is not susceptible of irrigation from any known source of water supply, and that the land is chiefly valuable for grazing or raising forage crops, are hereby directed to be received, if otherwise regular, by the respective land officials and given the same force and effect as if such lands embraced within such original filing or entry had been classified by the Secretary of the Interior as lands of the same character as land subject to entry under said act prior to the date of the filing of said application: *Provided, however*, That the filing of any such application for additional entries shall be only prima facie evidence of the facts therein stated and subject to contest in the same manner and to the same extent as provided in the foregoing section as to applications for original entries, but if any of said applications are defective such defects may be cured in the same manner, to the same extent, and with like effect as provided in the foregoing section for the curing of defects in applications for original entries of lands under said act.

SEC. 2. That hereafter no forest reservation shall be created, nor shall any additions be made to one heretofore created, within the limits of the States of New Mexico and Arizona, except by act of Congress.

Mr. JONES of Washington. Mr. President, I should like to ask the Senator from New Mexico whether he would object to having the State of Washington included within the terms of the bill?

Mr. JONES of New Mexico. No objection whatever.

Mr. JONES of Washington. I desire to offer that amendment at the proper time.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

#### DEATH OF REPRESENTATIVE EBENEZER J. HILL.

A message from the House of Representatives, by J. C. South, its Chief Clerk, communicated to the Senate the intelligence of the death of Hon. EBENEZER J. HILL, late a Representative from the State of Connecticut, and transmitted resolutions of the House thereon.

The VICE PRESIDENT. The Chair lays before the Senate resolutions from the House of Representatives, which will be read.

The Secretary read the resolutions, as follows:

IN THE HOUSE OF REPRESENTATIVES OF THE UNITED STATES,  
September 27, 1917.

*Resolved*, That the House has heard with profound sorrow of the death of Hon. EBENEZER J. HILL, a Representative from the State of Connecticut.

*Resolved*, That a committee of 21 Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

*Resolved*, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provisions of these resolutions, and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

*Resolved*, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

*Resolved*, That as a further mark of respect, this House do now adjourn.

In accordance with the foregoing resolution, the Speaker appointed Mr. LONERGAN, Mr. TILSON, Mr. GLYNN, Mr. FREEMAN, Mr. HULL of Tennessee, Mr. GILLET, Mr. GARNER, Mr. COLLIER, Mr. DICKINSON, Mr. OLDFIELD, Mr. CRISP, Mr. HELVERING, Mr. O'SHAUNESSY, Mr. CAREW, Mr. WHITE of Ohio, Mr. GREEN of Iowa, Mr. SLOAN, Mr. LONGWORTH, Mr. GEORGE W. FAIRCHILD, Mr. STERLING of Illinois, Mr. MARTIN of Louisiana, Mr. TREADWAY, and Mr. RODENBERG.

Mr. BRANDEGEE. Mr. President, the Hon. EBENEZER J. HILL served continuously in the House of Representatives for 23 years, with the exception of a period of two years. He was one of the great leaders of the Republican Party during that entire period. He occupied a prominent position upon many of the most important committees of the House. He was a great expert upon banking and currency, tariff questions, and all commercial questions. His name was a household word in bankers' conventions and upon political platforms in this country for many years.

At some future time I shall ask the Senate to set aside a day when proper tribute may be paid to the life, character, and distinguished public services of this great man.

I send to the desk resolutions, which I ask to have read.

The resolutions (S. Res. 138) were read, considered by unanimous consent, and unanimously agreed to, as follows:

*Resolved*, That the Senate has heard with deep sensibility the announcement of the death of the Hon. EBENEZER J. HILL, late a Representative from the State of Connecticut.

*Resolved*, That a committee of eight Senators be appointed by the Vice President to join a committee appointed on the part of the House of Representatives to take order for superintending the funeral.

*Resolved*, That the Secretary communicate a copy of these resolutions to the House of Representatives and to the family of the deceased.

The VICE PRESIDENT, under the second resolution, appointed Mr. BRANDEGEE, Mr. MCLEAN, Mr. DILLINGHAM, Mr. FERNALD, Mr. JAMES, Mr. OVERMAN, Mr. POMERENE, and Mr. NEWLANDS the committee on the part of the Senate.

Mr. BRANDEGEE. Mr. President, as a further mark of respect to the memory of the deceased, I move that the Senate adjourn until 12 o'clock noon on Saturday next.

The motion was unanimously agreed to; and (at 1 o'clock p. m.) the Senate adjourned until Saturday, September 29, 1917, at 12 o'clock meridian.

## HOUSE OF REPRESENTATIVES.

THURSDAY, September 27, 1917.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

Our Father in Heaven, "in whom is no variableness, neither shadow of turning," constant in Thy ministrations, upholding, sustaining, guiding those who wait upon Thee, we thank Thee for past blessings and most earnestly pray that we may lean with greater confidence upon Thee, that as individuals and as a Nation we may march onward and upward in righteousness, truth, and justice.

Once more in the dispensation of Thy Providence we are called upon to mourn the loss of a Member of this House. Wise in his counsels, firm in his convictions, pure in his motives, he leaves behind him a worthy record. Comfort, we beseech Thee, his colleagues, friends, and the bereaved family with the promises of the Gospel.

We know not what the future hath  
Of marvel or surprise;  
Assured alone that life and death  
His mercy underlies—

so we trust, hope, aspire, and pray in the spirit of the Master. Amen.

The Journal of the proceedings of Tuesday, September 25, was read and approved.

#### ORDER OF BUSINESS—FOREIGN SHIPPING.

Mr. ALEXANDER. Mr. Speaker, I desire to submit a request for unanimous consent, namely, that the bill H. R. 6175, a bill to admit ships of foreign registry into the coastwise trade, be made a special order, subject to the consideration of conference reports and other privileged matters.

The SPEAKER. The gentleman from Missouri [Mr. ALEXANDER] asks unanimous consent that the bill H. R. 6175 be made in order, subject to conference reports, privileged matters, and matters on the Speaker's table.

Mr. JOHNSON of Washington. Reserving the right to object, I would like to learn from the gentleman from Missouri if this bill is brought up for consideration, if there will be ample time for debate?

Mr. ALEXANDER. Why, certainly.

Mr. JOHNSON of Washington. I shall not make an objection, then.

The SPEAKER. Is there objection?

Mr. MONDELL. Reserving the right to object, I want to ask the gentleman from Missouri if he expects to bring the bill up for consideration to-day?

Mr. ALEXANDER. I do, unless the House should adjourn out of respect to the memory of Mr. HILL.

Mr. MONDELL. I understand the House will probably adjourn.

Mr. ALEXANDER. I want to give it a privileged status, so that it may come up to-morrow if there are no conference reports or other matters to be brought up.

Mr. MONDELL. The gentleman desires to have the bill given a privileged status, so that it can be taken up to-morrow?

Mr. ALEXANDER. That is, provided we adjourn over to-day. If not, I want to take it up for immediate consideration.

Mr. BRITTEN. Mr. Speaker, reserving the right to object, I would like to know if I can get, during the time for debate on the bill, five minutes out of order to talk about the proposed taking over of the Bureau of Accounts and Supplies of the Navy Department by this War Industries Board? My remarks



will be purely of a complimentary character, and I want to call the situation to the attention of the House.

Mr. ALEXANDER. I will give the gentleman time if I have it at my disposal.

Mr. BRITTEN. Is the debate going to be confined to the bill?

The SPEAKER. I do not know.

Mr. STAFFORD. Under general debate the gentleman would have the privilege of speaking on any matter outside of the subject matter of the bill.

The SPEAKER. Of course.

Mr. MADDEN. Mr. Speaker, reserving the right to object, I wish to inquire of the gentleman from Missouri [Mr. ALEXANDER] whether the hearings that we talked about the other day are available to Members?

Mr. ALEXANDER. Oh, yes. They are printed.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. ALEXANDER] that this bill be made privileged as a continuing order?

Mr. MADDEN. To-morrow?

The SPEAKER. It does not make any difference whether the House adjourns to-day or not. If it does not adjourn it is privileged now.

Mr. GARNER. Will not conference reports be privileged business?

The SPEAKER. Of course, conference reports and matters of the highest privilege are always in order, no matter what is under consideration.

Mr. GILLETT. As to a report from the Committee on Rules, would that give it precedence over that?

The SPEAKER. No.

Mr. MADDEN. Another thing, Mr. Speaker, would this give the consideration of this bill the right of way over the announcement of the death of a Member?

The SPEAKER. Oh, no. That is, the Chair would recognize some gentleman to offer a resolution.

Mr. STEENERSON. Nor would it supersede a privileged motion?

The SPEAKER. The Chair just stated it would not. It would undoubtedly supersede ordinary privileged matter.

Mr. STEENERSON. The question is whether it would supersede a privileged motion to discharge a committee of inquiry under an ordinary resolution of inquiry for information from the President? It is privileged under the rules. Whether that is included in the matters of privilege or not—

Mr. ALEXANDER. Mr. Speaker, I wish to say to the gentleman from Minnesota that if he has read this bill and report, and the hearings, I think he will be impressed with the very great importance of the bill as regards the successful prosecution of this war. It ought not to give place to any ordinary privileged matter.

Mr. STEENERSON. Oh, well, I can not agree to that. I certainly will object if it will supersede a motion that I was about to make to discharge a committee from the consideration of a resolution of inquiry. It would not take long. It is a very expeditious matter, and it is privileged.

Mr. ALEXANDER. I have no objection to that if it will not take long.

Mr. STEENERSON. That is what I want to understand. It is not debatable, and it can be quickly disposed of. I wanted it understood. With that understanding, Mr. Speaker, I shall not object.

Mr. COOPER of Wisconsin. Reserving the right to object, Mr. Speaker, I desire to inquire if the bill to which the gentleman from Missouri [Mr. ALEXANDER] is referring would prevent the consideration of the resolution which was introduced here the other day by the gentleman from Michigan [Mr. FORDNEY].

Mr. GILLETT. Mr. Speaker, I object. I will save time by objecting.

The SPEAKER. The gentleman from Massachusetts objects.

#### MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Waldorf, its enrolling clerk, announced that the Senate had passed without amendment the following concurrent resolution:

*Resolved by the House of Representatives (the Senate concurring).* That in the enrollment of the bill (H. R. 4960) entitled "An act to define, regulate, and punish trading with the enemy, and for other purposes," the Clerk be, and he is hereby, authorized and directed to strike out the word "it," on page 21, line 20, and to insert in lieu thereof the word "him."

The message also announced that the Senate had passed joint resolution (S. J. Res. 89) to authorize the Secretary of the Interior to expend funds in New Mexico and Texas for drainage purposes, in which the concurrence of the House of Representatives was requested.

The message also announced that the Senate had passed the bill (S. 2920) authorizing the Secretary of War to donate to the State of North Carolina two brass cannon, with carriages, in which the concurrence of the House of Representatives was requested.

The message also announced that the Senate had passed with amendments bill of the following title, in which the concurrence of the House of Representatives was requested:

H. R. 5949. An act making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1918, and prior fiscal years, on account of war expenses, and for other purposes.

The message also announced that the Senate had agreed to the amendment of the House of Representatives to the bill (S. 2705) to create the Aircraft Board and provide for its maintenance.

The message also announced that the Senate had passed bill of the following title, in which the concurrence of the House of Representatives was requested:

S. 2883. An act making further provision for the allotment of pay of officers, enlisted men, and civilian employees of the Army, and for other purposes.

#### ENROLLED BILLS SIGNED.

The SPEAKER announced his signature to enrolled bills of the following titles:

S. 2705. An act to create the Aircraft Board and provide for its maintenance; and

S. 2156. An act to authorize exploration for and disposition of potassium.

#### ENROLLED BILL PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. LAZARO, from the Committee on Enrolled Bills, reported that on September 26, 1917, they had presented to the President of the United States, for his approval, the following bill:

H. R. 5335. An act to extend the time for constructing a bridge across the Tug Fork of the Big Sandy River near Warfield, Ky., and Kermit, W. Va., authorized by an act approved January 28, 1916.

#### TRADING WITH THE ENEMY.

Mr. MONTAGUE. Mr. Speaker, I ask for the present consideration of a concurrent resolution, which I send to the Clerk's desk to be read.

The SPEAKER. The gentleman from Virginia asks for the present consideration of a concurrent resolution, which the Clerk will report.

The Clerk read as follows:

#### House concurrent resolution 24.

*Resolved by the House of Representatives (the Senate concurring).* That in the enrollment of the bill (H. R. 4960) entitled "An act to define, regulate, and punish trading with the enemy, and for other purposes," the Clerk be, and he is hereby, authorized and directed to strike out the word "act" where it first occurs in the third paragraph of section 19 of the bill as the same was agreed upon in conference, and to insert in lieu thereof the word "section." Also strike out the word "act" where it last occurs in said paragraph and insert in lieu thereof the word "section."

Mr. COOPER of Wisconsin. Mr. Speaker, I would like to inquire of the gentleman from Virginia to what the word "act" refers?

Mr. MONTAGUE. It refers to the whole. It should apply to the whole act.

Mr. COOPER of Wisconsin. The word "act" did not refer exclusively to the espionage act?

Mr. MONTAGUE. No. This makes it more concrete and perfects the text, as was intended by the House and by the committee of conference.

Mr. COOPER of Wisconsin. Does the word "act" as there used refer to the espionage act?

Mr. MONTAGUE. No; to the act itself, not to the espionage act.

The SPEAKER. Is there objection?

Mr. LONDON. Reserving the right to object, Mr. Speaker, I would like to ask what would be the effect of a refusal to consent to the consideration of the resolution?

The SPEAKER. That would be a question for the House to decide.

Mr. LONDON. No action, or a refusal to the request for the consideration of this resolution at the present time, would simply delay it?

The SPEAKER. Yes. It does not kill it. I suppose it would delay it until to-morrow. If the House remained in session all day to-day, they might call it up again at some convenient season to-day.

Mr. LONDON. If that is all the damage I could do, I shall not object. [Laughter.]

The SPEAKER. Is there objection?

There was no objection.



The SPEAKER. The question is on agreeing to the concurrent resolution.

The resolution was agreed to.

On motion of Mr. MONTAGUE, a motion to reconsider the vote whereby the resolution was agreed to was laid on the table.

DEATH OF REPRESENTATIVE E. J. HILL, OF CONNECTICUT.

Mr. GLYNN. Mr. Speaker, it is my painful duty to announce to this House the death of my distinguished colleague, the Hon. EBENEZER J. HILL, who for more than 20 years has represented his State in Congress with remarkable integrity and fidelity.

At some later day I shall ask that a day be set aside when fitting tribute can be paid to his distinguished character and to his eminent public services. At this time I offer a resolution and ask for its immediate consideration.

The SPEAKER. The Clerk will report it.

The Clerk read as follows:

House resolution 155.

*Resolved*, That the House has heard with profound sorrow of the death of Hon. EBENEZER J. HILL, a Representative from the State of Connecticut.

*Resolved*, That a committee of 23 Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

*Resolved*, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provisions of this resolution, and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

*Resolved*, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

The SPEAKER. The Chair will announce the House Members of the committee to attend the funeral. The Chair would appoint the entire Committee on Ways and Means were it not for the fact that Messrs. KITCHIN, RAINY, DIXON, FORDNEY, GARNER, and MOORE of Pennsylvania are on this conference committee on the war-revenue bill. If any of them want to go, I will appoint them. I do not think they can go, and I do not think they ought to go, although, of course, everybody had great respect for Mr. HILL, and the entire House would like to go.

Mr. KITCHIN. It will be impossible, I will say, Mr. Speaker, for the first five Members to go.

The SPEAKER. I will appoint the committee as follows: Mr. LONERGAN, Mr. TILSON, Mr. GLYNN, Mr. FREEMAN, Mr. GILLET, Mr. HULL of Tennessee, Mr. GARNER, Mr. COLLIER, Mr. DICKINSON, Mr. OLDFIELD, Mr. CRISP, Mr. HELVERING, Mr. O'SHAUNESSY, Mr. CAREW, Mr. WHITE of Ohio, Mr. GREEN of Iowa, Mr. SLOAN, Mr. LONGWORTH, Mr. GEORGE W. FAIRCHILD, Mr. STERLING of Illinois, Mr. MARTIN of Louisiana, Mr. TREADWAY, and Mr. RODENBERG.

ADJOURNMENT.

The SPEAKER. The Clerk will report the next resolution.

The Clerk read as follows:

*Resolved*, That as a further mark of respect, this House do now adjourn.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was unanimously agreed to.

Accordingly (at 12 o'clock and 20 minutes p. m.) the House adjourned until to-morrow, Friday, September 28, 1917, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, a letter from the Secretary of Commerce, transmitting a petition from certain lighthouse keepers stationed in the States of Oregon and Washington for an increase in compensation, was taken from the Speaker's table and referred to the Committee on Interstate and Foreign Commerce.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. MONTAGUE, from the Committee on Interstate and Foreign Commerce, to which was referred the bill (S. 2878) granting the consent of Congress to The Whiteville Lumber Co. to construct a bridge across Waccamaw River, reported the same without amendment, accompanied by a report (No. 167), which said bill and report were referred to the House Calendar.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. GARD: A bill (H. R. 6329) to amend sections 24 and 256 of the Judicial Code, relating to the jurisdiction of the dis-

trict courts, so as to save to claimants the rights and remedies under the workmen's compensation law of any State; to the Committee on the Judiciary.

By Mr. PLATT: A bill (H. R. 6330) to amend the act approved December 23, 1913, known as the Federal reserve act, as amended by the acts of August 4, 1914, August 15, 1914, March 3, 1915, and September 7, 1916; to the Committee on Banking and Currency.

By Mr. MONDELL: A bill (H. R. 6331) to amend section 3 of the act entitled "An act to provide for stock-raising homesteads, and for other purposes," approved December 29, 1916; to the Committee on the Public Lands.

By Mr. CLARK of Florida: A bill (H. R. 6332) to direct the Secretary of the Treasury to call upon such States as received money from the Federal Government under the terms of the act of June 23, 1836, for the repayment of the same as provided in said act; to the Committee on the Judiciary.

By Mr. MONDELL: A bill (H. R. 6333) to amend section 3 of an act entitled "An act to provide for stock-raising homesteads, and for other purposes," approved December 29, 1916; to the Committee on the Public Lands.

Also, a bill (H. R. 6334) authorizing men in the military and naval service of the United States to make certain affidavits required by the land laws before their commanding officers; to the Committee on the Public Lands.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ASHBROOK: A bill (H. R. 6335) granting a pension to Huldah Bone; to the Committee on Invalid Pensions.

By Mr. DENISON: A bill (H. R. 6336) granting an increase of pension to Robert Marshall; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6337) granting an increase of pension to Robert B. Whinery; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6338) granting an increase of pension to Charles W. Sabine; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6339) granting an increase of pension to George Williams; to the Committee on Invalid Pensions.

By Mr. DOREMUS: A bill (H. R. 6340) granting a pension to Leo A. Kelly; to the Committee on Pensions.

By Mr. FULLER of Illinois: A bill (H. R. 6341) granting an increase of pension to Mary E. Smith; to the Committee on Invalid Pensions.

By Mr. IGOE: A bill (H. R. 6342) authorizing the Secretary of the Interior to enroll Isabell Richter, née Bell Cook, and her son, Charles H. Richter, as Cherokee Indians; to the Committee on Indian Affairs.

By Mr. MONTAGUE: A bill (H. R. 6343) authorizing the President to nominate and, by and with the advice and consent of the Senate, appoint John B. H. Waring, late a captain in the Medical Corps of the United States Army, a major in the Medical Corps on the retired list, and increasing the retired list by one for the purpose of this act; to the Committee on Military Affairs.

By Mr. WALDOW: A bill (H. R. 6344) granting an increase of pension to Beverly M. Stanton; to the Committee on Invalid Pensions.

By Mr. GALLAGHER: Resolution (H. Res. 153) authorizing the Clerk of the House to pay to Myra Collins, daughter of Lewis Lepreux, late a Capitol policeman, a sum equal to six months' compensation; to the Committee on Accounts.

By Mr. CROSSER: Resolution (H. Res. 154) providing for the immediate consideration of House joint resolution 116; to the Committee on Rules.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By Mr. FULLER: Petitions of citizens of Peru, Ill., asking conservation of public lands and other public resources; to the Committee on the Public Lands.

Also, memorial of the American Institute of Architects, asking for an investigation of the high cost of building materials; to the Committee on Rules.

By Mr. TAGUE: Memorial of Division 57, Ancient Order of Hibernians, requesting that the President demand that Great Britain send the 140,000 English soldiers now in Ireland to France to aid in the prosecution of the war, and requesting that the President demand complete independence of Ireland; to the Committee on Foreign Affairs.



## HOUSE OF REPRESENTATIVES.

FRIDAY, September 28, 1917.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

All that is and all that is to be is of Thee, O God, our heavenly Father, and Thou art supremely good. Sanctify the hour with a sense of Thy presence. Increase our faith and confidence and create a right spirit within, that we may be instruments for the furtherance of Thy plans and purposes, in imitation of the Master who said:

"I must work the works of Him that sent me, while it is day, for the night cometh when no man can work."

Amen.

The Journal of the proceedings of yesterday was read and approved.

## MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Waldorf, its enrolling clerk, announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3932) to prohibit the manufacture, distribution, storage, use, and possession in time of war of explosives, providing regulations for the safe manufacture, distribution, storage, use, and possession of the same, and for other purposes.

The message also announced that the Senate had passed without amendment the bill (H. R. 5431) to authorize the construction, maintenance, and operation of a bridge across the Saline River, at or near Suttons Ferry, Ark.

The message also announced that the Senate had passed without amendment the following concurrent resolution:

## House concurrent resolution 24.

*Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill (H. R. 4960) entitled "An act to define, regulate, and punish trading with the enemy, and for other purposes," the Clerk be, and he is hereby, authorized and directed to strike out the word "act" where it first occurs in the third paragraph of section 19 of the bill, as the same was agreed upon in conference, and to insert in lieu thereof the word "section"; also, strike out the word "act" where it last occurs in said paragraph and insert in lieu thereof the word "section."*

The message also announced that the Senate had passed the following resolution:

## Senate resolution 138.

*Resolved, That the Senate has heard with deep sensibility the announcement of the death of the Hon. EBENEZER J. HILL, late a Representative from the State of Connecticut.*

*Resolved, That a committee of eight Senators be appointed by the Vice President to join a committee appointed on the part of the House of Representatives to take order for superintending the funeral.*

*Resolved, That the Secretary communicate a copy of these resolutions to the House of Representatives and to the family of the deceased.*

*Resolved, That as a further mark of respect to the memory of the deceased the Senate do now adjourn.*

And that in compliance with the foregoing resolution the Vice President had appointed as the committee on the part of the Senate Mr. BRANDEGEE, Mr. McLEAN, Mr. DILLINGHAM, Mr. FERNALD, Mr. JAMES, Mr. OVERMAN, Mr. POMERENE, and Mr. NEWLANDS.

## ENROLLED BILLS SIGNED.

Mr. LAZARO, from the Committee on Enrolled Bills, reported they had examined and found truly enrolled bills of the following titles, when the Speaker signed the same:

H. R. 4960. An act to define, regulate, and punish trading with the enemy, and for other purposes; and

H. R. 5431. An act to authorize the construction, maintenance, and operation of a bridge across the Saline River, at or near Suttons Ferry, Ark.

## SENATE BILLS AND JOINT RESOLUTION REFERRED.

Under clause 2 of Rule XXIV, Senate bills and a joint resolution of the following titles were taken from the Speaker's table and referred to their appropriate committees, as indicated below:

S. 2920. An act authorizing the Secretary of War to donate to the State of North Carolina two brass cannon with carriage; to the Committee on Military Affairs.

S. 2883. An act to amend an act approved March 2, 1899, increasing the efficiency of the Army of the United States, and for other purposes; to the Committee on Military Affairs.

S. J. Res. 89. Joint resolution to authorize the Secretary of the Interior to expend funds in New Mexico and Texas for drainage purposes; to the Committee on Appropriations.

## URGENT DEFICIENCY BILL.

Mr. FITZGERALD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 5949, the urgent deficiency bill, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. The gentleman from New York asks unanimous consent to take from the Speaker's table the bill H. R. 5949, the urgent deficiency bill, disagree to all the Senate amendments, and ask for a conference. Is there objection?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I notice in looking over the Senate amendments that a number of them provide substantive legislation. One in particular, found on page 45 of the first print of the Senate bill, changes the law in the way of compensation to the land-grant railroads.

Mr. FITZGERALD. What is the number of the amendment?

Mr. STAFFORD. No. 49, found on page 47 of the bill as printed with Senate amendments numbered. That seeks to change the compensation of certain railroads for transportation of Government troops. I have not had time to examine the original acts to see what will be accomplished by that amendment. I do not think we should insert in an appropriation bill a change in existing law as to the compensation of railroads for transportation of troops.

Mr. FITZGERALD. Mr. Speaker, when the bill was under consideration I stated that the matter had been presented to the committee in the preparation of the bill. It applies to the Missouri Pacific subsidiary roads. The matter was of such importance that the committee did not believe that it should be dealt with in an appropriation bill and declined to take any action upon it. As one of the managers on the part of the House on this bill I would be unwilling to consent to an amendment involving such a radical change of policy without the assent of the House.

Mr. STAFFORD. Mr. Speaker, I recognize the futility of demanding a separate vote in the closing days of the session on separate amendments, and I will leave it to the discretion and good judgment of the gentleman from New York and to his confères on the conference committee. There are many amendments that ought not to be included in the bill because they involve a change of substantive law. It seems to be the policy at the other end of the Capitol that whenever an appropriation bill involving a large amount comes under consideration, they incorporate some pet scheme of legislation, expecting it to go through, but I have so much confidence in the judgment of the gentleman from New York that I shall not ask for a separate vote on any of the various amendments.

Mr. CANNON. To what amendment does the gentleman refer?

Mr. STAFFORD. I directed the attention of the gentleman from New York to amendment No. 49, which seeks to change the compensation of the land-grant railroads.

Mr. FITZGERALD. Let me say to the gentleman from Illinois that it was the matter presented to the committee by the solicitor of the Missouri Pacific Railroad.

Mr. CANNON. Mr. Speaker, I want to say in reference to that matter that I listened to that hearing, and it seems, if the statement of facts is right and the Missouri Pacific Railroad is correct, that there is a real equity in its position. I have not examined the amendment critically and do not know how far it goes, but it seems to me that if the facts as stated by the solicitor are true there was a real equity that would cause the House, after a full discussion and possession of the facts, to agree to some kind of legislation that would do substantial justice to the situation.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The SPEAKER appointed as conferees on the part of the House Mr. FITZGERALD, Mr. SHERLEY, and Mr. GILLET.

## LEAVE OF ABSENCE.

Mr. MANSFIELD, by unanimous consent, was granted leave of absence indefinitely, on account of important business.

## BRIDGE OVER HEADWATERS OF MOBILE BAY.

Mr. ADAMSON. Mr. Speaker, the gentleman from Florida [Mr. KEHOE] asks unanimous consent for the present consideration of the bill S. 2813, reported from the Committee on Interstate and Foreign Commerce.

The SPEAKER. The Clerk will read the bill by title.

The Clerk read as follows:

S. 2813. An act to authorize the Gulf Ports Terminal Railway Co., a corporation existing under the laws of the State of Florida, to construct a bridge over and across the headwaters of Mobile Bay and such navigable channels as are between the east side of the bay and Blakely Island, in Baldwin and Mobile Counties, Ala.

The SPEAKER. Is there objection?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I wish to inquire of the gentleman from Georgia whether this is the bill that provides for the building of a bridge across Mobile Bay?

Mr. ADAMSON. I do not think it is.



Mr. STAFFORD. About six years ago there was a bill introduced providing for the construction of a bridge across Mobile Bay, which was seriously considered by the Committee on Interstate and Foreign Commerce and had some objectionable features in it.

Mr. ADAMSON. That involved some tremendous enterprise, but I do not think this is in any way connected with that. These are the headwaters of the bay.

Mr. STAFFORD. Can the gentleman give us an assurance that it does not relate to that matter, to which people down there were strenuously opposed?

Mr. ADAMSON. It is my understanding that there is no connection between them. I do not think there is any connection at all.

Mr. STAFFORD. The gentleman says he does not "think" there is.

Mr. ADAMSON. There may be some information that I am not in possession of, but we are generally very careful to ascertain the facts, and we have had no protests.

Mr. STAFFORD. Quite frequently in these cases no protests are received until the bills have been passed because local opposition was not called to the attention of Congress.

Mr. ADAMSON. Mr. Speaker, if the gentleman is in doubt about that, I suggest that he ask the gentleman from Florida [Mr. KEHOE]. He can answer the question definitely. Our information is that there is no connection between the bridges.

Mr. STAFFORD. Mr. Speaker, I would like to inquire of the gentleman from Florida [Mr. KEHOE] whether this bridge proposition has any connection with the bridge over the outer harbor of Mobile Bay, which was involved in a bridge proposition some years ago that was considered by the Interstate and Foreign Commerce Committee?

Mr. KEHOE. My understanding is that it has not.

Mr. STAFFORD. The gentleman from Georgia, the chairman of the committee, said that it was his understanding. I wish to know just where this bridge is located, because when I was a member of the Committee on Interstate and Foreign Commerce we had under consideration a project granting some rights that would have obstructed the traffic on Mobile Bay. It was seriously opposed by some interests, because it was a railroad proposition. I want to have the assurance from some one that this in no way affects that outer harbor proposition. If the gentleman can not give me that assurance, I shall have to object.

Mr. DENT. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. DENT. I think I recall the bill the gentleman is speaking of. It was a bill introduced by the late Senator Johnson, of Alabama, in order to connect Mobile with an island in the bay. This has nothing to do with it. This is a bridge over the headwaters of the bay.

Mr. STAFFORD. Can the gentleman give that assurance? The gentleman from Georgia [Mr. ADAMSON] said he thought it related to the headwaters.

Mr. DENT. I am sure that it has nothing to do with that. That was to connect Mobile with an island in the bay, and this is a bridge over the headwaters of the bay.

Mr. STAFFORD. With the assurance of the gentleman from Alabama, I have no further objection.

Mr. ADAMSON. Mr. Speaker, I will state to the gentleman that the committee would not have failed to discover the identity if they had been identical.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the bill.

The Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Gulf Ports Terminal Railway Co., a corporation existing under the laws of the State of Florida, be, and is hereby, authorized to construct, operate, and maintain a bridge or bridges and trestles over and across the navigable channels of the mouth of Mobile River from Bay Port, in township 4 south, range 2 east, on the east shore of the waters of Mobile Bay, in Baldwin County, Ala., on a direct line, to a point on Blakely Island, in Mobile County, on the east shore of Mobile River, opposite the municipal docks of the city of Mobile, Ala., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters, approved March 23, 1906."

Sec. 2. That the right to alter, amend, and repeal this act is hereby expressly reserved.

With the following committee amendments:

On page 1, line 6, after the word "trestles," insert the words "at a point suitable to the interests of navigation."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill as amended was ordered to be read a third time, was read the third time, and passed.

On motion of Mr. ADAMSON, a motion to reconsider the vote by which the bill was passed was laid on the table.

#### RESIGNATIONS FROM A COMMITTEE.

The SPEAKER. The Chair lays before the House the following resignations from a committee, which the Clerk will report. The Clerk read as follows:

Hon. CHAMP CLARK,  
*House of Representatives, Washington, D. C.*

DEAR MR. SPEAKER: I hereby tender my resignation as a member of the joint committee to investigate the matter of rents in the Department of Agriculture.

Very truly, yours,

A. F. LEVER.

Hon. CHAMP CLARK, Speaker,  
*House of Representatives, Washington, D. C.*

DEAR MR. SPEAKER: I tender my resignation as a member of the joint committee to investigate the matter of rents in the Department of Agriculture.

Respectfully,

GORDON LEE.

The SPEAKER. Without objection, these resignations are accepted.

There was no objection.

The SPEAKER. The Chair appoints the following gentlemen to take their places.

The Clerk read as follows:

Mr. CANDLER of Mississippi, Mr. JACOWAY.

#### BRIDGE ACROSS RED RIVER, COOK COUNTY, TEX.

Mr. JONES of Texas. Mr. Speaker, I ask unanimous consent for the present consideration of the bill S. 2816, granting the consent of Congress to the Gainesville Red River Bridge Co. to construct a bridge across the Red River, which I send to the desk and ask to have read.

The SPEAKER. The gentleman from Texas asks unanimous consent for the present consideration of the bill S. 2816, of which the Clerk will report the title.

The Clerk reported the title of the bill.

The SPEAKER. Is there objection?

Mr. GILLET. Mr. Speaker, is this a report from the Committee on Interstate and Foreign Commerce?

Mr. JONES of Texas. This has been reported by that committee.

Mr. GILLET. By unanimous report?

Mr. JONES of Texas. Yes.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

*Be it enacted, etc.,* That the consent of Congress is hereby granted to the Gainesville Red River Bridge Co., or its successors and assigns, to construct, maintain, and operate a bridge and approaches thereto across the Red River at Sacras Ferry, Cooke County, Tex., and Love County, Okla., at a point suitable to the interests of navigation, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

Sec. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The SPEAKER. The question is on the third reading of the Senate bill.

The bill was ordered to be read a third time, and was read the third time.

Mr. COOPER of Wisconsin. Mr. Speaker, I ask unanimous consent to proceed for two minutes in order to ask a question about the bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. COOPER of Wisconsin. Mr. Speaker, I observed in listening to the reading of the bill that the bridge is to be erected on the site of a ferry. Ferries charge toll. Is this to be a toll bridge?

Mr. JONES of Texas. I can not give the gentleman the information, but I understand that it is to be.

Mr. COOPER of Wisconsin. Who is to regulate the tolls?

Mr. ADAMSON. That is regulated under the general bridge act by the Secretary of War.

Mr. JONES of Texas. I understand that all of these bridges are toll bridges.

Mr. ADAMSON. It is regulated in the general law.

Mr. COOPER of Wisconsin. Some of them are not toll bridges. One was a terminal railroad bridge.

Mr. JONES of Texas. There have been two or three passed that are to be toll bridges.

Mr. GARNER. This is to be constructed under the general bridge act, and that provides for a regulation of tolls by the Secretary of War.

Mr. COOPER of Wisconsin. Does this provide that it shall be a toll bridge?



Mr. GARNER. No; but it is authorized under the general bridge act.

The SPEAKER. The question is on the passage of the bill. The bill was passed.

## EXPLOSIVES.

Mr. FOSTER. Mr. Speaker, I desire to file a conference report for printing in the Record on the bill (H. R. 3932) to prohibit the manufacture, distribution, storage, use, and possession in time of war of explosives, providing regulations for the safe manufacture, distribution, storage, use, and possession of the same, and for other purposes.

The SPEAKER. The Clerk will report it by title.

The Clerk read the title of the bill.

The conference report and statement of the House conferees were ordered to be printed in the Record under the rule.

The conference report and statement are as follows:

## PRIVILEGES OF THE HOUSE.

Mr. POUL. Mr. Speaker, the Committee on Rules, to whom several resolutions of investigation were referred, have given careful consideration to those resolutions for the past two or three days.

We have received information that for the last year and a half, and at this time, the Department of Justice has been and is now conducting an investigation of the use of funds furnished by the German Government to affect sentiment in America. The Department of Justice is conducting an investigation in every quarter of this country where they have had information that money may have been used. In view of the information received from the Department of Justice that this investigation is going on, and in view of the fact that in the opinion of the Committee on Rules no possible good could come of an investigation by this House, and in view of the further opinion of the Committee on Rules that there has been no reflection on the House or any Member thereof, the committee has decided to take no action on the several resolutions at this time.

Mr. LONGWORTH. Will the gentleman yield?

Mr. POUL. I yield to the gentleman from Ohio.

Mr. LONGWORTH. Is that the view of the entire committee? Is the gentleman representing the view of the entire committee?

Mr. POUL. I will say that I think that is practically the sense of the entire committee, but I will not say that positively. There may be some member of the committee who thinks an investigation should be had.

Mr. FITZGERALD and Mr. BRITTEN rose.

The SPEAKER. To whom does the gentleman yield?

Mr. POUL. I yield to the gentleman from New York [Mr. FITZGERALD].

Mr. FITZGERALD. Is the information in the Committee on Rules as to the investigation being conducted by the Department of Justice such as to lead to the belief that their investigation is preliminary to investigations by grand juries that will act if evidence is presented?

Mr. POUL. Absolutely. The Department of Justice already has felt constrained to order action somewhat premature in view of what has occurred in this Chamber.

Mr. MADDEN. Will the gentleman yield to me for a question?

Mr. POUL. I will.

Mr. MADDEN. In view of the information which the Committee on Rules has been able to obtain, do they conclude that any investigation by the House at this time would retard the progress of the department's investigation, and prevent their purposes?

Mr. POUL. That is the opinion of the committee. And probably the committee can not get the information that would justify action without granting immunity to somebody who ought not to have immunity.

Mr. GILLET, Mr. COOPER of Wisconsin, and Mr. BARNHART rose.

The SPEAKER. To whom does the gentleman from North Carolina yield?

Mr. POUL. I yield first to the gentleman from Indiana, as I think he was first on his feet.

Mr. GILLET. I have been on my feet for some time.

Mr. POUL. Then I will yield first to the gentleman from Massachusetts.

Mr. GILLET. Mr. Speaker, I notice the gentleman said that no charge had been made against the House or any Member of it.

Mr. POUL. I said that the committee concluded that there was no reflection on any Member of the House.

Mr. GILLET. I wondered if it did not seem to the committee that there was a charge against the House or Members of it when a Member of the House makes a speech whose fair and natural interpretation is that some Members of the House have

had their opinions influenced by German money. It seems to me that was a fair interpretation.

Mr. POUL. I hope I may be permitted to answer the gentleman a minute without interruption.

Mr. GILLET. It seems to me that is a subject that ought to be brought up.

Mr. POUL. I am obliged to the gentleman for that question. We had our colleague, Mr. HEFLIN, before us, and he stated and reiterated that he did not intend to reflect upon the honesty or character of any one of his colleagues, and he did not believe he had done so; that when he used the word "suspicious" he meant to say that he had had suspicions of what he considered the loyalty of certain Members to the Government, and that was based upon resolutions that they had introduced, bills that they had introduced, and public statements that they had made. He specially disclaimed over and over again that he had reflected upon anybody, and stated that he did not know of anybody who had been corrupted, and that his entire use of the words "suspicious" or "suspicion" pertained to his own suspicions of what he considered loyalty to the Government, and that his opinion was based on what everybody knows.

Mr. GORDON. Mr. Speaker, will the gentleman yield to me?

Mr. POUL. Yes.

Mr. GORDON. Did the committee conclude that a suspicion of the loyalty of a Member of this House to his Government did not reflect upon his honesty?

Mr. POUL. Well, I am not going to undertake to raise that issue with the gentleman. At the suggestion of the members of the Rules Committee, I am endeavoring in an informal way to report our views, that we deem it inadvisable to go dipping into something where the Government hopes to lay the foundation to send certain people to the penitentiary. That is what I mean. [Applause.]

Mr. GORDON. Is there anybody in the House likely to be sent. There is no suggestion that any Member of this body has done anything dishonorable.

Mr. GARNER. If I understood the gentleman from North Carolina, the chairman of the Rules Committee, the principal reason why the Rules Committee declined to make an investigation at this time, or order an investigation, is because the Department of Justice is making an investigation along the same line that the committee would naturally have to make it, and that if you make an investigation you might give immunity to some one who ought to be prosecuted under the investigation being made by the Department of Justice.

Mr. POUL. Yes; and more than that; that we could not get the evidence that would justify us in coming to a sane conclusion, probably, without taking from under the Department of Justice certain props that it is now depending upon.

Mr. BRITTEN. Did the committee give consideration to a resolution calling for the immediate expulsion from Congress of the gentleman from Alabama [Mr. HEFLIN]?

Mr. POUL. No, sir; we did not have that before us.

Mr. BRITTEN. I think that is the sort of resolution that ought to be considered here and now.

Mr. POUL. That is for the gentleman and the House to decide, Mr. HEFLIN. Will the gentleman yield?

Mr. STEPHENS of Mississippi. Will the gentleman yield to me?

Mr. POUL. I yield to the gentleman from Mississippi [Mr. STEPHENS] first, as he was on his feet.

Mr. STEPHENS of Mississippi. I should like to inquire of the gentleman from North Carolina if the action of the committee is based in part upon the request of the Department of Justice that no action be taken at this time?

Mr. POUL. I will say to the gentleman that it is not.

Mr. STEPHENS of Mississippi. Now, another question. Is it a fact that the gentleman from Kansas [Mr. DOOLITTLE] stated before your committee yesterday that he had conferred with the Secretary of State, with the Solicitor for the State Department, and with certain gentlemen connected with the Department of Justice, and that those gentlemen stated that they saw absolutely no objection to this resolution being reported and an investigation being had by the House?

Mr. POUL. Mr. DOOLITTLE so stated, and I may say the same statement was made to myself and to another gentleman, Mr. CAMPBELL of Kansas, that they would have no objection to the House ordering this investigation, but what I am stating to the House is what was drawn out by questions addressed by Mr. CAMPBELL and myself to these officials.

Mr. STEPHENS of Mississippi. And no objection to the investigation was by any official—

Mr. POUL. As officials of the United States Government they had no objection to Congress taking any action it might see fit to take in respect to the resolutions.



Mr. STEENERSON. Mr. Speaker, will the gentleman yield? The SPEAKER. Does the gentleman yield to the gentleman from Minnesota?

Mr. POU. I do.

Mr. STEENERSON. The result of the deliberations of the Committee on Rules seems to be that the Secretary of State after having published correspondence between a foreign ambassador and his Government, which reflected upon Congress, concludes that although that reflection was given widespread publicity by one department of the Government, the other department of the Government, the Department of Justice, absolutely desires to give no publicity to it; that is, that what one department publishes to the world must be kept secret for the grand jury by the Department of Justice. This seems to me to leave Congress in rather an embarrassing position.

Mr. POU. The report of the Secretary of State does not reflect upon the House of Representatives, and I want to say to the House here and now that this \$50,000, that is spoken about, is not a drop in the bucket to what is going to be uncovered before the Department of Justice is done. It is not reflecting on any Member of the House. Nobody suggests that any Member has been corrupted, but the ramifications of this fund that has been used by the German Government through its agents affects every great center of this Nation, and it would be the utmost un wisdom for us to go into a great investigation of this kind. We could accomplish very little probably and might do harm.

Mr. MOORE of Pennsylvania. Will the gentleman yield?

Mr. POU. I do.

Mr. MOORE of Pennsylvania. The gravamen here is as to whether the House is prepared to purge itself of charges made against Members not named. Let me quote to the gentleman what appeared in the resolution referred to his committee, what is quoted here being from the stenographic report of the speech of the gentleman from Alabama [Mr. HEFLIN], as quoted by the gentleman from Michigan [Mr. FORDNEY]. He quoted the official stenographer as having reported the words spoken by the gentleman from Alabama [Mr. HEFLIN], as follows:

If I were permitted to express my opinion, I could name 13 or 14 in the two bodies who, in my judgment, have acted in a suspicious manner.

That means both the Senate and the House—

It seems to me, Mr. Speaker, that the German Government carries out that part of his suggestion. Now, then, Count von Bernstorff said he was proceeding—to do what? To use that \$50,000. For what purpose? To influence the Congress of the United States. Now, then, has that been done? Where was that money spent? Whose pocket did it reach? I must admit that the conduct of some that I know has been suspicious.

Now, with all respect to the gentleman who is chairman of the Committee on Rules, and with all respect to the gentleman from Alabama, who is quoted last Monday on the floor of the House as having made this statement, is not the question before the House which the Committee on Rules should have presented not that there is a dispute as between the Department of Justice and Congress but that there is a dispute between Congress and one of its Members who has accused his fellow Members? [Applause.]

Mr. POU. Well, I can only say—

The SPEAKER. The time of the gentleman has expired.

Mr. COOPER of Wisconsin. Mr. Speaker, I ask unanimous consent that the gentleman's time—

Mr. GALLIVAN. Mr. Speaker, I ask unanimous consent that the gentleman's time be extended for 10 minutes.

The SPEAKER. The gentleman from Massachusetts asks unanimous consent that the time of the gentleman from North Carolina be extended 10 minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. POU. In response to the gentleman from Pennsylvania, I will say, of course we all know that in the heat of debate here men get worked up on this floor. [Cries of "Ah!"]

That is all right. When I am trying to make a sincere report, authorized by both sides of the Committee on Rules, it is not fair to treat me with any such response as that. [Applause.]

The SPEAKER. If there is any more applause in the galleries the Chair will have the galleries cleared without any more ceremony at all. The occupants of the galleries are guests of this House, and they have to behave themselves. [Applause.]

Mr. POU. Mr. Speaker, I want to say to the House that so far as the investigation is concerned, if you want that investigation, gentlemen, the Rules Committee is ready to give it to you. We are the agents of the House, but in view of the facts we had before us and the information we received we would have been less than men, we would have been recreant to our duty if we did not act upon what we believed was our best judgment. Now, in response to what the gentleman said, I will say that the gentleman from Alabama, in response to questions iterated and reiterated, that when he used the word "suspicious" he was not

intending to reflect upon the honesty of any man, and he did not do it.

Mr. MOORE of Pennsylvania. Will the gentleman yield now?

Mr. POU. All right.

Mr. MOORE of Pennsylvania. During the course of the discussion on Monday there was the question whether Members of this House were under suspicion of frequenting a certain mysterious German gambling house and were there being corrupted by German money. Did the Committee on Rules ask the gentleman from Alabama whether he made that statement?

Mr. POU. The committee did, and the gentleman from Alabama [Mr. HEFLIN] expressly denied he had made any such statement; that he had never suggested that any Member of Congress had ever frequented such a place; and that he knew nothing of the existence of any such place.

Mr. MOORE of Pennsylvania. Did the committee take up with the gentleman from Alabama that other charge attributed to him—that this alleged \$50,000 of German money reached the pockets of Members of Congress?

Mr. POU. The gentleman from Alabama [Mr. HEFLIN] expressly denied that he had ever conveyed that information to anyone or made such a charge anywhere.

Mr. MOORE of Pennsylvania. May I ask one more question in fairness to the gentleman from Alabama as well as to the gentleman from North Carolina? The newspapers yesterday reported that, in substance, the gentleman from Alabama had, before the Committee on Rules, reiterated the charges of which he was accused here on the floor of the House. Were the newspaper reports accurate, or did the gentleman from Alabama make sufficient denial to the Committee on Rules to satisfy the Committee on Rules that he had not reflected upon any Member of the House?

Mr. POU. He most certainly did, or else the committee would not be justified in making this report in this informal way, through the gentleman from Kansas [Mr. CAMPBELL] and myself. I want to say to the gentleman—

Mr. MOORE of Pennsylvania. Were any newspaper reporters called to verify the statements they had made?

Mr. POU. I will answer that in a minute. All statements that were made before the Rules Committee yesterday are to be printed as soon as possible in the form of a hearing, and I venture the assertion now that if any gentleman will read the entire hearing that was had before the Rules Committee yesterday he will say that it would be absurd to order an investigation upon any such statement. We are not supposed to investigate Mr. HEFLIN's opinion of the loyalty of Members here based upon what they did, and that is what the thing resolves itself into.

Mr. MOORE of Pennsylvania. Admitting that, does that remove the stigma that has been placed upon every Member of this House by the reports that have gone broadcast over the country, due to the statements of the gentleman from Alabama [Mr. HEFLIN]?

Mr. POU. I deny there has been any such stigma as the gentleman suggests.

Mr. MOORE of Pennsylvania. Have newspaper reporters been called before the committee to deny these charges?

Mr. POU. The Committee on Rules did not consider it proper to raise an issue about an anonymous rumor, and that is all it was, between the gentleman from Alabama and the newspapers.

Mr. MOORE of Pennsylvania. The reporters who made these statements are in the Capitol, I am informed, and willing to be called.

Mr. GALLIVAN. Will the gentleman yield?

Mr. POU. I will.

Mr. GALLIVAN. Did the gentleman from Alabama object to any investigation?

Mr. POU. He most certainly did not.

Mr. GALLIVAN. He wanted one?

Mr. POU. He wanted the German "slush fund," as it is called, investigated.

Mr. HEFLIN. The gentleman from Alabama can answer for himself.

The SPEAKER. The gentleman from Alabama [Mr. HEFLIN] is out of order.

Mr. GALLIVAN. Mr. Speaker, I want to ask the gentleman if I understood him rightly when he said that the Department of Justice did not object to an investigation?

Mr. POU. I said that.

Mr. GALLIVAN. Then I want to ask the gentleman if he said to the House that an investigation by the Committee on Rules would take away from the Department of Justice certain props which it had relied upon in the investigation that it was making?

Mr. POU. I said that if we made an effective investigation and uncovered anything that that might be the effect of it.



Mr. GALLIVAN. Then I want to ask the gentleman if it were possible to take away from the Department of Justice these props, why would not the Department of Justice make an absolute statement opposing any investigation?

Mr. POU. The gentleman can understand that a coordinate branch of the Government is not going to express an opinion about another coordinate branch of the Government in respect to our action on resolutions of the nature and purpose of those before the Committee on Rules.

Mr. LITTLE. The gentleman from Alabama [Mr. HEFLIN] has made certain statements concerning this House, according to the newspapers. Is the committee prepared to report to the House whether the gentleman from Alabama or the newspapers are responsible for the statement that appeared in their columns and accredited to him?

Mr. POU. Of course the committee is not going to undertake to settle a question of that kind.

Mr. LITTLE. Then, as far as the committee knows, the gentleman from Alabama did make the statement?

Mr. POU. All the committee knows is that the gentleman from Alabama told us that he did not make the statement attributed to him in the newspapers and that he knew nothing about any place of the kind suggested in the papers.

Mr. LITTLE. I will ask the gentleman from North Carolina, if he is not prepared to say to the House whether the gentleman from Alabama made the statement or not, does he not think we had better go on and take the evidence of the newspaper reporters as to whether the gentleman from Alabama made the statement or not?

Mr. POU. In other words, to try an issue between what the gentleman is supposed to have said in the House and what he is supposed to have said outside. I answer, no. I do not think that is the business of the Committee on Rules.

Mr. LITTLE. I think that is the committee's duty.

Mr. HULBERT. Will the gentleman yield for a brief question?

Mr. COOPER of Wisconsin. Mr. Speaker—

The SPEAKER. To whom does the gentleman yield?

Mr. POU. I yield to the gentleman from Wisconsin.

Mr. HULBERT. I want to ask a question, if the gentleman will yield for that purpose. As a result of the hearing you had and the talks you had with the Secretary of State and the representatives of the Department of Justice, are the members of your committee satisfied that an investigation such as that called for would be a greater hindrance to the objective of the Department of Justice than the good that would come out of it?

Mr. POU. Most emphatically. That opinion is also held by the gentleman from Kansas [Mr. CAMPBELL], who will make a statement to the House.

The SPEAKER. The time of the gentleman from North Carolina has expired.

Mr. COOPER of Wisconsin rose.

The SPEAKER. For what purpose does the gentleman from Wisconsin rise?

Mr. COOPER of Wisconsin. I rise to ask unanimous consent to say something in reply.

Mr. CAMPBELL of Kansas rose.

Mr. GARRETT of Tennessee. Mr. Speaker, I think the gentleman from Kansas [Mr. CAMPBELL] should be recognized to make that request first.

The SPEAKER. Has the gentleman from Kansas any request to make?

Mr. CAMPBELL of Kansas. I would like to make a brief statement.

The SPEAKER. How much time does the gentleman ask for?

Mr. CAMPBELL of Kansas. About five minutes.

The SPEAKER. The gentleman from Kansas asks unanimous consent to speak for five minutes. Is there objection? There was no objection.

The SPEAKER. The gentleman from Kansas is recognized.

Mr. CAMPBELL of Kansas. Mr. Speaker, two propositions were submitted in the resolution referred to the Committee on Rules: First, an investigation of statements that were made or alleged to have been made by the gentleman from Alabama [Mr. HEFLIN] reflecting upon the membership of the House of Representatives; second, the charge that the former German ambassador, while accredited to this Government, asked his Government for the use of \$50,000, to be used to influence Congress.

These are two separate propositions. The first raises a privileged question that does not need reference to the Committee on Rules or an investigation by that or any other committee. It raises a privileged question that is cognizable by this House at any time that any Member sees fit to present a proper resolution raising that privileged question.

The second question is now being investigated, as stated by the gentleman from North Carolina [Mr. POU], by the Department of Justice throughout the entire country. The Department of Justice is making a more thorough investigation than any committee of this House could make into that question. They have already gone much further than any committee of this House could get in the next three months if it were continually in session, calling witnesses.

It came to the knowledge of the members of the committee that there are certain witnesses now patiently awaiting an opportunity to appear before a committee of this House so that they may testify and secure immunity from prosecution. It was stated by the gentleman from North Carolina [Mr. POU] that the grand juries in some instances have hastened their proceedings in order to secure action before a committee of this House could take any action which might prejudice the activities of the Department of Justice.

It is asked if the Department of Justice objected to an investigation by the House. Why, no. The Department of Justice, with a proper sense of the proprieties of the separate departments of this Government, would not under any circumstances object to the House of Representatives taking any action that it saw fit to take. But the facts are admitted and are known to the Committee on Rules, and the membership of that committee feel a sense of responsibility to the Government—to the entire Government in all its activities at this time.

Mr. BUTLER. Mr. Speaker, will the gentleman yield?

The SPEAKER. Does the gentleman from Kansas yield to the gentleman from Pennsylvania?

Mr. CAMPBELL of Kansas. I do.

Mr. BUTLER. Might not this House investigate the first proposition, as stated very clearly by the gentleman from Kansas, without in any way jeopardizing the proceedings that are being conducted by the Department of Justice upon the second proposition?

Mr. CAMPBELL of Kansas. On the first proposition, I have stated that an investigation was not necessary at all. Any Member of the House can draw a resolution that is privileged and of the highest privilege and offer it. It does not need an investigation. Any Member of the House can draw a resolution raising any question that could be reported by a committee appointed under the direction of the Committee on Rules or in any other way. The parliamentary situation is such that an investigation is not necessary on the first proposition, to wit, the statements of the gentleman from Alabama [Mr. HEFLIN].

The SPEAKER. The time of the gentleman from Kansas has expired.

Mr. BUTLER. Mr. Speaker, I ask that the gentleman may have an additional five minutes.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent that the gentleman from Kansas may proceed for five minutes more. Is there objection?

There was no objection.

Mr. BUTLER. Will the Committee on Rules hereafter make a formal report upon these two propositions?

Mr. CAMPBELL of Kansas. I am not authorized by the committee to say. The Committee on Rules this morning decided to take no further action upon these resolutions now.

Mr. BUTLER. Again, Mr. Speaker, I understood the gentleman to say that it is within the privilege of any Member of this House to secure an investigation.

Mr. CAMPBELL of Kansas. Not an investigation.

Mr. BUTLER. To ascertain the facts?

Mr. CAMPBELL of Kansas. Not to ascertain the facts. The facts were stated upon the floor of the House. They are in the RECORD. They need no investigation. Action can be taken on a privileged resolution offered upon the floor of the House at any moment.

Mr. BUTLER. Mr. Speaker, now the gentleman is better acquainted with procedure than I am. Will he suggest what sort of a resolution can be offered in order to bring that to a head? How are we to find the facts? And I ask the gentleman not for the purpose of teasing him but of having information from a man who is well acquainted with the proceedings of the Committee on Rules.

Mr. CAMPBELL of Kansas. There will be no trouble in finding a precedent for action, and in finding rules under which the House can act.

Mr. BRITTEN. Mr. Speaker, will the gentleman yield for a question?

The SPEAKER. Does the gentleman from Kansas yield to the gentleman from Illinois?

Mr. CAMPBELL of Kansas. I do.

Mr. BRITTEN. Would a resolution calling upon the gentleman from Alabama [Mr. HEFLIN] to produce the proofs of his



various assertions inside and outside of the House of Congress, or calling for his expulsion, be referred to the Committee on Rules?

Mr. CAMPBELL of Kansas. Not necessarily.

Mr. BRITTEN. Is that the kind of a resolution that the gentleman has in mind that might be introduced as one of the highest personal privilege?

Mr. CAMPBELL of Kansas. A question relating to the membership in this House relates to the highest privilege.

Mr. TOWNER. Mr. Speaker, will the gentleman yield?

Mr. CAMPBELL of Kansas. Yes.

Mr. TOWNER. A resolution either of censure or of expulsion introduced by any Member of the House, because of the language used by a Member on the floor of the House, would be privileged at any time, and would be referred properly to the Committee on Rules, would it not?

Mr. CAMPBELL of Kansas. Not at all. It need not be referred to the Committee on Rules. Action could be taken on it on the floor of the House without reference to any committee.

Mr. TOWNER. Very true. I want to ask the gentleman a question on the other proposition. The information derived by your committee from the Department of Justice was that they had taken already recognition of the fact that the German ambassador had apprised the country of the fact that he desired that money for the purpose of influencing Congress, and for that reason, and with that knowledge, they intended to make an investigation as to the truth of that statement. Is that correct?

Mr. CAMPBELL of Kansas. The information the committee has is this, that for more than a year and a half the Department of Justice have been inquiring into the activities of the German Government in the United States affecting public sentiment, and that activity upon the part of the Government is being accelerated from day to day, and is more active to-day than it ever has been before, and more effective. The Government is getting results, securing indictments, and is now proceeding, as I say, more effectively than it has at any time. And as a lawyer, the gentleman from Iowa [Mr. TOWNER] well knows that if a man under suspicion should appear before an investigating committee of this Congress and give testimony, he might secure for himself immunity from prosecution.

Mr. TOWNER. I realize that, and I want to say to the gentleman that I think the House would like to know, though, whether or not the Department of Justice would institute an inquiry as to whether or not this fund was obtained and as to whether or not it was used for the purpose of influencing Congress and as to whether or not it was used in such a way as to corrupt Members of Congress. Those are pertinent inquiries, and the House would like to know.

Mr. CAMPBELL of Kansas. The scope of the inquiry being made by the Department of Justice covers all those phases of the question.

The SPEAKER. The time of the gentleman has again expired.

Mr. COOPER of Wisconsin. Mr. Speaker, I ask unanimous consent for 10 minutes.

The SPEAKER. The gentleman from Wisconsin asks unanimous consent to proceed for 10 minutes. Is there objection?

There was no objection.

Mr. COOPER of Wisconsin. Mr. Speaker—

SEVERAL MEMBERS. Come down in front.

Mr. COOPER of Wisconsin. Mr. Speaker, I was much interested in the speech of the chairman of the Committee on Rules, the gentleman from North Carolina [Mr. POW], in referring to the statement of the gentleman from Alabama [Mr. HEFLIN], he said, in substance, "We all know, of course, that in the heat of debate remarks are made here that ordinarily we would not expect to be made on this floor." That statement of the gentleman from North Carolina [Mr. POW] received applause.

"Heat of debate!" What was the subject then before the House? Let me direct the attention of the distinguished gentleman from North Carolina to the subject that so heated up the gentleman from Alabama. It was a Senate bill for which the gentleman from Oklahoma [Mr. FERRIS] had asked consideration, a bill to authorize exploration for and disposition of potassium. [Laughter.] Now, the gentleman from Alabama [Mr. HEFLIN] during the five-minute debate on that bill—I was not here when he made the speech, but I will ask my distinguished friend from Wyoming [Mr. MONDELL], who was here, if that did not occur during the five-minute debate on that bill?

Mr. MONDELL. It did; and, of course, was out of order during the five-minute debate.

Mr. COOPER of Wisconsin. Yes; and therefore not only was there nothing to heat up the explosive gentleman from Alabama

[laughter], but his statement was out of order. He violated every rule of parliamentary law, long recognized on this floor [applause], and he did it deliberately, just as deliberately as Mr. Lansing published that news at that time to affect public sentiment and, by a terrorizing of expression on this floor, to prevent just criticism and honest statement of fact, and cause Members to fear that if they should make such criticism or statement of fact they will be called recipients of German money.

If there is a man I detest more than any other, it is one who, either on this floor or elsewhere, will slander another and then attempt, or have somebody else attempt, to prevent an honest investigation of his slander. [Applause.]

Mr. Speaker, while they were discussing potassium—that most exciting subject [laughter]—the usually suave gentleman from Alabama arose and suddenly becoming, as George Ade would say, "all het up," proceeded to speak in violation of the rules governing debate. Let me read what he said. I quote from the Record of September 21:

Mr. Speaker, I am heartily in favor of the bill reported by the gentleman from Oklahoma [Mr. FERRIS]. It will be the means of furnishing more potash to our farmers, and I am glad to see that there is no serious opposition to it.

He was strongly in favor of fertilizer for a few minutes. [Laughter.] But suddenly the gentleman, with a reputation not only for patriotism but for valor and courage which runs back several years in this town, said:

I rise to address the House briefly upon the contents of a telegram sent from Washington to Germany by Count von Bernstorff in January of this year and published in the Washington papers this afternoon.

I read from page 7306 of the Record—this, by the way, Mr. Speaker, differs slightly from the text inserted in the resolution introduced by the gentleman from Michigan [Mr. FORNEY] as being the accurate record of the stenographic report of the statement of the gentleman from Alabama; but I read from the Record:

Now, then—

Said the gentleman from Alabama—

Von Bernstorff said he wanted to use \$50,000 more. For what purpose, Mr. Speaker? Why, to influence the Congress of the United States, he said. Now, then, what was done in that regard? Where was that money spent? I must admit that the conduct of some that I know has been suspicious, and an investigation ought to be had.

That is what the gentleman said on this floor.

The gentleman denies that he said what appeared in the Washington Post report of an interview with him. But the newspaper reporters declare that he did say it, and they are prepared to go on the stand and testify under oath that he said it. [Applause.]

The gentleman from North Carolina, the chairman of the Committee on Rules, said that we can not expect a coordinate department of the Government absolutely to oppose action by Congress. But can we not? Why, recently a proposition passed the Senate and came over here, which had many friends, and would have passed the House if the House had been let alone—a proposition that a joint committee should be appointed having a majority of its members Democrats, to keep track of the contracts through which hundreds of millions of money are now being expended under the direction of such gentlemen as Mr. Scott, chairman of one of these advisory committees, who advised the making of a contract which, among other things, gives the contractor 10 per cent on his investment, and who, when the distinguished gentleman from Mississippi [Mr. SISSON] asked him if he gave the advice, said yes; but when asked, "What is the amount of the contractor's investment?" replied "I do not know." "Is it one million or eighteen millions of dollars?" "I do not know, but I know what they ought to have invested to do that work." And the gentleman from Mississippi told the House that the contractors are going to make from 28 to 46 per cent on the contract about which this gentleman gave advice. And yet when the provision for a joint committee, which had passed the Senate by a very substantial majority, came before the House, a coordinate department of the Government did not hesitate to write a letter and say that it did not want the provision passed.

Other similar things have happened. Members, respectively, of the Parliaments of France, of England, and of Italy perfected an organization and invited the Congress to appoint delegates to come to Europe and consult with them over there near the scene of action. They sent a French official here to extend the invitation. He made a most effective address from the Speaker's rostrum.

The SPEAKER. The time of the gentleman from Wisconsin has expired.



Mr. COOPER of Wisconsin. Mr. Speaker, I ask for five minutes more.

Mr. FITZGERALD. Mr. Speaker, I object; this has no relation to the matter being discussed.

#### FIXING THE PRICE OF FOOD.

Mr. STEENERSON rose.

The SPEAKER. For what purpose does the gentleman from Minnesota rise?

Mr. STEENERSON. I rise to move to discharge the Committee on Agriculture from the consideration of House resolution 144, making a request for information.

The SPEAKER. The gentleman from Minnesota asks unanimous consent—

Mr. STEENERSON. No; Mr. Speaker, it is a privileged motion.

The SPEAKER. How does it become privileged?

Mr. STEENERSON. It is a resolution of inquiry referred to the Committee on Agriculture more than seven days ago.

The SPEAKER. The gentleman will proceed.

Mr. GARRETT of Tennessee. Let us have the resolution reported.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

#### House resolution 144.

*Resolved*, That the President of the United States be, and he is hereby, requested to furnish to the House of Representatives the following information:

First. Whether, pursuant to section 11 of the act approved August 10, 1917, which reads in part as follows:

"SEC. 11. That the President is authorized, from time to time, to purchase, to store, to provide storage facilities for, and to sell for cash at reasonable prices, wheat, flour, meal, beans, and potatoes: *Provided*, That if any minimum price shall have been theretofore fixed, pursuant to section 14 of this act, then the price paid for any such articles so purchased shall not be less than such minimum price," and the order of the President, dated August 30, 1917, which reads in part as follows: "Section 11 of the food act provides, among other things, for the purchase and sale of wheat and flour by the Government, and appropriate money for the purpose. The purchase of wheat and flour for our allies, and to a considerable degree for neutral countries also, has been placed under the control of the food administration. I have appointed a committee to determine a fair price to be paid in Government purchases. The price now recommended by that committee—\$2.20 per bushel at Chicago for the basic grade—will be rigidly adhered to by the food administration," the President and the United States Food Administration, appointed and authorized by him, have assumed, and now assume to and do fix the price of wheat at Minneapolis, Duluth, and Chicago, and other markets, to be paid by private purchasers, as well as the price to be paid by the Government on its purchases.

Second. Whether or not the operations of the United States Food Administration has fixed a maximum price for all wheat sales of the 1917 crop in the markets of Minneapolis and Duluth, and restrained private purchasers from paying a higher price than that fixed under said act and order for purchases by the Government.

Third. Whether or not the United States Food Administration and the United States Food Administration Grain Corporation (a private corporation), in attempting to control the price of wheat between private purchasers, and in establishing a fixed price, claims exemption from the antitrust laws of the United States, and the constitution and laws of the State of Minnesota against trusts and monopolized markets; and if so, upon what is that claim based.

Fourth. Whether or not the prices for wheat fixed in said order refer and relate to prices free on board cars in the respective markets in harmony with the universal custom and practice in the grain trade.

Fifth. Whether the United States Food Administration, after fixing a price for wheat at Minneapolis and Duluth of 3 cents per bushel below the Chicago price, has established a rule and practice of deducting therefrom a commission contrary to the terms of said order.

Sixth. What authority exists, or is claimed to exist, for deducting from the price paid to the seller of wheat a commission of 1 or 2 cents per bushel below the price fixed by said order.

Mr. GARRETT of Tennessee. Mr. Speaker, the reading of the resolution has progressed far enough to show that it is clearly not a privileged resolution.

Mr. STEENERSON. The Clerk has read all but the last three lines.

Mr. GARRETT of Tennessee. The last three clauses read, Mr. Speaker, calls for an opinion, and under the rules it can not be a privileged resolution, and I make the point of order.

Mr. STEENERSON. Mr. Speaker, I desire to be heard on the point of order.

The SPEAKER. What is the point of order?

Mr. GARRETT of Tennessee. The point of order is that the resolution calls for an expression of opinion. The latter part of section 3 especially, and also section 5. It would necessarily involve on the part of the Executive that he should respond to it an expression of opinion by him, and therefore is not privileged under the rule. A resolution which asks for a fact is privileged under the rule.

The SPEAKER. There is no question about that principle.

Mr. GARRETT of Tennessee. A resolution which asks or even directly would involve in the complete answer to it an expression of opinion upon the part of the President or any of the executive heads is not privileged or one which would require an investigation.

The SPEAKER. There is no dispute about the principle involved, and the question is whether this does it.

Mr. GARRETT of Tennessee. Mr. Speaker, on page 2 of the resolution, at the bottom, it says:

Third. Whether or not the United States Food Administrator and the United States Food Administration Grain Corporation (a private corporation), in attempting to control the price of wheat between private purchasers, and in establishing a fixed price, claims exemption from the antitrust laws of the United States and the constitution and laws of the State of Minnesota against trusts and monopolized markets; and if so, upon what is that claim based?

The SPEAKER. The Chair will hear the gentleman from Minnesota.

Mr. STEENERSON. Mr. Speaker, it seems to me clear that the gentleman from Tennessee is mistaken in his contention. There is no dispute about the rule. The Speaker of the House in ruling on the resolution filed by the gentleman from Wyoming [Mr. MONDELL] on the facts in possession of the Secretary of the Treasury in regard to the depression in the price of certain bonds, the Speaker elaborately discussed this matter.

The third provision which has been called to the attention of the Chair by the gentleman from Tennessee simply asks what the food administration claims, and if they make that claim, upon what the claim is based. That is all there is in that third proposition. This calls for a fact. The question whether or not the food administration claims to be exempt from trust laws, and upon what the claim is based is a matter entirely within the possession of the food administration and does not call for an opinion at all. It may be that they are exempt. It may be that that is justified by the food-administration law. We are simply asking them if they make the claim, and if so, upon what the claim is based. That is as much asking for a fact from the department as the resolution to which I refer was. That resolution required of the Secretary of the Treasury "what facts in his possession on which he based the charge recently made by him, the recent decline in the price of United States 2 per cent bonds is due almost wholly to what appears to be a campaign waged with every indication of concerted action on the part of a number of New York City banks," and so forth. This decision of the Speaker is found on pages 380 and 381, Book of Rules:

The SPEAKER. The Chair is ready to rule on the point of order submitted by the gentleman from Alabama [Mr. UNDERWOOD].

The practice in regard to a resolution of this kind is this, that it is in order if it calls for facts only or information only. It does not make any difference which one of the two words is used. But it is out of order if it calls for an opinion or an investigation. If part of the resolution is bad, it is all bad.

Now, let us see where we are. This resolution has two propositions in it. The first reads:

"*Resolved*, That the Secretary of the Treasury be, and he is hereby, directed to transmit to the House of Representatives the facts in his possession on which he based the charge recently made by him that the recent decline in the price of United States 2 per cent bonds is due 'almost wholly to what appears to be a campaign waged with every indication of concerted action on the part of a number of influential New York City banks to cause apprehension and uneasiness about these bonds in order to help them in their efforts to defeat the currency bill.'"

That is proposition No. 1. Proposition No. 2 is as follows:

"That the Secretary of the Treasury is also hereby directed to inform the House as to the facts on which he based his statements, as follows: 'That nothing has occurred to impair the value of the 2 per cent bonds, but the amendment already adopted by the Banking and Currency Committee of the House enhances their intrinsic value,' together with a copy of the amendment thus referred to by him."

The Chair has absolutely nothing to do with the motives which prompt people in offering resolutions. It is purely a technical matter, simply that and nothing more. The question is, Does this resolution conform to the practice of the House as asking for facts and not asking for an opinion? It may be true that the gentleman from Wyoming [Mr. MONDELL] was doing exactly what sundry gentlemen have charged him with doing, namely, fishing for an opinion under the guise of asking for facts. That may be true. It probably is. But the Chair has nothing to do with that. Whoever drew that resolution, if he had that idea in mind, was a very skillful artist.

The precedent which has been called to the attention of the Chair (Hinds' Precedents, vol. 3, sec. 1873) that on January 18, 1906, Mr. Oscar W. Gillespie, of Texas, claimed the floor for a privileged motion in order to move to discharge the Committee on Interstate and Foreign Commerce from further consideration of the following resolution, which had been referred to that committee more than a week previously.

That resolution divided itself into two parts, the first and longer part asking expressly for an opinion. The latter and shorter part of it was: "And the said Attorney General is also requested to report to this House all the facts upon which he bases his conclusion."

Now, Speaker CANNON held, practically, that the latter and shorter clause would have been in order if it had been presented by itself, but that the first and longer proposition was not in order, because it called for an opinion, and he was clearly right in so ruling; and because that part of the resolution was not in order it vitiated the whole thing.

It may be that the Secretary of the Treasury used the language quoted here. The Chair does not know, and it is none of his business to inquire. The Secretary may not have had any facts whatever as to the second proposition. The Chair does not pronounce an opinion whether he had or had not any facts on which to base the statement.

"That nothing has occurred to impair the value of the 2 per cent bonds, but the amendment already adopted by the Banking and Currency Committee of the House enhances their intrinsic value."



The Chair does not agree with the gentleman from Illinois [Mr. MANN] that the Secretary of the Treasury always speaks as Secretary of the Treasury, or that the President can not speak in any other way except as President of the United States, or that none of us can express a private opinion. But if the Chair undertook to make up his own mind about the question whether the Secretary of the Treasury had facts on which to base an opinion, on every occasion, he would have to go on an exploring expedition to find out what the Secretary or anybody else was talking about.

On its face this resolution simply inquires for facts and nothing else, and the Chair is constrained to overrule the point of order made by the gentleman from Alabama.

All that the Chair is required to pass on is this: Is this resolution in proper form and language in the light of the rules, practices, and precedents of the House? The Chair thinks it is, because on its face it simply calls for facts—merely that and nothing more—therefore the Chair is constrained to overrule the point of order made by the gentleman from Alabama [Mr. UNDERWOOD].

I submit that as long as that decision stands as the law of the House my resolution must be held to be privileged. I know that the Speaker is familiar with that decision; he rendered it himself. It is not necessary to comment at length upon it, but I would say that when I drew this resolution I examined that decision and all the decisions in Hinds' Precedents, and I drew this resolution with the express purpose of putting in there a request for facts in possession of the food administration. The gentleman from Tennessee [Mr. GARRETT] simply jumped at a conclusion without having seen or read the resolution and he makes the bald assertion that this calls for an opinion. I submit to the Speaker that all the facts this resolution asks for are within the possession of the food administration, and it does not ask for opinion. The third subdivision of the resolution inquires as to whether or not they make a claim to be exempt from the antitrust laws and upon what that claim is based. That is asking for a fact.

Mr. FITZGERALD. How about the sixth subdivision, which clearly calls for the expression of an opinion and not facts?

Mr. STEENERSON. Oh, no.

Mr. FITZGERALD. It is a matter of opinion whether any authority exists or is claimed to exist for deducting from the price paid to the seller of wheat a commission of 1 or 2 cents a bushel below the price fixed by said order.

Mr. STEENERSON. I shall proceed to discuss that. I was answering the gentleman from Tennessee.

The SPEAKER. The point of order made by the gentleman from Tennessee as to subdivision third is overruled.

Mr. GARRETT of Tennessee. Mr. Speaker, I am making the point of order as to the whole proposition. Anything in the resolution that is nonprivileged would destroy the privileged character of the entire resolution.

The SPEAKER. That is true.

Mr. GARRETT of Tennessee. I discussed only section 3, because I had that before me at the time.

The SPEAKER. If the gentleman wants to discuss any other subdivision, the Chair will hear him.

Mr. GARRETT of Tennessee. I make the point of order upon the whole proposition that it is not privileged.

Mr. FITZGERALD. Mr. Speaker, I desire to call the attention of the Chair to the third proposition and submit that to inquire whether the food administration or the President claims certain things is the same as asking whether the President is of a certain opinion. The President can not state as a fact that a certain thing is exempt from the operation of the constitution and laws of the State of Minnesota. All the President could do would be to express an opinion as to whether in the administration of this law the administrators are exempt from the operation of the constitution and laws of that State or of any local or municipal laws. The gentleman asks that the President state as a fact what could never be determined as a fact but what must be determined as a question of law. In addition to that, the sixth paragraph unquestionably asks for the expression of an opinion.

Mr. GARRETT of Tennessee. Mr. Speaker, will the gentleman yield there?

Mr. FITZGERALD. Yes.

Mr. GARRETT of Tennessee. To permit me to also draw the attention of the Chair to the seventh paragraph, which reads as follows:

Seventh. What facts or data are in possession of the President or the food administration justifying making the wheat raisers bear all the loss by controlled markets when the producers of corn, rye, oats, barley, and other cereals have the benefits of competitive markets.

Would that call for anything on earth except an opinion?

Mr. STEENERSON. Mr. Speaker, I would like to be heard.

Mr. GARNER. Mr. Speaker, I suggest to the Chair that the point of order is made against the resolution upon two grounds: First, that it calls for a conclusion or for an opinion, and, second, that it would call for an investigation. That would apply to the entire resolution, so the Speaker must go to the entire body of the resolution and not section 3 alone.

The SPEAKER. The Chair was passing upon what was presented to him.

Mr. GARNER. But the gentleman from Tennessee made the point of order against the resolution and discussed only the third subdivision. The Chair must go to the entire resolution itself.

The SPEAKER. There is no dispute about that.

Mr. FITZGERALD. Mr. Speaker, upon the third paragraph, which might be presented in a simple resolution, I wish to call the attention of the Chair to a very important matter. These resolutions must call for facts which apparently are in the possession of the official called upon to state the facts, and if it appears that they can not be in the possession of the official or would require inquiry or investigation, then the privilege of the resolution falls. In this third paragraph the President is called upon to state whether the United States food administration and the United States Food Administration Grain Corporation, designated in the resolution to be a private corporation, in attempting to control the price of wheat claims exemption from the antitrust laws of the United States and the constitution and laws of the State of Minnesota against trusts and monopolized markets. It is apparent that the President can not have in his possession, without inquiry, facts as to whether a private corporation is contending that it is exempt from the operation of certain Federal statutes or the constitution and laws of some State. I wish to direct the attention of the Speaker to that provision so that a hasty opinion will not embarrass in the future, if the gentleman should submit that as a separate resolution. Under the repeated determinations of the House the privilege applies only to resolutions which call upon an official, the head of a department, or the President for information which he must have in his possession, facts which he must have in his possession, and if it calls for the expression of an opinion or for facts which he can ascertain only by inquiry there is no privilege attaching to the resolution. To ask the President whether a private corporation in attempting to control the price of wheat, to fix the price of wheat, claims or contends that it is exempt from the operation of laws can not call on the President for anything except the expression of an opinion as to what he believes this private corporation is contending, or if it should happen to call for facts it must be facts which are inherently in his possession and not facts which can only be ascertained from inquiry from outside sources. I submit that paragraph 3 of the resolution clearly contravenes the rule and is not privileged.

Mr. STEENERSON. Mr. Speaker, notwithstanding the fact that I understood the Speaker, in response to the point of order on paragraph 3 made by the gentleman from Tennessee, overruled the point, I will again discuss this matter in response to the gentleman from New York, who is such a high authority on parliamentary practice and procedure. This point which was made last about the United States Food Administration Grain Corporation not being part of the food administration is rather far-fetched. The food-administration law itself authorized the President and those appointed by him to organize this food-administration company, and I think that Congress, like courts, can take judicial notice of the fact that this corporation was organized pursuant to an act of Congress and was simply one of the instrumentalities provided for by Congress and therefore it is used by the food administration as one of its instruments. We are not absolutely blind, deaf, and dumb because we are a separate body from the executive branch. We authorized this food administration and they have employed their men; they have provided and have used them in an unexpected way. Now, the gentleman from New York evidently agrees that we could ask the President or the food administration what it is they claim. Certainly, no reasonable man ought to argue that we could not ask the executive branch of the Government whether it claimed a certain thing, and that such a question does not call for a fact. Whether a claim is made is a question of fact.

Mr. FITZGERALD. The gentleman is asking the President whether a private corporation claims something; that is not calling for a fact within the possession of the President.

Mr. STEENERSON. Then the President had, as we all know, full information as to the food administration?

Mr. FITZGERALD. I doubt that.

Mr. STEENERSON. Mr. Hoover, of the food administration, has organized this corporation pursuant to an act of Congress. We authorized that; that is an instrument we gave him, and he is operating through that. Everybody knows that except the gentleman from New York, who, for a parliamentary purpose, is blind.

Mr. FITZGERALD. I am glad that the information that I have is not like that which the gentleman from Minnesota seems to pride himself upon being possessed of.



Mr. STEENERSON. That is a very witty remark, but that is beside the question.

Mr. FITZGERALD. And more than that—

Mr. STEENERSON. I decline to yield.

Mr. FITZGERALD (continuing). It is accurate and true and something I take some pride in.

Mr. STEENERSON. I decline to yield. I do not desire to have a personal controversy with the gentleman from New York, and I submit again that the ruling of the Chair a moment ago was based upon common sense and was not upon a finespun theory of the gentleman from New York. Here is the paragraph of the resolution that asks the President and the food administration and the food administration company if they claim a certain thing, if they claim to be exempt from the anti-trust law, and if so, upon what that claim rests. That is a proper question and is within the information of the department. It calls for facts, not for opinion. Some years ago I recall that a question arose as to whether or not the United States could import merchandise without paying duty for the Panama Canal, and it was explained here that although the general law forbade everybody from importing anything without paying duty, it did not, of course, apply to the Government itself. Now, it may be that the claim of the department is that this food administration corporation, organized by Mr. Hoover, by the food-administration act and expressly authorized, claims that they are not amenable to these laws, and if so we want to know whether that claim is made and upon what it rests. That is all there is in section 3. This is information the people of the United States are entitled to. If the Government itself, which is supposed to abide by the law, which makes the other people abide by it, claims exemption from those laws, they know it, and the people ought to know. We ought to know if everybody must obey the law except the Government, because they are exempt from obedience to the law. That is all we want to know, and it is a proper question to ask. Now, I want to say one word in regard to this whole resolution which those gentlemen who are so quick on the trigger when it comes to parliamentary practice have not noticed. The first part of it simply describes the act, section 11, saying that the House of Representatives wants to know whether, pursuant to section 11 of the act of a certain date, which reads in part as follows, and the order of the President of a certain date, which reads in part as follows, that is all descriptive matter, describing the act and the President's order. It is nothing except describing what we refer to, and then comes after the quotation as you will see on page 2 when the act of Congress is described and the order of the President is described we must refer back to the question whether the president of the United States food department, appointed or authorized by him, has assumed, and now assumes to, and does fix the price of wheat at Minneapolis, Duluth, and Chicago, and other markets, to be paid by private purchasers as well as the price to be paid by the Government on its purchases. That is the first question, and then comes 2, 3, and 4. Now, whether or not the Government is assuming to fix the price of wheat between private purchasers is a question of fact that they know and can answer. The second inquiry is, whether they are enforcing the maximum price for all wheat sales of the 1917 crop in the markets of Minneapolis and Duluth and restrained private purchasers from paying a higher price than that fixed under said act. They know whether they have been and can answer it. Then whether they claim that to be the maximum. They know that and can answer it. Then comes the fourth and fifth, sixth and seventh, and, as I said before, those gentlemen simply jumped at a conclusion, because this is a long resolution, that it must violate the well-known and well-established rule that you must not ask for an opinion.

I had before me when I drew this resolution the decision of the Speaker as contained in Book of Rules, and I expressly followed it, as I supposed; and I believe they can not point out that I have not written it so as to properly call for information and facts that the administrative branch of the Government has. I can see no reason why anybody should object to it. Why are not the American people entitled to the information sought by this resolution? [Applause.] It is not opinion. It is information as to whether or not they have done these things, and they claim in doing so that they are exempt from the laws of the country. We are entitled to know it, and I submit the point of order is not well taken.

Mr. LEVER. Mr. Speaker, I desire to call the Speaker's attention to subdivision 4 of this resolution, which reads:

Whether or not the prices for wheat fixed in said order refer and relate to prices free on board cars in the respective markets in harmony with the universal practice and custom in the grain trade.

Now, the President would be supposed to make an investigation to determine what the universal custom and practice in

the grain trade is, and that in itself makes it a nonprivileged resolution.

Mr. STEENERSON. In reply to that, I will say that there is no dispute about this. Everybody knows, and nobody knows to the contrary, every commercial journal, every grain-trade journal, and everybody, including the food administration, knows that when you refer to the price of wheat at Chicago or Minneapolis you refer to the price of wheat free on board cars. And in spite of that the food administration says that they deduct 2 per cent, which is 2½ per cent commission below the price fixed by the President, giving the middleman more than twice as much commission and rakeoff as he had before. That is the result in Minneapolis, unless it has been corrected very recently. [Applause.] There is no opinion asked for. It is an undisputed fact that when you refer to the price in any wheat market you refer to the price free on board cars, without any deduction. And we are merely asking whether or not the President in his order did not refer to the price free on board cars in these markets. Therefore a reduction of the commission from the price to be paid by Government purchasers, of course, is contrary to the order. It seems to me, of course, that point also is entirely without merit.

I call attention to the order of the President and report of the price the committee referred to in the resolution. It is as follows:

[Food Administration, Public Information Division. For information and files of all papers. No. 177. Aug. 31, 1917.]

THE WHITE HOUSE,  
Washington, August 30, 1917.

Section 11 of the food act provides, among other things, for the purchase and sale of wheat and flour by the Government and appropriates money for the purpose. The purchase of wheat and flour for our allies, and to a considerable degree for neutral countries, also, has been placed under the control of the food administration. I have appointed a committee to determine a fair price to be paid in Government purchases. The price now recommended by that committee, \$2.20 per bushel at Chicago for the basic grade, will be rigidly adhered to by the food administration.

It is the hope and expectation of the food administration, and my own also, that this step will at once stabilize and keep within moderate bounds the price of wheat for all transactions throughout the present crop year and in consequence the prices of flour and bread, also. The food act has given large powers for the control of storage and exchange operations, and these powers will be fully exercised. An inevitable consequence will be that financial dealings can not follow their usual course. Whatever the advantages and disadvantages of the ordinary machinery of trade, it can not function well under such disturbed and abnormal conditions as now exist. In its place the food administration now fixes for its purchases a fair price, as recommended unanimously by a committee, representative of all interests and all sections, and believes that thereby it will eliminate speculation, make possible the conduct of every operation in the full light of day, maintain the publicly stated price for all, and, through economies made possible by stabilization and control, better the position of consumers, also.

Mr. Hoover, at his express wish, has taken no part in the deliberations of the committee on whose recommendation I determine the Government's fair price, nor has he in any way intimated an opinion regarding that price.

WOODROW WILSON.

The report of the committee follows:

UNITED STATES FOOD ADMINISTRATION,  
Washington, August 30, 1917.

TO THE PRESIDENT OF THE UNITED STATES:

The undersigned committee has been asked by you to recommend the price which the Government should pay for the 1917 crop of wheat.

In its deliberations the committee has kept constantly in mind the three following factors:

First. The fact that the United States is at war.

Second. The need of encouraging the producer.

Third. The necessity of reducing the cost of living to the consumer.

The normal laws of supply and demand have been violently interfered with, and Congress has undertaken to offset this disturbance by conferring extraordinary powers upon the President to stabilize prices. Each of the foregoing factors grows out of conditions which have received the careful attention of the committee. Chief among them are that the wheat yield in a great and important section of the country has this year been below the normal; that over against this situation is the crying



need among the whole body of the population, especially the wage earners, that the rising tide of costs shall be stayed and reduced as rapidly as possible consistent with the welfare of the producer; that the Government is at the present time engaged in the great task of reducing and stabilizing costs of other staple commodities; that the wheat of the world is abundant for its needs, even disregarding the stores in Russia, but because of lack of shipping and war conditions the burden of supplying wheat to the allies and to neutral nations rests for the time being upon the United States and Canada.

Your committee has also considered the fact that the Government price for the 1917 wheat crop is in effect a continuing guaranty until the minimum price guaranteed by Congress for the crop of 1918 goes into effect (July 1, 1918). It has considered the relation of the 1918 minimum-price guaranty to the price here recommended. It has also considered the effect which an early termination of the war would have upon the wheat markets of the world.

In reaching its conclusion the committee has been guided by the principles you have announced, that a fair price should be based upon the cost of production for the entire country plus a reasonable profit. We have relied upon the cost estimates for the crop of 1917 furnished by the United States Department of Agriculture, checked by the results of our independent investigations and the evidence submitted to the committee by producers and their representatives.

The committee has considered the regulations recently established by the United States Food Administration Grain Corporation for the different grades of the wheat through which all transactions in wheat are to be standardized and speculation to be entirely eliminated. Also that profits to the grain dealer, miller, and flour dealer have been regulated and reduced by the Grain Corporation, effecting a material reduction in the cost of flour.

In consideration of the foregoing facts and circumstances, this committee respectfully recommends that the price on No. 1 northern spring wheat, or its equivalent, at Chicago be \$2.20 per bushel.

Respectfully submitted.

H. A. GARFIELD, <i>Chairman</i> .	H. J. WATERS.
THEO. N. VAIL.	C. S. BARRETT.
J. W. SULLIVAN.	J. W. SHORTHILL.
E. F. LADD.	L. J. TABER.
F. W. TAUSSIG.	W. N. DOAK.
EUGENE E. FUNK.	

You will notice that the committee report, among other things, says:

Your committee has also considered the fact that the Government price for the 1917 wheat crop is in effect a continuing guaranty until the minimum price guaranteed by Congress for the crop of 1918 goes into effect, July 1, 1918.

Nothing in the whole report indicates that they proposed to fix a maximum price, not only for Government purchases but for private sales. The law does not contemplate that. The power to buy, store, and sell might be so used as to result in that, but that is not what has been done. What has been done is to enter into a combination and arrangement with dealers, millers, and grain men to depress the price of wheat in all markets to that fixed on Government purchases. It is, in fact, a combination between the Government agents and grain buyers and dealers, in consideration of which the latter are given double commission to refrain from competing in price. If this had been done before the food act was passed, no one would question that it would have been a combination in restraint of trade. If it is legal now, we ought to be advised of the reason why. During the debate on the food-control bill it was not claimed that it would confer this power. If it is contained in the law, it is not very clear on what provision it rests. Reports from Minneapolis are that wheat does not come to market in sufficient quantity to satisfy the demand. Even local mills have been compelled to stop grinding. On September 24 the papers report 436 cars arrived in Minneapolis, as against 1,033 cars on the corresponding day last year. Here is an extract from the Minneapolis Journal of September 24:

#### PRICE DIFFERENCES DISREGARDED.

Frank L. Carey, because of advices that Federal grading of grain was causing some farmers to hold back grain, to-day had an order posted on the floor of the chamber of commerce directing that existing price differences on lower grades, as established in the order of the price-fixing committee, headed by Harry A. Garfield, be disregarded.

Griffith Morris, Harry Stadden, and A. F. Owens, the committee that has been making relative placing of the lower grades not fixed as to price, to-day were including No. 4 and No. 5 wheat and mixed wheat in their gradings.

The change, which will operate from now on, will mean that if a sample of milling wheat that has been graded No. 4 or lower, because of the presence in it of foreign matter, is found to have intrinsic milling quality, the fixed difference of 10 cents under No. 1 Northern, as in the case of No. 4, will be disregarded and the wheat graded on merit.

#### END OF COMPLAINTS SOUGHT.

It is expected that this will eliminate largely complaints, loosen up wheat of the No. 4 grade, which farmers have been holding back.

The President in his order said that the prices recommended by the committee "will be rigidly adhered to by the food administration," but according to this newspaper report the local agents have found it necessary to change them. The result will be that the low grades of wheat will enjoy competition in price up to the price of the higher grades. The justification of this may be that the man who has a poor crop of wheat is burdened enough by this misfortune, but the skillful and efficient farmer, who produces the best wheat, must be penalized by the fixing of an arbitrary price lower than his product would command in a free market.

Will this tend to produce a large crop in the future? If it has any effect it would seem to be in the opposite direction.

Whatever the action to-day on this resolution may be, I hope that the majority in control of this House will eventually require the executive branch of the Government to furnish the information asked for in this resolution.

The SPEAKER. This resolution asks for three or four opinions and three or four investigations. So the point of order against it is sustained.

#### LEAVE OF ABSENCE.

Mr. DRANE, by unanimous consent, was granted leave of absence for the day, on account of important business.

#### BRIDGE LEGISLATION.

The SPEAKER. There are two or three little bridge bills that the Chair desires to dispose of before the House begins on other business.

Mr. NORTON. Mr. Speaker, I ask unanimous consent to speak for 10 minutes.

The SPEAKER. As soon as we get through with these little bridge bills I will submit the gentleman's request.

#### BRIDGE ACROSS FOX RIVER, ELGIN, ILL.

Mr. COPLEY. Mr. Speaker, I ask unanimous consent to take the bill (S. 2823) from the Speaker's table and put it upon its passage.

The SPEAKER. The gentleman from Illinois asks unanimous consent for the present consideration of the bill S. 2823, which the Clerk will report.

The Clerk read as follows:

An act (S. 2823) granting the consent of Congress to the city of Elgin, Ill., to construct, maintain, and operate a bridge across the Fox River at Elgin.

*Be it enacted, etc.*, That the consent of Congress is hereby granted to the city of Elgin, Ill., to construct, maintain, and operate a bridge and approaches thereto across the Fox River from the westerly end of Kimball Street to the easterly end of Lawrence Avenue, in the city of Elgin, in the county of Kane, in the State of Illinois, at a point suitable to the interests of navigation, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

Sec. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The SPEAKER. Is there objection to the consideration of the bill? [After a pause.] The Chair hears none.

The question is on the third reading of the Senate bill.

The bill was ordered to be read a third time, was read the third time, and passed.

On motion of Mr. COPLEY, a motion to reconsider the vote by which the bill was passed was laid on the table.

#### BRIDGE ACROSS MISSISSIPPI RIVER, AITKIN COUNTY, MINN.

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent for the present consideration of the bill H. R. 5839, a bridge bill.

The SPEAKER. The Clerk will report it.

The Clerk read as follows:

A bill (H. R. 5839) extending the time for the construction of a bridge across the Mississippi River, in Aitkin County, Logan Township, State of Minnesota.

*Be it enacted, etc.*, That the time for commencing and completing the construction of a bridge, authorized by act of Congress approved September 5, 1916, to be built across the Mississippi River at its intersection with the division line between sections 26 and 27, township 49 north, range 25 west, fourth principal meridian, in the county of Aitkin, Logan Township, in the State of Minnesota, are hereby extended one and three years, respectively, from the date hereof.

Sec. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

Also the following committee amendment was read:

Page 1, line 3, strike out the word "time" and insert in lieu thereof the word "times."

The SPEAKER. Is there objection?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I wish to inquire whether this proposed bridge is above the falls at St. Paul, or whether it is below?

Mr. KNUTSON. It is 100 miles above.



Mr. STAFFORD. Has any work been undertaken toward the construction of it at the present time?

Mr. KNUTSON. I will say to the gentleman that this bill was passed several years ago by Congress, but owing to the outbreak of war it was impossible for the county commissioners to secure the necessary material. They have just got the material, and they are anxious to get the time extended in which to commence construction of the bridge.

Mr. STAFFORD. I assume there is not much navigation on the upper part of the Mississippi?

Mr. KNUTSON. There is not a particle, I will say to the gentleman.

The SPEAKER. Is there objection?

Mr. HULL of Tennessee. Reserving the right to object, I want to inquire of the gentleman if the War Department recommends this favorably?

Mr. KNUTSON. It has taken its regular course.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. KNUTSON, a motion to reconsider the vote by which the bill was passed was laid on the table.

The SPEAKER. The gentleman from North Dakota asks unanimous consent to address the House for 10 minutes. Is there objection?

Mr. GARRETT of Tennessee. I shall have to object.

The SPEAKER. The gentleman from Tennessee objects. The gentleman from Missouri [Mr. ALEXANDER] is recognized.

#### ADMISSION OF FOREIGN SHIPPING TO COASTWISE TRADE.

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to press for consideration the following bill—

Mr. MEEKER. Mr. Speaker, I object.

The SPEAKER. The other gentleman from Missouri objects. Objection was made to the gentleman from North Dakota talking.

Mr. ALEXANDER. I think the gentleman should not object. I have no objection to the gentleman from North Dakota proceeding, but this is a matter of vital importance. It is a war-emergency matter. I do not think the gentleman ought to stand in the way of it. I am sure if the gentleman will consult with well-informed gentlemen on the other side he will withdraw his objection.

The SPEAKER. The gentleman from Missouri [Mr. MEEKER] objects.

Mr. MEEKER. If the gentleman from North Dakota can get a hearing, I will withdraw my objection.

The SPEAKER. It is not debatable on either side. Every Member has the right to object to every unanimous-consent request asked, and nobody has the right to dispute it.

Mr. ALEXANDER. My colleague says he will withdraw his objection. I think he ought to have that privilege.

Mr. GARRETT of Tennessee. Will the gentleman from North Dakota [Mr. NORRIS] withdraw his request?

Mr. MEEKER. Mr. Speaker, if I may, I will withdraw my objection.

The SPEAKER. The gentleman has a perfect right to withdraw it. Is there objection?

Mr. STAFFORD. Objection to what, Mr. Speaker?

The SPEAKER. To the consideration of the bill that the gentleman from Missouri [Mr. ALEXANDER] has in charge.

Mr. STAFFORD. It has not been submitted.

The SPEAKER. It is the bill (H. R. 6175) giving the United States Shipping Board power to suspend present provisions of law and permit vessels of foreign registry and foreign-built vessels admitted to American registry under the act of August 18, 1914, to engage in the coastwise trade during the present war and for a period of 120 days thereafter, except the coastwise trade with Alaska.

Mr. STAFFORD. Reserving the right to object, Mr. Speaker, I assume that the gentleman from Missouri [Mr. ALEXANDER], as he stated yesterday, will grant liberal debate upon this bill?

Mr. ALEXANDER. Certainly. There is no disposition not to do it.

Mr. NORTON. Mr. Speaker, will the gentleman yield to me, so that I can renew my request for unanimous consent?

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. ALEXANDER]?

Mr. COOPER of Wisconsin. Mr. Speaker, how long will the general debate continue?

Mr. ALEXANDER. I have an hour under my control, and the gentleman from Pennsylvania [Mr. EDMONDS], representing the minority side, has an hour under his control.

Mr. COOPER of Wisconsin. Will the gentleman allow us some time?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, this bill is on the House Calendar. There is no general debate recognized under the rules of the House in the consideration of a House Calendar bill. When the request was submitted yesterday by the gentleman from Missouri, I was under the impression that this was a Union Calendar bill, and that general debate would be in order. There should be some understanding. Members of the committee should not be misled. If we grant consent to the consideration of this bill, there will be no opportunity for general debate.

Mr. ALEXANDER. Mr. Speaker, I supplement that request by the further request that general debate on this bill be limited to two hours, one half of the time to be controlled by myself and the other half by my colleague from Pennsylvania [Mr. EDMONDS].

Mr. MOORE of Pennsylvania. Mr. Speaker, reserving the right to object, I will not consent to that unless the debate is confined to the bill. General debate is threatened, which means trouble this afternoon, and we might as well have an understanding as to what general debate means. Gentlemen can bring up questions of personal privilege or questions affecting the dignity of the House at any time, but I shall object to any further speeches under the guise of a merchant-marine bill or otherwise—speeches affecting personal controversies. If the gentleman from Missouri will modify his request so that if there is general debate it shall be confined strictly to the bill, I shall not object.

Mr. ALEXANDER. If the gentleman had been a little more patient, I would have included his proposition in my request. My request, Mr. Speaker, is that the bill be given present consideration; that the general debate be limited to two hours and that the debate be confined to the subject matter of the bill; one half of the time to be controlled by myself and the other half to be controlled by the ranking minority Member in attendance, the gentleman from Pennsylvania [Mr. EDMONDS].

The SPEAKER. Is there objection?

Mr. MOORE of Pennsylvania. Mr. Speaker, reserving the right to object, does the gentleman limit his request so that general debate may be confined to the bill?

Mr. FITZGERALD. He does.

The SPEAKER. That is the request.

Mr. ALEXANDER. I am sure that anybody who is interested in the successful prosecution of this war and who recognizes the prevailing conditions at present with respect to our ocean tonnage will not object.

Mr. MOORE of Pennsylvania. I understand that as well as the gentleman does, but if the gentleman wants a certain controversy raised under the guise of general debate—

The SPEAKER. The gentleman from Missouri specifically states that the general debate shall be confined to the subject matter of the bill. If I should be presiding over the House at that time and that request is granted, I will enforce it.

Mr. BRITTEN. Mr. Speaker, reserving the right to object, I want to submit a request in addition to the request of the gentleman from Missouri. It is that I may be allowed to proceed for five minutes out of order, and speak of the character of the designs submitted by the Bureau of Supplies and Accounts of the Navy Department, in order to call to the attention of the House the desire of the war industries board to take over the Supplies and Accounts Bureau of the Navy Department, which I do not think should be done, which naval officers do not think ought to be done, and which I think that very important committee of the Council of National Defense thinks ought not to be done. I would like to talk for five minutes in connection with that particular thing.

Mr. GARRETT of Tennessee. At what time—after the conclusion of this?

Mr. BRITTEN. No; before.

Mr. ALEXANDER. I have no objection to that, but I hope the gentleman will allow my request to be acted upon.

Mr. BRITTEN. I will withhold my request, Mr. Speaker.

The SPEAKER. The gentleman from Missouri [Mr. ALEXANDER] asks unanimous consent for the present consideration of H. R. 6175, and couples with that the request that the general debate shall not exceed two hours, one half to be controlled by himself and the other half by the gentleman from Pennsylvania [Mr. EDMONDS], and that the general debate be confined to the bill itself. Is there objection?

There was no objection.

#### BUREAU OF SUPPLIES AND ACCOUNTS, NAVY DEPARTMENT.

Mr. BRITTEN. Mr. Speaker, I ask unanimous consent that I may now proceed for five minutes out of order and that my five minutes be not taken out of the time on this bill.



The SPEAKER. The gentleman from Illinois [Mr. BRITTEN] asks unanimous consent at this time to proceed for not exceeding five minutes about a matter pertaining to the Navy.

Mr. ALEXANDER. Why can not the gentleman debate that under the five-minute rule on this bill?

Mr. STAFFORD. It would be out of order then.

Mr. BRITTEN. That would be out of order, and also it is a matter that ought to be called to the attention of the House now.

The SPEAKER. Is there objection?

Mr. ROBBINS. Mr. Speaker, I want to get five minutes to say something about bituminous coal, and if I can not get it in the general debate I will object.

The SPEAKER. Object to what? Two hours general debate have already been agreed to.

Mr. ROBBINS. I shall not object to the request of the gentleman from Illinois. But during the debate on this bill under the five-minute rule can I not obtain five minutes and use it on the subject of bituminous coal?

The SPEAKER. If anybody raises the point of order, the Chair will be compelled to rule it out. The five-minute debate is devoted, or supposed to be devoted—sometimes very erroneously supposed—to the pending amendment; but expressing his own personal opinion, the Chair does not think the gentleman will have any trouble in getting five minutes.

Mr. BRITTEN. I believe I forgot to include in my request the substance of what I said before, that this is purely of a complimentary character, and I want to call the situation to the attention of the House. It is an active condition that is now preparing a change between the Bureau of Supplies and Accounts in the Navy Department—

The SPEAKER. If the gentleman will suspend a moment, the Chair will try to get him the five minutes he desires, and then he can make his speech. [Laughter and applause.] Is there objection to the request of the gentleman from Illinois [Mr. BRITTEN] for five minutes, to talk about some matters connected with the Navy Department? The Chair hears none. [Applause.]

Mr. BRITTEN. Mr. Speaker, for some three or four weeks past there has been in controversy the question of taking over by one of the boards of the Council of National Defense the war industries board of the Bureau of Supplies and Accounts of the Navy. The desire of the Council of National Defense seems to be to take over entirely the Bureau of Supplies and Accounts of the Navy. A newspaper report a few days ago said that at first the Secretary of the Navy was opposed to the idea of making this change, and then it was later stated that he had begun to waver and that now he was likely to permit this very valuable organization to be ignored or wiped out of business entirely by the war industries board.

When the declaration that a state of war existed was passed in the House the Army had a very small organization, entirely incapable of handling the tremendous leap from a small Army and small supplies to the caring for several million men in the field, and they readily consented to the practical abolition of their little organization and its work was taken over by the war industries board, now practically making many purchases. It is not my intention to criticize the war industries board to the slightest degree. I do know that some of the other boards composing the Council of National Defense have acted very loosely. I know that brothers of certain board members have received contracts for millions and millions of dollars on a percentage basis; but that condition does not apply in the Navy Department. Members of Congress, like my friend here, Mr. TALBOTT, who has been on the committee a long time, know more about the Bureau of Supplies and Accounts than I do.

The gentleman from Maryland [Mr. TALBOTT] will tell you that the bureau is probably the most efficient organization of its kind in the entire Government service. At the time the war broke out there were 33 members in the purchase division of this bureau. They enlisted 75 Naval Reserves of all characters, chemists, experts in many directions who were enrolled in the service, at very small salaries, so that to-day they have 121 members in that purchasing department of supplies and accounts, and while they have been spending I might almost say thousands of millions of dollars for the Government, no one has yet pointed a finger at that particular bureau any more than at the Bureau of Yards and Docks under Admiral Harris. Rear Admiral McGowan, who is so ably assisted by Paymaster Peoples, is responsible for the coordination of these forces being brought from various parts of the United States, is at the head of the Bureau of Supplies and Accounts. The chairman of the war industries board, Mr. Scott, whose name was mentioned a while ago here on the floor of the House, will say, I think, that there is no organization in Washington that can compare with this bureau.

Mr. MEEKER. I want to ask the gentleman a question.

Mr. BRITTEN. I have only five minutes.

Mr. MEEKER. It is right on this point.

The SPEAKER. Does the gentleman yield?

Mr. BRITTEN. No; with no desire to be discourteous to my friend.

The SPEAKER. The gentleman declines to yield.

Mr. BRITTEN. If those of you on this, the Democratic, side of the House who are as interested in the Navy as I am will inquire among your friends in the Navy Department and in the Council of National Defense, who are not biased, and if you will ask them whether the Bureau of Supplies and Accounts should be wiped out of existence, they will tell you no, that it would be a very dangerous thing to do, and I hope Secretary Daniels will not permit that condition to exist. Admiral McGowan has experts in chemistry, experts in leather, experts in textiles, experts in everything that the Navy buys, some of these things being of a very delicate and intricate character that the Navy Department knows all about and that these gentlemen on the war industries board, who are lawyers and who are connected with the American Federation of Labor and other institutions, know nothing about, such as gyroscopes and other things that the Navy has to buy and for which reason this bureau should be conserved. Men who have been getting \$10,000 and \$20,000 a year are in Admiral McGowan's department working for a mere song, helping the war spirit along, and doing their bit.

The SPEAKER. The time of the gentleman from Illinois has expired.

Mr. OLIVER of Alabama. Mr. Speaker, I ask unanimous consent that the time of the gentleman from Illinois be extended five minutes.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. HARDY. Will the gentleman permit me a statement?

Mr. BRITTEN. Certainly.

Mr. HARDY. I am very much interested in what the gentleman says, and I want to say that yesterday I wrote the Secretary of the Navy, asking him not to give up the purchasing bureau of the Navy Department.

Mr. BRITTEN. I am very glad to hear that, and that is the object of the few remarks I have made, to call to the attention of this side of the House particularly what might occur, and which I hope the Secretary will not permit.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. BRITTEN. I will, gladly, to my good friend.

Mr. OLIVER of Alabama. I am very much interested in the statement made by the gentleman from Illinois, and especially to the high and deserving tribute paid the department presided over by Admiral McGowan. I do not think there is, however, any serious ground for apprehension that the Secretary of the Navy will for a moment suffer the activities of that department, the efficiency of which he so fully recognizes, to be hampered or interfered with, and I think I have very reliable information to that effect. However, I think it well that this matter be called to the attention of the House, as the gentleman from Illinois is doing.

Mr. MEEKER. Will the gentleman yield?

Mr. BRITTEN. Yes; with pleasure.

Mr. MEEKER. Is this bureau created by legislation or under an order by the Secretary of the Navy?

Mr. BRITTEN. By legislative action.

Mr. MEEKER. Could it be turned over without the consent of Congress?

Mr. BRITTEN. Yes; in the same way that the War Department has turned over its purchasing bureau because it could not possibly take care of the business. It now acts purely as a rubber stamp. The increase in the work has been so tremendous that it could not do it. But Admiral McGowan, with his excellent corps of 33 to start with, has been able to keep up with the Navy's demands. That corps is now enlarged to 121, and I was about to say these gentlemen come from all parts of the country, where they may have been getting salaries from \$10,000 to \$20,000 a year. They are not men of the draft age, between 21 and 31, avoiding the trenches, but they may be between 40 and 50 and 60. They are down there doing their bit, and doing it well, and no one can point a finger at any contract that has been let—no one on the floor of the House has ever stood here and talked against the Bureau of Supplies and Accounts or the Bureau of Yards and Docks, each of which have been spending millions of dollars, as has been done in regard to the Council of National Defense.

Now, I know nothing about the charges against the Council of National Defense, and I am not criticizing it, but I do not want to see this change made.



Mr. TALBOTT. Will the gentleman yield?

Mr. BRITTEN. Yes.

Mr. TALBOTT. Does the gentleman think that the duties of the Bureau of Supplies could be taken over by this body and performed successfully?

Mr. BRITTEN. Not successfully.

Mr. TALBOTT. Does the gentleman think it could be taken over without the consent of Congress?

Mr. BRITTEN. Yes; in the same way that the Quartermaster's Bureau in the War Department was taken over without the consent of Congress. The War Department really signs the contract as prepared by the war industries committee. A wooden man with a stamp is all that is necessary.

Mr. TALBOTT. The Committee on Naval Affairs reports a bill making the appropriations for the Bureau of Supplies. That is where the money comes from—where the appropriation comes from—and it could not be done without that appropriation.

Mr. BRITTEN. The Committee on Military Affairs in the same way makes appropriations for the Quartermaster Corps, whose duties in this direction have been practically absorbed without the consent of Congress. I will show the gentleman how reasonably they propose to bring these two boards together. They say here we are establishing a price for steel of \$64 a ton, a price of so much a yard for this, so much a foot for that, so much a pound for various things. Well, now, do gentlemen think that Admiral McGowan's efficient corps is not cognizant of these prices which are being established from time to time? They will take advantage of all of those, and what is more, they are calling for bids every day all over the United States. Business is not being done on a 10 per cent basis. Admiral McGowan takes bids on everything; the bids are opened in public at a certain day and a certain hour, and everybody who cares to may be present to see the proceeding and get a fair chance at the millions now being spent. That is the way the bureau is doing its business. But they say, "We are establishing prices for many commodities and we ought to have the supply and accounts of the Navy, because we are establishing these prices for the Army and for other governmental bureaus, and therefore the Navy should come in." But, my dear gentlemen, the Navy can take advantage of these prices with its present organization.

Admiral Sims is cabling over here every day for something of an important character for use of the destroyer fleet in British waters, and within 24 hours Admiral McGowan has the stuff loaded on some steamer pulling to the other side. He is not handicapped by red tape, but these gentlemen will handicap him because they have no legal status. They can say to him, "You had better buy such and such stuff," and that they have arranged to take bids, and Admiral McGowan will say, "Well, I had better look into it," and of course that will make continued delay.

Now, to summarize my remarks briefly:

At the outbreak of the war the purchase division consisted of a personnel of about 33 officers and civil employees, which organization was a nucleus about which an orderly expansion was made for the purpose of meeting the greatly increased demands made upon it in effecting Navy purchases.

Mr. Hancock was the officer in charge, and was assisted by Mr. Hilton in connection with fuel and transportation, Mr. Cobey in connection with purchases, and Mr. Parsons in connection with logistics—that is, the plans incident to preparation for war.

In order to meet the requirements for additional clerical assistance, about 75 naval reservists were enrolled, among whom were experienced bookkeepers, stenographers, typewriters, and clerks. There was also added to the personnel of the division a number of business men, who had volunteered their services and who have had previous wide experience in connection with certain lines of production. The idea in obtaining the services of these gentlemen was to have the benefit of their advice in connection with purchases along those lines with which they are particularly familiar. Among these specialists are Mr. McIntosh in connection with foodstuffs; Mr. Fuller, iron and steel production; Mr. Hooper, textiles; Mr. Riley, chemicals; and Mr. Morford, lumber. The expert advice of these gentlemen has been of incalculable value in connection with purchases since for most of these items the supply has been very much less than the demand, and there is, therefore, involved a thorough knowledge of the market conditions in order to obtain the most advantageous prices and deliveries.

The work in general has followed the same lines and procedure as existed prior to the outbreak of war, and the methods used in making Navy purchases, which were the result of experience gained through many years of progressive develop-

ment, have fully and adequately met the situation during the progress of hostilities, and this in accordance with the Revised Statutes of the United States, 3709 to 3746, inclusive, which set forth in detail the procedure to be followed in making purchases for the Navy, after strict adherence to the principles of public competition.

The SPEAKER. The time of the gentleman has expired.

Mr. SISSON. Mr. Speaker, I ask unanimous consent to proceed for five minutes on the subject upon which the gentleman from Illinois has just been speaking.

Mr. NORTON. Reserving the right to object—

Mr. SISSON. I do not want to take up the time unnecessarily, but I would like to have five minutes about this particular matter.

Mr. ALEXANDER. The bill under consideration is of so important a character—

Mr. SISSON. Nothing can be much more important than to keep within the Navy this magnificent organization which they have there and about which there has been absolutely no criticism. I want to call the attention of the House to a few facts.

The SPEAKER. The gentleman from Mississippi asks unanimous consent to proceed for five minutes on the same subject as referred to by the gentleman from Illinois [Mr. BRITTEN]. Is there objection?

Mr. NORTON. Reserving the right to object, I would like to couple with that a request that I may have unanimous consent to address the House for 10 minutes at the conclusion of the remarks of the gentleman from Mississippi.

Mr. ALEXANDER. Mr. Speaker, I object to both requests.

The SPEAKER. The Clerk will read the bill.

Mr. NORTON. Mr. Speaker, may I ask the gentleman if it was not the understanding that I should have 10 minutes?

Mr. ALEXANDER. After we finish this bill, I have no objection. I understand the gentleman has a matter of personal privilege, and he can claim it at any time.

Mr. NORTON. It is not a matter of personal privilege.

Mr. ALEXANDER. The agreement under which this bill is being considered was that debate should be confined to the subject matter of the bill. Consent was granted with that understanding, and I must object.

Mr. NORTON. I will say that under the statement made to me by the gentleman from New York I was given to understand that I would have 10 minutes.

The SPEAKER. The Clerk will read the bill.

The Clerk read as follows:

*Be it enacted, etc.,* That during the present war and for a period of 120 days thereafter the United States Shipping Board may, if in its judgment the interests of the United States require, suspend the present provisions of law and permit vessels of foreign registry, and foreign-built vessels admitted to American registry under the act of August 18, 1914, to engage in the coastwise trade of the United States: *Provided*, That no such vessel shall engage in the coastwise trade except upon a permit issued by the United States Shipping Board, which permit shall limit or define the scope of the trade and the time of such employment: *Provided further*, That in issuing permits the board shall give preference to vessels of foreign registry owned, leased, or chartered by citizens of the United States or corporations thereof: *And provided further*, That the provisions of this act shall not apply to the coastwise trade with Alaska or between Alaskan ports.

Mr. ALEXANDER. Mr. Speaker, before I begin my remarks I ask unanimous consent to revise and extend my remarks in the Record.

The SPEAKER pro tempore (Mr. JOHNSON of Kentucky). The gentleman from Missouri asks unanimous consent to revise and extend his remarks in the Record. Is there objection?

There was no objection.

Mr. ALEXANDER. Mr. Speaker, I should like to be notified at the end of 20 minutes, although I hope I shall not occupy that much time.

On July 31 last I introduced House bill 5609, giving the President power to permit vessels of foreign registry to engage in the coastwise trade of the United States during the present war or emergency. Hearings were held upon that bill.

Mr. MOORE of Pennsylvania. Mr. Speaker, may I ask the gentleman a question before leaving for a conference?

Mr. ALEXANDER. Certainly.

Mr. MOORE of Pennsylvania. The bill which the gentleman brings in proposes to introduce into the coastwise trade of the United States vessels of foreign registry, which is a reversal of conditions existent in the United States for more than a hundred years. I assume the gentleman will explain that, but in view of the fact that this change is so radical I desire to ask the gentleman whether in the bill he has presented he will consent to an amendment in the third line, where it is provided that during "the present war and for a period of 120 days" the act shall be effective, so that the language used in the report may be substituted. The report refers to "the present war with Ger-



many." If that language is not included, it might be inferred that the act was intended to be effective longer than the war with Germany.

Mr. ALEXANDER. Yes; that is satisfactory.

Mr. MOORE of Pennsylvania. I do not understand the bill intends to suspend the coastwise laws permanently.

Mr. ALEXANDER. Oh, no.

Mr. MOORE of Pennsylvania. I understand the gentleman holds that this law is only temporary, due to our war necessities?

Mr. ALEXANDER. That is correct.

Mr. MOORE of Pennsylvania. Will the gentleman consent to the amendment?

Mr. ALEXANDER. I have no objection to that, and I will ask the gentleman to call it to the attention of his colleague, Mr. EDMONDS. As I was about to say, hearings were held on House bill 5609 on September 6, 11, 13, 18, and 19, and every phase of this question was thoroughly considered. It is essentially emergency legislation to meet conditions growing out of the present war. On the 9th of August I received a letter from the President of the United States urging legislation not along any particular lines but adequate to meet the existing conditions in a rational way. The text of that letter is as follows:

THE WHITE HOUSE,  
Washington, August 9, 1917.

MY DEAR JUDGE: May I take the liberty of asking what fortunes H. R. 5609 is meeting with? I think, as I believe you do, that the matter of permitting vessels of foreign registry to engage in the coastwise trade of the United States is an urgent one, and I hope that there are prospects that the resolution may pass.

Cordially and sincerely, yours,

WOODROW WILSON.

HON. J. W. ALEXANDER,  
House of Representatives.

The Committee on the Merchant Marine and Fisheries, after considering the original bill and with the purpose of limiting the provisions of the law to meet the existing emergency and not to overturn a policy of the Government, followed from its foundation, which is opposed to the admission of ships under foreign registry to the coastwise trade, framed a substitute for the original bill. That substitute is House bill 6175, now under consideration.

Mr. DOWELL rose.

Mr. ALEXANDER. Mr. Speaker, I desire first to have an opportunity to make my statement and then I shall be glad to answer any questions that may be asked.

After the committee had agreed on the substitute, it submitted it to the Shipping Board to know if in its present shape it would meet the present emergency, and, in answer to my inquiry, Mr. Edward N. Hurley, the chairman, wrote me a letter as follows:

UNITED STATES SHIPPING BOARD,  
Washington, September 19, 1917.

HON. J. W. ALEXANDER,  
Chairman Committee on the Merchant Marine,  
House of Representatives, Washington, D. C.

MY DEAR JUDGE ALEXANDER: I am sending you a copy of a substitute measure, which, Mr. Huger informs me, has been submitted for your committee's consideration, respecting the admission of foreign-built vessels under American registry and vessels under foreign registry to engage, under certain restrictions, in the coastwise trade during the present war or emergency.

We feel that in principle the powers conferred under this substitute will enable us to secure the desired result looking to the conservation of tonnage and relieving rail congestion.

I am, with kind regards,  
Yours, very truly,

EDWARD N. HURLEY,  
Chairman.

As showing the attitude of those directly interested in the coastwise shipping industry, I desire to read a letter dated September 25, addressed to me by Mr. H. H. Raymond, president of the American Steamship Association. This association represents all of the shipping engaged in the coastwise trade, as I understand it. The letter is as follows:

AMERICAN STEAMSHIP ASSOCIATION,  
New York, September 25, 1917.

HON. JOSHUA W. ALEXANDER,  
Chairman Committee on Merchant Marine and Fisheries,  
House of Representatives, Washington, D. C.

DEAR SIR: Reports reach us through the public press that the bill recently introduced into Congress which proposed to admit, without limit or restriction, for the duration of the war, foreign vessels to operate in the coastwise trades of the United States, and which was referred to your committee, has been reported back to Congress amended as follows:

"Be it enacted, etc., That during the present war and for a period of 120 days thereafter, or emergency, the United States Shipping Board may, if in its judgment the interests of the United States require, suspend the present provisions of the law and permit vessels of foreign registry and foreign-built vessels admitted to American registry under the act of August 18, 1914, to engage in the coastwise trade of the United States: Provided, That no such vessel shall engage in the coastwise trade except upon a permit issued by the United States Shipping Board, which permit shall limit or define the scope of the trade and the time of such employment: And provided further, That in issuing permits the board shall give preference to vessels of foreign registry owned, leased, or chartered by citizens of the United States

or corporations thereof: And provided further, That the provisions of this act shall not apply to the coastwise trade with Alaska or between Alaskan ports."

We desire to express through you to your committee our appreciation of the wisdom displayed in formulating this legislation. We realize that, owing to the large number of vessels to be withdrawn from the coastwise trades to meet the requirements of the Government in its over-seas naval and military operations, the consequent reduction of shipping on these routes may be reflected in congestion of freight where other craft can not be procured or the railroads are not in a position to furnish substitute transportation facilities therefor. For this reason we recognize the necessity for emergency legislation which would avoid such complications. At the same time we feel that your committee have had in mind that but for the wise policy of enlightened self-interest pursued by this country in conserving its coastwise shipping to American vessels this large volume of tonnage would not have been ready at hand available for immediate governmental service, and, appreciating this, have admirably met a unique situation by recommending that Congress shall so legislate that there shall be no opportunity to menace the preservation and development of this important means of our national defense.

Very truly, yours,

H. H. RAYMOND, President.

Mr. COOPER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. ALEXANDER. Yes.

Mr. COOPER of Wisconsin. The chief doubt or question that arises in my mind, or the mind of anyone about this bill is this: How will it affect our coastwise traffic after the war is over? Will it prevent the getting back of our own vessels?

Mr. ALEXANDER. Absolutely not. If by the development of our shipbuilding industry we increase our tonnage in the present emergency beyond the demands of our foreign trade—that is, seagoing tonnage—and the ships come back into the coastwise trade, there will be no occasion to further exercise any of the powers conferred on the Shipping Board under this bill. It is only to meet the emergency, and when we have not sufficient vessels of American registry in the coastwise trade to render the service, that there will be any occasion for the Shipping Board to exercise the powers conferred upon them under this bill; and its operation is limited in any event to the present war with Germany and to 120 days after the end of the war.

Mr. COOPER of Wisconsin. It has been the policy, I think, of the great nations of the world, generally speaking, to limit the coastwise traffic to their own ships. I suppose the idea back of that is this, that if our coastwise traffic is done by vessels of foreign countries, if we should get into a war with those nations whose ships do that business, they would withdraw those ships and we would have no ships for the coastwise traffic. It happens in this instance, however, that we are at war upon the side of the great maritime nations which can supply all of the ships that we need. But that, I understand, is the principle which has led to the restriction of coastwise traffic to the vessels of the nation?

Mr. ALEXANDER. Yes; generally speaking.

Mr. DILLON. Will the gentleman yield for one question?

Mr. ALEXANDER. Yes.

Mr. DILLON. I want to ask the gentleman something about this language, commencing at line 4, "that the United States Shipping Board may, if in its judgment the interests of the United States require, suspend the present provisions of law." Does not that delegate the power to the Shipping Board to make law and to say what is law and what is not law?

Mr. ALEXANDER. No; I think not; the act of August 18, 1914, admitting foreign-built ships to American registry uses that language.

Mr. DILLON. Yes; but you say to this board that you may say that that shall not be law or that that may be law.

Mr. ALEXANDER. The law is not repealed, but it is suspended during the emergency. The board is given the power to determine if the emergency exists.

Mr. DILLON. I have no doubt—

Mr. ALEXANDER. I hope the gentleman will not detain me longer on that question.

Mr. DILLON. Just a moment. I have no doubt that Congress may make rules and regulations for boards, but absolutely to delegate the power to a board to say what is law and what is not law I have some doubt about.

Mr. ALEXANDER. Congress says that the law may be suspended when the board finds that the emergency exists, and then, when the emergency is found to exist, the board shall have power and may exercise the powers vested in them by this bill. We do not give them any power, except if an emergency exists to suspend our present coastwise laws, and the bill expressly provides that in that event only the provisions of this bill shall go into effect. Now as to the conditions in our coastwise-trade traffic. The statement of Hon. E. T. Chamberlain, Commissioner of Navigation, before the committee disclosed that at the end of the fiscal year 1914, and just before the war broke out, we had registered under the American flag and engaged in the foreign trade 1,076,000 gross tons. We had on the Great Lakes



2,882,000 gross tons; and on the high seas and rivers we had 3,969,000 gross tons; in all 7,928,000 gross tons.

At the end of the fiscal year ending June 30, 1917, our shipping registered for the foreign trade has increased from 1,076,000 gross tons on June 30, 1914, to 2,422,000 gross tons, or nearly two and one-half times.

Our shipping on the Great Lakes has dropped from 2,882,000 gross tons to 2,771,000 gross tons; that is a little over 100,000 gross tons. But it is fair to assume that more than 100,000 gross tons of shipping has been withdrawn from the Great Lakes, because we know that there has been considerable tonnage built on the Great Lakes during that period.

On the seaboard in the coastwise trade our tonnage has fallen from 3,969,000 gross tons to 3,607,000 gross tons, a decline of about 362,000 gross tons, or 10 per cent.

These are the figures covering the period up to the 30th of June of this year.

Prior to that time practically no ships had been taken out of the coastwise trade for military purposes. Since then the withdrawal of shipping from the coastwise trade to carry troops and munitions and supplies of every kind to meet the requirements of our Army and Navy has been very rapid, and it is probable that in a relatively short time 1,000,000 or more tons of shipping must be withdrawn from the coastwise trade to meet the requirements of the military operations of the United States.

Mr. Stevens, the vice chairman of the Shipping Board, appeared before our committee along with other witnesses and made this statement, which is found on page 39 of part 1 of the hearings:

Commissioner STEVENS. It is perfectly apparent to all of us who have studied the shipping situation that every ship of suitable size and strength may have to be diverted from our coastwise trade to war needs. Now, that will leave a very serious deficit in the transportation facilities for our important coastwise commerce, and there is already a shortage. There is not a day in which the Shipping Board does not receive requests not only from the shipping companies but from merchants and manufacturers, either asking us to procure some additional tonnage for them to take the place of ships that have been taken out of the coastwise trade or begging us not to take any ships out of the particular service that affects them.

There is to-day a shortage of the necessary tonnage to take coal to New England by water, and all of the great industries of New England are dependent upon water transportation for coal. But there are a good many boats engaged in that trade which are of a size and strength which makes them suitable for the over-seas trade. The Navy has already taken out quite a good many of the seagoing tugs which tow the barges, and we undoubtedly will have to take more for the direct war needs of the Army. And nearly every day I get letters from people in New England, interested in the textile industry, saying, "Whatever you do, don't take off any of the boats running from Gulf and south Atlantic ports to New England, because we are dependent upon them for our supply of cotton to keep our great textile mills going." And yet it is very apparent that some of the boats in that trade will, in the very near future, if not immediately, have to be diverted to war needs.

Now, if this bill were passed, it is not intended or expected that the President, acting under it, would simply throw down the bars at once and say that all ships of foreign registry may engage in any American coastwise trade. But we want the bill broad enough so that the President can meet any emergency as it arises. I want to point out what could be done. There are probably between four and five hundred thousand tons of neutral shipping under charter to American interests for the American trade. Neutral shipping, naturally, desires as much as possible to keep out of the war zone on account of the great danger, and we undoubtedly could secure more neutral tonnage if it could be promised safe trades. There are a good many hundred thousands tons of neutral shipping that is tied up and not in use and that has not been in use for a considerable length of time. Now, if an American merchant or American ship company could use these chartered neutral boats, not only for trade to Cuba and the West Indies and South America, but in the trade from Porto Rico and in the trade from coast to coast in this important movement of commodities like cotton and coal, it will enable us to fill the vacancy, caused by taking our own ships and putting them in the war zone, with neutral ships which otherwise, perhaps, would not be available for any service.

I would like to say, also, something about the situation on the Great Lakes. A great many boats have been withdrawn from the Great Lakes by both Canadian and American interests for the coastwise service and also for the trans-Atlantic service. At the present time the Shipping Board has started a scheme to take out of the Lakes this fall, between now and the time of the closing of navigation, all the boats which can possibly come through the Welland Canal, either whole or cut in two. The amount of that tonnage there, which possibly can be moved in that way and made suitable for the coastwise service, is over 300,000 tons. Now, we may not be able to take all that tonnage out, because we have not facilities enough for making the necessary changes and repairs in the ships that have to be made; but we will take out all we can. In the meantime that will deplete the tonnage on the Great Lakes. And, as you gentlemen are all aware, the Canadian Government, by an order in council, is now permitting American registered boats to engage in trade between port and port on the Great Lakes. If we draw out this tonnage, and there should be next season a serious shortage of tonnage on the Great Lakes, it will be possible, under this bill, for the President by Executive order, only during the emergency, to allow Canadian boats to trade from port to port in the United States.

It is not the purpose, as far as I am aware, and there is no desire on the part of the Shipping Board, to change the long-established policy of the Government about the coastwise trade. But we do know, from an intimate study of the war needs for tonnage, that there not only exists to-day a serious shortage but that between now and the time when our great building program will begin to turn out the ships, in the next six or eight months, the emergency in the short-

age of tonnage will be very much greater. And I think everybody will be glad to have a bill like this passed, so that the President might, by Executive order, meet the situation. He might issue an order just for the Great Lakes; he might issue an order just for chartered boats. Under this bill he might do even what has been suggested by one gentleman—permit the Shipping Board to allow boats to trade for special voyages. But I want to say about that suggestion that it would cause delay and much administrative detail.

Another instance, we have received many very urgent requests from the Government of Porto Rico and the Chamber of Commerce of Porto Rico for more service, and they urgently requested that legislation of this kind be enacted, because Porto Rico is short of tonnage to-day. Several of the boats in that service have been taken out and put in the service of the Army.

We feel certain that no public interest is going to suffer from this bill.

Mr. MADDEN. Will the gentleman yield?

Mr. ALEXANDER. I will.

Mr. MADDEN. I notice the report of the committee says it is proposed to take off the Great Lakes about 300,000 gross tons of shipping. What is going to be substituted in place of those boats on the Great Lakes now to accommodate the shipping needs of the Great Lakes?

Mr. ALEXANDER. Well, the purpose, I understand, is this: To utilize the smaller boats not suitable for the over-seas trade, as far as they may be suitable, in the coastwise trade and in the trade on the Great Lakes, and in addition to that, of course, the purpose is to let the Canadian vessels and our vessels on the Great Lakes cooperate to meet the demand for transportation facilities on the Great Lakes, because it is urgent.

Mr. MADDEN. Has the committee any information as to what tonnage is being constructed for traffic on the Great Lakes to supply the needs of the ships that will be taken off?

Mr. ALEXANDER. No; we have no accurate information. We know that tonnage is being built, but I am unable to state offhand how much. The gentleman knows that navigation on the Great Lakes will close shortly, and water transportation will be at an end until next spring.

Mr. MADDEN. I know that is true, but does the committee think it is wise to rob the Great Lakes of its tonnage in order that that tonnage may be utilized in other places? Will there be a sufficient advantage to the country at large by taking the facilities away from the Great Lakes and adding those facilities to other sections of the Nation?

Mr. ALEXANDER. I think it would be very poor policy to do that.

Mr. MADDEN. That is what is proposed to be done in this bill.

Mr. ALEXANDER. The gentleman is mistaken. It is not proposed to do that. It is assumed the Shipping Board in the exercise of a sound discretion will so administer the law as to meet the needs of our traffic not only in the coastwise trade but on the Great Lakes as well.

Mr. MADDEN. The committee, I notice, in its report says the Shipping Board is trying between now and the close of navigation to withdraw from the Great Lakes all the tonnage that can possibly come through the Welland Canal that can be serviceable in the coastwise trade, estimated at over 300,000 gross tons. Now, that tonnage may be able to operate in the coastwise trade in the winter season, but is it proposed to have the tonnage come back to the Lakes at the opening of next spring's navigation? That is the question.

Mr. ALEXANDER. Well, that would be the wise thing to do.

Mr. MADDEN. Does the gentleman think it wise, in view of the great needs of shipping on the Great Lakes, to authorize the Shipping Board to take the facilities away from the Great Lakes without some understanding that that shipping is going to be returned to the Great Lakes when navigation opens next spring?

Mr. ALEXANDER. This bill does not give any such power. The bill rests power in the Shipping Board to admit vessels of foreign registry to the coastwise trade, if in its judgment the interests of the United States may be served by doing so.

Mr. MADDEN. Why does the committee state that? It is in its report.

Mr. ALEXANDER. It does not say that it is intended to confer on the board any such power under this bill. Mr. STEVENS—and I read his statement just now—

Mr. MADDEN. It is the report of the committee that I am reading from.

Mr. ALEXANDER. I am talking about the bill. The bill gives no such power. The report refers to what the Shipping Board proposes to do whether this bill becomes a law or not. The SPEAKER pro tempore. The gentleman from Missouri requested the Chair to advise him at the end of 20 minutes.

Mr. MADDEN. I would like to ask the gentleman one or two more questions.

The committee evidently has it in its mind that it is proposed to remove this shipping from the Great Lakes.



Mr. ALEXANDER. The ocean-going tonnage. Mr. Edward N. Hurley is a Chicago man and the chairman of the Shipping Board, and should be informed about conditions on the Great Lakes, and the purpose is no doubt to leave on the Great Lakes all the tonnage that is necessary to provide for the movement of the traffic on the Lakes. It would certainly be folly to rob the Great Lakes of necessary water transportation.

Mr. MADDEN. Does the committee think there is more tonnage on the Great Lakes now than is needed to perform the service there?

Mr. ALEXANDER. Well, if the Canadian tonnage and our tonnage cooperate and engage interchangeably in the trade from port to port between Canadian and American ports it is the opinion of the Shipping Board that it will increase the facilities very largely and will greatly multiply the potentiality of the shipping on the Great Lakes. That is the purpose of suspending our coastwise laws on the Great Lakes.

Mr. MADDEN. What is the opinion of the committee?

Mr. ALEXANDER. That is our opinion, too. It is just like conditions in the coastwise trade. We would not consent to foreign shipping coming into our coastwise trade unless we thought by cooperation we could relieve the congestion and very materially add to our transportation facilities by water.

Mr. MADDEN. Of course, I am in favor of relieving the congestion to the extent that it is possible to facilitate the shipping.

Mr. HARDY. If the gentleman will permit, I wish to say that this bill does not undertake to affect the question of how much of our shipping may be withdrawn from the Lakes.

Mr. MADDEN. But it does not prohibit it.

Mr. HARDY. It simply leaves the law as it is in regard to that.

Mr. MADDEN. What is the purpose of this paragraph in the report of the committee?

Mr. HARDY. I suppose that in drawing that report it was thought the general administration would use our ships where they were most urgently needed, and that some of the ships might be taken as a question of discretion. It is not affected by this bill at all. In that event the exchange of transportation facilities between American and Canadian ships would help supply any deficiency.

Mr. MADDEN. It is the opinion of the gentleman from Texas [Mr. HARDY] and the gentleman from Missouri [Mr. ALEXANDER] that there would be no disadvantage to the shipping on the Great Lakes by the authority which is granted in this law?

Mr. HARDY. On the contrary, it would mean an increase of their shipping.

Mr. ALEXANDER. I should certainly protest against any such thing as that, because that would defeat the very purpose of the law itself.

Mr. MADDEN. As a matter of fact, we do give unbridled authority in the bill.

Mr. ALEXANDER. We give discretion to the board, but it is to meet emergencies as they exist now and as they may arise from time to time, and if the withdrawal of tonnage from the Great Lakes would leave a greater emergency there unprovided for, it seems to me it would be a very unsound exercise of discretion.

Mr. MADDEN. I think so, too, and I thought it might be wise to have the RECORD show that it is not the purpose of this bill to grant authority to the Shipping Board to denude the Great Lakes of the facilities which they now enjoy for the transportation of the commodities of the people between the ports on the Great Lakes.

Mr. ALEXANDER. Absolutely not. The purpose of this bill is to add to our shipping facilities by admitting ships under foreign registry to our coastwise trade.

Mr. Speaker, under the leave granted to extend my remarks in the RECORD, I shall incorporate in the RECORD my report on this bill. The report is as follows:

[House Report No. 162, Sixty-fifth Congress, first session.]

Mr. ALEXANDER, from the Committee on the Merchant Marine and Fisheries, submitted the following report:

The committee on the Merchant Marine and Fisheries, to whom was referred the bill (H. R. 6175) giving the United States Shipping Board power to suspend present provisions of law and permit vessels of foreign registry, and foreign-built vessels admitted to American registry under the act of August 18, 1914, to engage in the coastwise trade during the present war and for a period of 120 days thereafter, except the coastwise trade with Alaska, having considered the same, report it to the House with the recommendation that it do pass.

The full text of the bill is as follows:

"Be it enacted, etc., That during the present war and for a period of 120 days thereafter the United States Shipping Board may, in its judgment the interests of the United States require, suspend the present provisions of law and permit vessels of foreign registry, and foreign-built vessels admitted to American registry under the act of August 18, 1914, to engage in the coastwise trade of the United States: *Provided*, That no such vessel shall engage in the coastwise trade except upon a permit issued by the United States Shipping Board, which

permit shall limit or define the scope of the trade and the time of such employment: *Provided further*, That in issuing permits the board shall give preference to vessels of foreign registry owned, leased, or chartered by citizens of the United States or corporations thereof: *And provided further*, That the provisions of this act shall not apply to the coastwise trade with Alaska or between Alaskan ports."

It will be noted that the bill gives the United States Shipping Board power to suspend our navigation laws relating to the coastwise trade during the present war with Germany and for a period of 120 days thereafter, and permit—

1. Vessels of foreign registry to engage in the coastwise trade of the United States.

2. Foreign-built vessels admitted to American registry under the act of August 18, 1914, to engage in the coastwise trade of the United States.

3. That no such vessels shall engage in our coastwise trade except upon the following limitations and conditions:

(a) Upon permits issued by the United States Shipping Board limiting and defining the scope of the trade and the time of such employment.

(b) In issuing permits the Shipping Board shall give preference to vessels of foreign registry owned, leased, or chartered by citizens of the United States or corporations thereof.

(c) The coastwise trade with Alaska and between Alaskan ports is excepted from the provisions of the act.

This is one of the many measures framed to meet the emergencies created by the war with Germany and our participation in that war. Its enactment at an early date is absolutely necessary to supply the needs of our domestic commerce growing out of the diversion of a large part of our coastwise tonnage to the over-seas trade.

The demands of our Army and Navy for transports, colliers, supply and munition ships to meet present and future requirements are so imperative that it is and will continue to be necessary to utilize all of our available ocean tonnage suitable for that purpose, with the result that our coastwise trade will suffer great inconvenience and loss unless we utilize all of the available tonnage, whether domestic or foreign, to meet our requirements.

There is no purpose in the proposed legislation to break down our coastwise laws or depart from a policy that has been consistently followed from the foundation of the Government, and all fears expressed to that effect are without foundation.

This legislation is proposed without reference to the soundness or unsoundness of the policy heretofore followed of reserving our coastwise trade for American-built vessels, or whether or not the extension of our coastwise laws to Porto Rico and the Hawaiian Islands is wise or unwise.

This is a war measure and is limited to the period of the war and a reasonable time thereafter, and the powers vested in the Shipping Board are so hedged about and limited that there need be no occasion for fear on the part of the interests that have enjoyed the monopoly of our coastwise trade in the past that they will suffer. They, in common with all other patriotic American citizens, must view the problem from the standpoint of public interest and not from the standpoint of private gain.

There can be no ground for fear from the standpoint of our shipbuilding industry. Never in the history of the world has any nation embarked on such a gigantic shipbuilding program. Not only are our existing shipyards crowded to capacity with new work but large sums are being expended both by the Government and private interests in providing new plants for the construction of merchant vessels to replace the losses occasioned by the German submarines, and with the definite purpose of making that method of warfare hopeless as a means of Germany winning the war.

The Shipping Board laid before the committee a complete report of the tonnage under the American flag now engaged in the foreign trade and the tonnage withdrawn from the coastwise trade on the Great Lakes and on our seaboards to meet the requirements mentioned above.

Some of the information submitted, and particularly that regarding the German ships seized by the Government, and how and to what extent utilized at this time, is of a confidential nature, and for manifest reasons should not be made a part of this report.

The necessity for this legislation is twofold; first, to make good the considerable shrinkage in our coastwise tonnage; and, second, and of greater importance in the present emergency, to make sure that all the shipping owned or controlled by ourselves and our allies shall be made available to meet every need of our ocean-borne commerce, and of our Army and Navy during the period of the war.

It is of the utmost importance to provide, as far as possible, that our ships shall carry cargo on every mile and on every leg of their voyage. Ships should not go in ballast from port to port wherever it is possible to carry cargo.

At the end of the fiscal year 1914, and just before the war broke out, we had registered under the American flag and engaged in the foreign trade 1,076,000 gross tons. We had on the Great Lakes 2,882,000 gross tons; and on the high seas and rivers we had 3,969,000 gross tons; in all, 7,928,000 gross tons.

At the end of the fiscal year ending June 30, 1917, our shipping registered for the foreign trade has increased from 1,076,000 gross tons on June 30, 1914, to 2,422,000 gross tons, or nearly two and one-half times.

Our shipping on the Great Lakes has dropped from 2,882,000 gross tons to 2,771,000 gross tons; that is a little over 100,000 gross tons. But it is fair to assume that more than 100,000 gross tons of shipping has been withdrawn from the Great Lakes, because we know that there has been considerable tonnage built on the Great Lakes during that period.

On the seaboards in the coastwise trade our tonnage has fallen from 3,969,000 gross tons to 3,607,000 gross tons; a decline of about 362,000 gross tons, or 10 per cent.

These are the figures covering the period up to the 30th of June of this year.

Prior to that time practically no ships had been taken out of the coastwise trade for military purposes. Since then the withdrawal of shipping from the coastwise trade to carry troops and munitions and supplies of every kind to meet the requirements of our Army and Navy has been very rapid, and it is probable that in a relatively short time 1,000,000 or more tons of shipping must be withdrawn from the coastwise trade to meet the requirements of the military operations of the United States.

Under our navigation laws a foreign ship may enter a port in Maine, for example, and proceed all the way down the coast until she reaches Galveston or continue her voyage on through the Panama Canal and on up the Pacific coast to Seattle and discharge foreign cargo at each



port, and so on her return voyage she may take on cargo for a foreign port or ports, but one thing she may not do—that is, take on cargo at American ports to be discharged at other American ports.

This style of voyage is of frequent if not daily occurrence, and should not be permitted to continue under existing circumstances. It involves tremendous waste in the matter of transportation facilities by water.

It would seem highly desirable that vessels, whether domestic or foreign, proceeding from port to port receiving and discharging cargo for foreign account, should utilize available cargo space to meet the pressing demands of our commerce coastwise.

Hence there is no reason why a foreign vessel coming into a port on the Atlantic seaboard and discharging her cargo there should go empty to a Gulf port to load with cotton or lumber or other commodity for export and should not carry cargo from the Atlantic to the Gulf port.

Then, too, there is no reason why a vessel coming into a Gulf or Pacific port from a Central or South American port should go empty from the Gulf port to a port or ports on the Atlantic seaboard to load with cargo for some foreign port instead of carrying cargo of sugar, lumber, grain, or cotton from a Gulf port or Pacific port to Baltimore, Philadelphia, New York, or Boston.

There is a shortage of the necessary tonnage to take coal to New England by water.

The Navy has already taken out quite a good many of the seagoing tugs which tow the barges, and more will undoubtedly be taken for the direct war needs of the Army.

The textile industry of New England is much concerned about the withdrawal of vessels running from Gulf and South Atlantic ports to New England, because they are dependent upon them for the supply of cotton to keep their textile mills going, and yet it will be necessary to withdraw a large part of that tonnage for Army and Navy purposes.

There are several hundred thousand tons of neutral shipping under charter to American interests for the American trade. Neutral shipping naturally desires as much as possible to keep out of the war zone on account of the great danger, and we could undoubtedly secure more neutral tonnage if it could be promised safe trade.

There are several hundred thousand tons of neutral shipping tied up and not in use, and that has not been in use for a considerable time.

Now, if an American merchant or an American stock company could use these chartered neutral boats not only for trade to Cuba and the West Indies and South America but in the trade to and from Porto Rico and in the trade from coast to coast in this important movement of commodities like cotton and coal, it will fill with neutral ships the vacancy caused by taking our own ships and putting them in the war zone, which otherwise, perhaps, would not be available for any service.

A great many boats have been withdrawn from the Great Lakes by both Canadian and American interests for the coastwise service and also for the trans-Atlantic service.

The Shipping Board is planning between now and the close of navigation to withdraw from the Great Lakes all the tonnage that can possibly come through the Welland Canal that may be serviceable in the coastwise trade, estimated at over 300,000 gross tons.

The Canadian Government by order in council is now permitting American registered boats to engage in the trade between port and port on the Great Lakes, and this arrangement should be reciprocal in the present emergency in the interest of the trade of both countries.

The new tonnage now building by the Emergency Fleet Corporation will not be available for many months to come.

Many urgent requests have been received by the Shipping Board from the Government of Porto Rico and the Chamber of Commerce of Porto Rico for more ships in that service, etc.

Alaska is excluded from the provisions of the bill for the reason that there seems to be no shortage in tonnage in that trade at this time.

In view of the existing emergency, which will increase in gravity with the progress of the war, the President and the Secretary of Commerce and the Shipping Board approve and urge the passage of this bill before Congress adjourns.

This is a unanimous report from the committee.

Mr. Speaker, it will no doubt be of interest to the Congress and to the country to know that on the 1st of next November there will be available a total of 593 ships, with an aggregate dead-weight capacity of 3,730,844 tons, suitable for the trans-Atlantic service. This means that our shipping under the American flag registered for the foreign trade will have increased from 2,424,000 tons—that being the amount of our shipping registered for the foreign trade June 30, 1917—to 3,730,844 tons.

At this rate of increase there is little encouragement for the Kaiser's claim that he will win by continuing his ruthless submarine warfare.

The following statement, given to the press on September 26, 1917, with the approval of the United States Shipping Board, is also of profound significance as evidence of the activity of the board in meeting the emergencies created by the war with Germany:

[From the Committee on Public Information.]

SEPTEMBER 26, 1917.

NOTE.—This statement was prepared with the assistance of the experts of the United States Shipping Board and approved by the full board. The figures may be regarded as definitely accurate.

The United States has to-day 458 ships of over 1,500 dead-weight tons, with an aggregate tonnage of 2,871,359, either engaged in or capable of participating in foreign trade. There are also 117 ships of a tonnage of 700,285 of German and Austrian origin. The United States Shipping Board Emergency Fleet Corporation has commandeered nearly 400 steel ships, of more than 2,500,000 tons, which are being completed or under contract for construction in American yards. The board's fleet corporation has also contracted for 636 ships, with a tonnage of 3,124,700. Totaled, these figures show that the United States will have near the end of 1918 a merchant fleet of more than 1,600 ships, aggregating 9,200,000 tons, to carry its foreign commerce, as compared with an over-seas marine of 1,614,222 tons on June 30, 1914, scarcely a month before the European war began.

The tonnage referred to is exclusive of that engaged on inland waters, unsuitable coastwise ships, and small craft operating along the

coast and in bays and harbors, and does not, of course, include the prospective additional program of the Emergency Fleet Corporation.

The fleet in prospect is already becoming a reality. Several of the commandeered ships are already taking cargo; others will leave the ways in increasing numbers with each succeeding month. The ships for which the Shipping Board has contracted are under construction and the first launching is expected within 60 to 90 days.

Of even greater interest to the Congress and the country should be the statement of the United States Emergency Fleet Corporation of its activities during the past two months and its vast shipbuilding program, now well under way.

#### STATEMENT.

During the past two months the Emergency Fleet Corporation has awarded contracts for 118 wooden vessels of 3,500 tons dead-weight capacity each to 27 different shipyards.

There has previously been awarded contracts for 235 wooden vessels of similar type to the above and for 58 vessels of composite construction, thereby making a total award to date of 411 wooden and composite vessels of an aggregate dead-weight tonnage of 1,460,900.

During the past two months the designs for machinery have been completed for the manufacture of engines, boilers, and other articles of equipment for these vessels, for which the facilities available of machine shops and boiler works throughout the country have been availed of. Specifications have been prepared and negotiations outlined and initiated for the assembly and installation of machinery in wooden vessels, the most of which have been or are being constructed as "hulls only." Great difficulty has been experienced on the Atlantic coast in obtaining suitable lumber for these ships, and it is anticipated that there will be greater delay in their completion than was expected when this movement was begun, notwithstanding every possible effort on the part of the corporation and its contractors.

Since August 1 there have been awarded contracts for 155 steel cargo vessels of 1,076,800 tons dead-weight tonnage distributed among 6 shipyards. The most important of these contracts are for vessels of the so-called fabricated type, and special shipyards are being prepared for them.

Contracts for the boilers and machinery and steel construction of these vessels have already been placed, and the contractors are actively at work in the preparation of the sites for the assembling of these ships. The best efforts of the Emergency Fleet Corporation are devoted to expediting these great shipbuilding projects.

Previous to August 1 seventy steel cargo vessels of 587,000 tons total dead-weight capacity had been contracted for. These vessels were distributed among 10 shipyards. Therefore, at the present time the total number of steel vessels under construction for the United States is 225, with a total aggregate dead-weight tonnage of 1,663,800.

#### REQUISITIONED VESSELS.

By proclamation of August 3, 1917, the Fleet Corporation, under authority delegated by the President under the provisions of the Emergency act approved June 15, 1917, requisitioned all vessels under construction in the shipyards of the United States of 2,500 tons dead-weight capacity and above. By this act the United States acquired a total number of 403 vessels determined by the progress reports obtained from the various shipyards to be actually under construction; in many cases where keels had not actually been laid, engines, boilers, equipment, and materials, all of which were also requisitioned, are in various stages of progress; and in comparatively few cases contracts existing for vessels not actually begun which may or may not be proceeded with as the merits of each case, compared with what is desirable construction, are considered.

The total dead-weight tonnage under construction thus acquired and on which orders have been issued to proceed with the maximum expedition exceeds 2,000,000 tons dead-weight.

#### SUMMARY.

There are now under construction for the Emergency Fleet Corporation:

Vessels under construction:		Total dead-weight tonnage.
Wood	353	1,253,000
Composite	58	207,000
Steel	235	1,663,800
Requisitioned	400	2,800,000
Total	1,036	5,923,800

In addition to the above, Congress in a pending bill is authorizing the construction of additional vessels whose total dead-weight capacity will be nearly 5,000,000 tons. Plans for the major portion of these additional vessels are now in course of preparation and many of them will be of special types adapted to particular necessities of war, and while substantially cargo carriers will have much greater speed than the cargo vessels now under construction.

The corporation has ascertained from the builders of requisitioned vessels their demands for structural steel, machinery, and various items of equipment, and is endeavoring to regulate the supply of these items to provide for the individual needs of the shipbuilders in accordance with their program of capacity, so far as the country's resources are available. And it is apparent that with the similar needs of the naval service and the War Department, with which the Emergency Fleet Corporation is working in harmonious cooperation, every mechanical resource of the United States, with considerably increasing development, will be necessary for the realization of this program and what must follow in continuation of it.

#### INDUSTRIAL SERVICE DEPARTMENT.

The Fleet Corporation has instituted an industrial service department which, by cooperation with the Department of Labor, is undertaking to assist shipbuilders and others in the employment of suitable labor and to indicate an extensive system of vocational training with the purpose of adapting allied trades and unskilled labor for service in shipyards, and through cooperation with the Young Men's Christian Association organization throughout the United States to give attention to the housing and personal affairs of the men recruited for shipbuilding work. The vast development of shipbuilding essential to this emergency necessitates an agency of this kind, because up to this time the thinning out of unskilled men in the older shipyards over a large territory is, in many instances, resulting in greatly decreased production. It has been estimated that 150,000 new men are necessary for full production.



With the passage of the pending bill the Congress will have authorized \$1,984,000,000 for the Shipping Board and the Emergency Fleet Corporation, and the actual appropriations made, including those in the pending bill, reach a total sum of \$1,085,000,000.

Mr. Speaker, I reserve the balance of my time.

Mr. EDMONDS. Mr. Speaker, I would like to use two or three minutes of my own time. I do not think there is anything I can say to add to the able presentation of this bill by the chairman of the committee. Personally I am opposed to foreign ships going into our coastwise business, and could not have voted for the bill as originally introduced by the chairman. But as it was afterwards corrected and brought out in a new form by the committee, I can vote for it, because I believe the emergency exists to such an extent and will exist while this war is in progress, that it will be necessary to use from time to time these foreign ships to remove the congestion of freight in the ports, not only on the Great Lakes but along the Atlantic and Gulf coasts. I am opposed generally to foreign ships going into our coastwise business, but I have no objection to this bill as it stands.

Mr. MADDEN. Mr. Speaker, I understood—if I may be allowed—that the chairman of the committee agreed with the gentleman from Pennsylvania [Mr. MOORE] that he would be willing to have an amendment inserted in the bill—

Mr. EDMONDS. Yes. I will offer that amendment.

Mr. MADDEN. All right.

Mr. EDMONDS. Mr. Speaker, if no one else desires to be heard I will yield five minutes to the gentleman from Ohio [Mr. EMERSON].

The SPEAKER pro tempore. The gentleman from Ohio is recognized for five minutes.

Mr. EMERSON. Mr. Speaker and gentlemen of the House, I am in favor of this bill. The only thing that I have to criticize in connection with it is the fact that it was not brought in here before. Either this House is a little inefficient or the administration is a little inefficient in not bringing war bills in here before this time.

In justification of these statements I want to call attention to the fact that on the breaking out of the Civil War President Lincoln called Congress together in extraordinary session on the 4th day of July, 1861. The session adjourned on the 6th day of August, 1861, 33 days after.

Mr. JOHNSON of Washington. Mr. Speaker, will the gentleman yield?

Mr. EMERSON. Yes.

Mr. JOHNSON of Washington. Do I understand the gentleman to say that this bill ought to have been brought in before?

Mr. EMERSON. Bills relating to the war should have been brought in before. We had the advantage of the experience of other nations at war.

Mr. JOHNSON of Washington. Did the gentleman give consideration to the labor conditions and what might result?

Mr. EMERSON. I am speaking generally of war measures that should have been brought in before.

Before any law is passed abridging the freedom of speech I desire to make a few observations. Before I do this I wish to call the attention of the Members that I have voted with the President upon every war measure that has been before this House. I ask, Is Congress inefficient, or is the administration inefficient? If Congress is to blame, certainly this branch of Congress is not in fault. We have passed each and every bill the President would have us pass speedily.

I believe a Republican administration is more efficient in carrying on wars than a Democratic administration and a Democratic Congress. [Applause.] Let me give you some proof. First, let us compare this first session of the Sixty-fifth Congress with the first session of the Thirty-seventh Congress, held after the South had seceded.

In the first place, Mr. Wilson has had Congress and the country with him from the beginning of this war, while Lincoln had 11 of his States out of the Union and a strong feeling in the North against the war. President Wilson got an espionage bill; Lincoln could not. President Wilson got a conscription bill through Congress; Lincoln had to take one without teeth.

The extra session of the Thirty-seventh Congress, as I said before, convened on the 4th day of July, 1861, and was in session until August 6, 1861, just 33 days, counting Sundays, and they passed more important legislation than this Congress has passed in six months. Our session has been six times as long as theirs. [Applause.] And we had the experience of other nations to guide us in what legislation we should pass, and the Civil War Congress did not.

Here is what the Thirty-seventh Congress did in 30 days:

Passed 47 important war measures, besides numerous other resolutions and bills.

Act to remit duty on arms.

Act to pay militia called into the service.

Act to further provide for collections of duties.

Act to provide assistant paymaster of Navy.

Act to authorize national loan.

Act to make additional appropriations for Army.

Act to alter and regulate Navy ration.

Act to authorize employment of volunteers.

Act for sundry civil expenses.

Act relating to forwarding soldiers' mail.

Act to provide for temporary increase of Navy.

Act to refund duties on arms to States.

Act to authorize additional enlistments in the Navy.

Act making further appropriations for Navy.

Act to investigate compensation of officers.

Act to authorize construction of ships.

Act making appropriations for fortifications.

Act relative to punishing certain crimes against United States.

Act to promote efficiency of engineers.

Act to authorize increase of Engineer Corps.

Act to confiscate property used for insurrectionary purposes.

Act relative to appeals to Supreme Court.

Act creating metropolitan police force for city of Baltimore.

Act to increase pay of privates.

Act requiring oath of allegiance from certain persons.

Act concerning Attorney General.

Act to provide for repairs of Long Bridge.

Act making appropriations for purchase of arms.

Act providing for commission to examine as to pay of officers.

Act to increase Medical Corps.

Act providing for collections of duties on imports.

Act to define and punish conspiracy.

Act to reimburse volunteers.

Act to increase Consular Service.

Act to authorize President to select superintendents of navy yards.

Act to provide for armed ships.

Act to prohibit sales of liquor to soldiers in District of Columbia.

Act to provide for the purchase of ordnance.

Act relating to revenue cutters.

Act to provide for better organization of militia.

Act to increase revenue.

Just think, we have been here six months and have not passed a revenue bill yet.

Act to authorize national loan.

Act to increase present Military Establishment.

Act to protect commerce of the United States.

Act to reduce consular fees on vessels.

Act to improve organization of Marine Corps.

Act to indemnify States for expenses incurred in defense of United States.

Act, the executive, legislative, and judicial appropriation bill.

Act to provide for suppression of rebellion against United States.

Act making appropriations for the transportation of arms.

This shows the efficiency of a Republican Congress as compared to the inefficiency of a Democratic administration and Congress.

Now, let us turn to the Spanish War, when McKinley was President. The Fifty-fifth Congress was then in regular session, war was declared April 13, 1898, and Congress did its regular business, passed all necessary war legislation, and adjourned July 8, 1898.

You can never lick the Kaiser going at this snail-like pace. Lincoln's extra session passed all needed legislation in one-sixth of the time we have been in session, and we are not through yet. Let us draw a lesson in efficiency from the great Lincoln.

Let us answer these questions: Is Congress to blame? Is the executive branch of the Government to blame? Is a Republican Congress more efficient than a Democratic Congress? Is the House to blame? Is the Senate to blame for this unpardonable delay?

The House, in my opinion, has done its part with dispatch. The people will find out.

On this question of efficiency I desire to call the attention of the House to the wrangle between the Navy League and Secretary Daniels.

I know nothing about the merits of any personal name-calling match they are indulging in, but such boyish proceedings should not be permitted when it interferes with comforts reaching the boys in the Navy.

Secretary Daniels issued this statement:

In view of the slanderous and false statement of the Navy League, reflecting upon the honesty of the naval administration and the integrity of the officers of the Navy, etc., the Navy Department has directed that no officer, agent, or representative of the Navy League will be admitted to any naval station, naval reservation, or ship of the Navy.



These American citizens are denied the rights of American citizens.

When I was a boy we had childish fights and talked just like the Secretary does.

The Secretary has just got mad and taken his Navy home with him, and will not play with the Navy League any more. So there. The Secretary of the Navy should rise above such personal matters in this great crisis and work for the good of the Navy.

If Members of the House and Senate got peeved every time some one called them names we would be in hot water all the time. I am going to insert as a part of my speech a letter from Charles William Burrows, one of the leading citizens of Cleveland, concerning this comforts situation in the Navy.

The most cowardly and unjust piece of demagoguery is the practice adopted by some people by calling any man a "pro-German" who happens to disagree with them upon a matter of public policy. It is not only an evasion of the real issues, but a false and unfair attack upon people who are just as patriotic as the man who makes the accusation.

For instance, as soon as war was declared the administration asked for the passage of a drastic law for the control of the press. This was represented as a necessary war power and those who opposed it were hampering the prosecution of the war and helping the Kaiser. Fortunately, not even the Democratic press would stand for the bill, and it failed in its drastic form. We have had no press censorship and Germany has not secured any improper information whatever through the newspapers. The press has voluntarily refrained from printing anything that could be of use to the enemy—in some instances suppressing facts that would not have been helpful even if printed. [Applause.]

NATIONAL ONE CENT LETTER POSTAGE ASSOCIATION,  
Cleveland, Ohio, September 24, 1917.

Hon. HENRY I. EMERSON,  
Member of Congress, Washington, D. C.

DEAR MR. EMERSON: I want to ask your help in connection with this Navy-comforts situation.

My daughter, Miss Burrows (Lorna), launched the destroyer *Burrows*, and due to this, when in Washington last winter, Mrs. Burrows and both daughters got interested in outfitting the men of our Navy with comfort sets of sweater, muffler, and wristlets through the Navy League, which knew what was needed and where it was wanted, as its managers were Annapolis graduates.

Beginning about May 1, the work progressed with much rapidity. Mrs. Newton D. Baker, wife of the Secretary of War, accepted the honorary chairmanship of the body and my younger daughter, Gladys E. Burrows, was made active chairman. At first there were half a dozen knitters; speedily there were 50, then 250, and finally 1,200 Cleveland women were knitting for the sailors through the Cleveland branch.

An outfit of sets was sent in May for the *Burrows* and reached the ship just before it sailed abroad, and were of great use, we learned later; and on July 26, 400 sets were sent on for the *Vermont*, which had been designated as one of the ships this branch was to outfit. Recently 400 more sets were sent for the *Vermont*; also 10 cases more of things for the *Burrows*, including a second outfit of comfort sets, an enormous case of heavy underwear, five cases of arctic overshoes, and a number of other needed items.

The shipment of 400 sets to the *Vermont* was made in July, before the regrettable disagreement arose between the Secretary of the Navy and the Navy League, and was by the Navy League forwarded on August 3 to the supply officer of navy yard, I presume the one at Norfolk.

Recently, without regard to the disagreement between Secretary Daniels and the Navy League, the Cleveland branch of the comforts committee officially joined the Cleveland Red Cross as the Navy auxiliary of the Red Cross, and my daughter is still chairman. It works at the Red Cross headquarters, 2625 Euclid Avenue, this city. Just before the change of location was made, but after it has been decided upon, the shipment of 10 cases for the *Vermont* and 10 cases for the *Burrows* was made by Adams Express, prepaid, addressed to the supply officer of the Norfolk Navy Yard.

This morning I am in receipt of letters, one from Hon. Josephus Daniels, stating that inasmuch as the Cleveland branch has officially joined the Cleveland Red Cross, the supply officer of the navy yard at Norfolk has been authorized to accept these cases.

Another, from the supply officer of the Norfolk Navy Yard, evidently written about simultaneously, states that in accordance with instructions from the Navy Department, they had returned the shipment to the Adams Express Co. at Portsmouth, Va., where it is being held.

I also have a letter from Mrs. Elizabeth Van Rensselaer Frazer, chairman of Comforts Committee of Navy League at Washington, stating that on August 3 the first shipment for U. S. S. *Vermont* of 400 sets of comforts was sent forward to the supply officer, Norfolk Navy Yard, but has not been received.

I also have, in same mail, letter from the commanding officer of the *Vermont* stating that he has written to the supply officers of the navy yards at Norfolk and Washington to endeavor to procure this shipment, which a previous letter stated was greatly needed.

Inasmuch as the sailors of our Navy, according to many letters we have received from various sources, already suffer from cold when standing watch and doing other deck duty, and will continue, as winter approaches, to be cold even if politics are hot; and, further, inasmuch as the 1,200 women knitting for the Cleveland branch of the Navy Auxiliary of the Red Cross, with many tens of thousands of other women all over the country, are patriotically anxious to increase the fighting efficiency of our sailors by alleviating as much of this suffering as possible, I implore you to endeavor to get this matter straightened out in such way as will permit these women, of nearly every city and township in the United States, to get the results of their work into the hands of those who need it so much. Differences of

opinion between officials alter not a whit the suffering of our sailors from inclement weather.

I implore your earnest effort in straightening out this matter, and especially trust that through your aid the shipment made in July, which should long ago have been in the hands of those who need it so much, may be traced and delivery permitted.

For once I am writing you on something beside the postal question, and with my utmost earnestness.

Yours, very truly,

CHARLES WM. BURROWS.

Mr. ALEXANDER. Mr. Speaker, under the order for which I got unanimous consent there was an express understanding that the debate would be confined strictly to the bill.

Mr. EMERSON. I appreciate that.

Mr. ALEXANDER. The gentleman from Pennsylvania [Mr. MOORE] agreed that the bill should be considered with that understanding.

The SPEAKER pro tempore. The present occupant of the chair was so advised by Mr. Speaker CLARK, who at the same time requested that if a Member departed from the order in that respect he should be called to order and compelled to keep within the subject.

Mr. EMERSON. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD.

The SPEAKER pro tempore. Is there objection to the gentleman's request?

There was no objection.

Mr. EDMONDS. Mr. Speaker, I yield 10 minutes to the gentleman from Washington [Mr. HADLEY].

The SPEAKER pro tempore. The gentleman from Washington is recognized for 10 minutes.

Mr. HADLEY. Mr. Speaker, I regard the statement of the gentleman from Missouri [Mr. ALEXANDER], supplemented by that of the gentleman from Pennsylvania [Mr. EDMONDS], as quite sufficient to warrant general support of this bill. I do not care to undertake to review the several arguments which have been made. I desire to support the exception which appears in the bill, and I think perhaps the House is entitled to some explanation of that situation. My only comment on the bill, aside from that, is that I desire it understood that it meets with my hearty approval under the circumstances now surrounding the country.

We are all, I take it, jealous of the coastwise trade, but the merits of this Government's policy in the maintenance of the coastwise trade are not at issue. Any one who reads the statement of the Commissioner of Navigation and gives it careful consideration can not but be convinced of the urgent necessity of some provision being made to take care of the serious situation which confronts the country at this time with respect to its tonnage.

I think the chairman gave the figures. I was unable to hear all of the statement. Our shipping in foreign commerce has increased approximately two and one-half times since the beginning of the war, according to the statement of the Commissioner of Navigation as it appears in the hearings; and while our increase of foreign tonnage, according to that statement, as I say, is about two and one-half times since the beginning of the war, it is largely due to the withdrawal of our tonnage from our own coastwise trade. In addition to that, it appears to be a conservative estimate that on account of transports to convey men and supplies for the purposes of the war there will necessarily be a further withdrawal from the coastwise trade of 1,000,000 tons of shipping. Therefore this bill is framed upon the theory not only of the conditions confronting us and of supplying that deficiency as expeditiously as possible in order to meet the cargo-carrying necessities of our seaboard, but also upon the theory that the way to accomplish that will be to take advantage of what is known as the leg of the journey. That is to say, a foreign ship discharging an import cargo or taking on an export cargo would, under this bill, be permitted to take on cargoes between American ports and discharge them at American ports, which it can not do under existing law. That is the primary purpose of the bill, and the primary thought of those who framed it, as shown by the hearings, although it may be that some neutral tonnage now tied up will undoubtedly avail itself of general entry into the coastwise trade for the limited time of the war and 120 days subsequent to the war.

Mr. MADDEN. Will the gentleman yield to a question?

Mr. HADLEY. Yes.

Mr. MADDEN. Does the gentleman think that the foreign-going ships will take on board cargoes for different ports in America, rather than to take on a cargo for a single port, and load and go back?

Mr. HADLEY. If they have space between American ports available for taking on local cargoes, the theory of the bill is that they will take advantage of that, and thus relieve the congested condition existing in American ports, under permits from the Shipping Board.



Mr. MADDEN. I was rather inclined to think that even if they had a permit from the Shipping Board they would not take advantage of it, and that we would not be able to get the results which the bill seeks to obtain.

Mr. HADLEY. If they do take advantage of it, we are so much the gainers, and if not we have lost nothing in that respect.

Mr. JOHNSON of Washington. Is there not danger of foreign-owned ships coming under this registry, and stopping in American ports and losing their seamen, who will step ashore and demand American wages?

Mr. HADLEY. That is under the jurisdiction of the Shipping Board, and these permits can be granted or revoked at will under regulations which they adopt.

Now, it was not my intention to go into a detailed discussion of the bill, but simply to give it my general indorsement. But I wish to explain an exception in the bill.

It will be noted that the provisions of the bill do not apply to coastwise trade in Alaska, or between Alaskan ports. Alaska is so situated that its ports are not on any of the great trade routes of the world. In fact, they are on no trade routes at all other than those between the States and Alaska. The distance from San Francisco to the outermost part of southwestern Alaska is about as great as to Honolulu. It is about 2,600 miles from Seattle to St. Michael, in the western part of Alaska, and it is some 700 miles from Seattle to the nearest port in southeastern Alaska. I think it is about 1,500 miles from Seattle to the central portion of southern Alaska. Therefore the conditions which are sought to be improved and benefited on the Atlantic coast and the Gulf coast do not obtain in Alaska. Under existing conditions a system of steamship lines has been built up with special reference to the Alaskan trade. There are four existing lines between Pacific ports and Alaska, comprising about 26 or 27 vessels which are peculiarly constructed with reference to that trade and are adequately serving its needs. This bill is introduced because there is a shortage of tonnage as to the general seaboard, but that does not exist in the case of Alaska.

The commercial necessities of the carrying trade of Alaska have always been adequately served, and are to-day, and the only way that there could be a deficiency would be by reason of the withdrawals of tonnage from those lines. The fact is that the vessels plying between the States and Alaska are of small capacity, are oil burning, of small radius, and are therefore not adapted to other uses, because they can not carry the round-trip fuel cargoes to European ports and oriental ports, where they do not have the oil for fuel. There are, however, in the vicinity of Alaska a number of foreign ships which are of equal capacity, or, in fact, better than foreign-built vessels from across the water, which belong to the Canadian Pacific Railway and the Grand Trunk Pacific, making 14 to 21 knots, or perhaps 25 knots, with a passenger-carrying capacity of, say, 1,000 or 1,500, that are adequately adapted to the transport service, but have not been called into the service of the allies, and so are available in Alaska if any of our vessels in the Alaskan trade were suitable to be diverted to the over-seas trade. If any of our vessels were withdrawn these would be substituted, and our American service from the Pacific ports to Alaska would be broken down.

There are many other specific reasons which might be stated why the coastwise trade of Alaska should be excepted logically associated with the statement I make pertaining to the diversion of trade between Alaska and American ports through the port of Prince Rupert and the Grand Trunk Pacific. Many other statements might be made with reference to that, which I do not deem necessary for the purposes of this discussion. The important fact is that the Alaskan trade always has been and now is abundantly served at a heavy expense to those engaged in it. There have been many losses of vessels engaged in the Alaskan trade, yet the people engaged in that carrying service have remained in it when they might have found it to their advantage if they had gone overseas, in so far as their vessels were adapted to the general sea trade. But they were not so adapted. They have retained their adherence and allegiance to the Alaskan trade. Under these conditions Alaskan cargoes should be carried in American bottoms to American ports and not be diverted by foreign vessels to foreign rail lines. After elaborate hearings upon this subject the committee reached the conclusion that the trade with Alaska ought to be exempted.

I think the House is entitled to this explanation of the exemption of the Alaskan coastwise trade. [Applause.]

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. EDMONDS. I yield 10 minutes to the gentleman from Washington [Mr. JOHNSON].

Mr. JOHNSON of Washington. Mr. Speaker, after reading the forceful report of the Committee on the Merchant Marine and Fisheries, by its chairman [Mr. ALEXANDER], showing this bill to be a war necessity, one can hardly oppose it. Nevertheless, I feel inclined to say that I doubt if the bill will serve the full purposes for which it is intended, and I believe that it will make as much mischief as it will do good. I hope that it is not an entering wedge to break down American coastwise business.

Of course, the shipping laws, when they are amended as proposed in this bill, work one way on the Atlantic coast and another way on the Great Lakes and another way on the Pacific coast, and would have worked still a different way in Alaskan waters but for the amendment which my colleague [Mr. HADLEY] discussed. Much credit belongs to my colleague for his part in placing a guaranty in the bill that coastwise shipping between Alaskan and Pacific ports shall be saved to American ships. Prince Rupert should not be built up at our expense and by our voluntary gift.

Mr. Speaker, I do not know where this new shipping that is to go into our general coastwise trade is to come from. There may be a little picking up of cargoes to make one leg of a trip, but I doubt if it will amount to a great deal. I think that the bringing in of these vessels, even for temporary trips, will interfere with the American wage system. There is a great shortage of seamen now throughout the world. Seamen on these temporarily Americanized ships are likely to step ashore at ports on the coastwise trips and demand American wages. Other difficulties will come up. I submit that the hearings on this bill are well worth reading. I regret that I have not time to make some quotations from them.

But I want to place in the RECORD a statement from the Official Bulletin, published daily, under the order of the President, by the Committee on Public Information, George Creel, chairman, which has got to be quite a newspaper. If Members are not reading it, they are missing a better daily document than the CONGRESSIONAL RECORD itself. It presents, boiled down, each day the proceedings of the House and the Senate, Army and Navy information, official information, prophecies and predictions of all kinds, including this:

UNITED STATES WILL HAVE 1,600 MERCHANT SHIPS, AGGREGATING 9,200,000 TONS, NEAR END OF 1918, SHIPPING BOARD BELIEVES.

[NOTE.—This statement was prepared with the assistance of the experts of the United States Shipping Board and approved by the full board. The figures may be regarded as definitely accurate.]

The United States has to-day 458 ships of over 1,500 dead-weight tons, with an aggregate tonnage of 2,871,359, either engaged in or capable of participating in foreign trade. There are also 117 ships of a tonnage of 700,285 of German and Austrian origin. The United States Shipping Board Emergency Fleet Corporation has commanded nearly 400 steel ships of more than 2,500,000 tons, which are being completed or under contract for construction in American yards. The board's fleet corporation has also contracted for 636 ships with a tonnage of 3,124,700. Totaled these figures show that the United States will have near the end of 1918 a merchant fleet of more than 1,600 ships, aggregating 9,200,000 tons, to carry its foreign commerce, as compared with an over-seas marine of 1,614,222 tons on June 30, 1914, scarcely a month before the European war began.

The tonnage referred to is exclusive of that engaged on inland waters, unsuitable coastwise ships, and small craft operating along the coast and in bays and harbors, and does not, of course, include the prospective additional program of the Emergency Fleet Corporation.

The fleet in prospect is already becoming a reality. Several of the commanded ships are already taking cargo; others will leave the ways in increasing numbers with each succeeding month. The ships for which the Shipping Board has contracted are under construction, and the first launching is expected within 60 to 90 days.

That is the Shipping Board's estimate, and it is, I take it, not exaggerated. But look a few years ahead. When peace comes, what a shipping war there will be. Relieved of their warship construction, our allies will turn out ships 2 to our 1 and go after the trade of the world. They will offer subsidies to shipowners. We will not. And our big fleet, building now, will proceed to tie up at the docks, rot, and disappear to the bone-yard. All for the lack of a permanent shipping policy. We have failed in the past, and even now we are uncertain, undetermined, and that the facts are not to be had. In an effort to find out a little something about shipping, either prospective or present, one must go not only to the committee in Congress handling legislation but to the Shipping Board, the Emergency Fleet Board, and the Commissioner of Navigation, and so on; also the Department of Commerce.

This bill, as is stated, is put forward by the Shipping Board. Whether it is good or bad we do not know. No one will oppose it; we will vote for it because they ask for it. That is one of the penalties of a government by commissions and of making your commissions more important than Congress.

Mr. EDMONDS. Mr. Speaker, I yield five minutes to the gentleman from Pennsylvania [Mr. ROBBINS].

Mr. ROBBINS. Mr. Speaker, it is proposed in this bill to allow foreign ships to go into the American coastwise trade. I



do not see any special reason for admitting them into the coast-wise trade when you are depriving it of the largest item of commerce—that is, the bituminous coal tonnage. Take the bituminous coal interests of western Pennsylvania; in fact, those of the Nation, for that matter. As a Nation we produced last year 5,900,000 tons of bituminous coal. Three-fourths of that was produced in Pennsylvania, West Virginia, Ohio, and Illinois. On the 23d of August of this year a price was fixed by the director of coal of \$2 a ton on all the bituminous coal mined in Pennsylvania, an arbitrary price; \$2.25 for selected sizes and \$1.75 for slack. The effect of that has been, instead of increasing the production of bituminous coal, to diminish it. We have in western Pennsylvania, in Ohio and West Virginia five seams of coal that are mined and operated. The Connellsville seam is 7 feet in thickness, the Pittsburgh seam is 6 feet, the Kittanning 5 feet, and the Red Stone 4 and less, and Freeport of 4 to 6 feet in thickness. We have here an arbitrary price fixed applicable for all of these seams. The result has been that it has diminished the production of coal in western Pennsylvania, so that 61 mines in Westmoreland County, which I represent, have gone out of business since that price was fixed. The very first sentence in the price-fixing schedule issued by Commissioner Garfield was to the effect that the purpose for which he is appointed and the object of his work and of the work of his bureau, which now has expanded until it fills several buildings, is "to secure the largest possible production of fuel at prices just to the producer and reasonable to the consumer." With that in view he has fixed a price that is diminishing the output of these mines, causing labor to remain idle, and that, too, in the face of a coal scarcity which exists now throughout western Pennsylvania, which was evidenced last week by the great National Tube Works in McKeesport closing for two days because it did not have coal.

If that policy is pursued and relief is not given to the bituminous coal interests of western Pennsylvania there will be this winter a stringency in coal that will be felt not only among the domestic consumers but among the mills and large furnaces as well.

Mr. GRAHAM of Illinois. Mr. Speaker, will the gentleman yield?

Mr. ROBBINS. Yes.

Mr. GRAHAM of Illinois. The gentleman says that the effect of this is to reduce all production. I wish he would explain in what way it reduces the production. Is it because the operators do not make so much profit and thereby they have reduced the output voluntarily, or why?

Mr. ROBBINS. Not at all. I shall explain it. The coal operators and miners and coal people generally are as patriotic as any set of business men in the country, and they propose to operate their mines as long as they can operate them at a fair profit. The President has said that profits and patriotism are not to be considered together; neither are bankruptcy and patriotism. The only reason why the output of coal in western Pennsylvania, Ohio, and West Virginia is diminishing is because this price is not sufficient to warrant them in continuing the output, because they can not load the coal, the small operators, in the thin vein at \$2 per ton, and I will tell you why. Take the costs of materials that enter into the production of coal, and this concerns 30 States of the Union and not alone the State of Pennsylvania. Compare the cost of the essential and necessary articles that go into the production of coal. For instance, take open-hearth steel. In 1914 it sold at 1½ cents a pound and to-day it sells at 5.35 cents per pound, being an increase of 257 per cent. Steel rails are used in every mine in the country, and they sold at \$23.40 a ton in 1914, and to-day they are selling at from \$95 to \$105 a ton, and you can not get them always at that price. Steel plates costing then 1.15 cents per pound now cost 11 cents per pound, increase 857 per cent; angle steel used in building pit wagons costing 1.30 cents per pound, now cost 5.20 cents, increase 300 per cent; drivers' wages \$3, now \$4.12½; 6-foot posts 12 cents, now 30 cents; corn 70 cents per bushel, now \$2.10, increase 300 per cent; exploder \$2.55 per hundred, now \$5.95 per hundred, increase 133 per cent; mine ties approximately \$13 per thousand, now \$25 per thousand, increase 87 per cent; mine-car wheels \$1.75 per hundredweight, now \$4.15 per hundredweight, increase 136 per cent. And thus I might continue to enumerate 50 articles used most essentially in the production of bituminous coal which all show an increase relatively as great as these essential articles I have given.

Now, bituminous coal is produced in Pennsylvania from three general classes of mines:

1. Domestic mines, which have been in operation for over a hundred years and furnished coal delivered by the owners to the villages and consumers, or hauled by the purchaser from the mines. These are not connected with railroads and furnish a vast amount of domestic fuel. No price-fixing program ought

to be applied to these mines. They operate generally in winter. Many farmers' boys work in them that work on the farms in summer. The fuel that they supply can not be obtained from any other source, and there is no complaint of the price they charge, although they are compelled to advance their price and have advanced it, but to effect them by this price-fixing program has caused universal dissatisfaction throughout Pennsylvania. There never was any call for tampering with these. Realizing that this was a mistake, the fuel administrator, by a schedule designated 29 issued last week, had these mines taken out of the price schedule, so far as they supplied coal without transportation upon any railroad.

2. The second general class of mines in Pennsylvania furnishing bituminous coal is what is known as team-track mines, which were developed largely by reason of the high price of coal and its scarcity. These furnish coal to domestic consumers and also haul it in great quantities to railroads and load it on cars and ship it into the general trade. It is estimated in Butler and Westmoreland Counties there are over 250 of these mines. The coal is transported from the mines to the railroad by wagons, autotricks, and other means, and the cost of production in some instances is as high as \$2 per ton. The price fixed by the fuel administrator of \$2 will cause all these mines to stop, and, in fact, it is officially stated 61 of them have already closed and others similarly situated will close when their existing contracts expire. A coal operator estimates that in Westmoreland and Butler Counties the amount of coal that will be taken out of the market when these shut down will amount to approximately 25,000 tons per day, and these mines must close because they can not operate, and it is unfair to expect them to continue business at a loss. So that this price-fixing order instead of stimulating and increasing production is going to diminish it, and when these mines are once closed, equipment sold and dismantled, they will not go back into business again, when this \$2 price has once closed them out.

3. The third class in western Pennsylvania operating in the bituminous-coal region is the railroad mines, where the coal is dumped from the mine car into the railroad car on the siding connected with the mine. These mines in the thick and thin veins are operated from drifts, slopes, and shafts. The shaft operations where water must be pumped, air supplied by fans, are expensive propositions and require a great amount of capital and large return to make their investment remunerative.

To fix a uniform price for all of these mines is an impossibility, unless the policy be established as suggested by the Federal Trade Commission, when it investigated the coal industry last June and filed a report thereon June 27, in which it said:

If a uniform price were fixed, many mines will be shut down unless the price is high enough to make the highest-cost mine profitable.

This fundamental principle was not followed by the fuel administrator. The price he fixed will make none of the mines profitable, unless it is the very fortunate drift low-cost mines, and will ultimately compel the shafts and thin-vein propositions to be abandoned.

While the Federal Trade Commission did not investigate western Pennsylvania conditions, in their report of the coal industry they did find conditions prevailing in West Virginia, Ohio, and Illinois similar to those that now prevail in western Pennsylvania. For instance, they stated:

The present production of bituminous coal the country over is about 40 per cent short of the possible maximum, and this limitation is solely to be charged, as to primary cause, to faulty rail transportation. The present demand for coal is unprecedented, but the mines now open are capable of filling this demand if adequate car supply is furnished.

This condition is one that prevails in western Pennsylvania, and if relieved by adequate railroad facilities the whole coal situation would work out entirely very soon under the law of supply and demand, as it did in 1900; but it can not be worked out, because the railroads are impeded by preferential movement of Government freight, and unable to secure additional equipment, because car-building establishments must supply foreign demand first.

The coal business, as the Federal Trade Commission further states—

For several years prior to 1916, it was a matter of general knowledge that the bituminous-coal industry of the United States was in an unsound condition.

Hence when they have received high prices during 1917 they should not be criticized too severely, because they were making up the losses for prior years.

The trouble with the coal industry at the present time results from three causes:

1. Lack of transportation.
2. Scarcity of labor.
3. High cost of supplies used in mining.



To fix a price of \$2 per ton for bituminous coal will not relieve any of the above troubles. There are more mines in existence than ever, more coal developed, and more tonnage could be supplied, but the fact is that there is a shortage of coal both in New England and in the Northwest, and in fact in and around the Pittsburgh district such as never has existed before. Natural gas has been withdrawn as a fuel from the large manufacturing institutions and coal must be supplied in its place. The incidents cited above of the National Tube Works at McKeesport, in the very midst of the bituminous-coal district, which closed down two days last week for want of fuel, is only illustrative of conditions that exist throughout western Pennsylvania, both in domestic and public use. The public schools of Sharon and Youngstown and Pittsburgh are all threatened with a fuel famine. Therefore every possible means should be adopted to stimulate and encourage the production of bituminous coal. The announcement of the flat rate of \$2 at the mine has had the reverse effect. As above cited, it has closed the small mines and it has placed some of the large companies at a great disadvantage. For instance, where a large company had a fuel contract with a railroad or with some large manufacturing that was at a very low rate, they expected the profits on the free coal to make up for the very unfortunate contract or for the low-priced contracts for railroad fuel which are always under the market.

Now, the \$2 rate takes away this profit on the free coal and therefore makes the entire proposition a losing one even to the big operations.

There has been no complaint by the consumers when they paid \$3 or even \$4 per ton for bituminous coal. These consumers were using it for fuel in their factories, and making products on which they realized large profits, and they were willing to pay a liberal price for their fuel coal. This is true in all New England and the Northwest. In fact, there was little or no complaint of the \$4 price. The exceptionally high price of coal was caused by speculators buying up and reselling, and not by the operators. If the fuel administrator would regulate this feature of the coal situation, he would strike the evil down and permit the industry to prosper and the public to be served.

The price-fixing program has been very unfair to bituminous coal. For instance, coke is fixed at \$6 per ton. This indicates in all fairness that bituminous coal ought to be \$3 per ton. Copper is fixed at 23½ cents per pound, when it is acknowledged on all hands that it can be produced at from 8 to 10 cents per pound. Just why bituminous coal has been singled out as the one commodity the price of which is fixed so low that few, if any, of the mines can produce it at the price is difficult to understand.

Under the existing price for supplies there are no mines in western Pennsylvania in the Pittsburgh and thinner seams—which are the standard fuel seams, because the Connellsville or 8-foot vein is all converted into coke and not sold for fuel coal—which can produce coal and leave a fair profit for the operator and a proper allowance for depletion at \$2 per ton.

When the coal operators were called here in June last to confer with the Government about prices, Secretary Lane, Mr. Peabody, chairman of the coal-production committee, and probably 200 operators in session agreed that \$3 was a fair price. After they had gone home, the following week that price was nullified, and the next official action was this price schedule of August 23, fixing it at \$2 per ton, without notice to the coal operators and without having made any investigation into the existing conditions in western Pennsylvania. What reason is there why this order should not be suspended until an investigation is made? It was promptly suspended as to domestic consumers when it was discovered that it was unfair to them, and it is just as unreasonable to apply it to team-track mines or railroad mines without knowing the cost of production of each mine, or of each seam or district, as the existing conditions actually are.

Mr. Speaker, I feel that there is no more important matter coming before Congress than this one to correct the wrong done to the bituminous coal producers in this country. Although 30 States produce bituminous coal, it appears that in this body few, if any, raise their voice in behalf of this great industry. I am not asking any favors for this industry. I only ask fair treatment, and that only can be accorded after an investigation and determination of the facts controlling the production of coal.

The employees are now asking for an increase in wages, and the coal operators are willing to grant it, but if the \$2 rate is to be maintained, it will be impossible to even give the miners the justice to which they are entitled. Hence, not only will this price-fixing program cause great suffering among the consumers of

coal resulting from the lack of it, but it will cause great suffering among the working men, who will not be granted an increase of wages, which they are asking and deserve.

I bring this matter to the attention of the House at this time, as we are about to adjourn, so that right and justice may be done to this great industry at this time.

This price of \$2 per ton should be suspended entirely as applicable to Pennsylvania, and if any price is to be fixed it ought only to be fixed after an investigation, and in no event should it be made to apply to domestic mines or to team-track mines. Any other course than this is going to cause great suffering and hardship throughout western Pennsylvania and the country supplied therefrom. The counties of Westmoreland and Butler, composing my district, last year produced 30,838,381 net tons of bituminous coal and gave employment to 22,071 miners. Therefore this industry is commanding in the district that I represent, and I ask justice for this great industry and this great number of workmen.

Mr. EDMONDS. Mr. Speaker, I yield one minute to the gentleman from New York [Mr. HICKS].

Mr. HICKS. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record upon alien conscription, and also to include some patriotic remarks on why the war came to America.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. EDMONDS. Mr. Speaker, I yield one minute to the gentleman from Minnesota [Mr. STEENSON].

Mr. STEENSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record upon the resolution which I had up a few moments ago.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. ALEXANDER. Mr. Speaker, I yield 10 minutes to the gentleman from Texas [Mr. HARDY].

Mr. HARDY. Mr. Speaker, I am sure I can add nothing to the persuasive force of the statements that have been made, particularly by the chairman of the committee and the senior member of our committee on the minority side, in urging the passage of this bill. I believe there is no reason why any man with any theory as to our merchant marine should refuse to support and vote for the bill. I want to say in reference to what the gentleman from Ohio [Mr. EMERSON] said a moment ago that I heartily agree with him that this kind of measure ought to have been passed long ago. The truth is that two months before this bill was introduced I introduced a bill myself attempting to accomplish just exactly the same purpose. It was not worded as this bill. It was simply a bill suspending all restrictions in our coastwise trade and permitting all ships to carry cargo and passengers in that trade during the period of the present war. As soon as I saw that the congestion at our seaport towns was largely because of the want of proper ship transportation, I introduced my bill. I think it was referred to the Shipping Board, but they did not at once act on it. At that time there was no little confusion in the condition surrounding the administration. The Shipping Board had just been practically gotten into operation. They were studying the great problems that the Nation was suddenly called on to solve. They failed at that time to take up the measure, but later they prepared the measure which was introduced by Judge ALEXANDER, and which, after full hearing by our committee, was finally reported out by us in the shape of the bill now before the House.

There have always been two theories with reference to coastwise navigation and shipping. One theory has been that each nation should reserve its coastwise shipping to vessels built within its own borders, as this guaranteed the existence of at least a modicum of shipping in case of great crises like the present war.

Our Government has proceeded under that theory, and under that theory for a hundred years we have lived, and we have built up a coastwise and inland merchant marine greater than that of any other country under the sun; but in doing that we deliberately cast away our foreign shipping. Under the stringent application of that theory for 60 years our over-seas merchant marine all vanished.

The other theory has been adopted by the English-speaking people, and they have said: "We will enter into competition with the world, and let the world enter into competition with us." The result of the English system of permitting participation in her coastwise trade of ships of other nations, of competition rather than exclusion, has been that England has maintained herself in her coastwise trade and also spread over the world a greater foreign-going merchant marine than any other the world ever saw.



Mr. ROBBINS. If the gentleman will permit, does not England exclude altogether foreign vessels from participating in her coastwise trade?

Mr. HARDY. Most emphatically no. On the contrary the English open their coastwise trade to the vessels of all nations, and they have, as far as they have been able, negotiated treaties with many other nations by which they secure reciprocal rights in their coastwise trade. Our coastwise monopolists always assert that we are unable to compete, and therefore must exclude ships of other nations from our coast trade. But I do not want to go into that. It is theory, it is an argument, it is a practice, and those are the facts with reference to England and the United States. France has kept her coastwise trade to herself, and Italy hers also, I think; and they, like we, have not prospered in their over-seas shipping. I might discuss these matters, but I will ask leave now to extend my remarks in order that I may discuss that feature.

The SPEAKER pro tempore. The gentleman asks unanimous consent to extend his remarks in the RECORD. Is there objection? [After a pause.] The Chair hears none.

Mr. HARDY. I will not take up the time now, as we are not here passing on that question. It is deemed for the present emergency on the Lakes that an exchange of facilities of Canadian ships and American ships will help afford the tonnage both Canada and the United States now need. Then, Mr. Speaker, there are ships, as was said by the gentleman from Washington, going from New York, for instance, to Galveston or Mobile empty, which may now help to relieve the present freight congestion if, as permitted under this bill, they may carry some of the freight that is piled up now at our seacoast ports, and all parties agree that during this war that measure of relief is beneficial.

Now, there is another matter that I might go into. I was opposed to the exemption of the Alaskan trade from this bill, because if there was no need of such shipping there there would be no application of its provisions made in that trade, but in order that we might all agree, I am perfectly willing to let the bill be put through as it is presented. I think it a mistake to exempt Alaska from the bill on the ground that there is now ample transportation there, because even the gentleman from Washington says there may in the future be a shortage there. But I want relief for the rest of the country. I want action.

Mr. STAFFORD. Will the gentleman yield in that particular?

Mr. HARDY. Yes.

Mr. STAFFORD. Is there any more reason for exempting the effects of this bill so far as Alaska is concerned than the Great Lakes?

Mr. HARDY. The gentleman from Washington made an explanation of that. If the gentleman had asked him that question he could have given him perhaps more of the facts in favor of the exemption than I can, I being opposed to the exemption.

Mr. STAFFORD. The gentleman said he did not see any reason, and it struck me there is no greater reason for exempting the Alaskan trade than the Great Lakes. I understood the gentleman to say he did not approve of the exemption, or he did not believe there was any need for it.

Mr. HARDY. I can tell you the reasons assigned before the committee; and by the way, I think the shrewdest lawyer I ever saw came before that committee, a gentleman by the name of Clark, who presented the claims of the Alaskan shipping interests so strongly.

Mr. JOHNSON of Washington. Not only the Alaska question, but many other questions.

Mr. HARDY. Yes; besides this Alaskan exemption matter he covered the world, and then some.

Mr. JOHNSON of Washington. And made one of the most interesting statements which has been printed.

Mr. HARDY. He made a very interesting argument and a very fallacious but very persuasive one, in my opinion.

Mr. MADDEN. Will the gentleman yield for a question?

Mr. HARDY. I will.

Mr. MADDEN. Does the gentleman wish the House to understand that the bill does not represent the views of the committee?

Mr. HARDY. I think every member of the committee, except myself and one or two others, were persuaded by Mr. Clark that it was proper to make this exemption, and while I am not persuaded at all, I am willing to yield my independent judgment, believing I do not know it all, and especially as it is relatively of little practical moment, in order to get harmonious and speedy action.

Mr. MADDEN. I thought perhaps the gentleman was speaking the sentiment of the entire membership of the committee

when he suggested that Mr. Clark persuaded them to do something which was not to the best advantage of the country.

Mr. HARDY. No; the gentlemen who voted this bill out of the committee do not think it bad for the country. On the contrary, gentlemen, this measure is on the whole very urgently needed for the good of the country. I believe we all heartily agree it should pass. Some of us think it should pass without this exemption, but all of us agree that the measure as it stands is a wise measure and a necessary measure, and ought to pass without delay, and I believe most of us think it ought to have been passed some time ago.

Mr. CANNON. Mr. Speaker, will the gentleman yield?

Mr. HARDY. Certainly.

Mr. CANNON. As I understand this bill, and our coastwise laws as they are now, the object of the bill is to get all of the tonnage of the world that we can get?

Mr. HARDY. And use it when we need it.

Mr. CANNON. And use it during this war and 120 days thereafter?

Now, let us see how it works out practically. I want to see if I understand it. Some people are greatly afraid of Japan. I have never been in terror of that country. She has her hands full for better profit than she could get by quarreling with us.

As I understand it, a Japan ship, manned by Japanese officers and seamen, none of whom could speak our language, can enter into our coastwise trade, as a Norwegian ship can or any other ship that could go into that trade, because we need a portion of our ships that have been in that trade to cross the Atlantic to Europe in our foreign trade and to transport troops?

Mr. HARDY. The gentleman is exactly right, with this qualification, that the Japanese ship makes the voyage and carries the freight from one of our ports to another only whenever the Shipping Board wants it and authorizes it.

Mr. CANNON. Precisely, as I understand; and I think that is a very useful provision in the bill. But it goes without saying that it will be authorized, because we will need it during this war period?

Mr. HARDY. It certainly goes without saying it will be authorized, if we need it, and I think we will need it.

The SPEAKER pro tempore. The time of the gentleman from Texas [Mr. HARDY] has expired.

Mr. CANNON. I did not aim to consume the gentleman's time. Does he desire more time?

Mr. HARDY. No. I have said all I wish to say, Mr. Speaker.

Mr. ALEXANDER. Mr. Speaker, there is no further time asked for on this side.

Mr. EDMONDS. Mr. Speaker, I would like to offer an amendment.

The SPEAKER pro tempore. The gentleman from Pennsylvania offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. EDMONDS: Page 1, line 3, after the word "war," insert the words "with Germany."

The SPEAKER pro tempore. The question is on the adoption of the amendment.

The question was taken, and the amendment was agreed to.

Mr. HOUSTON. Mr. Speaker, I desire to offer an amendment.

The SPEAKER pro tempore. The gentleman from Tennessee offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HOUSTON: Page 2, at the beginning of line 9, strike out the words "And provided further, That the provisions of this act shall not apply to the coastwise trade with Alaska or between Alaskan ports."

Mr. HOUSTON. Mr. Speaker, I desire to take issue with the gentlemen who favor this feature in the bill. However, I am very much in favor of the passage of this bill as it was originally introduced and before this amendment was offered in the committee and added to it. I believe in these hours of great trial and stress, when every interest and every strength and every resource of this country should respond and respond readily to meet the great call that is now made upon American strength and American manhood in every form, we should utilize every resource; that there is no interest of any kind the promotion or protection of which would justify us in failing to subordinate that protection, to subordinate that upbuilding in order to serve our country in this great struggle that, I say, calls for America's best in every respect; and every patriotic citizen ought to respond, as our boys will respond who are called on to make their sacrifice.

Now, I do not favor the exemption of Alaska from the benefits of this bill. I can see no reason to justify that. If it is good to utilize the vessels that are on our seacoasts, all around this continent, to use any foreign shipping in order to supply the needs



of the war, why is it not good to use such as are available upon the Alaskan coast? If there are any advantages to be gained by the shipping interests along the coast, I mean the people who have goods and materials to ship, by admitting foreign vessels into this shipping and suspending our coastwise laws, why not allow the people of that country to have the advantage fully?

Mr. JOHNSON of Washington. Will the gentleman yield for a question?

Mr. HOUSTON. I would rather not yield now.

Mr. JOHNSON of Washington. What ships could come there?

Mr. HOUSTON. I decline to yield. I will yield to the gentleman later.

I say this, gentlemen, that whatever advantages may come from the suspension of the present coastwise laws should go to Alaska. Our laws now give a monopoly to American ships. I do not favor that and have never favored that. I do not think it is justified. It is a system of protection and upbuilding at the expense of others that I do not believe in.

But, however that may be, it is not involved here. The necessities for this bill are so manifest that all men, I think, will realize the importance of it as a whole. But, I say, what justification there can be for excluding Alaska from whatever benefits may incidentally come I am unable to comprehend. There is no part of the Government that needs healthy competition so far as easy transportation is concerned so much as the people of Alaska need it. There is no shipping between any ports on the United States coast where there is such a high rate charged by the transportation lines that carry the freight from one port to another as those which carry the freight from the Pacific ports to Alaskan ports. Now, a little healthy competition there would be of very great service to the people of Alaska. It would give more reasonable rates and cheaper transportation, and if that is to be an incident of the passage of this bill, why should they not have it?

The facts are that the transportation lines, the Alaskan Steamship Co., and the other companies that I might name in connection with the owners of the great interests there, are so interlocked and interwoven with each other that you can not tell who they belong to; but you can discover the fact that all belong to the same set of men, more or less.

Mr. STAFFORD. Mr. Speaker, a parliamentary inquiry; a question of order.

The SPEAKER pro tempore. The gentleman will state it.

Mr. STAFFORD. I believe we are proceeding in the House, and the gentleman offers an amendment. Is he not entitled to one hour after he has been recognized?

The SPEAKER pro tempore. The gentleman is correct about that.

Mr. HOUSTON. Mr. Speaker, I shall not need that time. Now, the rates from Seattle to Cordova are just about three times as much as they are from New York to New Orleans, or from New York to Galveston, a greater distance by several hundred miles. From Seattle to Cordova is 1,581 miles. From New York to New Orleans it is 1,698 miles. To Galveston it is about twenty-one hundred and some odd miles. I believe those figures are accurate. And yet the rates charged from Seattle to Cordova are near three times the rates from New York to Galveston, and why should they be permitted to do that? Why should not the common law of justice and fair play let those people have some competition from Canadian or other vessels that can come there and haul their traffic and their freight at a reasonable rate?

Mr. STAFFORD. Mr. Speaker, will the gentleman yield?

Mr. HOUSTON. Not now. There are many people in Alaska who are suffering from these high rates of transportation. Mark you, those who are controlling the shipping are not suffering. They to an extent own the Alaskan Syndicate property and the smelting and mining company property and the fishing industries, and, mind you, the two great interests are the fishing and the copper interests. These men are interested in the Alaskan Steamship Co., and they are hauling their own goods. They can charge whatever they please. It makes no difference because they pay it into their own pockets.

But there is another class of people in Alaska. We are undertaking to develop that great country. We are expending money to build a railroad there, with a view to advancing American citizenship, with a view to developing Alaska for American settlement by American citizens. They have sold town sites and town lots along this road in large numbers. Americans are attempting to build their homes there. They want to get nails to build their houses with. They want to get lumber to build their houses with. They need hardware in connection with the construction of their houses. And yet to ship the hardware used in those buildings from Seattle to Cordova costs \$9 a ton, whereas for a much greater distance on the Atlantic coast or

any other coast it will cost about \$3.50 per ton. These men want to buy plows. They want to do agricultural work there. They are succeeding in that. They want to buy shovels and picks and hoes, and when those implements are brought up there by the steamship company they have to pay those enormous rates. It is a burden upon American citizens in Alaska who ought to have relief.

Not only that, but the United States is intensely interested in the copper and fish that come from there. Take the copper, for instance, the most useful article, almost, that we have need for in this great war now existing, which is being shipped out of there. I do not suppose the shipping has much to do with the price of that. It does not affect it, because the same men to a large extent own both the copper and the transportation facilities.

But the fishing industry is one of the great industries up there. I do not think all of this industry is owned by the large companies. There is food there in great abundance. We talk about the conservation of food. We talk about saving for the American people, saving everything we can in order to furnish supplies for our armies and soldiers and people at home. And yet here is a product that is recognized to be one of the best foods for our Army that can be found—this fish, this salmon, this halibut—and yet, so far as that article is concerned, it is subjected to this same high rate of transportation.

Now, it is claimed that not to exempt Alaska from the provisions of this bill will divert American trade from America and Alaska into Canadian markets. Mr. Speaker, it is a fact that I suppose nobody will question that the fishing industries in Alaska are owned by Americans. American citizens own them almost entirely. I suppose there may be some few exceptions but not many. They own the fisheries, and when it comes to shipping their supply to a market they will send it where they please. They can send it to America, to Seattle, to San Francisco, or to any other Pacific port, and I take it they will do so because they are interested in America and are patriotic Americans and want to build up American trade. If they want to send it to Canada they can do so now without any trouble in the world. If there is an inducement to send their fish there, sufficient to overcome their patriotic desire to build up their own country, they can send it there in their own vessels. They have got them. They have nothing to do but to send them there. So that there is nothing in that.

Now, then, this argument that to permit Canadian vessels to engage in the coastwise shipping in Alaska would divert trade is met by the provision in the bill that I want to call your attention to now, "that the Shipping Board shall limit and define the scope of the trade." This bill is carefully drawn. It was an admirable bill as it was first presented, before the committee was induced to amend it. This Shipping Board shall limit and shall define the scope of the trade. They can direct where that trade shall be shipped to. They can tell where it shall go. They can tell at what time, and so forth, it shall be shipped, so that the Shipping Board can amply protect American interests and American trade.

Yet the argument is made that the bill is only to provide ships when they are needed, and that none are needed in Alaskan waters. I want to direct your attention now to this: This assumes a condition that is impossible to foretell. Why not leave this to the judgment of the Shipping Board upon whatever conditions may arise?

If the Shipping Board has the power to fix these rates, we all know that fair competition is the best rate regulator in the world.

How many of us have had our attention called to the fact that when the Interstate Commerce Commission has fixed reasonable railroad rates for the transportation of freight a little water transportation has cut that reasonable rate away down below the figures fixed by the commission or other tribunal. If the Shipping Board has the power to fix these rates, why not let the people have the benefit of this competition? Why, by the insertion of this proviso exempting Alaska, utterly deprive the Shipping Board of any power whatever under this bill to afford relief to the Government or the people of Alaska?

It is said that there are plenty of vessels up there. That statement was made before the committee and printed in the hearings, that there are plenty of vessels up there to carry that traffic. In another instance it is said that they do not need these vessels anywhere else, because they are not suited for over-seas transportation. We see in the morning paper that the Shipping Board is to commandeer all vessels of 2,500 tons or more after October 15. When we come to Alaska, what have they got up there? I was interested in the statement on the subject in the hearings. It was stated that there are about four steamship companies in operation there, that the Alaska Steam-



ship Co. operate 16 vessels and that 8 are operated by the three other companies. It is said that most of them are small; but when the question was asked in detail it was stated that out of the 16 owned by the Alaska Steamship Co. 12 had a tonnage of from 1,800 to 3,000 tons. In the fleet are a number of vessels that will be commandeered by the Shipping Board, if they exercise the power they have; and if this bill passes with this proviso in it the Shipping Board can commandeer these vessels of 2,500 tons and take them out of these waters, and the people up there will not be able to get a Canadian ship or a ship from any foreign government to carry their fish to market, but the fish will spoil on the docks, as they have in several instances, for want of adequate shipping facilities.

What are the facilities up there? There are the *Alameda*, tonnage 3,158; the *Alaska*, tonnage 3,709; the *Valdez*, 2,382; the *Juneau*, 2,382; the *Eureka*, 2,300, and so on; about 10 of them ranging at the figures I have given. When they say vessels of 2,500 tons are to be commandeered, that means dead weight. But these figures do not represent dead weight, and when you include the dead weight, which I understand means also the coal necessary to carry these ships on their voyages, every one of these vessels will be found to be above the size that the Shipping Board have already decided they will commandeer for the use of the Government. Suppose they take these ships. Of course, I take it they will exercise their wise discretion and not be reckless or extravagant, but suppose that through dire necessity they take them. Who will carry on the trade between Alaska and our Pacific ports? Who will carry the fish to market?

I see in this paper, the Official Register, which was highly complimented by my friend and colleague on the Committee on Territories, the gentleman from Washington [Mr. JOHNSON], that the United States has to-day 458 ships of over 1,500 tons dead weight, with an aggregate tonnage of 2,871,000, either engaged in or capable of participating in foreign trade. The point I want to emphasize is that it will be far better, certainly it will be far wiser, for this House to strike out that provision and let the Shipping Board in its discretion determine what shall be done up there. If you keep this amendment in the bill you paralyze their arm and they can not do anything to aid transportation, no matter what conditions may arise. If you strike it out they can exercise the power under the discretion given them by the bill and can make such use of it as the best interests of that country and of the whole country shall demand.

In the hearings on this bill J. H. Burch, general freight and passenger agent of the Alaska Steamship Co., stated that that company is operating 16 vessels between Pacific ports and Alaska, 12 of which run from 1,800 to 2,000 tons, 2 of 2,800 tons, and 1 of 3,000 tons.

Mr. HADLEY, an honored Member of this House, states that there has been no necessity yet, so far as Alaska is concerned, for this legislation, but that there may be before we are through. Now, suppose Mr. HADLEY stated the situation correctly. The only way to get the benefit of the conditions that may arise is to give discretion to the Shipping Board and let them exercise that discretion as they see proper. All of this demonstrates that the Shipping Board should have the power to do whatever the necessities of the case require, in order to relieve the coastwise shipping.

I understand from parties in Alaska that there is not an abundance of shipping facilities there; that often there are times when they can not get their supplies in from Seattle and San Francisco and other Pacific coast ports for the want of facilities to carry them. I understand there is great delay sometimes in getting materials into Alaska. I am told this by people from Alaska that the men who want to build houses, who want to go to work, can not readily get their material there.

Right along this line I want to call attention to what appears in the Daily Alaska Dispatch on Sunday, September 9. Here are the headlines:

Heavy loss on halibut—\$5,000 worth of fish spoiled—The lack of steamer space becoming a serious matter to buyers and fishermen.

The article says:

Five thousand dollars worth of halibut, salmon, and cod lies on the Juneau wharves, rotting for lack of steamer space to transport it south.

Now, gentlemen of this House, with conditions like that, would it not be right and just to allow a Canadian vessel that might be sailing in those waters, that might easily have the opportunity to carry some of those fish to market, to relieve the congestion by doing so? Will you let them rot on the wharves and will you let the people who toiled to get those fish lose the opportunity of getting them to market rather than interfere with the building up of a private interest engaged in the shipping in Alaska? This article further continues:

Yesterday halibut boats sold their cargoes for 10½ cents in expectation that the fish could be iced, boxed, and shipped south on the *Farragut* yesterday noon.

The *Farragut* refused to take the fish for want of cargo space, and an appeal made by the freezer men that enough canned salmon be unloaded to make room for the iced fish went unheeded.

The question of getting the iced fish from southeastern Alaska ports will be presented to the Merchants' Protective Association. Not only was the Juneau shipments left on the docks to rot, but Douglas, Petersburg, and other ports were equal sufferers.

The halibut boat *Rolfe* is anchored in the roadstead with a capacity cargo of halibut without an offer. The freezers are afraid to touch her cargo because of no available vessel south within the next few days.

This statement appears in an Alaska paper, and I read it for what it is worth.

Now, Mr. Speaker, viewed from every standpoint, it seems to me that this amendment ought to go out. It is not necessary in order to save the trade in Alaska. It would be a gross injustice to the people of Alaska to force them to submit to conditions that may arise in the emergencies of war, cutting off their facilities and damaging their business. I know very well that there are a part of the people in that country, who perhaps own the Alaska Steamship Co. and the copper mines, who might get their output shipped; but there are others who are not able to command those facilities, who do not own vessels, and when they want to ship their output what will be done with it if a great shortage in vessels results from the war condition?

What injustice can be done any interest by striking out this provision and leaving the bill as it was first presented and in the condition I understand it was when approved by the President and Secretary of Commerce? I want to emphasize the fact that the bill as first introduced did not contain this provision excluding Alaska from its benefits. Alaska will be capable of furnishing much support in the way of fish for our armies and people and copper for the use of our armies.

These transportation companies should furnish reasonable rates to the people of Alaska. The United States should have the benefit of cheap transportation of the great amount of fish taken from Alaskan waters. When our people are in need of conserving food of every sort to feed our people and to supply our soldiers in this war, why should these companies be secured in the opportunity to charge high rates for transportation?

We should save everywhere and allow none to extort from our people, all of whom are engaged in this great struggle for human freedom and in the defense of our existence as a free people.

Our boys are called on to stake their lives, and will do so nobly, and we should allow no special interest to make their support more difficult by engaging in uninterrupted monopoly.

I do not think it will be questioned that the fishing industries of Alaska are owned by Americans. They can have their fish shipped wherever they please. The same people largely own all the industries in Alaska—the copper, the fish industries; also the transportation lines. It is a long story to show the combinations and the interlocking interests of these companies doing business in Alaska. Suffice to say that by understandings and arrangements satisfactory to themselves they have fixed a very high rate that is a burden to the people of Alaska.

I believe we should give the President full and complete power to exercise every activity or agency of the Government in this trying time. The executive department, in every branch and at every place, should have a free hand in the conduct of this war and in doing these things that will give strength to our armies and support to our people. There will be no need to discriminate against the people of Alaska and deny them a benefit that the Shipping Board, in its wisdom, might see proper to provide for them and also for the benefit of our whole country.

Let the people get their necessities as cheaply as possible. Let them get their hardware, their plows, hoes, picks, and shovels at reasonable rates. Let us get the great supply of food that comes from the fish there. Let the copper come as cheaply as possible. And speaking of copper, surely the copper men are reaping enormous profits. Copper that is costing between 5 and 6 cents a pound, selling at the amazing price of 27 to 30 cents a pound, shows what this industry is doing. I understand the war industries board has cut that price down to 23½ cents a pound. Why this reduction is so small, by the commission in charge, I do not understand. We need copper immensely for war purposes, and we need cheap coal that is there in great abundance, and it is expected that we will be able to get that out next year.

I have stood firmly for every emergency measure put forward by this administration. I believe every loyal American will stand by our great chieftain in this terrible war—this war in which we are fighting for our very existence as a free and self-respecting Nation.

We have called our young men to do battle for our liberty, our honor, and the freedom of mankind. And nobly will they do their part.

And, Mr. Speaker, I am not disposed to criticize the wealth of our country, for in the main it is responding with lofty patriotism, but there should be no exception made to protect any special interest and to enable it to exact high rates when



so much of the flower and the manhood of our fair land will be called upon to make the supreme sacrifice.

Mr. SAUNDERS of Virginia. Mr. Speaker, as the chairman of the committee stated when he brought the bill up, there is no disposition whatever to cut off debate. Ample time will be given for any discussion of the bill, but we do not want the debate to run on with the right of each Member now to get an hour instead of five minutes.

Mr. DOWELL. Will the gentleman yield?

Mr. SAUNDERS of Virginia. Yes.

Mr. DOWELL. Is it not possible by unanimous consent to agree on a certain length of time to discuss this amendment?

Mr. SAUNDERS of Virginia. I was about to say that under the parliamentary conditions I am entitled to an hour. I am willing to yield out of that hour to anyone who wants to discuss the bill, but I want to demand the previous question within the hour.

Mr. DOWELL. I would like to have 5 or 10 minutes.

Mr. SAUNDERS of Virginia. I will yield to the gentleman from Iowa 10 minutes.

Mr. DOWELL. Mr. Speaker, this is an important amendment, and it ought to be thoroughly considered by the House before it is passed upon. In the first place, under the provisions of the bill an exception is made in the case of Alaska. Just why that exception is made I have been unable to understand. In the bill we are trusting entirely to the judgment of the Shipping Board. We give this board every power except in one instance, and we tell them that they must not tread upon the shores of Alaska.

Under this bill, it provides that the Shipping Board shall give a license to each ship that is transacting business along our coast. Is there any reason why, can anyone suggest why, this authority, if granted to every other part of the United States, should not be allowed along the coast of Alaska? Reference was made to the eloquence of gentlemen who appeared before the committee. May I suggest that there are possible reasons why the gentlemen who were before the committee made such eloquent appeals that Alaska should be excepted from the provisions of this bill?

Alaska is controlled, or at least a number of companies in Alaska are controlled, by a syndicate of a few men known as the Guggenheim interest. That is the interest that is controlling the shipping of Alaska and is controlling the copper output of that country. I am wondering if the eloquence that was spent on the committee in the hearings on this bill was really in the interest of American trade, or was it in the interest of a few men who are controlling these corporations that are now operating in Alaska? I want to call your attention to just a few matters, for I have not time to go into all of it.

I call attention to Poor's Manual of 1917, which I believe is good authority anywhere. On page 2036 I read with reference to the copper mines of Alaska:

There was therefore produced from the corporation's Alaskan mines during 1916 a total of 126,087 tons of shipping ore and concentrates containing 56,141 net tons, or 112,282,000 pounds of copper, or an average copper tenor to the ton of 44.53 per cent.

The cost of production in the Kennecott Copper Corporation, as reported in this volume on page 2037, is as follows:

There was received at smelter during year, after allowing for smelter deductions, 108,372,783 pounds of deliverable refined copper. Total cost of production per pound of copper was 5.10 cents in 1916 as against 4.54 in 1915.

Now, Mr. Speaker, we have had some price fixing in this country in the past few weeks, and, as I am advised, the price of copper that was heretofore selling for 27 cents, or 25 cents, perhaps, has been fixed at 23½ cents. By the statement I have just read, which takes into consideration the mining and milling, freight to smelter, smelting and refining, selling expense, general expense, marine insurance, and all other expenses, the actual cost of production was 5.10 cents. In other words, the price that has been fixed gives them a profit now of approximately 400 per cent over the actual cost of production. The price fixed is some reduction but by no means adequate.

Now, on page 2039 of Poor's Manual I read, under the head of "Companies controlled by the Kennecott Copper Corporation," "Alaska Steamship Co.," which is one of the steamship companies that has largely the monopoly of the coast trade on the Alaskan coast.

I want to ask you gentlemen are you willing to permit the Shipping Board to control all the shipments in all of the ports of the United States except Alaska and permit a company that is controlled by a corporation making 400 per cent on the actual cost price of its production to have a monopoly on the shipping business in Alaska.

Now, I want to call your attention to a contract with the Pacific Coast Steamship Co.

Mr. MILLER of Washington. Will the gentleman yield?

Mr. DOWELL. I can not; my time is so short. I call attention to the Pacific Coast Steamship Co., which, as I understand, is another one of these corporations controlled by this same organization of men. This is a blank I am reading from, headed "Pacific Coast Steamship Co." This is a provision for rebates:

Upon surrender by the second party of original paid freight bills quarterly, say, in April, July, October, and January, rebate will be made by first party according to the following schedule: On freight payment aggregating \$500 up to \$5,000, ranging from 27 to 35 per cent.

This contract, as I am advised, was discontinued something like a year ago.

Mr. HADLEY. Mr. Speaker, will the gentleman yield?

Mr. DOWELL. Not now. The gentleman from Tennessee [Mr. Houston] a few minutes ago called attention to the fact that people in Alaska are unable to secure shipments over this line. What harm can come, I ask you, if you leave this question to the Shipping Board as you have left it in every port of the United States except upon the coast of Alaska? If these men are honest enough and capable enough to trust in all of the other ports, why can you not trust them in the ports of Alaska to control the shipping of materials there.

The SPEAKER pro tempore. The time of the gentleman from Iowa has expired.

Mr. SAUNDERS of Virginia. Mr. Speaker, I yield five minutes to the gentleman from New York [Mr. Rowe].

Mr. ROWE. Mr. Speaker, in answer to some remarks of the last speaker I would like to say that he should have looked up the law which created the Shipping Board and gave it its powers. If there are any irregularities as to the prices charged for carrying freight in the Alaskan trade, the Shipping Board has full power not only to regulate the rates but to reduce them or increase them. We created the Shipping Board last year and gave them that power. There is not simply one shipping line, but if the gentleman had read the hearings he would have found that there are four shipping lines between the United States ports and Alaskan ports—the Alaska Steamship Co., the Pacific Coast Steamship Co., the Humboldt Steamship Co., and the Seattle Steamship Co.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. ROWE. Yes.

Mr. KNUTSON. Is it not a fact that the Alaska Steamship Co. controls three times the tonnage of all of the other companies combined?

Mr. ROWE. I presume it does. I am not aware of the fact, but I presume it does control more. It is the larger company.

Mr. KNUTSON. And that is owned by the Guggenheims, is it not?

Mr. ROWE. No; I believe not.

Mr. CANNON. It is very material whether those wicked people own it.

Mr. ROWE. I do not know who owns it. It did not appear in the testimony.

Mr. HOUSTON. Is not that steamship company owned very largely by men who are the chief owners in the Copper River mines, the Kennecott mines, the Mining & Smelters Co., and also the Alaska Syndicate?

Mr. ROWE. I am not sure about that, but I think perhaps the Representative from Seattle could tell us.

Mr. HOUSTON. If the gentleman will examine it, he will find that the same men are officers and managers for all of them.

Mr. ROWE. Mr. Speaker, we are not here to denounce capital in any one particular, as far as I can see. We created the Shipping Board for no other purpose than to correct irregularities and unjust treatment of shippers by different shipping companies, and to reduce if necessary the rates, and they have charge of this absolutely and for all time, regardless of this bill. The fact is that there are only three vessels owned to-day by American companies of over 2,500 tons weight engaged in the Alaska trade that could be thought of at all by the United States Government for over-seas trade. On the other hand, the Grand Trunk Railroad Co. of Canada, which has its port at Prince Rupert, has a fleet of ships in the Alaskan trade. They are seeking this trade, to carry it to Prince Rupert and by railroad through Canada, and take it away from American shippers via Seattle or some other Pacific port. I would like to have the gentleman who offered this amendment tell the committee just what proportion of those vessels the Canadian Government has taken away from the Alaskan trade. The evidence before the Committee on the Merchant Marine and Fisheries was that not a single vessel, and there are five or more of over 2,500 tons that are good for over-seas trade, has been taken by Canada or England to use in the over-seas trade.

Mr. DOWELL. Mr. Speaker, will the gentleman yield?



Mr. ROWE. Yes.

Mr. DOWELL. Will not the argument be used as soon as the attempt is made to commandeer these vessels that they are absolutely necessary in the coast trade of Alaska?

Mr. ROWE. The statements and all of the evidence before the committee were that every boat in the Alaska trade was absolutely necessary at this time, and that if you take them away it would force the trade to the English boats.

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. SAUNDERS of Virginia. Mr. Speaker, I yield five minutes to the gentleman from Alabama [Mr. BANKHEAD].

Mr. BANKHEAD. Mr. Speaker, as a junior member of the Committee on Merchant Marine and Fisheries it has not been my purpose to take any part in this debate. I feel that the statements with regard to the necessity for this legislation as a war-emergency measure have been fully covered by the remarks that have been made by members of the committee and others. It has now developed, Mr. Speaker, that there is not very much general opposition to the bill, except on the proposition as to the wisdom and propriety of the exemption; that is, with reference to the exemption of the Alaskan trade from the provisions of the bill. My experience as a member of this Committee on the Merchant Marine and Fisheries is, of course, brief, because I am a new Member of the House. I went into these hearings as they were presented by those who are supposed to have knowledge of the facts involved with an absolutely open mind, without any interest one way or the other, either on the Pacific coast or anywhere else, living as I do far inland, and I profess no knowledge of maritime affairs. The members of the Shipping Board appeared before the committee and made a statement, and the representatives of the different shipping interests of the country, from the eastern seaboard and, I think, possibly representing the Lake ports and Alaskan and Pacific ports, presented these suggestions for the consideration of the committee. It appeared to the majority of that committee that a good case, as it were, was made out in favor of the exemption of the Alaskan coastwise trade. In the first place, it was developed in the hearings that this coastwise trade, the United States trade with Alaska, had been built up possibly with great sacrifices and through a long period of years, and that the shipping now available, owned by Americans, was barely sufficient to carry on the trade between Alaskan and United States ports. It was developed in addition to that, that plying these waters, and probably owned by Canadian trunk railroads, were a number of Canadian and English steamers of equal capacity and greater than those owned by the American shipping interests, which were available for trade and which were available, some of them, for over-seas use in military expeditions, that had not been taken out of that normal freight service by the English Government. It further developed in the hearings, and it was a fair and open hearing and everybody had an opportunity to be heard, it seems to me, that it was the purpose, if possible, of these great Canadian railroad companies, through this species of legislation, to attempt to monopolize and drive out of business the American shipping interests as affecting Alaska. It developed there without controversy—

Mr. CANNON. Will the gentleman yield?

Mr. BANKHEAD. I will.

Mr. CANNON. If that be true, would not Canada, with her railroad interests intertwined with ours, get much greater profit if she would devote her shipping to the coastwise trade, which is a hundred times more valuable under this bill, than she would by promoting her trade in the Alaskan ports?

Mr. BANKHEAD. I will say in reply to the gentleman from Illinois that I think that would be undoubtedly true.

Mr. HADLEY. Will the gentleman permit a question?

Mr. BANKHEAD. I will.

Mr. HADLEY. Is it not true that the hearings developed the fact that Canadian trunk railroads were adhering to a policy of stimulation as against American shipping by reduction of rates one-third less than the rate of American lines and sustaining that loss for the purpose of making them a feeder of the Canadian lines?

Mr. BANKHEAD. That is undoubtedly the undisputed testimony.

Mr. HADLEY. And build up a diversion of trade, and when the diversion has been accomplished and American lines have been sacrificed to that trade, they would have a monopoly?

Mr. BANKHEAD. That is true.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. SAUNDERS of Virginia. Mr. Speaker, I yield five minutes more to the gentleman from Alabama [Mr. BANKHEAD].

Mr. BANKHEAD. Now, Mr. Speaker, right in connection with the statement made by the gentleman from Washington [Mr. HADLEY] there was read into the Record from the hearings a statement that purported to have been made by one of the officials of the Canadian railroad bearing upon this subject, which I desire to call to the attention of the House. It is as follows:

J. D. McAuley, traveling freight and passenger agent for Alaska, with headquarters in Prince Rupert, passed Juneau on the *Prince George* last night, making the round trip to Skagway on that steamer. On the return of the *George* Mr. McAuley will stop off here for several days before returning south. Mr. McAuley has many friends in Juneau, having been stationed here for many years previous to being transferred to Prince Rupert.

Mr. McAuley and the officers of the *Prince George* freely predicted last night that within six months the United States and Canadian Governments will reach an agreement whereby the Canadian steamers will be plying coastwise and carrying local freight and passengers between American ports for the period of the war.

Mr. EDMONDS. Will the gentleman yield?

Mr. BANKHEAD. Yes, sir.

Mr. EDMONDS. That statement was made on July 13, after this legislation had been originated by the Shipping Board here, and appeared in the *Alaskan Daily Empire*.

Mr. BANKHEAD. That is true.

It is stated further:

Mr. McAuley stated that this arrangement is now in force on the Great Lakes and that the American and Canadian boats are working both freight and passengers between two Canadian ports as the case may be.

It is stated that the rumors are going the rounds of transportation circles that the United States Government is planning on taking over the larger of the Seattle-San Francisco steamers to be followed by the larger of the Alaskan steamers, leaving the Canadian boats, which are not suitable for trans-Atlantic service and the smaller American boats, to handle the Alaskan trade, the San Francisco trade to be handled by the railroads.

There is a proposition which developed the fact that, if carried into execution, it seemed to me, would, in my judgment, have been a great hardship upon the owners of American vessels. But it seems to me that the objection to this limitation of the bill excepting Alaskan trade is met in large terms by the statement that has been made in this debate by more than one Member that the Shipping Board of the United States, under authority now vested in it by law, has absolute authority and jurisdiction to take up and to consider, to define, and regulate any question of discrimination with reference to freight rates between Alaskan ports and ports of the United States.

Mr. HOUSTON. Will the gentleman yield?

Mr. BANKHEAD. I will be glad to do so.

Mr. HOUSTON. Does not the gentleman admit that that only affects one feature of it, and that one feature is whether or not they are charging too high rates, but does not have anything to do with the relief that might come if vessels were commandeered or taken or a shortage should come in any way?

Mr. BANKHEAD. I understood the gentleman to make the complaint differently.

Mr. HOUSTON. That was one of the complaints.

Mr. BANKHEAD. The gentleman from Tennessee admits this Shipping Board has authority and jurisdiction to regulate and control the proposition?

Mr. HOUSTON. I will say that the Shipping Board nor any other board has ever created lively, healthy competition, and I endeavor to illustrate it by the work of the Interstate Commerce Commission, where water rates come in competition with railroad rates.

Mr. BANKHEAD. I did not yield for an argument.

Mr. EDMONDS. Mr. Speaker, I would like to call the gentleman's attention to the fact that rebates are forbidden in the shipping bill and may be rejected by the Shipping Board, and if investigation is made you will find that there are no rebates in the Alaskan trade to-day.

Mr. BANKHEAD. I was not apprised of that situation, because, as I say, I have had a very short experience.

Mr. Speaker, that is all I desire to say upon the proposition.

Mr. SAUNDERS of Virginia. Mr. Speaker, may I find out how my time stands? How much time have I left?

The SPEAKER pro tempore. The gentleman has 26 minutes left.

Mr. SAUNDERS of Virginia. I yield 20 minutes to the gentleman from Washington [Mr. MILLER].

The SPEAKER pro tempore. The gentleman from Washington [Mr. MILLER] is recognized for 20 minutes.

Mr. MILLER of Washington. Mr. Speaker, my information is that the shortage of tonnage in this country is in the tonnage between Atlantic seaports and Europe. There is no reported shortage of tonnage between American ports in the coastwise trade. Where is the interest to our country beneficially affected if an American ship is taken off the coastwise trade and



a foreign ship is put in the coastwise trade? Wherein are we increasing the over-seas trade?

There is a problem in mathematics for you. I hope the committee has considered that feature of it. I am not wholly satisfied with this bill, but as it is a war measure I shall support it. But I want to talk for a few minutes, Mr. Speaker, upon this Alaskan exception. I live in Seattle. I have spent some years of my life in Alaska, and I know some of the conditions there. It is peculiarly one of those countries where there is no rail competition with water shipments, and it is the only place in continental United States or under the American flag on American soil where such a condition exists.

I would not undertake to discuss with my colleague from Iowa the question of what is best for the Iowa corn growers, but whenever a gentleman from Iowa comes out to my country, and knows nothing about it except what he reads, I think his judgment as to our condition is not on a par with mine. There is no complaint on the Pacific coast of the shortage of tonnage to an Alaskan port. It is a dangerous passage from Puget Sound to Alaska. The trade has been built up under the American flag by a slow and tedious and expensive process, and since we have established it there has to-day come in an English company, subsidiary to the transcontinental English and Canadian railroads, that is waiting to take that trade away from the American flag. And that is what you would do if you cut out this exception—that Alaska is not to be governed and controlled by foreign-owned shipping.

The word "Guggenheim" has been mentioned here. In the mind of some people the word "Guggenheim" is synonymous with the ownership of every dollar's worth of property in Alaska, and, my colleagues, it only bespeaks the absolute ignorance of a man when he makes any such statement as that. The Pacific Coast Steamship Co., the Alaska Steamship Co., the Seattle Steamship Co., the Humboldt Steamship Co. may have some Guggenheim money in them. I do not know, and I do not care. But my information, derived from a long residence in that community, is that the Guggenheims control none of these companies. The trade between Puget Sound and Alaska has been developed. They are satisfied with it. They are satisfied with the rates; if the rates are excessive, the Shipping Board has ample power to adjust them and establish them. Only here and there is a little steamer that comes within the provisions of the character of a steamer that the Shipping Board intends to commandeer for over-seas trade. I do not believe it is helpful to turn over that trade to the British flag, or to turn it over, my colleagues, to the Japanese flag. It should be kept under the American flag, where it is, where the little steamers ply up from Puget Sound, go up into that country, and bring down their products, including copper, if you please, from the Guggenheim mines—bring those products to an American city, to an American market. I will ask my colleagues if there is any more necessary article used in this war than copper from the Guggenheim mines? Also fish; all kinds of products of that kind.

Leave us alone, gentlemen, in the Alaskan trade. Let our little steamers supply that trade, and let the remnants of a coastwise trade under the American flag continue to flourish and continue to supply the Alaskan people. [Applause.]

Mr. SAUNDERS of Virginia. Mr. Speaker, some question has been raised in the progress of this debate over the extent and powers of the Shipping Board. I wish to put into the RECORD precisely what these powers are. Section 18 of the shipping bill provides—

That every common carrier by water in interstate commerce shall establish, observe, and enforce just and reasonable rates, fares, charges, classifications, and tariffs, and just and reasonable regulations and practices relating thereto and to the issuance, form, and substance of tickets, receipts, and bills of lading, the manner and method of presenting, marking, packing, and delivering property for transportation, the carrying of personal, sample, and excess baggage, the facilities for transportation, and all other matters relating to or connected with the receiving, handling, transporting, storing, or delivering of property.

Every such carrier shall file with the board and keep open to public inspection, in the form and manner and within the time prescribed by the board, the maximum rates, fares, and charges for or in connection with transportation between points on its own route; and if a through route has been established, the maximum rates, fares, and charges for or in connection with transportation between points on its own route and points on the route of any other carrier by water.

No such carrier shall demand, charge, or collect a greater compensation for such transportation than the rates, fares, and charges filed in compliance with this section, except with the approval of the board and after 10 days' public notice in the form and manner prescribed by the board, stating the increase proposed to be made; but the board for good cause shown may waive such notice.

Whenever the board finds that any rate, fare, charge, classification, tariff, regulation, or practice, demanded, charged, collected, or observed by such carrier is unjust or unreasonable, it may determine, prescribe, and order enforced a just and reasonable maximum rate, fare, or charge, or a just and reasonable classification, tariff, regulation, or practice.

That covers the whole legal situation.

Mr. Speaker, if there is no other gentleman who desires time—

Mr. DOWELL. Mr. Speaker, will the gentleman yield there for a question?

Mr. SAUNDERS of Virginia. Certainly.

Mr. DOWELL. Under this bill is it not provided that no such vessels shall engage in the coastwise trade except upon a permit issued by the United States Shipping Board, which permit shall limit or define the scope of the trade and the time of such employment?

Mr. SAUNDERS of Virginia. Yes.

Mr. DOWELL. Is not that limitation just as satisfactory to the gentleman, and does not that give the board absolute control over the shipping?

Mr. SAUNDERS of Virginia. I think so. I think, so far as the power of the board is concerned, that it would undoubtedly be sufficient to control the situation without the proviso. But this proviso, I suppose, was added by those who voted for it out of abundance of caution, and to make it certain that vessels in the foreign trade would not be admitted to the coastwise trade in that area.

Mr. DOWELL. Is it not true that every shipping interest can be protected by this board?

Mr. SAUNDERS of Virginia. The power of the board would be ample to conserve the interests of the coastwise trade in Alaska against foreign intrusion, but the amendment covers the situation so completely that no exercise of discretion will be permitted to the board.

Mr. BOOHER. Will the gentleman permit me to ask him a question?

Mr. SAUNDERS of Virginia. Yes.

Mr. BOOHER. Then what is the use of giving the Shipping Board any power to regulate rates?

Mr. SAUNDERS of Virginia. The board is not given the power to admit foreign ships to the coastwise trade in Alaska. The proviso provides that this particular power shall not be exercised by the board as to Alaska.

Mr. BOOHER. Why should they be given power to exercise it in every other part of the country, and not in Alaska?

Mr. SAUNDERS of Virginia. Mr. Speaker, to answer that in detail, would be to go over the entire argument of the gentlemen who have preceded me. The gentlemen who have discussed this bill heretofore have covered that situation, and have given the reasons why, in their judgment, it is desirable that the proviso in the bill should remain. I have merely undertaken to put into the RECORD the law in relation to the powers of the Shipping Board, and have not discussed the reasons supporting the proviso. That has been fully done by other gentlemen.

Mr. BOOHER. My idea was to get the opinion of the gentleman who seems to be in charge of the bill—

Mr. SAUNDERS of Virginia. No; I am not in charge of the bill at all.

Mr. BOOHER. As to why this exception is necessary.

Mr. SAUNDERS of Virginia. The chairman of the committee, the gentleman from Missouri [Mr. ALEXANDER], is in charge of the bill, and he will answer the gentleman.

Mr. ALEXANDER. If the gentleman will permit, I will answer the gentleman. This is a war emergency measure. We undertook to make it apply only to those trades where the emergency exists, and there was no evidence before the committee that there is an emergency existing in the Alaskan trade demanding this legislation. Nobody appeared before the committee representing Alaskan interests insisting that Alaska should not be excluded from the provisions of the bill. The Delegate from Alaska and the contestant for his seat, Judge Wickersham, are both in Washington, and I assume that if there was any demand that this legislation should extend to Alaska one or both of those gentlemen would have appeared before the committee and made some statement to that effect.

Mr. MILLER of Washington. I should like to supply the gentleman with information. Delegate SULZER, of Alaska, is out on the Pacific coast, as I understand it, called there by illness in his family.

Mr. ALEXANDER. I saw him here recently, and I supposed he was still in the city.

Mr. MILLER of Washington. That is my information.

Mr. ALEXANDER. This bill has been pending since early in August and the hearings were in the early part of this month. For that reason, when the Alaskan shipping interests represented and made a showing that seemed to justify it by Mr. Clark, the committee put this exception into the bill.

Mr. BOOHER. Will my colleague allow me to ask him another question?



Mr. ALEXANDER. Yes.

Mr. BOOHER. Did not the hearings also show that while there was no immediate need for extending this bill to Alaska now, it might in the near future be necessary?

Mr. ALEXANDER. No; not that I recall. I want to say this: There are conditions in that trade of which I think I have had general knowledge for some time past and with which I am quite as familiar as the gentleman from Tennessee [Mr. Houston], which I think will require treatment apart from any emergency measure like this. That was the view of the majority of the committee.

Mr. HOUSTON. Will the gentleman yield?

Mr. ALEXANDER. Yes.

Mr. HOUSTON. With the permission of the gentleman, I would like to ask him as to a statement in the hearings.

Mr. ALEXANDER. Yes.

Mr. HOUSTON. I want to ask if this statement is not a part of the hearings:

Mr. HADLEY. It is certainly true at this time that there has been no necessity, so far as Alaska is concerned, shown for this legislation. There may be before we are through.

That was his statement.

Mr. ALEXANDER. I am not challenging his statement.

Mr. HOUSTON. The gentleman said that there was no evidence that there is any shortage.

Mr. ALEXANDER. There is not at this time, and that is what I said.

Mr. HOUSTON. If the gentleman will bear in mind, I read some newspaper accounts of quite a shortage of facilities up there for shipping fish to market.

Mr. ALEXANDER. I am talking about the statements before the committee. The newspaper accounts to which the gentleman from Tennessee [Mr. Houston] refers has never been brought to the attention of the committee.

Mr. SAUNDERS of Virginia. I yield three minutes to the gentleman from Maine [Mr. White], a member of the committee.

Mr. WHITE of Maine. Mr. Speaker, I want in the first instance to correct one statement made by the gentleman from Alabama [Mr. Bankhead], who spoke of himself as the junior member of the committee. I want to say I claim that distinction for myself.

With respect to this Alaskan situation, it seems to me it is a very simple proposition. As I understand it, you have there to-day American lines traversing from American Pacific ports to Alaskan ports. You have also in that trade to-day Canadian lines traveling from Canadian ports—Prince Rupert and others—to and from Alaskan ports. You have then competitive conditions, and in connection with that trade to-day you have competitive rates. Now, it appeared in the testimony before the committee that there were in Alaskan waters to-day a fleet of Canadian vessels with a speed, as I recall it, up to 21 knots. They are in these waters waiting like vultures to pounce on the American trade when once it is opened up to them. If that condition is permitted, you will have these Canadian ships in this trade. Then what will be your condition? You will have American ships driven from the Alaskan trade, as you have seen the American ships driven from every trade where they have come into competition with subsidized foreign ships. Then you will face a condition where instead of competitive conditions and competitive rates you will have noncompetitive conditions and noncompetitive rates, determined and fixed by hostile and foreign interests.

The SPEAKER pro tempore. The time of the gentleman from Maine has expired.

Mr. SAUNDERS of Virginia. I yield to the gentleman two minutes more.

Mr. WHITE of Maine. That is one of the considerations which led some members of this committee to stand for this exemption.

Now, speaking generally about this legislation, there are some of us, and I am one, who have come to the support of this bill with great reluctance and with the gravest misgivings. I have been brought up to believe in an American merchant marine. I want to see a merchant marine built in American yards, flying the American flag, commanded by American officers, and served by American seamen—a marine bound in loyalty and interest to America. [Applause.] I view, as I have said, with the greatest apprehension any modification of a policy which this country has followed for more than 100 years with most beneficent results. But we face unusual conditions, which we must meet as best we can. As an emergency measure I am obliged to support this bill. This bill has come out of this committee as a compromise of conflicting views, and I earnestly hope it will have the approval of the House without further modification. [Applause.]

Mr. SAUNDERS of Virginia. Mr. Speaker, if no other gentleman desires to debate the amendment, I move the previous question on the bill and amendments thereto to final passage.

The SPEAKER pro tempore (Mr. Johnson of Kentucky). The gentleman from Virginia moves the previous question on the bill and amendments to final passage.

The previous question was ordered.

The SPEAKER pro tempore. The question now is on the adoption of the amendment offered by the gentleman from Tennessee.

The question was taken; and on a division (demanded by Mr. HADLEY) there were—ayes 30, noes 40.

So the amendment was lost.

The bill was ordered to be read a third time, was read the third time, and passed.

On motion of Mr. ALEXANDER, a motion to reconsider the vote whereby the bill was passed was laid on the table.

Mr. NORTON. Mr. Speaker, I ask unanimous consent to address the House for two minutes.

#### SUSPENSION OF WORK ON MINING CLAIMS.

Mr. TAYLOR of Colorado. Mr. Speaker, I present for printing under the rule a conference report on Senate joint resolution 78, suspending during the present war with Germany the requirement that not less than a hundred dollars' worth of labor shall be performed, and so forth.

The SPEAKER. It is so ordered.

#### ADJOURNMENT.

Mr. ALEXANDER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 36 minutes p. m.) the House adjourned until to-morrow, Saturday, September 29, 1917, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, a letter from the Secretary of War, transmitting memorandum of the Chief of Ordnance on subject of defective ammunition, a certain amount of which was sent for supplying the United States expeditionary forces in Europe, was taken from the Speaker's table and referred to the Committee on Military Affairs.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. GLASS, from the Committee on Banking and Currency, to which was referred the bill (H. R. 6180) to amend the laws relating to the denominations of circulating notes by national banks, and to permit the issuance of notes of small denominations, and for other purposes, reported the same without amendment, accompanied by a report (No. 169), which said bill and report were referred to the House Calendar.

Mr. WISE, from the Committee on Military Affairs, to which was referred the bill (S. 2527) authorizing appointment of chaplains at large for the United States Army, reported the same with amendment, accompanied by a report (No. 170), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. STRONG: A bill (H. R. 6345) to authorize certain military officers to take affidavits, testimony, and acknowledgments of the execution of deeds, and other instruments of writing, of persons in the military service of the United States; to the Committee on the Judiciary.

By Mr. AUSTIN: A bill (H. R. 6346) to aid our Government by producing foodstuffs and to aid farmers and give employment to the unemployed, and encourage agriculture; to the Committee on Agriculture.

By Mr. SIEGEL: A bill (H. R. 6347) to amend the naturalization laws; to the Committee on Immigration and Naturalization.

By Mr. FRENCH: A bill (H. R. 6348) to provide a preliminary survey of the Kootenai River in Idaho, and its several forks and tributaries, together with drainage area, with a view to the control of its floods; to the Committee on Flood Control.

Also, a bill (H. R. 6349) to provide a preliminary survey of the St. Joe and St. Maries Rivers and Coeur d'Alene Lake and their



several forks and tributaries in Idaho with a view to flood control; to the Committee on Flood Control.

By Mr. DENT: A bill (H. R. 6350) to authorize the issuance of Reserve Corps and National Army commissions in the lower grades of Staff Corps and to remove the fixed age limits requiring the discharge of Reserve Corps officers; to the Committee on Military Affairs.

By Mr. EMERSON: Resolution (H. Res. 156) asking the President to set aside a day of prayer for the success of American arms; to the Committee on Military Affairs.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. TINKHAM: A bill (H. R. 6351) for the relief of the owner of the steamer *Mayflower* and for the relief of passengers on board said steamer; to the Committee on the Judiciary.

By Mr. RAKER: A bill (H. R. 6352) granting an increase of pension to Martha F. James; to the Committee on Pensions.

By Mr. NICHOLS of Michigan: A bill (H. R. 6353) for the relief of James Strachan; to the Committee on Claims.

By Mr. KINKAID: A bill (H. R. 6354) for the relief of Noah Cox; to the Committee on Military Affairs.

By Mr. HOOD: A bill (H. R. 6355) granting a pension to Lillie I. Davis; to the Committee on Pensions.

By Mr. FOSS: A bill (H. R. 6356) granting a pension to Robert Leigh Morris; to the Committee on Invalid Pensions.

By Mr. DARROW: A bill (H. R. 6357) granting a pension to Frances A. Griffith; to the Committee on Invalid Pensions.

By Mr. CURRY of California: A bill (H. R. 6358) granting a pension to J. F. P. Gentil; to the Committee on Invalid Pensions.

By Mr. BRODBECK: A bill (H. R. 6359) granting an increase of pension to Jordan Johnson; to the Committee on Invalid Pensions.

By Mr. ALMON: A bill (H. R. 6360) granting a pension to Mary Lee Jeter; to the Committee on Invalid Pensions.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By the SPEAKER (by request): Memorial of the Presbyterian Ministers' Association of Washington City and vicinity, protesting against the proposal to give tobacco to the soldiers; to the Committee on Military Affairs.

Also, memorial of Motion Picture Exhibitors' League of Missouri, protesting against any further tax against the motion-picture business; to the Committee on Ways and Means.

By Mr. ASHBROOK: Papers to accompany House bill 6333, for relief of Huldah Bone; to the Committee on Invalid Pensions.

Also, papers to accompany House bill 6335, to grant an increase of pension to Jordan Johnson; to the Committee on Invalid Pensions.

By Mr. CARY: Memorial of Aeroshade Co., of Waukesha, Wis., protesting against the proposed tax on catalogues, booklets, etc., in the war-revenue bill; to the Committee on Ways and Means.

By Mr. GALLIVAN: Memorial of Lithuanian Alliance of St. Casimer, South Boston, Mass., requesting the President of the United States to give public assurance that the rights of Lithuania shall be championed and protected at the peace conference following the war; to the Committee on Foreign Affairs.

Also, petition of War Convention of American Business, Atlantic City, September 17 to 21, 1917, favoring the action of the Government necessary to keep at par the American dollar in every country in the world; to the Committee on Banking and Currency.

By Mr. KIESS of Pennsylvania: Papers to accompany House bill 6173, a bill granting a pension to Mary E. Mincer; to the Committee on Invalid Pensions.

By Mr. LINTHICUM: Petition of W. M. F. Walker, sr., and W. M. F. Walker, jr., of Baltimore, Md., favoring passage of daylight-saving bill; to the Committee on Interstate and Foreign Commerce.

Also, memorial of Keller Sales Co., of Baltimore, Md., protesting against the 3 per cent gross tax on automobile dealers and manufacturers; to the Committee on Ways and Means.

Also, petition of August Detlof, of Baltimore, Md., protesting against war; to the Committee on Foreign Affairs.

Also, petition of Franklin Motor Co., of Baltimore, Md., protesting against the 3 per cent gross sales tax in the war-revenue bill; to the Committee on Ways and Means.

Also, memorial of Motor Car Co., of Baltimore, Md., protesting against the 3 per cent gross sales tax on the automobile dealers and manufacturers in the war-revenue bill; to the Committee on Ways and Means.

Also, petition of William H. Kammer, of Baltimore, Md., protesting against the increase in tax on alcohol; to the Committee on Ways and Means.

Also, memorial of Carr-Lowry Glass Co., of Baltimore, Md., favoring the inclusion of glass manufacturers in the receivers of preferential coal shipments; to the Committee on Agriculture.

Also, petition of the August Maag Co., of Baltimore, Md., favoring the passage of the 1-cent war tax on out-of-town letters; to the Committee on Ways and Means.

Also, petition of the Litchfield Manufacturing Co., of Waterloo, Iowa, protesting against the excess-profits tax on manufacturers of machinery; to the Committee on Ways and Means.

Also, petition of Swindell Bros., Baltimore, Md., protesting against the proposed tax of 5 per cent on perfumery; to the Committee on Ways and Means.

Also, petition of Maryland Pharmaceutical Association, indorsing House bill 5531, to increase the efficiency of the United States Army; to the Committee on Military Affairs.

Also, petition of Alpha Photo Engraving Co., Baltimore, Md., opposing the war-revenue bill, House bill 4280; to the Committee on Ways and Means.

Also, petition of the Progressive Farmer, of Birmingham, Ala., protesting against the increase in rates on mail matter through the adoption of the zone system; to the Committee on Ways and Means.

By Mr. MASON: Petition of 1,000 citizens of Monroe County, Ill., favoring the immediate passage of the Mason bill, providing that none of the drafted or conscripted men shall be sent for service outside the territorial limits of the United States; to the Committee on Military Affairs.

By Mr. MORIN: Petition of Woman's Home Missionary Society of Emory Methodist Episcopal Church, of Pittsburgh, Pa., urging the submission of the Sheppard-Webb bone-dry amendment unconditionally, and asking for legislation that will prohibit the use of grain in the manufacture of liquor; to the Committee on the Judiciary.

By Mr. RAKER: Memorial of National Automobile Chamber of Commerce, Motor and Accessories Manufacturing Association, of New York, protesting against the proposed 3 per cent tax on gross sales of automobile industry; to the Committee on Ways and Means.

Also, memorial of Mine Workers' Union, Butte, Mont., favoring Government control of mines in that district; to the Committee on Mines and Mining.

Also, petition of Langley & Michels, San Francisco, Cal., indorsing section 1106, revenue bill, also tax on drugs and increased tax on alcohol; to the Committee on Ways and Means.

Also, petition of Dixie Overland Highway Association, Columbus, Ga., indorsing the Chamberlain-Dent bill, Senate bill No. 1; to the Committee on Military Affairs.

#### SENATE.

SATURDAY, September 29, 1917.

The Chaplain, Rev. Forrest J. Prettyman, D. D., offered the following prayer:

Almighty God, we pray for light upon the pathway of this new day, the light that will illumine every problem that comes before us and that will shine also in our hearts and minds. Give to us the knowledge of the glory of God. We pray Thee to guide us according to Thine own unerring counsel in all our deliberations and give us a constant consciousness of the Divine presence and leadership. For Christ's sake. Amen.

The Journal of the proceedings of Thursday last was read and approved.

THE NAVAL ESTABLISHMENT (S. DOC. NO. 113).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Treasury, transmitting a letter from the Secretary of the Navy submitting supplemental estimates of appropriations for the Naval Establishment, for the service of the fiscal year 1918, amounting to \$5,760,000, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

#### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by G. F. Turner, one of its clerks, announced that the House disagrees to the amendments of the Senate to the bill (H. R. 5949) making appropriations to supply urgent deficiencies in appropriations for the



fiscal year ending June 30, 1918, and prior fiscal years, on account of war expenses, and for other purposes; asks a conference with the Senate on the disagreeing votes of the two Houses thereon, and had appointed Mr. FITZGERALD, Mr. SHERLEY, and Mr. GILLET managers at the conference on the part of the House.

The message also announced that the House had passed the following bills:

S. 2816. An act granting the consent of Congress to the Gainesville Red River Bridge Co. to construct a bridge across Red River; and

S. 2823. An act granting the consent of Congress to the city of Elgin, Ill., to construct, maintain, and operate a bridge across the Fox River at Elgin.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 5839. An act extending the time for the construction of a bridge across the Mississippi River, in Aitkin County, Logan Township, State of Minnesota; and

H. R. 6175. An act giving the United States Shipping Board power to suspend present provisions of law and permit vessels of foreign registry and foreign-built vessels admitted to American registry under the act of August 18, 1914, to engage in the coastwise trade during the present war and for a period of 120 days thereafter, except the coastwise trade with Alaska.

#### ENROLLED BILLS SIGNED.

The message also announced that the Speaker of the House had signed the following enrolled bills, and they were thereupon signed by the Vice President:

S. 2156. An act to authorize exploration for and disposition of potassium;

S. 2705. An act to create the aircraft board and provide for its maintenance;

H. R. 4960. An act to define, regulate, and punish trading with the enemy, and for other purposes; and

H. R. 5431. An act to authorize the construction, maintenance, and operation of a bridge across the Saline River, at or near Suttons Ferry, Ark.

#### PETITIONS AND MEMORIALS.

The VICE PRESIDENT presented petitions from the Washburn Loyalty League, of Washburn, Wis.; from C. W. Cannon, of New York City; from W. A. Coombe, of Washington, D. C.; and from D. M. Jones, of Washington, D. C., praying for the expulsion from the United States Senate of ROBERT M. LA FOLLETTE, a Senator from the State of Wisconsin, which were referred to the Committee on Privileges and Elections.

Mr. KELLOGG. I send to the desk a petition in the form of resolutions adopted by the Minnesota Commission of Public Safety for appropriate reference.

The VICE PRESIDENT. The resolutions will be noted in the Record and referred to the Committee on Privileges and Elections.

Resolutions relative to the speech of the Senator from Wisconsin [Mr. LA FOLLETTE] delivered before the nonpartisan convention in St. Paul on the 20th of September, 1917, were referred to the Committee on Privileges and Elections.

Mr. FRANCE. I desire to present a memorial from certain citizens of Harford County, Md., which I ask to have printed in the Record. I do not desire to discuss the question to which this memorial refers, but I wish to say that I find myself in entire accord with the statements and sentiments contained therein, and that it has my unqualified indorsement.

There being no objection, the memorial was ordered to be printed in the Record, as follows:

Whereas it has become known through the press and otherwise that the United States Government is contemplating the purchase of the Bay Shore Tidewater section of Harford County for use as an artillery proving ground: Therefore be it

Resolved, That we, the canners, farmers, and residents of said section, in mass meeting assembled this 22d day of September, 1917, at Perryman, Md., do hereby register our vigorous protest against such action of the Government, and respectfully petition that the idea of using this section be abandoned for the following good and sufficient reasons, namely:

First. Hon. Herbert Hoover, food conservation commissioner, has continually and most wisely advised and urged a large increase of food production. The part of Harford County under consideration by the Government is one of the most fertile and productive sections in the country, being especially noted for its large yield of sugar corn and tomatoes, of which its numerous canneries pack hundreds of thousands of cases annually for domestic consumption and export. The taking over of this garden spot by the Government would destroy many valuable farms and timberlands, close canneries, and throw a large number of people out of employment. Many homes would be destroyed and thousands of residents forced to seek work elsewhere. Then, too, the valuable and extensive fisheries along the shores of the Chesapeake Bay and rivers would be disastrously affected, as this is the only spawning ground for shad and herring in this part of the country.

Second. In view of these facts, we can not believe that the administration would be willing to ruthlessly sacrifice so productive a territory

in this time of great need of foodstuffs, when other sparsely settled and less productive localities are available, and could be secured with much less damage to the public welfare.

Third. The people of Harford County are patriotic and devoted to their country; they have given of their best sons to the Army and their daughters to the Red Cross; their purses have always been open to any of its needs, and they are willing to make all necessary sacrifices, but they are not willing to lose their homes and occupations unless the Government can not procure a suitable site elsewhere; and be it further

Resolved, That a copy of these resolutions be sent to Gen. Crozier, Hon. Herbert Hoover, and the Representatives of our State in the United States Senate and House, and to the press.

HENRY H. BOYER, Chairman.  
PARKER MITCHELL, Secretary.

#### THE SECOND LIBERTY LOAN (S. DOC. NO. 112).

Mr. SHAFROTH. Mr. President, I ask unanimous consent that an address delivered by Hon. William G. McAdoo, Secretary of the Treasury, at the annual convention of the American Bankers' Association, at Atlantic City, September 28, 1917, on the subject of the second liberty loan, be printed in the Record. It is a very able address and will be of great service in promulgating the reasons for the second liberty loan.

Mr. FLETCHER. May I suggest to the Senator that he also ask that it be printed as a document?

Mr. SHAFROTH. It is of such overwhelming importance that I think it ought to be printed both in the Record and as a document. I asked that it be printed in the Record because the Record goes out immediately, and if printed as a document it would take a considerable length of time before it received circulation, and only then when addressed by some public official or Member of Congress.

Mr. FLETCHER. I have no objection to having it printed in the Record and also as a document, and I would amend the motion by having it printed as a document as well.

Mr. SHAFROTH. I accept the amendment.

The VICE PRESIDENT. Without objection, it is so ordered. The address is as follows:

#### THE SECOND LIBERTY LOAN.

"Gentlemen of the American Bankers' Association, it gives me great pleasure to meet the members of this association and to express to you in person my deep appreciation of the patriotic and cordial support the bankers of the United States have given to the Government in the important financial operations in which the Treasury has been engaged since the outbreak of the European war. They deserve high commendation also for the notable services they rendered and for the contributions they made to the Red Cross war fund. Nothing could be more creditable to the American people than their extraordinary generosity in providing this monumental fund for mercy.

"The credit of the Federal Government throughout its history has been maintained inviolate; its obligations have always been scrupulously observed; its engagements have always been honorably fulfilled. The national credit is the first bulwark of defense of the Nation's rights. If that credit be impaired, the whole economic and financial structure of the country is imperiled. Finance is so fundamental to war that the first duty of every nation upon the outbreak of hostilities is to conserve its financial resources and to make the national credit impregnable and sufficient for all the purposes of the war.

"In all of the great financial operations in which the Government has been engaged in the past, and in all of those in which it must engage in the future, the American banker must, because of his knowledge, experience, ability, and influence, become the first line of defense and offense. His thorough cooperation with the Government relieves the task, however stupendous, of any doubt. To you, the patriotic bankers of America, has come a great responsibility and a great opportunity—the responsibility of helping your Government solve its huge financial problems successfully, and the opportunity to serve your country in ways peculiarly useful and effective at this time.

"It is perhaps important that the reasons why we are at war with Germany should be restated as often as possible. There are some noisy agitators and disloyal writers in this country who have persistently endeavored to confuse the issue and to carry on a seditious and subtle propaganda for the purpose of producing discontent among the people and of giving aid and encouragement to the enemies of the United States. A large part of this propaganda was undoubtedly financed by the German Government directly, from the outbreak of the European war, August, 1914, until America entered the war, April 6, 1917. Much of this same propaganda has probably been carried forward since America entered the war by German money left in the United States for that purpose by Von Bernstorff, the adroit and malevolent German ambassador, before he was dismissed. With that money and with money provided by German sympathizers and certain disloyal elements in the United States the



propaganda has continued, but in a modified form. It would be difficult to ascertain exactly how much money has been expended for this purpose, but some of the recent disclosures by the State Department indicate how active were Germany's own representatives while in this country. It is well for the American people to realize the hypocrisy and disloyalty of all these efforts, and to determine to stamp them out relentlessly and remorselessly, because the interests of the Nation must at no time be imperiled more by the traitors within our walls than by the enemies without.

"It has been repeatedly stated that America entered this war to make liberty and democracy secure throughout the world. While that is true, it must always be remembered that America entered the war for a more immediate reason. Noble and idealistic as is her championship of universal democracy, she entered this war primarily because of the persistent insults and aggressions of Germany, the wanton disregard of American rights within our own borders as well as upon the high seas, the contemptuous violation of international law, and the ruthless destruction of American life and property.

"Before this war broke out every civilized nation accepted and honored the rule that in time of war a merchant vessel, neutral or belligerent, should not be sunk by an enemy war vessel unless the lives of the passengers and crew were first made safe. Under this long-observed law an American citizen had the right to travel upon a British or a French merchant ship with the full knowledge that that ship would not be sunk by a German war vessel until the passengers and crew were taken from the ship and their safety secured. Civilized warfare has always respected the lives of noncombatants.

"If a German regiment should capture a French town or city, and, while marching through the streets, should fire upon a crowd of unarmed and helpless men, women, and children, killing a great number of them, crippling and wounding others, the whole world would gasp with horror; and yet this would be far less inhuman than to sink a ship at sea containing non-combatant men, women, and children, because on land those who are wounded may be rescued, taken to the hospitals and saved, while many who are not hit by bullets may actually escape. The reason the rule of the sea has always been rigidly enforced by every civilized nation is that if you sink an unarmed ship without giving the noncombatants a chance to escape they are thrown into the water and all must perish. There is no chance for the wounded or the uninjured to escape. The remorseless sea engulfs them all and obliterates life 'without a trace.' What, therefore, would be a crime of the first order in the killing of noncombatants on land, is a crime of colossal and inexcusable proportions when it is committed upon the high seas.

"Yet this is exactly what Germany has done consistently since the outbreak of the war. She has destroyed merchant vessels on the high seas without warning, killing noncombatant men, women, and children without mercy and in the most brutal and ruthless fashion, in defiance of all international law and every accepted rule of humanity and civilization.

"The rights of Americans upon the high seas have been wantonly disregarded. It is not an answer to say that Americans should not have sailed on merchant ships bearing the British or the French flag. They had a right to sail on those vessels, and were compelled to sail on them because there were not enough merchant ships under the American flag to furnish transportation for American business men, American consular and diplomatic officers, and others engaged in peaceful and rightful pursuits to go upon their legitimate errands. They were forced to sail under foreign flags and were entitled to the protection accorded by universally accepted international law and the mandates of civilization and humanity, viz, that the ships would not be sunk by an enemy vessel until the safety of passengers and crew was first assured.

"On September 1, 1915, the German Government gave the following assurance to the United States:

"Liners will not be sunk by submarines without warning and without safety of the lives of noncombatants, provided that the liners do not try to escape or offer resistance.

"This promise was promptly violated. On October 15, six weeks thereafter, the British steamship *Arabic* was sunk and three American lives were lost. The German Government said to the United States:

"The Imperial German Government regrets and disavows the act and has notified Commander Schneider accordingly.

"Scarcely had this assurance been received before the Italian steamer *Ancona* was torpedoed without warning, and seven American lives were destroyed. On the 29th of November, 1915, the American vessel *William P. Frye* was sunk in violation of international law. Following that, attacks were made upon several American vessels in gross violation of these promises,

and on December 30 the British liner *Persia* was sunk in the Mediterranean without warning, and more than 300 passengers and members of the crew were lost, among them being an American consul traveling to his post. This American consul was obliged to sail on this British vessel, because there was no American vessel upon which he could travel. He was entitled to protection under international law, as well as under the repeated assurances of the German Government.

"On January 7, 1916, the German Government again assured the United States that German submarines in the Mediterranean would not sink enemy merchant vessels, except in accordance with the general principles of international law, and 'only after passengers and crews had been accorded safety.' On February 16, 1916, the German Government said to the United States:

"Germany has limited her submarine warfare because of her longstanding friendship with the United States, and because by the sinking of the *Lusitania*, which caused the death of citizens of the United States, the German retaliation affected neutrals, which was not the intention, as retaliation should be confined to enemy subjects.

"The German Government promptly proceeded to disregard these assurances, sinking numerous ships without warning, including a number of American citizens, and imperiling the lives of many more. Whereupon the American Government notified the German Government on the 18th of April, 1916, two months thereafter, that—

"If it is still the purpose of the Imperial German Government to prosecute relentless and indiscriminate warfare against vessels of commerce by the use of submarines, without regard to what the Government of the United States must consider the sacred and indisputable rules of international law and the universally recognized dictates of humanity, the Government of the United States is at last forced to the conclusion that there is but one course it can pursue. Unless the Imperial Government should now immediately declare and effect an abandonment of its present methods of submarine warfare against passenger and freight carrying vessels, the Government of the United States can have no choice but to sever diplomatic relations with the German Empire altogether.

"Whereupon the German Government, on the 4th of May, 1916, about two weeks thereafter, gave definite assurances to this Government that new orders had been issued to German naval officers 'in accordance with the general principles of visit and search in the destruction of merchant vessels recognized by international law.'

"Again, and in spite of these repeated assurances, the German Government proceeded to sink merchant vessels without warning and without securing the safety of the lives of passengers and crew. One American was killed on the British steamer *Cabosha* on October 20, 1916; 8 Americans were killed on the British steamer *Marina*, October 28, 1916; 17 Americans were killed on the British steamship *Russia*, December 14, 1916.

"On January 31, 1917, the German Government gave this notice, to take effect the following day:

"Germany will meet the illegal measures of her enemies by forcibly preventing in a zone around Great Britain, France, Italy, and in the eastern Mediterranean all navigation, that of neutrals included, from and to England, from and to France, etc. All ships met within that zone will be sunk.

"Whereupon the United States on February 3, three days afterwards, severed diplomatic relations with the German Government in the following statement:

"In view of this declaration which withdraws suddenly and without prior intimation the solemn assurance given in the Imperial Government's note of May 4, 1916, this Government has no alternative consistent with the dignity and honor of the United States but to take the course which it explicitly announced in its note of April 18, 1916, that it would take in the event that the Imperial Government did not declare and effect an abandonment of the methods of submarine warfare then employed and to which the Imperial Government now purposes again to resort.

"All diplomatic relations between the United States and the German Empire were thereupon severed, the American ambassador at Berlin was immediately withdrawn, and the German ambassador, Von Bernstorff, was given his passports.

"Between February 3 and April 1, 1917, almost two months, 1 American was killed on the British steamship *Eavston*, 10 Americans were killed on the British steamer *Vedamore*, 1 American was killed on the British steamship *Torino*, 1 American was killed on the French steamer *Athas*, 8 Americans were killed on the British steamship *Laconia*, 1 American was killed on the Norwegian steamship *Sjostad*, 5 Americans were killed on the American steamship *Vigilancia*, 7 Americans were killed on the American steamship *Healdton*, and 19 Americans were killed or missing from the British steamship *Crispin*. Besides this, seven American steamships were sunk by German submarines in these two months, but no Americans, except 5 on the *Vigilancia*, were killed.

"Moreover, the British steamer *Yarrowdale* was captured by a German auxiliary cruiser prior to our entry into the war, and 72 American citizens were taken as prisoners of war by Germany, which was a clear violation of American rights. They were maltreated and abused and subsequently released.



"The crowning act of infamy in Germany's ruthless policy, however—and I mention it last, although it was the first in occurrence—was the sinking, on May 7, 1915, of the British steamship *Lusitania*, an unarmed passenger vessel, and the killing of 114 American citizens—men, women, and children.

"Each and every American life and each and every American vessel destroyed by Germany during these two years was an act of war upon the American people, the consequences of which were avoided from time to time by the plausible assurances and excuses of the German Government, each and every one of which was perfidiously and insincerely made, and each and every one of which was deliberately disregarded.

"But this is not all. Germany, while professing friendship for America, and while her ambassador, her representatives, and her citizens were enjoying our hospitality and receiving our protection, was plotting against the domestic security of the United States by blowing up munitions plants, fomenting strikes and disturbances in the labor world, disseminating false information and poisoning the minds of the American people against their own Government, plotting its downfall, and seeking to influence our Congress, as evidenced by Von Bernstorff's dispatch of January 22, 1917, to the Berlin foreign office, in which he said: 'I request authority to pay up to \$50,000 in order, as on former occasions, to influence Congress through the organization you know of, which can perhaps prevent war.' And while Von Bernstorff was busy upon our own shores with intrigue through his spy system and through the corrupt use of money to influence public opinion and the national policies of the American people, Zimmermann, the foreign secretary in Berlin, had sent a dispatch to Mexico urging her to make war upon the United States and begging Mexico to invite Japan to join her in this dastardly work, promising Mexico that California, Arizona, New Mexico, and Texas would be restored to Mexico in the event of success. What more perfidious conduct could have characterized the government of any nation with which we were at peace? What must be the judgment upon a government capable of such infamies? And yet there are those who undertake to defend Germany and to say that the American people did not have sufficient grounds upon which to enter this war!

"The outrages committed upon American rights through the persistent destruction of American life and property during the years 1915, 1916, and 1917 were provocation enough, but when the German Government undertook by its edict of January 31, 1917, to mark off hundreds of miles of the high seas surrounding Great Britain, France, and Italy, and to declare that it would sink on sight every American vessel which entered these prohibited waters, although in pursuance of lawful commerce and of international right, and actually proceeded to carry out the threat, there was nothing left for America to do but to fight or else submit to this tyrannical and monstrous edict of the German military despot.

"We chose to fight—and why? Because, first, national honor and self-respect imperatively demanded it, and, second, because we can never concede the right of any nation, however powerful, to order American vessels and American citizens to keep off the high seas and prevent America from selling her surplus products of the farm, the factory, and the mine to other nations of the world.

"If we had tamely submitted to that order, it would have brought disaster and ruin to the American people. Not only would it have been a mortal blow to their honor, self-respect, and standing as a nation but it would have brought irreparable injury, loss, and suffering to our people. If any foreign nation in this war could with impunity order vessels of the United States to keep off of any portion of the high seas, which are the common property of all the nations of the earth, and if we had submitted, we would have established a fateful precedent. In a future war some other nation might conclude that American vessels carrying American citizens and American commerce should be ordered off of some other portion of the high seas, and we would be obliged to submit or to fight under all of the disadvantages of having yielded in the first instance. If we had been submissive, it would not be an illogical next step for the nation which ordered us off of 500 miles of the Atlantic Ocean to order us to keep off the entire Atlantic Ocean except that part within 3 miles from our own shores, over which we have acknowledged jurisdiction. We could never submit to such a destruction of our vital rights.

"On the material side the disaster of submission is most striking. The Kaiser's order forbade our ships from carrying our people and our commerce to Great Britain, France, and Italy. Our prosperity and our welfare as a people are inseparably connected with our right of free and unmolested intercourse with those nations. In the fiscal year 1917 our total

exports to Great Britain, France, Belgium, and Italy were \$3,457,000,000, in round numbers; in 1916 they were \$2,247,000,000, in round numbers. Our exports to those countries constitute more than one-half of our export trade with the entire world. These exports represent the surplus products of our farms, of our mines, of our factories. If we are denied a market for them, these farm products would rot or go to waste upon our own soil, the production of our mines and factories would be greatly reduced, labor would be thrown out of employment, stagnation of industry would result, and suffering and want would stalk in the land. Our production always has exceeded the home demand, and if we are denied foreign markets and attempt to sell the whole of our products at home, the result would be demoralized prices, with returns far below the cost of production, and consequent injury to every man, woman, and child in America. No one more than our farmers, the grain growers, and the cotton growers particularly, would be so injured by obedience to the Kaiser's order. While our export trade would be destroyed, our import trade would disappear. Certain imports are essential to our national life and existence. We must have them, and we can never submit to any tyrant who forbids us to sail the high seas in the peaceful pursuit of our legitimate interests and in the unmolested enjoyment of the rights we won by the blood and courage of our ancestors.

"If we had yielded to this insolent order signed by the Kaiser in his palace in Berlin, he would have destroyed by one stroke of his pen more than \$3,400,000,000 of our commerce, and American vessels and American citizens would have been excluded from all intercourse with the great and friendly nations of Great Britain, France, and Italy. By one stroke of the Kaiser's pen he would have accomplished more destruction on our farms, in our factories, and in our mines than he could achieve with all the armies and navies of the German Empire. It is a monstrous edict, and it would be a monstrous thing for America to submit to it.

"And so we had to fight for our rights, and so it is that we engaged in a righteous war—a war which we intend to bring to a successful issue by the organized might of this Nation. We intend to match organization against organization, science against science, American skill against German skill, American valor against German valor, and I have not the shadow of a doubt that the victory will be complete, that America's honor will be vindicated, that America's vital rights will be preserved, that peace upon a stable and just basis will be reestablished, and that democratic institutions will be extended throughout the earth.

"When war comes to a nation the first essential is money. We must keep our soldiers and sailors armed and equipped with the best that money can buy and American skill devise. We must constantly provide them with necessary clothing and food; we must pay their wages; we must, as a humane and just Nation, support their dependent families while they are risking and giving their very lives for us; we must supply them with a reasonable amount of life insurance. We destroy their insurability and conscript almost the whole of their earning power when we draft them and send them to the front. We can do no less than reconstitute their destroyed insurability and their diminished earning power. We must increase, strengthen, and maintain our Navy; we must provide a predominant fleet of aeroplanes and air fighters; we must build a great merchant fleet, so that our long line of communication with our gallant soldiers in France may be maintained and our commerce carried across the high seas in defiance of the German Kaiser and his submarines; we must succor our noble compatriots in arms—the British, the French, the Italians, the Belgians, and the Russians—by lending them money with which they can buy arms and food and other supplies in our markets. All these things must be done and done quickly. It is upon the Treasury of the United States that every demand in time of war focuses, because everything goes back to the gold pile. The problem of the American Treasury is the problem of the American banker and the problem of the American people; it is the problem of keeping the Treasury supplied with the means to carry forward these great objects under the direction of the Commander in Chief of the Army and Navy of the United States, your President, whose glorious stand for America's honor and America's rights, for justice, civilization, and democracy have made him one of the greatest of the world's outstanding figures.

"The problem is twofold: To supply essential credits to the allied Governments, because it is vital to the cause that their strength and credit shall be sustained; and, secondly, to meet our own requirements.

"Roughly speaking, and after allowing for the amount of revenue to be raised by taxation for the fiscal year ending June 30,



1918, we shall have to raise by additional bond issues between thirteen and fourteen billions of dollars. It is estimated that \$5,000,000,000 will represent additional loans to the allied Governments, which, in turn, will give us their obligations bearing interest. This \$5,000,000,000 will not, therefore, represent expenditures; it will represent loans based upon the good faith and honor of these foreign Governments—loans which will ultimately be repaid to the American people. But as we must finance these loans, they are an integral part of our general financial operations. To raise thirteen to fourteen billions of dollars on or before the 30th of June, 1918, by the sale of bonds in recurring installments seems to some people an impossible task. It is a stupendous undertaking, but it is not impossible for America. It is not easy, but it can be done. Our resources are adequate; our will is perfect; our spirit is indomitable; and our success is certain. We have only to pull together—bankers, lawyers, doctors, manufacturers, farmers, wage earners, laborers, men and women alike, Girl Scouts and Boy Scouts, and every other class of our people—and we can do the job. Already we have demonstrated what a united people can do when partisanship is subordinated to patriotism; when love of country becomes supreme. I look forward, therefore, with confidence to the success of the recurring campaigns we must make for the sale of liberty bonds, and I am comforted by the reflection that the Government has the solid and unswerving support of the patriotic men who compose the American Bankers' Association.

"The new bonds bear 4 per cent interest and are exempt from all State, municipal, and local taxation, except estate and inheritance taxes, and all Federal taxes except superincome taxes, excess-profits taxes, and inheritance taxes. They are convertible into another issue of bonds, if authorized by the Congress, bearing a higher rate of interest than 4 per cent. I shall not enter into the details, because Treasury circulars and regulations will explain them fully. I do desire, however, to advert briefly to the taxation feature of these bonds.

"The first liberty bonds bore 3½ per cent interest and were exempt also from supertaxes. These bonds did not make the widest appeal. To be successful with recurring issues of liberty bonds it is necessary that they should appeal to the masses of the people. In order to give the exemption from supertaxes on the first liberty bonds it was necessary to make the rate of interest correspondingly low. The returns show that of the 4,000,000 subscribers to the first liberty loan 3,960,000 subscribed in amounts of \$10,000 and less. The aggregate of such subscriptions was approximately \$1,300,000,000, or 62½ per cent of the first offering. To most of these subscribers exemption from the supertaxes was of no value, or in any case of little value, whereas to the 40,000 subscribers who bought large blocks of liberty bonds the exemption from the supertaxes gave an undue advantage. In order that they might have this advantage, the small holder was obliged to receive a lower rate of interest. It was estimated that under the pending House bill the exemption from supertaxes would make a 3½ per cent liberty bond in the hands of a man with a large income equivalent to a taxable bond bearing 9½ per cent interest per annum for that part of his income in excess of \$2,000,000. The inequality of this plan is obvious. It sets at naught the principle now firmly grounded in our national policy that graduated taxes shall be laid upon wealth in order that the burden of taxation may be equitably distributed and made to bear more heavily upon the rich than upon the poor. No one now challenges the correctness of this principle. It is, therefore, essential that Government bonds should be issued upon a basis which will be equally just to the poor man and the rich man, so that each may purchase these bonds upon practically the same interest basis after allowing for the different scales of taxation. The present law accomplishes that object.

"It should be borne in mind, moreover, that if the Government should continue to exempt from supertaxes bonds issued during this war, the time would come when there would be created in this country a class of people of great wealth, enjoying great incomes wholly free from tax burden. A grave risk would be involved in such a policy. It would be fraught with great danger to the State and would be well calculated to produce discontent with tax burdens falling thus heavily on the many to the exclusion of the few.

"For the purpose of illustration, let us suppose that the war continues so long that \$20,000,000,000 of bonds, bearing 4 per cent interest, should be outstanding, and that they were exempt from all taxation, including supertaxation. The interest charge on these bonds would be \$800,000,000 per annum, almost as much as the entire expenses of the Government at the outbreak of this war. Let us suppose that half, or \$400,000,000, represented the exemption from supertaxes which was accorded to people of great wealth. Bear in mind that I am taking arbitrary figures merely for the purpose of illustration. This \$400,000,000 would

have to be raised by taxation upon the masses of the people; in other words, they would have to be taxed directly in order that the \$400,000,000 of tax exemption accorded to the people of great wealth who bought the liberty bonds should be able to get them on better terms than the poor man who bought them. This is manifestly unfair, because, although the total exemption affects more or less the price for which the bonds may be sold for the United States, yet no adequate return can be had for it. We can not sell bonds in billions on the basis of what they may be worth to the very rich. They must be offered to all the people alike at one price, and should appeal to all alike and upon equal terms. The result of selling a bond which bears a low rate of interest and carries exemption from graduated and superincome taxes will be this: The poor and the people of modest means will buy them for patriotic reasons, but will be unable to hold them, because the return is too small. It will be less than they can get from banks of deposit or savings banks, and the tendency will be all the time for these bonds to be purchased from them and accumulated by the very rich without any adequate consideration moving from them either to the United States or to the original subscriber. In these circumstances the value of the tax exemption depends not upon the bonds themselves but upon a wholly extraneous fact, the extent of the wealth of the holder.

"Much might be said for subjecting the bonds to normal income taxes as well as to supertaxes. Practical considerations, however, make such a discussion academic. If the bonds were not exempt from normal taxes, it would probably be necessary to offer a higher rate of interest than 4 per cent. To do that would involve too sudden an adjustment in the markets for other securities to be healthy. It is important that the United States, in becoming a great borrower of money, should adjust the terms of issues in such a way as to avoid, as far as practicable, any break in the general market for securities. It is apparent that the reasons I have given, which are controlling against exemption from supertaxes, apply, if at all, only to a very limited extent to exemption from stamp taxes and normal income taxes. These taxes are levied upon all wealth at a level rate, and the exemption carries approximately equal value to every bondholder, rich and poor alike. There is a very natural feeling that the holder of a United States bond ought not to be harassed by little taxes and returns incidental to its ownership. The United States ought to be able to get full value for exemption from such normal and stamp taxes in the price and interest rate at which it will be able to sell its bonds. The bonds will, of course, continue to be exempt from all State and local taxes throughout the United States.

"If a subsequent series of bonds bearing interest at a higher rate than 4 per cent per annum should be issued by the United States before the end of the war, then the holders of these bonds will have the privilege, at their option, at any time within six months after such issue is made, of converting their bonds at par into bonds bearing the higher rate of interest at the price, not less than par, at which the bonds bearing interest at the higher rate shall be offered for subscription to the public. Of course bonds bearing interest at a higher rate than 4 per cent can not be issued without further legislation by Congress, and, if such an issue should be authorized, not only the interest rate but also the general character of the bonds will be determined by Congress or by the Secretary of the Treasury under the authority of an act of Congress; and the holders of the 4 per cent bonds will be entitled, if they wish to do so, to receive bonds of the character so determined, except that the bonds issued to them, if they exercise the privilege of conversion, will have the same date of maturity, the same interest dates, and the same date for redemption before maturity as the 4 per cent bonds now offered. If this new conversion right arises it must be exercised within the period prescribed by the Secretary of the Treasury or it will come to an end. The object of this privilege of conversion is to place the investor in 4 per cent liberty bonds in a position of substantial equality with the purchaser of bonds of the next issue at a higher rate, if any be made—not to give him a position of superiority from which he might pick and choose between various bargains which from time to time might be offered by the United States during the course of the war. If the new bonds into which conversion is made carry also a conversion privilege then that privilege may be exercised with respect to a subsequent issue at the holder's option.

"These provisions for conversion are substantially determined by the act of Congress recently approved by the President, and under which the bonds are offered for subscription. Of course this act of Congress does not affect in any way the rights of the holders of the 3½ per cent liberty bonds of the first issue. Their rights were fixed by the previous act, and by the terms of the circular offering these bonds for subscription, and by the terms of the bonds themselves. They may convert their bonds



into new 4 per cent bonds just like those now being offered for subscription, except that the bonds issued upon such conversion will have the same maturity of principal and interest and redemption date as the old  $3\frac{1}{2}$  per cent bonds, or they may keep their  $3\frac{1}{2}$  per cent bonds if they prefer.

"The old law under which the  $3\frac{1}{2}$  per cent liberty bonds are issued differs in one respect from the new law under which the 4 per cent bonds are issued. The holders of the  $3\frac{1}{2}$  per cent bonds, while they must exercise the privilege of conversion into the 4 per cent bonds within the period of six months beginning November 15, if they desire to exercise it at all, would have the right, if subsequently bonds should be issued at a still higher rate, say,  $4\frac{1}{2}$  per cent, again for a period of six months beginning at the date of the issue of those bonds, to convert their bonds into  $4\frac{1}{2}$  per cent bonds, even though they had not made an intermediate conversion into the 4 per cent bonds. This arrangement, resulting from the language of the old law, seemed to Congress and to the Treasury Department to be rather more than fair to the old bondholders and to carry with it burdens of administration and difficulties in connection with the future financing of the United States which ought not to be repeated.

"It has been urged upon me that many men of wealth will refuse to buy the 4 per cent bond with liability to superincome taxation. I should be loath to believe this; but if it is true, the position of the Government must always be to offer a bond upon terms fair and equitable to all alike and which will make the widest possible appeal to all the people without regard to the extraneous fact that a man may be poor or rich. The Government can not finance this war by making an appeal alone to the rich, nor to the man of moderate means, nor to the poor. Its appeal must be to all the people, and all the people must respond to that appeal and by united effort sustain the Government in these great credit operations. It has been suggested to me that patriotism should play no part in the sale of Government bonds. I do not concede this, although I believe that the American people will buy these 4 per cent Government bonds on their merits. Patriotism is, first, love of country above everything—above life itself; second, love of country combined with that vital interest in the Nation's welfare and safety which will make secure the material interests of each individual and promote his happiness and prosperity.

"If this is true, the man of wealth, with patriotism or with modified patriotism or without patriotism, has a greater stake in the security of Government than any other class, because if the Government's credit is destroyed and disaster comes upon the country, as it inevitably will if the Government's credit fails, what is property worth to the rich man, what is life worth to the free man? By buying Government bonds the rich man obtains the safest investment in the world and, at the same time, by helping to sustain the national credit, promotes the national safety and makes property secure.

"But upon the merits of the investment the man of wealth secures in a Government bond, subject even to the supertaxes, an investment of matchless character. His principal is safe beyond peradventure. Neither storm nor stress can shake it. Its market value is the same in every State in the Union; it is exempt from taxation in every State in the Union and not, as in the case of State, municipal, or local bonds, only in the State of issue; it pays an adequate return; it is convertible into another bond bearing a higher rate of interest during the war with Germany. What could be more liberal to the investor? I know of no instance where a bond has been issued by a State, or any political subdivision thereof in the United States, or by any private corporation, which gave to the investor the opportunity of converting that bond into a subsequent issue of bonds at a higher rate of interest. There may be, but I am not aware of it.

"The question naturally presents itself as to how these great operations of the Government are to be financed. They can be financed only through the united support of all the people of the United States. The kind of support I mean is that every individual, every partnership, every corporation, shall invest not only their available means from time to time in Government bonds, but that they shall make sacrifices of comfort and convenience; that they shall economize; that they shall avoid waste; that they shall save in every possible direction in order that they may increase their available resources for the purpose of assisting the Government in these prodigious operations upon which the national security absolutely depends. We must encourage thrift and industry throughout the land, and we must make everybody understand that the first duty of the hour at this critical time is to place all their available resources at the disposal of the Government.

"Fortunately the resources of America were never so ample for ourselves and so formidable for our enemies as now. The com-

bined resources of the National and State banks (including trust companies) of the United States are now \$37,000,000,000. At the outbreak of the Civil War the combined resources of the banks were estimated to be \$1,500,000,000, and yet with these limited banking resources the Union Government raised \$3,000,000,000 by bond sales, or twice the amount of the banking resources of the country. Upon the same basis we should now be able to raise \$74,000,000,000 through Government loans. I am not suggesting that this may be done; I am only drawing a comparison.

"There has been much speculation as to what are the annual savings in the United States, as to whether or not they are large enough to meet the demands of the Government in this war, and as to how much will be left after the needs of the Government are satisfied. I have myself been greatly confused by the many conflicting estimates and theoretical observations with which I have been favored. Recently there was placed in my hands a most interesting and illuminating paper on this subject by Col. M. W. Thompson, now in charge of the Finance Division of the Signal Corps of the United States Army, and a member of the firm of Thompson & Black, financial accountants, of New York. The argument and the figures arrayed in this statement are impressive. I quote two paragraphs from this statement:

"Careful investigation of the present available supply of capital suggests the conclusion that the present needs of the Government may be adequately met, and that the entrance of the Government into the market as a competitor for capital need not prevent necessary expansion. The needs of the country must be and will be first served, but there will be sufficient capital left for industrial purposes. Patriotic response to the needs of the country need not force bankers into a policy of retrenchment. These conclusions are striking. Indeed, they are at variance with the general attitude of financiers, but they are soundly based upon accurate statistical information.

"In a normal year savings from all sources in the United States—from corporations, business men, farmers, and investors generally—amount to from \$5,000,000,000 to \$6,000,000,000. In 1916 the supply of capital in the United States was about two and a half times the normal amount. In that year savings in this country, including those re-invested by corporations in their own enterprises, amounted to \$15,000,000,000. Conservative estimates for the current year indicate that the aggregate for 1917 available for the use of the Government in prosecuting the war and for the general purposes of financing industry may reach \$18,000,000,000.

"I have not had opportunity yet to study the elaborate tables and the argument which have been submitted to me in support of these conclusions, but I have examined them sufficiently to convince me that they are worthy of deep study. I am greatly indebted to Col. Thompson and to his firm, Messrs. Thompson & Black, for the service they have rendered in making such a careful analysis and for the privilege they have given me of making use of it. I hope to be able to publish Col. Thompson's statement in the near future.

"Whatever differences of view there may be about the annual savings of the American people, it is undoubtedly true that they are so large that with the other resources of the country upon which we may draw, there can be no doubt whatever of the ability of the people of the United States to finance every demand which the Government may make upon them for the purposes of this war. If the ordinary savings which have been made heretofore voluntarily are now augmented by the savings which can be effected under the pressure of patriotism and necessity, by prevention of waste, the practice of genuine economy, the cutting off of luxuries during the period of this war, what may not the American people be able to do? Already the country is aroused to the importance of the situation, and there is a spirit of determination and cooperation throughout the land which augurs well for the success of every financial undertaking of the Government and for the continued maintenance of our industrial and commercial situation unharmed and unimpeded by the essential financial operations of the Government. This sounds at variance with what I am going to say subsequently about the necessity of cutting off of unnecessary capital expenditures during the war, but it is not. That action is none the less desirable, because, as a matter of prudence and of wisdom, we should conserve the resources of the Nation in every possible direction.

"In the matter of savings, which are of such prime importance, the Treasury purposes to issue in the near future and to sell to the people war savings certificates in as small denominations as \$5, maturing in five years, and upon such a reasonable plan that the humblest person in the land may be encouraged to save all that he can and to invest in an absolutely safe security bearing interest, while at the same time doing his part to sustain the Government and help win the war. I have appointed a war savings committee to take charge, under the direction of the Secretary of the Treasury, of this important branch of the work. This committee consists of Messrs. Frank A. Vanderlip, chairman; Frederick A. Delano, of the Federal Reserve Board; Henry Ford, of Detroit; Charles L. Baine, of Boston; Mrs. Elizabeth Bass, of Chicago; Eugene Meyer, of New York. It will not be possible to



offer the war savings certificates during the forthcoming liberty loan campaign, but as quickly as possible these certificates will be made available for the people of the country through the post offices, internal-revenue offices, customs offices, the banks, and other agencies that may be designated by the Government.

"The value of this campaign for war savings certificates is not alone in the amount of money that may be saved, but in teaching the people of the United States on a nation-wide scale and through an intelligent presentation of the facts the value of thrift and saving. Its beneficial effects ought to survive the war and have a permanent effect upon the future economy of the country.

"Upon the bankers rest a peculiar duty and responsibility at this time. They can render inestimable service, not alone in promoting savings but also in exercising a wise discrimination as to loans involving new capital expenditures and in discouraging every unnecessary undertaking involving fixed investments until after the close of this war. We must realize, my fellow countrymen, that the gravity of the situation for the Nation and for the entire world is so impressive that the Government must preempt and occupy exclusively, if necessary, until this war is over the entire investment field in the United States.

"It should be the first duty of every citizen to invest gladly his available means in Government bonds, and it should be the duty of the patriotic governors of our States, the mayors of our cities, and the controlling authorities in every political subdivision of the country to discontinue unnecessary public works and improvements until this war is over. Private enterprise should be governed by the same principle. I do not mean to have you infer that this is a definite suggestion that an immediate attempt be made upon any organized scale to discourage unnecessary capital expenditures; but I do wish to urge that you, the bankers of America, make a deep study of this question, so that if the time comes when it is desirable to take action you will be prepared to cooperate quickly with the Government.

"It should be remembered that the National Government has no power, through legislation, to regulate or control capital expenditures of States, municipalities, or political subdivisions of States, nor has it the power to legislate with regard to such investments by private corporations, except those engaged in interstate commerce. Through the cooperation of the States effective measures could in time be concerted, no doubt, to meet this question if the necessity arises. But that would take time. In the absence of State action it is possible, however, for the bankers of the country to discourage, to a very great extent, unnecessary or unwise investment of capital in private and public enterprises during the period of this war. I hope that this association will appoint a committee to study this problem and to be prepared to act as the public interest may require.

"It is also a matter of great importance that the bankers of America shall conserve their own resources, having always in mind the supreme necessities of the State, so that they may be able, as the first bulwark of the Government's credit, to respond quickly and effectively to any calls the Government may make upon them. In this connection it is most important, gentlemen, that interest rates should be kept at a reasonable level throughout the country, that sufficient expansion of credit should be had to carry on the great commercial and industrial operations of the Nation and to assist in the flotation of successive issues of Government bonds.

"I should like to impress upon you the importance of a prompt and widespread response on the part of the bankers of the United States to the offerings of short-time Treasury certificates which will be made from time to time. These certificates, as you know, have maturities of from 30 days to 4 months, and are sold in anticipation of bond offerings and the payment of taxes. Through their use, the necessities of the Government during the interval between recurring bond issues are met, and the process of financing these bond issues is not only eased but simplified. Undue strain upon the credit resources of the country is avoided because payments are spread over a period and adjusted in such a way as to prevent disturbance and inconvenience. The banks can render highly valuable and patriotic service to the Government by purchasing promptly, and to the extent required, these Treasury certificates as offered.

"We are fortunate in having the Federal Reserve System, whose usefulness is now becoming increasingly manifest. This system is demonstrating every day its tremendous importance and value to the banks and to the American people. It not only gives strength and security to our financial structure, but it offers the essential means of legitimate credit expansion and flexible note issues, for which the country has so long stood in

dire need. This system has already won the approval of the bankers and people of the United States. I wish that the State banks would realize the great opportunity they now have of promoting their own interests by joining the Federal Reserve System, and by doing so to make that great system more impregnable for their interest and the common interest of the country. It would consolidate the financial strength of the Nation in such a way that the operations of the Government in this war could not be put in question. It is a commanding duty of self-interest and patriotic service to the country.

"The next offering of the liberty loan has just been announced. The amount is \$3,000,000,000, with the right reserved to allot 50 per cent of the oversubscription. I should like you to understand, gentlemen, that in the determination of the amount of these offerings I am controlled by inexorable facts. These facts are the actual necessities of your Government. I do not determine these questions arbitrarily. We are face to face with a situation where the needs of the Government must be met. When I announce the amount of an offering of liberty bonds, please remember that it is the minimum with which the Government's business can be carried on and the war effectually conducted. I should feel happier if the loan were larger, but I have endeavored to make it as small as possible in order that the least possible strain may be put upon the country's resources during the crop-moving season.

"We must make this loan a success. We can make it a success. The failure of a single issue of Government bonds would be worse for America than a disaster upon the field of battle. We must never let that happen.

"A few days ago I read the following manifesto issued in Berlin by the League of German Municipalities:

"If money talks, the President of the United States may learn by October 18, when the subscription lists close, that the echo of the new war fund given by the German people will have drowned out completely the clamor of unending protests to which his reply to the Pope have given stimulus.

"Let us meet that challenge by a subscription to our second liberty loan on the 27th day of October, nine days after the close of the German loan, which will make clear to the German military depotism that America marshals not alone her brave soldiers upon the field, her invincible Navy upon the high seas, her industries throughout the length and breadth of this land, but as well her financial resources, and that she is determined to use them all without stint and regardless of sacrifice to vindicate American rights, outraged too frequently by German infamies. Let us answer this challenge by making clear to the world that the American people, with transcendent love of justice and of country, stand solidly behind their great President and support unequivocally the purposes of this war.

"Fellow countrymen, we are at one of those great points in the progress of civilization where pregnant issues for the whole human race are to be determined. It is an inspiring thought that noble, free, peaceful, and liberty-loving America has been called by God to powerfully influence, if not to determine, the course of future events. We have a grave responsibility, and I know that we shall discharge it worthily of American patriotism and American idealism. These problems are of unparalleled novelty and magnitude. The means of determining action must frequently be more instinctive than logical. We are traversing unknown and uncharted seas. Our compass must be the steadfast cooperation of the best wisdom and intelligence of the country, inspired by a lofty patriotism which neither obstacles can discourage nor death defeat. America's sacred rights must be vindicated; a just and lasting peace must be established; democracy must be triumphant; despotism must be destroyed; and, when these great things have been accomplished, everywhere throughout the length and breadth of the civilized world men shall proclaim noble America as the valiant knight who came upon the scene in the blackness of the night and rescued civilization!"

#### FARM-LOAN BOARD.

Mr. POMERENE, from the Committee on Banking and Currency, to which was referred the bill (S. 2921) to amend the act approved July 17, 1916, entitled "An act to provide capital for agricultural development, to create standard forms of investment based upon farm mortgages, to equalize rates of interest upon farm loans, to furnish a market for United States bonds, to create Government depositories and financial agents for the United States, and for other purposes," reported it without amendment.

#### PROTECTION OF MILITARY AND NAVAL FORCES.

Mr. WEEKS. From the Committee on Military Affairs, I report a bill and ask for its immediate consideration.

The bill (S. 2932) to guard the military and naval forces from physical and moral injuries of commercialized prostitution was



read the first time by its title and the second time at length, as follows:

*Be it enacted, etc.,* That it shall be unlawful to keep or assist in keeping a place of prostitution to which any person known to be a member of the military or naval forces of the United States is admitted or to admit any such member to such place, or to knowingly rent or in any manner allow the use of any place for acts of prostitution with any member of such military or naval forces. No person shall solicit or seek to induce any person known to be a member of such military or naval forces to enter any place of prostitution or to consort or cohabit with any prostitute. Knowledge that a person is a member of the military or naval forces of the United States may be prima facie established by proof showing that the accused had knowledge that at the time or recently before the commission of the offense the person alleged to be a member of such military or naval forces was wearing the uniform or a part of the uniform of such military or naval forces. Whoever shall violate any of the provisions of this section shall be guilty of a misdemeanor and shall be punished by a fine of not more than \$1,000 or imprisonment not more than one year, or by both such fine and imprisonment.

SEC. 2. That it shall be unlawful for any person who has been convicted of disorderly conduct, delinquency, soliciting for prostitution, or any other sexual offense, without having first obtained permission from the proper military authorities, to loiter in or around a military camp, fort, navy yard, or place of training or mobilization. Any such person present in or around such camp, fort, navy yard, or place of training or mobilization, without authorization or military permission, may be ordered to depart by the civil or military authorities having jurisdiction therein. Any person failing to depart when so requested shall be guilty of disorderly conduct and shall be punished by a fine of not more than \$100 or imprisonment of not more than 60 days, or by both such fine and imprisonment.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered as in Committee of the Whole.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

OMER G. PAQUET.

Mr. WADSWORTH. From the Committee on Military Affairs I report back favorably without amendment the bill (S. 2719) to permit the reenlistment of Omer G. Paquet in the United States Army, and I submit a report (No. 138) thereon. I ask for the present consideration of the bill.

There being no objection, the bill was considered as in Committee of the Whole, and was read, as follows:

*Be it enacted, etc.,* That the President be, and he is hereby, authorized to permit the reenlistment in the United States Army, at the grade held by him at the time of his dishonorable discharge from the service, of Omer Germain Paquet, formerly a quartermaster sergeant; and the said Omer Germain Paquet shall, for the purposes of computing continuous service, for ascertaining the rate at which he shall be paid, and for retirement, be considered to have served continuously from the date of his last enlistment.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

ARMY CHAPLAINS.

Mr. FLETCHER. From the Committee on Military Affairs I report back favorably without amendment the bill (S. 2917) to amend section 15 of the act approved June 3, 1916, entitled "An act for making further and more effectual provision for the national defense, and for other purposes," as amended by the act approved May 12, 1917, entitled "An act making appropriations for the support of the Army for the fiscal year ending June 30, 1918, and for other purposes." I ask unanimous consent for the present consideration of the bill.

There being no objection, the bill was considered as in Committee of the Whole, and was read, as follows:

*Be it enacted, etc.,* That section 15 of the act approved June 3, 1916, entitled "An act for making further and more effectual provision for the national defense, and for other purposes," as amended by the act approved May 12, 1917, entitled "An act making appropriations for the support of the Army for the fiscal year ending June 30, 1918, and for other purposes," be, and the same is hereby, amended to read as follows:

"SEC. 15. Chaplains: The President is authorized to appoint, by and with the advice and consent of the Senate, chaplains in the Army at the rate of not to exceed, including chaplains now in the service, one for each 1,200 officers and men in all branches of the Military Establishment, with rank, pay, and allowances as now authorized by law: *Provided*, That there shall be assigned at least one chaplain for each regiment of Cavalry, Infantry, Field Artillery, and Engineers."

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

CIRCULATING NOTES BY NATIONAL BANKS.

Mr. SHAFROTH. From the Committee on Banking and Currency I report back favorably without amendment the bill (S. 2922) to amend the laws relating to the denominations of circulating notes by national banks and to permit the issuance of notes of small denominations, and for other purposes, and I ask unanimous consent for its present consideration.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to the consideration of the bill, which was read as follows:

*Be it enacted, etc.,* That the act of June 3, 1864, Revised Statutes, section 5175, which prohibits national banks from being furnished with notes of less denomination than \$5, be, and it is hereby, repealed.

SEC. 2. That that part of the act of March 14, 1900, which provides "that no national banking association shall, after the passage of this act, be entitled to receive from the Comptroller of the Currency, or to issue or reissue, or place in circulation more than one-third in amount of its circulating notes of the denomination of \$5," be, and it is hereby, repealed.

SEC. 3. That from and after the passage of this act any national banking association, upon compliance with the provisions of law applicable thereto, shall be entitled to receive from the Comptroller of the Currency, or to issue or reissue, or place in circulation notes in denominations of \$1, \$2, \$5, \$10, \$20, \$50, and \$100 in such proportion as to each of said denominations as the bank may elect: *Provided, however*, That no bank shall receive or have in circulation at any one time more than \$25,000 in notes of the denominations of \$1 and \$2.

SEC. 4. That all acts or parts of acts which are inconsistent with this act are hereby repealed.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CUMMINS:

A bill (S. 2933) for the relief of the Philippine Scouts; to the Committee on Military Affairs.

By Mr. WEEKS:

A bill (S. 2934) granting an increase of pension to Mary A. Herman; to the Committee on Pensions.

By Mr. SUTHERLAND:

A bill (S. 2935) granting an increase of pension to Nathan C. Kelly; to the Committee on Pensions.

By Mr. SHIELDS:

A bill (S. 2936) granting an increase of pension to Wade H. Pyle; to the Committee on Pensions.

MANUFACTURE OF EXPLOSIVES.

Mr. PITTMAN. I offer a concurrent resolution and ask for its present consideration. It is to correct a typographical error in a bill that has already passed both Houses.

There being no objection, the concurrent resolution (S. Con. Res. 13) was read, considered by unanimous consent, and agreed to, as follows:

*Resolved by the Senate (the House of Representatives concurring),* That in the enrollment of the bill (H. R. 3932) to prohibit the manufacture, distribution, storage, use, and possession in time of war of explosives, providing regulations for the safe manufacture, distribution, storage, use, and possession of the same, and for other purposes, the Clerk of the House of Representatives be, and he is hereby, authorized and directed to insert, after the word "explosives," in the first proviso of section 5 of the bill as agreed to in conference, the words "are not subject to the provisions of this act."

BRITISH LABOR'S WAR MESSAGE.

Mr. FLETCHER. I submit a resolution and ask for its present consideration.

The resolution (S. Res. 139) was read, as follows:

*Resolved*, That 5,000 additional copies of Senate Document No. 84, Sixty-fifth Congress, first session, British labor's war message to American labor, be printed for the use of the Senate document room.

Mr. SMOOT. Mr. President, what is that document?

Mr. FLETCHER. It is a document entitled "British labor's war message to American labor: Addresses and discussion at a meeting of the committee on labor of the Council of National Defense, held in Washington on May 15, 1917." It has been printed as a document, but 5,000 additional copies are desired, and I think the request is a very reasonable one. It is a matter of very great interest, and the document possesses peculiar educational value. I believe it would be advantageous to allow the printing of this number of copies for distribution.

Mr. SMOOT. Is this a report from the Committee on Printing?

Mr. FLETCHER. No; it is my own resolution. I have not had time to consult the committee. The document has just been completed and printed. It has just been issued, and this request comes from people who are very much interested in the subject, particularly from the vice president of the Brotherhood of Locomotive Firemen and Engineers. They would like to distribute it to their lodges, and they have about that number of lodges. The membership, of course, is a very great deal more. This is a very important document, containing the addresses by the members of the committee that came over here, and I think it is very well worth while to print this additional number of copies so as to allow that distribution.



Mr. SMOOT. Very well.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the resolution is agreed to.

ADDRESS BY OTTO H. KAHN.

Mr. POINDEXTER. Mr. President, I present and ask to have printed in the RECORD a brief address by Mr. Otto H. Kahn, of New York, relative to citizens of the United States of German origin or descent.

Mr. Kahn is a German himself, naturalized in the United States, and consequently in a position to speak freely on that subject, and his address is exceedingly useful and sensible. It seems as though it ought not to be necessary to publish propaganda setting out the duty of citizens of the United States to give their allegiance to the country in which they live and in which they are naturalized; but on account of the attitude of a few of this class of our citizens who seem to imagine that they can live in the United States and draw their sustenance from it and at the same time give their allegiance to a power with which the United States is at war, a great injury has been done to the loyal German-American citizens of the country.

This address by one of their number, which is an intelligent analysis of the changes which have come over the spirit of Germany in recent years, so different from the old Germany with which we were all familiar, and the opportunities which have been given to the subjects of that country in this great land, I think ought to be given publicity.

In that connection I also ask leave to have printed in the RECORD a brief letter from the Pro-American Society, a society composed largely of German-American citizens organized for the purpose—which ought not to be necessary, but is—of inculcating patriotism among the citizens of the United States of German blood.

The VICE PRESIDENT. Is there any objection?

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

[From the Washington Evening Star, Sept. 26, 1917.]

SAYS THE GERMANS HAVE BEEN MISLED—OTTO H. KAHN TALKS OF THE PROFOUND CUNNING EMPLOYED BY GOVERNING CLASS—PLEA TO FOLLOW PATRIOTS.

HARRISBURG, PA., September 26.

Speaking to-day before the Harrisburg Chamber of Commerce, Otto H. Kahn, of the banking house of Kuhn, Loeb & Co., said, in part, in discussing the proper attitude of German-Americans toward their adopted country:

"I speak as one who has seen the spirit of the Prussian governing class at work from close by, having at its disposal and using to the full practically every agency for molding the public mind.

"I have watched it proceed with relentless persistency and profound cunning to instill into the Nation the demoniacal obsession of power worship and world dominion, to modify and pervert the mentality, indeed, the very fiber and moral substance, of the German people—a people which, until misled, corrupted, and systematically poisoned by the Prussian ruling caste, was, and deserved to be, an honored, valued, and welcome member of the family of nations.

"I have hated and loathed that spirit ever since it came within my ken many years ago; hated it all the more as I saw it ruthlessly pulling down a thing which was dear to me, the old Germany to which I was linked by ties of blood, by fond memories and cherished sentiments.

"The difference in the degree of guilt as between the German people and their Prussian or Prussianized rulers and leaders for the monstrous crime of this war and the atrocious barbarism of its conduct is the difference between the man who, acting under the influence of a poisonous drug, runs amuck in mad frenzy and the unspeakable malefactor who administered that drug, well knowing and fully intending the ghastly consequences which were bound to follow.

#### WORLD LONGS FOR PEACE.

"The world fervently longs for peace. But there can be no peace answering to the true meaning of the word, no peace permitting the nations of the earth, great and small, to walk unarmed and unafraid, until the teaching and the leadership of the apostles of an outlaw creed shall have become discredited and hateful in the sight of the German people; until that people shall have awakened to a consciousness of the unfathomable guilt of those whom they have followed into calamity and shame; until a mood of penitence and of a decent respect for the opinions of mankind shall have supplanted the sway of what President Wilson has so trenchantly termed 'truculence and treachery.'

"God grant that the German people may before long work out their own salvation and find the only road which will give to the world an early peace and lead Germany back into the family of nations, from which it is now an outcast.

"From each of my visits to Germany for 25 years I came away more appalled by the sinister transmutation Prussianism had wrought among the people and by the portentous menace I recognized in it for the entire world.

"It had given to Germany unparalleled prosperity, beneficent and advanced social legislation, and not a few other things of value, but it had taken in payment the soul of the race. It had made a 'devil's bargain.'

#### BRUTAL MIGHT VERSUS HUMANITY.

"And when this war broke out in Europe I knew that the issue had been joined between the powers of brutal might and insensate ambition on the one side and the forces of humanity and liberty on the other—between darkness and light.

"Many there were at that time—and among them men for whose character I had high respect and whose motives were beyond any possible suspicion—who saw their own and America's duty in strict neutrality, mentally and actually, but personally I believed from the beginning of the war, whether we liked all the elements of the allies

combination or not—and I certainly did not like the Russia of the Czars—that the cause of the allies was America's cause.

"I believed that this was no ordinary war between peoples for a question of national interest or even national honor, but a conflict between fundamental principles and ideas; and, so believing, I was bound to feel that the natural lines of race, blood, and kinship could not be the determining lines for one's attitude and alignment, but that each man, whatever his origin, had to decide according to his judgment and conscience on which side was the right and on which was the wrong, and take his stand accordingly, whatever the wrench and anguish of the decision. And thus I took my stand three years ago.

#### ONLY ONE COURSE LEFT.

"But whatever one's views and feelings, whatever the country of one's birth or kin, only one course was left for all those claiming the privilege of American citizenship when by action of the President and Congress the cause and the fight of the allies was formally made our cause and our fight.

"The duty of loyal allegiance and faithful service to his country, even unto death, rests, of course, upon every American.

"But if it be possible to speak of a comparative degree concerning what is the highest, as it is the most elementary, attribute of citizenship, that duty may almost be said to rest with an even more solemn and compelling obligation upon Americans of foreign origin than upon native Americans.

"For we Americans of foreign antecedents are here not by the accidental right of birth, but by our own free choice, for better or for worse.

"We are your fellow citizens because you accepted our oath of allegiance as given in good faith, and because you have opened to us in generous trust the portals of American opportunity and freedom and have admitted us to membership in the family of Americans, giving us equal rights in the great inheritance which has been created by the blood and the toil of your ancestors, asking nothing from us in return but decent citizenship and adherence to those ideals and principles which are symbolized by the glorious flag of America.

#### WOE TO THE BETRAYER.

"Woe to the foreign-born American who betrays the splendid trust which you have reposed in him!

"Woe to him who considers his American citizenship merely as a convenient garment to be worn in fair weather, but to be exchanged for another one in time of storm and stress!

"Woe to the German-American, so called, who in this sacred war for a cause as high as any for which ever people took up arms does not feel a solemn urge, does not show an eager determination to be in the very forefront of the struggle, does not prove a patriotic jealousy, in thought, in action, and in speech, to rival and to outdo his native-born fellow citizen in devotion and in willing sacrifice for the country of his choice and adoption and sworn allegiance and of their common affection and pride.

#### MAKES FERVENT PLEA.

"As Washington led Americans of British blood to fight against Great Britain, as Lincoln called upon Americans of the North to fight their very brothers of the South, so Americans of German descent are now summoned to join in our country's righteous struggle against a people of their own blood, which, under the evil spell of a dreadful obsession, and, Heaven knows, through no fault of ours, has made itself the enemy of this peace-loving Nation, as it is the enemy of peace and right and freedom throughout the world.

"To gain America's independence, to defeat oppression and tyranny, was indeed to gain a great cause.

"To preserve the Union, to eradicate slavery was perhaps a greater still.

"To defend the very foundations of liberty and humanity, the very ground work of fair dealing between nations, the very basis of peaceable living together among the peoples of the earth against the fierce and brutal onslaught of ruthless, lawless, faithless might; to spend the lives and the fortunes of this generation so that our descendants may be freed from the dreadful calamity of war and the fear of war, so that the energies and millions and billions of treasure now devoted to plans and instruments of destruction may be given henceforth to fruitful works of peace and progress and to the betterment of the conditions of the people—that is the highest cause for which any people ever unsheathed its sword.

#### CONDEMNS MAN WHO SHIRKS.

"He who shirks the full measure of his duty and allegiance in that noblest of causes, be he German-American, Irish-American, or any other hyphenated American, be he I. W. W. or socialist or whatever the appellation, does not deserve to stand among Americans, or, indeed, among free men anywhere.

"He who, secretly or overtly, tries to thwart the declared will and aim of the Nation in this holy war is a traitor, and a traitor's fate should be his."

#### PRO-AMERICAN SOCIETY,

New York City, N. Y., September 29, 1917.

HON. MILES POINDEXTER,

The Capitol, Washington, D. C.

MY DEAR SIR: Mr. George Henry Payne has spoken so often to members of this society about you that I am taking the liberty of writing to tell you that this society has been formed for the purpose of working against the German-printed papers as long as they do not print in English during the war. We are all of German descent, and we believe that a burden is especially placed on us by saying, though we have Teutonic blood we are "first and always Americans."

I will be very grateful to you for an expression of opinion as to this society and the work it is trying to do.

I write this letter with Mr. Payne's consent.

Respectfully, yours,

HARRY A. SCHENDEL, Secretary.

#### THE FLAG OF THE UNITED STATES.

Mr. SMITH of Arizona. I ask unanimous consent for the present consideration of House of Representatives concurrent resolution No. 13. I wish before submitting the request to state to the Senate that for two or three months, on account of the extreme press of business upon members of the Committee on Printing, I have been unable to obtain a quorum of the com-



mittee at any time, although the meetings have been called weekly for several months. I have had letters and private statements from Members of the House of Representatives in which they express themselves as being exceedingly anxious to have this speech printed as a public document. I ask unanimous consent, in view of its being a House resolution and Members of the House being deeply interested, that the Committee on Printing be discharged from the consideration of the resolution, as I judge I should do from the large correspondence I have about it, and I shall make a request for its immediate consideration at this time.

Mr. FLETCHER. Will the Senator state what the resolution is about?

Mr. SMITH of Arizona. It is about printing a speech on the flag. The resolution passed the House unanimously.

Mr. FLETCHER. The speech of Mr. Hicks?

Mr. SMITH of Arizona. The speech of Mr. Hicks.

Mr. FLETCHER. Does the Senator know what the cost will be?

Mr. SMITH of Arizona. The cost was the reason of the objection. We had a quorum at one time and passed it over. My understanding was that I was to see whether or not there was any great demand for it on the part of the House of Representatives. I have been in the last week spoken to more than a dozen times on the subject. It will cost something over \$5,000 to print it. I will state in this connection that the Committee on Printing have refused to report favorably for the printing of over a million dollars' worth in response to requests that have been made for printing at this session, and we have held ourselves as closely to the line as the economies of the present occasion would suggest.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arizona?

Mr. PAGE. Mr. President, I do not care to object to the consideration of the resolution at this time, but I do deem it my duty to say to the Senate that it calls for more than \$5,000, as the Senator from Arizona has said, and the committee, when we had a quorum together, thought that we ought not to favorably report the measure. As has been well said by the chairman, the Committee on Printing has been almost overwhelmed with requests for the printing of public documents, and we have felt, in view of the immense appropriations we were making, that we ought to stop and consider any proposal to pay \$5,000 or more to print somebody's speech.

I received a letter from the author of the speech this morning asking me to favor the printing of it as a public document. I wrote him that we had felt we ought not to approve, and I had felt myself that I ought not to approve, any measure calling for the expenditure of this amount of money without a hearing, without consideration, and without a quorum being present, especially in view of the fact that at one time we had a quorum present and after some considerable consideration we declined to report the resolution favorably.

Mr. SMITH of Arizona. If the Senator from Vermont will permit me, as the Senator knows, and I take very great pleasure in informing the Senate, there have always been two members present at the meetings of the Committee on Printing, one of them the honorable Senator from Vermont, who has just spoken, and the other the chairman of the committee. The purpose of this resolution is, I understand, largely educational. I spoke of the letters I get on the subject. I received probably 50 this morning and yesterday from different Members of the House. I have not attempted to take the least snap judgment, because I am explaining to the Senate the exact conditions that lead me to make this request of the Senate. I understand from all these letters it is for the purpose of distribution largely among the school children in the congressional districts of the speech at this time when the patriotism of our country needs all the encouragement it can possibly have. It is not the mere speech of Mr. Hicks; it is a history of the development of the present flag, and it will make an extremely interesting document. It is not for the purpose of printing as a public document a mere statement of a Member of either House, but on account of the collective information which it gives it would be very well for the school children of the country to have it, and it should be placed in the libraries for distribution.

Mr. OVERMAN. Why does it cost so much?

Mr. SMITH of Arizona. Because it is an illustrated pamphlet.

Mr. OVERMAN. With pictures?

Mr. SMITH of Arizona. With a picture of the flag, developing the history of the flag.

The VICE PRESIDENT. Does the Chair understand that the committee was opposed to printing this document?

Mr. SMITH of Arizona. The committee took no vote on it.

The VICE PRESIDENT. What is the motion of the Senator from Arizona?

Mr. SMITH of Arizona. The Senator from Arizona asks that the Committee on Printing be discharged from the further consideration of the resolution, and he asks unanimous consent for its present consideration at this time.

Mr. FLETCHER. Mr. President—

Mr. PAGE. I believe I have the floor, but I am perfectly willing to yield to the Senator from Florida.

Mr. FLETCHER. I will state, in connection with what the Senator from Arizona has said that the matter was laid before the committee, and the committee postponed action until the chairman could investigate as to the necessity and also as to the cost of printing the document. After that the matter went along from time to time and the committee had difficulty in getting a quorum. The only motion which I think is in order will be to discharge the committee from the further consideration of the resolution. The resolution is before the committee. I have no objection to discharging the committee from its further consideration.

Mr. PAGE. Mr. President, I certainly shall not object to the motion of the Senator from Arizona but I feel that the Senate should know that this matter has been before the committee time after time, and in every case, whether we had a quorum or not, we have passed it over, not because it might not be a worthy resolution but because, in these times, the Committee on Printing do not feel that we ought to appropriate \$5,000 unless there is necessity for it, and the committee have on each occasion thought it unwise to report favorably the resolution. With that statement, I simply have advised the Senate as to the condition of affairs, as I understand them; and there I am willing to leave the matter.

Mr. CALDER. Mr. President, I hope the motion of the Senator from Arizona will prevail. The document which the Senator is seeking to have printed contains a history of the American flag and is very educational; it was read in the House of Representatives by Representative Hicks, of New York. I am receiving letters from all over the country asking for a copy of the document, and I believe at this time its printing would serve a very good purpose.

The VICE PRESIDENT. The question is on the motion to discharge the Committee on Printing from the further consideration of the concurrent resolution.

Mr. SMOOT. Mr. President, I desire to ask the Senator from Arizona whether or not the committee has made a final decision that this document shall not be printed?

Mr. SMITH of Arizona. No, sir; there never has been any such decision by the committee. I stated to the Senate before the Senator from Utah entered the Chamber that at one meeting when there was a quorum present the resolution had been called up but was passed over, with the understanding that I should see the Members who were in favor of the proposition in the other House, and make an effort, if possible, to avoid the printing of the document, for the Senate committee did not feel, on the mere presentation of the matter, that we ought to spend that much money for that purpose. Since that time, as I have already explained to the Senate, I have received communications from different Members of the other House, and I have had a personal interview with more Members in regard to this particular matter than in regard to any matter that has been before the committee in my experience.

Therefore, as I have also explained, because of the absence of Senators who composed the committee, occasioned by their duties on other important committees, I have never been able to secure the attendance upon the committee of any Senator, except the Senator who has just addressed the Senate and myself, from the time I last saw the Senator from Utah [Mr. Smoot] there. It apparently being impossible to secure a meeting of a quorum of the committee, I have taken this occasion to move that the committee be discharged from the further consideration of the resolution, and to ask unanimous consent that it be put on its passage.

Mr. SMOOT. I hope the Senator from Arizona will not do that, for I know of no committee of the Senate, when ordinary conditions are existing, the members of which attend the meetings more assiduously than do the members of the Committee on Printing.

Mr. SMITH of Arizona. That is true.

Mr. SMOOT. I am quite sure the Senator will concur in my statement that it has been physically impossible for me to attend the meetings of the committee.

Mr. SMITH of Arizona. I have already attempted to explain to the Senate that it has been impossible for members of the committee to be present.



Mr. SMOOT. Mr. President, I have been in attendance on the meetings of a committee where we have been compelled to be present from early morning till late at night; but those meetings will be over in a day or two, and, so far as I am concerned, I shall then be delighted to attend the meetings of the Committee on Printing.

Mr. SMITH of Arizona. In view of the suggestion of the Senator from Utah, I will withdraw my motion, with the notice that I shall call a meeting of the Committee on Printing for next Wednesday morning, if that will be satisfactory; and I ask that the members of the committee be present, so that we may dispose not only of this matter but of another matter of much more importance.

#### THE NAVAL ESTABLISHMENT.

Mr. POINDEXTER. Mr. President, in regard to the message from the President which was laid before the Senate a moment ago, consisting of estimates for appropriations for the Navy, I observed that the Chair referred the message to the Committee on Appropriations. I do not see the chairman of the Committee on Naval Affairs present, but I want to take this opportunity to call attention to the situation in regard to military and naval appropriations.

My opinion is that matters involving original undertakings by the Navy Department ought to have the investigation of the special committee of the Senate which has been constituted for that purpose. I was present the other day when some \$600,000,000 or thereabout was appropriated for naval purposes, and I listened to the debate. Items of thirty, forty, seventy-five or two hundred and twenty-five million dollars were contained in the bill. Questions were asked of the chairman of the Committee on Appropriations as to the need for such vast amounts, and the only information which the Senate received from the distinguished Senator in charge of the bill in regard to any of those appropriations, to the best of my knowledge, was that they had been asked for by the department.

There is nobody more desirous of affording to the Navy Department all of the money that is necessary for the very fullest development of that arm of the national defense than am I; but I am not in favor of abdicating the legislative functions of this branch of the Government, and considering as the ultimate analysis of these problems a report or a request from the department that they want these vast sums. There ought to be some investigation by Congress as to what these appropriations are for, whether they are needed, and whether or not, in a legislative sense, such appropriations are wise and justified. The proper committee to investigate such matters, to obtain information which may be presented concerning them, to report to the Senate, and to advise the Senate in regard to them is the Naval Committee. I say that especially because of the attitude disclosed the other day in the consideration of the vast appropriations referred to, no information was furnished nor even any opinion expressed as to the need or propriety of them. I remember in connection with one item the chairman of the committee, in answer to an inquiry as to what the appropriation was for, seemed to think that he absolutely foreclosed any further inquiry in regard to the matter by saying with a great deal of emphasis that not only had the Secretary asked for these appropriations, but he held up a letter and stated that the Secretary had asked for the legislation to be in the identical words carried by the bill. I want Congress to go a little further than that and to know a little more about these matters. I wish to protest against this system of dealing with naval matters and insist upon investigation by the Committee on Naval Affairs.

Mr. SWANSON. Mr. President, in response to the suggestion made by the Senator from Washington, I will say that deficiency bills originate in the House of Representatives. The question came up recently as to whether there should be four or five different bills to supply deficiencies, or whether there should be one bill handled by the Appropriations Committee. Under the rules of the House, as I understand, after the regular appropriations have been made, all deficiency appropriations are referred to the Appropriations Committee. It would have been utterly impossible to have one portion of the great deficiency bill recently passed referred to the Naval Committee, another portion of the same bill to the Committee on Appropriations, and other portions to other committees.

I am frank to say that the senior Senator from Virginia [Mr. MARTIN], the chairman of the Appropriations Committee, had no desire—and I talked the matter over with him—to infringe in any way on the prerogatives of the Committee on Naval Affairs in respect to naval appropriations. However, the

House had decided that after the passage of the regular military and naval appropriation bills, which were enacted before the declaration of war came, deficiency items for the military and naval service should be referred to the Committee on Appropriations as deficiencies under the rules of the House. Possibly one-fourth or one-fifth of the items in the bill were new matters, which, strictly speaking, perhaps were not deficiencies, but on the whole it was determined better for one committee to handle the entire measure than to have four or five committees do that work and to have it divided up so that it would be impossible to coordinate the appropriations.

As I have said, all such bills in the other House are considered by the Committee on Appropriations as deficiencies. I listened to the hearings and read the testimony before the committee, and it seems to me that both the Committee on Appropriations of the House and the committee of the Senate investigated these matters. They had before them the chiefs of various bureaus and naval authorities to explain the reason for the proposed legislation.

I repeat, it would have been utterly impossible to have taken the portions of the bill that were new—and nine-tenths of the items were deficiencies under items contained in our regular appropriation bills which were passed before the declaration of war—and have had them considered by various committees. When we meet here at the regular session of Congress and these matters come up, I am satisfied appropriations for the Army and Navy will be handled by the Military and Naval Committees of the House and Senate, respectively.

Mr. POINDEXTER. Mr. President, the argument of the Senator from Virginia justifying the surrendering by the Committee on Military Affairs and the Committee on Naval Affairs of their duties in regard to these appropriations is just as applicable to the ordinary regular general military and naval appropriation bills as it is to the deficiency bill which has been passed. There is not any difference whatever in the nature of the investigations to be made. The bills which the Senator calls urgent deficiency appropriation bills carry much larger amounts, several times over, than the ordinary general appropriation bills. The attitude which the Senator apparently takes in regard to the matter is the same attitude that I attempted to describe of his colleague from Virginia, the distinguished chairman of the Appropriations Committee—a sort of a passive frame of mind, to take things as they are presented. Because the House of Representatives decided to incorporate all of these appropriations in one bill, he says the Senate ought to do it. Of course the Senate can do it, but there is no substantial reason any more than there is as to every other appropriation bill that is considered here why the deficiencies in these bills relating to naval matters and the deficiencies that relate to military matters could not be referred, respectively, to the committees constituted for the disposition of those particular subjects.

Mr. SWANSON. Mr. President, if the Senator will permit me, under the rules of the House, and possibly of the Senate, after a general appropriation bill has passed, deficiencies occurring are generally included in what is known as a general deficiency bill. Under the rules of the House all items included in a general deficiency bill go to the Appropriations Committee. When such a bill is passed by the House it comes to the Senate, and the question is, Whether that bill shall be referred to the Naval Committee, the Military Committee, or the Appropriations Committee? If the naval items and the military items had been separated from the other matters in the bill, then the naval items could have been referred to the Naval Committee; but, as I have said, under the rules of the House, and as decided, as I understand, after the declaration of war, deficiencies that supplement the general appropriation bill must be included in a general deficiency bill. Consequently, the Naval Committee of the House let them go to the Appropriations Committee of that body, and there was no other way to handle them in the Senate.

I will say for the senior Senator from Virginia, the chairman of the Appropriations Committee, that he has shown no disposition to encroach on the prerogatives of the Naval Committee, and has evinced no desire to do so. I discussed the matter with him early. I think he would have been very glad to have been relieved from some of the onerous work which he has been called upon to perform in connection with the bill in question.

Mr. POINDEXTER. I have no doubt of that; I am not charging the senior Senator from Virginia with attempting to extend unduly the prerogatives of the Appropriations Committee; I am talking about a condition, and I am not commenting upon what was done in the House of Representatives. I do not know anything about that and have nothing to do with that; but as a member of the Committee on Naval Affairs and of the Senate, I have something to do with the performance of my duties here. The Senate



does not have to be controlled by what was done in the other House, and there is no parliamentary or practical difficulty in having these matters considered by the proper committees which are supposed to be—whether they are or not—especially qualified for dealing with the respective matters with which they are accustomed to deal.

Mr. SWANSON. If the Senator will permit me, general appropriation bills uniformly originate in the other House.

Mr. POINDEXTER. Well, Mr. President, if the Senator will pardon me—

Mr. SWANSON. I have never known a general deficiency bill containing naval and military items, or otherwise, that did not originate in the House of Representatives. When such bills come here they must be disposed of. Now, does the Senator think that a general deficiency bill including items for all branches of the Government service and covering the Army to a greater extent than it does the Navy should have been referred to the Committee on Naval Affairs?

Mr. POINDEXTER. Mr. President, the Senator has asked me that question for what purpose I do not know, because I have just said that the matters relating to the War Department ought to be referred to the Committee on Military Affairs.

Mr. SWANSON. Then the Senator—

Mr. POINDEXTER. I know just as well as the Senator does, if he will pardon me, that general appropriation bills originate in the House of Representatives. It is not necessary for the Senator from Virginia to say that.

Mr. SWANSON. I will say to the Senator—

Mr. POINDEXTER. Just a moment and then I will yield to the Senator. I want to answer what he has already said. I am familiar with the practice of referring to the Appropriations Committee military and naval matters that come up in the usual deficiency appropriation bills, but this is not that situation at all. These vast appropriations are not in any proper sense deficiency appropriations.

Mr. SWANSON. Nine-tenths of them are deficiencies. I will explain to the Senator why they are.

Mr. POINDEXTER. I am as familiar with them as the Senator is. They are extraordinary appropriations. That is what they are.

Mr. SWANSON. If the Senator will permit me, take the pay of the Navy. We did not appropriate enough money for war conditions. Take the supplies. We did not appropriate to meet the present extraordinary conditions, so the appropriations had to be increased. Take the various items contained in the naval bill. With the exception of five or six items, which were new matters, nine-tenths of them, or more, were simply supplementing what we had theretofore appropriated, the amounts not having been sufficient for the purposes.

Mr. POINDEXTER. Why, Mr. President—

Mr. SWANSON. If the Senator will permit me further—

Mr. POINDEXTER. In a moment I will yield further to the Senator. Does the Senator know how much was appropriated for naval purposes in the so-called deficiency bill that passed here the other day?

Mr. SWANSON. I do.

Mr. POINDEXTER. How much?

Mr. SWANSON. I can not tell the exact items. I went over the items. I can not aggregate them. I know the sum was a very large one. It was more than the regular bill has been appropriating.

Mr. POINDEXTER. More than the regular bill. Now, does the Senator mean to say that the Naval Affairs Committee were so mistaken about the amount of money that would be required for the matters for which they were appropriating money that they missed it by more than 100 per cent? Why, of course not.

Mr. SWANSON. If the Senator will permit me, I will answer him. We appropriated for a personnel of 87,000 men in the Navy. Now the personnel is up to 200,000, on account of the war that has been declared since the general appropriation bill was passed. That increased it more than 100 per cent.

Mr. POINDEXTER. Yes; that increased it more than 100 per cent.

Mr. SWANSON. As a result the supplies required to feed those men had to be doubled, the pay had to be doubled, and everything that appertained to the subject. The ammunition had to be doubled and trebled and quadrupled. Consequently, if you go through the entire bill you will find that nine-tenths of it was to supply deficiencies occasioned on account of the declaration of war, which increased the amounts required.

Now, if the Senator will permit me, I should like to ask him a question. You can not divide up a bill and refer it to three committees. A bill, Number so-and-so, from the House must go to one committee or another. We would not have any bill to

consider in the Naval Affairs Committee unless we took the entire measure.

Mr. POINDEXTER. Mr. President, the Senator asks how we can proceed with this bill, and states what he seems to think is an insuperable difficulty. There is no difficulty about that at all. It is always easy to state difficulties if you do not want to do a thing, and it is generally very easy to overcome them if you have a mind to overcome them.

There is no reason why this bill could not be referred to three committees. There are plenty of copies of the bill. The bill can be referred to the Naval Affairs Committee and the Military Affairs Committee and the Appropriations Committee, with instructions as to what portions of the bill each committee shall deal with. Time and time again I have seen recommendations of the President of the United States submitted to the House of Representatives, recommending appropriations for different purposes and legislation for different purposes, and that message was referred probably to half a dozen different committees. It was referred to the Committee on Interstate Commerce to deal with the recommendations relative to interstate commerce and to the Committee on Naval Affairs to deal with matters pertaining to the Navy.

Furthermore, the matter that is before the Senate now is not a bill at all. It did not originate in the House of Representatives. As I understand, it is a message from the President, in which he forwards certain recommendations of the Secretary of the Navy, and it does not relate to anything else, at least so far as the statement was concerned. It does not have to be referred to more than one committee. It ought to be referred to the committee that is constituted to deal with that subject, which is the Committee on Naval Affairs.

Just one word in regard to the other statement, and then I am through with the subject. The junior Senator from Virginia said that these appropriations were nine-tenths deficiency appropriations. The Senator is entirely mistaken in regard to that. It would be a sad commentary upon the intelligence of Congress if we had to come in here a few weeks after having passed a general appropriation bill and find out that we had to appropriate that much money over again to make up the mistakes in the amount appropriated in the original bill. Of course, Congress was not guilty of any such mistake. These are not deficiency appropriations. The Senator from Virginia says we appropriated for 87,000 men in the Navy. Well, that is all the men there were in the Navy at the time that appropriation was made. Now there are 150,000 men in the Navy, and it is necessary to make appropriations for those additional men. The bill contained one item of \$225,000,000 for additional torpedo-boat destroyers—not a deficiency on previous authorizations but an entirely new increase of the Navy. So as to \$45,000,000 for new Aviation Services and most of the other items for the Naval Establishment. They are not deficiency appropriations, but for new and additional developments. It is just as much an original matter as the appropriations contained in the general bills that were disposed of at the last session of Congress.

#### FOOD CONTROL AND DEMOCRACY.

Mr. FLETCHER. Mr. President, I present an article appearing in the Atlantic Monthly of August, 1917, entitled "Food control and democracy," by Mr. David Lubin, the American delegate to the International Institute of Agriculture at Rome, which I should like to have printed as a Senate Document. I ask that it be referred to the Committee on Printing for report.

The PRESIDING OFFICER (Mr. JONES of Washington in the chair). The matter will be referred to the Committee on Printing.

#### PRESIDENTIAL APPROVALS.

A message from the President of the United States, by Mr. Sharkey, one of his secretaries, announced that the President had approved and signed the following acts:

On September 25, 1917:

S. 2830. An act extending the time for the construction of a bridge across the Arkansas River between the cities of Little Rock and Argenta, Ark.

On September 27, 1917:

S. 2477. An act to authorize the construction of a building for the use of the Treasury Department.

#### URGENT DEFICIENCY APPROPRIATIONS.

The VICE PRESIDENT laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 5949) making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1918, and prior fiscal years, on account of war expenses, and for other purposes, and requesting a conference



with the Senate on the disagreeing votes of the two Houses thereon.

Mr. MARTIN. I move that the Senate insist upon its amendments and agree to the conference asked for by the House, the conferees on the part of the Senate to be appointed by the Chair. The motion was agreed to; and the Vice President appointed Mr. MARTIN, Mr. SHAFROTH, Mr. UNDERWOOD, Mr. WARREN, and Mr. SMOOT conferees on the part of the Senate.

#### HOUSE BILLS REFERRED.

The following bills were severally read twice by their titles and referred to the Committee on Commerce:

H. R. 5839. An act extending the time for the construction of a bridge across the Mississippi River, in Aitkin County, Logan Township, State of Minnesota; and

H. R. 6175. An act giving the United States Shipping Board power to suspend present provisions of law and permit vessels of foreign registry and foreign-built vessels admitted to American registry under the act August 18, 1914, to engage in the coastwise trade during the present war and for a period of 120 days thereafter, except the coastwise trade with Alaska.

#### EXECUTIVE SESSION.

Mr. FLETCHER. Mr. President, I am a little apprehensive that later on in the day there may be difficulty in keeping a quorum and we may be forced to adjourn before important action is taken on executive matters. With the idea of resuming legislative business as soon as a brief executive session is had, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After 10 minutes spent in executive session the doors were reopened.

#### ORDER OF BUSINESS.

The VICE PRESIDENT. Is there further morning business?

Mr. RANDELL. If there is no further morning business, I should like to address the Senate briefly on the use of waterways, a war necessity.

Mr. JONES of New Mexico. Mr. President—

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from New Mexico?

Mr. RANDELL. With pleasure.

Mr. JONES of New Mexico. I should like to inquire of the Senator about how much time he expects to occupy? On the adjournment the other day we had under consideration a measure which it ought not to take a great while to dispose of, and I am extremely anxious to get it up for consideration to-day.

Mr. RANDELL. I will say to the Senator that if I am not interrupted I can present what I have to say in about 40 minutes, not more. I shall ask to have several tables inserted in the RECORD. The tables I have here are not to be read and there will be no objection to putting them in the RECORD.

Mr. JONES of New Mexico. I wish, if it is possible—

Mr. RANDELL. I can not yield, I will say to the Senator. I am perfectly willing to yield when I finish the speech, but I have the floor now and I should like to go on.

The VICE PRESIDENT. The Senator from Louisiana will proceed.

#### THE USE OF WATERWAYS A WAR NECESSITY.

Mr. RANDELL. Mr. President, when the rivers and harbors bill was under consideration the Senator from Iowa [Mr. KENYON] occupied the time of the Senate for some days in opposition thereto. His views did not prevail, as the bill was passed by a large majority.

It is interesting to note, in passing, the steadily decreasing effect of his opposition. In 1914 the bill was defeated, a lump-sum appropriation of \$20,000,000 being substituted therefor. The same thing happened in 1915, but the lump sum was increased to \$25,000,000. In 1916 a bill was passed in regular form, but by the close vote of 35 to 32, while the bill of 1917 passed the Senate by the decisive vote of 50 to 11.

In spite of this overwhelming defeat at the hands of his colleagues the Senator from Iowa is continuing his fight against the improvement of the waterways of the United States through the columns of the newspapers. I hold in my hand a copy of the magazine section of the New York Times of Sunday, September 2, 1917, in which there appears an article under the heading "Lean days for the 'pork barrel.'" This article, which is published in the form of an interview with the Senator from Iowa, contains a number of statements which are so totally at variance with the facts that it can not be allowed to pass without reply.

One of the most extraordinary and inexcusable misstatements in the article refers to the Santee, Wateree, and Congaree Rivers in South Carolina, and this is made not only once but twice over.

In one place he says, "The first appropriation for improving this system of rivers dates back, it will be noted, to 1881. Since that time over \$1,000,000 has been expended on these streams, and this year of the war \$670,044 was asked and obtained." Turning to paragraph 6 on page 5 of the official print of the river and harbor act approved August 8, 1917, we find it reads as follows:

Santee, Wateree, and Congaree Rivers, S. C.: For maintenance, including the Estherville-Minim Creek Canal and the Congaree River as far up as the Gervais Street Bridge, Columbia, and for improvement of the Congaree River in accordance with the report submitted in House Document No. 702, Sixty-third Congress, second session, \$80,000.

A big difference between \$80,000 and \$670,000.

Of course, Mr. President, no one would ever believe for an instant that the Senator from Iowa would knowingly and intentionally make a statement that is untrue. But the Senator should remember that statements which are mistakenly untrue are just as misleading and do just as much damage as those that are intentionally untrue, and should take the time needed to make sure of the facts before he reaches and announces his conclusions. Unfortunately, the distinguished Senator from Iowa, with all his ability and industry, sometimes fails to follow this course.

However, the mistake in stating the amount of the appropriation is of less importance than the fact that, at a time when the railroads are severely taxed to handle existing traffic and when it is entirely probable that increased demands will arise for freight-carrying facilities, due to the necessity of moving greater crops and of supplying the numerous cantonments, it is proposed deliberately to reduce appropriations for our waterways and that the appropriation for the Santee and Congaree happens to be one of those specifically criticized. The Santee and the Congaree are essentially a single stream about 200 miles in length. Columbia, S. C., the capital and second city of the State and a manufacturing center of some consequence, is at the upper end, and the ocean port of Georgetown, S. C., is at the mouth, with intracoastal connection with Charleston. Columbia is the site of Camp Jackson, an Army cantonment where approximately 40,000 men will be concentrated.

At present the use of the water route, ocean and river combined, results in rates 15 to 30 per cent. lower than the rail rates, evidently a considerable advantage for Columbia and its tributary country, but due to the existence of some obstructive sand bars, navigation is interfered with at low stages of the river and as a consequence the dependability of the boat service is impaired for a short period of time each year. This is a serious detriment to the community concerned, as it naturally diminishes the use of the river. With part of the recent appropriation of \$80,000 it is proposed to alleviate these conditions and this will lend encouragement to the people of Columbia who are planning to improve the river service by the construction of new barges and towboats, leading in turn to a larger use of the river for the ordinary commercial purposes.

In addition there will for some time to come be a large increase in the quantity of freight coming to Columbia, due to the requirements of Camp Jackson, and to supply this camp the river route should prove of great value. Independent testimony as to its value is given by Gen. Leonard Wood, who, as long ago as the beginning of August, reported to the War Department that the service given by the railroads in the Southeastern (Military) Department was very slow, and recommended the use of water routes for supplying the camps and cantonments then about to be established. He noticed particularly the Santee-Congaree route to Columbia and advocated its use.

How much traffic the establishment of Camp Jackson will add to the water route is, of course, uncertain; but on every ton carried by water the United States will save in freight between \$1 and \$2, and it is safe to assert that no very great length of time will be required to show a considerable profit on the amount this year invested in the waterway.

In further illustration of the economic value of waterways I desire, Mr. President, to include in my remarks a brief table prepared by Capt. A. A. Poland, who is now in the Quartermaster's Department, United States Army, and who was for some years traffic manager of the Kansas City Missouri River Navigation Co. This table shows, in a most striking manner, the effect of water competition on railway rates. It is worthy of careful study, but I will only call attention to the comparison of fourth-class rates between Cincinnati and Evansville, which is on the Ohio River, and Gallatin, Tenn., a point in the interior. Where there is water competition the rate is 17.9 cents and where there is none the rate is 52 cents.

I ask permission to insert as a part of my remarks the table which I have prepared.

The PRESIDING OFFICER (Mr. POINDEXTER in the chair). Without objection, it is so ordered.



The table referred to is as follows:

EFFECT OF WATER COMPETITION ON RAILWAY RATES.

All-rail class rates between river points compared with all-rail class rates from river points to interior points.

(Compiled by Capt. A. A. Poland, Quartermaster's Department, United States Army, formerly traffic manager Kansas City Missouri River Navigation Co.)

	Distance.	Rate per 100 pounds, in cents.					
		Class 1.	Class 2.	Class 3.	Class 4.	Class 5.	Class 6.
From Cincinnati, Ohio, to—	Miles.						
Evansville, Ind. (on Ohio River)	270	42	35.7	26.3	17.9	15.8	12.6
Gallatin, Tenn. (inland)	273	78	67	57	52	45	41
Difference		36	31.3	30.7	34.1	29.2	28.4
St. Louis, Mo. (on Mississippi River)	339	42.1	36.2	26.8	18.4	15.9	12.6
Englewood, Tenn. (inland)	343	86	75	64	55	46	37
Difference		42.9	38.8	37.2	36.6	30.2	24.4
Louisville, Ky. (on Ohio River)	114	26.3	23.1	17.9	12.6	9.5	8.4
Richmond, Ky. (inland)	119	45	40	34	30	26	22
Difference		18.7	16.9	16.1	17.4	16.5	13.6
Paducah, Ky. (on Ohio River)	339	48.3	41.5	32	22.6	20	16.8
Chattanooga, Tenn. (inland)	338	76	65	57	47	40	39
Difference		27.7	23.5	25	24.4	20	13.2
Cairo, Ill. (on Ohio River)	382	46.2	39.4	29.9	20.5	17.9	14.7
Dalton, Ga.	378	103	89	79	67	56	45
Difference		56.8	49.6	49.1	46.5	38.1	30.3
From Louisville, Ky., to—							
Portsmouth, Ohio (on Ohio River)	240	44.1	37.8	28.4	20	16.8	13.7
Paris, Tenn.	247	70	62	56	45	37	31
Difference		25.9	24.2	27.6	25	20.2	17.3
Brookport, Ill. (on Ohio River)	280	45.2	39.4	29.9	20.5	17.9	14.7
Columbia, Tenn.	232	72	58	49	45	38	35
Difference		26.8	18.6	19.1	24.5	20.1	20.3
Memphis, Tenn. (on Mississippi River)	380	65	50	45	35	30	
Brookland, Ark.	384	92	77	60	48	35	
Difference		27	27	15	13	5	
St. Louis, Mo. (on Mississippi River)	274	43.1	36.2	26.8	18.4	15.8	12.6
Knoxville, Tenn.	286	78	65	57	47	40	33
Difference		32.9	28.8	30.2	28.6	24.2	20.4
From Memphis, Tenn., to—							
Helena, Ark. (on Mississippi River)	66	45	40	32	25	20	17
Jonesboro, Ark.	64	52	44	37	29	23	24
Difference		7	4	5	4	3	7
Greenville, Miss. (on Mississippi River)	151	65	50	45	35	30	25
Maumelle, Ark.	150	70	60	52	38	30	32
Difference		5	10	7	3	0	7
Vicksburg, Miss. (on Mississippi River)	220	50	40	35	27	23	19
Danville, Ark.	220	79	69	58	43	34	37
Difference		29	29	23	16	11	18
Natchez, Miss. (on Mississippi River)	297	55	45	40	30	25	22
Texarkana, Ark.-Tex.	290	117	101	88	75	60	62
Difference		62	56	48	45	35	40
Baton Rouge, La. (on Mississippi River)	366	65	50	45	35	30	25
McAlester, Okla.	387	110	90	75	58	45	47
Difference		45	40	30	23	15	22
New Orleans, La. (on Mississippi River)	395	65	50	45	35	30	25
Big Sandy, Tex.	396	137	115	96	89	70	72
Difference		72	65	51	54	40	47
From St. Louis, Mo., to—							
Keokuk, Iowa (on Mississippi River)	171	38.9	32.6	24.2	17.3	13.7	13.1
Salisbury, Mo.	169	53	40	30	24	19	21
Difference		14.1	7.4	5.8	6.7	5.3	7.9
Rock Island, Ill. (on Mississippi River)	240	36.3	28.5	22.4	17.6	14.2	13.5
Moulton, Iowa	244	52.5	41	29.5	22.5	17.2	20
Difference		16.2	12.5	7.1	4.9	3	6.5

EFFECT OF WATER COMPETITION ON RAILWAY RATES—continued.

All-rail class rates between river points compared with all-rail class rates from river points to interior points—Continued.

	Distance.	Rate per 100 pounds, in cents.					
		Class 1.	Class 2.	Class 3.	Class 4.	Class 5.	Class 6.
From St. Louis, Mo., to—Continued.	Miles.						
Clinton, Iowa (on Mississippi River)	268	39	31	24	19.4	15.5	14.9
Albia, Iowa	271	54	43	32	24	19	21
Difference		15	12	8	4.6	3.5	6.1
Dubuque, Iowa (on Mississippi River)	329	42.7	34.5	26.9	21.5	17.2	16.5
Grinnell, Iowa	327	61	48	37	26	20.5	24.5
Difference		18.3	13.5	10.1	4.5	3.3	8
Memphis, Tenn. (on Mississippi River)	305	65	50	45	35	30	25
Higginson, Ark.	304	96	82	64	49	37	39
Difference		31	32	19	14	7	14
New Orleans, La. (on Mississippi River)	718	90	75	65	50	40	35
Fort Worth, Tex.	720	147	125	104	96	75	79
Difference		57	50	39	46	35	44
Kansas City, Mo. (on Missouri River)	278	66	45	35	27	22	21.5
Bradford, Ark.	282	94	78	62	48	37	39
Difference		34	33	27	21	15	14.5
Sioux City, Iowa (on Missouri River)	508	80	65	45	32	27	32
Wellston, Okla.	507	130	109	97	82	63	65
Difference		50	44	52	50	36	33
Omaha, Nebr. (on Missouri River)	414	60	45	35	27	22	24.5
Daleville, Ark.	413	116	100	79	64	47	50
Difference		56	55	44	37	25	25.5
From Pittsburgh, Pa., to—							
Evansville, Ind. (on Ohio River)	581	53.6	46.7	35.7	25.2	21.5	17.7
Scandlyn, Tenn.	582	128	110	87	74	62	50
Difference		74.4	63.3	51.3	48.8	40.5	32.1
Cairo, Ill. (on Ohio River)	693	62.5	55.1	42	30.5	25.7	21.5
Dalton, Ga.	689	126	116	95	73	60	53
Difference		63.5	60.9	53	42.5	34.3	31.5
St. Louis, Mo. (on Mississippi River)	613	59.3	51.5	39.4	27.3	23.6	19.4
Nashville, Tenn.	611	83	72	58	44	36	30
Difference		23.7	20.5	18.6	16.7	12.4	10.6
Davenport, Iowa (on Mississippi River)	649	62.3	54	41.4	28.8	25.1	20.9
Chattanooga, Tenn.	649	111	95	79	62	53	41
Difference		48.7	41	37.6	33.2	27.9	20.1
Memphis, Tenn. (on Mississippi River)	805	91	70	59	46	39	33
Atlanta, Ga.	798	126	115	95	73	60	52
Difference		35	40	36	27	21	19
Baton Rouge, La. (on Mississippi River)	1,171	116	95	79	61	49	43
Daytona, Fla.	1,177	157	138	125	111	93	76
Difference		41	43	46	50	44	33
Vicksburg, Miss. (on Mississippi River)	1,025	116	95	79	61	49	43
Hattiesburg, Miss.	1,030	149	128	112	92	75.5	61
Difference		33	33	33	31	26.5	18
New Orleans, La. (on Mississippi River)	1,199	116	95	79	61	49	43
Sumpter Junction, Fla.	1,193	163	142	132	115	96	79
Difference		47	47	53	54	47	36

Mr. RANDELL. Mr. President, it is very evident that the rail rates are made with the purpose of underbidding the waterways on such traffic as might seek to use them. While certain rail rates are kept abnormally low and the railroads thus retain a large part of the traffic to which they apply, this is an undesirable and unfair arrangement, compensated, as is well known and as is shown in part by the table, by means of much higher rates to interior points.

At a time when transportation difficulties are great and are increasing, the statesmanlike policy would be not to restrict nor



diminish the usefulness of our waterways, but to devise methods for promoting their greater use. Capital is proverbially timid and naturally hesitates to engage in new or doubtful enterprises. Transportation on our inland waterways, if properly organized, financed, and equipped, can undoubtedly be conducted at less cost than on the railways, but adequate organization, capital, equipment, and management will be forthcoming only if the waterways are kept in good condition, assurances as to the permanence of such policy given the interested public, and, as now seems to be necessary, assistance of some practical kind given in the establishment of experimental lines for the purpose of demonstrating the most efficient way to use these waterways.

Some further adjustment of the railroad-rate situation may also be necessary so as to permit the water carriers to use the railroads to advantage in through business to inland points. At present the rail carriers deny to the river lines the same division of rates that they give to their rail connections, whereas, to overcome the inertia and the disinclination of the business community to engage in a new departure, the water carrier should not only get from its rail connections the same proportionate rates as are given on through-rail business between identical termini, but an arrangement should be made under which the water carrier might, by accepting less money for its own service, establish lower joint through rates and thereby attract business to a relatively untried and in some respects less favorably situated route.

In place of repeating the trite and untrue charge that the river and harbor bill is a "pork barrel," the Senator would do well to try to build up the confidence of the business community to an extent sufficient to induce them to invest capital in and to use river transportation. He might try to ascertain the reasons why these great national highways are not more extensively used and, by devising practical plans for overcoming these objections, save the country each year considerably more than the amount of the appropriation he now decries.

In criticizing the grouping system, which was introduced by former Senator Burton and which has been used for a number of years, but which is used more extensively than ever before in the river and harbor bill recently enacted, Senator KENYON says:

The plan is to group a number of related projects under a lump appropriation, so that it can not be told how much of the money will go to any particular project. That is left to the engineers.

Again, in speaking of the appropriation for the Santee, Wateree, and Congaree Rivers, he says that this is—said to be all intended for the Congaree, but there was no way to know that for certain.

This statement also is very far from the truth. The engineers submit detailed estimates for all projects for which appropriations are specifically desired. These estimates were printed in a committee report, which was available not only to every Senator but to the general public. If the Senator did not have the time or did not care to take the trouble to look the matter up in this report, he could have been informed upon application to the chairman of the Commerce Committee, and, in fact, was informed during the consideration of the bill as to the exact amounts designated for a number of projects in the bill.

It often happens that because of favorable conditions the entire appropriation made for some projects is not needed during the course of the year, while because of emergencies which may arise a larger amount than estimated is needed for certain other projects.

The grouping system gives to the engineers a limited discretion to meet emergencies which may arise, and it seems a little odd to have a criticism of this limited discretion from a Senator who four times has tried, and twice has succeeded, to substitute lump-sum appropriations for bills in the regular form, under which the amount received by any one or all of the hundreds of waterways and harbors under their charge is left solely to the discretion of the engineers. The only logical conclusion that can be reached from the course followed by the Senator from Iowa is that in his opinion the exercise of unlimited discretion by the Army engineers in the distribution of appropriations for waterways and harbors is highly commendable, while a limited discretion is thoroughly objectionable.

In another place in the article referred to the Senator says:

I think the whole trouble we have got into in this country about river and harbor bills is the question of locality, of something for the benefit of a particular locality instead of a benefit to the entire Nation. This is the trouble with our country anyhow. We think along local lines.

During his extended remarks, when the rivers and harbors bill was under consideration, the Senator from Iowa made specific criticisms of 28 projects. In the statement which I hold, and which I ask permission to insert in the RECORD as a portion of my remarks without reading it in full, I have given the names of all these waterways, with the tonnage and the value

of the commerce carried thereon in the calendar year 1915, and the appropriations for the fiscal year 1918 contained in the rivers and harbors act.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table referred to is as follows:

*Items directly criticized by the Senator from Iowa.*

Name of project.	Commerce for 1915.		Appropriation for fiscal year 1918.
	Net tons.	Value.	
Big Sandy River.....	152,159	\$1,520,501	.....
Scuppernon River.....	9,488	389,478	\$3,500
Contentinia Creek.....	9,607	146,975	1,000
Smiths Creek.....	5,896	145,928	.....
Fishing Creek.....	2,450	34,926	.....
Pamlico and Tar Rivers.....	286,716	3,937,502	4,500
Northeast River.....	68,116	1,263,962	3,000
Black River.....	18,746	399,143	2,000
Cape Fear River (above Wilmington).....	100,080	1,675,002	.....
Little Pedee River.....	1,442	72,703	.....
Santee River.....	25,370	770,902	.....
Wateree River.....	.....	.....	80,000
Congaree River.....	4,324	656,560	.....
Altamaha River.....	76,763	967,205	.....
Oconee River.....	41,925	484,091	40,000
Ocmulgee River.....	33,645	1,127,556	.....
Kissimmee River.....	73,565	1,164,045	4,000
Caloosahatchee River.....	69,340	1,980,014	.....
Orange River.....	3,490	143,300	.....
Crystal River.....	2,141	81,430	.....
Anclote River.....	11,269	990,729	3,000
Withlacoochee River.....	20,789	195,185	.....
Escambia and Conecuh Rivers.....	85,000	850,000	2,500
Pearl River.....	30,650	155,048	.....
Red River (below Fulton).....	27,325	1,895,867	55,000
Onachita River.....	97,451	2,108,146	10,000
Arkansas River.....	39,966	800,868	35,000
St. Francis River.....	146,442	462,500	3,500
Total.....	1,441,111	24,419,567	251,003

Mr. RANDELL. Mr. President, it will be noted that every one of the 28, without a single exception, is located in the South. The Senator gave a special criticism to the Pamlico and Tar Rivers, which really constitute one stream with different names in different parts. There were carried on this river in 1915, 286,716 tons of freight, and if he had gone carefully through the Report of the Chief of Engineers he would have found nearly 200 waterways and harbors located in the North—192 to be exact—which carried a smaller commerce than that of the Pamlico. I hope the Senator will not be offended if I commend to him the cultivation of a national instead of a sectional point of view.

It will also be noted that every one of the waterways which he specifically criticized is a river, although some of them are called creeks. He said many things, and bitter things, about rivers, but not a word against harbors. Apparently, he is suffering from what might be called fluvial hydrophobia. Harbors are railway terminals. They serve railways, while rivers compete, or may compete, with railways. Is it possible that this fact has any connection with the severe criticism of rivers and the entire lack of condemnation of harbors which characterized the remarks of the Senator from Iowa?

The Senator is reported in the article as saying that, in his opinion, "the appropriation carried in the measure was about \$10,000,000 less than it would have been but for the war, but that another \$10,000,000 could have been lopped off without injury to any of the legitimate projects mentioned in the bill."

In the course of the hours and days spent by the Senator from Iowa in criticizing the bill while it was under consideration he specifically mentioned the above-named 28 items, the aggregate appropriation for which was only \$251,000. An additional \$10,000,000 taken from the bill would have cut out the entire appropriation for all waterways and harbors carrying less than 1,000,000 tons of freight each and half of that for the waterways which carried between 1,000,000 and 5,000,000 tons each, the aggregate tonnage on these waterways being 92,910,883. Either this would have been the case, or there would have been a cut in the appropriations for the waterways carrying from 5,000,000 tons each to over 50,000,000 tons each, and I suppose even the Senator from Iowa will concede that waterways handling such amounts of traffic are "legitimate."

The Senator from Iowa devoted considerable attention to the Pamlico River, and showed that in this, as in a number of other instances, he had failed to give sufficient study to the reports of the Chief of Engineers to gain an accurate knowledge of the facts. Speaking of this river, he said:

There has apparently been considerable commerce, a complete commerce of 177,000 tons downstream and about 100,000 upstream, but when analyzed you discover that about 120,000 tons of that is timber. Timber and logs and matters of that kind can be floated downstream without all these tremendous appropriations.



In this case the "tremendous appropriations" amount to just \$4,500 for the maintenance of a waterway which in 1915 carried 286,716 tons of commerce valued at \$3,937,502. That is at the rate of 1½ cents for each ton and eleven one-hundredths of a cent for each dollar! A continuance of such wanton extravagance as that, Mr. President, will bring us to the verge of national bankruptcy!

The Senator understated the commerce carried and interchanged the tonnage handled upstream and downstream, respectively. He stated that about 120,000 tons were timber, but if he had really read the engineer's report, instead of merely glancing at it and jumping at conclusions, he would have found that most of this was handled in boats and barges which were larger or, at any rate, had a greater draft than the boats in which the rest of the commerce was carried, and that 128,500 tons of lumber, timber, and shingles were carried upstream. If the distinguished Senator from Iowa can make timber float upstream on a river, whether improved or unimproved, he can win both fame and fortune if he will tell the lumbermen of the United States how it can be done.

He lays great stress on the fact that the depth of the river at the extreme upper limit of navigation and at the time of low water is only 20 inches. He ignores the fact that the minimum low-water depth in the principal part of the river is 10 feet—which is just 4 feet greater than the minimum depth planned for the upper Mississippi—and the further fact that during several months in the year the available navigable depth in many of the rivers and harbors of the North is nothing at all, because they are frozen up. Ice in the North and low water in the South during a portion of the year do not, however, prevent the development of an important commerce. No doubt the Senator is busy; we all are; but if he will take the time to look over the reports of the engineers he will find that, since its improvement was begun in 1876, the Pamlico River has carried about \$800 worth of commerce for each dollar spent on its improvement. It seems to me that a return of 800 for 1 is a matter for congratulation rather than for criticism.

At another place in the article he says:

We have spent in this country about \$900,000,000 on rivers and harbors. Of this amount it is a perfectly safe estimate that half of it has been squandered.

Here again his statement is very wide of the truth. The fact has already been noted that his criticism has been entirely directed against rivers, from which it is natural to conclude that he considers the money appropriated for the improvement of harbors has been wisely expended. A tabulation made from the reports of the Chief of Engineers shows that, in round numbers, \$500,000,000 has been expended on harbors and \$400,000,000 on rivers. In making this tabulation some waterways which are called rivers, and even some called creeks, have been included with the harbors because they belong there, as, for instance, the Penobscot from Bangor to the sea, the Delaware below Philadelphia, the Mississippi below New Orleans, the Columbia below Portland, and East Chester, Westchester, and Newtown Creeks, which are parts of New York Harbor. On the other hand, so important a stream as the Hudson above New York City has been included with the rivers.

His statement is untrue, therefore, even if every dollar that has been spent on the rivers of the country has been squandered. But I do not believe that any sane and fair-minded man would attempt to claim that this is the case. We have spent over \$13,000,000 on the Monongahela, but it is handling some 13,000,000 tons of traffic in a year, and if the carrying of coal on this river were stopped much of the bottom would drop out of the iron and steel industry of Pittsburgh. That money was certainly not wasted, nor was that spent on many other rivers which carry a commerce important at any time, but trebly important in these days of war when the railroads are overtaxed.

It is undoubtedly true that some of our rivers carry less commerce than formerly, but it is also true that for more than 50 years the railways in their competition with waterways were free to use any methods that the acutest intellect could devise and the most hardened conscience could execute; and everyone who has given the subject attention knows that they improved their opportunities in this direction to the very limit. It is my profound conviction that the railroads were shortsighted and that they really were working against their own interests. But be that as it may, many millions of dollars were appropriated for rivers during years when they were carrying a vast commerce, when, indeed, they furnished the only lines of communication except the dim trails of the wilderness, and the money spent on rivers at such times and under such conditions was certainly not squandered.

In the past, as I have already said, Mr. President, the railroads have used cutthroat methods of competition against waterways, which I emphatically disapprove. But having said that, I want also to say that the patriotic and efficient service which the railroads have rendered since our entrance into the world war deserves and should receive the unstinted praise of every loyal citizen of the United States. And to-day, Mr. President, we are confronted by an extraordinary and surprising spectacle. On the one hand we see the leading railway men of the country urging that the waterways be used, because there is more traffic to be moved than the railroads can possibly handle, and on the other we see the Senator from Iowa trying his best to cut down almost to the vanishing point the appropriations required to keep the waterways in condition to be used. I thoroughly agree with one criticism I have heard him make, and that is as to the system of dribbling appropriations for waterways, but from the time he became a Member of the Senate he has used his most earnest efforts not to increase the appropriations but to decrease the dribble to a drip.

At still another place in the article Senator KENYON says:

The people are really to blame, and their viewpoint as to what constitutes a statesman must change before any decided change takes place in the system upon which "pork" is founded. So long as their ideal of an efficient representative at Washington is the man who is able to get an appropriation to "improve" their Podunk Creek or to put up some public building far larger or more expensive than the community needs—so long as they meet such a returning statesman with a band and point to him with pride, saying, "See what he got for us"—just so long will "pork" continue to thrive.

This is pretty broad, Mr. President, but in his remarks on the river and harbor bill he put it still more broadly. As reported in the RECORD for August 3, page 5454, he made the following statement:

We might as well be perfectly frank about these little streams. Everybody knows it. It is not for commerce, but to help elect men to Congress. What is the use of going around the corner about that proposition? A man goes home with an appropriation for Contentnea Creek or Podunk Creek, or a public building, and he is tendered a great banquet, and leading orators pronounce him the greatest statesman we have had in modern times.

These statements, Mr. President, constitute an aspersion upon the intelligence and an indictment of the integrity of the Army engineers, of the Members of Congress in both Houses, and of the people of the United States. As to the Army engineers, without whose sanction, made after thorough surveys and investigations, no waterway project has legislative status, I commend to the Senator's attention the statement made by a gentleman of his own political faith, the distinguished leader of the minority in the House of Representatives, Mr. MANN, who is one of the ablest, sincerest, and most industrious men in Congress, and one who always makes sure of his facts. He says:

Whatever men may think about the merits of particular propositions in a bill, there is no legislation which comes before Congress which is so critically scanned by experts as are the river and harbor bills before they reach the House. . . . There are more processes involved, and far more expert men, wholly disinterested, unbiased, uncontrolled by politics, in reference to a river and harbor item than for any other legislation provided by any legislative assembly in the world. (See CONGRESSIONAL RECORD, Jan. 22, 1917, p. 1777.)

Fifty Members of the Senate and 204 Members of the House voted for the river and harbor bill. If the Senator means to charge that all of these Senators and Representatives are guilty of voting money out of the Treasury of the United States, not for commerce, but to aid in reelecting themselves to Congress, then the Congress of the United States is composed of dishonest men, for while such action may not technically violate any statute of the United States, I can see no difference morally between a Senator or a Member of Congress who votes money out of the Treasury for improper purposes in order to promote his own political fortunes and one, in Congress or out of it, who would put his hands into the pocket or the strong box of another man and extract money therefrom.

It is not my intention, Mr. President, to occupy the time of the Senate much further. I ask permission to insert as a portion of my remarks, without reading, an article entitled "The Waterways of the United States," prepared by Mr. S. A. Thompson, secretary and treasurer of the National Rivers and Harbors Congress. This consists of three tables, with explanatory notes, compiled from the reports of the Chief of Engineers and the recently enacted river and harbor bill, in which will be found a great deal of valuable information.

THE PRESIDING OFFICER. Without objection, permission is granted.

MR. RANSDELL. Table I gives, in a few lines, important facts concerning the 535 waterways and harbors included in the report of the Chief of Engineers for 1916, divided into classes according to the tonnage carried, with the tonnage and value of commerce carried by each class and the totals for all the classes. From this it appears that there were 229 water-



ways carrying less than 50,000 tons each, the aggregate tonnage for this class being 3,900,689, valued at \$142,732,347. There were 5 waterways which carried over 50,000,000 tons each, the aggregate tonnage being 368,431,468, valued at \$13,459,281,805. For all the waterways reported upon by the Chief of Engineers the freight carried during the calendar year 1915 was 936,123,661 tons, valued at \$32,947,954,545.

An explanatory note makes it plain that this is not, and does not claim to be, a statement of the separate tons of freight carried. It is the sum of the tonnage carried on all the waterways and harbors of the United States, and therefore contains a considerable number of duplications. The most extreme instance of this kind occurs in relation to the traffic between Lake Superior and Lake Erie. Iron ore, for instance, is included no less than five times—first, when it is loaded at Duluth, Superior, or Marquette; then as it passes successively through the "Soo" Canal, the St. Clair Flats Canal, and the Detroit River; and finally when it is unloaded at Cleveland, Conneaut, or Ashtabula.

Practically all the tonnage reported on the Great Lakes is recorded twice, once when it is loaded at one port and again when it is unloaded at another. But the total commerce of the ports on the Lakes can not be shown unless both receipts and shipments are included and the standard depth in the channels and harbors of the Lakes must be continuously maintained or they can not be safely used by the splendid fleet of steamships which have made the commerce of the Lakes one of the modern wonders of the world.

If there are duplications on the one hand, on the other the unavoidable omissions are many in number and important in amount, because the machinery for gathering statistics of waterborne commerce in the United States is very far from being what it ought to be. For instance, the commerce, foreign and domestic, handled at the great port of Boston undoubtedly amounted to tens of millions of tons in volume and to hundreds of millions of dollars in value, but the only figures the engineers were able to secure were those showing the value of the foreign commerce of the port. The Mystic and Malden Rivers, in Massachusetts, carried some 3,800,000 tons of freight, but for more than half of this the value could not be ascertained, and in scores of other instances the engineers state that the commercial statistics reported by them are incomplete.

In the official report on "Transportation by Water," published by the Census Bureau for 1906, attention is called to the fact that there were a very large number of small boats regularly employed and carrying in the aggregate a large and increasing traffic for which no statistics were gathered. Every one in the least familiar with the facts knows that the number of motor boats now in use is enormously greater than in 1906. I have been told that there are more than 1,000 on one waterway in my own State of Louisiana—the Bayou Terrebonne. Besides those who carry freight as a business there are large numbers of farmers who use motor boats to carry their produce to market and bring home their supplies. In short, Mr. President, the water roads are being used in the same ways as the wagon roads; every one knows that the traffic in both cases is very large, but it is a practical impossibility to get a statement of the amount. It will be seen, therefore, that the duplications in these tables are largely, if not entirely, offset by the unavoidable omissions, making the totals approximately correct.

It is entirely natural, I suppose, that our attention should be attracted to the traffic handled in the great ports and on the great waterways of the country, but we must not overlook the fact that the smaller waterways and harbors, which are scattered all over our vast territory, and which, therefore, contribute to the development and prosperity of every part of the United States, carry a traffic which in the aggregate is enormous both in volume and in value. It is shown by the tables, which I have asked permission to insert in the RECORD, that there are 289 waterways and harbors which, in 1915, carried less than 100,000 tons each, and that the total amount of freight was 8,316,820 tons, valued at \$252,968,679. What these figures really mean will be more clearly understood when I say that they are practically equal to the combined tonnage handled by Portland, Me., New Bedford and Fall River, Mass., and New London and New Haven, Conn., and to the aggregate value of the commerce of the six lake cities of Ashland, Marquette, Milwaukee, Toledo, Sandusky, and Conneaut.

There were 90 waterways and harbors, having a combined commerce of 129,482,329 tons, valued at \$4,006,237,975, which were included in the Report of the Chief of Engineers but which were not included, either directly or indirectly, in the rivers and harbors act approved on August 8. Table II, therefore, shows the same facts contained in Table I regarding the 445 waterways

which are mentioned in the rivers and harbors act, and in addition shows the really ridiculously small amount of the appropriations made in that act in proportion to the tonnage and the value of the commerce carried. For instance, the appropriation for the waterways carrying less than 50,000 tons amounted to only thirty-two and seventy-six one-hundredths cents for each ton of freight handled and to eighty-seven one-hundredths of a cent for each dollar of value. For the five waterways which carried over 50,000,000 tons of freight each the appropriation amounted to only six-tenths of a cent for each ton of freight and to one one-hundredth of a cent for each dollar of value. And for the entire 445 waterways mentioned in the rivers and harbors act the appropriation amounted, on the average, to only three and twenty-six hundredths cents for each ton of freight and to nine one-hundredths of a cent for each dollar of value.

A statement supplemental to Table II shows that if we ignore the known omissions in the statistics reported by the engineers and cut the totals absolutely in half in order to give full recognition to all possible duplications the \$27,826,150 appropriated by the rivers and harbors act amounts to only six and eighty-one one-hundredths cents for each ton of traffic and to nineteen one-hundredths of a cent for each dollar of value of the commerce carried on the waterways and harbors of the United States in the calendar year 1915.

And this, Mr. President, is the bill which the Senator from Iowa spent days in denouncing, which the senior Senator from Utah called "rotten," the junior Senator from the same State declared involved "temerity and indecency" on the part of those who asked for such appropriations, and which the senior Senator from Idaho declared "could not be characterized in parliamentary language!"

Table III, while much longer than the other two, requires no extended comment. It is the foundation on which the other two are based. It gives the name and location of all the waterways and harbors included in the Report of the Chief of Engineers for 1916, the amount and value of the commerce carried by each in the calendar year 1915, and the amounts appropriated, either for single projects or for groups of projects, in the 1917 rivers and harbors act. The grouping used in that act is shown by brackets and the projects which were omitted from the act or for which no specific appropriations were made, although they were included in a group, are indicated by asterisks.

So far as I know, Mr. President, no similar compilation of facts relating to the waterways and harbors of the United States has ever been made, and I regard it as of the greatest value, because it shows the magnitude of our water-borne commerce and how insignificant in comparison are the appropriations carried in the annual rivers and harbors bills. Transportation is important in time of peace; it is absolutely vital in time of war. Indeed, Secretary Baker says, and truly, "This is a war of transportation." Because our railroads are overtaxed, it may depend upon our waterways whether our flag shall float in victory or go down in disaster and defeat. It follows, therefore, that every one who promotes the improvement, maintenance, and utilization of our waterways is helping to win the war, while one who takes the other course is imperiling the safety of the Nation and the future of civilization.

#### APPENDIX.

##### WATERWAYS AND HARBORS OF THE UNITED STATES.

TONNAGE AND VALUE OF COMMERCE CARRIED IN THE CALENDAR YEAR 1915, AS REPORTED BY THE ARMY ENGINEERS, COMPARED WITH THE APPROPRIATIONS CONTAINED IN THE RIVERS AND HARBORS ACT OF 1917.

[Compiled by S. A. Thompson, secretary and treasurer National Rivers and Harbors Congress, Washington, D. C.]

Once in 10 years the Census Bureau publishes a special report on "Transportation by water" in the United States, the one last issued bearing date of 1908 and giving data for 1906. The Census Bureau is now engaged in securing the data for a report covering the year 1916, which will be issued some time in 1918.

In December of each year a report is issued by the Chief of Engineers, which gives in great detail the operations of the Corps of Engineers for the fiscal year ending on the preceding 30th of June, and including statements showing the tonnage and value of the commerce handled on each of the waterways and harbors of the United States during the preceding calendar year. The latest published Report of the Chief of Engineers was issued in December, 1916, and the commercial statistics given therein refer to the calendar year 1915.

In the Reports of the Chief of Engineers, and during the consideration of rivers and harbors bills in Congress as well, the hundreds of waterways in the United States are reported on or discussed separately, but no summing up is made which gives the main facts concerning all the waterways. There are few things outside the realm of mathematics as to which there is not room for an honest difference of opinion, but criticism, to be intelligent and constructive, must be based upon a knowledge of all the facts. Much of the indiscriminate and destructive criticism which has been uttered against rivers and harbors bills has been due to a failure to realize the magnitude of the interests involved and the insignificance of the appropriations made in proportion to the volume and value of the traffic carried. These facts are clearly shown in the following tables.



In Table I the 535 waterways and harbors included in the latest Report of the Chief of Engineers have been divided into nine classes according to the tonnage carried, the number of waterways in each class is stated and the volume and value of the commerce carried is given for each class separately and for all the classes combined.

TABLE I.—Waterways and harbors included in the Report of the Chief of Engineers for 1916, classified according to tonnage carried, with tonnage and value of commerce carried by each class and totals for all classes.

CALENDAR YEAR 1915.			
Number in class.	Classification.	Freight carried by each class.	
		Tons. <sup>1</sup>	Value.
229	Waterways carrying (tons): <sup>1</sup>		
60	Less than 50,000.....	3,900,689	\$142,732,347
117	50,000 to 100,000.....	4,416,131	110,236,332
39	100,000 to 500,000.....	28,093,170	594,778,450
54	500,000 to 1,000,000.....	26,630,356	799,537,182
16	1,000,000 to 5,000,000.....	121,388,087	4,370,659,484
12	5,000,000 to 10,000,000.....	115,176,299	3,805,165,962
3	10,000,000 to 25,000,000.....	173,114,093	7,690,902,260
5	25,000,000 to 50,000,000.....	94,973,398	1,974,660,723
	Over 50,000,000.....	368,431,468	13,459,281,805
535	Total.....	936,123,661	32,947,954,545

<sup>1</sup> Of 2,000 pounds.

There were 90 waterways and harbors having a combined commerce of 129,482,329 tons valued at \$4,006,237,975, which were included in the report of the Chief of Engineers, but which were not included, either directly or indirectly, in the 1917 rivers and harbors act. Table II gives the same facts with reference to the 445 waterways and harbors for which provision was made, either directly or indirectly, in the rivers and harbors act, and in addition shows, for each class with averages for all the classes, the number of tons and the value of the commerce carried for each dollar of the appropriation made, and also the amount appropriated for each ton of freight and dollar of value of the commerce carried.

TABLE II.—Waterways and harbors of the United States mentioned in the rivers and harbors act of 1917, showing tonnage and value of commerce carried by the different classes in the calendar year 1915, with totals; the appropriations for each class, and total; the number of tons, and their value, carried by each class for each dollar appropriated, with averages; and the number of cents appropriated for each ton of traffic and each dollar of value carried by the different classes, with averages, calendar year 1915.

Number of waterways.	Freight carried, net tons.	Total freight, net tons.	Value of freight carried.	Appropriations rivers and harbors act of 1917.	Each dollar appropriated represents—		Amount appropriated equals—	
					Tons.	Value.	For each ton of freight.	For each dollar of value.
197	Less than 50,000.....	3,381,119	\$126,342,349	\$1,107,800	3.05	\$114.04	Cents. 32.76	Cents. 0.87
53	50,000 to 100,000.....	3,908,952	101,972,581	390,200	10.01	261.33	9.98	.37
12	100,000 to 500,000.....	21,250,501	508,859,965	4,079,600	5.20	124.73	23.90	.80
38	500,000 to 1,000,000.....	22,638,074	770,676,524	2,066,000	10.96	373.02	9.11	.26
29	1,000,000 to 5,000,000.....	83,424,474	3,213,711,389	5,324,200	15.66	603.60	6.38	.16
15	5,000,000 to 10,000,000.....	109,420,167	3,658,079,102	7,967,150	13.73	459.14	7.28	.21
9	10,000,000 to 25,000,000.....	127,482,115	5,617,460,862	1,219,000	104.57	4,608.57	.95	.02
2	25,000,000 to 50,000,000.....	66,684,462	1,485,331,993	1,915,000	34.47	775.63	2.87	.12
5	Over 50,000,000.....	368,431,468	13,459,281,805	2,245,500	164.07	5,993.89	.60	.01
445	Total.....	806,641,332	28,941,716,570	26,314,450	<sup>1</sup> 36.12	<sup>1</sup> 1,099.84	<sup>1</sup> 3.26	<sup>1</sup> 1.09

<sup>1</sup> Average.

to market and bring back their supplies. The traffic on the waterways of the country, like the traffic on its highways, is known to every one to be enormous in volume; but it is a practical impossibility to secure exact statistics as to the tonnage. It will be seen, therefore, that the duplications in these tables are largely, if not entirely, offset by the omissions so that the totals are approximately correct.

If, however, the omissions contained in the statistics reported by the engineers are ignored entirely and the totals given are cut square in two in order to give full recognition to all possible duplications, the \$27,826,150 appropriated by the rivers and harbors act of 1917 amounts to only 6.81 cents for each ton of traffic and to less than one-fifth of a cent (nineteen one-hundredths) for each dollar of value of the commerce carried on the waterways and harbors of the United States in the calendar year 1915.

The sum of the appropriations for the different classes of waterways included in Table III is \$26,314,450, while the total of the appropriations contained in the rivers and harbors act is \$27,826,150. The following statement shows the purposes for which the difference of \$1,511,700 was appropriated.

Additional appropriations in 1917 rivers and harbors act.	
Projects for which no commerce was reported (8 new, 4 old).....	\$1,078,700
Examinations, surveys, and contingencies.....	225,000
Waterways Commission.....	100,000
Removing water hyacinths.....	30,000
Government iron pier at Lewes, Del.....	68,000
Expenses of purchase or condemnation of Cape Cod and Chesapeake and Delaware Canals.....	10,000
Total.....	1,511,700

Table III, while much longer than the other two, requires little comment. In it will be found the name and the geographical location of every waterway and harbor mentioned either in the Report of the Chief of Engineers or the rivers and harbors act, with the amount and value of the commerce carried thereon in the calendar year 1915. The grouping of projects in the rivers and harbors act is shown by brackets and the asterisks indicate projects for which no appropriation was made.

It should be clearly understood that the totals of tonnage stated in these tables is not, and does not claim to be, a statement of the separate tons of freight handled. They represent the sum of the tonnage reported by the engineers on the different waterways and harbors of the United States, and, because of the conditions under which they are gathered, they involve both duplications and omissions.

The most extreme instance of duplication occurs in relation to the traffic between Lake Superior and Lake Erie. Iron ore, for instance, is included no less than five times. First, when it is loaded at Duluth, Superior, or Marquette; then as it passes successively through the "Soo" Canal, the St. Clair Flats Canal, and the Detroit River; and finally when it is unloaded at Cleveland, Conneaut, or Ashtabula. Practically all the tonnage reported on the Great Lakes is recorded twice—once when it is loaded at one port, and again when it is unloaded at another. But the total commerce of the ports on the Great Lakes can not be shown unless the receipts and the shipments are both included, and the standard depth in the channels and harbors of the Lakes must be continuously maintained or they can not be safely used by the great steamships in which the commerce of the Lakes is carried.

If there are duplications on the one hand, on the other the unavoidable omissions are many in number and important in amount, because the machinery for gathering statistics of water-borne commerce in the United States is very far from being what it ought to be. For instance, the commerce, foreign and domestic, handled at the great port of Boston undoubtedly amounted to tens of millions of tons in volume and to hundreds of millions of dollars in value; but the only figures the engineers were able to secure were those showing the value of the foreign commerce of the port. The Mystic and Malden Rivers, in Massachusetts, carried some 3,800,000 tons of freight, but for more than half of this the value could not be ascertained, and in scores of other instances the engineers state that the commercial statistics reported by them are incomplete.

In the official report on Transportation by Water, published by the Census Bureau for the year 1906, it is said:

"The limitation of the census to vessels of 5 tons or over results in the exclusion of a large number of steam, gasoline, and electric launches engaged in the regular freight and passenger traffic on the lakes, bays, and rivers of the country. The number of these small vessels has increased very rapidly during recent years, and their aggregate annual business has now assumed considerable proportions."

Every one in the least familiar with the facts knows that the number of motor boats now in use is vastly greater than it was in 1906. Not only are they regularly used in carrying freight and passengers for hire, but there are many farmers who use motor boats to carry their produce

TABLE III.—Name and location of the waterways and harbors of the United States, volume and value of commerce handled in 1915, compared with appropriations in the rivers and harbors act of 1917.

Name and location of improvement.	Commerce for 1915.		Appropriation in 1917 rivers and harbors bill.	
	Freight, net tons.	Estimated value.		
MAINE.				
*St. Croix River.....	146,754	\$1,872,889	Completing improvement, \$300,000.	
*Bar Harbor.....	39,455	1,440,965		
*Bass Harbor.....				
*Deer Island Thoroughfare.....				
*Penobscot River.....	432,436	4,984,022		
*Rockland Harbor.....	552,132	13,842,067		
*Thomaston Harbor.....	13,188	250,000		
*Kennebec River.....	275,960	3,515,500		
Portland Harbor.....	2,990,076	145,884,161		
*Saco River.....	65,708	325,000		
Total.....	4,515,699	172,114,604		
MAINE AND NEW HAMPSHIRE.				
*Isles of Shoals Harbor.....	2,225	56,175	For maintenance, \$24,000.	
NEW HAMPSHIRE.				
*Portsmouth Harbor.....	490,447	2,475,675		
MASSACHUSETTS.				
*Newburyport Harbor.....	174,887	962,480		
*Merrimack River.....	89,529	530,655		
*Sandy Bay Harbor of Refuge.....				
*Gloucester Harbor.....	275,757	3,340,334		
*Beverly Harbor.....	473,455	3,439,674		
*Salem Harbor.....	97,378	281,030		

[For footnotes see end of table.]



TABLE III.—Name and location of the waterways and harbors of the United States, etc.—Continued.

Name and location of improvement.	Commerce for 1915.		Appropriation in 1917 rivers and harbors bill.	
	Freight, net tons.	Estimated value.		
MASSACHUSETTS—continued.				
*Lynn Harbor.....	385,761	\$1,539,199	For maintenance, \$24,000.	
*Mystic and Malden Rivers.....	3,784,789	1,960,089		
*Dorchester Bay and Neponset River.....	181,250	1,109,816		
*Weymouth Fore River.....	148,149	976,695		
*Weymouth Back River.....	206,323	4,616,218		
*Plymouth Harbor.....	37,103	214,992		
*Provincetown Harbor.....				
*Boston Harbor.....		289,927,436		
*Chelsea Creek.....	385,982	6,267,640		
*Fort Point Channel.....	1,356,087	19,574,769		
*Pollock Rip Shoals.....				
*Hyannis Harbor.....	3,891	86,783		
*Nantucket Harbor.....	45,836	1,968,137		
*Woods Hole Channel.....	59,925	3,714,068		
*Woods Hole Harbor.....	18,265	596,956		
*Woods Hole Strait.....	41,660	3,117,112		
*New Bedford and Fairhaven Harbors.....	1,626,226	52,408,202		
*Taunton River.....	107,968	454,011		
*Fall River Harbor.....	1,393,654	57,838,257		
Total.....	18,393,875	462,924,553		
RHODE ISLAND.				
*Pawtucket River.....	458,362	5,677,875		
*Providence River and Harbor.....	3,739,546	290,654,307		
*Newport Harbor.....	223,174	5,761,963		
*Point Judith Harbor of Refuge.....				
*Entrance to Point Judith Pond.....				
*Block Island Harbor of Refuge.....	5,976	236,986		
*Great Salt Pond.....	9,680	600,656		
Total.....	4,436,738	302,931,787		
RHODE ISLAND AND CONNECTICUT.				
Pawcatuck River.....	39,073	494,752	For maintenance, \$10,000.	
CONNECTICUT.				
*Stonington Harbor of Refuge.....			New London Harbor, completing improvement, \$160,000.	
*Mystic River.....	49,668	144,412		
*New London Harbor.....	786,551	117,779,117	For improvement and maintenance, \$70,100.	
*Thames River.....	389,161	9,646,479		
*Connecticut River.....	641,562	39,835,837		
*Duck Island Harbor of Refuge.....			For maintenance, \$71,000.	
*Branford Harbor.....	32,227	145,503		
*New Haven Harbor.....	1,792,856	99,561,097		
*Milford Harbor.....	13,312	68,325		
*Housatonic River.....	141,583	1,549,338		
*Bridgeport Harbor.....	1,135,623	71,061,781		
*Norwalk Harbor.....	237,391	33,174,097		
*Fivemile River Harbor.....	2,498	31,399		
*Stamford Harbor.....	356,768	17,843,810		
*Southport Harbor.....	20	1,200		
*Greenwich Harbor.....	96,632	2,656,780		
*Westport Harbor and Saugatuck River.....	6,033	25,557		
Total.....	5,681,885	393,525,032		
VERMONT.				
*Burlington Harbor.....	23,284	2,219,900		For maintenance, \$5,000.
*St. Albans Harbor.....	444	32,000		
Total.....	23,728	2,251,900	Narrows of Lake Champlain, for improvement \$300,000.	
NEW YORK AND VERMONT.				
Narrows of Lake Champlain.....	437,791	5,425,524	Port Henry Harbor, completing improvement, \$71,500.	
NEW YORK.				
*Plattsburg Harbor.....	6,808	971,250	East Chester Creek, completing improvement, \$11,000.	
*Port Henry Harbor.....				
*Port Chester Harbor.....	206,556	9,976,999		
*Mamaroneck Harbor.....	57,583	1,132,866		
*Echo Bay Harbor.....	104,518	2,042,530		
*East Chester Creek.....	4,139,798	4,776,331		
*Westchester Creek.....	4,220,912	4,498,393		
*Bronx River.....	1,164,090	1,732,725		
*Saugerties Harbor.....	94,758	2,279,350		
*Rondout Harbor.....	369,019	2,402,190		
*Peekskill Harbor.....	152,854	3,777,619		
*Tarrytown Harbor.....	102,251	1,637,341		
*Wappinger Creek.....	43,315	5,259,423		
*Port Jefferson Harbor.....	20,746	1,132,325		
*Mattituck Harbor.....	1,312	4,875		
*Huntington Harbor.....	42,863	260,722		
*Hempstead Harbor.....	3,644,716	1,687,441	For maintenance, \$3,500.	
*Great South Bay.....	18,434	132,884		
*Browns Creek.....	8,998	97,375		
*Hudson River.....	3,211,739	59,197,000		
*Lock at Troy.....	332,213	5,691,100		
Total.....	8,418,683	97,683,290		

[For footnotes see end of table.]

TABLE III.—Name and location of the waterways and harbors of the United States, etc.—Continued.

Name and location of improvement.	Commerce for 1915.		Appropriation in 1917 rivers and harbors bill.
	Freight, net tons.	Estimated value.	
NEW YORK BAY AND HARBOR.			
Ambrose, Main Ship, and Gedney Channels. *	17,885,893	\$2,216,337,518	New York Harbor: For maintenance of entrance channels and improvement of upper bay, \$40,000.
Bay Ridge and Red Hook Channels.	10,416,118	520,805,900	
Coney Island Channel.....	750,867	7,049,795	For improvement, \$810,500.
Hudson River Channel.....	63,458,291	6,410,144,119	
East River and Hell Gate.....	74,178,177	4,192,206,408	For a 40-foot channel, \$1,250,000.
*Wallabout Channel.....	1,245,689	15,660,163	
*Gowanus Creek Channel.....	658,000	354,000	
*Harlem River.....	15,096,169	1,538,506,583	
*Newtown Creek.....	5,756,102	147,086,860	
*Flushing Bay.....	677,460	1,006,295	
*Jamaica Bay.....	750,867	7,049,795	
*Sheepshead Bay.....	11,654	82,758	
*Staten Island Sound.....	28,288,936	489,328,730	New project, \$50,000.
Channel between Staten Island and Hoffman and Swinburne Islands.			
Total.....	\$220,699,023	\$15,548,626,371	
NEW JERSEY.			
*Newark Bay and Passaic River.....	4,240,297	97,098,474	
*Hackensack River.....	795,563	2,731,544	
Woodbridge Creek.....	67,610	305,740	
Raritan Bay.....	10,137,890	137,298,379	
Keyport Harbor.....	59,790	1,855,003	
*Matawan Creek.....	11,974	44,603	
*Raritan River.....	1,102,594	69,156,343	For maintenance, \$58,000.
*South River.....	111,226	513,461	
*Elizabeth River.....	28,383	691,027	
*Shoal Harbor and Compton Creek.....	20,598	523,560	
*Cheesapeake Creek.....	23,402	158,437	
Shrewsbury River.....	141,012	3,993,348	
Cooper River.....	237,099	3,415,845	
Woodbury Creek.....	11,270	38,390	
*Mantua Creek.....	145,352	1,731,320	For maintenance, \$23,000.
Raccoon Creek.....	89,638	844,290	
Oldmans Creek.....	60,438	423,875	Maurice River, for improvement and maintenance, \$25,000.
*Salem River.....	73,980	1,829,608	
Alloway Creek.....	19,343	939,015	
Cohansey River.....	63,802	898,472	
Maurice River.....	195,160	1,519,598	
*Cold Spring Inlet.....			
Absecon Inlet.....	5,237	3,025,105	For maintenance, \$35,000.
*Absecon Creek.....	3,699	115,010	
Tuckerton Creek.....	21,997	901,929	
*Toms River.....	4,997	30,750	
Total.....	17,672,351	330,083,126	
NEW JERSEY AND PENNSYLVANIA.			
Delaware River: At Trenton to Philadelphia ..	1,782,422	16,196,779	For maintenance, \$40,000.
NEW JERSEY, PENNSYLVANIA, AND DELAWARE.			
Delaware River: Philadelphia to the sea....	26,189,790	1,116,529,839	For improvement and maintenance, \$1,870,000.
Total, Delaware River..	27,972,212	1,132,726,618	
PENNSYLVANIA.			
*Marcus Hook, ice harbor....	7,400	2,110,000	New project, \$300,000.
Schuylkill River.....			
DELAWARE.			
Harbor of refuge, Delaware Bay.....			
Wilmington Harbor.....	389,713	93,695,494	
Government iron pier, near Lewes.....			For maintenance and repair, \$68,000.
*Appoquinimink River.....	\$29,775	\$1,422,425	
Murderkill River.....	32,945	1,012,955	
Mispillion River.....	31,778	1,014,346	
*Smyrna River.....	18,580	470,418	
*Leipsic River.....	12,462	248,020	For maintenance, \$30,000.
*Little River.....	5,889	107,047	
*St. Jones River.....	7,063	171,480	
Broadkill River.....	5,879	91,915	
Waterway between Rehoboth Bay and Delaware Bay.	13,055	303,239	For improvement and maintenance, \$50,000.
Total.....	547,739	98,537,339	

[For footnotes see end of table.]



TABLE III.—Name and location of the waterways and harbors of the United States, etc.—Continued.

Name and location of improvement.	Commerce for 1915.		Appropriation in 1917 rivers and harbors bill.
	Freight, net tons.	Estimated value.	
DELAWARE, MARYLAND, AND VIRGINIA.			
Waterway from Delaware Bay to Chincoteague Bay.	10,601	\$247,568	For maintenance, \$1,000.
MARYLAND.			
*Susquehanna River.....	200,990	1,944,605	For maintenance and improvement, \$354,000.
Baltimore Harbor and Channels.	15,762,942	452,040,202	
*Rockhall Harbor.....	18,096	514,630	For maintenance, \$15,800.
Queenstown Harbor.....	18,670	323,907	
Chesapeake Harbor.....	21,300	1,502,780	For maintenance, \$15,800.
*Tilghman Island Harbor.....	19,546	499,820	
*Cambridge Harbor.....	87,384	1,631,616	For maintenance, \$15,800.
*Crisfield Harbor.....	357,335	5,197,650	
*Elk and Little Elk Rivers.....	44,933	168,376	For maintenance, \$15,800.
*Chester River.....	40,932	983,960	
Corsica River.....	44,300	642,600	For maintenance, \$15,800.
*Choptank River.....	49,686	2,540,465	
*Tuckahoe River.....	2,208	171,415	For maintenance, \$15,800.
*Warwick River.....	8,541	383,670	
*La Trappe River.....	6,949	340,750	For maintenance, \$15,800.
*Tred Avon River.....	25,872	938,060	
*Wicomico River.....	96,253	2,717,635	For maintenance, \$15,800.
*Manokin River.....	28,623	561,350	
*Pocomoke River.....	34,653	1,137,390	For maintenance, \$15,800.
*Slaughter Creek.....	22,800	1,156,356	
*Tussock Creek.....	6,334	194,440	For maintenance, \$15,800.
*Broad Creek.....	13,503	314,300	
*Twitch Cove and Big Thoroughfare River.....	5,237	181,065	For maintenance, \$15,800.
Lower Thoroughfare, Deal Island.....	13,580	218,430	
Total.....	16,927,567	476,303,436	
DELAWARE AND MARYLAND.			
*Nanticoke River.....	38,341	1,287,525	For maintenance, \$15,800.
*N.W. Fork Nanticoke River.....	13,268	299,605	
DELAWARE.			
*Broad Creek River.....	37,141	312,845	
DISTRICT OF COLUMBIA.			
*Anacostia River.....	277,787	19,430,232	For maintenance, \$30,000.
Potomac River, at Washington.	741,170	10,138,231	
MARYLAND.			
Potomac River, at Lower Cedar Point.....	2,698	141,400	For maintenance, \$30,000.
VIRGINIA.			
*Potomac River, at Alexandria.....	138,660	3,121,869	For improvement, \$900,000.
*Occoquan Creek.....	57,739	259,351	
*Aquia Creek.....	11,424	79,020	For maintenance, \$15,000.
*Upper Machodoc Creek.....	11,528	215,655	
*Nomin Creek.....	18,928	451,831	For maintenance, \$15,000.
Norfolk Harbor and channels.....	21,712,166	2,042,335,814	
Channel to Newport News.....	7,327,932	438,965,405	For maintenance, \$15,000.
Rappahannock River.....	233,161	6,458,344	
Mattaponi River.....	52,737	811,030	For maintenance, \$15,000.
Pamunkey River.....	47,004	212,343	
*Urbana Creek.....	16,527	339,861	For maintenance, \$15,000.
*Milford Haven Harbor.....	7,933	402,210	
James River.....	526,468	51,899,841	For maintenance, \$26,000.
Nansemond River.....	50,351	570,738	
*Pagan River.....	49,194	12,089,700	Continuing improvement of James River, \$46,000.
Appomattox River.....	46,800	3,318,908	
*Thimble Shoals Channel.....	4,333,494	264,197,082	For maintenance, \$2,600.
*Cape Charles City Harbor.....	3,093,388	203,418,929	
*Waterway on the coast of Virginia.....	32,262	63,962	For maintenance, \$2,600.
*Onancock River.....	21,046	1,640,525	
*Blackwater River.....	3,622	337,880	For maintenance, \$2,600.
Total.....	37,792,164	3,031,190,298	
NORTH CAROLINA.			
*Meherrin River.....	10 23,836	10 1,354,428	For maintenance, \$2,600.
Roanoke River.....	10 88,295	10 2,226,858	
VIRGINIA AND NORTH CAROLINA.			
Waterway, Norfolk to Beaufort Inlet.....	158,644	4,316,776	For improvement, \$100,000.
*Waterway, Norfolk to North Carolina Sounds.....	413,679	10,310,650	

[For footnotes see end of table.]

TABLE III.—Name and location of the waterways and harbors of the United States, etc.—Continued.

Name and location of improvement.	Commerce for 1915.		Appropriation in 1917 rivers and harbors bill.
	Freight, net tons.	Estimated value.	
NORTH CAROLINA.			
Manteo Bay.....	12,110	\$557,551	For maintenance, \$15,500.
Scuppernon River.....	9,448	389,478	
Pamlico and Tar Rivers.....	286,716	3,937,502	For maintenance, \$15,500.
*South River.....	34,643	219,932	
*Bay River.....	18,746	399,143	For maintenance, \$15,500.
Neuse River.....	429,590	6,240,511	
Trent River.....	183,611	3,578,289	For maintenance, \$15,500.
*Fishing Creek.....	2,450	34,926	
Contentnea Creek.....	9,607	146,975	For maintenance, \$15,500.
*Swift Creek.....	15,572	111,826	
*Smith's Creek.....	5,896	145,928	For maintenance, \$15,500.
*Waterway from Swan Quarter Bay to Deep Bay.....	12,726	473,181	
*Cape Lookout Harbor of Refuge.....			For maintenance, \$35,500.
Waterway from Pamlico Sound to Beaufort Inlet.....	140,093	2,162,199	
Beaufort Harbor.....	169,712	2,948,604	For maintenance, \$35,500.
Morehead City Harbor.....	12,363	678,606	
*Waterway connecting Core Sound and Beaufort Harbor.....	13,452	382,936	For maintenance, \$35,500.
Beaufort Inlet.....	119,585	1,112,937	
Inland waterway from Beaufort to Jacksonville, N. C.....			For maintenance, \$35,500.
*Beaufort to Swansboro.....	40,320	563,133	
*Swansboro to New River.....	13,013	190,155	For maintenance, \$35,500.
*Swansboro to Jacksonville.....	30,613	216,543	
Northeast River.....	68,116	1,263,962	For maintenance, \$35,500.
Black River.....	22,534	312,255	
Cape Fear River.....			Cape Fear River below Wilmington, completing improvement, \$35,000.
*Above Wilmington.....	100,030	1,675,002	
*At and below Wilmington.....	709,570	46,638,404	
*Charlotte River.....	6,290	308,762	
Total.....	11 2,578,927	11 78,270,026	
SOUTH CAROLINA.			
Charleston Harbor and channels, including Ashley River.....	2,314,250	222,881,814	For maintenance, \$50,000.
Winyah Bay.....	183,746	4,900,821	For improvement, \$70,000.
*Waccamaw River.....	83,648	1,203,570	For maintenance, \$70,000.
*Little Pedee River.....	1,442	72,703	For maintenance, \$70,000.
Great Pedee River.....	15,758	446,956	Congaree River, for maintenance and improvement, \$80,000.
*Santee River and Estherville-Minim Creek Canal.....	25,376	770,902	
*Wateree River.....			Congaree River, for maintenance and improvement, \$80,000.
Congaree River.....	4,324	656,560	
*Inland waterway from Charleston to Alligator Creek.....	10,818	425,307	
Total.....	2,639,362	231,358,633	
SOUTH CAROLINA, GEORGIA, AND FLORIDA.			
Waterway from Beaufort, S. C. to St. Johns River, Fla.....			For improvement and maintenance, \$43,000.
Beaufort to Savannah.....	62,496	2,712,693	
Savannah to Fernandina.....	157,932	3,000,627	For improvement and maintenance, \$43,000.
*Fernandina to St. Johns River.....	58,187	263,290	
Total.....	278,615	5,976,610	
GEORGIA.			
Savannah Harbor.....	2,890,130	420,088,304	For maintenance, \$380,000.
Savannah River.....			Savannah Harbor, for improvement, \$500,000.
*Above Augusta.....	8,643	77,182	
Below Augusta.....	52,874	4,147,135	For maintenance, \$33,250.
Brunswick Harbor.....	500,911	44,675,521	
Altamaha River.....	76,763	967,205	For maintenance and improvement, \$40,000.
Oconee River.....	41,925	484,091	
Ocmulgee River.....	33,645	1,127,556	For maintenance and improvement, \$40,000.
*Sapelo Harbor.....	7,660	58,955	
Darien Harbor.....	50,373	908,782	For maintenance and improvement, \$40,000.
*Cowhead River.....	483	34,360	
Satilla River.....	67,398	723,447	For maintenance, \$12,500.
*Club and Plantation Creeks.....	30,067	316,256	
Fancy Bluff Creek.....	2,513	84,882	
Total.....	3,793,385	473,692,676	
GEORGIA AND FLORIDA.			
St. Marys River.....	100,894	1,139,717	
FLORIDA.			
*Fernandina Harbor.....	161,143	2,732,197	For maintenance, \$335,000.
St. Johns River.....			
Jacksonville to the ocean.....	2,313,446	61,022,944	For maintenance, \$335,000.
*Opposite Jacksonville.....	1,385,434	45,141,912	
*Jacksonville to Palatka.....	167,498	3,469,822	For maintenance, \$335,000.
*Palatka to Lake Harney.....	151,487	2,663,596	

[For footnotes see end of table.]



TABLE III.—Name and location of the waterways and harbors of the United States, etc.—Continued.

Name and location of improvement.	Commerce for 1915.		Appropriation in 1917 rivers and harbors bill.
	Freight, net tons.	Estimated value.	
FLORIDA—continued.			
*Lake Crescent and Dunns Creek.....	19,310	\$260,682	For maintenance, \$335,000.
Oklawaha River.....	29,393	234,786	
Indian River.....	36,966	1,974,239	For maintenance, \$6,000.
*St. Lucie Inlet.....	388,812	4,746,689	
*Miami Harbor.....	1,069,177	27,808,195	Miami Harbor, completing improvement, \$160,000.
*Key West Harbor.....			
Kissimmee River.....	73,565	1,164,045	For maintenance, \$11,000.
Caloosahatchee River.....	69,340	1,980,014	
*Orange River.....	3,490	143,300	For maintenance, \$77,500.
Anclote River.....	11,269	990,729	
*Crystal River.....	2,141	81,430	Hillsboro Bay, for improvement, \$300,000.
*Withlacoochee River.....	20,789	195,186	
Suwanee River.....	7,685	139,525	For maintenance, \$11,000.
*Charlotte Harbor.....	347,368	2,149,358	
*Sarasota Bay.....	8,554	585,088	For maintenance, \$77,500.
*Clearwater Harbor and Boca Ciega Bay.....	3,208	166,444	
Tampa Bay.....	1,829,540	44,319,230	Apalachicola and Chipola Rivers, for improvement, \$18,000.
Hillsboro Bay.....	1,251,027	34,699,112	
St. Petersburg Harbor.....	16,486	679,623	For maintenance, \$9,500.
*Hillsboro River.....	393,077	6,756,533	
Manatee River.....	41,829	1,277,089	Continuing improvement and for maintenance, \$50,000.
*Carrabelle Bar and Harbor.....	14,851	940,015	
Apalachicola Bay.....	22,947	1,462,948	For maintenance, \$30,000.
*St. Josephs Bay.....	3,438	48,051	
St. Andrews Bay.....	130,479	3,355,902	For maintenance, \$10,000.
Apalachicola River.....	94,418	7,802,535	
Chipola River.....	10,419	428,695	For improvement and maintenance, \$113,000.
Channel from Apalachicola River to St. Andrews Bay.....	775	4,588	
Total.....	12 11,151,821	13 287,317,400	
GEORGIA.			
*Flint River.....			For maintenance, \$9,500.
GEORGIA AND ALABAMA.	23,003	1,096,848	
*Chattahoochee River.....	70,105	7,809,299	Continuing improvement and for maintenance, \$50,000.
FLORIDA.	13 14,477	13 787,508	
Holmes River.....	13 131,118	13 2,048,353	For maintenance, \$9,500.
*Blackwater River.....	13 55,699	13 2,461,173	
*Narrows in Santa Rosa Sound.....	13 871,166	13 23,095,884	Continuing improvement and for maintenance, \$50,000.
*Pensacola Harbor.....			
FLORIDA AND ALABAMA.	30,466	1,019,627	For maintenance, \$30,000.
Choctawhatchee River.....	85,000	850,000	
Escambia and Conecuh Rivers.....			For maintenance, \$10,000.
ALABAMA.			
Mobile Harbor.....	1,579,804	46,440,771	For maintenance, \$5,000.
*Mobile Bay.....	976,286	29,154,704	
Channel connecting Mobile Bay and Mississippi Sound.....	82,744	998,947	Continuing improvement and for maintenance, \$50,000.
*Black Warrior and Tombigbee Rivers.....	466,812	4,004,241	
Alabama River.....	76,417	3,831,064	For maintenance, \$30,000.
Total.....	3,182,063	84,429,727	
ALABAMA AND GEORGIA.	49,074	1,955,737	For maintenance, \$10,000.
*Coosa River.....			
ALABAMA AND MISSISSIPPI.	260,092	3,060,052	For maintenance, \$30,000.
Tombigbee River: From mouth to Demopolis.....	34,233	461,752	
Demopolis to Walkers Bridge.....			For improvement and maintenance, \$80,000.
MISSISSIPPI.	102,851	910,570	
Pascagoula Harbor and channels.....	114,600	401,200	For maintenance, \$10,000.
*Leaf River.....	71,800	168,500	
*Chickasaw River.....	123,090	601,050	For maintenance, \$10,000.
Pascagoula River.....	36,656	1,065,605	
*Wolf and Jordan Rivers.....	30,650	155,048	For improvement and maintenance, \$80,000.
*Pearl River.....	85,162	706,775	
East Pearl River.....	54,512	573,917	For maintenance, \$20,000.
*Biloxi Harbor.....	490,079	5,470,303	
Gulphort Harbor and Ship Island Pass.....	84,858	3,183,603	For maintenance, \$20,000.
Yazoo River.....	59,439	2,311,489	
Tallahatchie and Coldwater Rivers.....	57,410	1,094,683	For maintenance, \$20,000.
Big-Sunflower River.....	744	35,902	
*Tchula Lake.....	2,286	42,781	For maintenance, \$20,000.
*Steele and Washington Bayous and Lake Washington.....	2,850	24,628	
*Bear Creek.....			
Total.....	1,317,587	17,346,054	

[For footnotes see end of table.]

TABLE III.—Name and location of the waterways and harbors of the United States, etc.—Continued.

Name and location of improvement.	Commerce for 1915.		Appropriation in 1917 rivers and harbors bill.
	Freight, net tons.	Estimated value.	
LOUISIANA.			
Passes at the mouth of the Mississippi River.....	6,536,132	\$368,825,630	For improvement and maintenance, \$1,825,000.
*Bayou La Fourche.....	242,167	4,079,114	For maintenance, \$64,000.
Bayou Terrebonne.....	158,841	3,578,182	
Bayou Grosstete.....	142,344	650,808	
Bayou Plaquemine, Grand River, and Pigeon Bayous.....	738,142	8,085,899	
*Plaquemine Lock.....	99,746	2,424,441	
Bayou Teche.....	510,695	6,091,468	For maintenance, \$7,000.
*Keystone Lock, Bayou Teche.....	5,106	59,401	
Waterway from the Mississippi River to the Sabine River: Franklin-Mermentau section.....	4,485	275,094	Completing Mermentau-Sabine section, \$230,000 (provided local interests contribute an equal amount).
Mermentau-Calcasieu section.....			
Calcasieu-Sabine section.....	14,308	601,122	For maintenance, \$4,000.
*Schooner Bayou Lock.....	1,145	148,015	
Lake Pontchartrain.....	491,364	5,172,532	Lake Pontchartrain, completing improvement, \$32,000.
*Pass Manchac.....	37,268	930,912	
Chefunte River and Bogue Falls.....	283,298	1,470,795	For maintenance, \$20,000.
Tieklaw River and tributaries.....	42,684	438,689	
Amite River and Bayou Manchac.....	84,201	1,367,075	For improvement and maintenance, \$51,000.
Atchafalaya River.....	558,510	4,254,050	
*Atchafalaya Bay Ship Channel.....	39,561	563,104	For maintenance, \$110,000.
Bayou Vermilion.....	21,208	268,954	
Mermentau River and tributaries.....	23,935	916,645	Sabine Pass and Port Arthur Canal, for improvement, \$300,000.
*Bayou des Cannes.....	7,216	65,164	
Bayou Plaquemine Brule.....	6,916	69,753	For maintenance, \$65,000.
*Bayou Queue Tortue.....	5,259	78,854	
Calcasieu River and Pass.....	695,431	3,687,473	For maintenance, \$110,000.
*Johnsons Bayou.....	2,269	111,192	
Total.....	14 10,785,454	14 415,687,656	
TEXAS.			
Sabine Pass.....	15 6,001,885	15 100,524,639	For maintenance, \$300,000.
Port Arthur Canal.....	15 4,533,864	15 77,765,725	
Sabine-Neches Canal.....	15 543,157	15 4,723,692	For maintenance, \$300,000.
*Sabine River.....	15 541,260	15 3,876,957	
*Neches River.....	15 295,985	15 1,843,407	
LOUISIANA.			
*Boeuf River.....	16 5,390	16 571,036	For maintenance, \$65,000.
*Tensas River and Bayou Macon.....	16 2,802	16 71,699	
*Bayous D'Arbonne and Corney.....	16 25,031	16 830,555	For maintenance, \$65,000.
ARKANSAS AND LOUISIANA.			
Red River, below Fulton.....	17 27,325	17 1,895,867	For maintenance, \$65,000.
Ouachita and Black Rivers.....	17 97,451	17 2,108,146	
*Bayou Bartholomew.....	17 1,150	17 2,675	For maintenance, \$65,000.
ARKANSAS.			
*Saline River.....	17 2,550	17 18,750	For maintenance, \$65,000.
ARKANSAS AND TEXAS.			
*Red River above Fulton.....	1,264	4,280	For maintenance, \$5,000.
*Sulphur River.....			
LOUISIANA AND TEXAS.	11,444	641,361	For maintenance, \$5,000.
Cypress Bayou and Waterway from Jefferson, Tex., to Shreveport.....			
TEXAS.			
Galveston Harbor.....	6,231,575	575,170,302	For maintenance, \$480,000.
Galveston Channel.....	5,336,889	510,744,587	
Texas City Channel.....	309,789	41,468,434	For maintenance, \$480,000.
Port Bolivar Channel.....	182,450	7,559,765	
Houston Ship Channel.....	1,656,347	31,406,916	For maintenance, \$480,000.
Anahuac Channel.....	21,128	510,082	
Double Bayou.....	5,853	316,792	For maintenance, \$480,000.
*Mouth of Trinity River.....	5,337	171,263	
Turtle Bayou.....	15,791	338,819	For maintenance, \$480,000.
Cedar Bayou.....	96,310	1,339,400	
Clear Creek.....	8,570	26,898	For maintenance, \$480,000.
*Dickinson Bayou.....	1,391	3,474	
Chocolate Bayou.....			For maintenance, \$480,000.
*Bastrop Bayou.....	5,730	219,789	
Oyster Creek.....			For maintenance, \$480,000.
Port Aransas.....	120,389	3,053,072	
			For improvement and maintenance, \$100,000.

[For footnotes see end of table.]



TABLE III.—Name and location of the waterways and harbors of the United States, etc.—Continued.

Name and location of improvement.	Commerce for 1915.		Appropriation in 1917 rivers and harbors bill.
	Freight, net tons.	Estimated value.	
TEXAS—continued.			
Inland Waterway from Galveston to Corpus Christi:			
West Galveston to Brazos River.			
Brazos River to Matagorda Bay.	9,064	\$1,054,150	
Pass Cavallo to Aransas Pass.	3,032	181,356	
*Guadalupe River to Victoria.	63,110	36,040	
Aransas Pass to Corpus Christi.	26,803	2,479,358	
*Channel from Pass Cavallo to Port Lavaca.			
Freeport Harbor.....	149,335	5,746,466	For maintenance, \$86,000; for improvement, \$150,000.
*Brazos River.....			
*Trinity River.....	6,816	130,433	
Total.....	18 26,171,880	101,370,691,866	
ARKANSAS AND OKLAHOMA.			
Arkansas River.....	39,966	800,868	For maintenance, \$35,000.
ARKANSAS AND MISSOURI.			
Black River.....	128,262	467,199	
Current River.....	6,371	31,855	
ARKANSAS.			
White River.....	165,230	838,414	
*Lock No. 2, Upper White River	8,232	39,688	
St. Francis and L'Anguille Rivers and Blackfish Bayou.	146,442	462,500	
*Cache River.....	36,423	78,903	
INTERSTATE RIVERS.			
Mississippi River:			
*Reservoirs at headwaters.			
Mississippi and Leech Rivers, Minn.	238,000	916,000	For maintenance, \$2,000.
Brainard to Grand Rapids, Minn.	366,700	1,473,000	Improvement of Mississippi and Leech Rivers, \$50,000.
Minneapolis to Missouri River.	10 1,883,668	52,785,118	For maintenance and improvement, \$1,200,000.
Missouri River to Ohio River:			
Freight traffic.....	258,501	14,013,520	
Ferry traffic.....	4,107,957	39,043,344	
Sand barged.....	532,738	136,465	
Government materials	128,119	212,615	
*Cairo to Memphis.....	2,193,026	Not reported.	Note.—Appropriations for the lower Mississippi are now made in the sundry civil bill.
*Memphis to Vicksburg.....	2,198,814	do.	
*Vicksburg to New Orleans	2,712,022	do.	
Missouri River:			
Fort Benton to Sioux City.	17,976	642,090	For maintenance, \$50,000.
Sioux City to Kansas City.	101,822	55,774	For maintenance, \$35,000.
Kansas City to the mouth.	216,490	7,516,373	For improvement and maintenance \$1,000,000.
Ohio River:			
Through locks and open river.	7,346,353	50,906,170	
Ferry traffic.....	1,926,826	137,604,744	For improvement, \$5,000,000.
MINNESOTA.			
*Minnesota River.....			
Warroad Harbor and River...	12,290	373,120	
Zippel Bay, Lake of the Woods	775	81,500	
MINNESOTA AND NORTH DAKOTA.			
*Red River of the North.....	125	10,000	For maintenance, \$3,000.
MINNESOTA AND SOUTH DAKOTA.			
*Lake Traverse.....	10,000	307,423	
MINNESOTA AND WISCONSIN.			
*St. Croix River.....	7,172	141,000	
ILLINOIS.			
*Galena River.....	6,762	33,810	
*Illinois and Mississippi Canal.	32,276	96,823	

[For footnotes see end of table.]

TABLE III.—Name and location of the waterways and harbors of the United States, etc.—Continued.

Name and location of improvement.	Commerce for 1915.		Appropriation in 1917 rivers and harbors bill.
	Freight, net tons.	Estimated value.	
MISSOURI.			
Osage River.....	22,083	\$330,999	For improvement and maintenance, \$20,000.
Gasconade River.....	22,037	340,876	
KANSAS.			
Kansas River.....			New project. For improvement, \$10,000, provided local interests contribute \$70,000.
PENNSYLVANIA.			
*Allegheny River:			
Above Natrona.....	278,870	227,434	
Below Natrona.....	1,899,654	5,066,148	
*Youghiogheny River.....	174,001	206,758	
Pittsburgh Harbor.....	12,622,955	28,169,463	For maintenance, \$5,000.
PENNSYLVANIA AND WEST VIRGINIA.			
*Monongahela River.....	11,815,085	28,979,879	
WEST VIRGINIA.			
*Little Kanawha River.....	86,169	3,276,670	
*Kanawha River.....	1,351,902	3,706,569	
OHIO.			
*Muskingum River.....	114,632	1,053,615	
INDIANA.			
*Wabash River.....	452	17,518	
WEST VIRGINIA AND KENTUCKY.			
*Big Sandy River, including Tug and Levisa Forks.	152,139	1,520,501	
KENTUCKY.			
*Kentucky River.....	208,766	2,634,328	
*Green and Barren Rivers.....	189,672	4,125,672	
*Rough River.....	12,504	139,254	
TENNESSEE.			
*French Broad and Little Pigeon Rivers.	8,866	322,686	
*Clinch River.....	5,291	53,910	
TENNESSEE AND KENTUCKY.			
Cumberland River:			
Above Nashville.....	266,639	4,317,061	For maintenance, \$5,000.
Below Nashville.....	126,949	2,172,058	For improvement, \$632,000.
TENNESSEE, ALABAMA, AND KENTUCKY.			
Tennessee River:			
Above Chattanooga.....	402,622	3,403,995	
*Hales Bar Lock.....	15,685	866,046	
Hales Bar to Browns Island.	171,328	9,311,081	
*Browns Island to Florence	7,982	686,096	For maintenance and improvement, \$401,000.
*Colbert Shoals Canal.....	32,271	362,150	
Below Riverton.....	471,006	5,624,908	
THE GREAT LAKES.			
Lake Superior:			
*Grand Marais Harbor, Minn.	4,298	227,949	
Agate Bay Harbor, Minn.	9,963,107	22,516,664	
Duluth-Superior Harbor, Minn. and Wis.	40,494,672	368,802,154	
*Port Wing Harbor, Wis.	1,432	78,041	For maintenance, \$175,000. Ashland Harbor, completing improvement, \$10,000.
Ashland Harbor, Wis.	6,534,410	15,378,873	
Ontonagon Harbor, Mich.	4,697	395,748	
Keeweenaw Waterway, Mich.	2,462,929	110,414,125	
*Harbor of Refuge, Marquette Bay, Mich.	2,419,666	5,620,005	
*Marquette Harbor, Mich.	1,470,233	5,047,197	
Harbor of Refuge, Grand Marais, Mich.	710	115,700	
Total.....	63,356,154	528,596,456	
Ship channel between Chicago, Duluth and Buffalo:			
*St. Marys River.....	71,290,304	882,263,141	For maintenance, \$185,000.
St. Clair Flats Canal.....	76,990,239	953,139,159	
*Detroit River.....	82,514,457	1,021,528,978	
Lake Michigan:			
*Manistique Harbor, Mich.	293,513	3,713,788	For maintenance, \$52,100.
*Menominee Harbor and River, Mich. and Wis.	417,217	8,385,773	
*Oconto Harbor, Wis.	3,400	169,330	

[For footnotes see end of table.]



TABLE III.—Name and location of the waterways and harbors of the United States, etc.—Continued.

Name and location of improvement.	Commerce for 1915.		Appropriation in 1917 rivers and harbors bill.	
	Freight, net tons.	Estimated value.		
THE GREAT LAKES—contd.				
Lake Michigan—Continued.				
*Green Bay Harbor, Wis.	821,106	\$8,381,041	For maintenance, \$52,100.	
*Depere Harbor, Wis.	34,068	154,536		
Sturgeon Bay and Lake Michigan Ship Canal.	539,695	11,956,223		
*Algoma Harbor, Wis.	16,330	777,221		
*Keweenaw Harbor, Wis.	190,915	8,468,525		
Two Rivers Harbor, Wis.	47,897	198,596		
Manitowoc Harbor, Wis.	1,586,808	58,507,281		
Sheboygan Harbor, Wis.	665,502	9,592,218		
*Port Washington Harbor, Wis.	19,560	349,277		
Milwaukee Harbor, Wis.	8,119,875	150,348,921		
*Racine Harbor, Wis.	247,441	7,000,797		
Kenosha Harbor, Wis.	73,268	7,950,859		
*Waukegan Harbor, Wis.	229,316	4,477,635		
*Fox River, Wis.	149,872	815,659		
Chicago Harbor and River, Ill.	3,259,170	241,530,509		For maintenance, \$115,000.
Illinois River, Ill.	239,677	3,702,832		
Calumet Harbor, Ill., and Calumet River, Ill. and Ind.	6,968,660	135,960,965		
Indiana Harbor, Ind.	2,001,374	14,191,028		
*Michigan City Harbor, Ind.	15,370	223,548		
St. Joseph Harbor and River, Mich.	104,192	4,975,736	For maintenance, \$112,050. Manistee Harbor, continuing improvement, \$28,700.	
South Haven Harbor, Mich.	27,435	1,818,645		
*Saugatuck Harbor and Kalamazoo River, Mich.	31,491	672,035		
Holland Harbor, Mich.	30,426	4,264,538		
Grand Haven Harbor, Mich.	663,229	49,489,697		
*Grand River, Mich.	55,143	117,034		
Muskegon Harbor, Mich.	115,035	8,244,279		
White Lake Harbor, Mich.	10,071	335,941		
Ludington Harbor, Mich.	1,781,329	57,159,037		
Manistee Harbor, Mich.	90,842	1,884,157		
*Portage Lake Harbor of Refuge.	2,041	265,175	For maintenance, \$112,050. Manistee Harbor, continuing improvement, \$28,700.	
*Arcadia Harbor, Mich.	10,983	163,239		
Frankfort Harbor, Mich.	718,899	21,806,293		
Charlevoix Harbor, Mich.	172,052	1,574,763		
*Petoskey Harbor, Mich.	1,291	192,921		
*Pentwater Harbor, Mich.	6,061	184,294		
Total	29,766,554	\$30,004,346		
Lake Huron:				
*Mackinac Harbor, Mich.	17,217	1,482,605	For maintenance, \$13,500. Harbor Beach Harbor, for improvement \$100,000. Rouge River, for improvement, \$490,000.	
*Cheboygan Harbor, Mich.	139,268	1,368,913		
*Rogers City Harbor, Mich.	9,415	334,450		
Alpena Harbor, Mich.	1,166,770	3,121,282		
*Saginaw River, Mich.	155,965	1,867,927		
Harbor Beach, Harbor of Refuge, Mich.	18,645	359,908		
*Black River at Port Huron, Mich.	126,890	706,846		
Clinton River, Mich.	14,352	31,777		
Rouge River, Mich.	1,651,823	3,759,224		
Total	3,300,345	13,122,932		
Lake Erie:				
*Monroe Harbor, Mich.	8,480	110,000	For maintenance, \$132,000.	
Toledo Harbor, Ohio.	7,416,834	33,953,807		
Port Clinton Harbor, Ohio.	9,009	162,795		
Sandusky Harbor, Ohio.	3,234,895	12,733,219		
Huron Harbor, Ohio.	1,406,005	4,089,159		
Vermilion Harbor, Ohio.	982	78,576		
Lorain Harbor, Ohio.	7,010,460	20,695,954		
Cleveland Harbor, Ohio.	12,631,442	134,949,361		
Fairport Harbor, Ohio.	3,309,485	26,118,618		
Ashabula Harbor, Ohio.	14,521,729	45,119,231		
*Conneaut Harbor, Ohio.	11,790,980	40,404,994	Cleveland Harbor, improvement of Cuyahoga River, \$5,000.	
*Erie Harbor, Pa.	3,296,655	67,875,943		
*Dunkirk Harbor, N. Y.	1,414	7,930		
*Buffalo Harbor, N. Y.	18,720,724	505,954,936		
*Black Rock Canal, N. Y.	1,715,333	6,414,379		
*Tonawanda Harbor, N. Y.	391,091	5,018,439		
*Niagara River, N. Y.	70,938	212,828		
Total	85,536,456	903,900,159		
Lake Ontario:				
*Olcott Harbor, N. Y.		20,000		For maintenance, \$33,500.
*Charlotte Harbor, N. Y.	1,073,992	3,065,832		
*Pultneyville Harbor, N. Y.				
Great Sodus Bay Harbor, N. Y.	51,958	151,618		
Little Sodus Bay Harbor, N. Y.	130,708	632,670		
*Oswego Harbor, N. Y.	753,942	4,251,055		
*Cape Vincent Harbor, N. Y.	4,338	277,200		
*Ogdensburg Harbor, N. Y.	1,049,820	47,164,941		
Total	3,064,758	55,563,316		

[For footnotes see end of table.]

TABLE III.—Name and location of the waterways and harbors of the United States, etc.—Continued.

Name and location of improvement.	Commerce for 1915.		Appropriation in 1917 rivers and harbors bill.
	Freight, net tons.	Estimated value.	
CALIFORNIA.			
San Diego Harbor.....	550,848	\$55,302,880	For maintenance, \$30,000. For improvement, \$154,000.
Los Angeles Harbor.....	1,948,034	88,651,408	For maintenance, \$25,000. For improvement, \$50,000.
*San Luis Obispo Harbor.....	1,815,233	12,150,432	For maintenance, \$287,500. Oakland Harbor, continuing improvement, \$92,000. Richmond Harbor (new project), for improvement, \$100,000. Humboldt Harbor and Bay, continuing improvement, \$190,500. San Pablo Bay and Mare Island Strait, for improvement, \$330,000.
*San Francisco Harbor.....	9,917,595	831,164,646	
*Redwood Creek.....	41,827	1,998,459	
Oakland Harbor.....	2,876,412	411,634,249	
Richmond Harbor.....			
San Pablo Bay.....	4,293,517	103,795,779	
Mare Island Strait.....			
*Suisun Channel.....	55,699	751,819	
*Petaluma Creek.....	895,311	17,671,314	
*Napa River.....	90,180	3,991,929	
*Monterey Harbor.....	519,379	2,944,278	
Humboldt Harbor and Bay..	599,255	26,672,238	
Sacramento and Feather Rivers.	766,935	88,027,703	
*San Joaquin River, including Stockton and Mormon Channels.	831,234	36,358,240	For maintenance, \$31,000.
Mokelumne River.....	88,624	4,033,698	
Total.....	25,290,083	1,634,949,072	
OREGON.			
*Coquille River.....	144,916	3,329,770	For maintenance, \$34,000.
Coos Bay and Harbor.....	448,447	7,507,564	
Coos River.....	89,121	2,485,573	Coos Bay Bar, continuing improvement \$70,000.
Siuslaw River.....	6,757	442,060	
Yaquina River.....	8,452	88,256	
Tillamook Bay and Bar.....	9,710	1,371,000	
*Nehalem River.....	23,643	309,885	
Total.....	8,572,759	141,038,854	
OREGON, WASHINGTON, AND IDAHO.			
Snake River.....	41,817	1,347,937	
OREGON AND WASHINGTON.			
Columbia River:			For maintenance, \$70,000.
Above Celilo Falls.....			
*Dalles-Celilo Canal (opened May 5, 1915).	8,394	809,088	
*Cascades Canal.....	42,477	4,886,035	
*Vancouver to mouth of Willamette River.	304,448	10,082,525	
Below Portland, including lower Willamette River.	7,208,455	112,950,103	Continuing improvement and for maintenance, \$310,000.
*At the mouth.....	2,543,521	86,053,771	
OREGON.			
Willamette River:			
Above Portland.....	560,560	58,828,079	For maintenance, \$48,300.
At Willamette Falls.....	62,569	3,306,902	
Lock in Yamhill River.....	639	20,627	Willamette River, at the Falls, for improvement, \$80,000.
Clatskanie River.....	9,490	399,035	
WASHINGTON.			
Cowlitz River.....	194,325	1,374,124	Lewis River, including North and East Forks, for improvement, \$13,500.
Lewis River.....	22,525	1,554,924	
Grays River.....	59,618	663,993	For maintenance, \$7,500.
*Willapa River and Harbor...	370,415	2,117,857	Grays Harbor, for improvement, \$85,000.
*Chehalis and Hoquiam Rivers.	502,410	5,907,545	
	768,341	2,970,564	
Puget Sound and its tributary waters.	55,057	543,161	
*Olympia Harbor.....	271,408	2,832,987	
*Tacoma Harbor.....	1,587,847	94,251,610	
Seattle Harbor and Lake Washington Ship Canal.	4,161,511	268,614,390	For maintenance, \$30,000.
*Snohomish River.....	898,141	4,299,736	Lake Washington Ship Canal, for improvement, \$200,000.
*Skagit River.....	412,534	4,881,962	
*Swinomish Slough.....	32,925	720,200	
*Bellingham Harbor.....	531,971	9,162,243	
Waterway from Port Townsend Bay to Oak Bay.	65,273	610,906	
*Columbia River between Wenatchee and Kettle Falls.			
Total.....	9,934,299	400,406,202	

[For footnotes see end of table.]



TABLE III.—Name and location of the waterways and harbors of the United States, etc.—Continued.

Name and location of improvement.	Commerce for 1915.		Appropriation in 1917 rivers and harbors bill.
	Freight, net tons.	Estimated value.	
ALASKA.			
Apoon mouth of Yukon River.....			Completing improvement, \$45,000.
Nome Harbor.....			Completing improvement, \$105,000.
HAWAII.			
Honolulu Harbor.....	1,680,256	\$90,775,709	For maintenance, \$10,000.
Kahului Harbor.....	254,975	18,311,484	Honolulu Harbor, for improvement, \$50,000.
Hilo Harbor.....	428,417	29,194,940	Hilo Harbor, for improvement, \$150,000.
Total.....	2,363,648	138,282,133	
PORTO RICO.			
San Juan Harbor.....	541,422	45,782,661	For maintenance, \$10,000. For improvement, \$400,000.
NOTE.—Of the total cost of improvement the Government of Porto Rico is to pay \$500,000 in annual installments of \$50,000.			

<sup>1</sup> Value of 1,969,025 tons not obtainable.

<sup>2</sup> Foreign commerce only; domestic arrivals and clearances 21,230, gross tonnage 25,771,018. Average receipts of coal, 1913-1915, over 7,500,000 net tons.

<sup>3</sup> Includes 7,500,000 tons of coal for Boston Harbor.

<sup>4</sup> Included in totals for New York Bay and Harbor.

<sup>5</sup> Not including New York Bay and Harbor or Lake Ontario harbors.

<sup>6</sup> Foreign commerce only.

<sup>7</sup> Includes East Chester and Westchester Creeks and Bronx River, which are also within the city limits of New York, but are separately grouped in the rivers and harbors bill.

<sup>8</sup> These figures represent, not the separate tons of freight handled in New York Harbor and their value, but the totals of the tonnage and value reported for the different channels. From the best information obtainable it appears that the total traffic amounted to about 115,000,000 tons, with a value of \$8,000,000,000.

<sup>9</sup> For 1914.

<sup>10</sup> Included in North Carolina totals below.

<sup>11</sup> Includes two North Carolina items above.

<sup>12</sup> Includes 4 Florida items below.

<sup>13</sup> Included in Florida total above.

<sup>14</sup> Includes three Louisiana items below.

<sup>15</sup> Included in Texas total below.

<sup>16</sup> Included in Louisiana total above.

<sup>17</sup> For fiscal year.

<sup>18</sup> Includes 5 Texas items above.

<sup>19</sup> Includes 628,075 tons Government materials.

<sup>20</sup> Includes Columbia and Willamette Rivers below Portland and 4 Oregon items below.

<sup>21</sup> Included in totals for Oregon given above.

<sup>22</sup> Included in totals for Oregon given above.

<sup>23</sup> Covers only those tributaries for which no separate reports are made.

<sup>24</sup> Fiscal year.

#### Miscellaneous.

Examinations, surveys, and contingencies.....	\$200,000
Expenses of Waterways Commission.....	100,000
Survey of Minnesota-N. and Dakota-S. Dakota flood-control project.....	25,000
Expenses of purchase or condemnation of Cape Cod Canal.....	5,000
Expenses of purchase or condemnation of Chesapeake and Delaware Canal.....	5,000
Removing water hyacinths from navigable waters of Florida.....	10,000
Removing water hyacinths, Alabama, Mississippi, Louisiana, and Texas.....	20,000

Mr. KENYON. Mr. President, I accept with fortitude, as much as I can summon, the castigation of the distinguished Senator from Louisiana [Mr. RANDELL]. I only regret that he did not deliver it at a time when a larger proportion of the Senate was present; but the usual result of any river and harbor discussion is apparent, in that practically all of the Senators have left the Chamber, and the desks, being screwed down, are not able to do so.

I suppose it is perhaps an unwise thing for a Member of Congress to be interviewed about questions in Congress. I have always had some little doubt about the wisdom of that. I have felt such an interest in the river and harbor bill that I did give the interview to which reference has been made, I suppose substantially as the Senator has related it here. There may be some errors in the figures. Not being an officer of any society having the use of experts, or funds to gather figures, I had to get my own figures; but as to the general statements of the interview I have no apologies to make, and no retractions.

Nearly everybody knows, even if the Senator from Louisiana does not, that both the river and harbor bill and the public-buildings bill have grown out of a system that the country has

come to understand as a pork-barrel system. I am not impugning the motives of any man or the honesty of any man or claiming any higher citizenship than any other man. I believe the system is wrong, outrageously wrong, and results in a robbery of the Public Treasury for local benefit.

The Senator seems to think that I am imputing wrong to Members of Congress because I referred in that article to that fact as I view it. It is something that has grown up in the country. We have bills here for public buildings—one that passed the House at the last session but did not come out of the committee in the Senate—that actually contained appropriations for building in towns of less than 700 population.

Perhaps some people can justify that. I do not see how it can be justified. We had presented here, if the term could be used, a pork-barrel fish-hatchery bill as a war measure, because the meat supply was short, and we needed fish in order to carry on the war, and consequently it was very essential to have a fish hatchery in the district of nearly every member of the committee dealing with that subject. That is what I mean by the growth of the pork barrel.

The Senator says that I charge, in the article to which he has referred, that at least one-half of the \$900,000,000 appropriated for rivers and harbors is wasted. I do, and I charge it now. He said that I found no objection to the harbor appropriations, and consequently, the river appropriations being a little more than half of the \$900,000,000, that I was in the position of objecting to all river appropriations, but no harbor appropriations. There is no doubt in the world that money has been wasted in every branch of governmental activity. There is no doubt that money has been wasted on harbors, perhaps as much as on rivers, though I doubt if there has been as much money wasted on harbors as on rivers; and the Senator insinuates, because no objection has been made to harbors, that consequently those who fight the river and harbor bill are, in fact, helping the railroads. That is the old argument used when anyone fights this waste.

I have not been an opponent of river and harbor legislation. That is not the thing to which some of us have been objecting. We have been objecting to the waste in the bill, which has gone into the millions, and everybody knows it, and no charges of attempting to serve the railroads in this matter will, I think, deter for one instant the gentlemen who honestly believe the river and harbor bill has grown to be a scandalous pork barrel from making their criticisms of it here and in other places.

The result, at least, of the fight against the system under which river and harbor bills have been built up was apparent in the last bill, in which the Congress adopted a commission. Out of that commission I am sure will come better results, coordination between the different activities of the Government, and less of waste and extravagance. I think that provision of the bill will receive the sanction of the people of the country.

Mr. President, I did not mean to engage in any particular remarks on this subject. Nothing ever comes up about the river and harbor bill but that the distinguished Senator from Louisiana engages in an explosion. There was nothing, as I understood it, in this article reflecting in any way upon Members of Congress. I do not believe in doing that. I would not do that. I do believe, however, that the system of appropriations that has grown up ought to be stopped, that there was no justification for many of the items in the last river and harbor bill, and especially no justification at a time when this country is engaged in war, and we are to expend, as the chairman of the Appropriations Committee indicated a few days ago, at least \$20,000,000,000 and perhaps \$50,000,000,000 before this year has gone by. While items of a few million dollars seem inconsequential, and it almost seems a breach of senatorial courtesy to talk about them, yet the appropriations of this Congress should have been, and I hope they have been, scanned closely, and every dollar of waste, if such a thing is possible, cut out of them. That will face us more and more as the Congresses go on.

The American people are perfectly willing to spend every dollar necessary to carry this war to a successful conclusion. I think they have a right to participate in the knowledge of how that money is spent, unless it be in some secret military matters that none of us would insist on knowing about; and they have a right to insist, also, that all waste and extravagance in expenditures stop, and that the public money be spent like private money, and that a public dollar bring to the Government just what a private dollar would bring.

I regret if I have in any way offended my good friend from the State of Louisiana. I said in the article that in my judgment the river and harbor bill was a pork-barrel measure. I repeat it now. I shall say it whenever I feel like saying it; and I have said nothing about it equal to what the Senator from South Carolina [Mr. TILLMAN] said about river and har-



bor appropriations upon this floor. I suppose he meant the wasteful ones. I will not repeat his language. It is in the Record, and has been referred to a good many times. I shall not desist in my condemnation of the waste in river and harbor bills.

Mr. FLETCHER. Mr. President—

The PRESIDING OFFICER (Mr. JONES of Washington in the chair). The Senator from Florida will suspend for a moment. The hour of 2 o'clock having arrived the Chair lays before the Senate the unfinished business, which will be stated.

The SECRETARY. A bill (H. R. 2316) to promote export trade, and for other purposes.

Mr. FLETCHER. Mr. President, permit me to say this much in reference to what the Senator from Iowa [Mr. KENYON] has said. The incidental remark made by the Senator from South Carolina [Mr. TILMAN] has been animadverted on a number of times here. It was made some years ago and he has on different occasions set forth quite fully what he meant and what he had reference to at that time. It has no bearing, I think, on this subject, and is without force when it comes to deal with river and harbor legislation.

The last bill was a bill that was confined absolutely to preventing waste. In other words, it was to take care of projects which were under consideration and where if the work was not continued there would be an enormous waste of money. There would be waste also in turning loose some fifty-odd plants of the Government—dredges and equipment and that sort of thing—and having them lie idle for a period of time until another bill could be passed.

Another feature in connection with the legislation was the absolute necessity of the improvement of certain harbors whereby access could be got to navy yards.

Another feature was to take care of necessary projects which were required for the transportation business of the country. There was no war emergency more important than the enactment of that legislation as recommended by the Secretary of War and by the Chief of Engineers and as reported by both committees of Congress.

It is just such articles or interviews as the Senator has dictated, just such comment as the Senator makes in denouncing river and harbor legislation as pork-barrel legislation, that are responsible for the prejudice against river and harbor legislation and the poison in the public mind on this subject to a very large extent.

The Senator from Iowa says in a general way he is not opposing taking care of the rivers and harbors of the country, but he objects to the system which has been prevailing. I have been unable to gather what plan the Senator had in mind to carry on what he regards as great public works. He criticizes the existing system, calls it a pork-barrel plan, but he does not offer anything else. Yet he says these rivers ought to be made available for the movement of commerce and that the harbors ought to be improved. Every other civilized country on the earth has found it necessary to do that.

The demands upon our transportation facilities are greater to-day than they ever have been before, and we need every possible development of transportation facilities in this country. We are doing what we are obliged to do, unless we simply abandon the waterways and adopt a policy which is unwise and unsound and which would involve an absolute neglect of the responsibility of Congress in that regard.

It is hoped that the commission provided for will eventually evolve some coordination and cooperation on the part of the railroads and the waterways of the country and result in good. It is possible that there will be somewhat of a revision of the plan upon which these public works have been taken care of heretofore. I hope that will result, but until that is accomplished we can not afford to neglect to look after these means of transportation.

I would say further in regard to this question of waste, according to the testimony of Gen. Bixby, supported by other Chiefs of Engineers, there has not been as much as 2 per cent of the money appropriated for rivers and harbors in this country that has not been absolutely and fully meritorious. Not exceeding 2 per cent of the entire amount of money appropriated for that purpose can be questioned on the score of waste. That is their testimony. That is the statement they make. So the general averment that there has been enormous waste in connection with the improvement of these waterways, it seems to me, can not be allowed to stand against the positive, solemn statement of Chiefs of Engineers who have had the distribution of that fund in hand.

Another thing, we have pretty nearly reached the end of the improvement of the rivers of the country. This policy began over 50 years ago. That perhaps accounts for some of the opposition to-day to river and harbor legislation. To the fact that

the rivers have been taken care of in most of the States of the country probably can be attributed the reason why we hear so much talk about its being pork-barrel legislation. Wherever rivers and harbors have been developed and improved the representatives of those communities are no longer interested in the subject. For instance, take Florida, where we have numerous navigable streams to be connected up with lakes and rivers and with the ocean and with the Gulf that have not been improved in the past. Representatives and Senators in other parts of the country where the rivers and harbors have been improved to the very limit are no longer interested in the subject, and they can not agree that Florida should be treated in accordance with the policy which has obtained in the country for 50 years, in pursuance of which their rivers and harbors have been taken care of by the Government, as they ought to have been. They are done with the subject, and to them it is a waste when it comes to improving the rivers and harbors in some other portions of the country. I think that accounts for a good deal of this apathy, this lack of interest, this indifference, this charge of pork, because it comes from people who have had their rivers and harbors improved, who have enjoyed the benefits of these public expenditures, or it comes from people whose rivers and harbors are not worthy of improvement, and have been repeatedly reported upon adversely by the engineers.

I simply wanted to say that much, and to say in conclusion that, in my judgment, we have nearly reached the end. If the Senator from Iowa will look at the projects under investigation, the number that have been rejected and the number of projects suggested for the engineers to look into and report upon, he will find they have been diminishing year after year; that there are comparatively few projects now in the country where surveys are asked at all, and according to the proportion surveys have been reported on adversely by the engineers there will be but a small number of rivers that will be reported on favorably by the engineers in the due course of things under the present system, and only those that are reported on favorably will be provided for by Congress. I think we have nearly reached the end of river and harbor bills such as we have been having in the past, because we have pretty nearly taken care of the rivers that are worthy of improvement and the harbors up to the demands of the country. Later on we may need to deepen some of the harbors. Where, for instance, they are 30 feet to-day the necessities of the country may exact that they shall be made 40 feet, because we are having larger vessels and it is necessary to have 40 feet in some instances to-day where 10 years ago 30 feet were ample. Of course when those conditions arise it will be our duty to take care of that situation in a broad and public-spirited and proper way.

Mr. RANDELL. Just a word, Mr. President, if you please. I wish to call the attention of the Senate to a little matter of history. Last year we had a river and harbor bill which carried about \$42,000,000. It was very strenuously opposed by the Senator from Iowa [Mr. KENYON] and many others, not only in this body, but in the House of Representatives. That bill was finally signed by the President about the last of July. At that time the President was a candidate for reelection, and I believe everyone will admit that he is one of the most astute, wise, farseeing statesmen who ever occupied the White House. He held that river and harbor bill under advisement for the constitutional limit—10 days, I believe—before signing it, and before signing it this letter was laid before him by the Secretary of War, Hon. Newton D. Baker, our present War Secretary, who, it seems to me, is making good, if ever a Secretary of War did make good, in a great crisis. He alluded to our present Chief of Engineers, Gen. William M. Black, one of the strongest men who ever occupied that very responsible position. This letter is dated July 24, 1916, and says:

JULY 24, 1916.

MY DEAR MR. PRESIDENT: I return to you herewith the river and harbor bill, which I have gone over with great care and upon which I hand you a report made by the Chief of Engineers with certain attached memoranda. The net result of this examination is to show that in this bill, carrying \$42,886,085, \$611,200, or about 1½ per cent, is, in the judgment of the Engineer Department of the War Department, regarded as economically indefensible, although in the case of some of these expenditures the improvements are probably not primarily for navigation purposes.

I concur in the view expressed by Gen. Black that the direct loss to the United States as a result of suspension of work, were this bill not to receive your approval, would be greater than the amount appropriated for improvements of a doubtful value; that is to say, upon all the great river and harbor projects of the country, if work were suspended, there would be loss due to the breaking up of existing organizations, the care of idle plants, etc., which would be very serious. Should this bill receive your approval, the department would have so much work on its hands that it would probably be obliged to delay some portion of it, and, of course, in selecting that to be delayed, the work of doubtful economic importance would be postponed, so that the entire \$611,200 marked as questionable would probably not be expended in any event.

Respectfully submitted.

NEWTON D. BAKER.



Mr. President, that bill was signed by President Wilson, although it had, according to the Engineers Department, a total of 1½ per cent of doubtful wisdom in it. At that time, let me repeat, the President was a candidate for reelection. His political opponents were justly looking into every cause to be brought against him. The President examined that bill with care; his Secretary of War examined it with care; his Chief of Engineers examined it with care, and they found it a good measure.

The bill which passed a few weeks ago, the bill which was criticised by the Senator from Iowa, indicating that \$10,000,000 out of \$28,000,000 might very well have been left out of the bill, was a much more conservative bill than the bill of 1916. Had it been examined with a fine-tooth comb, sir, you could not have found anything like 1½ per cent therein about which there was even any kind of doubt. It was as good a bill as could have possibly been framed. Yet that is subjected to criticism.

Mr. President, unfortunately a great many people in this country speak of river and harbor legislation as being pork barrel, and I insist, sir, that that prejudice is due to just such statements as the Senator from Iowa has published in this recent issue of the New York Times.

Mr. KENYON. Just a word, Mr. President.

I agree with the Senator from Louisiana [Mr. RANDELL] in his commendation of the President, and having that great regard and confidence which I have in the President, I offered at the time the river and harbor bill was before us this as an additional section. I want to put it in the RECORD, and also the vote upon it.

SEC. — That no appropriation contained in this bill shall be available if the President of the United States, on or before September 1, 1917, shall file a statement with the Secretary of War that such particular project for which said appropriation is made is not one of a public necessity.

The President has no right under the Constitution to veto items in an appropriation bill. This gave him the power, if there was any particular appropriation in the bill that was not of a public necessity, to end it. Now, with the great confidence which the Senator from Louisiana has in the President, how did he vote on that question? Among the "nays" is recorded the Senator from Louisiana. Among the "yeas" is recorded myself, the object of the Senator's wrath. I submit the full vote, as follows:

The result was announced—yeas 26, nays 36, as follows:

#### YEAS—26.

Ashurst	Harding	Norris	Sutherland
Borah	Hollis	Page	Thompson
Brady	Kenyon	Pomerene	Tillman
Calder	King	Shafroth	Warren
Cummins	La Follette	Sheppard	Watson
France	McNary	Smoot	
Gore	New	Sterling	

#### NAYS—36.

Bankhead	Jones, N. Mex.	Poindexter	Smith, Md.
Beckham	Jones, Wash.	Randell	Smith, Mich.
Brandeggee	Kirby	Reed	Smith, S. C.
Chamberlain	Lodge	Robinson	Stone
Fernald	McKellar	Saulsbury	Swanson
Fletcher	Martin	Shields	Trammell
Gerry	Myers	Simmons	Underwood
Hale	Nelson	Smith, Ariz.	Vardaman
Johnson, Cal.	Overman	Smith, Ga.	Wolcott

#### NOT VOTING—34.

Broussard	Gronna	Knox	Sherman
Colt	Hardwick	Lewis	Thomas
Culberson	Hitchcock	McCumber	Townsend
Curtis	Hughes	McLean	Wadsworth
Dillingham	Husting	Newlands	Walsh
Fall	James	Owen	Weeks
Frelinghuysen	Johnson, S. Dak.	Penrose	Williams
Gallinger	Kellogg	Phelan	
Goff	Kendrick	Pittman	

So Mr. KENYON's amendment was rejected.

We had that confidence in the President that would end this business, and apparently, while the Senator from Louisiana has confidence in the President as to everything on earth, putting in his hands all power, as we have also, his confidence stops short at the place where the President would have the power to smash the pork barrel. The vote on this amendment ought to be of interest to the voters.

#### PROMOTION OF EXPORT TRADE.

Mr. JONES of New Mexico. Mr. President—

Mr. POMERENE. Will the Senator allow me?

Mr. JONES of New Mexico. I yield to the Senator from Ohio.

Mr. POMERENE. Mr. President, the unfinished business before the Senate is House bill 2316, commonly known as the export bill. I am satisfied that it is impossible this afternoon to bring the measure to a final vote, and because of that fact I ask that the unfinished business be temporarily laid aside,

The PRESIDING OFFICER. Is there objection to the request of the Senator from Ohio?

Mr. CALDER. Before that is determined I should like to say that I hope the Senator from Ohio will at the first favorable opportunity press his bill to a vote. It is a very important measure. In my judgment there has been no bill before this body dealing with the business of the country beyond its borders more important than the measure under consideration here.

Mr. POMERENE. I agree with the estimate of the bill just given by the Senator from New York. The manufacturers and the commercial men of the entire United States are interested in it. It affects our foreign business, and our foreign business only. The policy that we can pursue with respect to the foreign business, if we are to get our portion of it, must be very different from that which we adopt in our domestic business.

There is no desire to repeal or modify the Sherman antitrust law or any other antitrust law, save and except, possibly, as it may be believed to relate to our foreign business.

In the foreign countries to-day the merchants and manufacturers and business men generally are allowed to combine to go out and seek the foreign trade, and they do combine for that purpose. If we are to meet them upon a fair basis of competition, we must place in the hands of our business men the same methods which the business men of other nations use in seeking foreign trade.

The only question which presents itself to Congress is this: Do you want to extend America's foreign business or do you not? Do you or do you not want American business men to have the same advantages that the business men of other nations have? If Senators do, they will favor this bill. If they do not, they will oppose it.

I may say to the Senator from New York that I have been somewhat chagrined, because I have concluded, after an investigation, that it would be next to impossible to pass the bill at this session. If the opportunity presents itself during the session, I shall urge it to a speedy conclusion. If it is not reached and finally voted upon at this session, it is my purpose to insist upon the Senate taking action upon it at the very beginning of the next session.

Mr. CALDER. If the Senator will permit me, I should like to say to him that I shall aid him in every way in my power, for I consider it to be a very meritorious measure. Particularly if from any cause the war should end, we would be up against a competition that could not be measured. It is serious indeed to contemplate that situation.

Mr. POMERENE. The Senator is quite right.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Ohio that the unfinished business be temporarily laid aside?

Mr. HUSTING. Inasmuch as the bill now before the Senate is an important bill, and there seems to be a sentiment that it ought to be acted upon, without expressing any opinion of my own one way or the other upon it, in view of the fact that I am opposed to having the bill laid aside to take up a bill which is very objectionable, I shall have to object to the request of the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Wisconsin objects.

Mr. POMERENE. I move that the unfinished business be temporarily laid aside.

Mr. SWANSON. Let me suggest to the Senator from Wisconsin that if a motion is made to take up another bill, that of itself displaces the unfinished business.

The PRESIDING OFFICER. A motion to lay aside the unfinished business is not in order, but a motion to take up another bill would be in order.

Mr. POMERENE. I have been advised that from a parliamentary standpoint a motion perhaps would not be in order, and therefore I withdraw it.

Mr. JONES of New Mexico. I move that the Senate take up for further consideration the bill (S. 2776) providing for the classification of lands under the stock-grazing homestead act in certain States, and for other purposes.

Mr. HUSTING. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Wisconsin suggests the absence of a quorum. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Calder	Husting	New	Sheppard
Culberson	Jones, N. Mex.	Page	Smith, Ariz.
Curtis	Jones, Wash.	Pittman	Swanson
Fall	Kenyon	Pomerene	Wadsworth
Fletcher	King	Reed	
Gerry	McNary	Shafroth	



Mr. McNARY. I desire to announce the unavoidable absence of my colleague, the senior Senator from Oregon [Mr. CHAMBERLAIN], on account of illness.

Mr. CURTIS. I wish to announce the unavoidable absence of the senior Senator from New Hampshire [Mr. GALLINGER]. I will let this announcement stand for the present.

Mr. SHAFROTH. I desire to announce the unavoidable absence of my colleague [Mr. THOMAS] on account of illness, and to state that he is paired with the senior Senator from North Dakota [Mr. McCUMBER]. I will let this announcement stand for the day.

Mr. HUSTING. I announce the unavoidable absence of the senior Senator from Kansas [Mr. THOMPSON], and the absence of the junior Senator from Kentucky [Mr. BECKHAM] on account of illness in his family.

The PRESIDING OFFICER. Twenty-two Senators have answered to their names. There is not a quorum present.

Mr. SWANSON. I move that the Senate adjourn.

The motion was agreed to; and (at 2 o'clock and 30 minutes p. m.), the Senate adjourned until Monday, October 1, 1917, at 12 o'clock meridian.

#### NOMINATIONS.

*Executive nominations received by the Senate September 29, 1917.*

##### MEMBER OF UNITED STATES SHIPPING BOARD.

Charles R. Page, of California, to be a member of the United States Shipping Board for the term expiring January 18, 1919, vice Theodore Brent, resigned.

##### MEMBERS OF INTERSTATE COMMERCE COMMISSION.

The following-named persons to be members of the Interstate Commerce Commission:

Robert W. Woolley, of Virginia, for the term expiring December 31, 1920, vice Judson C. Clements, deceased.

Clyde B. Aitchison, of Oregon, for the term expiring December 31, 1921. (New office.)

George W. Anderson, of Boston, Mass., for the term expiring December 31, 1922. (New office.)

##### AGENT AND CONSUL GENERAL.

Hampson Gary, of Texas, now an Assistant Solicitor in the Department of State, to be agent and consul general of the United States of America at Cairo, Egypt.

##### AID IN COAST AND GEODETIC SURVEY.

George R. A. Kantzler, of Washington, to be aid in the United States Coast and Geodetic Survey. (By promotion from deck officer.)

##### SURVEYOR GENERAL.

Charles L. Decker, of Wyoming, to be surveyor general of Wyoming, his present term expiring September 24, 1917. (Reappointment.)

##### REGISTER OF LAND OFFICE.

Paz Valverde, of New Mexico, to be register of the land office at Clayton, N. Mex., his present term expiring September 10, 1917. (Reappointment.)

##### RECEIVERS OF PUBLIC MONEYS.

Thomas E. Owen, of New Mexico, to be receiver of public moneys at Clayton, N. Mex., his present term expiring September 10, 1917. (Reappointment.)

Charles A. Mansfield, of North Dakota, to be receiver of public moneys at Williston, N. Dak., his present term of office expiring September 28, 1917. (Reappointment.)

##### EXAMINER IN CHIEF, PATENT OFFICE.

Edwin S. Henry, of Kansas, to be an examiner in chief in the Patent Office, vice James T. Newton, appointed Commissioner of Patents.

##### PUBLIC HEALTH SERVICE.

Asst. Surg. Daniel S. Baughman to be passed assistant surgeon in the Public Health Service, to rank as such from July 23, 1917.

##### UNITED STATES ATTORNEY.

Emon O. Mahoney, of El Dorado, Ark., to be United States attorney, Western District of Arkansas, vice J. Virgil Bourland, whose term has expired.

##### COMMISSIONER OF THE DISTRICT OF COLUMBIA.

W. Gwynn Gardiner, of the District of Columbia, to be a Commissioner of the District of Columbia for the term expiring July 13, 1919, vice Oliver P. Newman, resigned.

##### COLLECTORS OF CUSTOMS.

Zach L. Cobb, of El Paso, Tex., to be collector of customs for customs collection district No. 24, with headquarters at El Paso, Tex. (Reappointment.)

Thomas A. Coleman, of San Antonio, Tex., to be collector of customs for customs collection district No. 23, with headquarters at San Antonio, Tex.

##### COAST GUARD.

Cadet George Walton McKean, to be third lieutenant in the Coast Guard of the United States, to take effect from date of oath.

Cadet Andrew Clement Mandeville, to be third lieutenant in the Coast Guard of the United States, to take effect from date of oath.

Cadet John Trebes, jr., to be third lieutenant in the Coast Guard of the United States, to take effect from date of oath.

##### PUBLIC HEALTH SERVICE.

Asst. Surg. Joseph Bolten to be passed assistant surgeon in the Public Health Service, to rank as such from July 26, 1917.

Asst. Surg. Harry C. Cody, to be passed assistant surgeon in the Public Health Service, to rank as such from July 28, 1917.

Asst. Surg. Robert C. Derivaux to be passed assistant surgeon in the Public Health Service, to rank as such from July 28, 1917.

Asst. Surg. James B. Laughlin to be passed assistant surgeon in the Public Health Service, to rank as such from July 21, 1917.

Asst. Surg. Tully J. Liddell to be passed assistant surgeon in the Public Health Service, to rank as such from July 28, 1917.

Asst. Surg. Walter L. Treadway to be passed assistant surgeon in the Public Health Service, to rank as such from July 28, 1917.

Asst. Surg. Harry M. Thometz to be passed assistant surgeon in the Public Health Service, to rank as such from July 23, 1917.

The above-named officers have served the required time in their present grade and have passed the necessary examinations for promotion.

Dr. Walter Charles Allen to be assistant surgeon in the Public Health Service, to take effect from date of oath.

Dr. Lynne Aranaiah Fullerton to be assistant surgeon in the Public Health Service, to take effect from date of oath.

##### APPOINTMENT IN THE NATIONAL ARMY.

###### GENERAL OFFICER.

*To be brigadier general with rank from August 5, 1917.*

Brig. Gen. Randolph A. Richards, Wisconsin National Guard.

NOTE.—The above-named officer was nominated to the Senate for said appointment under the name Randolph W. Richards on August 15, 1917, and confirmed by that body on August 20, 1917. This is submitted for the purpose of correcting an error in the name of the nominee.

##### TEMPORARY PROMOTION IN THE ARMY.

###### CORPS OF ENGINEERS.

Maj. George B. Pillsbury, Corps of Engineers, to be lieutenant colonel from July 14, 1917, vice Lieut. Col. Harry Burgess, appointed colonel of engineers in the National Army.

This is submitted for the purpose of correcting an error in the date of rank of nominee. He was nominated to the Senate August 10, 1917, and confirmed August 20, 1917.

##### PROVISIONAL APPOINTMENTS BY PROMOTION IN THE ARMY.

###### CORPS OF ENGINEERS.

###### *To be captains.*

First Lieut. Marion D. H. Kelyn, Corps of Engineers, with rank from June 3, 1917, vice Capt. Arthur R. Ehrnbeck, promoted.

First Lieut. Walter P. Burn, Corps of Engineers, with rank from June 4, 1917, vice Capt. Harold S. Hetrick, promoted.

First Lieut. David L. Neuman, Corps of Engineers, with rank from June 4, 1917, vice Capt. William A. Johnson, promoted.

First Lieut. Lenox R. Lohr, Corps of Engineers, with rank from June 5, 1917, vice Capt. James J. Loving, promoted.

First Lieut. Truman M. Curry, jr., Corps of Engineers, with rank from June 5, 1917, vice Capt. Frederick B. Downing, promoted.

First Lieut. Frank M. S. Johnson, Corps of Engineers, with rank from June 5, 1917, vice Capt. Edmund L. Daley, promoted.

First Lieut. Simes T. Hoyt, Corps of Engineers, with rank from June 5, 1917, vice Capt. Henry A. Finch, promoted.

First Lieut. Clarence M. Fuller, Corps of Engineers, with rank from June 5, 1917, vice Capt. Edward D. Ardery, promoted.

First Lieut. Harry A. Skerry, Corps of Engineers, with rank from June 5, 1917, vice Capt. James G. Steese, promoted.

First Lieut. John F. McSweeney, Corps of Engineers, with rank from June 5, 1917, vice Capt. Roger G. Alexander, promoted.



First Lieut. Giovanni B. LaGuardia, Corps of Engineers, with rank from June 5, 1917, vice Capt. James A. O'Connor, promoted.

First Lieut. Fred C. Albert, Corps of Engineers, with rank from June 5, 1917, vice Capt. Lewis H. Watkins, promoted.

First Lieut. Don R. Cather, Corps of Engineers, with rank from June 5, 1917, vice Capt. Gilbert E. Humphrey, promoted.

First Lieut. Sylvester E. Northner, Corps of Engineers, with rank from June 5, 1917, vice Capt. Richard Park, promoted.

First Lieut. John R. Donaldson, Corps of Engineers, with rank from June 5, 1917, vice Capt. Daniel I. Sultan, promoted.

First Lieut. Julian G. Guiteras, Corps of Engineers, with rank from June 5, 1917, vice Capt. Glen E. Edgerton, promoted.

First Lieut. Gilbert D. Fish, Corps of Engineers, with rank from July 13, 1917, vice Capt. Charles L. Hall, promoted.

#### PROVISIONAL APPOINTMENT, BY TRANSFER, IN THE ARMY.

##### FIELD ARTILLERY ARM.

First Lieut. Samuel Marshall, Infantry, to be first lieutenant of Field Artillery from June 14, 1917.

##### CAVALRY ARM.

First Lieut. John Garth Goodlett, Infantry, to be first lieutenant of Cavalry from June 16, 1917.

##### INFANTRY ARM.

First Lieut. Milton A. Lowenberg, Cavalry, to be first lieutenant of Infantry from June 16, 1917.

First Lieut. Robert N. Getty, jr., Field Artillery, to be first lieutenant of Infantry from June 14, 1917.

#### PROVISIONAL APPOINTMENT IN THE ARMY.

##### CORPS OF ENGINEERS.

Simon Medine, of New York, to be second lieutenant, to fill an original vacancy.

#### APPOINTMENTS IN THE ARMY.

##### CHAPLAINS.

*To be chaplains with rank of first lieutenant to fill original vacancies.*

Rev. John T. Kendall, of Wisconsin, from September 12, 1917.

Rev. John W. Daily, of the District of Columbia, from September 13, 1917.

Rev. James A. Manley, of North Carolina, from September 13, 1917.

Rev. Edward T. Reilly, of New York, from September 13, 1917.

Rev. Emil William Weber, of New York, from September 19, 1917.

Rev. George Foreman Rixey, of Missouri, from September 7, 1917.

Rev. Humphrey Vere Darley, of Colorado, from September 7, 1917.

Rev. Joseph L. Tierney, of New York, from September 8, 1917.

*To be second lieutenants with rank from August 30, 1917.*

##### CORPS OF ENGINEERS.

Cadet Herman Henry Pohl.

Cadet Gerald Alford Counts.

Cadet Hiram Baldwin Ely.

Cadet Kenneth Mason Moore.

Cadet Charles Dashiell Harris.

Cadet Edmond Harrison Levy.

Cadet Thomas Dodson Stamps.

Cadet Bartley Marcus Harloe.

Cadet Starr Clifton Wardrop.

Cadet Girard Blakesley Troland.

Cadet Llewellyn Mason Griffith.

##### CAVALRY ARM.

Cadet Grayson Cooper Woodbury.

Cadet Duncan Gregor McGregor.

Cadet Thomas Jackson Heavey.

Cadet Wallace Francis Safford.

Cadet Joshua Ashley Stansell.

Cadet Raymond Eccleston Serveira Williamson.

Cadet David Charles George Schlenker.

Cadet Harry Tremaine Wood.

Cadet Earl Frank Knoob.

Cadet Robert Earl Symmonds.

Cadet John Richard Wilmot Diehl.

Cadet Rudolph Daniel Delehanty.

Cadet William Henry Whiting Reinburg.

Cadet Elmer Hugo Almquist.

Cadet Frank Leslie Carr.

Cadet Frank Edmund Bertholet.

Cadet Marlon Carson.

Cadet Rossiter Hunt Garity.

Cadet Frank Charles Jedlicka.

Cadet Leo Buffington Conner.

Cadet John Boersig Saunders.

Cadet Arthur Burnola Custis.

Cadet Desmond O'Keefe.

Cadet Hal Marney Rose.

Cadet Frederick John Durrerschmidt.

Cadet Milton Wickers Davis.

Cadet John Bellinger Bellinger, jr.

##### FIELD ARTILLERY ARM.

Cadet Thurston Elmer Wood.

Cadet John Michael Johnson.

Cadet William Oliver Reeder.

Cadet William Karl Kolb.

Cadet William Robert Gerhardt.

Cadet Theodore Earl Buechler.

Cadet Frederick Edwin Tibbetts, jr.

Cadet Samuel Durand Ringsdorf.

Cadet Redmond Francis Kernan, jr.

Cadet Theodore Leslie Futch.

Cadet Russell Luff Meredith.

Cadet William Innes Wilson.

Cadet Harold Allum Cooney.

Cadet John Thornton Knight, jr.

Cadet Miles Andrew Cowles.

Cadet Lawrence McCeney Jones.

Cadet Gordon Graham Heiner, jr.

Cadet Edward Joseph Wolff, jr.

##### COAST ARTILLERY CORPS.

Cadet Dean Ingersoll Piper.

Cadet Otto Max Jank.

Cadet Herman Uth Wagner.

Cadet Phillip Stevens Day.

Cadet George Walter Hirsch.

Cadet Forrest Clifford Shaffer.

Cadet William Riley Deeble, jr.

Cadet Frank Fenton Reed.

Cadet John Will Coffey.

Cadet Frank Celestine Meade.

Cadet Lawrence Dwight.

Cadet Everett Thurston Brown.

Cadet Clyde Hobart Morganthaler.

Cadet Willard Merrill Hall.

Cadet Tracy Campbell Dickson, jr.

Cadet Robert Wilson Hasbrouck.

Cadet Howard Patterson Faust.

Cadet John Taylor de Camp.

Cadet Wallace Duncan Collins.

Cadet Sargent Prentiss Huff.

Cadet William Henry Donaldson, jr.

Cadet Henry Maris Black.

Cadet Willard David Murphy.

Cadet Council Bryan Palmer.

Cadet John Claron Hawkins.

##### INFANTRY ARM.

Cadet Joseph Isadore Cohen.

Cadet Henry Anson Barber, jr.

Cadet Robert Alston Willard.

Cadet John Marcus Erwin.

Cadet William Beggs Carswell, jr.

Cadet Wilson Gunning Bingham.

Cadet Charles Cope Bartley.

Cadet Robert MacDonald Graham.

Cadet Rudolph Francis Whitelegg.

Cadet Loyd Van Horne Durfee.

Cadet John Henry Norton.

Cadet William Winchester Paca.

Cadet John Ter Bush Bissell.

Cadet Charles Aloysius Mahoney.

Cadet George Senseny Eyster.

Cadet Henry Richard Anderson.

Cadet William McCaskey Chapman.

Cadet Kenneth Paul Murray.

Cadet Roger Walton Stembridge.

Cadet Norman McNeill.

Cadet Glen Henry Anderson.

Cadet Bryant Edward Moore.

Cadet Leo Vincent Warner.

Cadet Howard Alston Deas.

Cadet Henry William Bobrink.

Cadet Onslow Sherburne Rolfe.

Cadet Louis Armistead Freeman.

Cadet Henry Perkins Gantt.

Cadet Jesse Brooke Matlack.



Cadet Julius Earl Schaefer.  
 Cadet Theodore Desmond Schmidt.  
 Cadet Parry Weaver Lewis.  
 Cadet Edward Wrenne Timberlake.  
 Cadet Vincent Nicholas Taylor.  
 Cadet William Wallace Jenna.  
 Cadet William Richard Fleming.  
 Cadet Paul Wallace Cole.  
 Cadet Francis Porter Simpson.  
 Cadet Harry Cooper Barnes, jr.  
 Cadet Robert John Hoffman.  
 Cadet Clare Wallace Woodward.  
 Cadet John Stevenson Mallory.  
 Cadet Frederick Dent Sharp.  
 Cadet William Sydney Barrett.  
 Cadet Paul Ryan Goode.  
 Cadet Harry Niles Rising.  
 Cadet Josephus Benjamin Wilson.  
 Cadet Henry Cornelius Demuth.  
 Cadet Lowell Meeker Riley.  
 Cadet Edwin Clark Maling.  
 Cadet George Draper Watts.  
 Cadet Emil Krause.  
 Cadet Robert Lynn Bacon.  
 Cadet Walker Gibson White.  
 Cadet Earle Everett Sacka.  
 Cadet Edwin Jacob House.  
 Cadet Arthur Charles Purvis.  
 Cadet James Jackson Hea.  
 Cadet Edgar Bruce Moomau.  
 Cadet Frank Sidney Long.  
 Cadet Carlisle Brittan Wilson.  
 Cadet William Edward Whittington.  
 Cadet Harold Lewis Milan.  
 Cadet Robert Amedee Bringham.  
 Cadet Horace Harding.  
 Cadet Earle Adams Billings.  
 Cadet Royal Harry Place.

#### APPOINTMENTS IN THE ARMY.

##### MEDICAL CORPS.

First Lieut. Nicholson F. Curtis, Medical Reserve Corps, to be first lieutenant in the Medical Corps from July 11, 1917, to fill an original vacancy.

##### DENTAL CORPS.

*To be dental surgeons with rank from September 17, 1917.*

Walter Davis Vail, of Missouri.  
 Richard Knight Thompson, of the District of Columbia.  
 Leslie Solon Harlan, of Indiana.  
 Neil Jerome McCollum, of Illinois.  
 Clement John Gaynor, of Missouri.  
 Walter Andrew Rose, of Ohio.  
 Melvin Roman Elche, of Wisconsin.  
 George Krakow, of Illinois.  
 Eugene Alonzo Smith, of Maryland.  
 Jerome Louis Fritsche, of Minnesota.  
 Clarence John Wright, of Michigan.  
 Milton Addison Price, of Minnesota.  
 William Henry Hoblitzell, of Ohio.  
 Francis Murrie Tench, of New York.  
 Alvin Ellsworth Anthony, of Maryland.  
 William James R. Akeroyd, of Ohio.  
 Fletcher D. Rhodes, of Missouri.  
 William Burns Caldwell, of Ohio.  
 Lewis Walter Maly, of Utah.  
 Arthur T. Burchill, of Pennsylvania.  
 Glover Johns, of Texas.  
 Raymond Homer Fisher, of Georgia.  
 Frederick William Herms, of California.  
 Harold Justus Parker, of New York.  
 Leslie Dean Baskin, of South Carolina.  
 Curtis Warren Hallam, of the District of Columbia.  
 James Etter Dean, of Oklahoma.  
 Henry Leon Hogan, of Kentucky.  
 John Clarence Campbell, of Oregon.  
 Leland Stewart Wilson, of Oregon.  
 Benjamin H. Dean, of Kentucky.  
 Dell S. Gray, of Missouri.  
 William B. Stewart, of Missouri.  
 Julius Link Bischof, of Illinois.  
 Charles Harrison Brammell, of Missouri.  
 John Albert Rowe, of Nevada.  
 William Thomas Williams, of Kentucky.  
 Hooker Oliver Lindsey, of Louisiana.  
 Alvin David Dannheiser, of Alabama.

James Russell Conner, of California.  
 Robert Louis Strickland, of Connecticut.  
 Roy R. Newman, of Maryland.  
 Boyd Lee Smith, of Missouri.  
 Avery Giles Holmes, of North Carolina.  
 George Robert Kennebeck, of Iowa.  
 Alexander Malcom Smith, jr., of Tennessee.  
 Horace Ray Finley, of California.  
 Cecil Roger Hays, of Ohio.  
 Roy Carl Starr, of Pennsylvania.  
 Harold Stiles Embree, of California.  
 Charles L. Andrews, of Kansas.  
 Bryam Sandford Purviance, of California.  
 Joseph Lyon Boyd, of Louisiana.  
 Joseph Lee Rahm, of Kentucky.  
 Clarence Raymond Jacobson, of Minnesota.  
 Norman Mobbs Mackenzie, of California.  
 Richard Foster Thompson, of Missouri.  
 Henry Hales Collins, of Washington.  
 William A. Moore, of Kansas.  
 Adrian Carso Ragan, of Missouri.

#### PROMOTIONS IN THE ARMY.

##### MEDICAL CORPS.

Lieut. Col. Henry S. Greenleaf, Medical Corps, to be colonel from September 11, 1917, subject to examination required by law, vice Col. George E. Bushnell, retired from active service September 10, 1917.

Maj. Ernest G. Bingham, Medical Corps, to be lieutenant colonel from August 11, 1917, vice Lieut. Col. Charles A. Ragan, retired from active service August 10, 1917.

Maj. James D. Heysinger, Medical Corps, to be lieutenant colonel from August 17, 1917, subject to examination required by law, vice Lieut. Col. Charles C. Billingslea, who died August 16, 1917.

Maj. Lloyd L. Smith, Medical Corps, to be lieutenant colonel from September 11, 1917, vice Lieut. Col. Henry S. Greenleaf, promoted.

##### CORPS OF ENGINEERS.

Capt. George R. Goethals, Corps of Engineers, to be major from August 22, 1917, vice Maj. Ulysses S. Grant, third, detailed in the General Staff Corps.

Capt. John W. N. Schulz, Corps of Engineers, to be major from September 2, 1917, vice Maj. Henry H. Robert, who died September 1, 1917.

##### QUARTERMASTER CORPS.

Lieut. Col. Herbert M. Lord, Quartermaster Corps, to be colonel from September 9, 1917, subject to examination required by law, vice Col. Thomas C. Goodman, retired from active service September 8, 1917.

Maj. Theodore B. Hacker, Quartermaster Corps, to be lieutenant colonel from September 9, 1917, subject to examination required by law, vice Lieut. Col. Herbert M. Lord, promoted.

##### COAST ARTILLERY CORPS.

Lieut. Col. Samuel A. Kephart, Coast Artillery Corps, to be colonel from August 22, 1917, vice Col. Daniel W. Ketcham, detailed in General Staff Corps.

Maj. Marcellus G. Spinks, Coast Artillery Corps, to be lieutenant colonel from July 9, 1917, vice Lieut. Col. Roderick L. Carmichael, detailed in Adjutant General's Department.

Maj. Jacob C. Johnson, Coast Artillery Corps (Inspector General's Department), to be lieutenant colonel from August 22, 1917, vice Lieut. Col. Samuel A. Kephart, promoted.

Maj. Robert E. Wyllie, Coast Artillery Corps (General Staff Corps), to be lieutenant colonel from August 22, 1917, vice Lieut. Col. Jacob C. Johnson, retained in Inspector General's Department.

Maj. William Forse, Coast Artillery Corps, detached officers' list, to be lieutenant colonel from August 22, 1917, vice Lieut. Col. Robert E. Wyllie, retained in Inspector General's Department.

Capt. George T. Perkins, Coast Artillery Corps, to be major from July 9, 1917, vice Maj. Marcellus G. Spinks, promoted.

Capt. John B. Murphy, Coast Artillery Corps, to be major from July 17, 1917, vice Maj. James B. Mitchell, detailed in the Inspector General's Department.

Capt. Jairus A. Moore, Coast Artillery Corps, to be major from July 17, 1917, vice Maj. Charles O. Zollars, detailed in the Quartermaster Corps.

Capt. Frank B. Edwards, Coast Artillery Corps, to be major from July 18, 1917, vice Maj. Edward Carpenter, detailed in The Adjutant General's Department.



Capt. Henry C. Merriam, Coast Artillery Corps (General Staff Corps), to be major from July 24, 1917, vice Maj. Alfred S. Morgan, detailed in The Adjutant General's Department.

Capt. Harry W. McCauley, Coast Artillery Corps, to be major from July 24, 1917, vice Maj. Frederick W. Stopford, detailed in The Adjutant General's Department.

Capt. Robert W. Collins, Coast Artillery Corps, to be major from July 24, 1917, vice Maj. Henry C. Merriam, retained in the General Staff Corps.

First Lieut. William C. Foote, Coast Artillery Corps, detached officers' list, to be captain from July 9, 1917, vice Capt. George T. Perkins, promoted.

This is submitted for the purpose of correcting errors in the dates of rank and succession of nominees.

The officers named herein were nominated August 6, 1917, and confirmed August 20, 1917.

Capt. William A. Covington, Coast Artillery Corps, to be major from July 24, 1917, vice Maj. John S. Johnston, detailed in the Adjutant General's Department.

Capt. Elisha G. Abbott, Coast Artillery Corps, to be major from July 25, 1917, vice Maj. Edward L. Glasgow, detailed in the Quartermaster Corps.

Capt. Samuel M. English, Coast Artillery Corps, to be major from July 25, 1917, vice Maj. Henry M. Merriam, detailed in the Quartermaster Corps.

Capt. Alfred Hasbrouck, Coast Artillery Corps, detached officers' list, to be major from July 25, 1917, vice Maj. Harry P. Wilbur, detailed in the Quartermaster Corps.

Capt. John M. Dunn, Coast Artillery Corps, to be major from July 25, 1917, vice Maj. Robert F. McMillan, detailed in the Quartermaster Corps.

Capt. Theodore H. Koch, Coast Artillery Corps, to be major from July 25, 1917, vice Maj. Jairus A. Moore, detailed in the Quartermaster Corps.

Capt. James L. Long, Coast Artillery Corps, to be major from July 25, 1917, vice Maj. William H. Monroe, detailed on ammunition train.

Capt. Ralph M. Mitchell, Coast Artillery Corps, to be major from August 13, 1917, vice Maj. Francis W. Ralston, detailed in The Adjutant General's Department.

Capt. Frederick L. Dengler, Coast Artillery Corps, detached officers' list, to be major from August 20, 1917, vice Maj. Louis S. Chappelle, detailed in The Adjutant General's Department.

First Lieut. Charles L. Kilburn, Coast Artillery Corps, detached officers' list, to be captain from July 24, 1917, vice Capt. Charles T. Harris, jr., transferred to Field Artillery.

First Lieut. Robert D. Brown, Coast Artillery Corps, to be captain from July 24, 1917, vice Capt. Donald C. McDonald, transferred to Field Artillery.

First Lieut. Edward O. Halbert, Coast Artillery Corps, to be captain from July 24, 1917, vice Capt. Belton O'N. Kennedy, transferred to Field Artillery.

First Lieut. Harry L. King, Coast Artillery Corps, to be captain from July 24, 1917, vice Capt. Francis H. Miles, jr., transferred to Field Artillery.

First Lieut. Augustin M. Prentiss, Coast Artillery Corps (Ordnance Department), to be captain from July 25, 1917, vice Capt. Francis H. Lomax, detailed in the Quartermaster Corps.

First Lieut. Russell A. Osmun, Coast Artillery Corps, detached officers' list, to be captain from July 25, 1917, vice Capt. Augustin M. Prentiss, retained in the Ordnance Department.

First Lieut. Lester E. Moreton, Coast Artillery Corps, detached officers' list, to be captain from July 25, 1917, vice Capt. John A. Berry, detailed in the Quartermaster Corps.

First Lieut. La Rhett L. Stuart, Coast Artillery Corps, to be captain from July 25, 1917, vice Capt. Charles C. Burt, detailed in the Quartermaster Corps.

First Lieut. John A. Brooks, jr., Coast Artillery Corps, to be captain from July 25, 1917, vice Capt. Norris Stayton, detailed in the Quartermaster Corps.

First Lieut. Albion R. Rockwood, Coast Artillery Corps (Ordnance Department), to be captain from July 25, 1917, vice Capt. Richard Furnival, detailed in the Quartermaster Corps.

First Lieut. Frank L. Hoskins, Coast Artillery Corps, to be captain from July 25, 1917, vice Capt. Albion R. Rockwood, retained in the Ordnance Department.

First Lieut. John H. Jouett, Coast Artillery Corps (Aviation Section, Signal Corps), to be captain from July 25, 1917, vice Capt. William E. De Sombre, detailed in the Quartermaster Corps.

First Lieut. Joseph D. McCain, Coast Artillery Corps, to be captain from July 25, 1917, vice Capt. John H. Jouett, retained in the Aviation Section.

First Lieut. Eugene Villaret, Coast Artillery Corps, to be captain from July 25, 1917, vice Capt. James B. Taylor, detailed in the Signal Corps.

First Lieut. Reiff H. Hannum, Coast Artillery Corps, to be captain from July 25, 1917, vice Capt. Albert H. Barkley, detailed in the Quartermaster Corps.

First Lieut. Harold F. Loomis, Coast Artillery Corps, to be captain from July 25, 1917, vice Capt. William P. Carrier, detailed in the Quartermaster Corps.

First Lieut. Leland Stanford, Coast Artillery Corps (Signal Corps), to be captain from July 25, 1917, vice Capt. Edward A. Brown, detailed in the Quartermaster Corps.

First Lieut. James C. Waddell, Coast Artillery Corps, to be captain from July 25, 1917, vice Capt. Leland H. Stanford, retained in the Signal Corps.

First Lieut. Richard B. Paddock, Coast Artillery Corps, to be captain from July 25, 1917, vice Capt. Alexander J. Stuart, detailed in the Quartermaster Corps.

First Lieut. Charles C. Griffith, Coast Artillery Corps, to be captain from July 25, 1917, vice Capt. Richard B. Paddock, retained in the Signal Corps.

First Lieut. James B. Haskell, Coast Artillery Corps, to be captain from July 25, 1917, vice Capt. Junnius Pierce, detailed in the Quartermaster Corps.

First Lieut. James P. Hogan, Coast Artillery Corps, to be captain from July 25, 1917, vice Capt. Jacob Frank, detailed in the Quartermaster Corps.

First Lieut. Gooding Packard, Coast Artillery Corps, to be captain from July 25, 1917, vice Capt. Marcel S. Keene, detailed in the Quartermaster Corps.

First Lieut. Glenn P. Anderson, Coast Artillery Corps, to be captain from July 25, 1917, vice Capt. Albert C. Wimberly, detailed in the Quartermaster Corps.

First Lieut. Adam E. Potts, Coast Artillery Corps, to be captain from July 25, 1917, vice Capt. George B. Gorham, detailed in the Quartermaster Corps.

First Lieut. Henry S. Aurand, Coast Artillery Corps, to be captain from July 25, 1917, vice Capt. Avery J. Cooper, detailed on ammunition train.

First Lieut. Harold E. Small, Coast Artillery Corps, to be captain from July 25, 1917, vice Capt. James F. Walker, detailed on ammunition train.

First Lieut. Henry B. Sayler, Coast Artillery Corps, to be captain from July 25, 1917, vice Capt. Howard K. Loughry, detailed on ammunition train.

First Lieut. Albert H. Warren, Coast Artillery Corps, to be captain from July 26, 1917, vice Capt. Clifford L. Corbin, transferred to Field Artillery.

First Lieut. John F. Kahle, Coast Artillery Corps, to be captain from July 27, 1917, vice Capt. Thomas F. McNeill, transferred to Infantry.

First Lieut. Reinold Melberg, Coast Artillery Corps, to be captain from July 28, 1917, vice Capt. Thomas D. Sloan, transferred to Field Artillery.

First Lieut. Clarence B. Lindner, Coast Artillery Corps, to be captain from July 30, 1917, vice Capt. Lewis S. Ryan, transferred to Field Artillery.

First Lieut. John H. Cochran, Coast Artillery Corps, to be captain from August 4, 1917, vice Capt. Henry H. Pfeil, transferred to Field Artillery.

First Lieut. Logan W. Serles, Coast Artillery Corps, to be captain from August 4, 1917, vice Capt. Harold Geiger, transferred to Field Artillery.

First Lieut. John K. Meneely, Coast Artillery Corps, to be captain from August 7, 1917, vice Capt. Charles T. Richardson, detailed in the Ordnance Department.

First Lieut. Joseph J. Teter, Coast Artillery Corps, to be captain from August 7, 1917, vice Capt. Charles M. Steese, detailed in the Ordnance Department.

#### CAVALRY ARM.

Capt. Joseph A. Baer, Cavalry, to be major from August 15, 1917, vice Maj. William G. Sills, detailed in the Inspector General's Department.

Capt. Charles F. Martin, Cavalry, detached officers' list, to be major from August 18, 1917, vice Maj. Abraham G. Lott, detailed in Adjutant General's Department.

Capt. Willis V. Morris, Cavalry, to be major from August 24, 1917, vice Maj. Conrad S. Babcock, detailed in the Inspector General's Department.

First Lieut. Joseph M. Tully, Cavalry, to be captain from August 14, 1917, vice Capt. David L. Roscoe, detailed in Aviation Section.



First Lieut. Pettus H. Hemphill, Cavalry, to be captain from August 15, 1917, vice Capt. Joseph A. Baer, promoted.

First Lieut. Hugh Mitchell, Cavalry, to be captain from August 22, 1917, vice Capt. Philip H. Sheridan, detailed in the General Staff Corps.

First Lieut. Robert Le G. Walsh, Cavalry, to be captain from August 24, 1917, subject to examination required by law, vice Capt. Willis V. Morris, promoted.

Second Lieut. Vernon M. Shell, Cavalry, to be first lieutenant from August 9, 1917, vice First Lieut. Ernest G. Cullum, promoted.

Second Lieut. Emmons L. Abeles, Cavalry, to be first lieutenant from August 9, 1917, vice First Lieut. George H. Peabody, promoted.

Second Lieut. James C. Longino, Cavalry, to be first lieutenant from August 9, 1917, vice First Lieut. Casey H. Hayes, transferred to Field Artillery.

Second Lieut. Woodbury F. Pride, Cavalry, to be first lieutenant from August 9, 1917, vice First Lieut. Craigie Krayenbuhl, transferred to Field Artillery.

Second Lieut. Eugene P. H. Gempel, Cavalry, to be first lieutenant from August 9, 1917, vice First Lieut. Robert S. Donaldson, transferred to Field Artillery.

Second Lieut. Charles B. Sweatt, Cavalry, to be first lieutenant from August 14, 1917, vice First Lieut. Joseph M. Tully, promoted.

Second Lieut. John M. Sanderson, Cavalry, to be first lieutenant from August 15, 1917, vice First Lieut. Pettus H. Hemphill, promoted.

Second Lieut. Charles W. Walton, Cavalry, to be first lieutenant from August 22, 1917, vice First Lieut. Hugh Mitchell, promoted.

Second Lieut. James V. McConville, Cavalry, to be first lieutenant from August 24, 1917, vice First Lieut. Robert Le G. Walsh, promoted.

#### INFANTRY ARM.

Lieut. Col. Robert Alexander, Infantry, detached officers' list, to be colonel from August 28, 1917, vice Hirst, Third Infantry, retired from active service August 27, 1917.

Maj. Amos H. Martin, Infantry, detached officers' list, to be lieutenant colonel from July 29, 1917, vice Burkhardt, Nineteenth Infantry, promoted.

Maj. Charles F. Crain, Thirty-seventh Infantry, to be lieutenant colonel from August 6, 1917, vice Ely, Sixtieth Infantry, detailed in the General Staff Corps.

Capt. Frank H. Burton, Infantry (Quartermaster Corps), to be major from August 3, 1917, vice Rucker, retained in the Quartermaster Corps on promotion.

Capt. George B. Sharon, Infantry (Quartermaster Corps), to be major from August 3, 1917, subject to examination required by law, vice Burton, retained in the Quartermaster Corps on promotion.

Capt. A. La Rue Christie, Fifteenth Infantry, to be major from August 3, 1917, vice Sharon, retained in the Quartermaster Corps on promotion.

Capt. George H. White, Twenty-eighth Infantry, to be major from August 3, 1917, vice Martin, Fifty-sixth Infantry, transferred to the detached officers' list.

Capt. Harris Pendleton, jr., Infantry (Quartermaster Corps), to be major from August 3, 1917, vice Arrasmith, Tenth Infantry, detailed as inspector general.

Capt. William G. Fleischhauer, Infantry (Quartermaster Corps), to be major from August 3, 1917, vice Pendleton, retained in the Quartermaster Corps on promotion.

Capt. Howard G. Davis, Ninth Infantry, to be major from August 3, 1917, vice Fleischhauer, retained in the Quartermaster Corps on promotion.

Capt. Ernest Van D. Murphy, Fourth Infantry, to be major from August 3, 1917, vice Wheeler, Sixty-fourth Infantry, transferred to the detached officers' list.

Capt. Hilden Olin, Twenty-eighth Infantry, to be major from August 3, 1917, vice Leonard, Fifty-fourth Infantry, transferred to the detached officers' list.

Capt. Frederick Goedecke, Seventeenth Infantry, to be major from August 3, 1917, subject to examination required by law, vice Shaffer, Sixth Infantry, transferred to the detached officers' list.

Capt. Albert W. Foreman, Infantry (detached officers' list), to be major from August 3, 1917, subject to examination required by law, vice Curtis, Forty-fifth Infantry, transferred to the detached officers' list.

Capt. William S. Mapes, Twentieth Infantry, to be major from August 3, 1917, subject to examination required by law, vice

Jordan, Fourteenth Infantry, transferred to the detached officers' list.

Capt. Samuel A. Price, Thirteenth Infantry, to be major from August 3, 1917, vice Gibson, unassigned, transferred to the detached officers' list.

Capt. Fred E. Smith, Ninth Infantry, to be major from August 3, 1917, vice Huguet, Fifth Infantry, transferred to the detached officers' list.

Capt. Perrin L. Smith, Infantry (Quartermaster Corps), to be major from August 3, 1917, vice Sheldon, unassigned, transferred to the detached officers' list.

Capt. Harry L. Cooper, Infantry (detached officers' list), to be major from August 3, 1917, vice Smith, retained in the Quartermaster Corps on promotion.

Capt. William S. Sinclair, Infantry (detached officers' list), to be major from August 3, 1917, vice Taylor, unassigned, transferred to the detached officers' list.

Capt. Richmond Smith, Sixty-second Infantry, to be major from August 3, 1917, vice Halstead, First Infantry, transferred to the detached officers' list.

Capt. Charles L. Willard, Infantry (Quartermaster Corps), to be major from August 3, 1917, vice Knight, Thirty-fifth Infantry, transferred to the detached officers' list.

Capt. Robert H. Sillman, Twenty-third Infantry, to be major from August 3, 1917, vice Willard, retained in the Quartermaster Corps on promotion.

Capt. Rufus B. Clark, Infantry (Quartermaster Corps), to be major from August 3, 1917, vice Harris, Fourteenth Infantry, transferred to the detached officers' list.

Capt. Arthur P. Watts, Twentieth Infantry, to be major from August 3, 1917, vice Clark, retained in the Quartermaster Corps on promotion.

Capt. Thaddeus B. Seigle, Twenty-seventh Infantry, to be major from August 3, 1917, vice Macnab, Twenty-fifth Infantry, transferred to the detached officers' list.

Capt. William A. Carleton, Infantry (Quartermaster Corps), to be major from August 3, 1917, subject to examination required by law, vice Parrott, Fifty-seventh Infantry, transferred to the detached officers' list.

Capt. Lochlin W. Caffry, Infantry (detached officers' list), to be major from August 3, 1917, vice Carleton, retained in the Quartermaster Corps on promotion.

Capt. William S. Faulkner, Twelfth Infantry, to be major from August 3, 1917, vice Catlin, Ninth Infantry, transferred to the detached officers' list.

Capt. Ernest H. Agnew, Sixth Infantry, to be major from August 3, 1917, subject to examination required by law, vice Knabenshue, Sixty-second Infantry, transferred to the detached officers' list.

Capt. Robert O. Ragsdale, Infantry (detached officers' list), to be major from August 3, 1917, vice Cummins, Thirty-fifth Infantry, transferred to the detached officers' list.

Capt. Austin A. Parker, Infantry (detached officers' list), to be major from August 3, 1917, vice McCook, Thirty-second Infantry, transferred to the detached officers' list.

Capt. Charles M. Gordon, jr., Infantry (detached officers' list), to be major from August 3, 1917, vice Price, Fifty-fifth Infantry, transferred to the detached officers' list.

Capt. Fred Van S. Chamberlin, Twenty-first Infantry, to be major from August 3, 1917, vice Pond, Forty-seventh Infantry, transferred to the detached officers' list.

Capt. William N. Hughes, jr., Infantry (General Staff), to be major from August 3, 1917, vice Cooke, Fifty-fourth Infantry, transferred to the detached officers' list.

Capt. Sylvester Bonaffon, Third Infantry (detached officers' list), to be major from August 3, 1917, vice Hughes, retained in the General Staff on promotion.

Capt. Robert C. Humber, Infantry (Quartermaster Corps), to be major from August 3, 1917, vice Powers, Twenty-third Infantry, transferred to the detached officers' list.

Capt. Joseph C. Brady, Fifth Infantry, to be major from August 3, 1917, vice Humber, retained in the Quartermaster Corps on promotion.

Capt. John H. Page, jr., Twenty-first Infantry, to be major from August 6, 1917, vice Crain, Thirty-seventh Infantry, promoted.

Capt. Parker Hitt, Nineteenth Infantry, to be major from August 20, 1917, vice Conley, Infantry, unassigned, detailed in The Adjutant General's Department.

#### PROVISIONAL APPOINTMENTS, BY PROMOTION, IN THE ARMY.

##### INFANTRY ARM.

Second Lieut. Nicholas Szilagyi, Infantry, to be first lieutenant with rank from June 14, 1917, to fill an original vacancy.



## CAVALRY ARM.

Second Lieut. Jay Drake Billings Lattin, Second Cavalry, to be first lieutenant from November 26, 1916, to fill an existing vacancy.

This is submitted for the purpose of correcting an error in the date of rank of nominee. He was nominated to the Senate April 19, 1917, and confirmed May 19, 1917.

## PROVISIONAL APPOINTMENTS IN THE ARMY.

## CAVALRY ARM.

Corpl. John R. Evans, Company D, Second Telegraph Battalion, Signal Corps, to be second lieutenant of Cavalry with rank from September 20, 1917.

## INFANTRY ARM.

Corpl. Matthew White Paxton, Company G, Thirty-sixth Infantry, to be second lieutenant to fill an existing vacancy.

Uel Stephens, of Texas, to be second lieutenant to fill an existing vacancy.

## PROMOTIONS AND APPOINTMENTS IN THE NAVY.

Lieut. Commander Hillary H. Royall to be a commander in the Navy from the 1st day of July, 1917.

The following-named lieutenants to be lieutenant commanders in the Navy from the 1st day of July, 1917:

Isaac C. Bogart,  
Julian H. Collins,  
Lewis D. Causey, and  
Sherwoode A. Taffinder.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 5th day of June, 1917:

Hugh V. McCabe and  
Jesse B. Oldendorf.

Ensign Charles T. S. Gladden to be a lieutenant (junior grade) in the Navy from the 6th day of June, 1917.

Medical Inspector Luther L. von Wedekind to be a medical director in the Navy from the 1st day of July, 1917.

Surg. Henry D. Wilson to be a medical inspector in the Navy from the 20th day of July, 1914.

The following-named surgeons to be medical inspectors in the Navy from the 23d day of May, 1917:

Edgar Thompson and  
Will M. Garton.

The following-named surgeons to be medical inspectors in the Navy from the 1st day of July, 1917:

Francis M. Furlong,  
Granville L. Angeney,  
Henry E. Odell,  
James S. Taylor, and  
Joseph A. Murphy.

Passed Asst. Surg. George L. Wickes to be a surgeon in the Navy from the 29th day of August, 1917.

Passed Asst. Surg. William N. McDonnell to be a surgeon in the Navy from the 11th day of January, 1917.

Passed Asst. Surg. Harry L. Brown to be a surgeon in the Navy from the 20th day of March, 1917.

The following-named reserve officers to be ensigns in the Navy, for temporary service, from the 15th day of September, 1917:

Francis H. McAdoo,  
James A. Burbank,  
Charles K. Cobb, jr.,  
Almy C. Maynard,  
Ralph L. Dodge,  
Thomas W. Mather,  
Joseph L. Day,  
Raymond L. Watrous,  
Winn D. Faris,  
Chester L. Nichols,  
John S. Brayton, jr.,  
Conant Wait,  
Charles R. Westbrook,  
Robert M. Curtis,  
George T. Jarvis, 2d,  
Arthur C. Saxe,  
Samuel E. Raymond,  
Evans R. Dick, jr.,  
Herbert M. Corse,  
Arthur W. Ford,  
William L. Worsham,  
Schuyler Dillon,  
Frederic A. Merrill,  
William F. Kurfess,  
Harold F. Fultz,  
Edwin Cowles,  
John O. Burgwin,

Walter H. Wheeler, jr.,  
Folke E. Sellman,  
Arthur M. Tschirgi,  
Wayne F. Palmer,  
Donald McClench,  
Clifford D. Smith, jr.,  
Robert F. Herrick, jr.,  
Horton Brown,  
John H. Wilcox,  
Donald M. Ryerson,  
Horace Butler,  
Benjamin W. Cloud, 2d,  
Philip C. Kauffman,  
Richard H. Cobb,  
Franklin King,  
Conrad Chapman,  
George Taylor,  
William T. Kirk, 3d,  
William H. May,  
John E. P. Morgan,  
Harlan W. How,  
Henry W. D. Rudd,  
William W. Grace,  
Winslow H. French,  
Irving R. Gale,  
Howard G. Cann,  
Thomas I. H. Powel,  
Bryan Frere,  
Thorton Emmons,  
Mallery K. Aiken,  
Paul A. Hourigan,  
Stanford Harmon,  
John D. Shular,  
Clarence W. Schmidt,  
Arthur C. Smith,  
Howard P. Hart,  
Frederick S. Conner,  
James L. Sprunt, jr.,  
Arthur C. Hoyt,  
Marion W. Lee,  
Gould T. Miner,  
William E. D. Stokes, jr.,  
John Upton,  
George F. Talbot,  
Percival Van R. Harris,  
Horace B. Gardner,  
Charles L. Poor, jr.,  
Bulkeley L. Wells,  
Walter R. O'Sullivan,  
J. Harrison Keller,  
Thomas M. Leovy,  
John Hemphill,  
Richard S. Maynard,  
Ernest Gregory,  
Thomas Robins, jr.,  
George G. Jones,  
Lyman S. King,  
Miles Wambaugh,  
George E. McQuesten,  
DeLancey Nicoll, jr.,  
Lewis G. Smith,  
Paul A. Sherer,  
Douglas G. Lovell,  
William W. Slaymaker,  
Alfred G. Gennert,  
Sydney P. Clark,  
Frank T. Hogg,  
Junius S. Morgan,  
Walter P. Shiel,  
John T. Rowland,  
George D. Howell, jr.,  
Charles Higginson,  
Hamilton Vose, jr.,  
Joseph C. Storey,  
William C. Bok,  
Edward Lloyd, jr.,  
Elmer J. Stoffel,  
Selim E. Woodworth,  
John S. Lionberger,  
Roy D. Keyes,  
Frank W. Morrell,  
Francis T. Hunter,  
Harold S. Simmons,  
Robert W. Emmons, 3d.



Arthur T. Leonard,  
John L. Merrill,  
William V. Couchman, jr.,  
Thomas N. Page,  
Richard M. Breed,  
George R. Hann,  
Andrew C. Little,  
Hallowell V. Morgan,  
Robert B. Noyes,  
Eugene R. Sturtevant,  
Henry Hale, jr.,  
Chester J. La Roche,  
Milton H. Bird,  
John R. Litchfield,  
Barron C. Watson,  
Carter B. Burnett,  
John T. Scully,  
William J. Curtis, jr.,  
Hayden Crocker,  
Mathew P. Waller,  
Robert R. Theobald,  
Bryant H. Howard,  
Ralph W. Preston,  
James H. R. Cromwell,  
Robert D. Bartlett,  
Charles H. Bowman,  
Herbert de H. Glass, and  
Allan C. Brown.

The following-named passed assistant surgeons to be surgeons in the Navy, from the 23d day of May, 1917:

Harold W. Smith,  
Addison B. Clifford,  
Eugene A. Vickery,  
Richard A. Warner,  
Paul R. Stalnaker,  
Ernest O. J. Eytlinge, and  
Curtis B. Munger.

The following-named passed assistant surgeons to be surgeons in the Navy, from the 1st day of July, 1917:

Fletcher H. Brooks,  
John B. Mears,  
George S. Hathaway,  
Frank E. Sellers,  
Edward H. H. Old,  
Edward C. White,  
Thurlow W. Reed, and  
Edward U. Reed.

The following-named assistant surgeons to be passed assistant surgeons in the Navy, from the 10th day of April, 1917:

Carroll R. Baker,  
Cliff C. Wilson, and  
George W. Calver.

Assist. Surg. John T. Borden to be a passed assistant surgeon in the Navy, from the 30th day of September, 1916.

The following-named assistant surgeons to be passed assistant surgeons in the Navy, from the 10th day of April, 1917:

Daniel Hunt,  
Claude W. Carr,  
Howard Priest,  
Robert L. Crawford,  
John F. Riordan,  
Ovid C. Foote,  
Martin B. Hiden,  
Arthur E. Younie,  
Arthur E. Beddoe,  
Louis H. Roddis,  
Frank H. Haigler,  
Frederick Ceres,  
Horace V. Cornett,  
James D. Bobbitt,  
William H. Massey,  
Harvey R. McAllister,  
Walter C. Espach,  
Howard A. Tribou,  
William B. Hetfield,  
Jesse B. Helm,  
Walter L. Haworth, and  
Thomas A. Fortescue.

The following-named assistant paymasters to be passed assistant paymasters in the Navy, from the dates set opposite their names:

Arthur H. Eddins, August 22, 1915,  
John J. Gaffney, September 23, 1915,  
John A. Byrne, March 15, 1916, and  
Eaton C. Edwards, August 29, 1916.

The following-named civil engineers, with the rank of lieutenant commander, to be civil engineers in the Navy, with the rank of commander, from the 1st day of July, 1917:

Reuben E. Bakenhus,  
Ernest R. Gayler, and  
Archibald L. Parsons.

Surg. John T. Kennedy to be a medical inspector in the Navy, for temporary service, from the 31st day of August, 1917.

The following-named naval constructors, with the rank of commander, to be naval constructors in the Navy, with the rank of captain, for temporary service, from the 31st day of August, 1917:

Richard M. Watt,  
John D. Beuret,  
Daniel C. Nutting, jr.,  
William P. Robert,  
Thomas G. Roberts,  
Laurence S. Adams, and  
Stuart F. Smith.

The following-named naval constructors, with the rank of lieutenant commander, to be naval constructors in the Navy, with the rank of commander, for temporary service, from the 31st day of August, 1917:

Henry M. Gleason,  
William McEntee,  
John A. Spilman,  
Jullus A. Furer,  
Sidney M. Henry,  
Lewis B. McBride,  
John W. Woodruff,  
Clayton M. Simmers,  
Ross P. Schlabach,  
James L. Ackerson,  
Richard D. Gatewood,  
Isaac I. Yates,  
George C. Westervelt,  
William B. Fogarty,  
Charles W. Fisher, jr.,  
Holden C. Richardson,  
John H. Walsh,  
Edward C. Hamner, jr., and  
Emory S. Land.

The following-named lieutenants to be lieutenant commanders in the Navy, for temporary service, from the 31st day of August, 1917:

Lesley B. Anderson,  
Herbert F. Emerson,  
Ronan C. Grady,  
Albert S. Rees,  
Hollis M. Cooley,  
Aubrey W. Fitch,  
Fred F. Rogers,  
Robert V. Lowe,  
Harold Jones,  
Edwin A. Wolleson,  
Robert W. Cabaniss,  
Claude B. Mayo,  
Herndon B. Kelly,  
John B. Rhodes,  
George H. Bowdley,  
Fletcher C. Starr,  
John S. McCain,  
Matthias E. Manly,  
Reuben L. Walker,  
Alexander Sharp, jr.,  
William C. I. Stiles,  
Edward D. Washburn, jr.,  
Wilfred E. Clarke,  
Joe R. Morrison,  
Claude A. Bonvillian,  
Garrett K. Davis,  
William B. Howe,  
Hamilton F. Glover,  
Gardner L. Caskey,  
Albert C. Read,  
Robert T. Theobald,  
William L. Beck,  
Garret L. Schuyler,  
Charles F. Russell,  
John A. Monroe,  
Frank N. Eklund,  
Willis W. Bradley, jr.,  
Raymond A. Spruance,  
Henry K. Hewitt,  
William C. Barker, jr.,



Weyman P. Beehler,  
 Arthur A. Garcelon, jr.,  
 John W. W. Cumming,  
 Roy LeC. Stover,  
 Charles A. Dunn,  
 James J. Manning,  
 Richard R. Mann,  
 Charles C. Gill,  
 Augustin T. Beauregard,  
 Russell S. Crenshaw,  
 Herbert S. Babbitt,  
 Bryson Bruce,  
 Randall Jacobs,  
 Richard S. Edwards,  
 Clyde R. Robinson,  
 Ralph C. Needham,  
 Irving H. Mayfield,  
 Louis H. Maxfield,  
 Alfred W. Atkins,  
 Claud A. Jones,  
 George W. Kenyon,  
 Lucien F. Kimball,  
 Harold M. Bemis,  
 John M. Schelling,  
 William O. Wallace,  
 Bruce R. Ware, jr.,  
 William S. Farber,  
 Alfred W. Brown, jr.,  
 Guy E. Baker,  
 William F. Newton,  
 David A. Scott,  
 Miles A. Libbey,  
 Earle F. Johnson,  
 Felix X. Gygas,  
 Guy E. Davis,  
 Lemuel M. Stevens,  
 Joseph S. Evans,  
 Charles R. Clark,  
 Chester H. J. Keppler,  
 John W. Lewis,  
 Charles G. Davy,  
 Horace T. Dyer,  
 Rufus W. Matthewson,  
 Damon E. Cummings,  
 Warren G. Child,  
 William H. Lee,  
 William P. Williamson,  
 Vaughn V. Woodward,  
 Robert T. S. Lowell,  
 Richard T. Keiran,  
 Charles C. Slayton,  
 John H. Hoover,  
 Raymond F. Frellsen,  
 Philip H. Hammond,  
 Harry Campbell,  
 Allan S. Farquhar,  
 Harvey W. McCormack,  
 Ernest D. McWhorter,  
 Bert B. Taylor,  
 Frank R. King,  
 Carl T. Osburn, and  
 Archibald D. Turnbull.

The following-named ensigns to be lieutenants (junior grade)  
 in the Navy, for temporary service, from the 1st day of July,  
 1917:

Henry M. Mullinnix,  
 Ralph E. Davison,  
 Russell S. Berkey,  
 George F. Hussey, jr.,  
 Osborne B. Hardison,  
 Russell S. Hitchcock,  
 Willis C. Sutherland,  
 Arthur C. Miles,  
 Frank W. Wead,  
 Conrad A. Krez,  
 Tuthill Ketcham,  
 Harris K. Lyle,  
 Sidney E. Dudley,  
 Earl M. Major,  
 Paul R. Glutting,  
 Walter E. Borden, jr.,  
 Arthur C. Geisenhoff,  
 William F. Boyer,  
 Willard A. Kitts, 3d,  
 Carroll W. Hamill,

Clinton H. Havill,  
 Byron S. Dague,  
 Frank E. Beatty, jr.,  
 Woodbury E. Mackay,  
 Stanton F. Kalk,  
 Clifford H. Roper,  
 Augustus J. Selman,  
 Milton O. Carlson,  
 Norman P. Earle,  
 Don P. Moon,  
 Robert C. Bourne,  
 Thomas J. Kellher, jr.,  
 Hugo Schmidt,  
 Clinton E. Braine, jr.,  
 Laurance F. Safford,  
 William M. Fechteler,  
 Robert A. Awtrey,  
 Charles S. Baker,  
 Donald M. Carpenter,  
 Gerald F. Bogan,  
 Leon S. Fiske,  
 William F. Loventhal,  
 Harold M. Horne,  
 Arthur T. Emerson,  
 Grover C. Klein,  
 Bartley G. Furey,  
 Bertram J. Rodgers,  
 John A. Terhune,  
 Lew W. Bagby,  
 Lyman K. Swenson,  
 Gail Morgan,  
 Gilbert F. Bunnell,  
 Thorwald A. Solberg,  
 Edward P. Sauer,  
 John H. Carson,  
 Robert B. Carney,  
 Arthur W. Radford,  
 John A. Vincent,  
 Boyd R. Alexander,  
 Frederick B. Craven,  
 Edwin S. Earnhardt,  
 John E. Williams,  
 Webster M. Thompson,  
 Louis R. Vail,  
 Paul S. Goen,  
 Harry V. Baugh,  
 Andrew DeG. Mayer,  
 Charles G. Halpine,  
 John W. Watters, jr.,  
 Walter W. Webb,  
 Henry L. Phelps,  
 Archer W. Webb,  
 John E. Reinburg,  
 Charles J. Wheeler,  
 John A. Sternberg,  
 Samuel P. Ginder,  
 Van Hubert Ragsdale,  
 Robert J. Walker,  
 Homer L. Grosskopf,  
 Henry N. Fallon,  
 Maxwell Cole,  
 Henry J. White,  
 Gilbert W. Sumners,  
 Fred D. Kirtland,  
 Arthur D. Burhans,  
 Amos B. Root,  
 Paul W. Rutledge,  
 Albert M. Rhudy,  
 Calvin T. Durgin,  
 James A. Scott,  
 William E. Miller,  
 Douglas C. Woodward,  
 Armistead C. Rogers,  
 John D. Price,  
 James B. Ryan,  
 Sidney W. Kirtland,  
 Joseph H. Lawson,  
 Richard E. Webb,  
 Charles T. Gilliam,  
 Thomas V. Cooper,  
 Newbold T. Lawrence, jr.,  
 Martin B. Stonestreet,  
 Richard H. Jones,  
 Linton Herndon,  
 Leon F. Brown,



Herbert J. Grassie,  
Isaiah Parker,  
Chaplain E. Evans,  
George D. Price,  
Carlyle Craig,  
James P. Compton,  
Fred W. Connor,  
Dallas Wait,  
John E. Ostrander, jr.,  
Houston L. Maples,  
Andrew I. McKee,  
Randall E. Dees,  
Paul W. F. Huschke,  
Clarence W. Johnson,  
Frank G. Fahrion,  
Norborne L. Rawlings,  
Frank H. Dean,  
Harold S. Klein,  
Lawrence Wainwright,  
Donald B. Duncan,  
George F. Martin,  
Bernard F. Jenkins,  
Edward L. Ericsson,  
Richard R. Claghorn,  
John M. Bloom,  
Jesse L. Kenworthy, jr.,  
Albert E. Schrader,  
William R. Casey,  
Archibald E. Fraser,  
Dennis L. Ryan,  
Arnold H. Bateman,  
Charles T. Joy,  
Alva J. Moore,  
Nelson N. Gates,  
Benjamin R. Holcombe,  
Charles G. Berwind,  
William L. Keady,  
Theodore T. Patterson,  
George P. Brewster,  
Henry B. Broadfoot,  
John Wilkes,  
Robert B. Twining,  
William P. Bacon,  
Wilbur W. Feineman,  
Bruce P. Flood,  
Oscar W. Erickson,  
Henry C. Merwin,  
James M. Steele,  
Casper K. Blackburn,  
Thomas D. Warner,  
T. DeWitt Carr,  
Charles P. Cecil,  
Humbert W. Ziroll,  
Julius W. Simms,  
George F. Chapline,  
William J. Forrestel,  
John S. Roberts,  
Norman O. Wynkoop,  
William W. Schott,  
Walter B. Cowles,  
Stanwix G. Mayfield, jr.,  
Edwin F. Cochran,  
Gilbert C. Hoover,  
Walter S. Carrington,  
Roy K. Jones,  
Heman J. Redfield,  
Lowell Cooper,  
Andrew C. McFall,  
Herbert S. Jones,  
Robert N. Kennedy,  
Carl H. Hilton,  
James K. Davis,  
Cassin Young,  
Knefler McGinnis,  
George G. Robertson,  
Roman J. Miller,  
Frederick E. Haerberle,  
Edmund E. Brady, jr.,  
George W. McIver, jr.,  
Henry R. Oster,  
Colin Campbell,  
Theodore L. Schumacher,  
Douglas W. Coe,  
Albert Noble,  
Ingolf N. Kiland,

Edward A. Mitchell,  
Alexander D. Douglas,  
Homer N. Wallin,  
Sydney J. Wynne,  
Earle E. Muschlitz,  
Julian L. Woodruff,  
David C. Fox,  
Simon P. Fullinwider,  
William P. O. Clarke,  
Jay K. Allen,  
Stanton H. Wooster,  
George T. Howard,  
Robert L. Randolph, jr.,  
Theodore M. Waldschmidt,  
Adolph P. Schneider,  
Robert R. Ogg,  
Harold B. Sallada,  
George R. Fairlamb, jr.,  
John R. Cruse,  
Ross F. Collins,  
Paul F. Shortridge,  
John J. Twomey,  
Hugh St. C. C. Sease,  
Carl F. Holden,  
Kingsland Dunwoody,  
Vincent J. Moore,  
James H. Conyne,  
Frederic W. Neilson,  
Allen I. Price,  
Byron K. Presnell,  
Robert W. McReynolds, jr.,  
Harrison Avery,  
Leonard Doughty, jr.,  
Hanson E. Ely, jr.,  
Ralph U. Hyde,  
Ralph Wyman,  
George C. Cummings,  
George M. Keller,  
Edward J. Moran,  
John H. Keefe,  
Francis W. Benson,  
Vernon F. Grant,  
Francis T. Spellman,  
Carl L. Hansen,  
Ben H. Wyatt,  
Ward P. Davis,  
Volney O. Clark,  
Gale A. Poindexter,  
Robert W. Fleming,  
William J. Morcock,  
Karl Keller,  
Robert E. Keating,  
John N. Walton,  
Evan G. Hanson,  
William G. Ludlow, jr.,  
Leonard B. Austin,  
John H. Jenkins,  
Emile Topp,  
Donald R. Evans,  
Frank J. Hanafce,  
John G. M. Stone,  
Clarence O. Ward,  
Thomas D. Ross,  
John V. Murphy,  
Peyton H. Park,  
Kenneth Floyd-Jones,  
William H. Ball,  
Seabury Cook,  
Constantine N. Perkins,  
Benjamin O. Wells,  
Herbert W. Jackson,  
Robert B. Dashiell,  
John O'D. Richmond,  
Andrew G. Shepard,  
Lisle F. Small,  
Edmund B. Caldwell,  
Nicholas Vytlačil,  
Edward B. Rogers,  
Charles L. Hayden,  
Robert G. Tobin,  
Herbert B. Knowles,  
Anson A. Bigelow,  
John C. Tyler,  
Benjamin Buchalter,  
Joseph W. Gregory,



John T. Metcalf,  
Benjamin F. Staud,  
Francis C. Denebrink,  
Robert B. Matthews,  
Walter C. Calhoun,  
Lester J. Hudson,  
Samuel B. Brewer,  
Frank W. Lively,  
Davenport Browne,  
Franklin S. Irby,  
Colin DeV. Headlee,  
Merrill Comstock,  
Richard W. Gruelick,  
Paul U. Tevis,  
Wilbur V. Shown,  
George K. Weber,  
William F. Dietrich,  
Andrew G. Reaves,  
Richard H. Harper,  
John B. Heffernan,  
Harry C. Blodgett,  
Elliott M. Senn,  
Thomas R. Cooley, jr.,  
George L. Harriss,  
Homer W. Clark,  
Edward Sparrow,  
Robert L. Porter, jr.,  
Guido F. Forster,  
Edward H. Jones,  
Earl W. Morris,  
Thomas B. Hendley,  
Kenneth L. Coontz,  
Howard F. Council,  
Philip W. Warren,  
Allan R. McCann,  
Herbert W. Anderson,  
Carl W. Brewington,  
Chester M. Holton,  
Leonard P. Wessell,  
Frank L. Worden,  
Frederick L. Weis,  
Andrew R. Mack,  
Ralph F. Skylstead,  
Guy W. Clark,  
James P. Conover, jr.,  
Francis A. Smith,  
Conrad L. Jacobsen,  
William M. Relfel,  
Laurence P. Sargent,  
Lewis L. Gover,  
Rollin Van A. Failing,  
Laurence E. Kelly,  
Douglas A. Spencer,  
John J. Bartholdi,  
Harold F. Ely,  
Stephen E. Dillon,  
William S. B. Claude,  
Guy B. Hoover,  
Charles W. Weitzel,  
Isidore Lehrfeld,  
John H. Forschew, jr.,  
William S. Heath,  
Kenneth M. Hoeffel, and  
Felix B. Stump.

The following-named officers to be lieutenants in the Navy,  
for temporary service, from the 31st day of August, 1917:

Earl R. Morrissey,  
William G. Greenman,  
Horatio J. Peirce,  
Hugh C. Frazer,  
James A. Crutchfield,  
Charles P. Mason,  
Grady B. Whitehead,  
Campbell D. Edgar,  
Walter S. Haas,  
De Witt C. Ramsey,  
Roscoe E. Schuirman,  
Abraham C. Ten Eyck,  
Francis E. M. Whiting,  
John K. Richards, jr.,  
Stanley G. Womble,  
Paul S. Theiss,  
John Wilbur,  
Robert E. P. Elmer,  
George S. Gillespie,

Hubert V. La Bombard,  
Edward H. McKitterick,  
Laurence R. Brown,  
Leonard N. Linsley,  
Henry L. Abbott,  
Elmer L. Woodside,  
Glenn B. Davis,  
Palmer H. Dunbar, jr.,  
Ray H. Wakeman,  
Carl E. Hoard,  
Charles N. Ingraham,  
Adolph v. S. Pickhardt,  
Paul A. Stevens,  
George W. Wolf,  
Robin B. Daughtry,  
Walter Seibert,  
Richard H. Knight,  
Hugh L. White,  
Norman C. Gillette,  
Thomas Shine,  
Neil H. Geisenhoff,  
Lloyd R. Gray,  
George D. Hull,  
Solomon H. Geer,  
Chapman C. Todd, jr.,  
Paul Cassard,  
Walter O. Henry,  
Carl T. Hull,  
Eric F. Zemke,  
Edward J. O'Keefe,  
Hamilton V. Bryan,  
Wilbur J. Ruble,  
John Le V. Hill,  
Robert H. Grayson,  
John L. Hall,  
James H. Strong,  
Stephan B. Robinson,  
Harold H. Little,  
Hamilton Harlow,  
Thales S. Boyd,  
Daniel E. Barbey,  
John J. Brown,  
Carl K. Martin,  
Harry P. Curley,  
John P. Bowden,  
Baylis F. Poe,  
Charles K. Osborne,  
Ingram C. Sowell,  
Charles A. Lockwood, jr.,  
William H. Burtis,  
Hans Ertz,  
Aaron S. Merrill,  
Charles S. Alden,  
Charles F. Greene,  
Garnet Hulings,  
Charles W. McNair,  
Otto M. Forster,  
Louis R. Ford,  
William H. P. Blandy,  
James C. Jones, jr.,  
Herman E. Keisker,  
Bruce G. Leighton,  
Roy J. Wilson,  
Charlie P. McFeaters,  
Harold C. Van Valzah,  
Thomas M. Shock,  
Stewart F. Bryant,  
Kenneth R. R. Wallace,  
William B. Jupp,  
William I. Causey, jr.,  
Frank L. Johnston,  
George L. Greene, jr.,  
Reginald S. H. Venable,  
John A. Brownell,  
Roy Dudley,  
Laurence Wild,  
Herbert K. Fenn,  
James E. Brenner,  
Paul Hendren,  
Henry M. Briggs,  
Joseph Y. Dreisonstok,  
John M. Kates,  
Thomas G. Berrien,  
George M. Tisdale,  
William L. Wright,



Elroy L. Vanderkloot,  
 John R. Palmer,  
 Hartwell C. Davis,  
 Terry B. Thompson,  
 Laurance T. Du Bose,  
 Arthur G. Robinson,  
 Frederic W. Dillingham,  
 Hardy B. Page,  
 George B. Junkin,  
 Justin McC. Miller,  
 Harry R. Gellerstedt,  
 Oliver L. Downes,  
 Roy Pfaff,  
 Earl H. Quinlan,  
 Lloyd H. Lewis,  
 Samuel N. Moore,  
 Stuart E. Bray,  
 Arthur S. Walton,  
 Arthur W. Dunn, jr.,  
 Philip C. Ransom,  
 Jerome A. Lee,  
 Henry A. Seiller,  
 Alfred H. Donahue,  
 John D. Jones,  
 William Masek,  
 Edmund S. McCawley,  
 Langdon D. Pickering,  
 Andrew L. Haas,  
 Franklin B. Conger, jr.,  
 Ligon B. Ard,  
 Joseph H. Hoffman,  
 Robert D. Kirkpatrick,  
 David R. Lee,  
 Rawson J. Valentine,  
 August Schulze,  
 Frank Gunnell Kutz,  
 Noel Davis,  
 Carl H. Jones,  
 Charles B. C. Carey,  
 Carleton F. Bryant,  
 Alfred P. H. Tawressey,  
 John H. Buchanan,  
 Joseph R. Redman,  
 Franklin G. Percival,  
 Theodore D. Ruddock, jr.,  
 Andrew H. Addoms,  
 James D. Black,  
 William H. Porter, jr.,  
 Sherrod H. Quarles,  
 William E. Malloy,  
 John M. Creighton,  
 Edmund W. Burroughs,  
 George F. Neiley,  
 Byron B. Ralston,  
 Herbert J. Ray,  
 John G. Moyer,  
 Bert F. Clark,  
 Archibald N. Offley,  
 Richard L. Conolly,  
 Thomas L. Nash,  
 William A. Teasley,  
 Arthur E. Wills,  
 Homer L. Ingram,  
 Alexander R. Early,  
 Vincent A. Clarke, jr.,  
 Philip W. Yeatman,  
 William J. Hart, jr.,  
 Walter E. Doyle,  
 Karl E. Hintze,  
 William W. Meek,  
 Ellsworth Davis,  
 Charles J. Parrish,  
 Paulus P. Powell,  
 Benjamin H. Lingo,  
 Louis J. Roth,  
 Clarke Withers,  
 Tunis A. M. Craven,  
 William G. B. Hatch,  
 Samuel S. Thurston,  
 Valentine Wood,  
 Leo H. Thebaud,  
 Leman L. Babbitt,  
 James R. Webb,  
 Horace W. Pillsbury,  
 Walker Cochran,

Julian B. Timberlake, jr.,  
 Laurence W. Clarke,  
 Michael Hudson,  
 Gordon Hutchins,  
 Henry F. Floyd,  
 Raymond Asserson,  
 Leonard R. Agrell,  
 Jesse H. Smith,  
 Harold P. Parmelee,  
 Frank Hindrelet,  
 Ralph Martin,  
 Maxwell Case,  
 Warner W. Bayley,  
 Conrad D. Fry,  
 Henry P. Samson,  
 William J. Larson,  
 Thomas N. Vinson,  
 Herman A. Spanagel,  
 Frank L. Lowe,  
 Theo. D. Westfall,  
 Zeno W. Wicks,  
 Albert G. Berry, jr.,  
 George B. Wilson,  
 William K. Harrill,  
 Alfred H. Balsley,  
 Greene W. Dugger, jr.,  
 Charles D. Swain,  
 Albert H. Rooks,  
 Russell E. Perry,  
 Stanley L. Wilson,  
 Charles E. Rosendahl,  
 Robert W. Hayler,  
 Theodore W. Sterling,  
 Hervey A. Ward,  
 William A. Corn,  
 Edwin T. Short,  
 John B. W. Waller,  
 Robert L. Vaughan,  
 Thomas J. Doyle, jr.,  
 Charles F. Martin,  
 Kemp C. Christian,  
 Samuel G. Moore,  
 John L. Vaiden, and  
 Swift Riche.

The following-named lieutenants to be lieutenant commanders in the Navy from the 1st day of July, 1917:

John H. Towers,  
 Isaac C. Kidd, and  
 Charles C. Hartigan.

Lieut. (Junior Grade) Theodore H. Winters to be a lieutenant in the Navy from the 5th day of June, 1917.

Ensign Henry P. Samson to be a lieutenant (junior grade) in the Navy from the 6th day of June, 1917.

Machinist Patrick J. Solon to be a chief machinist in the Navy from the 5th day of January, 1917.

Pharmacist Frank Fulton to be a chief pharmacist in the Navy from the 30th day of August, 1917.

The following-named pay clerks to be assistant paymasters in the Navy, for temporary service, from the 12th day of September, 1917:

Arthur G. King,  
 Edward H. Littlefield,  
 William R. Parker,  
 Samuel B. Caldwell,  
 Merritt C. Haff,  
 Benjamin H. White,  
 Eugene R. Walter,  
 Eugene K. Brooks, jr.,  
 Lester A. Dyekman,  
 Walter E. Morton,  
 William C. Colbert,  
 Forest G. Lackland,  
 Floyd J. Farber,  
 Orly Tagland,  
 George E. Lord,  
 Percy J. Hutchison,  
 Marcus E. West,  
 Thomas C. Edrington,  
 Samuel Mitchell,  
 Matthew A. Mackie,  
 Melvin E. Throneson,  
 Houston S. Stubbs,  
 Clarence B. Fuller,  
 Frank E. Herbert,  
 William R. Ryan,



Walter T. Cronin,  
Nathaniel E. Disbrow,  
James C. Masters,  
Carl M. Johnson,  
James Fellis,  
Allen J. Marshall,  
William E. Lund,  
John Flynn,  
Arthur D. Turner,  
Joseph G. Stanton,  
William E. Todd,  
Albert S. Freedman,  
Leonard A. Klauer,  
Joseph O'Reilly,  
Harry H. Reynolds,  
William H. McKenna,  
Walter A. Thomas,  
Orville D. Foutch,  
Ernest W. Paynter,  
Beverly W. Jennings,  
Herbert H. Lowry,  
LeRoy Moyer,  
Edward R. McKenzie,  
William J. Smith,  
Benjamin Berkowitz,  
Palmer J. McCloskey,  
Edison H. Gale,  
Herman W. Johnson,  
Maurice T. Scanlan,  
John B. Daniels,  
Michael J. Dambacher,  
Harry E. Stengele,  
Robert C. Vasey,  
William H. Abbey,  
Herbert C. Lassiter,  
William C. Jahnke,  
Hilton P. Tichenor,  
Michael J. Kirwan,  
Arthur P. M. Shock,  
Jacques H. E. Everette,  
Charles W. White,  
John H. Theis,  
Harry W. Crider,  
Peter J. Penner,  
Wallace D. Chace,  
John E. Roberts,  
Cecil H. Jernigan,  
Clarence A. Miley,  
Alexander Riffin,  
Bernard A. Morrow, and  
Walter R. Lowther.

Lieut. Col. William N. McKelvy to be a colonel in the Marine Corps from the 26th day of March, 1917.

Lieut. Col. John H. Russell to be a colonel in the Marine Corps (subject to examination required by law) from the 26th day of March, 1917.

Lieut. Col. Louis J. Magill, assistant adjutant and inspector, to be an assistant adjutant and inspector in the Marine Corps with the rank of colonel from the 26th day of March, 1917.

Maj. William G. Powell, assistant paymaster, to be an assistant paymaster in the Marine Corps with the rank of lieutenant colonel from the 26th day of March, 1917.

Maj. Logan Feland to be a lieutenant colonel in the Marine Corps from the 26th day of March, 1917.

Maj. William Hopkins to be a lieutenant colonel in the Marine Corps (subject to examination required by law) from the 26th day of March, 1917.

Maj. Dickinson P. Hall to be a lieutenant colonel in the Marine Corps from the 26th day of March, 1917.

Maj. Charles H. Lyman to be a lieutenant colonel in the Marine Corps from the 26th day of March, 1917.

Maj. Charles C. Carpenter to be a lieutenant colonel in the Marine Corps (subject to examination required by law) from the 26th day of March, 1917.

Maj. Louis McC. Little to be a lieutenant colonel in the Marine Corps (subject to examination required by law) from the 26th day of March, 1917.

Capt. Eugene P. Fortson to be a major in the Marine Corps from the 26th day of March, 1917.

Capt. Jesse F. Dyer to be a major in the Marine Corps (subject to examination required by law) from the 26th day of March, 1917.

Capt. James J. Meade to be a major in the Marine Corps from the 26th day of March, 1917.

Capt. Richard B. Creecy to be a major in the Marine Corps from the 26th day of March, 1917.

Capt. Davis B. Wills, assistant paymaster, to be an assistant paymaster in the Marine Corps, with the rank of major, from the 26th day of March, 1917.

Capt. Fred D. Kilgore to be a major in the Marine Corps from the 26th day of March, 1917.

Capt. William P. Upshur to be a major in the Marine Corps from the 26th day of March, 1917.

Capt. Edward W. Banker, assistant quartermaster, to be an assistant quartermaster in the Marine Corps with the rank of major from the 26th day of March, 1917.

Capt. William M. Small to be a major in the Marine Corps from the 26th day of March, 1917.

Capt. Epaminondas L. Bigler to be a major in the Marine Corps from the 26th day of March, 1917.

Capt. Charles R. Sanderson, assistant quartermaster, to be an assistant quartermaster in the Marine Corps with the rank of major from the 26th day of March, 1917.

Capt. Walter N. Hill to be a major in the Marine Corps from the 26th day of March, 1917.

The following-named first lieutenants to be captains in the Marine Corps from the 26th day of March, 1917:

George A. Stowell,  
Henry L. Larsen,  
John C. Foster,  
William H. Rupertus,  
Keller E. Rokey,  
Egbert T. Lloyd,  
Allen H. Turnage,  
George W. Hamilton,  
David H. Miller,  
Matthew H. Kingman,  
Alphonse DeCarre,  
Cecil S. Baker,  
John F. S. Norris,  
Arthur Kingston,  
Samuel L. Howard,  
Lyle H. Miller,  
Ralph J. Mitchell,  
Robert O. B. Burwell,  
Louis R. de Roode,  
John A. Minnis,  
DeWitt Peck,  
Archie F. Howard,  
Raymond R. Wright,  
Rupert M. Burstan,  
Pedro A. del Valle,  
Owen E. O'Neill,  
Walter H. Sitz,  
William G. Hawthorne,  
Oscar R. Cauldwell,  
Edward C. Fuller,  
Arnold W. Jacobsen, and  
Earl H. Jenkins.

First Lieut. Anderson C. Dearing to be a captain in the Marine Corps (subject to examination required by law) from the 26th day of March, 1917.

The following-named first lieutenants to be first lieutenants in the Marine Corps for temporary service, from the 22d day of May, 1917, to correct dates of present rank:

Arthur H. Turner, and  
Roy C. Swink.

Col. Charles A. Doyen to be a brigadier general in the Marine Corps, from the 26th day of March, 1917 (subject to examination required by law).

Lieut. Col. Melville J. Shaw to be a colonel in the Marine Corps, from the 26th day of March, 1917.

Capt. Russell B. Putnam, assistant paymaster, to be an assistant paymaster in the Marine Corps, with the rank of major, from the 26th day of March, 1917.

Maj. Frederic M. Wise to be a lieutenant colonel in the Marine Corps (subject to examination required by law), from the 26th day of March, 1917.

The following-named first lieutenants to be captains in the Marine Corps from the 26th day of March, 1917:

James L. Underhill, and  
Bryan C. Murchison.

Alton A. Gladden, a citizen of Maryland, to be a second lieutenant in the Marine Corps for a probationary period of two years from the 15th day of August, 1917.

The following-named captains to be majors in the Marine Corps, for temporary service, from the 22d day of May, 1917:

Frederick A. Barker,



Edward B. Cole,  
William T. Hoadley,  
Alexander M. Watson,  
Emile P. Moses,  
Harold F. Wirgman,  
Joseph A. Rossell,  
Clayton B. Vogel,  
Edward H. Conger,  
Henry N. Manney, jr.,  
Franklin B. Garrett,  
Samuel W. Bogan,  
Calvin B. Matthews,  
Albert E. Randall,  
Arthur Racicot,  
Frederick A. Gardener,  
Tom D. Barber,  
Edward W. Sturdevant,  
Andrew B. Drum,  
Victor I. Morrison,  
Maurice E. Shearer,  
Harry G. Bartlett,  
Charles A. Lutz,  
Calhoun Ancrum,  
David M. Randall,  
Holland M. Smith,  
John R. Henley,  
Henry S. Green,  
Ralph L. Shepard,  
Howard W. Stone,  
William W. Buckley,  
William C. Wise, jr.,  
William D. Smith,  
Harold B. Pratt,  
Randolph Coyle,  
Philip H. Torrey,  
Robert L. Denig,  
Charles S. McReynolds,  
Charles F. B. Price, and  
William C. Powers, jr.

The following-named assistant quartermasters with the rank of captain to be assistant quartermasters in the Marine Corps with the rank of major, for temporary service, from the 22d day of May, 1917:

Jeter R. Horton,  
Bennet Puryear, jr., and  
Russell H. Davis.

The following-named first lieutenants to be captains in the Marine Corps, for temporary service, from the 23d day of May, 1917:

Robert S. Hunter,  
Glenn D. Miller,  
Burwell H. Clarke,  
Philip T. Case,  
Walter G. Sheard,  
Charles A. Wynn,  
Thomas E. Watson,  
Roger W. Peard,  
Thad T. Taylor,  
Herbert Rosenzweig,  
Paul Brown,  
Charles A. Howell,  
John Denison Nevin,  
Charles P. Gilchrist,  
Lloyd L. Leech,  
George C. Hamner,  
James M. Bain,  
Harold S. Fassett,  
Karl I. Buse,  
John R. Martin,  
Gustav Karow,  
Jesse H. Fugate, jr.,  
Samuel A. Woods, jr.,  
Raphael Griffin,  
Horace C. Cooper,  
Peter C. Geyer, jr.,  
James E. Davis,  
James T. Moore,  
William C. Byrd,  
George B. Reynolds,  
David H. Owen,  
Joseph E. Brewster,  
Nimmo Old, jr.,  
Benjamin T. Cripps,  
Louis W. Whaley,  
John M. Arthur,

James F. Jeffords,  
Jacob M. Pearce, jr.,  
Gordon Watt,  
Thomas P. Cheatham,  
Thomas E. Bourke,  
William C. James,  
Daniel E. Campbell,  
William B. Black,  
Maurice G. Holmes,  
Charles C. Gill,  
James E. Betts,  
Norman S. Hinman,  
George Faunce Adams,  
Wethered Woodworth,  
James W. Webb,  
John M. Tildsley,  
Le Roy P. Hunt,  
Louis E. Woods,  
Edward R. Rhodes,  
Harry K. Cochran,  
Donald R. Fox,  
William McN. Marshall,  
George H. Scott,  
Alexander Galt,  
Paul R. Cowley,  
Allen W. Harrington, jr.,  
Bailey M. Coffenberg,  
Eugene F. C. Collier,  
Evans O. Ames,  
Stanley M. Muckleston,  
William H. Davis,  
Richard N. Platt,  
William E. Williams,  
William W. Scott, jr.,  
Franklin A. Hart,  
George Franklin Adams,  
George W. Spotts,  
Bruce J. Millner,  
Emmett W. Skinner,  
Jesse J. Burks,  
William LaF. Crabbe,  
Harlan E. Major,  
Frank L. Morris,  
William P. Richards,  
Edward G. Hagan,  
Thomas B. Gale,  
Thomas F. Harris,  
Charles M. Jones,  
Lewis L. Gover,  
Willett Elmore,  
Arthur H. Turner, and  
Roy C. Swink.

The following-named first lieutenants to be captains in the Marine Corps, for temporary service, from the 3d day of June, 1917:

Leon L. Dye,  
Lee W. Wright,  
Reuben B. Price,  
George P. Doane,  
John W. Mueller,  
John F. McVey,  
John T. Baugh,  
Harold H. Rethman,  
Walter J. Green,  
James E. Reich,  
Carl S. Schmidt,  
John F. Burnes,  
Charles Ubel,  
Charles C. St. Clair,  
John Waller,  
Harry Halladay,  
Eugene L. Pelletier,  
Otto Salzman,  
Harry V. Shurtleff,  
Fred G. Patchen,  
William F. Beattie,  
Francis E. Pierce,  
Harry W. Gamble,  
Leslie G. Melville,  
Edwin P. McCauley,  
Robert F. Slingluff,  
Roscoe Arnett,  
Francis C. Cushing,  
Charles L. Eickmann,  
Thomas Quigley,



Patrick W. Guilfoyle,  
Frank Z. Becker,  
Nathan E. Landon,  
Eugene L. Mullahy,  
Robert H. Shiel,  
John J. Mahoney,  
Albert J. Phillips,  
Jacob Jacobowitz,  
James McCoy,  
Augustus B. Hale,  
Walter E. McCaughtry,  
William O. Corbin,  
Thomas J. Curtis,  
John P. McCann, and  
Maurice A. Willard.

The following-named first lieutenants to be captains in the Marine Corps, for temporary service, from the 16th day of June, 1917:

Harry A. Ellsworth,  
Charles B. Hobbs,  
Warren C. Barnaby,  
Maurice C. Gregory,  
James T. Allen,  
Gustav F. Bloedel,  
John Strong,  
William A. McGinley,  
Thomas Dwight,  
John J. Haley,  
Walter Wooding,  
Frank D. Creamer,  
William Mills,  
Robert E. Williams,  
Harry E. Horner,  
Robert W. Maxwell,  
William F. Thalheimer,  
Thomas F. Carney,  
Benjamin F. Fogg,  
Howell Cobb,  
Charlie Dunbeck,  
Thomas F. Joyce,  
Charles Grimm,  
William F. Brown,  
James W. Lattin,  
Henry A. Riekers,  
Augustus T. Lewis,  
Edward McEvoy, and  
Charles D. Meginness.

The following-named second lieutenants to be first lieutenants in the Marine Corps, for temporary service, from the 2d day of June, 1917:

Leon L. Dye,  
Lee W. Wright,  
Reuben B. Price,  
George P. Doane,  
John W. Mueller,  
John F. McVey,  
John T. Baugh,  
Harold H. Rethman,  
Walter J. Green,  
James E. Reich,  
Carl S. Schmidt,  
John F. Burnes,  
Charles Ubel,  
Charles C. St. Clair,  
John Waller,  
Harry Halladay,  
Eugene L. Pelletier,  
Otto Salzman,  
Harry V. Shurtleff,  
Fred G. Patchen,  
William F. Beattie,  
Francis E. Pierce,  
Harry W. Gamble,  
Leslie G. Melville,  
Edwin P. McCaulley,  
Robert F. Slingluff,  
Roscoe Arnett,  
Francis C. Cushing,  
Charles L. Eickmann,  
Thomas Quigley,  
Patrick W. Guilfoyle,  
Frank Z. Becker,  
Nathan E. Landon,  
Eugene L. Mullahy,  
Robert H. Shiel,

John J. Mahoney,  
Albert J. Phillips,  
Jacob Jacobowitz,  
James McCoy,  
Augustus B. Hale,  
Walter E. McCaughtry,  
William O. Corbin,  
Thomas J. Curtis,  
John P. McCann, and  
Maurice A. Willard.

The following-named second lieutenants to be first lieutenants in the Marine Corps, for temporary service, from the 15th day of June, 1917:

Harry A. Ellsworth,  
Charles B. Hobbs,  
Warren C. Barnaby,  
Maurice C. Gregory,  
James T. Allen,  
Gustav F. Bloedel,  
John Strong,  
William A. McGinley,  
Thomas Dwight,  
John J. Haley,  
Walter Wooding,  
Frank D. Creamer,  
William Mills,  
Robert E. Williams,  
Harry E. Horner,  
Robert W. Maxwell,  
William F. Thalheimer,  
Thomas F. Carney,  
Benjamin F. Fogg,  
Howell Cobb,  
Charlie Dunbeck,  
Thomas F. Joyce,  
Charles Grimm,  
William F. Brown,  
James W. Lattin,  
Henry A. Riekers,  
Augustus T. Lewis,  
Edward McEvoy,  
Charles D. Meginness,  
James Keeley,  
Eugene B. Mimms,  
William H. Stevens,  
Henry Baptist,  
Francis Fisk,  
Robert W. Williams,  
Peter Conachy,  
Charles E. Mills,  
Wilbur G. Gunn,  
John Blanchfield,  
Carl E. Clark, and  
Arthur J. Stout.

The following-named second lieutenants to be first lieutenants in the Marine Corps, for temporary service, from the 30th day of June, 1917:

Julius T. Wright,  
Andrew E. Creesy,  
Arthur H. Page, Jr.,  
Donald Curtis,  
Jesse L. Perkins, and  
Samuel J. Bartlett.

The following-named second lieutenants to be first lieutenants in the Marine Corps, for temporary service, from the 25th day of July, 1917:

Clarence N. McClure,  
Michael Kearney,  
Edward H. W. Holt,  
Bror G. Brodstrom,  
Kirt Green,  
Angus Wilson,  
Fred Lueders,  
Charlie Hansen,  
Charles S. Beale,  
Raymond F. Dirksen,  
Walter J. Eddington, jr.,  
Frank Whitehead,  
James P. Smith,  
Frank E. Verner,  
Norman M. Shaw,  
Joseph Watson,  
Abel E. LeBlanc,  
Oliver A. Dow,  
John P. Harvis,



William Borghart,  
John F. Duffy,  
William R. Perry,  
William J. Holloway,  
Bert Pearson,  
Harry H. Couvrette,  
Pink H. Stone,  
Harry T. Rodenhoffer,  
Frank Patterson,  
Charles G. Knoechel,  
Charles F. Merkel,  
John F. Evans,  
John A. McDonald,  
Ray W. Jeter,  
Albert J. Grimes,  
Clarence H. Medairy,  
Robert Yowell,  
Louie W. Putnam,  
Stephen F. Drew,  
Charles F. Finger,  
William S. Robinson,  
Edward G. Huefe,  
John Kearns,  
James H. McGan,  
James E. Snow,  
Harry L. Jones,  
Hans O. Martin,  
Robert J. Woodrich,  
Harry Paul,  
William Workman,  
Alvin J. Daigler,  
John W. Hingle,  
Augustus Alken,  
Austin G. Rome,  
William Merrill,  
Joseph Jackson,  
Clate C. Snyder,  
William J. Borden,  
Earl C. Nicholas,  
Frank F. Zissa,  
Martin J. Kelleher,  
Martin Canavan,  
Joseph M. Swinnerton,  
Leslie G. Wayt,  
Charles A. Smith,  
Robert W. Winter,  
Edward P. Oliver,  
Sidney O. Thompson,  
Max Cox,  
William H. Haggerty,  
Walter J. White,  
Edgar S. Tuttle,  
Thomas L. Edwards,  
Charles McL. Lott,  
Joseph Reardon,  
Russell A. Presley,  
William L. Erdman,  
Ernest L. Russell,  
Frank N. Gilmore,  
William J. Flanagan,  
James F. Robertson,  
William F. Becker,  
Charles H. Martin,  
Rollin A. York,  
Charles F. Kienast,  
Harvey B. Mims, and  
Earl B. Hammond.

The following-named second lieutenants to be first lieutenants in the Marine Corps, for temporary service, from the 28th day of July, 1917:

Charles G. Haas, and  
Charles E. Rice.

The following-named second lieutenants to be first lieutenants in the Marine Corps, for temporary service, from the 1st day of August, 1917:

Mark A. Smith,  
Timothy J. Holland,  
Vincent E. Healy,  
Charles D. Sniffen,  
Walter A. Powers,  
William H. Abrams,  
Edmund G. Chamberlain,  
Clarence E. Nelson,  
George H. Martin, jr.,  
Benjamin DeW. Knapp,

Robert J. Archibald, and  
Gilder D. Jackson, jr.

The following-named second lieutenants to be first lieutenants in the Marine Corps, for temporary service, from the 7th day of August, 1917:

Percy D. Cornell,  
Newton Best,  
Angus A. Acree,  
William A. Worton,  
Jonas H. Platt,  
James F. Rorke,  
Charles McK. Krausse,  
Alan V. Parker,  
John F. Horn,  
Ross W. Davidson,  
Glenn E. Hayes,  
Edmund L. Riesner,  
Robert L. Duane,  
Lynn B. Coovert,  
Robert A. Kennedy,  
John F. Talbot,  
Stanley A. Beard,  
John L. Garner, jr.,  
John W. Thomason, jr.,  
Stewart B. O'Neill, and  
Clarence Ball.

The following-named second lieutenants to be first lieutenants in the Marine Corps, for temporary service, from the 11th day of August, 1917:

Kenneth E. Schwinn,  
Dan E. Root,  
Merritt B. Curtis,  
Charles T. Brooks,  
James L. Denham,  
Herbert Hardy,  
Richard B. Buchanan,  
Benjamin R. Avent,  
William H. McCormick,  
David R. Kilduff,  
James A. Connor,  
Einar W. Jacobsen,  
Hugh McFarland,  
Walter D. Shelly,  
Bert A. Bone,  
Charles B. Maynard,  
Carl F. Dietz,  
Oliver P. Smith,  
Hugh Shippey,  
Joseph G. Ward,  
Baptiste Barthe,  
Sidney R. Vandenberg,  
Robert C. Thaxton,  
James D. McLean,  
Thomas S. Whiting,  
Robert Blake,  
Henry D. Linscott,  
John G. E. Kipp,  
William T. Clement,  
Ralph E. West,  
Euvelle D. Howard,  
Alfred H. Noble,  
Keith E. Kinyon,  
Harlen Pefley,  
Frank D. Strong,  
Lyman Passmore,  
Louis W. Bartol,  
Donald Kenyon,  
Clifford O. Henry,  
John Sellon,  
Joseph T. Smith,  
Hiram R. Mason,  
Horatio P. Mason,  
Carleton S. Wallace,  
George B. Lockhart,  
John D. Macklin,  
Jack S. Hart,  
Omar T. Pfeiffer,  
Robert S. Pendleton,  
Drinkard B. Milner,  
Roscoe A. Parcel,  
Davis A. Holladay,  
Frank P. Snow,  
Samuel W. Freeny,  
Julius C. Cogswell,  
William H. Harrison,



Campbell H. Brown,  
Fred W. Clarke, jr.,  
Edmund P. Norwood,  
Edwin R. Brecher,  
Thomas T. McEvoy,  
William H. Price,  
Lewie G. Merritt, and  
Harry C. Savage, jr.

The following-named second lieutenants to be first lieutenants in the Marine Corps, for temporary service, from the 16th day of August, 1917:

John Frost,  
George F. Smithson,  
John P. Adams,  
Henry E. Chandler,  
Otto E. Bartoe,  
Ernest E. Eller,  
Harold D. Shannon,  
Robert M. Johnson,  
Louis R. Jones,  
Ramond J. Bartholomew,  
Bruce B. MacArthur,  
Claude A. Larkin,  
Macon C. Overton,  
Erwin Mehlinger,  
William B. Croka,  
Lothar R. Long,  
Gilbert D. Hatfield,  
Amos R. Shinkle,  
Bruce Gootee, jr.,  
George H. Morse, jr.,  
Marc M. Ducote,  
Wesley W. Walker,  
Lewis B. Freeman,  
Lucian W. Burnham,  
William K. Snyder,  
Shaler Ladd,  
Robert M. Montague,  
Alfred C. Cramp,  
James T. Yarborough, and  
John A. Willis, jr.

#### CONFIRMATIONS.

*Executive nominations confirmed by the Senate September 29, 1917.*

##### UNITED STATES ATTORNEY.

Emon O. Mahoney, to be United States attorney for the western district of Arkansas.

##### COLLECTORS OF CUSTOMS.

Byron R. Newton to be collector of customs for customs collection district No. 10, with headquarters at New York, N. Y.

John O. Davis to be collector of customs for customs collection district No. 28, with headquarters at San Francisco, Cal.

##### NAVAL OFFICER OF CUSTOMS.

James H. Barry to be naval officer of customs in customs collection district No. 28, with headquarters at San Francisco, Cal.

##### APPOINTMENTS IN THE ARMY.

###### CORPS OF ENGINEERS.

###### *To be second lieutenants.*

Cadet Herman Henry Pohl.  
Cadet Gerald Alford Counts.  
Cadet Hiram Baldwin Ely.  
Cadet Kenneth Mason Moore.  
Cadet Charles Dashiell Harris.  
Cadet Edmond Harrison Levy.  
Cadet Thomas Dodson Stamps.  
Cadet Bartley Marcus Harloe.  
Cadet Starr Clifton Wardrop.  
Cadet Girard Blakesley Troland.  
Cadet Llewellyn Mason Griffith.

###### CAVALRY ARM.

###### *To be second lieutenants.*

Cadet Grayson Cooper Woodbury.  
Cadet Duncan Gregor McGregor.  
Cadet Thomas Jackson Heavey.  
Cadet Wallace Francis Safford.  
Cadet Joshua Ashley Stansell.  
Cadet Raymond Eccleston Serveira Williamson.  
Cadet David Charles George Schlenker.  
Cadet Harry Tremaline Wood.  
Cadet Earl Frank Knoob.  
Cadet Robert Earl Symmonds.

Cadet John Richard Wilmot Diehl.  
Cadet Rudolph Daniel Delehanty.  
Cadet William Henry Whiting Reinburg.  
Cadet Elmer Hugo Almquist.  
Cadet Frank Leslie Carr.  
Cadet Frank Edmund Bertholet.  
Cadet Marion Carson.  
Cadet Rossiter Hunt Garity.  
Cadet Frank Charles Jedlicka.  
Cadet Leo Buffington Conner.  
Cadet John Boersig Saunders.  
Cadet Arthur Burnola Curtis.  
Cadet Desmond O'Keefe.  
Cadet Hal Marney Rose.  
Cadet Frederick John Durrschmidt.  
Cadet Milton Wickers Davis.  
Cadet John Bellinger Bellinger, jr.

###### FIELD ARTILLERY ARM.

###### *To be second lieutenants.*

Cadet Thurston Elmer Wood.  
Cadet John Michael Johnson.  
Cadet William Oliver Reeder.  
Cadet William Karl Kolb.  
Cadet William Robert Gerhardt.  
Cadet Theodore Earl Buechler.  
Cadet Frederick Edwin Tibbetts, jr.  
Cadet Samuel Durand Ringsdorf.  
Cadet Redmond Francis Kernan, jr.  
Cadet Theodore Leslie Futch.  
Cadet Russell Luff Meredith.  
Cadet William Innes Wilson.  
Cadet Harold Allum Cooney.  
Cadet John Thornton Knight, jr.  
Cadet Miles Andrew Cowles.  
Cadet Lawrence McCeney Jones.  
Cadet Gordon Graham Heiner, jr.  
Cadet Edward Joseph Wolff, jr.

###### COAST ARTILLERY CORPS.

###### *To be second lieutenants.*

Cadet Dean Ingersoll Piper.  
Cadet Otto Max Jenk.  
Cadet Herman Uth Wagner.  
Cadet Philip Stevens Day.  
Cadet George Walter Hirsch.  
Cadet Forrest Clifford Shaffer.  
Cadet William Riley Deeble, jr.  
Cadet Frank Fenton Reed.  
Cadet John Will Coffey.  
Cadet Frank Celestine Meade.  
Cadet Lawrence Dwight.  
Cadet Everett Thurston Brown.  
Cadet Clyde Hobart Morgenthaler.  
Cadet Willard Merrill Hall.  
Cadet Tracy Campbell Dickson, jr.  
Cadet Robert Wilson Hasbrouck.  
Cadet Howard Patterson Faust.  
Cadet John Taylor de Camp.  
Cadet Wallace Duncan Collins.  
Cadet Sargent Prentiss Huff.  
Cadet William Henry Donaldson, jr.  
Cadet Henry Maris Black.  
Cadet Willard David Murphy.  
Cadet Council Bryan Palmer.  
Cadet John Claron Hawkins.

###### INFANTRY ARM.

###### *To be second lieutenants.*

Cadet Joseph Isadore Cohen.  
Cadet Henry Anson Barber, jr.  
Cadet Robert Alston Willard.  
Cadet John Marcus Erwin.  
Cadet William Beggs Carswell, jr.  
Cadet Wilson Gunning Bingham.  
Cadet Charles Cope Bartley.  
Cadet Robert MacDonald Graham.  
Cadet Rudolph Francis Whitelegg.  
Cadet Loyd Van Horne Durfee.  
Cadet John Henry Norton.  
Cadet William Winchester Paca.  
Cadet John Ter Bush Bissell.  
Cadet Charles Aloysius Mahoney.  
Cadet George Senseny Eyster.  
Cadet Henry Richard Anderson.  
Cadet William McCaskey Chapman.



Cadet Kenneth Paul Murray.  
 Cadet Roger Walton Stambbridge.  
 Cadet Norman McNeill.  
 Cadet Glen Henry Anderson.  
 Cadet Bryant Edward Moore.  
 Cadet Leo Vincent Warner.  
 Cadet Howard Alston Deas.  
 Cadet Henry William Bobrink.  
 Cadet Onslow Sherburne Rolfe.  
 Cadet Louis Armistead Freeman.  
 Cadet Henry Perkins Gantt.  
 Cadet Jesse Brooke Matlack.  
 Cadet Julius Earl Schaefer.  
 Cadet Theodore Desmond Schmidt.  
 Cadet Parry Weaver Lewis.  
 Cadet Edward Wrenne Timberlake.  
 Cadet Vincent Nicholas Taylor.  
 Cadet William Wallace Jenna.  
 Cadet William Richard Fleming.  
 Cadet Paul Wallace Cole.  
 Cadet Francis Porter Simpson.  
 Cadet Harry Cooper Barnes, jr.  
 Cadet Robert John Hoffman.  
 Cadet Clare Wallace Woodward.  
 Cadet John Stevenson Mallory.  
 Cadet Frederick Dent Sharp.  
 Cadet William Sydney Barrett.  
 Cadet Paul Ryan Goode.  
 Cadet Harry Niles Rising.  
 Cadet Josephus Benjamin Wilson.  
 Cadet Henry Cornelius Demuth.  
 Cadet Lowell Meeker Riley.  
 Cadet Edwin Clark Maling.  
 Cadet George Draper Watts.  
 Cadet Emil Krause.  
 Cadet Robert Lynn Bacon.  
 Cadet Walker Gibson White.  
 Cadet Earle Everett Sarcka.  
 Cadet Edwin Jacob House.  
 Cadet Arthur Charles Purvis.  
 Cadet James Jackson Hea.  
 Cadet Edgar Bruce Moomau.  
 Cadet Frank Sidney Long.  
 Cadet Carlisle Britannia Wilson.  
 Cadet William Edward Whittington.  
 Cadet Harold Lewis Milan.  
 Cadet Robert Amedee Bringham.  
 Cadet Horace Harding.  
 Cadet Earle Adams Billings.  
 Cadet Royal Harry Place.

POSTMASTER.  
 ARKANSAS.

P. G. Henry, Texarkana.

## HOUSE OF REPRESENTATIVES.

SATURDAY, September 29, 1917.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

O Thou, who art supremely good, all wise and powerful, touch us, we beseech Thee, with Thy spirit, that our eyes may be opened amid all the perplexing questions of life and the sin which doth so easily beset us to the path of duty, and give us the courage and Christian manhood to walk therein, with all faith and confidence, leaving the results to Thee who doest all things well. This we ask in the faith and the hope and the spirit of the Lord Jesus Christ, the world's great Exemplar. Amen.

The Journal of the proceedings of yesterday was read and approved.

### WAR REVENUE.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent that I may be permitted to file for printing under the rule the conference report upon the bill H. R. 4280, the revenue bill, together with the statement of the managers, at any time before 12 o'clock to-night.

The SPEAKER. The gentleman from North Carolina asks unanimous consent to file the conference report on the revenue bill, together with the statement of the managers, at any time before midnight to-night. Is there objection?

Mr. KITCHIN. To be printed in the Record to-night.

Mr. MADDEN. Mr. Speaker, reserving the right to object, I desire to ask the gentleman when he expects to call the bill up for consideration?

Mr. KITCHIN. On Monday next. The report will be printed in the Record to-night.

Mr. MADDEN. And it is the intention of the gentleman to call it up the first thing on Monday after the reading of the Journal?

Mr. KITCHIN. Yes.

The SPEAKER. Is there objection?

Mr. AUSTIN. Can we get a copy of the bill to-day?

Mr. KITCHIN. No; it will be printed to-night and copies may be had to-morrow.

The SPEAKER. Is there objection?

There was no objection.

### MESSAGE FROM THE PRESIDENT OF THE UNITED STATES.

A message from the President of the United States, by Mr. Sharkey, one of his secretaries, announced that the President had approved and signed bills of the following titles:

On August 7, 1917:

H. R. 3331. An act for the protection of desert-land entrymen who enter the military or naval service of the United States in time of war.

On August 8, 1917:

H. R. 4285. An act making appropriations for the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes.

On August 10, 1917:

H. R. 4188. An act to provide further for the national security and defense by stimulating agriculture and facilitating the distribution of agricultural products; and

H. R. 4961. An act to provide further for the national security and defense by encouraging the production, conserving the supply, and controlling the distribution of food products and fuel.

On September 24, 1917:

H. R. 5901. An act to authorize an additional issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign governments, and for other purposes.

On September 25, 1917:

S. 2830. An act extending the time for the construction of a bridge across the Arkansas River between the cities of Little Rock and Argenta, Ark.; and

S. 2477. An act to authorize the construction of a building for the use of the Treasury Department.

On September 28, 1917:

H. R. 5335. An act to extend the time for constructing a bridge across the Tug Fork of the Big Sandy River near Warfield, Ky., and Kermit, W. Va., authorized by an act approved January 28, 1916.

### MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Waldorf, its enrolling clerk, announced that the Senate had insisted upon its amendments to the bill (H. R. 5949) making appropriations to supply deficiencies in appropriations for the fiscal year ending June 30, 1918, and prior years, on account of war expenses, and for other purposes, disagreed to by the House of Representatives, had agreed to the conference asked by the House on the disagreeing votes of the two Houses thereon, and had appointed Mr. MARTIN, Mr. SHAFROTH, Mr. UNDERWOOD, Mr. WARREN, and Mr. SMOOT as the conferees on the part of the Senate.

The message also announced that the Senate had passed the following concurrent resolution, in which the concurrence of the House of Representatives was requested:

### Senate concurrent resolution 13.

Resolved by the Senate (the House of Representatives concurring). That in the enrollment of the bill (H. R. 3932) to prohibit the manufacture, distribution, storage, use, and possession in time of war of explosives, providing regulations for the safe manufacture, distribution, storage, use, and possession of the same, and for other purposes, the Clerk of the House of Representatives be, and he is hereby, authorized and directed to insert after the word "explosives," in the first proviso of section 5 of the bill as agreed to in conference, the words "are not subject to the provision of this act."

### PRIVILEGES OF THE HOUSE.

Mr. POUL. Mr. Speaker, I ask unanimous consent to have read from the Clerk's desk, without comment upon my part, a letter from the Secretary of State, which has just been received.

The SPEAKER. The gentleman from North Carolina asks unanimous consent to have read and printed in the Record a letter from the Secretary of State, without any comment on his own part. Is there objection?



Mr. MOORE of Pennsylvania. Mr. Speaker, reserving the right to object, I would like to ask the gentleman if this letter relates to any controversy as between the State Department and the House of Representatives?

Mr. POUL. I do not think it relates to any controversy. It is a very specific declaration on the part of the State Department which I think the House of Representatives would like to hear.

Mr. MOORE of Pennsylvania. In the judgment of the gentleman, is it such a letter as will provoke a controversy this morning on the floor of the House?

Mr. POUL. I do not think it is. If it were, I would not offer it.

The SPEAKER. It will not, else the Chair would not have recognized the gentleman to offer it. Is there objection? [After a pause.] The Chair hears none, and the Clerk will read the letter.

The Clerk read as follows:

DEPARTMENT OF STATE,  
Washington, September 28, 1917.

Hon. EDWARD W. POUL,  
House of Representatives.

MY DEAR MR. POUL: In response to your inquiry over the telephone to-day, addressed to the department, I beg to inform you that the State Department has no evidence that could in any way connect a Member of Congress with the payment of money by the German Embassy in its propaganda activities.

I take the liberty of quoting a statement issued by the Secretary of State on September 22, which indicates his opinion on this subject:

"If there is any misunderstanding, I wish to say very emphatically I do not see how the Bernstorff message in any way reflects upon Congress or any Member. Apparently it was the purpose to employ agencies to influence them of which they would have no knowledge and in case they were influenced would be entirely innocent. I do not know what the organization was. This exposé is apropos of German methods of peace propaganda and there is no intention of casting suspicion on Members of Congress."

Believe me, my dear Mr. Poul,

Yours, very truly,

FRANK L. POLK,  
Acting Secretary of State.

LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted to Mr. LARSEN for two days, on account of important business on behalf of constituents.

#### PUBLIC BUILDING AT DURANT, OKLA.

Mr. CARTER of Oklahoma. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 6094) amending the act to increase the limit of the cost of certain public buildings, and so forth. This bill does not involve any appropriation at all.

Mr. MADDEN. Mr. Speaker, I reserve the right to object.

Mr. STAFFORD. Mr. Speaker, this bill is on the Unanimous Consent Calendar. Are we to understand that the report upon the revenue bill will take precedence over unanimous-consent business on Monday next, which is unanimous-consent day?

The SPEAKER. It will not, unless unanimous consent is had to set that bill aside.

Mr. STAFFORD. Of course there can not be any great pressure for considering this bill and other bills on the Calendar for Unanimous Consent if the calendar is to be considered on Monday.

The SPEAKER. The Chair can not answer whether the Unanimous Consent Calendar will be considered on Monday or not.

Mr. STAFFORD. The gentleman from North Carolina gave notice that he was going to bring up the report on the revenue bill on Monday. I assume from that that he intends sometime to ask to dispense with business in order on Monday next.

Mr. CARTER of Oklahoma. Mr. Speaker, the only urgent necessity for the consideration of this bill is the fact that a contract has been let for a public building and it can not be completed as the Treasury Department thinks it should be on account of the authorizations.

The SPEAKER. Is there objection?

Mr. FITZGERALD. Mr. Speaker, let the bill be reported first.

The SPEAKER. The Clerk will report the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That the public buildings act, approved March 4, 1913, entitled "An act to increase the limit of cost of certain public buildings, to authorize the enlargement, extension, remodeling, or improvement of certain public buildings, to authorize the erection and completion of public buildings, to authorize the purchase of sites for public buildings, and for other purposes" (Public No. 432), and all other authorizations and appropriations passed in pursuance thereof for the construction of a post office at Durant, Okla., be, and the same are hereby, amended so as to authorize and appropriate the use of funds apportioned to Durant, Okla., for the construction and equipment of a United States post office and other Government offices at Durant, Okla.

Mr. MADDEN. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from Oklahoma how much this increases the limit of cost, as the bill does not say?

Mr. CARTER of Oklahoma. It does not increase the cost at all, and no appropriation is made here. It simply provides that the appropriation which was made for the post office might be used for the post office and other Government offices. Now, if the gentleman will let me explain for a moment further, when the public building was authorized at Durant in 1913 there were no other Government activities at Durant. Since that time there has been established there an Indian agency of about six to eight persons, some agricultural agents, two or three in number, I think, a civil-service examination board, post-office inspector, and a naval recruiting station. The letter of the department does not set out in detail these things, but does set out the necessity for the legislation. Since the letter was sent to the Committee on Public Buildings and Grounds I have gotten in communication with Mr. Wetmore and he furnished me the other Government agencies that would have to be cared for, and it amounts to some 10 to 18 persons.

Mr. MADDEN. I would like to ask what the population of the town of Durant is?

Mr. CARTER of Oklahoma. The population in 1915 was some 5,300. The school census taken last year indicates a population of something over 10,000.

Mr. MADDEN. What is the limit of cost placed on the building that is authorized to be erected there now?

Mr. CARTER of Oklahoma. Eighty-five thousand dollars, building and site. There is no increase provided in this bill.

Mr. MADDEN. But this bill contemplates an increase; there can not be any doubt of that.

Mr. CARTER of Oklahoma. This bill contemplates the use of a fund which the department had not contemplated using and perhaps it contemplates taking off some things from the building in the way of ornamentation, and so forth, and using it to provide more room space.

Mr. MADDEN. Does the gentleman assure the House that the necessities of the other activities in this building will not increase the cost?

Mr. CARTER of Oklahoma. Absolutely, if the Treasury Department officials can be believed, because it is set out in the letter, which perhaps the gentleman has not had time to read—

Mr. MADDEN. I have read it. If there is no increase in the cost—

Mr. CARTER of Oklahoma. I will say to the gentleman that I shall not ask for any increase in cost. That is as far as I can go. I can not, of course, commit the Treasury Department.

Mr. MADDEN. But when the Treasury Department gets the power to use a fund for other purposes than the one originally intended, of course they will make plans for doubling this building and will come in here and ask for appropriations carrying more than twice the amount originally appropriated.

Mr. CARTER of Oklahoma. I do not think so. I do not think that will be necessary, because they have several thousand dollars left not to be used anyway.

Mr. MONDELL. Will the gentleman yield?

Mr. CARTER of Oklahoma. I will.

Mr. MONDELL. The situation as I understand it is this: There is sufficient money available to construct the character and type of building to accommodate these additional governmental activities. The Treasury Department does not feel authorized to so construct a building as to provide for them in view of the fact that nothing but post-office activities were provided for in the original bill?

Mr. CARTER of Oklahoma. That is true, and the comptroller has ruled that the funds can not be used for the construction of anything except a building for post-office purposes.

Mr. MONDELL. As a matter of fact, I think that the department does sometimes provide for other Government activities not specifically mentioned in the law, but in some cases, as in this, they have declined to do so, and therefore it seems entirely proper that additional authority, if it is necessary, should be granted.

Mr. BURNETT. Will the gentleman yield?

Mr. CARTER of Oklahoma. Yes; I yield to the gentleman from Alabama.

Mr. BURNETT. Instead of costing any more this will probably save, for if it is not passed the Government will have to pay the cost of renting offices for these other activities. Assurances have been given that they will not ask the committee or Congress to increase the appropriation and instead of increasing the amount that it will cost it will probably save the Government the necessity of renting other buildings for these other activities if it is not granted, and the Committee on Public Buildings and Grounds, of which I am a member, took that into consideration in addition to the fact that no additional appropriation would be asked.



Mr. NORTON rose.

Mr. PARKER of New Jersey. Mr. Speaker—

Mr. NORTON. Mr. Speaker, I desire to say, on yesterday—  
The SPEAKER. Let us see about that.

Mr. PARKER of New Jersey. I want to ask the gentleman a question.

The SPEAKER. For what purpose does the gentleman rise?

Mr. MADDEN. Mr. Speaker, I ask for the regular order.

The SPEAKER. The regular order is the discussion of this bill.

Mr. NORTON. Mr. Speaker, unless I can address the House for 10 minutes I shall have to object.

The SPEAKER. The gentleman has a perfect right to object.

Mr. NORTON. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes at the conclusion of the consideration of this bill.

The SPEAKER. The gentleman can not make that request during the discussion of this bill.

Mr. NORTON. Mr. Speaker, then I object.

#### EXPLOSIVES.

Mr. FOSTER. Mr. Speaker, I call up the conference report on the bill (H. R. 3932).

The SPEAKER. The gentleman from Illinois [Mr. FOSTER] calls up a conference report, which the Clerk will report by title.

The Clerk read as follows:

An act (H. R. 3932) to prohibit the manufacture, distribution, storage, use, and possession in time of war of explosives, providing regulations for the safe manufacture, distribution, storage, use, and possession of the same, and for other purposes.

Mr. FOSTER. Mr. Speaker, I ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. The gentleman from Illinois asks unanimous consent that the statement be read in lieu of the report. Is there objection? [After a pause.] The Chair hears none.

The statement was read.

#### CONFERENCE REPORT (NO. 168).

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3932) to prohibit the manufacture, distribution, storage, use, and possession in time of war of explosives, providing regulations for the safe manufacture, distribution, storage, use, and possession of the same, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter proposed by the Senate insert the following:

"SEC. 2. That the words 'explosive' and 'explosives' when used herein shall mean gunpowders, powders used for blasting, all forms of high explosives, blasting materials, fuses, detonators, and other detonating agents, smokeless powders, and any chemical compound or mechanical mixture that contains any oxidizing and combustible units, or other ingredients, in such proportions, quantities or packing that ignition by fire, by friction, by concussion, by percussion, or by detonation of, or any part of the compound or mixture may cause such a sudden generation of highly heated gases that the resultant gaseous pressures are capable of producing destructive effects on contiguous objects, or of destroying life or limb, but shall not include small-arms or shotgun cartridges: *Provided*, That nothing herein contained shall be construed to prevent the manufacture, under the authority of the Government, of explosives for, their sale to or their possession by, the military or naval service of the United States of America.

"SEC. 3. That the word 'ingredients' when used herein shall mean the materials and substances capable by combination of producing one or more of the explosives mentioned in section 1 hereof.

"SEC. 4. That the word 'person,' when used herein, shall include States, Territories, the District of Columbia, Alaska, and other dependencies of the United States, and municipal subdivisions thereof, individual citizens, firms, associations, societies and corporations of the United States and of other countries at peace with the United States.

"SEC. 5. That from and after 40 days after the passage and approval of this act no person shall have in his possession or purchase, accept, receive, sell, give, barter or otherwise dispose of or procure explosives, or ingredients, except as provided in this act: *Provided*, That the purchase or possession of said ingredients when purchased or held in small quantities and not used or intended to be used in the manufacture of explosives:

*Provided further*, That the superintendent, foreman, or other duly authorized employee, at a mine, quarry, or other work, may, when licensed so to do, sell or issue, to any workman under him, such an amount of explosives, or ingredients, as may be required by that workman in the performance of his duties, and the workman may purchase or accept the explosives, or ingredients, so sold or issued, but the person so selling or issuing same shall see that any unused explosives, or ingredients, are returned, and that no explosives, or ingredients, are taken by the workman to any point not necessary to the carrying on of his duties.

"SEC. 6. That nothing contained herein shall apply to explosives or ingredients while being transported upon vessels or railroad cars in conformity with statutory law or Interstate Commerce Commission rules.

"SEC. 7. That from and after 40 days after the passage of this act no person shall manufacture explosives unless licensed so to do, as hereinafter provided.

"SEC. 8. That any licensee or applicant for license hereunder shall furnish such information regarding himself and his business, so far as such business relates to or is connected with explosives or ingredients at such time and in such manner as the Director of the Bureau of Mines, or his authorized representative, may request, excepting that those who have been or are at the time of the passage of this act regularly engaged in the manufacture of explosives shall not be compelled to disclose secret processes, costs, or other data unrelated to the distribution of explosives.

"SEC. 9. That from and after 40 days after the passage and approval of this act every person authorized to sell, issue, or dispose of explosives shall keep a complete itemized and accurate record, showing each person to whom explosives are sold, given, bartered, or to whom or how otherwise disposed of, and the quantity and kind of explosives, and the date of each such sale, gift, barter, or other disposition; and this record shall be sworn to and furnished to the Director of the Bureau of Mines, or his authorized representatives, whenever requested.

"SEC. 10. That the Director of the Bureau of Mines is hereby authorized to issue licenses as follows:

"(a) Manufacturer's license, authorizing the manufacture, possession, and sale of explosives and ingredients.

"(b) Vendor's license, authorizing the purchase, possession, and sale of explosives or ingredients.

"(c) Purchaser's license, authorizing the purchase and possession of explosives and ingredients.

"(d) Foreman's license, authorizing the purchase and possession of explosives and ingredients, and the sale and issuance of explosives and ingredients to workmen under the proviso to section 5 above.

"(e) Exporter's license, authorizing the licensee to export explosives, but no such license shall authorize exportation in violation of any proclamation of the President issued under any act of Congress.

"(f) Importer's license, authorizing the licensee to import explosives.

"(g) Analyst's, educator's, inventor's, and investigator's licenses authorizing the purchase, manufacture, possession, testing, and disposal of explosives and ingredients.

"SEC. 11. That the Director of the Bureau of Mines shall issue licenses, upon application duly made, but only to citizens of the United States of America, and to the subjects or citizens of nations that are at peace with them, and to corporations, firms, and associations thereof, and he may, in his discretion, refuse to issue a license, when he has reason to believe, from facts of which he has knowledge or reliable information, that the applicant is disloyal or hostile to the United States of America, or that, if the applicant is a firm, association, society, or corporation, its controlling stockholders or members are disloyal or hostile to the United States of America. The director may, when he has reason to believe on like grounds that any licensee is so disloyal or hostile, revoke any license issued to him. Any applicant to whom a license is refused or any licensee whose license is revoked by the said director may, at any time within 30 days after notification of the rejection of his application or revocation of his license, apply for such license or the cancellation of such revocation to the Council of National Defense, which shall make its order upon the director either to grant or to withhold the license.

"SEC. 12. That any person desiring to manufacture, sell, export, import, store, or purchase explosives or ingredients, or to keep explosives or ingredients in his possession, shall make application for a license, which application shall state, under oath, the name of the applicant; the place of birth; whether native born or naturalized citizen of the United States of America; if a naturalized citizen, the date and place of natu-



ralization; business in which engaged; the amount and kind of explosives or ingredients which during the past six months have been purchased, disposed of, or used by him; the amount and kind of explosives or ingredients now on hand; whether sales, if any, have been made to jobbers, wholesalers, retailers, or consumers; the kind of license to be issued, and the kind and amount of explosives or ingredients to be authorized by the license; and such further information as the Director of the Bureau of Mines may, by rule, from time to time require.

"Applications for vendor's, purchaser's, or foreman's licenses shall be made to such officers of the State, Territory, or dependency having jurisdiction in the district within which the explosives or ingredients are to be sold or used, and having the power to administer oaths as may be designated by the Director of the Bureau of Mines, who shall issue the same in the name of such director. Such officers shall be entitled to receive from the applicant a fee of 25 cents for each license issued. They shall keep an accurate record of all licenses issued in manner and form to be prescribed by the Director of the Bureau of Mines, to whom they shall make reports from time to time as may be by rule issued by the director required. The necessary blanks and blank records shall be furnished to such officers by the said director. Licensing officers shall be subject to removal for cause by the Director of the Bureau of Mines, and all licenses issued by them shall be subject to revocation by the director as provided in section 11.

"Sec. 13. That the President, by and with the advice and consent of the Senate, may appoint in each State and in Alaska an explosives inspector, whose duty it shall be, under the direction of the Director of the Bureau of Mines, to see that this act is faithfully executed and observed. Each such inspector shall receive a salary of \$2,400 per annum. He may at any time be detailed for service by said director in the District of Columbia or in any State, Territory, or dependency of the United States. All additional employees required in carrying out the provisions of this act shall be appointed by the Director of the Bureau of Mines, subject to the approval of the Secretary of the Interior.

"Sec. 14. That it shall be unlawful for any person to represent himself as having a license issued under this act, when he has not such a license, or as having a license different in form or in conditions from the one which he in fact has, or without proper authority make, cause to be made, issue or exhibit anything purporting or pretending to be such license, or intended to mislead any person into believing it is such a license, or to refuse to exhibit his license to any peace officer, Federal or State, or representative of the Bureau of Mines.

"Sec. 15. That no inspector or other employee of the Bureau of Mines shall divulge any information obtained in the course of his duties under this act regarding the business of any licensee, or applicant for license, without authority from the applicant for license or from the Director of the Bureau of Mines.

"Sec. 16. That every person authorized under this act to manufacture or store explosives or ingredients shall clearly mark and define the premises on which his plant or magazine may be and shall conspicuously display thereon the words 'Explosives—Keep Off.'

"Sec. 17. That no person, without the consent of the owner or his authorized agents, except peace officers, the Director of the Bureau of Mines and persons designated by him in writing, shall be in or upon any plant or premises on which explosives are manufactured or stored, or be in or upon any magazine premises on which explosives are stored; nor shall any person discharge any firearms or throw or place any explosives or inflammable bombs at, on, or against any such plant or magazine premises, or cause the same to be done.

"Sec. 18. That the Director of the Bureau of Mines is hereby authorized to make rules and regulations for carrying into effect this act, subject to the approval of the Secretary of the Interior.

"Sec. 19. That any person violating any of the provisions of this act, or any rules or regulations made thereunder, shall be guilty of a misdemeanor and shall be punished by a fine of not more than \$5,000 or by imprisonment not more than one year, or by both such fine and imprisonment.

"Sec. 20. That the Director of the Bureau of Mines is hereby authorized to investigate all explosions and fires which may occur in mines, quarries, factories, warehouses, magazines, houses, cars, boats, conveyances, and all places in which explosives or the ingredients thereof are manufactured, transported, stored, or used, and shall, in his discretion, report his findings, in such manner as he may deem fit, to the proper Federal or State authorities, to the end that if such explosion has been brought about by a willful act the person or person causing such act may be proceeded against and brought to justice; or, if said explosion has been brought about by accidental means, that precautions may be taken to prevent similar accidents from

occurring. In the prosecution of such investigations the employees of the Bureau of Mines are hereby granted the authority to enter the premises where such explosion or fire has occurred, to examine plans, books, and papers, to administer oaths to, and to examine all witnesses and persons concerned, without let or hindrance on the part of the owner, lessee, operator, or agent thereof.

"Sec. 21. That the Director of the Bureau of Mines, with the approval of the President is hereby authorized to utilize such agents, agencies, and all officers of the United States and of the several States, Territories, dependencies, and municipalities thereof, and the District of Columbia, in the execution of this act, and all agents, agencies, and all officers of the United States and of the several States and Territories, dependencies, and municipalities thereof, and the District of Columbia, shall hereby have full authority for all acts done by them in the execution of this act when acting by the direction of the Bureau of Mines.

"Sec. 22. That for the enforcement of the provisions of this act, including personal services in the District of Columbia and elsewhere, and including supplies, equipment, expenses of traveling and subsistence, and for the purchase and hire of animal-draw or motor-propelled passenger-carrying vehicles, and upkeep of same, and for every other expense incident to the enforcement of the provisions of this act, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$300,000, or so much thereof as may be necessary: *Provided*, That not to exceed \$10,000 shall be expended in the purchase of motor-propelled, passenger-carrying vehicles."

And the Senate agree to the same.

M. D. FOSTER,  
EDWARD T. TAYLOR,  
E. E. DENISON,

*Managers on the part of the House.*

KEY PITTMAN,  
JOHN F. SHAFROTH,  
MILES POINDEXTER,

*Managers on the part of the Senate.*

#### STATEMENT.

The managers on the part of the House, after full and free conference on the disagreeing votes of the two Houses on the amendments of the Senate to H. R. 3932, to prohibit the manufacture, distribution, storage, use, and possession in time of war of explosives, providing regulations for the safe manufacture, distribution, storage, use, and possession of the same, and for other purposes, submit the following in explanation of the changes agreed upon by the conference committee and submitted in the conference report.

On amendment No. 1: The Senate added the words "except as in this act provided." The House recedes and agrees to the same.

On amendment No. 2: The Senate struck out sections 2, 3, 4, and 5 and inserted new language. The House agrees to this amendment with the following amendments:

Strike out all of section 4 and insert the following language in lieu thereof: "That the word 'persons,' when used herein, shall include States, Territories, the District of Columbia, Alaska, and other dependencies of the United States, and municipal subdivisions thereof, individual citizens, firms, associations, societies, and corporations of the United States and of other countries at peace with the United States."

Section 5: Strike out the word "thirty" and insert the word "forty." In the same section, after the word "act," just preceding the proviso, insert the following proviso: "*Provided*, That the purchase or possession of said ingredients when purchased or held in small quantities and not used or intended to be used in the manufacture of explosives." After the word "*Provided*" insert the word "further." In the same section after the word "issue" strike out the words "at the beginning of a shift." In the same section after the word "duties," where it first appears, strike out the words "for that shift only." After the word "return" strike out the words "at the end of the shift." At the end of the section strike out the words "for that shift."

Section 7: Strike out the word "sixty" and insert the word "forty."

Section 9: Strike out the word "sixty" and insert the word "forty."

Section 11: After the word "the," and before the word "nation," insert the words "subject or citizens of." In the same section, strike out the words "the citizens" and insert the word "to."

Section 12: Strike out the words "or organization."



After the word "used" and before the word "having" insert the word "and."

After the word "oaths" insert a comma. Strike out the figures "50" and insert the figures "25."

Section 13: Strike out the word "shall" and insert the word "may."

At the end of the section, after the word "Mines," strike out the period and insert a comma and add the following words: "subject to the approval of the Secretary of Interior."

Section 17: After the word "and" and before the word "designated" insert the word "persons."

Strike out the words "employees thereof" and insert the words "by him in writing."

Section 18: After the word "act" strike out the period and insert a comma, and add the words "subject to the approval of the Secretary of the Interior."

Section 20: Strike out the words "or which since the commencement of the present war have occurred."

Section 21: After the word "Mines," in first line, insert the words "with the approval of the President."

Section 22: After the word "vehicles" strike out the words "and boats."

Strike out the figure "4" and insert the figure "3," so as to read "\$300,000."

M. D. FOSTER,  
EDWARD T. TAYLOR,  
E. E. DENISON,

*Managers on the part of the House.*

Mr. STAFFORD. Mr. Speaker, if the gentleman does not intend to explain the conference report, will he yield me 10 minutes of time?

Mr. FOSTER. In just a minute. I want to state, Mr. Speaker, that the House provided the President should promulgate the regulations and make them in effect after so many days. The Senate struck out those provisions and wrote into this law these regulations providing for licenses and under what conditions the licenses should be issued and to what persons. They struck out of the House bill sections 2, 3, 4, and 5 and inserted new matter which was different from the House provisions, except in one or two particulars, which are practically the same as the House bill. The House conferees in going over the bill found that there were some provisions in the Senate amendment that would not be applicable, especially in coal-mining districts. That is, it provided that there should be issued the necessary explosive for one shift only. Those who are acquainted with the coal-mining industry of course know that a miner purchases and takes into the mine a keg of powder at a time, and that under State law it is required to be locked up in a secure place and kept there until the whole amount is used, and that you could not carry powder in and out of the coal mines each day or for that particular shift. I understand from metal men that that would not be so difficult to arrange. So the conferees struck out of the Senate amendment the provisions as to these shifts and only requires the superintendent of the mines to see that none of that explosive is removed from the mines.

The Senate provided that there should be a mining inspector in each State, and that the President should appoint him. The conferees on the part of the House believe that it might not be necessary that there should be an explosives director appointed in every State, and so changed the words to "may" instead of "shall," so that he may appoint one, in his judgment, if necessary, and would leave it to the President how many he would appoint; but otherwise he would not do it.

Now, these are the principal changes that have been made in the bill. The Senate provided for an appropriation of \$400,000. The House conferees believed that \$300,000 was sufficient to carry on this work. Both bills provided that, with the approval of the President and the Secretary of the Interior, all the Federal and State agencies might be utilized in this work, such as the mining inspectors and superintendent of mines, wherever it might be necessary.

Mr. KNUTSON. Will the gentleman yield?

Mr. FOSTER. Yes.

Mr. KNUTSON. I would like to ask the gentleman from Illinois whether the right of homesteaders in the timbered sections of our country to keep a supply of explosives on hand has been safeguarded in this bill?

Mr. FOSTER. I think so. It provides a safeguard for public use, and the only thing they would have to do would be to secure a license to handle those explosives.

Mr. KNUTSON. They are allowed under this bill to keep it on hand?

Mr. FOSTER. Yes.

Mr. HAMLIN. The print of the bill containing the Senate amendment, under section 10, subdivision (d), reads as follows:

Foreman's license, authorizing the purchase and possession of explosives and ingredients, and the sale and issuance of explosives and ingredients to workmen under the proviso to section 4 above.

It is not very clear to my mind. Section 4 above as agreed on reads:

That the words "person" or "citizen of the United States of America" and the personal pronouns, when used herein, shall include States and other governmental entities and the municipal subdivisions thereof, individuals, firms, associations, societies, corporations, and all other bodies carrying on business in the United States, its Territories and dependencies.

There is no proviso to that section. Now, to what does this subdivision which I first read apply? It occurred to me that the number of that section was in error.

Mr. FOSTER. Yes; I think so. I think possibly that may be a mistake.

Mr. HAMLIN. Possibly it meant to say "in accordance with the 'provisions' of the section."

Mr. FOSTER. That may be what it meant to say.

Mr. HAMLIN. Yet I hardly see how the matter treated of in subdivision (d) of section 10 applies to section 4 at all. I hardly see the connection.

Mr. FOSTER. I think that it may be a typographical error, if at all.

Mr. HAMLIN. I was inclined to think that it ought to be "provision," but it does not read well as it is.

Mr. FOSTER. No; I do not think it does, if it reads that way.

Mr. HAMLIN. Has the gentleman the original notes?

Mr. FOSTER. I do not have them here.

Mr. STAFFORD. Will the gentleman yield to me some time while examining that, or does he wish to hold the floor?

Mr. FOSTER. I will yield 10 minutes to the gentleman. In the meantime I will examine to see if any mistake has been made.

Mr. STAFFORD. Mr. Speaker, the bill before the House as agreed to in conference has not heretofore been considered by this House. The bill as it passed the House was a regulatory measure, vesting in the President the authority to control the manufacture and the storage of explosives. It carried no appropriation. The bill went to the Senate, and the Senate brought back a bill providing for an elaborate method of licensing, which had not been considered by the House at all. When consent was asked by the gentleman from Illinois to send this bill to conference, I asked him whether he agreed with the Senate provision, and he stated positively that he did not, but that he believed the House bill was far superior. At that time I did not approve of the Senate provisions, but we have them now before us for approval.

It is difficult for me to ascertain what is the real purpose of this supervisory inspection and of the machinery for its enforcement which is provided by this bill, involving an expenditure of \$300,000, and providing for an inspector of explosives in every State at a salary of \$2,400.

Mr. MADDEN. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. Not just at this minute. Small-arms and shotgun cartridges are excepted from the provisions of this bill. If the purpose of the bill is to supervise the manufacture of explosives, that is one thing. But when they go to the extent of requiring a license, as this bill provides, for the manufacturer, for the vendor, for the purchaser, for the foreman, for the exporter, for the importer of explosives, and of all ingredients involved in the manufacture of explosives, I think they are going to an extent that has been unheard of in any of the supervisory legislation of this Congress. Let me just read to the House—because it has not been read or considered at any time by this House—what this law does.

Mr. WINGO. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. In a moment, after I get through with my preliminary statement. I read:

SEC. 10. That the Director of the Bureau of Mines is hereby authorized to issue licenses as follows:

(a) Manufacturer's license, authorizing the manufacture, possession, and sale of explosives and ingredients.

(b) Vendor's license, authorizing the purchase, possession, and sale of explosives or ingredients.

(c) Purchaser's license, authorizing the purchase and possession of explosives and ingredients.

(d) Foreman's license, authorizing the purchase and possession of explosives and ingredients, and the sale and issuance of explosives and ingredients to workmen under the proviso to section 4 above.

(e) Exporter's license, authorizing the licensee to export explosives, but no such license shall authorize exportation in violation of any proclamation of the President issued under any act of Congress.

(f) Importer's license, authorizing the licensee to import explosives.

(g) Analyst's, educator's, inventor's, and investigator's licenses, authorizing the purchase, manufacture, possession, testing, and disposal of explosives and ingredients.



Why, gentlemen, under the licenses authorized and required under this new Senate bill that is under consideration here, every druggist in the country, every person who has in his possession any ingredient that goes into the manufacture of explosives, will be required to obtain a license. And for what? For the protection and safety in the manufacture of explosives? I do not think that anyone contends that that is the purpose. For protection and security in the transportation of explosives? There is a provision in this bill that especially exempts the provisions of this bill from the carriage of explosives in interstate commerce. For the prevention of the transportation of powder abroad? No one will contend that there is any chance whatever, under the embargoes now established, that there will be any possibility of any powder being sent to any foreign foe.

What is the purpose? At no time during the consideration of this bill has the purpose of creating this elaborate machinery, involving an expense of \$300,000, been explained to this House; not in any instance.

Now I will yield to the gentleman from Illinois [Mr. MADDEN], who first asked me to yield.

Mr. MADDEN. I wish to ask the gentleman from Illinois [Mr. FOSTER], my colleague, a question.

Mr. STAFFORD. I can not yield for that.

Mr. MADDEN. It is in connection with the statement that the gentleman made.

Mr. STAFFORD. My time is limited. Of course if I can get additional time, I will be glad to yield to the gentleman.

Mr. MADDEN. It is right in line with the statement.

Mr. STAFFORD. Then I yield.

Mr. MADDEN. I understood my colleague, when he was explaining the bill, to say that the Senate bill provided for the appointment of an inspector in each State, but that the report of the conferees cut that out, and made a general inspector.

Mr. STAFFORD. No. The gentleman said the Senate provision was mandatory, compelling the President to appoint one of these \$2,400 inspectors in each State, and the conferees inserted the word "may."

Mr. MADDEN. That is mandatory, too.

Mr. FOSTER. The conferees thought by changing the word there that the President would be left free to exercise his discretion.

Mr. MADDEN. All the executive officers of the Government construe the word "may" to mean the word "shall."

Mr. STAFFORD. That was before it was changed.

Mr. MADDEN. That assumes that they knew if it were changed it would not give any patronage.

Mr. STAFFORD. As to the provision authorizing the Commissioner of Mines to investigate explosions and fires, there can be no objection to that feature. But as to the great army of employees provided for, involving the establishment of a vast artificial system of patronage and licenses, so that you can not go into the manufacture or the sale or any disposition of any of these ingredients that go into the composition of explosives without first obtaining a license, as I said a moment ago, requiring a druggist to take out a license before he is permitted to handle one of these ingredients—that is going to an extreme that I think is unheard of and not warranted by any existing condition of affairs.

The SPEAKER. The time of the gentleman from Wisconsin has expired.

Mr. STAFFORD. I would like to have a few minutes more. I was interrupted.

Mr. FOSTER. Mr. Speaker, I yield to the gentleman five minutes more.

The SPEAKER. The gentleman from Wisconsin is recognized for five minutes more.

Mr. BATHRICK. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. BATHRICK. Does not the gentleman know that you can go into any drug store in this town and get the ingredients for a dollar or two that can be made into a mixture that will blow up this Capitol?

Mr. STAFFORD. I do not know that that is true.

Mr. BATHRICK. That is true. I can tell you how to do it.

Mr. STAFFORD. Well, the gentleman is an expert on it, and—

Mr. BATHRICK. No; I am not; but I can show you that the proposition is true.

Mr. STAFFORD. I can not see any need of requiring a license—requiring druggists and all the others to take out a license. After taking out the license there is no restriction whatever in the use of it. It is clearly cumbersome and needless restraint. It is merely, in my opinion, wasting a large sum of money by employing a large number of unnecessary officials and

employees to be attached to the Bureau of Mines. Three hundred thousand dollars is not considered much these days, when you are voting billions of dollars; but this bill, since it was brought into this House, which I thought was largely the result of the explosions in Jersey City, so as to give the National Government some authority to control and supervise the shipment and the care in shipment of high explosives, has been changed so as to alter its entire character.

Now, the gentleman's attention has been called by the gentleman from Missouri [Mr. HAMLIN] to some grammatical errors that require some change. I direct the gentleman's attention to some other matters that I would like to have his opinion on.

Mr. FOSTER. The gentleman called attention to the proviso and said that it should be in section 5 instead of section 4.

Mr. STAFFORD. I call the attention of the House to this first proviso in section 5. I have read it and reread it and read it again, and still it seems not to be a complete sentence.

That is the proviso that was inserted by the conferees.

Section 5 reads as follows:

Sec. 5. That from and after 40 days after the passage and approval of this act no person shall have in his possession or purchase, accept, receive, sell, give, barter, or otherwise dispose of or procure explosives, or ingredients, except as provided in this act: *Provided*, That the purchase or possession of said ingredients when purchased or held in small quantities and not used or intended to be used in the manufacture of explosives.

It is not a complete thought. There is no complete sentence there.

Mr. DENISON. Will the gentleman yield?

Mr. STAFFORD. I yield to my colleague, to explain what is really meant by that proviso that the conferees inserted.

Mr. DENISON. I will answer the gentleman's question. That proviso is not complete, but it is to be completed by a concurrent resolution, for which consideration will be asked immediately. This conference report has already been agreed to by the Senate. We discovered that error, which is an error of the printer, after the conference report had been agreed to in the Senate, and we concluded that the best way to correct it would be to bring in a concurrent resolution, which is now ready to be presented, adding to the proviso the words "is not hereby prohibited."

Mr. STAFFORD. That is to be added at the end of the proviso?

Mr. DENISON. Yes.

Mr. STAFFORD. A bare reading of it shows that the sentence was not complete.

Mr. DENISON. It was discovered after the conference report had been agreed to by the Senate.

Mr. STAFFORD. Mr. Speaker, I am in sympathy with certain of the Senate amendments that show the need of the Government throwing a protecting arm around the manufacture and storage of explosives; but when, as I have pointed out, they go to the extreme in requiring licenses from every conceivable person who handles not only explosives, but in requiring educators, investigators, and others who have in their possession any ingredients that may enter into its composition, to take out a license, I think that is launching into a degree of paternalism that can not be justified, even under existing conditions. This legislation is based upon an expectant fear that has no confirmation in reality, where the inconvenience occasioned to the public far outbalances the little security afforded by this cumbersome machinery of licenses.

Mr. FOSTER. Mr. Speaker, the gentleman from Wisconsin [Mr. STAFFORD] takes an extreme view of this matter and would lead the House to believe that we are going to cause people a great deal of annoyance and inconvenience. We are trying to cause trouble to some people who may have these explosives in their possession for an illegal purpose, and we want to know also the people who have in their possession the ingredients for the making of explosives for the purpose of taking them out to do criminal work in this country during this war. That is what we are trying to get at. If it means that the druggists in the town in which we live must have a license, and know to whom they are selling certain ingredients by which men who know how to make explosives and then go and blow up a railroad bridge or some building, we want to know that those druggists are loyal enough to take out licenses that will protect the people. That is what we are trying to do, to secure if possible a knowledge of where these explosives are manufactured, and to trace them from the place where they are manufactured to the man who uses them. That is what we are trying to get at, and we are trying to make this stringent, but not to annoy people, but to secure protection. The omission in the proviso to which the gentleman from Wisconsin has referred was discovered after the conference report had gone through the Senate, and the committee will ask this House to correct that. It is not to annoy



people who want to get some of these ingredients that are necessary for domestic purposes. We are trying to avoid any inconvenience of that sort. We are trying to avoid the inconvenience that might come to the miners who must use explosives every working day in the year. We are trying to take care of the farmers of the country who have use for dynamite. It is well known how easy it is to secure nitroglycerin from dynamite, and that a man can take it in his pocket and go out and blow up some factory or mine, or do damage to some other property. The purpose of this legislation is to keep track of these explosives and to ask men during the time of war to put themselves to a little trouble for the protection of the country. I believe that all these people will do it. I believe our people are willing to do it to protect this country from those who would commit criminal acts by causing explosions that would destroy life and property during time of war.

Mr. ROBBINS. Mr. Speaker, I want to ask the gentleman a question with reference to section 5. I come from a mining district. That section is going to impose an entirely new line of duty upon the superintendents and foremen and men employed in coal mines. For instance, it requires that the superintendents, if they are licensed, shall sell explosives to the miners, and it imposes on them the duty of checking up the miner to see, first, that he takes the explosive to the proper place in the mine, and, second, that after he has worked all day he returns any explosive that he has not used.

Mr. FOSTER. He is required to do that under the State law now, and he does it now. They are willing to do it. There are no superintendents of mines offering any objection whatever to this bill. No miners have offered any objection to this bill. The representatives of the miners came before the committee and said, "We gladly comply with this law." They said they thought it should go upon the statute books, not only for the protection of property, but for their own protection and the lives of the men who work in the mines; that they ought to be protected against men, if there are any, who would blow up the mines and probably kill many people in them. The miner is honest, but some evil-designed man may be in the mines, and if there are such, the miner wants to get rid of him, too.

Let me say to my friend from Pennsylvania [Mr. ROBBINS] that in the State of Wisconsin, in the zinc mines, they found one miner carrying dynamite out in his bucket every night, and when they went to search his house they found a valise full of dynamite that he was collecting there. It is to try to stop such things as that. We do not know what may happen. In the community in which I live there is a large oil production. They make the nitroglycerin out in the field, as you no doubt know—manufacture it there to be used in what we call "shooting" wells. This summer a thousand quarts of this explosive were stolen at one of these places and no trace of it has ever been found. It is to try, if possible, to make the manufacture, storage, and use of these explosives as safe as possible that this legislation is presented. We can not stop all illegal use of explosives, but we want to reduce it to a minimum.

Mr. BLAND. Did I understand the gentleman to say that the State law of Indiana required the miner to return what powder he did not use back to the superintendent?

Mr. FOSTER. No; I said there was a law in some of the States that required the safe-keeping of the unused portion of the explosive, and I take it that the people of Indiana are intelligent.

Mr. BLAND. They are intelligent, but we have not that law.

Mr. FOSTER. There is a law in many States which requires superintendents to see that explosives left over in the mines are made safe.

Mr. BLAND. But this would require him to return the powder he does not use. We have no such law in Indiana, and this will be a new law. There is no law there which requires him to lock up the powder.

Mr. FOSTER. There ought to be.

Mr. BLAND. This will be a new law for the miner.

Mr. FOSTER. I think in times like these we ought to pass just such a bill so that we may control, as far as possible, these explosives. It is not going to interfere with the miner. All the superintendent does is to see that the explosives are not taken out of the mine. My colleague [Mr. DENISON], the gentleman from Arkansas [Mr. Wingo], a member of the committee, and myself, all live in coal-mining countries. We have consulted these men, and they say that it will not interfere with their work.

Mr. BLAND. I notice that it says any unused explosives shall be returned. The powder which the miner purchases he owns himself, and will that be returned to the boss?

Mr. FOSTER. That does not mean at the end of each shift. We have stricken that provision out.

Mr. BLAND. It does not show in section 5 that it is stricken out.

Mr. FOSTER. A provision was in the bill originally that it was to be returned at the end of each shift, but we struck that out.

Mr. BLAND. When is it to be returned?

Mr. FOSTER. If he is going to quit work he must take care of it where it will not be carried out of the mine. That does not mean when he quits his day's work, but if he goes out of the mine to stay out, we expect the explosives to be returned.

Mr. BLAND. Suppose he is only out for a day or two.

Mr. FOSTER. Then that will not interfere. I think my friend will find that this is all right. I will now yield to the gentleman from Wyoming five minutes.

Mr. MONDELL. Mr. Speaker, in times like these it is highly important that such action be taken as may be necessary to control the manufacture, use, and distribution of explosives. But we must judge as to what action may be necessary by what has occurred and what is likely to occur. We have reason for congratulation that while we have been in war for almost six months, there have been comparatively few attempts anywhere in the country to destroy life or property through the use of explosives; whatever legislation may be deemed necessary in the making and use of explosives is such as would seem to be called for by the situation and conditions as we find them.

The bill as introduced provided that the President should formulate such rules as in his opinion were wise and necessary to protect the people of the country, to protect the property of the country, against those who might seek to use explosives in an unlawful way. That was proper legislation and we all approved of it. But the committee comes before us with a bill which requires every mine operator and mine foreman, every manufacturer, every seller, every user of explosives, to secure a Federal license; providing expensive machinery for carrying out this work of licensing under regulations of the bureau, providing for a large number of public officials at a cost of somewhere in the neighborhood of half a million dollars at least. In my opinion the legislation is unnecessary and uncalled for by any condition that exists or is likely to exist. I suppose the committee did not intend to allow any unlawful thing to be done under the provisions of the bill, but I call attention to the fact that the first section of the bill would seem to indicate they did so intend. In the first section it provides that it shall be unlawful to manufacture, distribute, store, use, or possess powder, explosives, blasting supplies, or ingredients in such a manner as is detrimental to the public safety, except as provided in this act. I do not suppose that the committee intended that things detrimental to the public safety could be done or performed under the provisions of this act.

Mr. PARKER of New Jersey. Will the gentleman permit a question?

Mr. MONDELL. Yes.

Mr. PARKER of New Jersey. The original bill provided for regulations by the President which could be made practicable. I see that a purchaser's license is required to purchase anything in the nature of explosives. Would that apply to every farmer who wanted to blow up a tree?

Mr. MONDELL. Yes; and every farmer's boy that wants to shoot a chipmunk and who buys powder and shot because they are cheaper than cartridges will have to get a license from the bureau in order to secure his powder. Certainly that will be required if the provisions of the bill are adhered to. It will necessitate the securing by every farmer of a license who wants to blow up a stump on his farm. The use of blasting powder in agricultural development is widespread. Powder is being used for blowing up stumps and breaking rocky soil, for preparing land for many classes of agricultural crops, and under this bill every man desiring to use powder for that purpose would be required to make a record of his desire and get a license. There have been no explosions in this country coming from these sources, and there are likely to be none. Therefore, it is altogether unnecessary and altogether unwise and superfluous to provide by legislation for the licensing of that sort of thing.

Mr. WINGO. Mr. Speaker, will the gentleman yield?

Mr. MONDELL. Yes.

Mr. WINGO. The gentleman made a statement that if a farmer wished to blow up a stump he had to get a license. Surely the gentleman has not read the bill, and he does not want that misstatement of fact to go into the Record?

Mr. MONDELL. I think that is what he would have to do; that is what it would amount to, a license is required for the purchaser or the user. Take the matter of coal mining. In



every coal mine in the country there are mine bosses who control the use of explosives in the mines. Under this law it would be necessary within a very brief period, a time so brief that it will be practically impossible to provide for it, for all of the operators and all of the bosses and users of explosives in the mines to secure these permits and to operate under them. I have not heard that the miners of the country were trying to use the explosives they require in their work for unlawful purposes; therefore in my opinion the legislation is viewed as unnecessary. The offering of this legislation for a vexatious and expensive license system would seem to indicate that we are disturbed, alarmed, fearful, relative to a condition that does not exist, and that we are willing to put our people to an enormous amount of vexation and trouble because of something we fear without reason, something that is not liable or probable to occur. Is it not about time we ceased legislating in a spirit of panic and subjecting our people to unnecessary and vexatious interference in the conduct of their affairs?

The SPEAKER pro tempore (Mr. FITZGERALD). The time of the gentleman from Wyoming has expired.

Mr. FOSTER. Mr. Speaker, I yield five minutes to the gentleman from Illinois [Mr. DENISON].

Mr. DENISON. Mr. Speaker, this bill as it was introduced and passed in the House made the possession, manufacture, or transfer of explosives illegal, except under such regulations as should be provided by the President. That left all of the regulations governing the handling of explosives and ingredients of explosives to be promulgated by the Bureau of Mines under direction of the President. I mention this in answer to what was said by the gentleman from Wyoming [Mr. MONDELL]. The Senate bill, which we have practically adopted, instead of leaving the President to promulgate regulations and thereby in a way make law, incorporates into the law itself the regulations which the Bureau of Mines intended to issue. In other words, the Senate committee, when they began to consider the bill, obtained from the Bureau of Mines the regulations that they intended to promulgate under the direction of the President and embodied them in the bill, thereby making it a matter of statutory law rather than a matter of regulations by the President or the Bureau of Mines.

Mr. MONDELL. Mr. Speaker, will the gentleman yield?

Mr. DENISON. Yes.

Mr. MONDELL. What was the idea? To make the Congress responsible for rules and regulations that might be onerous and burdensome, which the people might resent?

Mr. DENISON. No; the purpose was this—

Mr. MONDELL. As long as the President had authority to do these things, why not let him do them and modify the rules if it should develop in their enforcement that they were unnecessary?

Mr. DENISON. Mr. Speaker, there was some question in the minds of the members of the committee as to whether or not we had authority to delegate our power to the President.

Mr. MONDELL. Let me make this suggestion to the gentleman: If we can do what is proposed in this bill under the war power, if we can take over control over the use of explosives even down to the farmer's boy who buys a pound of powder, there can be no question about our power to delegate our authority to the President.

Mr. FOSTER. Do we not take control over the use of morphine and other opiates and poisons down to the man who wants to use them?

Mr. MONDELL. That is quite a different proposition.

Mr. FOSTER. The gentleman first complains that we give the President too much power and now that we do not give him enough.

Mr. MONDELL. The gentleman misunderstands me. I was suggesting that if we can assume the authority provided for in this bill directly, we certainly can confer the power upon the President.

Mr. DENISON. Mr. Speaker, the committee concluded it would be better for Congress itself to provide the regulations rather than to leave them to the Bureau of Mines. In other words, the people would learn the law better and more quickly if these things were embodied in the law itself rather than if they were left to regulations to be issued by one of the departments.

So far as I am personally concerned I am in favor of Congress itself enacting the law, where such penalties are provided, rather than leaving it to one of the executive departments of the Government to issue the law in the form of regulations. I think it is better that the people may know from the law itself what the law is.

The primary purpose of this law is to prevent explosives or ingredients of explosives from coming into the possession of evil-minded persons who want to use them for unlawful purposes. If that results in any inconvenience to those who are not evil-minded, it is one of the inconveniences which we have to submit to in time of war. It will result in some inconvenience of course, but how else can we reach the evil-minded men of the country? I think it is far better, in a time like this, that many right-minded and patriotic people should suffer some inconvenience than that a few of evil purpose should be allowed to freely obtain possession of an agency that could be used for destruction that might bring such disastrous results. It is hoped that this bill will not seriously embarrass or inconvenience anyone in the legitimate use of explosives. Certainly it is not intended to do so. And I do not think it will, if it is reasonably and properly enforced. An exception to its provisions is provided for coal miners who obtain powder or other high explosives for blasting in mines. We have intended to make the law broad enough to conform to the provisions of the State laws governing the handling of explosives in coal mines. I would not approve of the bill if I thought it could not be enforced without unreasonable interference with the proper use of powder for blasting in coal mines. But the Chief of the Bureau of Mines and other representatives of the executive department of the Government have come before the committee and urged the importance and necessity of enacting a law of this kind. And this bill represents the best judgment of the committees of the House and Senate in response to their urgent recommendation.

Mr. FOSTER. Mr. Speaker, I yield five minutes to the gentleman from Indiana [Mr. BLAND].

Mr. BLAND. Mr. Speaker, I can not see my way clear to fail to support any reasonable law that proposes to regulate the manufacture and use of explosives. I regard this as an important question at this time. Sometimes in these regulatory laws there are some very harmful things, and I fear if this law be not properly executed there may be some harm come from it.

The chairman of this great committee, whose attention I have at this time, tells me that there will be no inconvenience to the many coal miners of the country who buy powder and keep it in their rooms in the mines. Now, if the law is properly regulated, this will be true; but by immature, ill-considered action on the part of the Bureau of Mines some injustice may be done this great class of men, and I want to say to you now that the United Mine Workers of America is as patriotic a bunch of men as ever lived, and they do not need to have any special watch over them; but, as has been said by the gentleman from Illinois here, who is on the committee, sometimes you have to regulate the innocent and the good in order to catch the vicious, and I am willing for my men to stand a little of the rigors of regulation for the general good of the country in this time of war. We passed a food bill some time ago and amended it and made it so that we could control and regulate fuel. I believe that fuel ought to be regulated. I thought there might come a time when it might be necessary, but I want to say to you now that ill-advised action on the part of the administration in regulating fuel is about to cause a coal famine in this country, and you men will find it will have been caused by the middle of January next, and those in charge are realizing it to-day, because they have destroyed one of the most powerful incentives for an increased production of coal and to-day you are hearing from the whole Nation that they are in danger from suffering from the cold by the middle of winter. Now, it is all right to regulate fuel, but when you regulate it without investigation, when you regulate it without consideration, when you regulate it against the advice of men who know, you may expect the most woeful consequences, and that is exactly what has happened in the coal industry. I will not stand here and say I am not willing to have a product of my district regulated.

I want to help win this war, and I have voted for regulation, but I do want to protest against ill-advised regulation by those to whom we have delegated the power. Now, this is another bill to regulate, and I am proposing to support it, and support it when I know it will bring under its rules the men of my district whom I have every reason to believe are absolutely patriotic and loyal. Now, if the use and manufacture of explosives are regulated properly, it will not hurt them, and I am trusting to the words of the chairman of this committee that the regulation authorized by this bill will not bring inconvenience or harm to them.

Mr. MONDELL rose.

Mr. BLAND. Mr. Speaker, I yield to the gentleman.

Mr. MONDELL. The gentleman just referred to some effects of regulation?



Mr. BLAND. Indeed.

Mr. MONDELL. Do they incline the gentleman to favor still further regulation?

Mr. BLAND. Because there has been an indiscretion committed by the administration in one act, this will not cause me to vote against what I believe to be for the best interests of my country. [Applause.]

Mr. FOSTER. Mr. Speaker, I move the previous question on the conference report.

The question was taken; and the Speaker pro tempore (Mr. FITZGERALD) announced that the ayes appeared to have it.

On a division (demanded by Mr. HUDDLESTON) there were—ayes 309, noes 3.

So the previous question was ordered.

The SPEAKER pro tempore. The question is upon agreeing to the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes seemed to have it.

On a division (demanded by Mr. HUDDLESTON) there were—ayes 86, noes 3.

So the conference report was agreed to.

On motion of Mr. FOSTER, a motion to reconsider the vote by which the conference report was agreed to was laid on the table.

#### SUSPENSION OF REQUIREMENTS ON MINING CLAIMS.

Mr. TAYLOR of Colorado. Mr. Speaker, I call up the conference report on Senate joint resolution 78.

The SPEAKER pro tempore. The gentleman from Colorado calls up a conference report on the Senate joint resolution the title of which the Clerk will report.

The Clerk read as follows:

Joint resolution (S. J. Res. 78) to suspend, during the present war with Germany, the requirement that not less than \$100 worth of labor shall be performed or improvements made on each mining claim during each year for all owners who, in lieu of such assessment work, expend the sum of \$100 in the raising or manufacturing of products necessary for the maintenance of the Army, Navy, or people of the United States, or shall perform 20 days of labor, in any beneficial occupation, or pay into the Treasury of the United States \$100.

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent that the statement be read in lieu of the report; it is very short.

The SPEAKER pro tempore. Is there objection? [After a pause.] The Chair hears none.

The statement was read.

#### CONFERENCE REPORT (NO. 171).

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the joint resolution (S. J. Res. 78) to suspend, during the present war with Germany, the requirement that not less than \$100 worth of labor shall be performed or improvements made on each mining claim during each year for all owners who, in lieu of such assessment work, expend the sum of \$100 in the raising or manufacturing of products necessary for the maintenance of the Army, Navy, or people of the United States, or shall perform 20 days of labor, in any beneficial occupation, or pay into the Treasury of the United States \$100, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House numbered 1, and agree to the same.

Amendment numbered 2: That the Senate recede from its disagreement to the amendment of the House numbered 2, and agree to the same with an amendment as follows: In lieu of the matter proposed by the House insert the following: "years 1917 and 1918: *Provided*, That every claimant of any such mining claim in order to obtain the benefits of this resolution shall file or cause to be filed in the office where the location notice or certificate is recorded on or before December 31, of each of the years 1917 and 1918, a notice of his desire to hold said mining claim under this resolution: *Provided further*, That this resolution shall not apply to oil-placer locations or claims."

On page 2, of the bill, strike out all of lines 19 and 20 and insert: "This resolution shall not be deemed to amend or repeal the public resolution entitled 'Joint resolution to relieve the owners of mining claims who have been mustered into the military or naval service of the United States as officers or enlisted men from performing assessment work during the term of such service,' approved July 17, 1917."

And the House agree to the same.

Amendment to the title: That the Senate recede from its disagreement to the amendment of the House to the title, and agree to the same with an amendment as follows: In lieu of the matter proposed by the House insert the following:

"Joint resolution to suspend the requirements of annual assessment work on mining claims during the years 1917 and 1918." And the House agree to the same.

M. D. FOSTER,  
EDWARD T. TAYLOR,  
E. E. DENISON,

*Managers on the part of the House.*

HENRY F. ASHURST,  
MILES POINDEXTER,  
JOHN F. SHAFROTH,

*Managers on the part of the Senate.*

#### STATEMENT.

The managers on the part of the House at the conference on the disagreeing vote of the two Houses on the amendments of the House to Senate joint resolution 78, "To suspend during the present war with Germany, the requirement that not less than \$100 worth of labor shall be performed or improvements made on each mining claim during each year for all owners who in lieu of such assessment work expend the sum of \$100 in the raising or manufacturing of products necessary for the maintenance of the Army, Navy, or people of the United States, or shall perform 25 days of labor in any beneficial occupation, or pay into the Treasury of the United States \$100," submit the following statement in relation to the action agreed upon by the conference committee as to the amendments of the House:

On amendment No. 1: This amendment merely inserts the word "the," and was for the purpose of grammatical accuracy. The Senate accepted this amendment.

On amendment No. 2: The form of the resolution as it passed the Senate provided for the suspension of annual assessment work upon all mining claims during the period of the war with Germany. That provision as amended and passed by the House limited the time to the year 1917. Your conferees compromised on the time limit of the bill and made it apply to the years 1917 and 1918 only.

The House amendment also struck out the provision of the Senate bill requiring affidavits by mining claimants, showing that \$100 worth of work had been expended each year in manufacturing or some other beneficial occupation. The Senate conferees accepted this provision.

The House inserted an amendment exempting oil-placer locations or claims from the operation of this resolution. The Senate conferees accepted that amendment.

The Senate conferees receded and agreed to the title as amended by the House by adding the words "nineteen hundred and eighteen."

The only other change was the one agreed upon by the conferees, which more definitely describes the resolution referred to as Senate joint resolution 35.

MARTIN D. FOSTER,  
EDWARD T. TAYLOR,  
E. E. DENISON,

*Managers on the part of the House.*

Mr. WALSH. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Colorado. I will yield for a question, certainly.

Mr. WALSH. Will the gentleman from Colorado state whether the effect of this measure as now agreed upon in conference is such as to make unnecessary any further legislation during the year 1918 to relieve these claimants from doing their assessment work during that year?

Mr. TAYLOR of Colorado. Yes, sir; that is the compromise that the conferees have agreed upon. The gentleman will remember that the way the Senate passed the bill it suspended all annual assessment work on mining claims during the war with Germany. The way the bill passed through the House the other day we limited it to this year only. The conferees compromised by including next year, making it apply to the years 1917 and 1918.

Mr. WALSH. Did not the bill, as it passed the House, require an affidavit to be filed during 1917? The suspension was during the war with Germany but they had to file their affidavits before December 31 of this year. Now, the way it comes from the conferees it will permit them to file an affidavit during either year.

Mr. TAYLOR of Colorado. The way the bill passed the Senate required the affidavit to be filed on or before the 31st day of December of each year of the period of the war, and the affidavit was required to make quite a full showing. We retain the provision and require the affidavit to be made each year for two years. But we do not require proof of other work or expenditure or payment like the Senate bill required. The other



change was merely a provision of the Senate which the House struck out, and which the conferees accepted. Practically speaking, the Senate receded and accepted the House amendments with the one additional amendment extending the bill to include 1918.

I yield two minutes to the gentleman from Wyoming [Mr. MONDELL].

Mr. MONDELL. Mr. Speaker, I regret that the conferees felt that it was necessary to compromise so as to relieve mining claims from assessment work in the year 1918. I think all those who come from mining States realize the very great importance of keeping the work of development going, and we should only relieve from the necessity of doing the work required by law when conditions are such as to make it absolutely essential that that be done.

It is not in the interest of the country generally, of the people generally, or of any region, to have mining development suspended; to have men hold claims indefinitely while doing nothing on them. It simply leads to speculation. Under the bill as it now stands, a mining claim located this year would be relieved from assessment work next year, would it not?

Mr. TAYLOR of Colorado. Yes; but he would not be relieved from doing the necessary location work of 10 feet on each claim this year.

Mr. MONDELL. No; but he would be relieved of assessment work next year. It delays development. It allows men to hold land in large areas and do nothing that will tend to develop it. We have done that properly for this year, I think. I think it was entirely proper for the House to relieve from the necessity of doing assessment work this year, but we do not know what the conditions may be next year. There may be conditions under which it may be to the interest of all the people to have mining development expedited and hurried along. In the face of that situation, it is unwise now to legislate in regard to this important matter for next year. We could very well have met that situation when the time came.

Mr. TAYLOR of Colorado. Mr. Speaker, my information is entirely different from that of my friend from Wyoming. I think nearly every other Member of this House from the Western States has had urgent appeals for this legislation, and there was great disappointment because the House limited the provisions of the bill to the year 1917 instead of adopting the Senate provision and extending it to the period of the war. Mining men say it is utterly impossible to obtain labor to perform this actual assessment work, and inasmuch as this year is nearly past, and assessment work for this year is now in many localities very largely done, they insist that it was of tremendous importance that we provide in this bill for next year, so that they may know what they can depend upon. As I said at the time of the passage of this bill, about 90 per cent of the annual assessment work done on mining locations, "prospect holes," is practically dead work, and for that reason, and because of the great scarcity of labor, and the high cost of materials and everything, we felt warranted in compromising with the Senate.

Let me say to the House that for one I am glad to have introduced this bill as H. R. 5081 practically in the exact form in which we have passed it. It was a personal gratification to have reported it from the committee to the House, and I am supremely proud to see this measure now adopted and become a law. I feel that this legislation will be of more direct benefit to the prospectors, and that they are more entitled to this consideration than anyone else.

If there is any class of men in this country that is entitled to the favorable consideration of Congress, it is the metalliferous mining prospector—the man who goes out and pursues year in and year out the desperately hard and lonesome task, and usually forlorn hope, of trying to find a mine.

There have been volumes written upon the life of the hardy prospectors of the West—the men whose bones have bleached upon every trail of the Rocky Mountains. I wish I had time and ability to pay a just tribute to their memory. One of the last acts of the martyred and immortal Abraham Lincoln, whose memory we all love and revere, was to send a message to the hardy pioneer miners of the Rocky Mountains, bidding them Godspeed, and assuring them protection in the development of the mineral resources of the West. Prospecting is not quite as hard and heartbreaking to-day as it was 36 years ago last spring, when I went to Leadville, Colo. But it is still hard and discouraging, with very few rewards.

I notice in the issue of September 25 of the Leadville Herald-Democrat that I just received a little article upon this subject, and I am going to take the liberty of inserting it as a part of my remarks, as follows:

PAYS TRIBUTE TO PROSPECTOR—CHARLES J. SENTER, HIMSELF FOR YEARS A DWELLER IN THE MOUNTAINS, TELLS OF HIS LIFE AND AMBITIONS.

Charles J. Senter, one of the pioneer prospectors of the Kokomo-Robinson district, is proud of his calling, and points to a long period of years during which he has sought out the hiding places of mineral wealth. Nearly 20 years ago he wrote a tribute to the prospector which was published in Moore's Once a Week, a Denver publication, as follows:

"The prospector, laughing at the tenderfoot's cry of impossibilities, loads up his faithful burro with a few of the actual wants of camp life, and with picks, powder, hammers, and drills starts forth like a mighty magician into uninhabited regions of the mountains determined to create wealth both for himself and others, with these words, 'Never give up,' always foremost in his mind, and, with eyes of an eagle, scans every rock formation, the granites and quartzites, the carboniferous and silurian lime ledges, and the eruptive porphyry dikes, not a seam or crevice or mineralized vein escaping his eagle eye.

Oftentimes, when searching for the source of gold that fed the gulches, he will sink shafts and run drifts to bedrock, scrape the seams of the bedrock, and after days of hard work will carry the dirt from the crevices for miles to a stream of water and will pan and wash down so carefully that not even a tiny speck of gold as large as the point of a pin escapes him.

Then, again, when he finds a piece of mineralized float, what a feeling of hopeful happiness pervades his mind. With feelings excited to the very highest pitch of pure pleasure he starts on the search for the vein. What bright castles they are building for those they love! Sometimes disappointed for weeks and months and years, they struggle on, often climbing to the highest peaks on the mountains, crossing and recrossing vast hills of slide rock; and when he finds the vein or deposit of mineral his bright castles become for the present time realities. Their muscles work like throbbing bunches of steel. They work ten times harder than ever. They trip lightly to their campfire, cook supper, and lie down on pine-branch beds, with no one for their companions but mountain lions, lynx, foxes, Rocky Mountain coonies, and their faithful pets, the camp birds and burros.

They know no fear and fall into sweet, restful sleep and dream of barren mountains teeming with life and activity. Men with bright, happy faces surround them and congratulate them on their good fortune; they see a city spring up as if by magic in the picturesque valley below them, and they see their wives and children in good comfortable homes with everything they wish for around them. They wake up and look at the stars; the morning star tells them that it is nearly 4 o'clock—their watches may have been sold to help buy their outfit. They spring out of bed, stir up the camp fire, cook their breakfast, and believe that daybreak comes very slowly, so impatient are they to start their day's work.

They go to their mine, believing that they are the happiest and most fortunate men on earth. They choose the place for their shots, and while they are drilling the holes, hum some familiar tune of happy childhood, thinking their shots will open another bonanza as rich as the Comstock. The shots are fired and they can hardly wait for the smoke to clear away. They jump down the shaft or incline or run into the tunnel trembling as with a chill. They have struck a pinch or a horse in the vein; bright castles fade away, but it is only for a few moments, for the old spirit of determination comes back to them.

Without friends or money, no supply of powder, and only a camp outfit, they still cling to the hope that by a little more development work they will have a pay mine. They examine the breast of the tunnel, the bottom and the sides of the shaft, and may find a seam or stringer no thicker than a knife blade. If there is a horse in the vein, the tunnel breast or bottom of the shaft will look as barren as their hands. They must have help to push the work. They gather the ore, sort it, and start for the nearest mining camp or settlement. If they are known as lucky prospectors they may get someone interested without much trouble, but the chances are it will require much time and expenditure of their own money before they can find a man who will see the opportunity to lay the cornerstone of his own fortune by buying a controlling interest for a small consideration. The pinch out of the vein killed all their hopes.

Lift the veil, take away the rough exterior from the prospectors' lives, and you will find, as one of our great minds has said, "Lives jeweled with jewels of patriotism, perseverance, and hope." It is an ambitious life and holds within more of humanity, more true nobility of character and manliness than is concentrated inside the anatomies of all the autocrats of the world combined—those who grow indifferent by means of the prospector's toil and often laugh at their rugged but noble appearance.

Search the world over, where can we find a class of men who struggled harder, suffered more hardships, lived more honorably, died more nobly, than the true prospector of the Rocky Mountains?

Mr. Speaker, the resolution as agreed upon and in the exact form in which it will become a law is as follows:

Joint resolution (S. J. Res. 78) to suspend the requirements of annual assessment work on mining claims during the years 1917 and 1918.

Resolved, etc., That in order that labor may be most effectively used in raising and producing those things needed in the prosecution of the present war with Germany, that the provision of section 2324 of the Revised Statutes of the United States which requires on each mining claim located, and until a patent has been issued therefor, not less than \$100 worth of labor to be performed or improvements to be made during each year, be, and the same is hereby, suspended during the years 1917 and 1918: *Provided*, That every claimant of any such mining claim in order to obtain the benefits of this resolution shall file or cause to be filed in the office where the location notice or certificate is recorded on or before December 31, of each of the years 1917 and 1918, a notice of his desire to hold said mining claim under this resolution: *Provided further*, That this resolution shall not apply to oil placer locations or claims.

This resolution shall not be deemed to amend or repeal the public resolution entitled "Joint resolution to relieve the owners of mining claims who have been mustered into the military or naval service of the United States as officers or enlisted men from performing assessment work during the term of such service," approved July 17, 1917.

I now yield two minutes to the gentleman from California, Mr. RAKER.

Mr. RAKER. Mr. Speaker, I am surprised at my distinguished friend from Wyoming [Mr. MONDELL]. He evidently has not been giving the question of mining assessment his close



attention. The work on the mining claims for this year is not all done, possibly only one-fourth of it. So this bill will relieve the mining claimants for this year. For next year they will not have to prepare for assessment work, but will be able to devote their time and attention to some other enterprise or to go into actually productive mines, where they can work and assist in developing those and bringing forth the necessary metal that is needed. This does not retard the development of the country. If there are a few men so situated that they can go on with their claim work, they will do it. There are many who can not do it. There are many who, if this relief is not granted, will lose years of development, will lose years of their best time and the money they have put in their claims, because their help has been taken from them.

I have received a number of letters from my district stating that claimants' sons have gone to the war or have been drafted. Others have volunteered. They say it is impossible under the conditions to do the assessment work this year and even possibly next year, unless some relief is granted.

I am glad that the conferees on this bill have made it two years instead of one. In other words, that they have included 1918 as well as 1917. Those who file upon their claims now will not have to do any assessment work, because, under the law, during the year they file they do no assessment work, but must do it the year following, on or before the 31st of December of the following year. So that this bill will give the needed relief. It will give those who want to devote their time and attention to other important matters to do it and at the same time work no detriment to the country. This legislation is needed during the present war. If the war should continue in 1918, then the same relief can be given for future years as found necessary.

Mr. MONDELL. Will the gentleman yield?

Mr. RAKER. I yield.

Mr. MONDELL. The gentleman seems to differ from his friend from Colorado [Mr. TAYLOR] with regard to the present situation. He referred to the fact that I said that the assessment work was mostly done this year. It was the gentleman from Colorado who made that statement.

Mr. RAKER. That applies to the gentleman's territory in regard to the assessment work. In regard to the assessment work in my own territory, as I said before on the floor of the House, they do it in the latter part of the year. Therefore, this bill for this year is very necessary, and very important also for the year 1918.

Mr. WHEELER. Will the gentleman yield?

Mr. RAKER. I will.

Mr. WHEELER. I understood the gentleman to say it was two years. And I understood the gentleman from Colorado [Mr. TAYLOR] to say it was one year.

Mr. RAKER. This bill will relieve the assessment for the year 1917, and the conference report, to which the conferees have agreed, extends the provision of the act to 1918—making it two years—1917 and 1918.

Mr. EVANS. Will the gentleman yield for a question?

Mr. RAKER. Yes.

Mr. EVANS. As the Senate passed this bill it provided that the claimant could be relieved of assessment work on condition that if he had paid into the Government, or expended certain moneys, or filed affidavits, he had done something for the Government.

Mr. RAKER. Yes; but the House amendment relieves them of the actual assessment work on their claims for 1917. Now, the conference report extends to 1918 the same as provided for 1917.

Mr. TAYLOR of Colorado. Yes, sir.

Mr. EVANS. Now, as I understand, this is a plain relief of that assessment work without any conditions?

Mr. TAYLOR of Colorado. Yes. The House struck out that provision, and the Senate receded from it.

Mr. Speaker, I move the previous question on the conference report.

The SPEAKER pro tempore. The gentleman from Colorado moves the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore. The question is on agreeing to the conference report.

The conference report was agreed to.

On motion of Mr. TAYLOR of Colorado, a motion to reconsider the vote whereby the conference report was agreed to was laid on the table.

#### BRIDGE OVER HEADWATERS OF MOBILE BAY.

Mr. ADAMSON. Mr. Speaker, on account of a variance between copies and the original of the bill a mistake was made yesterday in amending Senate bill 2813, to authorize the Gulf

Ports Terminal Railway Co., a corporation existing under the laws of the State of Florida, to construct a bridge over and across the headwaters of Mobile Bay and such navigable channels as are between the east side of the bay and Blakely Island, in Baldwin and Mobile Counties, Ala.

I ask unanimous consent to vacate the proceedings back to the amending stage in order that that amendment may be disagreed to.

The SPEAKER pro tempore. The gentleman from Georgia asks unanimous consent to vacate the proceedings of yesterday on the bill S. 2813, to authorize the Gulf Ports Terminal Railway Co., a corporation existing under the laws of the State of Florida, to construct a bridge over and across the headwaters of Mobile Bay and such navigable channels as are between the east side of the bay and Blakely Island, in Baldwin and Mobile Counties, Ala., back to the amending stage, and that the bill be considered at this time. Is there objection?

Mr. STAFFORD. Reserving the right to object—

Mr. ADAMSON. Answering a question just asked me by the gentleman from Wyoming [Mr. MONDELL], a copy of the bill was sent to the committee, which was acted on in lieu of the original Senate bill. The committee saw that an amendment was necessary, saying "at a point suitable to the interest of navigation," and included it, and sent the copy back to the House. I never looked at the original at all. It appears that in the original the Senate itself had made that amendment, so that it now appears twice. So I want to disagree to the House committee amendment. I have a copy here to show that the Senate bill did not originally contain that language, and therefore I recommended the amendment.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The SPEAKER pro tempore. The question is on agreeing to the amendment.

Mr. ADAMSON. We want to disagree to the committee amendment.

The SPEAKER pro tempore. The question is on agreeing to the committee amendment to the bill S. 2813.

The question was taken, and the committee amendment was rejected.

The SPEAKER pro tempore. The question is on the third reading of the Senate bill.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

On motion of Mr. ADAMSON, a motion to reconsider the vote whereby the Senate bill was passed was laid on the table.

#### BRIDGE ACROSS TUG RIVER, W. VA.

Mr. ADAMSON. Mr. Speaker, there is another bill to which the Senate disagreed to the House amendment and asked for a conference. It is the Senate bill 2663. I ask that we disagree to the Senate amendment and agree to the conference asked.

The SPEAKER pro tempore. The Chair lays before the House the bill (S. 2663) granting the consent of Congress to the Wolf Creek Lumber Co. to maintain a bridge already constructed across Tug River, which the Clerk will report by title.

The Clerk read as follows:

A bill (S. 2663) granting the consent of Congress to the Wolf Creek Lumber Co. to maintain a bridge already constructed across Tug River.

The SPEAKER pro tempore. The gentleman from Georgia asks unanimous consent to disagree to the Senate amendment and agree to the conference asked. Is there objection?

There was not objection; and the Speaker pro tempore announced as the conferees on the part of the House Mr. ADAMSON, Mr. SIMS, and Mr. ESCH.

#### EXPLOSIVES.

Mr. FOSTER. Mr. Speaker, I ask unanimous consent for the present consideration of Senate concurrent resolution No. 13.

The SPEAKER pro tempore. The gentleman from Illinois asks unanimous consent for the present consideration of Senate concurrent resolution No. 13, which the Clerk will report.

The Clerk read as follows:

Senate concurrent resolution 13.

*Resolved by the Senate (the House of Representatives concurring), That in the enrollment of the bill (H. R. 3932) to prohibit the manufacture, distribution, storage, use, and possession in time of war of explosives, providing regulations for the safe manufacture, distribution, storage, use, and possession of the same, and for other purposes, the Clerk of the House of Representatives be, and he is hereby, authorized and directed to insert after the word "explosives," in the first proviso of section 5 of the bill, as agreed to in conference, the words "are not subject to the provisions of this act."*

The SPEAKER pro tempore. Is there objection to the present consideration of the Senate concurrent resolution?

There was no objection.

The SPEAKER pro tempore. The question is on agreeing to the resolution.



The resolution was agreed to.

On motion of Mr. FOSTER, a motion to reconsider the vote whereby the resolution was agreed to was laid on the table.

#### CHAPLAINS AT LARGE, UNITED STATES ARMY.

Mr. SIEGEL. Mr. Speaker, I ask unanimous consent for the present consideration of the Senate bill 2527, providing for chaplains at large in the Army.

The SPEAKER pro tempore. The gentleman from New York asks unanimous consent for the present consideration of the bill S. 2527, which the Clerk will report.

The Clerk read as follows:

A bill (S. 2527) authorizing appointment of chaplains at large for the United States Army.

*Be it enacted, etc.,* That the President alone may appoint for the period of the existing emergency not exceeding 20 chaplains at large for the United States Army, 12 as representing religious sects not recognized in the apportionment of chaplains now provided by law, and 8 for service in base hospitals, and such number of chaplains as he may determine to be necessary for service at training camps, cantonments, recruit depots, and in the National Army, selected from prominent clergy and ministers who have served at the front with the allied armies, but who have passed the age limit prescribed by law for appointment in the Regular Army.

With a committee amendment, striking out all after the enacting clause, on page 1 down to and including line 2, on page 2, and inserting in lieu thereof the following:

That the President may appoint for service during the present emergency not exceeding 20 chaplains at large for the United States Army representing religious sects not recognized in the apportionment of chaplains now recognized by law.

Mr. WINGO. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from New York if this is not the same bill, if we adopt the committee amendment, that the House passed recently?

Mr. SIEGEL. Yes.

Mr. WINGO. This is intended to add 20 more chaplains?

Mr. SIEGEL. No. It is the same bill. What the Senate did was to pass on Thursday, September 13, what is known as the second bill, introduced by me on August 17, but which our Military Committee did not favor. We passed our bill (H. R. 5271) on Tuesday, September 11. The Senate added to its bill some additional chaplains, which would have made more than 20. What the committee has done is to report back the Senate bill here, striking out what the Senate put in and inserting word for word what we put in on September 11.

Mr. WINGO. I understand that if we pass the bill as proposed by the committee amendment the President will be authorized to appoint 20 additional chaplains from religious sects other than those now recognized?

Mr. SIEGEL. Correct.

Mr. WINGO. In other words, the object of the bill is to permit chaplains of the Jewish faith—

Mr. SIEGEL. And such other faiths as are not represented at the present time—

Mr. WINGO. Yes; to be appointed in the Army?

Mr. SIEGEL. That is correct.

Mr. WINGO. Is there any probability that those who are backing this legislation in the House will in conference agree to the Senate's original provision?

Mr. SIEGEL. I am not a member of the Committee on Military Affairs, but their report is unanimous, recommending the passage of the bill which we passed here the last time, namely, my bill.

Mr. WINGO. I do not object. I think the Jewish faith should have been represented by chaplains long ago.

Mr. SIEGEL. I realize that and know that to be the gentleman's views.

Mr. WINGO. I think each man in the Army should have an opportunity to have religious administration in keeping with his own faith, without any restriction, and the Jews of course ought to be recognized the same as anybody else. If that is the purpose of this bill, I will not object.

Mr. SIEGEL. That is the purpose.

Mr. WINGO. The House passed its bill and the Senate passed its bill, and the two bills crossed. The object now is to amend the Senate bill to conform to the bill which the House passed the other day?

Mr. SIEGEL. That is correct. The report so shows.

Mr. WINGO. Then I have no objection to it.

Mr. CANNON. Will the gentleman yield?

Mr. SIEGEL. I yield to the gentleman from Illinois.

Mr. CANNON. If this bill passes, it will provide for 20 chaplains.

Mr. SIEGEL. Not exceeding 20.

Mr. CANNON. How many chaplains are there now authorized by law?

Mr. SIEGEL. There are none of the Jewish faith.

Mr. CANNON. Of other faiths?

Mr. SIEGEL. I could not tell you that. I know there are 36 per cent of the chaplains who are of the Catholic faith and 64 per cent who are of the Protestant faith.

Mr. CANNON. The chaplains of the Protestant faith are confined to three denominations—Baptists, Methodists, and Presbyterians—are they not?

Mr. MEEKER. And Episcopalians.

Mr. CANNON. Episcopalians. That makes four; and I suppose the Christian Church—

Mr. SIEGEL. The department did not state the subdivisions of the Protestant faith.

Mr. CANNON. I am not quite sure that the Christian Scientists are represented.

Mr. SIEGEL. The Christian Scientists will be taken care of under these 20, because this distinctly refers to such other faiths as are not represented at the present time.

Mr. CANNON. There are 40 or 45 Protestant organizations.

Mr. MEEKER. I beg the gentleman's pardon. There are 167.

Mr. CANNON. Now, if there can be a fair division, our Jewish or Hebrew friends will get about one.

Mr. SIEGEL. Oh, no. I want to say to the gentleman that in the camp at Yaphank, N. Y., right now they would be entitled to six, not considering at all the other 36 or 37 camps in different parts of the country. In the first 5 per cent of the men who went, 75 per cent were of the Jewish faith, and the other day, out of 10,000 men at Camp Upton, about 4,200 went home on account of the observation of the holy days, showing that approximately 40 per cent of the 10,000 at that camp were of the Jewish faith; and I may say also that although at the present time there are thousands of men of the Jewish faith in the Navy, there is not a single Jewish chaplain in the Navy, which condition Secretary Daniels is about to meet by making an appointment. Let me add that in the Army there is no chaplain of the Jewish faith.

Mr. CANNON. I suppose it is perfectly proper that a man should have religious consolation according to his belief, but I am under the impression that there are ten Christian Scientists to one Hebrew, and I have no doubt that there are ten Unitarians, who are at one with the Hebrews. I am not a Christian Scientist, and on the question of Unitarianism, as far as I am concerned, I am at one with the Hebrews and the Unitarians, but I have no doubt there are ten Unitarians to one Hebrew.

Mr. SIEGEL. In the Army to-day?

Mr. CANNON. Yes.

Mr. SIEGEL. I am not so certain about that. How many Unitarians are there in the Army to-day?

Mr. CANNON. I can not tell. Can the gentleman tell me how many Hebrews there are?

Mr. SIEGEL. There have been forty thousand and odd called out so far.

Mr. CANNON. Forty thousand and odd out of one million.

Mr. SIEGEL. Oh, no; more than 40,000 out of 400,000 in the national drafted army at the present time. That is what I am talking about.

Mr. BYRNES of South Carolina. That would mean 400,000 Christian Scientists, according to the figures of the gentleman from Illinois.

Mr. CANNON. Does the gentleman say there are 40,000 Hebrews in the Army now?

Mr. SIEGEL. Yes.

Mr. BYRNES of South Carolina. If the Christian Scientists are ten to one, that would be 400,000 Christian Scientists to 40,000 Jews.

Mr. SIEGEL. And, of course, the other denominations would not be represented at all.

Mr. KNUTSON. Where would the rest of us be?

Mr. SIEGEL. I do not want to answer the question by saying that we would have to increase our population.

Mr. CANNON. After all is said and done, I have no possible prejudice against the Hebrews.

Mr. SIEGEL. I know that very well.

Mr. CANNON. And I am tolerably charitable to everybody else.

Mr. SIEGEL. We all know that the gentleman from Illinois is not only fair, but at all times very liberal in his views. His whole life is an evidence of that. There is not assurance that the President is going to appoint 20 chaplains of the Jewish faith, or 5, or any particular number of any particular faith.

Mr. CANNON. I am under the impression that only four or five of the Protestant organizations are represented among the chaplains now.

Mr. SIEGEL. I do not know very much about the condition to which the gentleman makes reference and therefore am unable to express any opinion.



The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Reserving the right to object, a very peculiar condition is presented by the submission of this Senate bill for consideration in the House. In my experience I do not recall a similar condition.

The House on September 11, as Members will recall, passed the bill providing for the appointment by the President during the present emergency of 20 chaplains. That bill went over to the Senate. Subsequently thereto, after the House bill had been messaged over to the Senate, the Senate, instead of considering the House bill, said substantially by its action on this bill, "No; we will not consider the House bill providing for the 20 chaplains. We will not offer an amendment to the House bill in accordance with our ideas, but we will pass a substantially new bill and leave the House bill to slumber." So the Senate on September 13, two days after they had received the House bill on this subject, passed the bill (S. 2527) providing for 20 chaplains, though the appointment was somewhat restricted, and provided that 12 of them should represent religious sects not recognized in the apportionment of chaplains now provided by law and 8 for service in base hospitals.

This Senate bill came over to the House and was referred to the Committee on Military Affairs. The House Committee on Military Affairs struck out all of the Senate provision and substituted the language of the original House bill. Now, if we should pass this House bill and send it over to the Senate, what will be the legislative status? The Senate may say the House intended to have 40 chaplains instead of 20. It may pass the original House bill providing for 20 and then accept the Senate bill with the House amendment for 20 more. The practice is highly objectionable, and for that reason I object.

Mr. SIEGEL. Will the gentleman withhold his objection?

Mr. STAFFORD. I will withhold it.

Mr. GARRETT of Tennessee. I hope if the gentleman from Wisconsin is going to make an objection he will make it now.

Mr. SIEGEL. I want to say that I have consulted with Senator SHEPPARD and he has asked that this bill be passed in this fashion.

Mr. STAFFORD. I do not believe that the Senate should pigeonhole a House bill and then pass a Senate bill on the same identical subject.

Mr. SIEGEL. Does the gentleman believe that the legislation ought to be held up in this manner?

Mr. STAFFORD. We have no certainty whatever that it will be passed by the Senate in this way. We have sent over there a bill embodying this same matter, and they have not acted upon it. The responsibility is on the Senate.

Mr. SIEGEL. Both forms of bills were before the Senate Committee on Military Affairs, and the committee recommended this one.

Mr. STAFFORD. It is highly objectionable to pass in this way two bills involving the same subject, and I object.

#### BRIDGE ACROSS THE MISSISSIPPI RIVER.

Mr. KNUTSON. Mr. Speaker, my colleague [Mr. MILLER] is on a mission to Europe for the Red Cross. He has two bills on the Unanimous Consent Calendar—both bridge bills—and I ask unanimous consent for the present consideration of the bill S. 2434.

The SPEAKER pro tempore. The gentleman from Minnesota asks unanimous consent for the present consideration of the bill S. 2434, of which the Clerk will report the title.

The Clerk read as follows:

S. 2434. An act authorizing the counties of Cass and Itasca, Minn., to construct a bridge across the Mississippi River between said counties.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. WALSH. I object.

#### LEAVE OF ABSENCE.

Mr. STEENERSON, by unanimous consent, was given leave of absence for 10 days, on account of attendance on the Pneumatic Tube Commission meetings in Chicago and St. Louis.

#### ADJOURNMENT.

Mr. GARRETT of Tennessee. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 45 minutes p. m.) the House adjourned until Monday, October 1, 1917, at 12 o'clock noon.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. WEBB: A bill (H. R. 6361) to extend protection to the civil rights of members of the Military and Naval Establish-

ments of the United States engaged in the present war; to the Committee on the Judiciary.

By Mr. PADGETT: A bill (H. R. 6362) to promote the efficiency of the United States Navy; to the Committee on Naval Affairs.

Also, a bill (H. R. 6363) to provide for the service of officers of auxiliary naval forces on naval courts; to the Committee on Naval Affairs.

By Mr. MARTIN of Louisiana: A bill (H. R. 6364) to amend an act entitled "An act to provide further for the national security and defense by encouraging the production, conserving the supply, and controlling the distribution of food products and fuel," approved August 10, 1917; to the Committee on Agriculture.

By Mr. JACOWAY: A bill (H. R. 6386) granting the consent of Congress for the construction of a bridge and approaches thereto across the Arkansas River between the cities of Little Rock and Argenta; to the Committee on Interstate and Foreign Commerce.

By Mr. FITZGERALD: Resolution (H. Res. 157) to confer jurisdiction over appropriations and estimates upon a single committee; to the Committee on Rules.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DIXON: A bill (H. R. 6365) granting an increase of pension to Charles J. Edington; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6366) granting an increase of pension to John T. Bell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6367) granting an increase of pension to Frances A. Weddel; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6368) granting an increase of pension to William H. Jackson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6369) granting an increase of pension to William H. Buchanan; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6370) granting an increase of pension to Mary A. Fredenburg; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6371) granting an increase of pension to Benjamin F. Hedrick; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6372) granting an increase of pension to James W. Hall; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6373) granting an increase of pension to Thomas Ward; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6374) granting an increase of pension to Frederick Willman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6375) granting an increase of pension to Henry B. Tonnemacker; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6376) granting an increase of pension to William Seal; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6377) granting an increase of pension to Laura McWilliams; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6378) granting an increase of pension to Charles F. McPherson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6379) granting an increase of pension to John W. Amos; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6380) granting an increase of pension to Samuel Parker; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6381) granting an increase of pension to John A. C. Hazel; to the Committee on Pensions.

Also, a bill (H. R. 6382) granting a pension to Vance K. Stewart; to the Committee on Pensions.

Also, a bill (H. R. 6383) granting a pension to George W. Dudley; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6384) granting a pension to Eliza Sisco; to the Committee on Invalid Pensions.

By Mr. WILSON of Illinois: A bill (H. R. 6385) for the relief of Kenneth S. Cook, storekeeper, second class, United States Navy; to the Committee on Naval Affairs.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By Mr. CARY: Petition of National Association of Master Bakers, favoring the Stephens price-fixing bill; to the Committee on Interstate and Foreign Commerce.

Also, petition of Pompeian Co. favoring the necessary Government action to keep the American dollar at parity in every nation of the world; to the Committee on Banking and Currency.

By Mr. FULLER of Illinois: Petition of the National Association of Master Bakers for the Stephens price-fixing bill—House bill 212; to the Committee on Interstate and Foreign Commerce.



## SENATE.

MONDAY, October 1, 1917.

The Chaplain, Rev. Forrest J. Prettyman, D. D., offered the following prayer:

Almighty God, we would unite our hearts this day with millions of hearts that have been going out to Thee in earnest prayer. We pray Thee to hear the prayers of Thy people, prayers that have been expressed in burning words before Thee, prayers that listen in the tear-drop, prayers that are voiced only in the sea of burdened hearts. O God, hear the prayers of Thy people. We seek no kingdom but Thine own. We seek to establish no policy but that which Thou dost inspire. We would fill our place among the nations of the earth according to the Divine will and plan; and we pray Thee this day to guide us to this end and bless us in our undertaking. For Christ's sake. Amen.

The Journal of the proceedings of Saturday last was read and approved.

## MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House had passed the bill (S. 2813) to authorize the Gulf Ports Terminal Railway Co., a corporation existing under the laws of the State of Florida, to construct a bridge over and across the headwaters of Mobile Bay and such navigable channels as are between the east side of the bay and Blakely Island, in Baldwin and Mobile Counties, Ala.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3932) to prohibit the manufacture, distribution, storage, use, and possession in time of war of explosives, providing regulations for the safe manufacture, distribution, storage, use, and possession of the same, and for other purposes.

The message further announced that the House insists upon its amendment to the bill (S. 2663) granting the consent of Congress to the Wolf Creek Lumber Co. to maintain a bridge already constructed across Tug River, disagreed to by the Senate, agrees to the conference asked for by the Senate on the disagreeing votes of the two Houses thereon, and had appointed Mr. ADAMSON, Mr. SIMS, and Mr. ESCH managers at the conference on the part of the House.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the joint resolution (S. J. Res. 78) to suspend, during the present war with Germany, the requirement that not less than \$100 worth of labor shall be performed or improvements made on each mining claim during each year for all owners who, in lieu of such assessment work, expend the sum of \$100 in the raising or manufacturing of products necessary for the maintenance of the Army, Navy, or people of the United States, or shall perform 25 days of labor in any beneficial occupation, or pay into the Treasury of the United States \$100.

The message further announced that the House had agreed to the concurrent resolution of the Senate authorizing the Clerk, in the enrollment of the bill (H. R. 3932) to prohibit the manufacture, distribution, storage, use, and possession in time of war of explosives, providing regulations for the safe manufacture, distribution, storage, use, and possession of the same, and for other purposes, to insert after the word "explosives," in the first proviso of section 5 of the bill, as agreed to in conference, the words "are not subject to the provisions of this act."

## ASSESSMENT WORK ON MINING CLAIMS—CONFERENCE REPORT.

Mr. ASHURST submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the joint resolution (S. J. Res. 78) to suspend, during the present war with Germany, the requirement that not less than \$100 worth of labor shall be performed or improvements made on each mining claim during each year for all owners who, in lieu of such assessment work, expend the sum of \$100 in the raising or manufacturing of products necessary for the maintenance of the Army, Navy, or people of the United States, or shall perform 20 days of labor, in any beneficial occupation, or pay into the Treasury of the United States, \$100, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House numbered 1, and agree to the same.

That the Senate recede from its disagreement to the amendment of the House numbered 2, and agree to the same with an

amendment as follows: In lieu of the matter proposed by the House insert the following: "years 1917 and 1918: *Provided*, That every claimant of any such mining claim in order to obtain the benefits of this resolution shall file or cause to be filed in the office where the location, notice, or certificate is recorded on or before December 31, of each of the years 1917 and 1918, a notice of his desire to hold said mining claim under this resolution: *Provided further*, That this resolution shall not apply to oil-placer locations or claims."

On page 2 of the bill strike out all of lines 19 and 20 and insert: "This resolution shall not be deemed to amend or repeal the public resolution entitled 'Joint resolution to relieve the owners of mining claims who have been mustered into the military or naval service of the United States as officers or enlisted men from performing assessment work during the term of such service,' approved July 17, 1917"; and the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title and agree to the same with an amendment as follows: In lieu of the matter proposed by the House insert the following:

"Joint resolution to suspend the requirements of annual assessment work on mining claims during the years 1917 and 1918."

And the House agree to the same.

HENRY F. ASHURST,

MILES POINDEXTER,

JOHN F. SHAFROTH,

*Managers on the part of the Senate.*

M. D. FOSTER,

EDWARD T. TAYLOR,

EDWARD E. DENISON,

*Managers on the part of the House.*

The VICE PRESIDENT. Is there objection to the consideration of the conference report? The Chair hears none. The question is on agreeing to the conference report.

The report was agreed to.

## PETITIONS AND MEMORIALS.

The VICE PRESIDENT presented petitions from the County Council of Defense of Burnett County, Wis.; from Edward Gillen, of Racine, Wis.; from L. B. Ring, superintendent of the Wisconsin Bay Welfare Movement, of Milwaukee, Wis.; from B. W. Bradfield, secretary of the Kiwanis Club, of St. Paul, Minn.; from Jean Rittanhouse, of San Diego, Cal.; and from W. E. D. Stokes, of New York City, N. Y., relative to the public utterances of the Senator from Wisconsin [Mr. LA FOLLETTE], which were referred to the Committee on Privileges and Elections.

Mr. WADSWORTH. I present four petitions from sundry organizations in the State of New York relating to the public utterances of the Senator from Wisconsin [Mr. LA FOLLETTE].

The VICE PRESIDENT. The petitions will be referred to the Committee on Privileges and Elections.

Mr. SHAFROTH presented a petition of sundry citizens of Colorado, praying for national prohibition, which was ordered to lie on the table.

## BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. ROBINSON:

A bill (S. 2937) granting the consent of Congress for the construction of a bridge and approaches thereto across the Arkansas River between the cities of Little Rock and Argenta; and

A bill (S. 2938) to authorize the construction, maintenance, and operation of a bridge across Little River, in Poinsett County, Ark., at or near the section line between sections 35 and 36, township 11 north, range 6 east; to the Committee on Commerce.

By Mr. KNOX:

A bill (S. 2939) granting an increase of pension to Samuel B. McBride; to the Committee on Pensions.

By Mr. SHAFROTH:

A bill (S. 2940) granting an increase of pension to George W. Thompson;

A bill (S. 2941) granting an increase of pension to Phineas L. Packard; and

A bill (S. 2942) granting an increase of pension to Milton N. Campbell; to the Committee on Pensions.

## MANUFACTURE AND STORAGE OF EXPLOSIVES.

Mr. WALSH. On Thursday last the Senate adopted the conference report on the disagreeing votes of the two Houses upon the bill (H. R. 3932) to prohibit the manufacture, distribution,



storage, use, and possession in time of war of explosives, providing regulations for the safe manufacture, distribution, storage, use, and possession of the same, and for other purposes. I desire to move to reconsider the vote and action of the Senate by which the conference report was adopted. I ask that the motion be entered and that for the present it be allowed to lie on the table. The bill having been returned to the other House, I move that it be recalled.

The VICE PRESIDENT. The question is on the motion of the Senator from Montana that the House be requested to return the bill to the Senate.

The motion was agreed to.

The VICE PRESIDENT. The motion to reconsider will be entered.

#### PRESIDENTIAL APPROVAL.

A message from the President of the United States, by Mr. Sharkey, one of his secretaries, announced that the President had, on October 1, 1917, approved and signed the act (S. 2705) to create the Aircraft Board and provide for its maintenance.

#### STOCK-GRAZING HOMESTEADS.

The VICE PRESIDENT. The morning business is closed and the calendar under Rule VIII is in order.

Mr. JONES of New Mexico. Mr. President, I desire to call attention again to the bill (S. 2776) providing for the classification of lands under the stock-grazing homestead act in certain States, and for other purposes. It is very important that that bill should be passed, and I understand there is probably only one Senator who will want to speak against it. I therefore ask unanimous consent that we may proceed to the further consideration of the bill.

The VICE PRESIDENT. Is there objection?

Mr. HUSTING. I object.

Mr. JONES of New Mexico. Then I move that the Senate proceed to the consideration of the bill.

The motion was agreed to; and the Senate, as in Committee of the Whole, resumed the consideration of the bill.

Mr. JONES of Washington. I have not a copy of the bill before me, but at the proper place I wish to insert the word "Washington." I think it is in the first section of the bill.

The VICE PRESIDENT. There are certain committee amendments which have not been considered. The first amendment of the committee will be stated.

The SECRETARY. The Committee on Public Lands report, on page 1, line 6, after the word "Wyoming," to insert "Nevada, North Dakota," so as to read:

That the Secretary of the Interior is hereby authorized and directed to complete the classification or designation of lands within the States of New Mexico, Arizona, Colorado, Wyoming, Nevada, North Dakota, and South Dakota, as provided in the stock-grazing homestead act in cases in which application has heretofore been made to enter land under said act, within six months of the enactment of this act; and that the Secretary of the Interior is hereby authorized and directed to complete the classification or designation of lands within the aforesaid States as provided in the stock-grazing homestead act in cases in which application may hereafter be made to enter land under said act, within six months from date of the filing of application therefor.

Mr. JONES of Washington. I move to amend the amendment of the committee by inserting "Washington."

Mr. JONES of New Mexico. On behalf of the Committee on Public Lands I will state that I have no objection to that amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment of the committee was, on page 2, line 13, after the word "Wyoming," to insert "Nevada, North Dakota."

Mr. JONES of Washington. I move the same amendment to the amendment at that point.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The VICE PRESIDENT. The bill is before the Senate as in Committee of the Whole and open to further amendment. If there be no further amendments, the bill will be reported to the Senate.

The bill was reported to the Senate as amended.

Mr. HUSTING. Mr. President, a bill similar to this was before the Senate at the last session. I opposed it at that time, and stated my reasons for opposing it. I wish to reiterate some of the objections that I have to the bill.

The bill, in my judgment, reverses the policy of the Government in regard to homestead entries, and virtually increases the number of acres in a homestead from the present number to 640 acres. The homestead laws of this country are laws of long standing, and if we are going to reverse ourselves or increase the acreage to the extent the bill proposes to increase it, it seems to me we ought to do it with our eyes open.

Last December there was a law passed providing for a 640-acre homestead for grazing purposes. When that bill was before the committee, and later on before the Senate, the argument then was made that certain lands in the West were not fit for agriculture; were not susceptible of irrigation, and it was not to apply to timber claims. It was urged that a man could not raise any considerable number of cattle on his homestead, and therefore it was argued that as to certain lands the homestead should include 640 acres instead of 320 acres.

Later in the session an attempt was made to wipe out the provisions of the act of December which safeguarded lands that were susceptible of irrigation and were fit for agriculture and contained timber. That proposed law provided that it should be the duty of the Secretary of the Interior to cause surveys to be made of these lands in the West and to select lots of 640 acres and make a certification of the same so that lands susceptible of agriculture and of irrigation and which contained timber could not be entered upon. That was passed here, but the House refused to pass it, and that effort was futile.

Now comes this bill that practically wipes out all the safeguards, and as I read it and understand it that practically opens up all the lands in the States enumerated herein to public entry whether they contain timber or whether they are susceptible of irrigation or of agriculture. It is true that there are provisions in the bill which purport to exempt those, but the practical effect of the provisions which purport to exempt these lands amounts to nothing in my judgment. It simply lays open to entry a 640-acre homestead. The lands in the States that are included in the bill—New Mexico, Arizona, Colorado, Wyoming, Nevada, North Dakota, South Dakota, and I believe Washington has been added—take in a great many, if not all, the Western States.

Mr. SHAFROTH. Mr. President, does the Senator recognize that the bill safeguards both the proposition of timber and the susceptibility of the lands for irrigation? Does not the Senator recognize that this language is used in the bill:

which contain in substance a verified statement by the applicant, corroborated by the affidavits of two disinterested parties, that the land within the original filing or entry does not contain merchantable timber suitable for lumber purposes; is not susceptible of irrigation from any known source of water supply, and that the land is chiefly valuable for grazing or raising forage crops, are hereby directed to be received—

And so forth.

Mr. HUSTING. I know that is what the bill purports to do, but I look upon it as camouflage; it says something, but it does not mean anything in practical effect.

Mr. SHAFROTH. Does not the Senator recognize in the first instance that the Secretary of the Interior has six months in which to make the survey and to determine as to whether the lands are to come within the provisions of the act, and then if he does not do that the man who is upon the land or who files upon the land has got to file his affidavit, and then for one year thereafter the Government has a right to dispute that and say it is not so?

Mr. HUSTING. I will say to the Senator, in answer, that this provision of one year is a statute of limitation. It runs and only runs for one year, and at the end of one year they are confirmed in the title. That looks a little like a joker in the bill.

Mr. SHAFROTH. I will state to the Senator that under the 320-acre homestead act nearly all the semiarid lands have been subject to entry, and those that have not been entered are really the poorest of the lands. I have not any doubt that ninety-nine one-hundredths of all the land that is now open to entry in the States named would properly come within the designation of lands for grazing purposes or for the raising of forage crops.

Mr. HUSTING. Then I will ask the Senator why all this attempt to make it appear that these lands are going to be settled? Why the declarative features of the bill?

Mr. SHAFROTH. The object is to satisfy Senators just like the Senator from Wisconsin who think there may be something wrong and not correct. We want to safeguard that so that it seems to me the Senator from Wisconsin would have no objection to the passage of the bill.

Mr. HUSTING. I will state to the Senator that if he seeks to satisfy Senators like myself he fails very ignominiously. The bill does not satisfy me at all.

Mr. SHAFROTH. It seems to me that the Senator ought to be satisfied.

Mr. HUSTING. I do not think anybody else will be satisfied with this provision who is really against a 640-acre homestead. This bill, and this particular feature of it, is not going to be effective. It has been argued that the law of December, 1916, should be amended because the Interior Department has not time to investigate the character of the lands, and that, consequently, the law is ineffective, because the department can not



go and examine into the character of these lands. If it is the fact, and no doubt it is the fact, that they can not make a survey of all these lands within a year or within a year and a half, or possibly within two years, then what good is it going to do to say that they could come in within a year and contest the character of the land that it is claimed is not susceptible of irrigation and of agriculture and contains no timber? What good will it do to say that unless within a year contest is made against the homestead claims when you know and argue that the very reason you want the law amended is because the Interior Department can not make a survey of the lands?

Mr. SHAFROTH. Mr. President, I will answer the Senator's question. The situation with respect to these lands is that we out West think that the semiarid lands are practically good for nothing except for grazing purposes or the raising of forage crops. The Secretary of the Interior was authorized by Congress nearly a year ago to proceed to permit these lands to be entered. He has not made the classification, because he said there was no appropriation available for that purpose. Since that time the Congress of the United States has appropriated \$150,000 for the purpose. Inasmuch as the lands have not been classified, if any man goes upon them and makes entry, in the absence of this proposed statute, not only the Government can contest but any individual who feels that he ought to have the right to locate a 160 or 320 acre homestead can contest the entry. Such entry is likely to be contested if it is on a very valuable piece of land. With the incentive upon the part of a person who desires to enter the land to see that no fraud is committed, and also the watchfulness of the Government in examining into the matter and trying to detect where anyone has committed a fraud against the Government, between the two, within the period of a year or a year and a half afforded by the bill—because a person first has 6 months and then a year thereafter, making 18 months—it seems to me we ought to be able to detect any instance where a filing has been improperly made.

Mr. HUSTING. Mr. President, it merely comes down to this, that the law of December, 1916, ought to be amended, according to the Senator from Colorado, for the reason that the Interior Department has not time to survey and certify these lands. Therefore it is provided that men may go and enter the lands without such certification, and then, unless the department or an individual comes before the Land Office and contests the entry within a year, the title to the homestead is confirmed. That simply means that the department can not investigate the matter within a year, and so, consequently, every entry which is made will be confirmed, because there will not be anybody there to contest it, which means that almost every entry under this proposed act will be in effect a homestead entry that will never be contested. That bears out exactly what I previously said, that this virtually means that homesteads with 640 acres will be allowed, instead of a smaller area.

There is not any use discussing that; we might as well face it. If that is what the Senate wants, if that is what Congress wants, that is enough; but let us not deceive ourselves into believing that the department or any individual is going to have any opportunity to question a homestead entry. It means that lands, whether they are susceptible to agriculture or to irrigation, or whether or not they contain timber, are open to homestead entry. Anyone who wants a 640-acre homestead can go and get it.

The Senator says there are not any such lands left; then why indulge in this kind of verbiage here? Why have it appear that agricultural land and land susceptible of irrigation are going to be reserved, when you know that such lands can not be reserved under this bill?

I do not know that there is anything further I can add to these remarks, except to say that I do not believe it is for the best interests of the country, I do not believe it is for the best interests of any State, to parcel out land in chunks of 640 acres for homesteads. That is not a homestead and never can be a homestead in the proper sense of the word; it is an estate; it is a whole section of land. Instead of encouraging settlers to come in there, instead of encouraging the settling up of the States, it will mean that these great areas of land are going to pass into the hands of a few individuals. Under the old system of a limited number of acres of homestead, lands are far too frequently getting into the hands of large landed proprietors, and the country is fast becoming a country of landlords and tenants, and not of landowners. Only the other day I saw a discussion in the newspapers about that matter by a very eminent citizen of the United States, pointing out the danger of this country, becoming a country of landlords and tenants. The very thing that we have combated and opposed for all these years, the policy of the Government trying to keep the lands in the hands

of individuals, and not in the hands of large landed proprietors, is going to be overturned. We are going to turn over the West to those who have some reason why they want to get a section of land instead of a half section or a quarter section. Of course, they want to get it; of course, there is a demand there for it; but you will never get a State settled up by having one family only on every section of land in the State.

If that is going to be the policy of the Government, if Congress is going to turn about face and overturn the traditions of a half century, that is all very good and right, if Congress says so. However, I do not want it to be done without a protest on my part. I have opposed even the consideration of this bill, because I know it is difficult to interest Congress at this late day in the session, when it is engaged in vast war problems, in a domestic matter of this kind, important though it may be. I do not think it ought to be entertained at this time. It is not a war measure; it is not a matter for which this Congress was called in special session, and yet here, at this late day, without debate—for, I presume, I am the only one who is going to take the opportunity to protest against the passage of this bill—we are going to do these things.

I protest against it. I think it is a bad policy; I think it is establishing a precedent that is going to come back to vex this country in the future. I do not think we are acting as the trustees of a great trust ought to act in this matter.

I understand that Senators here from the West are unanimously in favor of this measure, but this is a matter in which not they alone are interested. The country, as a whole, is interested in the disposition of these vast domains; and too much carelessness has resulted in a great deal of injury to the country as it is.

We permitted the public domain to pass into the hands of private owners, and in many instances into the hands of vast landed proprietors, and if we do not look out we will have to face a landlord and tenant proposition in the near future. I do not know how we shall be able to deal with it then if we now allow the title to get out of our hands.

For that reason I am doing all I can to oppose and protest against this backward step, one which, in my humble opinion, is fraught with disastrous consequences.

Mr. KENDRICK. Mr. President, I wish to detain the Senate just for a moment to say that I do not believe the Senator from Wisconsin understands the situation that prevails in the West or he would not oppose this piece of legislation. I think it is impossible for a man even to glimpse conditions that prevail in that arid section without having some intimate knowledge of the country.

The land made available for entry under the 640-acre homestead law is not territory that has been withheld from settlement; it is a section that has been ridden over by men for from 40 to 50 years and has not been settled only because its generally rugged surface and arid character were such that every man who knew anything about western conditions understood that it could not be profitably developed in the comparatively small allotments permitted under the homestead laws of the past. There are thousands of men living in the towns of my State at this time, and of all other States to which the law applies, who are not even availing themselves of this opportunity to take lands, because they are unwilling to undergo the hardships that every homesteader must endure who undertakes to build a home upon the arid land now remaining of the public domain. They do not care to make the necessary sacrifice for the small benefit to be gained.

The difficulty of the situation now confronting us is found in the delay in designating the lands subject to entry under the stock-raising law. There have been some 60,000 filings made upon the Government domain under this law. The people have in many cases forsaken their former homes, have gone to this arid country and filed upon the land, and yet they are denied the right to go upon the land to begin improvements and to inaugurate the processes of production.

It is claimed by the Senator from Wisconsin that we are rushing into a condition of landlordism. If he understood the situation there as well as do those of us who live in that section of the country, he would realize that a section of this arid land is not equivalent to 40 acres of land in the State of Wisconsin.

As I have already said, thousands of people have made filings under this law, but, after having abandoned their old homes, they are not allowed to occupy the new homes which they seek. Hundreds and thousands of settlers, learning that the 640-acre law had been passed, and not realizing that the land subject to its operation had to be designated by experts of the Geological Survey, left their old communities, sold out what they owned, cut all their old ties, and emigrated into the States



where this dry land was still to be had. Then, after arriving in the sections where they had imagined they were going to build their new homes, they learned that under the law it was impossible for them to go upon the land, and have been forced to take advantage of any expedient that offered itself in order to make a living while waiting for the Government to act upon the designation of the lands they sought. I am sure that if the Senator from Wisconsin understood the situation as it really exists and if he could glimpse the inconvenience and hardships that have been visited upon these people by this delay, he would realize that this proposed law is a real necessity and ought to be passed at this time.

I am confident that the Senator is as honest in his opposition to the measure as others of us are in our support of it, but the Senator hardly seems to realize the situation confronting the settlers who are endeavoring to develop the arid portions of the West.

In addition to this situation, there is another feature that I am reminded to speak of, and that is that the law unfortunately did not provide against filing until the classification of the land was made. Consequently the rush to the land offices to secure homesteads was so great that the limited force in the offices was unable even to record on the maps the filings as they were made. As a result, in many cases duplication after duplication of filings was made. That means contention and strife, and all Senators know that no such bitterness grows out of anything in neighborhoods as that which grows out of contention over land ownership.

Another thing in connection with this matter, Mr. President, is the fact that this is not, as the Senator from Wisconsin believes, a big man's proposition; it is essentially for the benefit of the small man. For years and years this territory has been occupied and used solely and entirely by large sheep and cattle companies, and it was not possible, under prevailing conditions for a small owner to gain a footing. It was my privilege to be the first man in my State to advocate the enlarged homestead act. I based my advocacy of such a measure upon a lifetime of observation of the operation of the homestead laws as they stood. It was my conviction that one of the things most needed was an increase of population—that is to say, that it was to the interest of the Commonwealth to have many owners with small herds and flocks instead of a few owners with large herds and flocks. Such an increase could not be secured, I felt certain, under the laws as they then existed, because most of the land which was left was not sufficiently productive for a man to maintain a home on a small area of it.

I need only point out to you that after 40 years of settlement under all of the homestead acts only about one-fifth of the lands of my State have up to this time passed to title, and there are thirty or forty million acres of land still unoccupied. What the average person, not familiar with conditions in the West, fails to understand is that these thirty or forty million acres do not represent valuable agricultural territory. The land, on the other hand, is adaptable almost entirely to purposes of grazing or stock-growing alone. In order that a man may be able to establish himself on such land, he must have sufficient acreage to care for a large enough band of stock to support his family. It was the final recognition of this fact that brought about the adoption of the 640-acre law. It is now obviously the duty of Congress, having enacted the 640-acre law, to provide for its operation with the least possible delay.

I am constrained to hope that the Senate will act favorably upon this measure, because under no circumstances can it bring any disastrous consequences; it can give no man any benefit to which he is not entitled; and it will render a benefit, and an important one, to the thousands of people who are now waiting around in little towns and villages to go on these lands upon which they have made their filings. It is for these people that I bespeak your consideration.

Mr. PHELAN and Mr. BRADY addressed the Chair.

The VICE PRESIDENT. The Senator from California.

Mr. PHELAN. I desire to submit an amendment to the bill. After the word "Washington," I move to insert the word "California."

The VICE PRESIDENT. The amendment offered by the Senator from California will be stated.

The SECRETARY. After the word "Washington," in the list of States, it is proposed to insert "California."

Mr. JONES of New Mexico. Mr. President, on behalf of the Committee on Public Lands, I can state that there is no objection to the adoption of the amendment.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. McNARY. I move to amend section 1 by including the name "Oregon," after the name "California," just submitted by the senior Senator from that State,

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. HUSTING. Mr. President, I desire to say that I do not want to go on record as agreeing to the amendments which have just been adopted.

The VICE PRESIDENT. Then, the Chair will put the question. The question is on agreeing to the amendment offered by the Senator from California [Mr. PHELAN].

The amendment was agreed to.

The VICE PRESIDENT. The question now is on agreeing to the amendment offered by the Senator from Oregon [Mr. McNARY].

The amendment was agreed to.

Mr. SHAFROTH. Mr. President, I want to say a few words in relation to the bill, since the Senator from Wisconsin is objecting to its passage.

This is not a bill that establishes any right. When the 640-acre homestead act was passed, then the right of settlers to enter upon the public domain for the purpose of filing and entering a homestead existed. This is simply a proposed remedial statute. The Secretary of the Interior has not been able to classify the lands. The 640-acre homestead act provides that all lands good for raising forage crops or for grazing should be open to entry. That law is on the statute books and has existed for 9 or 10 months. The Secretary of the Interior, however, has been unable to get the surveys made designating what lands are fit only for grazing purposes or the raising of forage crops, and consequently it is necessary to have some way of determining it other than through his office, unless he does it within the next six months.

This bill simply provides that he shall use the money which he has for six months in classifying the land. If he has not classified it at the end of that time, then a man has a right to go on the public domain and locate 640 acres of that kind of land, and if afterwards it is discovered that it is land suitable for irrigation, or if it is discovered that it is suitable for any other purpose than that which is specified in the bill, then the department has a right to object to it or an individual contestant has a right to object to it and claim the land for other purposes. That being the case, it seems to me he ought to take the man's affidavit, verified by the affidavits of two disinterested parties, that it is land fit only for grazing or for forage crops.

The immediate emergency of this matter arises from the fact that there are 60,000 men now on the plains out West and in the mountains ready to file, and the land offices will not receive the filings because the land has not been designated as forage-raising land or grazing land only. Men can not develop a country under any such conditions. A man's patience will be worn out; he will not stay there a year and wait for the Interior Department to survey the land and to indicate that it is good for these purposes only. It is said that 60,000 people are out on lands in the West waiting for the hour to come when they can file their homestead entries in the various land offices. Now, it seems to me that it is an outrage to let those people stay there, without any aid whatever upon the part of the Government, when they are trying to comply with a law that has been passed by this body and by the House of Representatives by almost a unanimous vote.

Mr. HUSTING. Mr. President—

Mr. SHAFROTH. I yield to the Senator from Wisconsin.

Mr. HUSTING. Where are these 60,000 men located? Are they on the lands that they want to file on?

Mr. SHAFROTH. Of course some of them are on the lands.

Mr. KENDRICK. Mr. President—

Mr. SHAFROTH. I yield to the Senator from Wyoming.

Mr. KENDRICK. In the majority of cases these settlers have gathered around little towns waiting for the opportunity to go upon the land. They are staying anywhere they can. Many of them with their families are living in tents; and, as the Senator has said, they are not allowed to go upon these lands, and in many cases more than one filing has been made upon the same tract. Now, the quicker that confusion is corrected and we establish a condition of order there the better it will be for all concerned.

Mr. HUSTING. I understood the Senator from Colorado to say that these 60,000 men, or a great many of them, are on this land already.

Mr. SHAFROTH. Some of them did go on the land and some of them did stay there, anticipating and hoping to secure patents to them, and there may be some there yet. I do not know about that. I do know, however, that the Interior Department has reported that between 50,000 and 60,000 applications have been sought to be filed. That is what is stated in a communication that was sent by the department on that subject.

Mr. BRADY. Mr. President, owing to the fact that we are not asking to have Idaho included in the States that receive



the benefits of this bill, I feel that I should say a few words relative to my position in the matter.

Some time ago Congress passed a law authorizing the homesteads named in this bill and authorizing the Secretary of the Interior to make the classification. He has not been able to do so up to this time. Owing to the fact that I am exceedingly anxious that no land should be included or attempted to be included in any of these entries where the land could be used for more beneficial purposes, I have refrained from asking to have Idaho named in the bill. I feel quite confident that at a later day, if it is found that the Secretary of the Interior can not properly classify our land, we will have no trouble in having Congress give us relief.

On the other hand, this is a bill that means much to the people of the West; and in the States of New Mexico and Arizona and the other States that have been named in the bill there is very little, if any, land left at this time that will be useful for other purposes than the purposes named in this bill. For that reason I am in favor of the passage of the bill. I believe that the Senators from the States named know what their citizens desire and what they should have, and I do not believe they would ask the Government to do anything that it should not do. This simply enables them to go on and make the entries without the necessity of waiting for years and years to have this classification made. If there is any question on the part of the Government that this should be done before the bill goes into effect, it has six months in which to make the classification, and it can be done in that time if necessary.

While I do not ask to have my State included, I am heartily in favor of letting those States that really want and need the benefit of this bill have the privilege of having this land entered without classification. For that reason I shall support the bill.

Mr. KENDRICK. Mr. President, before the Senator takes his seat I should like to say that the measure provides that the Government may designate this land at any time within the next six months, or that six months must elapse after the passage of the bill before the locator may take possession of the land, and the Government has 12 months after that in which to contest the claimant's right to the land. This gives the Government practically one year and a half in which to act adversely in case it is found necessary to do so. In the meantime, the man who has filed upon the land knows definitely that within six months' time, instead of at some indefinite future date, he may begin work on his land.

Mr. BRADY. The Senator from Wyoming is entirely correct. It does not give any man an undue advantage. It simply enables the homesteader to go on and make his entry, and if at the end of six months the land is not classified, that does not mean that he can hold that land if he has made a fraudulent entry or made any misrepresentation. In that event any citizen of the United States can contest it, or the Government can contest it on its own motion. There is no advantage that can be gained. It is simply giving an opportunity to these 60,000 men who are out there waiting at this time to go on their lands and commence improvements.

Mr. HUSTING. Mr. President, may I ask the Senator from Idaho a question before he takes his seat?

Mr. BRADY. Certainly.

Mr. HUSTING. Does the Senator say that after the year of limitation has expired the question can be opened on any ground?

Mr. BRADY. Under this bill, as I understand, the Government has six months in which to make the classification. If at the end of that time the classification has not been made, the men who are on the land, or those who want to enter the land, can make the application, make their affidavits as to what kind of land it is, and that will be simply prima facie evidence. I ask the Senator from New Mexico if I am correct about that?

Mr. JONES of New Mexico. Yes; the Senator is correct.

Mr. BRADY. It is not conclusive evidence; it is simply prima facie evidence.

Mr. HUSTING. I know, but I mean after the year of limitation in which contests must be filed, if at all. What does the Senator say about the effect on this of the running of the one-year period?

Mr. BRADY. Does the Senator think that the men would not have opportunity to file before the six months' period was up?

Mr. HUSTING. This bill provides, on page 3, line 3—

That the filing of any such application shall be only prima facie evidence of the facts therein stated, and that an individual or the Government may, within one year after the allowance of such application, institute a contest against such application upon the ground that such facts so stated are not true.

Does the Senator claim that after this year has run these facts are still only prima facie and may be contested later on the ground of fraud?

Mr. BRADY. I do.

Mr. HUSTING. Does the Senator from New Mexico hold that opinion?

Mr. JONES of New Mexico rose.

Mr. BRADY. I mean to say that when the man makes his entry it is to be used as prima facie evidence only. I have no objection to any man taking a 640-acre homestead; and my understanding of the real objection of the Senator from Wisconsin—and I think it is the understanding of the other members of the committee—is that it is not so much to this plan as it is that the Senator is opposed to 640-acre homesteads. Is that correct?

Mr. HUSTING. The Senator is not quite correct—not completely correct.

Mr. BRADY. What is the position of the Senator, then, relative to this bill?

Mr. HUSTING. When the Senator has finished I will state my position again; but I wish to say at this time that I believe it is the intent and meaning of this bill that after a year shall have run no contest on any ground shall be instituted; and if I am incorrect in that respect I should like to have the Senator from New Mexico correct me.

Mr. BRADY. After what length of time—one year?

Mr. HUSTING. One year.

Mr. BRADY. That is correct, according to my understanding of the bill.

Mr. JONES of New Mexico. Mr. President, I am not willing that the Senator from Wisconsin shall be misled as to the provisions of this bill. During the first six months after the passage of the bill the Government has the right to examine these lands and classify them. It has the same right within six months after the filing of any new application. At the end of the six months the applicant for the land may file an affidavit stating the facts required by this bill, corroborated by the affidavits of two disinterested parties, and those affidavits then constitute a prima facie classification of the land under the 640-acre homestead law; but within a year of that time the Government, or any individual, may contest the truthfulness of those affidavits. After the expiration of that year the statements in those affidavits can not be controverted, but the applicant must still comply with all the other provisions of the homestead law, and he can not be contested with respect to anything except the classification.

Mr. HUSTING. Mr. President, may I ask the Senator a question?

Mr. BRADY. I yield for that purpose.

Mr. HUSTING. That means that the affidavits, notwithstanding that they may have no foundation in fact, can be taken as a barrier after the expiration of the year, does it not?

Mr. JONES of New Mexico. After that time this is a statute of limitations upon contesting the classification of the land, just the same as we have a statute of limitations governing many other things.

Mr. HUSTING. And that statute of limitations would run on a fraudulent or a false affidavit?

Mr. JONES of New Mexico. Just the same as the present law provides.

Mr. BRADY. The same conditions and the same proof would be required as would be required under the present law, and it is only fair and just that the people who live in these States be given the opportunity to make these selections at this time. There can be no fraud perpetrated. There will be no fraud perpetrated. The bill simply enables these men to secure homesteads who have gone out there for that purpose; and I sincerely hope that the bill will pass.

Mr. HUSTING. Mr. President, the Senator from Idaho [Mr. BRADY] says that no fraud will be perpetrated. I am willing to concede the good faith in which the Senator makes that statement, but I hardly think he is in a position to guarantee that no fraud will be perpetrated, especially when, after a year, the fraud can not be looked into.

My objection to this bill, which I will restate briefly, is this: It purports to be a 640-acre grazing homestead act, when, as a matter of fact and in effect, it is a 640-acre homestead act.

Mr. BRADY. And that is in reality what the Senator from Wisconsin objects to.

Mr. HUSTING. I object to the bill, in the first place, on the ground that it is covered up with a lot of verbiage and verbal scenery that makes it appear to be something which in effect it is not going to be. The bill proceeds upon the theory that the act of 1916, which was a 640-acre homestead grazing act, is not practicable, because the Department of the Interior will not have time to look into and certify the character of the lands. Therefore it is deemed necessary, in order to make it practicable, to provide something that will do away with the necessity of any survey. Now, if the Department of the In-



terior has not time enough to certify it in advance within a year, how is the Department of the Interior going to be in a position to certify it in the same length of time after these men get title to homesteads?

Mr. SHAFROTH. Mr. President, if the Senator will yield, I will state that the reason why the Secretary of the Interior was not able to classify this land was on account of the want of an appropriation. There was an appropriation made for the fiscal year ending July 1, 1918, but that has been in force only about two months, and consequently he has had only two months' time in which to classify the land. This bill gives him six months longer in which to classify it, and then it gives the right, for one year after that, to object to any entry that has been made on the ground that it is not forage or grazing land.

Mr. HUSTING. I ask the Senator if he believes that the Department of the Interior in a year and a half's time will be able to examine, survey, and certify the character of all the lands in these States?

Mr. SHAFROTH. I think there will be objections made by people who want these lands if they are anything else than grazing lands and forage-raising lands. If they do not object, that is a clear indication to my mind that they are of that character.

Mr. HUSTING. The Senator has not answered my question. I should like to know whether he believes that the Department of the Interior will be able in a year and a half's time from now to certify, survey, and examine all of the lands in all of these States and make a certificate as to their character?

Mr. SHAFROTH. I do not know whether they will or not. It depends upon the speed with which they go at the work. It depends upon how many men they have.

Mr. HUSTING. I ask the Senator, judging by what has been done in the two months that they have been engaged in the work, whether any appreciable portion of the millions and millions of acres can be surveyed and certified within that time, in his opinion?

Mr. SHAFROTH. I do not know what they have done in the last two months and consequently I can not answer the Senator's question; but if it takes a longer period of time than that it is an outrage that men shall not be permitted to take advantage of the homestead laws of the United States; and it seems to me that inasmuch as we know that the general character of this land is grazing land, the affidavit of the man filing the application and the affidavits of two disinterested witnesses ought to be sufficient if the Interior Department can not get around to it.

Mr. HUSTING. I will ask the Senator whether the reason he wants this act passed is not because he believes that the Department of the Interior can not examine and survey and certify these lands in a year and a half?

Mr. SHAFROTH. Mr. President, I do not think so. I must say that a critical survey to be made by going on each tract of 640 acres is something that is not necessary. I know something of the land in that part of the country, and I think I could do it in a very short time.

Mr. HUSTING. Then this bill is not necessary, because if the Secretary of the Interior may survey the land in the time of a year and a half, then under the law of 1916 you have that remedy.

Mr. SHAFROTH. You have not your remedy, because that referred to a classification of the land. It was presumed that that would be done easily and quickly, and inasmuch as the Secretary has not had the time to do it and has not had the money with which to do it it seems to me we ought to give relief to the people who are desiring to make these entries.

Mr. HUSTING. I will say to the Senator in reply that unless he can give a better reason every reason for the passage of this bill is lost, because there is a law now—the law of December, 1916—which provides for 640-acre grazing homesteads just as fast as the Department of the Interior can certify to the character of the land. Then there is no need of this additional legislation. This bill either is necessary or it is not necessary to serve the purpose for which it was introduced.

Mr. KENDRICK. Mr. President—

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Wyoming?

Mr. HUSTING. I yield.

Mr. KENDRICK. I will say to the Senator from Wisconsin that in talking with the head of the Geological Survey, the department that has to do with this question of designation, I was informed that they would be able to do the largest part of this classification within the year and a half, but the difficulty is found in the fact that until the last of the land is classified these people are denied the right to go upon the land and go to work. This will simply save them the loss of one year's time.

Mr. HUSTING. This law is either necessary or it is not necessary. The act of 1916 provides for 640 acres, subject to a certification by the Secretary of the Interior, as a proposed grazing homestead, not in fact an agricultural homestead. If the Department of the Interior in a year and a half can survey and certify all these lands, then there is no need of this amendment to the law, because then they will all have been certified and surveyed and you have got all the relief that you claim you need.

But the argument has been made here over and over again that the reason why it is necessary is because 60,000 people are waiting to go on this land, and the Department of the Interior has not the time, the facility, the money, or the ability within a year to survey millions upon millions of acres of land. I can only infer from that that some Senators want to have this bill passed in order to wipe away all obstructions in the way of getting agricultural homesteads. A year and a half from now, or a year from the time the application is made, even though it has not been acted upon, though no patent has been issued, in a year's time from the filing of the application the homestead is confirmed in the man who makes the application, it does not make any difference whether it is agricultural land or land susceptible of irrigation, timberlands, or anything of that kind.

Not only that, but by the admission of the Senator from New Mexico it cures all fraud in that time. Now, what can be expected of this bill? Sixty thousand people are ready to go on land to-day who have been waiting, as the Senator says, because their particular tracts have not been surveyed and have not been certified. Within a day or two after the bill passes they will file their application or prove they filed their application, and if the Department of the Interior can not within a year's time investigate these lands or survey them they are confirmed in their title.

It does not make any difference what they put in their affidavit, it is only a question of opinion that they have expressed. You can not indict men either for perjury or for fraud when they only say they believe. They believe, and that is all they can do. They believe it is not susceptible of irrigation or susceptible of cultivation as agricultural land. So the result will simply be this, and there is no use in blinding ourselves to it, it is just as plain as day, that if they go on and file their application in a year's time it does not make any difference what they put in their affidavit as to their land. Judging by some of the things that have occurred in the past in regard to mineral lands, and in regard to lands of all kinds, it will be a violent presumption, indeed, to say that men are not going to make an affidavit that is going to confirm them in their land by expressing an opinion whether it is susceptible of irrigation or not. That is a mental operation very difficult to disprove.

So the effect of this bill will simply be this: The men will go on the land. They will file. The Department of the Interior has confessed and admitted here it will not be in a position to make these examinations and these certifications. Consequently in a year's time those homesteads will be confirmed to them. It does not make any difference whether there was perjury. It does not make any difference whether there was fraud. It just cuts it off. Here are 60,000 people waiting to go on lands that are not susceptible of irrigation, that are not susceptible of agriculture. They are waiting there. They want their titles confirmed. They want to go and get a 640-acre tract.

Why did these men wait? Why can they not get 320 or 160 acre homesteads? There are homestead laws now. Why do they not enter under the present homestead law? Why do they want this bill passed, and why are they keeping off unless they are given assurance that this sort of a bill is going to be passed? They are simply waiting to get a better thing than they have now. They can take a 320-acre homestead. They want 640 acres. That is what they want, and they think they are going to get it; and not only do they think so, but they are assured, as a matter of fact, from the very nature of things, that the department will not be given enough time within a year to find out what the character of the land is.

It does not make any difference whether it is the finest agricultural land in the country. Senators speak of this as an arid-land proposition. I do not know that they would class all of the land in California and Oregon as arid land. You can get pretty good agricultural land in California and in Oregon, and I have not any doubt that they would get good land in the other States. I have listened to these debates here. I have been accused of want of knowledge of conditions in these various States. Intimations have been made that this really is a matter on which I am not competent to express an opinion. I grant the right of the knowledge of the facts on the part of Senators who live there. I know my own State, and I presume they know



theirs. This is not a question of the knowledge of facts. It is a question of policy. Are we going to give away the land that is left in chunks of 640 acres regardless of the character of the land? It is a matter of national policy, and wide, far-reaching national policy, and upon that I reserve the right to express my own view.

But I do want to say, notwithstanding the faith I have in the knowledge of the Senators and in their good faith, I should dislike to go around in their own States and make a campaign on the ground that they have not got anything left in those States but arid land. If that is the kind of advertisement you send out broadcast all over the United States, that you have not got any land left in all of these broad empires of the West—New Mexico, Arizona, Colorado, Wyoming, Nevada, North and South Dakota, California, Oregon, and Washington—that those are nothing but desert areas, where a man can not make a living unless he has 640 acres of land, I am afraid that it would insult the people of those States. Not only that, but if the Senators want to go around the United States and advertise their States in that way they need not be surprised if they do not get any people to move into them, because nobody wants to move into a desert. Nobody wants to go to a place where nothing grows, and where men can not eke out an existence unless they get 640 acres of land. It is a pretty strong indictment of those States, and as a good American I do not subscribe to that indictment. As I said, notwithstanding the faith I have in the Senators who make it, I think when they make these statements they make them in a Pickwickian sense. I do not think they mean exactly what they say about it. I think they will have to admit right down deep in their hearts that they have a few garden spots and a few oases in their deserts that might be worth having, even if they could not get it in lots of 640 acres.

Now, we talk about developing the West. Of course, one family on every section may be a big average just now in those States, but it is not only for to-day, I hope. We all hope that the West is going to be settled more densely sometime, and it is being settled now. We all know that more than one family can live on a section of land out in the West. But if you do not get any more than that you are not going to have your State settled and improved and developed as your associates in other States fondly hoped you would. We all take a great deal of pride in the West. We are all interested in the West, even if we do not all live there. We can not all live there. I do think those States have good land, land that can attract farmers and can sustain their families on a half section or a quarter section, and therefore we ought not to put this whole thing into a pot now and have a case of grab out of it. We should not let people get great tracts of land. The time will come, as it has come already in the older States, when a man who has 80 acres has a pretty good piece of land.

This bill marks an epoch in our public-land legislation, and I would not have been so insistent, and I would not be so insistent now, if it was not a departure from an established policy and from a sound public policy. Land must be let out in small lots so that the poor man can get a home and not leave it all to rich men, not leave it to land barons, so that ordinary folks can not get a home and raise a family and develop the State. I would not want my State developed in that way. I would not want any State in which I have any interest developed in that way, and I hope I have some interest, as an American citizen at least, in the States of the West. After stripping all the camouflage out of the bill, after cutting it all out and pruning it down, you have got a 640-acre homestead act that can be applied to agricultural lands, lands susceptible of irrigation, timberland and everything else. That is what it is going to amount to in practice, it does not make any difference what it is covered around with. I think it is a mistake. I do not think the bill ought to be passed. I think it is so important that I should like to have the yeas and nays upon its passage when it comes to a vote.

Mr. FALL. Mr. President, it might be illuminating to some in the Senate who desire to know something about conditions in my State, for example, if they would refer to the report of the Commissioner of the General Land Office to the Secretary of the Interior for the fiscal year ended June 30, 1915. On pages 112 and 113 there is a graphic description of the lands in the various counties of New Mexico as given in this official report by the Department of the Interior. I am going to ask that the table be printed in the RECORD as a part of my remarks, but I want to call attention specifically to the description of a few of the counties in the districts in New Mexico as given by the department.

New Mexico, in the Clayton district, Colfax, 45,620 acres public lands, arid, broken, grazing.

In Mora County 23,680 acres, mostly grazing, some broken.

In Quay County, 12,800 acres, grazing.

In San Miguel County, 26,800 acres, grazing.

In Union County, 394,000, grazing, broken.

In Fort Sumner land district, Chaves County, 610,733 acres, arid, broken, grazing. I will not read entirely through this list. In the Roswell land district, six counties or a portion of six counties in southern New Mexico, there is not one in which the lands belonging to the United States Government are classified by the Government itself as agricultural land. In the Santa Fe district, 14 counties, there are four counties in which there are classified some agricultural land, and in this district, with the exception of one county in the Tucumcari district, are the only counties in which the Government has found any agricultural land.

In the department itself there are now field notes of every 640 acres of the public lands in New Mexico which have been surveyed. By an examination of those field notes of land by the United States surveyor who makes the survey approved by the Surveyor General and approved by the department here, the land is described as to its surface character, and as to whether it is agricultural or not. All of that data is here in the office.

Under the 640-acre homestead act or under the construction placed upon it by the Secretary of the Interior it was necessary for the applicant to state the exact character of every portion of every 40-acre subdivision within the 640 acres. That data they have not in the office here. They have all the data with reference to the exterior limits of a township consisting of 36 sections. They have all the data with reference to the exterior limits of every 640 acres. They have generally the data with reference to every 160 acres, and from that, within the next six months, availing themselves of other information of like character which they have on record, it would be easy enough for the department to practically classify every 640 acres of land in the entire State of New Mexico which has been surveyed and which is subject to this proposed 640-acre homestead act.

They can not, however, of course, within that time survey every sixteenth of an acre or every portion or fraction of every 40 acres, these sixteen-fortieths, within the 640 acres, 40 acres being the smallest unit of land measurement which is known to the law; but they require the homesteader, under the regulations adopted in pursuance of the 640-acre law, to certify as to the particular sort of grass that grows there; whether there is summer or winter range, spring or fall range, upon every 40 acres out of every 640-acre tract, going beyond, in my judgment, the intent of Congress in providing a 640-acre grazing homestead.

This bill is simply to facilitate the classification of those 640-acre tracts for homestead purposes by allowing the department to obtain information with reference to any specific tract where they have any information here, so they can classify these lands generally as subject to the provisions of the law.

Under the provisions of that law also—by mistake, in my judgment—the lands were to be classified as fit for grazing and raising forage crops; that is the dual purpose; that these 640-acre tracts were to be fit for grazing and raising forage crops. The Secretary of the Interior—and possibly any other Secretary would have done so—construed that law to limit him so that no man could obtain a homestead upon a section which was fit only for raising forage crops, but that he must classify those lands which were fit for the dual purpose of grazing and also raising forage crops; and that no others could be so classified. He has held in his instructions that it did not apply to the grazing lands at all in New Mexico or in any of the other States; that it did not apply to agricultural lands, but that it only applied to lands upon which forage crops other than grain crops could be raised and those lands some portions of which at the same time were fit for grazing and not fit for agriculture. Therefore, he held that every 40 acres within the exterior boundaries of the 640-acre tract applied for as a homestead must be described, and described accurately. Nothing of the kind has ever been required with reference to any homestead or with reference to any other land law, whether it was a 640-acre desert-land law or the 160-acre or the 320-acre law, as in some States where they had for years the 640-acre homestead law. No requirement of that kind has ever been made before; but under the peculiar wording, as I thought at the time it came from the committee a mistaken wording, using the conjunctive "and," the Secretary so construed this act as that under the peculiar conditions in New Mexico no man could obtain a 640-acre entry.

Those are the facts. This bill is simply to remedy those conditions.

I ask, Mr. President, that the classification of lands of New Mexico, as contained on pages 112 and 113 of the official report



of 1915 of the Department of the Interior, may be printed as a portion of my remarks.

The PRESIDING OFFICER (Mr. STERLING in the chair). Without objection, it is so ordered.

The matter referred to is as follows:

NEW MEXICO.

Statement, by land districts and counties, showing the area of land unappropriated and unreserved on July 1, 1915.

Land district and county.	Area in acres.			Character.
	Surveyed.	Unsurveyed.	Total.	
Clayton:				
Colfax.....	45,620	.....	45,620	Arid, broken, grazing.
Mora.....	23,680	.....	23,680	Mostly grazing, some broken.
Quay.....	12,800	.....	12,800	Grazing.
San Miguel.....	26,800	.....	26,800	Do.
Union.....	394,000	.....	394,000	Grazing, broken.
Total.....	502,900	.....	502,900	
Fort Sumner:				
Chaves.....	610,733	.....	610,733	Broken, grazing.
Curry.....	15,214	.....	15,214	Grazing.
Guadalupe.....	458,952	.....	458,952	Broken, grazing.
Lincoln.....	468,993	.....	468,993	Grazing.
Roosevelt.....	98,306	.....	98,306	Broken, grazing.
Total.....	1,652,198	.....	1,652,198	
Las Cruces:				
Dona Ana.....	1,483,460	223,983	1,707,443	Grazing, mountainous.
Grant.....	700,156	1,113,544	1,813,700	Do.
Luna.....	766,483	370,850	1,137,333	Do.
Otero.....	1,158,035	470,597	1,628,632	Do.
Sierra.....	1,377,944	216,300	1,594,244	Do.
Socorro.....	2,297,183	1,208,860	3,506,043	Do.
Total.....	7,783,261	3,604,134	11,387,395	
Roswell:				
Chaves.....	980,270	474,716	1,454,986	Grazing, rolling prairie.
Eddy.....	1,798,680	1,045,782	2,844,462	Mostly prairie, timber in mountains.
Lincoln.....	718,835	349,319	1,068,154	Grazing, timber in mountains.
Otero.....	192,791	696,076	888,867	Grazing.
Socorro.....	.....	102,400	102,400	Undulating prairie.
Torrance.....	147,442	.....	147,442	Prairie, grazing.
Total.....	3,838,018	2,668,293	6,506,311	
Santa Fe:				
Bernalillo.....	65,419	21,700	87,119	Timber, grazing, and agricultural.
Colfax.....	13,680	.....	13,680	Mountainous, grazing, coal.
Guadalupe.....	425,052	16,550	441,602	Grazing, agricultural.
McKinley.....	527,507	154,891	682,398	Mountainous, timber, grazing, coal.
Mora.....	92,823	17,464	110,287	Mountainous, grazing, agricultural.
Rio Arriba.....	463,203	201,011	664,214	Mountainous, grazing, agricultural, coal.
Sandoval.....	337,230	339,675	676,905	Do.
San Juan.....	807,272	495,914	1,303,186	Grazing, agricultural, coal.
San Miguel.....	260,037	102,435	362,472	Timber, grazing, agricultural.
Santa Fe.....	185,085	113,160	298,245	Mountainous, grazing, coal.
Socorro.....	742,913	58,834	801,747	Do.
Taos.....	253,754	224,834	478,588	Mountainous, timber, grazing, agricultural.
Torrance.....	450,658	147,840	598,498	Timber, grazing, agricultural, saline.
Valencia.....	778,972	102,491	881,463	Do.
Total.....	5,403,605	1,996,799	7,400,404	
Tucumcari:				
Curry.....	2,054	.....	2,054	Partly level and partly broken land. Agricultural and grazing land.
Guadalupe.....	51,275	.....	51,275	Mostly broken grazing land. Some good agricultural land.
Quay.....	174,189	11,567	185,756	Do.
San Miguel.....	8,206	5,753	13,959	Do.
Union.....	68,105	18,000	86,105	Sandy grazing lands. Some good agricultural land.
Total.....	303,829	35,320	339,149	
State total.....	19,483,811	8,304,546	27,788,357	

Mr. WALSH. Mr. President, it is not difficult for those who have followed this discussion to discern that the real objection of the Senator from Wisconsin [Mr. HUSTING] is not to the measure that is now before the Senate. His real objection is to the act to which his address and his argument are directed, to

the mistaken policy of the 640-acre homestead act, rather than to the measure that is before us, which contemplates an expedition of classification under that act.

I regret very much, indeed that the Senator from Wisconsin never seems to sympathize with the difficulties that present themselves to those of us who come from the western section of the country and who are more specially concerned and interested in the laws in relation to the disposition of the public lands.

I should like to have the Senator from Wisconsin reflect for a moment upon the condition of affairs that is presented in my State. Under the 640-acre homestead act anyone may make an application to enter a tract of that area, and his application remains on file until eventually the classification of that land is made. Meanwhile no one else may take that land. The consequence is that in my State since the enactment of this law practically every tract of land is valuable that by any kind of stretch of imagination can be construed as coming within the provisions of this act, and has been applied for. Now, although it may not be subject to entry under this act, but subject to entry only under the 320-acre act or the 160-acre act, the thing stands there until the classification is made, and practically no man can enter any homestead lands in the State of Montana at all until this classification is made. The Senator from Wisconsin is not concerning himself with legislation intended to speed the classification of that land. I wish he would do so. It would give some of us a little more heart.

Mr. HUSTING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Wisconsin?

Mr. WALSH. I do; but if the Senator will pardon me, as I am going to vote with him upon this matter, perhaps he will indulge me further.

Mr. HUSTING. I merely do not want the Senator from Montana to put me in a false position. I will say that I will vote for any measure that is thought advisable to speed the survey or certification of this land.

Mr. WALSH. Mr. President, I appreciate that the Senator from Wisconsin will do that; but that is not what I am complaining about. What I am complaining about is that he never exerts himself to relieve the situation. Of course, if some one else does and a measure of that kind comes up, I have no doubt that the Senator will vote for it.

But, Mr. President, notwithstanding the animadversions which I have made upon the attitude and position of the Senator from Wisconsin, I find myself unable to give my approval to this measure. I regret very much that that is the case, because I should like to be in harmony always on these matters with the Senators from the section of the country from which I come, who, with myself, are deeply interested in these questions; but I believe it is a mistake, and I regret very much that I have not had an opportunity to present these views to the Committee on Public Lands rather than to express them thus in the open Senate.

Here is the situation: Those applications are already on file; this land is all tied up under the 640-acre act. The classification can not possibly be completed within the six months prescribed by this proposed act; it can not be completed, I undertake to say, within twice or three times that period. As soon as the six months expire, the man who has an application on file, the classification not having been made, who submits his proofs concerning the character of the land, is entitled to enter that land. Then the classification goes on. The Secretary of the Interior within a year after that time will institute an inquiry in relation to the character of the land; but, Mr. President, everybody recognizes that the men who then proceed to make the classification are under all manner of constraint to classify the land as coming within the provisions of the 640-acre act, because the settler has gone upon the land; he has built his house; he has made his residence there; he has moved his family upon the land; he has fenced the land; he has possibly broken up some of it in order to carry on his farming operations. Thereafter the classifier comes upon the land to classify it. As I say, Mr. President, he is under all sorts of constraints to classify it so that the man may have the land. But, Mr. President, while he is so, we all recognize that many of these classifiers are not actuated by a deep consideration for the welfare of the settler. Neither is he always appreciative of the burdens that the settler undertakes.

Mr. President, I here and now assert that there is no citizen in this country to whom it is so deeply indebted, to whom it owes so much, as the man who, with his wife and his children, endures the hardships of pioneer life in order to bring into cultivation hitherto valueless sections of land in the western country. No man deserves better of his country than does that man, and



particularly no woman deserves better than the woman who accompanies him as his wife to make a home upon that land. Senators are sometimes not quite as regardful of these people, it seems to me, as they ought to be. Mr. President, I want you to assume the case of the man who, entirely confident in his own mind, entirely honest, desirous of securing no acre of public land under any law to which he is not entitled, goes upon that land, and makes his home upon it, builds his house, makes his residence there, moves his family upon the land, and does everything that is required by the law. Then the classifier comes along and classifies it as not subject to entry under the 640-acre homestead act; his action is approved by the Commissioner of the General Land Office, and is approved by the Secretary of the Interior; and that man is turned out of house and home.

Mr. KENDRICK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Wyoming?

Mr. WALSH. I do.

Mr. KENDRICK. As I understand the law, such a man would not be denied the right to take a part of that land. I think he would be given the proportionate acreage under the other law.

Mr. WALSH. I think the Senator is in error about that. I think that if one contests his entry upon the ground that the land was not subject to entry under the act the contestor would have a 30 days' preference right to enter.

Mr. KENDRICK. Would it not be a contest only as to the character of the land, and not upon the question of the testimony presented?

Mr. WALSH. No; within the year, under the language of the bill before us, anyone may file a contest against his entry; and if in the contest it should be determined that the land is not of the character of land subject to entry under the 640-acre homestead act, but is subject to entry under the provisions of the 320-acre homestead act, the contestor would, as I understand, under the law have 30 days' right to his entry of 320 acres. I submit to the Senators from the West that if that condition of affairs should develop under this bill—and I can not see how it can be avoided—there would be hardships unspeakable worked upon honest and deserving settlers.

Mr. KENDRICK. Mr. President, will the Senator yield for just a moment longer?

Mr. JONES of New Mexico. Mr. President—

Mr. WALSH. I yield to the Senator from Wyoming.

Mr. KENDRICK. The very fact, in my judgment, that the locator upon this land faces that condition will restrain him from making affidavit that would be proved incorrect by an examination of the land; he would take a greater risk by so doing than he could afford to take. That is one of the safeguards of the measure, in my judgment.

Mr. JONES of New Mexico. Mr. President—

Mr. WALSH. If the Senator from New Mexico will pardon me for a moment, that undoubtedly is a safeguard, and naturally a settler would be a little bit cautious; but it is advisable to make allowance for the optimism of human nature. Here is a man who wants a 640-acre tract of land; he is extremely desirous of getting it, and naturally he will convince himself that it is of the character that is open to entry under the act. It is exactly the same with a mining prospector. He is always satisfied that he is entitled to the land. The Senator knows something about the character of controversies between the mineral claimant and the agricultural claimant. The mineral claimant always depreciates the value of the land for agricultural purposes; he says it has no agricultural value; that it is only mineral land; and he is perfectly satisfied to go on the land and make his development, confident that the decision must be that way. On the other hand, the agricultural claimant is naturally less appreciative of the value of land for mineral purposes, and is equally convinced that the classification must eventually be that it is agricultural land. So it will be with the man who desires to make entry of land under the 640-acre law; he will satisfy himself that there can be no classification except that which he thinks it ought to have, namely, one which will enable him to make the entry. Yet men will differ about the matter, and the appraiser or the classifier who is sent out from Washington—and the Senator from Wyoming recognizes how these gentlemen do business out in the West, with very little regard even to our views as to what classification ought to be given certain tracts of land—will make his classification and send his report for approbation to the Commissioner of the General Land Office and the Secretary of the Interior; and I undertake to say that many men who go upon these lands and expend money in their development in

perfect good faith, but simply mistaken as to their character, will find themselves suffering severely.

Really, Mr. President, the proper solution of this matter is to get an adequate appropriation for the classification of these lands. Let us not invite, let us not solicit people to come and make entries upon these lands until they are classified, so that the Government can give assurance that as soon as a filing is accepted no man can be heard to assert that the land is not of the character that the 640-acre homestead act permits to be entered.

Now I gladly yield to the Senator from New Mexico.

Mr. JONES of New Mexico. Mr. President, I think the Senator has about covered the point that I wanted to make. I understood that he was in some controversy with the Senator from Wyoming [Mr. KENDRICK] as to what kind of a contest would originate. I think the Senator from Montana has covered the matter as fully as I would care to do, and, inasmuch as I hope to get a vote on the bill before 2 o'clock, I do not wish to take up any more time in discussing it.

Mr. WALSH. I have said all that I care to say upon the subject.

The PRESIDING OFFICER. The question is on concurring in the amendments made as in Committee of the Whole.

The amendments were concurred in.

The bill was ordered to be engrossed for a third reading, and read the third time.

The PRESIDING OFFICER. The bill having been read three times, the question is, Shall it pass?

Mr. WALSH. Mr. President, I understand that some one has sent for the Senator from Wisconsin [Mr. HUSTING], who is temporarily out of the Chamber. I think the Senator ought to be present when the bill is voted upon.

Mr. JONES of New Mexico. Mr. President, the Senator from Wisconsin desires a record vote upon the passage of the bill; so I will ask that the yeas and nays be ordered on the question of its passage.

The PRESIDING OFFICER. The Senator from New Mexico demands the yeas and nays.

The yeas and nays were ordered.

Mr. HUSTING. Mr. President, before the roll is called I wish to add just a few words to what I have already said.

Of course I am very much gratified to have the support of the distinguished Senator from Montana [Mr. WALSH]. It is always valuable and powerful. I am sorry, however, that the Senator should have indulged in some animadversions as to my attitude toward this bill, and I do not feel as though I could let this debate close without at least setting myself right in the Senator's eyes and in the eyes of the Senate.

The Senator is entirely mistaken when he says that I am not in sympathy with the West or its aspirations or its people. I am in the deepest sympathy with the West, as I am in the deepest sympathy with my own State, the people of my own State, the people of the United States, the people of every State in the Union. It has happened, of course, that I have differed with some of the western Senators on questions of policy; but that has been from no lack of sympathy on my part for the people of those States or the welfare of those States as I understand it, and I am doing my best to understand it. The men with whom I have not any sympathy are the men that I think are trying to exploit those States. It is because I have sympathy for the people of those States and the people that are going to inhabit those States at some time that I am opposing measures which I think are not for their welfare.

How much mistaken I may be is another question. My sympathy goes out to the pioneers of the States who go there to help upbuild the States; but my sympathy is not with those who go there to exploit the States, to take more than their fair share of the resources of the States. I have no sympathy with the men who are seeking special favors in those States; that expect to be treated far and away better than anybody else in those States.

That is my attitude. I say that this bill, in giving 640-acre homesteads in lands whether they are agricultural or not, in my judgment, gives too much in the first place. In the second place, I do not think a measure of this importance ought to be taken up and passed by way of snap judgment in a special session called for war purposes. In the third place, I do not think it ought to be taken up and passed at the close of the session, when it can not receive the consideration it deserves.

This is not like discussing a new proposition. The burden of proof is not on me to show that this is a bad bill. The burden of proof is upon the proponents of the measure to show that it is a good bill. When a certain policy has obtained in this country for a half a century and over, and Senators want to



change that policy in the twinkling of an eye, it is not for me to show that the bill is a bad one. It is for them to show that the bill is a good one. The burden of proof is upon them to show that the present policy is wrong and ought to be overturned.

The Senator from Montana is entirely mistaken when he says that I was opposed to the original bill of 1916. I will confess that I voted for that bill in the committee with misgivings, and I only voted for it upon the representation of Senators in the committee that it was intended to apply to arid lands—to lands that were not fit for agriculture, to lands that were not susceptible of irrigation, and that it was necessary to having grazing homesteads in order to raise cattle on these tracts of land. I am opposed to it now because I see that that was merely an entering wedge for this bill, which wipes away all the safeguards with regard to agriculture and lands susceptible of irrigation, and goes right down to the nub of the matter, and says: "Let us have all 640-acre homesteads."

The Senator from Montana said that I had not shown any zeal in legislation looking toward a speedy survey of these lands. As I say, I voted with misgivings for the bill that was presented to me. Was it not for the Senators who proposed and championed the bill of 1916 to see that proper legislation was included in it to carry out the purposes of the bill? I will say to the Senator from Montana that if I had drawn that bill and had drawn it in good faith in order to get a speedy survey of the land, I would have seen to it that there was also put in it the means whereby to survey the land. But my zeal can not be very well excited when I see, in the light of later events, that it was never contemplated that we should have a speedy survey, otherwise it would have been put in the bill.

Now, whose fault is that?

Is it the fault of the proponents of the bill, who should have seen to it that the proper provisions were put in it for a speedy survey, or the fault of one who only acquiesced in it because he took the advice of others and surrendered his prejudice, if you want to call it so, against opening up these lands to 640-acre homesteads?

If that is what the trouble is, why is not a bill presented here to see that there is a speedy survey? I will say to the Senator from Montana that I will vote for such a bill as that, and I will further say to the Senator that if he and the other Senators on this committee will vote for it and support it I will introduce a bill the first thing in December providing for a speedy survey. I will do it gladly and cheerfully, and support it as best I can, in order to get this survey.

It could have been foreseen by the Senators who contend that they are so familiar with the situation out there that under the bill as they, not I, drew it these lands in the very nature of things could not be surveyed and certified. Why did they not put such a provision in there? They knew that presumably men would be anxious to take up these homesteads. Why was not the machinery provided to enable them to do so?

I say to my friend the Senator from Montana, for whom I have the highest respect, that it does seem to me that his remarks were somewhat gratuitous and in a way unjust. However we may differ on the bill, however we may differ on the policies to be adopted in the Western States, all I can say is that I am acting in accordance with my best judgment. I can not act with due respect for myself and act always according to the judgment of others. They have their duties to their States and I to mine. I cheerfully yield to Senators who do not come from my State the right to form their own judgment in regard to matters which affect my State, such as taxation, water power, and a great many other things of that kind. But while yielding to them the utmost freedom to form their own opinion, and without intimating or insinuating that I know more about the matter than they do, at the same time I propose to vote according to my convictions and exercise my own judgment in the best way that I can possibly do so, actuated only, as I am sure the other Senators are actuated, by a regard for what I conceive to be fair and right and with due regard to the welfare of the people not only of the States that they represent but of the country at large.

The PRESIDING OFFICER. The question is, Shall the bill pass? On that question the yeas and nays have been ordered. The Secretary will call the roll.

The Secretary called the roll.

Mr. OVERMAN (when his name was called). I have a general pair with the senior Senator from Wyoming [Mr. WARREN]. Not knowing how he would vote, I withhold my vote.

Mr. SMITH of Maryland (when his name was called). I have a general pair with the senior Senator from Vermont [Mr. DILLINGHAM]. In his absence I withhold my vote.

Mr. SUTHERLAND (when his name was called). I have a pair with the junior Senator from Kentucky [Mr. BECKHAM]. As he is out of the Chamber, I withhold my vote.

The roll call was concluded.

Mr. FLETCHER. I have a general pair with the senior Senator from New Hampshire [Mr. GALLINGER]. Not being advised as to how he would vote on this question, I withhold my vote.

Mr. WOLCOTT. I wish to ask if the senior Senator from Indiana [Mr. WATSON] has voted?

The PRESIDING OFFICER. He has not.

Mr. WOLCOTT. I have a pair with that Senator, and in his absence withhold my vote.

Mr. LEWIS. I desire to announce the absence of the senior Senator from Georgia [Mr. SMITH] on account of illness in his family. I also wish to announce the unavoidable absence of the junior Senator from Kentucky [Mr. BECKHAM] on account of illness in his family.

Mr. BANKHEAD. I transfer my pair with the senior Senator from Minnesota [Mr. NELSON] to the junior Senator from Louisiana [Mr. BROUSSARD] and vote "yea."

Mr. WEEKS. Has the senior Senator from Kentucky [Mr. JAMES] voted?

The PRESIDING OFFICER. He has not.

Mr. WEEKS. I have a general pair with that Senator, and therefore withhold my vote.

Mr. CURTIS (after having voted in the affirmative). I desire to know whether the junior Senator from Georgia [Mr. HARDWICK] has voted?

The PRESIDING OFFICER. He has not.

Mr. CURTIS. I transfer my pair with that Senator to the junior Senator from Maine [Mr. HALE] and will let my vote stand.

Mr. FERNALD. I have a pair with the junior Senator from South Dakota [Mr. JOHNSON]. In his absence I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. McNARY. I desire to announce the unavoidable absence of my colleague [Mr. CHAMBERLAIN] on account of illness.

Mr. SUTHERLAND. I transfer my pair with the junior Senator from Kentucky [Mr. BECKHAM] to the junior Senator from California [Mr. JOHNSON] and vote "yea."

I also desire to announce the unavoidable absence of my colleague [Mr. GOFF] on account of illness. He has a general pair with the senior Senator from South Carolina [Mr. TILMAN].

Mr. SHAFROTH. I desire to announce the unavoidable absence of my colleague [Mr. THOMAS] on account of illness and to state that he is paired with the senior Senator from North Dakota [Mr. McCUMBER]. I will let this announcement stand for the day.

Mr. FRELINGHUYSEN. I desire to announce the unavoidable absence of my colleague [Mr. HUGHES] on account of illness.

Mr. CURTIS. I have been requested to announce the following pairs:

The Senator from Rhode Island [Mr. COLT] with the Senator from Delaware [Mr. SAULSBURY];

The Senator from Connecticut [Mr. McLEAN] with the Senator from Montana [Mr. MYERS];

The Senator from Illinois [Mr. SHERMAN] with the Senator from Kansas [Mr. THOMPSON];

The Senator from Massachusetts [Mr. LODGE] with the Senator from Georgia [Mr. SMITH]; and

The Senator from Indiana [Mr. WATSON] with the Senator from Delaware [Mr. WOLCOTT].

Mr. KING. I desire to announce that the Senator from Arkansas [Mr. ROBINSON] and the Senator from Texas [Mr. CULBERSON] are detained on official business.

Mr. HUSTING. I wish to announce that the Senator from Kansas [Mr. THOMPSON] is necessarily detained on important public business.

The result was announced—yeas 51, nays 3, as follows:

# YEAS—51.

Ashurst	Hitchcock	New	Smith, Ark.
Bankhead	Jones, N. Mex.	Newlands	Smith, Mich.
Brady	Jones, Wash.	Norris	Smith, S. C.
Brandege	Kellogg	Page	Smoot
Caldor	Kendrick	Penrose	Sterling
Cummins	Kenyon	Phelan	Stone
Curtis	King	Pittman	Sutherland
Fall	La Follette	Poinexter	Swanson
France	Lewis	Pomerene	Underwood
Frelinghuysen	McCumber	Reed	Vardaman
Gerry	McKellar	Shafroth	Wadsworth
Gore	McNary	Sheppard	Williams
Harding	Martin	Shields	

# NAYS—3.

Hollis	Husting	Walsh
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## NOT VOTING—42.

Beckham	Gronna	Myers	Thomas
Borah	Hale	Nelson	Thompson
Broussard	Hardwick	Overman	Tillman
Chamberlain	Hughes	Owen	Townsend
Colt	James	Ransdell	Trammell
Culberson	Johnson, Cal.	Robinson	Warren
Dillingham	Johnson, S. Dak.	Saulsbury	Watson
Fernald	Kirby	Sherman	Weeks
Fletcher	Knox	Simmons	Wolcott
Gallinger	Lodge	Smith, Ga.	
Goff	McLean	Smith, Md.	

So the bill was passed.

## CONFIRMATION OF HON. CHARLES F. JOHNSON.

Mr. FERNALD. Mr. President, I ask unanimous consent that the appointment which has just been received from the President of the United States of Hon. Charles F. Johnson, a former Member of this body, to be United States circuit judge, first judicial circuit, be laid before the Senate at this time.

The PRESIDING OFFICER. The Senator from Maine asks unanimous consent that the Senate proceed, as in executive session, to the consideration of the nomination of Charles F. Johnson, of Maine, as United States circuit judge. Is there objection?

Mr. FERNALD. It sometimes happens that when an exceedingly popular appointment has been made by the President it is the custom that it be confirmed in open session. I move at this time that the appointment of Mr. Johnson to be judge of the first judicial circuit be confirmed.

Mr. OVERMAN. Mr. President, I do not want to object, but I wish to say that I think the Senator is wrong about confirming some popular appointment. It has been done in reference to an ex-United States Senator; and this being the case, I make no objection. I am very glad to have favorable action taken in the case of Mr. Johnson.

The PRESIDING OFFICER. The Chair lays before the Senate a nomination from the President of the United States, which will be read.

The Secretary read as follows:

To be United States circuit judge, first judicial circuit, Charles F. Johnson, of Waterville, Me.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination?

The nomination was unanimously confirmed.

Mr. FERNALD. Mr. President, I ask that the President be notified of the confirmation.

The PRESIDING OFFICER. Without objection, that course will be taken.

## AMENDMENT OF NATURALIZATION LAWS.

The VICE PRESIDENT. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, which will be stated.

The SECRETARY. A bill (H. R. 2316) to promote export trade, and for other purposes.

Mr. CALDER. I move that the Senate take up for consideration the bill (S. 2854) to amend the naturalization laws.

The VICE PRESIDENT. The question is on the motion of the Senator from New York.

The motion was agreed to; and the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on Immigration with amendments.

The Secretary read the bill.

The first amendment of the Committee on Immigration was, in section 1, page 1, line 7, after the word "changing," to insert the words "the first paragraph of," so as to read:

That section 4 of the act approved June 29, 1906, entitled "An act to establish a Bureau of Immigration and Naturalization and to provide a uniform rule for the naturalization of aliens throughout the United States," is hereby amended by changing the first paragraph of the second subdivision, and by adding four subdivisions to read as follows:

The amendment was agreed to.

The next amendment was, in section 1, page 1, line 11, to insert after the word "intention" the words "as that prescribed by the act of June 29, 1906," so as to read:

Second. Not less than three months nor more than seven years after he has made such declaration of intention as that prescribed by the act of June 29, 1906, he shall make and file, in duplicate, a petition in writing, signed by the applicant in his own handwriting and duly verified, in which petition such applicant shall state his full name, his place of residence (by street and number, if possible), his occupation, and, if possible, the date and place of his birth; the place from which he emigrated and the date and place of his arrival in the United States; and, if he entered through a port, the name of the vessel on which he arrived; the time when and the place and name of the court where he declared his intention to become a citizen of the United States; if he is married, he shall state the name of his wife and, if possible, the country of her nativity and her place of residence at the time of filing his petition; and, if he has children, the name, date, and place of birth and place of residence of each child living at the time of the filing of his petition.

Mr. REED. Mr. President, this seems to be an important bill. I should like to have some information in regard to it. I am calling attention to it because it is perfectly manifest we are amending the bill here without any human being paying any attention to it unless it is the Senator in charge of the bill. I want to know something about the bill.

Mr. CALDER. I will be very glad to inform the Senator. The first change in the present law is provided on page 1, line 10, of the bill. The present law provides that after the alien files his declaration of intention he must wait two years before he can acquire complete citizenship. It is proposed to reduce this period to three months, without, however, in any other way changing the law as regards length of residence in the country and other requirements of citizenship. This bill, in its other provisions, aids the alien who holds an honorable discharge from the Army or Navy in obtaining his citizenship, and it also provides for immediate citizenship for those who have enlisted or are drafted for service in the present war.

Mr. REED. As I understand the Senator, the present law requires a probationary period of two years, during which period the immigrant is upon his good behavior and must satisfy the court that finally grants his naturalization of the fact that he has been well behaved, and that is to be reduced to three months, so that an alien can be made a full citizen of the United States within three months after he makes his first application. Is that correct?

Mr. CALDER. The Senator is correct, Mr. President. I might add, however, that the alien must have been here for at least five years and must pass the examination of the Naturalization Bureau of the Government. He must appear with citizens who know him for the period provided by the present law, and he must be examined by the court.

Mr. REED. How much do you extend the present period for first papers? Is it extended at all?

Mr. CALDER. No, sir; the bill does not disturb that. I will say to the Senator that the bill is very strongly advocated by the Department of Labor that has to do with such things from their observation of the working of the law. They believe the change a wise one.

I might also add that in the year previous to our going into the European war there was an unusually large number of applicants for citizenship who were desirous of becoming full American citizens, and this suggestion was prompted largely by that situation.

Mr. REED. In other words, we are passing this bill in order to accommodate those aliens who have concluded since the war began they want to become citizens?

Mr. CALDER. During the last two-year period something like 625,000 declarations were made for citizenship.

Mr. REED. That was before we got into the war?

Mr. CALDER. Yes. Now, it is the object to take care of those men, many of whom are anxious to enter our Army and Navy. It is to accommodate that situation.

Mr. REED. But those men can be admitted into the Army and Navy without being fully naturalized.

Mr. CALDER. They can not in the Navy, I will say to the Senator; they can be in the Army.

Mr. REED. They can be by changing the law in order to make them eligible to the Army and Navy. It is not necessary to make them eligible as voters.

Mr. CALDER. I will say to the Senator further on where a man enlists or proposes to enlist in the Army or the Navy or is drafted in the Army, provision is made in the bill that he may upon application, if passed upon as a fit subject for citizenship, be given immediate citizenship, whether he has been here five years or not.

Mr. REED. That takes care of that question. The question I am addressing myself to now is this: It is proposed by the committee that we shall reduce the period of naturalization so that after an alien has made his application for his first papers he can be made a full citizen within three months thereafter. That question is one which relates to citizenship alone; it has nothing to do with the Army or Navy or with the service of the country in the Army or Navy, because you take care of those later propositions further on in the bill.

Mr. CALDER. That is correct.

Mr. REED. Now, what I want to ask the Senator is whether he was not one of the men who voted for the restrictive immigration bill?

Mr. CALDER. As a Member of the other House, I voted the other way.

Mr. REED. The committee that reported this bill in the Senate is the same committee that reported the restrictive immigration bill, is it not?



Mr. CALDER. I think so.

Mr. REED. The same committee that came here and made speeches lasting something like 90 days declaring that our country was menaced by an influx of foreigners who came here and received citizenship before they were qualified for citizenship now presents a bill proposing to reduce the period of naturalization by some 21 months, and having arrived at that, I want to ask why need they formally take out any second papers at all if only 90 days are to elapse between the first and second papers? Why not grant the papers on one application?

Mr. CALDER. I presume the reason for the 90 days is for the purpose of investigation. Notice is given that an applicant has filed his declaration of intention to become a citizen; the court knows it and the Bureau of Naturalization knows it, and they have an opportunity to investigate the man.

Mr. REED. Does the Senator regard this as a war measure?

Mr. CALDER. I think it can fairly be said it is a war measure. I think undoubtedly every provision of the bill, with the possible exception of the first provision, can fairly be said to be a war measure.

I might add that I have a number of letters here from men who have read the provisions of the bill. I have one from a man who tells of the difficulties he has suffered in an effort to obtain citizenship. He tells of having served 17 years in the British Army and his wish to enter the Army of the United States. He has lived in this country seven years. He has filed his application for citizenship and will have to wait two years before he can become a citizen.

Mr. REED. If he has been here for seven years he could be a full-fledged citizen by this time if he acted promptly.

Mr. CALDER. I will say to the Senator that this provision is heartily recommended by the Department of Labor. In fact, I may say this particular provision in the bill is their provision. It is not my suggestion, in the first instance; but from the operation of the law, from their experience with it, they think it is a very proper provision, and for that reason I incorporated it in the bill.

Mr. REED. The "Department of Labor" is a very useful term. It may and it may not mean anything. I have a great deal of respect for the Secretary of Labor, but I do not think he knows anything more about the workings of the naturalization law by virtue of his position in the Department of Labor than any Member of Congress might know by virtue of his position. What is meant by the "Department of Labor" I do not know. It may mean any one of the young gentlemen who are working in the department at a salary and who are, of course, very necessary for the service. If there is any one lesson our country ought to have learned out of present conditions it is the fact that we ought to be careful about conferring the right of citizenship, more careful in the future than we have been in the past. It seems to me that this is an exceedingly bad time for making it easy for men to become citizens of this country.

So far as caring for the rights of those who may enter our Army to fight for our country is concerned, I have very great sympathy with that proposition, but I am simply astounded that a bill should be brought in at this time proposing to break down the safeguards that have heretofore existed and which have been intended to protect our electorate against an influx of those who have not yet established their loyalty to the Government and their fitness for citizenship.

Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Brady	Jones, N. Mex.	Overman	Smoot
Calder	Jones, Wash.	Penrose	Sterling
Culberson	Kellogg	Pittman	Sutherland
Curtis	Kendrick	Polindexter	Underwood
Fall	Kenyon	Reed	Vardaman
Fernald	King	Robinson	Wadsworth
France	Lewis	Shafroth	Walsh
Frelinghuysen	McKellar	Sheppard	Weeks
Gerry	McNary	Shields	Wolcott
Gore	New	Smith, Ariz.	
Hardwick	Newlands	Smith, Md.	
Husting	Norris	Smith, S. C.	

The VICE PRESIDENT. Forty-five Senators have answered to the roll call. There is not a quorum present.

Mr. LEWIS. I ask that the names of the absentees be called.

The VICE PRESIDENT. The Secretary will call the names of the absent Senators.

The Secretary called the names of the absent Senators, and Mr. SMITH of Michigan and Mr. WARREN answered to their names when called.

Mr. SMITH of Michigan. I desire to announce the unavoidable absence of my colleague [Mr. TOWNSEND] on account of illness in his family.

Mr. BANKHEAD, Mr. PAGE, Mr. LA FOLLETTE, Mr. McCUMBER, Mr. SWANSON, Mr. MARTIN, Mr. WILLIAMS, Mr. SIMMONS, and Mr. STONE entered the Chamber and answered to their names.

Mr. LEWIS. I was requested to announce the absence of the junior Senator from Kentucky [Mr. BECKHAM] and the senior Senator from Georgia [Mr. SMITH], occasioned by illness in their respective families.

The VICE PRESIDENT. Fifty-six Senators have answered to the roll call. There is a quorum present.

Mr. KING. Mr. President, this is a very important measure; some of us have not had time to consider it, and I move that the Senate adjourn.

The VICE PRESIDENT. The question is on the motion of the Senator from Utah that the Senate adjourn.

Mr. NEWLANDS. Mr. President—

The VICE PRESIDENT. The motion is not subject to discussion.

The motion was agreed to; and (at 2 o'clock and 35 minutes p. m.) the Senate adjourned until to-morrow, Tuesday, October 2, 1917, at 12 o'clock meridian.

#### NOMINATION.

*Executive nomination received by the Senate October 1, 1917.*

CIRCUIT JUDGE, FIRST JUDICIAL DISTRICT.

Charles F. Johnson, of Waterville, Me., to be United States circuit judge, first judicial circuit, vice William L. Putnam, resigned.

#### CONFIRMATION.

*Executive nomination confirmed by the Senate October 1, 1917.*

Charles F. Johnson to be United States circuit judge, first judicial circuit.

### HOUSE OF REPRESENTATIVES.

MONDAY, October 1, 1917.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

Our Father in Heaven, look down, we beseech Thee, from Thy throne of grace upon this weary, warring, suffering, sorrowing world, with pitying love; and arouse within the hearts of Thy children the better angels of our nature; and bring order out of chaos, harmony out of discord, peace out of war, love out of hate, righteousness out of unrighteousness; that brotherly love may have its sway; that the universal prayer which has come down through the ages may be answered: "Thy kingdom come, Thy will be done in earth as in heaven." In the spirit of the Lord Jesus Christ. Amen.

The Journal of the proceedings of Saturday, September 29, 1917, was read and approved.

#### CALENDAR FOR UNANIMOUS CONSENT.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent that the business on the Calendar for Unanimous Consent in order to-day be transferred from to-day until to-morrow and that the business on the Calendar for Unanimous Consent be considered to-morrow.

The SPEAKER. The gentleman from North Carolina asks unanimous consent that the business in order to-day on the Calendar for Unanimous Consent be transferred to to-morrow. Is there objection?

Mr. MADDEN. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from North Carolina whether he intends to take up the report of the conference committee on the revenue bill to-day; and if so, whether he expects to give the House an opportunity to debate it?

Mr. KITCHIN. I do. I am making this request for that purpose, so that we can go immediately into the consideration of the conference report.

Mr. MADDEN. What amount of debate is expected to be given to the conference report?

Mr. KITCHIN. There will be no disposition on my part to curtail debate.

Mr. FITZGERALD. Is the gentleman willing, if necessary, to give the day to it?

Mr. KITCHIN. Yes, if it is necessary; but I do not think it will be necessary.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina? [After a pause.] The Chair hears none, and it is so ordered.



## MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Waldorf, its enrolling clerk, announced that the Senate had passed bills of the following titles, in which the concurrence of the House of Representatives was requested:

S. 2932. An act to guard the military and naval forces from the physical and moral injuries of commercialized prostitution;

S. 2917. An act to amend section 15 of the act approved June 3, 1916, entitled "An act for making further and more effectual provision for the national defense, and for other purposes," as amended by the act approved May 12, 1917, entitled "An act making appropriations for the support of the Army for the fiscal year ending June 30, 1918, and for other purposes";

S. 2922. An act to amend the laws relating to the denominations of circulating notes by national banks and to permit the issuance of notes of small denominations, and for other purposes; and

S. 2719. An act to permit the reenlistment of Omer G. Paquet in the United States Army.

The message also announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses to the joint resolution (S. J. Res. 78) to suspend, during the present war with Germany, the requirement that not less than \$100 worth of labor shall be performed or improvements made on each mining claim during each year for all owners who, in lieu of such assessment work, expend the sum of \$100 in the raising or manufacturing of products necessary for the maintenance of the Army, Navy, or people of the United States, or shall perform 25 days of labor in any beneficial occupation, or pay into the Treasury of the United States \$100.

The message also announced that the Senate had passed the following resolution:

*Resolved*, That the Secretary of the Senate be directed to request the House of Representatives to return to the Senate the bill (H. R. 3932) to prohibit the manufacture, distribution, storage, use, and possession in time of war of explosives, providing regulations for the safe manufacture, distribution, storage, use, and possession of the same, and for other purposes, with accompanying conference papers.

## ENROLLED BILLS SIGNED.

The SPEAKER announced his signature to enrolled bills of the following titles:

S. 2816. An act granting the consent of Congress to the Gainesville Red River Bridge Co. to construct a bridge across Red River;

S. 2823. An act granting the consent of Congress to the city of Elgin, Ill., to construct, maintain, and operate a bridge across the Fox River at Elgin; and

S. 2813. An act to authorize the Gulf Ports Terminal Railway Co., a corporation existing under the laws of the State of Florida, to construct a bridge over and across the headwaters of Mobile Bay and such navigable channels as are between the east side of the Bay and Blakely Island, in Baldwin and Mobile Counties, Ala.

## ENROLLED BILLS PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. LAZARO, from the Committee on Enrolled Bills, reported that, on September 29, 1917, they had presented to the President of the United States for his approval the following bills:

H. R. 5431. An act to authorize the construction, maintenance, and operation of a bridge across the Saline River, at or near Suttons Ferry, Ark.; and

H. R. 4960. An act to define, regulate, and punish trading with the enemy, and for other purposes.

## WAR REVENUE.

Mr. KITCHIN. Mr. Speaker, I call up for consideration the conference report upon the bill H. R. 4280, the revenue bill, and I ask unanimous consent that the statement of the managers be read in lieu of the report.

The SPEAKER. The gentleman from North Carolina calls up the conference report upon the revenue bill, and asks unanimous consent that the statement be read in lieu of the report. Is there objection?

There was no objection.

The Clerk read the statement of the conferees.

## CONFERENCE REPORT (NO. 172).

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4280) to provide revenue to defray war expenses, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1, 3, 4, 36, 38, 43, 49, 65, 71, 77, 78, 80, 123, 126, 127, 128, 129, 131, 133, 135, 136, 137, 141, 149, 151, 168, 172, 188, 190, 193,

205, 206, 207, 208, 209, 210, 211, 256, 264, 271, 273, 288, 291, 292, 293, 294, 295, 296, 302, 315, 316, 317, 318, 319, and 321.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 41, 42, 47, 50, 52, 53, 54, 55, 57, 58, 61, 66, 72, 76, 83, 84, 85, 86, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 113, 114, 115, 116, 117, 118, 119, 120, 124, 125, 130, 132, 134, 138, 139, 140, 142, 143, 145, 148, 150, 152, 153, 154, 155, 156, 157, 158, 159, 160, 162, 163, 164, 166, 169, 174, 175, 176, 179, 180, 181, 182, 185, 189, 191, 194, 195, 196, 197, 198, 201, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 258, 259, 260, 261, 262, 263, 265, 266, 267, 268, 269, 270, 275, 283, 289, 290, and 298, and agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows: In lieu of the word "Eight," inserted by said amendment, insert the word "Seven"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment as follows: In lieu of the matter stricken out by said amendment insert the following: "and (c) the provisions of subdivision (c) of section 9 of such act, as amended by this act, requiring the normal tax of individuals on income derived from interest to be deducted and withheld at the source of the income shall not apply to the new 2 per cent normal tax prescribed in section 1 of this act until on and after January 1, 1918, and thereafter only one 2 per cent normal tax shall be deducted and withheld at the source under the provisions of such subdivision (c), and any further normal tax for which the recipient of such income is liable under this act or such act of September 8, 1916, as amended by this act, shall be paid by such recipient"; and the Senate agree to the same.

Amendment numbered 35: That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert on page 64 of the engrossed Senate amendments, after line 6, the following:

"(2) That section 5 of such act of September 8, 1916, is hereby amended by adding at the end of subdivision (a) a further paragraph, numbered 9, to read as follows:

"9. Contributions or gifts actually made within the year to corporations or associations organized and operated exclusively for religious, charitable, scientific, or educational purposes, or to societies for the prevention of cruelty to children or animals, no part of the net income of which inures to the benefit of any private stockholder or individual, to an amount not in excess of 15 per cent of the taxpayer's taxable net income as computed without the benefit of this paragraph. Such contributions or gifts shall be allowable as deductions only if verified under rules and regulations prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury."

And the Senate agree to the same.

Amendment numbered 37: That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with amendments as follows: In lieu of the matter inserted by said amendment insert the following:

"Sec. 200. That when used in this title—

"The term 'corporation' includes joint-stock companies or associations and insurance companies;

"The term 'domestic' means created under the law of the United States, or of any State, Territory, or District thereof, and the term 'foreign' means created under the law of any other possession of the United States or of any foreign country or government;

"The term 'United States' means only the States, the Territories of Alaska and Hawaii, and the District of Columbia;

"The term 'taxable year' means the 12 months ending December 31, excepting in the case of a corporation or partnership which has fixed its own fiscal year, in which case it means such fiscal year. The first taxable year shall be the year ending December 31, 1917, except that in the case of a corporation or partnership which has fixed its own fiscal year, it shall be the fiscal year ending during the calendar year 1917. If a corporation or partnership, prior to March 1, 1918, makes a return covering its own fiscal year, and includes therein the income received during that part of the fiscal year falling within the calendar year 1916, the tax for such taxable year shall be that proportion of the tax computed upon the net income during such full fiscal



year which the time from January 1, 1917, to the end of such fiscal year bears to the full fiscal year; and

"The term 'prewar period' means the calendar years 1911, 1912, and 1913, or, if a corporation or partnership was not in existence or an individual was not engaged in a trade or business during the whole of such period, then as many of such years during the whole of which the corporation or partnership was in existence or the individual was engaged in the trade or business.

"The terms 'trade' and 'business' include professions and occupations.

"The term 'net income' means in the case of a foreign corporation or partnership or a nonresident alien individual, the net income received from sources within the United States.

"SEC. 201. That in addition to the taxes under existing law and under this act there shall be levied, assessed, collected, and paid for each taxable year upon the income of every corporation, partnership, or individual, a tax (hereinafter in this title referred to as the tax) equal to the following percentages of the net income:

"Twenty per cent of the amount of the net income in excess of the deduction (determined as hereinafter provided) and not in excess of 15 per cent of the invested capital for the taxable year;

"Twenty-five per cent of the amount of the net income in excess of 15 per cent and not in excess of 20 per cent of such capital;

"Thirty-five per cent of the amount of the net income in excess of 20 per cent and not in excess of 25 per cent of such capital;

"Forty-five per cent of the amount of the net income in excess of 25 per cent and not in excess of 33 per cent of such capital; and

"Sixty per cent of the amount of the net income in excess of 33 per cent of such capital.

"For the purpose of this title every corporation or partnership not exempt under the provisions of this section shall be deemed to be engaged in business, and all the trades and businesses in which it is engaged shall be treated as a single trade or business, and all its income from whatever source derived shall be deemed to be received from such trade or business.

"This title shall apply to all trades or businesses of whatever description, whether continuously carried on or not, except—

"(a) In the case of officers and employees under the United States, or any State, Territory, or the District of Columbia, or any local subdivision thereof, the compensation or fees received by them as such officers or employees;

"(b) Corporations exempt from tax under the provisions of section 11 of Title I of such act of September 8, 1916, as amended by this act, and partnerships and individuals carrying on or doing the same business, or coming within the same description; and

"(c) Incomes derived from the business of life, health, and accident insurance combined in one policy issued on the weekly premium payment plan.

"SEC. 202. That the tax shall not be imposed in the case of the trade or business of a foreign corporation or partnership or a nonresident alien individual, the net income of which trade or business during the taxable year is less than \$3,000.

"SEC. 203. That for the purposes of this title the deduction shall be as follows, except as otherwise in this title provided—

"(a) In the case of a domestic corporation, the sum of (1) an amount equal to the same percentage of the invested capital for the taxable year which the average amount of the annual net income of the trade or business during the prewar period was of the invested capital for the prewar period (but not less than 7 or more than 9 per cent of the invested capital for the taxable year), and (2) \$3,000;

"(b) In the case of a domestic partnership or of a citizen or resident of the United States, the sum of (1) an amount equal to the same percentage of the invested capital for the taxable year which the average amount of the annual net income of the trade or business during the prewar period was of the invested capital for the prewar period (but not less than 7 or more than 9 per cent of the invested capital for the taxable year), and (2) \$6,000;

"(c) In the case of a foreign corporation or partnership or of a nonresident alien individual, an amount ascertained in the same manner as provided in subdivisions (a) and (b), without any exemption of \$3,000 or \$6,000.

"(d) If the Secretary of the Treasury is unable satisfactorily to determine the average amount of the annual net income of the trade or business during the prewar period, the deduction shall be determined in the same manner as provided in section 205.

"SEC. 204. That if a corporation or partnership was not in existence, or an individual was not engaged in the trade or business, during the whole of any one calendar year during the prewar period, the deduction shall be an amount equal to 8 per cent of the invested capital for the taxable year, plus in the case of a domestic corporation \$3,000, and in the case of a domestic partnership or a citizen or resident of the United States \$6,000.

"A trade or business carried on by a corporation, partnership, or individual, although formally organized or reorganized on or after January 2, 1913, which is substantially a continuation of a trade or business carried on prior to that date, shall, for the purposes of this title, be deemed to have been in existence prior to that date, and the net income and invested capital of its predecessor prior to that date shall be deemed to have been its net income and invested capital.

"SEC. 205. (a) That if the Secretary of the Treasury, upon complaint finds either (1) that during the prewar period a domestic corporation or partnership, or a citizen or resident of the United States, had no net income from the trade or business, or (2) that during the prewar period the percentage, which the net income was of the invested capital, was low as compared with the percentage, which the net income during such period of representative corporations, partnerships, and individuals, engaged in a like or similar trade or business, was of their invested capital, then the deduction shall be the sum of (1) an amount equal to the same percentage of its invested capital for the taxable year which the average deduction (determined in the same manner as provided in section 203, without including the \$3,000 or \$6,000 therein referred to) for such year of representative corporations, partnerships, or individuals, engaged in a like or similar trade or business, is of their average invested capital for such year plus (2) in the case of a domestic corporation \$3,000, and in the case of a domestic partnership or a citizen or resident of the United States \$6,000.

"The percentage which the net income was of the invested capital in each trade or business shall be determined by the Commissioner of Internal Revenue, in accordance with regulations prescribed by him, with the approval of the Secretary of the Treasury. In the case of a corporation or partnership which has fixed its own fiscal year, the percentage determined by the calendar year ending during such fiscal year shall be used.

"(b) The tax shall be assessed upon the basis of the deduction determined as provided in section 203, but the taxpayer claiming the benefit of this section may at the time of making the return file a claim for abatement of the amount by which the tax so assessed exceeds a tax computed upon the basis of the deduction determined as provided in this section. In such event, collection of the part of the tax covered by such claim for abatement shall not be made until the claim is decided, but if in the judgment of the Commissioner of Internal Revenue, the interests of the United States would be jeopardized thereby he may require the claimant to give a bond in such amount and with such sureties as the commissioner may think wise to safeguard such interests, conditioned for the payment of any tax found to be due, with the interest thereon, and if such bond, satisfactory to the commissioner, is not given within such time as he prescribes, the full amount of tax assessed shall be collected and the amount overpaid, if any, shall upon final decision of the application be refunded as a tax erroneously or illegally collected.

"SEC. 206. That for the purposes of this title the net income of a corporation shall be ascertained and returned (a) for the calendar years 1911 and 1912 upon the same basis and in the same manner as provided in section 38 of the act entitled 'An act to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes,' approved August 5, 1909, except that income taxes paid by it within the year imposed by the authority of the United States shall be included; (b) for the calendar year 1913 upon the same basis and in the same manner as provided in section II of the act entitled 'An act to reduce tariff duties and to provide revenue for the Government, and for other purposes,' approved October 3, 1913, except that income taxes paid by it within the year imposed by the authority of the United States shall be included, and except that the amounts received by it as dividends upon the stock or from the net earnings of other corporations, joint-stock companies or associations, or insurance companies, subject to the tax imposed by section II of such act of October 3, 1913, shall be deducted; and (c) for the taxable year upon the same basis and in the same manner as provided in Title I of the act entitled 'An act to increase the revenue, and for other purposes,' approved September 8, 1916, as amended by this act, except that the amounts received by it as dividends upon the stock or from



the net earnings of other corporations, joint-stock companies or associations, or insurance companies, subject to the tax imposed by Title I of such act of September 8, 1916, shall be deducted.

"The net income of a partnership or individual shall be ascertained and returned for the calendar years 1911, 1912, and 1913, and for the taxable year, upon the same basis and in the same manner as provided in Title I of such act of September 8, 1916, as amended by this act, except that the credit allowed by subdivision (b) of section 5 of such act shall be deducted. There shall be allowed (a) in the case of a domestic partnership the same deductions as allowed to individuals in subdivision (a) of section 5 of such act of September 8, 1916, as amended by this act; and (b) in the case of a foreign partnership the same deductions as allowed to individuals in subdivision (a) of section 6 of such act as amended by this act.

"Sec. 207. That as used in this title, the term 'invested capital' for any year means the average invested capital for the year, as defined and limited in this title, averaged monthly. As used in this title 'invested capital' does not include stocks, bonds (other than obligations of the United States), or other assets, the income from which is not subject to the tax imposed by this title, nor money or other property borrowed, and means, subject to the above limitations:

"(a) In the case of a corporation or partnership: (1) Actual cash paid in; (2) the actual cash value of tangible property paid in other than cash, for stock or shares in such corporation or partnership, at the time of such payment (but in case such tangible property was paid in prior to January 1, 1914, the actual cash value of such property as of January 1, 1914, but in no case to exceed the par value of the original stock or shares specifically issued therefor), and (3) paid in or earned surplus and undivided profits used or employed in the business, exclusive of undivided profits earned during the taxable year. Provided, That (a) the actual cash value of patents and copyrights paid in for stock or shares in such corporation or partnership, at the time of such payment, shall be included as invested capital, but not to exceed the par value of such stock or shares at the time of such payment, and (b) the good will, trade-marks, trade brands, the franchise of a corporation or partnership, or other intangible property, shall be included as invested capital if the corporation or partnership made payment bona fide therefor specifically as such in cash or tangible property, the value of such good will, trade-mark, trade brand, franchise, or intangible property, not to exceed the actual cash or actual cash value of the tangible property paid therefor at the time of such payment; but good will, trade-marks, trade brands, franchise of a corporation or partnership, or other intangible property, bona fide purchased, prior to March 3, 1917, for and with interests or shares in a partnership or for and with shares in the capital stock of a corporation (issued prior to March 3, 1917), in an amount not to exceed, on March 3, 1917, 20 per cent of the total interests or shares in the partnership or of the total shares of the capital stock of the corporation, shall be included in invested capital at a value not to exceed the actual cash value at the time of such purchase, and in case of issue of stock therefor not to exceed the par value of such stock;

"(b) In the case of an individual: (1) actual cash paid into the trade or business, and (2) the actual cash value of tangible property paid into the trade or business, other than cash, at the time of such payment; (but in case such tangible property was paid in prior to January 1, 1914, the actual cash value of such property as of January 1, 1914), and (3) the actual cash value of patents, copyrights, good will, trade-marks, trade brands, franchises, or other intangible property, paid into the trade or business, at the time of such payment, if payment was made therefor specifically as such in cash or tangible property, not to exceed the actual cash or actual cash value of the tangible property bona fide paid therefor at the time of such payment.

"In the case of a foreign corporation or partnership or of a nonresident alien individual the term 'invested capital' means that proportion of the entire invested capital, as defined and limited in this title, which the net income from sources within the United States bears to the entire net income.

"Sec. 208. That in case of the reorganization, consolidation, or change of ownership of a trade or business after March 3, 1917, if an interest or control in such trade or business of 50 per cent or more remains in control of the same persons, corporations, associations, partnerships, or any of them, then in ascertaining the invested capital of the trade or business no asset transferred or received from the prior trade or business shall be allowed a greater value than would have been allowed under this title in computing the invested capital of such prior trade or business if such asset had not been so transferred or received, unless such asset was paid for specifically as such, in

cash or tangible property, and then not to exceed the actual cash or actual cash value of the tangible property paid therefor at the time of such payment.

"Sec. 209. That in the case of a trade or business having no invested capital or not more than a nominal capital there shall be levied, assessed, collected and paid, in addition to the taxes under existing law and under this act, in lieu of the tax imposed by section 201, a tax equivalent to 8 per cent of the net income of such trade or business in excess of the following deductions: In the case of a domestic corporation \$3,000, and in the case of a domestic partnership or a citizen or resident of the United States \$6,000; in the case of all other trades or businesses, no deduction.

"Sec. 210. That if the Secretary of the Treasury is unable in any case satisfactorily to determine the invested capital, the amount of the deduction shall be the sum of (1) an amount equal to the same proportion of the net income of the trade or business received during the taxable year as the proportion which the average deduction (determined in the same manner as provided in section 203, without including the \$3,000 or \$6,000 therein referred to) for the same calendar year of representative corporations, partnerships, and individuals, engaged in a like or similar trade or business, bears to the total net income of the trade or business received by such corporations, partnerships, and individuals, plus (2) in the case of a domestic corporation \$3,000, and in the case of a domestic partnership or a citizen or resident of the United States, \$6,000.

"For the purpose of this section the proportion between the deduction and the net income in each trade or business shall be determined by the Commissioner of Internal Revenue in accordance with regulations prescribed by him, with the approval of the Secretary of the Treasury. In the case of a corporation or partnership which has fixed its own fiscal year, the proportion determined for the calendar year ending during such fiscal year shall be used.

"Sec. 211. That every foreign partnership having a net income of \$3,000 or more for the taxable year, and every domestic partnership having a net income of \$6,000 or more for the taxable year, shall render a correct return of the income of the trade or business for the taxable year, setting forth specifically the gross income for such year, and the deductions allowed in this title. Such returns shall be rendered at the same time and in the same manner as is prescribed for income-tax returns under Title I of such act of September 8, 1916, as amended by this act.

"Sec. 212. That all administrative, special, and general provisions of law, including the laws in relation to the assessment, remission, collection, and refund of internal-revenue taxes not heretofore specifically repealed, and not inconsistent with the provisions of this title, are hereby extended and made applicable to all the provisions of this title and to the tax herein imposed, and all provisions of Title I of such act of September 8, 1916, as amended by this act, relating to returns and payment of the tax therein imposed, including penalties, are hereby made applicable to the tax imposed by this title.

"Sec. 213. That the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall make all necessary regulations for carrying out the provisions of this title, and may require any corporation, partnership, or individual, subject to the provisions of this title, to furnish him with such facts, data, and information as in his judgment are necessary to collect the tax imposed by this title.

"Sec. 214. That Title II (secs. 200 to 207, inclusive) of the act entitled 'An act to provide increased revenue to defray the expenses of the increased appropriations for the Army and Navy, and the extensions of fortifications, and for other purposes,' approved March 3, 1917, is hereby repealed.

"Any amount heretofore or hereafter paid on account of the tax imposed by such Title II, shall be credited toward the payment of the tax imposed by this title, and if the amount so paid exceeds the amount of such tax the excess shall be refunded as a tax erroneously or illegally collected.

"Subdivision (1) of section 301 of such act of September 8, 1916, is hereby amended so that the rate of tax for the taxable year 1917 shall be 10 per cent instead of 12½ per cent, as therein provided.

"Subdivision (2) of such section is hereby amended to read as follows:

"(2) This section shall cease to be of effect on and after January 1, 1918."

And on page 83 of the engrossed Senate amendments, line 7, strike out the word "five" and insert the word "six," and on page 86 of said engrossed amendments, after line 8, insert the following as a separate paragraph:



"Sec. 32. That premiums paid on life insurance policies covering the lives of officers, employees, or those financially interested in any trade or business conducted by an individual, partnership, corporation, joint-stock company or association, or insurance company, shall not be deducted in computing the net income of such individual, corporation, joint-stock company or association, or insurance company, or in computing the profits of such partnership for the purposes of subdivision (e) of section 9."

And the Senate agree to the same.

Amendment numbered 39: That the House recede from its disagreement to the amendment of the Senate numbered 39, and agree to the same with an amendment, as follows: In lieu of the word "four," inserted by said amendment, insert the word "three"; and the Senate agree to the same.

Amendment numbered 40: That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment as follows: After the word "purposes" and before the comma insert the following: "or for use in the manufacture or production of any article used or intended for use as a beverage"; and the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with amendments as follows: In line 1 of said amendment strike out the figures "302" and insert the figures "301." In line 2 of said amendment strike out the word "enactment" and insert the word "passage." In the last line of said amendment strike out the words "beverage purposes" and insert the following: "(1) beverage purposes or (2) use in the manufacture or production of any article used or intended for use as a beverage"; and the Senate agree to the same.

Amendment numbered 45: That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment as follows: In line 1 of said amendment strike out the figures "303" and insert the figures "302"; and the Senate agree to the same.

Amendment numbered 46: That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with an amendment as follows: In the fifth line of the matter inserted by said amendment strike out the words "use of the United States or for denaturation" and insert "other than (1) beverage purposes or (2) use in the manufacture or production of any article used or intended for use as a beverage"; and the Senate agree to the same.

Amendment numbered 48: That the House recede from its disagreement to the amendment of the Senate numbered 48, and agree to the same with an amendment as follows: In lieu of the figures "304" inserted by said amendment insert the figures "303"; and the Senate agree to the same.

Amendment numbered 51: That the House recede from its disagreement to the amendment of the Senate numbered 51, and agree to the same with an amendment as follows: In line 2 of said amendment, after the word "purposes" and before the comma, insert the following: "or for use in the manufacture or production of any article used or intended for use as a beverage"; and the Senate agree to the same.

Amendment numbered 56: That the House recede from its disagreement to the amendment of the Senate numbered 56, and agree to the same with an amendment as follows: In lieu of the figures "305" inserted by said amendment insert the figures "304"; and the Senate agree to the same.

Amendment numbered 59: That the House recede from its disagreement to the amendment of the Senate numbered 59, and agree to the same with an amendment as follows: Strike out the word "enacted" in the first line of the Senate amendment and insert the word "passed"; and the Senate agree to the same.

Amendment numbered 60: That the House recede from its disagreement to the amendment of the Senate numbered 60, and agree to the same with an amendment as follows: On page 13, line 21 of the bill, strike out the words "less than" and in the matter inserted by said amendment strike out the words and figures "\$250 and not"; and the Senate agree to the same.

Amendment numbered 62: That the House recede from its disagreement to the amendment of the Senate numbered 62, and agree to the same with an amendment as follows: In line 1 of the matter inserted by said amendment change the figures "306" to the figures "305"; and the Senate agree to the same.

Amendment numbered 63: That the House recede from its disagreement to the amendment of the Senate numbered 63, and agree to the same with an amendment as follows: In line 1 of the matter inserted by said amendment change the figures "307" to the figures "306"; and the Senate agree to the same.

Amendment numbered 64: That the House recede from its disagreement to the amendment of the Senate numbered 64, and agree to the same with an amendment as follows: In lieu of the figures "308" inserted by said amendment insert the figures "307"; and the Senate agree to the same.

Amendment numbered 67: That the House recede from its disagreement to the amendment of the Senate numbered 67, and agree to the same with amendments as follows: In line 1 of the matter inserted by said amendment strike out the figures "309" and insert the figures "308," and in the same line of said amendment strike out the word "enactment" and insert the word "passage"; also in line 7 of said amendment strike out the words "not to exceed" and insert the words "less than"; and the Senate agree to the same.

Amendment numbered 68: That the House recede from its disagreement to the amendment of the Senate numbered 68, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following:

"Sec. 309. That upon all still wines, including vermouth, and upon all champagne and other sparkling wines, liqueurs, cordials, artificial or imitation wines or compounds sold as wine, produced in or imported into the United States, and hereafter removed from the custom-house, place of manufacture, or from bonded premises for sale or consumption, there shall be levied and collected, in addition to the tax now imposed by law upon such articles, a tax equal to such tax, to be levied, collected, and paid under the provisions of existing law."

And the Senate agree to the same.

Amendment numbered 69: That the House recede from its disagreement to the amendment of the Senate numbered 69, and agree to the same with an amendment as follows: In lieu of the figures "311" inserted by said amendment, insert the figures "310"; and the Senate agree to the same.

Amendment numbered 70: That the House recede from its disagreement to the amendment of the Senate numbered 70, and agree to the same with an amendment as follows: In lieu of the word "ten" inserted by said amendment insert the word "nine"; and the Senate agree to the same.

Amendment numbered 73: That the House recede from its disagreement to the amendment of the Senate numbered 73, and agree to the same with an amendment as follows: In lieu of the figures "312" inserted by said amendment insert the figures "311"; and the Senate agree to the same.

Amendment numbered 74: That the House recede from its disagreement to the amendment of the Senate numbered 74, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the words "equal to double such tax"; and the Senate agree to the same.

Amendment numbered 75: That the House recede from its disagreement to the amendment of the Senate numbered 75, and agree to the same with an amendment as follows: In lieu of the figures "313" inserted by said amendment insert the figures "312"; and the Senate agree to the same.

Amendment numbered 79: That the House recede from its disagreement to the amendment of the Senate numbered 79, and agree to the same with an amendment as follows: In lieu of the figures "\$1" inserted by said amendment insert the following: "20 cents"; and the Senate agree to the same.

Amendment numbered 81: That the House recede from its disagreement to the amendment of the Senate numbered 81, and agree to the same with an amendment as follows: In lieu of the figures "314" inserted by said amendment insert the figures "313"; and the Senate agree to the same.

Amendment numbered 82: That the House recede from its disagreement to the amendment of the Senate numbered 82, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following:

"If so sold for not more than \$1.30 per gallon, a tax of 5 cents per gallon; if so sold for more than \$1.30 and not more than \$2 per gallon, a tax of 8 cents per gallon; if so sold for more than \$2 and not more than \$3 per gallon, a tax of 10 cents per gallon; if so sold for more than \$3 and not more than \$4 per gallon, a tax of 15 cents per gallon; and if so sold for more than \$4 per gallon, a tax of 20 cents per gallon."

And the Senate agree to the same.

Amendment numbered 87: That the House recede from its disagreement to the amendment of the Senate numbered 87, and agree to the same with an amendment as follows: In lieu of the figures "315" inserted by said amendment insert the figures "314"; and the Senate agree to the same.

Amendment numbered 88: That the House recede from its disagreement to the amendment of the Senate numbered 88, and agree to the same with an amendment as follows: In line 1 of the matter inserted by said amendment strike out the



figures "316" and insert the figures "315"; and the Senate agree to the same.

Amendment numbered 112: That the House recede from its disagreement to the amendment of the Senate numbered 112, and agree to the same with an amendment as follows: In lieu of the figures "75" inserted by said amendment insert the figures "80"; and the Senate agree to the same.

Amendment numbered 121: That the House recede from its disagreement to the amendment of the Senate numbered 121, and agree to the same with an amendment as follows: In lieu of the figure "4" inserted by said amendment insert the figure "5"; and the Senate agree to the same.

Amendment numbered 122: That the House recede from its disagreement to the amendment of the Senate numbered 122, and agree to the same with an amendment as follows: In lieu of the matter stricken out by said amendment insert:

"Sec. 402. That sections 400, 401, and 404, shall take effect 30 days after the passage of this act: *Provided*, That after the passage of this act and before the expiration of the aforesaid 30 days, cigarettes and manufactured tobacco and snuff may be put up in the packages now provided for by law or in the packages provided for in sections 400 and 401."

And the Senate agree to the same.

Amendment numbered 144: That the House recede from its disagreement to the amendment of the Senate numbered 144, and agree to the same with an amendment as follows: In the second line of the matter inserted by said amendment strike out the figures "25" and insert the figures "20"; and the Senate agree to the same.

Amendment numbered 146: That the House recede from its disagreement to the amendment of the Senate numbered 146, and agree to the same with an amendment as follows: In lieu of the word "five" inserted by said amendment, insert the word "eight"; and the Senate agree to the same.

Amendment numbered 147: That the House recede from its disagreement to the amendment of the Senate numbered 147, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "or by any form of mechanical motor power on a regular established line when in competition with carriers by rail or water" and a comma; and the Senate agree to the same.

Amendment numbered 161: That the House recede from its disagreement to the amendment of the Senate numbered 161, and agree to the same with an amendment as follows: In lieu of the word "the" inserted by said amendment insert the word "such"; and the Senate agree to the same.

Amendment numbered 165: That the House recede from its disagreement to the amendment of the Senate numbered 165, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "or has been so used; or (b) upon the transportation of company material transported by one carrier, which constitutes a part of a railroad system, for another carrier which is also a part of the same system"; and the Senate agree to the same.

Amendment numbered 167: That the House recede from its disagreement to the amendment of the Senate numbered 167, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, substituting the word "November" for the word "June," in line 11, page 25 of the bill; and the Senate agree to the same.

Amendment numbered 170: That the House recede from its disagreement to the amendment of the Senate numbered 170, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following:

"That there shall be levied, assessed, collected, and paid—

"(a) Upon all automobiles, automobile trucks, automobile wagons, and motorcycles, sold by the manufacturer, producer, or importer, a tax equivalent to 3 per cent of the price for which so sold; and";

And the Senate agree to the same.

Amendment numbered 171: That the House recede from its disagreement to the amendment of the Senate numbered 171, and agree to the same with amendments as follows: In lieu of the matter inserted by said amendment insert the following:

"(b) Upon all piano players, graphophones, phonographs, talking machines, and records used in connection with any musical instrument, piano player, graphophone, phonograph, or talking machine, sold by the manufacturer, producer, or importer, a tax equivalent to 3 per cent of the price for which so sold; and

"(c) Upon all moving-picture films (which have not been exposed) sold by the manufacturer or importer, a tax equivalent to one-fourth of 1 cent per linear foot; and

"(d) Upon all positive moving-picture films (containing a picture ready for projection) sold or leased by the manufac-

turer, producer, or importer, a tax equivalent to one-half of 1 cent per linear foot; and

"(e) Upon any article commonly or commercially known as jewelry, whether real or imitation, sold by the manufacturer, producer, or importer thereof, a tax equivalent to 3 per cent of the price for which so sold; and"

Also insert, on page 31 of the bill, after line 25, the following:

"Sec. 603. That on the day this act takes effect, and thereafter on July 1 in each year, and also at the time of the original purchase of a new boat by a user, if on any other date than July 1, there shall be levied, assessed, collected, and paid, upon the use of yachts, pleasure boats, power boats, and sailing boats, of over 5 net tons, and motor boats with fixed engines, not used exclusively for trade or national defense, or not built according to plans and specifications approved by the Navy Department, an excise tax to be based on each yacht or boat, at rates as follows: Yachts, pleasure boats, power boats, motor boats with fixed engines, and sailing boats, of over 5 net tons, length not over 50 feet, 50 cents for each foot, length over 50 feet and not over 100 feet, \$1 for each foot, length over 100 feet, \$2 for each foot; motor boats of not over 5 net tons with fixed engines, \$5.

"In determining the length of such yachts, pleasure boats, power boats, motor boats with fixed engines, and sailing boats, the measurement of over-all length shall govern.

"In the case of a tax imposed at the time of the original purchase of a new boat on any other date than July 1, the amount to be paid shall be the same number of twelfths of the amount of the tax as the number of calendar months, including the month of sale, remaining prior to the following July 1"; and the Senate agree to the same.

Amendment numbered 173: That the House recede from its disagreement to the amendment of the Senate numbered 173, and agree to the same with an amendment as follows: In lieu of the letter "a" inserted by said amendment insert the letter "f"; and the Senate agree to the same.

Amendment numbered 177: That the House recede from its disagreement to the amendment of the Senate numbered 177, and agree to the same with amendments as follows: In lieu of the word "two" inserted by said amendment insert the word "three," and on page 29 of the bill, line 10, strike out the period and insert a semicolon and the word "and"; and the Senate agree to the same.

Amendment numbered 178: That the House recede from its disagreement to the amendment of the Senate numbered 178, and agree to the same with an amendment as follows: In lieu of the letter "b" inserted by said amendment insert the letter "g"; and the Senate agree to the same.

Amendment numbered 183: That the House recede from its disagreement to the amendment of the Senate numbered 183, and agree to the same with an amendment as follows: In lieu of the letter "c" inserted by said amendment insert the letter "h"; and the Senate agree to the same.

Amendment numbered 184: That the House recede from its disagreement to the amendment of the Senate numbered 184, and agree to the same with an amendment as follows: In lieu of the word "fourteen" inserted by said amendment insert the word "thirteen"; and the Senate agree to the same.

Amendment numbered 186: That the House recede from its disagreement to the amendment of the Senate numbered 186, and agree to the same with an amendment as follows: In lieu of the matter stricken out by said amendment insert the following: "(i) Upon all chewing gum or substitute thereof sold by the manufacturer, producer, or importer, a tax equivalent to 2 per cent of the price for which so sold; and"; and the Senate agree to the same.

Amendment numbered 187: That the House recede from its disagreement to the amendment of the Senate numbered 187, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "(j) Upon all cameras sold by the manufacturer, producer, or importer, a tax equivalent to 3 per cent of the price for which so sold"; and the Senate agree to the same.

Amendment numbered 192: That the House recede from its disagreement to the amendment of the Senate numbered 192, and agree to the same with an amendment as follows: In lieu of the matter stricken out by said amendment insert the following:

"Sec. 602. That upon all articles enumerated in subdivisions (a), (b), (e), (f), (g), (h), (i), or (j) of section 600, which on the day this act is passed are held and intended for sale by any person, corporation, partnership, or association, other than (1) a retailer who is not also a wholesaler, or (2) the manufacturer, producer, or importer thereof, there shall be levied, assessed, collected, and paid a tax equivalent to one-half the



tax imposed by each such subdivision upon the sale of the articles therein enumerated. This tax shall be paid by the person, corporation, partnership, or association so holding such articles.

"The taxes imposed by this section shall be assessed, collected, and paid in the same manner as provided in section 1002 in the case of additional taxes upon articles upon which the tax imposed by existing law has been paid.

"Nothing in this section shall be construed to impose a tax upon articles sold and delivered prior to May 9, 1917, where the title is reserved in the vendor as security for the payment of the purchase money."

And the Senate agree to the same.

Amendment numbered 199: That the House recede from its disagreement to the amendment of the Senate numbered 199, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "paying for such admission: *Provided*, That the tax on admission of children under 12 years of age where an admission charge for such children is made shall in every case be 1 cent" and a semicolon; and the Senate agree to the same.

Amendment numbered 200: That the House recede from its disagreement to the amendment of the Senate numbered 200, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert: "and (b) in the case of persons (except bona fide employees, municipal officers on official business, and children under 12 years of age) admitted free to any place at a time when and under circumstances under which an admission charge is made to other persons of the same class, a tax of 1 cent for each 10 cents or fraction thereof of the price so charged to such other persons for the same or similar accommodations, to be paid by the person so admitted; and (c) a tax of 1 cent for each 10 cents or fraction thereof paid for admission to any public performance for profit at any cabaret or other similar entertainment to which the charge for admission is wholly or in part included in the price paid for refreshment, service, or merchandise; the amount paid for such admission to be computed under rules prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, such tax to be paid by the person paying for such refreshment, service, or merchandise"; and the Senate agree to the same.

Amendment numbered 202: That the House recede from its disagreement to the amendment of the Senate numbered 202, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "cents, or in the case of shows, rides, and other amusements (the maximum charge for admission to which is 10 cents), within outdoor general amusement parks, or in the case of admissions to such parks," and the Senate agree to the same.

Amendment numbered 203: That the House recede from its disagreement to the amendment of the Senate numbered 203, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "none of the profits of which are distributed to stockholders or members of the association conducting the same"; and the Senate agree to the same.

Amendment numbered 204: That the House recede from its disagreement to the amendment of the Senate numbered 204, and agree to the same with an amendment as follows: In lieu of the matter stricken out by said amendment insert the following:

"SEC. 701: That from and after the 1st day of November, 1917, there shall be levied, assessed, collected, and paid, a tax equivalent to 10 per cent of any amount paid as dues or membership fees (including initiation fees), to any social, athletic, or sporting club or organization, where such dues or fees are in excess of \$12 per year; such taxes to be paid by the person paying such dues or fees: *Provided*, That there shall be exempted from the provisions of this section all amounts paid as dues or fees to a fraternal beneficiary society, order, or association, operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system, and providing for the payment of life, sick, accident, or other benefits to the members of such society, order, or association or their dependents."

And the Senate agree to the same.

Amendment numbered 212: That the House recede from its disagreement to the amendment of the Senate numbered 212, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment strike out the word "November" and insert "December"; and the Senate agree to the same.

Amendment numbered 234: That the House recede from its disagreement to the amendment of the Senate numbered 234,

and agree to the same with an amendment as follows: On page 37, line 5, of the bill strike out the word "Is" and insert the word "is"; and the Senate agree to the same.

Amendment numbered 255: That the House recede from its disagreement to the amendment of the Senate numbered 255, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment strike out the word "November" and insert "December"; and the Senate agree to the same.

Amendment numbered 257: That the House recede from its disagreement to the amendment of the Senate numbered 257, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert, on page 48, after line 10 of the bill, the following:

"14. Parcel-post packages: Upon every parcel or package transported from one point in the United States to another by parcel post on which the postage amounts to 25 cents or more, a tax of 1 cent for each 25 cents or fractional part thereof charged for such transportation, to be paid by the consignor.

"No such parcel or package shall be transported until a stamp or stamps representing the tax due shall have been affixed thereto."

And the Senate agree to the same.

Amendment numbered 272: That the House recede from its disagreement to the amendment of the Senate numbered 272, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment strike out, on line 9, page 48 of the bill, the figure "8" and insert in lieu thereof the figure "5"; and the Senate agree to the same.

Amendment numbered 274: That the House recede from its disagreement to the amendment of the Senate numbered 274, and agree to the same with amendments as follows: Restore all the matter stricken out by said amendment, with the following amendments:

On page 49 of the bill, in line 3, after the word "which," insert "such."

On page 49 of the bill, in line 23, strike out the figures "\$11,000,000" and insert "\$10,000,000; and."

On the same page of the bill, in line 25, after the word "exceeds" strike out the remainder of the line and insert "\$10,000,000."

On page 50 of the bill strike out lines 1 to 10, inclusive.

On page 50 of the bill, after line 10, insert the following:

"SEC. 901: That the tax imposed by this title shall not apply to the transfer of the net estate of any decedent dying while serving in the military or naval forces of the United States, during the continuance of the war in which the United States is now engaged, or if death results from injuries received or disease contracted in such service within one year after the termination of such war. For the purposes of this section the termination of the war shall be evidenced by the proclamation of the President."

And the Senate agree to the same.

Amendment numbered 276: That the House recede from its disagreement to the amendment of the Senate numbered 276, and agree to the same with an amendment as follows: In lieu of the figures "IX" inserted by said amendment insert the figure "X"; and the Senate agree to the same.

Amendment numbered 277: That the House recede from its disagreement to the amendment of the Senate numbered 277, and agree to the same with an amendment as follows: In lieu of the figures "900" inserted by said amendment insert the figures "1000"; and the Senate agree to the same.

Amendment numbered 278: That the House recede from its disagreement to the amendment of the Senate numbered 278, and agree to the same with an amendment as follows: In lieu of the figures "901" inserted by said amendment insert the figures "1001"; and the Senate agree to the same.

Amendment numbered 279: That the House recede from its disagreement to the amendment of the Senate numbered 279, and agree to the same with an amendment as follows: In lieu of the figures "902" inserted by said amendment insert the figures "1002"; and the Senate agree to the same.

Amendment numbered 280: That the House recede from its disagreement to the amendment of the Senate numbered 280, and agree to the same with an amendment as follows: In lieu of the word "enactment" inserted by said amendment insert the word "passage"; and the Senate agree to the same.

Amendment numbered 281: That the House recede from its disagreement to the amendment of the Senate numbered 281, and agree to the same with an amendment as follows: In lieu of the word "six" in line 3 of the matter inserted by said amendment insert the word "seven," and in the same line strike out the word "enactment" and insert the word "passage"; and the Senate agree to the same.



Amendment numbered 282: That the House recede from its disagreement to the amendment of the Senate numbered 282, and agree to the same with an amendment as follows: In lieu of the figures "903" inserted by said amendment insert the figures "1003"; and the Senate agree to the same.

Amendment numbered 284: That the House recede from its disagreement to the amendment of the Senate numbered 284, and agree to the same with an amendment as follows: In lieu of the figures "904" inserted by said amendment insert the figures "1004"; and the Senate agree to the same.

Amendment numbered 285: That the House recede from its disagreement to the amendment of the Senate numbered 285, and agree to the same with an amendment as follows: In lieu of the figures "905" inserted by said amendment insert the figures "1005"; and the Senate agree to the same.

Amendment numbered 286: That the House recede from its disagreement to the amendment of the Senate numbered 286, and agree to the same with an amendment as follows: In lieu of the figures "906" inserted by said amendment insert the figures "1006"; and the Senate agree to the same.

Amendment numbered 287: That the House recede from its disagreement to the amendment of the Senate numbered 287, and agree to the same with an amendment as follows: In lieu of the figures "907" inserted by said amendment insert the figures "1007"; and the Senate agree to the same.

Amendment numbered 297: That the House recede from its disagreement to the amendment of the Senate numbered 297, and agree to the same with an amendment as follows: In lieu of the figures "908" inserted by said amendment insert the figures "1008"; and the Senate agree to the same.

Amendment numbered 299: That the House recede from its disagreement to the amendment of the Senate numbered 299, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following:

"SEC. 1009. That the Secretary of the Treasury, under rules and regulations prescribed by him, shall permit taxpayers liable to income and excess-profits taxes to make payments in advance in installments or in whole of an amount not in excess of the estimated taxes which will be due from them, and upon determination of the taxes actually due any amount paid in excess shall be refunded as taxes erroneously collected: *Provided*, That when payment is made in installments at least one-fourth of such estimated tax shall be paid before the expiration of 30 days after the close of the taxable year, at least an additional one-fourth within two months after the close of the taxable year, at least an additional one-fourth within four months after the close of the taxable year, and the remainder of the tax due on or before the time now fixed by law for such payment: *Provided further*, That the Secretary of the Treasury, under rules and regulations prescribed by him, may allow credit against such taxes so paid in advance of an amount not exceeding 3 per cent per annum calculated upon the amount so paid from the date of such payment to the date now fixed by law for such payment; but no such credit shall be allowed on payments in excess of taxes determined to be due, nor on payments made after the expiration of four and one-half months after the close of the taxable year. All penalties provided by existing law for failure to pay tax when due are hereby made applicable to any failure to pay the tax at the time or times required in this section."

And the Senate agree to the same.

Amendment numbered 300: That the House recede from its disagreement to the amendment of the Senate numbered 300, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following:

"SEC. 1010. That under rules and regulations prescribed by the Secretary of the Treasury, collectors of internal revenue may receive, at par and accrued interest, certificates of indebtedness issued under section 6 of the act entitled 'An act to authorize an issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend credit to foreign governments, and for other purposes,' approved April 24, 1917, and any subsequent act or acts, and uncertified checks in payment of income and excess-profits taxes, during such time and under such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe; but if a check so received is not paid by the bank on which it is drawn, the person by whom such check has been tendered shall remain liable for the payment of the tax and for all legal penalties and additions the same as if such check had not been tendered."

And the Senate agree to the same.

Amendment numbered 301: That the House recede from its disagreement to the amendment of the Senate numbered 301, and agree to the same with an amendment as follows: In lieu of the figure "X" inserted by said amendment insert the figures "XI"; and the Senate agree to the same.

Amendment numbered 303: That the House recede from its disagreement to the amendment of the Senate numbered 303, and agree to the same with amendments as follows: Restore the matter stricken out by said amendment and, on page 59, line 20, of the bill strike out the figures "1200" and insert in lieu thereof the figures "1100"; also in the matter restored by said amendment, on page 59, line 21, of the bill strike out the word "ten" and insert in lieu thereof the word "thirty." In line 1 of the matter inserted by said amendment strike out the following: "Sec. 1000"; and the Senate agree to the same.

Amendment numbered 304: That the House recede from its disagreement to the amendment of the Senate numbered 304, and agree to the same with an amendment as follows: In lieu of the matter stricken out by said amendment insert the following:

"SEC. 1101. That on and after July 1, 1918, the rates of postage on publications entered as second-class matter (including sample copies to the extent of 10 per cent of the weight of copies mailed to subscribers during the calendar year) when sent by the publisher thereof from the post office of publication or other post office, or when sent by a news agent to actual subscribers thereto, or to other news agents for the purpose of sale:

"(a) In the case of the portion of such publication devoted to matter other than advertisements, shall be as follows: (1) On and after July 1, 1918, and until July 1, 1919, 1½ cents per pound or fraction thereof; (2) on and after July 1, 1919, 1½ cents per pound or fraction thereof.

"(b) In the case of the portion of such publication devoted to advertisements the rates per pound or fraction thereof for delivery within the several zones applicable to fourth-class matter shall be as follows (but where the space devoted to advertisements does not exceed 5 per cent of the total space, the rate of postage shall be the same as if the whole of such publication was devoted to matter other than advertisements: (1) On and after July 1, 1918, and until July 1, 1919, for the first and second zones, 1½ cents; for the third zone, 1½ cents; for the fourth zone, 2 cents; for the fifth zone, 2½ cents; for the sixth zone, 2½ cents; for the seventh zone, 3 cents; for the eighth zone, 3½ cents; (2) on and after July 1, 1919, and until July 1, 1920, for the first and second zones, 1½ cents; for the third zone, 2 cents; for the fourth zone, 3 cents; for the fifth zone, 3½ cents; for the sixth zone, 4 cents; for the seventh zone, 5 cents; for the eighth zone, 5½ cents; (3) on and after July 1, 1920, and until July 1, 1921, for the first and second zones, 1½ cents; for the third zone, 2½ cents; for the fourth zone, 4 cents; for the fifth zone, 4½ cents; for the sixth zone, 5½ cents; for the seventh zone, 7 cents; for the eighth zone, 7½ cents; (4) on and after July 1, 1921, for the first and second zones, 2 cents; for the third zone, 3 cents; for the fourth zone, 5 cents; for the fifth zone, 6 cents; for the sixth zone, 7 cents; for the seventh zone, 9 cents; for the eighth zone, 10 cents;

"(c) With the first mailing of each issue of each such publication, the publisher shall file with the postmaster a copy of such issue, together with a statement containing such information as the Postmaster General may prescribe for determining the postage chargeable thereon."

And the Senate agree to the same.

Amendment numbered 305: That the House recede from its disagreement to the amendment of the Senate numbered 305, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment and on page 61, line 15, of the bill, strike out the figures "1202" and insert the figures "1102"; and the Senate agree to the same.

Amendment numbered 306: That the House recede from its disagreement to the amendment of the Senate numbered 306, and agree to the same with an amendment as follows: In lieu of the matter stricken out by said amendment insert the following:

"SEC. 1103. That in the case of newspapers and periodicals entitled to be entered as second-class matter and maintained by and in the interest of religious, educational, scientific, philanthropic, agricultural, labor, or fraternal organizations or associations, not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual, the second-class postage rates shall be, irrespective of the zone in which delivered (except when the same are deposited in a letter-carrier office for delivery by its carriers, in which case the rates shall be the same as now provided by law), 1½ cents a pound or fraction thereof on and after July 1, 1918, and until July 1, 1919, and on and after July 1, 1919, 1½ cents a pound or fraction thereof. The publishers of such newspapers or periodicals before being entitled to the foregoing rates shall furnish to the Postmaster General, at such times and under such conditions as he may prescribe, satisfactory evidence that none of the net income of such organization inures to the benefit of any private stockholder or individual."



And the Senate agree to the same.

Amendment numbered 307: That the House recede from its disagreement to the amendment of the Senate numbered 307, and agree to the same with an amendment as follows: In lieu of the matter stricken out by said amendment insert the following:

"SEC. 1104. That where the total weight of any one edition or issue of any publication mailed to any one zone does not exceed 1 pound, the rate of postage shall be 1 cent."

And the Senate agree to the same.

Amendment numbered 308: That the House recede from its disagreement to the amendment of the Senate numbered 308, and agree to the same with an amendment as follows: In lieu of the matter stricken out by said amendment insert the following:

"SEC. 1105. The zone rates provided by this title shall relate to the entire bulk mailed to any one zone and not to individually addressed packages."

And the Senate agree to the same.

Amendment numbered 309: That the House recede from its disagreement to the amendment of the Senate numbered 309, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, and on page 63, line 1, of the bill in lieu of the figures "1206" insert the figures "1106"; and the Senate agree to the same.

Amendment numbered 310: That the House recede from its disagreement to the amendment of the Senate numbered 310, and agree to the same with amendments as follows: Restore the matter stricken out by said amendment, and on page 63, line 5, of the bill in lieu of the figures "1207" insert the figures "1107"; also on the same page of the bill, line 9, strike out the words "and second"; and the Senate agree to the same.

Amendment numbered 311: That the House recede from its disagreement to the amendment of the Senate numbered 311, and agree to the same with an amendment as follows: In lieu of the matter stricken out by said amendment, insert the following:

"SEC. 1108. That the salaries of postmasters at offices of the first, second, and third classes shall not be increased after July 1, 1917, during the existence of the present war. The compensation of postmasters at offices of the fourth class shall continue to be computed on the basis of the present rates of postage."

And the Senate agree to the same.

Amendment numbered 312: That the House recede from its disagreement to the amendment of the Senate numbered 312, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following:

"SEC. 1109. That where postmasters at offices of the third class have been since May 1, 1917, or hereafter are granted leave without pay for military purposes, the Postmaster General may allow, in addition to the maximum amounts which may now be allowed such offices for clerk hire, in accordance with law, an amount not to exceed 50 per cent of the salary of the postmaster."

And the Senate agree to the same.

Amendment numbered 313: That the House recede from its disagreement to the amendment of the Senate numbered 313, and agree to the same with amendments as follows: In line 1 of the matter inserted by said amendment strike out the figures "1002" and insert in lieu thereof the figures "1110"; in line 9 of the matter inserted by said amendment strike out the word "proviso" and insert in lieu thereof the word "section"; and in line 13 of the matter inserted by said amendment strike out the words "bona fide"; and the Senate agree to the same.

Amendment numbered 314: That the House recede from its disagreement to the amendment of the Senate numbered 314, and agree to the same with amendments as follows:

(1) In the first line of the matter inserted by said amendment strike out the figures "XI" and insert the figures "XII."

(2) In the second line of the matter inserted by said amendment strike out the figures "1100" and insert the figures "1200."

(3) On page 61 of the engrossed Senate amendments strike out all beginning with the colon in line 16 of the matter inserted by said amendment through the word "years," in line 17, page 62, and on page 73 of said engrossed amendments strike out all after the word "title," in line 5, through the word "years," in line 25, and in lieu of the matter thus stricken out insert the following on page 85 of said engrossed amendments after line 25:

"SEC. 31. (a) That the term 'dividends' as used in this title shall be held to mean any distribution made or ordered to be made by a corporation, joint-stock company, association, or insurance company, out of its earnings or profits accrued since March 1, 1913, and payable to its shareholders, whether in cash or in

stock of the corporation, joint-stock company, association, or insurance company, which stock dividend shall be considered income, to the amount of the earnings or profits so distributed.

"(b) Any distribution made to the shareholders or members of a corporation, joint-stock company, or association, or insurance company, in the year 1917, or subsequent tax years, shall be deemed to have been made from the most recently accumulated undivided profits or surplus, and shall constitute a part of the annual income of the distributee for the year in which received, and shall be taxed to the distributee at the rates prescribed by law for the years in which such profits or surplus were accumulated by the corporation, joint-stock company, association, or insurance company, but nothing herein shall be construed as taxing any earnings or profits accrued prior to March 1, 1913, but such earnings or profits may be distributed in stock dividends or otherwise, exempt from the tax, after the distribution of earnings and profits accrued since March 1, 1913, has been made. This subdivision shall not apply to any distribution made prior to August 6, 1917, out of earnings or profits accrued prior to March 1, 1913."

(4) On page 63 of said engrossed amendments, lines 9 and 10, strike out the words "connection with" and insert the words "the act authorizing."

(5) On page 63 of said engrossed amendments, line 19, strike out the figures "1101" and insert the figures "1201."

(6) On page 64 of said engrossed amendments, line 2, strike out the word "war" and insert the word "excess."

(7) On page 64 of said engrossed amendments strike out lines 7 and 8.

(8) On page 64 of said engrossed amendments, line 9, strike out the figures "1102" and insert "1202."

(9) On page 64 of said engrossed amendments, line 25, strike out the word "war" and insert the word "excess."

(10) On page 65 of said engrossed amendments strike out lines 6-13, inclusive.

(11) On page 65 of said engrossed amendments, line 14, strike out the figure "3" and insert the figure "2."

(12) On page 66 of said engrossed amendments, line 1, strike out the figures "1103" and insert the figures "1203."

(13) On page 67 of said engrossed amendments, line 15, strike out the figures "1104" and insert the figures "1204."

(14) On page 68 of said engrossed amendments, line 21, after the word "States" insert the following words inclosed in parentheses: "if and to the extent that it is provided in the act authorizing the issue of such obligations of the United States that they are exempt from taxation."

(15) On page 69 of said engrossed amendments, line 22, strike out the figures "1105" and insert "1205," and in the same line, after "(b)" and the comma, insert (c) and a comma.

(16) On page 70 of said engrossed amendments, at the end of line 15, insert the following: "make return thereof on or before March 1 of each year and, on or before the time fixed by law for the payment of the tax, shall."

(17) On page 70 of said engrossed amendments, after line 22, insert the following as a new paragraph:

"(c) The amount of the normal tax hereinbefore imposed shall also be deducted and withheld from fixed or determinable annual or periodical gains, profits, and income derived from interest upon bonds and mortgages, or deeds of trust or other similar obligations of corporations, joint-stock companies, associations, and insurance companies (if such bonds, mortgages, or other obligations contain a contract or provision by which the obligor agrees to pay any portion of the tax imposed by this title upon the obligee or to reimburse the obligee for any portion of the tax or to pay the interest without deduction for any tax which the obligor may be required or permitted to pay thereon or to retain therefrom under any law of the United States), whether payable annually or of shorter or longer periods and whether such interest is payable to a non-resident alien individual or to an individual citizen or resident of the United States, subject to the provisions of the foregoing subdivision (b) of this section requiring the tax to be withheld at the source and deducted from annual income and returned and paid to the Government, unless the person entitled to receive such interest shall file with the withholding agent, on or before February 1, a signed notice in writing claiming the benefit of an exemption under section 7 of this title."

(18) On page 72 of said engrossed amendments, line 3, after the word "section," insert a comma and the following: "except subdivision (c)," and a comma.

(19) On page 72 of said engrossed amendments, line 7, strike out "(c)" and both commas.

(20) On page 72 of said engrossed amendments, line 10, strike out the figures "1106" and insert "1206."

(21) On page 74 of said engrossed amendments, line 12, strike out all after the comma through the word "twelve," in line 13,



and insert the following: "but not including the amount of any income taxes paid by it within the year imposed by the authority of the United States."

(22) On page 74 of said engrossed amendments, line 17, after the word "business," insert the words "or is invested in obligations of the United States issued after September 1, 1917."

(23) On page 74 of said engrossed amendments, line 22, strike out all after the word "thereon" through the word "final" in line 24.

(24) On page 74 of said engrossed amendments, line 25, strike out the word "rate" and insert the word "rates."

(25) On page 75 of said engrossed amendments, line 4, strike out the word "rate" and insert the word "rates."

(26) On page 75 of said engrossed amendments, line 11, strike out the figures "1107" and insert "1207."

(27) On page 77 of said engrossed amendments, line 5, strike out the word "war" and insert the word "excess."

(28) On page 78 of said engrossed amendments, line 15, strike out the word "war" and insert the word "excess."

(29) On page 78 of said engrossed amendments, strike out all after line 19 through line 3 on page 80, and on page 5 of the bill, line 20, after the matter inserted by amendment No. 26, insert a comma and the following: "except that for the purpose of the tax imposed by this section the income embraced in a return of a corporation, joint-stock company or association, or insurance company, shall be credited with the amount received as dividends upon the stock or from the net earnings of any other corporation, joint-stock company or association, or insurance company, which is taxable upon its net income as provided in this title."

(30) On page 80 of said engrossed amendments, line 4, strike out "1108 (1)" and insert "1208" and a period.

(31) On page 80 of said engrossed amendments strike out all after line 20, through line 10 on page 81.

(32) On page 81 of said engrossed amendments, line 11, strike out the figures "1109" and insert "1209"

(33) On page 81 of said engrossed amendments, line 15, after the word "liable" insert the following: "to pay the tax" and a comma.

(34) On page 81 of said engrossed amendments, line 17, after the word "neglects" insert the following: "to pay such tax" and a comma.

(35) On page 82 of said engrossed amendments, line 12, strike out the figures "1110" and insert "1210"

(36) On page 83 of said engrossed amendments, line 5, strike out the figures "1111" and insert "1211"

(37) On page 85 of said engrossed amendments, line 11, before the period insert a comma and the following: "but shall not apply to the payment of interest on obligations of the United States"

(38) On page 85 of said engrossed amendments, line 14, strike out the word "war" and insert "excess"

(39) On page 85 of said engrossed amendments, line 17, strike out the word "war" and insert "excess."

(40) On page 85 of said engrossed amendments, line 25, before the period, insert a comma and the following: "owned by such foreign Governments, or from interest on deposits in banks in the United States of moneys belonging to foreign Governments."

(41) On page 85 of said engrossed amendments, strike out all after line 25, through line 8 on page 86.

(42) On page 86 of said engrossed amendments, line 9, strike out the figures "1112" and insert "1212."

(43) On page 86 of said engrossed amendments, line 14, after the comma, insert the following: "except in the cases covered by subdivision (c) of section 9 of such act, as amended by this act" and a comma.

And the Senate agree to the same.

Amendment numbered 320: That the House recede from its disagreement to the amendment of the Senate numbered 320, and agree to the same with an amendment as follows: In lieu of the figures "1204" inserted by said amendment insert the figures "1302"; and the Senate agrees to the same.

CLAUDE KITCHIN,  
HENRY T. RAINEY,  
LINCOLN DIXON,  
JOSEPH W. FORDNEY,  
J. HAMPTON MOORE,

*Managers on the part of the House.*

F. M. SIMMONS,  
WM. J. STONE,  
JOHN SHARP WILLIAMS,  
BOYES PENROSE,  
H. C. LODGE,

*Managers on the part of the Senate.*

# STATEMENT.

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4280) to provide revenue to defray war expenses, and for other purposes, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendment No. 1: The Senate limited the effectiveness of the additional individual normal tax to "during the present war"; and the Senate recedes.

On amendment No. 2: This amendment limits the 2 per cent additional individual normal tax to citizens or residents of the United States; and the House recedes.

On amendment No. 3: The Senate limited the effectiveness of the additional surtaxes to "during the present war"; and the Senate recedes.

On amendment No. 4: The Senate increased the additional surtax on the portion of net income between \$15,000 and \$20,000 from 5 to 6 per cent; and the Senate recedes.

On amendment No. 5: The Senate increased the additional surtax on the portion of net income between \$20,000 and \$40,000 from 6 to 8 per cent. The House recedes from its disagreement to the amendment with an amendment making the rate 7 per cent.

On amendment No. 6: The Senate increased the additional surtax on the portion of net income between \$60,000 and \$80,000 from 13.75 to 14 per cent; and the House recedes.

On amendment No. 7: The Senate increased the additional surtax on the portion of net income between \$80,000 and \$100,000 from 17.5 to 18 per cent; and the House recedes.

On amendment No. 8: The Senate increased the additional surtax on the portion of net income between \$100,000 and \$150,000 from 21.25 to 22 per cent; and the House recedes.

On amendment No. 9: The Senate increased the additional surtax on the portion of net income between \$250,000 and \$300,000 from 33.75 to 34 per cent; and the House recedes.

On amendment No. 10: The Senate decreased the additional surtax on the portion of net income between \$300,000 and \$500,000 from 37.5 to 37 per cent; and the House recedes.

On amendment No. 11: The House bill provided that the additional surtax on the portion of net income between \$500,000 and \$1,000,000 should be 41.25 per cent, and that the additional surtax on the portion of net income in excess of \$1,000,000 should be 45 per cent. The Senate amendment provides that the additional surtax shall be 40 per cent on the portion of income between \$500,000 and \$750,000, 45 per cent on the portion of net income between \$750,000 and \$1,000,000, and 50 per cent on the portion of the net income in excess of \$1,000,000; and the House recedes.

On amendments Nos. 12, 13, 14, 15, and 16: These amendments are clerical changes; and the House recedes.

On amendment No. 17: The House bill provided that the normal tax of individuals to be deducted and withheld at the source of the income should not apply to the new 2 per cent normal tax until on and after January 1, 1918; and that thereafter should apply only to incomes exceeding \$3,000. The Senate struck out this provision. The House recedes from its disagreement to this amendment with an amendment providing that the normal tax of individuals on the income derived from interest from bonds containing the tax-free covenant provision shall be deducted and withheld at the source of the income and providing that this provision shall not apply to the new 2 per cent normal tax until on and after January 1, 1918.

The effect of this provision and the withholding amendment to the income-tax title is to require the withholding of only 2 per cent upon the income from the corporate bonds.

On amendments Nos. 18 and 19: These amendments are clerical changes; and the House recedes.

On amendment No. 20: The House bill provided an additional 2 per cent levy on corporate net income. The Senate increased the additional tax on corporate net income to 4 per cent; and the House recedes.

On amendments Nos. 21, 22, 23, 24, 25, and 26: These amendments are clerical changes; and the House recedes.

On amendment No. 27: The House bill proposed the levy of an additional income tax equivalent to 33 1/3 per cent of the tax paid by individuals, corporations, joint-stock companies, or associations, or insurance companies upon their net incomes received during the calendar year 1916. The Senate eliminated this provision, and the House recedes.

On amendment No. 28: The House bill provided that on and after January 1, 1918, partnerships, withholding agents, corporations, joint-stock companies or associations, and insurance companies, liable for the payment of income, munitions, or



excess-profits taxes, under existing law or under this act, should pay without levy, assessment, or notice, simultaneously with the submission of their return of tax, the amount of tax for the payment of which they were liable under their tax return. The House provision also provided that individuals subject to the additional taxes commonly known as surtaxes should pay without levy, assessment, or notice, simultaneously with the submission of their return of tax the amount for which they were liable under their income-tax return. The Senate struck out this provision and substituted a new provision which is fully explained under amendment No. 299; and the House recedes.

On amendment No. 29: The House bill authorized collectors of internal revenue to receive uncertified checks in payment of income, munitions, and excess-profits taxes. The Senate struck out the House provision and substituted a similar provision which is fully explained under amendment No. 300; and the House recedes.

On amendment No. 30: This amendment is a change in section number; and the House recedes.

On amendments Nos. 31, 32, 33, and 34: These amendments provide that the provisions of Title I of this act shall not extend to Porto Rico and provide that the Porto Rican Legislature shall have power by due enactment to amend, alter modify or repeal the income-tax laws in force in Porto Rico; and the House recedes.

On amendment No. 35: This amendment allows a deduction in computing net income under the income tax of such amount, not to exceed 15 per cent of the taxpayer's taxable net income, as the taxpayer contributes during the taxable year to corporations or associations organized and operated exclusively for religious, charitable, scientific, or educational purposes, or to societies for the prevention of cruelty to children or animals. The House recedes from its disagreement to this amendment with an amendment transferring this provision to the income-tax title incorporating this deduction in the income-tax section relating to deductions to be allowed in computing net income.

On amendment No. 36: This amendment changed the title of Title II of the bill from "War excess-profits tax" to "War-profits tax." The Senate recedes from its amendment making the title "War excess-profits tax."

On amendment No. 37: The House bill levied an excess-profits tax in addition to the excess-profits tax now upon the statute books of 8 per cent upon the net income of corporations and partnerships in excess of 8 per cent of the capital actually invested, and an additional exemption of \$5,000. The Senate struck out the House provision and substituted therefor a war-profits tax providing graduated rates, ranging from 12 to 60 per cent upon incomes of corporations, partnerships, and individuals in excess of their respective average incomes during the years 1911, 1912, and 1913. The Senate provision, however, limited the exemption to an amount not less than 6 nor more than 10 per cent of the actual capital invested.

The Senate provision also provided that if the exemption on the basis of the prewar period (the average income for the years 1911, 1912, and 1913) allowed corporations, partnerships, and individuals in any individual case did not represent the deductions allowed representative concerns engaged in similar businesses, that the Secretary of the Treasury could allow an exemption in such cases equal to the same proportion of their net income for the taxable year that the deduction granted representative concerns was of the net income for the taxable year of such concerns, provided that the exemptions granted should not be less than 6 nor more than 10 per cent of the actual capital invested.

The House recedes from its disagreement to this amendment with an amendment levying an excess-profits tax upon the excess profits of corporations, partnerships, and individuals ranging from 20 to 60 per cent. In arriving at the excess profits, an exemption from the net income as shown by the income-tax returns of not less than 7 nor more than 9 per cent of the actual capital invested is to be allowed. In addition to this exemption, all domestic partnerships and citizens or residents of the United States are to be allowed a flat exemption of \$6,000 and all domestic corporations a flat exemption of \$3,000.

On amendment No. 38: This amendment is a clerical change; and the Senate recedes.

On amendment No. 39: This amendment is a clerical change; and the House recedes with an amendment changing the section number.

On amendment No. 40: The House bill levied an additional tax of \$1.10 per proof gallon or wine gallon when below proof, on distilled spirits regardless of the purpose for which withdrawn. The Senate increased the additional tax on such

spirits when withdrawn for beverage purposes to \$2.10 per proof gallon, or wine gallon when below proof, and provided that the additional tax on such spirits when withdrawn for other purposes should be the same as the tax provided in the House bill; and the House recedes with an amendment placing the additional \$2.10 tax also upon spirits withdrawn for use in the manufacture or production of any article used or intended for use as a beverage.

On amendment No. 41: This amendment is a clerical change; and the House recedes.

On amendment No. 42: This amendment levies an additional customs tax of \$1.10 per wine gallon upon all perfumes hereafter imported into the United States containing distilled spirits; and the House recedes.

On amendment No. 43: This amendment provided for the imposition of an additional tax of \$60 per 100 pounds on all grains, cereals, and other solid products and materials, and an additional tax of \$5 per wine gallon on all molasses, sirups, and other liquid fermented products and materials; and the Senate recedes.

On amendment No. 44: This amendment provides that no distilled spirits produced after the passage of this act shall be imported into the United States, except from the West Indian Islands recently acquired from Denmark, and in this case only when produced from products the growth of such islands. The House recedes from its disagreement to the amendment with an amendment changing the word "enactment" to "passage" and changing the section number.

On amendment No. 45: The purpose of this amendment is to facilitate the handling of distilled spirits under rules and regulations to be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury; and the House recedes, with an amendment changing the section number.

On amendment No. 46: This amendment is a modification of section 3283 of the Revised Statutes of the United States. Section 3283 requires distilleries to stop manufacturing distilled spirits at 11 o'clock p. m. on Saturday and to resume not earlier than 1 a. m. on Monday. At the present time the War Department needs probably all of the ethyl alcohol that can be produced; and the purpose of the amendment is to amend the law so that the work can be continuous. The Senate provision exempted, from the provisions of section 3283 of the Revised Statutes, the manufacture, warehousing, withdrawal, and shipment of ethyl alcohol for use of the United States or for denaturation. The House recedes from its disagreement to the amendment, with an amendment exempting from the provisions of the present law the manufacture, warehousing, withdrawal, and shipment of ethyl alcohol for other than beverage purposes.

On amendment No. 47: This amendment is a modification of section 3285 of the Revised Statutes of the United States. That section specifies 72 hours as the fermenting period at sweet-mash distilleries and had its origin a good many years ago, but under the present improved method of distillation and production no more than 48 hours are required for that purpose. Therefore there is a loss of 24 hours. The Secretary of the Treasury recommended the change for the purpose of supplying the Government needs; and the House recedes.

On amendment No. 48: This amendment is a clerical change; and the House recedes, with an amendment changing the section number.

On amendment No. 49: This amendment is a clerical change; and the Senate recedes.

On amendment No. 50: This amendment is a clerical change; and the House recedes.

On amendment No. 51: The House bill levied a tax of \$1.10 on each proof-gallon or wine-gallon when below proof of distilled spirits held on the day this act is passed by a retailer in a quantity in excess of 50 gallons in the aggregate, or by any other person, corporation, partnership, or association, in any quantity and regardless of the use intended to be made of such spirits. The Senate amended this provision, increasing the rate to \$2.10 per proof-gallon for such spirits intended for sale for beverage purposes and left the rate at \$1.10 for such spirits intended for other uses than beverage purposes; and the House recedes, with an amendment placing the additional \$2.10 tax also upon such spirits intended for use in the manufacture or production of any article used or intended for use as a beverage.

On amendments Nos. 52 and 53: These amendments place the floor tax upon distilled spirits upon the proof gallon only; and the House recedes.

On amendments Nos. 54 and 55: The House bill provided that the tax on distilled spirits in the custody of a court of bankruptcy in insolvency proceedings at the time of the passage of



this act shall be paid by the person to whom the court delivers such distilled spirits at the time of such delivery. The Senate amended this provision limiting it to distilled spirits in the custody of a court of bankruptcy in insolvency proceeding on June 1, 1917, and provided further that the person paying the tax should have an exemption of 50 gallons; and the House recedes.

On amendment No. 56: This amendment is a clerical change; and the House recedes, with an amendment changing the section number.

On amendments Nos. 57 and 58: These amendments change the basis for levying the tax upon rectified spirits from the wine gallon, as provided by the House bill, to the proof gallon; and the House recedes.

On amendment No. 59: This amendment provides that the tax on rectified spirits shall not apply to gin produced by the redistillation of a pure spirit over juniper berries and other aromatics. The House recedes from its disagreement with an amendment changing the word "enacted" to "passed."

On amendment No. 60: The House bill provided a penalty of not less than \$500 and imprisonment not more than two years for any violation of the provisions relating to rectified spirits. The Senate amended the provision by providing a penalty of not less than \$250 and not more than \$1,000 or imprisonment not more than two years. The House recedes from its disagreement to the Senate amendment with an amendment fixing the penalty at not more than \$1,000 or imprisonment not more than two years.

On amendment No. 61: The House bill provided that any person violating any provisions of the section relating to rectified spirits should in addition to the fine imposed be liable to double the tax evaded, the same to be recovered together with the tax on any bond given by him as rectifier. The Senate amended the provision by providing that any person violating such provisions should be subject, in addition to the fine imposed, to double the tax evaded, together with the tax, to be collected by assessment or on any given bond; and the House recedes.

On amendment No. 62: The purpose of this amendment is to do away with the use of the following useless and unnecessary stamps: Distillery warehouse, special bonded warehouse, special bonded rewarehouse, general bonded warehouse, general bonded retransfer, transfer brandy, export tobacco, export cigars, export oleomargarine, and export fermented liquor stamps. The House recedes with an amendment changing the section number.

On amendment No. 63: The purpose of this amendment is to authorize the Commissioner of Internal Revenue to require installation of additional meters, tanks, pipes, or other apparatus, if he deems such installations necessary in order to properly safeguard the revenue; and the House recedes with an amendment changing the section number.

On amendment No. 64: This amendment is a clerical change; and the House recedes with an amendment changing the section number.

On amendment No. 65: This amendment is a clerical change; and the Senate recedes.

On amendment No. 66: The House bill provided that the additional tax upon fermented liquors should be \$1.25 for every barrel containing not more than 31 gallons. The Senate increased this tax to \$1.50 per barrel, and the House recedes.

On amendment No. 67: The purpose of this amendment is to permit the saving of the residue from distillation at industrial distilleries and the manufacture therefrom of beverages containing not to exceed one-half of 1 per cent of alcohol by volume; and the House recedes with an amendment making certain minor clerical changes.

On amendment No. 68: The House bill doubled the tax now levied upon all wines except those containing not more than 14 per cent of alcohol. The House bill increased the tax upon wines containing not more than 14 per cent of alcohol an additional 2 cents per wine gallon. The Senate doubled the tax upon wines containing not more than 14 per cent of alcohol and provided an additional tax upon wines containing more than 14 per cent of alcohol and not fortified with grape brandy of \$1.10 per proof gallon. The House recedes from its disagreement to this amendment with an amendment levying an additional tax upon all still wine, including vermouth, and upon all champagne and other sparkling wines, liqueurs, cordials, artificial and other imitation wines or compounds sold as wine equal to the tax now imposed by law.

On amendments Nos. 69 and 70: These amendments are clerical changes; and the House recedes with amendments changing the section numbers.

On amendment No. 71: This amendment is a clerical change; and the Senate recedes.

On amendment No. 72: This amendment is a clerical change; and the House recedes.

On amendment No. 73: This amendment is a clerical change; and the House recedes with an amendment changing the section number.

On amendment No. 74: The House bill provided that the tax upon grape brandy or wine spirits be 10 cents per proof gallon in addition to the tax now levied by law. The Senate increased this additional tax to \$1 per proof gallon. The House recedes from its disagreement to this amendment, with an amendment making the additional tax levied upon grape brandy or wine spirits 20 cents per proof gallon.

On amendment No. 75: This amendment is a clerical change; and the House recedes with an amendment changing the section number.

On amendment No. 76: This amendment is a clerical change; and the House recedes.

On amendment No. 77: This amendment is a clerical change; and the Senate recedes.

On amendment No. 78: The House bill provided an additional tax upon sweet wines held for sale by the producer upon the passage of this act equivalent to 10 cents per proof gallon upon the grape brandy or wine spirits used in the fortification of such wine. The Senate increased this additional tax to \$1 per proof gallon, and the Senate recedes.

On amendment No. 79: The House bill levied an additional tax of 10 cents per proof gallon upon grape brandy or wine spirits withdrawn by the producer of sweet wines for the purpose of fortifying such wines and not so used prior to the passage of this act. The Senate increased this tax to \$1 per proof gallon. The House recedes from its disagreement to this amendment with an amendment making this additional tax 20 cents per proof gallon.

On amendment No. 80: This amendment is a clerical change; and the Senate recedes.

On amendment No. 81: This amendment is a clerical change; and the House recedes with an amendment changing the section number.

On amendment No. 82: The House bill levied a tax equivalent to 10 per cent of the price for which all prepared sirups or extracts (intended for use in the manufacture or production of beverages, commonly known as soft drinks, by soda fountains, bottling establishments, and other similar places) are sold by the manufacturers, producers, or importers. The Senate struck out the House tax and substituted in lieu thereof graduated rates upon such sirups or extracts, ranging from 3 cents per gallon upon such sirups or extracts when sold for not more than \$1.25 per gallon to a tax of 12 cents per gallon when such sirups or extracts are sold for more than \$4 per gallon. The House recedes from its disagreement to this amendment with an amendment adopting the Senate classification and increasing the rate to 5 cents per gallon upon such sirups or extracts when sold for not more than \$1.30 per gallon, and graduating the other rates so that the tax levied upon such sirups or extracts when sold for more than \$4 per gallon will be 20 cents per gallon.

On amendment No. 83: This amendment is a clerical change; and the House recedes.

On amendment No. 84: The House bill provided a tax of 2 cents per gallon upon ginger ale, root beer, sarsaparilla, pop, and other carbonated waters or beverages manufactured or sold by the manufacturer, producer, or importer of the carbonic acid gas used in carbonating the same, and upon all unfermented grape juice, soft drinks, or artificial mineral waters (not carbonated), and fermented liquors containing less than one-half of 1 per cent of alcohol; the Senate reduced this tax to 1 cent per gallon; and the House recedes.

On amendment No. 85: This amendment is a clerical change; and the House recedes.

On amendment No. 86: The House bill provided a tax of 8 cents per pound upon all carbonic acid gas in drums or other containers intended for use in the manufacture or production of carbonated water or other drinks sold by the manufacturer, producer, or importer. The Senate struck out this provision and substituted a new section, which will be explained under amendment No. 88; and the House recedes.

On amendment No. 87: This amendment is a clerical change; and the House recedes, with an amendment changing the section number.

On amendment No. 88: The Senate reduced the tax upon carbonic acid gas in drums or other containers (intended for use in the manufacture or use of carbonated waters or other drinks) to 5 cents per pound and provided that this tax should be paid by the purchaser to the vendor and collected, returned, and paid to the United States by the vendor; and the House recedes with an amendment changing the section number.



On amendments Nos. 89 and 90: These amendments are clerical changes; and the House recedes.

On amendments Nos. 91 to 108, inclusive: These amendments relate to the tax upon cigars. The House bill provided the following rates upon cigars made of tobacco or any substitute therefor and weighing more than 3 pounds per thousand: If manufactured or imported to retail at not more than 4 cents each, 50 cents per thousand; if manufactured or imported to retail at more than 4 cents and not more than 6 cents each, \$1 per thousand; if manufactured or imported to retail at more than 6 cents and not more than 10 cents each, \$2 per thousand; if manufactured or imported to retail at more than 10 cents and not more than 15 cents each, \$4 per thousand; if manufactured or imported to retail at more than 15 cents and not more than 20 cents each, \$5 per thousand; if manufactured or imported to retail at more than 20 cents each and not more than 25 cents each, \$7 per thousand; if manufactured or imported to retail at more than 25 cents each, \$10 per thousand. The Senate changed the cigar classification and rates as follows: If manufactured or imported to retail at 4 cents or more each and not more than 7 cents each, \$1 per thousand; if manufactured or imported to retail at more than 7 cents each and not more than 15 cents each, \$3 per thousand; if manufactured or imported to retail at more than 15 cents each and not more than 20 cents each, \$5 per thousand; if manufactured or imported to retail at more than 20 cents each, \$7 per thousand; and the House recedes.

On amendment No. 109: This amendment makes the administrative provision relating to cigars apply to the importer; and the House recedes.

On amendment No. 110: The House bill provided that the manufacturer should affix to each box or container of cigars a conspicuous label indicating the maximum retail price of each cigar. The Senate changed this provision to apply to the importer as well as the manufacturer and requires each to indicate on each box or container of cigars by letter the class of this section under which the cigars therein contained have been tax paid; and the House recedes.

On amendment No. 111: This amendment is a clerical change; and the House recedes.

On amendment No. 112: The House bill levied an additional tax of \$1.25 per thousand upon cigarettes weighing not more than 3 pounds per thousand. The Senate reduced this tax to 75 cents per thousand. The House recedes from its disagreement to this amendment with an amendment making this tax 80 cents per thousand.

On amendment No. 113: This amendment levies an additional tax of \$1.20 per thousand upon cigarettes weighing more than 3 pounds per thousand; and the House recedes.

On amendment No. 114: The House bill authorized the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, to provide the dies and stamps for cigars and cigarettes necessary under the taxes in effect and the sizes of packages authorized after the provisions of this act take effect. The Commissioner of Internal Revenue already has ample authority to do the act specified; and the House recedes.

On amendments Nos. 115 to 120, inclusive: These amendments relate to the sizes of packages in which cigarettes may be put up; and the House recedes.

On amendment No. 121: The House bill levied an additional tax upon manufactured tobacco and snuff of 8 cents per pound. The Senate reduced this tax to 4 cents per pound. The House recedes from its disagreement to this amendment with an amendment making the additional tax 5 cents per pound.

On amendment No. 122: This amendment relates to the date of effectiveness of the additional taxes upon cigars, cigarettes, manufactured tobacco and snuff, and cigarette papers. The Senate made these taxes effective upon the passage of the act. The House recedes from its disagreement to this amendment with an amendment making the aforementioned taxes effective 30 days after the passage of this act.

On amendment No. 123: This amendment is a clerical change; and the Senate recedes.

On amendment No. 124: This amendment is a clerical change; and the House recedes.

On amendments Nos. 125 to 131, inclusive: The House bill allowed the following exemptions from the floor-stock tax levied under the provisions of this act upon manufactured tobacco and snuff, cigars and cigarettes: One thousand pounds of manufactured tobacco and snuff and 20,000 cigars or cigarettes. The House bill only allowed these exemptions to each person, corporation, partnership, or association. The Senate reduced the House exemptions as follows: One hundred pounds of manufactured tobacco and snuff, 500 cigars, and 1,000 cigarettes, but provided that the exemptions should apply to each place of business; and the Senate recedes from its amend-

ments providing that the exemptions should apply to each place of business, and the House recedes from its amendments Nos. 125 and 130 making the exemption from the floor-stock tax 100 pounds of manufactured tobacco and snuff and 1,000 cigars or cigarettes.

On amendment No. 132: This amendment is a clerical change; and the House recedes.

On amendment No. 133: This amendment is a clerical change; and the Senate recedes.

On amendment No. 134: This amendment is a clerical change; and the House recedes.

On amendment No. 135: This amendment is a clerical change; and the Senate recedes.

On amendment No. 136: The House bill provided for an additional levy of a tax equal to one-half the additional taxes levied upon cigars, cigarettes, manufactured tobacco, and snuff, removed from factory or customhouse after the passage of this act but prior to the time when the additional taxes become effective. The Senate struck out this provision; and the Senate recedes.

On amendment No. 137: This amendment is a clerical change; and the Senate recedes.

On amendment No. 138: This amendment is a clerical change; and the House recedes.

On amendment No. 139: The House bill levied a tax of one-fourth of 1 cent on each book or set of cigarette papers containing not more than 25 papers. The Senate struck out this provision; and the House recedes.

On amendment No. 140: The House bill provided that the tax upon cigarette papers, made up into packages, books, sets, or tubes should be paid by stamps affixed by the person, corporation, partnership, or association making up or importing the cigarette packages, books, sets, or tubes. The Senate struck out this provision. The effect of this action is to allow the tax to be collected in such manner as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe; and the House recedes.

On amendment No. 141: This amendment is a clerical change; and the Senate recedes.

On amendment No. 142: The House bill provided that the war taxes on facilities furnished by public utilities and insurance should become effective June 1, 1917. The Senate changed the date of effectiveness to November 1, 1917; and the House recedes.

On amendment No. 143: This amendment provides that the 3 per cent freight tax shall apply to the amount paid for transportation by any form of mechanical motor power when in competition with carriers by rail or water; and the House recedes.

On amendment No. 144: The House bill provided a tax upon express of 6 per cent upon the amount paid for the transportation of property by express companies. The Senate amended this provision by proposing a tax of 1 cent for each 25 cents or fraction thereof, paid to any person, corporation, partnership, or association engaged in the business of transporting parcels or packages by express. The House recedes from its disagreement to the amendment with an amendment changing the tax to 1 cent for each 20 cents or fraction thereof.

On amendment No. 145: This amendment is a clerical change; and the House recedes.

On amendment No. 146: The House bill provided a tax equivalent to 10 per cent of the amount paid for the transportation of persons by rail or water. The Senate reduced this tax to 5 per cent. The House recedes from its disagreement to the Senate amendment with an amendment making the tax 8 per cent.

On amendment No. 147: This amendment increases the scope of the tax upon the transportation of persons to include the transportation of persons by any form of mechanical motor power when in competition with carriers by rail or water. The House recedes from its disagreement to this amendment by making the tax upon the transportation of persons apply to any form of mechanical motor power on a regular established line when in competition with carriers by rail or water.

On amendment No. 148: The House bill limited the tax upon transportation of persons to the amount paid for the transportation of persons within the United States. The Senate amended this provision to make the tax apply to the amount paid for transportation of persons from one point in the United States to another or to any point in Canada or Mexico where the ticket therefor is sold or issued in the United States; and the House recedes.

On amendment No. 149: The House bill provided that the tax to be paid upon the amount paid for the transportation of persons should not apply to the amount paid for commutation or season tickets for trips less than 30 miles. The Senate increased this exemption limit to 40 miles; and the Senate recedes.



On amendment No. 150: The House bill exempted fares not in excess of 25 cents from the tax upon the transportation of persons. The Senate increased this exemption to 35 cents; and the House recedes.

On amendment No. 151: The House bill provided a tax equivalent to 10 per cent of the amount paid for seats, berths, and staterooms in parlor cars, sleeping cars, or on vessels. The Senate reduced this tax to 5 per cent; and the Senate recedes.

On amendments Nos. 152 and 153: These amendments are clerical changes; and the House recedes.

On amendment No. 154: This amendment provides that if a ticket (other than a mileage book) is bought but not used before the transportation tax becomes effective that it shall not be valid for passage until the tax has been paid, nor until the payment is evidenced on the ticket in such manner as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may by regulation prescribe; and the House recedes.

On amendment No. 155: The House bill levied a tax equivalent to 5 per cent of the amount paid for electric power for domestic uses, and of the amount paid for light or heat service, and also a tax equivalent to 5 per cent of the amount paid for telephone service by subscribers, exclusive of the amount paid for toll or long-distance calls. The Senate struck out these taxes, and the House recedes.

On amendment No. 156: This amendment makes radio dispatches subject to a 5-cent tax upon each dispatch for which a charge of 15 cents or more is imposed; and the House recedes.

On amendments Nos. 157 to 160, inclusive: These amendments are clerical changes; and the House recedes.

On amendment No. 161: This amendment is a clerical change; and the House recedes with an amendment substituting the word "such" for the word "the."

On amendments Nos. 162, 163, and 164: These amendments are clerical changes; and the House recedes.

On amendment No. 165: This amendment provides that the transportation taxes shall not be construed to apply to the transportation of company material transported by one carrier which constitutes a part of a railroad system for another carrier which is also a part of the same system, nor to movements by railroad companies of the outfit, property, and persons of any amusement company, which, in the conduct of its business, owns and provides its rolling stock and equipment and which is not engaged in the transportation of commodities for sale or exchange, nor to the amount paid for special mileage books issued under transportation contracts to such amusement companies and issued for the transportation of its bona fide employees and agents. The House recedes from its disagreement with the Senate amendment with an amendment providing that the transportation taxes shall not apply to the transportation of company material transported by one carrier which constitutes a part of a railroad system for another carrier which is also part of the same system.

On amendment No. 166: The House bill provided that no war tax on facilities furnished by public utilities should be imposed upon any payment received for service rendered to officers or employees of the United States, or of any State or political subdivision thereof, in the course of their official business. The Senate amended this provision by providing that such taxes should not apply to any payment received for services rendered to the United States or any State, Territory, or the District of Columbia. It further provided that the right to this exemption should be evidenced in such manner as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, should by regulation prescribe; and the House recedes.

On amendment No. 167: The House bill levied the following rates upon insurance: Upon life insurance, a tax equivalent to 8 cents on each \$100 or fractional part thereof of the amount for which any life is insured; upon marine, inland, and fire insurance, a tax equivalent to 1 cent on each \$1 or fractional part thereof of the premium charge on each policy of insurance; upon casualty insurance, a tax equivalent to 1 cent on each \$1 or fractional part thereof of the premium charge upon each policy of insurance or obligation of the nature of indemnity for loss, damage, or liability (except bonds taxable under subdivision 2 of Schedule A of Title VIII, which will be referred to under amendment No. 256). The Senate struck out all the insurance taxes. The House recedes from its disagreement to this amendment with an amendment restoring the insurance taxes provided in the House bill and changed the date of effectiveness of these taxes from June 1 to November 1, 1917.

On amendment No. 168: This amendment relates to making the return and the payment of the taxes due under the insurance

provisions. The Senate struck out this provision when it eliminated the insurance taxes; and, since the insurance taxes have been restored, the Senate recedes.

On amendment No. 169: Title VI of the House bill was entitled "War tax on manufacturers." The Senate changed the title to read "War excise taxes"; and the House recedes.

On amendment No. 170: The House bill levied a tax upon automobiles, automobile trucks, automobile wagons, and motorcycles, and automobile, motorcycle, or bicycle tires, including inner tubes, equivalent to 5 per cent of the manufacturer's, producer's, or importer's selling price. The Senate struck out this provision. The House recedes from its disagreement to this amendment with an amendment making the tax upon automobiles, automobile trucks, automobile wagons, and motorcycles 3 per cent of the manufacturer's, producer's, or importer's selling price.

On amendment No. 171: The House bill provided a tax of 5 per cent upon the selling price of all musical instruments sold by the manufacturer, producer, or importer for more than \$10 each. This tax also applied to piano players, graphophones, phonographs, talking machines, and records used in connection with any musical instrument, piano player, graphophone, phonograph, or talking machine. The Senate struck out this provision. The House recedes from its disagreement to this amendment with an amendment levying a tax upon piano players, graphophones, phonographs, talking machines, and records used in connection with any musical instrument, piano player, graphophone, phonograph, or talking machine equivalent to 3 per cent of the manufacturer's, producer's, or importer's selling price.

The House bill provided a tax of one-half of 1 cent per linear foot upon all moving-picture films (which have not been exposed) sold by the manufacturer or importer. The Senate struck out this provision. The House recedes from its disagreement to this provision with an amendment restoring the House provision and making the tax one-fourth of 1 cent per linear foot.

The House bill provided a tax equivalent to 1 cent per linear foot upon all moving-picture films (containing a picture ready for projection) sold or leased by the manufacturer, producer, or importer. The Senate struck out this provision. The House recedes from its disagreement to this amendment with an amendment restoring the House provision and making the tax one-half of 1 cent per linear foot.

The House bill provided for the levy of a tax equivalent to 5 per cent of the manufacturers', producers', or importers' selling price on any article commonly or commercially known as jewelry, whether real or imitation. The Senate struck out this provision. The House recedes from its disagreement to this provision with an amendment restoring the House provision and fixing the rate at 3 per cent of the price for which so sold.

The House bill provided for the levy of a tax equivalent to 5 per cent of the manufacturers', builders', or importers' selling price on yachts, pleasure boats, motor boats, or other vessels not used nor intended to be used for trade. The Senate struck out the House provision and levied an excise tax upon the use of yachts, pleasure boats, power boats, and sailing boats, of over 5 net tons, and motor boats with fixed engines, not used exclusively for trade or national defense, or not built according to plans or specifications approved by the Navy Department at rates as follows: Yachts, pleasure boats, power boats, motor boats with fixed engines, and sailing boats, of over 5 net tons, length not over 50 feet, 50 cents for each foot; length over 50 feet and not over 100 feet, \$1 for each foot; length over 100 feet, \$2 for each foot. Motor boats of not over 5 net tons with fixed engines, \$5. The House agrees to the Senate amendment to this provision with an amendment making this provision section 603 of the bill and transferring it to the end of Title VI.

On amendment No. 172: This amendment is a clerical change; and the Senate recedes.

On amendment No. 173: This amendment is a clerical change; and the House recedes with an amendment changing the letter "a" to "f."

On amendment No. 174: This amendment is a clerical change; and the House recedes.

On amendment No. 175: The House bill proposed a tax upon fishing lines equivalent to 5 per cent of the manufacturers', producers', or importers' selling price. The Senate struck out this provision; and the House recedes.

On amendment No. 176: This amendment provides that the tax levied in the sporting-goods section shall not apply to children's toys and games; and the House recedes.

On amendment No. 177: The House bill provided for the levy of a tax equivalent to 5 per cent of the manufacturers', producers', or importers' selling price upon all articles specified in the sporting-goods section. The Senate reduced this tax to 2



per cent. The House recedes from its disagreement to this amendment with an amendment making the tax 3 per cent.

On amendment No. 178: This amendment is a clerical change; and the House recedes with an amendment changing the letter "b" to the letter "g."

On amendments Nos. 179, 180, and 181: These amendments are clerical changes; and the House recedes.

On amendment No. 182: The House bill provided for the levy of a tax equivalent to 5 per cent of the manufacturers', importers', or producers' selling price upon perfumery, cosmetics, toilet soaps and powders, and similar articles. The Senate reduced this tax to 2 per cent; and the House recedes.

On amendment No. 183: This amendment is a clerical change; and the House recedes with an amendment changing the letter "c" to "h."

On amendment No. 184: This amendment is a clerical change; and the House recedes with an amendment changing the word "fourteen" to "thirteen."

On amendment No. 185: The House bill provided for the levy of a tax upon medicinal preparations, compounds, or compositions equivalent to 5 per cent of the manufacturers', producers', or importers' selling price. The Senate reduced the rate to 2 per cent; and the House recedes.

On amendment No. 186: The House bill provided a tax on chewing gum equivalent to 5 per cent of the manufacturers', producers', or importers' selling price. The Senate struck out this provision. The House recedes from its disagreement to the amendment with an amendment restoring the House provision and making the rate 2 per cent.

On amendment No. 187: This amendment provides for a tax upon cameras equivalent to 2 per cent of the manufacturers', producers', or importers' selling price. The House recedes from its disagreement to this amendment with an amendment making the tax 3 per cent.

On amendment No. 188: This amendment is a clerical change, and the Senate recedes.

On amendment No. 189: This amendment is a clerical change, and the House recedes.

On amendment No. 190: This amendment is a clerical change, and the Senate recedes.

On amendment No. 191: This amendment is a clerical change, and the House recedes.

On amendment No. 192: The House bill levied a floor-stock tax, equivalent to 5 per cent of the purchase price, on any automobiles, musical instruments, jewelry, sporting goods, perfumes, cosmetics, toilet soaps and powders, medicinal preparations, compounds or compositions, and chewing gum, held and intended for sale by any person, corporation, partnership, or association other than a retailer who is not also a wholesaler, and on all such articles which, between April 6, 1917, and the day this act is passed, have been sold to, and on the day this act is passed are held and intended for sale by a retailer who is not also a wholesaler. The Senate struck out this provision. The House recedes from its disagreement to this amendment with an amendment levying a tax on such articles which, on the day this act is passed, are held and intended for sale by any person, corporation, partnership, or association, other than a retailer who is not also a wholesaler, equivalent to one-half the tax levied upon such articles by section 600.

On amendment No. 193: This amendment is a clerical change; and the Senate recedes.

On amendment No. 194: The House bill provided that the admission taxes should become effective June 1, 1917. The Senate bill provided that they should become effective November 1, 1917; and the House recedes.

On amendments Nos. 195 to 198, inclusive: These amendments are clerical changes; and the House recedes.

On amendment No. 199: This amendment provides that the tax on admissions of children where an admission charge is made for such children shall in every case be 1 cent. The House recedes from its disagreement to this amendment with an amendment providing that the tax on admissions of children under 12 years of age where an admission charge is made for such children shall in every case be 1 cent.

On amendment No. 200: The House bill imposed a tax of 5 cents upon each admission of each person (except in the case of a bona fide employee and children under 12 years of age and municipal officers on official business) admitted free to any place for which a charge is made, and provided that this tax was to be paid by the person admitted.

The Senate struck out this provision and inserted in lieu thereof the following taxes: A tax of 1 cent for each 10 cents or fraction thereof paid for admission to any public performance for profit at any cabaret or other similar entertainment to which the charge for admission is wholly or in part included in the

price paid for refreshment, service, or merchandise; a tax equivalent to 5 per cent of the amount paid in excess of the established price for tickets of admission to theaters and operas and other places of amusement sold at news stands, hotels, and places other than the ticket offices of such theaters, operas, or other places of amusement at not to exceed 50 cents in excess of the sum of the established price charged at such ticket office; a tax equivalent to 30 per cent of the amount of any excess charge for such tickets sold for more than 50 cents in excess of the established selling price at the theater; and a tax equivalent to 50 per cent of the amount for which the proprietors, managers, or employees of any opera house, theater, or other place of amusement sell or dispose of tickets in excess of the regular or established price or charge therefor.

The House recedes from its disagreement to this amendment with an amendment imposing a tax of 1 cent for each 10 cents or a fraction thereof of the price charged to persons (except bona fide employees, municipal officers on official business, and children under 12 years of age) admitted free to any place at a time when and under circumstances under which an admission charge is made to other persons of the same class; and also imposing a tax of 1 cent for each 10 cents or fraction thereof paid for any admission to any public performance for profit at any cabaret or other similar entertainment to which the charge for admission is wholly or in part included in the price paid for refreshment, service, or merchandise.

On amendment No. 201: This amendment is a clerical change, striking out the House provision levying a tax of 1 cent upon the admission of children under 12 years of age. This provision has been changed to another part of this section and fully explained under amendment No. 199, and the House recedes.

On amendment No. 202: This amendment exempted from the admission tax admissions to moving-picture shows and outdoor general amusement parks, main gates, shows, and rides therein, the maximum charge for admission to which is 25 cents. The House recedes from its disagreement to the amendment with an amendment exempting from the admission tax admissions to shows, rides, and other amusements (the maximum charge for admission to which is 10 cents) within outdoor general amusement parks and admissions to such parks.

On amendment No. 203: The House bill provided that the admission tax should not apply to agriculture fairs whose entire proceeds inure exclusively for agriculture purposes. The Senate amended this provision so that the admission tickets should not apply to admissions to agriculture fairs nor to admissions to bona fide chautauquas nor lyceum courses which are contracted for or guaranteed by local companies, associations, or individuals. The House recedes from its disagreement to this amendment with an amendment providing that the admission tax shall not apply to agriculture fairs "none of the profits of which are distributed to stockholders or members of the association conducting the same."

On amendment No. 204: The House bill levied a tax equivalent to 10 per cent of the amount paid as dues or membership fees (except initiation fees) to any social, athletic, or sporting club or organization. The Senate struck out this provision. The House recedes from its disagreement to the Senate amendment with an amendment restoring the House provision and providing that the tax shall become effective November 1, instead of June 1, 1917, and providing that the tax shall not apply to such clubs or organizations if the dues do not exceed \$12 per year. The amendment also provides that the tax shall not apply to any fraternal beneficiary society, order, or association, operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system, and providing for the payment of life, sick, accident, or other benefits to the members of such society, order, or association or their dependents.

On amendments Nos. 205, 206, 207, 208, 209, and 210: These amendments are clerical changes; and the Senate recedes.

On amendment No. 211: This amendment provides for making returns of certain of the admission taxes that were stricken out in conference and explained in amendment No. 200; and the Senate recedes.

On amendment No. 212: The House bill provided that the war stamp taxes should be effective June 1, 1917. The Senate changed the date to November 1, 1917; and the House recedes with an amendment making these taxes effective December 1, 1917.

On amendments Nos. 213 to 233, inclusive: These amendments are amendments to the war stamp tax administrative provisions and clerical in nature and in the interest of clearness; and the House recedes.

On amendment No. 234: This amendment was merely a clerical change; and the House recedes from its disagreement to the



amendment with an amendment making a further clerical change.

On amendments Nos. 235 to 254, inclusive: These amendments are amendments to the war stamp tax administrative provisions and clerical in nature and in the interest of clearness; and the House recedes.

On amendment No. 255: The House bill provided that the tax of 5 cents on each \$100 of face value or fraction thereof on bonds, debentures, or certificates of indebtedness should become effective June 1, 1917. The Senate changed the date to November 1, 1917; and the House recedes with an amendment making their tax effective December 1, 1917.

On amendment No. 256: The House bill provided a tax on indemnity and surety bonds of 50 cents, unless a premium is charged for the execution of such bonds, in which case the tax was to be at the rate of 1 per cent on each dollar or fractional part thereof of the premium charged. The House provision also exempted policies of reinsurance from this tax. The Senate struck out this provision; and the Senate recedes.

On amendment No. 257: This amendment levies a tax on parcel-post packages on which the postage amounts to 25 cents or more of 1 cent for each 25 cents or fractional part thereof charged for such transportation, and provides that the tax shall be paid by the consignor. The House recedes from its disagreement to the amendment with an amendment changing the number of the subdivision to "14" and placing the provision at the end of the war stamp taxes title.

On amendments Nos. 258 to 261, inclusive: These amendments are clerical changes; and the House recedes.

On amendment No. 262: This amendment limits the tax on sales of produce on any exchange by providing that sellers of commodities having paid this tax may transfer such contracts to a clearing-house corporation or association, and such transfer shall not be deemed a sale or agreement of sale or an agreement to sell within the provisions of this act if such transfer does not vest any beneficial interest in such clearing-house association and if it is made for the sole purpose of enabling such clearing-house association to adjust and balance the accounts of the members of said clearing-house association; and the House recedes.

On amendment No. 263: This amendment is a clerical change; and the House recedes.

On amendment No. 264: This amendment exempted renewed promissory notes from the stamp tax on promissory notes of 2 cents on each \$100; and the Senate recedes.

On amendment No. 265: This amendment is a clerical change; and the House recedes.

On amendments Nos. 266, 267, and 268: These amendments limit the passage-ticket taxes to passage tickets sold or issued in the United States for passage by any vessel to a port or place not in the United States, Canada, or Mexico. These amendments are necessary in view of the House receding from Senate amendment No. 148 relating to passenger transportation; and the House recedes.

On amendment No. 269: This amendment exempts from the proxy tax of 10 cents proxies for voting at any election for officers, or meeting for the transaction of business, of any fraternal society; and the House recedes.

On amendment No. 270: This amendment is a clerical change; and the House recedes.

On amendment No. 271: This amendment is a clerical change; and the Senate recedes.

On amendment No. 272: The House bill levied a flat additional tax on playing cards of 8 cents per pack. The Senate amended the provision by providing an additional tax of 3 cents per pack on playing cards manufactured or imported to sell at retail for not more than 15 cents per pack, and by leaving the House rate on playing cards manufactured or imported to sell at retail for more than 15 cents per pack. The House recedes from its disagreement to the amendment with an amendment making the additional rate of tax on all playing cards 5 cents per pack.

On amendment No. 273: This amendment is a clerical change; and the Senate recedes.

On amendment No. 274: The House bill levied additional estate taxes ranging from one-half of 1 per cent of the amount of the net estate not in excess of \$50,000 to 15 per cent of the amount of the net estate in excess of \$15,000,000. The House provision also reduced the deduction to be allowed in arriving at the net estate to \$25,000 in lieu of the present deduction of \$50,000, and levied a tax of 1 per cent upon the amount of the estate between \$25,000 and \$50,000. The Senate struck out this provision. The House recedes from its disagreement to this amendment with an amendment restoring subdivision (a), the House provision, but providing that the additional tax levied in this title shall not apply to the transfer of the net

estate tax of any decedent dying while serving in the military or naval forces of the United States during the continuance of the war in which the United States is now engaged, or if death results from injuries received or disease contracted in such service, within one year after the termination of such war. The amendment restoring the House provision strikes out the last House classification and provides that the highest additional estate tax rate shall be 10 per cent on net estate in excess of \$10,000,000.

On amendment No. 275: The House bill levied a customs duty of 10 per cent on practically all articles that are now admitted into the United States free of duty and an additional duty of 10 per cent on all dutiable articles. Title X of the House bill also levied a war tax on coffee and tea. The Senate struck out the entire title, which contained the war customs duties and the war tax on coffee and tea; and the House recedes.

On amendments Nos. 276, 277, 278, and 279: These amendments relate to changes in title and section numbers; and the House recedes with amendments properly numbering the same.

On amendment No. 280: This amendment provided that where additional taxes are imposed by this act upon articles or commodities upon which the tax imposed by existing law has been paid, the person, corporation, partnership, or association required by this act to pay the tax shall make return for assessment of the tax within 30 days after the enactment of the act. The House recedes from its disagreement to the amendment with an amendment changing the word "enactment" to the word "passage."

On amendment No. 281: The House bill provided that the tax shown to be due by the return for the assessment of additional taxes upon articles or commodities upon which the tax imposed by existing law had been paid should be paid on or before November 1, 1917. The Senate amended the provision extending the time of payment to six months after the passage of this act, but provided that the time should be extended upon the filing of bond for payment in such form and amount and with such sureties as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe. The House receded from its disagreement to the amendment with an amendment extending the time of payment to seven months after the passage of the act.

On amendment No. 282: This amendment relates to a change in section number; and the House recedes with an amendment properly numbering the same.

On amendment No. 283: This amendment is a clerical change; and the House recedes.

On amendments Nos. 284, 285, 286, and 287: These amendments relate to changes in section numbers; and the House recedes with amendments properly numbering the same.

On amendment No. 288: This amendment is a clerical change; and the Senate recedes.

On amendments Nos. 289 and 290: These amendments are clerical changes; and the House recedes.

On amendments Nos. 291 to 296, inclusive: These amendments are clerical changes; and the Senate recedes.

On amendment No. 297: This amendment relates to a change in section number; and the House recedes with an amendment properly numbering the same.

On amendment No. 298: This amendment provides that in the payment of any tax under this act not payable by stamp a fractional part of a cent shall be disregarded unless it amounts to one-half cent or more; in which case it shall be increased to 1 cent; and the House recedes.

On amendment No. 299: The purpose of this amendment is to permit the payment of income and excess-profits taxes in installments. The House recedes from its disagreement to this amendment with an amendment permitting the payment of income and excess-profits taxes in installments, and also providing that the Secretary of the Treasury may allow credit against such taxes so paid in advance of an amount not exceeding 3 per cent per annum, calculated upon the amount so paid from the date of such payment to the date now fixed by law for such payment, and providing that no such credit shall be allowed on payments made after the expiration of four and one-half months after the close of the taxable year.

On amendment No. 300: The purpose of this amendment is to permit collectors of internal revenue to receive uncertified checks and certificates of indebtedness issued under the bond and certificate of indebtedness act of April 24, 1917, and subsequent acts, in payment of income and excess-profits taxes. The House recedes from its disagreement to this amendment with a similar amendment making minor changes and providing that collectors of internal revenue may receive uncertified checks and certificates of indebtedness at par and accrued interest in payment of income and excess-profits taxes.



On amendment No. 301: This amendment merely changes the title number, and the House recedes from its disagreement to this amendment with an amendment properly numbering the title.

On amendment No. 302: The Senate bill as originally reported by the Finance Committee contained a war tax on profits of publications, and the postal rate title was extended to cover this provision. This provision was struck out in the Senate; and the Senate recedes from its amendment to the postal rate title.

On amendment No. 303: The House bill increased the postal rates upon first-class mailing matter 1 cent for each ounce or fraction thereof, but provided that the rate of postage on drop letters of the first class should be 2 cents an ounce or fraction thereof. This provision also increased the rate upon postal cards an additional 1 cent each. The House bill provided that the foregoing rates upon first-class matter should become effective 10 days after the passage of the act. The Senate struck out this provision and incorporated a new section providing that letters written and mailed by soldiers, sailors, and marines assigned to duty in a foreign country engaged in the present war may be mailed free of postage, subject to such rules and regulations as may be prescribed by the Postmaster General. The House recedes from its disagreement to this amendment, with an amendment restoring the House provision and incorporating into this section the Senate provision aforementioned and providing that the additional rates upon first-class matter shall become effective 30 days after the passage of the act.

On amendment No. 304: The House bill provided that the zone system applicable to parcel post should apply to mail matter of the second class and provided the following rates upon second-class matter (other than newspapers and periodicals entitled to be entered as second-class matter and maintained by and in the interest of religious, educational, scientific, philanthropic, agricultural, labor, or fraternal organizations or associations not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual):

Zone.	On and after July 1, 1917, until Nov. 1, 1917 (cents per pound).	Nov. 1, 1917, until Mar. 1, 1918 (cents per pound).	After Mar. 1, 1918 (cents per pound).
1.....	1½	1½	1½
2 and 3.....	1½	1½	2
4 and 5.....	1½	2½	3
6.....	2	3	4
7.....	2½	3½	5
8.....	2½	4½	6

The Senate struck out this provision. The House recedes from its disagreement to this amendment with an amendment providing that the publisher may mail his publications from the post office of publication or any other post offices and secure the zone rate from the office from which the publication is mailed. The amendment agreed to provides a flat rate, upon reading matter and publications where the space devoted to advertisements does not exceed 5 per cent of the total space, of 1½ cents per pound or fraction thereof on and after July 1, 1918, and until July 1, 1919, and a flat rate upon such reading matter of 1½ cents per pound or fraction thereof after July 1, 1919. This amendment makes the zones applicable to fourth-class matter applicable to the portion of second-class matter devoted to advertisements where the percentage of space devoted to advertisements exceeds 5 per cent of the total space of the publication. The rates of postage upon the portion of such publications devoted to advertisements provided by this amendment are as follows:

Zone.	On and after—			After July 1, 1921 (cents per pound or fraction thereof).
	July 1, 1918, to July 1, 1919 (cents per pound or fraction thereof).	July 1, 1919, to July 1, 1920 (cents per pound or fraction thereof).	July 1, 1920, to July 1, 1921 (cents per pound or fraction thereof).	
1 and 2.....	1½	1½	1½	2
3.....	1½	2	2½	3
4.....	2	3	4	5
5.....	2½	3½	4½	6
6.....	2½	4	5½	7
7.....	3	5	7	9
8.....	3½	5½	7½	10

On amendment No. 305: The House bill provided that the rate of postage on daily newspapers when the same are deposited in a letter-carrier office for delivery by its carriers

should be the same as the rate now provided by law and provided that newspapers should have free circulation in the county of publication as under the present law. The Senate struck out this provision, and the House recedes from its disagreement to the amendment with an amendment restoring the provision and changing the section number.

On amendment No. 306: The House bill provided that in the case of newspapers and periodicals entitled to be entered as second-class matter and maintained by and in the interest of religious, educational, scientific, philanthropic, agriculture, labor or fraternal organizations or associations not organized for profit, and none of the net income of which inures to the benefit of any private stockholder or individual, the second-class postage rates should be irrespective of the zone in which delivered (except when the same are deposited in a letter-carrier office for delivery by its carriers, in which case the rates shall be the same as now provided by law), that the rate upon such publications should be 1½ cents per pound or fraction thereof from July 1, 1917, until March 1, 1918, and thereafter 1½ cents per pound or fraction thereof. The Senate struck out this provision. The House recedes from its disagreement to this amendment restoring the House provision but changing the rates as follows: "1½ cents per pound or fraction thereof on and after July 1, 1918, and until July 1, 1919, and on and after July 1, 1919, 1½ cents per pound or fraction thereof."

On amendment No. 307: The House bill provided that where the total weight of any one edition or issue of any publication mailed to any one zone does not exceed 1 pound, that the rate of postage should be 1 cent for each 8 ounces or fraction thereof. The Senate struck out this provision. The House recedes from its disagreement to this amendment with an amendment restoring the House provision, but changing the rate to 1 cent per pound.

On amendment No. 308: The House bill provided that the rates provided by the postal rate title should relate to the entire bulk mailed to any one zone and not to individually addressed packages. The Senate struck out this provision. The House recedes from its disagreement to the amendment with an amendment providing that the zone rates provided by the postal title shall relate to the entire bulk mailed to any one zone and not to individually addressed packages.

On amendment No. 309: The House bill provided that where the newspaper or periodical is mailed by other than the publisher or his agent or a news agent or dealer, the postal rate shall be the same as now provided by law. The Senate struck out this provision. The House recedes from its disagreement to this amendment with an amendment restoring the House provision and changing the section number.

On amendment No. 310: The House bill provided that the Postmaster General should, on or before the 10th day of each month, pay into the general fund of the Treasury an amount equal to the difference between the estimated amount received during the preceding month for the transportation of first and second class matter through the mails, and the estimated amount which would have been received under the provisions of the law in force at the time of the passage of this act. The Senate struck out this provision. The House recedes from its disagreement to this amendment with an amendment restoring the House provision and changing the section number.

On amendment No. 311: The House bill provided: "That the salaries of postmasters at offices of the first, second, and third classes shall not be increased after July 1, 1917, during the existence of the present war. The compensation of postmasters at offices of the fourth class shall continue to be computed on the basis of the present rates of postage, unless compensation be less than that received during the fiscal year ending June 30, 1917, in which case such compensation shall be computed upon the basis of the rates of postage provided for in this act, but in no case shall the compensation so computed be greater than that received during such fiscal year." The House recedes from its disagreement to the amendment with an amendment providing: "That the salaries of postmasters at offices of the first, second, and third classes shall not be increased after July 1, 1917, during the existence of the present war. The compensation of postmasters at offices of the fourth class shall continue to be computed on the basis of the present rates of postage."

On amendment No. 312: This amendment provides that where postmasters at offices of the third class are granted leave without pay for military purposes, the Postmaster General may allow, in addition to the maximum amounts which may now be allowed such offices for clerk hire, an amount not to exceed 50 per cent of the salary of the postmaster. The House recedes from its disagreement to this amendment with an amendment providing that where postmasters at offices of the third class have been granted leave since May 1, 1917, or hereafter are granted leave without pay for military purposes, that the Post-



master General may allow, in addition to the maximum amounts which may be allowed such offices for clerk hire, an amount not to exceed 50 per cent of the salary of the postmaster.

On amendment No. 313: This amendment provided that section 5 of the act of March 3, 1917, making appropriations for the Post Office Department for the year ending June 30, 1918, which provides "that no letter, post card, circular, newspaper, pamphlet, or publication of any kind containing any advertisement of spirituous, vinous, malted, fermented, or other intoxicating liquors of any kind or containing a solicitation of or order for said liquors, or any of them, shall be deposited in and carried by the mails of the United States or be delivered by any postmaster or letter carrier, when addressed or directed to any person, firm, corporation, or association, or other addressee, at any place or point in any State or Territory of the United States at which it is by the law enforced in the State or Territory at that time unlawful to solicit orders for such liquors, or any of them, respectively," shall not be construed to apply to ethyl alcohol for governmental, scientific, medicinal, mechanical, manufacturing, and industrial purposes. This amendment also provides that section 5 of the aforementioned act of March 3, 1917, shall not be held to prohibit the use of the mails by regular ordained ministers of religion or by officers of regular established churches for ordering wines for sacramental uses or by manufacturers and dealers for quoting and billing such wines for such purposes only. The House recedes from its disagreement to this amendment with an amendment making minor clerical changes.

On amendment No. 314: This amendment relates to amendments to the present income-tax law. The Senate provided that the provisions relating to withholding of the income tax at the source should be repealed and that information at the source should be substituted in lieu thereof. The House recedes from its disagreement to this portion of the amendment with an amendment providing for the repeal of the withholding provisions, except in the case of the income of nonresident aliens and interest from corporate bonds containing the tax-free covenant provision. The Senate amendment provides that in computing income tax income and excess-profits taxes shall not be allowed as a deduction, and the House accepts this amendment. The Senate amendment provides for administrative reasons that, in the case of nonresident aliens, the additional normal tax of 2 per cent shall not apply, and to equalize this exemption provides that in computing the income tax of nonresident aliens that the deduction of \$3,000 in the case of single persons and \$4,000 in the case of married persons or heads of families shall not be allowed, and the Senate amendment in this respect is agreed to. This amendment also allows an additional deduction of \$200 for each dependent child under 18 years of age. This portion of the amendment is also agreed to. This amendment amends the corporation tax by levying an additional tax of 10 per cent upon the amount of corporate income remaining undistributed six months after the end of each calendar or fiscal year. It provides, however, that this additional tax shall not apply to that portion of the undistributed net income actually invested and employed in the business or retained for employment in the reasonable requirements of the business. The House recedes from the disagreement to this portion of this section with an amendment providing that this additional 10 per cent tax shall also not apply to undistributed surplus invested in obligations of the United States issued after September 1, 1917. This Senate amendment also provides that contracts containing tax-free covenants entered into after the passage of this act should be void. The Senate recedes from this portion of the amendment, allowing the continuance of the use of tax-free covenants in bonds.

On amendment No. 315: This amendment relates to the change of the title number to the General Provisions Title, and the Senate recedes.

On amendments Nos. 316 and 317: These amendments are clerical changes, and the Senate recedes.

On amendments Nos. 318 and 319: These amendments proposed certain changes in the customs administrative provisions, and the Senate recedes.

On amendment No. 320: This amendment relates to a change in section number, and the House recedes with an amendment properly numbering the section.

On amendment No. 321: This amendment is a clerical change, and the Senate recedes.

CLAUDE KITCHIN,  
HENRY T. RAINY,  
LINCOLN DIXON,  
JOSEPH W. FORDNEY,  
J. HAMPTON MOORE,

Managers on the part of the House.

Mr. FORDNEY. Mr. Speaker, in reference to time for debate, I desire to state to the gentleman from North Carolina that I have requests for about an hour's time upon this side.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent that debate upon the conference report be limited to two hours, one hour to be controlled by the gentleman from Michigan [Mr. FORDNEY] and one hour by myself.

The SPEAKER. The gentleman from North Carolina asks unanimous consent that debate upon the conference report be limited to two hours, one hour to be controlled by the gentleman from Michigan [Mr. FORDNEY] and one hour by himself. Is there objection?

Mr. CANNON. Mr. Speaker, reserving the right to object, I believe the gentleman from North Carolina will be able to talk for two hours himself.

Mr. FORDNEY. Mr. Speaker, I desire to state to the gentleman that since I last spoke to him I have requests for more than an hour's time, and I suggest that he let debate run along as best we can for a time.

Mr. KITCHIN. Very well. I made the request at the suggestion of the gentleman from Michigan.

The SPEAKER. The gentleman from North Carolina is recognized for one hour.

Mr. KITCHIN. Mr. Speaker, the managers on the part of the House are happy to say that we bring back a report, perhaps for the first time in 50 years, with respect to a tax measure, which has the sanction and the signature of the entire membership of the conference committee, both Republicans and Democrats. [Applause.] I trust no gentleman will get any idea of what is in this conference report or of what transpired in the conference committee from any newspaper reports. I have not seen a statement an inch long in a newspaper since we began our deliberations that stated anything near the facts or the truth. [Laughter.] The sole thought and efforts of the conference committee were to give due deliberation to every provision of the bill and to evolve out of the differences between the House and the Senate the best, the wisest, and the most equitable measure possible for the Government and the people. There has been no discord. There have been contests, the Senate conferees contending for one item or for one provision, or for one theory or principle, and the House for another; but there has been no feeling, no heated personal contests, as the newspapers would have the country believe. Every minute of our time has been devoted to ironing out the differences between the House and the Senate. This was natural. The Senate conferees had not been presented with the arguments and reasons for the provisions of the House bill; in fact, our side had never been presented to the Senate. No one in the House could go over to the Senate and present the arguments and the reasons of the House for this or that provision of the bill, and this conference was the first opportunity for the Senate conferees to hear our reasons for the various provisions. It was also the first opportunity the House conferees had to hear fully the arguments and reasons of the Senate for its amendments. After two weeks of arduous labor and mature consideration and deliberation of the pros and cons of every proposition in the bill we present a report which, as I said a while ago, has the unanimous sanction and signatures of all the conferees.

When the House presented this revenue bill, on May 9, the demands of the Treasury Department required only \$1,800,000,000 of new taxes. When the Finance Committee first reported the bill to the Senate, July 3, that amount was still the requirement and the demand. The House passed a bill raising \$1,862,000,000 of revenue, \$62,000,000 more than the exigency at that time demanded. The Senate Finance Committee reported the bill amended, producing about \$1,650,000,000, \$150,000,000 less than the requirements of the Treasury Department, but immediately thereafter new demands, new estimates of necessary expenditures in excess of about \$5,000,000,000 were submitted by the Government departments. The Senate then returned the bill to the Finance Committee, at its request. After weeks of hard work, it finally reported, and the Senate passed the bill amended, which, according to its estimates, will yield \$2,406,000,000. The conferees have added at least \$128,000,000 to that amount, and the bill as agreed upon is estimated to yield \$2,534,000,000. I first am going to state, briefly, the important amendments of the Senate upon which the conferees of the House unqualifiedly receded from its disagreements. The two most important were the amendments striking out the so-called retroactive income tax and the eliminating from the bill of the horizontal 10 per cent tariff increase. The House conferees agreed to these two Senate amendments. The Senate added 2 per cent more than the House to the corporation income tax, making the total corporate income tax rate 6 per



cent—2 per cent under the present law and 4 per cent additional under this bill—and the House conferees receded.

The House also receded from its disagreement to the Gerry amendment.

Mr. MADDEN. What was the Gerry amendment?

Mr. KITCHIN. The House bill carried an income-tax rate of 41½ per cent upon all incomes from \$500,000 to \$1,000,000 and then a rate of 45 per cent upon all incomes over \$1,000,000. The Gerry amendment made a bracket between \$500,000 and \$750,000 and provided that incomes between \$500,000 and \$750,000 should bear a rate of 40 per cent, incomes between \$750,000 and \$1,000,000 45 per cent, and all incomes in excess of \$1,000,000 50 per cent. There were other income-tax-rate amendments from which the House conferees receded. As you will recall, the Lenroot amendment put fractions in—five-tenths, seventy-five one-hundredths per cent, and so forth—and the Senate struck out the fractions and put in whole numbers. In four cases the whole numbers were larger and in one case the whole number was smaller than the House bill rates. Then in the brackets between \$15,000 and \$20,000 the Senate increased the rate from 5 per cent to 6 per cent. The Senate receded in this case, and the rate will now be 5 per cent. In the bracket between \$20,000 and \$40,000 the Senate increased the rate to 8 per cent, the House had 6 per cent. We concurred with an amendment making the rate 7 per cent. If any gentleman wishes to ask any question in regard to this—

Mr. CANNON. These rates are in addition to the present law of 1916?

Mr. KITCHIN. In addition to existing law.

Mr. MADDEN. Will the gentleman yield for a question?

Mr. KITCHIN. I will.

Mr. MADDEN. The gentleman stated that the normal tax on corporations was 6 per cent. Was that on profits or regardless of whether they had profits or not?

Mr. KITCHIN. Six per cent on corporate net income. The existing law is 2 per cent. The House bill proposed an addition of 2 per cent. The Senate bill instead of 2 per cent added 4 per cent, and the conferees agreed to that increase, thus making the total rate 6 per cent on the net income, whether the profits are large or small.

Mr. ROBBINS. Is that assessed for three years?

Mr. KITCHIN. No. There is no time limit, for the act struck out the amendment "during the war." The Senate bill provided that the additional income tax should be effective only "during the war." The Senate conferees receded from that amendment because we must have additional revenue from income taxes provided in this bill, or some similar bill, for many years after the war. I will state here that during the Civil War this Government raised more taxes for the two years succeeding the war under the acts passed during the war by over one hundred and fifty to two hundred million dollars a year than during any year of the war. The conferees were of the opinion that it would be unwise to make the additional income tax to exist only during the war.

Mr. ROBBINS. I would like to ask, Is that income ascertained by taking the income for three years?

Mr. KITCHIN. No; you refer to the excess profits; I will reach that in a few minutes.

Mr. FESS. What is the maximum rate provided in this bill for incomes above a million, 50 per cent?

Mr. KITCHIN. Fifty per cent additional.

Mr. FESS. What would it amount to, the whole thing?

Mr. KITCHIN. The total income tax under the present law and under this bill on an income of \$1,000,000 will be \$475,180, or 47.52 per cent.

Mr. ROWE. I would like to ask, in reference to the method of taking out these taxes, do you first take out the excess-profits tax?

Mr. KITCHIN. I will take up the excess-profits tax in a few minutes. There is another amendment to the income tax from which the House receded. The Senate provided an exemption of \$200 for each child or dependent of a head of a family or married man.

Mr. FERRIS. Is it the plan of the gentleman from North Carolina to present the salient reasons why they did not go higher on the income tax when he reaches the excess-profits tax? I know both bodies have spoken on that. The gentleman knows, and the House knows, that there is a great controversy going on in the country as to whether or not the Congress is going high enough on the excess-profits tax or the income tax.

Mr. KITCHIN. I think we are going high enough on both taxes for the present.

Mr. FERRIS. I wish the gentleman would give us the salient reasons for it. I think it would be of value to all of us.

Mr. KITCHIN. In the first place, we have gone higher on the income tax than the public and perhaps Members of the House understand. We raised during the fiscal year 1917 on the income tax, in round numbers, \$360,000,000. In this bill we levy an additional tax on incomes of \$850,000,000. That is \$1,210,000,000 that we are raising from the income tax. In other words, we will raise under the present law and this bill almost four times more tax from incomes than the amount of taxes paid in incomes for the calendar year 1916, paid, of course, into the Treasury before June, 1917. This bill also levies excess-profits taxes from which we expect to raise \$1,226,000,000 revenue.

Mr. PLATT. Is it believed that if the war lasts two years the surtaxes will be increased above these figures?

Mr. KITCHIN. I do not think many of the surtaxes on the larger incomes will be increased, but I think that the normal tax could and should be increased, and also the surtaxes on some incomes. If we had a normal tax one-half as high as Great Britain we would raise, with our surtaxes, from \$800,000,000 to \$1,000,000,000 more.

Mr. CRISP. Their normal tax is 25 per cent?

Mr. KITCHIN. Their normal tax is 25 per cent, and it begins at \$633, with some little abatements, and the surtaxes begin at \$12,500 and run up to \$50,000, and the last surtax on \$50,000 is 17½ per cent.

Mr. PLATT. I wish to know whether it would not be better to have our normal tax a little higher and the surtax a little lower?

Mr. KITCHIN. I will say to the gentleman that I think the next bill will provide an increased normal tax, and that the surtaxes may have to be increased in some of the brackets.

Mr. PLATT. There is one more question I wanted to ask. This tax is in addition to the tax in the act passed last September?

Mr. KITCHIN. Yes, sir.

Mr. PLATT. The normal tax comes above \$2,000?

Mr. KITCHIN. It is now 2 per cent.

Mr. PLATT. Does that increase when the income gets above \$4,000?

Mr. KITCHIN. On all income of a married person or head of a family above \$4,000 the normal tax is 4 per cent. The surtax upon the income between \$5,000 and \$7,500, 1 per cent; and \$7,500 and \$10,000, 2 per cent.

Mr. PLATT. There is nothing in the bill that shows that it increases at \$4,000.

Mr. KITCHIN. Except the language of the bill. [Laughter.]

Mr. MADDEN. Mr. Speaker, will the gentleman yield?

Mr. KITCHIN. I will.

Mr. MADDEN. The gentleman called attention to the fact that we may be able in the future to increase the normal tax, and he cited the fact that England levies a 25 per cent normal tax. But there is quite a difference between the method of levying taxes in England and the method that we pursue. For example, England does not levy any real estate tax. England collects its taxes on the basis of income, so that, for example, if a man had a building in the heart of London that was worth \$10,000,000 and it was idle he would not pay any taxes on it, but if a man in this country had a building worth \$10,000,000 and it is idle he pays on the value of the property, so that our local taxes, added to the normal tax, would make it impossible for the American people to pay taxes on the basis of the normal tax paid in England, and it would not be justice to the American people.

Mr. KITCHIN. The gentleman may be right.

Mr. MADDEN. Their taxes are all on incomes.

Mr. KITCHIN. I have often heard the statement made in the House that all the taxes raised by Great Britain were national taxes; that there were no village or borough or city or other local division taxes. I have since learned that there are such taxes.

Mr. MADDEN. They have what they call "rates."

Mr. KITCHIN. They are taxes.

Mr. MADDEN. If I had the property I have described in England and it was not rented, there would be no income from it, and no taxes would be paid on it, so that our tax on that concern, together with our normal tax, would make it unjust to increase our normal tax in the same proportion that England makes her normal tax.

Mr. FERRIS. Mr. Speaker, will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. FERRIS. Adding together all the taxes that we pay, the previous income tax and the present income tax provided in this law and the excess-profits tax and every other form of tax imposed on the people by the Federal Government, how does it



compare with the taxes imposed on the two belligerent countries, England and France?

Mr. KITCHIN. Our rates are a great deal lower, but of course, owing to our larger wealth and resources and incomes, the total amount we raise is larger than that of England or France.

Mr. FERRIS. Will the gentleman permit one other question?

Mr. KITCHIN. Yes.

Mr. FERRIS. How far have they been able to go out there without killing the goose that laid the golden eggs, so called, and stopping business?

Mr. KITCHIN. Well, in addition to large income taxes Great Britain levied an excess-profits tax of 80 per cent on all profits in excess of the average profits they were making in 1913, 1912, and 1911, and those profits have been estimated to be around 6 or 8 per cent, on the average. So they take in Great Britain 80 per cent of all profits in excess of an average of about 6 or 8 per cent on the capital invested. In fact on new business that has begun since the war began she allows a deduction of only 6 per cent.

Mr. FERRIS. How is it in France?

Mr. KITCHIN. In France the excess-profits tax rate is 50 per cent upon all persons and companies having profits in excess of \$965.

Mr. KEATING. Mr. Speaker, will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. KEATING. Could the gentleman give the House any information concerning the revenue that could be realized if the United States were to levy exactly the English rate on incomes and excess profits?

Mr. KITCHIN. I think I can give you some idea on that. I should say you could raise from \$3,000,000,000 to \$4,000,000,000 more on incomes and excess profits, retaining the surtaxes of the present law and this bill.

Mr. KEATING. So that the total to be raised on excess profits and incomes would be that?

Mr. KITCHIN. We could raise at least \$3,000,000,000 more revenue than we provide in this bill if we had Great Britain's normal income tax and our surtaxes and the same excess-profits tax that Great Britain has.

Mr. KEATING. More than you provide in this bill?

Mr. KITCHIN. Yes; \$3,000,000,000 more than we provide in this bill.

Mr. MADDEN. We are already providing about \$3,800,000,000 under the present law and under this bill?

Mr. KITCHIN. Yes.

Mr. KEATING. I would like to see if I have a correct idea of the chairman's statement. According to my understanding of it, if we adopted the English rate on incomes and excess profits, how much of a revenue would the Government secure? As I understand the gentleman, he says that the English rate, applied to the American incomes and American profits, would net at least \$3,000,000,000 more than the existing law and the bill that we are about to pass?

Mr. MADDEN. But the gentleman forgets—

The SPEAKER. To whom does the gentleman yield?

Mr. KITCHIN. To nobody now. I yield to myself. [Laughter.] I will say that Great Britain went to her rates gradually, and I hope we will not be forced to go as high as England's rates.

Mr. HULL of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. HULL of Tennessee. As to the question asked by the gentleman from Colorado [Mr. KEATING], as to what the same rates imposed by England would bring if imposed in this country, it would depend on other considerations. It would depend on whether our law was on all fours with the English laws.

Mr. KITCHIN. What I meant to say, and what I thought I did say, was that, if we had an 8 per cent flat basis of exemption or deduction, and that is the average in Great Britain, if you compare it with the average of the prewar period—if we had an average deduction of 8 per cent upon capital invested and then took 80 per cent of all in excess of that, we would raise about \$2,000,000,000 on excess profits more than we are raising now; and if we had a normal tax of 25 per cent on all incomes, say, over \$1,000, corporate and individual, with our surtaxes, I think we would raise at least \$1,000,000,000 more.

Mr. MADDEN. Mr. Speaker, will the gentleman yield to me for a question?

Mr. HULL of Tennessee. In that connection we make a deduction for depletion of mines. England allows no deduction.

Mr. CANNON. Mr. Speaker, will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. CANNON. It seems to me problematical, I suggest to the gentleman, what the amount of any given tax would be on excess profits next year.

Mr. KITCHIN. Of course the gentleman will understand I am assuming that the profits would be as large next year as this year.

Mr. CANNON. Precisely. Why, the wonderful war profits that we made in munitions and other things while we were neutral will not materialize now; and we are also fixing prices on everything now. I just wanted to make that suggestion, because I did not want the country mislead, you know, by gentlemen going to the country and saying that if we taxed as they do in England we could get \$3,000,000,000 more.

Mr. KITCHIN. Of course it was upon the assumption that we would make as much next year, if the war continued, as we made this year.

Mr. CANNON. I beg the gentleman's pardon, and withdraw all I said.

Mr. KITCHIN. It is a fact, however, that with these high taxes in Great Britain her industries have not languished at all, but seem to be doing more business now than they did two years or one year ago, or before the war.

Mr. MADDEN. There is one other difference between England and the United States. All of our States levy a corporation tax; in fact, several taxes against corporations. England does not levy any corporation tax except for national purposes, and in our bill we are adding to the taxes that are already levied against corporations by the State.

Mr. KITCHIN. Another amendment from which the House receded was the tax on cosmetics, perfumery, and proprietary medicines. The House, as you understand, imposed a tax of 5 per cent upon the gross sales of the manufacturers, producers, or importers of these articles, which would be added to the selling price to the consumers. The Senate reduced the tax upon these articles to 2 per cent, and the House agreed to that. We agreed to this reduction in rate because the bill places upon the alcohol that goes into the preparation of many of these perfumeries, proprietary medicines, and similar articles an increased tax of \$1.10 per gallon.

The House also receded from its disagreement to the Senate amendment striking out the 5 per cent tax on the amount paid for heat and light service and telephone service by subscribers.

These propositions which I have mentioned are the main, important ones with respect to which the House conferees yielded altogether without any concurrent amendment.

Mr. SLOAN. Will the gentleman yield?

Mr. KITCHIN. I yield to the gentleman, if he wishes to ask me a question.

Mr. SLOAN. The House receded from the tariff or import taxes, did it not, entirely?

Mr. KITCHIN. Yes.

Mr. MADDEN. The gentleman stated that.

Mr. SLOAN. But he made no comment on it. Is it not a fact that nearly all the other nations are very materially increasing their import taxes? Especially is that true of Canada and Great Britain.

Mr. KITCHIN. That would be quite natural, for the reason that large importations of all kinds are being made by Great Britain and an increase of her customs would yield an increased revenue, while only small quantities of most lines of manufactured products are coming into this country. England also levies a high tax on coffee, tea, and sugar, and other articles of necessity. I do not believe that this Congress or the country are yet prepared to go to a high tax on consumption at this time, and the House conferees yielded.

Mr. SLOAN. There is, however, a very large value of imports coming into this country?

Mr. KITCHIN. Yes.

Mr. SLOAN. And a very large proportion of them come in without paying any tax.

Mr. KITCHIN. These large imports are not imports that come in competition with the American manufacturer, because the war gives him all the protection from his standpoint he wants. Other countries that have been our strongest rivals and competitors—Germany, Great Britain, and France—have no manufactured products to speak of now to send over here in competition with us. The imports that are coming in are raw materials for the use of our manufacturers, who in a large measure use them in the production of articles that are exported to these countries. Our increase in exports has not only been in food products, but there has been a large increase in the exports of manufactured products.

Our importations, for instance, of raw sugar and wool have largely increased, but our exports of the finished products from



them have also largely increased. We exported more than twenty times as much sugar during the last fiscal year as we did during the fiscal year 1913. We are importing it in the raw, refining it, and then exporting it. Millions of dollars' worth of wool are being imported, more than ever before, but we exported during the fiscal year 1916 twelve times more woolen products than during the like period in 1913. If you will take, as I have taken, the statistics and see what composes the immense increases of importations, you will find them to be food products and raw materials, and over half of the increase in value of imported articles has consisted of articles that were on the free list under the Dingley Act, the Payne-Aldrich Act, and the Underwood Act, such as tea, coffee, raw rubber, raw silk, and similar articles. I do not think the gentleman from Nebraska [Mr. SLOAN] would now urge an increase of duties or the placing of duties upon these articles that I have mentioned.

Mr. SLOAN. I am not favoring any increase for the purpose of protection or the reverse, but merely as a means of obtaining revenue and following the time-honored system of obtaining the greatest amount of revenue for the support of our war from duties on imports.

Mr. KITCHIN. I understand.

Mr. SLOAN. All our wars heretofore, with one exception, were largely supported by the duties collected at the ports, not for protection or anything of that sort, but as the best and easiest system of obtaining revenue.

Mr. KITCHIN. I admit there is a very strong argument for putting customs duties upon some articles that come in.

Mr. SABATH. Will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. SABATH. Is it not a fact that our exports are three times as large as our imports?

Mr. KITCHIN. Something over twice as large.

Mr. SABATH. And trade is in our favor to the extent of three or four billion dollars.

Mr. KITCHIN. I have already alluded to the main differences between the House and Senate with respect to the income tax and the conference agreements thereon. With the permission of the House, I will defer the explanation of the differences and agreements with respect to the excess-profits tax and the second-class mail postal rates until after I explain somewhat in order the differences and agreements with respect to other matters in the report.

#### TITLE III. WAR TAX ON BEVERAGES.

The House increased the war tax on distilled spirits for all purposes \$1.10 per gallon. The Senate made the additional tax \$1.10 per gallon on distilled spirits for manufacturing purposes and \$2.10 per gallon for beverage purposes, and the conference agreement adopts the Senate rates.

The House increased the rate on beer \$1.25 per barrel. The Senate made the rate \$1.50 additional, and the House recedes. The total rate on beer under the act of September 8, 1916, and this law will be \$3 per barrel.

The House doubled the tax now levied upon all wines except those containing not more than 14 per cent of alcohol. The House increased the tax upon wines containing not more than 14 per cent of alcohol an additional 2 cents per wine gallon. The Senate doubled the tax upon wines containing not more than 14 per cent of alcohol and provided an additional tax upon wines containing more than 14 per cent of alcohol and not fortified with grape brandy of \$1.10 per proof gallon. The House recedes from its disagreement to this amendment with an amendment levying an additional tax upon all still wine, including vermouth, and upon all champagne and other sparkling wines, liqueurs, cordials, artificial and other imitation wines or compounds sold as wine, equal to the tax now imposed by law.

The House provided that the tax upon grape brandy or wine spirits should be 10 cents per proof gallon in addition to the tax now levied by law. The Senate increased this additional tax to \$1 per proof gallon. The House recedes from its disagreement to this amendment with an amendment making the additional tax levied upon grape brandy or wine spirits 20 cents per proof gallon.

The House provided an additional tax upon sweet wines held for sale by the producer upon the passage of this act, equivalent to 10 cents per proof gallon upon the grape brandy or wine spirits used in the fortification of such wine. The Senate increased this additional tax to \$1 per proof gallon, and the Senate recedes.

The House levied a tax equivalent to 10 per cent of the price for which all prepared sirups or extracts (intended for use in the manufacture or production of beverages, commonly known as soft drinks, by soda fountains, bottling establishments, and other similar places) are sold by the manufacturers, producers, or importers. The Senate struck out the House tax and sub-

stituted in lieu thereof graduated rates upon such sirups or extracts, ranging from 3 cents per gallon upon such sirups or extracts when sold for not more than \$1.25 per gallon to a tax of 12 cents per gallon when such sirups or extracts are sold for more than \$4 per gallon. The House recedes from its disagreement to this amendment with an amendment adopting the Senate classification and increasing the rate to 5 cents per gallon upon such sirups or extracts when sold for not more than \$1.30 per gallon, and graduating the other rates so that the tax levied upon such sirups or extracts when sold for more than \$4 per gallon will be 20 cents per gallon.

Mr. MADDEN. Our distilled-spirit tax was \$1.10 per gallon, and the Senate raised it to \$2.10?

Mr. KITCHIN. Yes; if the distilled spirits are used for beverage purposes.

Mr. MADDEN. And you agreed to it?

Mr. KITCHIN. Yes, sir. The additional tax is \$2.10 per gallon if used for beverage purposes and a dollar less if it is withdrawn for any other purpose than beverage purposes.

Mr. KINCHELOE. Will the gentleman yield?

Mr. KITCHIN. I will.

Mr. KINCHELOE. I notice in amendments 54 and 55 that the House provision provided that in bankruptcy proceedings of stocks of whisky that tax should be paid by the purchaser and at the time of the purchase, but I notice that you have adopted the Senate provision here that this provision should apply only during 1917.

Mr. KITCHIN. Yes.

Mr. KINCHELOE. Now, what I want to ask for information is, what is going to happen in these bankruptcy proceedings after June 1? For instance, if the stock of whisky is sold in bankruptcy, who is to pay that tax? I refer to amendments 54 and 55.

Mr. KITCHIN. I understand the provision in the bill is to the effect that the person to whom the court turns the liquor over pays it when delivered.

Mr. KINCHELOE. I know that the House provision was that the purchaser should pay it, and here you say in your report:

The Senate amended this provision limiting it to distilled spirits in the custody of a court of bankruptcy in insolvency proceeding on June 1, 1917.

Suppose that since that time a distillery, firm, corporation, or individual goes into bankruptcy?

Mr. KITCHIN. Whoever purchases it thereafter will pay the full amount of the tax.

Mr. KINCHELOE. Even after the 1st of June?

Mr. KITCHIN. Yes.

Mr. SABATH. The additional tax on spirits that are not manufactured for beverage purposes is \$1.10 per gallon?

Mr. KITCHIN. That remains like the House bill.

Mr. SABATH. There is no change in that?

Mr. KITCHIN. No.

#### TITLE IV. WAR TAX ON CIGARS, TOBACCO, AND MANUFACTURES THEREOF.

The House provided the following rates upon cigars made of tobacco or any substitute therefor and weighing more than 3 pounds per thousand: If manufactured or imported to retail at not more than 4 cents each, 50 cents per thousand; if manufactured or imported to retail at more than 4 cents and not more than 6 cents each, \$1 per thousand; if manufactured or imported to retail at more than 6 cents and not more than 10 cents each, \$2 per thousand; if manufactured or imported to retail at more than 10 cents and not more than 15 cents each, \$4 per thousand; if manufactured or imported to retail at more than 15 cents and not more than 20 cents each, \$5 per thousand; if manufactured or imported to retail at more than 20 cents each and not more than 25 cents each, \$7 per thousand; if manufactured or imported to retail at more than 25 cents each, \$10 per thousand. The Senate changed the cigar classification and rates as follows: If manufactured or imported to retail at 4 cents or more each and not more than 7 cents each, \$1 per thousand; if manufactured or imported to retail at more than 7 cents each and not more than 15 cents each, \$3 per thousand; if manufactured or imported to retail at more than 15 cents each and not more than 20 cents each, \$5 per thousand; if manufactured or imported to retail at more than 20 cents each, \$7 per thousand; and the House recedes.

On manufactured tobacco and snuff the House provided an increase in the tax of 8 cents per pound. The Senate made the additional tax 4 cents, and we agreed upon 5 cents. In regard to cigarettes weighing not more than 3 pounds per thousand (the class ordinarily consumed) the House had one dollar and one quarter per thousand additional, and the Senate made the rate 75 cents a thousand additional, and we agreed on 80 cents.



## TITLE V. WAR TAX ON FACILITIES FURNISHED BY PUBLIC UTILITIES AND INSURANCE.

The Senate reduced the passenger-fare transportation rate from 10 per cent to 5 per cent. It has been restored to 8 per cent. As to express companies, the House fixed the rate upon transportation by express at 6 per cent. The Senate changed the rate and made it 1 cent for each charge of 25 cents or fraction thereof. We agreed on 1 cent on each charge of 20 cents or fraction thereof. That restores the percentage practically to the House ad valorem.

On seats and berths in Pullman cars and boats the Senate reduced the House rate from 10 to 5 per cent of the amount paid for such accommodations. The House rate has been restored to 10 cents. The Senate struck out the taxes levied on life, casualty, and marine insurance and indemnity bonds. The House provisions are restored.

## TITLE VI. WAR EXCISE TAXES.

The Senate struck out the moving-picture-film tax provisions, and we have put them back with half the rates of the House bill.

On automobiles the House had a 5 per cent tax on the manufacturer's, producer's, or importer's selling price, and the Senate struck that out and substituted a license tax on the automobile owner. The conferees agreed on a tax of 3 per cent on the manufacturer's, producer's, or importer's selling price.

On musical instruments the Senate struck out the whole House provision. It has been restored as to piano players, graphophones, phonographs, talking machines, and records used in connection with any musical instrument, piano player, graphophone, phonograph, or talking machine, with a 3 per cent tax on the manufacturer's, producer's, or importer's selling price, instead of the 5 per cent tax provided in the House bill.

Mr. COOPER of Wisconsin. Will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. COOPER of Wisconsin. Does the automobile tax as agreed upon amount in effect to 3 per cent tax on the gross sales?

Mr. KITCHIN. On the manufacturer's, producer's, or importer's selling price and not the retail price.

Mr. COOPER of Wisconsin. The manufacturer pays 3 per cent on the gross sales.

Mr. KITCHIN. Yes.

Mr. GRAHAM of Illinois. What about the admission to various entertainments?

Mr. KITCHIN. I will get to that later.

Mr. KELLEY of Michigan. Will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. KELLEY of Michigan. I would like to inquire whether the tax on the gross sales of automobiles and automobile trucks is paid when the Government is the purchaser?

Mr. KITCHIN. Yes; just like the tax on incomes of munition makers. They must pay tax on net incomes from sales to the Government.

Mr. KELLEY of Michigan. Taking it out of one pocket and putting it in the other.

Mr. KITCHIN. Of course the Government in making the price, in buying, will take into consideration the tax the article bears.

As to jewelry, the Senate struck out the provision taxing jewelry. That has been restored with a 3 per cent tax on the manufacturer's, producer's, or importer's selling price, instead of the 5 per cent tax provided by the House.

On sporting goods the Senate reduced the 5 per cent tax to 2 per cent. We agreed upon 3 per cent.

As to chewing gum the Senate struck out the House provision. We have restored the House provision with a rate of 2 per cent on the manufacturer's, producer's, or importer's selling price, instead of the House 5 per cent rate.

## TITLE VII. WAR TAX ON ADMISSIONS AND DUES.

Now we come to the tax on admissions. The Senate struck out the admission tax on moving-picture shows and certain other shows where the maximum charge is 25 cents. That has been restored as the House had it, and in restoring it we get about \$40,000,000 more revenue on that and other shows.

We did, however, agree to a provision in the Senate bill as to certain admissions with an amendment excepting from the tax the gate receipts of outdoor general amusement parks and the amusements and shows therein where the maximum charge does not exceed 10 cents. We also accepted the Senate amendment making certain that the admission-tax provision should apply to cabarets and other similar entertainments.

Mr. ROBBINS. Will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. ROBBINS. Does the tax apply to county fairs and agricultural associations?

Mr. KITCHIN. Yes; just like it does in the House bill. They are not taxed if no part of the net income goes to private stockholders or individuals for the profit of individuals. If they put all the receipts back for the fair expansion and improvements, the tax does not apply.

Mr. ROBBINS. There are a large number of fair associations in Pennsylvania that do not declare a dividend; that put all the receipts back into a fund for premiums and exhibits the following year.

Mr. KITCHIN. The tax would not apply to such fairs.

Mr. ROBBINS. And use it for premiums for races, and so forth.

Mr. KITCHIN. The tax would not apply to such fairs unless the dividends go to the stockholders for individual benefit.

Mr. ROBBINS. Then only those who declare a dividend are taxed?

Mr. KITCHIN. Only those where the profit goes to the private individual.

The House levied a tax equivalent to 10 per cent of the amount paid as dues or membership fees—except initiation fees—to any social, athletic, or sporting club or organization. The Senate struck out this provision. The House recedes from its disagreement to the Senate amendment with an amendment restoring the House provision and providing that the tax shall become effective November 1 instead of June 1, 1917, and providing that the tax shall not apply to such clubs or organizations if the dues do not exceed \$12 per year. The amendment also provides that the tax shall not apply to any fraternal beneficiary society, order, or association operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system, and providing for the payment of life, sick, accident, or other benefits to the members of such society, order, or association or their dependents.

## TITLE VIII. WAR STAMP TAXES.

The stamp taxes will become effective December 1, 1917.

The following were the important changes made in the taxing provisions of this title:

The House provided a tax on indemnity and surety bonds of 50 cents, unless a premium is charged for the execution of such bonds, in which case the tax is to be at the rate of 1 per cent on each dollar or fractional part thereof of the premium charged. The House provision also exempted policies of reinsurance from this tax. The Senate struck out this provision; and the Senate recedes.

The Senate levied a tax on parcel-post packages on which the postage amounts to 25 cents or more of 1 cent for each 25 cents or fractional part thereof charged for such transportation, and provide that the tax shall be paid by the consignor; and we agreed on this amendment.

The Senate exempted renewed promissory notes from the stamp tax on promissory notes of 2 cents on each \$100; and the Senate recedes.

## TITLE IX. WAR ESTATE TAX.

The Senate struck out the estate tax title. It has been restored with the following modifications: The House reduced the exemption from \$50,000 to \$25,000. This provision has been eliminated.

The large brackets from \$11,000,000 have been stricken out. The House bill provided a tax of 7 per cent of the amount by which the estate exceeds \$8,000,000 and does not exceed \$10,000,000; 10 per cent of the amount by which the estate exceeds \$11,000,000 and does not exceed \$15,000,000; and 15 per cent of the amount by which the estate exceeds \$15,000,000. We agreed to a tax of 7 per cent of the amount by which the estate exceeds \$8,000,000 and does not exceed \$10,000,000 and 10 per cent of the amount by which the net estate exceeds \$10,000,000.

Mr. ASWELL. What is the lowest amount?

Mr. KITCHIN. This is in addition to the present estate tax. Then we provided that this additional estate tax should not apply to the estate of a person who dies or is killed while serving in the military or naval forces of the United States or who dies within one year after the war from disease or wounds contracted or received in such service.

Mr. BYRNS of Tennessee. What is the minimum amount to which this additional tax applies?

Mr. KITCHIN. There is an exemption of \$50,000. The tax begins to apply from \$50,000 up. This is in addition to the existing tax. As I said awhile ago, the House reduced the exemption from \$50,000 to \$25,000. The conferees struck out that reduction.

Mr. LONGWORTH. Will the gentleman say whether any estimate has been made as to the amount that this will yield?

Mr. KITCHIN. For the first year about \$6,000,000 and after the first year about \$35,000,000 additional.



## TITLE XI. FIRST-CLASS POSTAL RATES.

The additional rates upon first-class mail, which the House bill contained and which the Senate struck out, have been restored.

Mr. BUTLER. To 3 cents?

Mr. KITCHIN. Yes; on all except drop letters, where it remains at 2 cents. Postal cards will be 2 cents instead of 1 cent.

Mr. COOPER of Wisconsin. Is the increase on the letter postage a flat rate of 1 cent? Is it 3 cents now?

Mr. KITCHIN. Yes; in cases where it is 2 cents now, except in the case of drop letters. It will be 3 cents hereafter.

Mr. COOPER of Wisconsin. So that instead of now carrying a letter from here to Alaska or the Philippines or Hawaii or Panama or Porto Rico for 2 cents the charge will be 3 cents?

Mr. KITCHIN. Yes.

Mr. COOPER of Wisconsin. Is this a flat increase?

Mr. KITCHIN. Yes.

Mr. GARRETT of Tennessee. When does that increase take effect?

Mr. STAFFORD. In 30 days.

Mr. KITCHIN. Yes; that is right, 30 days after the passage of this act.

Mr. BUTLER. How much income will we derive from the increase in the postage?

Mr. KITCHIN. From first-class postage, \$70,000,000.

Mr. HUMPHREYS. What is the tax on drop letters?

Mr. KITCHIN. The rate of postage on drop letters of the first class will be 2 cents an ounce or fraction thereof.

Mr. WALSH. With respect to the inheritance tax, was any exemption or allowance made for legacies or bequests to educational or charitable institutions?

Mr. KITCHIN. Not in the estate tax; but we did provide in the income tax that gifts to charitable, religious, educational, or scientific associations should be exempted from the income tax to an amount not in excess of 15 per cent of the taxpayers' net income.

Mr. WALSH. That would not apply to the inheritance tax?

Mr. KITCHIN. No.

Mr. DENISON. Is any increase provided for postage on unsealed letters?

Mr. KITCHIN. Unless they are drop letters or circular letters they carry an increase of 1 cent.

Mr. DENISON. And unsealed letters would pay 2 cents?

Mr. KITCHIN. I think so; yes.

Mr. DENISON. I was informed differently, and I wanted to get the information from the chairman.

Mr. KITCHIN. We intended to have all except drop letters pay an increase of 1 cent, and I think the language will cover that.

Mr. COOPER of Wisconsin. The answer which the gentleman gave to my question a moment ago seems to have misled some gentlemen about me. I mentioned only Alaska, Porto Rico, Hawaii, the Philippines, and Panama, but the flat increase from 2 cents to 3 cents on letter postage includes all of the territory of the United States?

Mr. KITCHIN. Yes.

Mr. LOBECK. Mr. Speaker, will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. LOBECK. That makes the rate on post cards 2 cents instead of 1 cent?

Mr. KITCHIN. Yes. If we had not provided for that, we would lose from twelve to fifteen million dollars, because people would use post or postal cards instead of letters.

Mr. WINGO. I think the gentleman has answered this question, but I did not quite catch it. Say a letter is dropped into an office that covers a rural route. Will that letter pay 2 cents or will it pay 3 cents?

Mr. KITCHIN. I think 2 cents.

Mr. WINGO. That will be considered a drop letter?

Mr. KITCHIN. Yes.

Mr. WINGO. That is not classed as a drop letter now in an office where there is not city delivery. They charge 1 cent in the office, but on the rural route it would be 2 cents.

Mr. KITCHIN. I think that will be 2 cents now.

Mr. WINGO. It is strictly a drop letter?

Mr. KITCHIN. Yes.

Mr. WINGO. Where under the present regulations it would not be classed as a drop letter?

Mr. KITCHIN. That is correct.

Mr. YOUNG of North Dakota. Do I understand the gentleman to say drop letters will be cheaper than postal cards?

Mr. KITCHIN. Drop letters remain the same.

Mr. YOUNG of North Dakota. Even though they are more bulky and heavy?

Mr. KITCHIN. Yes.

Mr. HULL of Iowa. In reference to circular letters, are we to understand you charge 2 cents on circular letters? The gentleman has just stated to the gentleman from Illinois [Mr. DENISON] that he did.

Mr. MONDELL. In order to clear up the matter, will the gentleman explain what a drop letter is?

Mr. KITCHIN. I will read the provision to you:

That the rate of postage on all mail matter of the first class, except postal cards, shall 30 days after the passage of this act be, in addition to the existing rate, 1 cent for each ounce or fraction thereof: *Provided*, That the rate of postage on drop letters of the first class shall be 2 cents an ounce or fraction thereof. Postal cards, and private mailing or post cards, when complying with the requirements of existing law, shall be transmitted through the mails at 1 cent each in addition to the existing rate.

A drop letter is a letter that is to be delivered from the office in which the letter was mailed.

Mr. WINGO. Then a drop letter would be 2 cents.

Mr. BARKLEY. The bill, then, does not recognize the principle of drop letters as applied to postal cards?

Mr. KITCHIN. No.

Mr. WINGO. Let us take a town where they have no village delivery. The drop letter is only 1 cent. Now, by using the words "drop letter" that would mean 2 cents where they now pay 1.

Mr. KITCHIN. Drop letters of the first class are to be 2 cents an ounce.

Mr. WINGO. We will take it in a town where they have not a city delivery. Now, a drop letter is 1 cent. Under the language the gentleman has just read it would be 2 cents.

Mr. KITCHIN. Yes; it will be 2 cents.

Mr. REED. If the gentleman will permit, in order to clear up this matter, I believe a circular letter is classified as third-class postage, and I understand you have not changed that.

Mr. KITCHIN. No. It goes in the third class; the gentleman is right.

Mr. REED. It will go at 1 cent anyhow.

Mr. KITCHIN. I think the gentleman is right; I think it is third-class matter.

Mr. REED. It is third class; it goes at 1 cent for 2 ounces.

## MUNITION TAX.

Mr. KITCHIN. I will mention here another matter before going to the other matters of composed differences. The Senate repealed the munition-tax sections of the act of September 8, 1916, altogether. It made that repeal to date from January 1, 1917. The House insisted it should go back; that it should be unrepealed and that the Senate should recede. We finally agreed that the law should remain in force until January 1, 1918, and that the rate should be 10 per cent instead of 12½ per cent. We will get, I think, at least \$25,000,000 revenue from this tax. The receipts during the last fiscal year from the munitions tax amounted to \$27,600,000.

Mr. LONGWORTH. That is on the theory that probably after January 1, 1918—

Mr. KITCHIN (interrupting). The price will be fixed by this Government, and the allies of this Government will have the same interest. We insisted that the repeal should not date back to January 1, 1917, as the Senate bill provided, for the reason that all contracts made with the foreign Government and our Government this year and for the production this year were made certainly with reference to the 12½ per cent tax in the present existing act of September 8, 1916, and the prices received and to be received took care of it.

We thought it was only right that the Government should have the benefit of this tax until January 1, 1918, so we finally agreed upon the 10 per cent rate until January 1, 1918—

The SPEAKER. The time of the gentleman has expired.

Mr. CRISP. Mr. Speaker, I ask unanimous consent that the gentleman be granted time to conclude his remarks.

The SPEAKER. The gentleman from Georgia asks unanimous consent that the gentleman from North Carolina be allowed to conclude his remarks. Is there objection?

Mr. STAFFORD. Mr. Speaker, not exceeding one hour if we are going to come to a vote on this bill to-day.

Mr. KITCHIN. If the gentleman will not ask so many questions I can finish in 20 minutes.

The SPEAKER. The gentleman from Wisconsin asks that the time of the gentleman from North Carolina [Mr. KITCHIN] be extended one hour. Is there objection to the request of the gentleman from Georgia [Mr. Crisp] as modified by the request of the gentleman from Wisconsin? [After a pause.] The Chair hears none.

Mr. KITCHIN. Another important difference between the House and the Senate was the amendment of the Senate with respect to collection at the source.



Mr. COOPER of Wisconsin. Will the gentleman permit an interruption before he goes into that?

Mr. KITCHIN. I will.

Mr. COOPER of Wisconsin. A moment ago the gentleman was discussing the tax on munitions. Will he please, if he can, specify the articles which are included?

Mr. KITCHIN. Powder, shells, torpedoes, cannons, guns, rifles, and so forth.

Mr. COOPER of Wisconsin. It amounts, then, to arms and ammunition?

Mr. KITCHIN. Yes.

Mr. SMITH of Idaho. Will the gentleman revert to amendment No. 202, with reference to tax on moving-picture shows. It is not clear to my mind whether or not it is proposed to tax moving pictures, as proposed by the Senate, by exempting those charging less than 25 cents admission.

Mr. KITCHIN. Just exactly like they were in the House bill. There is no tax on the people for admission to moving-picture shows where the maximum charge is 5 cents. On all others they pay 10 per cent. That is, if you go to a 10-cent moving-picture show, you should carry a penny along with you and drop it in the box for the boys in the trenches; if you go to a 15-cent moving-picture show you carry 2 pennies for the boys in the trenches; and if you go to a 25-cent picture show you carry 3 pennies. You would not hesitate to do that, would you?

Mr. SMITH of Idaho. Certainly not.

Mr. KITCHIN. I do not believe you should.

Mr. STAFFORD. In that connection, is it possible for the proprietors of the movies to pay it without charging the patrons separately?

Mr. KITCHIN. He can if he wants to do so.

Mr. SMITH of Idaho. I have received a good many communications from moving picture proprietors protesting against any tax.

Mr. KITCHIN. No doubt they thought we were going to tax their gross sales 10 per cent, and they would have to pay it.

Mr. GORDON. Has the gentleman any knowledge of anybody who wanted to be taxed?

Mr. KITCHIN. Nobody, except Scripps, Pinchot, and a few others that came down here while the Ways and Means Committee was considering the bill. They wanted us to take everything over \$100,000.

Mr. MOORE of Pennsylvania. Will the gentleman yield?

Mr. KITCHIN. I will.

Mr. MOORE of Pennsylvania. I want to ask one or two plain questions, if the gentleman pleases. This bill levies an income tax on the earnings of individuals. If that individual happens to be a member of a corporation he pays a corporation tax to the extent he is interested, does he not?

Mr. KITCHIN. Yes, sir. The corporation pays an income tax and the stockholder pays a surtax on his dividends if he has income large enough to get into the surtax class.

Mr. MOORE of Pennsylvania. And if the corporation earns excess profits above the limit fixed in this bill, he pays an excess profits tax?

Mr. KITCHIN. The corporation does.

Mr. MOORE of Pennsylvania. And if he happens to be in the munition business, he pays extra taxes for being in the munition business?

Mr. KITCHIN. Yes. Ten per cent in addition to all other taxes.

Mr. MOORE of Pennsylvania. And if the corporation with which he is associated happens to have a surplus which is divided within certain periods, a tax is payable upon that surplus to the extent provided in the bill?

Mr. KITCHIN. Yes.

Mr. MOORE of Pennsylvania. Now, if that gentleman should happen to die, the estate he leaves his wife and children would be taxed under this bill?

Mr. KITCHIN. Yes.

Mr. MOORE of Pennsylvania. There is very little that has been omitted so far as the upward career of the business man is concerned.

Mr. KITCHIN. Very little that has been overlooked. [Laughter.]

Mr. MOORE of Pennsylvania. So that it can be fairly stated that everything that the gentleman has in the way of profit, from the cradle to the grave, has been covered by this bill?

Mr. KITCHIN. Yes. The gentleman is about correct. But I am afraid we are going to have an opportunity to increase some of these rates.

Mr. MOORE of Pennsylvania. May I ask the gentleman—

Mr. KITCHIN. I will say to the gentleman that this is the price of war here and in all the countries of the world.

Mr. MOORE of Pennsylvania. And that is one of the reasons why I propose to support the bill.

If anyone should desire to have a lawyer to proceed anywhere along the line in shaping up the business in accordance with this bill, and that lawyer should charge a fee in excess of a certain amount, the lawyer pays a tax?

Mr. KITCHIN. Yes, sir. If he makes an amount in excess of \$6,000 he pays an excess profits tax on such excess.

Mr. MOORE of Pennsylvania. And if he happens to call in a doctor to administer to him in his last hours, and the doctor's fee is as large as the traffic will bear, and exceeds a certain amount, the doctor will pay the tax?

Mr. KITCHIN. He will pay an excess profits tax, too, on the amount in excess of \$6,000.

Mr. MOORE of Pennsylvania. And if the undertaker happens to have made enough out of carrying the unfortunate body to the grave, and carries enough other bodies, and has charged enough in fees to have excess profits over \$6,000 a year, he also will pay a tax?

And I wish to ask this, in fairness, as it puts the other side of the case. The retroactive tax which was in the House bill is knocked out of this bill. There is no retroactive tax?

Mr. KITCHIN. That is true.

Mr. MOORE of Pennsylvania. There is no retroactive tax, no ex post facto tax?

Mr. KITCHIN. No. The so-called retroactive tax is not in this bill now.

Mr. MOORE of Pennsylvania. The tax on heat and light has been knocked out of this bill, so that the occupants of the small homes have been relieved to that extent?

Mr. KITCHIN. Yes. I have already explained that.

Mr. MOORE of Pennsylvania. The tax on tea and coffee has also been taken out of the bill?

Mr. KITCHIN. Yes; and the tax on sugar.

Mr. MOORE of Pennsylvania. So that those things stand to the credit of the conference report, as I understand it.

The SPEAKER. The Chair wants to suggest to all gentlemen, although we have been getting along here very quietly, that the right way to interrupt a man who is on the floor is to address the Speaker first and ask permission, and the very worst feature of behavior in the House is that some gentleman sitting in his seat will interject himself into the debate. It does not give the man on the floor a fair chance. It is done without thought; but these rules ought to be observed, because they tend to good order in this House.

Mr. GRAHAM of Illinois. Mr. Speaker, will the gentleman yield?

Mr. KITCHIN. I will.

Mr. GRAHAM of Illinois. I have been interested in what the gentleman has said about the taxation of everything under the sun. I want to call attention to a matter of amendment or change that was made by the conferees that appears on page 7 of the bill as printed. Originally this amendment, which was inserted by the conferees, was offered as an amendment in the House and rejected here; but it was put in by the conferees and is in order, I guess, in view of a Senate amendment along the same line.

Now, this excepts from the provisions of this act income that is derived by a person who is a member of a holding corporation when the income tax has been paid by the subsidiary corporation. Now, I want to ask this: Does the chairman know any reason why a man who owns stock in a holding corporation and whose money is invested in this holding corporation and not invested in the subsidiary corporations can not make investments in the holding corporation and be entirely free from the income tax on his investments?

Mr. KITCHIN. Any corporation that has stock in another corporation subject to the tax is relieved from the payment of the income tax or excess profits tax imposed by this bill with respect to the dividends received from such other corporation, but is not relieved from the income tax as imposed by existing law.

Mr. GRAHAM of Illinois. That is, if he owns stock in a holding corporation, for instance?

Mr. KITCHIN. Yes. Take, for example, the United States Steel Corporation, which has about 50 subsidiary companies. It owns the stock of those subsidiary companies. It owns the stock, say, in corporation A. Corporation A pays a tax upon all its earnings, upon its whole net income, and on its excess profits, and after paying these it turns the remaining income over to the parent company, the United States Steel Corporation. Now, that provision does not tax those dividends in the hands of the United States Steel Corporation, for the reason that the tax on all the earnings of the subsidiary company from which these dividends came have been paid by the subsidiary company. Those who strongly advocated this provision and believed that



it was right said it would be double taxation. Now, the gentleman from Illinois need not look me in the face as if I agreed to all of that. [Laughter.] If I had had my way, that provision would not have been in it.

Mr. GRAHAM of Illinois. Well, I thought I knew how you stood on that proposition.

Mr. KITCHIN. But I could not have my way all the time, and no other conferee could have his way all the time. There were nine others on that conference committee, each of whom also had a way.

Mr. GRAHAM of Illinois. The owner of stock in the United States Steel Co., of a holding company, is let out of the tax if that is all he owns?

Mr. KITCHIN. Of course, that dividend has already paid the tax before it gets into its hands.

Mr. GRAHAM of Illinois. Yes. The subsidiary company has paid it and the owner of stock in the subsidiary company has paid it.

Mr. KITCHIN. That was one of the important differences between the Senate conferees and the House conferees. The Senate had a provision in the bill releasing from all income taxes, both under existing law and under this bill, dividends received by a corporation from a corporation that was subject to the tax upon the ground that it was a double taxation. Personally I was opposed to that. We had somewhat of a contest over it. We finally agreed that the provision which the gentleman has just read should only apply to the additional income taxes imposed by this bill, but that the corporation tax of 2 per cent under existing law should be paid by both the subsidiary company and the parent company. That is all we could get out of the Senate conferees. The House conferees considered that very carefully, and while we believed it ought to be just as the House bill had it, we recognized that a material change had been made in the bill since it left the House that would perhaps justify us in yielding to the extent explained. I recall that the gentleman and the gentleman from Ohio [Mr. LONGWORTH], the gentleman from Wisconsin [Mr. LENOIR], and myself and several other Members voted down in the House the proposition when offered by the gentleman from Illinois [Mr. STERLING]. Then the normal tax on corporations, subsidiary and other corporations, would have been 4 per cent under the present law and the House bill. Since then the Senate by amendment, to which the House conferees agreed, increased the tax on corporations from 4 to 6 per cent. This increase of 2 per cent on all earnings of the subsidiary companies and the retention by the conferees of the 2 per cent under existing law which the parent or holding corporation must pay somewhat evens up matters.

Mr. LONGWORTH. I would like to ask the gentleman at some time three or four questions about the excess profits tax provision, and I would like to know whether the gentleman would now like me to postpone those questions?

Mr. KITCHIN. Yes. Please postpone them for a minute. Now, there was another important difference between the House and the Senate.

Mr. COOPER of Wisconsin. Mr. Speaker, will the gentleman yield?

The SPEAKER. Does the gentleman from North Carolina yield to the gentleman from Wisconsin?

Mr. KITCHIN. Yes; I yield to the gentleman from Wisconsin.

Mr. COOPER of Wisconsin. The character of the excess profits tax is somewhat difficult to ascertain from a casual reading of this very complicated bill, and therefore I ask this question, which has been submitted in perfect good faith by a very excellent gentleman: A corporation during the prewar period made an average profit of \$3,000 a year. After the war began it bought out a competitor, borrowed \$75,000 in money, and made a considerable investment in new buildings, and is capitalized for \$125,000. This last year its profits were \$15,000. Now how do you, under those circumstances, adjust the difference between the prewar period and the war period?

Mr. KITCHIN. Does the gentleman mean that the corporation was merged or reorganized during the war?

Mr. COOPER of Wisconsin. They made a new corporation entirely.

Mr. KITCHIN. There is a provision in the bill to take care of that. Where a corporation is reorganized with practically the same owners it is considered, so far as the percentage of deduction is concerned, a continuance of the business.

Mr. COOPER of Wisconsin. But there are new owners in it.

Mr. KITCHIN. I know, but there are also the old owners in it. If the old owners succeed to the new business, then they take the percentage that they had before the war, but if it is discontinued altogether, if the old owners gave up their business

and got out, and an entirely new corporation was organized since the prewar period, then it would take an 8 per cent deduction, as provided in the bill for new companies or business.

Mr. GREEN of Iowa. The prewar income is no longer the basis of taxation.

Mr. KITCHIN. It is no longer the basis of taxation, but it is still the basis of the deduction in a much more limited extent than was in the Senate amendments. There still exists a differential of 7 and 9 per cent. I am going to get to that and explain it as best I can.

Mr. COOPER of Wisconsin. It is exceedingly important in the case of this particular corporation, because for this \$75,000 of new capital invested they gave notes payable monthly, and it requires a profit in order to meet those notes and amortize the debt.

Mr. KITCHIN. I will say to the gentleman that if there is a change of corporation, company, business, or ownership altogether, then it is a new company that was not in existence during the prewar period, and it would take the 8 per cent deduction for the new business. That is, it would have an 8 per cent deduction upon the capital invested by the new company plus a further deduction of \$3,000. Then the rate of taxation would apply on the income in excess of the deduction.

Mr. COOPER of Wisconsin. Eight per cent deduction on the capitalization.

Mr. KITCHIN. On the invested capital, surplus, and undivided profits, plus \$3,000.

Mr. COOPER of Wisconsin. Plus \$3,000?

Mr. KITCHIN. Information and withholding at the source.

Mr. KITCHIN. Let me explain another difference, which I started to explain awhile ago. The Senate substituted what is known as information at the source instead of collection at the source, in its amendment to the income tax. For several years, since we first enacted the income tax of 1913, there has been a contest between the owners of bonds or obligations containing what is called a tax-free covenant and the makers of those bonds. In about \$10,000,000,000 or \$12,000,000,000 of bonds issued by railroad companies, telephone companies, and large industrial corporations there is a covenant something like this: If the Government should ever require retention at the source of income tax on the interest payments on these bonds, then the maker agrees to pay the full amount of the interest to the bondholder without deduction of the income tax paid. Of course, naturally those who executed these bonds would like to abolish collection at the source, which was provided in the acts of 1913 and is now provided in the act of 1916. Both acts required the corporation to withhold the income tax upon the interest on these bonds. If we were to accept the Senate amendment, then these corporations would get rid of paying the tax, which they agreed in the bonds to pay, and it would throw several million dollars of taxes upon the individual holders of these bonds. It was finally agreed that we should retain collection at the source with respect to these tax-free covenant bonds. So the law, as far as that is concerned, is not changed by this bill. They will withhold at the source one normal 2 per cent tax, but if we ever levy a greater flat normal tax, we will require the corporation to withhold and pay that tax. We were unable to require the corporation to withhold both normal taxes, because the corporation would not know how much to withhold in view of the different exemptions under the act of September 8, 1916, and this bill.

In all other cases we substitute information at the source instead of payment at the source.

TITLE II. WAR EXCESS-PROFITS TAX.

I will now discuss the differences and final settlement between the Senate and the House conferees with respect to the excess profits tax.

The House levied an excess-profits tax in addition to the excess-profits tax levied by the act of March 3, 1917, of 8 per cent upon the net income of corporations and partnerships in excess of 8 per cent of the capital actually invested and an additional exemption of \$5,000.

This additional 8 per cent tax would have made the total excess-profits tax under the act of March 3, 1917, and this act 16 per cent. This tax was determined when the needs of the Treasury were only estimated to be \$1,800,000,000. Had we have known at the time the House passed the bill of the new demands of several billions of dollars which arose later, of course, we would have provided higher and graduated excess profits tax rates, graduated according to the per cent of profits made on the invested capital.

The House bill, it will be observed, had the same exemption or reduction for all and the same tax rate for all. There was neither discrimination against nor favoritism to any, conditioned



upon whether or not the corporation or partnership was fortunate or unfortunate during some arbitrarily fixed period before the war. It considered only the prosperity of the taxable partnership or corporation—its ability to pay its share of the war burden in the taxable year.

It included only corporations and partnerships and excluded individuals because (1) of the extreme difficulty in the administration of the law as regards individuals, and (2) of the exemption from the income tax of partnerships and the exemption of corporations from the surtax, and (3) of the discrimination an excess-profits tax on individuals would make in favor of a corporation as against an individual in same business, same capital, and same profits, especially in view of the large surtax on the income of the individual, and the further view that officers of a corporation, substantially the owners of it, can deduct from its income subject to excess-profits tax salaries for their services, while the individual can have no deduction for salary on account of his services.

The Senate struck out the entire excess-profits tax title of the House bill, repealing also the existing law as to such tax, and wrote a substitute therefor. Its substitute made as the basis for deduction or exemption the amount of profits, or the percentage of profits, made during the years 1911, 1912, and 1913, called the prewar period. It graduated the tax not upon the per cent of profits made on the invested capital but upon the per cent of profits made in excess of the deduction or exemption. It applied the tax to individuals as well as to corporations and partnerships. Individuals were given an exemption of \$5,000 in addition to the per cent of prewar-profits deduction. Corporations and partnerships whose income was \$5,000 or over were given no specific exemption, but the tax did not apply to those making less than \$5,000.

The bill as reported by the Finance Committee of the Senate levied what it called a tax on "war profits"—so named in the amended bill. It conclusively assumed that every dollar of or income made by a corporation, partnership, or individual during the taxable year in excess of the profits or income made during the prewar period—1911, 1912, and 1913—was made out of or because of the war. It proposed, therefore, to tax only the profits made during the taxable year which were in excess of the profits made during such prewar period. The deduction or exemption was the amount of profits, or per cent of profits, on capital employed made during the prewar period, but it was provided that it should not be less than 6 per cent in any case. The more fortunate and prosperous one was during the prewar period the larger was his deduction or exemption and the less tax he would have to pay. The less fortunate and less prosperous one was during the prewar period the smaller was his exemption or deduction and the more taxes he would have to pay. For instance, if a corporation was making \$25,000,000 profits, or 50 per cent on its invested capital during the prewar period—and there were many such cases—before the tax attached to its income or profits, it would be given a deduction of 50 per cent of the capital invested during the taxable year. In numerous cases corporations, though extremely prosperous, would pay nothing because they were equally as prosperous during the prewar period. On the other hand, if another corporation with same capital, in same kind of business, making same profits during the taxable year, was making only 6 per cent on its capital during the prewar period, it would have only a deduction of 6 per cent on its capital during the taxable year, and would therefore pay an amount of taxes many times greater than its competitor.

After the bill as reported had been under discussion for some time in the Senate the Finance Committee discovered that many of the largest and most successful corporations, making during the prewar period from 10 per cent to over 80 per cent profit, would under the committee's amendments have an exemption or reduction so large that they would escape payment of about \$450,000,000 of taxes yearly; some making as high as from 25 per cent to over 75 per cent would pay no taxes at all. It therefore abandoned the theory of taxing so-called "war profits" alone and proposed an amendment or substitute for the former amendment, which the Senate adopted, making the tax one in the nature of an "excess-profits" tax instead of a "war-profits" tax—a tax on the profits in excess of a certain per cent of profits on invested capital—and both the Finance Committee and the Senate adopted substantially the House definition of capital.

The committee and the Senate, however, still retained in the bill as passed by the Senate a differential as to the deduction or exemption, based upon the per cent of profits made during the prewar period, but provided that the exemption or deduction should in no case be less than 6 per cent nor more than 10 per cent of the capital invested, accordingly as the corporation, part-

nership, or individual was making 6 per cent or less or as much as 10 per cent or more during the prewar period. For instance, if a corporation was making during the prewar period 6 per cent or less, it would have, under the bill as it passed the Senate, in computing the tax, 6 per cent of its capital invested during the taxable year as a deduction from its profits in the taxable year, and the tax would apply only to the profits in excess of the 6 per cent deduction. If it made during the prewar period 7, 8, 9, or 10 per cent on its invested capital, it would have, respectively, 7, 8, 9, or 10 per cent of the invested capital during the taxable year as a deduction from the profits of the taxable year, and the tax would attach only to the profits in excess of the respective deductions. If it made over 10 per cent during the prewar period, it could only have 10 per cent deduction for the taxable year, as it was provided in the later amendment or substitute that the deduction should in no case exceed 10 per cent.

The bill as passed by the Senate also retained the provision graduating the rates of the tax upon the per cent of profit made during the taxable year over the deduction or exemption and not upon the per cent of profits made on the capital invested during the taxable year. It reads:

Twelve per cent of the amount of such war profits not in excess of 15 per cent of the deduction—

And so forth.

Sixteen per cent of the amount by which such war profits exceed 15 per cent of such deduction and do not exceed 25 per cent thereof.

Twenty per cent of the amount by which such war profits exceed 25 per cent of such deduction and do not exceed 50 per cent thereof.

Twenty-five per cent of the amount by which such war profits exceed 50 per cent of such deduction and do not exceed 75 per cent thereof.

Thirty per cent of the amount by which such war profits exceed 75 per cent of such deduction and do not exceed 100 per cent thereof.

Thirty-five per cent of the amount by which such war profits exceed 100 per cent of such deduction and do not exceed 150 per cent thereof.

Forty per cent of the amount by which such war profits exceed 150 per cent of such deduction and do not exceed 200 per cent thereof.

Forty-five per cent of the amount by which such war profits exceed 200 per cent of such deduction and do not exceed 250 per cent thereof.

Fifty per cent of the amount by which such war profits exceed 250 per cent of such deduction and do not exceed 300 per cent thereof.

Sixty per cent of the amount by which such war profits exceed 300 per cent of such deduction.

These were the main differences between the House and the Senate, and this was the shape of the bill with respect to the excess-profits tax when the conferees met.

These differences were composed in conference by rewriting the excess-profits tax title. As agreed on, it provides for the levying of a graduated tax, ranging from 20 to 60 per cent, based upon the per cent of profit or income made during the taxable year on the invested capital, as follows:

Twenty per cent of the amount of the net income in excess of the deduction (determined as hereinafter provided) and not in excess of 15 per cent of the invested capital for the taxable year;

Twenty-five per cent of the amount of the net income in excess of 15 per cent and not in excess of 20 per cent of such capital;

Thirty-five per cent of the amount of the net income in excess of 20 per cent and not in excess of 25 per cent of such capital;

Forty-five per cent of the amount of the net income in excess of 25 per cent and not in excess of 33 per cent of such capital; and

Sixty per cent of the amount of the net income in excess of 33 per cent of such capital.

The tax applies to individuals, partnerships, and corporations. Citizens or residents of the United States and domestic partnerships have a flat, specific deduction of \$6,000 and domestic corporations have a flat, specific deduction of \$3,000. Besides these deductions each trade or business has a deduction equivalent to the average percentage of its income to its invested capital during the years 1911, 1912, and 1913, but this deduction can not be less than 7 per cent nor more than 9 per cent of its invested capital for the taxable year.

In case the income of a trade or business during 1911, 1912, and 1913 was not representative of like concerns engaged in similar business the Secretary of the Treasury may grant a deduction equivalent to the deduction granted such concerns.

In case of a trade or business, including professions and occupations, employing no capital, or only a nominal capital, an additional income tax of 8 per cent is levied upon the incomes of such trades or businesses in excess of \$6,000 in the case of a domestic partnership or a citizen or resident of the United States, and \$3,000 in the case of a domestic corporation.

If a corporation or partnership was not in existence, or an individual was not engaged in the trade or business, during the whole of any one calendar year during the prewar period, the deduction will be an amount equal to 8 per cent of the invested capital for the taxable year, plus \$3,000 in the case of a domestic corporation and \$6,000 in the case of a citizen or resident of the United States or a domestic partnership.

It will be noted that while a differential as to the deduction of 7 per cent to 9 per cent, instead of 6 per cent and 10 per cent as in the Senate provision, is made, the difference between the



two deductions is very small, in view of the method of graduating the rates of the tax agreed on by the conferees. If the conferees had adopted the Senate's method of graduating the tax, even with the slight differential of 7 per cent and 9 per cent, the difference in the amount of tax between a 7 per cent and a 9 per cent deduction would have been quite large and the difference in the amount of tax between a 6 per cent and a 10 per cent deduction, as was provided in the Senate amendment, would have been extremely large. For instance, a corporation with a capital of \$100,000, making a profit during the taxable year of \$25,000, or 25 per cent, with a 6 per cent deduction, would have paid \$7,029 of taxes, while a corporation in same business, same capital, and making the same profits during the taxable year, with a 10 per cent deduction, would have paid only \$3,965, or over \$3,000 less. Under the provision agreed on the difference between the amount of tax to be paid by a corporation with the same capital and same profits, with a 7 per cent deduction, and a corporation with a 9 per cent deduction is only \$400.

Mr. CAMPBELL of Kansas. Will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. CAMPBELL of Kansas. I have a great many oil wells and coal mines in my district, and the owners of the property tell me that when they are taking out oil or coal they are exhausting their principal, and they have wondered if the excess profits applied to them when they are taking out their product and exhausting their principal.

Mr. KITCHIN. I am glad the gentleman mentioned that.

Mr. CAMPBELL of Kansas. What did the conferees conclude as to that?

Mr. KITCHIN. We did not take care of that proposition. Let me say that I have had owners of oil wells and of coal and zinc mines and lumbermen tell me that each day in carrying on their business they are exhausting their capital and ought to have a reduction in some way on their excess-profits tax on this account. They are mistaken. They are not exhausting their capital each day, but instead they are getting their capital back each day. For instance, suppose I put \$100,000 into standing timber costing, say, \$5 a thousand feet, and erect a sawmill and cut it into lumber. Every time I cut a thousand feet I charge that \$5 up as cost of raw material, along with the cost of labor and other expenses. When I sell that thousand feet of lumber I add the cost of the standing timber, labor cost, and other expenses to the price for which sold. Five dollars of my principal is returned to me with a profit on it upon the sale of each thousand feet. Instead of exhausting their capital daily, a part of their capital is each day being returned to them to be again invested.

Mr. CAMPBELL of Kansas. But is it a profit?

Mr. KITCHIN. They get their capital back and the profit, too.

Mr. CAMPBELL of Kansas. Is it a profit when they are taking their capital out of the mines?

Mr. KITCHIN. For instance, a man puts \$300,000 into a coal mine, and the coal in the mine, say, stands him 5 cents a ton. He begins to mine and sell the coal. In the price of every ton he sells is included the cost of the coal in the mine, the cost of labor, overhead charges, and all other expense, and his profit. On every ton sold he gets back that part of his capital which he invested in or paid for that ton of coal at the mine.

Mr. CAMPBELL of Kansas. But suppose he has 160 acres of coal land, and he has mined all of that 160 acres, and it is completely exhausted?

Mr. KITCHIN. He has got his entire capital back. His mine is exhausted, but the capital he put into it has been returned to him from time to time as he mined and sold the coal.

Mr. CAMPBELL of Kansas. But is that charged to him as profits?

Mr. KITCHIN. The income-tax law and this bill permit him to deduct the cost of that coal, in getting at his profits or income that year for the purpose of the tax. He deducts that, deducts the overhead charges, labor, and all other expense in determining the profits or income in his business.

Mr. CAMPBELL of Kansas. Here is a man who has an oil well that cost him \$20,000. Every time he takes 20 barrels of oil out of that well he exhausts the value of his investment, does he not?

Mr. KITCHIN. He exhausts that much of the oil in the well and the well is worth that much less, but instead of exhausting his capital put into it, he has had it returned to him at every sale of a barrel of oil to the extent of the cost to him of the oil in the well. Suppose the oil in which his capital was invested cost him at the rate of 25 cents a barrel; every barrel he takes out, when he sells it, he gets back 25 cents of his capital that he has put in. When he has exhausted the

well he has had returned to him the \$20,000 in the price he received for the oil. Suppose I buy standing timber for \$100,000 and the next day I sell it for \$150,000. I have sold all of it in one sale and got my capital back the next day and \$50,000 profit. Suppose I cut it up into lumber and sell it in that way, taking a year in which to cut it; each day I cut and sell I get part of my capital back. When I have sold it all I have all my capital back and the profits on my investment. As a matter of justice one should not have a deduction on the whole amount of original capital when in the nature of the business his capital is from time to time returned to him as in the case of timber, oil, and mining business, and such returned capital should not be used as a basis of deduction.

Mr. GREEN of Iowa. The Senate Finance Committee took as its basis for computing the excess-profits tax certain prewar profits. That has been abandoned, except as there is a margin between 7 and 9?

Mr. KITCHIN. Yes.

Mr. REAVIS. The gentleman stated that to ascertain the net income for the purposes of taxation there will be deducted overhead charges, labor, and so forth.

Mr. KITCHIN. Yes; that is in the present income tax.

Mr. REAVIS. And the amount arrived at for the purposes of taxes on incomes would be the basis of the excess-profits tax?

Mr. KITCHIN. Yes; you get that first.

Mr. REAVIS. Let me suggest this condition, and it doubtless prevails in the gentleman's district as it does in mine: Take, for instance, the farmer who has a large family following the example of the gentleman, and who employs his boys upon the farm to aid him in his work. Is he entitled to a deduction for that labor, even though he does not pay for it?

Mr. KITCHIN. No.

Mr. REAVIS. Then he would be paying excess-profits taxes on the labor rather than on the real profits, would he not?

Mr. KITCHIN. Yes, to a certain extent, because in most States if the child is under 21 his labor belongs to the parent.

Mr. REAVIS. He is entitled to the labor?

Mr. KITCHIN. Yes.

Mr. REAVIS. That being true, he would pay a tax on the returns with no deductions for labor.

Mr. KITCHIN. And that is one reason why I personally and the House conferees were not in favor of including individuals in the excess-profits tax. The owner of practically all the stock of the corporation could charge up his own salary as officer of the corporation, and for the labor of his wife and children if they performed services for it, and deduct the amounts so paid or charged up as part of the operating expenses from the amount of taxable income or profits, while the individual in same kind of business with same capital and making same profits could not have any such deduction.

Mr. REAVIS. All of the labor within the corporation they are entitled to deduct?

Mr. KITCHIN. Yes; but one thing we did manage to get, to offset that somewhat. We secured in the agreement for the individual and the copartnership an exemption or deduction of \$6,000 flat, while the corporation gets only \$3,000.

Mr. CANNON. Mr. Speaker, will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. CANNON. I think there is a provision in the conference report that gives a man credit, in making up his returns, for everything that he contributes to educational, religious, or charitable institutions.

Mr. KITCHIN. To the extent of 15 per cent of his net income.

Mr. CANNON. He would get a part of it. The newspapers say, and I have no doubt it is true, that a certain wealthy gentleman contributed \$5,000,000 to the Red Cross. So he would get a reduction for that?

Mr. KITCHIN. On his income tax, if it did not exceed 15 per cent of his total net income.

Mr. CANNON. He would get all of it?

Mr. KITCHIN. No; 15 per cent. Suppose one's net income is \$10,000,000. He can give away 15 per cent or \$1,500,000 of that to charitable, religious, or educational organizations, and that amount would be exempt from income tax.

Mr. CANNON. And he still has a free hand as to \$8,500,000?

Mr. KITCHIN. That \$1,500,000 would be untaxed so far as the income tax is concerned, and all the balance of the net income would be taxed.

Mr. CANNON. There is no difference between the individual and the corporation, is there, in making up the excess-profits tax?

Mr. KITCHIN. Individuals, copartnerships, and corporations are subject to the tax, but we give the individual and



the copartnership a \$6,000 exemption so far as the excess-profits tax is concerned, while the corporation gets only \$3,000.

Mr. CANNON. I want to see if I am right about a kindred proposition. I have a constituent who has an income of, say, \$25,000, substantially all from dividends of corporations that are engaged in business. He is a gentleman of leisure. The corporation pays the excess-profits tax and also the individual?

Mr. KITCHIN. I do not think in the case the gentleman cites that the individual would pay any excess profits tax, as he is not engaged in trade or business and has no profession or occupation. He, of course, would pay an income tax. The difference between the excess profits tax and the income tax is this: The income tax is a tax upon the total net income received from all sources, with a few certain exceptions. The excess-profits tax as now written in the bill is a tax on trade or business, including professions and occupations; that is, on the income or profits of trade or business, including professions and occupations.

Mr. CANNON. Now, if the gentleman will permit—

Mr. KITCHIN. But if an individual is in business—say the mercantile business—and has investments in railroad stocks and bonds and receives \$10,000 from them, disconnected altogether from his business, that would not be included in determining the income subject to excess-profit tax.

Mr. CANNON. But the corporation would pay the tax before he got it; then he would pay the tax after he got it. It is double taxation.

Mr. KITCHIN. No; the corporation pays the normal or corporation tax. The individual will not pay the normal tax on dividends received from a corporation that is taxed. If you receive \$10,000 or \$50,000 or any amount from dividends of corporations subject to the tax, you are exempt from paying on those dividends the normal tax, which under this bill is 4 per cent. But you must pay the surtax on income from the corporate dividends as well as from other sources when the income exceeds \$5,000.

Mr. CANNON. I understand; under the law of 1916.

Mr. KITCHIN. Under this bill.

Mr. REAVIS. Will the gentleman yield?

Mr. KITCHIN. I yield.

Mr. REAVIS. Take, for instance, the case of a gentleman having no particular business or occupation but who owns several thousand acres of farm land, which he rents. Does he pay any excess-profits tax?

Mr. KITCHIN. There is some doubt as to this, but I am inclined to believe that he would pay an excess-profits tax. He would probably be construed as being in the business of renting land.

Mr. REAVIS. Or a man loaning money?

Mr. KITCHIN. If loaning money was his business or part of his business, he would pay. An occasional loan of money by one not in the business of loaning money would not be subject to the excess-profits tax.

Mr. McFADDEN. Will the gentleman yield?

Mr. KITCHIN. I will yield.

Mr. McFADDEN. I have in mind a corporation started several years ago with \$15,000 capital. No dividends have been declared and the profits have been left in the business, until today there is an investment of \$175,000.

Mr. KITCHIN. There would be a deduction upon the whole \$175,000.

Mr. TOWNER. Will the gentleman yield?

Mr. KITCHIN. I yield.

Mr. TOWNER. I hope the gentleman understands, as I think the House does, how very important this interpretation of the bill is to us and will be to others. I was wondering if it would be impractical for the gentleman to put into his revision of remarks a statement showing what would be the amount of taxes of individuals doing business, say, on an easily determined capitalization of \$100,000, with profits of, say, \$10,000, \$25,000, and \$50,000 a year?

Mr. KITCHIN. The gentleman means income tax and excess-profits tax, both?

Mr. TOWNER. Yes.

Mr. KITCHIN. I have them here, but it will take very long to read them. I will say to the gentleman—

Mr. TOWNER. I do not expect the gentleman to do it now. Just take a corporation doing a business of \$100,000 a year and give us a basis of what would be paid on profits of \$10,000, \$25,000, \$50,000, \$75,000, or \$100,000 on the capitalization. It occurs to me it would be very valuable, not only to Members but to the country at large.

Mr. KITCHIN. I will append tables showing the application of the tax and the amount to be paid in certain specified cases of capital invested and profits made.

Mr. CANNON. If the gentleman will yield, that will be in the shape of a table?

Mr. KITCHIN. Yes.

Mr. CANNON. And made up by experts?

Mr. KITCHIN. Yes; made up by experts.

Mr. CANNON. I hope the gentleman will do so, because I get letters constantly about that, and I would like to send them the table.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield?

Mr. KITCHIN. I yield.

Mr. McFADDEN. Referring to the question I just put and the gentleman's answer, the friend I referred to with \$175,000 capital is now earning 10 per cent on \$175,000, and under this plan the exemption is \$5,000.

Mr. KITCHIN. Three thousand dollars flat plus the same percentage of profits on invested capital as it was making during the prewar period, not to exceed 9 per cent. The Senate had no flat specific exemption for corporations. The House had \$5,000, and we agreed on \$3,000. The Senate amendments, however, provided that the excess-profits tax should not apply to corporations whose net income was less than \$5,000. In other words, by such a provision a corporation that made \$4,999 would not pay a cent of the excess-profits tax, but the corporation that made \$5,000 or over would pay an excess-profits tax on the whole \$5,000. As I said, we finally agreed on a flat specific exemption of \$3,000 to all corporations. In the case the gentleman speaks of, if the corporation was making upon its invested capital, including surplus and undivided profits, during the prewar period of 1911, 1912, and 1913, 7 per cent or less, it would have 7 per cent of its invested capital, including surplus and undivided profits, during the taxable year as a deduction plus the \$3,000 flat deduction. If it was making 8 or 9 per cent or over during the prewar period, it would have for the taxable year as a deduction, respectively, 8 or 9 per cent plus the \$3,000. The deduction under the report can not be less than 7 per cent nor more than 9 per cent.

Mr. McFADDEN. It seems to me under that argument the gentleman is going to avoid paying any tax.

Mr. KITCHIN. If, as I understand the gentleman to say, the corporation was now making 10 per cent, that is, \$17,500, and that it made 10 per cent before the war on the invested capital—

Mr. McFADDEN. Yes.

Mr. KITCHIN. It would have a deduction of 9 per cent, because under the provision agreed on by the conference it can not go over 9 per cent plus the \$3,000 flat deduction.

Mr. McFADDEN. He would be paying on 1 per cent?

Mr. KITCHIN. No. It would pay no excess-profits tax, as the deductions would be \$18,750, \$1,250 more than the net income. The 9 per cent deduction on \$175,000 is \$15,750. Add the \$3,000 and it will be \$18,750 as a total deduction.

Mr. CANNON. If he was making on the average for the three prewar years more than this year, he would not pay anything?

Mr. KITCHIN. Under the bill as first reported by the Senate committee it would not. But the bill as finally passed by the Senate provided that the deduction should in no case exceed 10 per cent of the capital invested. Under the bill as agreed on by the conference the deduction can in no case exceed 9 per cent of the invested capital plus the flat specific deduction or exemption.

Mr. McFADDEN. Will the gentleman define more clearly what he means by invested capital?

Mr. KITCHIN. We have agreed on a definition as to invested capital substantially as the House had it, with some modification as to good will and other intangible assets. We also provide that property turned over for shares and stock in a corporation or partnership prior to January 1, 1914, to be valued at its cash value not as of the time it was turned over, but as of January 1, 1914. All property turned over since January 1, 1914, is valued at its cash value at the time so turned over. We make another provision that I am not specially impressed with. We have modified the meaning of "capital invested" by permitting stock issued in good faith for good will, franchise, trade-marks, and trade brands prior to March 3, 1917—the date of the passage of the excess-profits act of March 3, 1917, which gave corporations notice that they could not do so any more—up to 20 per cent of the total amount of the capital stock to be counted as part of the invested capital.

Let me read the language of the bill as agreed on defining the meaning of invested capital:

Sec. 207. That as used in this title the term "invested capital" for any year means the average invested capital for the year, as defined and limited in this title, averaged monthly.

As used in this title "invested capital" does not include stocks, bonds (other than obligations of the United States), or other assets



the income from which is not subject to the tax imposed by this title, nor money or other property borrowed, and means, subject to the above limitations:

(a) In the case of a corporation or partnership: (1) Actual cash paid in, (2) the actual cash value of tangible property paid in other than cash, for stock or shares in such corporation or partnership, at the time of such payment (but in case such tangible property was paid in prior to January 1, 1914, the actual cash value of such property as of January 1, 1914, but in no case to exceed the par value of the original stock or shares specifically issued therefor), and (3) paid in or earned surplus and undivided profits used in the business, exclusive of the undivided profits earned during the taxable year: *Provided*, That (a) the actual cash value of patents and copyrights paid in for stock or shares in such corporation or partnership, at the time of such payment, shall be included as invested capital, but not to exceed the par value of such stock or shares at the time of such payment, and (b) the good will, trade-marks, trade brands, the franchise of a corporation or partnership, or other intangible property, shall be included as invested capital if the corporation or partnership made payment bona fide therefor specifically as such in cash or tangible property, the value of such good will, trade-mark, trade brand, franchise, or intangible property, not to exceed the actual cash or actual cash value of the tangible property paid therefor at the time of such payment; but good will, trade-marks, trade brands, franchise of a corporation or partnership, or other intangible property, bona fide purchased, prior to March 3, 1917, for and with interests or shares in a partnership or for and with shares in the capital stock of a corporation (issued prior to March 3, 1917), in an amount not to exceed on March 3, 1917, 20 per cent of the total interests or shares in the partnership or of the total shares of the capital stock of the corporation, shall be included in invested capital at a value not to exceed the actual cash value at the time of such purchase, and in case of issue of stock therefor not to exceed the par value of such stock.

(b) In the case of an individual, (1) actual cash paid into the trade or business, and (2) the actual cash value of tangible property paid into the trade or business, other than cash, at the time of such payment (but in case such tangible property was paid in prior to January 1, 1914, the actual cash value of such property as of January 1, 1914), and (3) the actual cash value of patents, copyrights, good will, trade-marks, trade brands, franchises, or other intangible property, paid into the trade or business at the time of such payment, if payment was made therefor specifically as such in cash or tangible property, not to exceed the actual cash or actual cash value of the tangible property bona fide paid therefor at the time of such payment.

In the case of a foreign corporation or partnership or of a nonresident alien individual, the term "invested capital" means that proportion of the entire invested capital, as defined and limited in this title, which the net income from sources within the United States bears to the entire net income.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. McFADDEN. In defining what is the "invested capital," would the company be permitted to value its capitalization on the present inflated prices?

Mr. KITCHIN. No. We provide against that.

Mr. OLIVER of Alabama. Mr. Speaker, will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. OLIVER of Alabama. Does the gentleman propose an excess-profits tax on the business corporation without any capital, the earnings of which are alone dependent on the business skill of the members?

Mr. KITCHIN. I purpose to take up that question and discuss section 209 later on, but since the gentleman has asked the question I will now take it up. In the House bill, the excess-profits tax applied only to corporations and partnerships, and not to individuals. The Senate included individuals in its amendments. It made the individual merchant, farmer, banker, lumberman, miner, the manufacturer, and every other class of individuals in trade or business subject to the excess-profits tax. But it exempted from the tax the incomes of lawyers and doctors and other professional men derived from their profession; also salaries of offices and employments, including the salaries of business occupations, as well as those of governmental officers. The House conferees opposed the inclusion of individuals in the excess-profits tax provision, for the reasons I have before given. The Senate conferees insisted upon including them, but agreed to grant them a specific deduction of \$6,000 plus the deduction of the per centum of profits made on invested capital, if any, the same as is given to corporations and partnerships.

After much consideration the conferees unanimously agreed that there should be no exemption from the tax of lawyers, doctors, civil engineers, or other professional men, or the high-salaried business man. So the conferees, after mature deliberation and after a special conference committee meeting called for the purpose of considering the matter, unanimously agreed on section 209, which is as follows:

That in the case of a trade or business having no invested capital or not more than a nominal capital there shall be levied, assessed, collected, and paid, in addition to the taxes under existing law and under this act, in lieu of the tax imposed by section 201, a tax equivalent to 8 per cent of the net income of such trade or business in excess of the following deduction: In the case of a domestic corporation \$3,000, and in the case of a domestic partnership or a citizen or resident of the United States \$6,000; in the case of all other trades or business, no deduction.

A prior section defines trade or business to include professions and occupations. There is not a more proper or just provision in the entire bill than this one. If the individual farmer, mer-

chant, banker, miner, lumberman, manufacturer, and every other class of individuals in trade or business are made to pay the tax, why should not the lawyer, the doctor, and other professional men, who made a profit or income in his profession of over \$6,000 be also made to pay? Why should not the high-salaried business man be made to pay?

What good reason can be given why the farmer and merchant and manufacturer should be made subject to the tax and the lawyer, doctor, and other professional men be exempt from the tax?

The only fair and reasonable objection that can be made to the provision is that the tax is not high enough to equalize the tax which the farmer, merchant, and manufacturer has to pay. They must pay from 20 to 60 per cent of their income or profits in excess of their deductions, while the professional man and the high-salaried business man will pay only 8 per cent on their income in excess of their deduction. Of course the farmer, merchant, or manufacturer has a larger deduction on account of having substantial capital invested, but this deduction will not reduce his tax to as low as that of the lawyer, doctor, or other professional man.

It is suggested that the lawyer, doctor, or other professional man should not be taxed because his income is derived from his brain and time and personal qualification. Does not the farmer, merchant, or manufacturer carry to his business his personal qualification? Does he not devote to his business his brain and time, and in addition puts capital in money and property into it? Is not his income or profit derived from the combination of his brain and time and capital? It is said that the professional man is taxed under the income-tax law on his income and that it is unjust to levy another tax in the nature of an excess-profits tax on his income or profits, that it is double taxation. Is not the farmer, merchant, or manufacturer or other individual in trade or business taxed on his income under the income-tax law, and is not an excess-profits tax levied, in addition to the regular income tax, on his profits or income? If such a tax is just in case of the farmer, merchant, and manufacturer, why is it not just in case of the lawyer, doctor, or other professional man?

Mr. OLIVER of Alabama. I would like for the gentleman to state whether or not any attention was paid to the number that might compose the business of a professional partnership? If there were six or seven members, there would be the same flat exemption as for two?

Mr. KITCHIN. Yes. The six or seven would have the one exemption as a partnership for the purpose of this tax, which is in lieu of the excess-profits tax computed on the basis of capital invested, but when they divided their profits each of the six or seven would have an exemption under the income-tax law. Wherever a corporation or partnership or individual has no capital or only a nominal sum invested and is in trade or business, or in a profession, the corporation is given a \$3,000 deduction and the individual or partnership a \$6,000 deduction. All the net income derived from the business, trade, profession, or occupation in excess of the deduction is taxed 8 per cent.

Mr. HUSTED. Mr. Speaker, will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. HUSTED. I would like to ask if this bill does not bear with special hardship on the man who happens to have the bulk of his property invested in the stock of a corporation?

Mr. KITCHIN. He would not pay any excess-profits tax on dividends received from a corporation subject to the tax.

Mr. HUSTED. I mean a corporation which is subject to the excess-profits tax, but which has not made any excessive-war profits. That man, a stockholder in that corporation, has relied upon the dividends on his stock during the prewar period for his livelihood. Now, that stock would bear a greater proportionate share of the burden than other property would bear, it seems to me, and that he would indirectly pay more in proportion than men who had their money invested in other classes of property.

Mr. KITCHIN. The excess-profits tax provision in this bill, as agreed on, does not take into consideration the difference between his profits before the war and his profits now, except as to the differential of 7 and 9 per cent on invested capital as a deduction, as I have before explained. This is not a war-profits tax, but it is an excess-profits tax.

Mr. HUSTED. For that reason it seems to me he would pay more than the man who had his money invested in other classes of property.

Mr. KITCHIN. Every man and every class of business, every partnership and every corporation, is paying more.

Mr. HUSTED. I realize that he is paying more than he did before the war, but it seems to me he is also paying more in proportion.



Mr. KITCHIN. The difference between this bill and a war-profits bill is that this bill taxes ability to pay to help carry on this war. It makes no difference whether a man was fortunate or unfortunate, whether he was prosperous or not before the war. The question presented in the bill as agreed on is what is his present ability to help pay to support this Government in its war struggle? If everybody had been as prosperous during the prewar period as now, there would be no excess profits to be taxed under the Senate bill as originally reported, and no money could have been raised from this source.

Mr. LONGWORTH. Will the gentleman yield?

Mr. KITCHIN. I yield to the gentleman from Ohio.

Mr. LONGWORTH. This excess-profits tax provision repeals the existing law, does it not?

Mr. KITCHIN. Yes.

Mr. LONGWORTH. And that is the only case in which the existing law is repealed?

Mr. KITCHIN. Yes; it is repealed and the excess-profits tax provision of this bill is substituted for it—

Mr. LONGWORTH. Except, too, I think, the munitions tax—

Mr. KITCHIN. The munitions tax is effective until January 1, 1918, at 10 per cent instead of 12½ per cent.

Mr. LONGWORTH. This act applies to the calendar year 1917, ending the last of next December?

Mr. KITCHIN. Yes.

Mr. LONGWORTH. Except in cases where a corporation may have a determined fiscal year?

Mr. KITCHIN. That is, in the case of a corporation whose fiscal year began in 1916, we have a provision that it shall not pay any excess-profits tax upon that portion of its earnings which it made in the calendar year 1916.

Mr. LONGWORTH. Only on that portion which they made during the calendar year 1917?

Mr. KITCHIN. Yes. That portion would be taxable.

Mr. LONGWORTH. Some questions have been asked by Members which it seems to me indicate that they do not quite understand about the prewar period as now fixed. Is this the fact or is it not, that the prewar period only counts in determining the question of whether you shall have a 9 per cent or a 7 per cent deduction?

Mr. KITCHIN. Yes; that is correct.

Mr. LONGWORTH. It makes no difference what the actual receipts were in the prewar years, but only the proportion of the percentage that those receipts bore to the capital invested in those years?

Mr. KITCHIN. That is it exactly. In other words, if a corporation, copartnership, or individual had been making 8 per cent profit on the capital invested during those three prewar years—1911, 1912, and 1913—they would be entitled to a deduction of 8 per cent on the capital invested during the taxable year. If a man was making 8 per cent on \$100,000 before the war, the deduction would be \$8,000. If now he has \$200,000 invested, he is entitled to a deduction of 8 per cent on that \$200,000, or a \$16,000 deduction before the tax applies. The tax applies only on the profits in excess of the deduction.

Mr. DARROW. In a case of an individual in business, where he has no capital stock, is there any way of arriving at his capital invested?

Mr. KITCHIN. Does the gentleman mean to take the case of a lawyer or doctor who makes \$10,000, but who has not capital invested?

Mr. DARROW. Suppose a man has capital invested, but no capital stock?

Mr. KITCHIN. Then the deduction is based upon the capital invested, whether any stock was issued or not.

Mr. DALLINGER. Will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. DALLINGER. Section 209 uses the words: "nominal capital." Suppose a family is incorporated for a small amount of capital, and all they have is a trade-mark or the good will of a certain article. Suppose they could sell to-day that trade-mark for half a million dollars and they are only incorporated for \$5,000. Would that come under that section?

Mr. KITCHIN. How much are they making?

Mr. DALLINGER. Suppose they are making net \$100,000 and are only capitalized for \$5,000.

Mr. KITCHIN. I would say that that was not more than a nominal capital in the case the gentleman puts, and the corporation would pay under section 209.

Mr. COOPER of Wisconsin. Will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. COOPER of Wisconsin. I notice that the gentleman a moment ago, in replying to a question, spoke of the annual net

income. That word "net" is of great importance. How does the Government determine the net income?

Mr. KITCHIN. The net income is determined from the returns made under the income-tax law.

Mr. COOPER of Wisconsin. Is there any machinery outside of the returns under the income-tax law for determining the net capital?

Mr. KITCHIN. If the income-tax returns are not sufficient, we have a provision in this bill providing that the department can get any data that it sees fit in order to get at the excess-profits tax.

Mr. LONGWORTH. That is already provided by law.

Mr. KITCHIN. Yes; but we made it a little more specific.

Mr. HULL of Iowa. Will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. HULL of Iowa. If the gentleman is through on that subject, I would like to ask him a question in regard to the postal rates.

Mr. KITCHIN. Very well.

Mr. HULL of Iowa. Here is a postal card used almost universally in this country that can be classed as third-class mail or first-class mail. Is it the intention of the committee to make the sender of the postal card pay 2 cents, or can he mail them for 1 cent?

Mr. KITCHIN. All postal cards or post cards now going at 1 cent will have to pay 2 cents if this bill becomes a law.

Mr. HULL of Iowa. If a man takes the same postal card and puts it in an unsealed letter he can mail it for 1 cent. Was that the intention of the committee?

Mr. KITCHIN. It is not the intention of the committee; but would it not be foolish for a man to take a 1-cent postal card and put it in an unsealed envelope and place an additional 1 cent on the envelope?

Mr. HULL of Iowa. If it is printed matter, under the gentleman's definition and his answer, it could be put in an unsealed letter and mailed as third-class matter. It would be so rated in the Post Office Department.

Mr. KITCHIN. Can not you write a circular letter as long as your arm and put it in an unsealed envelope?

Mr. HULL of Iowa. You can; but under your bill you can not put it on a piece of paper outside of an unsealed letter.

Mr. KITCHIN. I will say to the gentleman that if he undertakes to take a post card, put it in an envelope, and send it, he will pay the 2-cent rate or he will be hauled up by the department. If he continues to do it afterwards, they will have him up in another way.

Mr. HULL of Iowa. Let me tell the gentleman that this is not a joking matter. This is a card used in this country by every business firm which sends out thousands and millions of them by every mail every day.

Mr. KITCHIN. If he puts the postal card in an envelope he has got to pay 2 cents on it.

Mr. HULL of Iowa. If he does not write anything on it, he can mail it outside, can not he?

Mr. KITCHIN. I think they could mail it like they could a piece of pasteboard. Now, the gentleman may be absolutely right about this, but I do not think he is.

Now, let me get to another matter, which will be the last one I will discuss.

#### SECOND-CLASS POSTAGE RATES.

The House as it passed the bill established the zone system, making no distinction between that portion of the newspaper or magazine devoted to reading matter and that portion devoted to advertisements. It had one flat zone rate for the whole paper, advertising and reading matter. The House bill provided the following rates upon second-class mail matter: In the first zone, 1½ cents; second and third zones, 2 cents; fourth and fifth zones, 3 cents; sixth zone, 4 cents; seventh zone, 5 cents; and the eighth zone, 6 cents. It gave the publishers until March 1, 1918, to adjust their business before these final rates went into effect. The Senate struck this provision out. The Senate, as in Committee of the Whole, put in the McKellar amendment, which provided for the zone system and greatly increased the rates in all the zones beyond the third. It applied to the whole paper, making no distinction between reading and advertising matter. When the bill got back into the Senate the Senate struck it all out and left the postage rates on second-class matter as they are in existing law. The conferees, after three or four days of discussing the matter from every viewpoint, taking into consideration every argument that had been made against the zone system and increased rates, finally concluded that it was wise, just, and fair to establish the zone system so far as it relates to the advertising portion of the newspaper or magazine. In view of the enormous annual loss from second-class postage we



thought it was just and right to increase the postage upon the reading portion of the newspaper one-half a cent a pound for all zones. That is to say, the reading portion of the paper or magazine, if this bill becomes a law, will pay at the flat rate of a cent and a half a pound. The zone system and zone rates will apply to the advertising portion. We give about four years after the passage of this bill before the full rates finally go into effect. The full rates will not go into effect until July 1, 1921. On July 1, 1918, one-quarter of this increase is put into effect. On July 1, 1919, another quarter is added; on July 1, 1920, another quarter is added; and on July 1, 1921, the fourth quarter is added. So there are three full years from July 1, 1918, before the full rates become operative. The conference committee thought—and I believe every intelligent man, when he stops to think, will come to the same conclusion—that the newspapers and magazines within four years, with such a small increase, can so adjust their business with the advertisers especially, and if not with them, then with the subscribers and the advertisers, so that the paper or magazine itself bear only a part, if any, of the increased rates.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. KITCHIN. Just a moment. Newspapers that are maintained by and in the interests of religious, educational, charitable, scientific, agricultural, and labor organizations, no part of whose net income goes to the private benefit of any individual stockholder, will pay a flat increase of one-quarter of a cent a pound, and one-half of that quarter goes into effect on the 1st of July, 1918, and the other on the 1st of July, 1919.

The provisions with respect to the increased postage rates on second-class mail matter are as follows:

Sec. 1101. That on and after July 1, 1918, the rates of postage on publications entered as second-class matter (including sample copies to the extent of 10 per cent of the weight of copies mailed to subscribers during the calendar year) when sent by the publisher thereof from the post office of publication or other post office, or when sent by a news agent to actual subscribers thereto, or to other news agents for the purpose of sale:

(a) In the case of the portion of such publication devoted to matter other than advertisements shall be as follows: (1) On and after July 1, 1918, and until July 1, 1919, 1½ cents per pound or fraction thereof; (2) on and after July 1, 1919, 1½ cents per pound or fraction thereof.

(b) In the case of the portion of such publication devoted to advertisements the rates per pound or fraction thereof for delivery within the several zones applicable to fourth-class matter shall be as follows (but where the space devoted to advertisements does not exceed 5 per cent of the total space the rate of postage shall be the same as if the whole of such publication was devoted to matter other than advertisements): (1) On and after July 1, 1918, and until July 1, 1919, for the first and second zones, 1½ cents; for the third zone, 1½ cents; for the fourth zone, 2 cents; for the fifth zone, 2½ cents; for the sixth zone, 2½ cents; for the seventh zone, 3 cents; for the eighth zone, 3½ cents; (2) on and after July 1, 1919, and until July 1, 1920, for the first and second zones, 1½ cents; for the third zone, 2 cents; for the fourth zone, 3 cents; for the fifth zone, 3½ cents; for the sixth zone, 4 cents; for the seventh zone, 5 cents; for the eighth zone, 5½ cents; (3) on and after July 1, 1920, and until July 1, 1921, for the first and second zones, 1½ cents; for the third zone, 2½ cents; for the fourth zone, 4 cents; for the fifth zone, 4½ cents; for the sixth zone, 5½ cents; for the seventh zone, 7 cents; for the eighth zone, 7½ cents; (4) on and after July 1, 1921, for the first and second zones, 2 cents; for the third zone, 3 cents; for the fourth zone, 5 cents; for the fifth zone, 6 cents; for the sixth zone, 7 cents; for the seventh zone, 9 cents; for the eighth zone, 10 cents.

(c) With the first mailing of each issue of each such publication the publisher shall file with the postmaster a copy of such issue, together with a statement containing such information as the Postmaster General may prescribe for determining the postage chargeable thereon.

Sec. 1102. That the rate of postage on daily newspapers, when the same are deposited in a letter-carrier office for delivery by its carriers, shall be the same as now provided by law; and nothing in this title shall affect existing law as to free circulation and existing rates on second-class mail matter within the county of publication: *Provided*, That the Postmaster General may hereafter require publishers to separate or make up to zones in such a manner as he may direct all mail matter of the second class when offered for mailing.

Sec. 1103. That in the case of newspapers and periodicals entitled to be entered as second-class matter and maintained by and in the interest of religious, educational, scientific, philanthropic, agricultural, labor, or fraternal organizations or associations, not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual, the second-class postage rates shall be, irrespective of the zone in which delivered (except when the same are deposited in a letter-carrier office for delivery by its carriers, in which case the rates shall be the same as now provided by law), 1½ cents a pound or fraction thereof on and after July 1, 1918, and until July 1, 1919, and on and after July 1, 1919, 1½ cents a pound or fraction thereof. The publishers of such newspapers or periodicals before being entitled to the foregoing rates shall furnish to the Postmaster General, at such times and under such conditions as he may prescribe, satisfactory evidence that none of the net income of such organization inures to the benefit of any private stockholder or individual.

Sec. 1104. That where the total weight of any one edition or issue of any publication mailed to any one zone does not exceed 1 pound the rate of postage shall be 1 cent.

Sec. 1105. The zone rates provided by this title shall relate to the entire bulk mailed to any one zone and not to individually addressed packages.

Sec. 1106. That where a newspaper or periodical is mailed by other than the publisher or his agent or a news agent or dealer the rate shall be the same as now provided by law.

The SPEAKER pro tempore. The time of the gentleman from North Carolina has expired.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent to extend and revise my remarks in the RECORD, and to append some tables which may prove instructive and useful in the study of the revenue bill as agreed on by the conference committee and which will soon become law.

The SPEAKER pro tempore. Is there objection?

There was no objection.

#### APPENDIX A.

Estimated additional revenue to be derived under H. R. 4280 during the first 12 months the law is in operation.

#### SOURCES.

Title I: New war income tax	\$851,000,000
Title II:	
Excess-profits tax	1,000,000,000
Munitions	25,000,000
Title III:	
Distilled spirits	135,000,000
Rectified spirits	5,000,000
Fermented liquors	46,000,000
Wines	7,000,000
Soft drinks, sirups, etc.	13,000,000
Title IV:	
Cigars	10,000,000
Cigarettes	21,500,000
Tobacco	30,000,000
Snuff	1,800,000
Cigarette papers and tubes	100,000
Title V:	
Transportation—	
Freight	77,500,000
Express	10,800,000
Passenger	60,000,000
Pipe lines	4,500,000
Seats and berths	4,500,000
Telegraph and telephone messages	7,000,000
Insurance	5,000,000
Title VI:	
Automobiles, manufacturers' tax	40,000,000
Musical instruments—phonographs, records, etc.	3,000,000
Motion-picture films	3,000,000
Jewelry	4,500,000
Sporting goods	1,200,000
Pleasure boats	1,500,000
Perfumery and cosmetics	1,900,000
Proprietary medicines	3,400,000
Chewing gum	400,000
Cameras	750,000
Title VII:	
Admissions	50,000,000
Club dues	1,500,000
Title VIII: Schedule A, including playing cards	29,000,000
Title IX: War estate tax	5,000,000
Title X: Virgin Island products	20,000
Title XI:	
First-class mail matter	70,000,000
Second-class mail matter	26,000,000
Total	2,534,870,000

#### APPENDIX B.

Income tax upon specified net incomes of married persons under the acts of Sept. 8, 1916, and Oct. 3, 1917.

Incomes of—	Present law.		Additional war tax.		Total tax.	
	Total tax.	Per cent of tax of income.	Total tax.	Per cent of tax of income.	Amount.	Per cent of tax of income.
\$2,000			\$40	1.00	\$40	1.00
\$4,000			60	1.20	80	1.60
\$5,000	\$20	0.40	60	1.20	80	1.60
\$7,000	60	.86	120	1.71	180	2.57
\$10,000	120	1.20	235	2.35	355	3.55
\$12,000	160	1.35	335	2.79	495	4.12
\$15,000	220	1.47	510	3.40	730	4.87
\$20,000	320	1.60	860	4.30	1,180	5.90
\$30,000	620	2.07	1,760	5.87	2,380	7.93
\$50,000	1,320	2.64	3,860	7.72	5,180	10.36
\$75,000	2,470	3.29	7,460	9.95	9,930	13.24
\$100,000	3,920	3.92	12,260	12.26	16,180	16.18
\$150,000	7,420	4.95	24,260	16.17	31,680	21.12
\$200,000	11,420	5.71	37,760	18.88	49,180	24.59
\$250,000	15,920	6.37	53,760	21.50	69,680	27.87
\$300,000	20,920	6.97	71,760	23.92	92,680	30.89
\$400,000	31,920	7.98	110,760	27.69	142,680	35.67
\$500,000	42,920	8.58	149,760	29.95	192,680	38.53
\$600,000	54,920	9.15	191,760	31.96	246,680	41.11
\$700,000	66,920	9.56	233,760	33.39	300,680	42.95
\$800,000	78,920	9.86	278,760	34.78	357,680	44.64
\$900,000	90,920	10.10	325,260	36.14	416,180	46.24
\$1,000,000	102,920	10.29	372,260	37.23	475,180	47.52
\$10,000,000	1,437,920	14.38	5,052,260	50.52	6,490,180	64.90
\$100,000,000	14,937,920	14.94	51,852,260	51.85	66,790,180	66.79



## APPENDIX C.

The following tables show the excess-profits tax to be paid by an individual or partnership and a corporation, each with a capital of \$100,000 and a net income of \$50,000, and with 7 and 9 per cent exemptions:

1. A corporation with \$100,000 capital, a net income of \$50,000, and an exemption of 7 per cent plus \$3,000.

Rate (per cent).	Taxable income.	Tax.
20.....	\$5,000	\$1,000
25.....	5,000	1,250
35.....	5,000	1,750
45.....	8,000	3,600
60.....	17,000	10,200
Total.....	40,000	17,800

<sup>1</sup> It is estimated that when this tax is in full operation that the increased rates will yield \$35,000,000 revenue annually additional.

<sup>2</sup> It is estimated that, when this tax is in full operation, the increased rates will yield \$28,000,000 annually additional.

2. A corporation with \$100,000 capital, a net income of \$50,000, and an exemption of 9 per cent plus \$3,000.

Rate (per cent).	Taxable income.	Tax.
20.....	\$3,000	\$600
25.....	5,000	1,250
35.....	5,000	1,750
45.....	8,000	3,600
60.....	17,000	10,200
Total.....	38,000	17,400

3. An individual or a partnership with \$100,000 capital, a net income of \$50,000, and an exemption of 7 per cent plus \$6,000.

Rate (per cent).	Taxable income.	Tax.
20.....	\$2,000	\$400
25.....	5,000	1,250
35.....	5,000	1,750
45.....	8,000	3,600
60.....	17,000	10,200
Total.....	37,000	17,200

4. An individual or a partnership with \$100,000 capital, a net income of \$50,000, and an exemption of 9 per cent plus \$6,000.

Rate (per cent).	Taxable income.	Tax.
20.....	\$5,000	\$1,250
25.....	5,000	1,750
35.....	5,000	1,750
45.....	8,000	3,600
60.....	17,000	10,200
Total.....	35,000	16,800

The following tables show the excess-profits tax to be paid by a corporation with a capital of \$100,000 and a net income of \$25,000, and with 7 and 9 per cent exemptions:

1. A corporation with \$100,000 capital, a net income of \$25,000, and an exemption of 7 per cent plus \$3,000.

Rate (per cent).	Taxable income.	Tax.
20.....	\$5,000	\$1,000
25.....	5,000	1,250
35.....	5,000	1,750
Total.....	15,000	4,000

2. A corporation with \$100,000 capital, a net income of \$25,000, and an exemption of 9 per cent plus \$3,000.

Rate (per cent).	Taxable income.	Tax.
20.....	\$3,000	\$600
25.....	5,000	1,250
35.....	5,000	1,750
Total.....	13,000	3,600

The following tables show the excess-profits tax to be paid by a corporation with a capital of \$100,000 and a net income of \$20,000, and with 7 and 9 per cent exemptions:

1. A corporation with \$100,000 capital, a net income of \$20,000, and an exemption of 7 per cent plus \$3,000.

Rate (per cent).	Taxable income.	Tax.
20.....	\$5,000	\$1,000
25.....	5,000	1,250
Total.....	10,000	2,250

2. A corporation with \$100,000 capital, a net income of \$20,000, and an exemption of 9 per cent plus \$3,000.

Rate (per cent).	Taxable income.	Tax.
20.....	\$3,000	\$600
25.....	5,000	1,250
Total.....	8,000	1,850

## APPENDIX D.

The following tables show the excess-profits tax to be paid by an individual or partnership and a corporation, each with a capital of \$10,000,000 and a net income of \$5,000,000, and with 7 and 9 per cent exemptions:

1. A corporation with \$10,000,000 capital, a net income of \$5,000,000, and an exemption of 7 per cent plus \$3,000.

Rate (per cent).	Taxable income.	Tax.
20.....	\$797,000	\$159,400
25.....	500,000	125,000
35.....	500,000	175,000
45.....	800,000	360,000
60.....	1,700,000	1,020,000
Total.....	4,297,000	1,839,400

2. A corporation with \$10,000,000 capital, a net income of \$5,000,000, and an exemption of 9 per cent plus \$3,000.

Rate (per cent.)	Taxable income.	Tax.
20.....	\$597,000	\$119,400
25.....	500,000	125,000
35.....	500,000	175,000
45.....	800,000	360,000
60.....	1,700,000	1,020,000
Total.....	4,097,000	1,799,400

3. An individual or a partnership with \$10,000,000 capital, and a net income of \$5,000,000, and an exemption of 7 per cent plus \$6,000.

Rate (per cent).	Taxable income.	Tax.
20.....	\$794,000	\$158,800
25.....	500,000	125,000
35.....	500,000	175,000
45.....	800,000	360,000
60.....	1,700,000	1,020,000
Total.....	4,294,000	1,838,800

4. An individual or a partnership with \$10,000,000 capital, and a net income of \$5,000,000, and an exemption of 9 per cent plus \$6,000.

Rate (per cent).	Taxable income.	Tax.
20.....	\$594,000	\$118,800
25.....	500,000	125,000
35.....	500,000	175,000
45.....	800,000	360,000
60.....	1,700,000	1,020,000
Total.....	4,094,000	1,798,800

## APPENDIX E.

The following tables show the excess-profits tax to be paid by individuals with a capital of \$100,000 and a net income of 25, 50, 75, and 100 per cent, and with a 7 per cent exemption:



1. An individual or partnership with \$100,000 capital, a net income of \$25,000, and an exemption of 7 per cent plus \$6,000.

Rate (per cent).	Taxable income.	Tax.
20.....	\$2,000	\$400
25.....	5,000	1,250
35.....	5,000	1,750
Total.....	12,000	3,400

2. An individual or partnership with \$100,000 capital, a net income of 50 per cent, and an exemption of 7 per cent plus \$6,000.

Rate (per cent).	Taxable income.	Tax.
20.....	\$2,000	\$400
25.....	5,000	1,250
35.....	5,000	1,750
45.....	8,000	3,600
60.....	17,000	10,200
Total.....	37,000	17,200

3. An individual or partnership with \$100,000 capital, a net income of 75 per cent, and an exemption of 7 per cent plus \$6,000.

Rate (per cent).	Taxable income.	Tax.
20.....	\$2,000	\$400
25.....	5,000	1,250
35.....	5,000	1,750
45.....	8,000	3,600
60.....	42,000	25,200
Total.....	62,000	32,200

4. An individual or partnership with \$100,000 capital, a net income of 100 per cent, and an exemption of 7 per cent plus \$6,000.

Rate (per cent).	Taxable income.	Tax.
20.....	\$2,000	\$400
25.....	5,000	1,250
35.....	5,000	1,750
45.....	8,000	3,600
60.....	67,000	40,200
Total.....	87,000	47,200

## APPENDIX F.

The following table shows the taxes levied under specified schedules, prior to the act of October 3, 1917, the new revenue law, and not now repealed, the taxes levied under the act of October 3, 1917, and the total taxes now imposed:

Item.	Taxes levied under—		
	The acts prior to the act of Oct. 3, 1917.	The act of Oct. 3, 1917, in addition to those levied under prior acts.	All acts, including the act of Oct. 3, 1917.
<b>TITLE I.</b>			
Income tax:			
Individual normal tax.....	2 per cent. <sup>1</sup>	2 per cent. <sup>2</sup>	4 per cent.
Corporation tax.....	2 per cent.	4 per cent.	6 per cent.
Individual super taxes—incomes between—			
\$5,000 and \$7,500.....		1 per cent.	1 per cent.
\$7,500 and \$10,000.....		2 per cent.	2 per cent.
\$10,000 and \$12,500.....		3 per cent.	3 per cent.
\$12,500 and \$15,000.....		4 per cent.	4 per cent.
\$15,000 and \$20,000.....		5 per cent.	5 per cent.
\$20,000 and \$40,000.....	1 per cent.	7 per cent.	8 per cent.
\$40,000 and \$60,000.....	2 per cent.	10 per cent.	12 per cent.
\$60,000 and \$80,000.....	3 per cent.	14 per cent.	17 per cent.
\$80,000 and \$100,000.....	4 per cent.	18 per cent.	22 per cent.
\$100,000 and \$150,000.....	5 per cent.	22 per cent.	27 per cent.
\$150,000 and \$200,000.....	6 per cent.	25 per cent.	31 per cent.
\$200,000 and \$250,000.....	7 per cent.	30 per cent.	37 per cent.
\$250,000 and \$300,000.....	8 per cent.	34 per cent.	42 per cent.
\$300,000 and \$500,000.....	9 per cent.	37 per cent.	46 per cent.
\$500,000 and \$750,000.....	10 per cent.	40 per cent.	50 per cent.
\$750,000 and \$1,000,000.....	10 per cent.	45 per cent.	55 per cent.
\$1,000,000 and \$1,500,000.....	11 per cent.	50 per cent.	61 per cent.
\$1,500,000 and \$2,000,000.....	12 per cent.	50 per cent.	62 per cent.
\$2,000,000 and over.....	13 per cent.	50 per cent.	63 per cent.
<b>TITLE II.</b>			
Excess profits tax:			
On the net income of individuals, partnerships, or corporations in excess of—			
The deductions and not in excess of 15 per cent of the invested capital <sup>4</sup> .....		20 per cent.	20 per cent.
15 per cent and not in excess of 20 per cent of the invested capital.....		25 per cent.	25 per cent.
20 per cent and not in excess of 25 per cent of the invested capital.....		35 per cent.	35 per cent.
25 per cent and not in excess of 33 per cent of the invested capital.....		45 per cent.	45 per cent.
33 per cent of the invested capital.....		60 per cent.	60 per cent.
In the case of a trade or business having no invested capital or not more than a nominal capital, on the net income of individuals, partnerships, or corporations in excess of the deduction <sup>5</sup> .....		8 per cent.	8 per cent.
Munitions tax:			
On the net income of persons, partnerships, corporations, and associations manufacturing (a) gunpowder and other explosives, excepting blasting powder and dynamite used for industrial purposes, (b) cartridges, loaded and unloaded, caps or primers, exclusive of those used for industrial purposes, (c) projectiles, shells, or torpedoes of any kind, including shrapnel, loaded or unloaded, or fuzes, or complete rounds of ammunition (d) firearms of any kind and appendages, including small arms, cannon, machine guns, rifles, and bayonets, (e) electric motor boats, submarine or submersible vessels or boats, or (f) any part of any of the foregoing.....	(6)	10 per cent. <sup>6</sup>	10 per cent. <sup>6</sup>
<b>TITLE III.</b>			
Distilled spirits.....	\$1.10 per proof gallon or wine gallon when below proof.	\$1.10 per proof gallon or wine gallon when below proof when used for manufacturing purposes. \$2.10 per proof gallon or wine gallon when below proof when used for beverage purposes. (7)	\$2.20 per proof gallon or wine gallon when below proof when used for manufacturing purposes. \$3.20 per proof gallon or wine gallon when below proof when used for beverage purposes. (7)
Floor stock tax on distilled spirits upon which the \$1.10 per gallon tax had been paid and which were held by a retailer in a quantity in excess of 50 gallons in the aggregate, or by any other person, corporation, partnership, or association, in any quantity.....			
Rectified spirits.....	per proof gallon.	15 cents.	15 cents.
Beer, lager beer, ale, porter, and other similar fermented liquors, containing 3 per cent or more of alcohol.....	\$1.50.....	\$1.50.....	\$3.

For footnotes see page 7591.



## APPENDIX F—Continued.

Item.	Taxes levied under—		
	The acts prior to the act of Oct. 3, 1917.	The act of Oct. 3, 1917, in addition to those levied under prior acts.	All acts, including the act of Oct. 3, 1917.
TITLE III—Continued.			
Still wines, including vermouth and all artificial or imitation wines or compounds sold as wine—			
Containing not more than 14 per cent of alcohol, per wine gallon.....	4 cents.....	4 cents.....	8 cents.
Containing more than 14 per cent and not exceeding 21 per cent of alcohol, per wine gallon.....	10 cents.....	10 cents.....	20 cents.
Containing more than 21 per cent and not exceeding 24 per cent of alcohol, per wine gallon.....	25 cents.....	25 cents.....	50 cents.
Containing more than 24 per cent of alcohol.....			
Grape brandy used in fortification of wines, per proof gallon.....	10 cents.....	20 cents.....	30 cents.
Sweet wines held for sale by a producer, an additional tax upon the grape brandy used in the fortification of such wine, per proof gallon.....		10 cents.....	10 cents.
Grape brandy withdrawn by a producer of sweet wines and not used prior to the passage of the act of Oct. 3, 1917, an additional tax per proof gallon of.....		20 cents.....	20 cents.
Domestic and imported sparkling wines, liqueurs, cordials, and similar compounds—			
Champagne or sparkling wine, on each $\frac{1}{2}$ pint or fraction thereof.....	3 cents.....	3 cents.....	6 cents.
Artificially carbonated wine, on each $\frac{1}{2}$ pint or fraction thereof.....	1 $\frac{1}{2}$ cents.....	1 $\frac{1}{2}$ cents.....	3 cents.
Liqueurs, cordials, or similar compounds, on each $\frac{1}{2}$ pint or fraction thereof.....	1 $\frac{1}{2}$ cents.....	1 $\frac{1}{2}$ cents.....	3 cents.
Floor stock tax on all wines in excess of 25 gallons in the aggregate upon which the tax had been paid on the day the act of Oct. 3, 1917, was passed and which were held and intended for sale.....		(16)	(16)
Prepared sirups or extracts (intended for use in the manufacture or production of beverages commonly known as soft drinks, used by soda fountains, bottling establishments, and other similar places) sold by the manufacturer, producer, or importer if sold for—			
Not more than \$1.30 per gallon, per gallon.....		5 cents.....	5 cents.
More than \$1.30 and not more than \$2 per gallon.....		8 cents.....	8 cents.
More than \$2 per gallon and not more than \$3 per gallon.....		10 cents.....	10 cents.
More than \$3 per gallon and not more than \$4 per gallon.....		15 cents.....	15 cents.
More than \$4 per gallon.....		20 cents.....	20 cents.
Unfermented grape juice, soft drinks, or artificial mineral waters (not carbonated), and fermented liquor containing less than $\frac{1}{2}$ per cent alcohol, sold by the manufacturer, producer, or importer, ginger ale, root beer, sarsaparilla, pop, and other carbonated waters or beverages, manufactured and sold by the manufacturer, producer, or importer of the carbonic acid gas used in carbonating the same, per gallon.....		1 cent.....	1 cent.
Mineral waters (natural) or table waters, sold by the producer, bottler, or importer, at over 10 cents per gallon, per gallon.....		1 cent.....	1 cent.
Carbonic acid gas in drums or other containers intended for use in the manufacture or production of carbonated waters or other drinks, sold by the manufacturer, producer, or importer, per pound.....		5 cents.....	5 cents.
TITLE IV.			
Cigars of all descriptions made of tobacco, or any substitute thereof—			
Weighting not more than 3 pounds per thousand.....	75 cents.....	25 cents.....	\$1.
Weighting more than 3 pounds per thousand, if manufactured or imported to retail at—			
4 cents or more each, and not more than 7 cents each.....	\$3.....	\$1.....	\$4.
More than 7 cents each and not more than 15 cents each.....	\$3.....	\$3.....	\$6.
More than 15 cents each and not more than 20 cents each.....	\$3.....	\$5.....	\$8.
More than 20 cents each.....	\$3.....	\$7.....	\$10.
Cigarettes made of tobacco or any substitute thereof—			
Weighting not more than 3 pounds per thousand.....	\$1.25 per thousand.....	80 cents per thousand.....	\$2.05 per thousand.
Weighting more than 3 pounds per thousand.....	\$3.00 per thousand.....	\$1.20 per thousand.....	\$4.80 per thousand.
Manufactured tobacco and snuff, per pound.....	8 cents.....	5 cents.....	13 cents.
Floor stock tax on all manufactured tobacco and snuff in excess of 100 pounds and on all cigars or cigarettes in excess of 1,000 bearing tax-paid stamps on the day after the passage of the act of October 3, 1917, held and intended for sale by any person, corporation, partnership, or association, and on all manufactured tobacco, snuff, cigars, cigarettes, removed from factory or customs house within 30 days after the passage of the act of October 3, 1917.....		(17)	(17)
Cigarette paper made up into packages, books, sets, or tubes made up in or imported into the United States, and intended for use by the smoker in making cigarettes:			
On each package, book, or set containing—			
More than 25 but not more than 50 papers.....		$\frac{1}{2}$ cent.....	$\frac{1}{2}$ cent.
More than 50 but not more than 100 papers.....		1 cent.....	1 cent.
More than 100 papers, for each 100 papers or fractional part thereof.....		1 cent.....	1 cent.
Upon tubes, for each 100 tubes or fractional part thereof.....		2 cents.....	2 cents.
TITLE V.			
Transportation:			
Freight, upon the amount paid for the transportation.....		3 per cent.....	3 per cent.
Express, for each 20 cents or fraction thereof paid for the transportation.....		1 cent.....	1 cent.
Passenger, upon the amount paid for the transportation (18).....		8 per cent.....	8 per cent.
Oil by pipe lines, upon the amount paid for the transportation.....		5 per cent.....	5 per cent.
Seats and berths and state rooms in parlor cars, sleeping cars, or on vessels, upon the amount paid for the accommodation.....		10 per cent.....	10 per cent.
Telephone, telegraph, or radio, dispatch messages, or conversation for which a charge of 15 cents or more is made.....		5 cent each.....	5 cents each.
Life insurance, on each \$100 or fractional part thereof of the amount for which any life is insured.....		8 cents.....	8 cents.
Marine, inland and fire insurance, on each dollar or fractional part thereof of the premium charged.....		1 cent.....	1 cent.
Casualty insurance, on each dollar or fractional part thereof of the premium charged.....		1 cent.....	1 cent.
TITLE VI.			
(a) Automobiles, automobile trucks, automobile wagons, and motor cycles, sold by the manufacturer, producer, or importer, on the selling price.....		3 per cent.....	3 per cent.
(b) Piano players, graphophones, phonographs, talking machines, and records used in connection with any musical instrument, piano player, graphophone, phonograph, or talking machine, sold by the manufacturer, producer, or importer, on the selling price.....		3 per cent.....	3 per cent.
Moving picture films:			
(c) Which have not been exposed, sold by the manufacturer or importer, per linear foot.....		$\frac{1}{2}$ cent.....	$\frac{1}{2}$ cent.
(d) Containing a picture ready for projection, sold or loaned by the manufacturer, producer, or importer, per linear foot.....		$\frac{1}{2}$ cent.....	$\frac{1}{2}$ cent.

For footnotes see page 7591.



## APPENDIX F—Continued.

Item.	Taxes levied under—		
	The acts prior to the act of Oct. 3, 1917.	The act of Oct. 3, 1917, in addition to those levied under prior acts.	All acts, including the act of Oct. 3, 1917.
TITLE VI—Continued.			
(e) Articles commonly or commercially known as jewelry whether real or imitation, sold by the manufacturer, producer, or importer, on the selling price.	.....	3 per cent.....	3 per cent.
(f) Tennis rackets, golf clubs, baseball bats, lacrosse sticks, balls of all kinds, including baseballs, footballs, tennis, golf, lacrosse, billiard and pool balls, fishing rods and reels, billiard and pool tables, chess and checker boards and pieces, dice, games and parts of games, except playing cards, and childrens toys and games, sold by the manufacturer, producer, or importer, on the selling price.	.....	3 per cent.....	3 per cent.
(g) Perfumes, essences, extracts, toilet waters, cosmetics, petroleum jellies, hair oils, pomades, hair dressings, hair restoratives, hair dyes, tooth and mouth washes, dentifrices, tooth pastes, aromatic cachous, toilet soaps and powders, or similar substances, articles, or preparations, sold by the manufacturer, producer, or importer, on the selling price.	.....	2 per cent.....	2 per cent.
(h) Pills, tablets, powders, tinctures, troches, or lozenges, sirups, medicinal cordials, or bitters, anodynes, tonics, plasters, liniments, salves, ointments, pastes, drops, waters (except those taxed under the beverage title), essences, spirits, oils, and all medicinal preparations compounds, or compositions, sold by the manufacturer, producer, or importer, on the selling price.	.....	2 per cent.....	2 per cent.
(i) Chewing gum or substitutes therefor, sold by the manufacturer, producer, or importer, on the selling price.	.....	2 per cent.....	2 per cent.
(j) Cameras, sold by the manufacturer, producer, or importer, on the selling price.	.....	3 per cent.....	3 per cent.
Floor stock tax on all articles enumerated above in items (a), (b), (e), (f), (g), (h), (i), and (j) which on October 3, 1917, were held and intended for sale, by any person, corporation, partnership or association, other than (1) a retailer who is not also a wholesaler, or (2) the manufacturer, producer, or importer.	.....	( <sup>11</sup> )	( <sup>11</sup> )
Upon the use of yachts, pleasure boats, power boats, and sailing boats, of over 5 net tons, and motor boats with fixed engines, not used exclusively for trade or national defense, or not built according to plans and specifications approved by the Navy Department, an excise tax to be based on each yacht or boat, at rates as follows:			
Yachts, pleasure boats, power boats, motor boats, with fixed engines, and sailing boats, at over 5 net tons—			
Length not over 50 feet, for each foot.....	50 cents.....	50 cents.	50 cents.
Length over 50 feet and not over 100 feet, for each foot.....	\$1.....	\$1.	\$1.
Length over 100 feet, for each foot.....	\$2.....	\$2.	\$2.
Motor boats of not over 5 tons with fixed engines.....	\$5.....	\$5.	\$5.
TITLE VII.			
Admission to any place for which the maximum charge is more than 5 cents, except in the case of shows, rides, and other amusements (the maximum charge to which is 10 cents) within out-door general amusement parks, or in the case of admission to such parks, and except admissions of children under 12 years of age, and bona fide employees, and municipal officers on official business, for each 10 cents or fraction thereof of the amount paid for admission.	.....	1 cent.....	1 cent.
Admission of children under 12 years of age where an admission charge for such children is made.	.....	1 cent.....	1 cent.
Persons admitted (except bona fide employees, municipal officers on official business, and children under 12 years of age), admitted free to any place at a time when and under circumstances under which an admission charge is made to other persons of the same class, for each 10 cents or fraction thereof of the price charged to other persons of the same class for similar accommodations.	.....	1 cent.....	1 cent.
Admission to any public performance for profit at any cabaret or other similar entertainment to which the charge for admission is wholly or in part included in the price paid for refreshments, services, or merchandise, for each 10 cents or fraction thereof paid.	.....	1 cent.....	1 cent.
Dues or membership fees (including initiation fees) to any social, athletic, or sporting club or organization, where such dues or fees are in excess of \$12 per year, on the amount paid. <sup>14</sup>	.....	10 per cent.....	10 per cent.
Bonds of indebtedness, each \$100 of face value, or fraction thereof.....	5 cents.....	5 cents.	5 cents.
Bonds, indemnity and surety.....	50 cents <sup>15</sup> .....	50 cents <sup>15</sup> .	50 cents <sup>15</sup> .
Capital stock issue, each \$100 of face value or fraction thereof <sup>16</sup> .....	5 cents.....	5 cents.	5 cents.
Capital stock, sales or transfers, each \$100 of face value or fraction thereof <sup>17</sup> .....	2 cents.....	2 cents.	2 cents.
Produce, sales of, on exchange—			
Each \$100 in value of the merchandise covered by said sale or agreement of sale or agreement to sell.	2 cents.....	2 cents.	2 cents.
For each additional \$100 or fractional part thereof in excess of \$100.....	2 cents.....	2 cents.	2 cents.
Drafts or checks payable otherwise than at sight or on demand, promissory notes, except bank notes issued for circulation, and for each renewal of the same:			
For an amount not exceeding \$100.....	2 cents.....	2 cents.	2 cents.
For each additional \$100 or fractional part thereof.....	2 cents.....	2 cents.	2 cents.
Conveyances: <sup>18</sup>			
When the consideration or value of the interest or property conveyed exclusive of the value of any lien or encumbrance remaining thereon at the time of sale, exceeds \$100 and does not exceed \$500.	50 cents.....	50 cents.	50 cents.
For each additional \$500 or fractional part thereof.....	50 cents.....	50 cents.	50 cents.
Entry of any goods, wares, or merchandise at any customhouse, either for consumption or warehousing:			
Not exceeding \$100 in value.....	25 cents.....	25 cents.	25 cents.
Exceeding \$100 and not exceeding \$500 in value.....	50 cents.....	50 cents.	50 cents.
Exceeding \$500 in value.....	\$1.....	\$1.	\$1.
Entry for the withdrawal of any goods or merchandise from customs bonded warehouse.	50 cents.....	50 cents.	50 cents.
Passage tickets, one way or round trip, sold or issued in the United States for passage by any vessel to a port or place not in the United States, Canada, or Mexico: <sup>19</sup>			
If costing not exceeding \$30.....	\$1.....	\$1.	\$1.
Costing more than \$30 and not exceeding \$60.....	\$3.....	\$3.	\$3.
Costing more than \$60.....	\$5.....	\$5.	\$5.
Proxy for voting at any election for officers, or meeting for the transaction of business, of any incorporated company or association, except religious, educational, charitable, fraternal, or literary societies, or public cemeteries.	10 cents.....	10 cents.	10 cents.
Power of attorney granting authority to do or perform some act for or in behalf of the grantor, which authority is not otherwise vested in the grantee.	25 cents.....	25 cents.	25 cents.
Laying cards, per pack.....	2 cents.....	5 cents.	7 cents.
Parcel-post packages on which the postage amounts to 25 cents or more, for each 25 cents or fractional part thereof charged for such transportation.	1 cent.....	1 cent.	1 cent plus parcel-post zone rates.
	Rates increase according to zones and weight of packages.		

For footnotes see page 7591.



## APPENDIX F—Continued.

Item.	Taxes levied under—		
	The acts prior to the act of Oct. 3, 1917.	The act of Oct. 3, 1917, in addition to those levied under prior acts.	All acts, including the act of Oct. 3, 1917.
<b>ESTATE TAX: <sup>20</sup></b>			
<b>TITLE IX.</b>			
On the amount of the net estate not in excess of \$50,000.....	1½ per cent.....	½ per cent.....	2 per cent.
In excess of \$50,000 and not in excess of \$150,000.....	3 per cent.....	1 per cent.....	4 per cent.
In excess of \$150,000 and not in excess of \$250,000.....	4½ per cent.....	1½ per cent.....	6 per cent.
In excess of \$250,000 and not in excess of \$450,000.....	6 per cent.....	2 per cent.....	8 per cent.
In excess of \$450,000 and not in excess of \$1,000,000.....	7½ per cent.....	2½ per cent.....	10 per cent.
In excess of \$1,000,000 and not in excess of \$2,000,000.....	9 per cent.....	3 per cent.....	12 per cent.
In excess of \$2,000,000 and not in excess of \$3,000,000.....	10½ per cent.....	3½ per cent.....	14 per cent.
In excess of \$3,000,000 and not in excess of \$4,000,000.....	12 per cent.....	4 per cent.....	16 per cent.
In excess of \$4,000,000 and not in excess of \$5,000,000.....	13½ per cent.....	4½ per cent.....	18 per cent.
In excess of \$5,000,000 and not in excess of \$8,000,000.....	15 per cent.....	5 per cent.....	20 per cent.
In excess of \$8,000,000 and not in excess of \$10,000,000.....	15 per cent.....	7 per cent.....	22 per cent.
In excess of \$10,000,000.....	15 per cent.....	10 per cent.....	25 per cent.
<b>TITLE X.</b>			
Upon articles coming into the United States from the West Indian Islands acquired from Denmark.....	.....	( <sup>21</sup> )	( <sup>21</sup> )
<b>POSTAL RATES: <sup>22</sup></b>			
<b>TITLE XI.</b>			
First-class mail matter, except postal cards and drop letters, for each ounce or fraction thereof.....	2 cents.....	1 cent.....	3 cents.
Drop letters of the first class, for each ounce or fraction thereof.....	1 cent.....	1 cent.....	2 cents.
Postal cards.....	1 cent.....	1 cent.....	2 cents.
Second class mail matter:			
The present rates upon second-class mail matter remain effective until July 1, 1918. The act of October 3, 1917, provides a flat rate, upon reading matter and publications where the space devoted to advertisements does not exceed 5 per cent of the total space, of 1½ cents per pound or fraction thereof on and after July 1, 1918, and until July 1, 1919, and a flat rate upon such reading matter of 1½ cents per pound or fraction thereof on and after July 1, 1919. The new law makes the zones applicable to fourth-class matter applicable to the portion of second-class matter devoted to advertisements in excess of 5 per cent of the total space of the publication. The rates of postage upon the portion of such publications devoted to advertisements are as follows:			
	On and after—		
Zone.	July 1, 1918, to July 1, 1919 (cents per pound or fraction thereof).	July 1, 1919, to July 1, 1920 (cents per pound or fraction thereof).	July 1, 1920, to July 1, 1921 (cents per pound or fraction thereof).
1 and 2	1½	1½	1½
3	1½	2	2½
4	2	3	4
5	2½	3½	4½
6	2½	4	5½
7	3	5	7
8	3½	5½	7½
			10
The rate of postage upon newspapers and periodicals entitled to be entered as second-class matter and maintained by and in the interest of religious, educational, scientific, philanthropic, agricultural, labor, or fraternal organizations or associations not organized for profit, and none of the net income of which inures to the benefit of any private stockholder or individual will be the same as now provided by law until on and after July 1, 1918. From on and after July 1, 1918, to July 1, 1919, the rate will be 1½ cents per pound or fraction thereof irrespective of the zone in which delivered and on and after July 1, 1919, the rate of postage will be 1½ cents per pound or fraction thereof.			

<sup>1</sup> Incomes exempt from the normal tax under the act of Sept. 8, 1916, \$3,000 in the case of single persons, and \$4,000 in the case of married persons or heads of families.

<sup>2</sup> Incomes exempt from the normal tax under the act of Oct. 3, 1917, \$1,000 in the case of single persons, and \$2,000 in the case of married persons or heads of families.

<sup>3</sup> The total normal tax is 4 per cent on all incomes over \$3,000 in the case of single persons, and \$4,000 in the case of married persons; and 2 per cent on all incomes between \$1,000 and \$3,000 in the case of single persons, and \$2,000 and \$4,000 in the case of married persons or heads of families.

<sup>4</sup> The deduction is, (a) in the case of a domestic corporation, the sum of (1) an amount equal to the same percentage of the invested capital for the taxable year which the average amount of the annual net income of the trade or business during the prewar period was of the invested capital for the prewar period (but not less than 7 or more than 9 per cent of the invested capital for the taxable year), and (2) \$3,000; and (b) in the case of a domestic partnership or a citizen or resident of the United States, the sum of (1) an amount equal to the same percentage of the invested capital for the taxable year which the average amount of the annual net income of the trade or business during the prewar period was of the invested capital for the prewar period (but not less than 7 or more than 9 per cent of the invested capital for the taxable year), and (2) \$6,000; in the case of a foreign corporation or partnership or a nonresident alien individual, an amount ascertained in the same manner as provided in subdivisions (a) and (b) without any exemption of \$3,000 or \$6,000.

<sup>5</sup> The deduction is, in the case of a domestic corporation \$3,000, and in the case of a domestic partnership or a citizen or resident of the United States \$6,000; in the case of all other trades or business, no deduction.

<sup>6</sup> This tax will not be effective after Jan. 1, 1918. Under the act of Sept. 8, 1916, a tax of 12½ per cent upon the net profits received from the manufacture and sale of such articles in addition to the regular income tax. This was reduced to 10 per cent.

<sup>7</sup> The same additional rates as those levied upon distilled spirits.

<sup>8</sup> Classed as distilled spirits and taxed accordingly.

<sup>9</sup> If containing sweet wine fortified with grape brandy.

<sup>10</sup> A tax equal to the additional tax imposed upon similar wines.

<sup>11</sup> A tax equal to one-half the additional taxes imposed under sections 400 or 401 of the act of Oct. 3, 1917.

<sup>12</sup> The amount paid for commutation or reason tickets for trips less than 30 miles, or for transportation the fare for which does not exceed 35 cents is not subject to the tax.

<sup>13</sup> A tax equivalent to one-half the tax imposed upon the articles enumerated in the items (a), (b), (c), (d), (e), (f), (g), (h), (i), and (j) above.

<sup>14</sup> This tax does not apply to amounts paid as dues or fees to a fraternal beneficiary society, order, or association, operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system, and providing for the payment of life, sick, accident, or other benefits to the members of such society, order, or association or their dependents.

<sup>15</sup> If a premium is charged, the tax will be at the rate of 1 per cent on each dollar or fractional part thereof of the premium charged.

<sup>16</sup> If capital stock is issued without face value, the tax will be 5 cents per share unless the actual value is in excess of \$100 per share, in which case the tax will be 5 cents on each \$100 of actual value or fraction thereof.

<sup>17</sup> If the shares of stock are without par value, the tax will be 2 cents on the transfer or sale or agreement to sell of each share, unless the actual value thereof is in excess of \$100 per share, in which case the tax will be 2 cents on each \$100 of actual value or fraction thereof.

<sup>18</sup> The tax on conveyances does not apply to any instrument or writing given to secure a debt.

<sup>19</sup> Passage tickets costing \$10 or less are exempt from tax.

<sup>20</sup> The additional estate taxes do not apply to the transfer of the net estate of any decedent dying while serving in the military or naval forces of the United States during the continuance of the war in which the United States is now engaged, or if death results from injuries received or disease contracted in such service, within one year after the termination of such war.

<sup>21</sup> A tax equal to the internal-revenue tax imposed in the United States upon like articles of domestic manufacture.

<sup>22</sup> Letters written and mailed by soldiers, sailors, and marines assigned to duty in a foreign country engaged in the present war may be mailed free of postage, subject to such rules and regulations as may be prescribed by the Postmaster General.



Mr. FORDNEY. Mr. Speaker, I am going to be brief, unless I am questioned for information on the bill, and I hope that each and every man who wants to get information upon the subject will study the report and the bill, so that the arguments here this afternoon may be as brief as possible and the bill pass to-day. I would like to see the bill pass without a record vote, but there are some gentlemen here who want to go on record, I believe.

First, I want to pay the chairman of the committee, Mr. KITCHIN, a compliment by saying that he has worked most diligently on this bill to perfect it, and to raise the necessary money without working a hardship upon any class of people.

There are but two really bad features in the bill, in my opinion. One of the definition of capital, and the other is the tax upon gross sales. I have bowed to the will of the majority, however, and shall continue to do so, and I say now that this is a fairly good bill. No revenue bill that has ever passed the Congress of the United States was perfect, and, so long as the Government maintains, there never will be one that is perfect. Some men are of different frame of mind than others. Some have advocated taking all income from everyone who has an income except themselves. I have received letters and telegrams saying, "I am in favor of the tax, but I am not in favor of the tax you are putting on me." I know of no one who desires to be taxed, but we are at war with a powerful people, and our Army must be supported in the field if we are to succeed in this war.

I believe we are raising more money by direct taxation than we should raise in that way. I think we ought to borrow more of the money needed to carry on this war than we are borrowing. I believe that we are raising by direct taxation a greater percentage of the money we are going to use in carrying on the war than was ever raised by any people in the world in a great war. I stated before on the floor of this House that during the Civil War we borrowed \$5.09 for every \$1 of direct taxation raised during that period. There is a vast difference whether my Government comes to me and borrows my money or takes it from me in taxes. If you tax me to the full limit of my wealth you have taken all I have except patriotism, but you may come during the strenuous times that exist during a time of war and borrow my money and give me collateral—Government bonds—upon which I can borrow more money and continue to do business. There is a vast difference between the two. I believe we are raising more money than we ought to raise now by direct taxes from the people.

Mr. LONGWORTH. Mr. Speaker, will the gentleman yield at that point?

Mr. FORDNEY. Yes.

Mr. LONGWORTH. Will the gentleman state how much we are now raising by direct taxes?

Mr. FORDNEY. It would be but an estimate. If this bill goes into effect as it is now before this House we will raise by direct taxes, together with money that will be raised under existing law, four and a quarter billion dollars during this year.

Mr. LONGWORTH. I ask that question for this reason. The other day in debate, when estimates were being made by the gentleman from New York [Mr. FITZGERALD] and the gentleman from Kentucky [Mr. SHERLEY], it was stated that with the bill at that stage in the Senate we would be raising about 35 per cent of all our expenses by taxation. Since this bill has come back with substantial changes I should guess now it would require something like 40 per cent.

Mr. FORDNEY. I should say those figures are correct.

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. FORDNEY. I will.

Mr. GREEN of Iowa. Has not our estimate been greatly increased since the time to which the gentleman refers?

Mr. LONGWORTH. No; I refer to last week only.

Mr. GREEN of Iowa. Have they not been increased since then?

Mr. LONGWORTH. No.

Mr. GREEN of Iowa. Mr. SHERLEY and Mr. FITZGERALD were not talking last week, but some two weeks ago, and they have been raised since then.

Mr. FORDNEY. Our expenses in this war are going to depend on the number of men we are going to send to the front, and no man at this present time can estimate the number of men we are going to need before this war closes in Europe. I have voted and I am going to continue to vote for every measure necessary to back up our Government in supporting our men on the battle field [applause], if it takes every dollar of our wealth. The definition of capital as given is, in my judgment, all wrong, for this reason: The exemptions allowed to capital are based upon the original capital invested, and I know of many institu-

tions in this country which 20 or 30 years ago invested capital, and the value of property purchased at that time has greatly enhanced, and the only exemption that will be given under the terms of this law will be based upon the original capital invested, say, 20, 30, or 40 years ago, without any increase for interest or anything else.

Again, the tax imposed by this law upon gross sales is the wrong principle of taxation. You may tax a man very heavily on his income, but you do not under that sort of tax or kind of tax impair his original capital, whereas if you tax him 1 per cent or 2 per cent or 3 per cent or 5 per cent on his gross sales you may not only take all his profits, but a portion of his original capital. Therefore that tax is wrong in principle. Those are the two serious objections on my part to this bill. I tried to get them righted, but, as I have said, I bowed to the will of the majority. The bill is here and there is no possibility of changing it, my friends. Everybody in Congress wants to pass the necessary measures to aid the administration in carrying on this war and to get away home, and therefore I want to see this bill passed to-day. [Applause.] Therefore I shall take no further time of the House except to give here an illustration of the amount of taxes which will be paid by a corporation or partnership or individual in business with capital of \$100,000 and a net income of \$50,000.

If the pending bill is enacted into law, the following table shows the total amount of income, corporation, and excess-profits taxes that would be paid, (a) by a corporation with capital of \$100,000 and net income of \$50,000; (b) by a partnership of three parties with a capital of \$100,000 and net income of \$50,000; and (c) by an individual engaged in business with \$100,000 capital and \$50,000 of net profits.

(a) Corporation with capital of \$100,000 and net income of \$50,000. Deducting from net income 9 per cent of the capital (the maximum deduction) plus \$3,000, or a total deduction of \$12,000 shows the taxable income to be \$38,000:

Tax on amount in excess of deduction and not over 15 per cent of capital, \$3,000 at 20 per cent.....	\$600
Tax on amount of profit in excess of 15 per cent of capital and not over 20 per cent, \$5,000 at 25 per cent.....	1,250
Tax on amount in excess of 20 per cent of capital and not over 25 per cent, \$5,000 at 35 per cent.....	1,750
Tax on amount in excess of 25 per cent and not over 33 per cent of capital, \$8,000 at 45 per cent.....	3,600
Tax on amount in excess of 33 per cent of capital, \$17,000 at 60 per cent.....	10,200

Total excess-profits tax.....	17,400
Net income.....	\$50,000
Excess-profits tax.....	17,400

Net income subject to income tax.....	32,600..at 6 per cent..	1,956
Total tax.....		19,356

(b) Partnership of three parties with capital of \$100,000 and net income of \$50,000:

Deducting from net income 9 per cent of capital invested plus \$6,000, or a total deduction of \$15,000, shows the taxable income to be.....\$35,000.00

Tax on amount of income in excess of deduction and not over 15 per cent of capital.....	0.00
Tax on amount of income in excess of 15 per cent, but not over 20 per cent of capital, \$5,000 at 25 per cent.....	1,250.00
Tax on amount of income in excess of 20 per cent, but not over 25 per cent of capital, \$5,000 at 35 per cent.....	1,750.00
Tax on amount of income in excess of 25 per cent, but not over 33 per cent of capital, \$8,000 at 45 per cent.....	3,600.00
Tax on amount of income over 33 per cent of capital, \$17,000 at 60 per cent.....	10,200.00

Total excess-profits tax.....	16,800.00
Net income.....	\$50,000.00
Less excess-profits tax.....	16,800.00

Income for distribution.....	33,200.00
Share of each partner.....	11,067.00

Income tax of each partner:	
\$9,067 at 2 per cent.....	\$181.34
\$7,067 at 2 per cent.....	141.34
\$2,500 at 1 per cent.....	25.00
\$2,500 at 2 per cent.....	50.00
\$1,067 at 3 per cent.....	32.01

Total for each.....	429.69
Total for all 3 (3 multiplied by \$429.69), or.....	1,289.07

Total tax.....	18,089.07
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(c) Individual engaged in business with capital of \$100,000 and net income of \$50,000:

The excess-profits tax would be the same as on a partnership, which is shown above to be.....\$16,800

Net income.....	50,000
Deduct excess-profits tax.....	16,800

Income subject to income tax.....	33,200
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## Income tax of individual on \$33,200:

\$31,200 at 2 per cent.....	\$624
\$29,200 at 2 per cent.....	584
\$2,500 at 1 per cent.....	25
\$2,500 at 2 per cent.....	50
\$2,500 at 3 per cent.....	75
\$2,500 at 4 per cent.....	100
\$5,000 at 5 per cent.....	250
\$13,200 at 8 per cent.....	1,056

Total income tax..... 2,764

Excess-profits tax (above shown)..... 16,800

Add total income tax..... 2,764

Total tax..... 19,564

The following tables show the excess-profits tax to be paid by an individual or partnership and a corporation, each with a capital of \$100,000 and a net income of \$50,000, and with 7 and 9 per cent exemptions:

1. A corporation with \$100,000 capital, a net income of \$50,000, and an exemption of 7 per cent plus \$3,000.

Rate (per cent).	Taxable income.	Tax.
10.....	\$5,000	\$1,000
25.....	5,000	1,250
35.....	5,000	1,750
45.....	8,000	3,600
60.....	17,000	10,200
Total.....	40,000	17,800

2. A corporation with \$100,000 capital, a net income of \$50,000, and an exemption of 9 per cent plus \$3,000.

Rate (per cent).	Taxable income.	Tax.
20.....	\$3,000	\$600
25.....	5,000	1,250
35.....	5,000	1,750
45.....	8,000	3,600
60.....	17,000	10,200
Total.....	38,000	17,400

3. An individual or a partnership with \$100,000 capital, a net income of \$50,000, and an exemption of 7 per cent plus \$6,000.

Rate (per cent).	Taxable income.	Tax.
20.....	\$2,000	\$400
25.....	5,000	1,250
35.....	5,000	1,750
45.....	8,000	3,600
60.....	17,000	10,200
Total.....	37,000	17,200

4. An individual or a partnership with \$100,000 capital, a net income of \$50,000, and an exemption of 9 per cent plus \$6,000.

Rate (per cent).	Taxable income.	Tax.
20.....	\$5,000	\$1,250
25.....	5,000	1,750
35.....	5,000	1,750
45.....	8,000	3,600
60.....	17,000	10,200
Total.....	35,000	16,800

I now yield 10 minutes to the gentleman from Pennsylvania [Mr. MOORE].

Mr. MOORE of Pennsylvania. Mr. Speaker, I recognize the propriety of the suggestion made by my friend, the gentleman from Michigan [Mr. FORDNEY], and believe we might as well have a vote upon this bill at once. The luminous speech of the gentleman from North Carolina [Mr. KIRCHIN] covers the situation about as fully perhaps as it can be covered in a speech, and although the House may not be so fully informed as it would like to be because of the length and intricacy of some of these legal definitions and administrative paragraphs, there is no possibility of defeating the bill at this time. The administration needs it, needs its immediate passage for the purposes of the war, and no minority here could stop it, even if it were so disposed.

In order that time may be saved I have reduced to writing the little I have to say as a member of this most important conference committee.

Mr. Speaker, Pennsylvania, which I have the honor in part to represent, will be hit harder by this bill than any other State

in the Union save one. The exigencies of war as set out by the President, however, make it inevitable that some such bill as this shall be passed. It is not a question of doing what we want to do, but of doing that which stern necessity compels us to do. The original position of the administration was that the expense of this war might be borne half by taxes and half by loans, but while we have already authorized expenditures aggregating approximately \$19,000,000,000 and have authorized loans exceeding \$13,000,000,000, we have not yet resorted to the taxing power except as to such taxes as were imposed prior to the declaration of war. The President has gone into this war wholeheartedly, and Congress has undertaken to support him; it can not longer postpone the levying of taxes to pay the expenses, or at least a part of the expenses, which the administration is incurring.

The present bill will not be pleasing to anybody. Tax bills never are. It may be that some Members of the House or Senate may be impelled to oppose certain paragraphs of this bill, or they may think it does not go far enough. From my point of view it is too late now to prevent the passage of this bill. It has been fought over in the House and Senate for a period of five months, and has been in conference between the two Houses for more than two weeks. No conferees have labored more earnestly to harmonize conflicting opinions about a bill than those who have reported this one.

While I do not approach a discussion of the bill with any enthusiasm and am dissatisfied with many of its provisions, I believe it has come out of conference in far better shape than it left either of the two Houses. Some of the objectionable features introduced upon the floor of both Houses have been eliminated, and as a result of conference the taxes have been more equitably distributed than they otherwise would have been.

Retroactive taxes have been cut out of the bill. The obnoxious light and heat taxes, which would have extended to the occupants of small homes, have also been dropped. Tea and coffee are not taxed; neither is sugar. These would have been direct consumption taxes, but they have been knocked out of this bill. It is not improbable we shall have to resort to such taxes in another bill next session, but they have been avoided thus far. And then the individual who makes excess profits has been included in this bill. Unless there is a flaw somewhere that will mean that the man who is making excess profits out of farm products, including cotton, will pay his share of excess-profits taxes. In other words, the tax on profits has been broadened so that certain middle men and speculators in food-stuffs not heretofore included are now covered.

If farmers making excess profits were cut out of the bill in the House, and lawyers or professional men making excess profits were exempted by the Senate, they have both been included in the bill in conference. The individual cotton planter or farmer making profits in excess of \$6,000 is now taxable as corporations are taxable, and the lawyer or professional man is taxable at the rate of 8 per cent upon his excess profits. The bill is drastic, as it was expected to be. Directly or indirectly it levies a burden upon producer and consumer, as it also attempts to reach the middleman in proportions as fair perhaps as the needs of the Treasury will permit.

Corporations and what is denominated "big business" may not be satisfied with the rates of taxation imposed upon them or with the definition of capital as it effects exemptions. They will have to pay income tax, corporation tax, a tax upon excess profits, a tax upon surplus in certain cases, and they will have to keep a system of accounts that will be almost intolerable to some of them; but if the big corporation deems itself hard hit it will have the satisfaction of knowing that smaller corporations and individuals are expected to share burdens in like proportion and in some instances under conditions less advantageous.

I do not propose to attempt a discussion of the details of the bill; that is a task which will plague even the financial experts. Some of them doubtless will attack the law and undertake to evade some of its provisions, but that is a matter upon which a subsequent session of Congress will be better informed than this. There is one provision of the bill which will undoubtedly awaken a lively discussion, because those who are most concerned will be in position to criticize it, viz, the second-class postage provision. Some newspapers and periodicals will find fault with the effort in this bill to reduce the deficiency due to the mailing of second-class matter. But if second-class rates have been raised, first-class mail rates have also been raised, thus placing an additional burden upon all users of the mails. It is to be noted that the new rates affect principally the magazines and metropolitan newspapers.

Mr. COOPER of Wisconsin. Will the gentleman yield?



Mr. MOORE of Pennsylvania. I can not at this time. The gentleman will pardon me for a moment.

The special privileges of the country newspapers are preserved, and there is an exception, perhaps not satisfactory to them, in the case of religious publications. Fraternal publications, not issued for profit, can not complain of the bill. While the postal rates upon second-class matter might have been lowered without offense to the Treasury, it is fair to the conferees to observe that the new rates do not take effect until the end of the fiscal year, so that all newspapers and magazines will have eight months' time in which to regulate their contracts and adjust themselves to the new conditions. After that the increase in rate is gradual, extending over a period of years.

I shall vote for this bill, not because I like it but because it is a measure of necessity forced by the war. It will undoubtedly disturb business, as it will cut profits. It may work extreme hardship in many directions, but the President has pointed out that profits must not be put above patriotism and that the sinews of war must be ungrudgingly provided.

Mr. Speaker, how much time have I remaining?

The SPEAKER. The gentleman has one minute remaining.

Mr. MOORE of Pennsylvania. I am sorry I can not yield to my friend from Wisconsin, because in this one minute I would like to bear testimony to the ability, the energy, and the courtesy of the chairman of the Committee on Ways and Means, who, in my judgment, knows more about this bill than any other man in the House. [Applause.] He has surprised us by his grasp of Treasury details and has proved up in conference as a match for the financial experts.

Mr. Speaker, I do not believe the gentleman from North Carolina [Mr. KITCHIN] will always be the leader of this House. I believe the storm is rising that will sweep him and his party out of power. I believe that storm will break during the next 16 months. But if it should happen that this distinguished and forceful chairman of the Ways and Means Committee should ever decide to depart from the sylvan surroundings at Scotland Neck and hand up his shingle amongst the corporation-law practitioners of the great metropolis of New York he would take high rank amongst them, and his fortune would be made interpreting this bill. [Applause.]

Mr. FORDNEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record. I want to print an exact example of how much will be collected under this bill on a given amount of capital, so that the gentlemen may see it.

The SPEAKER. The gentleman from Michigan [Mr. FORDNEY] asks unanimous consent to extend his remarks in the Record. Is there objection? [After a pause.] The Chair hears none.

Mr. MOORE of Pennsylvania. Mr. Speaker, I yield five minutes to the gentleman from Illinois [Mr. CANNON].

The SPEAKER. The gentleman from Illinois [Mr. CANNON] is recognized for five minutes. [Applause.]

Mr. CANNON. Mr. Speaker, I will say in the beginning, for fear that somebody may say I am unduly criticizing the bill, that I do not propose to criticize it much and that possibly I had best keep my tongue still.

I shall vote for the bill. I am following the lead of the gentleman from North Carolina [Mr. KITCHIN] and the gentleman from Michigan [Mr. FORDNEY] and other members of the conference committee. I put in an anxious day yesterday. I did not say my prayers or read a chapter in the Bible or go to church. I tried to get outside of the conference report. I went to bed at 1 o'clock this morning. I did not have any help present on Sunday, nor did I have any of the acts of Congress to which I could refer, but I arrived at the conclusion that I did not know how many lawsuits were to grow out of this bill, and that I did not know in many respects what it is to do. I hope it will produce a large amount of money, and I believe it will. I hope when another bill comes—and, God knows, if this war does not close inside of 12 months another bill will come—I hope that that bill will be such that all of us experts and non-experts can see what it does. This bill harks back and refers to provisions in the Payne tariff law, the Underwood tariff law, the law of 1916, which is not repealed except in spots, the law of last March, which was repealed very largely, if not entirely, although I think not quite entirely. And I will confess that I do not believe that, unaided, I could get outside of it in three months. I wish that there had been time so that this bill could tell its own story upon its face, disregarding the law of 1916, the Underwood tariff law, the Payne tariff law, and the law of last March, repealing here and there a section or a clause or modifying it or amending it. I think that these people, by the time another bill is to be introduced, can give us one that will tell its own story on its face.

The next bill will carry more of consumption taxes than this. We are going to take a large amount of what is called excess

profits and war profits from those that made them while we were neutral. I am not complaining about it. I do not have any of those profits, nor do my constituents. Although in common with you, with your salaries of \$7,500 a year and the business that you have, we will find that under the term of excess profits that you and your constituents, whether manufacturers or farmers, whoever they may be, will have to pay what you call excess-profits tax.

I know from the number of letters I get wanting explanation that there is going to be kicking here, and there, and yonder. But after all, the great mass of the people realize the necessity for revenue and the maintenance of our credit, because we have got to borrow. If the war lasts a year or 18 months longer we will have to borrow \$18,000,000,000 to \$20,000,000,000. But I believe that we will maintain our credit, that we will keep it at a parity with gold. We will bear all our burdens whether they be in the Army or whether they be in civil life. [Applause.]

The SPEAKER. The question is on agreeing to the conference report.

Mr. MOORE of Pennsylvania. Mr. Speaker, I yield 20 minutes to the gentleman from Iowa [Mr. GREEN].

Mr. GREEN of Iowa. Mr. Speaker, I want to commend the conferees on the part of the House for what they have accomplished. They have brought back to us the House bill in the main, upon the plan substantially that was proposed originally in this House. What is called the "retroactive income tax" has gone out, perhaps properly. The taxes on light, heat, and power have gone out, very properly, as I think; and I am glad to say that the taxes which were proposed by the Senate on tea, coffee, and sugar, to which I was very much opposed, have also gone out, together with a provision which the Senate inserted repealing the tax on munition makers.

The conferees have also raised the amount and rates of the excess-profits taxes, from which it is now intended there should be derived through this measure \$1,110,000,000. I highly approved their course in this respect, except that I must add, in my opinion, they did not go far enough in raising the rates or the amount of excess-profits taxes or the total amount of the bill. I say this notwithstanding the income-tax rates have been graduated up, so that a total of 66 per cent will be imposed on incomes above \$1,000,000, and the rates on excess profits under the conference report are graded up to 60 per cent on a profit in excess of 41 per cent. These figures are not exact, as certain allowances must be made in each case, but they are sufficiently accurate for the purposes of this discussion.

This bill, when it left the House, carried about \$1,800,000,000. The Senate raised it to about \$2,400,000,000. At the time it was under discussion in the House it was vehemently contended by some Members that we had no use for the amount of money that it provided, and that there was no necessity for levying taxation to that amount. Some even contended that under no circumstances ought we to pass a bill that would levy more than \$1,000,000,000 of taxation. It is not necessary to discuss that point now. The march of events has brought us far beyond that. Before the bill came out of the Senate committee it was evident that the estimate would have to be largely revised, and the Senate very properly increased it something like \$500,000,000; and recently the gentleman from New York [Mr. FRIZGEBALD], who is one of the very best informed, if not the best informed, Members as to the amount of money that the Government would need, stated that, taking the amount of the bond bill and this bill together, we still would be short the sum of \$2,682,000,000. Since that time the estimates have been raised nearly a billion dollars, until it now appears that we will need at least \$3,500,000,000 more before the end of this fiscal year.

How is this money to be raised? Whence are we to obtain the amount of this enormous deficit? The conferees added something like \$200,000,000, or a little over that amount, to this bill, but that is far from being sufficient. I think the bill ought to provide a larger amount. [Applause.] The conferees have not added one-tenth part of the additional amount which we will require before the end of the fiscal year. Is it intended that the balance shall be raised by bonds? If so, I want to warn the House and the country that we are entering upon a career of inflation that will end in a financial debauch from which we will not recover in 20 years.

The bill was originally prepared on what was called the "fifty-fifty" plan; that is, with the expectation of obtaining one-half of our war expenses through taxes. The demands of the war have been so insatiable that it is now evident that we can not follow this plan or take any definite percentage as the ratio between taxes and war expenses, but I am in favor of raising the largest amount by taxation that can be imposed without injuring business or affecting business enterprise. I am not in



favor of injuring business, and no man in this House is. Everyone realizes that we could not carry on this war successfully if business were destroyed. But let us not be frightened by this cry that business will be destroyed unless there is some reason for it besides the bare assertion.

Gentlemen have pointed out that the percentage that we are raising by taxation of our total expense for war is larger than it was at the time of the Civil War, and it has been claimed that it is larger than it is in England. But those comparisons are fallacious. The total amount of wealth in this country is nearly \$250,000,000,000. Our per capita wealth is about \$2,500. The total wealth of England is only about \$85,000,000,000. Its per capita wealth is probably less than \$2,000. And yet England is imposing a taxation at this time of something like \$65 per capita, while we are only imposing a taxation of a little over \$40 per capita.

At the time of the Civil War our per capita wealth, at the beginning, was only a little over \$500. At the close of the war, in 1865, it was around \$600. It is now, as I have already stated, more than four times that amount. These figures, gentlemen, instead of showing that we can not raise as large a proportion of our war expenses as this bill carries, show that we ought to raise a still greater proportion on account of our increased wealth as a Nation and individually.

The experience of Salmon P. Chase, who acted as Secretary of the Treasury during the most of the Civil War, led him to state that \$1 raised by taxation was worth \$2 raised by bonds. The proportion may not always be correct, but as a general principle never were truer words spoken. If you wish to see how bond issues operate for inflation, look abroad. From the warring nations inflation has overflowed into our own land, resulting largely from their tremendous borrowings and expending the money here. A Government bond operates to a certain extent as a sort of fiat money. It creates property where none existed before; it affords a basis for the issue of additional currency, and with each succeeding issue of bonds the general level of prices is raised. The evils of this system are plain. The Government not only is compelled to pay double and often treble the price for materials that had prevailed before, but, worst of all, the unfortunate consumer, the man whose whole yearly income has been required to obtain the necessities of life for himself and family, finds that here also prices have been enormously inflated until his life becomes a mere struggle for existence. In another year more loans will be required. Gentlemen sometimes speak as if no portion of the financial burdens of this war was cast upon the workingman and the man with a small salary. I insist that notwithstanding all we may do to reduce food prices, he is already more heavily loaded than he ought to be. It must be remembered, too, that all of this inflation has to be paid for sometime and some way. Either business will eventually pay for it or the workingman, or both, when the reaction finally comes, as come it must. I firmly believe that the total amount of the bill should have been raised higher, and that this additional revenue should be derived from higher taxes on excess profits or war profits, whichever you may choose to call them. When the bill was originally before the House I then stated on this floor that I favored raising the excess-profits rates. Now that the bill carries so much larger an amount and should be, as I think, further increased, the necessity of an increase in the excess-profits rates is still further apparent. It is said that to increase these rates on excess profits will injure business, prevent further investments, and lessen the amount to be collected another year. I deny this and offer proof in support of this denial.

No better evidence ought to be desired than the conditions in foreign countries, where higher rates of taxation than are even now proposed have been levied. England has been levying a flat excess-profits rate of 60 per cent, which this year was increased to 80 per cent. We would not think of imposing the last-named rate upon any profits except those that were inordinate and utterly unreasonable. I have already stated the higher rate of taxation per capita which prevails in England. Have these rates destroyed business in England? The contrary is true. Notwithstanding business was extremely flourishing in England before the war and a time of unusual prosperity existed, business is so much more prosperous than it was before the war that England could take last year \$700,000,000 away from its excessive profits and still leave them 40 per cent higher than they had been before the war. I am reliably informed that recently a canvass was made of about 1,000 corporations engaged in all kinds of business in the United Kingdom, and it was found with few and rare exceptions that these concerns were highly prosperous, even after deducting the excess-profits tax.

Every Member of the House has heard that Mr. Henry Selfridge, formerly a member of the firm of Marshall Field & Co.,

went to London some years ago and started a great department store on the American plan. At the opening of the war British merchants were panic-stricken. They would not buy. But Mr. Selfridge, with that unerring business instinct that has always characterized him, saw the future more accurately. He laid in additional stocks and prepared for the business that came as he prophesied it would. His sales and profits have been increasing every year since the war began. For the year ending January 31, 1914, the profits of his company were, in round numbers, \$655,000; for the year ending the same date 1917, \$1,115,000. Harrods, another great establishment, reports the largest and most profitable business in its history for the six months ending January 31, 1917. The Jewelers & Silversmiths' Corporation, another great concern, reports large gains over any previous year. Hooper Bros., a large men's-wear house, reports great increase in sales, and so on.

Mr. PLATT. That is under an excess-profits law, and there is no excess-profits tax under this bill.

Mr. GREEN of Iowa. I am not going to discuss technicalities.

Mr. PLATT. The gentleman may call this a technicality if he wants to. Is there any real comparison at all between the English excess-profits tax and the taxes in this bill? It seems to me they are as different as day is from night.

Mr. GREEN of Iowa. The provision in this bill is a tax on profits, and whether you call it an excess-profits tax or a war-profits tax is immaterial. It taxes profits above an average of 8 per cent. It is a fair proposition and is based on the provisions for a tax on excess profits contained in the original House bill. The principal difference is that the rates are now graded. The English plan, which was contained in the Senate bill when reported by the Finance Committee of that body, could not stand the test of argument, and that committee itself was compelled to go back practically to the plan contained in the House bill, which was so strongly assailed by some Members of the House. I opposed the English plan for tax on excess profits in the House and confess to some gratification that my judgment has been vindicated by its abandonment. Under the English plan, some of the companies making the greatest profits, such as some of the Standard Oil concerns, the Ford Co., and many others would have paid little or no tax on their enormous profits.

Mr. BENJAMIN L. FAIRCHILD. At the time we were all receiving letters from men who said that their business was going to be destroyed if they were to be taxed along the lines of the House bill, one letter that I received, different from any of the others, was from Mr. George H. Allan, a journeyman printer, who was a member of a typographical union in Yonkers, N. Y.

It is right along the line of your remarks. While the others were writing the other way, he says this:

I think, as a patriotic American, that printers and all workmen earning \$25 weekly and above should be taxed during the duration of the war. Union printers are taxed in their union the entire year (1½ per cent in New York), and I think we could stand it if our Government should see fit to do so.

[Applause.]

Mr. GREEN of Iowa. He is a patriotic citizen. When a workman writes like this, we ought to hear no complaints from men of wealth.

Resuming my argument, I would say that there is no occasion for alarm through fear that business will not prosper during the war.

The fact is that the enormous disbursements by the Government, which in this country will amount to more than \$10,000,000,000 this fiscal year, affords an extraordinary stimulus to business which far outweighs the effect of such taxation. In this country the corporate profits for the calendar year of 1917 will probably exceed the average of the three years prior to the war by \$4,000,000,000 to \$5,000,000,000. We shall not take one-third of this increase; in fact, when we consider that the tax under the present plan of the bill is to be levied also on those corporations which were heretofore prosperous, the proportion will not exceed one-fourth. Business was not destroyed or ruined in the three years before the war. How is it possible to claim that when the corporations of this country after this tax is deducted will still have a large increase in their profits over what they received before the war that business is going to be injured. The principle of an excess-profits tax is that it takes only from such business as can afford it and always leaves a considerable sum above what might be deemed a normal or reasonable profit. Gentlemen forget that this tax is only a per cent of a per cent; that upon small concerns with moderate profits it amounts to little more than an occupation tax. It is only where the profits amount to a high figure that any corporation will really be affected thereby.

Gentlemen say that if we increase the amount of taxation upon these big business concerns and upon incomes that we will



leave nothing for investment. I do not understand the logic or the reasoning of this statement. Whatever is paid in taxes will by just that much reduce the amount of bonds required. Can anyone tell me if a hundred dollars or a thousand dollars is taken by way of taxation, why it will not leave just as much for investment in business as if the same amount were used through purchase of bonds? Not only will there be as much left for investment but the Government will pay a lower rate of interest, inflation will be to some degree checked, and the burden upon the Nation collectively will be greatly lessened.

Mr. MOORE of Pennsylvania. Will the gentleman yield at that point?

Mr. GREEN of Iowa. Just for a brief question.

Mr. MOORE of Pennsylvania. If we continue to issue bonds, will we not continue to have to raise taxes to pay the interest on those bonds?

Mr. GREEN of Iowa. Certainly; and if we raise the money by taxation we will not need the bonds, and we will not have to pay any interest, which is the point I understand the gentleman to make.

Nor can I understand the argument of gentlemen who contend that we should not advance our rates at once to those now levied by England, because England has arrived at that point by successive steps. Is a corporation or individual less able to pay taxes now because taxes have not been paid in the past? Does the fact that the absence of taxation heretofore has enabled the creation of a great surplus lessened the power now to contribute to the Nation's needs? Gentlemen of the House, these arguments will not bear analysis. Instead of arguing against the levying of similar taxes to those now imposed in England, the whole reasoning is in favor of it.

So far I have refrained from anything that might in the least appeal to sentiment or emotion, and the cold facts would seem to be sufficient without anything else. But there is another side to the picture. Gentlemen who have shown the condition of the masses under the tremendously inflated prices of the times and have pointed to the swollen profits of the Steel Trust, the Du Pont Powder Co., and others have sometimes been accused of fomenting class hatred and prejudice. Certainly this is far from my purpose. On the contrary, I am striving with all the energy in my power to prevent their growth by the only means possible—that of removing the cause. There is no more to this insinuation than the charge that this is a rich man's war, a charge which is equally baseless. The wealthy men of this country did not bring about the unprovoked attack upon Belgium, the devastation of that unhappy country, and the enslavement of its men and women; they did not cause the waves to be strewn with the helpless passengers of the *Lusitania*; they had nothing to do with the murder of citizens upon the decks of our own ships and under our own flag; and they could not have been connected in plots to involve us in wars with Japan and Mexico. We have taken men for our fighting force from all classes alike, except that the law properly enlarges the exemptions of the poor. We have striven to equalize the demands and burdens of the war so far as our fighting force is concerned. We have not been able to do this completely because in the nature of things it is impossible; but why should we not, so far as we are able, place the financial burdens of the war where they can best be borne and supply them whenever we can from excessive and unusual profits mostly brought about by war conditions?

Wealth can be measured by dollars and property by metes and bounds; but life and health and strength and heart blood are priceless and we are taking them without stint. Out in my district and all over the land the young tenant farmers are being taken from their crops, the young business men from their stores, the young lawyers and doctors from their practice. We are not only compelling them to leave their business to ruin but we will soon be asking them to endure the freezing waters of winter trenches, to struggle through barbed-wire entanglements swept by the hail of bullets from machine guns; to endure the terrific bombardment of the giant guns which the Germans have produced, and our hearts beat with pride as we see the loyalty and patriotism with which they have responded to the call. Do you now tell me that the merchant princes of the country will sit and whine and whimper and protest because we are proposing to take a percentage of their profits above 10 per cent? If so, God help the Nation, for the men best able to assist are failing it.

Foreigners who have traveled in this country and associated with the wealthy classes have somewhat slightly referred to our country as the land of the dollar, and characterized us as a money-grubbing people. There may have been some foundation for this slur. For fifty years we have had for the most part extraordinary prosperity in business which has resulted in a wonderful increase in the wealth of the Nation. This has not

served to develop the finer instincts of our nature but rather has tended to foster a love of ease and pleasure and a desire for wealth and power. Getting and spending, getting and spending, we have passed our lives away. In the mad scramble for wealth and the fierce struggles of competition, the poor, the weak, and the friendless have too often been ground between the upper and the nether millstones.

But, Mr. Speaker, I refuse to believe that sordid instincts have become ingrained in the nature of our business men. The parties who now throng the lobbies of the hotels of this city protesting against this bill do not represent the great body of our business men. They have given, since this war began, too many evidences to the contrary. This is a different hour, a new day, a nobler era. War is not without its compensations, and through the dark clouds of this dreadful conflict some stars still shine. They point to paths that shall lead us to loftier regions where humanity shall be placed above profits and patriotism above gain, and then, when the sun of peace shines again, from a soil that is drenched with blood and tears, there will rise the spirit of a new America, true to the highest traditions of the past and dedicated to the loftiest purpose for the future. [Applause.]

Mr. MOORE of Pennsylvania. Mr. Speaker, I yield eight minutes to the gentleman from Nebraska [Mr. SLOAN].

Mr. SLOAN. Mr. Speaker, I shall vote for this bill because there are two things that we need in the war; one is an Army and another is its support. I can not well conceive how, having deliberately entered into a war, raised an army, and after four months of deliberation over the method of maintaining that army, men can find a way to say that it shall not be maintained.

I am in favor of paying very largely for the support of the war by taxation, because the burdens of posterity will be heavy enough indeed. We know that borrowed money, whether by men or nations, is usually spent more lavishly than earned or saved funds. The proposition that the House Members started out with, to raise 50 per cent of the expenses of the war by taxation, met my hearty approval. For that reason I supported with a good deal of enthusiasm the bill as it left the House. The amount raised in the House bill provided for 50 per cent of the then estimated appropriations. The bill went to the Senate. It is now back here, having been transformed in conference. I want to recall the position I took when the bill was referred to the conference committee.

I here quote a colloquy between the gentleman from North Carolina [Mr. KITCHIN] and myself:

Mr. KITCHIN. Mr. Chairman, I yield to the gentleman from Nebraska [Mr. SLOAN].

Mr. SLOAN. Mr. Chairman, I want to ask the gentleman from North Carolina a question. The House committee drafted this bill with reference to a fifty-fifty basis, and approximated that in its bill, did it not?

Mr. KITCHIN. Yes; a fifty-fifty basis in this bill.

Mr. SLOAN. I mean 50 per cent of war expenses to be met by taxation and 50 per cent by bond issue.

Mr. KITCHIN. That was the measure approximately created.

Mr. SLOAN. I understood that was the demand of the country, the recommendation of the Executive, and it was what was accomplished in the Ways and Means Committee. It was accomplished at the time over the vigorous opposition of the gentleman from Michigan, so that the threat of the gentleman from Michigan about going up against his fighting qualities has not the terrors it used to have. [Laughter.] As I understand, the Senate has changed it to 35 per cent tax and 65 per cent bond issue.

Mr. KITCHIN. Approximately.

Mr. SLOAN. Thirty-five per cent tax and 65 per cent bonds. Now, I know the impossibility of approximating fifty-fifty in this conference. The latitude between the House and Senate bills will not permit it with the conference rules. But there are a number of opportunities to increase measurably the Senate bill. One is, of course, where we are allowing hundreds of millions of dollars' worth of goods to come through our ports every year without a dollar being paid for the privilege. That is one of the discards of the Senate. There are others we might speak of. I think it is the opinion of the country and of a majority of this House that the Senate bill should be measurably increased in so far as the relative conditions of the two bills will authorize it. We hear very frequently stated that a large part of the burdens of the war should be placed on posterity because the war has been declared by us. Posterity was not present or consulted and may or may not hereafter approve its involuntary representation in that declaration. We are taking undue liberties with posterity and seeking to place a 65 per cent tax on them and assuming only 35 per cent ourselves. The testator who wills a mortgage in favor of his legatee may be thanked. To bequeath a mortgage for the legatee to pay may not excite great gratitude.

By this is indicated that it was the will of this House that in so far as the conference committee had the authority and jurisdiction it should increase the amount to be raised by the bill over what the Senate had fixed. I am pleased to see that the conferees came out with at least a part of my expectation in that regard. The increase amounts to about \$150,000,000.

The following is an estimate of the revenue the bill will raise. It will be noted that nearly three-fourths of it is from income tax and excess profits:



## REVENUE EXPECTED.

Revised figures indicating the revenues to be derived under the various paragraphs of the war-tax bill are as follows:

Income tax	\$851,000,000
Excess profits	1,000,000,000
Distilled spirits	135,000,000
Rectified spirits	5,000,000
Fermented liquors	46,000,000
Wines	7,000,000
Soft drinks, sirups, etc.	13,000,000
Cigars	10,000,000
Cigarettes	21,500,000
Tobacco	28,000,000
Snuff	1,800,000
Cigarette papers	100,000
Freight transportation	77,500,000
Express transportation	10,000,000
Passenger transportation	60,000,000
Pipe lines	4,500,000
Seats and berths	4,000,000
Telegraph and telephone messages	7,000,000
Insurance policies	5,000,000
Automobiles	40,000,000
Musical instruments	3,000,000
Moving-picture films	3,000,000
Jewelry	4,500,000
Sporting goods	1,200,000
Pleasure boats	500,000
Perfumes and cosmetics	1,900,000
Patent medicines	3,400,000
Chewing gum	400,000
Cameras	750,000
Admissions	50,000,000
Club dues	1,500,000
War stamp taxes	29,000,000
Inheritances	5,000,000
Virgin Island products	20,000
First-class mail	70,000,000
Second-class mail	6,000,000

There are two features of this report I desire to advert to. The first is, the elimination of all tariff duties by the conference committee. When I say that I do not speak of the doctrine of protection or anything that might be made a party controversy, but I do refer to the loss of large amount of revenues practically surrendered to the foreigner and no compensating benefit to us. I shall show what portion of the support of all of our other glorious wars was paid by taxes raised at the ports and taxes raised upon the industries at home.

I am a little old-fashioned and have not gotten up, or, rather, fallen down, to the point far enough to subscribe to the doctrine that I see put in operation so often nowadays, that whatever was glorious in the history of America is wrong, all that made us great and strong should be discarded, and that there is no virtue in any legislative process unless it is in a change. And so I believe that a mistake was made in eliminating from this bill about \$200,000,000 that should have been raised at the ports, not in terms of the House provision, but in any reasonable modification. We know the latitude taken by the conferees on many other provisions of this bill and which will be acquiesced in.

The 10 per cent flat on all imports did not meet my approval. Of course we could have raised two or three hundred million dollars of duties at our ports without collecting taxes on sugar, tea, or coffee. It would not on all other imports probably have made 1 per cent difference in the matter of price to our consumers, because the expense of producing an article for the last six months, for that matter for the last three years, has not been a base for its selling price. It has been based simply on what could be grabbed, and therefore we could just as well have during the last three years raised nearly \$1,000,000,000 additional revenue for this Government if we had said to the foreigner who desired to enter our ports with his products, "When you bring something to American shores let it bow to the American flag and pay tribute to the United States Treasury." [Applause on the Republican side.]

When this measure was before the House I submitted a few facts and figures, which I quote:

In 1793, when our Treasury was empty, we collected \$4,255,306.56 at our ports, and in internal revenue only \$337,705.70. That was under Washington. The system was inaugurated and carried to success by the matchless Hamilton, who divides honor with the Father of his Country in the successful beginning our Republic made. Under Jefferson, in 1801, our total revenue was \$12,945,455.95, of which there was collected at the ports \$10,750,778.93 and only \$1,048,033.43 in internal revenue. Eighty-three per cent under Jefferson was collected at the ports and 8 per cent in internal revenue.

The War of 1812 was fought under Madison, a Democratic President. The total amount of revenue collected was \$14,340,709.95, of which \$13,224,000 were customs dues and only \$4,755 internal-revenue taxes, 92 per cent customs, 8 per cent all others, internal revenue being only three one-hundredths of 1 per cent.

In 1831, under President Jackson, the customs revenue was \$21,922,000 and the internal revenue \$12,160,62—88 per cent customs and only five one-hundredths of 1 per cent internal revenue.

In 1847, Polk's administration, during the Mexican War, total ordinary revenue \$26,467,703.16. Of that sum \$23,747,864.66, or 89 per cent, came from customs, while only \$375, or one fifteen-hundredth of 1 per cent, came from internal revenue.

In 1863, Lincoln's administration, Civil War period, total ordinary revenue, \$112,094,945.57. Customs, \$69,059,642.40, or 61 per cent;

internal revenue, \$37,640,787.95, or 33 per cent. It was thus apportioned in the turning point of the great war for national existence.

In 1872, Grant's administration, total ordinary revenue, \$374,106,867.56; customs, \$216,370,286.77, or 57 per cent of total; and internal revenue, \$130,642,177.72, or 34 per cent of total. This was good enough under the soldier-President administration.

In 1886, Cleveland's administration, total ordinary revenue, \$336,439,727.06; customs, \$192,905,023.44, or 57 per cent of total; internal revenue, \$116,805,936.48, or 34 per cent of total. So it was under a constitutional Democratic President.

In 1898, McKinley's administration, Spanish-American War, total ordinary revenue, \$405,321,335.20; customs, \$149,575,062.35, or 36 per cent of total; internal revenue, \$170,900,641.45, or 42 per cent of total. So we fought and won that glorious war.

In 1910, Taft's administration, total ordinary revenue, \$675,511,715.02; customs, \$333,653,445.03, or 49 per cent of total; internal revenue, \$289,933,519.45, or 44 per cent of total.

In 1915, Wilson's administration, total ordinary revenue, \$697,910,827.58; customs, \$209,786,672.21, or 30 per cent of total; internal revenue, \$415,669,646, or 59 per cent of total. Alas the degeneracy of these recent years when "equal rights are accorded to some and special privileges to foreigners."

## Estimated revenue, 1918—United States.

Total ordinary revenue	\$1,235,550,000
This House bill	1,800,000,000
Total	3,035,550,000
Estimated customs	230,000,000
This bill—customs	200,000,000
Total (or 14 per cent)	430,000,000
Estimated revenue for 1918, including the ordinary receipts and the proceeds of bill as presented in conference report	
Customs	\$230,000,000
Internal	3,837,500,000
Total ordinary	4,067,500,000

Customs amounts to 5.6 per cent.  
Internal amounts to 94.4 per cent.

## Great Britain—War finances.

Total revenue	\$2,570,525,000
Customs (or 13 per cent)	352,805,000

## Canada—War finances.

Total revenue	\$232,000,000
Customs (or 58 per cent)	134,000,000

## Revenue receipts of United States, 1791 to 1916, both inclusive.

Customs	\$12,854,895,422.24
Internal revenue	10,630,905,611.75
Total ordinary receipts	25,819,422,222.52

Customs, 49 per cent of total ordinary receipts.  
Internal revenue, 41 per cent of total ordinary receipts.

## Receipts of United States, 1791 to 1913, both inclusive.

Customs	\$12,039,620,889.89
Internal	9,322,492,929.67
Total ordinary	23,607,173,675.74

Customs, 55 per cent of total ordinary receipts.  
Internal revenue, 39 per cent of total ordinary receipts.

The foregoing was before it became fashionable for those in power to condemn as wrong the policies under which we won wars and triumphed in peace.

## Receipts, 1914, 1915, and 1916.

Customs	\$715,292,532.35
Internal	1,308,412,682.08
Total ordinary	2,212,248,546.78

Customs, 32 per cent of total ordinary receipts.  
Internal revenue, 59 per cent of total ordinary receipts.  
This bill of \$1,800,000,000 total will produce in customs \$200,000,000, or 11 per cent.

The other proposition that I desire to speak of is a matter of commendation of the courage, if not the justice, of the conferees representing the House. When it was early suggested that we should collect more taxes, or, rather, reduce our losses on the matter of carrying the second-class mails in this country, I thought it was a matter over which this committee ought not to assume jurisdiction. I opposed it for that reason. But when the Ways and Means Committee proceeded to raise revenue that way, and it became the settled policy, there has been, if you follow its history, a matter of courage, almost a matter of heroism, on the part of the committee in resisting the pleas, blandishments, and threats of those who were being called upon to pay a more equitable amount for the service the Government renders in transportation of their products.

It has been an interesting matter to follow. First, it was proposed by the standing committee to raise the present flat rate 200 per cent, which would have been absolutely unjust. The House bill was a change to a zone system, with no discrimination as to reading matter and advertisements. Intelligence, news, opinion, entertainment, and instruction, perhaps, should go over this country at the same price per 100 miles as for 1,000 miles. But advertisements which carry no intelligence, except a spur to cupidity, should pay the same as any other commodity. So in this bill we have the result of the evolution of the original plan in the increase of the rate for reading matter, which is to be ultimately raised 50 per cent. In other words, to remain 1 cent per pound, as at present, until July 1, 1918, then to 1½ cents till July 1, 1919, and thereafter 1½ cents per pound. Advertising matter is to be compelled to pay for its carriage as follows:



This amendment makes the zones applicable to fourth-class matter applicable to the portion of second-class matter devoted to advertisements where the percentage of space devoted to advertisements exceeds 5 per cent of the total space of the publication. The rates of postage upon the portion of such publications devoted to advertisements provided by this amendment are as follows:

Zone.	On and after—			After July 1, 1921 (cents per pound or fraction thereof).
	July 1, 1918, to July 1, 1919 (cents per pound or fraction thereof).	July 1, 1919, to July 1, 1920 (cents per pound or fraction thereof).	July 1, 1920, to July 1, 1921 (cents per pound or fraction thereof).	
1 and 2.....	1½	1½	1½	2
3.....	1½	2	2½	3
4.....	2	3	4	5
5.....	2½	3½	4½	6
6.....	2½	4	5½	7
7.....	3	5	7	9
8.....	3½	5½	7½	10

When that is done no transportation company can complain. The Government can not complain. And no periodical publisher should complain if he is simply to pay for the carriage of his commodity. That is all he is expected to do. It has been recognized for years that this is a plan that should be followed in the matter of transportation of the mails. The basic principles of flat rate for reading matter and zone basis for advertisement now adopted should be studied by the Post Office Committee that it may more justly classify the rates which are to be permanent. I regret the increase made in first-class mail rates. It was unnecessary and is unjust.

Mr. COX. Will the gentleman yield?

Mr. SLOAN. Yes.

Mr. COX. How much does this yield in revenue?

Mr. SLOAN. I can not, of course, give the precise figures, but it is conservatively estimated at an increase of \$6,000,000. It is intended to be scaled according to the expense of carriage. It is not so much a matter of revenue, but it is placing the Government in relation to the publisher on a basis of value received.

It would have been a gracious act, perhaps, on the part of the House conferees, in view of the recent refusal of the Secretary of the Treasury and Congress to use the publications of the United States on a paid basis to advertise our great national loans, and the further fact that white paper has become so expensive and the Government seems powerless to control it, to have omitted this second-class rate change. However, the plan adopted is the best plan seriously presented and considered, except the so-called McKellar amendment in the Senate, once adopted by the Committee of the Whole and then rejected by the Senate.

I have no doubt that within two or three years, probably before this bill has gone into complete effect, the Committee on the Post Office and Post Roads, of which the gentleman from Indiana [Mr. Cox], who has just interrogated me, is a member, will have made a study of this and will have completed what ought to have been completed 10, 15, or 20 years ago, so that the carriage of mail throughout the United States will not be a money-making proposition. At the same time it will not be a money-losing proposition to the Government of the United States. [Applause.]

Mr. COOPER of Wisconsin rose.

The SPEAKER. For what purpose does the gentleman rise?

Mr. COOPER of Wisconsin. Mr. Speaker, I would like to have the privilege of speaking to the House for 10 minutes upon this bill.

The SPEAKER. The Chair has no objection to that.

Mr. MOORE of Pennsylvania. Mr. Speaker, I yield five minutes to the gentleman from Ohio [Mr. Longworth].

Mr. LONGWORTH. Mr. Speaker, I am so profoundly impressed with the necessity for the speedy adoption of this conference report that I am only going to take a moment and that for the purpose of expressing my gratification at the triumphant vindication of the wisdom of this House in passing this bill. When the Committee on Ways and Means reported the bill to the House a storm of criticism from responsible, as well as irresponsible, sources arose. We were described as backwoods statesmen, and other very uncomplimentary epithets were hurled at us, and when the House substantially accepted the report of the Committee on Ways and Means you all were included in that general blanket characterization. It was freely predicted that when another body had had a chance at it we would not be able to recognize our own handiwork. But to-day, after another body has spent months in the consideration of this matter, we have confronting us, so far as the basic principles are concerned, practically the identical proposition for the enactment of which we were so bitterly criticized. It is true that a large increase has been made in the total of taxes to be raised,

but that increase comes not from any new methods invented elsewhere, but through the readoption of the taxes imposed by the House, and an increase in the excess-profits tax, based not upon any new principles, but merely upon principles originally adopted by the House. When we exempt the provision with regard to the tariff tax, the 10 per cent duty on all imports, which no man here ever defended as a matter of principle, because a flat rate of 10 per cent on all imports can not be defended as a matter of principle either from the protective or the free-trade standpoint, and when we eliminate the retroactive tax on incomes, never defended here as a scientific proposition, there is practically not a change, so far as basic principle is concerned, in the bill as we passed it months ago and as it now comes before us as a result of the action of the conference committee. The bill is, in round numbers, about \$600,000,000 higher than when we originally passed it, made necessary by increased demands upon the Treasury, and accomplished, as I have said, by the reestablishment of many of the House taxes and by a graduated increase in the excess-profits tax based upon the House principle.

As I have repeatedly said, I am personally opposed to the policy of raising so large a proportion of our war expenditures by taxes imposed on the present generation. As nearly as I can figure it, we are proposing now to raise about 40 per cent of our war expenditures by taxation and about 60 per cent by bonds. Personally, I would prefer that a small proportion of our war expenditures should be borne by the present generation. None of us know what those expenses will be, however, nor how much more money we will have to raise next year. So I am content, even though the proportion is a little higher than I myself would like, to give my emphatic support to this bill as it now comes before us. Of course, there are many things in it of which I do not approve, there are things in it which no Member of this House and no Member of another body entirely approves; but, gentlemen, we must each of us yield our individual views in times like these to the opinion of the majority. Do you not realize that it is an extraordinary thing that we have here a conference report upon a revenue bill upon which the gentleman from North Carolina [Mr. KITCHIN] and the Senator from Pennsylvania [Mr. PENROSE] stand in agreement, as do the gentleman from Illinois [Mr. RAINES] and the Senator from Massachusetts [Mr. LODGE], and above all, that we have here a revenue measure upon which the gentleman from Michigan [Mr. FORDNEY] and the Senator from Mississippi [Mr. WILLIAMS] are in accord. What could be better proof that we are all united when it comes to measures necessary for the defense of our country and the preservation of American ideals. [Applause.]

Mr. COOPER of Wisconsin rose.

The SPEAKER. For what purpose does the gentleman rise?

Mr. COOPER of Wisconsin. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

Mr. FORDNEY. Mr. Speaker, I shall yield to the gentleman if he will first let me yield to another gentleman. I yield five minutes to the gentleman from Massachusetts [Mr. GILLET].

The SPEAKER. But the gentleman from Michigan has not any time to yield.

Mr. GARNER. Mr. Speaker, what is the parliamentary situation?

The SPEAKER. The parliamentary situation is that the gentleman from Michigan had an hour and has used that hour up.

Mr. COOPER of Wisconsin. Mr. Speaker, I received recognition, and I ask for 10 minutes.

Mr. FORDNEY. It is only fair that we should have as much time on this side of the House as was consumed upon the other.

Mr. KITCHIN. How many gentlemen desire to talk?

Mr. FORDNEY. I have seven who desire from 5 to 10 minutes each.

Mr. KITCHIN. Can we not complete the debate in 30 minutes?

The SPEAKER. The gentleman from Wisconsin wants 10 minutes.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent that all debate close in 40 minutes, to include in that 10 minutes to the gentleman from Wisconsin [Mr. COOPER] and 30 minutes to be controlled by the gentleman from Michigan [Mr. FORDNEY].

The SPEAKER. The gentleman from North Carolina asks unanimous consent that debate shall close in 40 minutes, and that out of that time the gentleman from Wisconsin [Mr. COOPER] shall have 10 minutes and the gentleman from Michigan [Mr. FORDNEY] shall control the other 30 minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. LONGWORTH. Mr. Speaker, before the gentleman proceeds, I ask unanimous consent to extend my remarks in the Record.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.



Mr. SLOAN. Mr. Speaker, I make the same request.

The same request was made by Mr. GREEN of Iowa, Mr. AUSTIN, Mr. KREIDER, Mr. LONERGAN, Mr. MOORE of Pennsylvania, Mr. FOSS, Mr. TOWNER, and Mr. KIESS of Pennsylvania.

Mr. FORDNEY. Mr. Speaker, I ask that all who wish to extend their remarks on this bill be permitted to do so for the next five days.

The SPEAKER. Legislative or calendar?

Mr. FORDNEY. Legislative days, Mr. Speaker.

The SPEAKER. The gentleman from Michigan [Mr. FORDNEY] asks unanimous consent that all gentlemen shall have the privilege of extending their remarks on this bill for five legislative days. Is there objection?

Mr. WALSH. Mr. Speaker, I object.

Mr. FORDNEY. I will ask unanimous consent that they may extend their remarks for five calendar days.

The SPEAKER. The gentleman asks to make it five calendar days. Is there objection?

Mr. WALSH. Mr. Speaker, I object.

The SPEAKER. Is there objection to these individual Members who asked to extend their remarks?

Mr. WALSH. Mr. Speaker, are the requests preferred to extend remarks upon this bill?

The SPEAKER. Well, there are half a dozen—

Mr. WALSH. Those are the ones I am referring to.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

Mr. MADDEN. Mr. Speaker, I ask unanimous consent to extend my remarks on this bill.

Mr. GRAHAM of Illinois, Mr. MARTIN of Louisiana, Mr. ROBBINS, Mr. OSBORNE, Mr. SMITH of Michigan, Mr. PARKER of New Jersey, Mr. CARTER of Massachusetts, Mr. KNUTSON, Mr. HULL of Iowa, Mr. JOHNSON of North Dakota, Mr. SIEGEL, Mr. SABATH, Mr. KEATING, Mr. CLAYPOOL, and Mr. HULL of Tennessee asked unanimous consent to extend their remarks.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

Mr. DEMPSEY and Mr. FOCHT asked unanimous consent to extend their remarks on this bill.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none. The gentleman from Wisconsin [Mr. COOPER] is recognized for 10 minutes.

Mr. COOPER of Wisconsin. Mr. Speaker, the gentleman from Ohio [Mr. LONGWORTH] a moment ago said that there are many things in this bill to which we can not all agree, and this he said in a casual way, as if all these things upon which we can not agree are of equal importance and of rather trifling character. But the gentleman is greatly mistaken. For, Mr. Speaker, this bill contains one of the most reactionary and important provisions that has been before the American Congress in 50 years. I refer to the provision for the establishment of a zone system for the carrying of mail. I observe gentlemen upon the other side of the aisle smiling incredulously at my last observation, and therefore, in support of my statement I beg to direct their attention to the opinion of a very distinguished man who, while governor of a State a few years ago, when an attempt was being made to have Congress establish the zone system, used the following forceful language:

It must be that those who are proposing this change of rate do not comprehend the effect it would have. A tax upon the business of the more widely circulated magazines and periodicals would be a tax upon their means of living and performing their functions. They obtain their circulation by their direct appeal to the popular thought. Their circulation attracts advertisers. Their advertisements enable them to pay their writers and to enlarge their enterprise and influence. This proposed new postal rate would be a direct tax, and a very serious one, upon the formation and expression of opinion—its more deliberate formation and expression just at a time when opinion is concerning itself actively and effectively with the deepest problems of our politics and our social life. To make such a change now, whatever its intentions in the minds of those who propose it, would be to attack and embarrass the free processes of opinion. Surely sober second thought will prevent any such mischievous blunder.

Now, it may interest gentlemen across the aisle to know that the distinguished person who thus powerfully denounced the proposal for a zone system was a Democrat by the name of Woodrow Wilson. [Applause.]

Never, until this afternoon, had I known of this opinion of Mr. Wilson's, and I trust that I may be pardoned if, after citing such an inspiring declaration, I refer to my own views and remind gentlemen that always, during the years of my service here, I have opposed efforts to establish a zone system. Frequently since I have been a Member of the House attempts have been made to enact a law to create such a system, a system that was thoroughly tried years ago, proven a failure, and discarded for the vastly better one of to-day. When the bill was originally before the House, last May, I spoke against the proposed zone system. Again, when two weeks ago, it came back from the Senate I spoke against it, and said that its

effects would resemble those that would follow a supposed law restricting the circulation of the publications of California, Georgia, Wisconsin, Mississippi, Texas, or any other State to that State alone. Such a law as I have supposed would, of course, soon destroy everything like national spirit, bring upon the country the curse of sectionalism, and sow the seeds of inevitable disruption.

Now, a zone system, as I then said, would not confine circulation to a State but, as was intimated by this eminent Democratic governor—now President of the United States—it would sectionalize and harm the Republic because it would surely tend to restrict publications to zones.

There is no more reason for applying the zone system to newspapers and magazines than there would be to apply it to letters. We carry letters to the Philippines, and Porto Rico, and Alaska, and Panama, and the Hawaiian Islands, and all over the United States, for 2 cents, at a loss. But on grounds of high public policy we have been doing this and will continue to do it except as this report proposes to lessen the loss a little by raising letter postage to 3 cents. But, wisely, it is proposed not to have a zone system for letters but to retain for them a flat rate.

The greatest law to promote commerce and industry, which the United States has ever known, is, in my judgment, the law which established a low flat rate for the carrying of newspapers and magazines. No other country has ever witnessed such an astonishing growth in commerce and industry—in business generally—as has come to the United States since the zone system was abandoned and flat rates put in operation.

The press is the only business mentioned by name in the Constitution of the United States. It is not only different from any other business, but it is also more important than any other. It carries news and knowledge, and therefore newspapers, magazines, and periodicals ought to go everywhere throughout the national domain at cheap flat rates.

Mr. SLOAN. Will the gentleman yield?

Mr. COOPER of Wisconsin. I regret that for lack of time I can not yield. I heard the gentleman's statement a moment ago, and I am trying as best I may to answer it and some of the other statements made during the debate. But being so restricted in time makes it impossible to present a consecutive argument with anything like proper sequence of ideas.

Gentlemen have risen here and said, "Rush this through. Let us get away on the train." And yet, in essential respects, nothing more important has come before this Congress than is this denationalizing provision. It is a denationalizing provision. Thoughts and ideas, and their dissemination broadcast throughout this country, as they have been disseminated under the law establishing flat rates, have done more to make us in sentiment a nation than did the Civil War itself. That postal law has in many ways done more than any other law ever passed by the Congress of the United States to make us in unity of purpose a nation. That law establishing cheap, flat rates for newspapers, magazines, and periodicals has been also beyond question our very greatest promoter of commerce and industry. These advertisements cause the writing of millions of letters, and thus, as the record of facts abundantly shows, lead at once to an enormous increase in the receipts of the Post Office Department. The Post Office Department would to-day be self-sustaining but for the rural free delivery. The Rural Free Delivery System does not in money pay for itself. But neither for that reason, nor for any other, should we give up, nor will we give up, rural free delivery. But you gentlemen who are so economical, who do not want, as you say, to "subsidize" newspapers and magazines, why is it that you do not propose to give up the Rural Free Delivery System, which is operated at a loss? Are there too many votes in it? Why do you propose to carry county papers all over the counties free? We all are in favor of that. It does a world of good. But why do you thus "subsidize" the county papers? Why do you "subsidize" the farmers, carry their mail at a loss, and carry the county papers at a loss?

I would not intimate that there were votes in that proposition. Far from it! It is statesmanship! [Laughter.] There is not a man here nor anywhere else that in a fair debate can defend a proposal for a zone system and carry it through Congress. It has been defeated and defeated when brought forward to stand or fall on its own merits. But now here it is in a conference report on a bill to raise the revenues necessary to thoroughly equip the Army and the Navy and carry on the war. And we must vote for the system or vote against the entire conference report. This sort of coercion over the votes of the House is wrong—absolutely, inexcusably wrong. This provision, if it had merit, ought to have been brought in here upon a Post Office bill. Let them bring it in on such a bill. Then let the friends of the zone system give the House two days of debate on this most



important subject, and Members will take Woodrow Wilson's statement, together with the indisputable facts, as their text, elaborate upon it, and defeat any attempt to reestablish in this country the discarded zone system for the carrying of the mails. [Applause.]

The SPEAKER pro tempore (Mr. DECKER). The time of the gentleman has expired.

Mr. COOPER of Wisconsin. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on this bill.

The SPEAKER pro tempore. The gentleman from Wisconsin asks unanimous consent to extend his remarks in the RECORD on this bill. Is there objection? [After a pause.] The Chair hears none.

Mr. COOPER of Wisconsin. Mr. Speaker, under the leave to extend my remarks I insert the following very effective statements of facts on this vastly important question. It may be appropriate in this connection to say that I have, neither directly nor indirectly, had any communication with any member of the Periodical Publishers' Association concerning the following articles. As these have appeared, I have read them and been impressed by their strength and clearness, and therefore I asked leave to insert them in the record of this debate:

It is repeated so often that magazines cause the post office a loss of \$89,000,000 a year that many have come to accept it as a fact instead of a tradition; another set of figures makes the loss \$40,000,000; a third guesses some entirely different figure.

The advocates of the present zone proposal are saying in Congress that although newspapers pay their way at 1 cent a pound, magazines cause a loss of \$89,000,000, from which it would follow that newspapers cost the post office only 1 cent a pound and magazines 33 cents a pound. The post-office figures, on the other hand, say that magazines and trade journals cost less than newspapers by 0.23 of a cent per pound, on account of the greater number of pieces of newspaper mail that must be handled for each cent of revenue, and in spite of an admitted longer average haul of magazines.

Leaving for a moment this welter of contradictions, let us look at what has actually happened to the post-office revenues as a result of the pound-rate system.

#### WHAT MAGAZINE MAIL HAS DONE TO THE POST-OFFICE REVENUES.

The following figures are made up from the annual reports of the Postmaster General:

In the year 1870 there was a deficit in the Post Office operations of 21.4 per cent of its turnover.

In 1879 was passed the act putting second-class matter on the pound-rate basis, and cutting down radically the amount the subscriber had to pay as postage on his periodical. An immediate increase in the volume of second-class mail began.

In 1880 the Post Office deficit was only 9.6 per cent of its turnover.

In 1885 was passed the law making the pound rate 1 cent instead of 2. Congress did it on its own initiative, without even a suggestion from any publisher. It was done on the theory that the national dissemination of literature should be encouraged, and with the hope that the greater volume of second-class mail resulting, with all the collateral Post Office patronage accompanying a greater volume, would help to modify the effect of so low a rate on the Post Office revenues. The volume came. Second-class mail trebled in the decade ending with 1890. The next decade brought a phenomenal increase—from 170,053,910 pounds in 1890 to no less than 382,538,999 pounds in 1900.

The deficit in Post Office operations in the year 1900 was only 5.2 per cent.

In the prosperous years following 1900 the increase in second-class matter was stupendous—from 382,538,999 pounds in 1900 to 488,246,903 pounds in 1902, only two years. These years brought the great forward movement in the production of low-priced but well-edited magazines.

In 1901 the Post Office deficit was only 3.41 per cent of its business. In 1902 the deficit was 2.4 per cent.

This was the smallest percentage of deficit in 18 years, and the smallest, but two, in 57 years.

But mark: The year 1902 would have shown no deficit at all but for a new item of expense, \$4,000,000 for rural free delivery.

Our Government had wisely and beneficently extended the service of the Post Office to farmers in isolated communities, regardless of any commensurate return from that branch. The report of the Postmaster General for 1902 says: "It will be seen that had it not been for the large expenditure on account of rural free delivery the receipts would have exceeded the expenditures by upward of \$1,000,000."

Since 1902 there has each year been a handsome surplus in the operations of the Post Office outside of the expenditures of the Government for rural free delivery.

In 1916 the Post Office reports a surplus of \$5,929,236.07, which, added to the loss wisely and deliberately taken on the Rural Free Delivery Service, shows a real profit as compared with the years before this aid was given to the agricultural districts of more than \$50,000,000.

This, then, is the terrible effect of the pound rate for second-class mail and of the consequent increase of magazines and other second-class matter; this is the result of the "shameless subsidy" of the \$89,000,000 a year loss caused by the magazines; that from 1879 to 1916, with second-class mail increasing from 51,000,000 pounds annually to 1,200,000,000 pounds annually the former regular huge annual deficits of the Post Office have come down with each increase of second-class mail until surpluses have taken the place of deficits, and there has been \$50,000,000 a year in addition to aid rural life.

This evidence has not been used in Congress or by the National One-Cent Letter Postage Association.

Does it help to substantiate the "\$89,000,000 loss caused by the magazines" myth?

Is it evidence on which magazines ought to be strangled by a sudden increase of more than 300 per cent in their cost of delivery to subscribers?

MAGAZINES ARE THE MOST PROFITABLE CUSTOMERS OF THE POST OFFICE.

1. Through huge purchases of stamps entirely outside of their pound-rate payments.

The name of a representative magazine has been given to Members of Congress with the following facts of its most recent four months' operation:

It paid the Post Office during these four months for delivery to subscribers \$8,676.04.

But during the same period it purchased 2-cent stamps to the amount of \$20,202.06.

It purchased 1-cent stamps to the amount of \$24,255.49.

It paid parcel-post charges of \$3,196.20.

Here are direct purchases from the Post Office, entirely apart from its pound-rate payments, amounting for four months to \$56,329.79.

The above was for outgoing mail matter.

Incoming showed for the 4 months 258,272 sealed letters with postage stamps affixed, in addition to post cards and parcel post deliveries.

So far we have payments, in only four months, to the Post Office of \$61,495.23, over and above the pound-rate payments of \$8,676.04, in transacting the direct business of the magazine.

But in addition, during these four months, 800 advertisers spent \$99,800.85 in this magazine for advertisements appealing to the people of the entire country. How could these 800 business men get back their \$99,800 investment except by operations requiring the purchase of hundreds of thousands of additional 2-cent stamps?

Is it a good thing for the Nation's revenues to strangle this publisher's business? Even if the question of fairness to him be dismissed, after he has built up a business through 25 years, delicately adjusted to a 1 cent pound rate, is it good business for the Post Office suddenly to more than quadruple his freight rate and cut down or destroy his activities?

2. Through the vast amount of postage generated by magazine advertising:

About \$75,000,000 is invested annually in magazine advertising; about \$400,000,000 in newspapers and periodicals other than magazines.

Here is the postage bill of one of the great "mail-order" magazine advertisers—a company selling excellent clothing to women who have not access to the great cities and their department stores. The president of the company writes:

"Our business is derived entirely, either directly or indirectly, from our magazine advertising. During the year we paid the Post Office Department for carrying our first, third, and fourth class mail matter the sum of \$433,242."

What a single advertisement in one issue of a magazine did for another women's "wearing apparel" house is recorded on their books as follows:

"The postage required to answer the 15,000 replies from the one-column insertion in the magazine, also to send the merchandise required by 2,000 of the inquirers and to 'follow up' other inquirers, was \$5,400."

The Government charge for carrying this advertisement was \$38.83. (That \$5,400, by the way, did not include the several hundred dollars spent on postage by the inquirers themselves.)

The president of a concern publishing encyclopedias, natural histories, classics, etc., investigated the correspondence created by a recent page of his advertising inserted in a single magazine:

"The stamps and money orders bought by the inquirers and the publisher, as a result of the 4,000 inquiries to this one advertisement, amounted to \$884."

The publishers paid the post office to carry that page, at second-class rates, \$12. A good business man would be satisfied to lose several times \$12 in order to do \$884 worth of business as profitable to him as first-class mail is to the Government.

Scores of small advertisers are found in any issue of any popular magazine. They are just as good customers of the post office, in proportion, as the big concerns using columns of pages.

A modest 1-inch magazine advertisement is printed by a company which reports that its yearly postage bill from that cause is \$5,132. Adding the approximate postage on the 1,500 letters a month sent to the company, the yearly total of postage created by this inconspicuous concern through the magazines is found to be \$5,492.

Two quarter-column announcements of a dress fabric appealing to women, in a single magazine, brought 7,000 replies, involving postage stamps worth \$230.

Pretty good business getters for the department, these "ads," which cost the publishers to mail at second-class rates \$19.40.

Even better in proportion was a one-fifth column appeal to mothers in one issue of the same magazine. It produced postage to the amount of \$240.

To carry the little advertisement at second-class rates the Government charged \$7.76.

A single-column magazine "ad" of a Chicago clothing firm, with a number of retail stores over the country, brought 4,000 inquiries, which, with follow up, etc., caused postage of \$380.

That column cost the publisher to mail at second-class rates \$38.67.

The Woman's Home Companion sent a letter to the advertisers in a November issue asking for an exact memorandum of the letter postage on the inquiries from their November advertising, and the answers to these inquiries. Seventy-five advertisers reported with definite figures an aggregate letter-postage expenditure of \$3,885.90.

The Woman's Home Companion paid the Government just \$583 for carrying the portion of the magazine on which these 75 advertisements were printed.

Any advertising man can point to hundreds of "mail-order firms" like the above. These firms can trace directly to their magazine advertising every year purchases of millions of dollars' worth of the stamps that make big profits for the Post Office.

It is even more surprising to learn the enormous postage bills caused by an entirely different class of magazine advertisers—the "general publicity" or "national" advertisers—who wish the reader to ask for their fine soaps, or mattresses, or silks, or stationery at his local store. These firms do not depend on direct replies, yet they receive so many that thousands of dollars are spent for stamps per year in scores of cases—even per month in many.

A moderate-priced shoe is sold through a number of retail stores in different cities. The manufacturers advertise in magazines for national "publicity," to bring buyers into these stores. Incidentally they mention their department to fill orders by mail. Thus an enormous correspondence has been built up, of which the average increase alone during the last three years has involved 264,000 first-class letters—a minimum postage of \$5,280. This is simply one yearly addition to the company's already large first-class business, of which it writes that "all but a nominal percentage" has been "induced" by our magazine advertisements.

More than \$15,000 is spent annually for postage by a mattress manufacturer, "following up" inquiries received from his magazine advertising, though that is designed to create a demand for the mattress at local furniture stores.

This \$15,000 is entirely over and above his steady correspondence with dealers, etc., which was built up in the first place by magazine advertising.

One of the many recent "contests" conducted by magazine advertisers was that of a stationery company. Theirs is also "publicity,"



not mail-order, advertising. It is designed to create a demand for their paper over the stationery-store counters. But their "contest," announced exclusively in the magazines, brought 50,000 replies, which with follow-up, etc., averaged 12 cents first-class postage—a total of \$7,080 in one month.

Magazine advertisements of a popular cold cream brought 170,000 letters to the manufacturers last year, though the controlling purpose of the campaign was to get the public to ask for that kind of cold cream at the drug stores.

Not including postal orders, special delivery stamps, etc., the stamp revenue to the Government from those letters was \$8,500.

And, of course, that does not include the profuse correspondence between the manufacturers, the jobbers, the drug stores all over the country, and so on.

For another facial preparation a single advertisement in a leading weekly magazine brought more than 13,000 replies. The stamps involved here add up to \$990.

The publishers paid the Post Office to carry this advertisement at the second-class rate \$48.83.

In the first part of this advertisement the figures in the reports of the Postmaster General are used to show how, instead of ruining the post office, magazines and other second-class mail have increased enormously in volume along with a revolutionary change in post-office finances from huge annual losses to huge annual profits.

These few examples out of millions of post-office transactions caused by magazine advertising enable you to understand why the magazines have been a boon to the post-office revenues.

Is this the kind of testimony to justify death sentence on magazines "because they cause a loss to the post office of \$89,000,000 per year"?

THE PERIODICAL PUBLISHERS' ASSOCIATION  
(Comprising publications with aggregate circulations  
of more than 25,000,000 per issue).

The publishers of magazines have never protested and do not now protest against any proposed war taxes that affect all business men alike.

They are willing and anxious to pay any excess-profits taxes, income taxes—any and all that Congress sees fit to levy. Scores of them have offered to give all their profits while the war lasts.

They do protest with all their power against a hasty and ill-considered special device of postal legislation, zone bill, under the guise of tax raising, which unfairly singles out virtually only 23 per cent of publishers to be specially taxed, the class already most burdened, and demands from scores of these, not a 5 per cent tax on profits, not a 60 per cent tax on merely the excess profits of war times, but much more than all the profits coming from these publications.

The conferees have under consideration in the revenue bill a modification of the defeated Senate amendment, changing the 1 cent a pound postal rate for second-class mail to a zone system, making no increases in the first zones up to 250 miles, and increasing the present rate on part of the periodicals no less than 900 per cent for the far southern and western sections of the United States. The introduction of the defeated Senate zone bill was accompanied by a statement from a group of newspaper publishers, who are scarcely affected by the proposed system, undertaking to prove that newspapers carried at 1 cent a pound caused no loss to the post office and charging magazines alone with causing the mythical and traditional \$89,000,000 loss.

The effect of this zone system is virtually to leave the rate on most newspapers as it was and to multiply by more than three the average rate on nationally circulated periodicals and magazines.

Many worthy magazines would be destroyed. The industry would be revolutionized, with the half dozen of the strongest periodicals with the largest advertising patronage helped toward a monopoly.

The proposed measure substitutes for the Senate Finance Committee's carefully considered refusal to raise rates at this time an average increase of more than 200 per cent so cunningly distributed by the antiquated and provincial zone system that it exempts the newspapers and falls entirely on the nationally circulated magazines and business and technical papers. The Post Office Department's figures show these, including trade journals, to make up only 23 per cent of the second-class mail. These would pay 98 per cent of the tax.

#### SAMPLES OF THE "EVIDENCE."

Below are samples of the testimony presented by the advocates of the zone system and a small group of newspaper publishers, which did not include any of the large city dailies:

(1) That magazines, but not newspapers, are responsible for "an annual deficit reported by the Post Office Department of \$50,000,000."

The Postmaster General's report shows for the past year a surplus of \$5,000,000 even after a loss of \$50,000,000 for Rural Free Delivery Service.

(2) It was explained why newspapers should be charged less than magazines (see CONGRESSIONAL RECORD): "There is a wide difference in the cost of transporting heavy trade journals, immense numbers of Saturday Evening Posts, and magazines of that character and the cost of transporting newspapers. It is a different kind of paper. It is not so heavy and the cost of transportation is less."

The Senator's evidence seems to be that a pound of magazines weighs more than a pound of newspapers.

If you were a grocer would you rather deliver four quarter pounds of sugar to four different addresses or 1 pound of sugar to one address?

(3) It is claimed in Congress that the Post Office Department loses \$89,000,000 yearly on second-class mail, but that newspapers do not contribute to this loss, and many figures are presented to show that 1 cent a pound is about the cost for newspapers, leaving the entire claimed \$89,000,000 loss to be produced by the "heavy" magazines.

The magazines and business journals together make up only 23 per cent of the second-class mail (H. Doc. 559, p. 144), which weighs altogether about 12,000,000 pounds, so that if there is a total cost in excess of receipts of \$89,000,000, the magazines must be costing the Government 32 cents a pound, as against 1 cent for the newspapers.

But the Hughes Commission, after studying the figures an entire summer, reported that there is "no basis for the conclusion that the comparative cost of transporting and handling would justify a difference in rate" (between magazines and newspapers), and again: "These figures furnish no sufficient foundation for a discrimination in rates between newspapers and periodicals."

And the Post Office Department's own figures state definitely that newspapers cost the Post Office more per pound than magazines, in spite of their shorter haul (owing to the handling cost being a larger factor than the pure transportation cost, and since newspapers have more than four times as many pieces to the pound as magazines).

Is this the kind of testimony to pass a death sentence on? Testimony to the effect that magazines cost the Government 33 times as much as newspapers, when the Post Office figures, the only ones to be had, show that a pound of magazines is less costly to the Post Office than a pound of newspapers?

(4) The defeated Senate amendment promised additional revenue of \$12,600,000 from this death-dealing amendment. What were the facts?

Even assuming that all the circulation of all the magazines would remain with a far southern and western freight rate increased 500 per cent, the automatic exemption through the zone system of 98 per cent of newspaper circulation and the further arbitrary exemption of agricultural, religious, and certain other papers would have brought the new rates entirely on the magazines. At the present rate of 1 cent a pound they produce post-office revenue of \$2,760,000. An average addition of 2.08 cents a pound would amount to \$5,740,000, not \$12,600,000, a further sample of the accuracy of the testimony offered to support this attack on publishers.

But even this is on the supposition that magazines, already struggling for their lives on account of war prices for paper, could stand an increase of 500 per cent on their carrying charges to nearly one-third of the United States. The measure is destructive and would produce no increase in revenue at all or anything but destruction.

(5) The author of the Senate amendment complained that in Mr. Taft's administration a postal commission, "the chairman of which was no less a person than the Hon. Charles Evans Hughes, was appointed to investigate, and did investigate and made a report. Nothing was done."

The Senator did not, however, add that the Hughes Commission exposed the fallacy of every single proposal and set of figures advanced in support of this zone system and now again under consideration, and that it utterly condemned any zone system of postal rates whatsoever.

Of the many commissions provided by Congress to study the problems of second-class mail rates the last, and a very distinguished one, was composed of Charles E. Hughes, then justice of the Supreme Court of the United States; A. Lawrence Lowell, president of Harvard University; and Harry A. Wheeler, president of the Chamber of Commerce of the City of Chicago.

Dealing with the question of a zone system, this commission spoke as follows (H. Doc. 559, p. 140):

"The policy of zone rates was pursued in the earlier history of our post office and has been given up in favor of a uniform rate in view of the larger interests of the Nation as a whole. It would seem to the commission to be entirely impracticable to attempt to establish a system of zone rates for second-class matter."

This was the latest commission. The next latest was the Penrose-Overstreet Joint Commission of Congress on second-class matter, which held voluminous hearings in 1906. On page 28 of the report of this commission the zone rate system is considered as follows:

"Neither, for reasons almost equally obvious, is a solution to be found in a zone system of charges . . . which would artificially restrict the diffusion of the periodical agencies of intelligence. . . . Would it not be politically and socially unwise to create arbitrary barriers against the processes of national unification and solidarity?"

"Apart from the social and political considerations, which to our minds are conclusive, there are serious administrative difficulties in the way of a zone system of charges."

Thus we have the two distinguished commissions on second-class mail of recent years, the only two, both deciding flatly against the zone system.

These are the kinds of testimony on which a portion of the publishing industry has been picked out for death sentence.

We demand that any changes in the second-class postal rates affecting vitally a body of reputable business men be made by a commission with time, training, and expert knowledge to do the work fairly, wisely, and intelligently.

There have been two commissions in this century; the Congressmen advocating destructive zone systems are paying no attention to the findings of these commissions. Moreover, conditions have radically changed; now the magazines are transported by freight instead of fast, expensive mail trains, and they do a large part of the work originally done by the Post Office.

#### PROOF OF THE DESTRUCTION.

The statement below shows the total net profits of 86 periodicals of general circulation, compared with the postage they are asked to pay under the zone measure now proposed:

Number of periodicals as printed below	86
Aggregate average circulation per issue in 1916	21,264,404
Total amount of postage paid in 1916 at 1 cent a pound	\$1,243,465.99
Amount of postage per year demanded by the proposed zone measure, about	\$5,000,000.00
Total addition to pound-rate charge per year on new proposed basis	\$3,756,534.01
Total net profits of all publications for year 1916	\$1,197,403.73

These periodicals have not been selected because they were horrible examples. They are representative of the rank and file of American periodicals.

List of publications furnishing figures for consolidated accounts reported by Price, Waterhouse & Co. and printed above: The Gentlewoman, McCall's Magazine, Woman's Home Companion, American Magazine, Farm and Fireside, Every Week, Pictorial Review, McClure's, Collier's Weekly, Farm and Home, The Modern Priscilla, Metropolitan, Leslie's Weekly, Judge, Film Fun, People's Home Journal, Mothers' Magazine, Christian Herald, Motion Picture Magazine, Ladies' World, National Sportsman, Motion Picture Classic, Field and Stream, Smart Set, Popular Science Monthly, Photo Play, Puck, Yachting, Outing, All Outdoors, Theatre Magazine, Municipal Journal, World's Work, The New Country Life, Garden Magazine, Short Stories, Travel, American Penman, Current Opinion, Harper's Magazine, American Art News, Orange Judd Weeklies (5), Weekly, Monthly, and Quarterly Religious Publications (35), Vogue, Vanity Fair, House and Garden, Outer's Book, Spare Moments.

The case is made harder by the fact that these magazines are forced to pay in 1917 75 per cent more for their paper than in 1916, and some of the best of them are, irrespective of postal charges, struggling for existence. In such cases the proposed rates would certainly end the struggle.

It is not difficult for even a layman to understand why such a sudden change would disrupt an industry when he considers:

(1) That hundreds of the general shippers of the United States have shown they could not stand an increase of even 15 per cent in their freight rates.



(2) That the proposed zone measure would increase the magazines' freight rates of 1 cent a pound, which they have had for 32 years, and to which their whole business had been delicately adjusted, by more than 200 per cent.

The group of southern and southeastern newspapers which originally arranged for the introduction of the zone system and supported it with a lengthy statement in the CONGRESSIONAL RECORD, protested violently and with some justice against a special war tax of 5 per cent on the profits of publishers. Then they turn around and obtain this, requiring the magazines to pay from 30 to 300 per cent of their profits, with a device that would virtually exempt themselves.

How can a publisher pay more than 100 per cent of his profits?

Why should one class of publishers be hastily relieved from paying a special 5 per cent of their profits and another class be immediately required to pay a special tax amounting in many instances to more than all their profits?

THE PERIODICAL PUBLISHERS' ASSOCIATION  
(Comprising publications with aggregate circulations  
of more than 25,000,000 per issue).

It was repeatedly stated in Congress that publishers are enjoying an \$89,000,000 subsidy from the Government. It was claimed, however, that this annual so-called loss on second-class mail was not caused by the newspapers, because, on account of their short haul, they can be handled by the post office without loss at 1 cent a pound.

This is the basic reason for introducing a zone schedule of second-class mail rates that would practically exempt from any increase most of the newspapers and arbitrarily exempt certain other classes of publications, but which would increase the rates on magazines and business journals (their freight rate from producer to consumer) more than 300 per cent over the rate on which their business has been built up through 32 years.

If it is true that the magazines are causing the post office this loss of \$89,000,000, then it is costing the Government 33 cents a pound to handle them, as against 1 cent a pound to handle the newspapers.

What does the Post Office Department itself say?

Turn to House document 559, page 144, of the Report of the Hughes Commission.

Here Justice Charles E. Hughes and his associates publish the figures presented by the Post Office Department showing that magazines and trade journals cost the post office 0.27 of 1 cent less per pound than newspapers cost (instead of thirty-three times as much)!

Also that newspapers cost the post office in that year \$31,758,836, while magazines cost \$13,598,445.

If the total cost of magazines to the post office is \$13,000,000, how can "\$89,000,000" of it, or "\$60,000,000" of it, or "\$40,000,000" of it, be loss?

Bear in mind these are the Post Office Department's own figures; we have had nothing to do with them except to copy them from the report of Justice Hughes's Commission which got them from the post office (H. Doc. 559, p. 144).

But changes have come since 1910 that would alter these figures.

Yes; they have; important changes.

The magazines are now carried on freight trains by a service vastly less expensive to the post office, while newspapers are still given the same expensive fast service that all second-class mail enjoyed when these figures were made up by the Government.

It is further stated in Congress, to defend the exemption of newspapers through a zone system of rates, that newspapers are largely "made up" and routed at the publishing offices, with the implication that magazines are sent out without such handling services performed by the publisher.

The fact: Magazines are given the same treatment by their publishers, except that theirs goes much further than with newspapers, because the larger volume of mail circulation per issue makes it possible to make up a much larger proportion of the circulation.

Less than 6 per cent of the New York World circulation goes through the mails. (Testimony of the publishers before the Overstreet commission.)

Over 85 per cent of the Outlook's, the Scientific American's, the Literary Digest's, the Independent's, and the Review of Reviews' circulation goes through the mails.

Yet, although the Government itself gives the figures showing that newspaper mail costs it more per pound than magazine mail, the zone advocates want to more than treble the rates for the magazines, dealing many of them a mortal blow, and exempt the higher-costing part, the newspapers, whose profits would be only slightly affected.

It is true that magazines are carried farther ("average haul") than newspapers.

Ought reputable publishers to be driven out of business because some Congressmen have found that the average haul of magazines is longer than the average haul of newspapers, but have not found, although the same Post Office Department reports give it, that owing to the greater number of pieces of newspaper to the pound and consequent greater handling charges, the total cost of service to a pound of newspapers is greater than to a pound of magazines?

The zone system of second-class mail rates before Congress is not a war tax. It is a very ill-considered piece of postal legislation that would prevent many publishers from paying any war taxes by stopping their business.

We want to pay our war taxes—all of them that are laid on businesses and individuals.

If we are to pay them, Congress must look again at the testimony on which it is proposed to take from certain publishers more than they have.

We ask that any postal legislation be deferred until better evidence can be obtained, and we offer to help any competent commission appointed by Congress or the President obtain it.

THE PERIODICAL PUBLISHERS' ASSOCIATION  
(Comprising publications with aggregate circulations  
of more than 25,000,000 per issue).

WHY A ZONE SYSTEM ON ADVERTISING, OR A ZONE SYSTEM AT ALL?

The zone system has been condemned by both our recent eminent postal commissions. The Hughes Commission of 1912 (Charles E. Hughes, President A. Lawrence Lowell, of Harvard, and Harry A. Wheeler, president of the Chamber of Commerce of the city of Chicago) dealt with the matter as follows:

THE HUGHES COMMISSION'S DECISION.

"The policy of zone rates was pursued in the earlier history of our Post Office and has been given up in favor of a uniform rate in view of the larger interests of the Nation as a whole. It would seem to the commission to be entirely impracticable to attempt to establish a system of zone rates for second-class matter."

This was the latest commission. The next latest was the Penrose-Overstreet Joint Commission of Congress on Second-Class Matter, which held voluminous hearings in 1906. On page 28 of the report of this commission the zone-rate principle is considered as follows:

THE PENROSE-OVERSTREET COMMISSION'S DECISION.

"Neither, for reasons almost equally obvious, is a solution to be found in a zone system of charges . . . which would artificially restrict the diffusion of the periodical agencies of intelligence. . . . Would it not be politically and socially unwise to create arbitrary barriers against the processes of national unification and solidarity?"

"Apart from the social and political considerations, which to our mind are conclusive, there are serious administrative difficulties in the way of a zone system of charges."

WOODROW WILSON ON THE LAST PROPOSAL TO CHARGE HIGHER RATES ON MAGAZINE ADVERTISING.

In an interview given on the occasion of the last effort to increase radically the postal rate on the advertising sections of magazines, Woodrow Wilson, then governor of New Jersey, was quoted as saying:

"It must be that those who are proposing this change of rates do not comprehend the effect it would have. A tax upon the business of the more widely circulated magazines and periodicals would be a tax upon their means of living and performing their functions."

"They obtain their circulation by their direct appeal to the popular thought. Their circulation attracts advertisers. Their advertisements enable them to pay their writers and to enlarge their enterprise and influence."

"This proposed new postal rate would be a direct tax, and a very serious one, upon the formation and expression of opinion—its more deliberate formation and expression just at a time when opinion is concerning itself actively and effectively with the deepest problems of our politics and our social life."

"To make such a change now, whatever its intentions in the minds of those who propose it, would be to attack and embarrass the free processes of opinion. Surely sober second thought will prevent any such mischievous blunder."

Why, then, are magazine publishers, at the time of their greatest need, faced with destruction by a high-zone system postal increase on their advertising, supplemented by a further postal increase on their reading matter?

The Senate considered these proposals, gave hearings to the publishers, saw the futility, injustice, and destructiveness of the zone measure, and eliminated all postal increases from the revenue bill.

Mr. Kitchin, in the House, has refused any hearings, and has forced the measure through.

With all the authorities to whom Congress would look and the most eminent that have ever passed on the subject, solidly arrayed against this radical innovation, why should a zone system, increasing the postal charges to the far West and South by 900 per cent, now be decided on?

Is it considered more expedient to increase the rates on magazines and leave the newspapers practically untouched, which is automatically accomplished by such a zone arrangement?

But see what the Hughes Commission has to say after many months of study of the absolute and relative costs to the post office of the several subclasses of second-class mail matter (H. Doc. 559, p. 144):

"The commission is further of the opinion that it would be a mistake to discriminate between newspapers and magazines or other periodicals. So far as educational value is concerned no satisfactory distinction can be made. And we have no basis for the conclusion that the comparative cost of transporting and handling would justify a difference in rate."

And again (H. Doc. 559, p. 145):

"These figures are the only basis we have for judgment as to the comparative cost of transporting and handling the different kinds of publications above mentioned, and it is evident that they furnish no sufficient foundation for a discrimination in rates between newspapers and periodicals."

We have recited the testimony furnished by the CONGRESSIONAL RECORD on which a part of the magazine industry has been sentenced to death.

We protest against a measure of utter destructiveness, not claimed by its advocates to have any reference to revenue-raising, which flatly repudiates every expert report and opinion, every eminent authority that has given study to the matter.

Are Congress and the President willing to look at this testimony and make these postal changes into law?

THE PERIODICAL PUBLISHERS' ASSOCIATION  
(Comprising publications with aggregate circulations  
of more than 25,000,000 per issue).

Mr. GILLET. Mr. Speaker, I appreciate that the House is impatient to vote on this report, and I will delay it but a moment. A Member of the minority just now is in a peculiar position. If he expresses the criticisms which he feels, and opposes a bill as objectionable, he is charged with being partisan and unpatriotic. And if, on the other hand, he acquiesces in the measures brought before us, then his very assent is heralded as proof of the merits of the bills and of the infallibility of those who present them.

Take this bill, for instance. There are many things in it to which I am thoroughly opposed and which I think are unwise, unfair, and unequal. The gentleman from Illinois has just mentioned one of them. In ordinary times I certainly would not vote for it. I should wish to both criticize and oppose it. I would not vote for it when it passed the House before. But I appreciate that these are not ordinary times. I appreciate that the one thing necessary for us to do is to provide money immediately for prosecuting this war and to win the war, and that to do that we of the minority must swallow our scruples and our partisanship and repress criticisms, although they may be deep-seated and numerous. We must unite and give all our strength to the administration. That I have tried to do, and shall continue to do.

I am of opinion that this bill does not raise too much money, compared with the bonds that we issue. I am disposed to think



that it is the best compromise to which the majority of the Senate and the majority of the House can come on a revenue bill at this time. And therefore, objecting as I do to many of its features, yet I feel that it is my duty to vote for this conference report, and I shall vote for it with the hope that this revenue and the appropriations that are made from it may adequately support our armies and speedily bring us to our normal condition of legislation. [Applause.]

Mr. FORDNEY. Mr. Speaker, I yield five minutes to the gentleman from Wyoming [Mr. MONDELL].

The SPEAKER pro tempore. The gentleman from Wyoming is recognized for five minutes.

Mr. MONDELL. Mr. Speaker, I doubt if there is anyone who is entirely satisfied with this bill, and practically all of those who have to pay taxes under it will have some criticism of its provisions. And yet the most that can be said against and in criticism of the tax provisions of the act is that they may be excessive; that they may be somewhat inequitable in levying upon the property of the citizen in paying the necessary expenses of the war. That is the most that can be said in criticism of any of the tax provisions of the bill.

There is a provision of the bill, however, against which a much stronger and more vital objection, criticism, and indictment can be laid. That is the provision of the bill which proposes to revolutionize the system established more than half a century ago in this country, and since adopted by practically all of the civilized nations of the world, for the wide and general distribution and dissemination of literature, opinion, news, and information, under a low and uniform rate for newspapers and magazines carried through the mails. This bill proposes a radical, a revolutionary, and, in my opinion, an infinitely harmful departure from that system; and it proposes to do it not in a reasonable way, if there be any reasonable way, but in a way which will be trying, troublesome, and infinitely vexatious to the publishers.

I am not so much interested, however, in the matter from the standpoint of the newspaper and magazine publishers as I am primarily from the standpoint of the American people. I am interested in it in view of my belief that it will tend to denationalize our magazines, our newspapers, and make them sectional, local, parochial, provincial. In the running of the years such a zone system as is proposed will do more to break down a broad and growing spirit of nationalism, which should be encouraged, than anything in the way of legislation that could possibly be written upon the statute books.

I feel so strongly in regard to this matter that if it were possible at this time to have it considered on its merits I should offer a motion to recommit the bill, with instructions to strike out all the provisions relative to the zone system governing second-class mail matter; but the House is so anxious to pass this bill, and it is of such very great importance that it be passed speedily, that the matter would not be considered on its merits, and therefore I shall not offer such a motion.

But, Mr. Speaker, I have faith and confidence in the American Congress, even though one of its committees has so grievously erred, as I feel the committee has in this matter, and I am confident that when the people realize the exceedingly harmful tendencies and effects of treating the distribution of news and opinions, the dissemination of ideas, as we treat the shipment of bacon and beans, we shall have a reversal of the action taken to-day, and that we shall return, long before the period when this legislation will be in full operation, to the old system under which we have had a nation-wide dissemination of ideas and opinions, of information and news. A free press is essential to the maintenance of free institutions, and a free press can not perform its perfect work unless its distribution be nation wide, unhampered and unvexed by the restrictive and medieval zone system which certain sections of this bill establishes. [Applause.]

I am profoundly of the opinion that our country can not continue to grow and develop as a great, free, enlightened, and homogeneous people unless we shall continue to have the widest possible circulation of newspapers and magazines, and we can not have such a distribution under a system like the one proposed, under which newspapers and magazines will be largely restricted to the locality of their publication.

The plan proposed is unfair to the newspapers and magazines. It is clumsy and unscientific in its details, will be cumbersome and vexatious in its operation; but it is infinitely more unfair to the people of many sections of the country, and would eventually, if it were continued, tend to make us a people sectional, local, and provincial in our views. I shall never cease to fight in favor of a system truly national in its scope and purpose.

Mr. FORDNEY. Mr. Speaker, I yield five minutes to the gentleman from New York [Mr. PLATT].

The SPEAKER pro tempore. The gentleman from New York is recognized for five minutes.

Mr. PLATT. Mr. Speaker, I shall take the time of the House only a few minutes, though it seems to me that a bill of such tremendous importance and of such great complication should be much more thoroughly explained and debated. Few Members understand it. In some respects it flies in the face of all precedents and in the face of the advice of the greatest experts on taxation in this and other countries. We are beginning the war with too high a percentage of taxation, far higher than any other nation has thought wise. It is a dangerous experiment.

The chairman of the committee [Mr. KITCHIN], in answering a question from me, said a little while ago that the income surtaxes were so high in this bill that if the war should last another year, as it probably will, when we are compelled to raise still more revenue, we shall have to increase the normal tax and add consumption taxes on tea and coffee. I think there is danger that such a policy might make the war unpopular just when it might be of most vital importance to have every possible support—in the second year. I think we should start on a policy that would enable us to raise rates a little all around next year. That would be more scientific, would produce less interference with business, would conserve instead of destroy some important sources of revenue.

The income surtaxes are above the line of safety, while some important sources of revenue that would be entirely safe have been omitted—the bank-check tax, for instance. Probably the normal income tax should be at least 1 per cent higher and the \$3,000 and \$4,000 exemption should have been repealed entirely, instead of being lowered to \$1,000 and \$2,000 for this bill while left in the old law, if it is left. Nobody but a Philadelphia lawyer can tell just what that section of the bill means as it stands.

The excess-profits section as finally adopted seems to me somewhat better as finally agreed upon than in either the House or Senate bills, but it is crude and altogether too evidently a compromise. The comparison finally provided for with profits of 1911, 1912, and 1913 is complicated and practically useless. The section is not at all like the English tax, of which it is supposed to be an imitation. I see no good reason for including individuals and requiring them to file two sets of returns and pay two kinds of taxes. The individual income tax was sufficient to cover profits of individuals in business. Nor do I see any reason for considering interest on bonds—liberty bonds or others—as “profits.”

The zone system of raising second-class postage rates seems to me wholly bad, but not so bad as in the bill originally passed in the House.

On the whole the bill may be 55 or 60 per cent good, and with considerable doubt I shall vote for it.

Mr. FORDNEY. Mr. Speaker, if the gentleman from Kentucky [Mr. LANGLEY] is here and desires to use the time, I agreed to give him two minutes. If not, I wish to say to the gentleman from North Carolina that I have no more requests for time. [Applause.]

Mr. COOPER of Wisconsin. Mr. Speaker, I ask unanimous consent that I be allowed to extend my remarks in the Record by printing some things that I read and some others.

The SPEAKER pro tempore (Mr. DECKER). The gentleman from Wisconsin asks unanimous consent to extend his remarks in the Record. Is there objection?

There was no objection.

The SPEAKER pro tempore. The question is on agreeing to the conference report.

The question was taken, and the conference report was agreed to.

The SPEAKER pro tempore. The ayes have it, and the conference report is unanimously agreed to.

On motion of Mr. KITCHIN, a motion to reconsider the vote by which the conference report was agreed to was laid on the table.

Mr. RUCKER. I ask unanimous consent to extend my remarks in the Record, to include the publication of a very patriotic editorial.

The SPEAKER pro tempore. The gentleman from Missouri asks unanimous consent to extend his remarks in the Record, and to include a patriotic editorial. Is there objection?

Mr. WALSH. I object.

The SPEAKER pro tempore. The gentleman from Massachusetts objects.

ADJOURNMENT.

Mr. KITCHIN. I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 53 minutes p. m.) the House adjourned until Tuesday, October 2, 1917, at 12 o'clock noon.



## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. SHALLENBERGER, from the Committee on Military Affairs, to which was referred the bill (S. 2796) to permit American citizens to wear medals or decorations received from certain foreign countries on entering the military or naval service of the United States, and for other purposes, reported the same without amendment, accompanied by a report (No. 173), which said bill and report were referred to the House Calendar.

Mr. COOPER of Ohio, from the Committee on Interstate and Foreign Commerce, to which was referred the bill (H. R. 6310) granting the consent of Congress to the Trumbull Steel Co., its successors and assigns, to construct, complete, maintain, and operate a bridge and approaches thereto across the Mahoning River, in the State of Ohio, reported the same with amendment, accompanied by a report (No. 174), which said bill and report were referred to the House Calendar.

Mr. PADGETT, from the Committee on Naval Affairs, to which was referred the bill (H. R. 6306) to provide for the payment of six months' gratuity to the widow, children, or other previously designated dependent relative of retired officers or enlisted men on active duty, reported the same without amendment, accompanied by a report (No. 175), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. BROWNING, from the Committee on Naval Affairs, to which was referred the bill (S. 2437) to provide for the acquisition of an air-station site for the United States Navy, reported the same with amendment, accompanied by a report (No. 177), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. PADGETT, from the Committee on Naval Affairs, to which was referred the bill (H. R. 6363) to provide for the service of officers of auxiliary naval forces on naval courts, reported the same with amendment, accompanied by a report (No. 176), which said bill and report were referred to the House Calendar.

He also, from the same committee, to which was referred the bill (H. R. 6362) to promote the efficiency of the United States Navy, reported the same without amendment, accompanied by a report (No. 178), which said bill and report were referred to the House Calendar.

Mr. DENT, from the Committee on Military Affairs, to which was referred the bill (H. R. 6350) to authorize the issuance of Reserve Corps and National Army commissions in the lower grades of Staff Corps, and to remove the fixed-age limits requiring the discharge of Reserve Corps officers, reported the same without amendment, accompanied by a report (No. 179), which said bill and report were referred to the House Calendar.

He also, from the same committee, to which was referred the bill (S. 2883) making further provision for the allotment of pay of officers, enlisted men, and civilian employees of the Army, and for other purposes, reported the same without amendment, accompanied by a report (No. 180), which said bill and report were referred to the House Calendar.

## PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. SEARS: A bill (H. R. 6387) to promote the improvement of rural education; to the Committee on Education.

Also, a bill (H. R. 6388) to fix the status and rank of officers on the retired list of the Army, who, under the provision of the next to the last proviso of section 24 of the act of Congress approved June 3, 1916, have been placed on active military duty by direction of the President of the United States; to the Committee on Military Affairs.

By Mr. LUNDEEN: Joint resolution (H. J. Res. 158) directing the President to place an embargo upon such food supplies as are found necessary for home consumption and for the supply of our soldiers at home and abroad; and further directing the President, when necessary to the public welfare, to seize food supplies and apportion them among the people; to the Committee on Agriculture.

## PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CRAMTON: A bill (H. R. 6389) granting an increase of pension to Amos A. Haskell; to the Committee on Invalid Pensions.

By Mr. DICKINSON: A bill (H. R. 6390) granting an increase of pension to Daniel Brummett; to the Committee on Invalid Pensions.

By Mr. EAGAN: A bill (H. R. 6391) granting a pension to Helen E. McWhood; to the Committee on Pensions.

By Mr. GANDY: A bill (H. R. 6392) granting an increase of pension to John Worrell; to the Committee on Invalid Pensions.

By Mr. KRAUS: A bill (H. R. 6393) granting a pension to Grover Colter; to the Committee on Pensions.

Also, a bill (H. R. 6394) granting a pension to Frederick E. Lamb; to the Committee on Pensions.

Also, a bill (H. R. 6395) granting a pension to George B. Locke; to the Committee on Pensions.

Also, a bill (H. R. 6396) granting an increase of pension to Russell F. Oliver; to the Committee on Pensions.

Also, a bill (H. R. 6397) granting an increase of pension to Thomas Denton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6398) granting an increase of pension to James Kirby; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6399) granting an increase of pension to Newton J. Wells; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6400) granting an increase of pension to Samuel J. Whiteside; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6401) granting an increase of pension to Henry Barber; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6402) granting an increase of pension to James M. Cash; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6403) granting an increase of pension to William G. Lamb; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6404) granting an increase of pension to Nimrod Brooks; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6405) granting an increase of pension to Roland Smith; to the Committee on Invalid Pensions.

By Mr. MOORE of Pennsylvania: A bill (H. R. 6406) to correct the military record of Christopher P. Rhodes; to the Committee on Military Affairs.

By Mr. CHARLES B. SMITH: A bill (H. R. 6407) granting an increase of pension to Edward Smith; to the Committee on Invalid Pensions.

By Mr. THOMPSON: A bill (H. R. 6408) granting an increase of pension to James A. H. Markwell; to the Committee on Invalid Pensions.

By Mr. WOOD of Indiana: A bill (H. R. 6409) granting a pension to Mary E. Price; to the Committee on Invalid Pensions.

## PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By the SPEAKER (by request): Memorial of U. S. Grant Post, No. 327, Department of New York, Grand Army of the Republic, calling upon the Executives of both the Nation and the States to take immediate steps for the protection of our flag and the prevention of disloyalty on the part of any resident in the United States; to the Committee on the Judiciary.

By Mr. DRUKKER: Memorial of the New Jersey State Firemen's Association, representing 25,000 firemen, adopted at its fortieth annual convention, endorsing the declaration of war and pledging support to the Government; to the Committee on Foreign Affairs.

By Mr. ELSTON: Memorial of Court of Knaresborough, Ancient Order of Foresters, of Oakland, Cal., demanding congressional investigation of the East St. Louis (Ill.) riots; to the Committee on Rules.

By Mr. KENNEDY of Rhode Island: Petition of Union Council, No. 12, Junior Order United American Mechanics, of Valley Falls, R. I., favoring passage of House bills 4852 and 5300, providing for further restriction of immigration; to the Committee on Immigration and Naturalization.

By Mr. KETTNER: Petition of San Bernardino Woman's Club, San Bernardino; Southern District California Federation of Clubs, Colton; Woman's Club, Rialto; Navy League, Riverside; Young Women's Christian Association, San Bernardino; and City Federation of Parent-Teachers, San Bernardino, all in the State of California, urging that effective zones be created about all camps; to the Committee on Military Affairs.

Also, petition of H. R. Kearns, secretary Inyo County American Red Cross Chapter, urging Congress to authorize printing of special 3-cent Red Cross stamp; to the Committee on the Post Office and Post Roads.

By Mr. MORIN: Petition of the East End Women's Christian Temperance Union, of Pittsburgh, Pa., urging the submission of the Sheppard-Webb bone-dry amendment unconditionally, and asking the President to propose joint war prohibition to all our allies; to the Committee on the Judiciary.

By Mr. NICHOLS of Michigan: Petition of Detroit Federation of Labor, against the passage of the bill to suppress publications denied the use of the mails; to the Committee on Interstate and Foreign Commerce.